

Hovnanian
Enterprises, Inc.



Investor Presentation

January 2025

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) increases in inflation; (5) adverse weather and other environmental conditions and natural disasters; (6) the seasonality of the Company’s business; (7) the availability and cost of suitable land and improved lots and sufficient liquidity to invest in such land and lots; (8) reliance on, and the performance of, subcontractors; (9) 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; (10) increases in cancellations of agreements of sale; (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) global economic and political instability (18) high leverage and restrictions on the Company’s operations and activities imposed by the agreements governing the Company’s outstanding indebtedness; (19) availability and terms of financing to the Company; (20) the Company’s sources of liquidity; (21) changes in credit ratings; (22) government regulation, including regulations concerning development of land, the home building, sales and customer financing processes, tax laws and the environment; (23) potential liability as a result of the past or present use of hazardous materials; (24) operations through unconsolidated joint ventures with third parties; (25) significant influence of the Company’s controlling stockholders; (26) availability of net operating loss carryforwards; (27) loss of key management personnel or failure to attract qualified personnel; and (28) 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 loss (gain) on extinguishment of debt, net ("Adjusted EBITDA") and the ratio of Adjusted EBITDA to interest incurred 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 loss (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.

Adjusted earnings before interest and income taxes return on investment ("Adjusted EBIT ROI") is a non-GAAP financial measure. The most directly comparable GAAP financial measure is net income. A reconciliation for historical periods of Adjusted EBIT ROI to consolidated EBIT is presented in a table attached to this presentation.

Total liquidity is comprised of \$210.0 million of cash and cash equivalents, \$3.2 million of restricted cash required to collateralize letters of credit and \$125.0 million available under a senior secured revolving credit facility as of October 31, 2024.

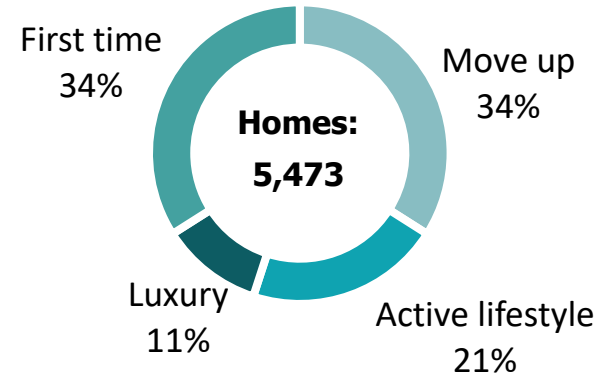


Recent operating and financial performance

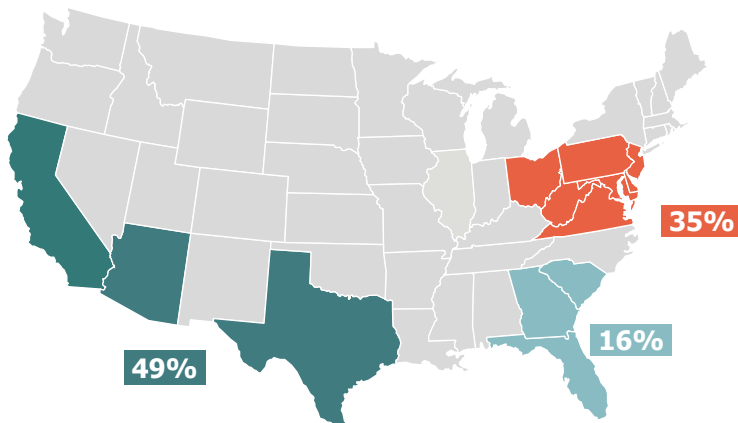
Hovnanian Enterprises at a Glance

- 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

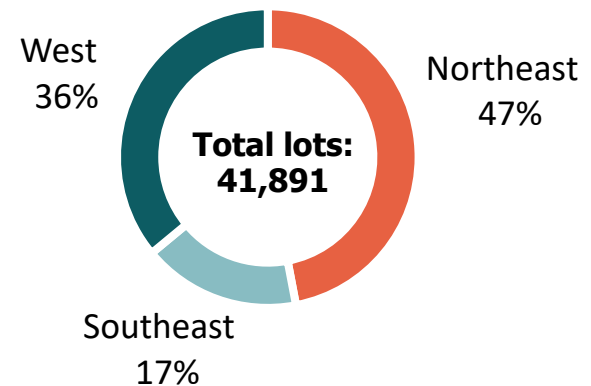
Home deliveries by product⁽¹⁾ (Year ended October 31, 2023)



Homebuilding revenues by segment (TTM ended October 31, 2024)



Lots controlled by segment⁽³⁾ (As of October 31, 2024)



⁽¹⁾ Includes unconsolidated joint ventures deliveries.

⁽²⁾ Company SEC filings and press release of 12/05/2024.

⁽³⁾ Excludes unconsolidated joint ventures.

Full Year Results Compared to Guidance

(\$ in millions)

	<u>Guidance</u> <u>FY 2024⁽¹⁾</u>	<u>Actuals</u> <u>FY 2024</u>
Total Revenues	\$2,900 - \$3,050	\$3,005
Adjusted Homebuilding Gross Margin⁽²⁾	21.5% - 22.5%	22.0%
Total SG&A as Percentage of Total Revenues⁽³⁾	11.0% - 12.0%	11.4%
Income from Unconsolidated Joint Venture	\$55 - \$65	\$52
Adjusted EBITDA⁽⁴⁾	\$420 - \$445	\$456
Adjusted Income Before Income Taxes⁽⁵⁾	\$300 - \$325	\$327
Diluted EPS⁽⁶⁾	\$29 - \$31	\$31.79
Book Value per Common Share⁽⁶⁾	\$107 - \$110	\$110

(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 \$209.89, which was the price at the end of the third 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.

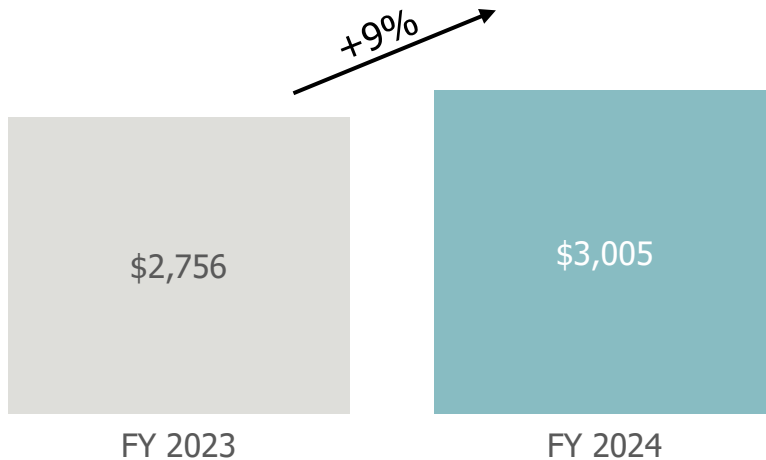
(5) Adjusted Income Before Income Taxes excludes land-related charges, joint venture write-downs and loss (gain) on extinguishment of debt, net and is a non-GAAP financial measure. See appendix for a reconciliation of the historic measure to the most directly comparable GAAP measure.

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

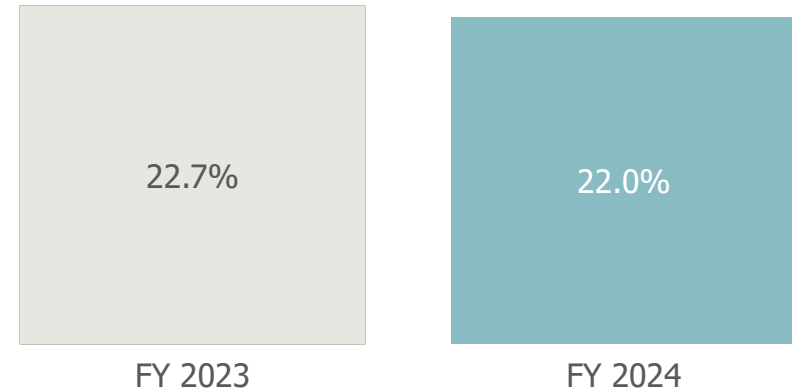
Full Year Results Compared to Last Year

(\$ in millions)

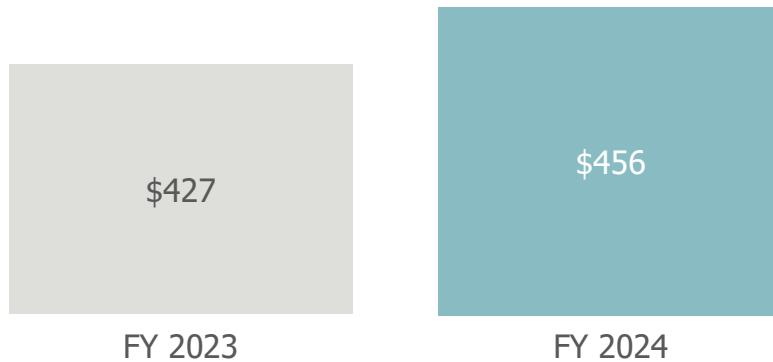
Total Revenues



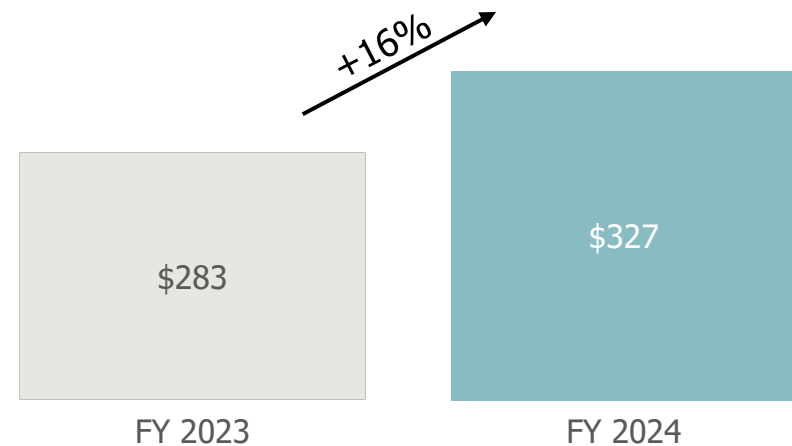
Adjusted Gross Margin⁽¹⁾



Adjusted EBITDA⁽²⁾



Adjusted Income Before Income Taxes⁽³⁾

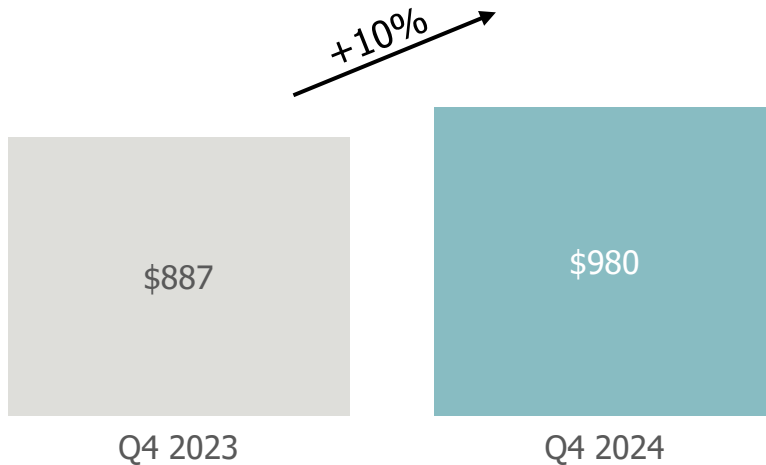


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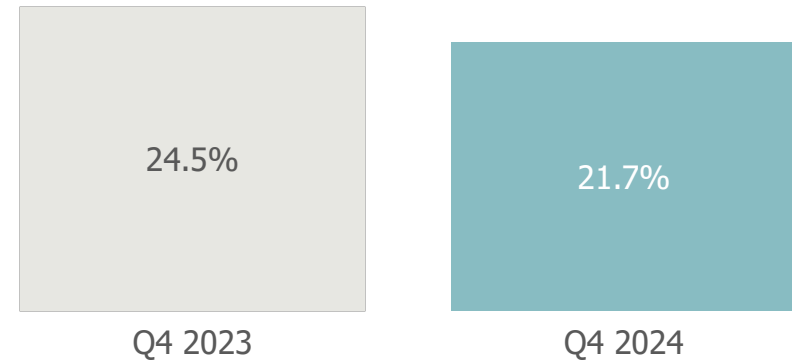
Fourth Quarter Results Compared to Last Year

(\$ in millions)

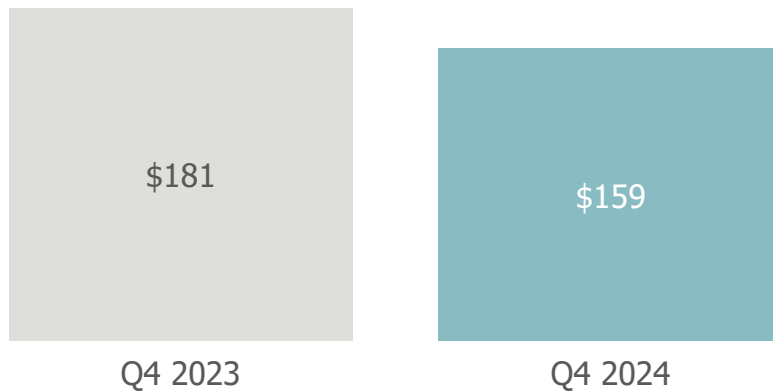
Total Revenues



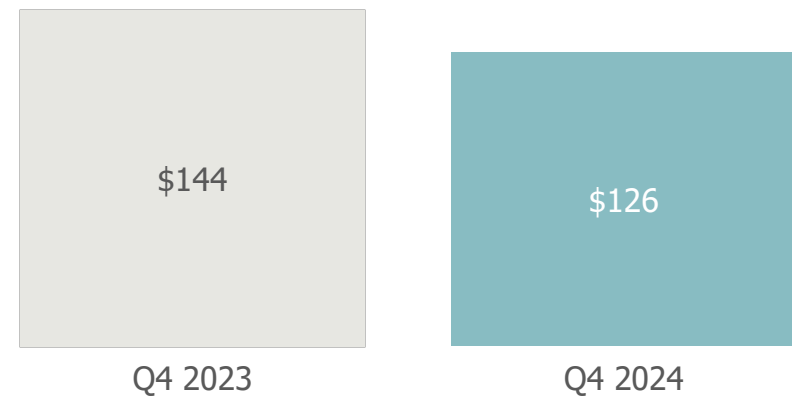
Adjusted Gross Margin⁽¹⁾



Adjusted EBITDA⁽²⁾

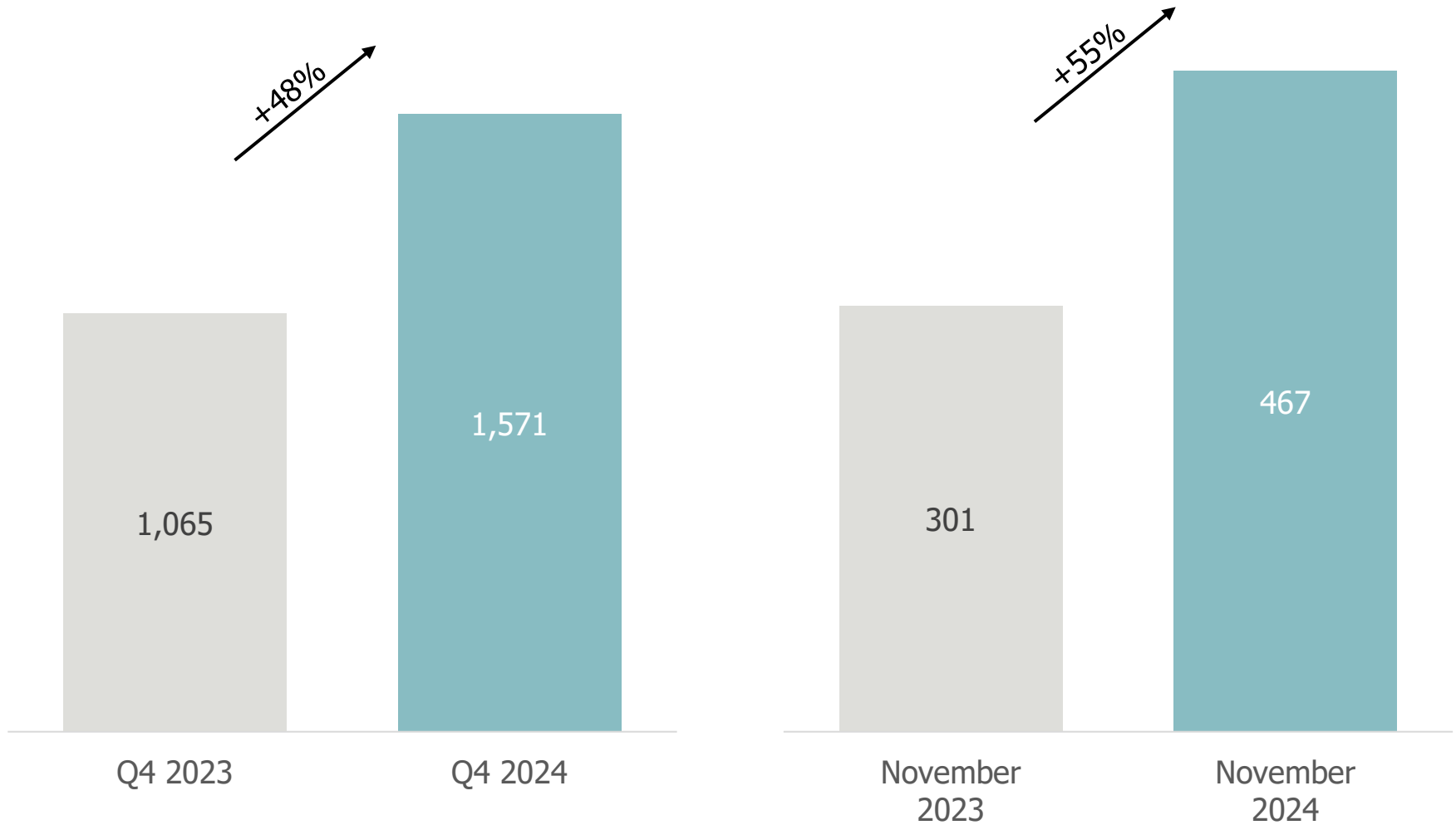


Adjusted Income Before Income Taxes⁽³⁾



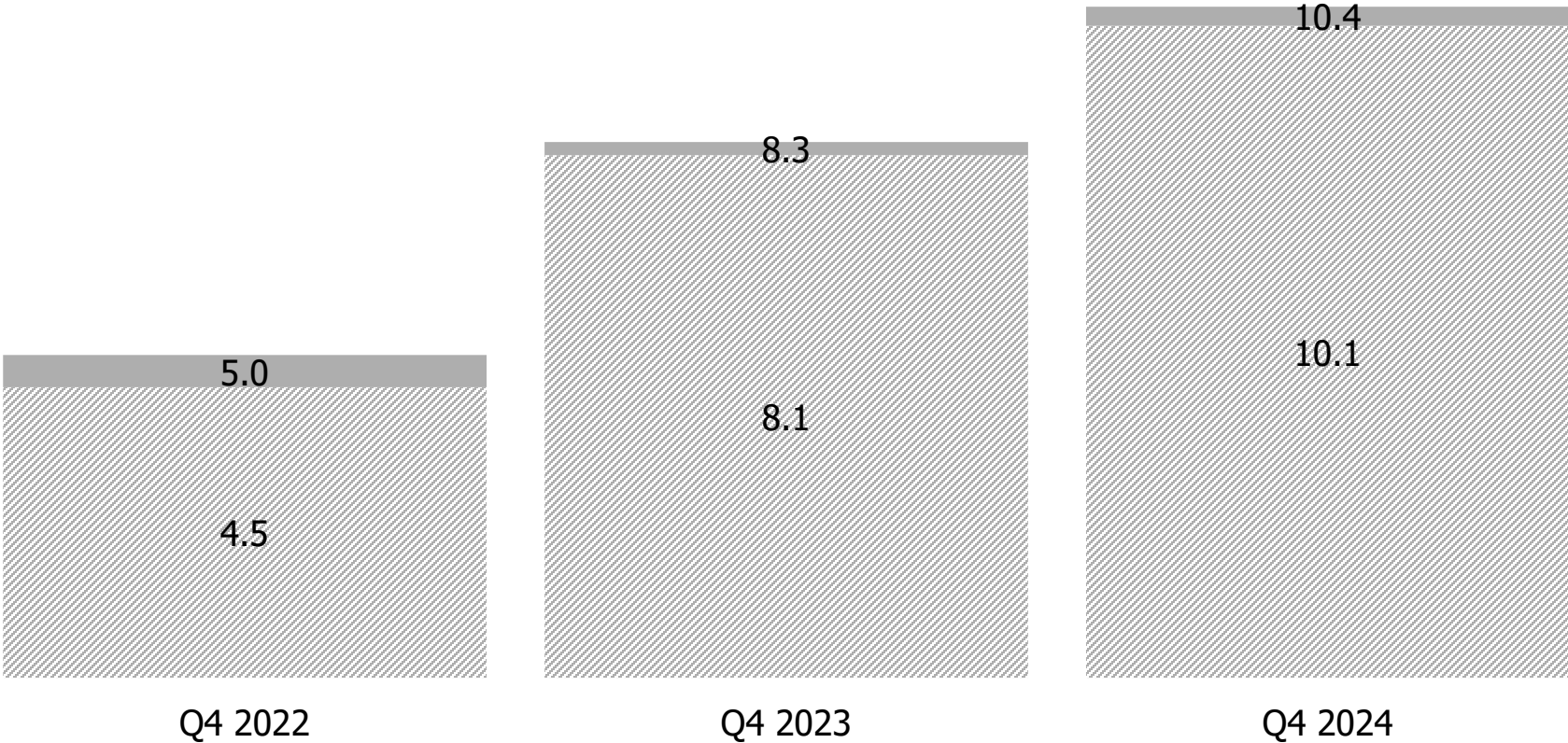
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Contracts, including domestic unconsolidated joint ventures



Quarterly Contracts Per Community

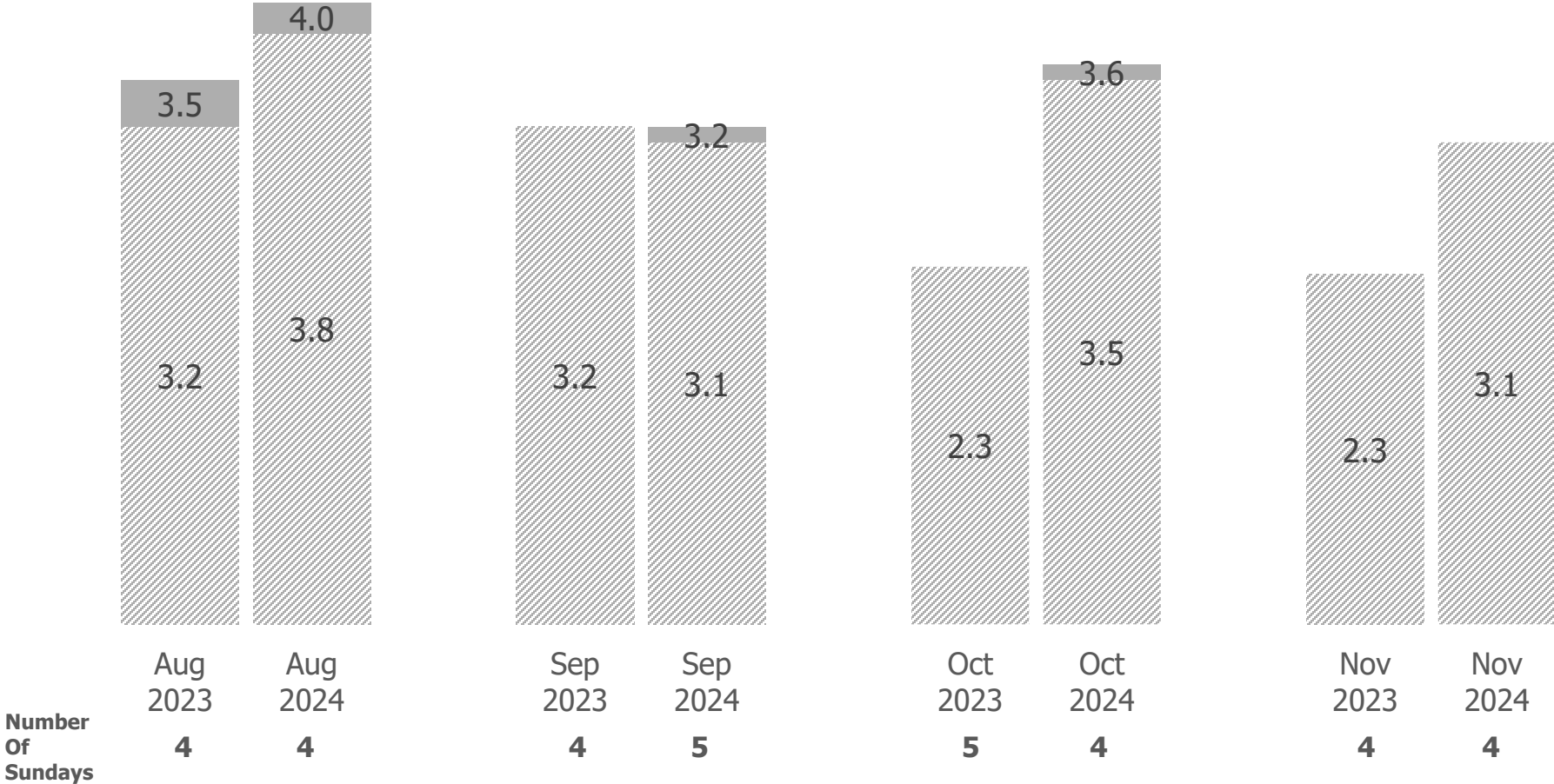
▨ Excluding Build for Rent ■ Including Build for Rent



Note: Excludes unconsolidated joint ventures.

Contracts Per Community

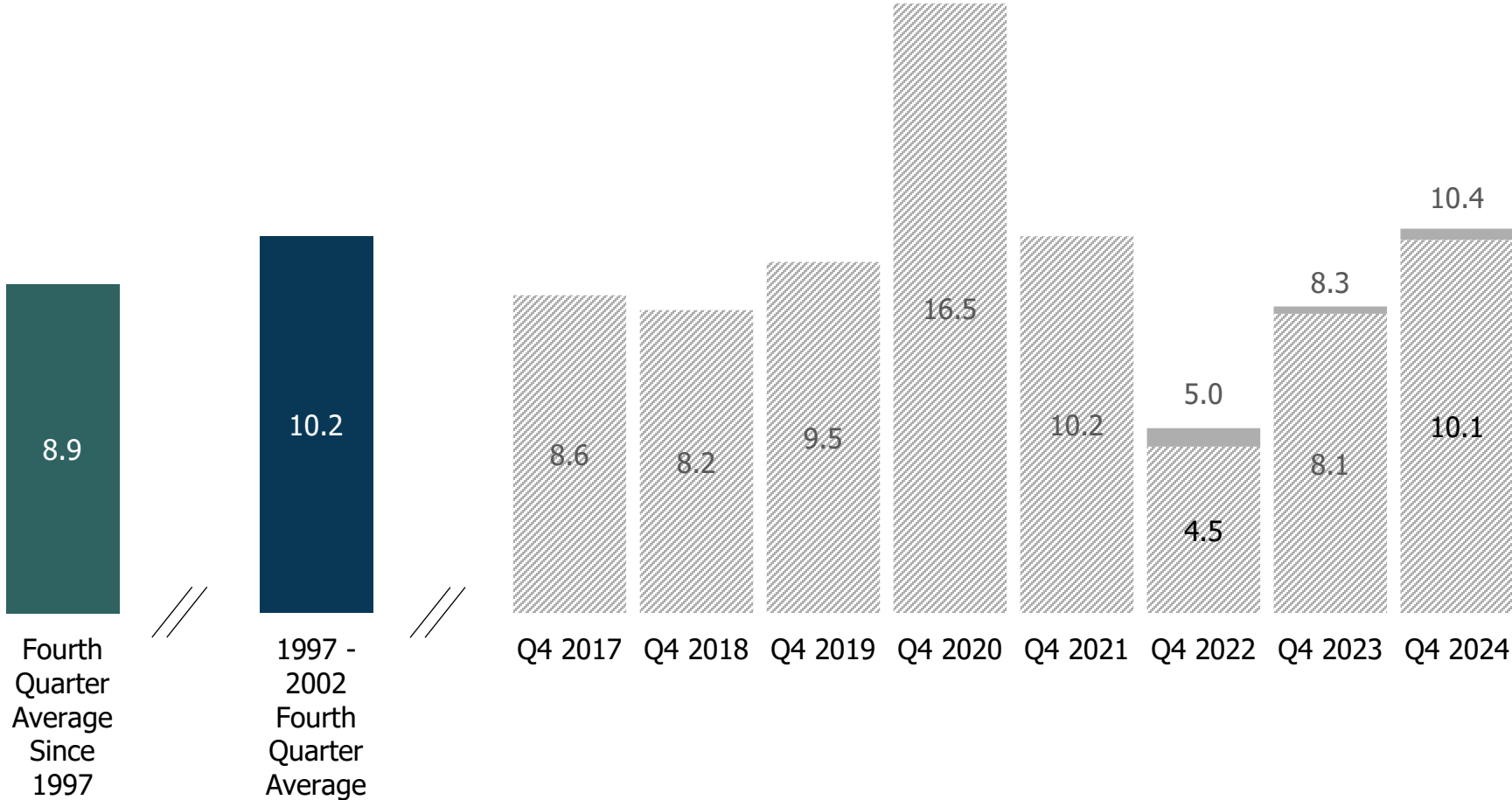
▨ Excluding Build for Rent ■ Including Build for Rent



Note: Excludes unconsolidated joint ventures.

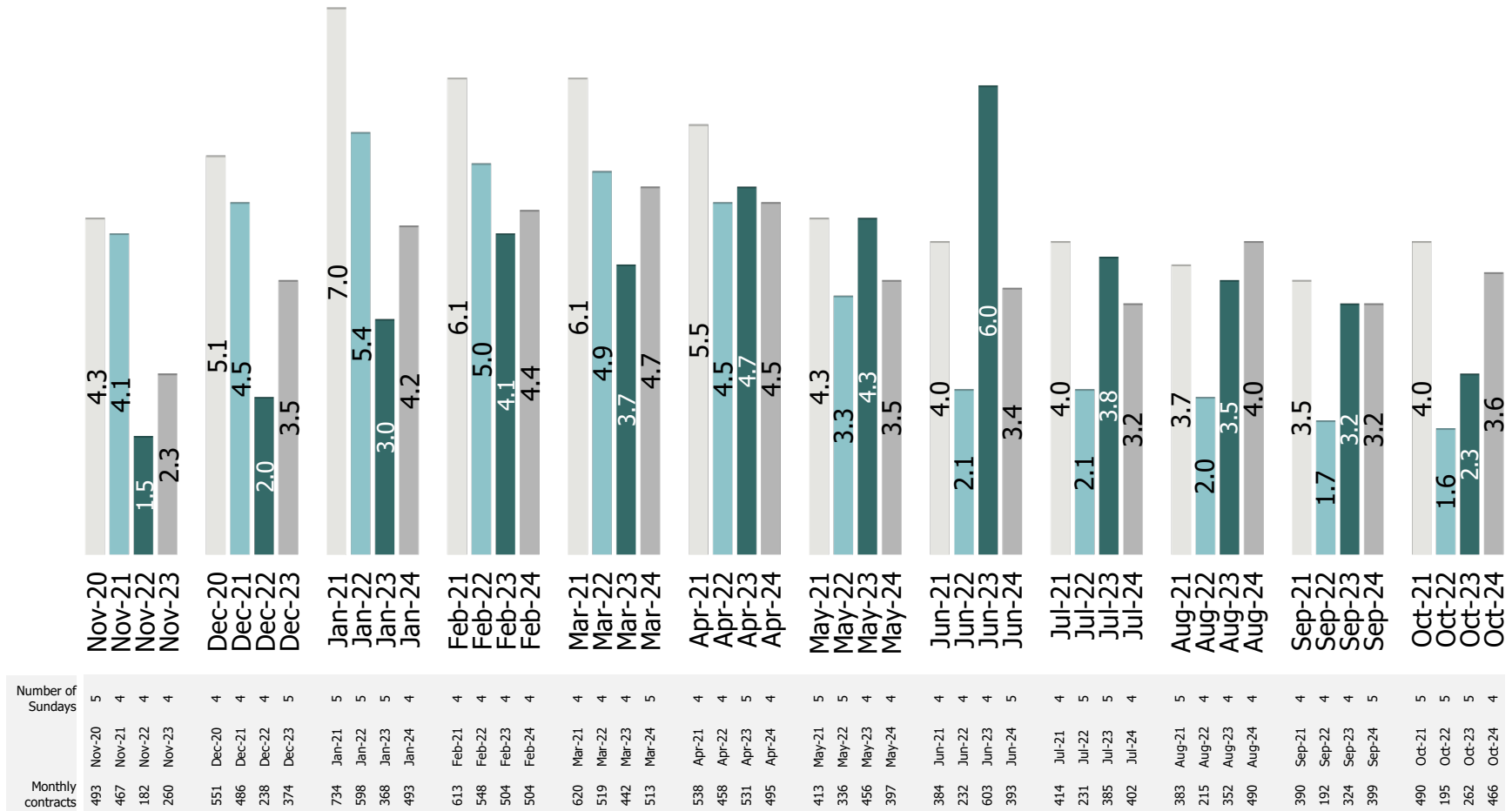
Quarterly Contracts Per Community

▨ Excluding Build for Rent ■ Including Build for Rent



Note: Excludes unconsolidated joint ventures.

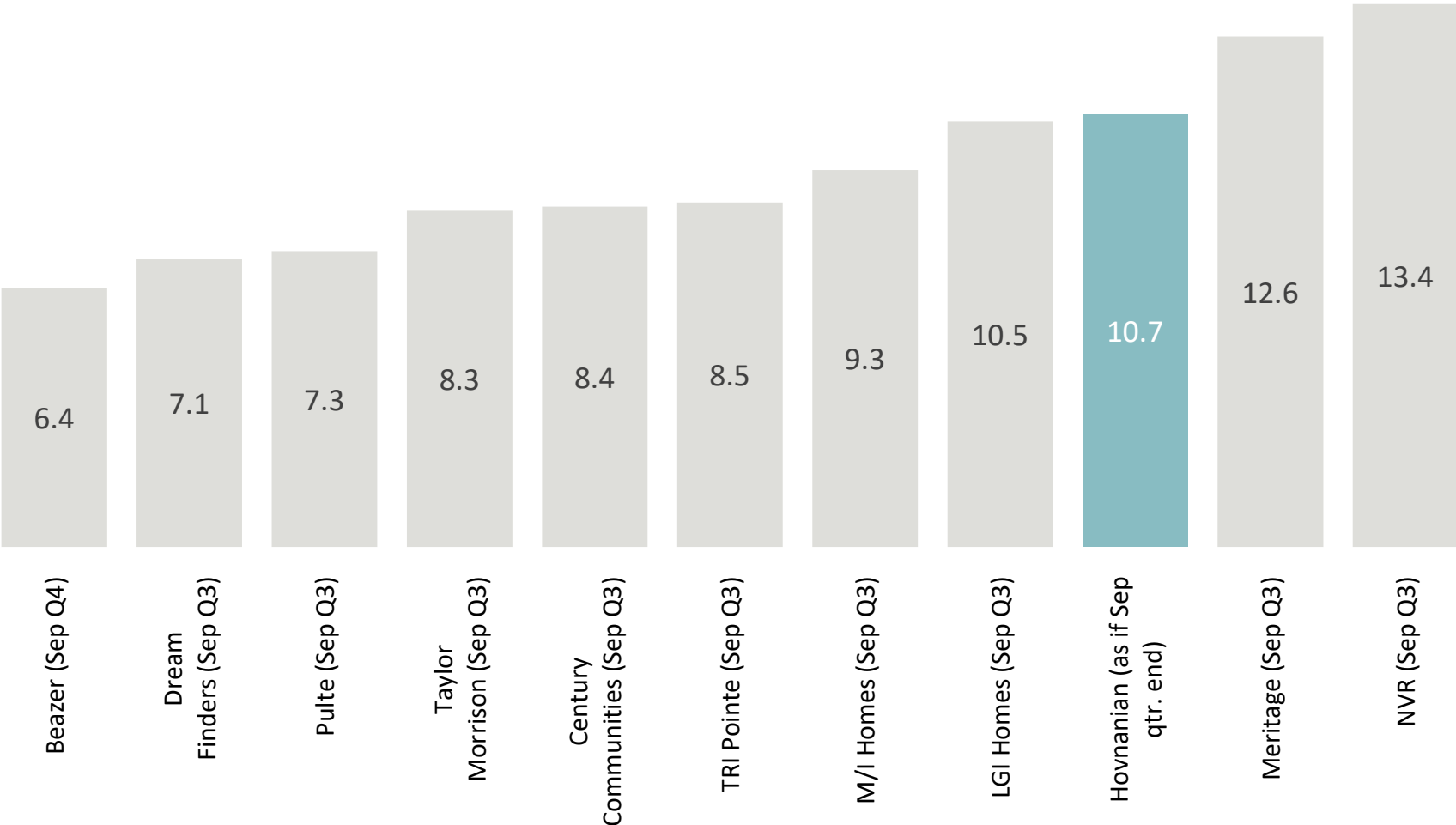
Number of Monthly Contracts Per Community, Excludes Unconsolidated Joint Ventures



Note: Excludes unconsolidated joint ventures.

Contracts Per Community – Most Recent Quarter

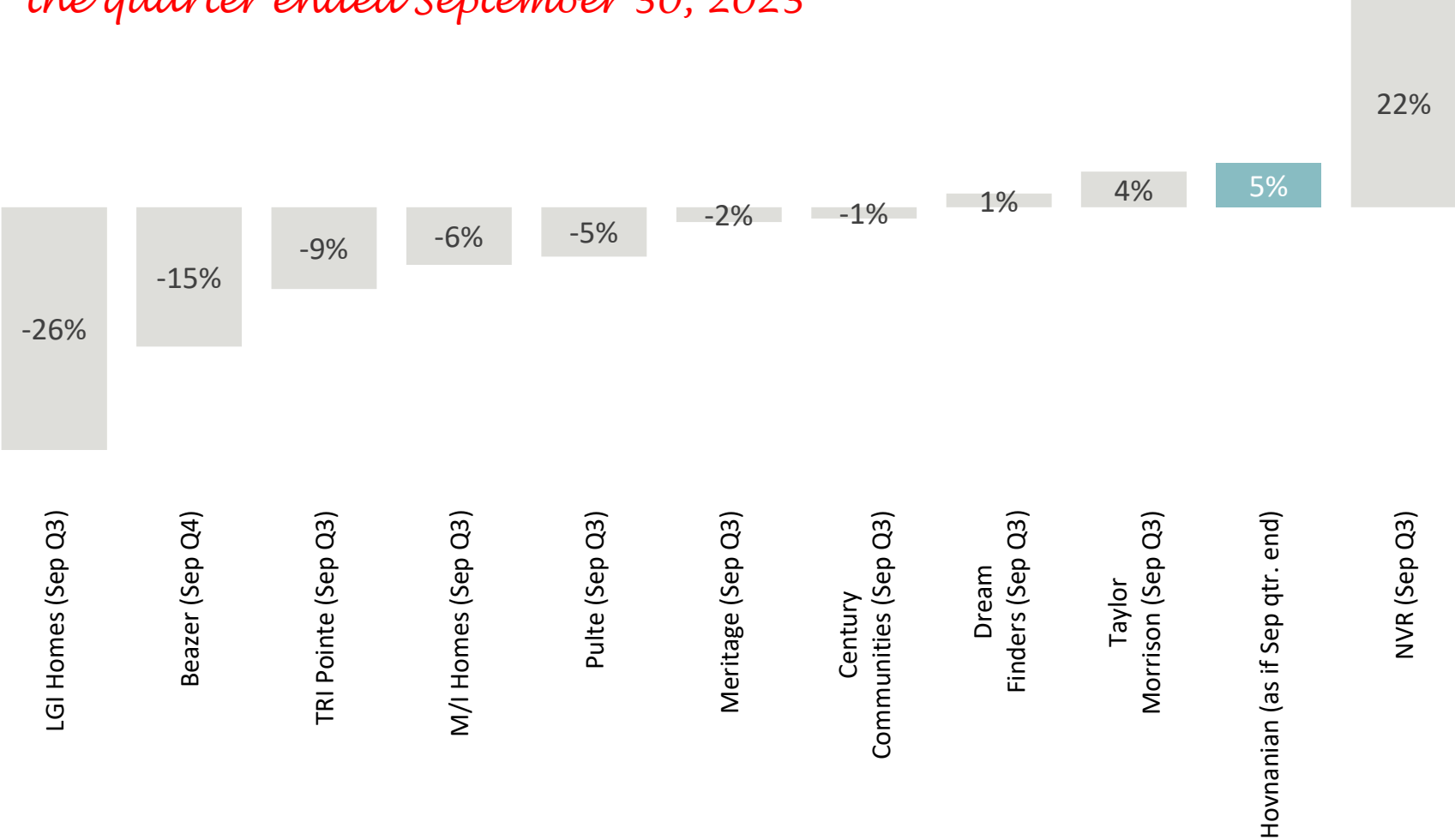
For the quarter ended September 30, 2024



*Note: Only peers with September quarter ends are shown on this slide.
 Note: Hovnanian calculation includes domestic unconsolidated joint venture contracts.*

Contracts Per Community – Most Recent Quarter Year-Over-Year Change

For the quarter ended September 30, 2024, compared with the quarter ended September 30, 2023



*Note: Only peers with September quarter ends are shown on this slide.
Note: Hovnanian calculation includes domestic unconsolidated joint venture contracts.*

Streamlined geographic footprint with room for organic growth

■ **27 markets in 13 states**

- **Northeast:** Delaware, Maryland, New Jersey, Ohio, Pennsylvania, Virginia and West Virginia
- **Southeast:** Florida, Georgia and South Carolina
- **West:** : Arizona, California and Texas

Q4 2024 LTM⁽¹⁾

	Northeast	Southeast	West
Homebuilding revenues	35%	16%	49%
Homes delivered	31%	16%	53%
Average selling price of deliveries	\$612K	\$510K	\$503K
Net new contracts (\$)	40%	10%	50%
Backlog homes	47%	15%	38%

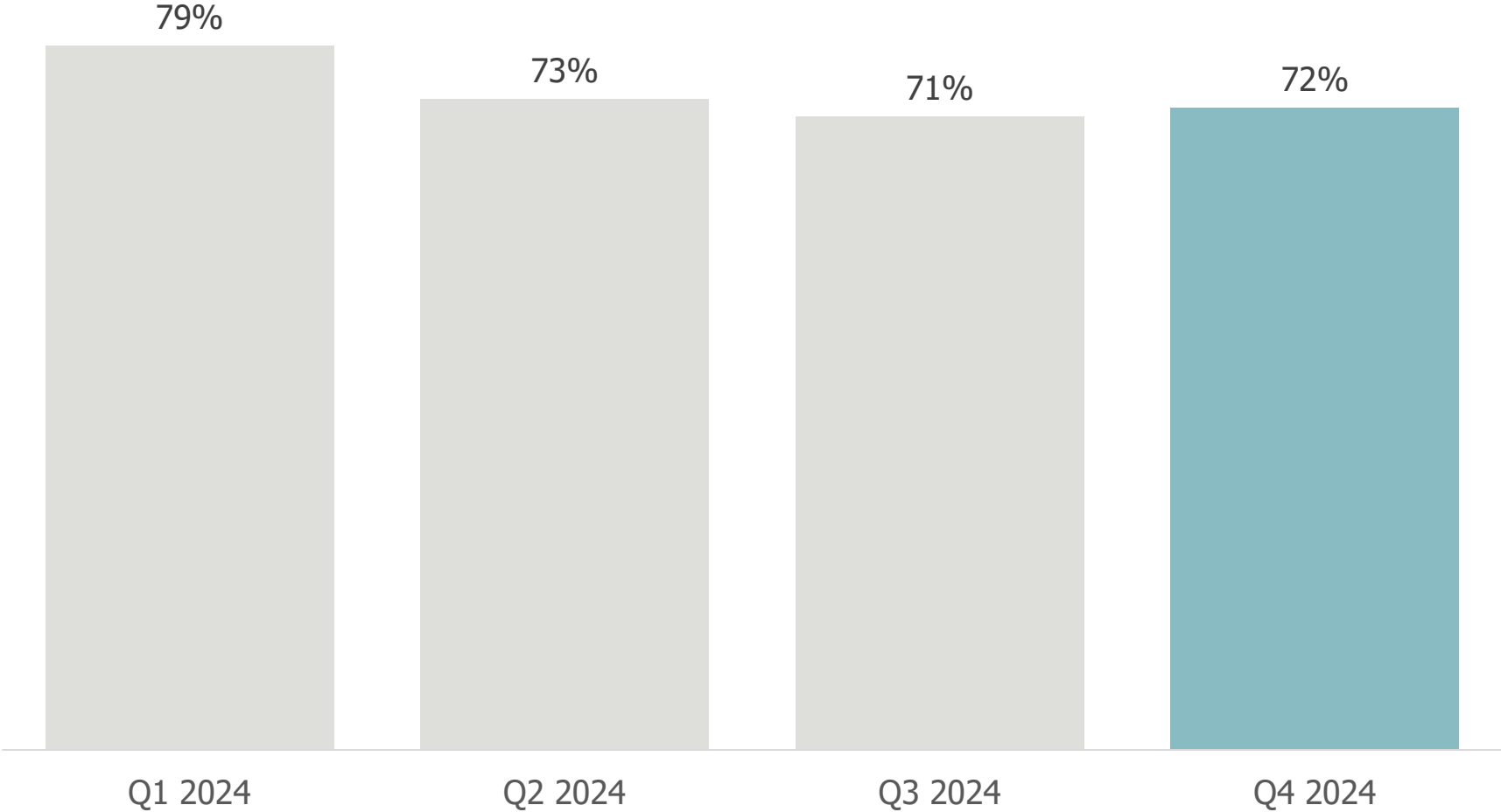
Exited 5 non-core markets since fiscal 2016

Geographic diversification mitigates market-specific economic impacts

Honed our market footprint to our 27 most profitable locations

(1) Regional breakdown as percentage of total company, excludes unconsolidated joint ventures.

Percentage of Our Homebuyers That Used Buydowns



Note: The percentages represent the usage of buydowns on our deliveries.

Land Position

October 31, 2024
Owned

Segment	Active lots	Mothballed lots	Optioned lots	Total lots
Northeast	1,919	6	17,651	19,576
Southeast	806	–	6,355	7,161
West	3,511	390	11,253	15,154
Consolidated total	6,236	396	35,259	41,891
Unconsolidated joint ventures ⁽¹⁾	2,183	–	646	2,829
Grand total	8,419	396	35,905	44,720

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

7.8 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.

Lot Option Position

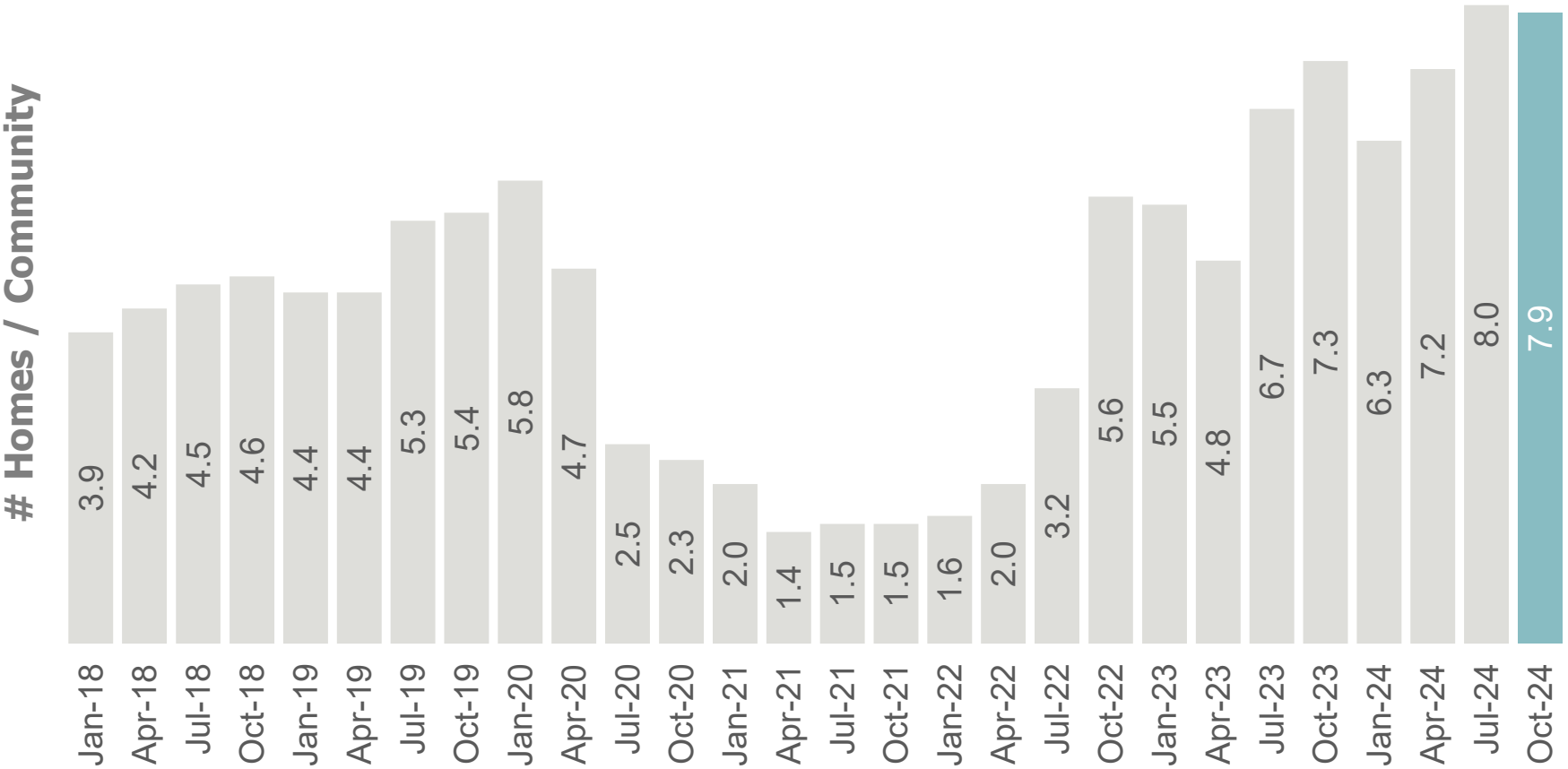
October 31, 2024	Lots Optioned	Total Deposit (\$ millions)	Per Lot Deposit (\$)	Purchase Value (\$ billions)	Per Lot Purchase Value (\$)	% Deposit
Total	35,289	\$264.8	\$7,500	\$3.0	\$85,000	8.8%

- \$66.7 million invested in pre-development expenses as of October 31, 2024

Note: Peak Total Deposits was \$466 million in second quarter of fiscal 2006.

Quick Move In Homes (QMIs) Per Community

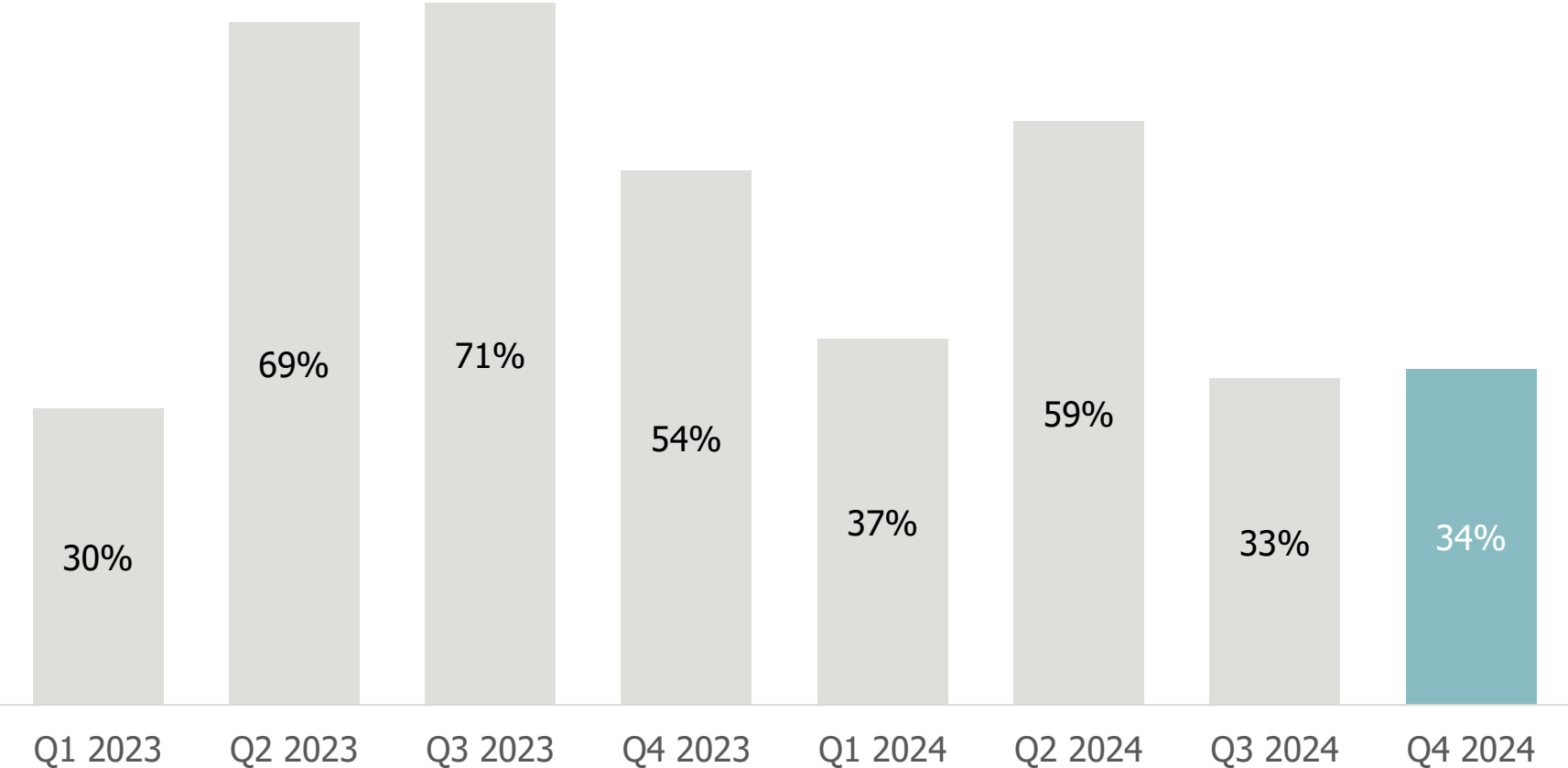
- 1,021 QMIs at 10/31/24, excluding models
- 4.6 average QMIs per community since 1997
- 233 finished QMIs at 10/31/24



Note: Excluding unconsolidated joint ventures and models.

Raising Home Prices in Many of Our Communities

Percentage of communities where we raised net prices



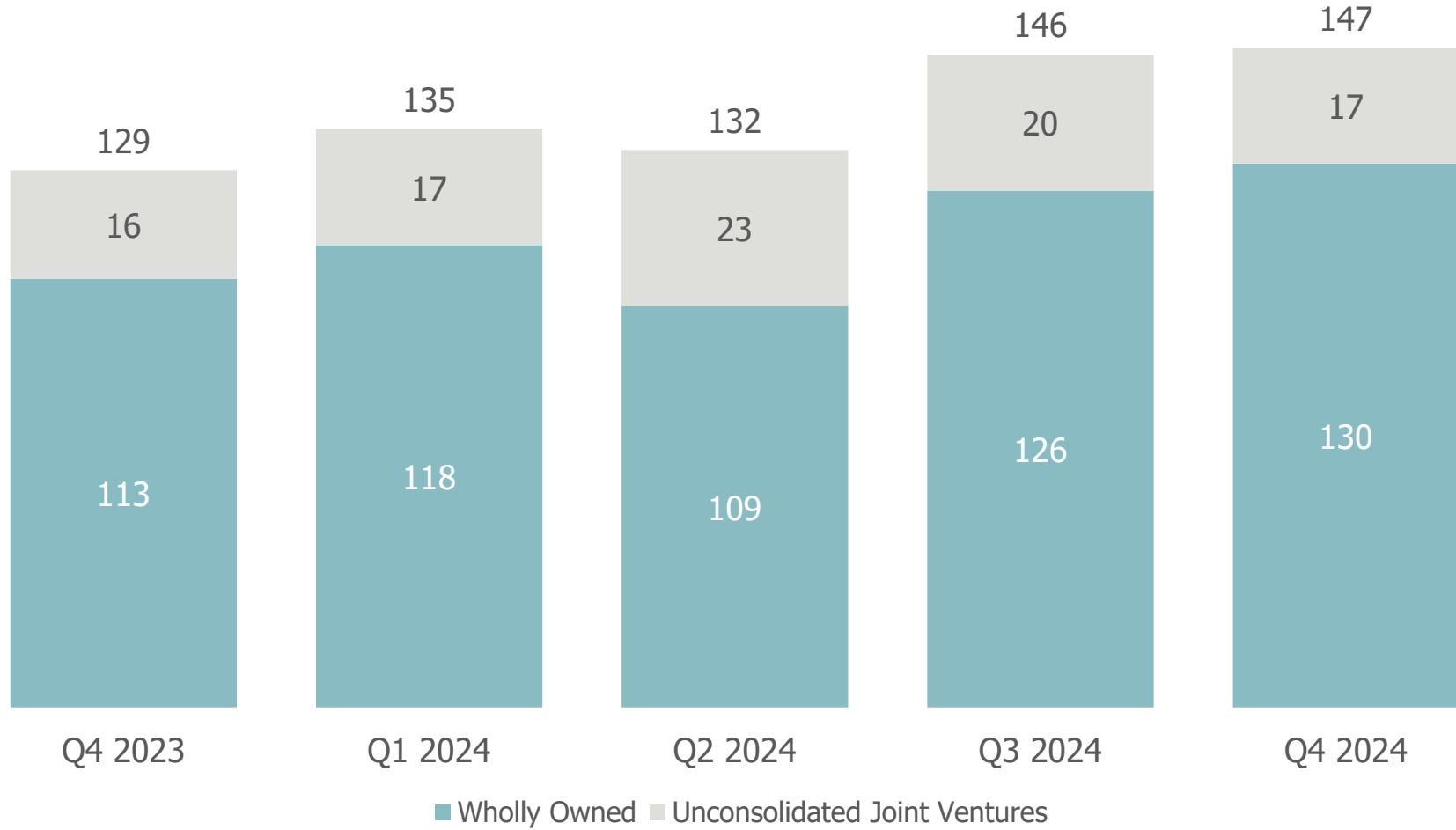


looks®



Community Count

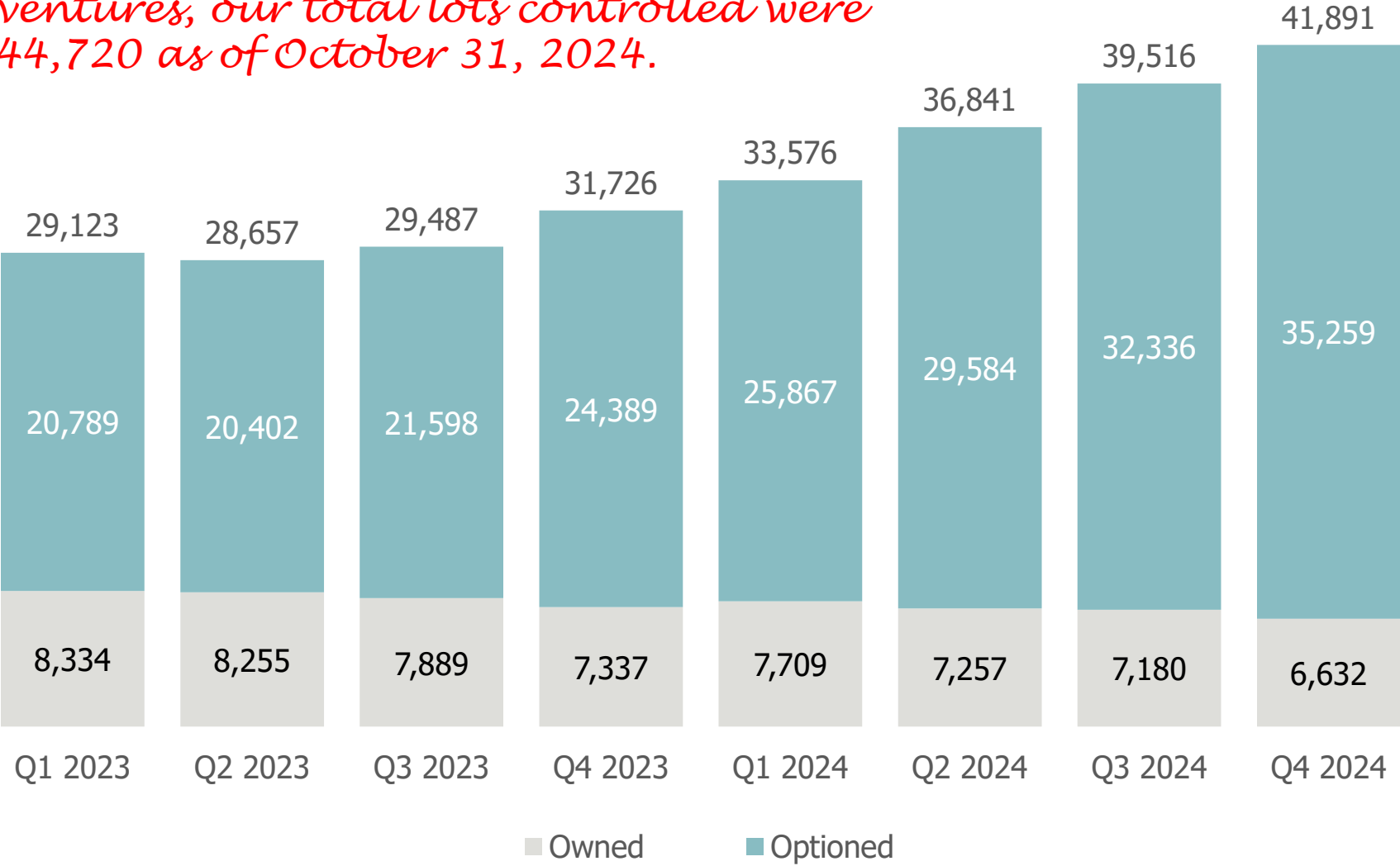
Community count expected to grow further in fiscal 2025.



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

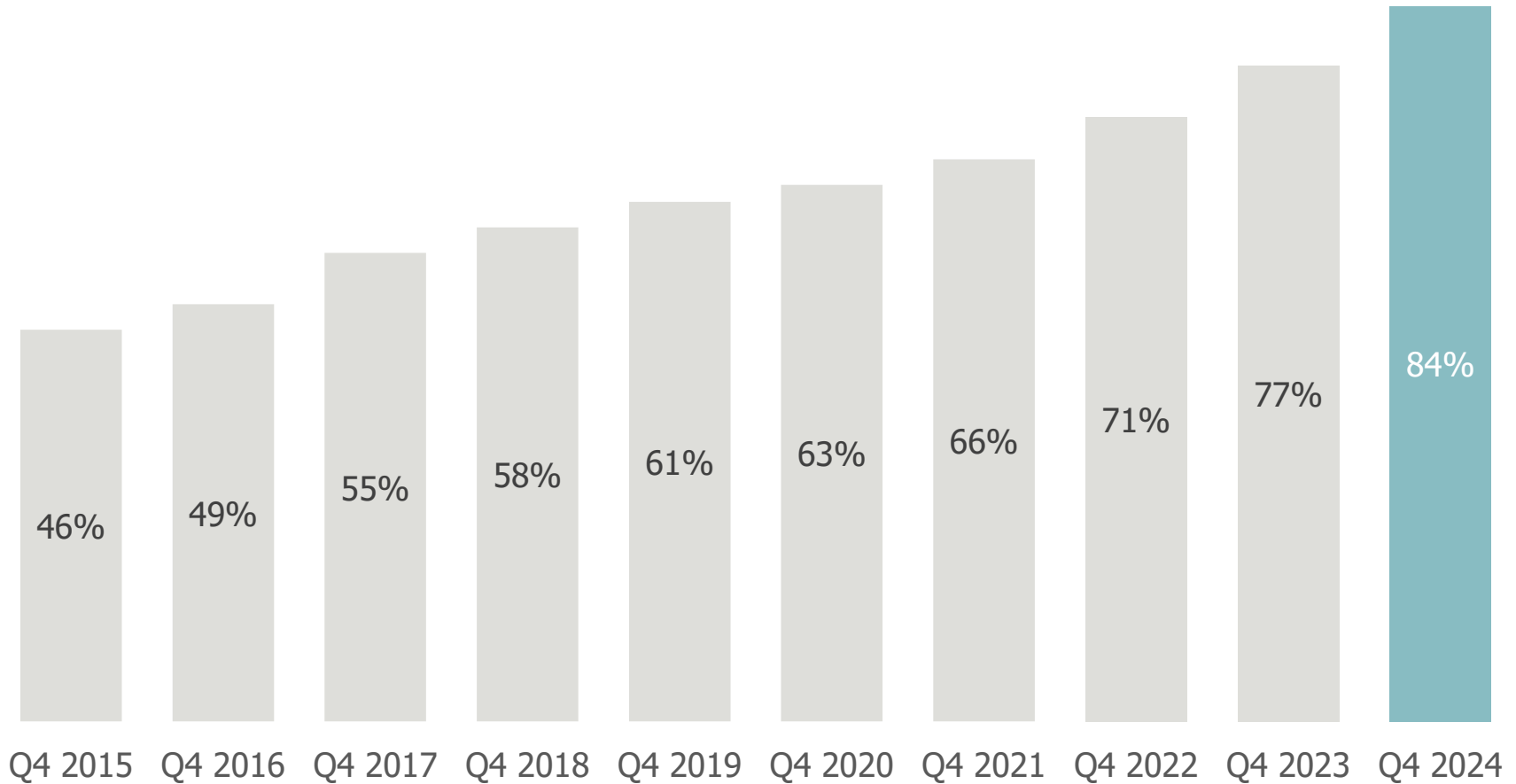
Lots Controlled

Including domestic unconsolidated joint ventures, our total lots controlled were 44,720 as of October 31, 2024.



Note: Excludes unconsolidated joint ventures.

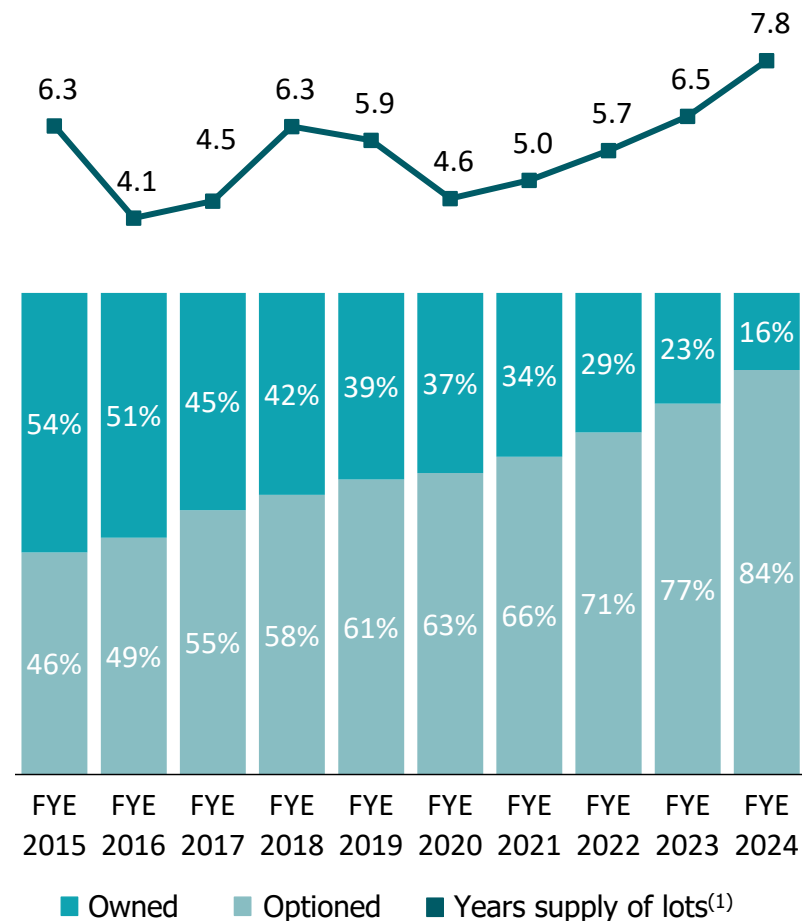
Percentage of Optioned Lots



Note: Excludes unconsolidated joint ventures.

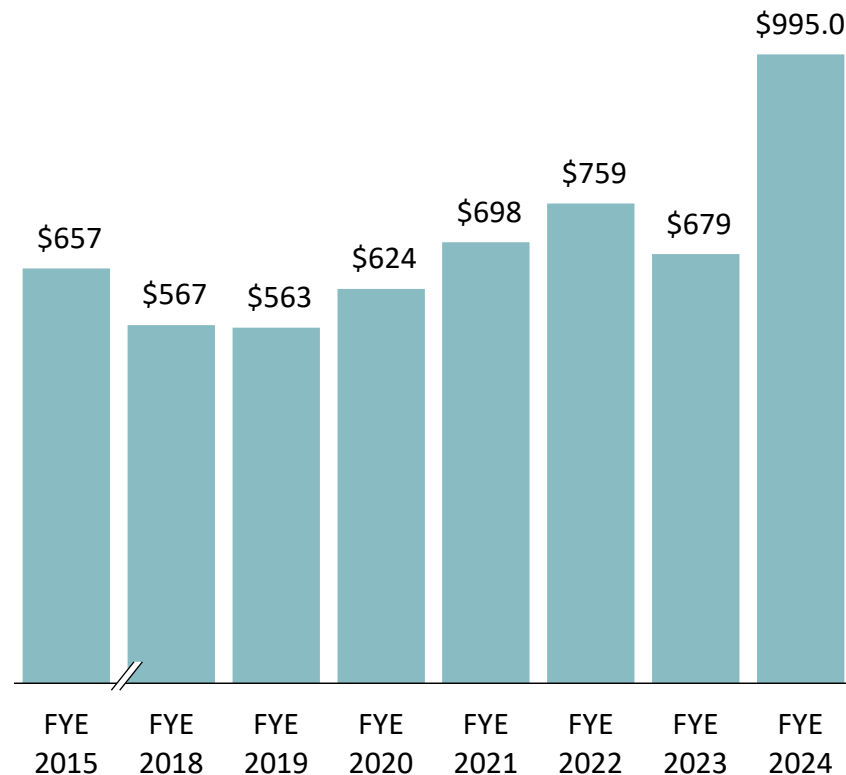
Efficient lot strategy

Multi-year lot supply



Ample inventory reinvestment

Land and land development spend
(\$ in millions)



Notes: Excludes unconsolidated joint ventures.

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

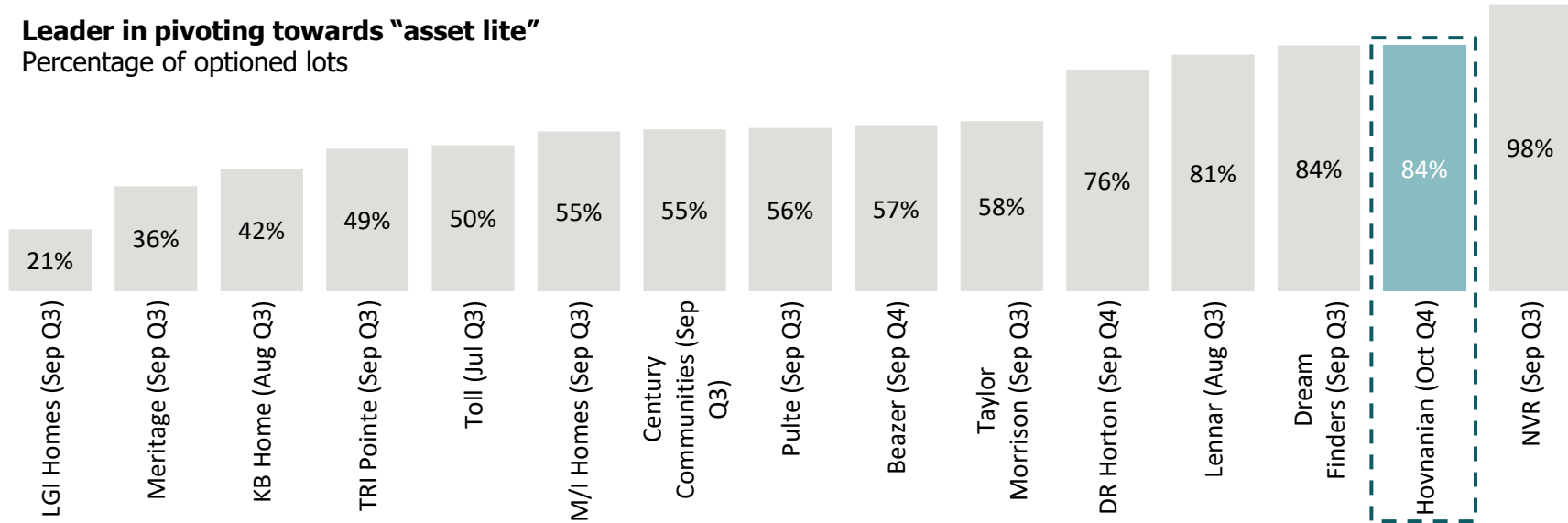
Quarterly Land and Land Development Spend



Rapid inventory turns drive improved performance

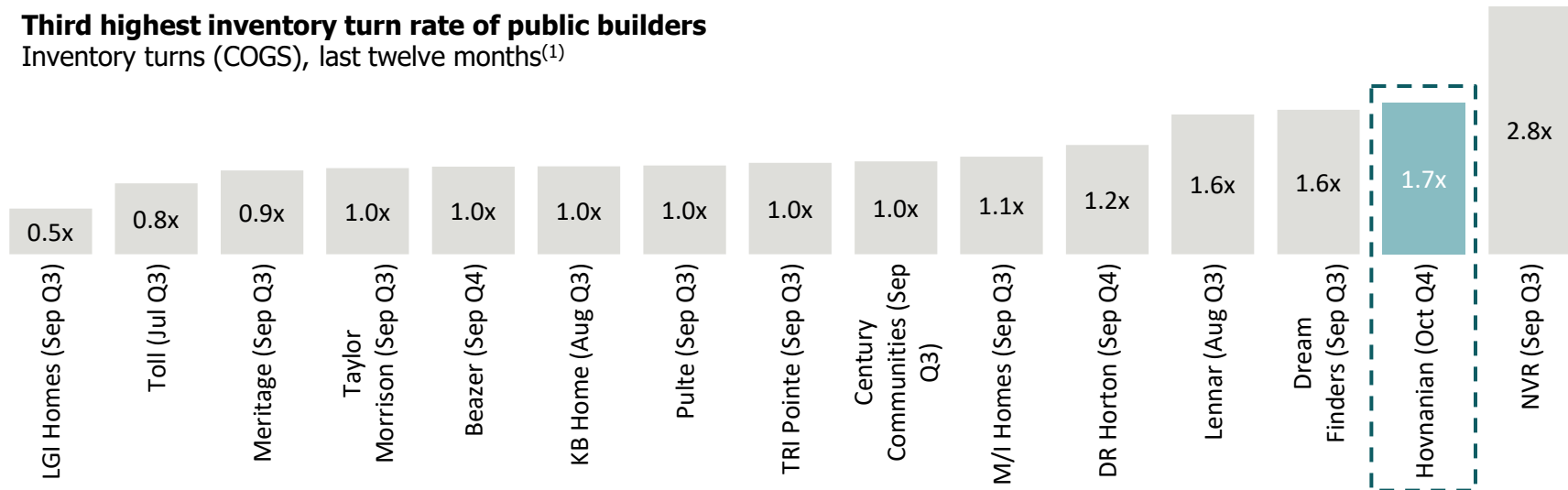
Leader in pivoting towards “asset lite”

Percentage of optioned lots



Third highest inventory turn rate of public builders

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



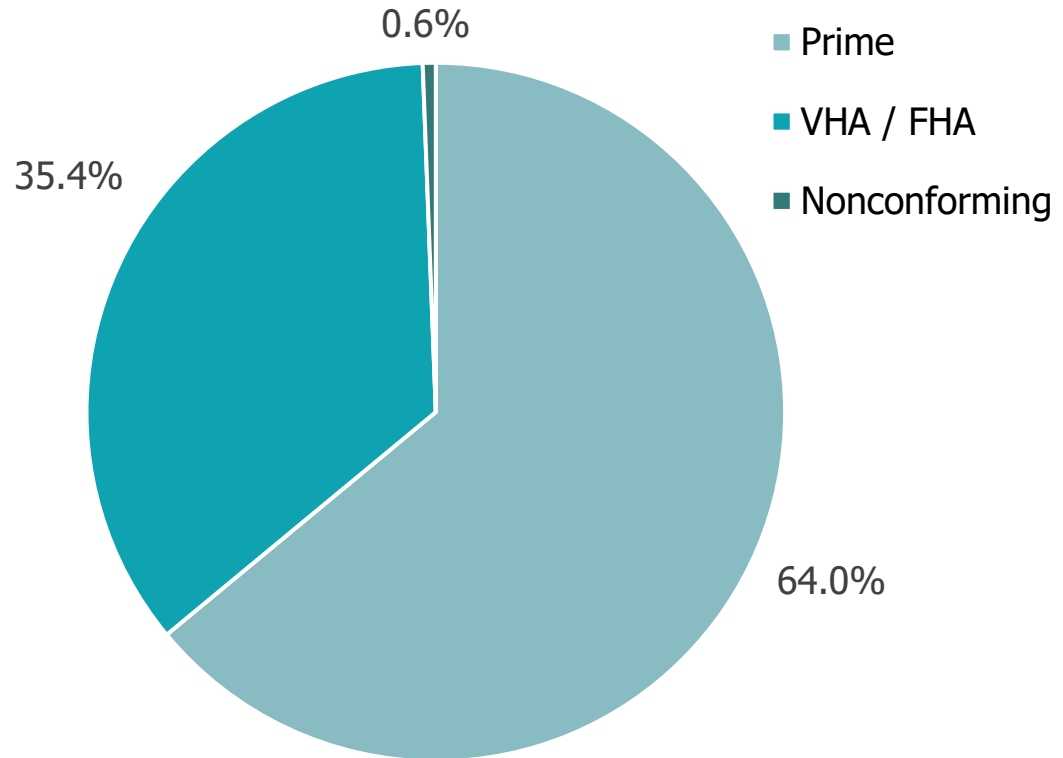
Source: Company SEC filings and press releases as of 12/05/2024.

(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.

Financial services overview

- Complements HOV's homebuilding operations
- Allows ability for interest rate buy-down programs for homebuilder customers
- Provides mortgage originations in every state in which Hovnanian operates and title services in most states
- \$74mm LTM revenues
- \$24mm LTM operating income
- 33% LTM operating margin

Origination portfolio for the year ended October 31, 2024



Note: Last twelve months (LTM) through October 31, 2024.

Fiscal Year 2023

- Average LTV: 82%
- Average CLTV: 82%
- ARMs: 0.9%
- FICO Score: 743
- Capture Rate: 70%

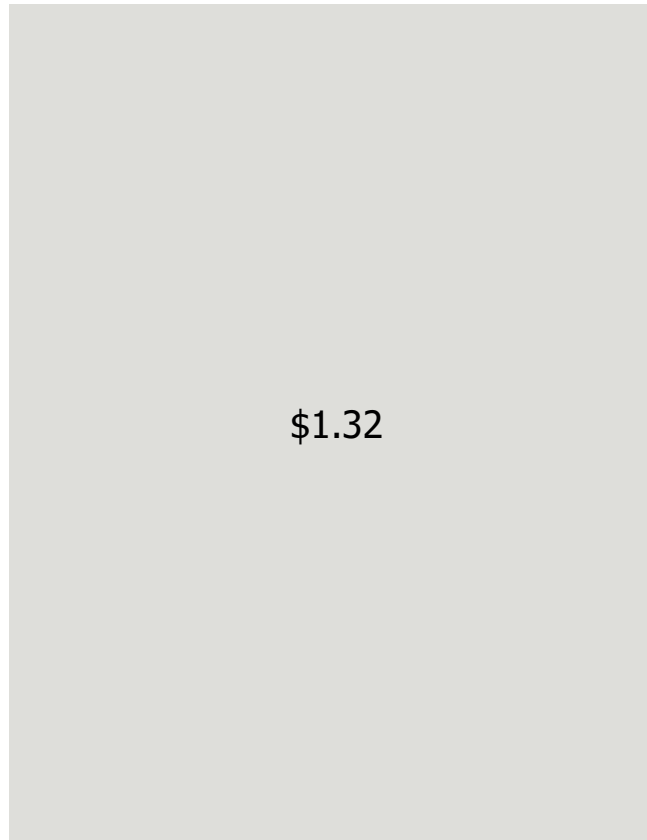
Fiscal Year 2024

- Average LTV: 83%
- Average CLTV: 83%
- ARMs: 0.0%
- FICO Score: 745
- Capture Rate: 79%

Backlog

(\$ in billions)

Dollars



October 31, 2023
2,196 Homes



October 31, 2024
2,052 Homes

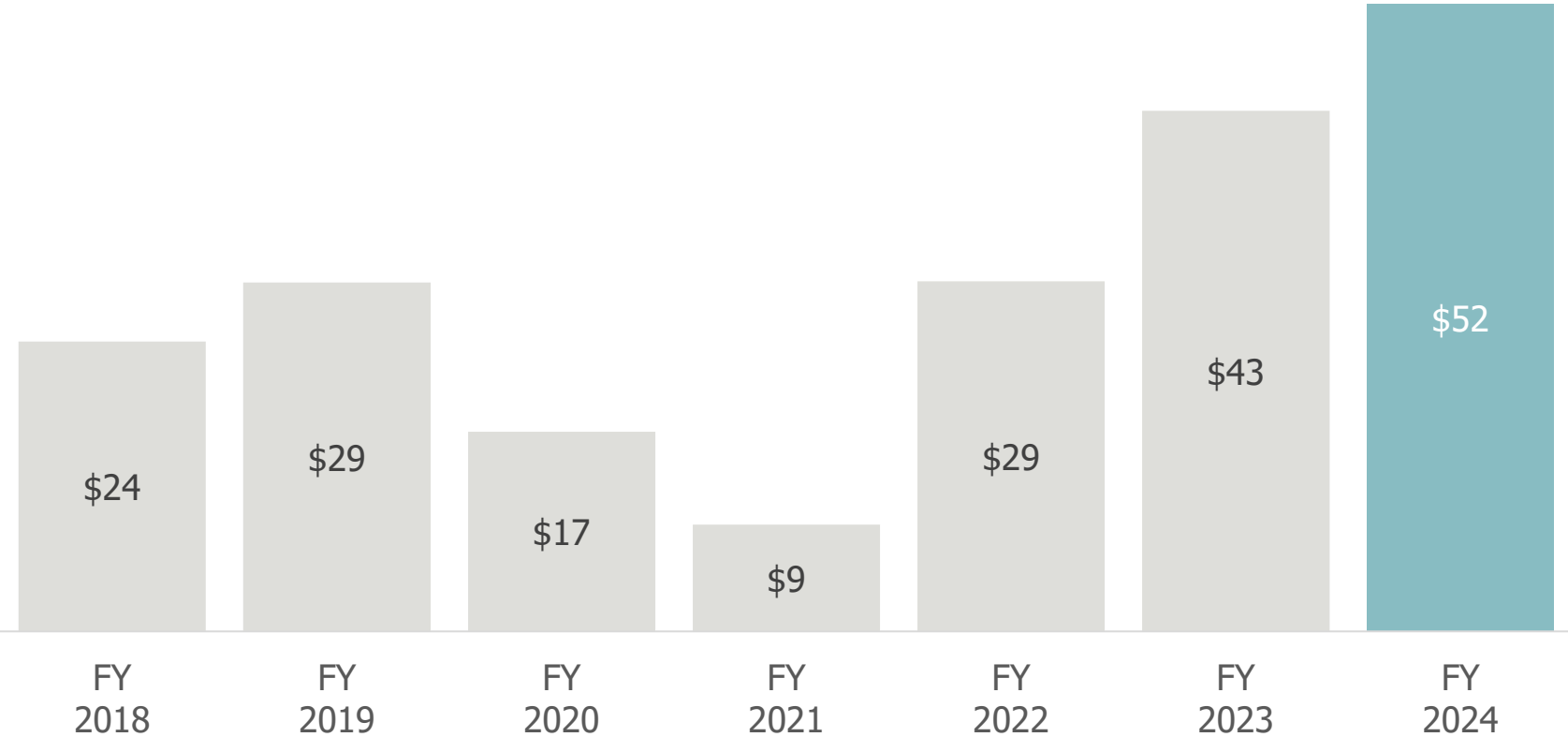
Note: Includes domestic unconsolidated joint ventures.



Unconsolidated Joint Ventures

Income from Unconsolidated Joint Ventures

(\$ in millions)



Why we use joint ventures?

- Another method to get superior return on investments, similar to land light
- We receive a disproportionate share of upside performance, improving IRR and Net Profit dollars
- Additional capital allows us to invest in more communities, diversifying risk and leveraging fixed costs
- Joint venture partners share in the downside risk
- Management fees offset overhead costs

	Single Community		
	Wholly Owned	After Joint Venture	Theoretical 5-Community Joint Venture
Peak Capital	\$74M	\$14M	\$70M
Return (IRR)	31%	47%	47%
Community Life Profit	\$82M	\$33M	\$165M

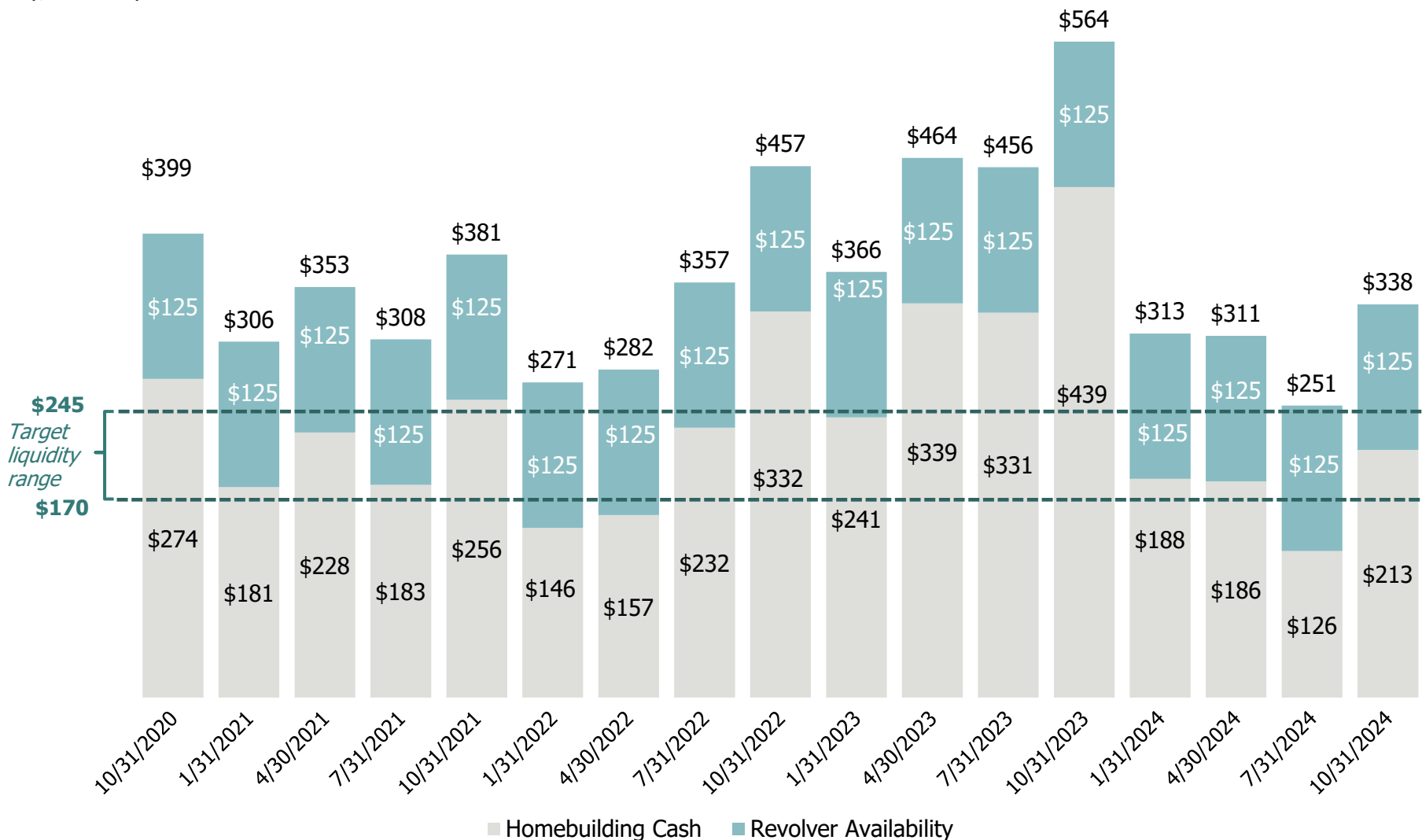
We could joint venture 4 additional deals with less peak capital and we can earn significantly more profit, as well as diversify our investments!



Liquidity and balance sheet management

Liquidity Position and Target

(\$ in millions)



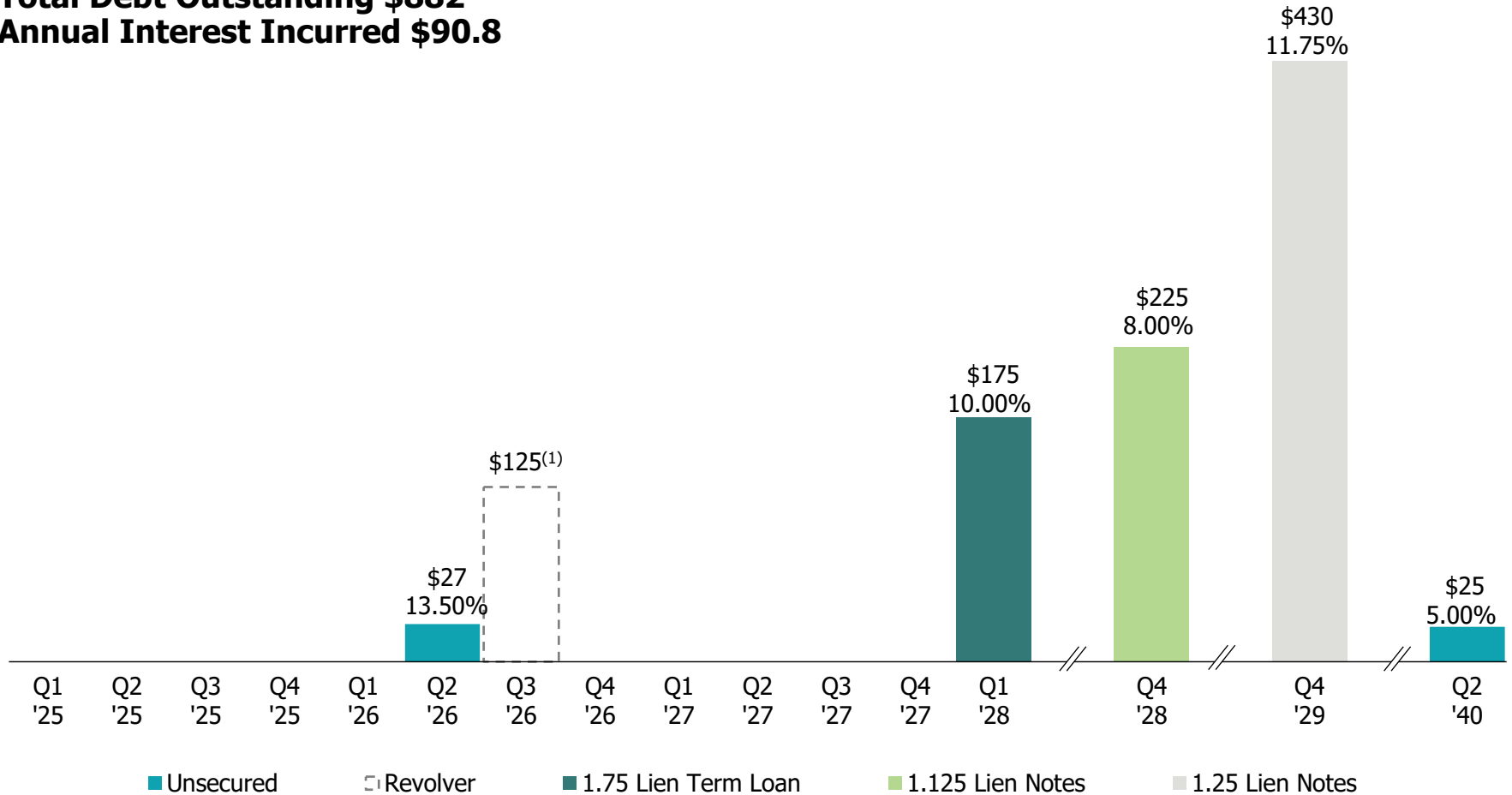
Note: Liquidity position includes homebuilding cash and cash equivalents (which includes unrestricted cash and restricted cash required to collateralize letters of credit) and revolving credit facility availability.

Debt Maturity Profile

October 31, 2024

(\$ in millions)

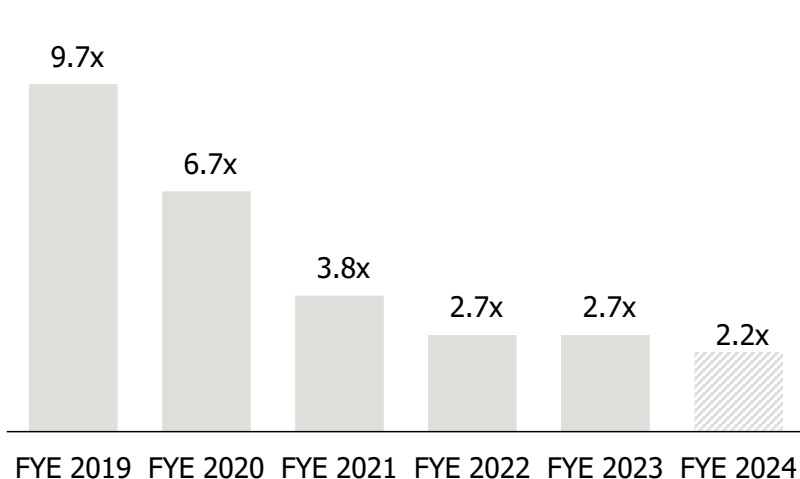
Total Debt Outstanding \$882
Annual Interest Incurred \$90.8



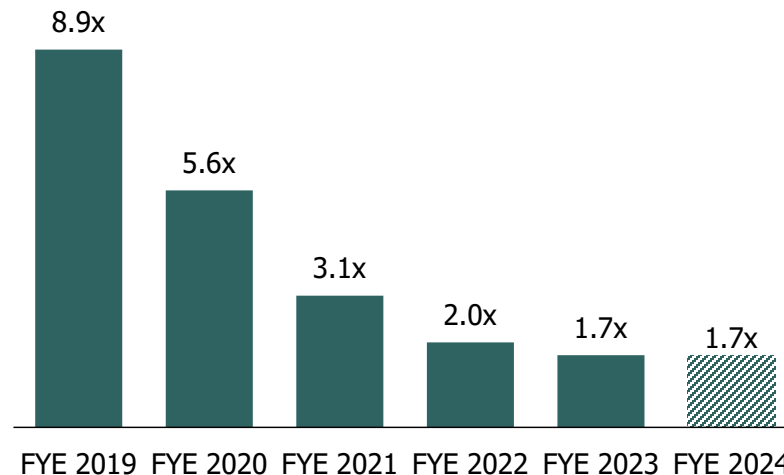
Note: Shown on a fiscal year basis, at face value.
Excludes non-recourse mortgages.
(1) \$0 balance as of October 31, 2024.

Credit Metrics

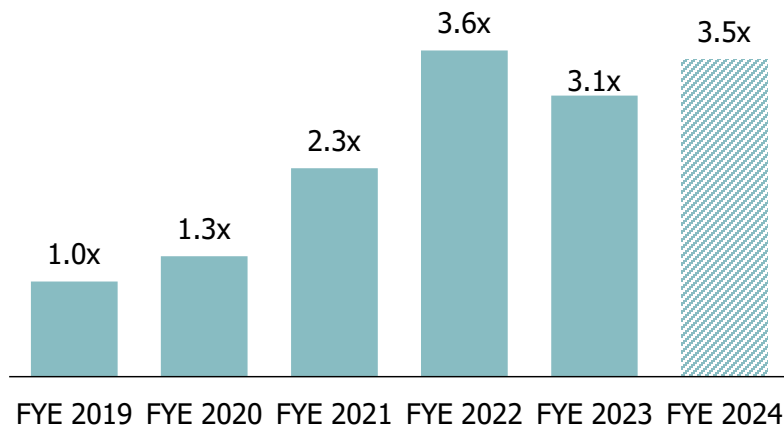
Total debt (incl. mortgages) / Adjusted EBITDA



Net Debt (incl. mortgages) / Adjusted EBITDA



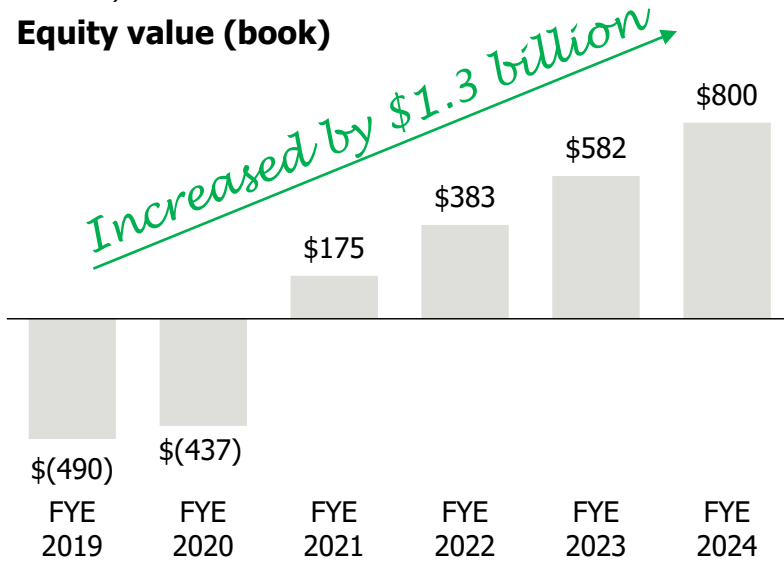
Adjusted EBITDA / Interest Incurred



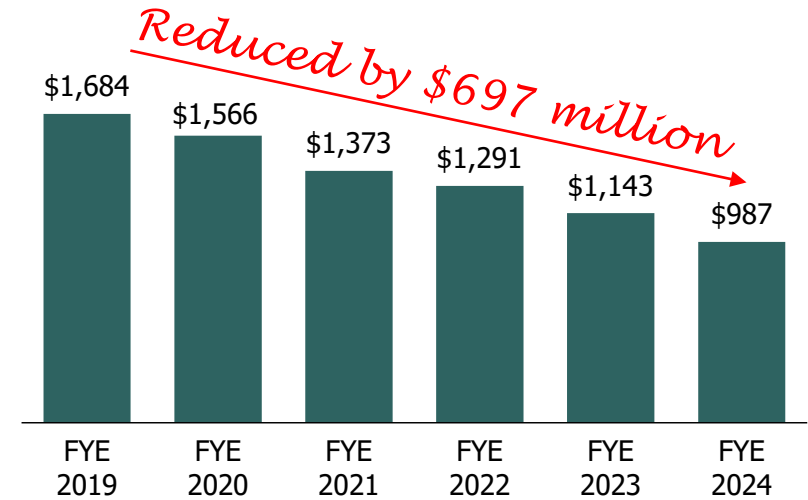
Balance Sheet Metrics

(\$ in millions)

Equity value (book)

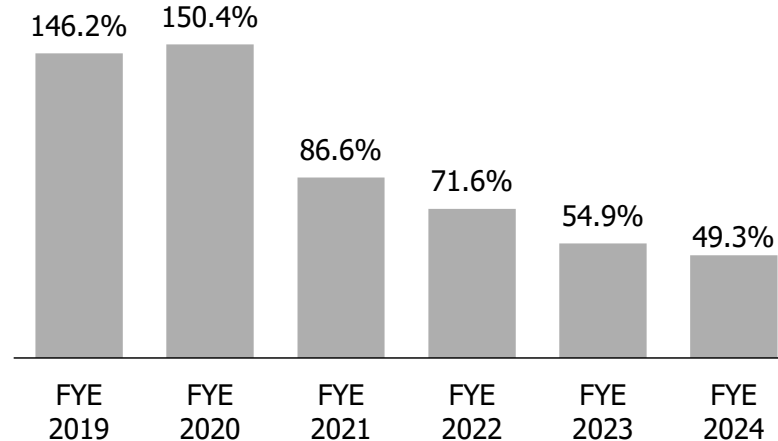


Total debt



Net debt to net capitalization

Goal: Mid 30% level





Guidance

Guidance for Fiscal 2025 First Quarter

(\$ in millions)

	<u>Actuals</u> <u>Q1 2024</u>	<u>Guidance</u> <u>Q1 2025⁽¹⁾</u>
Total Revenues	\$594	\$650 - \$750
Adjusted Homebuilding Gross Margin⁽²⁾	21.8%	17.5% - 18.5%
Total SG&A as Percentage of Total Revenues⁽³⁾	14.5%	13.5% - 14.5%
Income from Unconsolidated Joint Ventures	\$15	\$15 - \$30
Adjusted EBITDA⁽⁴⁾	\$63	\$55 - \$65
Adjusted Income Before Income Taxes⁽⁵⁾	\$31	\$25 - \$35

(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 \$176.04, which was the price at the end of the fourth quarter of fiscal year 2024.

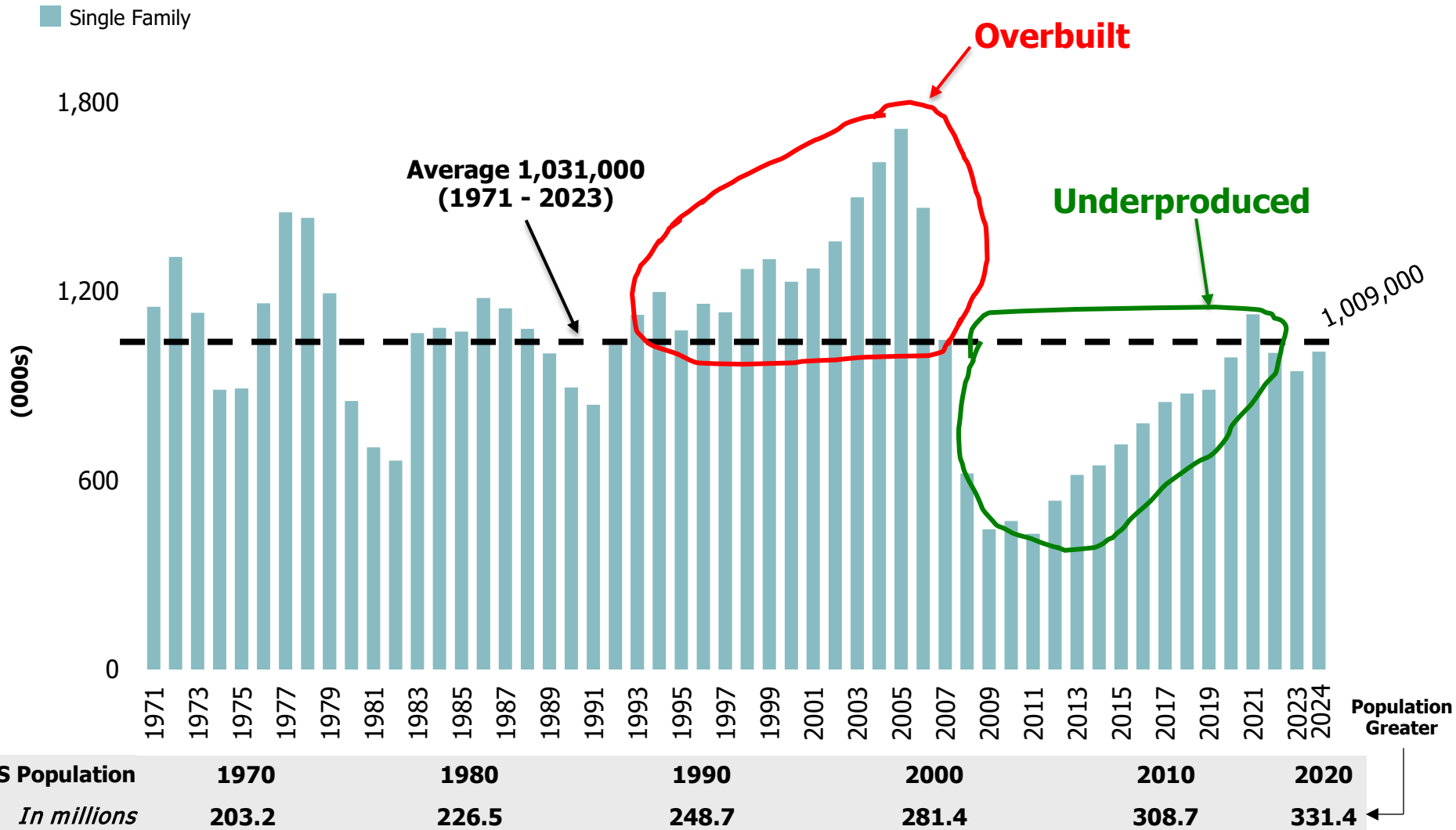
(4) Adjusted EBITDA is a non-GAAP financial measure. The most directly comparable GAAP financial measure is net income. Adjusted EBITDA represents earnings before interest expense, income taxes, depreciation, amortization, land-related charges and loss (gain) on extinguishment of debt, net. See appendix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



US Housing Market

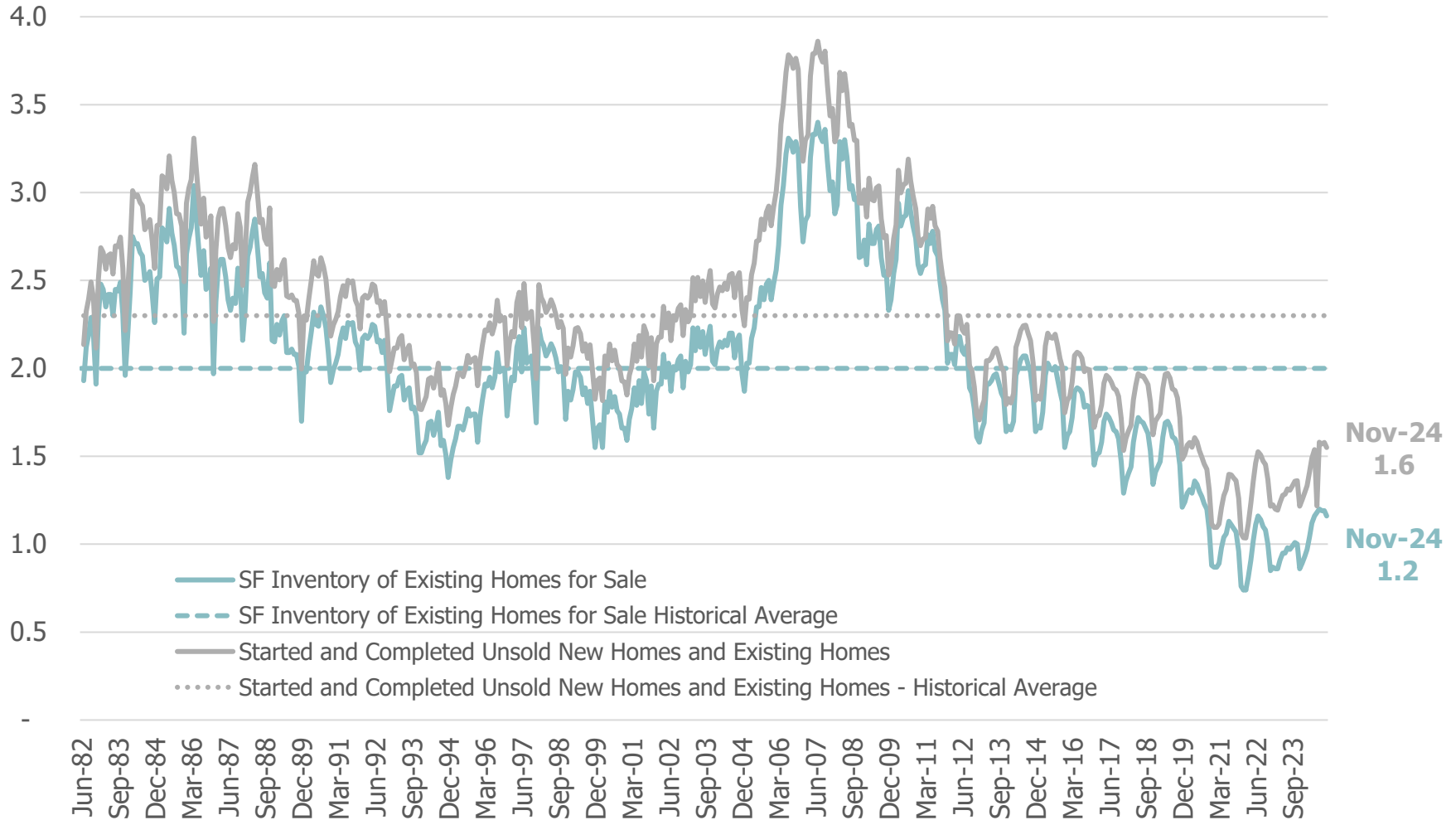
Single Family Housing Starts



Source: U.S. Census Bureau.

Historically Low Supply of Homes for Sale

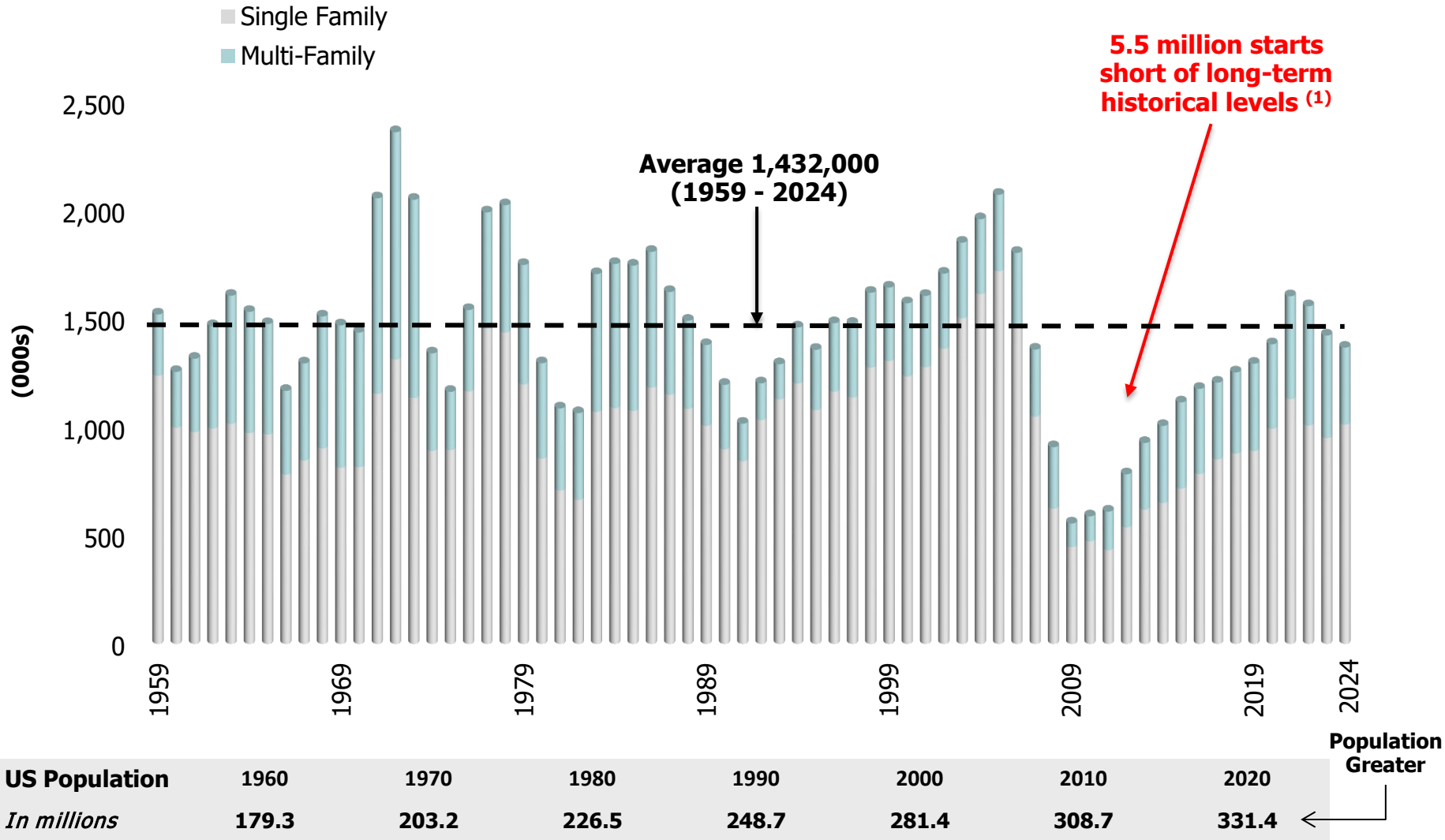
Homes in
millions



Source: National Association of Realtors.

Recent shortfall in U.S. housing production

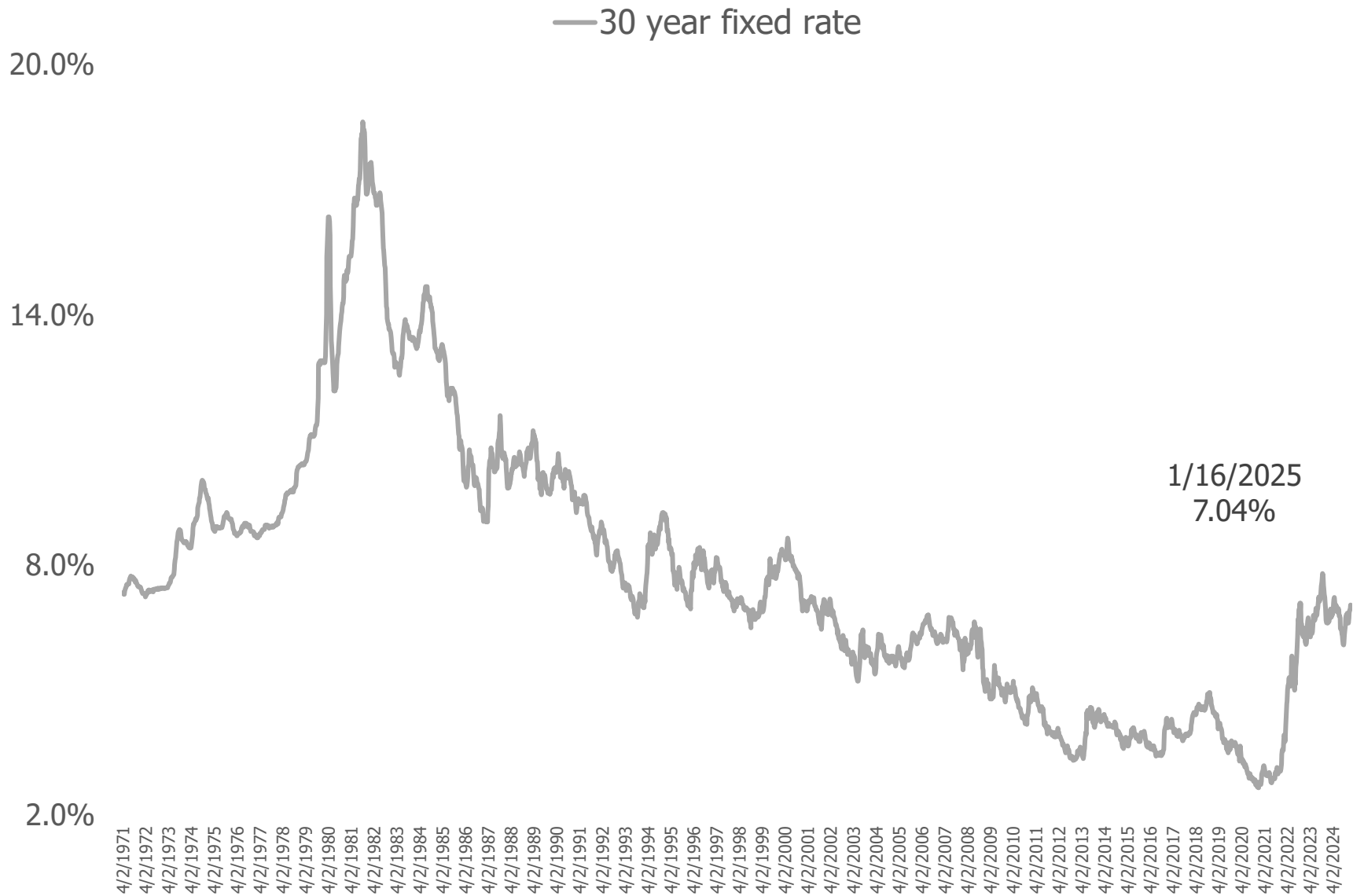
(For Sale and Rental)



Source: U.S. Census Bureau.

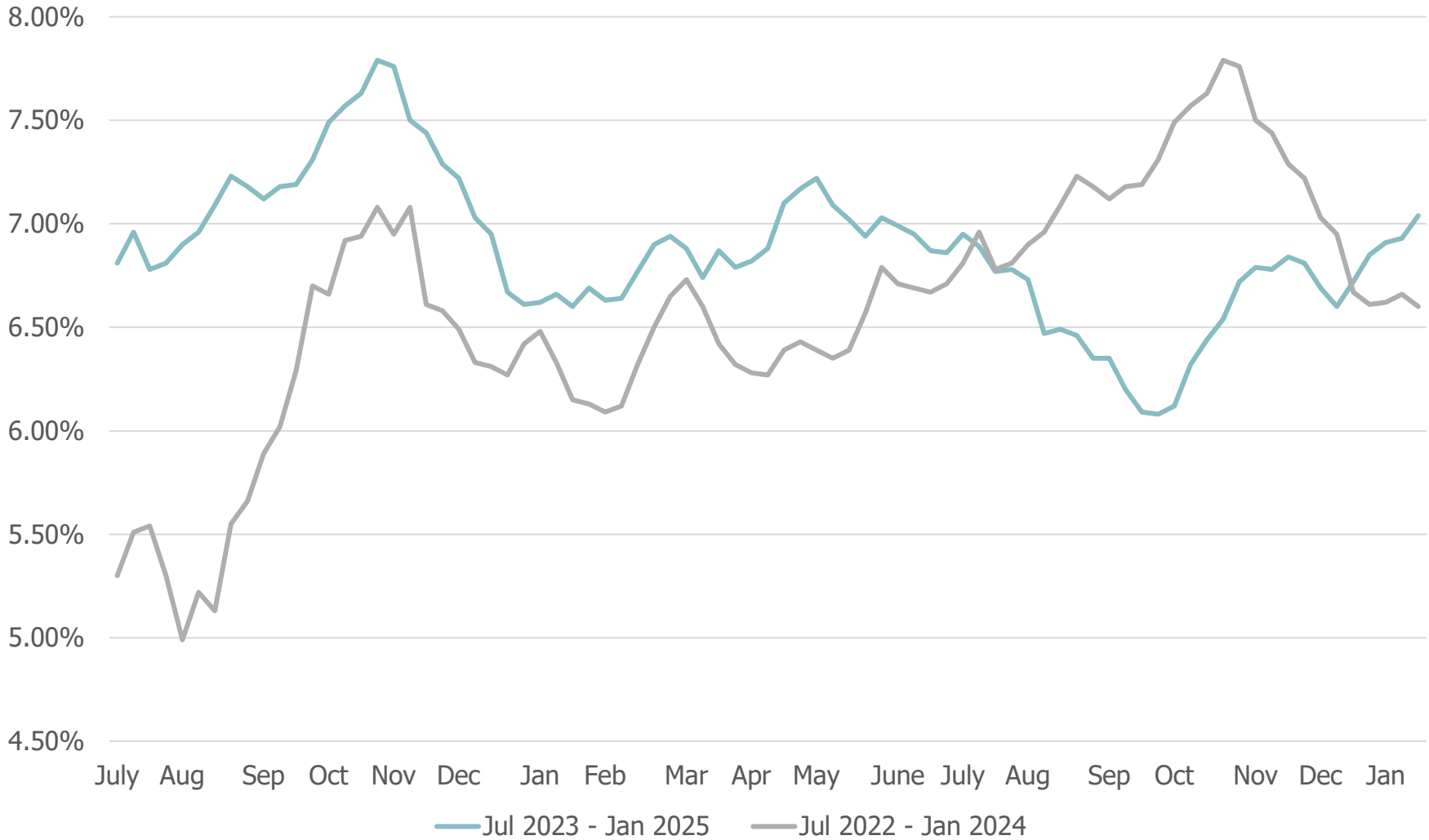
(1) Wall Street Journal article from June 16, 2021 referencing a new National Association of Realtors report.

Mortgage Rates – Long Term Perspective



Source: Freddie Mac.

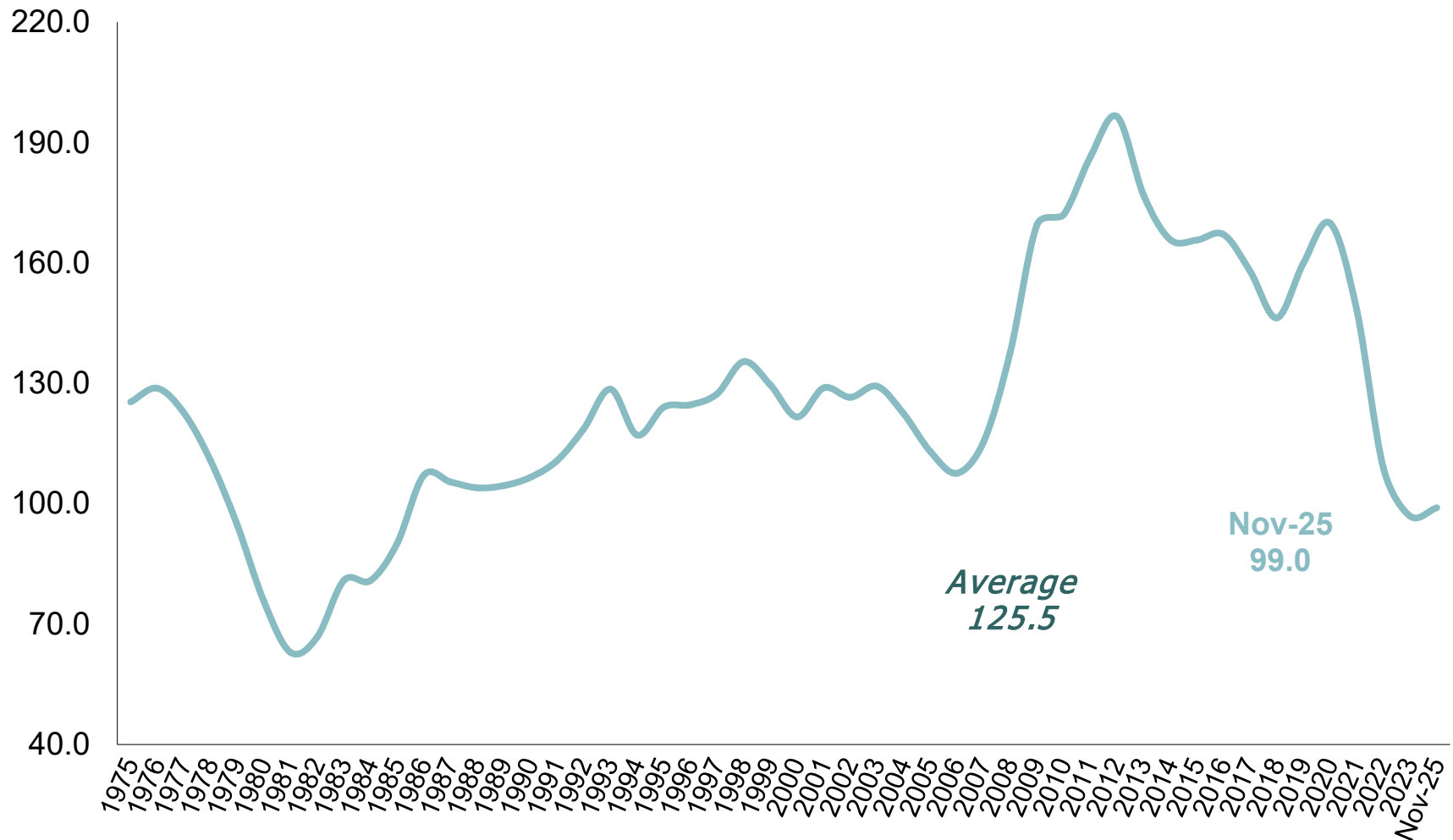
Mortgage Rate Movements



Source: Freddie Mac.

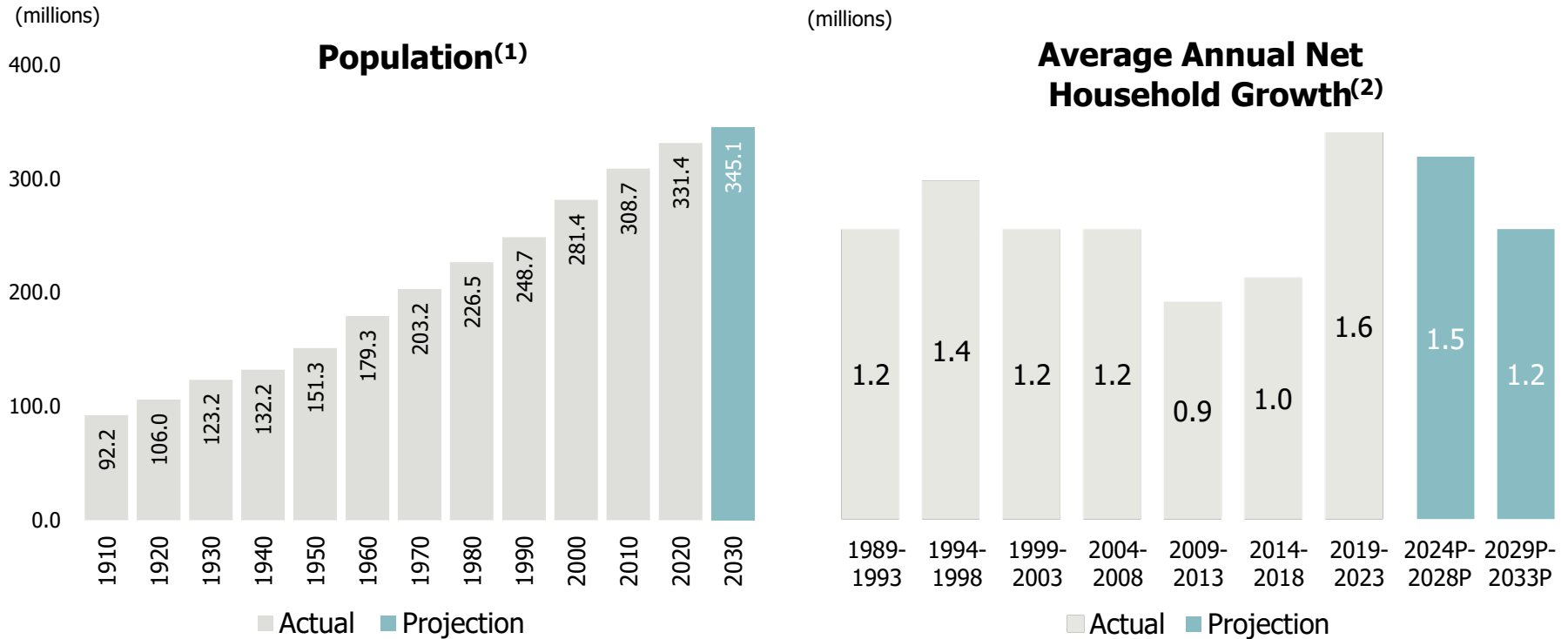
Affordability Index

“The higher the affordability Index the better.”



Note: Based on a 25% qualifying ratio for monthly housing expense to gross monthly income with a 20% down payment.
Source: NAR, Freddie Mac and US Census Bureau.

Historical and Projected Annual Demand



Projected Annual Demand 2024 - 2033(2)

1.37 million household formations

0.23 million demolitions

0.05 million second homes

0.13 million undersupplied homes

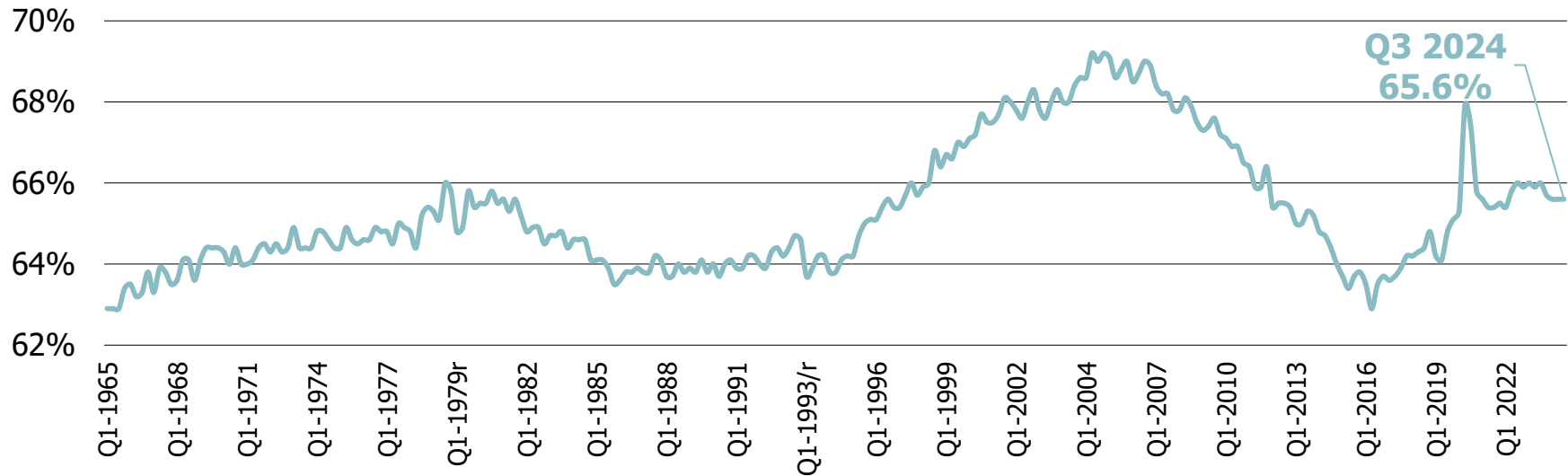
1.78 million new homes per year

(1) U.S. Census Bureau

(2) U.S. Census Bureau; John Burns Research and Consulting, LLC, (Data 2023, Pub: Dec-24)

Homeownership Rates

Homeownership Rates for All Households



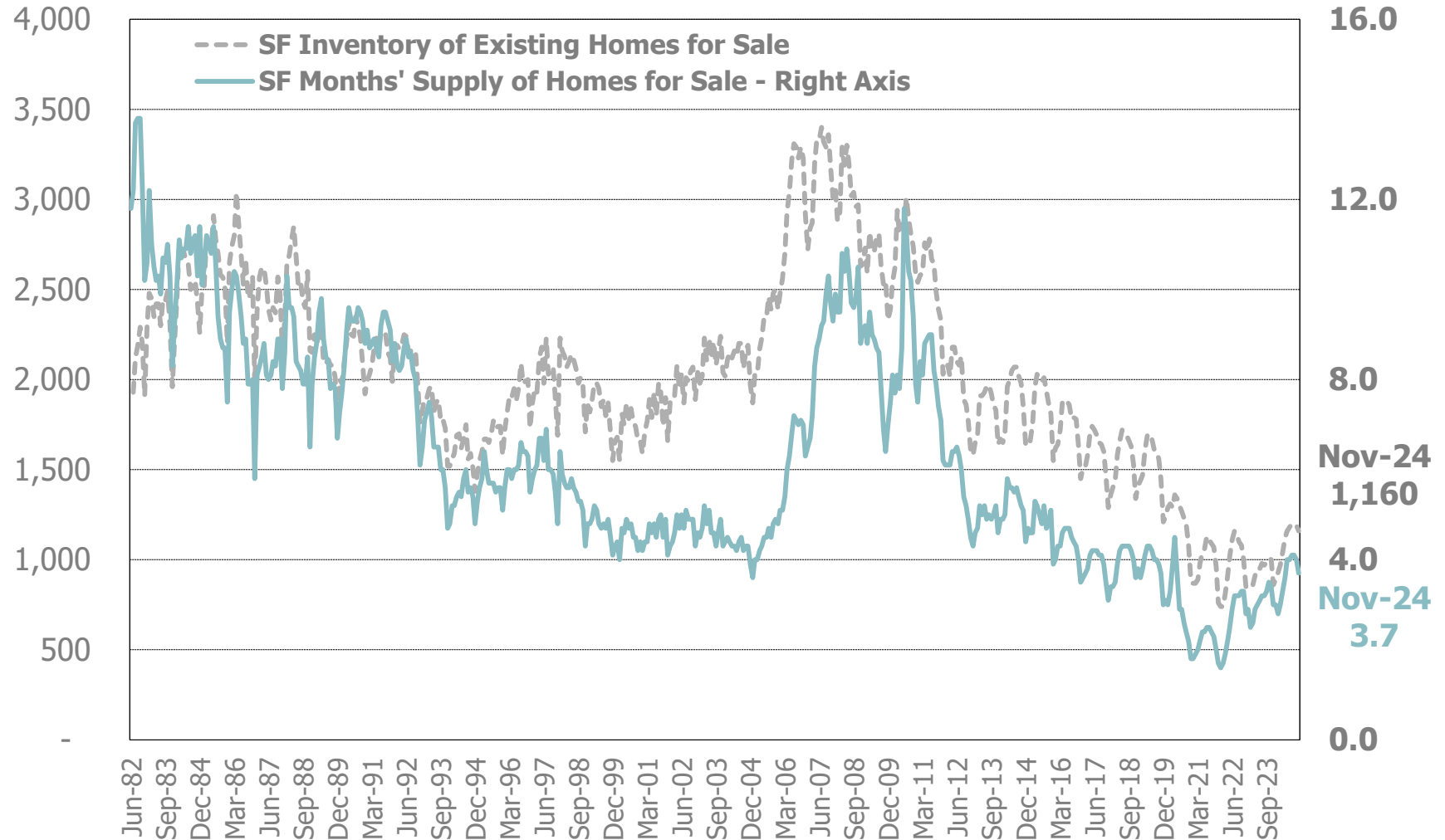
Homeownership Rates By Age of Householder 2023

Under 35	38.1%
35 – 44	62.0%
45 – 54	70.3%
55 – 64	76.0%
65 and over	79.0%

- **Homeownership rates increase with age**

Existing Single-Family Inventory Versus Months' Supply - June 1982 through November 2024

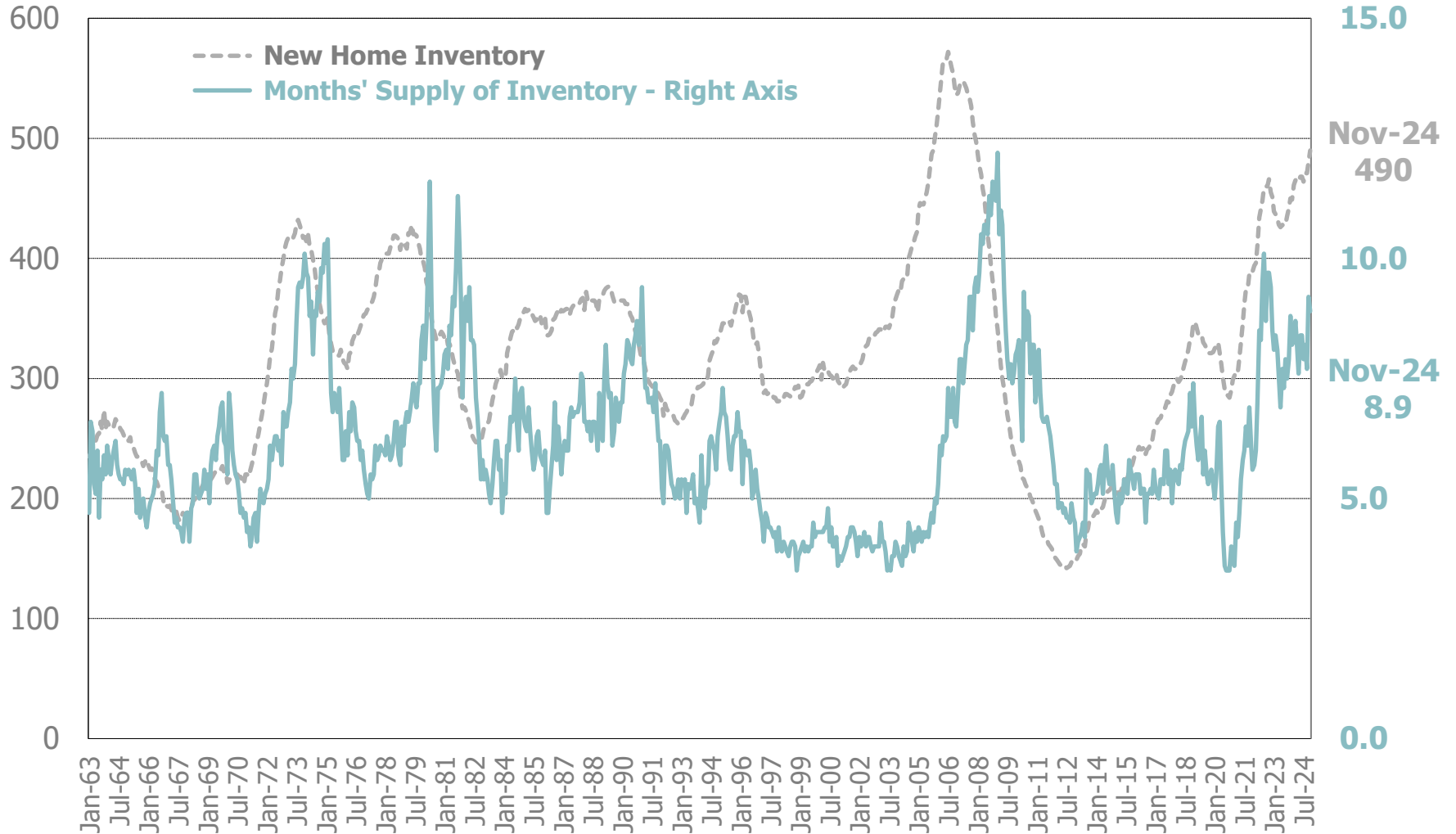
(Units in thousands)



Source: National Association of Realtors.

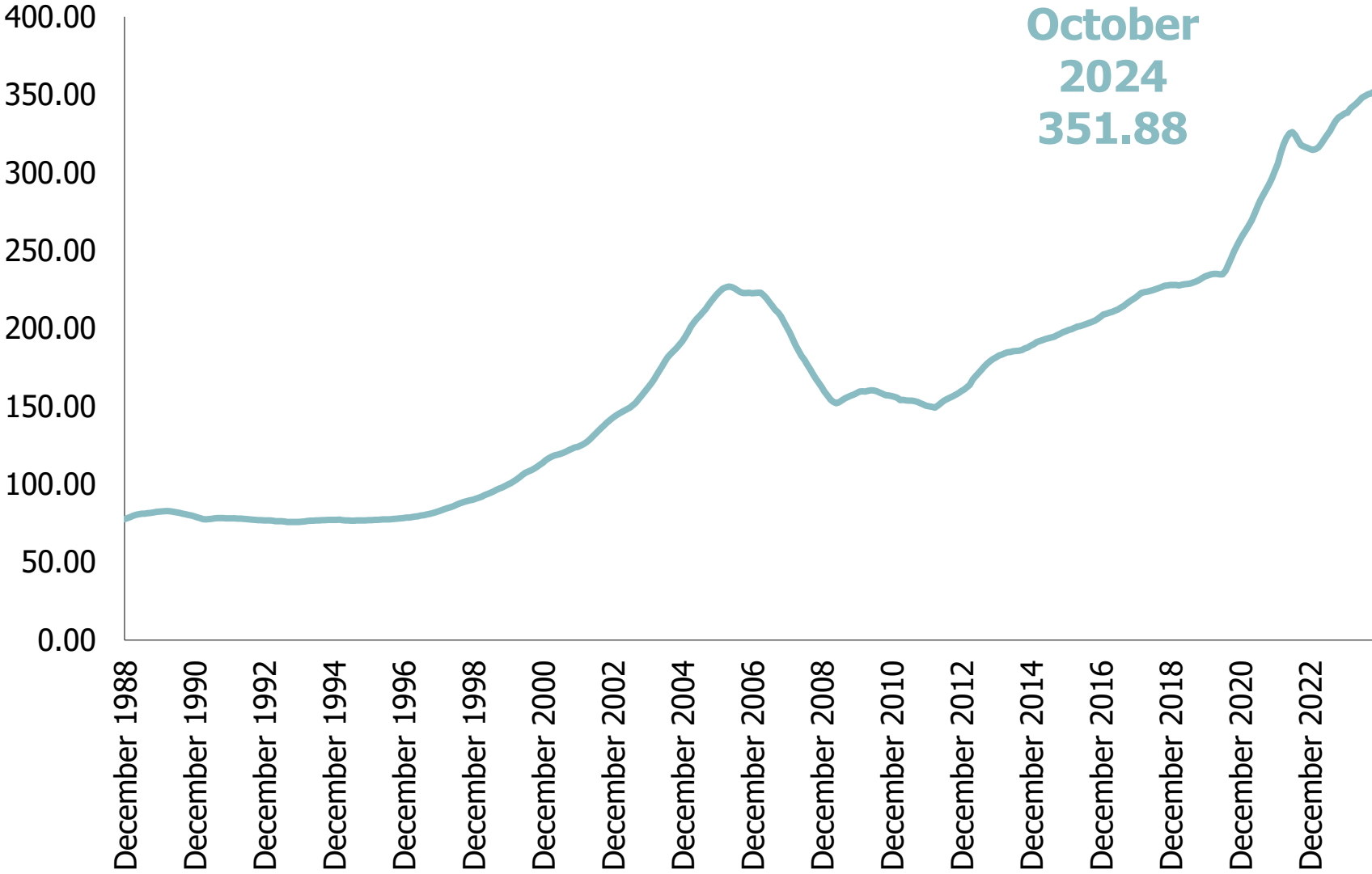
New Home Inventory Versus Months' Supply January 1963 through November 2024

(Units in thousands)



Source: Census Bureau

Case-Shiller 10 City Composite Index



Source: S&P/Case-Shiller Home Price Indices – Seasonally Adjusted



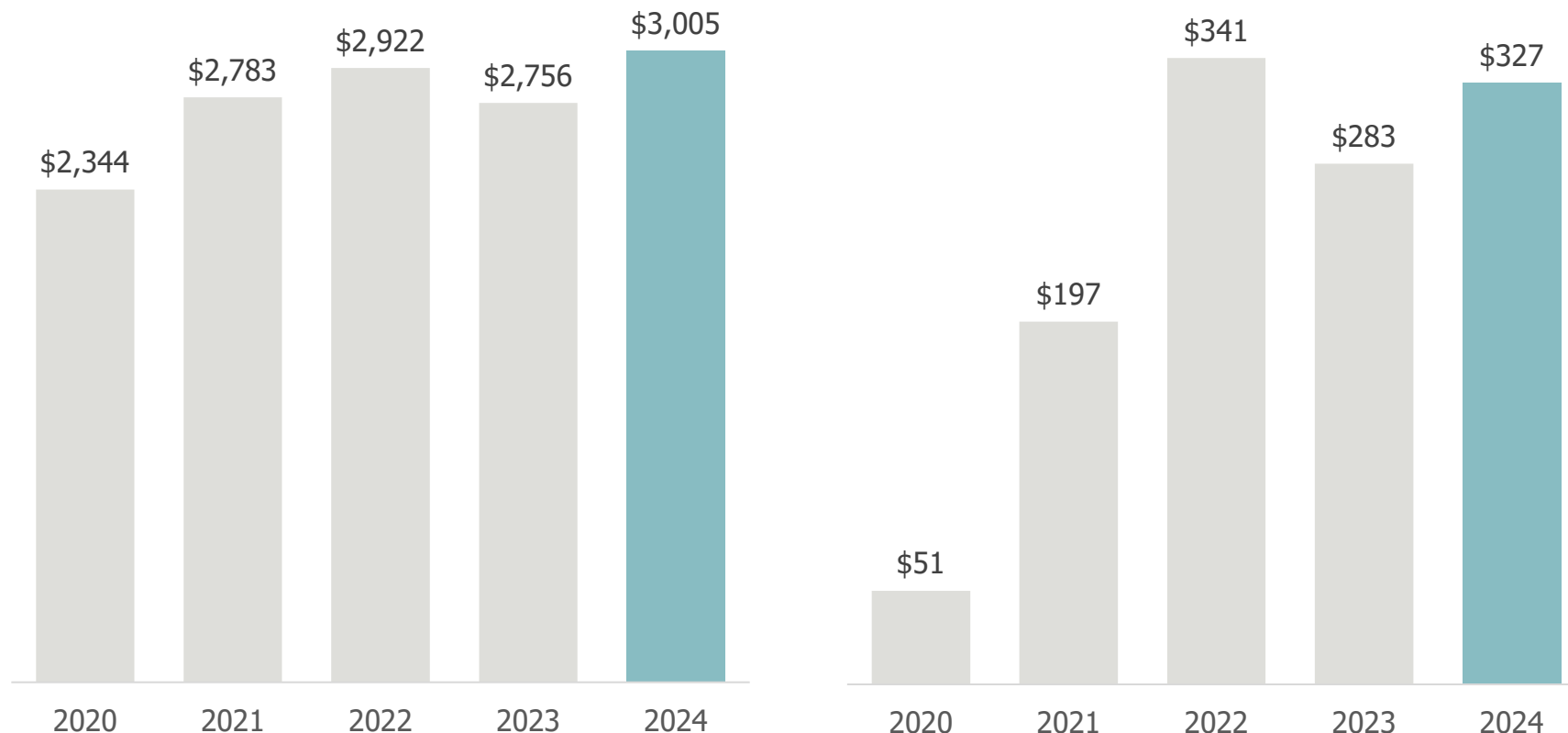
Historical Performance

Five Year Trends in Total Revenues & Adjusted Pretax Income

(\$ in millions)

Total Revenues

Adjusted Pretax Income ⁽¹⁾

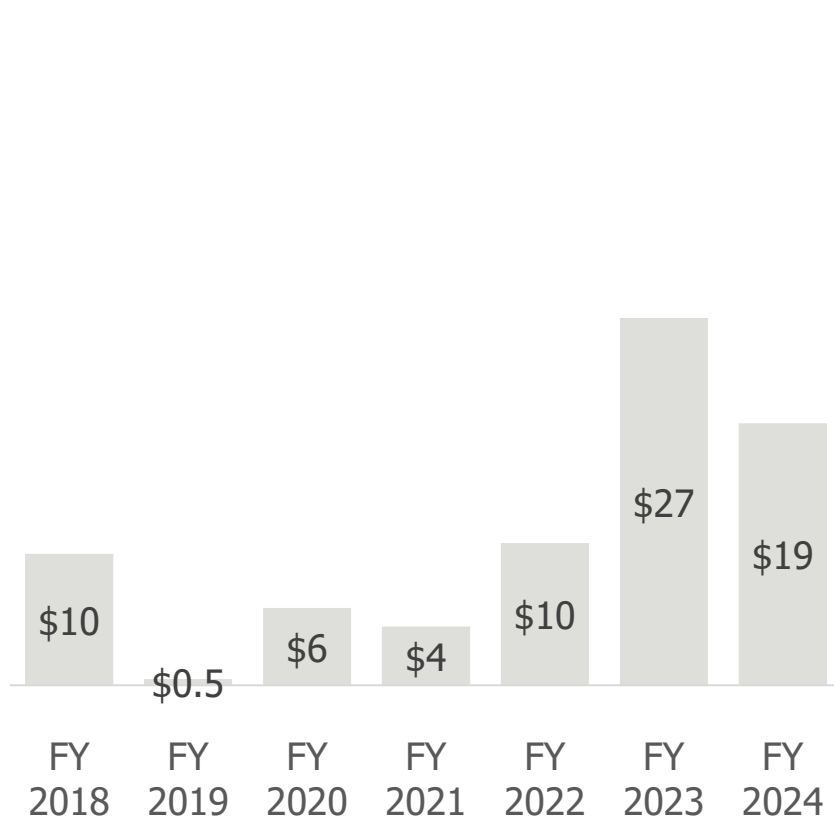


(1) Adjusted Pretax Income or Adjusted Income Before Income Taxes excludes land-related charges, joint venture write-downs and loss (gain) on extinguishment of debt, net and is a non-GAAP financial measure. See appendix for a reconciliation of the historic measure to the most directly comparable GAAP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

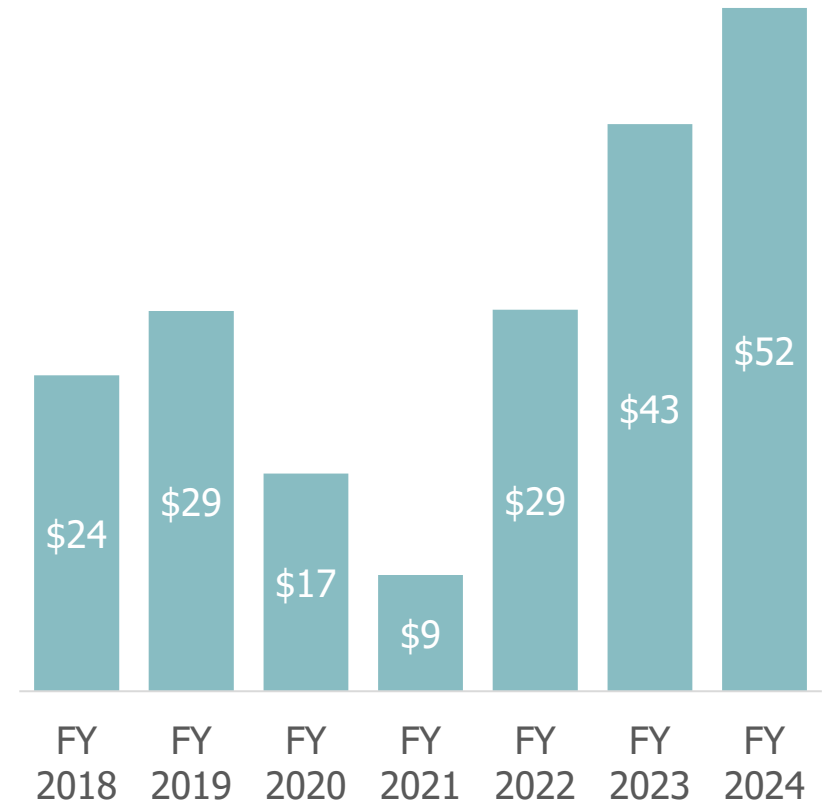
Land Sale Profit and Income from Unconsolidated Joint Ventures

(\$ in millions)

Land Sale Profit

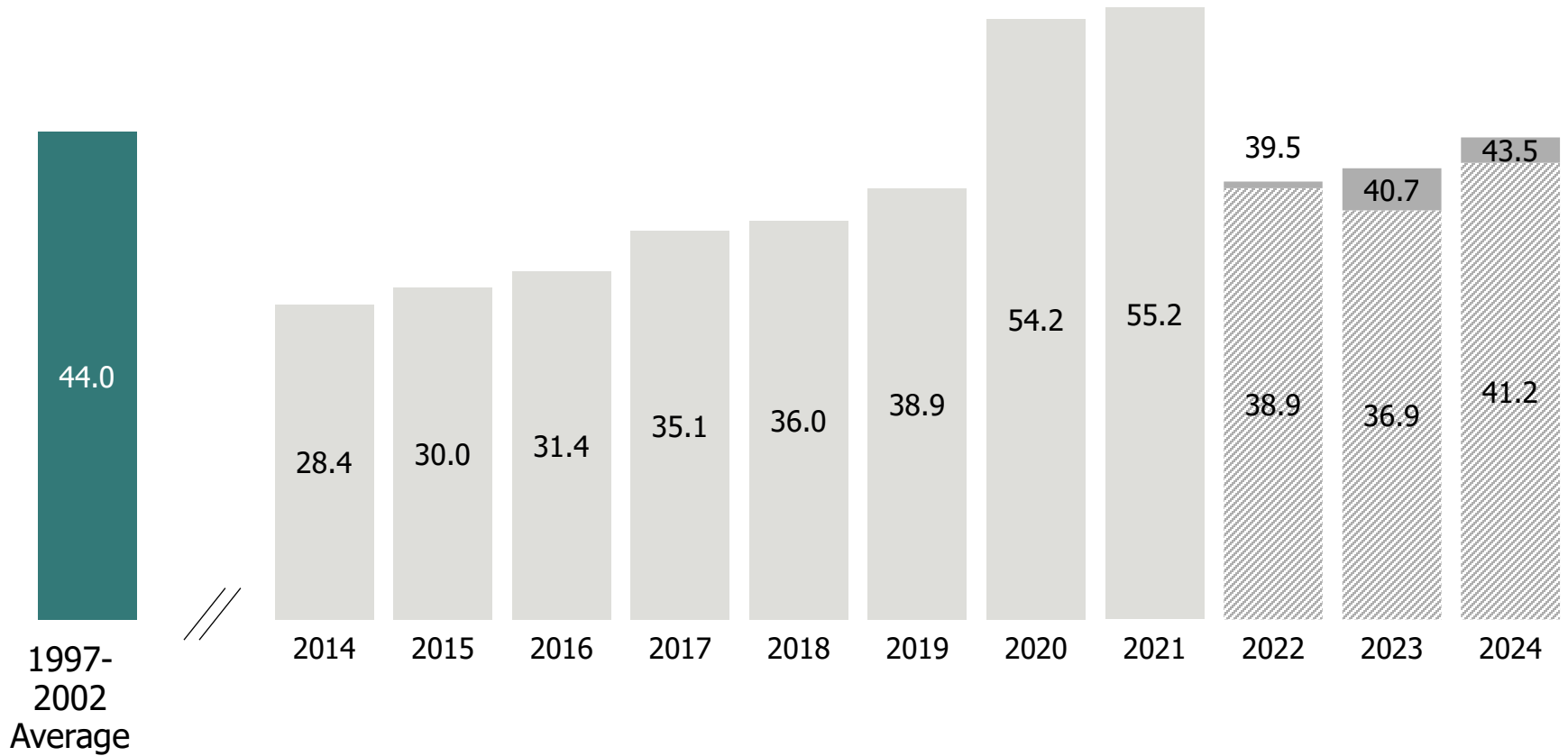


Income from Unconsolidated Joint Ventures



Annual Contracts Per Community

▨ Excluding Build for Rent ■ Including Build for Rent

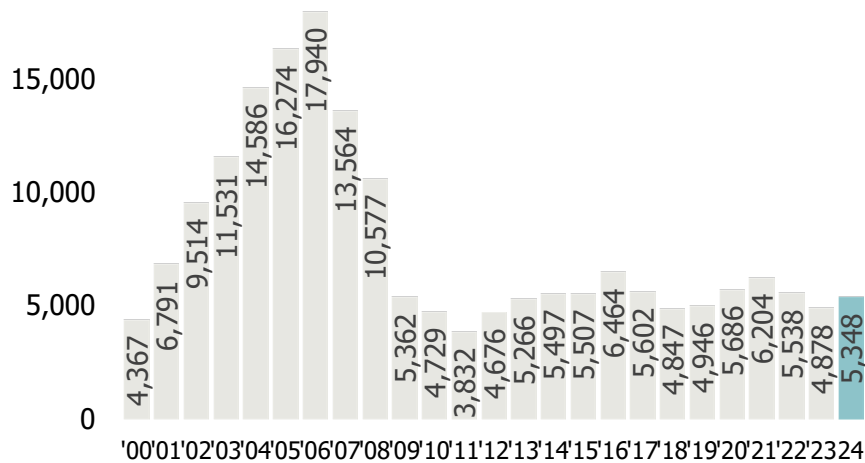


Note: Annual Contracts per Community calculated based on a five-quarter average of communities, excluding unconsolidated joint ventures.

Historical Performance

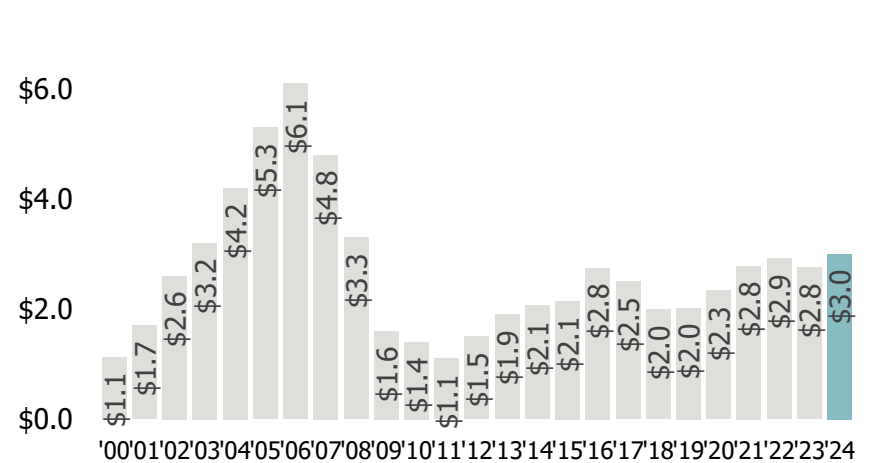
(# of Homes)

20,000



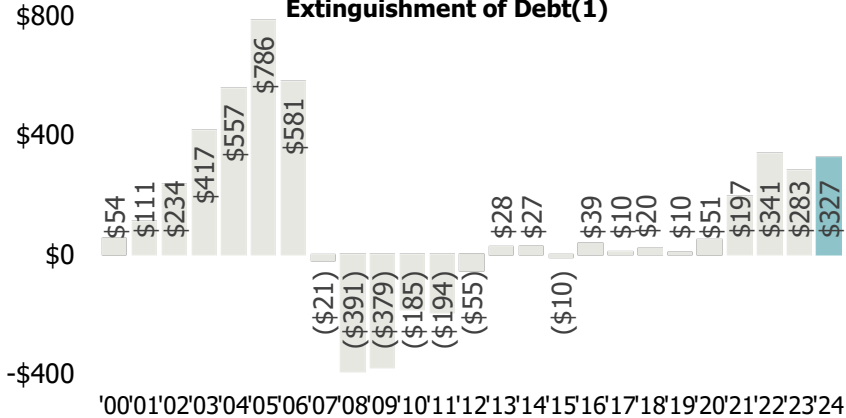
(\$ in Billions)

\$8.0



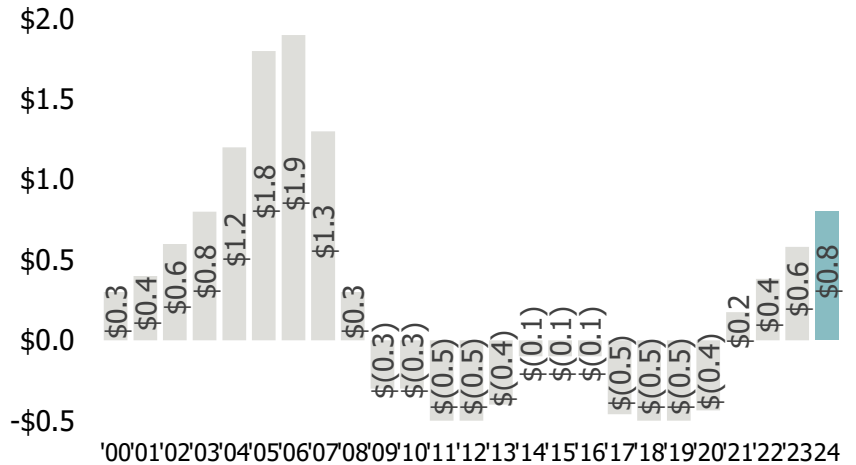
(\$ in Millions)

Income (Loss) Before Income Taxes Excluding Land Related Charges, Intangible Impairments, Expenses Associated with the Debt Exchange Offer and Gain on Extinction of Debt(1)



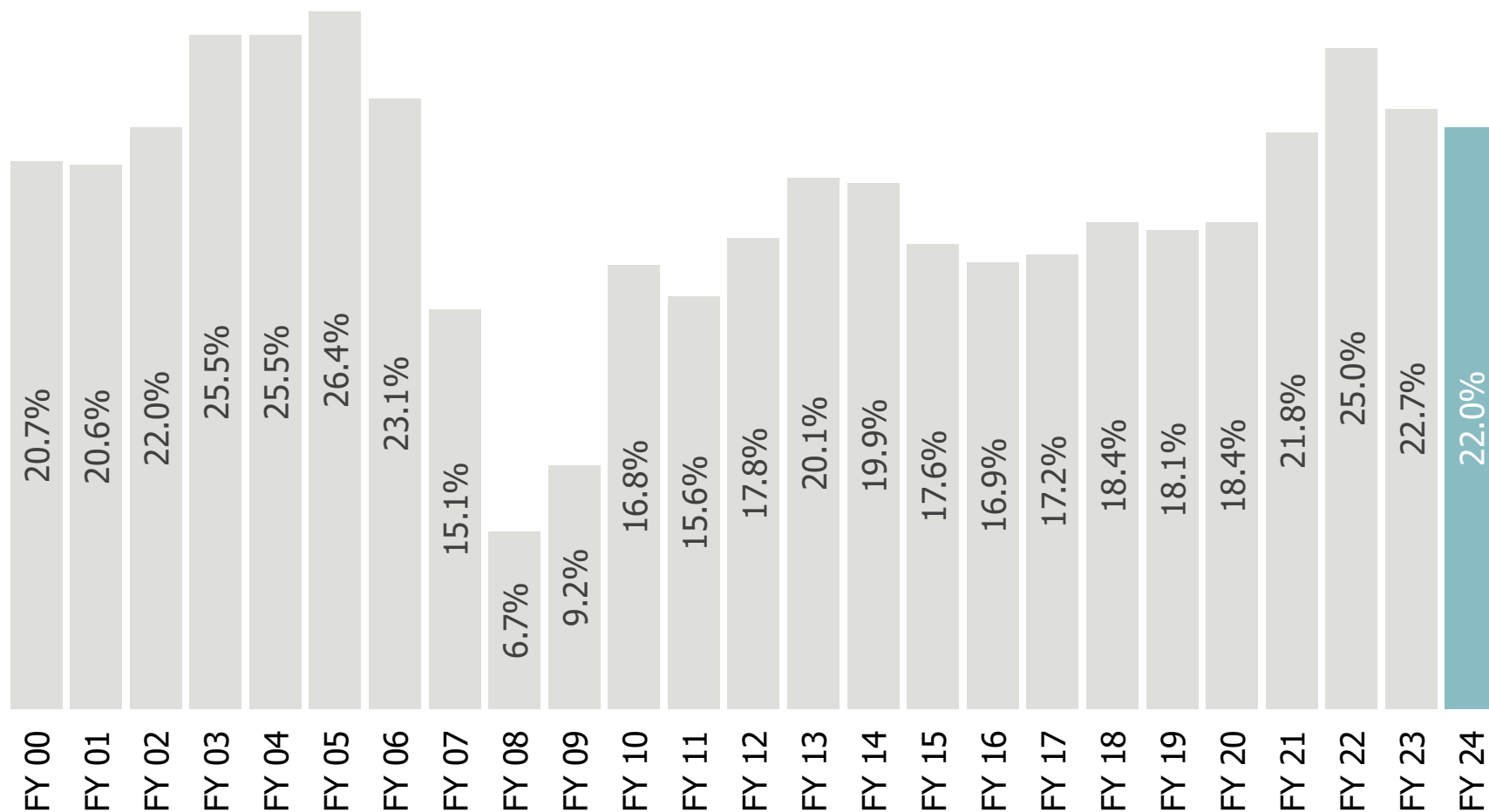
(\$ in Billions)

Total Stockholders' Equity



(1) Represents a non-GAAP metric. Please see appendix for reconciliation.

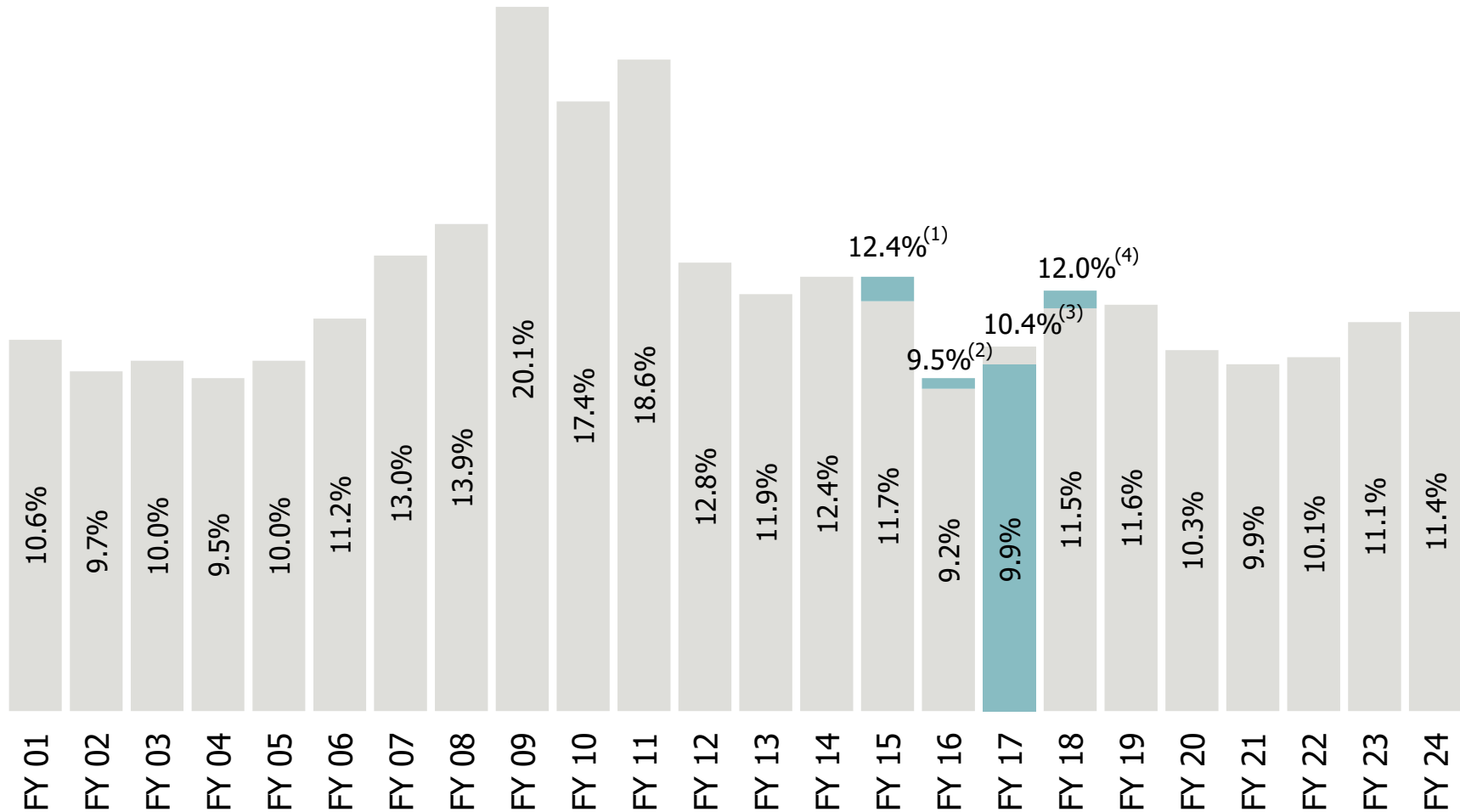
Adjusted Homebuilding Gross Margin⁽¹⁾



(1) Adjusted homebuilding gross margin percentage is before interest expense and land charges included in cost of sales. Please see appendix for reconciliation.

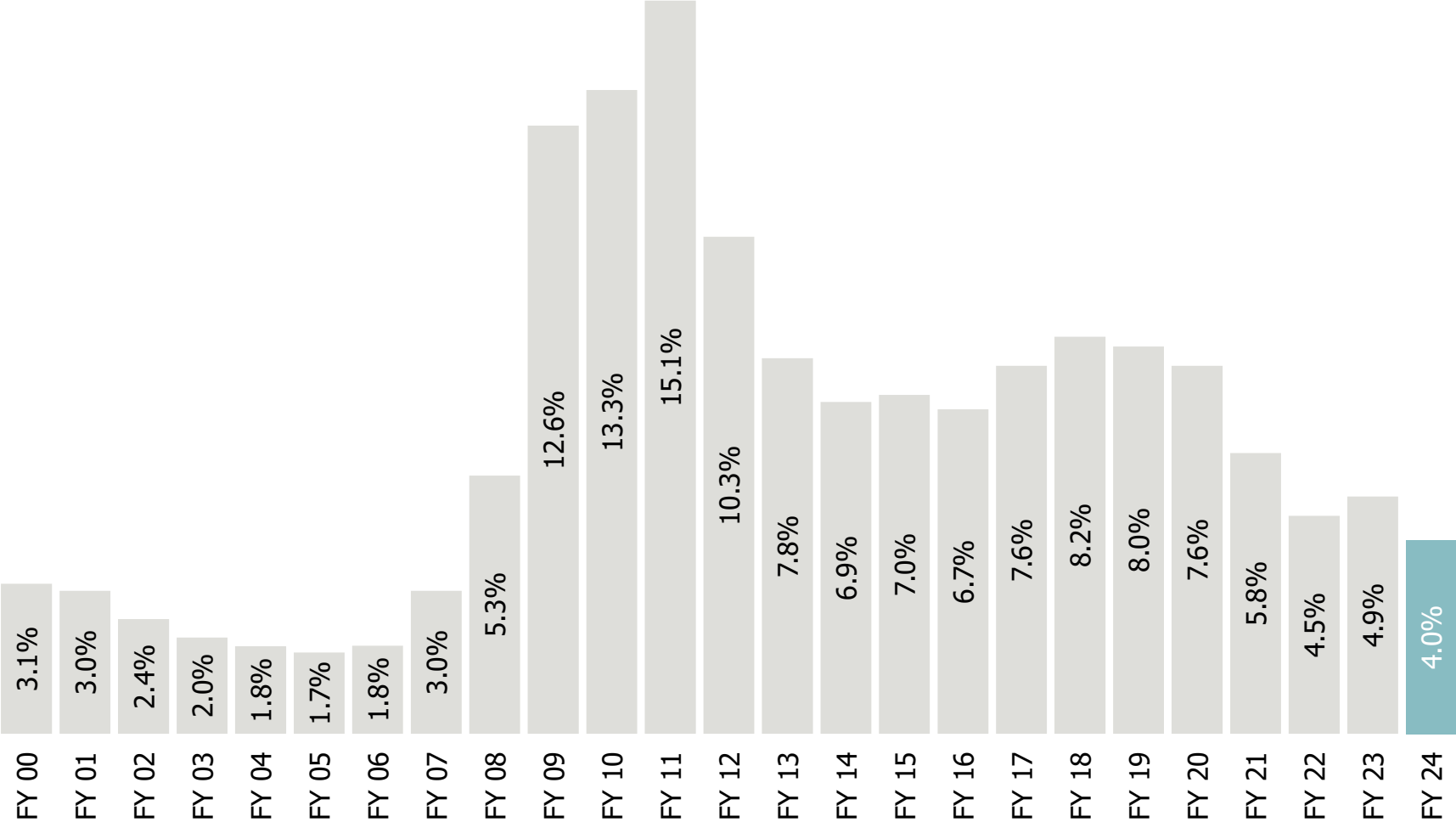
Total SG&A as a Percentage of Total Revenues

■ Actual Total SG&A ■ Adjusted Total SG&A ^{(1),(2),(3),(4)}



Note: Total SG&A includes homebuilding selling, general and administrative costs and corporate general and administrative costs.
 (1) 2015 excludes \$15.2 million of benefit due to a substantial reduction in our construction defect reserve based on our annual actuarial study.
 (2) 2016 excludes \$9.2 million of benefit due to a substantial reduction in our construction defect reserve based on our annual actuarial study.
 (3) 2017 includes a \$12.5 million adjustment to construction defect reserves related to litigation for two closed communities.
 (4) 2018 excludes \$10.0 million of benefit due to a substantial reduction in our construction defect reserve based on our annual actuarial study.

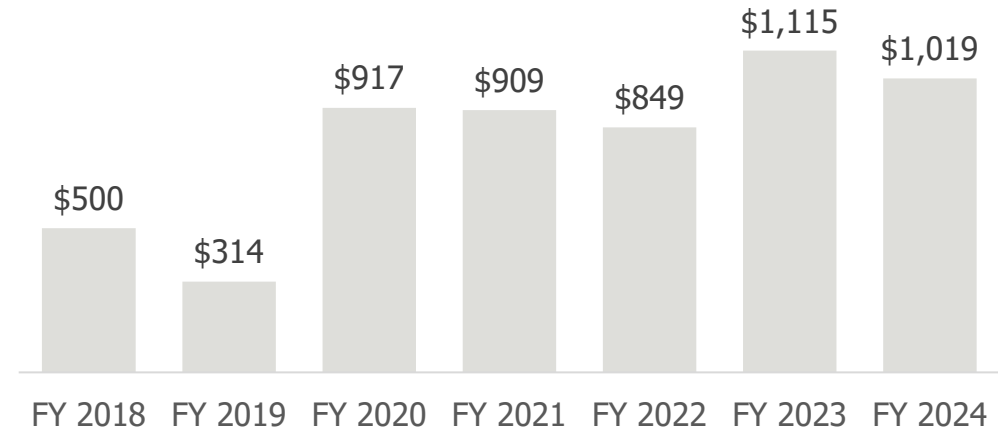
Total Interest as a Percentage of Total Revenues



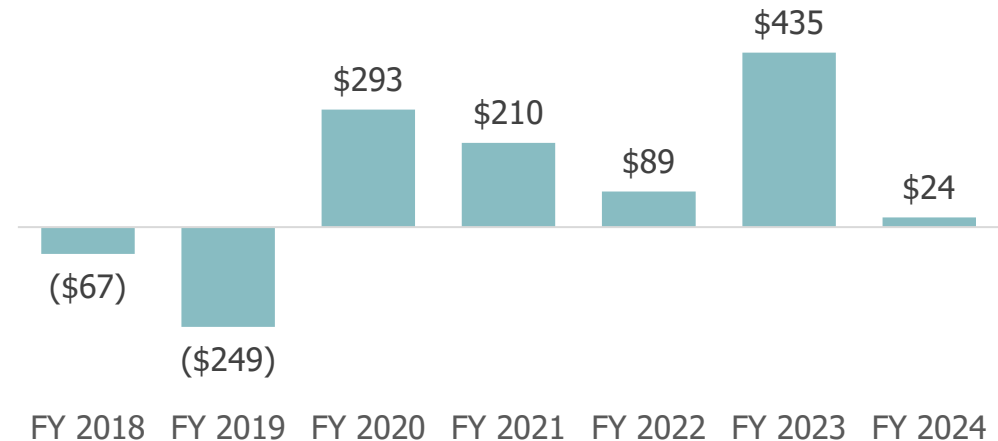
Significant cash flow generation

- Generated \$5.6 billion of net operating cash flows before land and land development over the past seven years
- ~\$1 billion of net operating cash flow in 2020, 2021, 2022, 2023 and 2024 after two years of outflows
- Strong underlying operating cash flow before land and land development
- Cash flow ramp provides optionality to retire debt and invest in land

Net operating cash flow before land and land development spend
(\$ in millions)



Net operating cash flow - reported
(\$ in millions)



Homebuilding Costs as a % of Revenue

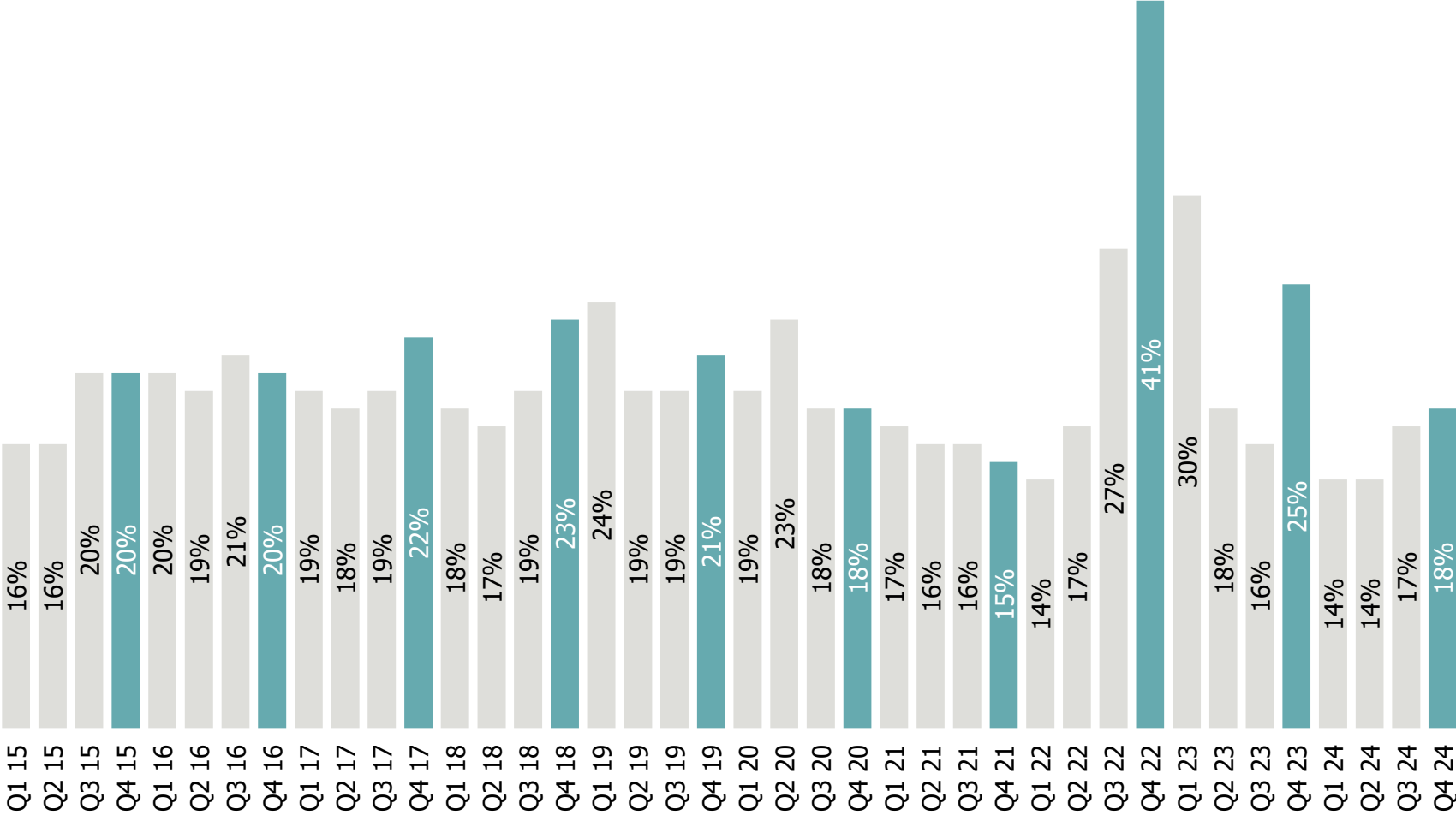
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Avg.
Land (Developed Lot)¹:	25.2%	25.8%	25.5%	25.2%	24.0%	21.9%	23.1%	26.8%	23.2%	21.4%	22.3%	25.9%	25.8%	26.2%	26.5%	29.2%	30.4%	28.7%	28.9%	30.3%	28.5%	24.8%	25.4%	28.2%	26.0%
Direct Construction Costs:	46.3%	44.8%	41.6%	41.3%	41.6%	46.7%	51.2%	55.3%	52.7%	48.5%	49.6%	45.2%	44.2%	44.1%	45.5%	44.0%	42.7%	43.2%	43.2%	41.8%	41.2%	42.2%	42.5%	40.4%	45.0%
Other:																									
Commissions	2.3%	2.2%	2.1%	2.2%	2.3%	2.5%	2.8%	2.7%	3.3%	3.3%	3.5%	3.4%	3.3%	3.4%	3.6%	3.5%	3.4%	3.6%	3.7%	3.7%	3.7%	3.4%	3.4%	3.2%	3.1%
Financing concessions	1.0%	1.0%	0.9%	1.0%	1.0%	1.0%	1.4%	1.7%	2.4%	2.2%	2.0%	1.7%	1.4%	1.3%	1.4%	1.3%	1.2%	1.2%	1.4%	1.4%	1.1%	1.1%	2.1%	2.5%	1.4%
Overheads	4.6%	4.2%	4.4%	4.8%	4.7%	4.8%	6.4%	6.8%	9.2%	7.8%	7.0%	6.0%	5.2%	5.1%	5.4%	5.1%	5.1%	4.9%	4.7%	4.4%	3.7%	3.5%	3.9%	3.7%	5.2%
Adjusted Homebuilding Gross Margin²:	20.6%	22.0%	25.5%	25.5%	26.4%	23.1%	15.1%	6.7%	9.2%	16.8%	15.6%	17.8%	20.1%	19.9%	17.6%	16.9%	17.2%	18.4%	18.1%	18.4%	21.8%	25.0%	22.7%	22.0%	
Per Lot Cost (In 000s):	\$62.8	\$66.8	\$69.2	\$70.5	\$76.4	\$72.1	\$78.0	\$80.5	\$65.9	\$60.1	\$62.4	\$77.9	\$87.4	\$95.9	\$100.5	\$117.5	\$127.0	\$112.9	\$113.9	\$120.0	\$122.8	\$127.2	\$137.0	\$151.6	
Average Sales Price (In 000s):	\$249.4	\$258.8	\$271.4	\$279.9	\$318.2	\$329.1	\$337.8	\$300.4	\$283.9	\$280.7	\$279.9	\$300.6	\$338.8	\$366.2	\$379.2	\$402.4	\$417.7	\$393.3	\$394.2	\$396.1	\$431.0	\$512.9	\$539.2	\$537.7	

¹ Includes the reversal of land impairments taken in prior periods.

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

Cancellation Rates

Normal long term cancellation rate is between 18% and 22%

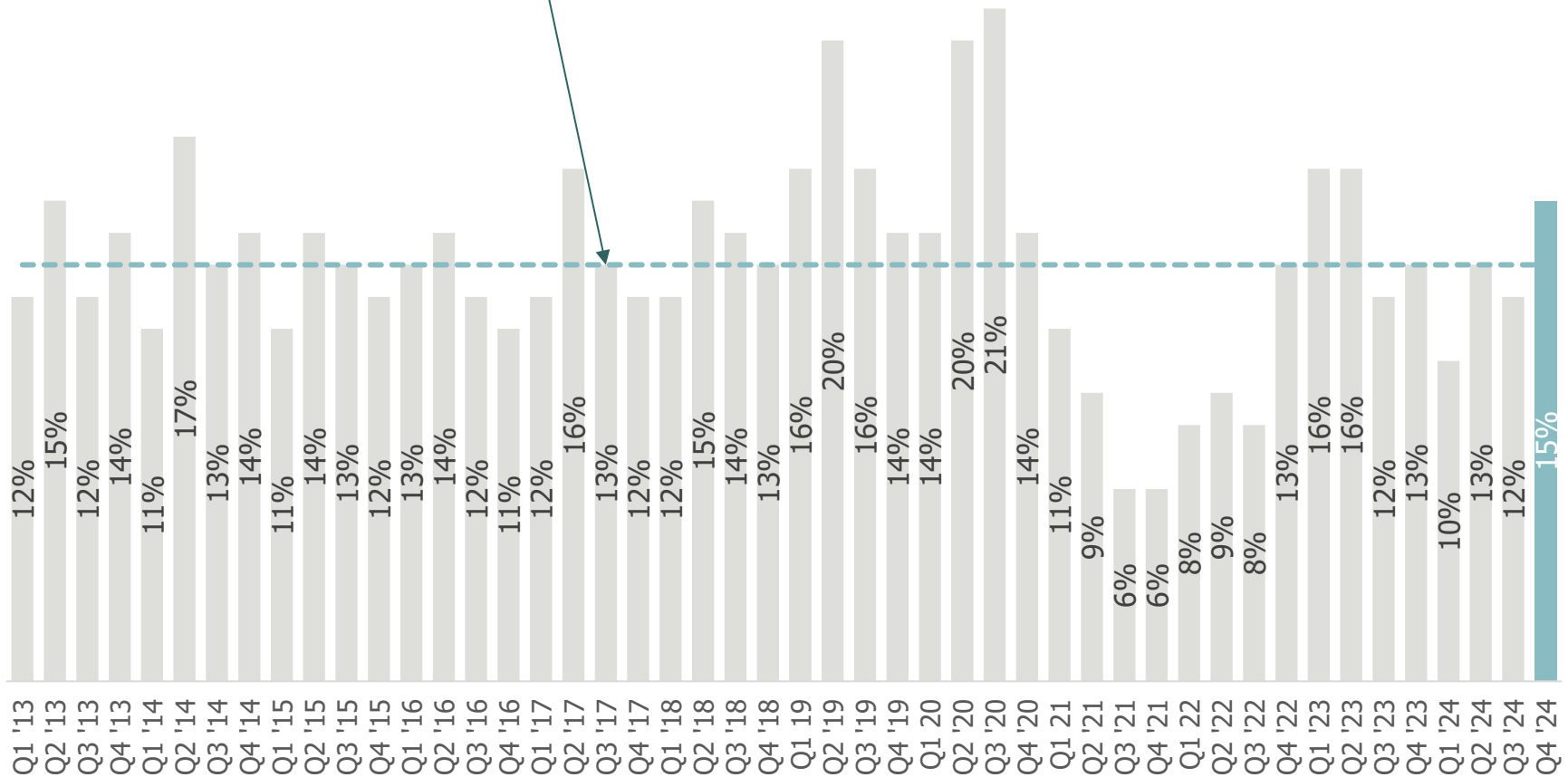


Note: Calculated as a % of gross contracts, excluding unconsolidated joint ventures.

Backlog Cancellation Rates

Peaked at 31% in Q2 2009

Average
13%

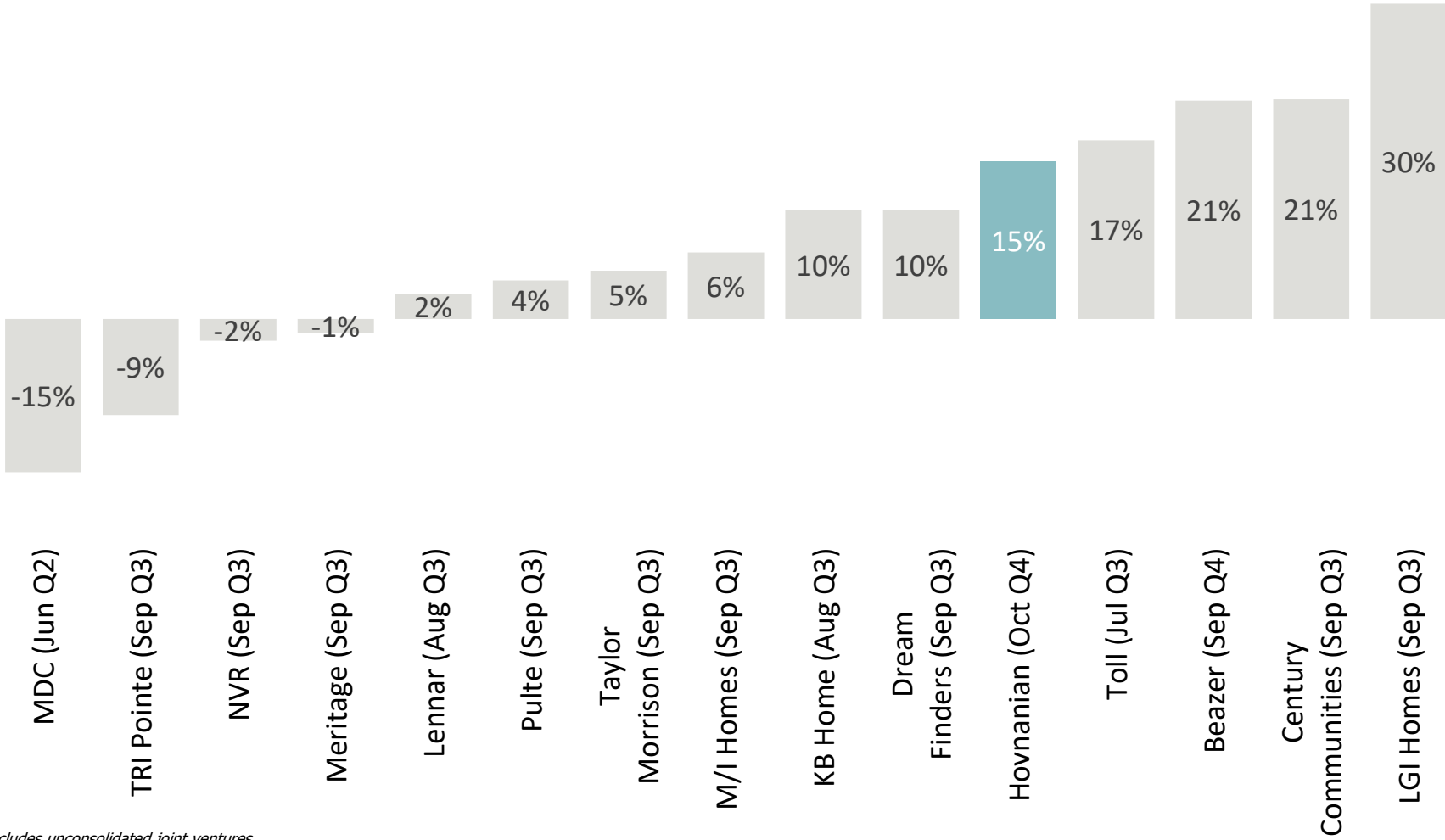


Note: Calculated as a % of beginning backlog, excluding unconsolidated joint ventures.



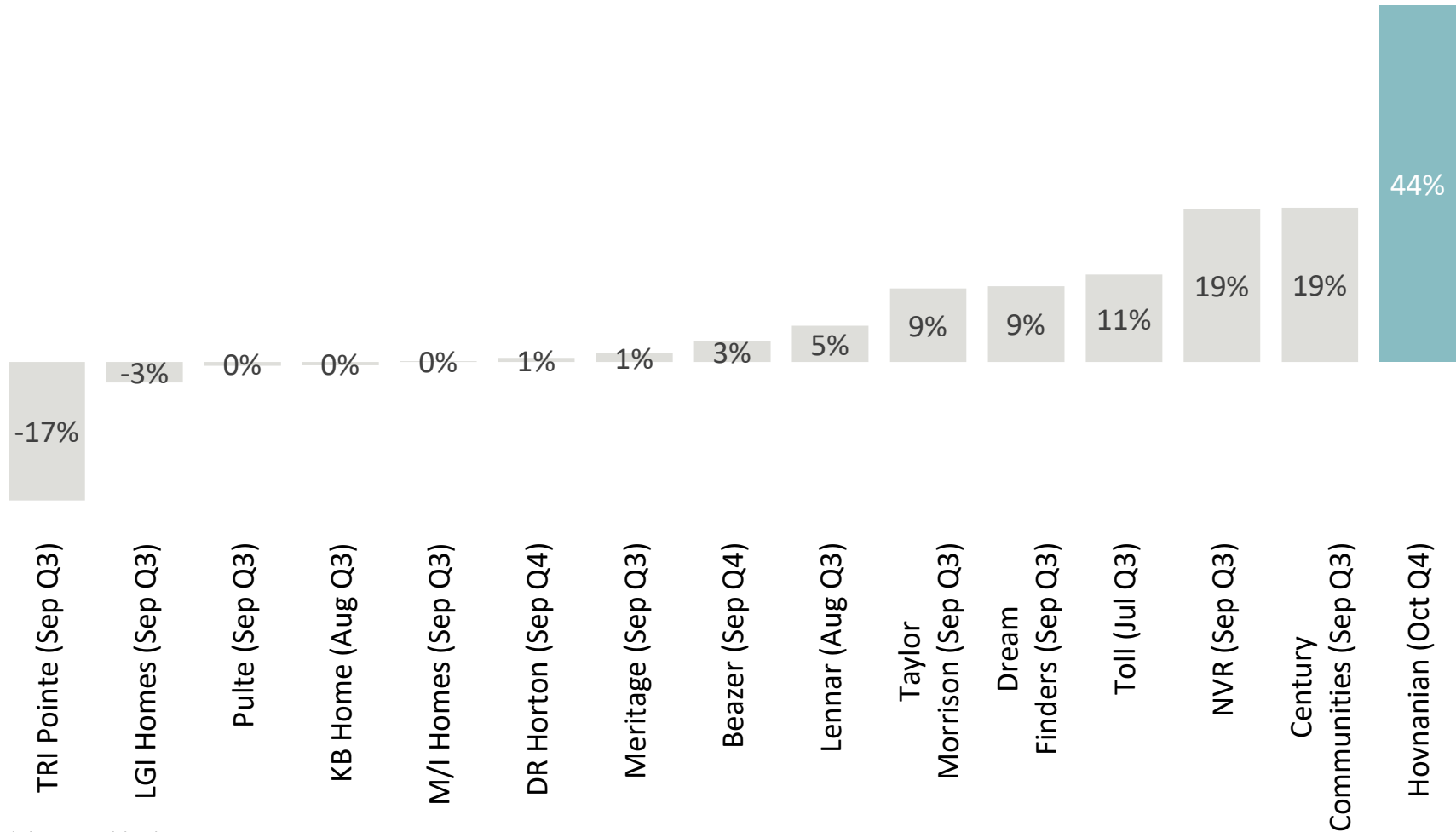
Builder Peer Statistics

Year-over-Year Change in Community Count, Most Recent Quarter



Excludes unconsolidated joint ventures.
 Source: Company SEC filings, press releases as of 12/05/2024.

Year-over-Year % Change in Contracts, Most Recent Quarter

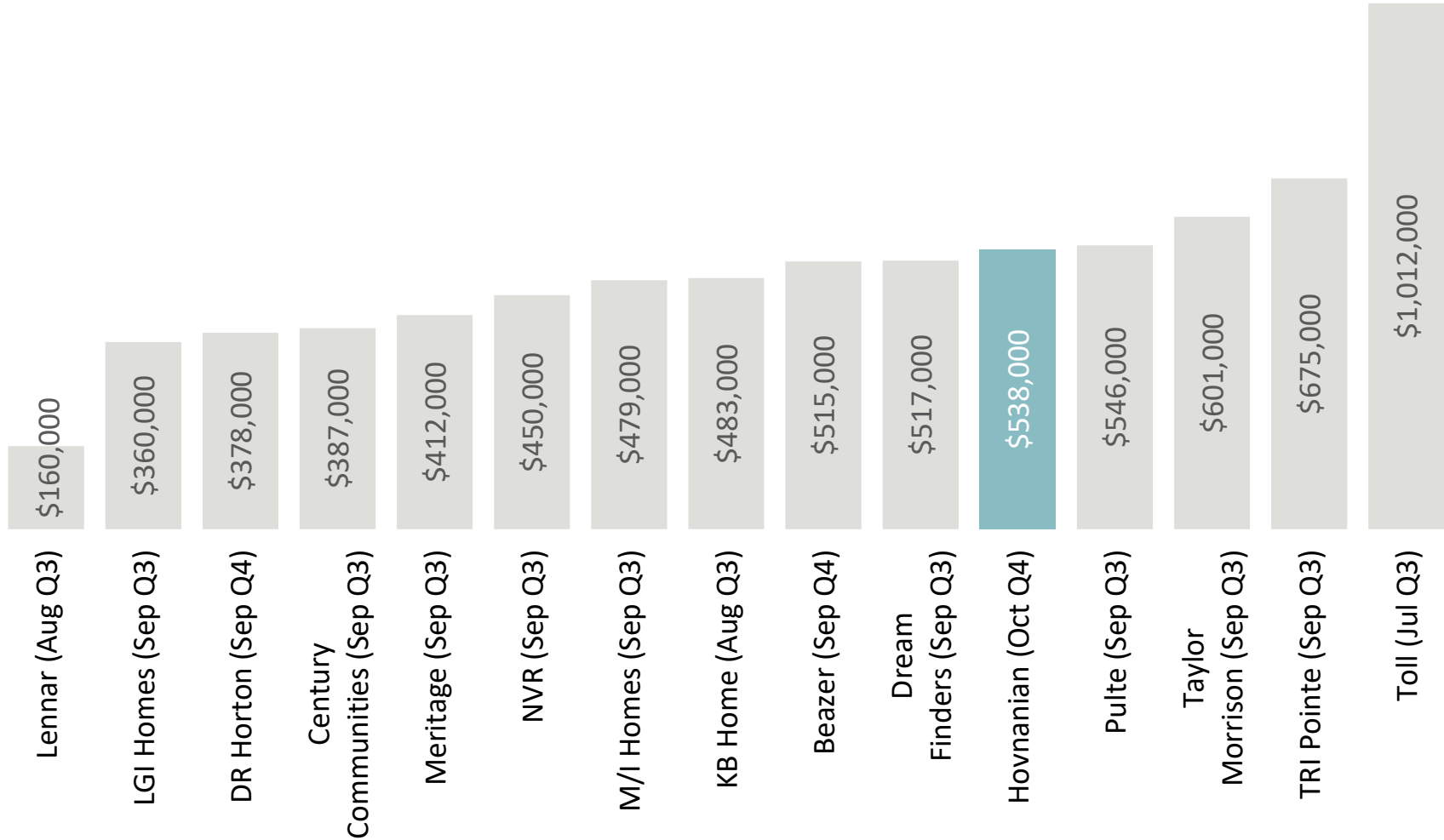


Excludes unconsolidated joint ventures.

Source: Company SEC filings, press releases as of 12/05/2024.

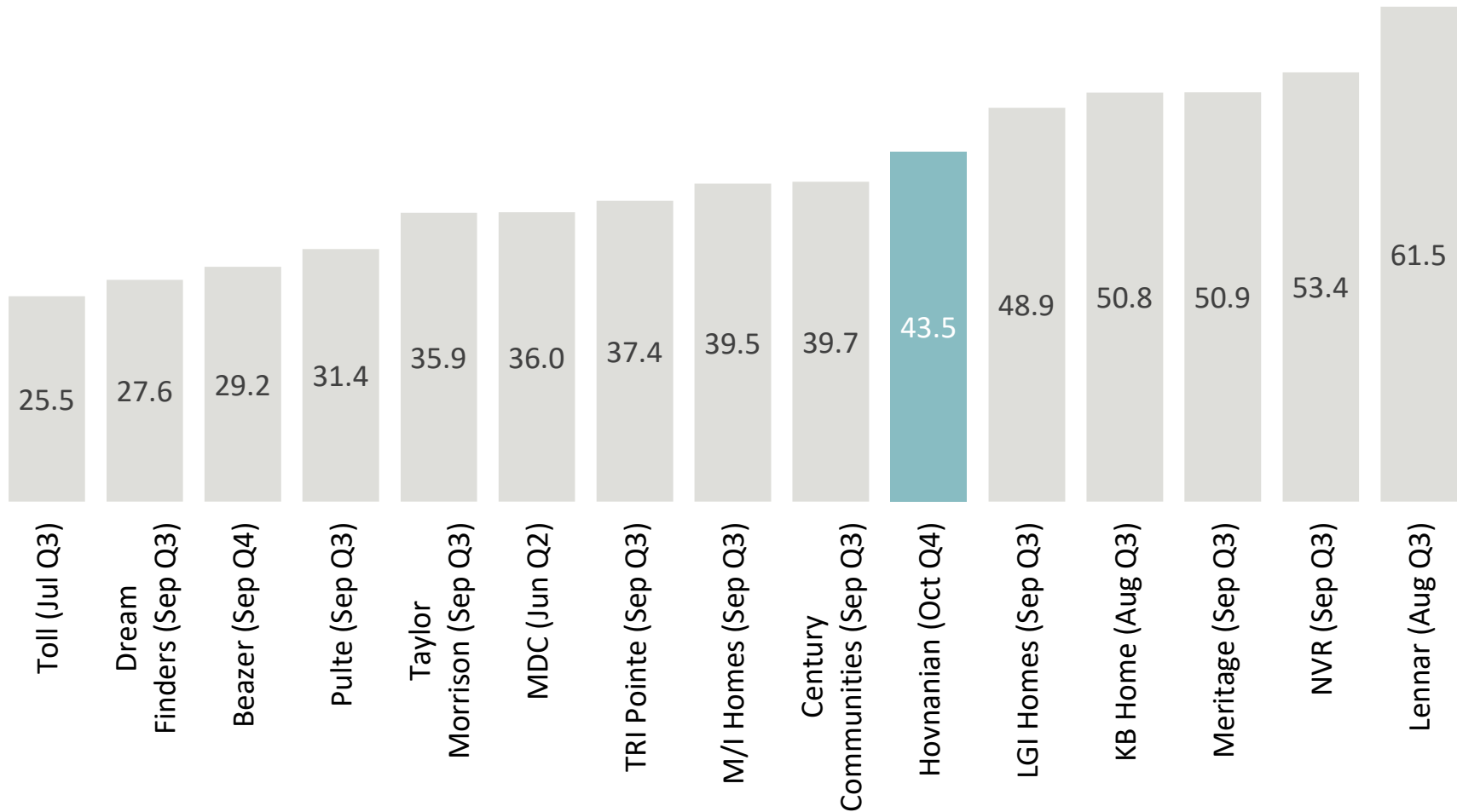
Average Selling Price, Last Twelve Months

Homes



Source: Company SEC filings and press releases as of 12/05/2024.
Note: Excludes unconsolidated joint ventures.

Net Contracts per Community, Last Twelve Months

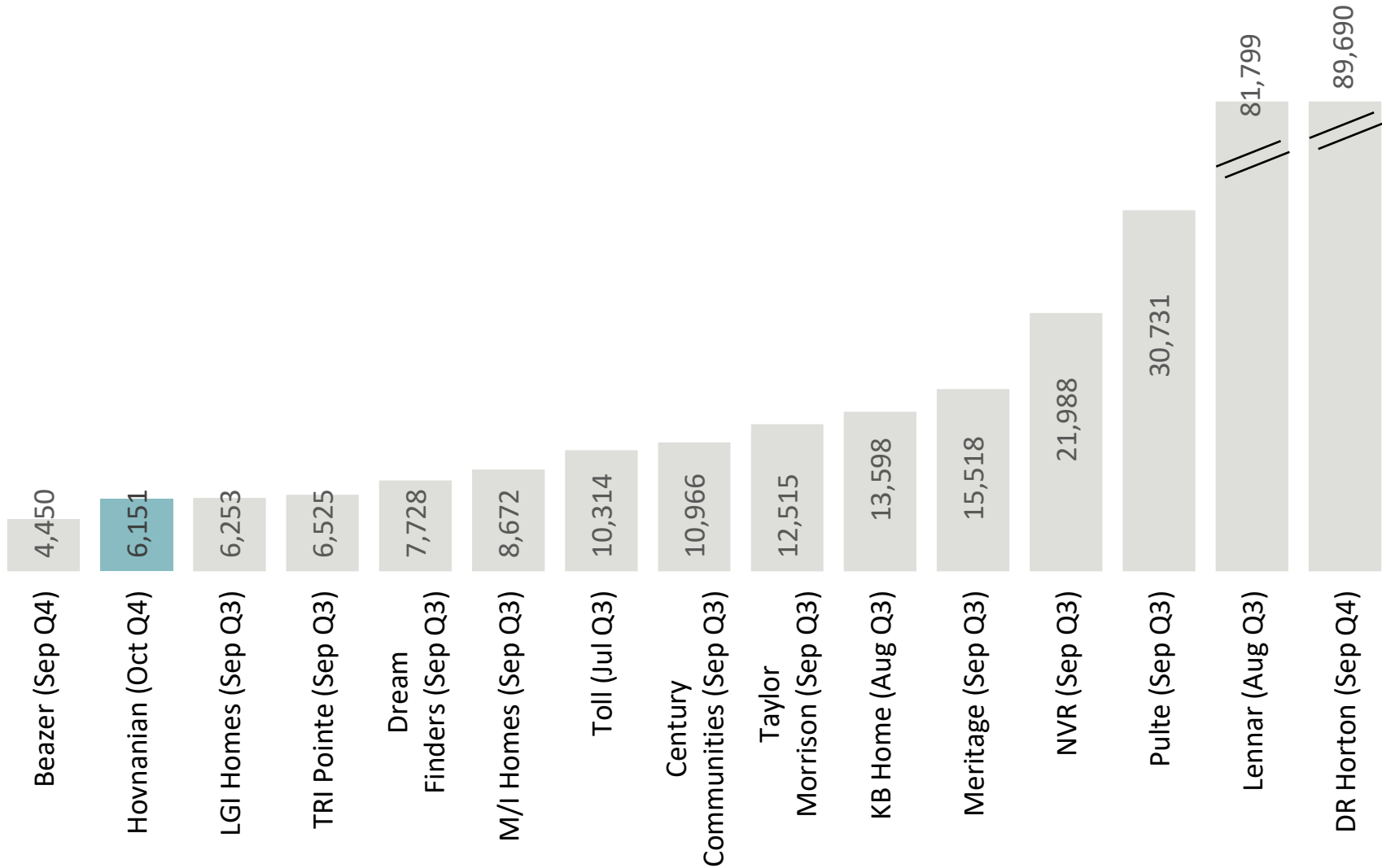


Excludes unconsolidated joint ventures.

Source: Company SEC filings, press releases as of 12/05/2024.

Total Deliveries, Last Twelve Months

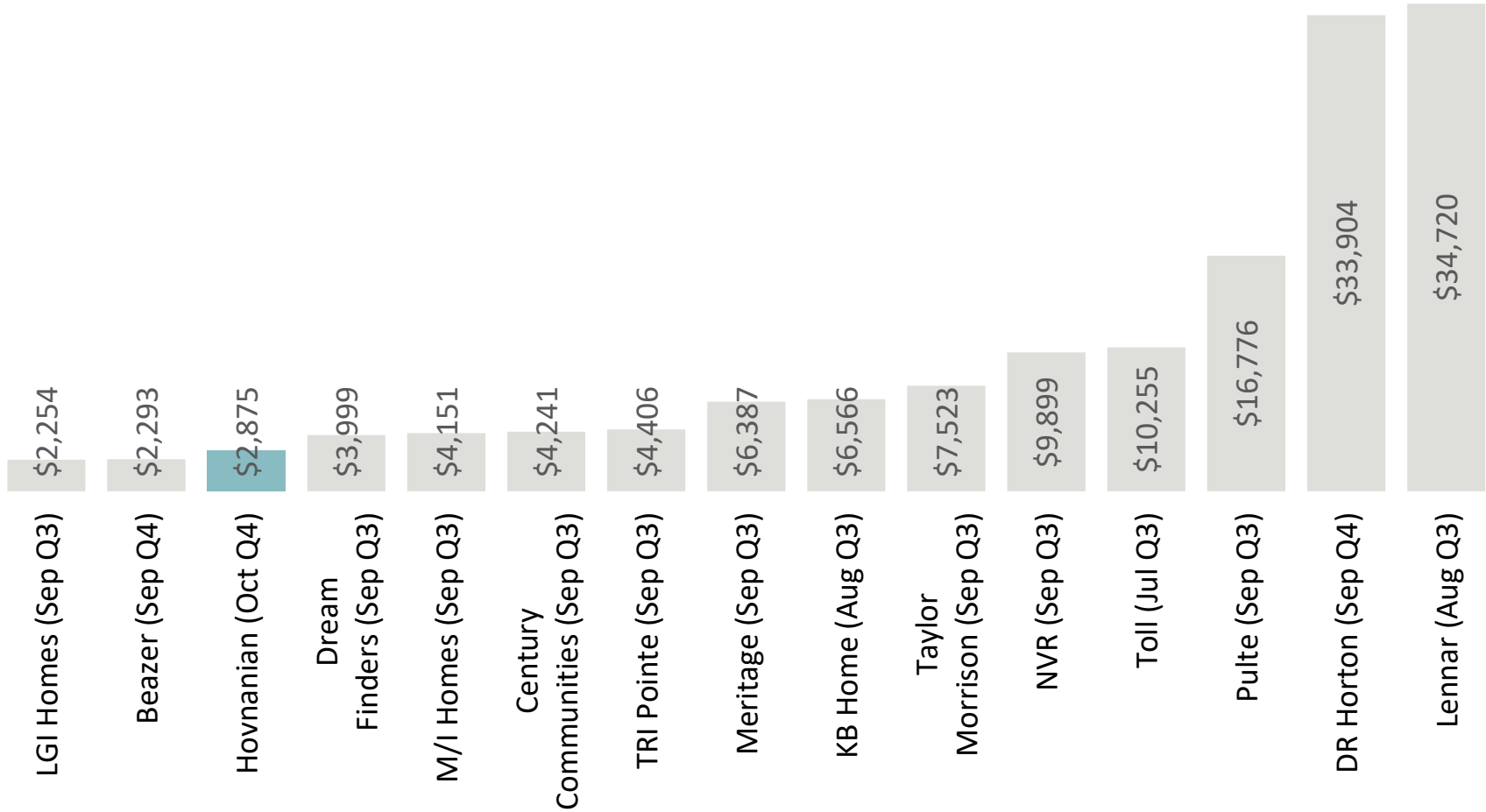
Homes



Source: Company SEC filings and press releases as of 12/05/2024.
Note: Includes unconsolidated joint ventures.

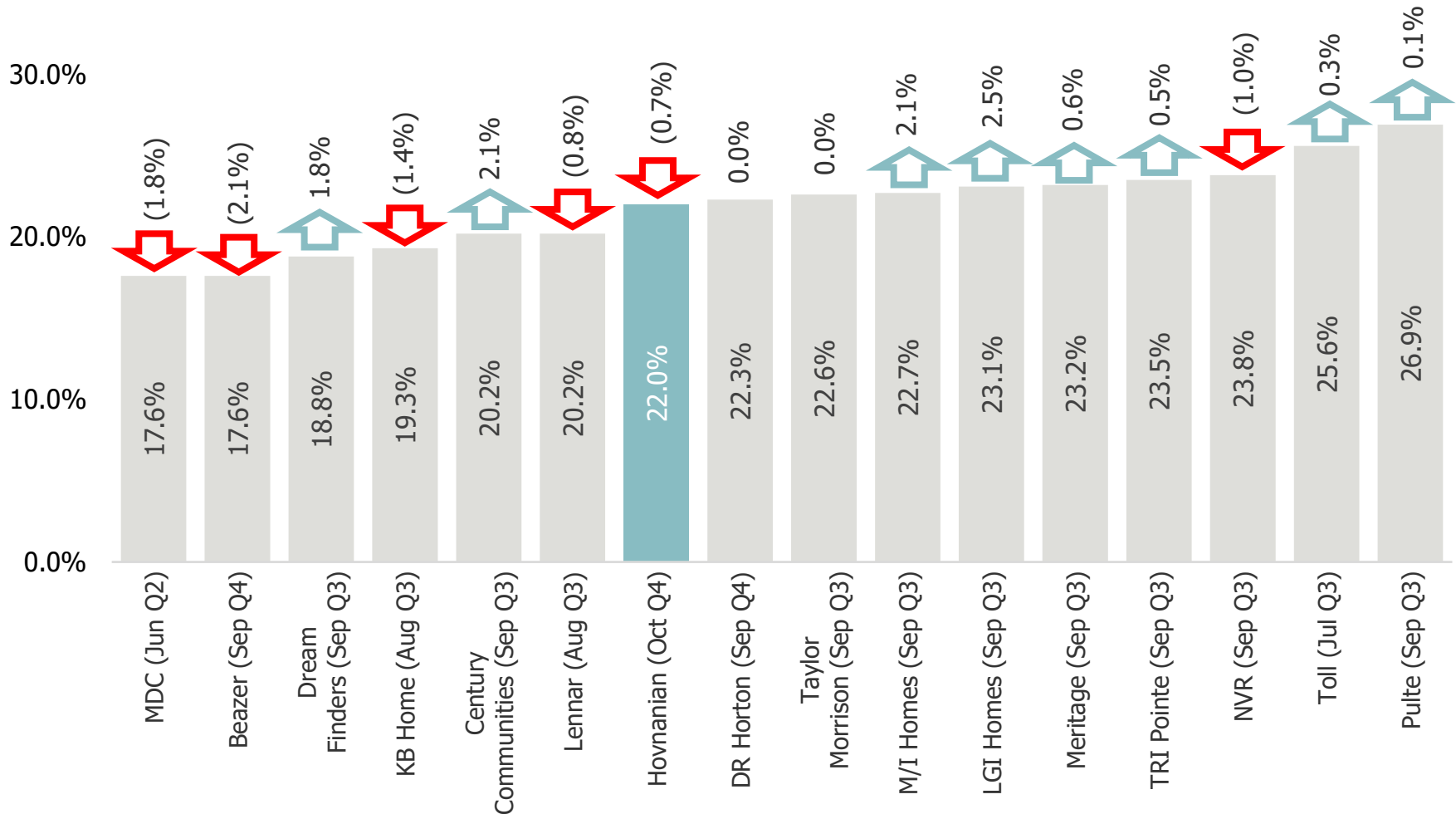
Homebuilding Revenue, Last Twelve Months

\$ in millions



Source: Company SEC filings and press releases as of 12/05/2024.
Note: Excludes unconsolidated joint ventures.

Adjusted Gross Margin Percentage, Last Twelve Months



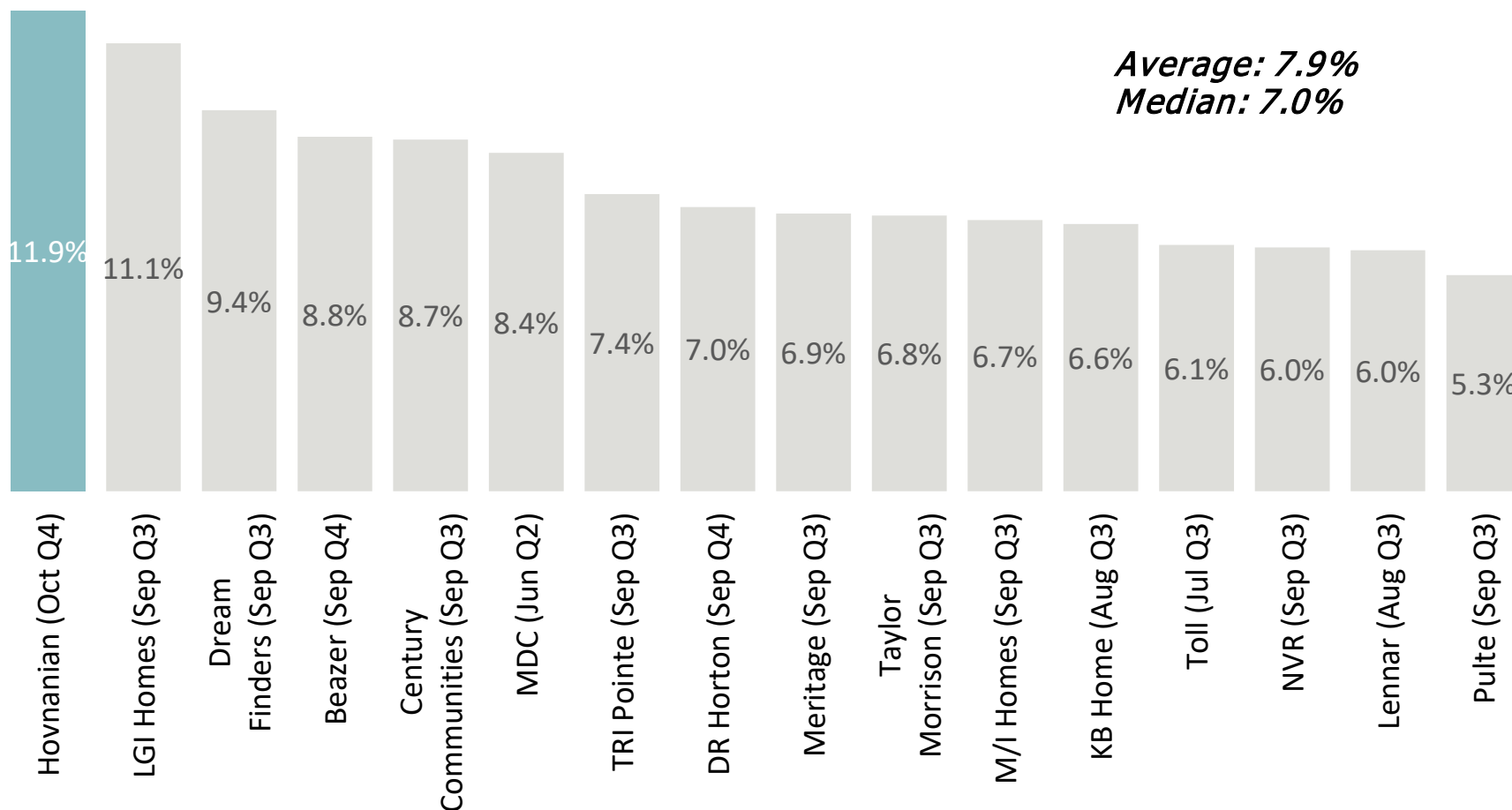
Note: Hovnanian sales commission was 3.4% in the last twelve months. Adjusted Century Communities, Lennar, LGI Homes, Meritage, M/I Homes, Pulte, Taylor Morrison, Toll and Tri Pointe publicly reported results by full 3.4% because all of their sales commissions are reported in SG&A. Adjusted DR Horton's publicly reported results by 1.7% because only some of their sales commissions were reported in SG&A. Beazer, Dream Finders, KB Home and MDC report commissions separately and are adjusted by 3.2%, 4.3%, 3.2% and 2.6%, respectively.

Source: Company SEC filings and press releases as of 12/05/2024.

Note: Excluding interest and impairments.

Adjusted Homebuilding SG&A as a % of Homebuilding Revenue, Last Twelve Months

(adjusted for sales commissions)

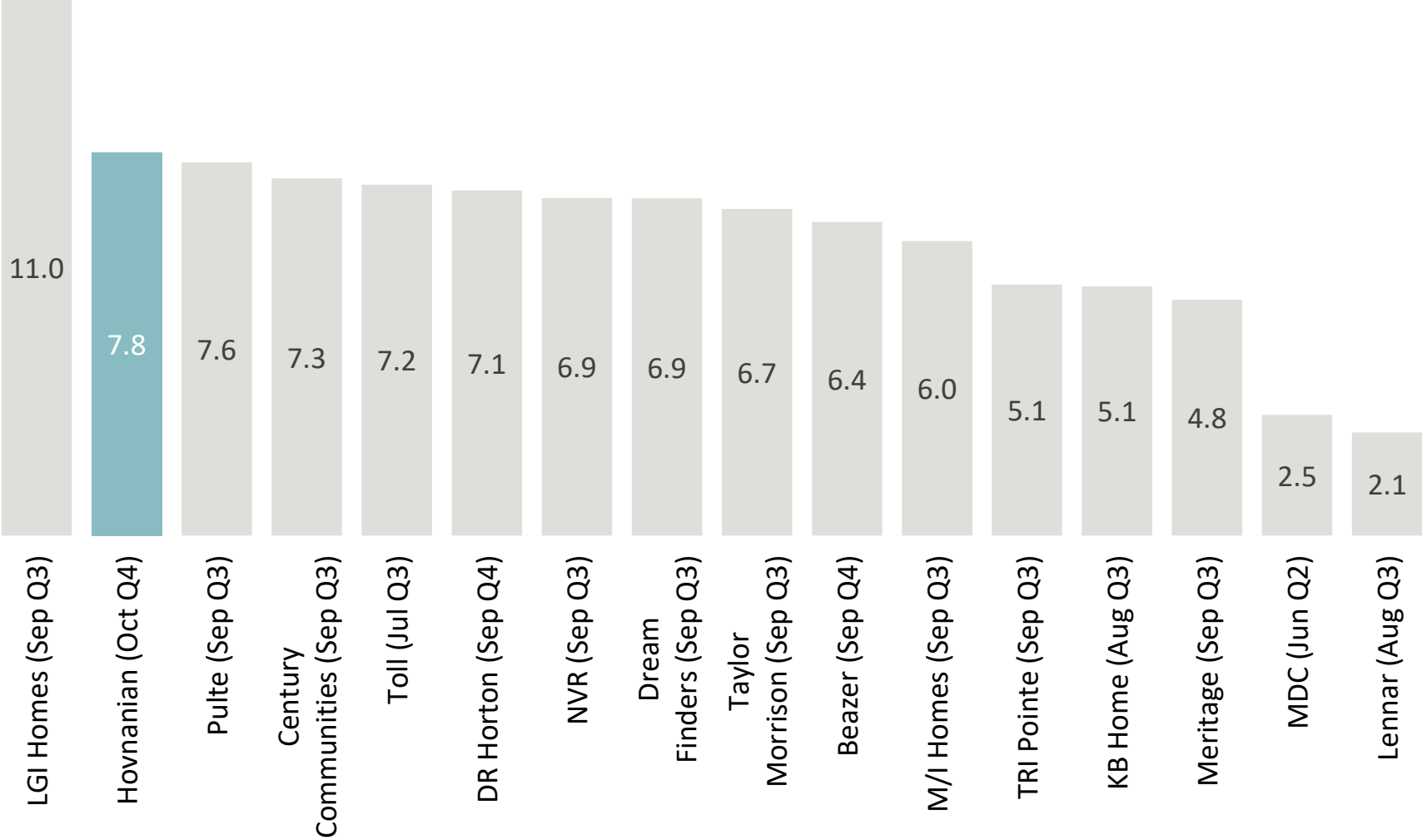


Note: Hovnanian sales commission was 3.4% in the last twelve months. Adjusted Century Communities, Lennar, LGI Homes, Meritage, M/I Homes, Pulte, Taylor Morrison, Toll and Tri Pointe publicly reported results by full 3.4% because all of their sales commissions are reported in SG&A. Adjusted DR Horton's publicly reported results by 1.7% because only some of their sales commissions were reported in SG&A. Beazer, Dream Finders, KB Home and MDC report commissions separately and are adjusted by 3.2%, 4.3%, 3.2% and 2.6%, respectively.

Source: Company SEC filings and press releases as of 12/05/2024.

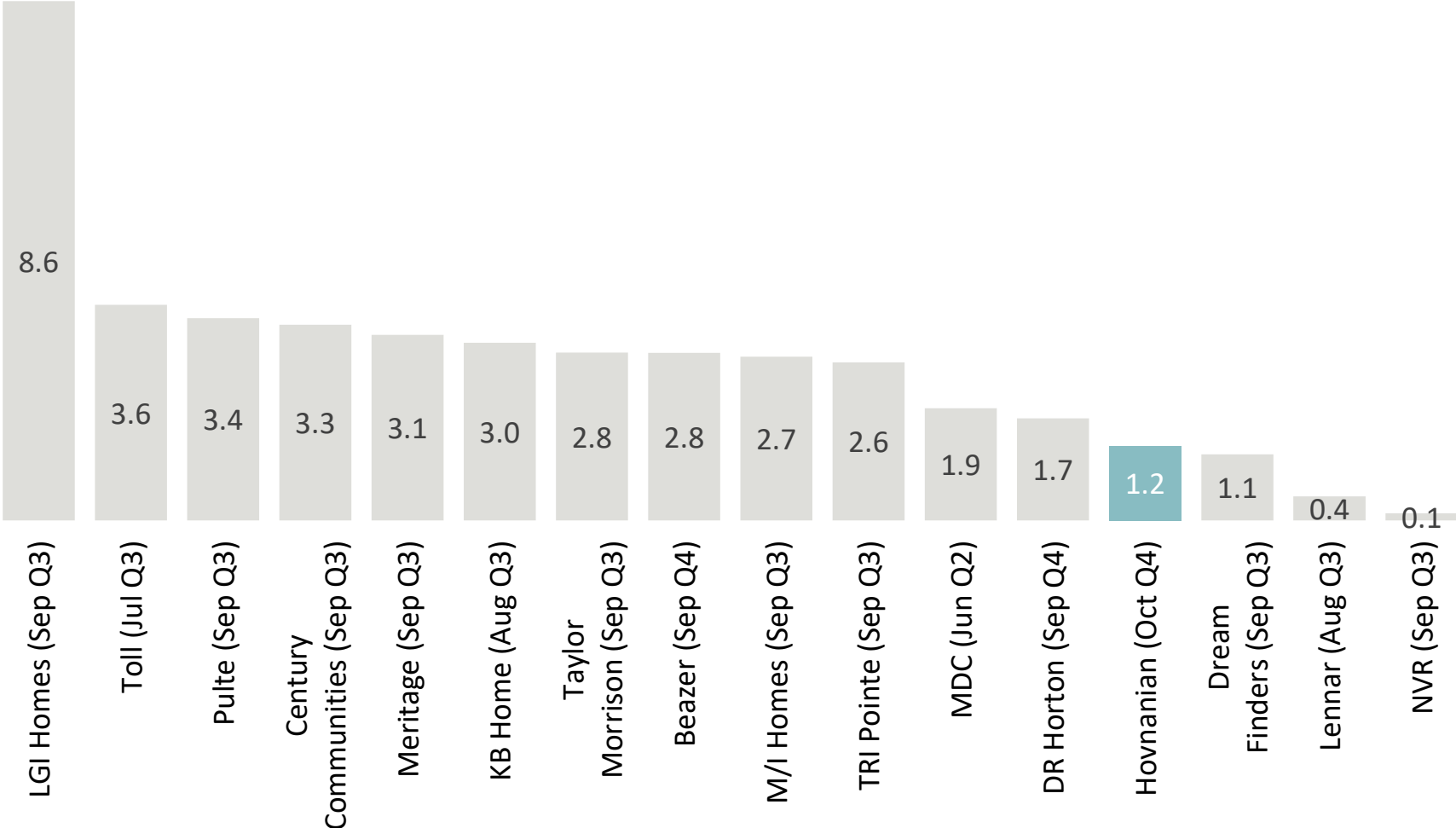
Note: Excluding interest and impairments.

Total Lots – Years Supply



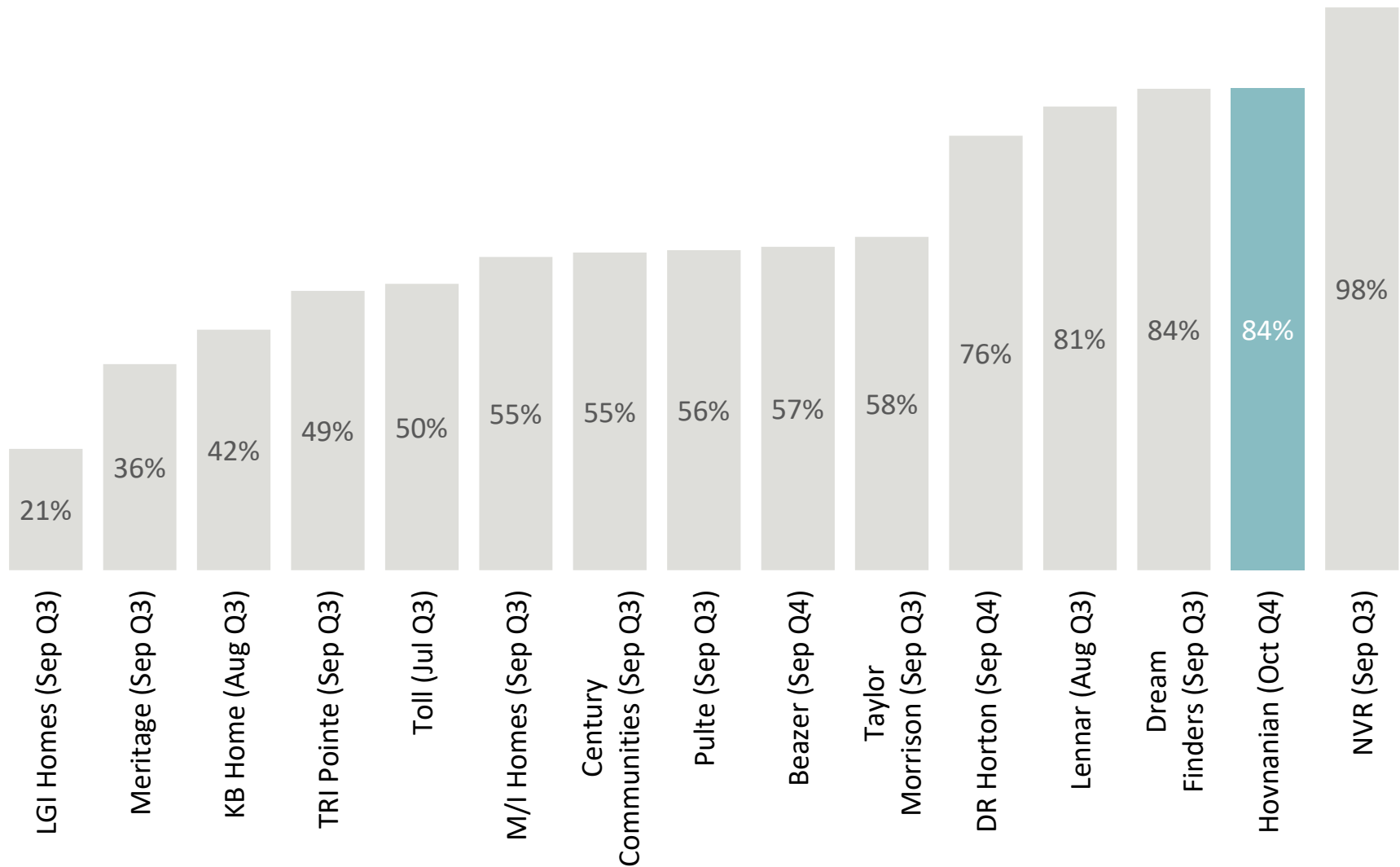
Source: Company SEC filings and press releases as of 12/05/2024.

Owned Lots – Years Supply



Source: Company SEC filings and press releases as of 12/05/2024.

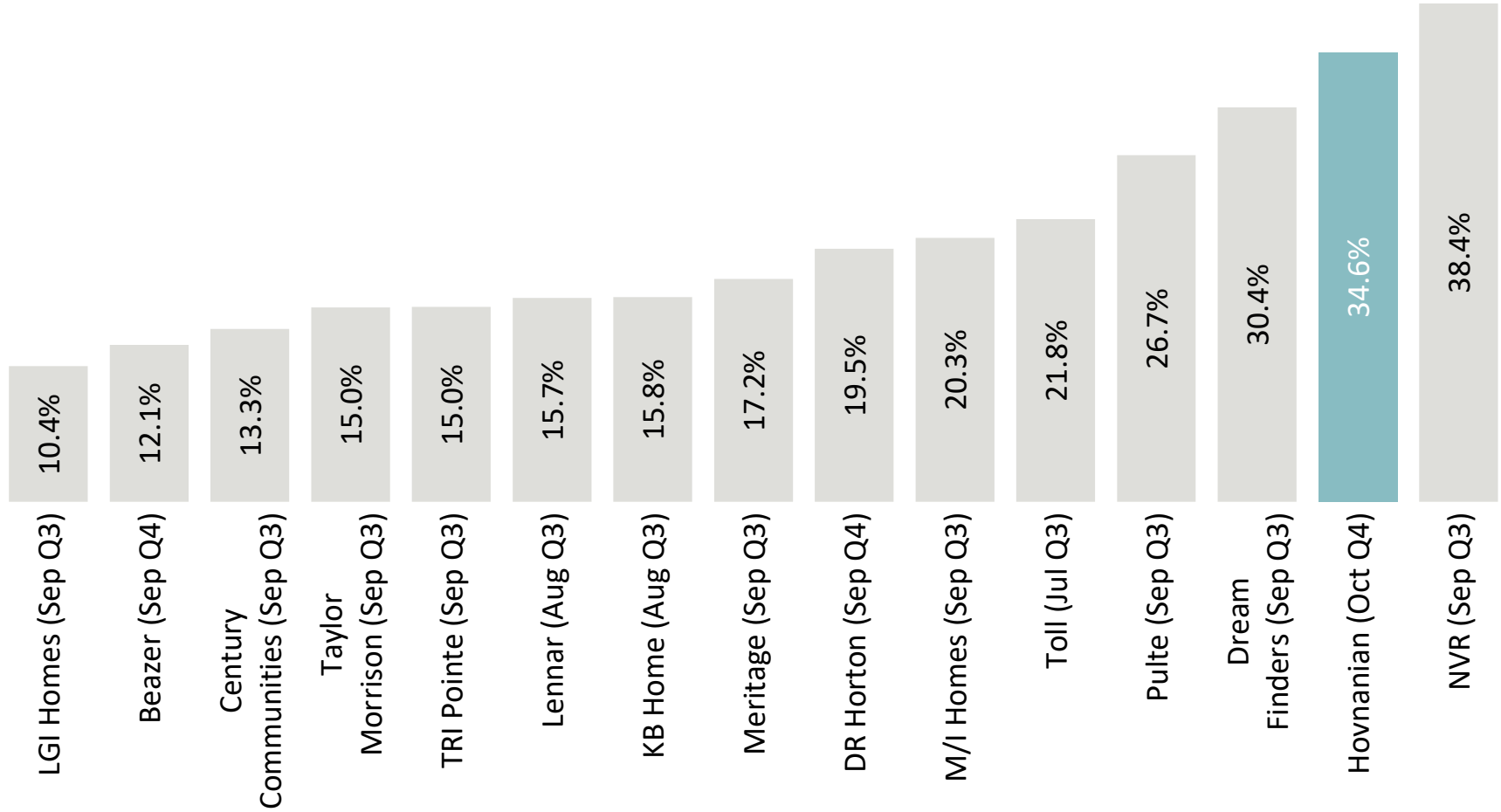
Percentage of Optioned Lots



Source: Company SEC filings and press releases as of 12/05/2024.

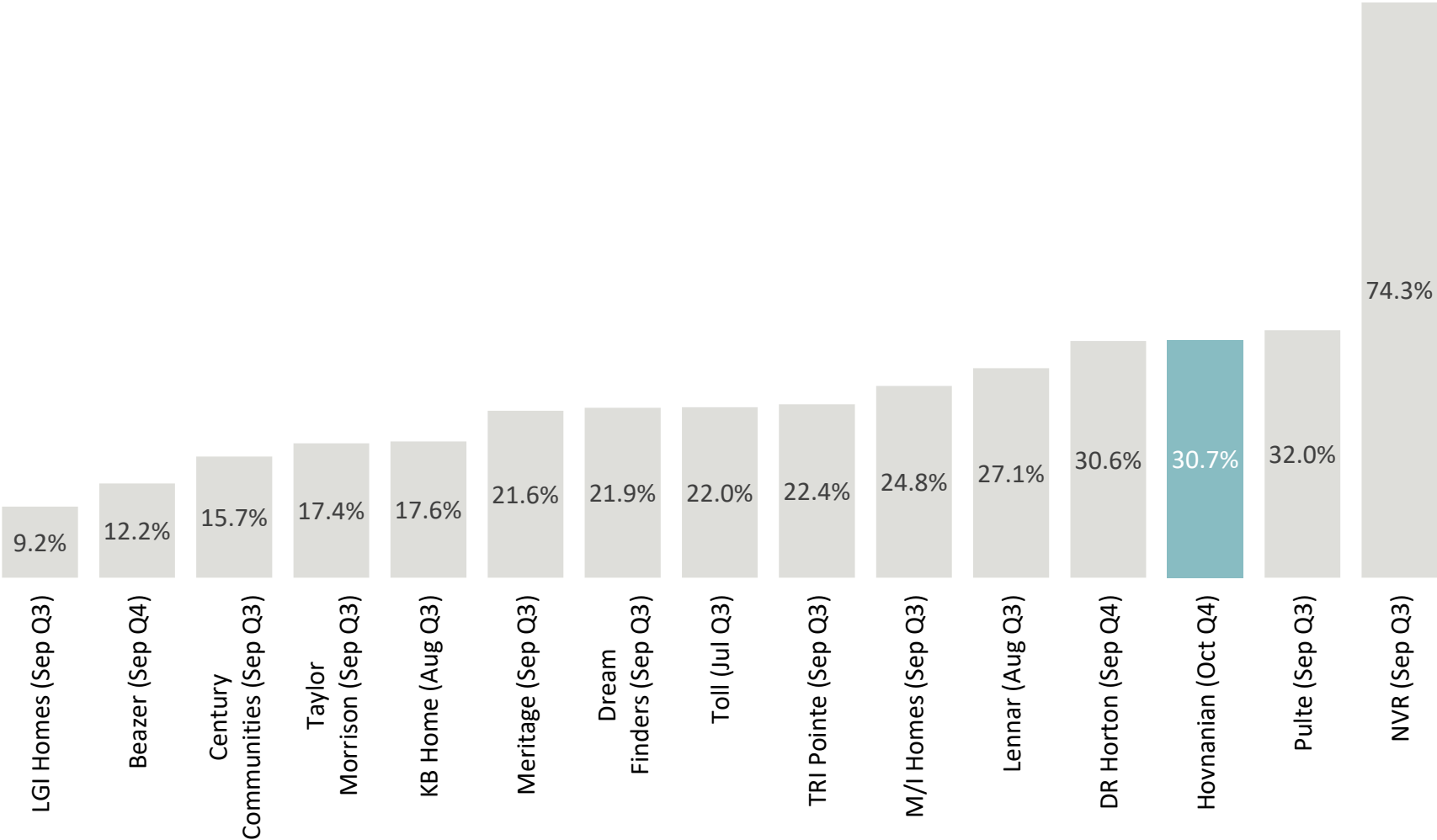
Note: Excludes unconsolidated joint ventures.

ROE, Last Twelve Months



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

Consolidated EBIT ROI, Last Twelve Months

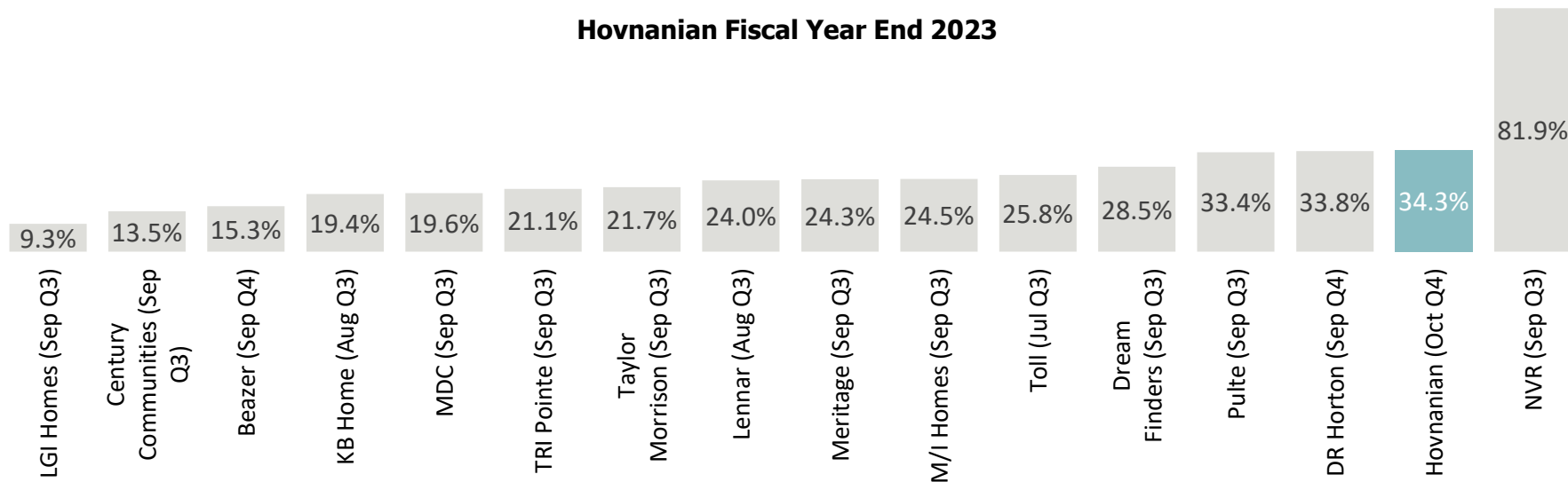


Source: Peer SEC filings and press releases as of 12/05/2024.

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.

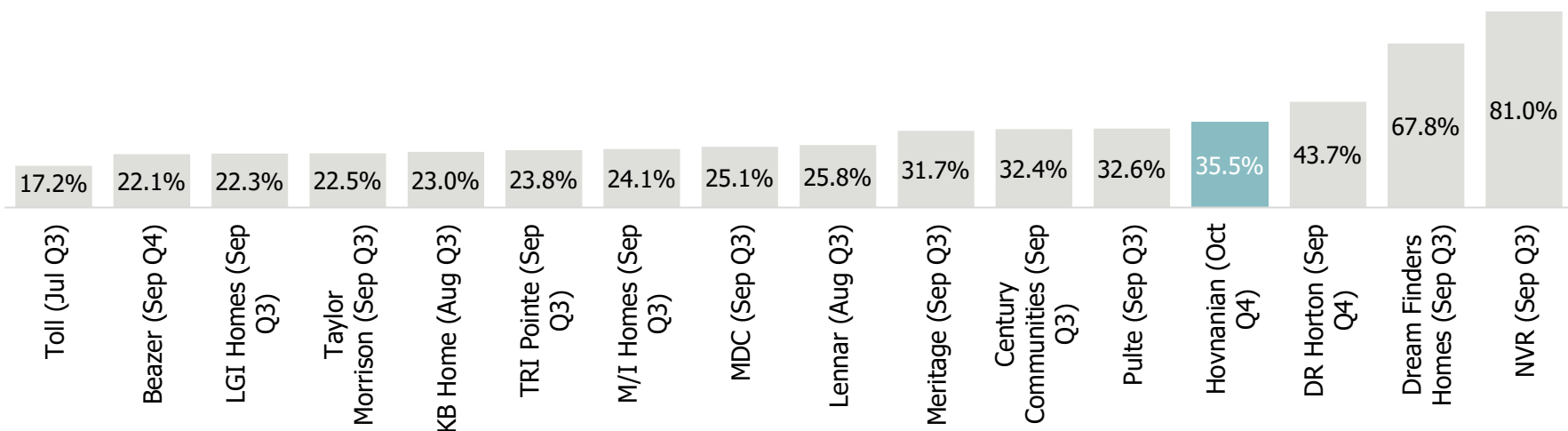
Consolidated EBIT ROI Previous Two Years

Hovnanian Fiscal Year End 2023



Source: Peer SEC filings and press releases as of 12/05/2023.

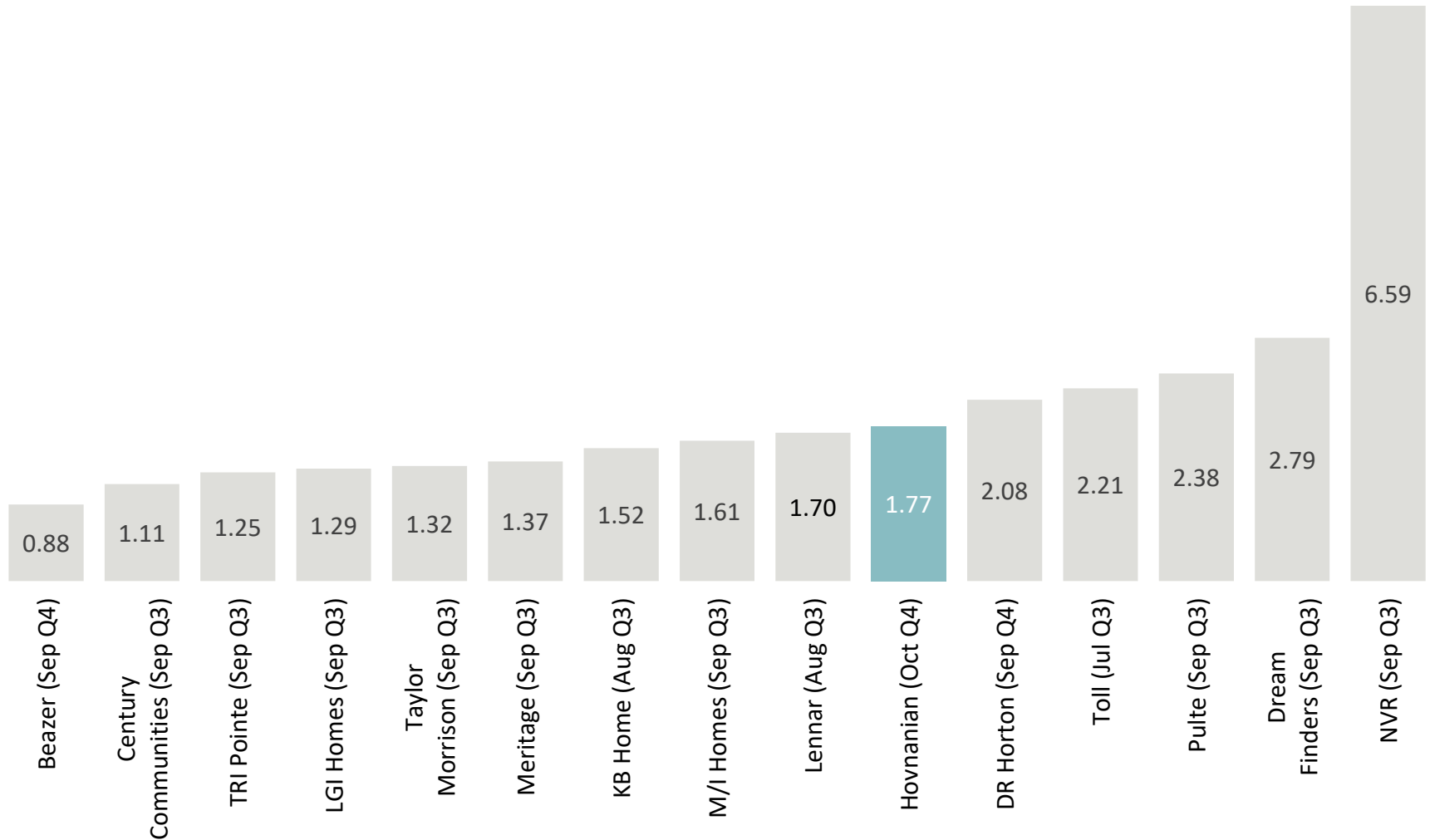
Hovnanian Fiscal Year End 2022



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

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.

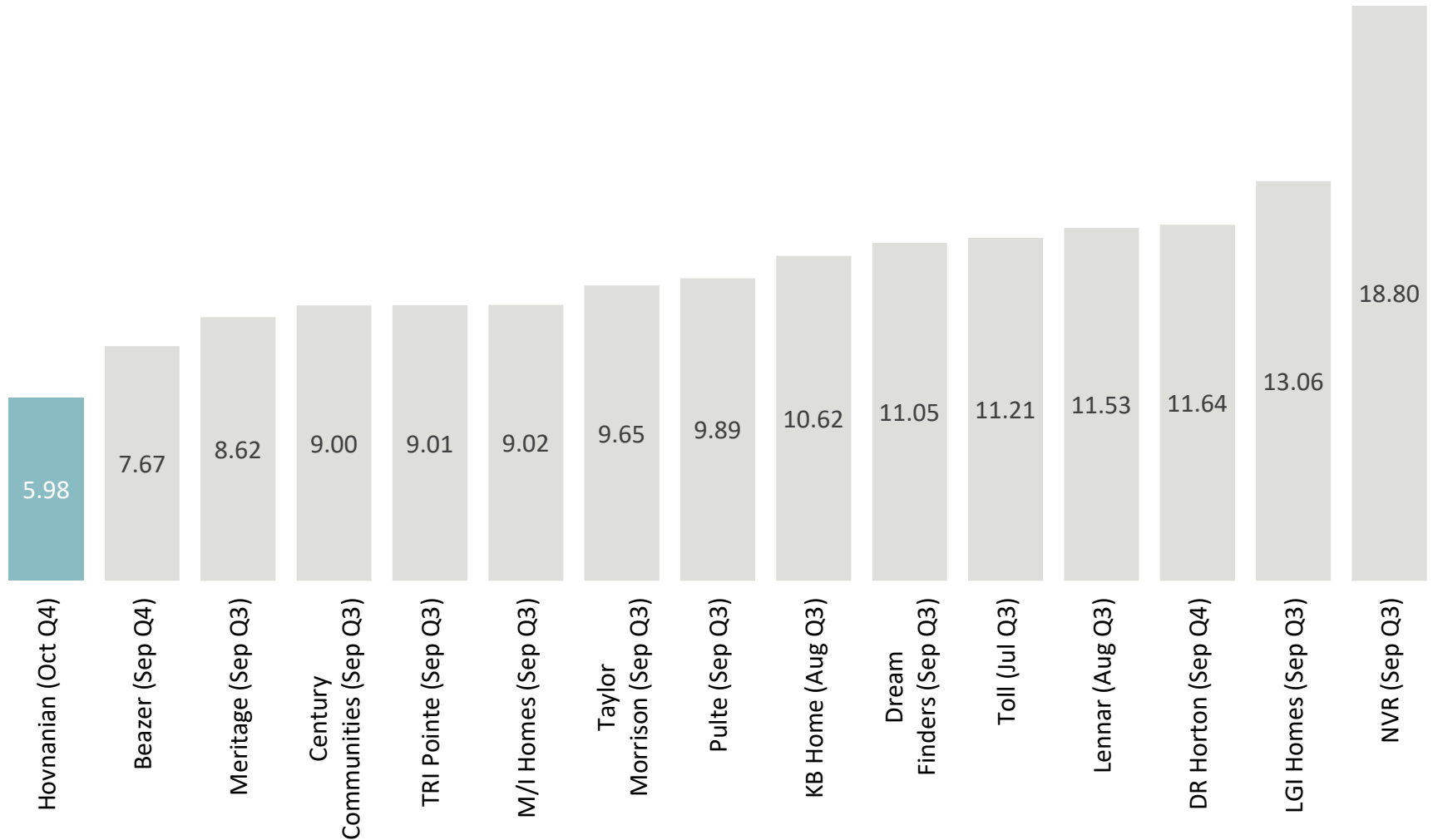
Price to Book Value



Source: Price to book value for most recent quarter based on Yahoo! finance as of 12/04/2024.

Note: Hovnanian price to book value calculated with common equity as of 10/31/2024 and stock price of \$189.96 as of 12/04/2024.

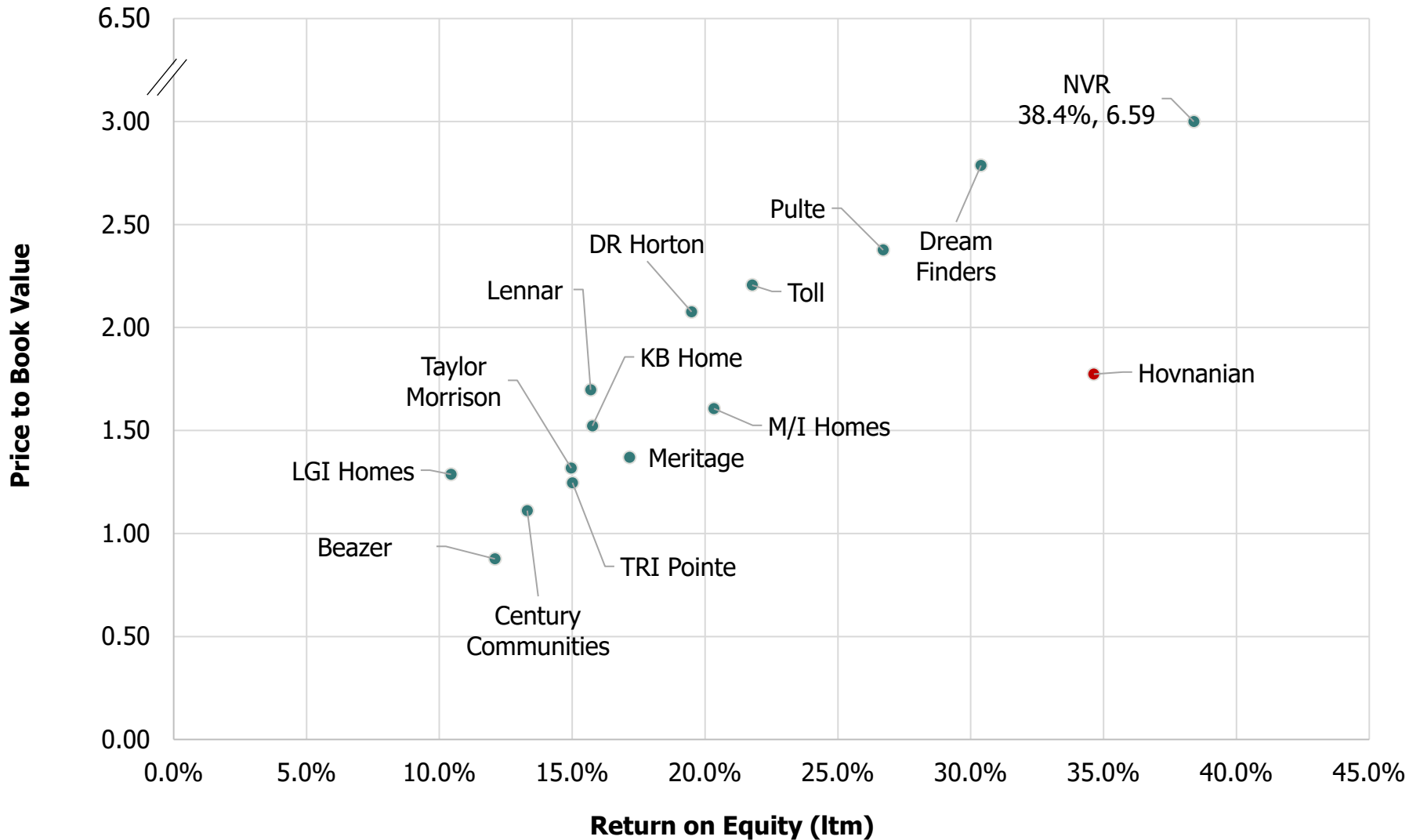
Price to Earnings Ratio



Source: Last twelve-month price to earnings ratio based on Yahoo! finance as of 12/05/2024.

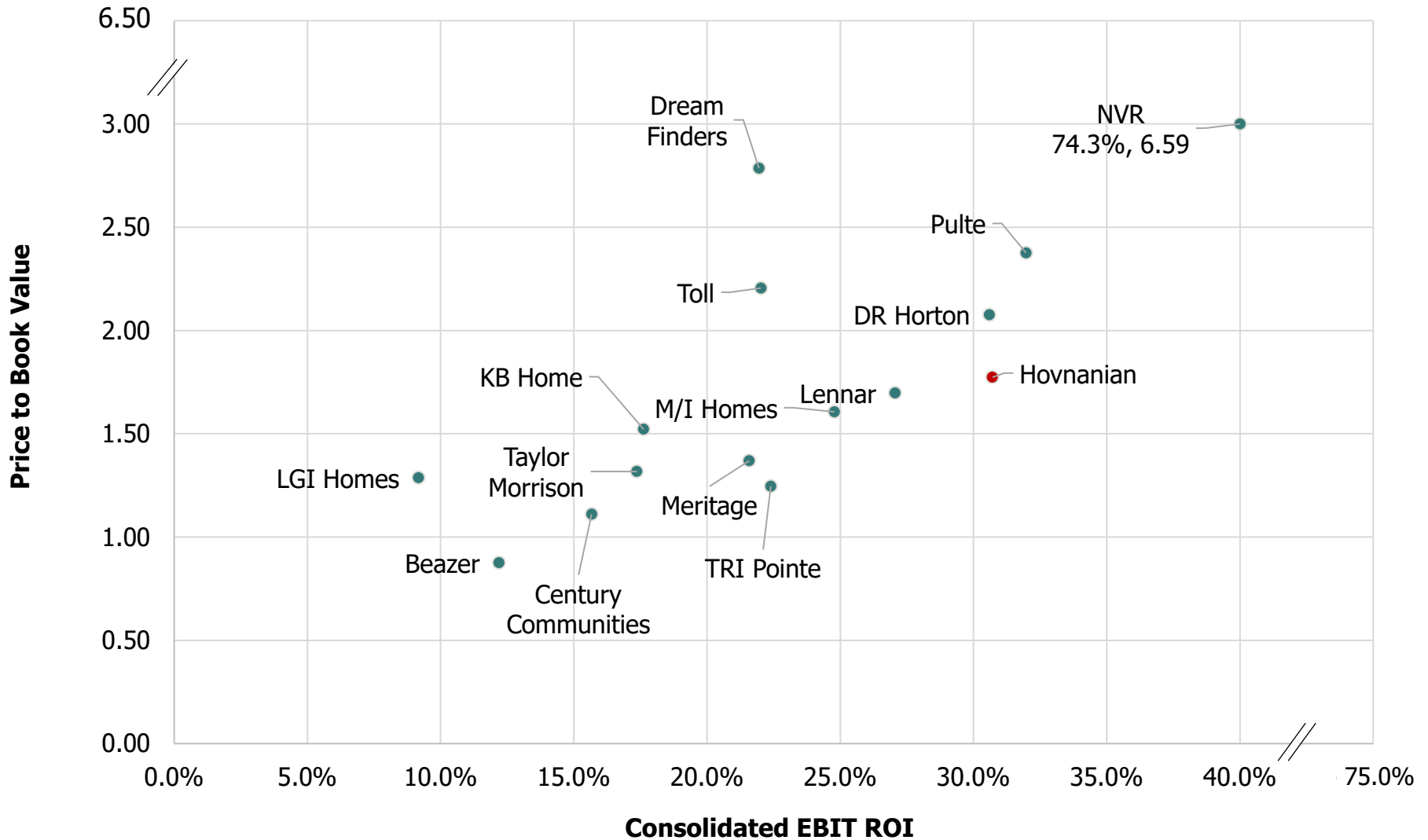
Note: Hovnanian price to earnings ratio calculated using last twelve months EPS as of 04/30/2024 and stock price of \$169.10 as of 05/21/2024.

ROE Price to Book



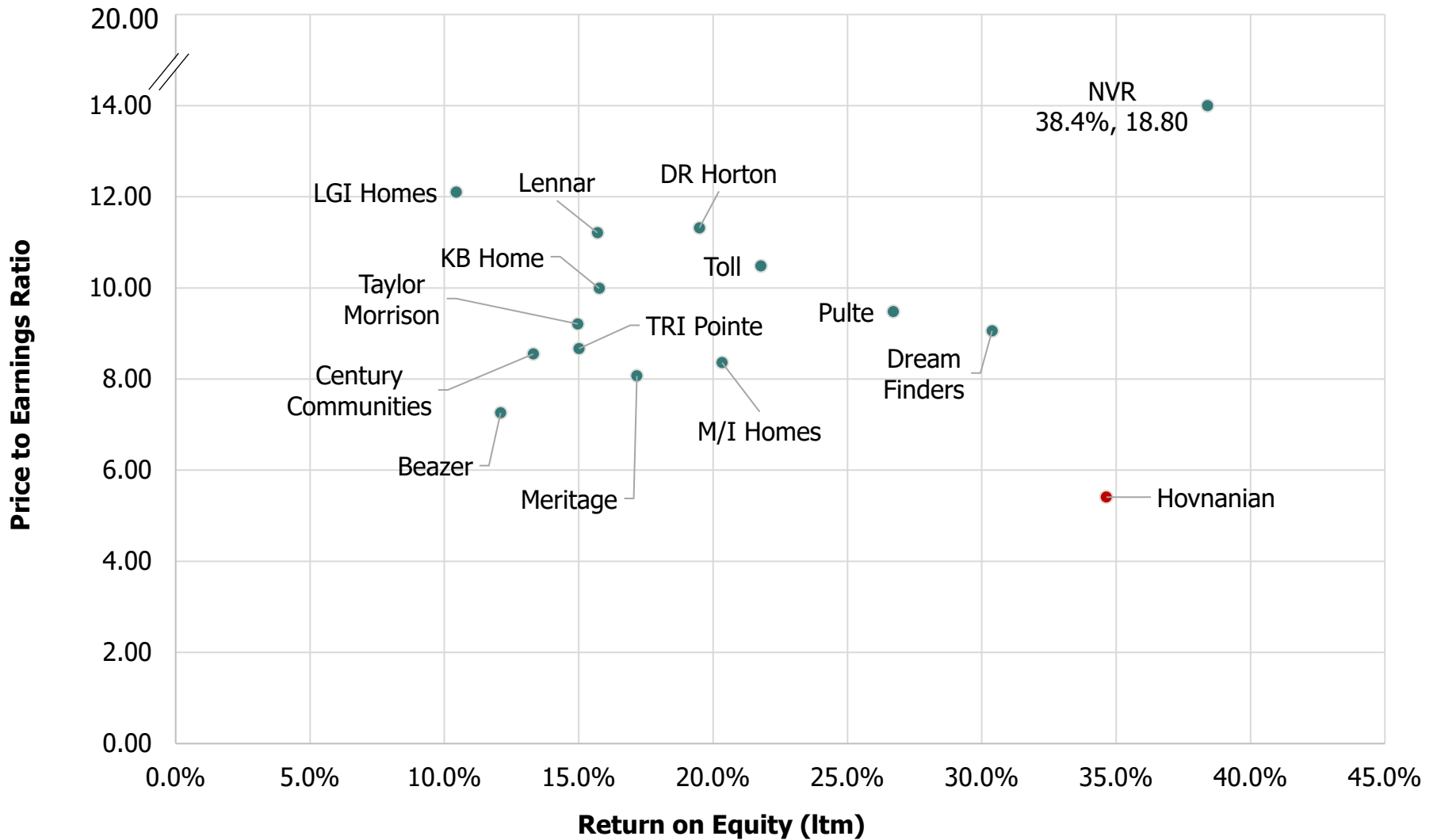
Source: Yahoo! finance as of 12/04/2024.

EBIT ROI to Price to Book Value



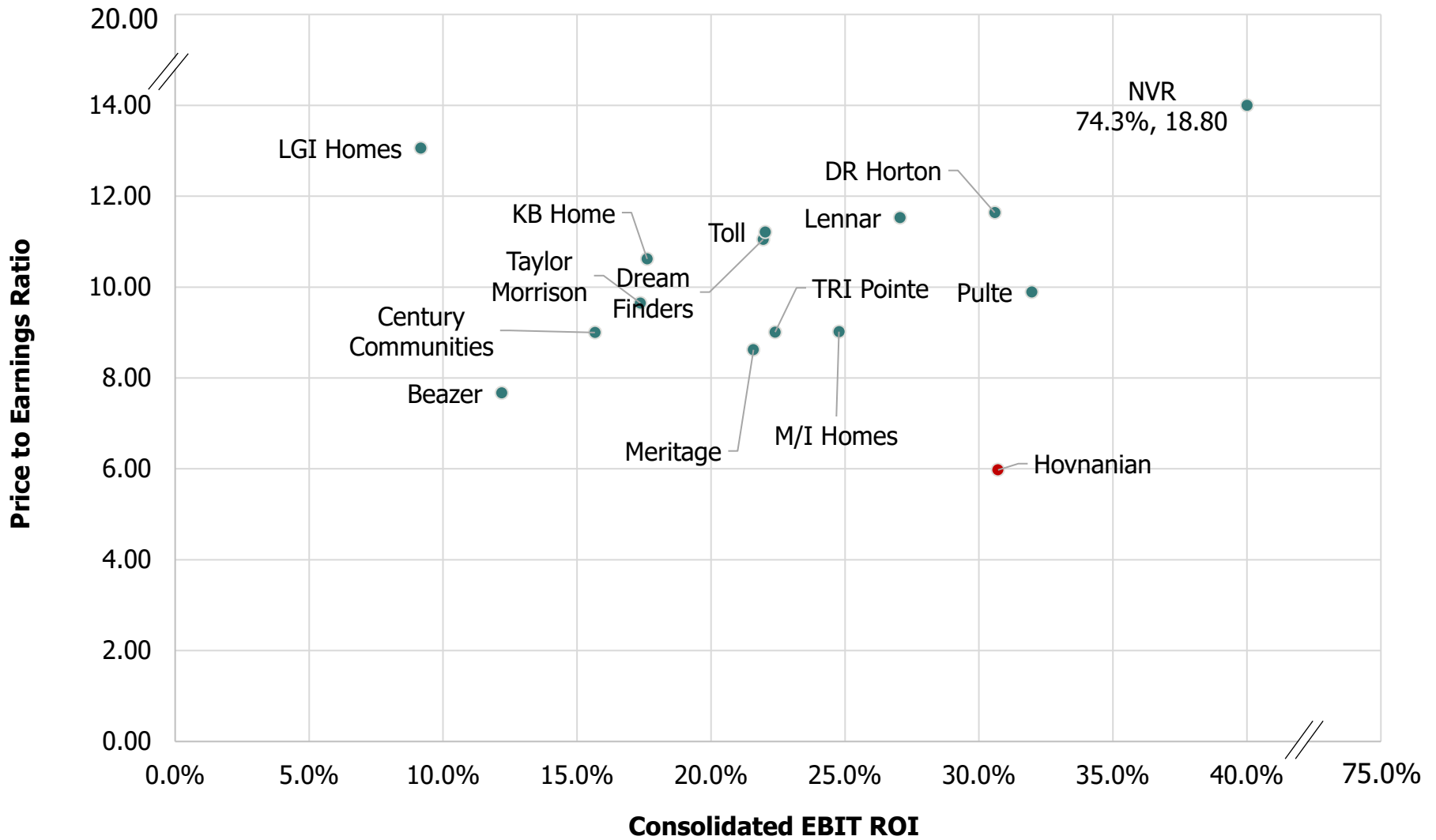
Source: Yahoo! finance as of 12/04/2024.

ROE to PE



Source: Yahoo! finance as of 12/04/2024.

EBIT ROI to PE



Source: Yahoo! finance as of 12/04/2024.



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%
Q3 2024	\$209.89	\$89.5	12.4%	\$(2.2)	\$87.3	12.1%
Q4 2024	\$176.04	\$87.7	9.0%	\$1.2	\$88.9	9.1%

- 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.

FAS 144 Trigger Calculation

	<u>Lots</u> <u>Remaining</u>	<u>Current Selling</u> <u>Price</u>	<u>Total</u>
Total Remaining Housing Revenue	102	\$ 534,000	\$ 54,468,000
Book Value (inventory as of analysis date)			\$18,500,000
Remaining Cost to Build (Including future capped interest)			\$36,300,000
Cost to Sell			\$1,500,000
Trigger (If "negative" then "yes")			-\$1,832,000

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.
October 31, 2024

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

(In thousands)

	Three Months Ended October 31,		Year Ended October 31,	
	2024	2023	2024	2023
	(Unaudited)		(Unaudited)	
Income before income taxes	\$ 117,865	\$ 121,391	\$ 317,089	\$ 255,951
Inventory impairments and land option write-offs	7,918	614	11,556	1,536
Loss (gain) on extinguishment of debt, net	-	21,556	(1,371)	25,638
Income before income taxes excluding land-related charges and loss (gain) on extinguishment of debt, net (1)	<u>\$ 125,783</u>	<u>\$ 143,561</u>	<u>\$ 327,274</u>	<u>\$ 283,125</u>

(1) Income before income taxes excluding land-related charges and loss (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.

October 31, 2024

Gross margin
(In thousands)

	Homebuilding Gross Margin Three Months Ended October 31,		Homebuilding Gross Margin Year Ended October 31,	
	2024	2023	2024	2023
	(Unaudited)		(Unaudited)	
Sale of homes	\$ 927,499	\$ 829,733	\$ 2,875,488	\$ 2,630,457
Cost of sales, excluding interest expense and land charges (1)	726,491	626,424	2,241,749	2,032,136
Homebuilding gross margin, before cost of sales interest expense and land charges (2)	201,008	203,309	633,739	598,321
Cost of sales interest expense, excluding land sales interest expense	25,925	25,101	87,717	79,894
Homebuilding gross margin, after cost of sales interest expense, before land charges (2)	175,083	178,208	546,022	518,427
Land charges	7,918	614	8,903	1,536
Homebuilding gross margin	<u>\$ 167,165</u>	<u>\$ 177,594</u>	<u>\$ 537,119</u>	<u>\$ 516,891</u>
Homebuilding gross margin percentage	18.0%	21.4%	18.7%	19.6%
Homebuilding gross margin percentage, before cost of sales interest expense and land charges (2)	21.7%	24.5%	22.0%	22.7%
Homebuilding gross margin percentage, after cost of sales interest expense, before land charges (2)	18.9%	21.5%	19.0%	19.7%
	Land Sales Gross Margin Three Months Ended October 31,		Land Sales Gross Margin Year Ended October 31,	
	2024	2023	2024	2023
	(Unaudited)		(Unaudited)	
Land and lot sales	\$ 26,974	\$ 32,175	\$ 42,757	\$ 48,217
Cost of sales, excluding interest (1)	8,846	10,724	21,635	20,664
Land and lot sales gross margin, excluding interest and land charges	18,128	21,451	21,122	27,553
Land and lot sales interest expense	125	-	2,090	926
Land and lot sales gross margin, including interest	<u>\$ 18,003</u>	<u>\$ 21,451</u>	<u>\$ 19,032</u>	<u>\$ 26,627</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 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.

October 31, 2024

Reconciliation of adjusted EBITDA to net income

(In thousands)

	Three Months Ended October 31,		Year Ended October 31,	
	2024	2023	2024	2023
	(Unaudited)		(Unaudited)	
Net income	\$ 94,349	\$ 97,265	\$ 242,088	\$ 205,891
Income tax provision	23,516	24,126	75,081	50,060
Interest expense	31,120	36,087	120,559	134,902
EBIT (1)	148,985	157,478	437,648	390,853
Depreciation and amortization	2,051	1,575	7,730	8,798
EBITDA (2)	151,036	159,053	445,378	399,651
Inventory impairments and land option write-offs	7,918	614	11,556	1,536
Loss (gain) on extinguishment of debt, net	-	21,556	(1,371)	25,638
Adjusted EBITDA (3)	\$ 158,954	\$ 181,223	\$ 455,563	\$ 426,825
Interest incurred	\$ 34,199	\$ 32,873	\$ 128,777	\$ 136,535
Adjusted EBITDA to interest incurred	4.65	5.51	3.54	3.13

(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 loss (gain) on extinguishment of debt, net.

Reconciliation of Inventory Turnover

Hovnanian Enterprises, Inc.

October 31, 2024

Calculation of Inventory Turnover⁽¹⁾

(Dollars in thousands)	For the quarter ended				TTM ended	
	1/31/2024	4/30/2024	7/31/2024	10/31/2024	10/31/2024	
Cost of sales, excluding interest	\$449,213	\$531,502	\$547,332	\$735,337	\$2,263,384	
	As of					
	10/31/2023	1/31/2024	4/30/2024	7/31/2024	10/31/2024	
Total inventories	\$1,349,186	\$1,463,558	\$1,417,058	\$1,650,470	\$1,644,804	Five
Less liabilities from inventory not owned, net of debt issuance costs	124,254	114,658	86,618	135,559	140,298	Quarter
Less capitalized interest	52,060	53,672	52,222	54,592	47,888	Average
Inventories less consolidated inventory not owned and capitalized interest plus liabilities from inventory not owned	\$1,172,872	\$1,295,228	\$1,278,218	\$1,460,319	\$1,456,618	\$1,332,651
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

	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)	(Jun Q2)	(Sep Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)	(Jul Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)
TTM earnings before taxes	\$159	\$6,285	\$317	\$803	\$5,511	\$474	\$701	\$1,040	\$2,027	\$3,770	\$2,070	\$1,074	\$623	\$260	\$431	\$405
TTM impairment and walk away charges	\$2	\$79	\$12	\$5	\$155	\$19	\$14	\$0	(\$2)	\$46	\$76	\$7	\$4	\$4	\$8	\$3
TTM gains (losses) on extinguishment of debt	(\$0)	\$0	\$1	\$0	\$0	\$0	\$0	(\$1)	\$0	\$1	\$0	(\$0)	\$0	\$0	\$0	\$0
TTM interest expense	\$68	\$135	\$121	\$115	\$211	\$71	\$3	\$58	\$28	\$111	\$137	\$119	\$153	\$39	\$57	\$79
Adjusted EBIT	\$230	\$6,499	\$448	\$922	\$5,876	\$564	\$717	\$1,098	\$2,053	\$3,926	\$2,283	\$1,200	\$779	\$303	\$496	\$487
Total Inventories less liabilities from inventory not owned																
MRQ	\$2,041	\$21,997	\$1,505	\$5,649	\$16,745	\$3,342	\$3,121	\$5,665	\$2,926	\$12,667	\$10,198	\$6,539	\$3,413	\$3,473	\$3,581	\$2,428
MRQ-1	\$2,172	\$22,466	\$1,515	\$5,335	\$16,674	\$3,249	\$2,937	\$5,332	\$2,891	\$12,324	\$9,927	\$6,356	\$3,466	\$3,394	\$3,295	\$2,199
MRQ-2	\$2,057	\$21,762	\$1,330	\$5,244	\$16,330	\$3,301	\$2,760	\$5,037	\$2,726	\$12,132	\$9,581	\$6,041	\$3,423	\$3,261	\$3,107	\$2,002
MRQ-3	\$1,954	\$21,103	\$1,349	\$5,134	\$15,812	\$3,236	\$2,770	\$4,833	\$2,527	\$11,819	\$9,058	\$5,677	\$3,337	\$3,138	\$3,017	\$1,687
MRQ-4	\$1,756	\$19,682	\$1,225	\$5,186	\$19,749	\$3,145	\$2,717	\$4,595	\$2,534	\$11,621	\$9,204	\$5,686	\$3,413	\$3,092	\$3,058	\$1,715
Less capitalized interest																
MRQ	\$124	\$355	\$48	\$130	\$0	\$60	\$35	\$54	\$0	\$146	\$192	\$168	\$205	\$0	\$82	\$44
MRQ-1	\$127	\$338	\$55	\$132	\$0	\$63	\$34	\$54	\$0	\$149	\$193	\$172	\$218	\$0	\$78	\$37
MRQ-2	\$123	\$319	\$52	\$134	\$0	\$65	\$33	\$54	\$0	\$148	\$198	\$177	\$227	\$0	\$75	\$31
MRQ-3	\$120	\$301	\$54	\$134	\$0	\$65	\$32	\$55	\$0	\$139	\$191	\$174	\$222	\$0	\$73	\$27
MRQ-4	\$113	\$286	\$52	\$139	\$0	\$62	\$31	\$58	\$0	\$140	\$204	\$187	\$230	\$0	\$73	\$124
Plus investments in and advances to UJVs																
MRQ	\$0	\$0	\$143	\$63	\$1,310	\$0	\$63	\$18	\$0	\$213	\$984	\$397	\$131	\$26	\$0	\$7
MRQ-1	\$0	\$0	\$126	\$64	\$1,264	\$0	\$46	\$24	\$0	\$210	\$1,002	\$382	\$134	\$24	\$0	\$21
MRQ-2	\$0	\$0	\$151	\$60	\$1,207	\$0	\$59	\$19	\$0	\$204	\$996	\$370	\$125	\$22	\$0	\$18
MRQ-3	\$0	\$0	\$111	\$59	\$1,144	\$0	\$44	\$17	\$0	\$167	\$959	\$346	\$132	\$22	\$0	\$15
MRQ-4	\$0	\$0	\$98	\$56	\$1,157	\$0	\$45	\$15	\$0	\$162	\$900	\$330	\$139	\$17	\$0	\$14
Plus goodwill and definite life intangible assets																
MRQ	\$11	\$164	\$0	\$0	\$3,442	\$0	\$16	\$33	\$42	\$118	\$0	\$663	\$157	\$12	\$39	\$300
MRQ-1	\$11	\$164	\$0	\$0	\$3,442	\$0	\$16	\$33	\$42	\$120	\$0	\$663	\$157	\$12	\$32	\$300
MRQ-2	\$11	\$164	\$0	\$0	\$3,442	\$0	\$16	\$33	\$42	\$123	\$0	\$663	\$157	\$12	\$32	\$305
MRQ-3	\$11	\$164	\$0	\$0	\$3,442	\$0	\$16	\$33	\$42	\$125	\$0	\$663	\$157	\$12	\$30	\$172
MRQ-4	\$11	\$164	\$0	\$0	\$3,442	\$0	\$16	\$33	\$42	\$128	\$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	\$1,928	\$21,806	\$1,600	\$5,582	\$21,497	\$3,282	\$3,165	\$5,662	\$2,967	\$12,852	\$10,990	\$7,432	\$3,495	\$3,511	\$3,538	\$2,691
MRQ-1	\$2,057	\$22,291	\$1,587	\$5,268	\$21,380	\$3,186	\$2,966	\$5,334	\$2,932	\$12,505	\$10,736	\$7,229	\$3,538	\$3,430	\$3,249	\$2,483
MRQ-2	\$1,946	\$21,607	\$1,429	\$5,169	\$20,979	\$3,236	\$2,802	\$5,035	\$2,768	\$12,311	\$10,379	\$6,897	\$3,477	\$3,294	\$3,064	\$2,293
MRQ-3	\$1,845	\$20,965	\$1,406	\$5,058	\$20,398	\$3,171	\$2,799	\$4,828	\$2,568	\$11,972	\$9,826	\$6,512	\$3,404	\$3,172	\$2,974	\$1,848
MRQ-4	\$1,655	\$19,559	\$1,271	\$5,104	\$24,348	\$3,083	\$2,748	\$4,584	\$2,575	\$11,771	\$9,900	\$6,492	\$3,479	\$3,120	\$3,015	\$1,777
Investment five quarter average	\$1,886	\$21,246	\$1,458	\$5,236	\$21,720	\$3,192	\$2,896	\$5,089	\$2,762	\$12,282	\$10,366	\$6,912	\$3,479	\$3,305	\$3,168	\$2,218
EBIT return on investment (EBIT ROI)	12.2%	30.6%	30.7%	17.6%	27.1%	17.7%	24.8%	21.6%	74.3%	32.0%	22.0%	17.4%	22.4%	9.2%	15.7%	21.9%

Source: Peer SEC filings and press releases as of 12/05/2024.

Reconciliation of Consolidated EBIT ROI – FYE 2023

(\$ 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)	(Jun Q2)	(Sep Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)	(Jul Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)
TTM earnings before taxes	\$183	\$6,315	\$256	\$857	\$5,177	\$475	\$633	\$1,033	\$2,019	\$3,666	\$2,079	\$1,161	\$560	\$240	\$327	\$390
TTM impairment and walk away charges	\$1	\$74	\$2	\$41	\$180	\$120	\$18	\$0	\$20	\$51	\$55	\$37	\$16	\$7	\$17	\$7
TTM gains (losses) on extinguishment of debt	-\$1	\$0	-\$26	\$0	\$0	\$0	\$0	-\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TTM interest expense	\$68	\$155	\$135	\$124	\$268	\$68	\$23	\$64	\$28	\$133	\$161	\$138	\$111	\$30	\$46	\$110
Adjusted EBIT	\$252	\$6,543	\$418	\$1,021	\$5,625	\$663	\$674	\$1,097	\$2,067	\$3,850	\$2,295	\$1,336	\$688	\$277	\$391	\$507
Total Inventories less liabilities from inventory not owned																
MRQ	\$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-1	\$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-2	\$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
MRQ-3	\$1,779	\$19,545	\$1,297	\$5,543	\$19,464	\$3,516	\$2,812	\$4,435	\$2,284	\$11,368	\$8,733	\$5,610	\$3,174	\$2,923	\$2,831	\$1,655
MRQ-4	\$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
Less capitalized interest																
MRQ	\$113	\$286	\$52	\$139	\$0	\$65	\$31	\$58	\$0	\$140	\$204	\$187	\$230	\$0	\$73	\$124
MRQ-1	\$114	\$288	\$55	\$141	\$0	\$62	\$31	\$61	\$0	\$142	\$212	\$191	\$220	\$0	\$70	\$117
MRQ-2	\$114	\$272	\$60	\$147	\$0	\$61	\$31	\$62	\$0	\$141	\$215	\$197	\$209	\$0	\$66	\$109
MRQ-3	\$113	\$255	\$61	\$145	\$0	\$60	\$30	\$60	\$1	\$137	\$209	\$190	\$191	\$0	\$62	\$95
MRQ-4	\$109	\$237	\$60	\$150	\$0	\$64	\$29	\$62	\$1	\$144	\$232	\$190	\$194	\$0	\$61	\$81
Plus investments in and advances to UJVs																
MRQ	\$0	\$0	\$98	\$56	\$1,157	\$0	\$45	\$15	\$0	\$162	\$900	\$330	\$139	\$17	\$0	\$14
MRQ-1	\$0	\$0	\$85	\$53	\$1,137	\$0	\$42	\$12	\$0	\$151	\$888	\$306	\$140	\$17	\$0	\$14
MRQ-2	\$0	\$0	\$86	\$51	\$1,179	\$0	\$49	\$11	\$0	\$145	\$909	\$295	\$134	\$16	\$0	\$13
MRQ-3	\$0	\$0	\$101	\$47	\$1,173	\$0	\$52	\$12	\$0	\$147	\$852	\$283	\$130	\$11	\$0	\$14
MRQ-4	\$1	\$0	\$75	\$47	\$1,174	\$0	\$52	\$11	\$0	\$158	\$768	\$306	\$133	\$7	\$0	\$11
Plus goodwill and definite life intangible assets																
MRQ	\$11	\$164	\$0	\$0	\$3,442	\$0	\$16	\$33	\$42	\$128	\$0	\$663	\$157	\$12	\$30	\$172
MRQ-1	\$11	\$164	\$0	\$0	\$3,442	\$0	\$16	\$33	\$42	\$131	\$0	\$663	\$157	\$12	\$30	\$172
MRQ-2	\$11	\$164	\$0	\$0	\$3,442	\$0	\$16	\$33	\$42	\$133	\$0	\$663	\$157	\$12	\$30	\$172
MRQ-3	\$11	\$164	\$0	\$0	\$3,442	\$0	\$16	\$33	\$42	\$136	\$0	\$663	\$157	\$12	\$30	\$177
MRQ-4	\$11	\$164	\$0	\$0	\$3,442	\$0	\$16	\$33	\$42	\$139	\$0	\$663	\$157	\$12	\$30	\$178
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	\$1,655	\$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-1	\$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-2	\$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
MRQ-3	\$1,677	\$19,453	\$1,338	\$5,444	\$24,080	\$3,456	\$2,850	\$4,420	\$2,325	\$11,514	\$9,376	\$6,366	\$3,269	\$2,947	\$2,799	\$1,752
MRQ-4	\$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	\$1,913
Investment five quarter average	\$1,650	\$19,364	\$1,309	\$5,314	\$24,572	\$3,377	\$2,803	\$4,522	\$2,524	\$11,675	\$9,759	\$6,474	\$3,389	\$2,974	\$2,883	\$1,790
EBIT return on investment (EBIT ROI)	15.3%	33.8%	31.9%	19.2%	22.9%	19.6%	24.1%	24.3%	81.9%	33.0%	23.5%	20.6%	20.3%	9.3%	13.5%	28.3%

Source: Peer SEC filings and press releases as of 12/05/2024.

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	\$76	\$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.

Key credit and balance sheet metrics reconciliations

	October 31,					
	2019	2020	2021	2022	2023	2024
Nonrecourse mortgages secured by inventory, net of debt issuance costs	\$203,585	\$135,122	\$125,089	\$144,805	\$91,539	\$90,675
Senior notes and credit facilities (net of discounts, premiums and debt issuance costs)	\$1,479,990	\$1,431,110	\$1,248,373	\$1,146,547	\$1,051,491	\$896,218
Total debt	\$1,683,575	\$1,566,232	\$1,373,462	\$1,291,352	\$1,143,030	\$986,893
Cash and cash equivalents	\$130,976	\$262,489	\$245,970	\$326,198	\$434,119	\$209,976
Net Debt	\$1,552,599	\$1,303,743	\$1,127,492	\$965,154	\$708,911	\$776,917
Adjusted EBITDA	\$174,009	\$234,314	\$364,335	\$478,664	\$426,825	\$455,563
Total debt to adjusted EBITDA	9.7	6.7	3.8	2.7	2.7	2.2
Net debt to adjusted EBITDA	8.9	5.6	3.1	2.0	1.7	1.7
Interest incurred	\$165,906	\$176,457	\$155,514	\$134,024	\$136,535	\$128,777
Adjusted EBITDA to Interest incurred	1.0	1.3	2.3	3.6	3.1	3.5
Total Debt	\$1,683,575	\$1,566,232	\$1,373,462	\$1,291,352	\$1,143,030	\$986,893
Total equity (deficit)	\$(490,463)	\$(436,929)	\$174,897	\$383,036	\$581,736	\$800,349
Total capitalization	\$1,193,112	\$1,129,303	\$1,548,359	\$1,674,388	\$1,724,766	\$1,787,200
Debt to capitalization	141.1%	138.7%	88.7%	77.1%	66.3%	55.2%
Net debt to net capitalization	146.2%	150.4%	86.6%	71.6%	54.9%	49.3%

Note: Adjusted EBITA and Interest Incurred for October 31, 2024 are based on last twelve months basis.

Gross Margin

Gross Margin

	Year Ended																								
(\$ in thousands)	10/31/24	10/31/23	10/31/22	10/31/21	10/31/20	10/31/19	10/31/18	10/31/17	10/31/16	10/31/15	10/31/14	10/31/13	10/31/12	10/31/11	10/31/10	10/31/09	10/31/08	10/31/07	10/31/06	10/31/05	10/31/04	10/31/03	10/31/02	10/31/01	10/31/00
Sale of homes	\$2,875,488	\$2,630,457	\$2,840,454	\$2,673,710	\$2,252,029	\$1,949,682	\$1,906,228	\$2,340,033	\$2,600,790	\$2,088,129	\$2,013,013	\$1,784,327	\$1,405,580	\$1,072,474	\$1,327,499	\$1,522,469	\$3,177,853	\$4,581,375	\$5,903,387	\$5,177,655	\$4,082,263	\$3,129,830	\$2,462,095	\$1,693,717	\$1,105,466
Cost of Sales, excluding interest expense	2,241,749	2,032,136	2,131,208	2,091,016	1,837,332	1,596,237	1,555,894	1,937,116	2,162,284	1,721,336	1,612,122	1,426,032	1,155,643	905,253	1,103,872	1,382,234	2,965,886	3,890,474	4,538,795	3,812,922	3,042,057	2,331,393	1,919,941	1,344,735	876,492
Homebuilding gross margin, before cost of sales interest expense and land charges	633,739	598,321	709,246	582,694	414,697	353,445	350,334	402,917	438,506	366,793	400,891	358,295	249,937	167,221	223,627	140,235	211,967	690,901	1,364,592	1,364,733	1,040,206	798,437	542,154	348,982	228,974
Cost of sales interest expense, excluding land sales interest expense	87,717	79,894	85,198	82,181	74,174	70,520	56,588	76,902	86,593	59,574	53,101	51,939	48,843	57,016	79,095	97,332	136,439	130,825	106,892	85,104	73,403	44,069	49,424	-	-
Homebuilding gross margin, after cost of sales interest expense, before land charges	546,022	518,427	624,048	500,513	340,523	282,925	293,746	326,015	351,913	307,219	347,790	306,356	201,094	110,205	144,532	42,903	75,528	560,076	1,257,700	1,279,629	966,803	754,368	492,730	-	-
Land charges	8,903	1,536	14,076	3,630	8,813	6,288	3,501	17,813	33,353	12,044	5,224	4,965	12,530	101,749	135,699	659,475	710,120	457,773	336,204	5,360	6,990	-	-	-	-
Homebuilding gross margin, after cost of sales interest expense and land charges	\$537,119	\$516,891	\$609,972	\$496,883	\$331,710	\$276,637	\$290,245	\$308,202	\$318,560	\$295,175	\$342,566	\$301,391	\$188,564	\$8,456	\$8,833	-\$616,572	-\$634,592	\$102,303	\$921,496	\$1,274,269	\$959,813	-	-	-	-
Homebuilding gross margin percentage, before cost of sales interest expense and land charges	22.0%	22.7%	25.0%	21.8%	18.4%	18.1%	18.4%	17.2%	16.9%	17.6%	19.9%	20.1%	17.8%	15.6%	16.8%	9.2%	6.7%	15.1%	23.1%	26.4%	25.5%	25.5%	22.0%	20.6%	20.7%
Homebuilding gross margin percentage, after cost of sales interest expense, before land charges	19.0%	19.7%	22.0%	18.7%	15.1%	14.5%	15.4%	13.9%	13.5%	14.7%	17.3%	17.2%	14.3%	10.3%	10.9%	2.8%	2.4%	12.2%	21.3%	24.7%	23.7%	24.1%	20.0%	-	-
Homebuilding gross margin, after cost of sales interest expense and land charges	18.7%	19.6%	21.5%	18.6%	14.7%	14.2%	15.2%	13.2%	12.2%	14.1%	17.0%	16.9%	13.4%	0.8%	0.7%	-40.5%	-20.0%	2.2%	15.6%	24.6%	23.5%	-	-	-	-

Reconciliation of Income (Loss) Before Income Taxes Excluding Land-Related Charges, Joint Venture Write-Downs and Gain on Extinguishment of Debt to (Loss) Income Before Income Taxes

Dollars in Thousands

Reconciliation of Income (Loss) Before Income Taxes Excluding Land-Related Charges, Expenses Associated with the Debt Exchange Offer and Loss on Extinguishment of Debt to Income (Loss) Before Income Taxes

	Years Ended October 31,																								
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Income (Loss) Before Income Taxes	\$317,089	\$255,951	\$319,753	\$189,861	\$55,403	(\$39,668)	\$8,146	(\$45,244)	\$2,436	(\$21,765)	\$20,180	\$21,935	(\$101,248)	(\$291,588)	(\$295,282)	(\$672,019)	(\$1,168,048)	(\$646,966)	\$233,106	\$780,585	\$549,772	\$411,518	\$225,730	\$106,354	\$51,818
Inventory Impairment Loss and Land Option Write-Offs	\$11,556	\$1,536	\$14,076	\$3,360	\$8,813	\$6,288	\$3,501	\$17,813	\$33,353	\$12,044	\$5,224	\$4,965	\$12,530	\$101,749	\$135,699	\$659,475	\$710,120	\$457,773	\$336,204	\$5,360	\$6,990	\$5,150	\$8,199	\$4,368	\$1,791
Goodwill and Definite Life Intangible Impairments																	35,363	135,206	4,241						
Unconsolidated Joint Venture Investment, Intangible and Land-Related Charges						854	1,261	2,763						3,289	43,611	31,242	33,100	7,809							
Expenses Associated with the Debt Exchange Offer													4,694												
Loss (Gain) on Extinguishment of Debt	(1,371)	25,638	6,795	3,748	(13,337)	42,436	7,536	34,854	3,200		1,155	760	29,066	(7,528)	(25,047)	(410,185)									
Income (Loss) Before Income Taxes Excluding Land Related Charges, Intangible Impairments, Expenses Associated with the Debt Exchange Offer and Gain on Extinguishment of Debt	\$327,274	\$283,125	\$340,624	\$197,239	\$50,879	\$9,910	\$20,444	10,186	\$38,989	(\$9,721)	\$26,559	\$27,660	(\$54,958)	(\$194,078)	(\$184,630)	(\$379,118)	(\$391,323)	(\$20,887)	\$581,360	\$785,945	\$556,762	\$416,668	\$233,929	\$110,722	\$53,609

Hovnanian
Enterprises, Inc.