Hovnanian Enterprises, Inc.

June 2021

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 targets, goals and expectations with respect to its financial results for future financial periods such as its statements related to its key metric targets for total consolidated revenue, homebuilding gross margin percentage before cost of sales interest expense and land charges, total SG&A ratio, adjusted pre-tax earnings, adjusted EBITDA, average inventory and inventor turns. Although we believe that our targets, plans, intentions and expectations reflected in, or suggested by, such forward-looking statements are reasonable, we can give no assurance that such targets, 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) the outbreak and spread of COVID-19 and the measures that governments, agencies, law enforcement and/or health authorities implement to address it; (2) changes in general and local economic, industry and business conditions and impacts of a significant homebuilding downturn; (3) adverse weather and other environmental conditions and natural disasters; (4) the seasonality of the Company’s business; (5) the availability and cost of suitable land and improved lots and sufficient liquidity to invest in such land and lots; (6) shortages in, and price fluctuations of, raw materials and labor, including due to changes in trade policies and the imposition of tariffs and duties on homebuilding materials and products and related trade disputes with, and retaliatory measures taken by, other countries; (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) fluctuations in interest rates and the availability of mortgage financing; (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; and (26) 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, 2020 and the Company’s Quarterly Reports on Form 10-Q for the quarterly periods during fiscal 2021 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 impairment loss and land option write-offs and gain on extinguishment of debt (“Adjusted EBITDA”) are not U.S. generally accepted accounting principles (GAAP) financial measures. The most directly comparable GAAP financial measure is net income (loss). The reconciliation for historical periods of EBIT, EBITDA and Adjusted EBITDA to net income (loss) is presented in a table attached to this earnings release.

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 earnings release.

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

Total liquidity is comprised of $172.1 million of cash and cash equivalents, $9.3 million of restricted cash required to collateralize letters of credit and $125.0 million availability under the senior secured revolving credit facility as of January 31, 2021.

Hovnanian Enterprises, Inc.

Recent operational and financial performance

Hovnanian Enterprises, Inc.

Guidance Compared with Actuals for First Quarter 2021

($ in millions)	Guidance Q1 2021	Actuals Q1 2021
Total Revenues	$570 - $600	$575
Adjusted Homebuilding Gross Margin(1)	19.0% - 20.0%	20.7%
Total SG&A as Percentage of Total Revenues(2)	11.5% - 12.5%	11.1%
Adjusted EBITDA(3)	$45 - $60	$64
Adjusted Income Before Income Taxes(4)	$5 - $15	$21

(1) 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.

(2) Total SG&A includes homebuilding selling, general and administrative costs and corporate general and administrative costs. Ratio calculated as a percentage of total revenues.

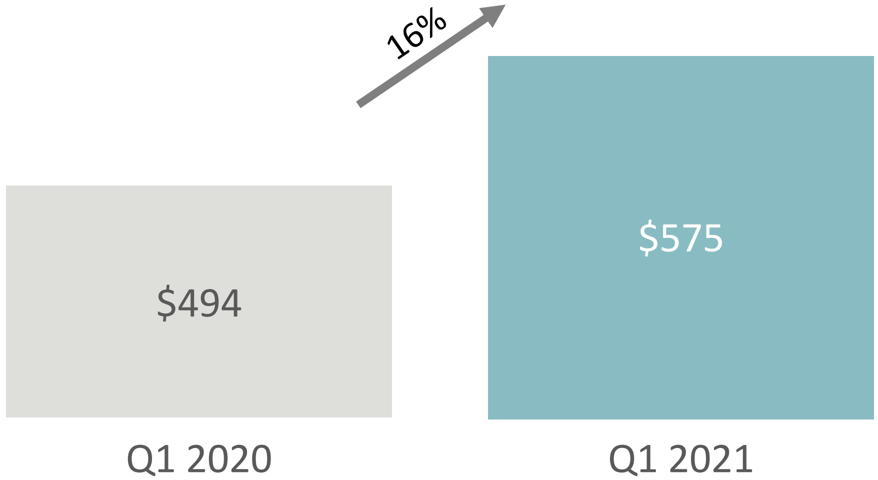
(3) Adjusted EBITDA is a non-GAAP financial measure. The most directly comparable GAAP financial measure is net income (loss). Adjusted EBITDA represents earnings before interest expense, income taxes, depreciation, amortization, inventory impairment loss and land option write offs and gain on extinguishment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

(4) Adjusted Income Before Income Taxes excludes land-related charges and gain on extinguishment of debt. See appendix for a reconciliation to the most directly comparable GAAP measure.

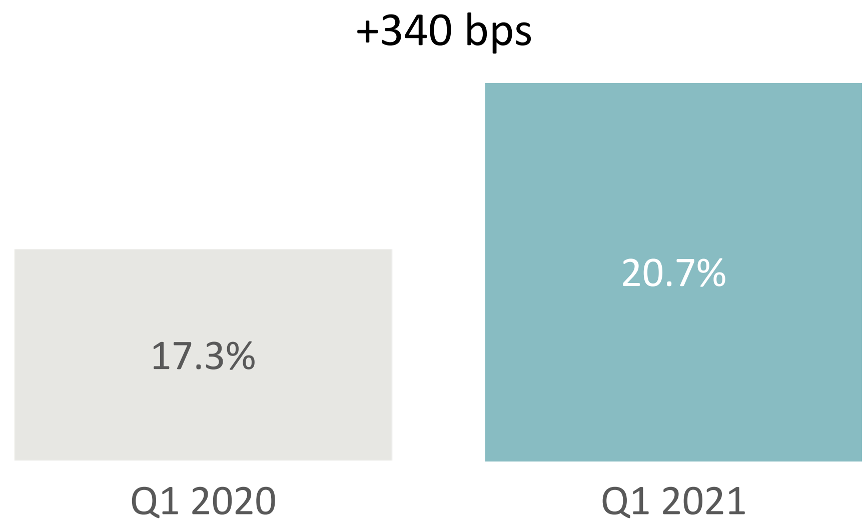
First Quarter Operating Results

($ in millions)

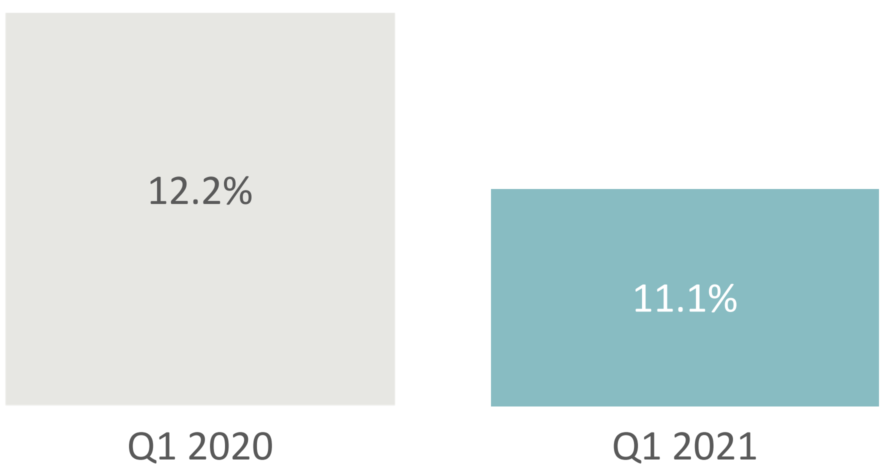
Total Revenues



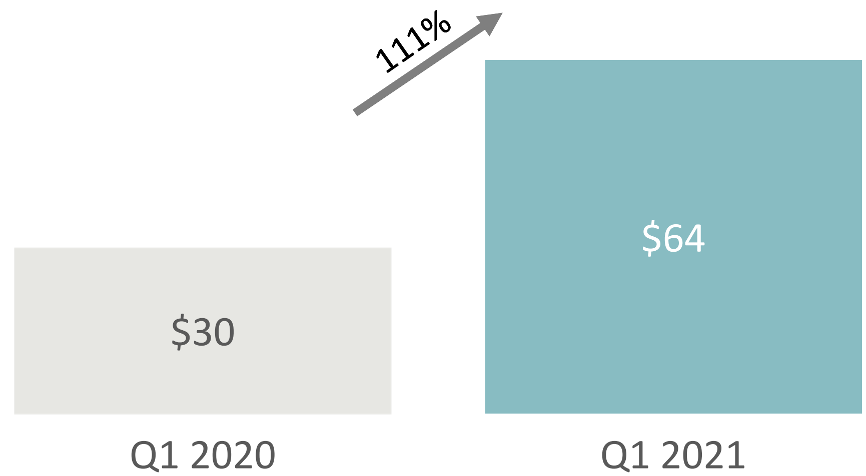
Adjusted Homebuilding Gross Margin[(1)]



Total SG&A Ratio[(2)]



Adjusted EBITDA[(3)]



(1) 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.
(2) Total SG&A includes homebuilding selling, general and administrative costs and corporate general and administrative costs. Ratio calculated as a percentage of total revenues.
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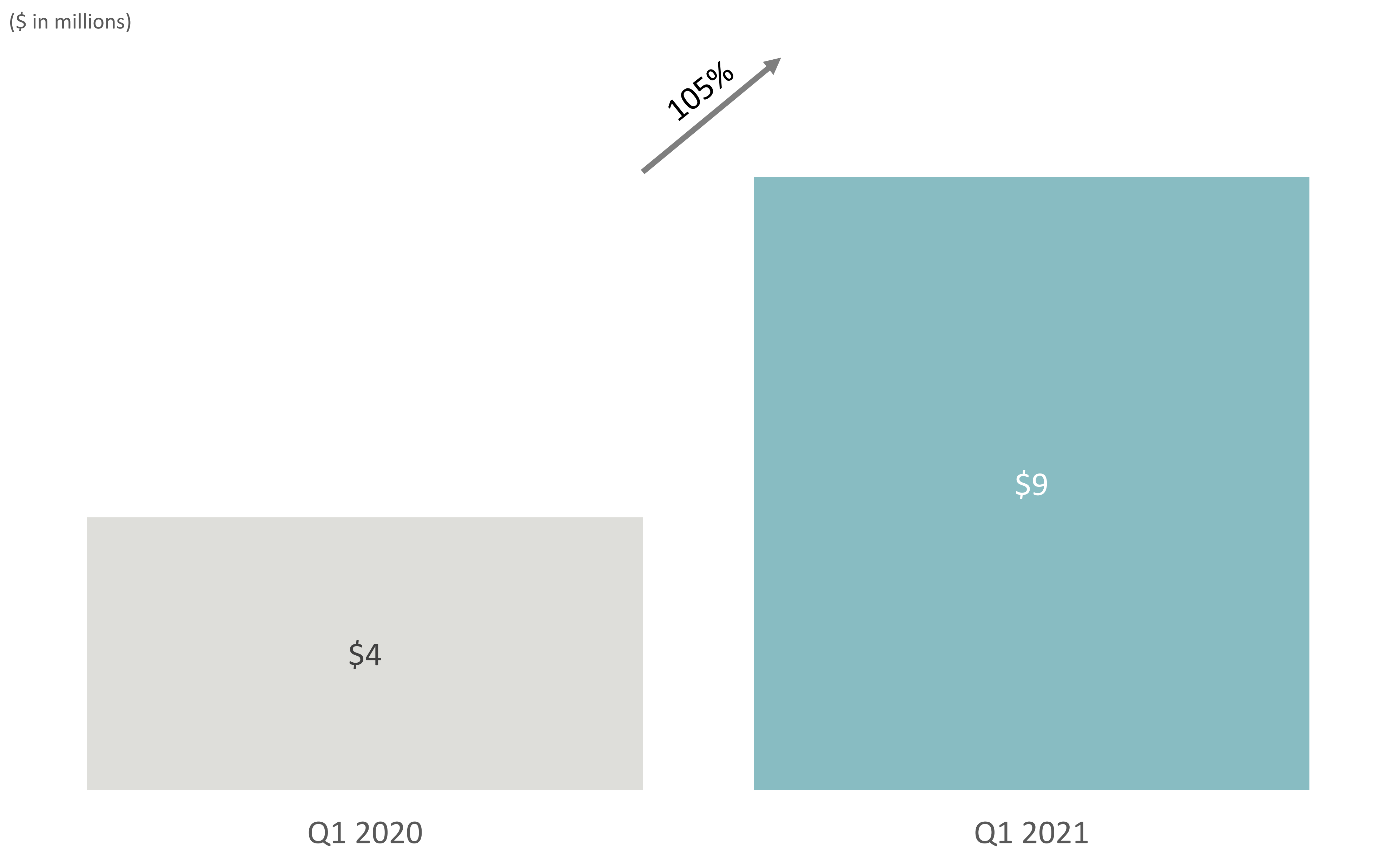
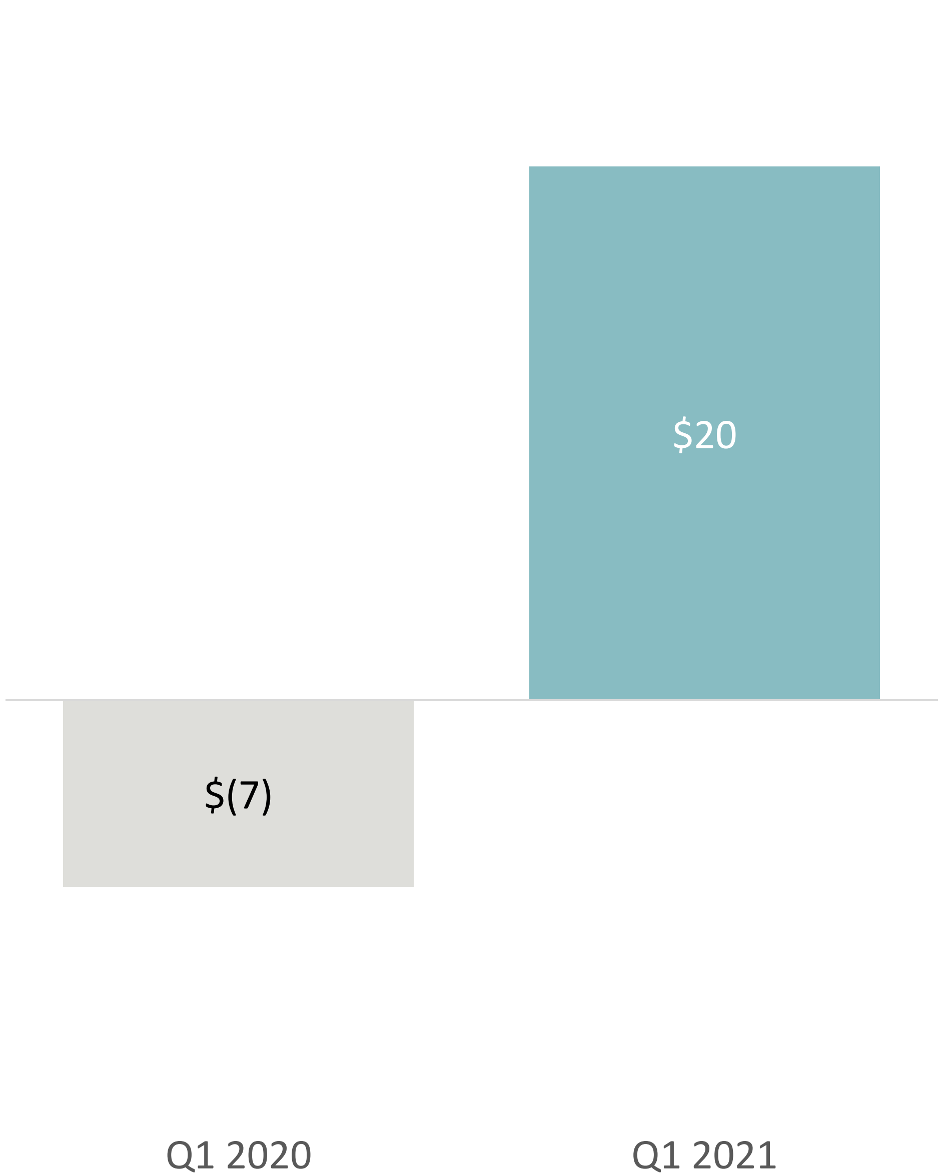
Financial Services Pretax Income



Pretax Income

($ in millions)

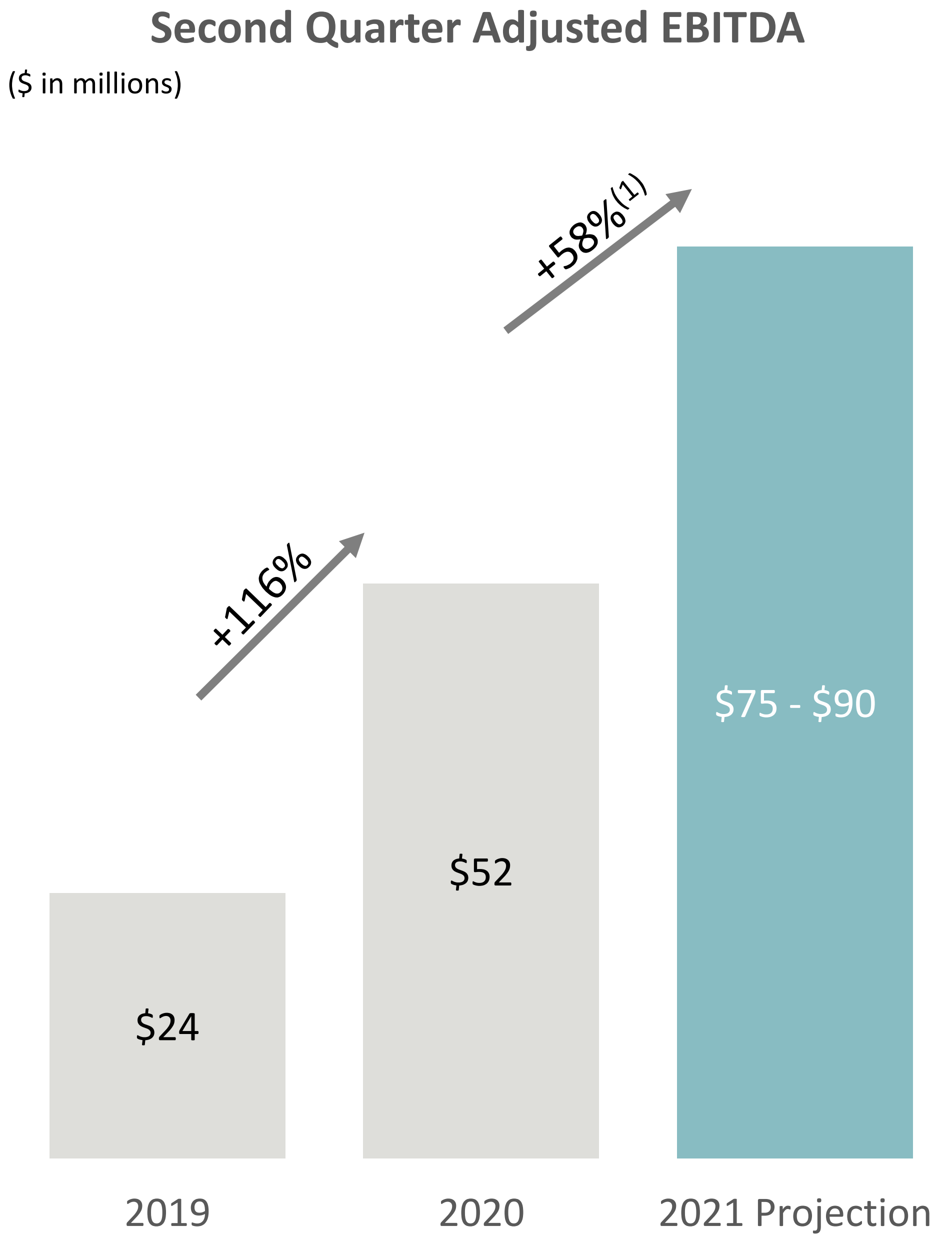
Pretax Income (Loss)

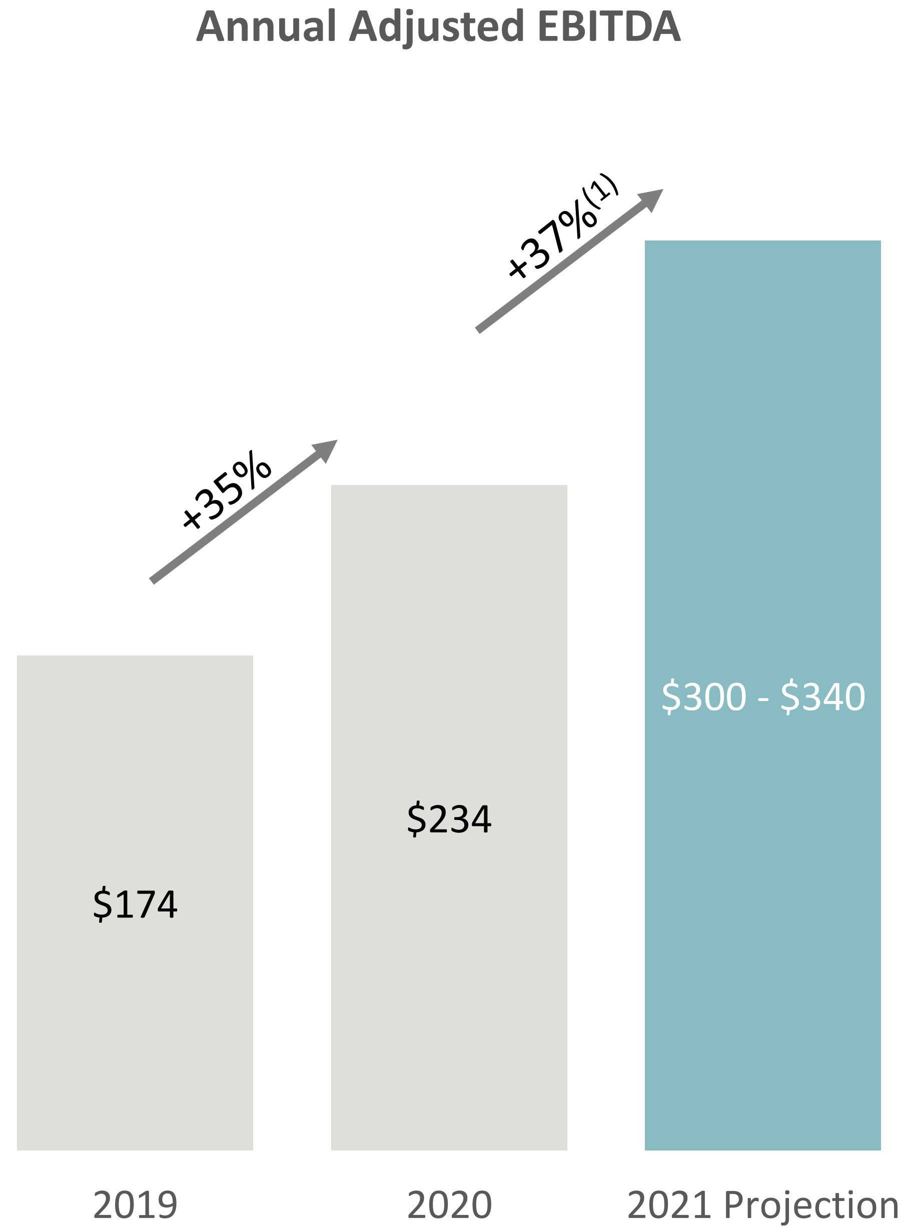


Adjusted Pretax Income (Loss)

Note: Adjusted Income (Loss) Before Income Taxes excludes land-related charges and gain on extinguishment of debt. See appendix for a reconciliation to the most directly comparable GAAP measure.

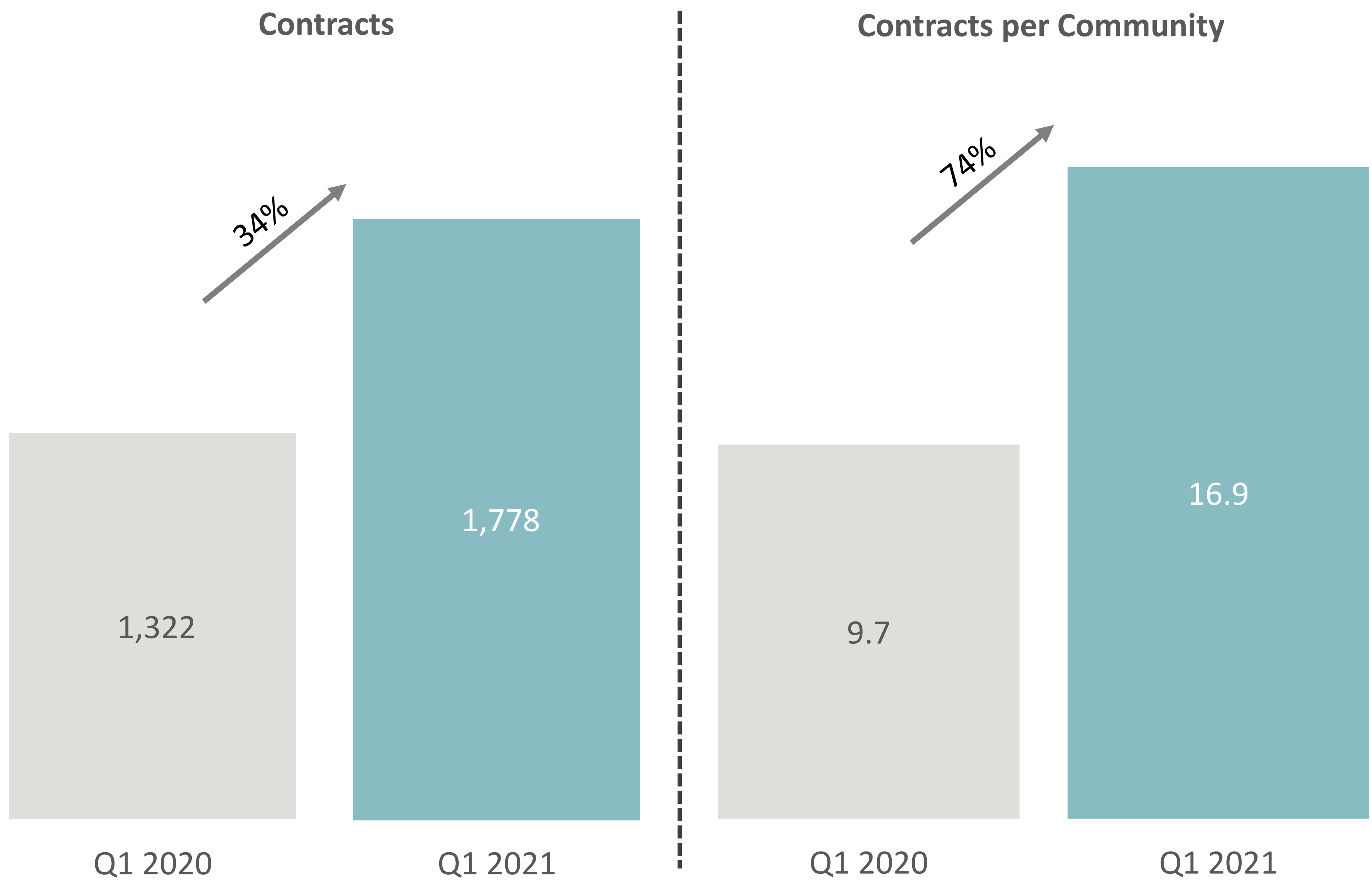
Strong Adjusted EBITDA Growth





(1) The percentage increases for 2021 are based on the midpoint of our guidance range.
Note: Adjusted EBITDA is a non-GAAP financial measure. The most directly comparable GAAP financial measure is net income (loss). Adjusted EBITDA represents earnings before interest expense, income taxes, depreciation, amortization, inventory impairment loss and land option write offs and gain on extinguishment of debt.

Quarterly Contracts



Note: Excludes unconsolidated joint ventures.

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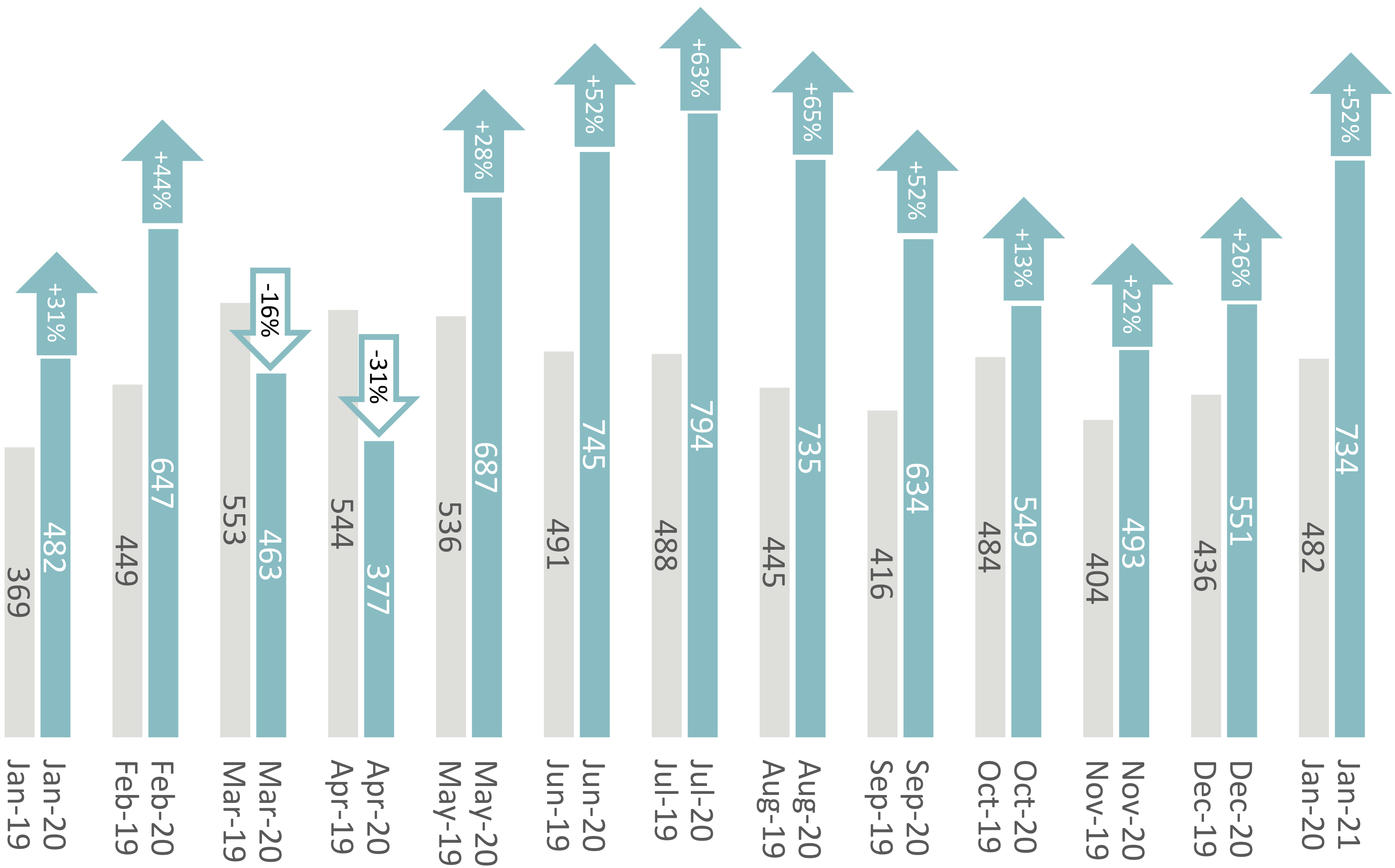
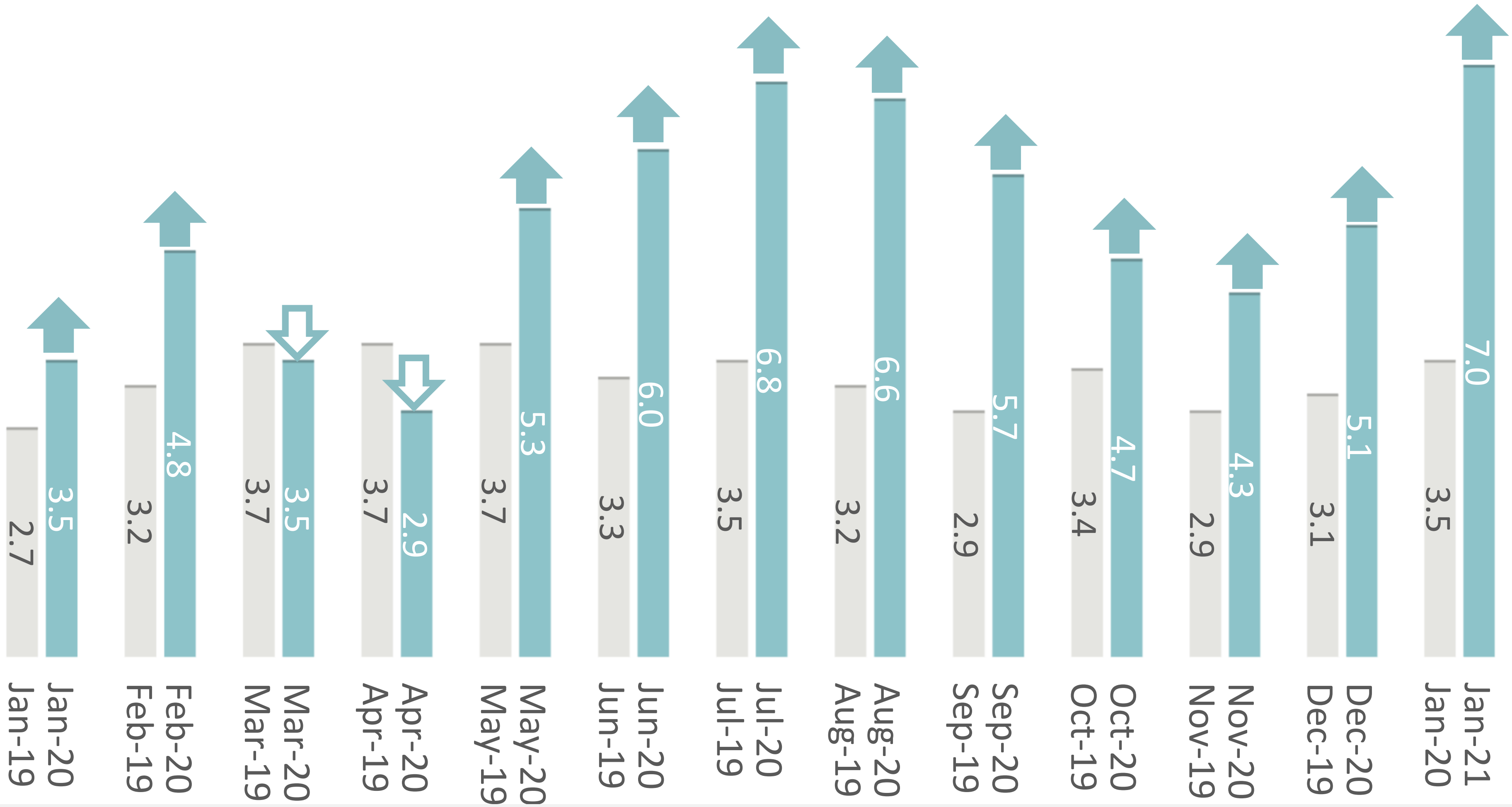
Monthly Contracts



Note: Excludes unconsolidated joint ventures.

Number of Monthly Contracts Per Community, Excludes Unconsolidated Joint Ventures



Number of Sundays	4	4	4	4	5	5	4	4	4	5	5	4	4	4	4	5	5	4	4	4	4	5	5	4	4	5
	Jan 19	Jan 20	Feb 19	Feb 20	Mar 19	Mar 20	Apr 19	Apr 20	May 19	May 20	Jun 19	Jun 20	Jul 19	Jul 20	Aug 19	Aug 20	Sep 19	Sep 20	Oct 19	Oct 20	Nov 19	Nov 20	Dec 19	Dec 20	Jan 20	Jan 21
Monthly contracts	369	482	449	647	553	463	544	377	536	687	491	745	488	794	445	735	416	634	484	549	404	493	436	551	482	734

Note: Excludes unconsolidated joint ventures.

Aggressively Raised Prices in February 2021 to Slow Sales Pace

Note: Excludes unconsolidated joint ventures.

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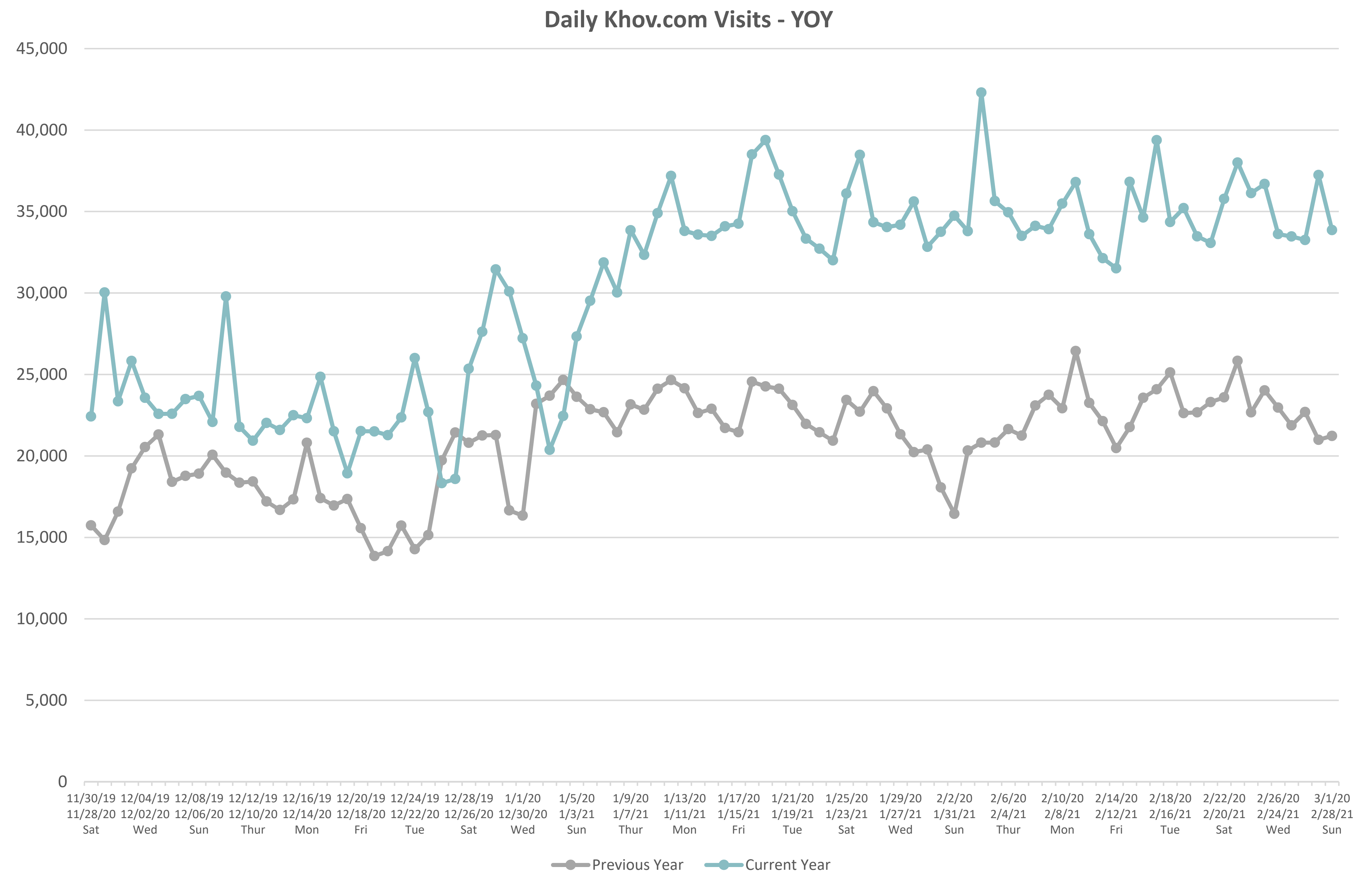
Daily Website Visits



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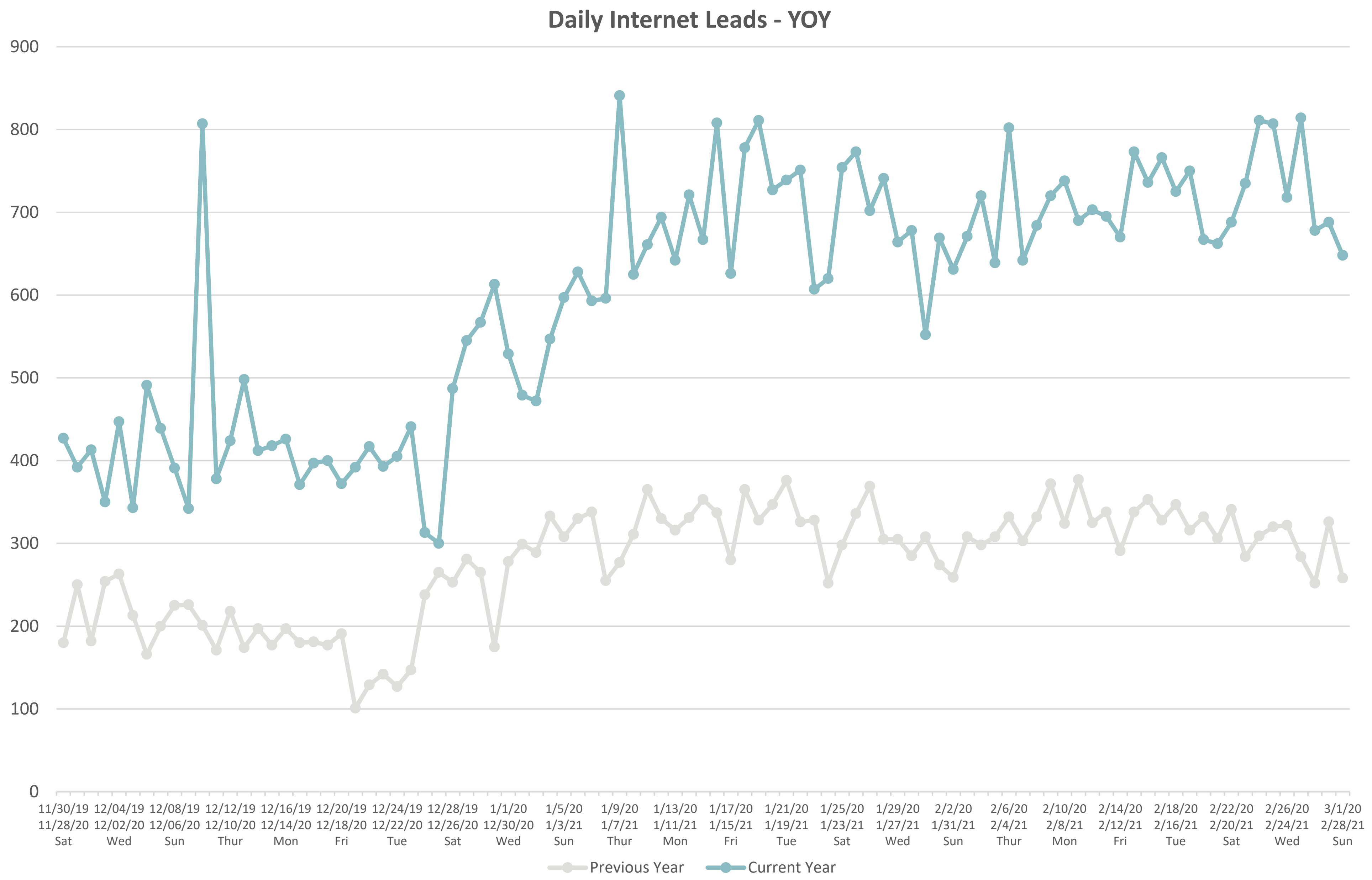
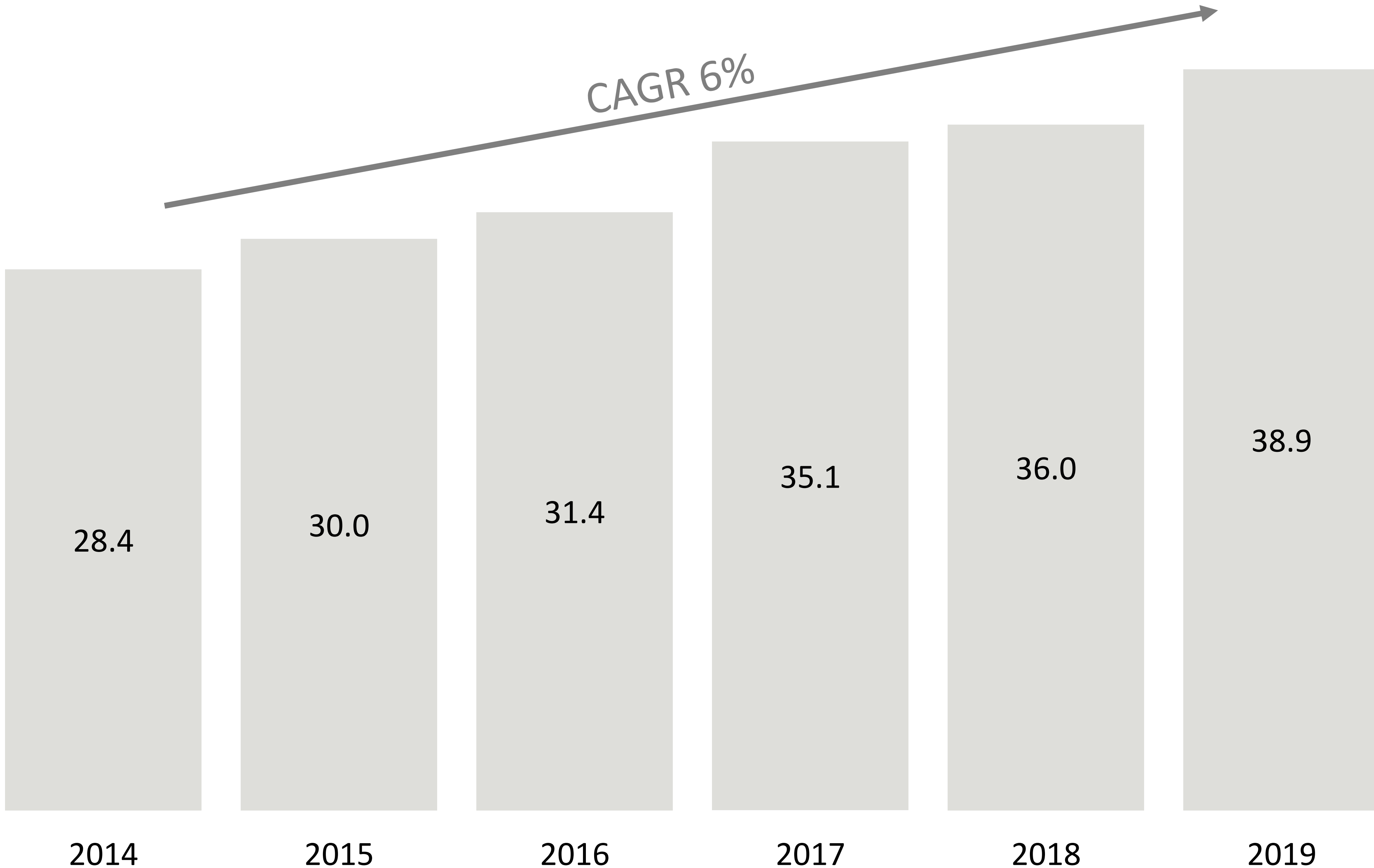
Daily Internet Leads



Annual Contracts Per Community



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

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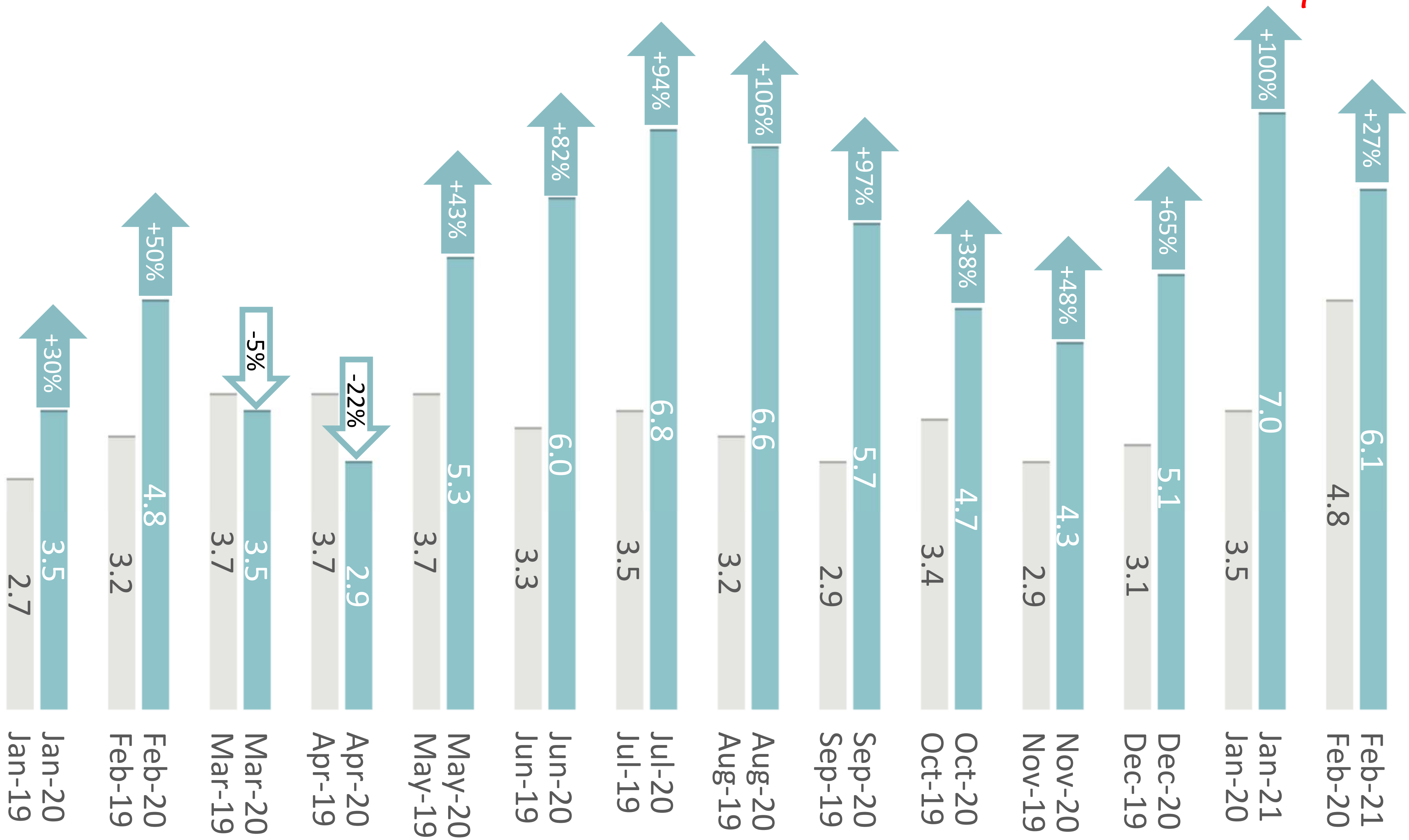
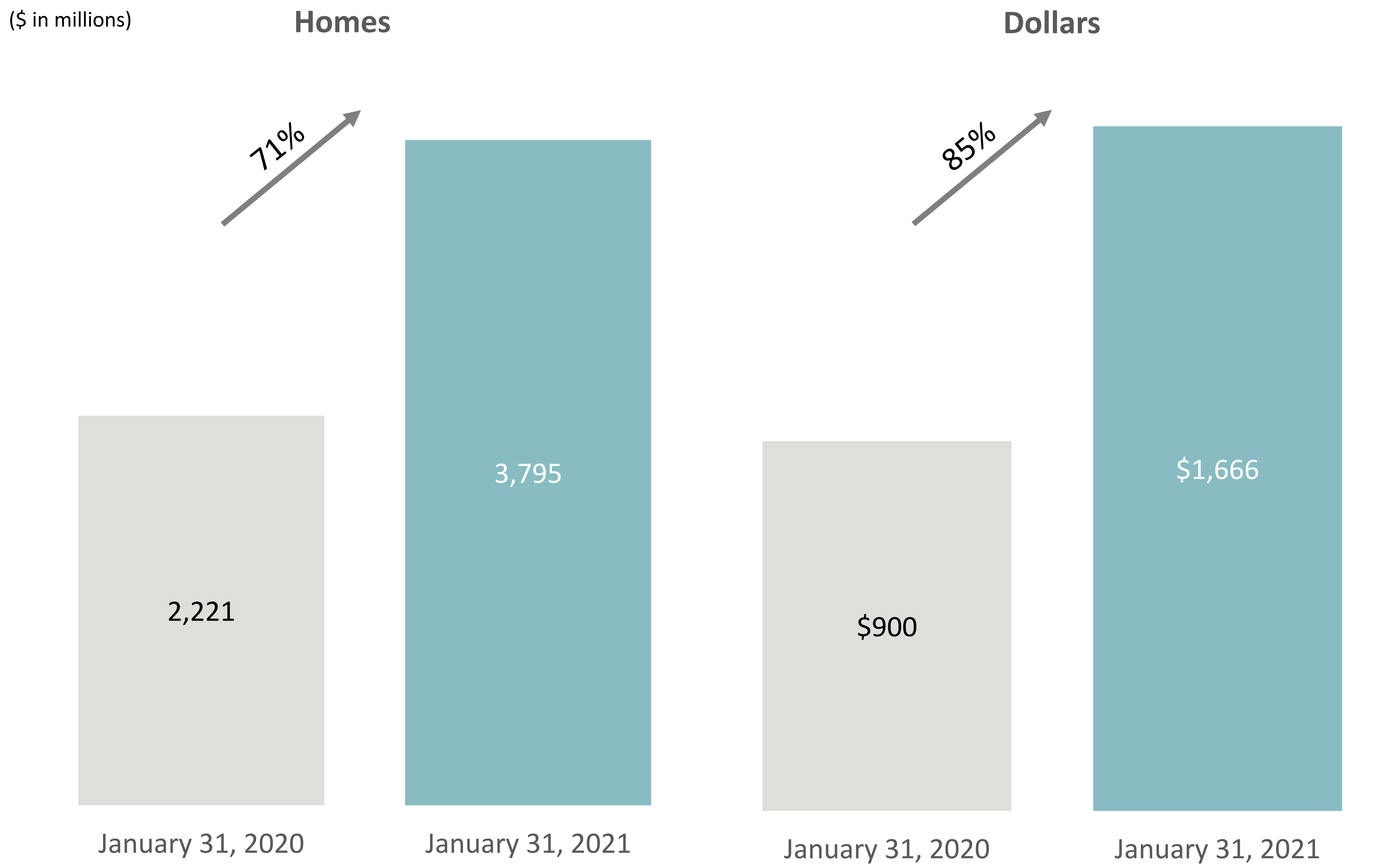
Number of Monthly Contracts Per Community, Excludes Unconsolidated Joint Ventures

Aggressively raised prices in February 2021 to slow sales pace



Note: Excludes unconsolidated joint ventures.

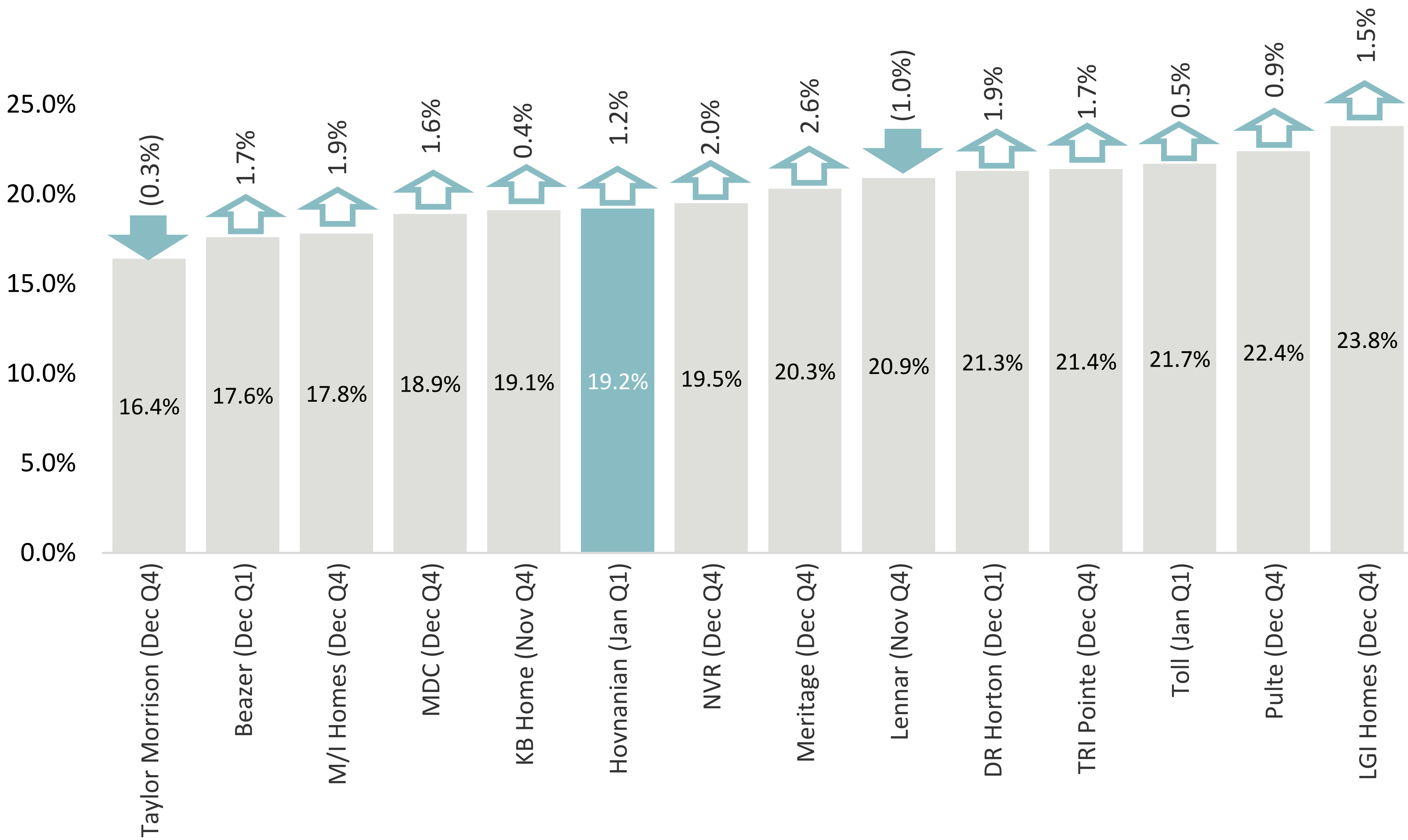
Consolidated Backlog



Note: Excludes unconsolidated joint ventures.

Adjusted Gross Margin Percentage, Last Twelve Months

(adjusted for sales commissions) (year over year change)

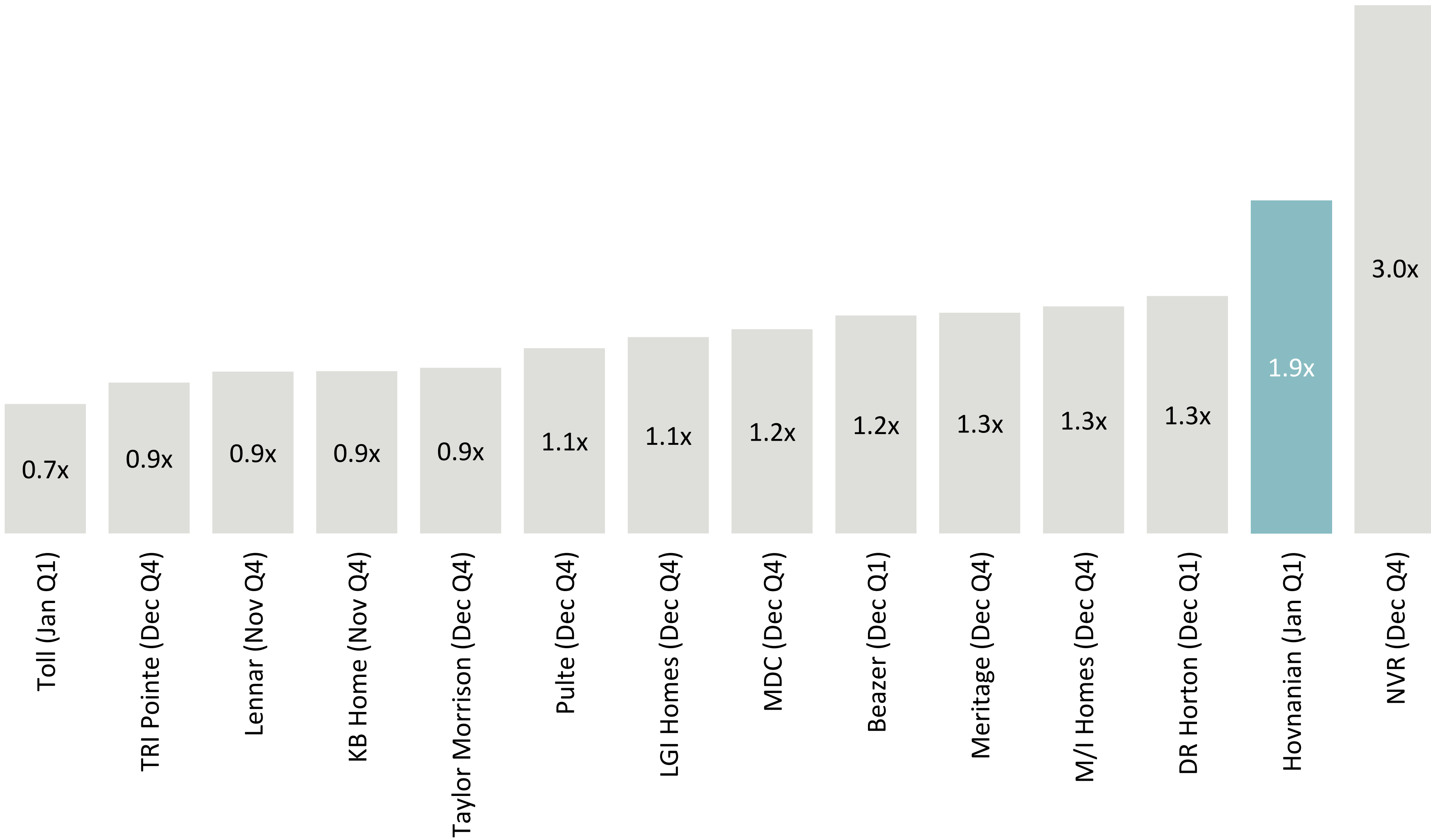


Note: Hovnanian sales commission was 3.5% in the most recent quarter. Reduced Cal Atlantic, KB Home, Lennar, LGI Homes, MDC, Meritage, M/I Homes, Pulte, Taylor Morrison and Tri Pointe publicly reported results by full 3.5% because all of their sales commissions are reported in SG&A. Reduced DR Horton and Toll publicly reported results by 1.8% because only some of their sales commissions were reported in SG&A. Beazer reports commission separately and is reduced by 3.9%.

Source: Company SEC filings and press releases as of 03/02/21.

Note: Excluding interest and impairments.

Inventory Turns (COGS), Last Twelve Months

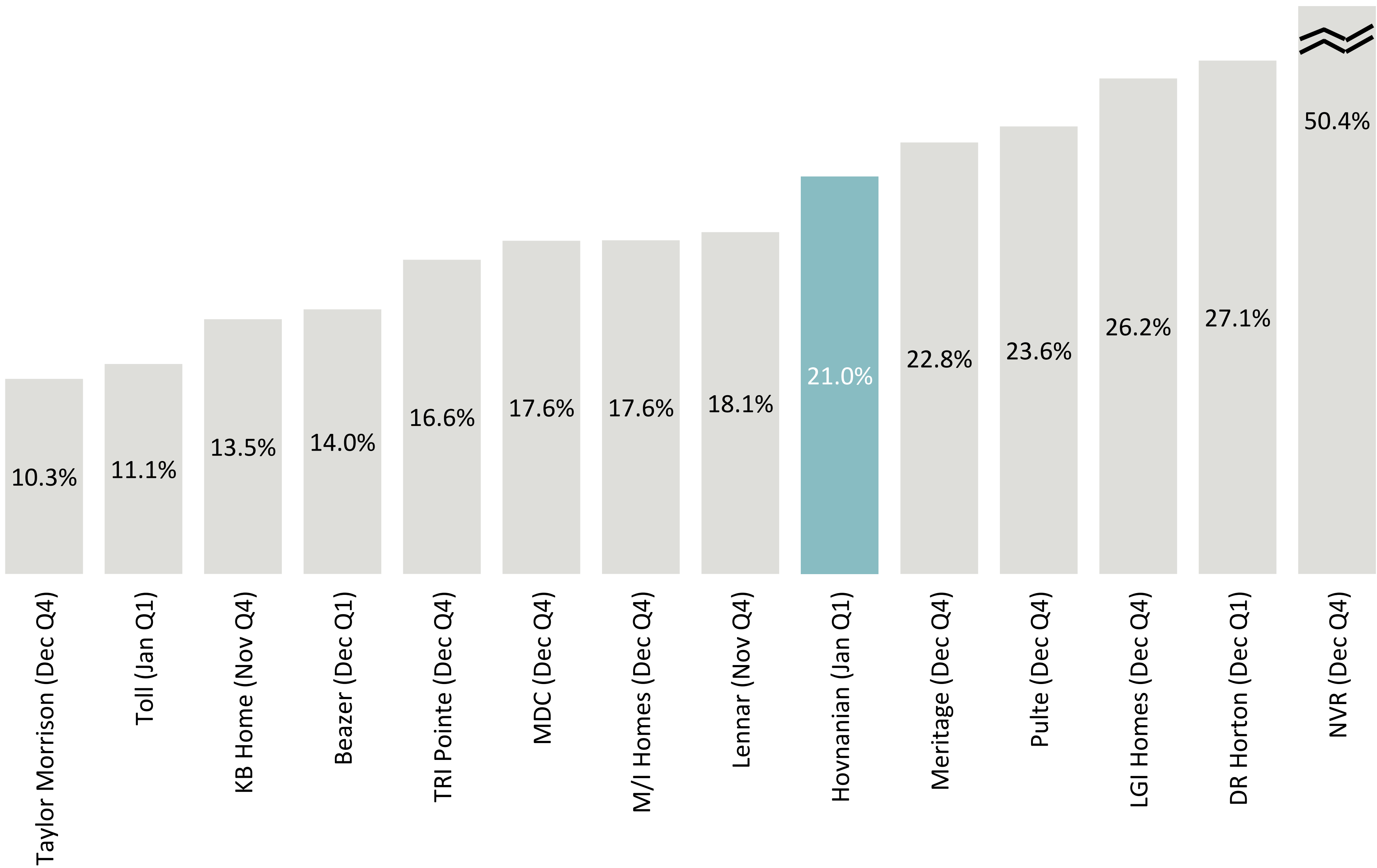


Note: Inventory turns derived by dividing cost of sales, excluding capitalized interest, by the five quarter average homebuilding inventory, excluding inventory not owned and capitalized interest. See appendix for a reconciliation to the most directly comparable GAAP measure.

Source: Company SEC filings and press releases as of 03/02/21.

Hovnanian Enterprises, Inc.

Adjusted Homebuilding EBIT to Inventory, Last Twelve Months



Note: Defined as LTM Homebuilding EBIT before land-related charges divided by five quarter average inventory, excluding capitalized interest and inventory not owned.
Source: Company SEC filings and press releases as of 03/02/21. See appendix for a reconciliation to the most directly comparable GAAP measure.

Hovnanian Enterprises, Inc.

Multi-Year Key Metric Targets (Established June 2018)

($ in Millions)	Actual TTM (as of 04/30/18)	Projected TTM (as of 04/30/21) [1]	Annual Key Metric Targets [2]
Total Consolidated Revenue	$2,233	$2,611	$2,650
Adjusted Homebuilding Gross Margin [3]	17.7%	19.9%	19.5%
Total SG&A Ratio	11.6%	10.0%	10.0%
Adjusted EBITDA [4]	$174	$298	$275
Adjusted Pretax Earnings [5]	$(15)	$119	$100
Average Inventory (5 Quarter) [6]	$905	$1,025	$1,250
Inventory Turnover [7]	1.9X	2.0X	1.7X

(1) *Projections assume mid-point of guidance for Q2 2021 and no improvements or deteriorations from current market conditions. 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 impairment loss and land option write-offs and loss (gain) on extinguishment of debt. These items are uncertain, depend on various factors and could have a material impact on reported results.*

(2) *Represents performance/financial targets but a wide range of outcomes is possible and actual results may differ materially and adversely due to a variety of factors. Assumes no improvements or deteriorations from current market conditions. Approximate levels.*

(3) *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.*

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

(5) *Adjusted Pretax Earnings excludes land-related charges, joint venture write-downs and loss (gain) on extinguishment of debt. See appendix for a reconciliation to the most directly comparable GAAP measure.*

(6) *Five quarter average homebuilding inventory, excluding inventory not owned and capitalized interest. See appendix for a reconciliation to the most directly comparable GAAP measure.*

(7) *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. See appendix for a reconciliation to the most directly comparable GAAP measure.*

Hovnanian Enterprises, Inc.

Guidance for Second Quarter 2021

($ in millions)	Actuals Q2 2020	Guidance Q2 2021[1]
Total Revenues	$538	$700 - $750
Adjusted Homebuilding Gross Margin[2]	18.2%	20.5% - 21.5%
Total SG&A as Percentage of Total Revenues[3]	10.4%	9.5% - 10.5%
Adjusted EBITDA[4]	$52	$75 - $90
Adjusted Income Before Income Taxes[5]	$5	$30 - $45

(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 impairment loss and land option write-offs and loss (gain) on extinguishment of debt. 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. See appendix for a reconciliation 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.
(4) Adjusted EBITDA is a non-GAAP financial measure. The most directly comparable GAAP financial measure is net income (loss). Adjusted EBITDA represents earnings before interest expense, income taxes, depreciation, amortization, inventory impairment loss and land option write offs and gain on extinguishment of debt.
(5) Adjusted Income Before Income Taxes excludes land-related charges, joint venture write-downs and loss (gain) on extinguishment of debt. See appendix for a reconciliation to the most directly comparable GAAP measure.

Hovnanian Enterprises, Inc.

Guidance for Fiscal 2021

($ in millions)	Actuals FY 2020	Guidance FY 2021(1)
Total Revenues	**$2,344**	**$2,650 - $2,800**
Adjusted Homebuilding Gross Margin(2)	**18.4%**	**20.5% - 21.5%**
Total SG&A as Percentage of Total Revenues(3)	**10.3%**	**9.5% - 10.5%**
Adjusted EBITDA(4)	**$234**	**$300 - $340**
Adjusted Income Before Income Taxes(5)	**$51**	**$140 - $160**

(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 impairment loss and land option write-offs and loss (gain) on extinguishment of debt. These items are uncertain, depend on various factors and could have a material impact on GAAP reported results.
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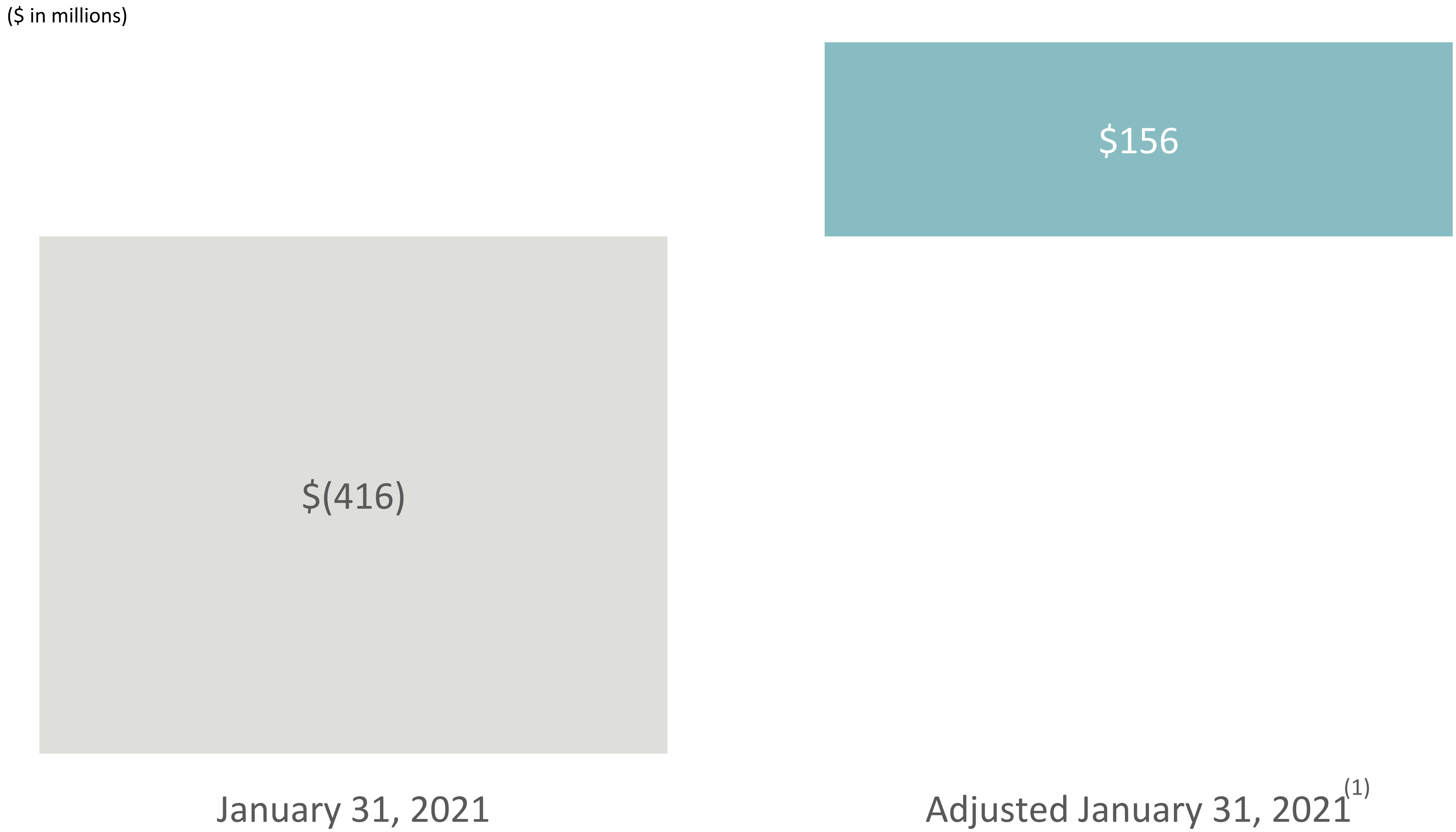
(5) Adjusted Income Before Income Taxes excludes land-related charges, joint venture write-downs and loss (gain) on extinguishment of debt. See appendix for a reconciliation to the most directly comparable GAAP measure.

Balance sheet and liquidity management

Hovnanian Enterprises, Inc.

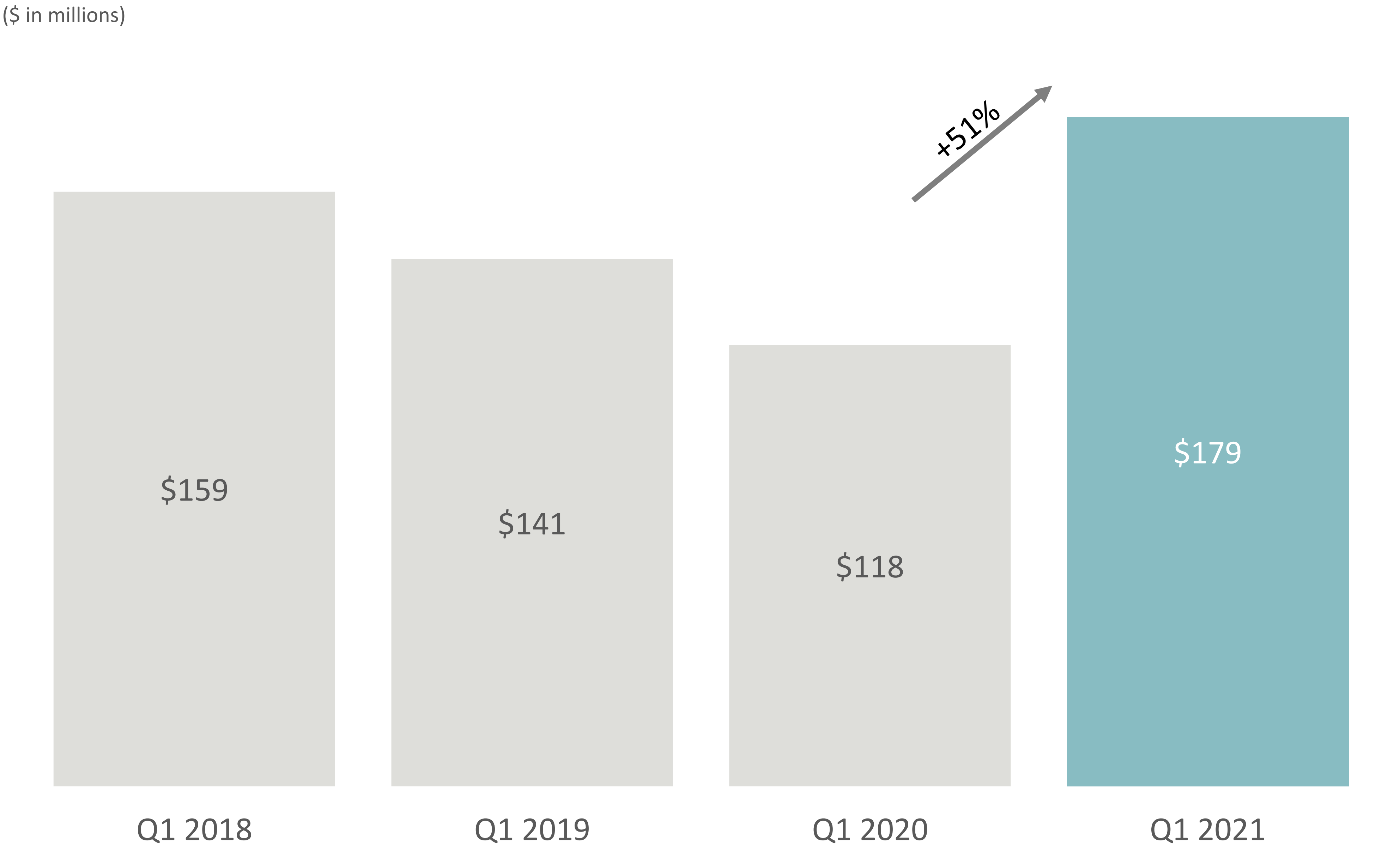
Adjusted Hovnanian Stockholders' Equity

- *Deferred tax asset of $572 million will shield approximately $1.8 billion of future pretax earnings from federal income taxes which will help accelerate repairing our balance sheet*



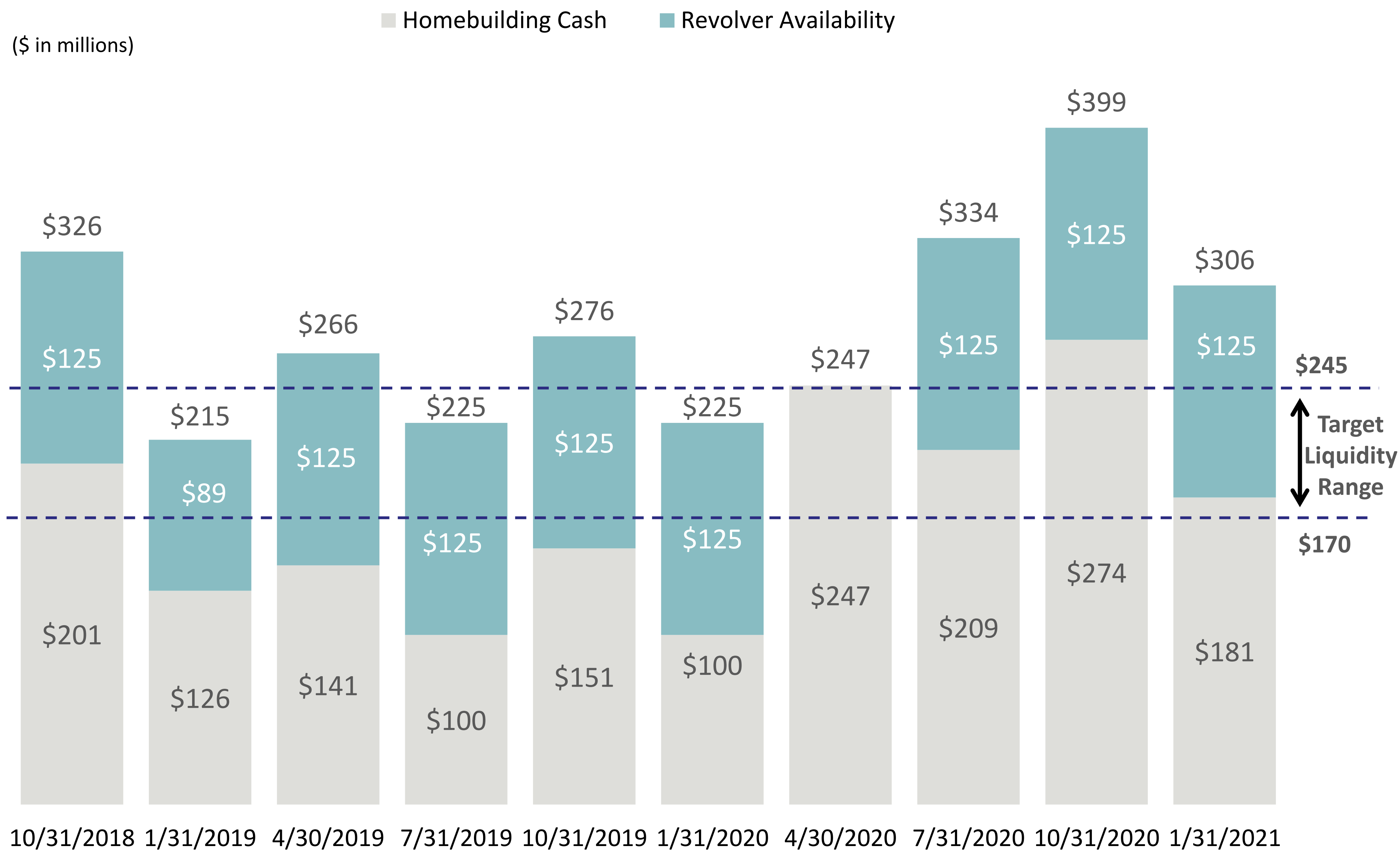
(1) Total Hovnanian Stockholders' Deficit of $(416) million with $572 million valuation allowance added back to Stockholders' Equity. The $572 million valuation allowance consisted of a $376 million federal valuation allowance and a $196 million state valuation allowance.

Land and Land Development Spend



Hovnanian Enterprises, Inc.

Liquidity Position and Target

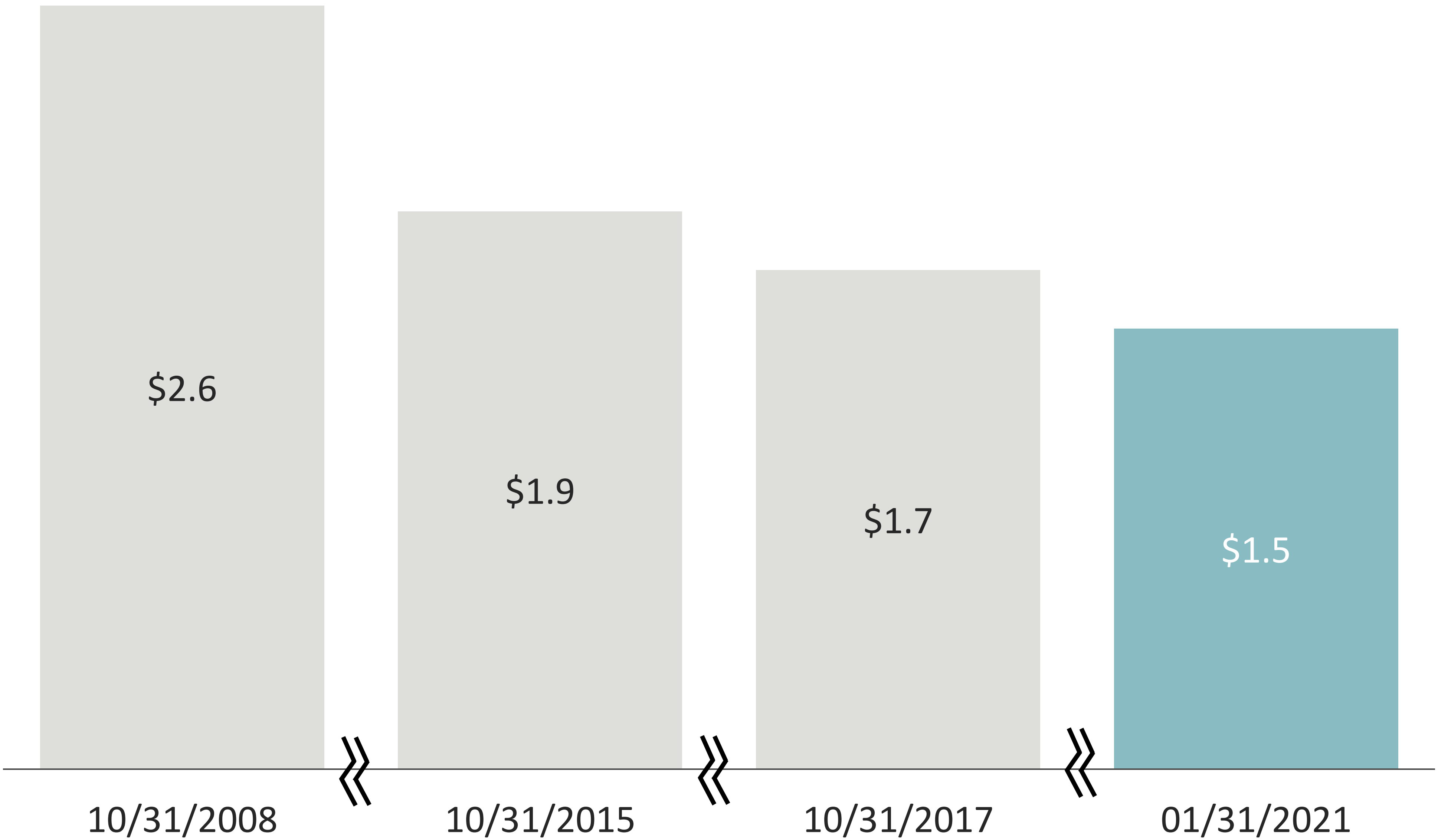


Note: Liquidity position includes homebuilding cash and cash equivalents (which includes unrestricted cash and restricted cash to collateralize a performance bond and letters of credit) and revolving credit facility availability.

Reducing Debt

($ in billions)

- *Reduced $1.1 billion since October 2008*



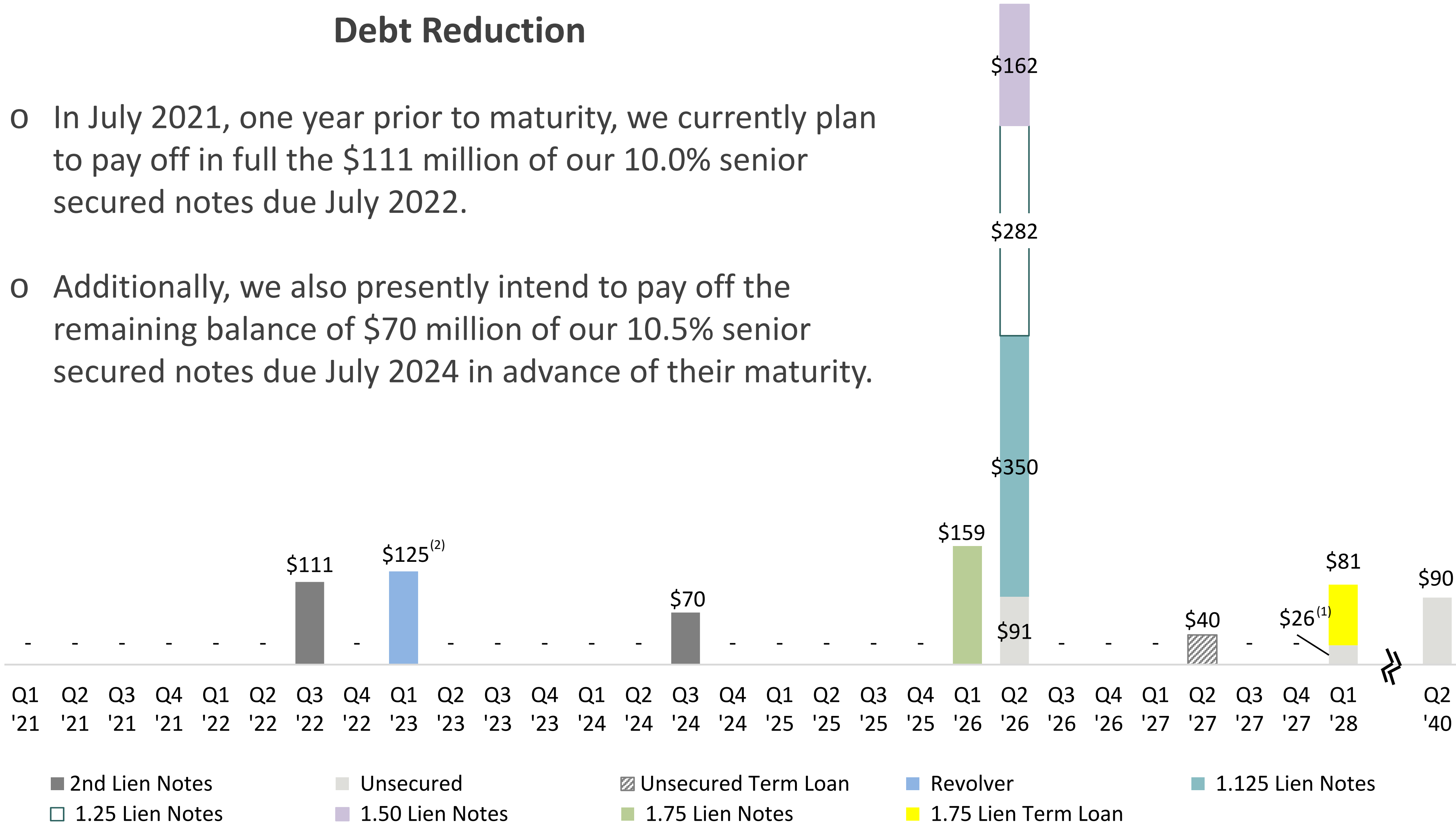
Note: Includes accrued interest.

Maturity Ladder

As of January 31, 2021

Debt Reduction

- In July 2021, one year prior to maturity, we currently plan to pay off in full the $111 million of our 10.0% senior secured notes due July 2022.
- Additionally, we also presently intend to pay off the remaining balance of $70 million of our 10.5% senior secured notes due July 2024 in advance of their maturity.



Note: Shown on a fiscal year basis, at face value.
Note: Excludes non-recourse mortgages.
(1) $26 million of 8.0% senior notes held by wholly owned subsidiary, no cash required to retire.
(2) $0 balance as of January 31, 2021.

Liquidity Levers

- Additional land banking
  - Newly identified communities
  - Land we already own
- More joint ventures
- Increase use of non-recourse project specific loans
- Additional model sale leasebacks

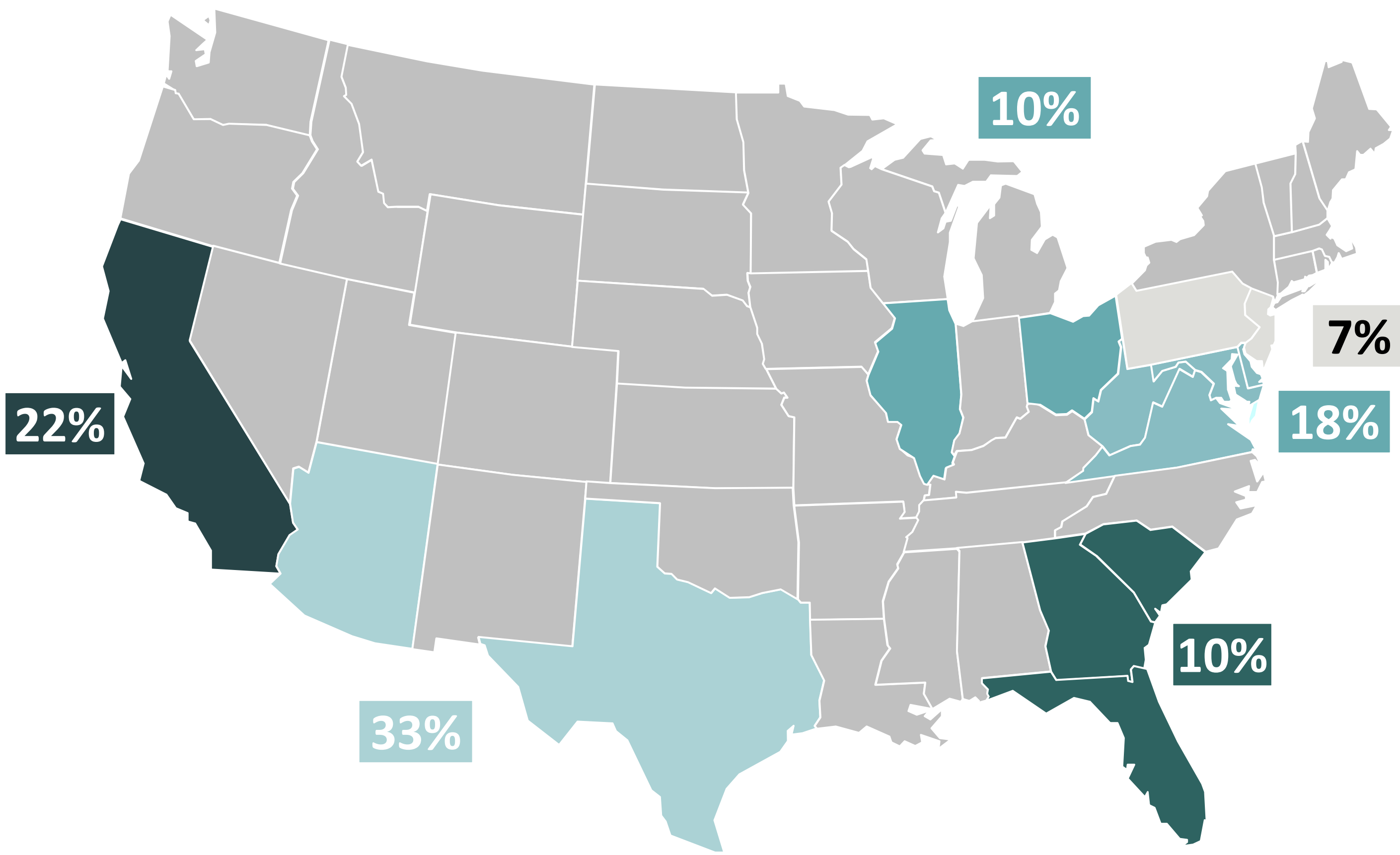
Additional Performance Information

Hovnanian Enterprises At A Glance

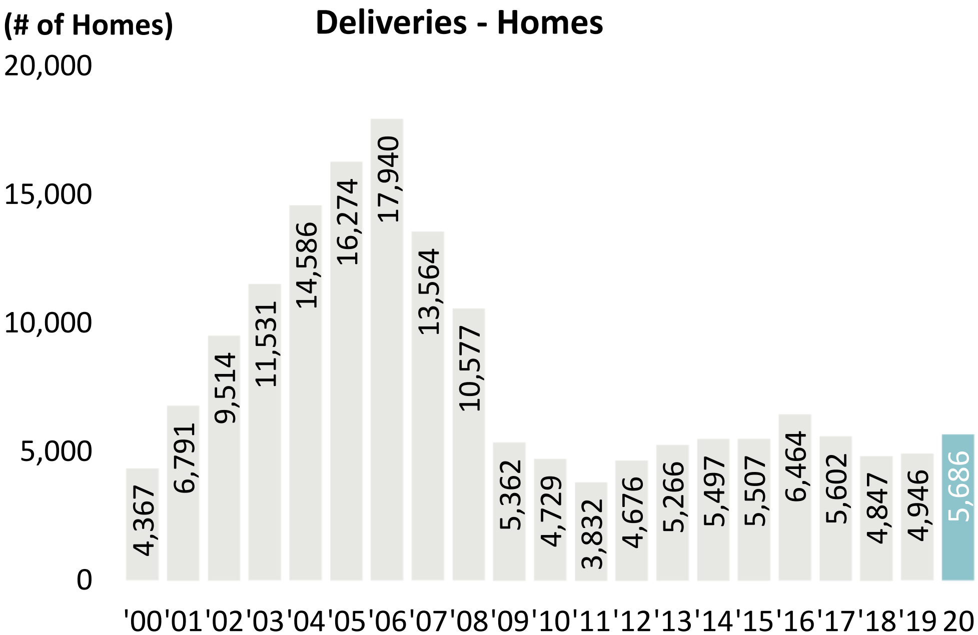
- Among the top 15 homebuilders in the United States in both homebuilding revenues and home deliveries
- Founded by Kevork Hovnanian in 1959 and the Hovnanian family remains our largest shareholder
- 124 communities in 23 markets in 14 states

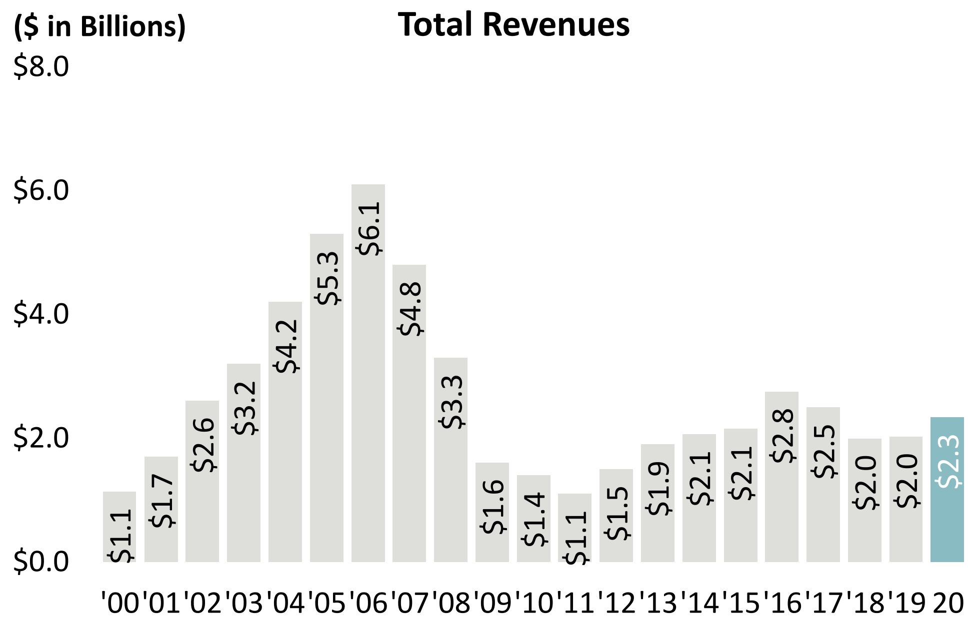
Homebuilding Revenues by Segment

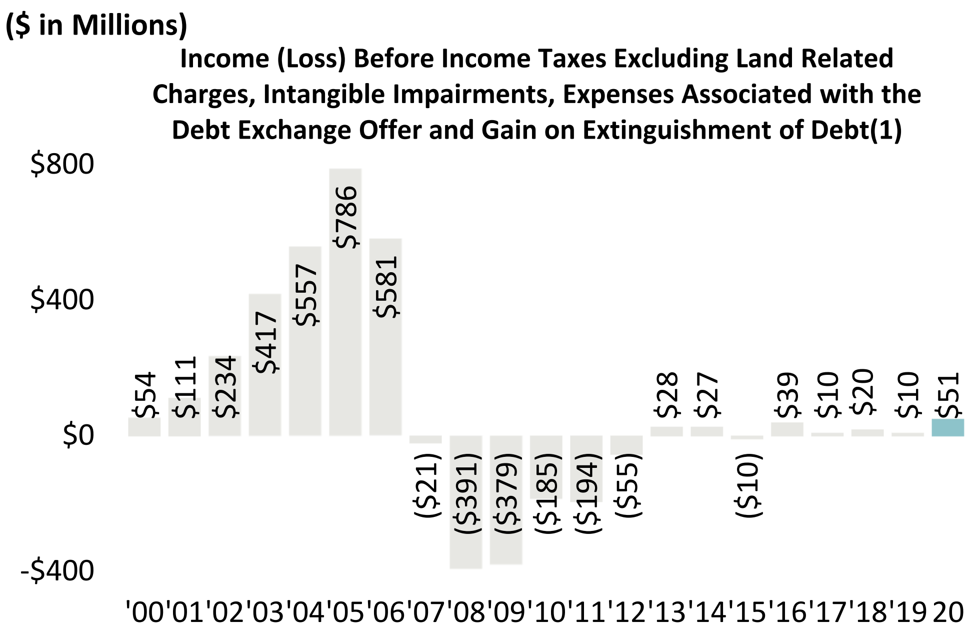
(last twelve months ended January 31, 2021)

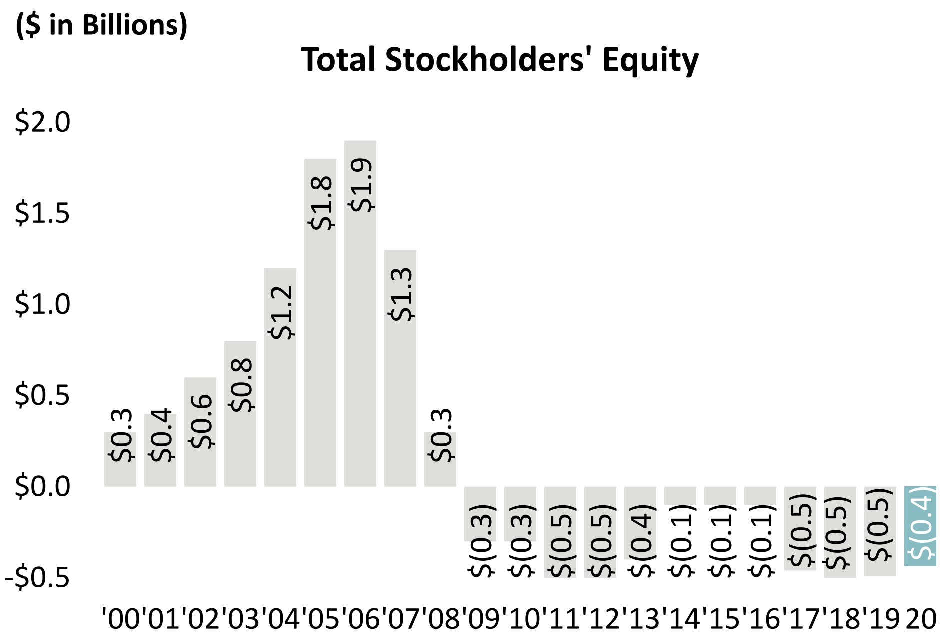


Historical Performance









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

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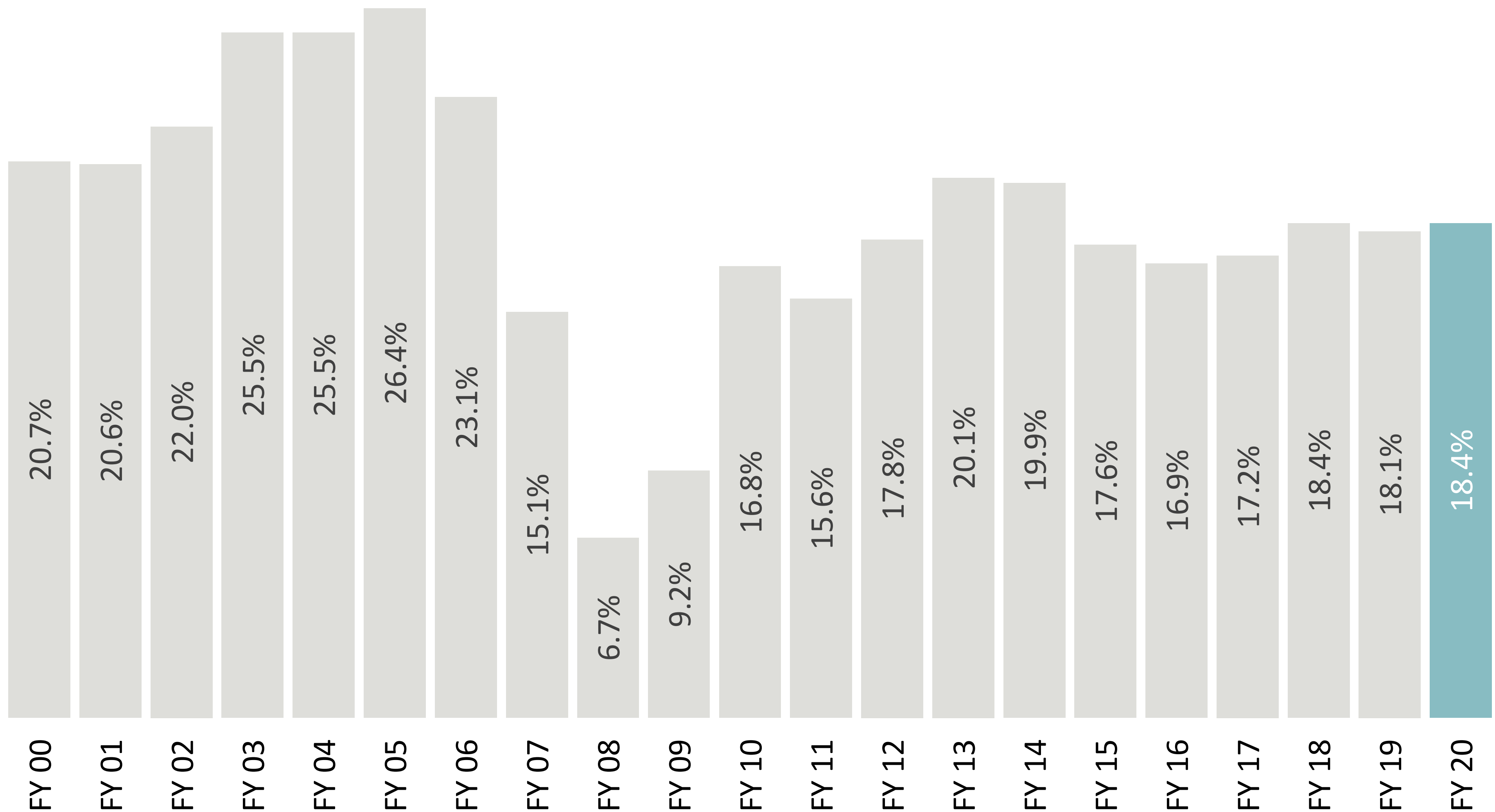
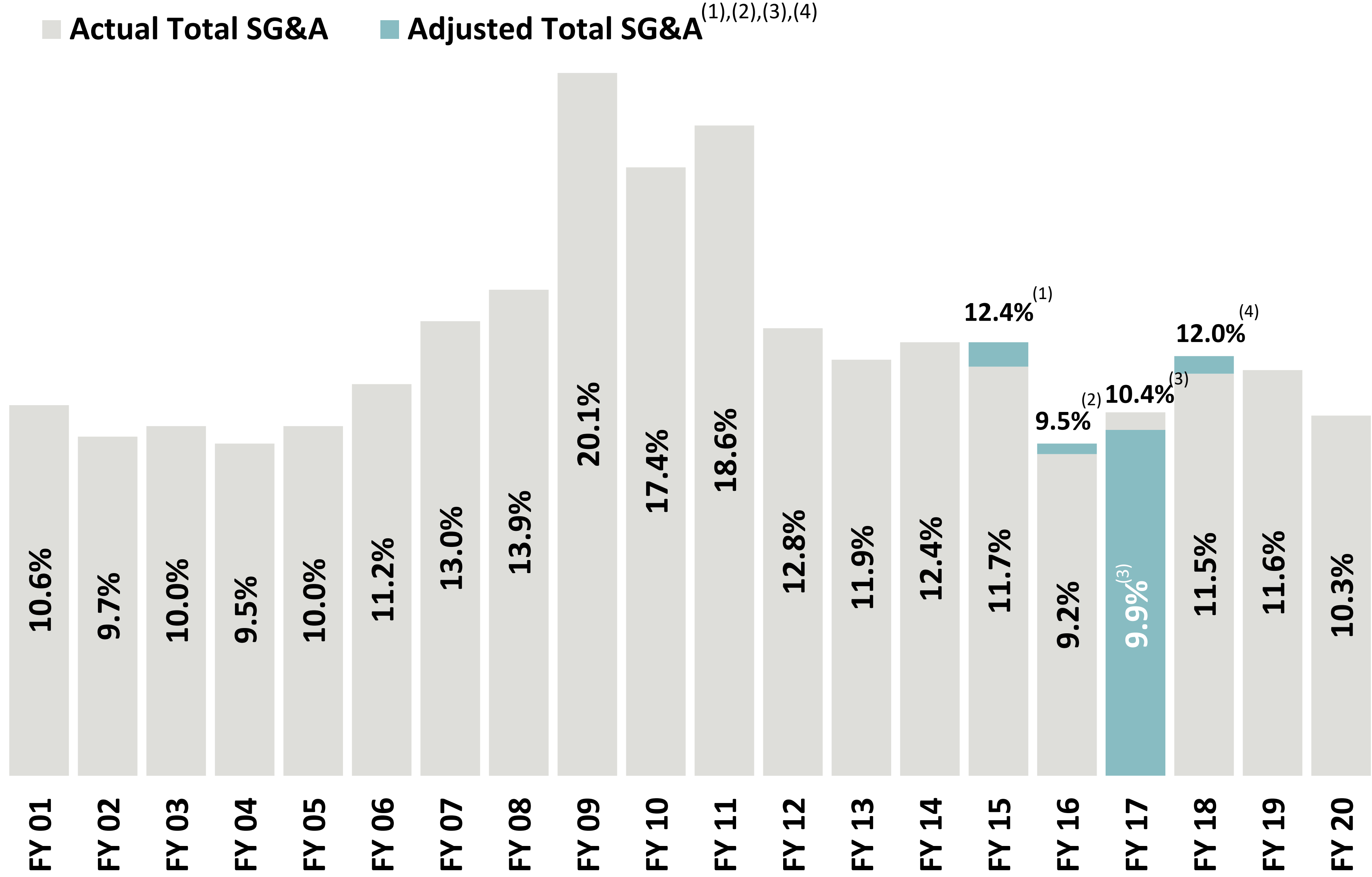
Adjusted Homebuilding Gross Margin(1)



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

Hovnanian Enterprises, Inc.

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.

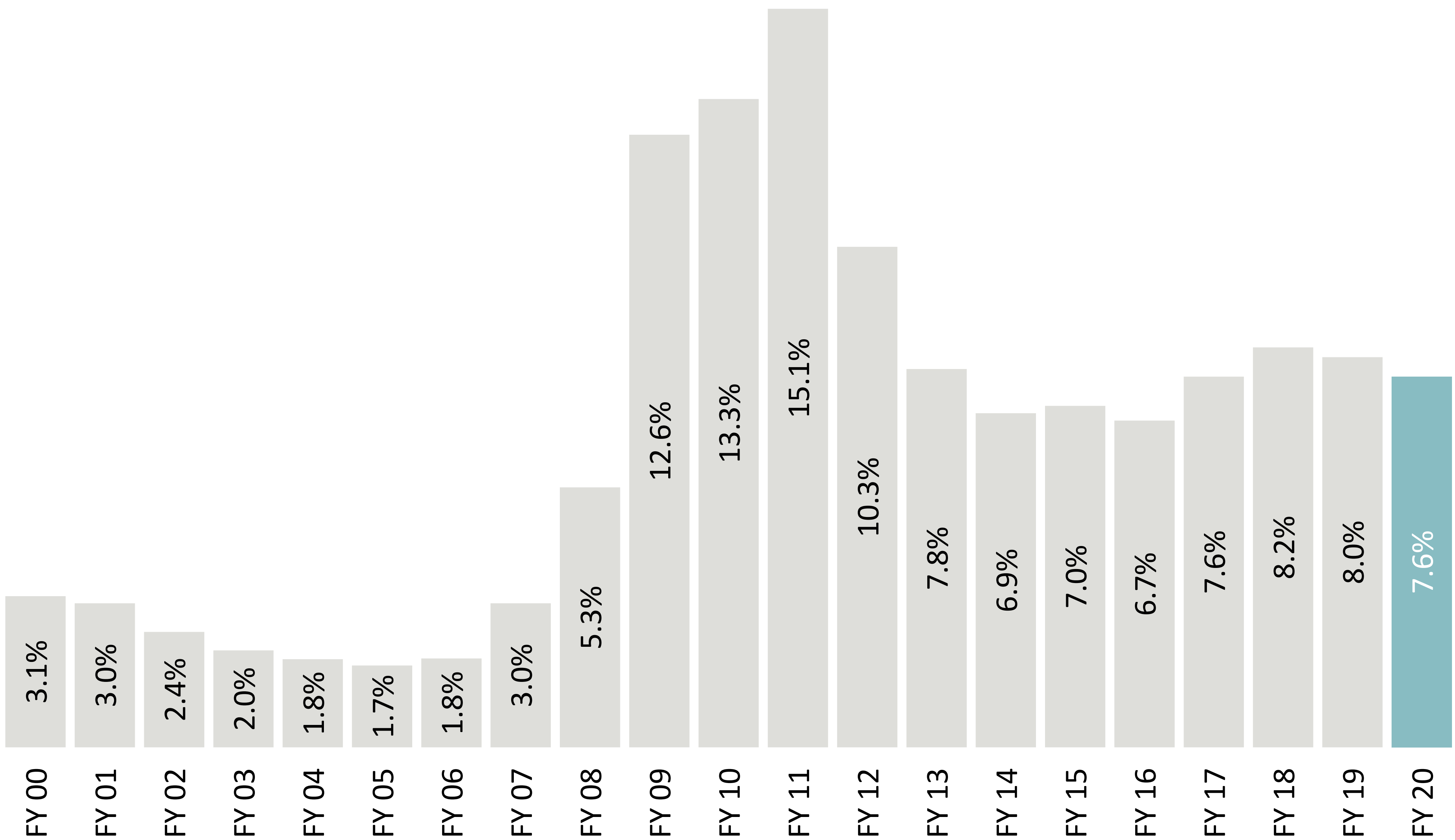
(2) 2016 excludes $9.2 million of benefit due to a substantial reduction in our construction defect reserve based on our annual actuarial study.

(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.

Hovnanian Enterprises, Inc.

Total Interest as a Percentage of Total Revenues



Hovnanian Enterprises, Inc.

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	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%	25.8%
Direct Construction Costs:	46.3%	44.8%	41.6%	41.3%	41.6%	46.7%	51.2%	55.3%	52.7%	48.5%	49.5%	45.2%	44.2%	44.1%	45.5%	44.0%	42.7%	43.2%	43.2%	41.8%	45.7%
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%	3.0%
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%	1.4%
Overheads	4.6%	4.2%	4.4%	4.8%	4.7%	4.8%	6.4%	6.8%	9.2%	7.8%	7.1%	6.0%	5.2%	5.1%	5.4%	5.1%	5.1%	4.9%	4.7%	4.4%	5.5%
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%	
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	$120.2	
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	

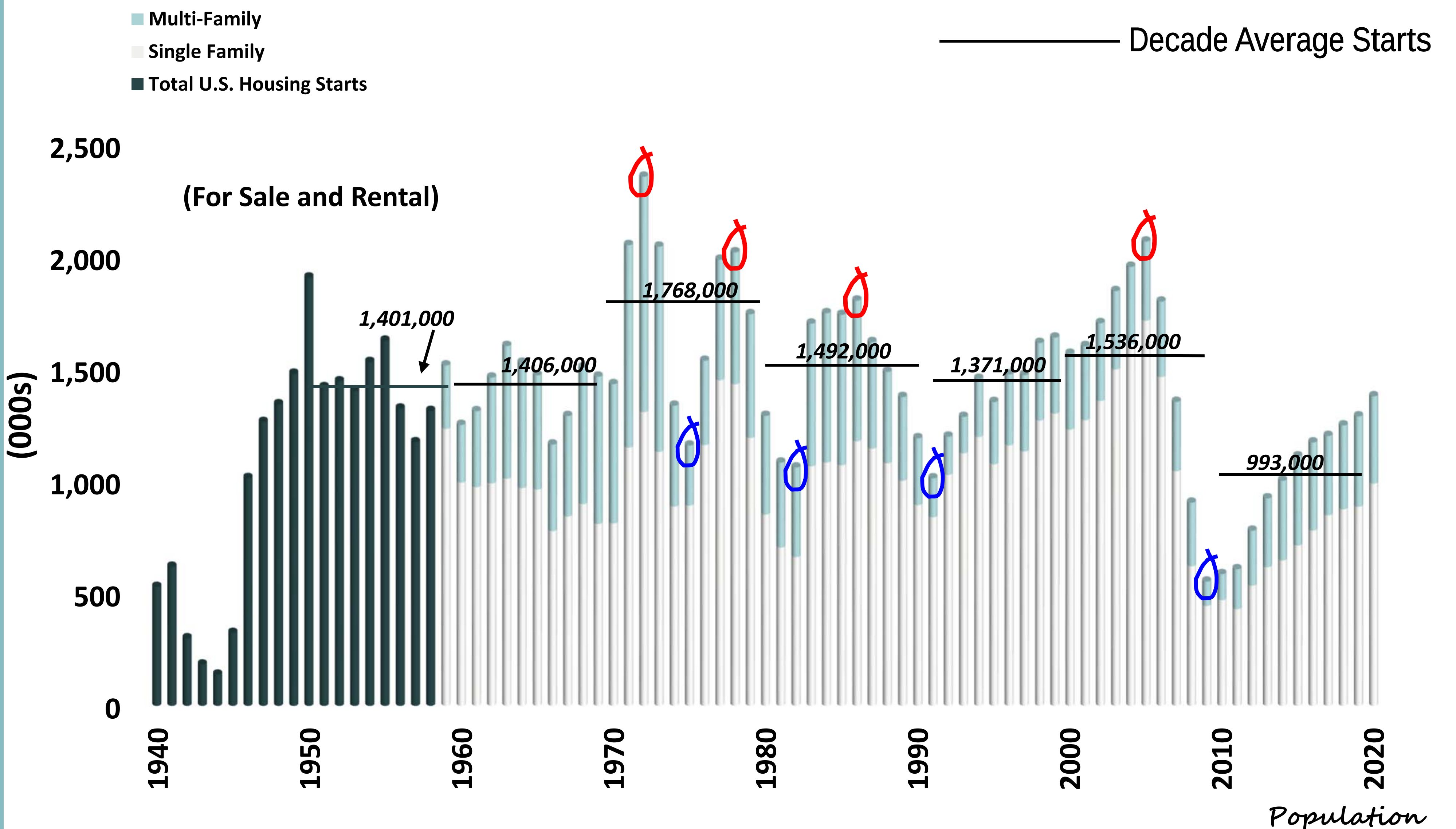
[1] *Includes the reversal of land impairments taken in prior periods.*

[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.*

Market Conditions

Hovnanian Enterprises, Inc.

US Housing Production in Retrospective

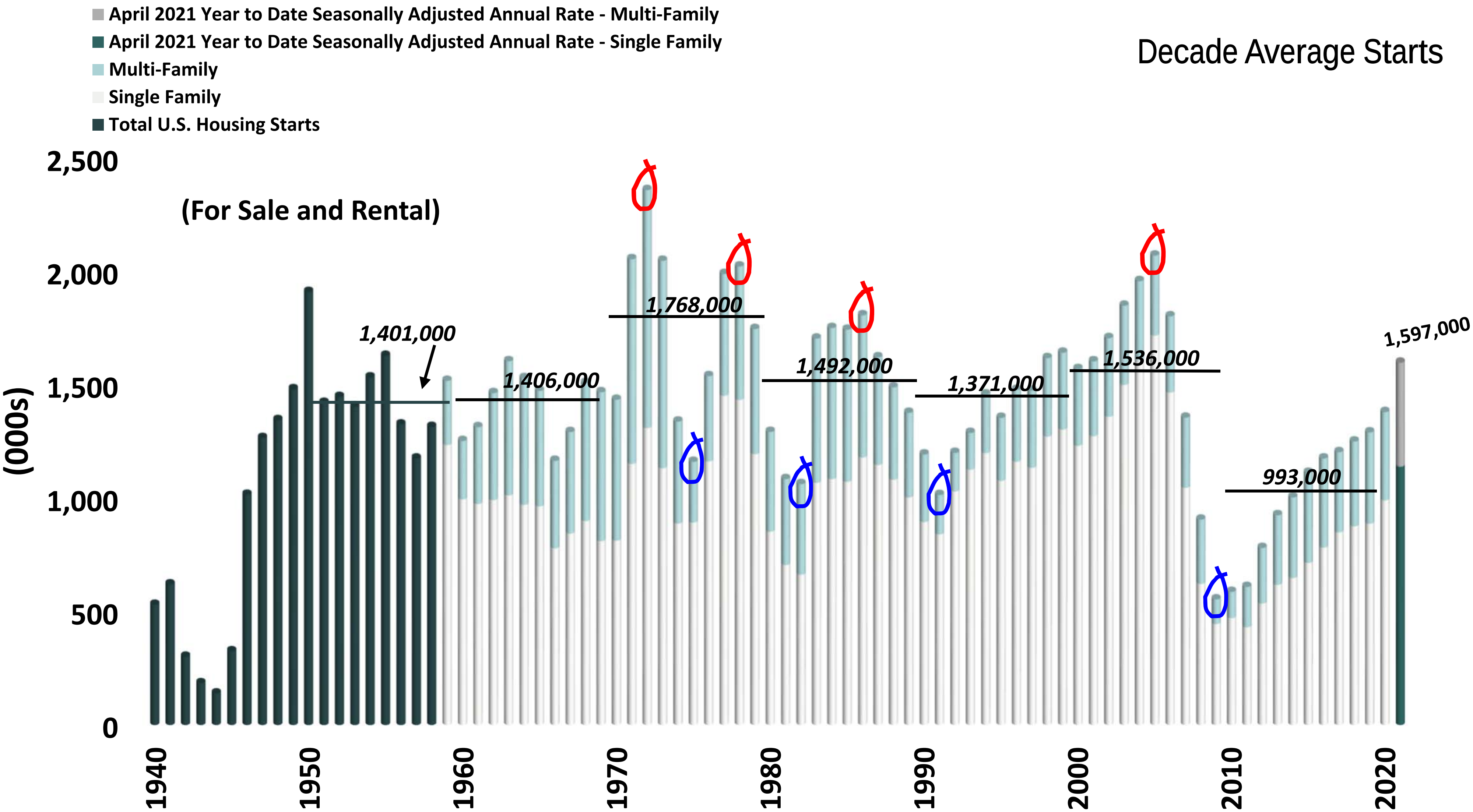


US Population								
In millions	132.2	151.3	179.3	203.2	226.5	248.7	281.4	308.7

Source: U.S. Census Bureau. 2018 – 2028 demand projections are from Joint Center for Housing Studies of Harvard University.

US Housing Production in Retrospective

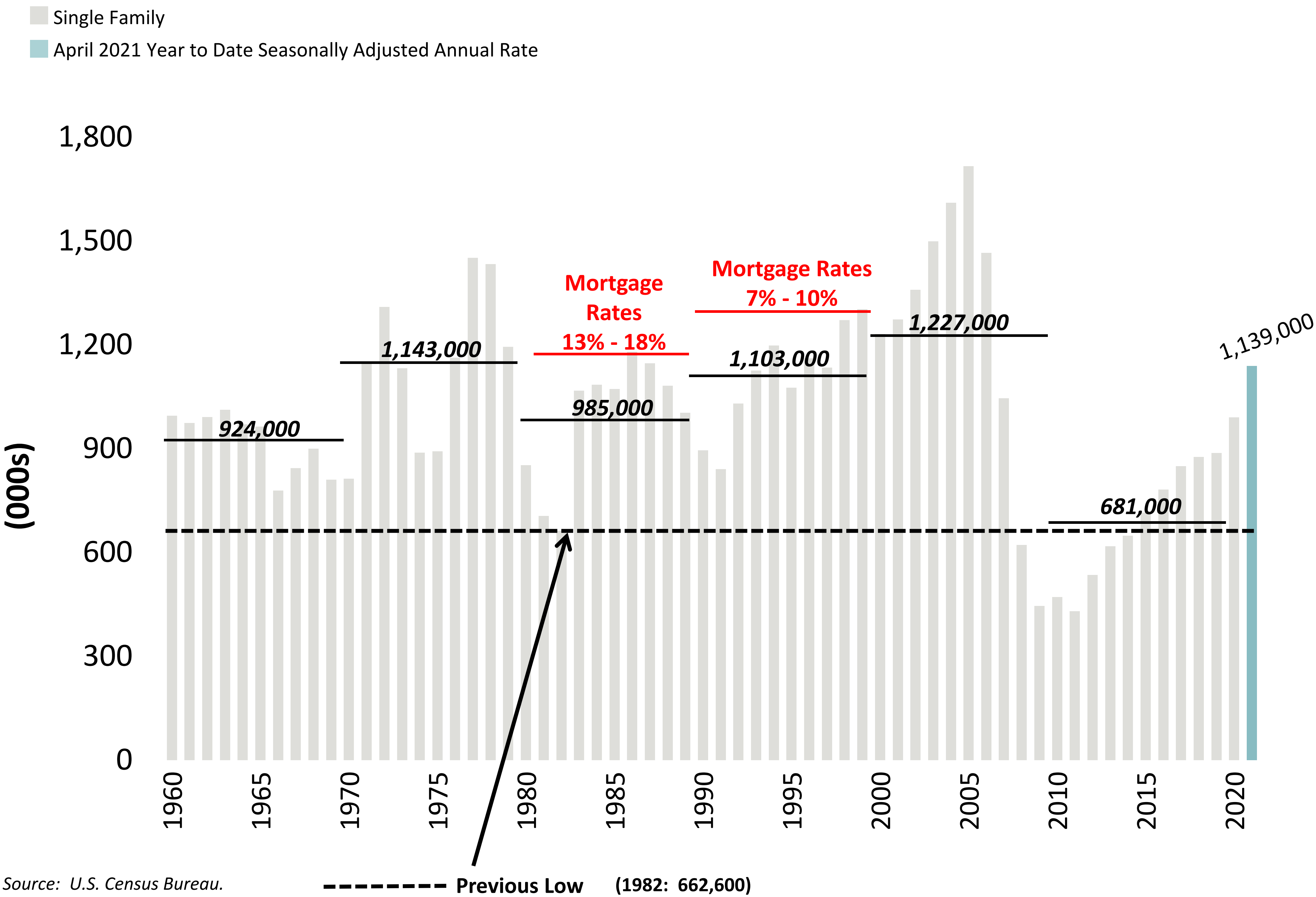
Hovnanian Enterprises, Inc.



US Population								
In millions	132.2	151.3	179.3	203.2	226.5	248.7	281.4	308.7

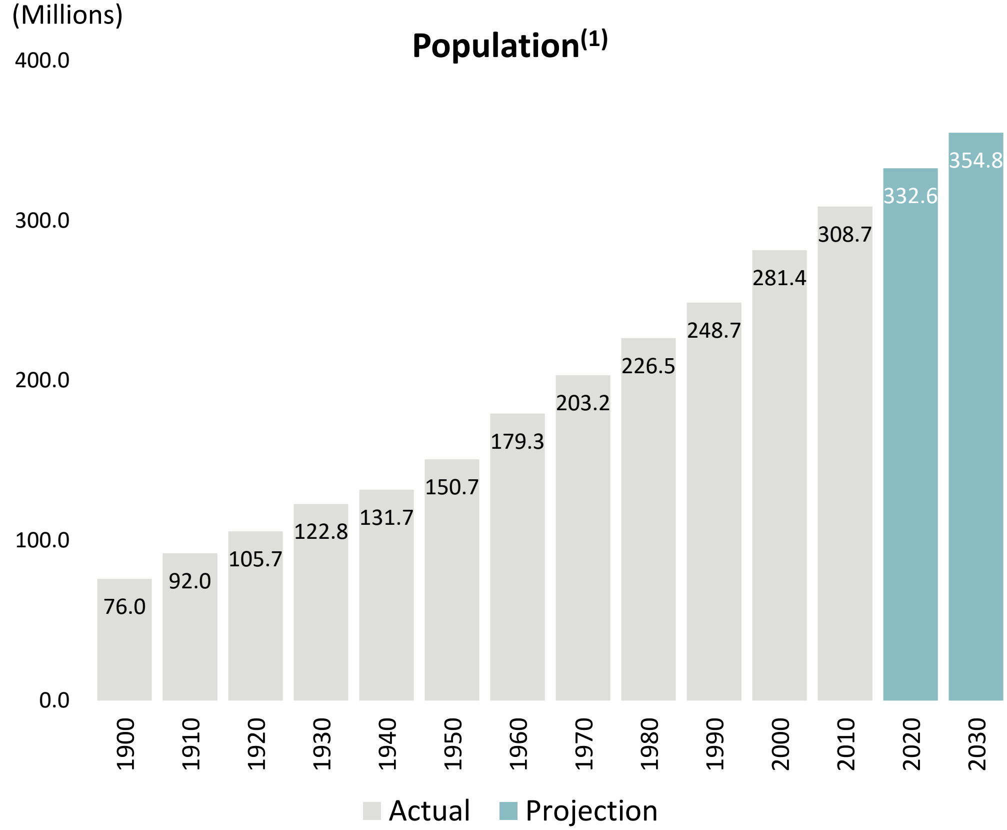
Source: U.S. Census Bureau. 2018 – 2028 demand projections are from Joint Center for Housing Studies of Harvard University.

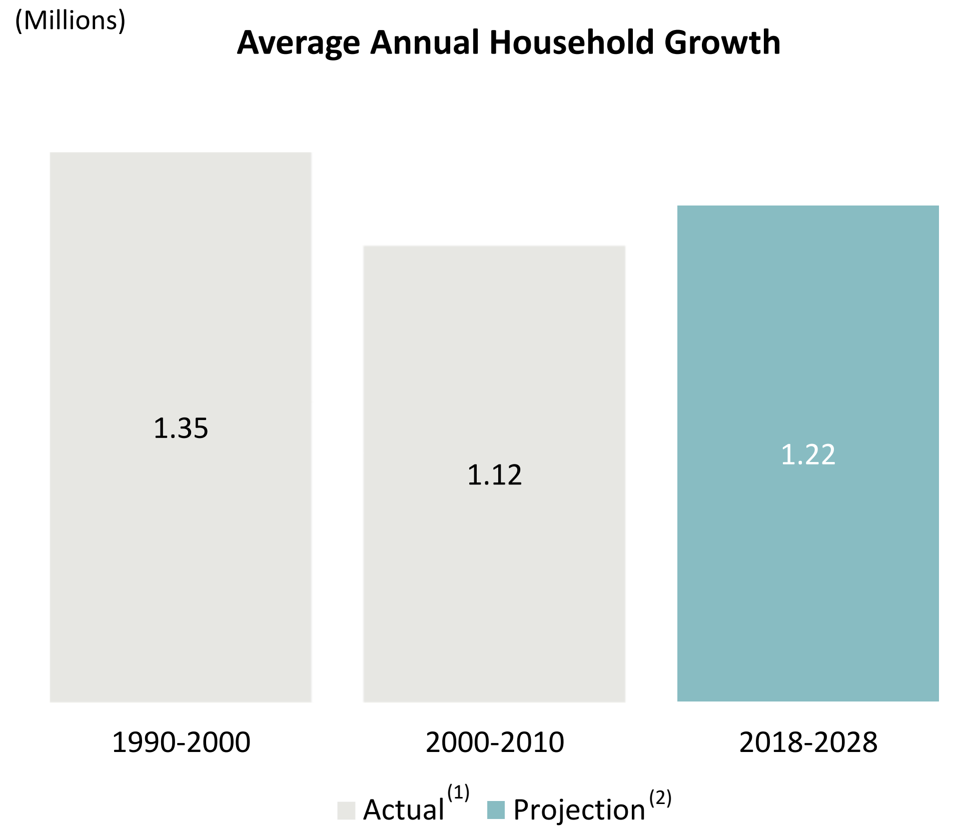
Single Family Production in Retrospective



Source: U.S. Census Bureau.

Historical and Projected Annual Demand





Projected Annual Demand 2018 - 2028[2]

1.22 million household formations

0.17 million demolitions

0.12 million second homes and vacant units

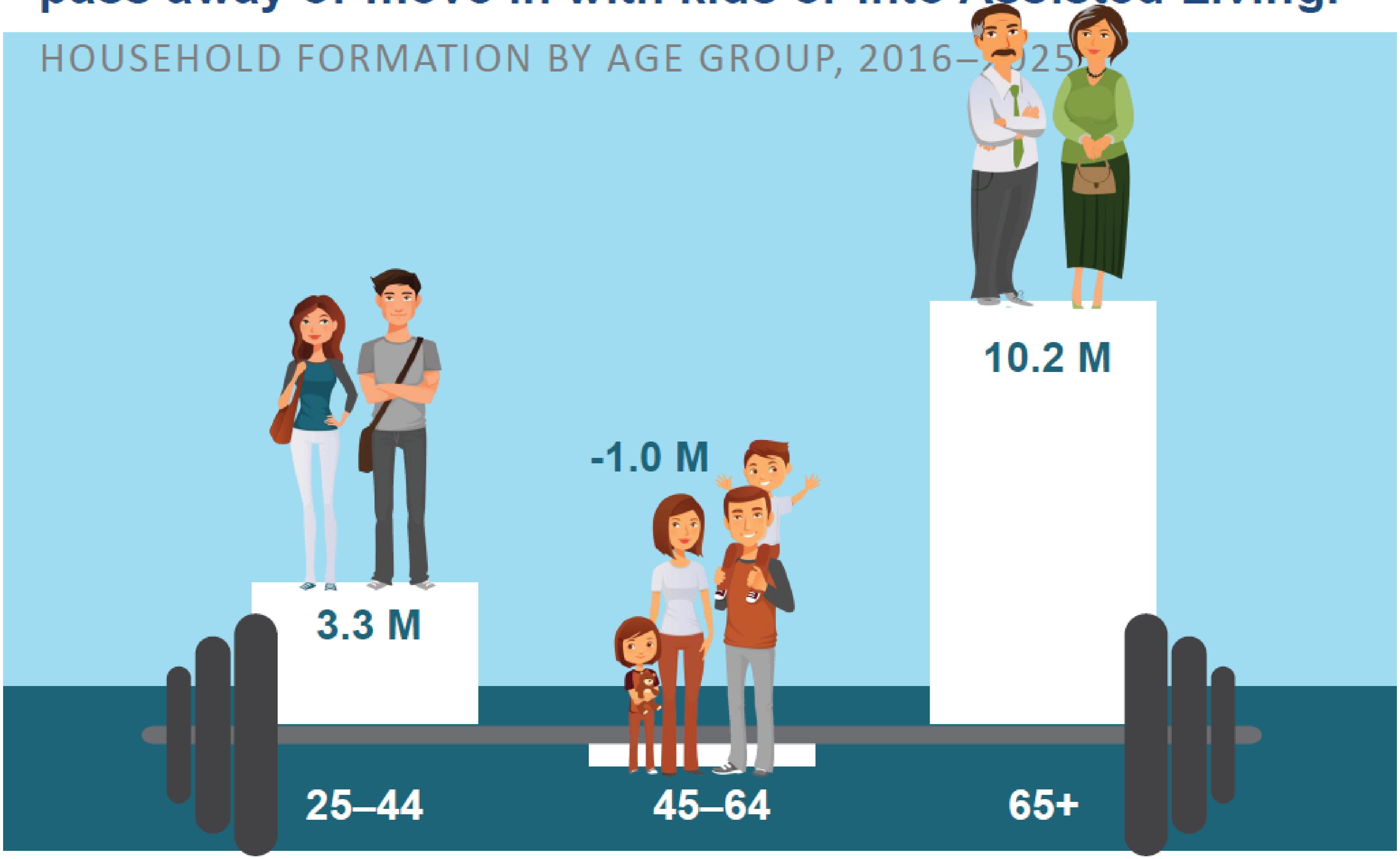
1.51 million new homes per year

(1) U.S. Census Bureau

(2) Joint Center for Housing Studies of Harvard University.

Hovnanian Enterprises, Inc.

Our aging society reduces the need for housing production. Seniors create housing supply when they pass away or move in with kids or into Assisted Living.



Source: John Burns Real Estate Consulting, LLC

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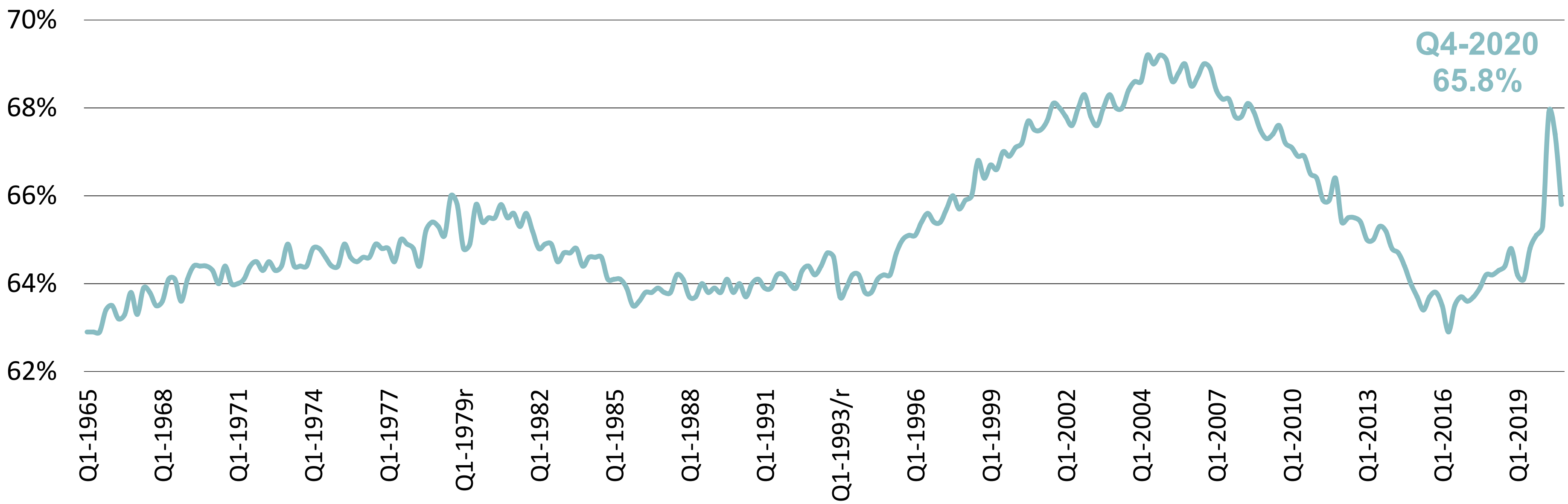
Homeownership Rates

Homeownership Rates for All Households

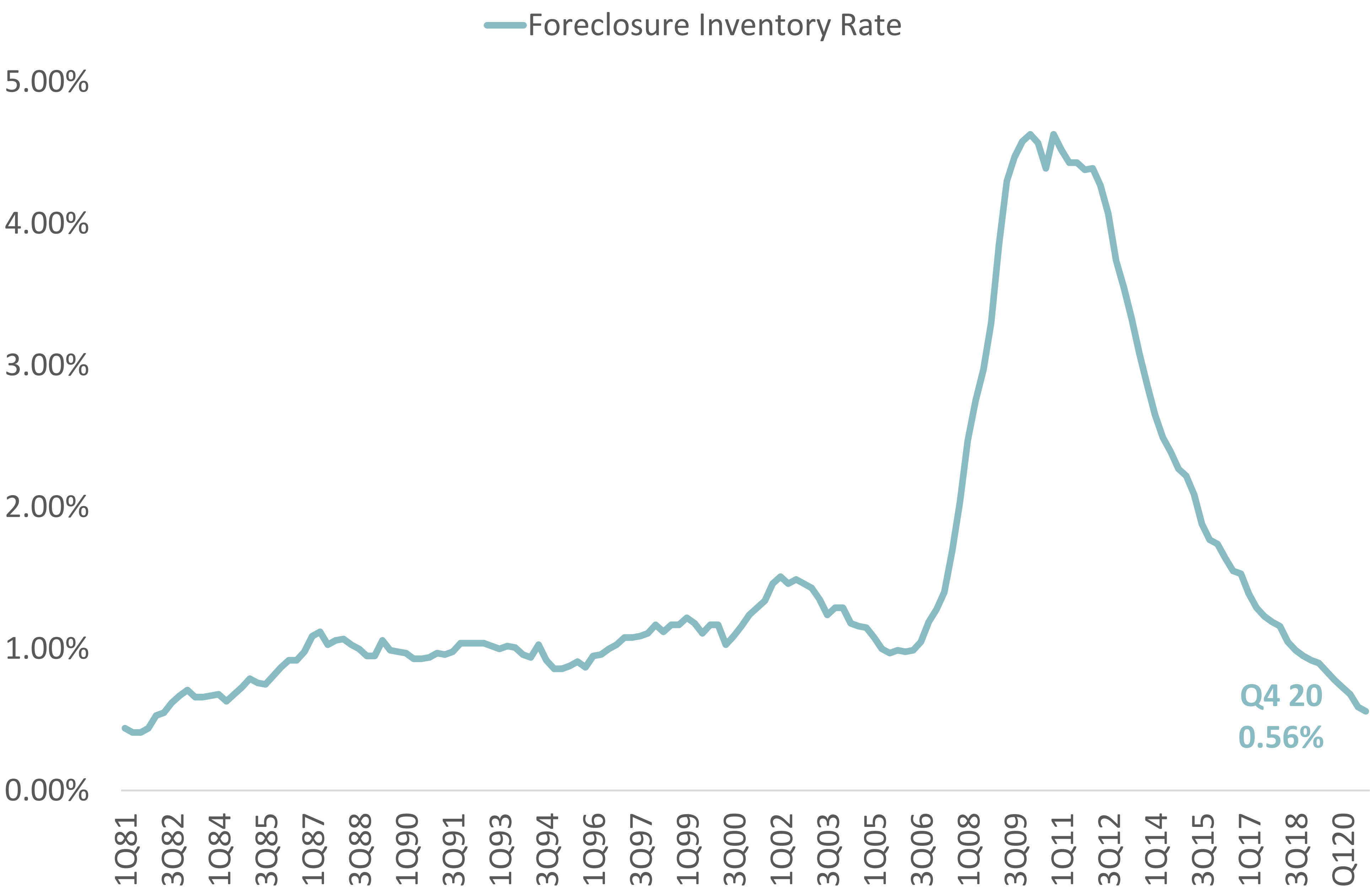


Homeownership Rates By Age of Householder 2020	
Under 35	38.5%
35 – 44	61.0%
45 – 54	69.8%
%55 – 64	76.0%
65 and over	80.2%

- **Homeownership rates increase with age**

Source: U.S. Census Bureau

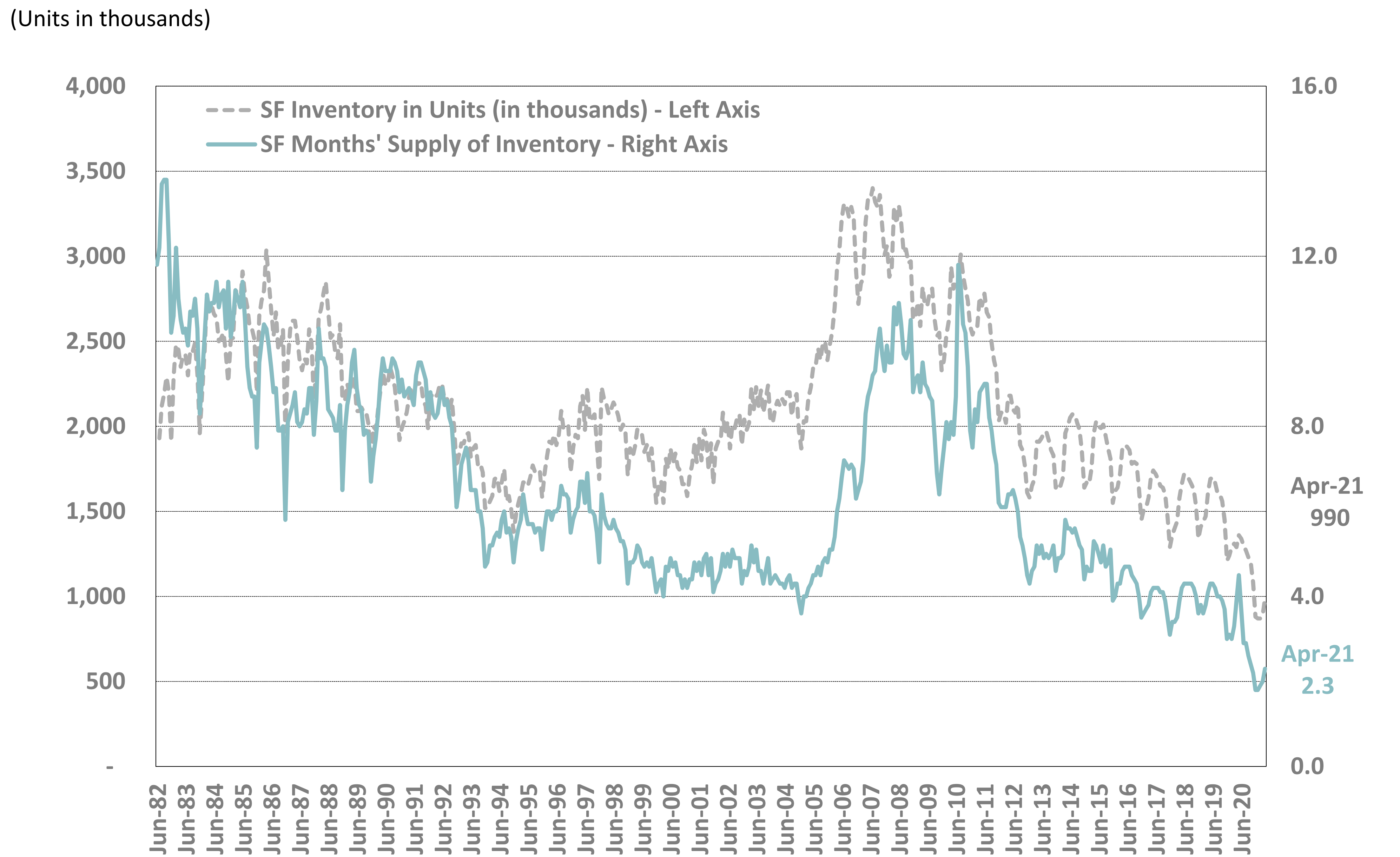
Foreclosure Rates



Source: Mortgage Bankers Association.

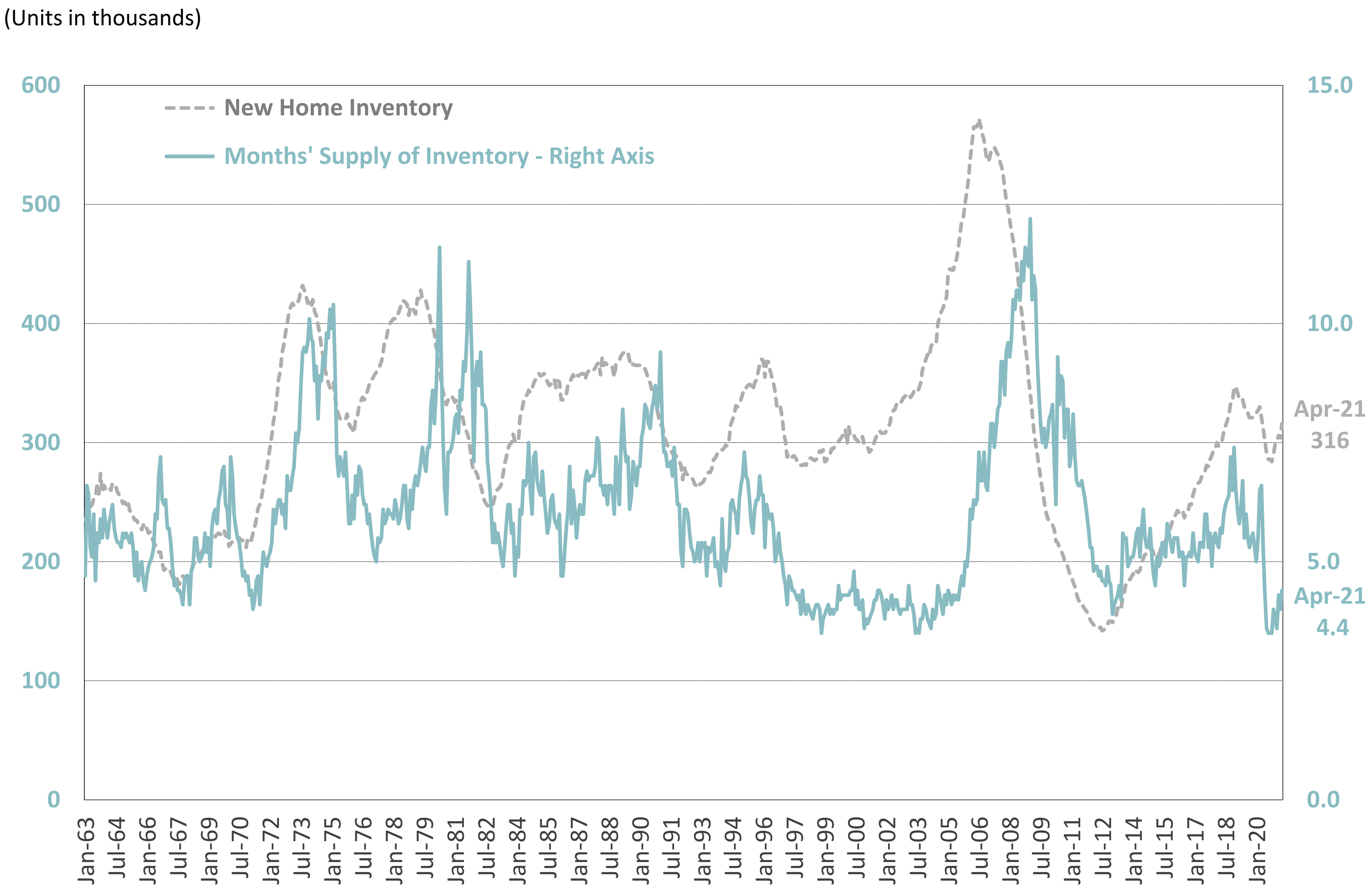
Hovnanian Enterprises, Inc.

Existing Single Family Inventory Versus Months' Supply - June 1982 through April 2021



Source: National Association of Realtors, Zelman & Associates analysis.

New Home Inventory Versus Months' Supply
January 1963 through April 2021



Source: Census Bureau, Zelman & Associates analysis.

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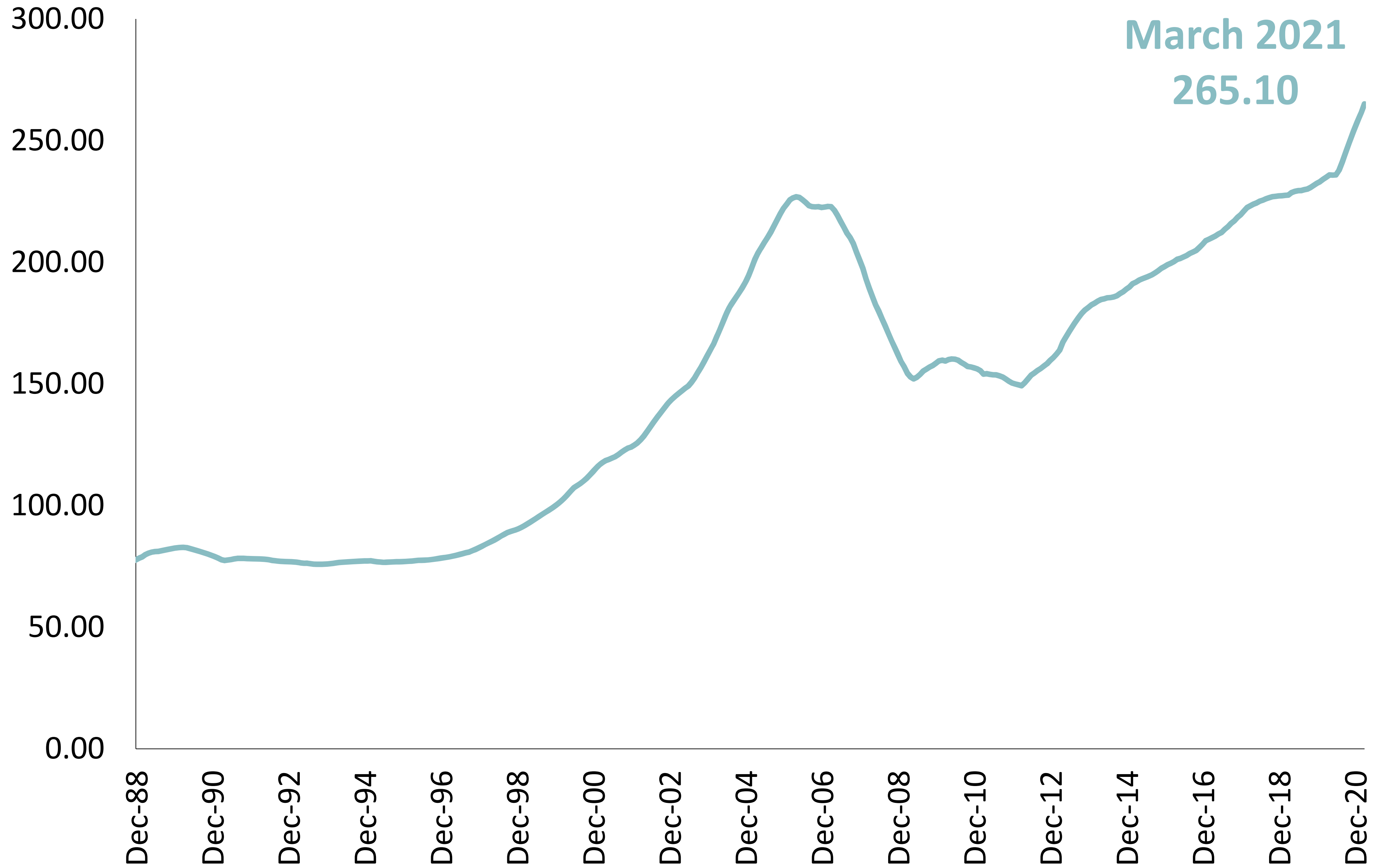
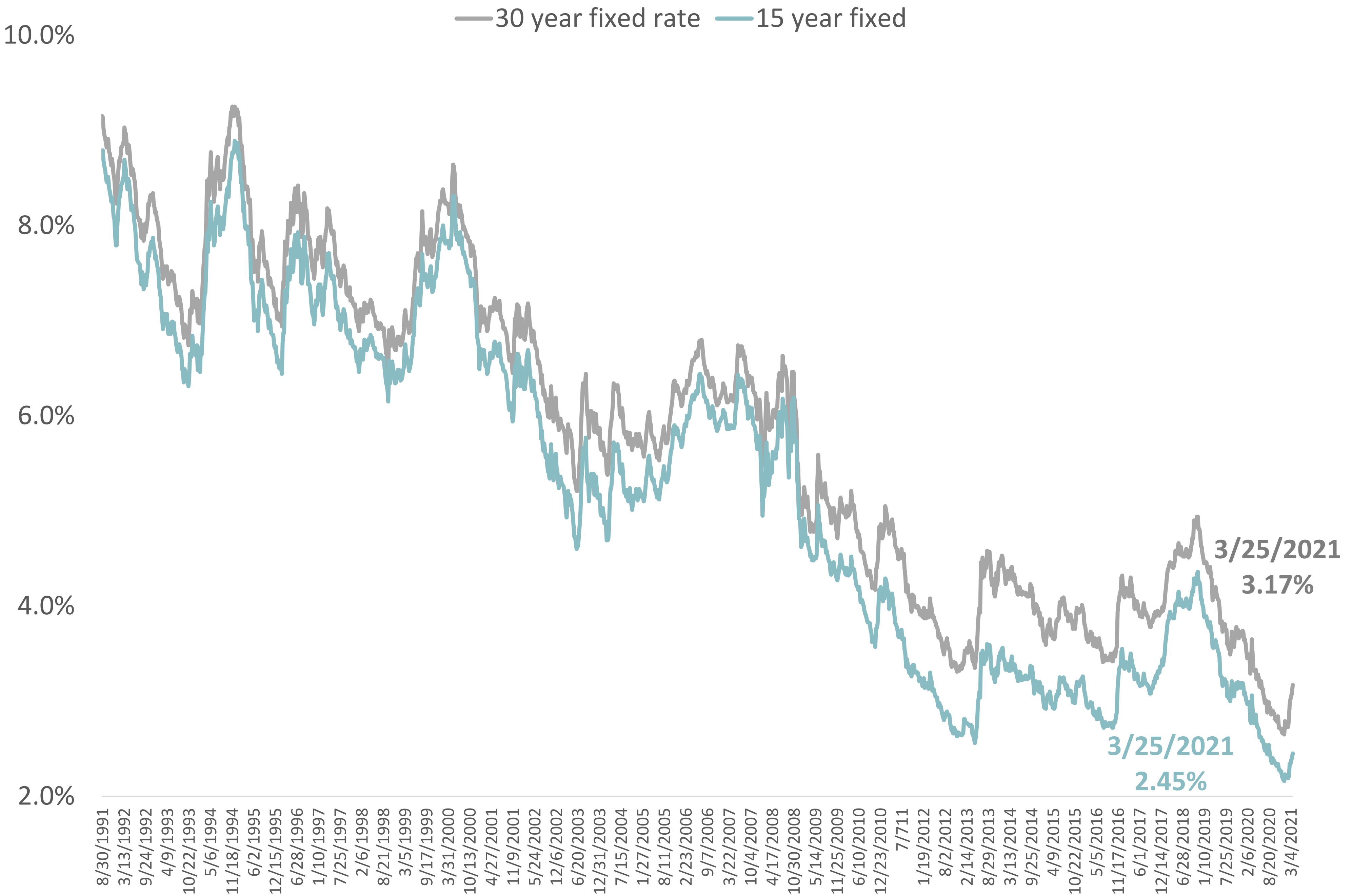
Case-Shiller 10 City Composite Index



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

Hovnanian Enterprises, Inc.

Mortgage Rates

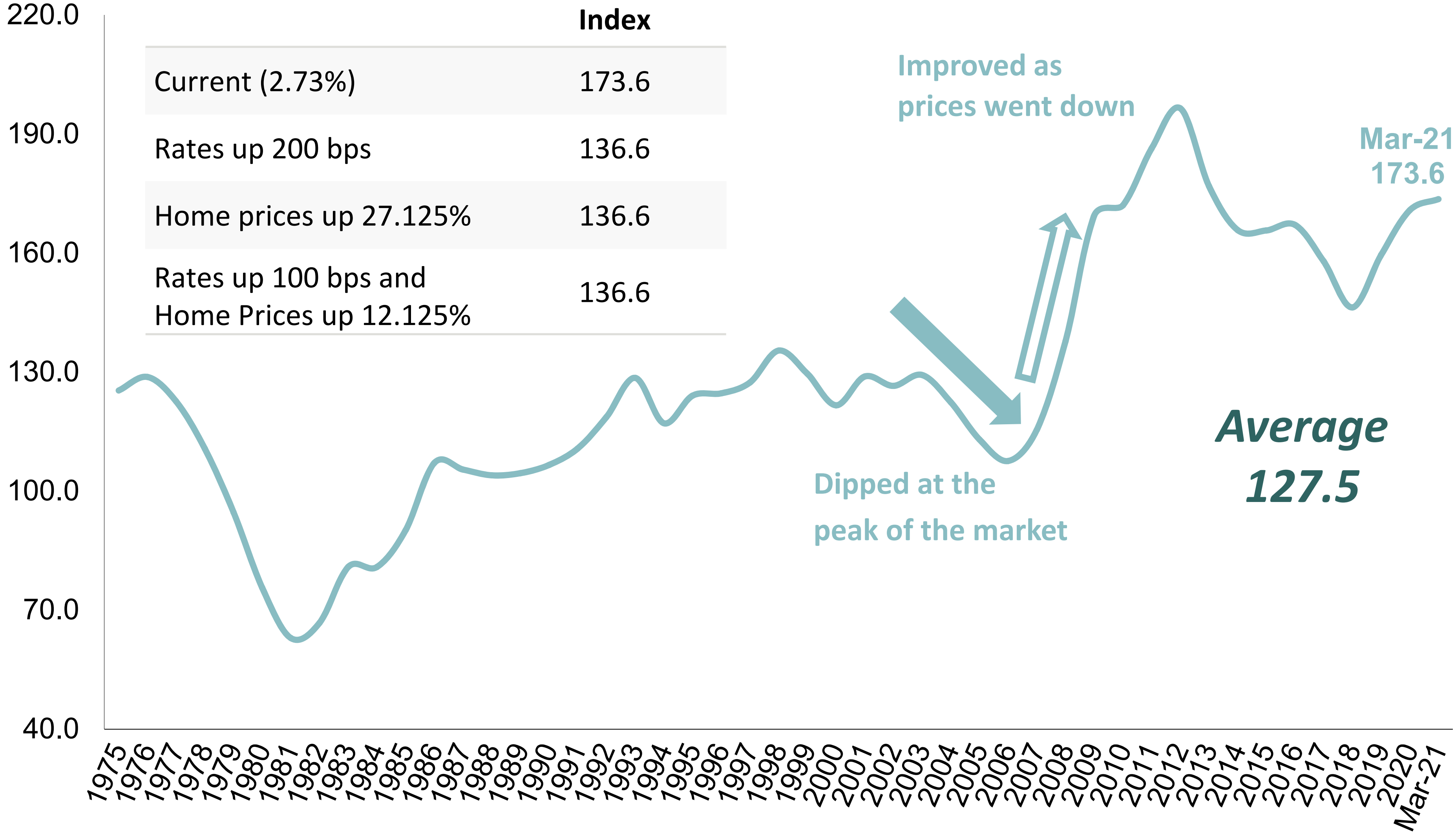


Source: Freddie Mac.

Affordability Index

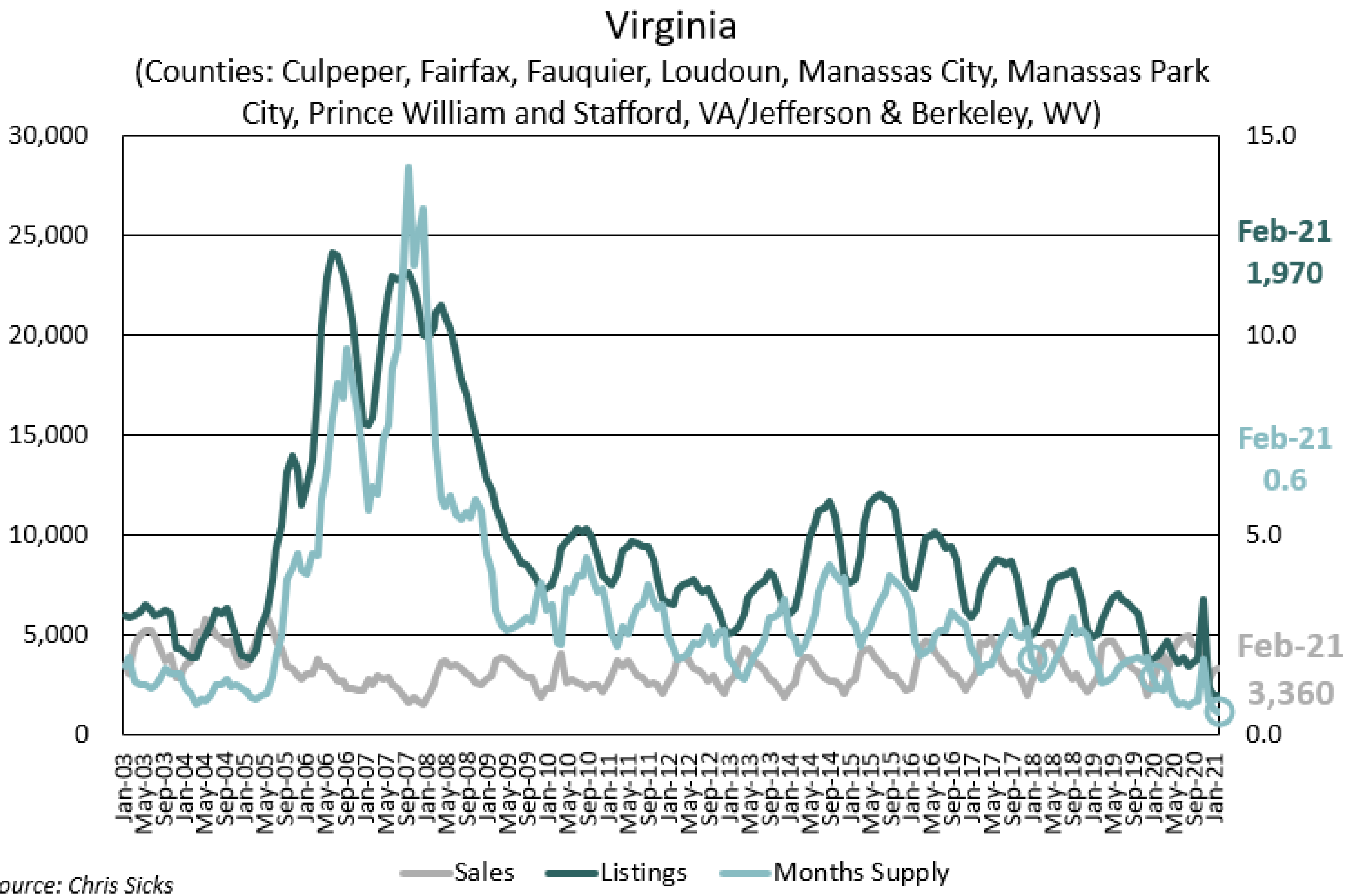
"The higher the affordability Index the better."

	Affordability Index
Current (2.73%)	173.6
Rates up 200 bps	136.6
Home prices up 27.125%	136.6
Rates up 100 bps and Home Prices up 12.125%	136.6



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.

Virginia

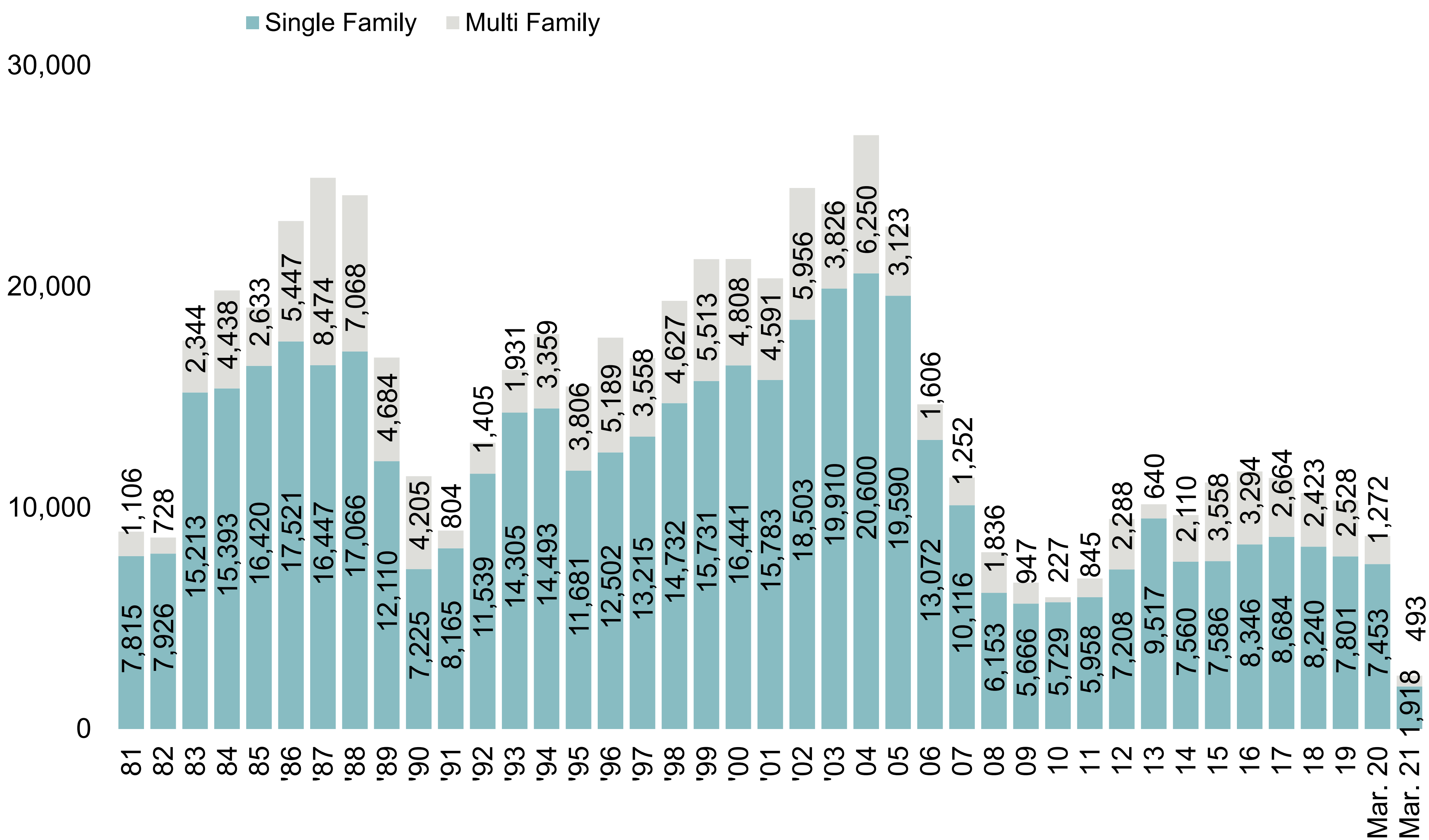


Source: Chris Sicks

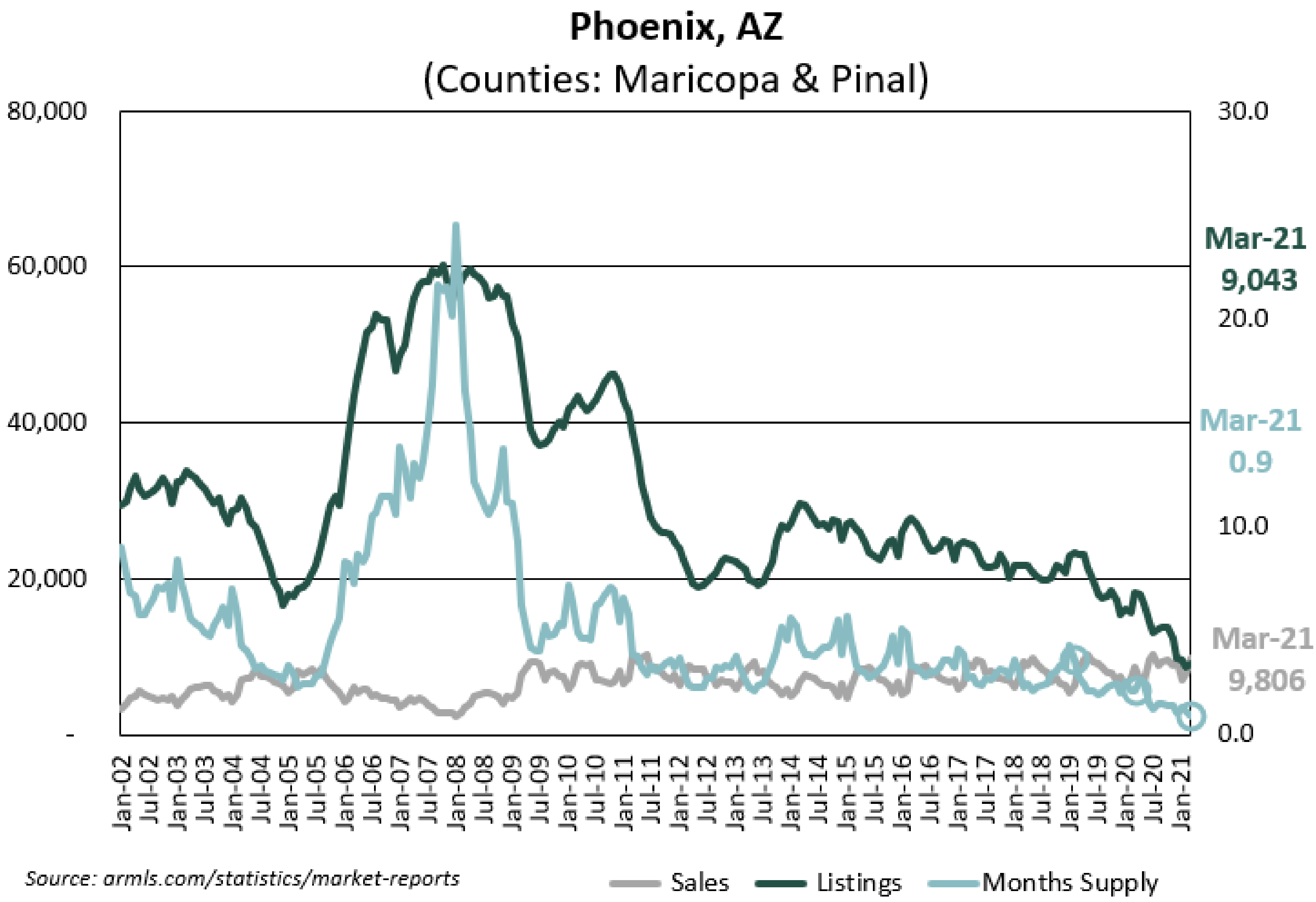
Hovnanian Enterprises, Inc.

Virginia – Building Permits

(Counties: Culpepper, Fairfax, Fauquier, Frederick, Loudon, Manassas, New Kent, Prince William & Stafford VA, Berkeley & Jefferson West Virginia)



Source: US Census Bureau

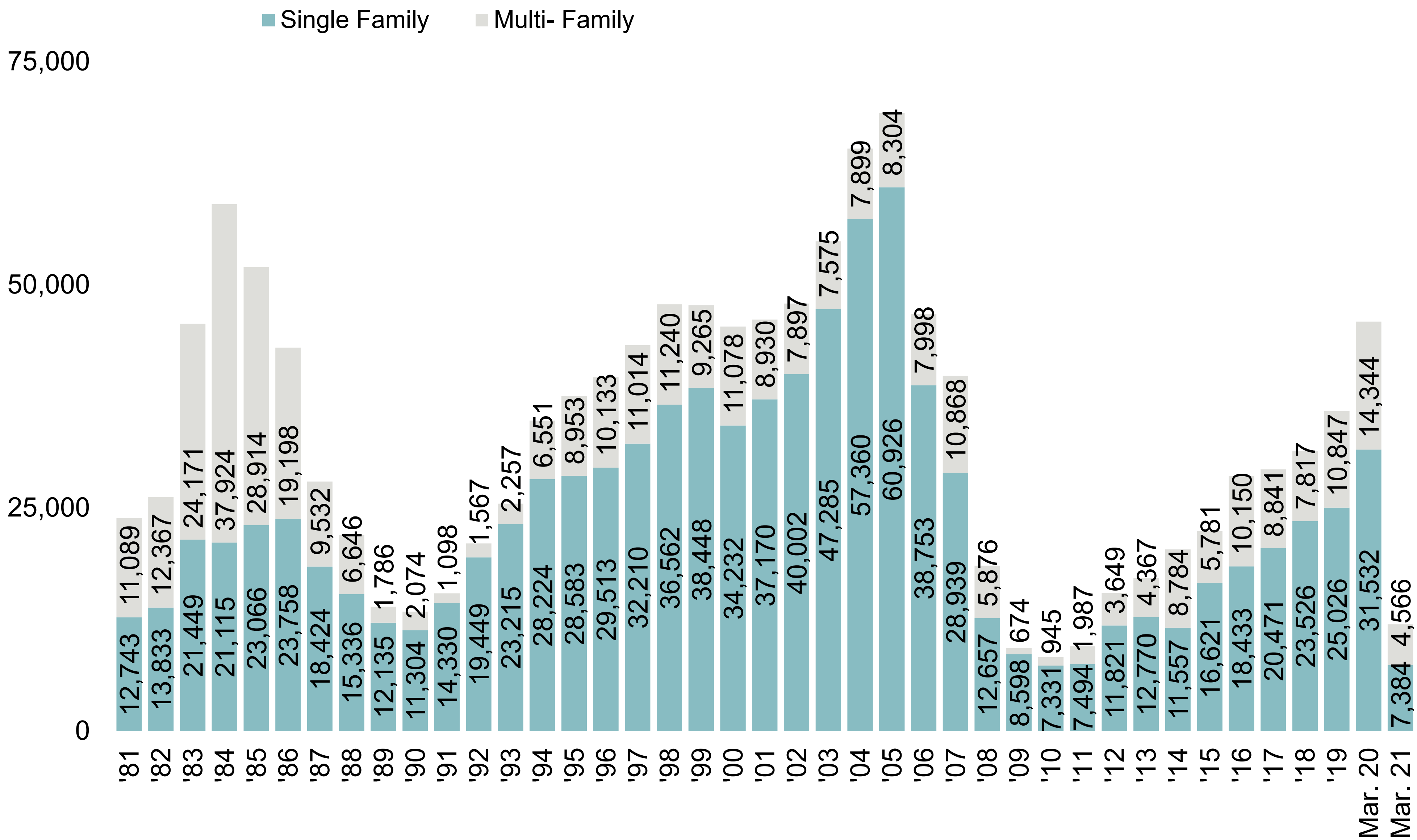


Source: armls.com/statistics/market-reports

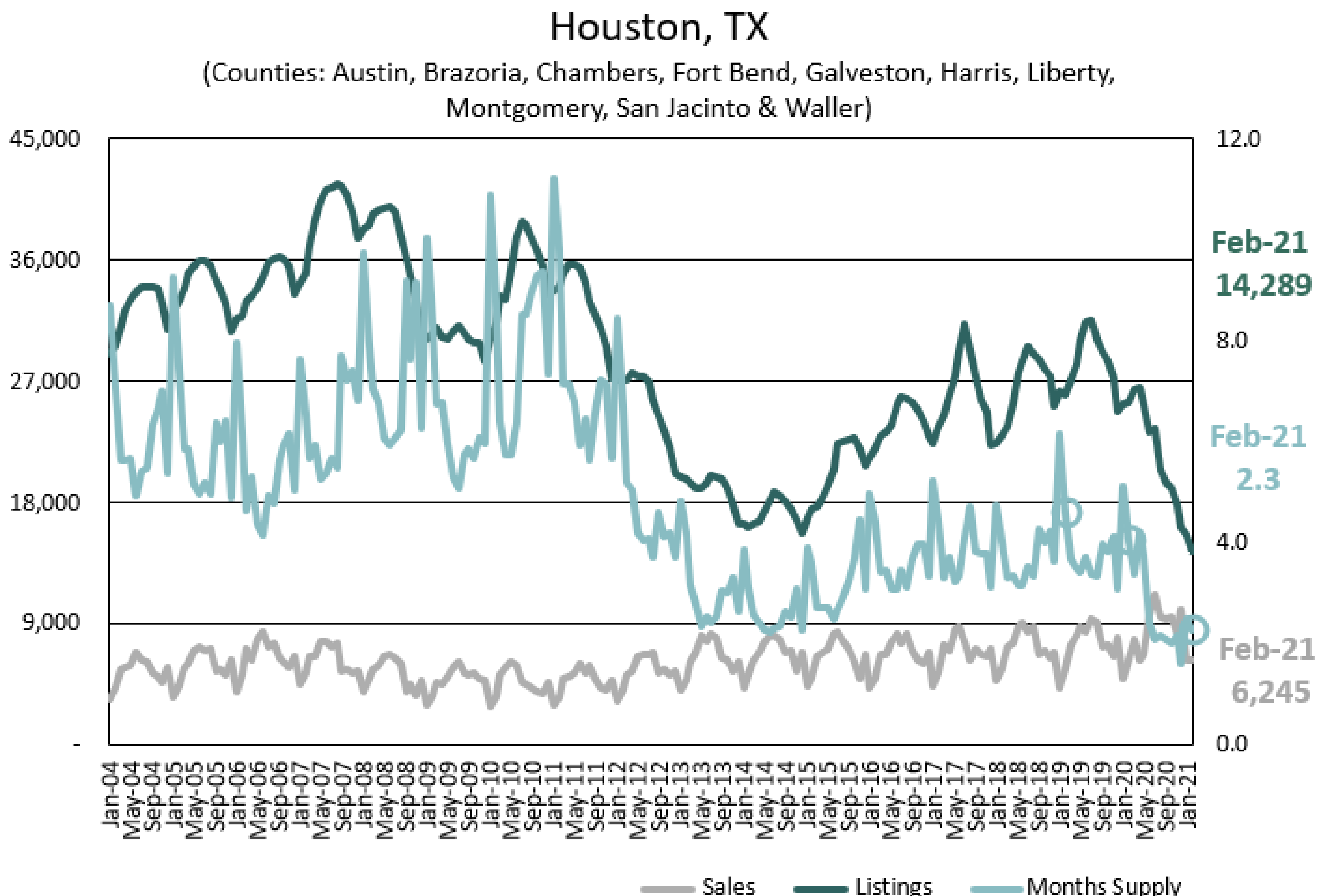
Hovnanian Enterprises, Inc.

Phoenix

(Counties: Maricopa & Pinal)



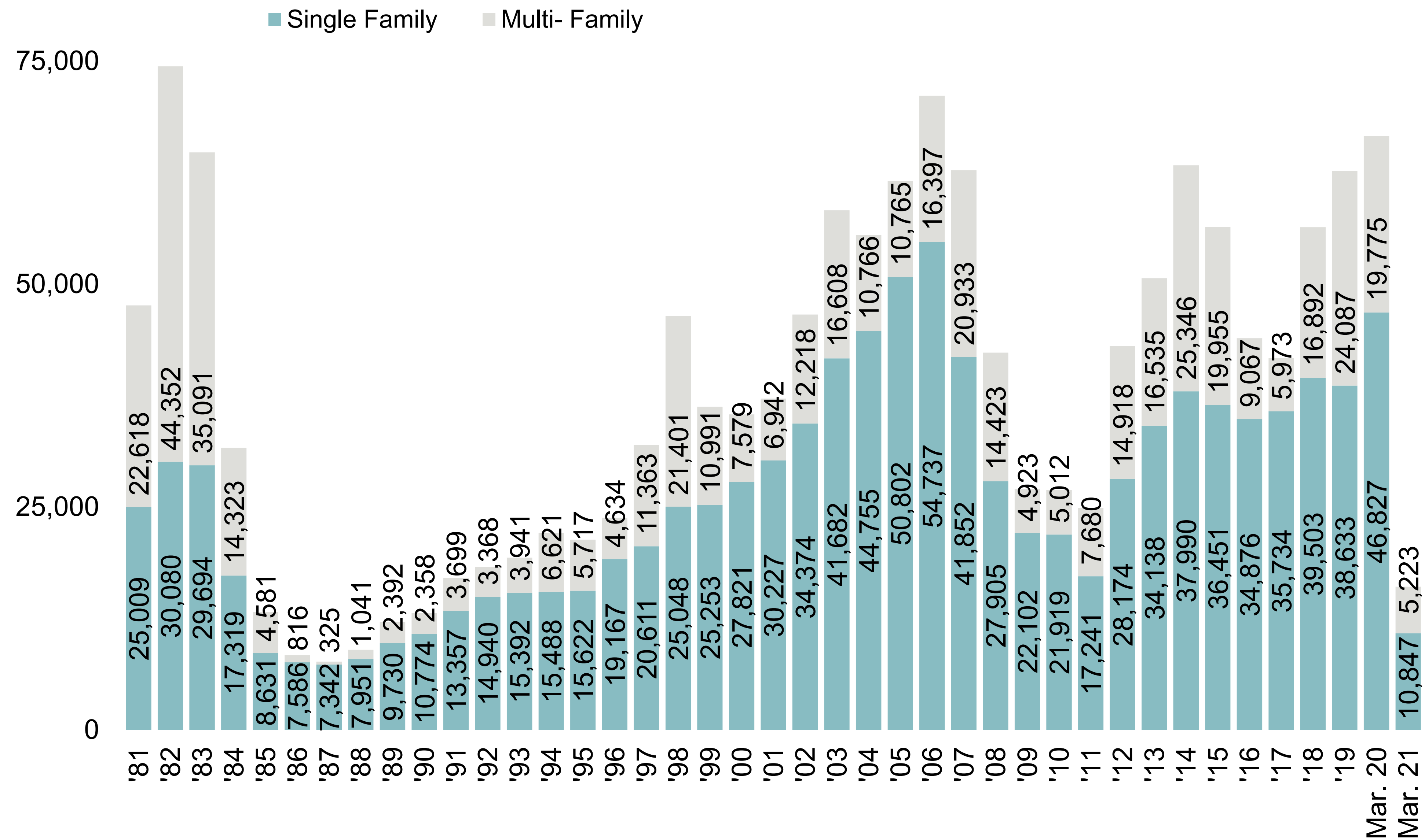
Source: US Census Bureau



Source: Real Estate Center at TX A&M Univ.

Houston

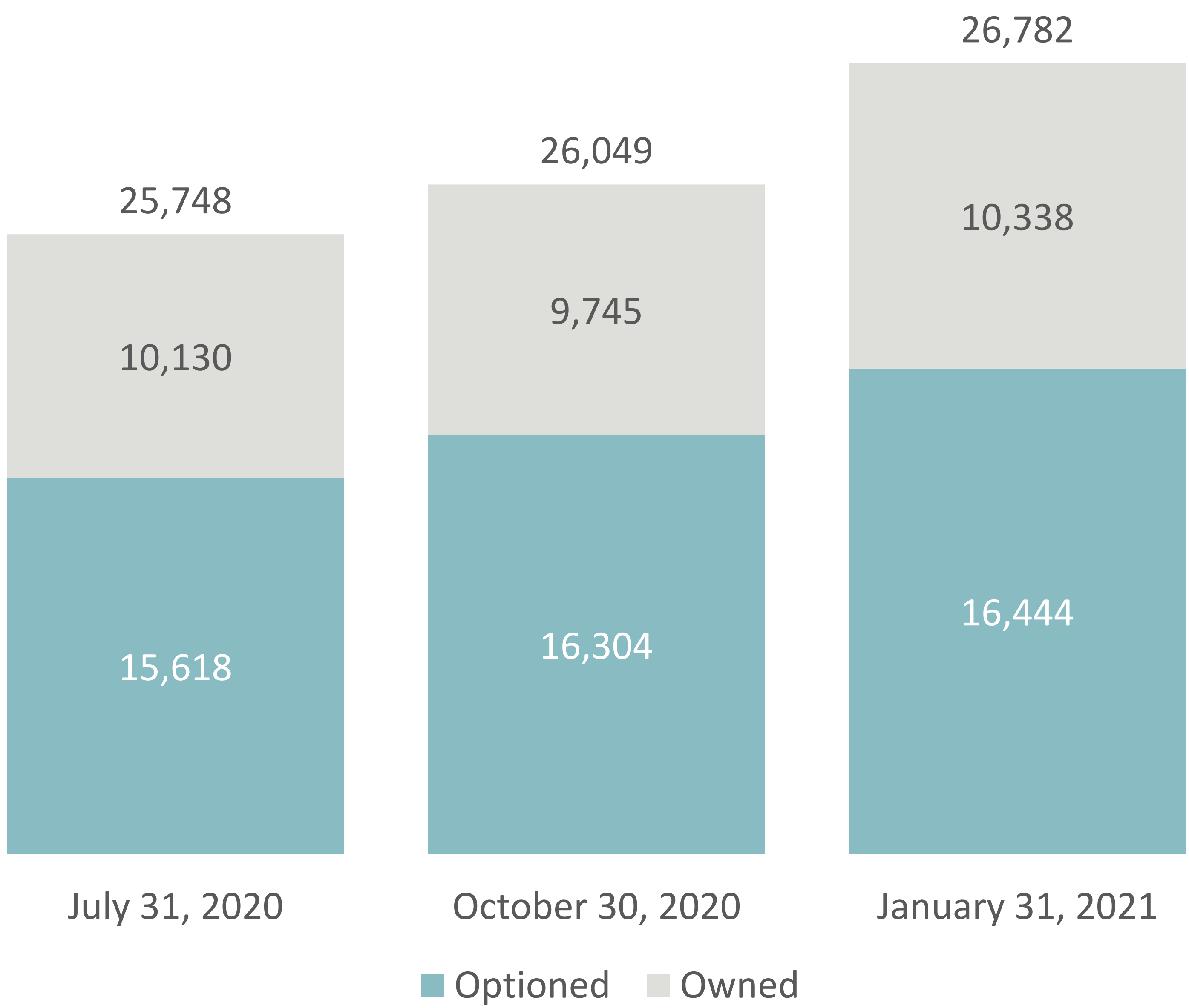
(Counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, & Montgomery)



Source: US Census Bureau

Land Position and Mortgage Information

Total Lots Controlled



- *100% of lots controlled to meet fiscal 2021 growth expectations*
- *Virtually all of the land and communities necessary to achieve further growth in profits in fiscal 2022 are already under contract*

Note: Excludes unconsolidated joint ventures.

Hovnanian Enterprises, Inc.

Increase in Newly Controlled Lots

	Q1 2021[1]
Newly Controlled Lots[2]	2,140
Deliveries & Lot Sales	1,407
# of Newly Controlled Lots in Excess of Deliveries	733
Newly Controlled Lots as a Percentage of Deliveries & Lot Sales	152%

(1) Excludes unconsolidated joint ventures.
(2) Includes newly optioned lots net of 420 walk aways, as well as lots purchased that were not previously optioned.

Hovnanian Enterprises, Inc.

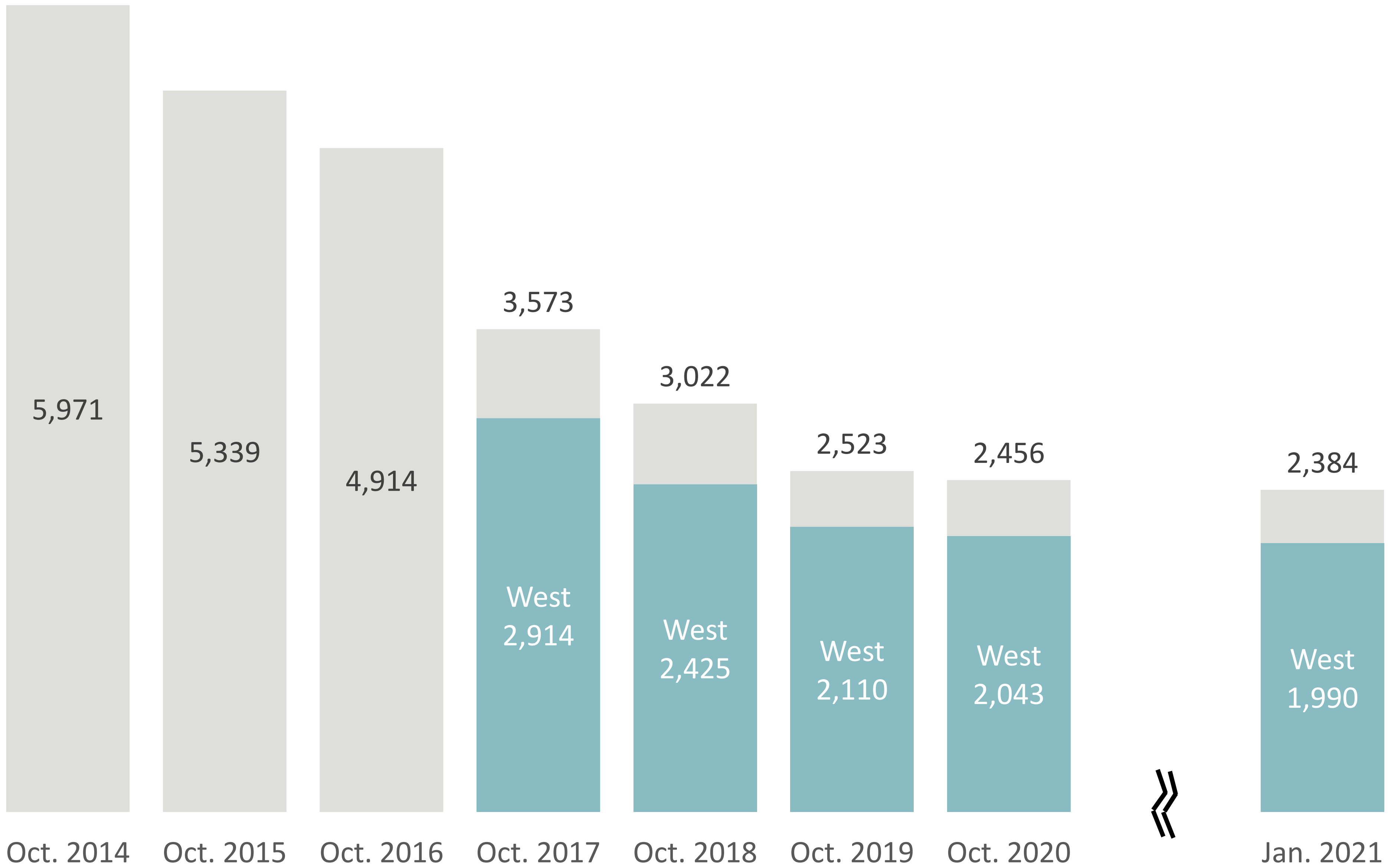
Land Positions by Geographic Segment

Segment	January 31, 2021 Owned: Excluding Mothballed Lots	Owned: Mothballed Lots	Optioned Lots	Total Lots
Northeast	597	6	2,478	3,081
Mid-Atlantic	1,729	280	4,489	6,498
Midwest	870	108	847	1,825
Southeast	955	-	2,064	3,019
Southwest	2,734	-	5,270	8,004
West	1,069	1,990	1,296	4,355
Consolidated Total	**7,954**	**2,384**	**16,444**	**26,782**
Unconsolidated Joint Ventures	1,858	-	516	2,374
Grand Total	9,812	2,384	16,960	29,156

- *Option deposits as of January 31, 2021 were $91 million*
- *$16 million invested in pre-development expenses as of January 31, 2021*

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

Reduction in Mothballed Lots



Mothballed Lots

As of January 31, 2021

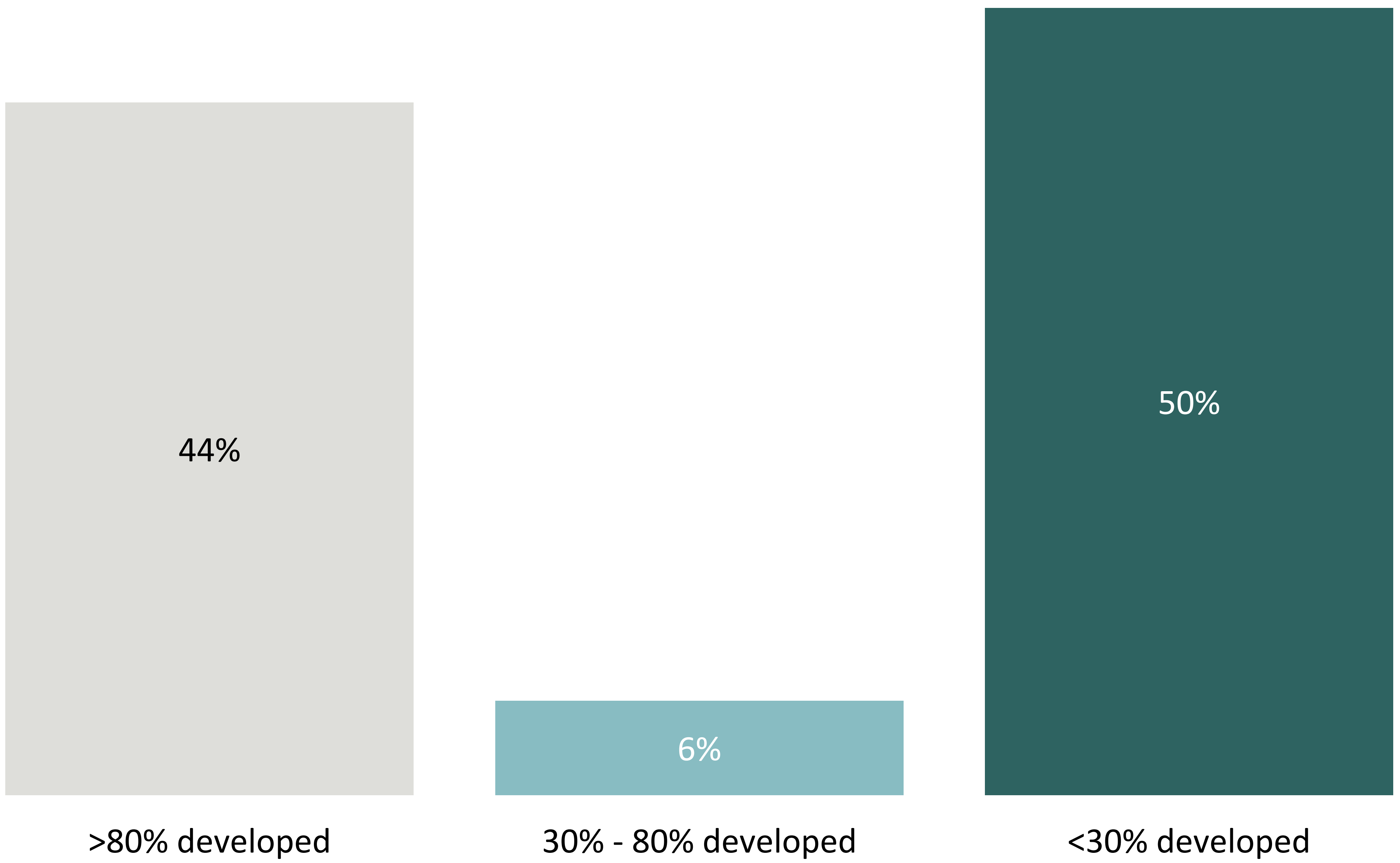
	# of Lots
Northeast (NJ, PA)	6
Mid-Atlantic (DE, MD, VA, WV)	280
Midwest (IL, MN, OH)	108
Southeast (FL, GA, NC, SC)	-
Southwest (AZ, TX)	-
West (CA)	1,990
Total	2,384

- *In 11 communities with a book value of $10 million net of impairment balance of $120 million*
- *Unmothballed approximately 7,700 lots in 102 communities since January 31, 2009*

Hovnanian Enterprises, Inc.

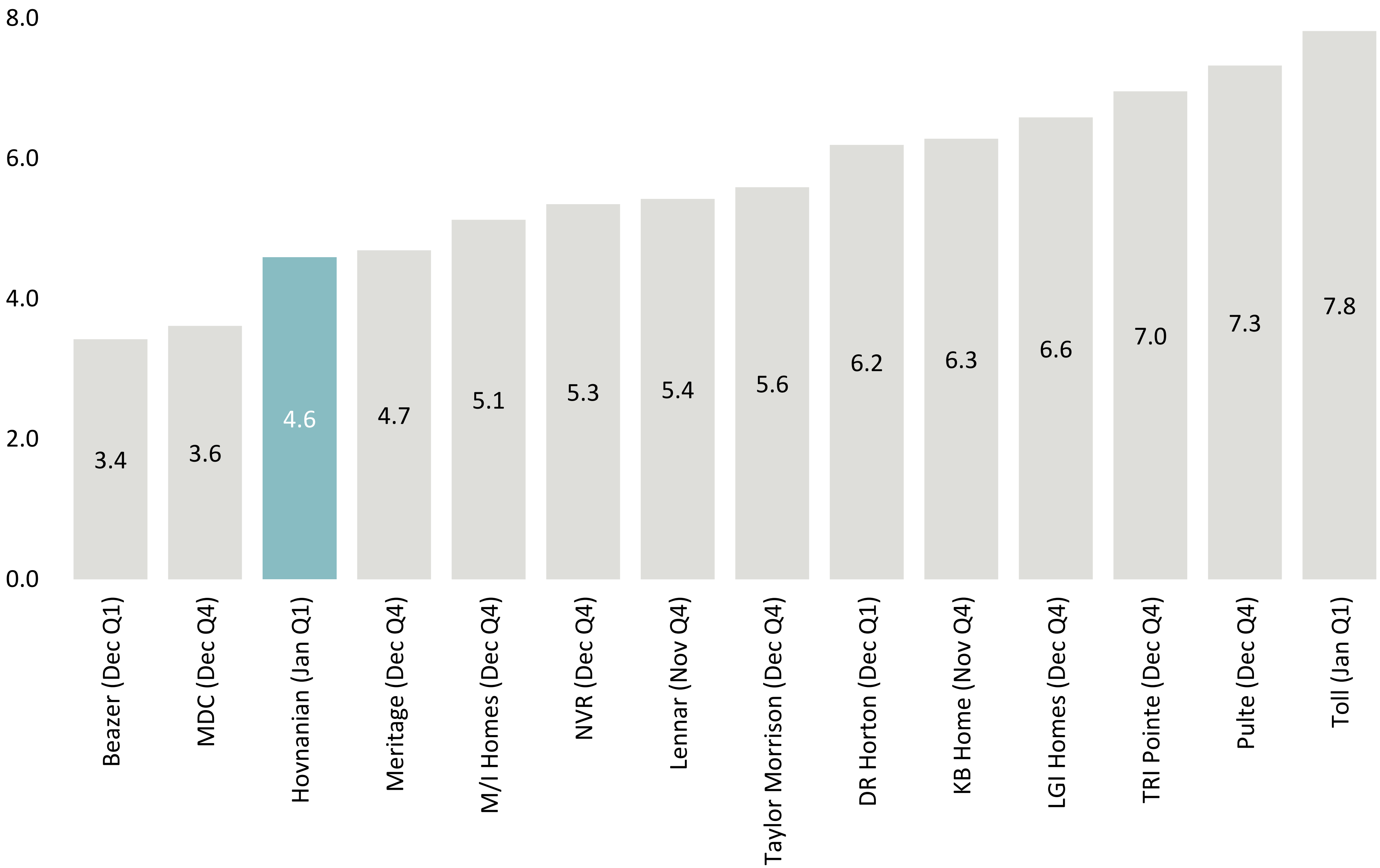
Owned Lots % Development Costs Spent

As of January 31, 2021



Note: Excluding joint ventures.

Total Lots Controlled Years Supply*

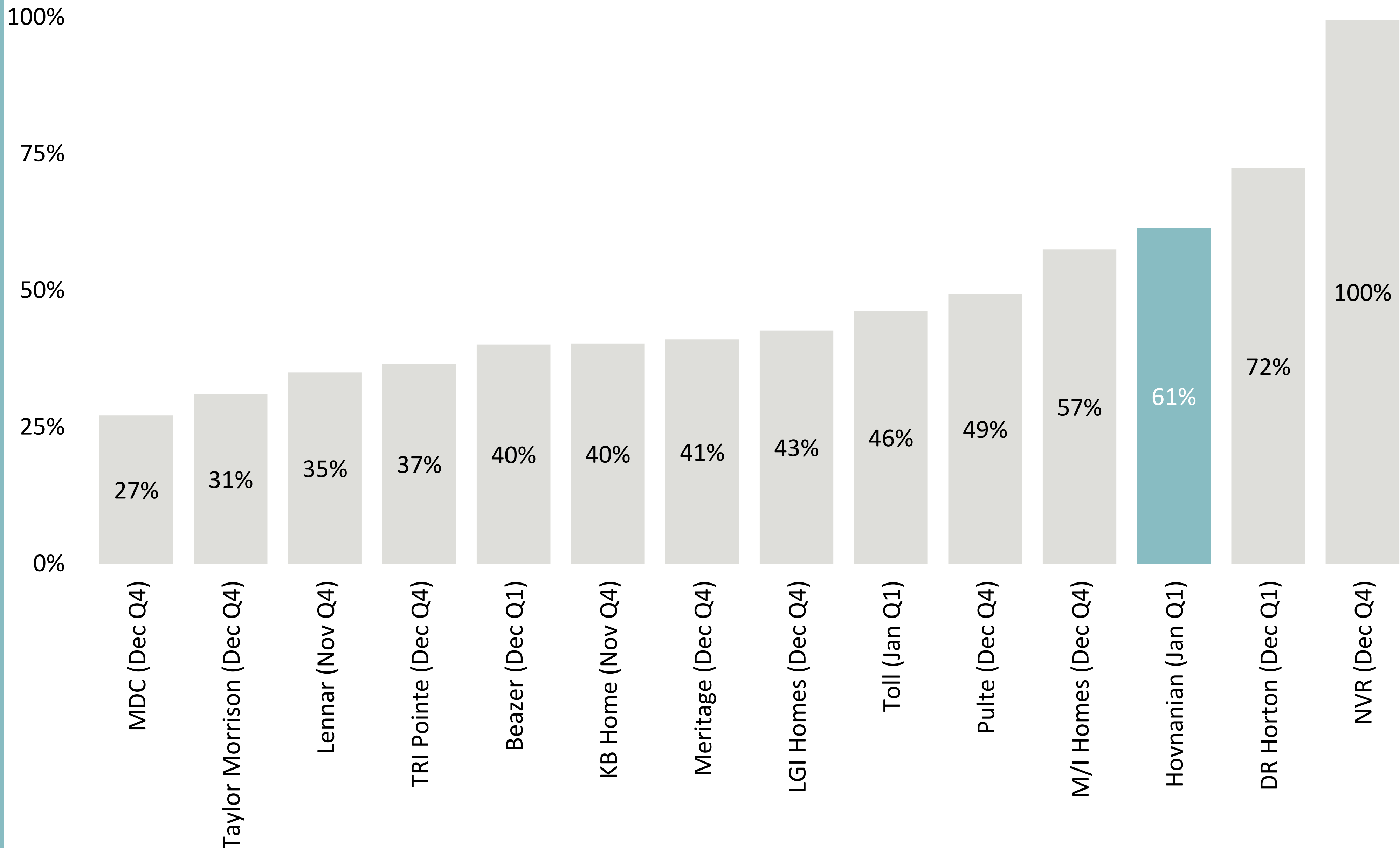


**Years supply based on LTM deliveries*

Source: Company SEC filings and press releases as of 03/02/21.

Note: Excludes unconsolidated joint ventures, except for Hovnanian.

% of Lots Optioned



Source: Company SEC filings and press releases as of 03/02/21.
Note: Excludes unconsolidated joint ventures.

Hovnanian Enterprises, Inc.

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

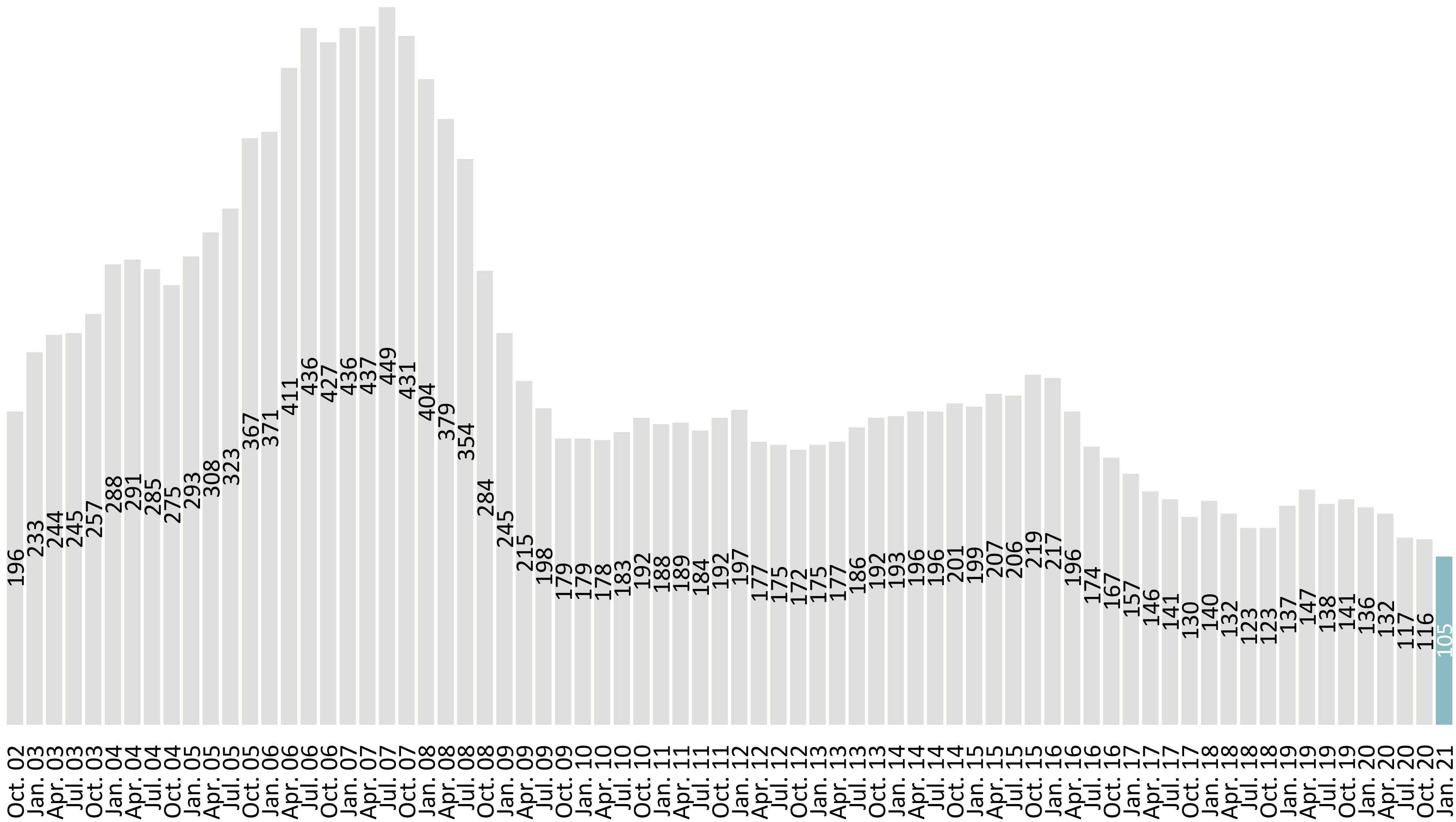
January 31, 2021	Lots Optioned	Total Deposit ($ millions)	Per Lot Deposit ($)	Purchase Value ($ billions)	Per Lot Purchase Value ($)	% Deposit
Total	16,444	$90.8	$5,500	$1.2	$73,000	7.4%

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

Quarterly Community Count

Note: Communities are open for sale communities with 10 or more home sites available.
Note: Excludes our single community unconsolidated joint venture in the Kingdom of Saudi Arabia.

Number of Active Selling Communities



Note: Excluding unconsolidated joint ventures.

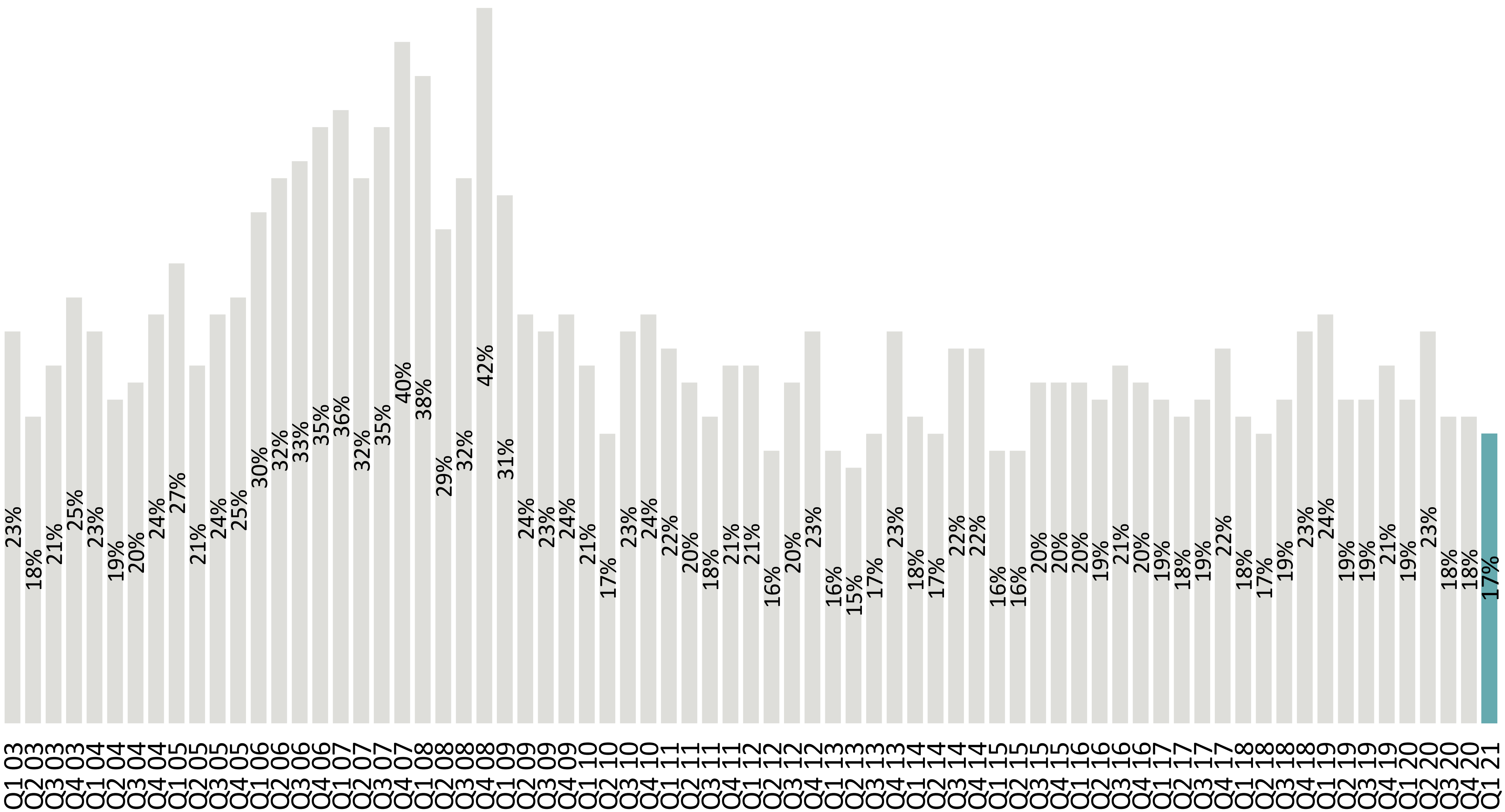
Note: Active are open for sale communities with 10 or more home sites available.

Credit Ratings

	Rating	Outlook
Moody's	Caa2	Stable
Standard & Poor's	CCC+	Stable

Cancellation Rates

Calculated as a % of Gross Contracts



Note: Excluding unconsolidated joint ventures.

Credit Quality of Homebuyers

First Quarter 2021

- Average LTV: 87%
- Average CLTV: 87%
- ARMs: 0.0%
- FICO Score: 740
- Capture Rate: 71%

Fiscal Year 2020

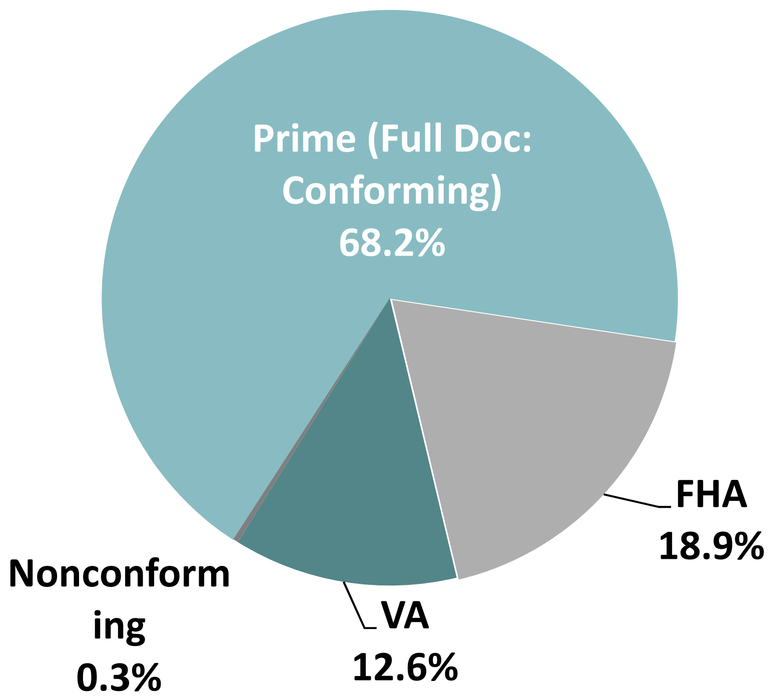
- Average LTV: 86%
- Average CLTV: 86%
- ARMs: 0.4%
- FICO Score: 741
- Capture Rate: 69%

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

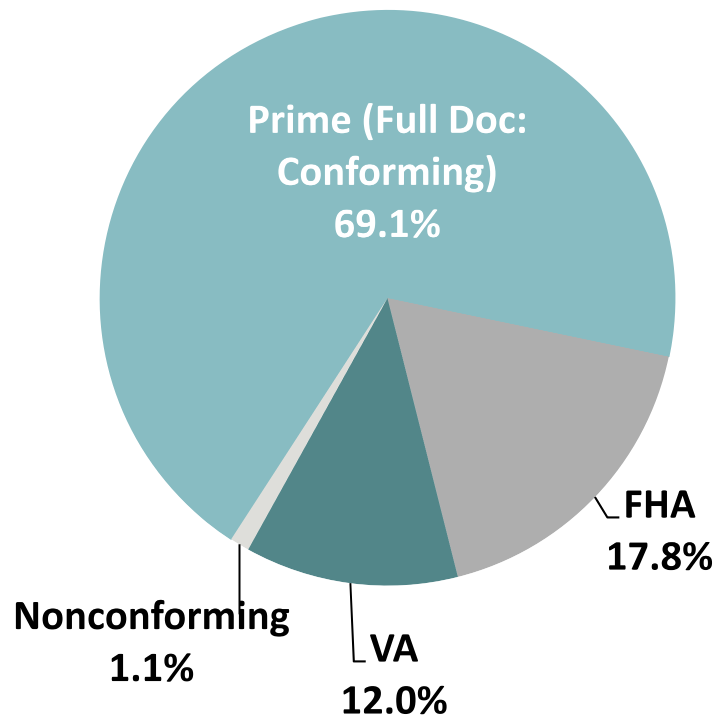
Hovnanian Mortgage Breakdown*

FHA Percentages										
2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
38.0%	34.1%	27.8%	21.5%	15.0%	15.0%	15.2%	14.5%	14.8%	17.6%	17.8%

First Quarter 2021



Fiscal Year 2020



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

Continued Focus on Long-term Strategies

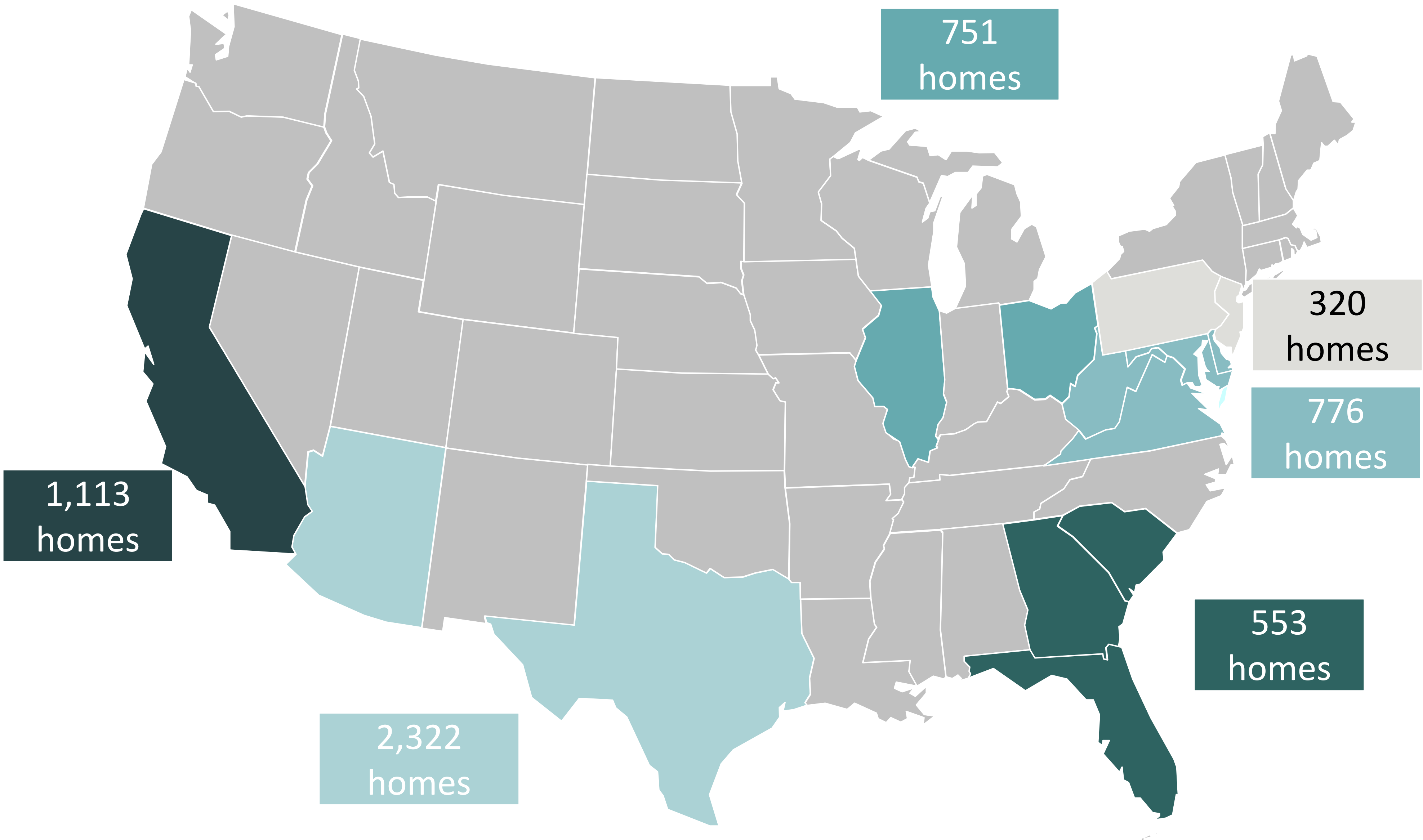
How is Hovnanian Managing?

Staying focused on long-term strategies:

- Market diversity and dominance
- Product diversity
- Training and development of our people
- Customer satisfaction
- Efficient processes

Hovnanian Enterprises, Inc.

Market Diversity

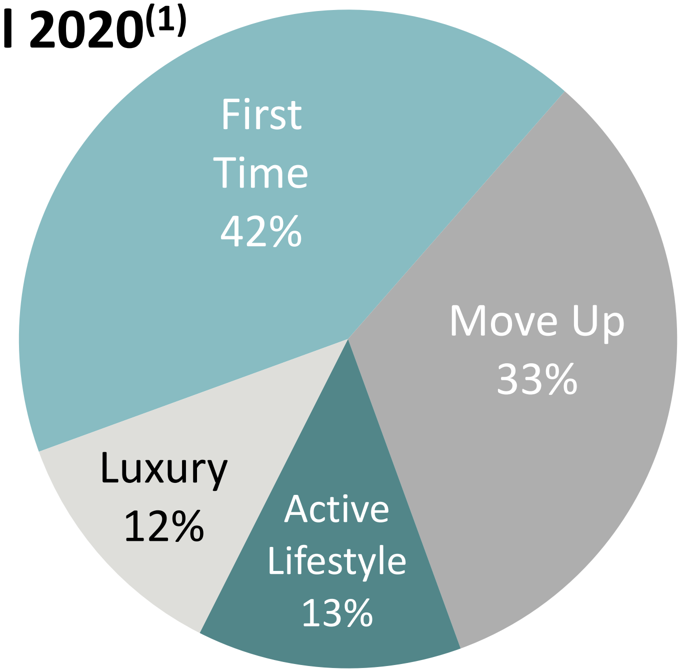


Note: Based on last twelve months deliveries as of January 31, 2021; excludes joint ventures.
Note: Exited Raleigh, NC and Minneapolis, MN in May 2016.

Hovnanian Enterprises, Inc.

Broad Product Diversification

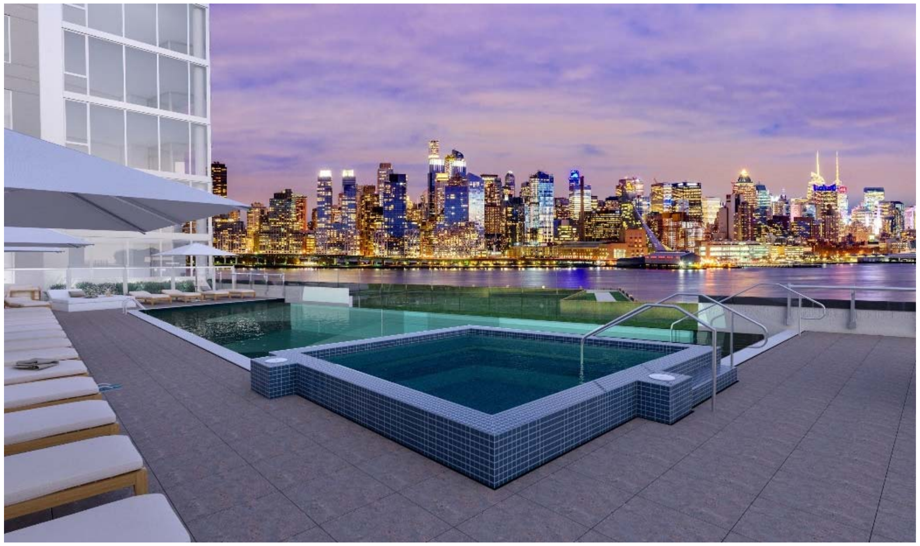
Fiscal 2020[1]



(1) Includes unconsolidated joint venture deliveries.

Broad Product Diversification

Nine on the Hudson
Jersey City, New Jersey



Admiral's Landing
Baltimore, MD

Broad Product Diversification - Aspire

Aspire at Sienna Hills
Buckeye, Arizona

K. Hovnanian's Four Seasons - Active Lifestyle Communities

Proven Integrator

Company Acquisitions (14 since 1999)

- Goodman Homes (TX) – '99
- Matzel and Mumford (NJ) – '99
- Washington Homes (DC, NC) – '01
- Forecast Homes (CA) – '02
- Parkside Homes (TX) – '02
- Brighton Homes (TX) – '02
- Summit Homes (OH) – '03
- Great Western Homes (AZ) – '03
- Windward Homes (FL) – '03
- Town and Country Homes (IL, MN, FL) – '05
- Cambridge Homes (FL) – '05
- Oster Homes (OH) – '05
- First Home Builders of Florida – '05
- CraftBuilt Homes (SC, GA) – '06

Land Portfolio Acquisitions (5 since 2001)

- Kushner (NJ) – '01
- Quaker Group (NJ, PA) – '02
- Rocky Gorge (DC, MD, VA) – '04
- Landmark (MD) – '05
- Regional Homes (MD) – '05

Enhancing Operational Efficiency

- Focus on production efficiency and implementing best practices
  - National contracts
  - Evenflow production
  - Exploring benefits of vertical integration and supply chain optimization
- Standardize products and processes to drive down costs and improve quality
- Implement technology where it leads to a competitive advantage
- Align quality and customer satisfaction with operating culture through incentives
- Attract and develop quality associates – critical to future success

Joint Ventures

($ in millions)

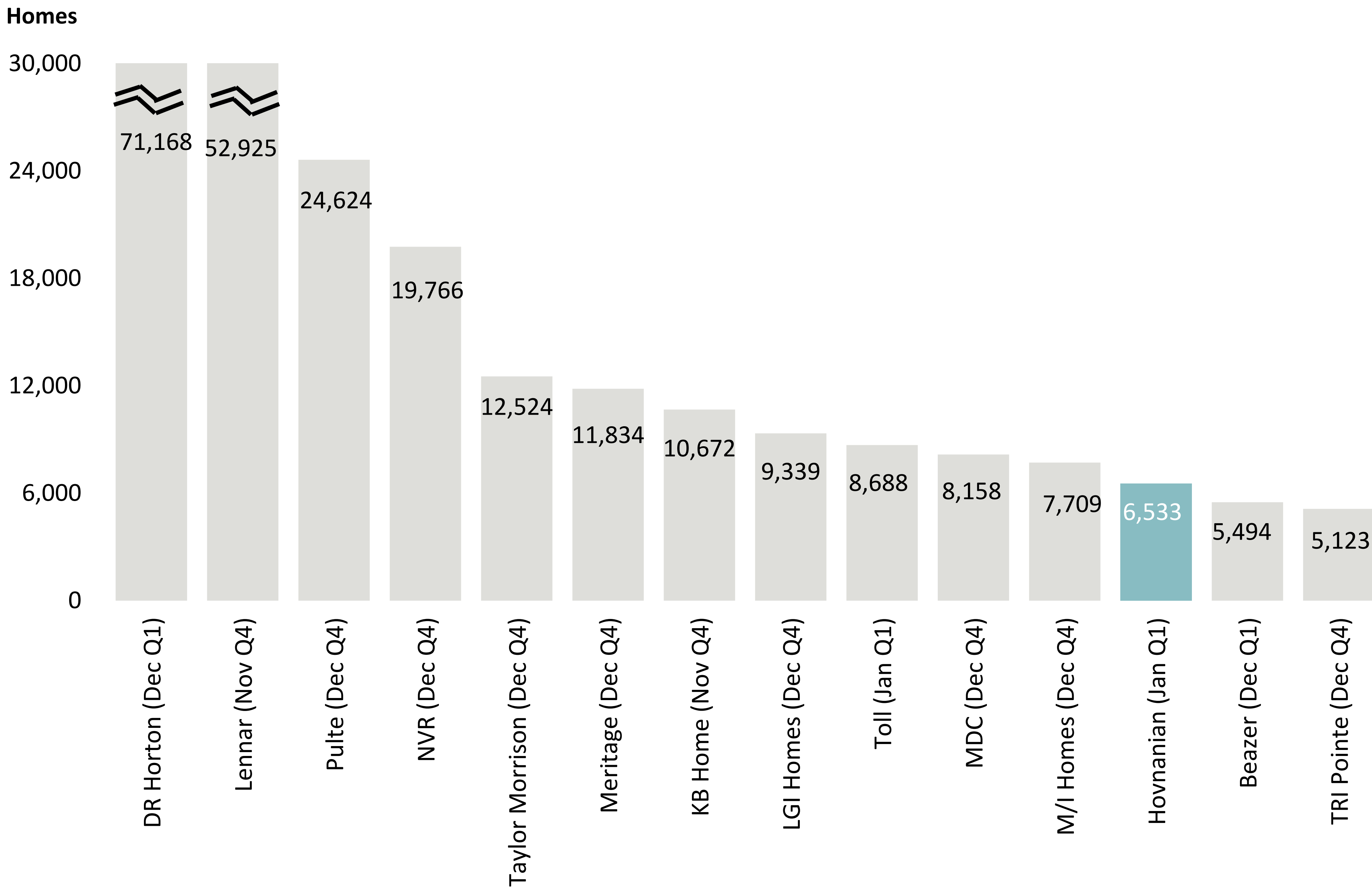
	As of October 31,		As of January 31,
	2019	2020	2021
Total assets	$539.7	$540.2	$547.3
Notes payable	$186.9	$117.2	$100.1
Total equity	$280.9	$213.6	$189.5
Debt to capitalization ratio	40%	35%	35%

- Guarantees, if any, are limited only to completion of development, environmental indemnification and standard indemnification for fraud and misrepresentation.

Public Builder Statistics

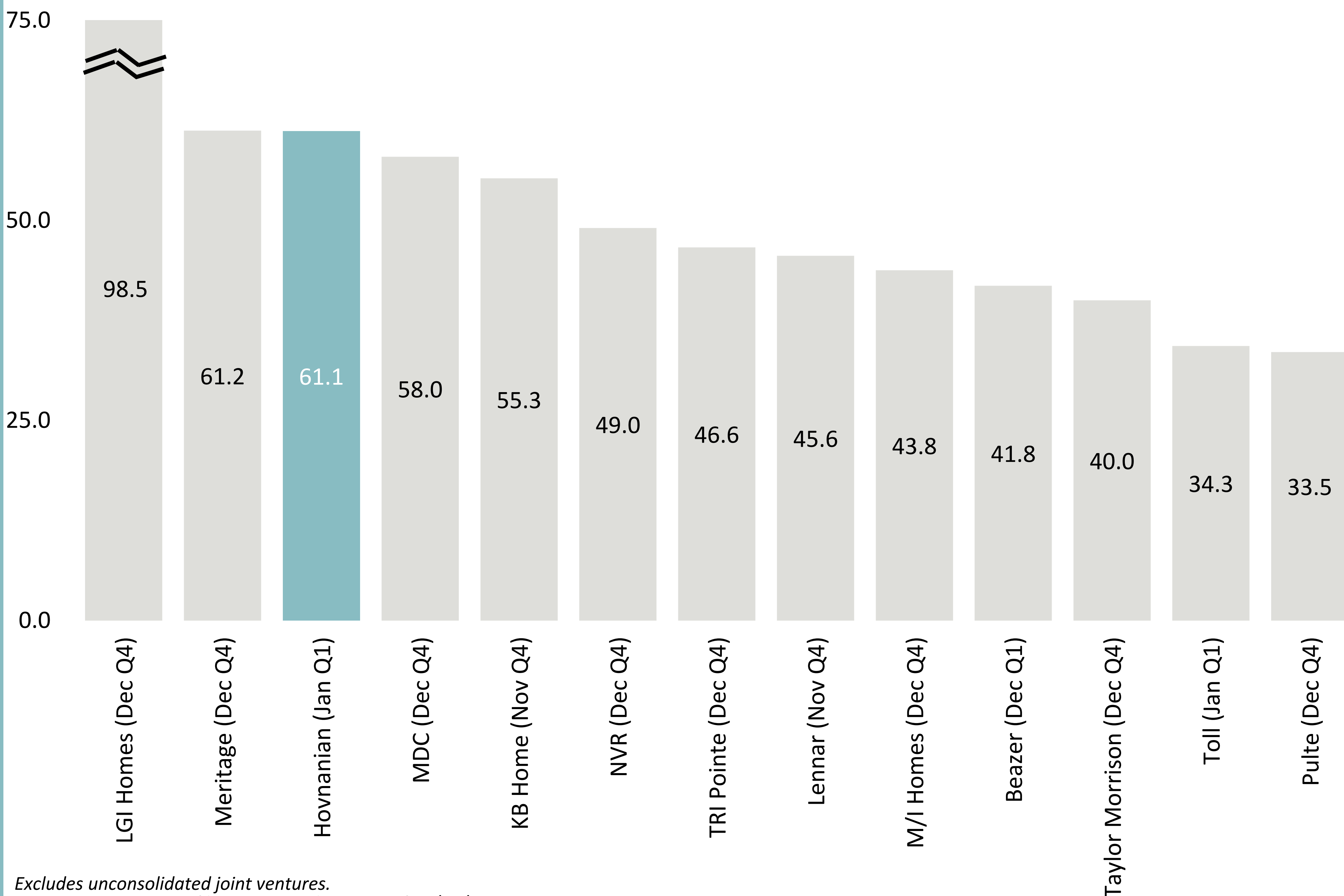
Hovnanian Enterprises, Inc.

Total Deliveries, Last Twelve Months



Source: Company SEC filings and press releases as of 03/02/21.
Note: Including unconsolidated joint ventures.

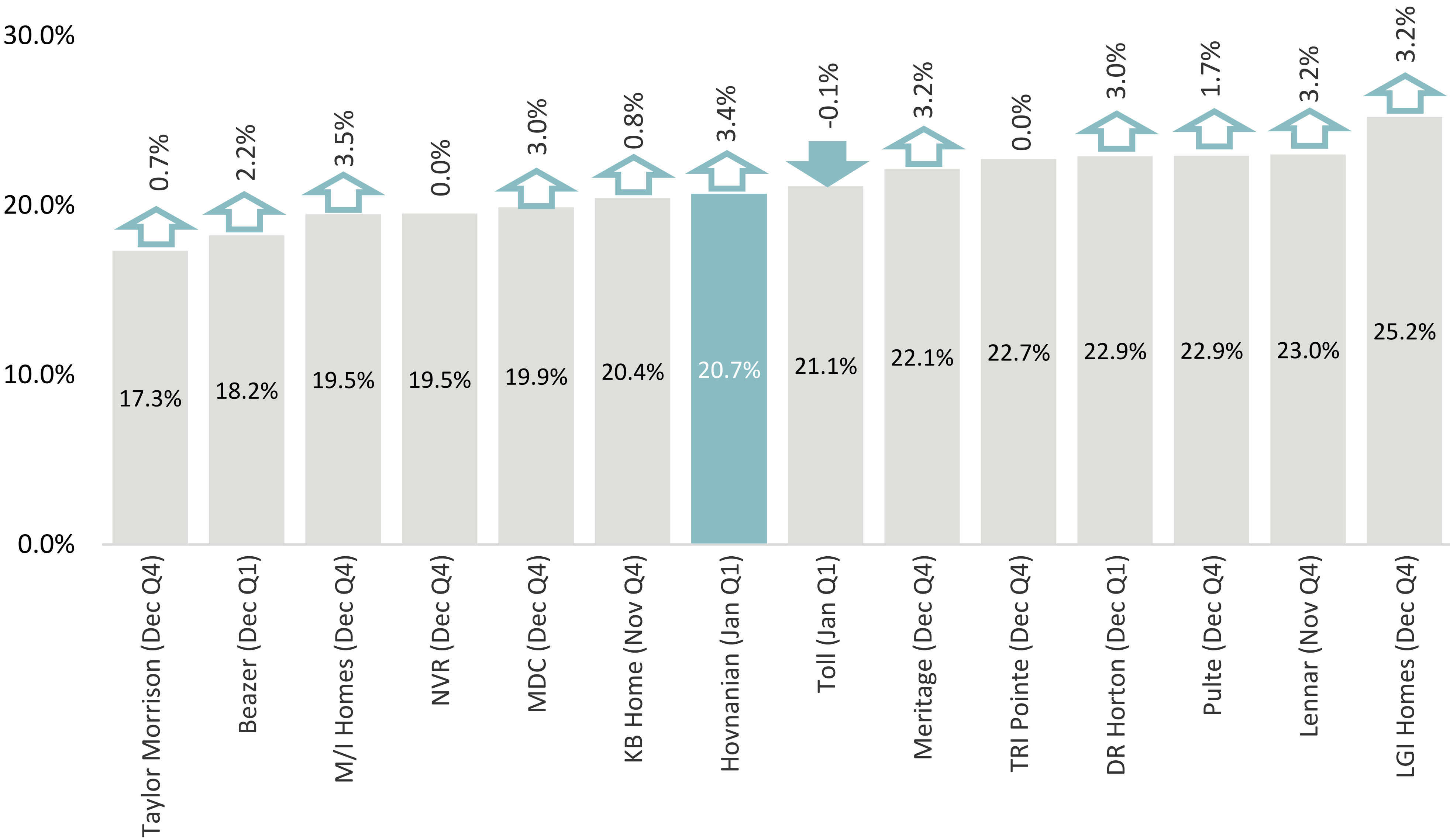
Net Contracts per Community, Last Twelve Months



Excludes unconsolidated joint ventures.
Source: Company SEC filings, press releases as of 03/02/21.

Adjusted Gross Margin Percentage, Most Recent Quarter

(adjusted for sales commissions) (year over year change)

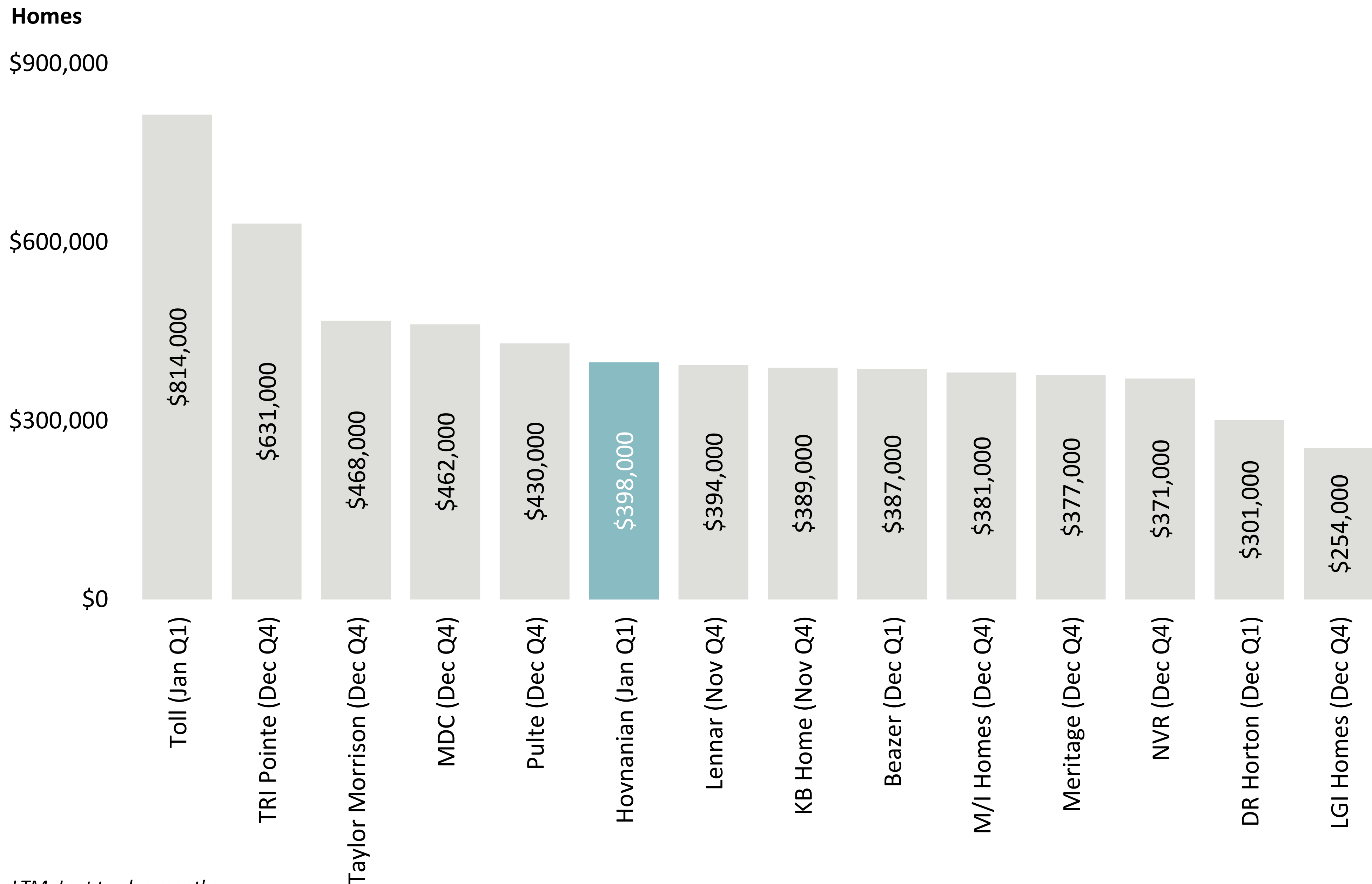


Note: Hovnanian sales commission was 3.5% in the most recent quarter. Reduced Cal Atlantic, KB Home, Lennar, LGI Homes, MDC, Meritage, M/I Homes, Pulte, Taylor Morrison and Tri Pointe publicly reported results by full 3.5% because all of their sales commissions are reported in SG&A. Reduced DR Horton and Toll publicly reported results by 1.8% because only some of their sales commissions were reported in SG&A. Beazer reports commission separately and is reduced by 3.9%.

Source: Company SEC filings and press releases as of 03/02/21.

Note: Excluding interest and impairments.

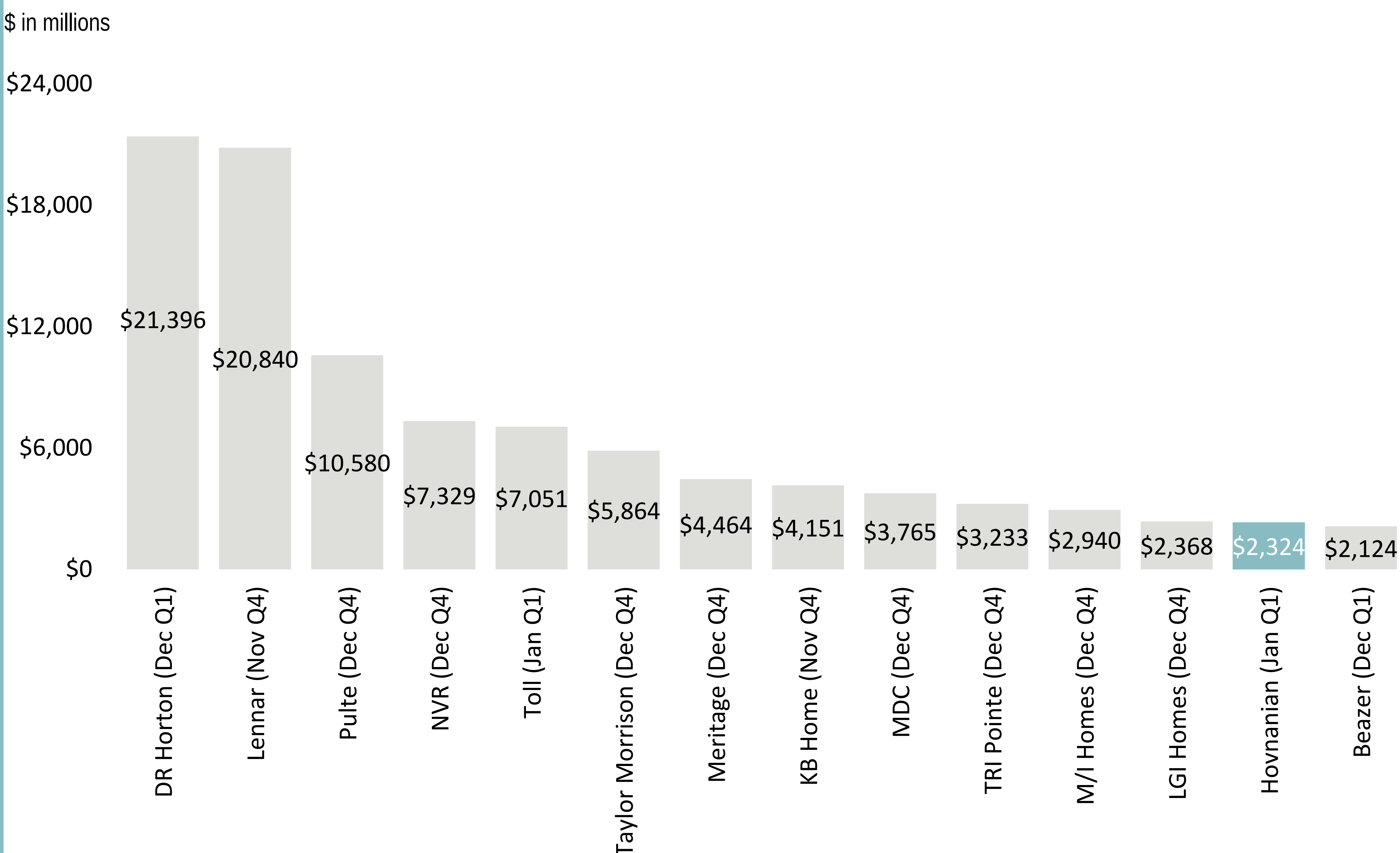
LTM Average Selling Price



LTM: Last twelve months.

Source: Company SEC filings and press releases as of 03/02/21.
Note: Excludes unconsolidated joint ventures.

LTM Homebuilding Revenue

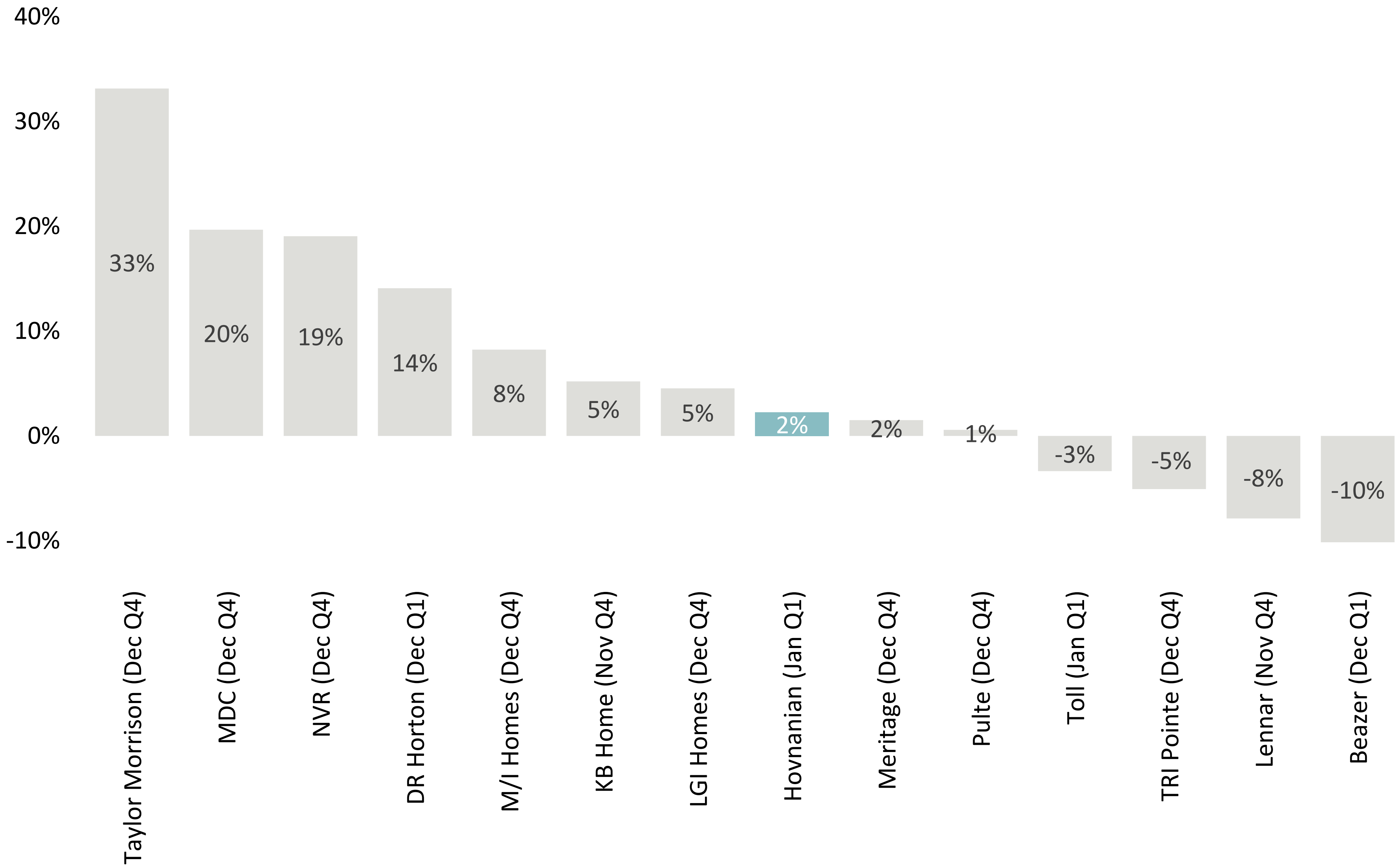


LTM: Last twelve months.

Source: Company SEC filings and press releases as of 03/02/21.

Note: Excludes unconsolidated joint ventures.

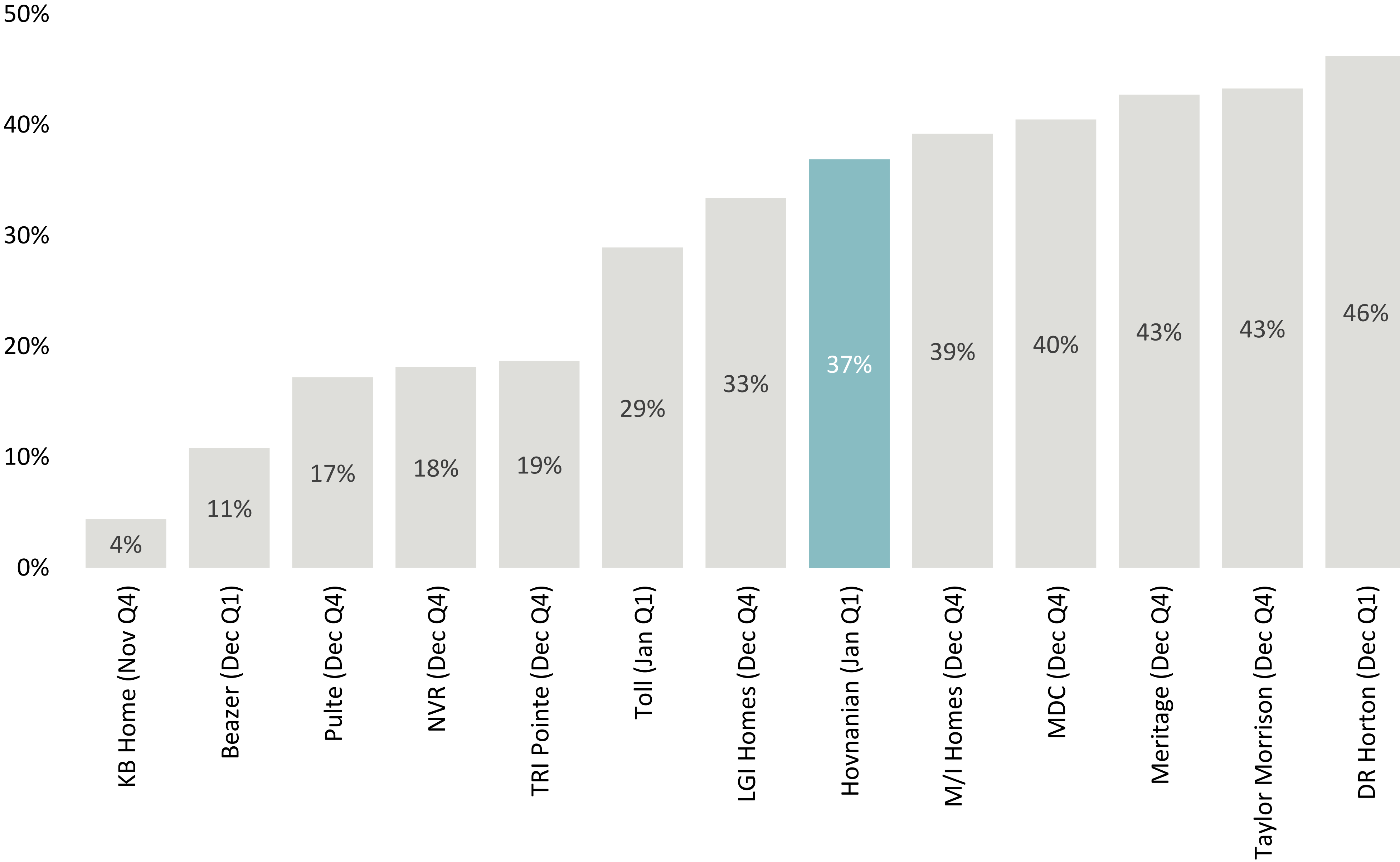
Year-Over-Year Change in Inventories



Note: Excluding inventory not owned.

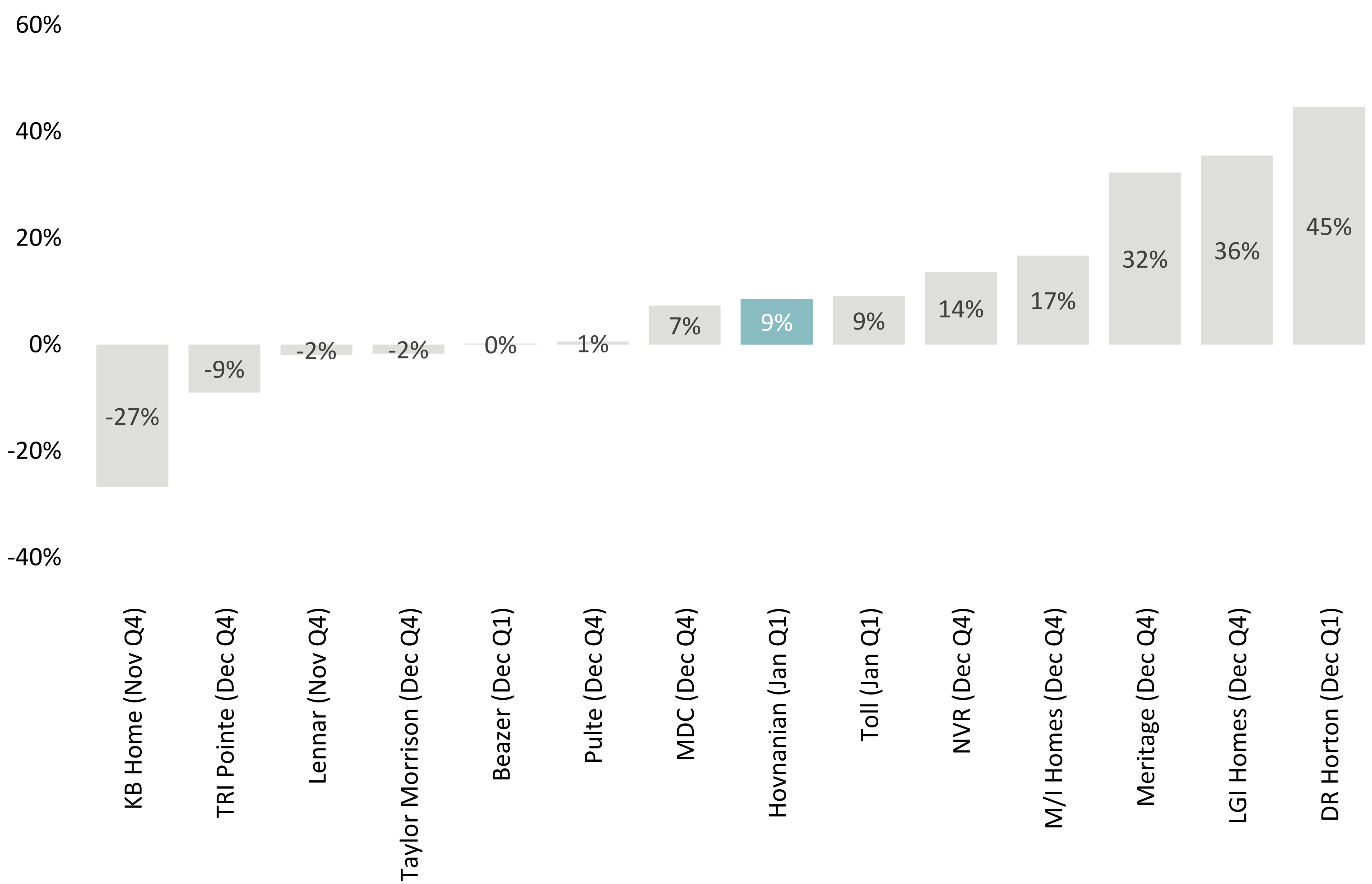
Source: Company SEC filings and press releases as of 03/02/21.

Last Twelve Months - Net Contracts Change



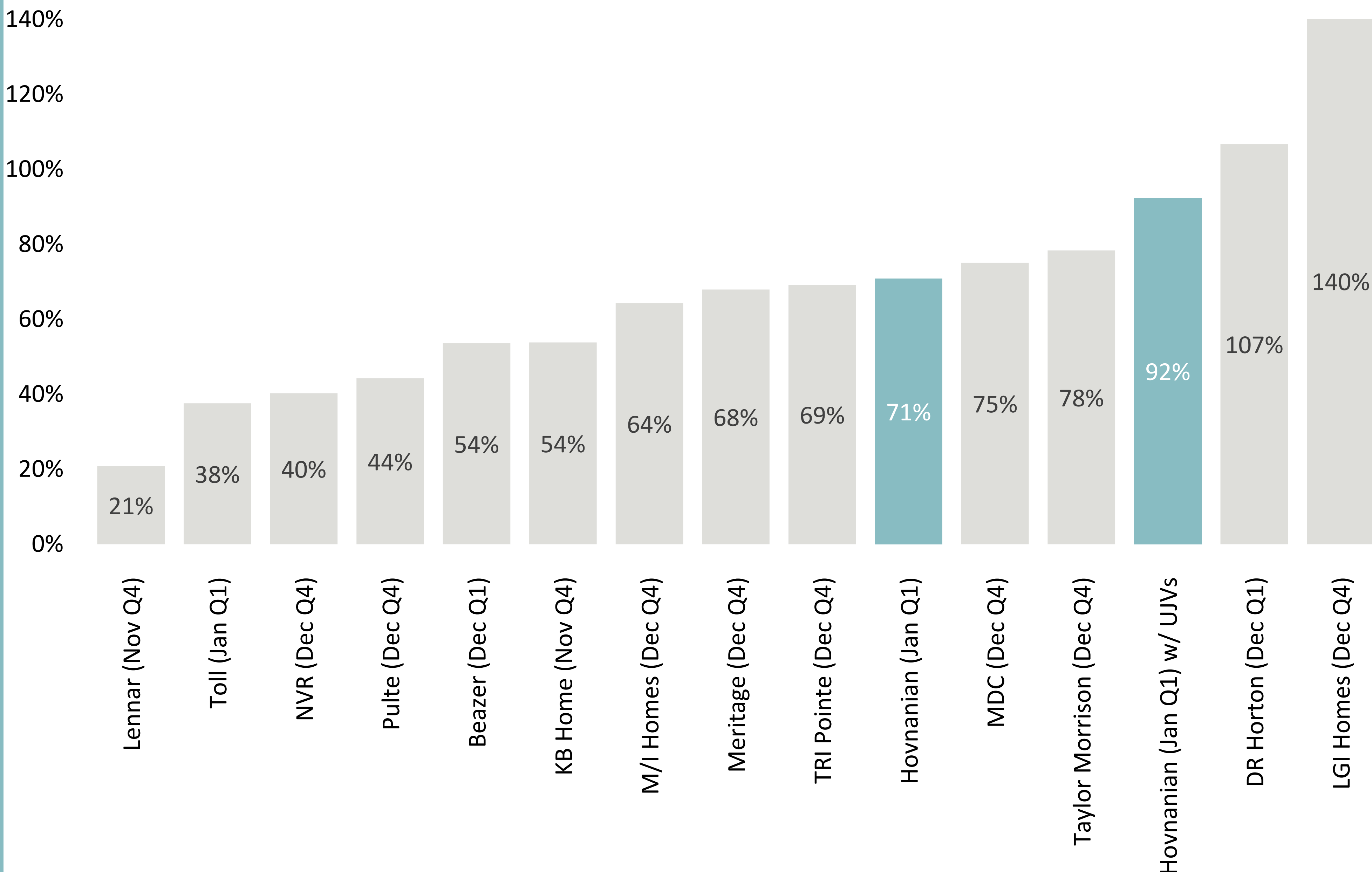
Source: Company SEC filings and press releases as of 03/02/21.
Note: Including unconsolidated joint ventures.

Year-Over-Year Change in Closings, Most Recent Quarter



Source: Company SEC filings and press releases as of 03/02/21.
Note: Including unconsolidated joint ventures.

Year-Over-Year Change in Backlog (in Units), Most Recent Quarter



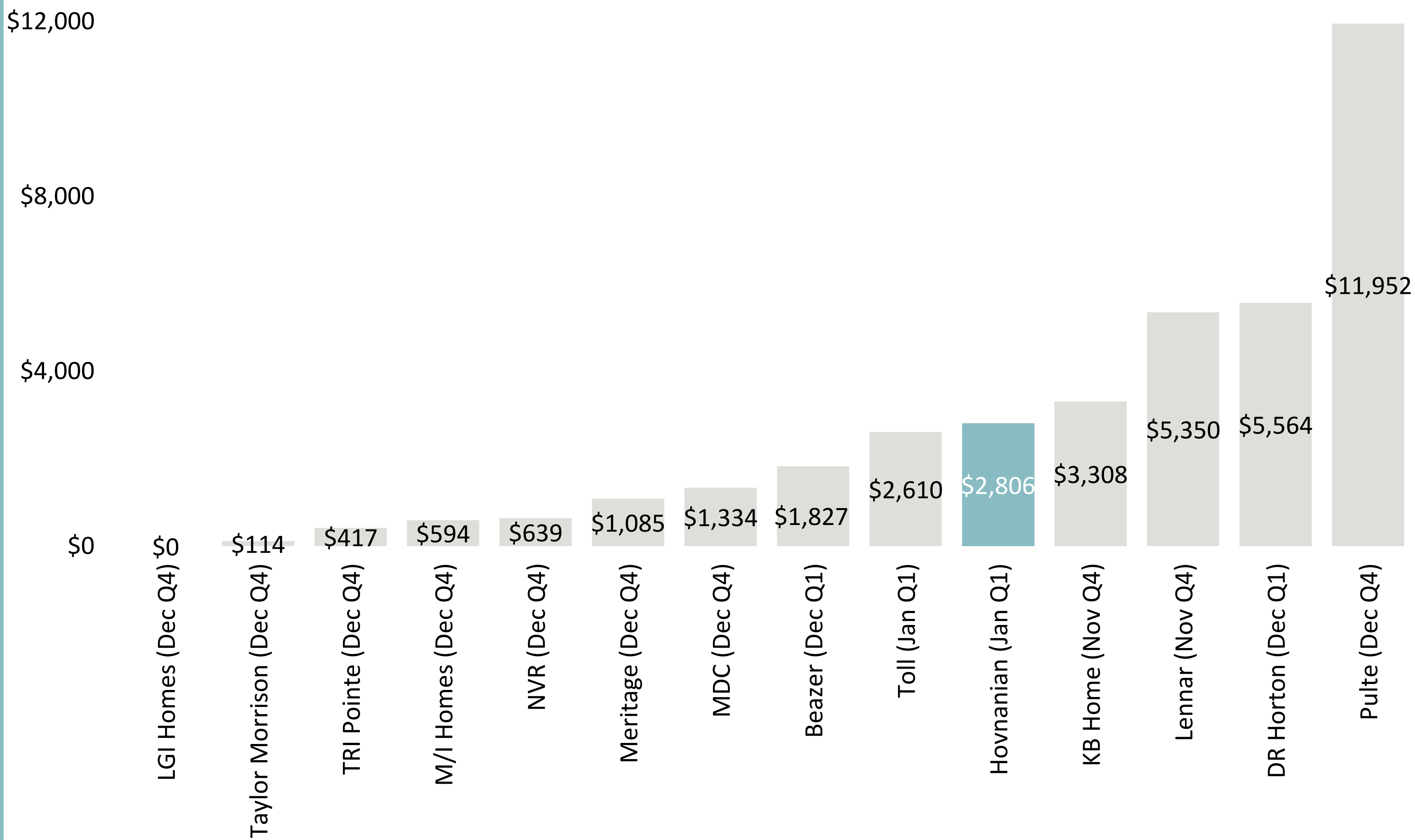
Source: Company SEC filings and press releases as of 03/02/21.
Note: Excluding unconsolidated joint ventures.

Hovnanian Enterprises, Inc.

Total Charges*

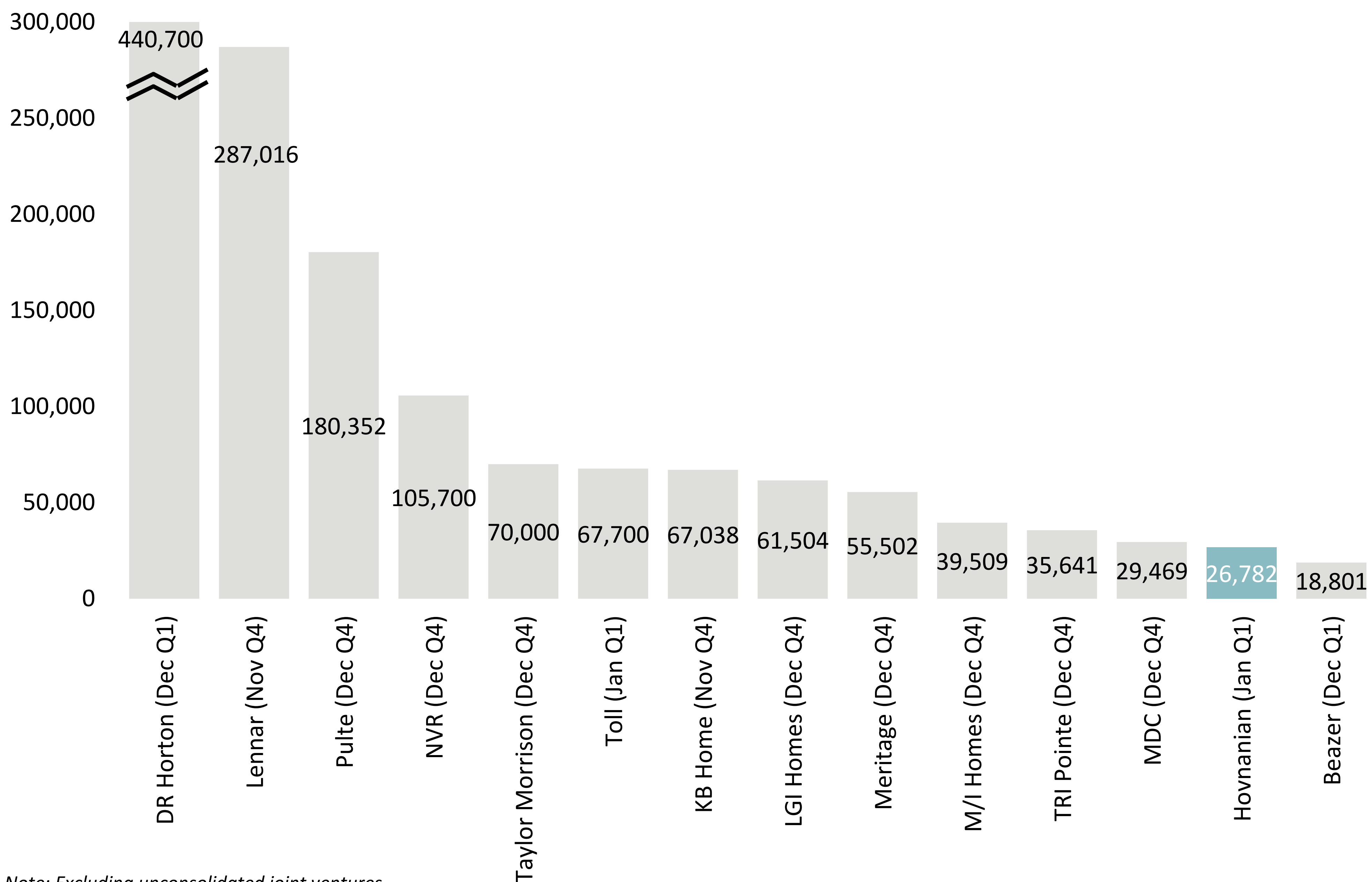
Since Beginning of 2006

($ in millions)



**Includes all reported land related charges, goodwill/intangible impairments and joint venture related impairments.*
Source: Company SEC filings and press releases as of 03/02/21.

Total Lots Controlled

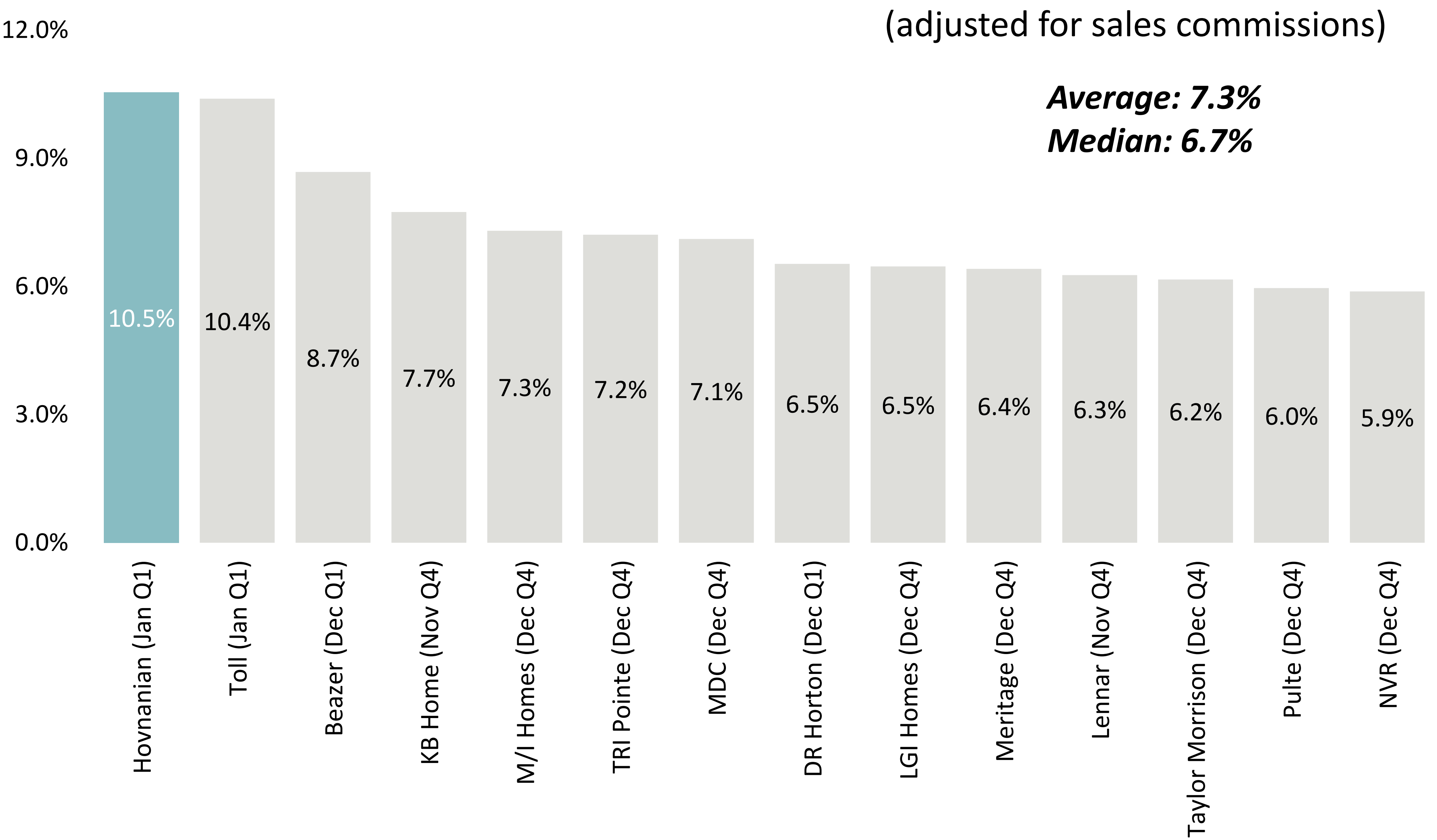


Note: Excluding unconsolidated joint ventures.

Source: Company SEC filings and press releases as of 03/02/21.

Hovnanian Enterprises, Inc.

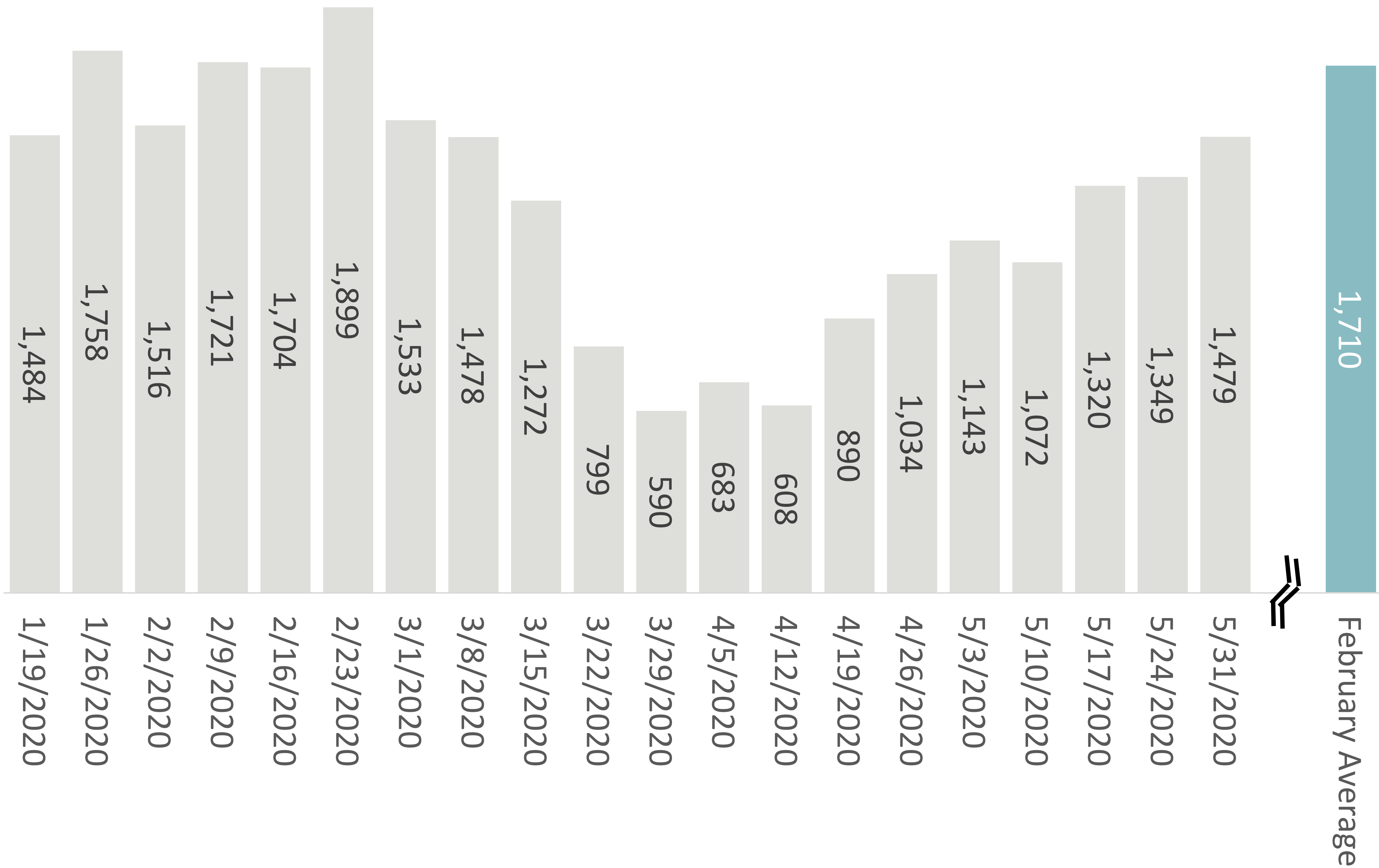
Adjusted Homebuilding SG&A as a % of Homebuilding Revenue, Last Twelve Months



Note: Hovnanian sales commission was 3.5% in the most recent quarter. Reduced Cal Atlantic, KB Home, Lennar, LGI Homes, MDC, Meritage, M/I Homes, Pulte, Taylor Morrison and Tri Pointe publicly reported results by full 3.5% because all of their sales commissions are reported in SG&A. Reduced DR Horton and Toll publicly reported results by 1.8% because only some of their sales commissions were reported in SG&A. Beazer reports commission separately and is reduced by 4.0%.
Source: Company SEC filings and press releases as of 03/02/21.
Note: Excluding interest and impairments.

Appendix

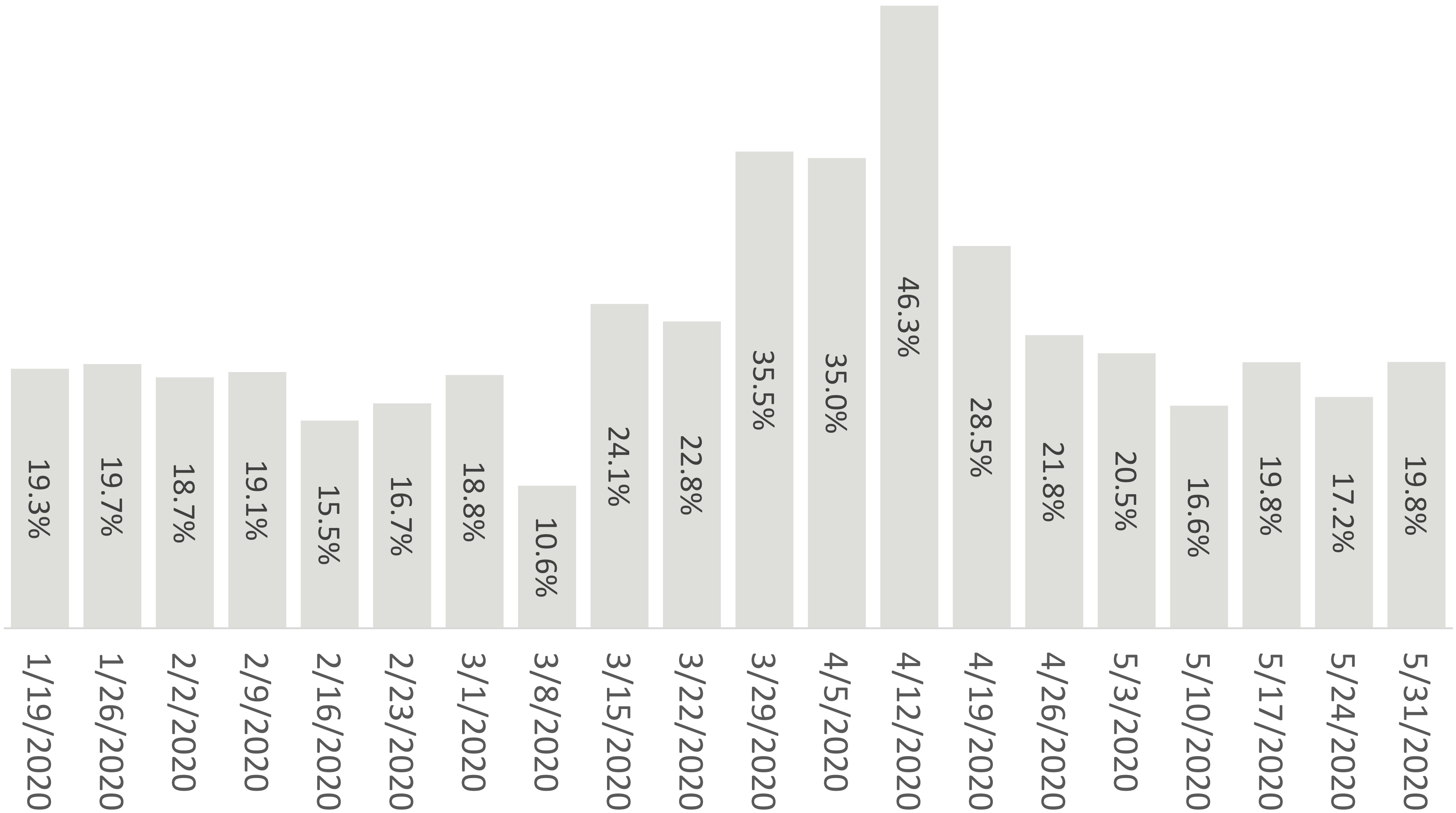
Total – Weekly Traffic



Note: Excludes our single community unconsolidated joint venture in the Kingdom of Saudi Arabia and our Build on Your Lot Division.

Hovnanian Enterprises, Inc.

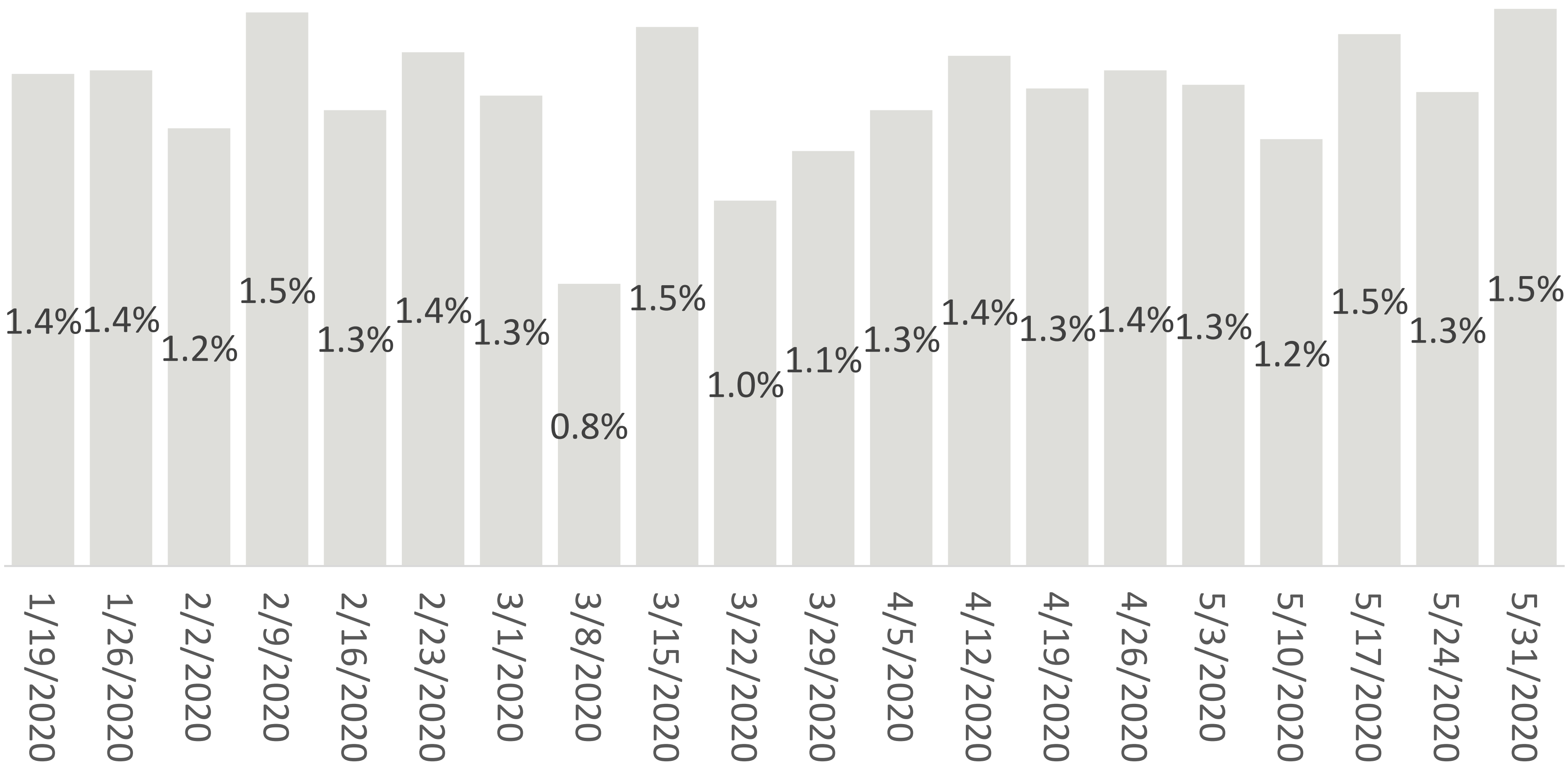
Total – Weekly Cancellations as a % of Gross Contracts



Note: Excludes our single community unconsolidated joint venture in the Kingdom of Saudi Arabia and our Build on Your Lot Division.

Hovnanian Enterprises, Inc.

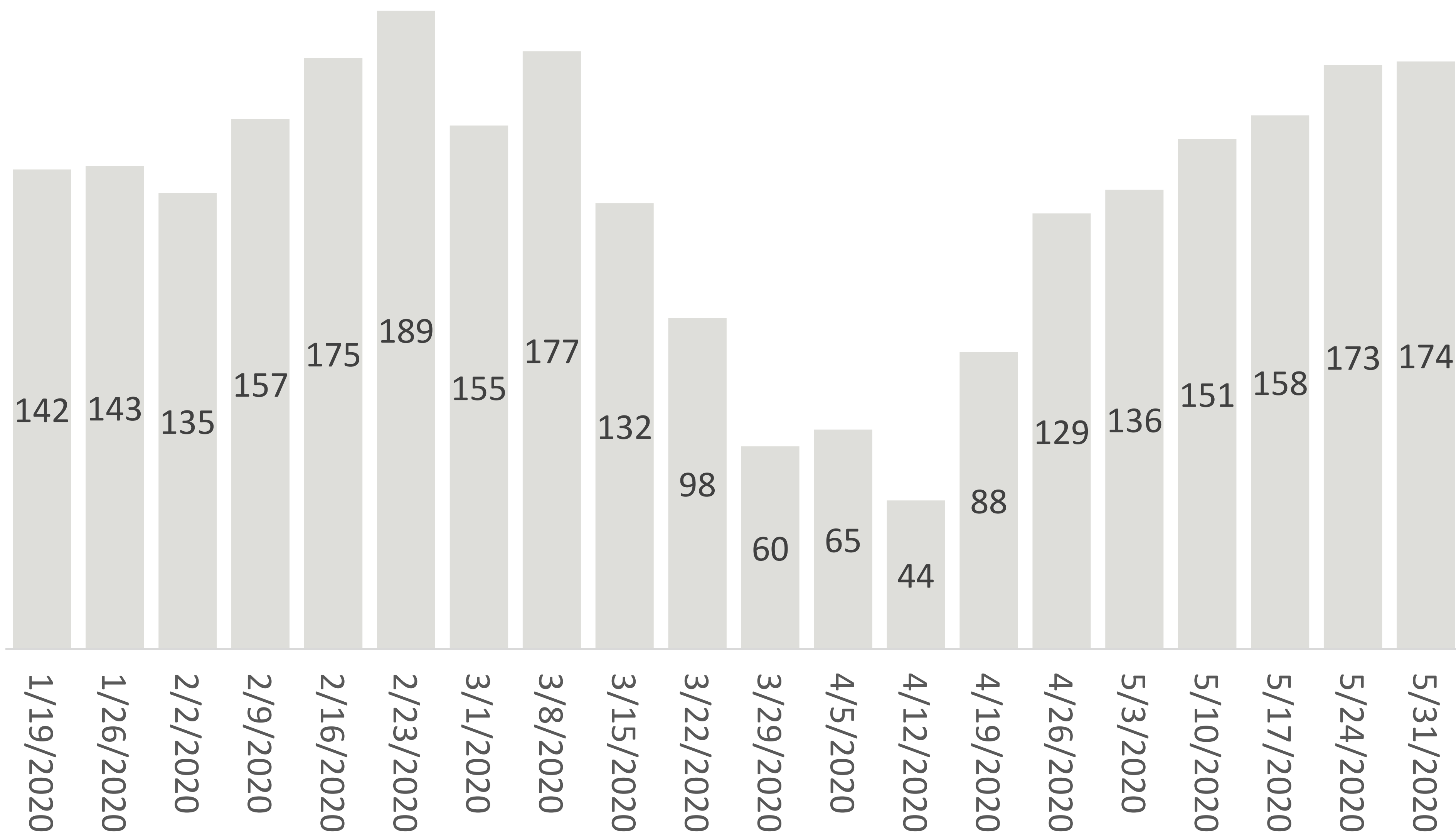
Total – Weekly Cancellations as a % of Beginning Backlog



Note: Excludes our single community unconsolidated joint venture in the Kingdom of Saudi Arabia and our Build on Your Lot Division.

Hovnanian Enterprises, Inc.

Total – Weekly Net Contracts



Note: Excludes our single community unconsolidated joint venture in the Kingdom of Saudi Arabia and our Build on Your Lot Division.

Hovnanian Enterprises, Inc.

Reconciliation of Income (Loss) Before Income Taxes Excluding Land-Related Charges Gain on Extinguishment of Debt to Income (Loss) Before Income Taxes

Hovnanian Enterprises, Inc.

January 31, 2021

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

(In thousands)

	Three Months Ended January 31,	
	2021	2020
	(Unaudited)	
Income (loss) before income taxes	$19,585	$(7,436)
Inventory impairment loss and land option write-offs	1,877	2,828
Gain on extinguishment of debt	-	(9,456)
Income (loss) before income taxes excluding land-related charges and gain on extinguishment of debt (1)	$21,462	$(14,064)

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

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,																				
	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	$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	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	(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	$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.

Reconciliation of Gross Margin

Hovnanian Enterprises, Inc.
January 31, 2021
Gross margin
(In thousands)

	Homebuilding Gross Margin Three Months Ended January 31, 2021	Homebuilding Gross Margin Three Months Ended January 31, 2020
	(Unaudited)	
Sale of homes	$551,365	$479,233
Cost of sales, excluding interest expense and land charges (1)	437,372	396,318
Homebuilding gross margin, before cost of sales interest expense and land charges (2)	113,993	82,915
Cost of sales interest expense, excluding land sales interest expense	16,717	18,136
Homebuilding gross margin, after cost of sales interest expense, before land charges (2)	97,276	64,779
Land charges	1,877	2,828
Homebuilding gross margin	$95,399	$61,951
Homebuilding gross margin percentage	17.3%	12.9%
Homebuilding gross margin percentage, before cost of sales interest expense and land charges (2)	20.7%	17.3%
Homebuilding gross margin percentage, after cost of sales interest expense, before land charges (2)	17.6%	13.5%

	Land Sales Gross Margin Three Months Ended January 31, 2021	Land Sales Gross Margin Three Months Ended January 31, 2020
	(Unaudited)	
Land and lot sales	$3,362	$25
Land and lot sales cost of sales, excluding interest and land charges (1)	2,266	37
Land and lot sales gross margin, excluding interest and land charges	1,096	(12)
Land and lot sales interest	448	-
Land and lot sales gross margin, including interest and excluding land charges	$648	$(12)

(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.

Gross Margin

($ in thousands)	Year Ended 10/31/2020	10/31/2019	10/31/2018	10/31/2017	10/31/2016	10/31/2015	10/31/2014	10/31/2013	10/31/2012	10/31/2011	10/31/2010	10/31/2009	10/31/2008	10/31/2007	10/31/2006	10/31/2005	10/31/2004	10/31/2003	10/31/2002	10/31/2001	10/31/2000
Sale of homes	$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	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	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	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	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	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	$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	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	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	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%	-	-	-	-

Hovnanian Enterprises, Inc.

Reconciliation Of Adjusted Homebuilding EBIT To Inventory

Hovnanian Enterprises, Inc.
January 31, 2021
Reconciliation of adjusted homebuilding EBIT to inventory
(Dollars in thousands)
(Unaudited)

		For the Three Months Ended				
	LTM(a)	**1/31/2021**	**10/31/2020**	**7/31/2020**	**4/30/2020**	**1/31/2020**
Homebuilding:						
Net loss (income)	$79,035	$18,959	$40,634	$15,363	$4,079	$(9,148)
Income tax benefit (provision)	3,389	626	1,810	853	100	1,712
Interest expense	176,132	41,140	40,648	48,886	45,458	43,139
EBIT (b)	258,556	60,725	83,092	65,102	49,637	35,703
Financial services revenue	(77,645)	(19,497)	(22,492)	(21,295)	(14,361)	(14,014)
Financial services expense	40,860	10,354	10,383	10,493	9,630	9,554
Homebuilding EBIT (b)	221,771	51,582	70,983	54,300	44,906	31,243
Inventory impairment loss and land option write-offs	7,862	1,877	2,611	2,364	1,010	2,828
Other operations	1,180	278	422	266	214	194
Loss (gain) on extinguishment of debt	(3,881)	0	0	(4,055)	174	(9,456)
Loss (income) from unconsolidated joint ventures	(16,941)	(1,916)	(3,146)	(5,658)	(6,221)	(1,540)
Adjusted homebuilding EBIT (b)	$209,991	$51,821	$70,870	$47,217	$40,083	$23,269

		As of				
		1/31/2021	**10/31/2020**	**7/31/2020**	**4/30/2020**	**1/31/2020**
Total inventories		$1,281,149	$1,195,775	$1,213,503	$1,288,497	$1,295,715
Consolidated inventory not owned		165,980	182,224	194,760	198,229	205,215
Capitalized interest		65,327	65,010	63,998	67,744	67,879
	Five Quarter Average					
Inventories less consolidated inventory not owned and capitalized interest	$999,655	$1,049,842	$948,541	$954,745	$1,022,524	$1,022,621
Adjusted homebuilding EBIT to inventory	21.0064%					

(a) Represents the aggregation of each of the prior four fiscal quarters.
(b) EBIT, homebuilding EBIT and adjusted homebuilding EBIT are non-GAAP financial measures. The most directly comparable GAAP financial measure is net (income) loss.

Hovnanian Enterprises, Inc.

Reconciliation of Adjusted EBITDA to Net Income (Loss)

Hovnanian Enterprises, Inc.
January 31, 2021
Reconciliation of adjusted EBITDA to net income (loss)
(In thousands)

	Three Months Ended January 31,	
	2021	2020
	(Unaudited)	
Net income (loss)	$18,959	$(9,148)
Income tax provision	626	1,712
Interest expense	41,140	43,139
EBIT (1)	60,725	35,703
Depreciation and amortization	1,338	1,279
EBITDA (2)	62,063	36,982
Inventory impairment loss and land option write-offs	1,877	2,828
Gain on extinguishment of debt	-	(9,456)
Adjusted EBITDA (3)	$63,940	$30,354
Interest incurred	$41,457	$44,334
Adjusted EBITDA to interest incurred	1.54	0.68

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

Reconciliation of Inventory Turnover

Hovnanian Enterprises, Inc.

January 31, 2021

Calculation of Inventory Turnover[1]

						TTM
		For the quarter ended				**ended**
(Dollars in thousands)		4/30/2020	7/31/2020	10/31/2020	1/31/2021	**1/31/2021**
Cost of sales, excluding interest		$428,027	$499,695	$524,409	$439,638	$1,891,769
			As of			
	1/31/2020	4/30/2020	7/31/2020	10/31/2020	1/31/2021	
Total inventories	$1,295,715	$1,288,497	$1,213,503	$1,195,775	$1,281,149	**Five**
Consolidated inventory not owned	205,215	198,229	194,760	182,224	165,980	**Quarter**
Capitalized interest	67,879	67,744	63,998	65,010	65,327	**Average**
Inventories less consolidated inventory not owned and capitalized interest	$1,022,621	$1,022,524	$954,745	$948,541	$1,049,842	$999,655
Inventory turnover						1.9x

(1) Derived by dividing cost of sales, excluding cost of sales interest, by the five quarter average inventory, excluding 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 Inventory Turnover

Calculation of Inventory Turnover[1]						
		For the Quarter Ended				Annual Key
(Dollars In Thousands)		2	3	4	5	Metric Target
Cost of Sales, Excluding Interest		$500,000	$500,000	$560,000	$510,000	$2,070,000
	As of					
	1	2	3	4	5	
Total Inventories	$1,445,000	$1,515,000	$1,575,000	$1,505,000	$1,525,000	Five
Consolidated Inventory Not Owned	$215,000	$210,000	$200,000	$185,000	$180,000	Quarter
Capitalized Interest	$65,000	$65,000	$65,000	$65,000	$65,000	Average
Inventories less Consolidated Inventory Not Owned and Capitalized Interest	$1,165,000	$1,240,000	$1,310,000	$1,255,000	$1,280,000	$1,250,000
Inventory Turnover						1.7x

Calculation of Inventory Turnover[1]						
						TTM
		For the Quarter Ended				Ended
(Dollars In Thousands)		7/31/2017	10/31/2017	1/31/2018	4/30/2018	4/30/2018
Cost of Sales, Excluding Interest		$478,886	$562,451	$329,527	$393,012	$1,763,876
	As of					
	4/30/2017	7/31/2017	10/31/2017	1/31/2018	4/30/2018	
Total Inventories	$1,209,212	$1,188,849	$1,009,827	$1,053,514	$1,040,045	Five
Consolidated Inventory Not Owned	154,620	138,529	124,784	93,875	78,907	Quarter
Capitalized Interest	90,960	87,119	71,051	70,793	65,355	Average
Inventories less Consolidated Inventory Not Owned and Capitalized Interest	$963,632	$963,201	$813,992	$888,846	$895,783	$905,091
Inventory Turnover						1.9x

(1) Derived by dividing cost of sales, excluding cost of sales interest, by the five quarter average inventory, excluding 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.

Hovnanian Enterprises, Inc.

Reconciliation of Gross Margin

Gross Margin		
	(Unaudited)	
($ in thousands)	TTM April 30, 2018	Annual Key Metric Target
Sale of homes	$2,110,759	$2,570,000
Cost of Sales, excluding interest expense	1,738,048	2,070,000
Homebuilding gross margin, before cost of sales interest expense and land charges	372,711	500,000
Cost of sales interest expense, excluding land sales interest expense	67,616	100,000
Homebuilding gross margin, after cost of sales interest expense, before land charges	305,095	400,000
Land charges	15,763	10,000
Homebuilding gross margin, after cost of sales interest expense and land charges	$289,332	$390,000
Homebuilding gross margin percentage, before cost of sales interest expense and land charges	17.7%	19.5%
Homebuilding gross margin percentage, after cost of sales interest expense, before land charges	14.5%	15.6%
Homebuilding gross margin, after cost of sales interest expense and land charges	13.7%	15.2%

Hovnanian Enterprises, Inc.

Reconciliation of Adjusted EBITDA

Reconciliation of Adjusted EBIT and Adjusted EBITDA to Net (Loss) Income:

	(Unaudited)	
(Dollars In Thousands)	**TTM April 30, 2018**	**Annual Key Metric Target**
Net (Loss) Income	$(366,000)	$67,500
Income Tax Provision (Benefit)	288,083	22,500
Interest Expense	189,132	171,000
EBIT	111,215	261,000
Inventory Impairment Loss and Land Option Write-offs	15,763	10,000
Loss on Extinguishment of Debt	43,698	–
Adjusted EBIT	$170,676	$271,000
EBIT	$111,215	$261,000
Depreciation	3,675	2,000
Amortization of Debt Costs	–	2,000
EBITDA	114,890	265,000
Inventory Impairment Loss and Land Option Write-offs	15,763	10,000
Loss on Extinguishment of Debt	43,698	–
Adjusted EBITDA	$174,351	$275,000

Hovnanian Enterprises, Inc.

Reconciliation of Adjusted Pre-Tax Earnings

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

	(Unaudited)	
(Dollars In Thousands)	**TTM April 30, 2018**	**Annual Key Metric Target**
Income (Loss) Before Income Taxes	$(77,917)	$90,000
Inventory Impairment Loss and Land Option Write-Offs	15,763	10,000
Unconsolidated Joint Venture Investment Write-Downs	3,423	–
Loss on Extinguishment of Debt	43,698	–
Income (Loss) Before Income Taxes Excluding Land-Related Charges, Joint Venture Write-Downs and Loss on Extinguishment of Debt	$(15,033)	$100,000

Hovnanian Enterprises, Inc.