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DELTA REPORT

10-Q

TOL - TOLL BROTHERS, INC.

10-Q - APRIL 30, 2024 COMPARED TO 10-Q - JANUARY 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	1017
CHANGES	291
DELETIONS	233
ADDITIONS	493

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 January 31, 2024 April 30, 2024

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 001-09186

Toll Brothers, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**23-2416878**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1140 Virginia Drive	**Fort Washington**	**Pennsylvania**	**19034**
(Address of principal executive offices)			**(Zip Code)**

(215) 938-8000

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	**TOL**	**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 þ No o

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 þ No o

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

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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:
At February 28, 2024 May 29, 2024, there were approximately 104,170,000 102,650,000 shares of Common Stock, par value $0.01 per share, outstanding.

TOLL BROTHERS, INC.

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STATEMENT ON FORWARD-LOOKING INFORMATION

Certain information included in this report or in other materials we have filed or will file with the Securities and Exchange Commission (“SEC”) (as well as information included in oral statements or other written statements made or to be made by us) contains or may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). One can identify these statements by the fact that they do not relate to matters of a strictly historical or factual nature and generally discuss or relate to future events. These statements contain words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “may,” “can,” “could,” “might,” “should,” “likely”, “will” and other words or phrases of similar meaning. Such statements may include, but are not limited to, information related to: market conditions; mortgage rates; inflation rates; demand for our homes; our built-to-order and quick move-in home strategy; sales paces and prices; effects of home buyer cancellations; our strategic priorities; growth and expansion; our land acquisition, land development and capital allocation priorities; anticipated operating results; home deliveries; financial resources and condition; changes in revenues; changes in profitability; changes in margins; revenues, profitability, margins and returns; changes in accounting treatment; cost of revenues, including expected labor and material costs; availability of labor and materials; selling, general and administrative expenses; interest expense; inventory write-downs; home warranty and construction defect claims; unrecognized tax benefits; anticipated tax refunds; joint ventures in which we are involved;

anticipated results from our investments in unconsolidated entities; our ability to acquire land and pursue real estate opportunities; our ability to gain approvals and open new communities; our ability to market, construct and sell homes and properties; our ability to deliver homes from backlog; our ability to secure materials and subcontractors; our ability to produce the liquidity and capital necessary to conduct normal business operations or to expand and take advantage of opportunities; the outcome of legal proceedings, investigations, and claims; and the impact of public health or other emergencies.

From time to time, forward-looking statements also are included in other reports on Forms 10-K, 10-Q, and 8-K; in press releases; in presentations; on our website; and in other materials released to the public. These statements may include guidance regarding our future performance, such as our anticipated annual revenue, home deliveries, and margins, that represents management's estimates as of the date of publication. Guidance is based upon a number of assumptions and estimates that, while presented with numerical specificity, are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and are based upon specific assumptions with respect to future business decisions, some of which will change.

Any or all of the forward-looking statements included in this report and in any other reports or public statements made by us are not guarantees of future performance and may turn out to be inaccurate. Consequently, actual results may differ materially from those that might be anticipated from our forward-looking statements. This can occur as a result of incorrect assumptions or as a consequence of known or unknown risks and uncertainties. Therefore, we caution you not to place undue reliance on our forward-looking statements. The major risks and uncertainties – and assumptions that are made – that affect our business and may cause actual results to differ from these forward-looking statements include, but are not limited to:

- the effect of general economic conditions, including employment rates, housing starts, interest and mortgage rates, home affordability, inflation, consumer sentiment, availability of financing for home mortgages and strength of the U.S. dollar;
- market demand for our products, which is related to the strength of the various U.S. business segments and U.S. and international economic conditions;
- the availability of desirable and reasonably priced land and our ability to control, purchase, hold and develop such land;
- access to adequate capital on acceptable terms;
- geographic concentration of our operations;
- levels of competition;
- the price and availability of lumber, other raw materials, and home components;
- the impact of labor shortages, including on our subcontractors, supply chain and municipalities;
- the effect of U.S. trade policies, including the imposition of tariffs and duties on home building products and retaliatory measures taken by other countries;
- the effects of weather and the risk of loss from earthquakes, volcanoes, fires, floods, droughts, windstorms, hurricanes, pest infestations and other natural disasters, and the risk of delays, reduced consumer demand, unavailability of insurance, and shortages and price increases in labor or materials associated with such natural disasters;
- risks arising from acts of war, terrorism or outbreaks of contagious diseases, such as COVID-19;
- federal and state tax policies;
- transportation costs;
- the effect of land use, environmental and other governmental laws and regulations;
- legal proceedings or disputes and the adequacy of reserves;
- risks relating to any unforeseen changes to or effects on liabilities, future capital expenditures, revenues, expenses, earnings, indebtedness, financial condition, losses and future prospects;
- the effect of potential loss of key management personnel;
- changes in accounting principles; and
- risks related to unauthorized access to our computer systems, theft of our and our homebuyers' confidential information or other forms of cyber-attack.

Forward-looking statements. including any guidance, speak only as of the date they are made. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise.

For a further discussion of factors that we believe could cause our actual results to differ materially from expected and historical results, see "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our most recent Annual Report on Form 10-K filed with the SEC and in this report.

When this report uses the words "we," "us," "our," and the "Company," they refer to Toll Brothers, Inc. and its subsidiaries, unless the context otherwise requires. References herein to fiscal year refer to our fiscal years ended or ending October 31.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TOLL BROTHERS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands)

	January 31, 2024	October 31, 2023
	April 30, 2024	October 31, 2023
	(unaudited)	(unaudited)
ASSETS		
Cash and cash equivalents		
Cash and cash equivalents		
Cash and cash equivalents		
Inventory		
Inventory		
Inventory		
Property, construction, and office equipment – net		
Receivables, prepaid expenses, and other assets *(1)*		
Mortgage loans held for sale – at fair value		
Customer deposits held in escrow		
Investments in unconsolidated entities *(1)*		
LIABILITIES AND EQUITY		
Liabilities		
Liabilities		
Liabilities		
Loans payable		
Loans payable		
Loans payable		
Senior notes		
Mortgage company loan facility		
Customer deposits		
Accounts payable		
Accrued expenses		
Income taxes payable		
Total liabilities		
Equity		
Stockholders' equity		
Stockholders' equity		
Stockholders' equity		
Preferred stock, none issued		
Preferred stock, none issued		
Preferred stock, none issued		
Common stock, 112,937 shares issued at January 31, 2024 and October 31, 2023		
Common stock, 112,937 shares issued at April 30, 2024 and October 31, 2023		
Additional paid-in capital		
Retained earnings		
Treasury stock, at cost — 8,627 and 9,146 shares at January 31, 2024 and October 31, 2023, respectively		
Treasury stock, at cost — 9,974 and 9,146 shares at April 30, 2024 and October 31, 2023, respectively		
Accumulated other comprehensive income ("AOCI")		
Total stockholders' equity		
Noncontrolling interest		
Total equity		

(1) As of January 31, 2024 April 30, 2024 and October 31, 2023, Receivables, prepaid expenses, and other assets and Investments in unconsolidated entities include $93.0 million $98.2 million and $89.6 million, respectively, of assets related to consolidated variable interest entities ("VIEs"). See Note 3, "Investments in Unconsolidated Entities" for additional information regarding VIEs.

See accompanying notes.

TOLL BROTHERS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Amounts in thousands, except per share data)
(Unaudited)

		Three months ended January 31,					
		Three months ended January 31,					
		Three months ended January 31,					
			Three months ended April 30,		Six months ended April 30,		
		2024	2023	2024	2023	2024	2023
Revenues:							
Home sales							
Home sales							
Home sales							
Land sales and other							
	1,947,848						
	2,837,486						
Cost of revenues:							
Cost of revenues:							
Cost of revenues:							
Home sales							
Home sales							
Home sales							
Land sales and other							
	1,409,387						
	1,976,262						
Selling, general and administrative							
Income from operations							
Other:							
Loss from unconsolidated entities							
Loss from unconsolidated entities							
Loss from unconsolidated entities							
Income (loss) from unconsolidated entities							
Income (loss) from unconsolidated entities							
Income (loss) from unconsolidated entities							
Other income – net							
Income before income taxes							
Income before income taxes							
Income before income taxes							
Income tax provision							
Net income							
Other comprehensive loss – net of tax							
Other comprehensive loss – net of tax							
Other comprehensive loss – net of tax							
Other comprehensive income (loss) – net of tax							
Other comprehensive income (loss) – net of tax							
Other comprehensive income (loss) – net of tax							
Total comprehensive income							
Per share:							
Per share:							
Per share:							

Basic earnings	
Basic earnings	
Basic earnings	
Diluted earnings	
Weighted-average number of shares:	
Weighted-average number of shares:	
Weighted-average number of shares:	
Basic	
Basic	
Basic	
Diluted	

See accompanying notes.

TOLL BROTHERS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in thousands)
(Unaudited)

For the three months ended January 31, 2024 April 30, 2024 and 2023:

	Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	AOCI	Non-controlling Interest	Total Equity	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	AOCI	Non-controlling Interest	Total Equity
Balance, October 31, 2023															
Balance, October 31, 2023															
Balance, October 31, 2023															
Balance, January 31, 2024															
Balance, January 31, 2024															
Balance, January 31, 2024															
Net income															
Net income															
Net income															
Purchase of treasury stock															
Purchase of treasury stock															
Purchase of treasury stock															
Exercise of stock options, stock based compensation issuances, and employee stock purchase plan issuances															
Stock-based compensation															
Stock-based compensation															
Stock-based compensation															
Dividends declared															
Dividends declared															
Dividends declared															
Other comprehensive loss															
Other comprehensive income															
Loss attributable to non-controlling interest															
Capital contributions – net															
Balance, January 31, 2024															
Balance, April 30, 2024															
Balance, October 31, 2022															
Balance, January 31, 2023															
Balance, October 31, 2022															

Balance, January 31, 2023
Balance, October 31, 2022
Balance, January 31, 2023
Net income
Net income
Net income
Purchase of treasury stock
Purchase of treasury stock
Purchase of treasury stock
Exercise of stock options, stock based compensation issuances, and employee stock purchase plan issuances
Stock-based compensation
Stock-based compensation
Stock-based compensation
Dividends declared
Dividends declared
Dividends declared
Other comprehensive loss
Loss attributable to non-controlling interest
Balance, January 31, 2023
Balance, January 31, 2023
Balance, January 31, 2023
Balance,April 30, 2023
Balance,April 30, 2023
Balance,April 30, 2023

See accompanying notes.

For the six months ended April 30, 2024 and 2023:

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	AOCI	Non-controlling Interest	Total Equity
Balance, October 31, 2023	$ 1,129	$ 698,548	$ 6,675,719	$ (619,150)	$ 40,910	$ 16,046	$ 6,813,202
Net income			721,175				721,175
Purchase of treasury stock				(181,212)			(181,212)
Exercise of stock options, stock based compensation issuances, and employee stock purchase plan issuances		(31,428)		27,886			(3,542)
Stock-based compensation		22,139					22,139
Dividends declared			(46,659)				(46,659)
Other comprehensive loss					(1,083)		(1,083)
Loss attributable to non-controlling interest						(440)	(440)
Capital contributions - net						614	614
Balance, April 30, 2024	$ 1,129	$ 689,259	$ 7,350,235	$ (772,476)	$ 39,827	$ 16,220	$ 7,324,194
Balance, October 31, 2022	$ 1,279	$ 716,786	$ 6,166,732	$ (916,327)	$ 37,618	$ 15,752	$ 6,021,840
Net income			511,746				511,746

Purchase of treasury stock				(93,203)			(93,203)
Exercise of stock options, stock based compensation issuances, and employee stock purchase plan issuances		(36,228)		64,511			28,283
Stock-based compensation		17,025					17,025
Dividends declared			(45,976)				(45,976)
Other comprehensive loss					(3,743)		(3,743)
Loss attributable to non-controlling interest						(246)	(246)
Balance, April 30, 2023	$ 1,279	$ 697,583	$ 6,632,502	$ (945,019)	$ 33,875	$ 15,506	$ 6,435,726

See accompanying notes.

TOLL BROTHERS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)
(Unaudited)

	Three months ended January 31,	
	2024	2023
Cash flow used in operating activities:		
Net income	$ 239,558	$ 191,530
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	16,143	15,482
Stock-based compensation	18,250	14,384
Loss from unconsolidated entities	9,172	4,433
Distributions of earnings from unconsolidated entities	2,737	1,460
Deferred tax provision	1,895	3,307
Impairment charges and write-offs	1,471	21,004
Other	(751)	1,462
Changes in operating assets and liabilities:		
Inventory	(499,047)	(353,284)
Origination of mortgage loans	(364,600)	(290,474)
Sale of mortgage loans	405,112	399,744
Receivables, prepaid expenses, and other assets	(21,587)	25,875
Current income taxes – net	(12,655)	(164,463)
Customer deposits – net	(14,722)	(11,975)
Accounts payable and accrued expenses	(87,958)	(216,249)
Net cash used in operating activities	(306,982)	(357,764)
Cash flow used in investing activities:		
Purchase of property, construction, and office equipment – net	(13,581)	(19,738)
Investments in unconsolidated entities	(58,925)	(74,550)
Return of investments in unconsolidated entities	13,142	15,866
Proceeds from the sale of assets	—	9,041
Net cash used in investing activities	(59,364)	(69,381)
Cash flow used in financing activities:		
Proceeds from loans payable	744,565	703,990
Principal payments of loans payable	(890,178)	(829,134)
(Payments) proceeds related to stock-based benefit plans – net	(9,279)	24,857
Purchase of treasury stock	(56)	(9,357)
Dividends paid	(23,264)	(22,878)
Receipts related to noncontrolling interest – net	167	—
Net cash used in financing activities	(178,045)	(132,522)
Net decrease in cash, cash equivalents, and restricted cash	(544,391)	(559,667)

Cash, cash equivalents, and restricted cash, beginning of period	1,344,341	1,398,550
Cash, cash equivalents, and restricted cash, end of period	$ 799,950	$ 838,883

	Six months ended April 30,	
	2024	2023
Cash flow provided by operating activities:		
Net income	$ 721,175	$ 511,746
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	35,283	34,093
Stock-based compensation	22,139	17,025
Loss from unconsolidated entities	3,285	9,735
Distributions of earnings from unconsolidated entities	25,412	30,447
Deferred tax provision	7,216	8,646
Impairment charges and write-offs	35,400	36,773
Gain on sale of assets	(5,042)	—
Other	(973)	2,371
Changes in operating assets and liabilities:		
Inventory	(679,337)	(299,940)
Origination of mortgage loans	(876,125)	(705,500)
Sale of mortgage loans	851,846	783,959
Receivables, prepaid expenses, and other assets	(24,817)	4,233
Current income taxes – net	41,722	(127,199)
Customer deposits – net	(21,832)	(5,541)
Accounts payable and accrued expenses	16,692	(155,277)
Net cash provided by operating activities	152,044	145,571
Cash flow used in investing activities:		
Purchase of property, construction, and office equipment – net	(29,701)	(39,544)
Investments in unconsolidated entities	(99,568)	(117,221)
Return of investments in unconsolidated entities	29,302	48,564
Proceeds from the sale of assets	—	9,041
Other – net	(719)	—
Net cash used in investing activities	(100,686)	(99,160)
Cash flow used in financing activities:		
Proceeds from loans payable	1,693,383	1,652,710
Debt issuance costs	—	(5,265)
Principal payments of loans payable	(1,771,103)	(1,771,636)
Redemption of senior notes	—	(400,000)
(Payments) proceeds related to stock-based benefit plans – net	(3,540)	28,286
Purchase of treasury stock	(180,083)	(93,089)
Dividends paid	(47,069)	(46,306)
Receipts related to noncontrolling interest – net	167	—
Net cash used in financing activities	(308,245)	(635,300)
Net decrease in cash, cash equivalents, and restricted cash	(256,887)	(588,889)
Cash, cash equivalents, and restricted cash, beginning of period	1,344,341	1,398,550
Cash, cash equivalents, and restricted cash, end of period	$ 1,087,454	$ 809,661

See accompanying notes.

TOLL BROTHERS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Significant Accounting Policies

Basis of Presentation

Our condensed consolidated financial statements include the accounts of Toll Brothers, Inc. (the "Company," "we," "us," or "our"), a Delaware corporation, and its majority owned subsidiaries. All significant intercompany accounts and transactions have been eliminated. Investments in 50% or less owned partnerships and affiliates are accounted for using the equity method unless it is determined that we have effective control of the entity, in which case we would consolidate the entity.

Our unaudited condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial information. The October 31, 2023 balance sheet amounts and disclosures have been derived from our October 31, 2023 audited financial statements. Since the condensed consolidated financial statements do not include all the information and footnotes required by U.S. generally accepted accounting principles ("GAAP") for complete financial statements, they should be read in conjunction with the consolidated financial statements and notes included in our Annual Report on Form 10-K for the fiscal year ended October 31, 2023 ("2023 Form 10-K"). In the opinion of management, the unaudited condensed consolidated financial statements include all recurring adjustments necessary to present fairly our financial position as of January 31, 2024 April 30, 2024; the results of our operations and changes in equity for the three-month and six-month periods ended January 31, 2024 April 30, 2024 and 2023; and our cash flows for the three-month six-month periods ended January 31, 2024 April 30, 2024 and 2023. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Estimates and assumptions may prove to be incorrect for a variety of reasons, whether as a result of the risks and uncertainties our business is subject to or for other reasons. In times of economic disruption when uncertainty regarding future economic conditions is heightened, our estimates and assumptions are subject to greater variability. Actual results could differ from the estimates and assumptions we make and such differences may be material.

Revenue Recognition

Home sales revenues: Revenues and cost of revenues from home sales are recognized at the time each home is delivered and title and possession are transferred to the buyer. For the majority of our home closings, our performance obligation to deliver a home is satisfied in less than one year from the date a binding sale agreement is signed. In certain states where we build, we are not able to complete certain outdoor features prior to the closing of the home. To the extent these separate performance obligations are not complete upon the home closing, we defer a portion of the home sales revenues related to these obligations and subsequently recognize the revenue upon completion of such obligations. As of January 31, 2024 April 30, 2024, the home sales revenues and related costs we deferred related to these obligations were immaterial. Our contract liabilities, consisting of deposits received from customers for sold but undelivered homes, totaled $534.4 million $542.9 million and $540.7 million at January 31, 2024 April 30, 2024 and October 31, 2023, respectively. Of the outstanding customer deposits held as of October 31, 2023, we recognized $137.2 $153.1 million and $290.3 million in home sales revenues during the three months and six months ended January 31, 2024. April 30, 2024, respectively. Of the outstanding customer deposits held as of October 31, 2022, we recognized $122.9 million $152.2 million and $275.1 million in home sales revenues during the three months and six months ended January 31, 2023. April 30, 2023, respectively.

Land sales and other revenues: Our revenues from land sales and other generally consist of: (1) land sales to joint ventures in which we retain an interest; (2) lot sales to third-party builders within our master-planned communities; (3) bulk lot sales to third parties of land we have decided no longer meets our development criteria; (4) sales of land parcels to third parties (typically because there is a superior economic use of the property); and (5) sales of commercial and retail properties generally located at our high-rise urban luxury condominium projects. In general, our performance obligation for each of these land sales is fulfilled upon the delivery of the land, which generally coincides with the receipt of cash consideration from the counterparty. For land sale transactions that contain repurchase options, revenues and related costs are not recognized until the repurchase option expires. In addition, when we sell land to a joint venture in which we retain an interest, we do not recognize revenue or gains on the sale to the extent of our retained interest in such joint venture.

In February 2024, we sold a parcel of land to a commercial developer for net cash proceeds of $180.7 million, which is expected to result resulted in a pre-tax gain of approximately $175.0 million $175.2 million during the three and six months ended April 30, 2024.

Forfeited Customer Deposits: Forfeited customer deposits are recognized in "Home sales revenues" in our Condensed Consolidated Statements of Operations and Comprehensive Income in the period in which we determine that the customer will not complete the purchase of the home and we have the right to retain the deposit.

Sales Incentives: In order to promote sales of our homes, we may offer our home buyers sales incentives. These incentives vary by type of incentive and by amount on a community-by-community and home-by-home basis. Incentives are reflected as a reduction in home sales revenues. Incentives are recognized at the time the home is delivered to the home buyer and we receive the sales proceeds.

Recent Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures" ("ASU 2023-07"). ASU 2023-07 requires disclosure of significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items to reconcile to segment profit or loss, and the title and position of the entity's CODM. The amendments in this update also expand the interim segment disclosure requirements. ASU 2023-07 will be effective for our fiscal year ending October 31, 2025 and for interim periods starting in our first quarter of fiscal 2026. Early adoption is permitted and the amendments in this update are required to be applied on a retrospective basis. We are currently reviewing the impact that the adoption of ASU 2023-07 may have on our consolidated financial statements and disclosures.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" ("ASU 2023-09"), which requires expanded disclosure of our income tax rate reconciliation and income taxes paid. ASU 2023-09 will be effective for our fiscal year ending October 31, 2026 and may be applied either retrospectively or prospectively. We are currently evaluating ASU 2023-09 and do not expect it to have a material effect on our consolidated financial statements and disclosures.

In March 2024, the SEC issued final rules on the enhancement and standardization of climate-related disclosures. The rules require disclosure of material climate-related risks; activities to mitigate or adapt to such risks; governance and management of such risks; and material greenhouse gas (GHG) emissions from operations owned or controlled (Scope

1) and/or indirect emissions from purchased energy consumed in operations (Scope 2). Additionally, the rules require disclosures in the notes to the financial statements of the effects of severe weather events and other natural conditions, subject to certain materiality thresholds. Annual disclosure requirements will become effective for us, in part, for our fiscal year ending October 31, 2025, with certain requirements of the rule subject to later compliance dates. On March 15, 2024, a federal appellate court imposed a temporary stay pending judicial review of these new rules and on April 4, 2024, the SEC subsequently voluntarily stayed implementation pending completion of the judicial review. We are currently evaluating the impact of this final rule on our disclosures.

Reclassification

Certain prior period amounts have been reclassified to conform to the fiscal 2024 presentation.

2. Inventory

Major components of inventory at January 31, 2024 April 30, 2024 and October 31, 2023 were (amounts in thousands):

	January 31, 2024	October 31, 2023
Land deposits and costs of future development		
	April 30, 2024	October 31, 2023
Land deposits and costs of future communities		
Land and land development costs		
Land and land development costs associated with homes under construction		
Total land and land development costs		
Homes under construction		
Homes under construction		
Homes under construction		
Model homes *(1)*		
	$	

(1) Includes the allocated land and land development costs associated with each of our model homes in operation.

The following table provides a summary of the composition of our inventory based on community status at January 31, 2024 April 30, 2024 and October 31, 2023 (amounts in thousands):

	January 31, 2024	October 31, 2023
	April 30, 2024	October 31, 2023
Land controlled for future communities		
Land owned for future communities		
Operating communities		
	$	

Operating communities include communities offering homes for sale; communities that have sold all available home sites but have not completed delivery of the homes and communities preparing to open for sale. The carrying value attributable to operating communities includes the cost of homes under construction, land and land development costs, the carrying cost of home sites in current and future phases of these communities, and the carrying cost of model homes.

Backlog consists of homes under contract but not yet delivered to our home buyers ("backlog").

The amounts we have provided for inventory impairment charges and the expensing of costs that we believe not to be recoverable, and which are included in home sales cost of revenues, are shown in the table below (amounts in thousands):

	Three months ended January 31,		Three months ended April 30,		Six months ended April 30,	
	2024	2023	2024	2023	2024	2023
Land controlled for future communities						
Operating communities						
Operating communities						
Land owned for future communities						
Operating communities						
$						

We have also recognized $13.0 million $4.7 million and $17.7 million of impairment charges on land held for sale included in land sales and other cost of revenues during the three-month period and six-month periods ended January 31, 2023. No April 30, 2023, respectively. We recognized $0.6 million of similar amounts were recognized impairment charges in the three-month period and six-month periods ended January 31, 2024 April 30, 2024.

See Note 13, “Commitments and Contingencies,” for information regarding land purchase commitments.

At January 31, 2024 April 30, 2024, we evaluated our land purchase contracts, including those to acquire land for apartment developments, to determine whether any of the selling entities were variable interest entities (“VIEs”) and, if they were, whether we were the primary beneficiary of any of them. Under these land purchase contracts, we do not possess legal title to the land; our risk is generally limited to deposits paid to the sellers and predevelopment costs incurred; and the creditors of the sellers generally have no recourse against us. At January 31, 2024 April 30, 2024, we determined that 263 267 land purchase contracts, with an aggregate purchase price of $4.17 billion $4.27 billion, on which we had made aggregate deposits totaling $423.3 million $422.6 million, were VIEs, and that we were not the primary beneficiary of any VIE related to our land purchase contracts. At October 31, 2023, we determined that 251 land purchase contracts, with an aggregate purchase price of $3.79 billion, on which we had made aggregate deposits totaling $421.4 million, $421.4

million, were VIEs and that we were not the primary beneficiary of any VIE related to our land purchase contracts. However, at January 31, 2024 April 30, 2024 and October 31, 2023, certain contracts were accrued as we concluded we were economically compelled to purchase the land. See Note 6, “Accrued Expenses,” for information regarding liabilities related to consolidated inventory not owned.

Interest incurred, capitalized, and expensed, for the periods indicated, were as follows (amounts in thousands):

	Three months ended January 31,		Three months ended April 30,		Six months ended April 30,	
	2024	2023	2024	2023	2024	2023
Interest capitalized, beginning of period						
Interest incurred						
Interest expensed to home sales cost of revenues						
Interest expensed to land sales and other cost of revenues						
Interest capitalized on investments in unconsolidated entities						
Interest capitalized on investments in unconsolidated entities						
Interest capitalized on investments in unconsolidated entities						
Previously capitalized interest transferred to investments in unconsolidated entities						
Previously capitalized interest on investments in unconsolidated entities transferred to inventory						
Interest capitalized, end of period						

3. Investments in Unconsolidated Entities

We have investments in various unconsolidated entities and our ownership interest in these investments ranges from 5.0% to 50%. These entities are structured as joint ventures and either: (i) develop land for the joint venture participants and for sale to outside builders (“Land Development Joint Ventures”); (ii) develop for-sale homes (“Home Building Joint Ventures”); (iii) develop luxury for-rent residential apartments and single family homes, commercial space, and a hotel (“Rental Property Joint Ventures”); or (iv) provide financing and land banking to residential builders and developers for the acquisition and development of land and home sites (“Gibraltar Joint Ventures”).

The table below provides information as of January 31, 2024 April 30, 2024, regarding active joint ventures that we are invested in, by joint venture category ($ amounts in thousands):

		Land Development Joint Ventures	Home Building Joint Ventures	Rental Property Joint Ventures	Gibraltar Joint Ventures	Total			Land Development Joint Ventures	Home Building Joint Ventures	Rental Property Joint Ventures	Gibraltar Joint Ventures	Total
Number of unconsolidated entities	Number of unconsolidated entities	16	2	43	3	64		Number of unconsolidated entities	15	2	42	2	61
Investment in unconsolidated entities *(1)*													
Number of unconsolidated entities with funding commitments by the Company	Number of unconsolidated entities with funding commitments by the Company	7	—	22	1	30	30	Number of unconsolidated entities with funding commitments by the Company	6	—	21	1	28 28
Company’s remaining funding commitment to unconsolidated entities *(2)*													

(1) *Our total investment includes $139.9 million $147.1 million related to 11 9 unconsolidated joint venture-related variable interests in VIEs and our maximum exposure to losses related to these VIEs is approximately $373.8 million $373.2 million as of January 31, 2024 April 30, 2024, inclusive of our investment in these joint ventures. Our ownership interest in such unconsolidated Joint Venture VIEs ranges from 25% to 50%.*

(2) *Our remaining funding commitment includes approximately $131.6 million $123.9 million related to our unconsolidated joint venture-related variable interests in VIEs.*

The table below provides information as of October 31, 2023, regarding active joint ventures that we are invested in, by joint venture category ($ amounts in thousands):

	Land Development Joint Ventures	Home Building Joint Ventures	Rental Property Joint Ventures	Gibraltar Joint Ventures	Total
Number of unconsolidated entities	16	2	43	3	64
Investment in unconsolidated entities *(1)*	$ 351,154	$ 65,285	$ 531,823	$ 10,779	$ 959,041
Number of unconsolidated entities with funding commitments by the Company	9	—	19	1	29
Company's remaining funding commitment to unconsolidated entities *(2)*	$ 204,438	$ —	$ 184,266	$ 12,066	$ 400,770

(1) *Our total investment includes $121.6 million related to 11 unconsolidated joint venture-related variable interests in VIEs and our maximum exposure to losses related to these VIEs is approximately $329.3 million as of October 31, 2023, inclusive of our investment in joint ventures. Our ownership interest in such unconsolidated Joint Venture VIEs ranges from 25% to 50%.*

(2) *Our remaining funding commitment includes approximately $105.4 million related to our unconsolidated joint venture-related variable interests in VIEs.*

Certain joint ventures in which we have investments obtained debt financing to finance a portion of their activities. The table below provides information at January 31, 2024 April 30, 2024, regarding the debt financing obtained by category ($ amounts in thousands):

		Land Development Joint Ventures	Home Building Joint Ventures	Rental Property Joint Ventures	Total	Land Development Joint Ventures	Home Building Joint Ventures	Rental Property Joint Ventures	Total
Number of joint ventures with debt financing	Number of joint ventures with debt financing	11	2	41	54	Number of joint ventures with debt financing 10	2	39	51
Aggregate loan commitments									
Amounts borrowed under loan commitments									

The table below provides information at October 31, 2023, regarding the debt financing obtained by category ($ amounts in thousands):

	Land Development Joint Ventures	Home Building Joint Ventures	Rental Property Joint Ventures	Total
Number of joint ventures with debt financing	12	2	42	56
Aggregate loan commitments	$ 610,758	$ 219,650	$ 3,731,847	$ 4,562,255
Amounts borrowed under loan commitments	$ 445,506	$ 135,723	$ 2,152,872	$ 2,734,101

More specific and/or recent information regarding our investments in, advances to, and future commitments to these entities is provided below.

New Joint Ventures

There were no new joint ventures entered into during the three-months six-months ended January 31, 2024 April 30, 2024. The table below provides information on joint ventures entered into during the three-months six-months ended January 31, 2023 April 30, 2023 ($ amounts in thousands):

	Land Development Joint Ventures Land Development Joint Ventures Land Development Joint Ventures
Number of unconsolidated joint ventures entered into during the period	
Number of unconsolidated joint ventures entered into during the period	
Number of unconsolidated joint ventures entered into during the period	
Investment balance at January 31, 2023	
Investment balance at January 31, 2023	
Investment balance at January 31, 2023	
Investment balance at April 30, 2023	

Investment balance at April 30, 2023

Investment balance at April 30, 2023

Results of Operations and Intra-entity Transactions

From time to time, certain of our land development and rental property joint ventures sell assets to unrelated parties or to our joint venture partners. In April 2024, one of our first quarter Rental Property Joint Ventures sold its assets and we recognized $21.0 million in “Income (loss) from unconsolidated entities” on our Condensed Consolidated Statements of fiscal 2024 Operations and Comprehensive Income in the three-month and six-month periods ended April 30, 2024. None of our Rental Property Joint Ventures sold assets in the three-month or six-month periods ended April 30, 2023.

In the three-month periods ended April 30, 2024 and 2023, we purchased land from unconsolidated entities, principally related to our acquisition of lots from our Land Development Joint Ventures, totaling $26.9 million $35.0 million and $16.7 million $52.4 million, respectively. In

the six-month periods ended April 30, 2024 and 2023, we purchased land from unconsolidated entities, principally related to our acquisition of lots from our Land Development Joint Ventures, totaling $61.9 million and $69.1 million, respectively. Our share of income from the lots we acquired was insignificant in each period. We

In the three-month and six-month periods ended April 30, 2023, we sold land to unconsolidated entities, which principally involved land sales to our Rental Property Joint Ventures, totaling for $8.2 million in our first quarter of fiscal 2023. . This amount is included in “Land sales and other revenue” on our Condensed Consolidated Statements of Operations and Comprehensive Income and was are generally sold at or near our cost land basis. There were no No similar land sales to unconsolidated entities occurred in our first quarter of fiscal 2024. the three-month or six-month periods ended April 30, 2024.

Guarantees

The unconsolidated entities in which we have investments generally finance their activities with a combination of partner equity and debt financing. In some instances, we have guaranteed portions of the debt of unconsolidated entities. These guarantees may include any or all of the following: (i) project completion guarantees, including any cost overruns; (ii) repayment guarantees, generally covering a percentage of the outstanding loan; (iii) carry cost guarantees, which cover costs such as interest, real estate taxes, and insurance; (iv) an environmental indemnity provided to the lender that holds the lender harmless from and against losses arising from the discharge of hazardous materials from the property and non-compliance with applicable environmental laws; and (v) indemnification of the lender from “bad boy acts” of the unconsolidated entity or its partners.

In some instances, we and our joint venture partner have provided joint and several guarantees in connection with loans to unconsolidated entities. In these situations, we generally seek to implement a reimbursement agreement with our partner that provides that neither party is responsible for more than its proportionate share or agreed upon share of the guarantee; however, we are not always successful. In addition, if the joint venture partner does not have adequate financial resources to meet its obligations under such a reimbursement agreement, we may be liable for more than our proportionate share.

We believe that, as of January 31, 2024 April 30, 2024, in the event we become legally obligated to perform under a guarantee of an obligation of an unconsolidated entity due to a triggering event, the collateral in such entity should be sufficient to repay a significant portion of the obligation. If it is not, we and our partners would need to contribute additional capital to the venture.

Information with respect to certain of the Company’s unconsolidated entities’ outstanding debt obligations, loan commitments and our guarantees thereon are as follows ($ amounts in thousands):

	January 31, 2024
	January 31, 2024
	January 31, 2024
	April 30, 2024
	April 30, 2024
	April 30, 2024
Loan commitments in the aggregate	
Loan commitments in the aggregate	
Loan commitments in the aggregate	
Our maximum estimated exposure under repayment and carry cost guarantees if the full amount of the debt obligations were borrowed *(1)*	
Our maximum estimated exposure under repayment and carry cost guarantees if the full amount of the debt obligations were borrowed *(1)*	
Our maximum estimated exposure under repayment and carry cost guarantees if the full amount of the debt obligations were borrowed *(1)*	
Debt obligations borrowed in the aggregate	
Debt obligations borrowed in the aggregate	
Debt obligations borrowed in the aggregate	
Our maximum estimated exposure under repayment and carry cost guarantees of the debt obligations borrowed	
Our maximum estimated exposure under repayment and carry cost guarantees of the debt obligations borrowed	
Our maximum estimated exposure under repayment and carry cost guarantees of the debt obligations borrowed	
Estimated fair value of guarantees provided by us related to debt and other obligations	
Estimated fair value of guarantees provided by us related to debt and other obligations	
Estimated fair value of guarantees provided by us related to debt and other obligations	
Terms of guarantees	

Terms of guarantees

Terms of guarantees

(1) At January 31, 2024 April 30, 2024 and October 31, 2023, our maximum estimated exposure under repayment and carry cost guarantees includes approximately $102.3 million, related to our unconsolidated Joint Venture joint venture VIEs.

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The maximum exposure estimates presented above do not take into account any recoveries from the underlying collateral or any reimbursement from our partners, nor do they include any potential exposures related to project completion guarantees or the indemnities noted above, which are not estimable. We have not made payments under any of the outstanding guarantees, nor have we been called upon to do so.

Variable Interest Entities

We have both unconsolidated and consolidated joint venture-related variable interests in VIEs. Information regarding our involvement in unconsolidated joint-venture related variable interests in VIEs has been disclosed throughout information presented above.

The table below provides information as of January 31, 2024 April 30, 2024 and October 31, 2023, regarding our consolidated joint venture-related variable interests in VIEs ($ amounts in thousands):

	Balance Sheet Classification	Balance Sheet Classification	January 31, 2024	October 31, 2023	Balance Sheet Classification	April 30, 2024	October 31, 2023
Number of Joint Venture VIEs that the Company is the primary beneficiary and consolidates							
Carrying value of consolidated VIEs assets							
Our partners' interests in consolidated VIEs							

Our ownership interest in the above consolidated Joint Venture VIEs ranges from 82% 75% to 98%.

As shown above, we are the primary beneficiary of certain VIEs due to our controlling financial interest in such ventures as we have the power to direct the activities that most significantly impact the joint ventures' performance and the obligation to absorb expected losses or receive benefits from the joint ventures. The assets of these VIEs can only be used to settle the obligations of the VIEs. In addition, in certain of the joint ventures, in the event additional contributions are required to be funded to the joint ventures prior to the admission of any additional investor at a future date, we will fund 100% of such contributions, including our partner's pro rata share, which we expect would be funded through an interest-bearing loan. For other VIEs, we are not the primary beneficiary because the power to direct the activities of such VIEs that most significantly impact their performance was either shared by us and such VIE's other partners or such activities were controlled by our partner. For VIEs where the power to direct significant activities is shared, business plans, budgets, and other major decisions are required to be unanimously approved by all partners. Management and other fees earned by us are nominal and believed to be at market rates, and there is no significant economic disproportionality between us and other partners.

Joint Venture Condensed Combined Financial Information

The Condensed Combined Balance Sheets, as of the dates indicated, and the Condensed Combined Statements of Operations, for the periods indicated, for the unconsolidated entities in which we have an investment are included below (in thousands):

Condensed Combined Balance Sheets:

	January 31, 2024	October 31, 2023	April 30, 2024	October 31, 2023
Cash and cash equivalents				
Inventory				
Loans receivable – net				
Rental properties				
Rental properties under development				
Other assets				
Total assets				
Debt – net of deferred financing costs				
Other liabilities				
Partners' equity				
Total liabilities and equity				
Company's net investment in unconsolidated entities *(1)*				

(1) Our underlying equity in the net assets of the unconsolidated entities was less than our net investment in unconsolidated entities by $57.7 million $20.4 million and $40.9 million as of January 31, 2024 April 30, 2024 and October 31, 2023, respectively, and these differences are primarily a result of interest capitalized on our investments; the estimated fair value of the guarantees provided to the joint ventures; distributions from entities in excess of the carrying amount of our net investment; unrealized gains on our retained joint venture interests; other than temporary impairments we have recognized; and gains recognized from the sale of our ownership interests.

Condensed Combined Statements of Operations:

	Three months ended January 31,		Three months ended April 30,		Six months ended April 30,	
	2024	2023	2024	2023	2024	2023
Revenues						
Cost of revenues						
Other expenses						
Total expenses						
Income (loss) from operations						
Income (loss) from operations						
Income (loss) from operations						
Other loss						
Loss from operations						
Loss from operations						
Loss from operations						
Other income (loss) *(2)*						
Income (loss) before income taxes						
Income tax benefit						
Net income (loss)						
Company's loss from unconsolidated entities *(2)*						
Company's income (loss) from unconsolidated entities *(3)*						
Company's loss from unconsolidated entities *(2)*						
Company's income (loss) from unconsolidated entities *(3)*						
Company's loss from unconsolidated entities *(2)*						
Company's income (loss) from unconsolidated entities *(3)*						

(2) The three and six months ended April 30, 2024 includes $112.7 million, related to the gain on the sale of assets by one of our Rental Property Joint Ventures.

(3) Differences between our loss from unconsolidated entities and our percentage interest in the underlying net income (loss) of the entities are generally a result of distributions from entities in excess of the carrying amount of our investment; promote earned on the gains recognized by joint ventures and those promoted cash flows being distributed; other than temporary impairments we have recognized; recoveries of previously incurred charges; unrealized gains on our retained joint venture interests; gains recognized from the sale of our investment to our joint venture partner; our share of the entities' profits related to home sites purchased by us which reduces our cost basis of the home sites acquired; and amortization of other basis differences.

4. Receivables, Prepaid Expenses, and Other Assets

Receivables, prepaid expenses, and other assets at January 31, 2024 April 30, 2024 and October 31, 2023, consisted of the following (amounts in thousands):

	January 31, 2024	October 31, 2023
Expected recoveries from insurance carriers and others	$ 96,504	$ 94,987
Improvement cost receivable	42,492	40,992
Escrow cash held by our wholly owned captive title company	43,507	44,273
Properties held for rental apartment and commercial development	241,226	225,261
Prepaid expenses	37,561	43,763
Right-of-use asset	102,868	102,787
Derivative assets	27,061	41,612
Other	110,811	97,581
	$ 702,030	$ 691,256

	April 30, 2024	October 31, 2023
Expected recoveries from insurance carriers and others	$ 101,574	$ 94,987
Improvement cost receivable	42,815	40,992
Escrow cash held by our wholly owned captive title company	55,281	44,273
Properties held for rental apartment and commercial development	248,631	225,261
Prepaid expenses	32,316	43,763
Right-of-use asset	101,715	102,787
Derivative assets	31,484	41,612

Other	110,583	97,581
	$ 724,399	$ 691,256

5. Loans Payable, Senior Notes, and Mortgage Company Loan Facility

Loans Payable

At January 31, 2024 April 30, 2024 and October 31, 2023, loans payable consisted of the following (amounts in thousands):

	January 31, 2024	October 31, 2023
	April 30, 2024	October 31, 2023
Senior unsecured term loan		
Loans payable – other		
Loans payable – other		
Loans payable – other		
Deferred issuance costs		
	$	

Senior Unsecured Term Loan

We are party to a $650.0 million senior unsecured term loan facility (the "Term Loan Facility") with a syndicate of banks of which $487.5 million matures February 14, 2028, $60.9 million matures on November 1, 2026 and the remaining $101.6 million matures on November 1, 2025. There are no payments required before these stated maturity dates. At January 31, 2024 April 30, 2024, the interest rate on the Term Loan Facility was 6.21% 6.46% per annum. Toll Brothers, Inc. and substantially all of its 100%-owned home building subsidiaries are guarantors under the Term Loan Facility. The Term Loan Facility contains substantially the same financial covenants as the Revolving Credit Facility described below.

In November 2020, we entered into five interest rate swap transactions to hedge $400.0 million of the Term Loan Facility. The interest rate swaps effectively fix the interest cost on the $400.0 million at 0.369% plus the spread set forth in the pricing schedule in the Term Loan Facility through October 2025. The spread at January 31, 2024 April 30, 2024 was 0.90% 1.15%. These interest rate swaps were designated as cash flow hedges.

Revolving Credit Facility

At January 31, 2024 April 30, 2024, we had a $1.905 billion senior unsecured revolving credit facility (the "Revolving Credit Facility") with a syndicate of banks that is scheduled to mature on February 14, 2028. The Revolving Credit Facility provides us with a committed borrowing capacity of $1.905 billion, which we have the ability to increase up to $3.00 billion with the consent of lenders. Toll Brothers, Inc. and substantially all of its 100%-owned home building subsidiaries are guarantors of the borrower's obligations under the Revolving Credit Facility.

On May 2, 2024, we increased the aggregate committed borrowing capacity of our Revolving Credit Facility to $1.955 billion.

Under the terms of the Revolving Credit Facility, at January 31, 2024 April 30, 2024, our maximum leverage ratio, as defined, was not permitted to exceed 1.75 to 1.00, and we were required to maintain a minimum tangible net worth, as defined, of no less than approximately $4.07 billion $4.11 billion. Under the terms of the Revolving Credit Facility, at January 31, 2024 April 30, 2024, our leverage ratio was approximately 0.32 0.28 to 1.00, and our tangible net worth was approximately $6.97 billion $7.26 billion. Based upon the terms of the Revolving Credit Facility, our ability to repurchase our common stock was limited to approximately $3.85 billion $3.93 billion as of January 31, 2024 April 30, 2024. In

addition, under the provisions of the Revolving Credit Facility, our ability to pay cash dividends was limited to approximately $2.89 billion $3.15 billion as of January 31, 2024 April 30, 2024.

At January 31, 2024 April 30, 2024, we had no outstanding borrowings under the Revolving Credit Facility and had approximately $146.1 million $170.0 million of outstanding letters of credit that were issued under the Revolving Credit Facility. At January 31, 2024 April 30, 2024, the interest rate on outstanding borrowings under the Revolving Credit Facility would have been 6.51% 6.61% per annum.

Loans Payable – Other

"Loans payable – other" primarily represents purchase money mortgages on properties we acquired that the seller had financed, project-level financing, and various revenue bonds that were issued by government entities on our behalf to finance community infrastructure and our manufacturing facilities. At January 31, 2024 April 30, 2024, the weighted-average interest rate on "Loans payable – other" was 5.38% 5.58% per annum.

Senior Notes

At January 31, 2024 April 30, 2024, we had four issues of senior notes outstanding with an aggregate principal amount of $1.60 billion.

In our second quarter of fiscal 2023, we redeemed all $400.0 million principal amount of 4.375% Senior Notes due April 15, 2023, at par, plus accrued interest.

Mortgage Company Loan Facilities

Toll Brothers Mortgage Company ("TBMC"), our wholly owned mortgage subsidiary, had a mortgage warehousing agreement (the "Warehousing Agreement") with a bank which was amended from time to time, to finance the origination of mortgage loans by TBMC. The Warehousing Agreement was accounted for as a secured borrowing under ASC 860, "Transfers and Servicing." The Warehousing Agreement provided for loan purchases up to $75.0 million, subject to certain sublimits. In addition, the Warehousing Agreement provided for an accordion feature under which TBMC could request that the aggregate commitments under the Warehousing Agreement be increased to an amount up to $150.0 million for a short period of time. Borrowings under the Warehousing Agreement bore interest at BSBY plus 1.75% per annum (with a BSBY floor of 0.50%). The Warehousing Agreement was terminated in January 2024.

On December 5, 2023, TBMC executed a new Warehousing Agreement ("New Warehousing Agreement") with a bank which that provides for loan purchases up to $75.0 million, subject to certain sublimits. In addition, the New Warehousing Agreement, provides for an accordion feature under which TBMC may request that the aggregate commitments under the New Warehousing Agreement be increased to an amount up to $150.0 million for a short period of time. The New Warehousing Agreement was is accounted for as a secured borrowing under ASC 860, "Transfers and Servicing." TMBC is also subject to an under usage fee based on outstanding balances, as defined in the New Warehousing Agreement. The New Warehousing Agreement is set to expire on December 3, 2024 and bears interest at SOFR plus 1.75% per annum (with a SOFR floor of 2.50%). At January 31, 2024 April 30, 2024, the interest rate on the New Warehousing Agreement was 7.10% 7.08% per annum.

6. Accrued Expenses

Accrued expenses at January 31, 2024 April 30, 2024 and October 31, 2023 consisted of the following (amounts in thousands):

		January 31, 2024	October 31, 2023
Land, land development, and construction			
		April 30, 2024	October 31, 2023
Land development and construction			
Liabilities related to consolidated inventory not owned			
Compensation and employee benefits			
Escrow liability associated with our wholly owned captive title company			
Self-insurance			
Warranty			
Lease liabilities			
Deferred income			
Interest			
Commitments to unconsolidated entities			
Other			
Other			
Other			
	$		

The table below provides, for the periods indicated, a reconciliation of the changes in our warranty accrual (amounts in thousands):

	Three months ended January 31,		Three months ended April 30,		Six months ended April 30,	
	2024	2023	2024	2023	2024	2023
Balance, beginning of period						
Additions – homes closed during the period						
Change in accruals for homes closed in prior years – net						
Change in accruals for homes closed in prior years – net						
Change in accruals for homes closed in prior years – net						
Charges incurred						
Charges incurred						
Charges incurred						
Balance, end of period						

Since fiscal 2014, we have received water intrusion claims from owners of homes built since 2002 in communities located in Pennsylvania and Delaware (which are in our North region). Our recorded estimated repair costs to resolve these claims were approximately $40.7 million $40.1 million at January 31, 2024 April 30, 2024 and $41.1 million at October 31, 2023. We continue to perform review procedures to assess, among other things, the number of affected homes, whether repairs are likely to be required, and the extent of such repairs.

Our review process, conducted quarterly, includes an analysis of many factors to determine whether a claim is likely to be received and the estimated costs to resolve any such claim, including: the closing dates of the homes; the number of claims received; our inspection of homes; an estimate of the number of homes we expect to repair; the type and cost of repairs that have been performed in each community; the estimated costs to remediate pending and future claims; the expected recovery from our insurance carriers and suppliers; and the previously recorded amounts related to these claims. We also monitor legal developments relating to these types of claims and review the volume, relative merits and adjudication of claims in litigation or arbitration. Our review process includes a number of estimates that are based on assumptions with uncertain outcomes. Due to the degree of judgment required in making these estimates and the inherent uncertainty in potential outcomes, it is reasonably possible that our actual costs and recoveries could differ from those recorded. However, based on the facts and circumstances currently known, we do not believe that any such differences would be material.

7. Income Taxes

We recorded income tax provisions of $71.6 million $168.2 million and $62.3 million $110.4 million for the three months ended January 31, 2024 April 30, 2024 and 2023, respectively. The effective tax rate was 23.0% 25.9% for the three months ended January 31, 2024 April 30, 2024, compared to 24.5% 25.6% for the three months ended January 31, 2023 April 30, 2023. We recorded income tax provisions of $239.8 million and $172.6 million for the six months ended April 30, 2024 and 2023, respectively. The effective tax rate was 25.0% for the six months ended April 30, 2024, compared to 25.2% for the six months ended April 30, 2023. The income tax provisions for all periods included the provision for state income taxes, interest accrued on anticipated tax assessments, excess tax benefits related to stock-based compensation, federal energy efficient home credits and other permanent differences.

We are subject to state tax in the jurisdictions in which we operate. We estimate our state tax liability based upon the individual taxing authorities' regulations, estimates of income by taxing jurisdiction, and our ability to utilize certain tax-saving strategies. Based on our estimate of the allocation of income or loss among the various taxing jurisdictions and changes in tax regulations and their impact on our tax strategies, we estimate that our state income tax rate for the full fiscal year 2024 will be approximately 5.8% 6.1%. Our state income tax rate for the full fiscal year 2023 was 6.2%.

At January 31, 2024 April 30, 2024, we had $11.1 million $12.0 million of gross unrecognized tax benefits, including interest and penalties. If these unrecognized tax benefits were to reverse in the future, they would have a beneficial impact on our effective tax rate at that time. During the next 12 months, it is reasonably possible that our unrecognized tax benefits will change, but we are not able to provide a range of such change. The possible changes would be principally due to the expiration of tax statutes, settlements with taxing jurisdictions, increases due to new tax positions taken, and the accrual of estimated interest and penalties.

8. Stock-Based Benefit Plans

We grant various types of restricted stock units to our employees and our non-employee directors. We also granted stock options to certain of our employees and non-employee directors through fiscal year 2023. Additionally, we have an employee stock purchase plan that allows employees to purchase our stock at a discount. Information regarding the amount of total stock-based compensation expense and tax benefit recognized by us, for the periods indicated, is as follows (amounts in thousands):

	Three months ended January 31,					
	Three months ended January 31,					
	Three months ended January 31,					
	Three months ended April 30,		Six months ended April 30,			
	2024	2024	2023	2024	2023	2024	2023
Total stock-based compensation expense recognized							
Income tax benefit recognized							

At January 31, 2024 April 30, 2024 and October 31, 2023, the aggregate unamortized value of unvested stock-based compensation awards was approximately $33.5 million $29.8 million and $23.2 million, respectively.

9. Stockholders' Equity

Stock Repurchase Program

From time to time since fiscal 2017, our Board of Directors has renewed its authorization to repurchase up to 20 million shares of our common stock in open market transactions, privately negotiated transactions (including accelerated share repurchases), issuer tender offers or other financial arrangements or transactions. On December 13, 2023, our Board of Directors renewed its authorization to repurchase 20 million shares of our common stock. Shares may be repurchased for general corporate purposes, including to obtain shares for the Company's equity awards and other employee benefit plans. This authorization terminated, effective December 13, 2023, the existing authorization that had been in effect since May 17, 2022. The Board of Directors did not fix any expiration date for this repurchase program.

The table below provides, for the periods indicated, information about our share repurchase programs:

	Three months ended January 31,	Three months ended April 30,		Six months ended April 30,		
	2024	2023	2024	2023	2024	2023
Number of shares purchased (in thousands)						
Average price per share *(1)*						
Remaining authorization at January 31 (in thousands)						
Remaining authorization at April 30 (in thousands)						

(1) Average price per share includes costs associated with the purchases, including the excise tax accrued on our share repurchases as a result of the Inflation Reduction Act of 2022, as applicable.

Cash Dividends

On March 12, 2024, our Board of Directors approved an increase in our quarterly cash dividend from $0.21 per share to $0.23 per share. During the three months month periods ended January 31, 2024 April 30, 2024 and 2023, we declared and paid cash dividends of $0.23 and $0.21 per share, respectively, to our shareholders. During the six months ended April 30, 2024 and $0.20 2023, we declared and paid cash dividends of $0.44 and $0.41 per share, respectively, to our shareholders.

Accumulated Other Comprehensive Income

The changes in each component of accumulated other comprehensive income ("AOCI"), for the periods indicated, were as follows (amounts in thousands):

	Three months ended January 31,

	Three months ended January 31,						
	Three months ended January 31,						
	Three months ended April 30,		Six months ended April 30,				
	2024	2024	2023	2024	2023	2024	2023
Employee Retirement Plans							
Beginning balance							
Beginning balance							
Beginning balance							
(Gains) losses reclassified from AOCI to net income *(1)*							
(Gains) losses reclassified from AOCI to net income *(1)*							
(Gains) losses reclassified from AOCI to net income *(1)*							
Less: Tax expense (benefit) *(2)*							
Net (gains) losses reclassified from AOCI to net income							
Other comprehensive (loss) income – net of tax							
Ending balance							
Derivative Instruments							
Beginning balance							
Beginning balance							
Beginning balance							
Losses on derivative instruments							
Less: Tax benefit							
Net losses on derivative instruments							
Gains (losses) on derivative instruments							
Less: Tax (expense) benefit							
Net gains (losses) on derivative instruments							
Gains reclassified from AOCI to net income *(3)*							
Less: Tax expense *(2)*							
Net gains reclassified from AOCI to net income							
Other comprehensive loss – net of tax							
Other comprehensive income (loss) – net of tax							
Ending balance							
Total AOCI ending balance							
Total AOCI ending balance							
Total AOCI ending balance							

(1) Reclassified to “Other income – net”
(2) Reclassified to “Income tax provision”
(3) Reclassified to “Cost of revenues – home sales”

10. Earnings per Share Information

The table below provides, for the periods indicated, information pertaining to the calculation of earnings per share, common stock equivalents, weighted-average number of antidilutive options, and shares issued (amounts in thousands):

	Three months ended January 31,		Three months ended April 30,		Six months ended April 30,	
	2024	2023	2024	2023	2024	2023
Numerator:						
Net income as reported						
Net income as reported						
Net income as reported						
Denominator:						
Denominator:						
Denominator:						
Basic weighted-average shares						
Basic weighted-average shares						

Basic weighted-average shares
Common stock equivalents *(1)*
Diluted weighted-average shares
Other information:
Other information:
Other information:
Weighted-average number of antidilutive options and restricted stock units *(2)*
Weighted-average number of antidilutive options and restricted stock units *(2)*
Weighted-average number of antidilutive options and restricted stock units *(2)*
Shares issued under stock incentive and employee stock purchase plans

(1) Common stock equivalents represent the dilutive effect of outstanding in-the-money stock options using the treasury stock method and shares expected to be issued upon the conversion of restricted stock units under our equity award programs.

(2) Weighted-average number of antidilutive options and restricted stock units are based upon the average closing price of our common stock on the New York Stock Exchange for the period.

11. Fair Value Disclosures

Financial Instruments

The table below provides, as of the dates indicated, a summary of assets/(liabilities) related to our financial instruments, measured at fair value on a recurring basis (amounts in thousands):

			Fair value				Fair value	
Financial Instrument	Financial Instrument	Fair value hierarchy	January 31, 2024	October 31, 2023	Financial Instrument	Fair value hierarchy	April 30, 2024	October 31, 2023
Mortgage Loans Held for Sale								
Forward Loan Commitments — Mortgage Loans Held for Sale								
Interest Rate Lock Commitments (“IRLCs”)								
Forward Loan Commitments — IRLCs								
Interest Rate Swap Contracts								

At January 31, 2024 April 30, 2024 and October 31, 2023, the carrying value of cash and cash equivalents, escrow cash held by our wholly owned captive title company, and customer deposits held in escrow approximated fair value.

The fair values of the interest rate swap contracts are included in “Receivables, prepaid expenses and other assets” in our Condensed Consolidated Balance Sheets and are determined using widely accepted valuation techniques including discounted cash flow analysis based on the expected cash flows of each swap contract. Although the Company has determined that the significant inputs, such as interest yield curve and discount rate, used to value its interest rate swap contracts fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with our counterparties and our own credit risk utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by us and our counterparties. However, as of January 31, 2024 April 30, 2024, we have assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our interest rate swap contract positions and have determined that the credit valuation adjustments were not significant to the overall valuation of our interest rate swap contracts. As a result, we have determined that our interest rate swap contracts valuations in their entirety are classified in Level 2 of the fair value hierarchy.

Mortgage Loans Held for Sale

At the end of the reporting period, we determine the fair value of our mortgage loans held for sale and the forward loan commitments we have entered into as a hedge against the interest rate risk of our mortgage loans and commitments using the market approach to determine fair value.

The table below provides, as of the dates indicated, the aggregate unpaid principal and fair value of mortgage loans held for sale (amounts in thousands):

	Aggregate unpaid principal balance	Aggregate unpaid principal balance	Fair value	Fair value greater (less) than principal balance	Aggregate unpaid principal balance	Fair value	Fair value greater (less) than principal balance
At January 31, 2023							
At April 30, 2024							
At October 31, 2023							

Inventory

We recognize inventory impairment charges and land impairment charges based on the difference in the carrying value of the inventory and its fair value at the time of the evaluation. The fair value of the aforementioned inventory was determined using Level 3 criteria. Estimated fair value is primarily determined by discounting the estimated future cash flow of each community. In determining the fair value related to land impairments, we consider recent offers received, prices for land in recent comparable sales transactions, and other factors. We record land impairments related to land parcels we plan to sell to third parties within land sales and other cost of revenues. See Note 1, "Significant Accounting Policies – Inventory," in our 2023 Form 10-K for additional information regarding our methodology for determining fair value. Impairments of inventory were insignificant during the three-months and six-month periods ended January 31, 2024 April 30, 2024 and 2023 and, accordingly, we did not disclose the ranges of certain quantitative unobservable inputs utilized in determining the fair value of these impaired operating communities.

Debt

The table below provides, as of the dates indicated, the book value, excluding any bond discounts, premiums, and deferred issuance costs, and estimated fair value of our debt (amounts in thousands):

		January 31, 2024		October 31, 2023			April 30, 2024		October 31, 2023	
	Fair value hierarchy	Book value	Estimated fair value	Book value	Estimated fair value	Fair value hierarchy	Book value	Estimated fair value	Book value	Estimated fair value
Loans payable *(1)*										
Senior notes *(2)*										
Mortgage company loan facility *(3)*		—								
		$								

(1) The estimated fair value of loans payable was based upon contractual cash flows discounted at interest rates that we believed were available to us for loans with similar terms and remaining maturities as of the applicable valuation date.
(2) The estimated fair value of our senior notes is based upon their market prices as of the applicable valuation date.
(3) We believe that the carrying value of our mortgage company loan borrowings approximates their fair value.

12. Other Income – Net

The table below provides the significant components of other income – net (amounts in thousands):

	Three months ended January 31,						
	Three months ended January 31,						
	Three months ended January 31,						
	Three months ended April 30,		Six months ended April 30,				
	2024	2024	2023	2024	2023	2024	2023
Interest income							
Income (loss) from ancillary businesses							
Management fee income earned by home building operations							
Gain on litigation settlements – net							
Other							
Total other income – net							

Income (loss) from ancillary businesses is generated by our mortgage, title, landscaping, smart home technology, Gibraltar, apartment living, city living, and golf course and country club operations. The table below provides, for the periods indicated, revenues and expenses for our ancillary businesses (amounts in thousands):

	Three months ended January 31,		Three months ended April 30,		Six months ended April 30,	
	2024	2023	2024	2023	2024	2023
Revenues						
Expenses						

In three-month and six-month periods ending April 30, 2024, our smart home technology business recognized a $4.4 million gain from a bulk sale of security monitoring accounts, which is included in income from ancillary businesses above. No similar amounts were recognized in the three-month and six-month periods ending April 30, 2023.

In three-month and six-month periods ending April 30, 2024, we recognized $5.0 million of write-offs related to previously incurred costs that we believed not to be recoverable in our apartment rental development business operations. In three-month and six-month periods ending April 30, 2023, we recognized $0.4 million of write-offs related to previously incurred costs that we believed not to be recoverable in our apartment rental development business operations.

In the three months three-month periods ended January 31, 2024 April 30, 2024 and 2023, income from ancillary businesses included management fees earned on our apartment rental development, high-rise urban luxury condominium, and Gibraltar unconsolidated entities and operations totaling $7.6 million $9.5 million and $8.6 million, $8.1 million, respectively. In the six-month periods ended April 30, 2024 and 2023, income from ancillary businesses included management fees earned on our apartment rental development, high-rise urban luxury condominium, and Gibraltar unconsolidated entities and operations totaling $17.1 million and $16.7 million, respectively.

13. Commitments and Contingencies

Legal Proceedings

We are involved in various claims and litigation arising principally in the ordinary course of business. We believe that adequate provision for resolution of all current claims and pending litigation has been made and that the disposition of these matters will not have a material adverse effect on our results of operations and liquidity or on our financial condition.

Land Purchase Contracts

Generally, our agreements to acquire land parcels do not require us to purchase those land parcels, although we, in some cases, forfeit any deposit balance outstanding if and when we terminate an agreement. Information regarding our land purchase contracts, as of the dates indicated, is provided in the table below (amounts in thousands):

	January 31, 2024	October 31, 2023
	April 30, 2024	October 31, 2023
Aggregate purchase price:		
Unrelated parties		
Unrelated parties		
Unrelated parties		
Unconsolidated entities that the Company has investments in		
Total		
Deposits against aggregate purchase price		
Deposits against aggregate purchase price		
Deposits against aggregate purchase price		
Additional cash required to acquire land		
Additional cash required to acquire land		
Additional cash required to acquire land		
Total		
Amount of additional cash required to acquire land included in accrued expenses		

In addition, we expect to purchase approximately 8,600 8,400 additional home sites over a number of years from several joint ventures in which we have interests; the purchase prices of these home sites will be determined at a future date.

At January 31, 2024 April 30, 2024, we also had purchase contracts to acquire land for apartment developments of approximately $267.0 million $245.2 million, of which we had outstanding deposits in the amount of $13.3 million $12.6 million. We intend to acquire and develop these projects in joint ventures with unrelated parties in the future.

We have additional land parcels under option that have been excluded from the aggregate purchase price since we do not believe that we will complete the purchase of these land parcels and no additional funds will be required from us to terminate these contracts.

Investments in Unconsolidated Entities

At January 31, 2024 April 30, 2024, we had investments in a number of unconsolidated entities, were committed to invest or advance additional funds, and had guaranteed a portion of the indebtedness and/or loan commitments of these entities. See Note 3, “Investments in Unconsolidated Entities,” for more information regarding our commitments to these entities.

Surety Bonds and Letters of Credit

At January 31, 2024 April 30, 2024, we had outstanding surety bonds amounting to $891.2 million $918.7 million, primarily related to our obligations to governmental entities to construct improvements in our communities. We estimate that approximately $340.6 million $313.2 million of work remains on these improvements. We have an additional $315.7 million $328.3 million of surety bonds outstanding that guarantee other obligations. We do not believe that it is probable that any outstanding bonds will be drawn upon.

At January 31, 2024 April 30, 2024, we had outstanding letters of credit of $146.1 million $170.0 million under our Revolving Credit Facility. These letters of credit were issued to secure various financial obligations, including insurance policy deductibles and other claims, land deposits, and security to complete improvements in communities in which we are operating. We do not believe that it is probable that any outstanding letters of credit will be drawn upon.

At January 31, 2024 April 30, 2024, we had provided financial guarantees of $25.7 million related to fronted letters of credit to secure obligations related to certain of our insurance policy deductibles and other claims.

Backlog

At January 31, 2024 April 30, 2024, we had agreements of sale outstanding to deliver 6,693 7,093 homes with an aggregate sales value of $7.08 billion $7.38 billion.

Mortgage Commitments

Our mortgage subsidiary provides mortgage financing for a portion of our home closings. For those home buyers to whom our mortgage subsidiary provides mortgages, we determine whether the home buyer qualifies for the mortgage based upon information provided by the home buyer and other sources. For those home buyers who qualify, our mortgage subsidiary provides the home buyer with a mortgage commitment that specifies the terms and conditions of a proposed mortgage loan based upon then-current market conditions. Prior to the actual closing of the home and funding of the mortgage, the home buyer will lock in an interest rate based upon the terms of the commitment. At the time of rate lock, our mortgage subsidiary agrees to sell the proposed mortgage loan to one of several outside recognized mortgage financing institutions (“investors”) that is willing to honor the terms and conditions, including interest rate, committed to the home buyer. We believe that these investors have adequate financial resources to honor their commitments to our mortgage subsidiary.

Mortgage loans are sold to investors with limited recourse provisions derived from industry-standard representations and warranties in the relevant agreements. These representations and warranties primarily involve the absence of misrepresentations by the borrower or other parties, the appropriate underwriting of the loan and in some cases, a required minimum number of payments to be made by the borrower. The Company generally does not retain any other continuing interest related to mortgage loans sold in the secondary market.

Information regarding our mortgage commitments, as of the dates indicated, is provided in the table below (amounts in thousands):

	January 31, 2024	October 31, 2023
	April 30, 2024	October 31, 2023
Aggregate mortgage loan commitments:		
IRLCs		
IRLCs		
IRLCs		
Non-IRLCs		
Total		
Investor commitments to purchase:		
IRLCs		
IRLCs		
IRLCs		
Mortgage loans held for sale		
Total		

14. Information on Segments

We operate in the following five geographic segments, with current operations generally located in the states listed below:

Eastern Region:

- The **North** region: Connecticut, Delaware, Illinois, Massachusetts, Michigan, New Jersey, New York and Pennsylvania;
- The **Mid-Atlantic** region: Georgia, Maryland, North Carolina, Tennessee and Virginia;
- The **South** region: Florida, South Carolina and Texas;

Western Region:

- The **Mountain** region: Arizona, Colorado, Idaho, Nevada and Utah;
- The **Pacific** region: California, Oregon and Washington.

Our geographic reporting segments are consistent with how our chief operating decision makers are assessing operating performance and allocating capital.

Revenues and income (loss) before income taxes for each of our segments, for the periods indicated, were as follows (amounts in thousands):

		Three months ended January 31,		Three months ended April 30,		Six months ended April 30,	
		2024	2023	2024	2023	2024	2023
Revenues:							
Revenues:							
Revenues:							
North							
North							
North							
Mid-Atlantic							
South							
Mountain							
Pacific							
Total home building							
Corporate and other							
	1,931,836						
	2,647,020						
Land sales and other revenues (1)							
Total consolidated							
Income (loss) before income taxes:							
Income (loss) before income taxes:							
Income (loss) before income taxes:							

North	
North	
North	
Mid-Atlantic	
South	
Mountain	
Pacific	
Total home building	
Corporate and other	
Total consolidated	

(1) Included in the three and six months ended April 30, 2024 is a $185.0 million land sale related to our Mid-Atlantic segment, as further discussed in Note 1, "Significant Accounting Policies".

"Corporate and other" is comprised principally of general corporate expenses such as our executive offices; the corporate finance, accounting, audit, tax, human resources, risk management, information technology, marketing, and legal groups; interest income; income from certain of our ancillary businesses, including our apartment rental development business and our high-rise urban luxury condominium operations, and income from our Rental Property Joint Ventures and Gibraltar Joint Ventures.

Total assets for each of our segments, as of the dates indicated, are shown in the table below (amounts in thousands):

	January 31, 2024	October 31, 2023
	April 30, 2024	October 31, 2023
North		
Mid-Atlantic		
South		
Mountain		
Pacific		
Total home building		
Corporate and other		
Total consolidated		

"Corporate and other" is comprised principally of cash and cash equivalents, restricted cash, investments in our Rental Property Joint Ventures, expected recoveries from insurance carriers and suppliers, our Gibraltar investments and operations, manufacturing facilities, our apartment rental development and high-rise urban luxury condominium operations, and our mortgage and title subsidiaries.

The amounts we have provided for inventory impairment charges and the expensing of costs that we believe not to be recoverable, for the periods indicated, which are included in home sales cost of revenues, were as follows (amounts in thousands):

	Three months ended January 31,		Three months ended April 30,		Six months ended April 30,	
	2024	2023	2024	2023	2024	2023
North						
North						
North						
Mid-Atlantic						
South						
Mountain						
Pacific						
Total consolidated						

We have also recognized $13.0 million $0.6 million of land impairment charges included in land sales and other cost of revenues during the three-month period and six-month periods ended January 31, 2023 April 30, 2024, of which $2.7 million and $10.3 million were was in our North and Mid-Atlantic segments, respectively. No segment. We recognized $4.7 million of similar charges were recognized during the three-month period ended January 31, 2024. April 30, 2023, of which $2.2 million and $2.5 million were in our Pacific and Corporate and other segments, respectively. In the six-month period ended April 30, 2023, we recognized $17.7 million of similar charges of which $2.7 million, $10.3 million, $2.2 million, and $2.5 million were in our North, Mid-Atlantic, Pacific and Corporate and other segments, respectively.

15. Supplemental Disclosure to Condensed Consolidated Statements of Cash Flows

The following are supplemental disclosures to the Condensed Consolidated Statements of Cash Flows, for the periods indicated (amounts in thousands):

		Three months ended January 31,		Six months ended April 30,	
	2024	2024	2023	2024	2023
Cash flow information:					
Income tax paid – net					
Income tax paid – net					
Income tax paid – net					
Noncash activity:					
Noncash activity:					
Noncash activity:					
Cost of inventory acquired through seller financing, municipal bonds, or included in accrued expenses - net					
Cost of inventory acquired through seller financing, municipal bonds, or included in accrued expenses - net					
Cost of inventory acquired through seller financing, municipal bonds, or included in accrued expenses - net					
Transfer of other assets to property, construction and office equipment - net					
Transfer of other assets to property, construction and office equipment - net					
Transfer of other assets to property, construction and office equipment - net					
Unrealized loss on derivatives					

	At January 31,				
	At April 30,				
	At January 31,				
	At April 30,				
	At January 31,				
	At April 30,				
	2024	2024	2023	2024	2023
Cash, cash equivalents, and restricted cash					
Cash and cash equivalents					
Cash and cash equivalents					
Cash and cash equivalents					
Restricted cash included in receivables, prepaid expenses, and other assets					
Total cash, cash equivalents, and restricted cash shown on the Condensed Consolidated Statements of Cash Flows					

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A")

This discussion and analysis is based on, should be read together with, and is qualified in its entirety by, the accompanying unaudited condensed consolidated financial statements and related notes, as well as our consolidated financial statements, notes thereto, and the related MD&A contained in our Annual Report on Form 10-K for the fiscal year ended October 31, 2023 ("2023 Form 10-K"). It also should be read in conjunction with the disclosure under "Statement on Forward-Looking Information" and "Risk Factors" in this report and in our 2023 Form 10-K.

Unless otherwise stated in this report, net contracts signed represents a number or value equal to the gross number or value of contracts for the sale of homes signed during the relevant period, less the number or value of contracts canceled during the relevant period (irrespective of whether the contract was signed during the relevant period or in a prior period). Backlog consists of homes under contract but not yet delivered to our home buyers ("backlog"). Backlog conversion represents the percentage of homes delivered in the period from backlog at the beginning of the period ("backlog conversion").

OVERVIEW

Our Business Environment and Current Outlook

Since January 2023, we have experienced solid demand for our homes as the housing market adjusted to a new environment following the steep and rapid rise in Although mortgage rates that occurred over have remained elevated compared to the course of calendar year 2022. In recent months, years preceding the market Federal Reserve's latest rate-hiking cycle, demand for new homes remained solid in the second quarter of fiscal 2024. We attribute the strength in demand to a resilient economy, favorable demographic trends and the continued imbalance in the supply and demand of for-sale homes, which has continued been caused by both the persistent underproduction of homes relative to benefit from a healthy job market, improving consumer sentiment household formations and continued by very low levels of resale inventory. inventory on the market. In addition, because we focus on the luxury segment of the market, our home buyers are generally more affluent than the average consumer and tend to be less sensitive to the affordability pressures caused by higher mortgage rates. In the three months ended January 31, 2024 April 30, 2024, we signed 2,042 3,041 net contracts with an aggregate value of $2.06 billion $2.94 billion as compared to 1,461 2,333 net contracts with an aggregate value of $1.45 billion $2.28 billion in the three months ended January 31, 2023 April 30, 2023. Year-over-year, net signed contracts increased 39.8% 30% in units and 42.0% 29% in dollars, respectively, in the first second quarter of fiscal 2024. This increase in the number and value of net signed contracts reflects both the improved solid demand environment for new homes that has existed since the last month of our 2023 fiscal first quarter. While the near-term direction of interest and mortgage rates, consumer sentiment and the overall economy year-over-year increase in the number of communities from which we were selling during the quarter. At the end of the second quarter of fiscal 2024, we were selling from 386 communities, a 10% increase compared to the 350 communities in operation at the end of the second quarter of fiscal 2023. While it is difficult to predict the near-term impact on home demand of changes in the economy, including the impact of changes in mortgage rates, inflation expectations and consumer sentiment, over the longer term we continue to believe that the market for new homes will benefit from strong housing market fundamentals, including favorable demographic trends, the aging of the existing housing stock, and the supply-demand imbalance that has resulted from the persistent underproduction of homes relative to household formations. fundamentals.

In the three months ended January 31, 2024 April 30, 2024, home sales revenue increased 10% 6% as compared to the three months ended January 31, 2023 April 30, 2023. In this the quarter, we delivered 1,927 2,641 homes with an average delivered price of $1,002,500, $1,002,300, as compared to 1,826 2,492 delivered homes at an average price of $958,100 $999,200 in the first second quarter of fiscal 2023. The year-over-year increase in the number of homes delivered was partially a result of improvements in our cycle times, as pandemic-induced supply chain and labor disruptions have largely subsided, a normalized, the year-over-year increase in the number of communities we were operating from during the first second quarter of fiscal 2024, and a higher backlog conversion ratio. While most of our homes are have historically been sold on a built-to-order build-to-order basis, where we do not begin construction of the home until we have a signed contract with a customer, in recent quarters, we have increased the number of quick move-in homes (or "spec" homes) in our inventory, which are homes started without a signed agreement with a customer. These In the second quarter of fiscal 2024, 54% of net signed contracts were spec homes and the remainder were build-to-order. Spec homes allow us to compete more effectively with existing homes available in the market, especially for homebuyers that require a home wish to take delivery within a short time frame. We sell our spec homes at various stages of construction and determine how many such homes to offer within each community based on local market factors, our current and planned sales pace and construction cadence for the community.

Financial and Operational Highlights

In the three-month period ended January 31, 2024 April 30, 2024, we recognized $1.95 billion $2.84 billion of revenues, consisting of $1.93 billion $2.65 billion of home sales revenue and $16.0 million $190.5 million of land sales and other revenue, and net income of $239.6 million $481.6 million, as compared to $1.78 billion $2.51 billion of revenues, consisting of $1.75 billion $2.49 billion of home sales revenue and $30.7 million $16.9 million of land sales and other revenue, and net income of $191.5 million $320.2 million in the three-month period ended January 31, 2023 April 30, 2023. Land sales and other revenue and net income in the fiscal 2024 period included $185.0 million and $124.1 million, respectively, related to the sale of a single parcel of land in northern Virginia to a commercial developer.

In the three-month periods ended January 31, 2024 April 30, 2024 and 2023, the value of net contracts signed was $2.06 billion (2,042 $2.94 billion (3,041 homes) and $1.45 billion (1,461 $2.28 billion (2,333 homes), respectively.

In the six-month period ended April 30, 2024, we recognized $4.79 billion of revenues, consisting of $4.58 billion of home sales revenues and $206.5 million of land sales and other revenues, and net income of $721.2 million, as compared to $4.29 billion of revenues, consisting of $4.24 billion of home sales revenues and $47.6 million of land sales and other revenues, and net income of $511.7 million in the six-month period ended April 30, 2023.

In the six-month periods ended April 30, 2024 and 2023, the value of net contracts signed was $5.01 billion (5,083 homes) and $3.73 billion (3,794 homes), respectively.

The value of our backlog at January 31, 2024 April 30, 2024 was $7.08 billion (6,693 $7.38 billion (7,093 homes), as compared to our backlog at January 31, 2023 April 30, 2023 of $8.58 billion (7,733 $8.38 billion (7,574 homes). Our backlog at October 31, 2023 was $6.95 billion (6,578 homes), as compared to backlog of $8.87 billion (8,098 homes) at October 31, 2022.

At January 31, 2024 April 30, 2024, we had $754.8 million $1.03 billion of cash and cash equivalents on hand and approximately $1.76 billion $1.74 billion available under our $1.905 billion senior unsecured revolving credit facility (the "Revolving Credit Facility"). At January 31, 2024 April 30, 2024, we had no borrowings and we had approximately $146.1 million $170.0 million of outstanding letters of credit under our $1.905 billion the Revolving Credit Facility.

At January 31, 2024 April 30, 2024, we owned or controlled through options approximately 70,400 71,800 home sites, as compared to approximately 70,700 at October 31, 2023; and approximately 76,000 at October 31, 2022. Of the approximately 70,400 71,800 total home sites that we owned or controlled through options at January 31, 2024 April 30, 2024, we owned approximately 36,000 37,000 and controlled approximately 34,400 34,800 through options. Of the 36,000 37,000 home sites owned, approximately 18,400 18,500 were substantially improved. In addition, as of January 31, 2024 April 30, 2024, we expect to purchase approximately 8,600 8,400 additional home sites over several years from certain of the joint ventures in which we have interests, at prices to be determined.

At January 31, 2024 April 30, 2024, we were selling from 377 386 communities, compared to 370 at October 31, 2023; and 328 350 at January 31, 2023 April 30, 2023.

At January 31, 2024 April 30, 2024, our total stockholders' equity and our debt to total capitalization ratio were $7.02 billion $7.31 billion and 0.28 to 1.00, respectively.

RESULTS OF OPERATIONS – OVERVIEW

The following table compares certain items in our Condensed Consolidated Statements of Operations and Comprehensive Income and other supplemental information for the three months and six months ended January 31, 2024 April 30, 2024 and 2023 ($ amounts in millions, unless otherwise stated). For more information regarding results of operations by segment, see "Segments" in this MD&A.

	Three months ended January 31,			Three months ended April 30,			Six m
	2024	2023	% Change	2024	2023	Ch	
Revenues:							
Home sales							
Home sales							

Home sales		$1,931.8	$	$1,749.4	10	10	%	$ 2,647.0	$	$ 2,490.1		6		6
Land sales and other	Land sales and other	16.0	30.7	30.7	(48)	(48)	%	Land sales and other	190.5	16.9		16.9		NM
						1,947.8				1,780.2				9 %
			2,837.5	2,507.0		13		%		4,785.3				4,287.1
Cost of revenues:														
Home sales														
Home sales														
Home sales		1,399.2	1,300.9	1,300.9		8	%	1,963.3	1,832.9		1,832.9		7	
Land sales and other	Land sales and other	10.2	42.4	42.4	(76)	(76)	%	Land sales and other	13.0	20.9		20.9		(38)
						1,409.4				1,343.4				5 %
			1,976.3	1,853.7		7		%		3,385.6				3,197.1
Selling, general and administrative	Selling, general and administrative	230.0	211.5	211.5	9	9	%	Selling, general and administrative	237.7	227.5		227.5		4
Income from operations	Income from operations	308.4	225.3	225.3	37	37	%	Income from operations	623.5	425.7		425.7		46
Other														
Loss from unconsolidated entities														
Loss from unconsolidated entities														
Loss from unconsolidated entities		(9.2)		(4.4)		109	%							
Income (loss) from unconsolidated entities														
Income (loss) from unconsolidated entities														
Income (loss) from unconsolidated entities		5.9		(5.3)		(211)	%			(3.3)			(9.7)	
Other income – net	Other income – net	11.9	32.9	32.9	(64)	(64)	%	Other income – net	20.4	10.2		10.2		100
Income before income taxes														
Income before income taxes														
Income before income taxes		311.2	253.8	253.8	23	23	%	649.8	430.6		430.6		51	
Income tax provision	Income tax provision	71.6	62.3	62.3	15	15	%	Income tax provision	168.2	110.4		110.4		52
Net income	Net income	$ 239.6	$	$ 191.5	25	25	%	Net income	$ 481.6	$		$ 320.2	50	
Supplemental information:														
Supplemental information:														
Supplemental information:														
Home sales cost of revenues as a percentage of home sales revenues														

Home sales cost of revenues as a percentage of home sales revenues														
Home sales cost of revenues as a percentage of home sales revenues														
Land sales and other cost of revenues as a percentage of land sales and other revenues														
Land sales and other cost of revenues as a percentage of land sales and other revenues														
Land sales and other cost of revenues as a percentage of land sales and other revenues														
SG&A as a percentage of home sale revenues														
SG&A as a percentage of home sale revenues														
SG&A as a percentage of home sale revenues														
Effective tax rate														
Effective tax rate														
Effective tax rate														
Deliveries – units														
Deliveries – units														
Deliveries – units		1,927	1,826	1,826	6	6	%		2,641	2,492		2,492	6	
Deliveries – average delivered price (in ‘000s)	Deliveries – average delivered price (in ‘000s)	$1,002.5	$	$ 958.1	5	5	%	Deliveries – average delivered price (in ‘000s)	$ 1,002.3	$		$ 999.2	—	
Net contracts signed – value														
Net contracts signed – value														
Net contracts signed – value		$2,064.8	$	$1,454.3	42	42	%	$	2,941.0	$	$ 2,275.3	29		29
Net contracts signed – units	Net contracts signed – units	2,042	1,461	1,461	40	40	%	Net contracts signed – units	3,041	2,333		2,333	30	
Net contracts signed – average contracted price (in ‘000s)	Net contracts signed – average contracted price (in ‘000s)	$1,011.2	$	$ 995.4	2	2	%	Net contracts signed – average contracted price (in ‘000s)	$ 967.1	$		$ 975.3	(1)	

At January 31,

At January 31,

At January 31,

At April 30,

At April 30,

At April 30,

At October 31,

	2024					2024			2023		% Change
Backlog – value	Backlog – value	$7,081.1	$	$8,584.8	(18)	(18) %	Backlog – value	$ 7,378.0	$	$8,376.3	(12)
Backlog – units	Backlog – units	6,693	7,733	7,733	(13)	(13) %	Backlog – units	7,093	7,574	7,574	(6)
Backlog – average contracted price (in ‘000s)	Backlog – average contracted price (in ‘000s)	$1,058.0	$	$1,110.2	(5)	(5) %	Backlog – average contracted price (in ‘000s)	$ 1,040.2	$	$1,105.9	(6)

NM: Not meaningful.

Note: Due to rounding, amounts may not add. Net contracts signed information presented above is net of all cancellations that occurred in the period. “Net contracts signed - value” includes the value of each binding agreement of sale that was signed in the period, plus the value of all options that were selected during the period, regardless of when the initial agreement of sale related to such options was signed.

Home Sales Revenues and Home Sales Cost of Revenues

Three months ended April 30, 2024compared to the three months ended April 30, 2023

The increase in home sale revenues for the three months ended April 30, 2024, as compared to the three months ended April 30, 2023, was primarily attributable to a 6% increase in the number of homes delivered. The increase in the number of homes delivered in the three months ended January 31, 2024, as April 30, 2024 was primarily due to more deliveries of spec homes, coupled with a higher backlog conversion in the three months ended April 30, 2024 compared to the three months ended January 31, 2023April 30, 2023, primarily as a result of improvement in build times. These factors were offset, in part, by a decrease in the number of homes in backlog at October 31, 2023, as compared to the number of homes in backlog at October 31, 2022, most significantly in the Mountain and Pacific regions.

The increase in home sales cost of revenues, as a percentage of home sales revenues, in the three months ended April 30, 2024, as compared to the three months ended April 30, 2023, was principally due to a higher inventory impairment charges in the fiscal 2024 period.

Six months ended April 30, 2024 compared to the six months ended April 30, 2023

The increase in home sale revenues for the six months ended April 30, 2024, as compared to the six months ended April 30, 2023, was primarily attributable to a 6% increase in the number of homes delivered and a 5% 2% increase in the average price of homes delivered. The increase in the number of homes delivered in the three six months ended January 31, 2024 April 30, 2024 was primarily due to more deliveries of spec homes, coupled with a higher backlog conversion as in the six months ended April 30, 2024 compared to the three six months ended January 31, 2023. April 30, 2023, primarily as a result of improvement in build times. These factors are offset, in part, by a decrease in the number of homes in backlog at October 31, 2023, as compared to the number of homes homes in backlog at October 31, 2022, most notably significantly in the Mountain and Pacific regions. regions. The increase in the average delivered home price was mainly due to sales price increases, as well as an increase in homes delivered in more expensive product types/geographic regions, most notably in the Pacific region.

The decrease in home sales cost of revenues, as a percentage of home sales revenues, for the three six months ended January 31, 2024 April 30, 2024, as compared to the three six months ended January 31, 2023 April 30, 2023, was principally due to a shift in the mix of revenues to higher margin products/areas, sales price increases outpacing cost increases for homes delivered, in the quarter, lower inventory impairment charges, and lower interest expense as a percentage of home sales revenues, offset, in part, by higher inventory impairment charges in the fiscal 2024 period. In the three six months ended January 31, 2024 April 30, 2024 and 2023, interest expense, as a percentage of home sales revenues, was 1.2% 1.3% and 1.4%, respectively, and inventory impairments included in homes sales cost of revenues were $1.5 million and $8.0 million 1.5%, respectively.

Land Sales and Other Revenues and Land Sales and Other Cost of Revenues

Our revenues from land sales and other generally consist of the following: (1) land sales to joint ventures in which we retain an interest; (2) lot sales to third-party builders within our master-planned communities; (3) bulk lot sales to third parties of land we have decided no longer meets our development criteria; (4) sales of land parcels to third parties (typically because there is a superior economic use of the property); and (5) sales of commercial and retail properties generally located at our urban luxury condominium communities. Land sales to joint ventures in which we retain an interest are generally sold at our land basis and therefore little to no gross margin is earned on these sales. The decrease increase in land sales and other revenues during the three and six months ended April 30, 2024 compared to the three and six months ended April 30, 2023 was primarily due to the sale of a land parcel to a commercial developer for net cash proceeds of $180.7 million which resulted in a pre-tax gain of $175.2 million. The increase in land sales and other cost of revenues as a percentage of land sales and other revenues was primarily due to $13.0 million also positively impacted by lower impairment charges in the fiscal 2024 periods. We recognized $0.6 million of impairment charges recognized in each of thethree months and six month periods ended January 31, 2023 April 30, 2024, in connection with planned land sales. No similar This compares to $4.7 million and $17.7 million of land sales and other impairment charges were recognized in the three and six months ended January 31, 2024. April 30, 2023, respectively.

In February 2024, we sold a parcel of land to a commercial developer for net cash proceeds of $180.7 million which is expected to result in a pre-tax gain of approximately $175.0 million during the three months ended April 30, 2024.

Selling, General and Administrative Expenses (“SG&A”)

SG&A spending expenditures increased by $18.5 million $10.2 million in the three-month period ended April 30, 2024, as compared to the three-month period ended April 30, 2023. As a percentage of home sales revenues, SG&A expense was 9.0% in the three months ended April 30, 2024, as compared to 9.1% in the three months ended April 30, 2023. The dollar increase in SG&A expenditures was due primarily to higher commissions and marketing spend from greater sales volume and increased community count. The decrease in SG&A expense as a percentage of revenues was due to a relatively lower increase in SG&A expenditures compared to the 6% increase in revenues.

SG&A expenditures increased by $28.7 million in the fiscal 2024 three-month six-month period, as compared to the fiscal 2023 three-month six-month period. As a percentage of home sales revenues, SG&A expense was 11.9% 10.2% in the fiscal 2024 period, as compared to 12.1% 10.4% in the fiscal 2023 period. The dollar increase in SG&A expenditures was primarily due to higher commissions on and marketing spend from greater sales volume and increased home sales revenues. community count. The decrease in SG&A expense as a percentage of revenues was due to revenues increasing 10% 8% year-over-year in the fiscal 2024 period, while SG&A spending expenditures increased 9% 7%.

Income from Unconsolidated Entities

We have investments in joint ventures to (i) develop land for the joint venture participants and for sale to outside builders ("Land Development Joint Ventures"); (ii) develop for-sale homes ("Home Building Joint Ventures"); (iii) develop luxury for-rent residential apartments and single family homes, commercial space, and a hotel ("Rental Property Joint Ventures"); and (iv) invest in distressed loans and real estate and provide financing and land banking to residential builders and developers for the acquisition and development of land and home sites ("Gibraltar Joint Ventures").

We recognize our proportionate share of the earnings and losses from these unconsolidated entities. Many of our unconsolidated entities are land development projects, high-rise/mid-rise condominium construction projects, or for-rent apartment and for-rent single-family home projects, which do not generate revenues and earnings for a number of years during the development of the properties. Once development is complete for land development projects and high-rise/mid-rise condominium construction projects, these unconsolidated entities will generally, over a relatively short period of time, generate revenues and earnings until all of the assets of the entity are sold. Further, once for-rent apartments and for-rent single-family home projects are complete and stabilized, we may monetize a portion of these projects through a recapitalization or a sale of all or a portion of our ownership interest in the joint venture, generally resulting in an income-producing event. Because of the long development periods associated with these entities, the earnings recognized from these entities may vary significantly from quarter to quarter and year to year.

In the three-month period ended January 31, 2024 April 30, 2024, we recognized a loss income from unconsolidated entities of $9.2 million, $5.9 million as compared to a loss of $4.4 million $5.3 million in the prior year period. The increase in losses was primarily due a $21.0 million gain in the fiscal 2024 period related to our share of the gain from a property sale by one of our Rental Property Joint Ventures. This increase was offset, in part, by higher losses by various Rental Property Joint Ventures that are currently in the development or lease-up phases, higher phase, losses incurred by two Home Building Joint Ventures, and lower earnings from a Land Development Joint Venture due to reduced lot sales volume of sales.

In the six-month period ended April 30, 2024, we recognized a loss from unconsolidated entities of $3.3 million, as compared to a loss of $9.7 million in the prior year period. The decrease in losses was primarily due a $21.0 million gain in the fiscal 2024 period. period related to our share of the gain from a property sale by one of our Rental Property Joint Ventures. This increase was offset, in part, by higher losses by various Rental Property Joint Ventures that are currently in the development or lease-up phase, losses incurred by two Home Building Joint Ventures, and lower earnings from a Land Development Joint Venture due to reduced volume of sales.

Other Income – Net

The table below provides, for the periods indicated, the components of "Other income – net" (amounts in thousands):

	Three months ended January 31,						
	Three months ended January 31,						
	Three months ended January 31,						
	Three months ended April 30,		Six months ended April 30,				
	2024	2024	2023	2024	2023	2024	2023
Interest income							
Income (loss) from ancillary businesses							
Management fee income earned by home building operations							
Gain on litigation settlements – net							
Other							
Total other income – net							

The increase in interest income in the six month and three month periods ended January 31, 2024 April 30, 2024 was primarily due to higher interest rates.rates on invested cash balances.

The increase increases in income from ancillary businesses in the three months and six month periods ended January 31, 2024 was April 30, 2024, were mainly due to a $4.4 million gain from a bulk sale of security monitoring accounts by our smart home technology business. In addition, the fiscal 2024 period benefiting periods benefited from higher income income from our mortgage and title operations due to increased volume. These increases were offset, in part, by higher volume. operating losses incurred in our apartment living operations. Our apartment living operations were also impacted by $5.0 million of write-offs related to previously incurred costs that we believed not to be recoverable in three-month and six-month periods ended April 30, 2024, compared to $0.4 million in the three-month and six-month periods ended April 30, 2023.

The decrease increases in management fee income earned by our home building operations in the three month and six month periods ended January 31, 2024 April 30, 2024 were primarily related to a decrease an increase in fees from certain of our Rental Property Joint Ventures.

The gain on litigation settlements - net in the fiscal 2023 period six months ended April 30, 2023 primarily relates to the settlement of an open insurance claim. No similar gains occurred in the fiscal 2024 period.

The increases in "other" in the three month and six month periods ended April 30, 2024 were primarily due to a $5.0 gain recognized related to an investment we held in a privately held company which sold substantially all of its assets to a third party during the period.

Income Before Income Taxes

For the three-month period ended January 31, 2024 April 30, 2024, we reported income before income taxes of $311.2 million $649.8 million, as compared to $253.8 million $430.6 million in the three-month period ended January 31, 2023 April 30, 2023.

For the six-month period ended April 30, 2024, we reported income before income taxes of $960.9 million, as compared to $684.4 million in the six-month period ended April 30, 2023.

Income Tax Provision

We In the three-month periods ended April 30, 2024 and April 30, 2023, we recognized income tax provisions of $71.6 million $168.2 million and $62.3 million in the three-month periods ended January 31, 2024 and January 31, 2023 $110.4 million, respectively. Based upon the federal statutory rate of 21.0% for the fiscal 2024 and 2023 periods, our federal tax provisions would have been $65.3 million $136.5 million and $53.3 million $90.4 million, in the three-month periods ended January 31, 2024 April 30, 2024 and January 31, 2023 2023, respectively. The difference between the tax provisions recognized and the tax provision based on the federal statutory rate was mainly due to the provision for state income taxes and permanent differences, offset, in part, by excess tax benefits related to stock-based compensation.

We recognized income tax provisions of $239.8 million and $172.6 million in the six-month periods ended April 30, 2024 and April 30, 2023, respectively. Based upon the federal statutory rate of 21.0% for the fiscal 2024 and 2023 periods, our federal tax provisions would have been $201.8 million and $143.7 million, in the six-month periods ended April 30, 2024 and April 30, 2023, respectively. The difference between the tax provisions recognized and the tax provision based on the federal statutory rate was mainly due to the provision for state income taxes and permanent differences, offset, in part, by excess tax benefits related to stock-based compensation.

Contracts

In the three-month periods ended January 31, 2024 April 30, 2024 and 2023, the value of net contracts signed was $2.06 billion (2,042 $2.94 billion (3,041 homes) and $1.45 billion (1,461 $2.28 billion (2,333 homes), respectively. The aggregate value of net contracts signed increased $610.5 million $665.7 million, or 42.0% 29.3%, in the three-month period ended January 31, 2024 April 30, 2024, as compared to the three-month period ended January 31, 2023 April 30, 2023. The increase in the aggregate value of net contracts signed was due to a 39.8% 30.3% increase in the number of net contracts signed offset, in part, by a 0.8% decrease in the average value of each signed contract. The increase in the number of net contracts signed reflects both the solid demand environment for new homes and the year-over-year increase in the number of communities from which we were operating during the period. The average value of each signed contract in the three-months ended April 30, 2024 was essentially flat compared to the prior year period.

In the six-month periods ended April 30, 2024 and 2023, the value of net contracts signed was $5.01 billion (5,083 homes) and $3.73 billion (3,794 homes), respectively. The aggregate value of net contracts signed increased $1.28 billion, or 34.2%, in the six-month period ended April 30, 2024, as compared to the six-month period ended April 30, 2023. The increase in the aggregate value of net contracts signed was due to a 34.0% increase in the number of net contracts signed and a 1.6% an 0.2% increase in the average value attributed to each signed contract. The increase in the average value attributed to each number of net contracts signed contract is principally due to a shift reflects both the solid the solid demand environment and the year-over-year increase in the number of contracts communities from which we were operating during the period. The average value of each signed contract in the six-months ended April 30, 2024 was essentially flat compared to more expensive areas and/or products and higher sales prices. the prior year period.

Backlog

The value of our backlog at January 31, 2024 April 30, 2024 decreased 18% 12% to $7.08 billion (6,693 $7.38 billion (7,093 homes), as compared to $8.58 billion (7,733 $8.38 billion (7,574 homes) at January 31, 2023 April 30, 2023. Our backlog at October 31, 2023 and 2022 was $6.95 billion (6,578 homes) and $8.87 billion (8,098 homes), respectively. The decrease in the value of our backlog at April 30, 2024 as compared to April 30, 2023, is due to a 6% decrease in the number of homes in backlog and a 6% decrease in the average contracted price per home. These decreases are primarily attributable to spec homes representing a larger portion of our net signed contracts and homes delivered.

For more information regarding results of operations by segment, see “Segments” in this MD&A.

CAPITAL RESOURCES AND LIQUIDITY

Funding for our business has been, and continues to be, provided principally by cash flow from operating activities before inventory additions, credit arrangements with third parties, and the public capital markets.

Our cash flows from operations generally provide us with a significant source of liquidity. Our cash flows provided by operating activities, supplemented with our short-term borrowings and long-term debt, have been sufficient to fund our operations while allowing us to invest in activities that support the long-term growth of our Company. Our primary uses of cash include inventory additions in the form of land acquisitions and deposits to obtain control of land, land development, working capital to fund day-to-day operations, and investments in existing and future unconsolidated joint ventures. We may also use cash to fund capital expenditures such as investments in our information technology systems. From time We also use cash to time we use some or all of the remaining available cash flow to repay debt and to fund share repurchases and pay dividends on our common stock. stock and may from time to time repay debt and make share repurchases with cash flows from operations and other sources. We believe our sources of cash and liquidity will continue to be adequate to fund operations, finance our strategic operating initiatives, repay debt, fund our share repurchases and pay dividends for the foreseeable future.

At January 31, 2024 April 30, 2024, we had $754.8 million $1.03 billion of cash and cash equivalents on hand and approximately $1.76 billion $1.74 billion available for borrowing under our Revolving Credit Facility. The Revolving Credit Facility provides us with a committed borrowing capacity of $1.905 billion, which we have the ability to increase up to $3.0 billion with the consent of lenders, and is scheduled to mature on February 14, 2028. Toll Brothers, Inc. and substantially all of its 100%-owned home building subsidiaries are guarantors of the borrower’s obligations under the Revolving Credit Facility. We are also a party to a $650.0 million unsecured Term Loan Facility of which $487.5 million matures on February 14, 2028, $60.9 million matures on November 1, 2026 and the remaining $101.6 million matures on November 1, 2025.

Short-term Liquidity and Capital Resources

For at least the next twelve months, we expect our principal demand for funds will be for inventory additions (in the form of land acquisition, land development, home construction costs, and deposits to control land) land, which could occur directly or indirectly through builder acquisitions), operating expenses, including our general and administrative expenses, investments and funding of capital improvements, investments in existing and future unconsolidated joint ventures, repayment of community-level borrowings, common stock repurchases, and dividend payments. Demand for funds include interest and principal payments on current and future debt financing. We expect to meet our short-term liquidity requirements primarily through our cash and cash equivalents on hand and net cash flows provided by operations. Additional sources of funds include distributions from our unconsolidated joint ventures, borrowing capacity under our Revolving Credit Facility, and other borrowings from banks and other lenders. In addition, cash flow from operating activities in the second quarter of fiscal 2024 will include approximately $181 million related to the sale of a parcel of land to a commercial developer.

We believe we will have sufficient liquidity available to fund our business needs, commitments and contractual obligations in a timely manner for the next twelve months. We may, however, seek additional financing to fund future growth or refinance our existing indebtedness through the debt capital markets, but we cannot be assured that such financing will be available on favorable terms, or at all.

Long-term Liquidity and Capital Resources

Beyond the next twelve months, our principal demands for funds will be for the payments of the principal amount of our long-term debt as it becomes due or matures, land purchases and inventory additions needed to grow our business (which could occur directly or indirectly through builder acquisitions), long-term capital investments and investments in unconsolidated joint ventures, common stock repurchases, and dividend payments.

Over the longer term, to the extent the sources of capital described above are insufficient to meet our needs, we may also conduct additional public offerings of our securities, refinance debt or dispose of certain assets to fund our operating activities and debt service. We expect these resources will be adequate to fund our ongoing operating activities as well as provide capital for investment in future land purchases and related development activities and future joint ventures.

Material Cash Requirements

We are a party to many agreements that include contractual obligations and commitments to make payments to third parties. These obligations impact our short-term and long-term liquidity and capital resource needs. Certain contractual obligations are reflected on the Condensed Consolidated Balance Sheet as of January 31, 2024 April 30, 2024, while others are considered future commitments. Our contractual obligations primarily consist of long-term debt and related interest payments, payments due on our mortgage company loan facility, purchase obligations related to expected acquisition of land under purchase agreements and land development agreements (many of which are secured by letters of credit or surety bonds), operating leases, obligations under our deferred compensation plan, and obligations under our supplemental executive retirement plans. We also enter into certain short-term lease commitments, commitments to fund our existing or future unconsolidated joint ventures, letters of credit and credit and other purchase obligations in the normal course of business. For more information regarding our primary obligations, refer to Note 5, “Loans Payable, Senior Notes, and Mortgage Company Loan Facility,” and Note 13, “Commitments and Contingencies,” in the Notes to the Condensed Consolidated Financial Statements for amounts outstanding as of January 31, 2024 April 30, 2024, related to debt and commitments and contingencies, respectively.

We also operate through a number of joint ventures and have undertaken various commitments as a result of those arrangements. At January 31, 2024 April 30, 2024, we had investments in these entities of $995.8 million $1.00 billion and were committed to invest or advance up to an additional $340.2 million $319.4 million to these entities if they require additional funding. At January 31, 2024 April 30, 2024, we had agreed to terms for the acquisition of 360 369 home sites from five four joint ventures for an estimated aggregate purchase price of $31.0 million $31.5 million. In addition, we We also expect to purchase approximately 8,600 8,400 additional home sites over a number of years from several joint ventures in which we have interests. The purchase price of these home sites will be determined at a future date.

The unconsolidated joint ventures in which we have investments generally finance their activities with a combination of partner equity and debt financing. In some instances, we and our joint venture partner have guaranteed debt of unconsolidated entities. These guarantees may include any or all of the following: (i) project completion guarantees, including any cost overruns; (ii) repayment guarantees, generally covering a percentage of the outstanding loan; (iii) carry cost guarantees, which cover costs such as interest, real estate taxes, and insurance; (iv) an environmental indemnity provided to the lender that holds the lender harmless from and against losses arising from the discharge of hazardous materials from the property and non-compliance with applicable environmental laws; and (v) indemnification of the lender from “bad boy acts” of the unconsolidated entity.

In these situations where we have joint and several guarantees with our joint venture partner, we generally seek to implement a reimbursement agreement with our partner that provides that neither party is responsible for more than its proportionate share or agreed-upon share of the guarantee; however, we are not always successful. In addition, if the joint venture partner does not have adequate financial resources to meet its obligations under such a reimbursement agreement, we may be liable for more than our proportionate share. We believe that, as of January 31, 2024 April 30, 2024, in the event we become legally obligated to perform under a guarantee of the obligation of an unconsolidated entity due to a triggering event, the collateral in such entity should be sufficient to repay all or a significant portion of the obligation. If it is not, we and our partners would need to contribute additional capital to the entity. At January 31, 2024 April 30, 2024, we had guaranteed the debt of certain unconsolidated entities that have loan commitments aggregating $3.34 billion $3.22 billion, of which, if the full amount of the debt obligations were borrowed, we estimate $688.0 million $694.8 million to be our maximum exposure related to repayment and carry cost guarantees. At January 31, 2024 April 30, 2024, the unconsolidated entities had borrowed an aggregate of $1.87 billion $2.00 billion, of which we estimate $571.7 million $590.6 million to be our maximum exposure related to repayment and carry cost guarantees. The terms of these guarantees generally range from 2 months 1 month to 3.8 3.5 years. These maximum exposure estimates do not take into account any recoveries from the underlying collateral or any reimbursement from our partners, nor do they include any potential exposures related to project completion guarantees or the indemnities noted above, which are not estimable.

For more information regarding these joint ventures, see Note 3, “Investments in Unconsolidated Entities” in the Notes to the Condensed Consolidated Financial Statements.

Debt Service Requirements

Our financing strategy is to ensure liquidity and access to capital markets, to maintain a balanced profile of debt maturities, and to manage our exposure to floating interest rate volatility.

Outside of the normal course of operations, one of our principal liquidity needs is the payment of principal and interest on outstanding indebtedness. We are required by the terms of certain loan documents to meet certain covenants, such as financial ratios and reporting requirements. As of January 31, 2024 April 30, 2024, we were in compliance with all such covenants and requirements on our term loan, credit facility and other loans payable. Refer to Note 5, “Loans Payable, Senior Notes, and Mortgage Company Loan Facility” in the Notes to the Condensed Consolidated Financial Statements.

Operating Activities

At January 31, 2024 April 30, 2024 and October 31, 2023, we had $754.8 million $1.03 billion and $1.30 billion, respectively, of cash and cash equivalents. Cash used in provided by operating activities during the three-month six-month period ended January 31, 2024 April 30, 2024 was $307.0 million $152.0 million. Cash used in provided by operating activities during the fiscal 2024 period was primarily related to an increase in inventory; decreases net income (adjusted for stock-based compensation, depreciation and amortization, losses and distributions of earnings from unconsolidated entities, deferred taxes, impairments and gain on sale of assets); increases in accounts payable and accrued expenses, and current income taxes – net. This activity was offset, in part, by an increase in inventory; mortgage loans originated, net and of mortgage loans sold, a decrease in customer deposits – net; and an increase in receivables, prepaid expenses, and other assets. This activity was offset, in part, by net income (adjusted for stock-based compensation, depreciation and amortization, income and distributions of earnings from unconsolidated entities, deferred taxes and impairments); and mortgage loans sold, net of mortgage loans originated.

At January 31, 2023 April 30, 2023 and October 31, 2022, we had $791.6 million $761.9 million and $1.35 billion, respectively, of cash and cash equivalents. Cash used in provided by operating activities during the three-month six-month period ended January 31, 2023 April 30, 2023 was $357.8 million $145.6 million. Cash used in provided by operating activities during the fiscal 2023 period was primarily related to an increase in inventory, a decrease in accounts payable and accrued expenses, a decrease in current income taxes - net and a decrease in customer deposits – net. This activity was offset, in part, by net income (adjusted for stock-based compensation, impairments, depreciation and amortization, income and distributions of earnings from unconsolidated entities and deferred taxes); mortgage loans sold, net of mortgage loans originated; and a decrease in receivables, prepaid expenses, and other assets. This activity was offset, in part, an increase in inventory, a decrease in accounts payable and accrued expenses, a decrease in current income taxes - net and a decrease in customer deposits – net.

Investing Activities

In the three-month six-month period ended January 31, 2024 April 30, 2024, cash used in investing activities was $59.4 million $100.7 million, which was primarily related to $58.9 million $99.6 million used to fund our investments in unconsolidated entities and $13.6 million $29.7 million used for the purchase of property and equipment. This activity was offset, in part, by $13.1 million $29.3 million of cash received as returns from our investments in unconsolidated entities.

In the three-month six-month period ended January 31, 2023 April 30, 2023, cash used in investing activities was $69.4 million $99.2 million, which was primarily related to $74.6 million $117.2 million used to fund our investments in unconsolidated entities and $19.7 million $39.5 million used for the purchase of property and equipment. This activity was offset, in part, by $15.9 million $48.6 million of cash received as returns from our investments in unconsolidated entities and $9.0 million of cash proceeds from the sale of assets.

Financing Activities

We used $178.0 million $308.2 million of cash in financing activities in the three-month six-month period ended January 31, 2024 April 30, 2024, primarily for the repurchase of $180.1 million of our common stock, the payments of $145.6 million $77.7 million of loans payable, net of borrowings, the payment of dividends on our common stock of $23.3 million $47.1 million, and $9.3 million $3.5 million of payments related to stock-based benefit plans - net.

We used $132.5 million $635.3 million of cash in financing activities in the three-month six-month period ended January 31, 2023 April 30, 2023, primarily for the redemption of $400.0 million of senior notes, payments of $125.1 million $118.9 million of loans payable, net of borrowings, the payment of dividends on our common stock of $22.9 million, and $46.3 million the repurchase of $9.4 million $93.1 million of our common stock. stock and payments of $5.3 million of debt issuance costs. This activity was offset, in part, by $24.9 million $28.3 million of proceeds related to stock-based benefit plans - net.

CRITICAL ACCOUNTING ESTIMATES

As disclosed in our 2023 Form 10-K, our most critical accounting estimates relate to inventory, cost of revenue recognition, warranty and self-insurance, and investments in unconsolidated entities. Since October 31, 2023, there have been no material changes to those critical accounting estimates.

SUPPLEMENTAL GUARANTOR INFORMATION

At January 31, 2024 April 30, 2024, our 100%-owned subsidiary, Toll Brothers Finance Corp. (the “Subsidiary Issuer”), had issued and outstanding $1.60 billion aggregate principal amount of senior notes maturing on various dates between November 15, 2025 and November 1, 2029 (the “Senior Notes”). For further information regarding the Senior Notes, see Note 5, “Loans Payable, Senior Notes and Mortgage Company Loan Facility” in the Notes to our the Consolidated Condensed Financial Statements under the caption “Senior Notes.”

The obligations of the Subsidiary Issuer to pay principal, premiums, if any, and interest are guaranteed jointly and severally on a senior basis by Toll Brothers, Inc. and substantially all of its 100%-owned home building subsidiaries (the “Guarantor Subsidiaries” and, together with us, the “Guarantors”). The guarantees are full and unconditional, and the Subsidiary Issuer and each of the Guarantor Subsidiaries are consolidated subsidiaries of Toll Brothers, Inc. Our non-home building subsidiaries and several of our home building subsidiaries (together, the “Non-Guarantor Subsidiaries”) do not guarantee the Senior Notes. The Subsidiary Issuer generates no operating revenues and does not have any independent operations other than the financing of our other subsidiaries by lending the proceeds of its public debt offerings, including the Senior Notes. Our home building operations are conducted almost entirely through the Guarantor Subsidiaries. Accordingly, the Subsidiary Issuer’s cash flow and ability to service the Senior Notes is dependent upon the earnings of the Company’s subsidiaries and the distribution of those earnings to the Subsidiary Issuer, whether by dividends, loans or otherwise. Holders of the Senior Notes have a direct claim only against the Subsidiary Issuer and the Guarantors. The obligations of the Guarantors under their guarantees will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference or similar laws affecting the rights of creditors generally) under applicable law.

The indentures under which the Senior Notes were issued provide that any of our subsidiaries that provide a guarantee of our obligations under the Revolving Credit Facility will guarantee the Senior Notes. The indentures further provide that any

Guarantor Subsidiary may be released from its guarantee so long as (i) no default or event of default exists or would result from release of such guarantee; (ii) the Guarantor Subsidiary being released has consolidated net worth of less than 5% of the Company’s consolidated net worth as of the end of our most recent fiscal quarter; (iii) the Guarantor Subsidiaries released from their guarantees in any fiscal year comprise in the aggregate less than 10% (or 15% if and to the extent necessary to permit the cure of a default) of our consolidated net worth as of the end of our most recent fiscal quarter; (iv) such release would not have a material adverse effect on ours and our subsidiaries’ home building business; and (v) the Guarantor Subsidiary is released from its guaranty under the Revolving Credit Facility. If there are no guarantors under the Revolving Credit Facility, all Guarantor Subsidiaries under the indentures will be released from their guarantees.

The following summarized financial information is presented for Toll Brothers, Inc., the Subsidiary Issuer, and the Guarantor Subsidiaries on a combined basis after intercompany transactions and balances have been eliminated among Toll Brothers, Inc., the Subsidiary Issuer and the Guarantor Subsidiaries, as well as their investment in, and equity in earnings from the Non-Guarantor Subsidiaries.

Summarized Balance Sheet Data (amounts in millions):

		January 31, April 30, 2024
Assets		
Cash	$	592.9 880.5
Inventory	$	9,445.5 9,808.0
Amount due from Non-Guarantor Subsidiaries	$	781.1 739.8
Total assets	$	11,577.9 12,218.1
Liabilities & Stockholders' Equity		
Loans payable	$	978.1 1,016.2
Senior notes	$	1,596.4 1,596.6
Total liabilities	$	4,916.9 5,279.8
Stockholders' equity	$	6,661.0 6,938.3

Summarized Statement of Operations Data (amounts in millions):

		For the three six months ended January 31, 2024 April 30, 2024
Revenues	$	1,904.0 4,691.8
Cost of revenues	$	1,376.3 3,318.7
Selling, general and administrative	$	227.1 463.6
Income before income taxes	$	305.0 939.3
Net income	$	234.8 704.9

SEGMENTS

We operate in the following five geographic segments, with current operations generally located in the states listed below:

- The **North** region: Connecticut, Delaware, Illinois, Massachusetts, Michigan, New Jersey, New York and Pennsylvania;
- The **Mid-Atlantic** region: Georgia, Maryland, North Carolina, Tennessee and Virginia;
- The **South** region: Florida, South Carolina and Texas;
- The **Mountain** region: Arizona, Colorado, Idaho, Nevada and Utah; and
- The **Pacific** region: California, Oregon and Washington.

The tables below summarize information related to units delivered and revenues, net contracts signed, and income (loss) before income taxes, by segment, for the periods indicated, and information related to backlog, by segment, as of the dates indicated.

Units Delivered and Revenues:

		Three months ended January 31,													
		Revenues ($ in millions)					Units Delivered					Average Delivered Price ($ in thousands)			
		Three months ended April 30,													
		Revenues ($ in millions)					Units Delivered					Average Delivered Price ($ in thousands)			
		2024	2024	2023	% Change			2024	2023	% Change		2024	2023	% Change	
North															
North															
North		$ 272.6	$	$ 322.8	(16)	(16) %	289	357	357	(19)	(19) %	$ 943.5	$ $ 904.2	4	4 % $
Mid-Atlantic	Mid-Atlantic	264.1	189.1	189.1	40	40 %	277	166	166	67	67 %	$ 953.6	$ $ 1,139.1	(16)	(16) %
South	South	532.9	392.9	392.9	36	36 %	631	489	489	29	29 %	$ 844.5	$ $ 803.5	5	5 %
Mountain	Mountain	453.4	480.2	480.2	(6)	(6) %	485	548	548	(11)	(11) %	$ 934.8	$ $ 876.3	7	7 %
Pacific	Pacific	409.0	364.8	364.8	12	12 %	245	266	266	(8)	(8) %	$ 1,669.4	$ $ 1,371.3	22	22 %

Total home building	Total home building	1,932.0	1,749.8	1,749.8	10	10 %	1,927	1,826	1,826	6	6 %	$	1,002.6	$ $	958.3	5	5 %
Other																
Other																
Other																
Total home sales revenue																
Total home sales revenue																
Total home sales revenue	1,931.8	1,749.4	1,749.4	10	10 %	1,927	1,826	1,826	6	6 %	$	1,002.5	$ $	958.0	5	5 %
Land sales and other revenue																
Total revenue																
Total revenue																
Total revenue																

	Six months ended April 30,								
	Revenues ($ in millions)			Units Delivered			Average Delivered Price ($ in thousands)		
	2024	2023	% Change	2024	2023	% Change	2024	2023	% Change
North	$ 607.9	$ 704.1	(14)%	638	765	(17)%	$ 952.8	$ 920.4	4 %
Mid-Atlantic	640.3	498.7	28 %	655	440	49 %	$ 977.6	$ 1,133.4	(14)%
South	1,191.3	912.3	31 %	1,435	1,148	25 %	$ 830.2	$ 794.7	4 %
Mountain	1,056.9	1,154.4	(8)%	1,171	1,315	(11)%	$ 902.6	$ 877.9	3 %
Pacific	1,083.7	970.6	12 %	669	650	3 %	$ 1,619.9	$ 1,493.2	8 %
Total home building	4,580.1	4,240.1	8 %	4,568	4,318	6 %	$ 1,002.6	$ 982.0	2 %
Other	(1.2)	(0.6)							
Total home sales revenue	4,578.9	4,239.5	8 %	4,568	4,318	6 %	$ 1,002.4	$ 981.8	2 %
Land sales and other revenue	206.5	47.6							
Total revenue	$ 4,785.4	$ 4,287.1							

Note: Due to rounding, amounts may not add.

Net Contracts Signed:

		Three months ended January 31,												
		Three months ended April 30,												
		Net Contract Value ($ in millions)		Net Contract Value ($ in millions)			Net Contracted Units					Average Contracted Price ($ in thousands)		
		2024	2024	2023		% Change	2024		2023		% Change	2024	2023	
North														
North														
North		$ 328.8	$	$ 315.2	4	4 %	325	328	328	(1)	(1) %	$1,011.7	$ $961.0	5
Mid-Atlantic	Mid-Atlantic	238.6	264.1	264.1	(10)	(10)%	246	251	251	(2)	(2) %	$ 970.0	$ $ 1,052.2	(8
South	South	469.9	328.5	328.5	43	43 %	575	415	415	39	39 %	$ 817.2	$ $ 791.6	3
Mountain	Mountain	498.9	263.9	263.9	89	89 %	541	299	299	81	81 %	$ 922.2	$ $ 882.6	4
Pacific	Pacific	528.6	282.6	282.6	87	87 %	355	168	168	111	111 %	$ 1,488.9	$ $ 1,681.8	(11
Total consolidated	Total consolidated	$2,064.8	$	$1,454.3	42	42 %	2,042	1,461	1,461	40	40 %	$1,011.2	$ $995.4	2

	Six months ended April 30,								
	Net Contract Value ($ in millions)			Net Contracted Units			Average Contracted Price ($ in thousands)		
	2024	2023	% Change	2024	2023	% Change	2024	2023	% Change
North	$ 751.0	$ 681.3	10 %	737	724	2 %	$ 1,019.0	$ 941.0	8 %
Mid-Atlantic	587.6	589.5	— %	622	567	10 %	$ 944.7	$ 1,039.7	(9)%
South	1,216.7	919.4	32 %	1,467	1,164	26 %	$ 829.4	$ 789.9	5 %
Mountain	1,313.4	713.3	84 %	1,485	828	79 %	$ 884.4	$ 861.5	3 %
Pacific	1,137.1	826.0	38 %	772	511	51 %	$ 1,472.9	$ 1,616.4	(9)%
Total consolidated	$ 5,005.8	$ 3,729.5	34 %	5,083	3,794	34 %	$ 984.8	$ 983.0	— %

Backlog:

		At January 31,																
		Backlog Value ($ in millions)			Backlog Value ($ in millions)			Backlog Units						Average Backlog P ($ in thousands				
		2024		2024	2023	% Change		2024		2023	% Change			2024		2		
North																		
North																		
North		$1,020.5	$	$1,112.5	(8)	(8)	%	992	1,093	1,093	(9)	(9)	%	$1,028.7		$	$1,017.9	
Mid-Atlantic	Mid-Atlantic	928.1	1,035.9	1,035.9	(10)	(10)	%	914	927	927	(1)	(1)	%	$	1,015.4	$	$	1,1
South	South	2,030.8	2,289.7	2,289.7	(11)	(11)	%	2,256	2,449	2,449	(8)	(8)	%	$	900.2	$	$	9
Mountain	Mountain	1,624.2	2,383.7	2,383.7	(32)	(32)	%	1,633	2,275	2,275	(28)	(28)	%	$	994.6	$	$	1,0
Pacific	Pacific	1,477.5	1,763.0	1,763.0	(16)	(16)	%	898	989	989	(9)	(9)	%	$	1,645.3	$	$	1,7
Total consolidated	Total consolidated	$7,081.1	$	$8,584.8	(18)	(18)	%	6,693	7,733	7,733	(13)	(13)	%	$1,058.0		$	$1,110.2	

	At October 31,								
	Backlog Value ($ in millions)			Backlog Units			Average Backlog Price ($ in thousands)		
	2023	2022	% Change	2023	2022	% Change	2023	2022	% Change
North	$ 964.1	$ 1,119.5	(14)%	956	1,122	(15)%	$ 1,008.5	$ 997.8	1 %
Mid-Atlantic	953.0	960.5	(1)%	945	842	12 %	$ 1,008.4	$ 1,140.7	(12)%
South	2,093.4	2,352.5	(11)%	2,312	2,523	(8)%	$ 905.5	$ 932.4	(3)%
Mountain	1,577.7	2,597.3	(39)%	1,577	2,524	(38)%	$ 1,000.5	$ 1,029.0	(3)%
Pacific	1,357.1	1,844.3	(26)%	788	1,087	(28)%	$ 1,722.2	$ 1,696.7	2 %
Total consolidated	$ 6,945.3	$ 8,874.1	(22)%	6,578	8,098	(19)%	$ 1,055.8	$ 1,095.8	(4)%

Income (Loss) Before Income Taxes ($ amounts in millions):

		Three months ended January 31,					Three months ended April 30,						Six months ended April 30,		
		2024		2023		% Change		2024			2023		% Change	2024	
North															
North															
North		$ 33.0	$	$ 36.6	(10)	(10) %	$	51.4	$	$50.9	1	1 %	$84.4	$	
Mid-Atlantic	Mid-Atlantic	49.5	22.9	22.9	116	116 %	Mid-Atlantic	254.5	64.4		64.4	295	295 %		3
South	South	98.4	52.4	52.4	88	88 %	South	126.5	88.7		88.7	43	43 %		2
Mountain	Mountain	80.2	87.3	87.3	(8)	(8)%	Mountain	82.0	133.9		133.9	(39)	(39)%		1
Pacific	Pacific	103.7	79.1	79.1	31	31 %	Pacific	170.9	157.5		157.5	9	9 %		2

Total home building	Total home building	364.8	278.3	278.3	31	31 %	Total home building	685.3	495.4	495.4	38	38 %	1,0
Corporate and other	Corporate and other	(53.6)	(24.5)	(24.5)	(119)	(119)%	Corporate and other	(35.5)	(64.8)	(64.8)	45	45 %	(8
Total consolidated	Total consolidated	$311.2	$	$253.8	23	23 %	Total consolidated	$ 649.8	$	$430.6	51	51 %	$960.9

"Corporate and other" is comprised principally of general corporate expenses such as our executive offices; the corporate finance, accounting, audit, tax, human resources, risk management, information technology, marketing, and legal groups; interest income; income from certain of our ancillary businesses, including our apartment rental development business and our high-rise urban luxury condominium operations; and income from our Rental Property Joint Ventures and Gibraltar Joint Ventures.

FISCAL 2024 COMPARED TO FISCAL 2023

North

	Three months ended January 31,	Three months ended January 31,	Three months ended January 31,										
	Three months ended April 30,						Six months ended April 30,						
	2024		2024		2023		Change		2024		2023		
Units Delivered and Revenues:													
Home sales revenues ($ in millions)													
Home sales revenues ($ in millions)													
Home sales revenues ($ in millions)	$ 272.6	$	$322.8	(16)	(16)%	$ 335.2	$	$381.3	(12)	(12) %	$607.9	$	$
Units delivered	Units delivered	289	357	357	(19)	(19)%	Units delivered	349	408	408	(14)	(14)%	638 7
Average delivered price ($ in thousands)	Average delivered price ($ in thousands)	$ 943.5	$	$904.2	4	4 %	Average delivered price ($ in thousands) $ 960.5	$	$934.6	3	3 %	$ 952.8	$
Net Contracts Signed:													
Net Contracts Signed:													
Net Contracts Signed:													
Net contract value ($ in millions)													
Net contract value ($ in millions)													
Net contract value ($ in millions)	$ 328.8	$	$315.2	4	4 %	$ 422.1	$	$366.1	15	15 %	$751.0	$	$
Net contracted units	Net contracted units	325	328	328	(1)	(1)%	Net contracted units	412	396	396	4	4 %	737 7
Average contracted price ($ in thousands)	Average contracted price ($ in thousands)	$1,011.7	$	$961.0	5	5 %	Average contracted price ($ in thousands) $ 1,024.6	$	$924.4	11	11 %	$1,019.0	$

Home sales cost of revenues as a percentage of home sale revenues														
Home sales cost of revenues as a percentage of home sale revenues														
Home sales cost of revenues as a percentage of home sale revenues														
Income before income taxes ($ in millions)														
Income before income taxes ($ in millions)														
Income before income taxes ($ in millions)	$ 33.0	$	$ 36.6	(10)	(10)%	$ 51.4	$	$ 50.9	1	1 %	$ 84.4	$	$	
Number of selling communities at January 31,														
Number of selling communities at January 31,														
Number of selling communities at January 31,	40		49		(18) %									
Number of selling communities at April 30,														
Number of selling communities at April 30,														
Number of selling communities at April 30,														

The decrease decreases in the number of homes delivered in the fiscal 2024 period was periods were mainly due to a decrease in the number of homes in backlog at October 31, 2023, as compared to the number of homes in backlog at October 31, 2022 and lower backlog conversion, offset, in part, by an increase in spec homes delivered. The increase increases in the average prices of homes delivered in the fiscal 2024 period was periods were primarily due to sales price increases and a shift in the number of homes delivered to more expensive areas and/or products.

The increases in the number of net contracts signed in the fiscal 2024 period was essentially flat periods compared to the prior year period, with periods were due to increased demand being offset by a decrease in the average number of selling communities. The increase increases in the average value of each contract signed in the fiscal 2024 period was periods were mainly due to a shift in the number of contracts signed to more expensive areas and/or products and a decrease in sales incentives.

The increase in income before income taxes in the three-month fiscal 2024 period was attributable to lower home sales cost of revenues, as a percentage of home sale revenues and lower SG&A costs, offset, in part, by lower earnings from decreased revenue. The decrease in home sales cost of revenues, as a percentage of home sales revenues, in the three-month fiscal 2024 period was primarily due to a shift in product mix/areas to higher-margin areas and by lower interest expense as a percentage of home sales revenues.

The decrease in income before income taxes in the six-month fiscal 2024 period was attributable to lower earnings from decreased revenue, offset, in part, by lower home sales cost of revenues, as a percentage of home sale revenues, and lower SG&A costs. The decrease in home sales cost of revenues, as a percentage of home sales revenues, in the three-month six-month fiscal 2024 period was primarily due to a shift in product mix/areas to higher-margin areas and lower interest expense as a percentage of home sales revenues. In addition, we recognized $2.7 million of land impairment charges during the six-month fiscal 2023 period in connection with a planned land sale. No similar charge was recognized in the six-month fiscal 2024 period.

Mid-Atlantic

	Three months ended January 31,					
	Three months ended January 31,					
	Three months ended January 31,					
	Three months ended April 30,			Six months ended April 30,		
	2024	2024	2023	Change	2024	2023
Units Delivered and Revenues:						

Home sales revenues ($ in millions)

Home sales revenues ($ in millions)

Home sales revenues ($ in millions)		$264.1	$	$	189.1	40	40 %	$ 376.1	$	$309.6	21	21 %	$640.3	$	$	
Units delivered	Units delivered	277	166		166	67	67 %	Units delivered	378	274	274	38	38 %	655	44	
Average delivered price ($ in thousands)	Average delivered price ($ in thousands)	$953.6	$	$	1,139.1	(16)	(16)%	Average delivered price ($ in thousands)	$ 995.0	$	$1,129.9	(12)	(12) %	$977.6	$	
Net Contracts Signed:																
Net Contracts Signed:																
Net Contracts Signed:																
Net contract value ($ in millions)																
Net contract value ($ in millions)																
Net contract value ($ in millions)		$238.6	$	$	264.1	(10)	(10)%	$ 348.9	$	$325.4	7	7 %	$587.6	$	$	
Net contracted units	Net contracted units	246	251		251	(2)	(2)%	Net contracted units	376	316	316	19	19 %	622	56	
Average contracted price ($ in thousands)	Average contracted price ($ in thousands)	$970.0	$	$	1,052.2	(8)	(8)%	Average contracted price ($ in thousands)	$ 928.0	$	$1,029.7	(10)	(10) %	$944.7	$	
Home sales cost of revenues as a percentage of home sale revenues																
Home sales cost of revenues as a percentage of home sale revenues																
Home sales cost of revenues as a percentage of home sale revenues																
Income before income taxes ($ in millions)																
Income before income taxes ($ in millions)																
Income before income taxes ($ in millions)		$ 49.5	$	$	22.9	116	116 %	$ 254.5	$	$ 64.4	295	295 %	$304.0	$	$	
Number of selling communities at January 31,																
Number of selling communities at January 31,																
Number of selling communities at January 31,		40			39	3	%									
Number of selling communities at April 30,																
Number of selling communities at April 30,																
Number of selling communities at April 30,																

The increase increases in the number of homes delivered in the three-month fiscal 2024 period was periods were mainly due to an increase in the number of homes in backlog at October 31, 2023, as compared to the number of homes in backlog at October 31, 2022, higher backlog conversion, and an increase in spec homes delivered. The decreases in the average price of homes delivered in the fiscal 2024 period was periods were primarily due to a shift in the number of homes delivered to less expensive areas and/or products. products, as well as an increase in the number of spec homes delivered.

The increases in the number of net contracts signed in the fiscal 2024 period was essentially flat compared periods were mainly due to the prior year period. increase in the average number of selling communities. The decrease decreases in the average value of each contract signed in the fiscal 2024 period was periods were mainly due to a shift in the number of contracts signed to less expensive areas and/or products.

The increase increases in income before income taxes in the three-month fiscal 2024 period was periods were mainly due to the sale of a land parcel to a commercial developer that resulted in a pre-tax gain of $175.2 million during the three and six months ended April 30, 2024. In addition, income before income taxes in the fiscal 2024 periods benefited from higher earnings from increased revenue, lower home sales cost of revenues, as a percentage of home sales revenues, offset, in part, by higher SG&A costs. The decrease in home sales cost of revenues, as a percentage of home sales revenues, in the fiscal 2024 period was primarily due to a shift in product mix/areas to higher-margin areas. In addition, we recognized the six-month fiscal 2023 was impacted by a $10.3 million land impairment charge, included in land sales and other cost of revenues, during the fiscal 2023 period which was recognized in connection with a planned land sale. No similar charge was recognized in the six-month fiscal 2024 period.

South

		Three months ended January 31, Three months ended January 31, Three months ended January 31, Three months ended April 30,						Six months ended April 30,						
		2024		2024				2023		Change		2024	2023	
Units Delivered and Revenues:														
Home sales revenues ($ in millions) Home sales revenues ($ in millions) Home sales revenues ($ in millions)		$532.9	$	$392.9	36	36 %	$ 658.4	$	$519.4	27	27 %	$1,191.3	$	$ 91
Units delivered	Units delivered	631	489	489	29	29 %	Units delivered 804	659	659	22	22 %		1,435	1,148
Average delivered price ($ in thousands)	Average delivered price ($ in thousands)	$844.5	$	$803.5	5	5 %	Average delivered price ($ in thousands) $ 818.9	$	$788.1	4	4 %	$830.2	$	
Net Contracts Signed: **Net Contracts Signed:** **Net Contracts Signed:**														
Net contract value ($ in millions) Net contract value ($ in millions) Net contract value ($ in millions)		$469.9	$	$328.5	43	43 %	$ 746.8	$	$590.9	26	26 %	$1,216.7	$	$ 91
Net contracted units	Net contracted units	575	415	415	39	39 %	Net contracted units 892	749	749	19	19 %		1,467	1,164
Average contracted price ($ in thousands)	Average contracted price ($ in thousands)	$817.2	$	$791.6	3	3 %	Average contracted price ($ in thousands) $ 837.2	$	$789.0	6	6 %	$829.4	$	
Home sales cost of revenues as a percentage of home sale revenues **Home sales cost of revenues as a percentage of home sale revenues**														

Home sales cost of revenues as a percentage of home sale revenues																
Income before income taxes ($ in millions)																
Income before income taxes ($ in millions)																
Income before income taxes ($ in millions)	$ 98.4	$	$ 52.4	88	88 %	$	126.5	$	$ 88.7	43	43 %	$ 224.9	$	$	14	
Number of selling communities at January 31,																
Number of selling communities at January 31,																
Number of selling communities at January 31,	127	98	30 %													
Number of selling communities at April 30,																
Number of selling communities at April 30,																
Number of selling communities at April 30,																

The increase increases in the number of homes delivered in the fiscal 2024 period was periods were mainly due to an increase in spec homes delivered and higher backlog conversion, offset, in part, by a decrease in the number of homes in backlog at October 31, 2023, as compared to the number of homes in backlog at October 31, 2022. The increase increases in the average price of homes delivered in the fiscal 2024 period was periods were primarily due to sales price increases and a shift in the number of homes delivered to more expensive areas.

The increase increases in the number of net contracts signed in the fiscal 2024 period was periods were due principally to improved demand and an increase in the average number of selling communities. communities, offset, in part by lower demand. The increase increases in the average value of each contract signed in the fiscal 2024 period was periods were primarily due to a shift in the number of contracts signed to more expensive areas or product types and decreased sales incentives. types.

The increase increases in income before income taxes in the fiscal 2024 period was periods were principally due to higher earnings from increased revenues and lower home sales cost of revenues, as a percentage of home sale revenues, offset, in part, by higher SG&A costs. The decrease in home sales cost of revenues, as a percentage of home sales revenues, in the fiscal 2024 period was primarily due to a shift in product mix/areas to higher-margin areas, sales price increases and lower interest expense as a percentage of home sales revenues.

Mountain

	Three months ended January 31,									
	Three months ended January 31,									
	Three months ended January 31,									
	Three months ended April 30,				Six months ended April 30,					
	2024		2024		2023		Change	2024	2023	
Units Delivered and Revenues:										
Home sales revenues ($ in millions)										
Home sales revenues ($ in millions)										
Home sales revenues ($ in millions)	$453.4	$	$480.2	(6)	(6)%	$ 603.6	$	$674.2	(10)	(10) %	$1,056.9	$	$
Units delivered	Units delivered	485	548	548	(11)	(11)%	Units delivered	686	767	767	(11)	(11)%	1,171	1,315

Average delivered price ($ in thousands)	Average delivered price ($ in thousands)	$934.8	$	$876.3	7	7 %	Average delivered price ($ in thousands)	$ 879.8	$	$879.1	—	— %	$902.6	$	
Net Contracts Signed:															
Net Contracts Signed:															
Net Contracts Signed:															
Net contract value ($ in millions)															
Net contract value ($ in millions)															
Net contract value ($ in millions)		$498.9	$	$263.9	89	89 %	$ 814.6	$	$449.4	81	81 %	$1,313.4	$	$	
Net contracted units	Net contracted units	541	299	299	81	81 %	Net contracted units	944	529	529	78	78 %	1,485	828	
Average contracted price ($ in thousands)	Average contracted price ($ in thousands)	$922.2	$	$882.6	4	4 %	Average contracted price ($ in thousands)	$ 862.9	$	$849.5	2	2 %	$884.4	$	
Home sales cost of revenues as a percentage of home sale revenues															
Home sales cost of revenues as a percentage of home sale revenues															
Home sales cost of revenues as a percentage of home sale revenues															
Income before income taxes ($ in millions)															
Income before income taxes ($ in millions)															
Income before income taxes ($ in millions)		$ 80.2	$	$ 87.3	(8)	(8)%	$ 82.0	$	$133.9	(39)	(39) %	$ 162.1	$	$	
Number of selling communities at January 31,															
Number of selling communities at January 31,															
Number of selling communities at January 31,		124		103		20 %									
Number of selling communities at April 30,															
Number of selling communities at April 30,															
Number of selling communities at April 30,															

The decrease decreases in the number of homes delivered in the fiscal 2024 period was periods were mainly due to a decrease in the number of homes in backlog at October 31, 2023, as compared to the number of homes in backlog at October 31, 2022, partially offset by higher backlog conversion and an increase in spec homes delivered in the fiscal 2024 periods. The average price of homes delivered in the three-month fiscal 2024 period was essentially flat compared to the three-month fiscal 2023 period. The increase in the average price of homes delivered in the six-month fiscal 2024 period was primarily due to a shift in the number of contracts signed delivered to more expensive areas or product types and decreased sales incentives. types.

The increase increases in the number of net contracts signed in the fiscal 2024 period was periods were primarily due to improved demand and an increase in the number of selling communities. The increase increases in the average value of each contract signed in the fiscal 2024 period was periods were mainly due to a shift in the number of contracts signed to more expensive areas or product types and decreased sales incentives. types.

The decrease decreases in income before income taxes in the fiscal 2024 period was periods were due mainly to lower earnings from decreased revenues in the fiscal 2024 period periods and higher home sales cost of revenues, as a percentage of home sale revenues. The increase increases in home sales cost of revenues, as a percentage of home sales revenues, in the fiscal 2024 period was periods were primarily due to a shift in product mix/areas to lower-margin areas.

The fiscal 2024 periods were also impacted by higher inventory impairment charges, principally due to $24.9 million impairment charge associated with one master-planned community.

Pacific

Three months ended January 31, Three months ended January 31, Three months ended January 31,																
Three months ended April 30,								Six months ended April 30,								
	2024			2024				2023			Change		2024		2023	
Units Delivered and Revenues:																
Home sales revenues ($ in millions) Home sales revenues ($ in millions) Home sales revenues ($ in millions)		$ 409.0	$	$ 364.8	12	12 %	$	674.7	$	$605.9	11	11 %	$1,083.7	$		
Units delivered	Units delivered	245	266	266	(8)	(8)%	Units delivered	424	384	384	10	10 %	669			
Average delivered price ($ in thousands)	Average delivered price ($ in thousands)	$1,669.4	$	$1,371.3	22	22 %	Average delivered price ($ in thousands) $	1,591.2	$	$1,577.8	1	1 %	$1,619.9	$		
Net Contracts Signed: **Net Contracts Signed:** **Net Contracts Signed:**																
Net contract value ($ in millions) Net contract value ($ in millions) Net contract value ($ in millions)		$ 528.6	$	$ 282.6	87	87 %	$	608.6	$	$543.5	12	12 %	$1,137.1	$		
Net contracted units	Net contracted units	355	168	168	111	111 %	Net contracted units	417	343	343	22	22 %	772			
Average contracted price ($ in thousands)	Average contracted price ($ in thousands)	$1,488.9	$	$1,681.8	(11)	(11)%	Average contracted price ($ in thousands) $	1,459.4	$	$1,584.6	(8)	(8) %	$1,472.9	$		
Home sales cost of revenues as a percentage of home sale revenues **Home sales cost of revenues as a percentage of home sale revenues** **Home sales cost of revenues as a percentage of home sale revenues**																
Income before income taxes ($ in millions) **Income before income taxes ($ in millions)**																

Income before income taxes ($ in millions)	$	103.7	$	$	79.1	31	31 %	$	170.9	$	$157.5	9	9 %	$	274.5	$
Number of selling communities at January 31,																
Number of selling communities at January 31,																
Number of selling communities at January 31,	46		39		18 %											
Number of selling communities at April 30,																
Number of selling communities at April 30,																
Number of selling communities at April 30,																

The decrease increases in the number of homes delivered in the fiscal 2024 period was periods were mainly due to higher backlog conversion and an increase in spec homes delivered, offset, in part, by a lower number of homes in backlog at October 31, 2023, as compared to the number of homes in backlog at October 31, 2022, offset, . The average price of homes delivered in part, by a higher backlog conversion and an increase in spec homes delivered. the three-month fiscal 2024 period was essentially flat compared to the prior year period. The increase in the average price of homes delivered in the six-month fiscal 2024 period was primarily due to a shift in the number of homes delivered to more expensive areas and/or products and sales price increases.

The increase increases in the number of net contracts signed in the three-month fiscal 2024 period was periods were primarily due principally to improved demand, and an increase offset, in part, by a decrease in the number of selling communities. communities in the fiscal 2024 periods. The decrease decreases in the average value of each contract signed in the three-month fiscal 2024 period was periods were primarily due to a shift in the number of contracts signed to less expensive areas and/or product types. types, offset, in part, by decreased sales incentives.

The increase in income before income taxes in the three-month fiscal 2024 period was mainly due to higher earnings from increased revenues in the fiscal 2024 period and lower land impairment charges. We recognized a $2.2 million land impairment charge, included in land sales and other cost of revenues, during the three-month fiscal 2023 period in connection with a planned land sale. No similar charge was recognized in the fiscal 2024 period. These increases were offset, in part, by higher home sales cost of revenues, as a percentage of home sales revenues, and higher SG&A costs. The increase in home sales cost of revenues, as a percentage of home sales revenues, was primarily due to a shift in product mix/areas to lower-margin areas, offset, in part, by lower interest expense as a percentage of home sales revenues.

The increase in income before income taxes in the six-month fiscal 2024 period was mainly due to higher earnings from increased revenues, lower home sales cost of revenues, as a percentage of home sales revenues, offset, in part, by higher SG&A costs. and lower land impairment charges. The decrease in home sales cost of revenues, as a percentage of home sales revenues, in the fiscal 2024 period was primarily due to a shift in product mix/areas to higher-margin areas and lower interest expense as a percentage of home sales price increases. revenues. We recognized a $2.2 million land impairment charge, included in land sales and other cost of revenues, during the six-month fiscal 2023 period in connection with a planned land sale. No similar charge was recognized in the fiscal 2024 period. These increases were offset, in part, by higher SG&A costs.

Corporate and Other

In the three months ended January 31, 2024 April 30, 2024 and 2023, loss before income taxes was $53.6 million $35.5 million and $24.5 million $64.8 million, respectively. The increase decrease in the loss before income taxes in the fiscal 2024 period was principally due a $21.0 million gain in the fiscal 2024 period related to our share of the gain from a property sale by one of our Rental Property Joint Ventures, a $5.0 million gain recognized from an investment we held in a privately held company that sold substantially all of its assets to a third party during the period, a $4.4 million gain from a bulk sale of security monitoring accounts by our smart home technology business, an increase in interest income and higher earnings from our mortgage company operations primarily due to increased volume. These increases were offset, in part, by higher losses by various Rental Property Joint Ventures that are currently in the development or lease-up phase, losses incurred by two Home Building Joint Ventures, and higher operating losses incurred in our apartment living operations. In addition, we recognized a $2.5 million land impairment charge during the three-month fiscal 2023 period in connection with a planned land sale. No similar charge was recognized during the three-month fiscal 2024 period.

In the six months ended April 30, 2024 and 2023, loss before income taxes was $89.0 million and $89.4 million, respectively. The decrease in the loss before income taxes in the fiscal 2024 period was principally due a $21.0 million gain in the fiscal 2024 period related to our share of the gain from a property sale by one of our Rental Property Joint Ventures, a $5.0 million gain recognized from an investment we held in a privately held company that sold substantially all of its assets to a third party during the period, a $4.4 million gain from a bulk sale of security monitoring accounts by our smart home technology business, an increase in interest income and higher earnings from our mortgage company operations primarily due to increased volume. These increases were offset, in part, by $27.7 million of gains from litigation settlements - net, recognized in the fiscal 2023 period, which did not recur in the 2024 period, higher losses by various Rental Property Joint Ventures that are currently in the development or lease-up phase, losses incurred by two Home Building Joint Ventures, higher operating losses incurred in our apartment living operations and higher SG&A costs, offset, in part, by increased interest income. costs. The increase in SG&A costs in the fiscal 2024 period was primarily due to compensation and benefits benefit increases. In addition, we recognized a $2.5 million land impairment charge during the six-month fiscal 2023 period in connection with a planned land sale. No similar charge was recognized during the six-month fiscal 2024 period.

AVAILABLE INFORMATION

Our principal Internet address is www.tollbrothers.com, and our Investor Relations website is located at investors.tollbrothers.com. We make our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act available through our Investor Relations website, free of charge, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

We provide information about our business and financial performance, including our company overview, on our Investor Relations website. Additionally, we webcast our earnings calls and certain events we participate in with members of the investment community on our Investor Relations website. Corporate governance information, including our codes of ethics, corporate governance guidelines, and board committee charters, is also available on our Investor Relations website. The content of our websites is not incorporated by reference into this Quarterly Report on Form 10-Q or in any other report or document we file with the SEC, and any references to our websites are intended to be inactive textual references only.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk primarily due to fluctuations in interest rates. We utilize both fixed-rate and variable-rate debt. For fixed-rate debt, changes in interest rates generally affect the fair market value of the debt instrument, but not our earnings or cash flow. Conversely, for variable-rate debt, changes in interest rates generally do not impact the fair value of the debt instrument, but do affect our earnings and cash flow. We generally do not have the obligation to prepay fixed-rate debt before maturity, and, as a result, interest rate risk and changes in fair value should not have a significant impact on our fixed-rate debt until we are required or elect to refinance it.

The table below sets forth, at January 31, 2024 April 30, 2024, our debt obligations by scheduled maturity, weighted-average interest rates, and estimated fair value (amounts in thousands):

		Fixed-rate debt			Variable-rate debt *(a)*,*(b)*				Fixed-rate debt	
Fiscal year of maturity	Fiscal year of maturity	Amount		Weighted-average interest rate	Amount		Weighted-average interest rate	Fiscal year of maturity	Amount	
2024	2024	$ 104,978	5.34%	5.34%	$ 63,194	7.10%	7.10%	2024	$63,640	
2025	2025	163,789	5.61%	5.61%	127,541	7.08%	7.08%			
2026	2026	400,871	4.91%	4.91%	163,586	7.15%	7.15%			
2026										
2026		442,124		5.21%	101,562		6.20%			
2027	2027	470,572	4.84%	4.84%	60,938	6.20%	6.20%	2027	475,059	
2028										
Thereafter										
Thereafter										
Thereafter		462,612	3.75%	3.75%	487,500	6.20%	6.20%		462,328	3.76%
Bond discounts, premiums and deferred issuance costs - net										
Discounts, premiums and deferred issuance costs - net										
Total										
Total										
Total		$2,010,563	4.66%	4.66%	$713,194	6.28%	6.28%		$ 1,965,311	4.56%
Fair value at January 31, 2024		$1,960,137			$713,194					
Fair value at April 30, 2024		$1,877,264			$874,625					

(a) Based upon the amount of variable-rate debt outstanding at January 31, 2024 April 30, 2024, and holding the variable-rate debt balance constant, each 1% increase in interest rates would increase the interest incurred by us by approximately $7.1 million $8.7 million per year, without consideration of the Company's interest rate swap transactions.

(b) In November 2020, we entered into five interest rate swap transactions to hedge $400.0 million of the $650.0 million Term Loan Facility, which is included in the variable-rate debt column in the table above. The interest rate swaps effectively fix the interest cost on the $400.0 million at 0.369% plus the spread set forth in the pricing schedule in the Term Loan Facility through October 2025. The spread was 0.90% 1.15% as of January 31, 2024 April 30, 2024. These interest rate swaps were designated as cash flow hedges.

ITEM 4. CONTROLS AND PROCEDURES

Any controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected; however, our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives.

Our Chief Executive Officer and Chief Financial Officer, with the assistance of management, evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of the end of the period covered by this report (the "Evaluation Date"). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

There has not been any change in our internal control over financial reporting (as that term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during our quarter ended January 31, 2024 April 30, 2024, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are involved in various claims and litigation arising principally in the ordinary course of business. We believe that adequate provision for resolution of all current claims and pending litigation has been made and that the disposition of these matters will not have a material adverse effect on our results of operations and liquidity or on our financial condition.

ITEM 1A. RISK FACTORS

There have been no material changes in our risk factors as previously disclosed in Part I, Item 1A., "Risk Factors" in our 2023 Form 10-K.

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

Issuer Purchases of Equity Securities

During the three-month period ended January 31, 2024 April 30, 2024, we repurchased the following shares of our common stock:

Period	Total number of shares purchased *(a)*	Average price paid per share *(b)*	Total number of shares purchased as part of publicly announced plans or programs *(c)*	Maximum number of shares that may yet be purchased under the plans or programs *(c)*
				(in thousands)
November 1, 2023 to November 30, 2023	103	$ 70.23	103	6,716
December 1, 2023 to December 31, 2023	411	$ 89.32	411	20,000
January 1, 2024 to January 31, 2024	114	$ 103.12	114	20,000
Total	628		628	

Period	Total number of shares purchased *(a)*	Average price paid per share *(b)*	Total number of shares purchased as part of publicly announced plans or programs *(c)*	Maximum number of shares that may yet be purchased under the plans or programs *(c)*
				(in thousands)
February 1, 2024 to February 29, 2024	215	$ 112.07	215	19,785
March 1, 2024 to March 31, 2024	660	$ 121.85	660	19,125
April 1, 2024 to April 30, 2024	627	$ 120.41	627	18,498
Total	1,502		1,502	

(a) Our stock incentive plans permit us to withhold from the total number of shares that otherwise would be issued to a performance based restricted stock unit recipient or a restricted stock unit recipient upon distribution that number of shares having a fair value at the time of distribution equal to the applicable income tax withholdings due and remit the remaining shares to the recipient. During the three months ended January 31, 2024 April 30, 2024, we withheld 165,113 234 of the shares subject to performance based restricted stock units and/or restricted stock units to cover approximately $15.0 million $25,000 of income tax withholdings and we issued the remaining 335,983 657 shares to the recipients. The shares withheld are not included in the total number of shares purchased in the table above.

Our stock incentive plans also permit participants to exercise non-qualified stock options using a "net exercise" method. In a net exercise, we generally withhold from the total number of shares that otherwise would be issued to the participant upon exercise of the stock option that number of shares having a fair market value at the time of exercise equal to the option exercise price and applicable income tax withholdings, and remit the remaining shares to the participant. During the three-month period ended January 31, 2024 April 30, 2024, the net exercise method was not employed to exercise options.

(b) Average price paid per share includes costs associated with the purchases, but excludes any excise tax that we accrue on our share repurchases as a result of the Inflation Reduction Act of 2022.

(c) On December 13, 2023, our Board of Directors authorized the repurchase of 20 million shares of our common stock in open market transactions, privately negotiated transactions (including accelerated share repurchases), issuer tender offers or other financial arrangements or transactions for general corporate purposes, including to obtain shares for the Company's equity award and other employee benefit plans. This authorization terminated, effective December 13, 2023, the existing authorization that had been in effect since May 17, 2022. Our Board of Directors did not fix any expiration date for the current share repurchase program.

Except as set forth above, we have not repurchased any of our equity securities during the three-month period ended January 31, April 30, 2024.

Dividends

During the three six months ended January 31, 2024 April 30, 2024, we paid cash dividends of $0.21 $0.44 per share to our shareholders. The payment of dividends is within the discretion of our Board of Directors and any decision to pay dividends in the future will depend upon an evaluation of a number of factors, including our results of operations, our capital requirements, our operating and financial condition, and any contractual limitations then in effect. Our revolving credit agreement and term loan agreement each require us to maintain a minimum tangible net worth (as defined in the applicable agreement), which restricts the amount of dividends we may pay. At January 31, 2024 April 30, 2024, under our bank credit agreements, we could have paid up to approximately $2.89 billion $3.15 billion of cash dividends.

ITEM 5. OTHER INFORMATION

Securities Trading Plans of Directors and Executive Officers

During the period covered by this Quarterly Report on Form 10-Q, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

4.1*	Thirty-Second Supplemental Indenture dated as of April 30, 2024 to the Indenture dated as of February 7, 2012 by and among the party listed on Schedule A hereto and The Bank of New York Mellon, as successor trustee
31.1*	Certification of Douglas C. Yearley, Jr. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Martin P. Connor pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Douglas C. Yearley, Jr. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Martin P. Connor pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following financial statements from Toll Brothers, Inc. Quarterly Report on Form 10-Q for the quarter ended January 31, 2024 April 30, 2024, filed on March 1, 2024 May 31, 2024, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations and Comprehensive Income, (iii) Condensed Consolidated Statements of Changes in Equity, (iv) Condensed Consolidated Statements of Cash Flows, and (v) the Notes to Condensed Consolidated Financial Statements
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

* Filed electronically herewith.

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.

TOLL BROTHERS, INC.
(Registrant)

Date: March 1, May 31, 2024

By: /s/ Martin P. Connor
Martin P. Connor
Senior Vice President and Chief Financial Officer (Principal Financial Officer)

Date: March 1, May 31, 2024

By: /s/ Michael J. Grubb
Michael J. Grubb
Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)

Exhibit 4.1

THIS THIRTY-SECOND SUPPLEMENTAL INDENTURE, dated as of April 30, 2024, by and among TOLL BROTHERS FINANCE CORP. (the "Issuer"), the party listed on Schedule A hereto (the "Additional Guarantor") and THE BANK OF NEW YORK MELLON, as trustee (the "Trustee"). Capitalized terms used in this Thirty-Second Supplemental Indenture and not otherwise defined herein (including terms used on Exhibit A attached hereto) shall have the meanings ascribed to them in the Indenture, dated as of February 7, 2012, by and among the Issuer, Toll Brothers, Inc., as Guarantor, the other Guarantors identified therein and the Trustee (as more fully described on Exhibit A attached hereto).

RECITALS

WHEREAS, Section 4.04 of the Indenture provides that if in accordance with the provisions of the Revolving Credit Facility the Company adds, or causes to be added, any Subsidiary that was not a Guarantor at the time of execution of the Original Indenture as a guarantor under the Revolving Credit Facility, such Subsidiary shall contemporaneously become a Guarantor under the Indenture;

WHEREAS, desiring to become a Guarantor under the Indenture, the Additional Guarantor is executing and delivering this Thirty-Second Supplemental Indenture; and

WHEREAS, the consent of Holders to the execution and delivery of this Thirty-Second Supplemental Indenture is not required, and all other actions required to be taken under the Indenture with respect to this Thirty-Second Supplemental Indenture have been taken.

NOW, THEREFORE IT IS AGREED:

Section 1. **Joinder.** The Additional Guarantor agrees that by its entering into this Thirty-Second Supplemental Indenture, it hereby unconditionally guarantees all of the Issuer's obligations under (i) the 4.875% Senior Notes due November 15, 2025, (ii) the 4.875% Senior Notes due March 15, 2027, (iii) the 4.350% Senior Notes due February 15, 2028; (iv) the 3.800% Senior Notes due November 1, 2029; (v) any other Securities of any Series that has the benefit of Guarantees of other Subsidiaries of the Company, and (vi) the Indenture (as it relates to all such Series) on the terms set forth in the Indenture, as if the Additional Guarantor was a party to the Original Indenture.

Section 2. **Ratification of Indenture**. This Thirty-Second Supplemental Indenture is executed and shall be construed as an indenture supplemental to the Indenture, and as supplemented and modified hereby, the Indenture is in all respects ratified and confirmed, and the Indenture and this Thirty-Second Supplemental Indenture shall be read, taken and construed as one and the same instrument.

Section 3. **Effect of Headings**. The Section headings herein are for convenience only and shall not affect the construction hereof.

Section 4. **Successors and Assigns**. All covenants and agreements in this Thirty-Second Supplemental Indenture by the Additional Guarantor shall bind the Additional Guarantor's successors and assigns, whether so expressed or not.

Section 5. **Separability Clause**. In case any one or more of the provisions contained in this Thirty-Second Supplemental Indenture shall for any reason be held to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6. **Governing Law**. This Thirty-Second Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York. This Thirty-Second Supplemental Indenture is subject to the provisions of the TIA that are required to be part of this Thirty-Second Supplemental Indenture and shall, to the extent applicable, be governed by such provisions.

Section 7. **Counterparts**. This Thirty-Second Supplemental Indenture may be executed in any number of counterparts, and each of such counterparts shall for all purposes be deemed to be an original, but all such counterparts shall together constitute one and the same instrument. Facsimile, PDF and electronic signatures shall be deemed originals for the purposes of this instrument.

Section 8. **Role of Trustee**. The recitals contained herein shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Thirty-Second Supplemental Indenture.

IN WITNESS WHEREOF, the parties hereto have caused this Thirty-Second Supplemental Indenture to be duly executed as of the date first above written.

TOLL BROTHERS FINANCE CORP., as Issuer

By: /s/ Michael J. Grubb
Name: Michael J. Grubb
Title: Senior Vice President

THE ADDITIONAL GUARANTOR NAMED ON
SCHEDULE A HERETO, as Guarantor

By: /s/ Michael J. Grubb
Name: Michael J. Grubb
Title: Designated Officer

THE BANK OF NEW YORK MELLON,
as Trustee

By: /s/ Stacey B. Poindexter
Name: Stacey B. Poindexter
Title: Vice President

[SIGNATURE PAGE TO THIRTY-SECOND SUPPLEMENTAL INDENTURE
TO INDENTURE DATED AS OF APRIL 30, 2024]

SCHEDULE A

Additional Guarantor as of April 30, 2024

Toll Moonlite LLC, a California limited liability company

EXHIBIT A

For purposes of this Thirty-Second Supplemental Indenture, the term "Indenture" shall mean that certain Indenture, dated as of February 7, 2012 (the "Original Indenture") by and among Toll Brothers Finance Corp., Toll Brothers, Inc. as Guarantor, the other Guarantors identified therein and the Trustee, as supplemented by: (i) the Authorizing Resolutions, related to the issuance of $300,000,000 aggregate principal amount of 5.875% Senior Notes due 2022 (the "5.875% Senior Notes") by Toll Brothers Finance Corp. (the "Issuer") and the issuance of related guarantees by Toll Brothers, Inc. (the "Company") and the other Guarantors, attached as Exhibit A to the Joint Action of the Persons Authorized to Act on Behalf of Each of Toll Brothers Finance Corp., Toll Brothers, Inc. and Each of the Entities listed on Schedule I thereto dated as of January 31, 2012; (ii) the issuance of $119,876,000 aggregate principal amount of 5.875% Senior Notes issued by the Issuer and the issuance of related guarantees by the Company and the other Guarantors in an exchange for a portion of the Issuer's outstanding 6.875% Senior Notes due 2012 and 5.95% Senior Notes due 2013; (iii) the First Supplemental Indenture dated as of April 27, 2012 (the "First Supplemental Indenture"), by and among the parties listed on Schedule A thereto (who, pursuant to such First Supplemental Indenture, affirmed their obligation as Guarantors) and the Trustee; (iv) the Authorizing Resolutions relating to the $300,000,000 principal amount of 4.375% Senior Notes due 2023 of the Issuer and the issuance of related guarantees by the Company and the other Guarantors, attached as Exhibit A to the Joint Action of the Persons Authorized to Act on Behalf of Each of Toll Brothers Finance Corp., Toll Brothers, Inc. and Each of the Entities listed on Schedule I thereto dated as of April 3, 2013; (v) the Second Supplemental Indenture dated as of April 29, 2013 (the "Second Supplemental Indenture"), by and among the parties listed on Schedule A thereto (who, pursuant to such Second Supplemental Indenture, affirmed their obligation as Guarantors) and the Trustee; (vi) the Authorizing Resolutions relating to the $100,000,000 principal amount of 4.375% Senior Notes due 2023 of the Issuer and the issuance of related guarantees by the Company and the other Guarantors, attached as Exhibit A to the Joint Action of the Persons Authorized to Act on Behalf of Each of Toll Brothers Finance Corp., Toll Brothers, Inc. and Each of the Entities listed on Schedule I thereto dated as of May 8, 2013; (vii) the Authorizing Resolutions relating to the $350,000,000 principal amount of 4.000% Senior Notes due 2018 of the Issuer and the issuance of related guarantees by the Company and the other Guarantors, attached as Exhibit A to the Joint Action of the Persons Authorized to Act on Behalf of Each of Toll Brothers Finance Corp., Toll Brothers, Inc. and Each of the Entities listed on Schedule I thereto dated as of November 21, 2013; (viii) the Authorizing Resolutions, dated as of November 21, 2013, relating to the $250,000,000 principal amount of 5.625% Senior Notes due 2024 of the Issuer and the issuance of related guarantees by the Company and the other Guarantors, attached as Exhibit A to the Joint Action of the Persons Authorized to Act on Behalf of Each of Toll Brothers Finance Corp., Toll Brothers, Inc. and Each of the Entities listed on Schedule I thereto dated as of November 21, 2013; (ix) the Third Supplemental Indenture dated as of April 30, 2014 (the "Third Supplemental Indenture"), by and among the parties listed on Schedule A thereto (who, pursuant to such Third Supplemental Indenture, affirmed their obligation as Guarantors) and the Trustee; (x) the Fourth Supplemental Indenture dated as of July 31, 2014 (the "Fourth Supplemental Indenture"), by and among the parties listed on Schedule A thereto (who, pursuant to such Fourth Supplemental Indenture, affirmed their obligation as Guarantors) and the Trustee; (xi) the Fifth Supplemental Indenture dated as of October 31, 2014 (the "Fifth Supplemental Indenture"), by and among the parties listed on Schedule A thereto (who, pursuant to such Fifth Supplemental Indenture, affirmed their obligation as Guarantors) and the Trustee; (xii) the Sixth Supplemental Indenture dated as of January 30, 2015 (the "Sixth Supplemental Indenture"), by and among the parties listed on Schedule A thereto (who, pursuant to such Sixth Supplemental Indenture, affirmed their obligation as Guarantors) and the Trustee; (xiii) the Seventh Supplemental Indenture dated as of April 30, 2015 (the "Seventh Supplemental Indenture"), by and among the parties listed on Schedule A thereto (who, pursuant to such Seventh Supplemental Indenture, affirmed their obligation as Guarantors) and the Trustee; (xiv) the Eighth Supplemental Indenture dated as of October 30, 2015 (the "Eighth Supplemental Indenture"), by and among the parties listed on Schedule A thereto (who, pursuant to such Eighth Supplemental Indenture, affirmed their obligation as Guarantors)

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and the Trustee; (xv) the Authorizing Resolutions, dated as of October 30, 2015, relating to the $350,000,000 principal amount of 4.875% Senior Notes due 2025 of the Issuer and the issuance of related guarantees by the Company and the other Guarantors, attached as Exhibit A to the Joint Action of the Persons Authorized to Act on Behalf of Each of Toll Brothers Finance Corp., Toll Brothers, Inc. and Each of the Entities listed on Schedule I thereto dated as of October 30, 2015; and (xvi) the Ninth Supplemental Indenture dated as of January 29, 2016 (the "Ninth Supplemental Indenture"), by and between the party listed on Schedule A thereto (who, pursuant to such Ninth Supplemental Indenture, affirmed its obligation as a Guarantor) and the Trustee; (xvii) the Tenth Supplemental Indenture dated as of April 29, 2016 (the "Tenth Supplemental Indenture"), by and among the parties listed on Schedule A thereto (who, pursuant to such Tenth Supplemental Indenture, affirmed their obligations as Guarantors) and the Trustee; (xviii) the Eleventh Supplemental Indenture dated as of October 31, 2016 (the "Eleventh Supplemental Indenture"), by and among the Issuer, the parties listed on Schedule A thereto (who, pursuant to such Eleventh Supplemental Indenture, affirmed their obligations as Guarantors) and the Trustee; (xix) the Twelfth Supplemental Indenture dated as of October 31, 2016 (the "Twelfth Supplemental Indenture"), by and among the parties listed on Schedule A thereto (who, pursuant to such Twelfth Supplemental Indenture, affirmed their obligations as Guarantors) and the Trustee; (xx) the Thirteenth Supplemental Indenture dated as of January 31, 2017 (the "Thirteenth Supplemental Indenture"), by and among the parties listed on Schedule A thereto (who, pursuant to such Thirteenth Supplemental Indenture, affirmed their obligations as Guarantors) and the Trustee; (xxi) the Authorizing Resolutions relating to the $300,000,000 aggregate principal amount of 4.875% Senior Notes due 2027 of the Issuer and the issuance of related guarantees by the Company and the other Guarantors, attached as Exhibit A to the Joint Action of the Persons Authorized to Act on Behalf of Each of Toll Brothers Finance Corp., Toll Brothers, Inc. and Each of the Entities Listed on Schedule I thereto dated as of March 10, 2017; (xxii) the Fourteenth Supplemental Indenture dated as of April 28, 2017 (the "Fourteenth Supplemental Indenture"), by and among the Issuer, the party listed on Schedule A thereto (who, pursuant to such Fourteenth Supplemental Indenture, affirmed its obligations as a Guarantor) and the Trustee; (xxiii) the Authorizing Resolutions relating to the add-on offering of $150,000,000 aggregate principal amount of 4.875% Senior Notes due 2027 of the Issuer and the issuance of the related guarantees by the Company and the other Guarantors, attached as Exhibit A to the Joint Action of the Persons Authorized to Act on Behalf of Each of Toll Brothers Finance Corp., Toll Brothers, Inc. and Each of the Entities Listed on Schedule I thereto dated as of June 12, 2017; (xxiv) the Fifteenth Supplemental Indenture, dated as of July 31, 2017 (the "Fifteenth Supplemental Indenture"), by and among the Issuer, the parties listed on Schedule A thereto (who, pursuant to such Fifteenth Supplemental Indenture, affirmed their obligations as Guarantors) and the Trustee; (xxv) the Sixteenth Supplemental Indenture, dated as of October 31, 2017 (the "Sixteenth Supplemental Indenture"), by and among the Issuer, the parties listed on Schedule A thereto (who, pursuant to such Sixteenth Supplemental Indenture, affirmed their obligations as Guarantors) and the Trustee; (xxvi) the Seventeenth Supplemental Indenture dated as of October 31, 2017 (the "Seventeenth Supplemental Indenture"), by and among the Issuer, the parties listed on Schedule A thereto (who, pursuant to such Seventeenth Supplemental Indenture, affirmed their obligations as Guarantors) and the Trustee; (xxvii) the Authorizing Resolutions related to the issuance of $400,000,000 aggregate principal amount of 4.350% Senior Notes due 2028 by the Issuer and the issuance of related guarantees by the Company and the other Guarantors attached as Exhibit A to the Joint Action of the Persons Authorized to Act on Behalf of Each of Toll Brothers Finance Corp., Toll Brothers, Inc. and Each of the Entities listed on Schedule I thereto dated as of January 22, 2018; (xxviii) the Eighteenth Supplemental Indenture dated as of April 13, 2018 (the "Eighteenth Supplemental Indenture"), by and among the Issuer, the parties listed on Schedule A thereto (who, pursuant to such Eighteenth Supplemental Indenture, affirmed their obligations as Guarantors) and the Trustee; (xxix) the Nineteenth Supplemental Indenture dated as of April 30, 2018 (the "Nineteenth Supplemental Indenture"), by and among the Issuer, the party listed on Schedule A thereto (who, pursuant to such Nineteenth Supplemental Indenture, affirmed its obligations as Guarantor) and the Trustee; (xxx) the Twentieth Supplemental Indenture dated as of October 31, 2018 (the "Twentieth Supplemental Indenture"), by and among the Issuer, the parties listed on Schedule A thereto (who, pursuant to such Twentieth Supplemental Indenture, affirmed their obligations as

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Guarantors) and the Trustee; (xxxi) the Twenty-First Supplemental Indenture dated as of January 31, 2019 (the "Twenty-First Supplemental Indenture"), by and among the Issuer, the parties listed on Schedule A thereto (who, pursuant to such Twenty-First Supplemental Indenture, affirmed their obligations as Guarantors) and the Trustee; (xxxii) the Authorizing Resolutions related to the issuance of $400,000,000 aggregate principal amount of 3.800% Senior Notes due 2029 by the Issuer and the issuance of related guarantees by the Company and the other Guarantors attached as Exhibit A to the Joint Action of Persons Authorized to Act on Behalf of Each of Toll Brothers Finance Corp., Toll Brothers, Inc. and Each of the Entities listed on Schedule I thereto dated as of September 12, 2019; (xxxiii) the Twenty-Second Supplemental Indenture dated as of October 30, 2019 (the "Twenty-Second Supplemental Indenture"), by and among the Issuer, the parties listed on Schedule A thereto (who, pursuant to such Twenty-Second Supplemental Indenture, affirmed their obligations as Guarantors) and the Trustee; (xxxiv) the Twenty-Third Supplemental Indenture dated as of October 30, 2019 (the "Twenty-Third Supplemental Indenture"), by and among the Issuer, the parties listed on Schedule A thereto (who, pursuant to such Twenty-Third Supplemental Indenture, affirmed their obligations as Guarantors) and the Trustee; (xxxv) the Twenty-Fourth Supplemental Indenture dated as of April 30, 2020 (the "Twenty-Fourth Supplemental Indenture"), by and among the Issuer, the party listed on Schedule A thereto (who, pursuant to such Twenty-Fourth Supplemental Indenture, affirmed its obligations as Guarantor) and the Trustee; (xxxvi) the Twenty-Fifth Supplemental Indenture dated as of October 30, 2020 (the "Twenty-Fifth Supplemental Indenture"), by and among the Issuer, the parties listed on Schedule A thereto (who, pursuant to such Twenty-Fifth Supplemental Indenture, affirmed their obligations as Guarantors) and the Trustee; (xxxvii) the Twenty-Sixth Supplemental Indenture dated as of April 30, 2021 (the "Twenty-Sixth Supplemental Indenture"), by and among the Issuer, the party listed on Schedule A thereto (who, pursuant to such Twenty-Sixth Supplemental Indenture, affirmed its obligations as Guarantor) and the Trustee; (xxxviii) the Twenty-Seventh Supplemental Indenture dated as of July

29, 2022 (the "Twenty-Seventh Supplemental Indenture"), by and among the Issuer, the party listed on Schedule A thereto (who, pursuant to such Twenty-Seventh Supplemental Indenture, affirmed its obligations as Guarantor) and the Trustee; (xxxix) the Twenty-Eighth Supplemental Indenture dated as of October 31, 2022 (the "Twenty-Eighth Supplemental Indenture"), by and among the Issuer, the party listed on Schedule A thereto (who, pursuant to such Twenty-Eighth Supplemental Indenture, affirmed its obligations as Guarantor) and the Trustee; (xl) the Twenty-Ninth Supplemental Indenture dated as of January 31, 2023 (the "Twenty-Ninth Supplemental Indenture"), by and among the Issuer, the party listed on Schedule A thereto (who, pursuant to such Twenty-Ninth Supplemental Indenture, affirmed its obligations as Guarantor) and the Trustee; (xli) the Thirtieth Supplemental Indenture dated as of July 31, 2023 (the "Thirtieth Supplemental Indenture"), by and among the Issuer, the party listed on Schedule A thereto (who, pursuant to such Thirtieth Supplemental Indenture, affirmed its obligations as Guarantor) and the Trustee; (xlii) the Thirty-First Supplemental Indenture dated October 31, 2023 (the "Thirty-First Supplemental Indenture"), by and among the Issuer, the party listed on Schedule A thereto (who, pursuant to such Thirty-First Supplemental Indenture, affirmed its obligations as Guarantor) and the Trustee; and as may be further supplemented (including by this Thirty-Second Supplemental Indenture) and/or amended.

Exhibit 31.1

CERTIFICATION

I, Douglas C. Yearley Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Toll Brothers, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (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.

Signed: /s/ Douglas C. Yearley, Jr.
Name: Douglas C. Yearley, Jr.
Title: Chief Executive Officer

Date: March 1, 2024 May 31, 2024

Exhibit 31.2

CERTIFICATION

I, Martin P. Connor, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Toll Brothers, Inc.;

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

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

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

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

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

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

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (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.

Signed: /s/ Martin P. Connor

Name: Martin P. Connor
Title: Chief Financial Officer

Date: March 1, 2024 May 31, 2024

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Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Toll Brothers, Inc. (the "Company") for the quarter ended January 31, 2024 April 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Douglas C. Yearley Jr., 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:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Douglas C. Yearley Jr.

Name: Douglas C. Yearley, Jr.
Title: Chief Executive Officer

Date: March 1, 2024 May 31, 2024

Exhibit 32.2

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

In connection with the Quarterly Report on Form 10-Q of Toll Brothers, Inc. (the "Company") for the quarter ended January 31, 2024 April 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Martin P. Connor, 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:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Martin P. Connor

Name: Martin P. Connor

Title: Chief Financial Officer

Date: March 1, 2024 May 31, 2024

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.