

Hovnanian
Enterprises, Inc.



Sidoti Small Cap Conference

Forward-Looking Statements

All statements in this presentation that are not historical facts should be considered as “Forward-Looking Statements” within the meaning of the “Safe Harbor” provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such forward-looking statements include but are not limited to statements related to the Company’s goals and expectations with respect to its financial results for future financial periods and statements regarding demand for homes, mortgage rates, inflation, supply chain issues, customer incentives and underlying factors. Although we believe that our plans, intentions and expectations reflected in, or suggested by, such forward-looking statements are reasonable, we can give no assurance that such plans, intentions or expectations will be achieved. By their nature, forward-looking statements: (i) speak only as of the date they are made, (ii) are not guarantees of future performance or results and (iii) are subject to risks, uncertainties and assumptions that are difficult to predict or quantify. Therefore, actual results could differ materially and adversely from those forward-looking statements as a result of a variety of factors. Such risks, uncertainties and other factors include, but are not limited to, (1) changes in general and local economic, industry and business conditions and impacts of a significant homebuilding downturn; (2) shortages in, and price fluctuations of, raw materials and labor, including due to geopolitical events, changes in trade policies, including the imposition of tariffs and duties on homebuilding materials and products and related trade disputes with and retaliatory measures taken by other countries; (3) fluctuations in interest rates and the availability of mortgage financing, including as a result of instability in the banking sector; (4) adverse weather and other environmental conditions and natural disasters; (5) the seasonality of the Company’s business; (6) the availability and cost of suitable land and improved lots and sufficient liquidity to invest in such land and lots; (7) reliance on, and the performance of, subcontractors; (8) regional and local economic factors, including dependency on certain sectors of the economy, and employment levels affecting home prices and sales activity in the markets where the Company builds homes; (9) increases in cancellations of agreements of sale; (10) increases in inflation; (11) changes in tax laws affecting the after-tax costs of owning a home; (12) legal claims brought against us and not resolved in our favor, such as product liability litigation, warranty claims and claims made by mortgage investors; (13) levels of competition; (14) utility shortages and outages or rate fluctuations; (15) information technology failures and data security breaches; (16) negative publicity; (17) high leverage and restrictions on the Company’s operations and activities imposed by the agreements governing the Company’s outstanding indebtedness; (18) availability and terms of financing to the Company; (19) the Company’s sources of liquidity; (20) changes in credit ratings; (21) government regulation, including regulations concerning development of land, the home building, sales and customer financing processes, tax laws and the environment; (22) operations through unconsolidated joint ventures with third parties; (23) significant influence of the Company’s controlling stockholders; (24) availability of net operating loss carryforwards; (25) loss of key management personnel or failure to attract qualified personnel; (26) public health issues such as major epidemic or pandemic; and (27) certain risks, uncertainties and other factors described in detail in the Company’s Annual Report on Form 10-K for the fiscal year ended October 31, 2023 and the Company’s Quarterly Reports on Form 10-Q for the quarterly periods during fiscal 2024 and subsequent filings with the Securities and Exchange Commission. Except as otherwise required by applicable securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason.

NON-GAAP FINANCIAL MEASURES:

Consolidated earnings before interest expense and income taxes ("EBIT") and before depreciation and amortization ("EBITDA") and before inventory impairments and land option write-offs and gain on extinguishment of debt, net ("Adjusted EBITDA") are not U.S. generally accepted accounting principles ("GAAP") financial measures. The most directly comparable GAAP financial measure is net income. The reconciliation for historical periods of EBIT, EBITDA and Adjusted EBITDA to net income is presented in a table attached to this presentation.

Homebuilding gross margin, before cost of sales interest expense and land charges, and homebuilding gross margin percentage, before cost of sales interest expense and land charges, are non-GAAP financial measures. The most directly comparable GAAP financial measures are homebuilding gross margin and homebuilding gross margin percentage, respectively. The reconciliation for historical periods of homebuilding gross margin, before cost of sales interest expense and land charges, and homebuilding gross margin percentage, before cost of sales interest expense and land charges, to homebuilding gross margin and homebuilding gross margin percentage, respectively, is presented in a table attached to this presentation.

Adjusted income before income taxes, which is defined as income before income taxes excluding land-related charges and gain on extinguishment of debt, net is a non-GAAP financial measure. The most directly comparable GAAP financial measure is income before income taxes. The reconciliation for historical periods of adjusted income before income taxes to income before income taxes is presented in a table attached to this presentation.

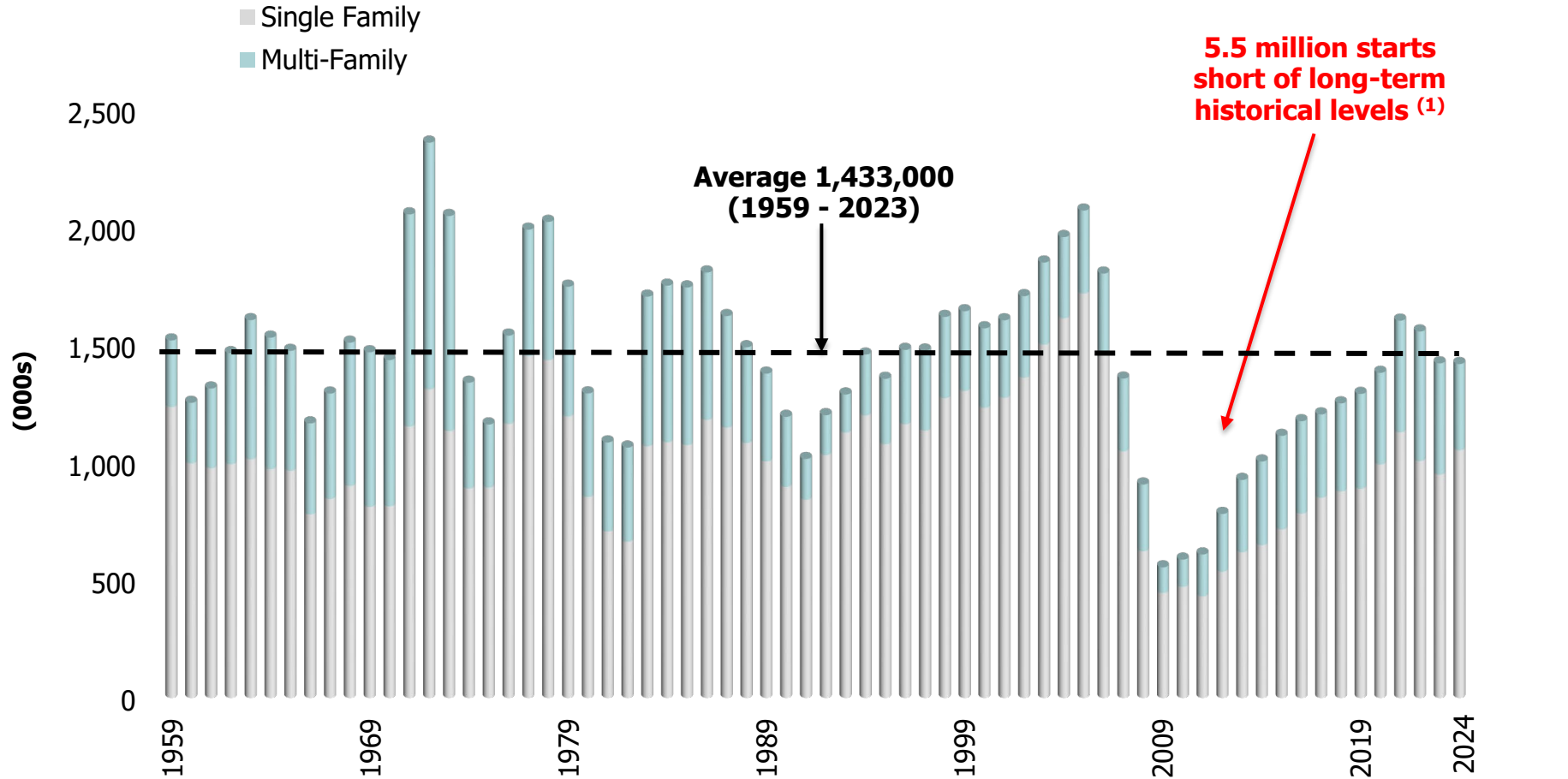
Total liquidity is comprised of \$182.0 million of cash and cash equivalents, \$3.7 million of restricted cash required to collateralize letters of credit and \$125.0 million availability under the senior secured revolving credit facility as of April 30, 2024.



US Housing Market

Recent shortfall in U.S. housing production

(For Sale and Rental)



US Population	1960	1970	1980	1990	2000	2010	2020	Population Greater
<i>In millions</i>	179.3	203.2	226.5	248.7	281.4	308.7	331.4	←

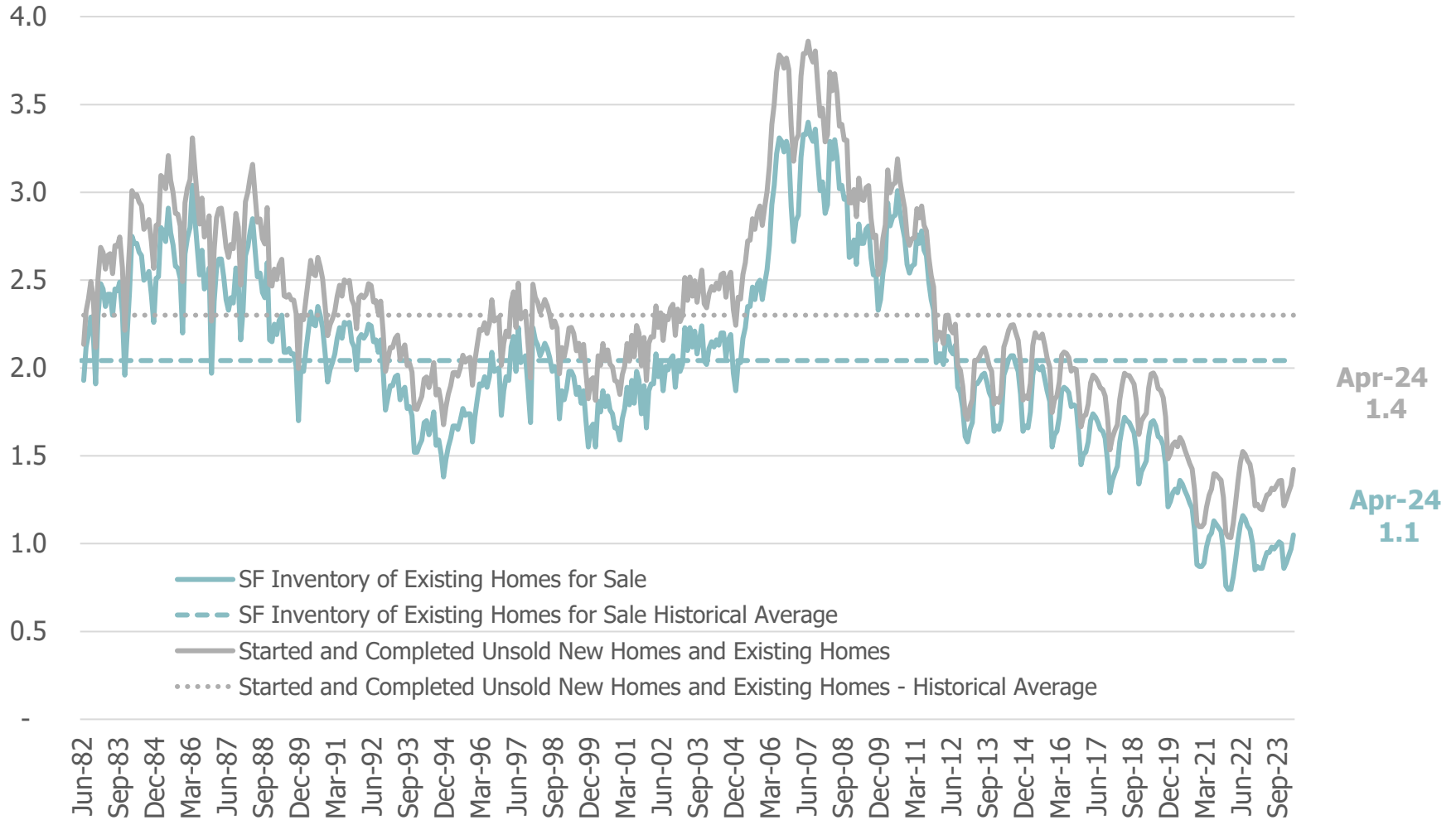
Source: U.S. Census Bureau.

Note: 2024 data is April 2024 year-to-date seasonally adjusted annual rate.

(1) Wall Street Journal article from June 16, 2021 referencing a new National Association of Realtors report.

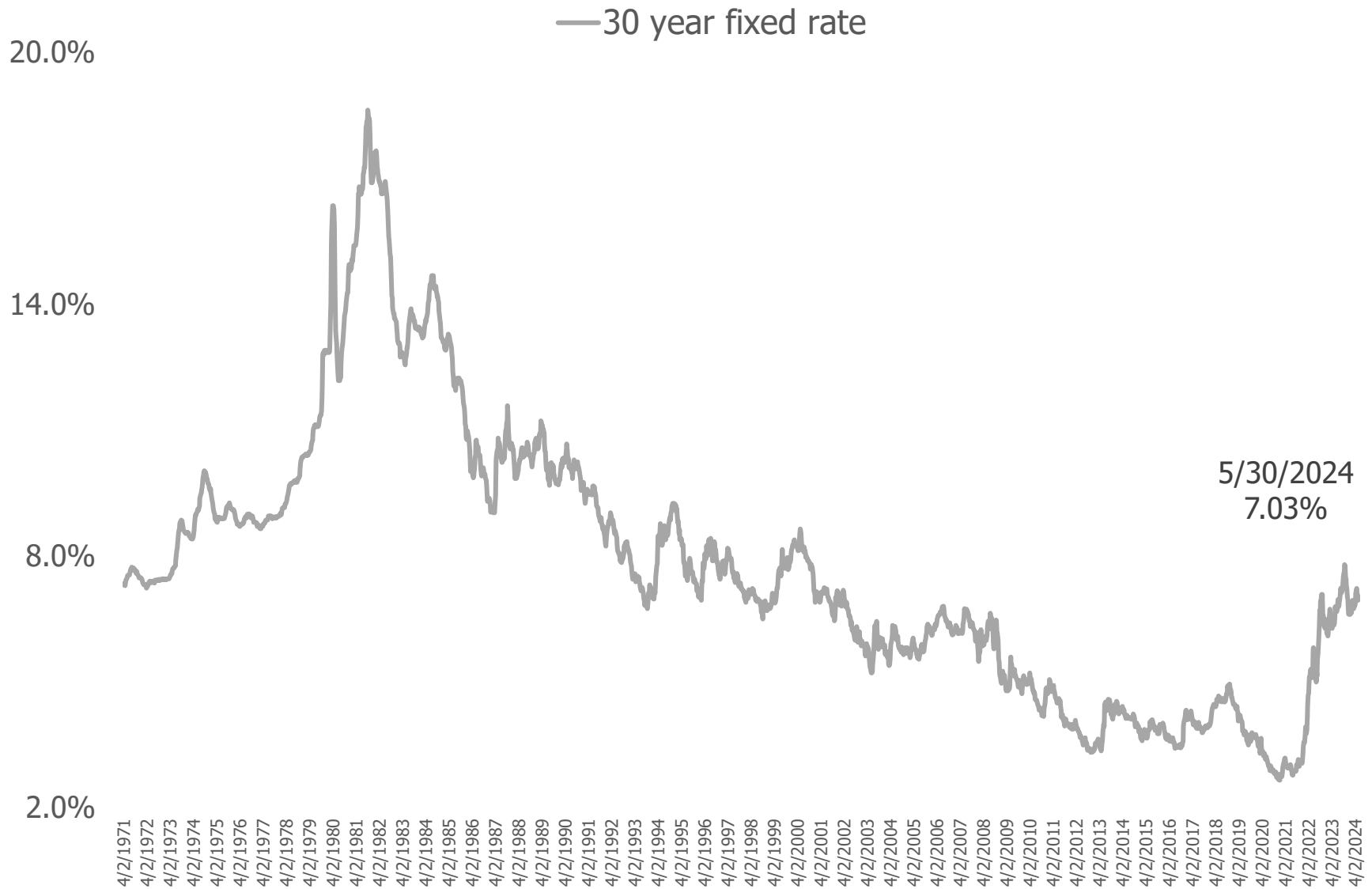
Historically Low Supply of Homes for Sale

Homes in
millions



Source: National Association of Realtors.

Mortgage Rates – Long Term Perspective



Source: Freddie Mac.

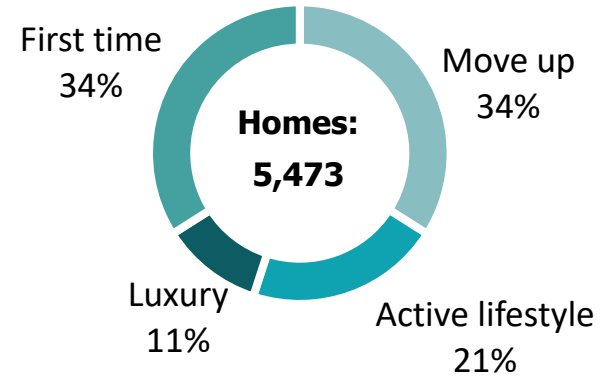


Recent operating and financial performance

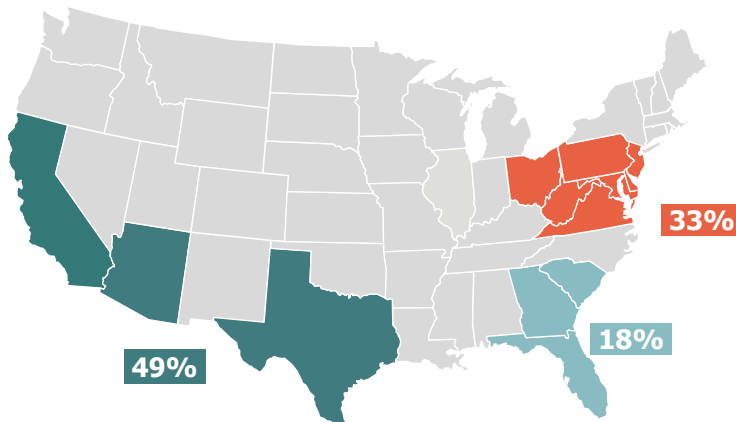
Hovnanian Enterprises at a Glance

- Among the top 20 homebuilders in the United States in both homebuilding revenues and home deliveries⁽²⁾
- Markets and builds homes across the product and buyer spectrum, with a first-time and move-up focus

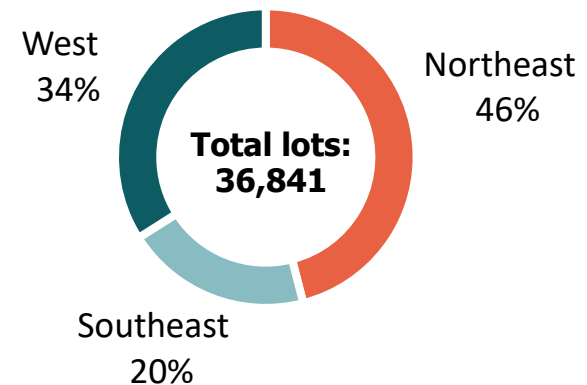
Home deliveries by product⁽¹⁾ (Year ended October 31, 2023)



Homebuilding revenues by region (TTM ended April 30, 2024)



Lots controlled by region⁽³⁾ (As of April 30, 2024)



(1) Includes unconsolidated joint ventures deliveries.

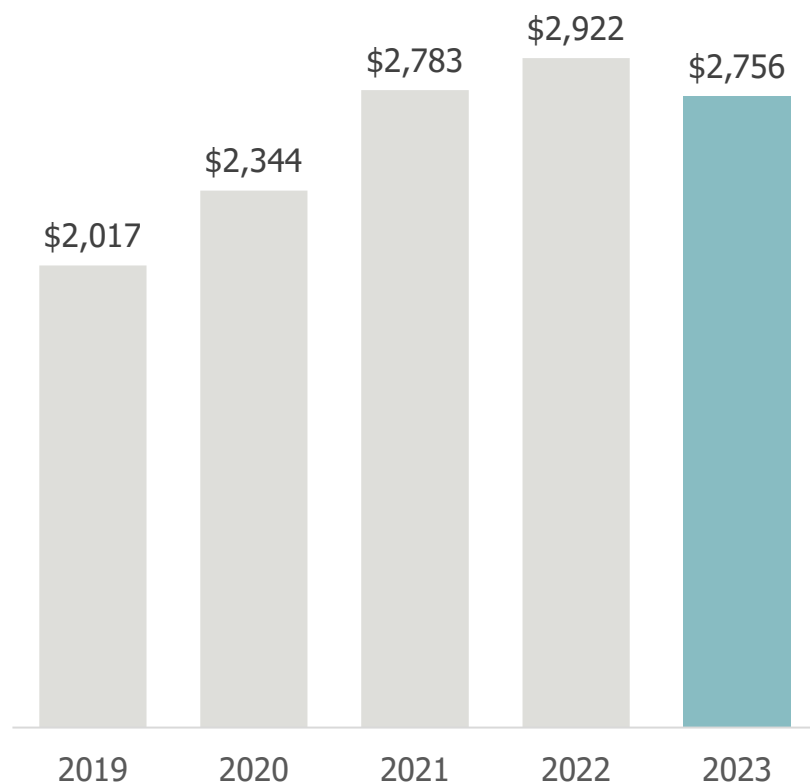
(2) Company SEC filings and press release of 05/22/24.

(3) Excludes unconsolidated joint ventures.

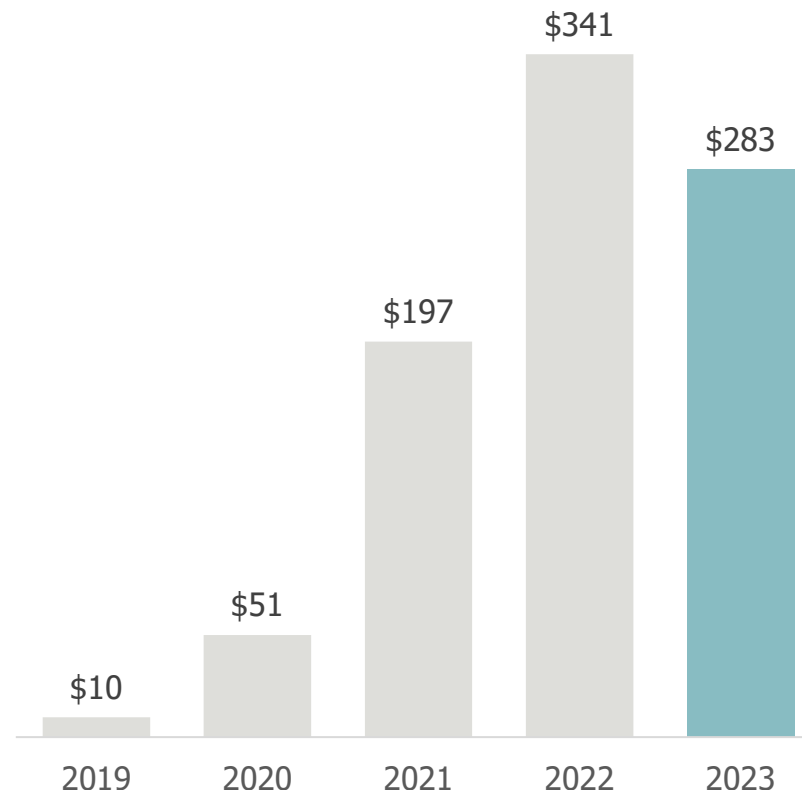
Five Year Trends in Total Revenues & Adjusted Pretax Income

(\$ in millions)

Total Revenues



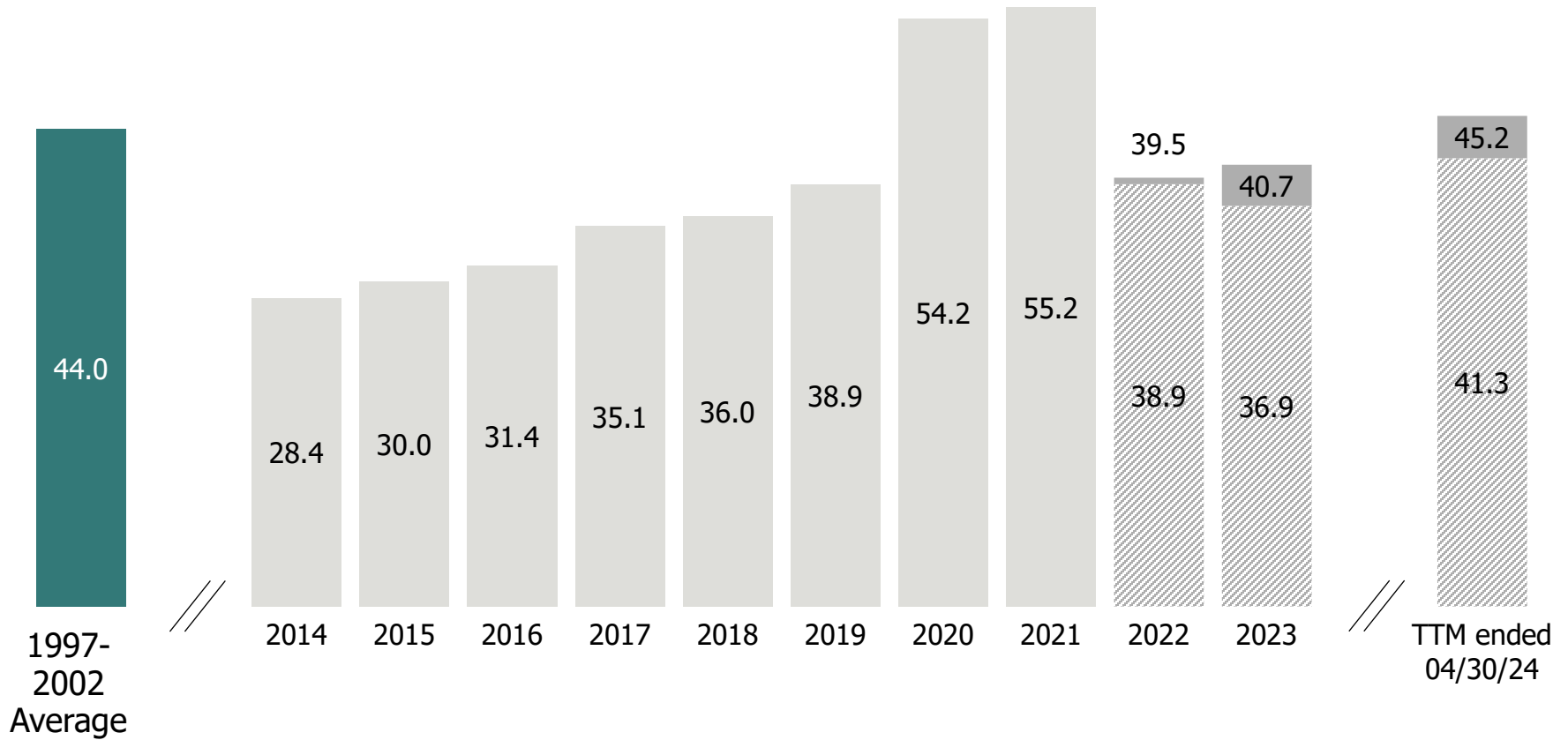
Adjusted Pretax Income (1)



(1) Adjusted Pretax Income or Adjusted Income Before Income Taxes excludes land-related charges, joint venture write-downs and loss (gain) on extinguishment of debt, net and is a non-GAAP financial measure. See appendix for a reconciliation of the historic measure to the most directly comparable GAAP measure.

Annual Contracts Per Community

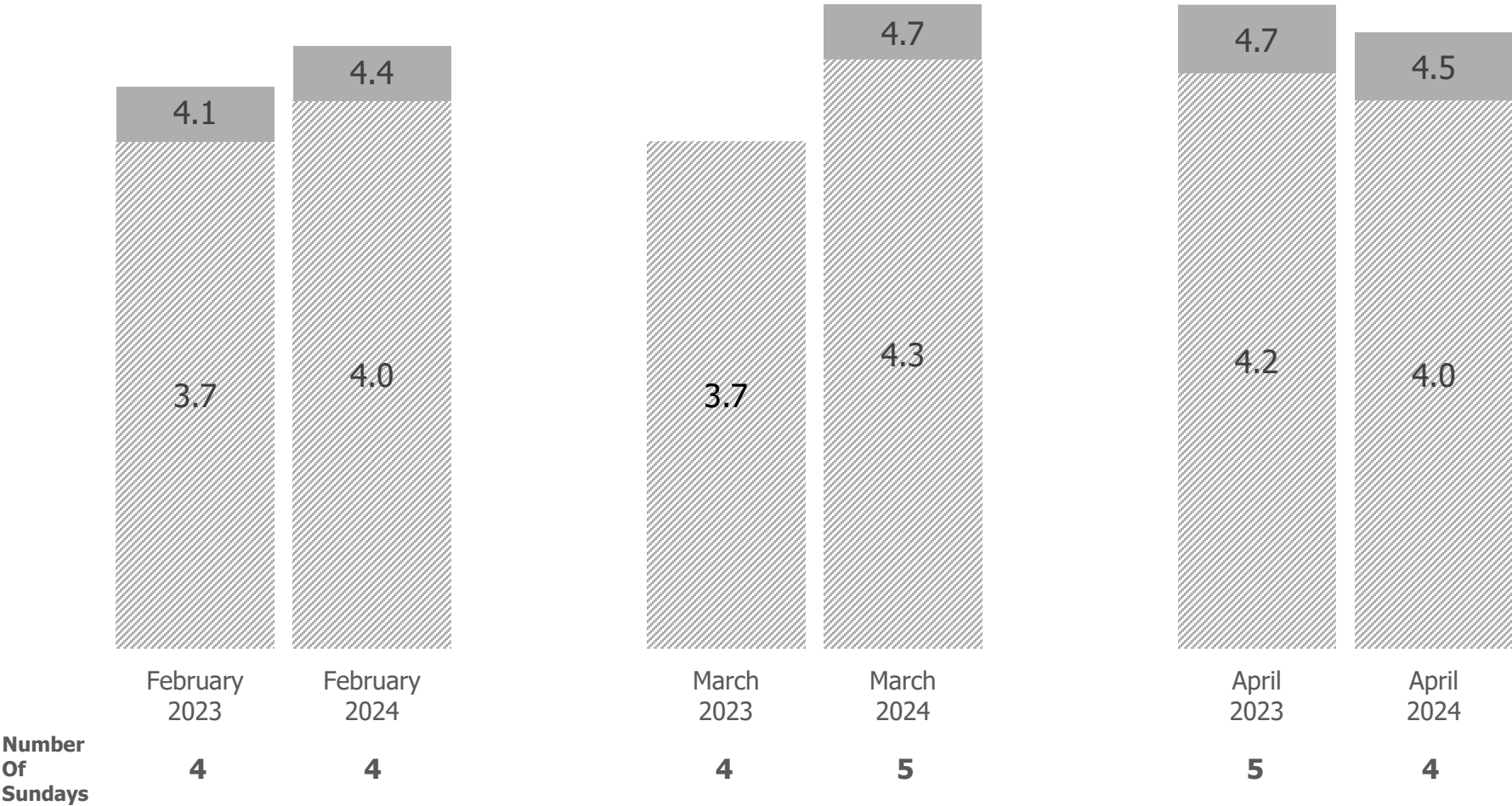
▨ Excluding Build for Rent ■ Including Build for Rent



Note: Annual Contracts per Community calculated based on a five-quarter average of communities, excluding unconsolidated joint ventures.

Contracts Per Community

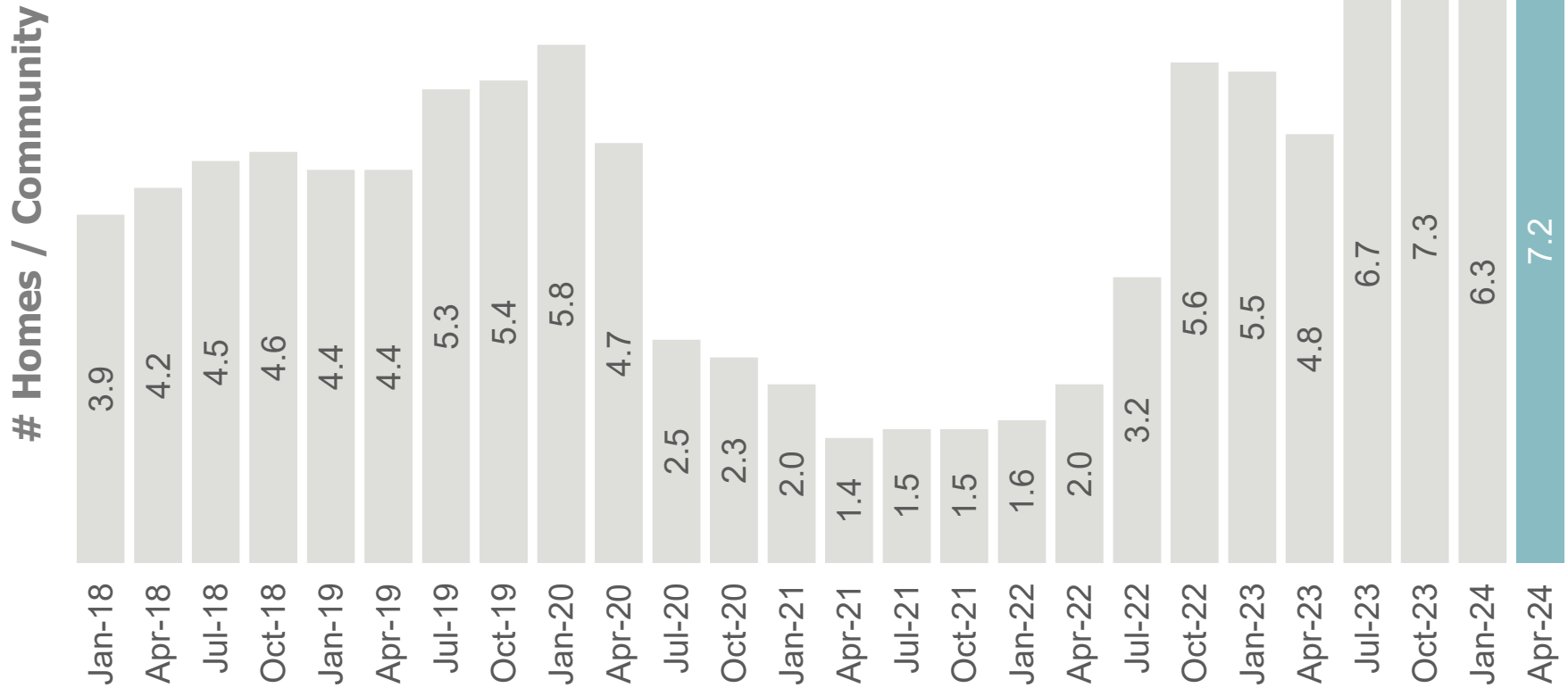
▨ Excluding Build for Rent ■ Including Build for Rent



Note: Excludes unconsolidated joint ventures.

Quick Move In Homes (QMIs) Per Community

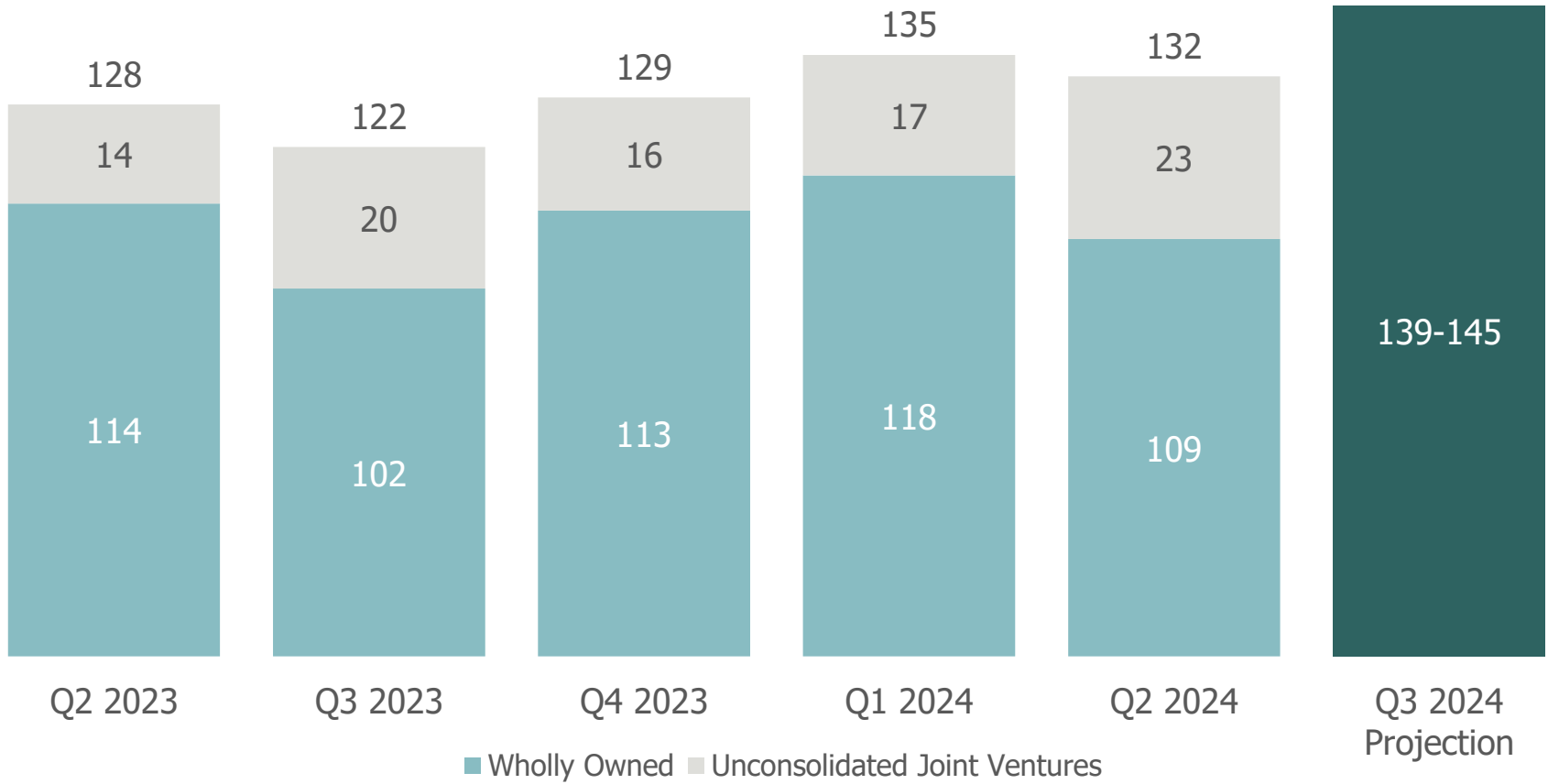
- 789 QMIs at 04/30/24, excluding models
- 4.5 average QMIs per community since 1997
- 144 finished QMIs at 04/30/24, down sequentially from 219 at 01/31/24



Note: Excluding unconsolidated joint ventures and models.

Community Count

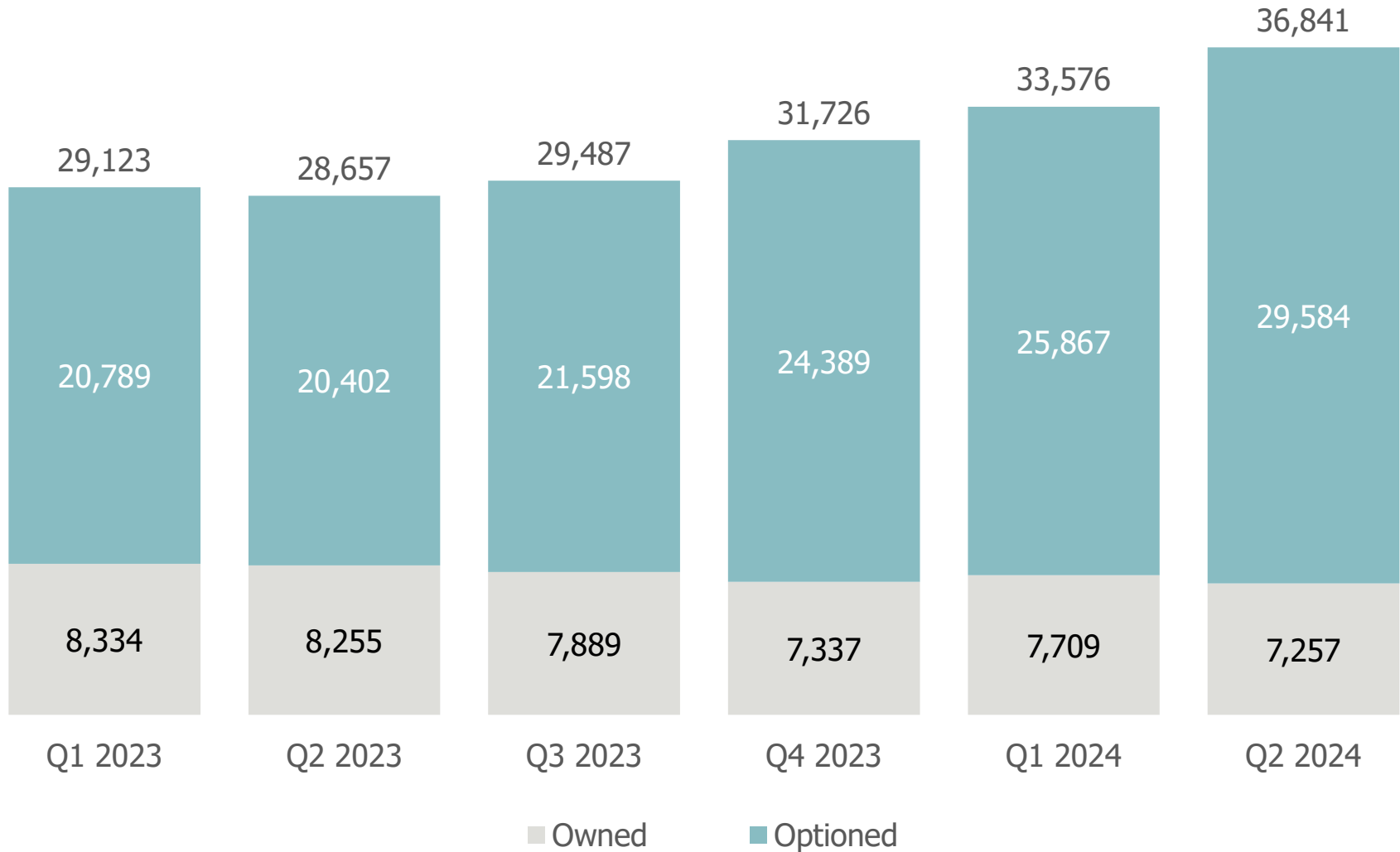
Community count expected to grow further in fiscal 2024.



Note: Excludes our multi-community unconsolidated joint venture in the Kingdom of Saudi Arabia.

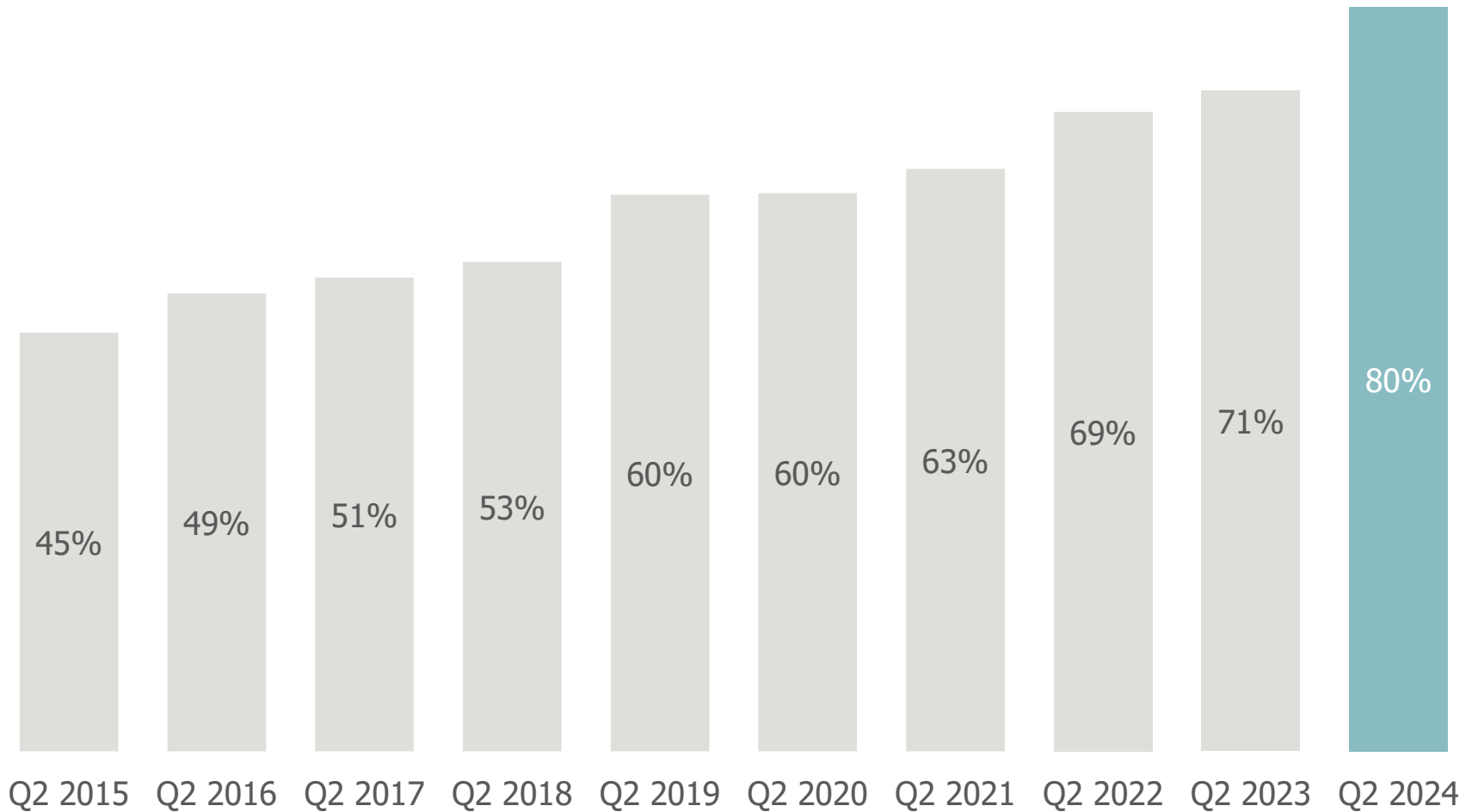
Note: Q3 2024 projection is based on guidance of 5% to 10% growth.

Lots Controlled



Note: Excludes unconsolidated joint ventures.

Percentage of Optioned Lots

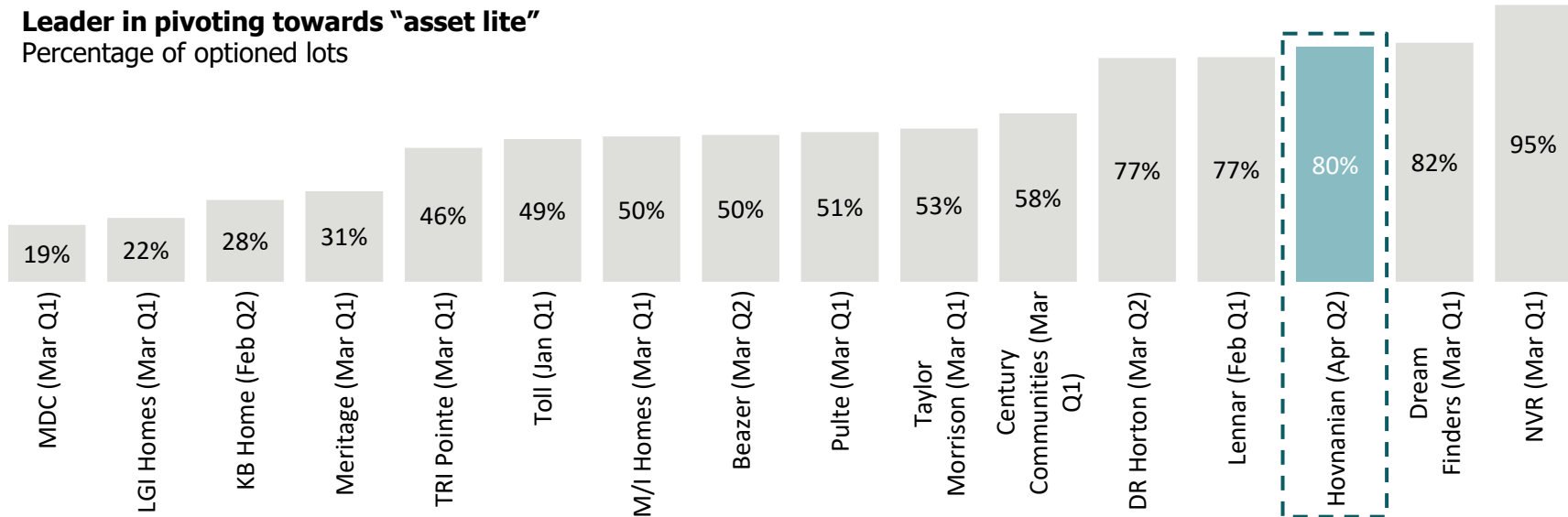


Note: Excludes unconsolidated joint ventures.

Rapid inventory turns drive improved performance

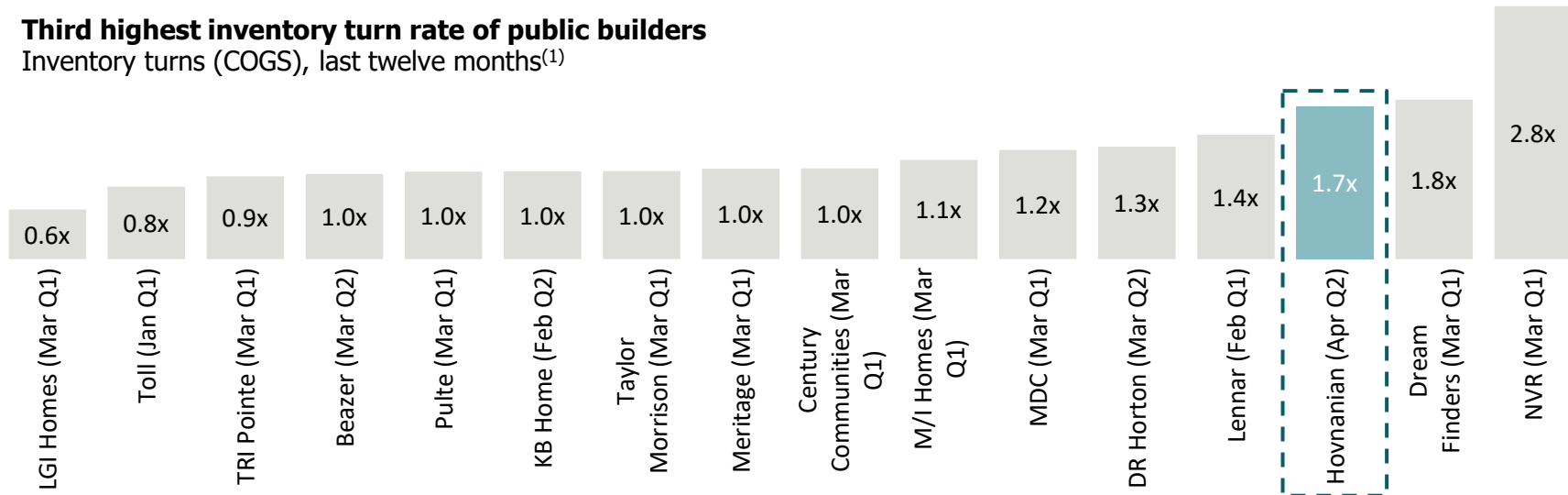
Leader in pivoting towards “asset lite”

Percentage of optioned lots



Third highest inventory turn rate of public builders

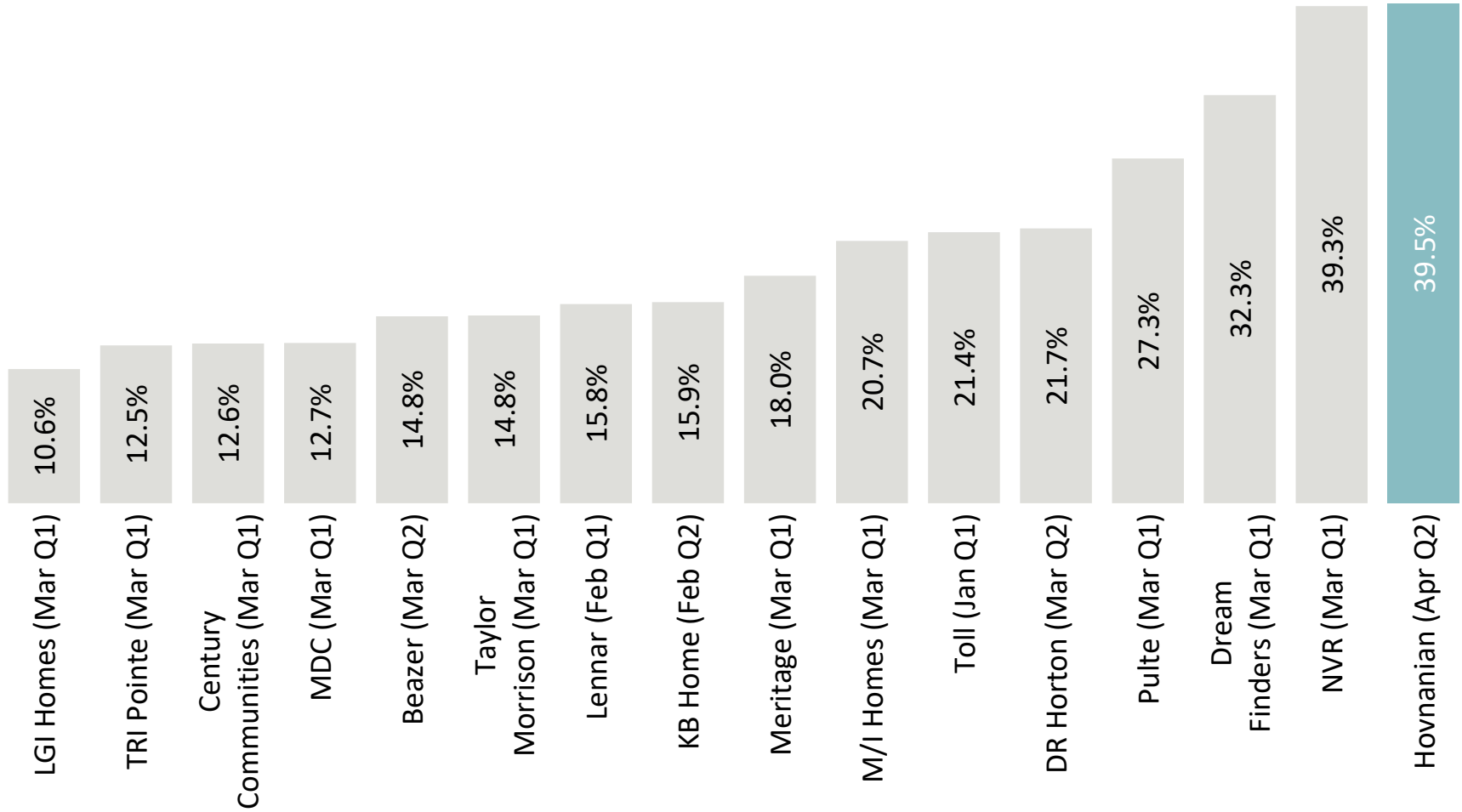
Inventory turns (COGS), last twelve months⁽¹⁾



Source: Company SEC filings and press releases as of 05/22/2024.

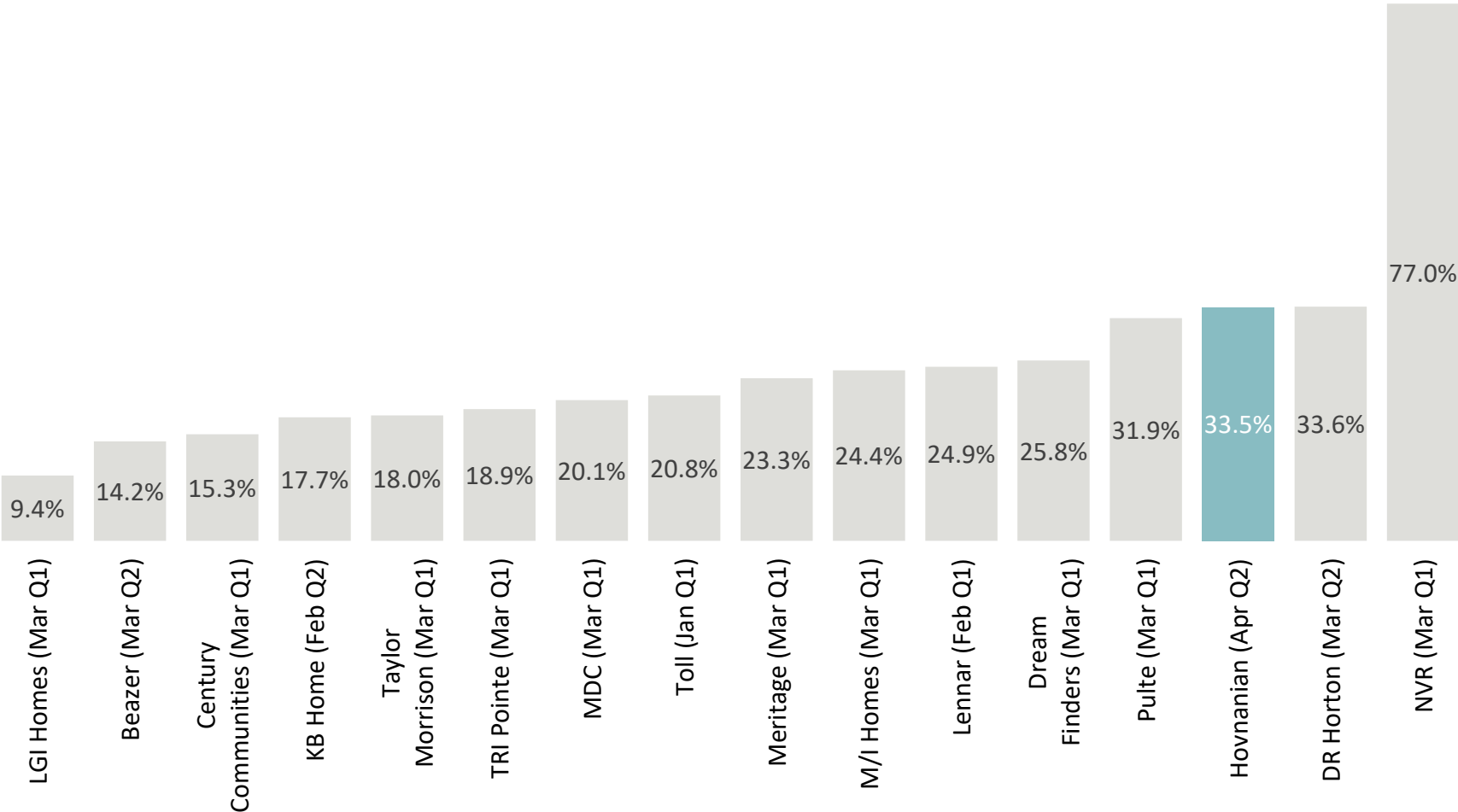
(1) Inventory turns derived by dividing cost of sales, excluding capitalized interest, by the five-quarter average homebuilding inventory, excluding inventory not owned and capitalized interest.

ROE, Last Twelve Months



Source: Company SEC filings and press releases as of 12/05/23.

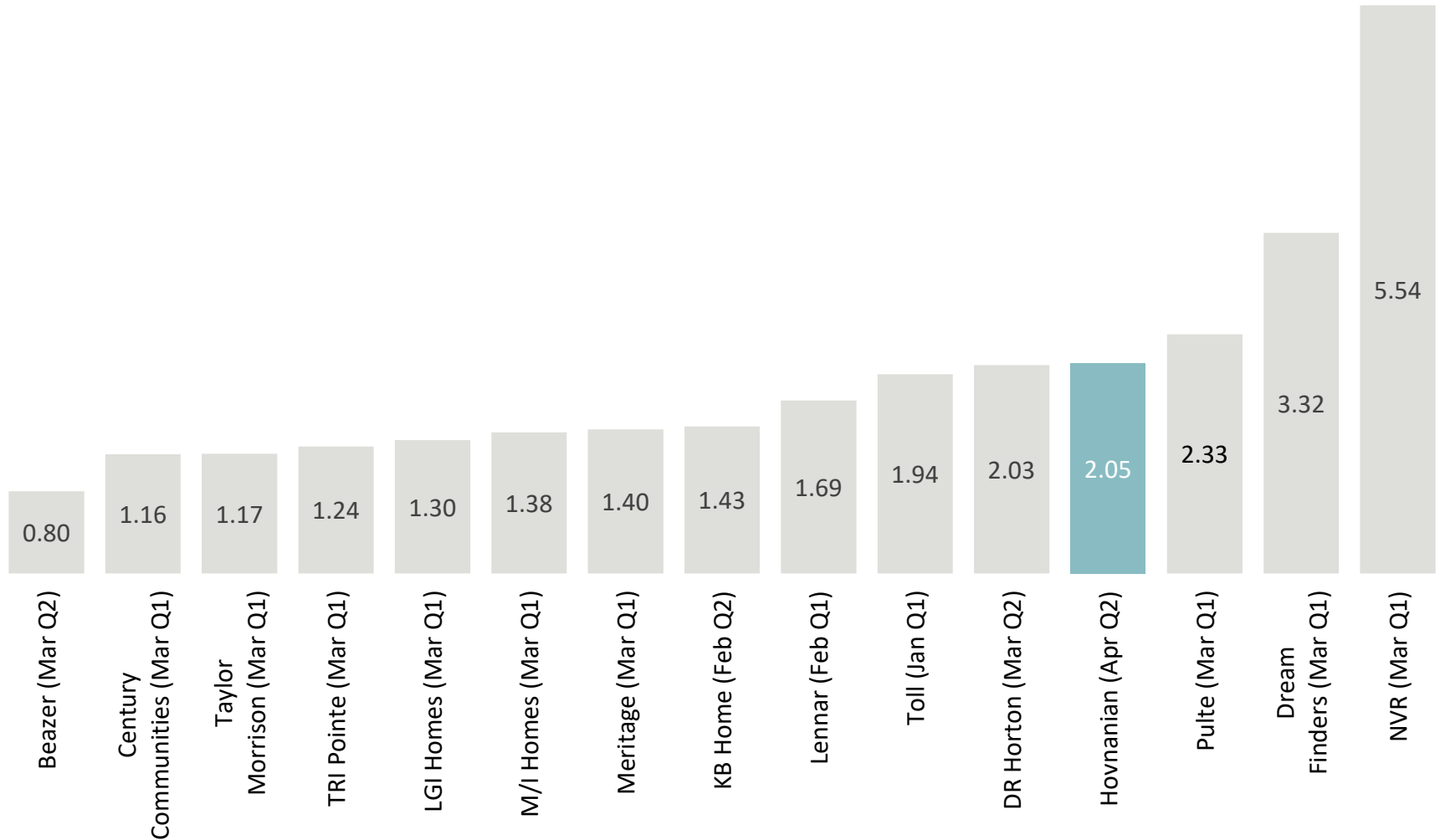
Consolidated EBIT ROI, Last Twelve Months



Source: Peer SEC filings and press releases as of 02/19/2024.

Note: Defined as LTM Total Company EBIT before land-related charges and gain (loss) on extinguishment of debt divided by five quarter average inventory, excluding capitalized interest and liabilities from inventory not owned, includes goodwill definite life intangibles assets and includes investments in and advances to unconsolidated joint ventures.

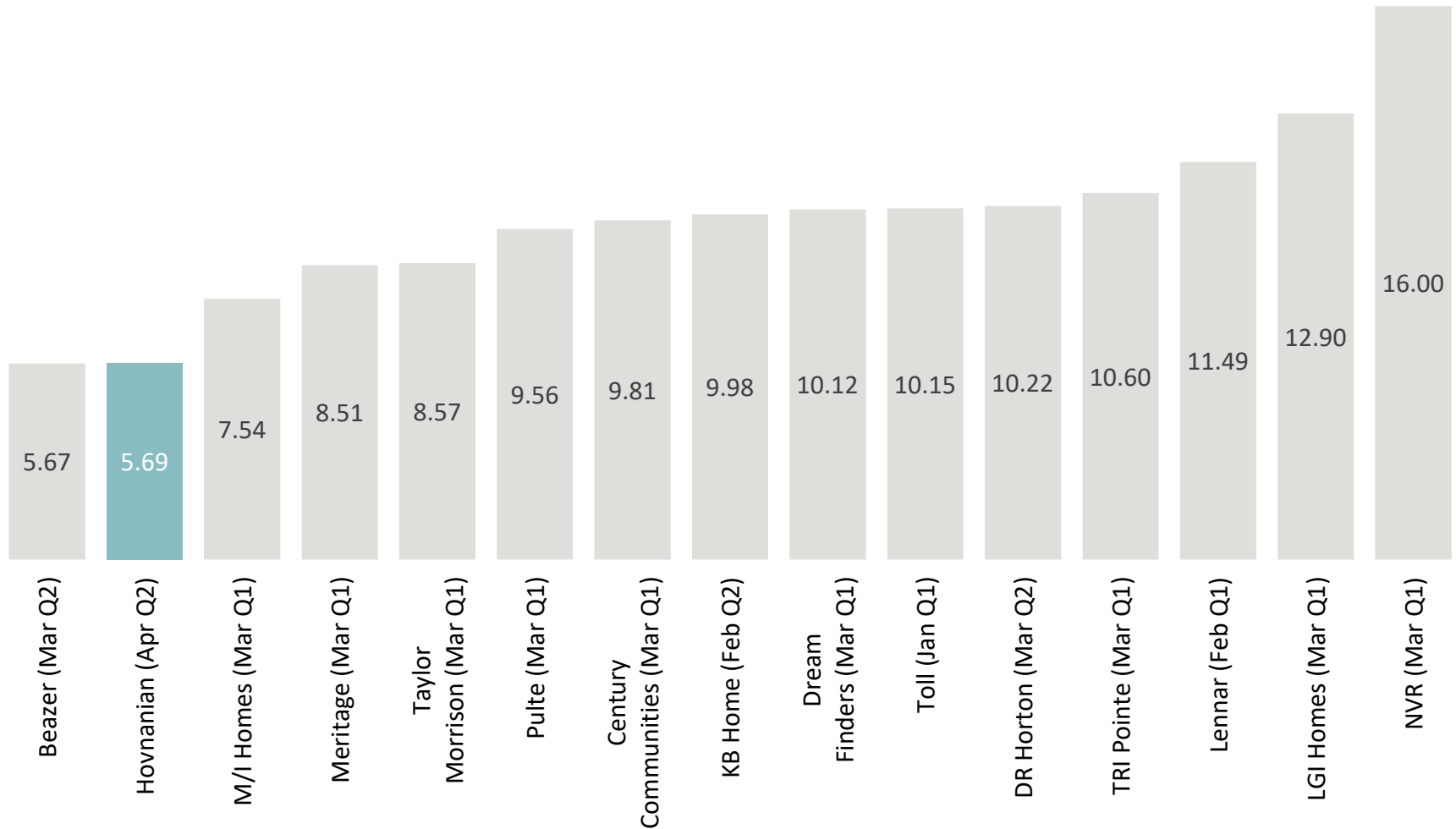
Price to Book Value



Source: Price to book value for most recent quarter based on Yahoo! finance as of 05/22/2024.

Note: Hovnanian price to book value calculated with common equity as of 04/30/2024 and stock price of \$169.10 as of 05/21/2024.

Price to Earnings Ratio



Source: Trailing twelve-month price to earnings ratio based on Yahoo! finance as of 05/22/2024.

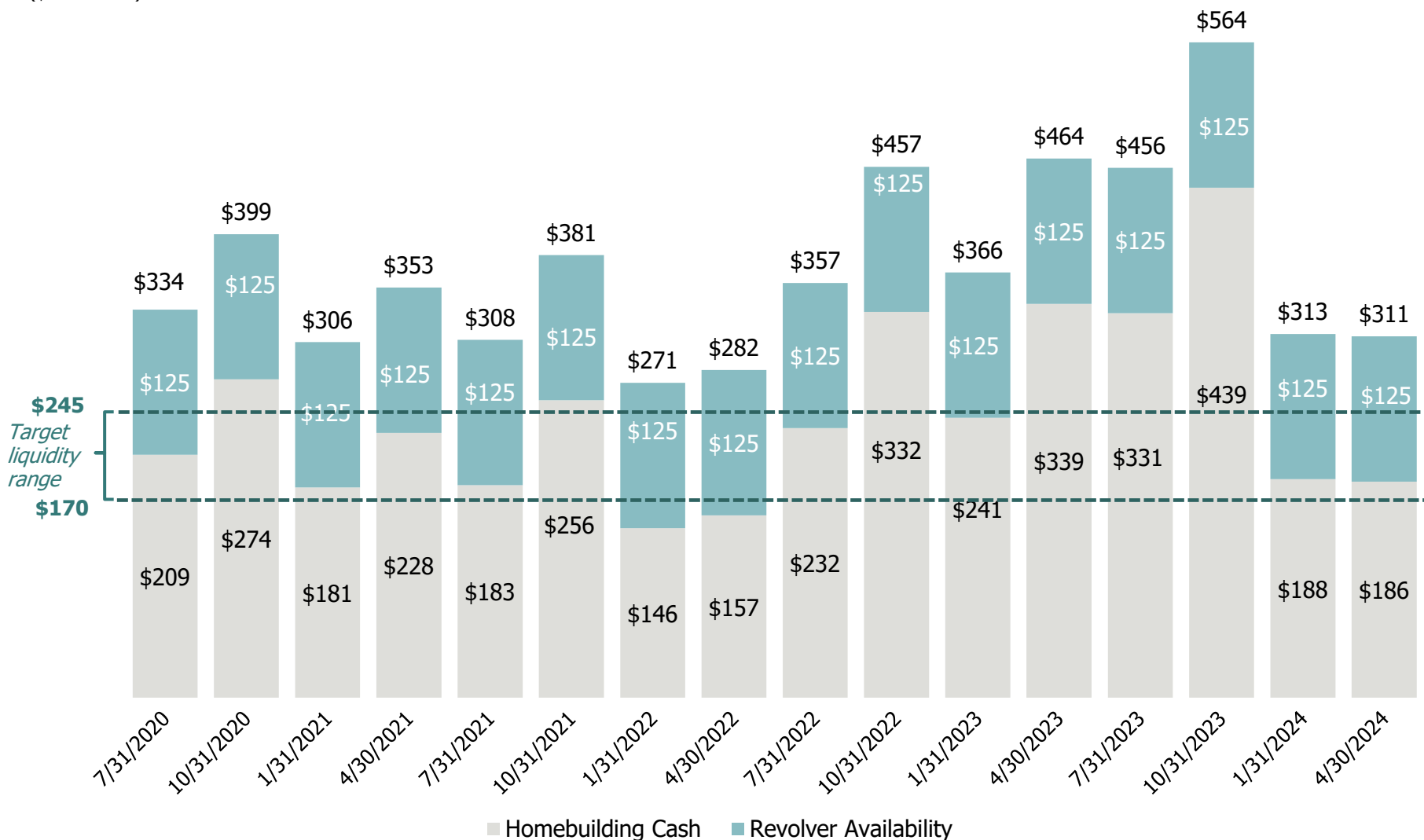
Note: Hovnanian price to earnings ratio calculated using last twelve months EPS as of 04/30/2024 and stock price of \$169.10 as of 05/21/2024.



Liquidity and balance sheet management

Liquidity Position and Target

(\$ in millions)



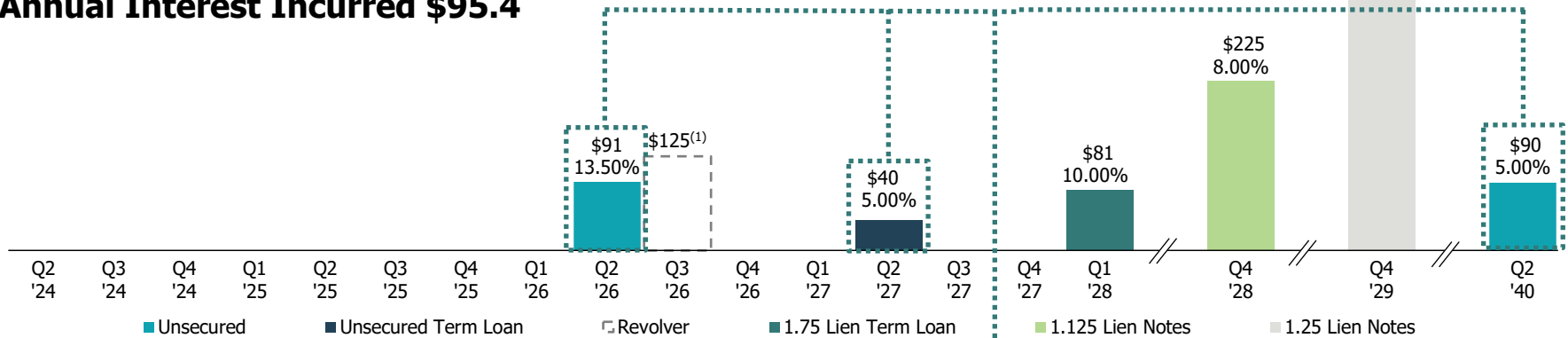
Note: Liquidity position includes homebuilding cash and cash equivalents (which includes unrestricted cash and restricted cash required to collateralize letters of credit) and revolving credit facility availability.

Debt Maturity Profile

April 30, 2024

(\$ in millions)

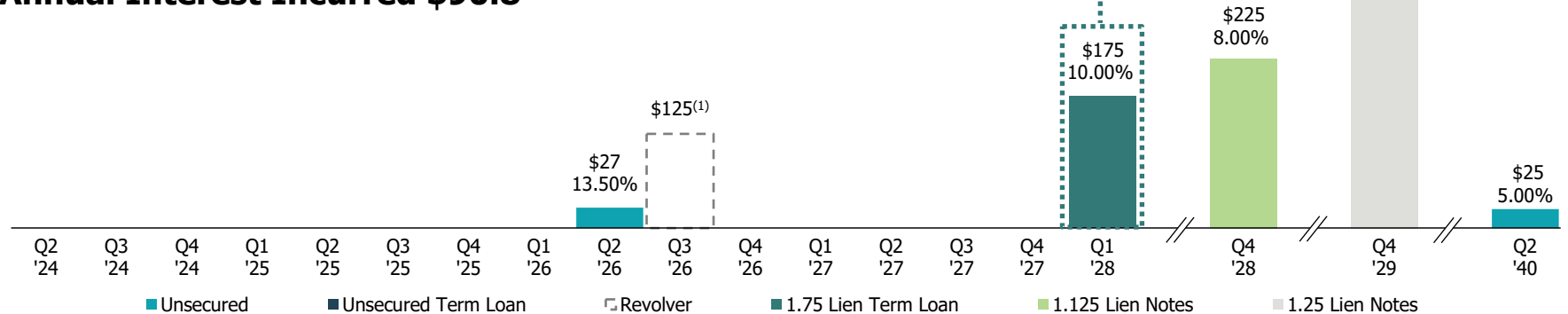
Total Debt Outstanding \$957
Annual Interest Incurred \$95.4



April 30, 2024, pro forma for debt transaction

(\$ in millions)

- \$31.5 million of cash
Total Debt Outstanding \$882
Annual Interest Incurred \$90.8

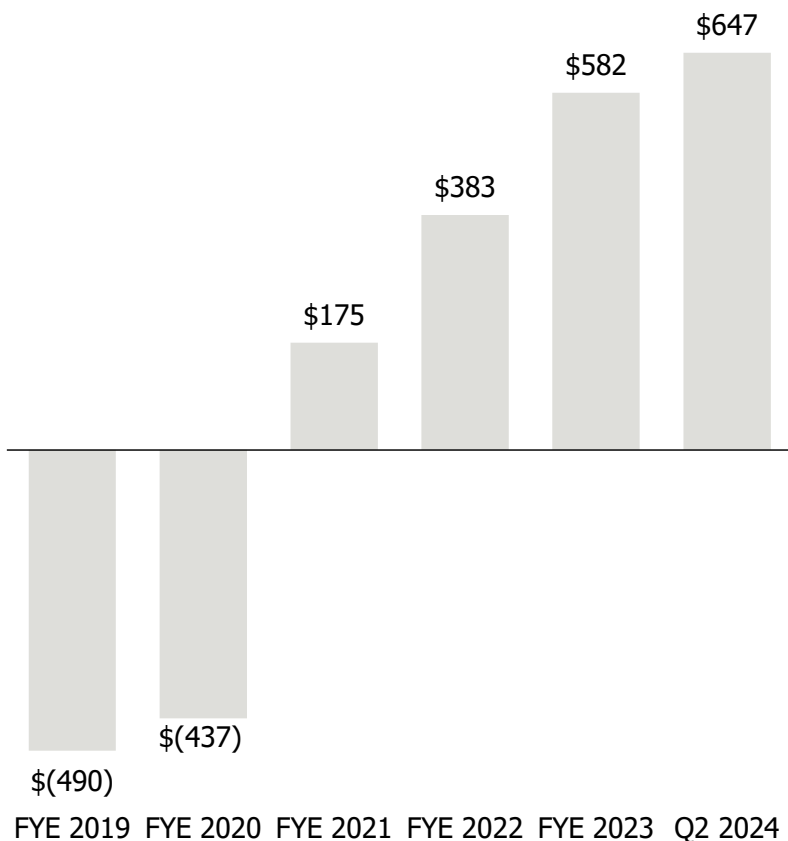


Note: Shown on a fiscal year basis, at face value.
 Excludes non-recourse mortgages.
 (1) \$0 balance as of April 30, 2024.

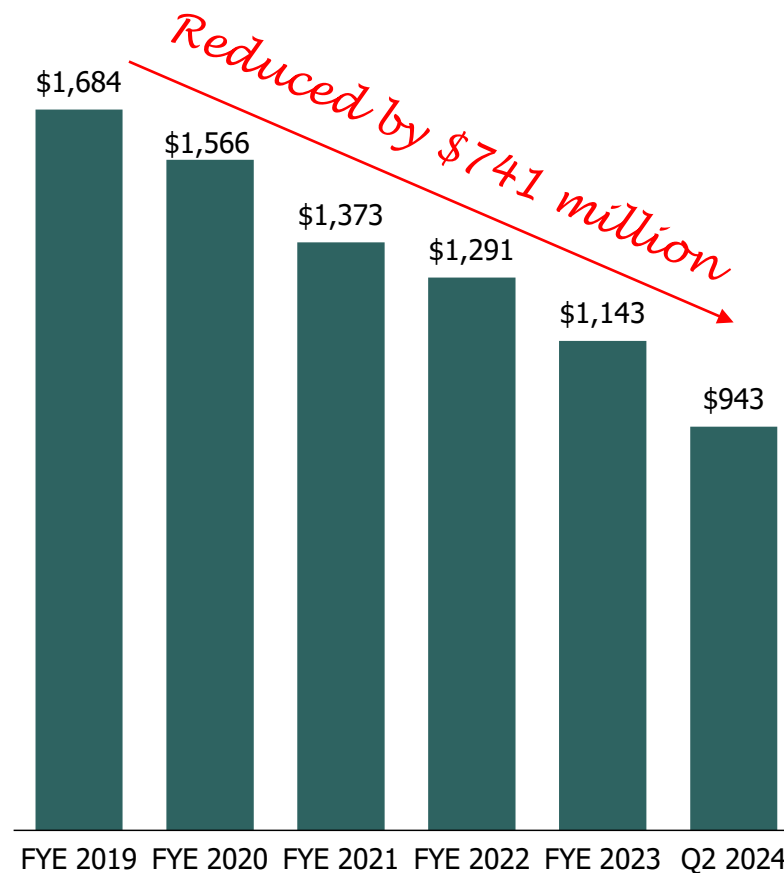
Balance Sheet Metrics

(\$ in millions)

Equity value (book)



Total debt



Note: total debt is reflective of the May 2024 debt exchange.



Guidance

Guidance for Fiscal 2024 Third Quarter

(\$ in millions)

	<u>Actuals</u> <u>Q3 2023</u>	<u>Guidance</u> <u>Q3 2024⁽¹⁾</u>
Total Revenues	\$650	\$675 - \$775
Adjusted Homebuilding Gross Margin⁽²⁾	23.2%	21.5% - 23.5%
Total SG&A as Percentage of Total Revenues⁽³⁾	11.6%	11.0% - 12.0%
Adjusted EBITDA⁽⁴⁾	\$109	\$97 - \$107
Adjusted Income Before Income Taxes⁽⁵⁾	\$75	\$65 - \$75

(1) The Company cannot provide a reconciliation between its non-GAAP projections and the most directly comparable GAAP measures without unreasonable efforts because it is unable to predict with reasonable certainty the ultimate outcome of certain significant items required for the reconciliation. These items include, but are not limited to, land-related charges, inventory impairments and land option write-offs and loss (gain) on extinguishment of debt, net. These items are uncertain, depend on various factors and could have a material impact on GAAP reported results.

(2) Adjusted homebuilding gross margin percentage is before cost of sales interest expense and land charges and is a non-GAAP financial measure. See appendix for a reconciliation of the historic measure to the most directly comparable GAAP measure.

(3) Total SG&A includes homebuilding selling, general and administrative costs and corporate general and administrative costs. Ratio calculated as a percentage of total revenues. The SG&A guidance assumes that the stock remains at \$147.83, which was the price at the end of the second quarter of fiscal year 2024.

(4) Adjusted EBITDA is a non-GAAP financial measure. The most directly comparable GAAP financial measure is net income. Adjusted EBITDA represents earnings before interest expense, income taxes, depreciation, amortization, land-related charges and loss (gain) on extinguishment of debt, net. See appendix for a reconciliation of the historic measure to the most directly comparable GAAP measure.

(5) Adjusted Income Before Income Taxes excludes land-related charges, joint venture write-downs and loss (gain) on extinguishment of debt, net and is a non-GAAP financial measure. See appendix for a reconciliation of the historic measure to the most directly comparable GAAP measure.

Guidance for Fiscal 2024

(\$ in millions)

	<u>Actuals</u> <u>FY 2023</u>	<u>Guidance</u> <u>FY 2024⁽¹⁾</u>
Total Revenues	\$2,756	\$2,750 - \$3,000
Adjusted Homebuilding Gross Margin⁽²⁾	22.7%	21.5% - 23.0%
Total SG&A as Percentage of Total Revenues⁽³⁾	11.1%	11.0% - 12.0%
Adjusted EBITDA⁽⁴⁾	\$427	\$395 - \$430
Adjusted Income Before Income Taxes⁽⁵⁾	\$283	\$265 - \$300
Diluted EPS⁽⁶⁾	\$26.88	\$25 - \$29
Book Value per Common Share⁽⁶⁾	\$73	\$104 - \$108

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(6) Diluted EPS and Book Value per Common Share assumes current effective tax rate and no change to current shares outstanding.



Appendix

Phantom Stock Impact

(\$ in millions, except stock prices)

	Stock Price at end of quarter	Reported Total SG&A	Reported Total SG&A Ratio	Incremental Phantom Stock Benefit (Expense)	Total SG&A Adjusted for Phantom Stock	Total SG&A Ratio Adjusted for Phantom Stock
Q1 2021	\$51.16	-	-	-	-	-
Q2 2021	\$132.59	\$82.6	11.7%	\$(17.5)	\$65.1	9.3%
Q3 2021	\$104.39	\$60.3	8.7%	\$6.7	\$67.0	9.7%
Q4 2021	\$84.26	\$70.0	8.6%	\$5.3	\$75.3	9.2%
Q1 2022	\$96.88	\$72.2	12.8%	\$(5.7)	\$66.5	11.8%
Q2 2022	\$46.02	\$68.2	9.7%	\$6.0	\$74.2	10.6%
Q3 2022	\$48.51	\$74.9	9.8%	\$(0.3)	\$74.6	9.7%
Q4 2022	\$40.33	\$80.9	9.1%	\$1.0	\$81.9	9.2%
Q1 2023	\$57.88	\$73.4	14.2%	\$(1.4)	\$72.0	14.0%
Q2 2023	\$73.77	\$75.5	10.7%	\$(1.1)	\$74.4	10.6%
Q3 2023	\$106.62	\$75.1	11.6%	\$(2.4)	\$72.7	11.2%
Q4 2023	\$69.48	\$80.8	9.1%	\$2.9	\$83.7	9.4%
Q1 2024	\$168.97	\$86.1	14.5%	\$(7.5)	\$78.6	13.2%
Q2 2024	\$143.83	\$79.0	11.2%	\$0.6	\$79.6	11.2%

- In 2019, 2023 and 2024, we granted phantom stock awards in lieu of actual equity under our long-term incentive plans ("LTIP").
- This was done in the best interest of shareholders to avoid dilution concerns associated with our low stock prices at the time of grants.
- Expense related to the phantom stock varies depending upon our common stock price at quarter end, is a non-cash expense until paid and is reflected in our total SG&A expenses.

Land Position

April 30, 2024
Owned

Segment	Active lots	Mothballed lots	Optioned lots	Total lots
Northeast	1,703	6	15,134	16,843
Southeast	896	–	6,372	7,268
West	4,262	390	8,078	12,730
Consolidated total	6,861	396	29,584	36,841
Unconsolidated joint ventures ⁽¹⁾	2,742	–	1,064	3,806
Grand total	9,603	396	30,648	40,647

- Reactivated ~9,300 lots in 110 communities since January 31, 2009
- As of April 30, 2024, mothballed lots in 2 communities with a book value of \$1 million net of impairment balance of \$20 million

7.3 years of lot supply⁽²⁾

(1) Excludes our multi-community unconsolidated joint venture in the Kingdom of Saudi Arabia.

(2) Represents total lots controlled (owned + optioned) / LTM unit closings.

Reconciliation of income before income taxes excluding land-related charges and gain on extinguishment of debt, net to income before income taxes

Hovnanian Enterprises, Inc.

April 30, 2024

Reconciliation of income before income taxes excluding land-related charges and gain on extinguishment of debt, net to income before income taxes
(In thousands)

	Three Months Ended		Six Months Ended	
	April 30,		April 30,	
	2024	2023	2024	2023
	(Unaudited)		(Unaudited)	
Income before income taxes	\$ 69,392	\$ 46,123	\$ 101,955	\$ 64,170
Inventory impairments and land option write-offs	237	137	539	614
Gain on extinguishment of debt, net	-	-	(1,371)	-
Income before income taxes excluding land-related charges and gain on extinguishment of debt, net (1)	<u>\$ 69,629</u>	<u>\$ 46,260</u>	<u>\$ 101,123</u>	<u>\$ 64,784</u>

(1) Income before income taxes excluding land-related charges and gain on extinguishment of debt, net is a non-GAAP financial measure. The most directly comparable GAAP financial measure is income before income taxes.

Reconciliation of Gross Margin

Hovnanian Enterprises, Inc.

April 30, 2024

Gross margin

(In thousands)

	Homebuilding Gross Margin Three Months Ended		Homebuilding Gross Margin Six Months Ended	
	April 30,		April 30,	
	2024	2023	2024	2023
	(Unaudited)		(Unaudited)	
Sale of homes	\$ 686,929	\$ 670,708	\$ 1,260,565	\$ 1,170,353
Cost of sales, excluding interest expense and land charges (1)	531,385	530,759	979,833	921,722
Homebuilding gross margin, before cost of sales interest expense and land charges (2)	155,544	139,949	280,732	248,631
Cost of sales interest expense, excluding land sales interest expense	21,543	20,521	41,441	35,522
Homebuilding gross margin, after cost of sales interest expense, before land charges (2)	134,001	119,428	239,291	213,109
Land charges	237	137	539	614
Homebuilding gross margin	<u>\$ 133,764</u>	<u>\$ 119,291</u>	<u>\$ 238,752</u>	<u>\$ 212,495</u>
Homebuilding gross margin percentage	19.5%	17.8%	18.9%	18.1%
Homebuilding gross margin percentage, before cost of sales interest expense and land charges (2)	22.6%	20.9%	22.3%	21.2%
Homebuilding gross margin percentage, after cost of sales interest expense, before land charges (2)	19.5%	17.8%	19.0%	18.2%

	Land Sales Gross Margin Three Months Ended		Land Sales Gross Margin Six Months Ended	
	April 30,		April 30,	
	2024	2023	2024	2023
	(Unaudited)		(Unaudited)	
Land and lot sales	\$ 213	\$ 15,284	\$ 1,553	\$ 15,613
Cost of sales, excluding interest (1)	117	9,863	882	9,940
Land and lot sales gross margin, excluding interest and land charges	96	5,421	671	5,673
Land and lot sales interest expense	-	904	-	925
Land and lot sales gross margin, including interest	<u>\$ 96</u>	<u>\$ 4,517</u>	<u>\$ 671</u>	<u>\$ 4,748</u>

(1) Does not include cost associated with walking away from land options or inventory impairment losses which are recorded as Inventory impairment loss and land option write-offs in the Condensed Consolidated Statements of Operations.

(2) Homebuilding gross margin, before cost of sales interest expense and land charges, and homebuilding gross margin percentage, before cost of sales interest expense and land charges, are non-GAAP financial measures. The most directly comparable GAAP financial measures are homebuilding gross margin and homebuilding gross margin percentage, respectively.

Reconciliation of Adjusted EBITDA to Net Income

Hovnanian Enterprises, Inc.

April 30, 2024

Reconciliation of adjusted EBITDA to net income

(In thousands)

	Three Months Ended		Six Months Ended	
	April 30,		April 30,	
	2024	2023	2024	2023
	(Unaudited)		(Unaudited)	
Net income	\$ 50,836	\$ 34,146	\$ 74,740	\$ 52,862
Income tax provision	18,556	11,977	27,215	11,308
Interest expense	30,512	35,926	60,861	66,041
EBIT (1)	99,904	82,049	162,816	130,211
Depreciation and amortization	2,014	4,514	3,612	5,924
EBITDA (2)	101,918	86,563	166,428	136,135
Inventory impairments and land option write-offs	237	137	539	614
Gain on extinguishment of debt, net	-	-	(1,371)	-
Adjusted EBITDA (3)	\$ 102,155	\$ 86,700	\$ 165,596	\$ 136,749
Interest incurred	\$ 34,530	\$ 35,122	\$ 66,491	\$ 69,448
Adjusted EBITDA to interest incurred	2.96	2.47	2.49	1.97

(1) EBIT is a non-GAAP financial measure. The most directly comparable GAAP financial measure is net income. EBIT represents earnings before interest expense and income taxes.

(2) EBITDA is a non-GAAP financial measure. The most directly comparable GAAP financial measure is net income. EBITDA represents earnings before interest expense, income taxes, depreciation and amortization.

(3) Adjusted EBITDA is a non-GAAP financial measure. The most directly comparable GAAP financial measure is net income. Adjusted EBITDA represents earnings before interest expense, income taxes, depreciation, amortization, inventory impairments and land option write-offs and gain on extinguishment of debt, net.

Reconciliation of Inventory Turnover

Hovnanian Enterprises, Inc.

April 30, 2024

Calculation of Inventory Turnover⁽¹⁾

	For the quarter ended				TTM ended
(Dollars in thousands)	7/31/2023	10/31/2023	1/31/2024	4/30/2024	4/30/2024
Cost of sales, excluding interest	\$483,990	\$637,148	\$449,213	\$531,502	\$2,101,853
	As of				
	4/30/2023	7/31/2023	10/31/2023	1/31/2024	4/30/2024
Total inventories	\$1,484,992	\$1,411,260	\$1,349,186	\$1,463,558	\$1,417,058
Less liabilities from inventory not owned, net of debt issuance costs	200,299	145,979	124,254	114,658	86,618
Less capitalized interest	60,274	55,274	52,060	53,672	52,222
Inventories less consolidated inventory not owned and capitalized interest plus liabilities from inventory not owned	\$1,224,419	\$1,210,007	\$1,172,872	\$1,295,228	\$1,278,218
Inventory turnover					1.7x

(1) Derived by dividing cost of sales, excluding cost of sales interest, by the five-quarter average inventory, excluding liabilities from inventory not owned and capitalized interest. The Company's calculation of Inventory Turnover may be different than the calculation used by other companies and, therefore, comparability may be affected.

Reconciliation of Consolidated EBIT ROI - Current

(\$ in millions)

	BZH (Mar Q2)	DHI (Mar Q2)	HOV (Apr Q2)	KBH (Feb Q2)	LEN (Feb Q1)	MDC (Mar Q1)	MHO (Mar Q1)	MTH (Mar Q1)	NVR (Mar Q1)	PHM (Mar Q1)	TOL (Jan Q1)	TMHC (Mar Q1)	TPH (Mar Q1)	LGIH (Mar Q1)	CCS (Mar Q1)	DFH (Mar Q1)
TTM earnings before taxes	\$183	\$6,578	\$294	\$784	\$5,349	\$543	\$652	\$1,018	\$1,965	\$3,616	\$1,900	\$1,018	\$495	\$253	\$391	\$406
TTM impairment and walk away charges	\$0	\$41	\$1	\$7	\$106	\$28	\$11	\$0	(\$7)	\$41	\$24	\$16	\$14	\$4	\$5	\$4
TTM gains (losses) on extinguishment of debt	(\$0)	\$0	(\$24)	\$0	\$0	\$0	\$0	(\$1)	\$0	\$1	\$0	\$0	\$0	\$0	\$0	\$0
TTM interest expense	\$65	\$153	\$130	\$119	\$249	\$68	\$8	\$64	\$27	\$118	\$146	\$131	\$128	\$33	\$48	\$77
Adjusted EBIT	\$249	\$6,772	\$449	\$910	\$5,704	\$639	\$670	\$1,083	\$1,985	\$3,775	\$2,069	\$1,165	\$636	\$289	\$445	\$487

Total Inventories less liabilities from inventory not owned

MRQ	\$2,057	\$21,762	\$1,330	\$5,244	\$16,330	\$3,249	\$2,760	\$5,037	\$2,726	\$12,132	\$9,581	\$6,041	\$3,423	\$3,261	\$3,107	\$2,002
MRQ-1	\$1,954	\$21,103	\$1,349	\$5,134	\$15,812	\$3,301	\$2,770	\$4,833	\$2,527	\$11,819	\$9,058	\$5,677	\$3,337	\$3,138	\$3,017	\$1,687
MRQ-2	\$1,756	\$19,682	\$1,225	\$5,186	\$19,749	\$3,236	\$2,717	\$4,595	\$2,534	\$11,621	\$9,204	\$5,686	\$3,413	\$3,092	\$3,058	\$1,715
MRQ-3	\$1,742	\$19,664	\$1,265	\$5,129	\$19,672	\$3,145	\$2,666	\$4,420	\$2,537	\$11,369	\$9,108	\$5,441	\$3,193	\$2,915	\$2,856	\$1,665
MRQ-4	\$1,742	\$19,340	\$1,285	\$5,445	\$19,761	\$3,258	\$2,638	\$4,421	\$2,367	\$11,480	\$9,099	\$5,559	\$3,142	\$2,907	\$2,741	\$1,697

Less capitalized interest

MRQ	\$123	\$319	\$52	\$134	\$0	\$63	\$33	\$54	\$0	\$148	\$198	\$177	\$227	\$0	\$75	\$31
MRQ-1	\$120	\$301	\$54	\$134	\$0	\$65	\$32	\$55	\$0	\$139	\$191	\$174	\$222	\$0	\$73	\$27
MRQ-2	\$113	\$286	\$52	\$139	\$0	\$65	\$31	\$58	\$0	\$140	\$204	\$187	\$230	\$0	\$73	\$124
MRQ-3	\$114	\$288	\$55	\$141	\$0	\$62	\$31	\$61	\$0	\$142	\$212	\$191	\$220	\$0	\$70	\$117
MRQ-4	\$114	\$272	\$60	\$147	\$0	\$61	\$31	\$62	\$0	\$141	\$215	\$197	\$209	\$0	\$66	\$109

Plus investments in and advances to UJVs

MRQ	\$0	\$0	\$151	\$60	\$1,207	\$0	\$59	\$19	\$0	\$204	\$996	\$370	\$125	\$22	\$0	\$18
MRQ-1	\$0	\$0	\$111	\$59	\$1,144	\$0	\$44	\$17	\$0	\$167	\$959	\$346	\$132	\$22	\$0	\$15
MRQ-2	\$0	\$0	\$98	\$56	\$1,157	\$0	\$45	\$15	\$0	\$162	\$900	\$330	\$139	\$17	\$0	\$14
MRQ-3	\$0	\$0	\$85	\$53	\$1,137	\$0	\$42	\$12	\$0	\$151	\$888	\$306	\$140	\$17	\$0	\$14
MRQ-4	\$0	\$0	\$86	\$51	\$1,179	\$0	\$49	\$11	\$0	\$145	\$909	\$295	\$134	\$16	\$0	\$13

Plus goodwill and definite life intangible assets

MRQ	\$11	\$164	\$0	\$0	\$3,442	\$0	\$16	\$33	\$42	\$123	\$0	\$663	\$157	\$12	\$32	\$305
MRQ-1	\$11	\$164	\$0	\$0	\$3,442	\$0	\$16	\$33	\$42	\$125	\$0	\$663	\$157	\$12	\$30	\$172
MRQ-2	\$11	\$164	\$0	\$0	\$3,442	\$0	\$16	\$33	\$42	\$128	\$0	\$663	\$157	\$12	\$30	\$172
MRQ-3	\$11	\$164	\$0	\$0	\$3,442	\$0	\$16	\$33	\$42	\$131	\$0	\$663	\$157	\$12	\$30	\$172
MRQ-4	\$11	\$164	\$0	\$0	\$3,442	\$0	\$16	\$33	\$42	\$133	\$0	\$663	\$157	\$12	\$30	\$172

Investment: inventories less liabilities from consolidated inventory not owned, less capitalized interest, plus investments in and advances to UJVs, plus goodwill and definite life intangible assets

MRQ	\$1,946	\$21,607	\$1,429	\$5,169	\$20,979	\$3,186	\$2,802	\$5,035	\$2,768	\$12,311	\$10,379	\$6,897	\$3,477	\$3,294	\$3,064	\$2,293
MRQ-1	\$1,845	\$20,965	\$1,406	\$5,058	\$20,398	\$3,236	\$2,799	\$4,828	\$2,568	\$11,972	\$9,826	\$6,512	\$3,404	\$3,172	\$2,974	\$1,848
MRQ-2	\$1,655	\$19,559	\$1,271	\$5,104	\$24,348	\$3,171	\$2,748	\$4,584	\$2,575	\$11,771	\$9,900	\$6,492	\$3,479	\$3,120	\$3,015	\$1,777
MRQ-3	\$1,639	\$19,540	\$1,295	\$5,041	\$24,252	\$3,083	\$2,694	\$4,404	\$2,578	\$11,509	\$9,784	\$6,219	\$3,270	\$2,944	\$2,817	\$1,734
MRQ-4	\$1,639	\$19,232	\$1,310	\$5,349	\$24,382	\$3,196	\$2,673	\$4,403	\$2,409	\$11,616	\$9,793	\$6,320	\$3,224	\$2,935	\$2,706	\$1,774

Investment five quarter average	\$1,745	\$20,181	\$1,342	\$5,144	\$22,872	\$3,175	\$2,743	\$4,651	\$2,580	\$11,836	\$9,936	\$6,488	\$3,371	\$3,093	\$2,915	\$1,885
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EBIT return on investment (EBIT ROI)	14.2%	33.6%	33.5%	17.7%	24.9%	20.1%	24.4%	23.3%	77.0%	31.9%	20.8%	18.0%	18.9%	9.4%	15.3%	25.8%
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Source: Peer SEC filings and press releases as of 05/22/2024.

Reconciliation of Consolidated EBIT ROI – FYE 2022

(\$ in millions)

	BZH	DHI	HOV	KBH	LEN	MDC	MHO	MTH	NVR	PHM	TOL	TMHC	TPH	LGIH	CCS	DFH
	(Sep Q4)	(Sep Q4)	(Oct Q4)	(Aug Q3)	(Aug Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)	(Jul Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)
TTM earnings before taxes	\$274	\$7,630	\$320	\$1,011	\$5,837	\$856	\$612	\$1,259	\$2,105	\$3,132	\$1,362	\$1,367	\$696	\$515	\$787	\$310
TTM impairment and walk away charges	\$3	\$70	\$14	\$10	\$37	\$31	\$3	\$10	(\$1)	\$38	\$21	\$7	\$21	\$3	\$4	\$0
TTM gains (losses) on extinguishment of debt	\$0	\$0	(\$7)	(\$4)	\$2	\$0	\$0	\$0	\$0	\$0	\$0	\$14	\$0	\$0	(\$14)	(\$1)
TTM interest expense	\$72	\$143	\$133	\$139	\$327	\$65	\$32	\$56	\$46	\$159	\$176	\$148	\$93	\$23	\$55	\$719
Adjusted EBIT	\$348	\$7,843	\$473	\$1,164	\$6,198	\$951	\$647	\$1,325	\$2,150	\$3,329	\$1,560	\$1,509	\$809	\$540	\$860	\$1,030
Total Inventories less liabilities from inventory not owned																
MRQ	\$1,738	\$19,112	\$1,317	\$5,737	\$21,181	\$4,042	\$3,012	\$4,815	\$2,692	\$11,810	\$9,409	\$6,195	\$3,608	\$2,904	\$3,108	\$1,804
MRQ-1	\$1,859	\$19,748	\$1,407	\$5,558	\$20,675	\$4,103	\$2,807	\$4,573	\$2,903	\$10,762	\$8,979	\$6,254	\$3,490	\$2,672	\$3,002	\$1,644
MRQ-2	\$1,677	\$18,369	\$1,368	\$5,198	\$19,554	\$3,929	\$2,580	\$4,122	\$2,706	\$9,893	\$8,584	\$5,961	\$3,288	\$2,375	\$2,680	\$1,507
MRQ-3	\$1,582	\$17,062	\$1,338	\$4,803	\$17,739	\$3,761	\$2,450	\$3,826	\$2,445	\$9,077	\$7,916	\$5,674	\$3,055	\$2,127	\$2,457	\$1,308
MRQ-4	\$1,502	\$15,657	\$1,191	\$4,656	\$18,264	\$3,413	\$2,349	\$3,671	\$2,317	\$8,936	\$8,293	\$6,009	\$3,136	\$1,958	\$2,163	\$823
Less capitalized interest																
MRQ	\$109	\$237	\$60	\$150	\$0	\$64	\$29	\$62	\$1	\$144	\$232	\$190	\$194	\$0	\$61	\$81
MRQ-1	\$116	\$228	\$64	\$155	\$0	\$62	\$27	\$61	\$1	\$152	\$237	\$185	\$189	\$0	\$57	\$62
MRQ-2	\$113	\$223	\$64	\$160	\$0	\$60	\$26	\$59	\$1	\$159	\$248	\$178	\$185	\$0	\$55	\$49
MRQ-3	\$111	\$221	\$64	\$161	\$0	\$58	\$24	\$56	\$1	\$161	\$254	\$169	\$174	\$0	\$53	\$33
MRQ-4	\$107	\$218	\$58	\$172	\$0	\$57	\$23	\$57	\$1	\$175	\$279	\$181	\$173	\$0	\$55	\$23
Plus investments in and advances to UJVs																
MRQ	\$1	\$0	\$75	\$47	\$1,174	\$0	\$52	\$11	\$0	\$158	\$768	\$306	\$133	\$7	\$0	\$0
MRQ-1	\$1	\$0	\$75	\$45	\$1,084	\$0	\$56	\$11	\$0	\$150	\$684	\$292	\$131	\$7	\$0	\$0
MRQ-2	\$5	\$0	\$67	\$38	\$1,066	\$0	\$57	\$6	\$0	\$106	\$680	\$173	\$122	\$6	\$0	\$0
MRQ-3	\$5	\$0	\$67	\$36	\$972	\$0	\$57	\$6	\$0	\$98	\$599	\$171	\$118	\$6	\$0	\$0
MRQ-4	\$4	\$0	\$61	\$39	\$983	\$0	\$42	\$4	\$0	\$64	\$550	\$146	\$75	\$5	\$0	\$0
Plus goodwill and definite life intangible assets																
MRQ	\$11	\$164	\$0	\$0	\$3,442	\$0	\$16	\$33	\$42	\$139	\$0	\$663	\$157	\$12	\$30	\$178
MRQ-1	\$11	\$164	\$0	\$0	\$3,442	\$0	\$16	\$33	\$42	\$141	\$0	\$663	\$157	\$12	\$30	\$179
MRQ-2	\$11	\$164	\$0	\$0	\$3,442	\$0	\$16	\$33	\$42	\$144	\$0	\$663	\$157	\$12	\$30	\$180
MRQ-3	\$11	\$164	\$0	\$0	\$3,442	\$0	\$16	\$33	\$42	\$147	\$0	\$663	\$157	\$12	\$30	\$181
MRQ-4	\$11	\$164	\$0	\$0	\$3,442	\$0	\$16	\$33	\$42	\$150	\$0	\$663	\$157	\$12	\$30	\$32
Investment: inventories less liabilities from consolidated inventory not owned, less capitalized interest, plus investments in and advances to UJVs, plus goodwill and definite life intangible assets																
MRQ	\$1,641	\$19,038	\$1,332	\$5,633	\$25,797	\$3,979	\$3,051	\$4,797	\$2,733	\$11,963	\$9,944	\$6,974	\$3,704	\$2,923	\$3,077	\$1,901
MRQ-1	\$1,755	\$19,684	\$1,417	\$5,448	\$25,201	\$4,040	\$2,852	\$4,556	\$2,944	\$10,902	\$9,426	\$7,023	\$3,589	\$2,691	\$2,976	\$1,761
MRQ-2	\$1,580	\$18,309	\$1,372	\$5,077	\$24,063	\$3,868	\$2,628	\$4,102	\$2,747	\$9,985	\$9,016	\$6,619	\$3,382	\$2,393	\$2,655	\$1,638
MRQ-3	\$1,487	\$17,004	\$1,342	\$4,678	\$22,153	\$3,703	\$2,499	\$3,808	\$2,486	\$9,161	\$8,261	\$6,340	\$3,156	\$2,144	\$2,434	\$1,456
MRQ-4	\$1,410	\$15,603	\$1,194	\$4,523	\$22,690	\$3,355	\$2,384	\$3,651	\$2,358	\$8,975	\$8,565	\$6,638	\$3,195	\$1,976	\$2,138	\$833
Investment five quarter average	\$1,575	\$17,927	\$1,332	\$5,072	\$23,981	\$3,789	\$2,683	\$4,183	\$2,653	\$10,197	\$9,042	\$6,719	\$3,405	\$2,425	\$2,656	\$1,518
EBIT return on investment (EBIT ROI)	22.1%	43.7%	35.5%	23.0%	25.8%	25.1%	24.1%	31.7%	81.0%	32.6%	17.2%	22.5%	23.8%	22.3%	32.4%	67.8%

Source: Peer SEC filings and press releases as of 12/08/2022.

Reconciliation of Consolidated EBIT ROI – FYE 2021

(\$ in millions)

	BZH	DHI	HOV	KBH	LEN	MDC	MHO	MTH	NVR	PHM	TOL	TMHC	TPH	LGIH	CCS	DFH
	(Sep Q4)	(Sep Q4)	(Oct Q4)	(Aug Q3)	(Aug Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)	(Jul Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)
TTM earnings before taxes	\$144	\$5,356	\$190	\$598	\$5,403	\$714	\$470	\$839	\$1,549	\$2,178	\$868	\$640	\$583	\$566	\$604	\$127
TTM impairment and walk away charges	\$1	\$29	\$4	\$23	\$57	\$0	\$8	\$25	(\$22)	\$33	\$50	\$10	\$3	\$0	\$1	\$0
TTM gains (losses) on extinguishment of debt	(\$2)	(\$18)	(\$4)	\$0	\$0	\$0	(\$10)	(\$18)	\$0	(\$61)	\$0	\$0	(\$10)	(\$14)	(\$14)	\$0
TTM interest expense	\$90	\$142	\$162	\$146	\$374	\$66	\$38	\$74	\$55	\$164	\$195	\$128	\$109	\$43	\$72	\$35
Adjusted EBIT	\$237	\$5,545	\$359	\$766	\$5,834	\$780	\$526	\$956	\$1,582	\$2,436	\$1,113	\$777	\$705	\$623	\$691	\$162
Total Inventories less liabilities from inventory not owned																
MRQ	\$1,502	\$16,479	\$1,191	\$4,656	\$18,264	\$3,413	\$2,349	\$3,671	\$2,317	\$8,936	\$8,293	\$6,009	\$3,136	\$1,958	\$2,163	\$823
MRQ-1	\$1,408	\$16,012	\$1,244	\$4,273	\$17,650	\$3,182	\$2,064	\$3,326	\$2,399	\$8,418	\$8,261	\$5,819	\$3,086	\$1,790	\$1,949	\$739
MRQ-2	\$1,384	\$14,476	\$1,166	\$4,124	\$17,022	\$3,016	\$1,948	\$3,039	\$2,227	\$8,007	\$7,924	\$5,692	\$3,016	\$1,649	\$1,853	\$642
MRQ-3	\$1,414	\$13,577	\$1,162	\$3,897	\$16,219	\$2,832	\$1,907	\$2,838	\$2,097	\$7,750	\$7,659	\$5,335	\$2,910	\$1,607	\$1,930	\$551
MRQ-4	\$1,351	\$12,237	\$1,065	\$3,671	\$17,347	\$2,646	\$1,843	\$2,804	\$2,140	\$7,642	\$8,035	\$5,438	\$2,989	\$1,583	\$1,872	
Less capitalized interest																
MRQ	\$107	\$218	\$58	\$172	\$0	\$57	\$23	\$57	\$1	\$175	\$281	\$181	\$173	\$0	\$55	\$23
MRQ-1	\$110	\$221	\$64	\$180	\$0	\$54	\$22	\$57	\$1	\$185	\$295	\$181	\$174	\$0	\$54	\$19
MRQ-2	\$113	\$219	\$60	\$189	\$0	\$55	\$22	\$58	\$1	\$193	\$303	\$174	\$183	\$0	\$58	\$19
MRQ-3	\$119	\$215	\$65	\$190	\$0	\$53	\$21	\$59	\$1	\$193	\$298	\$164	\$182	\$0	\$61	\$21
MRQ-4	\$120	\$208	\$65	\$195	\$0	\$55	\$22	\$68	\$2	\$201	\$322	\$151	\$193	\$0	\$66	
Plus investments in and advances to UJVs																
MRQ	\$4	\$0	\$61	\$39	\$983	\$0	\$42	\$4	\$0	\$64	\$550	\$146	\$75	\$5	\$0	\$7
MRQ-1	\$4	\$0	\$69	\$45	\$1,010	\$0	\$33	\$4	\$0	\$45	\$534	\$130	\$74	\$5	\$0	\$7
MRQ-2	\$4	\$0	\$113	\$46	\$1,077	\$0	\$34	\$4	\$0	\$40	\$572	\$136	\$68	\$2	\$0	\$6
MRQ-3	\$4	\$0	\$94	\$47	\$953	\$0	\$35	\$4	\$0	\$36	\$431	\$128	\$75	\$4	\$0	\$5
MRQ-4	\$4	\$0	\$103	\$49	\$941	\$0	\$34	\$4	\$0	\$42	\$413	\$125	\$37	\$2	\$0	
Plus goodwill and definite life intangible assets																
MRQ	\$11	\$164	\$0	\$0	\$3,442	\$0	\$16	\$33	\$42	\$150	\$0	\$663	\$157	\$12	\$30	\$32
MRQ-1	\$11	\$164	\$0	\$0	\$3,442	\$0	\$16	\$33	\$42	\$153	\$0	\$663	\$157	\$12	\$30	\$33
MRQ-2	\$11	\$164	\$0	\$0	\$3,442	\$0	\$16	\$33	\$42	\$158	\$0	\$663	\$158	\$12	\$30	\$33
MRQ-3	\$11	\$164	\$0	\$0	\$3,442	\$0	\$16	\$33	\$42	\$163	\$0	\$664	\$159	\$12	\$30	\$31
MRQ-4	\$11	\$164	\$0	\$0	\$3,442	\$0	\$16	\$33	\$42	\$168	\$0	\$639	\$159	\$12	\$30	
Investment: inventories less liabilities from consolidated inventory not owned, less capitalized interest, plus investments in and advances to UJVs, plus goodwill and definite life intangible assets																
MRQ	\$1,410	\$16,425	\$1,194	\$4,523	\$22,690	\$3,355	\$2,384	\$3,651	\$2,358	\$8,975	\$8,562	\$6,638	\$3,195	\$1,976	\$2,138	\$840
MRQ-1	\$1,314	\$15,954	\$1,249	\$4,138	\$22,102	\$3,128	\$2,091	\$3,306	\$2,440	\$8,430	\$8,499	\$6,431	\$3,142	\$1,807	\$1,925	\$760
MRQ-2	\$1,286	\$14,421	\$1,219	\$3,982	\$21,541	\$2,961	\$1,976	\$3,019	\$2,267	\$8,012	\$8,192	\$6,317	\$3,059	\$1,663	\$1,826	\$662
MRQ-3	\$1,310	\$13,525	\$1,190	\$3,754	\$20,614	\$2,779	\$1,936	\$2,816	\$2,137	\$7,755	\$7,792	\$5,964	\$2,961	\$1,623	\$1,899	\$565
MRQ-4	\$1,246	\$12,193	\$1,103	\$3,525	\$21,730	\$2,590	\$1,871	\$2,773	\$2,179	\$7,651	\$8,125	\$6,051	\$2,993	\$1,598	\$1,836	
Investment five quarter average	\$1,313	\$14,504	\$1,191	\$3,984	\$21,736	\$2,963	\$2,052	\$3,113	\$2,276	\$8,165	\$8,234	\$6,280	\$3,070	\$1,733	\$1,925	\$707
EBIT return on investment (EBIT ROI)	18.0%	38.2%	30.1%	19.2%	26.8%	26.3%	25.6%	30.7%	69.5%	29.8%	13.5%	12.4%	22.9%	36.0%	35.9%	22.9%

Source: Peer SEC filings and press releases as of 12/09/2021.

Hovnanian
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