

*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 grey 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 a white side door. The house is illuminated by warm interior and exterior lighting, set against a dramatic sunset sky with purple and orange clouds. A large tree is on the right side of the house. A concrete driveway leads to the garage.

**Review of Financial Results  
Second 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 gain on extinguishment of debt, net ("Adjusted EBITDA") are not U.S. generally accepted accounting principles ("GAAP") financial measures. The most directly comparable GAAP financial measure is net income. The reconciliation for historical periods of EBIT, EBITDA and Adjusted EBITDA to net income is presented in a table attached to this presentation.

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

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

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



**Recent company  
performance**

# Second Quarter Results Compared to Guidance

(\$ in millions)

	<u>Guidance</u> <u>Q2 2024<sup>(1)</sup></u>	<u>Actuals</u> <u>Q2 2024</u>
<b>Total Revenues</b>	<b>\$675 - \$775</b>	<b>\$708</b>
<b>Adjusted Homebuilding Gross Margin<sup>(2)</sup></b>	<b>21.5% - 23.0%</b>	<b>22.6%</b>
<b>Total SG&amp;A as Percentage of Total Revenues<sup>(3)</sup></b>	<b>11.0% - 12.0%</b>	<b>11.2%</b>
<b>Adjusted EBITDA<sup>(4)</sup></b>	<b>\$80 - \$90</b>	<b>\$102</b>
<b>Adjusted Income Before Income Taxes<sup>(5)</sup></b>	<b>\$45 - \$55</b>	<b>\$70</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 \$168.97, which was the price at the end of the first quarter of fiscal year 2024.

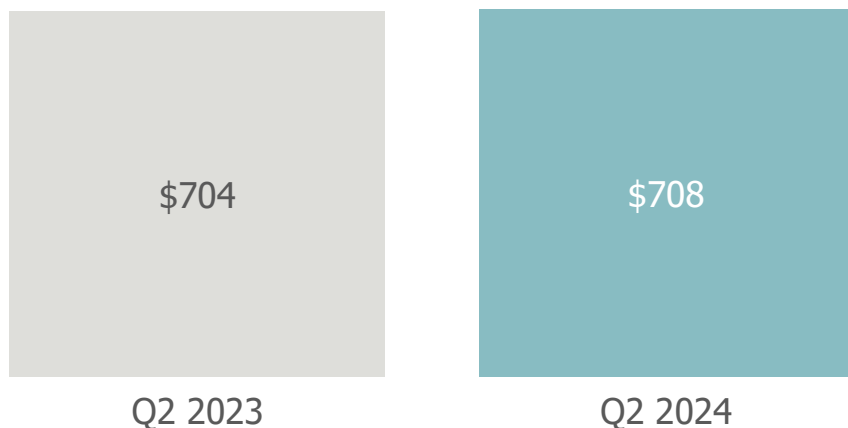
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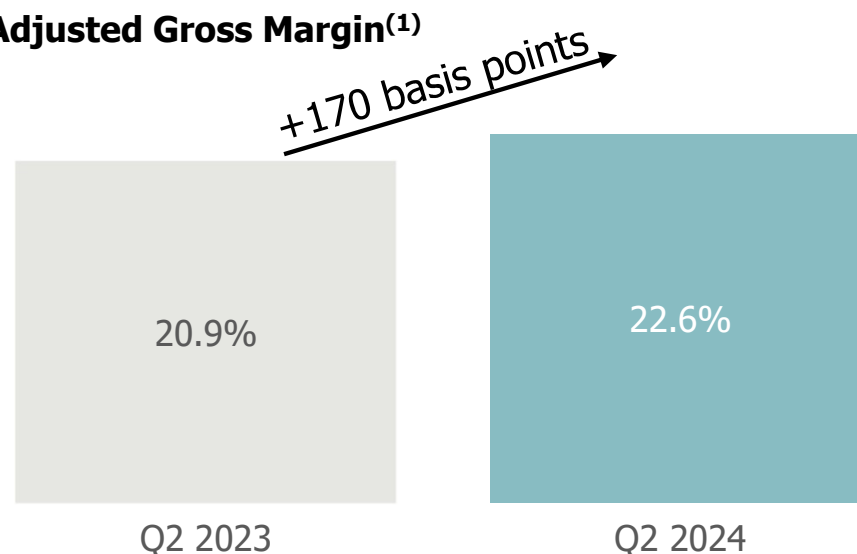
# Second Quarter Results Compared to Last Year

(\$ in millions)

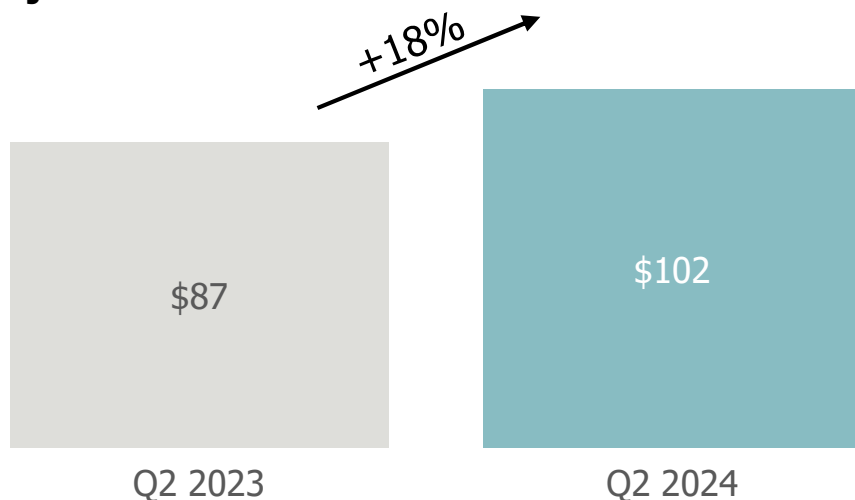
## Total Revenues



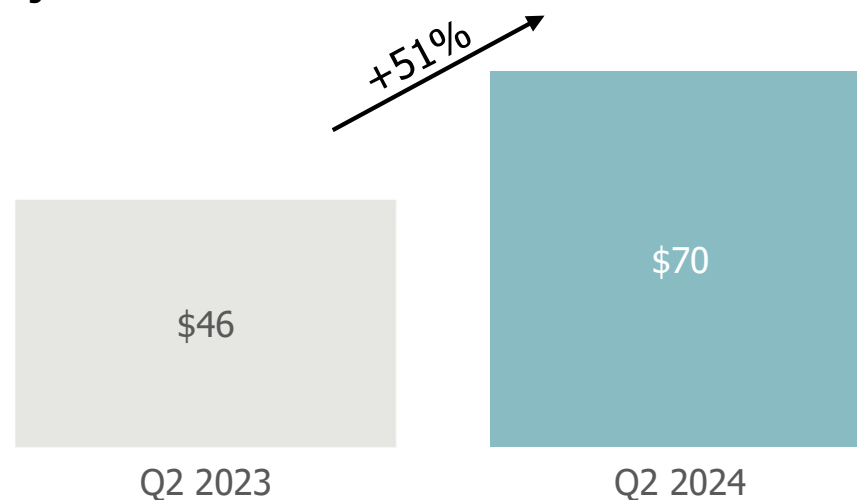
## Adjusted Gross Margin<sup>(1)</sup>



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

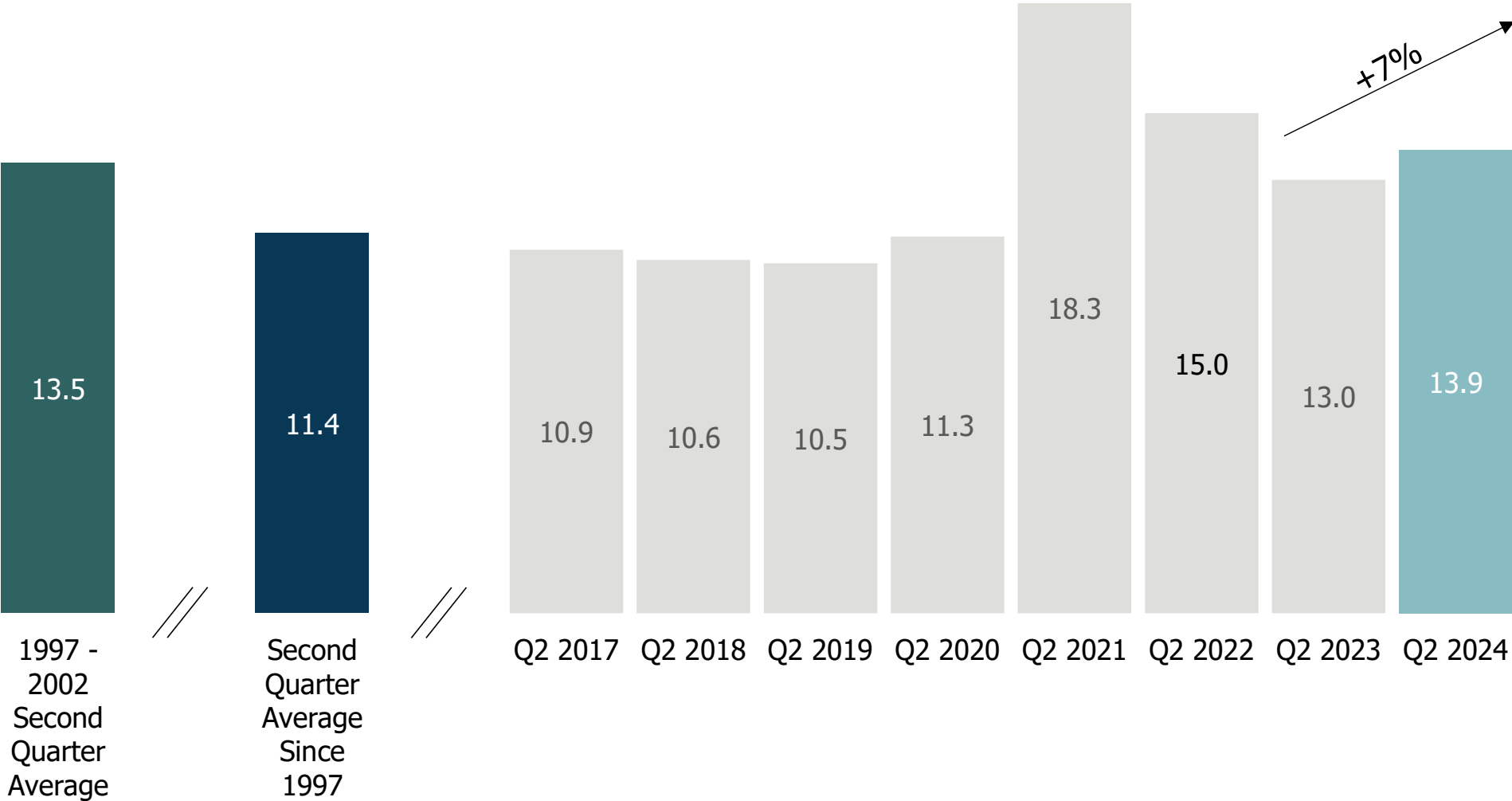


## Adjusted Income Before Income Taxes<sup>(3)</sup>



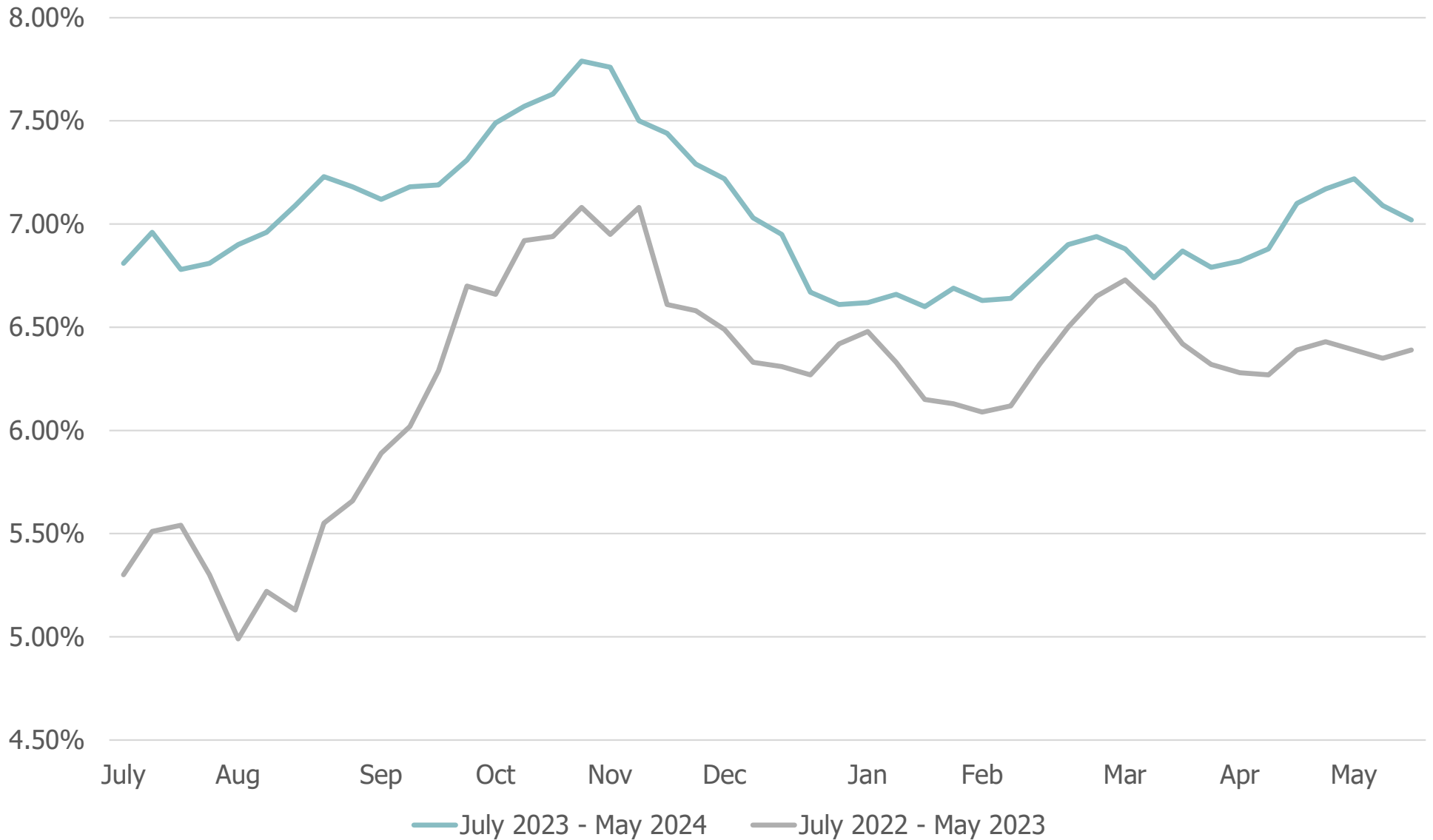
(1) Adjusted homebuilding gross margin percentage is before cost of sales interest expense and land charges and is a non-GAAP financial measure. See appendix for a reconciliation of the historic measure to the most directly comparable GAAP measure.  
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#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



*Note: Excludes unconsolidated joint ventures.*

# Mortgage Rate Movements

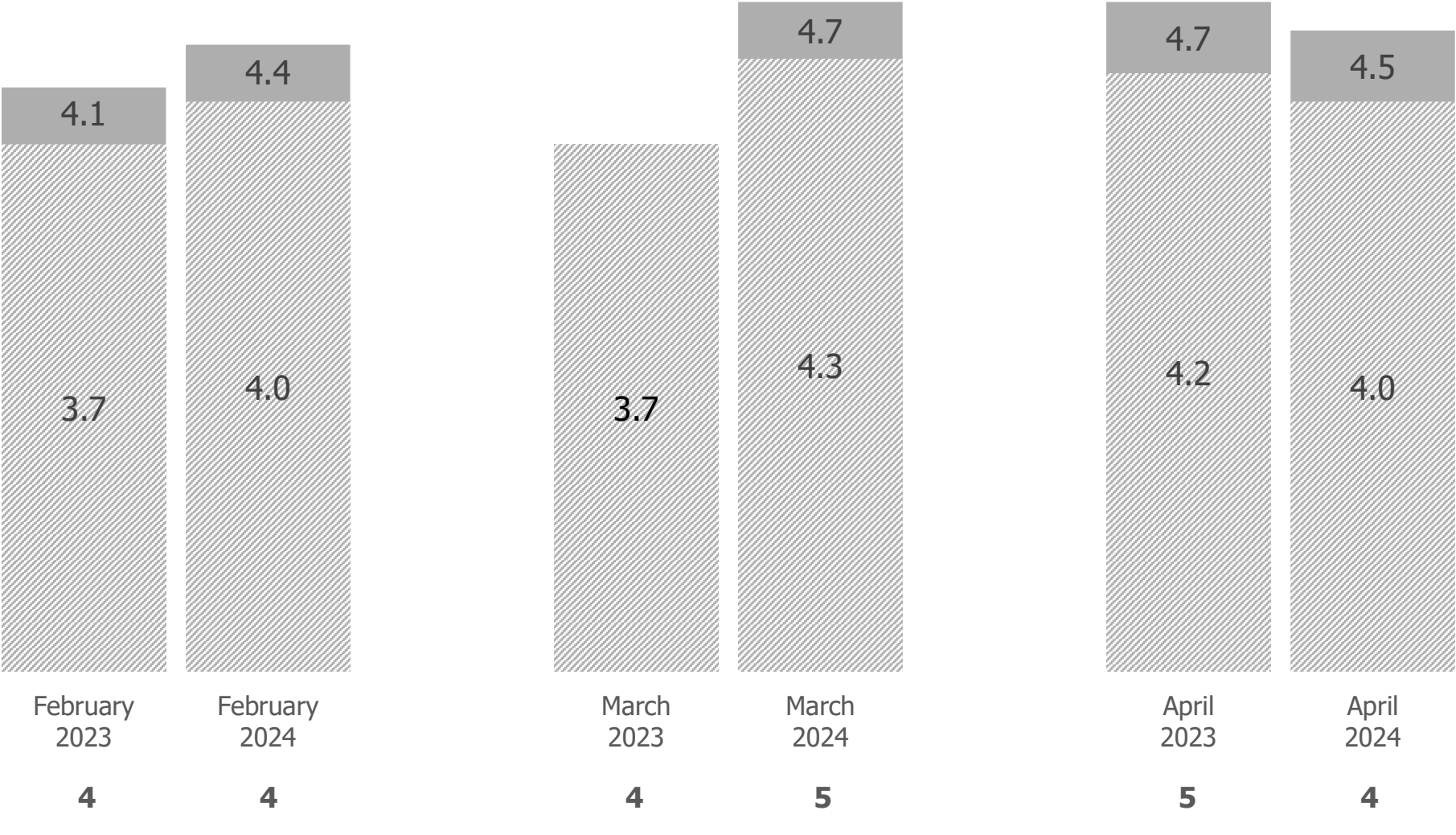


Source: Freddie Mac.



# Contracts Per Community

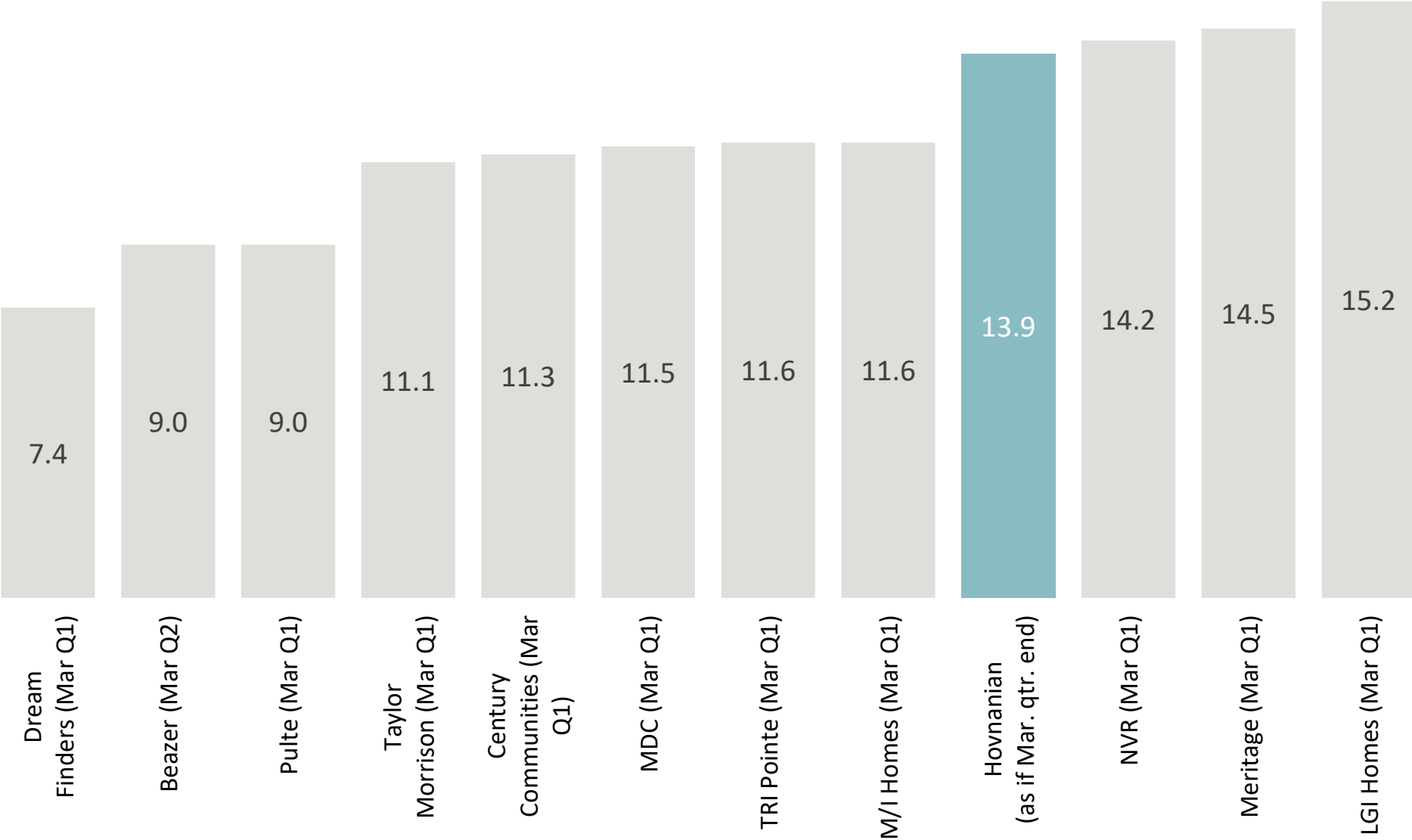
▨ Excluding Build for Rent    ■ Including Build for Rent



*Note: Excludes unconsolidated joint ventures.*

# Contracts Per Community

*For the three months ended March 31, 2024*



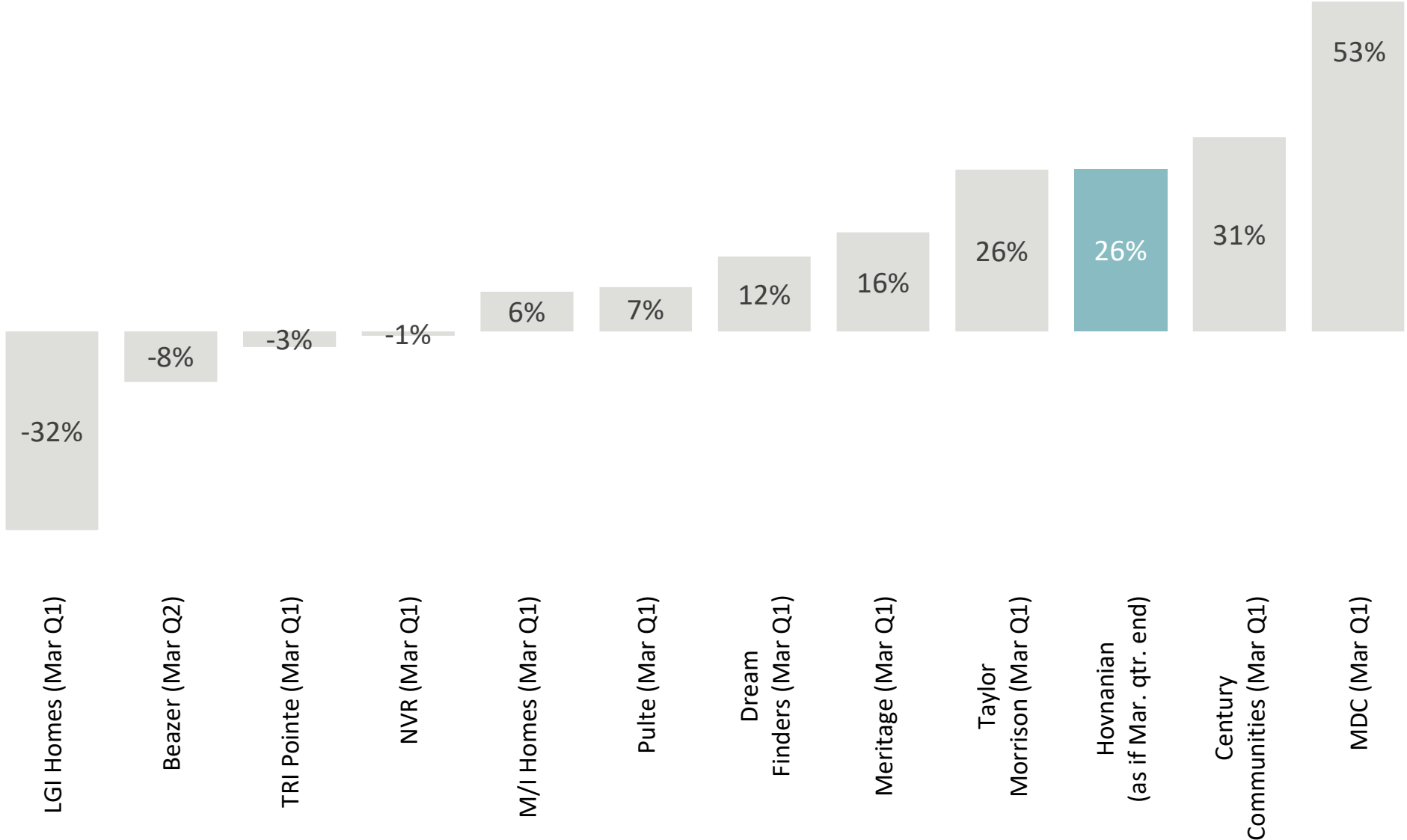
*Note: Only peers with March quarter ends are shown on this slide.*

# looks - Farmhouse



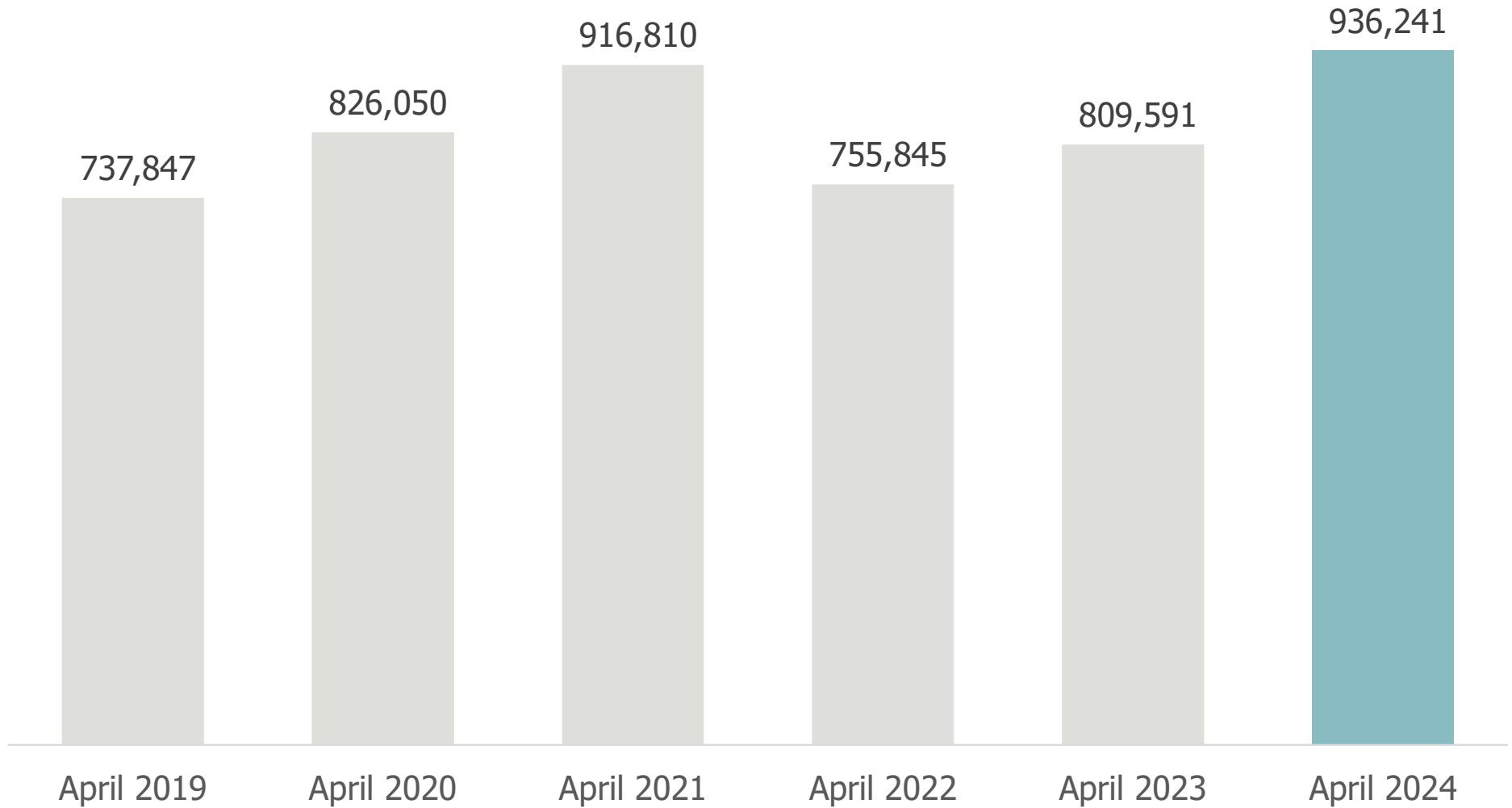
# Contracts Per Community Year-Over-Year Change

*For the three months ended March 31, 2024, compared with the three months ended March 31, 2023*

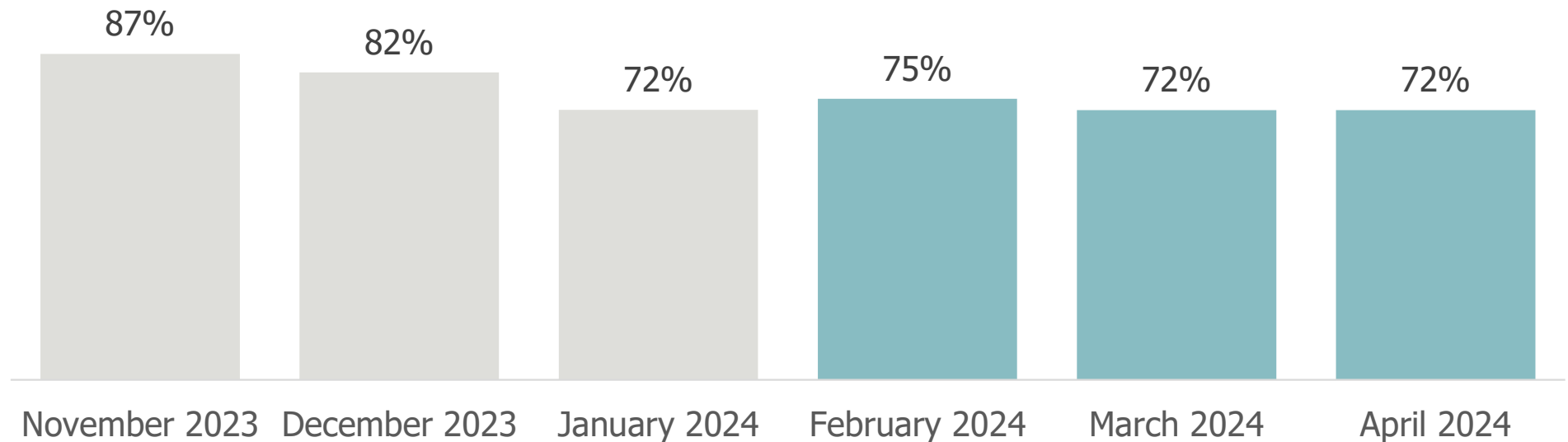


*Note: Only peers with March quarter ends are shown on this slide.*

# Total Website Visits in April

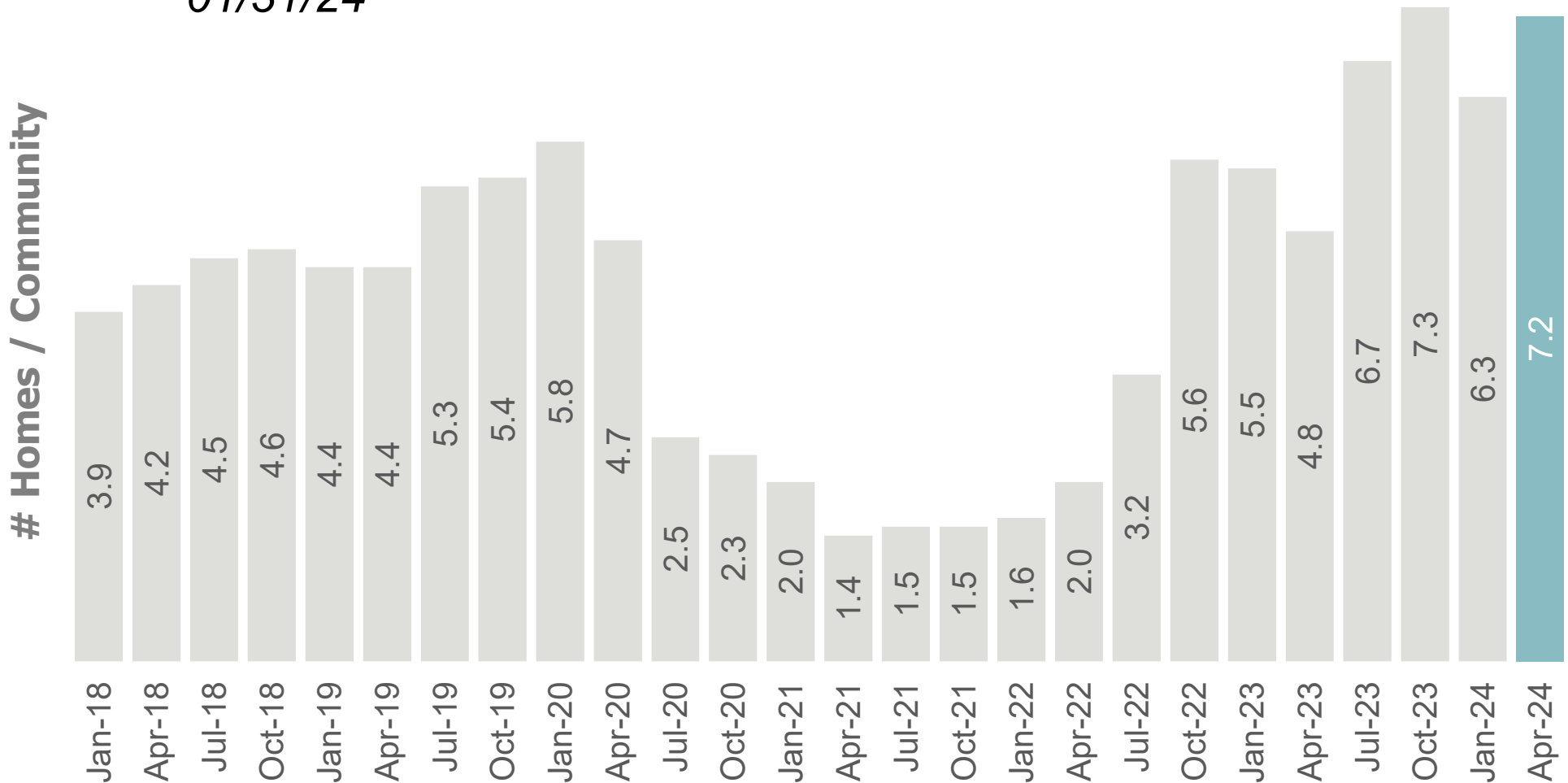


# Percentage of Our Homebuyers That Used Buydowns



# Quick Move In Homes (QMIs) Per Community

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

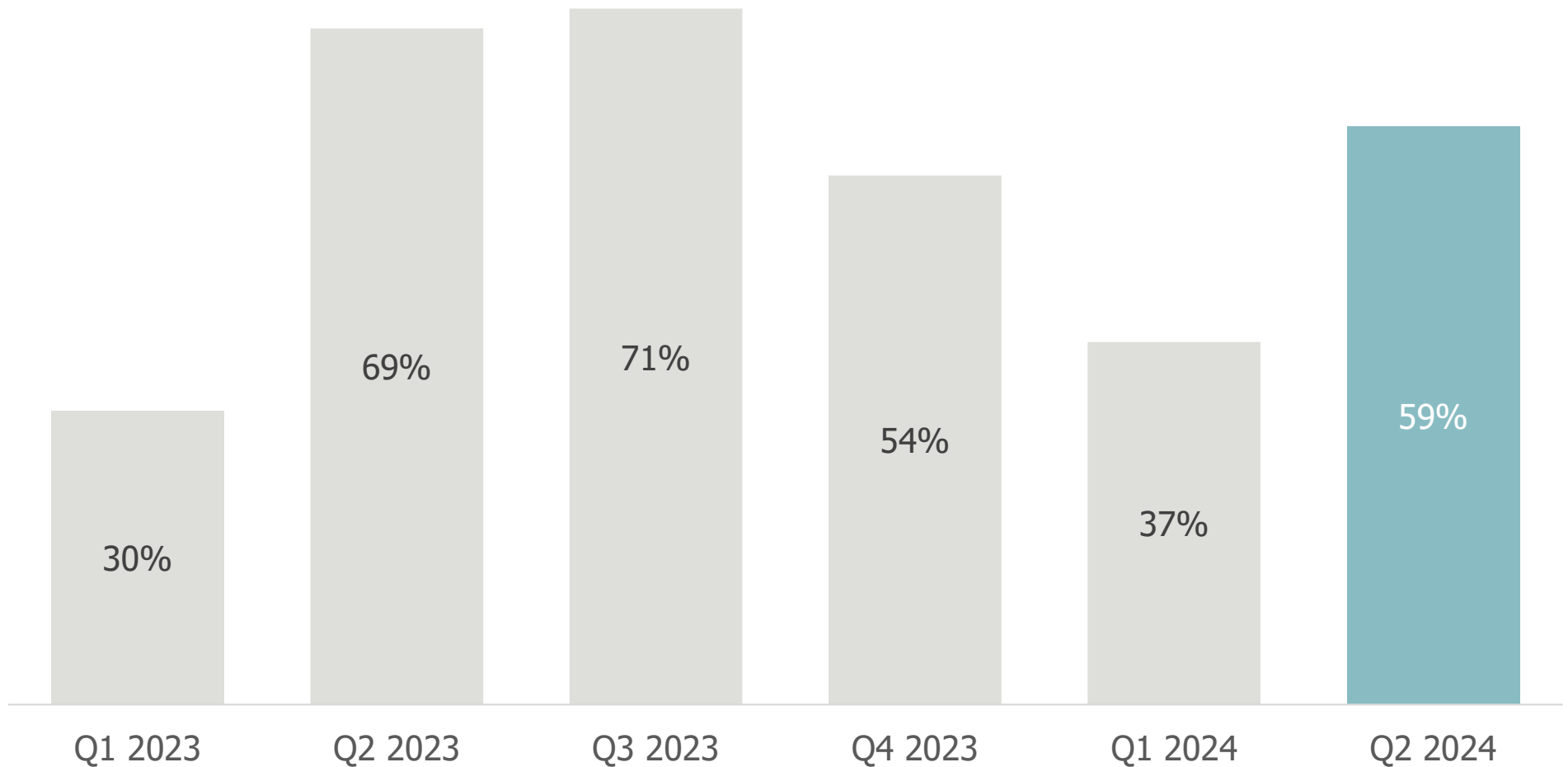


Note: Excluding unconsolidated joint ventures and models.

# Raising Home Prices in Many of Our Communities

Percentage of communities where we raised prices

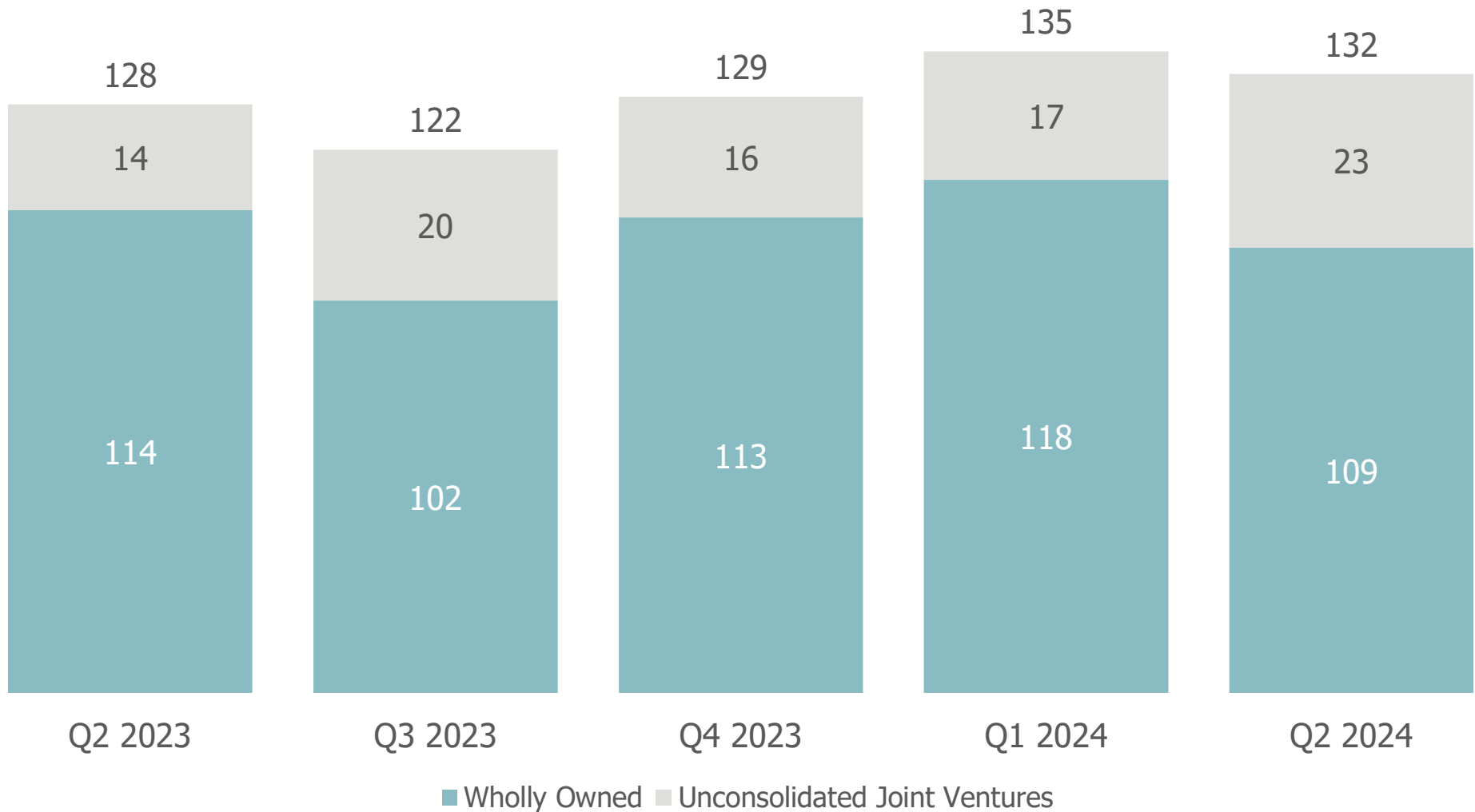
*Many communities have had multiple price increases.*





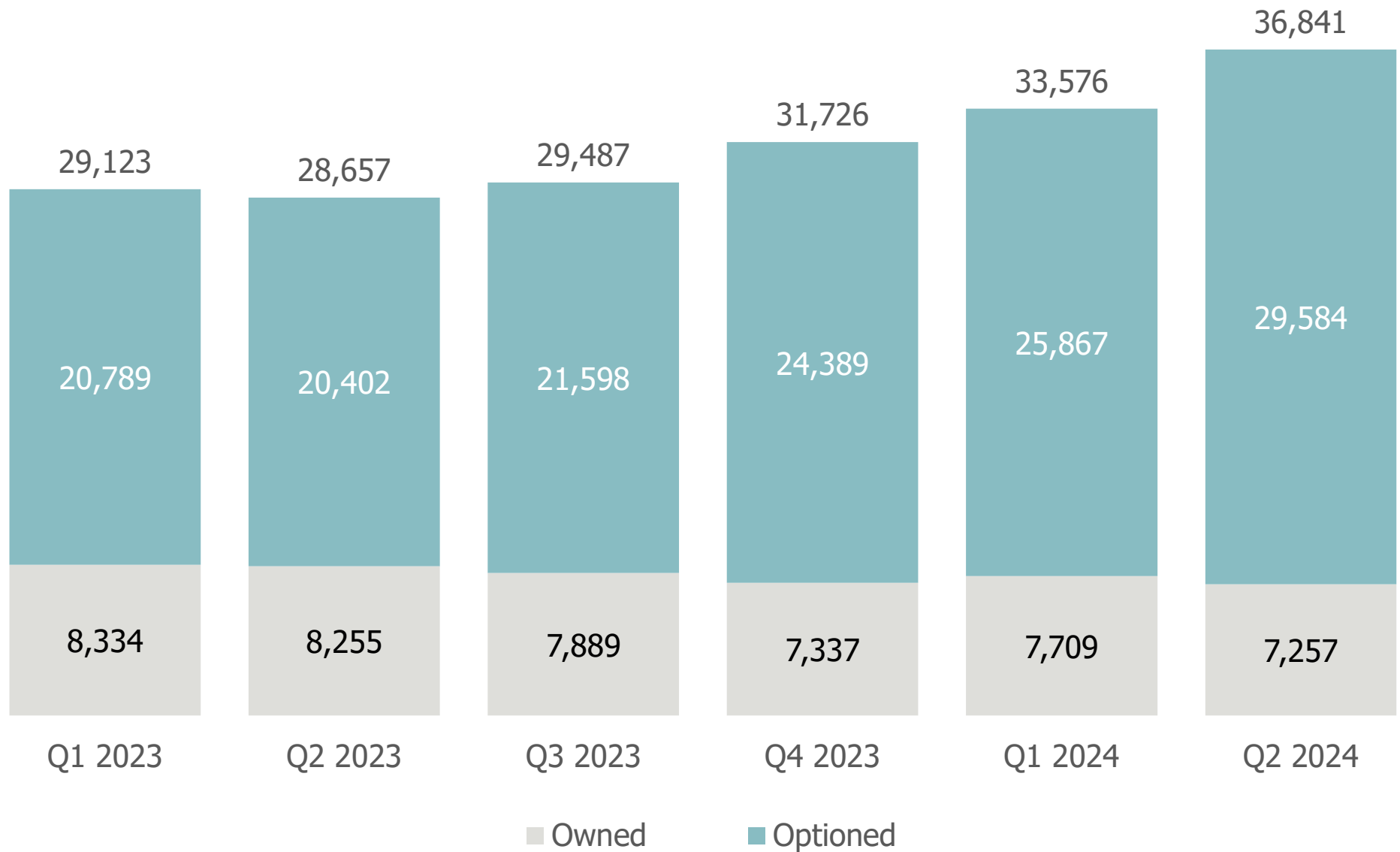
# Community Count

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



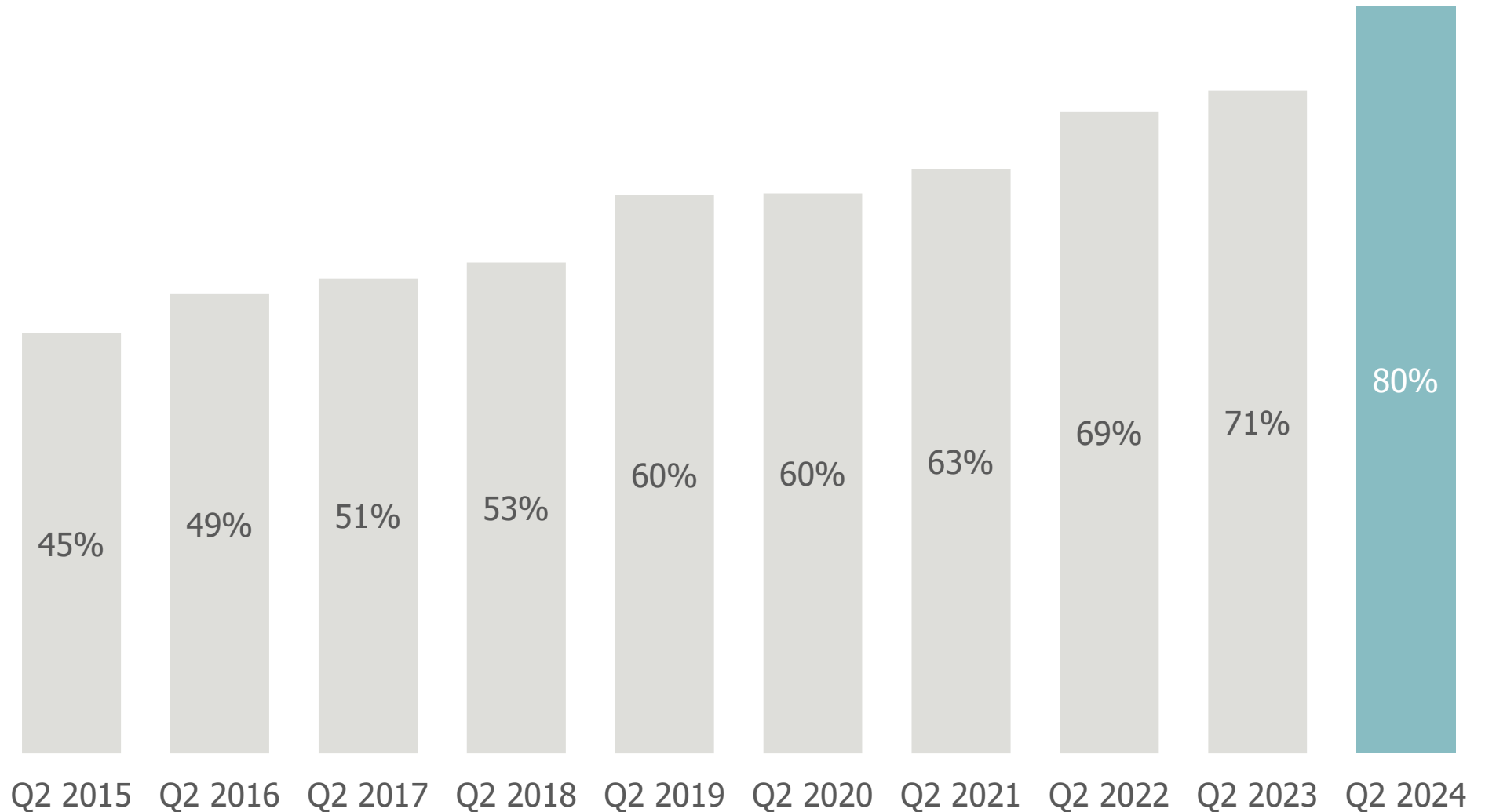
*Note: Excludes our multi-community unconsolidated joint venture in the Kingdom of Saudi Arabia.*

# Lots Controlled



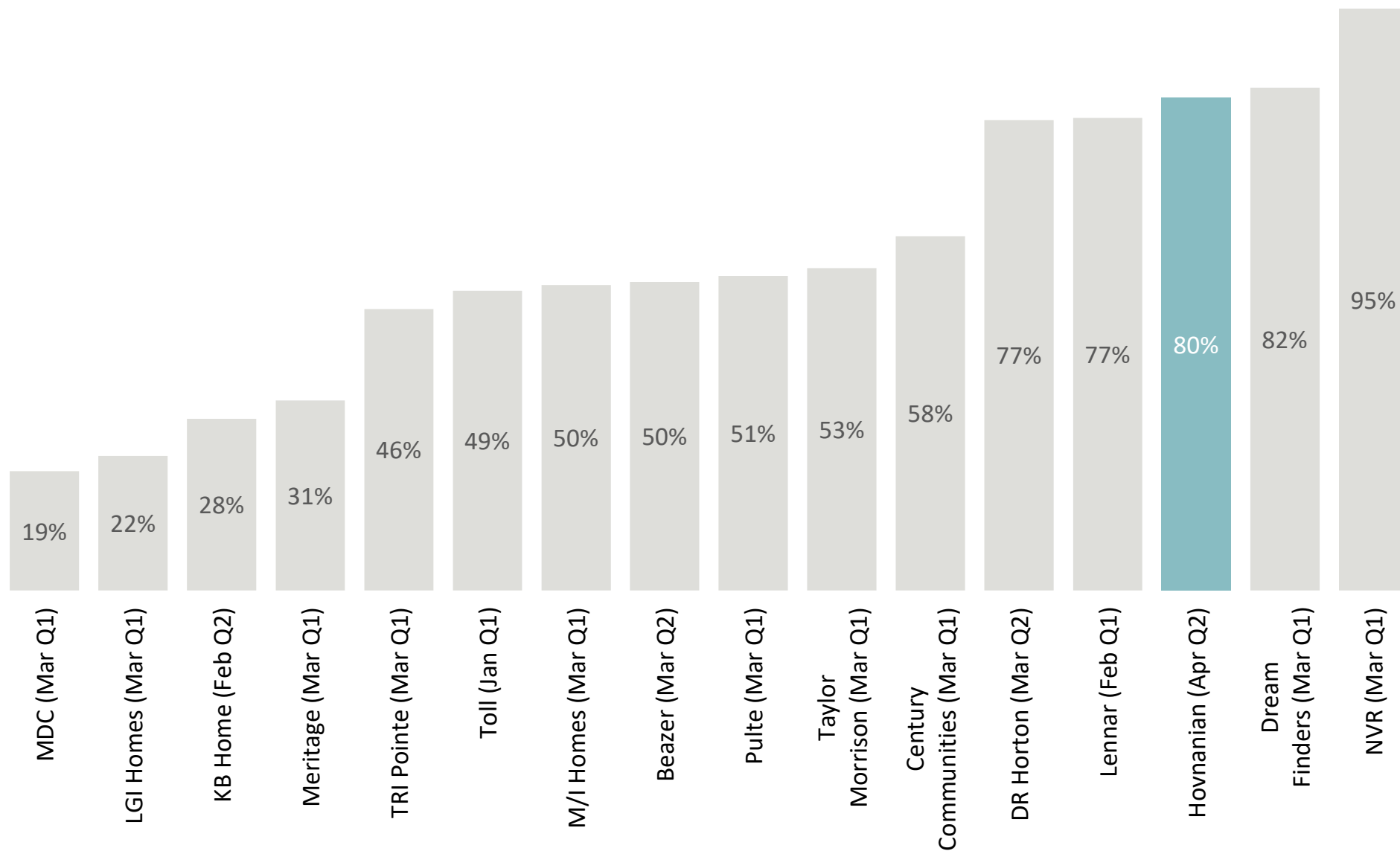
*Note: Excludes unconsolidated joint ventures.*

# Percentage of Optioned Lots



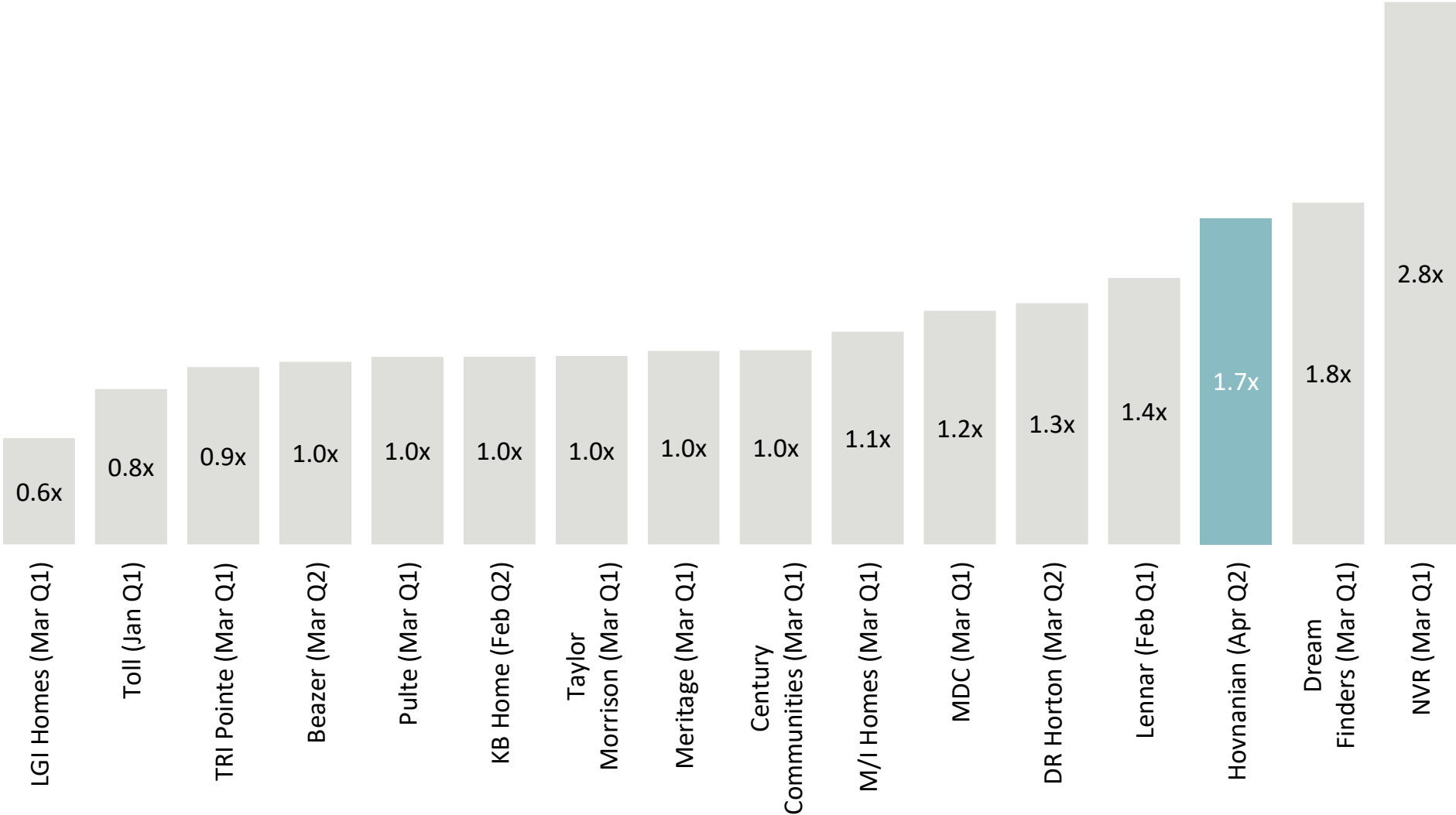
*Note: Excludes unconsolidated joint ventures.*

# % of Lots Optioned



Source: Peer SEC filings and press releases as of 05/22/2024.  
 Note: Excludes unconsolidated joint ventures.

# Inventory Turns (COGS), Last Twelve Months

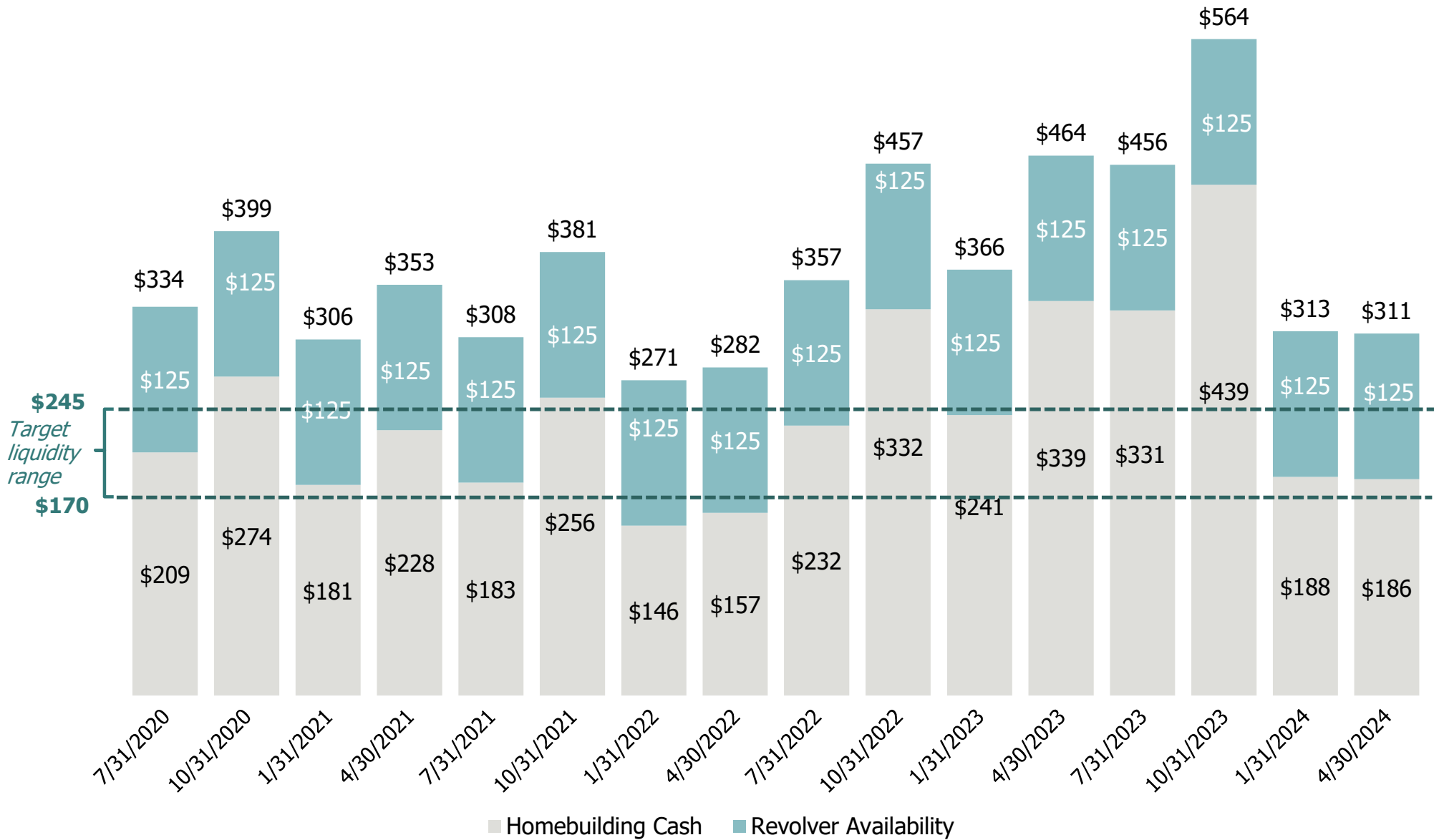


*Note: Inventory turns are derived by dividing cost of sales, excluding capitalized interest, by the five-quarter average homebuilding inventory less capitalized interest and less liabilities from inventory not owned.*

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

# Liquidity Position and Target

(\$ in millions)



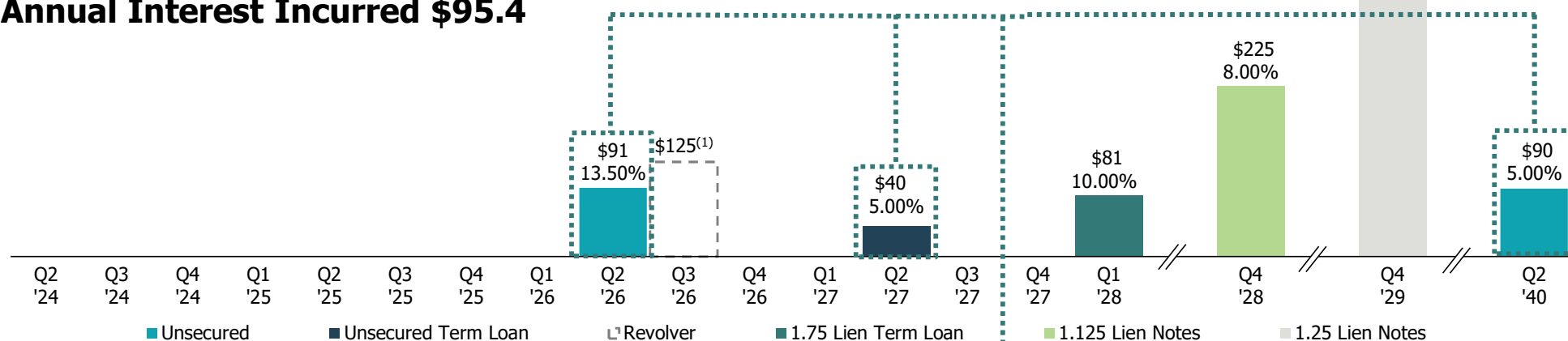
Note: Liquidity position includes homebuilding cash and cash equivalents (which includes unrestricted cash and restricted cash required to collateralize letters of credit) and revolving credit facility availability.

# Debt Maturity Profile

**April 30, 2024**

(\$ in millions)

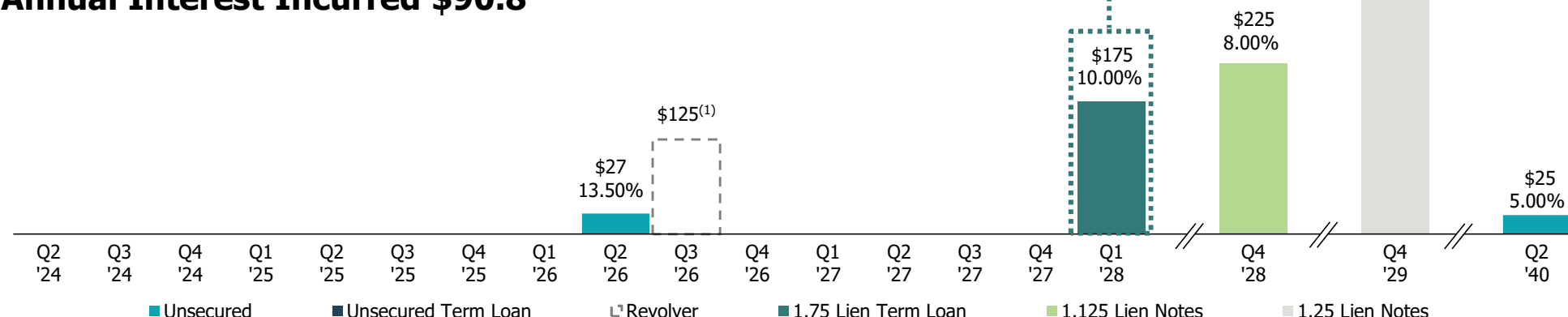
**Total Debt Outstanding \$957**  
**Annual Interest Incurred \$95.4**



**April 30, 2024, pro forma for debt transaction**

(\$ in millions)

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

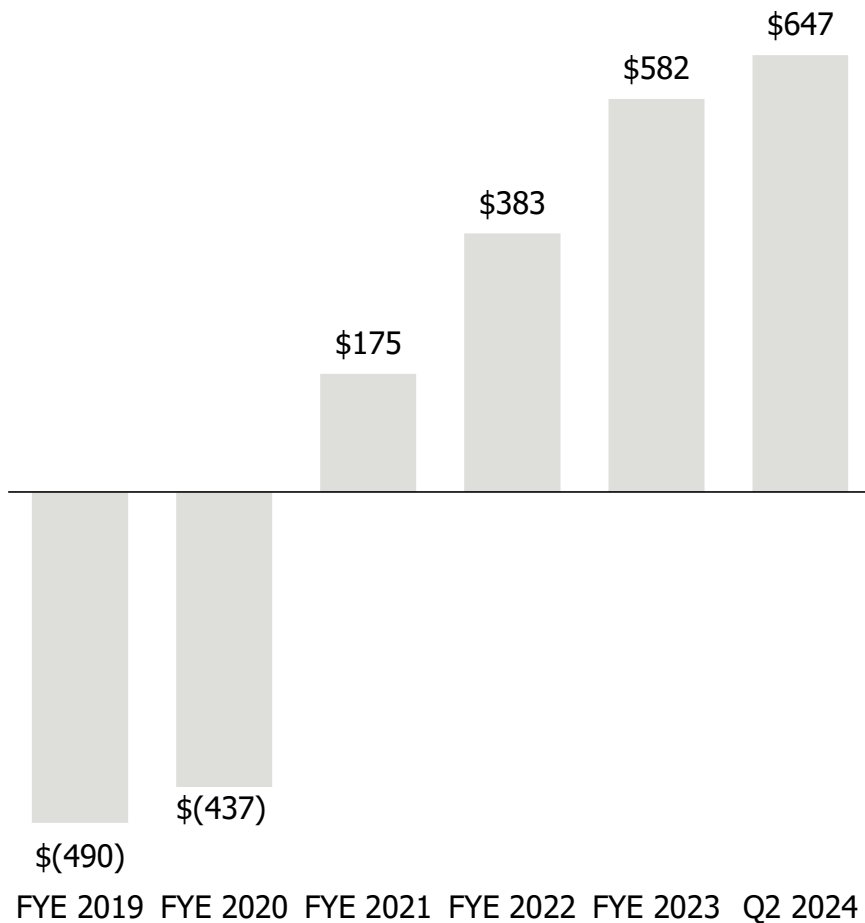


Note: Shown on a fiscal year basis, at face value.  
 Excludes non-recourse mortgages.  
 (1) \$0 balance as of April 30, 2024.

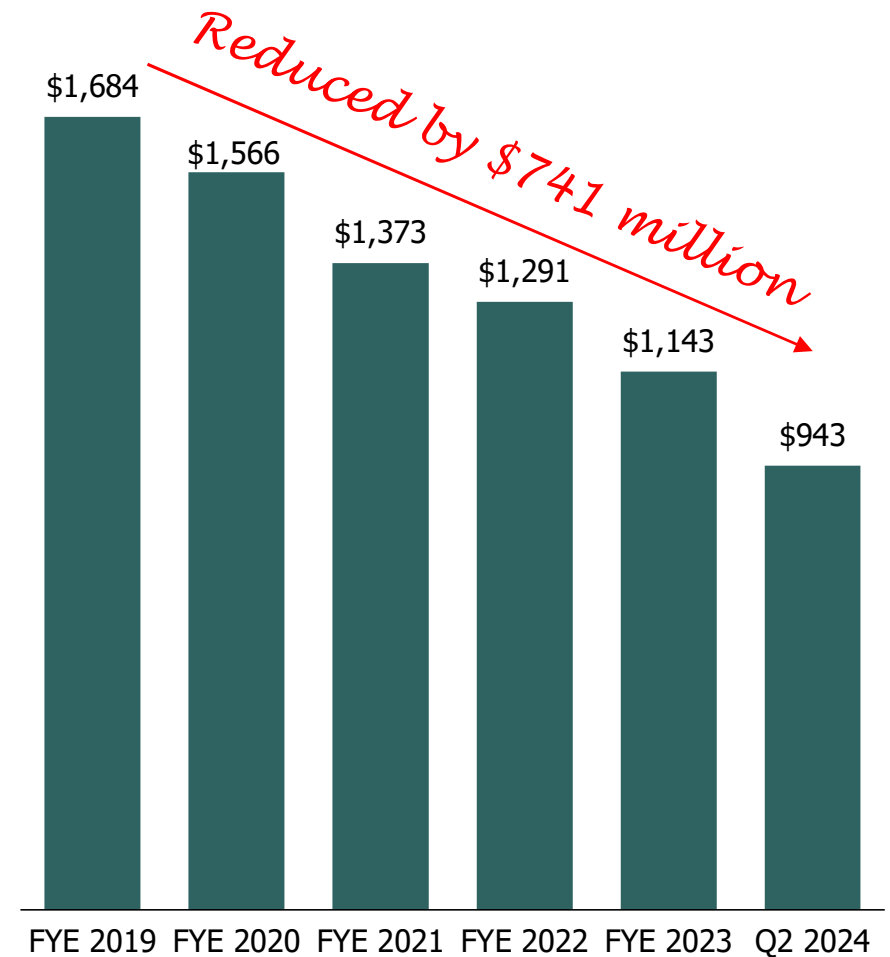
# Balance Sheet Metrics

(\$ in millions)

## Equity value (book)



## Total debt



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



# Guidance for Fiscal 2024 Third Quarter

(\$ in millions)

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

(\$ in millions)

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

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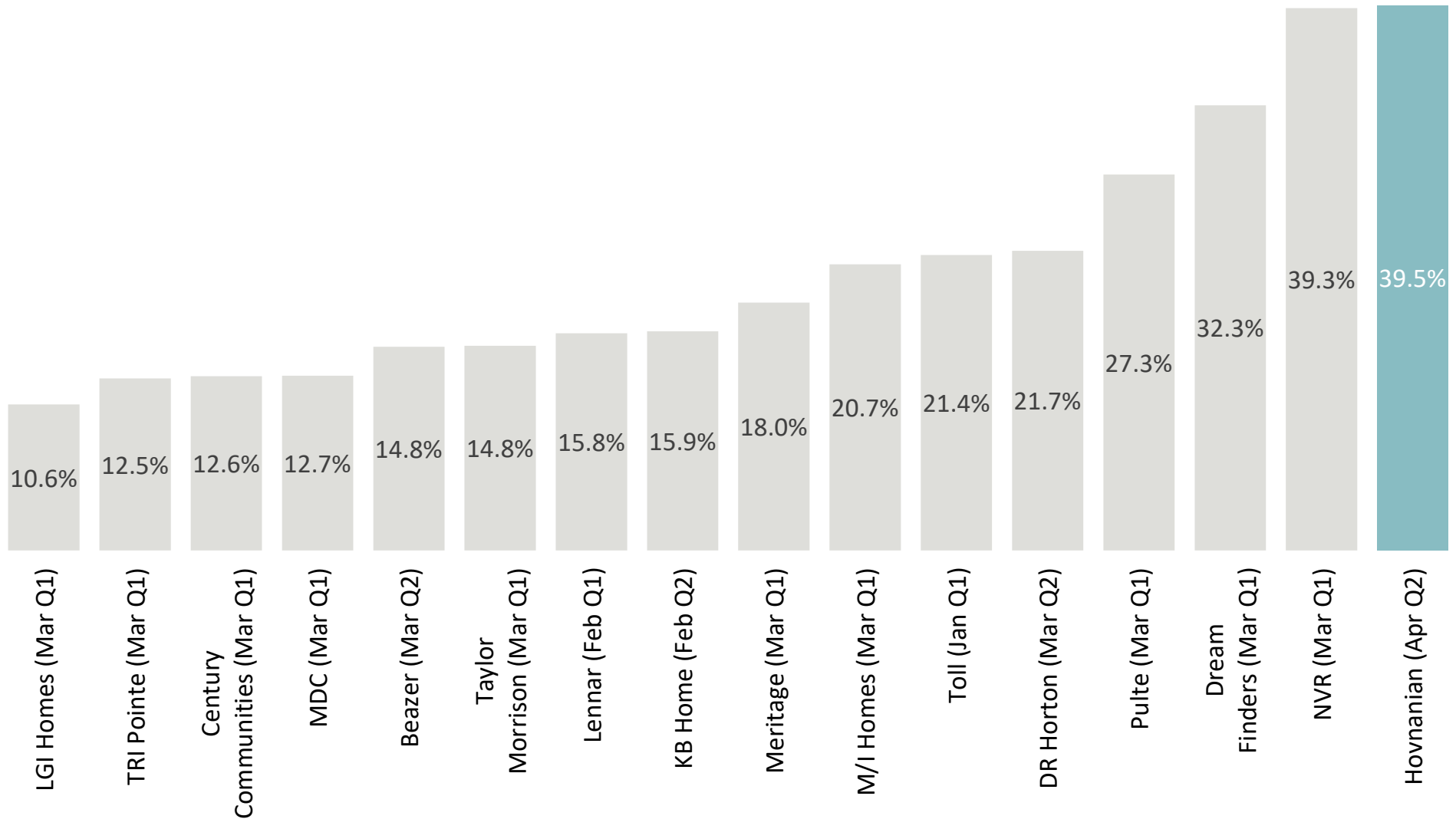
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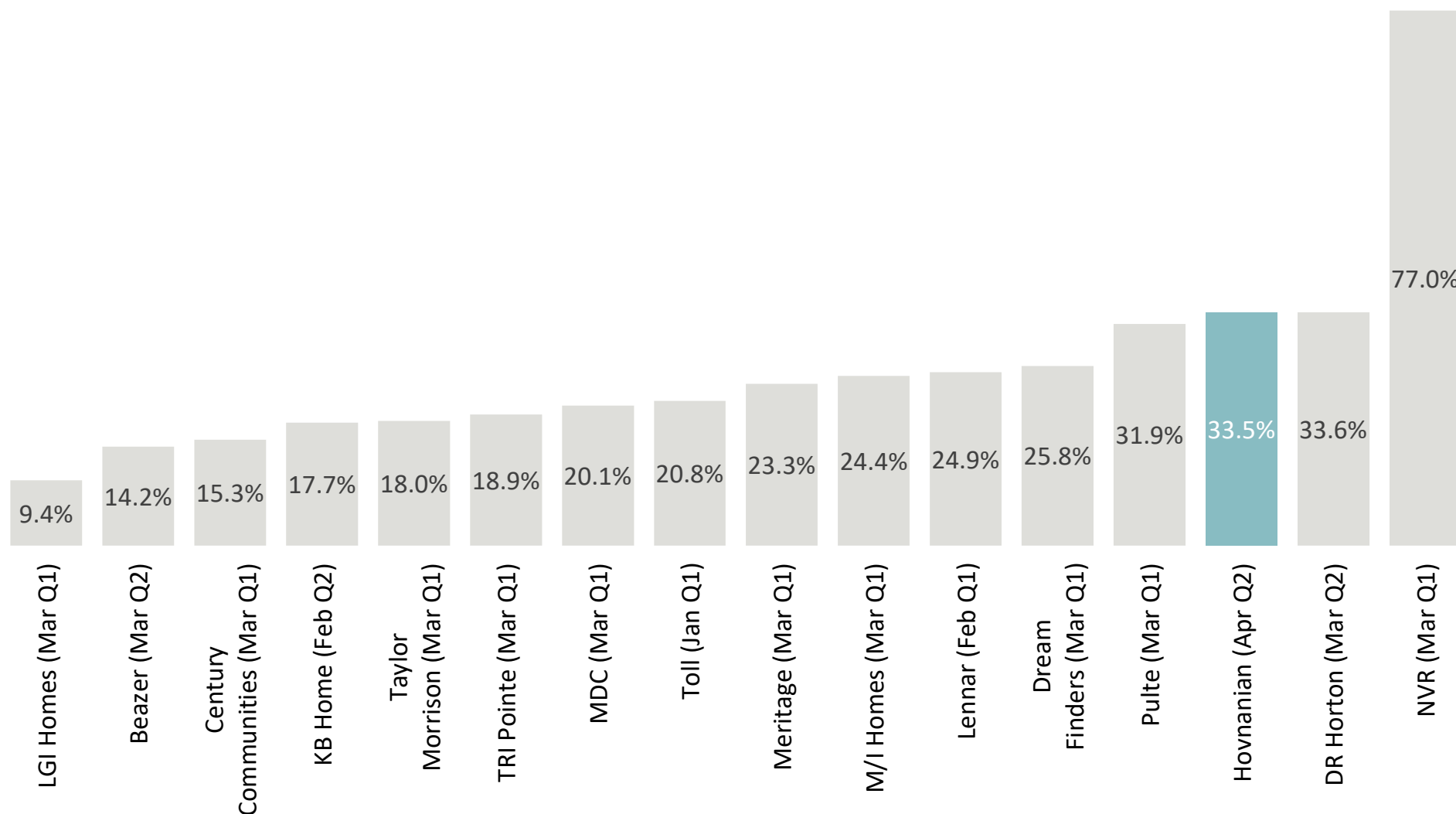
(6) Diluted EPS and Book Value per Common Share assumes current effective tax rate and no change to current shares outstanding.

# ROE, Last Twelve Months



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

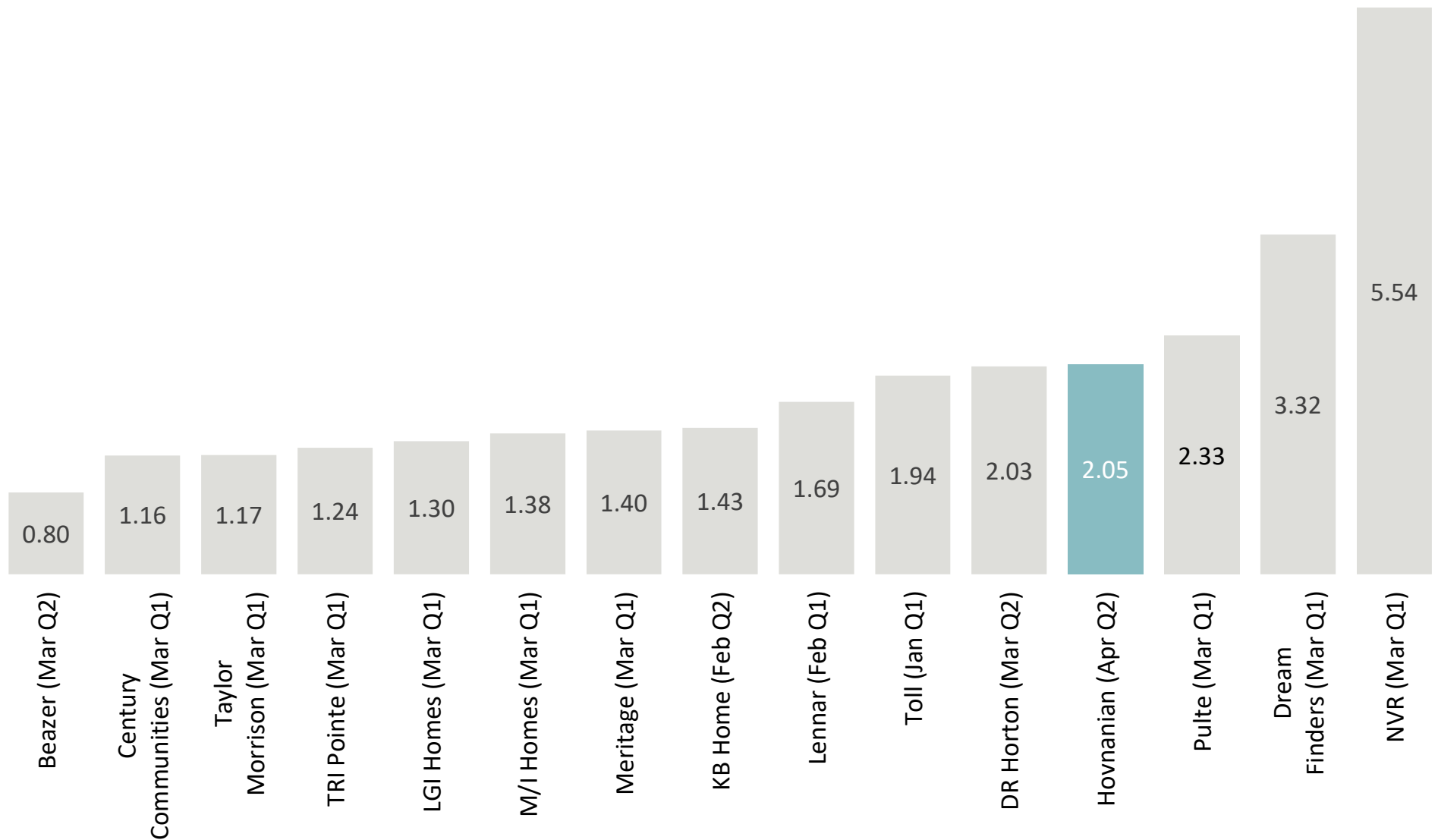
# Consolidated EBIT ROI, Last Twelve Months



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

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.

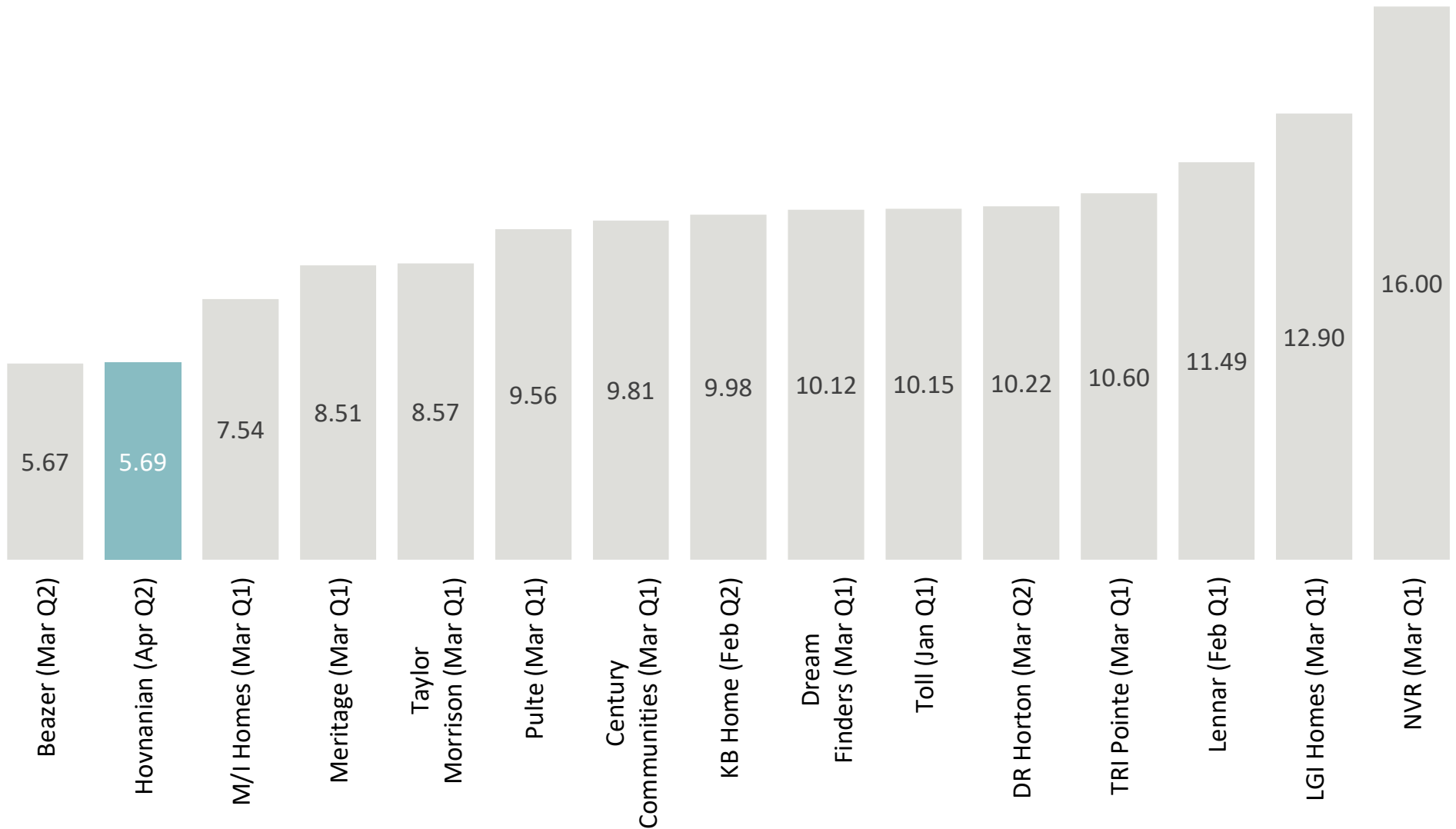
# Price to Book Value



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

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

# Price to Earnings Ratio



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

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

# Comparison to Dream Finders

	<b>Hovnanian</b>	<b>Dream Finders</b>
<b>% of optioned lots</b>	80%	82%
<b>Inventory turnover</b>	1.7	1.8
<b>Net debt to cap</b>	55.1%	44.0%
<b>ROE (trailing twelve-months)</b>	39.5%	32.3%
<b>EBIT ROI (trailing twelve-months)</b>	33.5%	25.8%
<b>PE</b>	5.69	10.12
<b>Price to book</b>	2.05	3.32

*Note: net debt to cap is reflective of the May 2024 debt exchange.*



## Appendix

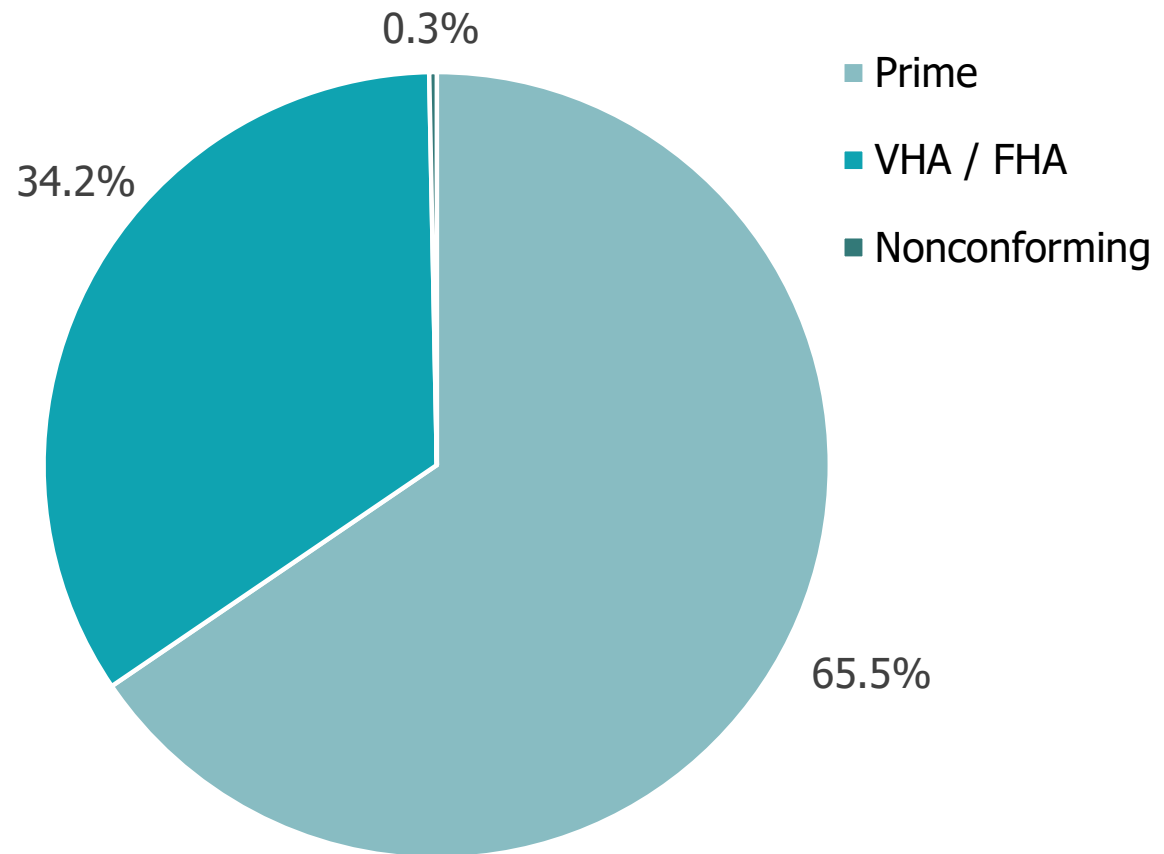


# Profitable financial services business

## 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
- \$66mm LTM revenues
- \$21mm LTM operating income
- 32% LTM operating margin

## Origination portfolio for the six months ended April 30, 2024



*Note: Last twelve months (LTM) through April 30, 2024.*

# Credit Quality of Homebuyers

## Fiscal Year 2023

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

## Second Quarter 2024

- Average LTV: 83%
- Average CLTV: 83%
- ARMs: 0.0%
- FICO Score: 743
- Capture Rate: 79%

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



# Land Positions by Geographic Segment

**April 30, 2024**

**Owned**

<b>Segment</b>	<b>Excluding Mothballed Lots</b>	<b>Mothballed Lots</b>	<b>Optioned Lots</b>	<b>Total Lots</b>
Northeast	1,703	6	15,134	16,843
Southeast	896	0	6,372	7,268
West	4,262	390	8,078	12,730
<b>Consolidated Total</b>	<b>6,861</b>	<b>396</b>	<b>29,584</b>	<b>36,841</b>
Unconsolidated Joint Ventures	2,742	-	1,064	3,806
<b>Grand Total</b>	<b>9,603</b>	<b>396</b>	<b>30,648</b>	<b>40,647</b>

- **Option deposits as of April 30, 2024, were \$192.4 million**
- **\$30.4 million invested in pre-development expenses as of April 30, 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%

- 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.

April 30, 2024

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

(In thousands)

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

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

# Reconciliation of Gross Margin

## Hovnanian Enterprises, Inc.

April 30, 2024

Gross margin

(In thousands)

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

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

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

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

# Reconciliation of Adjusted EBITDA to Net Income

## Hovnanian Enterprises, Inc.

April 30, 2024

Reconciliation of adjusted EBITDA to net income

(In thousands)

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

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

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

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



# Reconciliation of Inventory Turnover

## Hovnanian Enterprises, Inc.

April 30, 2024

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

(Dollars in thousands)	For the quarter ended				TTM ended
	7/31/2023	10/31/2023	1/31/2024	4/30/2024	4/30/2024
Cost of sales, excluding interest	\$483,990	\$637,148	\$449,213	\$531,502	\$2,101,853
	As of				
	4/30/2023	7/31/2023	10/31/2023	1/31/2024	4/30/2024
Total inventories	\$1,484,992	\$1,411,260	\$1,349,186	\$1,463,558	\$1,417,058
Less liabilities from inventory not owned, net of debt issuance costs	200,299	145,979	124,254	114,658	86,618
Less capitalized interest	60,274	55,274	52,060	53,672	52,222
Inventories less consolidated inventory not owned and capitalized interest plus liabilities from inventory not owned	\$1,224,419	\$1,210,007	\$1,172,872	\$1,295,228	\$1,278,218
Inventory turnover					\$1,236,149 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,					April 30,
	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	\$85,557
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	\$857,757
<b>Total debt</b>	<b>\$1,683,575</b>	<b>\$1,566,232</b>	<b>\$1,373,462</b>	<b>\$1,291,352</b>	<b>\$1,143,030</b>	<b>\$943,314</b>
Cash and cash equivalents	\$130,976	\$262,489	\$245,970	\$326,198	\$434,119	\$150,466
<b>Net Debt</b>	<b>\$1,552,599</b>	<b>\$1,303,743</b>	<b>\$1,127,492</b>	<b>\$965,154</b>	<b>\$708,911</b>	<b>\$792,848</b>
<b>Total Debt</b>	<b>\$1,683,575</b>	<b>\$1,566,232</b>	<b>\$1,373,462</b>	<b>\$1,291,352</b>	<b>\$1,143,030</b>	<b>\$943,314</b>
<b>Total equity (deficit)</b>	<b>\$(490,463)</b>	<b>\$(436,929)</b>	<b>\$174,897</b>	<b>\$383,036</b>	<b>\$581,736</b>	<b>\$647,046</b>
<b>Total capitalization</b>	<b>\$1,193,112</b>	<b>\$1,129,303</b>	<b>\$1,548,359</b>	<b>\$1,674,388</b>	<b>\$1,724,766</b>	<b>\$1,590,360</b>
Debt to capitalization	141.1%	138.7%	88.7%	77.1%	66.3%	59.3%
<b>Net debt to net capitalization</b>	<b>146.2%</b>	<b>150.4%</b>	<b>86.6%</b>	<b>71.6%</b>	<b>54.9%</b>	<b>55.1%</b>

*Note: Total debt is reflective of the May 2024 debt exchange.*



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*Enterprises, Inc.*