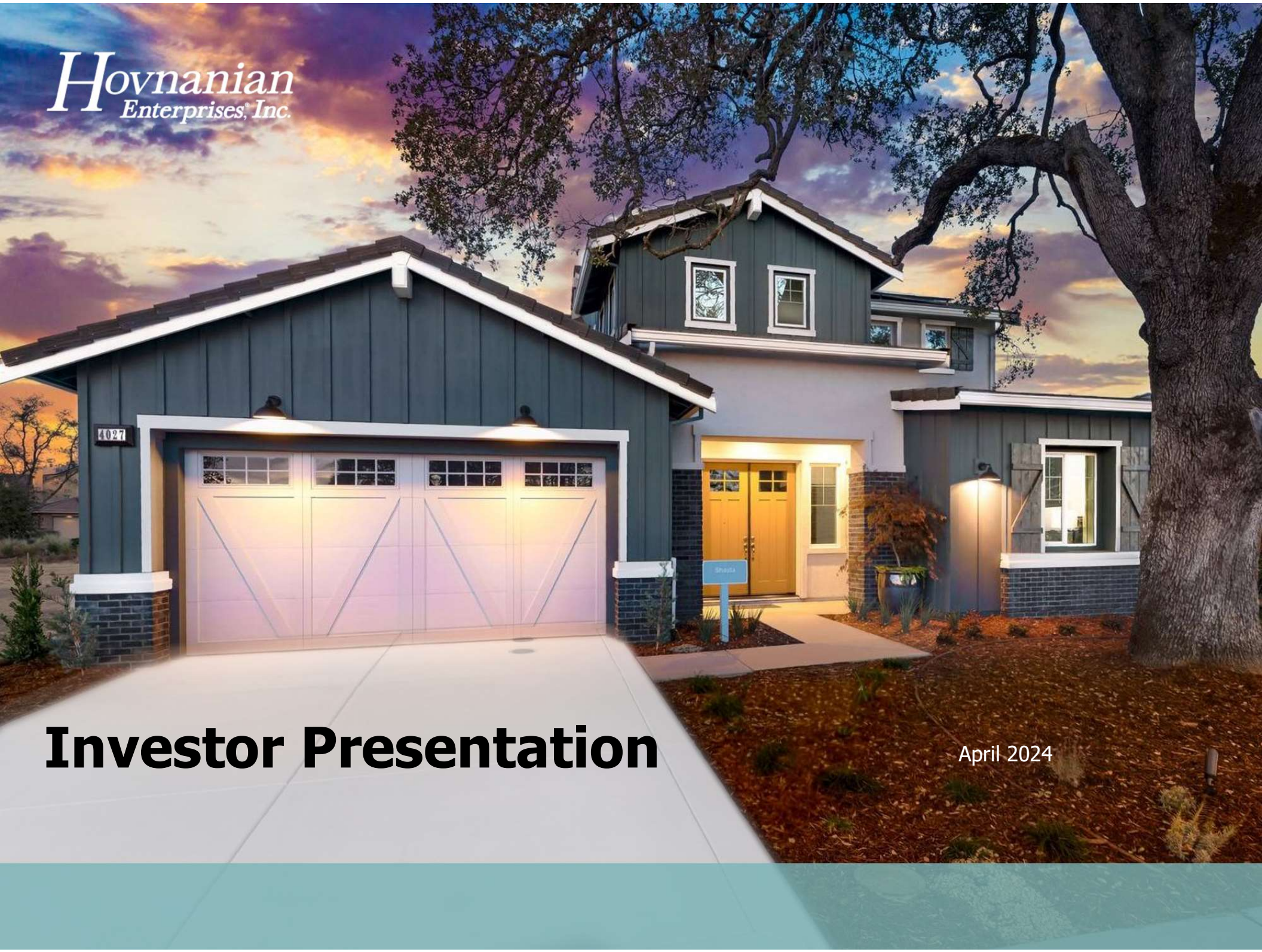


Investor Presentation

April 2024

Forward-Looking Statements

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

NON-GAAP FINANCIAL MEASURES:

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

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

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

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

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

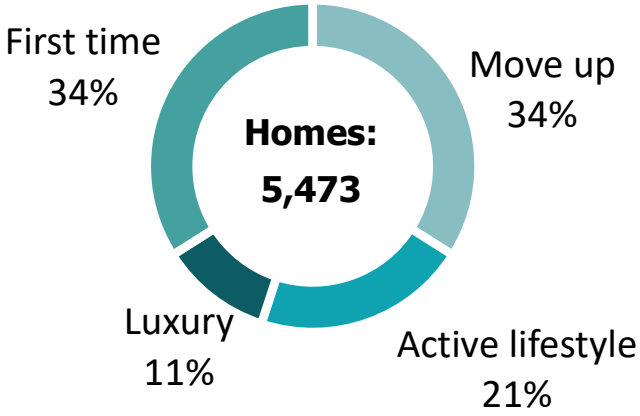
Total liquidity is comprised of $183.1 million of cash and cash equivalents, $5.0 million of restricted cash required to collateralize letters of credit and $125.0 million availability under the senior secured revolving credit facility as of January 31, 2024.

Recent operating and financial performance

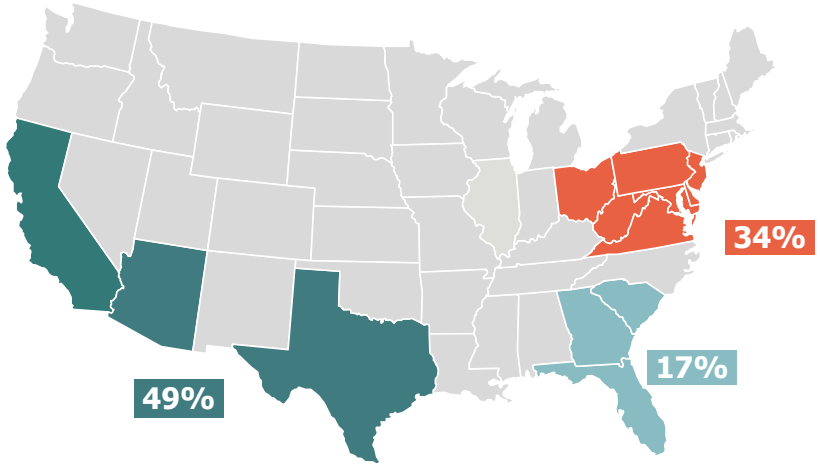
Hovnanian Enterprises at a Glance

- Among the top 20 homebuilders in the United States in both homebuilding revenues and home deliveries[2]
- Markets and builds homes across the product and buyer spectrum, with a first-time and move-up focus

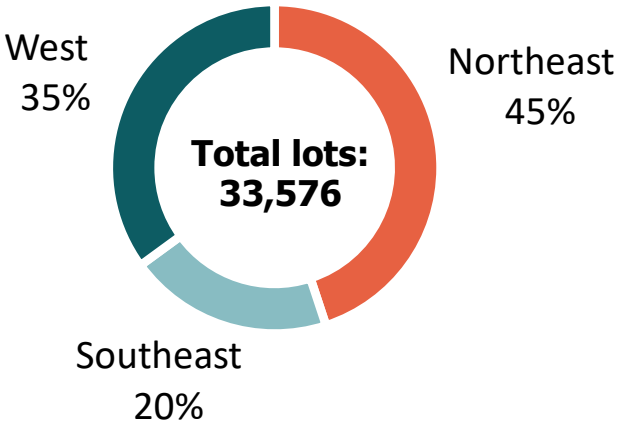
Home deliveries by product[1]
(Year ended October 31, 2023)



Homebuilding revenues by region
(TTM ended January 31, 2024)



Lots controlled by region [3]
(As of January 31, 2024)



(1) Includes unconsolidated joint ventures deliveries.
(2) Company SEC filings and press release of 02/22/24.
(3) Excludes unconsolidated joint ventures.

Guidance for Fiscal 2024 First Quarter

($ in millions)

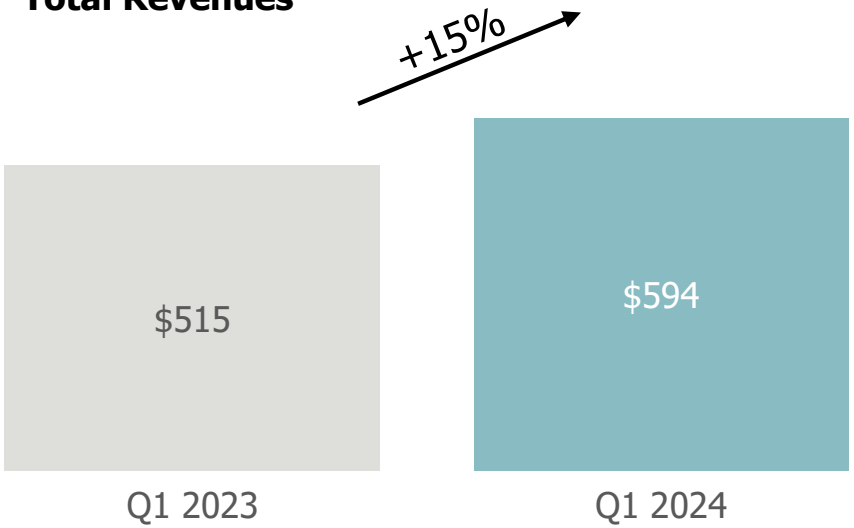
	Guidance Q1 2024[1]	Actuals Q1 2024	Actuals Q1 2024 Excluding Incremental Phantom Expense
Total Revenues	**$525 - $625**	**$594**	**$594**
Adjusted Homebuilding Gross Margin[2]	**22.0% - 23.5%**	**21.8%**	**21.8%**
Total SG&A as Percentage of Total Revenues[3]	**12.5% - 13.5%**	**14.5%**	**13.2%**
Adjusted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

(1) The Company cannot provide a reconciliation between its non-GAAP projections and the most directly comparable GAAP measures without unreasonable efforts because it is unable to predict with reasonable certainty the ultimate outcome of certain significant items required for the reconciliation. These items include, but are not limited to, land-related charges, inventory impairments and land option write-offs and loss (gain) on extinguishment of debt, net. These items are uncertain, depend on various factors and could have a material impact on GAAP reported results.
(2) Adjusted homebuilding gross margin percentage is before cost of sales interest expense and land charges and is a non-GAAP financial measure. See appendix for a reconciliation of the historic measure to the most directly comparable GAAP measure.
(3) Total SG&A includes homebuilding selling, general and administrative costs and corporate general and administrative costs. Ratio calculated as a percentage of total revenues. The SG&A guidance assumes that the stock remains at $69.48, which was the price at the end of the fourth quarter of fiscal year 2023.
(4) Adjusted EBITDA is a non-GAAP financial measure. The most directly comparable GAAP financial measure is net income. Adjusted EBITDA represents earnings before interest expense, income taxes, depreciation, amortization, land-related charges and loss (gain) on extinguishment of debt, net. See appendix for a reconciliation of the historic measure to the most directly comparable GAAP measure.
(5) Adjusted Income Before Income Taxes excludes land-related charges, joint venture write-downs and loss (gain) on extinguishment of debt, net and is a non-GAAP financial measure. See appendix for a reconciliation of the historic measure to the most directly comparable GAAP measure.

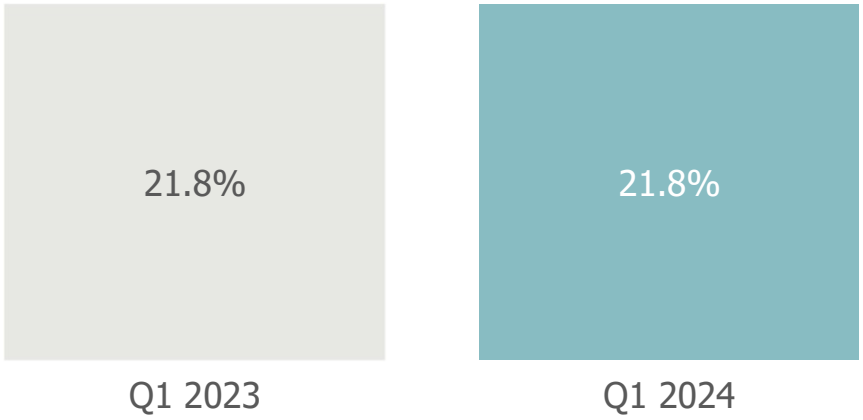
First Quarter Results Compared to Last Year

($ in millions)

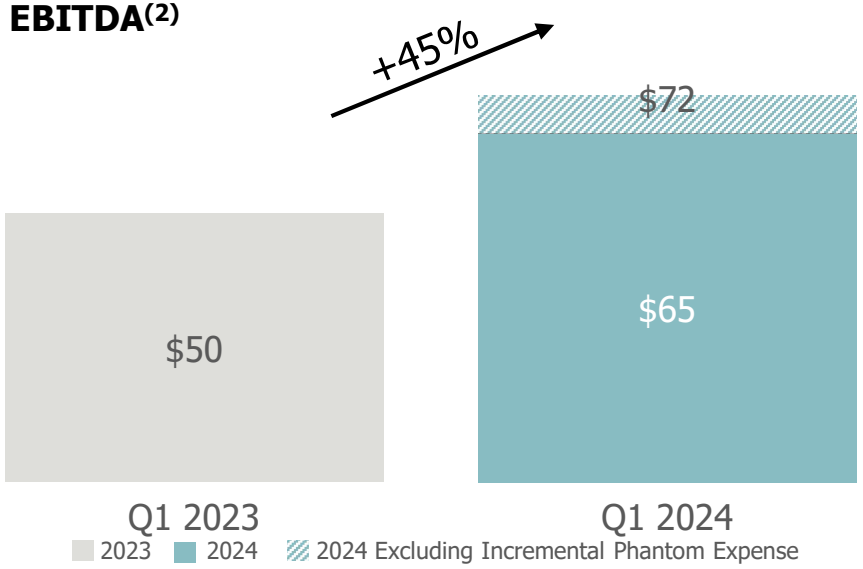
Total Revenues



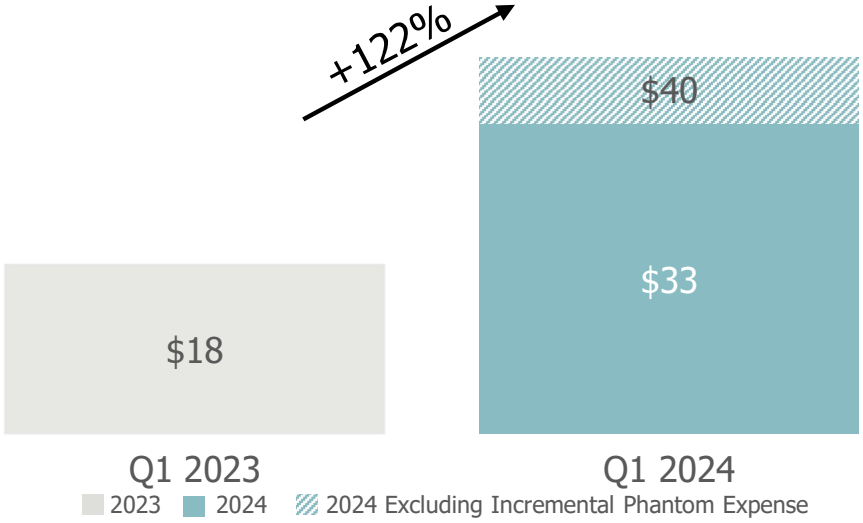
Adjusted Gross Margin(1)



EBITDA(2)



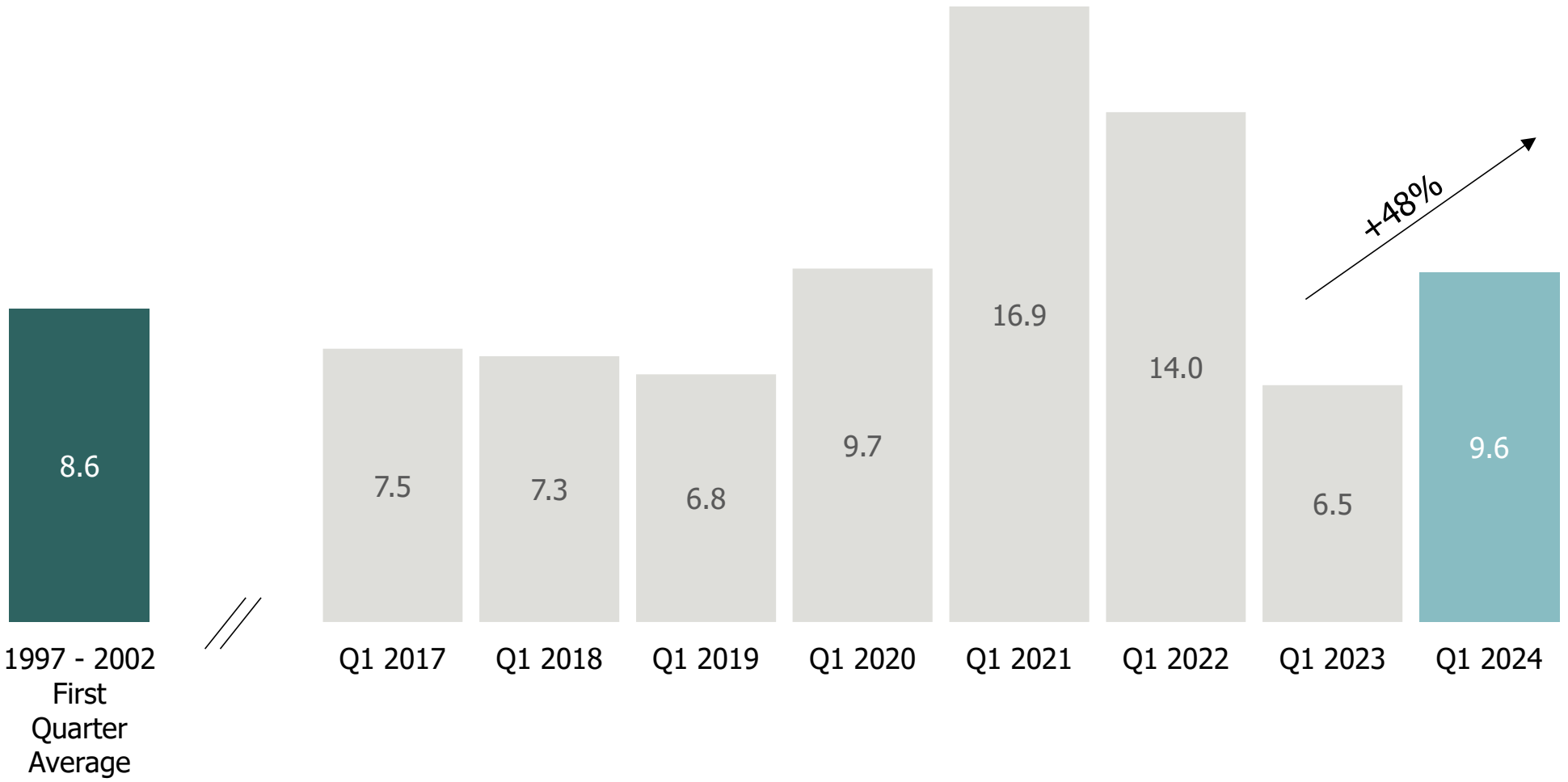
Income Before Income Taxes



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

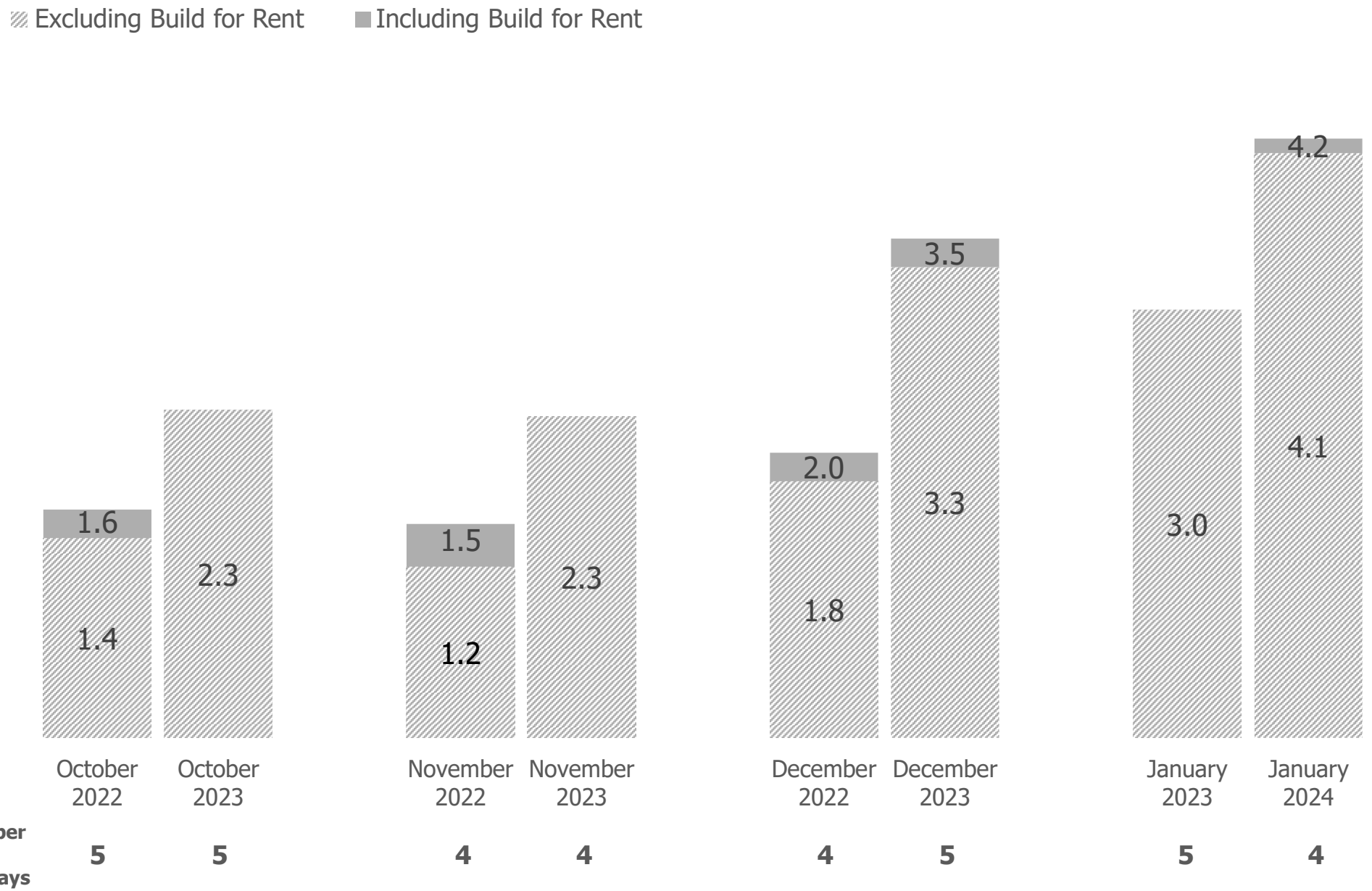
(2) EBITDA is a non-GAAP financial measure. The most directly comparable GAAP financial measure is net income. EBITDA represents earnings before interest expense, income taxes, depreciation and amortization. See appendix for a reconciliation of the historic measure to the most directly comparable GAAP measure.

Quarterly Contracts Per Community



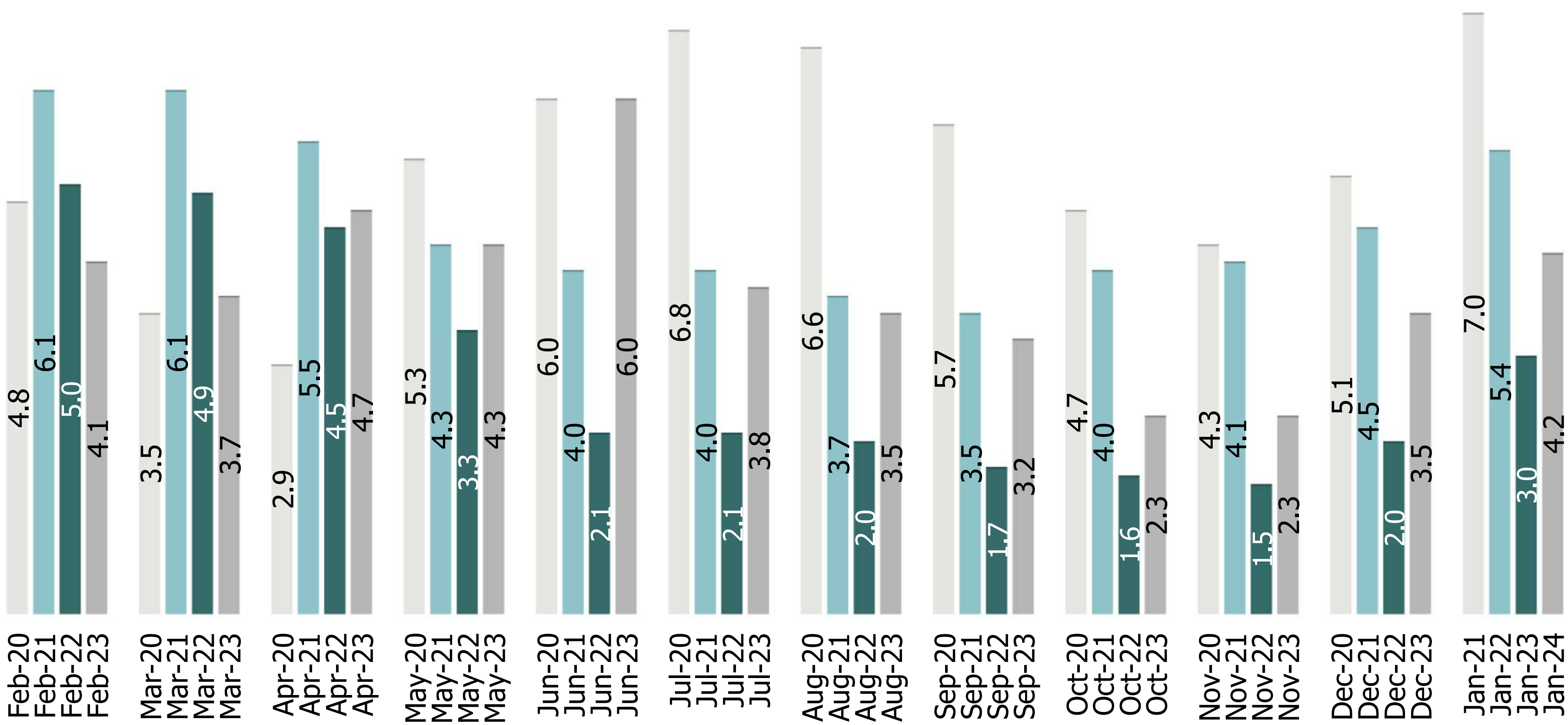
Note: Excludes unconsolidated joint ventures.

Contracts Per Community



Note: Excludes unconsolidated joint ventures.

Number of Monthly Contracts Per Community, Excludes Unconsolidated Joint Ventures

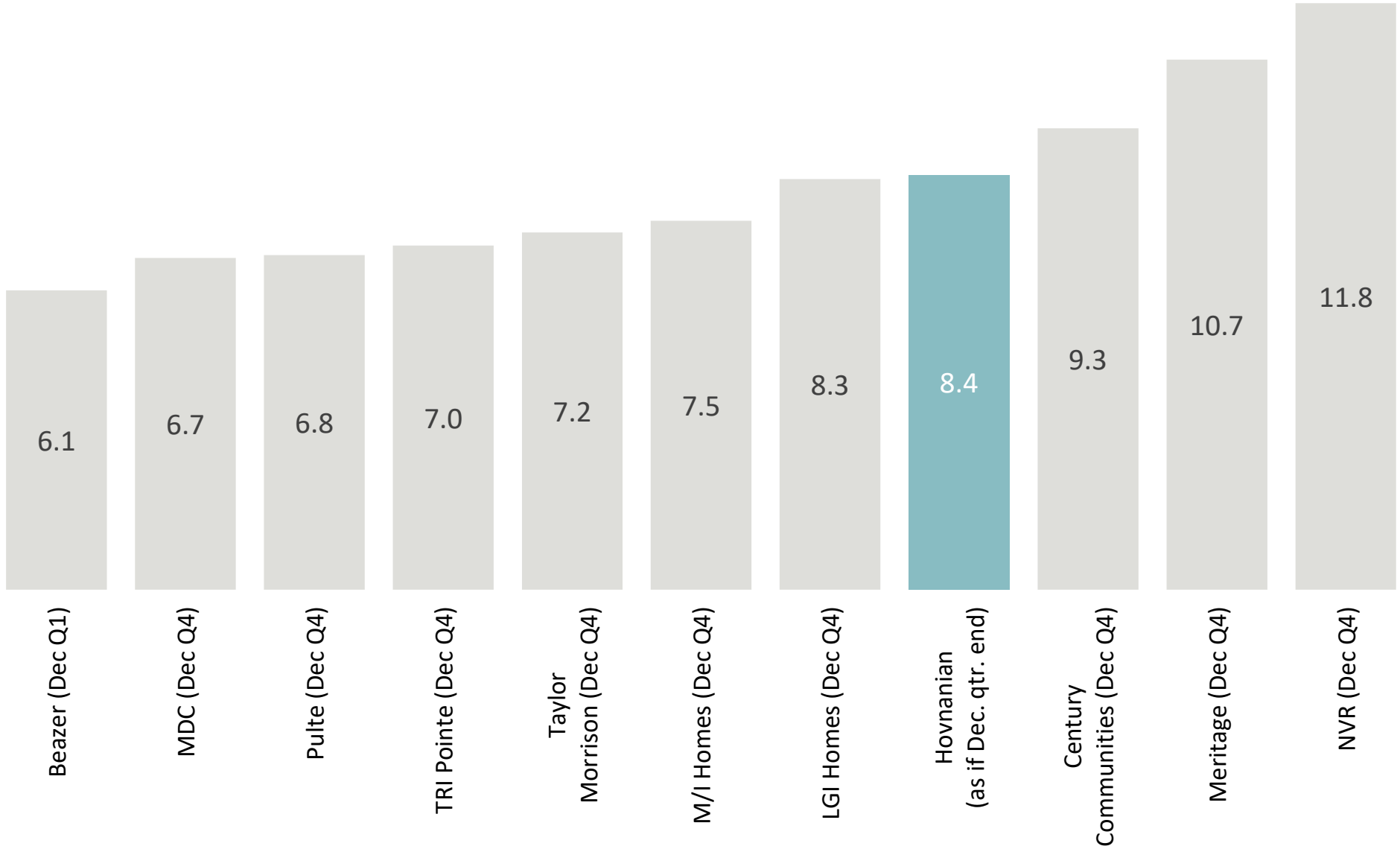


	Number of Sundays	Monthly contracts
Feb-20	4	647
Feb-21	4	613
Feb-22	4	548
Feb-23	4	504
Mar-20	5	463
Mar-21	4	620
Mar-22	4	519
Mar-23	4	442
Apr-20	4	377
Apr-21	4	538
Apr-22	4	458
Apr-23	5	531
May-20	5	687
May-21	5	413
May-22	5	336
May-23	4	456
Jun-20	4	745
Jun-21	4	384
Jun-22	4	232
Jun-23	4	603
Jul-20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

Note: Excludes unconsolidated joint ventures.

Contracts Per Community

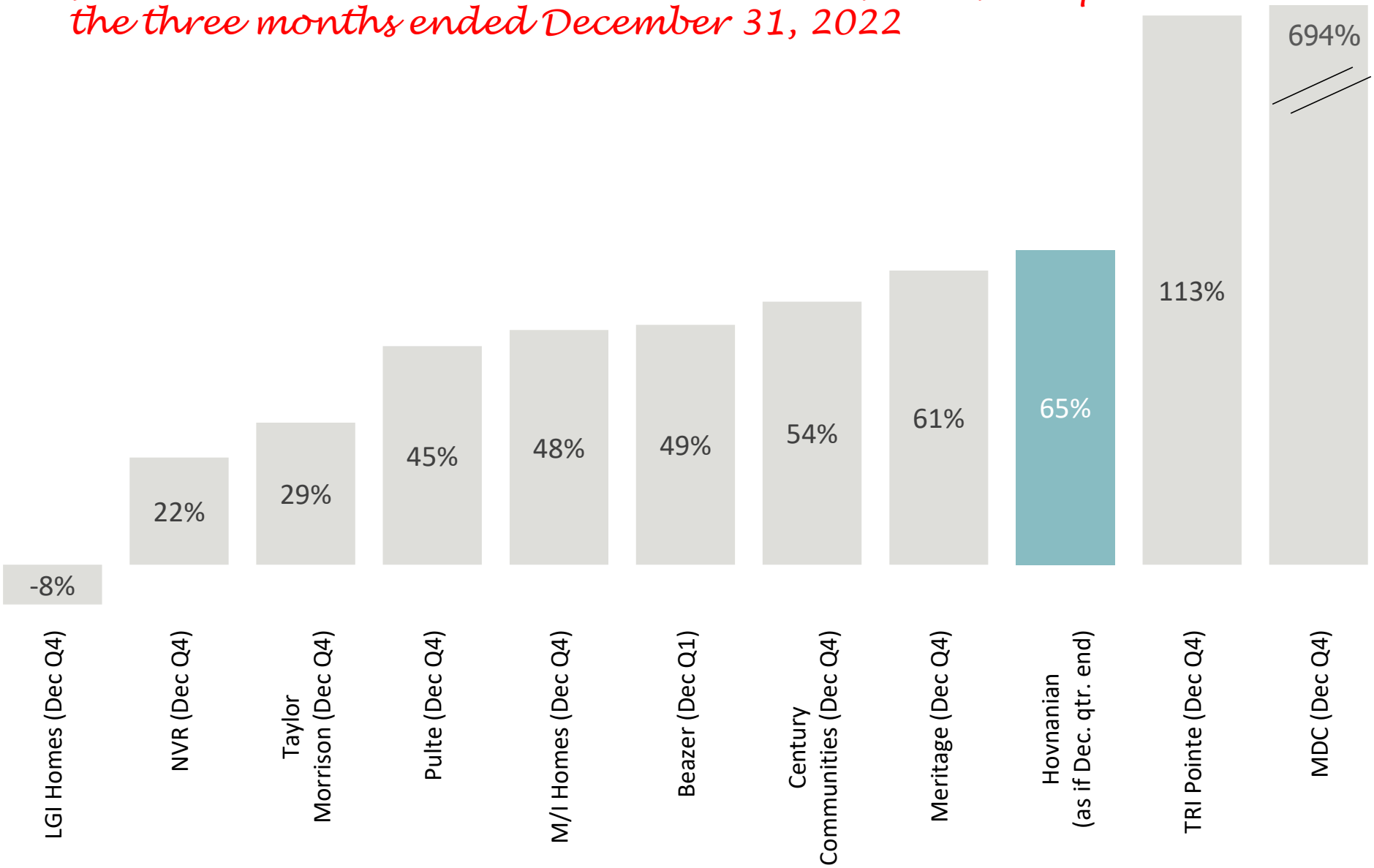
For the three months ended December 31, 2023



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

Contracts Per Community Year-Over-Year Change

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



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

Streamlined geographic footprint with room for organic growth

- **27 markets in 13 states**
  - **Northeast:** Delaware, Maryland, New Jersey, Ohio, Pennsylvania, Virginia and West Virginia
  - **Southeast:** Florida, Georgia and South Carolina
  - **West: :** Arizona, California and Texas

	Q1 2024 LTM[(1)]		
	Northeast	**Southeast**	**West**
Homebuilding revenues	34%	16%	50%
Homes delivered	31%	17%	52%
Average selling price of deliveries	$578K	$544K	$517K
Net new contracts ($)	37%	16%	47%
Backlog homes	35%	28%	37%

Exited 5 non-core markets over the last 7 years

Geographic diversification mitigates market-specific economic impacts

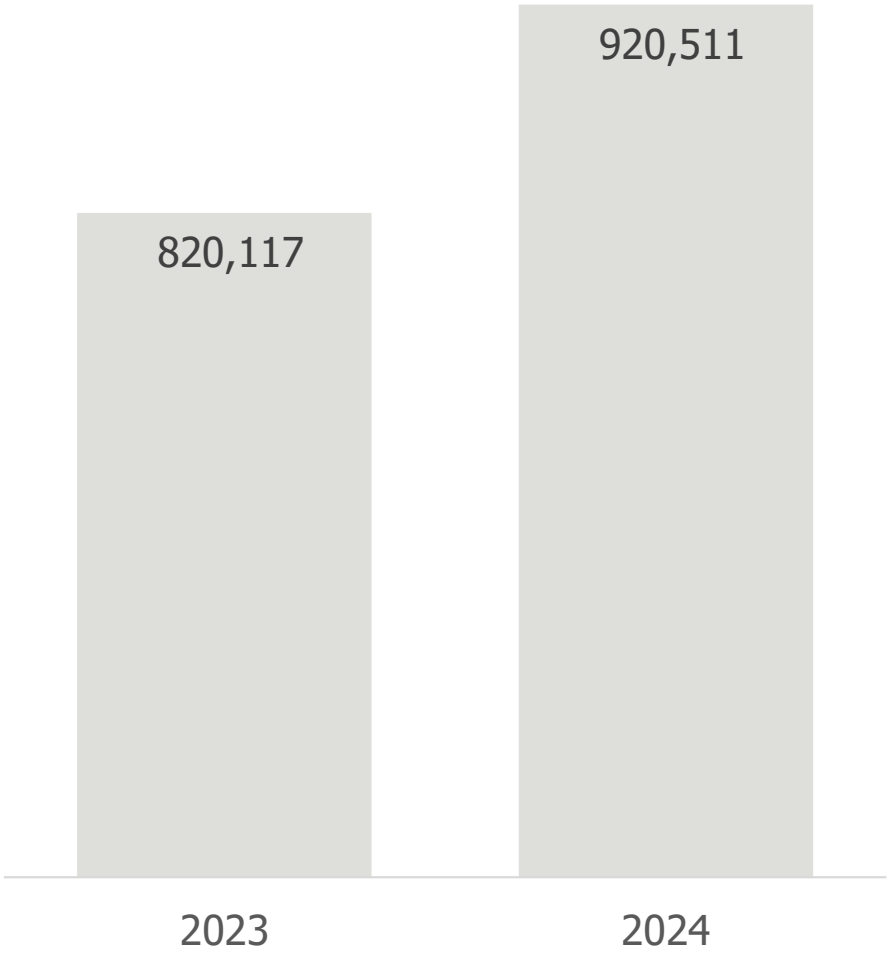
Honed our market footprint to our 27 most profitable locations

(1) Regional breakdown as percentage of total company.

January Website Activity

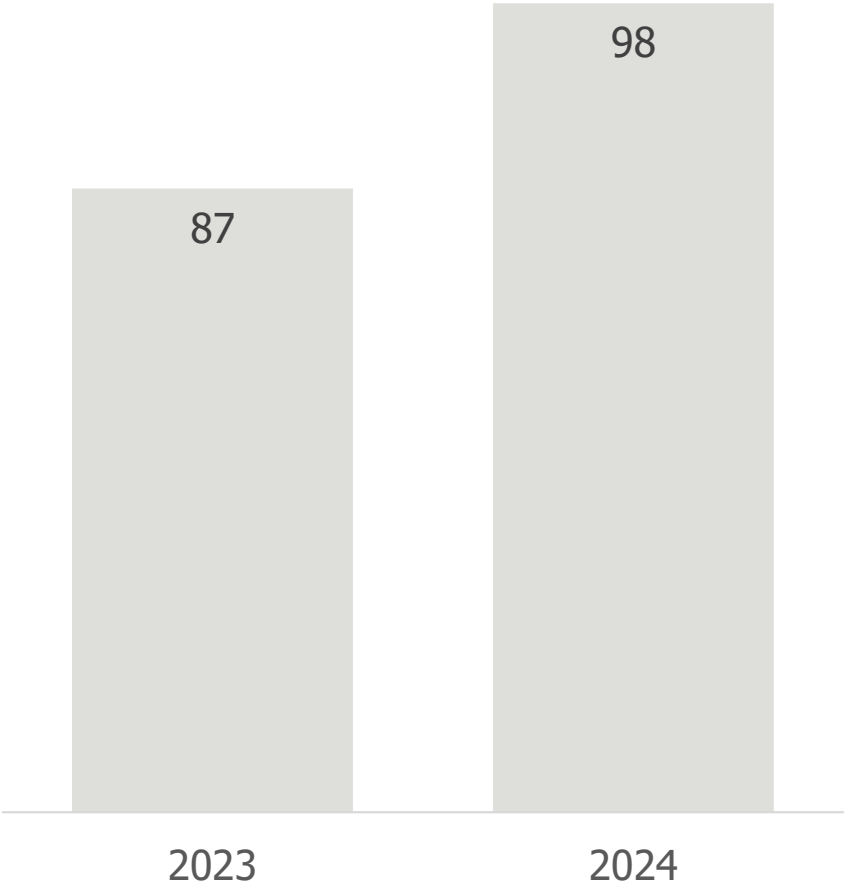
920,511 website visits in January
Increased 43% MoM and increased 12% YoY

January Total Website Visits



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

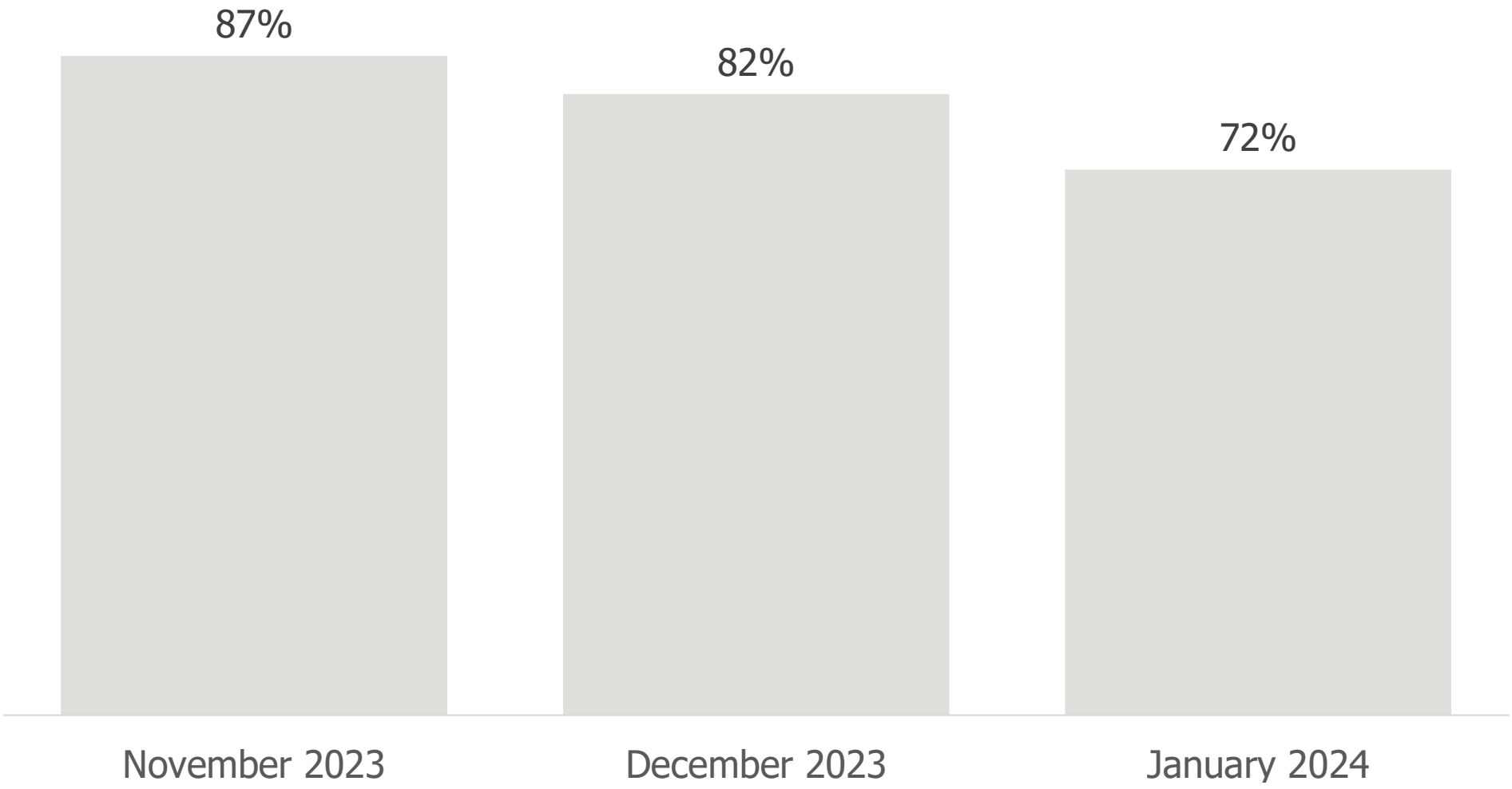
January Internet Leads Per Community



Note: Includes domestic unconsolidated joint ventures.

Percentage of Our Homebuyers That Used Buydowns

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



Land Position

	January 31, 2024 Owned			
Segment	**Active lots**	**Mothballed lots**	**Optioned lots**	**Total lots**
Northeast	1,743	6	13,223	14,972
Southeast	1,343	–	5,314	6,657
West	4,227	390	7,330	11,947
Consolidated total	7,313	396	25,867	33,576
Unconsolidated joint ventures[(1)]	1,511	–	331	2, 617
Grand total	**8,824**	**396**	**26,198**	**36,193**

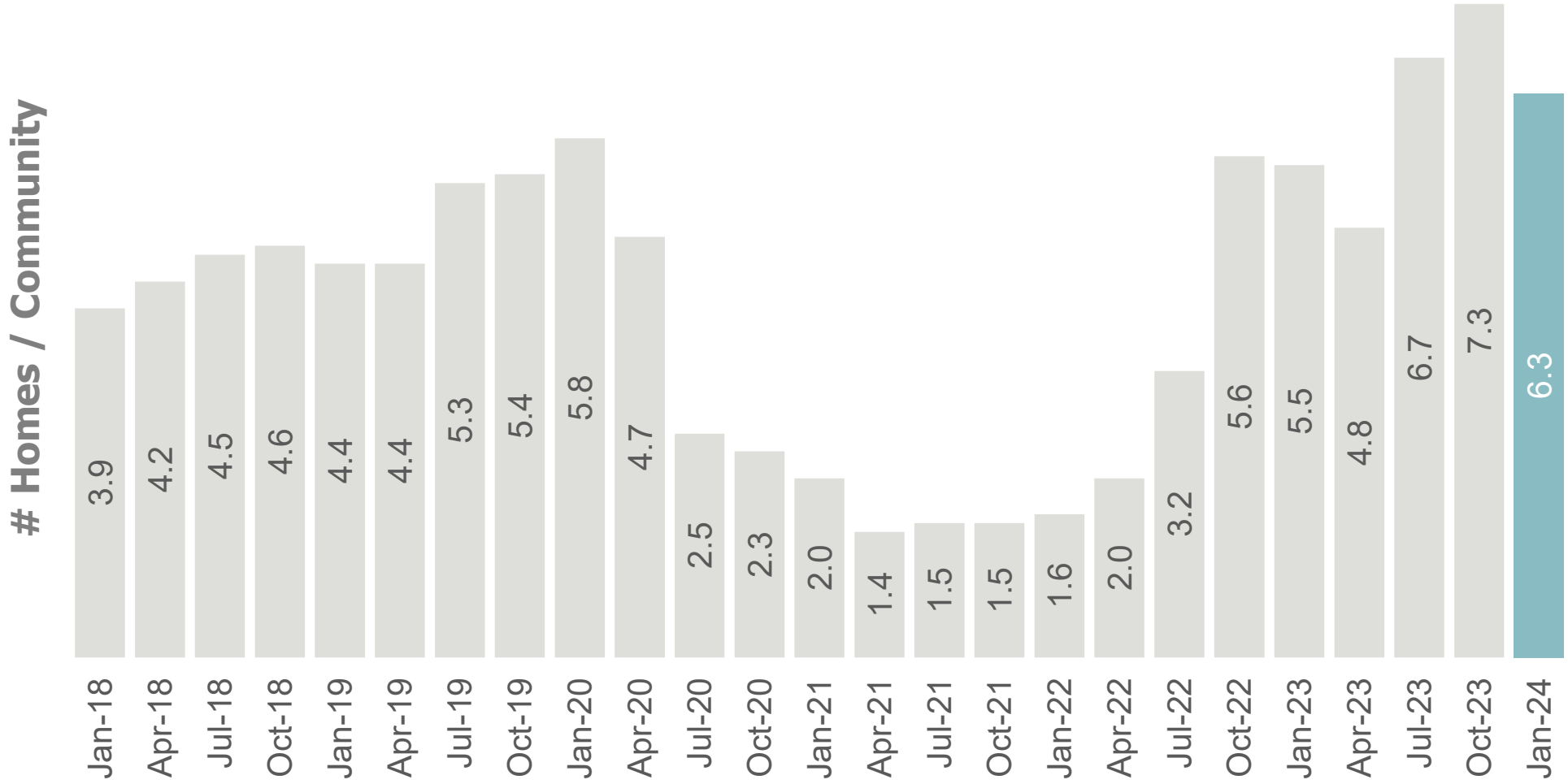
- Reactivated ~9,300 lots in 110 communities since January 31, 2009
- As of January 31, 2024, mothballed lots in 2 communities with a book value of $1 million net of impairment balance of $20 million

6.7 years of lot supply[(2)]

(1) Excludes our multi-community unconsolidated joint venture in the Kingdom of Saudi Arabia.
(2) Represents total lots controlled (owned + optioned) / LTM unit closings.

Quick Move In Homes (QMIs) Per Community

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

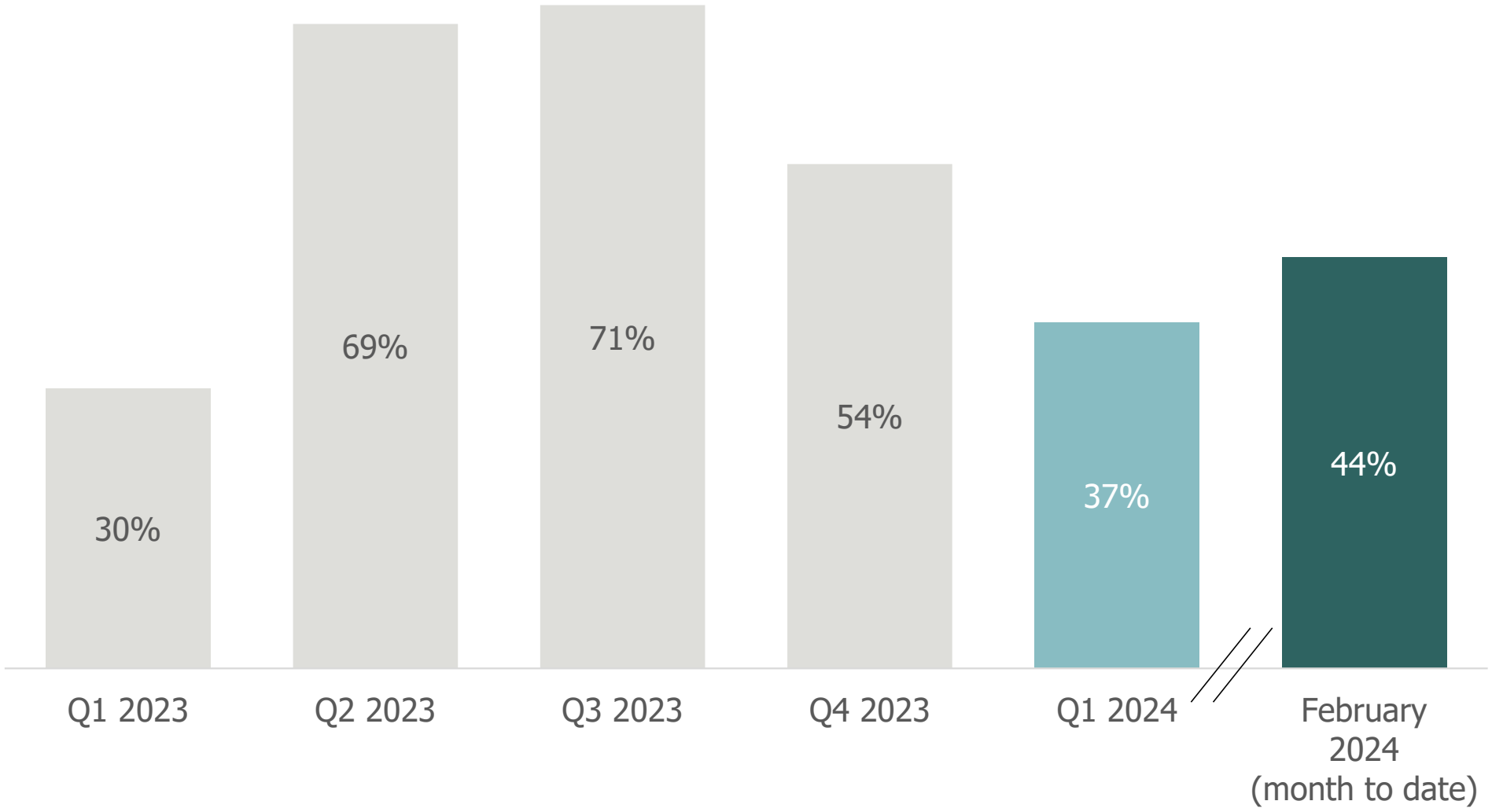


Note: Excluding unconsolidated joint ventures and models.

Raising Home Prices in Many of Our Communities

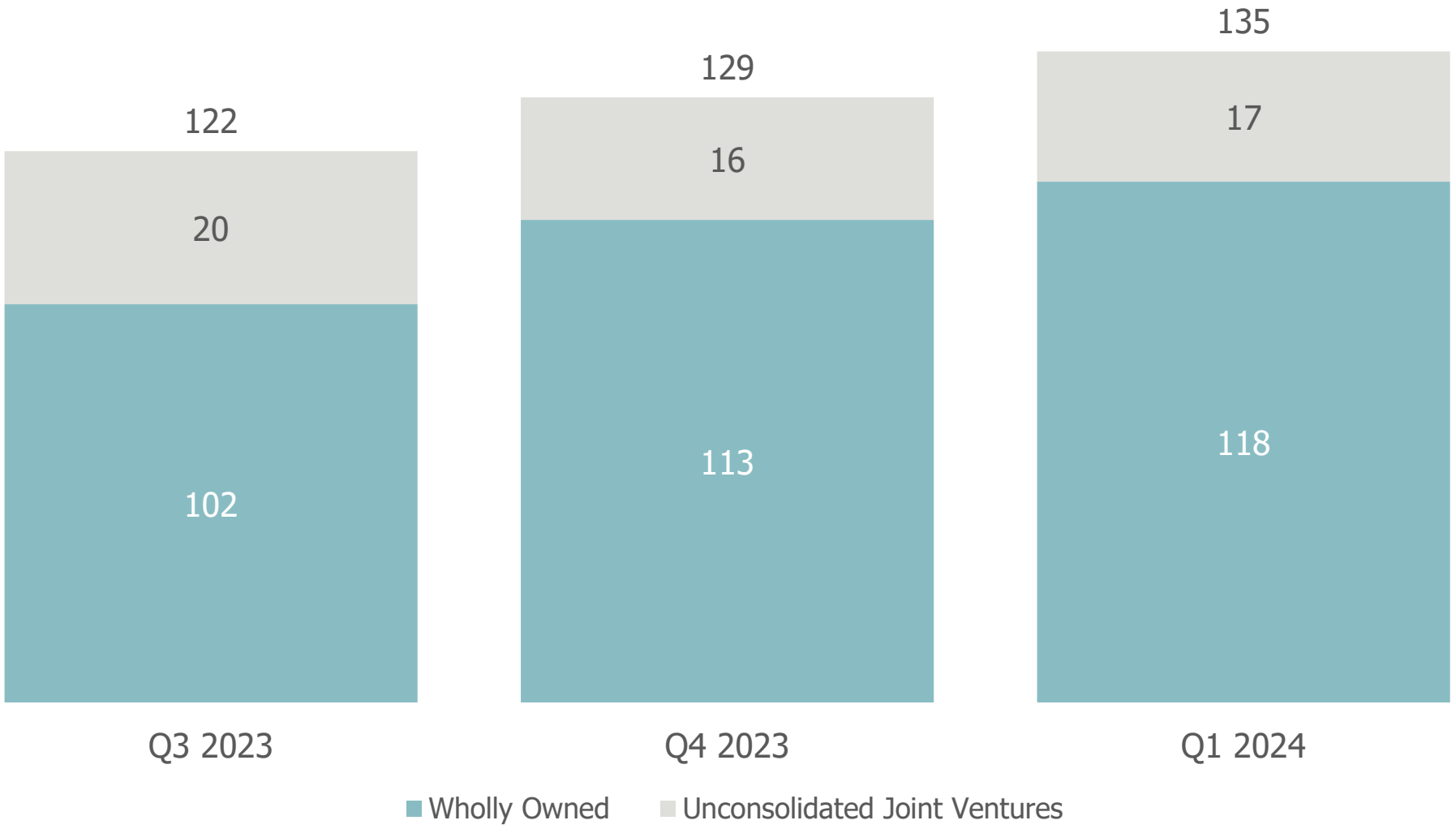
Percentage of communities where we raised prices

Many communities have had multiple price increases.



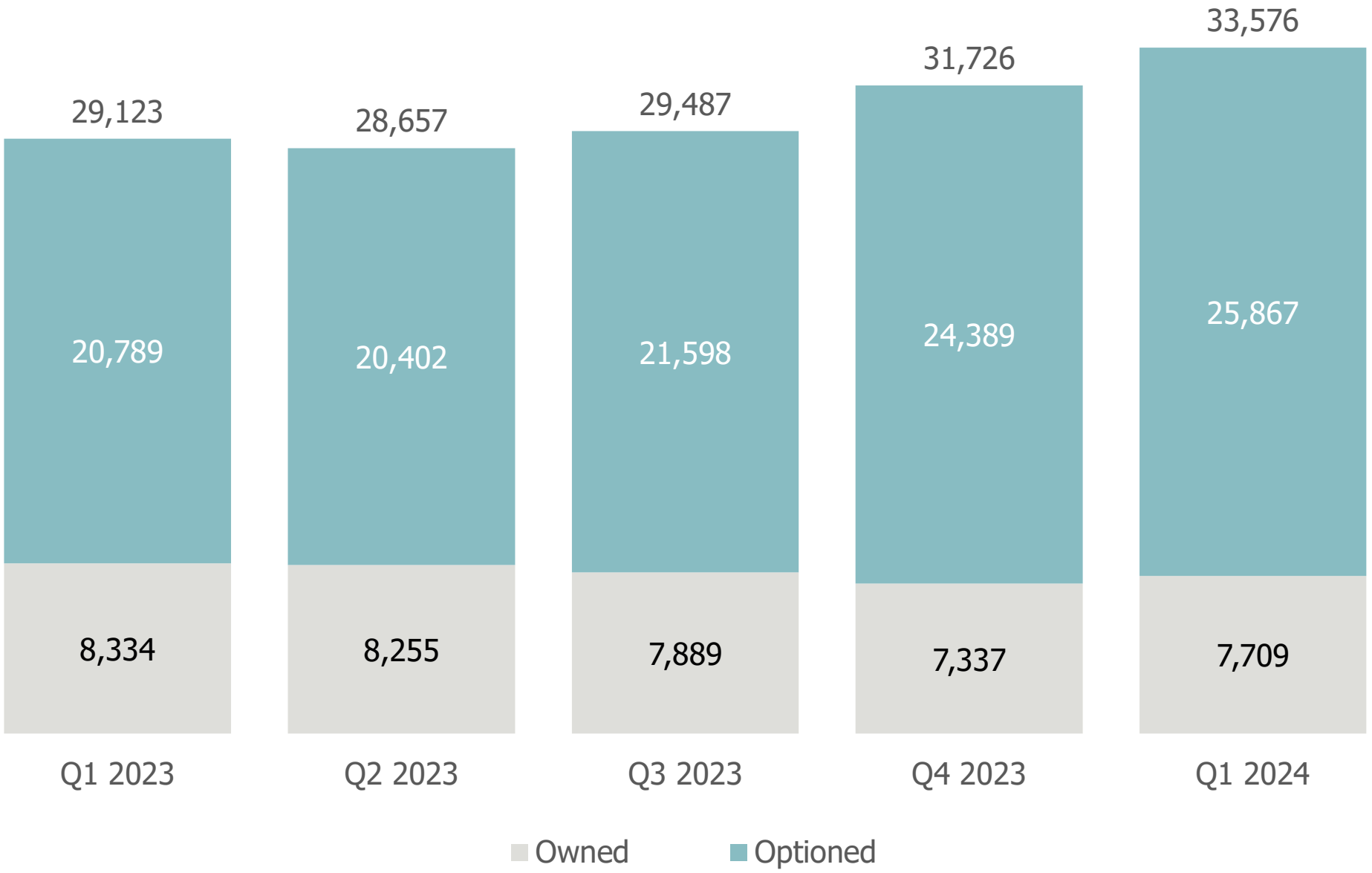
Community Count

Community count expected to grow further in fiscal 2024.



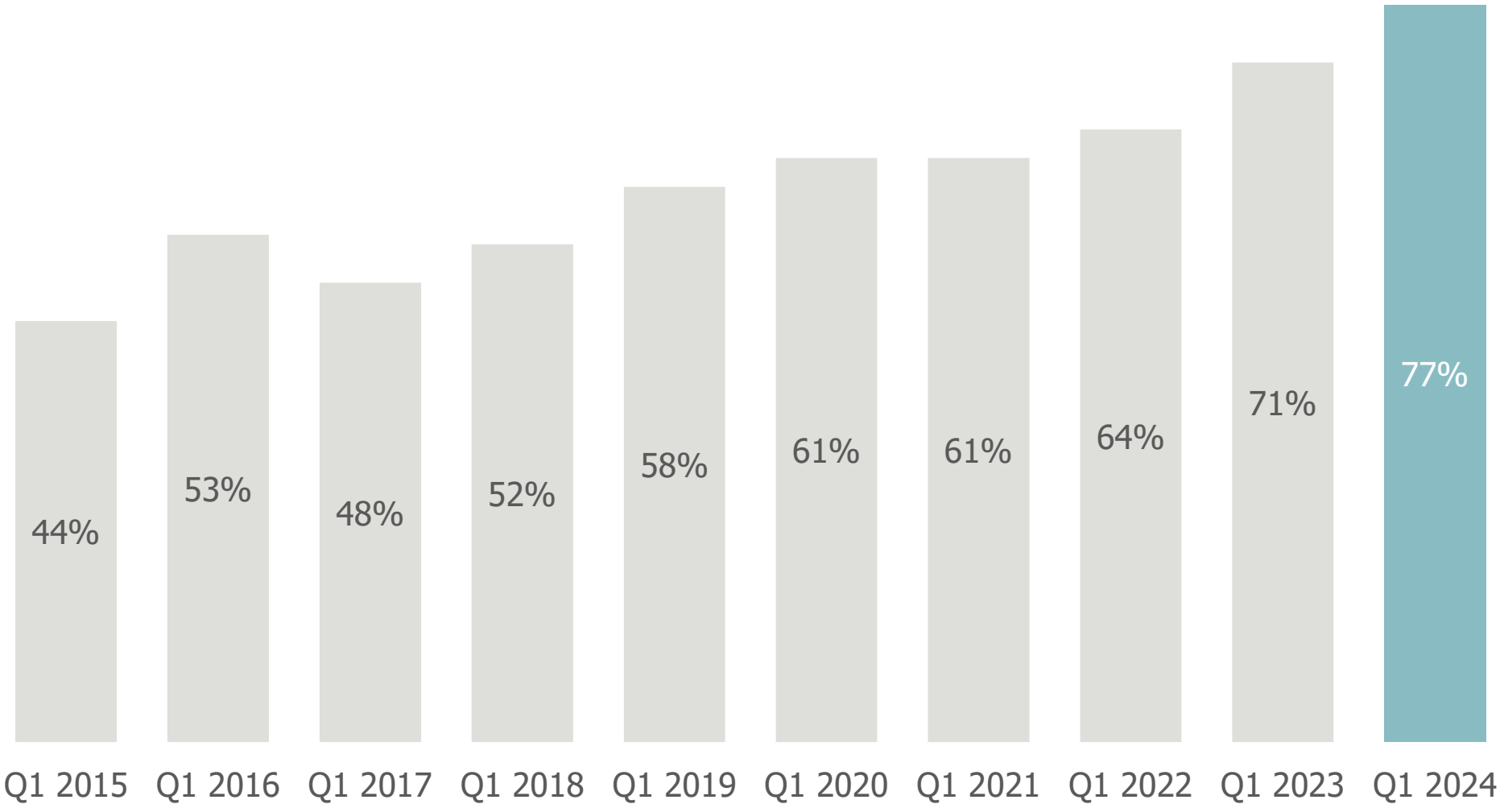
Note: Excludes our multi-community unconsolidated joint venture in the Kingdom of Saudi Arabia.

Lots Controlled



Note: Excludes unconsolidated joint ventures.

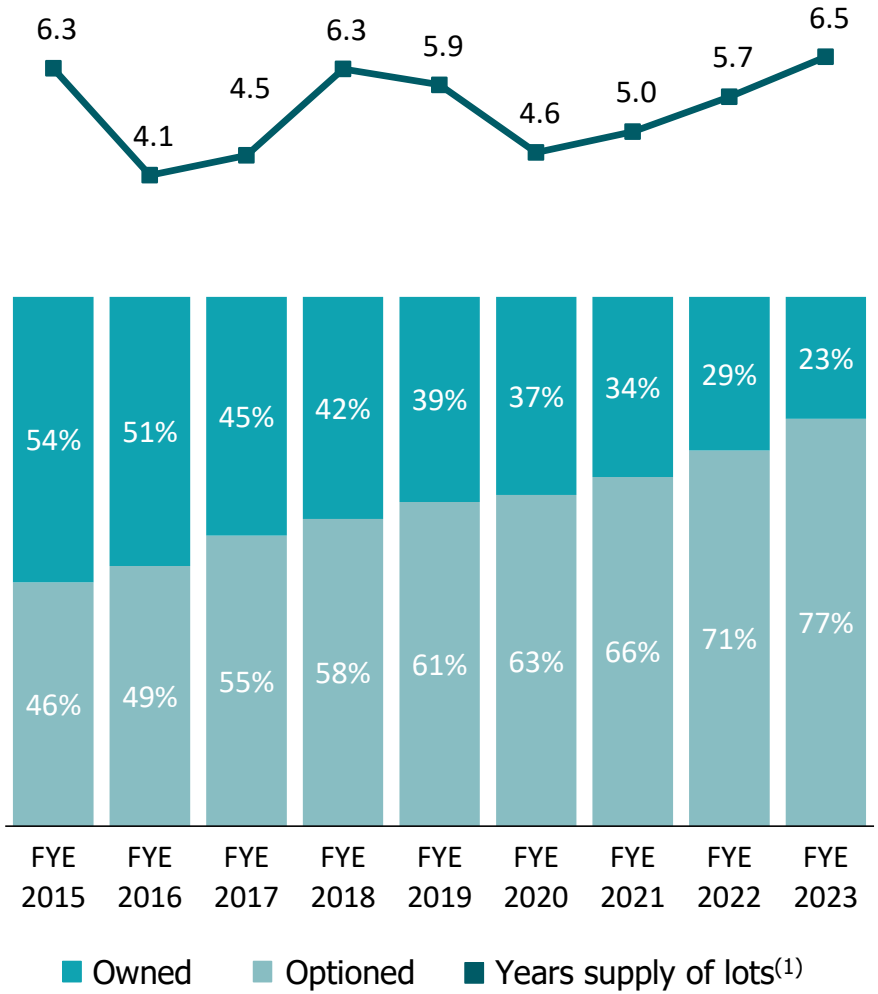
Percentage of Optioned Lots



Note: Excludes unconsolidated joint ventures.

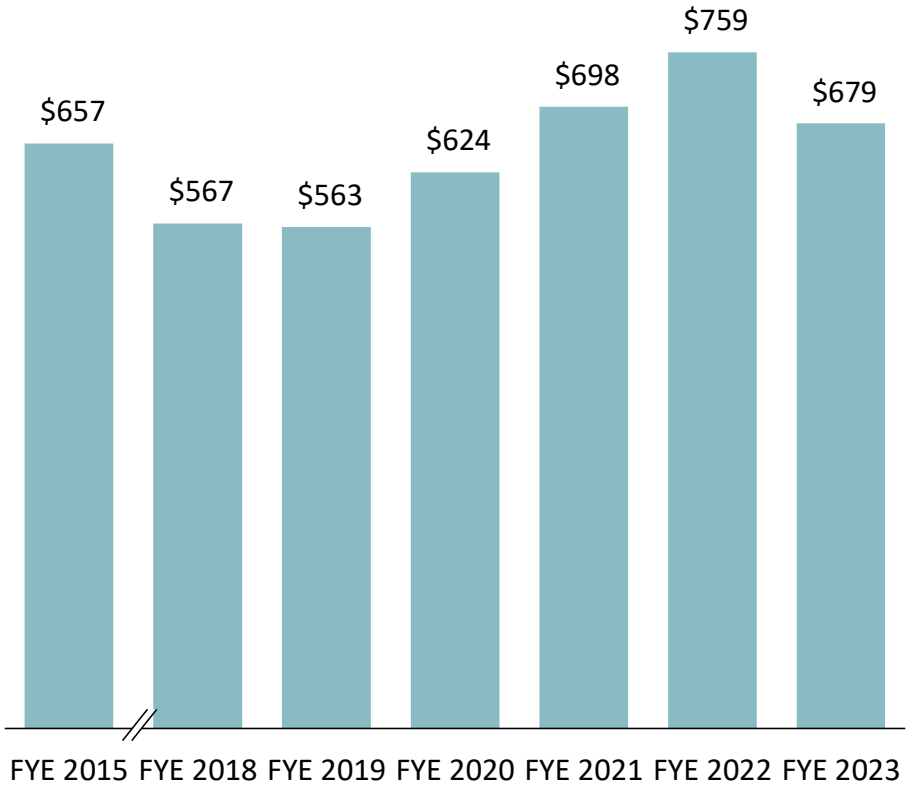
Efficient lot strategy

Multi-year lot supply



Ample inventory reinvestment

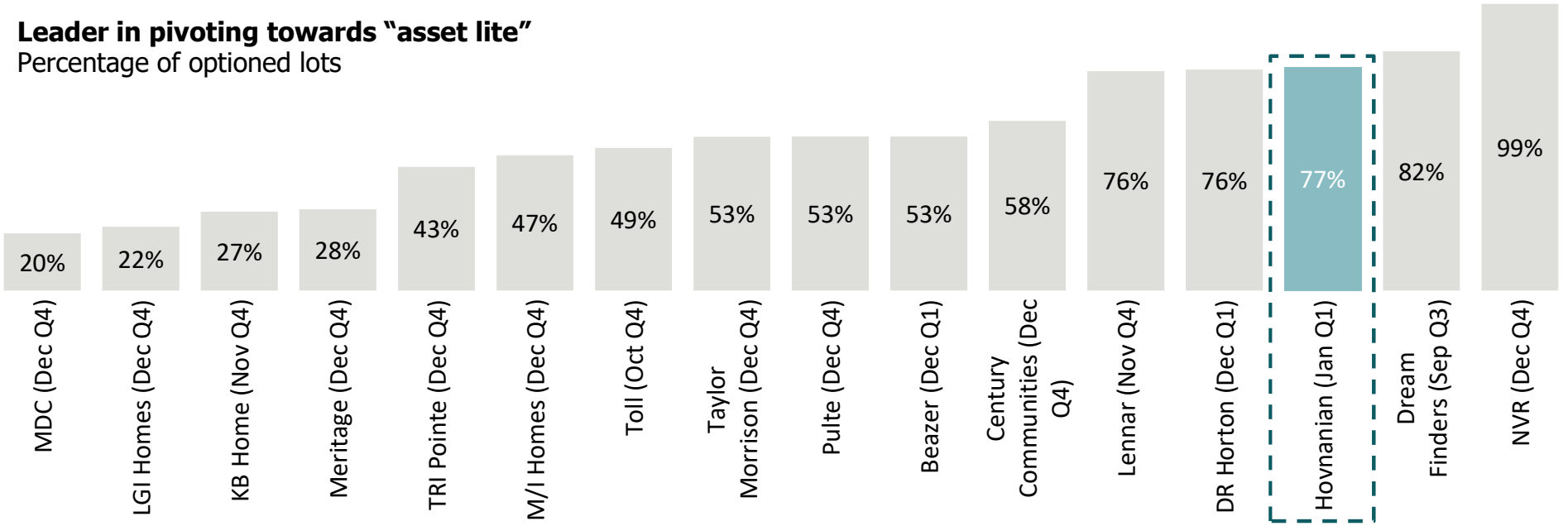
Land and land development spend
($ in millions)



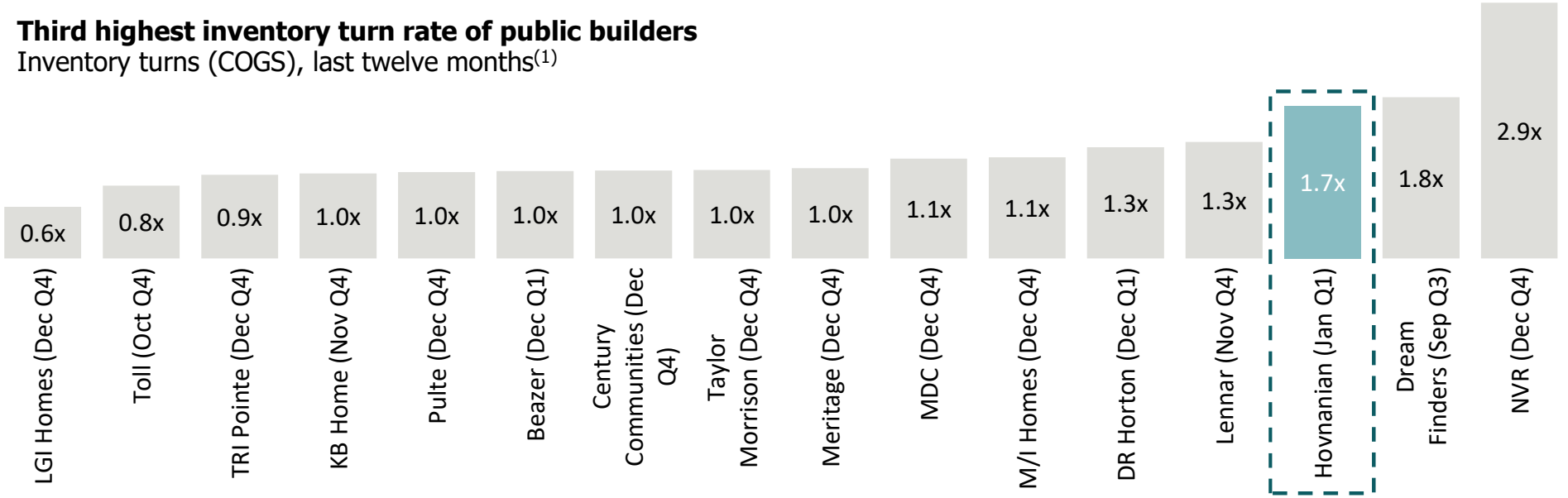
Notes: Excludes unconsolidated joint ventures.
(1) Represents total lots controlled (owned + optioned) / LTM unit closings.

Rapid inventory turns drive improved performance

Leader in pivoting towards "asset lite"
Percentage of optioned lots



Third highest inventory turn rate of public builders
Inventory turns (COGS), last twelve months[(1)]



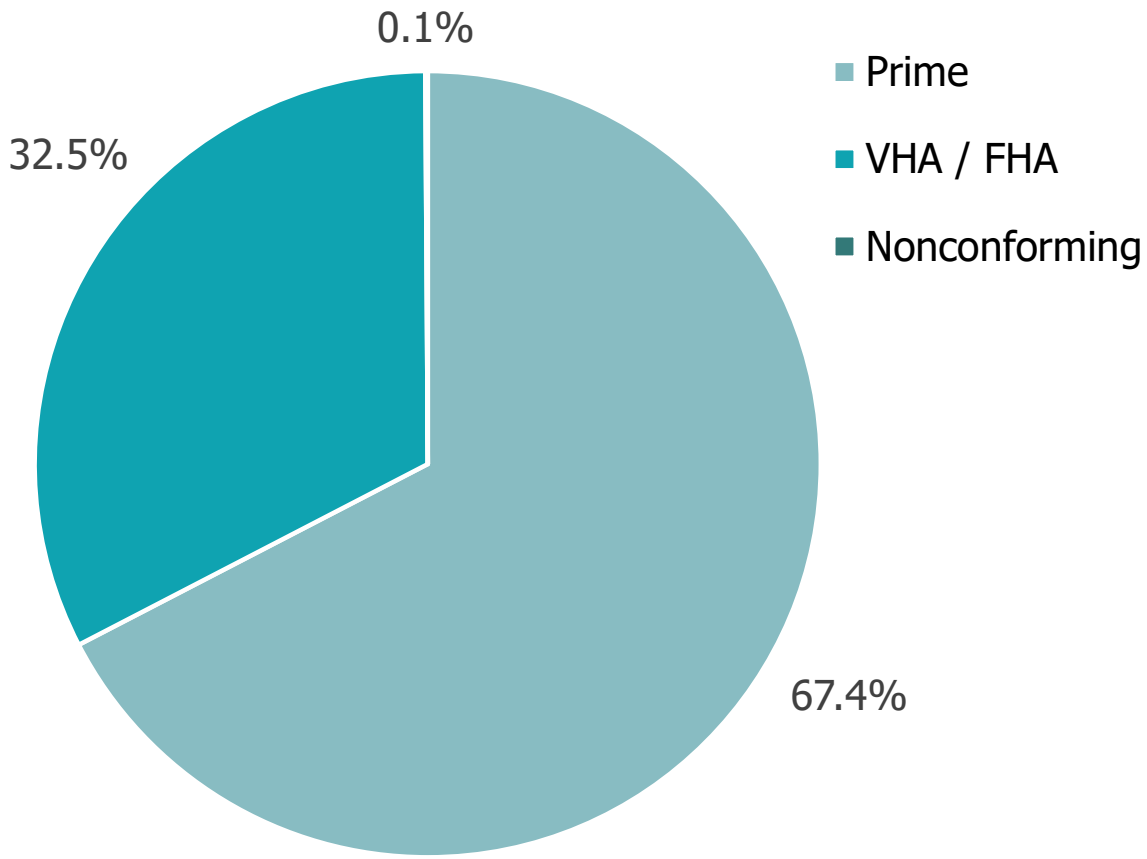
Source: Company SEC filings and press releases as of 02/22/204.
(1) Inventory turns derived by dividing cost of sales, excluding capitalized interest, by the five-quarter average homebuilding inventory, excluding inventory not owned and capitalized interest.

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

Origination portfolio quarter ended January 31, 2024



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

Backlog

($ in billions)

Dollars

January 1, 2023
2,028 Homes

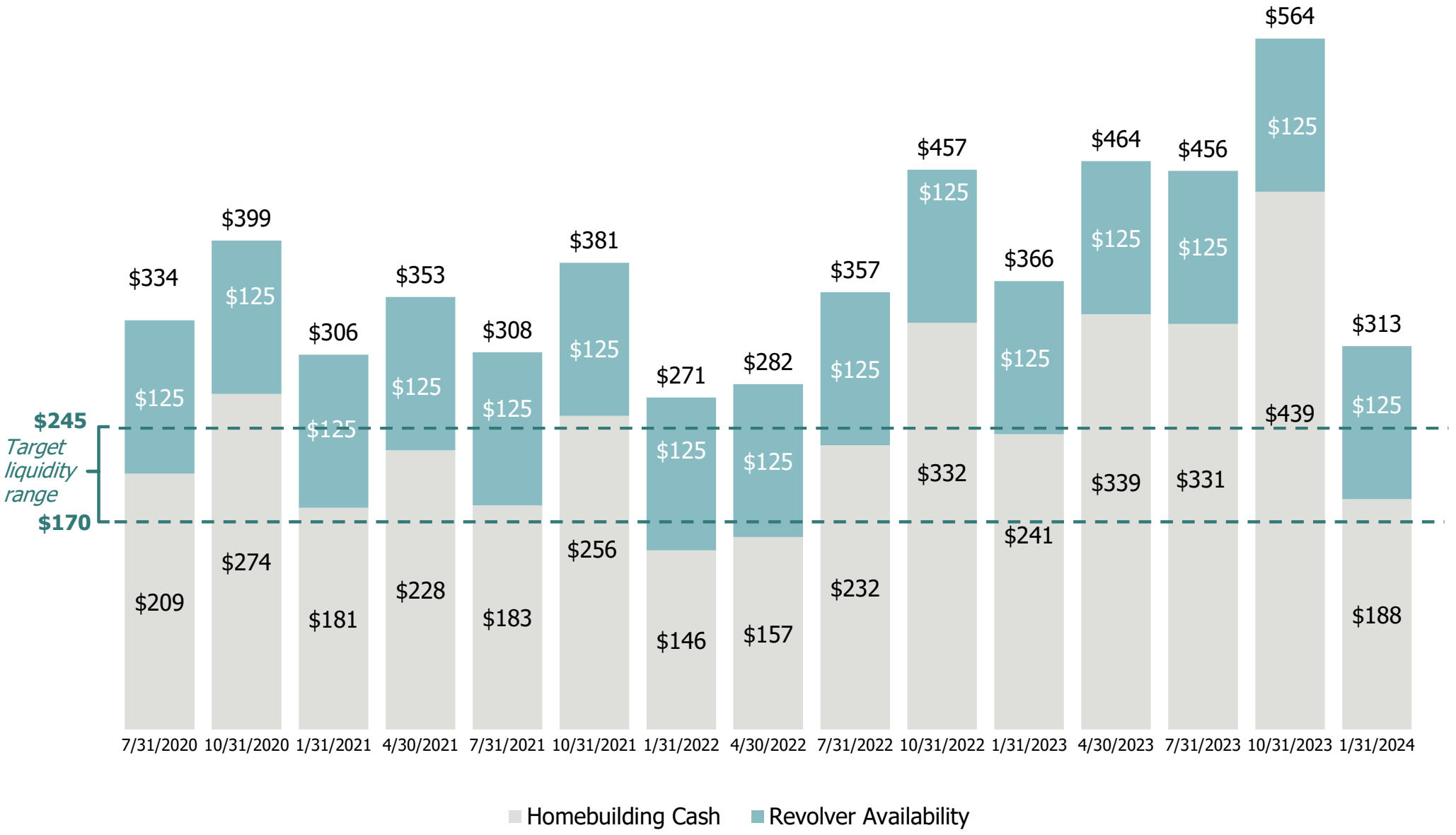
January 1, 2024
1,888 Homes

Note: Excludes domestic unconsolidated joint ventures.

Liquidity and balance sheet management

Liquidity Position and Target

($ in millions)

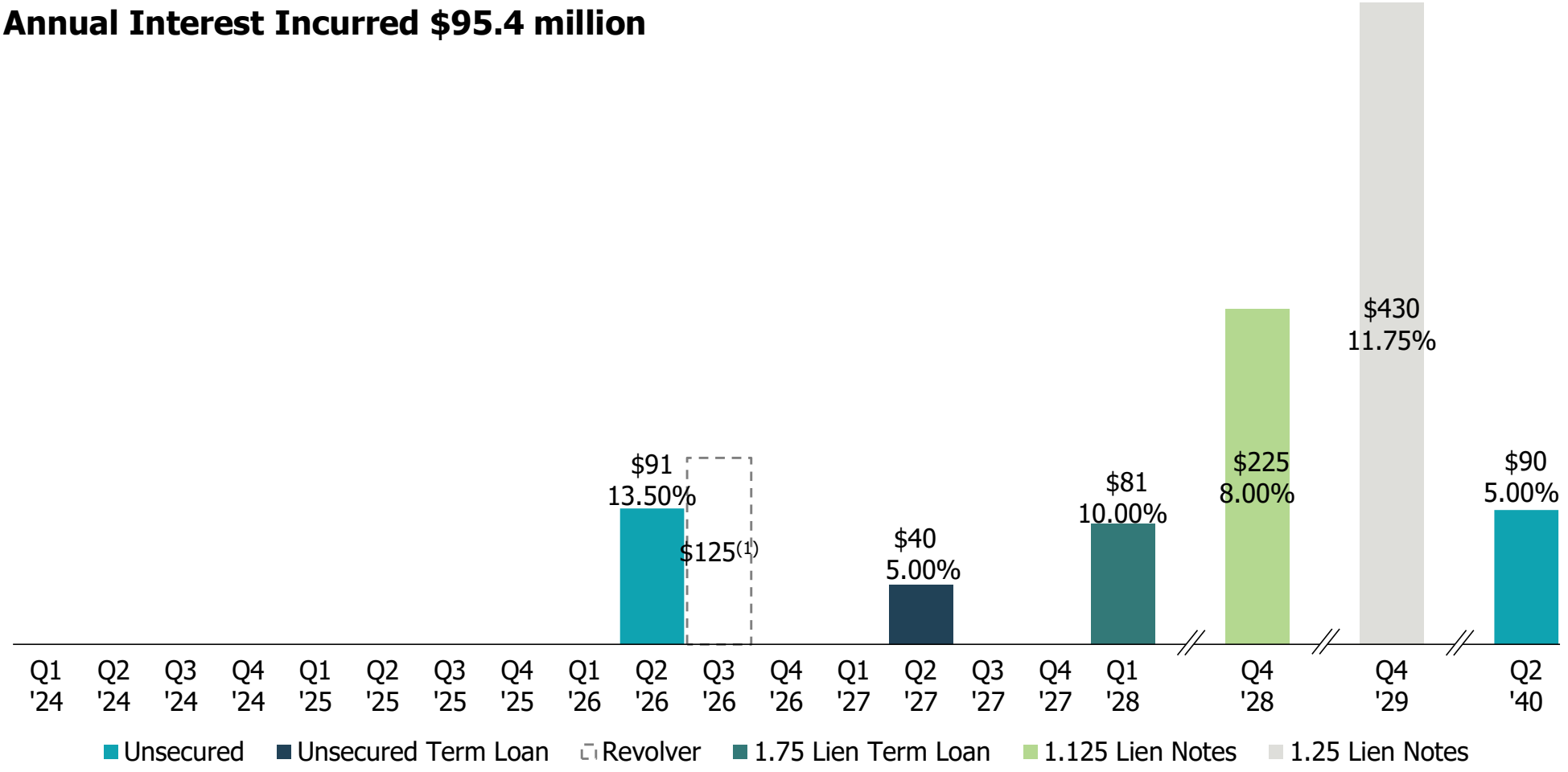


Note: Liquidity position includes homebuilding cash and cash equivalents (which includes unrestricted cash and restricted cash required to collateralize letters of credit) and revolving credit facility availability.

Debt Maturity Profile

January 31, 2024
($ in millions)

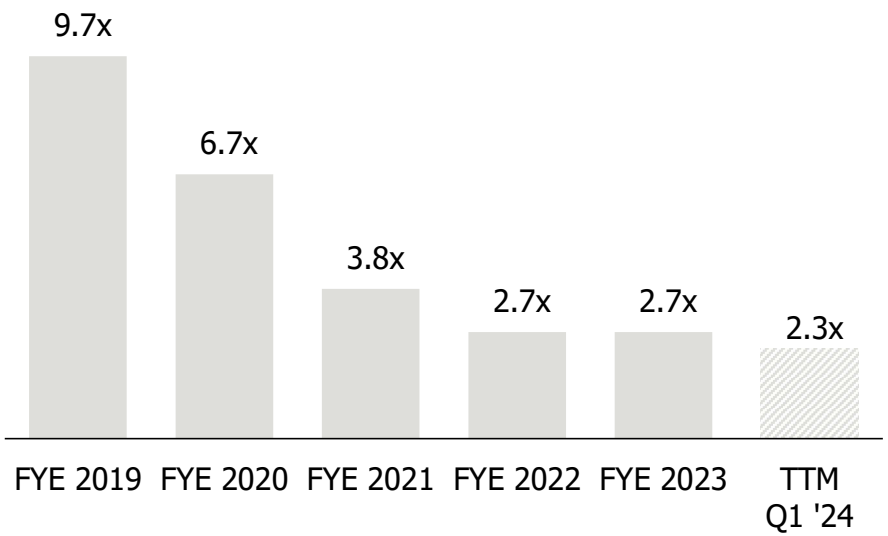
Total Debt Outstanding $957
Annual Interest Incurred $95.4 million



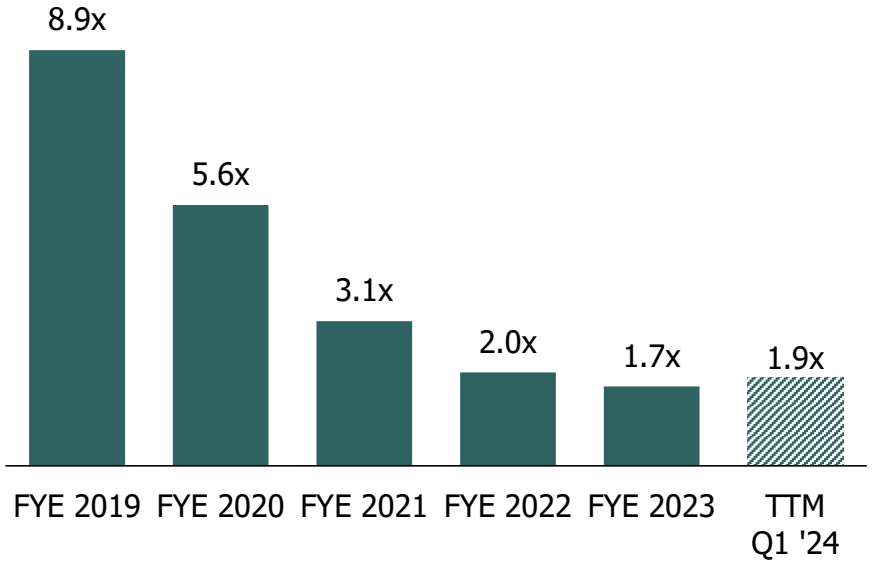
Note: Shown on a fiscal year basis, at face value.
Excludes non-recourse mortgages.
(1) $0 balance as of January 31, 2024.

Credit Metrics

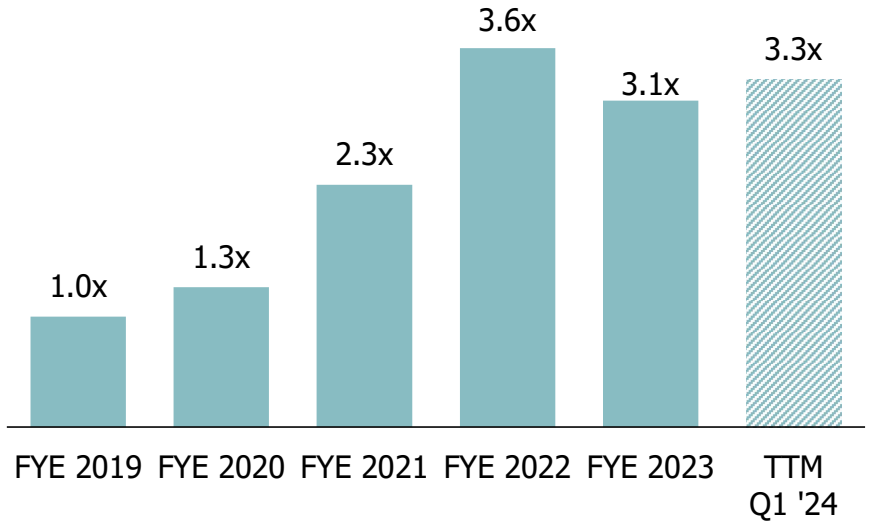
Total debt (incl. mortgages) / Adjusted EBITDA



Net Debt (incl. mortgages)/ Adjusted EBITDA

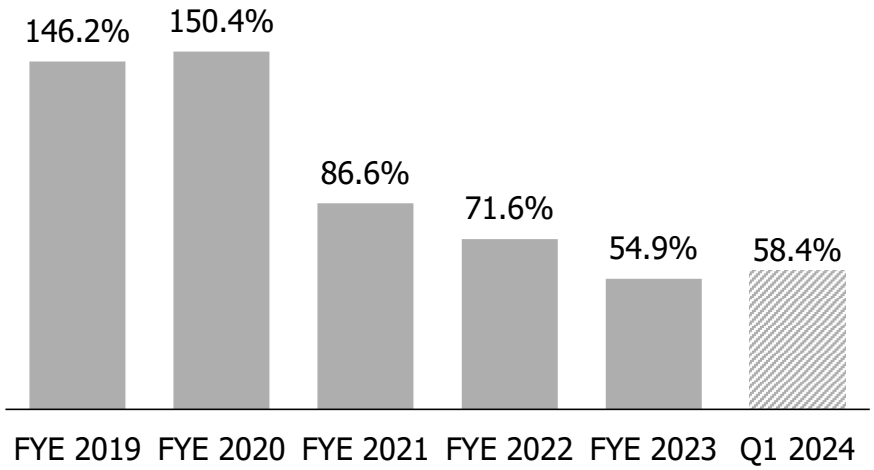


Adjusted EBITDA / Interest Incurred



Net debt to net capitalization

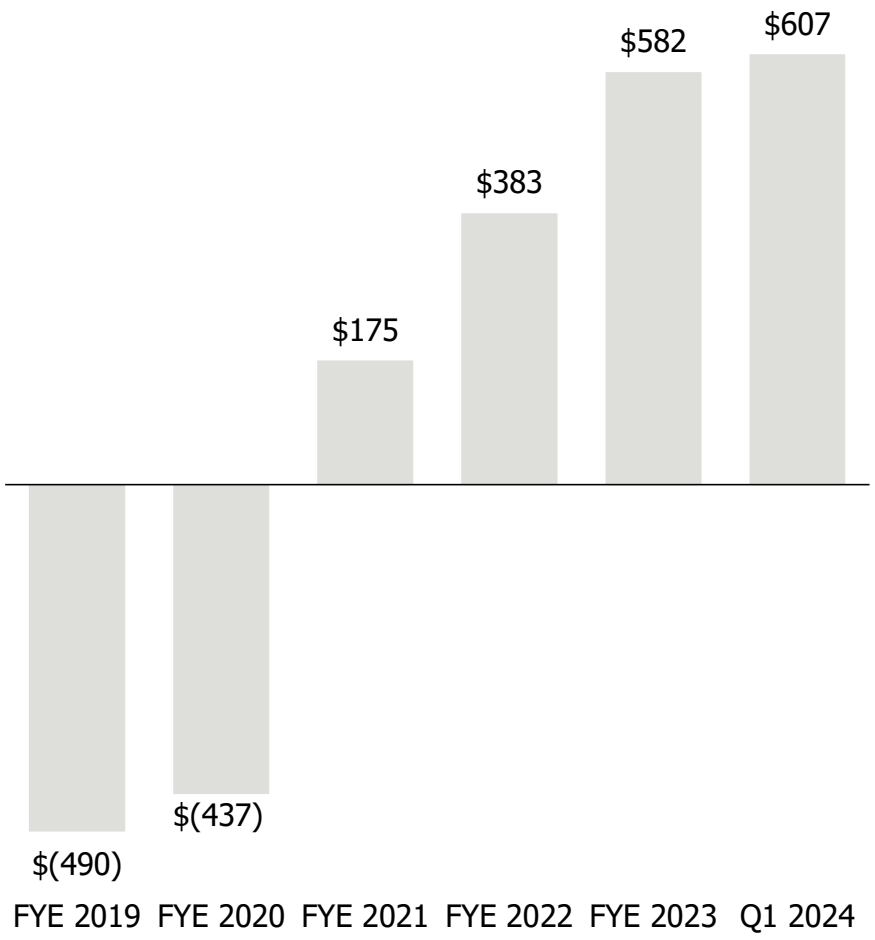
Goal: Mid 30% level



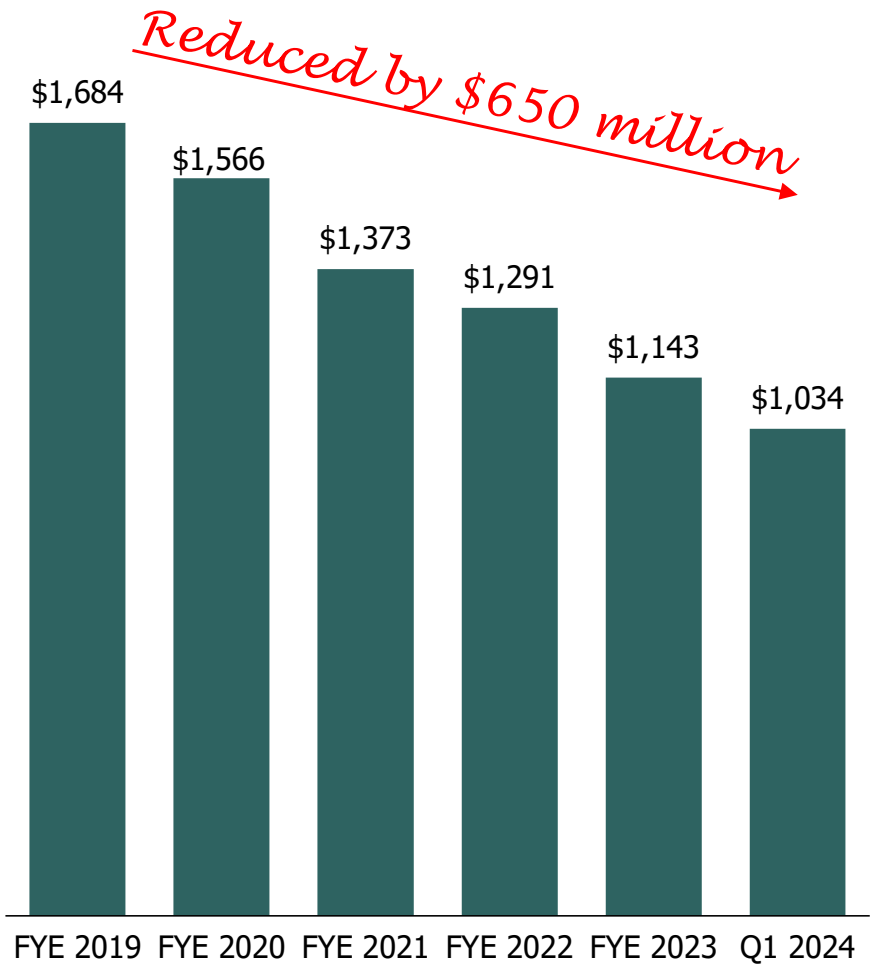
Balance Sheet Metrics

($ in millions)

Equity value (book)



Total debt



Guidance

Guidance for Fiscal 2024 Second Quarter

($ in millions)

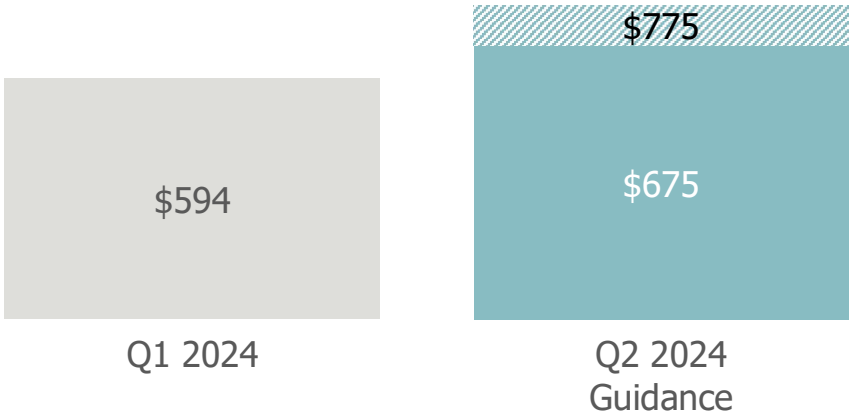
	Actuals Q2 2023	Guidance Q2 2024
Total Revenues	**$704**	**$675 - $775**
Adjusted Homebuilding Gross Margin[(2)]	**20.9%**	**21.5% - 23.0%**
Total SG&A as Percentage of Total Revenues[(3)]	**10.7%**	**11.0% - 12.0%**
Adjusted EBITDA[(4)]	**$87**	**$80 - $90**
Adjusted Income Before Income Taxes[(5)]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

(1) The Company cannot provide a reconciliation between its non-GAAP projections and the most directly comparable GAAP measures without unreasonable efforts because it is unable to predict with reasonable certainty the ultimate outcome of certain significant items required for the reconciliation. These items include, but are not limited to, land-related charges, inventory impairments and land option write-offs and loss (gain) on extinguishment of debt, net. These items are uncertain, depend on various factors and could have a material impact on GAAP reported results.
(2) Adjusted homebuilding gross margin percentage is before cost of sales interest expense and land charges and is a non-GAAP financial measure. See appendix for a reconciliation of the historic measure to the most directly comparable GAAP measure.
(3) Total SG&A includes homebuilding selling, general and administrative costs and corporate general and administrative costs. Ratio calculated as a percentage of total revenues. The SG&A guidance assumes that the stock remains at $168.97, which was the price at the end of the first quarter of fiscal year 2024.
(4) Adjusted EBITDA is a non-GAAP financial measure. The most directly comparable GAAP financial measure is net income. Adjusted EBITDA represents earnings before interest expense, income taxes, depreciation, amortization, land-related charges and loss (gain) on extinguishment of debt, net. See appendix for a reconciliation of the historic measure to the most directly comparable GAAP measure.
(5) Adjusted Income Before Income Taxes excludes land-related charges, joint venture write-downs and loss (gain) on extinguishment of debt, net and is a non-GAAP financial measure. See appendix for a reconciliation of the historic measure to the most directly comparable GAAP measure.

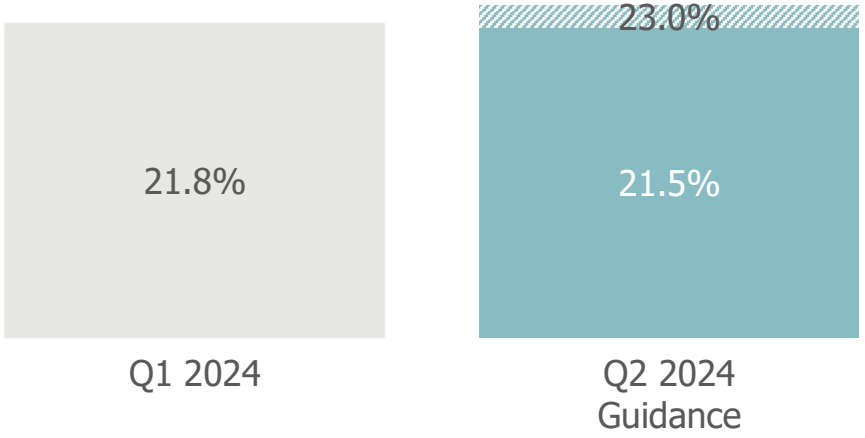
Second Quarter Guidance vs. First Quarter Actuals

($ in millions)

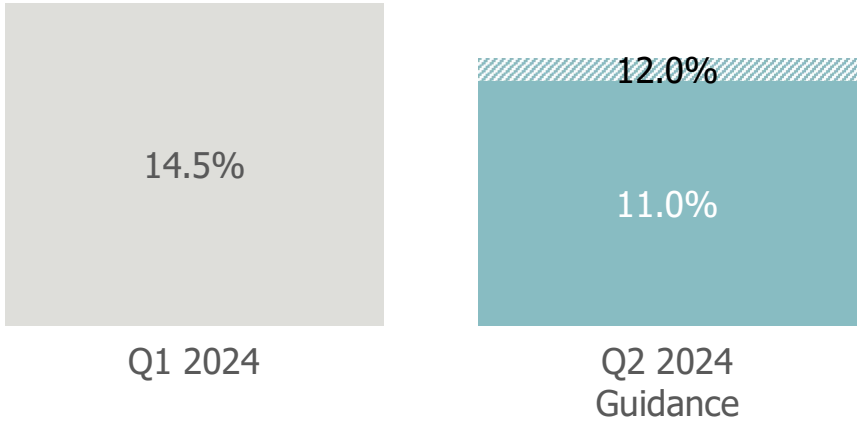
Total Revenues



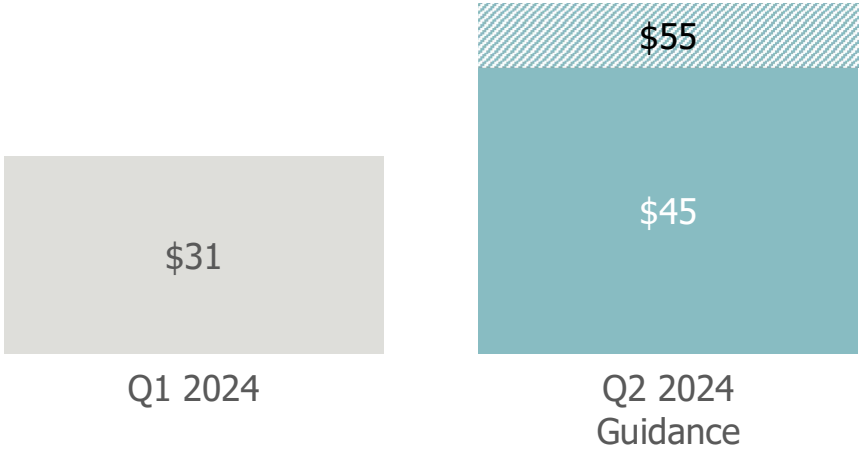
Adjusted Gross Margin(1)



SG&A as Percentage of Total Revenues



Adjusted Income Before Income Taxes(2)



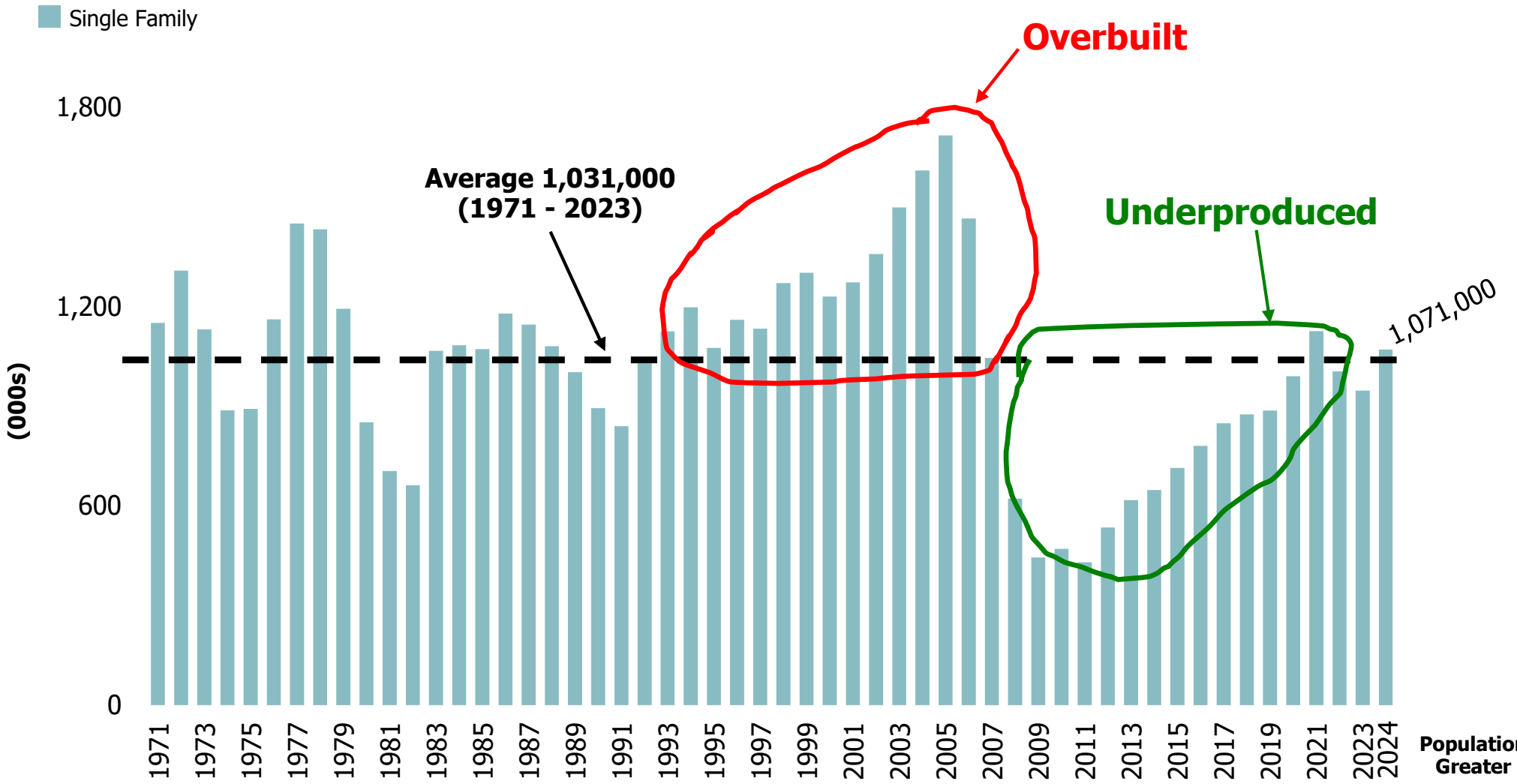
(1) Adjusted homebuilding gross margin percentage is before cost of sales interest expense and land charges and is a non-GAAP financial measure. See appendix for a reconciliation of the historic measure to the most directly comparable GAAP measure.

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

US Housing Market

Single Family Housing Starts

Hovnanian Enterprises, Inc.

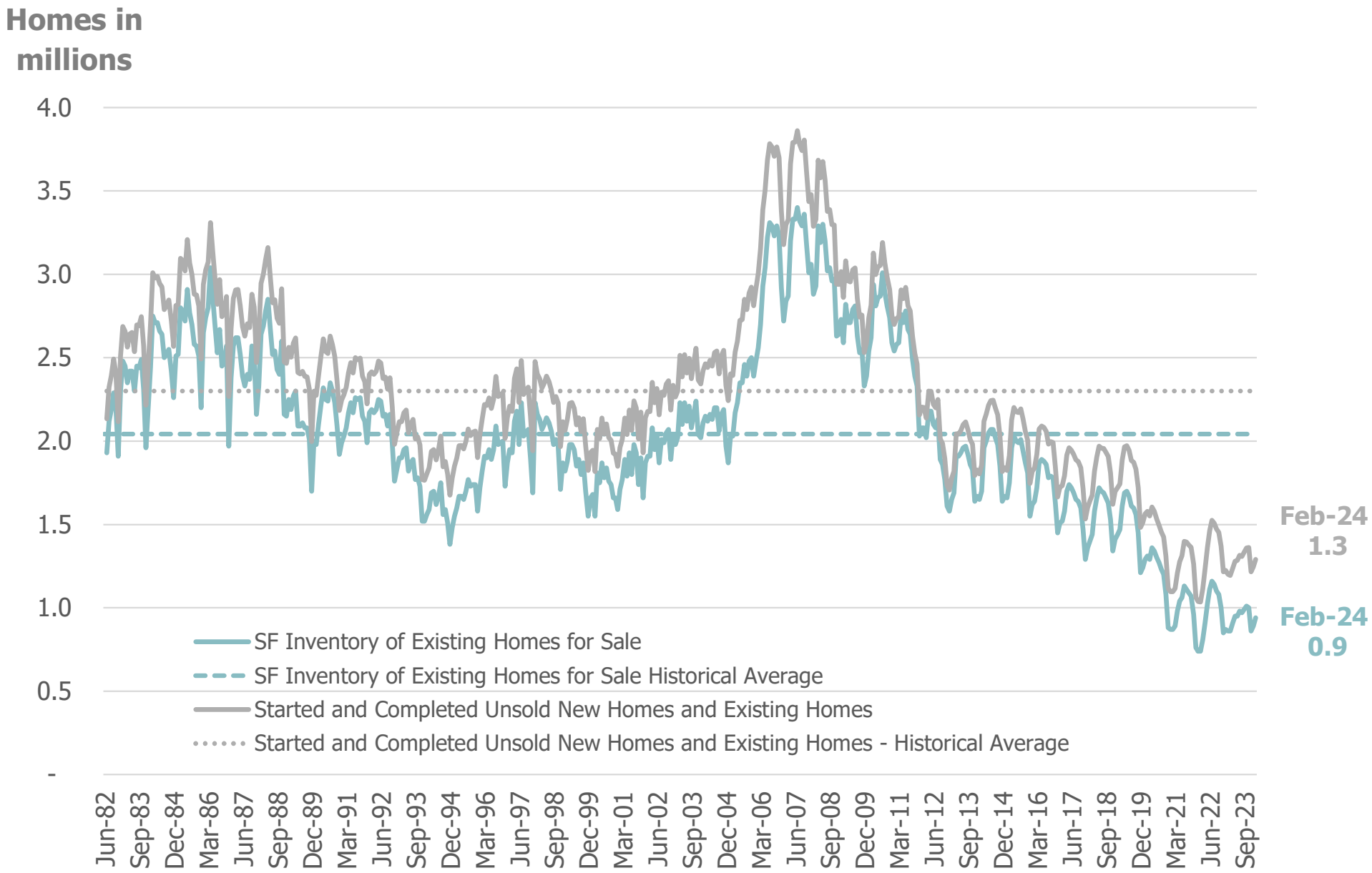


US Population	1970	1980	1990	2000	2010	2020
In millions	203.2	226.5	248.7	281.4	308.7	331.4

Population Greater

Source: U.S. Census Bureau.

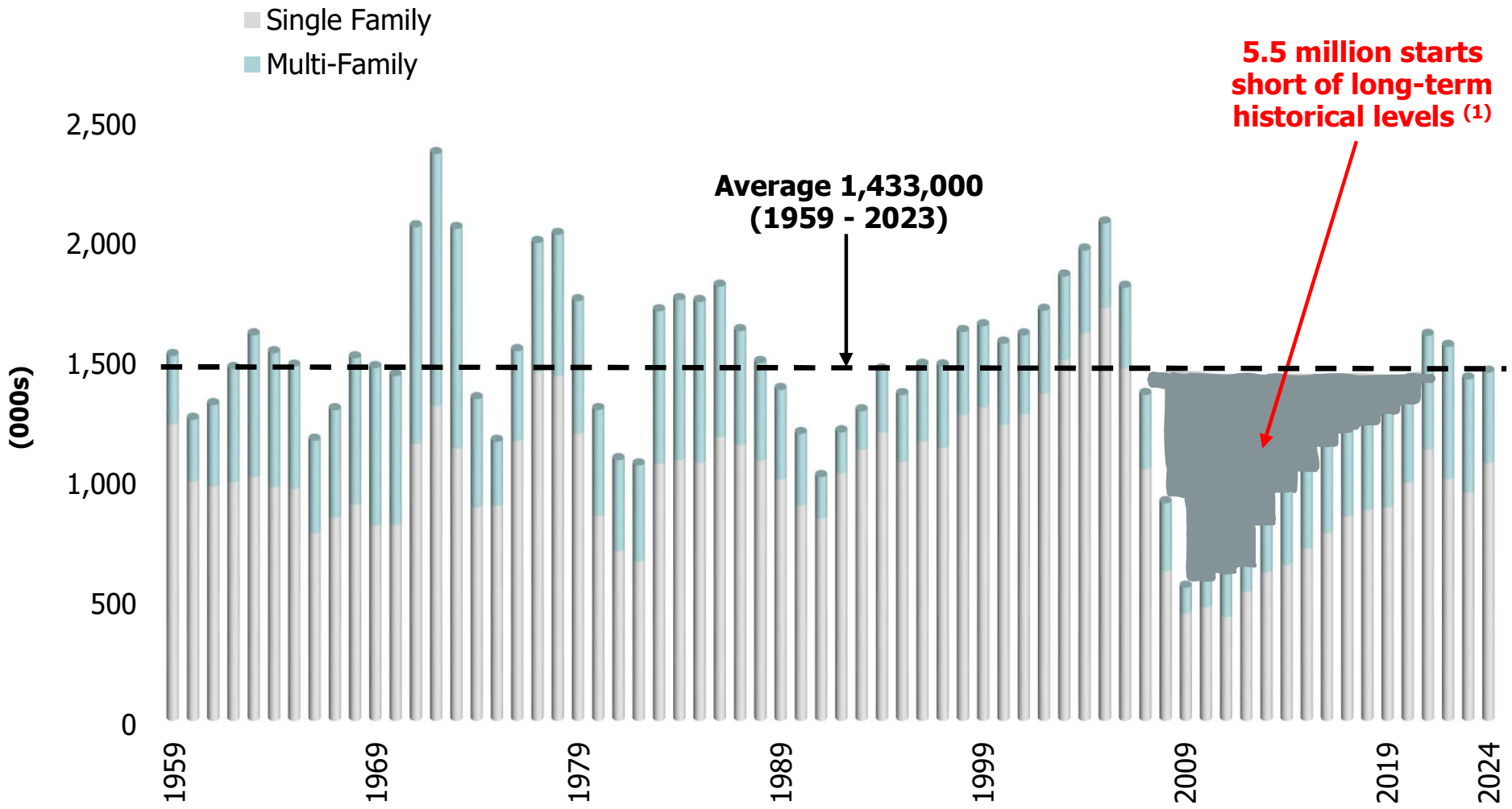
Historically Low Supply of Homes for Sale



Source: National Association of Realtors.

Recent shortfall in U.S. housing production

(For Sale and Rental)

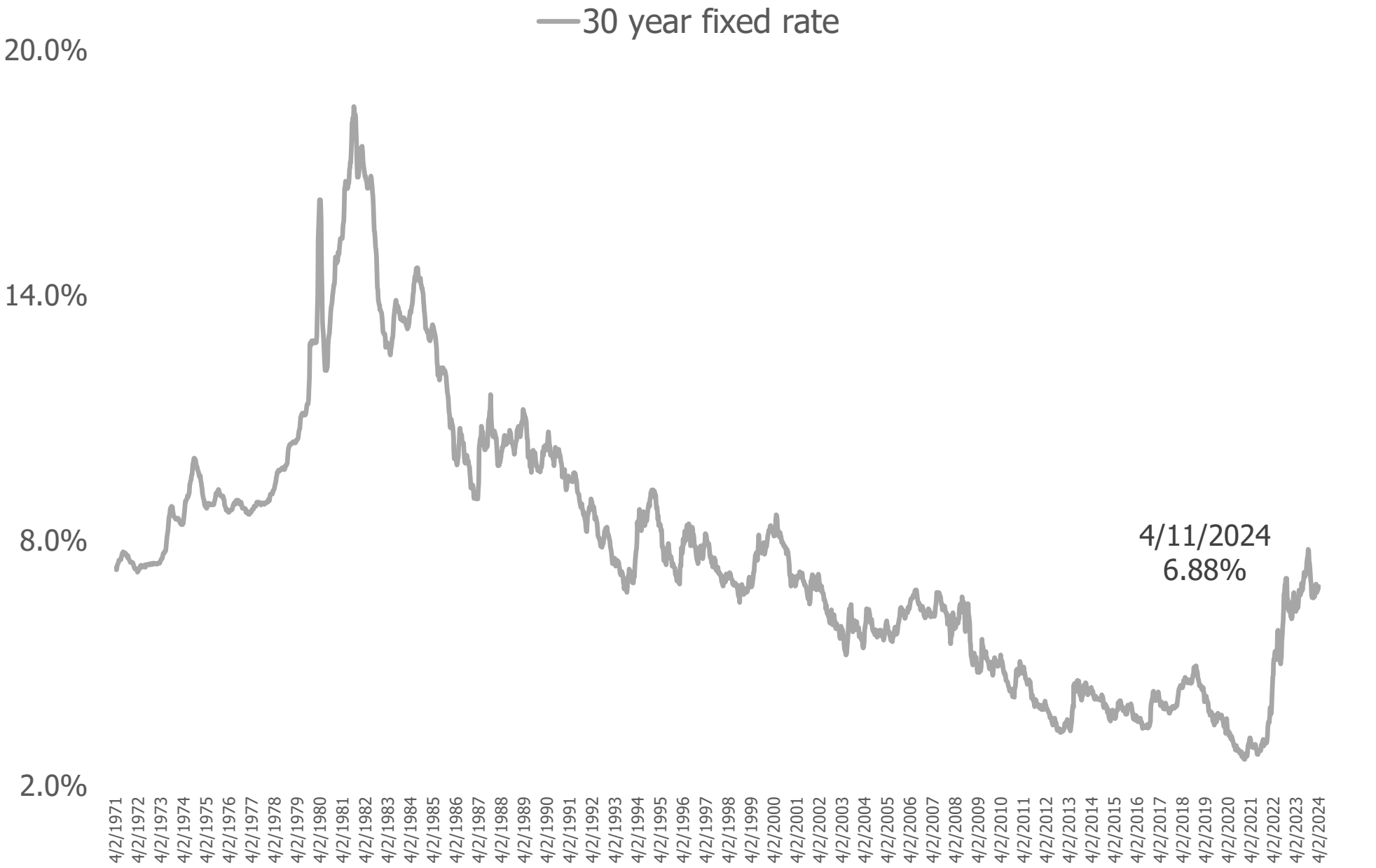


US Population	1960	1970	1980	1990	2000	2010	2020
In millions	179.3	203.2	226.5	248.7	281.4	308.7	331.4

Population Greater

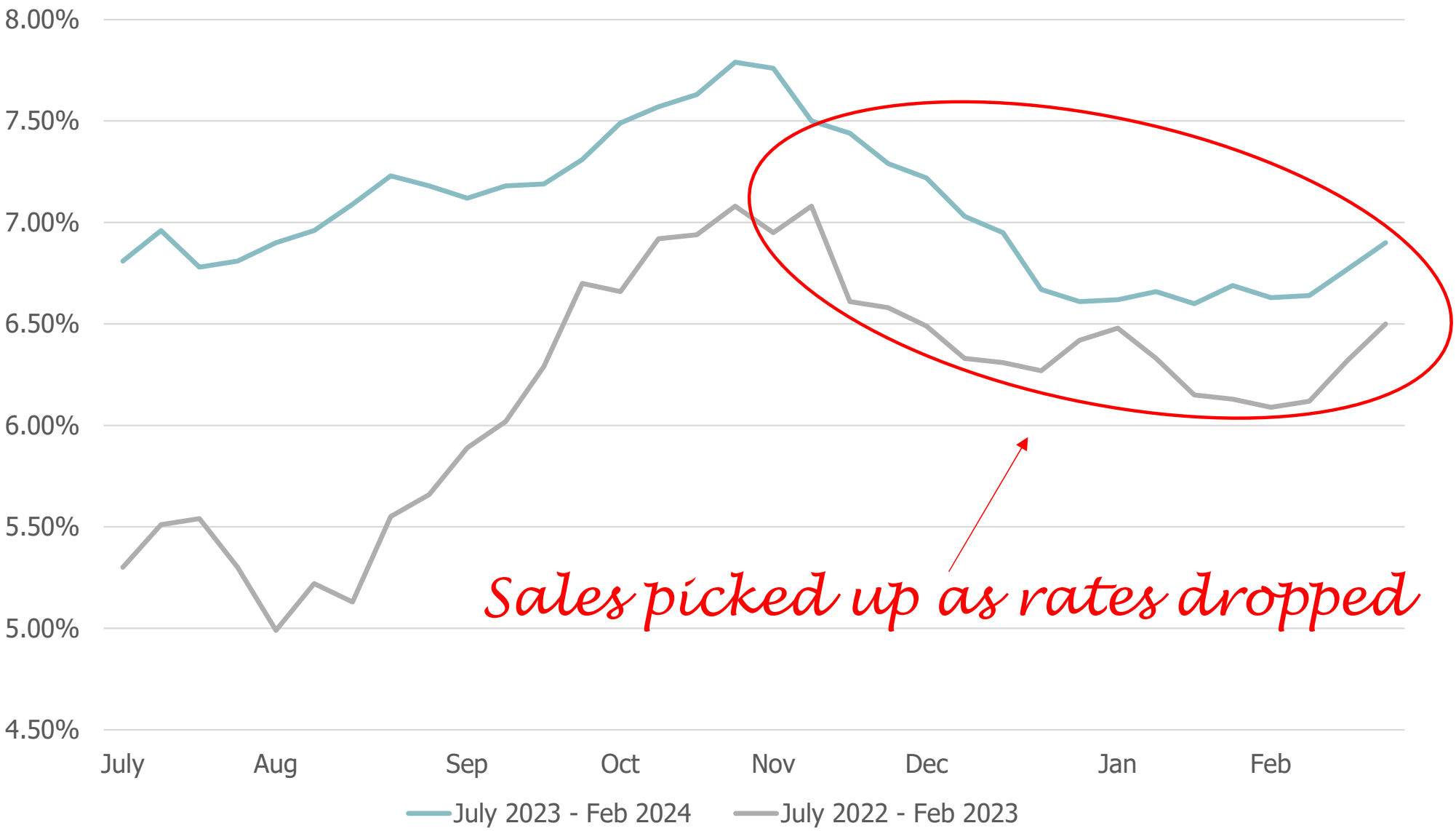
Source: U.S. Census Bureau.
Note: 2024 data is January 2024 year-to-date seasonally adjusted annual rate.
(1) Wall Street Journal article from June 16, 2021 referencing a new National Association of Realtors report.

Mortgage Rates – Long Term Perspective



Source: Freddie Mac.

Recent Mortgage Rates

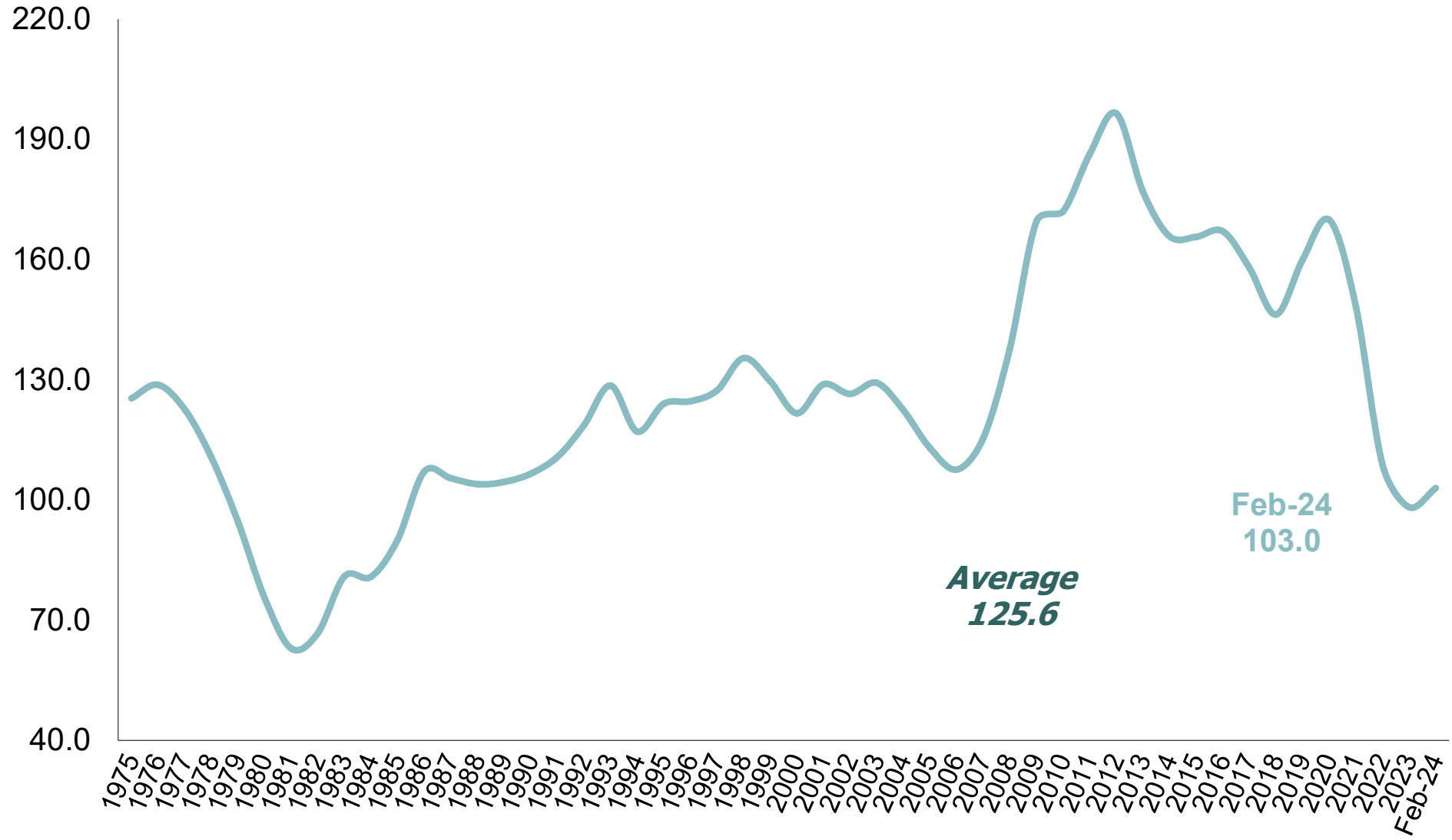


Source: Freddie Mac.

Affordability Index

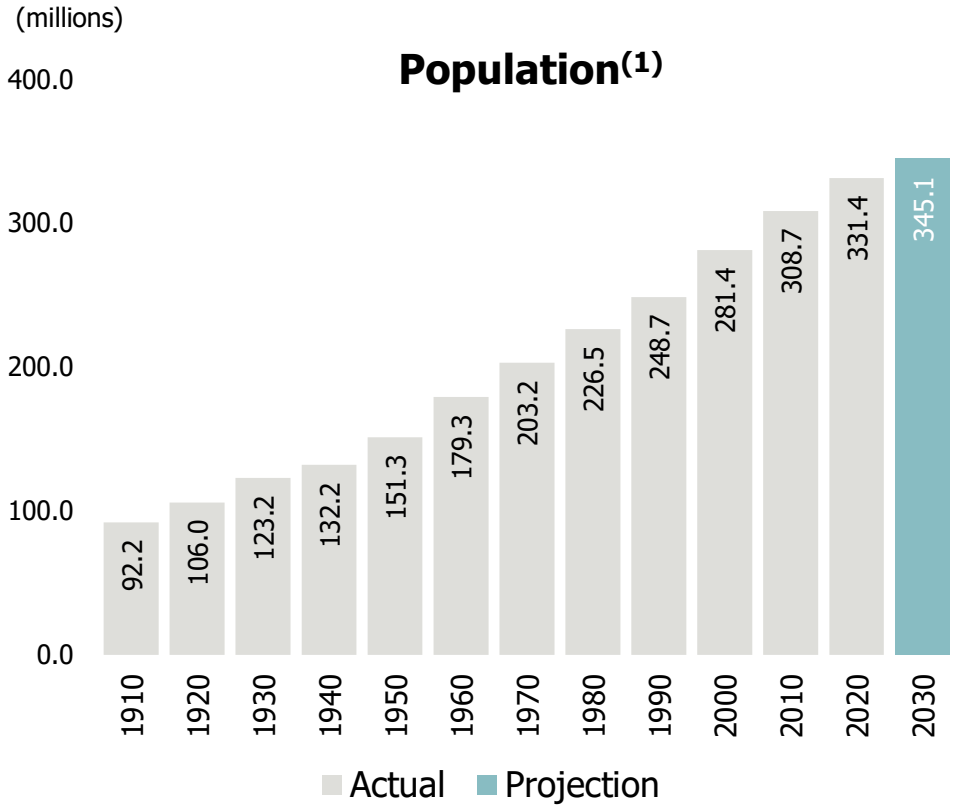
Hovnanian Enterprises, Inc.

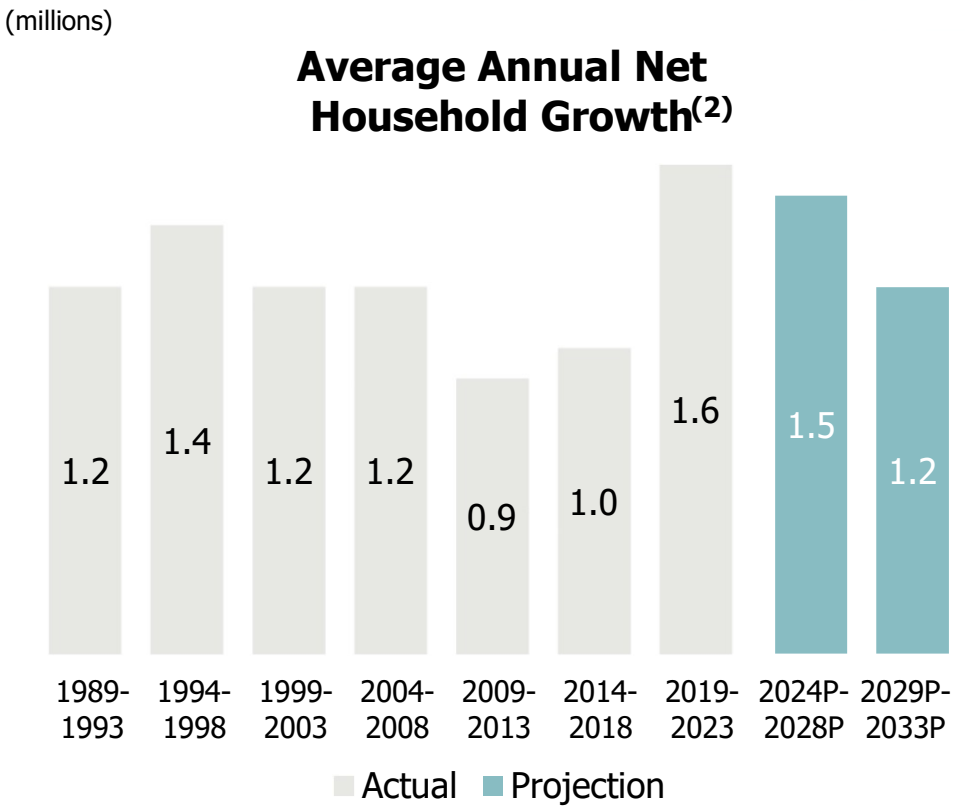
"The higher the affordability Index the better."



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

Historical and Projected Annual Demand





Projected Annual Demand 2023 - 2033(2)

1.37 million household formations

0.23 million demolitions

0.05 million second homes

0.21 million undersupplied homes

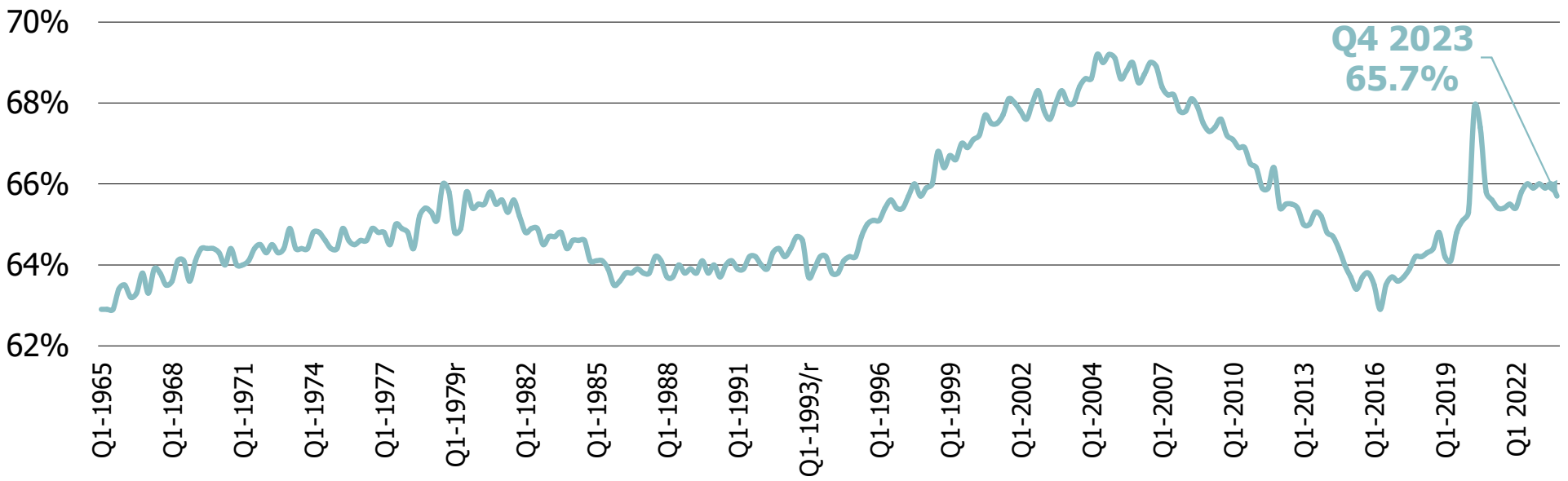
1.86 million new homes per year

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

Homeownership Rates

Hovnanian Enterprises, Inc.

Homeownership Rates for All Households



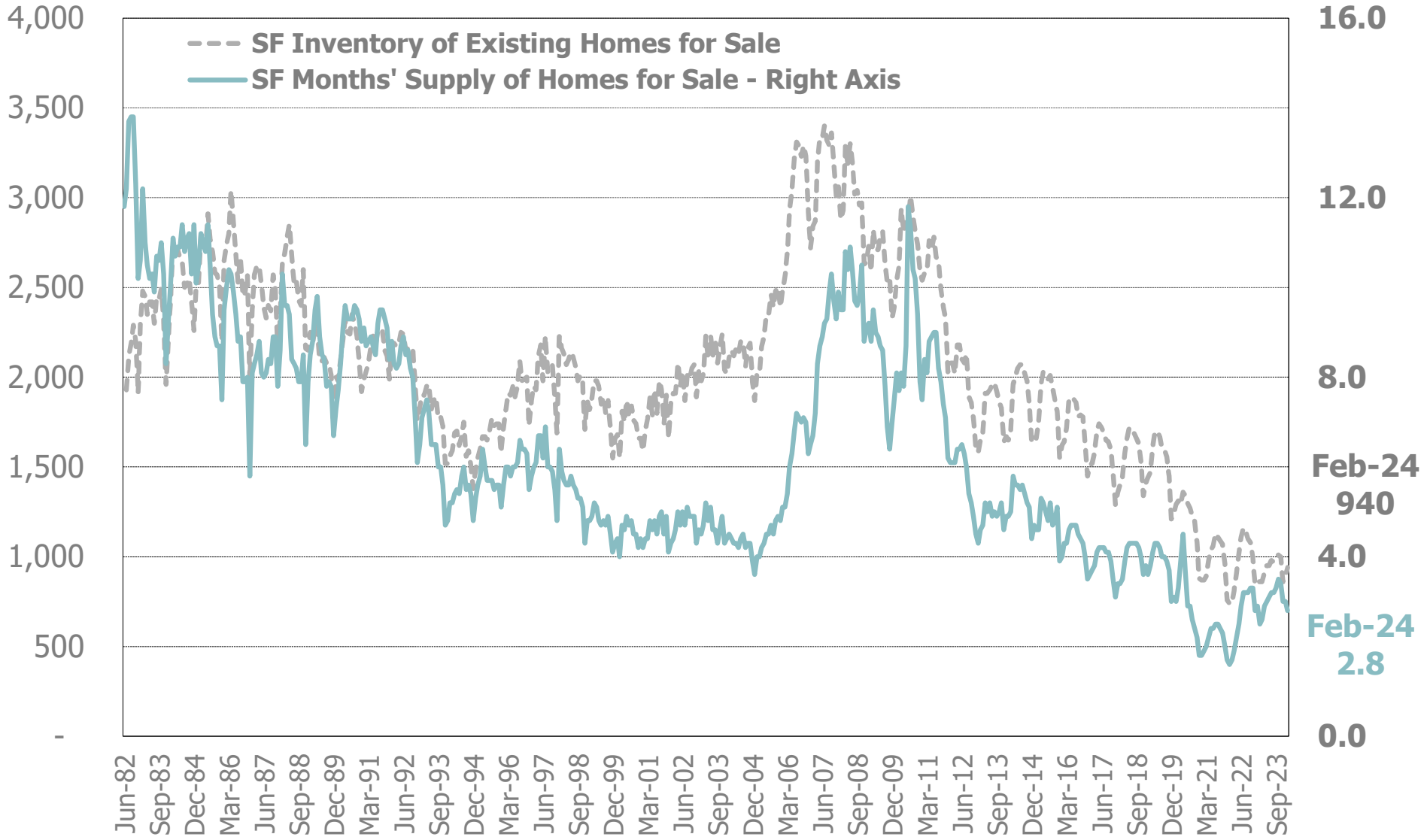
Homeownership Rates By Age of Householder 2023	
Under 35	38.1%
35 – 44	62.0%
45 – 54	70.3%
55 – 64	76.0%
65 and over	79.0%

- **Homeownership rates increase with age**

Source: U.S. Census Bureau

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

(Units in thousands)

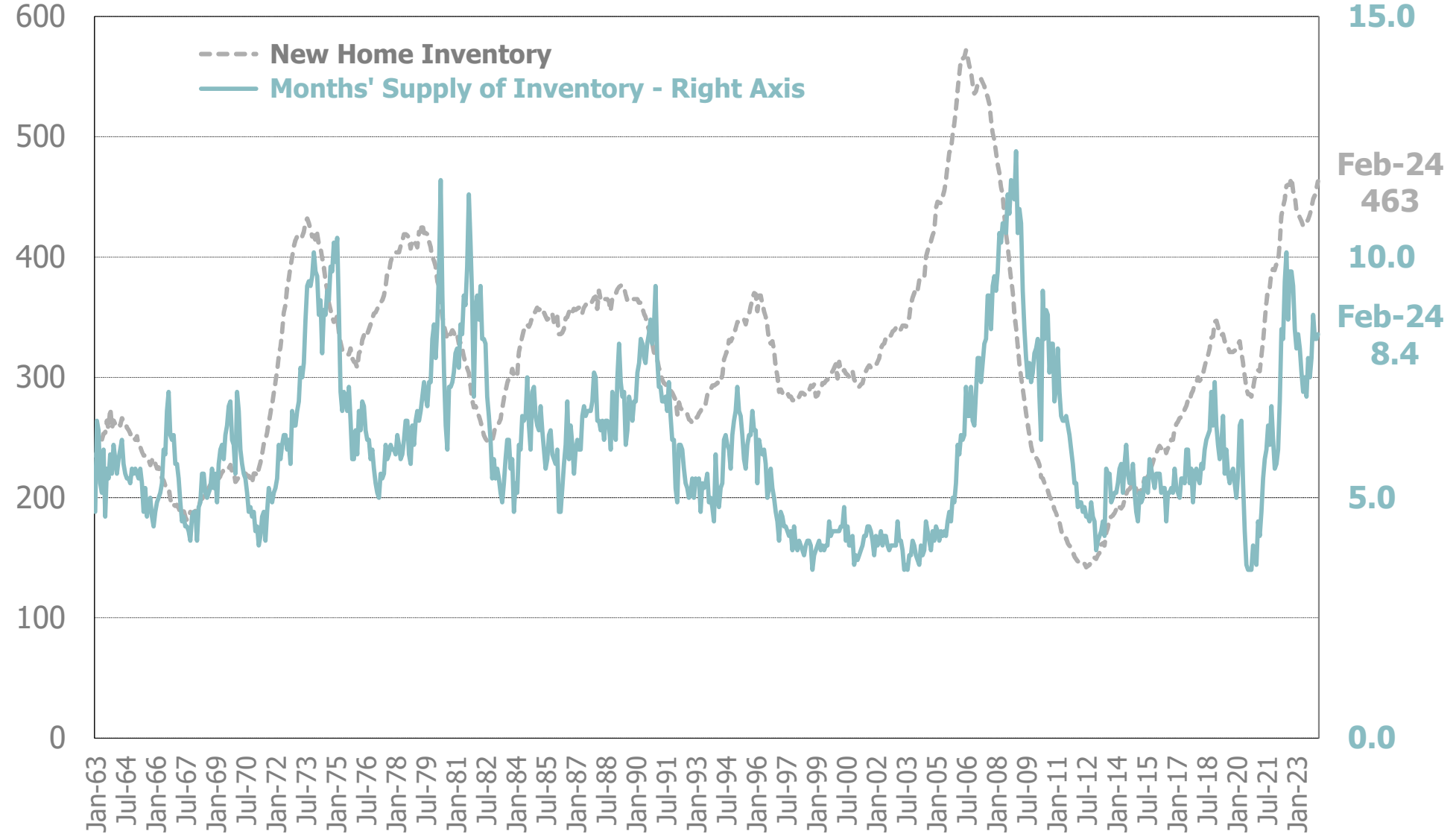


Source: National Association of Realtors.

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

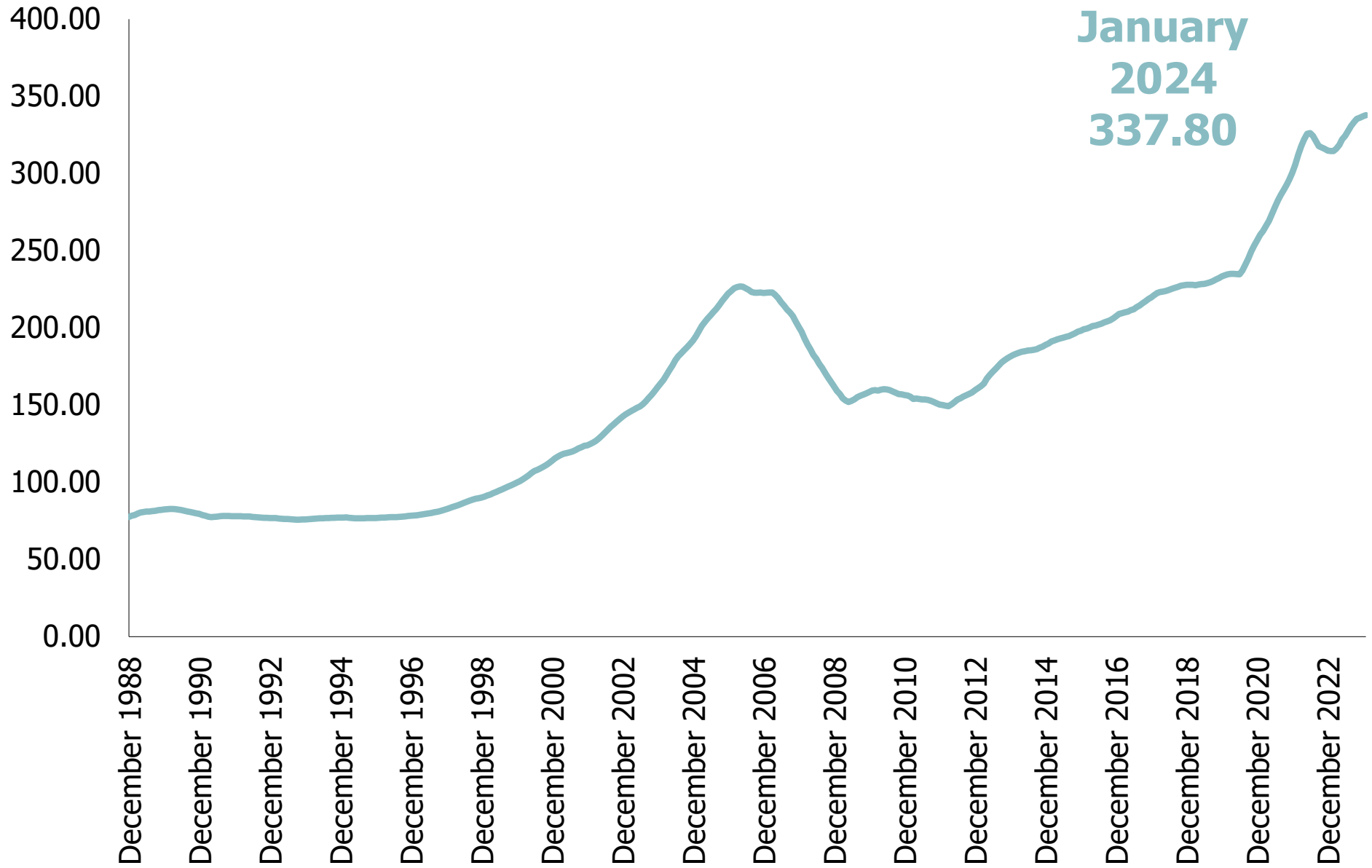
Hovnanian Enterprises, Inc.

(Units in thousands)



Source: Census Bureau

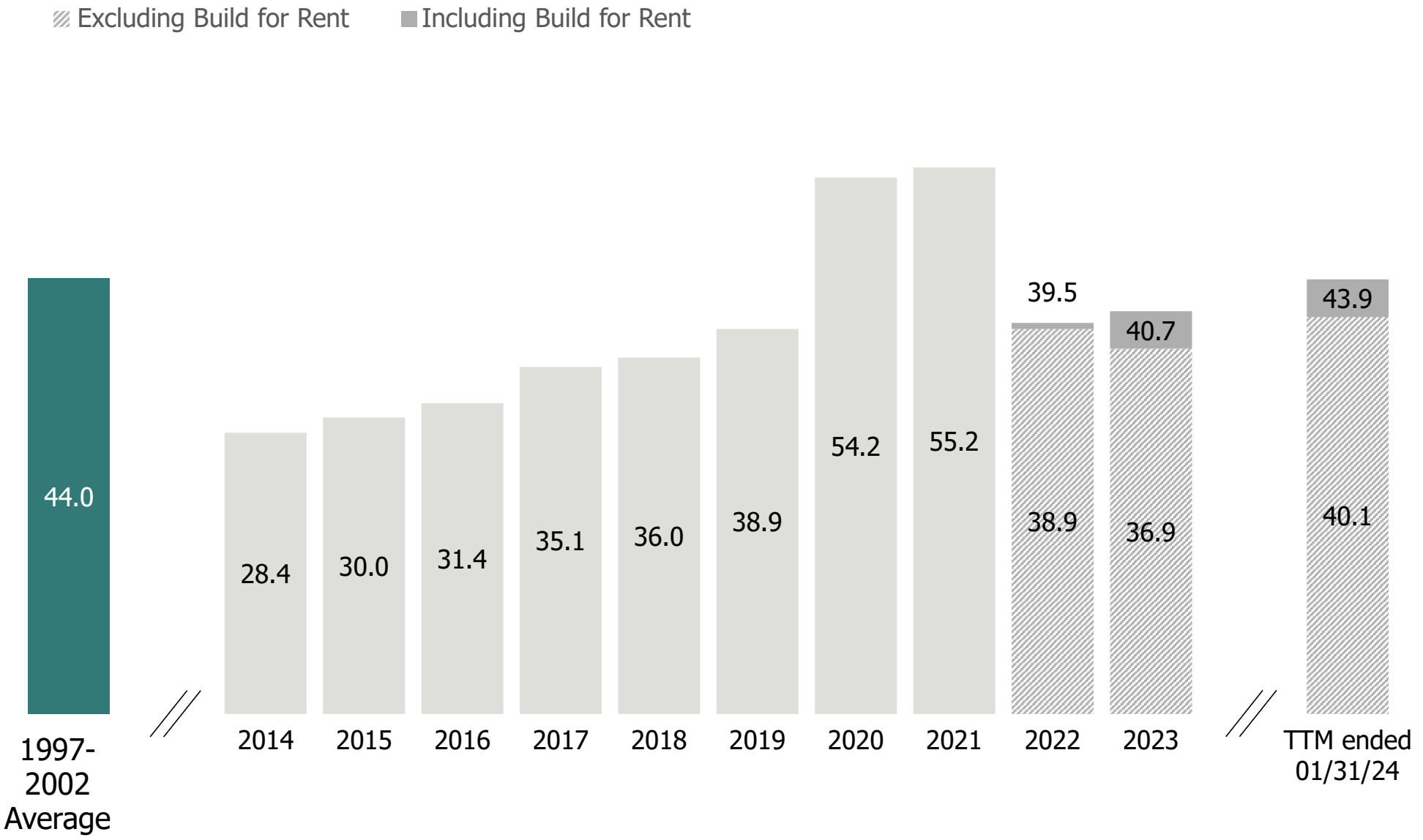
Case-Shiller 10 City Composite Index



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

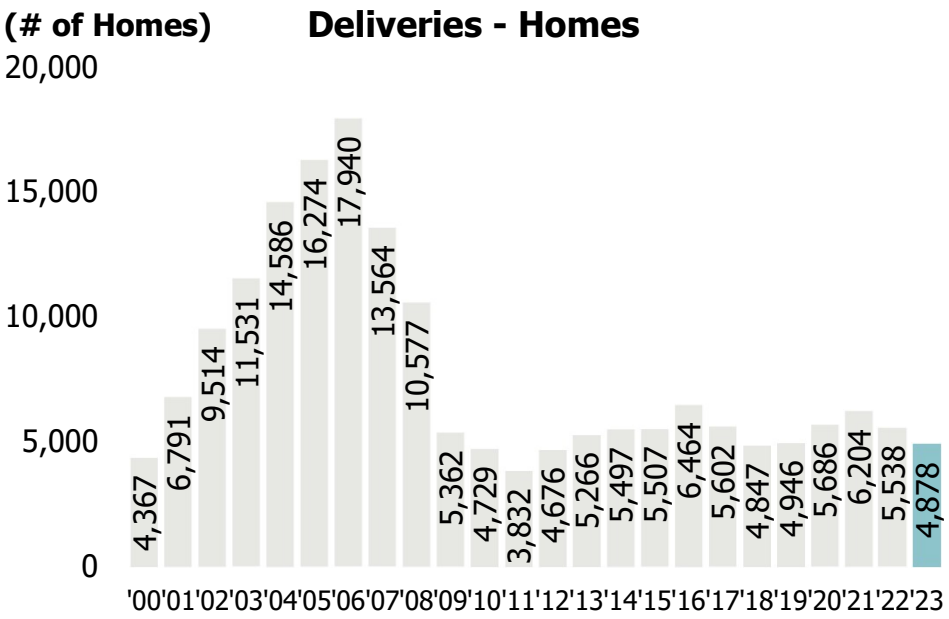
Historical Performance

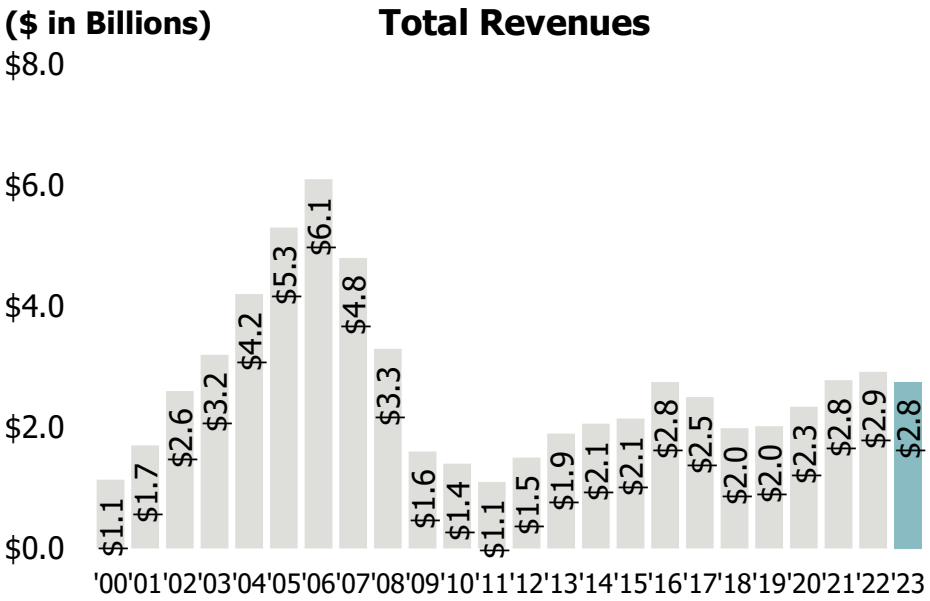
Annual Contracts Per Community

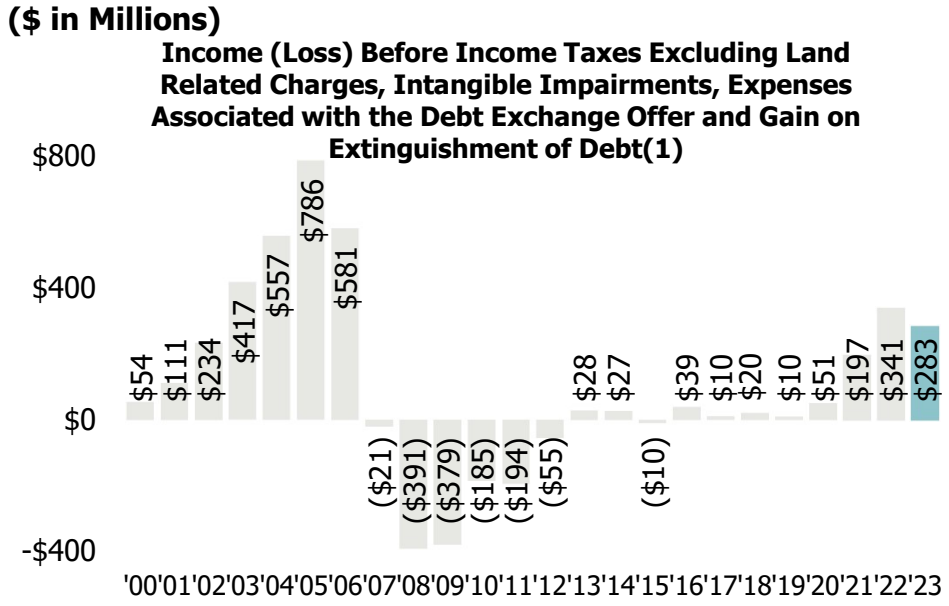


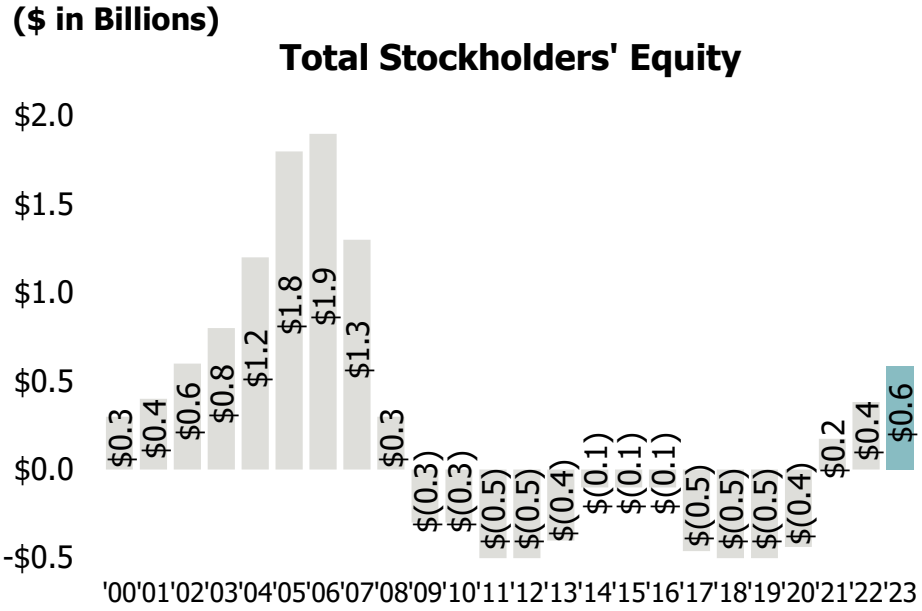
Note: Annual Contracts per Community calculated based on a five-quarter average of communities, excluding unconsolidated joint ventures.

Historical Performance



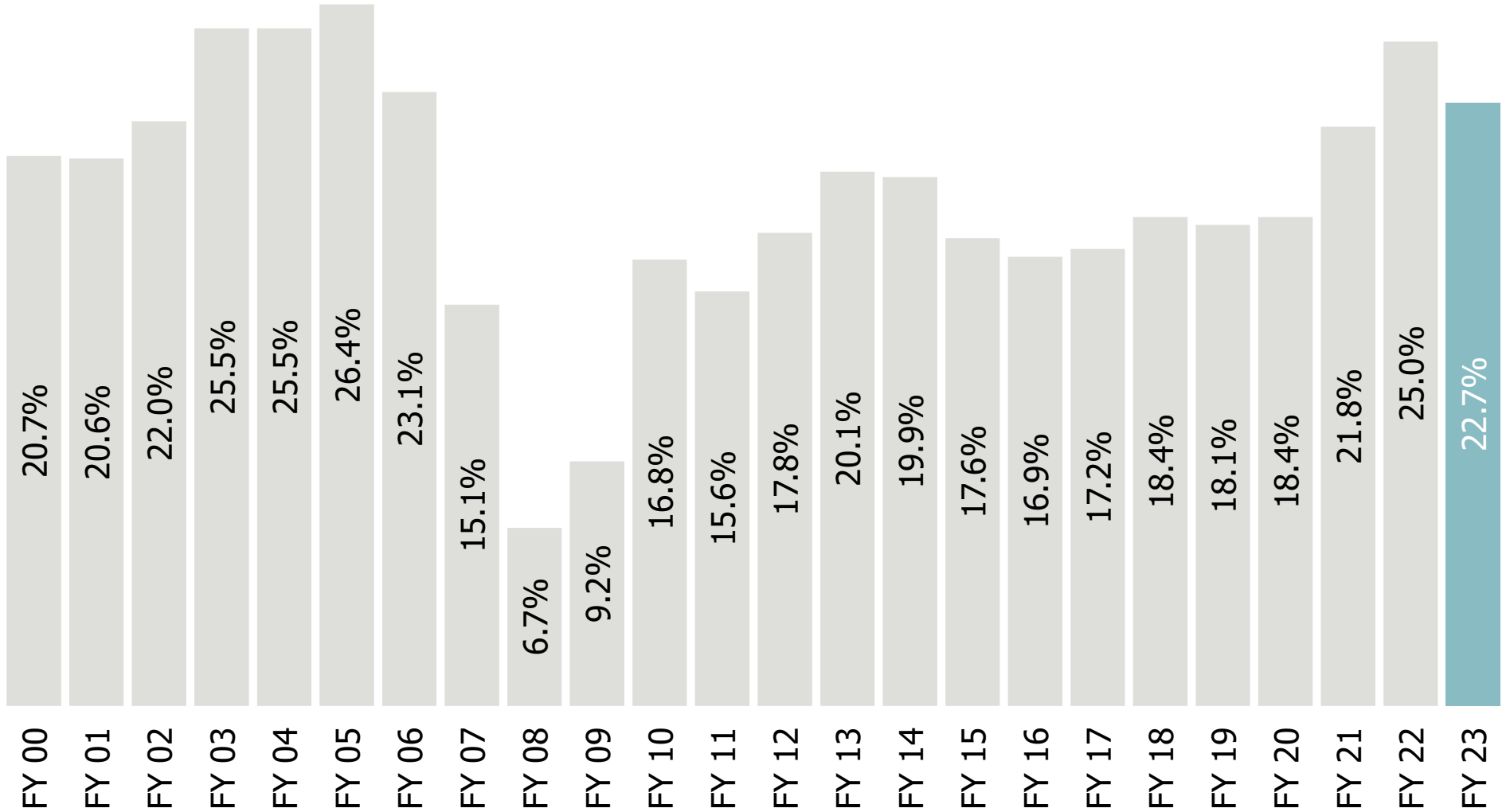






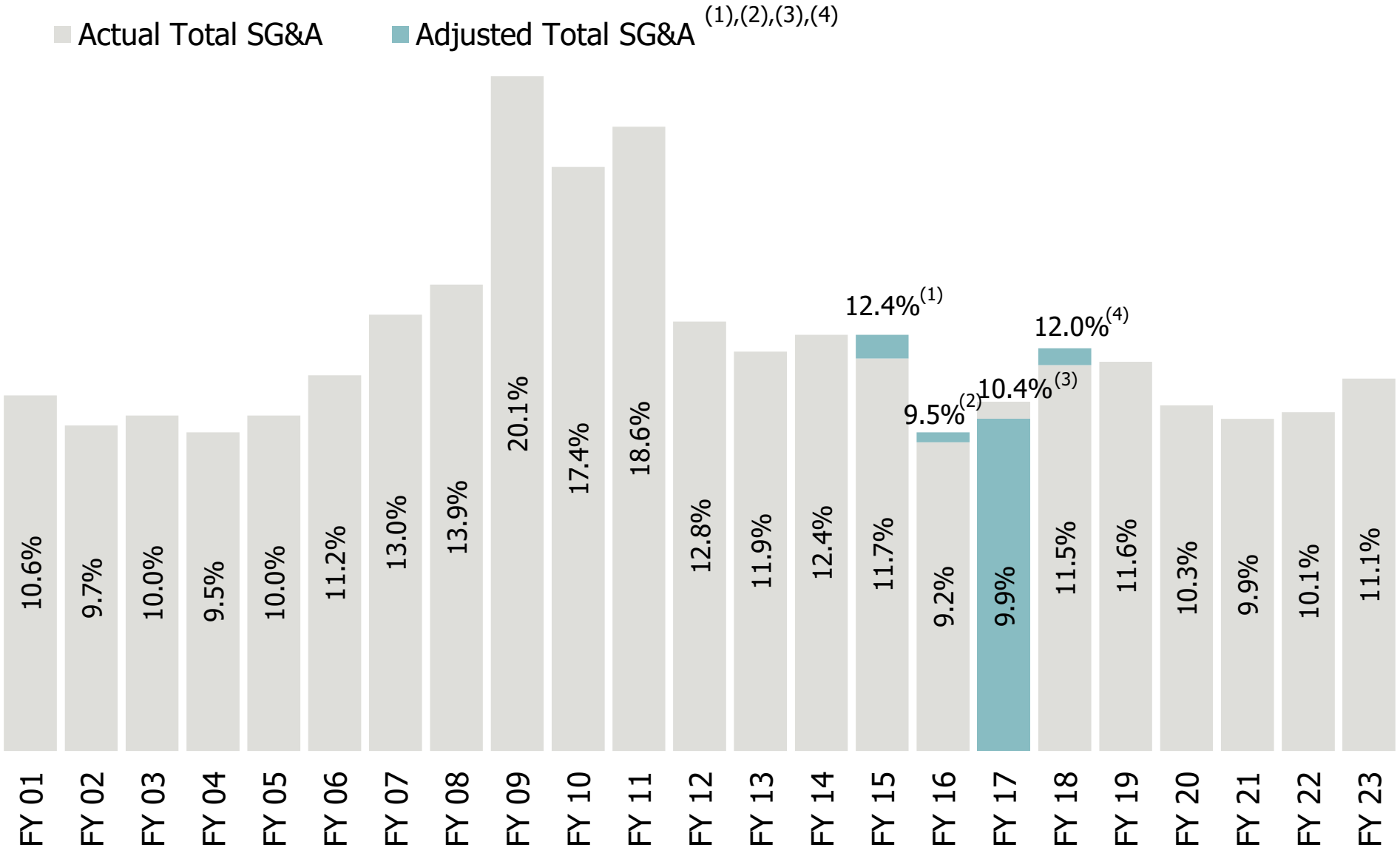
(1) Represents a non-GAAP metric. Please see appendix for reconciliation.

Adjusted Homebuilding Gross Margin(1)



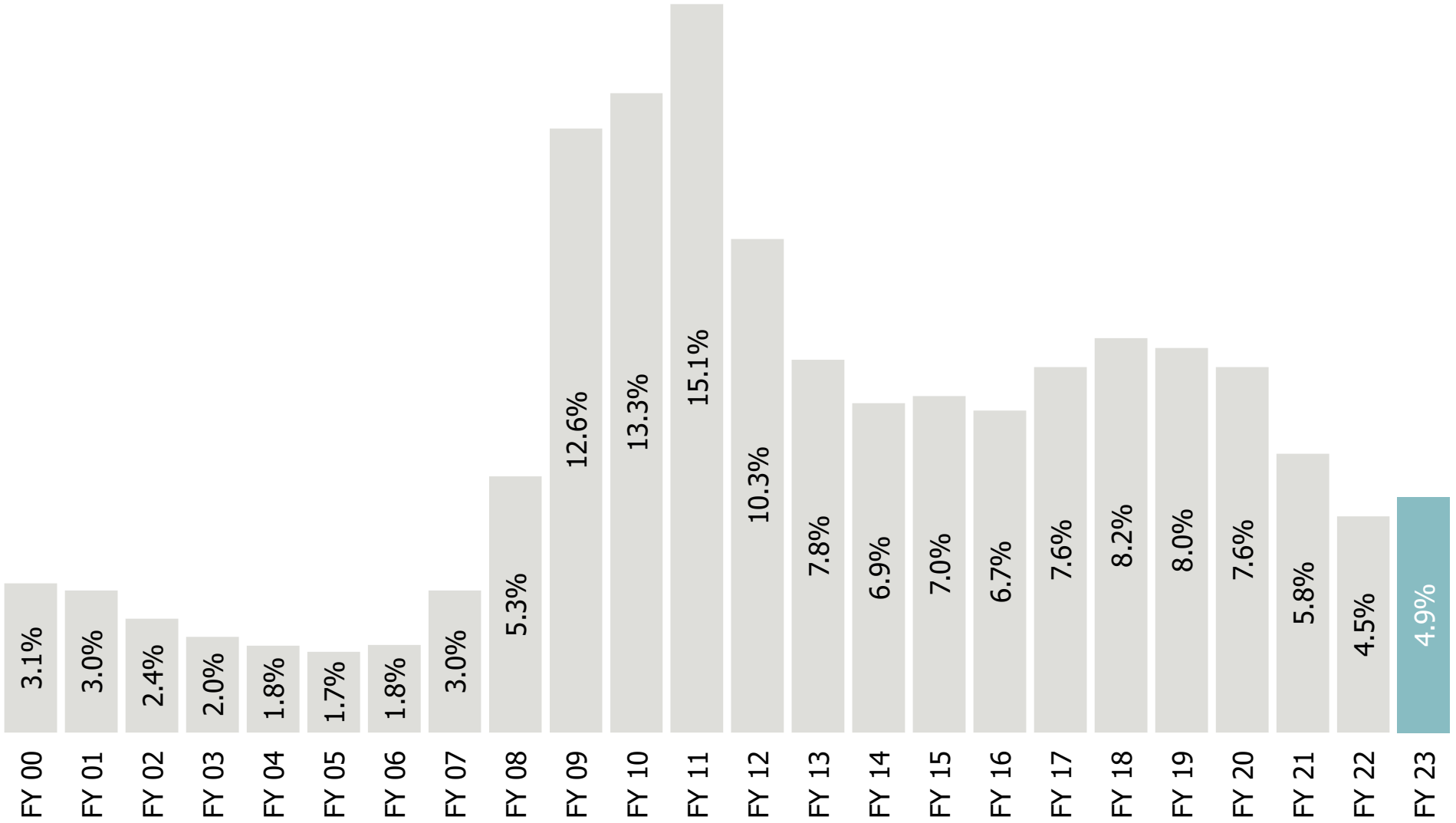
(1) Adjusted homebuilding gross margin percentage is before interest expense and land charges included in cost of sales. Please see appendix for reconciliation.

Total SG&A as a Percentage of Total Revenues



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

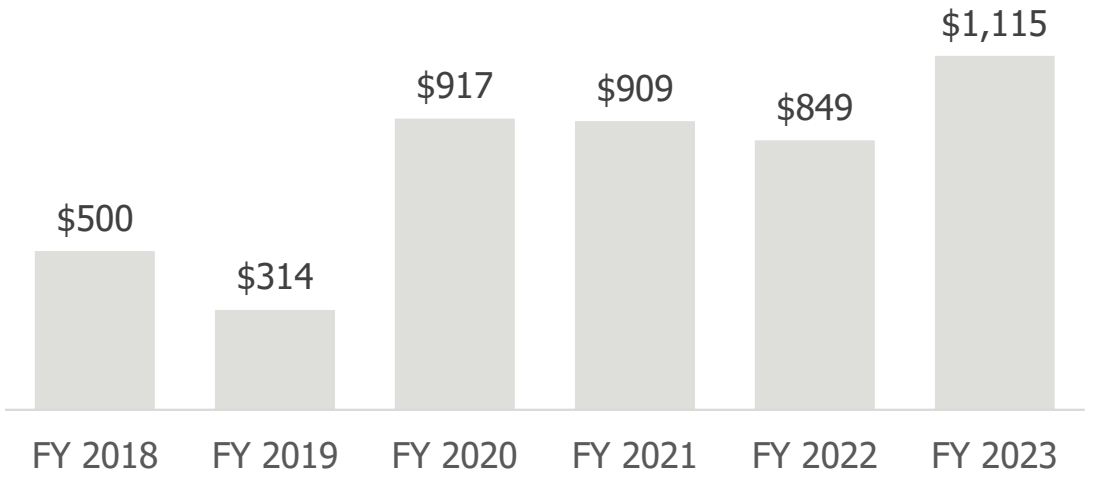
Total Interest as a Percentage of Total Revenues



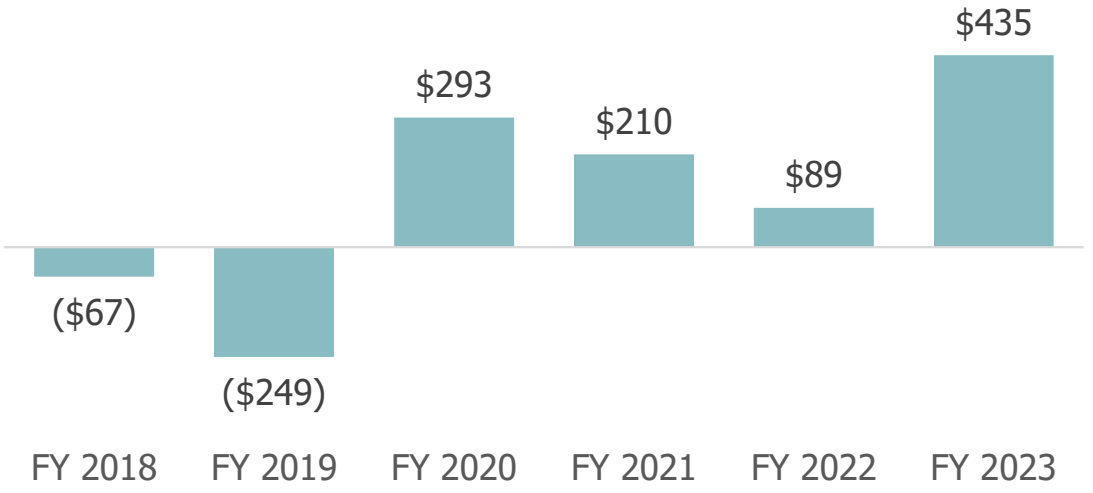
Significant cash flow generation

- Generated $4.6 billion of net operating cash flows before land and land development over the past six years
- ~$1 billion of net operating cash flow in 2020, 2021, 2022 and 2023 after two years of outflows
- Strong underlying operating cash flow before land and land development
- Cash flow ramp provides optionality to retire debt and invest in land

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



Net operating cash flow - reported
($ in millions)



Homebuilding Costs as a % of Revenue

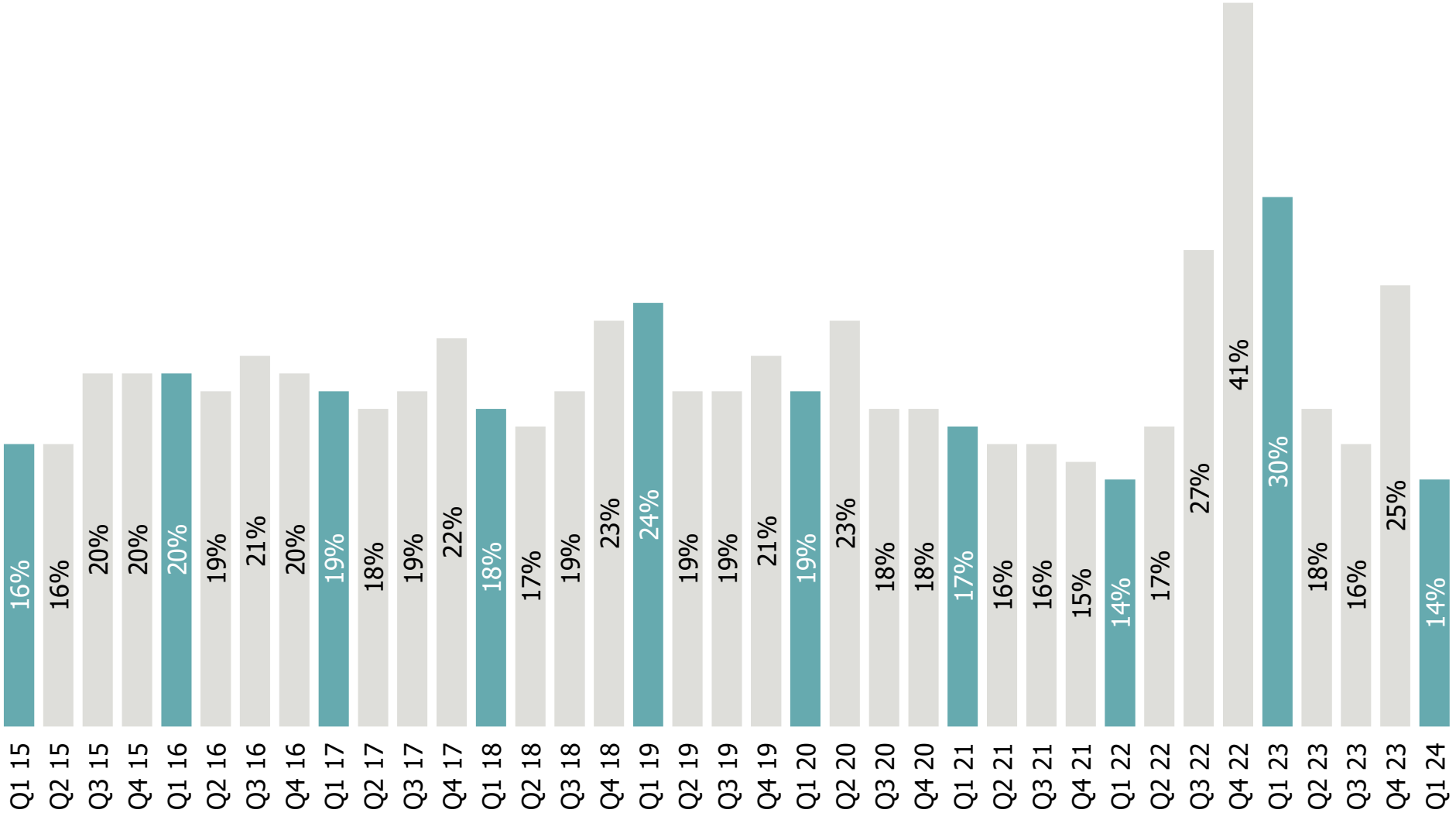
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Avg.
Land (Developed Lot)[1]:	25.2%	25.8%	25.5%	25.2%	24.0%	21.9%	23.1%	26.8%	23.2%	21.4%	22.3%	25.9%	25.8%	26.2%	26.5%	29.2%	30.4%	28.7%	28.9%	30.3%	28.5%	24.8%	25.4%	25.9%
Direct Construction Costs:	46.3%	44.8%	41.6%	41.3%	41.6%	46.7%	51.2%	55.3%	52.7%	48.5%	49.6%	45.2%	44.2%	44.1%	45.5%	44.0%	42.7%	43.2%	43.2%	41.8%	41.2%	42.2%	42.5%	45.2%
Other:																								
Comissions	2.3%	2.2%	2.1%	2.2%	2.3%	2.5%	2.8%	2.7%	3.3%	3.3%	3.5%	3.4%	3.3%	3.4%	3.6%	3.5%	3.4%	3.6%	3.7%	3.7%	3.7%	3.4%	3.4%	3.1%
Financing concessions	1.0%	1.0%	0.9%	1.0%	1.0%	1.0%	1.4%	1.7%	2.4%	2.2%	2.0%	1.7%	1.4%	1.3%	1.4%	1.3%	1.2%	1.2%	1.4%	1.4%	1.1%	1.1%	2.1%	1.4%
Overheads	4.6%	4.2%	4.4%	4.8%	4.7%	4.8%	6.4%	6.8%	9.2%	7.8%	7.0%	6.0%	5.2%	5.1%	5.4%	5.1%	5.1%	4.9%	4.7%	4.4%	3.7%	3.5%	3.9%	5.3%
Adjusted Homebuilding Gross Margin[2]:	20.6%	22.0%	25.5%	25.5%	26.4%	23.1%	15.1%	6.7%	9.2%	16.8%	15.6%	17.8%	20.1%	19.9%	17.6%	16.9%	17.2%	18.4%	18.1%	18.4%	21.8%	25.0%	22.7%	
Per Lot Cost (In 000s):	$62.8	$66.8	$69.2	$70.5	$76.4	$72.1	$78.0	$80.5	$65.9	$60.1	$62.4	$77.9	$87.4	$95.9	$100.5	$117.5	$127.0	$112.9	$113.9	$120.0	$122.8	$127.2	$137.0	
Average Sales Price (In 000s):	$249.4	$258.8	$271.4	$279.9	$318.2	$329.1	$337.8	$300.4	$283.9	$280.7	$279.9	$300.6	$338.8	$366.2	$379.2	$402.4	$417.7	$393.3	$394.2	$396.1	$431.0	$512.9	$539.2	

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

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

Cancellation Rates

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

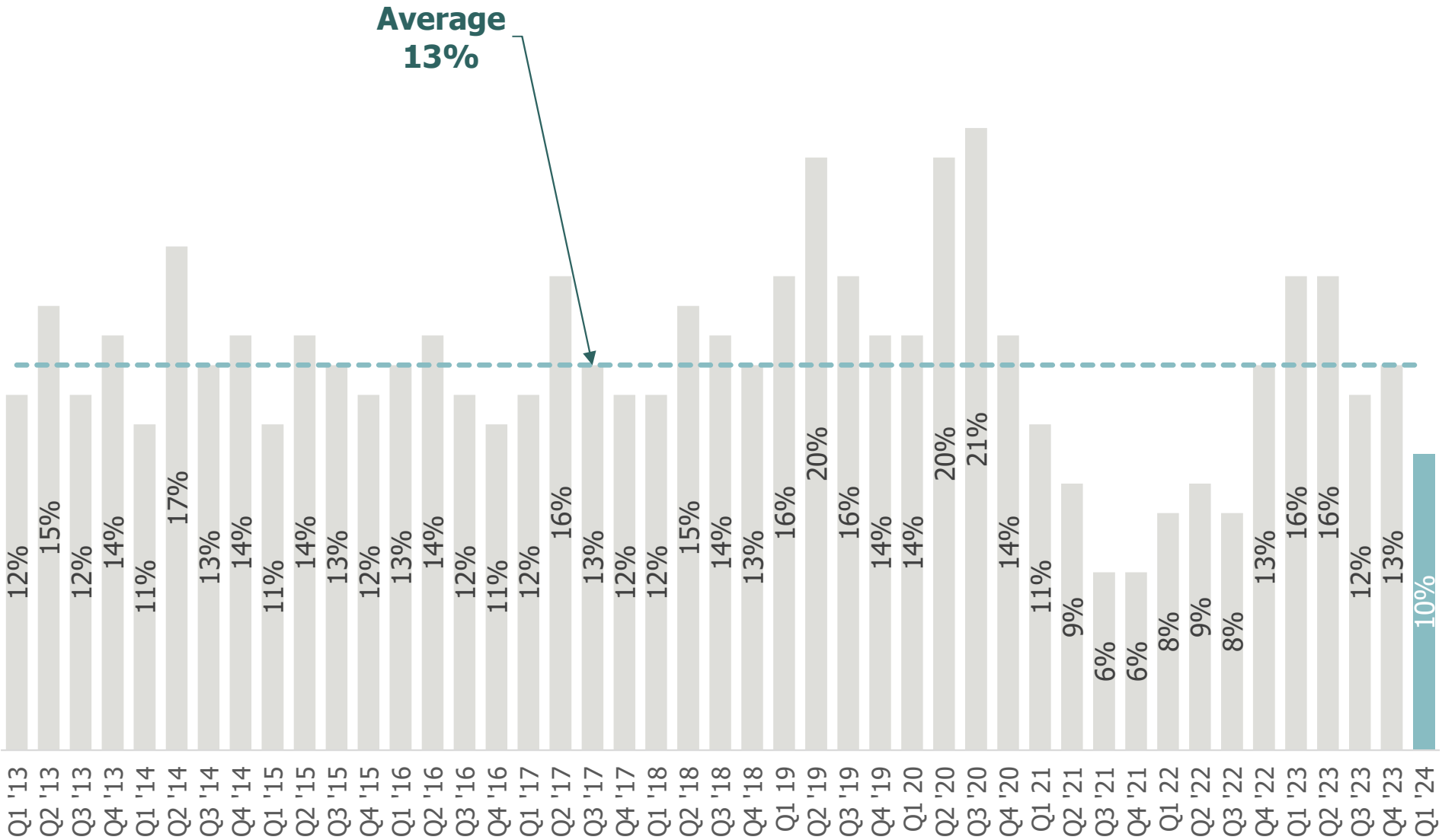


Note: Calculated as a % of gross contracts, excluding unconsolidated joint ventures.

Backlog Cancellation Rates

Hovnanian Enterprises, Inc.

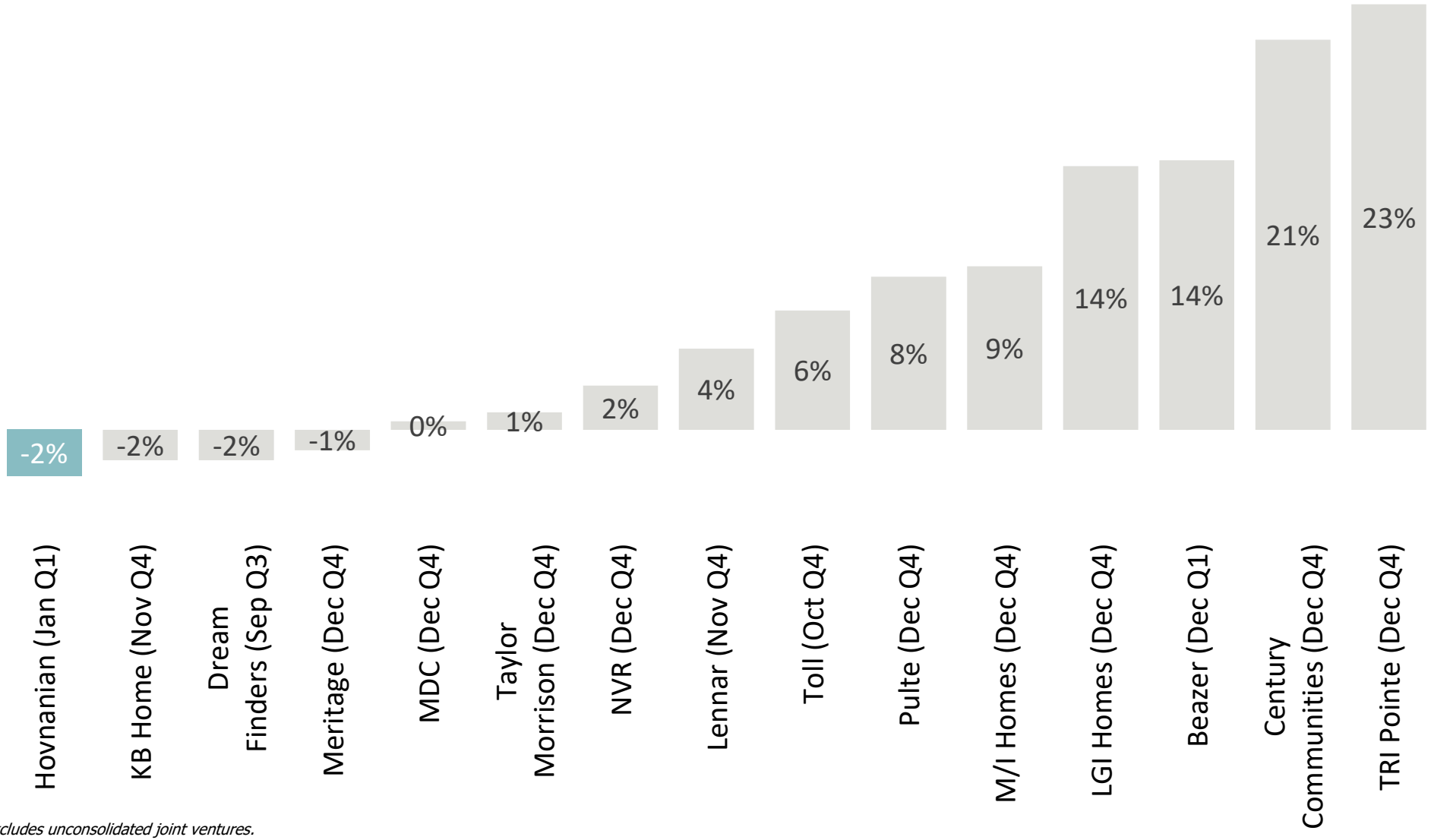
Peaked at 31% in Q2 2009



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

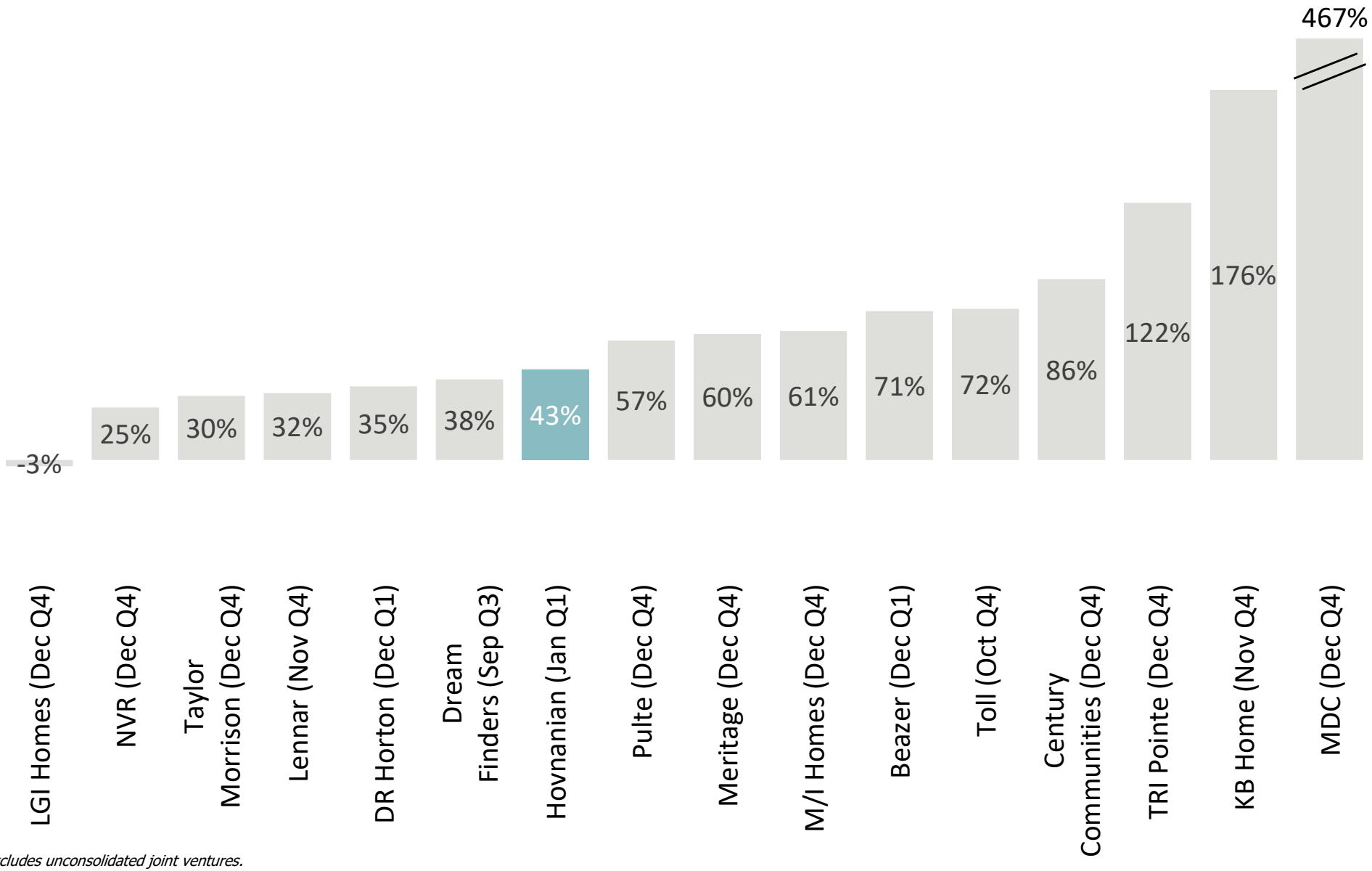
Builder Peer Statistics

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



Excludes unconsolidated joint ventures.
Source: Company SEC filings, press releases as of 02/22/204.

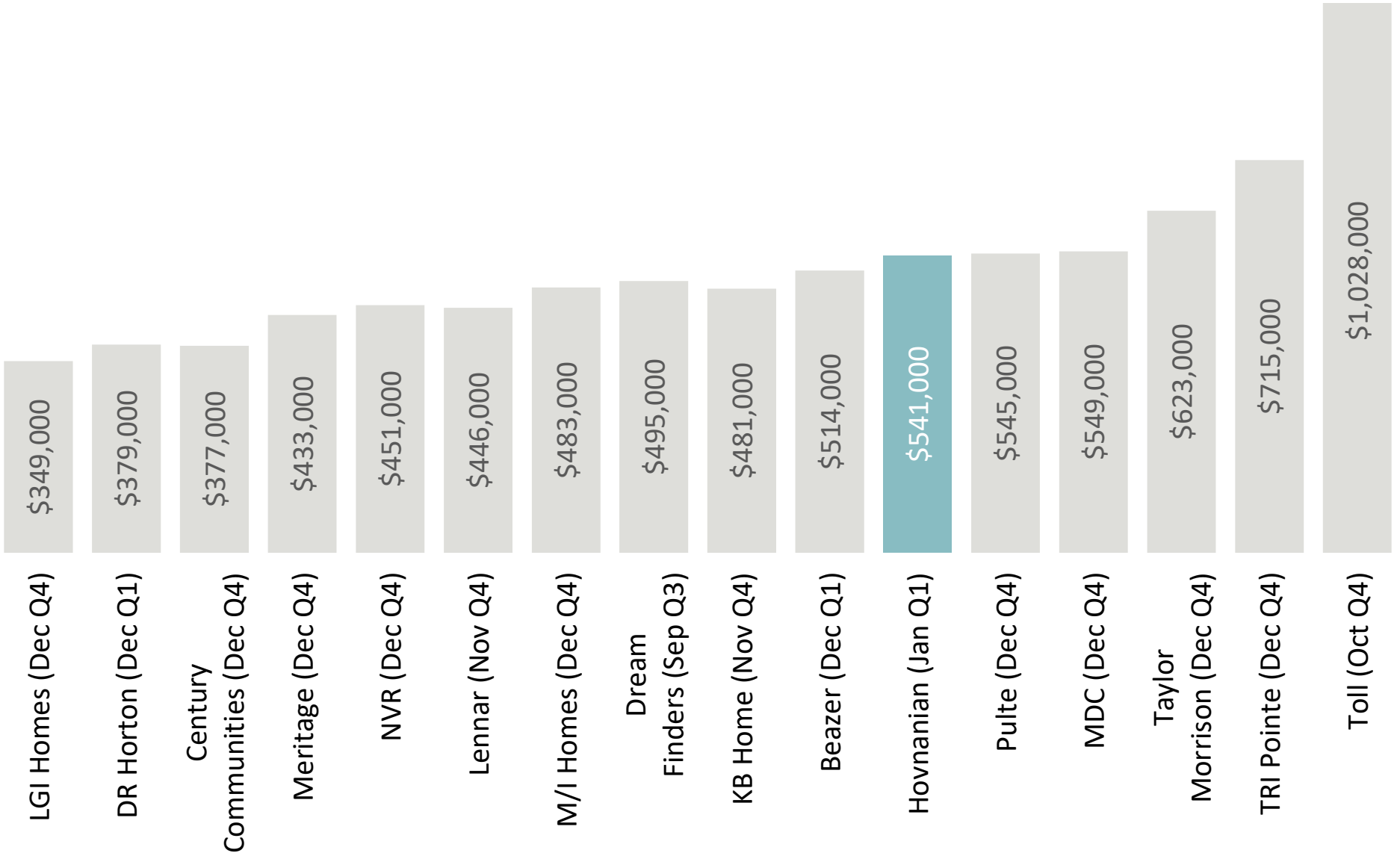
Year-over-Year % Change in Contracts, Most Recent Quarter



Excludes unconsolidated joint ventures.
Source: Company SEC filings, press releases as of 02/22/204.

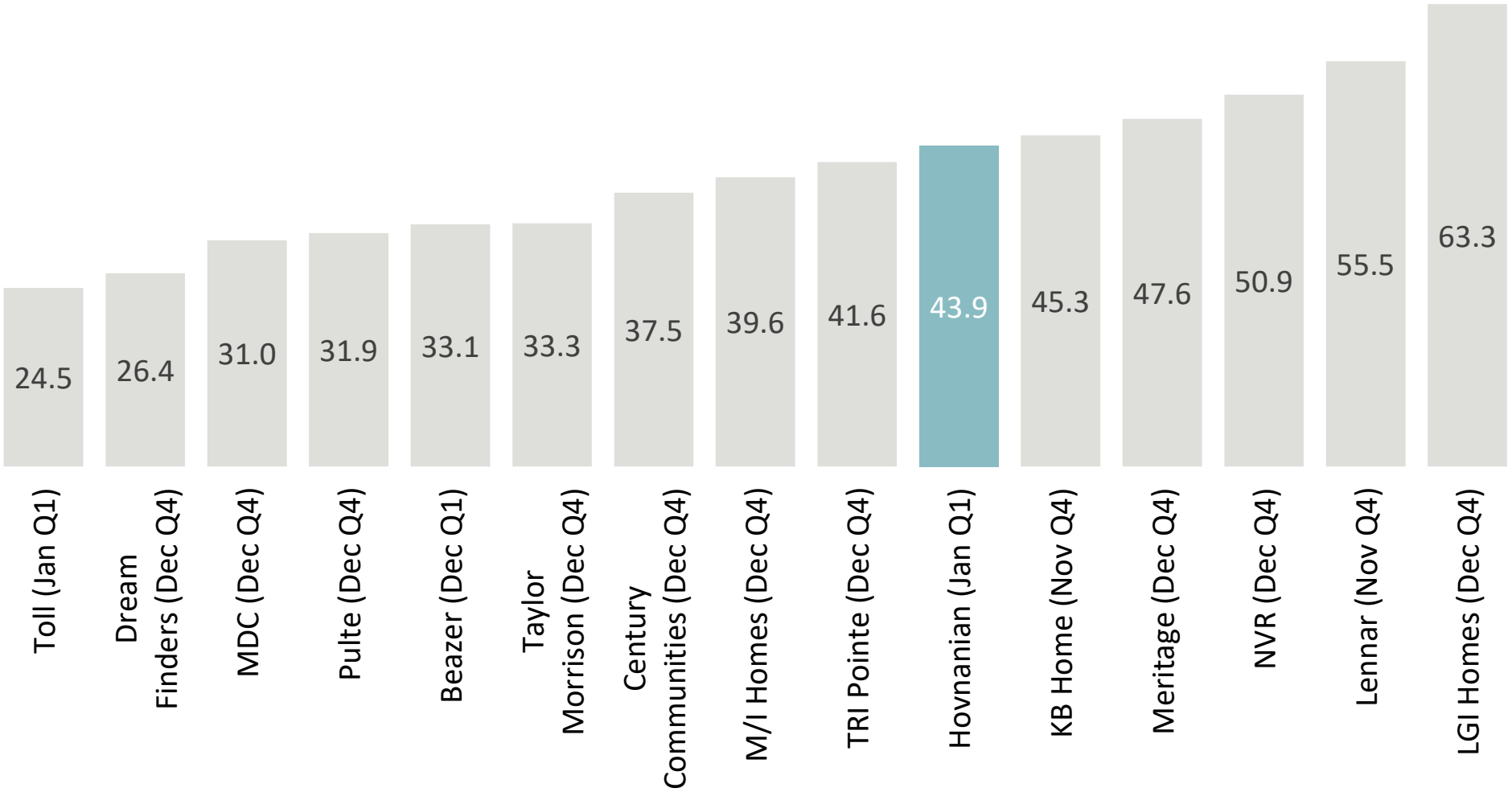
Average Selling Price, Last Twelve Months

Homes



Source: Company SEC filings and press releases as of 02/22/204.
Note: Excludes unconsolidated joint ventures.

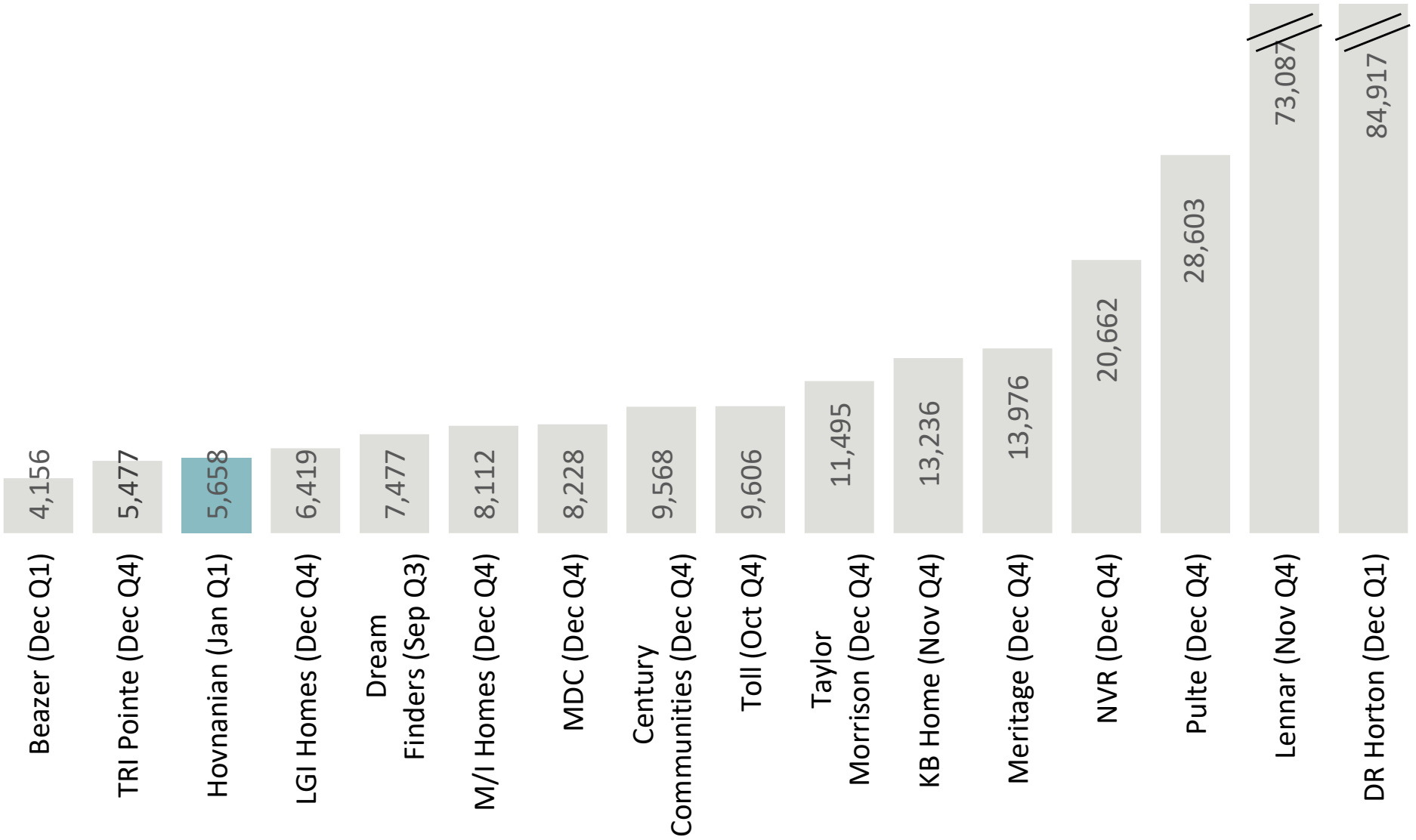
Net Contracts per Community, Last Twelve Months



Excludes unconsolidated joint ventures.
Source: Company SEC filings, press releases as of 02/22/204.

Total Deliveries, Last Twelve Months

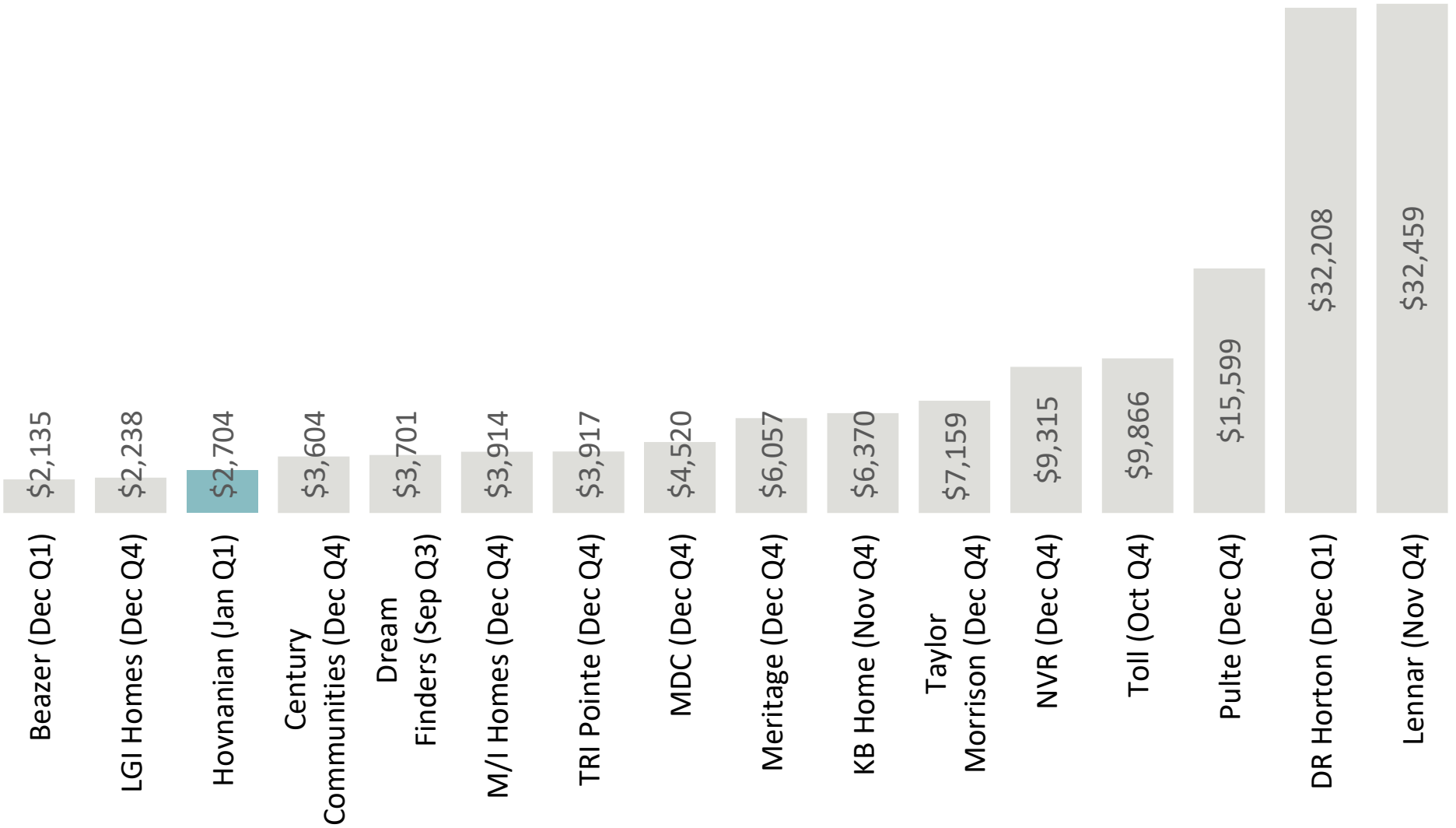
Homes



Source: Company SEC filings and press releases as of 02/22/204.
Note: Includes unconsolidated joint ventures.

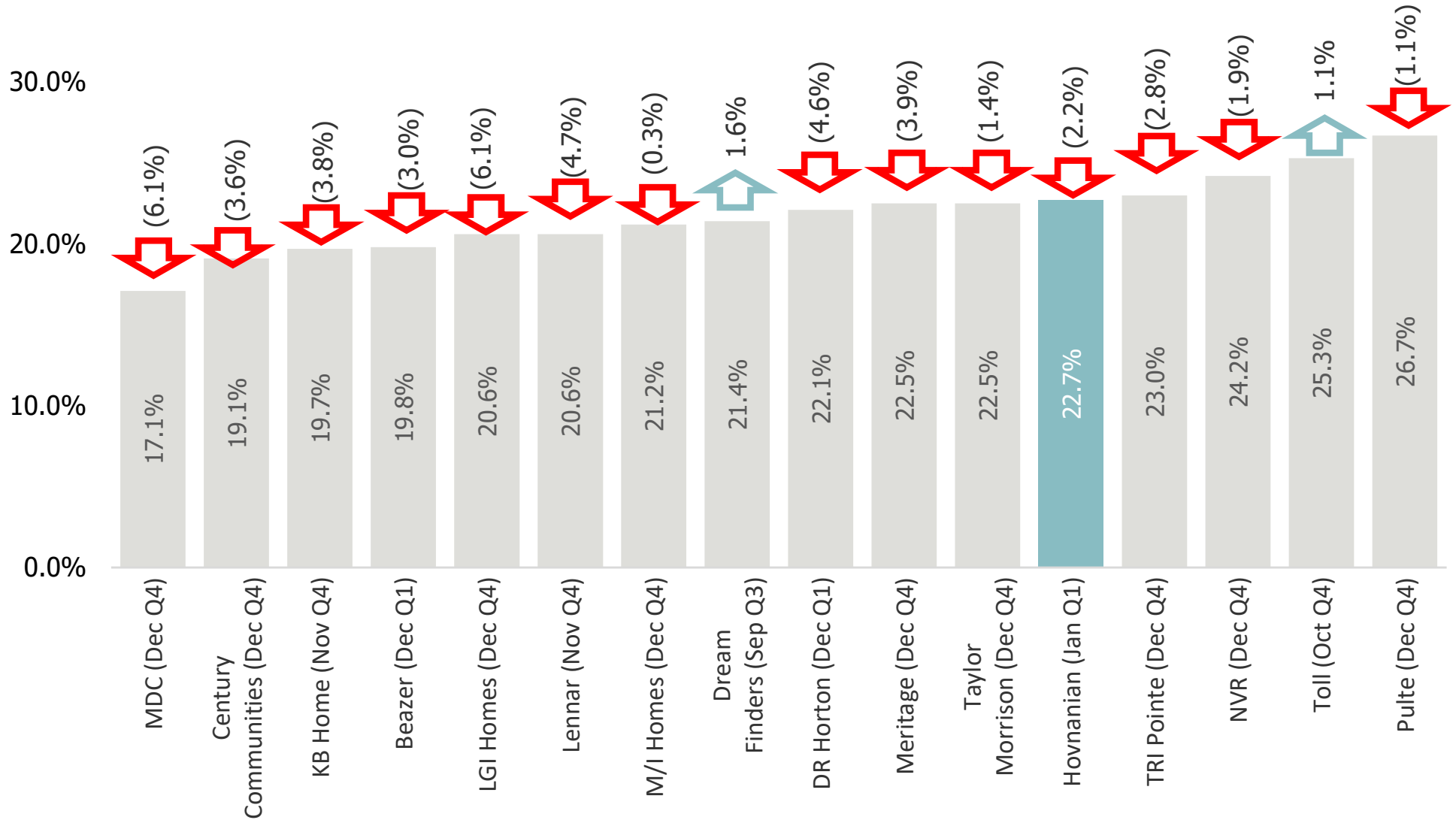
Homebuilding Revenue, Last Twelve Months

$ in millions



Source: Company SEC filings and press releases as of 02/22/204.
Note: Excludes unconsolidated joint ventures.

Adjusted Gross Margin Percentage, Last Twelve Months

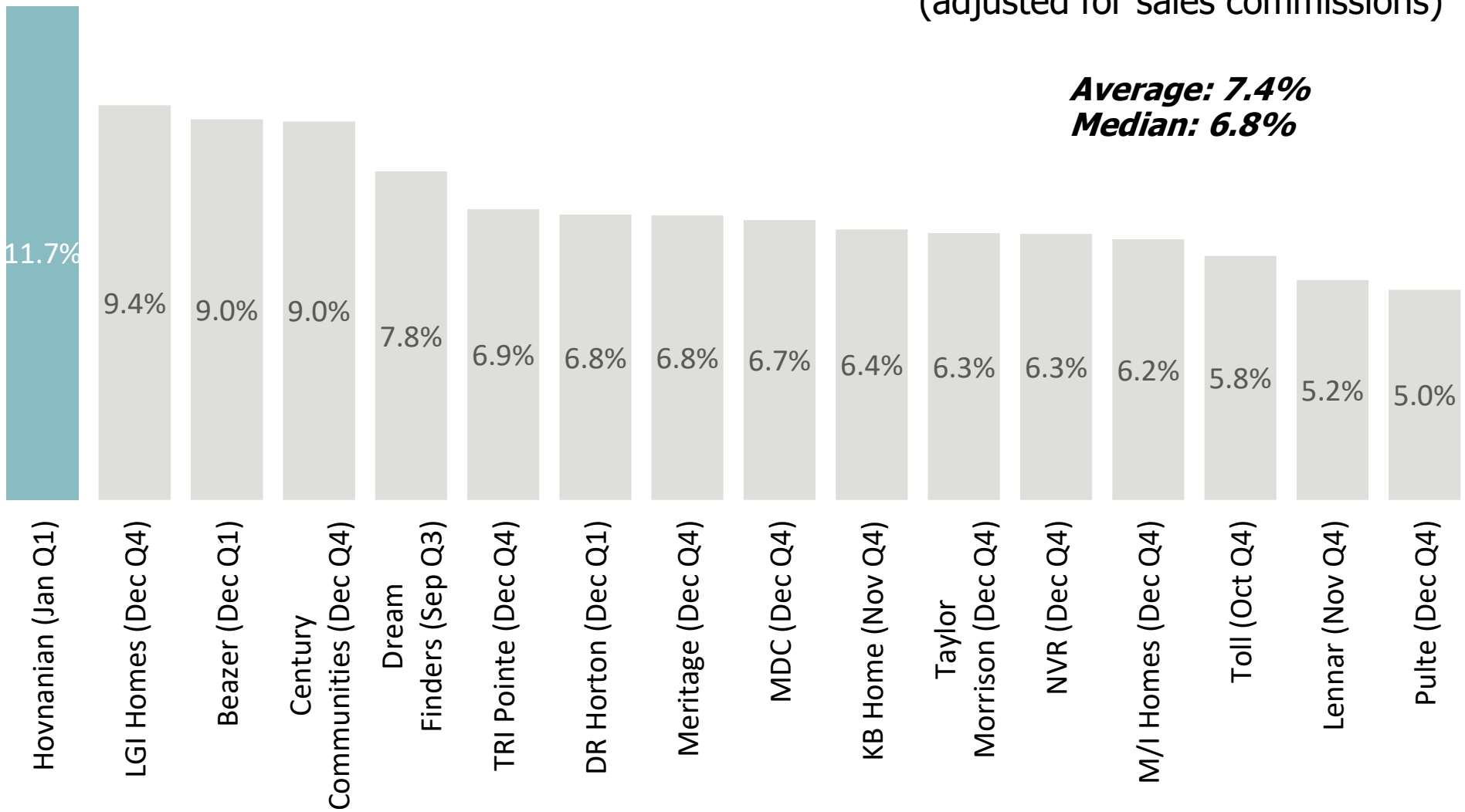


Note: Hovnanian sales commission was 3.4% in the last twelve months. Adjusted Century Communities, Lennar, LGI Homes, Meritage, M/I Homes, Pulte, Taylor Morrison, Toll and Tri Pointe publicly reported results by full 3.4% because all of their sales commissions are reported in SG&A. Adjusted DR Horton's publicly reported results by 1.7% because only some of their sales commissions were reported in SG&A. Beazer, Dream Finders, KB Home and MDC report commissions separately and are adjusted by 3.2%, 4.3%, 3.2% and 2.6%, respectively.
Source: Company SEC filings and press releases as of 02/22/204.
Note: Excluding interest and impairments.

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

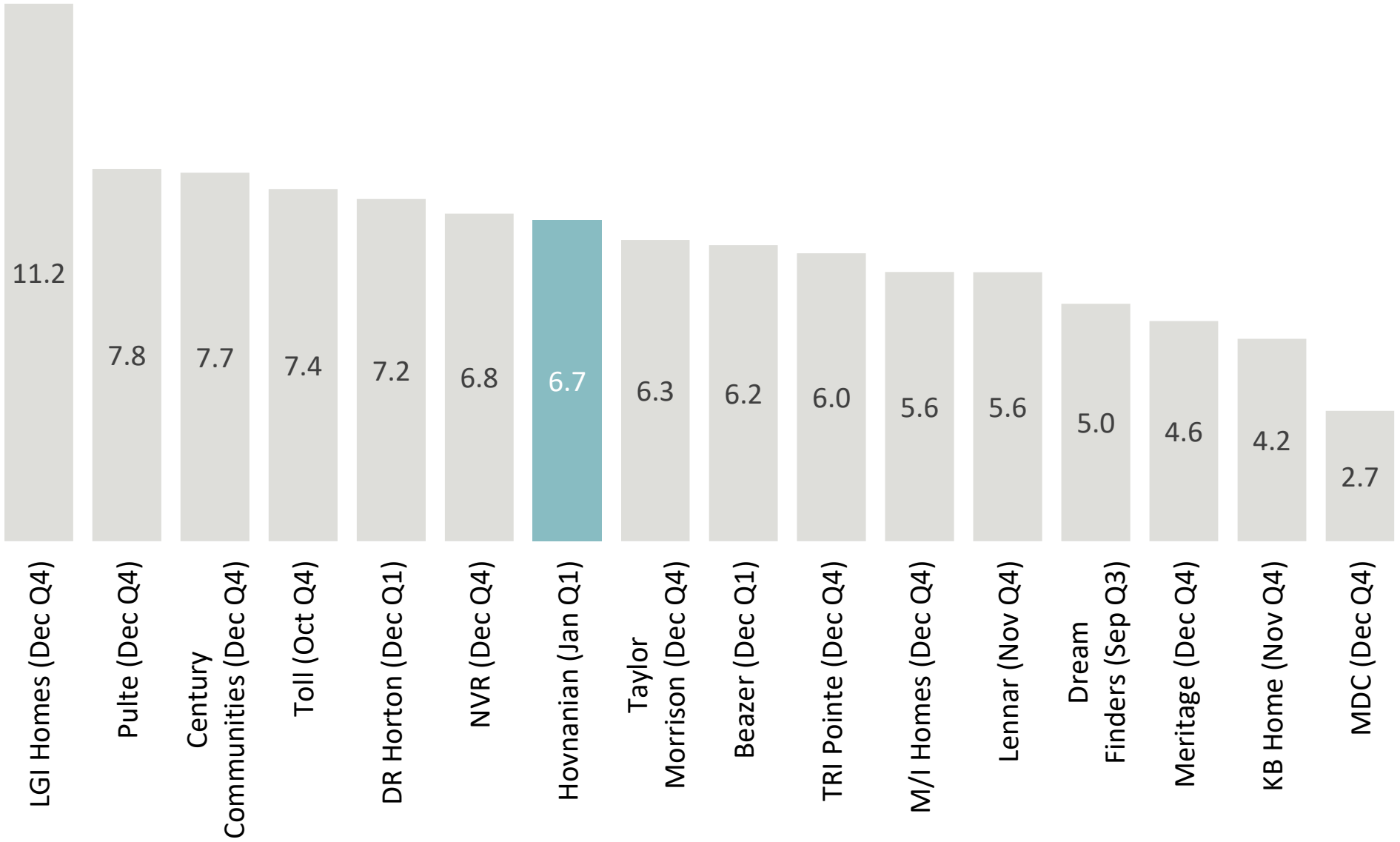
(adjusted for sales commissions)

Average: 7.4%
Median: 6.8%



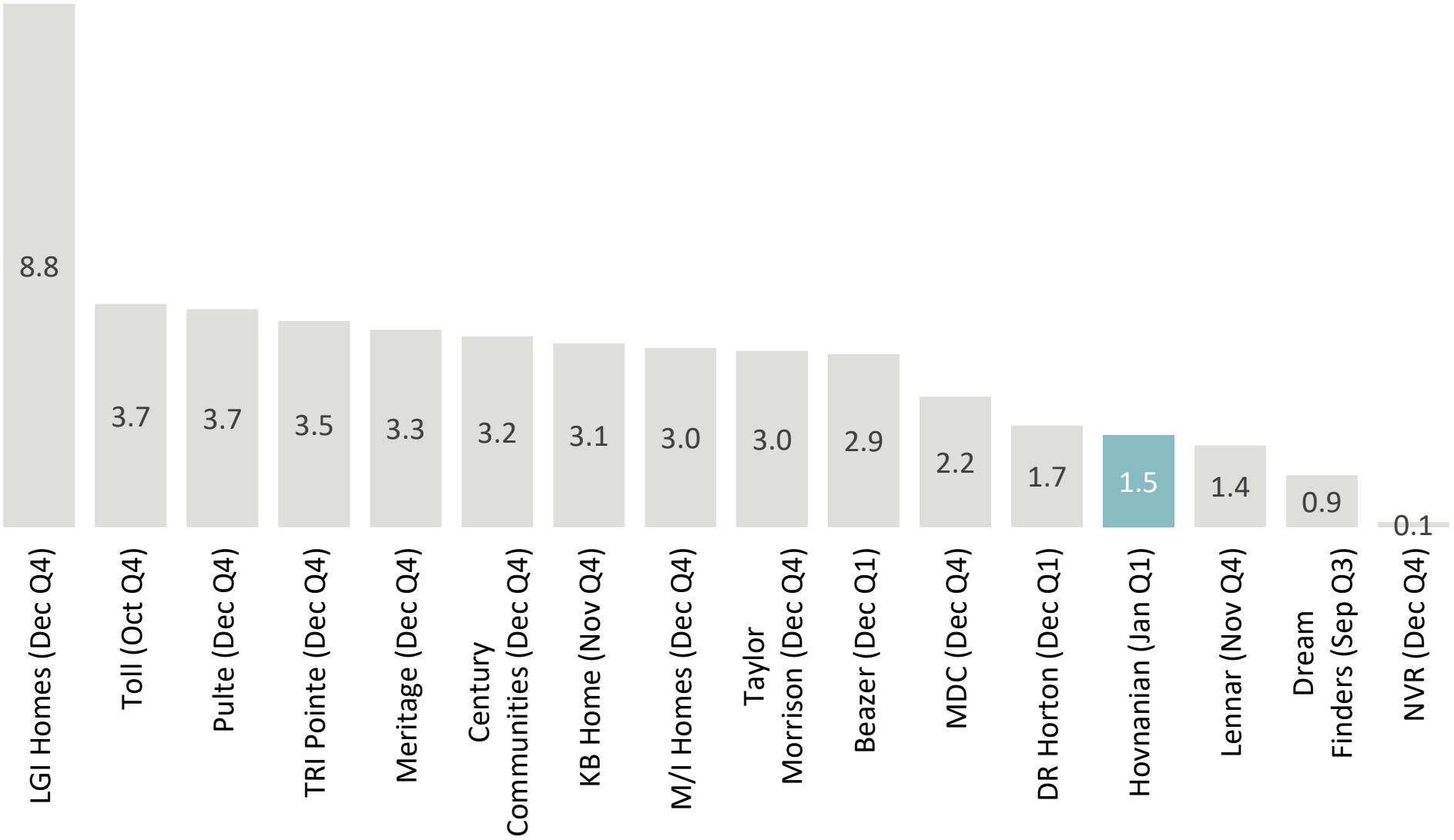
Note: Hovnanian sales commission was 3.4% in the last twelve months. Adjusted Century Communities, Lennar, LGI Homes, Meritage, M/I Homes, Pulte, Taylor Morrison, Toll and Tri Pointe publicly reported results by full 3.4% because all of their sales commissions are reported in SG&A. Adjusted DR Horton's publicly reported results by 1.7% because only some of their sales commissions were reported in SG&A. Beazer, Dream Finders, KB Home and MDC report commissions separately and are adjusted by 3.2%, 4.3%, 3.2% and 2.6%, respectively.
Source: Company SEC filings and press releases as of 02/22/204.
Note: Excluding interest and impairments.

Total Lots – Years Supply



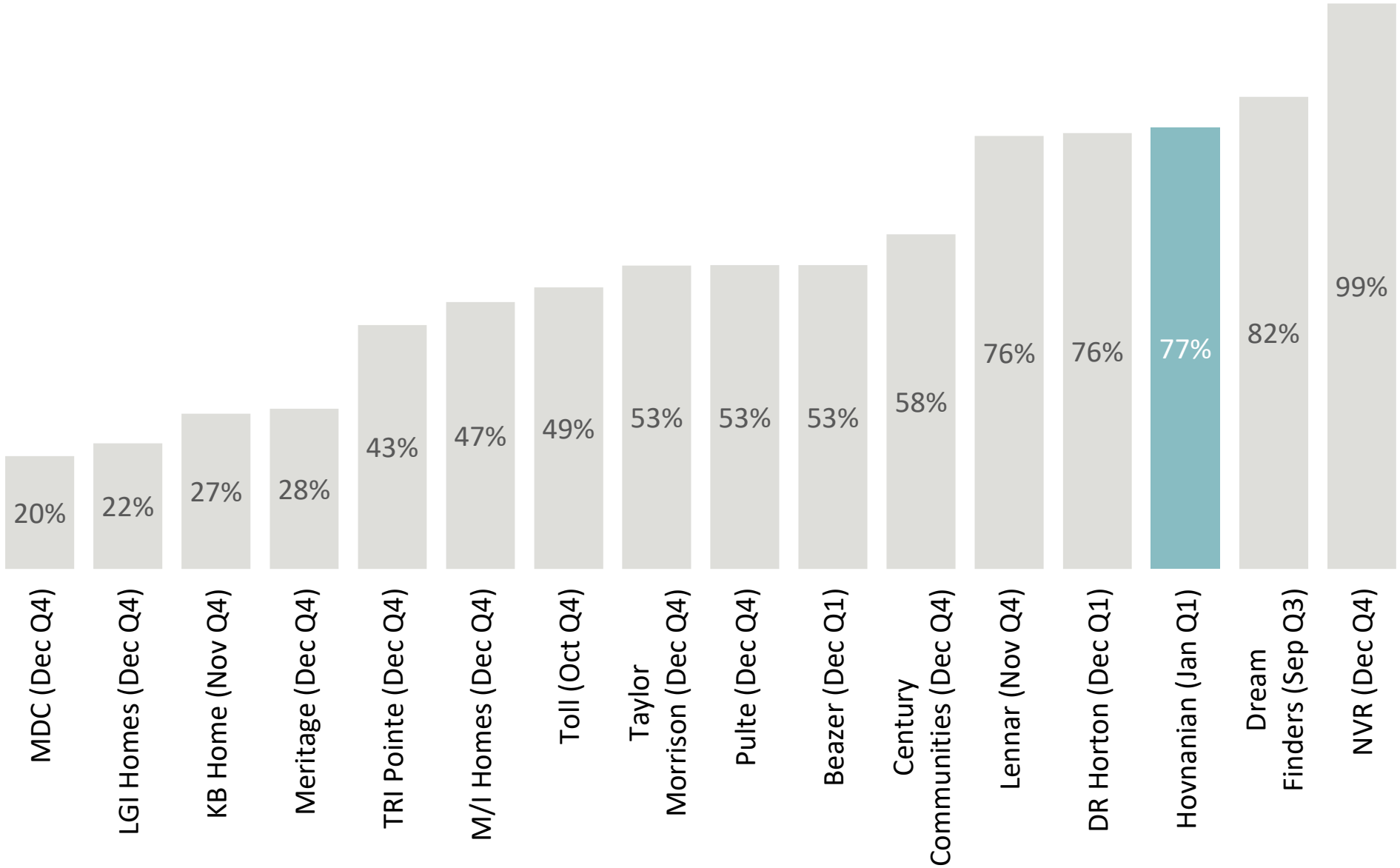
Source: Company SEC filings and press releases as of 02/22/204.

Owned Lots – Years Supply



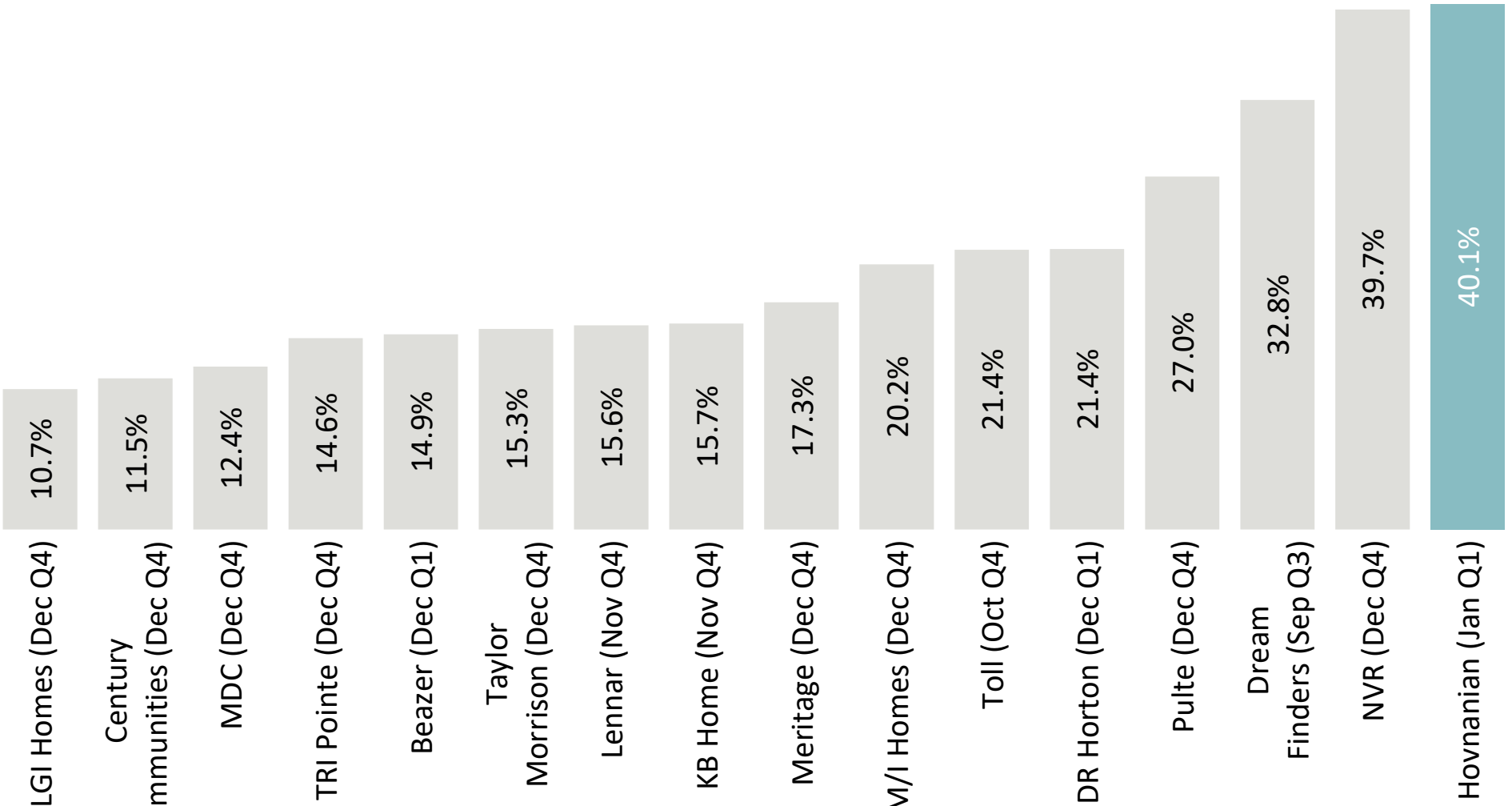
Source: Company SEC filings and press releases as of 02/22/204.

Percentage of Optioned Lots



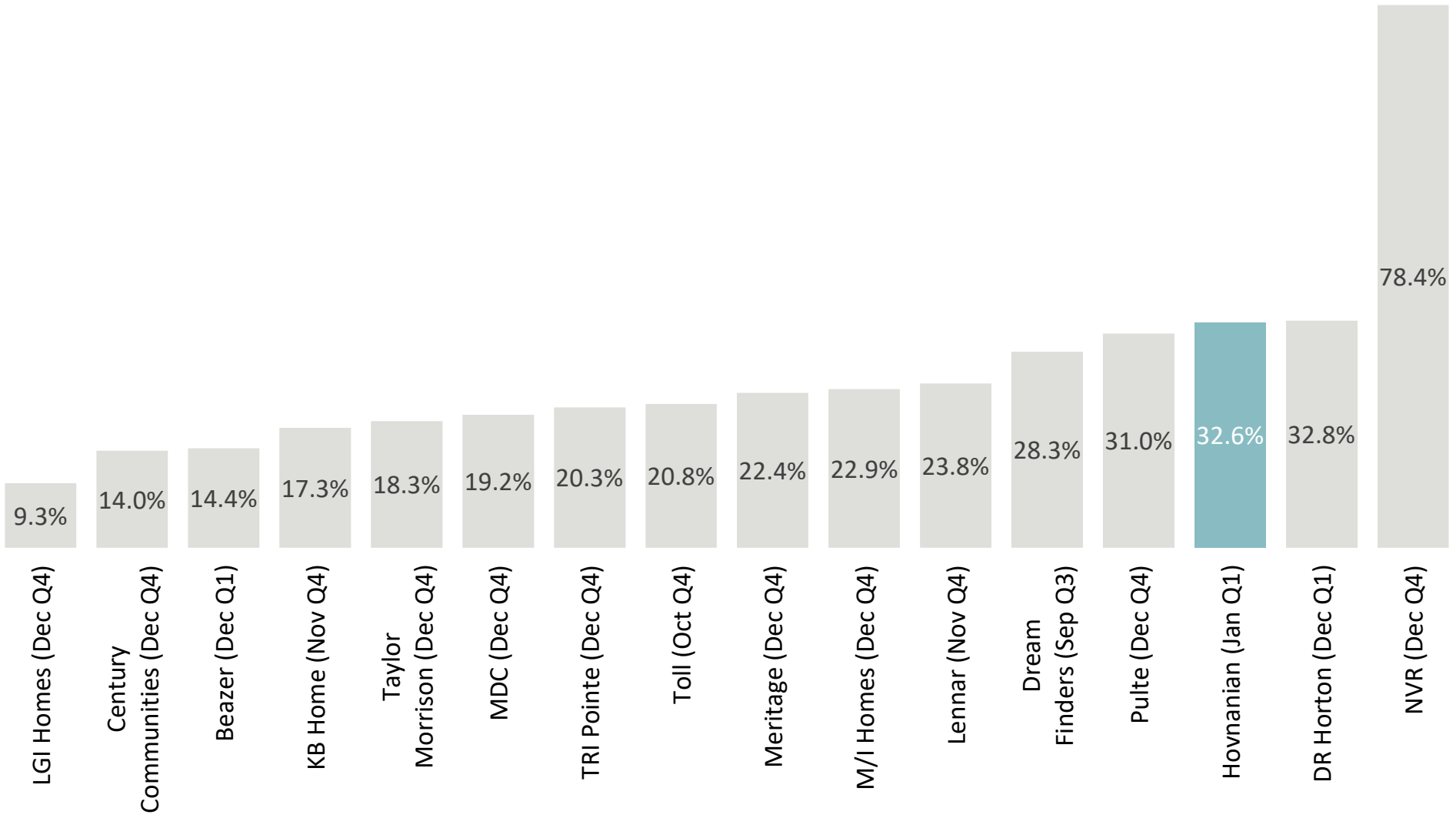
Source: Company SEC filings and press releases as of 02/22/204.
Note: Excludes unconsolidated joint ventures.

ROE, Last Twelve Months



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

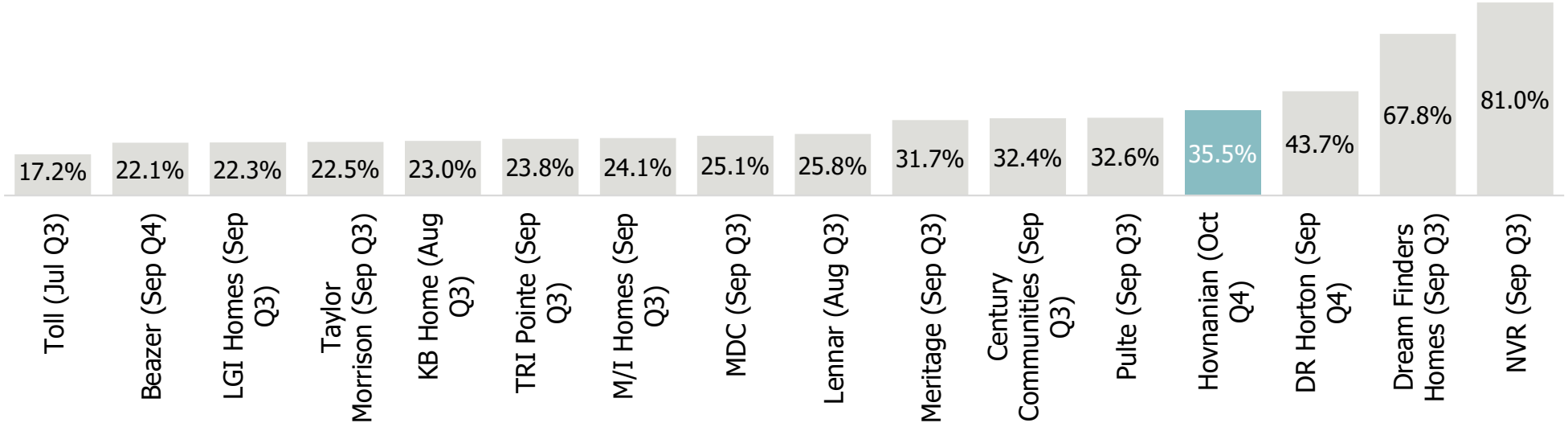
Consolidated EBIT ROI, Last Twelve Months



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

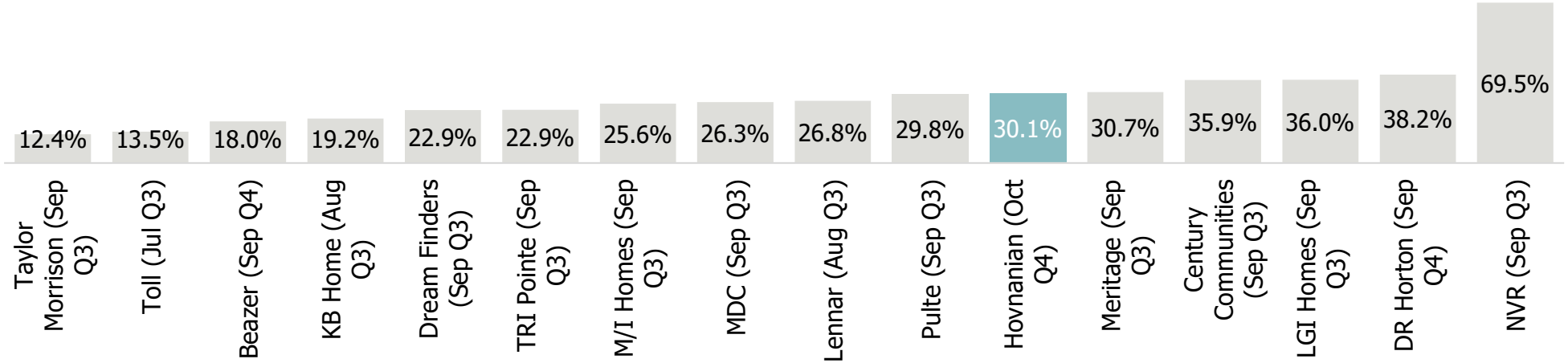
Consolidated EBIT ROI Previous Two Years

Hovnanian Fiscal Year End 2022



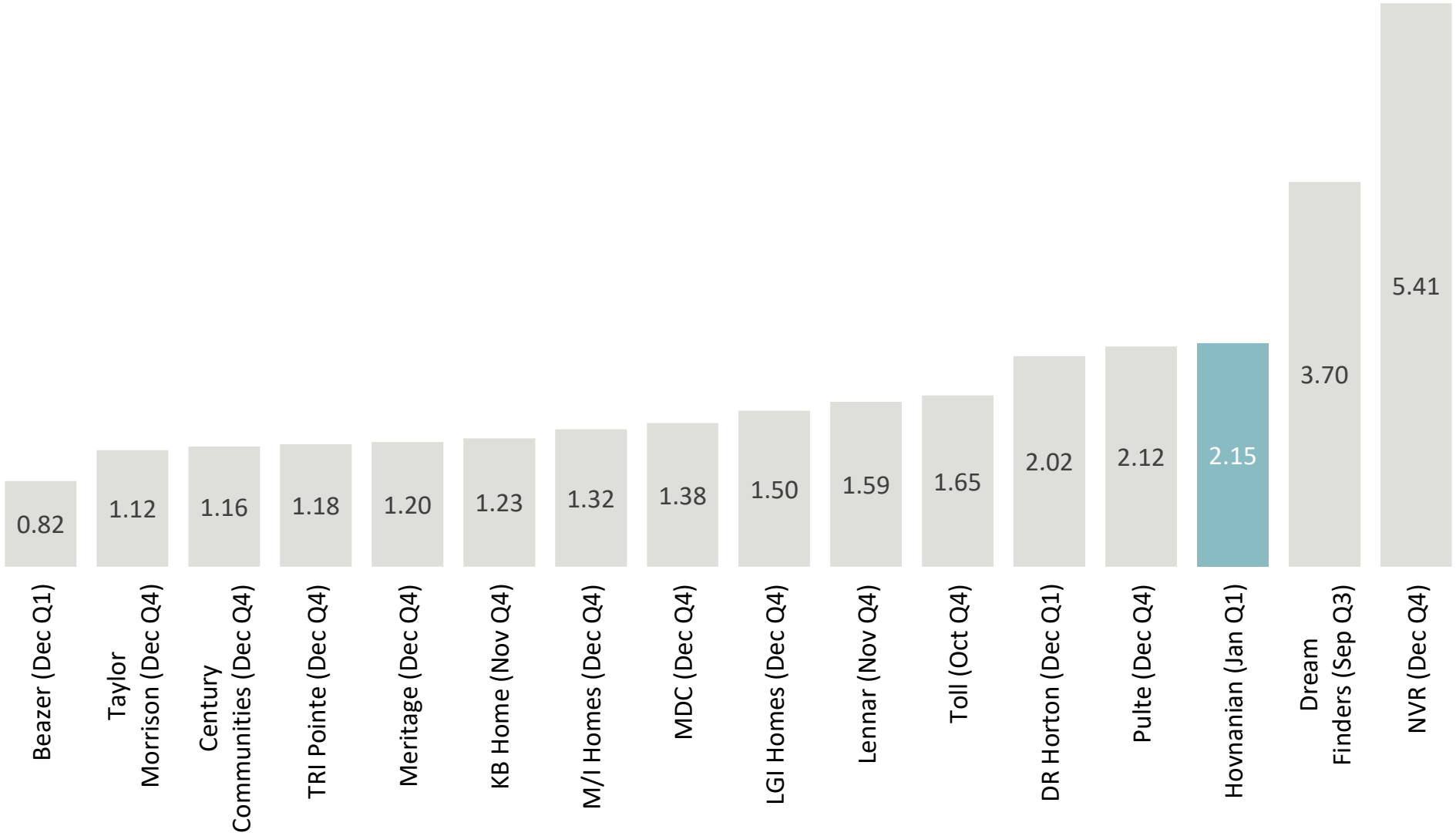
Source: Peer SEC filings and press releases as of 12/08/2022.

Hovnanian Fiscal Year End 2021



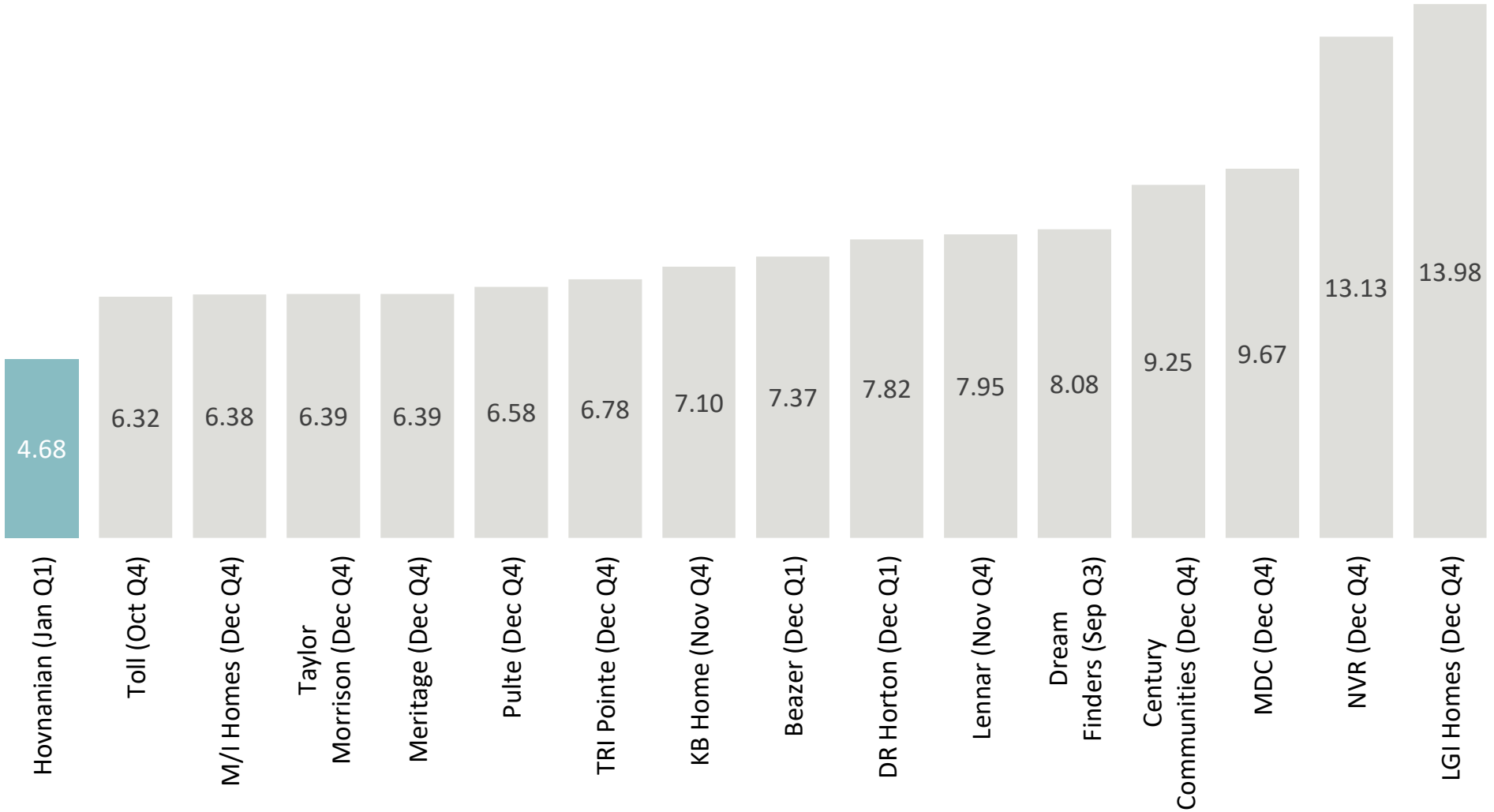
Source: Peer SEC filings and press releases as of 12/09/2021.
Note: Defined as LTM Total Company EBIT before land-related charges and gain (loss) on extinguishment of debt divided by five quarter average inventory, excluding capitalized interest and liabilities from inventory not owned, includes goodwill definite life intangibles assets and includes investments in and advances to unconsolidated joint ventures.

Price to Book Value



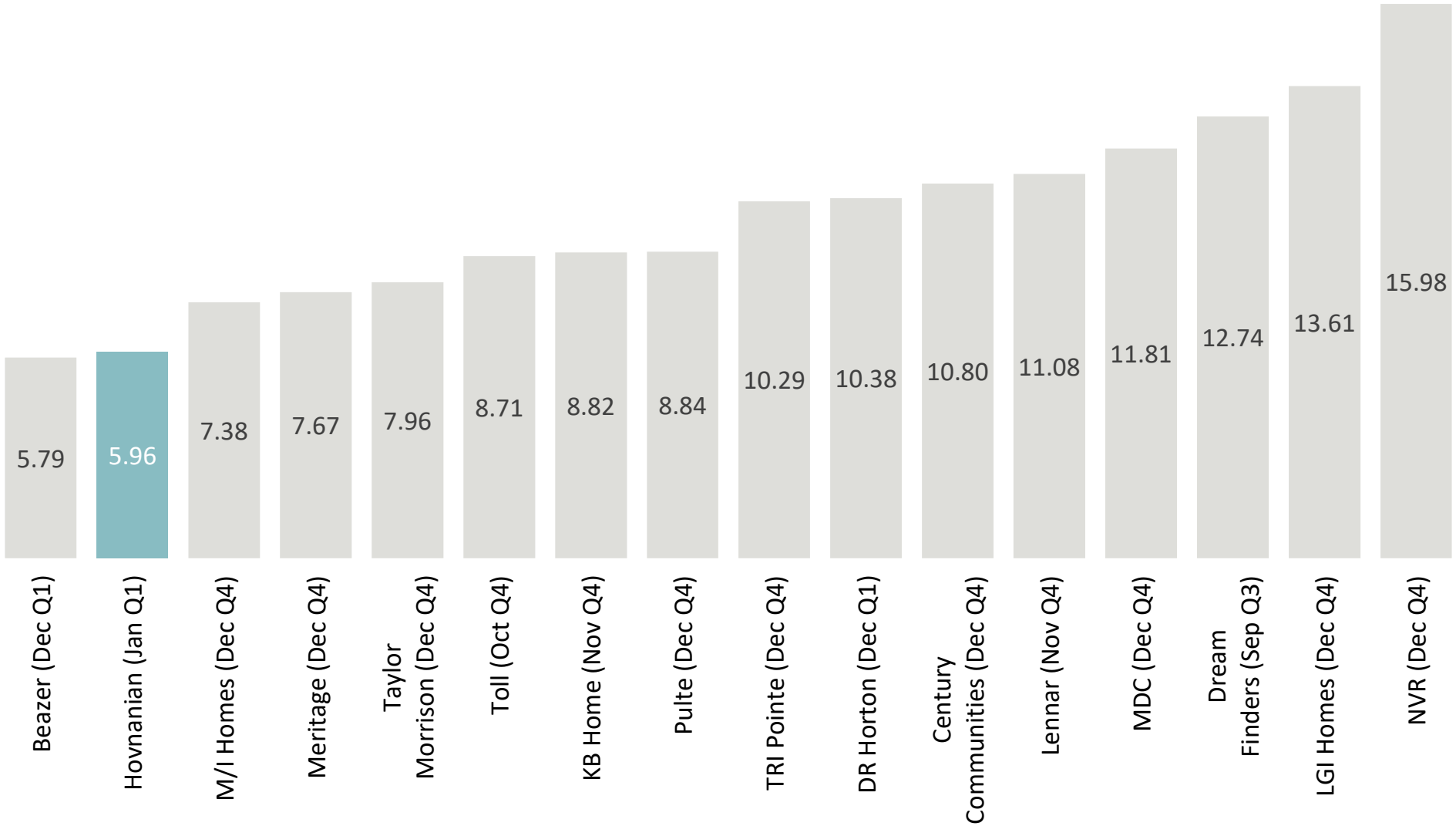
Source: Price to book value for most recent quarter based on Yahoo! finance as of 02/21/2024.
Note: Hovnanian price to book value calculated with common equity as of 01/31/2024 and stock price of $164.00 as of 02/21/2024.

Enterprise Value/Last Twelve Months Adjusted EBITDA



Source: Peer SEC filings and press releases as of 02/19/2024.
Note: Defined as enterprise value (stock price as of 02/21/2024 multiplied by diluted shares outstanding as of most recent quarter plus homebuilding debt) divided by adjusted EBITDA.

Price to Earnings Ratio



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

Appendix

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%

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

FAS 144 Trigger Calculation

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

Lot Option Position

January 31, 2024	Lots Optioned	Total Deposit ($ millions)	Per Lot Deposit ($)	Purchase Value ($ billions)	Per Lot Purchase Value ($)	% Deposit
Total	25,867	$206.5	$8,000	$2.3	$90,000	8.9%

- $31.8 million invested in pre-development expenses as of January 31, 2024

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

Credit Quality of Homebuyers

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

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

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

Hovnanian Enterprises, Inc.
January 31, 2024

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

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

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

Reconciliation of Gross Margin

Hovnanian Enterprises, Inc.
January 31, 2024
Gross margin
(In thousands)

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

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

(1) Does not include cost associated with walking away from land options or inventory impairment losses which are recorded as Inventory impairment loss and land option write-offs in the Condensed Consolidated Statements of Operations.
(2) Homebuilding gross margin, before cost of sales interest expense and land charges, and homebuilding gross margin percentage, before cost of sales interest expense and land charges, are non-GAAP financial measures. The most directly comparable GAAP financial measures are homebuilding gross margin and homebuilding gross margin percentage, respectively.

Reconciliation of Adjusted EBITDA to Net Income

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

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

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

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

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

Reconciliation of Inventory Turnover

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

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

		As of				
	1/31/2023	4/30/2023	7/31/2023	10/31/2023	1/31/2024	
Total inventories	$1,507,038	$1,484,992	$1,411,260	$1,349,186	$1,463,558	**Five**
Less liabilities from inventory not owned, net of debt issuance costs	209,579	200,299	145,979	124,254	114,658	**Quarter**
Less capitalized interest	60,795	60,274	55,274	52,060	53,672	**Average**
Inventories less consolidated inventory not owned and capitalized interest plus liabilities from inventory not owned	$1,236,664	$1,224,419	$1,210,007	$1,172,872	$1,295,228	$1,227,838
Inventory turnover						1.7x

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

Reconciliation of Consolidated EBIT ROI - Current

Hovnanian Enterprises, Inc.

($ in millions)	BZH	DHI	HOV	KBH	LEN	MDC	MHO	MTH	NVR	PHM	TOL	TMHC	TPH	LGIH	CCS	DFH
	(Dec Q1)	(Dec Q1)	(Jan Q1)	(Nov Q4)	(Nov Q4)	(Dec Q4)	(Dec Q4)	(Dec Q4)	(Dec Q4)	(Dec Q4)	(Oct Q4)	(Dec Q4)	(Dec Q4)	(Dec Q4)	(Dec Q4)	(Sep Q3)
TTM earnings before taxes	$177	$6,295	$270	$771	$5,202	$526	$607	$949	$1,928	$3,449	$1,842	$1,018	$560	$240	$351	$390
TTM impairment and walk away charges	$0	$31	$1	$11	$125	$30	$11	$0	($3)	$43	$0	$31	$16	$16	$7	$5
TTM gains (losses) on extinguishment of debt	($0)	$0	($24)	$0	$0	$0	$0	($1)	$0	$0	$0	$0	$0	$0	$0	$0
TTM interest expense	$66	$154	$135	$118	$258	$65	$13	$63	$28	$124	$150	$135	$111	$30	$46	$110
Adjusted EBIT	$243	$6,480	$431	$901	$5,586	$621	$631	$1,014	$1,953	$3,617	$1,993	$1,183	$688	$286	$403	$506
Total Inventories less liabilities from inventory not owned																
MRQ	$1,954	$21,103	$1,349	$5,134	$15,902	$3,301	$2,770	$4,833	$2,527	$11,819	$9,058	$5,677	$3,413	$3,092	$3,017	$1,715
MRQ-1	$1,756	$19,682	$1,225	$5,186	$19,749	$3,236	$2,717	$4,595	$2,534	$11,621	$9,204	$5,686	$3,193	$2,915	$3,058	$1,665
MRQ-2	$1,742	$19,664	$1,265	$5,129	$19,672	$3,145	$2,666	$4,420	$2,537	$11,369	$9,108	$5,441	$3,142	$2,907	$2,856	$1,697
MRQ-3	$1,742	$19,340	$1,285	$5,445	$19,761	$3,258	$2,638	$4,421	$2,367	$11,480	$9,099	$5,559	$3,174	$2,923	$2,741	$1,655
MRQ-4	$1,779	$19,545	$1,297	$5,543	$19,464	$3,516	$2,812	$4,435	$2,284	$11,368	$8,733	$5,610	$3,608	$2,904	$2,831	$1,804
Less capitalized interest																
MRQ	$120	$301	$54	$134	$0	$65	$32	$55	$0	$139	$191	$179	$230	$0	$73	$124
MRQ-1	$113	$286	$52	$139	$0	$65	$31	$58	$0	$140	$204	$187	$220	$0	$73	$117
MRQ-2	$114	$288	$55	$141	$0	$62	$31	$61	$0	$142	$212	$191	$209	$0	$70	$109
MRQ-3	$114	$272	$60	$147	$0	$61	$31	$62	$0	$141	$215	$197	$191	$0	$66	$95
MRQ-4	$113	$255	$61	$145	$0	$60	$30	$60	$1	$137	$209	$190	$194	$0	$62	$81
Plus investments in and advances to UJVs																
MRQ	$0	$0	$111	$59	$1,144	$0	$44	$17	$0	$167	$959	$346	$139	$17	$0	$14
MRQ-1	$0	$0	$98	$56	$1,157	$0	$45	$15	$0	$162	$900	$330	$140	$17	$0	$14
MRQ-2	$0	$0	$85	$53	$1,137	$0	$42	$12	$0	$151	$888	$306	$134	$16	$0	$13
MRQ-3	$0	$0	$86	$51	$1,179	$0	$49	$11	$0	$145	$909	$295	$130	$11	$0	$14
MRQ-4	$0	$0	$101	$47	$1,173	$0	$52	$12	$0	$147	$852	$283	$133	$7	$0	$11
Plus goodwill and definite life intangible assets																
MRQ	$11	$164	$0	$0	$3,442	$0	$16	$33	$42	$125	$0	$663	$157	$12	$30	$172
MRQ-1	$11	$164	$0	$0	$3,442	$0	$16	$33	$42	$128	$0	$663	$157	$12	$30	$172
MRQ-2	$11	$164	$0	$0	$3,442	$0	$16	$33	$42	$131	$0	$663	$157	$12	$30	$172
MRQ-3	$11	$164	$0	$0	$3,442	$0	$16	$33	$42	$133	$0	$663	$157	$12	$30	$177
MRQ-4	$11	$164	$0	$0	$3,442	$0	$16	$33	$42	$136	$0	$663	$157	$12	$30	$178
Investment: inventories less liabilities from consolidated inventory not owned, less capitalized interest, plus investments in and advances to UJVs, plus goodwill and definite life intangible assets																
MRQ	$1,845	$20,965	$1,406	$5,058	$20,488	$3,236	$2,799	$4,828	$2,568	$11,972	$9,826	$6,507	$3,479	$3,120	$2,974	$1,777
MRQ-1	$1,655	$19,559	$1,271	$5,104	$24,348	$3,171	$2,748	$4,584	$2,575	$11,771	$9,900	$6,492	$3,270	$2,944	$3,015	$1,734
MRQ-2	$1,639	$19,540	$1,295	$5,041	$24,252	$3,083	$2,694	$4,404	$2,578	$11,509	$9,784	$6,219	$3,224	$2,935	$2,817	$1,774
MRQ-3	$1,639	$19,232	$1,310	$5,349	$24,382	$3,196	$2,673	$4,403	$2,409	$11,616	$9,793	$6,320	$3,269	$2,947	$2,706	$1,752
MRQ-4	$1,677	$19,453	$1,338	$5,444	$24,080	$3,456	$2,850	$4,420	$2,325	$11,514	$9,376	$6,366	$3,704	$2,923	$2,799	$1,913
Investment five quarter average	$1,691	$19,750	$1,324	$5,199	$23,510	$3,229	$2,753	$4,528	$2,491	$11,676	$9,736	$6,381	$3,389	$2,974	$2,862	$1,790
EBIT return on investment (EBIT ROI)	14.4%	32.8%	32.6%	17.3%	23.8%	19.2%	22.9%	22.4%	78.4%	31.0%	20.5%	18.5%	20.3%	9.6%	14.1%	28.2%

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

Reconciliation of Consolidated EBIT ROI – FYE 2022

Hovnanian Enterprises, Inc.

($ in millions)	BZH	DHI	HOV	KBH	LEN	MDC	MHO	MTH	NVR	PHM	TOL	TMHC	TPH	LGIH	CCS	DFH
	(Sep Q4)	(Sep Q4)	(Oct Q4)	(Aug Q3)	(Aug Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)	(Jul Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)
TTM earnings before taxes	$274	$7,630	$320	$1,011	$5,837	$856	$612	$1,259	$2,105	$3,132	$1,362	$1,367	$696	$515	$787	$310
TTM impairment and walk away charges	$3	$70	$14	$10	$37	$31	$3	$10	($1)	$38	$21	$7	$21	$3	$4	$0
TTM gains (losses) on extinguishment of debt	$0	$0	($7)	($4)	$2	$0	$0	$0	$0	$0	$0	$14	$0	$0	($14)	($1)
TTM interest expense	$72	$143	$133	$139	$327	$65	$32	$56	$46	$159	$176	$148	$93	$23	$55	$719
Adjusted EBIT	$348	$7,843	$473	$1,164	$6,198	$951	$647	$1,325	$2,150	$3,329	$1,560	$1,509	$809	$540	$860	$1,030
Total Inventories less liabilities from inventory not owned																
MRQ	$1,738	$19,112	$1,317	$5,737	$21,181	$4,042	$3,012	$4,815	$2,692	$11,810	$9,409	$6,195	$3,608	$2,904	$3,108	$1,804
MRQ-1	$1,859	$19,748	$1,407	$5,558	$20,675	$4,103	$2,807	$4,573	$2,903	$10,762	$8,979	$6,254	$3,490	$2,672	$3,002	$1,644
MRQ-2	$1,677	$18,369	$1,368	$5,198	$19,554	$3,929	$2,580	$4,122	$2,706	$9,893	$8,584	$5,961	$3,288	$2,375	$2,680	$1,507
MRQ-3	$1,582	$17,062	$1,338	$4,803	$17,739	$3,761	$2,450	$3,826	$2,445	$9,077	$7,916	$5,674	$3,055	$2,127	$2,457	$1,308
MRQ-4	$1,502	$15,657	$1,191	$4,656	$18,264	$3,413	$2,349	$3,671	$2,317	$8,936	$8,293	$6,009	$3,136	$1,958	$2,163	$823
Less capitalized interest																
MRQ	$109	$237	$60	$150	$0	$64	$29	$62	$1	$144	$232	$190	$194	$0	$61	$81
MRQ-1	$116	$228	$64	$155	$0	$62	$27	$61	$1	$152	$237	$185	$189	$0	$57	$62
MRQ-2	$113	$223	$64	$160	$0	$60	$26	$59	$1	$159	$248	$178	$185	$0	$55	$49
MRQ-3	$111	$221	$64	$161	$0	$58	$24	$56	$1	$161	$254	$169	$174	$0	$53	$33
MRQ-4	$107	$218	$58	$172	$0	$57	$23	$57	$1	$175	$279	$181	$173	$0	$55	$23
Plus investments in and advances to UJVs																
MRQ	$1	$0	$75	$47	$1,174	$0	$52	$11	$0	$158	$768	$306	$133	$7	$0	$0
MRQ-1	$1	$0	$75	$45	$1,084	$0	$56	$11	$0	$150	$684	$292	$131	$7	$0	$0
MRQ-2	$5	$0	$67	$38	$1,066	$0	$57	$6	$0	$106	$680	$173	$122	$6	$0	$0
MRQ-3	$5	$0	$67	$36	$972	$0	$57	$6	$0	$98	$599	$171	$118	$6	$0	$0
MRQ-4	$4	$0	$61	$39	$983	$0	$42	$4	$0	$64	$550	$146	$75	$5	$0	$0
Plus goodwill and definite life intangible assets																
MRQ	$11	$164	$0	$0	$3,442	$0	$16	$33	$42	$139	$0	$663	$157	$12	$30	$178
MRQ-1	$11	$164	$0	$0	$3,442	$0	$16	$33	$42	$141	$0	$663	$157	$12	$30	$179
MRQ-2	$11	$164	$0	$0	$3,442	$0	$16	$33	$42	$144	$0	$663	$157	$12	$30	$180
MRQ-3	$11	$164	$0	$0	$3,442	$0	$16	$33	$42	$147	$0	$663	$157	$12	$30	$181
MRQ-4	$11	$164	$0	$0	$3,442	$0	$16	$33	$42	$150	$0	$663	$157	$12	$30	$32
Investment: inventories less liabilities from consolidated inventory not owned, less capitalized interest, plus investments in and advances to UJVs, plus goodwill and definite life intangible assets																
MRQ	$1,641	$19,038	$1,332	$5,633	$25,797	$3,979	$3,051	$4,797	$2,733	$11,963	$9,944	$6,974	$3,704	$2,923	$3,077	$1,901
MRQ-1	$1,755	$19,684	$1,417	$5,448	$25,201	$4,040	$2,852	$4,556	$2,944	$10,902	$9,426	$7,023	$3,589	$2,691	$2,976	$1,761
MRQ-2	$1,580	$18,309	$1,372	$5,077	$24,063	$3,868	$2,628	$4,102	$2,747	$9,985	$9,016	$6,619	$3,382	$2,393	$2,655	$1,638
MRQ-3	$1,487	$17,004	$1,342	$4,678	$22,153	$3,703	$2,499	$3,808	$2,486	$9,161	$8,261	$6,340	$3,156	$2,144	$2,434	$1,456
MRQ-4	$1,410	$15,603	$1,194	$4,523	$22,690	$3,355	$2,384	$3,651	$2,358	$8,975	$8,565	$6,638	$3,195	$1,976	$2,138	$833
Investment five quarter average	$1,575	$17,927	$1,332	$5,072	$23,981	$3,789	$2,683	$4,183	$2,653	$10,197	$9,042	$6,719	$3,405	$2,425	$2,656	$1,518
EBIT return on investment (EBIT ROI)	22.1%	43.7%	35.5%	23.0%	25.8%	25.1%	24.1%	31.7%	81.0%	32.6%	17.2%	22.5%	23.8%	22.3%	32.4%	67.8%

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

Reconciliation of Consolidated EBIT ROI – FYE 2021

Hovnanian Enterprises, Inc.

($ in millions)	BZH	DHI	HOV	KBH	LEN	MDC	MHO	MTH	NVR	PHM	TOL	TMHC	TPH	LGIH	CCS	DFH
	(Sep Q4)	(Sep Q4)	(Oct Q4)	(Aug Q3)	(Aug Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)	(Jul Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)	(Sep Q3)
TTM earnings before taxes	$144	$5,356	$190	$598	$5,403	$714	$470	$839	$1,549	$2,178	$868	$640	$583	$566	$604	$127
TTM impairment and walk away charges	$1	$29	$4	$23	$57	$0	$8	$25	($22)	$33	$50	$10	$3	$0	$1	$0
TTM gains (losses) on extinguishment of debt	($2)	($18)	($4)	$0	$0	$0	($10)	($18)	$0	($61)	$0	$0	($10)	($14)	($14)	$0
TTM interest expense	$90	$142	$162	$146	$374	$66	$38	$74	$55	$164	$195	$128	$109	$43	$72	$35
Adjusted EBIT	$237	$5,545	$359	$766	$5,834	$780	$526	$956	$1,582	$2,436	$1,113	$777	$705	$623	$691	$162
Total Inventories less liabilities from inventory not owned																
MRQ	$1,502	$16,479	$1,191	$4,656	$18,264	$3,413	$2,349	$3,671	$2,317	$8,936	$8,293	$6,009	$3,136	$1,958	$2,163	$823
MRQ-1	$1,408	$16,012	$1,244	$4,273	$17,650	$3,182	$2,064	$3,326	$2,399	$8,418	$8,261	$5,819	$3,086	$1,790	$1,949	$739
MRQ-2	$1,384	$14,476	$1,166	$4,124	$17,022	$3,016	$1,948	$3,039	$2,227	$8,007	$7,924	$5,692	$3,016	$1,649	$1,853	$642
MRQ-3	$1,414	$13,577	$1,162	$3,897	$16,219	$2,832	$1,907	$2,838	$2,097	$7,750	$7,659	$5,335	$2,910	$1,607	$1,930	$551
MRQ-4	$1,351	$12,237	$1,065	$3,671	$17,347	$2,646	$1,843	$2,804	$2,140	$7,642	$8,035	$5,438	$2,989	$1,583	$1,872	
Less capitalized interest																
MRQ	$107	$218	$58	$172	$0	$57	$23	$57	$1	$175	$281	$181	$173	$0	$55	$23
MRQ-1	$110	$221	$64	$180	$0	$54	$22	$57	$1	$185	$295	$181	$174	$0	$54	$19
MRQ-2	$113	$219	$60	$189	$0	$55	$22	$58	$1	$193	$303	$174	$183	$0	$58	$19
MRQ-3	$119	$215	$65	$190	$0	$53	$21	$59	$1	$193	$298	$164	$182	$0	$61	$21
MRQ-4	$120	$208	$65	$195	$0	$55	$22	$68	$2	$201	$322	$151	$193	$0	$66	
Plus investments in and advances to UJVs																
MRQ	$4	$0	$61	$39	$983	$0	$42	$4	$0	$64	$550	$146	$75	$5	$0	$7
MRQ-1	$4	$0	$69	$45	$1,010	$0	$33	$4	$0	$45	$534	$130	$74	$5	$0	$7
MRQ-2	$4	$0	$113	$46	$1,077	$0	$34	$4	$0	$40	$572	$136	$68	$2	$0	$6
MRQ-3	$4	$0	$94	$47	$953	$0	$35	$4	$0	$36	$431	$128	$75	$4	$0	$5
MRQ-4	$4	$0	$103	$49	$941	$0	$34	$4	$0	$42	$413	$125	$37	$2	$0	
Plus goodwill and definite life intangible assets																
MRQ	$11	$164	$0	$0	$3,442	$0	$16	$33	$42	$150	$0	$663	$157	$12	$30	$32
MRQ-1	$11	$164	$0	$0	$3,442	$0	$16	$33	$42	$153	$0	$663	$157	$12	$30	$33
MRQ-2	$11	$164	$0	$0	$3,442	$0	$16	$33	$42	$158	$0	$663	$158	$12	$30	$33
MRQ-3	$11	$164	$0	$0	$3,442	$0	$16	$33	$42	$163	$0	$664	$159	$12	$30	$31
MRQ-4	$11	$164	$0	$0	$3,442	$0	$16	$33	$42	$168	$0	$639	$159	$12	$30	
Investment: inventories less liabilities from consolidated inventory not owned, less capitalized interest, plus investments in and advances to UJVs, plus goodwill and definite life intangible assets																
MRQ	$1,410	$16,425	$1,194	$4,523	$22,690	$3,355	$2,384	$3,651	$2,358	$8,975	$8,562	$6,638	$3,195	$1,976	$2,138	$840
MRQ-1	$1,314	$15,954	$1,249	$4,138	$22,102	$3,128	$2,091	$3,306	$2,440	$8,430	$8,499	$6,431	$3,142	$1,807	$1,925	$760
MRQ-2	$1,286	$14,421	$1,219	$3,982	$21,541	$2,961	$1,976	$3,019	$2,267	$8,012	$8,192	$6,317	$3,059	$1,663	$1,826	$662
MRQ-3	$1,310	$13,525	$1,190	$3,754	$20,614	$2,779	$1,936	$2,816	$2,137	$7,755	$7,792	$5,964	$2,961	$1,623	$1,899	$565
MRQ-4	$1,246	$12,193	$1,103	$3,525	$21,730	$2,590	$1,871	$2,773	$2,179	$7,651	$8,125	$6,051	$2,993	$1,598	$1,836	
Investment five quarter average	$1,313	$14,504	$1,191	$3,984	$21,736	$2,963	$2,052	$3,113	$2,276	$8,165	$8,234	$6,280	$3,070	$1,733	$1,925	$707
EBIT return on investment (EBIT ROI)	18.0%	38.2%	30.1%	19.2%	26.8%	26.3%	25.6%	30.7%	69.5%	29.8%	13.5%	12.4%	22.9%	36.0%	35.9%	22.9%

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

Key credit and balance sheet metrics reconciliations

	FY '18	FY '19	FY '20	FY '21	FY '22	FY '23	Q1 '24/LTM
Nonrecourse mortgages secured by inventory, net of debt issuance costs	$95,557	$203,585	$135,122	$125,089	$144,805	$91,539	$99,553
Senior notes and credit facilities (net of discounts, premiums and debt issuance costs)	$1,439,238	$1,479,990	$1,431,110	$1,248,373	$1,146,547	$1,051,491	$934,617
Total debt	$1,534,795	$1,683,575	$1,566,232	$1,373,462	$1,291,352	$1,143,030	$1,034,170
Cash and cash equivalents	$187,871	$130,976	$262,489	$245,970	$326,198	$434,119	$183,118
Net Debt	$1,346,924	$1,552,599	$1,303,743	$1,127,492	$965,154	$708,911	$851,052
Adjusted EBITDA	$186,321	$174,009	$234,314	$364,335	$478,664	$426,825	$440,217
Total debt to adjusted EBITDA	8.2	9.7	6.7	3.8	2.7	2.7	2.3
Net debt to adjusted EBITDA	7.2	8.9	5.6	3.1	2.0	1.7	1.9
Interest incurred	$161,048	$165,906	$176,457	$155,514	$134,024	$136,535	$134,170
Adjusted EBITDA to interest incurred	1.2	1.0	1.3	2.3	3.6	3.1	3.3
Total Debt	$1,534,795	$1,683,575	$1,566,232	$1,373,462	$1,291,352	$1,143,030	$1,034,170
Total equity (deficit)	$(453,504)	$(489,776)	$(436,929)	$174,897	$383,036	$581,736	$607,088
Total capitalization	$1,081,291	$1,193,799	$1,129,303	$1,548,359	$1,674,388	$1,724,766	$1,641,258
Debt to capitalization	141.9%	141.0%	138.69%	88.70%	77.1%	66.3%	63.0%
Net debt to net capitalization	150.8%	146.1%	150.4%	86.6%	71.6%	54.9%	58.4%

Gross Margin

Gross Margin

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

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

Dollars in Thousands

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

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

Hovnanian
Enterprises® Inc.