

*Hovnanian*  
*Enterprises, Inc.*

A photograph of a modern, two-story house with a large garage. The house features dark green vertical siding on the upper level and light-colored horizontal siding on the lower level. The garage has white double doors with a decorative X-pattern and small windows. The front entrance has a bright yellow door and is illuminated by warm lights. A large tree is on the right side of the house. The sky is a mix of purple, orange, and blue, suggesting sunset or sunrise. A concrete driveway leads to the garage.

**Review of Financial Results  
Third Quarter Fiscal 2024**

# Forward-Looking Statements

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

# NON-GAAP FINANCIAL MEASURES:

Consolidated earnings before interest expense and income taxes ("EBIT") and before depreciation and amortization ("EBITDA") and before inventory impairments and land option write-offs and loss (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 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.

Total liquidity is comprised of \$122.0 million of cash and cash equivalents, \$4.3 million of restricted cash required to collateralize letters of credit and \$125.0 million availability under the senior secured revolving credit facility as of July 31, 2024.



**Recent company  
performance**

# Third Quarter Results Compared to Guidance

(\$ in millions)

	<u>Guidance</u> <u>Q3 2024<sup>(1)</sup></u>	<u>Actuals</u> <u>Q3 2024</u>
<b>Total Revenues</b>	<b>\$675 - \$775</b>	<b>\$723</b>
<b>Adjusted Homebuilding Gross Margin<sup>(2)</sup></b>	<b>21.5% - 23.5%</b>	<b>22.1%</b>
<b>Total SG&amp;A as Percentage of Total Revenues<sup>(3)</sup></b>	<b>11.0% - 12.0%</b>	<b>12.4%</b>
<b>Adjusted EBITDA<sup>(4)</sup></b>	<b>\$97 - \$107</b>	<b>\$131</b>
<b>Adjusted Income Before Income Taxes<sup>(5)</sup></b>	<b>\$65 - \$75</b>	<b>\$100</b>

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

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

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

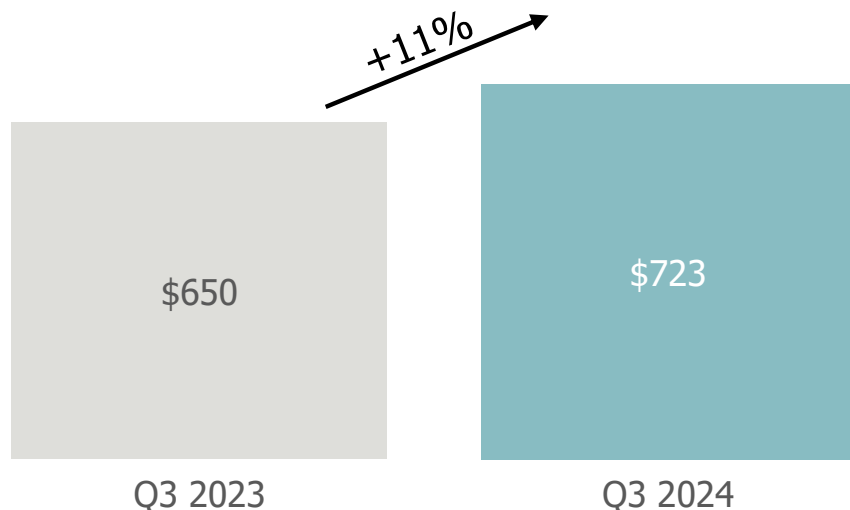
*(4) Adjusted EBITDA is a non-GAAP financial measure. The most directly comparable GAAP financial measure is net income. Adjusted EBITDA represents earnings before interest expense, income taxes, depreciation, amortization, land-related charges and loss (gain) on extinguishment of debt, net. See appendix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

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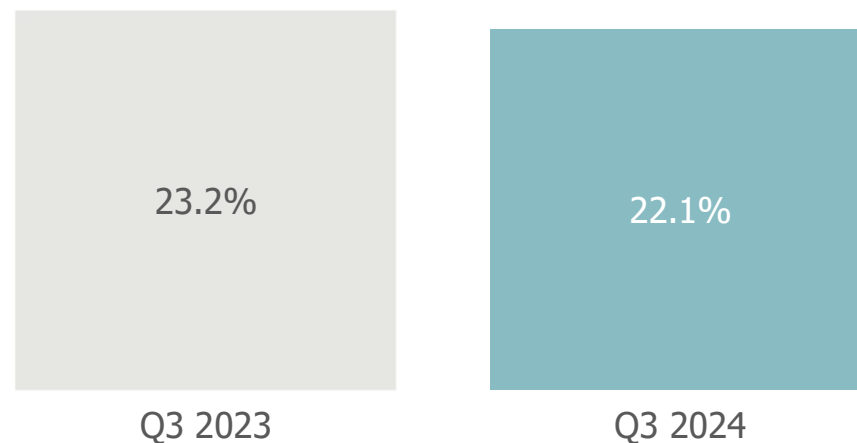
# Third Quarter Results Compared to Last Year

(\$ in millions)

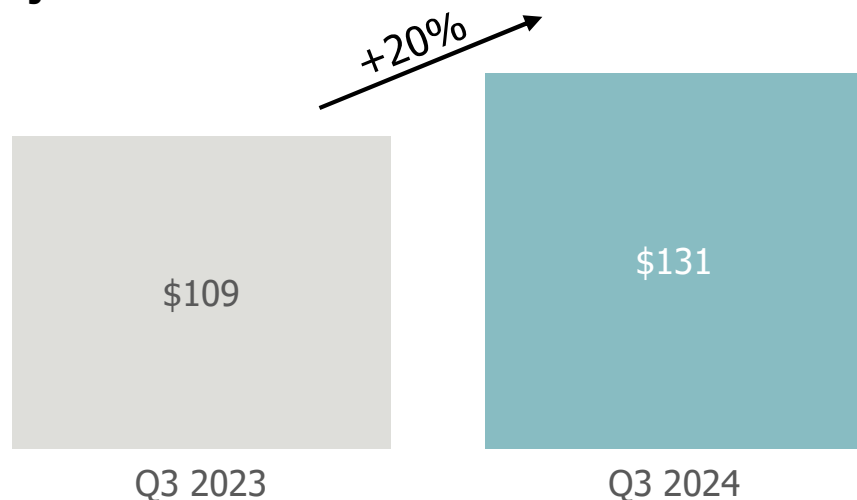
## Total Revenues



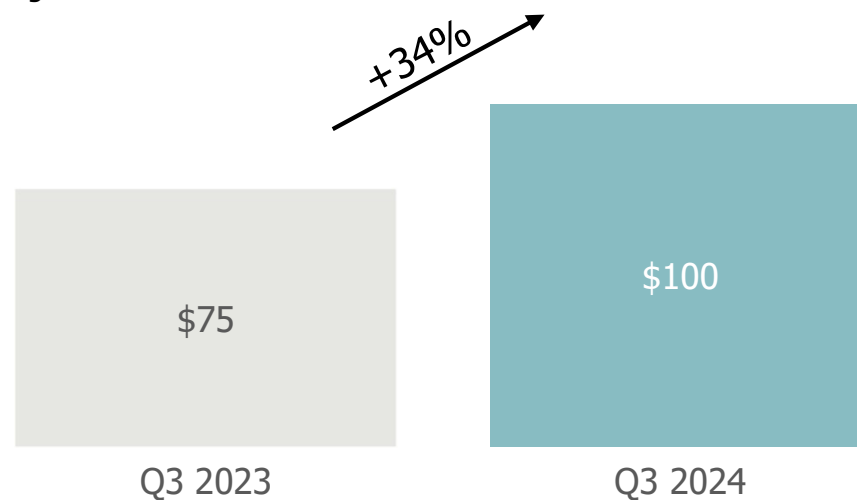
## Adjusted Gross Margin<sup>(1)</sup>



## Adjusted EBITDA<sup>(2)</sup>



## Adjusted Income Before Income Taxes<sup>(3)</sup>



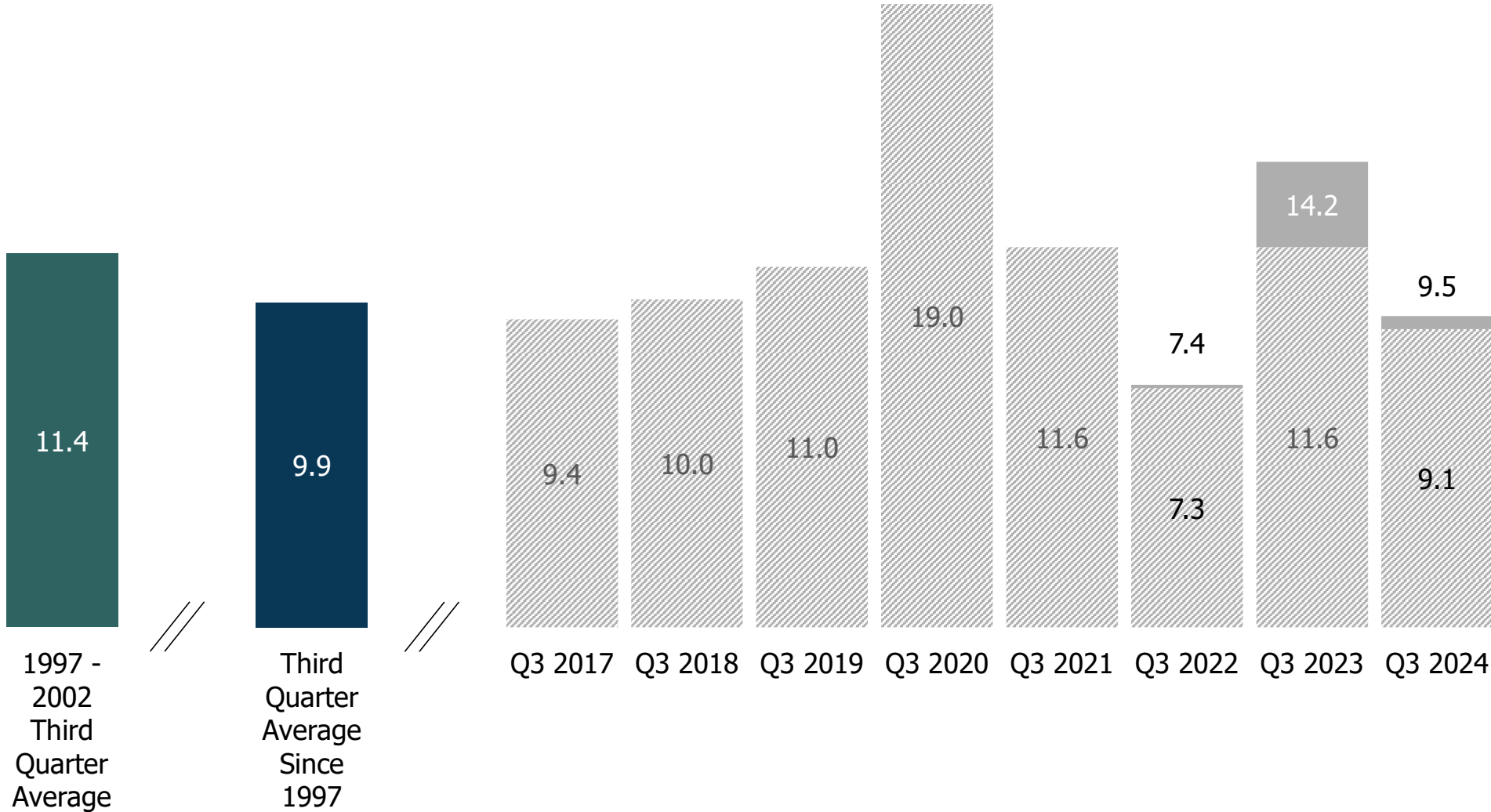
(1) Adjusted homebuilding gross margin percentage is before cost of sales interest expense and land charges and is a non-GAAP financial measure. See appendix for a reconciliation of the historic measure to the most directly comparable GAAP measure.  
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# Contracts, including domestic unconsolidated joint ventures

	<u>2024</u>	<u>2023</u>	<u>Y-o-Y % Change</u>
YTD	4,436	4,107	8%
Q1	1,279	893	43%
Q2	1,761	1,614	9%
Q3	1,396	1,600	-13%
Last five weeks	587	479	23%

# Quarterly Contracts Per Community

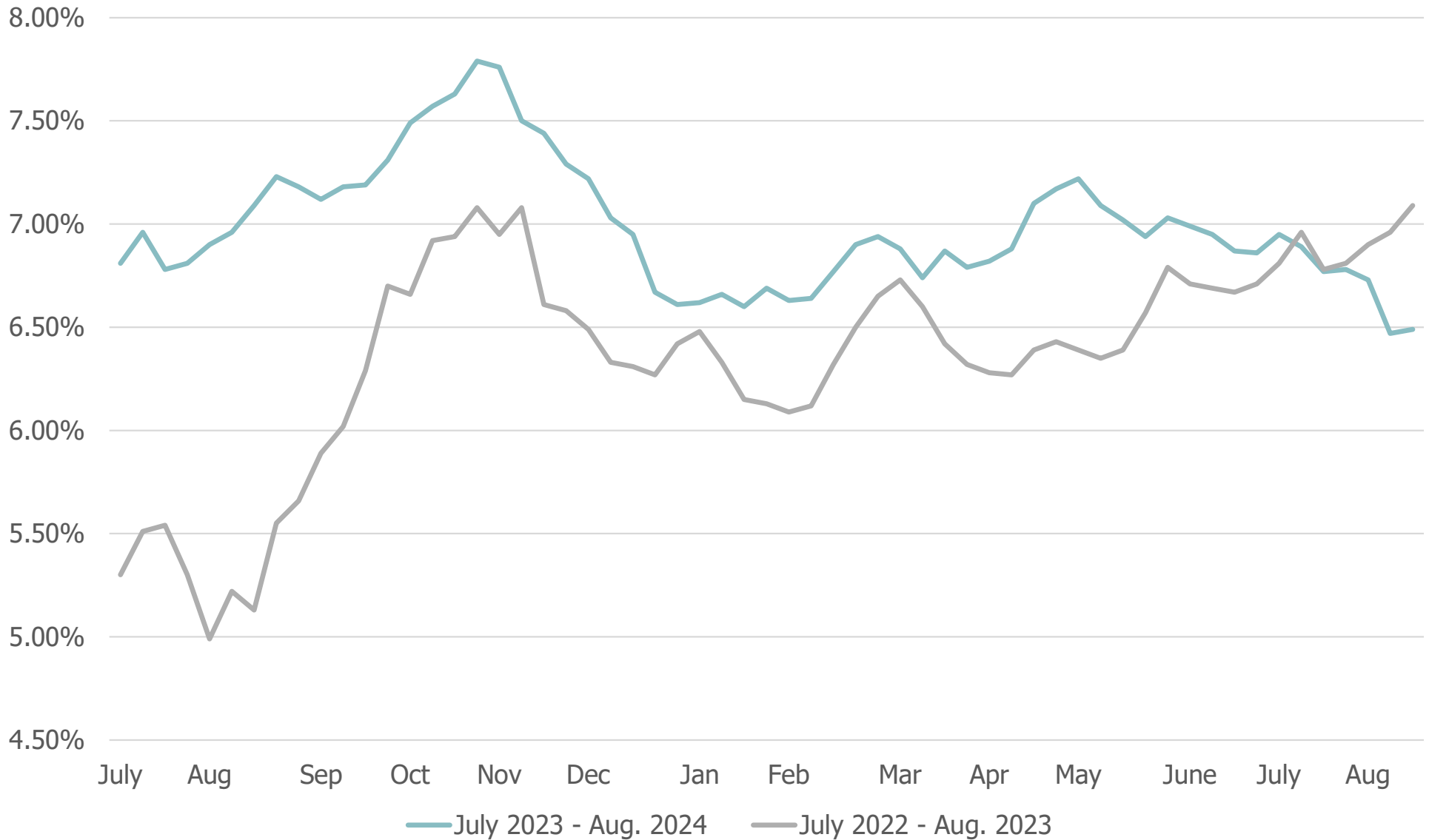
▨ Excluding Build for Rent    ■ Including Build for Rent



*Note: Excludes unconsolidated joint ventures.*

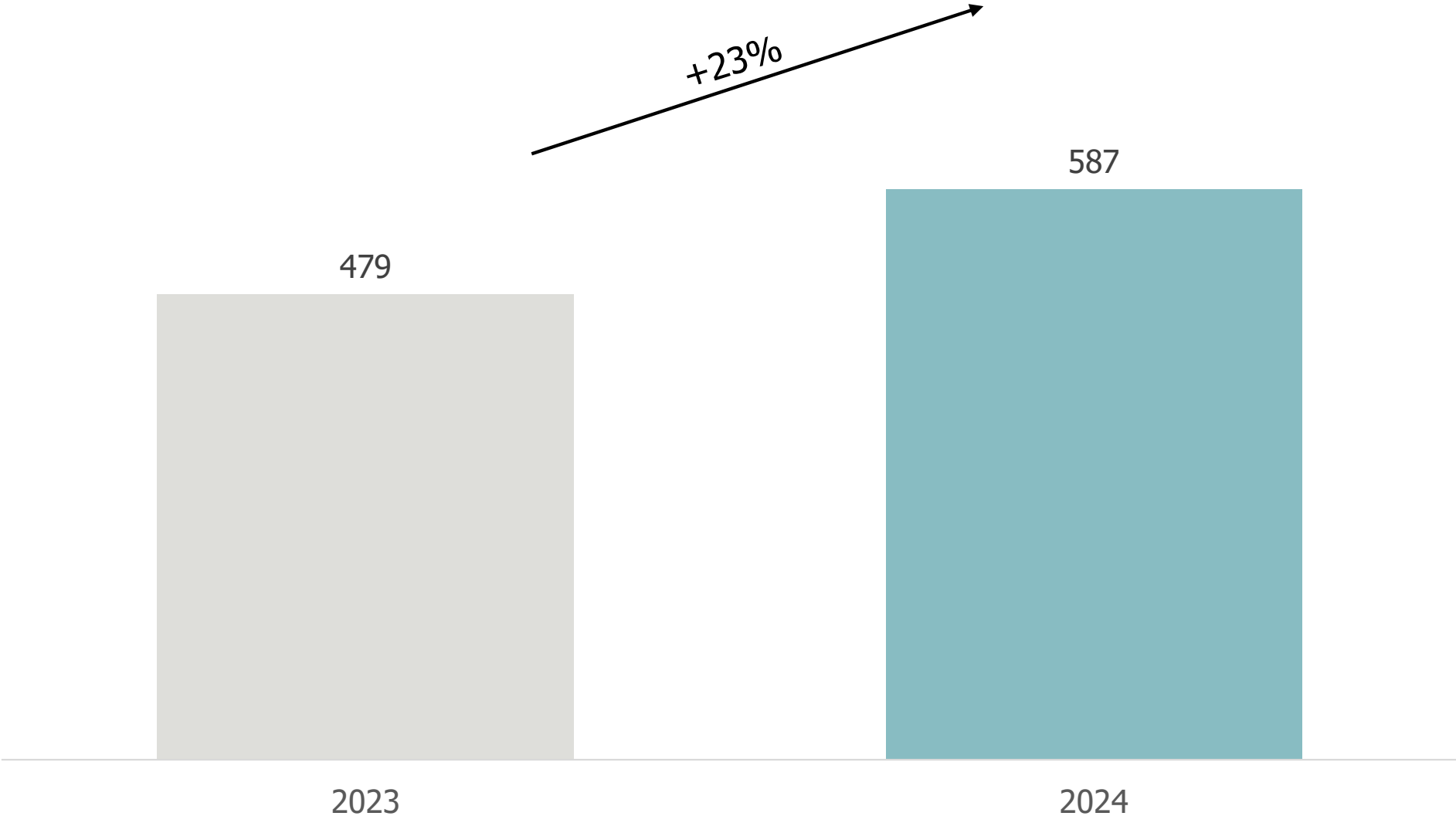


# Mortgage Rate Movements



Source: Freddie Mac.

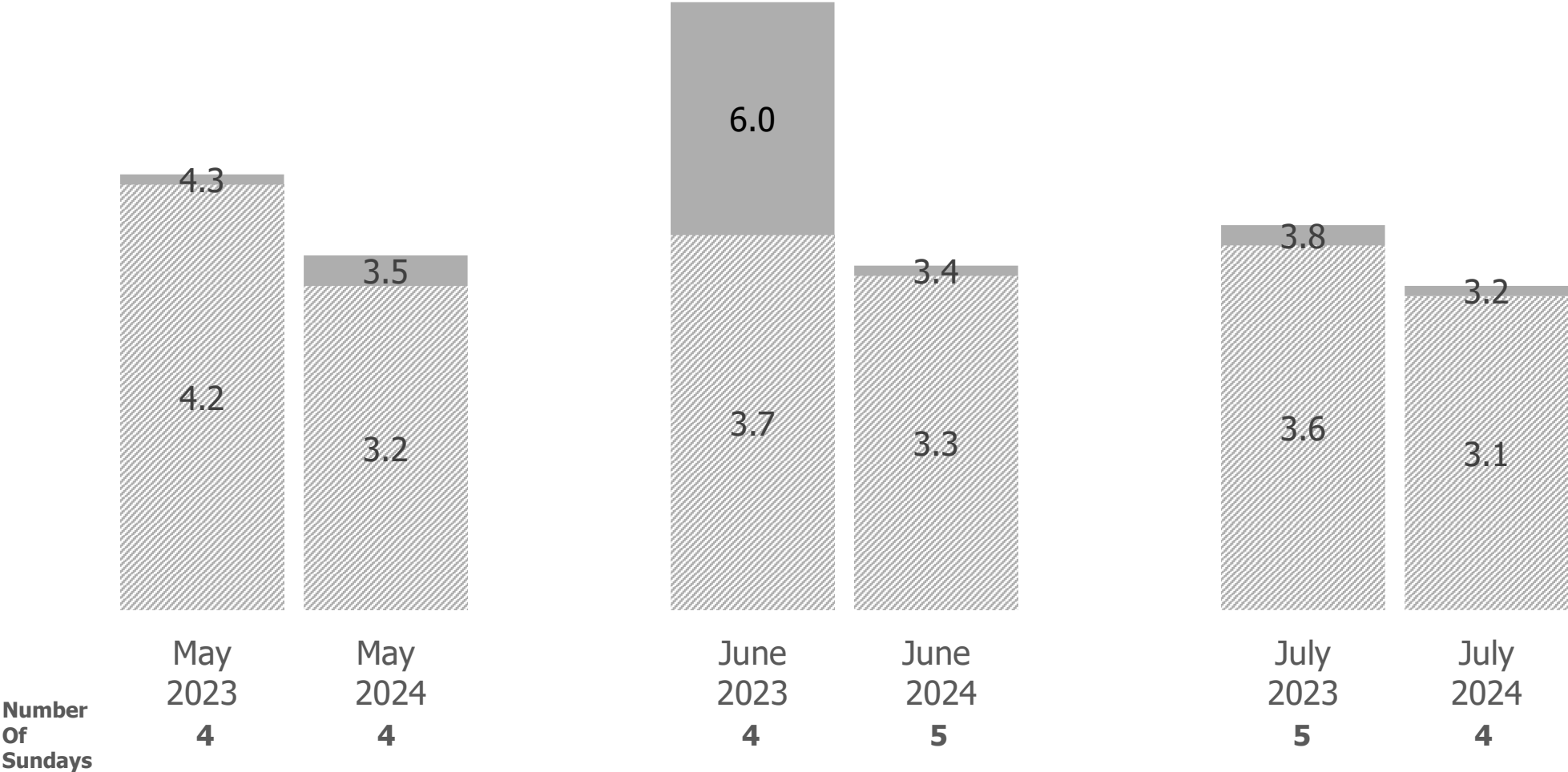
# Contracts Last Five Weeks



*Note: Includes unconsolidated joint ventures but excludes our multi-community unconsolidated joint venture in the Kingdom of Saudi Arabia.  
Note: 2024 contracts are from the week ending July 21, 2024 through the week ending August 18, 2024. The 2023 contracts are from the week ending July 23, 2023 through the week ending August 20, 2023.*

# Contracts Per Community

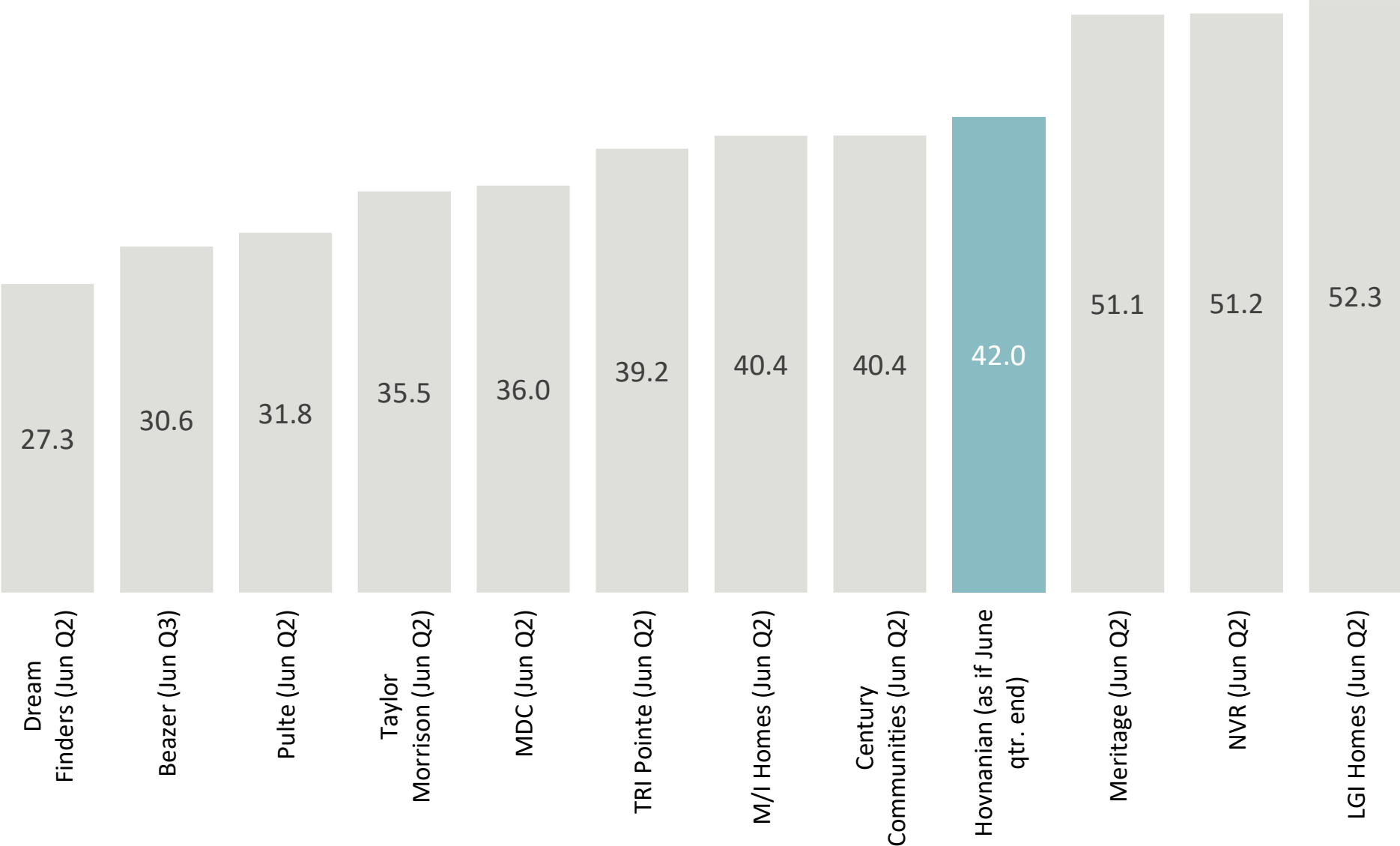
▨ Excluding Build for Rent    ■ Including Build for Rent



*Note: Excludes unconsolidated joint ventures.*

# Contracts Per Community – Trailing Twelve Months

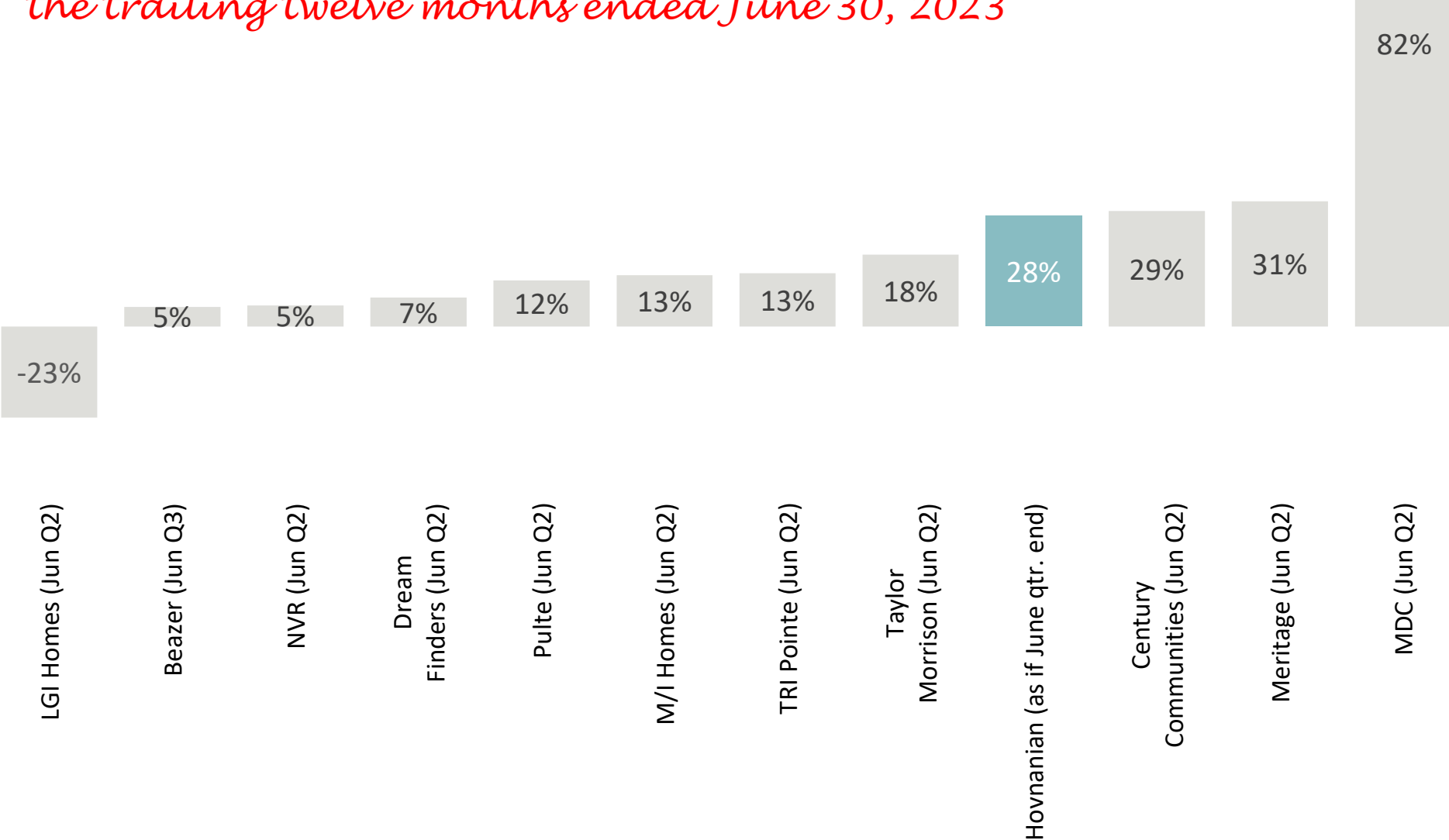
*For the trailing twelve months ended June 30, 2024*



*Note: Only peers with June quarter ends are shown on this slide.  
Note: Hovnanian calculation excludes build for rent contracts.*

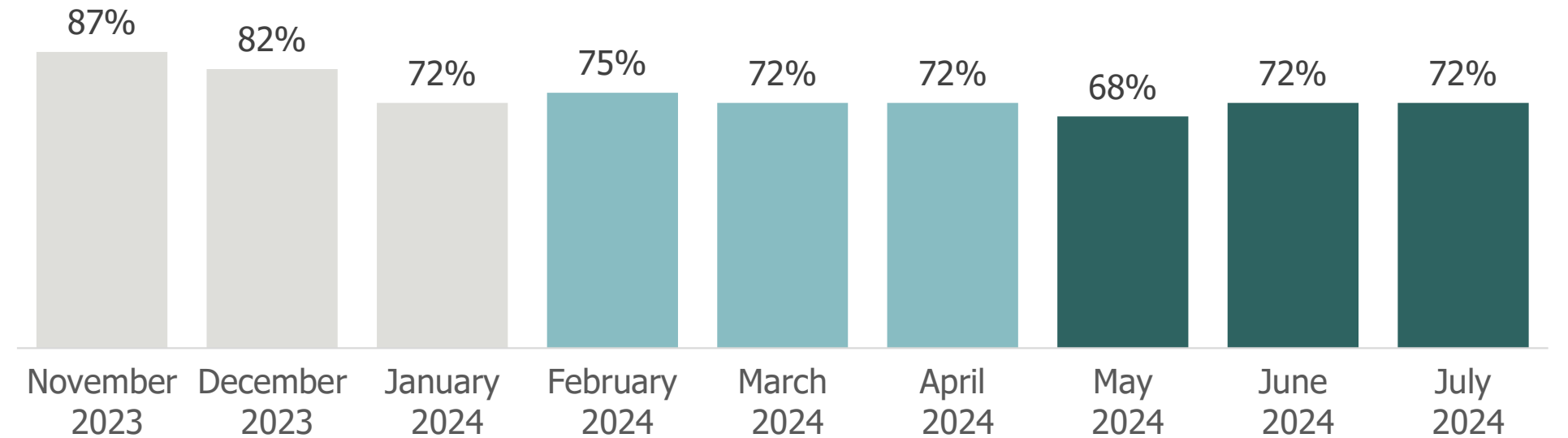
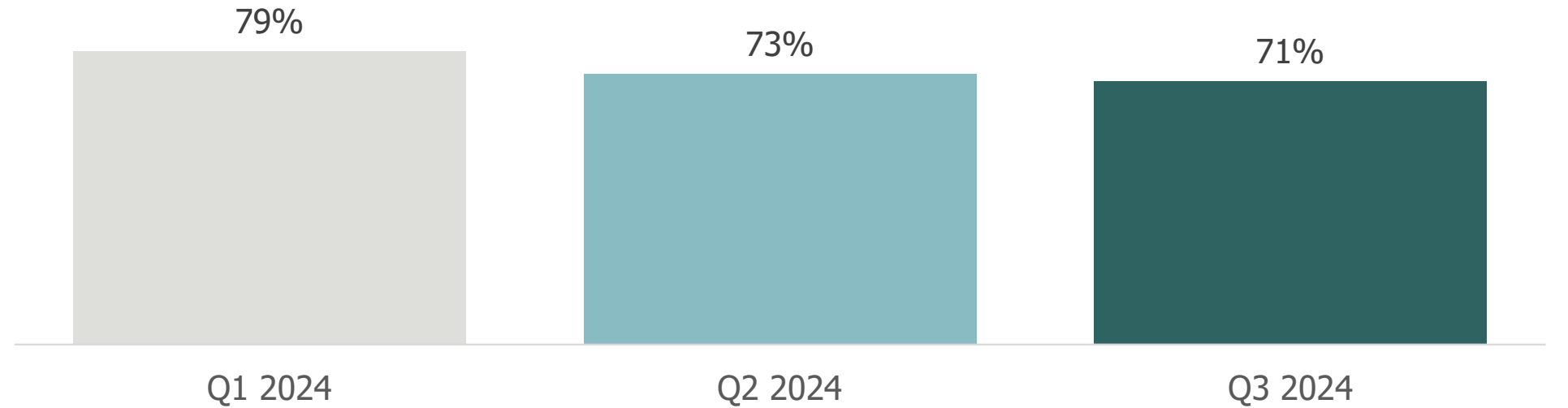
# Contracts Per Community – Trailing Twelve Months Year-Over-Year Change

*For the trailing twelve months ended June 30, 2024, compared with the trailing twelve months ended June 30, 2023*



*Note: Only peers with June quarter ends are shown on this slide.  
Note: Hovnanian calculation excludes build for rent contracts.*

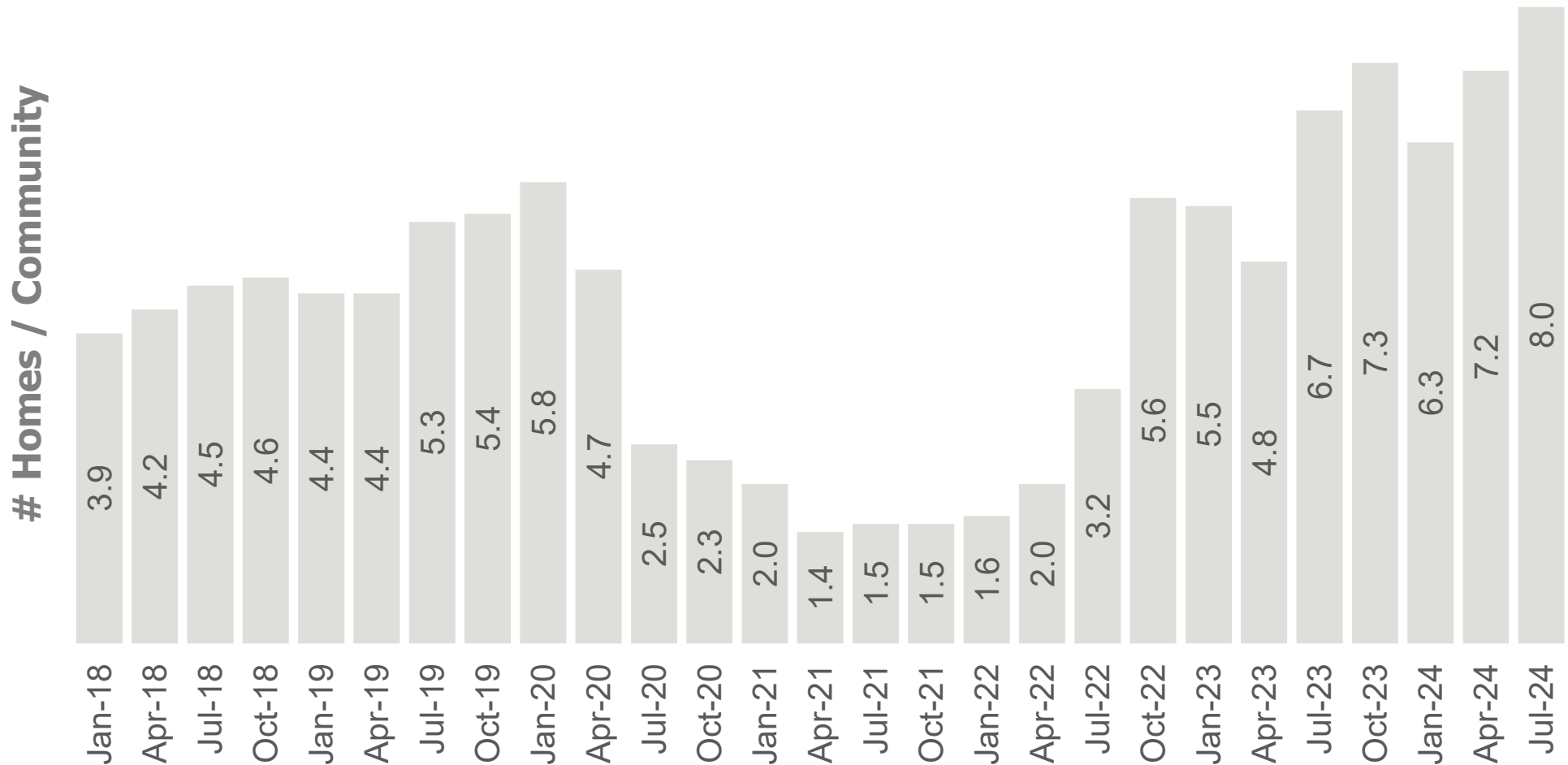
# Percentage of Our Homebuyers That Used Buydowns



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

# Quick Move In Homes (QMIs) Per Community

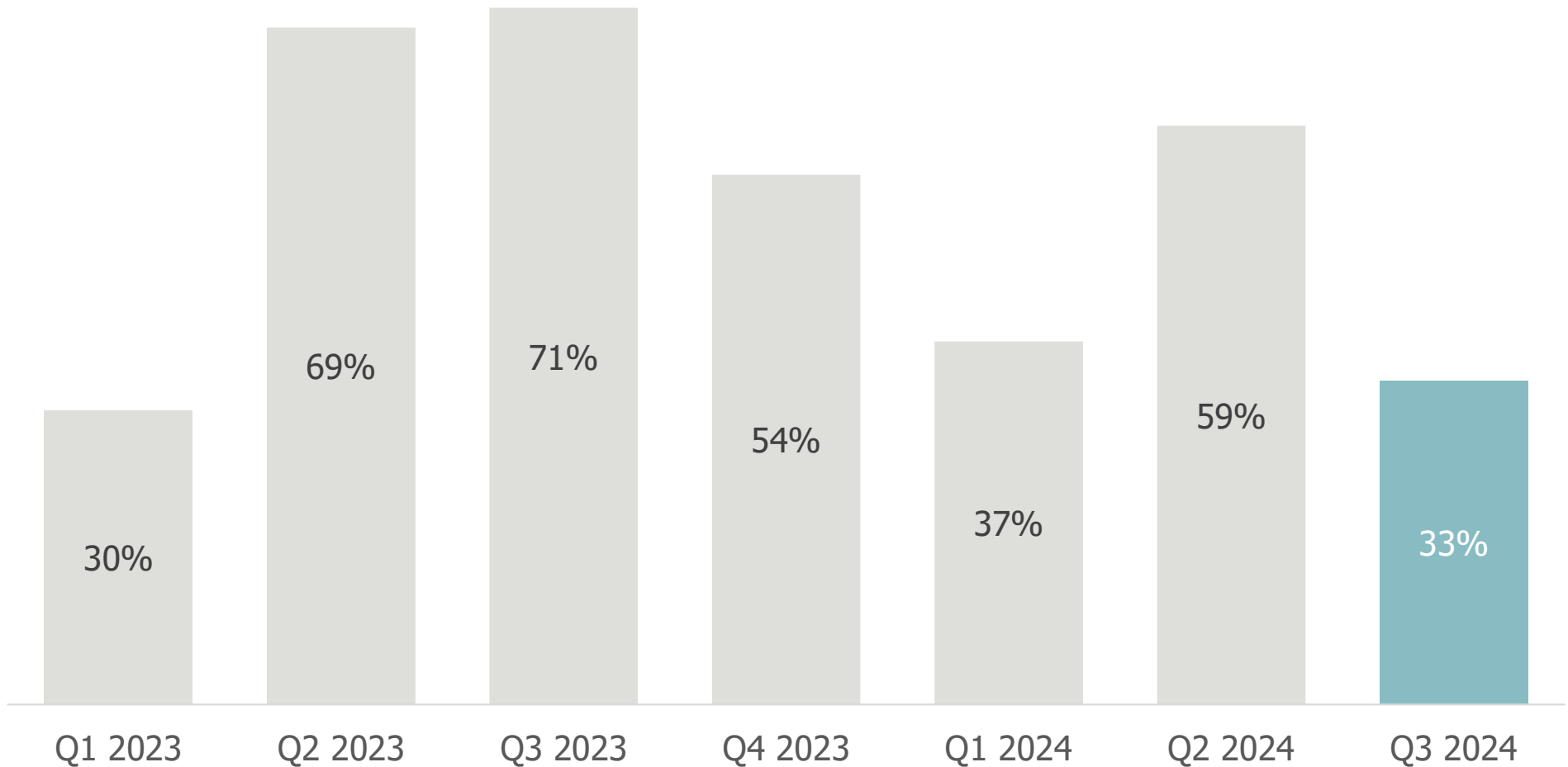
- *1,005 QMIs at 7/31/24, excluding models*
- *4.5 average QMIs per community since 1997*
- *192 finished QMIs at 07/31/24*



*Note: Excluding unconsolidated joint ventures and models.*

# Raising Home Prices in Many of Our Communities *Hovnanian Enterprises, Inc.*

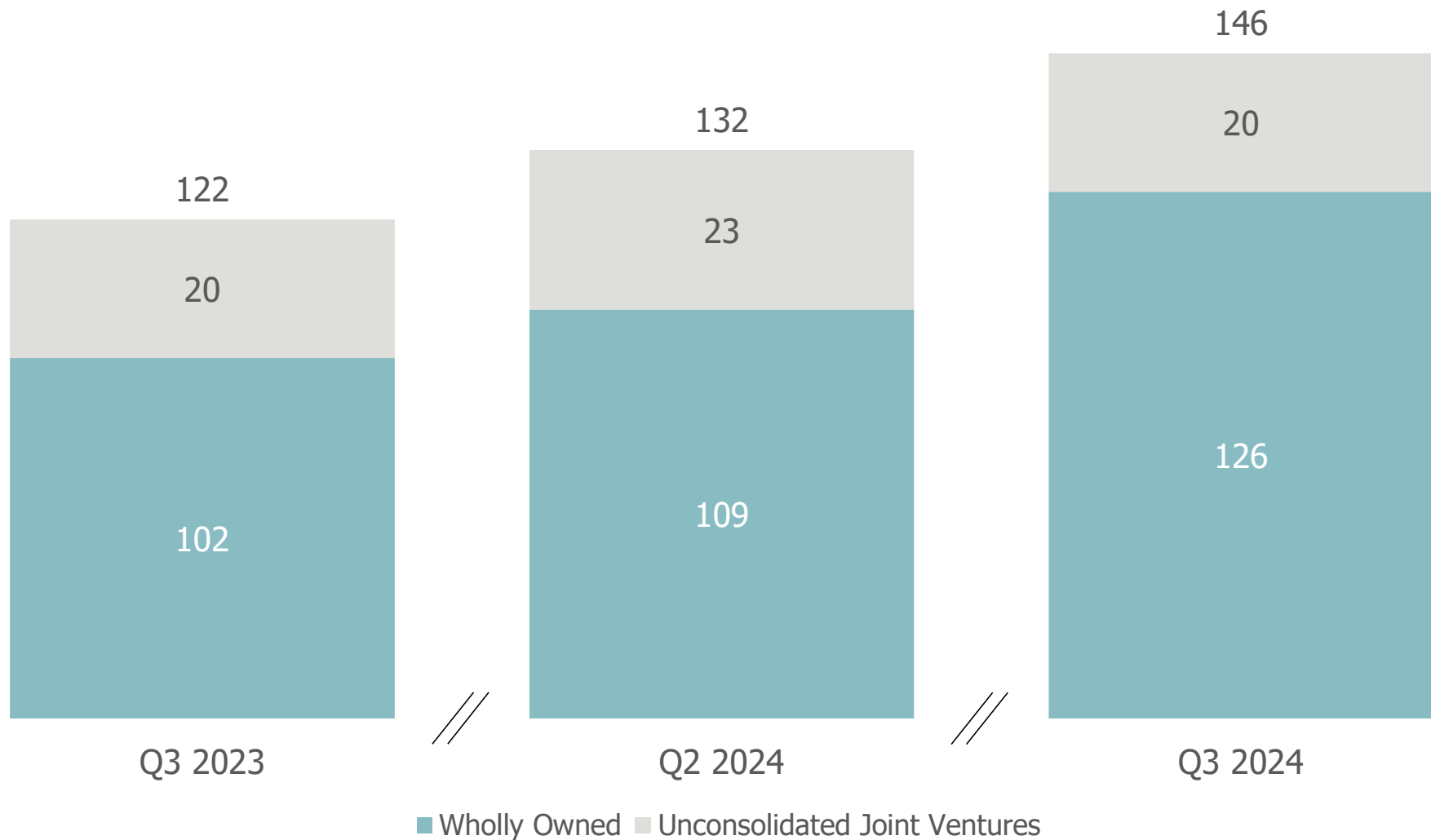
Percentage of communities where we raised prices





# Community Count

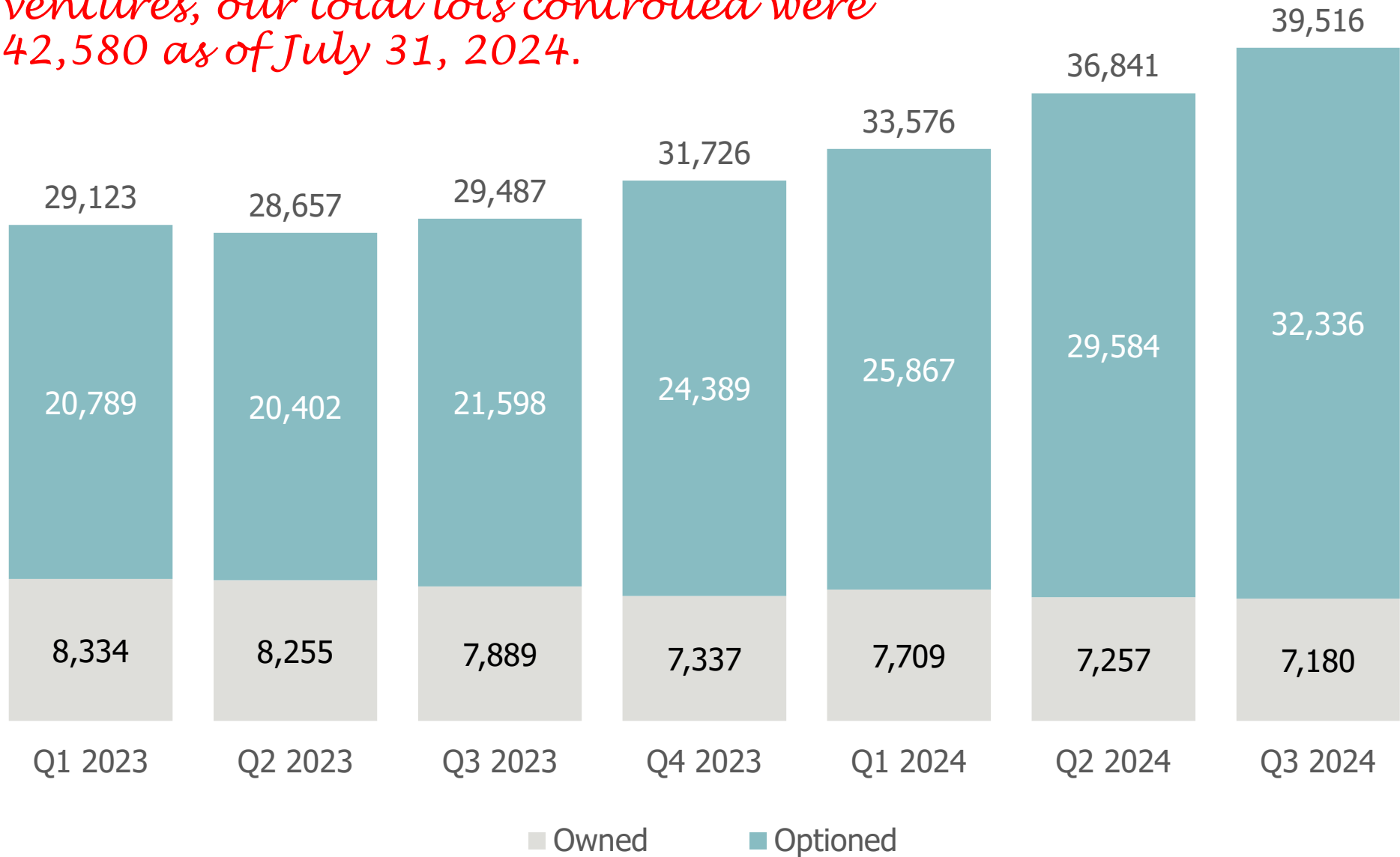
*Community count expected to grow further in fiscal 2025.*



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

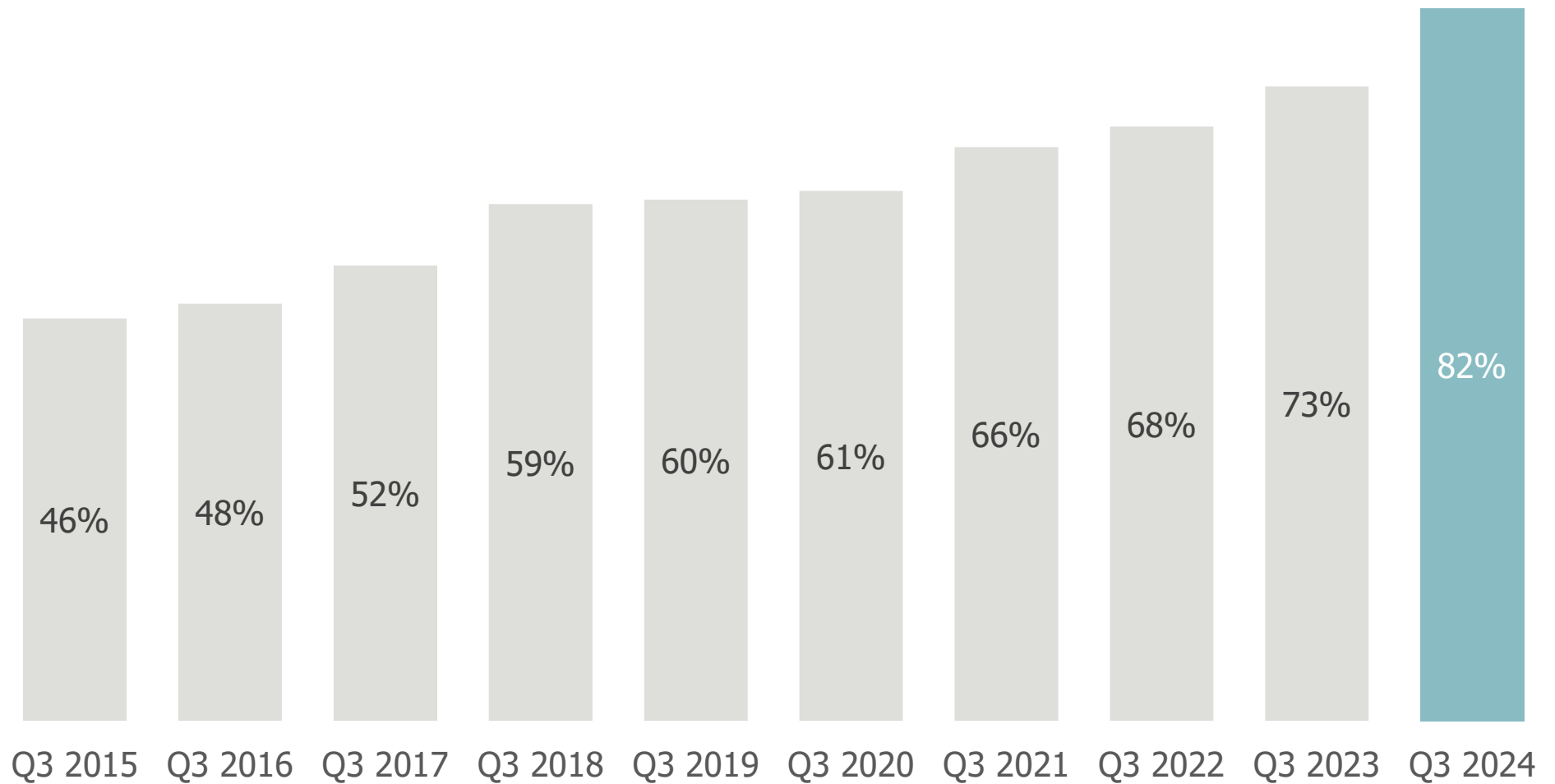
# Lots Controlled

*Including domestic unconsolidated joint ventures, our total lots controlled were 42,580 as of July 31, 2024.*



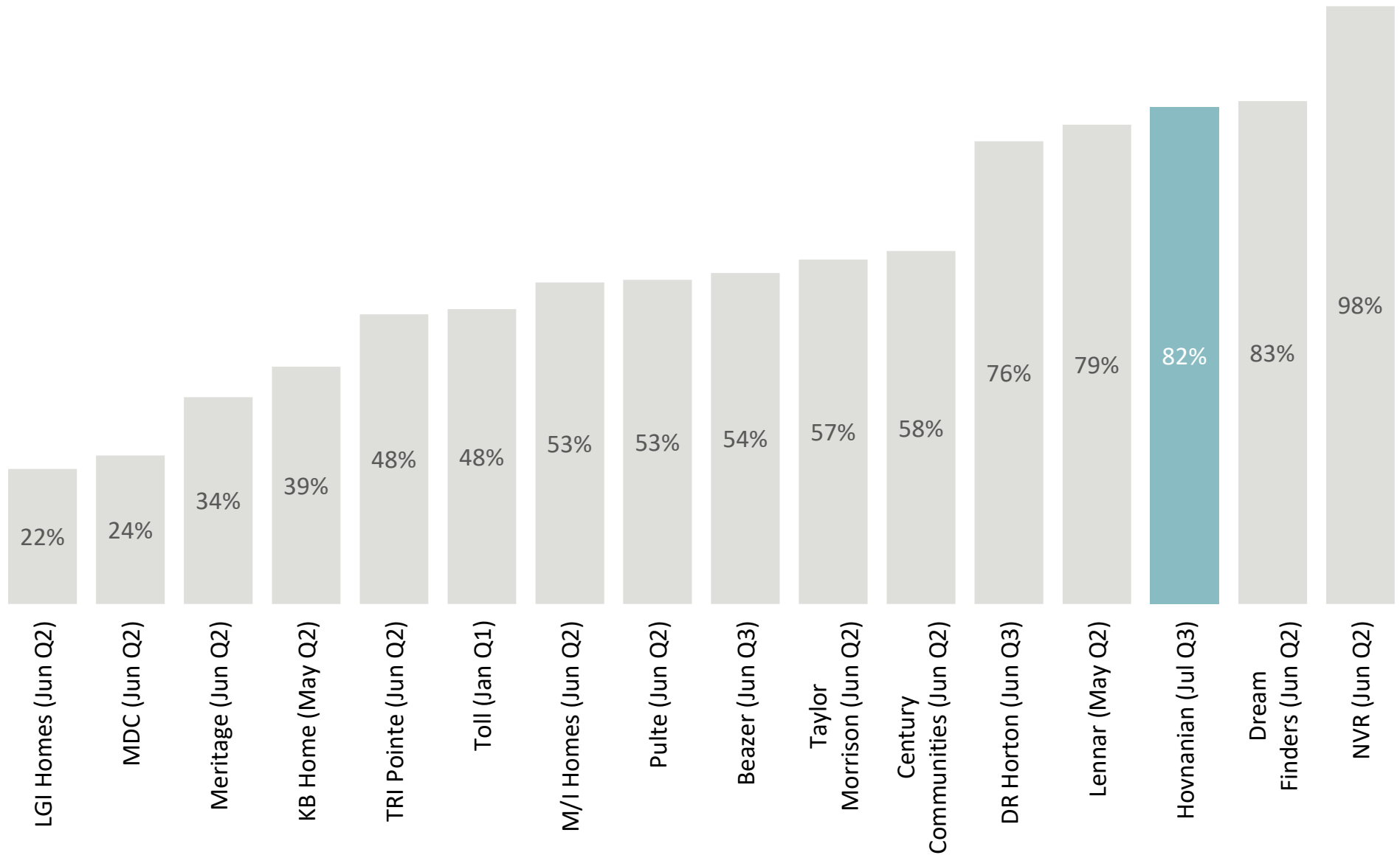
*Note: Excludes unconsolidated joint ventures.*

# Percentage of Optioned Lots



*Note: Excludes unconsolidated joint ventures.*

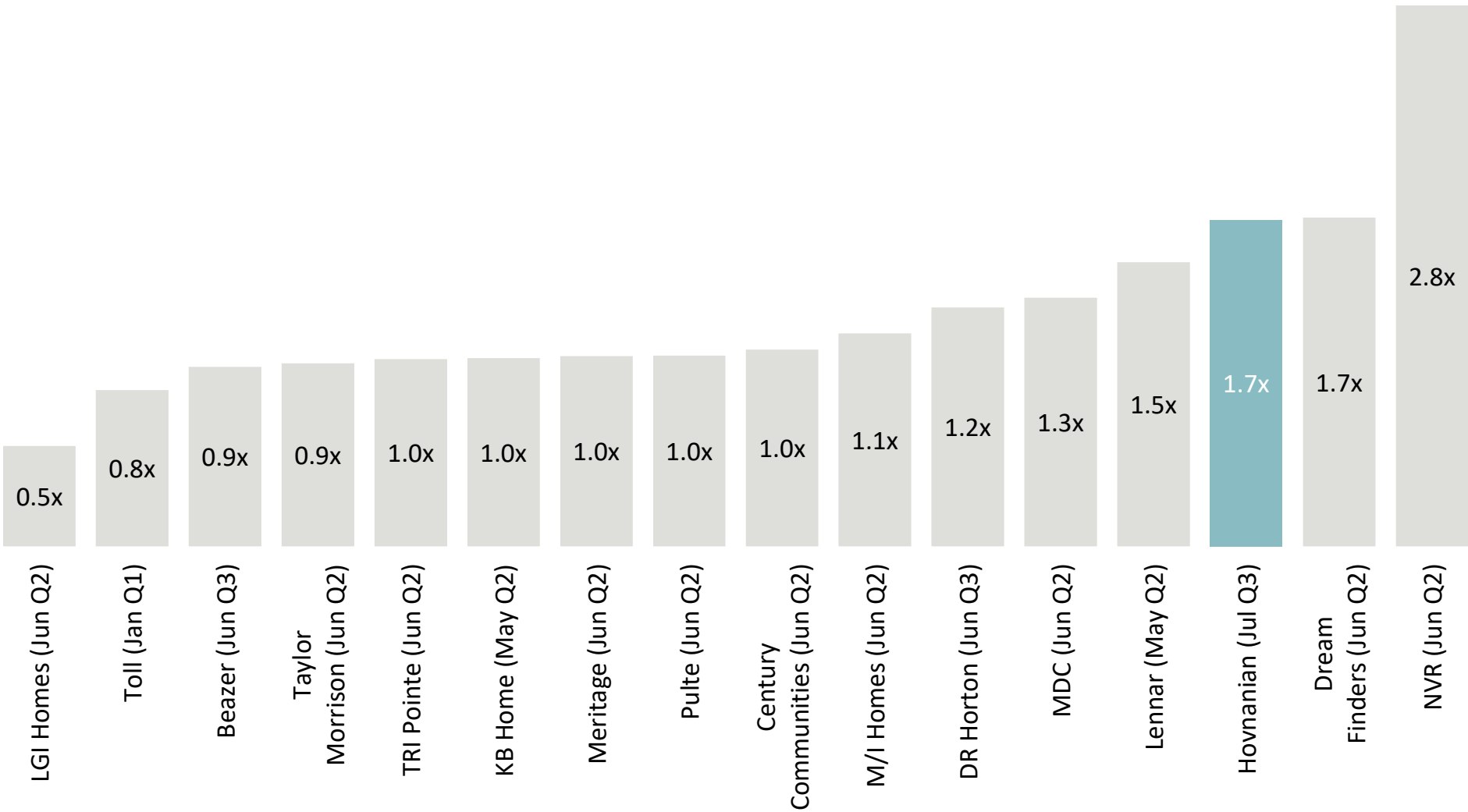
# % of Lots Optioned



Source: Peer SEC filings and press releases as of 08/22/2024.

Note: Excludes unconsolidated joint ventures.

# Inventory Turns (COGS), Last Twelve Months

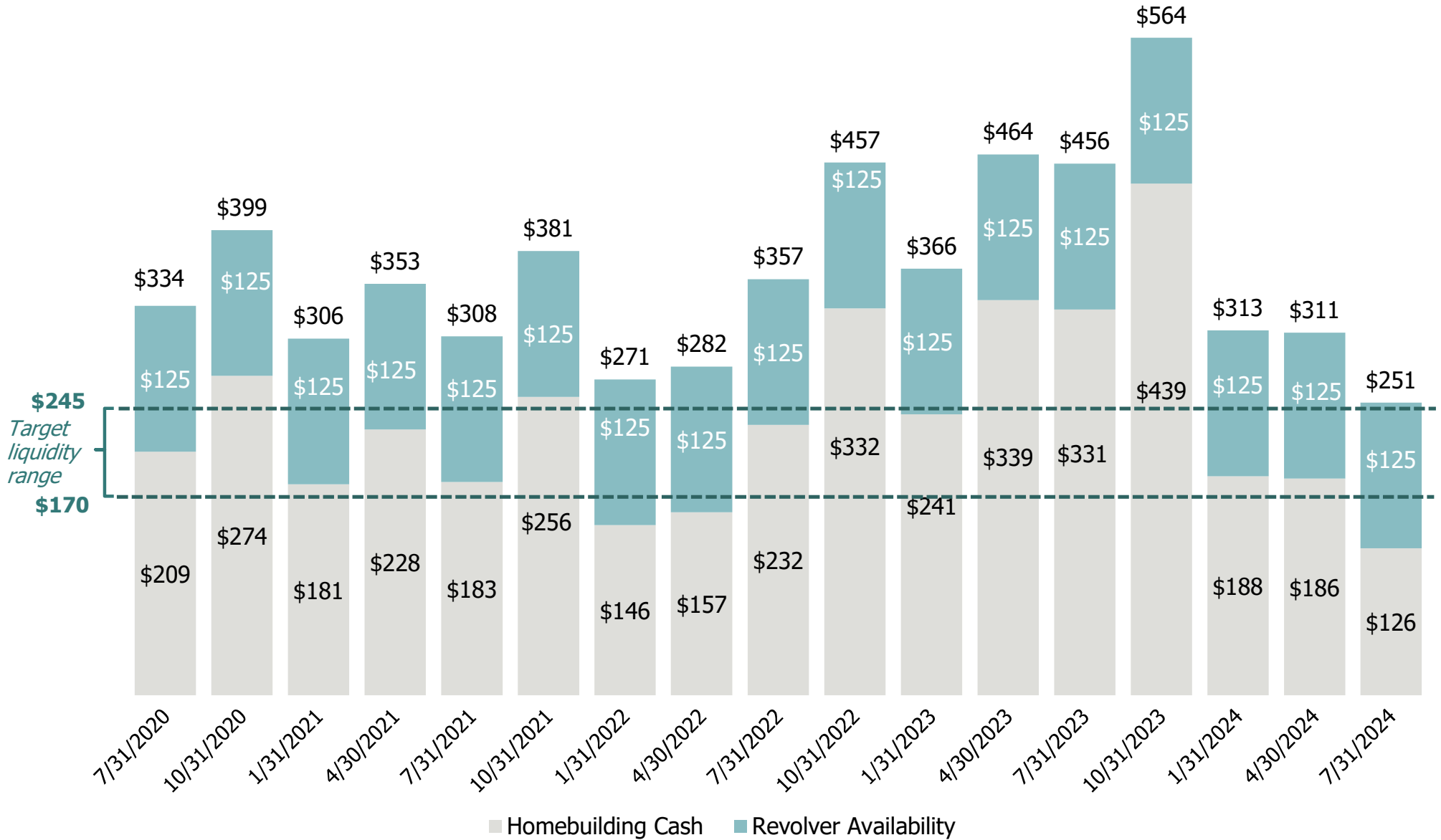


*Note: Inventory turns are derived by dividing cost of sales, excluding capitalized interest, by the five-quarter average homebuilding inventory less capitalized interest and less liabilities from inventory not owned.*

*Source: Peer SEC filings and press releases as of 08/22/2024.*

# Liquidity Position and Target

(\$ in millions)



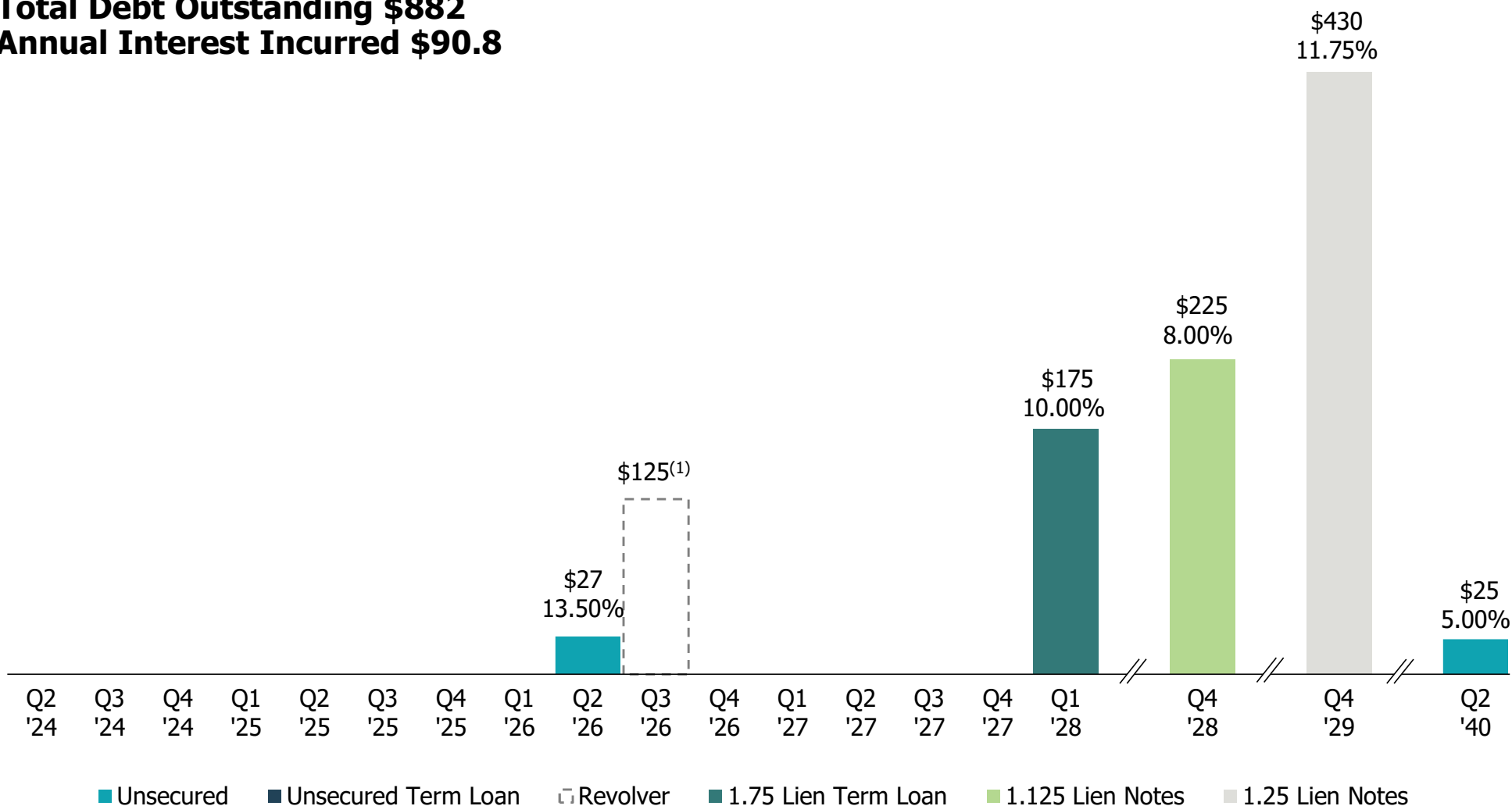
Note: Liquidity position includes homebuilding cash and cash equivalents (which includes unrestricted cash and restricted cash required to collateralize letters of credit) and revolving credit facility availability.

# Debt Maturity Profile

**July 31, 2024**

(\$ in millions)

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

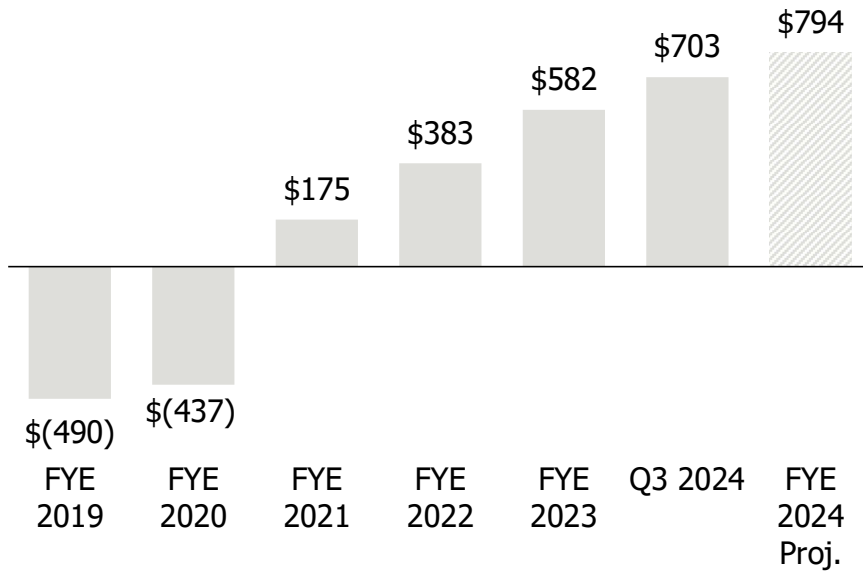


Note: Shown on a fiscal year basis, at face value.  
 Excludes non-recourse mortgages.  
 (1) \$0 balance as of July 31, 2024.

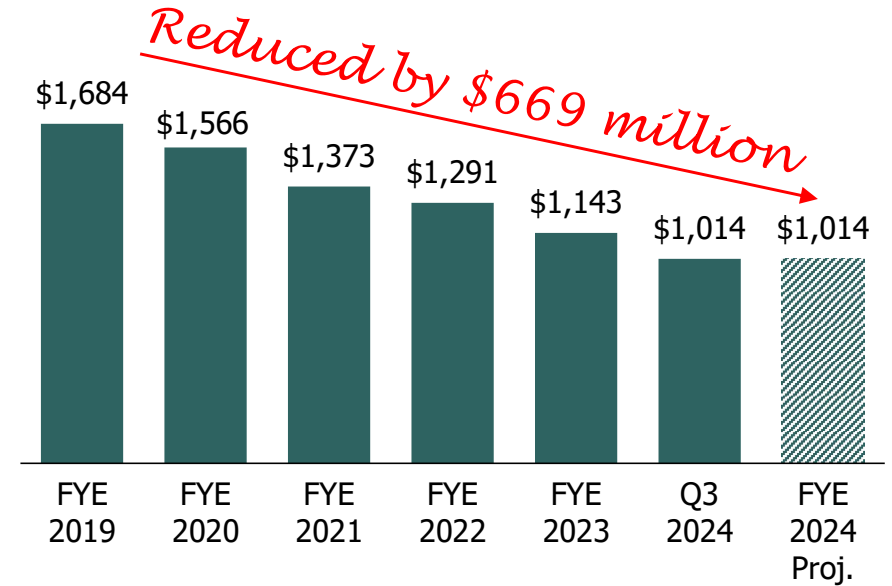
# Balance Sheet Metrics

(\$ in millions)

## Equity value (book)

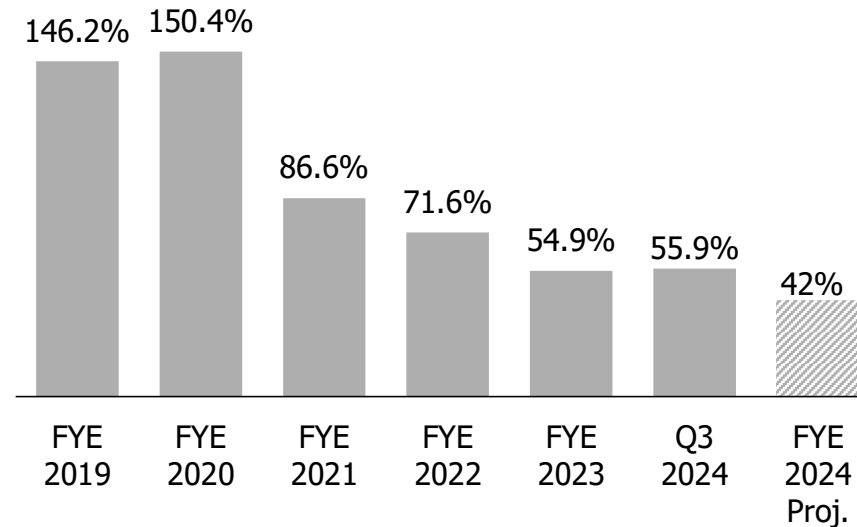


## Total debt



## Net debt to net capitalization

Goal: Mid 30% level



Note: For purposes of the FYE 2024 projection calculations on this slide:

- midpoint of adjusted income before income taxes guidance for full year 2024 and 26% effective tax rate, less preferred dividend and nine month land-related charges, as well as adjustment for nine month gain on extinguishment for debt, to get incremental increase to equity value for FYE 2024 and
- cash and non-recourse mortgage balances are assumed to be equal to October 31, 2023 actuals
- total debt is assumed to be equal to July 31, 2024 actual



# Guidance for Fiscal 2024

(\$ in millions)

	<u>Actuals</u> <u>FY 2023</u>	<u>Old Guidance</u> <u>FY 2024<sup>(1)</sup></u>	<u>New Guidance</u> <u>FY 2024<sup>(1)</sup></u>
<b>Total Revenues</b>	<b>\$2,756</b>	<b>\$2,750 - \$3,000</b>	<b>\$2,900 - \$3,050</b>
<b>Adjusted Homebuilding Gross Margin<sup>(2)</sup></b>	<b>22.7%</b>	<b>21.5% - 23.0%</b>	<b>21.5% - 22.5%</b>
<b>Total SG&amp;A as Percentage of Total Revenues<sup>(3)</sup></b>	<b>11.1%</b>	<b>11.0% - 12.0%</b>	<b>11.0% - 12.0%</b>
<b>Income from Unconsolidated Joint Venture</b>	<b>\$43</b>	<b>-</b>	<b>\$55 - \$65</b>
<b>Adjusted EBITDA<sup>(4)</sup></b>	<b>\$427</b>	<b>\$395 - \$430</b>	<b>\$420 - \$445</b>
<b>Adjusted Income Before Income Taxes<sup>(5)</sup></b>	<b>\$283</b>	<b>\$265 - \$300</b>	<b>\$300 - \$325</b>
<b>Diluted EPS<sup>(6)</sup></b>	<b>\$26.88</b>	<b>\$25 - \$29</b>	<b>\$29 - \$31</b>
<b>Book Value per Common Share<sup>(6)</sup></b>	<b>\$73</b>	<b>\$104 - \$108</b>	<b>\$107 - \$110</b>

(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.

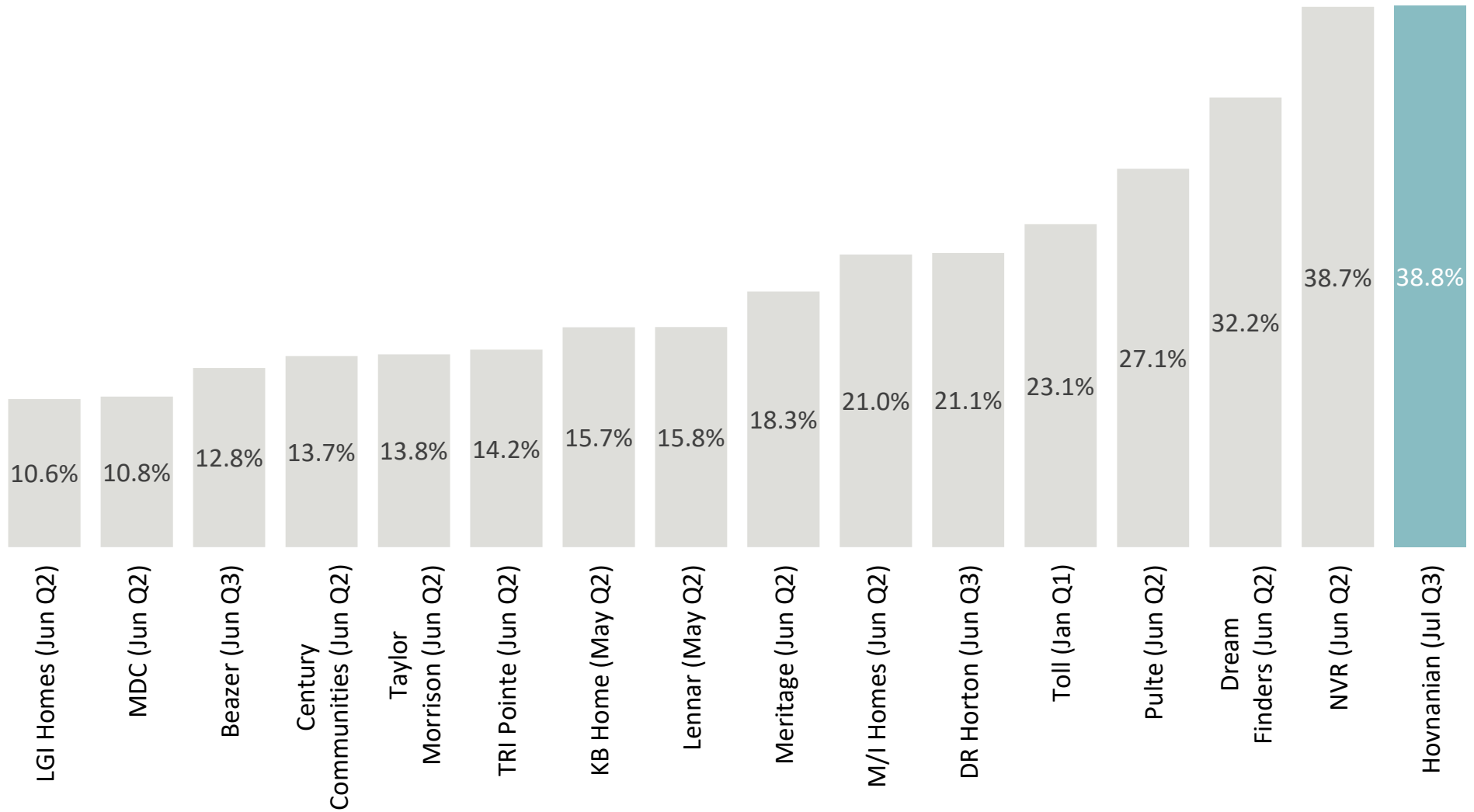
(3) Total SG&A includes homebuilding selling, general and administrative costs and corporate general and administrative costs. Ratio calculated as a percentage of total revenues. The SG&A guidance assumes that the stock remains at \$209.89, which was the price at the end of the third quarter of fiscal 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.

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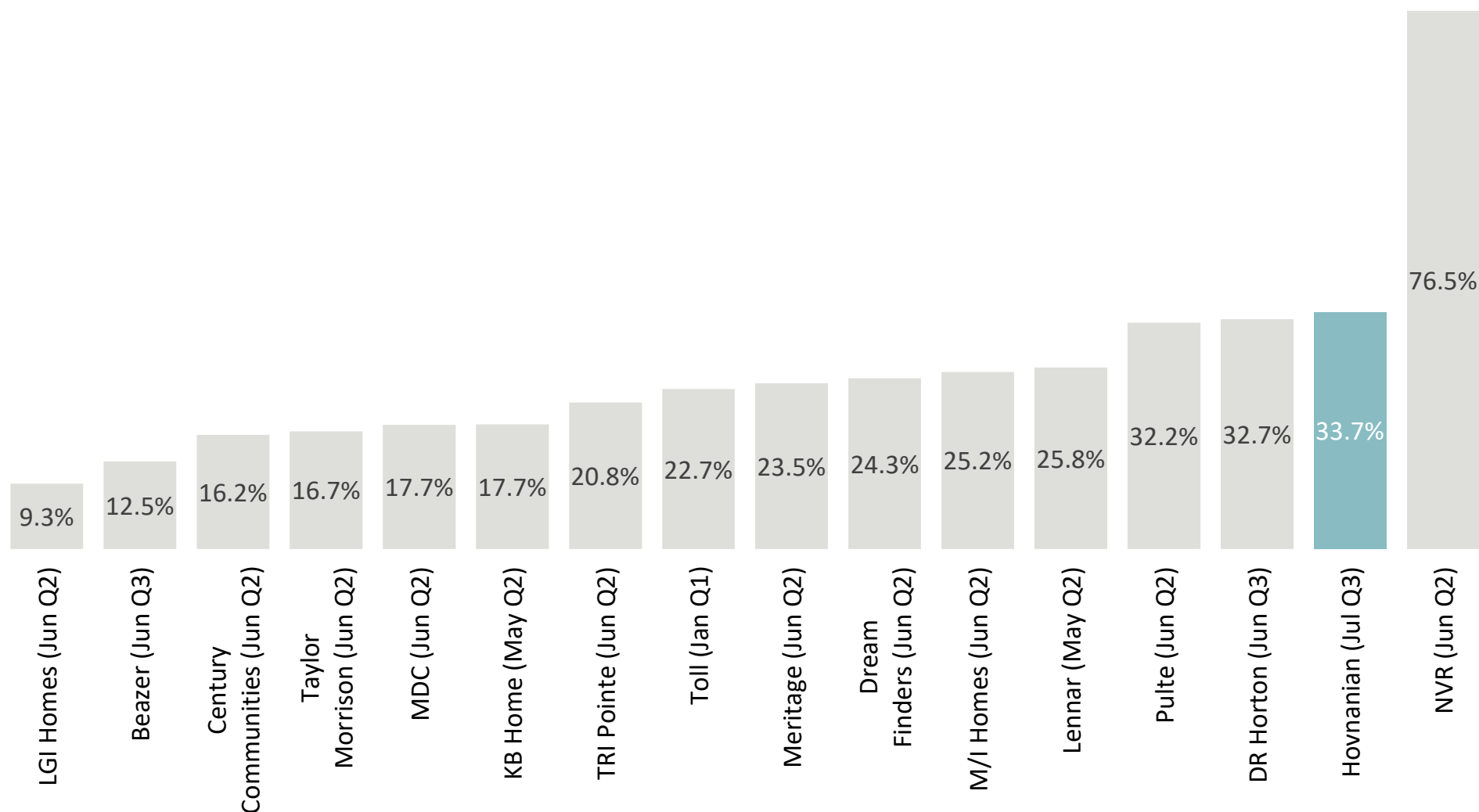
(6) Diluted EPS and Book Value per Common Share assumes current effective tax rate and no change to current shares outstanding.

# ROE, Last Twelve Months



Source: Peer SEC filings and press releases as of 08/22/2024.

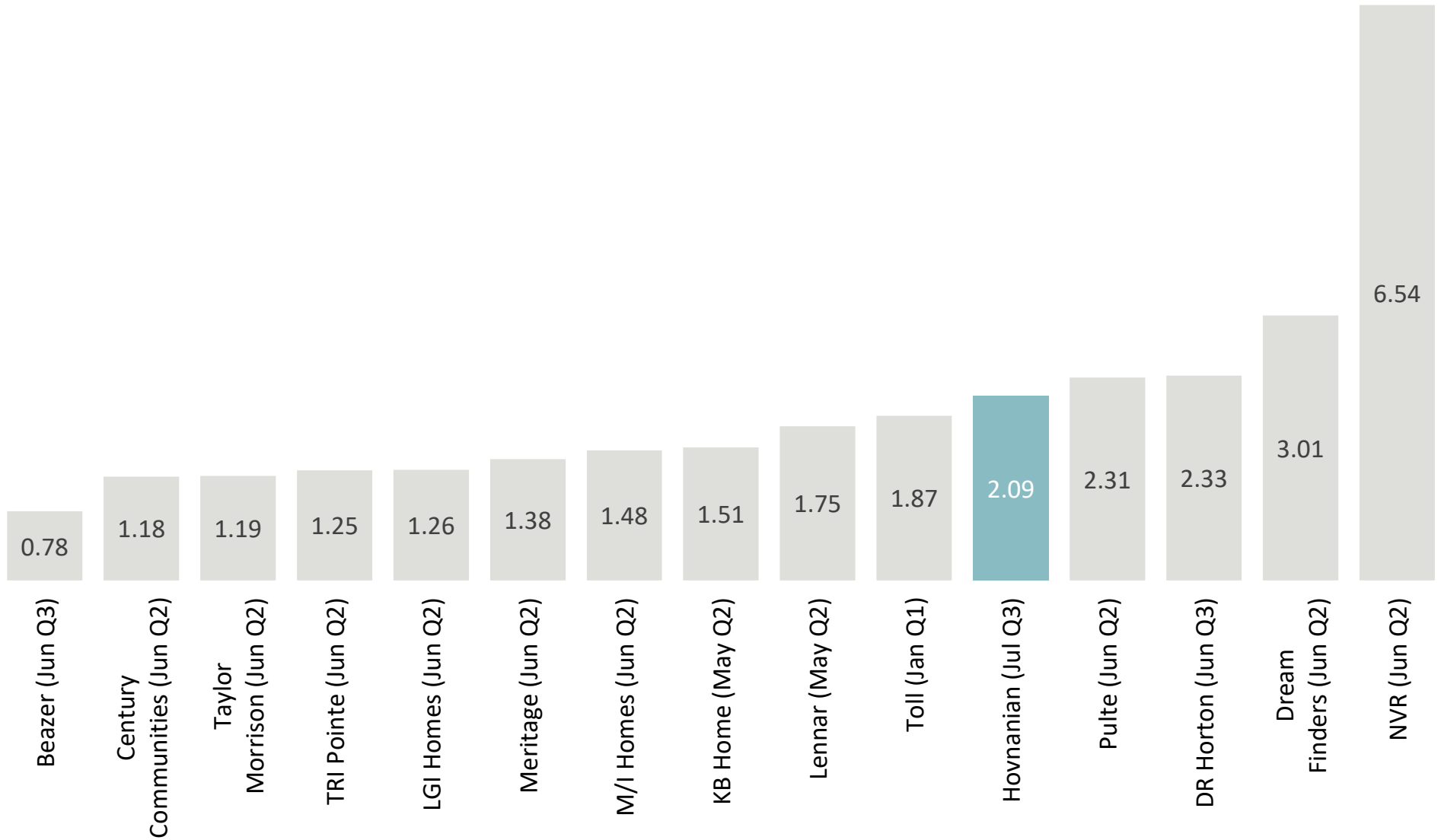
# Consolidated EBIT ROI, Last Twelve Months



Source: Peer SEC filings and press releases as of 08/22/2024.

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

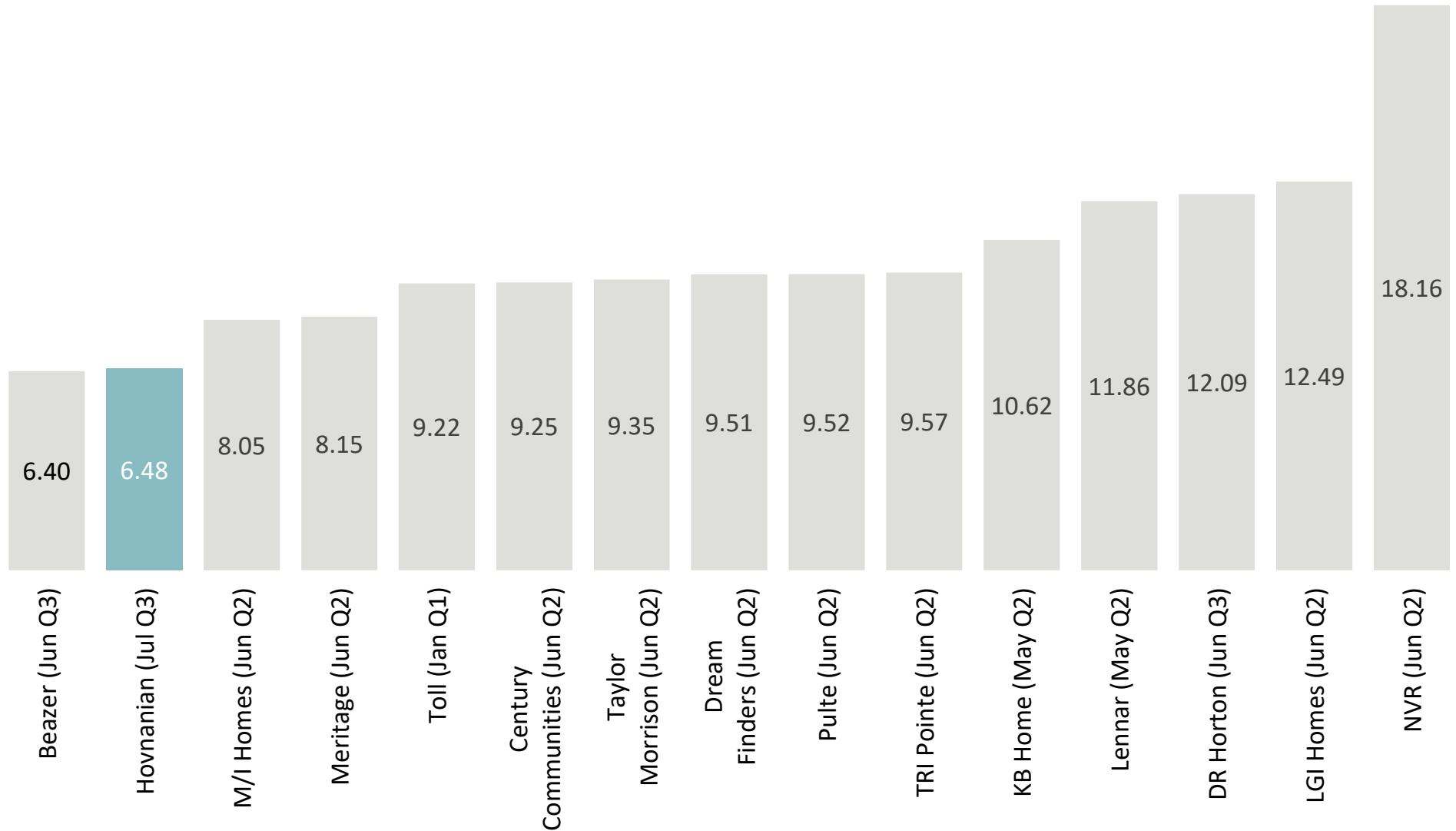
# Price to Book Value



Source: Price to book value for most recent quarter based on Yahoo! finance as of 08/22/2024.

Note: Hovnanian price to book value calculated with common equity as of 07/31/2024 and stock price of \$207.60 as of 08/21/2024.

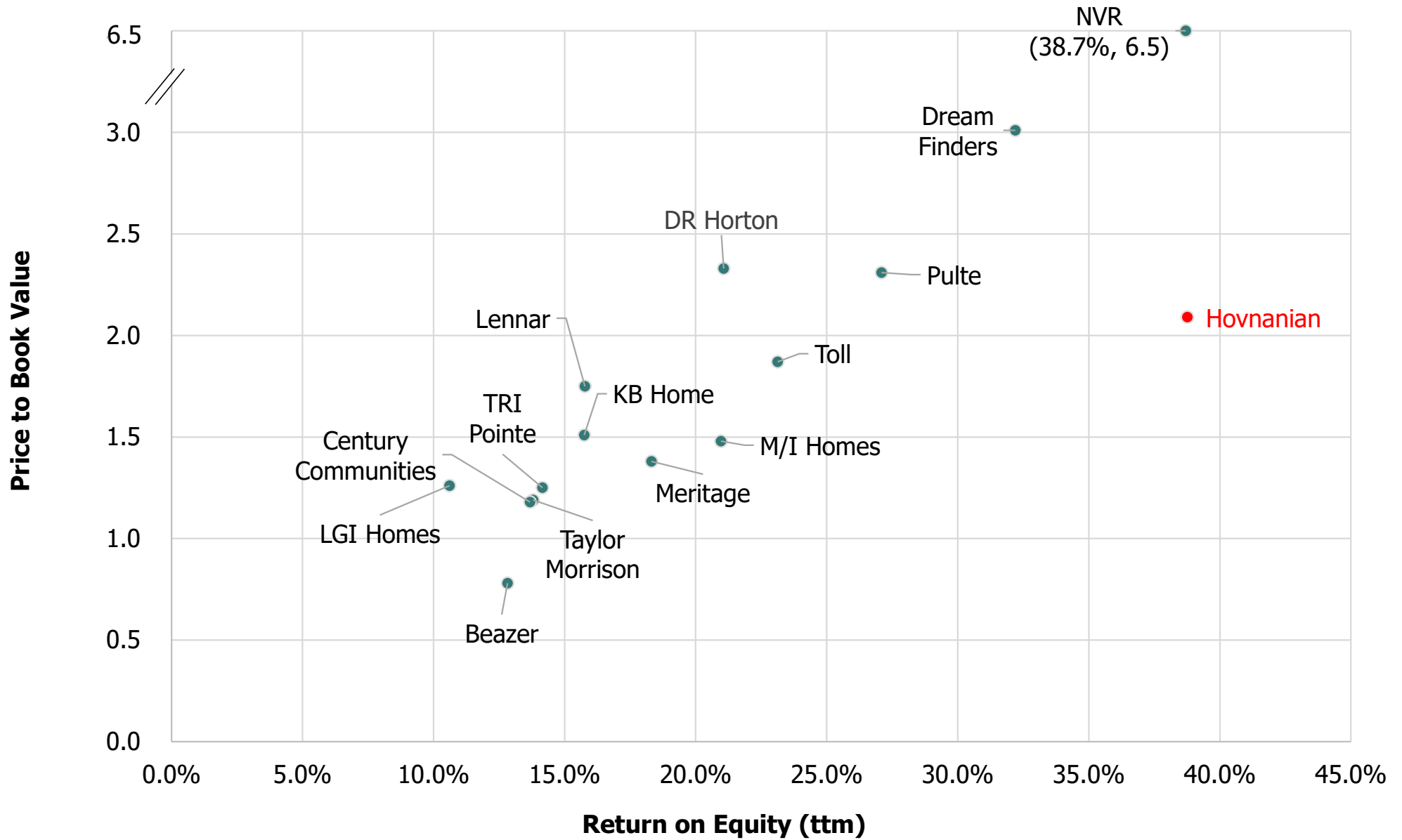
# Price to Earnings Ratio



Source: Trailing twelve-month price to earnings ratio based on Yahoo! finance as of 08/22/2024.

Note: Hovnanian price to earnings ratio calculated using last twelve months EPS as of 07/31/2024 and stock price of \$207.60 as of 08/21/2024.

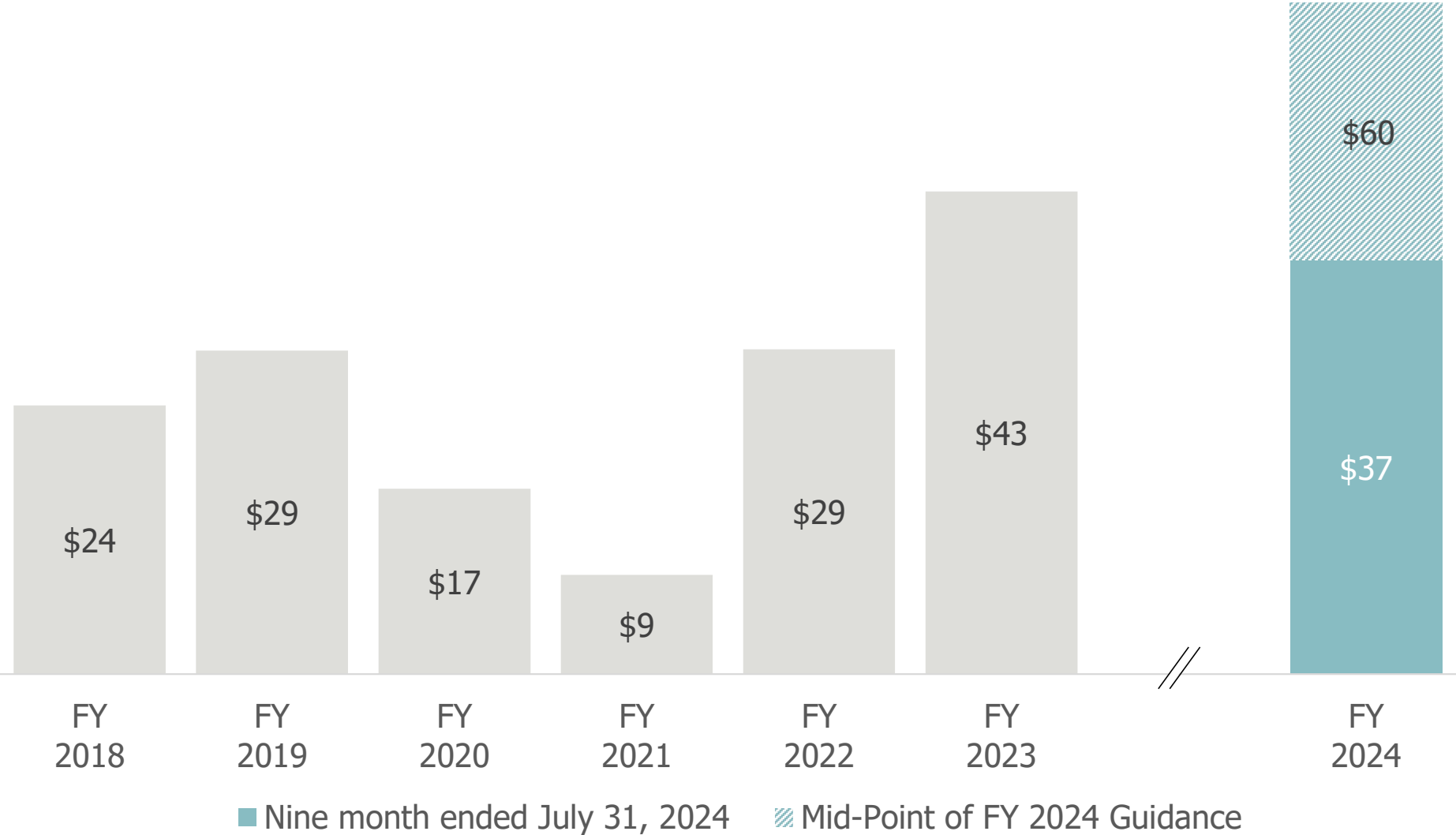
# ROE Price to Book



Source: Yahoo! finance as of 08/21/24.

# 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



# Land Light Deals: Joint Venture

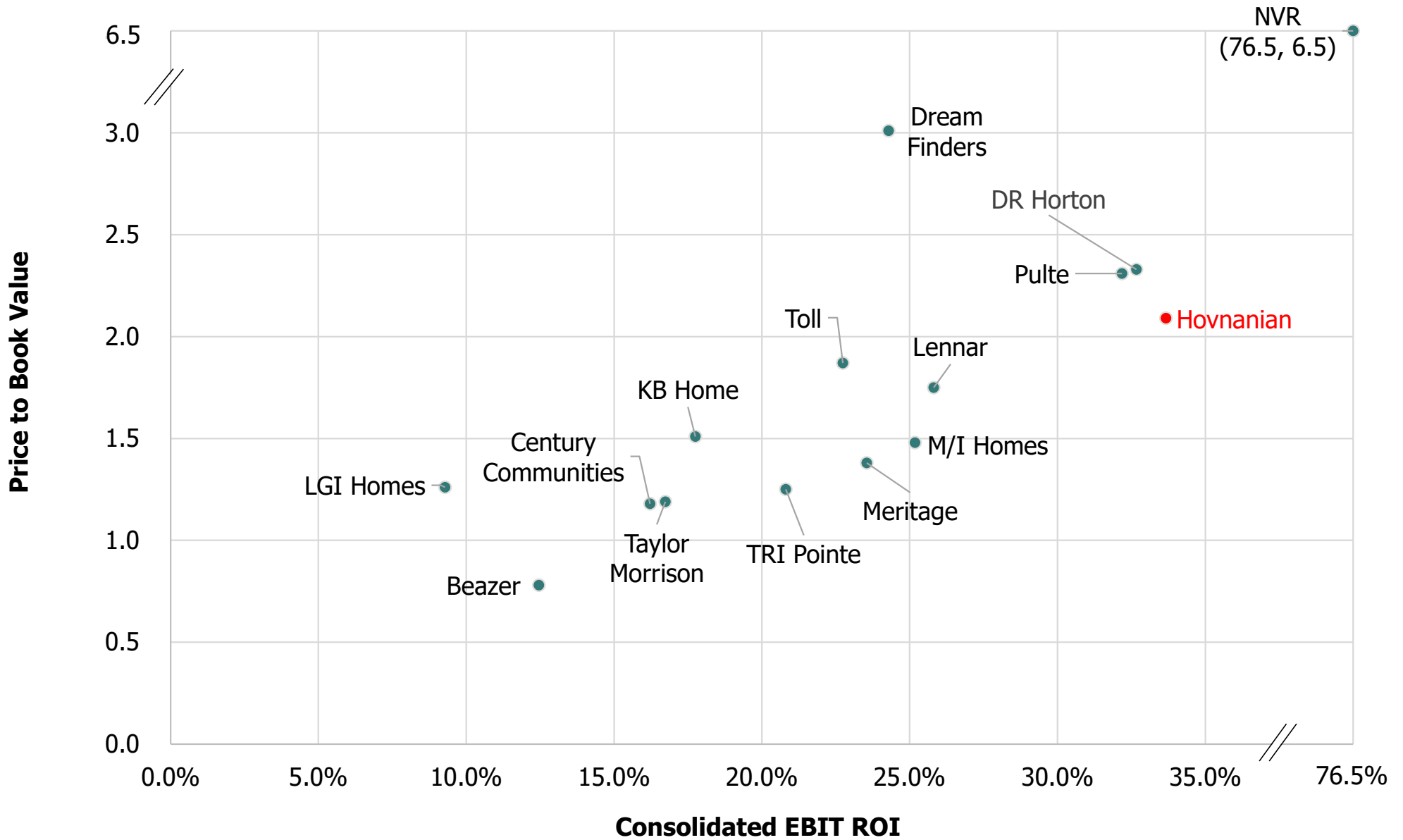
	Single Community		Theoretical 5-Community Joint Venture
	Wholly Owned	After Joint Venture	
Peak Capital	\$74M	\$14M	<b>\$70M</b>
Return (IRR)	31%	47%	<b>47%</b>
Community Life Profit	\$82M	\$33M	<b>\$165M</b>

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



## Appendix

# ROI to Price to Book



Source: Yahoo! finance as of 08/21/24.

# ROE to PE



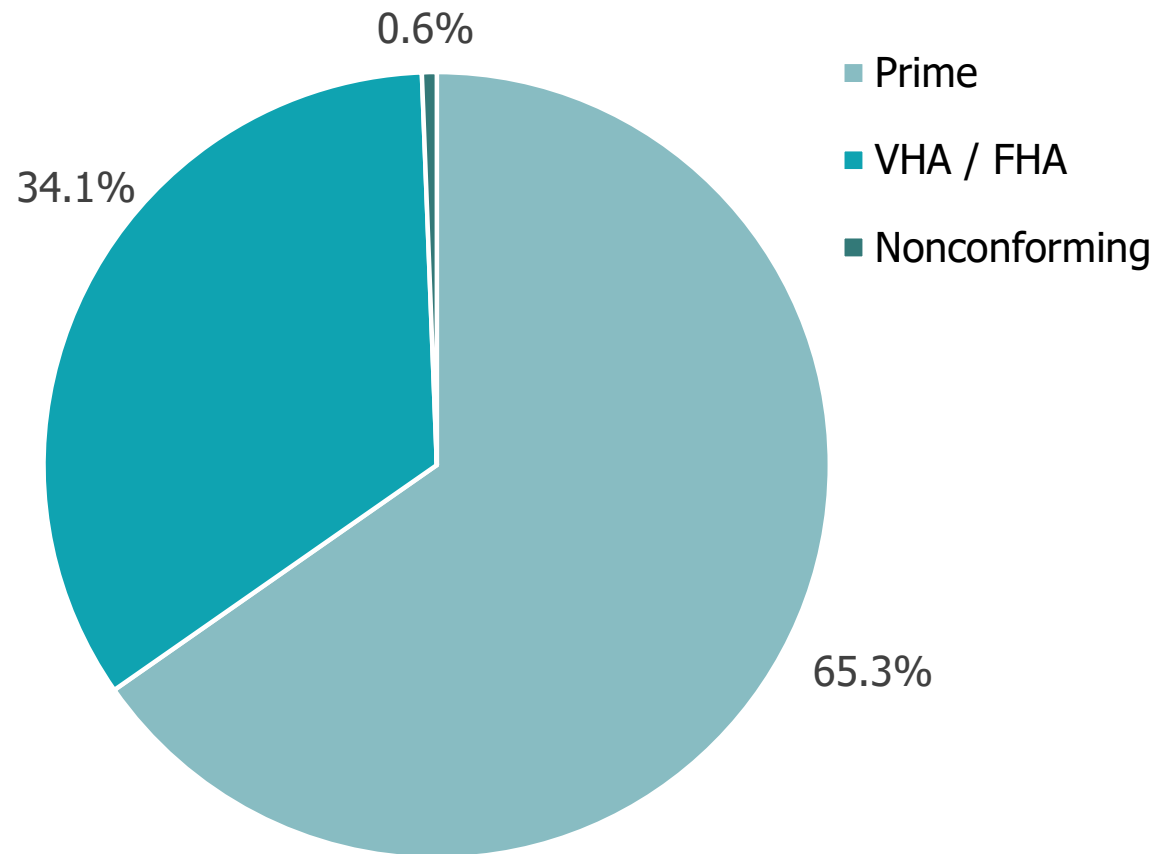
Source: Yahoo! finance as of 08/21/24.

# Profitable financial services business

## 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
- \$70mm LTM revenues
- \$23mm LTM operating income
- 33% LTM operating margin

## Origination portfolio for the nine months ended July 31, 2024



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

# Credit Quality of Homebuyers

## Fiscal Year 2023

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

## Third Quarter 2024

- Average LTV: 82%
- Average CLTV: 82%
- ARMs: 0.0%
- FICO Score: 748
- Capture Rate: 81%

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



# Land Positions by Geographic Segment

**July 31, 2024**

**Owned**

<b>Segment</b>	<b>Excluding Mothballed Lots</b>	<b>Mothballed Lots</b>	<b>Optioned Lots</b>	<b>Total Lots</b>
Northeast	1,986	6	16,424	18,416
Southeast	860	-	6,013	6,873
West	3,938	390	9,899	14,227
<b>Consolidated Total</b>	<b>6,784</b>	<b>396</b>	<b>32,336</b>	<b>39,516</b>
Unconsolidated Joint Ventures	2,223	-	841	3,064
<b>Grand Total</b>	<b>9,007</b>	<b>396</b>	<b>33,177</b>	<b>42,580</b>

- **Option deposits as of July 31, 2024, were \$212.3 million**
- **\$65.0 million invested in pre-development expenses as of July 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

(\$ 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%

- 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.

July 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		Nine Months Ended	
	July 31,		July 31,	
	2024	2023	2024	2023
	(Unaudited)		(Unaudited)	
Income before income taxes	\$ 97,269	\$ 70,390	\$ 199,224	\$ 134,560
Inventory impairments and land option write-offs	3,099	308	3,638	922
Loss (gain) on extinguishment of debt, net	-	4,082	(1,371)	4,082
Income before income taxes excluding land-related charges and loss (gain) on extinguishment of debt, net (1)	<u>\$ 100,368</u>	<u>\$ 74,780</u>	<u>\$ 201,491</u>	<u>\$ 139,564</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.

July 31, 2024

Gross margin  
(In thousands)

	Homebuilding Gross Margin		Homebuilding Gross Margin		Homebuilding Gross Margin
	Three Months Ended		Nine Months Ended		Three Months Ended
	July 31,		July 31,		April 30,
	2024	2023	2024	2023	2024
	(Unaudited)		(Unaudited)		(Unaudited)
Sale of homes	\$ 687,424	\$ 630,371	\$ 1,947,989	\$ 1,800,724	\$ 686,929
Cost of sales, excluding interest expense and land charges (1)	535,425	483,990	1,515,258	1,405,712	531,385
Homebuilding gross margin, before cost of sales interest expense and land charges (2)	151,999	146,381	432,731	395,012	155,544
Cost of sales interest expense, excluding land sales interest expense	20,351	19,271	61,792	54,793	21,543
Homebuilding gross margin, after cost of sales interest expense, before land charges (2)	131,648	127,110	370,939	340,219	134,001
Land charges	446	308	985	922	237
Homebuilding gross margin	<u>\$ 131,202</u>	<u>\$ 126,802</u>	<u>\$ 369,954</u>	<u>\$ 339,297</u>	<u>\$ 133,764</u>
Homebuilding gross margin percentage	19.1%	20.1%	18.9%	18.8%	19.5%
Homebuilding gross margin percentage, before cost of sales interest expense and land charges (2)	22.1%	23.2%	22.2%	21.9%	22.6%
Homebuilding gross margin percentage, after cost of sales interest expense, before land charges (2)	19.2%	20.2%	19.0%	18.9%	19.5%
	Land Sales Gross Margin		Land Sales Gross Margin		
	Three Months Ended		Nine Months Ended		
	July 31,		July 31,		
	2024	2023	2024	2023	
	(Unaudited)		(Unaudited)		
Land and lot sales	\$ 14,230	\$ 429	\$ 15,783	\$ 16,042	
Cost of sales, excluding interest (1)	11,907	-	12,789	9,940	
Land and lot sales gross margin, excluding interest and land charges	2,323	429	2,994	6,102	
Land and lot sales interest expense	1,965	1	1,965	926	
Land and lot sales gross margin, including interest	<u>\$ 358</u>	<u>\$ 428</u>	<u>\$ 1,029</u>	<u>\$ 5,176</u>	

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

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

# Reconciliation of Adjusted EBITDA to Net Income

## Hovnanian Enterprises, Inc.

July 31, 2024

Reconciliation of adjusted EBITDA to net income

(In thousands)

	Three Months Ended		Nine Months Ended	
	July 31,		July 31,	
	2024	2023	2024	2023
	(Unaudited)		(Unaudited)	
Net income	\$ 72,919	\$ 55,764	\$ 147,659	\$ 108,626
Income tax provision	24,350	14,626	51,565	25,934
Interest expense	28,578	32,774	89,439	98,815
EBIT (1)	125,847	103,164	288,663	233,375
Depreciation and amortization	2,067	1,299	5,679	7,223
EBITDA (2)	127,914	104,463	294,342	240,598
Inventory impairments and land option write-offs	3,099	308	3,638	922
Loss (gain) on extinguishment of debt, net	-	4,082	(1,371)	4,082
Adjusted EBITDA (3)	\$ 131,013	\$ 108,853	\$ 296,609	\$ 245,602
Interest incurred	\$ 28,087	\$ 34,214	\$ 94,578	\$ 103,662
Adjusted EBITDA to interest incurred	4.66	3.18	3.14	2.37

(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.

July 31, 2024

Calculation of Inventory Turnover<sup>(1)</sup>

	For the quarter ended				TTM ended
(Dollars in thousands)	10/31/2023	1/31/2024	4/30/2024	7/31/2024	7/31/2024
Cost of sales, excluding interest	\$637,148	\$449,213	\$531,502	\$547,332	\$2,165,195
	As of				
	7/31/2023	10/31/2023	1/31/2024	4/30/2024	7/31/2024
Total inventories	\$1,411,260	\$1,349,186	\$1,463,558	\$1,417,058	\$1,650,470
Less liabilities from inventory not owned, net of debt issuance costs	145,979	124,254	114,658	86,618	135,559
Less capitalized interest	55,274	52,060	53,672	52,222	54,592
Inventories less consolidated inventory not owned and capitalized interest plus liabilities from inventory not owned	\$1,210,007	\$1,172,872	\$1,295,228	\$1,278,218	\$1,460,319
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.*

# Key credit and balance sheet metrics reconciliations

	October 31,					July 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	\$115,357
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	\$898,749
Total debt	\$1,683,575	\$1,566,232	\$1,373,462	\$1,291,352	\$1,143,030	\$1,014,106
Cash and cash equivalents	\$130,976	\$262,489	\$245,970	\$326,198	\$434,119	\$122,036
Net Debt	\$1,552,599	\$1,303,743	\$1,127,492	\$965,154	\$708,911	\$892,070
Adjusted EBITDA	\$174,009	\$234,314	\$364,335	\$478,664	\$426,825	\$477,832
<b>Total debt to adjusted EBITDA</b>	9.7	6.7	3.8	2.7	2.7	2.1
Net debt to adjusted EBITDA	8.9	5.6	3.1	2.0	1.7	1.9
Interest incurred	\$165,906	\$176,457	\$155,514	\$134,024	\$136,535	\$127,451
Adjusted EBITDA to Interest incurred	1.0	1.3	2.3	3.6	3.1	3.7
Total Debt	\$1,683,575	\$1,566,232	\$1,373,462	\$1,291,352	\$1,143,030	\$1,014,106
Total equity (deficit)	\$(490,463)	\$(436,929)	\$174,897	\$383,036	\$581,736	\$703,384
Total capitalization	\$1,193,112	\$1,129,303	\$1,548,359	\$1,674,388	\$1,724,766	\$1,717,490
Debt to capitalization	141.1%	138.7%	88.7%	77.1%	66.3%	59.0%
Net debt to net capitalization	146.2%	150.4%	86.6%	71.6%	54.9%	55.9%

*Note: Adjusted EBITA and Interest Incurred for July 31, 2024 are based on trailing twelve months basis.*



*Hovnanian*  
*Enterprises, Inc.*