Hovnanian Enterprises, Inc.

# Review of Financial Results
# First Quarter Fiscal 2024

# Forward-Looking Statements

Note: 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 2023 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.

SG&A excluding the impact of incremental phantom stock expense is a non-GAAP financial measure. The most directly comparable GAAP financial measure is SG&A, to which SG&A excluding the impact of incremental phantom stock expense is reconciled herein.

Income before income taxes excluding the impact of incremental phantom stock expense is a non-GAAP financial measure. The most directly comparable GAAP financial measure is income before income taxes, to which income before income taxes excluding the impact of incremental phantom stock expense is reconciled herein.

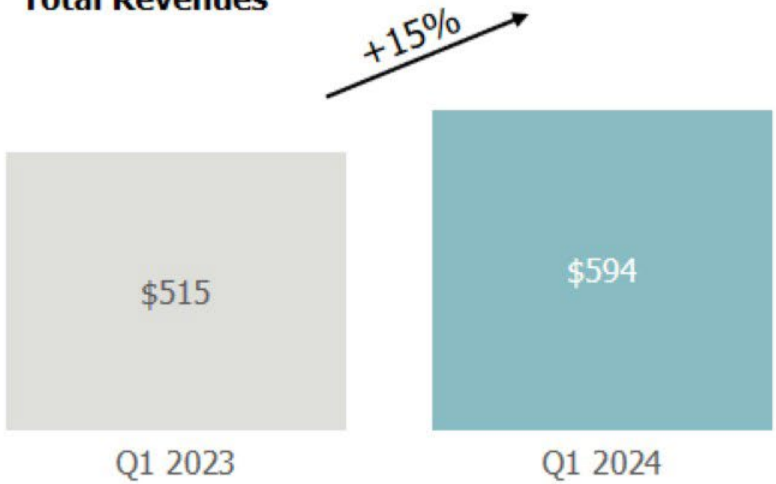
Total liquidity is comprised of $183.1 million of cash and cash equivalents, $5.0 million of restricted cash required to collateralize letters of credit and $125.0 million availability under the senior secured revolving credit facility as of January 31, 2024.

# Recent company performance

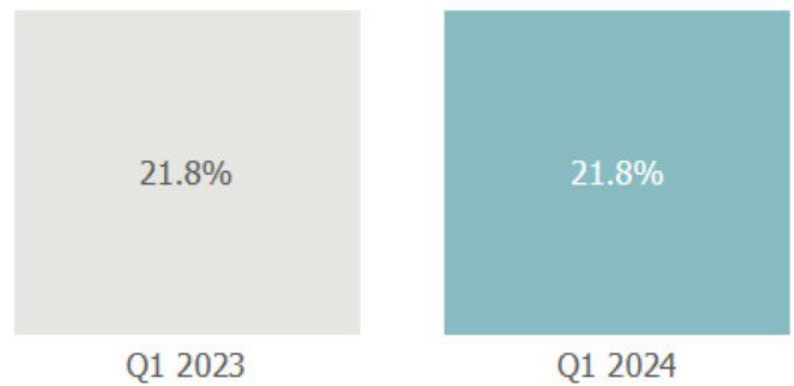
# First Quarter Results Compared to Last Year

($ in millions)

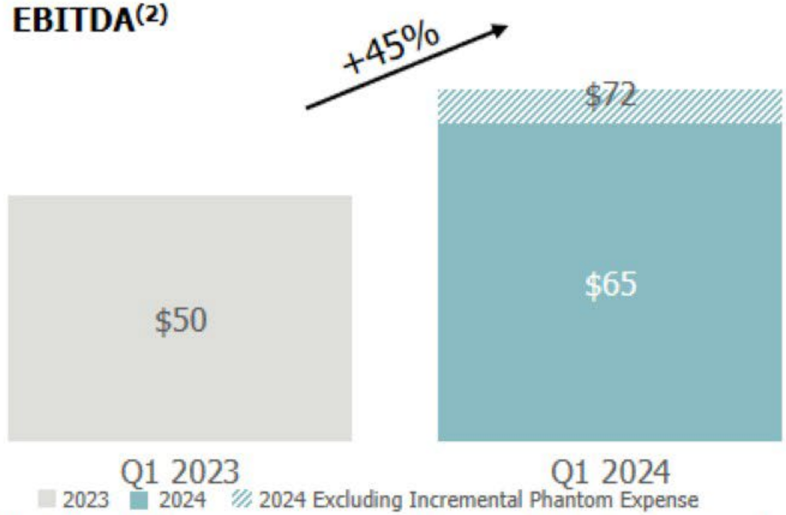
**Total Revenues**



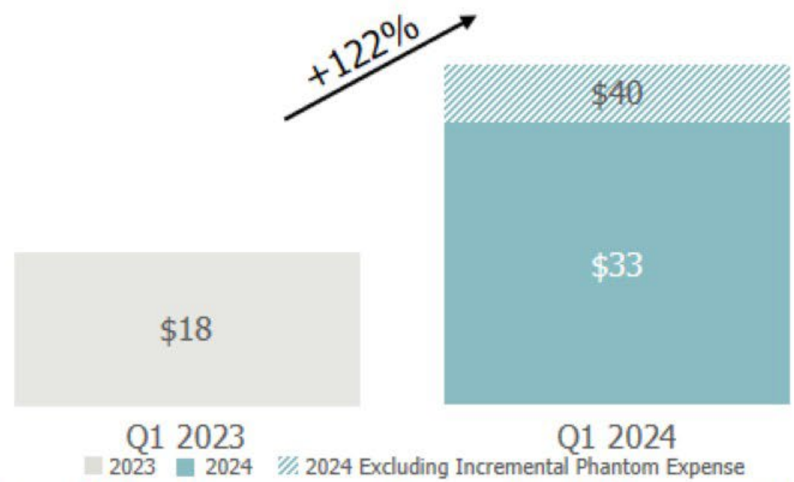

**Adjusted Gross Margin**(1)




**EBITDA**(2)




**Income Before Income Taxes**




*(1) 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.*

*(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. See appendix for a reconciliation of the historic measure to the most directly comparable GAAP measure.*

# Guidance for Fiscal 2024 First Quarter

Hovnanian Enterprises Inc.

($ in millions)

| | Guidance Q1 2024[(1)] | Actuals Q1 2024 | Actuals Q1 2024 Excluding Incremental Phantom Expense |
|---|---|---|---|
| **Total Revenues** | $525 - $625 | $594 | $594 |
| **Adjusted Homebuilding Gross Margin[(2)]** | 22.0% - 23.5% | 21.8% | 21.8% |
| **Total SG&A as Percentage of Total Revenues[(3)]** | 12.5% - 13.5% | 14.5% | 13.2% |
| **Adjusted EBITDA[(4)]** | $55 - $70 | $63 | $71 |
| **Adjusted Income Before Income Taxes[(5)]** | $25 - $40 | $31 | $39 |

*(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.*

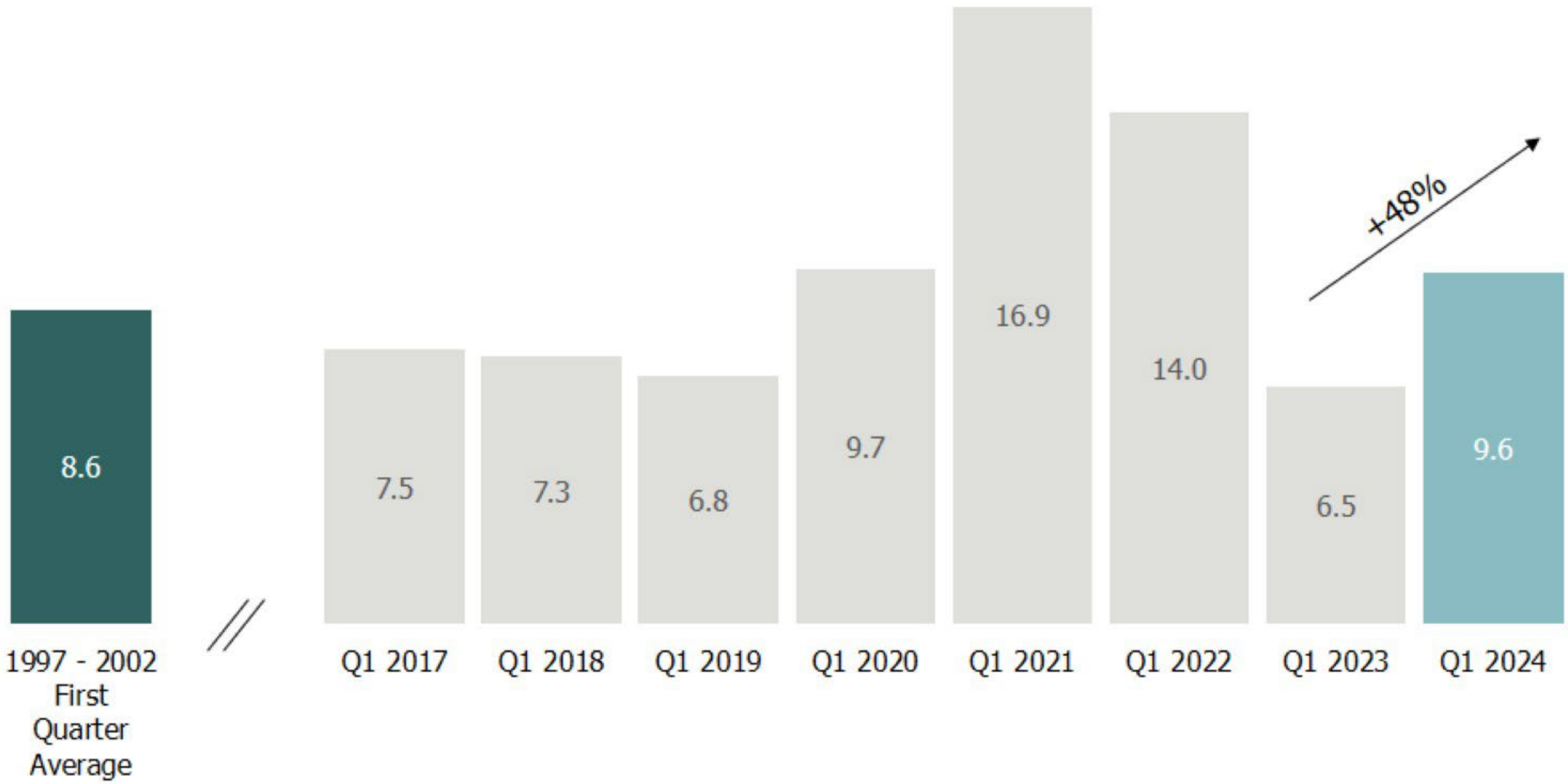
*(2) Adjusted homebuilding gross margin percentage is before cost of sales interest expense and land charges and is a non-GAAP financial measure. See appendix for a reconciliation of the historic measure to the most directly comparable GAAP measure.*

*(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 $69.48, which was the price at the end of the fourth quarter of fiscal year 2023.*

*(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.*

# Quarterly Contracts Per Community



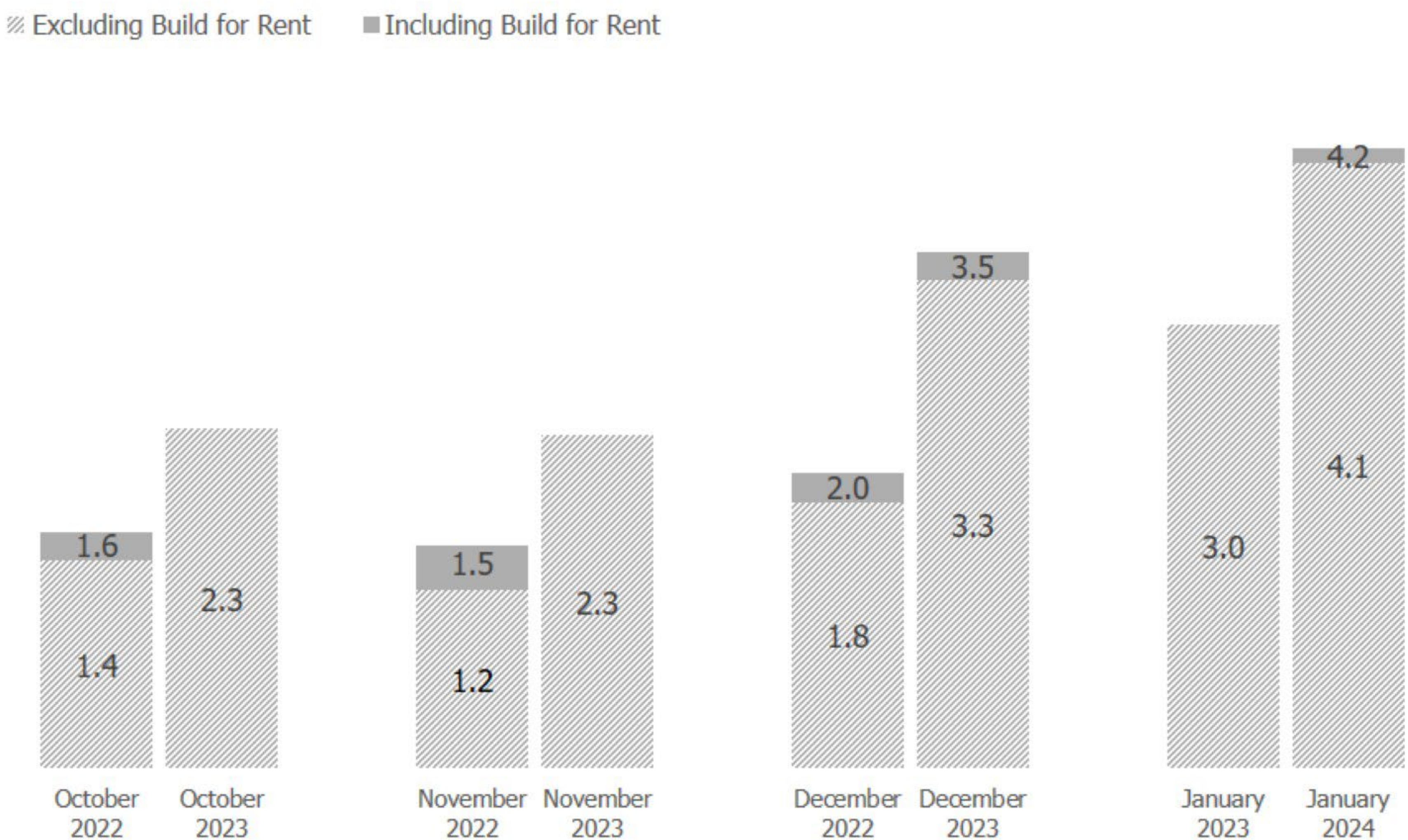

*Note: Excludes unconsolidated joint ventures.*

# Similar Mortgage Rate Movements

Hovnanian Enterprises Inc.


*Source: Freddie Mac.*

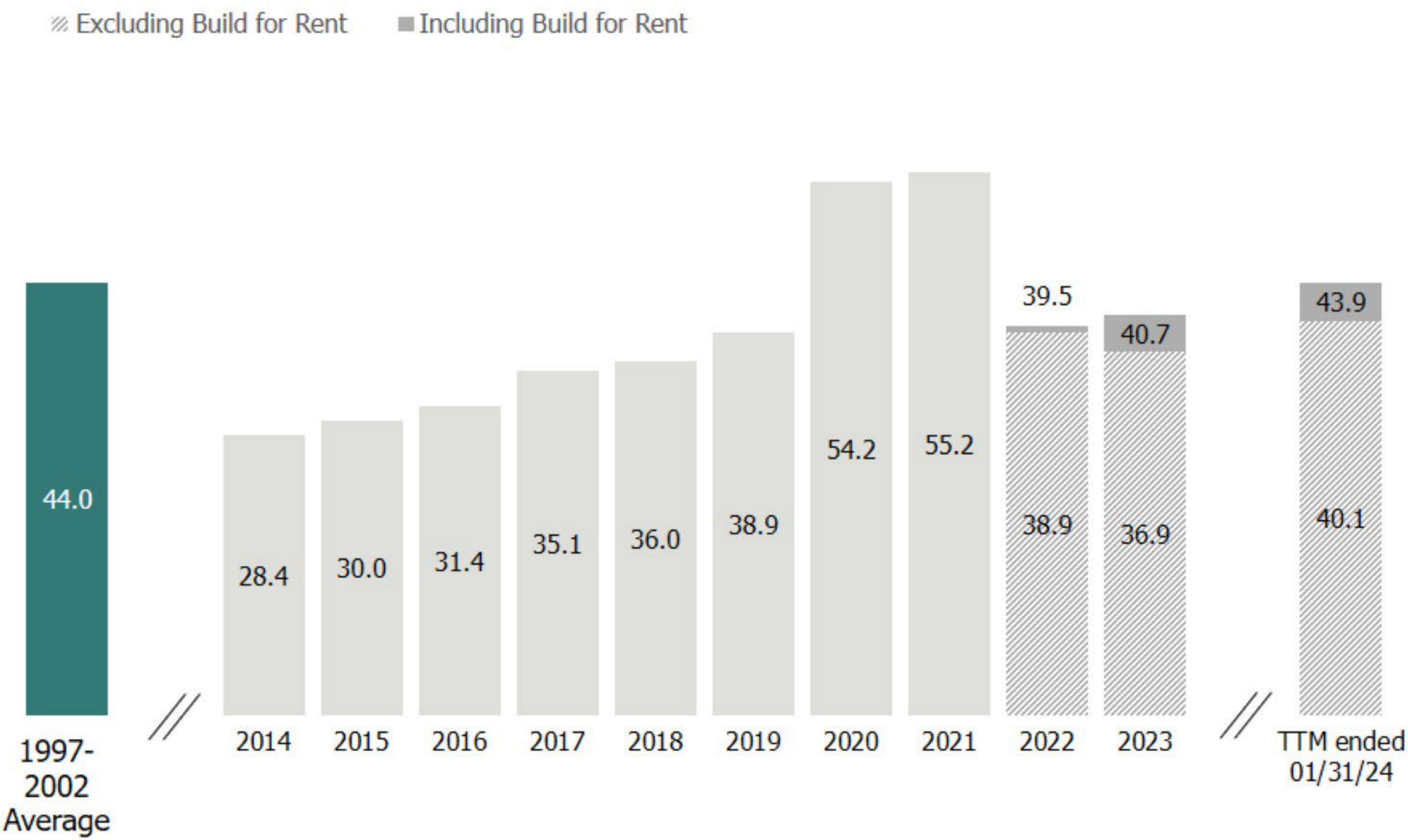
# Contracts Per Community




| | October 2022 | October 2023 | November 2022 | November 2023 | December 2022 | December 2023 | January 2023 | January 2024 |
|---|---|---|---|---|---|---|---|---|
| **Number Of Sundays** | 5 | 5 | 4 | 4 | 4 | 5 | 5 | 4 |

*Note: Excludes unconsolidated joint ventures.*

# Annual Contracts Per Community




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

# Contracts Per Community

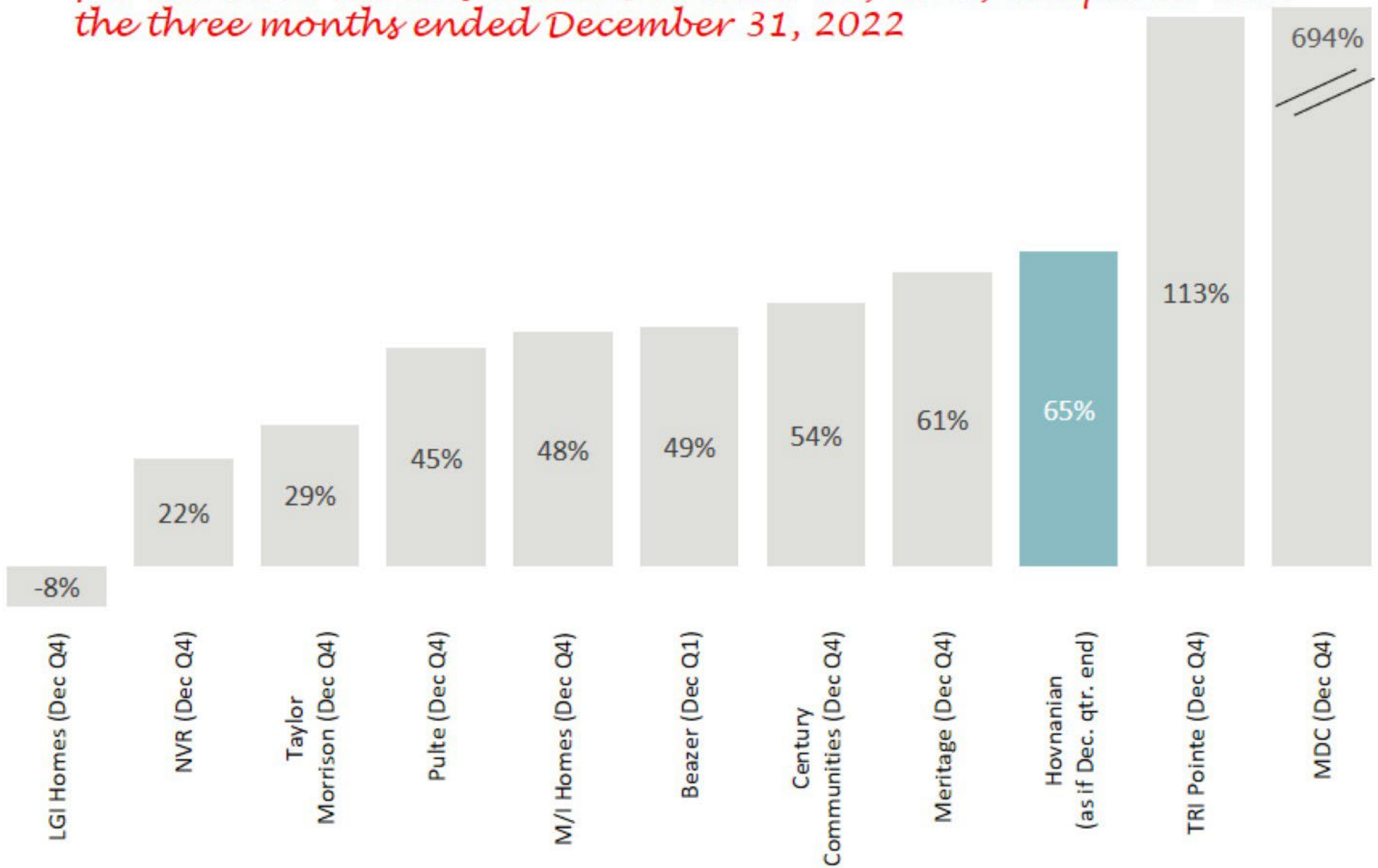
*For the three months ended December 31, 2023*


*Note: Only peers with December quarter ends are shown on this slide.*

# Contracts Per Community Year-Over-Year Change

Hovnanian Enterprises Inc.

*For the three months ended December 31, 2023, compared with the three months ended December 31, 2022*



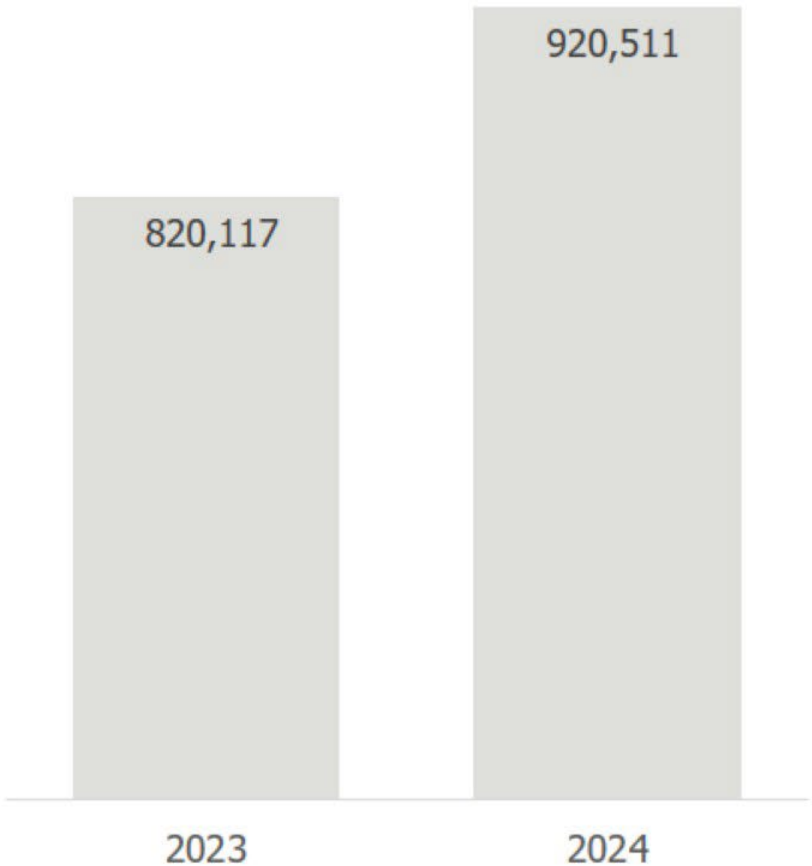

*Note: Only peers with December quarter ends are shown on this slide.*

# January Website Activity

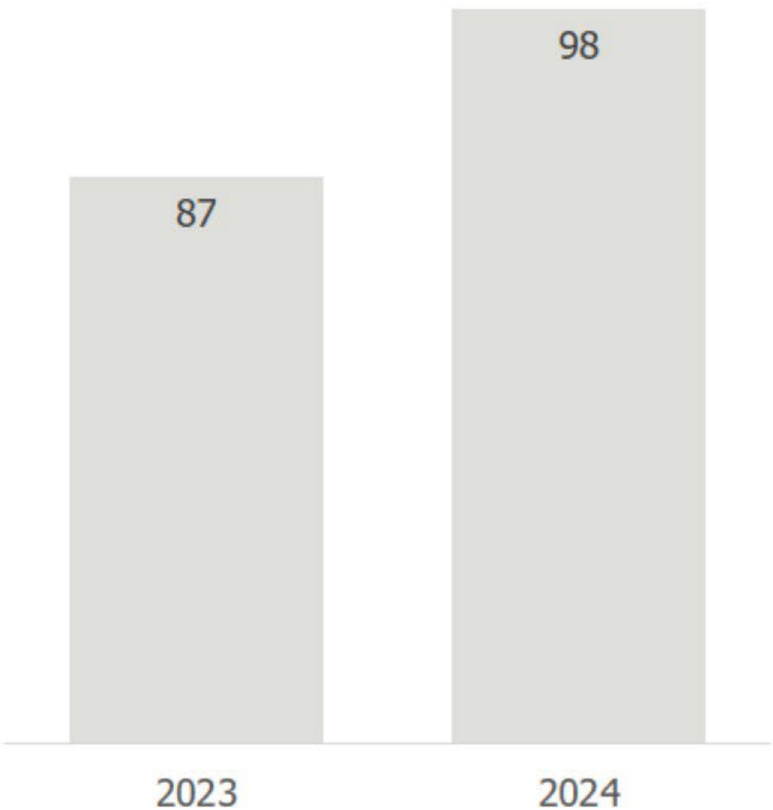
920,511 website visits in January
Increased 43% MoM and increased 12% YoY

98 leads per community in January
Increased 31% MoM and increased 13% YoY

**January Total Website Visits**




**January Internet Leads Per Community**

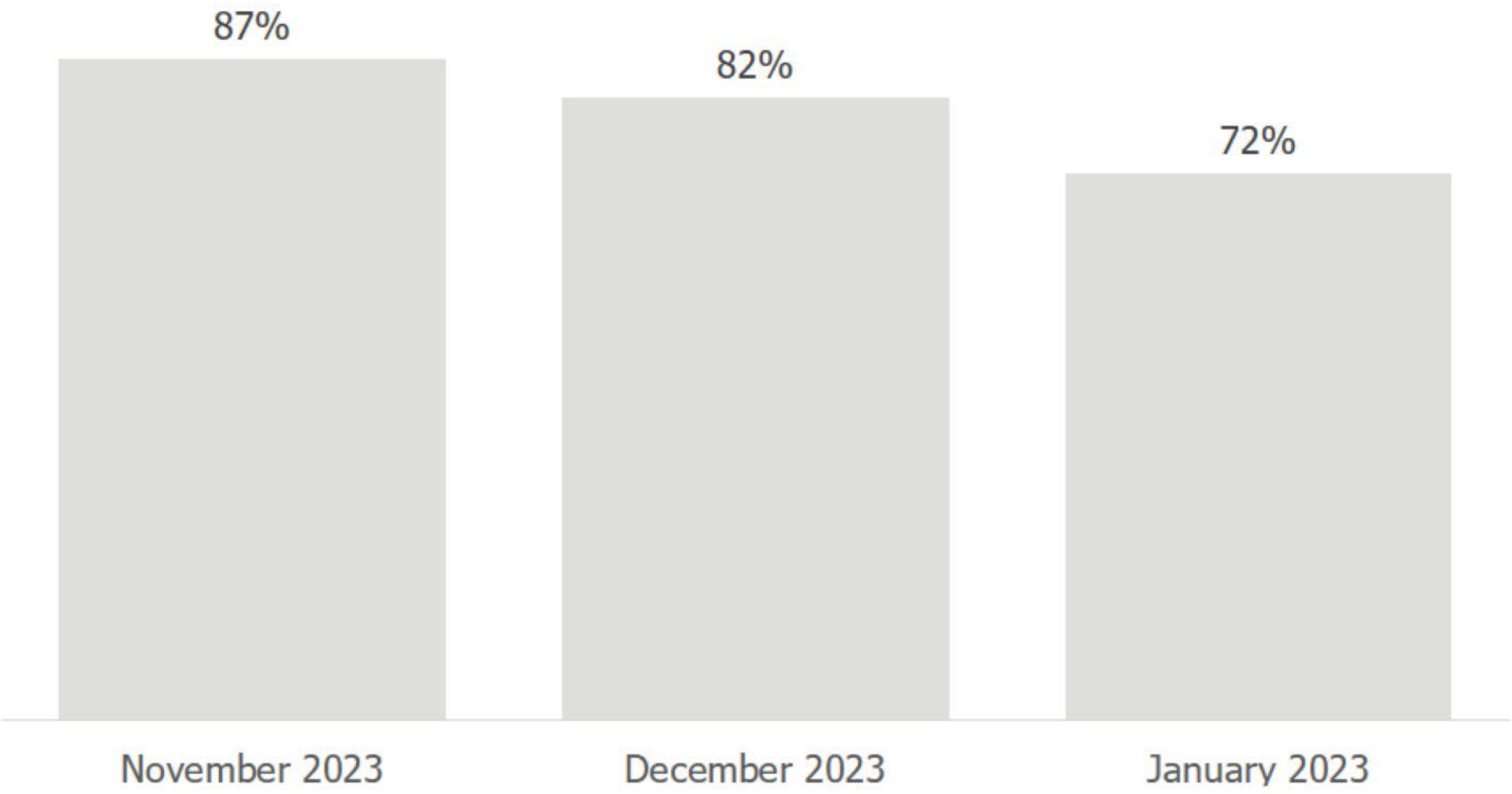



*Note: Includes domestic unconsolidated joint ventures.*

# Percentage of Our Homebuyers That Used Buydowns

Hovnanian Enterprises Inc.

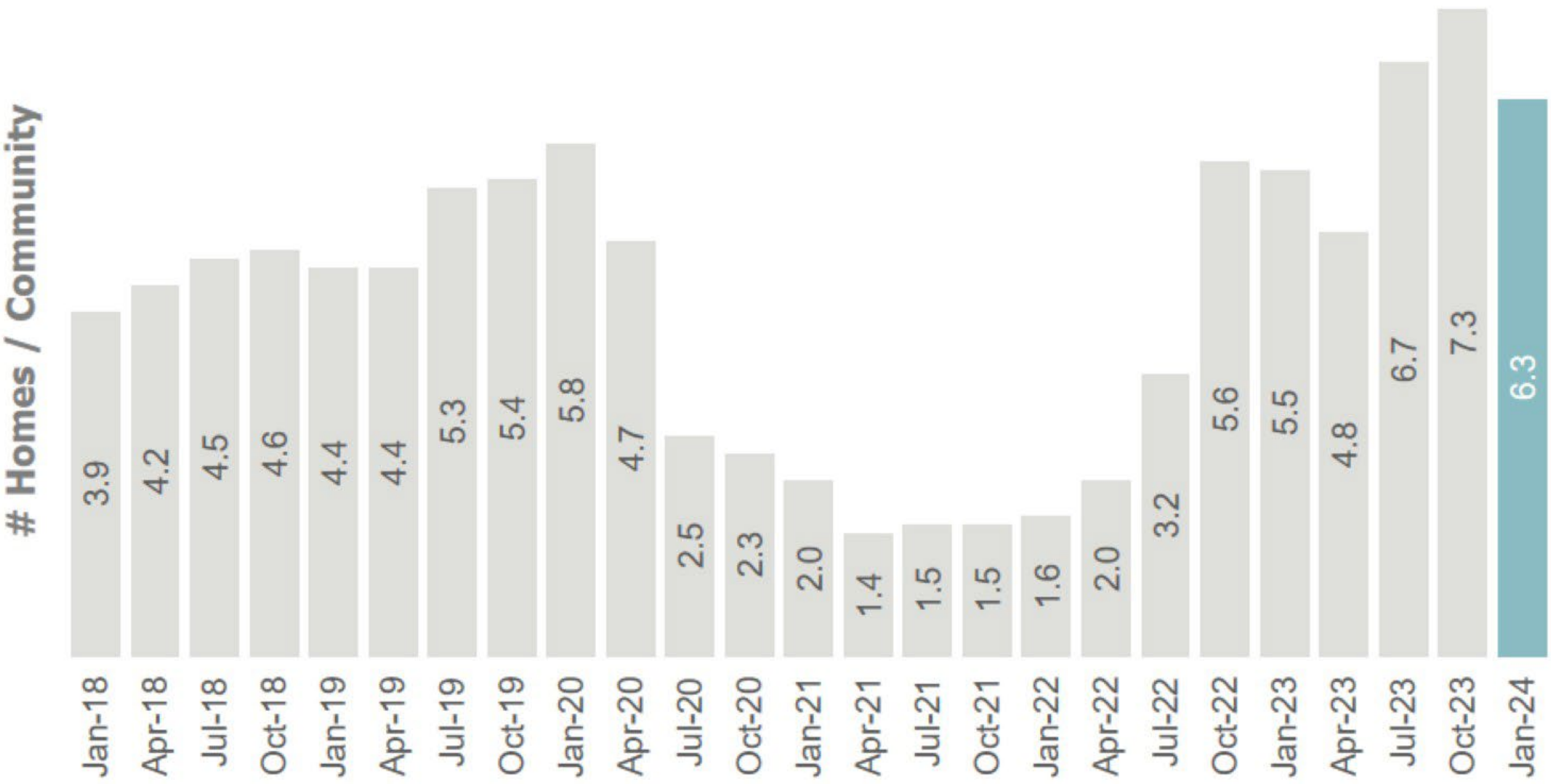
*For first quarter deliveries, 79% of our customers that used a mortgage to purchase a home, used some form of interest rate buydown.*



# Quick Move In Homes (QMIs) Per Community

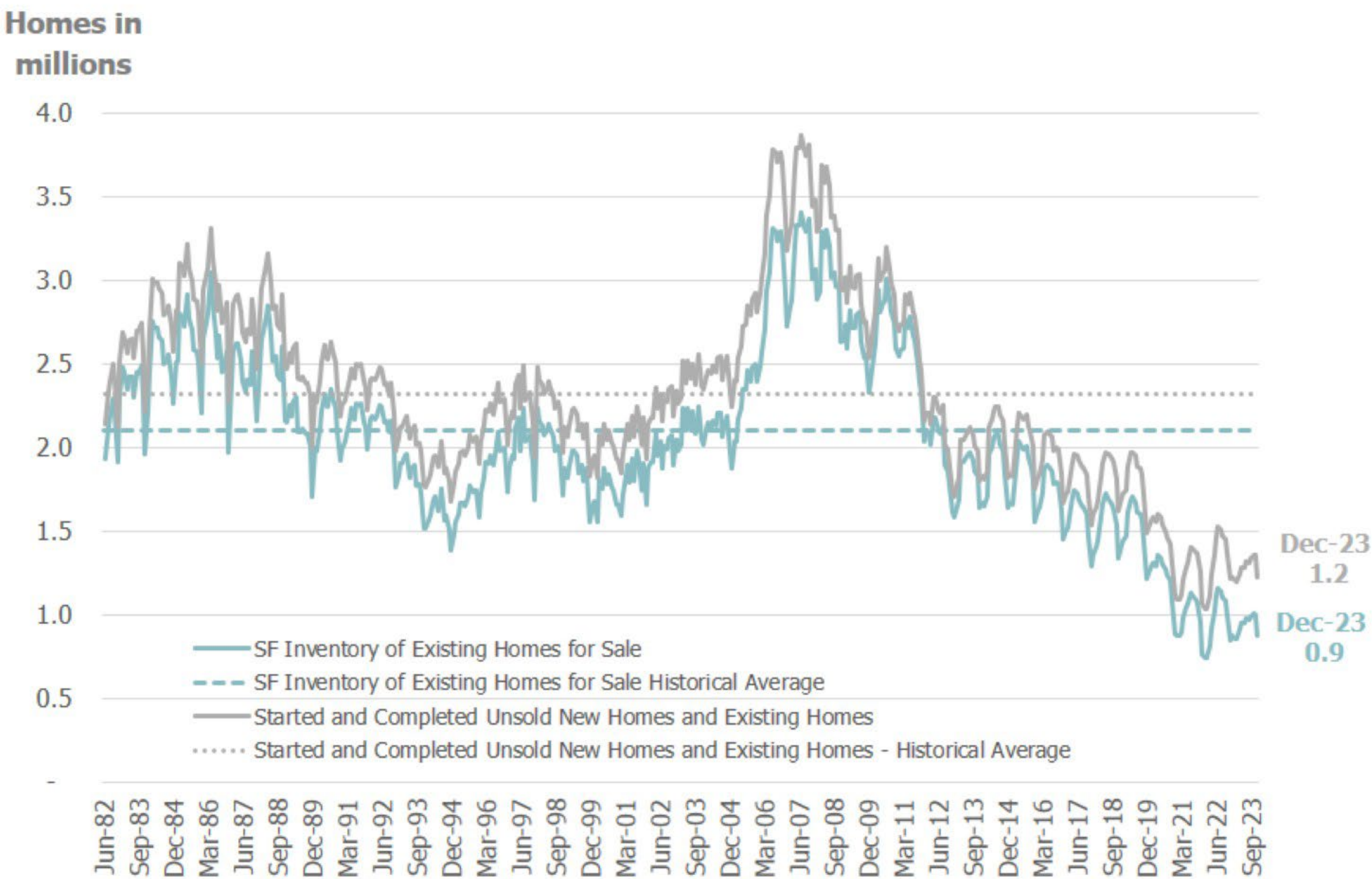
Hovnanian Enterprises Inc.

- *740 QMIs at 01/31/24, excluding models*
- *4.5 average QMIs per community since 1997*
- *219 finished QMIs at 01/31/24*




*Note: Excluding unconsolidated joint ventures and models.*

# Historically Low Supply of Homes for Sale



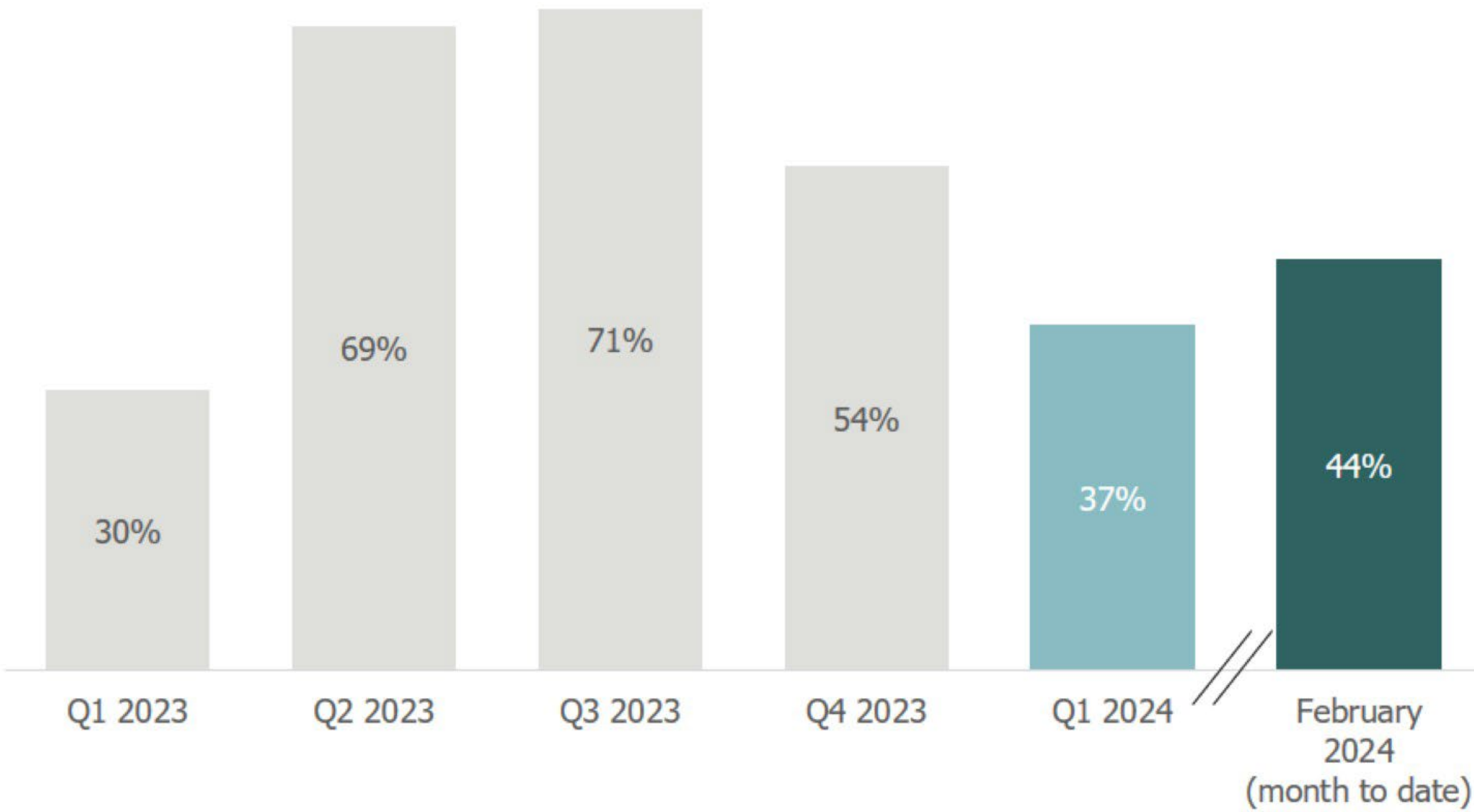

*Source: National Association of Realtors.*

# Raising Home Prices in Many of Our Communities

Hovnanian Enterprises Inc.

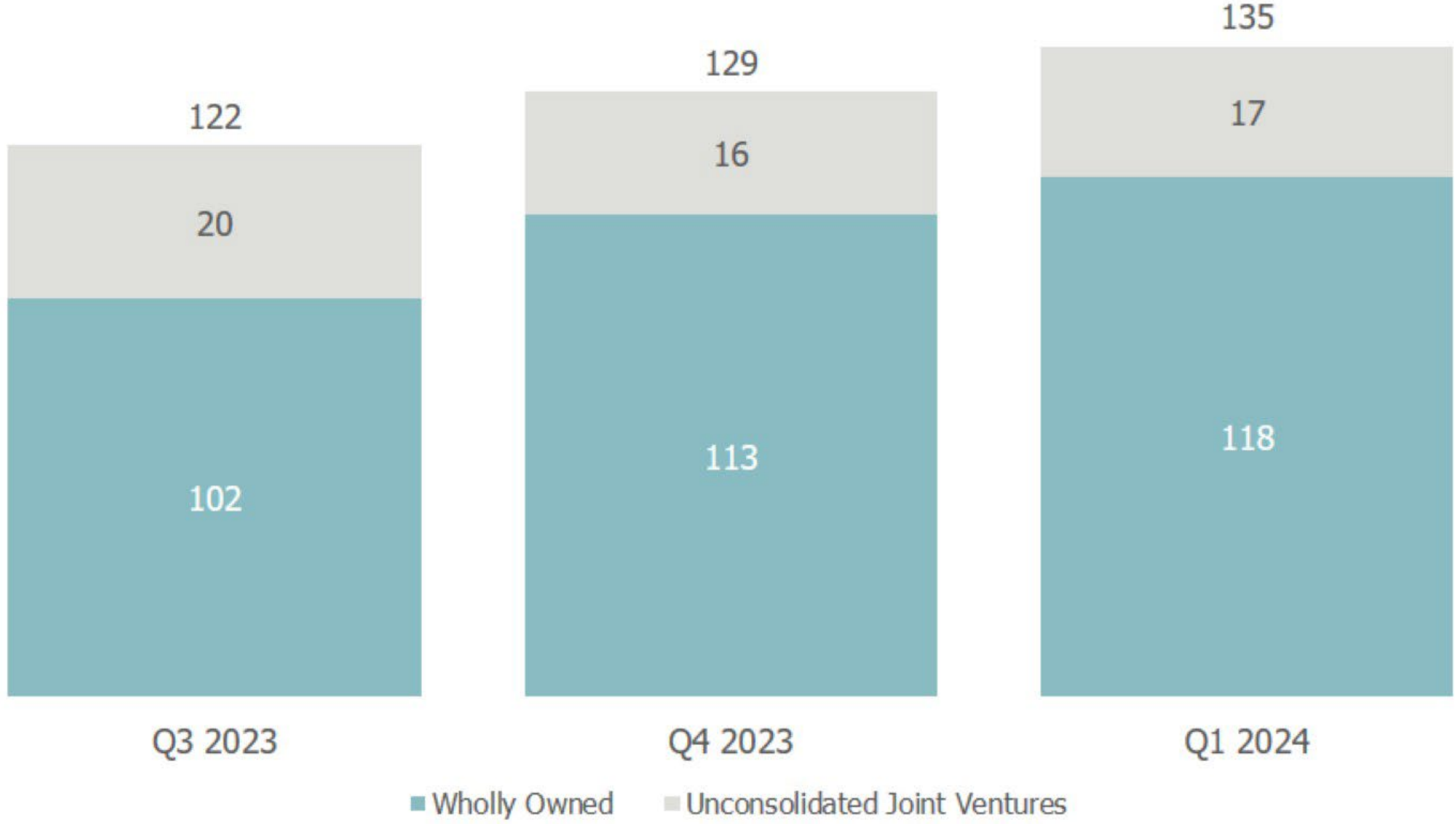
Percentage of communities where we raised prices

*Many communities have had multiple price increases.*



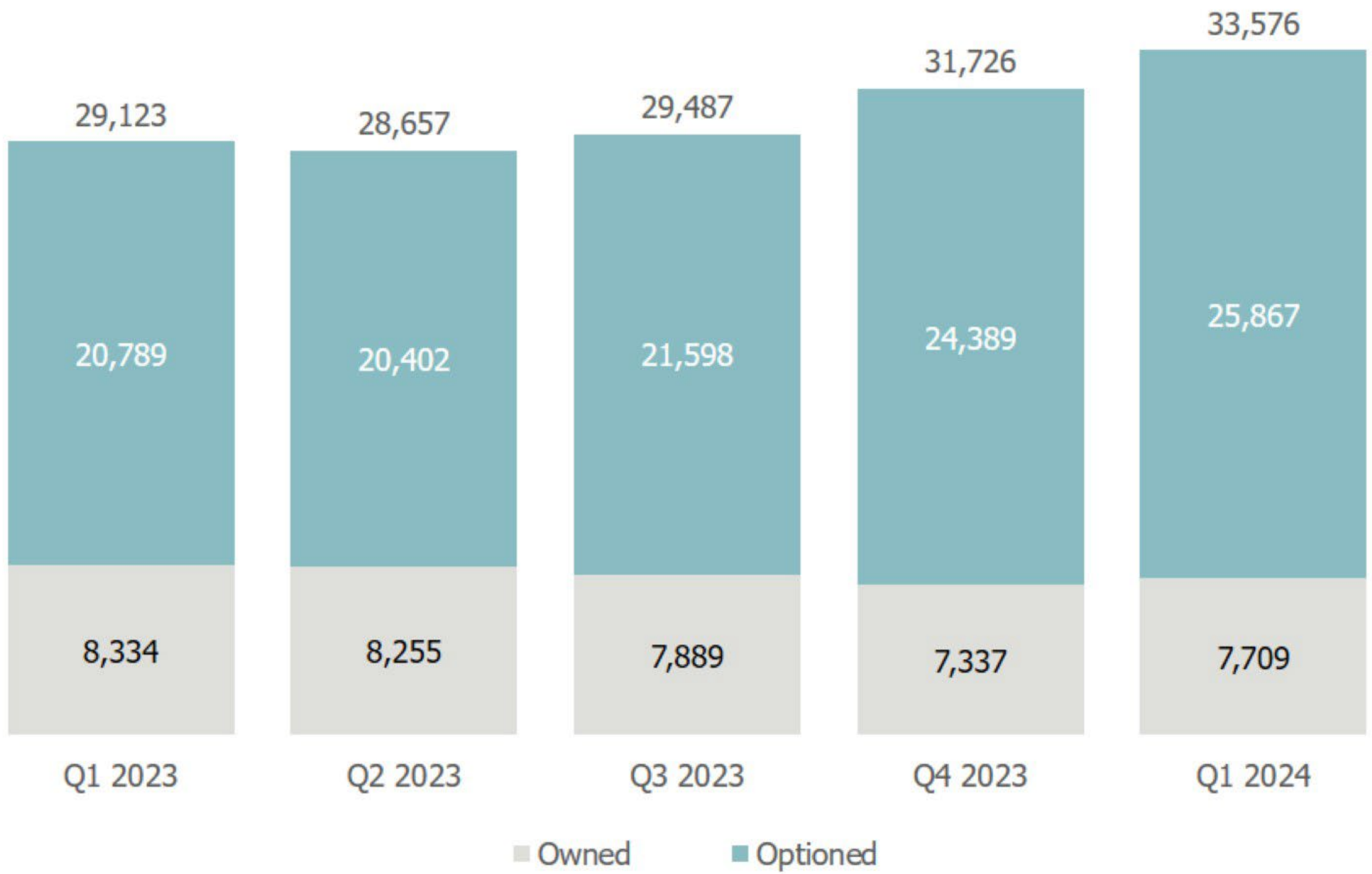
# Community Count

*Community count expected to grow further in fiscal 2024.*



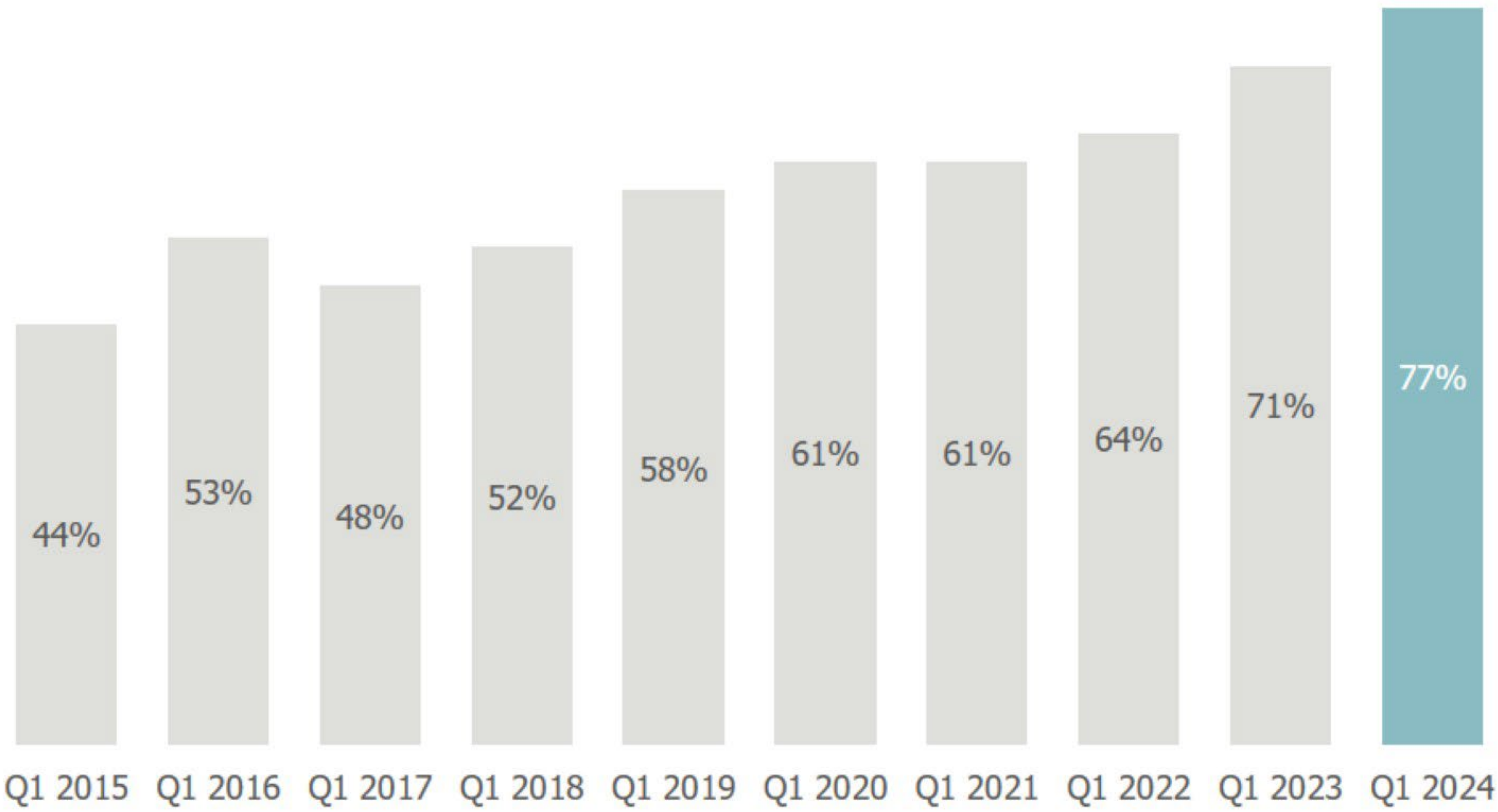

*Note: Excludes our multi-community unconsolidated joint venture in the Kingdom of Saudi Arabia.*

# Lots Controlled




*Note: Excludes unconsolidated joint ventures.*

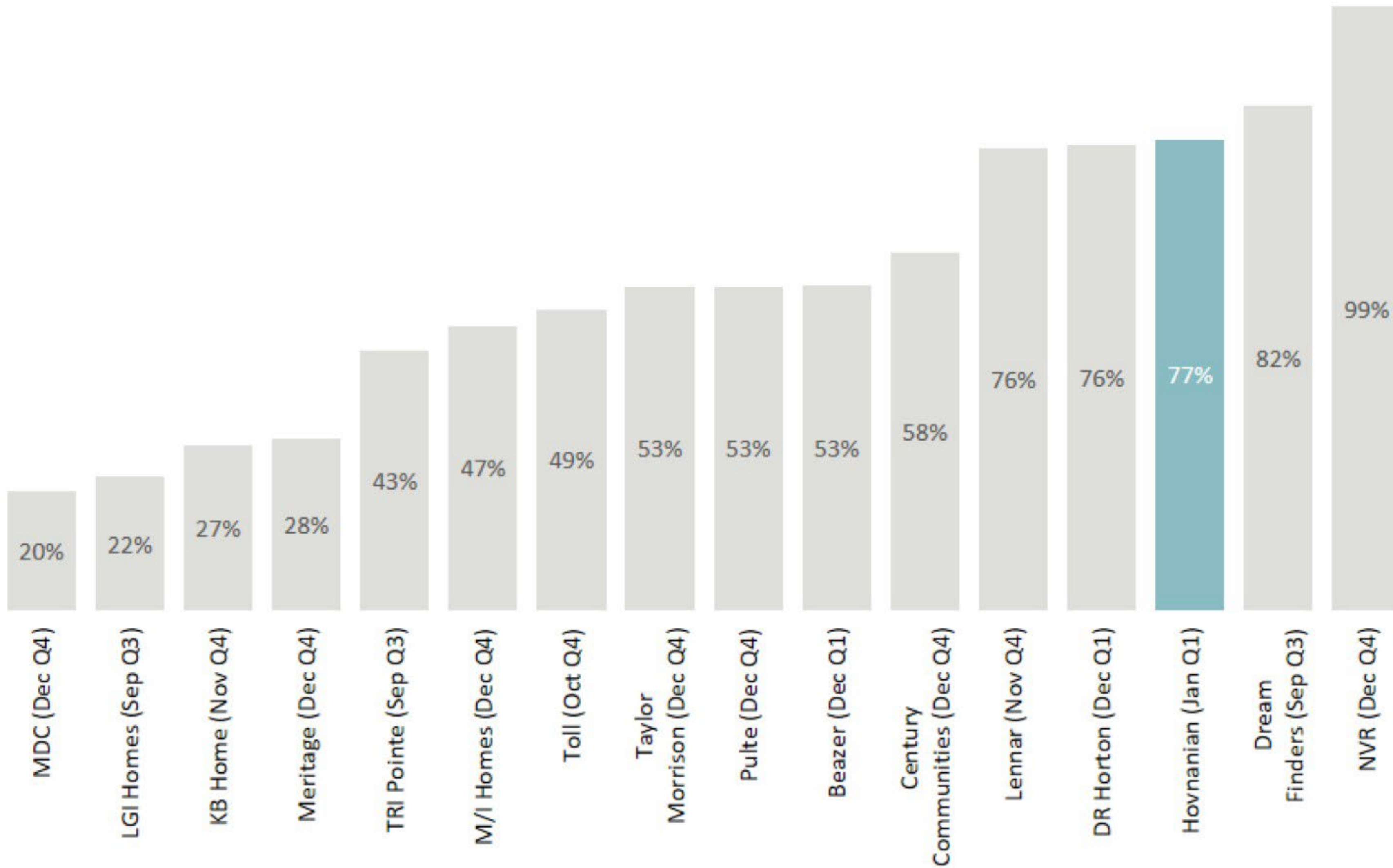
# Percentage of Optioned Lots




*Note: Excludes unconsolidated joint ventures.*

# % of Lots Optioned

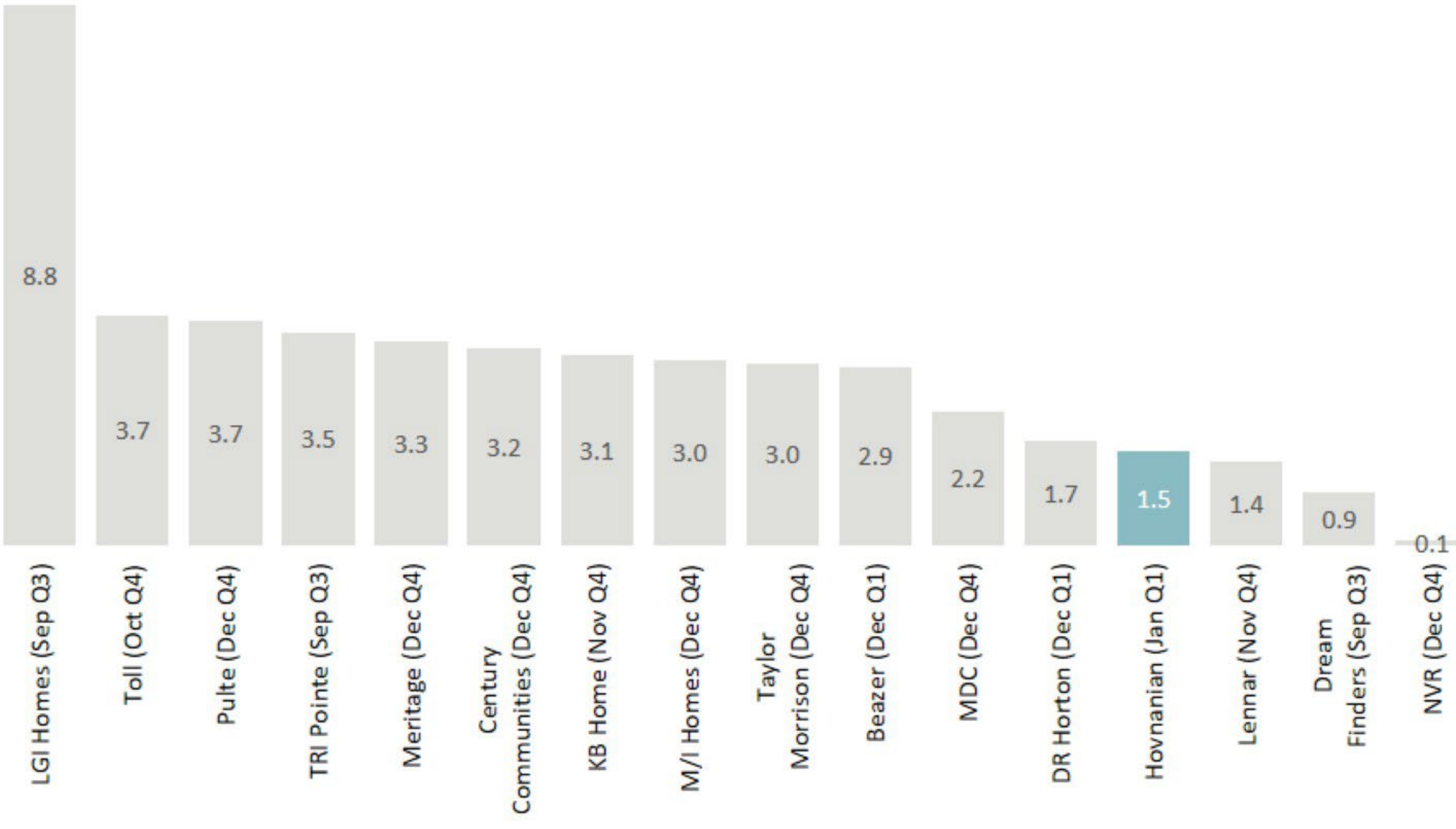
Hovnanian Enterprises Inc.




*Source: Peer SEC filings and press releases as of 02/19/2024.*
*Note: Excludes unconsolidated joint ventures.*

# Owned Lots – Years Supply

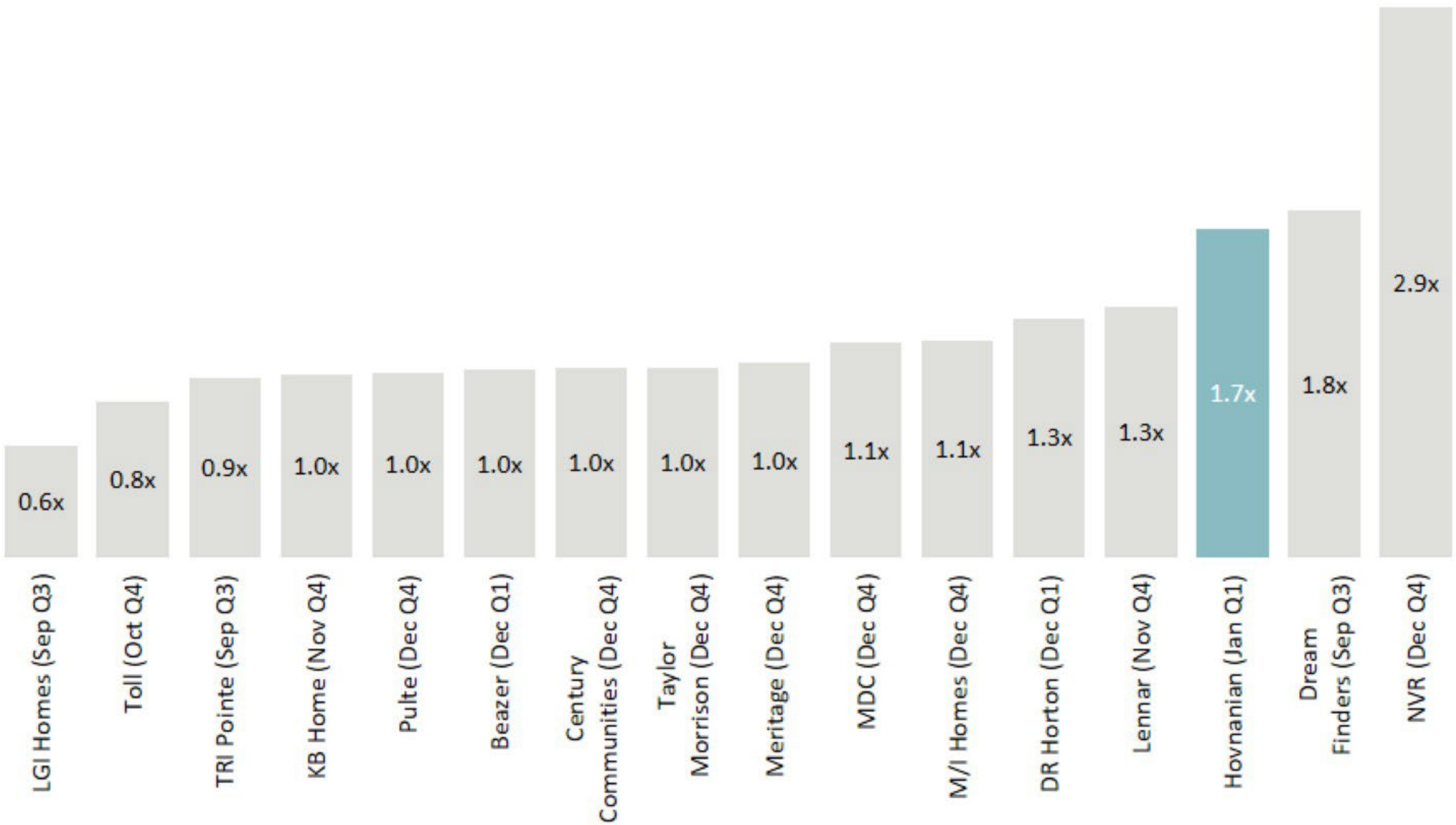
Hovnanian Enterprises Inc.




*Source: Peer SEC filings and press releases as of 02/19/2024.*
*Note: Excludes unconsolidated joint ventures.*

# Inventory Turns (COGS), Last Twelve Months

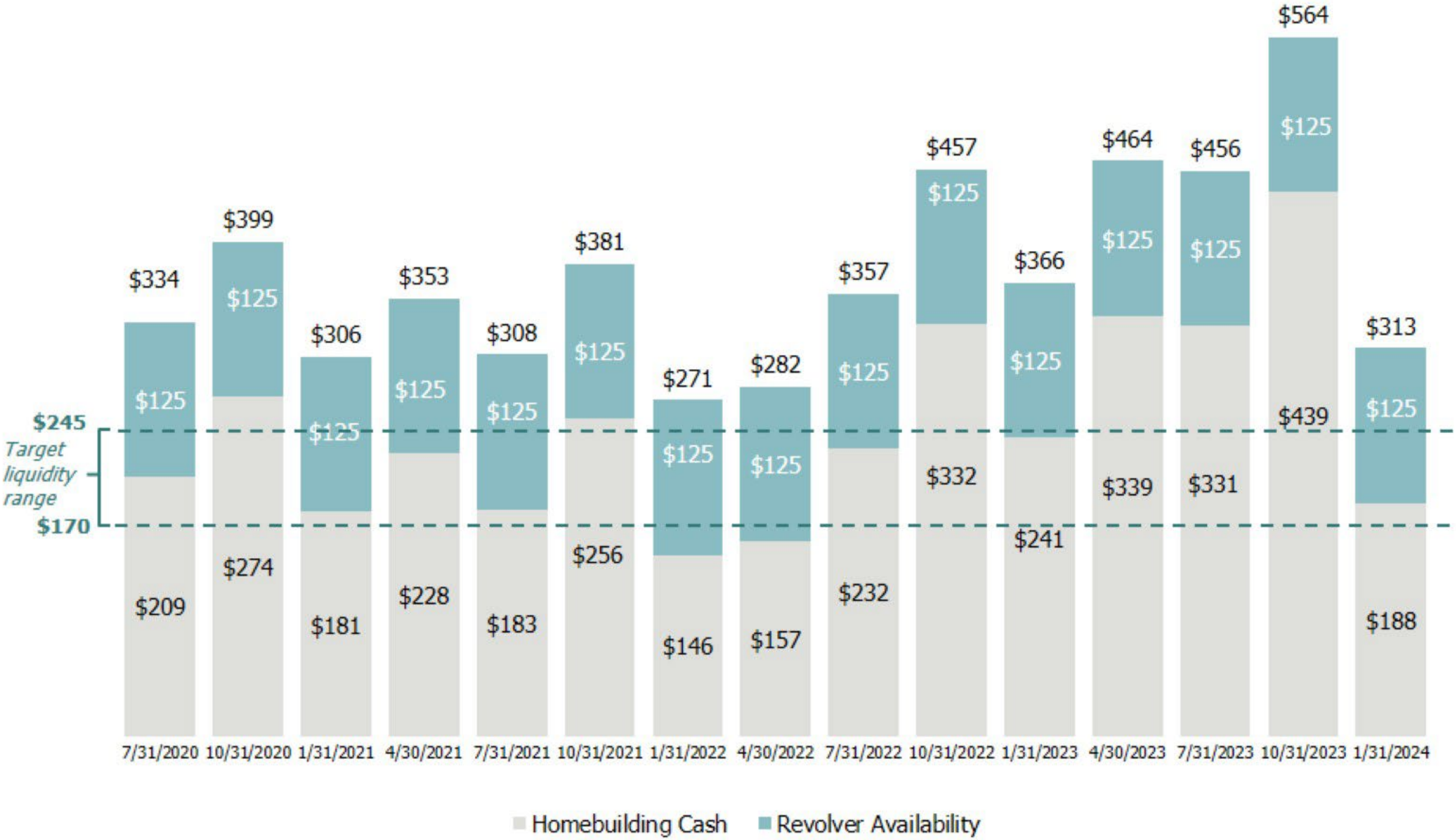
Hovnanian Enterprises, Inc.




*Note: Inventory turns are derived by dividing cost of sales, excluding capitalized interest, by the five-quarter average homebuilding inventory less capitalized interest and less liabilities from inventory not owned.*
*Source: Peer SEC filings and press releases as of 02/19/2024.*

# 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.*

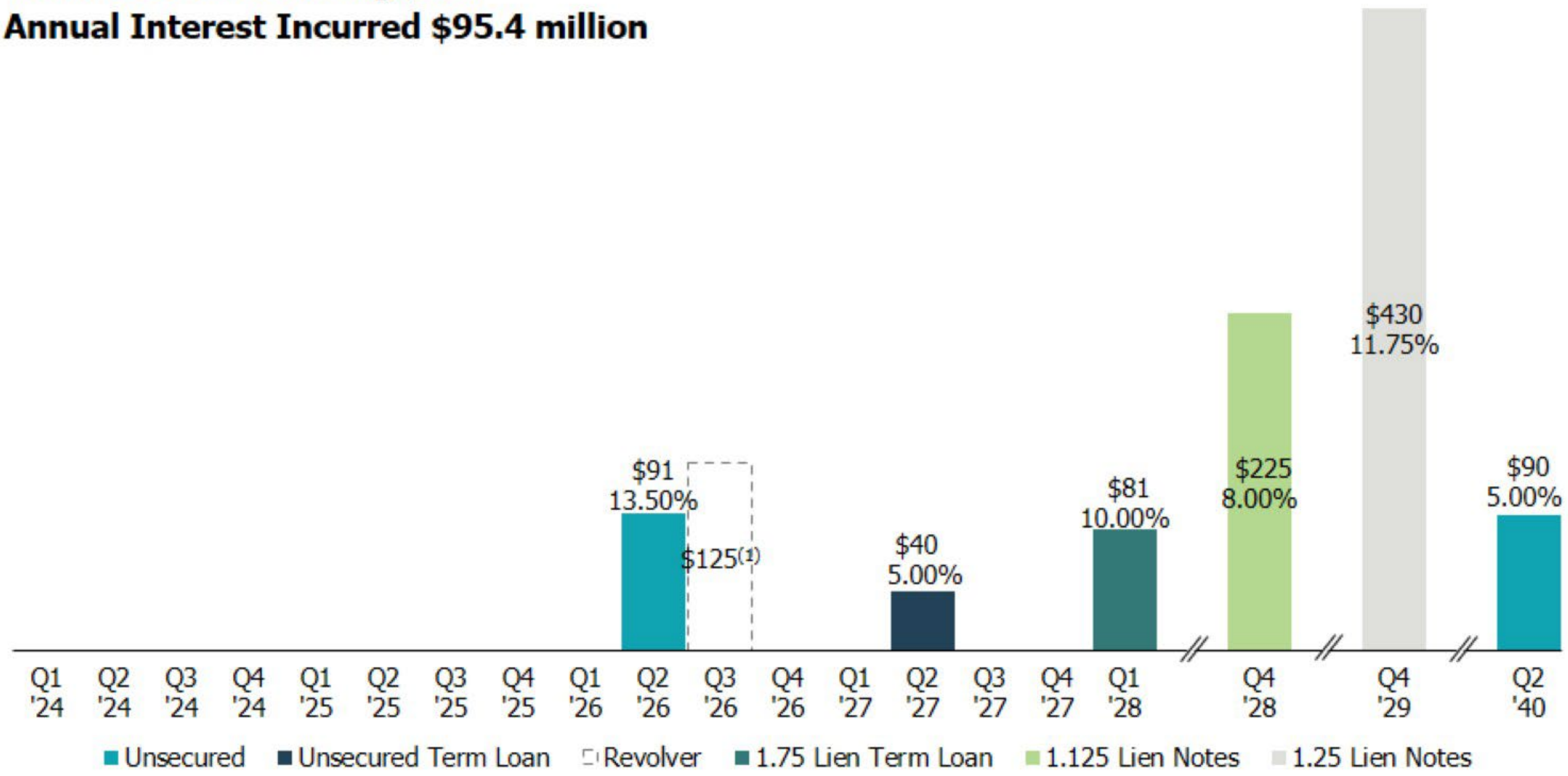
# Debt Maturity Profile

## January 31, 2024

($ in millions)

**Total Debt Outstanding $957**

**Annual Interest Incurred $95.4 million**

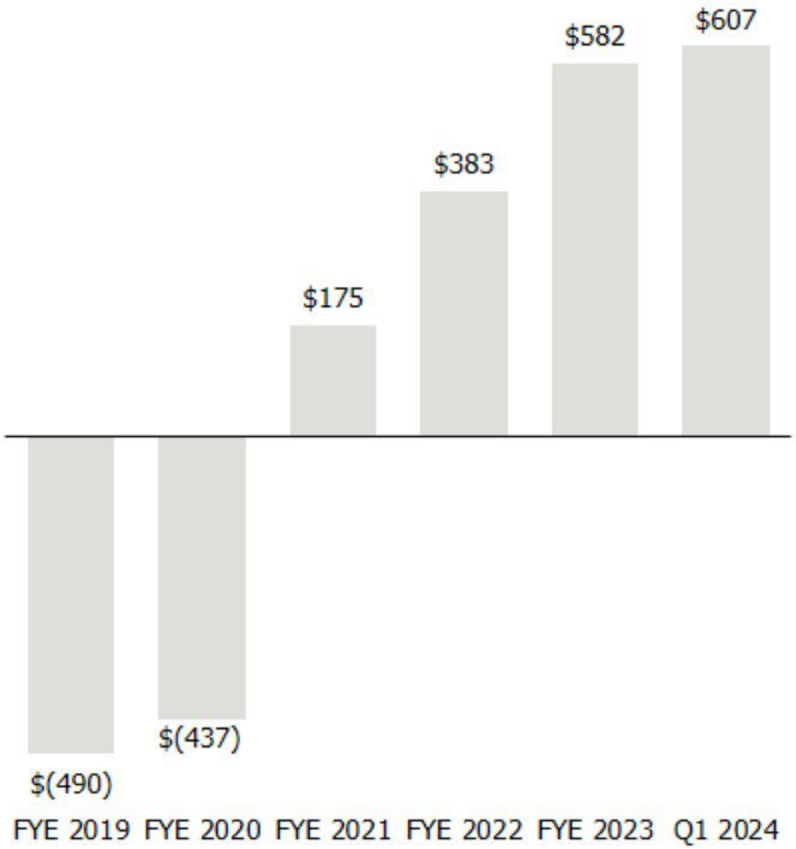



*Note: Shown on a fiscal year basis, at face value.*
*Excludes non-recourse mortgages.*
*(1) $0 balance as of January 31, 2024.*

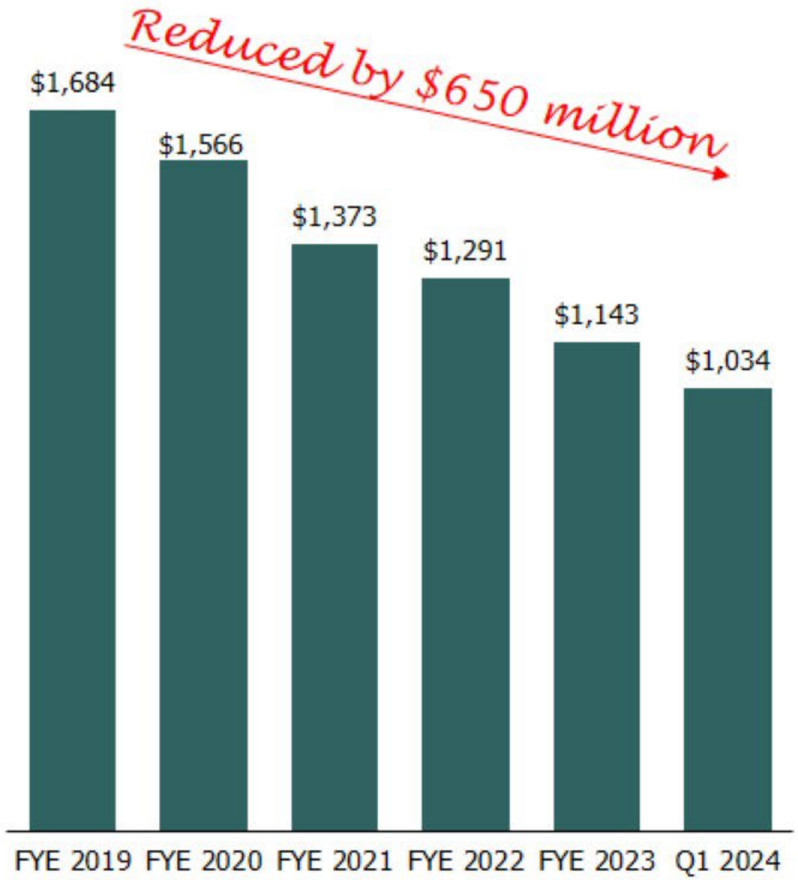
# Balance Sheet Metrics

($ in millions)

### Equity value (book)




### Total debt



# Guidance for Fiscal 2024 Second Quarter

Hovnanian Enterprises, Inc.

($ in millions)

| | Actuals Q2 2023 | Guidance Q2 2024 |
|---|---|---|
| **Total Revenues** | **$704** | **$675 - $775** |
| **Adjusted Homebuilding Gross Margin(2)** | **20.9%** | **21.5% - 23.0%** |
| **Total SG&A as Percentage of Total Revenues(3)** | **10.7%** | **11.0% - 12.0%** |
| **Adjusted EBITDA(4)** | **$87** | **$80 - $90** |
| **Adjusted Income Before Income Taxes(5)** | **$46** | **$45 - $55** |

*(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 $168.97, which was the price at the end of the first 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.*

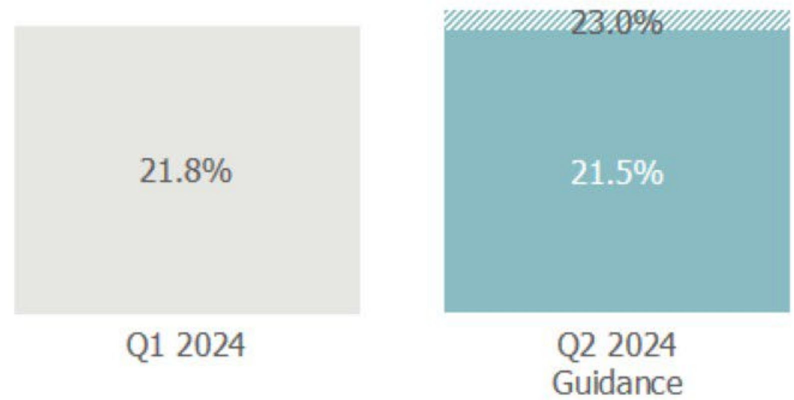
*(5) Adjusted Income Before Income Taxes excludes land-related charges, joint venture write-downs and loss (gain) on extinguishment of debt, net and is a non-GAAP financial measure. See appendix for a reconciliation of the historic measure to the most directly comparable GAAP measure.*

# Second Quarter Guidance vs. First Quarter Actuals

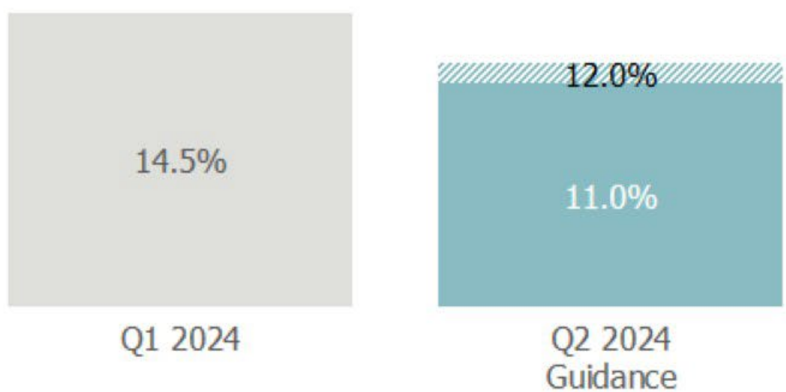
($ in millions)

### Total Revenues

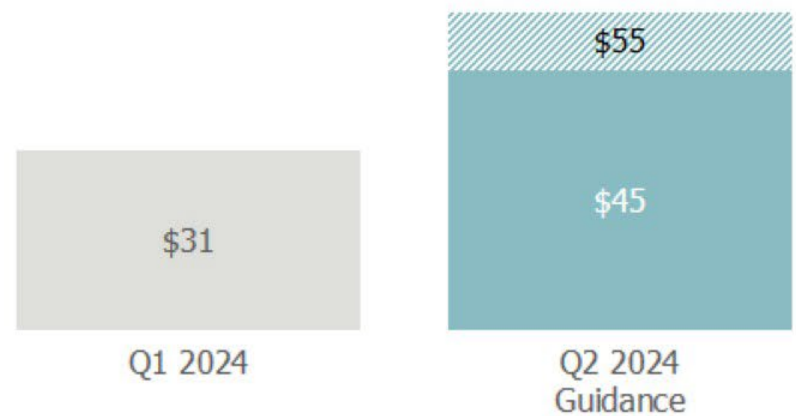

### Adjusted Gross Margin(1)




### SG&A as Percentage of Total Revenues




### Adjusted Income Before Income Taxes(2)

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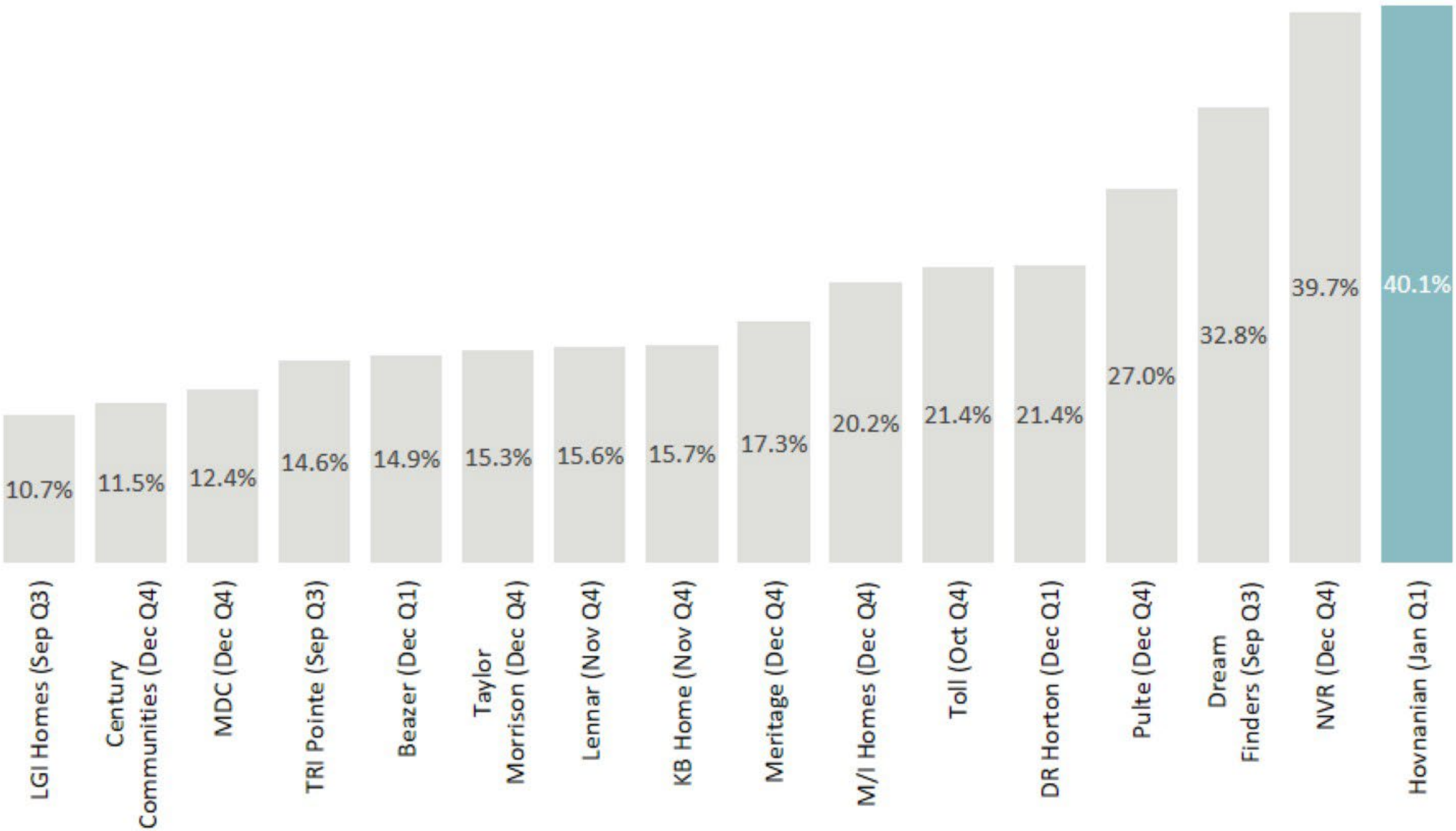
# ROE, Last Twelve Months

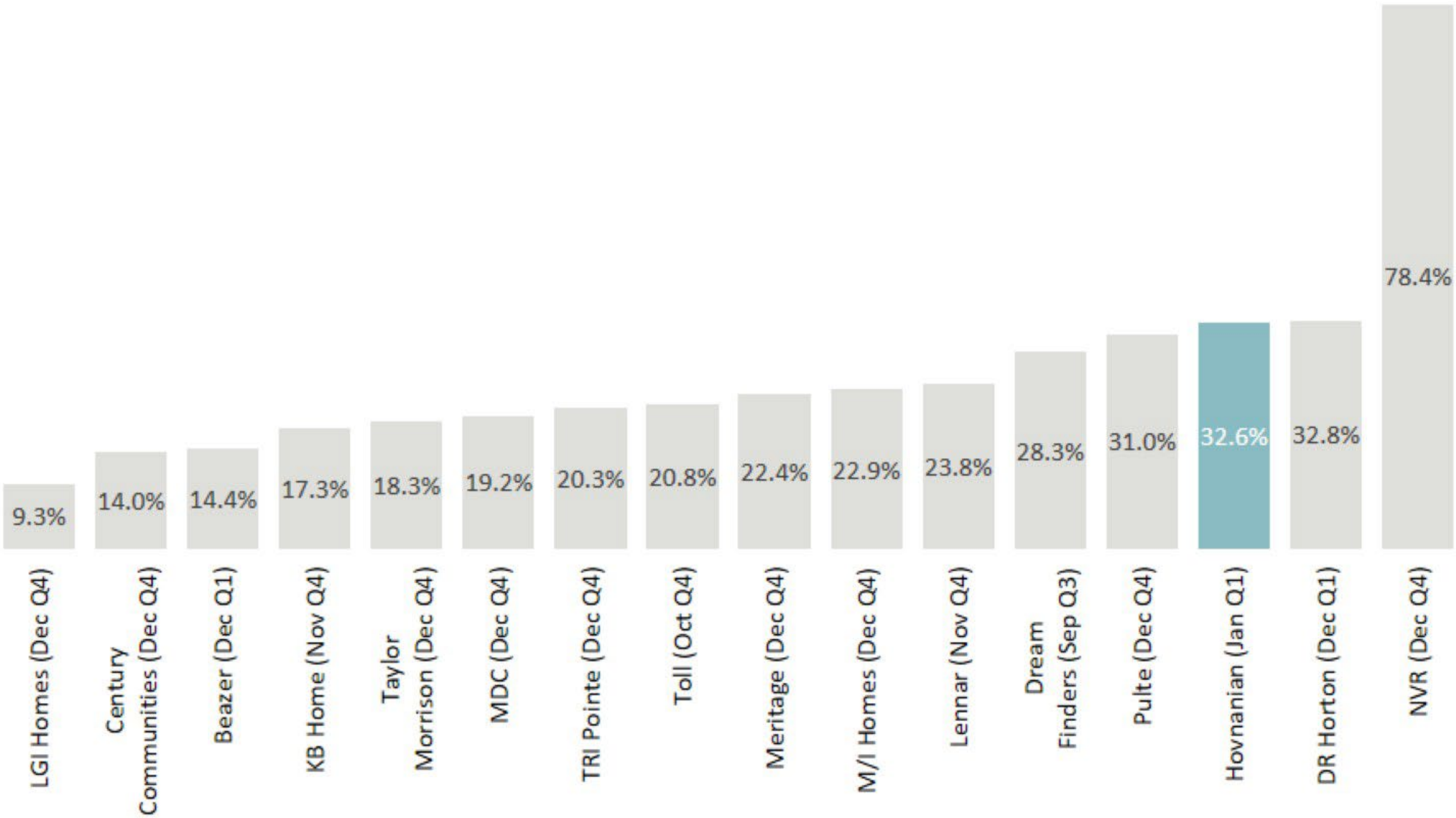
Hovnanian Enterprises, Inc.




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

# Consolidated EBIT ROI, Last Twelve Months

Hovnanian Enterprises Inc.

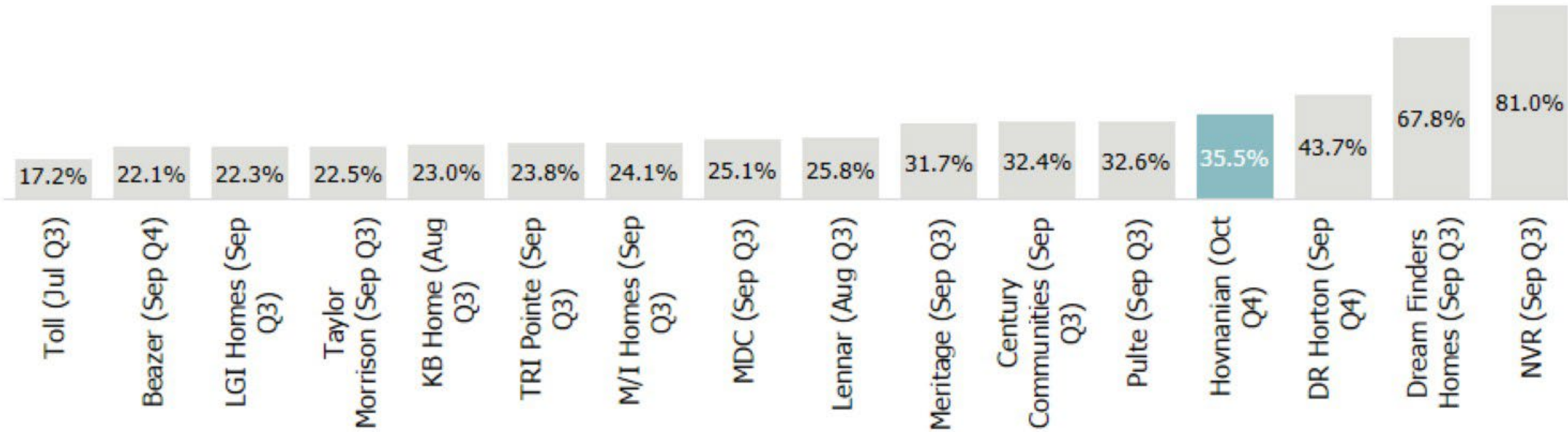



*Source: Peer SEC filings and press releases as of 02/19/2024.*
*Note: Defined as LTM Total Company EBIT before land-related charges and gain (loss) on extinguishment of debt divided by five quarter average inventory, excluding capitalized interest and liabilities from inventory not owned, includes goodwill definite life intangibles assets and includes investments in and advances to unconsolidated joint ventures.*

# Consolidated EBIT ROI Previous Two Years

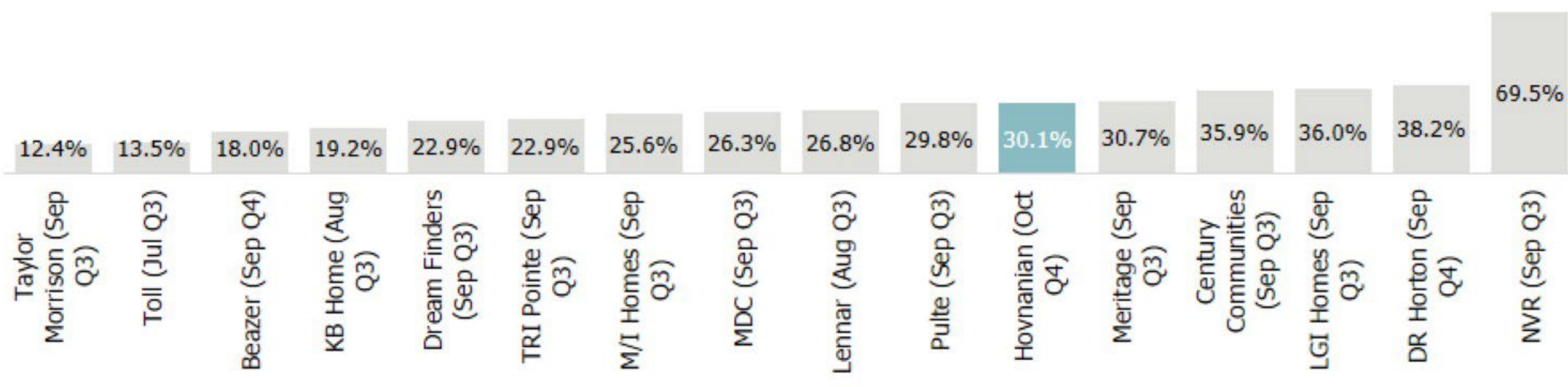
Hovnanian Enterprises Inc.

**Hovnanian Fiscal Year End 2022**




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

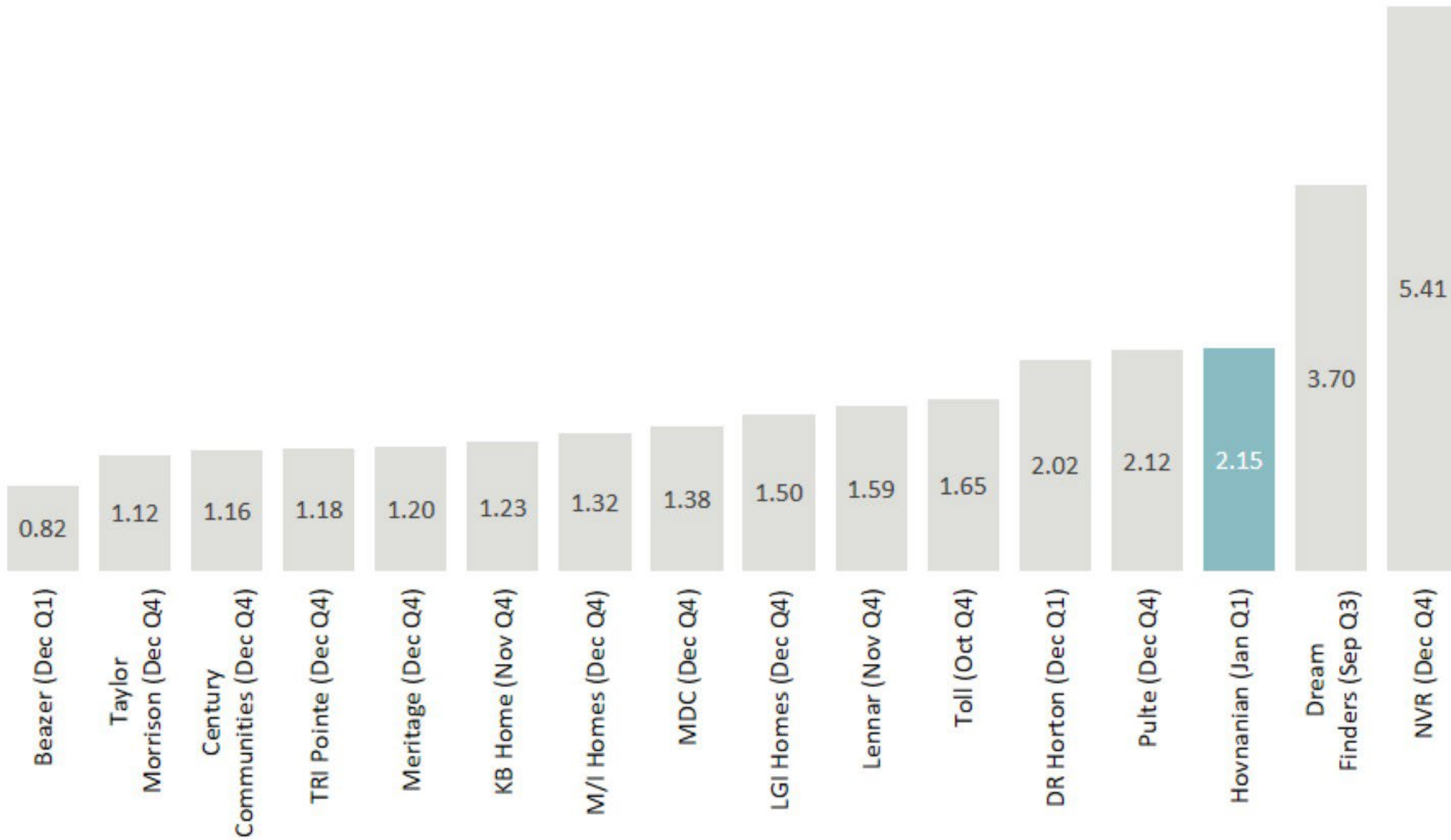
**Hovnanian Fiscal Year End 2021**




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

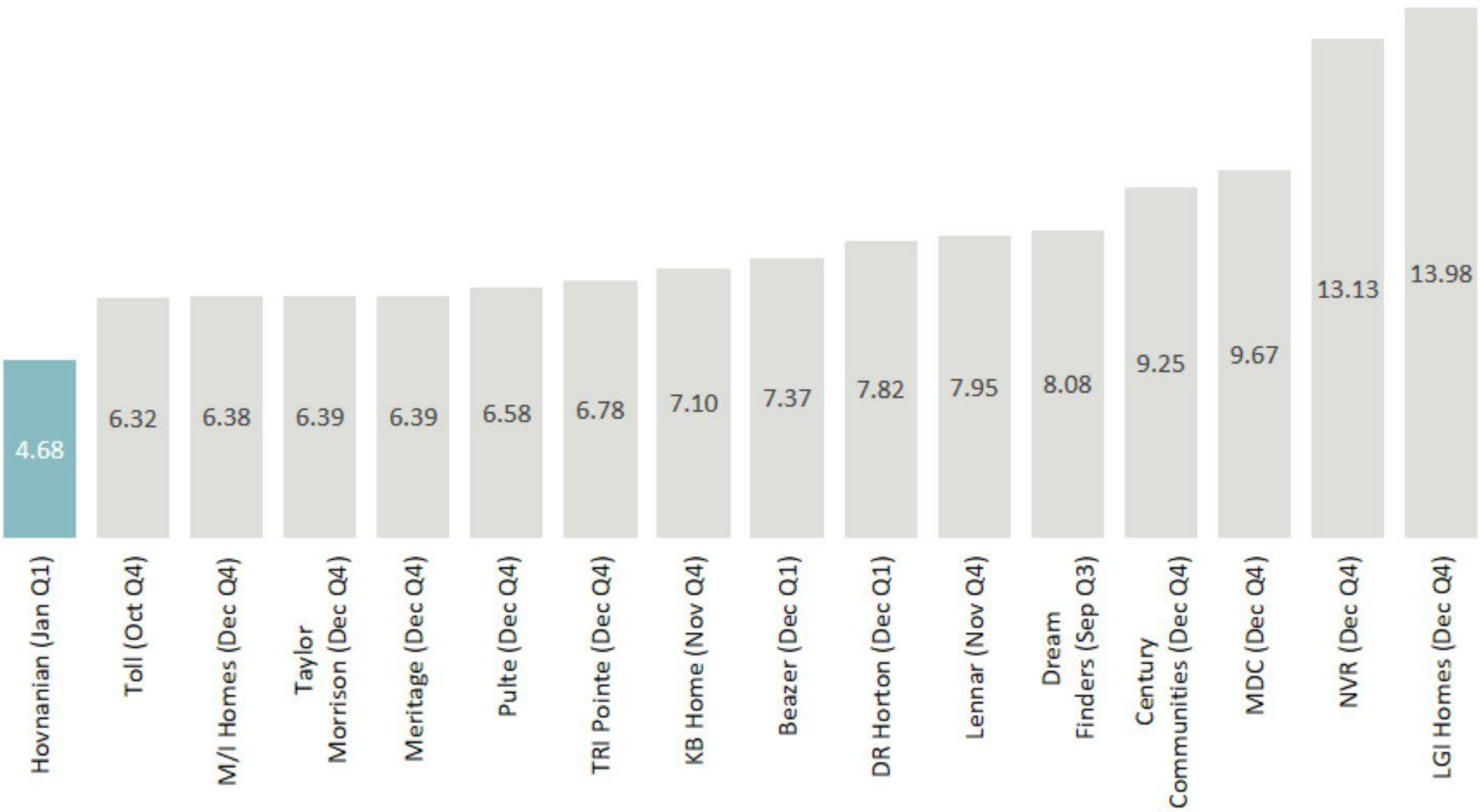
# Price to Book Value

Hovnanian Enterprises Inc.




*Source: Price to book value for most recent quarter based on Yahoo! finance as of 02/21/2024.*
*Note: Hovnanian price to book value calculated with common equity as of 01/31/2024 and stock price of $164.00 as of 02/21/2024.*

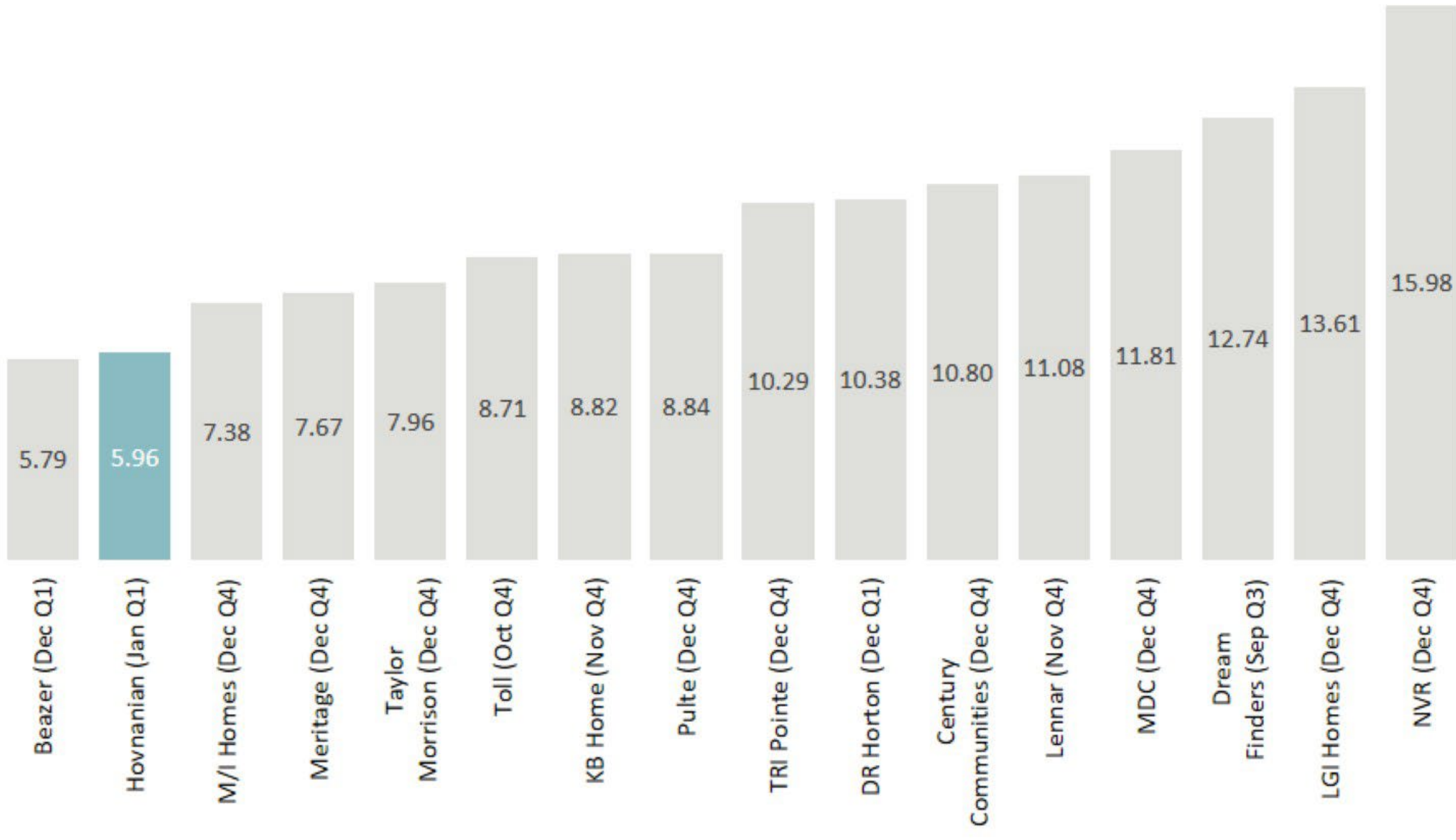
# Enterprise Value/Last Twelve Months Adjusted EBITDA




*Source: Peer SEC filings and press releases as of 02/19/2024.*
*Note: Defined as enterprise value (stock price as of 02/09/2024 multiplied by diluted shares outstanding as of most recent quarter plus homebuilding debt) divided by adjusted EBITDA.*

# Price to Earnings Ratio

Hovnanian Enterprises Inc.




*Source: Trailing twelve-month price to earnings ratio based on Yahoo! finance as of 02/21/2024.*
*Note: Hovnanian price to earnings ratio calculated using last twelve months EPS as of 01/31/2024 and stock price of $164.00 as of 02/21/2024.*

# Appendix

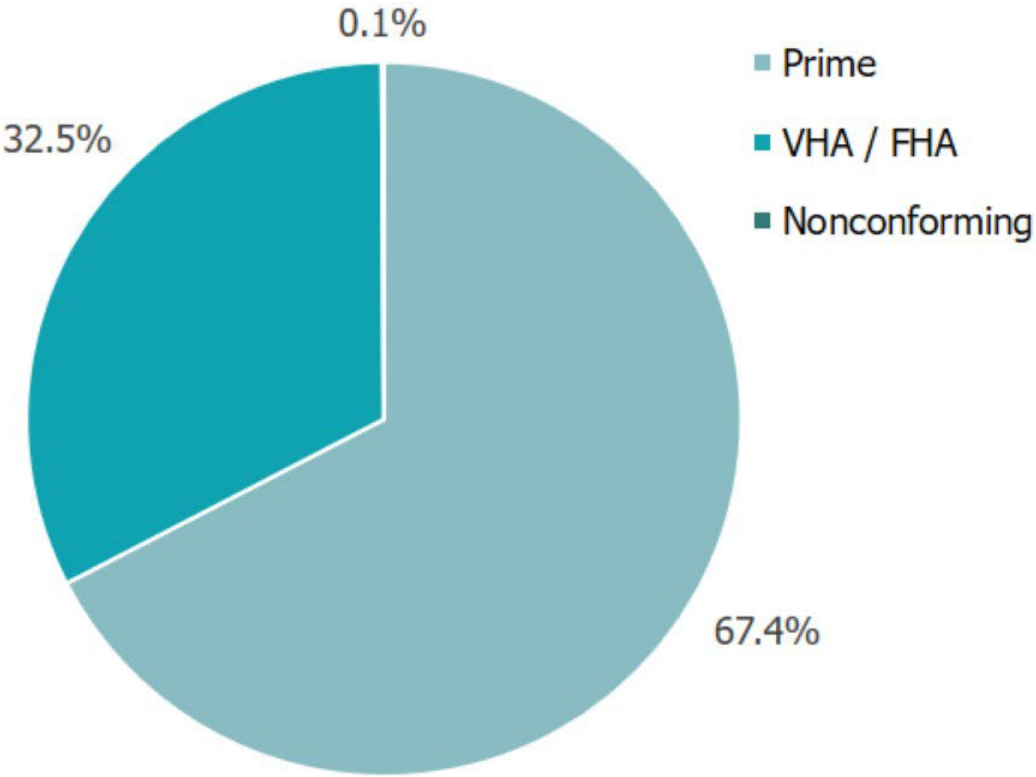
# Profitable financial services business

Hovnanian Enterprises Inc.

## 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
- $63mm LTM revenues
- $20mm LTM operating income
- 32% LTM operating margin

## Origination portfolio quarter ended January 31, 2024




*Note: Last twelve months (LTM) through October 31, 2023.*

# Credit Quality of Homebuyers

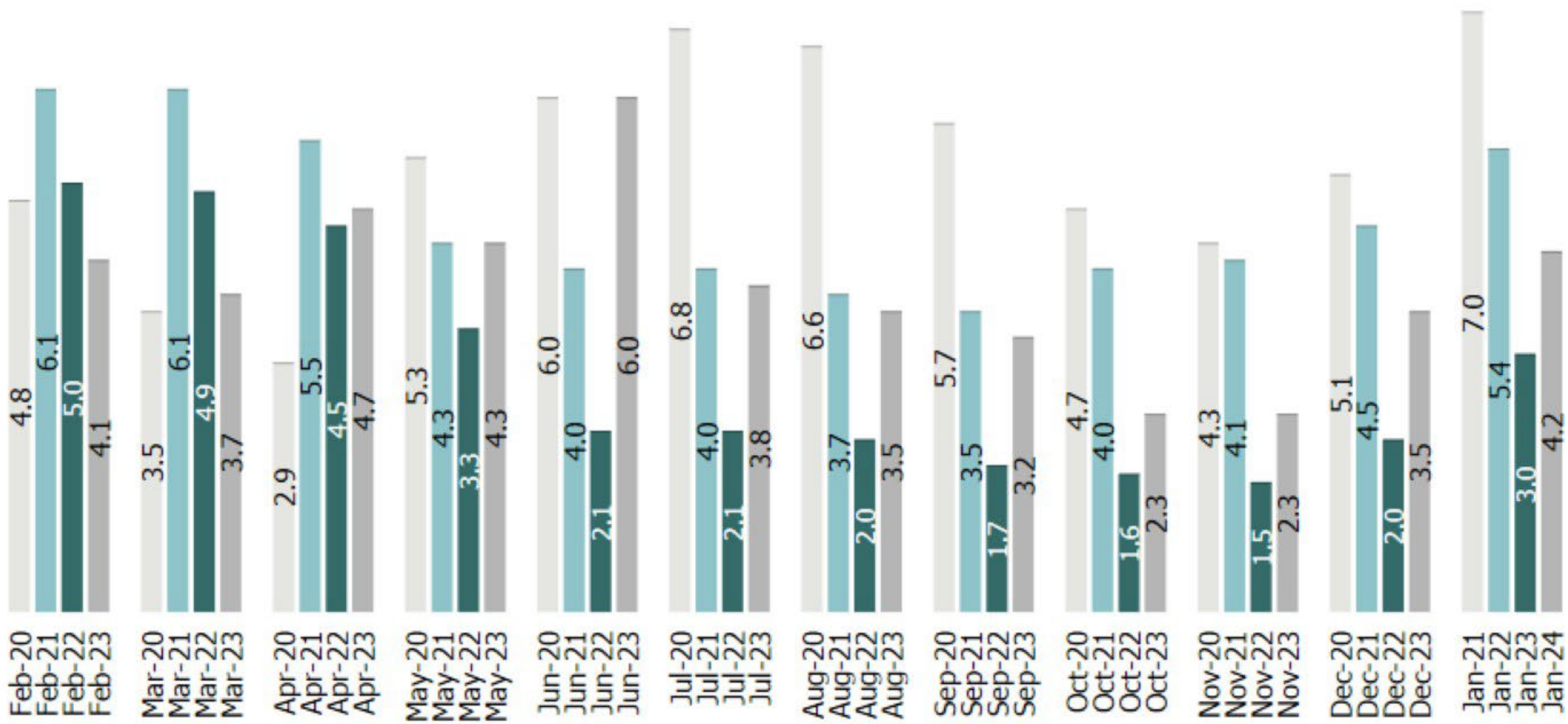
Hovnanian Enterprises Inc.

| Fiscal Year 2023 | First Quarter 2024 |
|---|---|
| Average LTV: 82% | Average LTV: 83% |
| Average CLTV: 82% | Average CLTV: 83% |
| ARMs: 0.9% | ARMs: 0.00% |
| FICO Score: 743 | FICO Score: 744 |
| Capture Rate: 70% | Capture Rate: 79% |

*Note: Loans originated by our wholly-owned mortgage banking subsidiary.*

# Number of Monthly Contracts Per Community, Excludes Unconsolidated Joint Ventures

Hovnanian Enterprises Inc.




| Month | Number of Sundays | Monthly contracts |
|---|---|---|
| Feb-20 | 4 | 647 |
| Feb-21 | 4 | 613 |
| Feb-22 | 4 | 548 |
| Feb-23 | 4 | 504 |
| Mar-20 | 5 | 463 |
| Mar-21 | 4 | 620 |
| Mar-22 | 4 | 519 |
| Mar-23 | 4 | 442 |
| Apr-20 | 4 | 377 |
| Apr-21 | 4 | 538 |
| Apr-22 | 4 | 458 |
| Apr-23 | 5 | 531 |
| May-20 | 5 | 687 |
| May-21 | 5 | 413 |
| May-22 | 5 | 336 |
| May-23 | 4 | 456 |
| Jun-20 | 4 | 745 |
| Jun-21 | 4 | 384 |
| Jun-22 | 4 | 232 |
| Jun-23 | 4 | 603 |
| Jul-20 | 4 | 794 |
| Jul-21 | 4 | 414 |
| Jul-22 | 5 | 231 |
| Jul-23 | 5 | 385 |
| Aug-20 | 5 | 735 |
| Aug-21 | 5 | 383 |
| Aug-22 | 4 | 215 |
| Aug-23 | 4 | 352 |
| Sep-20 | 4 | 634 |
| Sep-21 | 4 | 390 |
| Sep-22 | 4 | 192 |
| Sep-23 | 4 | 324 |
| Oct-20 | 4 | 549 |
| Oct-21 | 5 | 490 |
| Oct-22 | 5 | 195 |
| Oct-23 | 5 | 262 |
| Nov-20 | 5 | 493 |
| Nov-21 | 4 | 467 |
| Nov-22 | 4 | 182 |
| Nov-23 | 4 | 260 |
| Dec-20 | 4 | 551 |
| Dec-21 | 4 | 486 |
| Dec-22 | 4 | 238 |
| Dec-23 | 4 | 374 |
| Jan-21 | 5 | 734 |
| Jan-22 | 5 | 598 |
| Jan-23 | 5 | 368 |
| Jan-24 | 4 | 493 |

*Note: Excludes unconsolidated joint ventures.*

# Land Positions by Geographic Segment

Hovnanian Enterprises, Inc.

| Segment | January 31, 2024 Owned: Excluding Mothballed Lots | Owned: Mothballed Lots | Optioned Lots | Total Lots |
|---|---|---|---|---|
| Northeast | 1,743 | 6 | 13,223 | 14,972 |
| Southeast | 1,343 | - | 5,314 | 6,657 |
| West | 4,227 | 390 | 7,330 | 11,947 |
| **Consolidated Total** | **7,313** | **396** | **25,867** | **33,576** |
| Unconsolidated Joint Ventures | 1,511 | - | 331 | 2,617 |
| Grand Total | 8,824 | 396 | 26,198 | 36,193 |

- **Option deposits as of January 31, 2024, were $206.5 million**
- **$31.8 million invested in pre-development expenses as of January 31, 2024**

*Note: Option deposits and pre-development expenses refers to consolidated optioned lots.*
*Note: Excludes our multi-community unconsolidated joint venture in the Kingdom of Saudi Arabia.*

# Phantom Stock Impact

Hovnanian Enterprises Inc.

($ 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% |

- *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.*

# 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.**
**January 31, 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 January 31, | | | |
|---|---|---|---|---|
| | 2024 | | 2023 | |
| | (Unaudited) | | | |
| Income before income taxes | $ | 32,563 | $ | 18,047 |
| Inventory impairments and land option write-offs | | 302 | | 477 |
| Gain on extinguishment of debt, net | | (1,371) | | - |
| Income before income taxes excluding land-related charges and gain on extinguishment of debt, net (1) | $ | 31,494 | $ | 18,524 |

(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.**
**January 31, 2024**
Gross margin
(In thousands)

| | Homebuilding Gross Margin Three Months Ended January 31, | | | |
|---|---|---|---|---|
| | 2024 | | 2023 | |
| | (Unaudited) | | | |
| Sale of homes | $ | 573,636 | $ | 499,645 |
| Cost of sales, excluding interest expense and land charges (1) | | 448,448 | | 390,963 |
| Homebuilding gross margin, before cost of sales interest expense and land charges (2) | | 125,188 | | 108,682 |
| Cost of sales interest expense, excluding land sales interest expense | | 19,898 | | 15,001 |
| Homebuilding gross margin, after cost of sales interest expense, before land charges (2) | | 105,290 | | 93,681 |
| Land charges | | 302 | | 477 |
| Homebuilding gross margin | $ | 104,988 | $ | 93,204 |
| | | | | |
| Homebuilding gross margin percentage | | 18.3% | | 18.7% |
| Homebuilding gross margin percentage, before cost of sales interest expense and land charges (2) | | 21.8% | | 21.8% |
| Homebuilding gross margin percentage, after cost of sales interest expense, before land charges (2) | | 18.4% | | 18.8% |

| | Land Sales Gross Margin Three Months Ended January 31, | | | |
|---|---|---|---|---|
| | 2024 | | 2023 | |
| | (Unaudited) | | | |
| Land and lot sales | $ | 1,340 | $ | 329 |
| Cost of sales, excluding interest (1) | | 765 | | 77 |
| Land and lot sales gross margin, excluding interest and land charges | | 575 | | 252 |
| Land and lot sales interest expense | | - | | 21 |
| Land and lot sales gross margin, including interest | $ | 575 | $ | 231 |

(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.**
**January 31, 2024**
Reconciliation of adjusted EBITDA to net income
(In thousands)

| | Three Months Ended January 31, | | | |
|---|---|---|---|---|
| | 2024 | | 2023 | |
| | (Unaudited) | | | |
| Net income | $ | 23,904 | $ | 18,716 |
| Income tax provision (benefit) | | 8,659 | | (669) |
| Interest expense | | 30,349 | | 30,115 |
| EBIT (1) | | 62,912 | | 48,162 |
| Depreciation and amortization | | 1,598 | | 1,410 |
| EBITDA (2) | | 64,510 | | 49,572 |
| Inventory impairments and land option write-offs | | 302 | | 477 |
| Gain on extinguishment of debt, net | | (1,371) | | - |
| Adjusted EBITDA (3) | $ | 63,441 | $ | 50,049 |
| Interest incurred | $ | 31,961 | $ | 34,326 |
| Adjusted EBITDA to interest incurred | | 1.98 | | 1.46 |

(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 and inventory impairments and land option write-offs and gain on extinguishment of debt, net.

# Reconciliation of Inventory Turnover

Hovnanian Enterprises Inc.

**Hovnanian Enterprises, Inc.**
**January 31, 2024**
Calculation of Inventory Turnover[1]

| | | For the quarter ended | | | | TTM ended |
|---|---|---|---|---|---|---|
| (Dollars in thousands) | | 4/30/2023 | 7/31/2023 | 10/31/2023 | 1/31/2024 | **1/31/2024** |
| Cost of sales, excluding interest | | $540,622 | $483,990 | $637,148 | $449,213 | $2,110,973 |

| | As of | | | | | |
|---|---|---|---|---|---|---|
| | 1/31/2023 | 4/30/2023 | 7/31/2023 | 10/31/2023 | 1/31/2024 | |
| Total inventories | $1,507,038 | $1,484,992 | $1,411,260 | $1,349,186 | $1,463,558 | **Five** |
| Less liabilities from inventory not owned, net of debt issuance costs | 209,579 | 200,299 | 145,979 | 124,254 | 114,658 | **Quarter** |
| Less capitalized interest | 60,795 | 60,274 | 55,274 | 52,060 | 53,672 | **Average** |
| Inventories less consolidated inventory not owned and capitalized interest plus liabilities from inventory not owned | $1,236,664 | $1,224,419 | $1,210,007 | $1,172,872 | $1,295,228 | $1,227,838 |
| 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

Hovnanian Enterprises, Inc.

| ($ in millions) | BZH (Dec Q1) | DHI (Dec Q1) | HOV (Jan Q1) | KBH (Nov Q4) | LEN (Nov Q4) | MDC (Dec Q4) | MHO (Dec Q4) | MTH (Dec Q4) | NVR (Dec Q4) | PHM (Dec Q4) | TOL (Oct Q4) | TMHC (Dec Q4) | TPH (Dec Q4) | LGIH (Dec Q4) | CCS (Dec Q4) | DFH (Sep Q3) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| TTM earnings before taxes | $177 | $6,295 | $270 | $771 | $5,202 | $526 | $607 | $949 | $1,928 | $3,449 | $1,842 | $1,018 | $560 | $240 | $351 | $390 |
| TTM impairment and walk away charges | $0 | $31 | $1 | $11 | $125 | $30 | $11 | $0 | ($3) | $43 | $0 | $31 | $16 | $16 | $7 | $5 |
| TTM gains (losses) on extinguishment of debt | ($0) | $0 | ($24) | $0 | $0 | $0 | $0 | ($1) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| TTM interest expense | $66 | $154 | $135 | $118 | $258 | $65 | $13 | $63 | $28 | $124 | $150 | $135 | $111 | $30 | $46 | $110 |
| Adjusted EBIT | $243 | $6,480 | $431 | $901 | $5,586 | $621 | $631 | $1,014 | $1,953 | $3,617 | $1,993 | $1,183 | $688 | $286 | $403 | $506 |
| Total Inventories less liabilities from inventory not owned | | | | | | | | | | | | | | | | |
| MRQ | $1,954 | $21,103 | $1,349 | $5,134 | $15,902 | $3,301 | $2,770 | $4,833 | $2,527 | $11,819 | $9,058 | $5,677 | $3,413 | $3,092 | $3,017 | $1,715 |
| MRQ-1 | $1,756 | $19,682 | $1,225 | $5,186 | $19,749 | $3,236 | $2,717 | $4,595 | $2,534 | $11,621 | $9,204 | $5,686 | $3,193 | $2,915 | $3,058 | $1,665 |
| MRQ-2 | $1,742 | $19,664 | $1,265 | $5,129 | $19,672 | $3,145 | $2,666 | $4,420 | $2,537 | $11,369 | $9,108 | $5,441 | $3,142 | $2,907 | $2,856 | $1,697 |
| MRQ-3 | $1,742 | $19,340 | $1,285 | $5,445 | $19,761 | $3,258 | $2,638 | $4,421 | $2,367 | $11,480 | $9,099 | $5,559 | $3,174 | $2,923 | $2,741 | $1,655 |
| MRQ-4 | $1,779 | $19,545 | $1,297 | $5,543 | $19,464 | $3,516 | $2,812 | $4,435 | $2,284 | $11,368 | $8,733 | $5,610 | $3,608 | $2,904 | $2,831 | $1,804 |
| Less capitalized interest | | | | | | | | | | | | | | | | |
| MRQ | $120 | $301 | $54 | $134 | $0 | $65 | $32 | $55 | $0 | $139 | $191 | $179 | $230 | $0 | $73 | $124 |
| MRQ-1 | $113 | $286 | $52 | $139 | $0 | $65 | $31 | $58 | $0 | $140 | $204 | $187 | $220 | $0 | $73 | $117 |
| MRQ-2 | $114 | $288 | $55 | $141 | $0 | $62 | $31 | $61 | $0 | $142 | $212 | $191 | $209 | $0 | $70 | $109 |
| MRQ-3 | $114 | $272 | $60 | $147 | $0 | $61 | $31 | $62 | $0 | $141 | $215 | $197 | $191 | $0 | $66 | $95 |
| MRQ-4 | $113 | $255 | $61 | $145 | $0 | $60 | $30 | $60 | $1 | $137 | $209 | $190 | $194 | $0 | $62 | $81 |
| Plus investments in and advances to UJVs | | | | | | | | | | | | | | | | |
| MRQ | $0 | $0 | $111 | $59 | $1,144 | $0 | $44 | $17 | $0 | $167 | $959 | $346 | $139 | $17 | $0 | $14 |
| MRQ-1 | $0 | $0 | $98 | $56 | $1,157 | $0 | $45 | $15 | $0 | $162 | $900 | $330 | $140 | $17 | $0 | $14 |
| MRQ-2 | $0 | $0 | $85 | $53 | $1,137 | $0 | $42 | $12 | $0 | $151 | $888 | $306 | $134 | $16 | $0 | $13 |
| MRQ-3 | $0 | $0 | $86 | $51 | $1,179 | $0 | $49 | $11 | $0 | $145 | $909 | $295 | $130 | $11 | $0 | $14 |
| MRQ-4 | $0 | $0 | $101 | $47 | $1,173 | $0 | $52 | $12 | $0 | $147 | $852 | $283 | $133 | $7 | $0 | $11 |
| Plus goodwill and definite life intangible assets | | | | | | | | | | | | | | | | |
| MRQ | $11 | $164 | $0 | $0 | $3,442 | $0 | $16 | $33 | $42 | $125 | $0 | $663 | $157 | $12 | $30 | $172 |
| MRQ-1 | $11 | $164 | $0 | $0 | $3,442 | $0 | $16 | $33 | $42 | $128 | $0 | $663 | $157 | $12 | $30 | $172 |
| MRQ-2 | $11 | $164 | $0 | $0 | $3,442 | $0 | $16 | $33 | $42 | $131 | $0 | $663 | $157 | $12 | $30 | $172 |
| MRQ-3 | $11 | $164 | $0 | $0 | $3,442 | $0 | $16 | $33 | $42 | $133 | $0 | $663 | $157 | $12 | $30 | $177 |
| MRQ-4 | $11 | $164 | $0 | $0 | $3,442 | $0 | $16 | $33 | $42 | $136 | $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 | $1,845 | $20,965 | $1,406 | $5,058 | $20,488 | $3,236 | $2,799 | $4,828 | $2,568 | $11,972 | $9,826 | $6,507 | $3,479 | $3,120 | $2,974 | $1,777 |
| MRQ-1 | $1,655 | $19,559 | $1,271 | $5,104 | $24,348 | $3,171 | $2,748 | $4,584 | $2,575 | $11,771 | $9,900 | $6,492 | $3,270 | $2,944 | $3,015 | $1,734 |
| MRQ-2 | $1,639 | $19,540 | $1,295 | $5,041 | $24,252 | $3,083 | $2,694 | $4,404 | $2,578 | $11,509 | $9,784 | $6,219 | $3,224 | $2,935 | $2,817 | $1,774 |
| MRQ-3 | $1,639 | $19,232 | $1,310 | $5,349 | $24,382 | $3,196 | $2,673 | $4,403 | $2,409 | $11,616 | $9,793 | $6,320 | $3,269 | $2,947 | $2,706 | $1,752 |
| MRQ-4 | $1,677 | $19,453 | $1,338 | $5,444 | $24,080 | $3,456 | $2,850 | $4,420 | $2,325 | $11,514 | $9,376 | $6,366 | $3,704 | $2,923 | $2,799 | $1,913 |
| Investment five quarter average | $1,691 | $19,750 | $1,324 | $5,199 | $23,510 | $3,229 | $2,753 | $4,528 | $2,491 | $11,676 | $9,736 | $6,381 | $3,389 | $2,974 | $2,862 | $1,790 |
| EBIT return on investment (EBIT ROI) | 14.4% | 32.8% | 32.6% | 17.3% | 23.8% | 19.2% | 22.9% | 22.4% | 78.4% | 31.0% | 20.5% | 18.5% | 20.3% | 9.6% | 14.1% | 28.2% |

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

# Reconciliation of Consolidated EBIT ROI – FYE 2022

Hovnanian Enterprises Inc.

| ($ 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

Hovnanian Enterprises, Inc.

| ($ 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.

# Key credit and balance sheet metrics reconciliations

Hovnanian Enterprises Inc.

| | October 31, | | | | | January 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 | $99,553 |
| 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 | $934,617 |
| Total debt | $1,683,575 | $1,566,232 | $1,373,462 | $1,291,352 | $1,143,030 | $1,034,170 |
| Cash and cash equivalents | $130,976 | $262,489 | $245,970 | $326,198 | $434,119 | $183,118 |
| Net Debt | $1,552,599 | $1,303,743 | $1,127,492 | $965,154 | $708,911 | $851,052 |
| | | | | | | |
| Total Debt | $1,683,575 | $1,566,232 | $1,373,462 | $1,291,352 | $1,143,030 | $1,034,170 |
| Total equity (deficit) | $(490,463) | $(436,929) | $174,897 | $383,036 | $581,736 | $607,088 |
| Total capitalization | $1,193,112 | $1,129,303 | $1,548,359 | $1,674,388 | $1,724,766 | $1,641,258 |
| Debt to capitalization | 141.1% | 138.7% | 88.7% | 77.1% | 66.3% | 63.0% |
| | | | | | | |
| Net debt to net capitalization | 146.2% | 150.4% | 86.6% | 71.6% | 54.9% | 58.4% |

Hovnanian Enterprises®, Inc.