

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2025

OR

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____.

Commission file number 001-39916



DREAM FINDERS HOMES

DREAM FINDERS HOMES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

85-2983036

(I.R.S. Employer Identification No.)

14701 Philips Highway, Suite 300, Jacksonville, FL

(Address of principal executive offices)

32256

(Zip code)

(904) 644-7670

(Registrant's Telephone Number, Including Area Code)

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

| Title of each class | Trading symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Class A Common Stock, par value \$0.01 per share | DFH | 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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

| | | | |
|-------------------------|-----------------------|---------------------------|----------------------------------|
| Large accelerated filer | <input type="radio"/> | Accelerated filer | <input checked="" type="radio"/> |
| Non-accelerated filer | <input type="radio"/> | Smaller reporting company | <input type="radio"/> |
| | | Emerging growth company | <input type="radio"/> |

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 ☒

As of July 25, 2025, there were 35,155,531 shares of the registrant’s Class A common stock, par value \$0.01 per share, outstanding and 57,726,153 shares of the registrant’s Class B common stock, par value \$0.01 per share, outstanding.

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PART I. FINANCIAL INFORMATION
ITEM 1. DREAM FINDERS HOMES, INC. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

DREAM FINDERS HOMES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)
(Unaudited)

| | June 30, 2025 | December 31, 2024 |
|--|---------------------|----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 210,320 | \$ 274,384 |
| Restricted cash | 48,083 | 65,441 |
| Accounts receivable | 43,859 | 34,126 |
| Inventories | 1,990,807 | 1,715,357 |
| Lot deposits | 531,193 | 458,303 |
| Other assets | 283,677 | 165,880 |
| Investments in unconsolidated entities | 12,082 | 11,454 |
| Mortgage loans held for sale | 152,261 | 303,393 |
| Goodwill | 377,772 | 300,313 |
| Total assets | \$ 3,650,054 | \$ 3,328,651 |
| Liabilities | | |
| Accounts payable | \$ 173,972 | \$ 147,143 |
| Accrued liabilities | 283,290 | 281,465 |
| Customer deposits | 84,824 | 125,601 |
| Revolving credit facility and other borrowings | 1,140,353 | 701,386 |
| Senior unsecured notes, net | 295,712 | 295,049 |
| Mortgage warehouse facilities | 144,287 | 289,617 |
| Contingent consideration | 13,891 | 68,030 |
| Total liabilities | 2,136,329 | 1,908,291 |
| <i>Commitments and contingencies (Note 5)</i> | | |
| Mezzanine Equity | | |
| Redeemable preferred stock | 148,500 | 148,500 |
| Redeemable noncontrolling interests | 29,539 | 21,451 |
| Equity | | |
| Class A common stock, \$0.01 per share, 289,000,000 authorized, 36,667,477 and 36,002,077 issued as of June 30, 2025 and December 31, 2024, respectively | 367 | 360 |
| Class B common stock, \$0.01 per share, 61,000,000 authorized, 57,726,153 issued as of June 30, 2025 and December 31, 2024 | 577 | 577 |
| Accumulated other comprehensive income | 583 | — |
| Additional paid-in capital | 288,429 | 281,559 |
| Retained earnings | 1,074,986 | 970,253 |
| Treasury stock, at cost, 1,281,197 and 291,229 shares of Class A common stock as of June 30, 2025 and December 31, 2024, respectively | (30,847) | (7,827) |
| Total Dream Finders Homes, Inc. stockholders' equity | 1,334,095 | 1,244,922 |
| Noncontrolling interests | 1,591 | 5,487 |
| Total equity | 1,335,686 | 1,250,409 |
| Total liabilities, mezzanine equity and equity | \$ 3,650,054 | \$ 3,328,651 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

DREAM FINDERS HOMES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share amounts)
(Unaudited)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|--------------|------------------------------|--------------|
| | 2025 | 2024 | 2025 | 2024 |
| Revenues: | | | | |
| Homebuilding | \$ 1,099,580 | \$ 1,052,236 | \$ 2,069,688 | \$ 1,877,457 |
| Financial services | 50,925 | 3,511 | 70,688 | 6,090 |
| Total revenues | 1,150,505 | 1,055,747 | 2,140,376 | 1,883,547 |
| Homebuilding cost of sales | 917,871 | 852,837 | 1,701,407 | 1,531,477 |
| Financial services expense | 40,058 | 2,072 | 52,924 | 3,756 |
| Selling, general and administrative expense | 134,699 | 96,854 | 251,393 | 176,963 |
| Income from unconsolidated entities | (17) | (5,299) | (197) | (10,202) |
| Contingent consideration revaluation | (12,706) | 4,638 | (11,606) | 7,845 |
| Other (income) expense, net | (3,464) | (1,363) | 1,226 | (3,124) |
| Income before taxes | 74,064 | 106,008 | 145,229 | 176,832 |
| Income tax expense | (17,525) | (23,245) | (33,680) | (38,386) |
| Net income | 56,539 | 82,763 | 111,549 | 138,446 |
| Net loss (income) attributable to noncontrolling interests | 41 | (1,820) | (66) | (3,009) |
| Net income attributable to Dream Finders Homes, Inc. | \$ 56,580 | \$ 80,943 | \$ 111,483 | \$ 135,437 |
| Earnings per share | | | | |
| Basic | \$ 0.57 | \$ 0.83 | \$ 1.12 | \$ 1.38 |
| Diluted | \$ 0.56 | \$ 0.81 | \$ 1.10 | \$ 1.35 |
| Weighted-average number of shares | | | | |
| Basic | 93,444,326 | 93,722,953 | 93,495,455 | 93,524,396 |
| Diluted | 101,913,888 | 100,125,681 | 101,635,185 | 100,030,603 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

DREAM FINDERS HOMES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
Three months ended June 30, 2025
(In thousands, except share amounts)
(Unaudited)

| Dream Finders Homes, Inc. Stockholders' Equity | | | | | | | | | | | | | |
|--|------------------------|--------|------------------------|--------|--|----------------------------|-------------------|----------------|--------------------------|--------------|----------------------------|------------|-------------------------------------|
| | Common Stock - Class A | | Common Stock - Class B | | Accumulated Other Comprehensive Income | Additional Paid-in Capital | Retained Earnings | Treasury Stock | Noncontrolling Interests | Total Equity | Redeemable Preferred Stock | | Redeemable Noncontrolling Interests |
| | Shares Outstanding | Amount | Shares Outstanding | Amount | | | | | | | Shares | Amount | |
| Balance as of March 31, 2025 | 36,010,368 | \$ 365 | 57,726,153 | \$ 577 | \$ — | \$ 284,161 | \$ 1,021,781 | \$ (14,790) | \$ 1,755 | \$ 1,293,849 | 150,000 | \$ 148,500 | \$ 29,019 |
| Stock-based compensation | — | — | — | — | — | 5,307 | — | — | — | 5,307 | — | — | — |
| Vesting of stock-based compensation | 127,627 | 2 | — | — | — | (2) | — | — | — | — | — | — | — |
| Withholding of common stock for taxes | (46,311) | — | — | — | — | (1,037) | — | — | — | (1,037) | — | — | — |
| Repurchases of common stock | (705,404) | — | — | — | — | — | — | (16,057) | — | (16,057) | — | — | — |
| Distributions | — | — | — | — | — | — | — | — | (123) | (123) | — | — | — |
| Preferred stock dividends declared | — | — | — | — | — | — | (3,375) | — | — | (3,375) | — | — | — |
| Noncontrolling interest issued in business combination | — | — | — | — | — | — | — | — | — | — | — | — | 520 |
| Net income | — | — | — | — | — | — | 56,580 | — | (41) | 56,539 | — | — | — |
| Other comprehensive income, net of tax | — | — | — | — | 583 | — | — | — | — | 583 | — | — | — |
| Balance as of June 30, 2025 | 35,386,280 | \$ 367 | 57,726,153 | \$ 577 | \$ 583 | \$ 288,429 | \$ 1,074,986 | \$ (30,847) | \$ 1,591 | \$ 1,335,686 | 150,000 | \$ 148,500 | \$ 29,539 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

DREAM FINDERS HOMES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (Continued)
Six months ended June 30, 2025
(In thousands, except share amounts)
(Unaudited)

| | Dream Finders Homes, Inc. Stockholders' Equity | | | | | | | | | | Redeemable Preferred Stock | | Redeemable Noncontrolling Interest |
|--|--|--------|------------------------|--------|--|----------------------------|-------------------|----------------|--------------------------|--------------|----------------------------|------------|------------------------------------|
| | Common Stock - Class A | | Common Stock - Class B | | Accumulated Other Comprehensive Income | Additional Paid-in Capital | Retained Earnings | Treasury Stock | Noncontrolling Interests | Total Equity | | | |
| | Shares Outstanding | Amount | Shares Outstanding | Amount | | | | | | | | | |
| Balance as of December 31, 2024 | 35,710,848 | \$ 360 | 57,726,153 | \$ 577 | \$ — | \$ 281,559 | \$ 970,253 | \$ (7,827) | \$ 5,487 | \$ 1,250,409 | 150,000 | \$ 148,500 | \$ 21,451 |
| Stock-based compensation | — | — | — | — | — | 14,760 | — | — | — | 14,760 | — | — | — |
| Vesting of stock-based compensation | 982,856 | 10 | — | — | — | (10) | — | — | — | — | — | — | — |
| Withholding of common stock for taxes | (317,456) | (3) | — | — | — | (7,880) | — | — | — | (7,883) | — | — | — |
| Repurchases of common stock | (989,968) | — | — | — | — | — | — | (23,020) | — | (23,020) | — | — | — |
| Distributions | — | — | — | — | — | — | — | — | (3,962) | (3,962) | — | — | — |
| Preferred stock dividends declared | — | — | — | — | — | — | (6,750) | — | — | (6,750) | — | — | — |
| Noncontrolling interest issued in business combination | — | — | — | — | — | — | — | — | — | — | — | — | 8,088 |
| Net income | — | — | — | — | — | — | 111,483 | — | 66 | 111,549 | — | — | — |
| Other comprehensive income, net of tax | — | — | — | — | 583 | — | — | — | — | 583 | — | — | — |
| Balance as of June 30, 2025 | 35,386,280 | \$ 367 | 57,726,153 | \$ 577 | \$ 583 | \$ 288,429 | \$ 1,074,986 | \$ (30,847) | \$ 1,591 | \$ 1,335,686 | 150,000 | \$ 148,500 | \$ 29,539 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

DREAM FINDERS HOMES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (Continued)
Three months ended June 30, 2024
(In thousands, except share amounts)
(Unaudited)

| Dream Finders Homes, Inc. Stockholders' Equity | | | | | | | | | | | | |
|--|------------------------|--------|------------------------|--------|----------------------------------|----------------------|-------------------|-----------------------------|-----------------|----------------------------------|------------|--|
| | Common Stock - Class A | | Common Stock - Class B | | Additional Paid-in Capital | Retained Earnings | Treasury Stock | Noncontrolling Interests | Total Equity | Redeemable Preferred Stock | | Redeemable Noncontrolling Interest |
| | Shares Outstanding | Amount | Shares Outstanding | Amount | | | | | | Shares | Amount | |
| Balance as of March 31, 2024 | 34,419,949 | \$ 344 | 59,226,153 | \$ 592 | \$ 268,242 | \$ 699,531 | — | \$ 5,293 | \$ 974,002 | 150,000 | \$ 148,500 | \$ 28,533 |
| Stock-based compensation | — | — | — | — | 5,063 | — | — | — | 5,063 | — | — | — |
| Vesting of stock-based compensation | 128,953 | 1 | — | — | (1) | — | — | — | — | — | — | — |
| Withholding of common stock for taxes | (46,825) | — | — | — | (2,008) | — | — | — | (2,008) | — | — | — |
| Repurchases of common stock | (71,833) | — | — | — | — | — | (1,846) | — | (1,846) | — | — | — |
| Distributions | — | — | — | — | — | — | — | (3,018) | (3,018) | — | — | — |
| Preferred stock dividends declared | — | — | — | — | — | (3,375) | — | — | (3,375) | — | — | — |
| Noncontrolling interest issued in business combination | — | — | — | — | — | — | — | — | — | — | — | (7,082) |
| Net income | — | — | — | — | — | 80,943 | — | 1,820 | 82,763 | — | — | — |
| Balance as of June 30, 2024 | 34,430,244 | \$ 345 | 59,226,153 | \$ 592 | \$ 271,296 | \$ 777,099 | \$ (1,846) | \$ 4,095 | \$ 1,051,581 | 150,000 | \$ 148,500 | \$ 21,451 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

DREAM FINDERS HOMES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (Continued)
Six months ended June 30, 2024
(In thousands, except share amounts)
(Unaudited)

| Dream Finders Homes, Inc. Stockholders' Equity | | | | | | | | | | | | |
|---|------------------------|--------|------------------------|--------|----------------------------------|----------------------|-------------------|-----------------------------|-----------------|----------------------------------|------------|--|
| | Common Stock - Class A | | Common Stock - Class B | | Additional Paid-in Capital | Retained Earnings | Treasury Stock | Noncontrolling Interests | Total Equity | Redeemable Preferred Stock | | Redeemable Noncontrolling Interest |
| | Shares Outstanding | Amount | Shares Outstanding | Amount | | | | | | Shares | Amount | |
| Balance as of December 31, 2023 | 32,882,124 | \$ 329 | 60,226,153 | \$ 602 | \$ 275,241 | \$ 648,412 | \$ — | \$ 13,066 | \$ 937,650 | 150,000 | \$ 148,500 | \$ — |
| Stock-based compensation | — | — | — | — | 8,525 | — | — | — | 8,525 | — | — | — |
| Vesting of stock-based compensation | 952,669 | 9 | — | — | (9) | — | — | — | — | — | — | — |
| Withholding of common stock for taxes | (332,716) | (3) | — | — | (12,461) | — | — | — | (12,464) | — | — | — |
| Class B common stock exchanged for class A common stock | 1,000,000 | 10 | (1,000,000) | (10) | — | — | — | — | — | — | — | — |
| Repurchases of common stock | (71,833) | — | — | — | — | — | (1,846) | — | (1,846) | — | — | — |
| Distributions | — | — | — | — | — | — | — | (11,980) | (11,980) | — | — | — |
| Preferred stock dividends declared | — | — | — | — | — | (6,750) | — | — | (6,750) | — | — | — |
| Noncontrolling interest issued in business combination | — | — | — | — | — | — | — | — | — | — | — | 21,451 |
| Net income | — | — | — | — | — | 135,437 | — | 3,009 | 138,446 | — | — | — |
| Balance as of June 30, 2024 | 34,430,244 | \$ 345 | 59,226,153 | \$ 592 | \$ 271,296 | \$ 777,099 | \$ (1,846) | \$ 4,095 | \$ 1,051,581 | 150,000 | \$ 148,500 | \$ 21,451 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

DREAM FINDERS HOMES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

| | Six Months Ended June 30, | |
|---|------------------------------|------------|
| | 2025 | 2024 |
| Cash flows from operating activities | | |
| Net income | \$ 111,549 | \$ 138,446 |
| Adjustments to reconcile net income to net cash used in operating activities | | |
| Depreciation and amortization | 7,070 | 4,799 |
| Amortization of lease right-of-use assets | 7,847 | 3,573 |
| Stock-based compensation | 14,760 | 8,525 |
| Deferred income tax benefit | 6,871 | 9,406 |
| Contingent consideration revaluation | (11,606) | 7,845 |
| Payments of contingent consideration | (20,263) | (29,259) |
| Other, net | 851 | (3,702) |
| Changes in operating assets and liabilities, net of effects of acquisitions | | |
| Accounts receivable | (5,663) | (2,129) |
| Inventories | (169,879) | (332,996) |
| Lot deposits | (66,427) | (52,351) |
| Other assets | (30,602) | (6,229) |
| Mortgage loans held for sale | 151,132 | — |
| Accounts payable and accrued liabilities | (67,408) | (51,721) |
| Customer deposits | (41,431) | (52,335) |
| Net cash used in operating activities | (113,199) | (358,128) |
| Cash flows from investing activities | | |
| Purchase of property and equipment | (13,470) | (3,892) |
| Proceeds from disposals of property and equipment | 191 | 67 |
| Investments in unconsolidated entities | (1,937) | (1,562) |
| Return of investments from unconsolidated entities | 1,086 | — |
| Payments for acquisitions | (183,104) | (184,323) |
| Purchase of investment securities | (2,022) | — |
| Proceeds from sales and maturities of investment securities | 2,001 | — |
| Net cash used in investing activities | (197,255) | (189,710) |
| Cash flows from financing activities | | |
| Proceeds from revolving credit facility and other borrowings | 791,141 | 460,620 |
| Repayments on revolving credit facility and other borrowings | (352,174) | (100,128) |
| Proceeds from mortgage warehouse facilities | 151,616 | — |
| Repayments on mortgage warehouse facilities | (296,946) | — |
| Payments of debt issuance costs | (720) | (6,982) |
| Payments of preferred stock dividends | (6,750) | (3,375) |
| Payments for common stock withheld for taxes | (7,883) | (12,464) |
| Repurchases of common stock | (23,020) | (1,846) |
| Distributions to noncontrolling interests | (3,962) | (11,980) |
| Payments of contingent consideration | (22,270) | (27,832) |
| Net cash provided by financing activities | 229,032 | 296,013 |
| Net decrease in cash, cash equivalents and restricted cash | (81,422) | (251,825) |
| Cash, cash equivalents and restricted cash at beginning of period | 339,825 | 548,456 |
| Cash, cash equivalents and restricted cash at end of period | \$ 258,403 | \$ 296,631 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

DREAM FINDERS HOMES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(In thousands)
(Unaudited)

| | Six Months Ended June 30, | |
|---|------------------------------|-------------------|
| | 2025 | 2024 |
| Reconciliation of cash, cash equivalents and restricted cash | | |
| Cash and cash equivalents | \$ 210,320 | \$ 274,797 |
| Restricted cash | 48,083 | 21,834 |
| Total cash, cash equivalents and restricted cash | \$ 258,403 | \$ 296,631 |
| Supplemental disclosures of cash payments: | | |
| Cash paid for interest | \$ 126,758 | \$ 87,847 |
| Cash paid for income taxes, net of refunds ⁽¹⁾ | \$ 91,107 | \$ 105,991 |
| Supplemental disclosures of noncash activities: | | |
| Noncash investing activities | | |
| Noncontrolling interests issued in business combinations ⁽²⁾ | \$ 8,088 | \$ 21,451 |
| Accrued cash consideration for business combinations ⁽³⁾ | 6,712 | 26,126 |
| Noncash financing activities | | |
| Dividends accrued on preferred stock | \$ — | \$ 3,375 |
| Total noncash investing and financing activities | \$ 14,800 | \$ 50,952 |

- (1) Includes payments for purchased tax credits of \$5.7 million and \$36.6 million related to 2025 and 2024 income tax expense, respectively, for the six months ended June 30, 2025. Includes payments for purchased tax credits of \$2.1 million related to 2024 income tax expense for the six months ended June 30, 2024.
- (2) Based on the estimated acquisition date fair value of the redeemable noncontrolling interests as of the reporting period date. Refer to Note 2, Acquisitions for more information.
- (3) Includes \$6.7 million in purchase price adjustments related to the Crescent Ventures, LLC (“Crescent Homes” or “Crescent”) acquisition. Refer to Note 2, Acquisitions for more information.

The accompanying notes are an integral part of these condensed consolidated financial statements.

DREAM FINDERS HOMES, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Nature of Business and Significant Accounting Policies

Nature of Business

Dream Finders Homes, Inc., a Delaware corporation incorporated in 2020, (together with its subsidiaries, “Dream Finders”, “DFH” or the “Company”) designs, builds, and sells homes in markets throughout the United States. The homebuilding operations are structured regionally into three reportable segments—Southeast, Mid-Atlantic, and Midwest. The Company also operates a financial services reportable segment, which provides mortgage banking solutions and title insurance services—inclusive of agency and underwriting services—through its wholly-owned subsidiaries Jet HomeLoans, LP (“Jet HomeLoans”), DF Title, LLC doing business as Golden Dog Title & Trust and Golden Dog Title (“DF Title”) and Alliant National Title Insurance Company, Inc. (“Alliant Title”). Additionally, the Financial Services segment offers homeowners insurance and ancillary products to homebuyers through the Company’s wholly-owned insurance broker.

Basis of Presentation and Consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) as contained within the Financial Accounting Standards Board (“FASB”) Accounting Standard Codification (“ASC”) for interim financial information and with instructions to Form 10-Q and Regulation S-X. The condensed consolidated financial statements include the accounts of DFH, its wholly-owned subsidiaries and any investments that may qualify for consolidation treatment. The noncontrolling interests represent equity interests held by others in certain of the Company’s subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

The condensed consolidated financial statements and related notes do not include all of the information and footnotes required by GAAP for a complete set of financial statements. As such, the accompanying statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

As discussed further in Note 2, Acquisitions, on April 18, 2025, the Company acquired Alliant Title, a title insurance underwriter, which was consolidated in the Company’s condensed consolidated financial statements as of the date of acquisition within the Financial Services segment. Additionally, outlined below are certain accounting policies applicable to the acquired business.

Title Insurance Revenue Recognition

Title insurance premiums are recognized as revenue at the time of settlement of the related real estate transaction, as the earnings process is then considered complete. Title insurance premium revenue is included within financial services revenues on the Condensed Consolidated Statements of Operations. Expenses typically associated with premiums, including agent commissions, premium taxes, and a provision for future claims are recognized concurrent with the recognition of the related premium revenue and are included within financial services expense on the Condensed Consolidated Statements of Operations.

Available-For-Sale Debt Securities

Investments in available-for-sale (“AFS”) debt securities are reported at fair value within other assets on the Condensed Consolidated Balance Sheets. Changes in unrealized gains and losses, net of tax, are recorded as a component of accumulated other comprehensive income. Realized gains and losses on sales and maturities of securities are reported within other income or other expense on the Condensed Consolidated Statements of Operations. Realized gains and losses on sales of AFS debt securities are determined on the basis of the cost of the specific investments sold and are credited or charged to income on a trade-date basis.

The Company evaluates AFS debt securities in an unrealized loss position on a regular basis for potential credit loss. Factors considered in determining whether a loss is credit-related include, but are not limited to, the financial condition and prospects of the issuer, including credit ratings and analyst reports. If the Company has the intent to sell an AFS debt security or it is more likely than not it will be required to sell the security before recovery, the security will be written down to current fair value, with a corresponding impairment loss recorded within other expense in the Condensed Consolidated Statements of Operations, net of any amount previously recognized as an allowance for expected credit loss. If the Company does not have the intent to sell or it is more likely than not that it will not be required to sell the security before recovery, an allowance for expected credit loss is established and recorded within other expense in the Condensed Consolidated Statements of Operations, net of any amount previously recognized as an allowance for expected credit loss. All non-credit related portions of potential loss, typically due to changes in market interest rates and other market conditions, are considered unrealized losses and are recorded in accumulated other comprehensive income.

Reserve for Title Claim Losses

The Company's reserve for title claim losses is based on the prior period's reserve balance for title claim losses, increased by the current period provision for title claim losses and reduced by actual paid claims. The reserve for title claim losses is included within accrued liabilities on the Condensed Consolidated Balance Sheets.

The current provision for estimated future claim payments is calculated by applying an estimated loss provision rate to current period title insurance premiums. The estimated loss provision rate is based on estimated amounts required to settle claims which have been reported and claims that have been incurred but not reported ("IBNR"), which may be reported in the future. The Company continually refines its reserve estimates as current loss experience develops and credible data emerges. Due to variances between actual and expected loss payments, loss development is subject to variability.

In the ordinary course of business, the Company limits its maximum claim loss exposure by reinsuring certain risks with other insurers, including excess of loss risk policies issued by accredited reinsurers.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Company to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the condensed consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting period.

Reclassifications

Certain reclassifications have been made in the prior period condensed consolidated financial statements to conform to the 2025 presentation, including the reclassifications of right-of-use assets and property and equipment, net into other assets, and lease liabilities into accrued liabilities—all reported on the Condensed Consolidated Balance Sheets. These reclassifications had no impact on the Company's total assets, total equity, revenues or net income in its condensed consolidated financial statements.

Recent Accounting Pronouncements

In November 2024, the FASB issued Accounting Standard Update ("ASU") Number 2024-03, "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures" ("ASU 2024-03"). ASU 2024-03 requires disclosure of certain costs and expenses on an interim and annual basis in the notes to the financial statements. Annual disclosure requirements under ASU 2024-03 will become effective for the fiscal year ending December 31, 2027, and interim disclosure requirements will become effective beginning in the first quarter of 2028. The Company is currently evaluating the adoption of ASU 2024-03 on its condensed consolidated financial statements.

In December 2023, the FASB issued ASU Number 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" ("ASU 2023-09"). ASU 2023-09 requires more disaggregated income tax disclosures, including additional information in the rate reconciliation and additional disclosures about income taxes paid. ASU 2023-09 will become effective for the fiscal year ending December 31, 2025. Early adoption is permitted, and guidance should be applied prospectively, with an option to apply guidance retrospectively. The Company does not expect the adoption of ASU 2023-09 to have a material effect on the condensed consolidated financial statements.

2. Acquisitions

Financial Services

Alliant Title

On April 18, 2025, the Company acquired Colorado-based title insurance underwriter, Alliant National Title Insurance Company, Inc. and a related affiliate (collectively, “Alliant Title”) for \$40.2 million. The purpose of this acquisition was to expand the Company’s financial services offerings to include title underwriting. The acquisition was accounted for as a business combination under ASC Topic 805 and the operations are included in the Financial Services segment as of the date of acquisition.

The total fair value of the assets acquired and the liabilities assumed (“acquired net assets”) primarily resulted in recording \$44.5 million of other assets and \$35.4 million in accrued liabilities on the Company’s Condensed Consolidated Balance Sheet as of the acquisition date, mostly related to AFS debt securities and reserve for title claim losses, respectively. The excess of the aggregate purchase price over the aggregate fair value of the acquired net assets was recorded as goodwill of \$24.3 million, all of which was assigned to the Financial Services segment. Goodwill consists primarily of expected synergies of combining operations, the acquired workforce and growth opportunities.

Homebuilding

Green River Builders

On May 2, 2025, the Company acquired an Atlanta, Georgia-based homebuilder, Green River Builders, Inc. (“Green River Builders”) the operations of which are included in the Southeast segment as of that date. The cash consideration paid for the Green River Builders acquisition was \$32.8 million. Based on the fair value of the acquired net assets pursuant to ASC Topic 805, the Company primarily recorded \$26.7 million of inventories on the Company’s Condensed Consolidated Balance Sheet as of the acquisition date. The excess of the aggregate purchase price over the aggregate fair value of the acquired net assets of \$7.6 million was recorded as goodwill, all of which was assigned to the Southeast segment.

Liberty Communities

On January 23, 2025, the Company acquired certain assets and assumed certain liabilities, comprising the majority of the homebuilding business of Liberty Communities, LLC (“Liberty Communities” or “Liberty”), primarily through wholly-owned DFH subsidiaries, Dream Finders Holdings, LLC, and DFH Liberty, LLC (“DFH Liberty”). This acquisition allowed the Company to enter the Atlanta, Georgia market and expand its operations in the Greenville, South Carolina market. The cash consideration paid for the Liberty acquisition was \$112.7 million. Additionally, as part of the consideration, the former owner of Liberty Communities received a redeemable noncontrolling interest in DFH Liberty and contractual rights to a portion of its future earnings upon exceeding a minimum earnings threshold.

The purchase agreement includes put and call options relating to the noncontrolling interest that, upon the occurrence of certain events, are not solely in the control of the Company. As a result, the noncontrolling interest is redeemable and reported within mezzanine equity on the Company’s Condensed Consolidated Balance Sheet at the greater of the initial carrying amount (its fair value on the acquisition date) adjusted for the noncontrolling interest’s share of net income (loss) less distributions or its redemption value. After achieving the minimum earnings threshold, the amount of net income that is attributable to the redeemable noncontrolling interest will be presented within net income attributable to noncontrolling interests on the Condensed Consolidated Statements of Operations.

The acquisition was accounted for as a business combination under ASC Topic 805. In determining the purchase price allocation, the Company evaluated Liberty’s assets acquired and liabilities assumed based on their estimated fair values as of January 23, 2025. Goodwill was recorded as the residual amount by which the purchase price plus the fair value of the noncontrolling interest exceeded the provisional fair value of the net assets acquired and is expected to be fully deductible for tax purposes. Goodwill consists primarily of expected synergies of combining operations, the acquired workforce and growth opportunities, none of which qualify as separately identifiable intangible assets. The fair value of the redeemable noncontrolling interest, inclusive of put and call options, was determined using an income-based approach, coupled with Monte Carlo simulations, which were impacted by various inputs including projected future cash flows, discount rates and market volatility.

The consideration for the total purchase price and related preliminary purchase price allocation as of June 30, 2025 was as follows (in thousands):

| | | |
|---|----|---------|
| Cash consideration | \$ | 112,720 |
| Fair value of the redeemable noncontrolling interest as of the acquisition date | | 8,088 |
| Total consideration | \$ | 120,808 |

| | | |
|----------------------|----|----------------|
| | | Acquired Value |
| Inventories | \$ | 75,387 |
| Lot deposits | | 6,464 |
| Other assets | | 2,572 |
| Accounts payable | | (7,018) |
| Accrued liabilities | | (1,811) |
| Customer deposits | | (385) |
| Net assets acquired | \$ | 75,209 |
| Goodwill | | 45,599 |
| Total purchase price | \$ | 120,808 |

Measurement period adjustments were recorded during the three months ended June 30, 2025 resulting in a \$1.8 million adjustment to the initial purchase price. These adjustments were related to and reflect the most current provisional valuation of the post-closing balances of the acquired net assets.

Unaudited Pro Forma Information

The following unaudited pro forma condensed consolidated results of operations are provided for illustrative purposes only and have been presented as if the three acquisitions discussed above had occurred on January 1, 2024 (in thousands):

| Unaudited Pro Forma ⁽¹⁾ | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|--------------|------------------------------|--------------|
| | 2025 | 2024 | 2025 | 2024 |
| Total revenues | \$ 1,155,680 | \$ 1,131,811 | \$ 2,188,471 | \$ 2,023,387 |
| Net income attributable to Dream Finders Homes, Inc. | 51,745 | 83,935 | 108,287 | 139,931 |

- (1) This unaudited pro forma information should not be relied upon as being indicative of the historical results that would have been obtained if the acquisitions had occurred on that date, nor of the results that may be obtained in the future.

For the three and six months ended June 30, 2025, Liberty contributed \$63.7 million and \$102.0 million, respectively, in homebuilding revenues and \$3.1 million and \$3.9 million, respectively, in net income, all of which is attributable to DFH. Liberty's Atlanta operations are included in the Southeast segment and Liberty's Greenville operations are included in the Mid-Atlantic segment from the acquisition date. Refer to Note 8, Segment Reporting for more information.

For the three and six months ended June 30, 2025, Alliant Title contributed \$27.6 million in financial services revenues and \$2.2 million in net income. Alliant Title's operations are included in the Financial Services segment from the acquisition date. Refer to Note 8, Segment Reporting for more information.

Previous Acquisitions

Jet HomeLoans

On July 1, 2024, the Company acquired the remaining 40% equity interest in the previously unconsolidated mortgage banking joint venture, Jet HomeLoans, which was consolidated as of that date in the Company's condensed consolidated financial statements. Cash consideration was \$9.3 million. The majority of the assets acquired and liabilities assumed on July 1, 2024 included mortgage loans held for sale of \$114.7 million and mortgage warehouse facilities of \$109.1 million, which were reported on the Company's Condensed Consolidated Balance Sheet as of that date. The acquisition was accounted for as an asset acquisition under ASC Topic 805.

Crescent Homes

On February 1, 2024, the Company acquired certain assets and assumed certain liabilities, comprising the majority of the homebuilding business of Crescent Ventures, LLC ("Crescent Homes" or "Crescent") through wholly-owned DFH subsidiaries, Dream Finders Holdings LLC, and DFH Crescent, LLC ("DFH Crescent"). This acquisition allowed the Company to expand into the markets of Charleston and Greenville, South Carolina, and Nashville, Tennessee. The cash consideration for the Crescent acquisition was \$210.4 million.

Additionally, as part of the consideration, the former owner of Crescent Homes received a redeemable noncontrolling interest in DFH Crescent and contractual rights to a portion of its future earnings upon exceeding a minimum earnings threshold. The purchase agreement includes put and call options relating to the noncontrolling interest that, upon the occurrence of certain events, are not solely in the control of the Company.

The acquisition was accounted for as a business combination under ASC Topic 805. In determining the purchase price allocation, the Company evaluated Crescent Homes' assets acquired and liabilities assumed based on their estimated fair values as of February 1, 2024. Goodwill was recorded as the residual amount by which the purchase price plus the fair value of the noncontrolling interest exceeded the fair value of the net assets acquired and is expected to be fully deductible for tax purposes. Goodwill consists primarily of expected synergies of combining operations, the acquired workforce, and growth opportunities, none of which qualify as separately identifiable intangible assets. The fair value of the redeemable noncontrolling interest, inclusive of put and call options, was determined using an income-based approach, coupled with Monte Carlo simulations, which were impacted by various inputs including projected future cash flows, discount rates and market volatility.

The consideration for the total purchase price and related final purchase price allocation as of February 1, 2025, inclusive of measurement period adjustments, was as follows (in thousands):

| | | |
|---|----|---------|
| Cash consideration | \$ | 210,449 |
| Fair value of the redeemable noncontrolling interest as of the acquisition date | | 21,451 |
| Total consideration | \$ | 231,900 |

| | | |
|----------------------|----|----------------|
| | | Acquired Value |
| Inventories | \$ | 122,053 |
| Other assets | | 2,245 |
| Accounts payable | | (9,543) |
| Customer deposits | | (8,804) |
| Accrued liabilities | | (2,157) |
| Net assets acquired | \$ | 103,794 |
| Goodwill | | 128,106 |
| Total purchase price | \$ | 231,900 |

In March 2025, the Company recorded \$6.7 million in purchase price adjustments relating to the net asset value of the Crescent Homes acquisition within other (income) expense, net on the Condensed Consolidated Statement of Operations, as these adjustments were recognized outside of the measurement period for the acquisition, which ended February 1, 2025.

3. Debt

Senior Unsecured Notes

On August 22, 2023, the Company issued \$300.0 million in aggregate principal amount of 8.25% senior unsecured notes due August 15, 2028 (the “2028 Notes”), which were issued pursuant to an indenture (the “Indenture”). Interest on the 2028 Notes is payable in arrears semiannually on each February 15 and August 15, beginning February 15, 2024. The 2028 Notes are fully and unconditionally guaranteed on a joint and several senior unsecured basis by certain of the Company’s subsidiaries.

The Company received net proceeds from the issuance and sale of the 2028 Notes of \$293.5 million after unamortized debt issuance costs of \$6.5 million, which reduce the carrying value of the 2028 Notes reported on the Condensed Consolidated Balance Sheet as of the issuance date. The net proceeds from the 2028 Notes were used to repay a portion of the then outstanding balance under the existing revolving credit facility. As of June 30, 2025 and December 31, 2024, unamortized debt issuance costs were \$4.3 million and \$5.0 million, respectively.

The 2028 Notes are redeemable by the Company prior to August 15, 2025 through the payment of the principal amount due, which can be accomplished through the issuance of certain restricted equity offerings for specified portions of principal notes outstanding, plus specified rates and accrued and unpaid interest, and a make-whole premium in the event 100.0% of the principal amount is redeemed. On or after August 15, 2025, the 2028 Notes are redeemable at specified rates equal to 104.1% of the principal balance, plus accrued and unpaid interest, which periodically decreases to 100.0% on August 15, 2027. Upon the occurrence of a Change of Control (as defined in the Indenture), the holders of the 2028 Notes will have the right to require the Company to repurchase all or a portion of the 2028 Notes at a price equal to 101.0% of the aggregate principal amount of the 2028 Notes, plus any accrued and unpaid interest.

The Indenture includes customary events of default. Subject to specified exceptions, the Indenture contains certain restrictive covenants that, among other things, limit the Company’s ability to incur or guarantee certain indebtedness, issue certain equity interests or engage in certain capital stock transactions. In addition, the Indenture contains certain limitations related to mergers, consolidations, and transfers of assets.

Credit Agreement

On June 6, 2024 and March 20, 2025, the Company entered into amendments to its existing revolving credit facility (as amended, the “Credit Agreement”). The June 6, 2024 amendments, among other things, (i) provide for an increase in the aggregate commitments under the revolving credit facility to \$1.4 billion, subject to a borrowing base; (ii) extend the maturity date from July 17, 2026 to June 4, 2027 for certain new and existing lenders comprising \$1.3 billion of the \$1.4 billion of aggregate commitments under the Credit Agreement, and; (iii) provide the Company with the ability to incur certain additional unsecured debt. The March 20, 2025 amendments, among other things, changed the borrowing base calculation to include available cash in excess of \$25.0 million. Certain of the Company’s subsidiaries guaranteed the Company’s obligations under the Credit Agreement. The amendments also updated the Company’s minimum tangible net worth covenant, which resulted in an increase to the base component of such covenant to \$739.0 million. The Credit Agreement includes an accordion feature that allows the aggregate commitments to increase to up to \$2.0 billion, subject to the borrowing base.

Under the Credit Agreement, the Company has the ability to draw “Term SOFR Rate Loans” or “Daily Simple SOFR Rate Loans”. Term SOFR Rate Loans bear interest based on Term SOFR rates for one or three-month interest periods and include a SOFR adjustment of 10 basis points (“bps”) for each interest period. Daily Simple SOFR Rate Loans bear interest based on Daily Simple SOFR rates and include a SOFR adjustment of 10 bps. Interest under Term SOFR Rate Loans and Daily Simple SOFR Rate Loans also include an “applicable rate margin” determined based on the Company’s net debt to capitalization ratio, equivalent to credit spreads of 2.00% to 2.95%.

As of June 30, 2025 and December 31, 2024, the outstanding balance under the Credit Agreement was \$1.1 billion and \$700.0 million, respectively. Under the Credit Agreement, the funds available are unsecured and availability under the borrowing base is calculated based on specific advance rates for finished lots, construction in process homes, and finished homes inventory on the Condensed Consolidated Balance Sheets, plus available cash in excess of \$25.0 million, as applicable, and reduced for any outstanding unsecured indebtedness permitted under the Credit Agreement, including the 2028 Notes. The Company had unamortized debt issuance costs primarily related to its revolving credit facility of \$8.1 million and \$10.3 million as of June 30, 2025 and December 31, 2024. Unamortized debt issuance costs are included within other assets on the Condensed Consolidated Balance Sheets.

The Credit Agreement contains covenants that, among other things, require that the Company (i) maintain a maximum debt to capitalization ratio, as of the last day of each fiscal quarter, of 60.0%; (ii) maintain an interest coverage ratio, as of the last day of each fiscal quarter, of not less than 2.0 to 1.0; (iii) maintain a liquidity ratio, as of the last day of each fiscal quarter, of not less than 1.0 to 1.0; (iv) maintain tangible net worth of not less than the sum of (A) \$739.0 million, (B) 50.0% of net income earned in each fiscal quarter after March 31, 2024 and (C) 50.0% of the aggregate increases in shareholders' equity of the consolidated group after March 31, 2024 by reason of the issuance and sale of equity interests of the members of the consolidated group; (v) maintain a risk assets ratio (defined as (A) the sum of the GAAP net book value for all finished lots, lots under development and land held for future development or disposition to (B) tangible net worth), as of the last day of each fiscal quarter, of no more than 1.0 to 1.0; and (vi) not incur indebtedness other than certain permitted indebtedness.

Amortization of debt issuance costs related to the 2028 Notes and the Credit Agreement are recorded as capitalized interest within inventories on the Condensed Consolidated Balance Sheets and are expensed in cost of sales as the related homes close.

Mortgage Warehouse Facilities

The Company had the following mortgage warehouse lines of credit and repurchase agreements ("mortgage warehouse facilities") with various financial institutions as of June 30, 2025 and December 31, 2024 related to Jet HomeLoans, which are used to finance its mortgage loans held for sale. Amounts outstanding under the mortgage warehouse facilities are not guaranteed by DFH, or any of its other subsidiaries and the agreements contain various affirmative and negative covenants applicable solely to Jet HomeLoans that are customary for arrangements of this type. All of the outstanding balances for the borrowings below were collateralized by the mortgage loans held for sale reported on the Condensed Consolidated Balance Sheets (dollars presented in thousands):

| Facility | Outstanding Balance | | Facility Amount | Interest Rate |
|--------------|------------------------|----------------------------|-------------------|------------------------------------|
| | As of June 30, 2025 | As of December 31, 2024 | | |
| Warehouse A | \$ 31,160 | \$ 125,532 | \$ 100,000 | SOFR + 2.125%; floor rate of 5.50% |
| Warehouse B | 52,547 | 62,783 | 100,000 | SOFR + 1.70% |
| Warehouse C | 31,563 | 51,147 | 120,000 | SOFR + 2.25%; floor rate of 4.25% |
| Warehouse D | 29,017 | 50,155 | 100,000 | SOFR + 2.50%; floor rate of 3.00% |
| Total | \$ 144,287 | \$ 289,617 | \$ 420,000 | |

The Company was in compliance with all of its debt covenants for the 2028 Notes, the Credit Agreement and the mortgage warehouse facilities as of June 30, 2025 and December 31, 2024. The Company expects to remain in compliance with all debt covenants over the next 12 months.

4. Inventories

Inventories consist of construction in process ("CIP") and finished homes, including capitalized interest costs incurred under certain of the Company's debt obligations discussed in Note 3, owned land and lots and pre-acquisition land costs. CIP represents homes under construction or completed, including sold, speculative ("spec") and model homes. CIP includes the cost of finished lots and all direct costs incurred to build homes. The cost of homes is expensed on a specific identification basis when the home is delivered to the customer. Finished lots are generally purchased just-in-time for construction, whether for spec or sold homes, and are included within owned land and lots until construction begins when the finished lot cost is transferred to CIP. Costs related to finished lots or land under development held by third-party land bank partners incurred prior to the Company's purchase of the finished lots, including lot option fees, property taxes and due diligence costs are capitalized into pre-acquisition land costs.

Inventories consisted of the following as of June 30, 2025 and December 31, 2024 (in thousands):

| | As of June 30, 2025 | As of December 31, 2024 |
|--|--------------------------------|------------------------------------|
| Construction in process and finished homes | \$ 1,684,263 | \$ 1,487,478 |
| Owned land and lots | 187,355 | 133,311 |
| Pre-acquisition land costs | 119,189 | 94,568 |
| Inventories | <u>\$ 1,990,807</u> | <u>\$ 1,715,357</u> |

Capitalized interest activity primarily related to the Company's revolving credit facility and senior unsecured notes, net is summarized in the table below for the three and six months ended June 30, 2025 and 2024 (in thousands):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--|------------------|--------------------------------------|------------------|
| | 2025 | 2024 | 2025 | 2024 |
| Capitalized interest as of beginning of the period | \$ 42,783 | \$ 30,839 | \$ 37,723 | \$ 27,311 |
| Interest incurred | 28,812 | 28,140 | 55,478 | 47,176 |
| Interest charged to homebuilding cost of sales | (27,961) | (22,381) | (49,567) | (37,889) |
| Capitalized interest as of end of the period | <u>\$ 43,634</u> | <u>\$ 36,598</u> | <u>\$ 43,634</u> | <u>\$ 36,598</u> |

The Company reviews the performance and outlook of its inventories for indicators of potential impairment on a quarterly basis at the community level. In addition to considering market and economic conditions, the Company assesses current sales absorption levels and recent profitability. The Company looks for instances where sales prices for a home in backlog or potential sales prices for a future sold home would be at a level at which the carrying value of the home may not be recoverable. There were no inventory impairment charges recorded for the three and six months ended June 30, 2025 and 2024. The Company reviews lot deposits for impairment on a quarterly basis and will record an impairment charge if it believes it will forfeit its deposit on an individual or portfolio of lots. The Company recorded \$0.6 million and \$1.6 million of impairments for lot deposits for the three and six months ended June 30, 2025, respectively, and \$0.1 million and \$0.2 million for the three and six months ended June 30, 2024, respectively.

5. Commitments and Contingencies

Legal Proceedings

The Company is party to legal matters from time to time that are typically derived from the Company's general business practices, primarily related to the construction and sale of homes. The Company believes that if a claim has merit, parties other than the Company would be, at least in part, liable for the claim, and the eventual outcome of the claim would not have a material adverse effect upon the condensed consolidated financial statements. When it is believed that a loss is probable and estimable, the Company records the estimated contingency loss within the Condensed Consolidated Statements of Operations.

On April 28, 2025, the former owner of Crescent Homes and his affiliates filed a complaint in Chancery Court in Delaware against the Company for an alleged breach of contract claim related to the Crescent Homes acquisition. The Company intends to defend the lawsuit. A mediation date has been set for October 2025. At this time, it is not possible to reasonably estimate the probability that either party will prevail. The Company does not believe that any future outcomes of any claims or lawsuits currently outstanding will have a material adverse effect upon the condensed consolidated financial statements.

Surety Bonds and Letters of Credit

In the ordinary course of business, the Company obtains surety bonds and letters of credit to cover the Company's land development performance obligations with local municipalities. While substantial development and construction work may already be complete concerning the improvements at these sites, the letters of credit and surety bonds are typically not fully released until all development and construction activities have been completed. As of June 30, 2025 and December 31, 2024, the Company had outstanding surety bonds of \$338.9 million and \$297.8 million, respectively, and outstanding letters of credit of \$25.6 million and \$20.9 million, respectively, which are not reported on the Company's Condensed Consolidated Balance Sheets.

6. Variable Interest Entities

The Company holds investments in certain limited partnerships and similar entities that conduct land acquisition, and land development in various markets where the Company's homebuilding operations are located, which are considered variable interests. The Company's investments create a variable interest in a variable interest entity ("VIE"), depending on the contractual terms of the arrangement. Additionally, in the ordinary course of business, the Company enters into option contracts with third-party land bank entities and certain unconsolidated entities for the ability to acquire rights to finished lots for the construction of homes.

The carrying amounts of the Company's investments in unconsolidated VIEs, other than the lot option contracts discussed below were \$12.1 million and \$11.5 million as of June 30, 2025 and December 31, 2024, respectively. The Company's maximum exposure to loss is limited to its investment in the entities because the Company is not obligated to provide them with any additional capital and does not guarantee any of their debt or other liabilities. Jet HomeLoans, previously an investment in unconsolidated VIEs accounted for under the equity method, is consolidated in the Company's condensed consolidated financial statements beginning July 1, 2024, when the remaining 40% interest was acquired. Refer to Note 2, Acquisitions for more information.

Under lot option contracts, the Company typically makes a specified earnest money deposit in consideration for the right to purchase finished lots in the future, usually at a predetermined price. The Company concluded that it is not the primary beneficiary of the land bank entities with which it enters into lot option contracts and therefore the Company does not consolidate any of these entities. The Company's risk of loss related to finished lot option and land bank option deposits and related fees was \$650.4 million and \$551.9 million as of June 30, 2025 and December 31, 2024, respectively.

7. Income Taxes

The Company's effective tax rate for the six months ended June 30, 2025 and 2024 was estimated to be 23.2% and 21.7%, respectively. The effective tax rate increase of 1.5% was primarily attributable to decreased tax benefits from stock-based compensation due to an overall lower Company stock price on the vesting date when compared to the grant date for certain awards.

The One Big Beautiful Bill Act (the "OBGBA") was enacted on July 4, 2025. Based on the Company's current structure and operations, the OBGBA does not have a material impact as of June 30, 2025. However, the OBGBA will eliminate Section 45L tax credits for new energy-efficient homes delivered after June 30, 2026, at which time the Company's income tax expense and effective rate will not include the benefit from these tax credits. The Company will continue to monitor the impact of H.R.1 on its condensed consolidated financial statements.

8. Segment Reporting

The Company primarily operates in the homebuilding business and is organized and reported mainly by region. The Company's four reportable segments consist of the three homebuilding segments—the Southeast, Mid-Atlantic and Midwest—as well as the Financial Services segment. The homebuilding segments produce the majority of their homebuilding revenues through the sale and delivery of completed homes. The Financial Services segment generates the majority of its revenues from originating and selling mortgages, and collecting premiums and fees for closing services and title insurance. The Company's four reportable segments are comprised of the following:

- Southeast (Jacksonville, Orlando and Tampa, Florida and operations in the southeast coast of Florida and southwest Florida; Atlanta and Savannah, Georgia; Hilton Head and Bluffton, South Carolina and Custom Homes operations in northeast Florida)
- Mid-Atlantic (DC Metro; Nashville, Tennessee; Charlotte, Fayetteville, Raleigh and Wilmington, North Carolina; Charleston, Myrtle Beach, and Greenville, South Carolina)
- Midwest (Austin, Dallas, Houston and San Antonio, Texas; Denver, Colorado, and Phoenix, Arizona)
- Financial Services (primarily Jet HomeLoans, DF Title and Alliant Title)

The corporate component, which is not considered an operating segment, is reported separately as "Corporate". Certain corporate SG&A expenses are charged to the segments and eliminated in consolidation.

The following tables summarize revenues, significant expenses and income before taxes by segment for the three months ended June 30, 2025 and 2024 (in thousands):

| | Southeast | Mid-Atlantic | Midwest | Financial Services | Corporate ⁽¹⁾ | Reconciling Items ⁽²⁾ | Consolidated |
|---|------------------|------------------|------------------|--------------------|--------------------------|----------------------------------|-------------------|
| 2025 | | | | | | | |
| Total revenues | \$ 367,572 | \$ 274,811 | \$ 457,197 | \$ 50,925 | \$ — | \$ — | \$ 1,150,505 |
| Homebuilding cost of sales | 301,715 | 225,569 | 390,587 | — | — | — | 917,871 |
| Financial services expense ⁽³⁾ | — | — | — | 39,766 | 292 | — | 40,058 |
| Selling, general and administrative expense | 49,414 | 34,145 | 50,294 | — | 846 | — | 134,699 |
| Contingent consideration revaluation | — | — | (12,962) | — | 256 | — | (12,706) |
| Other segment items ⁽⁴⁾ | (181) | (71) | (282) | (1,082) | (1,865) | — | (3,481) |
| Income before taxes | <u>\$ 16,624</u> | <u>\$ 15,168</u> | <u>\$ 29,560</u> | <u>\$ 12,241</u> | <u>\$ 471</u> | <u>\$ —</u> | <u>\$ 74,064</u> |
| 2024 | | | | | | | |
| Total revenues | \$ 340,521 | \$ 264,302 | \$ 447,413 | \$ 19,121 | \$ — | \$ (15,610) | \$ 1,055,747 |
| Homebuilding cost of sales | 269,884 | 216,571 | 366,382 | — | — | — | 852,837 |
| Financial services expense ⁽³⁾ | — | — | — | 10,661 | 35 | (8,624) | 2,072 |
| Selling, general and administrative expense | 33,547 | 25,495 | 37,515 | — | 297 | — | 96,854 |
| Contingent consideration revaluation | — | — | 4,046 | — | 592 | — | 4,638 |
| Other segment items ⁽⁴⁾ | 342 | 161 | (588) | (920) | (1,465) | (4,192) | (6,662) |
| Income before taxes | <u>\$ 36,748</u> | <u>\$ 22,075</u> | <u>\$ 40,058</u> | <u>\$ 9,380</u> | <u>\$ 541</u> | <u>\$ (2,794)</u> | <u>\$ 106,008</u> |

(1) Corporate includes operations and investments of the corporate component, as well as certain contingent consideration, that the Company does not charge to the segments. In the first quarter of 2025, the Company retrospectively changed its expense allocation method to include corporate SG&A expenses that are homebuilding related within the respective homebuilding segment, as the Company believes this presents a more representative view of segment profitability.

(2) Represents reconciling items related to Jet HomeLoans prior to the acquisition on July 1, 2024 and the resulting consolidation. Refer to Note 2, Acquisitions for more information.

(3) Financial services expense primarily consists of salaries, commissions and benefits.

(4) Other segment items primarily consist of income from unconsolidated entities, management fees, interest income and rental income.

The following tables summarize revenues, significant expenses and income before taxes by segment for the six months ended June 30, 2025 and 2024 (in thousands):

| | Southeast | Mid-Atlantic | Midwest | Financial Services | Corporate ⁽¹⁾ | Reconciling Items ⁽²⁾ | Consolidated |
|---|------------------|------------------|------------------|--------------------|--------------------------|----------------------------------|-------------------|
| 2025 | | | | | | | |
| Total revenues | \$ 675,205 | \$ 512,886 | \$ 881,597 | \$ 70,688 | \$ — | \$ — | \$ 2,140,376 |
| Homebuilding cost of sales | 549,317 | 412,303 | 739,787 | — | — | — | 1,701,407 |
| Financial services expense ⁽³⁾ | — | — | — | 52,385 | 539 | — | 52,924 |
| Selling, general and administrative expense | 83,688 | 64,263 | 102,198 | — | 1,244 | — | 251,393 |
| Contingent consideration revaluation | — | — | (11,940) | — | 334 | — | (11,606) |
| Other segment items ⁽⁴⁾⁽⁵⁾ | (198) | 6,736 | (600) | (763) | (4,146) | — | 1,029 |
| Income before taxes | <u>\$ 42,398</u> | <u>\$ 29,584</u> | <u>\$ 52,152</u> | <u>\$ 19,066</u> | <u>\$ 2,029</u> | <u>\$ —</u> | <u>\$ 145,229</u> |
| 2024 | | | | | | | |
| Total revenues | \$ 621,019 | \$ 474,262 | \$ 782,176 | \$ 33,434 | \$ — | \$ (27,344) | \$ 1,883,547 |
| Homebuilding cost of sales | 500,262 | 388,638 | 642,577 | — | — | — | 1,531,477 |
| Financial services expense ⁽³⁾ | — | — | — | 17,994 | 61 | (14,299) | 3,756 |
| Selling, general and administrative expense | 60,661 | 44,947 | 70,815 | — | 540 | — | 176,963 |
| Contingent consideration revaluation | — | 897 | 6,054 | — | 894 | — | 7,845 |
| Other segment items ⁽⁴⁾ | 529 | 223 | (1,138) | (1,663) | (3,450) | (7,827) | (13,326) |
| Income before taxes | <u>\$ 59,567</u> | <u>\$ 39,557</u> | <u>\$ 63,868</u> | <u>\$ 17,103</u> | <u>\$ 1,955</u> | <u>\$ (5,218)</u> | <u>\$ 176,832</u> |

See notes (1) to (4) under segment results for the three months ended June 30, 2025 and 2024.

- (5) In March 2025, other segment items for the Mid-Atlantic segment included purchase price adjustments of \$6.7 million related to the Crescent Homes acquisition. See Note 2, Acquisitions for more information.

The following table summarizes total assets and goodwill by segment as of June 30, 2025 and December 31, 2024, (in thousands):

| | Assets: | | Goodwill: | |
|-----------------------------------|------------------------|----------------------------|------------------------|----------------------------|
| | As of June 30, 2025 | As of December 31, 2024 | As of June 30, 2025 | As of December 31, 2024 |
| Southeast ⁽¹⁾ | \$ 1,000,090 | \$ 793,998 | \$ 67,169 | \$ 14,003 |
| Mid-Atlantic | 862,699 | 730,843 | 144,959 | 144,959 |
| Midwest | 1,126,534 | 1,024,992 | 141,071 | 141,071 |
| Financial Services ⁽²⁾ | 308,775 | 386,326 | 24,573 | 280 |
| Corporate ⁽³⁾ | 351,956 | 392,492 | — | — |
| Consolidated | \$ 3,650,054 | \$ 3,328,651 | \$ 377,772 | \$ 300,313 |

- (1) As of June 30, 2025, the Liberty Communities acquisition resulted in \$45.6 million of goodwill, predominantly attributable to the acquired Atlanta, Georgia operations included in the Southeast segment. Refer to Note 2, Acquisitions for more information.
- (2) As of June 30, 2025, the Alliant Title acquisition resulted in \$24.3 million of goodwill. Refer to Note 2, Acquisitions for more information.
- (3) Corporate assets are comprised of, but are not limited to, operating and restricted cash, deferred tax assets, and prepaids and other assets not directly attributable to a reportable segment.

9. Title Insurance

Regulation

Alliant Title is subject to extensive regulation under applicable state laws, including, among other things, restrictions on ability to pay dividends to its parent and oversight of certain investment policies. The laws of each of the states in which Alliant Title transacts business establish supervisory agencies with broad administrative powers relating to issuing and revoking licenses to transact business; regulating trade practices; licensing agents; approving policy forms; prescribing accounting principles and financial practices; establishing reserves, capital and surplus as regards policyholders (“capital and surplus”) requirements; defining suitable investments and approving rate schedules. The Company is required to submit financial statements using statutory accounting principles to insurance regulatory authorities (“statutory financial statements”). Statutory financial statements differ in some respects to these GAAP condensed consolidated financial statements.

Alliant Title’s capital and surplus on a statutory basis was \$17.7 million as of June 30, 2025. On a statutory basis, Alliant Title had net loss of \$0.7 million and \$1.7 million for the three and six months ended June 30, 2025, respectively, as reported in their statutory financial statements. As of June 30, 2025, retained earnings cannot be transferred in the form of dividends, loans or advances to the parent company under statutory regulations without prior insurance department approval. The amount of statutory capital and surplus necessary to satisfy regulatory requirements based on Alliant Title’s current operations was \$7.0 million as of June 30, 2025. Alliant Title was in compliance with its respective minimum net worth and working capital requirements as of June 30, 2025.

Reserve For Title Claim Losses

As of June 30, 2025, the Company’s reserve for title claim losses was \$31.6 million, of which \$27.5 million, or 86.8%, represents the IBNR component. For the three and six months ended June 30, 2025, the Company had a total title claim loss provision of \$0.1 million and total claims paid, net of recoveries, of \$0.8 million.

10. Fair Value Disclosures

Fair value represents the amount that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values are determined using a fair value hierarchy established by GAAP and is based on the inputs used to measure fair value. Level 1 inputs are unadjusted quoted prices in active markets for identical assets and liabilities. Level 2 inputs are inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable and significant to the fair value. The Company applies the fair value hierarchy to certain assets and liabilities remeasured or disclosed at fair value on a recurring basis, including mortgage loans held for sale, derivative assets and liabilities, AFS debt securities, senior unsecured notes, net, and contingent consideration in connection with certain acquisitions.

The fair value of mortgage loans held for sale are based on either investor commitments or quoted secondary-market prices. Derivative assets and liabilities are associated with mandatory and best effort interest rate lock commitments (“IRLCs”) and forward contracts on mortgage backed securities (“MBS”) used to hedge interest rate risk on certain of the IRLCs. The fair values for IRLCs are derived from market pricing for instruments with similar characteristics or forward sale commitment prices, as well as certain unobservable inputs such as estimated costs to originate the loans and the probability that the mortgage loan will fund within the terms of the IRLC (the “pull-through rate”). The Company estimates the fair value of forward sales of MBS contracts based on quoted MBS prices. The total notional amount of mortgage loans locked and approved through IRLCs totaled approximately \$104.0 million as of June 30, 2025 and carried a weighted average interest rate of approximately 5.6%. Management believes that carrying the mortgage loans held for sale at fair value and the derivative instruments used to economically hedge them enhances financial reporting by reducing volatility in reported earnings.

Fair values of AFS debt securities are principally a function of current market conditions and are primarily valued based on quoted prices in markets that are not active or model inputs that are observable or unobservable.

The estimated fair value of the 2028 Notes is based on recent trades or quoted market prices for debt of similar terms, including maturity, to achieve comparable yields.

The initial measurement of contingent consideration is based on projected cash flows such as revenues, homebuilding gross margin, overhead expenses and pre-tax income of the acquired business and is discounted to present value using the discounted cash flow method. The remaining estimated contingent consideration payments are subsequently remeasured to fair value as of each reporting date based on actual results achieved, the estimated future earnings of the acquired entities and the re-assessment of risk-adjusted discount rates that reflect current market conditions. Maximum potential exposure for contingent consideration is not estimable based on the contractual terms of the contingent consideration agreements, which allow for a percentage payout based on a potentially unlimited range of pre-tax income amounts.

The fair value of certain financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, customer deposits and mortgage warehouse facilities, approximate their carrying amounts due to the short-term nature of these instruments. The fair value of the construction lines of credit approximates their carrying amounts since they are subject to short-term floating interest rates that reflect current market rates. Fair value measurements may also be utilized on a nonrecurring basis, such as for the accounting for acquisitions or the impairment of long-lived assets and inventory.

The following table outlines the carrying value and fair value of certain of the Company's financial instruments (in thousands) as of June 30, 2025 and December 31, 2024 with respect to the established fair value hierarchy level:

| | Hierarchy | As of June 30, 2025 | | As of December 31, 2024 | |
|------------------------------|-----------|------------------------|------------|----------------------------|------------|
| | | Carrying Value | Fair Value | Carrying Value | Fair Value |
| | | | | | |
| Assets: | | | | | |
| Mortgage loans held for sale | Level 2 | \$ 152,261 | \$ 152,261 | \$ 303,393 | \$ 303,393 |
| IRLCs | Level 3 | 2,008 | 2,008 | 487 | 487 |
| AFS debt securities | Level 2 | 30,613 | 30,613 | — | — |
| Liabilities: | | | | | |
| MBSs | Level 2 | 420 | 420 | — | — |
| Senior unsecured notes, net | Level 2 | 295,712 | 313,143 | 295,049 | 312,876 |
| Contingent consideration | Level 3 | 13,891 | 13,891 | 68,030 | 68,030 |

The following table presents additional information related to the Company's AFS debt securities (in thousands):

| | As of June 30, 2025 | |
|--|------------------------|------------|
| | Amortized cost | Fair value |
| Years to maturity: | | |
| Due in one year or less | \$ 2,099 | \$ 2,126 |
| Due after one year through five years | 8,849 | 9,063 |
| Due after five years through ten years | 6,107 | 6,224 |
| Due after ten years | 11,079 | 11,257 |
| Asset-backed securities | 1,933 | 1,943 |
| Total AFS debt securities | \$ 30,067 | \$ 30,613 |
| AFS corporate bonds | \$ 28,166 | \$ 28,690 |

The following table presents a summary of the changes in fair value measurement of contingent consideration (in thousands):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|------------|------------------------------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| Beginning balance | \$ 69,130 | \$ 112,956 | \$ 68,030 | \$ 116,795 |
| Fair value adjustments related to prior year acquisitions ⁽¹⁾ | (12,706) | 4,638 | (11,606) | 7,845 |
| Contingent consideration payments ⁽²⁾ | (42,533) | (50,045) | (42,533) | (57,091) |
| Ending balance | \$ 13,891 | \$ 67,549 | \$ 13,891 | \$ 67,549 |

(1) The remeasured fair value of contingent consideration as of June 30, 2025 and June 30, 2024 are primarily associated with the 2021 acquisition of McGuyer Homebuilders, Inc. ("MHI"). As of June 30, 2025, there were 3 months remaining under the contingent consideration agreement. Contingent consideration adjustments related to MHI resulted in income of \$12.7 million and expense of \$4.5 million for the three months ended June 2025 and 2024, respectively, and income of \$11.6 million and expense of \$6.8 million for the six months ended June 30, 2025 and 2024, respectively. Additionally, the earnout period related to the 2020 acquisition of H&H Constructors of Fayetteville, LLC concluded in the third quarter of 2024.

(2) On April 15, 2025, the Company made a contingent consideration payment of \$42.5 million related to the 2024 adjusted pre-tax income results of the MHI acquisition.

11. Related Party Transactions

The Company generally enters into related party transactions to secure finished lots for the construction of new homes.

DF Capital Funds

DF Capital Management, LLC (“DF Capital”) organizes real estate investment funds to acquire land and develop and sell finished lots. DF Capital is the investment manager of the funds. The Company owns a 49.0% membership interest in DF Capital and periodically enters into land bank arrangements with DF Capital. DF Capital and its funds are controlled by unaffiliated parties and the Company is not the primary beneficiary of DF Capital and its funds. The Company holds limited partnership interests in certain of the funds as well as indirect ownership through membership interests in the general partners of the respective funds. From time to time, executive officers and directors may invest as limited partners in the funds as well. Amounts due to and from the funds are based on the timing and amount of capital calls, as well as distributions of capital and earnings, all of which, as applicable, are made on a periodic basis over several years consistent with the typical lifecycle of any land bank financing project.

DF Residential II, LP (DF Capital’s “Fund II”) has an exclusive right of first offer on any land bank financing projects that meet its investment criteria and are undertaken by the Company during Fund II’s investment period. The Company, its executive officers, certain current and former directors have investments in Fund II. As of June 30, 2025 and December 31, 2024, the Company had \$20.9 million and \$37.0 million, respectively, in outstanding lot deposits related to Fund II, controlling 2,371 lots and 3,271 lots, respectively.

On July 30, 2024, DF Capital initiated its first close on DF Residential III, LP (“Fund III”), which included \$54.0 million in commitments from the Company’s executive officers and a former director. The Company’s investment in Fund III will be determined as part of the final closing, which is expected to occur in the second half of 2025. As of June 30, 2025 and December 31, 2024, the Company had \$47.1 million and \$47.0 million, respectively, in outstanding lot deposits related to Fund III, controlling 3,540 lots and 3,417 lots, respectively.

12. Equity

Share Buyback Program

In June 2023, the Company’s Board of Directors approved a share buyback program under which the Company can repurchase up to \$25.0 million of its Class A common stock through June 30, 2026 in open market purchases, privately negotiated transactions, or otherwise in compliance with Rule 10b-18 under the Securities Exchange Act of 1934, as amended. During the second quarter of 2025, the limit that can be repurchased under the share buyback program was increased to \$50.0 million.

The actual timing, number and value of shares repurchased under the share buyback program will depend on a number of factors, including constraints specified in any Rule 10b5-1 trading plans, price, general business and market conditions, and alternative investment opportunities. The share buyback program does not obligate the Company to acquire any specific number of shares in any period and may be expanded, extended, modified or discontinued at any time. The Company accounts for share repurchases of Class A common stock as treasury stock. Treasury stock is recorded as a reduction of stockholders’ equity based on the amount paid to repurchase shares, including associated costs. Treasury stock is not considered outstanding.

As of June 30, 2025, and December 31, 2024, approximately \$19.2 million, and \$17.2 million, respectively, remained available for purchase under the share buyback program, inclusive of the recent program increase. During the three and six months ended June 30, 2025, under the share buyback program, the Company repurchased 705,404 and 989,968 shares of Class A common stock for an aggregate purchase price of \$16.1 million and \$23.0 million, respectively. 71,833 shares were repurchased during the three and six months ended June 30, 2024 for an aggregate purchase price of \$1.8 million.

13. Earnings Per Share

The following weighted-average shares and share equivalents were used to calculate basic and diluted earnings per share ("EPS") for the three and six months ended June 30, 2025 and 2024 (in thousands, except share amounts):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|--------------------|------------------------------|--------------------|
| | 2025 | 2024 | 2025 | 2024 |
| Numerator | | | | |
| Net income attributable to Dream Finders Homes, Inc. | \$ 56,580 | \$ 80,943 | \$ 111,483 | \$ 135,437 |
| Less: Preferred dividends, net | 3,375 | 3,375 | 6,750 | 6,750 |
| Net income available to common stockholders ⁽¹⁾ | <u>\$ 53,205</u> | <u>\$ 77,568</u> | <u>\$ 104,733</u> | <u>\$ 128,687</u> |
| Denominator | | | | |
| Weighted-average number of common shares outstanding - basic | 93,444,326 | 93,722,953 | 93,495,455 | 93,524,396 |
| Add: Common stock equivalent shares ⁽²⁾ | <u>8,469,562</u> | <u>6,402,728</u> | <u>8,139,730</u> | <u>6,506,207</u> |
| Weighted-average number of shares outstanding - diluted | <u>101,913,888</u> | <u>100,125,681</u> | <u>101,635,185</u> | <u>100,030,603</u> |

(1) For the diluted earnings per share calculation, amounts of preferred dividends associated with redeemable preferred stock that are assumed to be converted are added back to the numerator. Amounts of preferred dividends added back included \$3.4 million for the three months ended June 30, 2025, and 2024, and \$6.8 million for the six months ended June 30, 2025, and 2024, respectively.

(2) Since the conversion price of the Company's redeemable preferred stock is based on an average of the closing price of Class A common stock for the 90 trading days immediately preceding the end of the current period, changes in the price of the Class A common stock may significantly affect the number of additional assumed common shares outstanding under the if-converted method for diluted EPS, while the number of redeemable preferred stock shares outstanding is unchanged. Stock-based compensation awards are excluded from the calculation of diluted EPS in the event they are antidilutive. There were 1.3 million and 0.9 million of common stock equivalent shares considered antidilutive that were excluded from the diluted earnings per share calculation for the three and six months ended June 30, 2025, respectively. For the three and six months ended June 30, 2024, there were 0.8 million common stock equivalent shares and 0.4 million of common stock equivalent shares excluded from the diluted earnings per share calculation, respectively.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the accompanying financial statements and related notes thereto. Unless the context otherwise requires, the terms “Dream Finders,” “DFH,” the “Company,” “we,” “us” and “our” refer to Dream Finders Homes, Inc. and its subsidiaries.

Business Overview and Outlook

We design, build and sell homes primarily in high-growth markets using our asset-light lot acquisition strategy. Our primary focus is on constructing and selling single-family homes across entry-level, first-time move-up, second-time move-up, and active adult markets, as well as homes under built-for-rent contracts. To fully serve our homebuyers and capture ancillary business opportunities, we have financial services operations that offer mortgage banking solutions and title insurance—inclusive of agency and underwriting services. Additionally, we offer homeowners insurance and ancillary products to homebuyers.

The macroeconomic uncertainty of the homebuilding industry persists as homebuyers in our markets continue to confront home affordability challenges and we face intense competition. Despite sustained demand for housing, the affordability constraints, due in part to the high mortgage interest rates, have led to increased complexity and cost associated with actionable marketing and sales strategies. Additionally, the geopolitical uncertainty and potentially looming tariffs add to the pressure. Although our long-term outlook remains positive, the first half of 2025 has been marked by subdued market conditions that could persist through year-end.

Recent Developments

Phoenix, Arizona Sales

In Q2 2025, we sold 7 homes and closed 4 homes in our Phoenix, Arizona division, expanding our presence within the Midwest segment.

Results of Consolidated Operations

The following table summarizes our results of operations and other financial data (in thousands, except per share amounts) for the periods indicated:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|------------|------------------------------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| Income before taxes: | | | | |
| Homebuilding | \$ 61,352 | \$ 98,881 | \$ 124,134 | \$ 162,992 |
| Financial services | 12,241 | 6,586 | 19,066 | 11,885 |
| Other ⁽¹⁾ | 471 | 541 | 2,029 | 1,955 |
| Income before taxes | 74,064 | 106,008 | 145,229 | 176,832 |
| Income tax expense | (17,525) | (23,245) | (33,680) | (38,386) |
| Net income | 56,539 | 82,763 | 111,549 | 138,446 |
| Net loss (income) attributable to noncontrolling interests | 41 | (1,820) | (66) | (3,009) |
| Net income attributable to Dream Finders Homes, Inc. | \$ 56,580 | \$ 80,943 | \$ 111,483 | \$ 135,437 |
| Other Financial Data: | | | | |
| Basic EPS ⁽²⁾ | \$ 0.57 | \$ 0.83 | \$ 1.12 | \$ 1.38 |
| Diluted EPS ⁽²⁾ | \$ 0.56 | \$ 0.81 | \$ 1.10 | \$ 1.35 |
| EBITDA (in thousands) ⁽³⁾ | \$ 133,745 | \$ 149,584 | \$ 250,290 | \$ 255,178 |
| EBITDA margin % ⁽³⁾⁽⁴⁾ | 11.6% | 14.2% | 11.7 % | 13.5 % |
| Return on participating equity ⁽⁵⁾ | | | 25.0 % | 33.5 % |
| Balance Sheet Data (as of period end): | | | | |
| Cash and cash equivalents | | | \$ 210,320 | \$ 274,797 |
| Revolving credit facility and other borrowings | | | 1,140,353 | 890,876 |
| Senior unsecured notes, net | | | 295,712 | 294,564 |
| Mortgage warehouse facilities | | | 144,287 | — |
| Total mezzanine equity | | | 178,039 | 169,951 |
| Total Dream Finders Homes, Inc. stockholders' equity | | | 1,334,095 | 1,047,486 |
| Total equity | | | 1,335,686 | 1,051,581 |

(1) Represents amounts within our corporate component ("Corporate").

(2) Refer to Note 13, Earnings Per Share to the condensed consolidated financial statements for disclosures related to the calculation of EPS. Diluted shares were calculated by using the treasury stock method for stock grants and the if-converted method for the redeemable preferred stock and the associated preferred dividends.

(3) EBITDA is a non-GAAP financial measure. For a definition of this non-GAAP financial measure and a reconciliation to our most directly comparable financial measures calculated and presented in accordance with GAAP, see "—Non-GAAP Financial Measures."

(4) Calculated as a percentage of total revenues.

(5) Return on participating equity is calculated as net income attributable to DFH, less redeemable preferred stock distributions, divided by average beginning and ending total Dream Finders Homes, Inc. stockholders' equity ("participating equity") for the trailing twelve months.

Results of Homebuilding Operations

Three Months Ended June 30, 2025 Compared to Three Months Ended June 30, 2024

The following table sets forth our results of homebuilding operations and other financial data (in thousands) for the periods indicated:

| | Three Months Ended June 30, | | | |
|---|--------------------------------|--------------|-------------|----------|
| | 2025 | 2024 | Change | % Change |
| Homebuilding revenues | \$ 1,099,580 | \$ 1,052,236 | \$ 47,344 | 4 % |
| Homebuilding cost of sales | 917,871 | 852,837 | 65,034 | 8 % |
| Selling, general and administrative expense | 133,853 | 96,557 | 37,296 | 39 % |
| Income from unconsolidated entities | — | (159) | 159 | (100)% |
| Contingent consideration revaluation ⁽¹⁾ | (12,962) | 4,046 | (17,008) | (420)% |
| Other (income) expense, net | (534) | 74 | (608) | (822)% |
| Income before taxes of homebuilding operations | \$ 61,352 | \$ 98,881 | \$ (37,529) | (38)% |

Other Financial and Operating Data:

| | | | | |
|--|--------------|--------------|--------------|-------|
| Home closings | 2,232 | 2,031 | 201 | 10 % |
| Average sales price of homes closed ⁽²⁾ | \$ 481,027 | \$ 514,833 | \$ (33,806) | (7)% |
| Net sales | 1,938 | 1,712 | 226 | 13 % |
| Cancellation rate | 14.0% | 13.2% | 0.8 % | 6 % |
| Homebuilding gross margin (in thousands) ⁽³⁾ | \$ 181,709 | \$ 199,399 | \$ (17,690) | (9)% |
| Homebuilding gross margin % ⁽³⁾⁽⁴⁾ | 16.5 % | 19.0 % | (2.4)% | (13)% |
| Adjusted homebuilding gross margin (in thousands) ⁽⁵⁾ | \$ 285,162 | \$ 284,571 | \$ 591 | — % |
| Adjusted homebuilding gross margin % ⁽⁴⁾⁽⁵⁾ | 25.9 % | 27.0 % | (1.1)% | (4)% |
| Active communities as of period end ⁽⁶⁾ | 271 | 222 | 49 | 22 % |
| Backlog as of period end - units | 2,513 | 4,205 | (1,692) | (40)% |
| Backlog as of period end - value (in thousands) | \$ 1,200,875 | \$ 2,123,618 | \$ (922,743) | (43)% |
| Net homebuilding debt to net capitalization ⁽⁵⁾ | 44.5 % | 42.7 % | 1.8 % | 4 % |

- (1) Contingent consideration revaluation, which is comprised of amounts from the homebuilding segments (“contingent consideration”), excludes \$0.3 million and \$0.6 million of Corporate contingent consideration expenses for the three months ended June 30, 2025 and 2024, respectively. Corporate amounts represent contingent consideration relating to our homebuilding business that we do not charge to the segments.
- (2) Average sales price of homes closed is calculated based on homebuilding revenues, adjusted for the impact of percentage of completion revenues, and excluding deposit forfeitures and land sales, over homes closed.
- (3) Homebuilding gross margin is homebuilding revenues less homebuilding cost of sales.
- (4) Calculated as a percentage of homebuilding revenues.
- (5) Adjusted homebuilding gross margin and net homebuilding debt to net capitalization are non-GAAP financial measures. For definitions of these non-GAAP financial measures and reconciliations to our most directly comparable financial measures calculated and presented in accordance with GAAP, see “—Non-GAAP Financial Measures.”
- (6) A community becomes active once the model is completed or the community has its fifth net sale. A community becomes inactive when it has fewer than five homesites remaining to sell.

The following tables summarize home closings and average sales price (“ASP”) of homes closed by homebuilding segment for the three months ended June 30, 2025 and 2024, as well as active communities as of June 30, 2025 and 2024:

| Segment | Three Months Ended June 30, 2025 | | As of June 30, 2025 |
|--------------|-------------------------------------|-------------------|------------------------|
| | Home Closings | ASP | Active Communities |
| Southeast | 842 | \$ 438,549 | 104 |
| Mid-Atlantic | 600 | 444,571 | 72 |
| Midwest | 790 | 553,989 | 95 |
| Total | 2,232 | \$ 481,027 | 271 |

| Segment | Three Months Ended June 30, 2024 | | As of June 30, 2024 |
|--------------|-------------------------------------|-------------------|------------------------|
| | Home Closings | ASP | Active Communities |
| Southeast | 668 | \$ 508,511 | 46 |
| Mid-Atlantic | 610 | 433,941 | 60 |
| Midwest | 753 | 585,971 | 116 |
| Total | 2,031 | \$ 514,833 | 222 |

The following table presents income before taxes (in thousands) and homebuilding gross margin (or “gross margin”) percentage by segment for the three months ended June 30, 2025 and 2024:

| Segment | Three Months Ended June 30, | | | |
|--------------|--------------------------------|----------------|---------------------|----------------|
| | 2025 | | 2024 | |
| | Income Before Taxes | Gross Margin % | Income Before Taxes | Gross Margin % |
| Southeast | \$ 16,624 | 17.9 % | \$ 36,748 | 20.7 % |
| Mid-Atlantic | 15,168 | 17.9 | 22,075 | 18.2 |
| Midwest | 29,560 | 14.6 | 40,058 | 18.1 |
| Total | \$ 61,352 | 16.5 % | \$ 98,881 | 19.0 % |

Homebuilding Revenues. The increase in homebuilding revenues was primarily attributable to 2,232 home closings for the three months ended June 30, 2025, an increase of 201 homes, or 10%, from 2,031 home closings for the three months ended June 30, 2024. The increase was primarily attributable to the Liberty Communities acquisition, which contributed 179 home closings with an ASP of \$355,550, 150 of which were included in the Southeast segment, which had a total increase in home closings of 174. The Midwest segment had an increase of 37 closings with an ASP of \$553,989, which is the highest ASP of our homebuilding segments. The consolidated ASP of homes closed decreased 7% when comparing the three months ended June 30, 2025 to the three months ended June 30, 2024, primarily a result of the increased use of sales incentives by \$36 million and changes in product mix during the second quarter of 2025.

Homebuilding Cost of Sales and Homebuilding Gross Margin. The higher homebuilding cost of sales was primarily due to the increase in home closings for the three months ended June 30, 2025 as compared to the three months ended June 30, 2024. In addition to the lower ASP, the decrease in homebuilding gross margin as a percentage of homebuilding revenues when comparing the three months ended June 30, 2025 and 2024 was primarily attributable to higher land and financing costs, partially offset by direct cost reductions and cycle-time improvements.

Southeast. Our Southeast segment homebuilding revenues for the three months ended June 30, 2025 were \$368 million, an increase of \$27 million, or 8%, from \$341 million for the three months ended June 30, 2024. This revenue growth was primarily driven by an increase in home closings of 174, or 26%, which was partially offset by a 14% decrease in the ASP of homes closed. Homebuilding gross margin percentage was 17.9% for the three months ended June 30, 2025, representing a decrease of 280 basis points (“bps”), or 14%, when compared to the three months ended June 30, 2024. The decrease in homebuilding gross margin percentage was mostly the result of lower ASP from increased sales incentives and changes in product mix, as well as higher land and financing costs. Liberty Communities contributed \$56 million in homebuilding revenues and 150 home closings with an ASP of \$370,858. Liberty Communities had a gross margin of 17.7% for the three months ended June 30, 2025.

Mid-Atlantic. Our Mid-Atlantic segment homebuilding revenues for the three months ended June 30, 2025 were \$275 million, an increase of \$11 million, or 4%, from \$264 million for the three months ended June 30, 2024. This revenue growth was primarily driven by an increase in ASP of \$10,630, or 2%. Homebuilding gross margin percentage was 17.9% for the three months ended June 30, 2025, representing a decrease of 30 bps, or 2%, when compared to the three months ended June 30, 2024. The decrease in homebuilding gross margin percentage was mostly the result of higher land and financing costs, as well as increased closing cost incentives.

Midwest. Our Midwest segment homebuilding revenues for the three months ended June 30, 2025 were \$457 million, an increase of \$10 million, or 2%, from \$447 million for the three months ended June 30, 2024. This increase was primarily due to higher home closings of 37, or 5% and strategic lot sales within the segment, resulting in \$13 million of additional homebuilding revenues, partially offset by a decrease of 5% in the ASP of homes closed. Homebuilding gross margin percentage was 14.6% for the three months ended June 30, 2025, representing a decrease of 350 bps, or 19%, when compared to the three months ended June 30, 2024. The decrease in homebuilding gross margin percentage was primarily due to lower ASP from a strategic change in product offerings and higher sales incentives, as well as an increase in land and financing costs.

Selling, General and Administrative Expense. Selling, general and administrative expense for the homebuilding segments (“SG&A”) as a percentage of homebuilding revenues was 12.2% for the three months ended June 30, 2025, an increase of 300 bps from 9.2% for the three months ended June 30, 2024, which resulted in an increase of \$37 million. The dollar and percentage increase in SG&A was primarily attributable to the \$25 million increase in spend on forward mortgage commitment programs to allow our homebuyers to access lower mortgage interest rates on home loans during the three months ended June 30, 2025 compared to June 30, 2024. Additionally, for the three months ended June 30, 2025, SG&A included higher compensation costs of \$9 million and marketing and other general expenses of \$3 million, largely due to our continued growth, including the January 2025 acquisition of Liberty Communities, the May 2025 acquisition of Green River Builders and our operational expansions in Florida and Arizona. As a result of the Liberty acquisition, there was SG&A of \$8 million in the second quarter of 2025 that was not included in the second quarter of 2024.

Contingent Consideration Revaluation. \$17 million of the change from contingent consideration expense to contingent consideration income for the three months ended June 30, 2025 was attributable to lower actual results achieved during the period when compared to expectations and revised pre-tax income forecasts related to the MHI acquisition for the third quarter of 2025, which is the final quarter of the earnout period for the MHI acquisition.

Income Before Taxes of Homebuilding Operations. The decrease in income before taxes of homebuilding operations during the three months ended June 30, 2025 as compared to the three months ended June 30, 2024 was primarily attributable to the increases in SG&A and the reduction in homebuilding gross margin, partially offset by higher home closings volume and the contingent consideration income for the period, all of which are explained above.

Results of Homebuilding Operations

Six Months Ended June 30, 2025 Compared to Six Months Ended June 30, 2024

The following table sets forth our results of homebuilding operations and balance sheet data (in thousands) for the periods indicated:

| | Six Months Ended June 30, | | | |
|--|------------------------------|--------------|-------------|----------|
| | 2025 | 2024 | Change | % Change |
| Homebuilding revenues | \$ 2,069,688 | \$ 1,877,457 | \$ 192,231 | 10 % |
| Homebuilding cost of sales | 1,701,407 | 1,531,477 | 169,930 | 11 % |
| Selling, general and administrative expense | 250,149 | 176,423 | 73,726 | 42 % |
| Loss (income) from unconsolidated entities | 1 | (286) | 287 | (100)% |
| Contingent consideration revaluation ⁽¹⁾ | (11,940) | 6,951 | (18,891) | (272)% |
| Other expense (income), net | 5,937 | (100) | 6,037 | (6037)% |
| Income before taxes of homebuilding operations | \$ 124,134 | \$ 162,992 | \$ (38,858) | (24)% |
| Other Financial and Operating Data: | | | | |
| Home closings | 4,157 | 3,686 | 471 | 13 % |
| Average sales price of homes closed ⁽²⁾ | \$ 489,018 | \$ 505,926 | \$ (16,908) | (3)% |
| Net sales | 3,970 | 3,436 | 534 | 16 % |
| Cancellation rate | 12.8% | 16.8% | (4.0%) | (24)% |
| Homebuilding gross margin (in thousands) ⁽³⁾ | \$ 368,281 | \$ 345,980 | \$ 22,301 | 6 % |
| Homebuilding gross margin % ⁽³⁾⁽⁴⁾ | 17.8 % | 18.4 % | (0.6) % | (3)% |
| Adjusted homebuilding gross margin (in thousands) ⁽⁵⁾ | \$ 555,262 | \$ 501,784 | \$ 53,478 | 11 % |
| Adjusted homebuilding gross margin % ⁽⁴⁾⁽⁵⁾ | 26.8 % | 26.7 % | 0.1 % | — % |

- (1) Contingent consideration revaluation, which is comprised of amounts from the homebuilding segments and Corporate, includes \$0.3 million and \$0.9 million of Corporate contingent consideration for the six months ended June 30, 2025 and 2024, respectively. Corporate amounts are included as they relate to our homebuilding business.

See notes (2) to (5) under results of homebuilding operations for the three months ended June 30, 2025 compared to the three months ended June 30, 2024.

The following table summarizes home closings and ASP of homes closed by homebuilding segment for the six months ended June 30, 2025 and 2024:

| Segment | Six Months Ended June 30, | | | |
|--------------|------------------------------|-------------------|---------------|-------------------|
| | 2025 | | 2024 | |
| | Home Closings | ASP | Home Closings | ASP |
| Southeast | 1,529 | \$ 441,561 | 1,246 | \$ 492,320 |
| Mid-Atlantic | 1,121 | 449,629 | 1,101 | 430,155 |
| Midwest | 1,507 | 566,470 | 1,339 | 580,889 |
| Total | 4,157 | \$ 489,018 | 3,686 | \$ 505,926 |

The following table presents income before taxes (in thousands) and homebuilding gross margin percentage by segment for the six months ended June 30, 2025 and 2024:

| Segment | Six Months Ended June 30, | | | |
|----------------------------|------------------------------|----------------|---------------------|----------------|
| | 2025 | | 2024 | |
| | Income Before Taxes | Gross Margin % | Income Before Taxes | Gross Margin % |
| Southeast | \$ 42,398 | 18.6 % | \$ 59,567 | 19.4 % |
| Mid-Atlantic | 29,584 | 19.6 | 39,557 | 18.1 |
| Midwest | 52,152 | 16.1 | 63,868 | 17.8 |
| Total⁽¹⁾ | \$ 124,134 | 17.8 % | \$ 162,992 | 18.4 % |

Homebuilding Revenues. The increase in homebuilding revenues was primarily attributable to 4,157 home closings for the six months ended June 30, 2025, an increase of 471 homes, or 13%, from the 3,686 home closings for the six months ended June 30, 2024. The increase was largely attributable to the Midwest segment, which had an increase of 168 closings with an ASP of \$566,470, which was the highest ASP of our homebuilding segments. Additionally, 286 home closings with an ASP of \$356,584 were contributed by the Liberty Communities acquisition, 240 of which were included in the Southeast segment, which had a total increase in home closings of 283. The consolidated ASP of homes closed decreased 3% when comparing the six months ended June 30, 2025 to the six months ended June 30, 2024, primarily a result of the increased use of sales incentives by \$55 million and changes in product mix during the period.

Homebuilding Cost of Sales and Homebuilding Gross Margin. The higher homebuilding cost of sales was primarily due to the increase in home closings for the six months ended June 30, 2025 as compared to the six months ended June 30, 2024. In addition to the lower ASP, the decrease in homebuilding gross margin as a percentage of homebuilding revenues, when comparing the six months ended June 30, 2025 and 2024, was primarily attributable to higher land and financing costs, partially offset by direct cost reductions. In addition, the Liberty Communities homebuilding gross margin for the six months ended June 30, 2025 included amortization of purchase accounting adjustments associated with home closings that negatively impacted the homebuilding gross margin percentage by approximately 11 bps.

Southeast. Our Southeast segment homebuilding revenues for the six months ended June 30, 2025 were \$675 million, an increase of \$54 million, or 9%, from \$621 million for the six months ended June 30, 2024. This revenue growth was primarily driven by an increase in home closings of 283, or 23%, which was partially offset by a 10% decrease in the ASP of homes closed. Homebuilding gross margin percentage was 18.6% for the six months ended June 30, 2025, representing a decrease of 80 bps, or 4%, when compared to the six months ended June 30, 2024. The decrease in homebuilding gross margin percentage was mostly the result of higher land and financing costs and, to a lesser extent, a gross margin of 15.7% for the Liberty Communities operations. Liberty Communities contributed \$89 million in homebuilding revenues and 240 home closings with an ASP of \$370,734 for the six months ended June 30, 2025.

Excluding Liberty, homebuilding revenues in the Southeast segment decreased by 6% when comparing the six months ended June 30, 2025 and 2024 mostly due to a lower ASP of \$454,748, a decrease of \$37,572, or 8%, partially offset by 1,289, or 3%, higher home closings. Without Liberty, homebuilding gross margin percentage was 19.1% for the six months ended June 30, 2025, representing a decrease of 30 bps, or 2%, when compared to the six months ended June 30, 2024. The decline in this homebuilding gross margin percentage was primarily the result of higher land and financing costs and changes in product mix.

Mid-Atlantic. Our Mid-Atlantic segment homebuilding revenues for the six months ended June 30, 2025 were \$513 million, an increase of \$39 million, or 8%, from \$474 million for the six months ended June 30, 2024. This revenue growth was primarily driven by an increase in ASP and home closings of \$19,474, or 5%, and 20, or 2%, respectively, for the six months ended June 30, 2025 compared to the six months June 30, 2024. Homebuilding gross margin percentage was 19.6% for the six months ended June 30, 2025, representing an increase of 150 bps, or 8%, when compared to the six months ended June 30, 2024. The increase in homebuilding gross margin percentage was mostly the result of direct cost reductions and changes in product mix, particularly from the Crescent operations, which had a gross margin of 23.1%, partially offset by higher land and financing costs.

Midwest. Our Midwest segment homebuilding revenues for the six months ended June 30, 2025 were \$882 million, an increase of \$100 million, or 13%, from \$782 million for the six months ended June 30, 2024. This increase was primarily due to higher home closings of 168, or 13%, partially offset by a decrease of 2% in the ASP of homes closed. Additionally, strategic lot sales within the segment, resulted in \$18 million of additional homebuilding revenues during the six months ended June 30, 2025 as compared to the the previous period. Homebuilding gross margin percentage was 16.1% for the six months ended June 30, 2025, representing a decrease of 170 bps, or 10%, when compared to six months ended June 30, 2024. The reduction in homebuilding gross margin percentage was mainly due to an increase in land and financing costs, partially offset by direct cost reductions.

Selling, General and Administrative Expense. Selling, general and administrative expense for the homebuilding segments (“SG&A”) as a percentage of homebuilding revenues was 12.1% for the six months ended June 30, 2025, an increase of 270 bps from 9.4% for the six months ended June 30, 2024, which resulted in an increase of \$74 million. The dollar and percentage increase in SG&A was primarily attributable to higher compensation costs of \$21 million, largely due to our continued growth, including the February 2024 acquisition of Crescent, the January 2025 acquisition of Liberty Communities, the May 2025 acquisition of Green River Builders, as well as our operational expansions in Florida and Arizona. Additionally, for the six months ended June 30, 2025, SG&A included \$52 million of spend on forward mortgage commitment programs to allow our homebuyers to access lower mortgage interest rates on home loans, representing a \$36 million increase when compared to the six months ended June 30, 2024. As a result of the Liberty acquisition described above, there was SG&A of \$13 million in the six months ended June 30, 2025 that was not included in the six months ended June 30, 2024.

Contingent Consideration Revaluation. \$18 million of the change from contingent consideration expense to income for the six months ended June 30, 2025 was attributable to lower actual results achieved during the second quarter of 2025 when compared to expectations and revised pre-tax income forecasts related to the MHI acquisition for the third quarter of 2025, which is the final quarter of the earnout period for the MHI acquisition. Additionally, the earnout period related to the 2020 acquisition of H&H Constructors of Fayetteville, LLC concluded in the third quarter of 2024.

Other Expense (Income), Net. The increase in other expense, net for the six months ended June 30, 2025 as compared to the six months ended June 30, 2024 was primarily due to \$7 million of purchase price adjustments related to the Crescent acquisition, which were recognized outside of the measurement period during the first quarter of 2025. Refer to Note 2, Acquisitions to the condensed consolidated financial statements for additional information.

Income Before Taxes of Homebuilding Operations. The decrease in income before taxes of homebuilding operations during the six months ended June 30, 2025 as compared to the six months ended June 30, 2024 was primarily attributable to the increases in SG&A, the reduction in homebuilding gross margin, and the increase in other expense, net, partially offset by higher home closings volume and, to a lesser extent, the income from contingent consideration revaluation, all of which are explained above.

Land Acquisition and Development Process

We employ an asset-light and cost-effective lot acquisition strategy to achieve our growth goals. This strategy involves two key approaches: finished lot option contracts and land bank option contracts. These option contracts generally allow us, at our option, to forfeit our right to purchase the lots controlled for any reason, and our sole legal obligation and economic loss as a result of such forfeitures is limited to the amount of the deposits paid pursuant to such option contracts and in the case of land bank option contracts, our loss is limited to the related lot option fees paid to the land bank partner, and for certain land bank option contracts, any potential performance obligations, management of the land development to completion and any cost overruns relative to the project. We provide lot deposits typically averaging 10% of the land purchase price.

As of June 30, 2025 and December 31, 2024, our lot deposits for finished lot option and land bank option contracts were \$531 million and \$458 million, respectively. As of June 30, 2025 and December 31, 2024, we controlled 63,180 and 54,698 lots, respectively, under finished lot option and land bank option contracts.

In the past, we have supplemented our lot option acquisition strategies by entering into joint venture agreements with external investors to acquire, develop and control lots. Due to the profit sharing requirements of the joint venture agreements, we have transitioned from these joint venture arrangements in favor of the option contract strategies described above.

Controlled Lots Pipeline

The following table presents our controlled lots through option contracts by homebuilding segment as of June 30, 2025 and December 31, 2024:

| Segment ⁽¹⁾ | As of June 30, 2025 | As of December 31, 2024 | % Change |
|----------------------------|---------------------------|-------------------------------|------------|
| | | | |
| Southeast | 23,869 | 21,362 | 12% |
| Mid-Atlantic | 22,744 | 17,099 | 33% |
| Midwest | 16,567 | 16,237 | 2% |
| Total⁽²⁾ | 63,180 | 54,698 | 16% |

(1) See Note 8, Segment Reporting to the condensed consolidated financial statements for further explanation of our reportable segments.

(2) As of June 30, 2025 and December 31, 2024, we had 734 and 603 controlled lots under built-for-rent contracts, respectively.

Our Active Communities

A community becomes active once the model is completed or the community has its fifth net new order. A community becomes inactive when it has fewer than five units remaining to sell. Active community count is an important metric to forecast future net new orders for our business. As of June 30, 2025, we had 271 active communities, an increase of 49 communities, or 22%, as compared to 222 active communities as of June 30, 2024.

Our active community count excludes communities under the built-for-rent contracts, as all sales to third-party investors occur at one point in time and these communities would have no homesites remaining to sell. As of June 30, 2025, we had 7 communities delivering closings under built-for-rent contracts, as compared to 16 communities as of June 30, 2024.

Costs of Building Materials and Labor

Our homebuilding cost of sales includes the acquisition and finance costs of homesites or lots, municipality fees, the costs associated with obtaining building permits, materials and labor to construct the home, interest costs for construction loans, internal and external realtor commissions and other miscellaneous closing costs. Homesite costs range from 30-35% of the average cost of a home. Building materials range from 30-35% of the average cost to build the home, labor ranges from 20-25% of the average cost to build the home, and interest, commissions and closing costs range from 5-10% of the average cost to build the home.

Our materials are subject to price fluctuations. Once construction of a home begins, prices for the materials utilized in the construction of that particular home are generally locked via purchase orders, but fluctuations may occur as a result of market conditions. Price fluctuations may be caused by several factors, including seasonal variation in availability of materials, labor and supply chain disruptions, international trade disputes and resulting tariffs, and changes in demand for materials as a result of the housing market conditions where we operate. The price changes that most significantly influence our operations are price increases in commodities. Significant price increases of these materials may negatively impact our homebuilding cost of sales and, in turn, our net income.

Net Sales, Backlog and Closings

A new order (“new sale”) is reported when a customer has received preliminary mortgage approval and the sales contract has been signed by the customer, approved by us and secured by a deposit. These deposits are typically nonrefundable, but each customer situation is evaluated individually. Sales to third-party investors that intend to lease the homes (“built-for-rent contracts”) are reported when we have received a nonrefundable deposit.

Net new orders (or “net sales”) are sales of homes during the period less cancellations of existing sales contracts during the period. Our cancellation rate for a given period is calculated as the total number of sales contracts cancelled during the period, divided by the total number of new sales contracts entered into during the period. When a cancellation occurs, we generally retain the customer deposit and resell the home to a new customer. Cancellations can occur for various reasons outside of our control, including customer credit issues or changes in other personal circumstances.

The following table presents information concerning our net sales, starts and closings in each of our homebuilding segments for the three and six months ended June 30, 2025 and 2024:

| Segment | Three Months Ended June 30, | | | | | | Period Over Period Percent Change | | |
|--------------------------|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------------------------------|------------|-------------|
| | 2025 | | | 2024 | | | Net Sales | Starts | Closings |
| | Net Sales | Starts | Closings | Net Sales | Starts | Closings | | | |
| Southeast ⁽¹⁾ | 605 | 877 | 842 | 458 | 876 | 668 | 32 % | — % | 26 % |
| Mid-Atlantic | 694 | 970 | 600 | 610 | 982 | 610 | 14 % | (1) % | (2) % |
| Midwest | 639 | 1,139 | 790 | 644 | 975 | 753 | (1) % | 17 % | 5 % |
| Total | 1,938 | 2,986 | 2,232 | 1,712 | 2,833 | 2,031 | 13 % | 5 % | 10 % |

- (1) Excluding built-for-rent activity, net sales in the Southeast segment increased 38% during the quarter ended June 30, 2025 when compared to the quarter ended June 30, 2024. 31% of the increase was due to net sales from the Liberty Communities acquisition on January 23, 2025.

| Segment | Six Months Ended June 30, | | | | | | Period Over Period Percent Change | | |
|--------------------------|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------------------------------|-------------|-------------|
| | 2025 | | | 2024 | | | Net Sales | Starts | Closings |
| | Net Sales | Starts | Closings | Net Sales | Starts | Closings | | | |
| Southeast ⁽¹⁾ | 1,295 | 1,437 | 1,529 | 735 | 1,664 | 1,246 | 76 % | -14 % | 23 % |
| Mid-Atlantic | 1,236 | 1,557 | 1,121 | 1,227 | 1,595 | 1,101 | 1 % | -2 % | 2 % |
| Midwest | 1,439 | 1,929 | 1,507 | 1,474 | 1,807 | 1,339 | -2 % | 7 % | 13 % |
| Total | 3,970 | 4,923 | 4,157 | 3,436 | 5,066 | 3,686 | 16 % | -3 % | 13 % |

- (1) Excluding built-for-rent activity, net sales in the Southeast segment increased 37% during the six months ended June 30, 2025 when compared to the six months ended June 30, 2024. 27% of the increase was due to net sales from the Liberty Communities acquisition on January 23, 2025.

Our backlog of sold homes (“backlog”) consists of homes under contract that have not yet been delivered to a homebuyer or third-party investor. Backlog represents the number of homes in backlog from the previous period, plus net sales, minus the number of home closings during the period. Our backlog at any given time will be affected by cancellations, the number of our active communities, and changes in the percentage of spec home sales versus pre-order sales and built-for-rent contracts, which are customarily delivered over a longer period of time. Homes in backlog are generally closed within one to nine months.

The following table presents information concerning our backlog in number of homes, ASP and aggregate value (in thousands) for our homebuilding segments as of the dates set forth below:

| Segment | As of June 30, | | | | | |
|--------------|----------------------|-------------------|---------------------|----------------------|-------------------|---------------------|
| | 2025 | | | 2024 | | |
| | Homes ⁽¹⁾ | ASP | Value | Homes ⁽¹⁾ | ASP | Value |
| Southeast | 998 | \$ 438,465 | \$ 437,588 | 1,723 | \$ 411,727 | \$ 709,406 |
| Mid-Atlantic | 812 | 399,863 | 324,689 | 1,202 | 467,772 | 562,262 |
| Midwest | 703 | 623,893 | 438,597 | 1,280 | 665,587 | 851,951 |
| Total | 2,513 | \$ 477,865 | \$ 1,200,875 | 4,205 | \$ 505,022 | \$ 2,123,618 |

(1) Represents the number of homes in backlog from the previous period, plus net sales during the period, minus the number of home closings during the current period.

Backlog of sold homes as of June 30, 2025 was 2,513 homes valued at approximately \$1.2 billion based on ASP, a decrease of 1,692 homes and \$0.9 billion in value, or 40% and 43%, respectively, from 4,205 homes valued at approximately \$2.1 billion as of June 30, 2024. The overall decrease in backlog was mostly reflective of a continued trend toward move-in ready spec homes relative to pre-order sales and, to a lesser extent, a reduction in built-for-rent contracts in backlog. Spec homes typically result in quicker closings and turnover of the backlog within the same reporting period. Approximately 516 of the homes in our backlog are expected to be delivered in 2026 and beyond.

Southeast. Backlog for the Southeast segment as of June 30, 2025 was 998 homes, a decrease of 725 from 1,723 homes as of June 30, 2024. The decrease from prior year was primarily attributable to a continued trend toward more sales of move-in-ready spec homes relative to pre-order sales and, to a lesser extent, a reduction in built-for-rent contracts in backlog.

Mid-Atlantic. Backlog for the Mid-Atlantic segment as of June 30, 2025 was 812 homes, a decrease of 390 from 1,202 homes as of June 30, 2024. The decrease in backlog from prior year was primarily attributable to the continued trend toward more sales of move-in-ready spec homes relative to pre-order sales. The decline in backlog value was also due to an increase in built-for-rent contracts in backlog this period, which have lower ASPs relative to retail sales contracts in backlog.

Midwest. Backlog for the Midwest segment as of June 30, 2025 was 703 homes, a decrease of 577 from 1,280 homes as of June 30, 2024. The decrease from prior year was mostly a result of higher closings relative to net sales, as well as the continued trend toward more sales of move-in-ready spec homes relative to pre-order sales.

The following table presents information concerning our cancellation rates for each of our homebuilding segments for the periods set forth below:

| Segment | Three Months Ended June 30, | | Six Months Ended June 30, | |
|----------------------------|--------------------------------|---------------|------------------------------|---------------|
| | 2025 | 2024 | 2025 | 2024 |
| Southeast | 15.6 % | 14.2 % | 13.3 % | 33.6 % |
| Mid-Atlantic | 10.8 % | 10.9 % | 12.2 % | 9.5 % |
| Midwest | 15.7 % | 14.6 % | 12.9 % | 11.6 % |
| Total⁽¹⁾ | 14.0 % | 13.2 % | 12.8 % | 16.8 % |

(1) Our cancellation rate for a given period is calculated as the total number of new sales contracts cancelled during the period, divided by the total number of new home sales contracts entered into during the period.

Our cancellation rate for the three months ended June 30, 2025 was 14.0%, an increase of 80 bps when compared to the 13.2% cancellation rate for the three months ended June 30, 2024. Our cancellation rate for the six months ended June 30, 2025 was 12.8% , an improvement when compared to the 16.8% for the six months ended June 30, 2024. In the first quarter of 2024, we had one built-for-rent contract of 229 units that was terminated based on a strategic decision to convert the controlled lots into future retail sales. This termination contributed to the elevated cancellation rate in the Southeast segment for the six months ended June 30, 2024.

Financial Services

Our Financial Services segment provides mortgage banking solutions and title insurance services—inclusive of agency and underwriting services—through our wholly-owned subsidiaries Jet HomeLoans, LP (“Jet HomeLoans”), DF Title, LLC doing business as Golden Dog Title & Trust and Golden Dog Title (“DF Title”) and Alliant National Title Insurance Company, Inc. (“Alliant Title”). Additionally, the Financial Services segment offers homeowners insurance and ancillary products to homebuyers through our wholly-owned insurance broker.

The following table presents selected financial information and supplemental data for our Financial Services segment for the three and six months ended June 30, 2025 and 2024 (dollars in thousands, unless otherwise indicated):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|----------|------------------------------|-----------|
| | 2025 | 2024 | 2025 | 2024 |
| Mortgage revenues | \$ 17,635 | \$ — | \$ 32,543 | \$ — |
| Title and other services revenues | 33,290 | 3,511 | 38,145 | 6,090 |
| Total financial services revenues | 50,925 | 3,511 | 70,688 | 6,090 |
| Financial services expense | 39,766 | 2,072 | 52,385 | 3,756 |
| Other income, net | 1,065 | — | 830 | — |
| Income (loss) from unconsolidated entities | 17 | 5,147 | (67) | 9,551 |
| Financial services income before taxes | \$ 12,241 | \$ 6,586 | \$ 19,066 | \$ 11,885 |

Mortgage financing supplemental data⁽¹⁾:

Total originations:

| | | | | |
|-------------------------|--------|--------|----------|--------|
| Number of loans | 1,538 | 1,183 | 2,725 | 2,061 |
| Principal (in millions) | \$ 641 | \$ 524 | \$ 1,154 | \$ 904 |
| Capture rate | 79.7 % | 72.1 % | 79.3 % | 70.0 % |
| Average FICO score | 740 | 743 | 740 | 744 |

Funded origination breakdown:

| | | | | |
|----------------------------|--------|--------|--------|--------|
| Government (FHA, VA, USDA) | 54.2 % | 39.4 % | 53.5 % | 40.5 % |
| Non-agency | 45.8 % | 60.6 % | 46.5 % | 59.5 % |

- (1) Supplemental data includes the operations of Jet HomeLoans prior to its consolidation in the Company’s financial statements beginning on July 1, 2024. Refer to Note 2, Acquisitions to the condensed consolidated financial statements for additional information.

Three Months Ended June 30, 2025 Compared to Three Months Ended June 30, 2024

Mortgage Banking

The \$18 million, or 100%, increase in mortgage revenues, \$9 million of the increase in financial services expense and \$3 million of the increase in the financial services income before taxes for the three months ended June 30, 2025 as compared to the three months ended June 30, 2024, respectively, were all primarily due to the consolidation of Jet HomeLoans beginning July 1, 2024. The income before taxes of Jet HomeLoans prior to July 1, 2024 was included in income from unconsolidated entities in the Condensed Consolidated Statements of Operations.

Title and Other Services

\$28 million of the increase in title and other services revenues, \$26 million of the increase in financial services expense and \$2 million of the increase in financial services income before taxes for the three months ended June 30, 2025 as compared to the three months ended June 30, 2024, respectively, were the result of the April 2025 acquisition of Alliant Title. To a lesser extent, DF Title’s expansion of operations into the Texas markets also contributed to the increase in financial services income before taxes for the three months ended June 30, 2025. Our Texas market was previously serviced by our unconsolidated title joint ventures, which resulted in a partially offsetting impact to financial services income before taxes.

Six Months Ended June 30, 2025 Compared to Six Months Ended June 30, 2024

Mortgage Banking

The \$33 million, or 100%, increase in mortgage revenues, \$17 million of the increase in financial services expense and \$4 million of the increase in the financial services income before taxes for the six months ended June 30, 2025 as compared to the six months ended June 30, 2024 were all primarily due to the consolidation of Jet HomeLoans beginning July 1, 2024. The income before taxes of Jet HomeLoans prior to July 1, 2024 was included in income from unconsolidated entities in the Condensed Consolidated Statements of Operations.

Title and Other Services

\$28 million of the increase in title and other services revenues, \$26 million of the increase in financial services expense and \$2 million of the increase in financial services income before taxes for the six months ended June 30, 2025 as compared to the six months ended June 30, 2024 were the result of the April 2025 acquisition of Alliant Title. To a lesser extent, DF Title's expansion of operations into the Texas market also contributed to financial services income before taxes for the six months ended June 30, 2025. Our Texas market was previously serviced by our unconsolidated title joint ventures, which resulted in a partially offsetting impact to financial services income before taxes.

Non-GAAP Financial Measures

Management utilizes specific non-GAAP financial measures as supplementary tools to evaluate operating performance. These include adjusted homebuilding gross margin, EBITDA, and net homebuilding debt to net capitalization. Other companies may not calculate non-GAAP financial measures in the same manner that we do. Accordingly, these non-GAAP financial measures should be considered only as a supplement to relevant GAAP information, as reconciled for each measure below. In the future, we may incorporate additional adjustments to these non-GAAP financial measures as we find them relevant and beneficial for both management and investors.

Adjusted Homebuilding Gross Margin

We define adjusted homebuilding gross margin as homebuilding gross margin excluding the effects of capitalized interest, lot option fees, amortization included in homebuilding cost of sales (adjustments resulting from the application of purchase accounting in connection with acquisitions) and commission expense. Our management believes this information is meaningful as it isolates the impact that these excluded items have on homebuilding gross margin. We include internal and external commission expense in homebuilding cost of sales, not selling, general and administrative expense, and therefore commission expense is taken into account in homebuilding gross margin.

As a result, in order to provide a meaningful comparison to the public company homebuilders that include commission expense below the homebuilding gross margin line in selling, general and administrative expense, we have excluded commission expense from adjusted homebuilding gross margin. However, because adjusted homebuilding gross margin information excludes capitalized interest, lot option fees, purchase accounting amortization and commission expense, which have real economic effects and could impact our results of operations, the utility of adjusted homebuilding gross margin information as a measure of our operating performance may be limited.

The following table presents a reconciliation of adjusted homebuilding gross margin to the GAAP financial measure of homebuilding gross margin for each of the periods indicated (unaudited and in thousands, except percentages):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|-------------------|------------------------------|-------------------|
| | 2025 | 2024 | 2025 | 2024 |
| Homebuilding gross margin ⁽¹⁾ | \$ 181,709 | \$ 199,399 | \$ 368,281 | \$ 345,980 |
| Interest expense in homebuilding cost of sales ⁽²⁾ | 56,197 | 41,662 | 98,002 | 72,404 |
| Amortization in homebuilding cost of sales ⁽³⁾ | 396 | 2,518 | 1,725 | 7,100 |
| Commission expense | 46,860 | 40,992 | 87,254 | 76,300 |
| Adjusted homebuilding gross margin | <u>\$ 285,162</u> | <u>\$ 284,571</u> | <u>\$ 555,262</u> | <u>\$ 501,784</u> |
| Homebuilding gross margin % ⁽⁴⁾ | 16.5% | 19.0% | 17.8% | 18.4% |
| Adjusted homebuilding gross margin % ⁽⁴⁾ | 25.9% | 27.0% | 26.8% | 26.7% |

(1) Homebuilding gross margin is homebuilding revenues less homebuilding cost of sales.

(2) Includes interest charged to homebuilding cost of sales related to our senior unsecured notes, net, and revolving credit facility and other homebuilding notes payable included within revolving credit facility and other borrowings on the Condensed Consolidated Balance Sheets ("homebuilding debt"), as well as lot option fees.

(3) Represents amortization of purchase accounting adjustments from our acquisitions.

(4) Calculated as a percentage of homebuilding revenues.

EBITDA

EBITDA is not a measure of net income as determined by GAAP. EBITDA is a supplemental non-GAAP financial measure used by management and external users of our condensed consolidated financial statements, such as industry analysts, investors, lenders and rating agencies. We define EBITDA as net income before (i) interest income, (ii) capitalized interest charged in homebuilding cost of sales, (iii) interest expense, (iv) income tax expense and (v) depreciation and amortization. Management believes EBITDA is useful because it allows management to more effectively evaluate our operating performance and compare our results of operations from period to period without regard to our financing methods or capital structure or other items that impact the comparability of financial results from period to period. EBITDA should not be considered as an alternative to, or more meaningful than, net income or any other measure as determined in accordance with GAAP. Our computations of EBITDA may not be comparable to EBITDA of other companies.

The following table presents a reconciliation of EBITDA to the GAAP financial measure of net income for each of the periods indicated (unaudited and in thousands, except percentages):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|-------------------|------------------------------|-------------------|
| | 2025 | 2024 | 2025 | 2024 |
| Net income attributable to Dream Finders Homes, Inc. | \$ 56,580 | \$ 80,943 | \$ 111,483 | \$ 135,437 |
| Interest income | (883) | (1,386) | (1,799) | (2,948) |
| Interest charged to homebuilding cost of sales ⁽¹⁾ | 56,197 | 41,662 | 98,002 | 72,404 |
| Interest expense | 129 | — | 129 | — |
| Income tax expense | 17,525 | 23,245 | 33,680 | 38,386 |
| Depreciation and amortization ⁽²⁾ | 4,197 | 5,120 | 8,795 | 11,899 |
| EBITDA | <u>\$ 133,745</u> | <u>\$ 149,584</u> | <u>\$ 250,290</u> | <u>\$ 255,178</u> |
| EBITDA margin % ⁽³⁾ | 11.6% | 14.2% | 11.7% | 13.5% |

(1) Includes interest charged to homebuilding cost of sales related to our homebuilding debt, as well as lot option fees.

(2) Includes amortization of purchase accounting adjustments from our acquisitions.

(3) Calculated as a percentage of total revenues.

Net Homebuilding Debt to Net Capitalization

Net homebuilding debt to net capitalization is a non-GAAP financial measure that is homebuilding debt less cash and cash equivalents (“net homebuilding debt”), divided by the sum of net homebuilding debt, total mezzanine equity and total equity (“net capitalization”). Net homebuilding debt excludes borrowings under our mortgage warehouse facilities, as well as any other non-homebuilding borrowings the Company may incur from time to time. Management believes the ratio of net homebuilding debt to net capitalization is meaningful as it is used to assess the performance of our homebuilding segments, as well as to establish targets for performance-based compensation. We also use this ratio as a measure of overall leverage.

The following table presents a reconciliation of net homebuilding debt to net capitalization to the GAAP financial measure of total debt to total capitalization for each of the periods indicated (unaudited and in thousands, except percentages):

| | As of June 30, | |
|--|-------------------|--------------|
| | 2025 | 2024 |
| Total debt | \$ 1,580,352 | \$ 1,185,440 |
| Total mezzanine equity | 178,039 | 169,951 |
| Total equity | 1,335,686 | 1,051,581 |
| Total capitalization | \$ 3,094,077 | \$ 2,406,972 |
| Total debt to total capitalization | 51.1 % | 49.3 % |
| | | |
| Total debt | \$ 1,580,352 | \$ 1,185,440 |
| Less: Mortgage warehouse facilities and other secured borrowings | 158,041 | — |
| Less: Cash and cash equivalents | 210,320 | 274,797 |
| Net homebuilding debt | \$ 1,211,991 | \$ 910,643 |
| Total mezzanine equity | 178,039 | 169,951 |
| Total equity | 1,335,686 | 1,051,581 |
| Net capitalization | \$ 2,725,716 | \$ 2,132,175 |
| Net homebuilding debt to net capitalization | 44.5 % | 42.7 % |

Liquidity and Capital Resources

Overview

We generate cash from the sale of our homes and from providing ancillary financial services. We intend to re-deploy our generated net cash to acquire and control land and further grow our operations year over year. We believe that our sources of liquidity are sufficient to satisfy our current commitments. We finance our operations through a variety of sources, including cash, borrowings under a revolving credit facility (the “Credit Agreement”), net proceeds from the senior unsecured notes (“2028 Notes”) and mortgage warehouse facilities used in our mortgage banking operations.

Our principal uses of capital are for lot deposits, lot purchases just-in-time for construction, vertical home construction, operating expenses, the payment of routine liabilities, business acquisitions and the origination of mortgage loans. Total cash consideration as of June 30, 2025 and 2024 for business acquisitions closed during the six months ended June 30, 2025 and 2024 was \$190 million and \$210 million, respectively. Refer to Note 2, Acquisitions to the condensed consolidated financial statements for more information.

Cash flows generated by our homebuilding projects can differ materially from our results of operations, as these depend upon the stage in the life cycle of each project. The majority of our projects begin at the land acquisition and development stage when we enter into finished lot option and land bank option contracts by placing a deposit with a land seller, developer or land banker. Our lot deposits are an asset on our Condensed Consolidated Balance Sheets. Early stages in our communities require material cash outflows relating to finished lot purchases from option contracts, entitlements and permitting, construction and furnishing of model homes, roads, utilities, general landscaping and other amenities, as well as ongoing association fees and property taxes. Except for furnishings of model homes, these costs are capitalized within our inventories and are not recognized as an expense until a home sale closes. As such, we incur significant cash outflows prior to the recognition of revenues and the related cost of sales.

In later stages of the life cycle of a community, cash inflows could significantly exceed our results of operations, as the cash outflows associated with land purchase and home construction and other expenses were previously incurred.

We actively enter into finished lot option contracts by placing deposits with land sellers or land bankers based on the aggregate purchase price of the finished lots. When entering into these contracts, we also agree to purchase finished lots at predetermined prices, time frames, and quantities that match our expected selling pace in the communities. We also enter into land development arrangements with land sellers, land developers and land bankers. Furthermore, to satisfy performance-related obligations in connection with certain land option agreements, we enter into surety bonds and letters of credit arrangements. Refer to “—Off-Balance Sheet Arrangements” for additional information.

Our lot deposits are generally 100% applicable to the lot purchase price. In these transactions, we also incur lot option fees on the outstanding capital balance held by the land banker. The initial investment and lot option fees require us to have the ability to allocate liquidity resources to projects that will not generate cash inflows or operating income in the near term.

The above cash and land-light strategies allow us to maintain an adequate lot supply in our existing markets and support ongoing growth and profitability. We continue to operate in geographic regions with consistent increases in demand for new homes and constrained lot and inventory supply compared to population and job growth trends. We intend to continue to reinvest our earnings into our business and focus on expanding our operations. In addition, as the opportunity to purchase finished lots in desired locations becomes increasingly more limited and competitive, we are committed to allocating additional liquidity to land bank deposits on land development projects, as this strategy mitigates the risks associated with holding undeveloped land on our balance sheet, while allowing us to control adequate lot supply in our key markets to support forecasted growth. As of June 30, 2025 and December 31, 2024, our lot deposits related to finished lot option contracts and land bank option contracts were \$531 million and \$458 million, respectively.

As of June 30, 2025 and December 31, 2024, our cash and total liquidity were as follows (in thousands):

| | As of June 30, 2025 | As of December 31, 2024 |
|--|--------------------------------|------------------------------------|
| Borrowing base ⁽¹⁾ | \$ 1,360,000 | \$ 1,254,094 |
| Outstanding balance under Credit Agreement | (1,125,000) | (700,000) |
| Letters of credit outstanding ⁽²⁾ | (12,449) | (12,449) |
| Availability under Credit Agreement | \$ 222,551 | \$ 541,645 |
| Cash and cash equivalents ⁽³⁾ | 210,320 | 274,384 |
| Total liquidity | <u>\$ 432,871</u> | <u>\$ 816,029</u> |

(1) The borrowing base under the Credit Agreement is reduced by the principal amount of the 2028 Notes of \$300 million. As of June 30, 2025, the borrowing base calculation included available cash in excess of \$25 million. Refer to Note 3, Debt for additional information.

(2) The availability under the Credit Agreement is reduced by outstanding letters of credit that are not cash collateralized.

(3) Represents cash and cash equivalents on the Condensed Consolidated Balance Sheets, which includes cash and cash equivalents related to financial services operations, which are not subject to restrictions and are regularly remitted to Corporate.

As of June 30, 2025, the Credit Agreement had an aggregate commitment of up to \$1.4 billion. The Credit Agreement will mature on June 4, 2027. Certain of our subsidiaries guaranteed the Company's obligations under the Credit Agreement and the 2028 Notes. As of June 30, 2025, we were in compliance with the covenants set forth for all of our debt obligations. Refer to Note 3, Debt, to the condensed consolidated financial statements for more information on the Credit Agreement, 2028 Notes and the mortgage warehouse facilities.

We continue to evaluate our overall capital structure and explore options to strengthen our balance sheet. We will remain opportunistic while assessing available capital in the debt and equity markets.

Cash Flows

The following table summarizes our cash flows for the periods indicated (in thousands):

| | Six Months Ended June 30, | |
|---|--------------------------------------|--------------|
| | 2025 | 2024 |
| Net cash used in operating activities | \$ (113,199) | \$ (358,128) |
| Net cash used in investing activities | (197,255) | (189,710) |
| Net cash provided by financing activities | 229,032 | 296,013 |

Net cash used in operating activities was \$113 million for the six months ended June 30, 2025, compared to \$358 million of net cash used in operating activities for the six months ended June 30, 2024. The change in net cash used in operating activities was primarily driven by a \$151 million decrease of mortgage loans held for sale from the beginning of the current period and lower increases in inventories of \$163 million when compared to the prior year period, mostly as a result of fewer home starts and a higher volume of closings, partially offset by a higher increase in lot deposits of \$14 million. The change in net cash used in operating activities are net of the effects of the Crescent Homes, Liberty Communities, Alliant Title and Green River Builders acquisitions.

Net cash used in investing activities was \$197 million for the six months ended June 30, 2025, compared to \$190 million of net cash used in investing activities for the six months ended June 30, 2024, mostly attributable to \$13 million of furniture and fixture purchases, primarily for our model homes, during the six months ended June 30, 2025 relating to our recent operational expansions, compared to \$4 million in similar purchases during the six months ended June 30, 2024, partially offset by less payments for acquisitions.

Net cash provided by financing activities was \$229 million for the six months ended June 30, 2025, compared to \$296 million of net cash provided by financing activities for the six months ended June 30, 2024. The change in net cash provided by financing activities was primarily attributable to \$145 million of net repayments of mortgage warehouse facilities during the six months ended June 30, 2025 compared to no related activity during the prior year period. The mortgage warehouse facilities are associated with our third quarter of 2024 acquisition of Jet HomeLoans. The change in net cash provided by financing activities was partially offset by net proceeds from our homebuilding debt of \$439 million used to release housing starts and purchase lots for our homebuilding operations, compared to \$360 million of net homebuilding proceeds during the six months ended June 30, 2024.

Redeemable Noncontrolling Interests

Based on the terms of the purchase agreement, at the time of an acquisition, we may issue redeemable noncontrolling interest. Redeemable noncontrolling interest is reported within mezzanine equity on the Company's Condensed Consolidated Balance Sheets at the greater of the initial carrying amount (its fair value on the acquisition date) adjusted for the noncontrolling interest's share of net income (loss) less distributions or its redemption value. After achieving the minimum earnings threshold, the amount of net income that is attributable to the redeemable noncontrolling interest will be presented within net income attributable to noncontrolling interests on the Condensed Consolidated Statements of Operations. As of June 30, 2025, the redeemable noncontrolling interests totaled \$30 million, of which no amount was redeemable within 12 months. Refer to Note 2, Acquisitions to our condensed consolidated financial statements for more information on redeemable noncontrolling interests related to current period business combinations.

Redeemable Preferred Stock

On September 29, 2021, we sold 150,000 shares of redeemable preferred stock with an initial liquidation preference of \$1,000 per share and a par value of \$0.01 per share, for an aggregate purchase price of \$150 million. We used the proceeds from the sale of the redeemable preferred stock to partially fund the MHI acquisition and for general corporate purposes. Pursuant to the Certificate of Designations, the redeemable preferred stock ranks senior to the Class A and B common stock with respect to dividends and distributions on liquidation, winding-up and dissolution.

Accordingly, upon liquidation, dissolution or winding up of the Company, each share of redeemable preferred stock is entitled to receive the initial liquidation preference of \$1,000 per share, subject to adjustment, plus accrued and unpaid dividends thereon.

The Board of Directors of the Company (the “Board of Directors”) has the authority to issue one or more series of preferred stock, par value \$0.01 per share, without stockholder approval. Refer to Note 12 to the consolidated financial statements within our Annual Report on Form 10-K for the fiscal year ended December 31, 2024, for further details on the terms of the redeemable preferred stock.

Contractual Obligations

Except for the changes related to the March 20, 2025 amendments to our revolving credit facility discussed in Note 3, Debt to the condensed consolidated financial statements, for the three and six months ended June 30, 2025, there have been no material changes to our contractual obligations previously described under the “*Liquidity and Capital Resources*” section of our Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Critical Accounting Policies

We believe that there have been no significant changes to our critical accounting policies during the six months ended June 30, 2025 as compared to those disclosed in *Management’s Discussion and Analysis of Financial Condition and Results of Operations* included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Recent Accounting Pronouncements

Refer to Note 1, Nature of Business and Significant Accounting Policies to our condensed consolidated financial statements.

Off-Balance Sheet Arrangements

Asset-Light Lot Acquisition Strategy

We operate an asset-light and capital-efficient lot acquisition strategy primarily through finished lot option contracts and land bank option contracts. Refer to “—Land Acquisition and Development Process” for more information.

Surety Bonds, Letters of Credit and Financial Guarantees

We enter into surety bonds and letters of credit arrangements with local municipalities, government agencies and land developers. These arrangements relate to certain performance-related obligations and serve as security for certain land option agreements.

As of June 30, 2025 and December 31, 2024, we had outstanding surety bonds of \$338.9 million and \$297.8 million, respectively, and outstanding letters of credit of \$25.6 million and \$20.9 million, respectively. We believe we will fulfill our obligations under the related arrangements and do not anticipate any material losses under these surety bonds and letters of credit.

Cautionary Statement about Forward-Looking Statements

The information in this Quarterly Report on Form 10-Q includes “forward-looking statements.” Many statements included in this Quarterly Report on Form 10-Q are not statements of historical fact, including statements concerning our expectations, beliefs, plans, objectives, goals, strategies, future events or performance and underlying assumptions. These statements are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those expressed or implied by these statements. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. Certain, but not necessarily all, of such forward-looking statements can be identified by the use of forward-looking terminology, such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “goal,” “intend,” “may,” “objective,” “plan,” “predict,” “projection,” “should” or “will” or the negative thereof or other comparable terminology. These forward-looking statements include, but are not limited to, statements about:

- our market opportunity and the potential growth of that market;
- trends with respect to interest rates, cancellation rates and demand for affordable housing;
- our strategy, expected outcomes and growth prospects;
- trends in our operations, industry and markets;
- our future profitability, indebtedness, liquidity, access to capital and financial condition; and
- our integration of companies that we have acquired into our operations.

We have based these forward-looking statements on our current expectations and assumptions about future events based on information available to our management at the time the statements were made. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. Therefore, we cannot assure you that actual results will not differ materially from those expressed or implied by our forward-looking statements.

We caution you that these forward-looking statements are subject to a number of risks, uncertainties and other factors that could cause actual results to differ materially from what is expressed or implied in such forward-looking statements. These risks include, but are not limited to, the risks described under “*Risk Factors*” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024, those indicated in Item 1A in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 and in this Quarterly Report on Form 10-Q. Should one or more of such risks or uncertainties occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

All forward-looking statements, expressed or implied, included in this Quarterly Report on Form 10-Q are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.

Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our operations are interest-rate sensitive. As overall housing demand is adversely affected by increases in interest rates, a significant increase in interest rates may negatively affect the ability of homebuyers to secure adequate financing. Higher interest rates would adversely affect our revenues, gross margins and net income.

Quantitative and Qualitative Disclosures About Interest Rate Risk

Market risk is the risk of loss arising from adverse changes in market prices and interest rates. Our market risk arises from interest rate risk inherent in our financial instruments and debt obligations. Interest rate risk results from the possibility that changes in interest rates will cause unfavorable changes in net income or in the value of interest rate sensitive assets, liabilities and commitments. Lower interest rates tend to increase demand for mortgage loans for home purchasers, while higher interest rates make it more difficult for potential borrowers to purchase residential properties and to qualify for mortgage loans. We have no market rate-sensitive instruments held for speculative or trading purposes.

Under the Credit Agreement, the Company has the ability to draw “Term SOFR Rate Loans” or “Daily Simple SOFR Rate Loans”. Term SOFR Rate Loans bear interest based on Term SOFR rates for one or three-month interest periods and include a SOFR adjustment of 10 basis points (“bps”) for each interest period. Daily Simple SOFR Rate Loans bear interest based on Daily Simple SOFR rates and include a SOFR adjustment of 10 bps. Interest under Term SOFR Rate Loans and Daily Simple SOFR Rate Loans also include an “applicable rate margin” determined based on the Company’s net debt to capitalization ratio, equivalent to credit spreads of 2.00% to 2.95%.

Interest on Base Rate or Daily Simple SOFR Rate advances borrowed under the Credit Agreement are payable in arrears on a monthly basis. Interest on Term SOFR rate advances borrowed under the Credit Agreement are payable in arrears at the end of the interest period applicable to such advance, or, if less than such interest period, three months after the beginning of such interest period. The Company pays the lenders a commitment fee on the amount of the unused commitments on a quarterly basis at a rate per annum that will vary from 0.20% to 0.30% depending on the Company’s net debt to capitalization ratio, as defined in the Credit Agreement.

Outstanding borrowings under the Credit Agreement are subject to, among other things, a borrowing base. The borrowing base includes, among other things, (a) 90% of the net book value of presold housing units, (b) 85% of the net book value of model housing units, (c) 85% of the net book value of speculative housing units, (d) 70% of the net book value of finished lots, (e) 85% of the net book value of certain built-for-rent units, and (f) 75% of the net book value of other built-for-rent units, in each case subject to certain exceptions and limitations set forth in the Credit Agreement. The borrowing base availability is reduced dollar-for-dollar for any outstanding unsecured indebtedness permitted under the Credit Agreement.

Our wholly-owned mortgage banking business, Jet HomeLoans, is exposed to interest rate risk as it relates to its lending activities. Jet HomeLoans underwrites and originates mortgage loans, which are sold through either optional or mandatory forward mortgage commitments into the secondary markets. The loan portfolio of Jet HomeLoans is held for sale and subject to forward sale commitments. The Company enters into interest rate lock commitments (“IRLCs”) when originating mortgage loans with customers who have applied for a loan and meet certain credit and underwriting criteria. In addition, Jet HomeLoans uses investor commitments and forward sales of mortgage backed securities (“MBS”) contracts to hedge its mortgage-related interest rate exposure. The fair values of these derivative instruments change based on changes in secondary market investor pricing and quoted MBS prices. Jet HomeLoans sells all of its mortgages held for sale on a servicing released basis.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Under the supervision and with the participation of our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), management evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) of the Securities Exchange Act of 1934) as of June 30, 2025. Based on that evaluation, the CEO and CFO concluded that the Company’s disclosure controls and procedures as of June 30, 2025 were effective in providing reasonable assurance that information required to be disclosed in the reports the Company files, furnishes, submits or otherwise provides the SEC under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms, and that information required to be disclosed in reports filed by the Company under the Exchange Act is accumulated and communicated to the Company’s management, including the CEO and CFO, in such a manner as to allow timely decisions regarding the required disclosure.

Changes in Internal Controls

Alliant Title

We completed the Alliant Title acquisition on April 18, 2025, which is discussed in detail in Note 2, Acquisitions to the condensed consolidated financial statements. Our assessment of the effectiveness of the Company’s disclosure controls and procedures did not encompass the internal controls over financial reporting of Alliant Title. This decision aligns with the general guidance from the SEC Staff, allowing the exclusion of an assessment of a recently acquired business from management’s scope for an internal controls audit for up to one year post-acquisition. Alliant Title contributed approximately 2% to our total revenues for the quarter ended June 30, 2025. As of June 30, 2025, the total assets of the acquired business represented about 2% of total consolidated assets, mainly comprising investments and goodwill.

With the completion of the Alliant Title acquisition, we are in the process of implementing internal controls over significant processes at Alliant Title, which we consider appropriate and necessary given the integration level. As the integration progresses, we will continuously evaluate Alliant Title’s internal controls and processes, further integrating them with those of the Company within a year of the acquisition.

Liberty Communities

We completed the Liberty Communities acquisition on January 23, 2025, which is discussed in detail in Note 2, Acquisitions to the condensed consolidated financial statements. Our assessment of the effectiveness of the Company’s disclosure controls and procedures did not encompass the internal controls over financial reporting of Liberty Communities. This decision aligns with the general guidance from the SEC Staff, allowing the exclusion of an assessment of a recently acquired business from management’s scope for an internal controls audit for up to one year post-acquisition. Liberty Communities contributed approximately 6% to our total revenues for the quarter ended June 30, 2025. As of June 30, 2025, the total assets of the acquired business represented about 3% of total consolidated assets, mainly comprising inventory and goodwill.

With the completion of the Liberty Communities acquisition, we are in the process of implementing internal controls over significant processes at Liberty Communities, which we consider appropriate and necessary given the integration level. As the integration progresses, we will continuously evaluate Liberty Communities’ internal controls and processes, further integrating them with those of the Company within a year of the acquisition.

Jet HomeLoans

We acquired the remaining equity interest in Jet HomeLoans on July 1, 2024, which is discussed in detail in Note 2, Acquisitions to the condensed consolidated financial statements. Our assessment of the effectiveness of the Company's disclosure controls and procedures as of June 30, 2025 did not encompass the internal controls over financial reporting of Jet HomeLoans. This decision aligns with the general guidance from the SEC Staff, allowing the exclusion of an assessment of a recently acquired business from management's scope for an internal controls audit for up to one year post-acquisition. Jet HomeLoans contributed approximately 2% to our total revenues for the quarter ended June 30, 2025. As of June 30, 2025, the total assets of the acquired business represented about 5% of total consolidated assets, mainly comprising mortgage loans held for sale. As of July 1, 2025, the implementation of internal controls over significant processes has commenced at Jet HomeLoans. As of July 31, 2025, the Company has not assessed the design or operating effectiveness of those controls.

Other than the ongoing integrations of Alliant Title and Liberty Communities described above, there have been no changes in our internal control over financial reporting that occurred during the most recent fiscal quarter 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

From time to time, we are a party to ongoing legal proceedings in the ordinary course of business. Refer to Note 5, Commitments and Contingencies—Legal Proceedings to our condensed consolidated financial statements for additional information regarding certain ongoing litigation.

ITEM 1A. RISK FACTORS

There are numerous factors that affect our business and results of operations, many of which are beyond our control. Refer to Item 1A in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024 and Item 1A in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2025, which contain descriptions of significant risks that have the potential to affect our business, financial condition, results of operations, cash flows, strategies or prospects in a material and adverse manner. Except as set forth below, there have been no material changes to risk factors previously disclosed in the reports cited above.

Additional Risks Related to Our Financial Services Businesses

Our reserve for title claims losses and related reinsurance agreements subjects us to risks related to potentially incurring losses related to reserve assumptions, claim loss prevention procedures and credit risk of our counterparties.

We establish reserves for title claims based on actuarial estimates and assumptions regarding future claim experience. These assumptions inherently involve a high degree of judgment and uncertainty, and actual results may differ materially. If our experience deviates from these assumptions—such as higher-than-expected claim frequency, severity, or changes in claim utilization patterns—we may be required to increase our reserves, adversely affecting our profitability and financial position.

We attempt to mitigate claim losses through underwriting and risk assessment procedures. However, due to inherent limitations, these procedures may not prevent all losses, and failure in our loss prevention methods could result in substantial unexpected losses.

In addition, although we do not currently cede material amounts of reinsurance, we may do so in the future. Reinsurance is used to reduce exposure to large claims, but we remain liable to policyholders even if a reinsurer fails to meet its obligations. Therefore, we are exposed to credit risk from our reinsurers. The failure, insolvency, or unwillingness of any current or future reinsurance counterparty to perform under their agreements could materially and adversely affect our results of operations and financial condition.

Use of independent agents may increase the frequency and severity of title claims.

In certain cases, we rely on independent agents to conduct or procure title searches and examinations, for which they retain most of the title premium. Although governed by agency agreements that define responsibilities and liability, agents may fail to meet their contractual obligations. We monitor agents through audits and performance tracking, but oversight cannot eliminate all risk. Regulatory or legal developments could increase our exposure to liability for agents' errors or omissions. As a result, our use of independent agents may lead to increased title claims in both frequency and severity.

Our financial services segment is subject to risks related to our hedging strategies.

We use limited hedging strategies to manage interest rate risk, primarily related to loans held for sale and interest rate lock commitments. While these strategies can reduce exposure, they are inherently complex and may not fully offset losses from unexpected interest rate volatility. Although hedging is not currently a significant part of our operations, ineffective interest rate risk management could have an adverse, though likely not material, impact on our financial results.

Our mortgage banking business is subject to risks related to mortgage sales and loan repurchase obligations.

Our mortgage banking operations depend on the ability to sell originated mortgage loans into the secondary market or directly to large investors such as Fannie Mae and Freddie Mac. If the Company is unable to complete these sales, we may be required to hold the loans long-term, exposing us to borrower credit risk, reduced liquidity, and increased capital requirements. Although we typically sell loans within 30–60 days using mortgage warehouse facilities, a default by lenders under these facilities could require us to fund loans in the pipeline. In such cases, our revolving credit facility and operating cash flow may be insufficient to support continued lending activity, potentially limiting our ability to originate and sell loans competitively.

Any limitation on, or reduction or elimination of, tax benefits associated with homeownership would have an adverse effect upon the demand for homes, which could be material to our business.

While tax laws generally permit significant expenses associated with homeownership, primarily mortgage interest expense and real estate taxes, to be deducted for the purpose of calculating an individual's federal and, in many cases, state taxable income, the ability to deduct mortgage interest expense and real estate taxes for federal income tax purposes is limited. The federal government or a state government may change its income tax laws by eliminating, limiting or substantially reducing these income tax benefits without offsetting provisions, which may increase the after-tax cost of owning a new home for many of our potential homebuyers. For example, the Tax Cuts and Jobs Act, which became effective January 1, 2018, contained substantial changes to the Internal Revenue Code of 1986, as amended (the "Code") including (i) limitations on the ability of our homebuyers to deduct property taxes, (ii) limitations on the ability of our homebuyers to deduct mortgage interest and (iii) limitations on the ability of our homebuyers to deduct state and local income taxes. The One Big Beautiful Bill Act enacted on July 4, 2025 (the "OBBBA"), continued these changes with some modifications increasing the ability of some homebuyers to deduct property taxes and state and local income taxes but introduced a new overall limit on the tax benefit of itemized deductions (that include property taxes, state and local income taxes and mortgage interest) for taxpayers in the top marginal income tax bracket. Further changes in income tax laws by the federal government to eliminate or substantially reduce income tax benefits associated with homeownership could adversely affect demand for and sales prices of new homes.

Federal income tax credits currently available to certain builders of energy-efficient new homes may not be extended by future legislation.

In August 2022, the U.S. Congress passed the Inflation Reduction Act of 2022, which extended the availability of the Code Section 45L credit for energy-efficient new homes (the "Federal Energy Credits") and provided a tax credit of \$2,000 per qualifying home (\$1,600 after the benefit is deducted from cost of sales as required by the IRS) to eligible homebuilders for homes delivered through December 31, 2022. Additionally, the Inflation Reduction Act of 2022 expanded the credit to eligible homebuilders, resulting in an increase from \$2,000 to either \$2,500 or \$5,000 per qualifying home, depending on which specified energy efficiency standards are achieved, effective January 1, 2023 through December 31, 2032.

For the year ended December 31, 2023, we claimed \$3 million of Federal Energy Credits. For the year ended December 31, 2024, we have estimated \$12 million of Federal Energy Credits within our income tax provision. The increase in the amount of expected Federal Energy Credits in 2024 compared to the amount claimed in 2023 was primarily due to more homes delivered in 2024 that are expected to qualify for Federal Energy Credits compared to the prior year.

The OBBBA terminated the Code Section 45L credit for homes purchased after June 30, 2026, which could potentially increase our future effective income tax rates materially thereafter.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Share Buyback Program

In June 2023, the Company's Board of Directors approved a share buyback program under which the Company can repurchase up to \$25.0 million of its Class A common stock through June 30, 2026 in open market purchases, privately negotiated transactions, or otherwise in compliance with Rule 10b-18 under the Securities Exchange Act of 1934, as amended. During the second quarter of 2025, the limit that can be repurchased under the share buyback program was increased to \$50.0 million.

We expect to execute any transactions under the share buyback program through a combination of Rule 10b5-1 trading plans and transactions made in compliance with Rule 10b-18. The actual timing, number and value of shares repurchased under the share buyback program will depend on a number of factors, including constraints specified in any Rule 10b5-1 trading plans, price, general business and market conditions, and alternative investment opportunities. The share buyback program does not obligate the Company to acquire any specific number of shares in any period, and may be expanded, extended, modified or discontinued at any time.

The following table provides information with respect to repurchases of shares of Class A common stock by the Company during the three months ended June 30, 2025:

| Period | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs |
|----------------------|-------------------------------------|------------------------------|---|--|
| 4/1/2025 - 4/30/2025 | 263,818 | \$ 21.91 | 263,818 | \$ 4,363,670 |
| 5/1/2025 - 5/31/2025 | 224,860 | 22.44 | 224,860 | 24,267,079 |
| 6/1/2025 - 6/30/2025 | 216,726 | 23.33 | 216,726 | 19,152,653 |
| Total | 705,404 | \$ 22.52 | 705,404 | |

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans

Directors and Executive Officers. Our directors and executive officers may purchase or sell shares of our common stock in the market from time to time, including pursuant to equity trading plans adopted in accordance with Rule 10b5-1 under the Exchange Act (“Rule 10b5-1”) and in compliance with guidelines specified by the Company. In accordance with Rule 10b5-1 and the Company’s insider trading policy, directors, officers and certain employees who, at such time, are not in possession of material non-public information about the Company are permitted to enter into written plans that pre-establish amounts, prices and dates (or formula for determining the amounts, prices and dates) of future purchases or sales of the Company’s stock, including shares acquired pursuant to the Company’s equity plans (“Rule 10b5-1 Trading Plans”). Under a Rule 10b5-1 Trading Plan, a broker executes trades pursuant to parameters established by the director or executive officer when entering into the plan, without further direction from them. No contracts, instructions or written plans for the sale or purchase of our securities were adopted, terminated or modified by our directors and executive officers during the three months ended June 30, 2025.

ITEM 6. EXHIBITS

| Exhibit No. | Description |
|------------------------------|--|
| <u>31.1*</u> | CEO Certification, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| <u>31.2*</u> | CFO Certification, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| <u>32.1*</u> | Certification Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| <u>32.2*</u> | Certification Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101.INS | Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document). |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document. |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document. |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document. |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document. |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document. |
| 104 | Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101). |

* Filed herewith.

XBRL information is deemed not filed for purposes of Sections 11 and 12 of the Securities Act of 1933, as amended and for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under such sections.

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.

Dream Finders Homes, Inc.

Date: July 31, 2025

/s/ Patrick O. Zalupski

Patrick O. Zalupski
President, Chief Executive Officer and Chairman of the Board of Directors
(Principal Executive Officer)

Date: July 31, 2025

/s/ L. Anabel Ramsay

L. Anabel Ramsay
Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

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

I, Patrick O. Zalupski, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Dream Finders Homes, Inc. (the “Registrant”);
2. Based on my knowledge, this Quarterly 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 Quarterly Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly 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)) 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 Quarterly 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 Quarterly Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Quarterly 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.

Date: July 31, 2025

By: /s/ Patrick O. Zalupski
Patrick O. Zalupski
President, Chief Executive Officer and Chairman of the Board of Directors

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

I, L. Anabel Ramsay certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Dream Finders Homes, Inc. (the “Registrant”);
2. Based on my knowledge, this Quarterly 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 Quarterly Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly 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)) 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 Quarterly 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 Quarterly Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Quarterly 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.

Date: July 31, 2025

By: /s/ L. Anabel Ramsay
L. Anabel Ramsay
Senior Vice President, Chief Financial Officer, and Principal Accounting 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 Dream Finders Homes, Inc. (the “Company”) on Form 10-Q for the quarterly period ended June 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Patrick O. Zalupski, President 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 (15 U.S.C. 78m or 78o(d)); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 31, 2025

By: /s/ Patrick O. Zalupski

Patrick O. Zalupski

President, Chief Executive Officer and Chairman of
the Board of Directors

**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 Dream Finders Homes, Inc. (the “Company”) on Form 10-Q for the quarterly period ended June 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, L. Anabel Ramsay, 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 (15 U.S.C. 78m or 78o(d)); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 31, 2025

By: /s/ L. Anabel Ramsay

L. Anabel Ramsay

Senior Vice President, Chief Financial Officer, and Principal Accounting Officer