



Hovnanian
Enterprises, Inc.

Investor Presentation

January 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, 2022 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 loss 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 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 income before income taxes, which is defined as income before income taxes excluding land-related charges and loss 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 earnings release.

Net homebuilding debt to net capitalization ratio is a non-GAAP financial measure we calculate by dividing (i) nonrecourse mortgages secured by inventory, net of debt issuance costs and senior notes and credit facilities (net of discounts, premiums and debt issuance costs), net of cash and cash equivalents ("net homebuilding debt"), by (ii) the sum of net homebuilding debt and total equity ("net capitalization"). Because we use the ratio of net homebuilding debt to net capitalization to evaluate our performance against other companies in the homebuilding industry, we believe this measure is also relevant and useful to investors for that reason. The calculation of net homebuilding debt to net capitalization ratio is presented in a table attached to this presentation.

Total liquidity is comprised of \$434.1 million of cash and cash equivalents, \$5.1 million of restricted cash required to collateralize letters of credit and \$125.0 million availability under the senior secured revolving credit facility as of October 31, 2023.

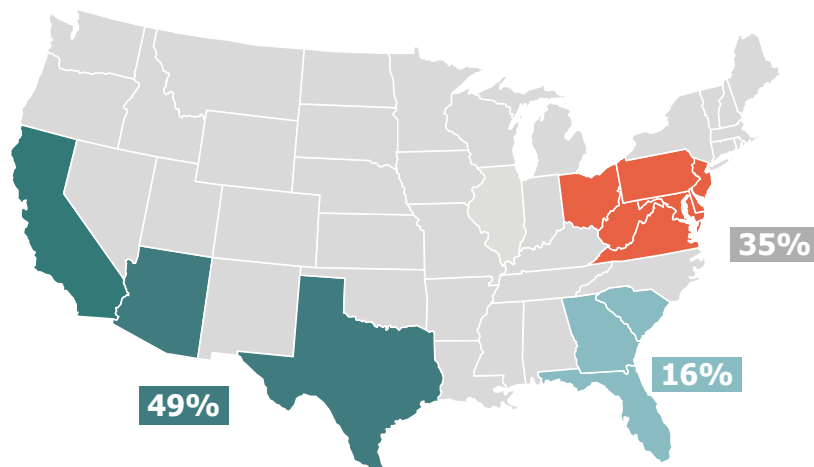


**Recent operating and
financial performance**

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

Homebuilding revenues by region (TTM ended October 31, 2023)



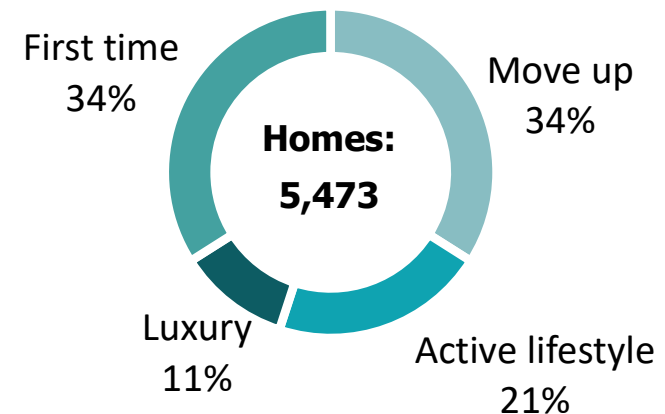
⁽¹⁾ Includes unconsolidated joint ventures deliveries.

⁽²⁾ Company SEC filings and press release of 12/05/2023.

⁽³⁾ Excludes unconsolidated joint ventures.

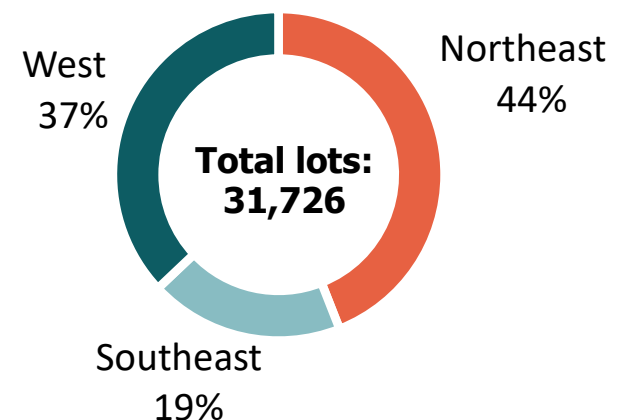
Home deliveries by product⁽¹⁾

(Year ended October 31, 2023)



Lots controlled by region ⁽³⁾

(As of October 31, 2023)



Guidance Compared with Actuals for Fiscal 2023

(\$ in millions, except EPS)

	<u>Guidance</u> <u>FY 2023⁽¹⁾</u>	<u>Actual</u> <u>FY 2023</u>
Total Revenues	\$2,600 - \$2,700	\$2,760
Adjusted Homebuilding Gross Margin⁽²⁾	22.0% - 23.0%	22.7%
Total SG&A as Percentage of Total Revenues⁽³⁾	11.0% - 12.0%	11.1%
Adjusted EBITDA⁽⁴⁾	\$350 - \$370	\$427
Adjusted Income Before Income Taxes⁽⁵⁾	\$215 - \$235	\$283
Diluted EPS	\$21 - \$24	\$26.88
Book Value Per Share	\$66 - \$68	\$73

(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.

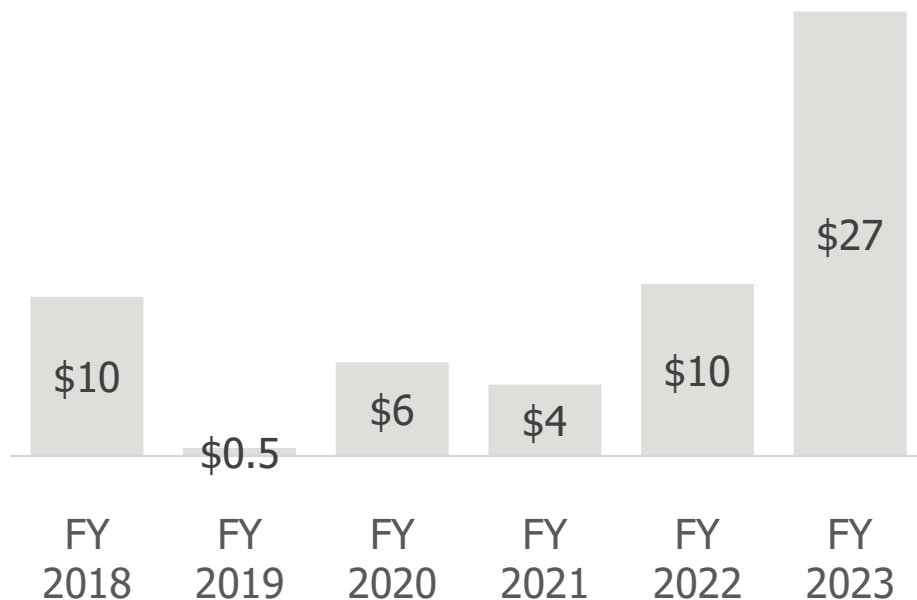
(4) Adjusted EBITDA is a non-GAAP financial measure. The most directly comparable GAAP financial measure is net income. Adjusted EBITDA represents earnings before interest expense, income taxes, depreciation, amortization, land-related charges and loss (gain) on extinguishment of debt, net. See appendix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

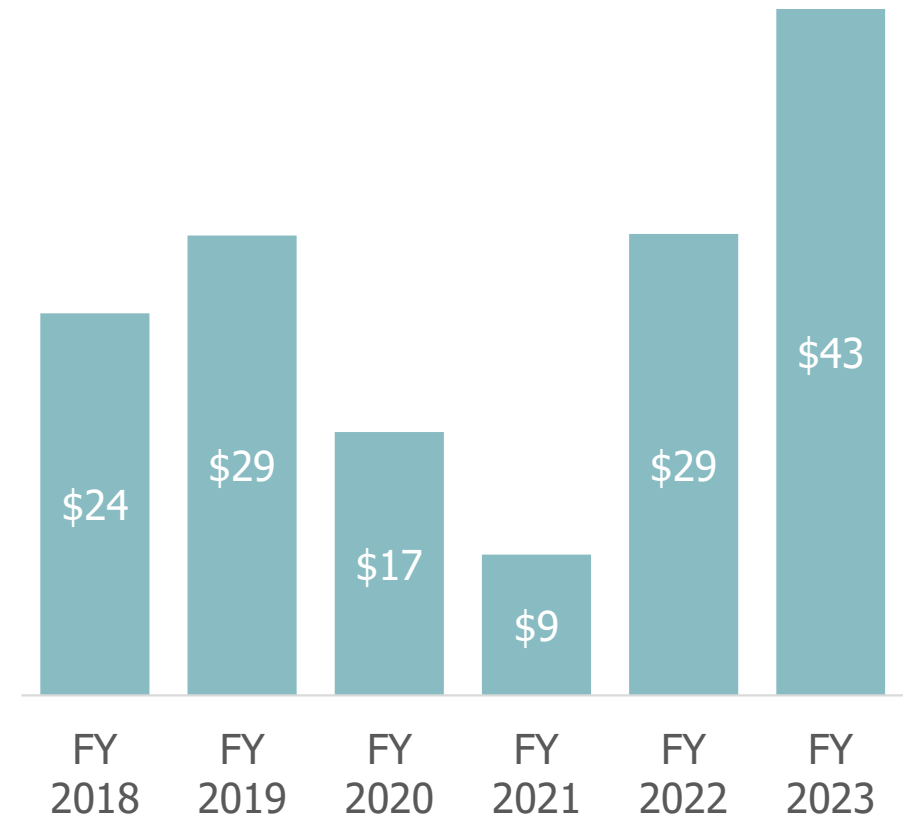
Land Sale Profit and Income from Unconsolidated Joint Ventures

(\$ in millions)

Land Sale Profit



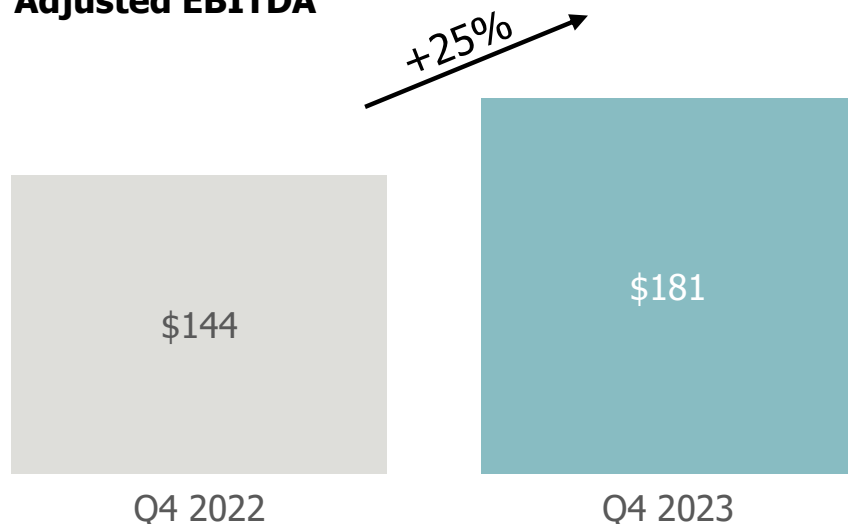
Income from Unconsolidated Joint Ventures



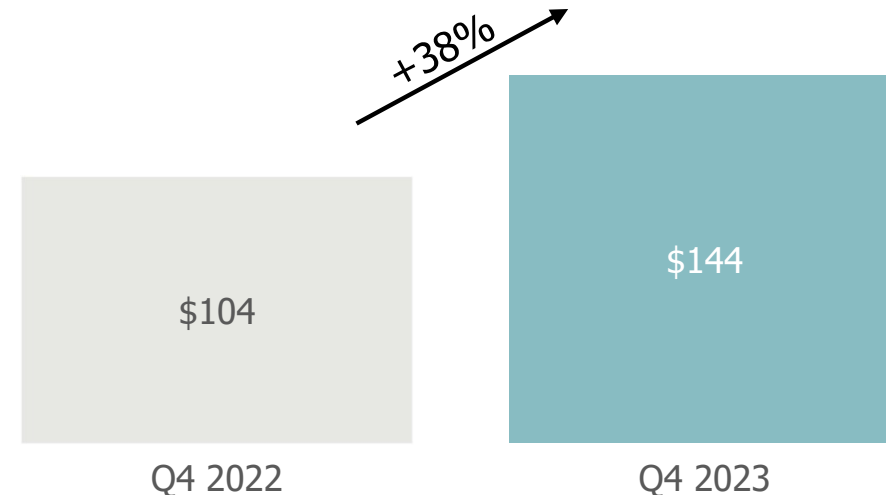
Fourth Quarter Profitability

(\$ in millions)

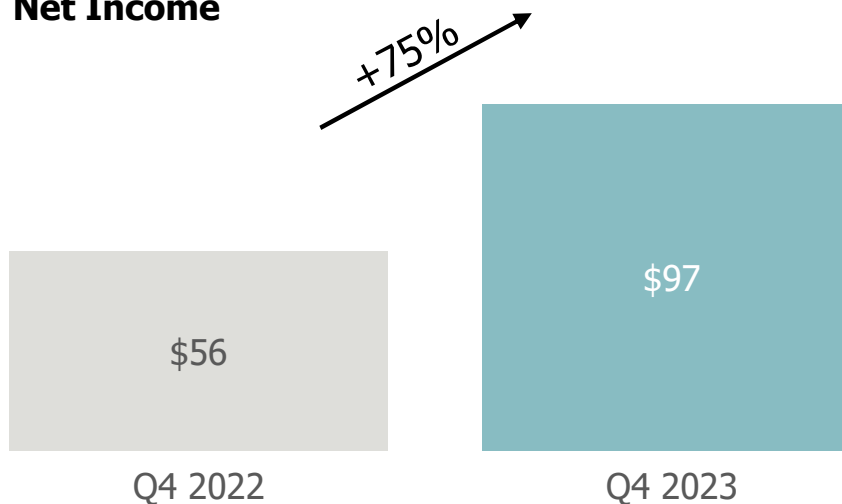
Adjusted EBITDA



Adjusted Income Before Income Taxes



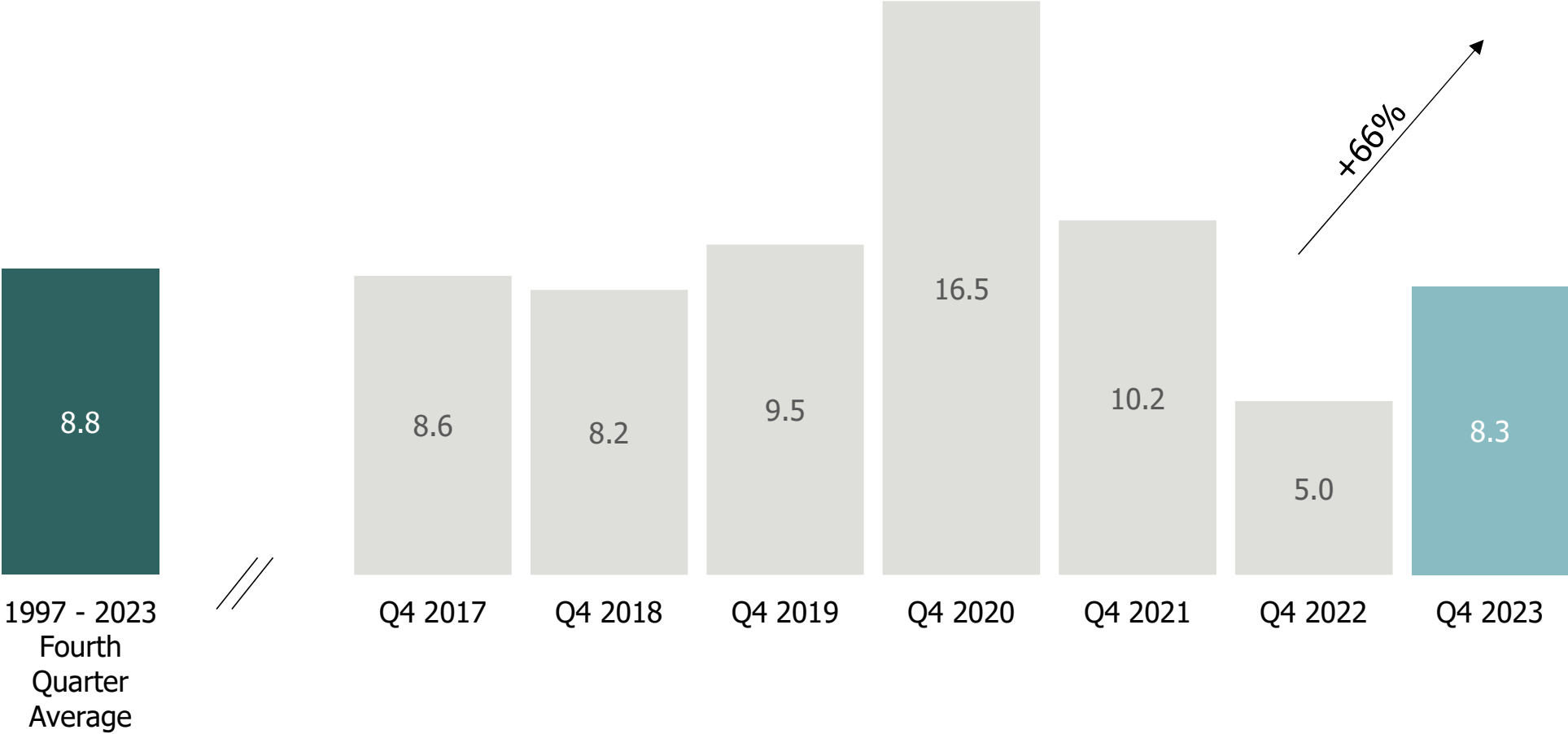
Net Income



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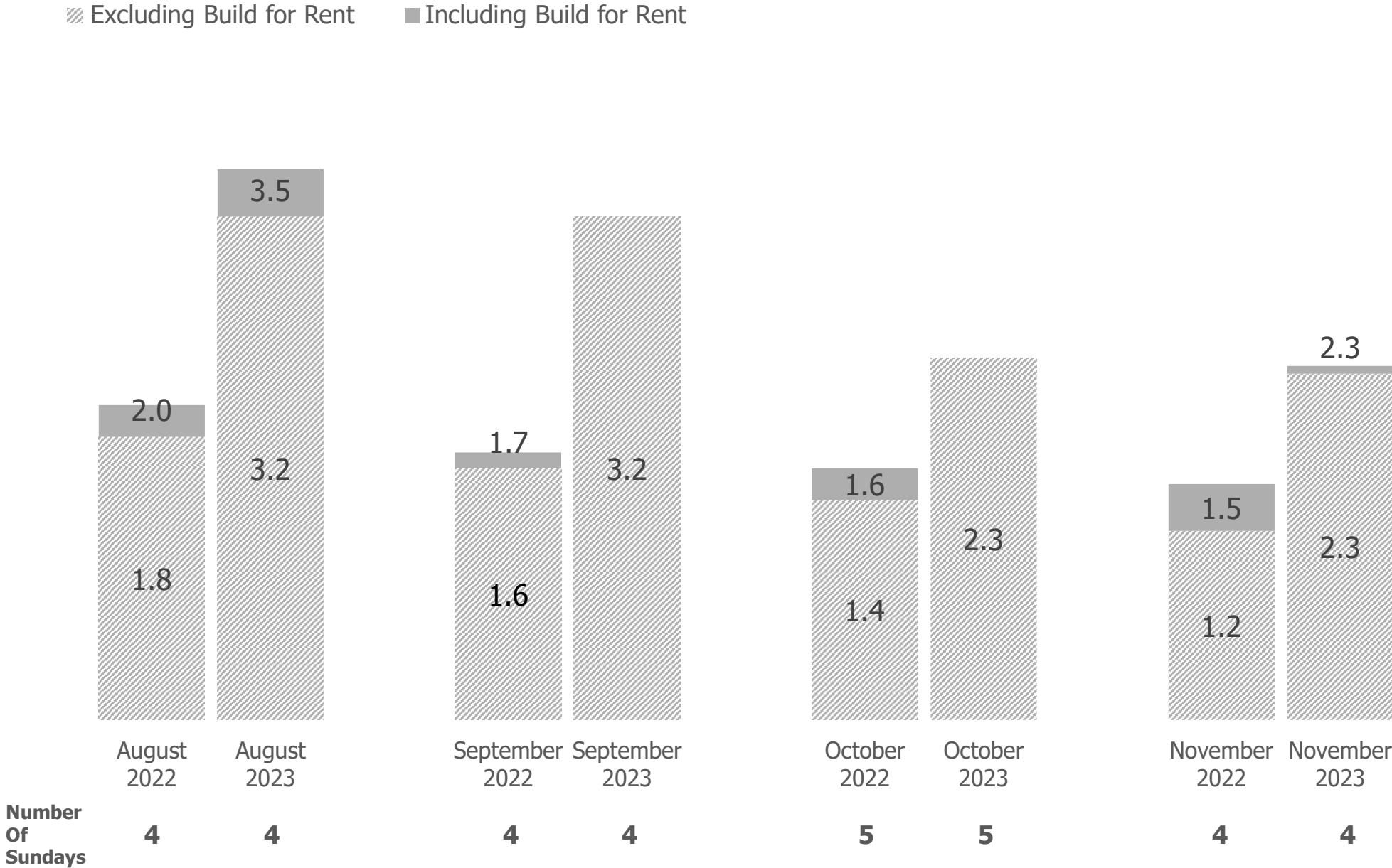
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Quarterly Contracts Per Community



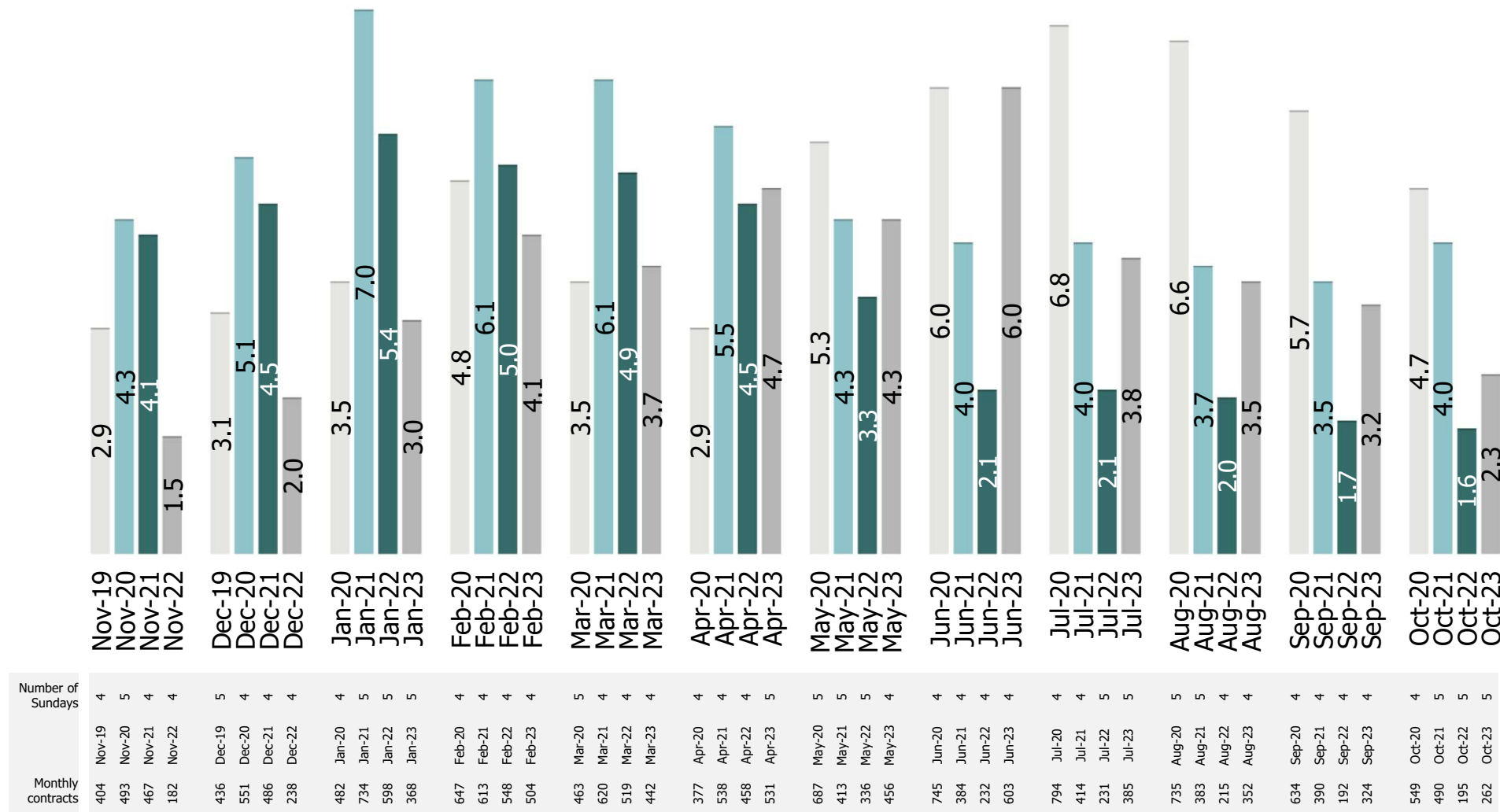
Note: Excludes unconsolidated joint ventures.

Contracts Per Community



Note: Excludes unconsolidated joint ventures.

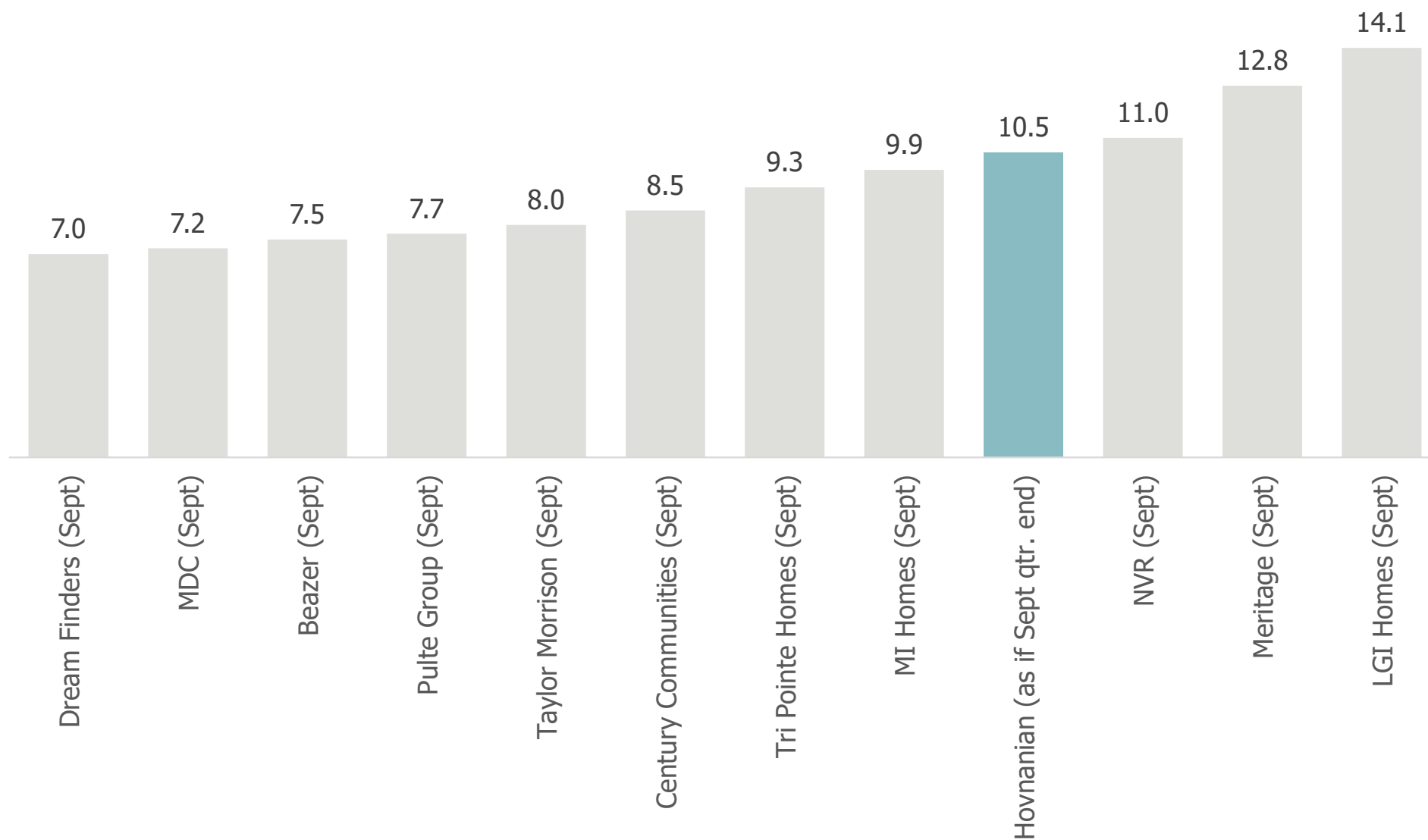
Number of Monthly Contracts Per Community, Excludes Unconsolidated Joint Ventures



Note: Excludes unconsolidated joint ventures.

Contracts Per Community

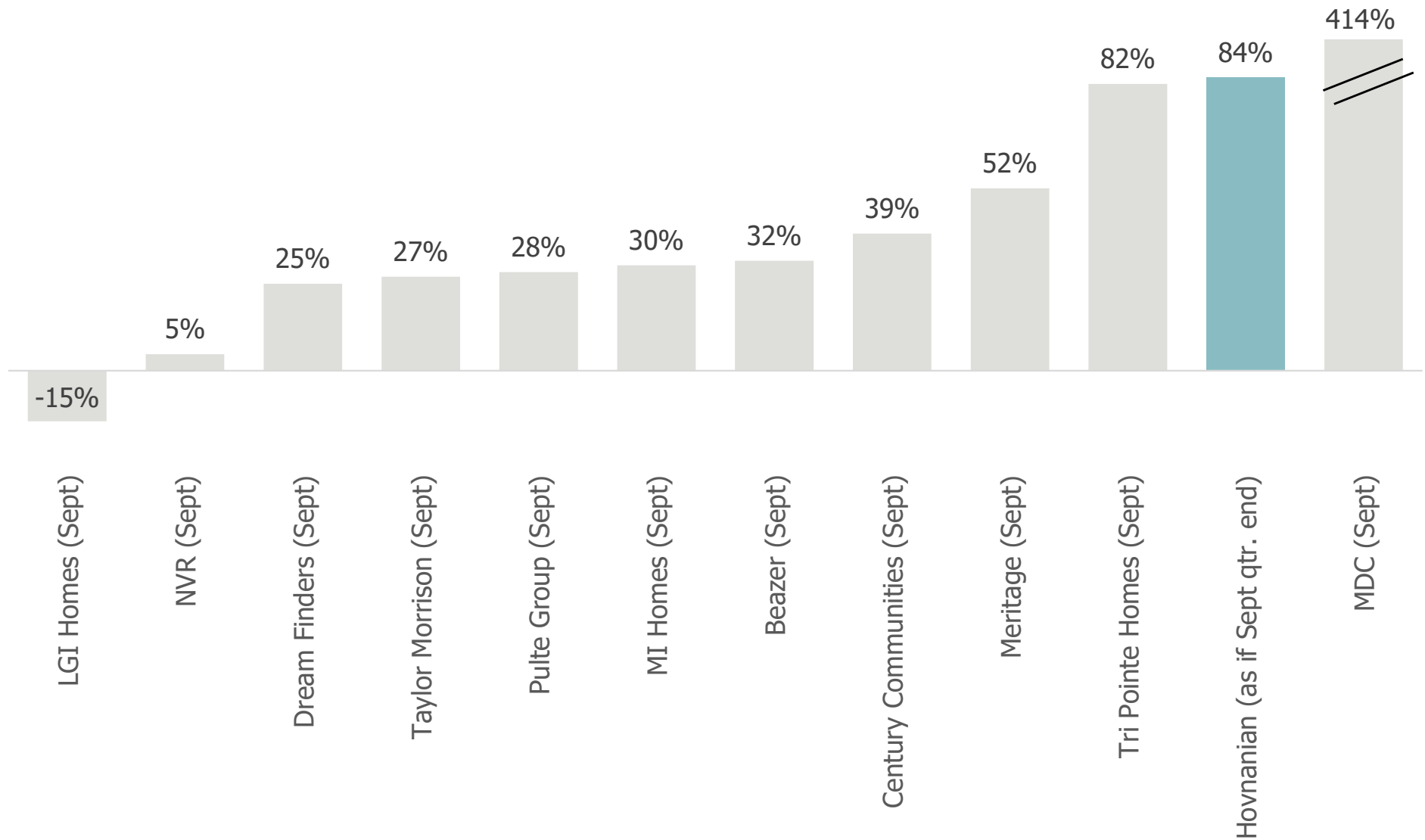
For the three months ended September 30, 2023



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

Contracts Per Community Year-Over-Year Change

For the three months ended September 30, 2023, compared with the three months ended September 30, 2022



Note: Only peers with September 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

Q4 2023 LTM⁽¹⁾

	Northeast	Southeast	West
Homebuilding revenues	35%	16%	49%
Homes delivered	33%	16%	51%
Average selling price of deliveries	\$577K	\$541K	\$514K
Net new contracts (\$)	37%	18%	45%
Backlog homes	34%	34%	32%

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.

Land Position

October 31, 2023
Owned

Segment	Active lots	Mothballed lots	Optioned lots	Total lots
Northeast	1,654	6	12,482	14,136
Southeast	1,109	—	4,823	5,932
West	4,574	390	7,084	11,658
Consolidated total	7,337	396	24,389	31,726
Unconsolidated joint ventures ⁽¹⁾	2,287	—	497	2,784
Grand total	9,624	396	24,886	34,510

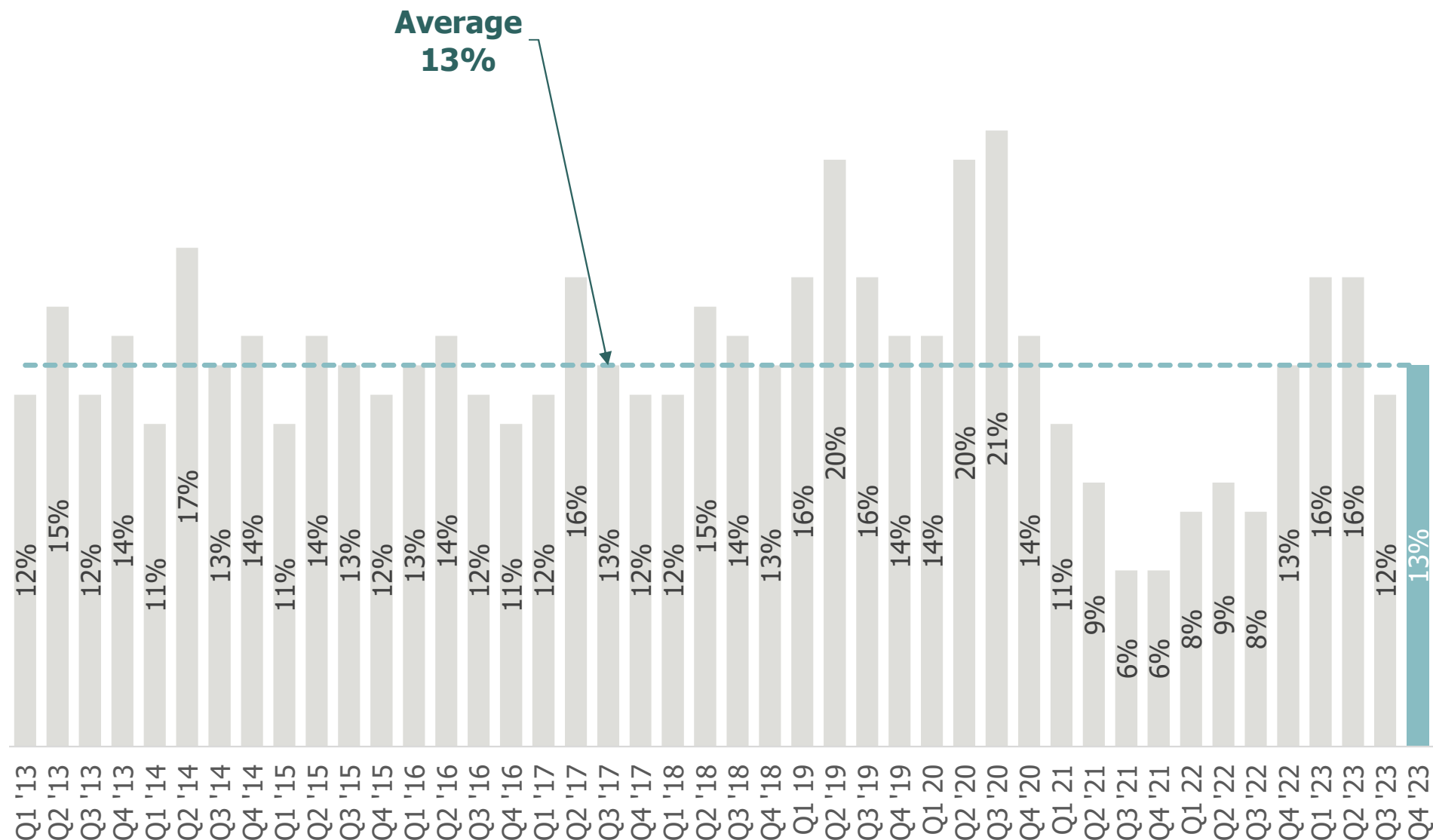
- Reactivated ~9,300 lots in 110 communities since January 31, 2009
- As of October 31, 2023, mothballed lots in 2 communities with a book value of \$1 million net of impairment balance of \$20 million

6.5 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.

Backlog Cancellation Rates

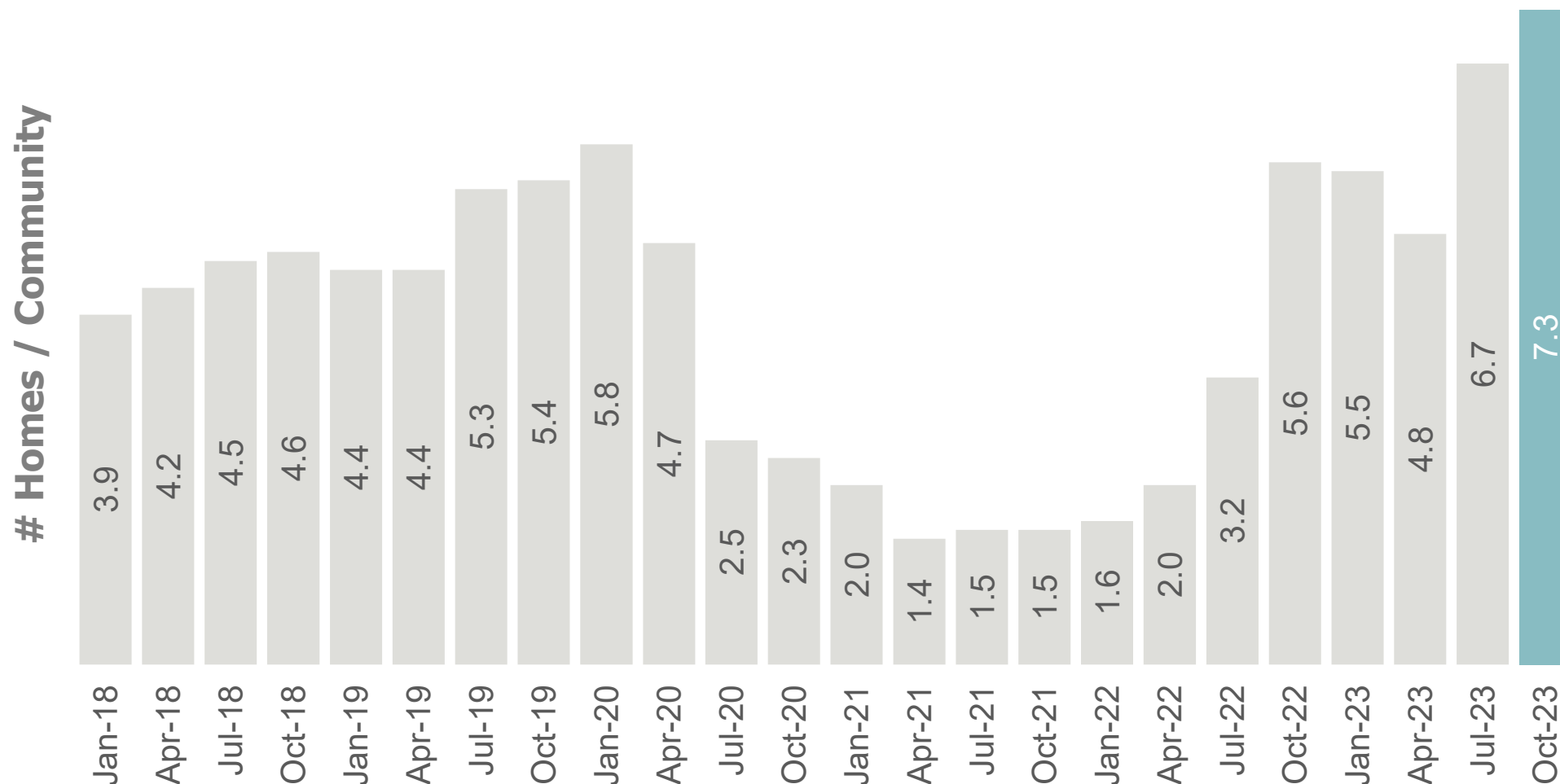
Peaked at 31% in Q2 2009



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

Quick Move In Homes (QMIs) Per Community

- 828 QMIs at 10/31/23, excluding models
- 4.5 average QMIs per community since 1997
- 206 finished QMIs at 10/31/23

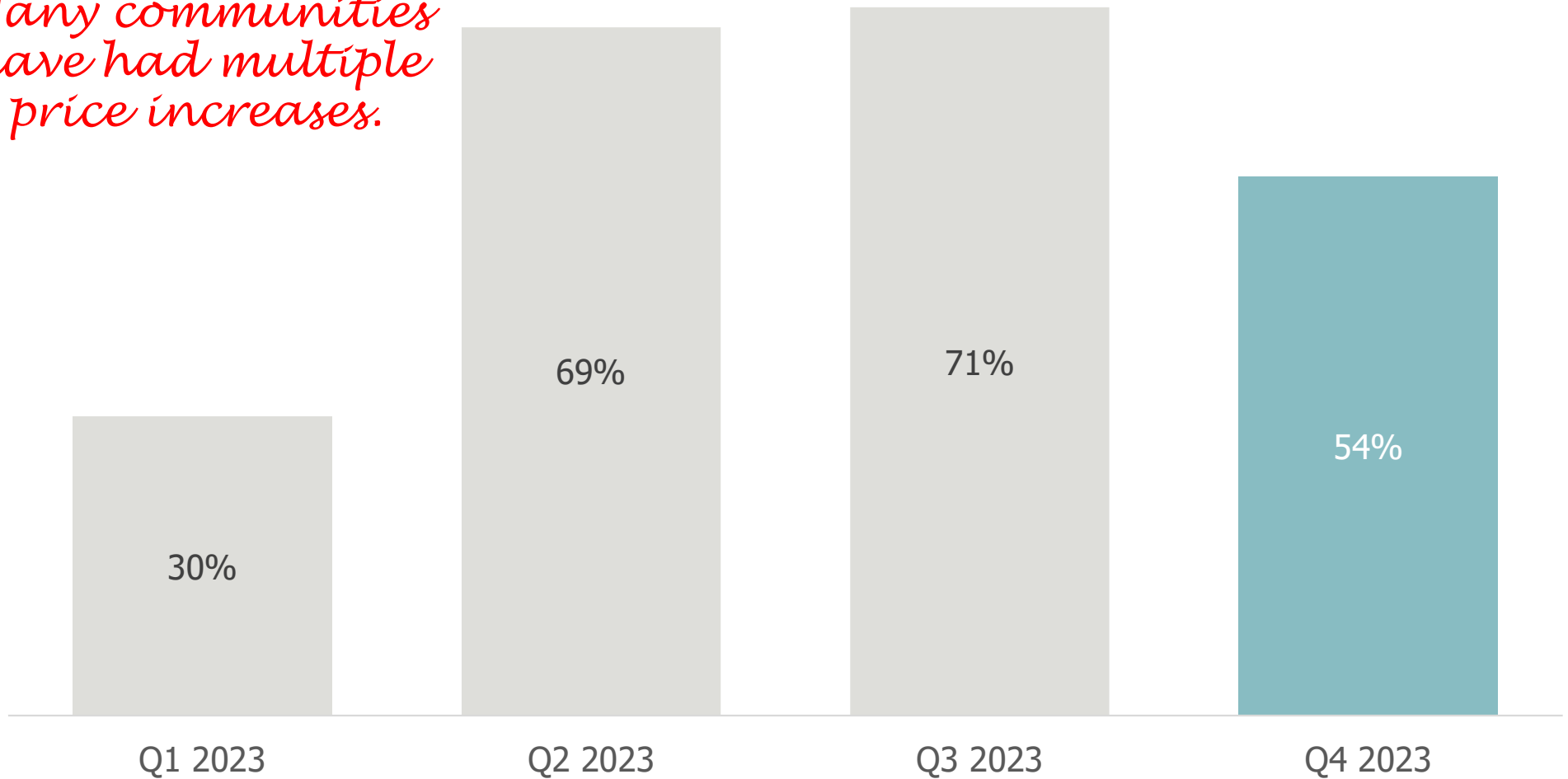


Note: Excluding unconsolidated joint ventures and models.

Raising Home Prices in Many of Our Communities

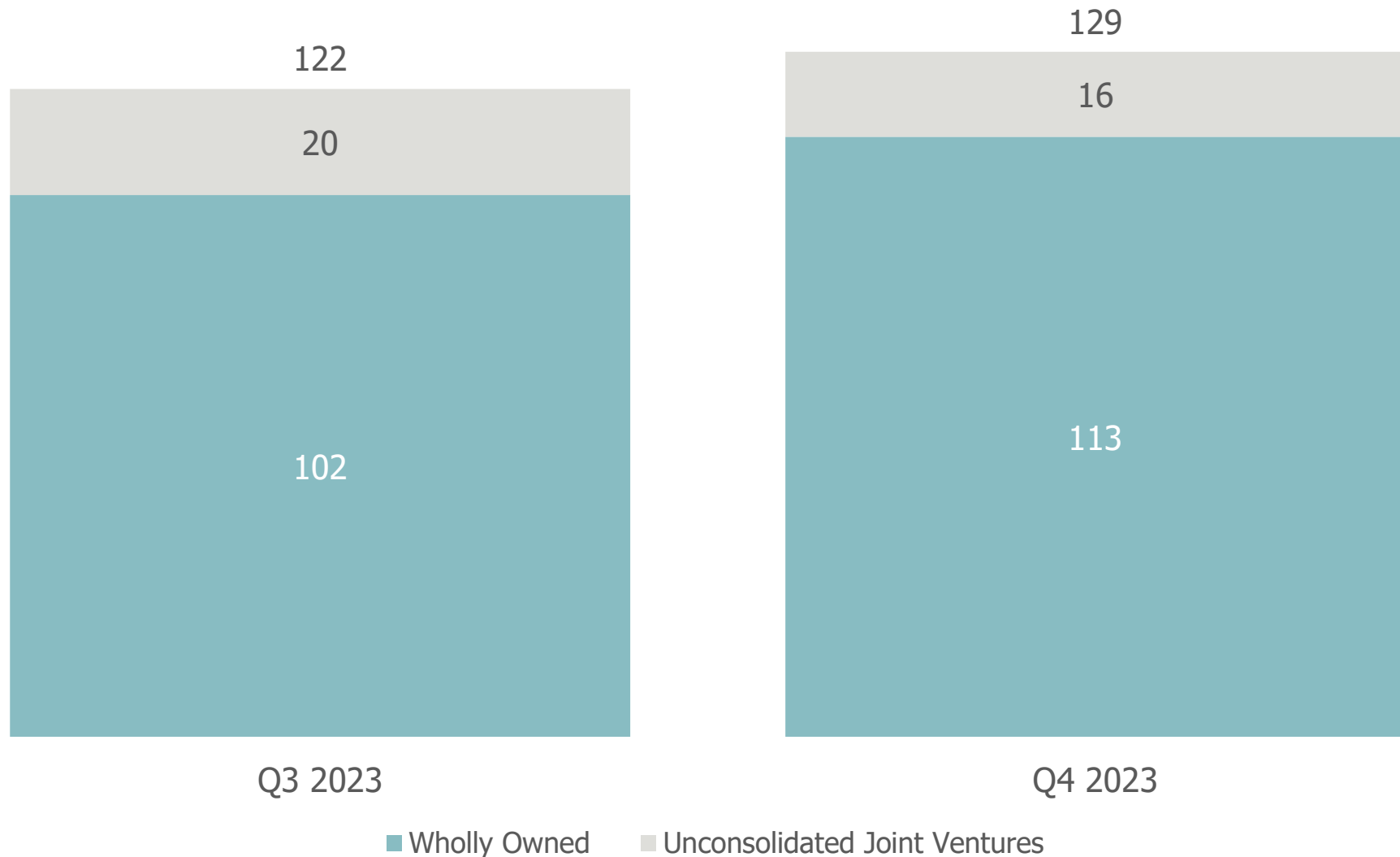
Percentage of communities where we raised prices

*Many communities
have had multiple
price increases.*



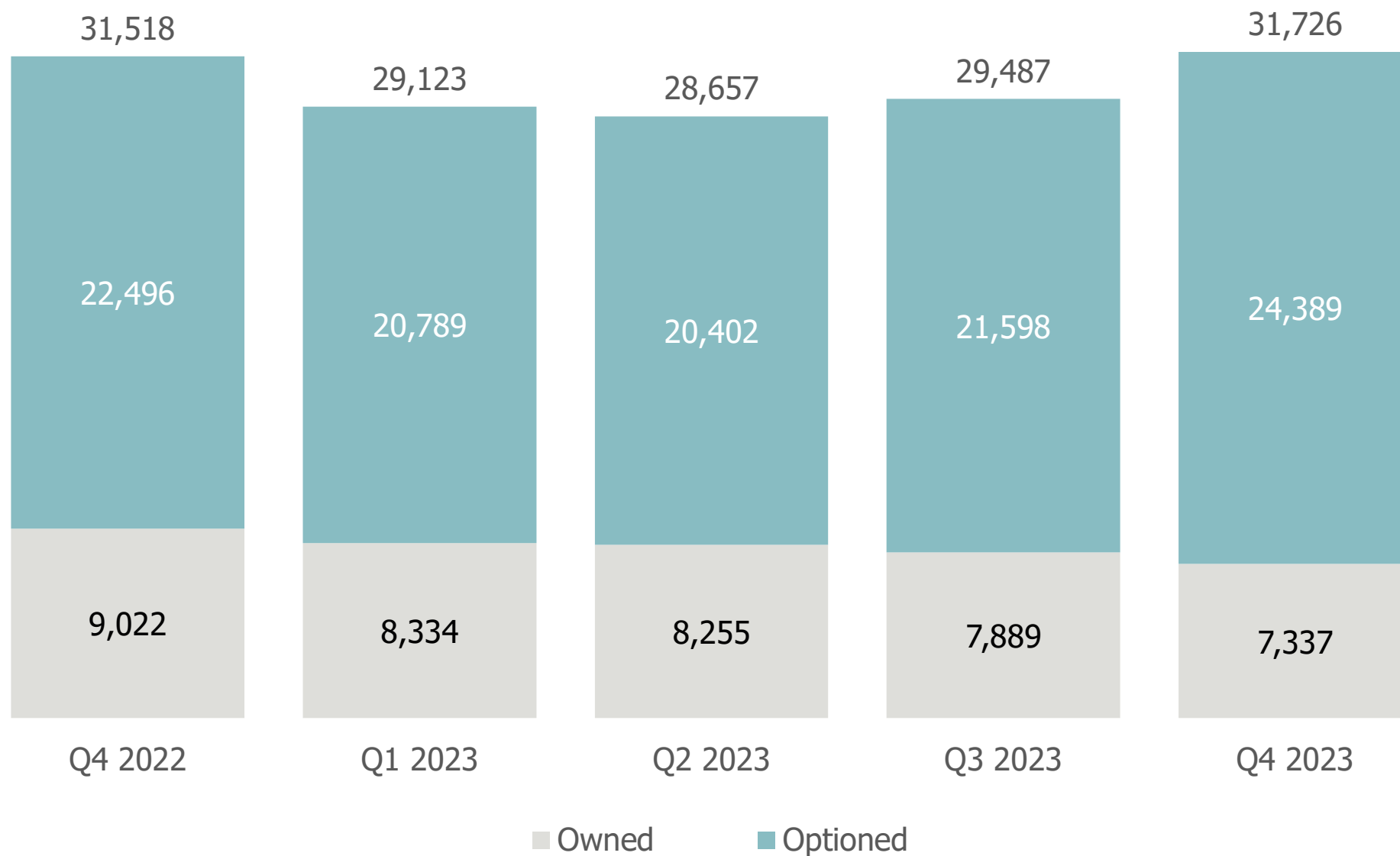
Community Count

Community count expected to grow further in fiscal 2024.



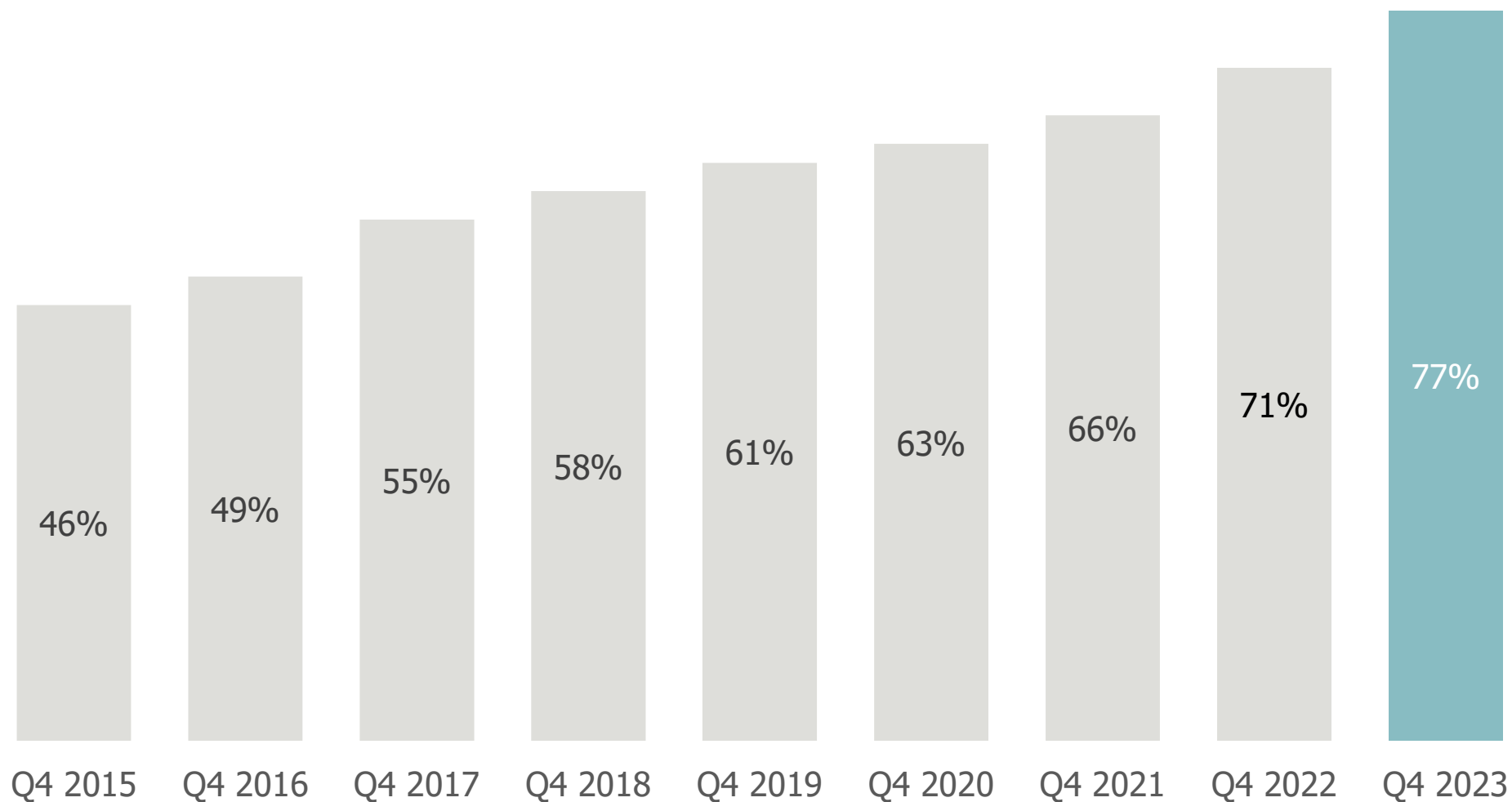
Note: Excludes our multi-community unconsolidated joint venture in the Kingdom of Saudi Arabia.

Lots Controlled



Note: Excludes unconsolidated joint ventures.

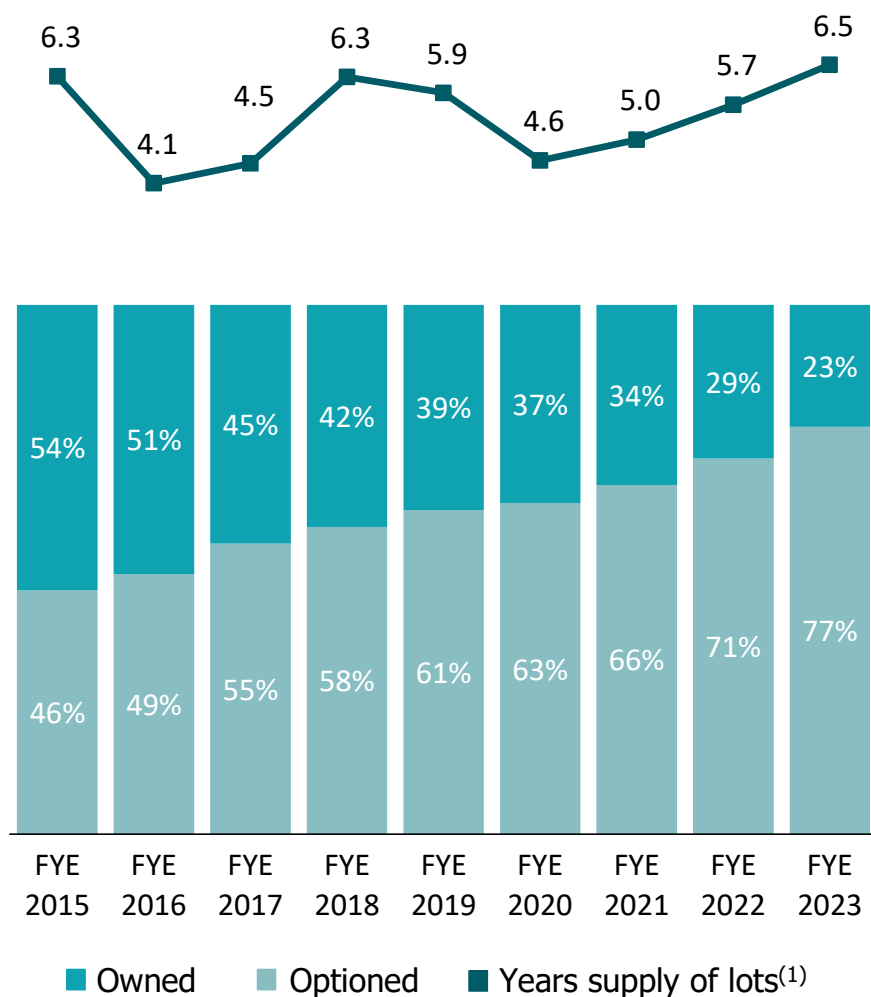
Percentage of Optioned Lots



Note: Excludes unconsolidated joint ventures.

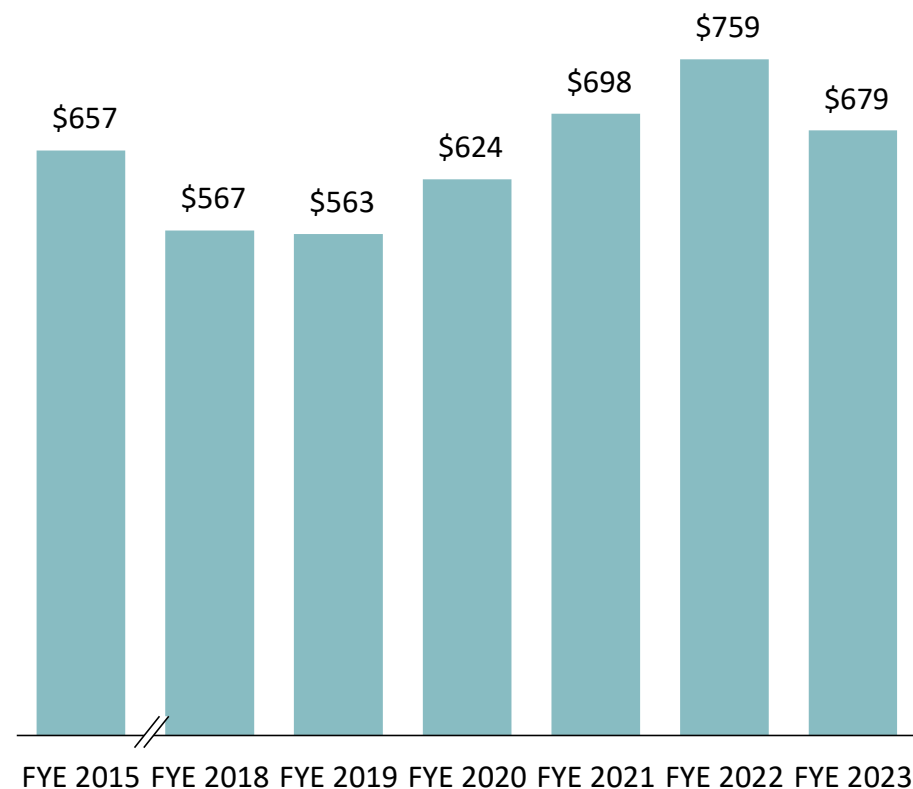
Efficient lot strategy

Multi-year lot supply



Ample inventory reinvestment

Land and land development spend
(\$ in millions)



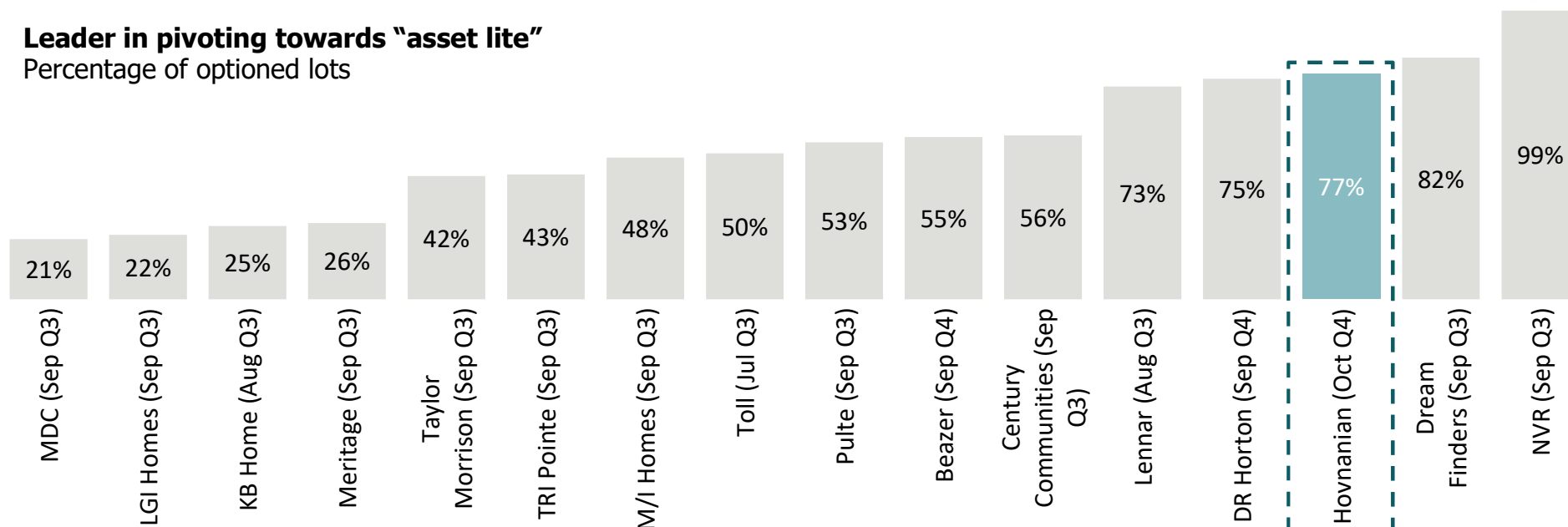
Notes: Excludes unconsolidated joint ventures.

(1) Represents total lots controlled (owned + optioned) / LTM unit closings.

Rapid inventory turns drive improved performance

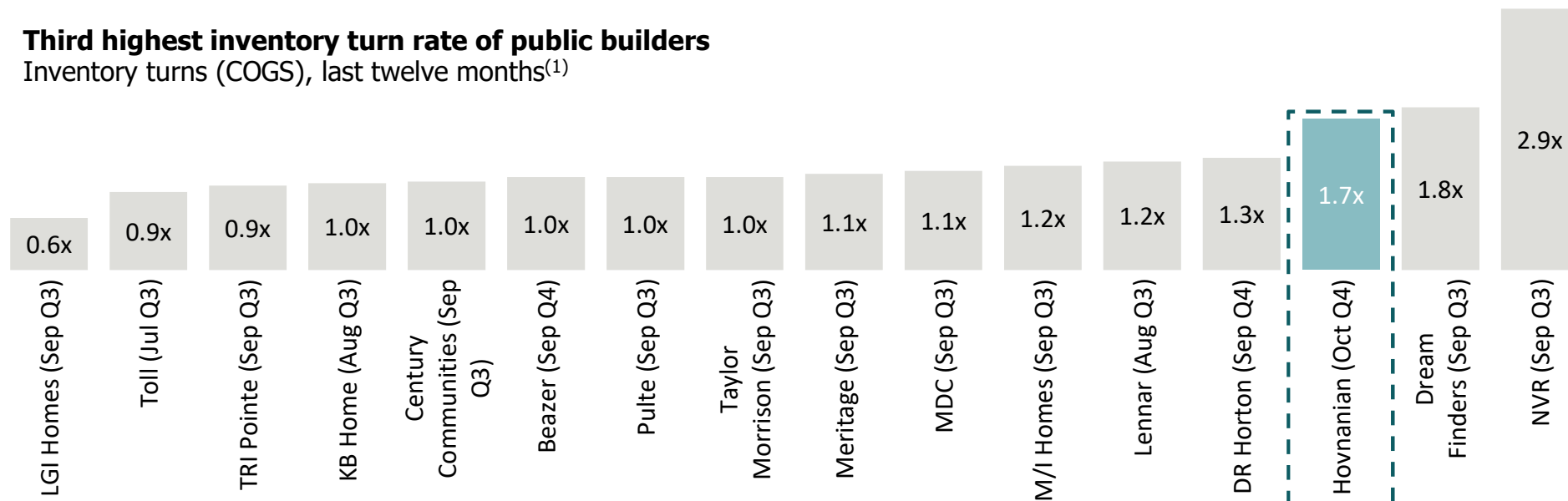
Leader in pivoting towards “asset lite”

Percentage of optioned lots



Third highest inventory turn rate of public builders

Inventory turns (COGS), last twelve months⁽¹⁾



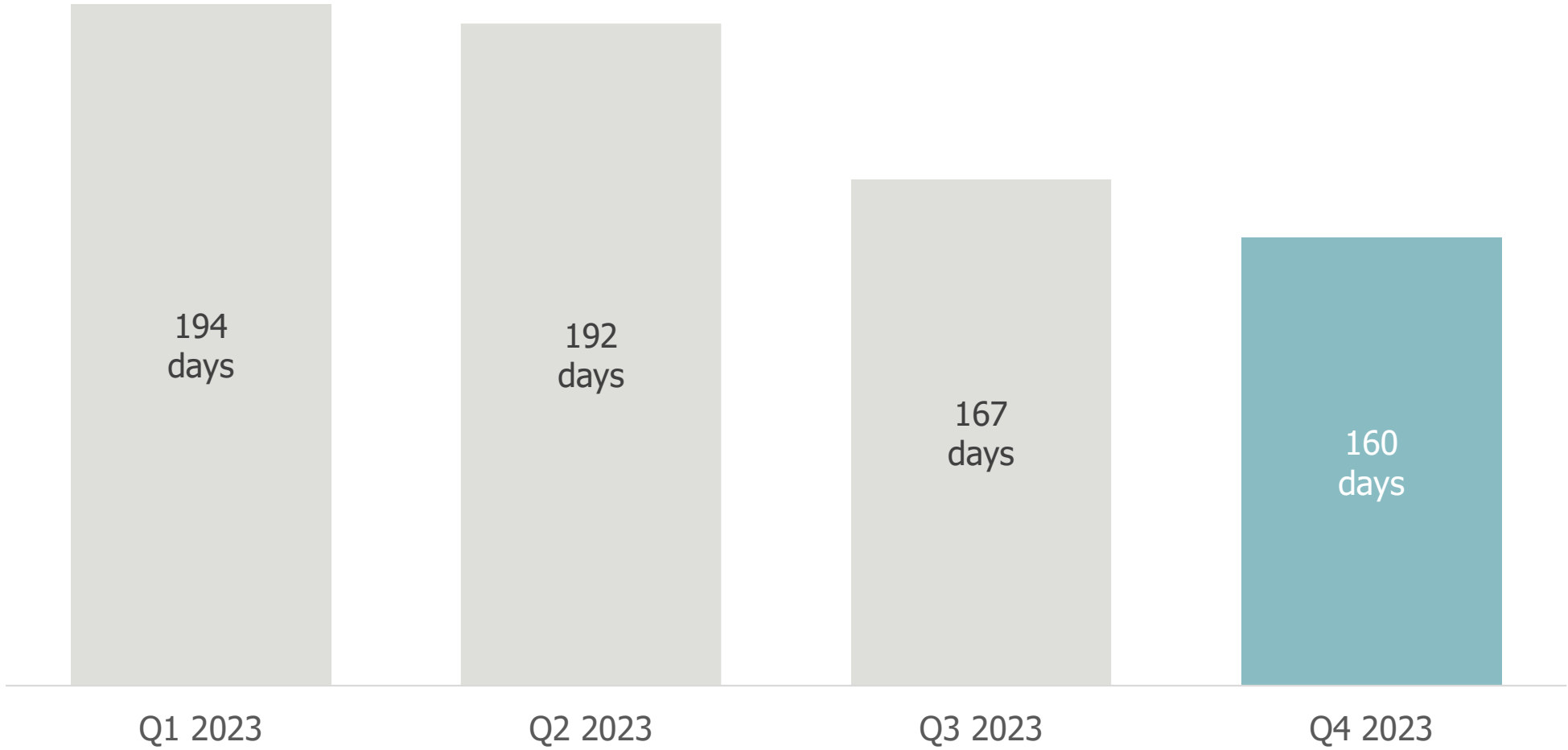
Source: Company SEC filings and press releases as of 12/05/2023.

(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.

Cycle Times

(shown in calendar days)

Pre-pandemic normal cycle times of about 120 days

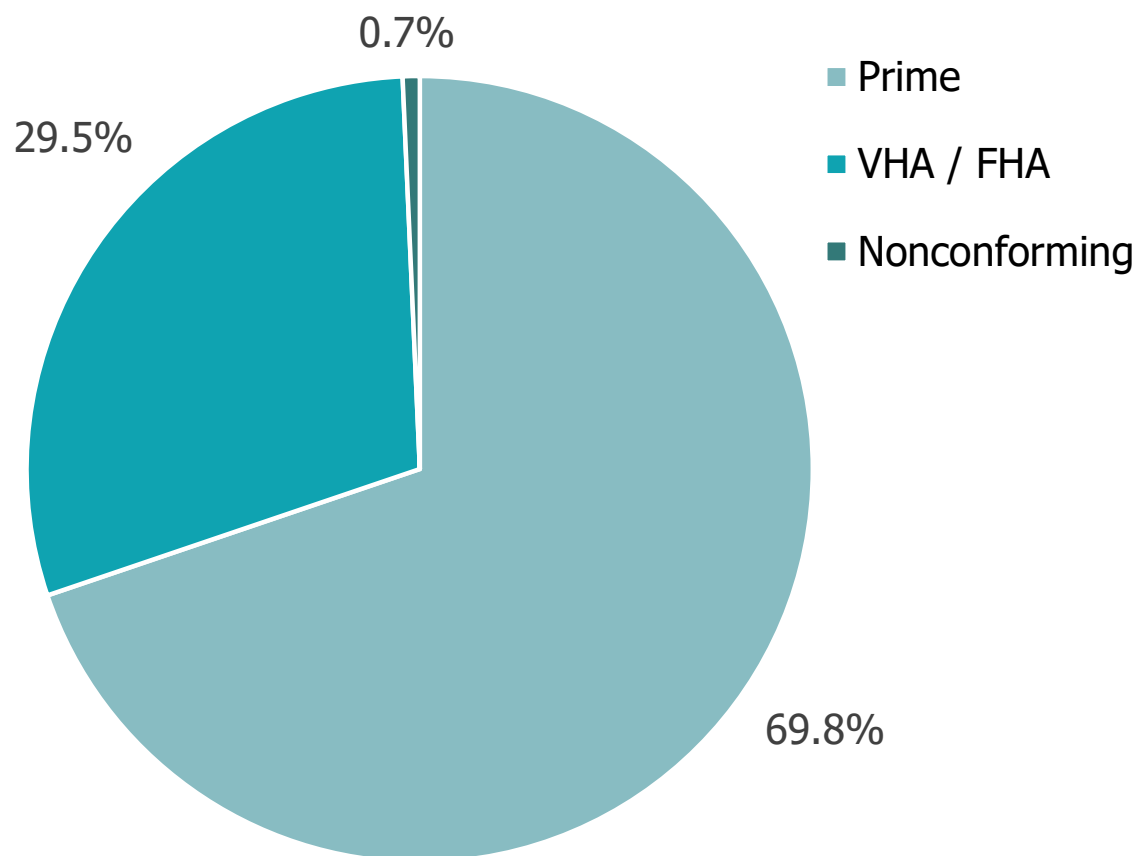


Profitable financial services business

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
- \$60mm LTM revenues
- \$19mm LTM operating income
- 32% LTM operating margin

Origination portfolio year ended October 31, 2023

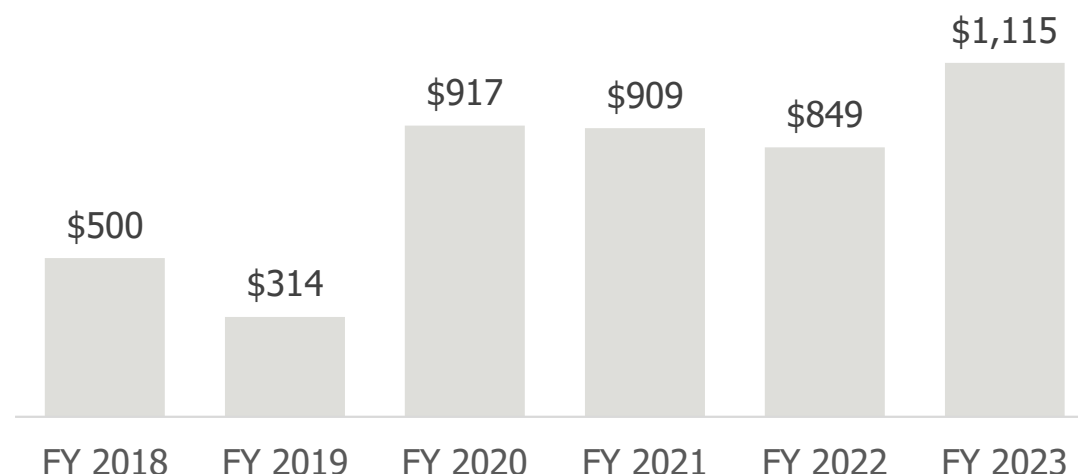


Note: Last twelve months (LTM) through October 31, 2023.

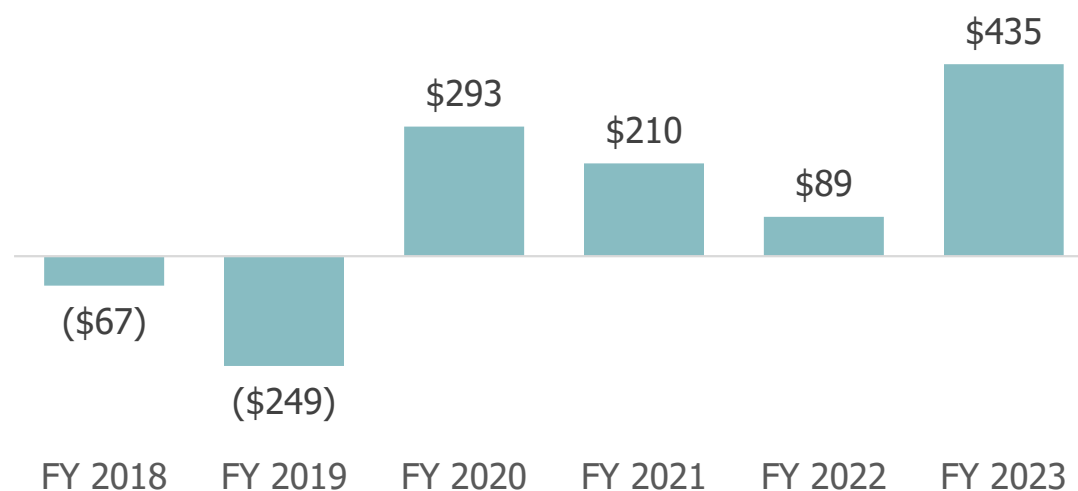
Significant cash flow generation

- 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)



Backlog

(\$ in billions)

Dollars



October 31, 2022
2,186 Homes



October 31, 2023
1,824 Homes

Note: Excludes domestic unconsolidated joint ventures.

- Fourth quarter adjusted pre-tax profit was \$144 million, almost 40% higher than last year
- Contracts up 56% year-over-year in the fourth quarter and 43% in November
- Increase in book value per share of 80% year-over-year
- \$844 million reduction in net debt since beginning of fiscal 2020
- First quarter 2024 adjusted pre-tax guidance results in 100% increase over first quarter 2023
- Excess liquidity at end of year



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

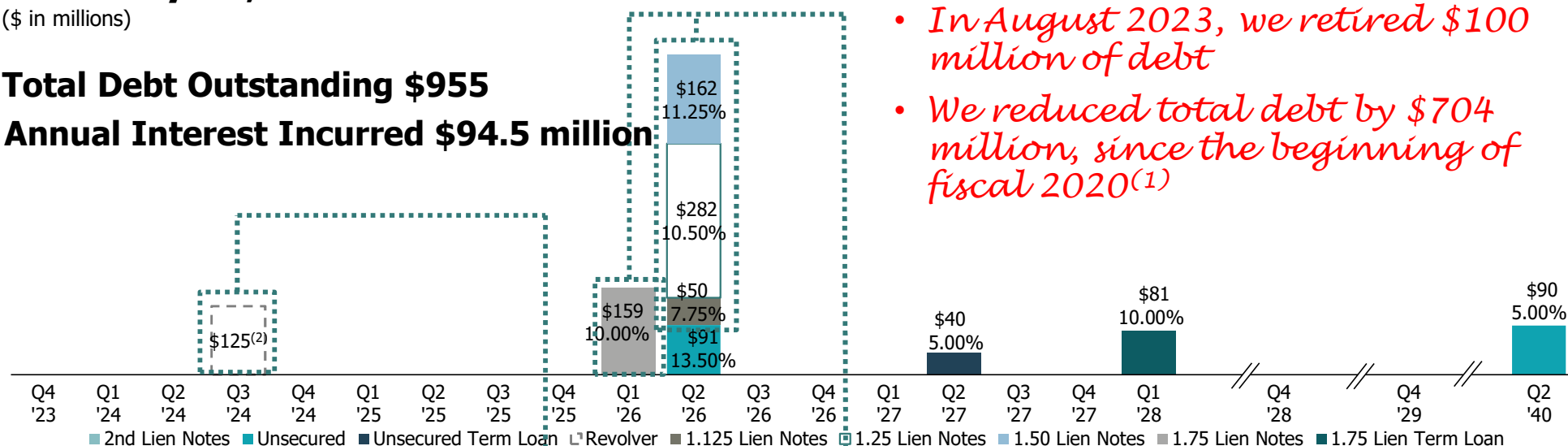
As of July 31, 2023

(\$ in millions)

Total Debt Outstanding \$955

Annual Interest Incurred \$94.5 million

- In August 2023, we retired \$100 million of debt*
- We reduced total debt by \$704 million, since the beginning of fiscal 2020⁽¹⁾*

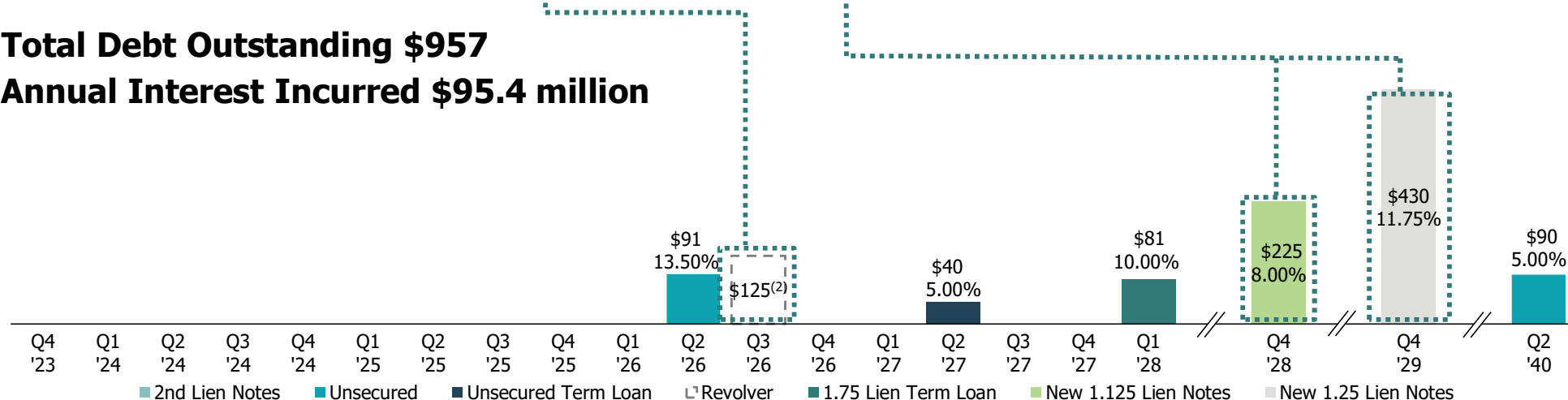


October 31, 2023, pro forma for November 2023 transaction⁽¹⁾

(\$ in millions)

Total Debt Outstanding \$957

Annual Interest Incurred \$95.4 million



Note: Shown on a fiscal year basis, at face value.

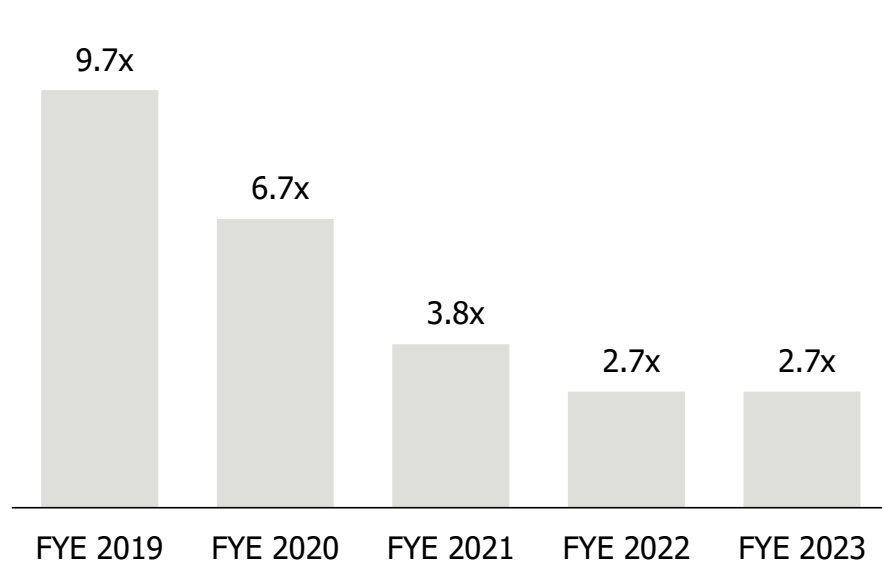
Excludes non-recourse mortgages.

(1) Includes \$114 million reduction due to November redemption.

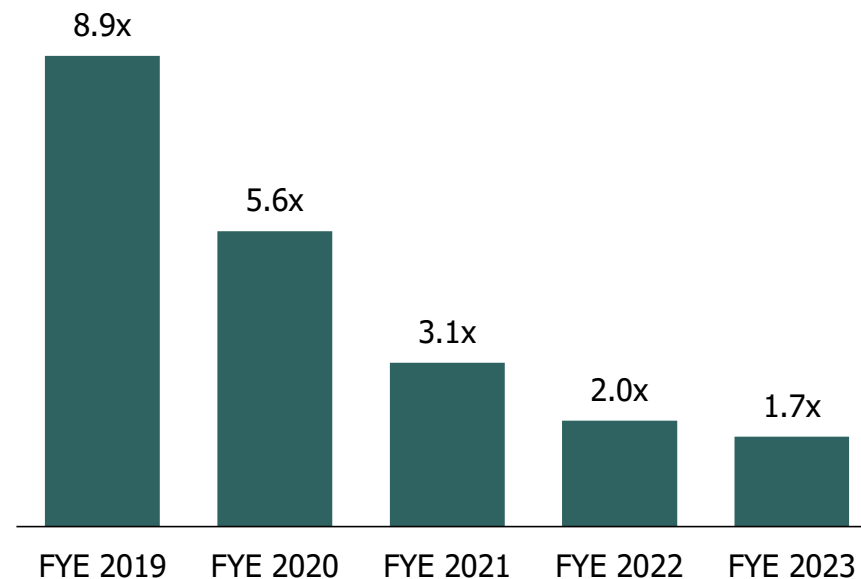
(2) \$0 balance as of July 31, 2023 and October 31, 2023.

Credit Metrics

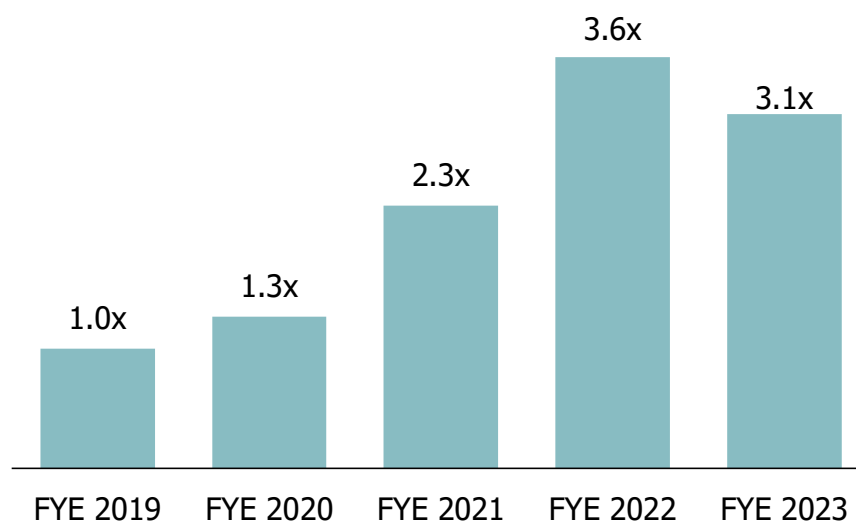
Total debt (incl. mortgages) / Adjusted EBITDA



Net Debt (incl. mortgages) / Adjusted EBITDA



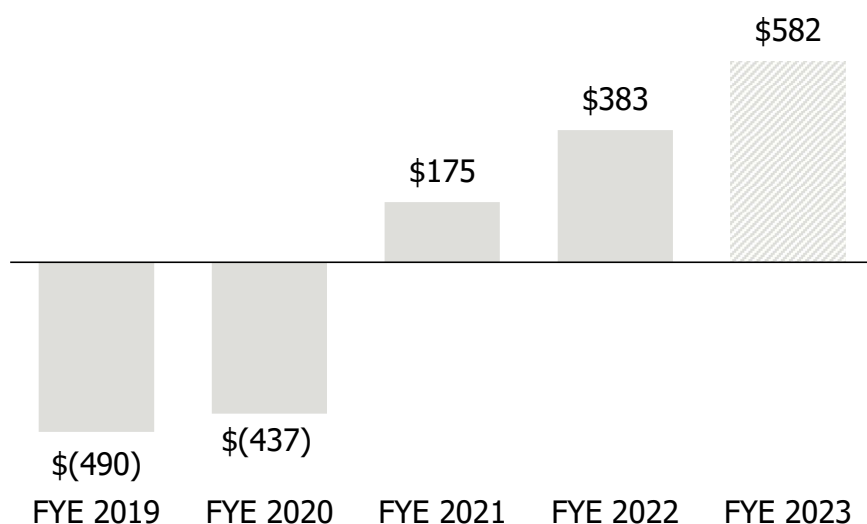
Adjusted EBITDA / Interest Incurred



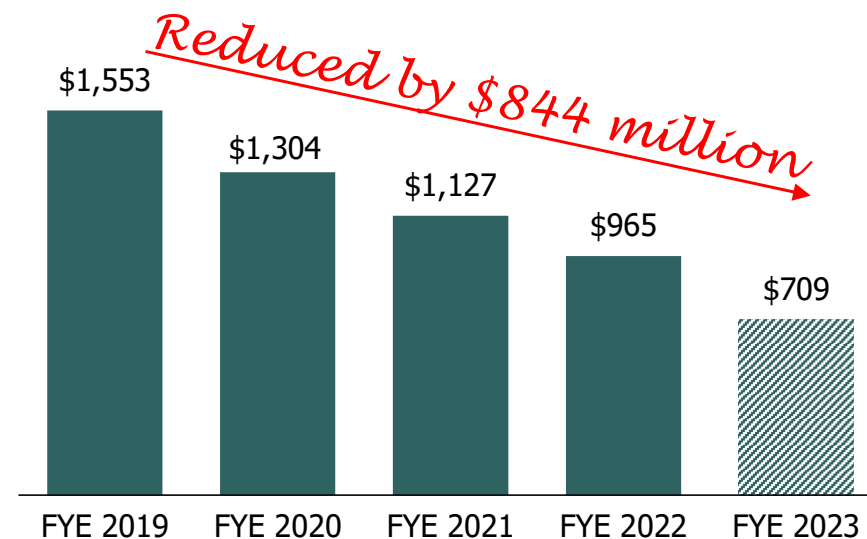
Balance Sheet Metrics

(\$ in millions)

Equity value (book)

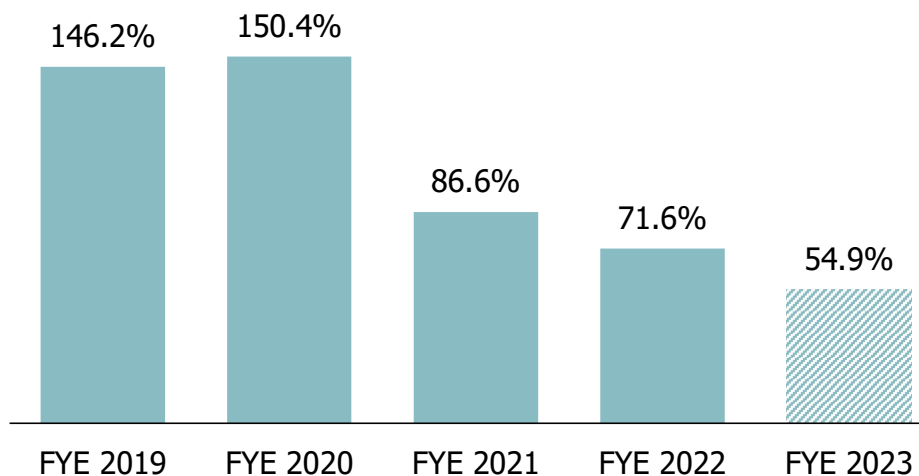


Net debt



Net debt to net capitalization

Goal: Mid 30% level



Total Debt (Principal Value of Public Debt and Nonrecourse Mortgages)

(\$ in millions)

\$704 million reduction⁽¹⁾



(1) Retired debt total includes \$114 million of 10.000% Notes redeemed in November 2023.



Guidance

Guidance for Fiscal 2024 First Quarter

(\$ in millions)

	<u>Actuals</u> <u>Q1 2023</u>	<u>Guidance</u> <u>Q1 2024⁽¹⁾</u>
Total Revenues	\$515	\$525 - \$625
Adjusted Homebuilding Gross Margin⁽²⁾	21.8%	22.0% - 23.5%
Total SG&A as Percentage of Total Revenues⁽³⁾	14.2%	12.5% - 13.5%
Adjusted EBITDA⁽⁴⁾	\$50	\$55 - \$70
Adjusted Income Before Income Taxes⁽⁵⁾	\$19	\$25 - \$40

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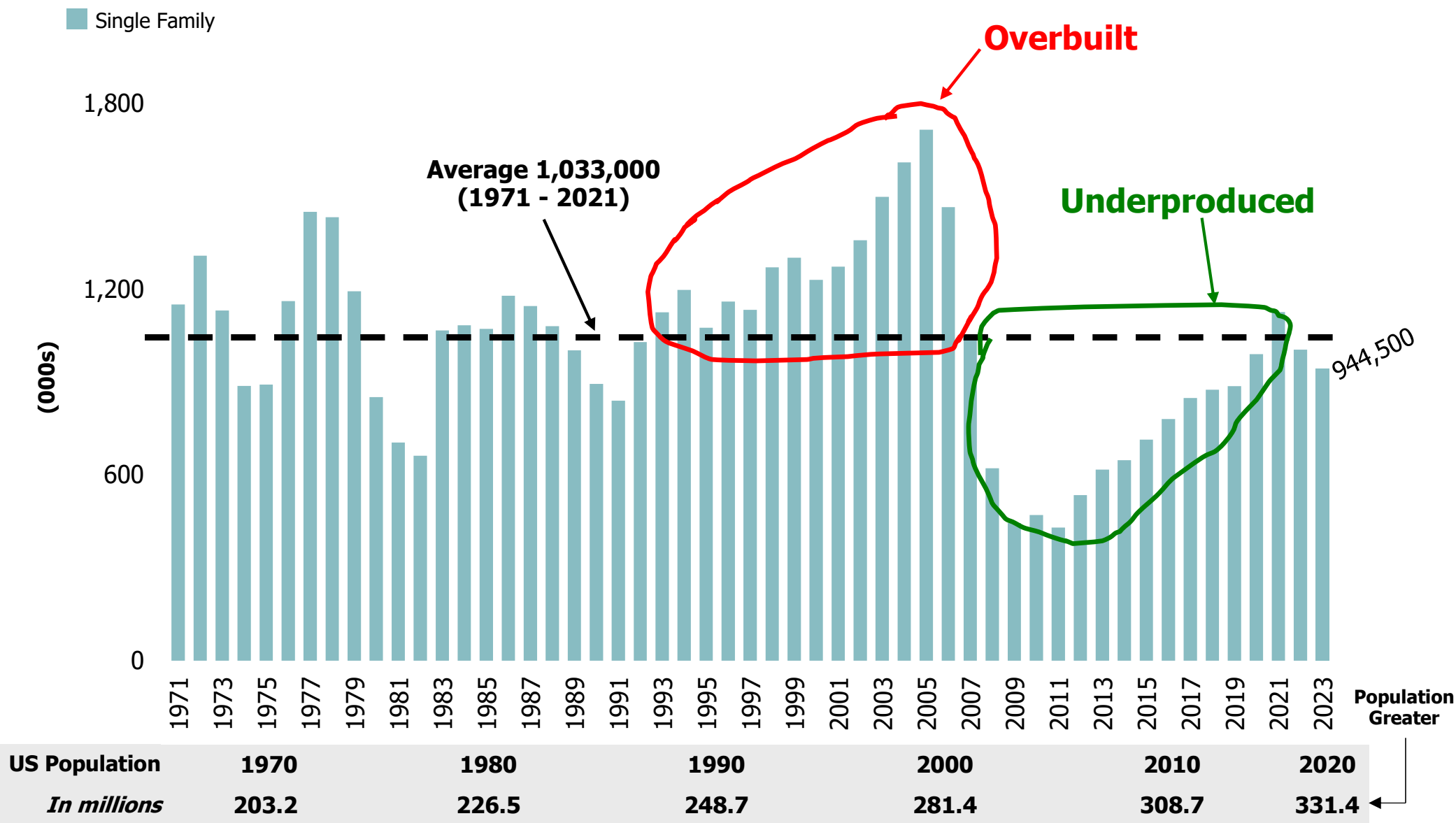
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US Housing Market

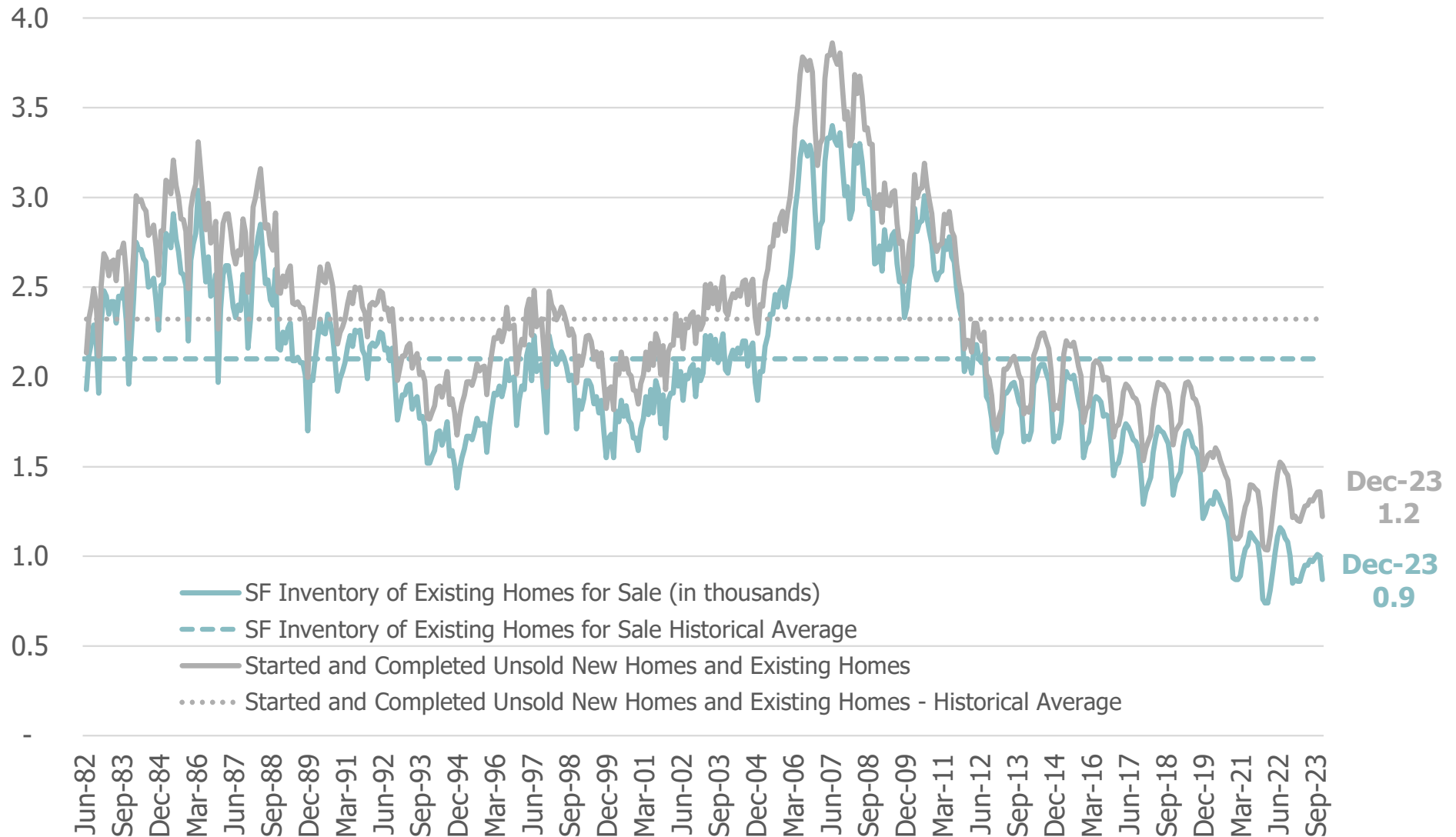
Single Family Housing Starts



Source: U.S. Census Bureau.

Historically Low Supply of Homes for Sale

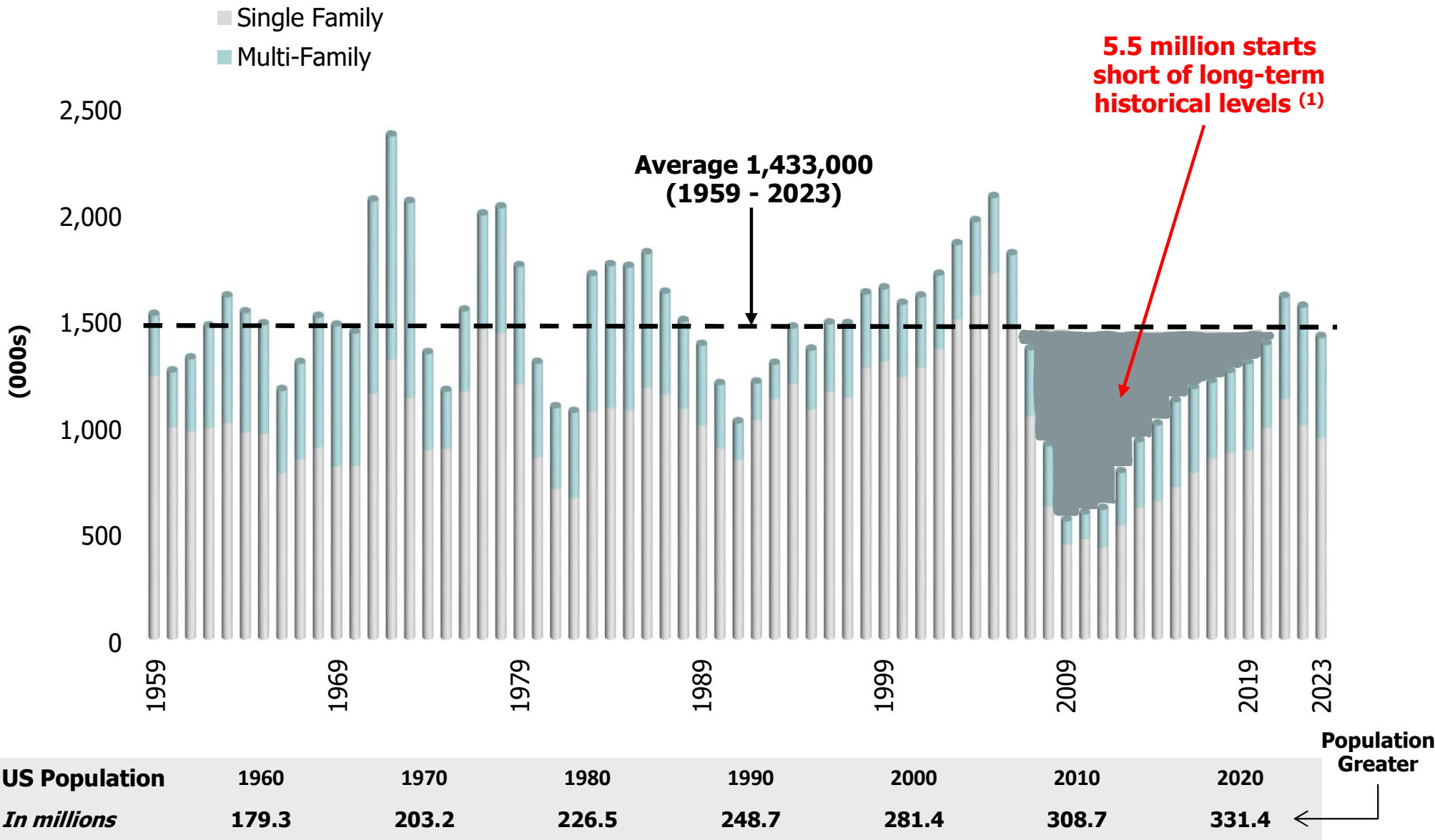
Homes in
millions



Source: National Association of Realtors.

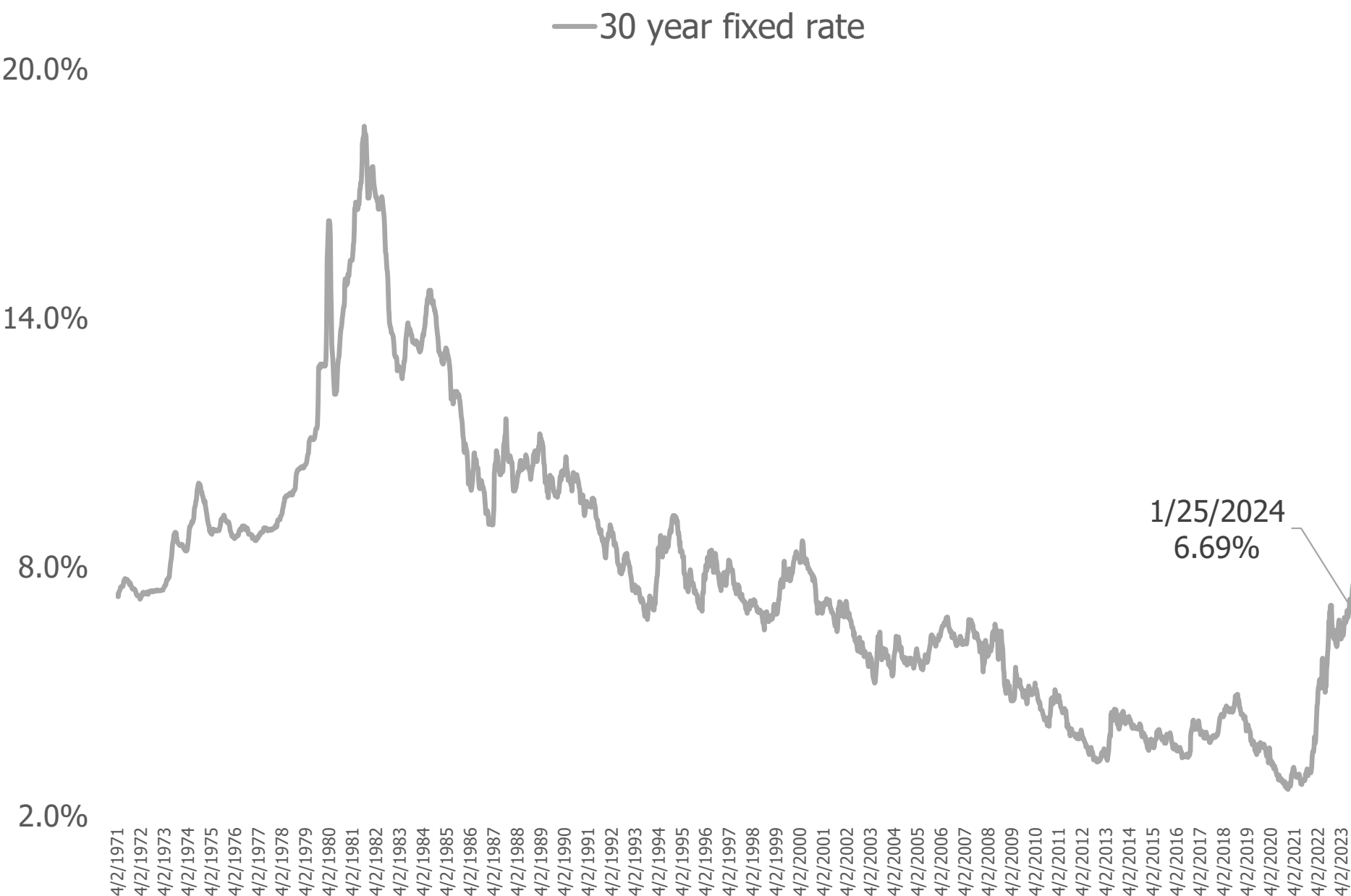
Recent shortfall in U.S. housing production

(For Sale and Rental)



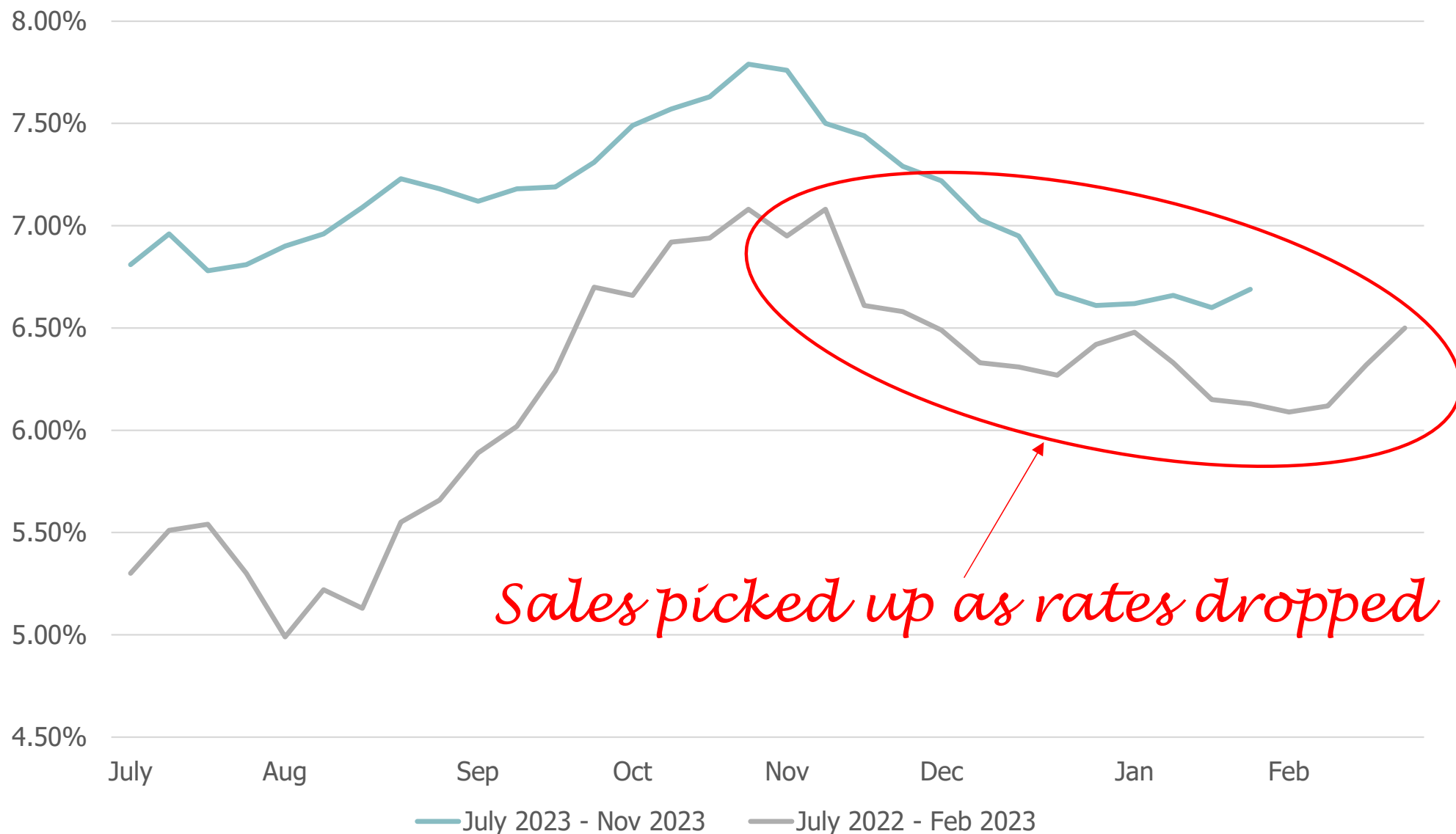
Source: U.S. Census Bureau.
(1) Wall Street Journal article from June 16, 2021 referencing a new National Association of Realtors report.

Mortgage Rates – Long Term Perspective



Source: Freddie Mac.

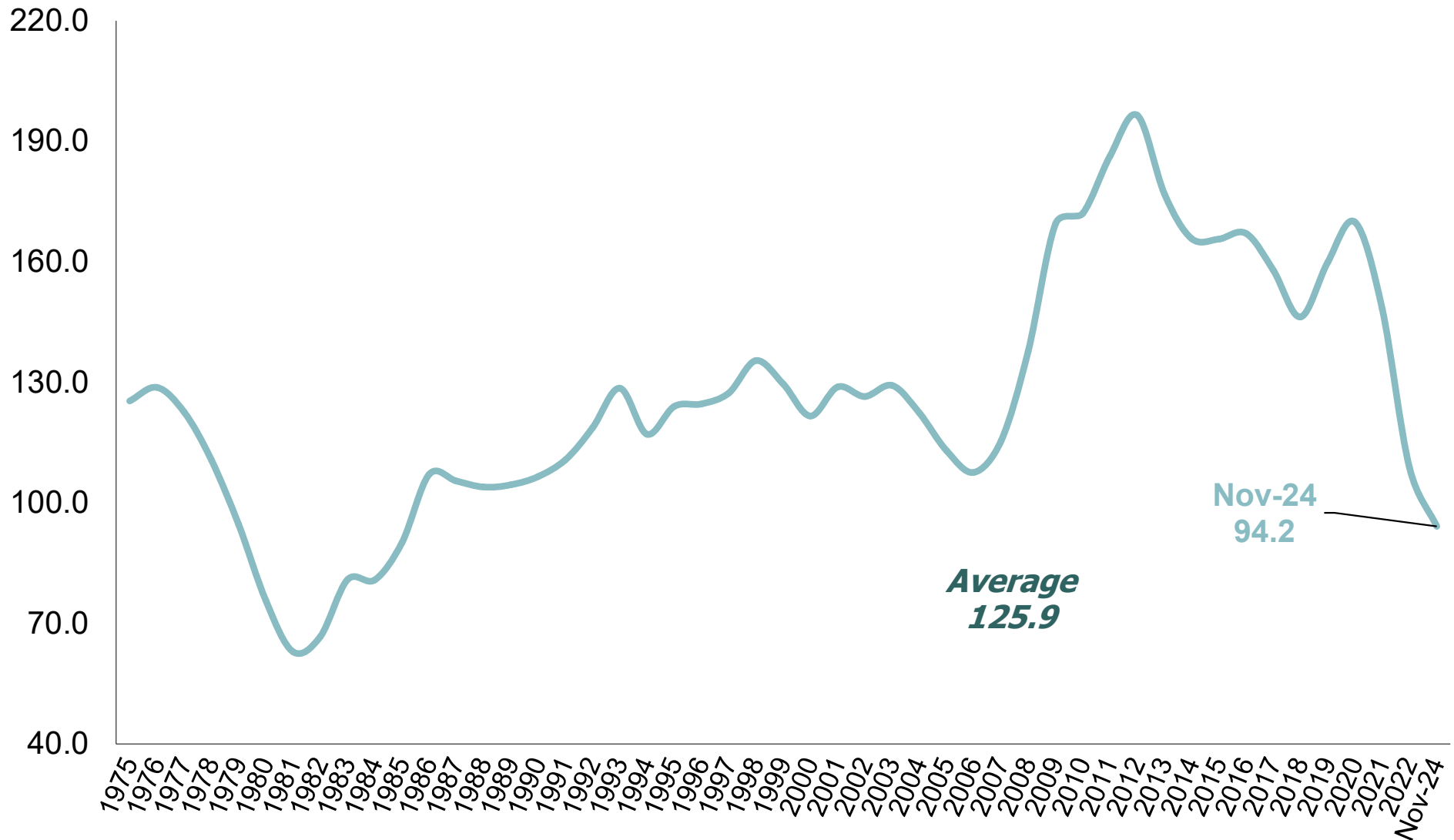
Recent Mortgage Rates



Source: Freddie Mac.

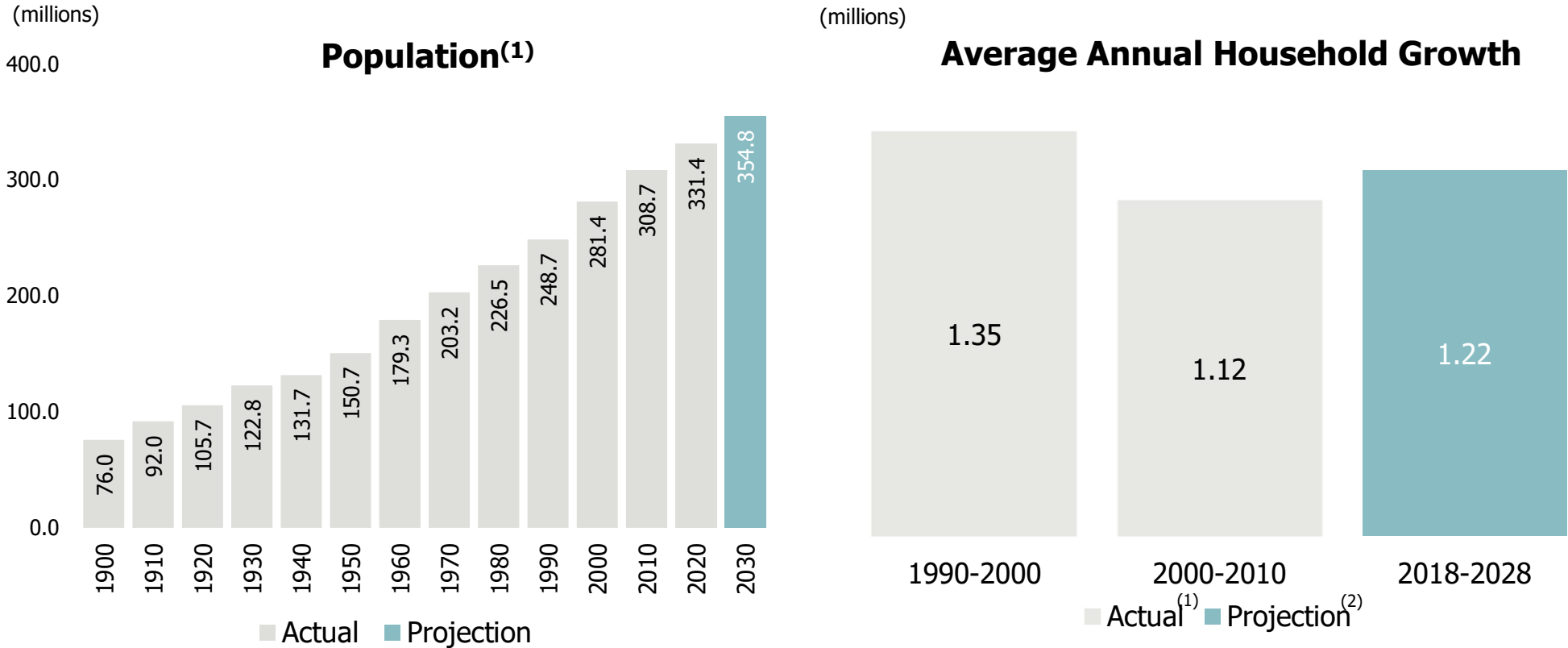
Affordability Index

"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 2018 - 2028⁽²⁾

1.22 million household formations

0.17 million demolitions

0.12 million second homes and vacant units

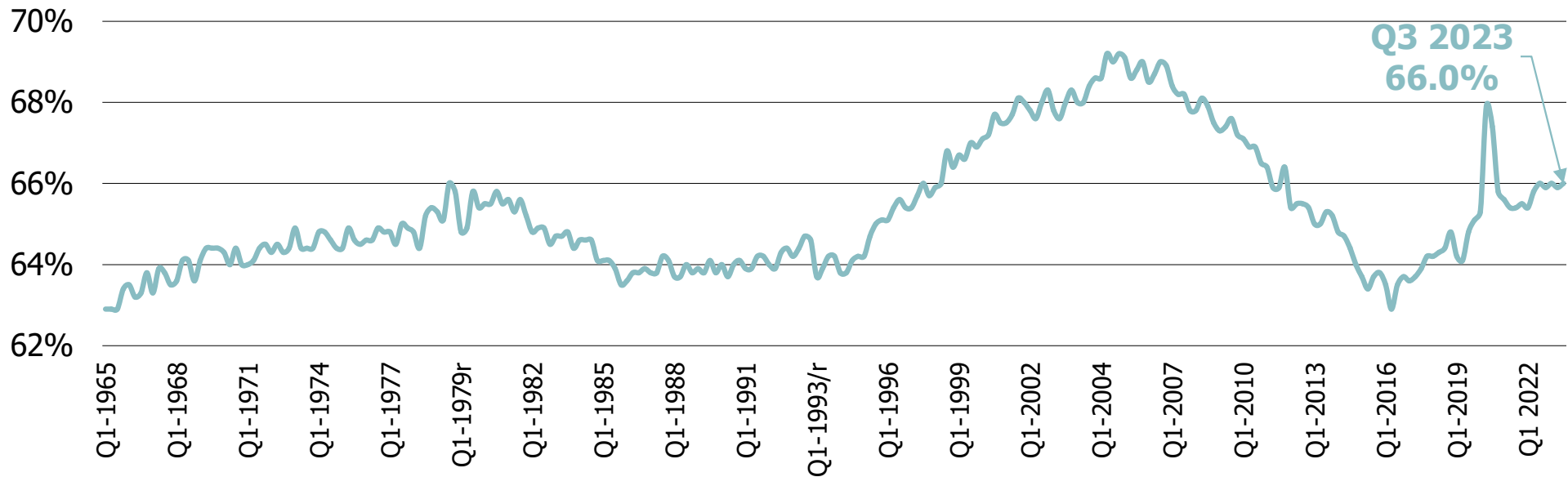
1.51 million new homes per year

(1) U.S. Census Bureau

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

Homeownership Rates

Homeownership Rates for All Households



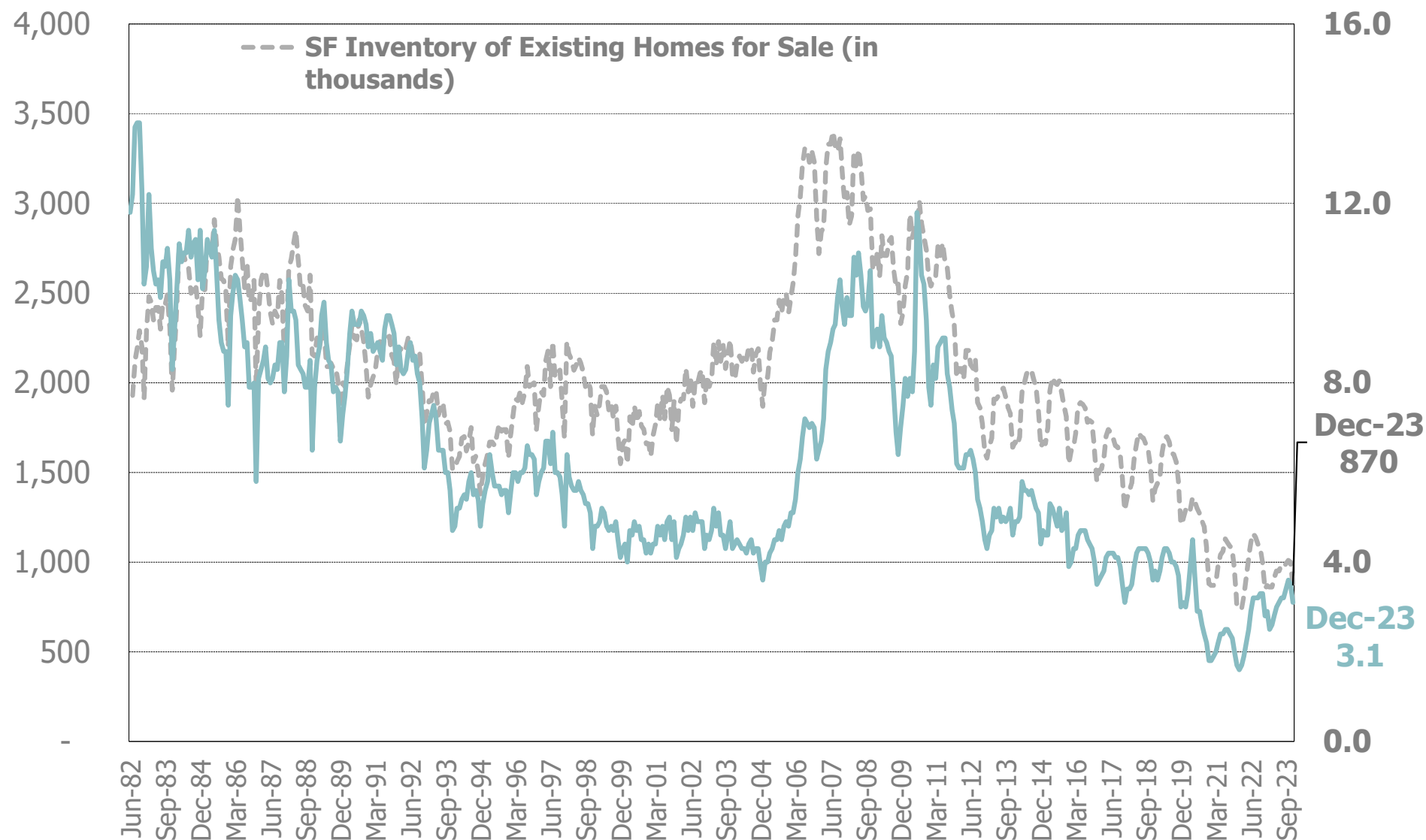
Homeownership Rates By Age of Householder 2022

Under 35	38.7%
35 – 44	62.2%
45 – 54	70.6%
55 – 64	75.7%
65 and over	79.0%

- Homeownership rates increase with age

Existing Single-Family Inventory Versus Months' Supply - June 1982 through December 2023

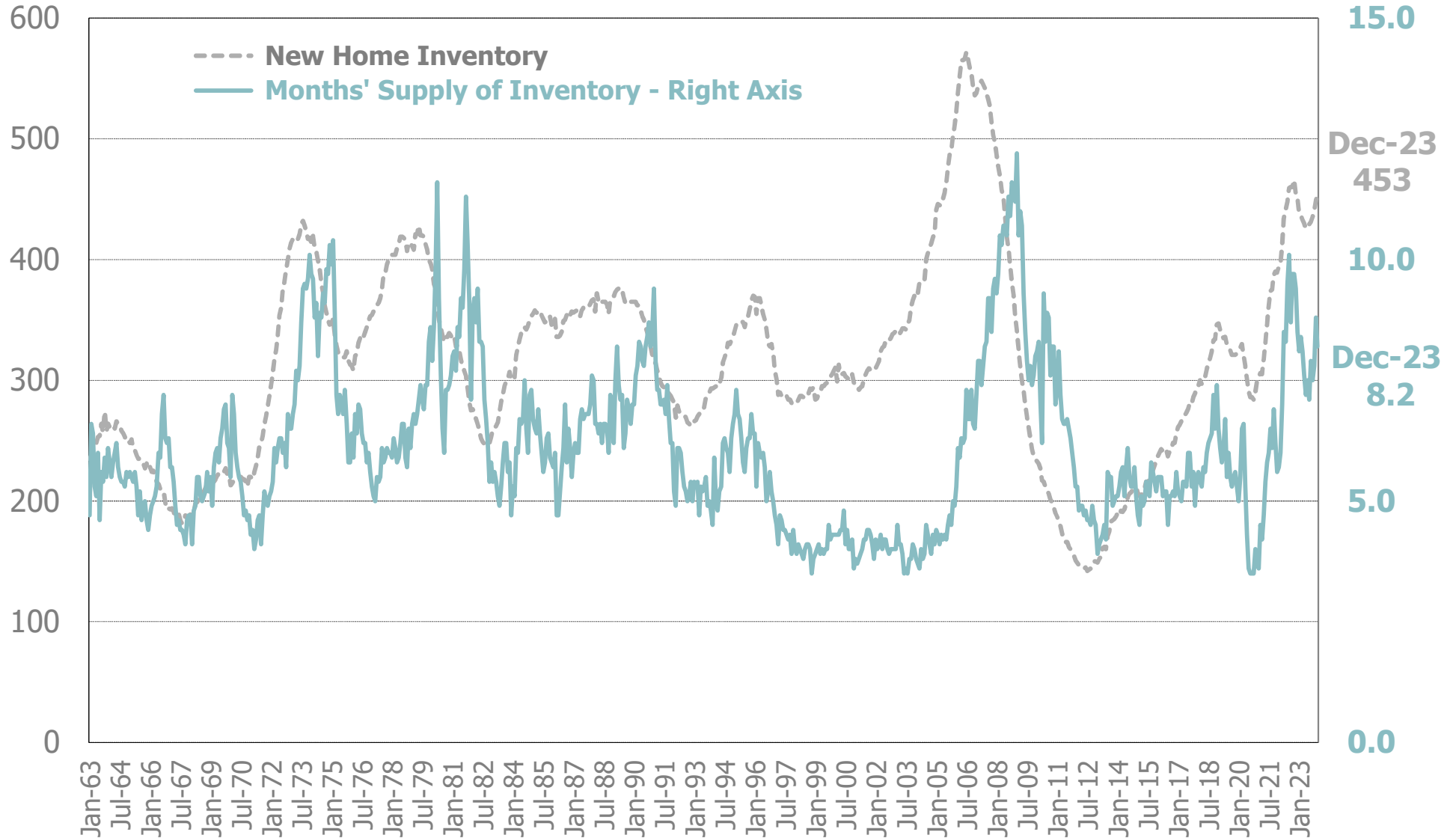
(Units in thousands)



Source: National Association of Realtors.

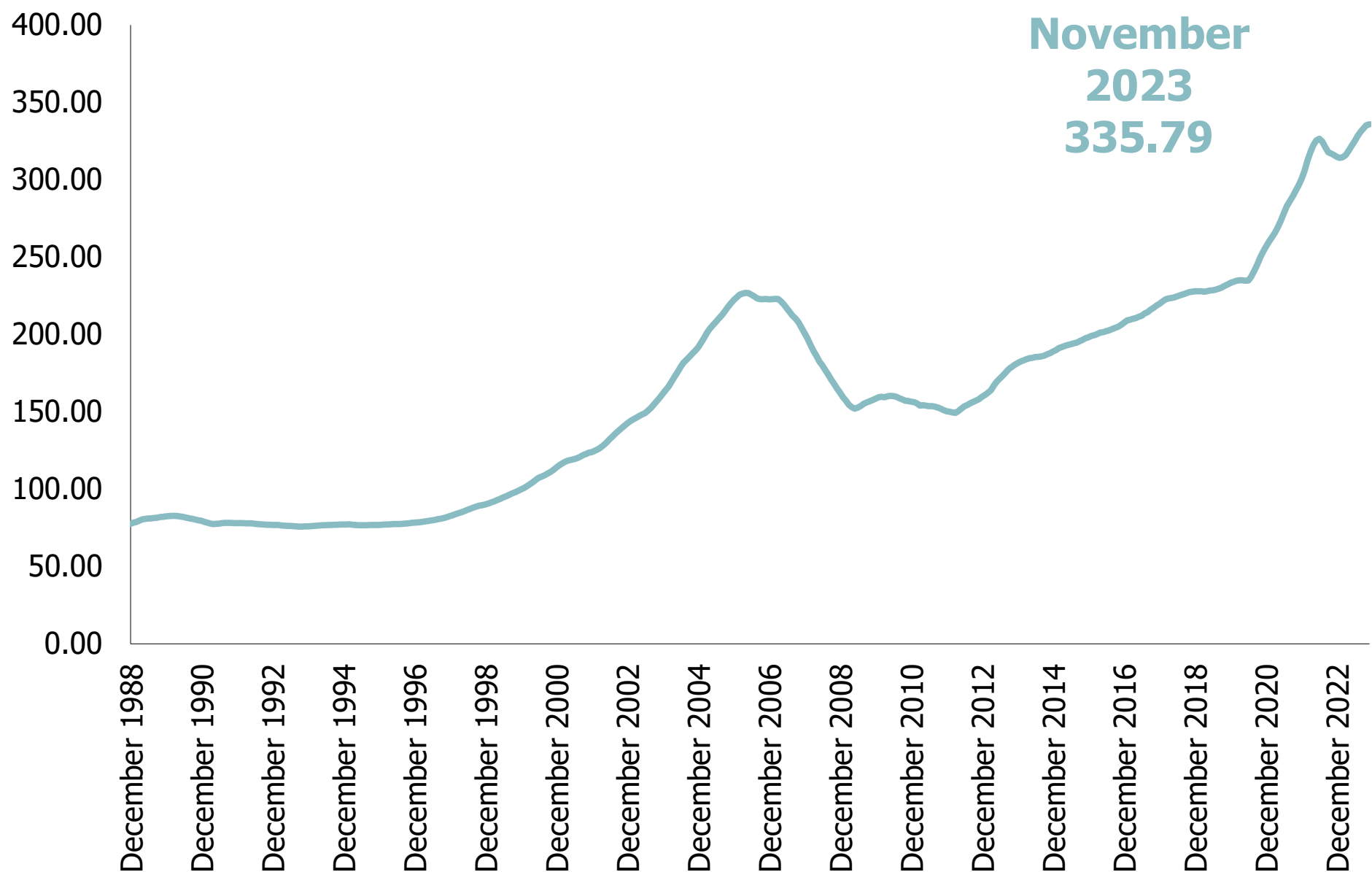
New Home Inventory Versus Months' Supply January 1963 through December 2023

(Units in thousands)



Source: Census Bureau

Case-Shiller 10 City Composite Index

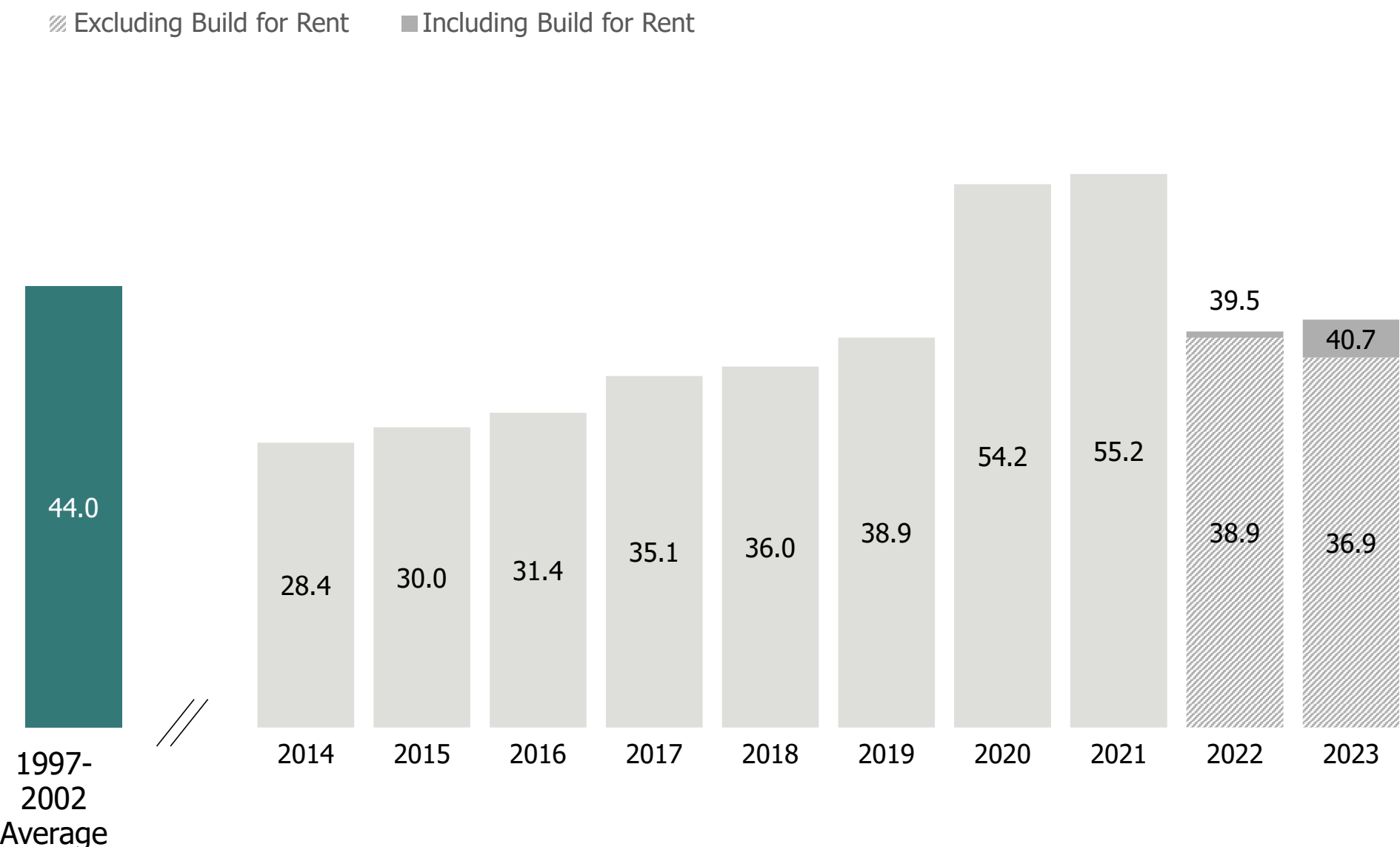


Source: S&P/Case-Shiller Home Price Indices – Seasonally Adjusted



Historical Performance

Annual Contracts Per Community

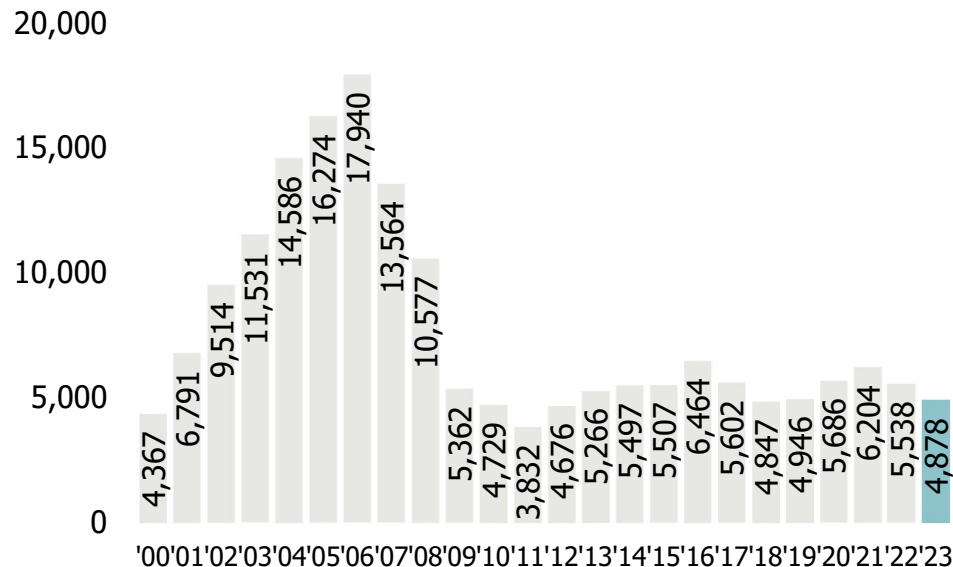


Note: Annual Contracts per Community calculated based on a five-quarter average of communities, excluding unconsolidated joint ventures.

Historical Performance

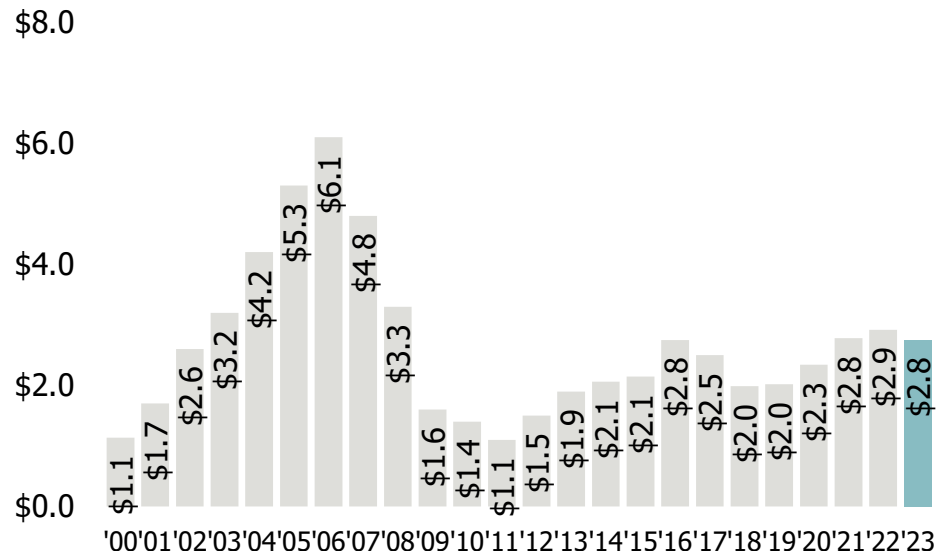
(# of Homes)

Deliveries - Homes



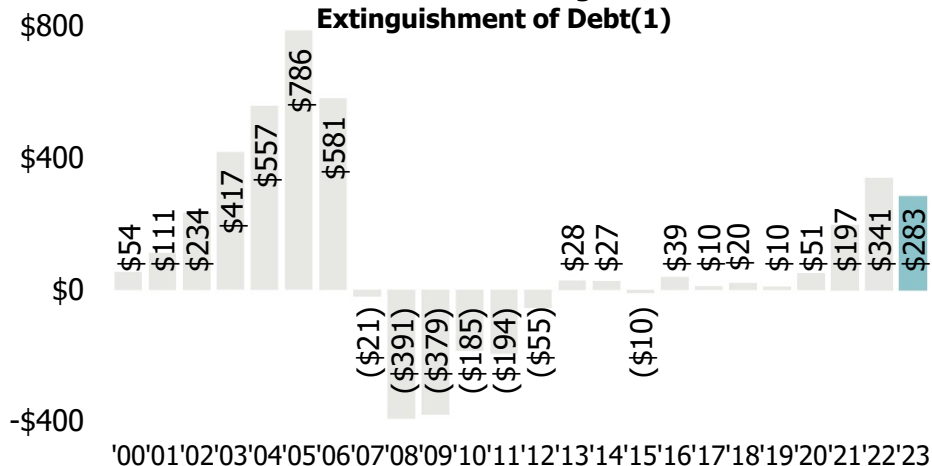
(\$ in Billions)

Total Revenues



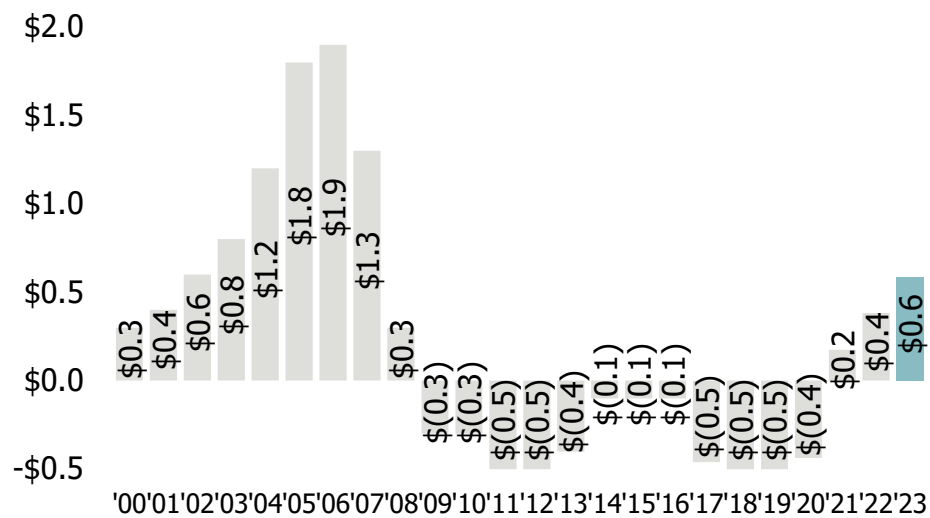
(\$ in Millions)

Income (Loss) Before Income Taxes Excluding Land Related Charges, Intangible Impairments, Expenses Associated with the Debt Exchange Offer and Gain on Extinguishment of Debt(1)



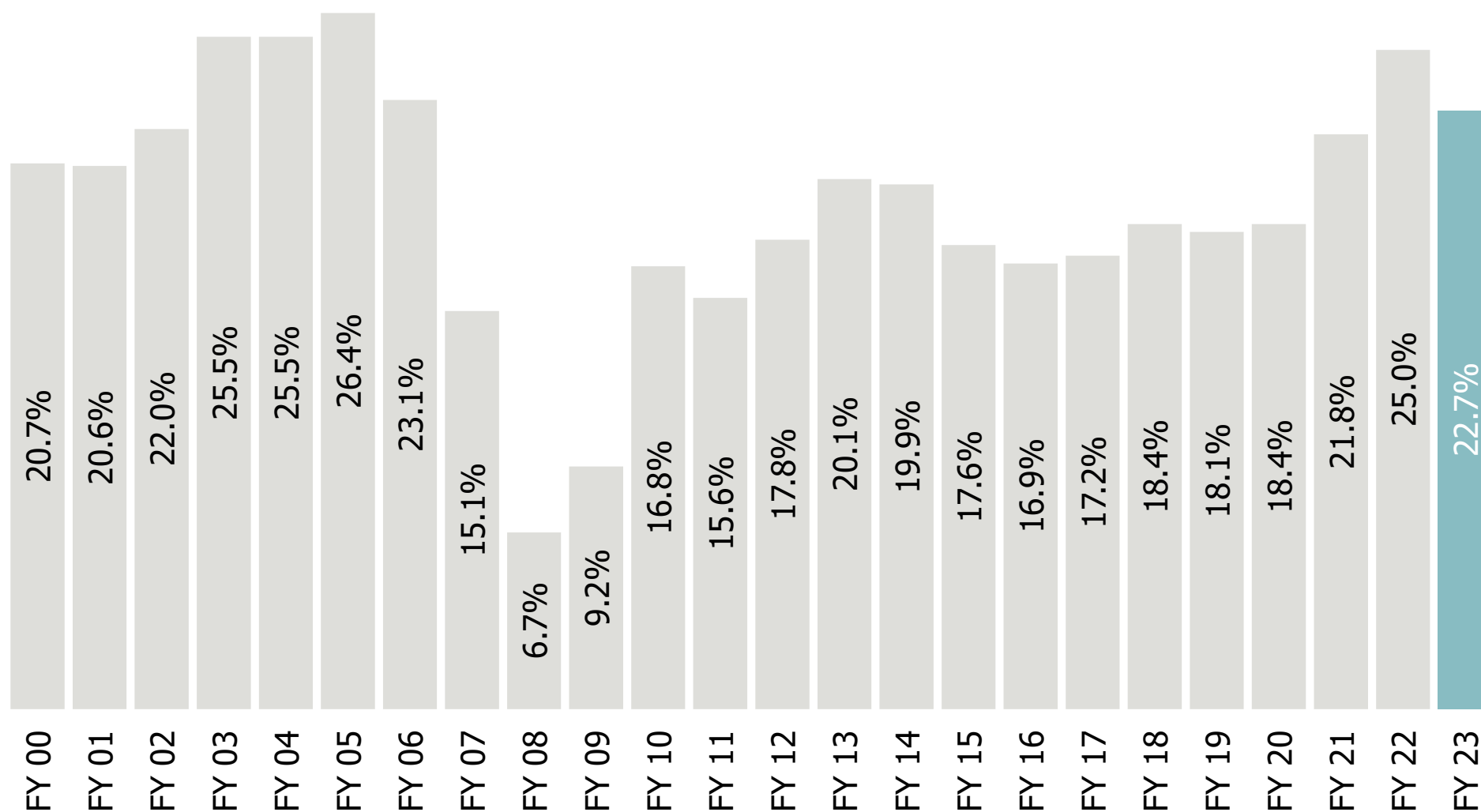
(\$ in Billions)

Total Stockholders' Equity



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

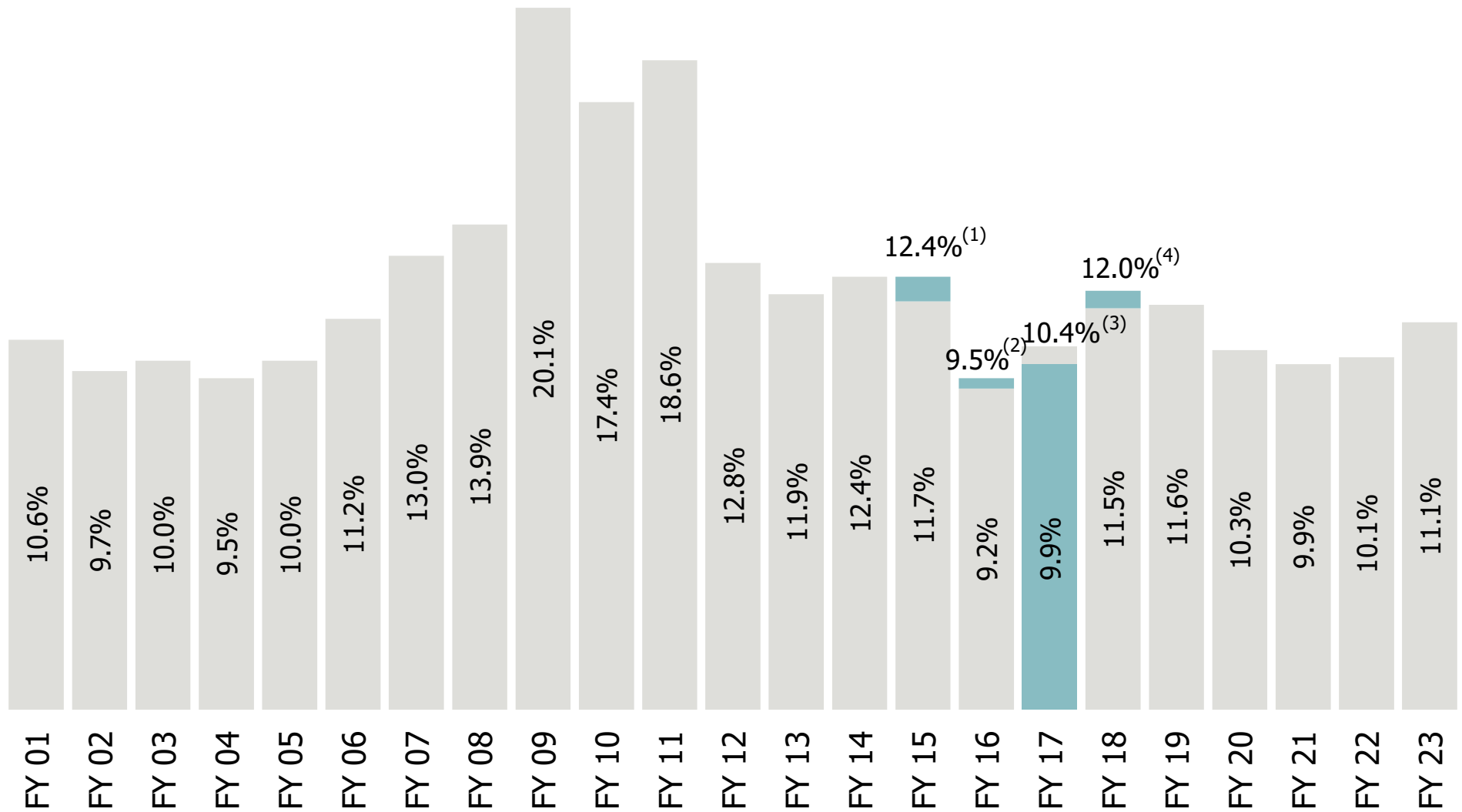
Adjusted Homebuilding Gross Margin⁽¹⁾



(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

■ Actual Total SG&A ■ Adjusted Total SG&A ^{(1),(2),(3),(4)}



Note: Total SG&A includes homebuilding selling, general and administrative costs and corporate general and administrative costs.

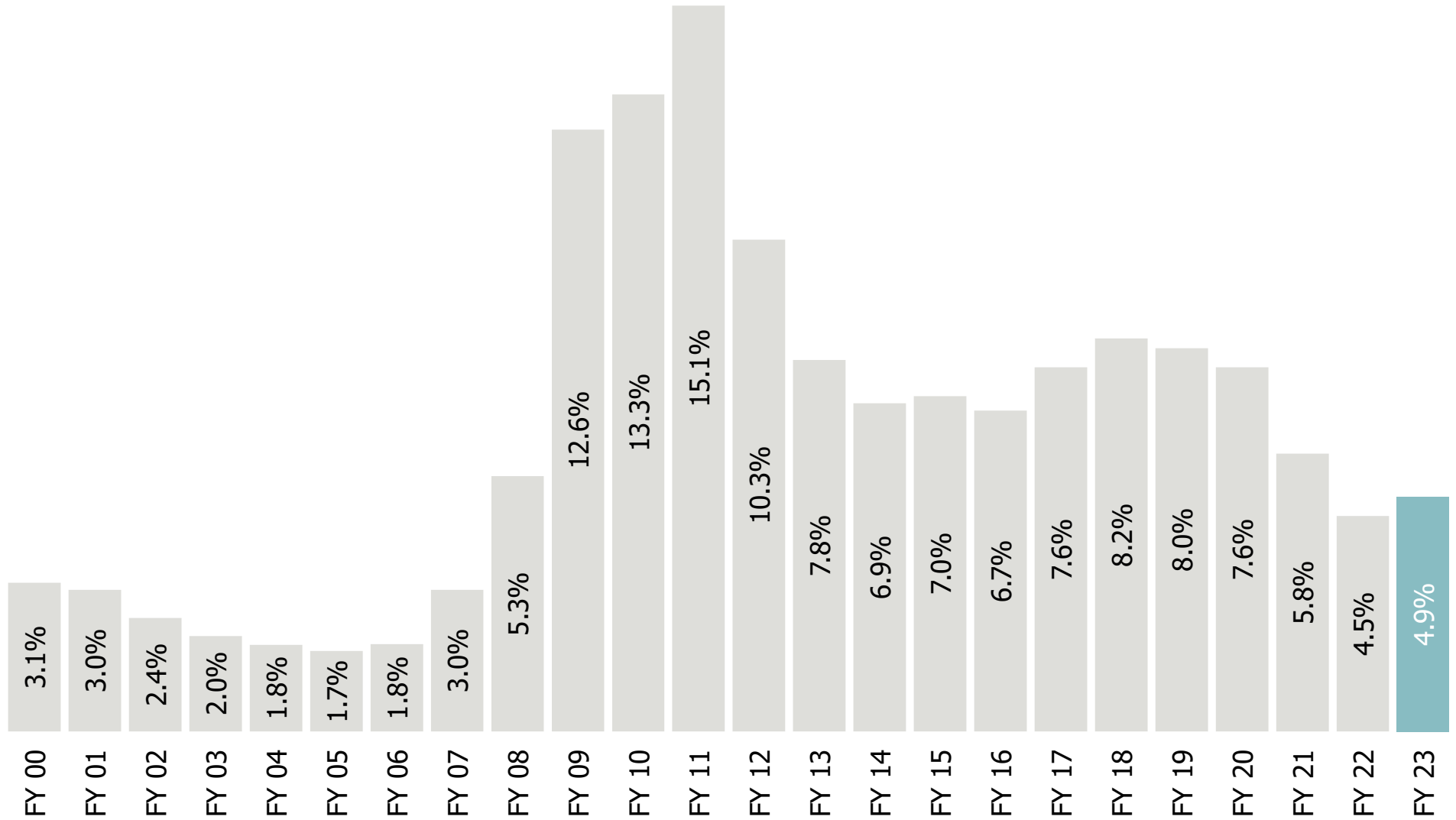
(1) 2015 excludes \$15.2 million of benefit due to a substantial reduction in our construction defect reserve based on our annual actuarial study.

(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



Homebuilding Costs as a % of Revenue

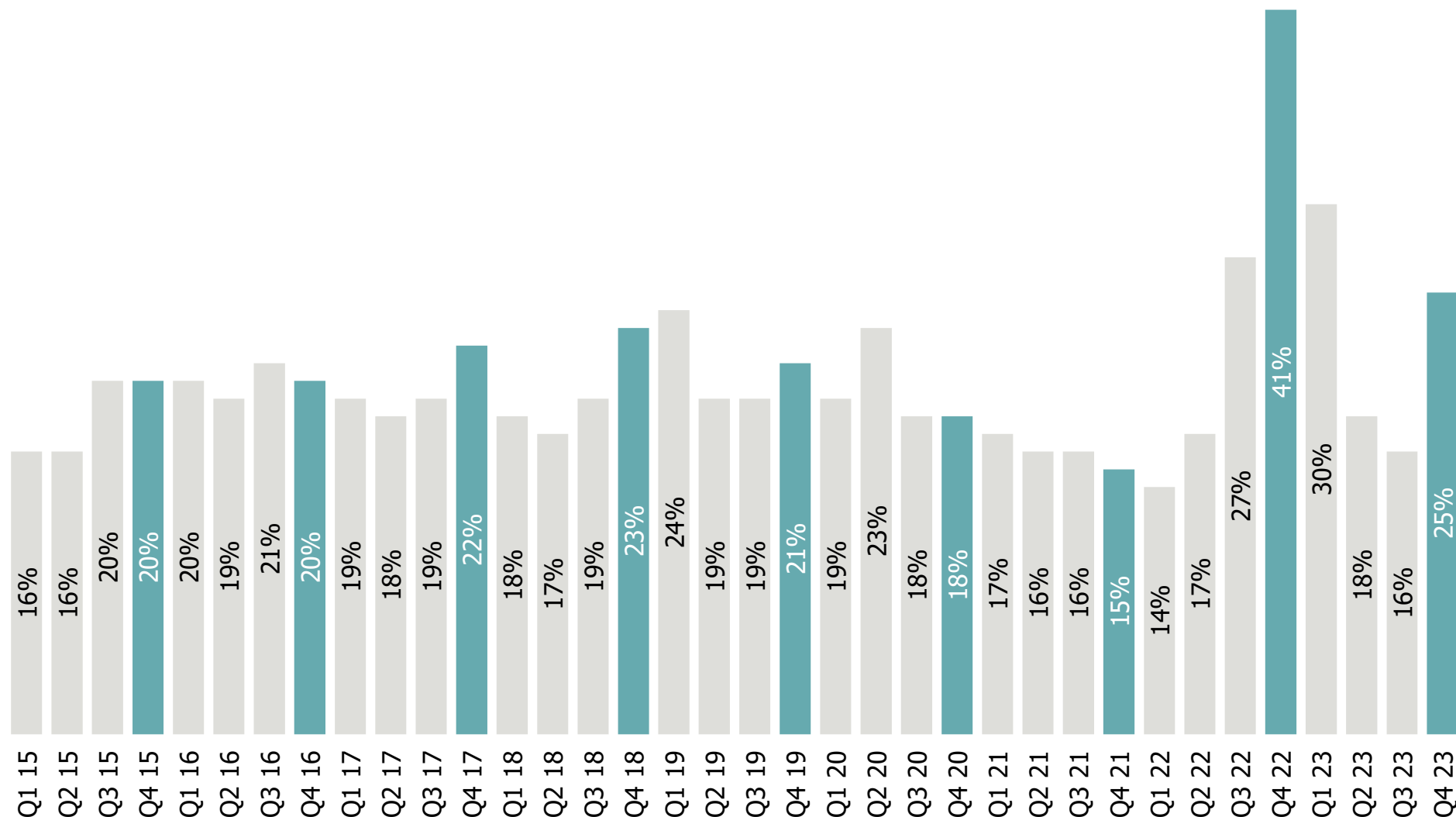
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Avg.</u>
Land (Developed 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 Margin²:	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%

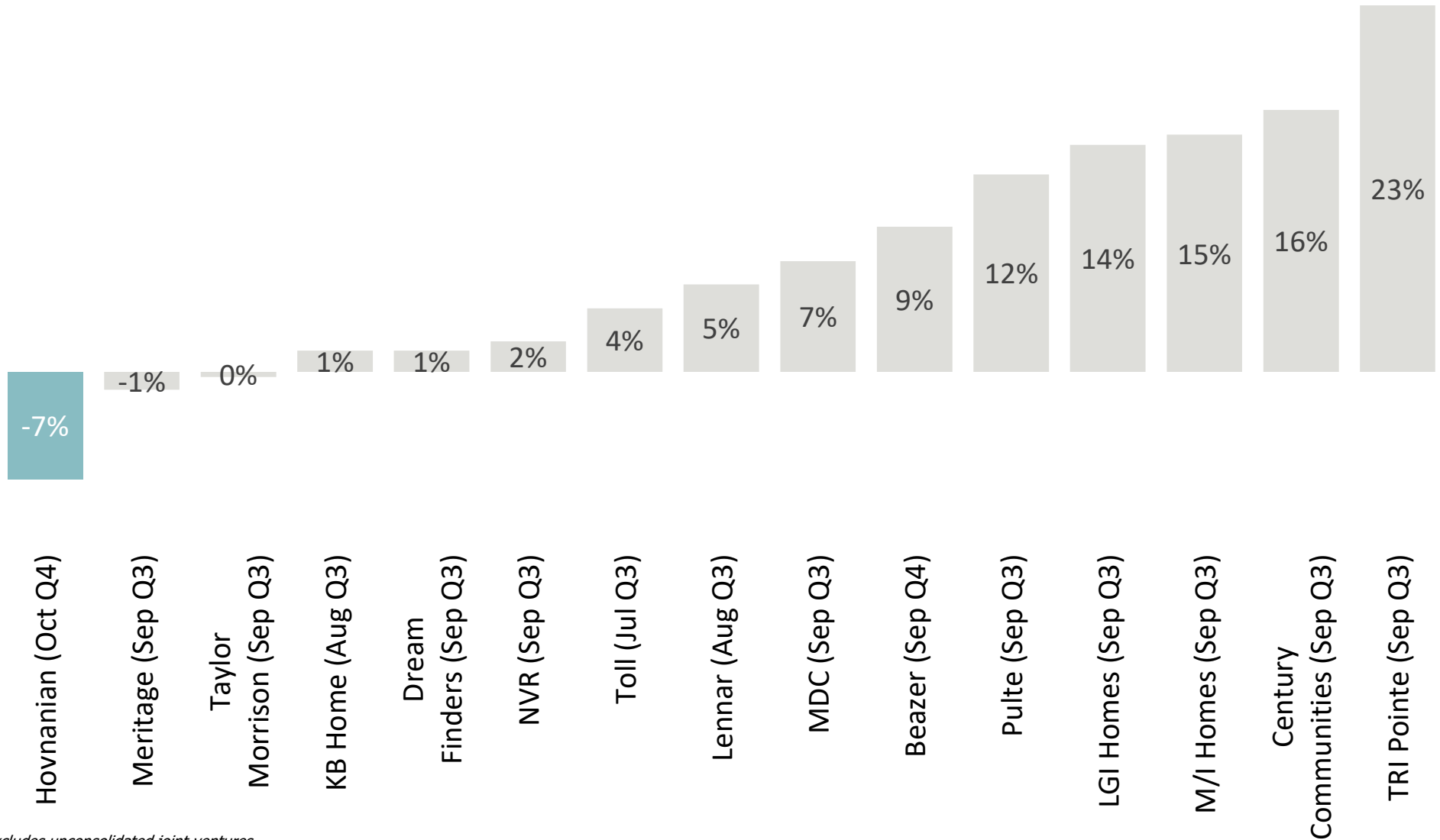


Note: Calculated as a % of gross contracts, excluding unconsolidated joint ventures.



Builder Peer Statistics

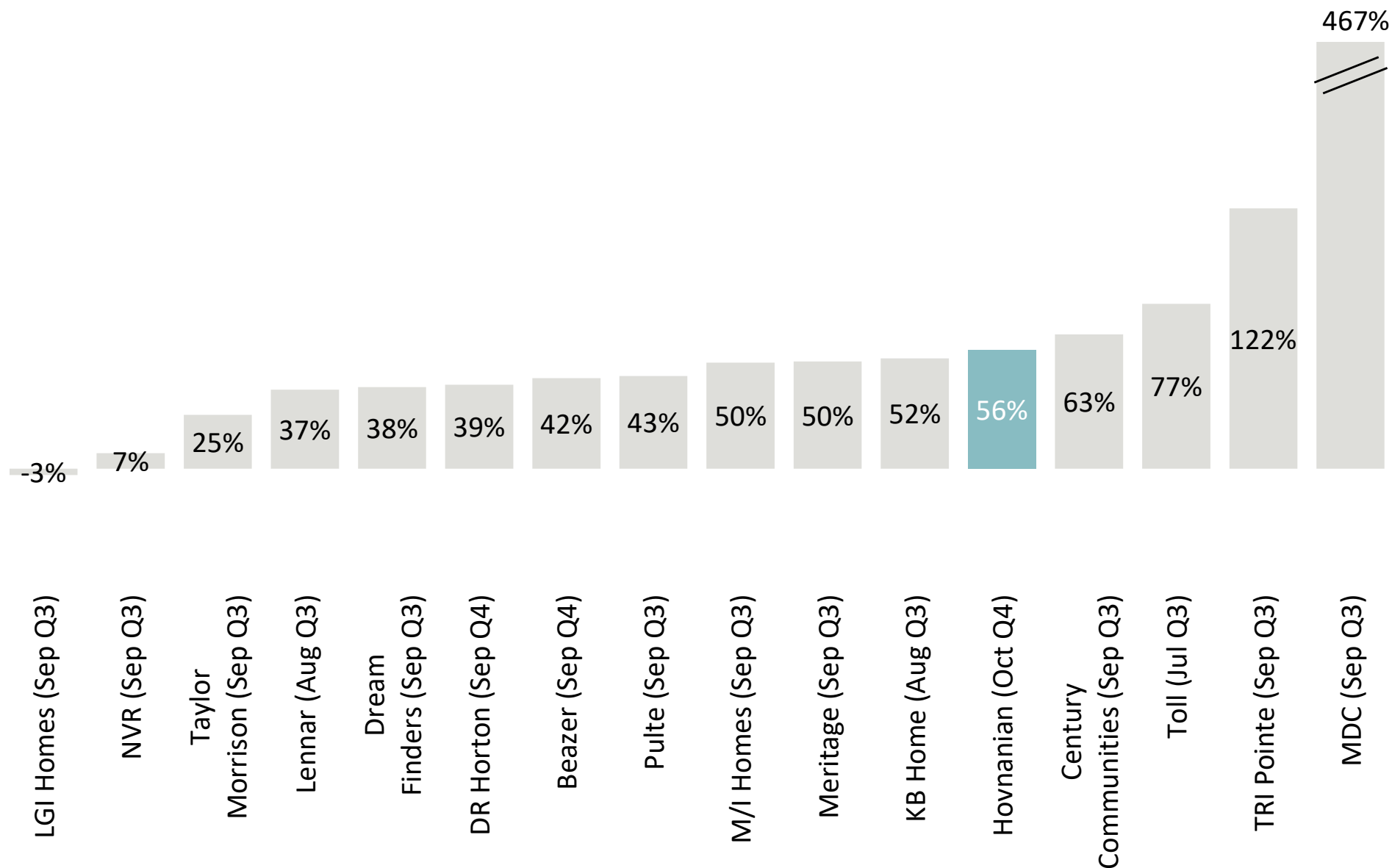
Year-over-Year Change in Community Count, Most Recent Quarter



Excludes unconsolidated joint ventures.

Source: Company SEC filings, press releases as of 12/05/2023.

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

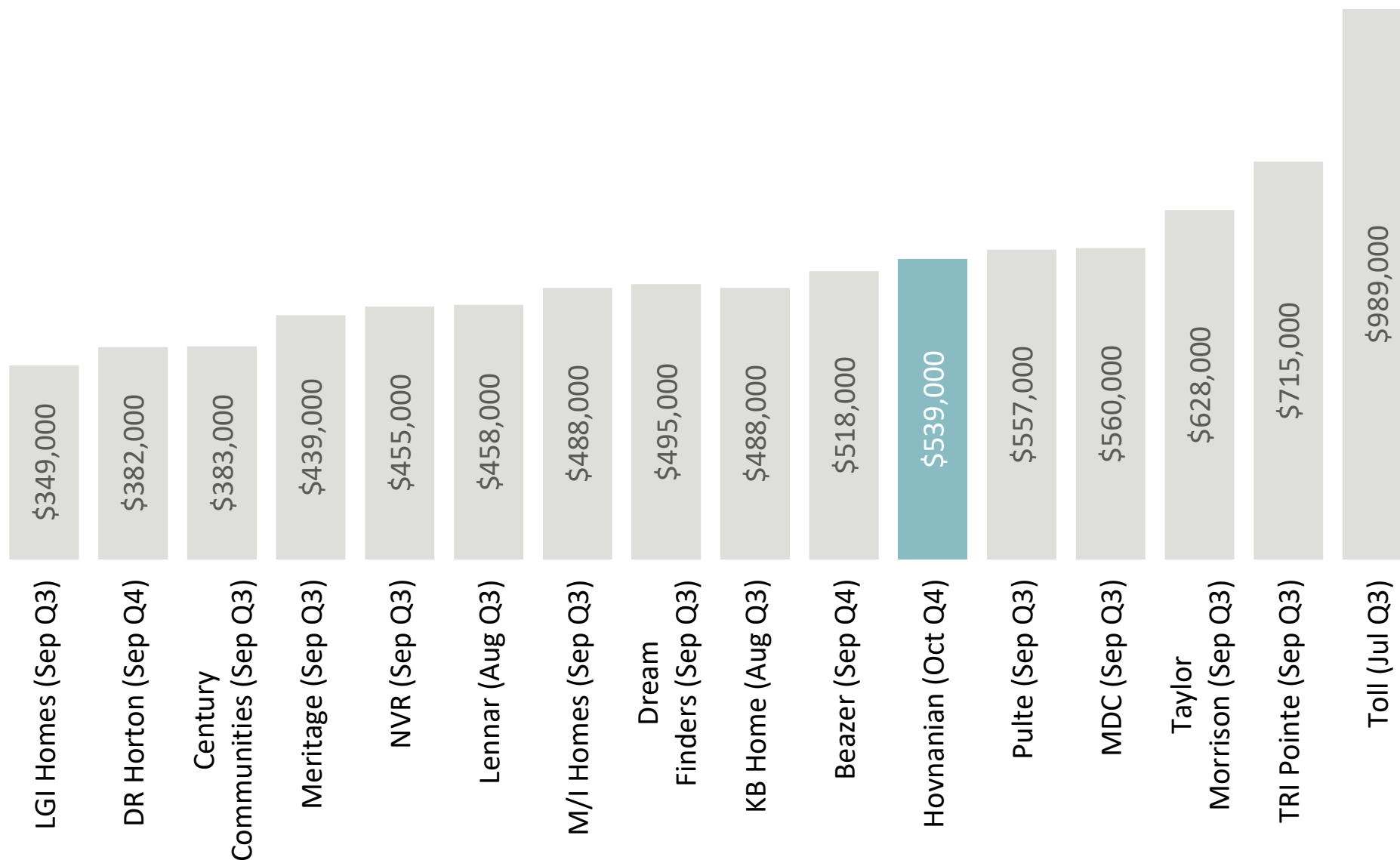


Excludes unconsolidated joint ventures.

Source: Company SEC filings, press releases as of 12/05/2023.

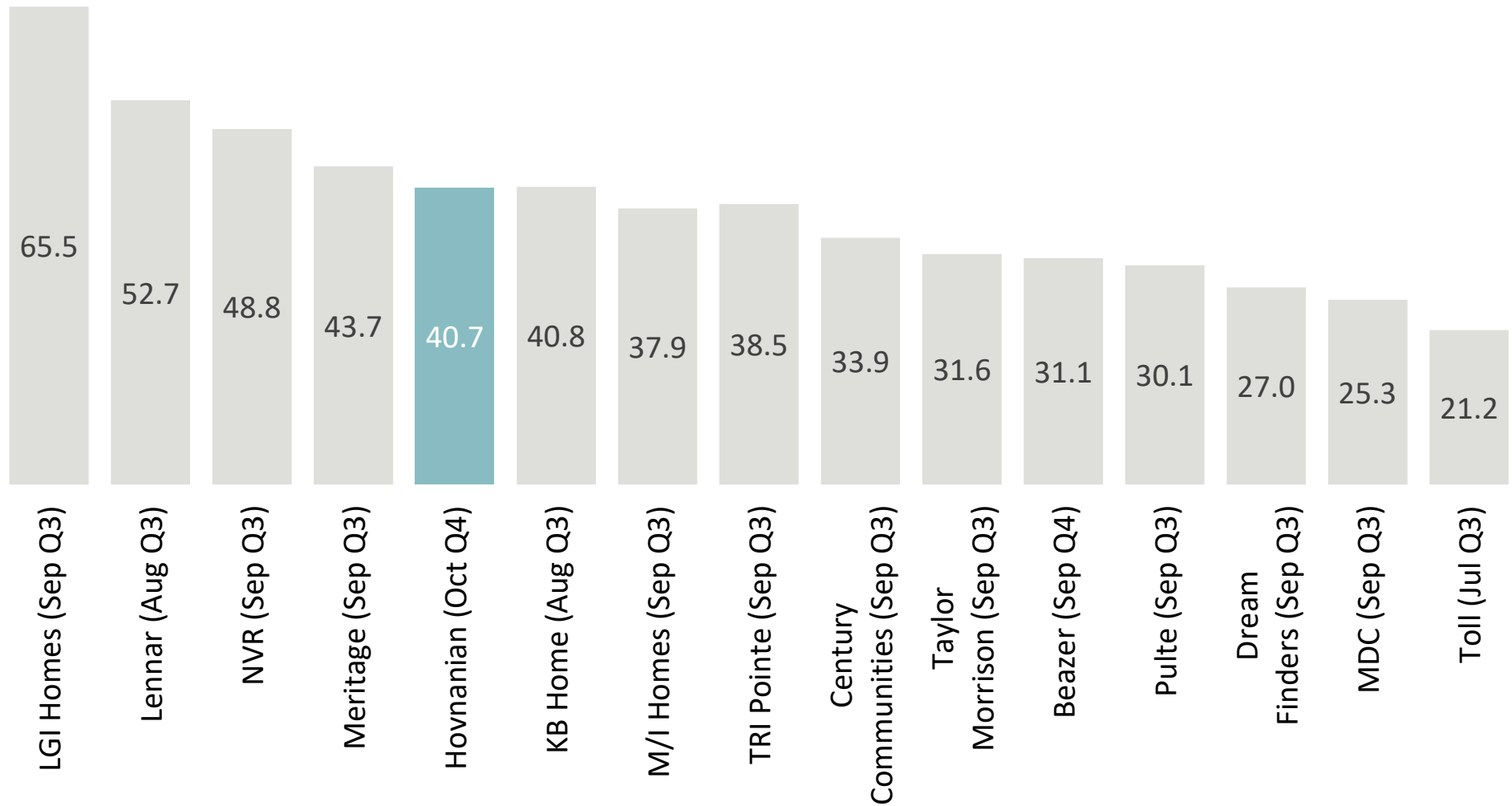
Average Selling Price, Last Twelve Months

Homes



Source: Company SEC filings and press releases as of 12/05/2023.
Note: Excludes unconsolidated joint ventures.

Net Contracts per Community, Last Twelve Months

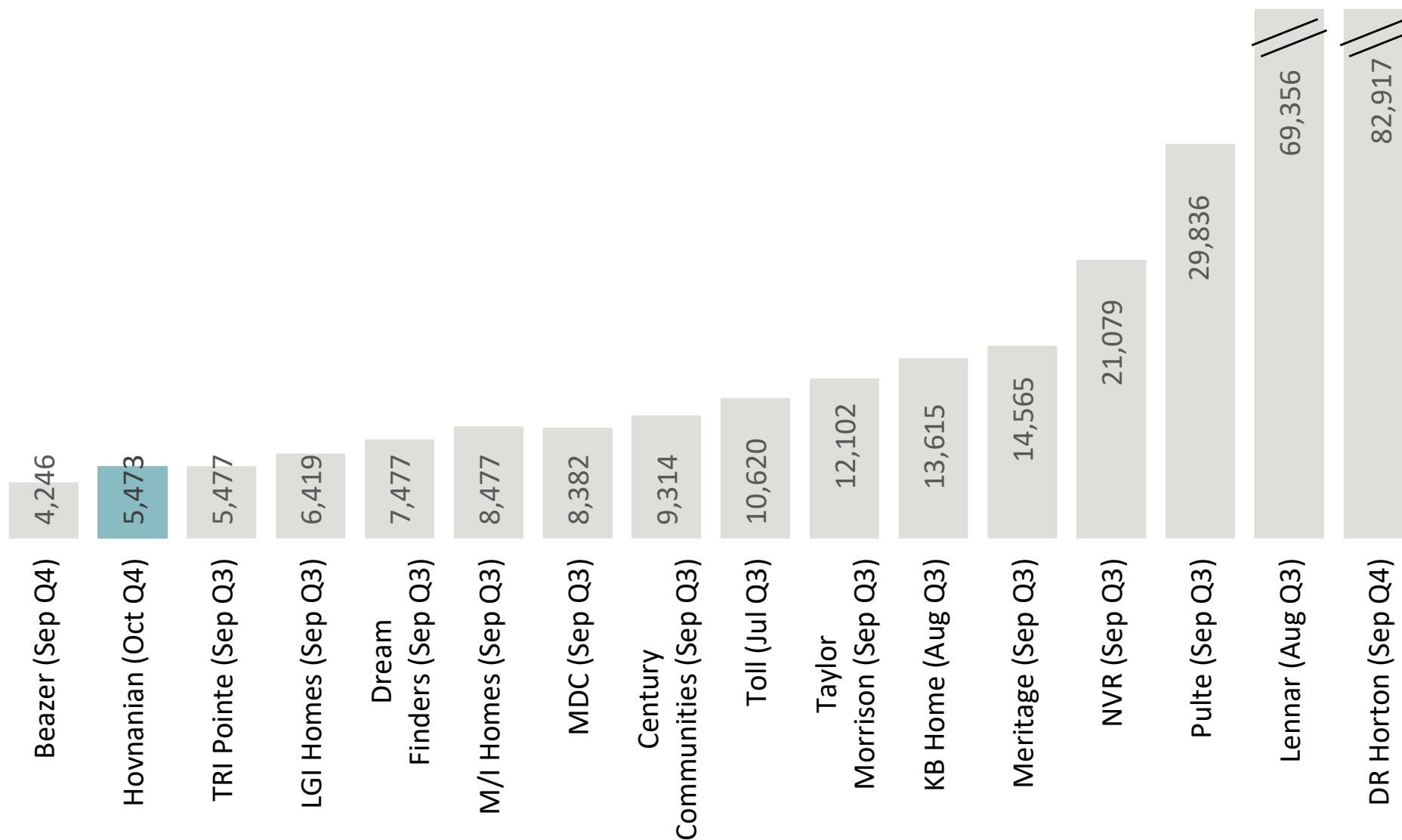


Excludes unconsolidated joint ventures.

Source: Company SEC filings, press releases as of 12/05/2023.

Total Deliveries, Last Twelve Months

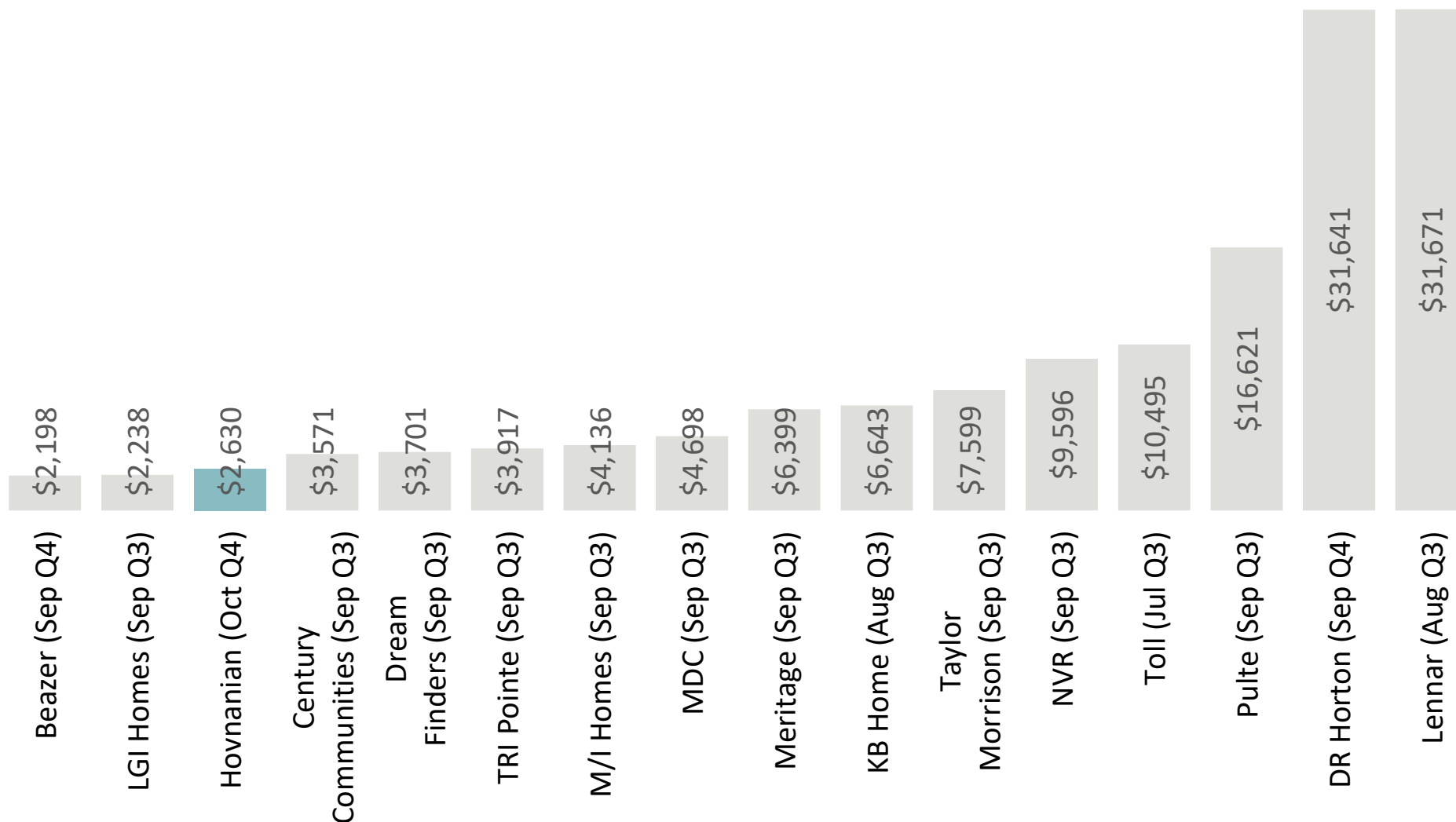
Homes



Source: Company SEC filings and press releases as of 12/05/2023.
Note: Includes unconsolidated joint ventures.

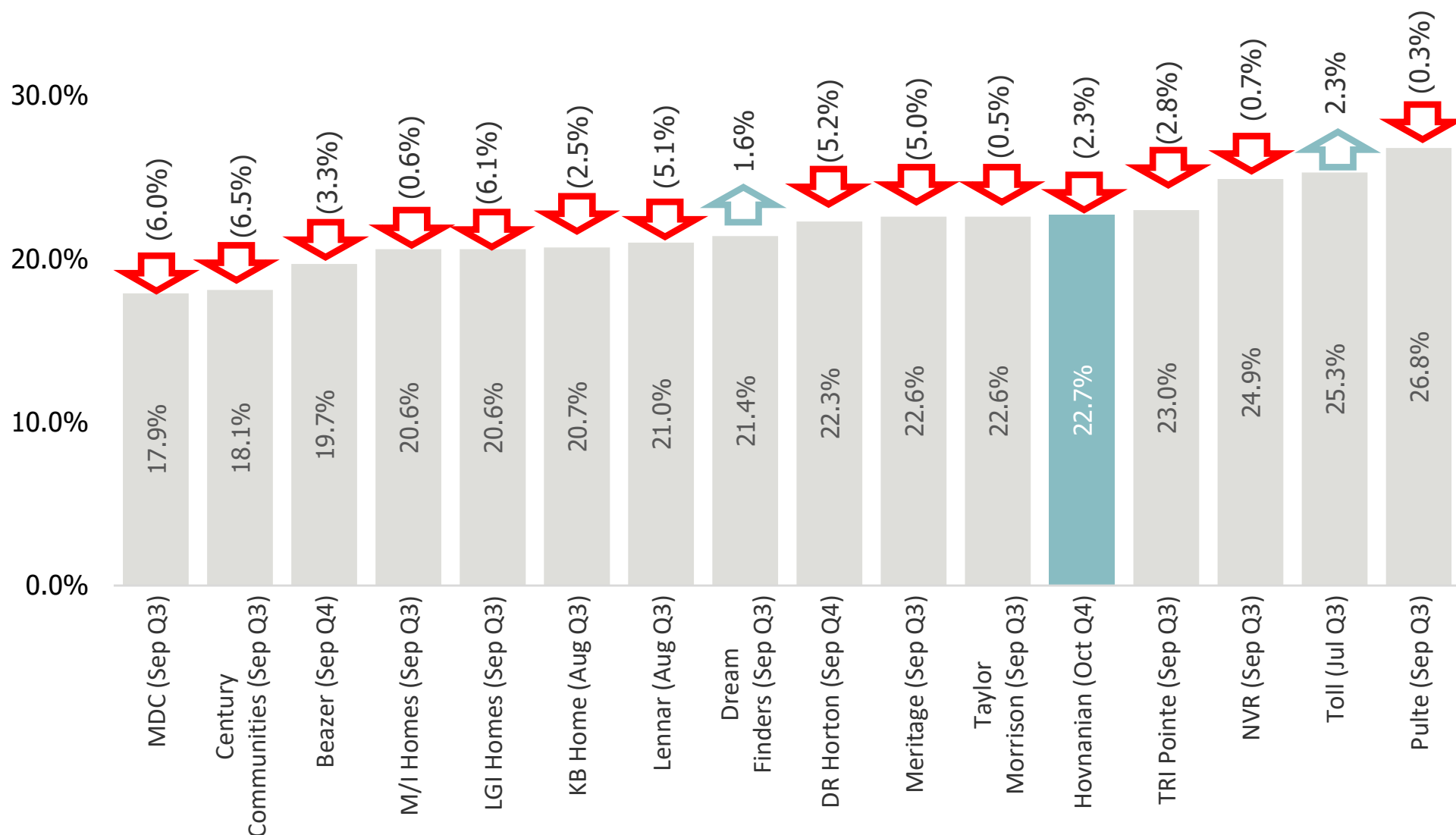
Homebuilding Revenue, Last Twelve Months

\$ in millions



Source: Company SEC filings and press releases as of 12/05/2023.
Note: Excludes unconsolidated joint ventures.

Adjusted Gross Margin Percentage, Last Twelve Months



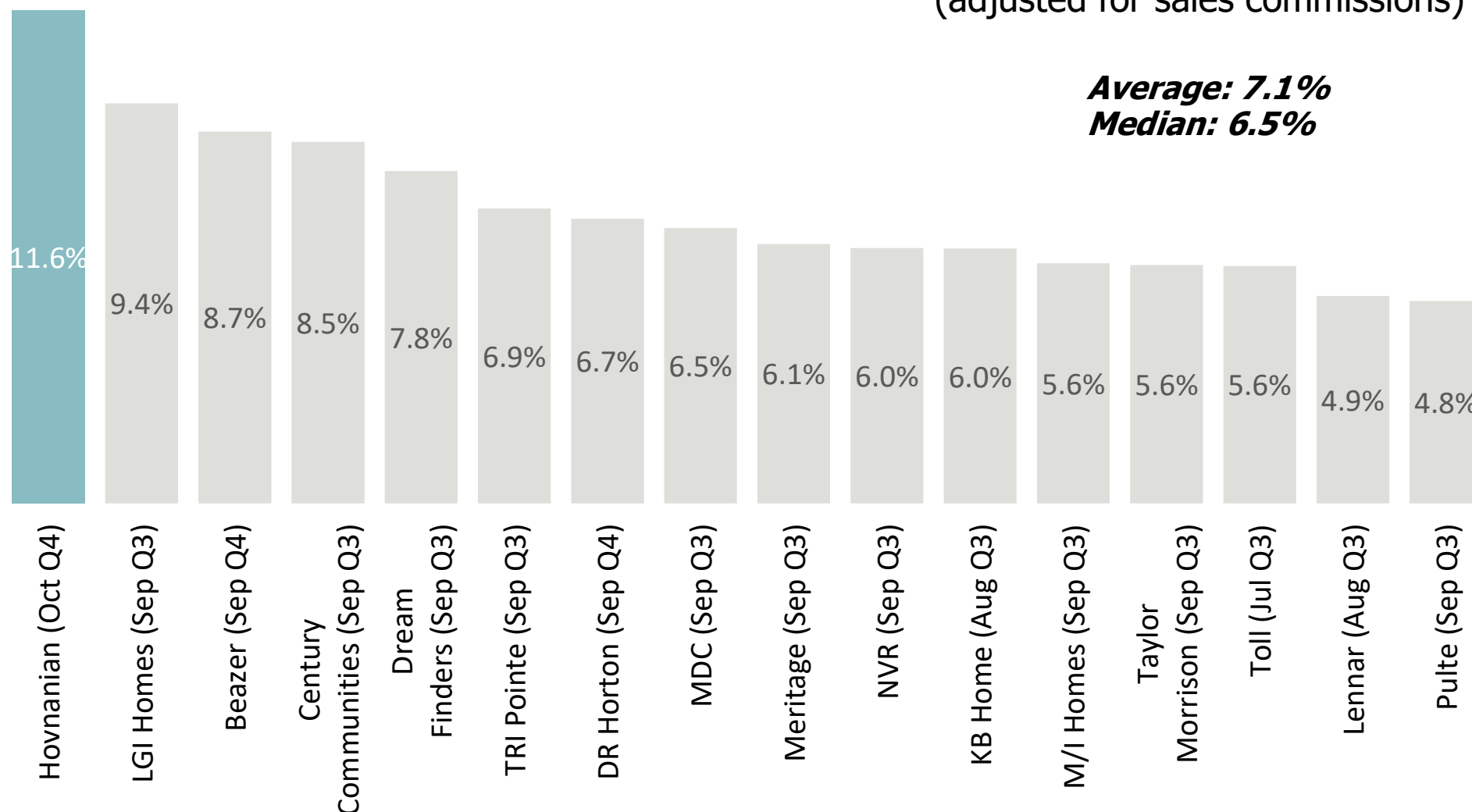
Note: Hovnanian sales commission was 3.4% in the last twelve months. Adjusted Century Communities, Lennar, LGI Homes, Meritage, M/I Homes, Pulte, Taylor Morrison, Toll and Tri Pointe publicly reported results by full 3.4% because all of their sales commissions are reported in SG&A. Adjusted DR Horton's 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 12/05/2023.

Note: Excluding interest and impairments.

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

(adjusted for sales commissions)

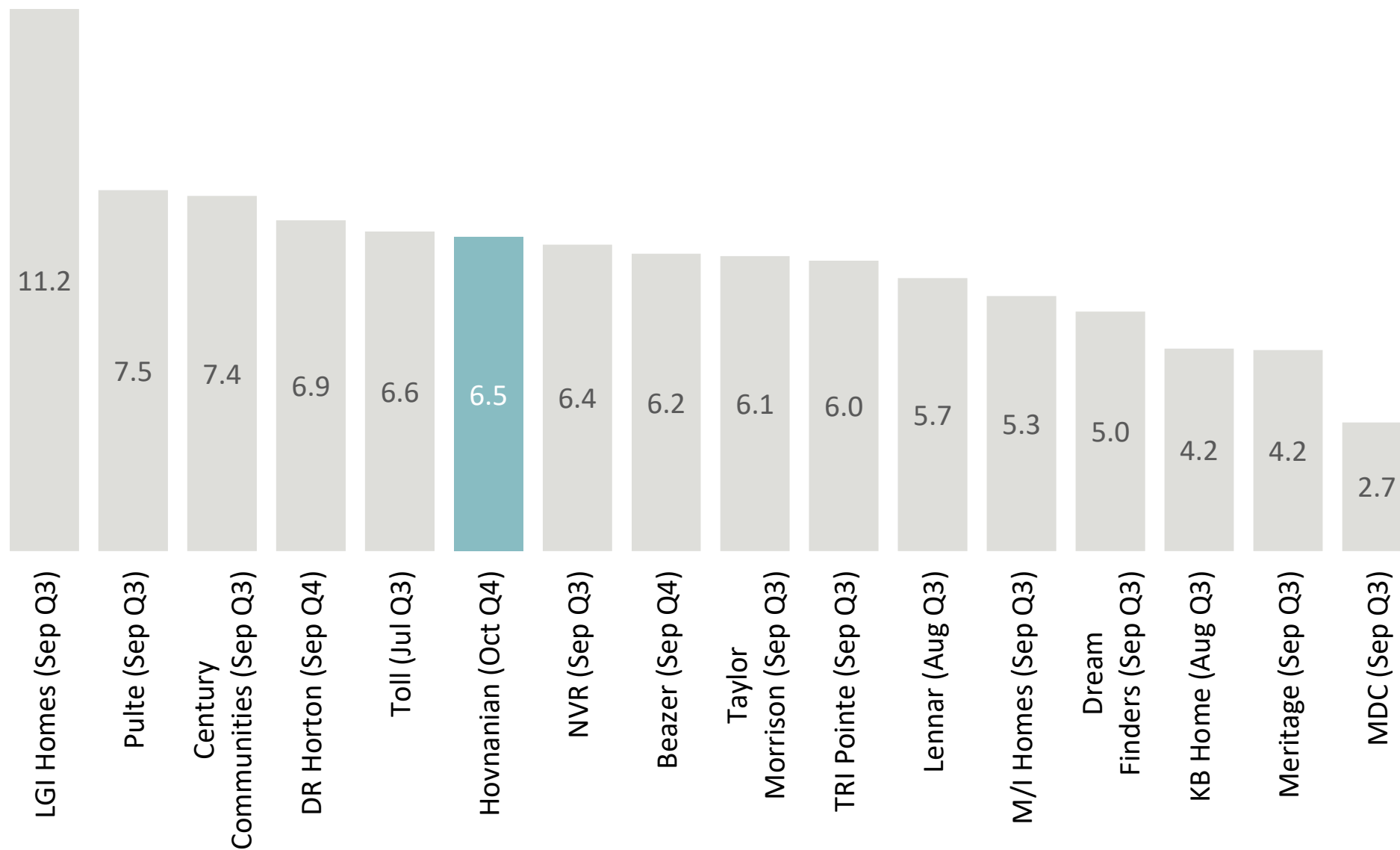


Note: Hovnanian sales commission was 3.4% in the last twelve months. Adjusted Century Communities, Lennar, LGI Homes, Meritage, M/I Homes, Pulte, Taylor Morrison, Toll and Tri Pointe publicly reported results by full 3.4% because all of their sales commissions are reported in SG&A. Adjusted DR Horton's 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 12/05/2023.

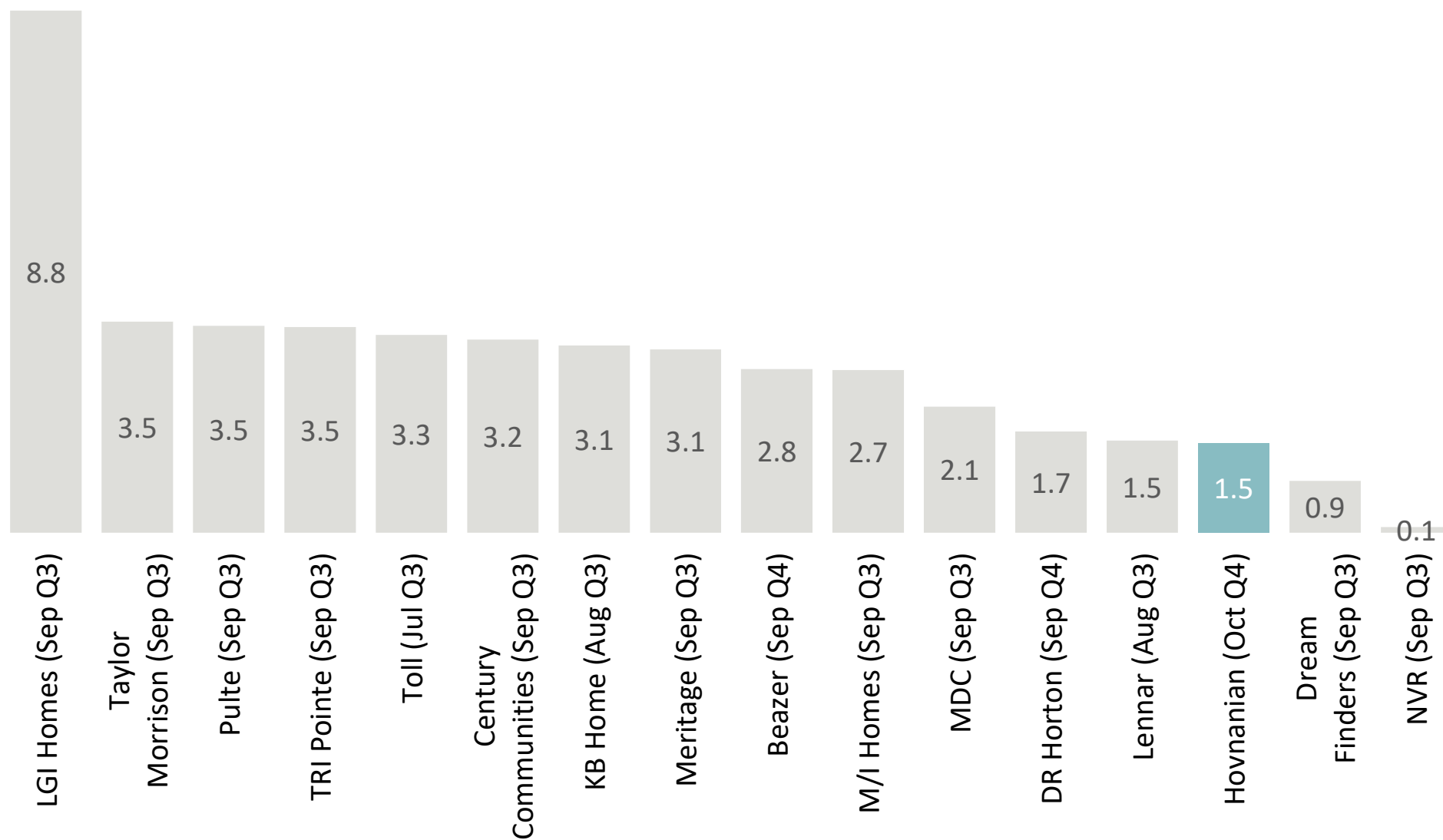
Note: Excluding interest and impairments.

Total Lots – Years Supply



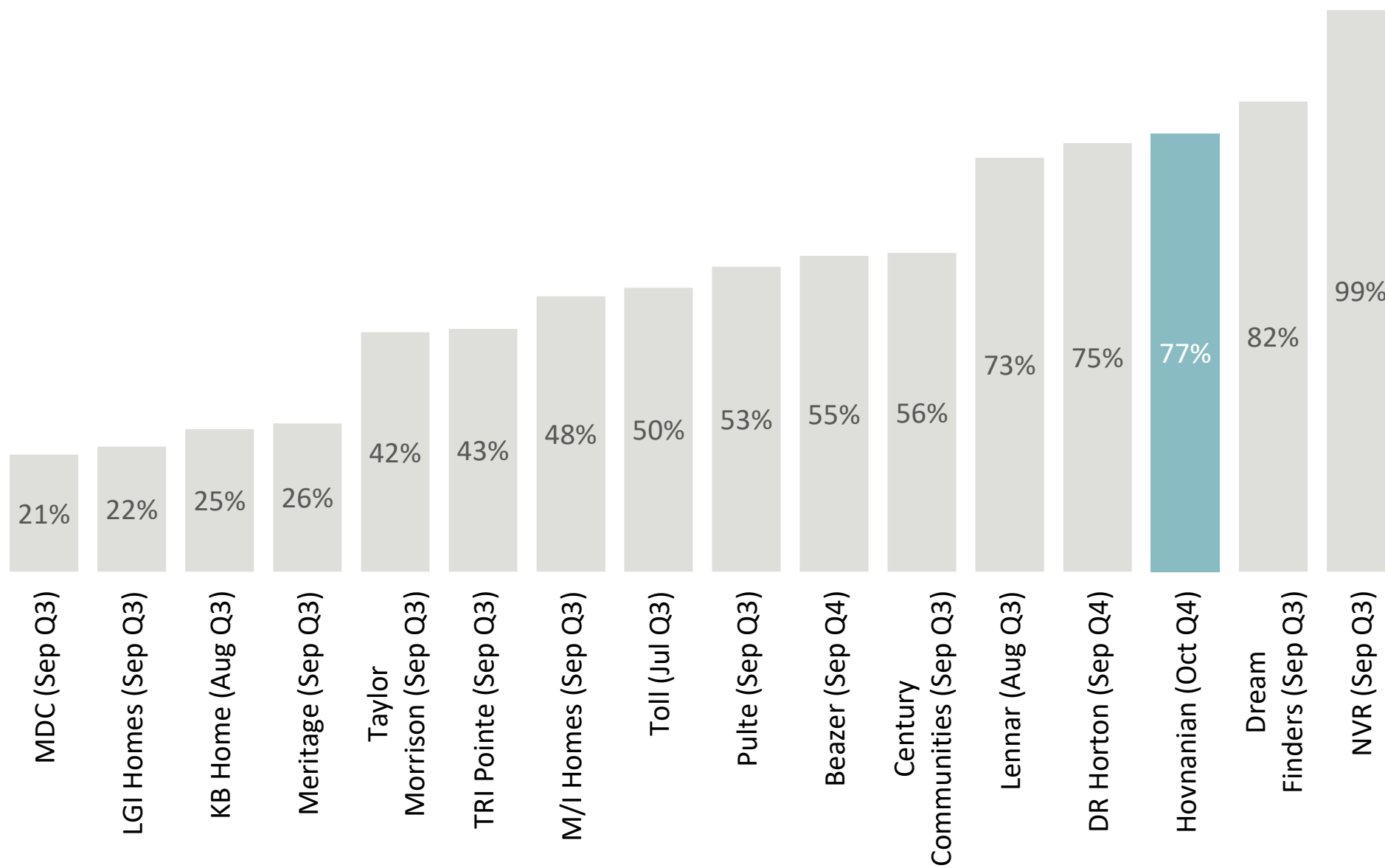
Source: Company SEC filings and press releases as of 12/05/2023.

Owned Lots – Years Supply



Source: Company SEC filings and press releases as of 12/05/2023.

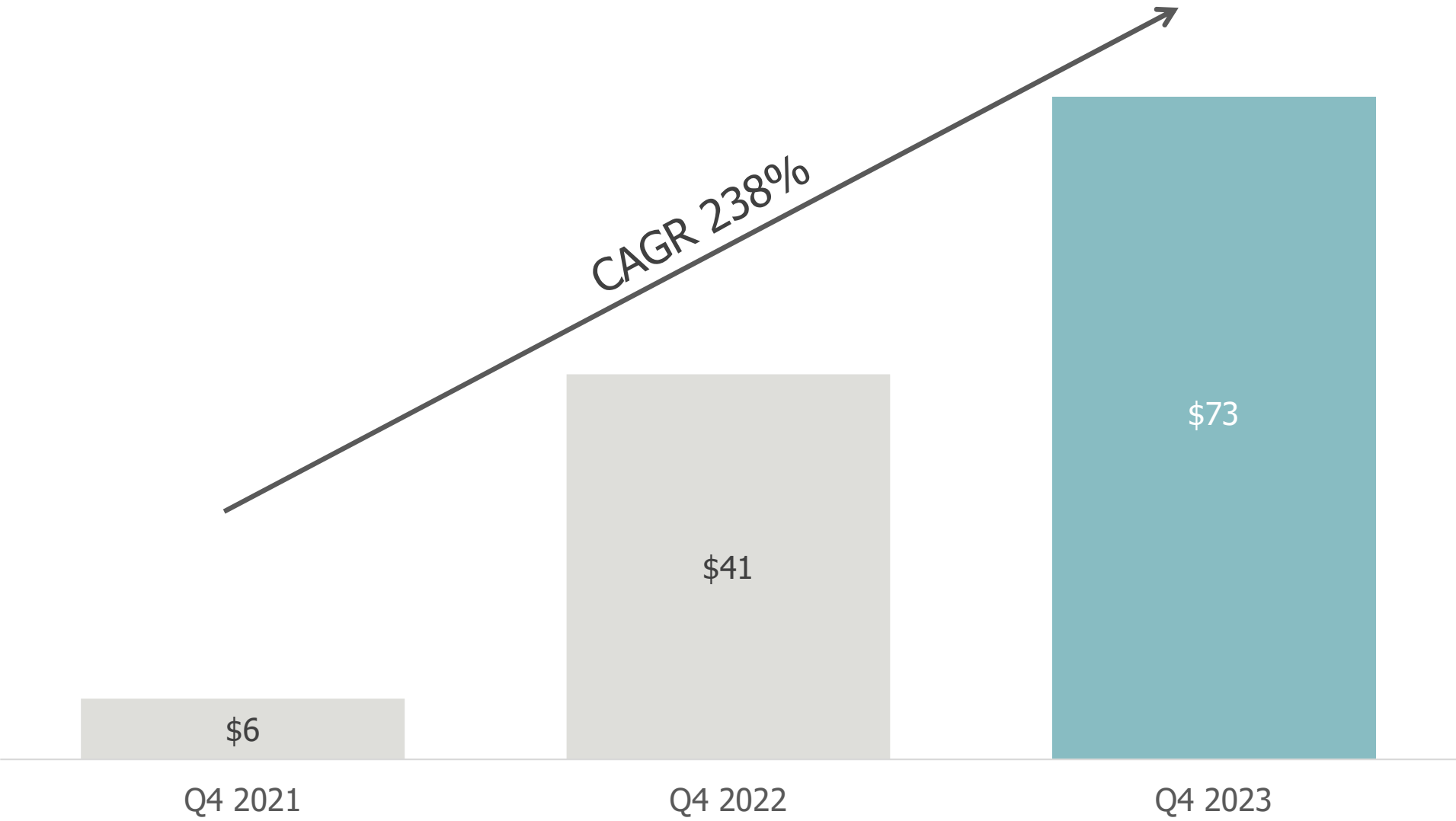
Percentage of Optioned Lots



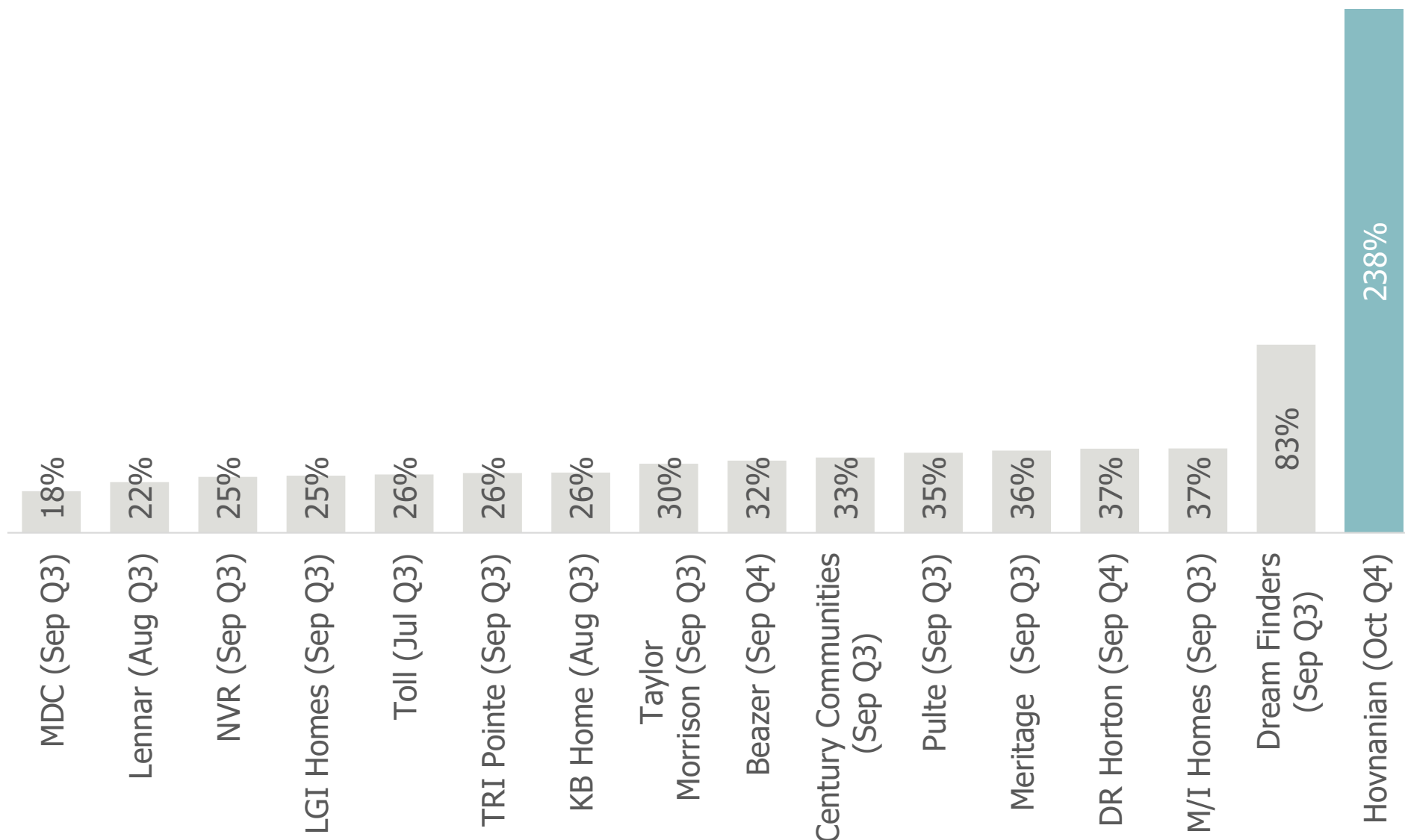
Source: Company SEC filings and press releases as of 12/05/2023.
Note: Excludes unconsolidated joint ventures.

Solid Growth in Book Value Per Share

(\$ in millions)

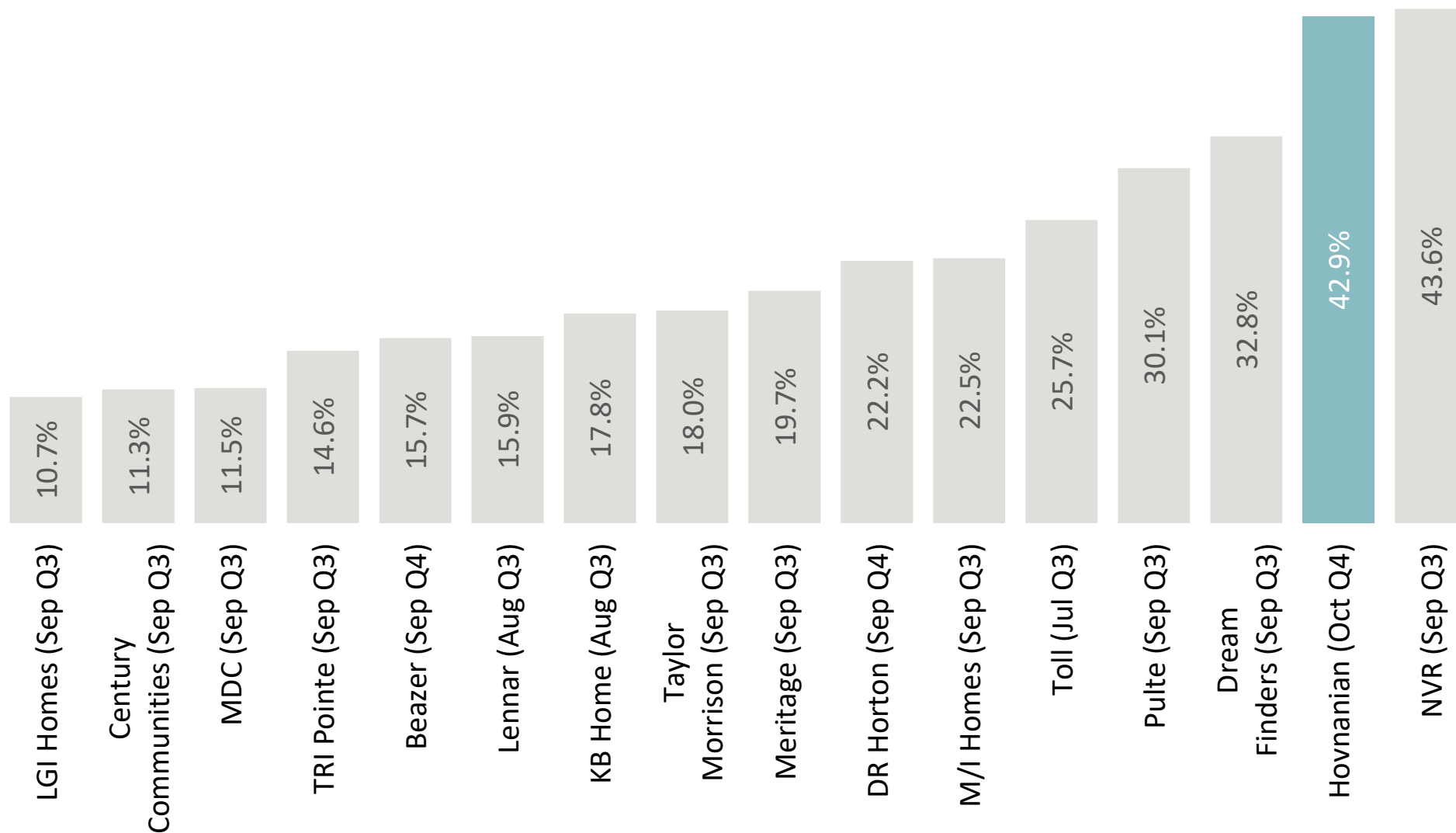


CAGR of Book Value Per Share from 2021 to 2023



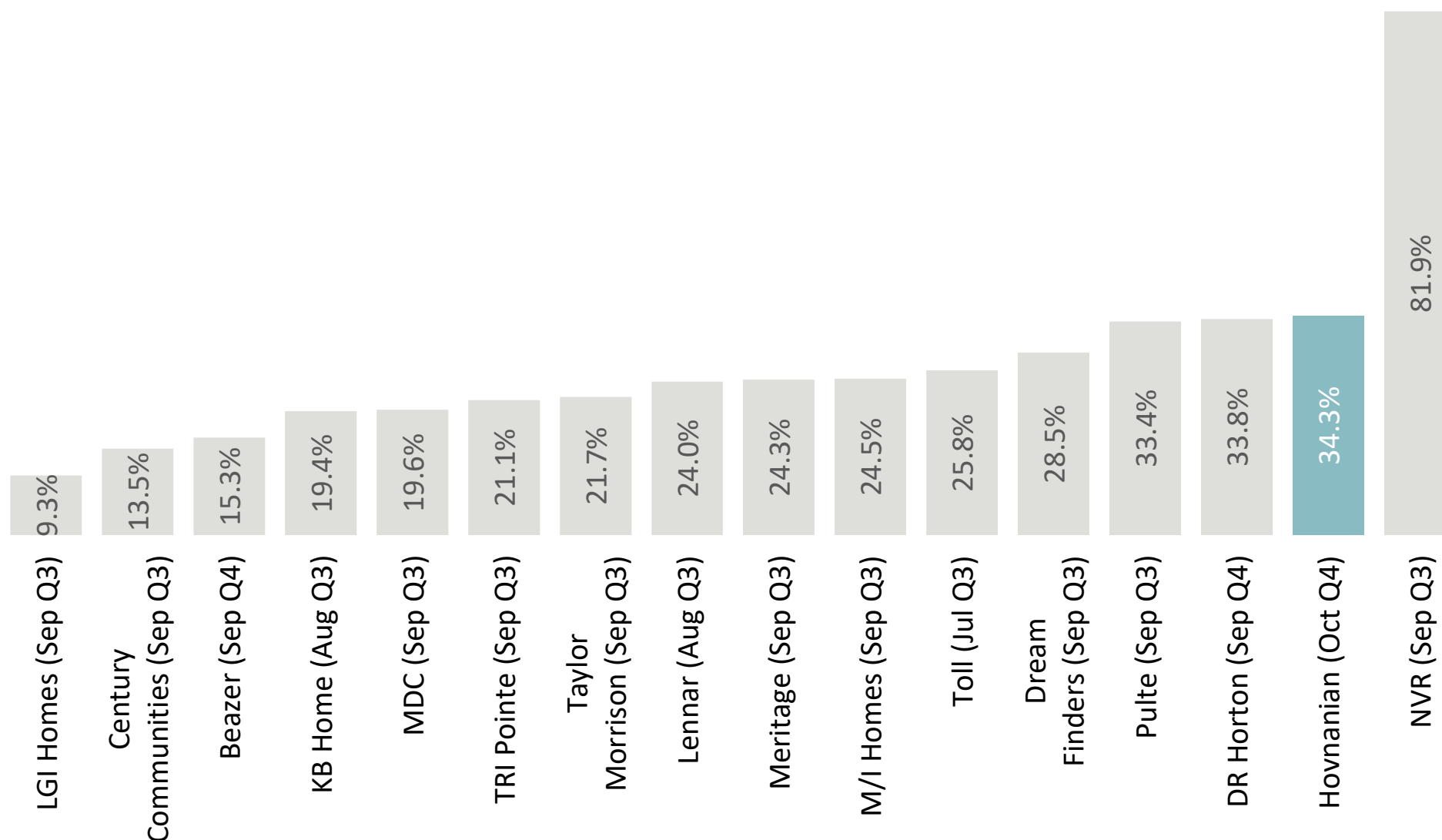
*Note: Peer calculations done for two-year period ending with most recent quarterly results. Hovnanian calculation done from FYE 2021 through FYE 2023, using mid-point of guidance.
Note: To calculate book value used total common equity divided by common shares issued less treasury stock from balance sheet.*

ROE, Last Twelve Months



Source: Company SEC filings and press releases as of 12/05/2023.

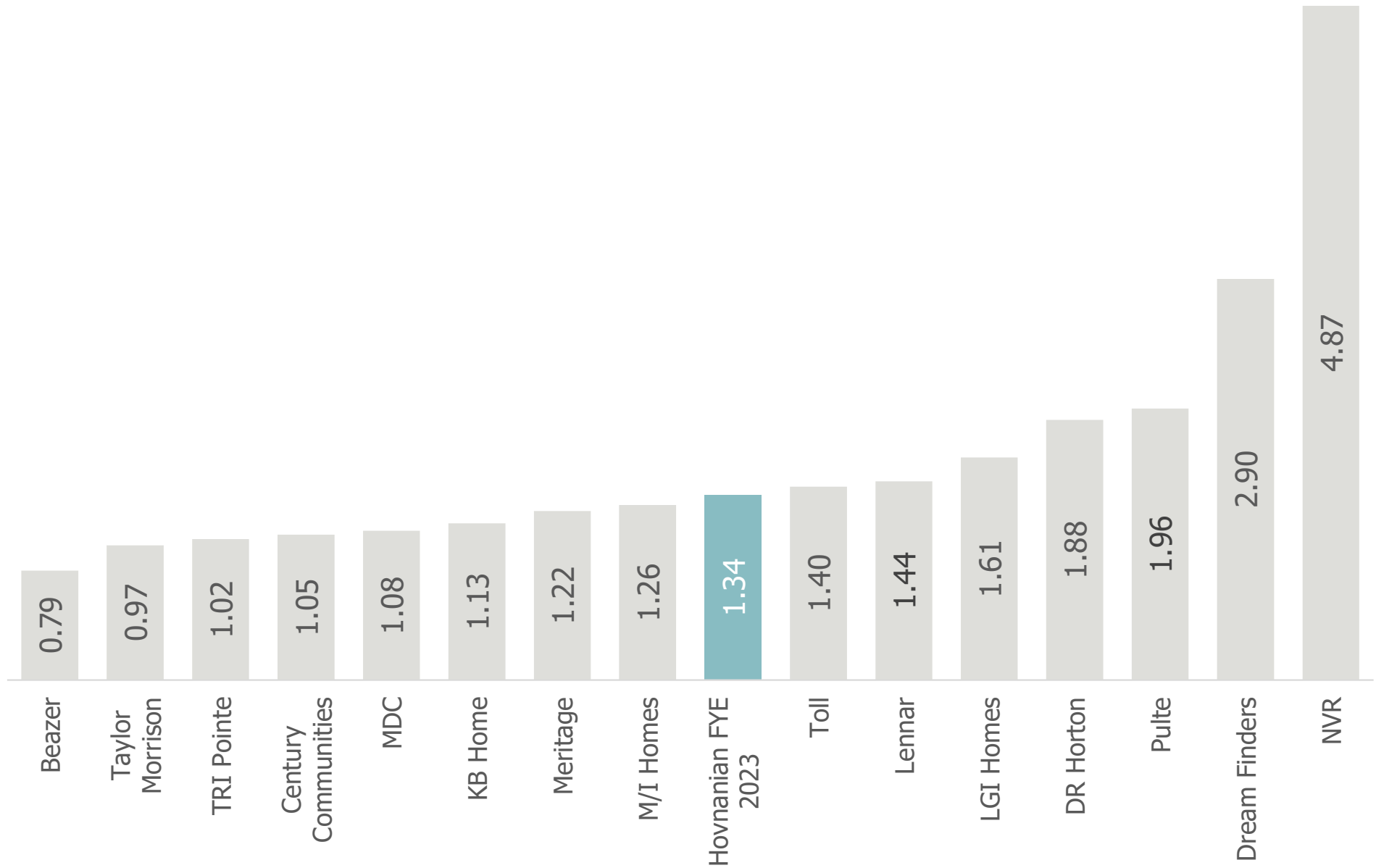
Consolidated EBIT ROI, Last Twelve Months



Source: Company SEC filings and press releases as of 12/05/2023.

(1) 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 and includes goodwill definite life intangibles assets.

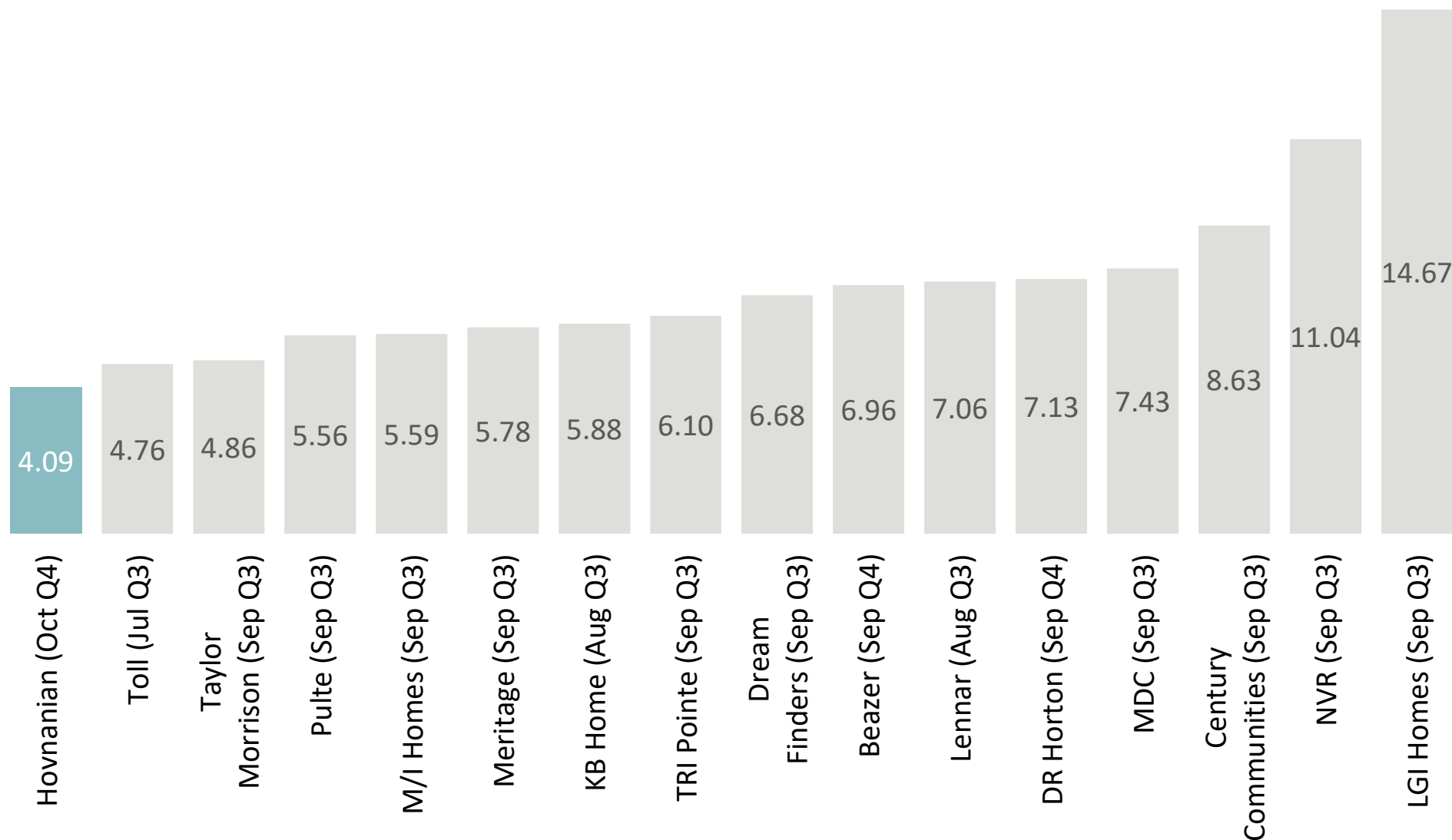
Price to Book Value



Source: Price to book value for most recent quarter based on Yahoo! finance as of 12/04/2023.

Note: Hovnanian price to book value calculated with common equity as of 10/31/2023 and stock price of \$98.90 as of 12/04/2023.

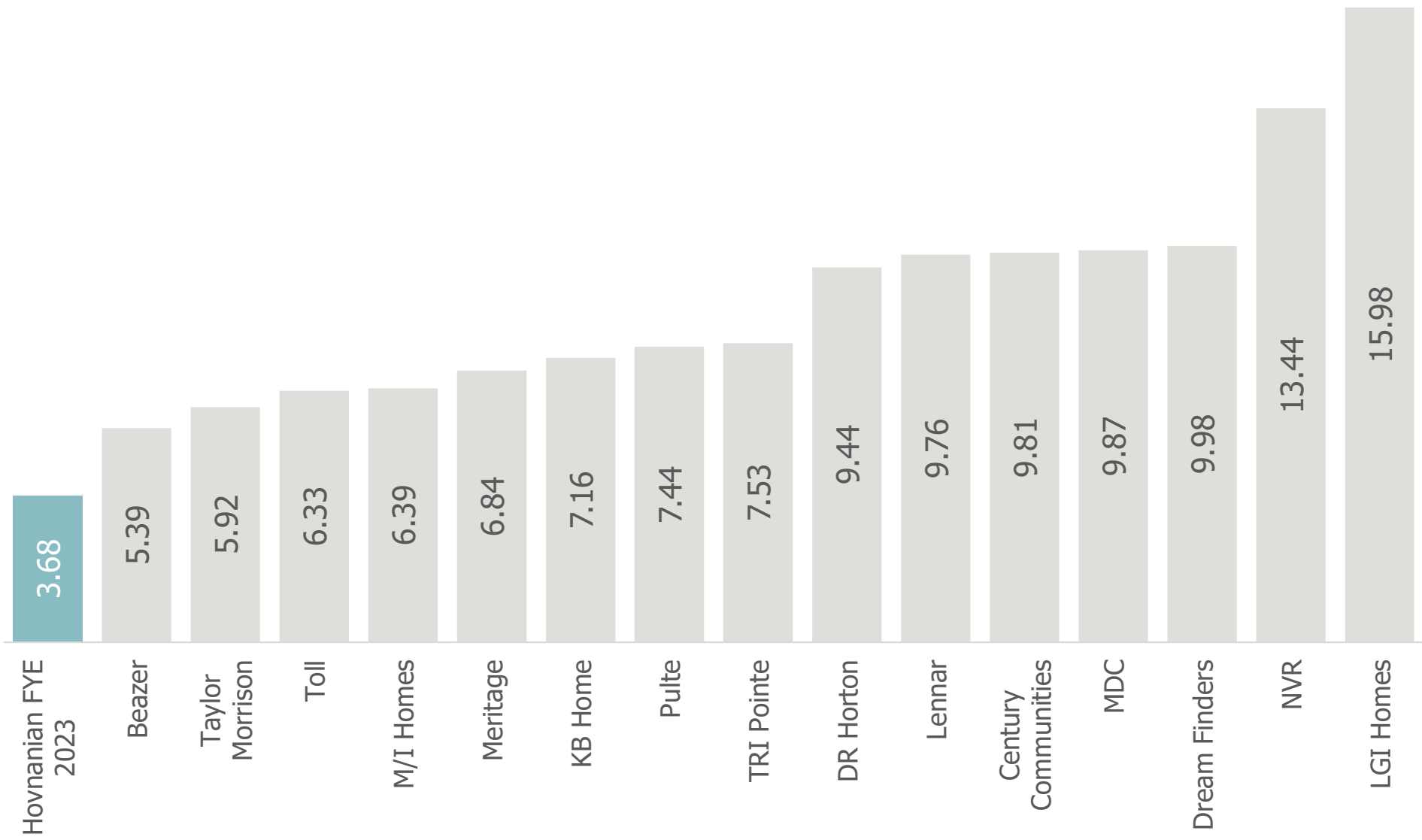
Enterprise Value/Last Twelve Months Adjusted EBITDA



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

Note: Defined as enterprise value (stock price as of 12/04/23 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 12/04/2023.

Note: Hovnanian price to earnings ratio calculated using last twelve months EPS as of 10/31/2023 and stock price of \$98.90 as of 12/04/2023.



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)	\$72.1	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%

- In 2019 and 2023, 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

	<u>Lots</u> <u>Remaining</u>	<u>Current Selling</u> <u>Price</u>	<u>Total</u>
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

October 31, 2023	Lots Optioned	Total Deposit (\$ millions)	Per Lot Deposit (\$)	Purchase Value (\$ billions)	Per Lot Purchase Value (\$)	% Deposit
Total	24,389	\$192.3	\$8,000	\$2.2	\$89,000	8.8%

- \$31 million invested in pre-development expenses as of October 31, 2023

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

Credit Quality of Homebuyers

Fiscal Year 2023

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

Fiscal Year 2022

- Average LTV: 83%
- Average CLTV: 83%
- ARMs: 4.3%
- FICO Score: 743
- Capture Rate: 59%

**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.

October 31, 2023

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

(In thousands)

	Three Months Ended October 31,		Year Ended October 31,	
	2023	2022	2023	2022
	(Unaudited)		(Unaudited)	
Income before income taxes	\$ 121,391	\$ 91,480	\$ 255,951	\$ 319,753
Inventory impairments and land option write-offs	614	12,239	1,536	14,076
Loss on extinguishment of debt, net	21,556	-	25,638	6,795
Income before income taxes excluding land-related charges and loss on extinguishment of debt, net (1)	<u>\$ 143,561</u>	<u>\$ 103,719</u>	<u>\$ 283,125</u>	<u>\$ 340,624</u>

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

Reconciliation of Gross Margin

Hovnanian Enterprises, Inc.

October 31, 2023

Gross margin
(In thousands)

	Homebuilding Gross Margin Three Months Ended October 31,		Homebuilding Gross Margin Year Ended October 31,	
	2023	2022	2023	2022
	(Unaudited)		(Unaudited)	
Sale of homes	\$ 829,733	\$ 866,611	\$ 2,630,457	\$ 2,840,454
Cost of sales, excluding interest expense and land charges (1)	626,424	656,805	2,032,136	2,131,208
Homebuilding gross margin, before cost of sales interest expense and land charges (2)	203,309	209,806	598,321	709,246
Cost of sales interest expense, excluding land sales interest expense	25,101	27,343	79,894	85,198
Homebuilding gross margin, after cost of sales interest expense, before land charges (2)	178,208	182,463	518,427	624,048
Land charges	614	12,239	1,536	14,076
Homebuilding gross margin	<u>\$ 177,594</u>	<u>\$ 170,224</u>	<u>\$ 516,891</u>	<u>\$ 609,972</u>
Homebuilding gross margin percentage	21.4%	19.6%	19.6%	21.5%
Homebuilding gross margin percentage, before cost of sales interest expense and land charges (2)	24.5%	24.2%	22.7%	25.0%
Homebuilding gross margin percentage, after cost of sales interest expense, before land charges (2)	21.5%	21.1%	19.7%	22.0%
	Land Sales Gross Margin Three Months Ended October 31,		Land Sales Gross Margin Year Ended October 31,	
	2023	2022	2023	2022
	(Unaudited)		(Unaudited)	
Land and lot sales	\$ 32,175	\$ 15	\$ 48,217	\$ 16,202
Cost of sales, excluding interest (1)	10,724	83	20,664	5,855
Land and lot sales gross margin, excluding interest and land charges	21,451	(68)	27,553	10,347
Land and lot sales interest expense	-	21	926	42
Land and lot sales gross margin, including interest	<u>\$ 21,451</u>	<u>\$ (89)</u>	<u>\$ 26,627</u>	<u>\$ 10,305</u>

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

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

Reconciliation of Adjusted EBITDA to Net Income

Hovnanian Enterprises, Inc.

October 31, 2023

Reconciliation of adjusted EBITDA to net income

(In thousands)

	Three Months Ended		Year Ended	
	October 31,		October 31,	
	2023	2022	2023	2022
	(Unaudited)		(Unaudited)	
Net income	\$ 97,265	\$ 55,633	\$ 205,891	\$ 225,490
Income tax provision	24,126	35,847	50,060	94,263
Interest expense	36,087	39,265	134,902	132,583
EBIT (1)	157,478	130,745	390,853	452,336
Depreciation and amortization	1,575	1,448	8,798	5,457
EBITDA (2)	159,053	132,193	399,651	457,793
Inventory impairments and land option write-offs	614	12,239	1,536	14,076
Loss on extinguishment of debt, net	21,556	-	25,638	6,795
Adjusted EBITDA (3)	\$ 181,223	\$ 144,432	\$ 426,825	\$ 478,664
Interest incurred	\$ 32,873	\$ 34,725	\$ 136,535	\$ 134,024
Adjusted EBITDA to interest incurred	5.51	4.16	3.13	3.57

(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 loss on extinguishment of debt, net.

Reconciliation of Inventory Turnover

Hovnanian Enterprises, Inc.

October 31, 2023

Calculation of Inventory Turnover⁽¹⁾

	For the quarter ended				TTM ended
(Dollars in thousands)	1/31/2023	4/30/2023	7/31/2023	10/31/2023	10/31/2023
Cost of sales, excluding interest	\$391,040	\$540,622	\$483,990	\$637,148	\$2,052,800
	As of				
	10/31/2022	1/31/2023	4/30/2023	7/31/2023	10/31/2023
Total inventories	\$1,519,184	\$1,507,038	\$1,484,992	\$1,411,260	\$1,349,186
Less liabilities from inventory not owned, net of debt issuance costs	202,492	209,579	200,299	145,979	124,254
Less capitalized interest	59,600	60,795	60,274	55,274	52,060
Inventories less consolidated inventory not owned and capitalized interest plus liabilities from inventory not owned	\$1,257,092	\$1,236,664	\$1,224,419	\$1,210,007	\$1,172,872
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

Hovnanian Enterprises, Inc.

October 31, 2023

Calculation of Consolidated Adjusted EBIT ROI

	For the quarter ended				TTM ended
(Dollars in thousands)	1/31/2023	4/30/2023	7/31/2023	10/31/2023	10/31/2023
Consolidated EBIT	\$48,162	\$82,049	\$103,164	\$157,478	\$390,853
Impairments and walk away	\$477	\$137	\$308	\$614	\$1,536
(Loss) gain on extinguishment of debt	\$0	\$0	\$4,082	\$21,556	\$25,638
Adjusted EBIT	\$48,639	\$82,186	\$107,554	\$179,648	\$418,027
	As of				
	10/31/2022	1/31/2023	4/30/2023	7/31/2023	10/31/2023
Total inventories	\$1,519,184	\$1,507,038	\$1,484,992	\$1,411,260	\$1,349,186
Less liabilities from inventory not owned, net of debt issuance costs	202,492	209,579	200,299	145,979	124,254
Less capitalized interest	59,600	60,795	60,274	55,274	52,060
Inventories less consolidated inventory not owned and capitalized interest plus liabilities from inventory not owned	\$1,257,092	\$1,236,664	\$1,224,419	\$1,210,007	\$1,172,872
Inventory turnover					34.3%

Key credit and balance sheet metrics reconciliations

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

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.*