

Hovnanian
Enterprises, Inc.

A photograph of a modern two-story house with a large garage. The house features dark green horizontal siding on the upper level and white vertical 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. The house is illuminated by warm lights, and the sky is a mix of purple, orange, and blue. A large tree is on the right side of the house. A concrete driveway leads to the garage.

**Review of Financial Results
Fourth 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) increases in inflation; (5) adverse weather and other environmental conditions and natural disasters; (6) the seasonality of the Company's business; (7) the availability and cost of suitable land and improved lots and sufficient liquidity to invest in such land and lots; (8) reliance on, and the performance of, subcontractors; (9) regional and local economic factors, including dependency on certain sectors of the economy, and employment levels affecting home prices and sales activity in the markets where the Company builds homes; (10) increases in cancellations of agreements of sale; (11) changes in tax laws affecting the after-tax costs of owning a home; (12) legal claims brought against us and not resolved in our favor, such as product liability litigation, warranty claims and claims made by mortgage investors; (13) levels of competition; (14) utility shortages and outages or rate fluctuations; (15) information technology failures and data security breaches; (16) negative publicity; (17) global economic and political instability (18) high leverage and restrictions on the Company's operations and activities imposed by the agreements governing the Company's outstanding indebtedness; (19) availability and terms of financing to the Company; (20) the Company's sources of liquidity; (21) changes in credit ratings; (22) government regulation, including regulations concerning development of land, the home building, sales and customer financing processes, tax laws and the environment; (23) potential liability as a result of the past or present use of hazardous materials; (24) operations through unconsolidated joint ventures with third parties; (25) significant influence of the Company's controlling stockholders; (26) availability of net operating loss carryforwards; (27) loss of key management personnel or failure to attract qualified personnel; and (28) certain risks, uncertainties and other factors described in detail in the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2023 and the Company's Quarterly Reports on Form 10-Q for the quarterly periods during fiscal 2024 and subsequent filings with the Securities and Exchange Commission. Except as otherwise required by applicable securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason.

NON-GAAP FINANCIAL MEASURES:

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

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

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

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

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



**Recent company
performance**

Full Year Results Compared to Guidance

(\$ in millions)

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

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

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

(3) Total SG&A includes homebuilding selling, general and administrative costs and corporate general and administrative costs. Ratio calculated as a percentage of total revenues. The SG&A guidance assumes that the stock remains at \$209.89, which was the price at the end of the third quarter of fiscal year 2024.

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

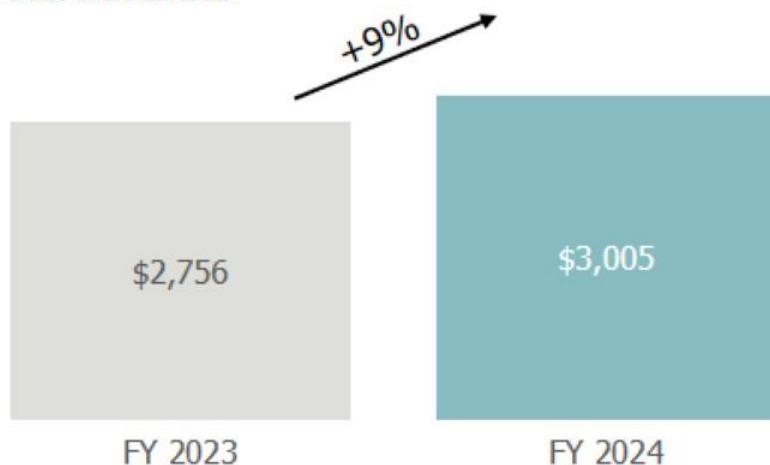
(5) Adjusted Income Before Income Taxes excludes land-related charges, joint venture write-downs and loss (gain) on extinguishment of debt, net and is a non-GAAP financial measure. See appendix for a reconciliation of the historic measure to the most directly comparable GAAP measure.

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

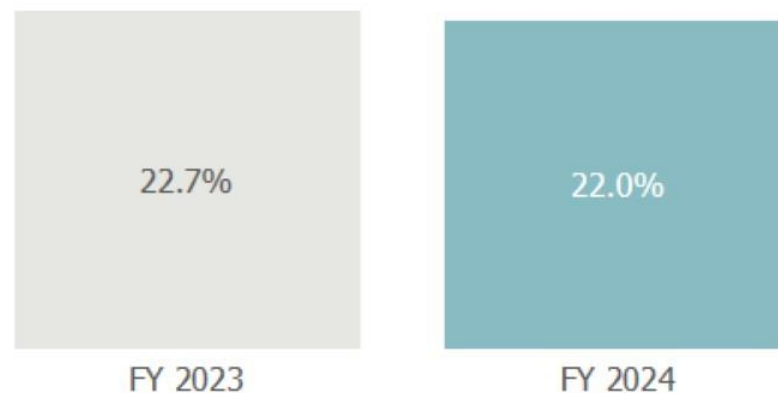
Full Year Results Compared to Last Year

(\$ in millions)

Total Revenues



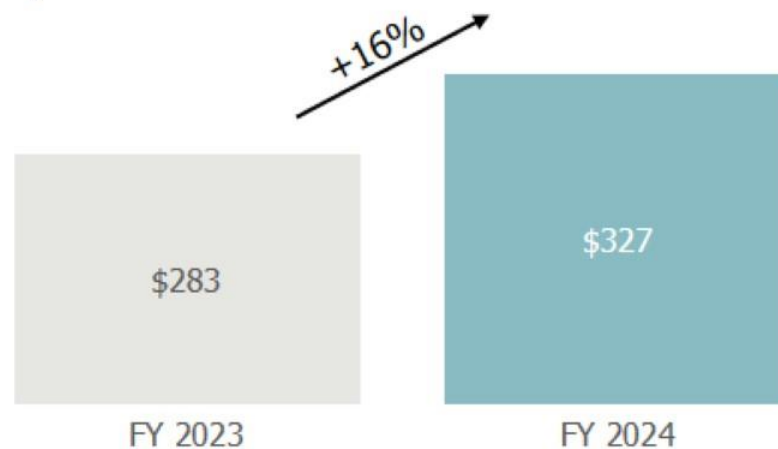
Adjusted Gross Margin⁽¹⁾



Adjusted EBITDA⁽²⁾



Adjusted Income Before Income Taxes⁽³⁾



(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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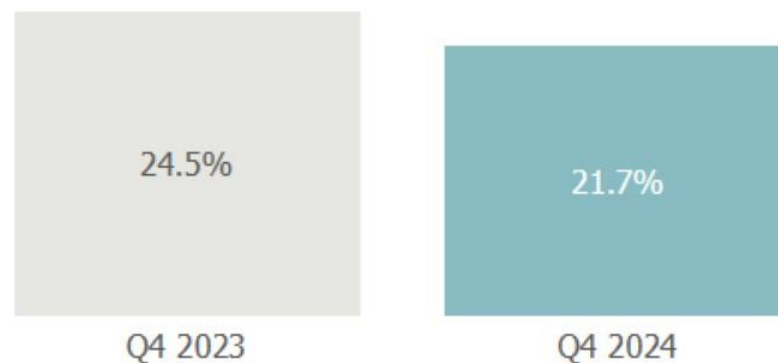
Fourth Quarter Results Compared to Last Year

(\$ in millions)

Total Revenues



Adjusted Gross Margin⁽¹⁾



Adjusted EBITDA⁽²⁾

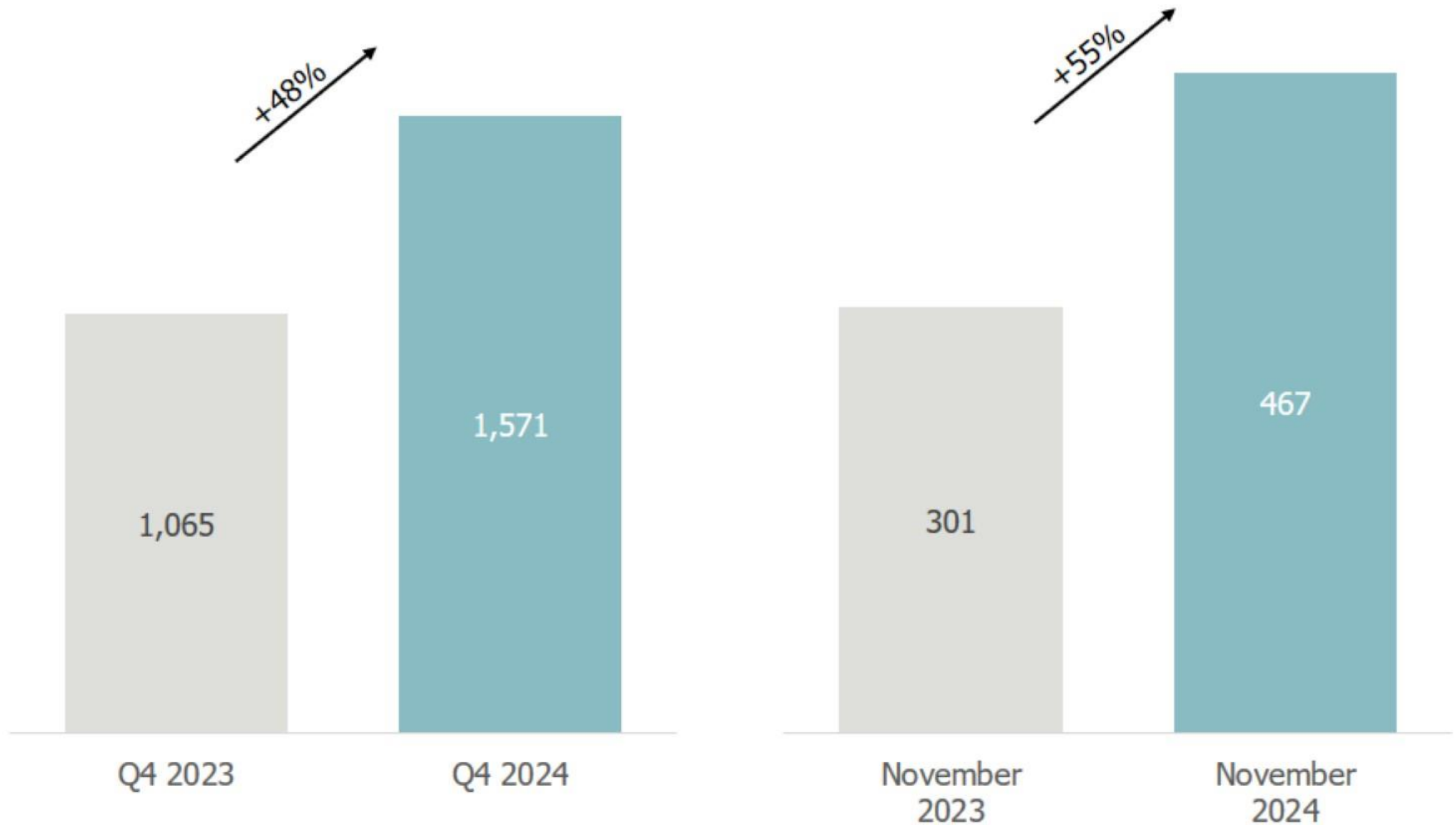


Adjusted Income Before Income Taxes⁽³⁾



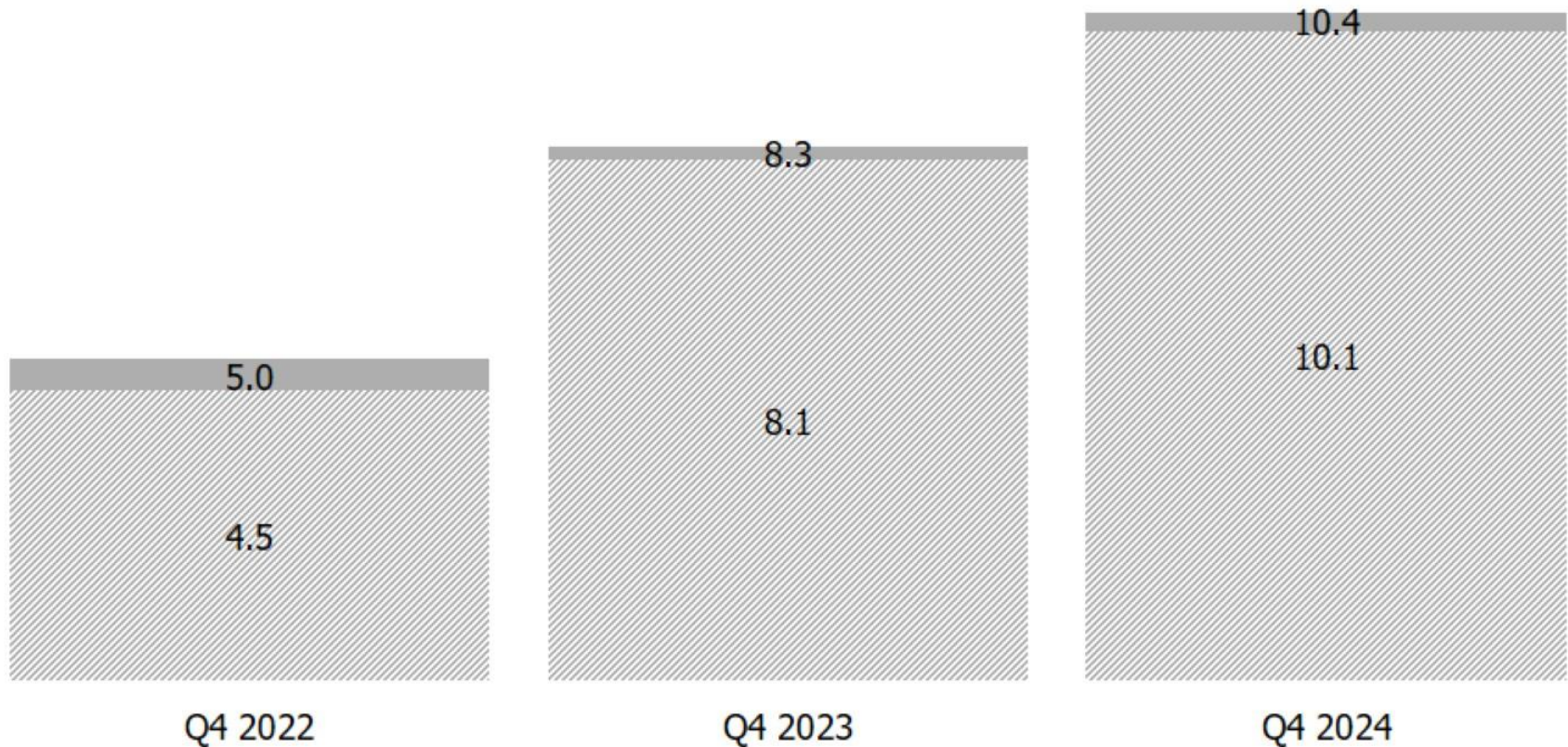
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Contracts, including domestic unconsolidated joint ventures



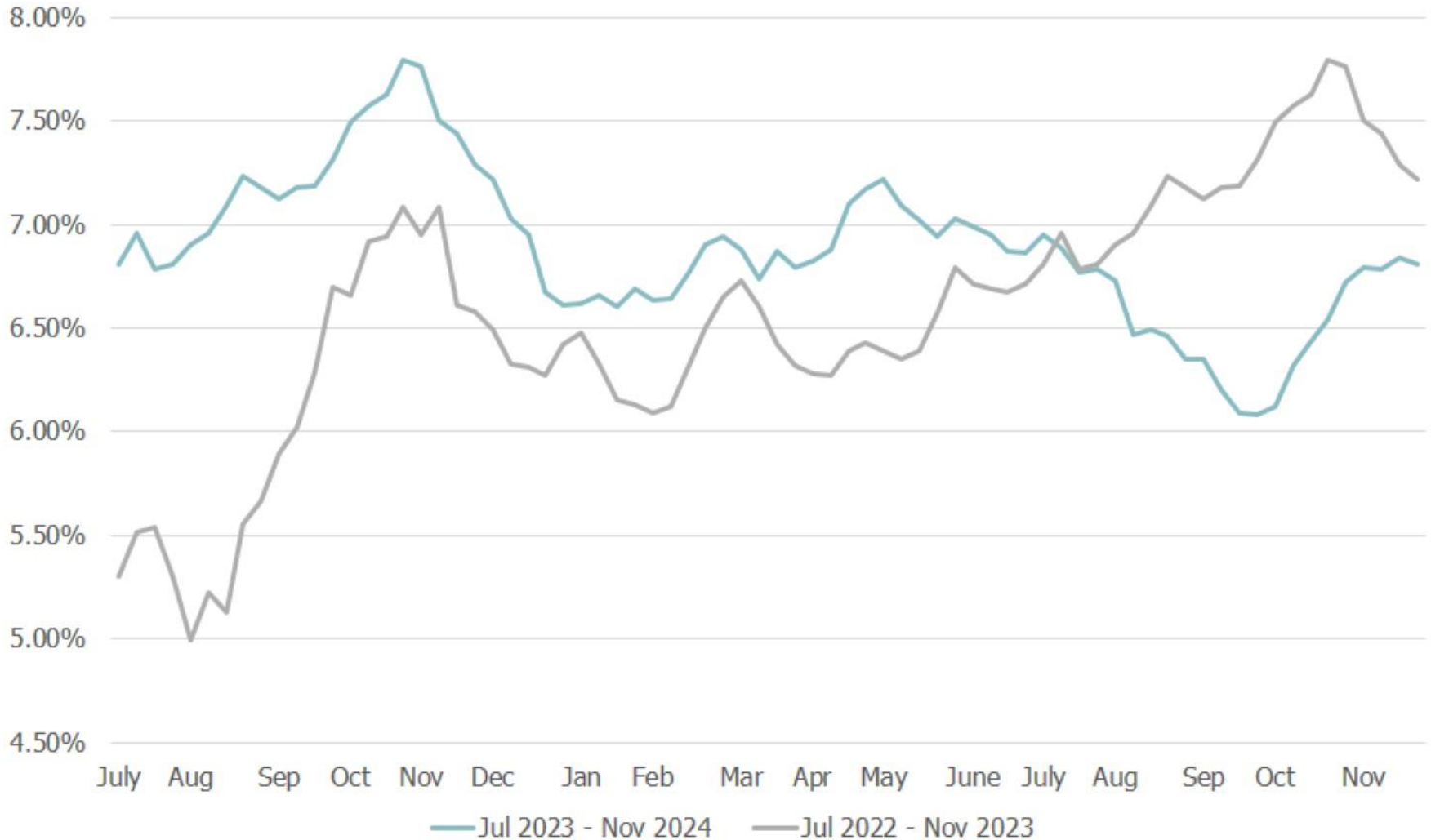
Quarterly Contracts Per Community

▨ Excluding Build for Rent ■ Including Build for Rent



Note: Excludes unconsolidated joint ventures.

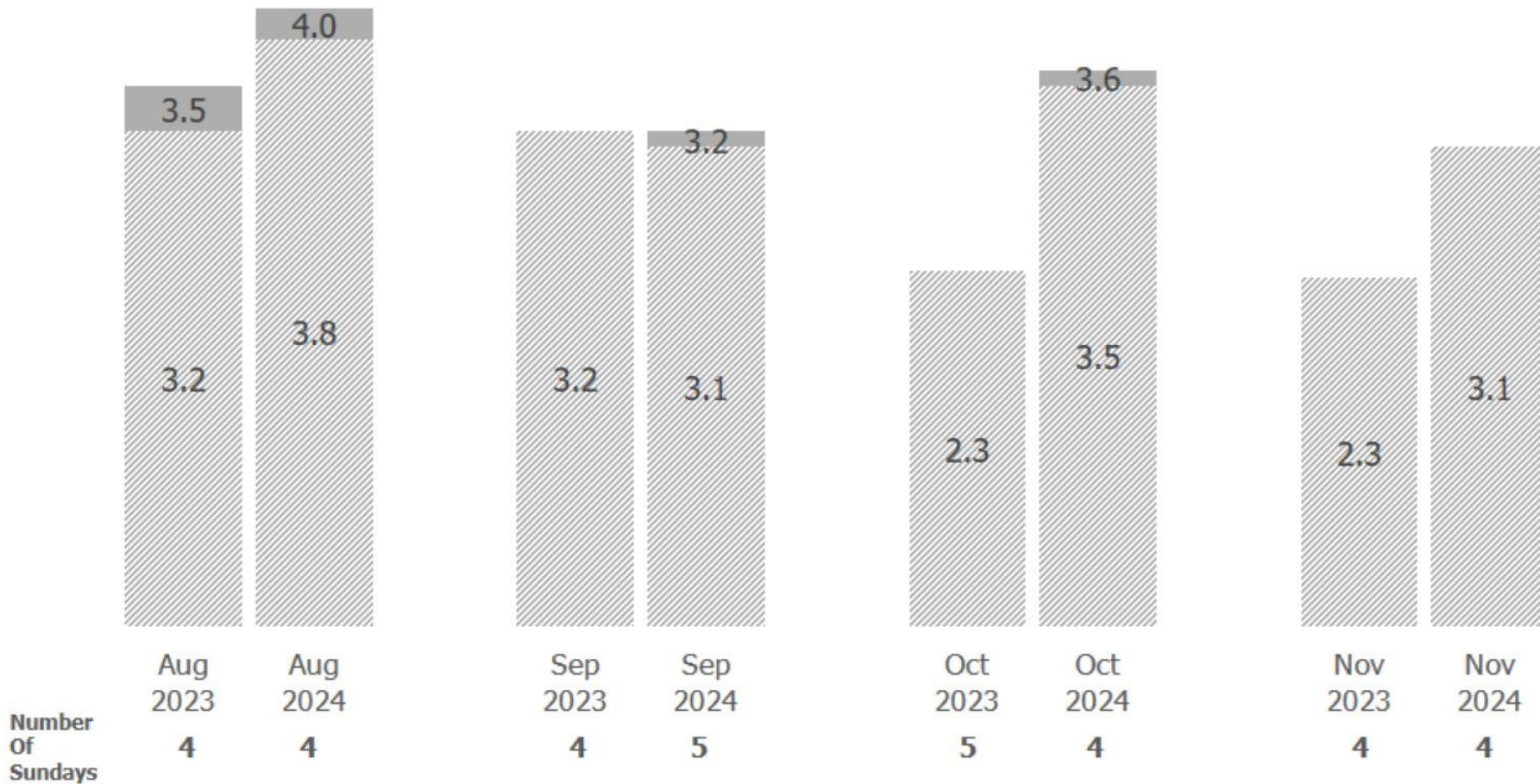
Mortgage Rate Movements



Source: Freddie Mac.

Contracts Per Community

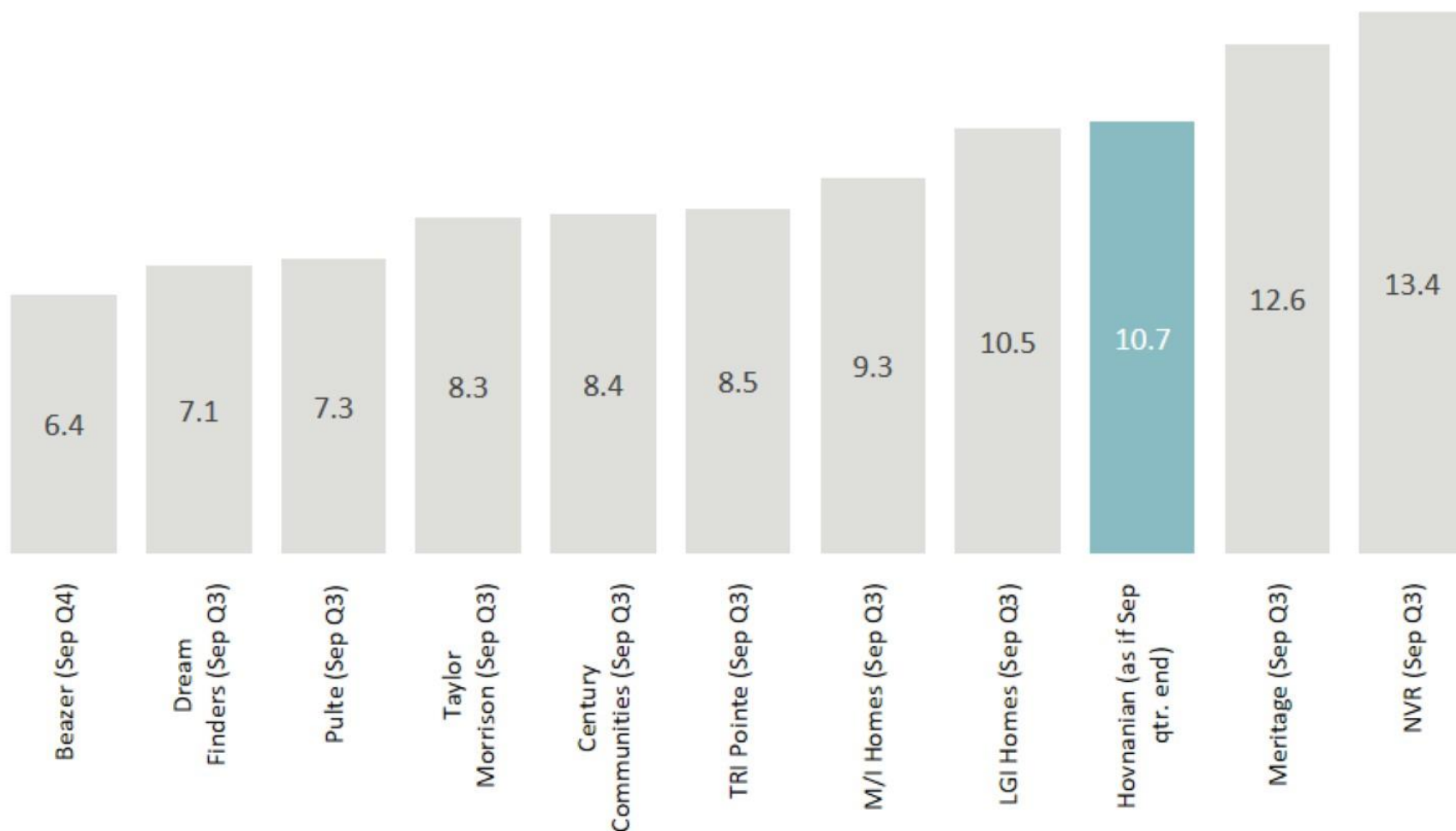
▨ Excluding Build for Rent ■ Including Build for Rent



Note: Excludes unconsolidated joint ventures.

Contracts Per Community – Most Recent Quarter

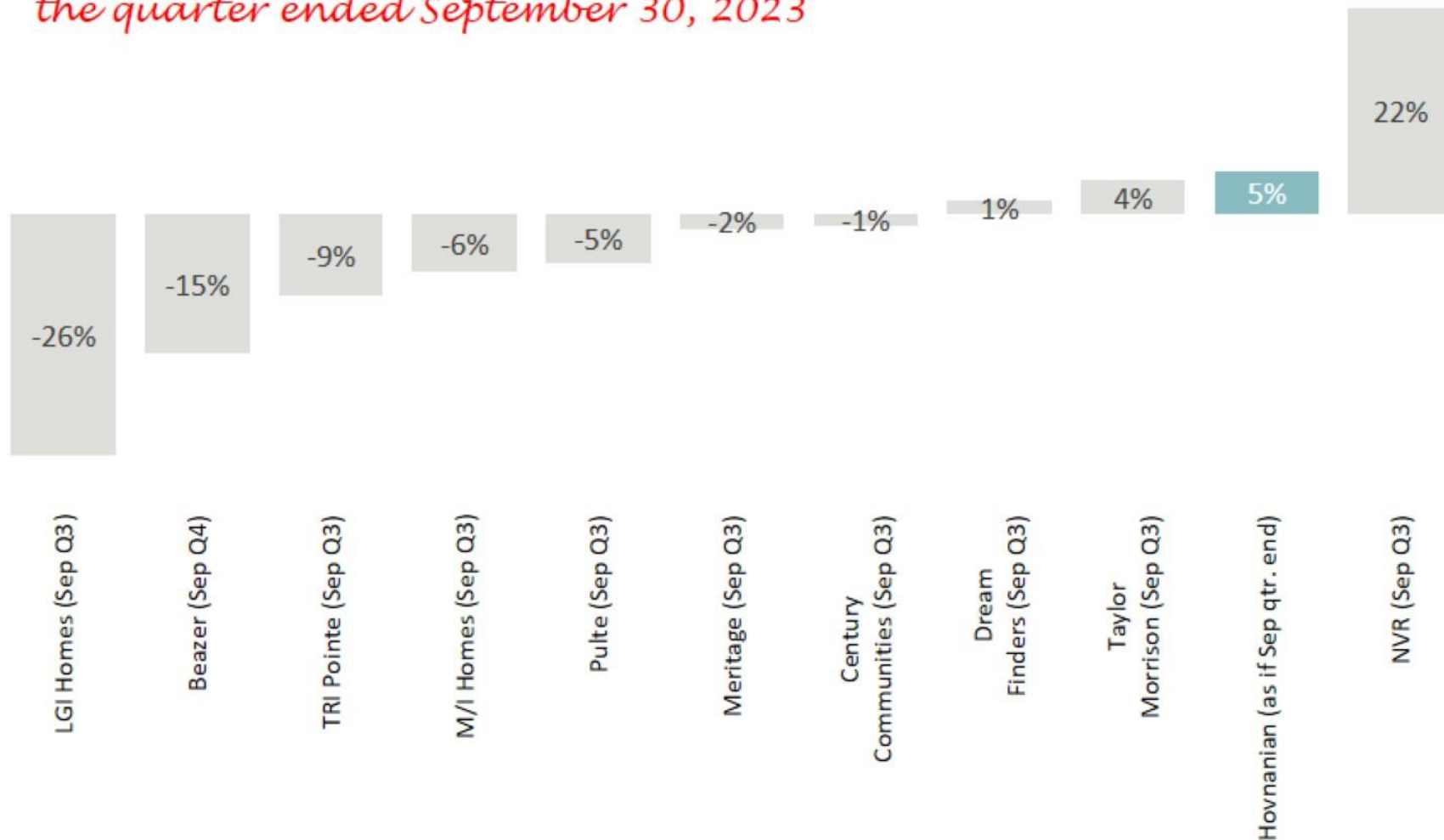
For the quarter ended September 30, 2024



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

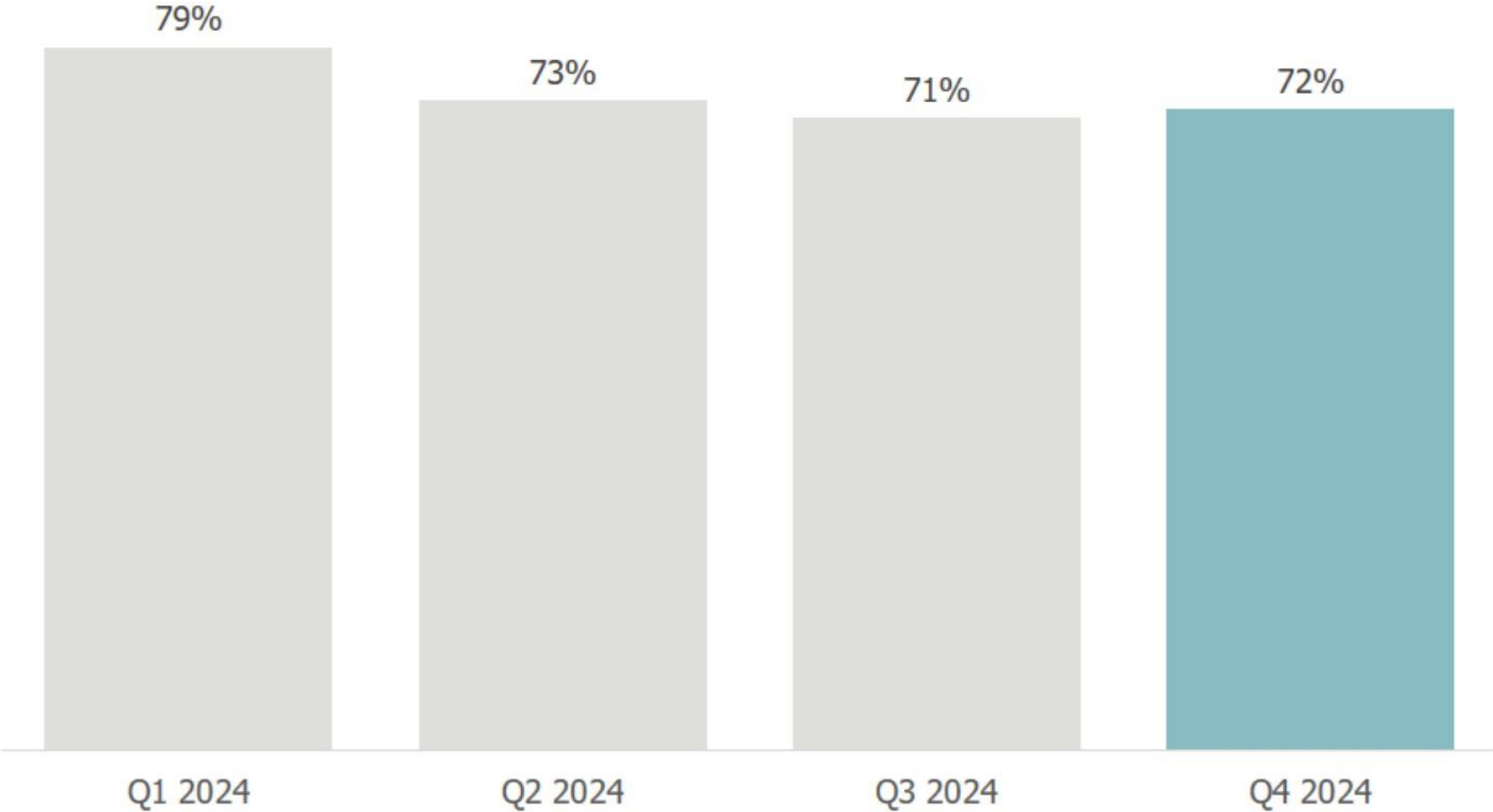
Contracts Per Community – Most Recent Quarter Year-Over-Year Change

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



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

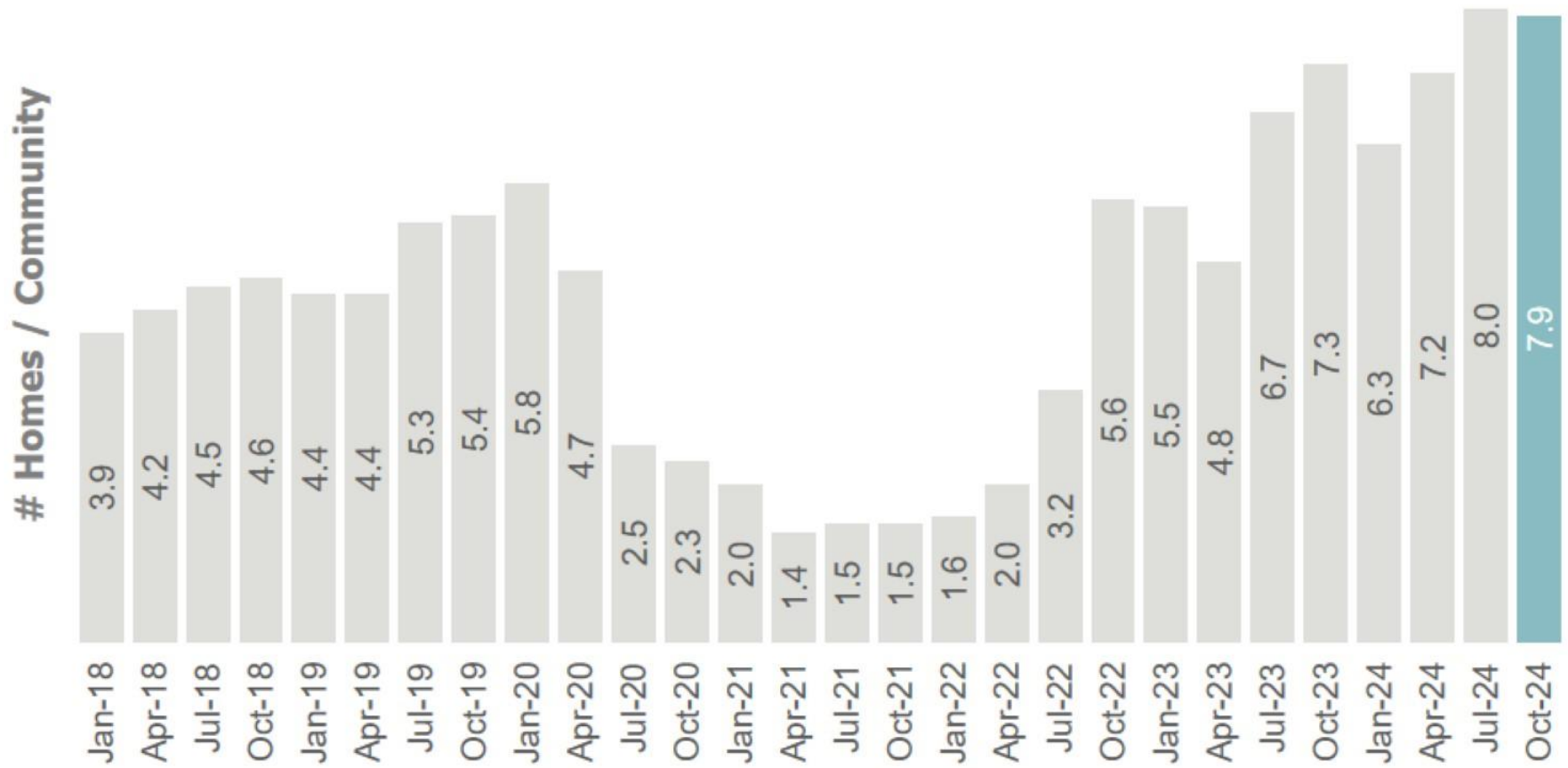
Percentage of Our Homebuyers That Used Buydowns



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

Quick Move In Homes (QMIs) Per Community

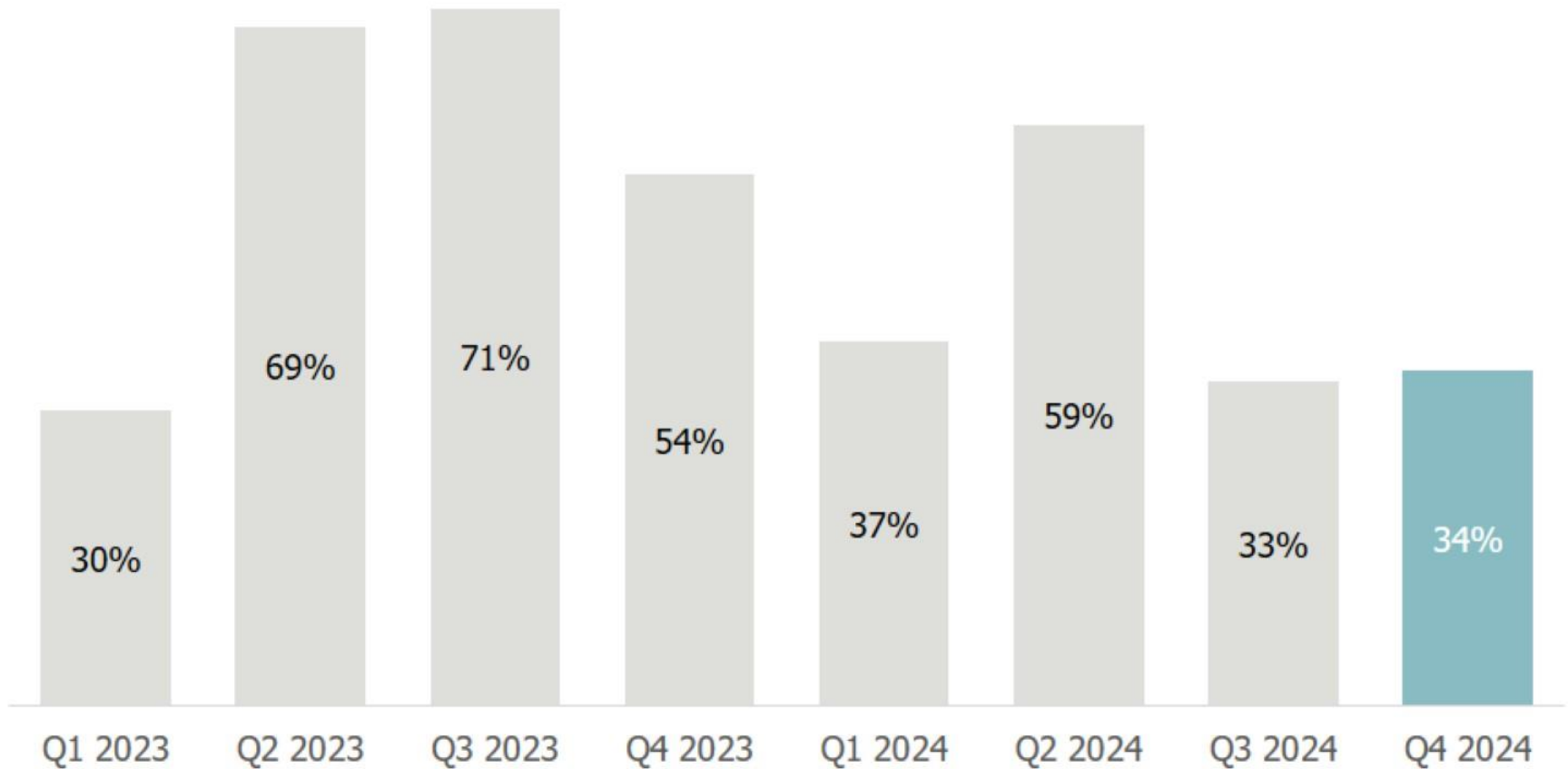
- 1,021 QMIs at 10/31/24, excluding models
- 4.6 average QMIs per community since 1997
- 233 finished QMIs at 10/31/24



Note: Excluding unconsolidated joint ventures and models.

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

Percentage of communities where we raised net prices



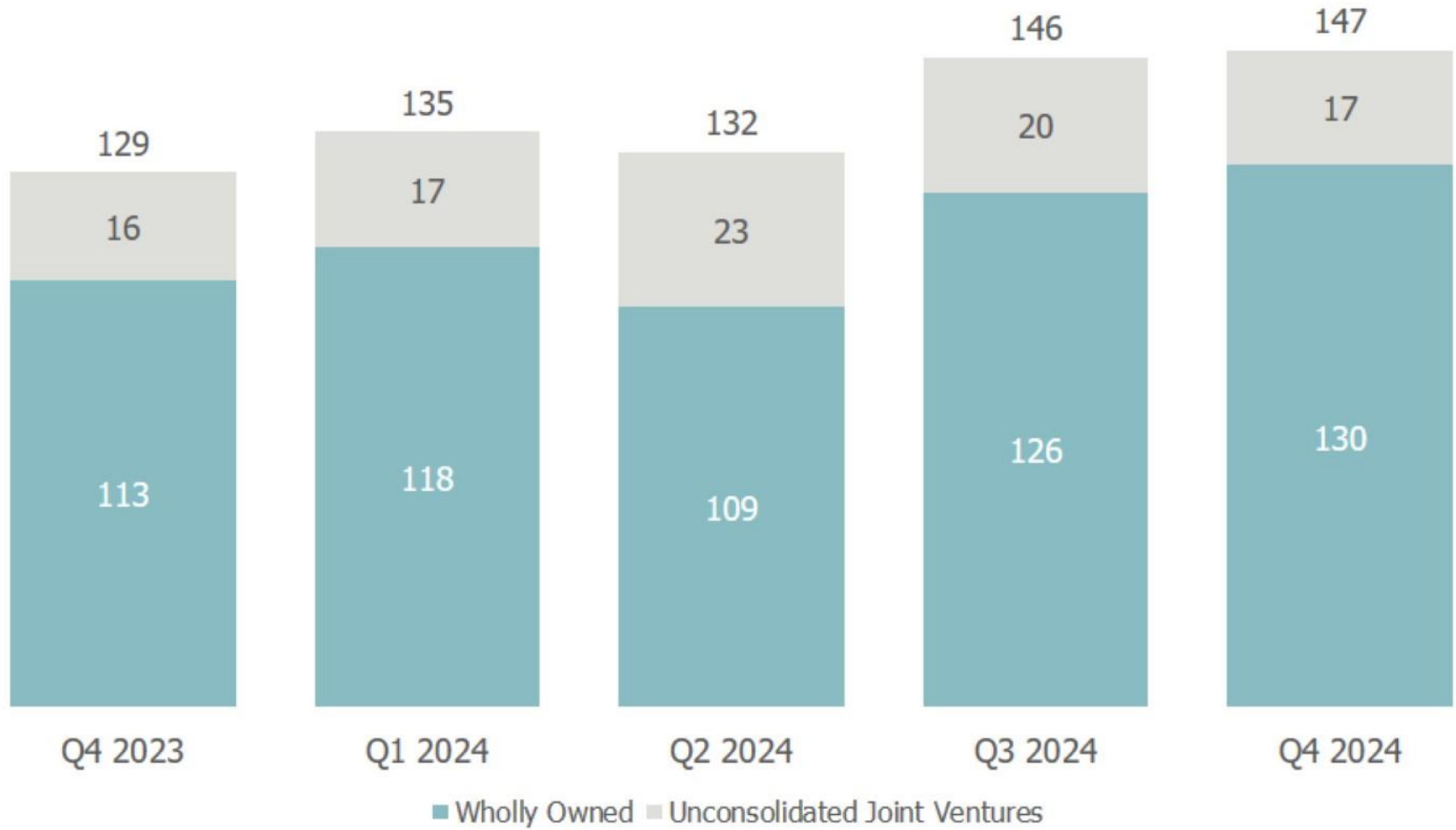


looks®



Community Count

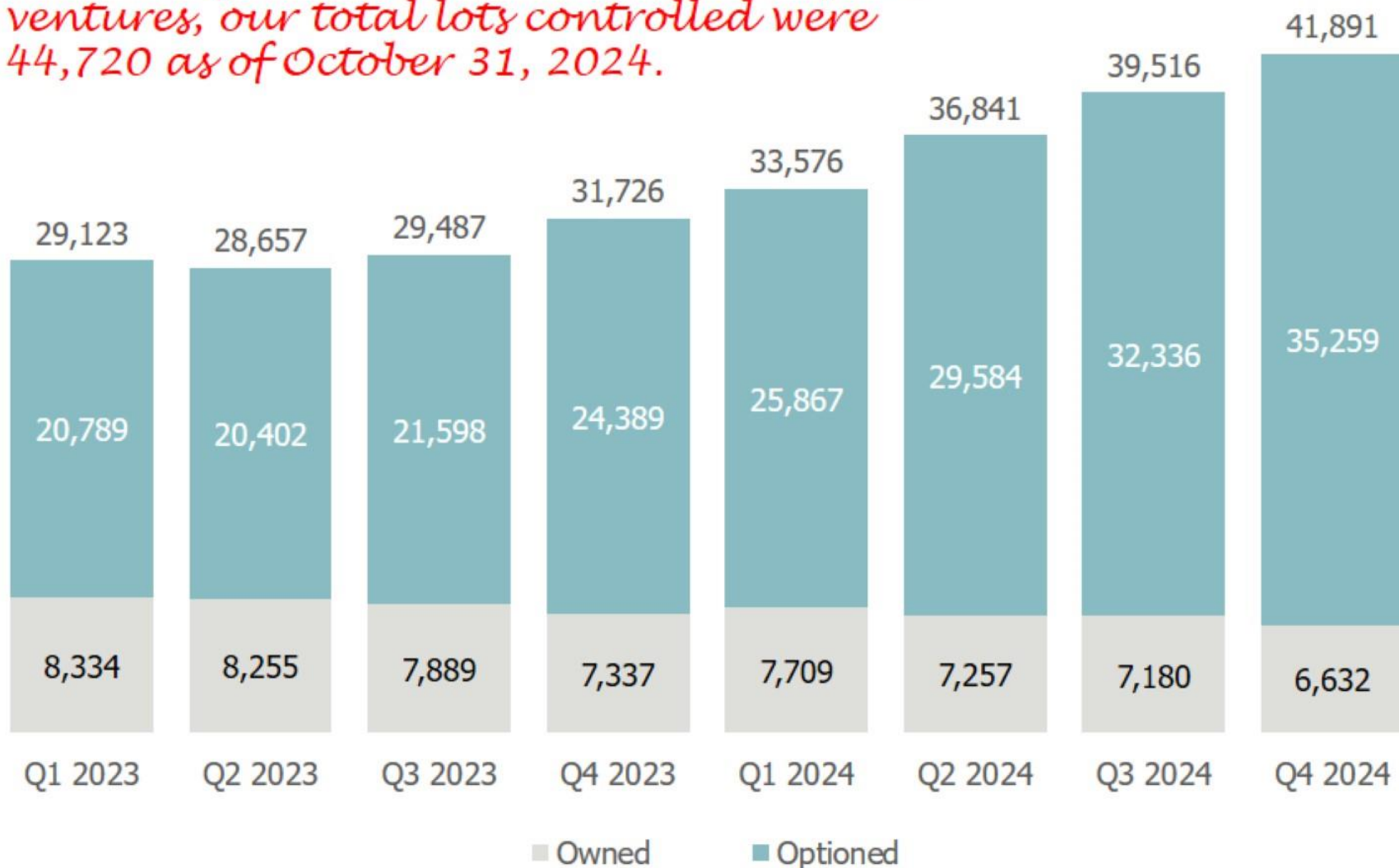
Community count expected to grow further in fiscal 2025.



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

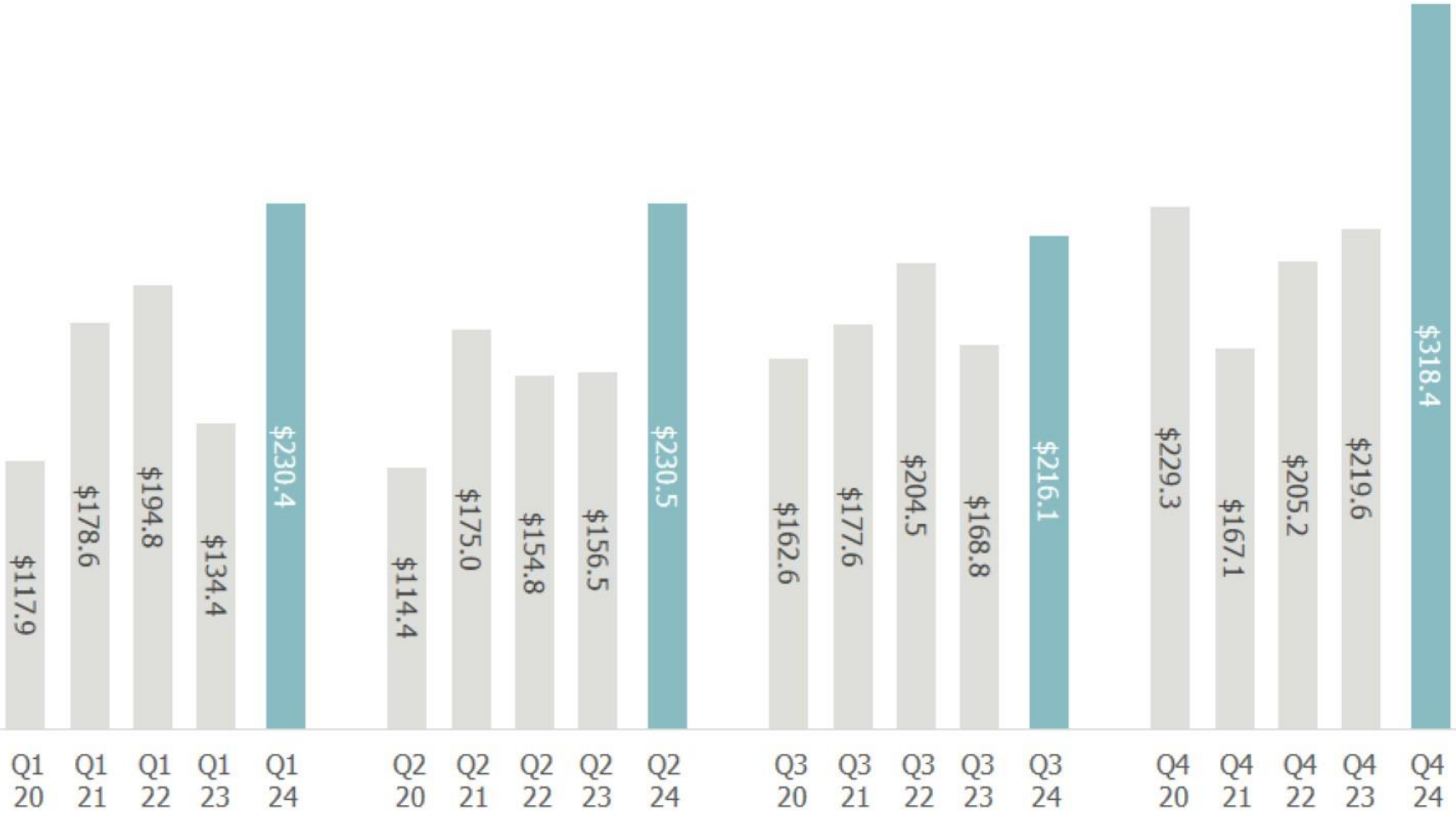
Lots Controlled

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

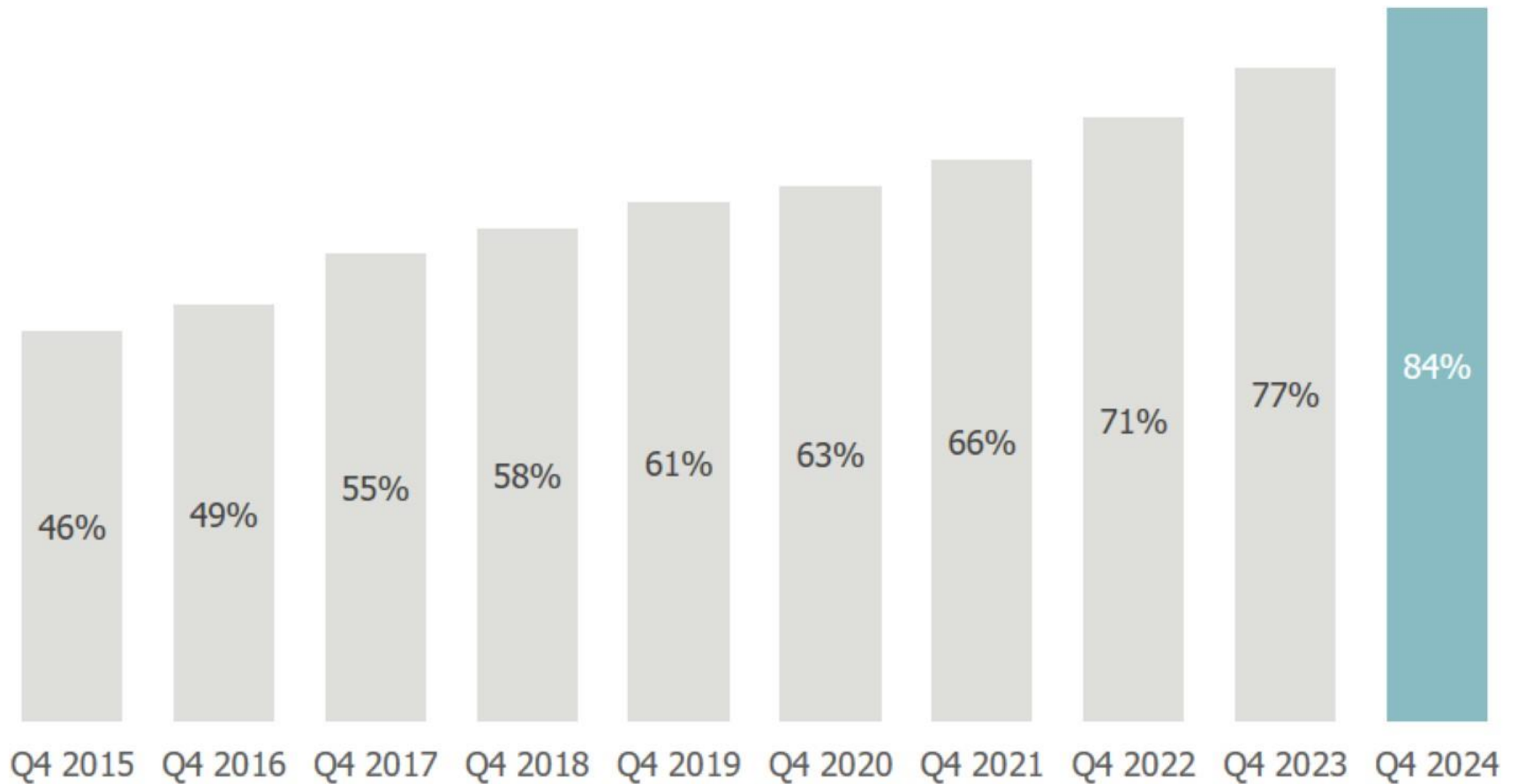


Note: Excludes unconsolidated joint ventures.

Quarterly Land and Land Development Spend

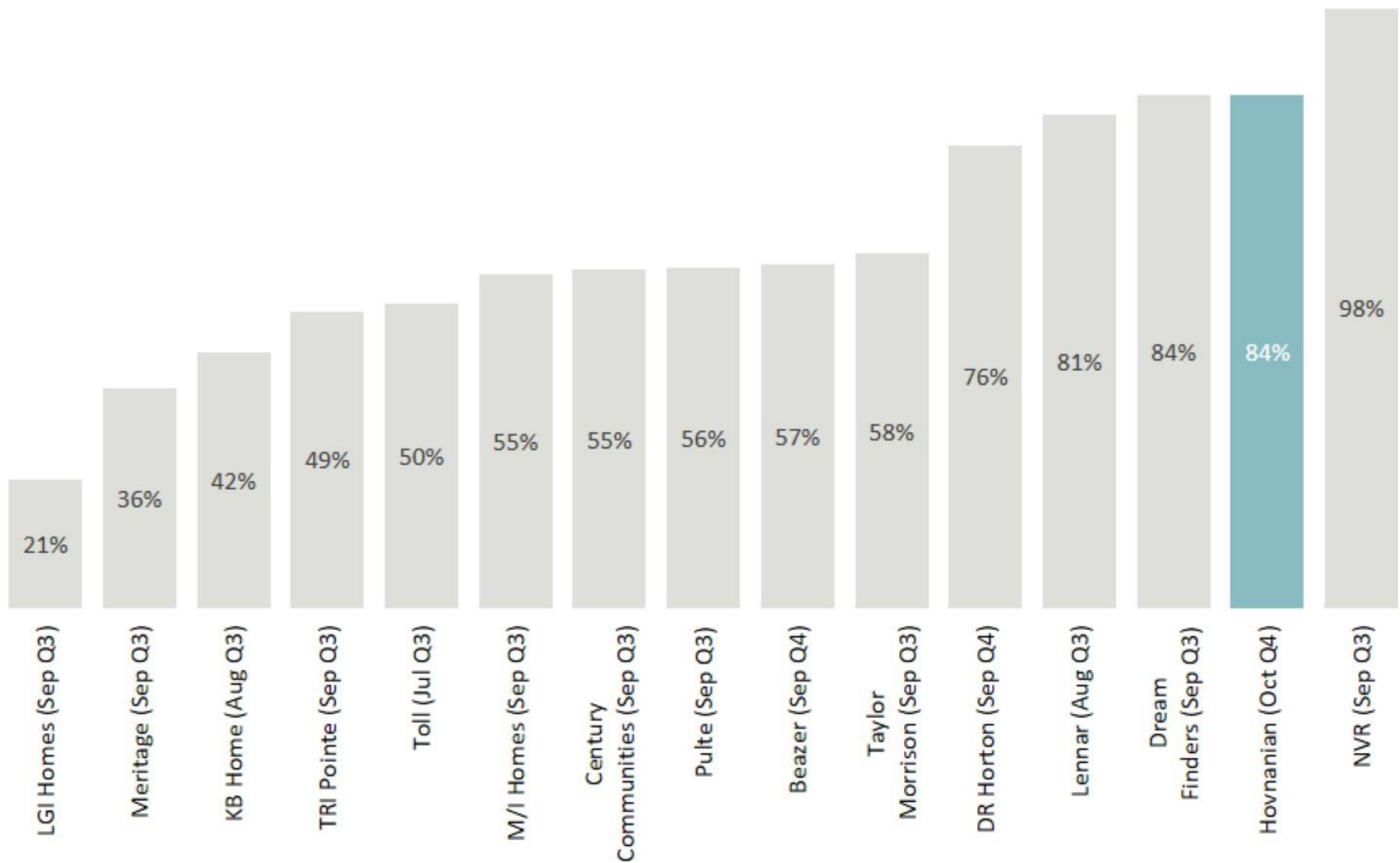


Percentage of Optioned Lots



Note: Excludes unconsolidated joint ventures.

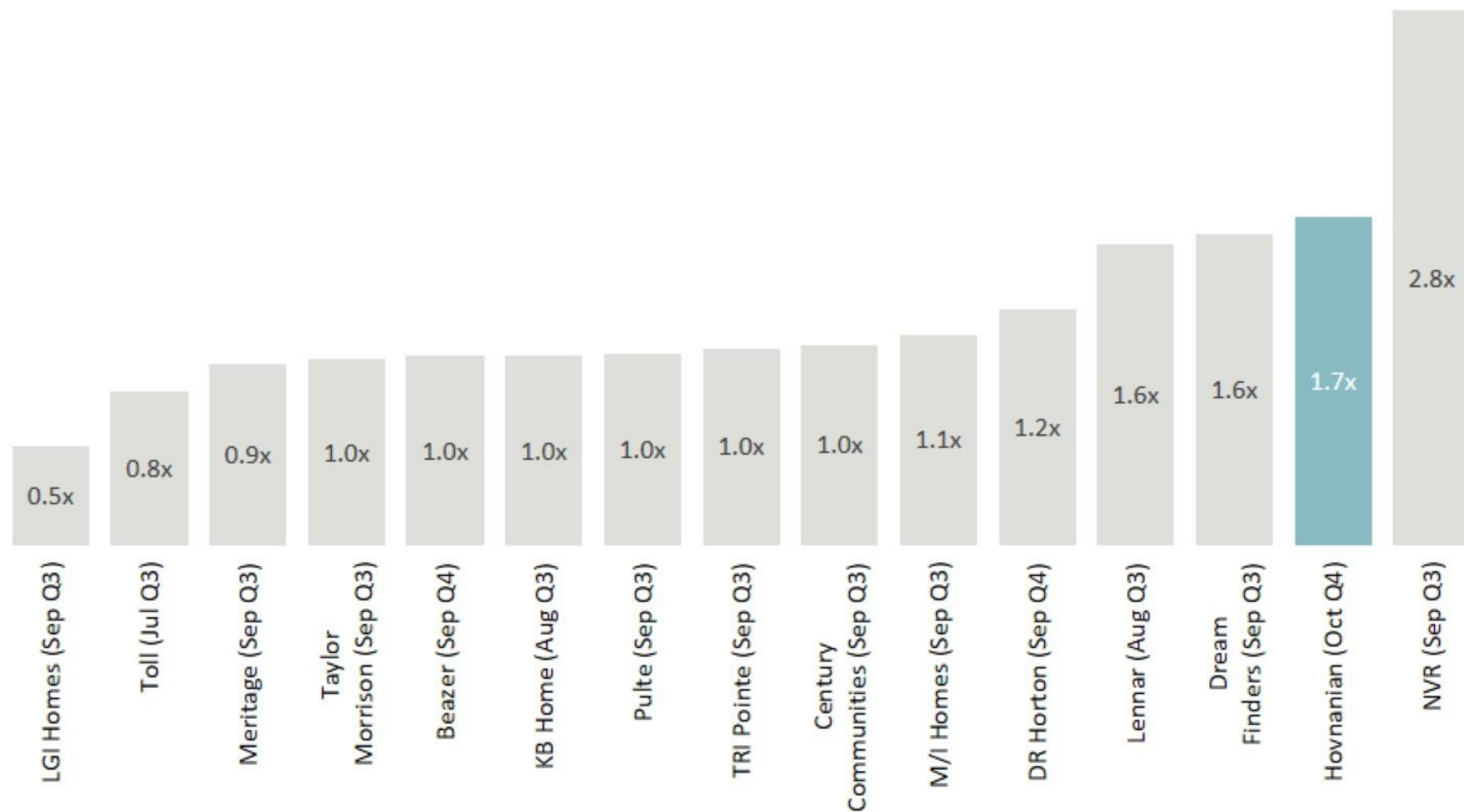
% of Lots Optioned



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

Note: Excludes unconsolidated joint ventures.

Inventory Turns (COGS), Last Twelve Months

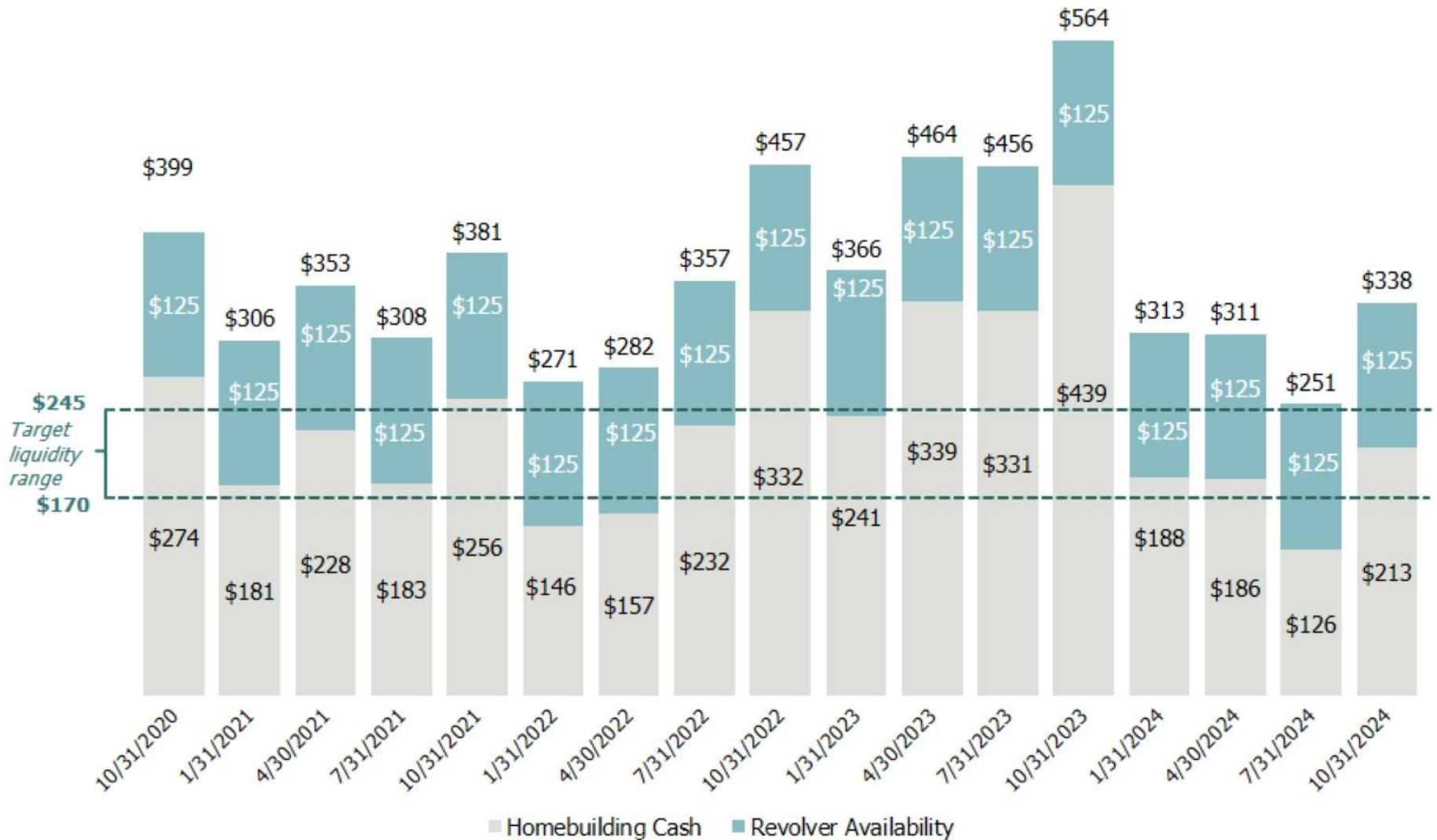


Note: Inventory turns are derived by dividing cost of sales, excluding capitalized interest, by the five-quarter average homebuilding inventory less capitalized interest and less liabilities from inventory not owned.

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

Liquidity Position and Target

(\$ in millions)



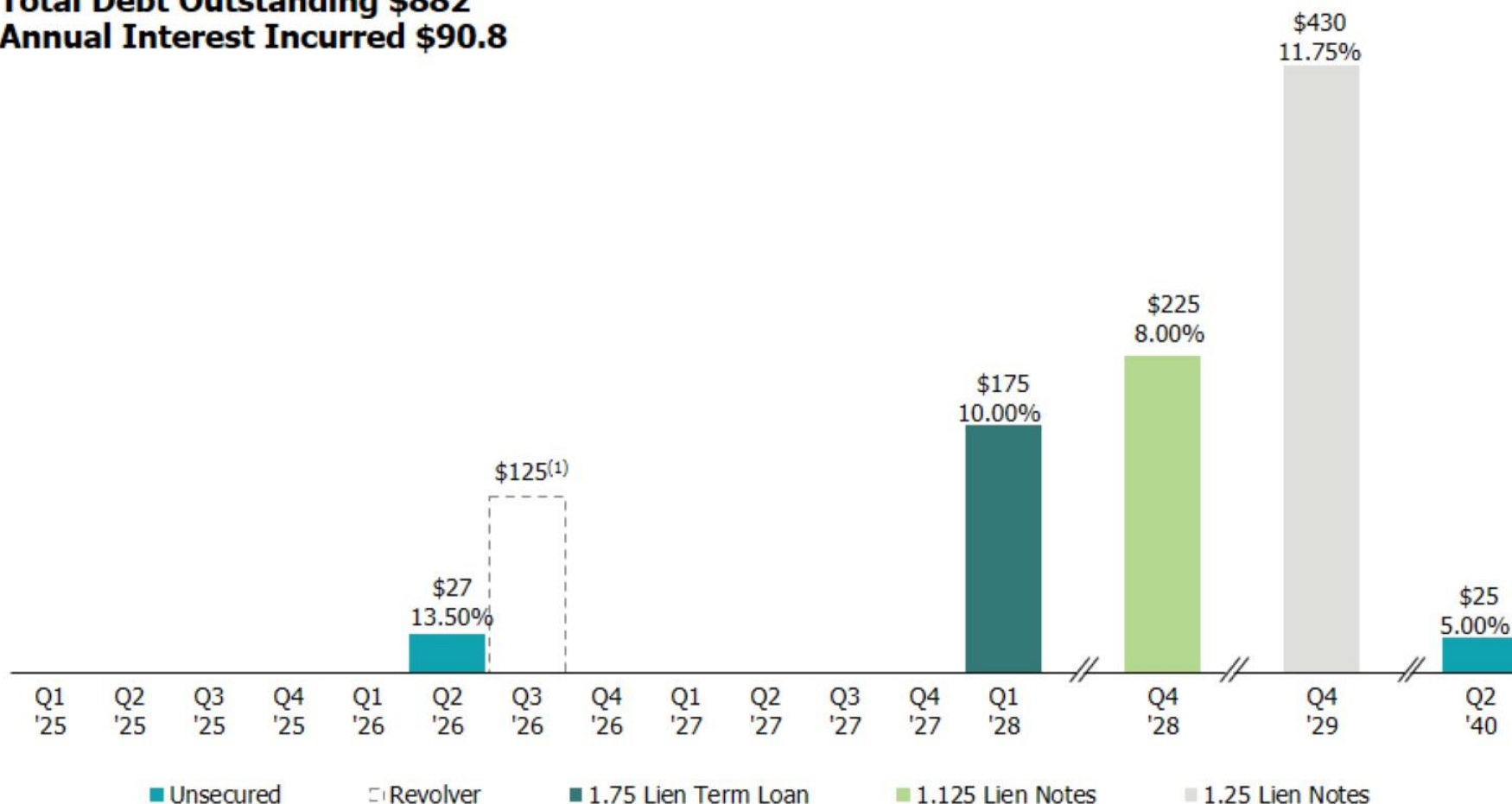
Note: Liquidity position includes homebuilding cash and cash equivalents (which includes unrestricted cash and restricted cash required to collateralize letters of credit) and revolving credit facility availability.

Debt Maturity Profile

October 31, 2024

(\$ in millions)

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

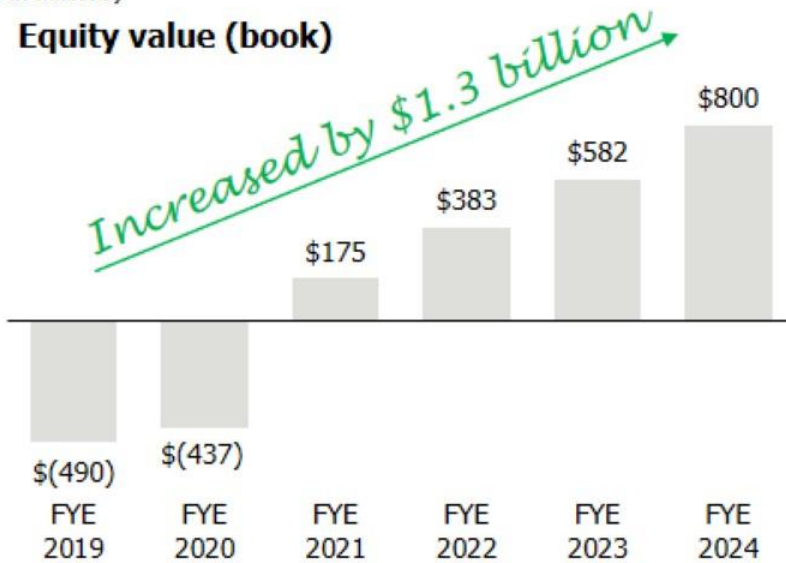


Note: Shown on a fiscal year basis, at face value.
Excludes non-recourse mortgages.
(1) \$0 balance as of October 31, 2024.

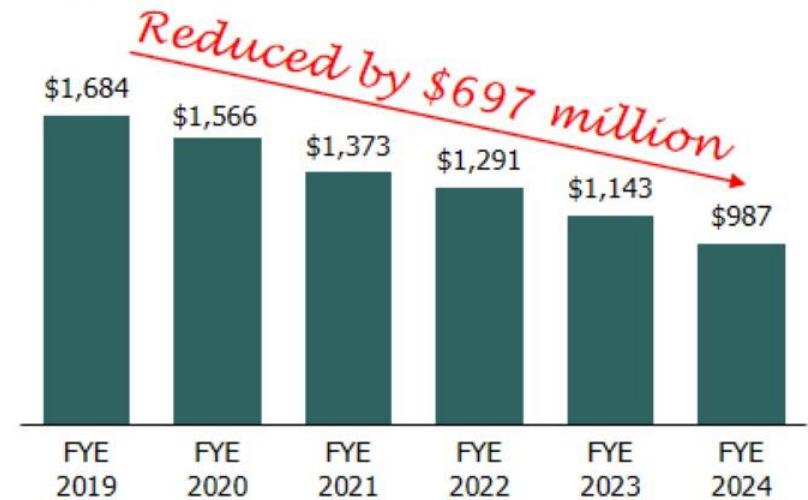
Balance Sheet Metrics

(\$ in millions)

Equity value (book)

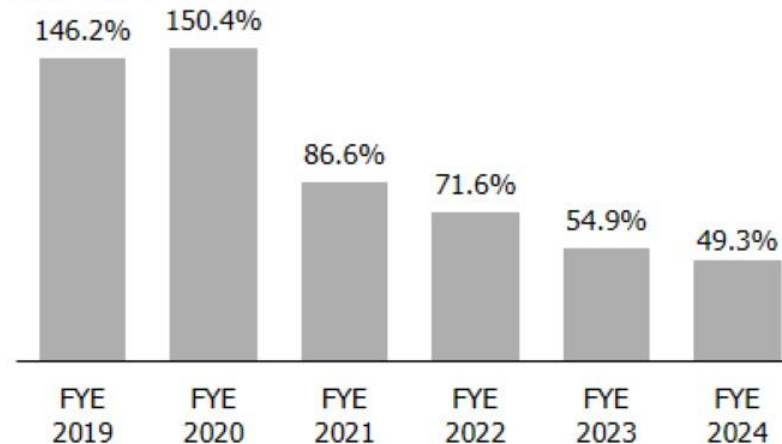


Total debt



Net debt to net capitalization

Goal: Mid 30% level



Guidance for Fiscal 2025 First Quarter

(\$ in millions)

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

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

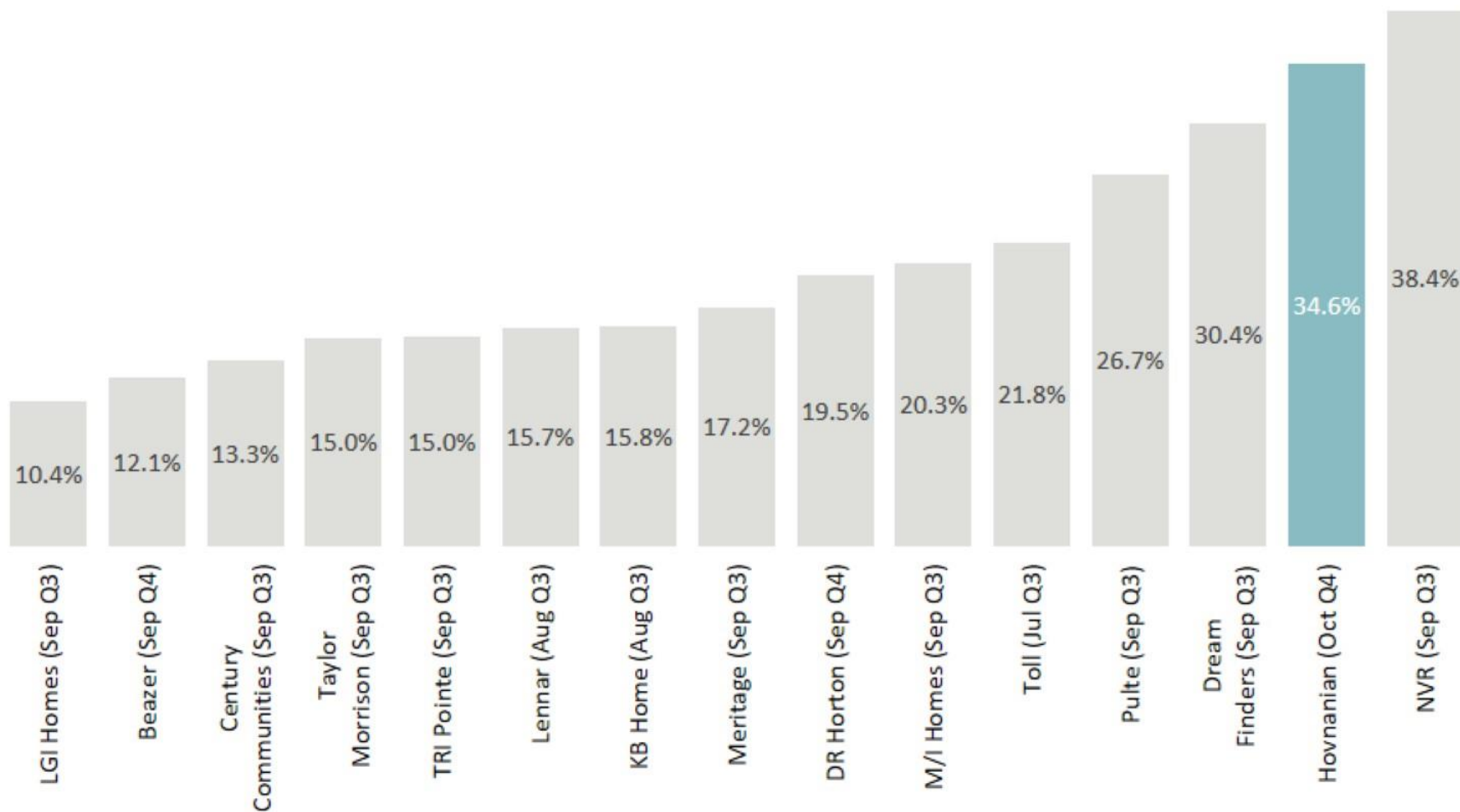
(2) Adjusted homebuilding gross margin percentage is before cost of sales interest expense and land charges and is a non-GAAP financial measure. See appendix for a reconciliation of the historic measure to the most directly comparable GAAP measure.

(3) Total SG&A includes homebuilding selling, general and administrative costs and corporate general and administrative costs. Ratio calculated as a percentage of total revenues. The SG&A guidance assumes that the stock remains at \$176.04, which was the price at the end of the fourth quarter of fiscal year 2024.

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

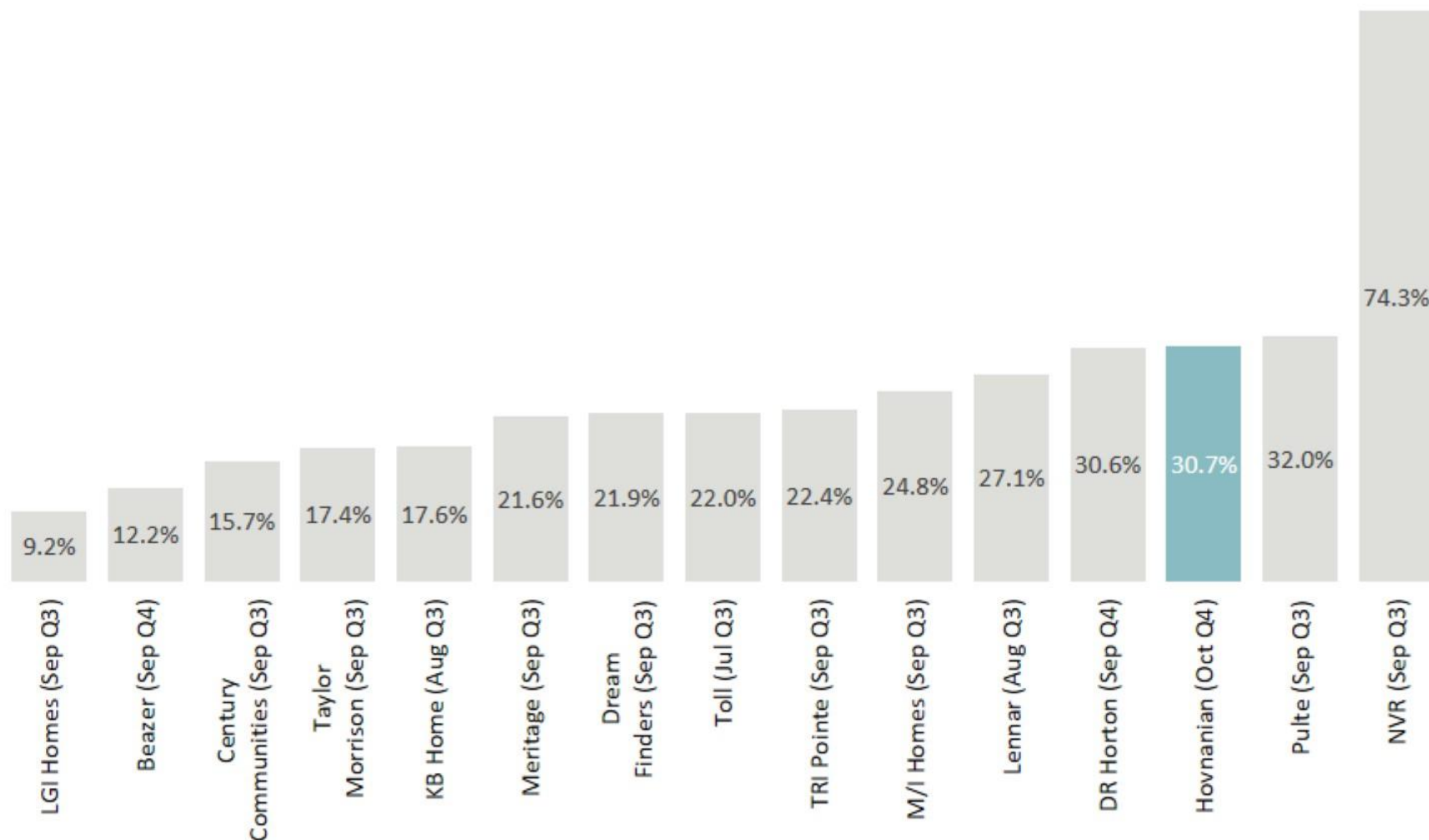
(5) Adjusted Income Before Income Taxes excludes land-related charges, joint venture write-downs and loss (gain) on extinguishment of debt, net and is a non-GAAP financial measure. See appendix for a reconciliation of the historic measure to the most directly comparable GAAP measure.

ROE, Last Twelve Months



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

Consolidated EBIT ROI, Last Twelve Months



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

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

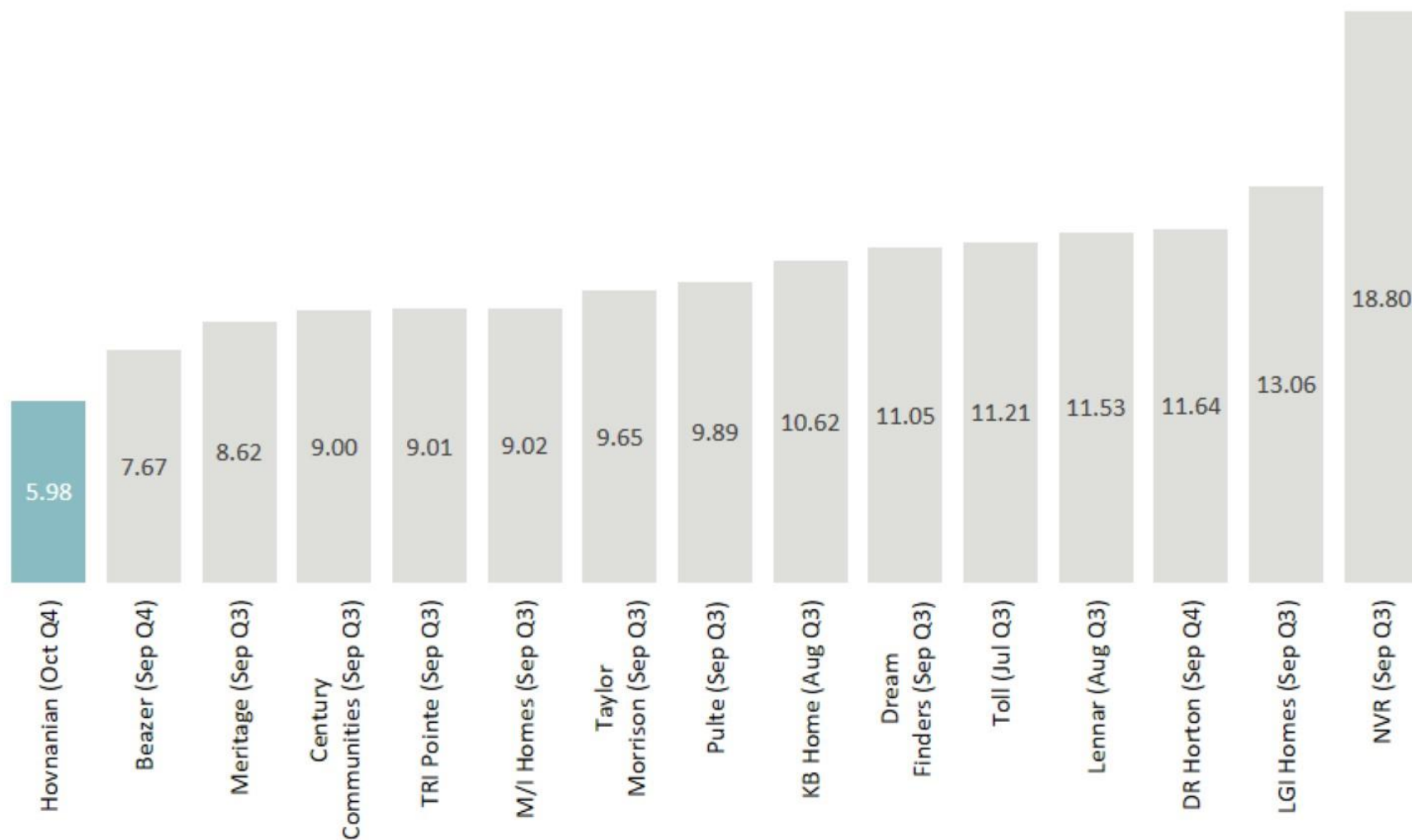
Price to Book Value



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

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

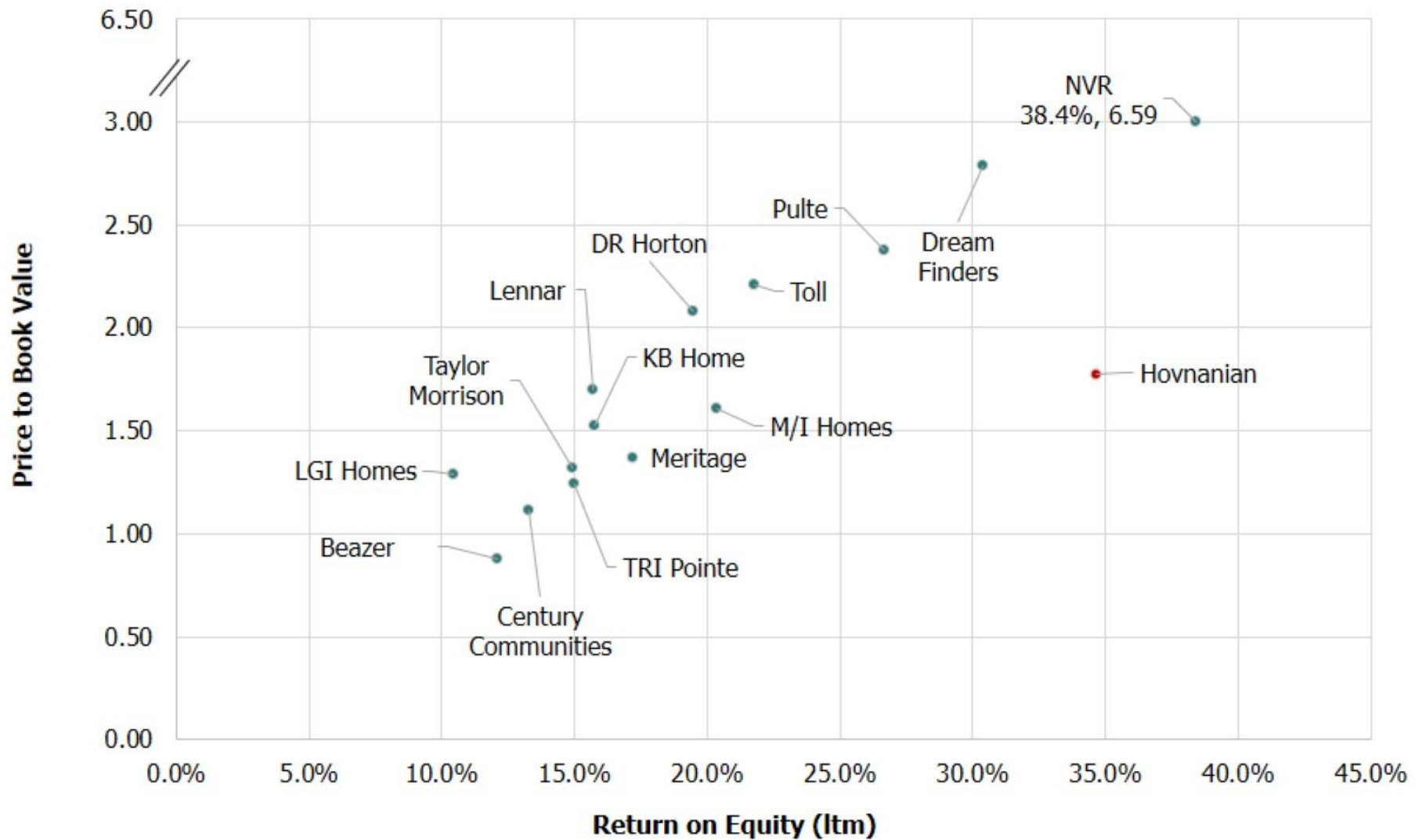
Price to Earnings Ratio



Source: Last twelve-month price to earnings ratio based on Yahoo! finance as of 12/04/2024.

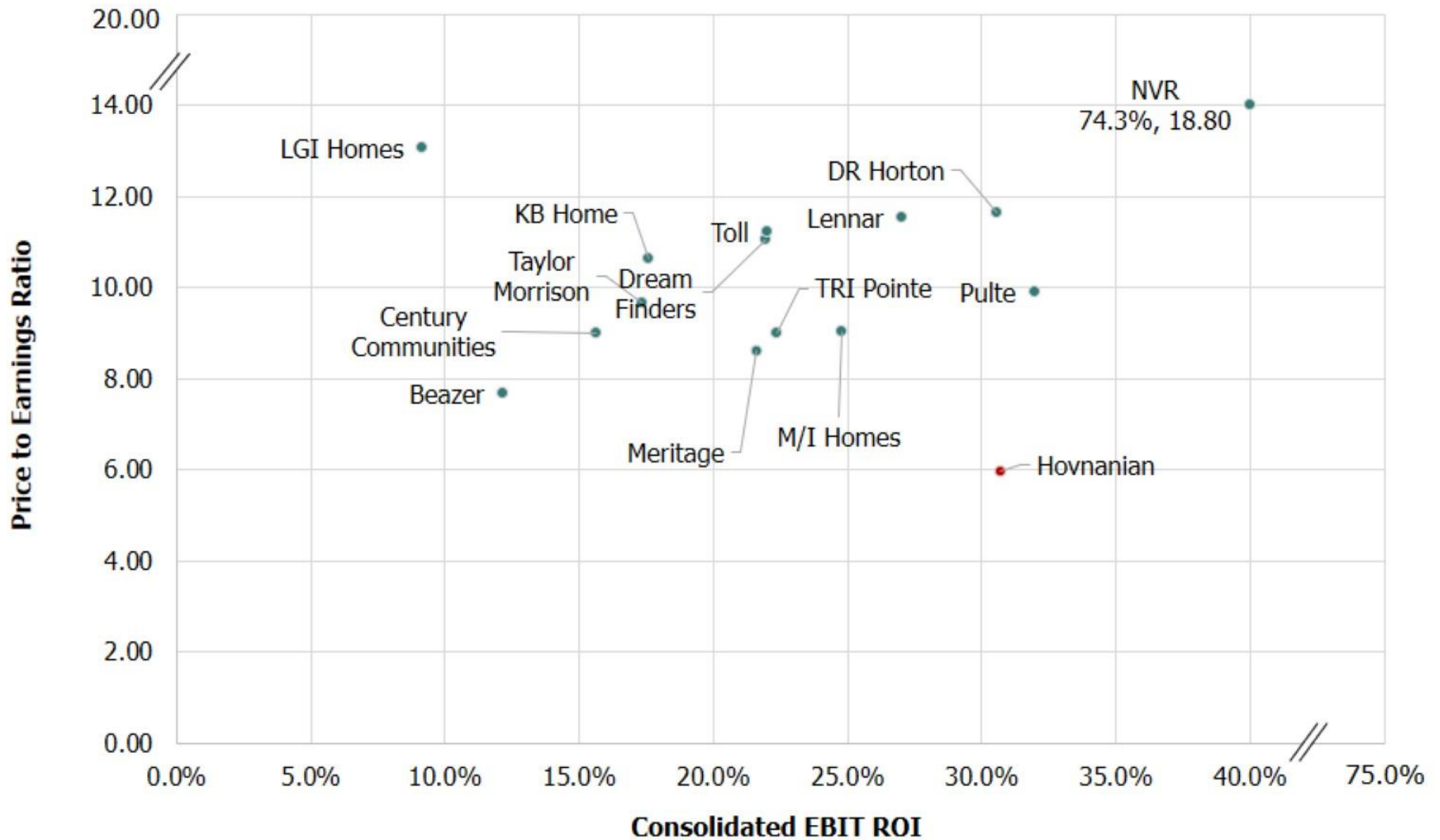
Note: Hovnanian price to earnings ratio calculated using last twelve months EPS as of 10/31/2024 and stock price of \$189.96 as of 12/04/2024.

ROE Price to Book



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

EBIT ROI to PE



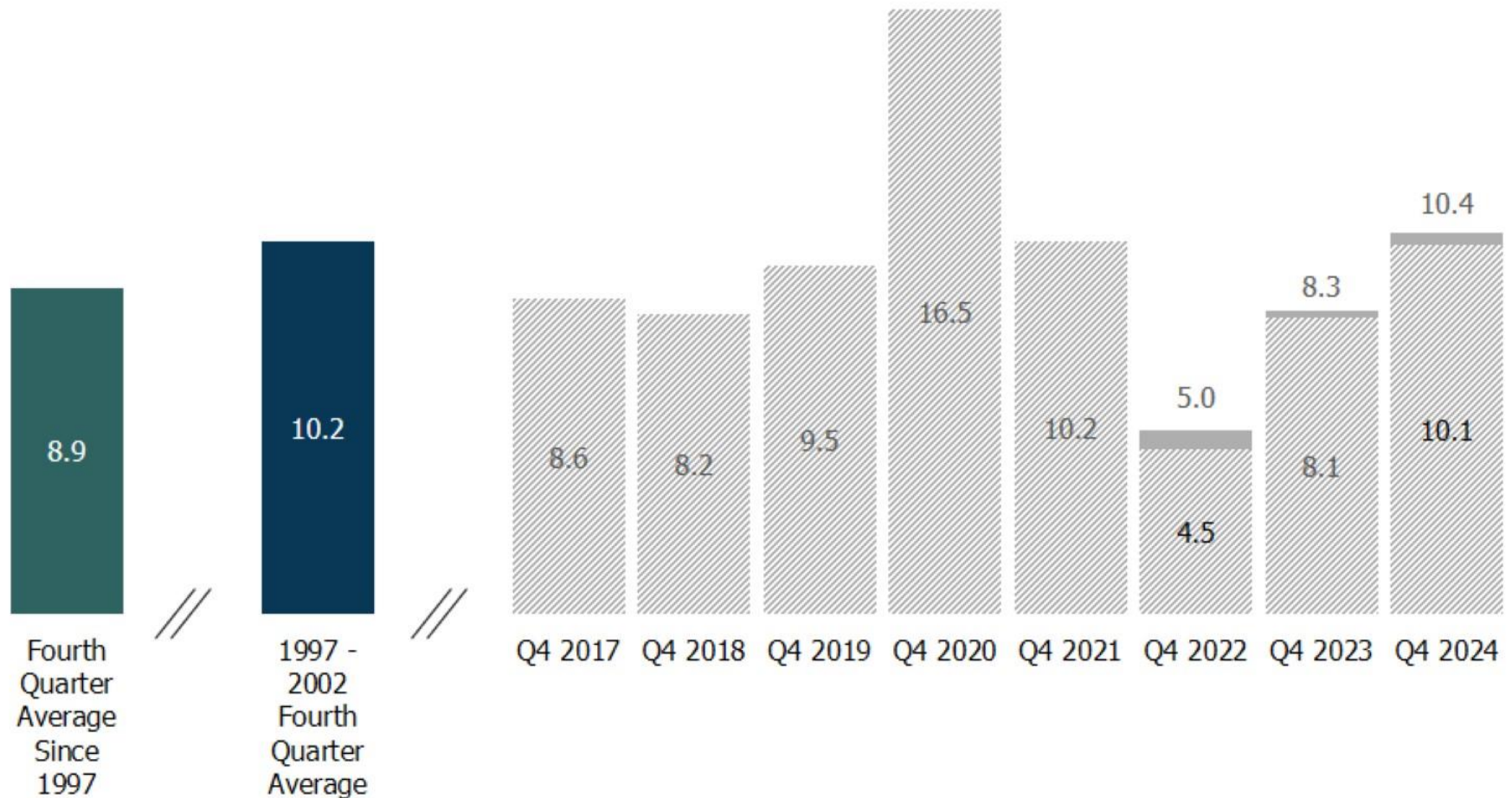
Source: Yahoo! finance as of 12/04/2024.



Appendix

Quarterly Contracts Per Community

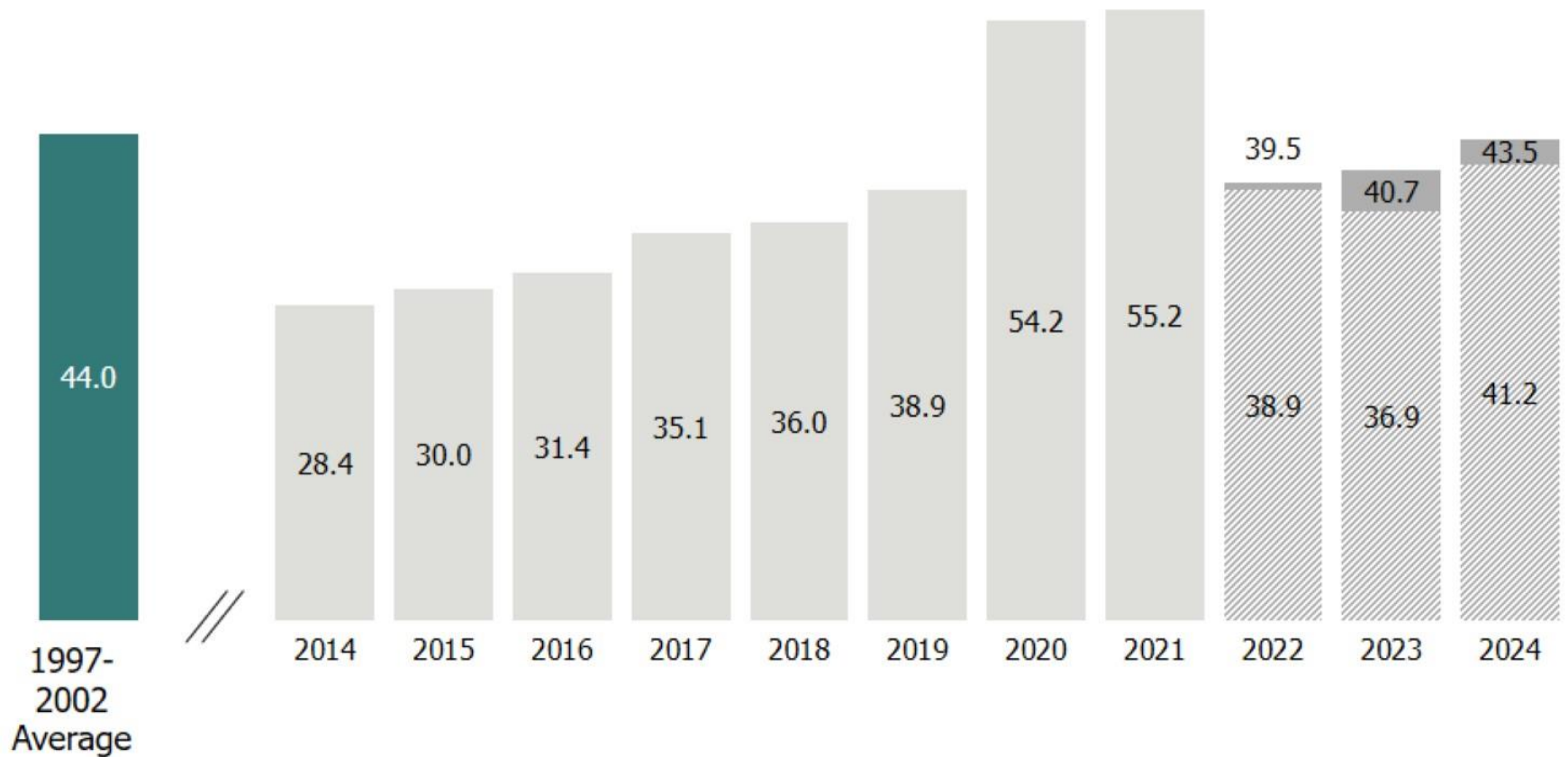
▨ Excluding Build for Rent ■ Including Build for Rent



Note: Excludes unconsolidated joint ventures.

Annual Contracts Per Community

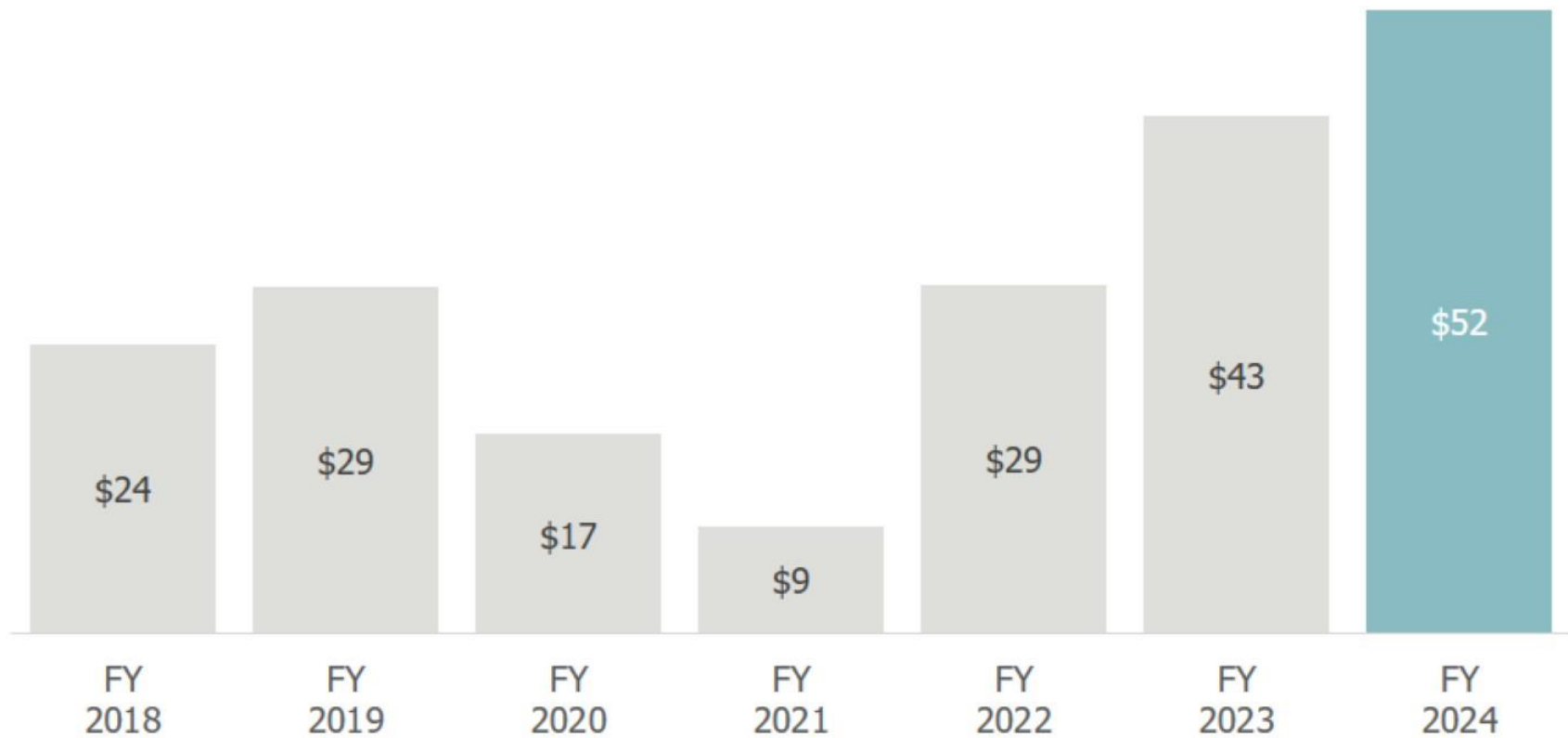
▨ Excluding Build for Rent ■ Including Build for Rent



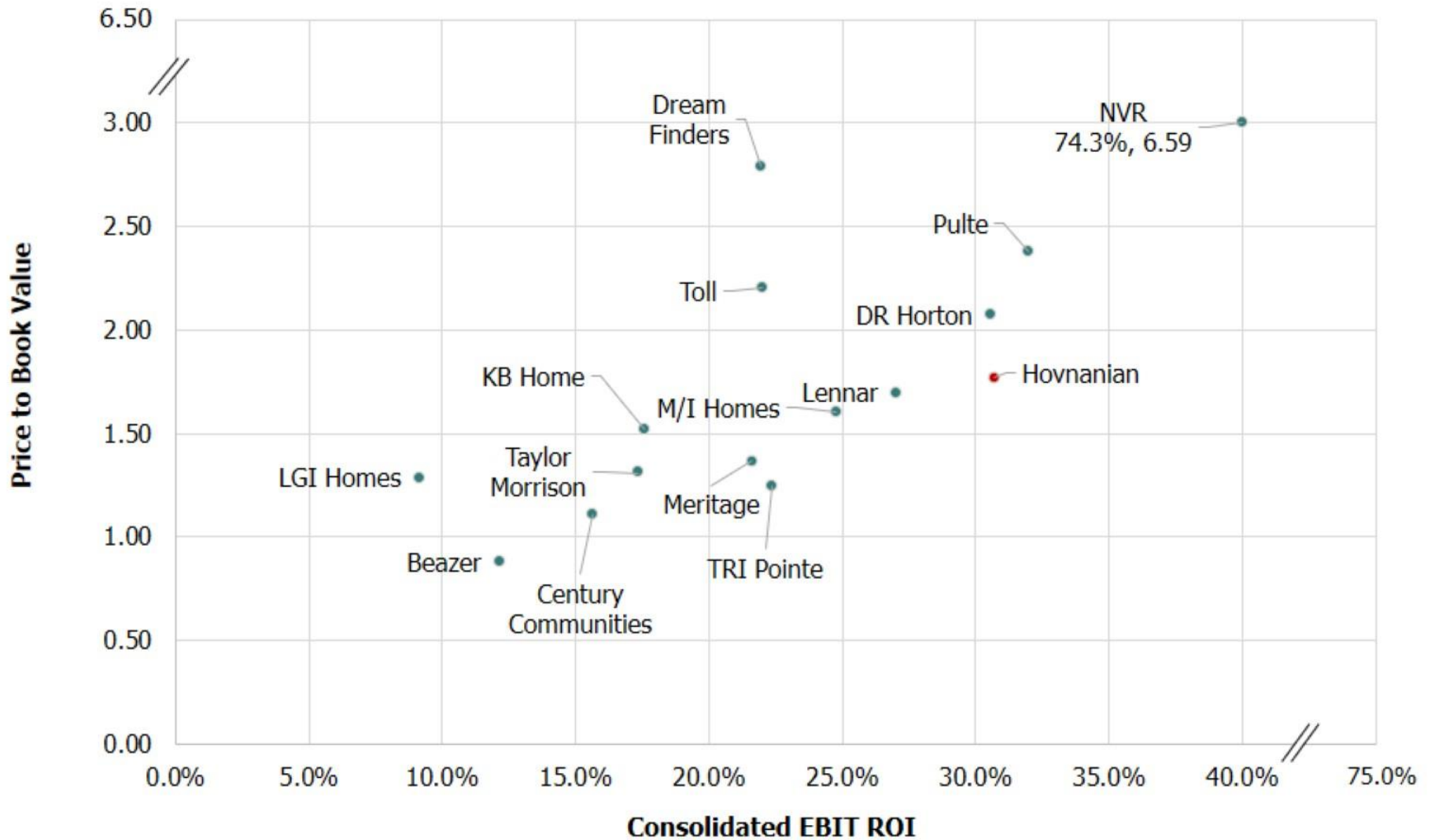
Note: Annual Contracts per Community calculated based on a five-quarter average of communities, excluding unconsolidated joint ventures.

Income from Unconsolidated Joint Ventures

(\$ in millions)

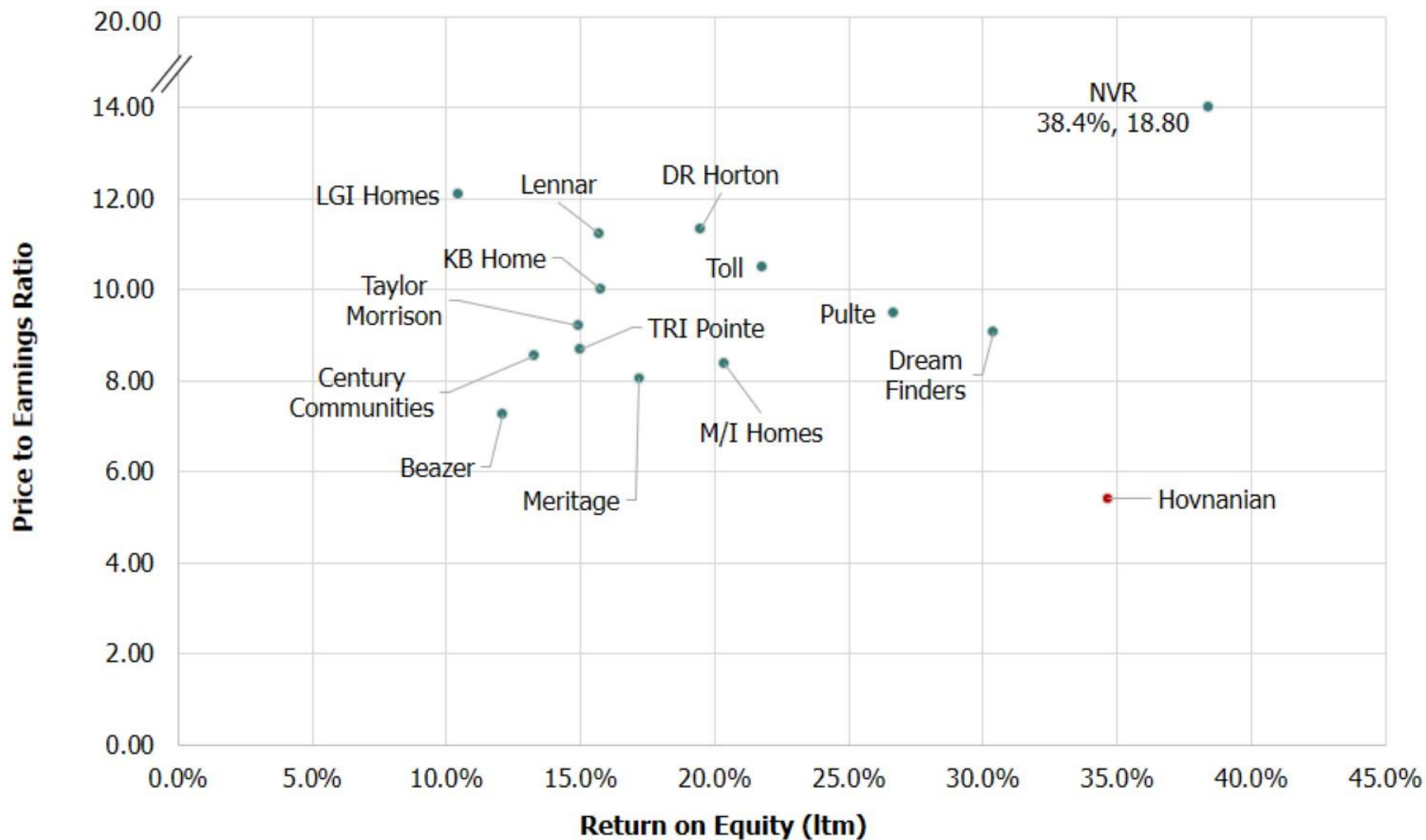


EBIT ROI to Price to Book Value



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

ROE to PE



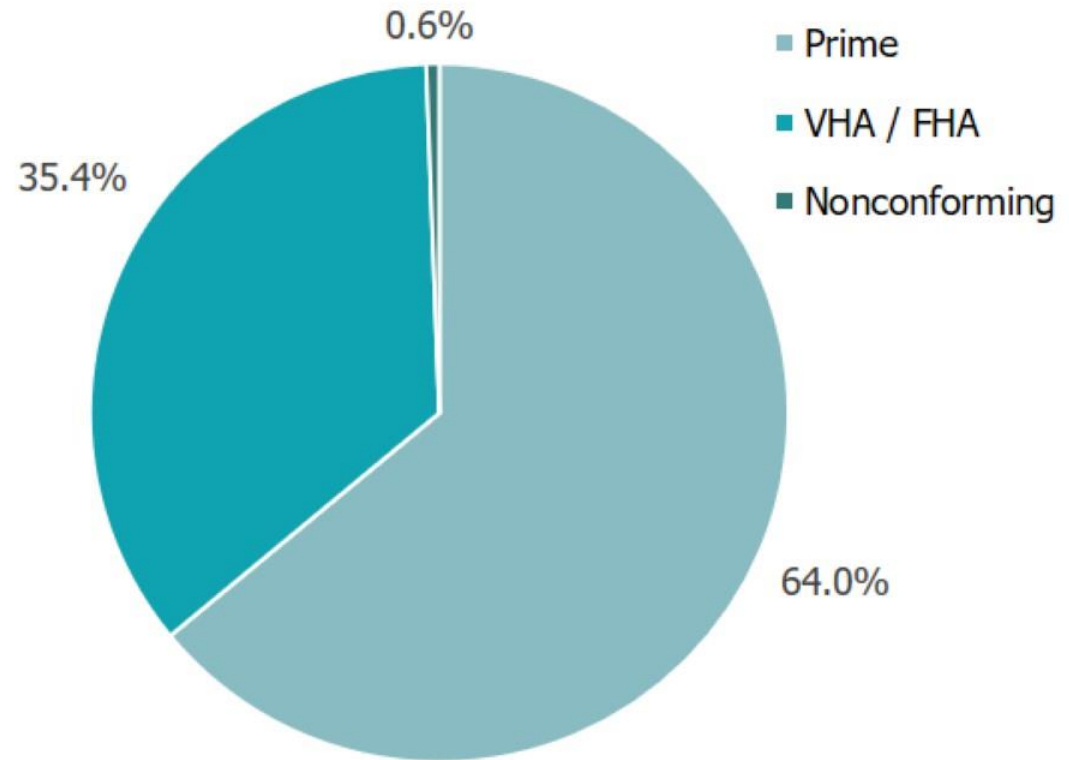
Source: Yahoo! finance as of 12/04/2024.

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
- \$74mm LTM revenues
- \$24mm LTM operating income
- 33% LTM operating margin

Origination portfolio for the year ended October 31, 2024



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

Credit Quality of Homebuyers

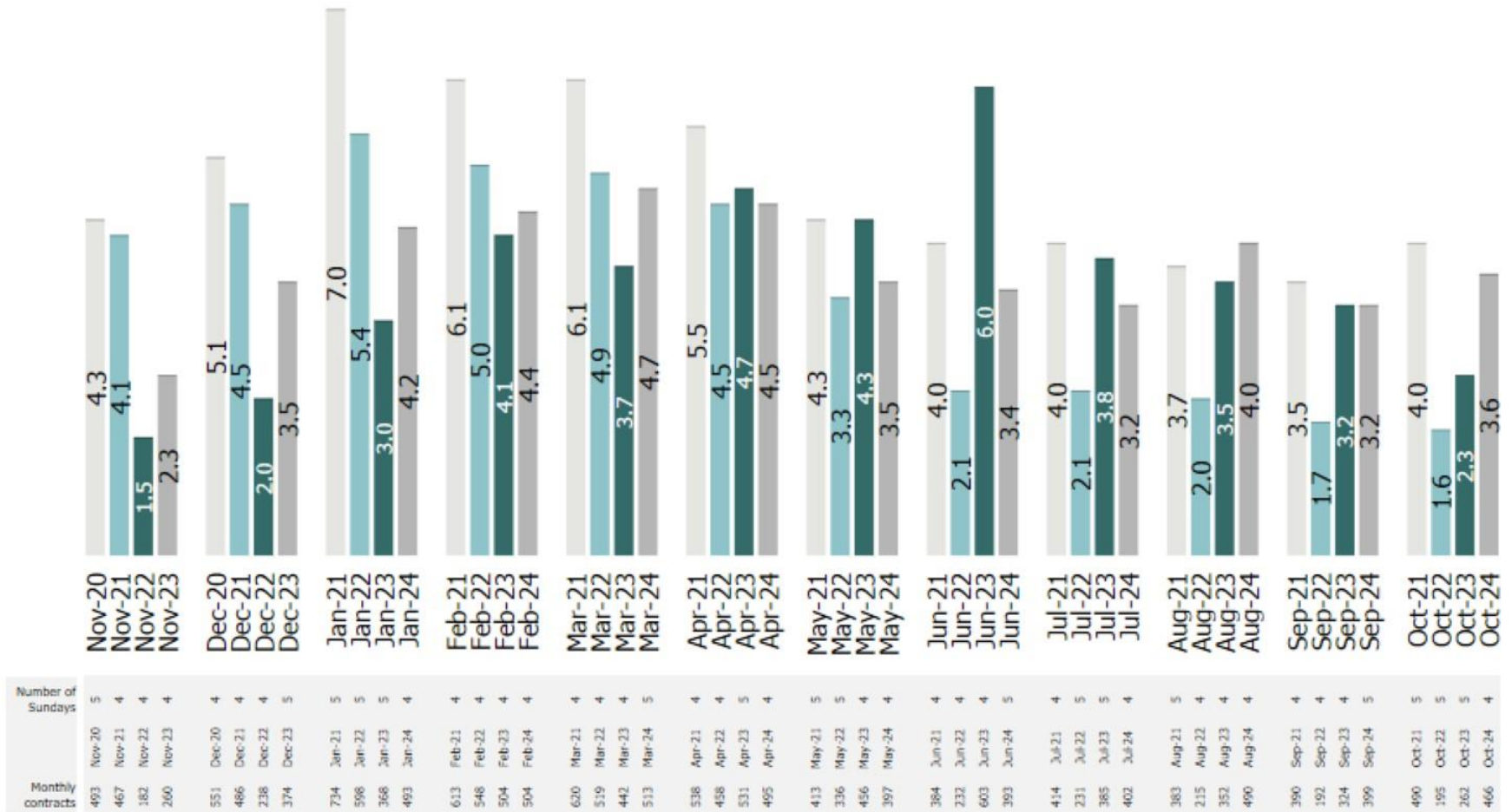
Fiscal Year 2023

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

Fiscal Year 2024

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

Number of Monthly Contracts Per Community, Excludes Unconsolidated Joint Ventures



Note: Excludes unconsolidated joint ventures.

Land Positions by Geographic Segment

October 31, 2024

Segment	Owned			Total Lots
	Excluding Mothballed Lots	Mothballed Lots	Optioned Lots	
Northeast	1,919	6	17,651	19,576
Southeast	806	0	6,355	7,161
West	3,511	390	11,253	15,154
Consolidated Total	6,236	396	35,259	41,891
Unconsolidated Joint Ventures	2,183	-	646	2,829
Grand Total	8,419	396	35,905	44,720

- **Option deposits as of October 31, 2024, were \$264.8 million**
- **\$66.7 million invested in pre-development expenses as of October 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%
Q4 2024	\$176.04	\$87.7	9.0%	\$1.2	\$88.9	9.1%

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

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

Hovnanian Enterprises, Inc.

October 31, 2024

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

(In thousands)

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

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

Reconciliation of Gross Margin

Hovnanian Enterprises, Inc.

October 31, 2024

Gross margin
(In thousands)

	Homebuilding Gross Margin Three Months Ended October 31,		Homebuilding Gross Margin Year Ended October 31,	
	2024	2023	2024	2023
	(Unaudited)		(Unaudited)	
Sale of homes	\$ 927,499	\$ 829,733	\$ 2,875,488	\$ 2,630,457
Cost of sales, excluding interest expense and land charges (1)	726,491	626,424	2,241,749	2,032,136
Homebuilding gross margin, before cost of sales interest expense and land charges (2)	201,008	203,309	633,739	598,321
Cost of sales interest expense, excluding land sales interest expense	25,925	25,101	87,717	79,894
Homebuilding gross margin, after cost of sales interest expense, before land charges (2)	175,083	178,208	546,022	518,427
Land charges	7,918	614	8,903	1,536
Homebuilding gross margin	<u>\$ 167,165</u>	<u>\$ 177,594</u>	<u>\$ 537,119</u>	<u>\$ 516,891</u>
Homebuilding gross margin percentage	18.0%	21.4%	18.7%	19.6%
Homebuilding gross margin percentage, before cost of sales interest expense and land charges (2)	21.7%	24.5%	22.0%	22.7%
Homebuilding gross margin percentage, after cost of sales interest expense, before land charges (2)	18.9%	21.5%	19.0%	19.7%

	Land Sales Gross Margin Three Months Ended October 31,		Land Sales Gross Margin Year Ended October 31,	
	2024	2023	2024	2023
	(Unaudited)		(Unaudited)	
Land and lot sales	\$ 26,974	\$ 32,175	\$ 42,757	\$ 48,217
Cost of sales, excluding interest (1)	8,846	10,724	21,635	20,664
Land and lot sales gross margin, excluding interest and land charges	18,128	21,451	21,122	27,553
Land and lot sales interest expense	125	-	2,090	926
Land and lot sales gross margin, including interest	<u>\$ 18,003</u>	<u>\$ 21,451</u>	<u>\$ 19,032</u>	<u>\$ 26,627</u>

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

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

Reconciliation of Adjusted EBITDA to Net Income

Hovnanian Enterprises, Inc.

October 31, 2024

Reconciliation of adjusted EBITDA to net income

(In thousands)

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

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

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

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

Reconciliation of Inventory Turnover

Hovnanian Enterprises, Inc.

October 31, 2024

Calculation of Inventory Turnover⁽¹⁾

(Dollars in thousands)	For the quarter ended				TTM	
	1/31/2024	4/30/2024	7/31/2024	10/31/2024	ended 10/31/2024	
Cost of sales, excluding interest	\$449,213	\$531,502	\$547,332	\$735,337	\$2,263,384	
	As of					
	10/31/2023	1/31/2024	4/30/2024	7/31/2024	10/31/2024	
Total inventories	\$1,349,186	\$1,463,558	\$1,417,058	\$1,650,470	\$1,644,804	Five
Less liabilities from inventory not owned, net of debt issuance costs	124,254	114,658	86,618	135,559	140,298	Quarter
Less capitalized interest	52,060	53,672	52,222	54,592	47,888	Average
Inventories less consolidated inventory not owned and capitalized interest plus liabilities from inventory not owned	\$1,172,872	\$1,295,228	\$1,278,218	\$1,460,319	\$1,456,618	\$1,332,651
Inventory turnover						1.7x

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

Key credit and balance sheet metrics reconciliations

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

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

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