Hovnanian Enterprises, Inc.

Investor Presentation

September 2022

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 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) the outbreak and spread of COVID-19 and the measures that governments, agencies, law enforcement and/or health authorities implement to address it, as well as continuing macroeconomic effects of the pandemic; (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) 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; (26) increases in inflation; 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, 2021 and the Company's Quarterly Reports on Form 10-Q for the quarterly periods during fiscal 2022 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 loss (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. The reconciliation for historical periods of EBIT, EBITDA and Adjusted EBITDA to net income is presented in a table attached to this presentation.

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

Adjusted pretax income, which is defined as income before income taxes excluding land-related charges and loss on extinguishment of debt is a non-GAAP financial measure. This presentation also presents income before income taxes adjusted to exclude the impact of incremental phantom stock expense. The most directly comparable GAAP financial measure is income before income taxes. The reconciliation for historical periods of adjusted pretax income to income before income taxes is presented in a table attached to this presentation.

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

Total liquidity is comprised of $225.1 million of cash and cash equivalents, $7.3 million of restricted cash required to collateralize letters of credit and $125.0 million availability under the senior secured revolving credit facility as of July 31, 2022.

What's new about the Hovnanian story?

Hovnanian Enterprises, Inc.

	Then	Now
Footprint	Multiple underperforming markets	Focused on stronger markets with improving share
Profitability and margin improvement	Unprofitable	Profitable
Cash flow generation	Insufficient to adequately address debt maturities and grow business	Material excess operating cash flow after land reinvestment
Inventory strategy	Over-reliance on off-market costly financing to acquire lots, reducing returns	Increased inventory efficiency driving high turnover and ROI
Maturity profile	Short dated; difficulty extending near term maturities	Significant runway, strategic priority to repay debt

Successfully implementing strategies for long-term profitability and value creation

Hovnanian Enterprises, Inc.

Growth-oriented strategy

Grow revenues to improve scale and enhance margin profile	Risk-adverse land strategy and maintain multi-year lot supply	High return on invested capital and sharpened asset efficiency	Generate excess cash flow and improve balance sheet flexibility

Actions undertaken

Grow revenues to improve scale and enhance margin profile
- Actively manage sales pace, ASP and community count
- Streamline organizational structure and reduce overhead

Risk-adverse land strategy and maintain multi-year lot supply
- Control land with minimal cash investment
- Target 1-2 years of owned lot supply

High return on invested capital and sharpened asset efficiency
- Accelerate inventory turnover to unlock capital
- Reactivate formerly mothballed inventory

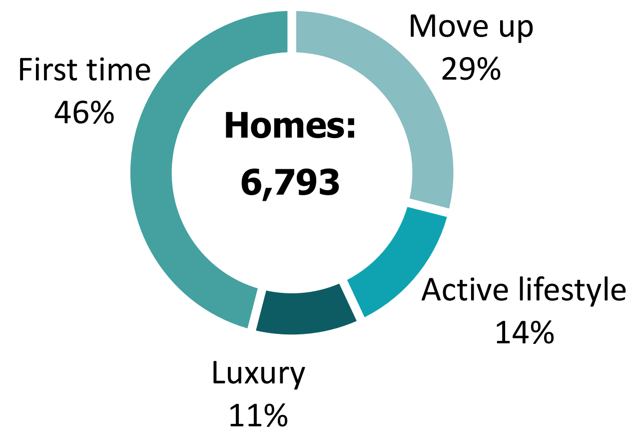
Generate excess cash flow and improve balance sheet flexibility
- Maintain ample liquidity
- Prioritize debt repayment opportunities
- Proactively extend and ladder maturities

Recent operating and financial performance

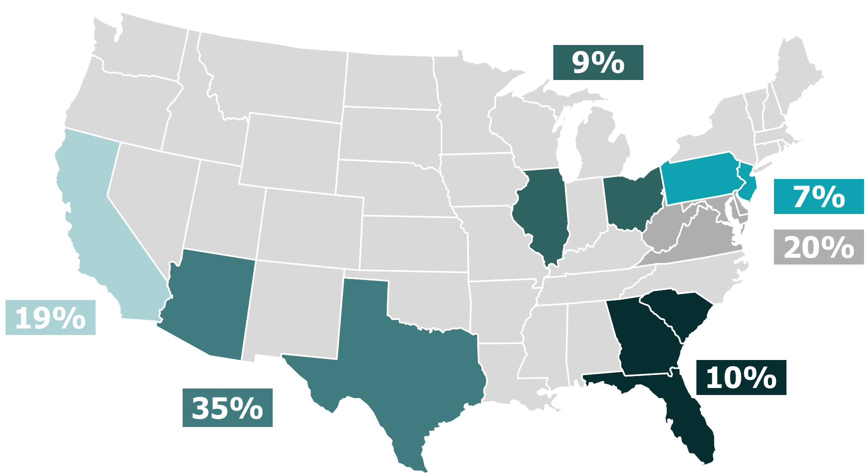
Hovnanian Enterprises at a Glance

- Among the top 15 homebuilders in the United States in both homebuilding revenues and home deliveries(2)
- Markets and builds homes across the product and buyer spectrum, with a first-time and move-up focus

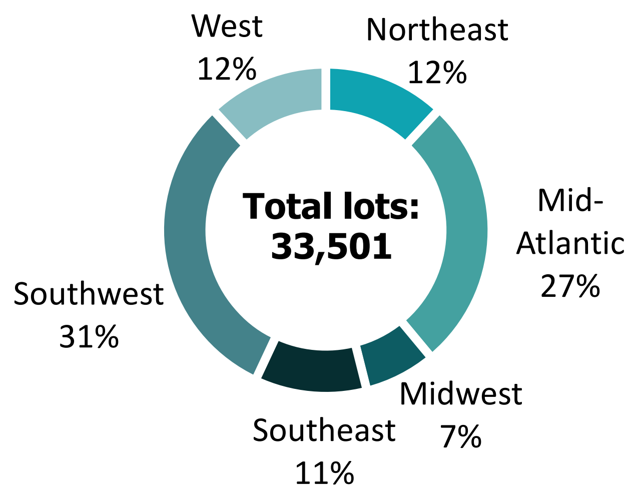
Home deliveries by product(1)
(Year ended October 31, 2021)



Homebuilding revenues by region
(TTM ended July 31, 2022)



Lots controlled by region
(As of July 31, 2022)



(1) Includes unconsolidated joint ventures deliveries.
(2) Company SEC filings and press release of 09/01/22.

Guidance Compared with Actuals for Third Quarter 2022

($ in millions)

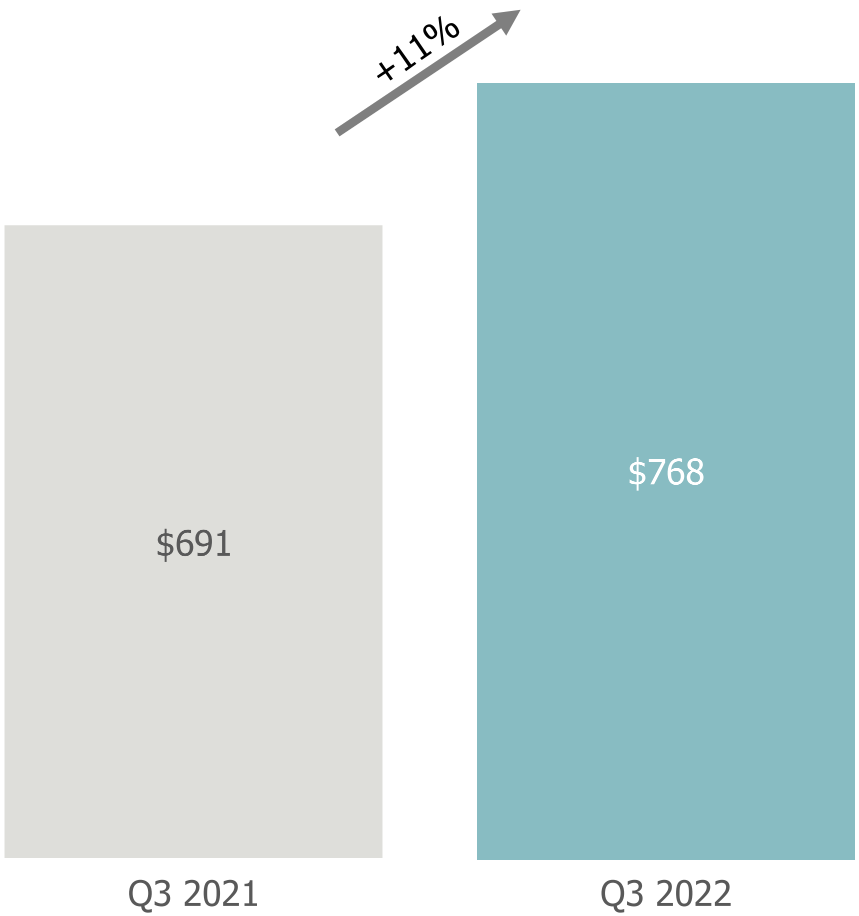
	Guidance Q3 2022	Actuals Q3 2022
Total Revenues	**$780 - $830**	**$768**
Adjusted Homebuilding Gross Margin(1)	**24.0% - 26.0%**	**26.3%**
Total SG&A as Percentage of Total Revenues(2)	**9.5% - 10.5%**	**9.8%**
Adjusted Income Before Income Taxes(3)	**$70 - $85**	**$113**

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

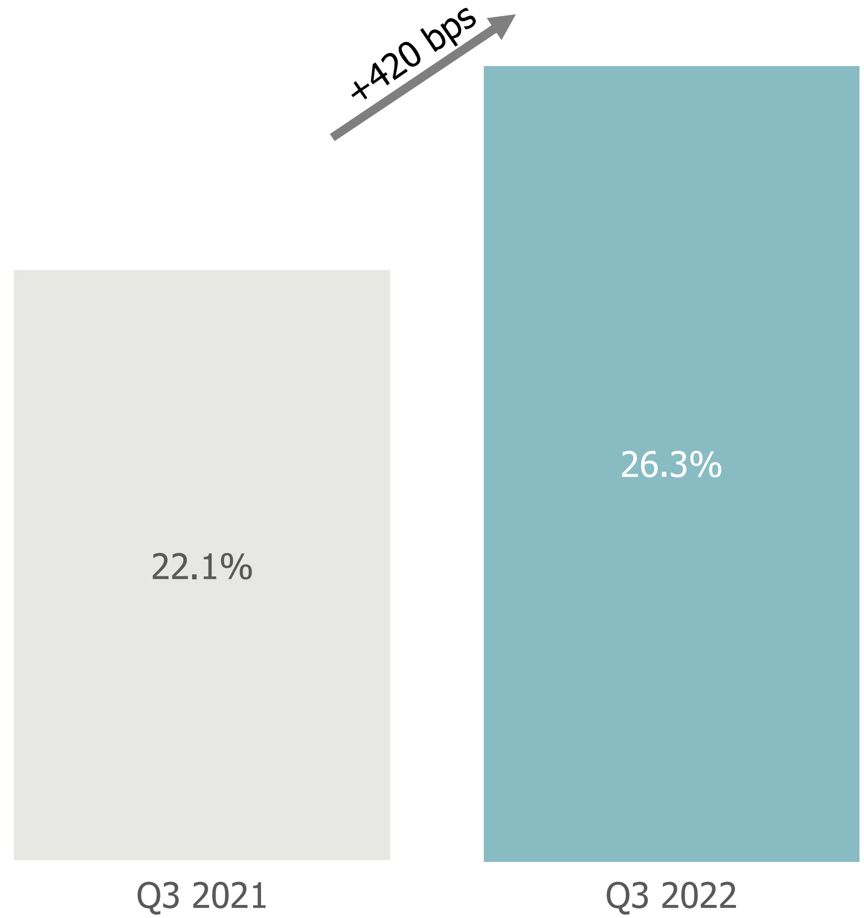
Third Quarter Operating Results

($ in millions, unless specified otherwise)

Total Revenues

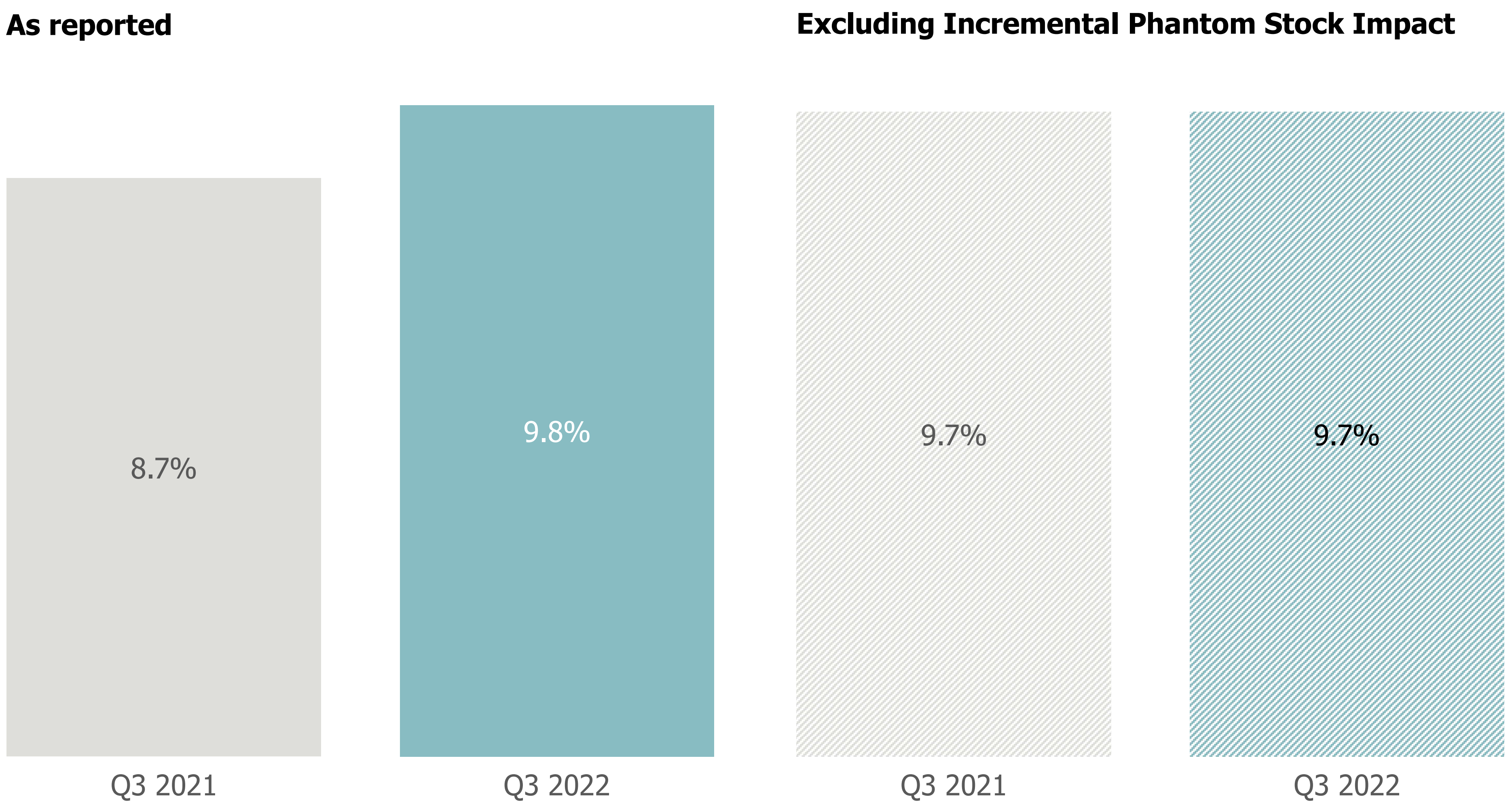


Adjusted Homebuilding Gross Margin(1)



(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.

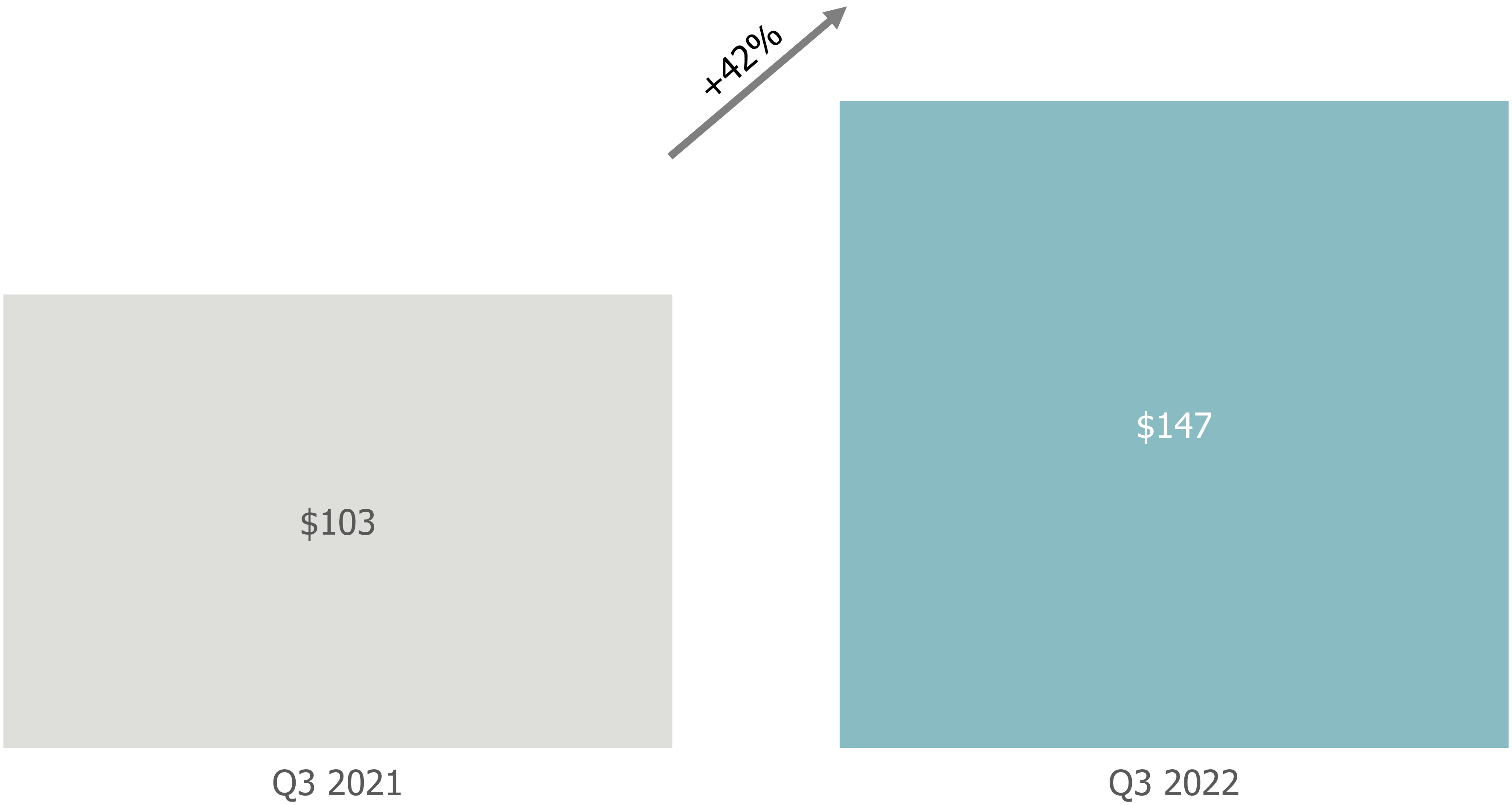
Total SG&A Ratio



(1) Total SG&A includes homebuilding selling, general and administrative costs and corporate general and administrative costs. Ratio calculated as a percentage of total revenues.
(2) SG&A expenses in the third quarter of fiscal 2022 included $0.3 million of incremental expense due to the phantom stock awards, which is solely related to our common stock price increasing from $46.02 at the end of the second quarter to $48.51 at the end of the third quarter.
(3) SG&A expenses in the third quarter of fiscal 2021 included $6.7 million of incremental benefit due to the phantom stock awards, which is solely related to our common stock price decreasing from $132.59 at the end of the second quarter to $104.39 at the end of the third quarter.

Adjusted EBITDA

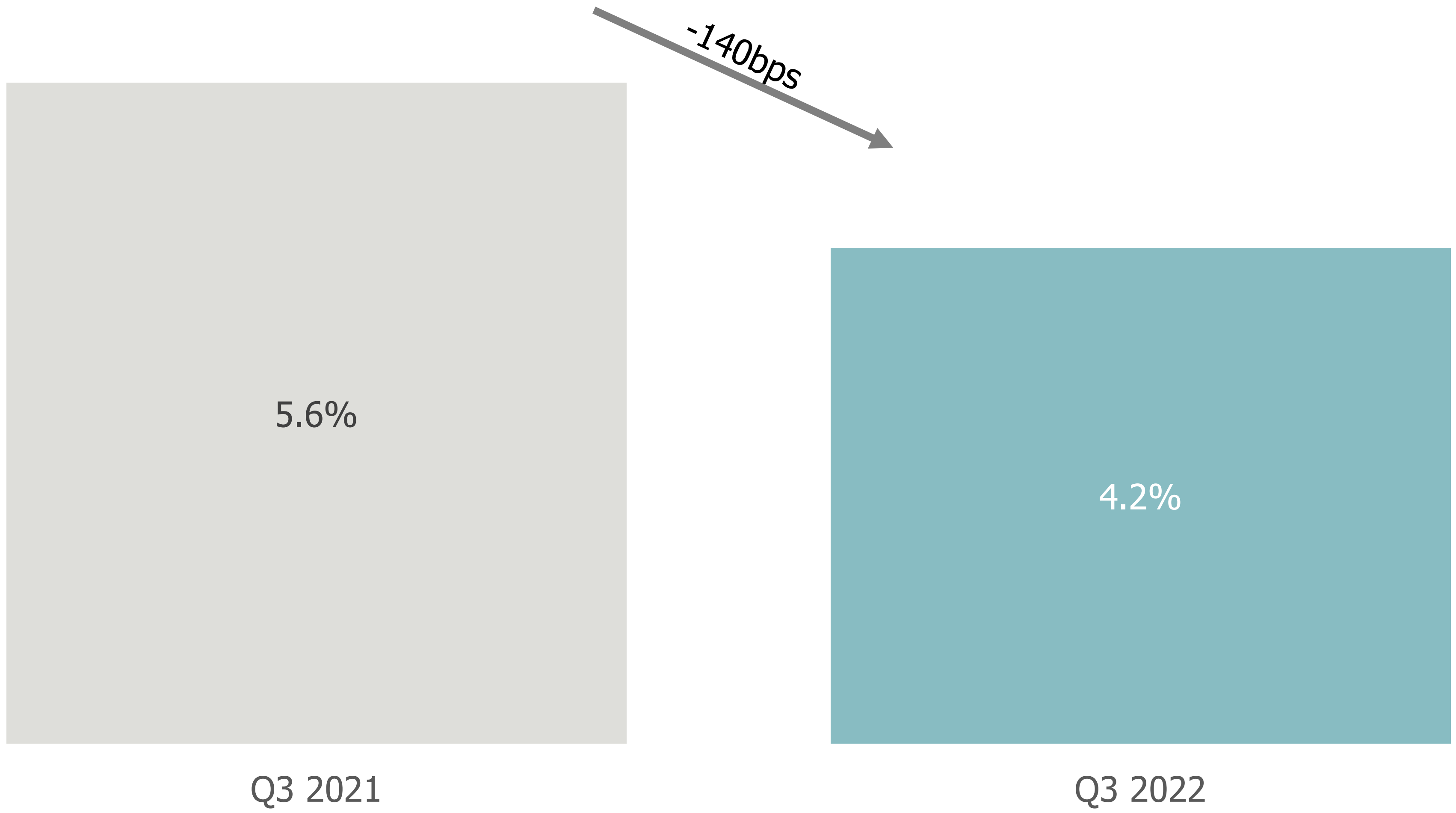
($ in millions, unless specified otherwise)



(1) 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 on extinguishment of debt.

Total Interest Expense as a % of Total Revenues

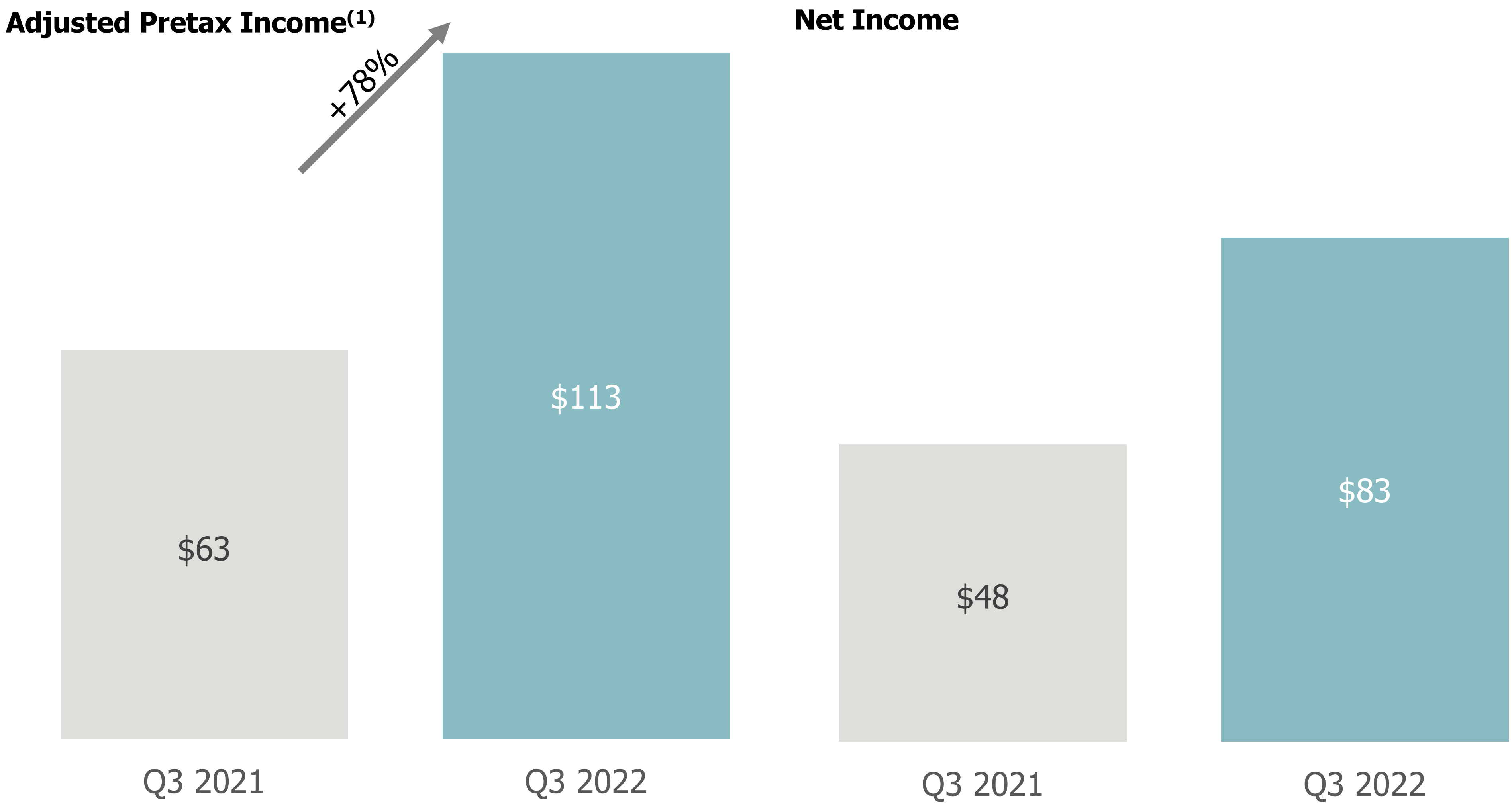
Hovnanian Enterprises, Inc.



Total Interest Expense $ in millions	$38	$32

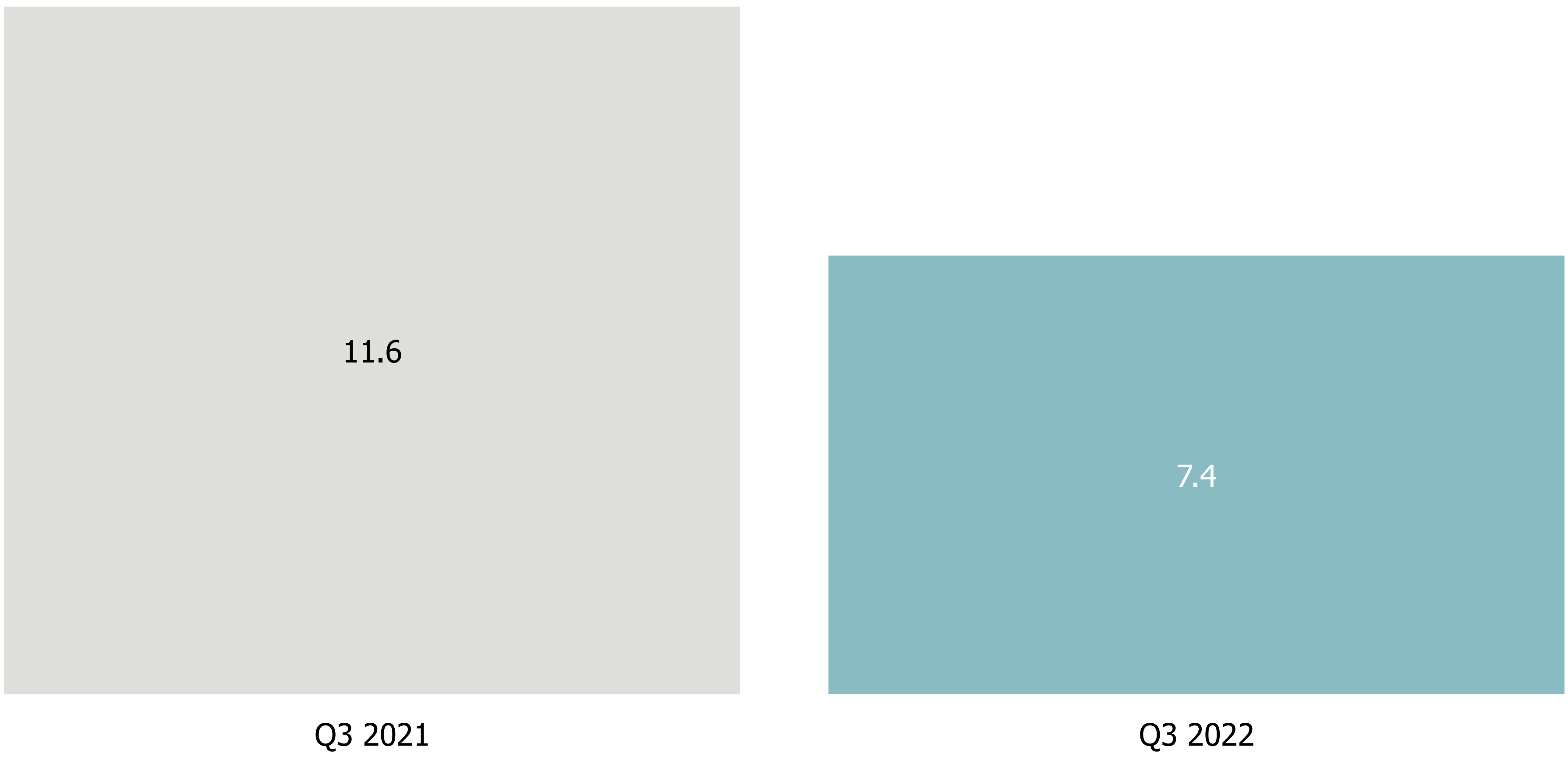
Improved Profitability

($ in millions)



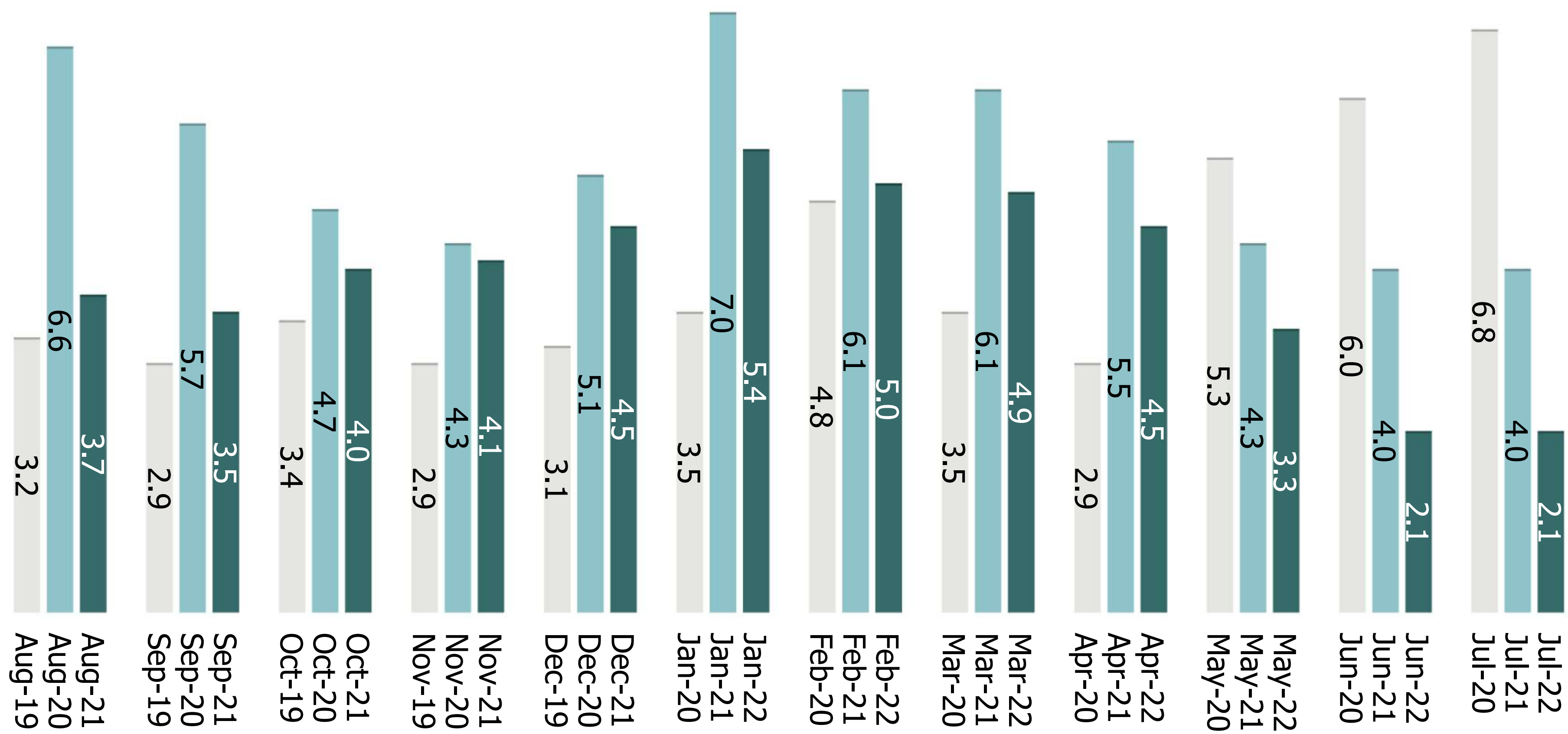
(1) Adjusted Income Before Income Taxes excludes land-related charges and loss on extinguishment of debt. See appendix for a reconciliation to the most directly comparable GAAP measure.

Quarterly Contracts Per Community



Note: Excludes unconsolidated joint ventures.

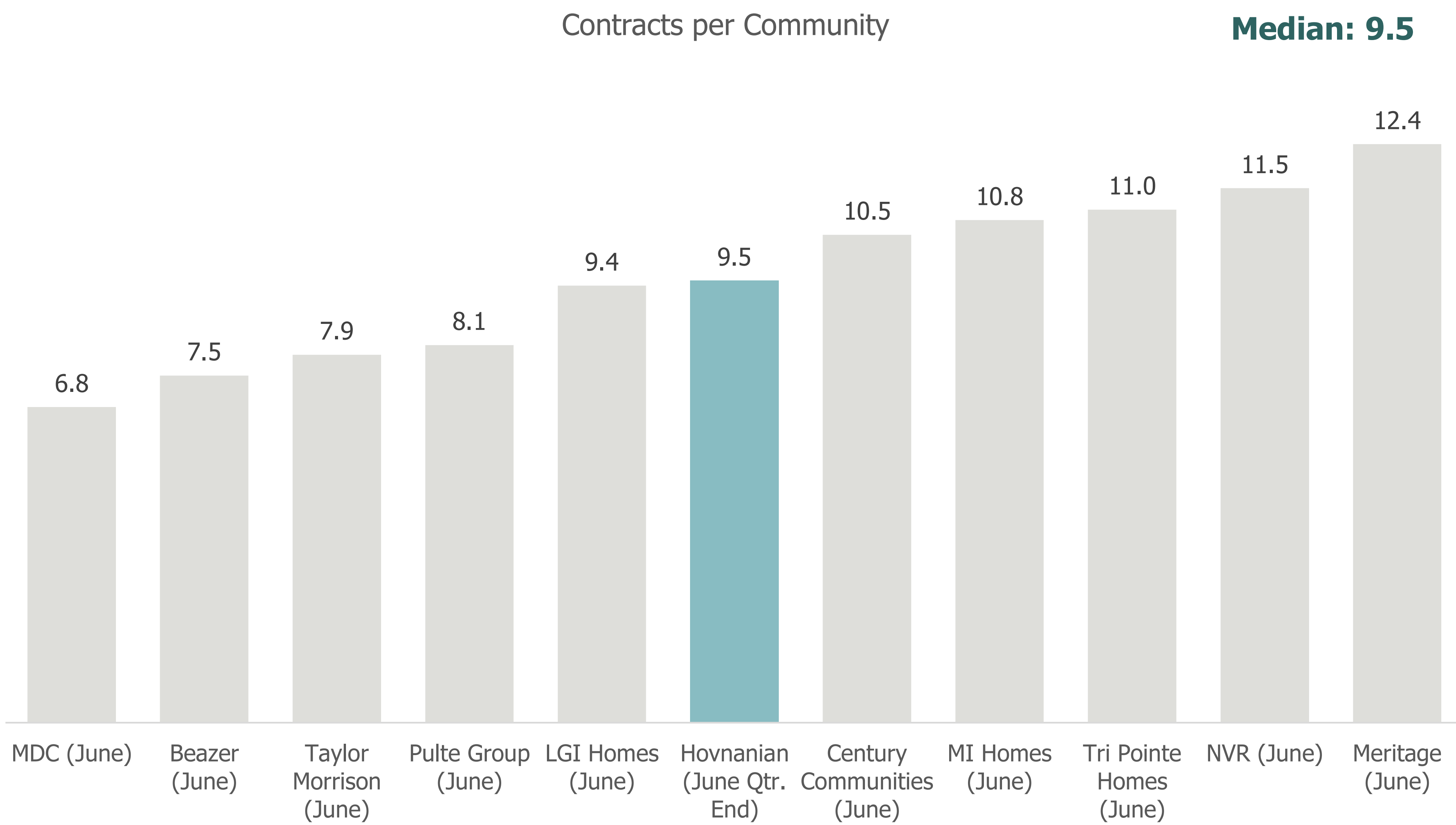
Number of Monthly Contracts Per Community, Excludes Unconsolidated Joint Ventures



	Number of Sundays	Monthly contracts
Aug-19	4	445
Aug-20	5	735
Aug-21	5	383
Sep-19	5	416
Sep-20	4	634
Sep-21	4	390
Oct-19	4	484
Oct-20	4	549
Oct-21	5	490
Nov-19	4	404
Nov-20	5	493
Nov-21	4	467
Dec-19	5	436
Dec-20	5	551
Dec-21	4	486
Jan-20	4	482
Jan-21	5	734
Jan-22	5	598
Feb-20	4	647
Feb-21	4	613
Feb-22	4	548
Mar-20	5	463
Mar-21	4	620
Mar-22	4	519
Apr-20	4	377
Apr-21	4	538
Apr-22	4	458
May-20	5	687
May-21	5	413
May-22	5	336
Jun-20	4	745
Jun-21	4	384
Jun-22	4	232
Jul-20	4	794
Jul-21	4	414
Jul-22	5	231

Note: Excludes unconsolidated joint ventures.

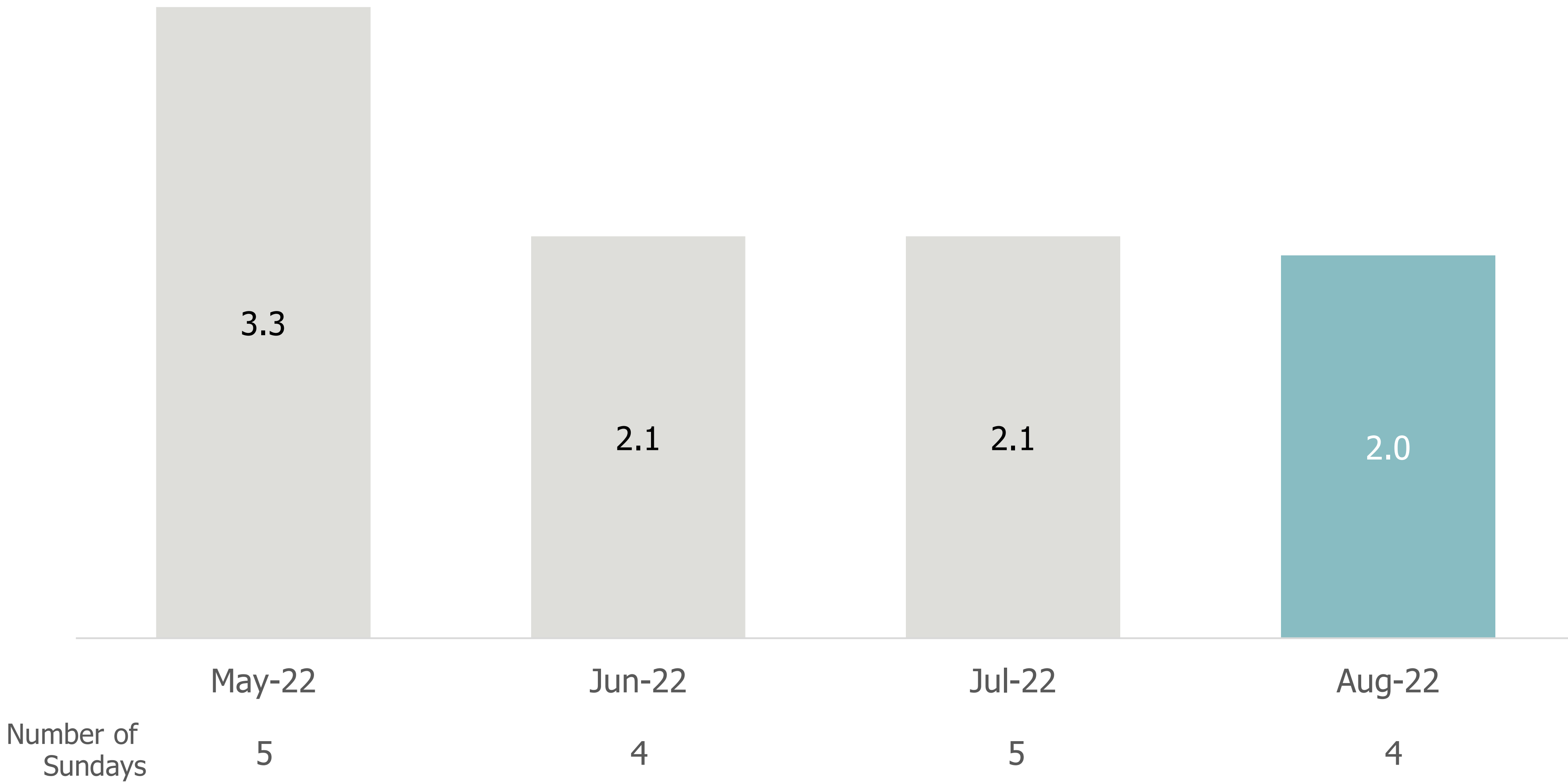
Contracts per Community



Source: Company SEC filings and press releases as of 09/01/22.

Monthly Contracts Per Community Since May 2022

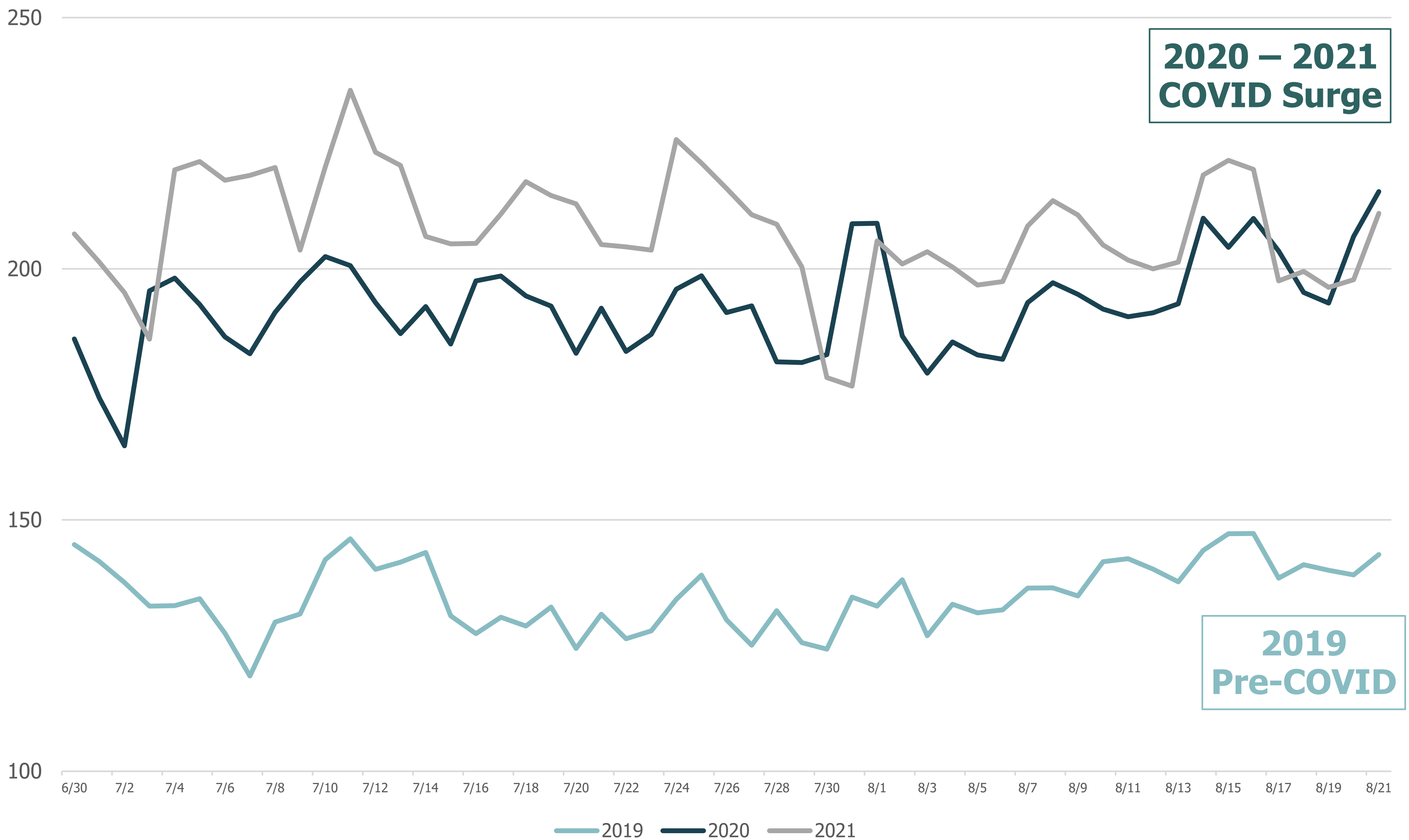
Hovnanian Enterprises, Inc.



Note: Excludes unconsolidated joint ventures.
Note: Contracts per community for August 2022 are based on preliminary results.

Daily Average Website Visits Per Community

Hovnanian Enterprises, Inc.



Daily Average Website Visits Per Community

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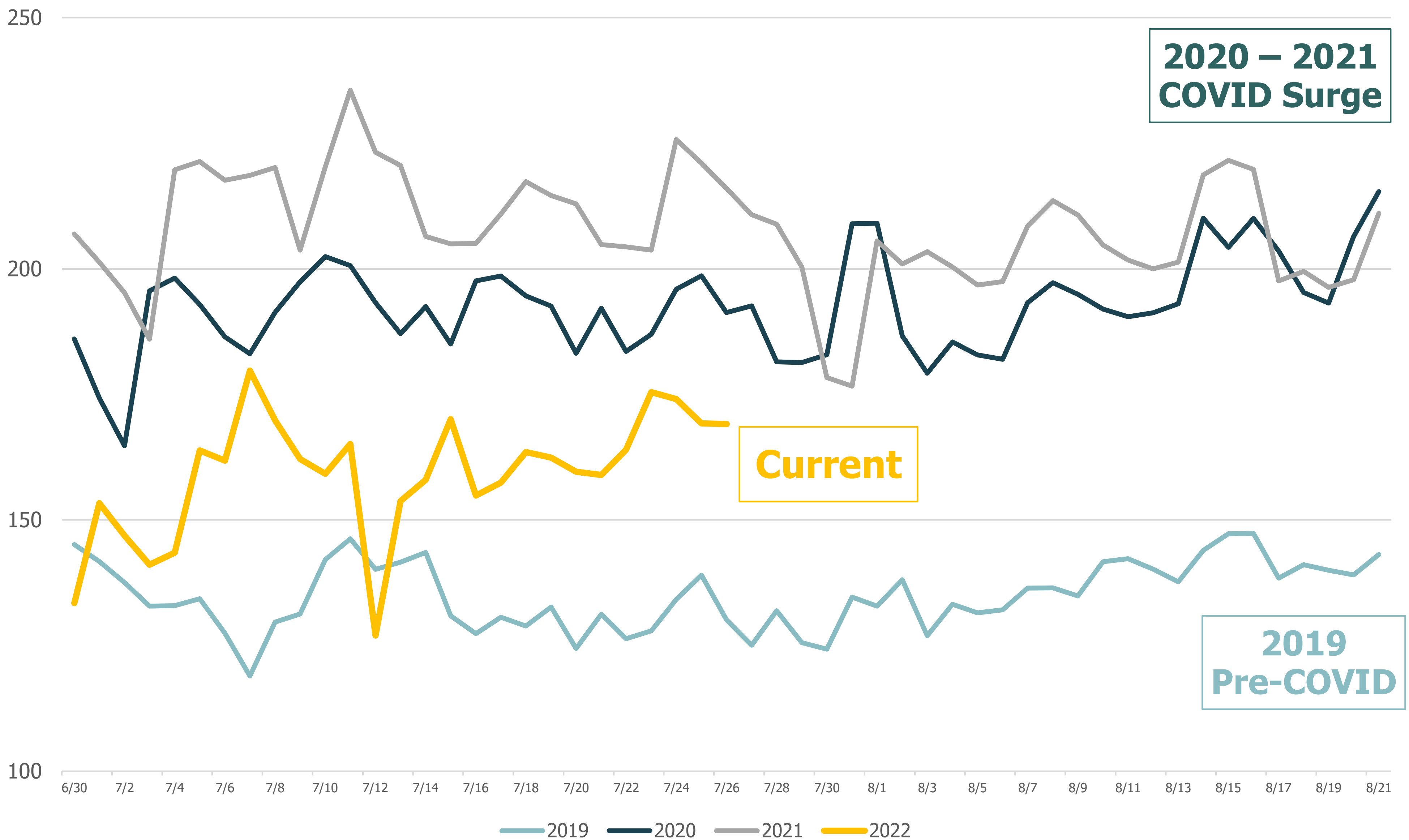
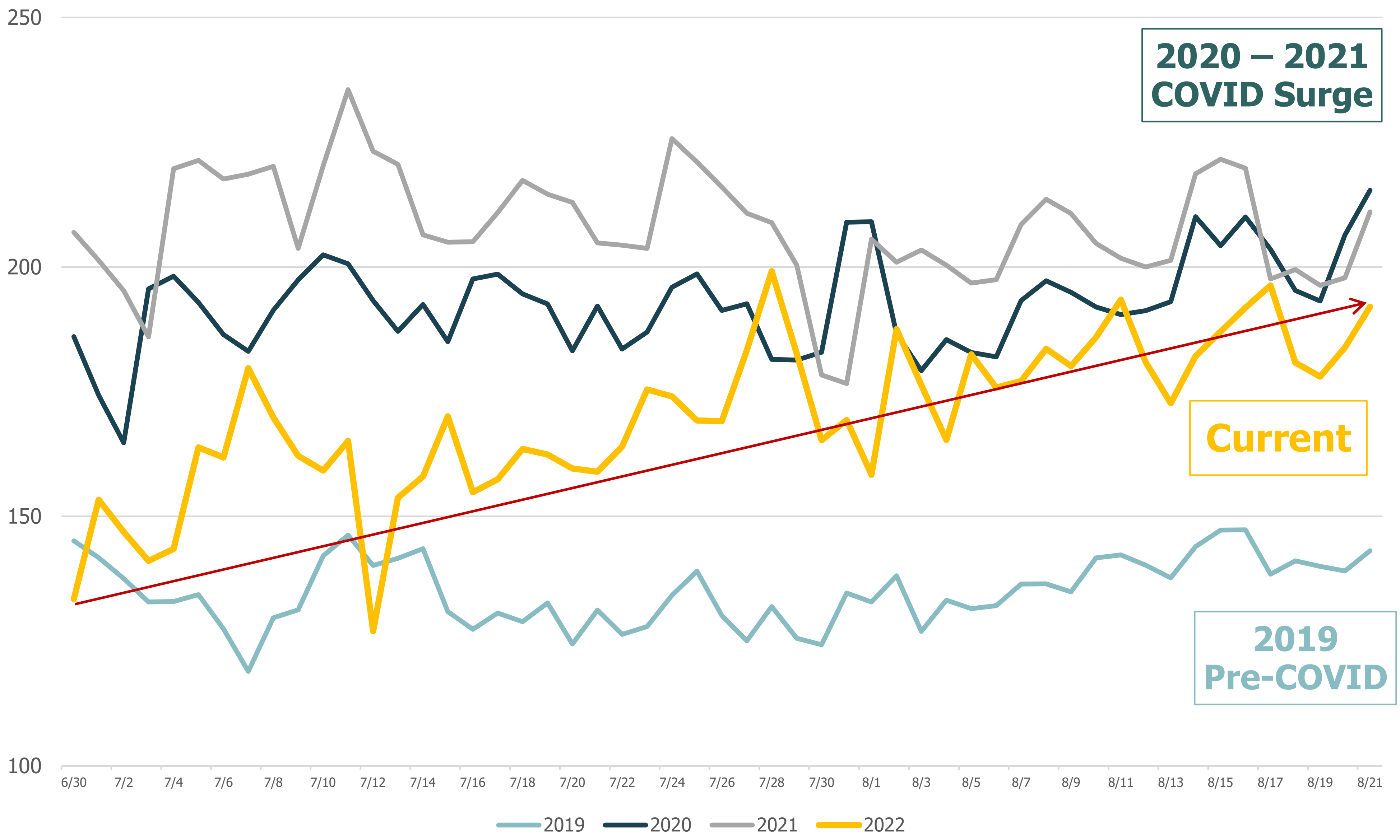


Daily Average Website Visits Per Community

Hovnanian Enterprises, Inc.



Streamlined geographic footprint with room for organic growth

- **26 markets in 14 states**
  - **Northeast:** New Jersey and Pennsylvania
  - **Mid-Atlantic:** Delaware, Maryland, Virginia, Washington D.C. and West Virginia
  - **Midwest:** Illinois and Ohio
  - **Southeast:** Florida, Georgia and South Carolina
  - **Southwest:** Arizona and Texas
  - **West:** California

Q3 2022 LTM(1)

	Northeast	Mid-Atlantic	Midwest	Southeast	Southwest	West
Homebuilding revenues	6.6%	20.0%	8.7%	10.4%	35.4%	18.9%
Homes delivered	4.4%	15.6%	12.0%	10.6%	41.9%	15.5%
Average selling price of deliveries	$735K	$627K	$353K	$483K	$412K	$593K
Net new contracts ($)	8.7%	18.4%	7.2%	15.2%	34.5%	16.0%
Backlog homes	7.4%	15.9%	15.5%	18.0%	30.4%	12.8%

Exited 5 non-core markets over the last 5 years

Geographic diversification mitigates market-specific economic impacts

Honed our market footprint to our 26 most profitable locations

(1) Regional breakdown as percentage of total company.

Virtually all of the land and communities necessary to achieve our current fiscal 2023 revenue and profit targets are already under contract

Hovnanian Enterprises, Inc.

Lot portfolio balanced across our segments

	July 31, 2022 Owned			
Segment	**Active lots**	**Mothballed lots**	**Optioned lots**	**Total lots**
Northeast	540	–	3,351	3,891
Mid-Atlantic	1,710	–	6,894	8,604
Midwest	529	6	1,678	2,213
Southeast	1,724	–	1,730	3,454
Southwest	3,154	–	6,768	9,922
West	2,030	390	1,409	3,829
Consolidated total	9,687	396	21,830	31,913
Unconsolidated joint ventures[1]	1,082	–	222	1,304
Grand total	**10,769**	**396**	**22,052**	**33,217**

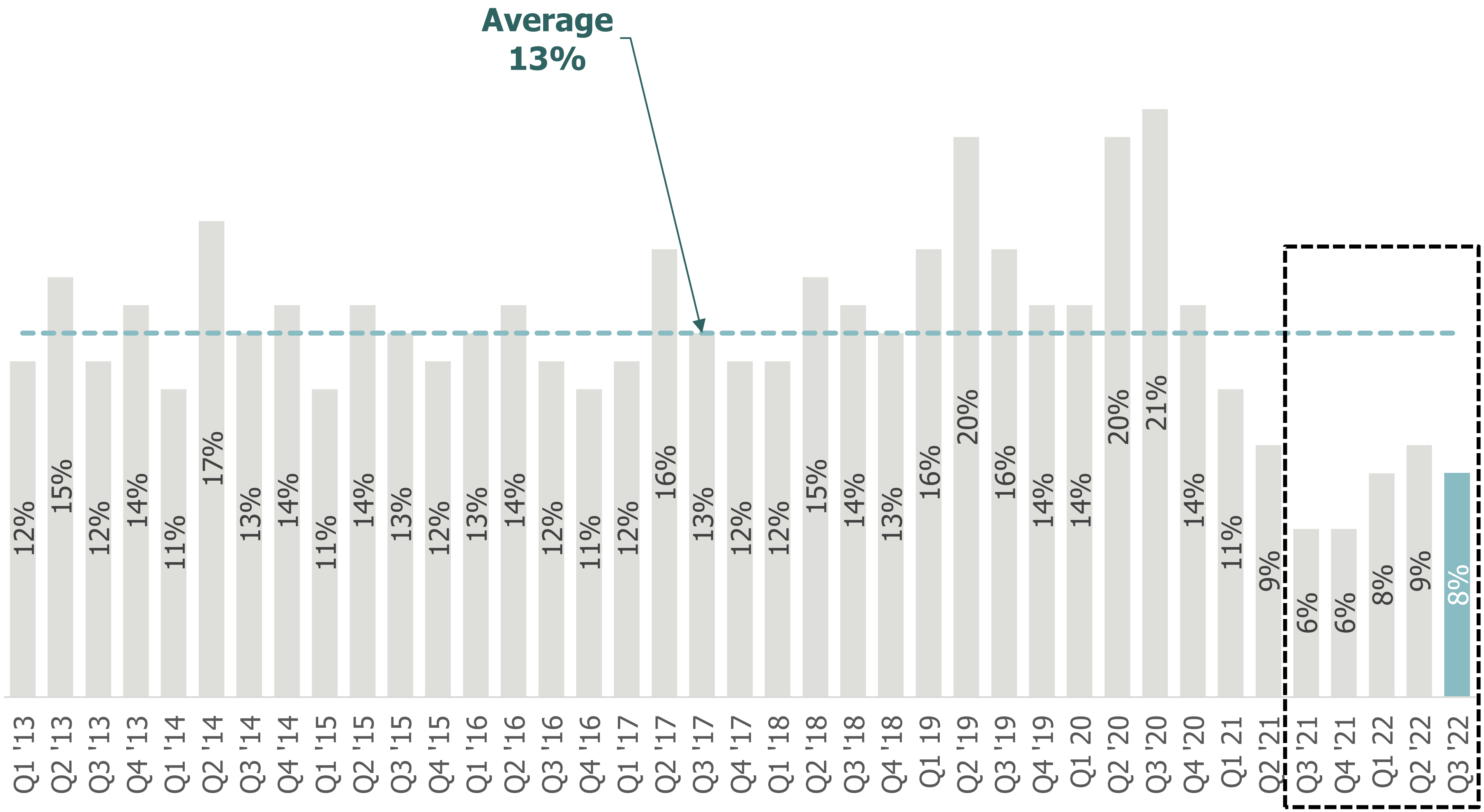
- Reactivated ~9,300 lots in 110 communities since January 31, 2009
- As of July 31, 2022, mothballed lots in 2 communities with a book value of $1 million net of impairment balance of $20 million

5.7 years of lot supply[2]

Expect to grow FYE 2022 community count to ~135 communities, including communities from domestic unconsolidated joint ventures

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

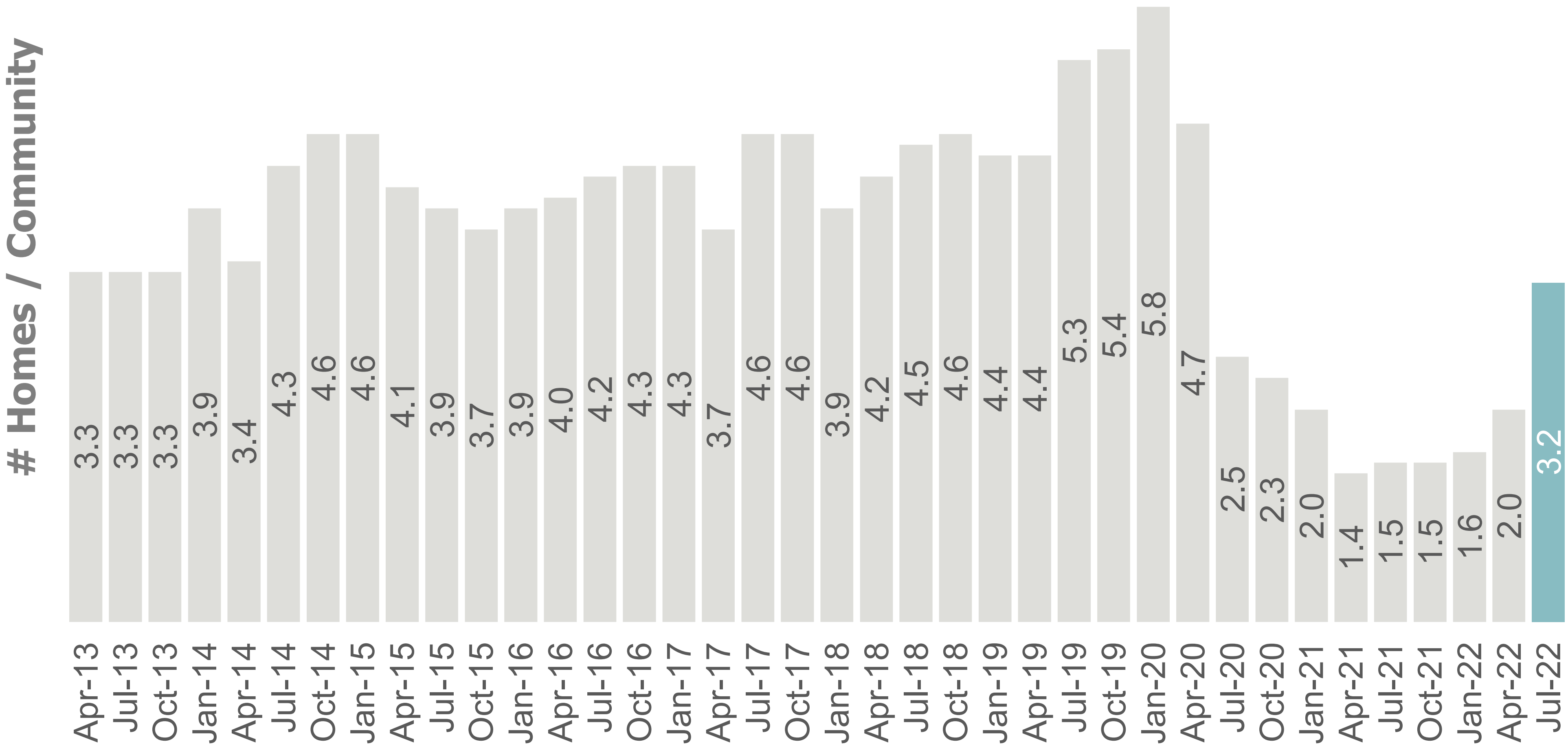
Backlog Cancellation Rates



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

Spec Homes per Community

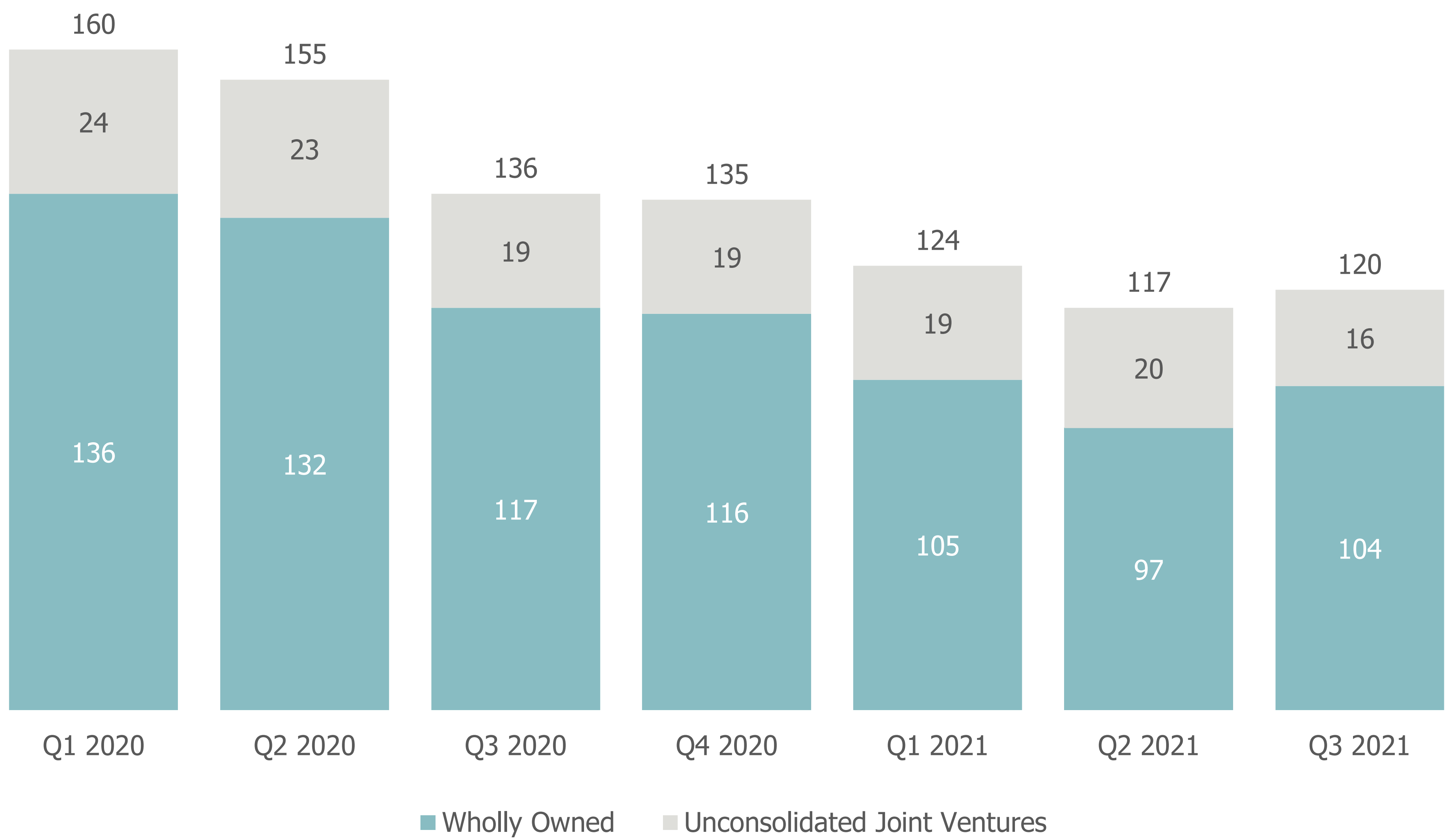
- *350 started unsold homes at 07/31/22, excluding models*
- *4.4 average spec homes per community since 1997*
- *Only 18 finished specs at 07/31/22*



Note: Excluding unconsolidated joint ventures and models.

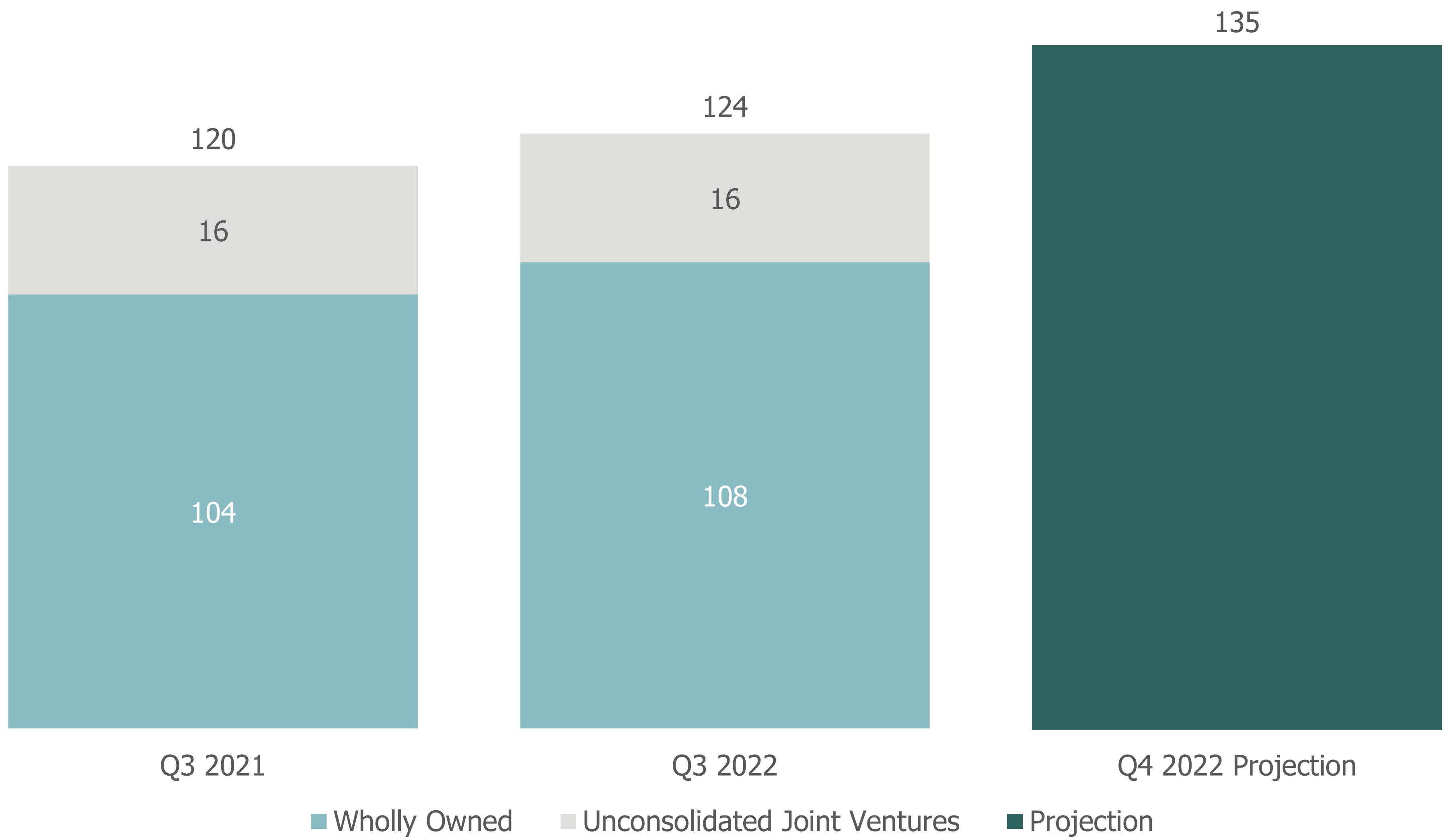
COVID Surge Community Count Trend

Hovnanian Enterprises, Inc.



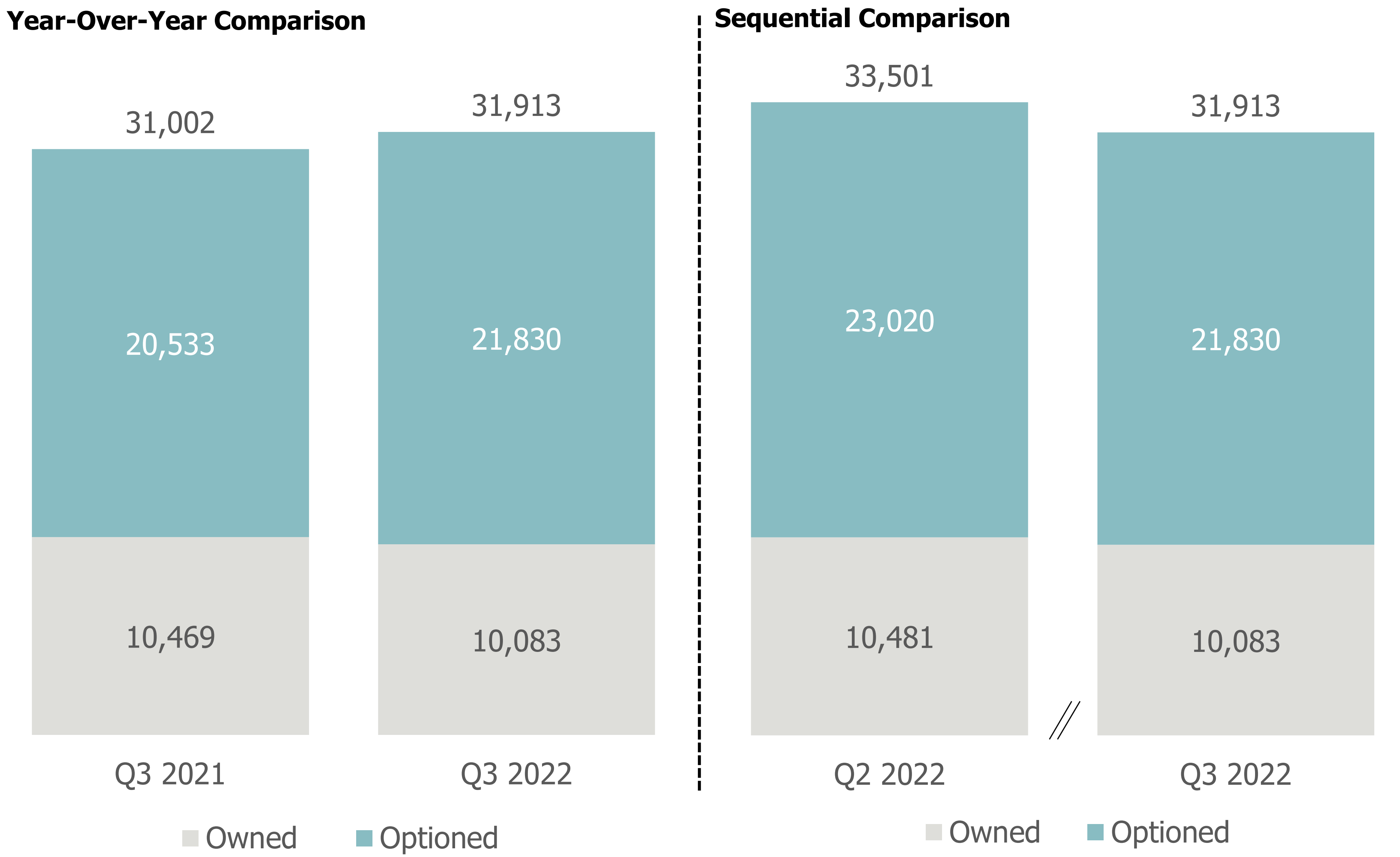
Note: Excludes our single community unconsolidated joint venture in the Kingdom of Saudi Arabia.

Community Count



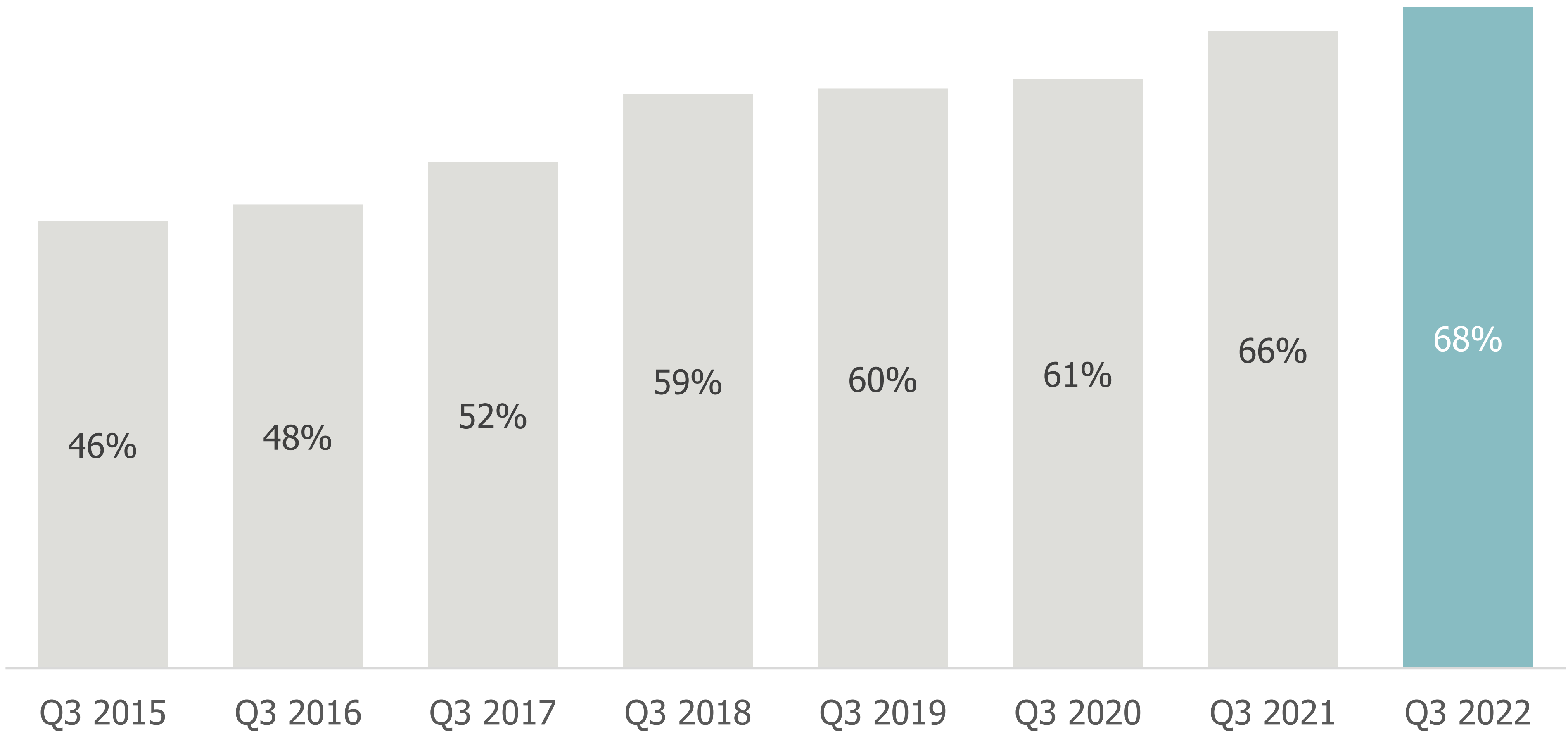
Note: Excludes our single community unconsolidated joint venture in the Kingdom of Saudi Arabia.

Lots Controlled(1)



(1) Excludes unconsolidated joint ventures.

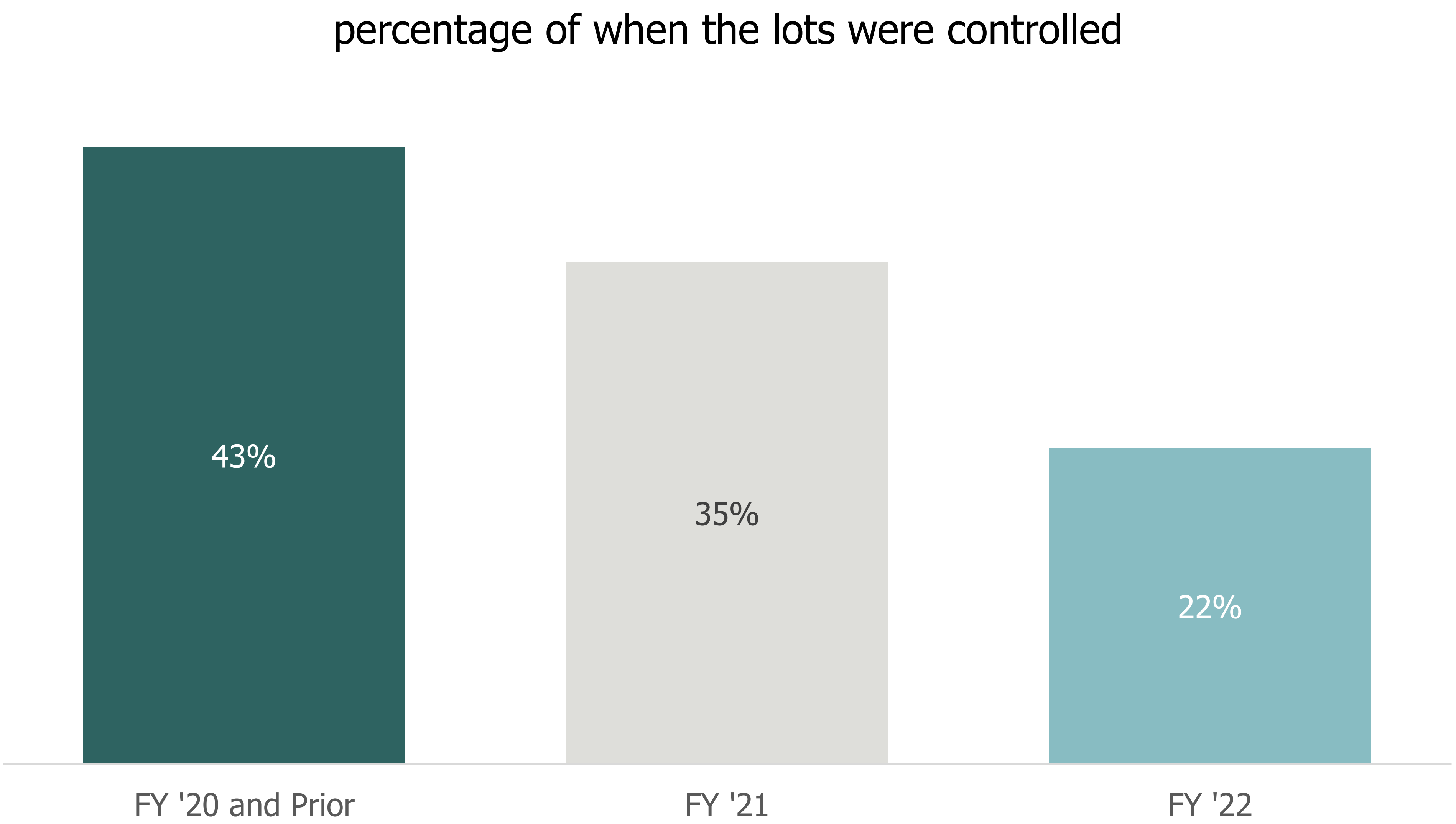
Percentage of Optioned Lots



(1) Excludes unconsolidated joint ventures.

Vintage of 31,913 Lot Position

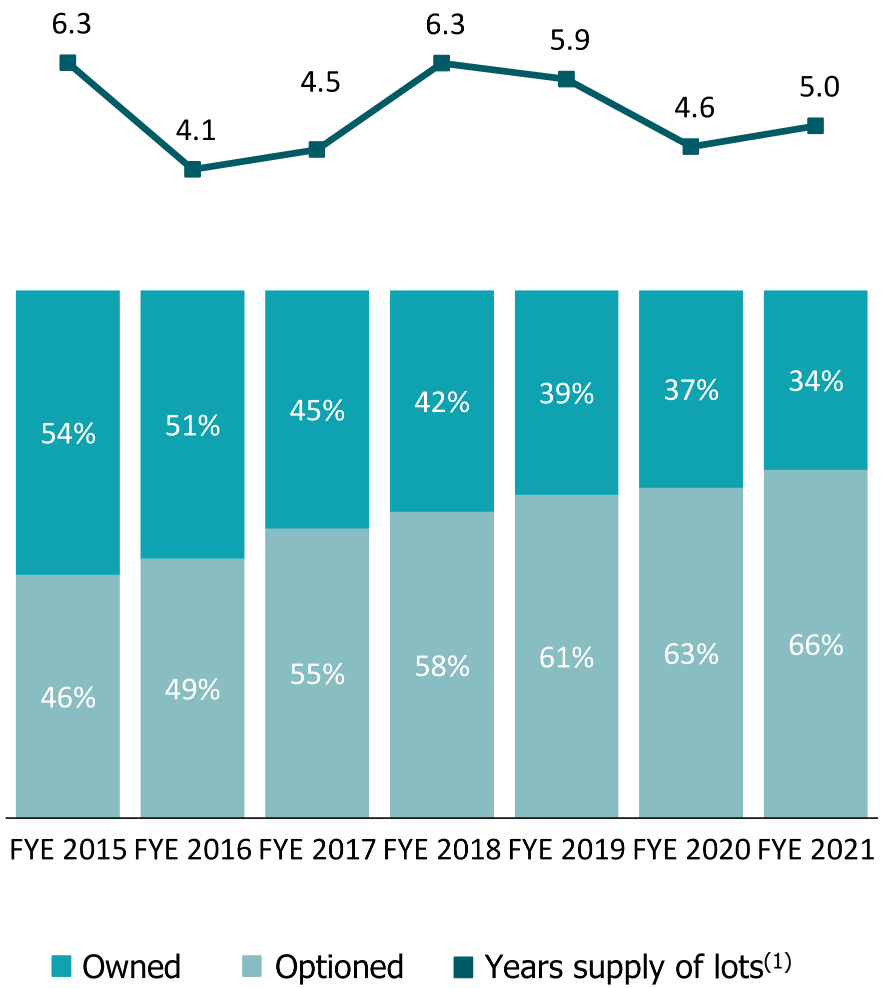
As of July 31, 2022



(1) Excludes unconsolidated joint ventures.

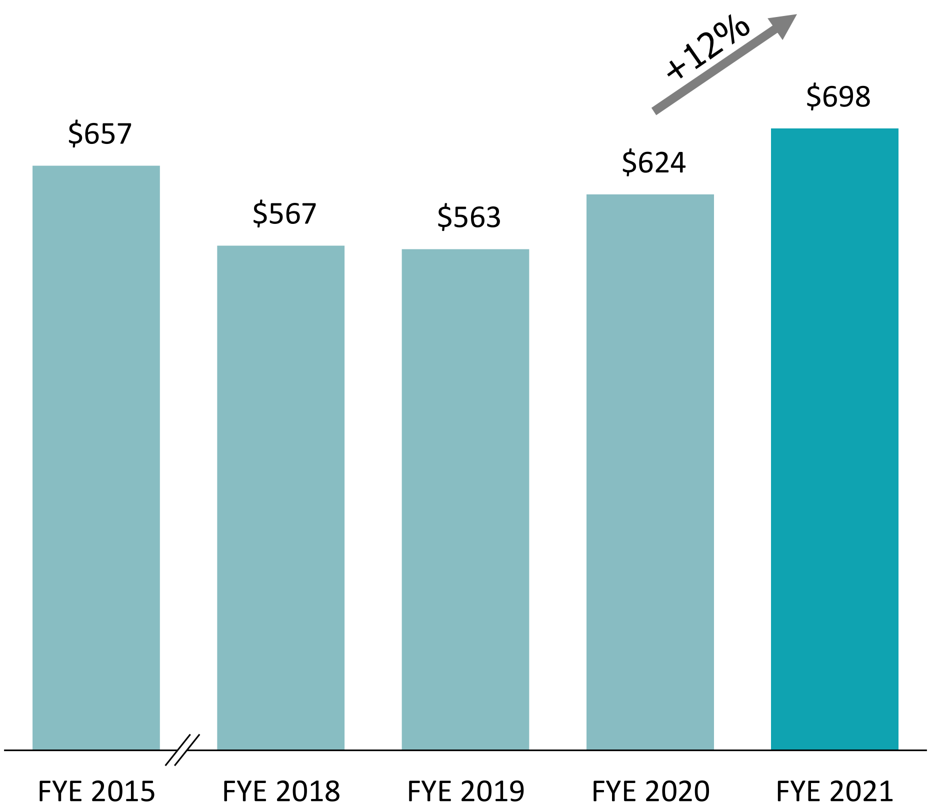
Efficient lot strategy

Multi-year lot supply



Ample inventory reinvestment

Land and land development spend
($ in millions)



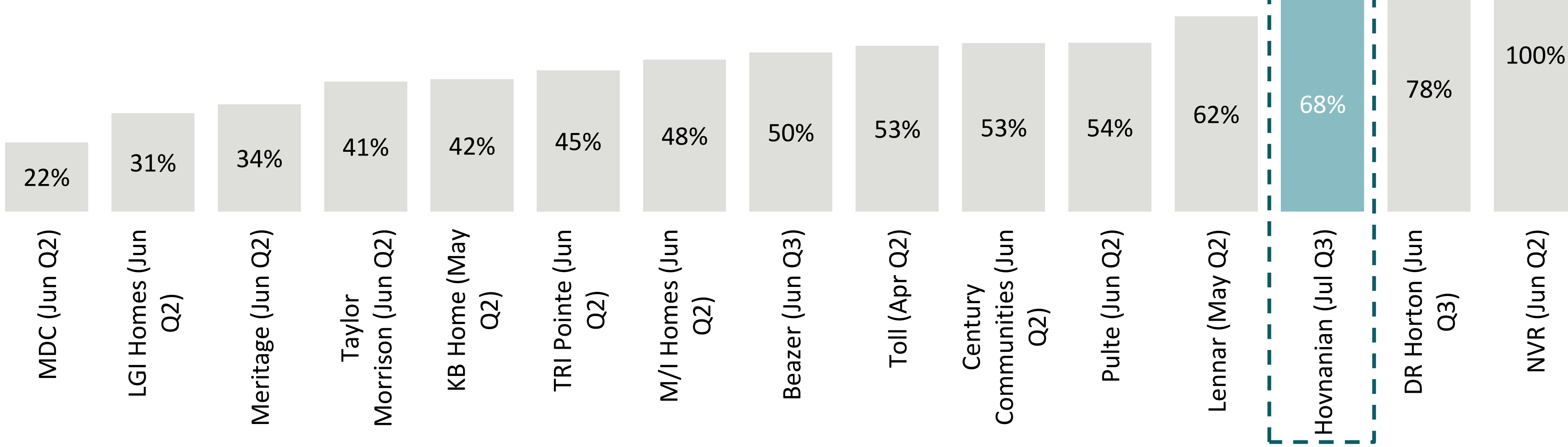
Source: Company SEC filings and press releases as of 12/09/21.
Notes: Excludes unconsolidated joint ventures.
(1) Represents total lots controlled (owned + optioned) / LTM unit closings.

Rapid inventory turns drive improved performance

Hovnanian Enterprises, Inc.

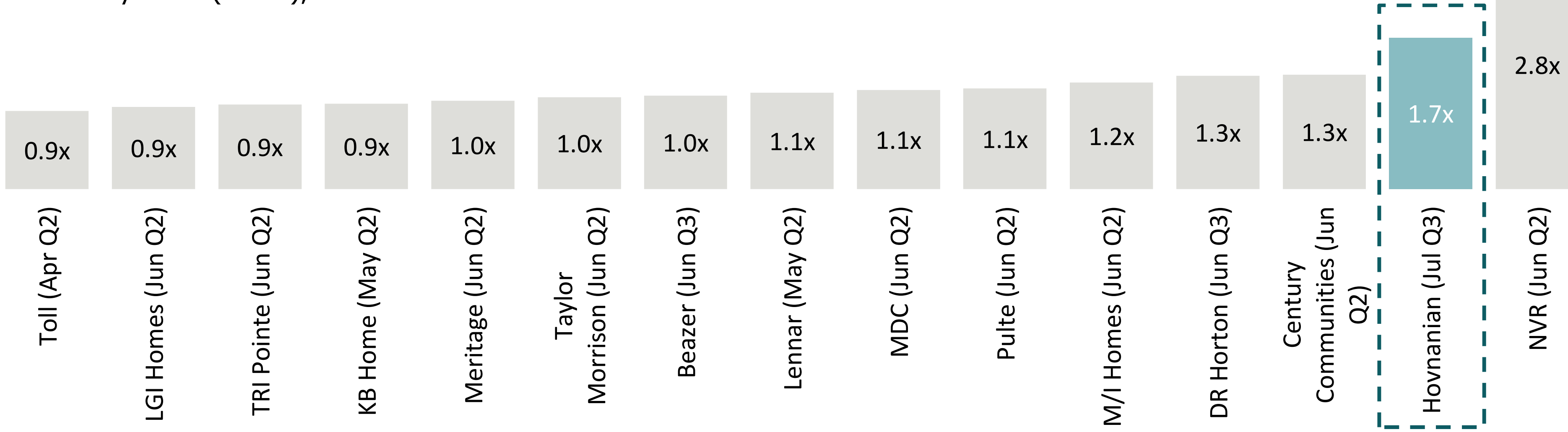
Leader in pivoting towards "asset lite"

% of lots optioned



Second highest inventory turn rate of public builders

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



Source: Company SEC filings and press releases as of 09/01/22.

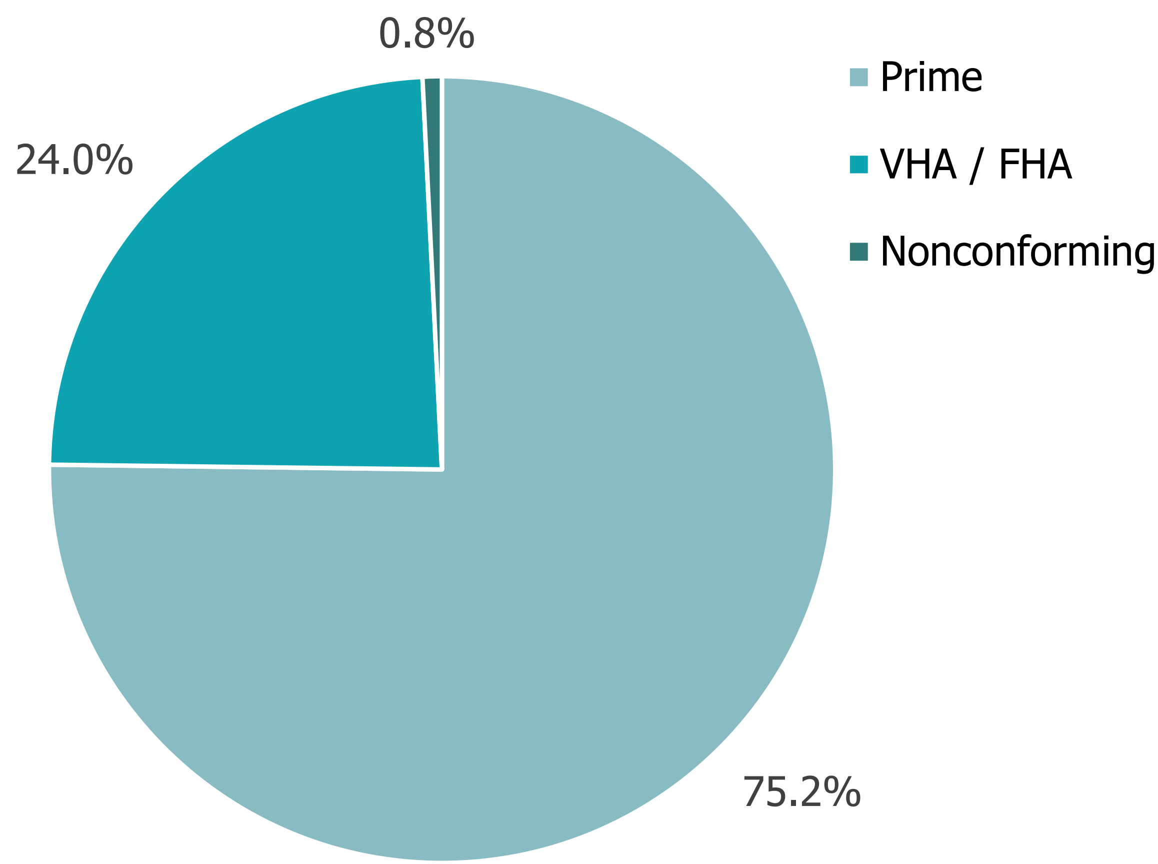
(1) Inventory turns derived by dividing cost of sales, excluding capitalized interest, by the five-quarter average homebuilding inventory, excluding inventory not owned and capitalized interest.

Highly profitable financial services business

Financial services overview

- Complements HOV's homebuilding operations
- Provides mortgage originations in every state in which Hovnanian operates and title services in most states
- $64mm TTM revenues
- $21mm TTM operating income
- 33% TTM operating margin

Origination portfolio in first nine months of 2022

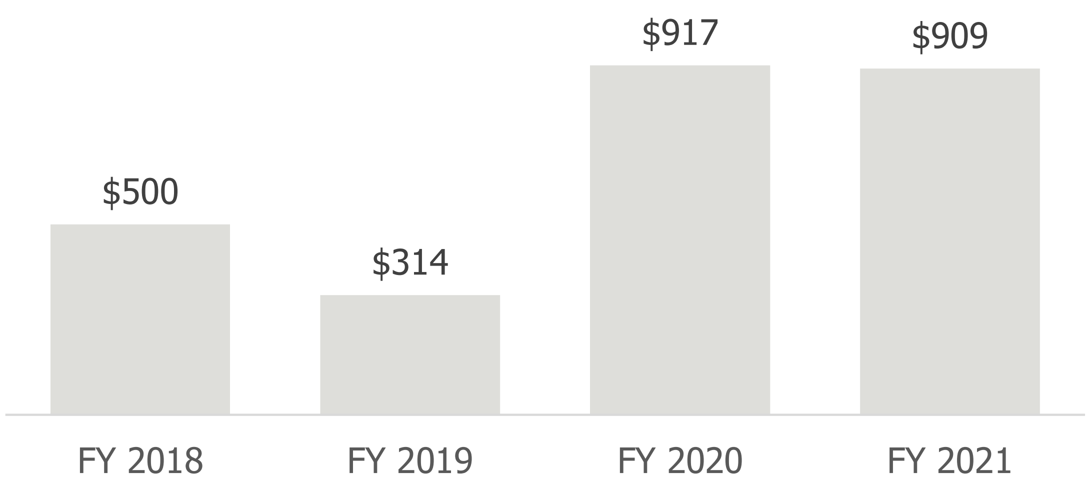


Note: Last twelve months (LTM) through July 31, 2022.

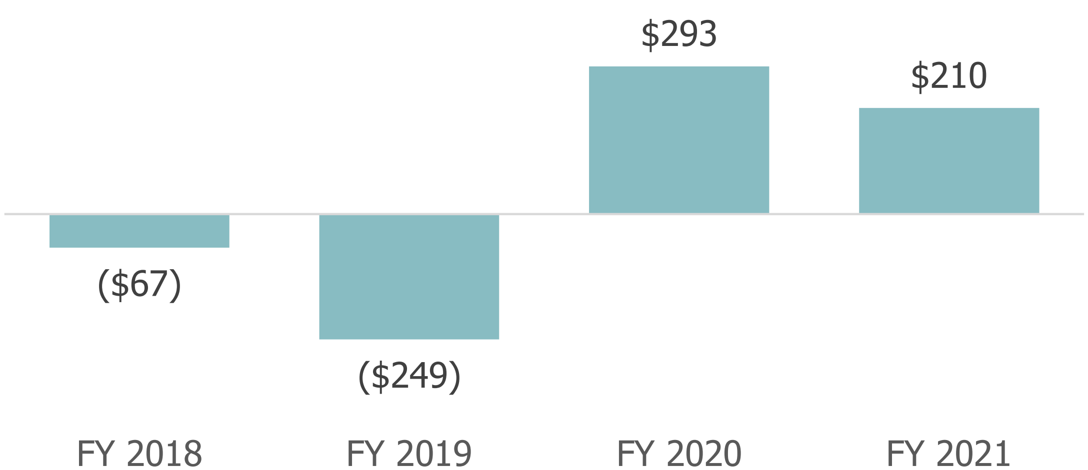
Significant cash flow generation

- Generated $2.6 billion of net operating cash flows before land and land development over the past four years
- ~$500 million of net operating cash flow in 2020 and 2021 after two years of outflows
- Strong underlying operating cash flow before land and land development
- Cash flow ramp provides optionality to retire debt

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

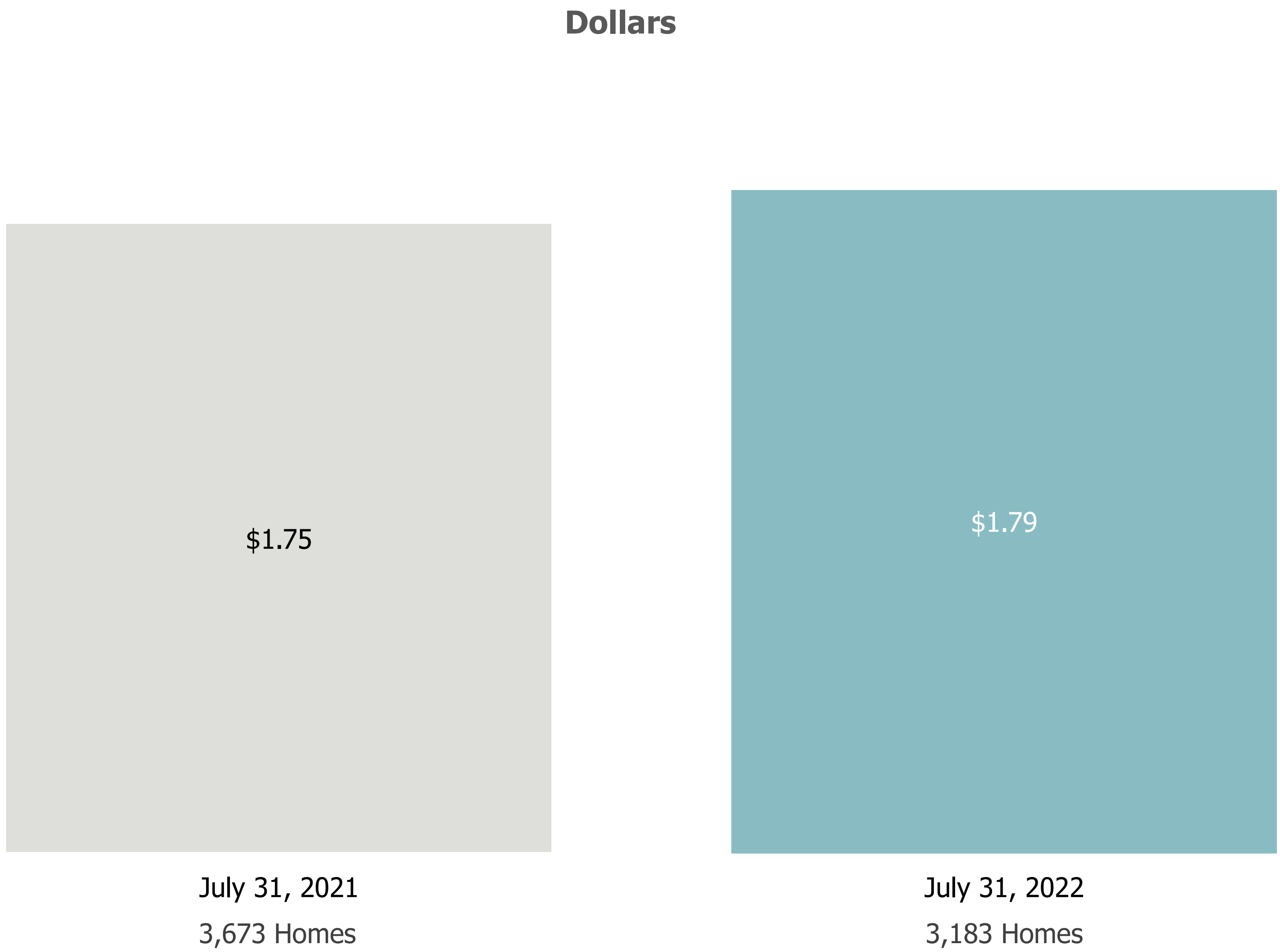


Net operating cash flow - reported
($ in millions)



Backlog

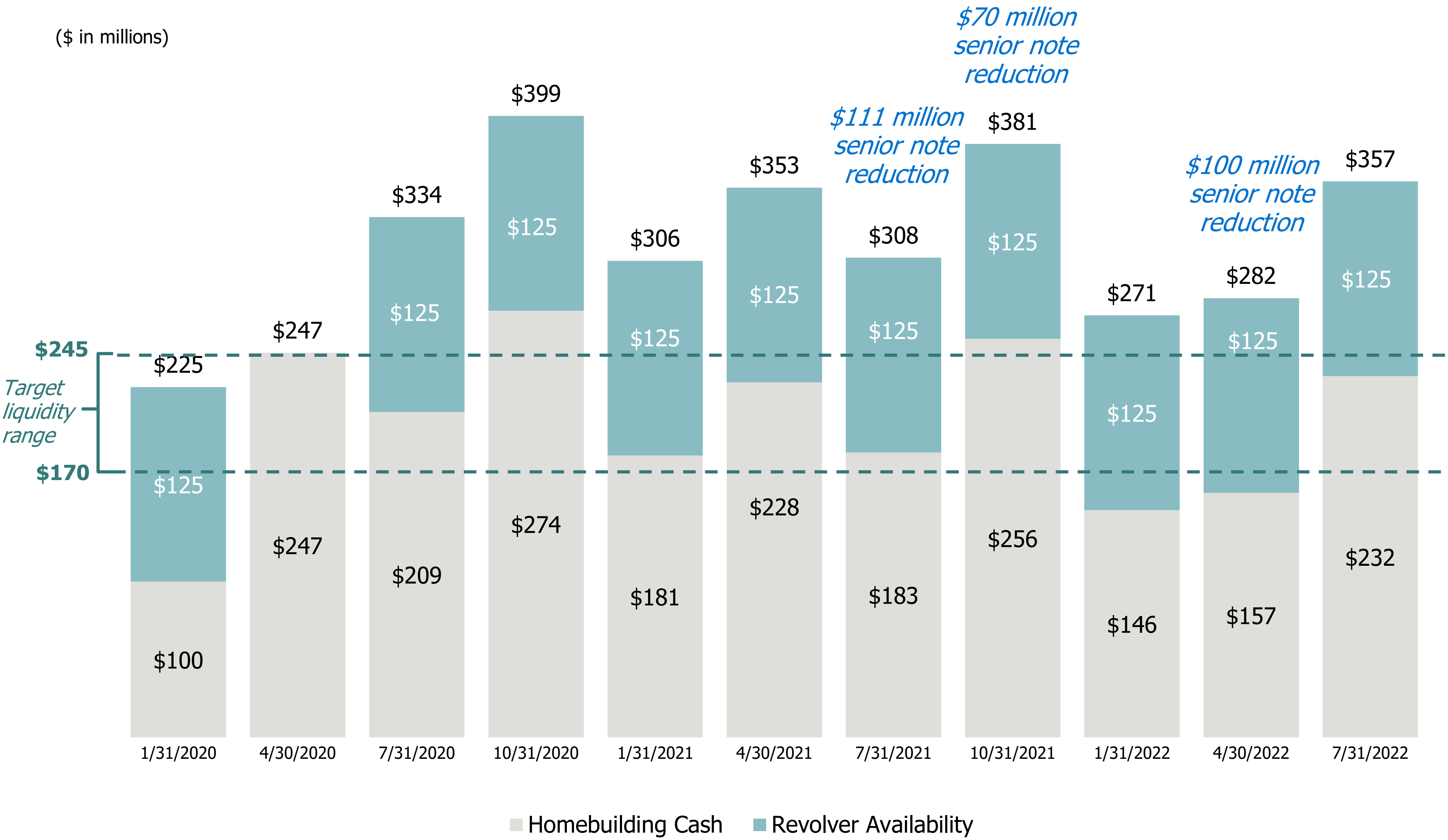
($ in billions)



Note: Excludes domestic unconsolidated joint ventures.

Liquidity and balance sheet management

Liquidity Position and Target



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.

Focused on deleveraging and enhancing our debt structure

Strategy

- ✓ Deleverage through debt repayment and growth in earnings
- ✓ Paid off 2022 and 2024 notes
- ✓ Multi-year, well-laddered debt maturity structure
- ✓ Proactively refinance high cost of debt at upcoming call dates
- ✓ Issue future note tranches in sizes to achieve HY index inclusion, secondary market liquidity and price transparency
- ✓ Reduce reliance on secured debt; unencumber balance sheet

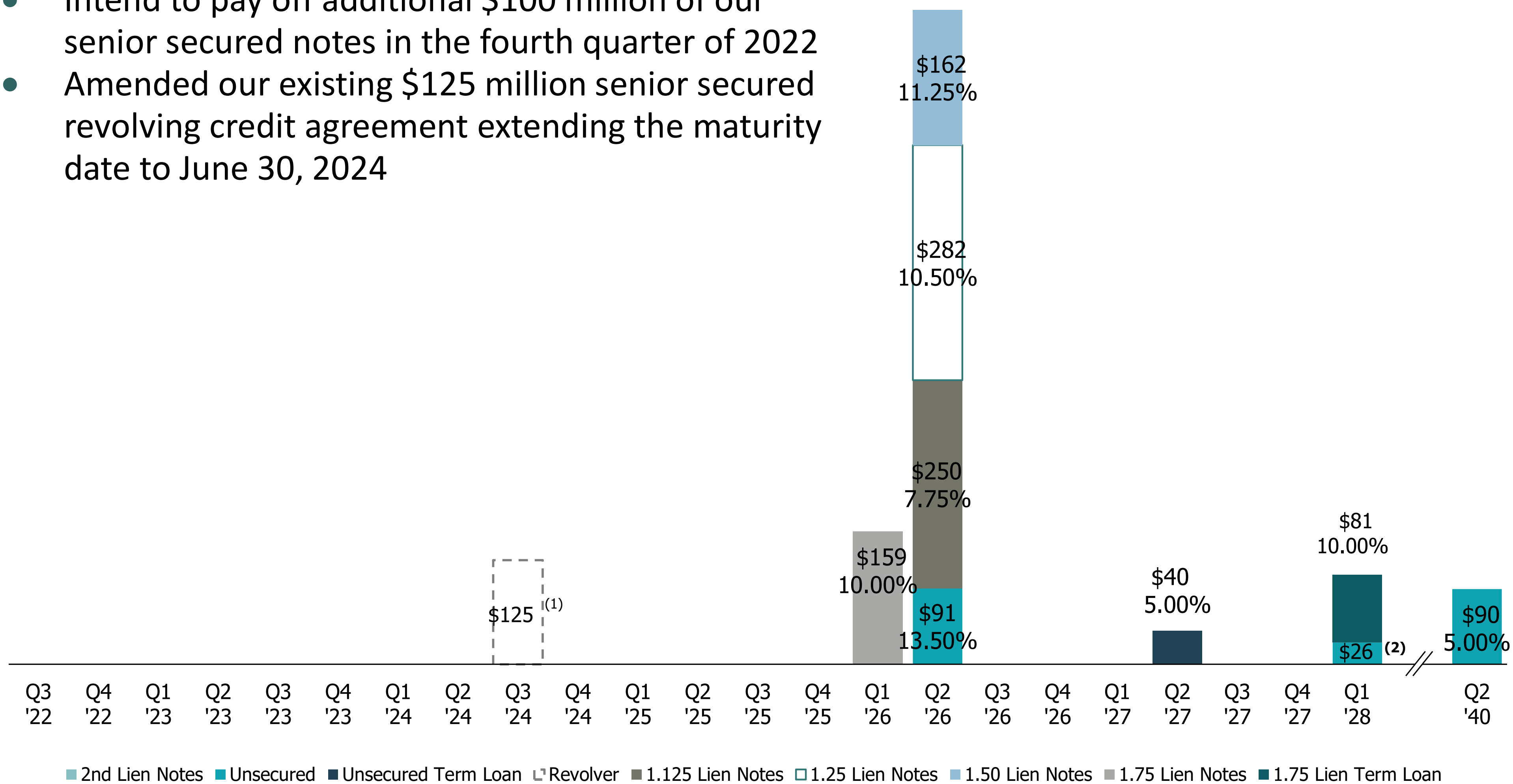
Bond and loan composition as of 7/31/22

Tranche	Coupon	Current principal balance	Current call price
Secured:			
Senior notes due 2026 (1.125 lien)	7.75%	$250	103.875
Senior notes due 2026 (1.25 lien)	10.50%	282	105.250
Senior notes due 2026 (1.5 lien)	11.25%	162	100.000
Senior notes due 2025 (1.75 lien)	10.00%	159	105.000
Term loan due 2028 (1.75 lien)	10.00%	81	105.000
Unsecured:			
Unsecured notes due 2026	13.50%	$91	Make whole
Unsecured term loan due 2027	5.00%	40	100.000
Unsecured notes due 2040	5.00%	90	100.000

Debt Maturity Profile

July 31, 2022 Proforma for amended revolver

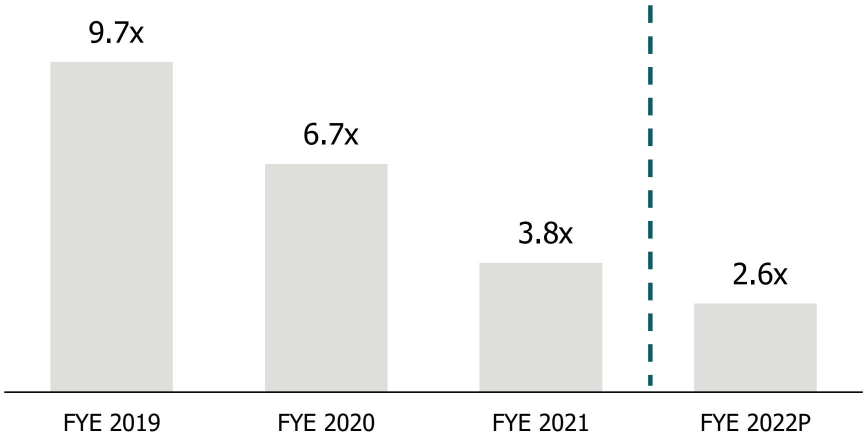
- Intend to pay off additional $100 million of our senior secured notes in the fourth quarter of 2022
- Amended our existing $125 million senior secured revolving credit agreement extending the maturity date to June 30, 2024



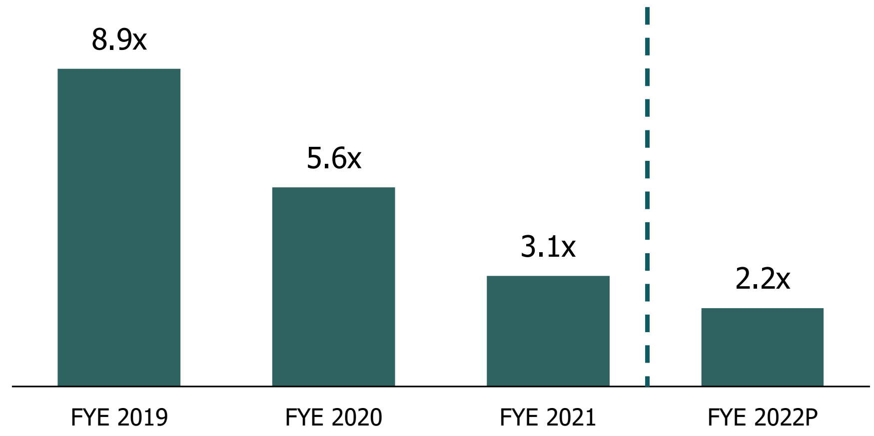
Note: Shown on a fiscal year basis, at face value. $ in millions.
Excludes non-recourse mortgages.
(1) $0 balance as of July 31, 2022.
(2) $26 million of 8.0% senior notes held by wholly owned subsidiary, no cash required to retire.

Credit Metrics

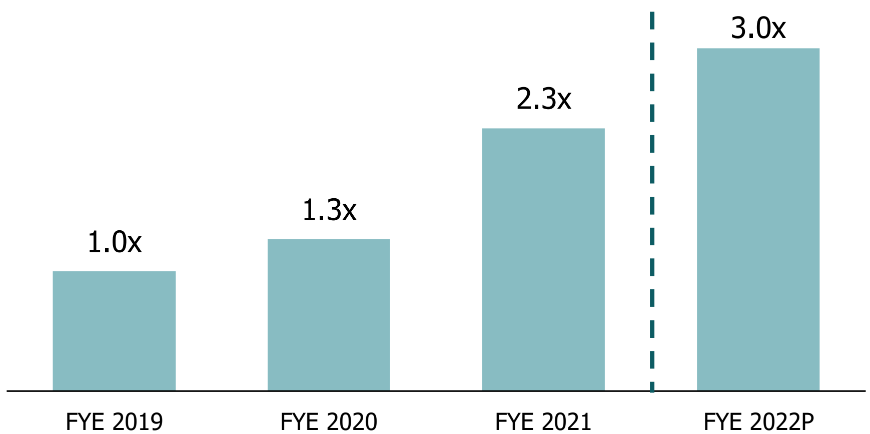
Total debt (incl. mortgages) / Adj. EBITDA



Net Debt (incl. mortgages)/ Adjusted EBITDA

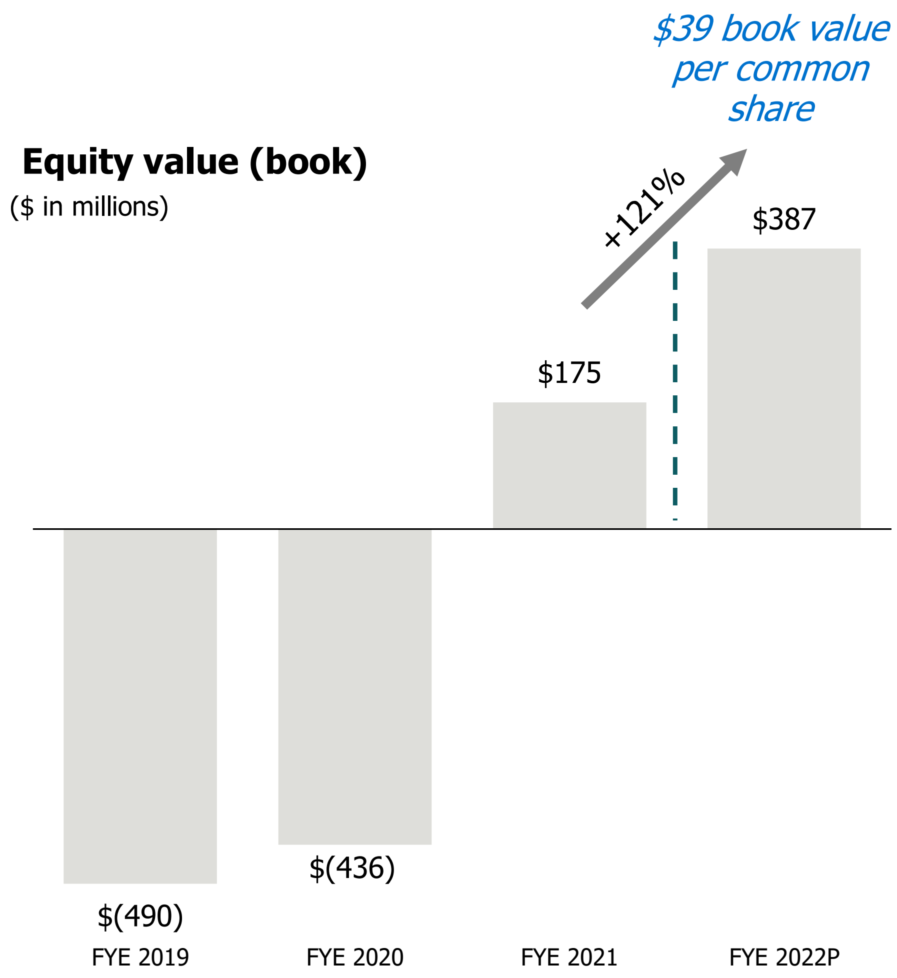


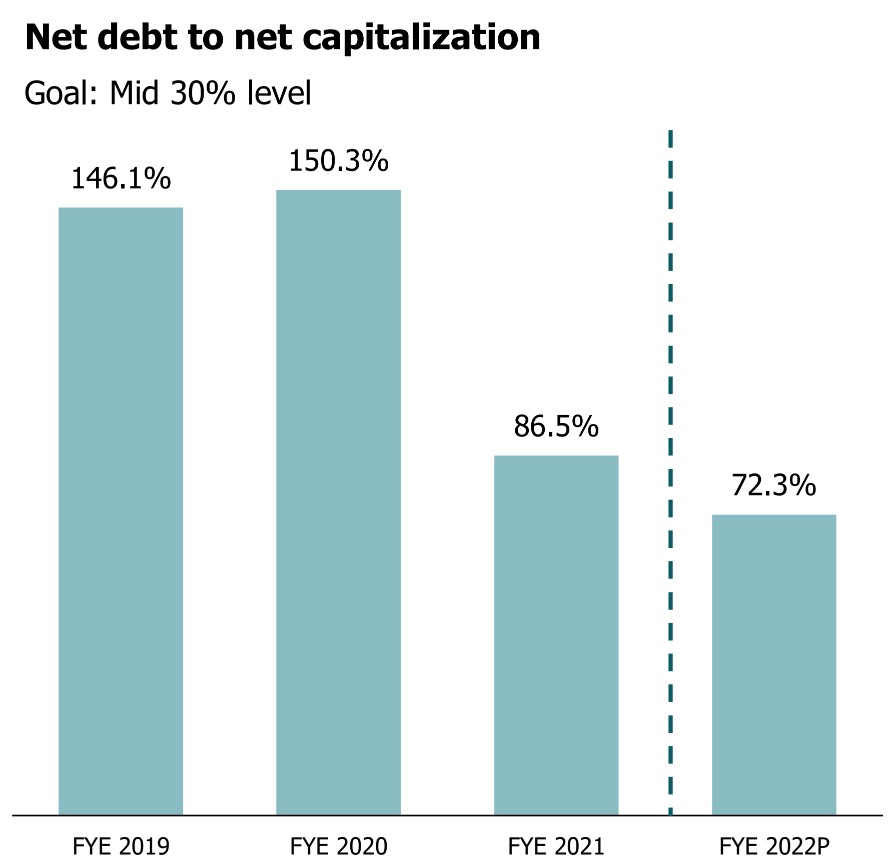
Adj. EBITDA / Interest Incurred



Note: For purposes of the FYE 2022 projection calculations on this slide:
- *used the midpoint of adjusted EBITDA guidance for full year fiscal 2022 ,*
- *used FYE 2021 actual interest incurred, and*
- *non-recourse mortgage balance and cash are assumed to be equal to July 31, 2022 actuals.*

Balance Sheet Metrics



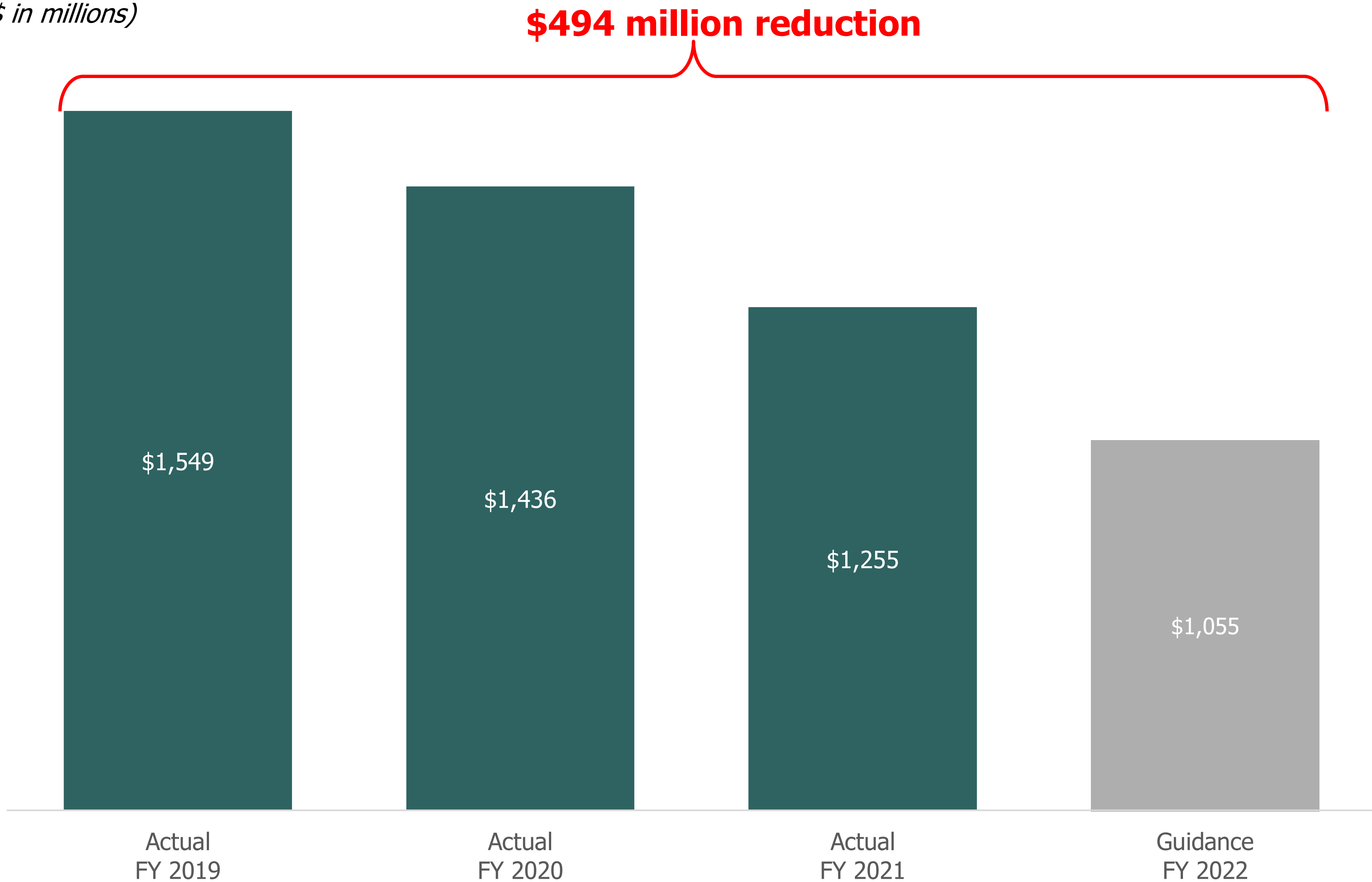


Note: For purposes of the FYE 2022 projection calculations on this slide:

- *midpoint of adjusted income before income taxes guidance for full year 2022 and 30% effective tax rate, less preferred dividend, to get incremental increase to equity value for FYE 2022 and*
- *cash and debt balances are assumed to be equal to July 31, 2022 actuals.*

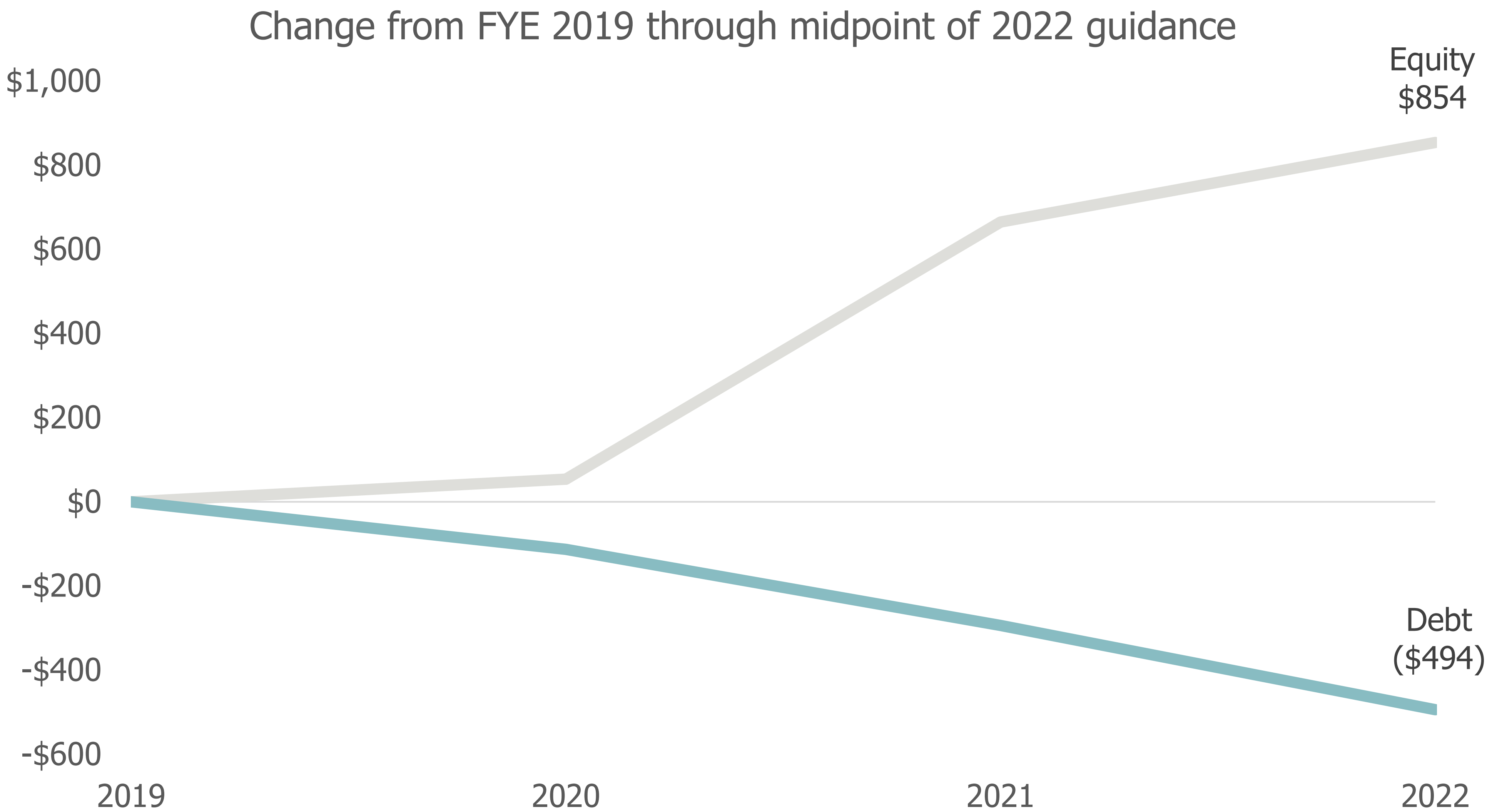
Debt (Principal Value of Public Debt)

($ in millions)



Debt reduction	$113	$181	$200

Significant Improvements



Guidance

Guidance for Fiscal 2022

Hovnanian Enterprises, Inc.

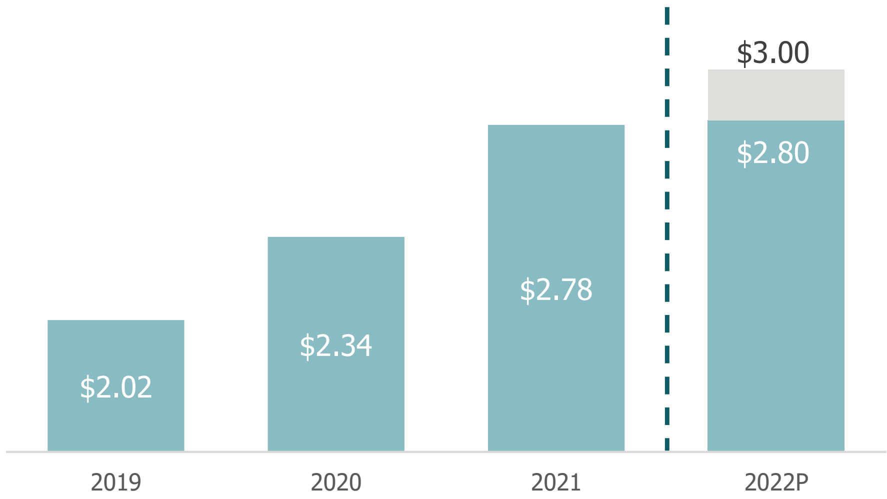
($ in millions)

	Actuals FY 2021	Prior Guidance FY 2022	Current Guidance FY 2022(1)
Total Revenues	**$2,783**	**$2,800 - $3,000**	**$2,800 - $3,000**
Adjusted Homebuilding Gross Margin(2)	**21.8%**	**23.5% - 25.5%**	**24.0% - 26.0%**
Total SG&A as Percentage of Total Revenues(3)	**9.9%**	**9.3% - 10.3%**	**9.3% - 10.3%**
Adjusted EBITDA(4)	**$364**	**$410 - $460**	**$460 - $475**
Adjusted Income Before Income Taxes(5)	**$197**	**$260 - $310**	**$310 - $325**
Diluted EPS (excluding valuation allowance reduction)	**$21.77**	**$26.50 - $32.00**	**$32.00 - $33.50**

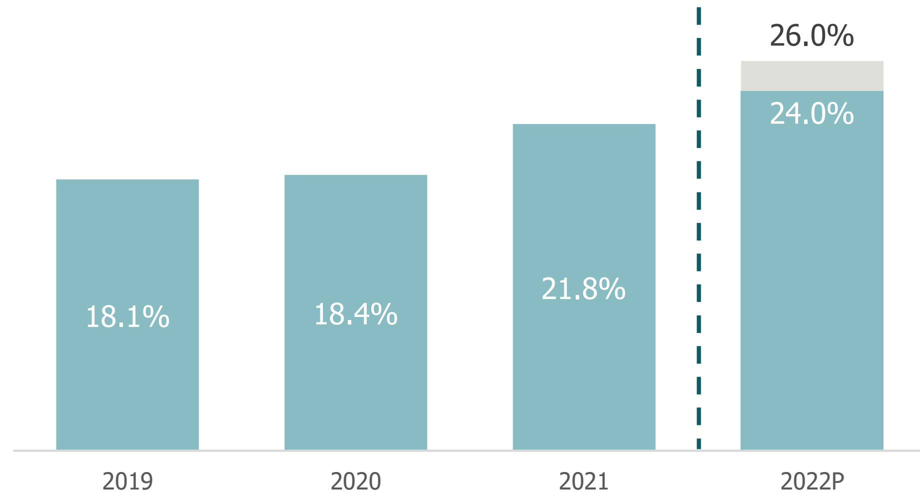
(1) The Company cannot provide a reconciliation between its non-GAAP projections and the most directly comparable GAAP measures without unreasonable efforts because it is unable to predict with reasonable certainty the ultimate outcome of certain significant items required for the reconciliation. These 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. The SG&A guidance assumes that the stock remains at $48.51
(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.
(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.

Guidance Range for Fiscal 2022[1]

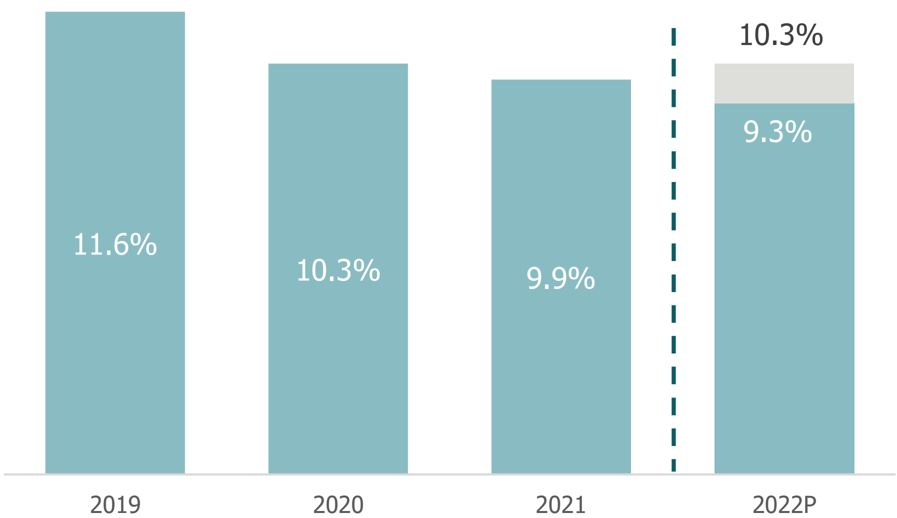
Total Revenues



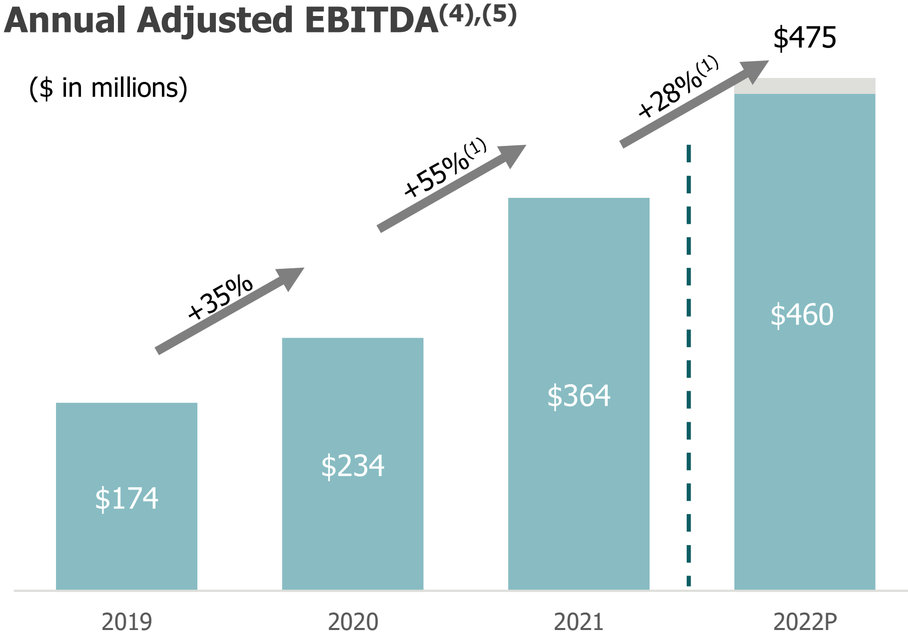
Adjusted Homebuilding Gross Margin[2]



Total SG&A Ratio[3]

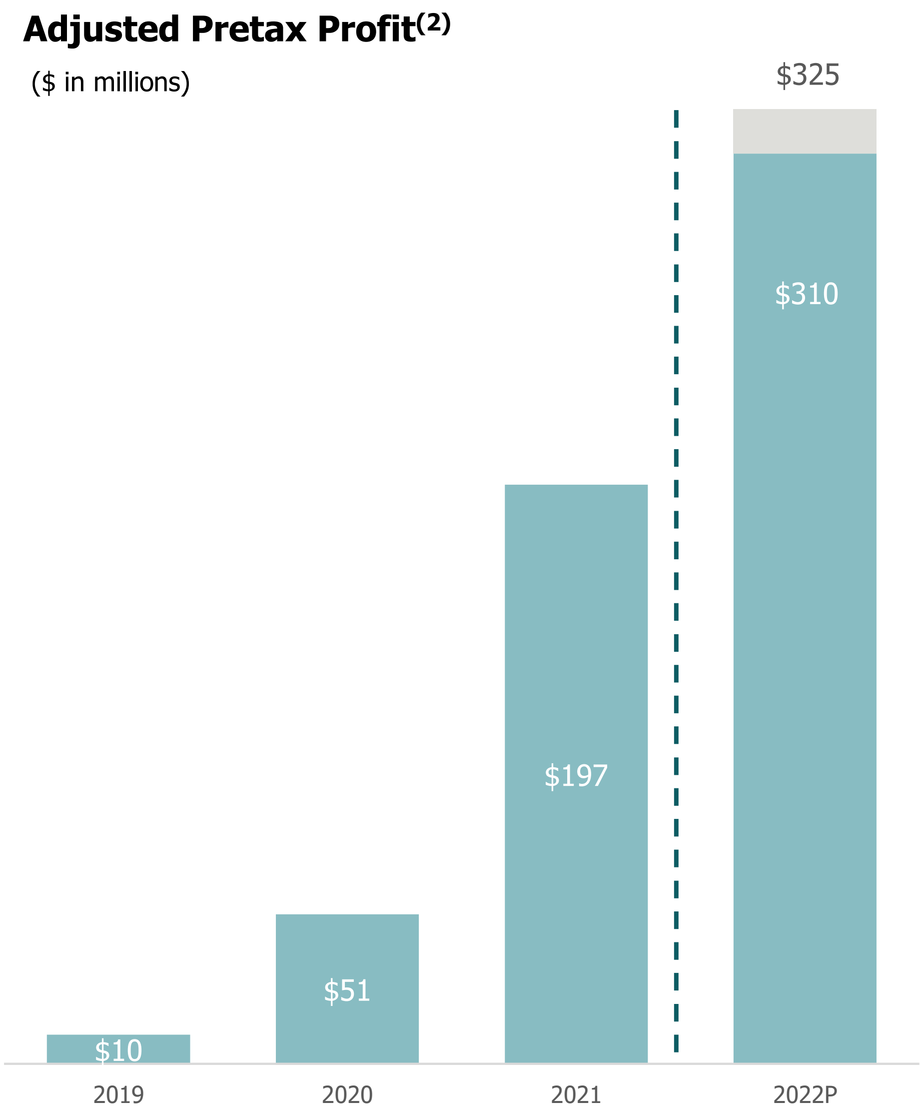


Annual Adjusted EBITDA[4],[5]



(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. Adjusted EBITDA represents earnings before interest expense, income taxes, depreciation, amortization, land-related charges and loss (gain) on extinguishment of debt.
(5) The percentage increases for 2022 are based on the midpoint of our guidance range.

Guidance Range for Fiscal 2022[1]



(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 Income Before Income Taxes excludes land-related charges and loss (gain) on extinguishment of debt. See appendix for a reconciliation to the most directly comparable GAAP measure.
(3) Midpoint of adjusted income before income taxes guidance for full year 2022 and 30% effective tax rate less preferred dividend.

Multi-Year Key Metric Targets

Multi-Year Key Metric Targets

Hovnanian Enterprises, Inc.

Key metrics — Actuals and Targets

($ in millions)

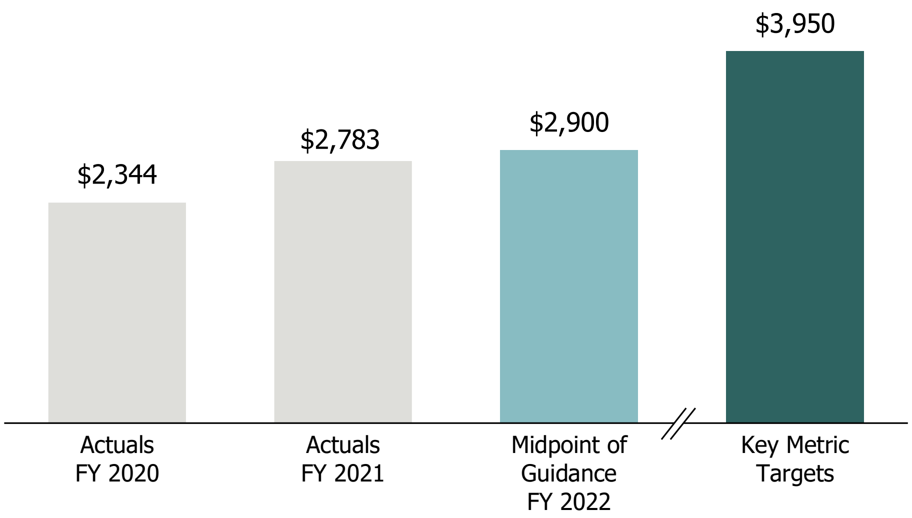
	Actuals FY 2020	Actuals FY 2021	Midpoint of Guidance FY 2022 (1)	Multi-Year Key Metric Targets
Total consolidated revenue	$2,344	$2,783	$2,900	$3,950
Adjusted homebuilding gross margin (2)	18.4%	21.8%	25.0%	20.5%
Total SG&A as a % of total revenues (3)	10.3%	9.9%	9.8%	9.0%
Adjusted EBITDA (4)	$234	$364	$468	$454
Interest expense	$178	$162	$150	$82
Adjusted income before taxes (5)	$51	$197	$318	$372
Total debt (inc. nonrecourse debt)	$1,566	$1,373	$1,236	$650
Adjusted EBITDA/interest incurred	1.3x	2.3x	na	5.5x
Equity (deficit)	($437)	$175	$387	$838
Debt to capitalization (6)	138.7%	88.7%	76.1%	43.7%
Inventory (ex. inventory not owned)	$1,014	$1,156	na	$1,500
Inventory turnover (ex. Inventory not owned and capitalized interest) (7)	1.8x	1.9x	na	2.1x

(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. The SG&A guidance assumes that the Company's stock price remains at $96.88.
(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, land-related charges and loss (gain) on extinguishment of debt. See appendix for a reconciliation 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. See appendix for a reconciliation to the most directly comparable GAAP measure.
(6) Debt to capitalization is a non-GAAP financial measure. The calculation of Debt to Capitalization is included in the appendix of this presentation.
(7) The calculation of inventory turnover is included in the appendix to this presentation.

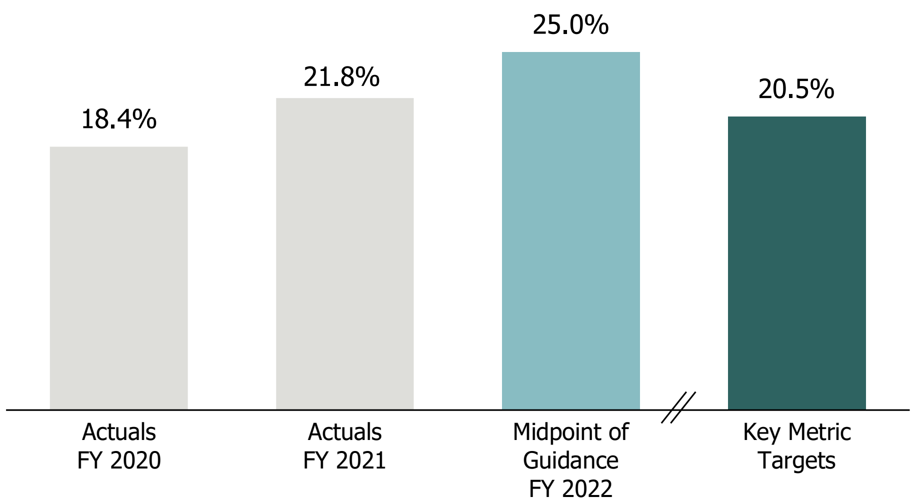
Multi-Year Key Metric Targets

Hovnanian Enterprises, Inc.

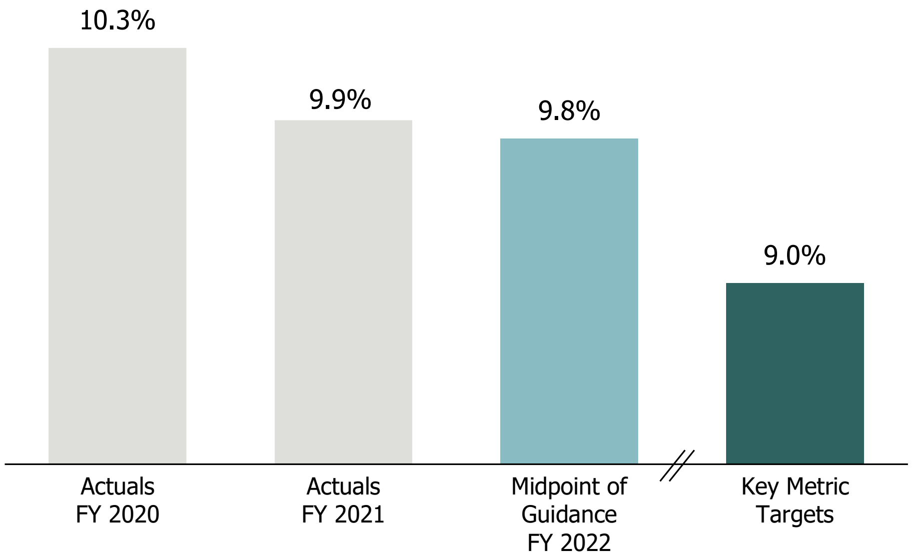
Total Consolidated Revenue



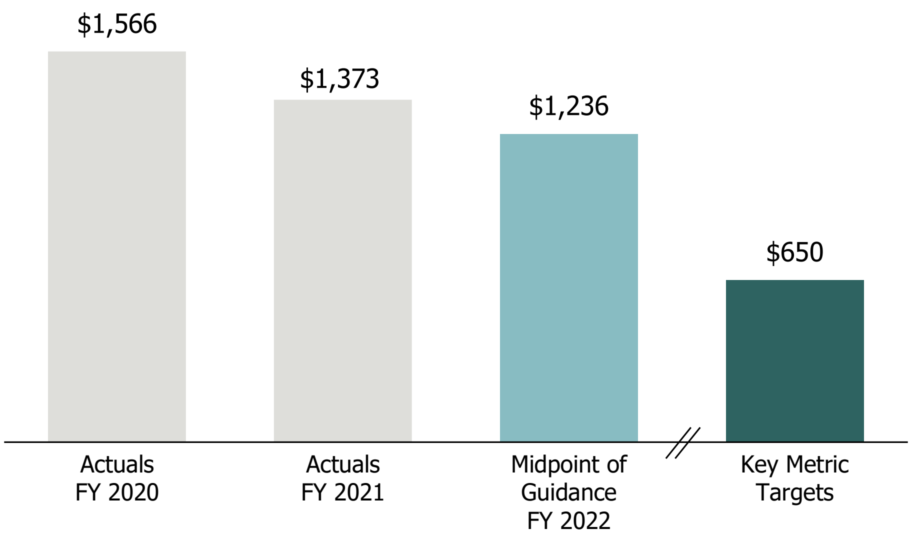
Adjusted Homebuilding Gross Margin



Total SG&A as a % of Total Revenues



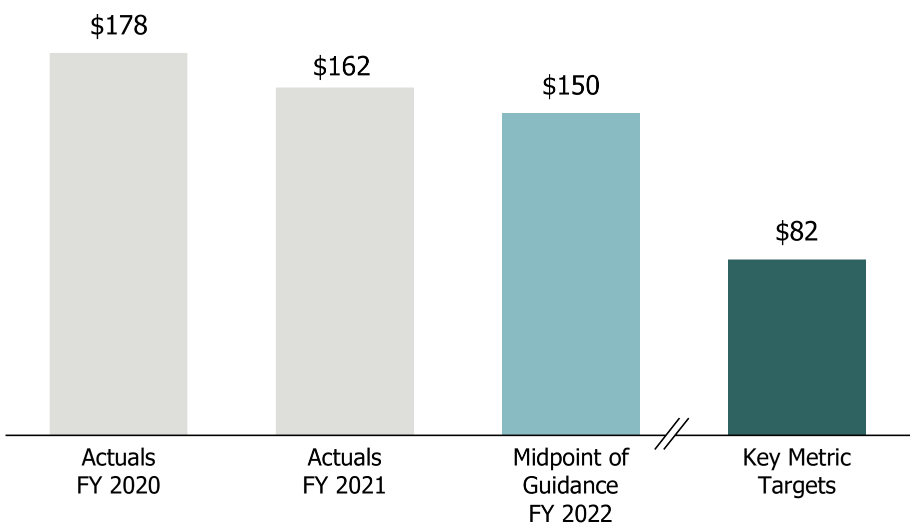
Total Debt (inc. nonrecourse debt)



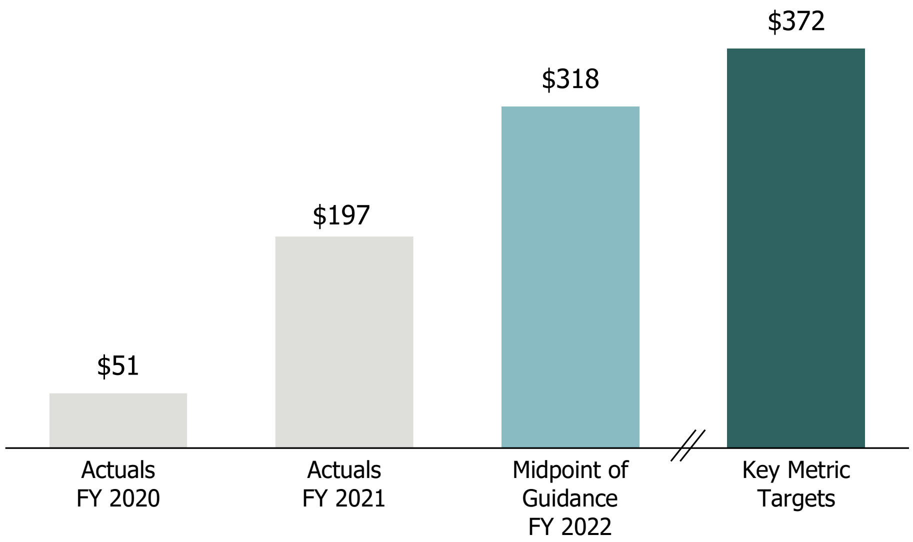
Note: See footnotes on page 37 of this presentation.

Multi-Year Key Metric Targets

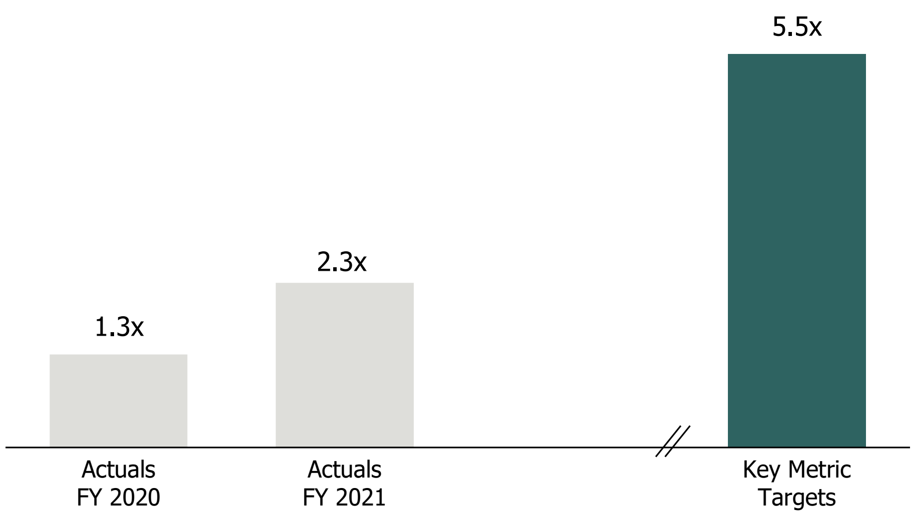
Interest Expense



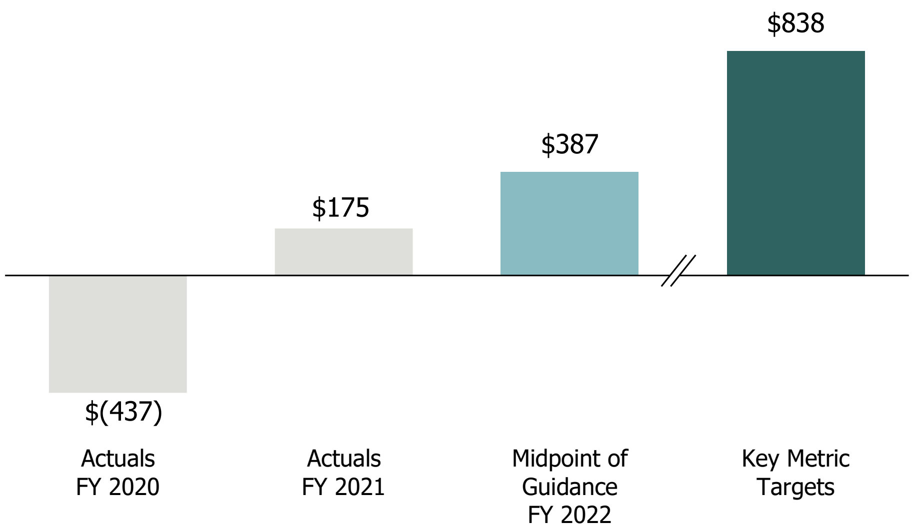
Adjusted Pre-tax Earnings



Adjusted EBITDA/Interest Incurred



Equity (Deficit)

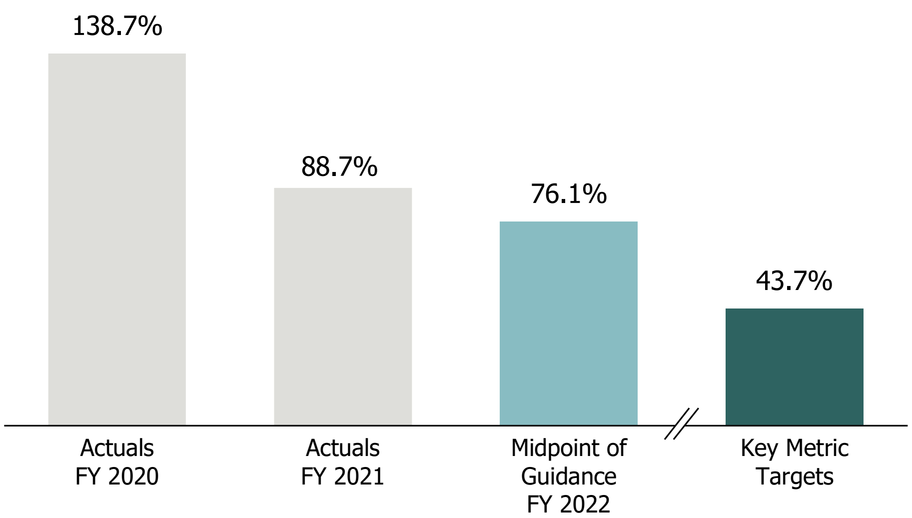


Note: See footnotes on page 37 of this presentation.

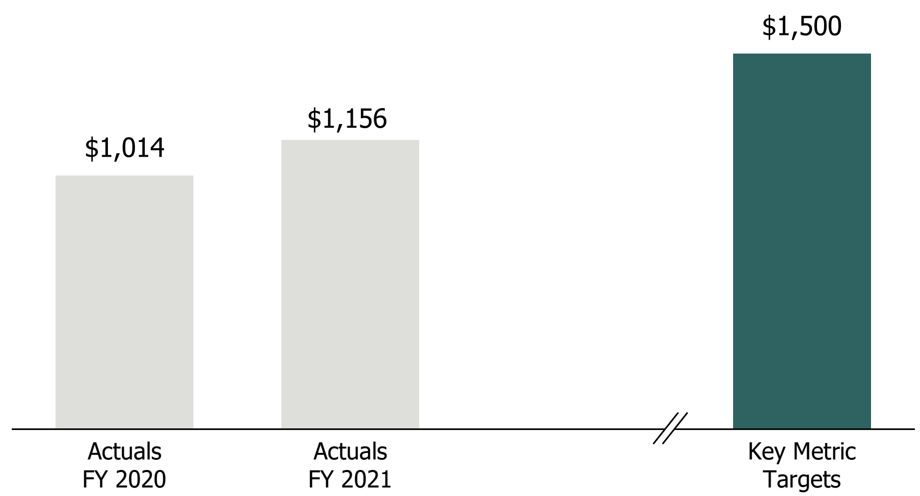
Multi-Year Key Metric Targets

Hovnanian Enterprises, Inc.

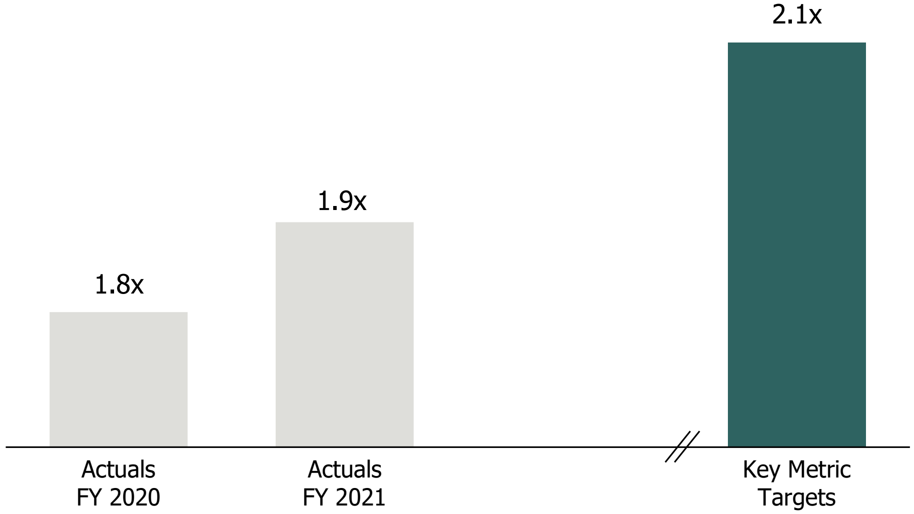
Debt to Capitalization



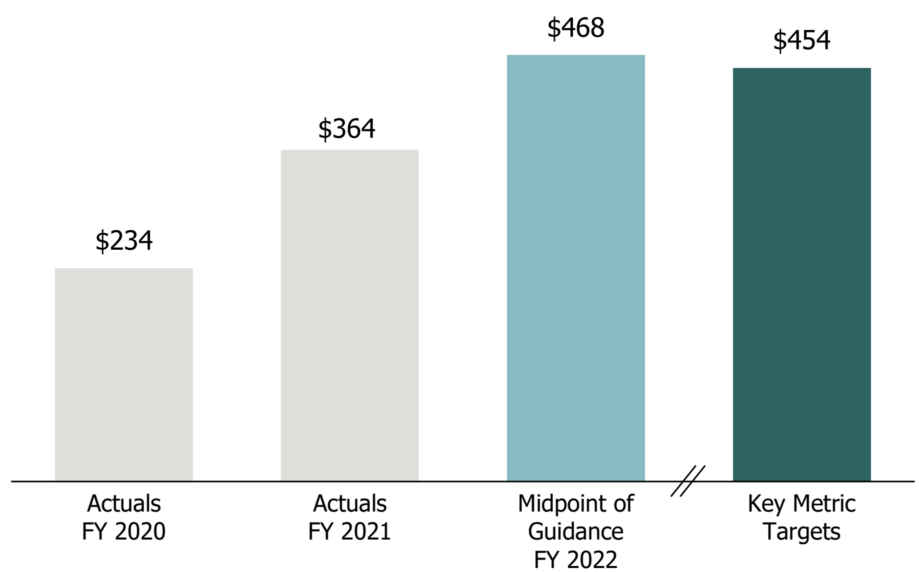
Inventory (ex. Inventory not owned)



Inventory Turnover (ex. Inventory not owned and capped interest)



Adjusted EBITDA

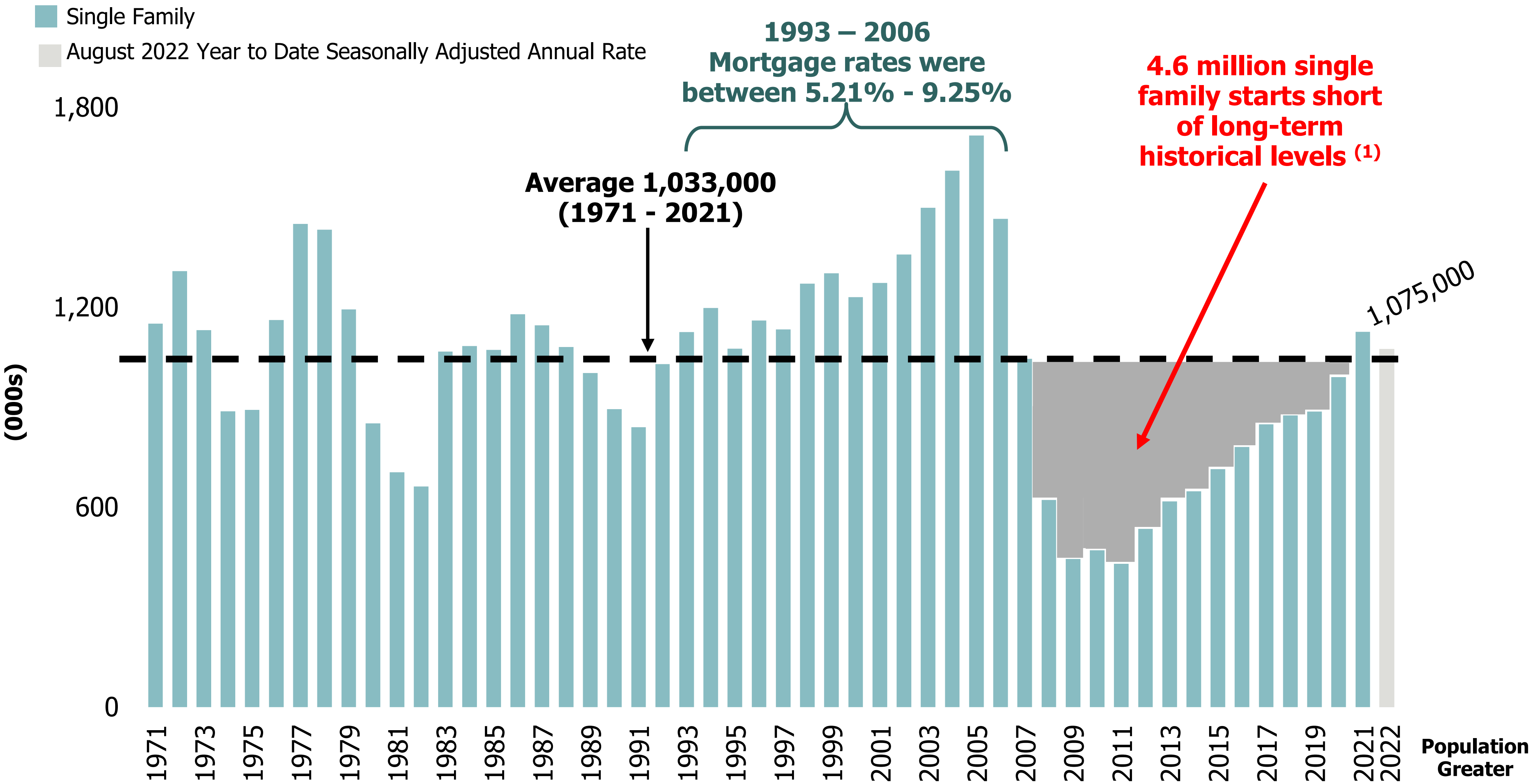


Note: See footnotes on page 37 of this presentation.

US Housing Market

Recent shortfall in U.S. housing production

(Single family housing starts)

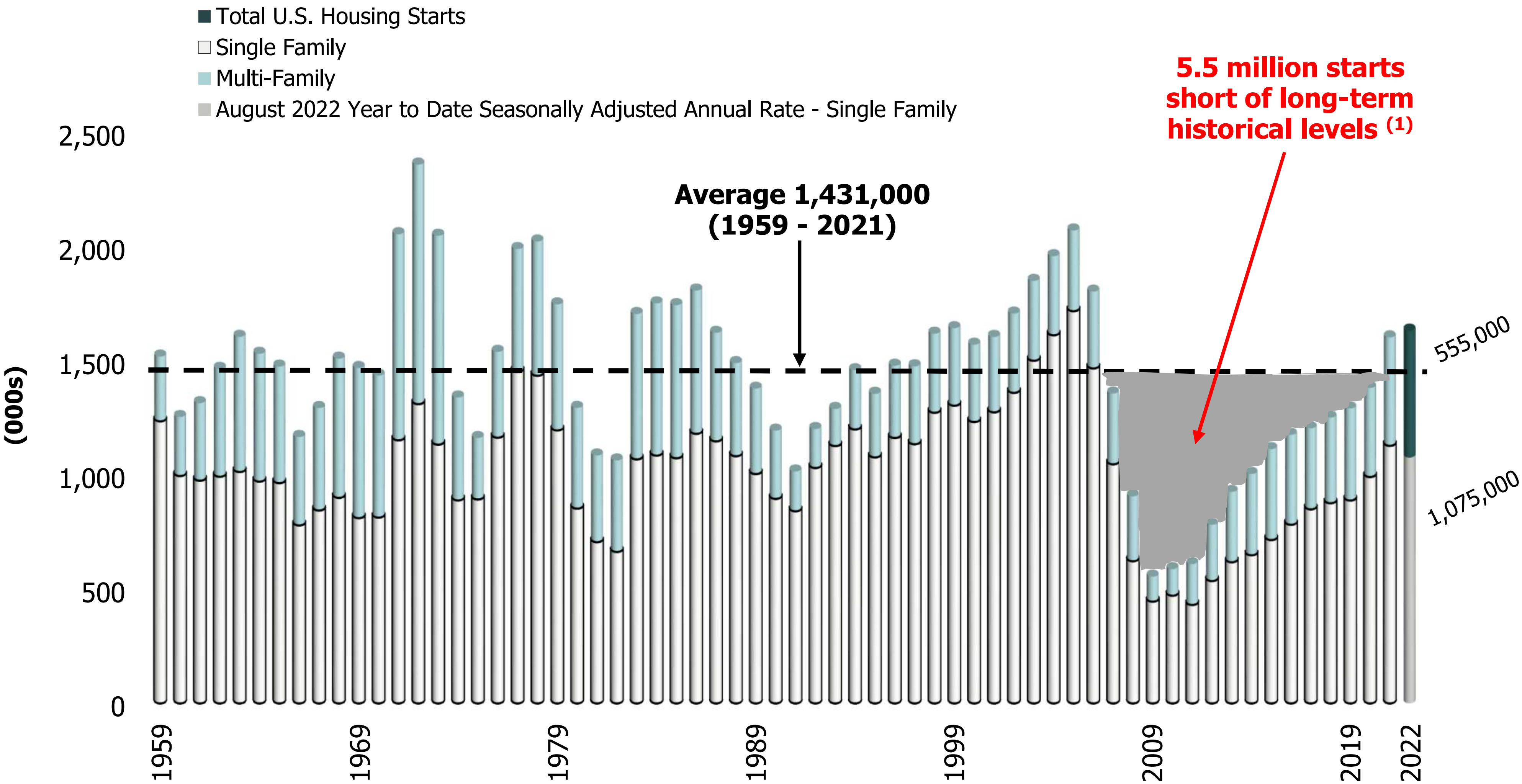


US Population	1970	1980	1990	2000	2010	2020
In millions	203.2	226.5	248.7	281.4	308.7	331.4

Source: U.S. Census Bureau.
(1) Wall Street Journal article from June 16, 2021 referencing a new National Association of Realtors report, mentions 5.5 million total starts short of long-term historical levels.

Recent shortfall in U.S. housing production

(For Sale and Rental)



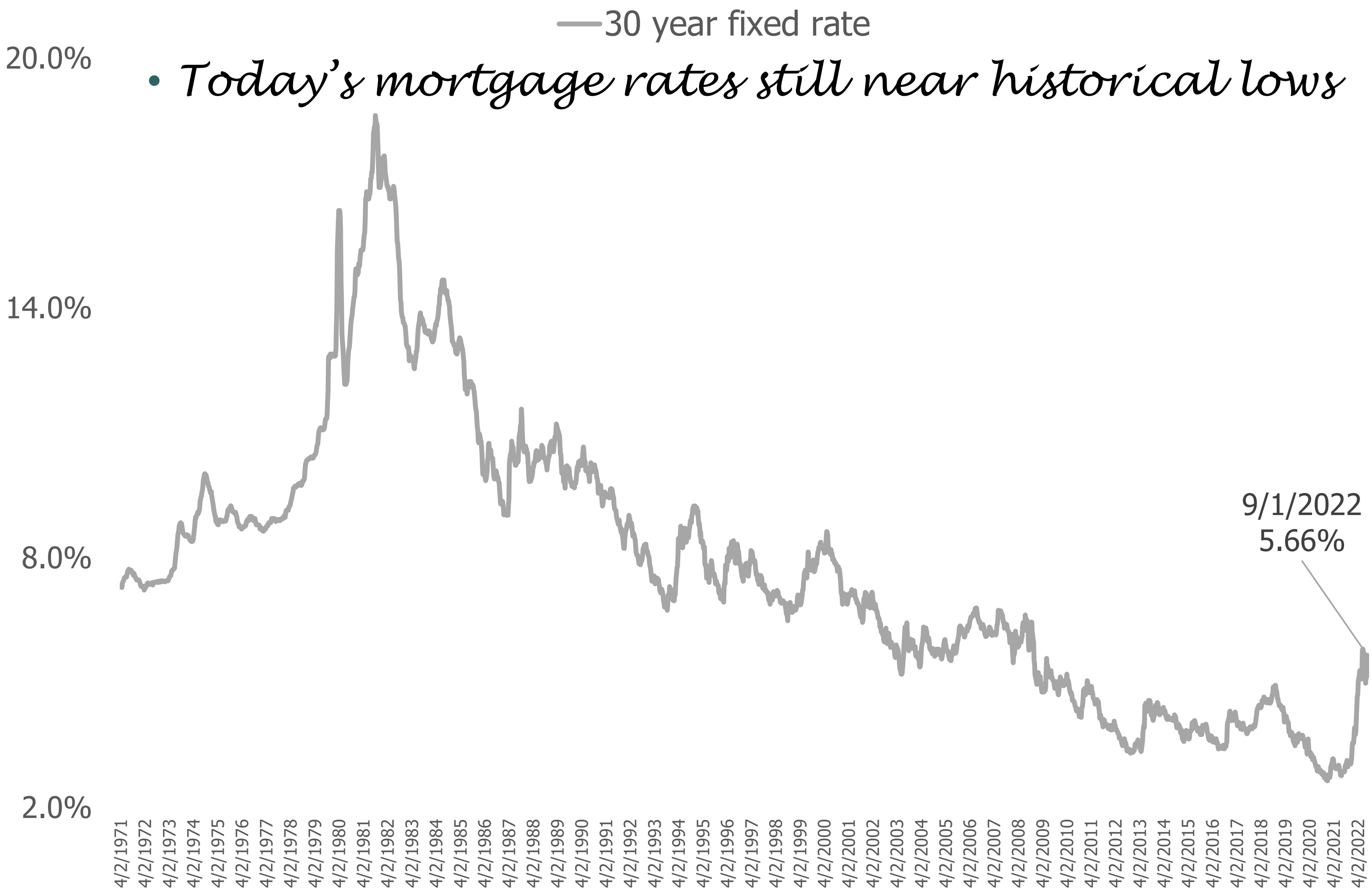
US Population	1960	1970	1980	1990	2000	2010	2020
In millions	179.3	203.2	226.5	248.7	281.4	308.7	331.4

Population Greater

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

Mortgage Rates – Long Term Perspective

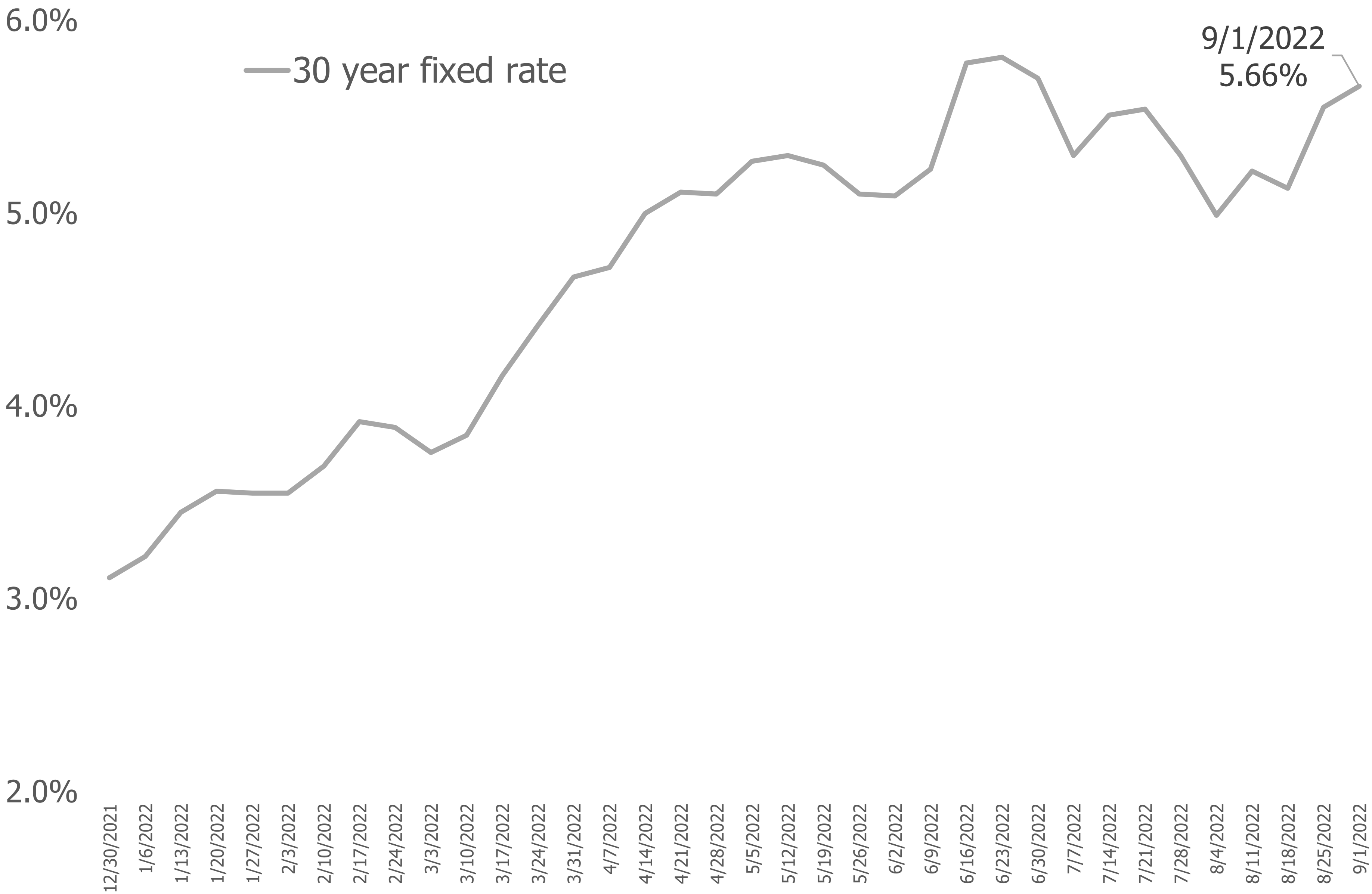
- *Today's mortgage rates still near historical lows*



Source: Freddie Mac.

Recent Runup in Mortgage Rates

Hovnanian Enterprises, Inc.

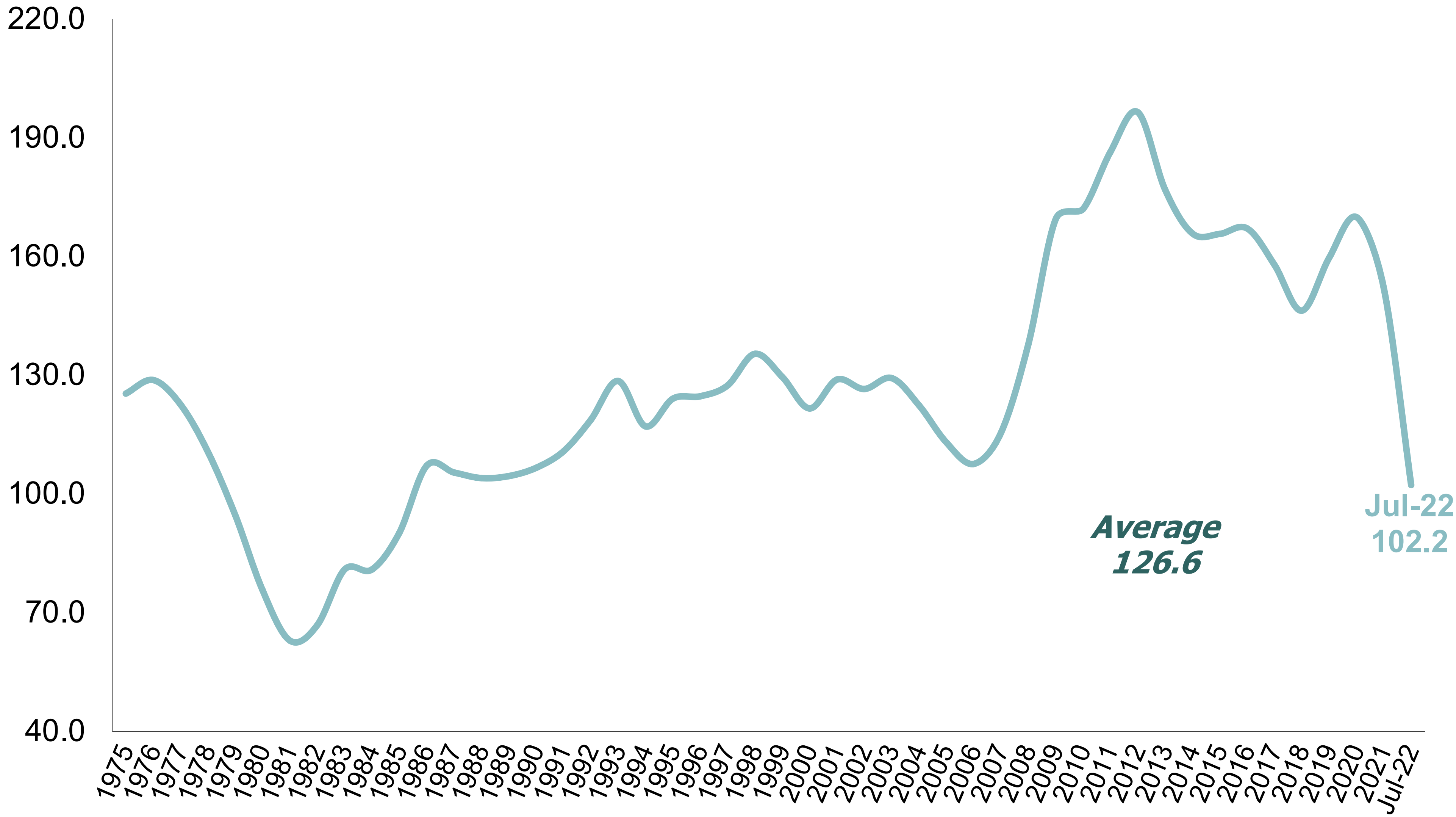


Source: Freddie Mac.

Affordability Index

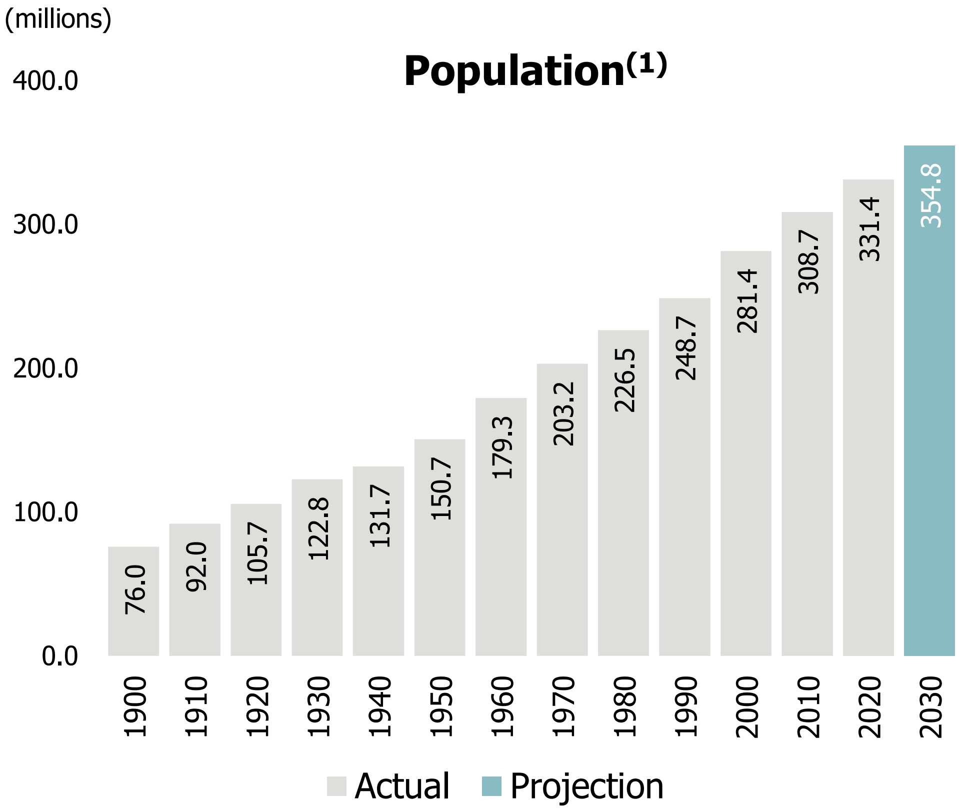
Hovnanian Enterprises, Inc.

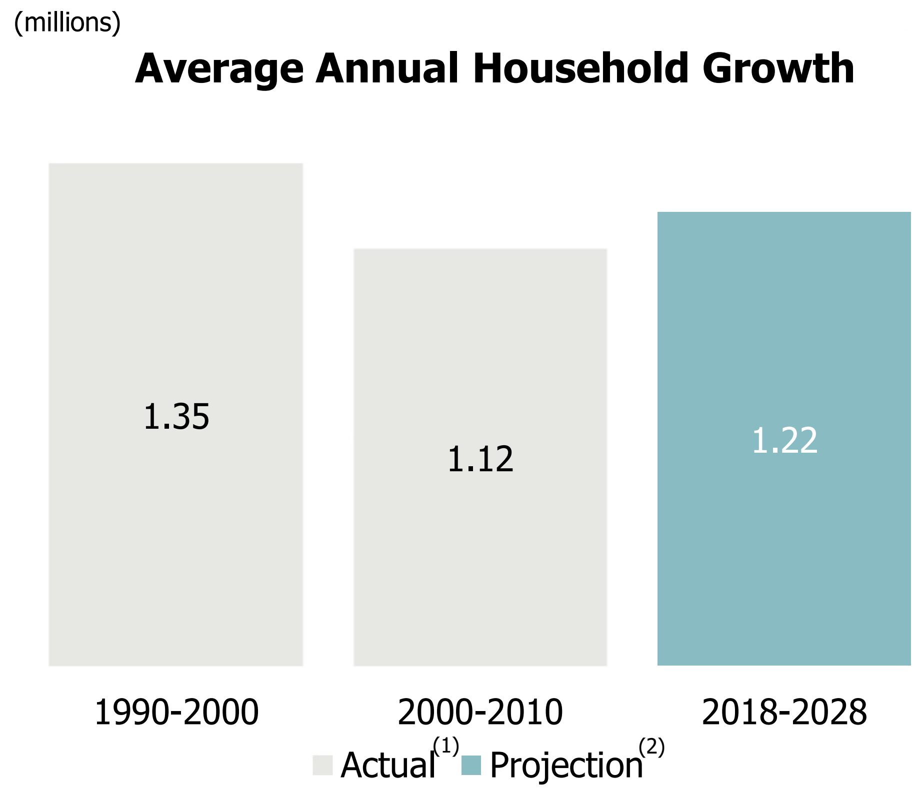
"The higher the affordability Index the better."



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

Historical and Projected Annual Demand





Projected Annual Demand 2018 - 2028[2]

1.22 million household formations

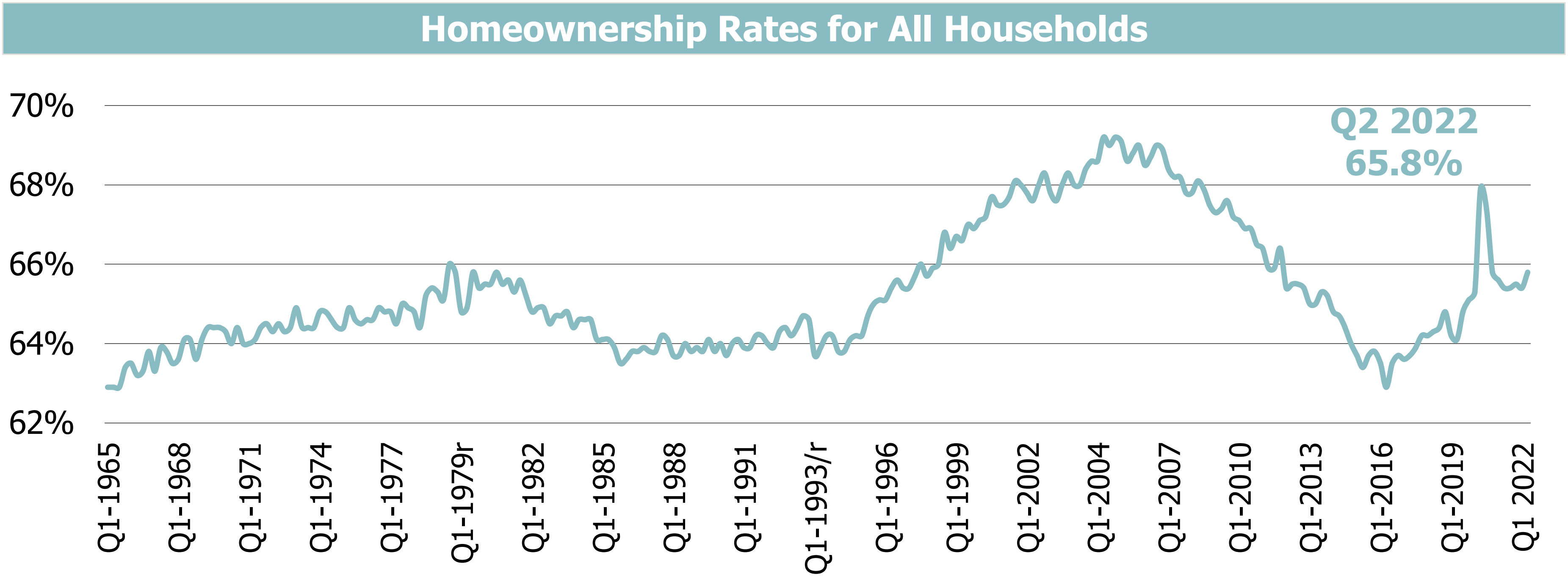
0.17 million demolitions

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

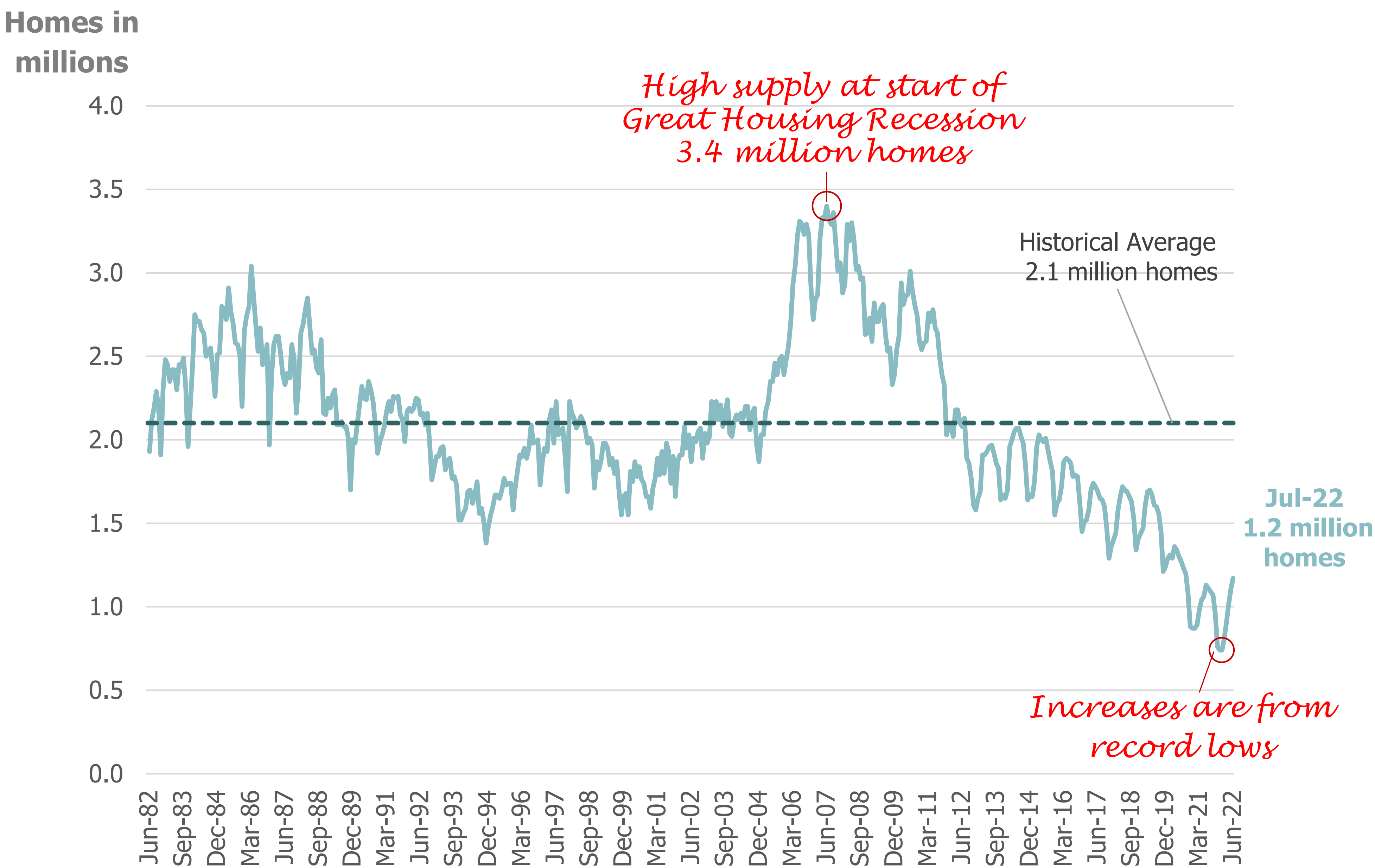


Homeownership Rates By Age of Householder 2021	
Under 35	38.3%
35 – 44	61.4%
45 – 54	70.0%
55 – 64	75.3%
65 and over	79.4%

- **Homeownership rates increase with age**

Source: U.S. Census Bureau

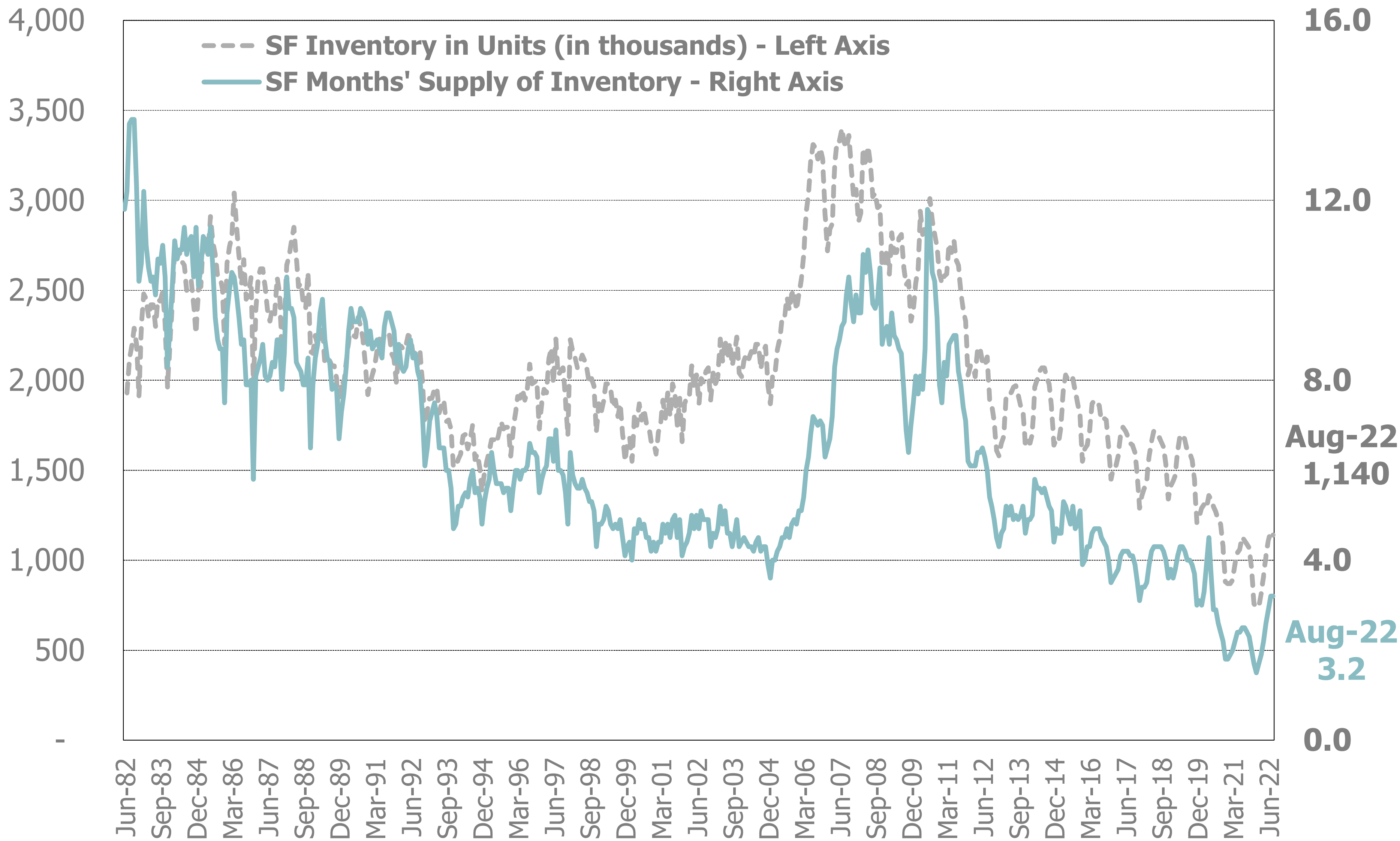
Historically Low Supply of Existing Homes for Sale



Source: National Association of Realtors.

Existing Single-Family Inventory Versus Months' Supply - June 1982 through August 2022

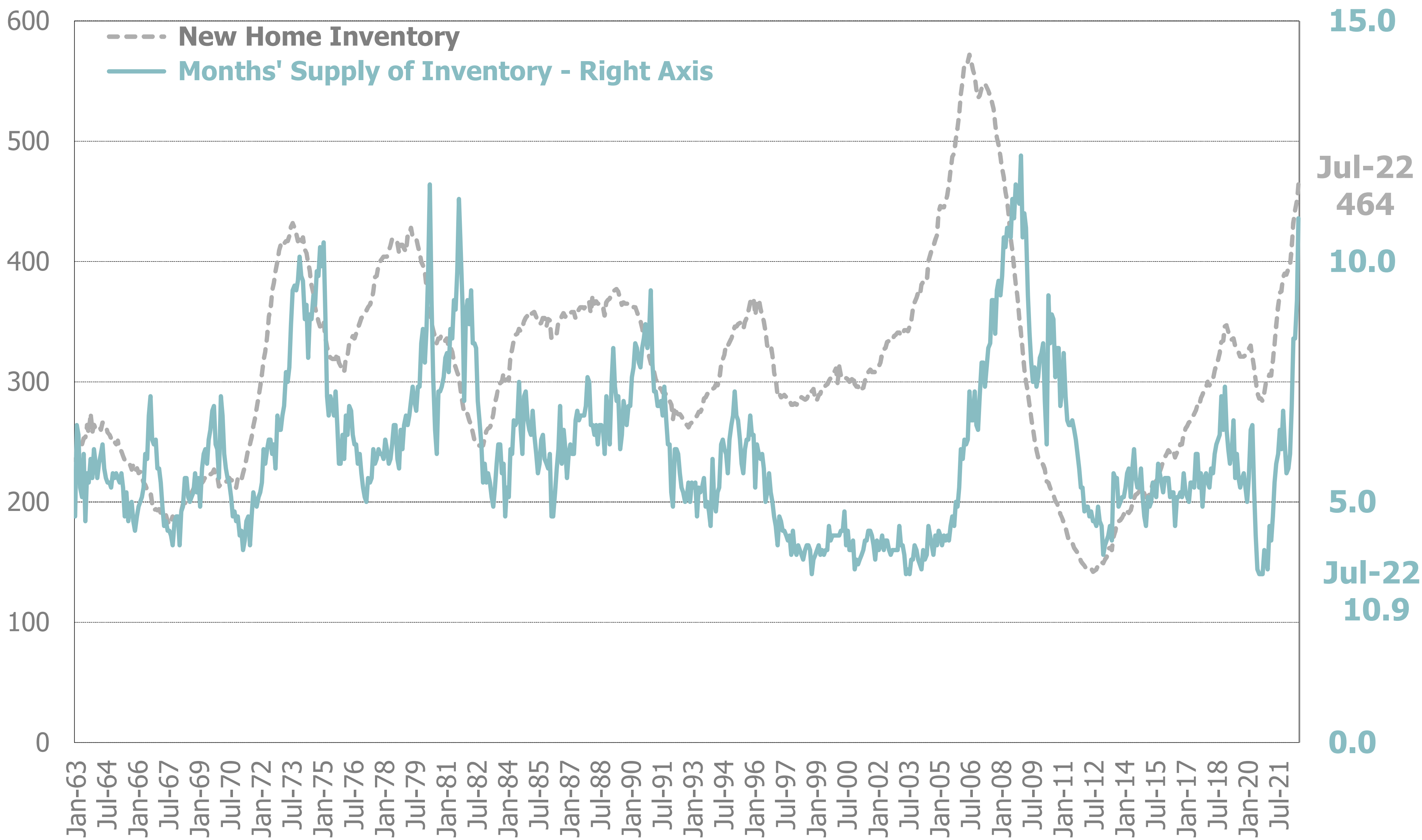
(Units in thousands)



Source: National Association of Realtors.

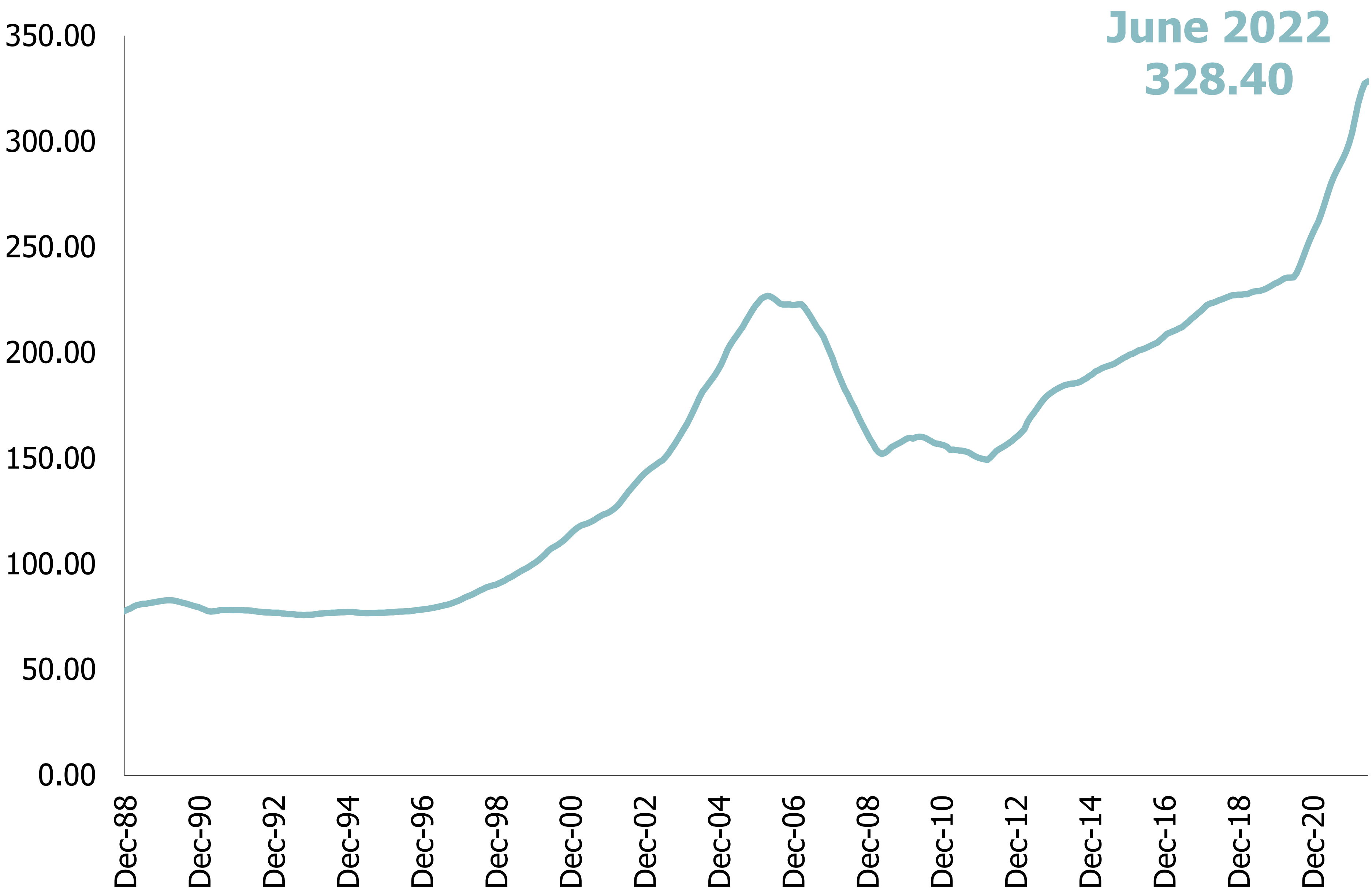
New Home Inventory Versus Months' Supply January 1963 through July 2022

(Units in thousands)



Source: Census Bureau

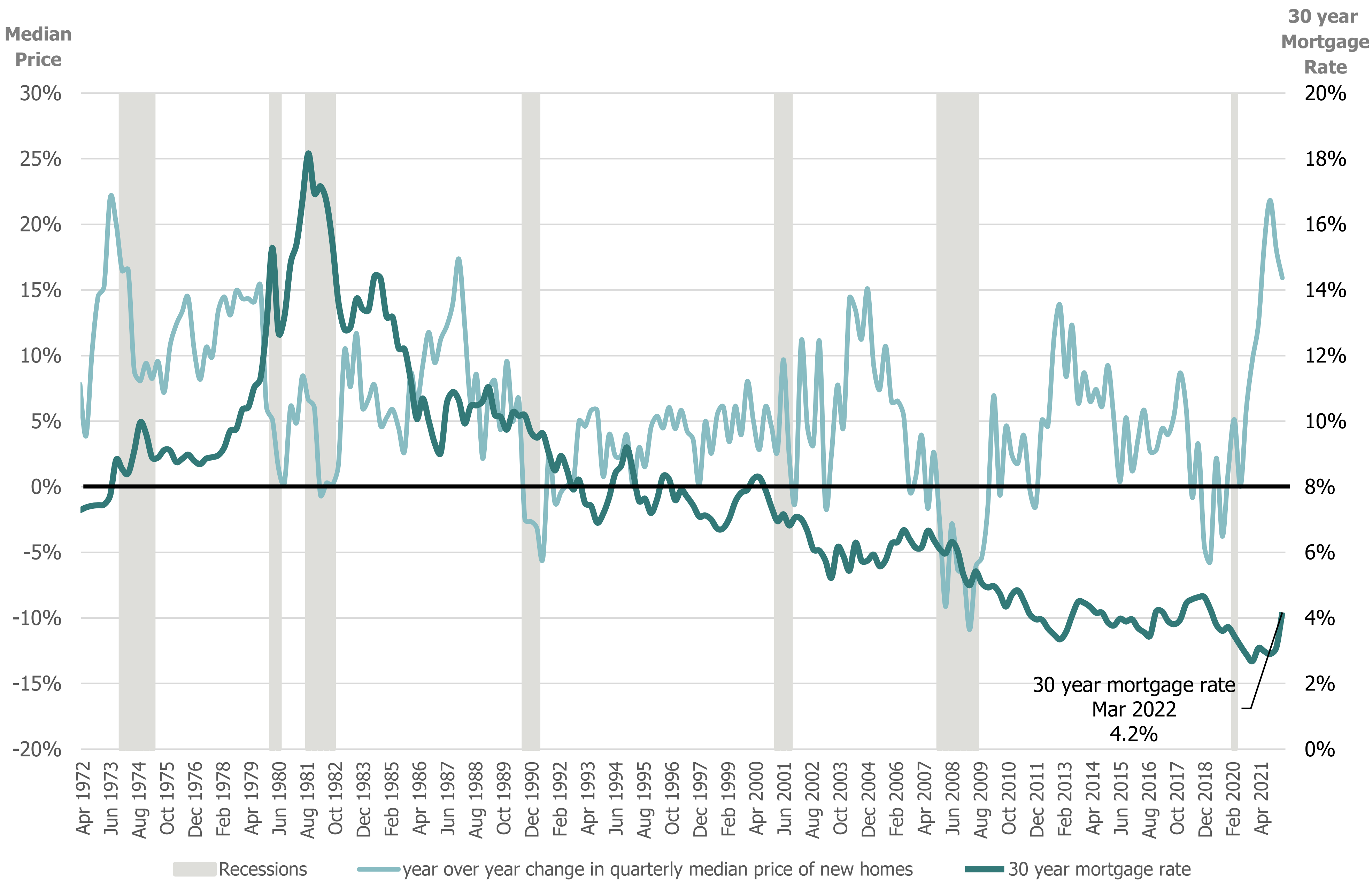
Case-Shiller 10 City Composite Index



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

Single-Family Median Sales Price/Mortgage Rates/Recessions

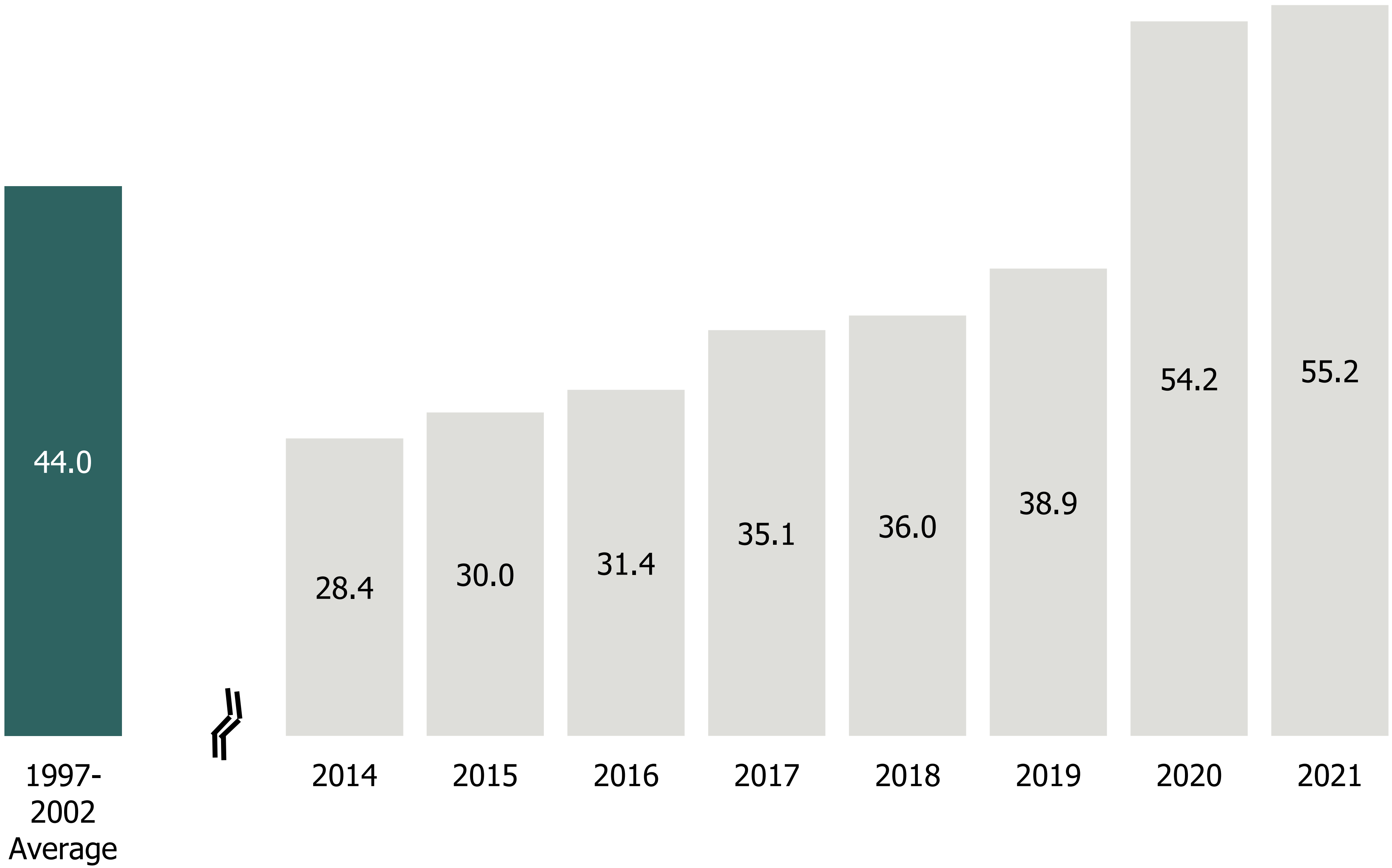
Hovnanian Enterprises, Inc.



Source: U.S. Census Bureau, National Bureau of Economic Research and U.S. Bureau of Labor Statistics.

Historical Performance

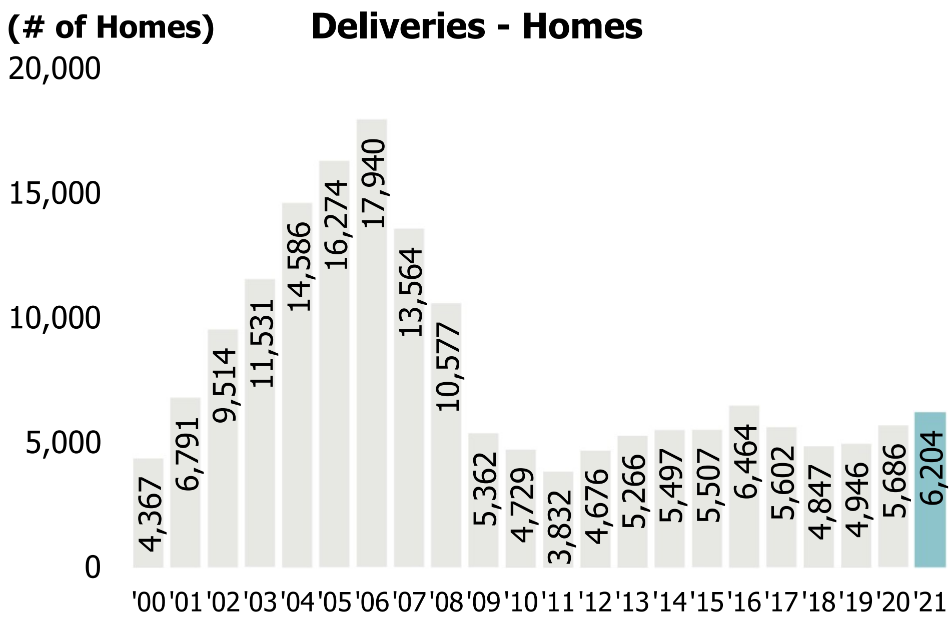
Annual Contracts Per Community

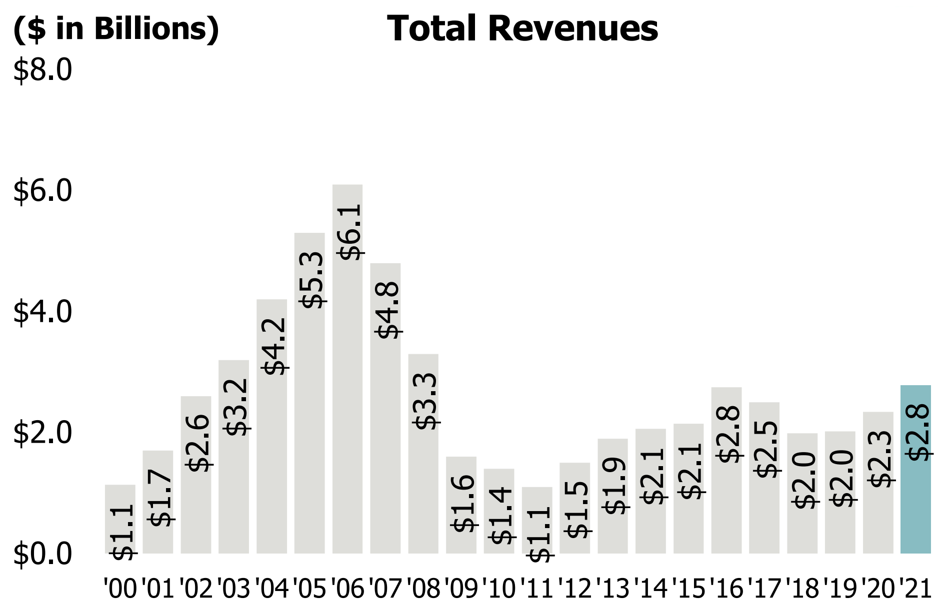


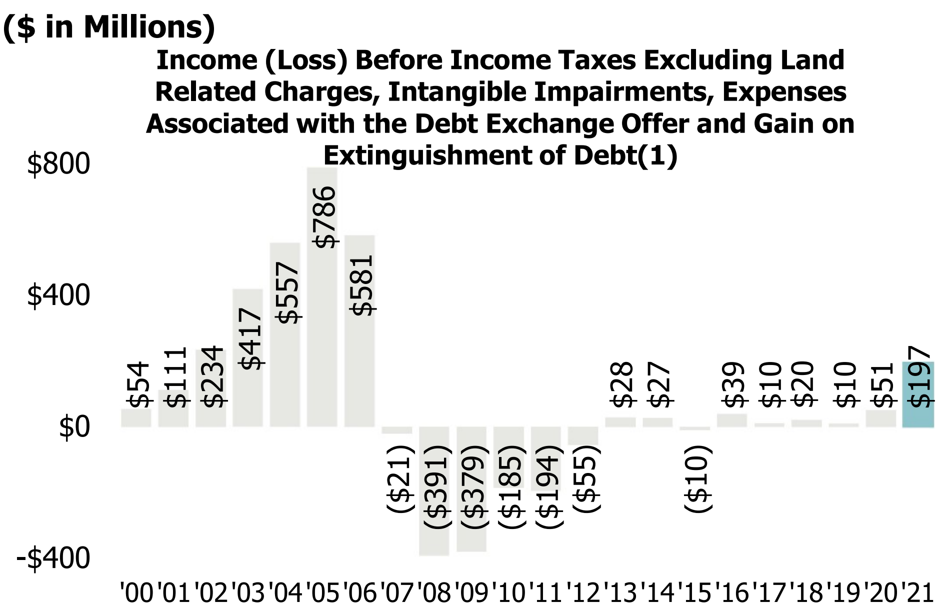
Note: Annual Contracts per Community calculated based on a five quarter average of communities, excluding joint ventures.

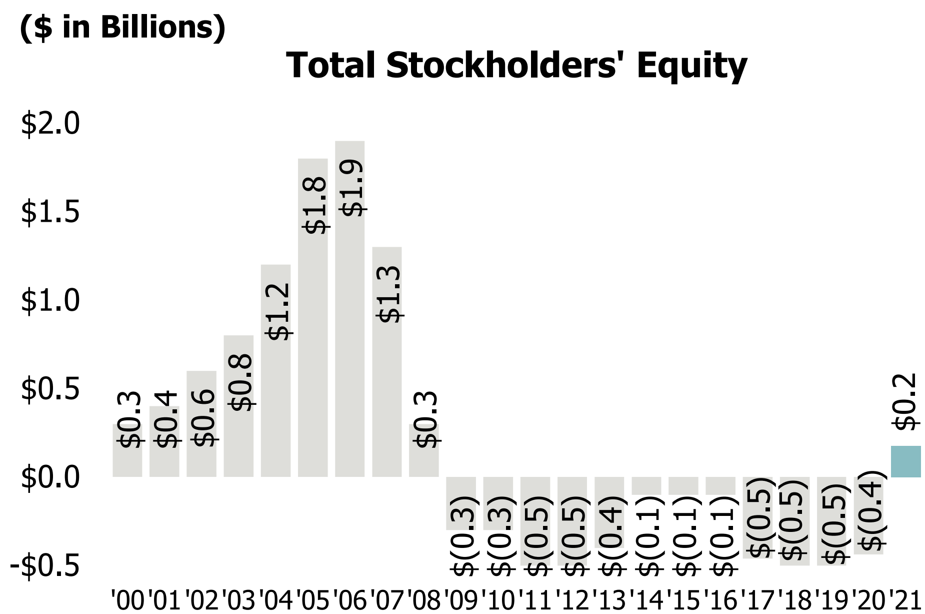
Historical Performance

Hovnanian Enterprises, Inc.



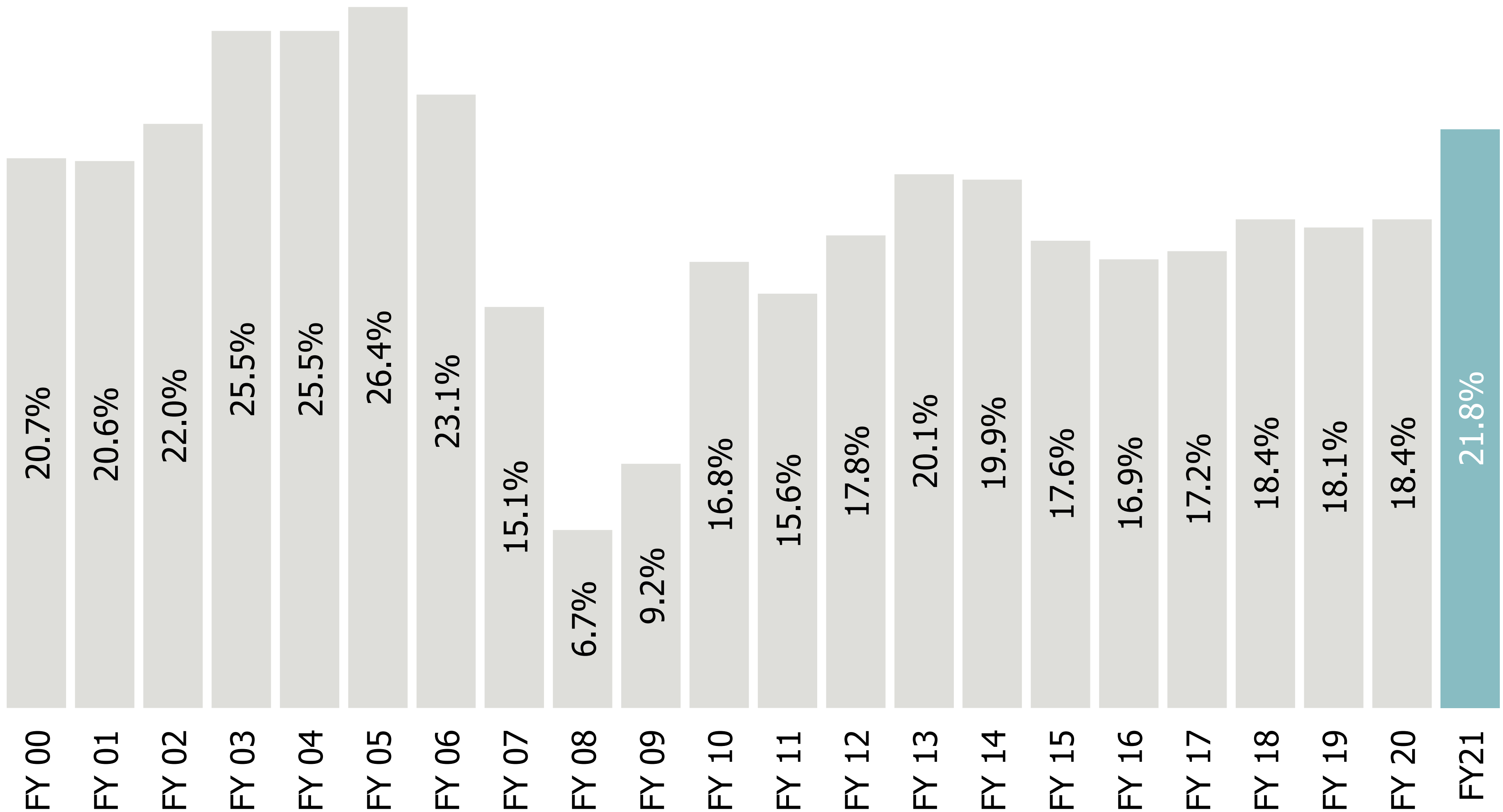






(1) Represents a non-GAAP metric. Please see appendix for reconciliation.

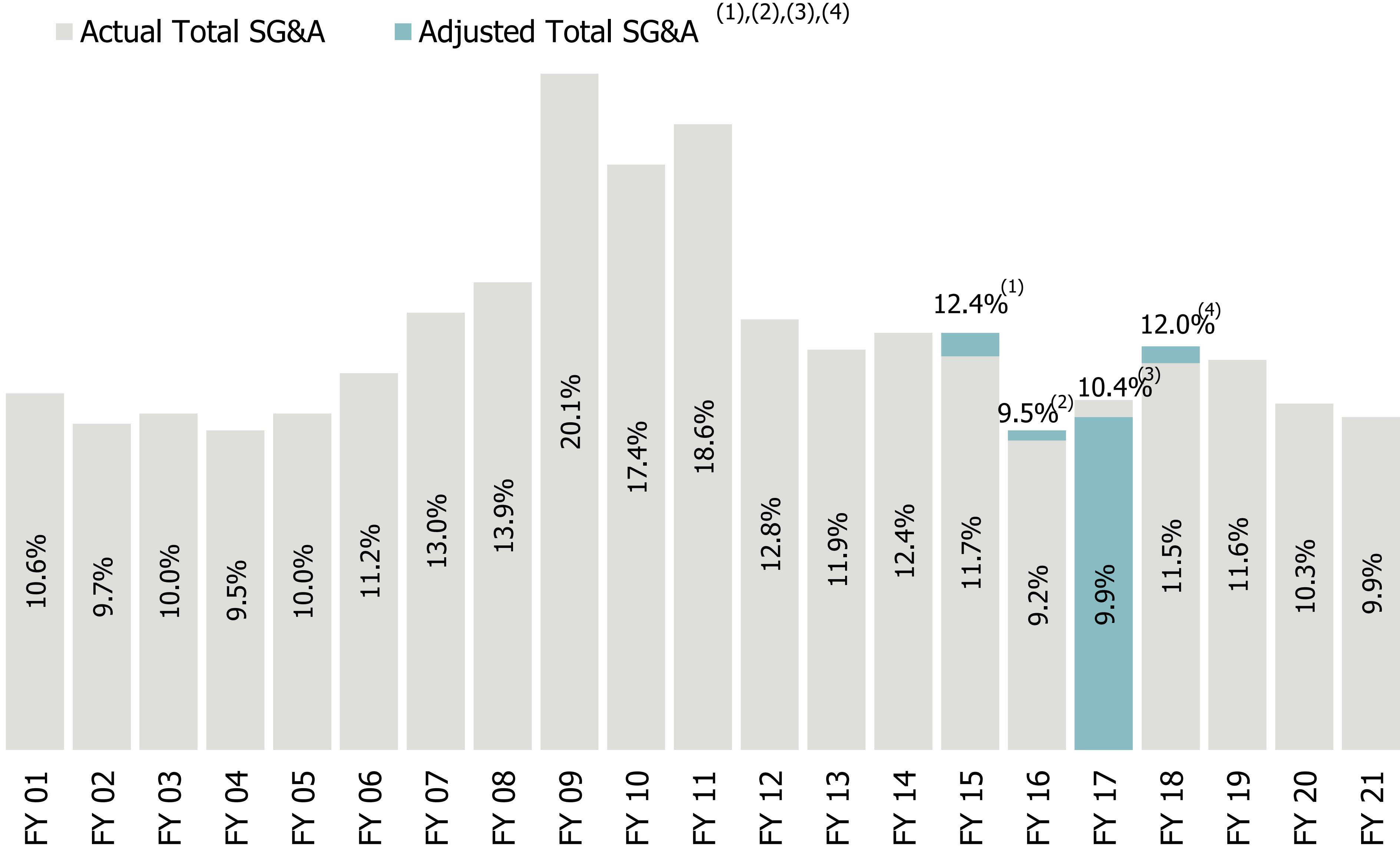
Adjusted Homebuilding Gross Margin(1)



(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

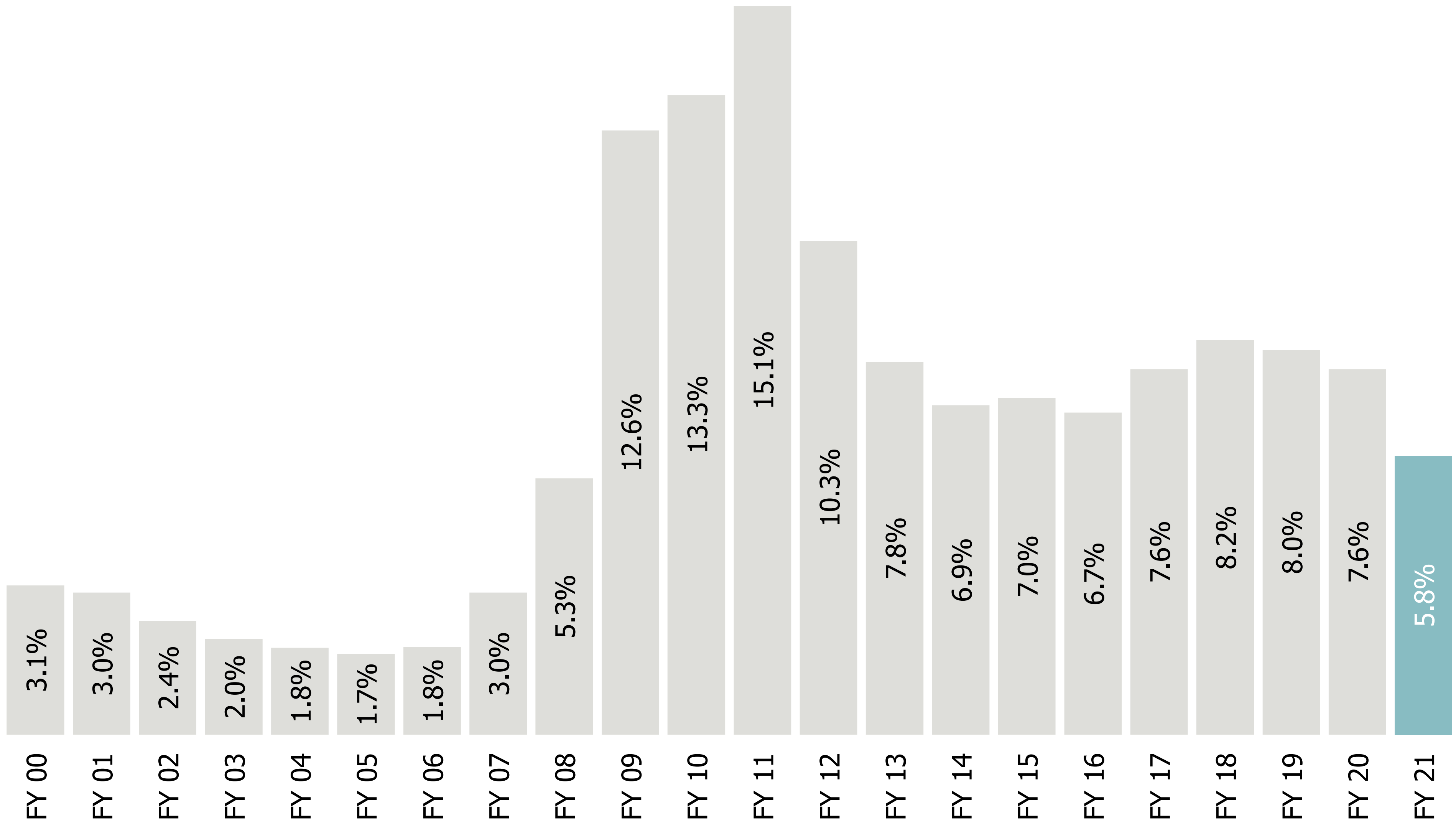
Hovnanian Enterprises, Inc.



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

Hovnanian Enterprises, Inc.



Homebuilding Costs as a % of Revenue

Hovnanian Enterprises, Inc.

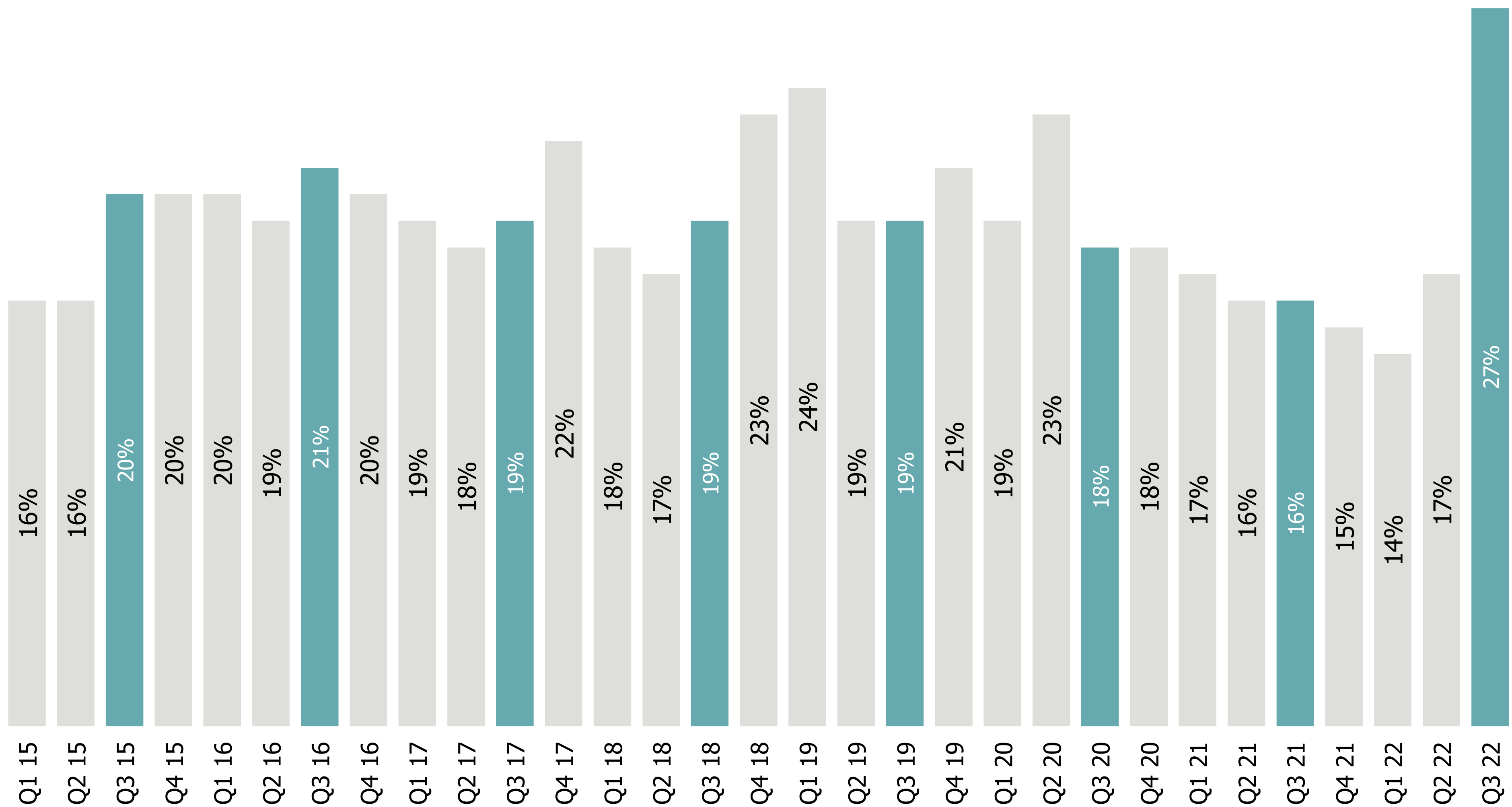
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Avg.
Land (Developed Lot)[1]:	25.2%	25.8%	25.5%	25.2%	24.0%	21.9%	23.1%	26.8%	23.2%	21.4%	22.3%	25.9%	25.8%	26.2%	26.5%	29.2%	30.4%	28.7%	28.9%	30.3%	28.5%	25.9%
Direct Construction Costs:	46.3%	44.8%	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%	45.5%
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%	3.1%
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%	1.4%
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%	5.4%
Adjusted Homebuilding Gross Margin[2]:	20.6%	22.0%	25.5%	25.5%	26.4%	23.1%	15.1%	6.7%	9.2%	16.8%	15.6%	17.8%	20.1%	19.9%	17.6%	16.9%	17.2%	18.4%	18.1%	18.4%	21.8%	
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	$122.8	
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	

[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

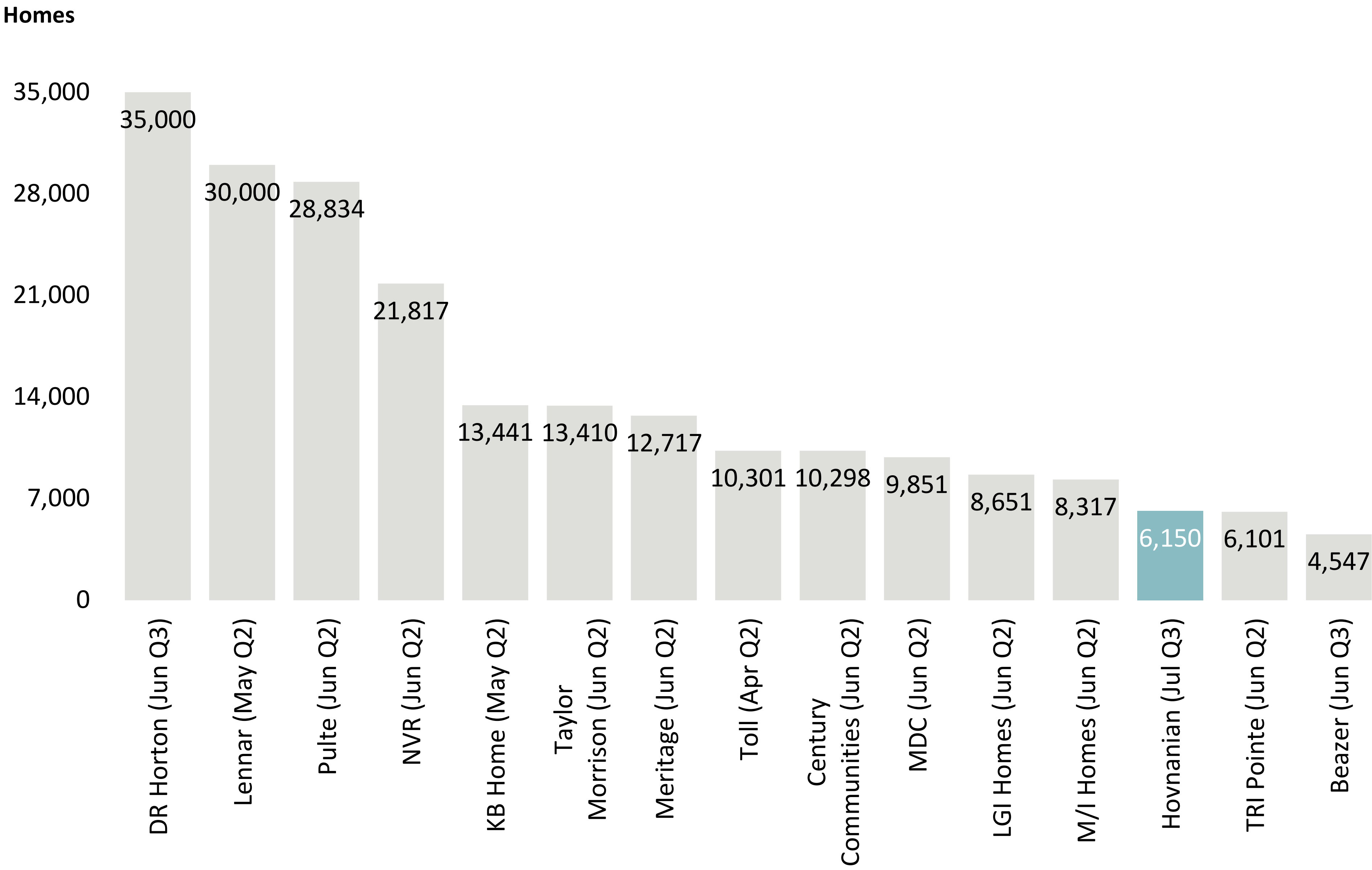
Normal long term cancellation rate is between 18% and 22%



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

Builder Peer Statistics

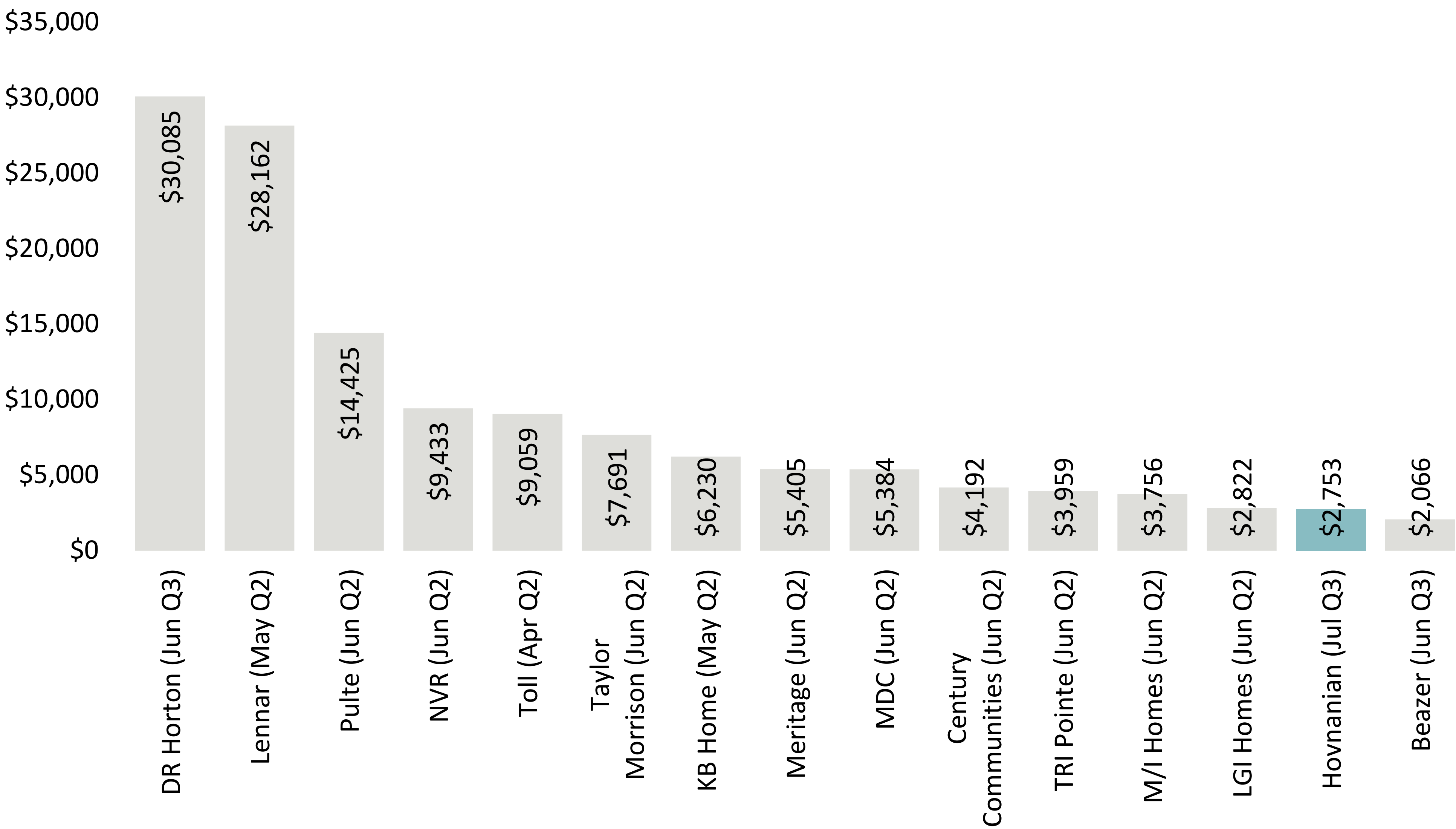
Total Deliveries, Last Twelve Months



Source: Company SEC filings and press releases as of 09/01/22.
Note: Excludes unconsolidated joint ventures.

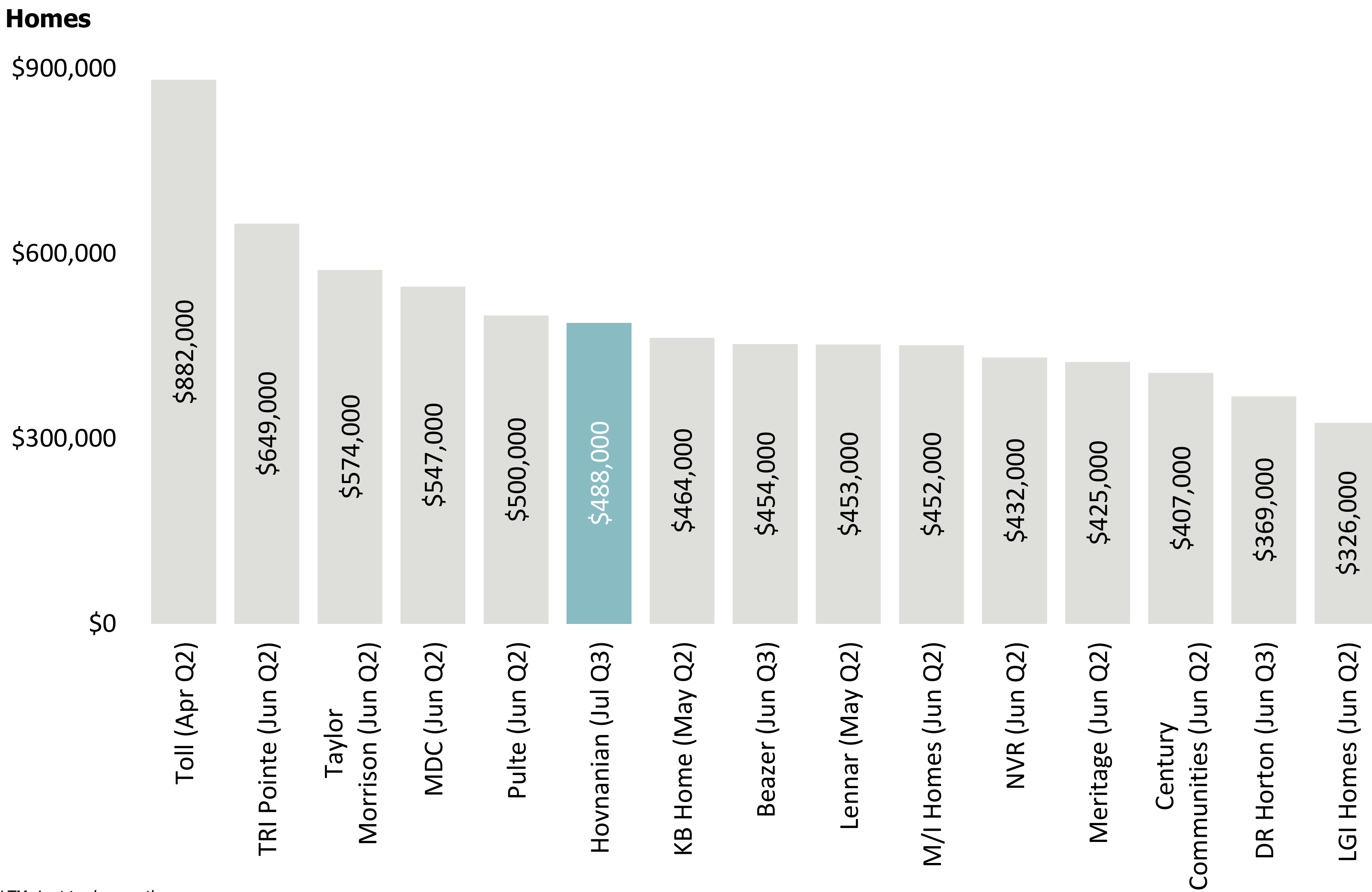
LTM Homebuilding Revenue

$ in millions



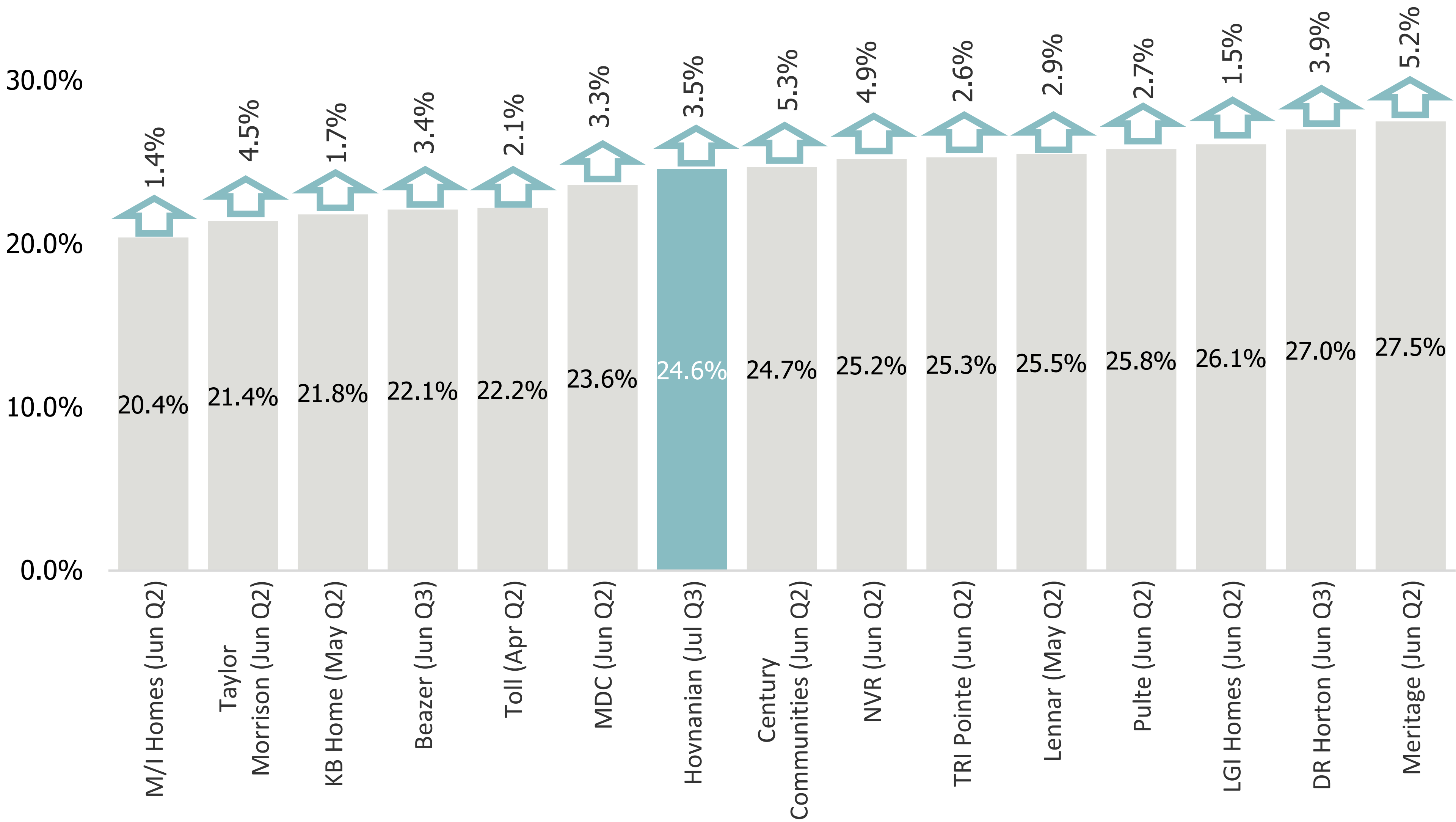
LTM: Last twelve months.
Source: Company SEC filings and press releases as of 09/01/22.
Note: Excludes unconsolidated joint ventures.

LTM Average Selling Price



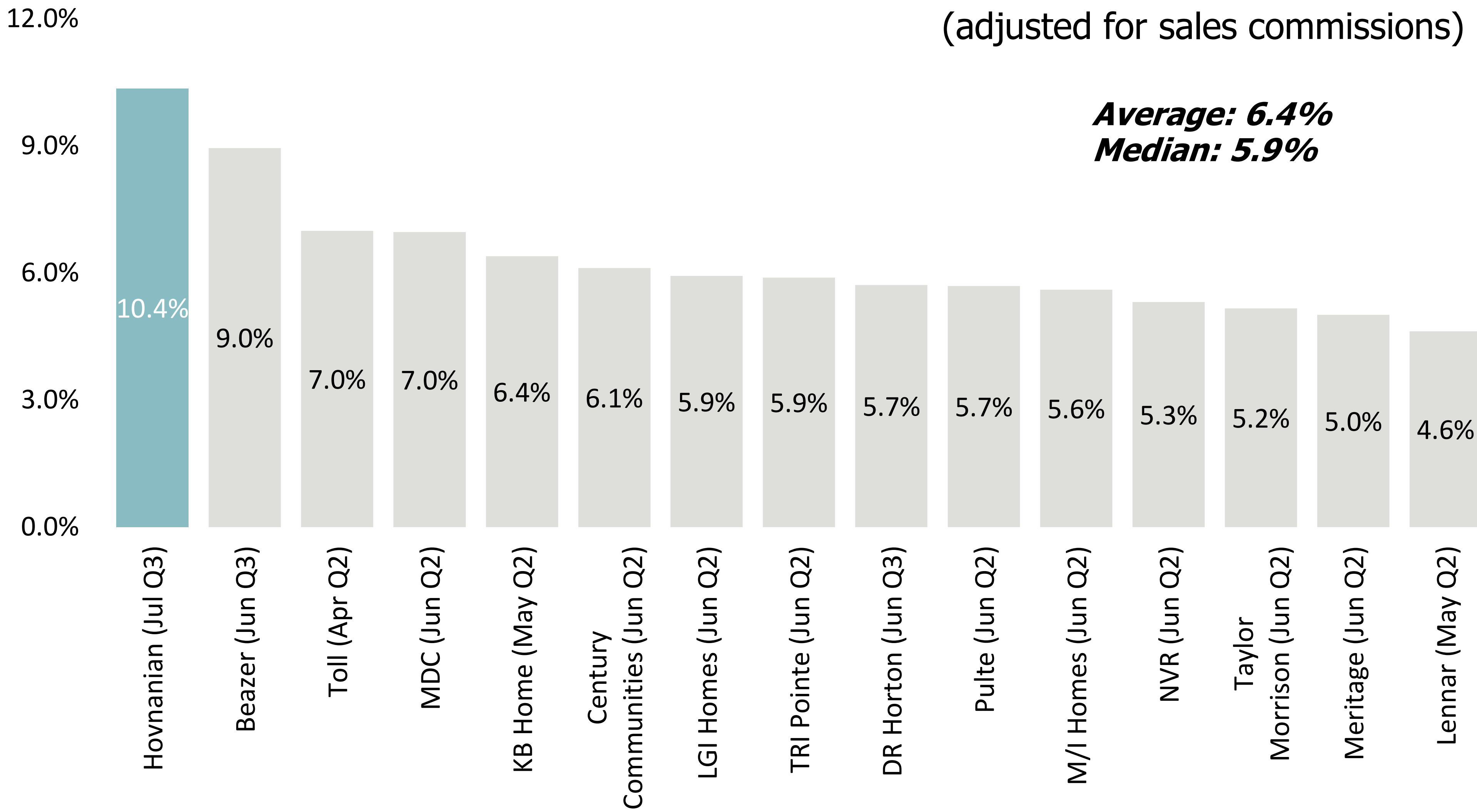
LTM: Last twelve months.
Source: Company SEC filings and press releases as of 09/01/22.
Note: Excludes unconsolidated joint ventures.

Adjusted Gross Margin Percentage, Last Twelve Months



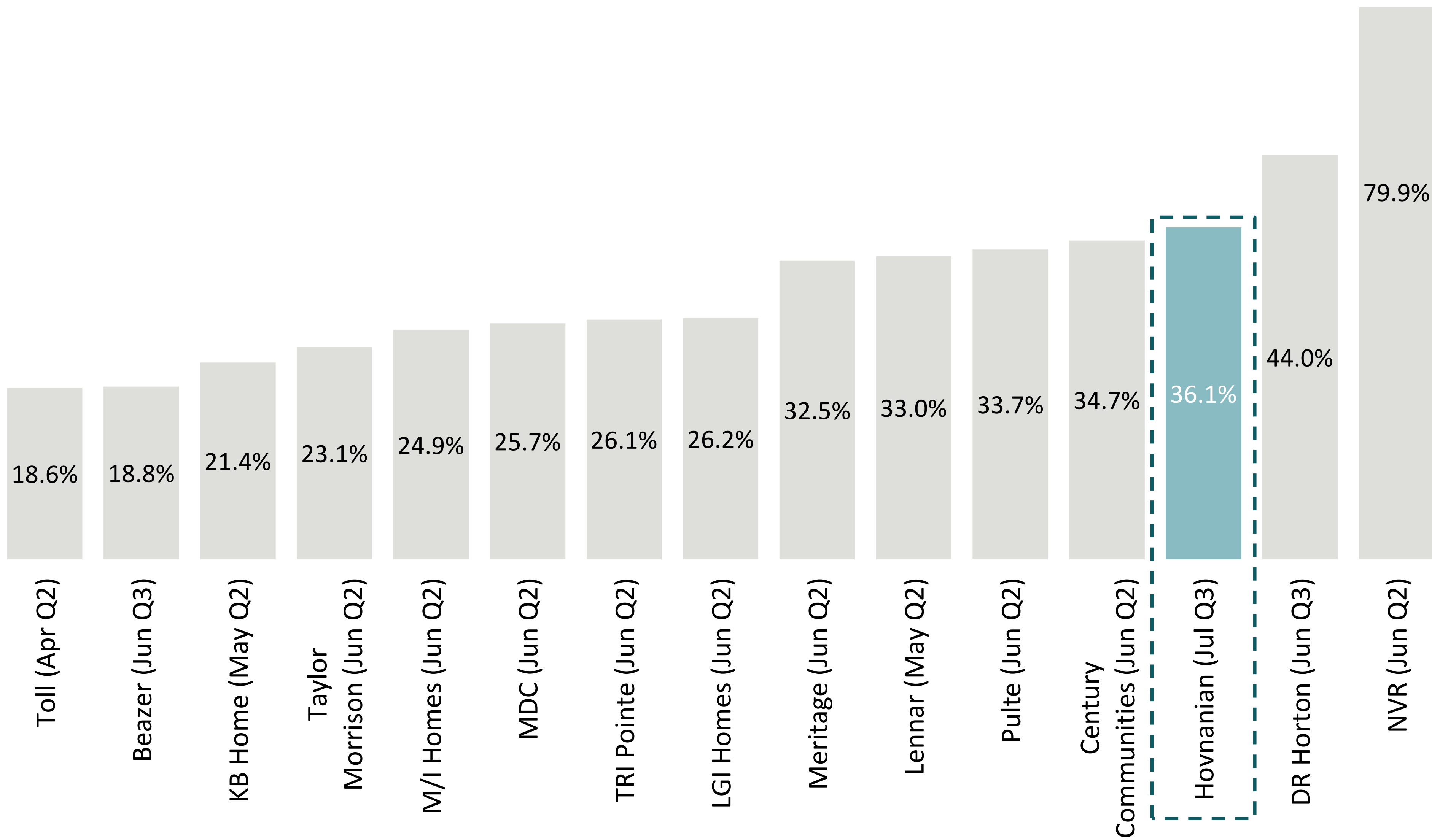
Note: Hovnanian sales commission was 3.6% in the last twelve months. Reduced Century Communities, Lennar, LGI Homes, MDC, Meritage, M/I Homes, Pulte, Taylor Morrison, Toll and Tri Pointe publicly reported results by full 3.6% because all of their sales commissions are reported in SG&A. Reduced DR Horton's publicly reported results by 1.8% because only some of their sales commissions were reported in SG&A. Beazer, KB Home and MDC report commissions separately and are reduced by 3.4%, 3.5% and 2.6%, respectively.
Source: Company SEC filings and press releases as of 09/01/22.
Note: Excluding interest and impairments.

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



Note: Hovnanian sales commission was 3.6% in the last twelve months. Reduced Century Communities, Lennar, LGI Homes, MDC, Meritage, M/I Homes, Pulte, Taylor Morrison, Toll and Tri Pointe publicly reported results by full 3.6% because all of their sales commissions are reported in SG&A. Reduced DR Horton's publicly reported results by 1.8% because only some of their sales commissions were reported in SG&A. Beazer, KB Home and MDC report commissions separately and are reduced by 3.4%, 3.5% and 2.6%, respectively.
Source: Company SEC filings and press releases as of 09/01/22.
Note: Excluding interest and impairments.

Consolidated EBIT to Inventory, Last Twelve Months(1)

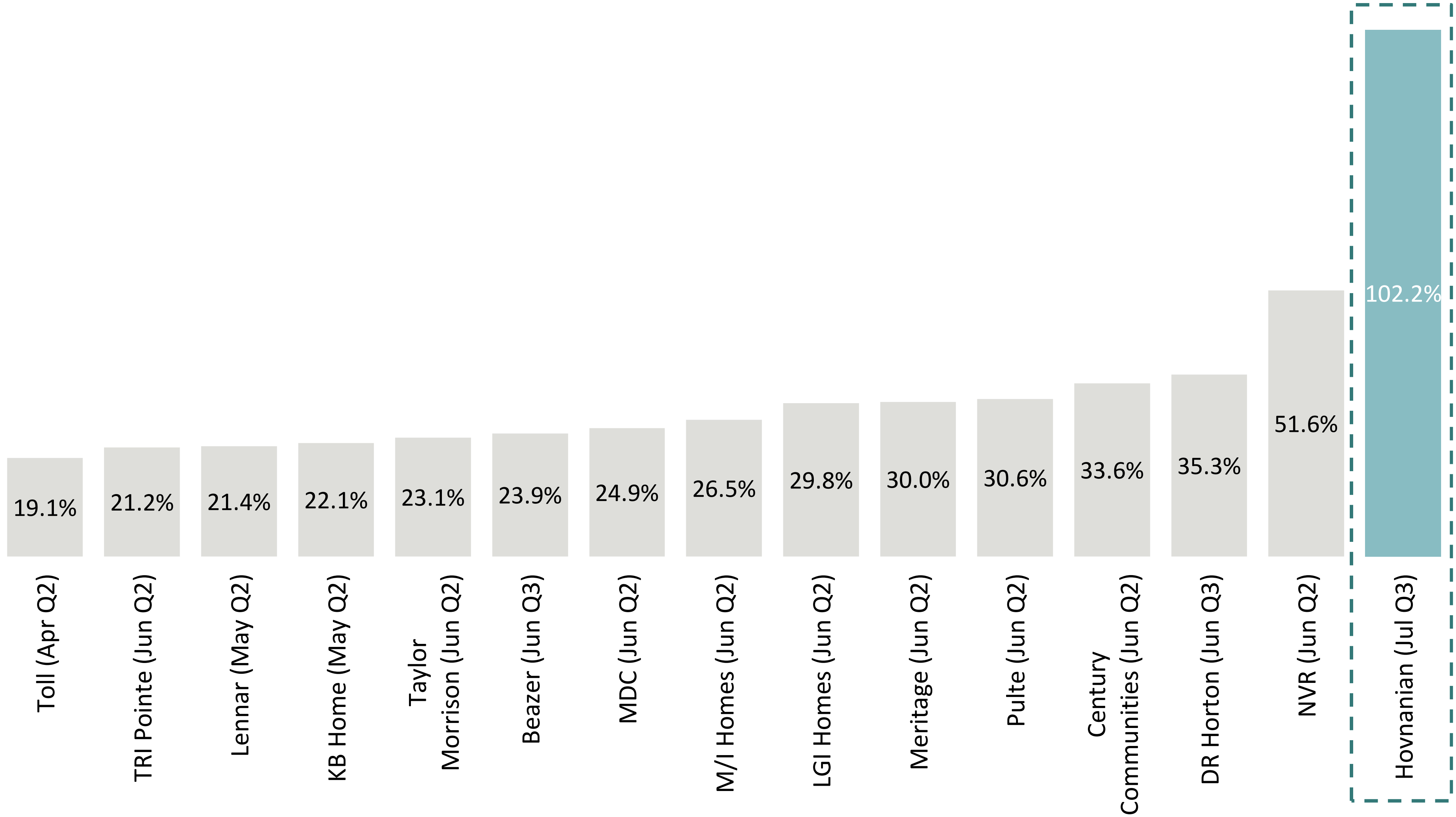


Source: Company SEC filings and press releases as of 09/01/22.

(1) Defined as LTM consolidated 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.

ROE[1], Last Twelve Months

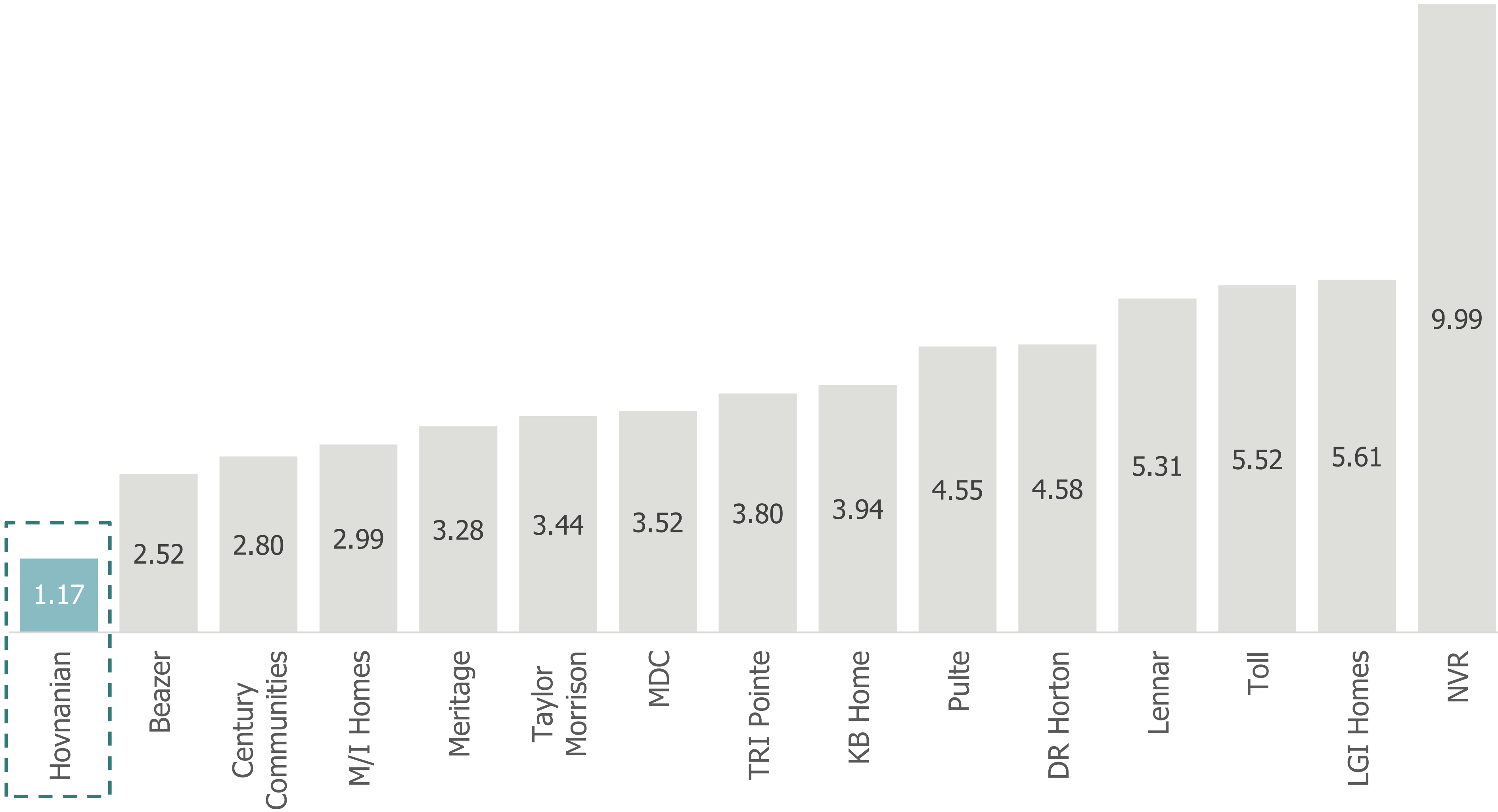
Hovnanian Enterprises, Inc.



Source: Company SEC filings and press releases as of 09/01/22.
(1) Defined as LTM net income divided by five quarter average equity.

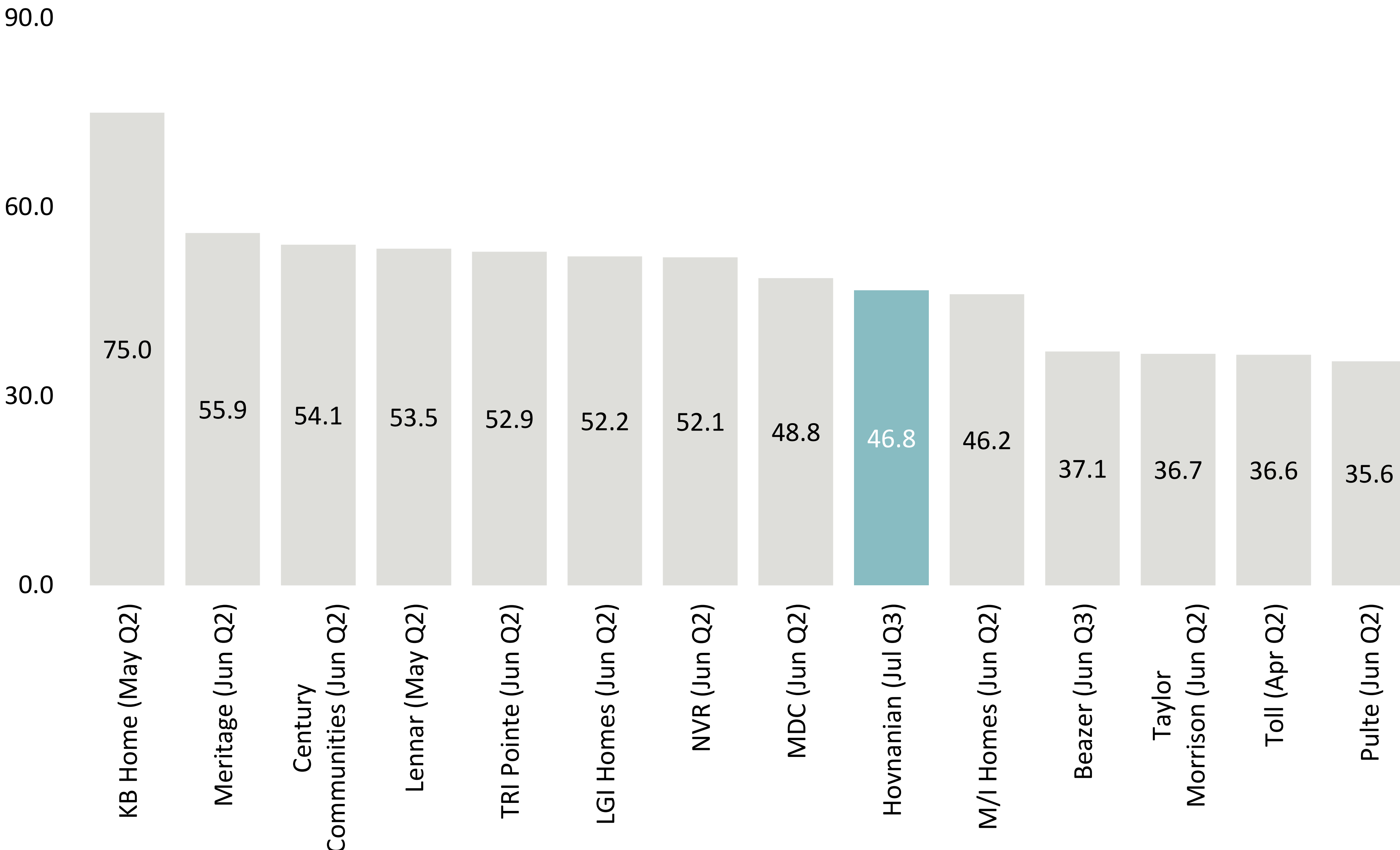
Price to Earnings Ratio

Hovnanian Enterprises, Inc.



Source: Trailing twelve-month price to earnings ratio based on Yahoo! finance as of 08/31/2022.
Note: Hovnanian price to earnings ratio calculated on trailing twelve months as of 07/31/22.

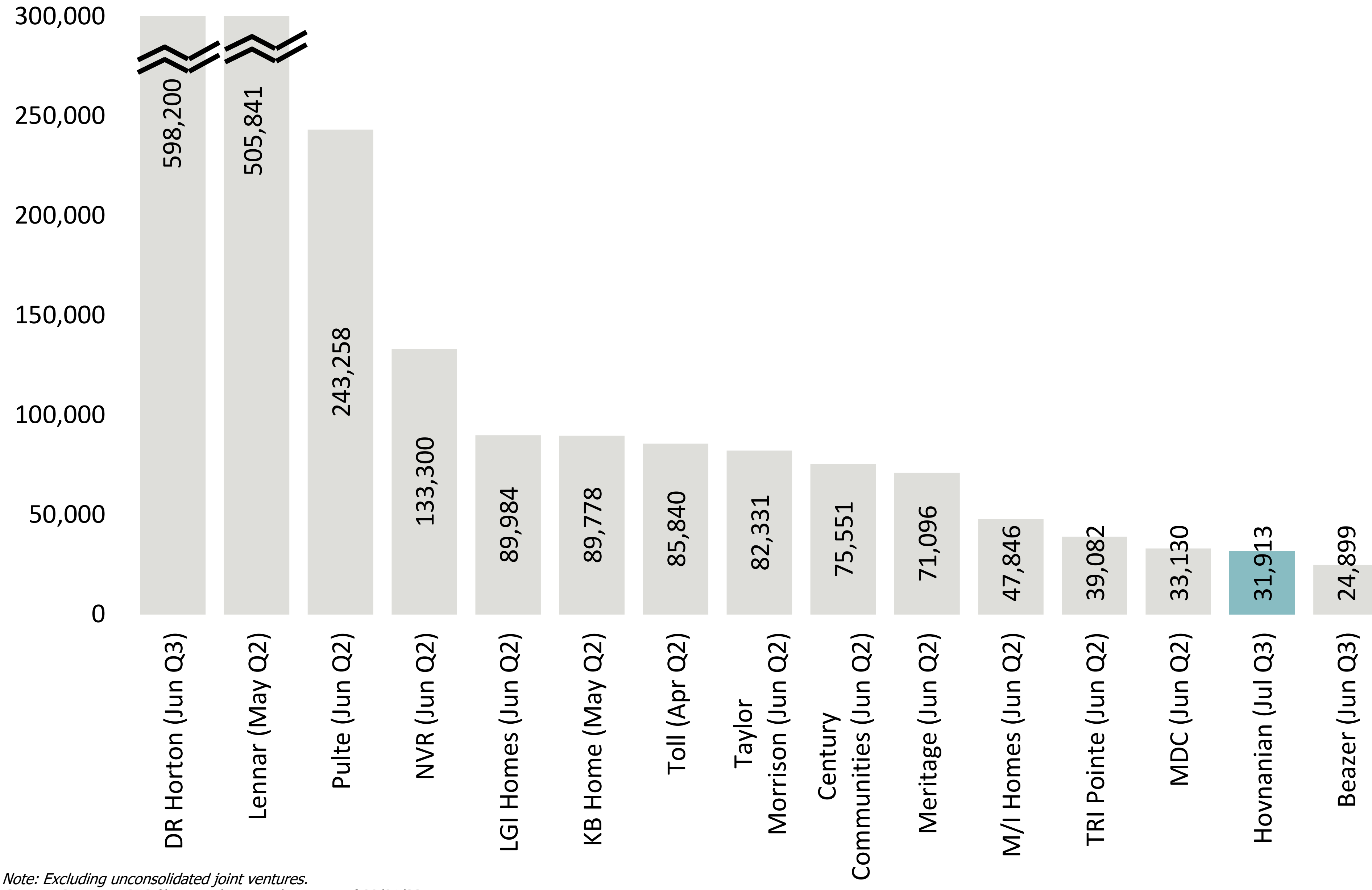
Net Contracts per Community, Last Twelve Months



Excludes unconsolidated joint ventures.
Source: Company SEC filings, press releases as of 09/01/22.

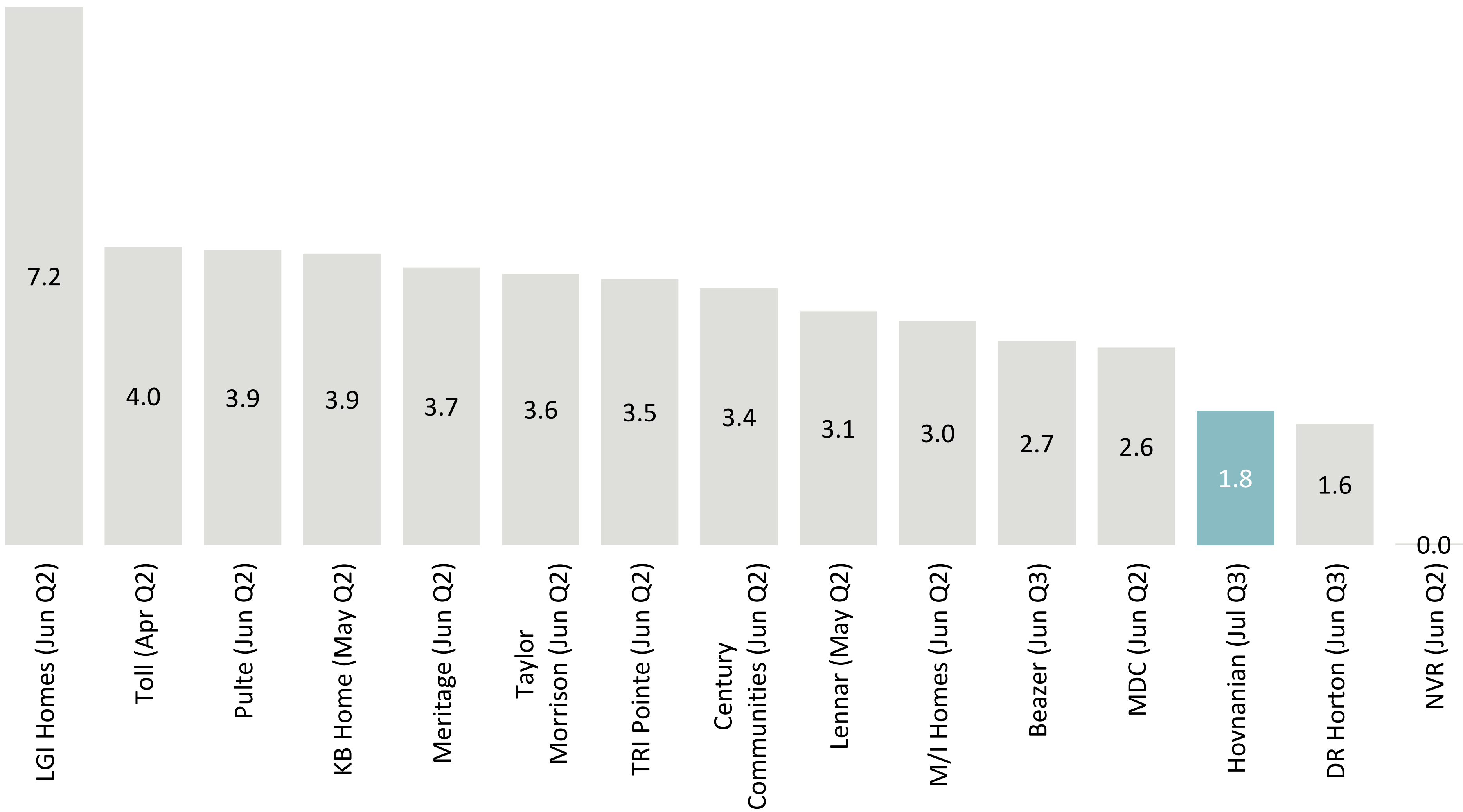
Total Lots Controlled

Hovnanian Enterprises, Inc.



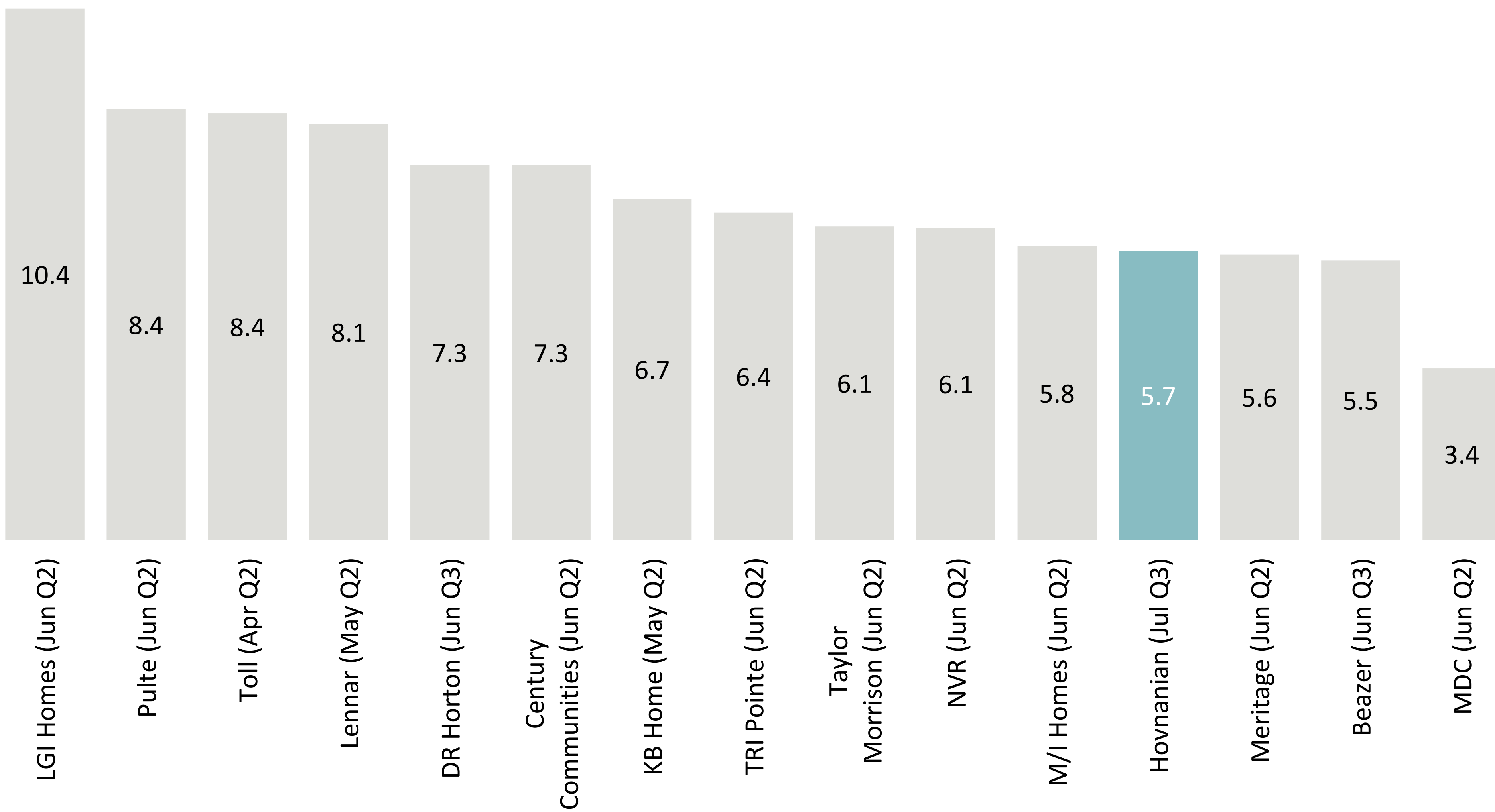
Note: Excluding unconsolidated joint ventures.
Source: Company SEC filings and press releases as of 09/01/22.

Owned Lots – Years Supply



Source: Company SEC filings and press releases as of 09/01/22.

Total Lots – Years Supply

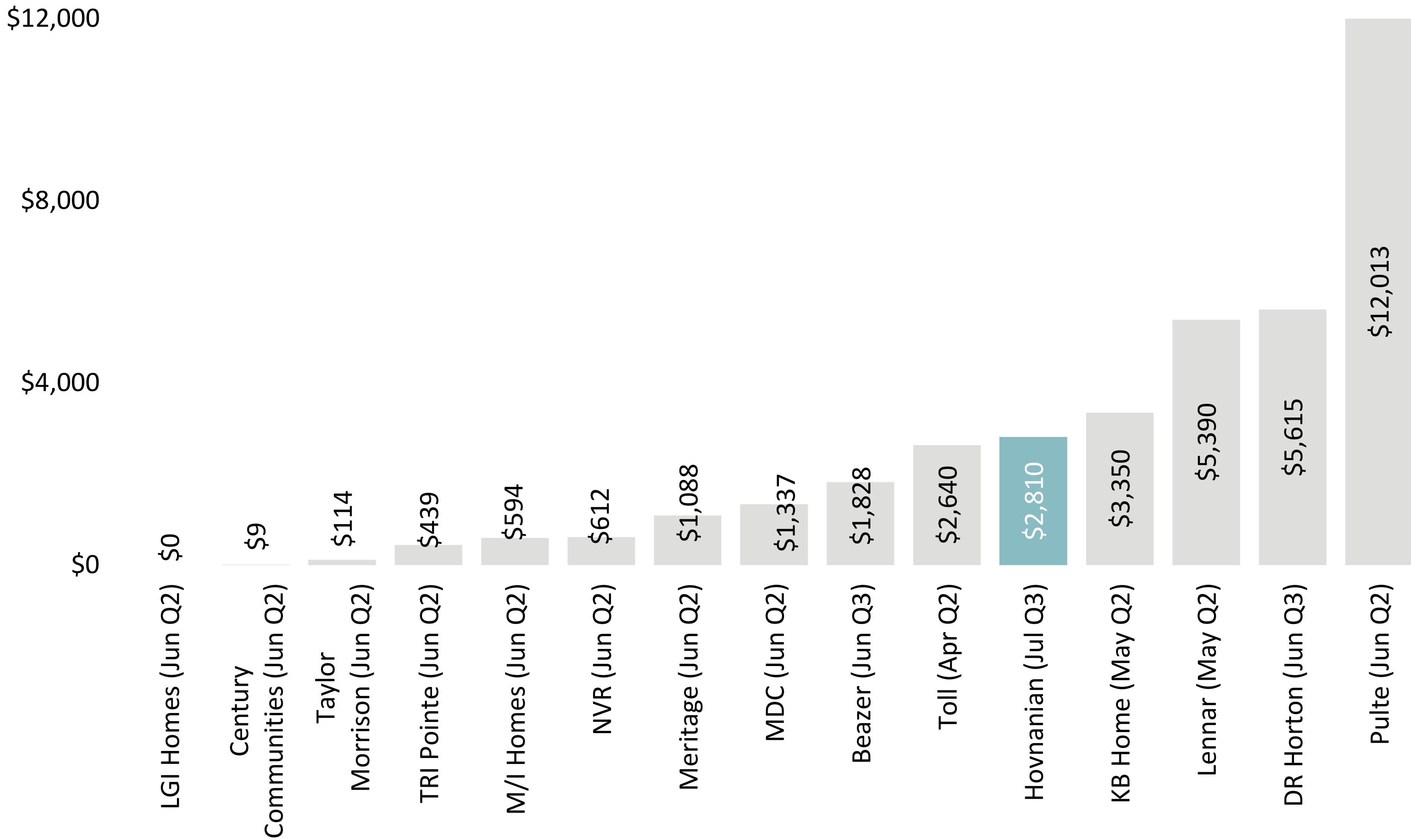


Source: Company SEC filings and press releases as of 09/01/22.

Total Charges*

Since Beginning of 2006

($ in millions)



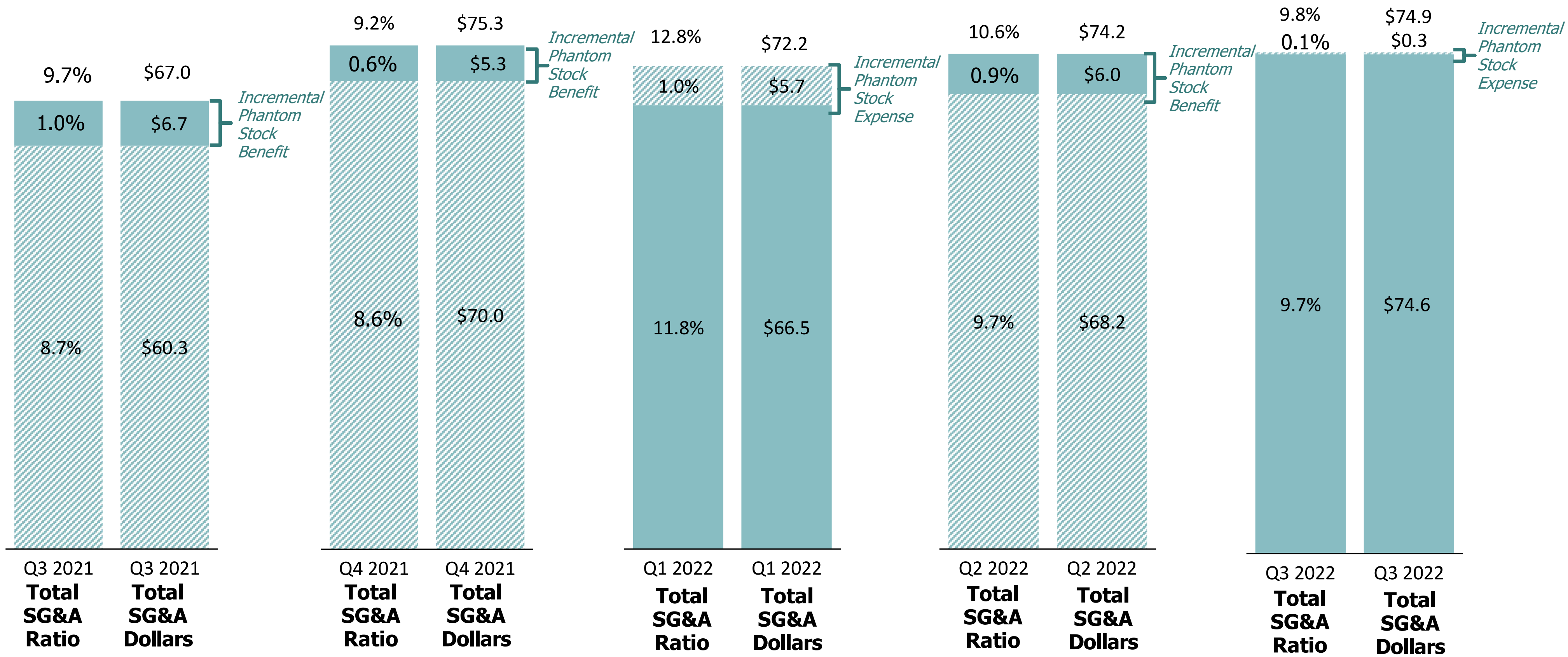
*Includes all reported land related charges, goodwill/intangible impairments and joint venture related impairments.
Source: Company SEC filings and press releases as of 09/01/22.

Appendix

Phantom Stock Expense

Total SG&A Expense

($ in millions)



- In 2019, we granted phantom stock awards in lieu of actual equity under our long-term incentive plan ("LTIP")
- This was done in the best interest of shareholders to avoid dilution concerns associated with our low stock price of $14.50 at the time of grant
- Expense related to the phantom stock varies depending upon our common stock price at quarter end, is a non-cash expense through fiscal 2021, and is reflected in our total SG&A expenses
- SG&A expenses in the third quarter of fiscal 2021 included $6.7 million of incremental benefit due to the phantom stock awards, which is solely related to our common stock price decreasing from $132.59 at the end of the second quarter to $104.39 at the end of the third quarter.
- SG&A expenses in the fourth quarter of fiscal 2021 included $5.3 million of incremental benefit due to the phantom stock awards, which is solely related to our common stock price decreasing from $104.39 at the end of the third quarter to $84.26 at the end of the fourth quarter.
- SG&A expenses in the first quarter of fiscal 2022 included $5.7 million of incremental expense due to the phantom stock awards, which is solely related to our common stock price increasing from $84.26 at the end of the fourth quarter to $96.88 at the end of the first quarter.
- SG&A expenses in the second quarter of fiscal 2022 included $6.0 million of incremental benefit due to the phantom stock awards, which is solely related to our common stock price decreasing from $96.88 at the end of the first quarter to $46.02 at the end of the second quarter.
- SG&A expenses in the third quarter of fiscal 2022 included $0.3 million of incremental expense due to the phantom stock awards, which is solely related to our common stock price increasing from $46.02 at the end of the second quarter to $48.51 at the end of the third quarter.

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

July 31, 2022	Lots Optioned	Total Deposit ($ millions)	Per Lot Deposit ($)	Purchase Value ($ billions)	Per Lot Purchase Value ($)	% Deposit
Total	21,830	$173.4	$7,900	$1.8	$84,000	9.5%

- $22 million invested in pre-development expenses as of July 31, 2022

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

Credit Quality of Homebuyers

Fiscal Year 2021	Third Quarter 2022
Average LTV: 85%	Average LTV: 83%
Average CLTV: 86%	Average CLTV: 83%
ARMs: 0.0%	ARMs: 11.3%
FICO Score: 743	FICO Score: 743
Capture Rate: 68%	Capture Rate: 52%

*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 to Income Before Income Taxes

Hovnanian Enterprises, Inc.

Hovnanian Enterprises, Inc.
July 31, 2022
Reconciliation of income before income taxes excluding land-related charges and loss on extinguishment of debt to income before income taxes
(In thousands)

	Three Months Ended July 31		Nine Months Ended July 31	
	2022	2021	2022	2021
Income before income taxes	$ 111,927	$ 61,799	$ 228,273	$ 112,416
Inventory impairment loss and land option write-offs	1,173	1,309	1,837	3,267
Loss on extinguishment of debt	-	306	6,795	306
Income before income taxes excluding land-related charges and loss on extinguishment of debt (1)	$ 113,100	$ 63,414	$ 236,905	$ 115,989

(1) Income before income taxes excluding land-related charges and loss on extinguishment of debt 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.

Hovnanian Enterprises, Inc.
July 31, 2022
Gross margin
(In thousands)

	Homebuilding Gross Margin Three Months Ended July 31,		Homebuilding Gross Margin Nine Months Ended July 31,	
	2022	2021	2022	2021
Sale of homes	$ 736,654	$ 663,279	$ 1,973,843	$ 1,894,159
Cost of sales, excluding interest expense and land charges (1)	543,064	516,530	1,474,403	1,488,919
Homebuilding gross margin, before cost of sales interest expense and land charges (2)	193,590	146,749	499,440	405,240
Cost of sales interest expense, excluding land sales interest expense	22,453	17,821	57,855	56,242
Homebuilding gross margin, after cost of sales interest expense, before land charges (2)	171,137	128,928	441,585	348,998
Land charges	1,173	1,309	1,837	3,267
Homebuilding gross margin	$ 169,964	$ 127,619	$ 439,748	$ 345,731
Homebuilding Gross margin percentage	23.1%	19.2%	22.3%	18.3%
Homebuilding Gross margin percentage, before cost of sales interest expense and land charges (2)	26.3%	22.1%	25.3%	21.4%
Homebuilding Gross margin percentage, after cost of sales interest expense, before land charges (2)	23.2%	19.4%	22.4%	18.4%

	Land Sales Gross Margin Three Months Ended July 31,		Land Sales Gross Margin Nine Months Ended July 31,	
	2022	2021	2022	2021
	(Unaudited)		(Unaudited)	
Land and lot sales	$ 15,788	$ 6,819	$ 16,187	$ 11,730
Land and lot sales cost of sales, excluding interest and land charges (1)	5,512	5,338	5,772	9,121
Land and lot sales gross margin, excluding interest and land charges	10,276	1,481	10,415	2,609
Land and lot sales interest	-	1,419	21	1,888
Land and lot sales gross margin, including interest and excluding land charges	$ 10,276	$ 62	$ 10,394	$ 721

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

Reconciliation of Adjusted EBITDA to Net Income

Hovnanian Enterprises, Inc.

Hovnanian Enterprises, Inc.
July 31, 2022
Reconciliation of adjusted EBITDA to net income
(In thousands)

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2022	2021	2022	2021
	(Unaudited)		(Unaudited)	
Net income	$ 82,614	$ 47,702	$ 169,857	$ 555,337
Income tax provision (benefit)	29,313	14,097	58,416	(442,921)
Interest expense	32,077	38,398	93,318	123,296
EBIT (1)	144,004	100,197	321,591	235,712
Depreciation and amortization	1,520	1,269	4,009	4,091
EBITDA (2)	145,524	101,466	325,600	239,803
Inventory impairment loss and land option write-offs	1,173	1,309	1,837	3,267
Loss on extinguishment of debt	-	306	6,795	306
Adjusted EBITDA (3)	$ 146,697	$ 103,081	$ 334,232	$ 243,376
Interest incurred	$ 32,644	$ 39,181	$ 99,299	$ 122,508
Adjusted EBITDA to interest incurred	4.49	2.63	3.37	1.99

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

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

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

Reconciliation of Inventory Turnover

Hovnanian Enterprises, Inc.

Hovnanian Enterprises, Inc.						
July 31, 2022						
Calculation of Inventory Turnover[1]						
		For the quarter ended				**TTM ended**
(Dollars in thousands)		10/31/2021	1/31/2022	4/30/2022	7/31/2022	**7/31/2022**
Cost of sales, excluding interest		$612,156	$427,917	$503,682	$548,576	$2,092,331
	As of					
	7/31/2021	10/31/2021	1/31/2022	4/30/2022	7/31/2022	
Total inventories	$1,313,345	$1,254,260	$1,413,388	$1,492,167	$1,585,281	**Five**
Less liabilities from inventory not owned, net of debt issuance costs	69,627	62,762	75,344	123,793	178,454	**Quarter**
Less capitalized interest	63,673	58,159	63,804	63,573	64,140	**Average**
Inventories less consolidated inventory not owned and capitalized interest plus liabilities from inventory not owned	$1,180,045	$1,133,339	$1,274,240	$1,304,801	$1,342,687	$1,247,022
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 Inventory Turnover

Hovnanian Enterprises, Inc.

October 31, 2021

Calculation of Inventory Turnover(1)

(Dollars in thousands)		For the quarter ended 1/31/2021	4/30/2021	7/31/2021	10/31/2021	**TTM ended 10/31/2021**
Cost of sales, excluding interest		$439,638	$536,534	$521,868	$612,156	$2,110,196
	As of 10/31/2020	1/31/2021	4/30/2021	7/31/2021	10/31/2021	
Total inventories	$1,195,775	$1,281,149	$1,256,873	$1,313,345	$1,254,260	
Less liabilities from inventory not owned, net of debt issuance costs	131,204	119,432	90,430	69,627	62,762	Five Quarter Average
Less capitalized interest	65,010	65,327	59,772	63,673	58,159	
Inventories less capitalized interest and liabilities from inventory not owned	$999,561	$1,096,390	$1,106,671	$1,180,045	$1,133,339	$1,103,201
Inventory turnover						1.9x

October 31, 2020

Calculation of Inventory Turnover(1)

(Dollars in thousands)		For the quarter ended 1/31/2020	4/30/2020	7/31/2020	10/31/2020	**TTM ended 10/31/2020**
Cost of sales, excluding interest		$396,355	$428,027	$499,695	$524,409	$1,848,486
	As of 10/31/2019	1/31/2020	4/30/2020	7/31/2020	10/31/2020	
Total inventories	$1,292,485	$1,295,715	$1,288,497	$1,213,503	$1,195,775	**Five**
Less liabilities from inventory not owned, net of debt issuance costs	141,033	152,235	144,536	144,922	131,204	**Quarter**
Less capitalized interest	71,264	67,879	67,744	63,998	65,010	**Average**
Inventories less capitalized interest and liabilities from inventory not owned	$1,080,188	$1,075,601	$1,076,217	$1,004,583	$999,561	$1,047,230
Inventory turnover						1.8x

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

Key credit and balance sheet metrics reconciliations

	October 31,		
	2021	2020	2019
Nonrecourse mortgages secured by inventory, net of debt issuance costs	$125,089	$135,122	$203,585
Senior notes and credit facilities (net of discounts, premiums and debt issuance costs)	$1,248,373	$1,431,110	$1,479,990
Total debt	$1,373,462	$1,566,232	$1,683,575
Cash and cash equivalents	$245,970	$262,489	$130,976
Net debt	$1,127,492	$1,303,743	$1,552,599
Adjusted EBITDA	$364,335	$234,314	$174,009
Total debt to adjusted EBITDA	3.8	6.7	9.7
Net debt to adjusted EBITDA	3.1	5.6	8.9
Interest incurred	$155,514	$176,457	$165,906
Adjusted EBITDA to interest incurred	2.3	1.3	1.0
Total debt	$1,373,462	$1,566,232	$1,683,575
Total equity (deficit)	$175,384	$(436,094)	$(489,776)
Total capitalization	$1,548,846	$1,130,138	$1,193,799
Debt to capitalization	88.68%	138.59%	141.0%
Total inventory	$1,254,260	$1,195,775	$1,292,485
Consolidated inventory not owned	$98,727	$182,224	$190,273
Total inventory less inventory not owned	$1,155,533	$1,013,551	$1,102,212

Hovnanian
Enterprises®, Inc.