

Hovnanian
Enterprises, Inc.



Review of Financial Results
First Quarter Fiscal 2026

Forward-Looking Statements

All statements in this presentation that are not historical facts should be considered as “Forward-Looking Statements” within the meaning of the “Safe Harbor” provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such forward-looking statements include but are not limited to statements related to the Company’s goals and expectations with respect to its financial results for future financial periods and statements regarding demand for homes, mortgage rates, inflation, supply chain issues, customer incentives and underlying factors. Although we believe that our plans, intentions and expectations reflected in, or suggested by, such forward-looking statements are reasonable, we can give no assurance that such plans, intentions or expectations will be achieved. By their nature, forward-looking statements: (i) speak only as of the date they are made, (ii) are not guarantees of future performance or results and (iii) are subject to risks, uncertainties and assumptions that are difficult to predict or quantify. Therefore, actual results could differ materially and adversely from those forward-looking statements as a result of a variety of factors. Such risks, uncertainties and other factors include, but are not limited to, (1) changes in general and local economic, industry and business conditions and impacts of a significant homebuilding downturn; (2) shortages in, and price fluctuations of, raw materials and labor, including due to geopolitical events, changes in trade policies, including the imposition of tariffs and duties on homebuilding materials and products and related trade disputes with and retaliatory measures taken by other countries and because of changes in immigration laws or the enforcement thereof and trends in labor migration; (3) fluctuations in interest rates and the availability of mortgage financing, including as a result of instability in the banking sector; (4) increases in inflation; (5) adverse weather and other environmental conditions and natural or man-made disasters; (6) the seasonality of the Company’s business; (7) the availability and cost of suitable land and improved lots and sufficient liquidity to invest in such land and lots; (8) reliance on, and the performance of, subcontractors; (9) regional and local economic factors, including dependency on certain sectors of the economy, and employment levels affecting home prices and sales activity in the markets where the Company builds homes; (10) increases in cancellations of agreements of sale; (11) changes in tax laws affecting the after-tax costs of owning a home; (12) legal claims brought against us and not resolved in our favor, such as product liability litigation, warranty claims and claims made by mortgage investors; (13) levels of competition; (14) utility shortages and outages or rate fluctuations; (15) information technology failures and data security breaches; (16) negative publicity; (17) global economic and political instability (18) high leverage and restrictions on the Company’s operations and activities imposed by the agreements governing the Company’s outstanding indebtedness; (19) availability and terms of financing to the Company; (20) the Company’s sources of liquidity; (21) changes in credit ratings; (22) government regulation, including regulations concerning the development of land, the home building, sales and customer financing processes, tax laws and environmental, health and safety matters; (23) potential liability as a result of the past or present use of hazardous materials; (24) operations through unconsolidated joint ventures with third parties; (25) significant influence of the Company’s controlling stockholders; (26) availability of net operating loss carryforwards; (27) loss of key management personnel or failure to attract qualified personnel; and (28) certain risks, uncertainties and other factors described in detail in the Company’s Annual Report on Form 10-K for the fiscal year ended October 31, 2025 and the Company’s Quarterly Reports on Form 10-Q for the quarterly periods during fiscal 2026 and subsequent filings with the Securities and Exchange Commission. Except as otherwise required by applicable securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason.

NON-GAAP FINANCIAL MEASURES:

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

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

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

Adjusted investment, which is defined as total inventories excluding liabilities from inventory not owned, net of debt issuance costs and interest capitalized and including investments in and advances to unconsolidated joint ventures ("Adjusted Investment"), is a non-GAAP financial measure. The most directly comparable GAAP financial measure is total inventories. The reconciliation for historical periods of Adjusted Investment to total inventories is presented in a table attached to this presentation.

The ratio of Adjusted EBIT return on adjusted investment ("Adjusted EBIT ROI"), which is the ratio of Adjusted EBIT for the trailing twelve-months, to the average Adjusted Investment for the prior five fiscal quarters, is a non-GAAP financial measure. The most directly comparable GAAP financial measure is the ratio of net income return to total inventories. The presentation of the ratios of Adjusted EBIT ROI and net income return on inventory are presented in a table attached to this presentation.

Total liquidity is comprised of \$339.9 million of cash and cash equivalents, \$6.5 million of restricted cash required to collateralize letters of credit and \$125.0 million available under a senior secured revolving credit facility as of January 31, 2026.



Recent company performance

First Quarter Results Compared to Guidance

(\$ in millions)

	<u>Guidance</u> <u>Q1 2026⁽¹⁾</u>	<u>Actuals</u> <u>Q1 2026</u>
Total Revenues	\$550 - \$650	\$632
Adjusted Homebuilding Gross Margin⁽²⁾	13.0% - 14.0%	13.4%
Total SG&A as Percentage of Total Revenues⁽³⁾	13.5% - 14.5%	13.3%
Income from Unconsolidated Joint Ventures	\$0 - \$10	\$3
Adjusted EBITDA⁽⁴⁾	\$35 - \$45	\$63
Adjusted Income Before Income Taxes⁽⁵⁾	\$10 - \$20	\$31

(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 \$120.23, which was the price at the end of the fourth quarter of fiscal year 2025.

(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, net. See appendix for a reconciliation of the historic measure to the most directly comparable GAAP measure.

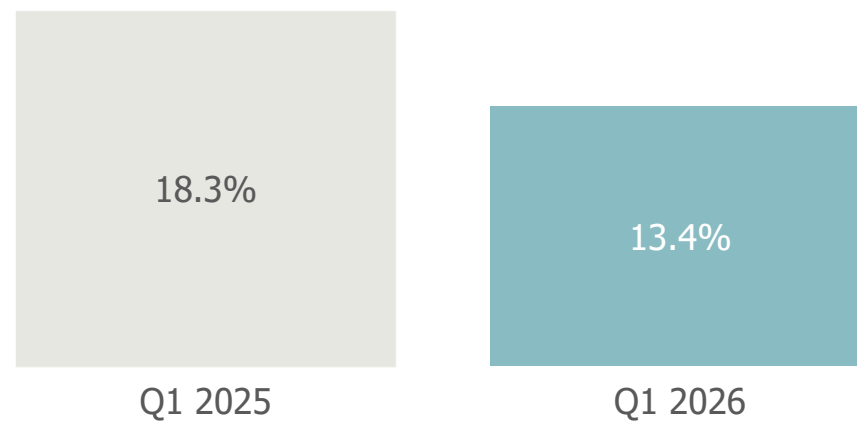
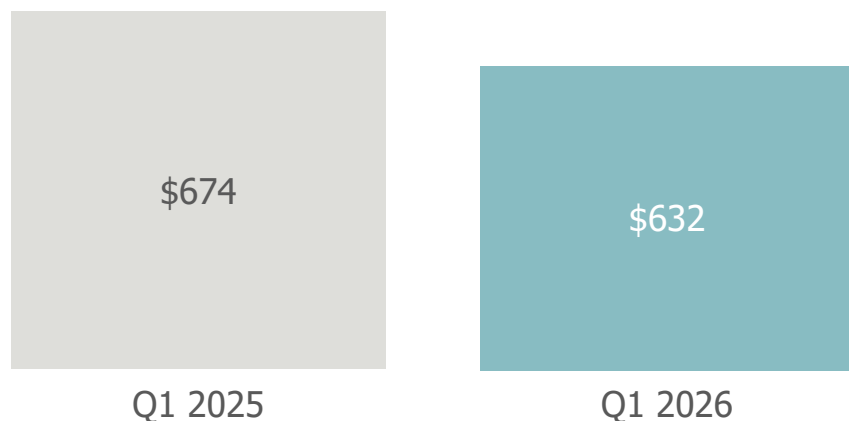
(5) Adjusted Income Before Income Taxes excludes land-related charges, joint venture write-downs and loss (gain) on extinguishment of debt, net and is a non-GAAP financial measure. See appendix for a reconciliation of the historic measure to the most directly comparable GAAP measure.

First Quarter Results Compared to Last Year

(\$ in millions)

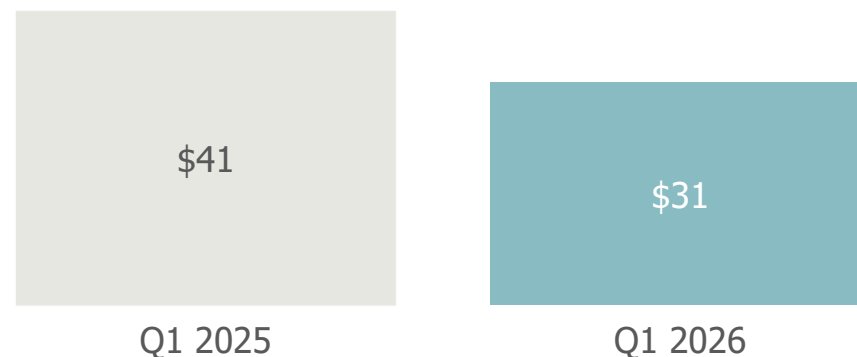
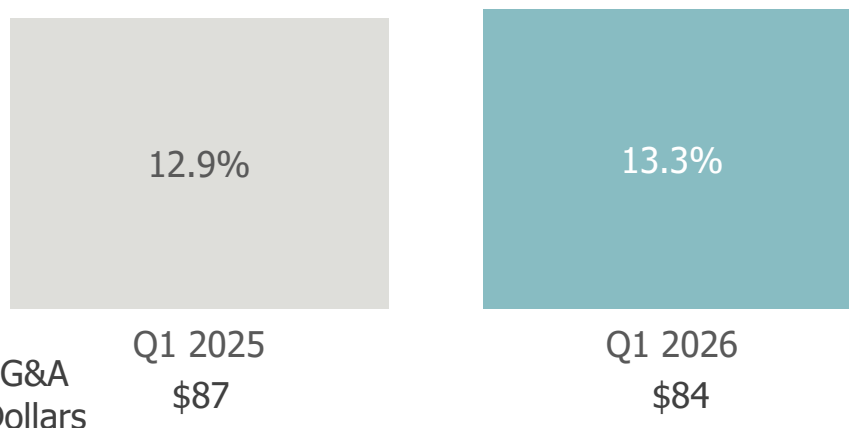
Total Revenues

Adjusted Gross Margin⁽¹⁾



Total SG&A Expense as a Percentage of Total Revenues⁽²⁾

Adjusted Income Before Income Taxes⁽³⁾



SG&A Dollars
Q1 2025 \$87

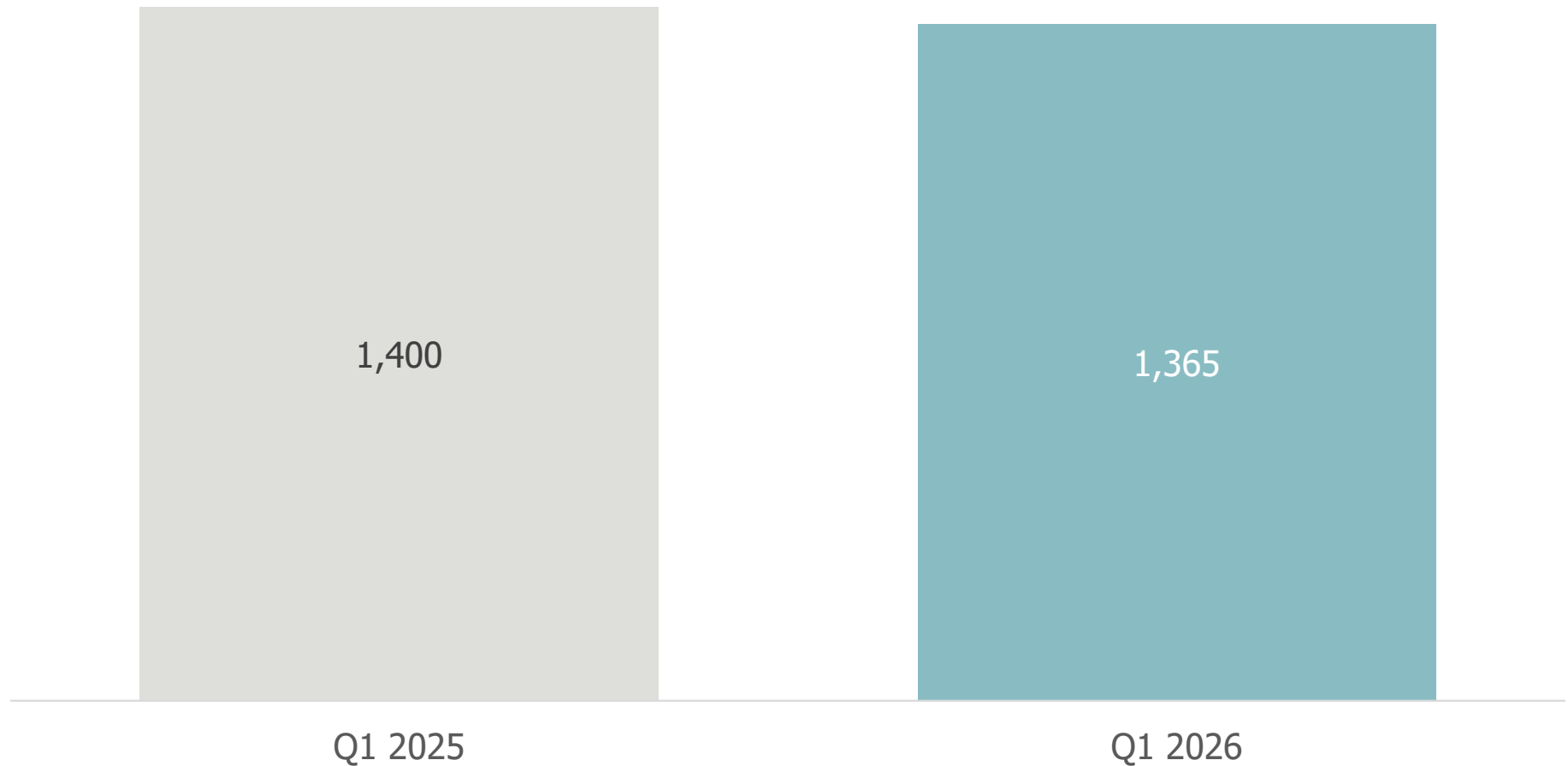
Q1 2026 \$84

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

⁽²⁾ 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, 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.

Contracts, including domestic unconsolidated joint ventures



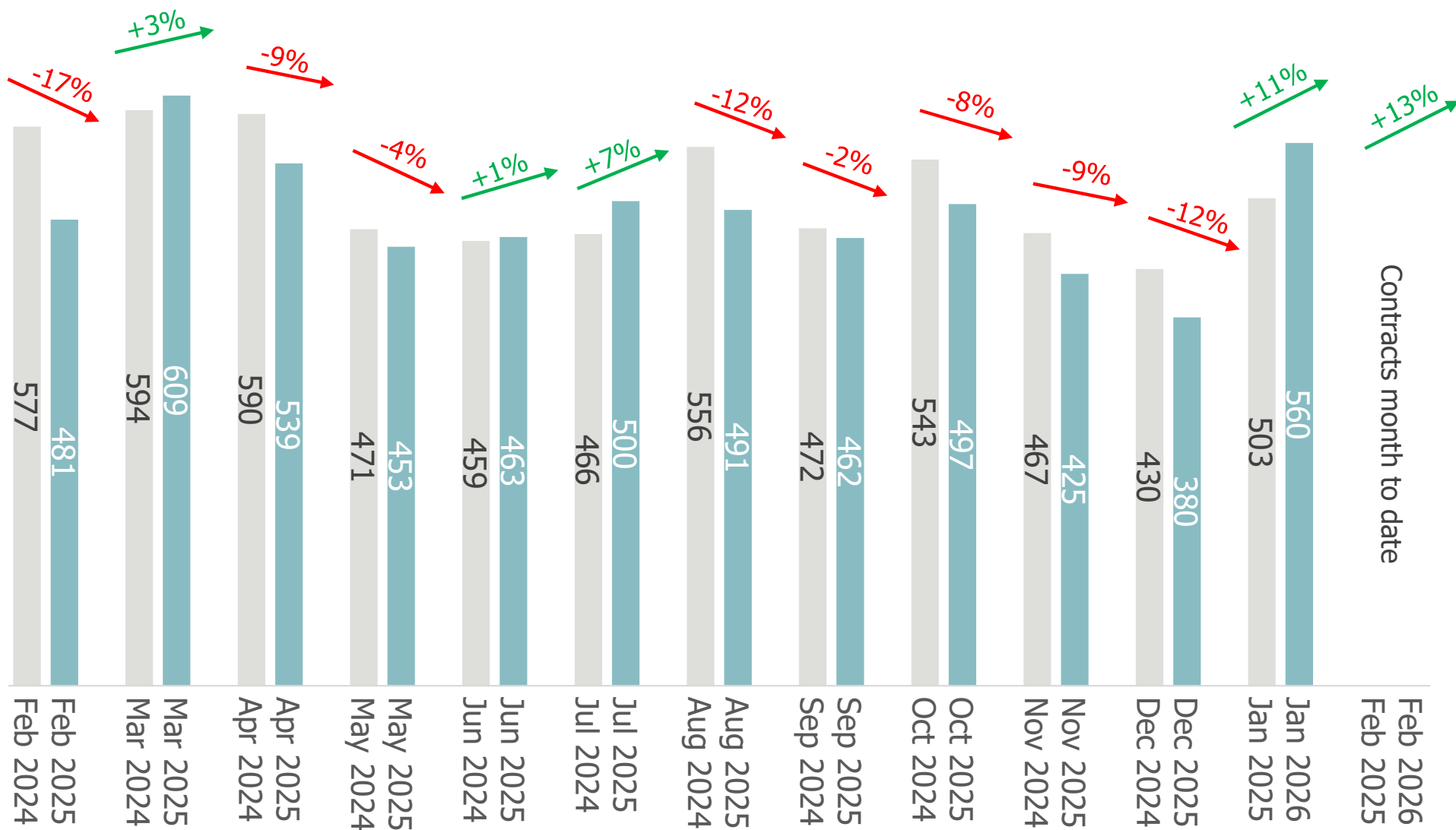
Note: Includes domestic unconsolidated joint venture contracts.

Monthly Traffic per Community



Note: Includes domestic unconsolidated joint venture communities.

Monthly contracts

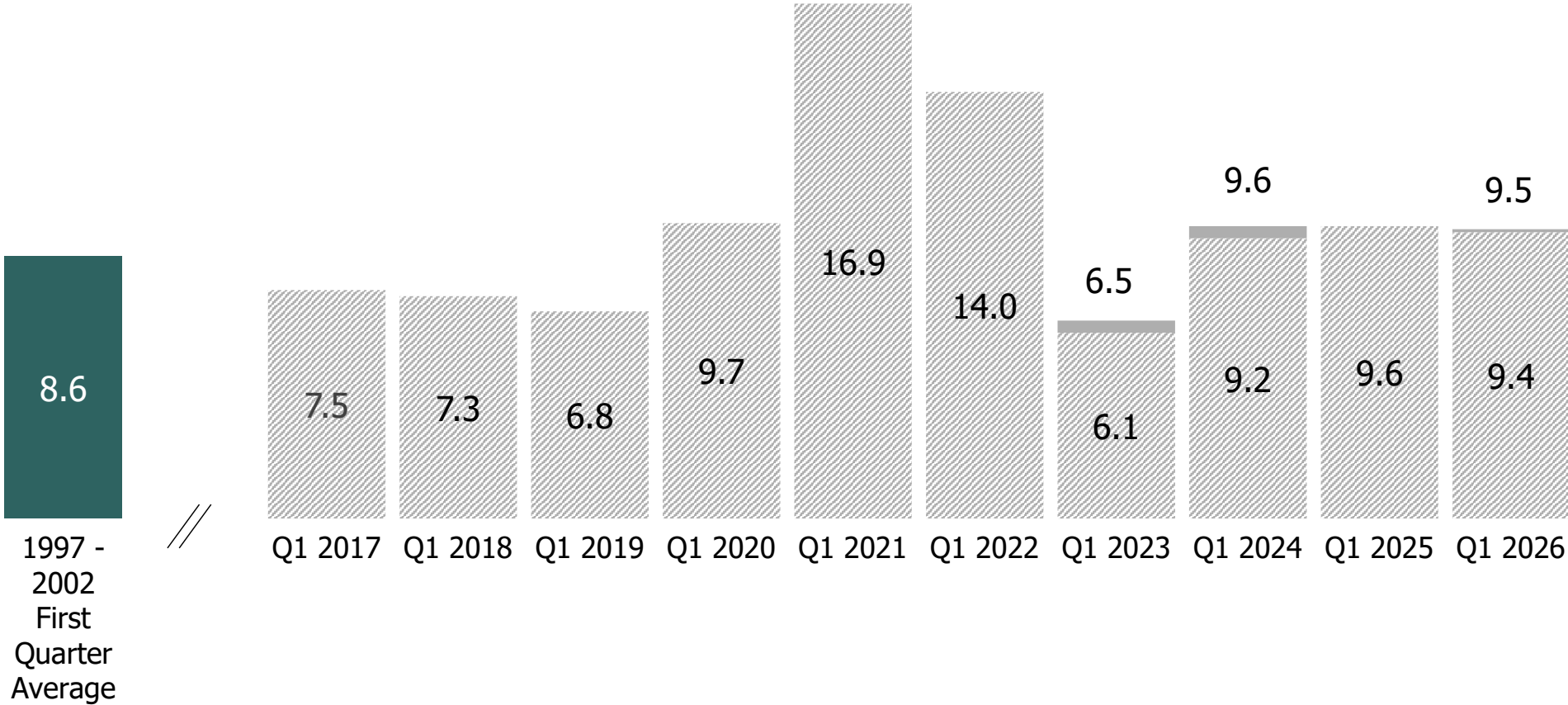


Note: Includes domestic unconsolidated joint venture contracts.

Note: February contracts months to date through February 23rd for both 2025 and 2026.

Quarterly Contracts Per Community

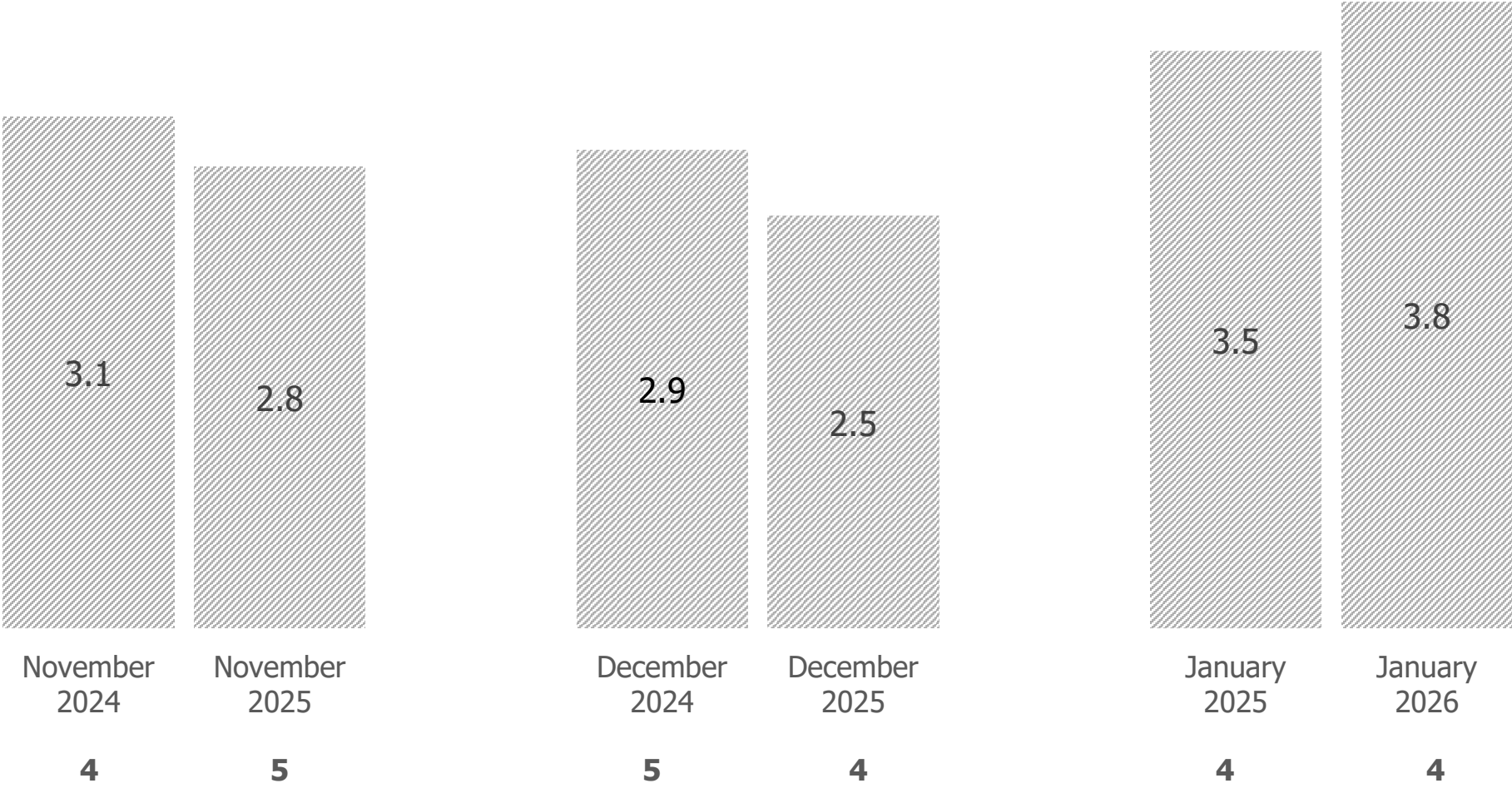
▨ Excluding Build for Rent ■ Including Build for Rent



Note: Excludes unconsolidated joint ventures.

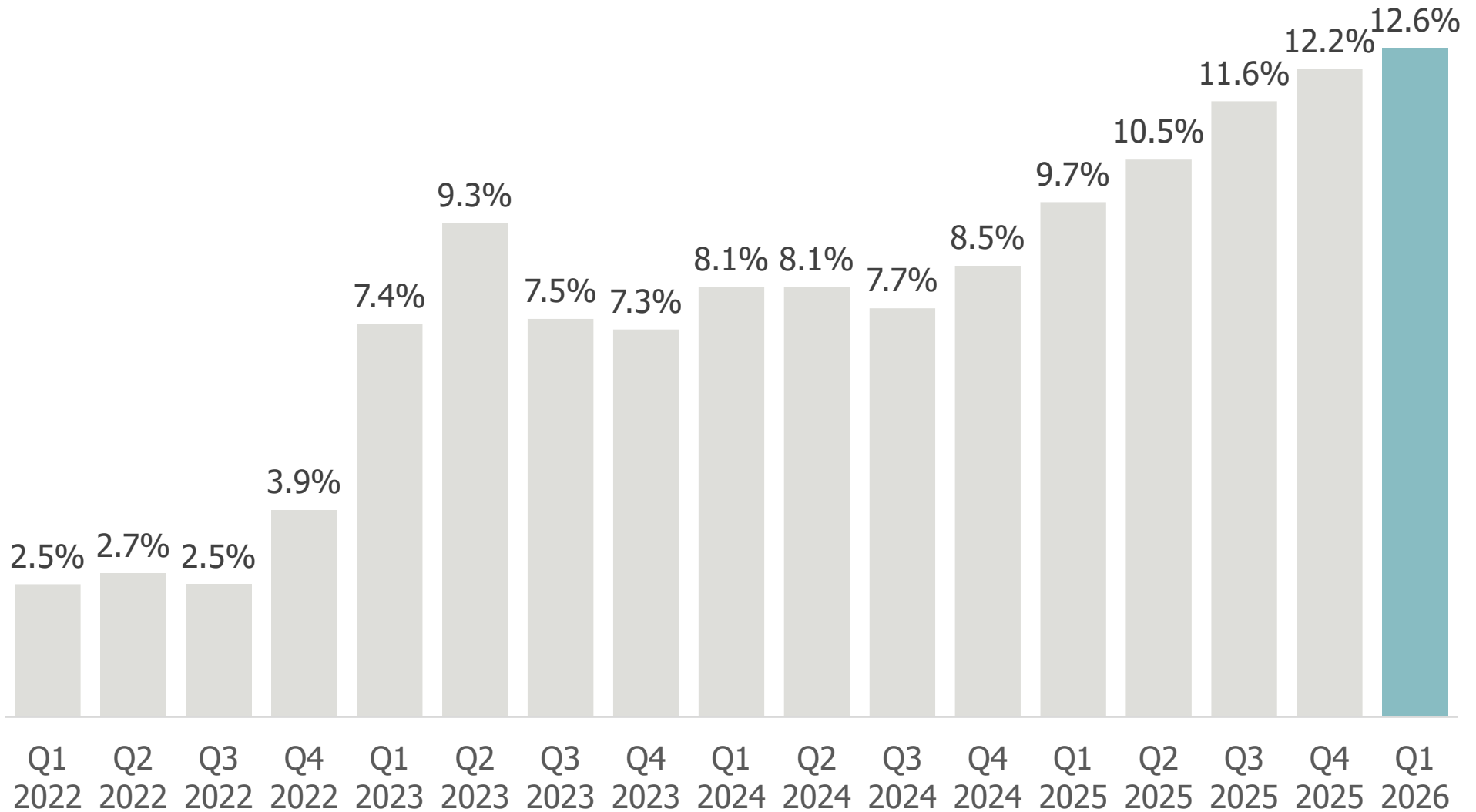
Contracts Per Community

▨ Excluding Build for Rent ■ Including Build for Rent



Note: Excludes unconsolidated joint ventures.

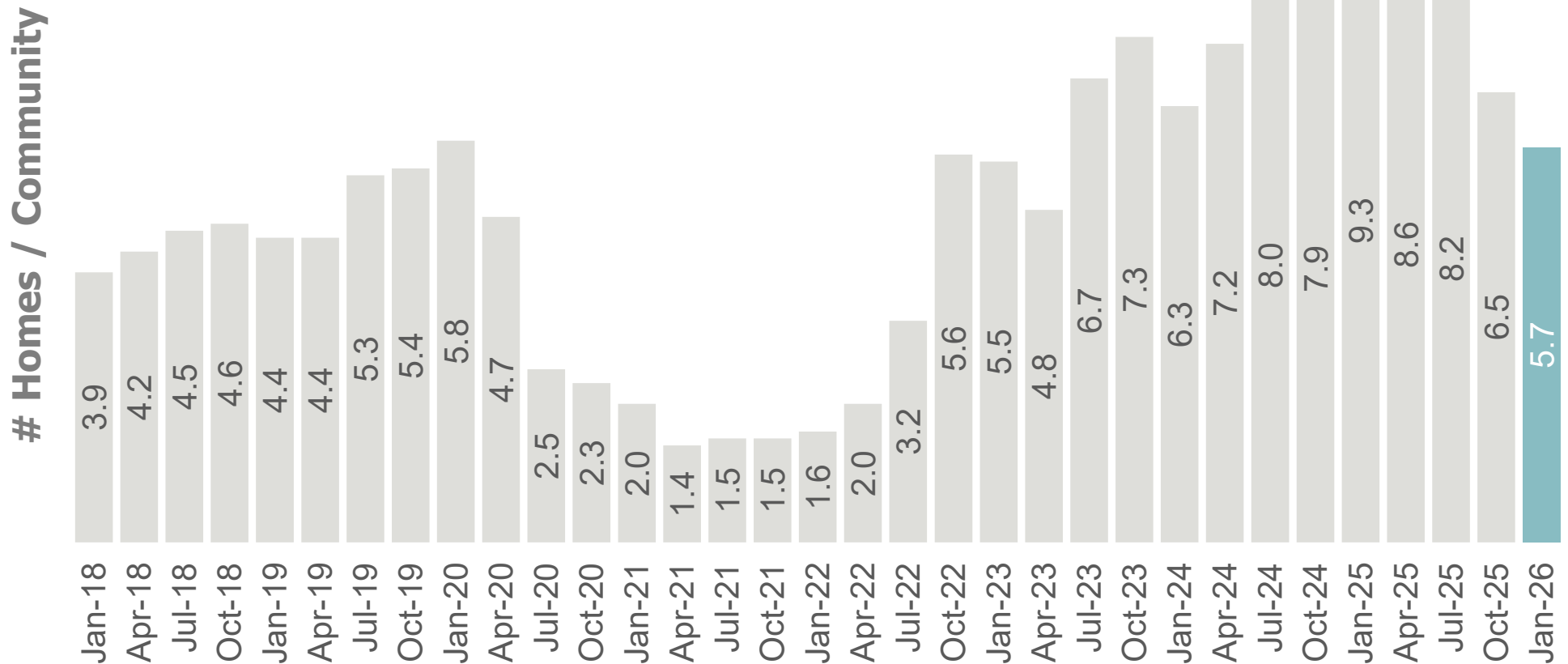
Percentage of Incentives for Deliveries



Note: "% of incentives for deliveries" is percentage of incentives to total revenue before incentives for deliveries. The percentages are indicative of the percentage of incentives we used when underwriting new land acquisitions in those quarters.

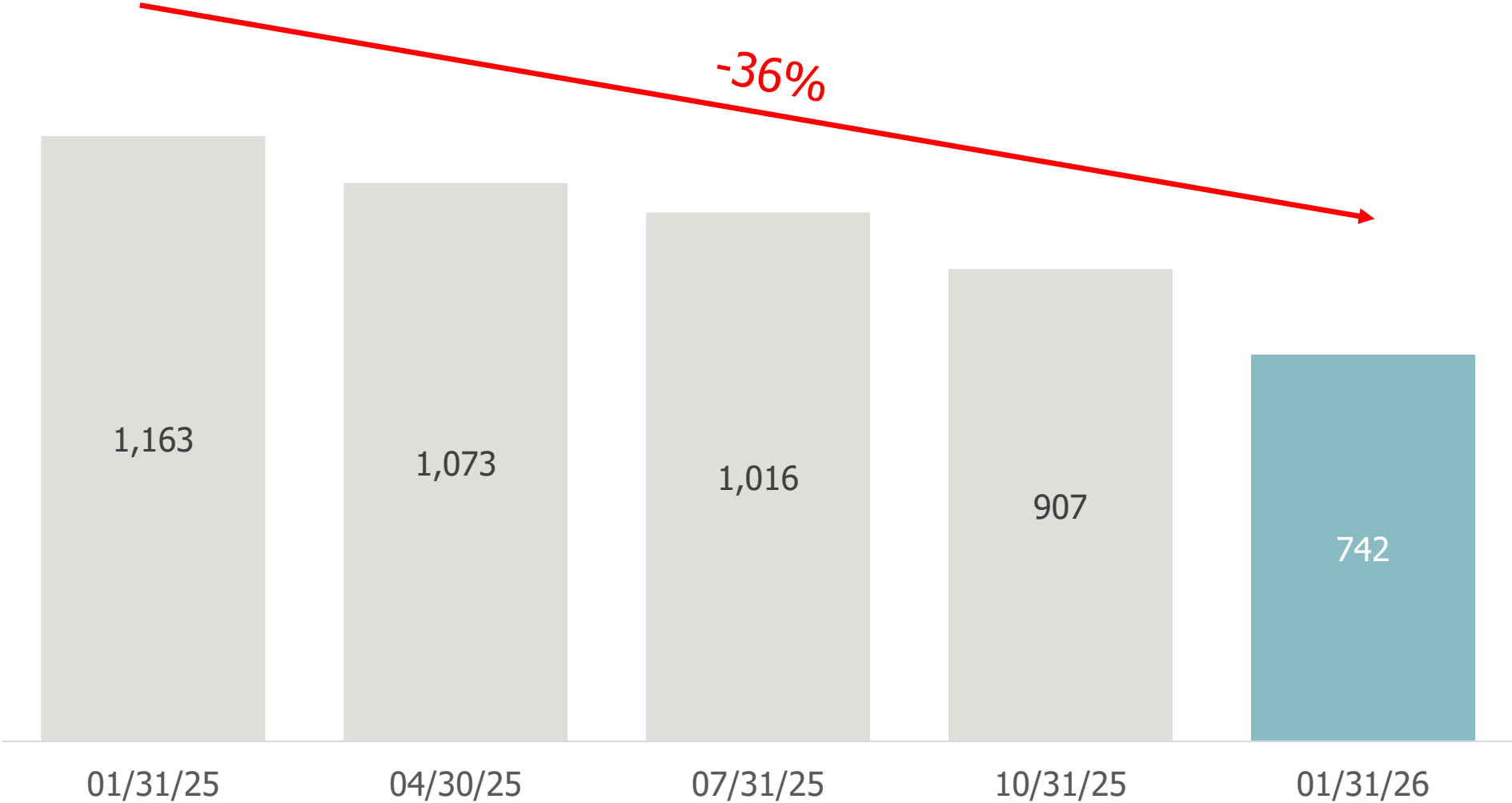
Quick Move In Homes (QMIs) Per Community

- 742 QMIs at 01/31/26, excluding models
- 4.7 average QMIs per community since 1997
- 248 finished QMIs at 01/31/26



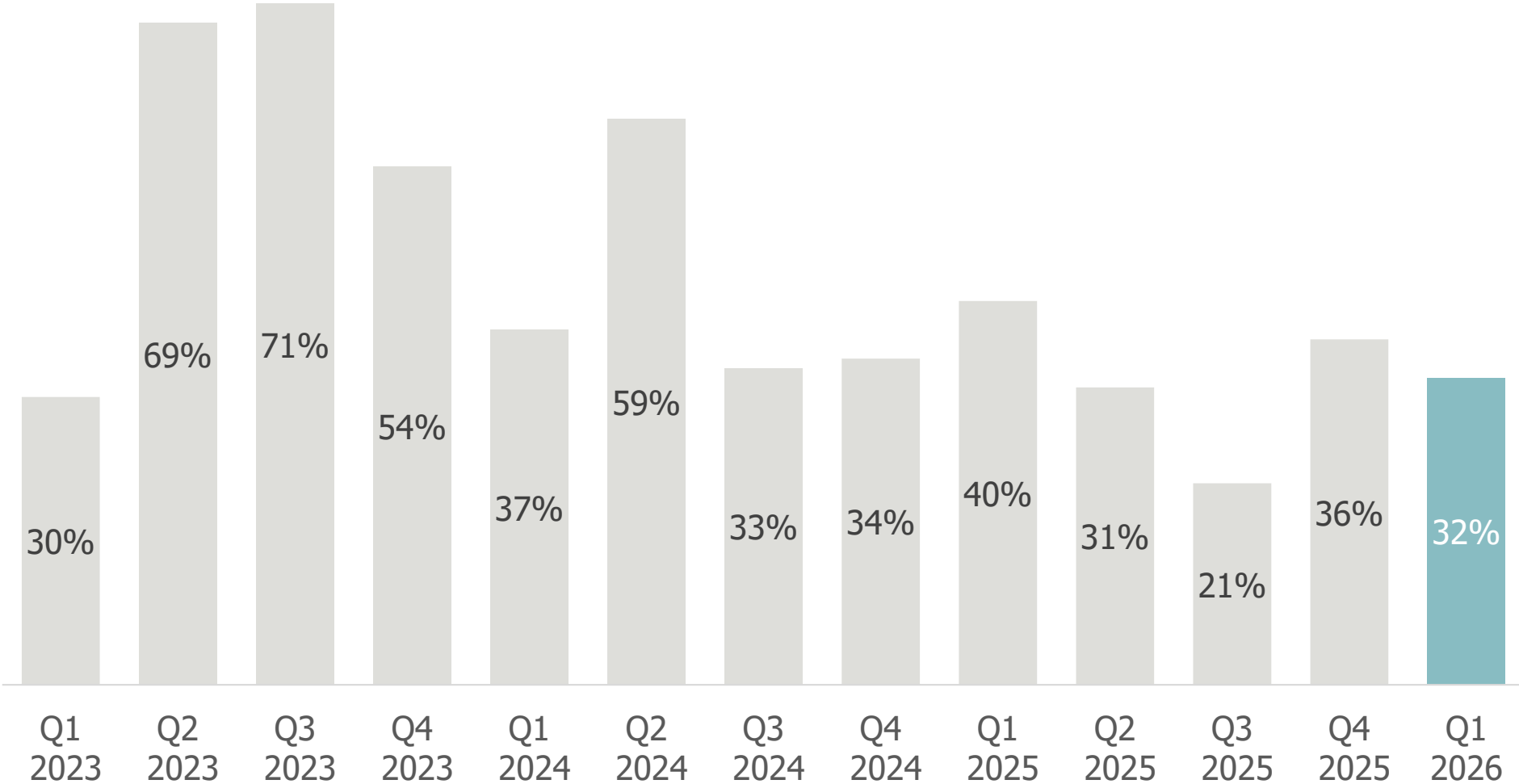
Note: Excluding unconsolidated joint ventures and models. Excludes Kingdom of Saudi Arabia operations.

Quick Move In Homes (QMIs)



Note: Excluding unconsolidated joint ventures and models. Excludes Kingdom of Saudi Arabia operations.

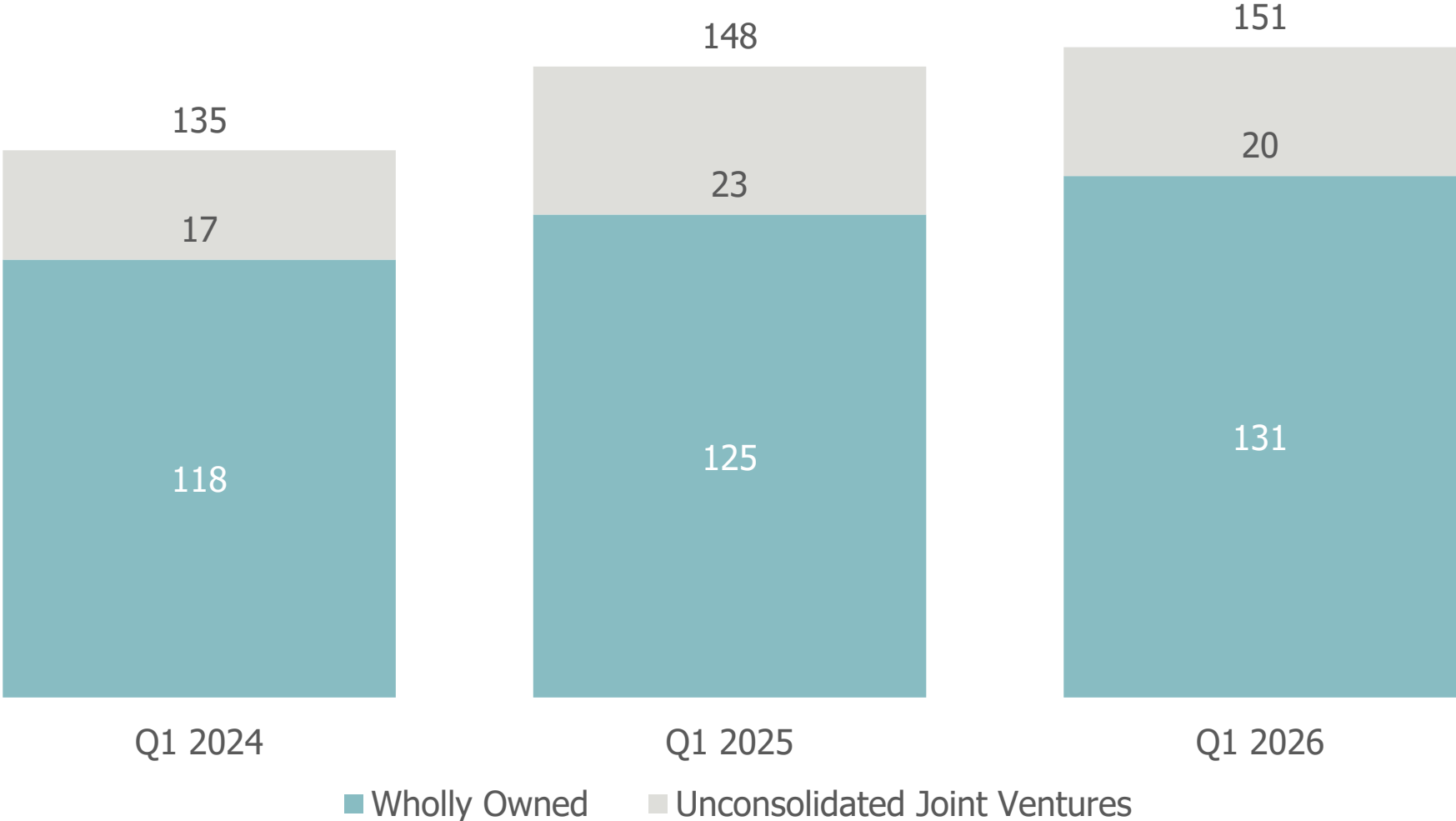
Percentage of communities where we raised net prices



Note: Excludes Kingdom of Saudi Arabia operations.

Community Count

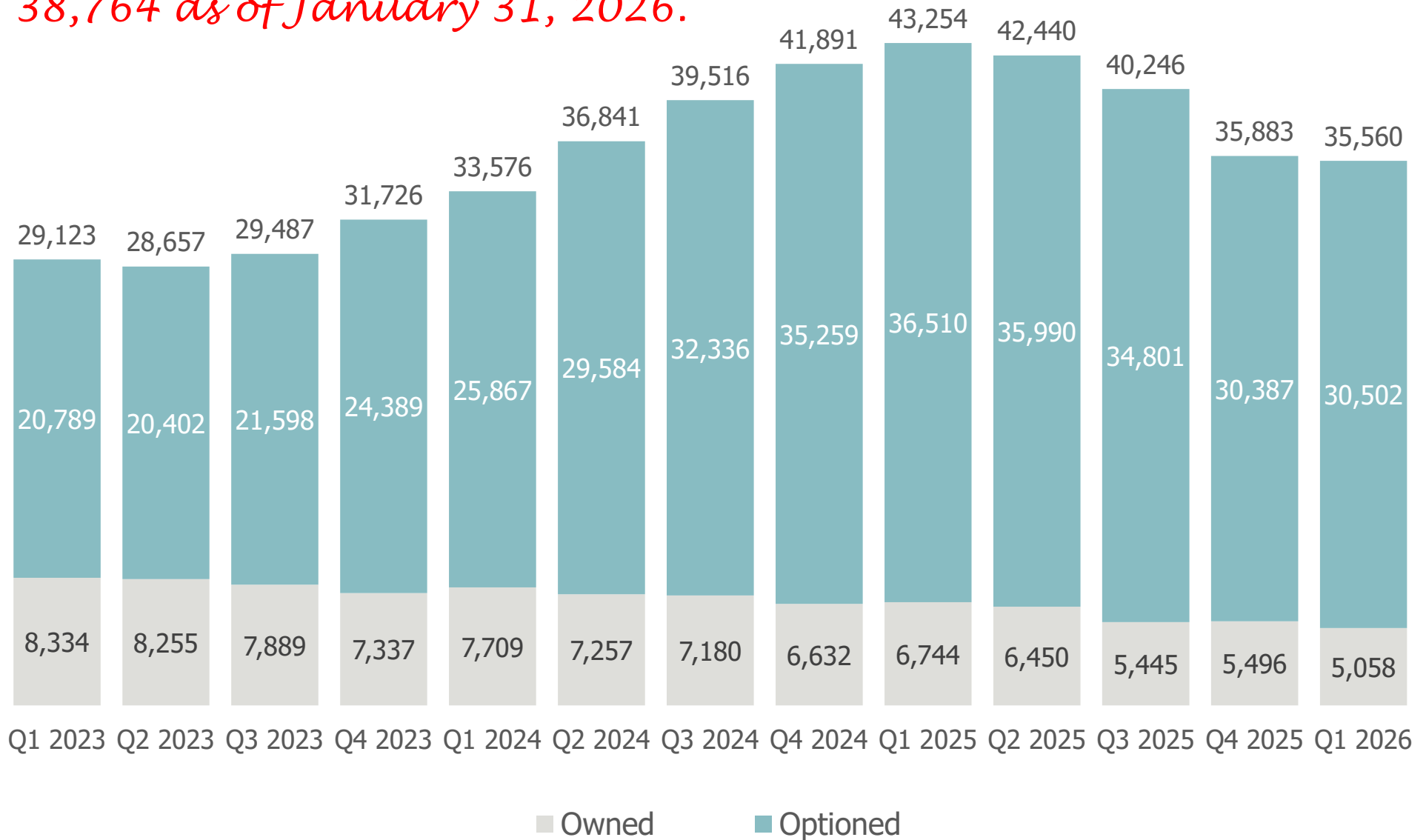
Community count expected to grow further in fiscal 2026.



Note: Excludes our four consolidated communities in the Kingdom of Saudi Arabia as of 2026 and four unconsolidated joint venture communities as of 2025 and two unconsolidated joint venture communities as of 2024.

Lots Controlled

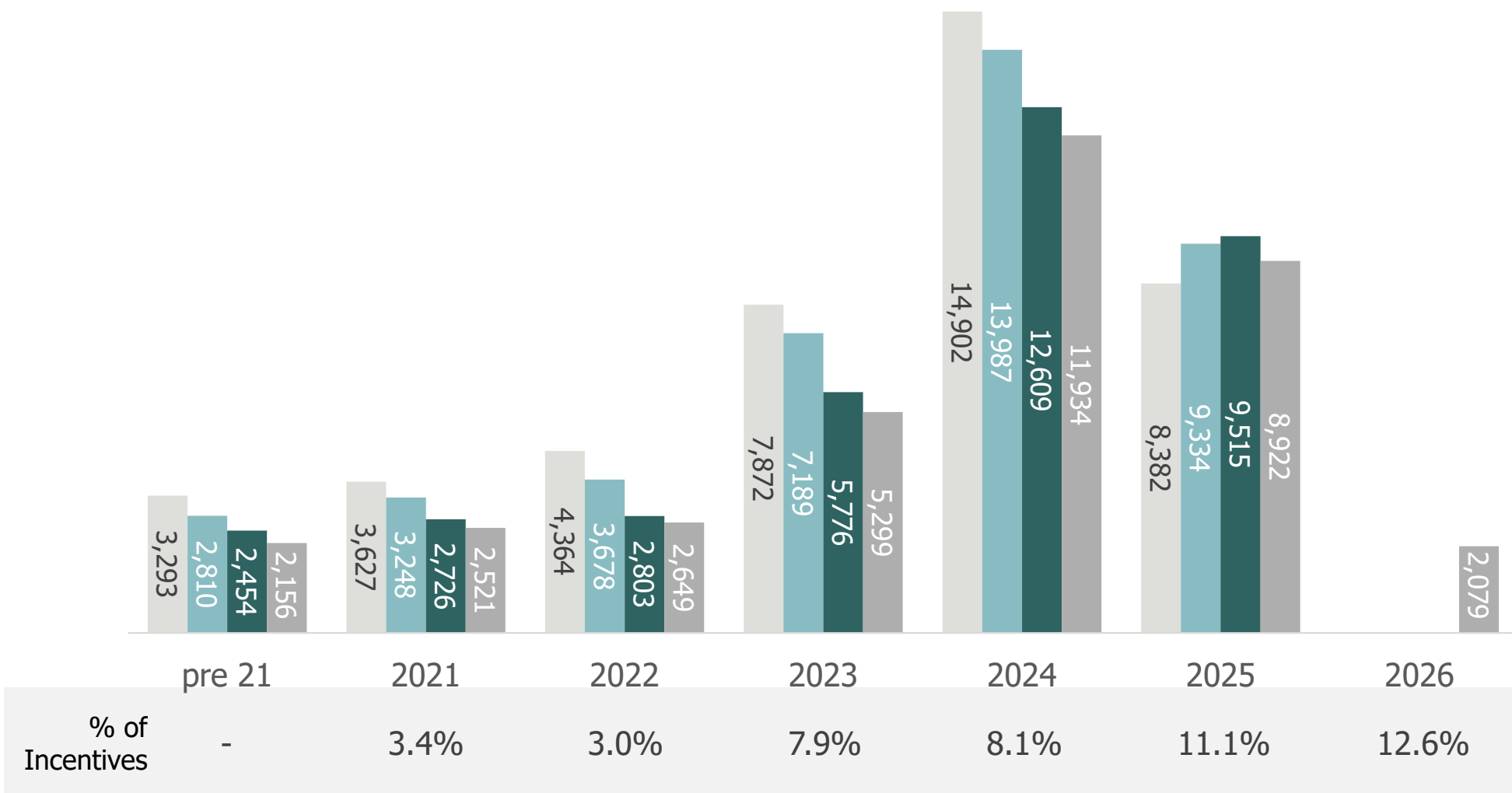
Including domestic unconsolidated joint ventures, our total lots controlled were 38,764 as of January 31, 2026.



Note: Excludes unconsolidated joint ventures. Excludes Kingdom of Saudi Arabia operations.

Lot Vintage

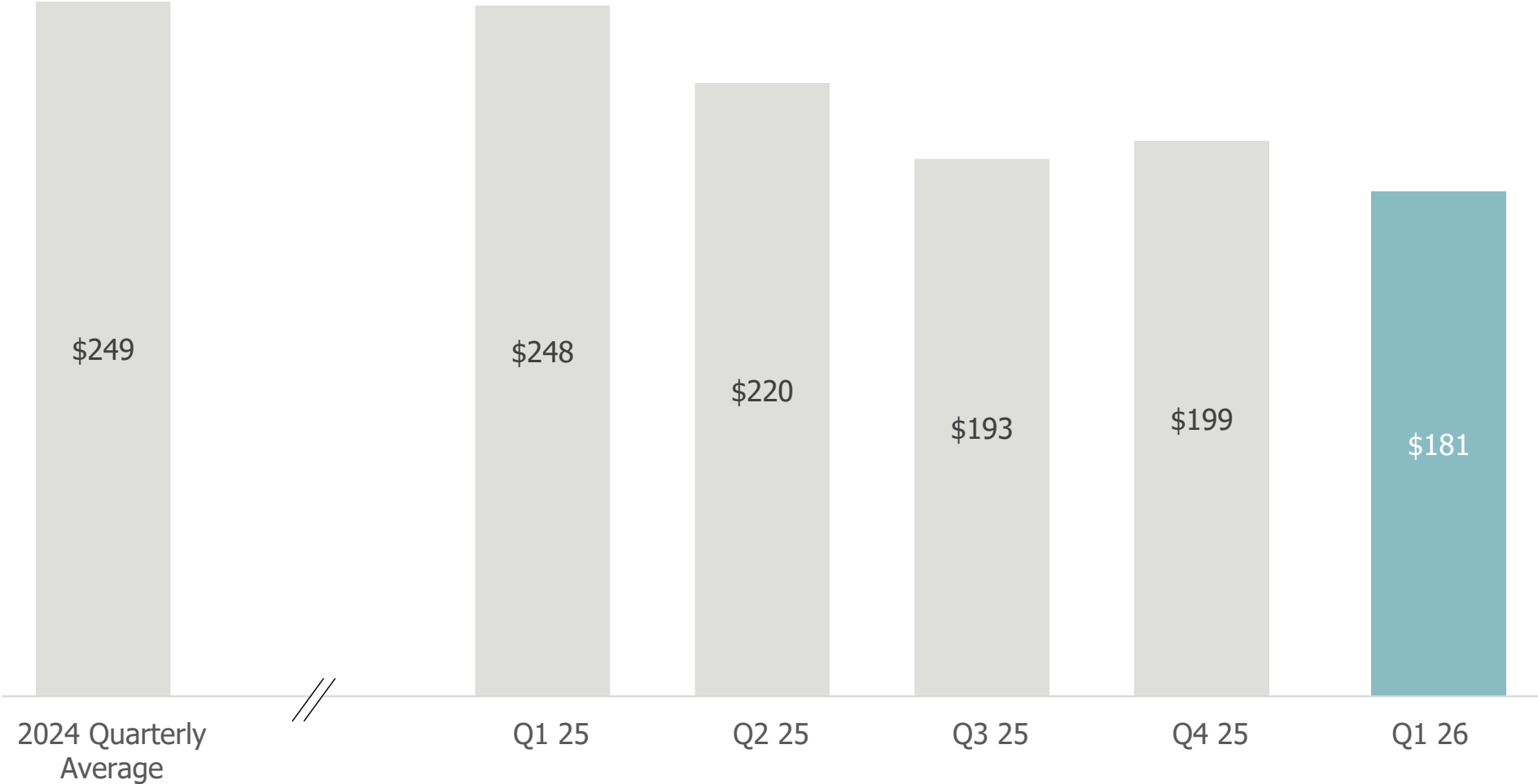
As of ■ April 30, 2025 ■ July 31, 2025 ■ October 31, 2025 ■ January 31, 2026



*Note: "% of incentives for deliveries" is percentage of incentives to total revenue before incentives for deliveries. The percentages are for the full fiscal years and are indicative of the percentage of incentives we used when underwriting new land acquisitions in those years.
 Note: Excludes Kingdom of Saudi Arabia operations.*

Quarterly Land and Land Development Spend

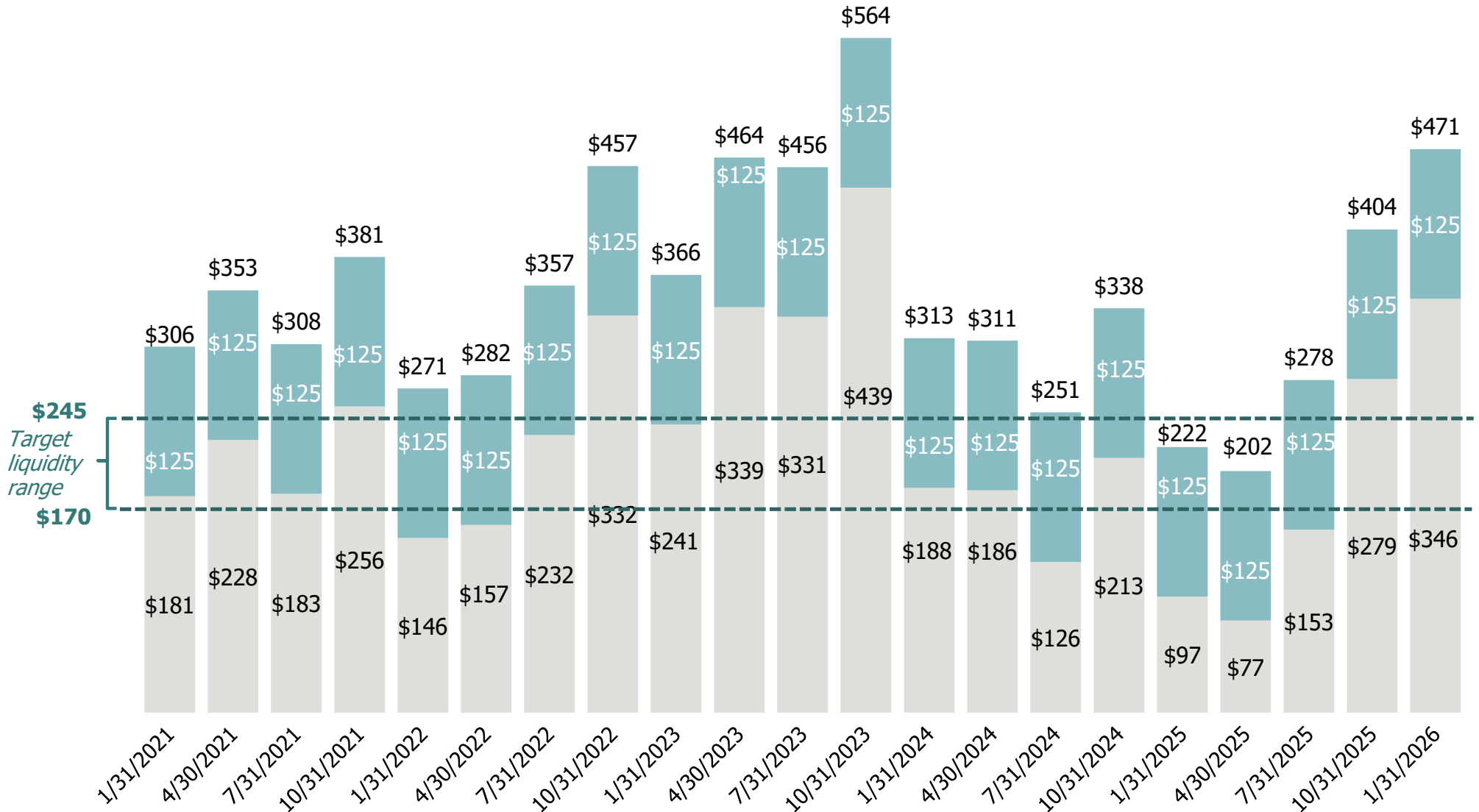
(\$ in millions)



Note: Excludes Kingdom of Saudi Arabia operations.

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.

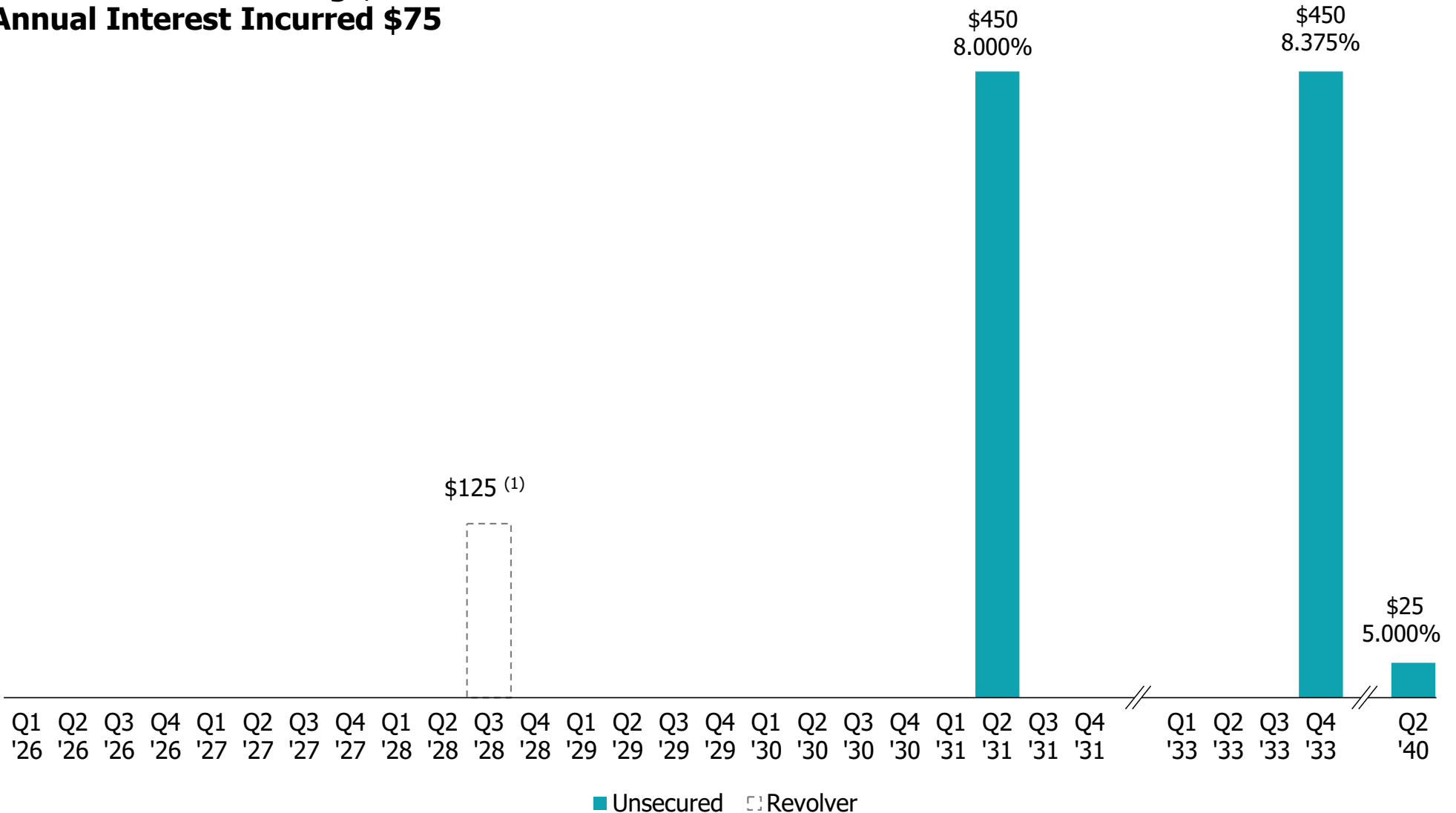
Debt Maturity Profile

As of January 31, 2026

(\$ in millions)

Total Debt Outstanding \$925

Annual Interest Incurred \$75

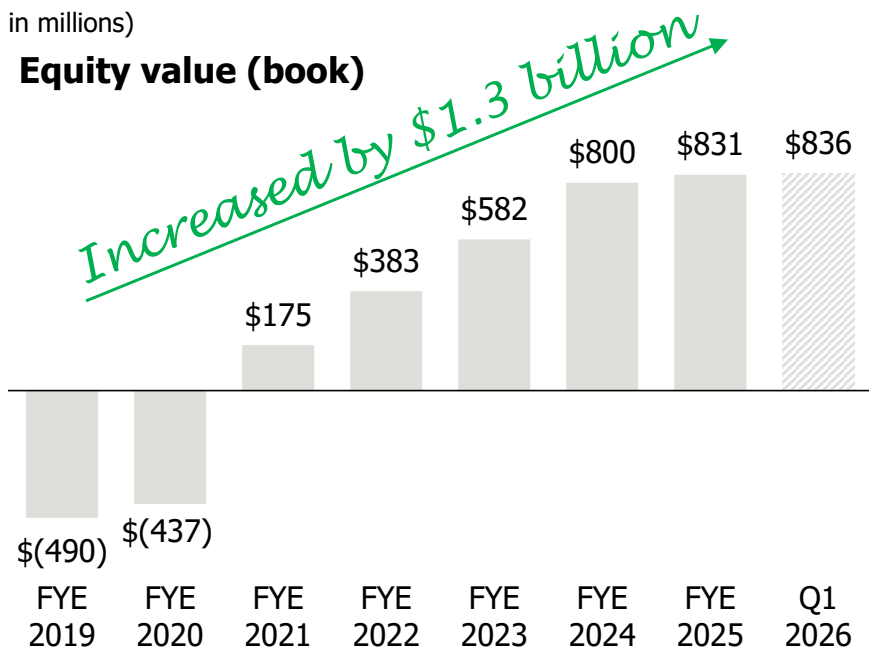


Note: Shown on a fiscal year basis, at face value.
Excludes non-recourse mortgages.
(1) \$0 balance as of January 31, 2026.

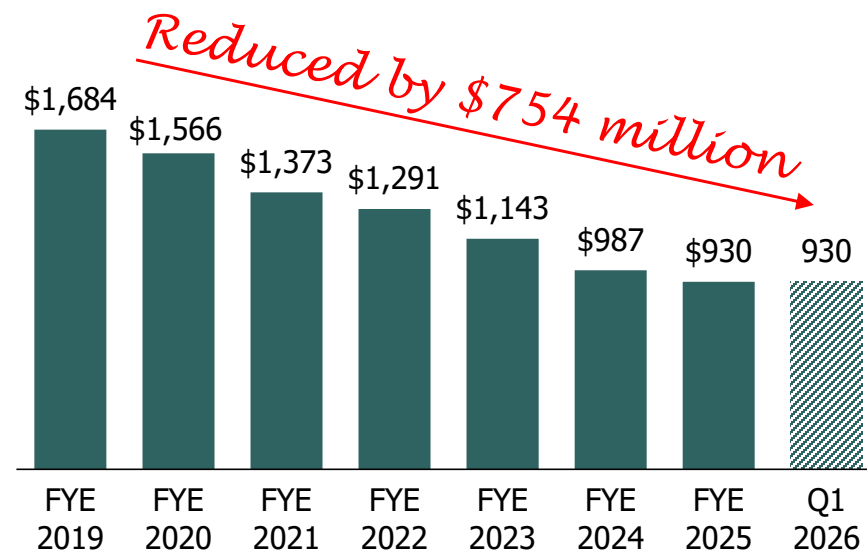
Balance Sheet Metrics

(\$ in millions)

Equity value (book)

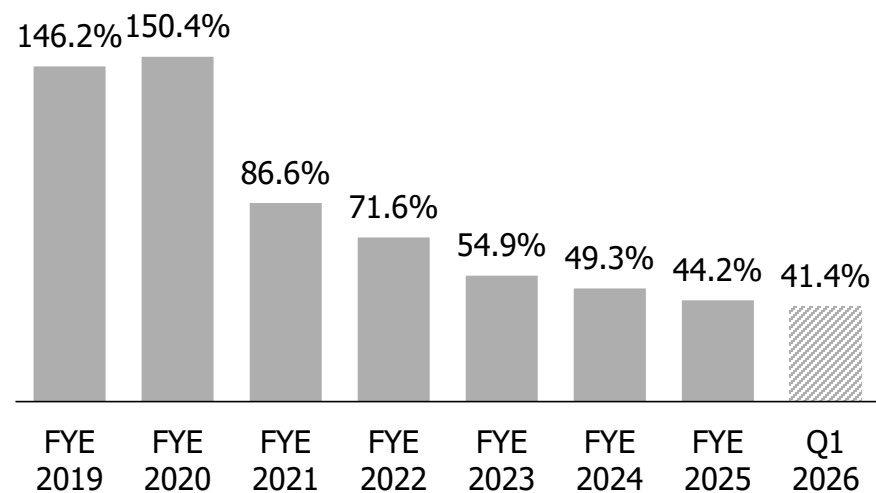


Total debt



Net debt to net capitalization

Goal: 30%



Guidance for Fiscal 2026 Second Quarter

(\$ in millions)

	<u>Guidance</u> <u>Q2 2026⁽¹⁾</u>
Total Revenues	\$625 - \$725
Adjusted Homebuilding Gross Margin⁽²⁾	13.0% - 14.0%
Total SG&A as Percentage of Total Revenues⁽³⁾	12.5% - 13.5%
Income from Unconsolidated Joint Ventures	\$0 - \$10
Adjusted EBITDA⁽⁴⁾	\$30 - \$40
Adjusted Income Before Income Taxes⁽⁵⁾	\$0 - \$10

(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.

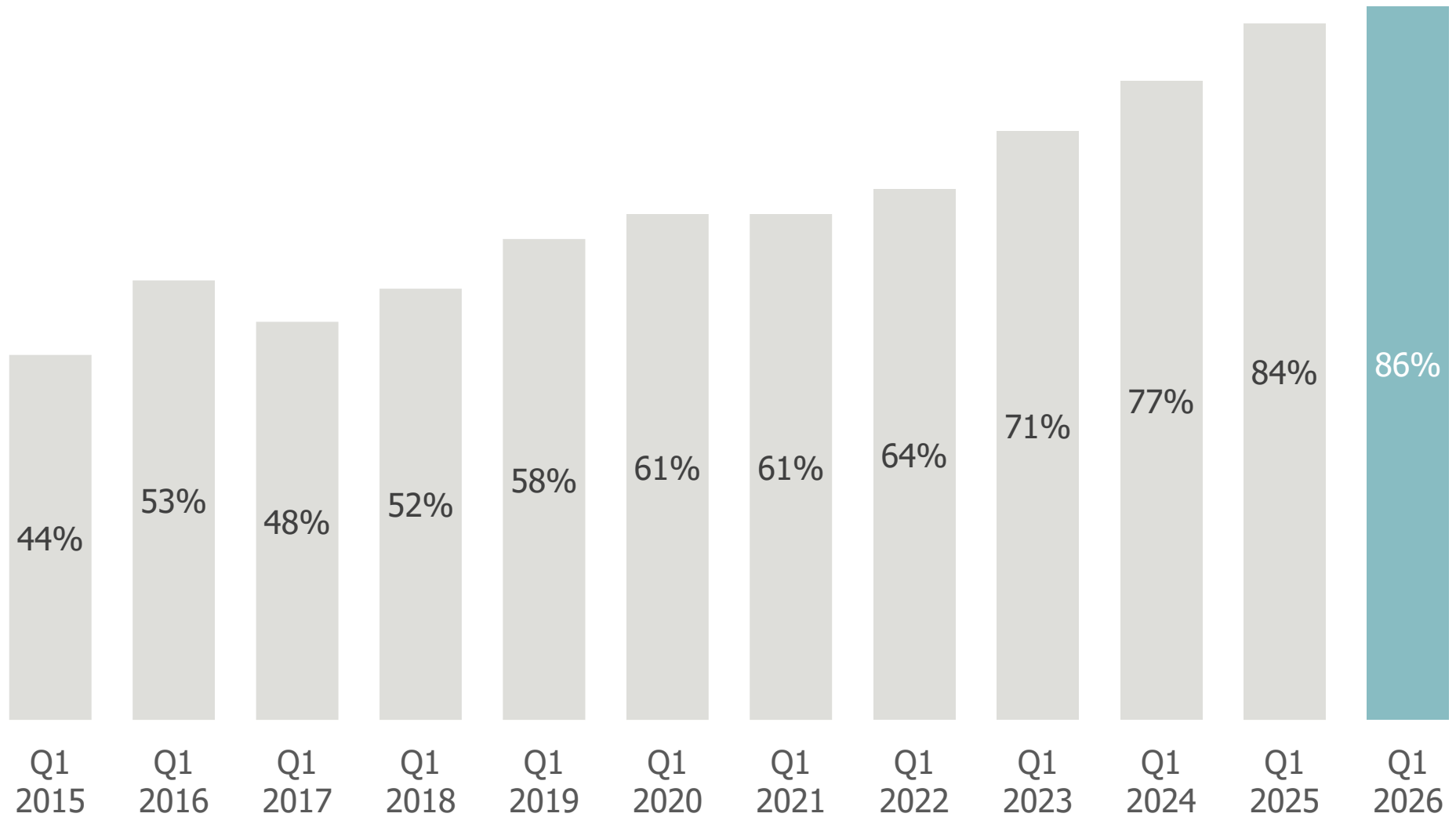
(2) Adjusted homebuilding gross margin percentage is before cost of sales interest expense and land charges and is a non-GAAP financial measure. See appendix for a reconciliation of the historic measure to the most directly comparable GAAP measure.

(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 \$112.65, which was the price at the end of the first quarter of fiscal year 2026.

(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, net. See appendix for a reconciliation of the historic measure to the most directly comparable GAAP measure.

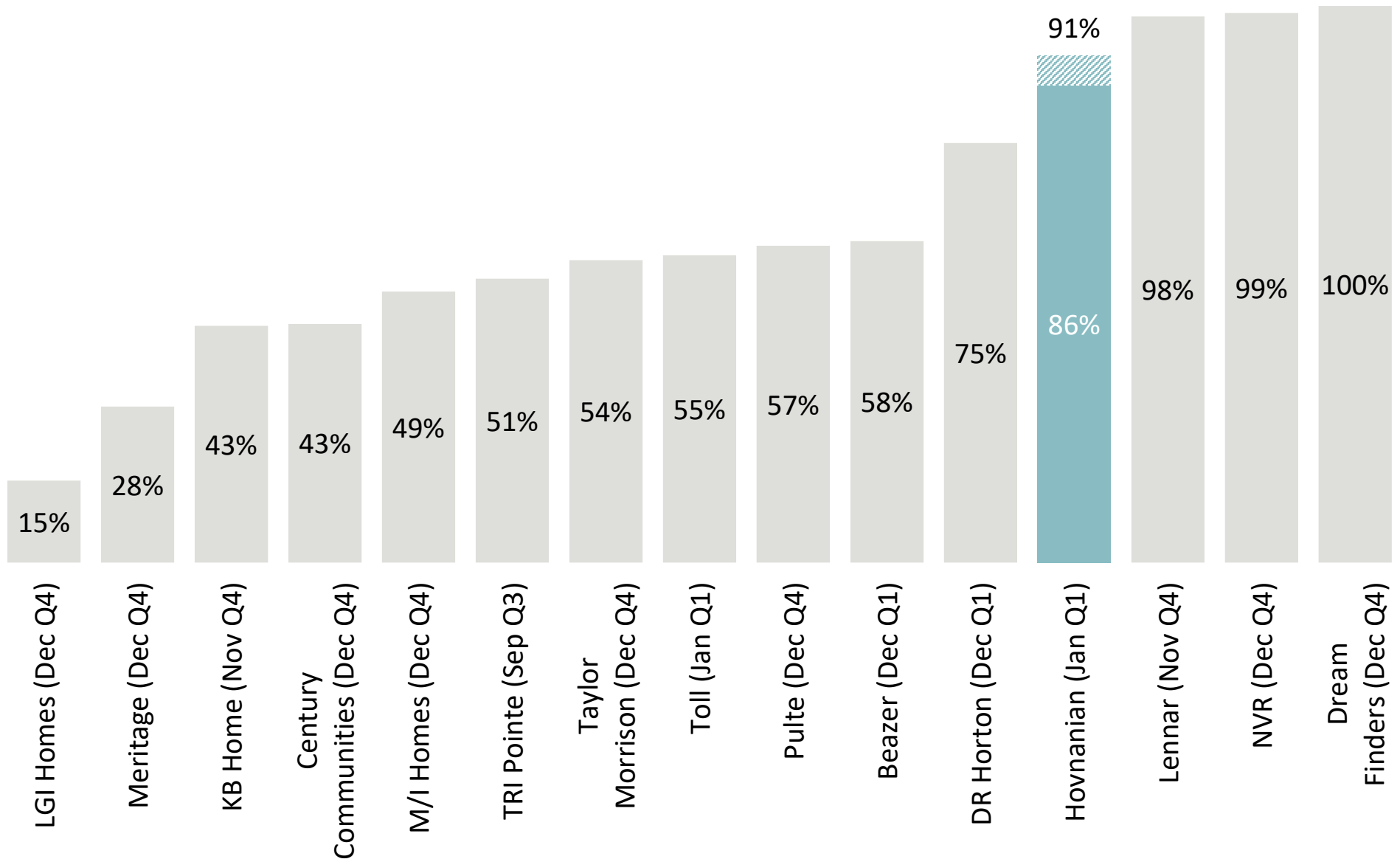
(5) Adjusted Income Before Income Taxes excludes land-related charges, joint venture write-downs and loss (gain) on extinguishment of debt, net and is a non-GAAP financial measure. See appendix for a reconciliation of the historic measure to the most directly comparable GAAP measure.

Percentage of Optioned Lots



Note: Excludes unconsolidated joint ventures. Excludes Kingdom of Saudi Arabia operations.

% of Lots Optioned

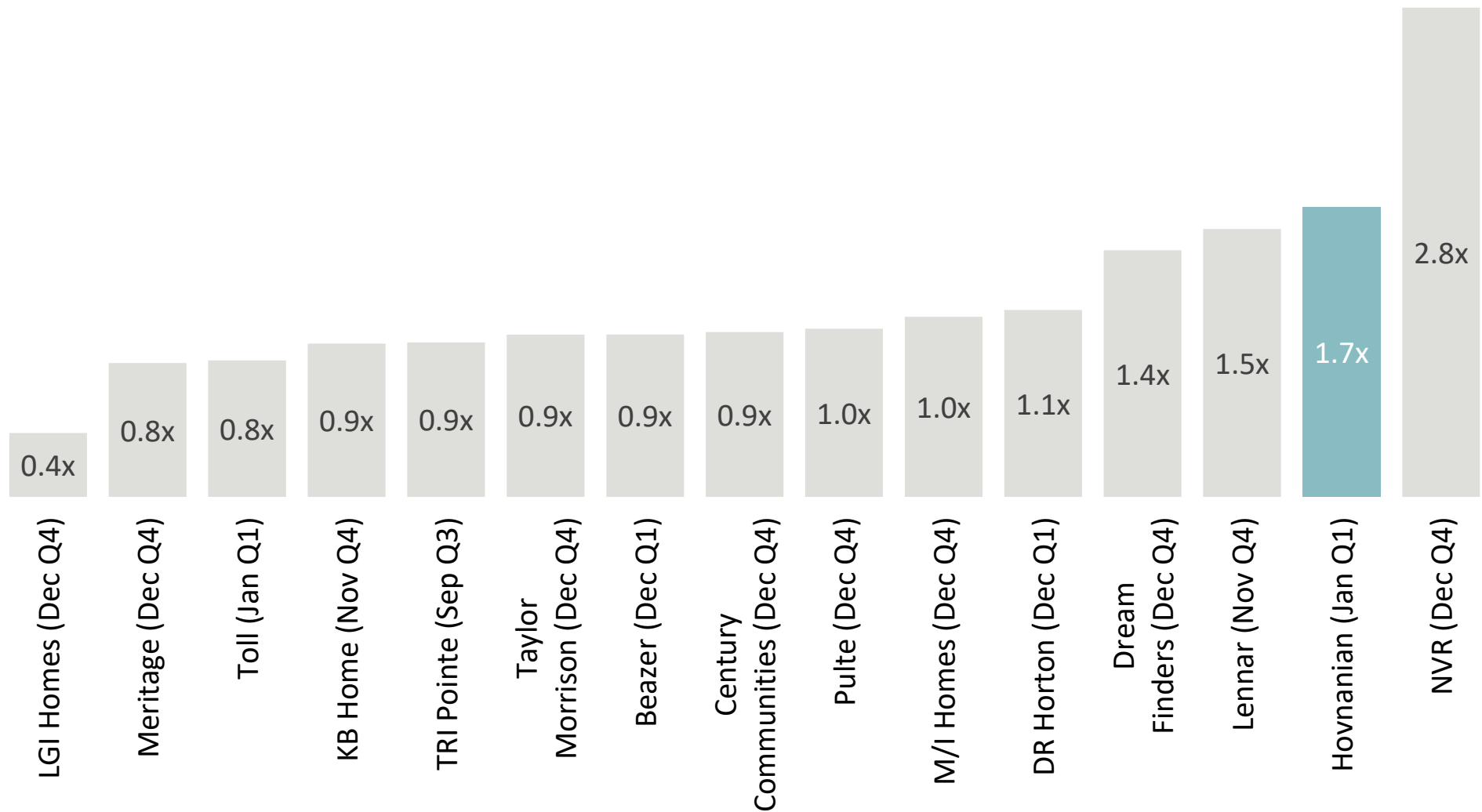


Source: Peer SEC filings and press releases as of 02/25/2026.

Note: Excludes unconsolidated joint ventures.

Note: Hovnanian 91% excludes QMIs and backlog from owned lots.

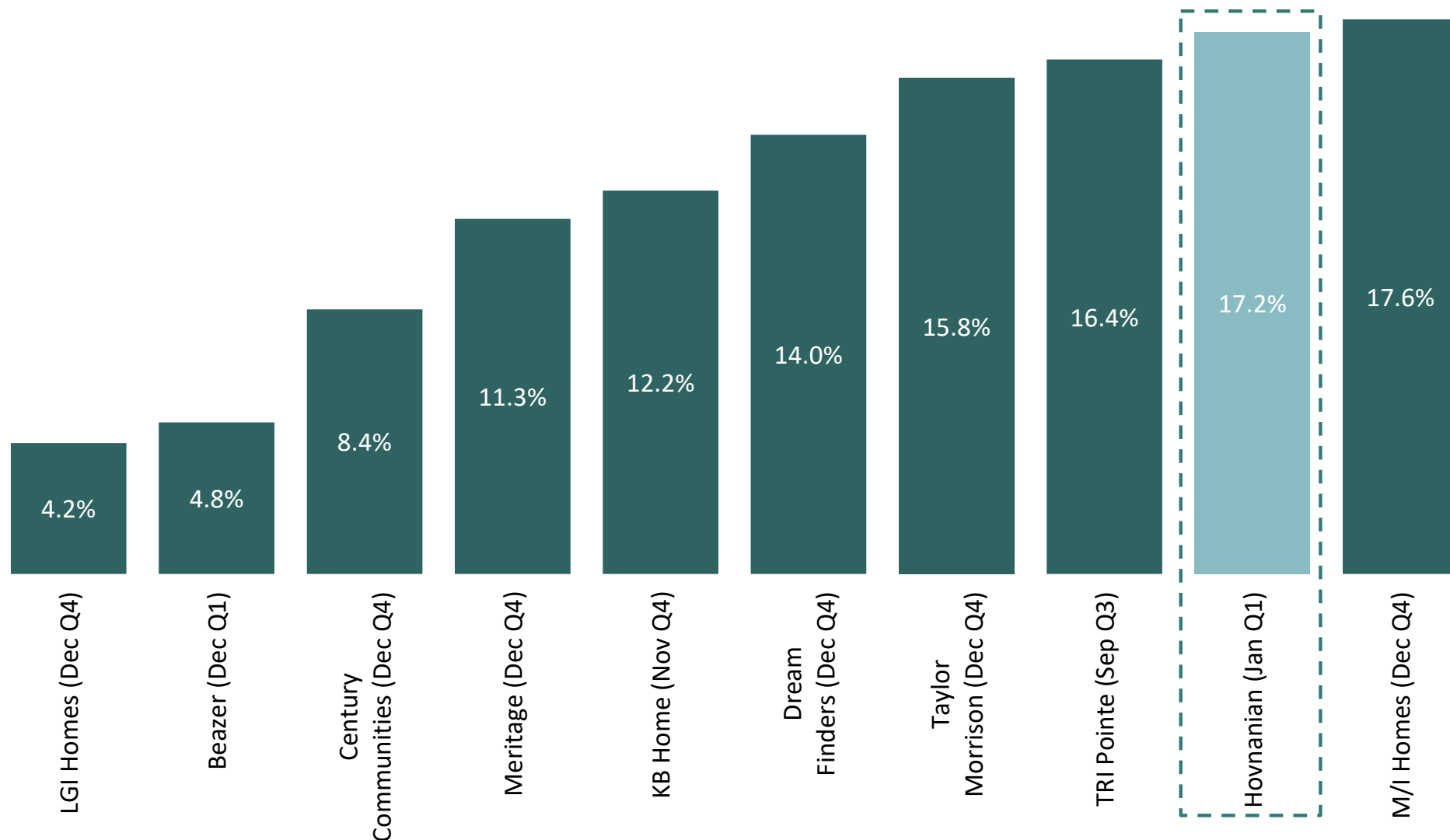
Inventory Turns (COGS), Last Twelve Months



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

Source: Peer SEC filings and press releases as of 02/25/2026.

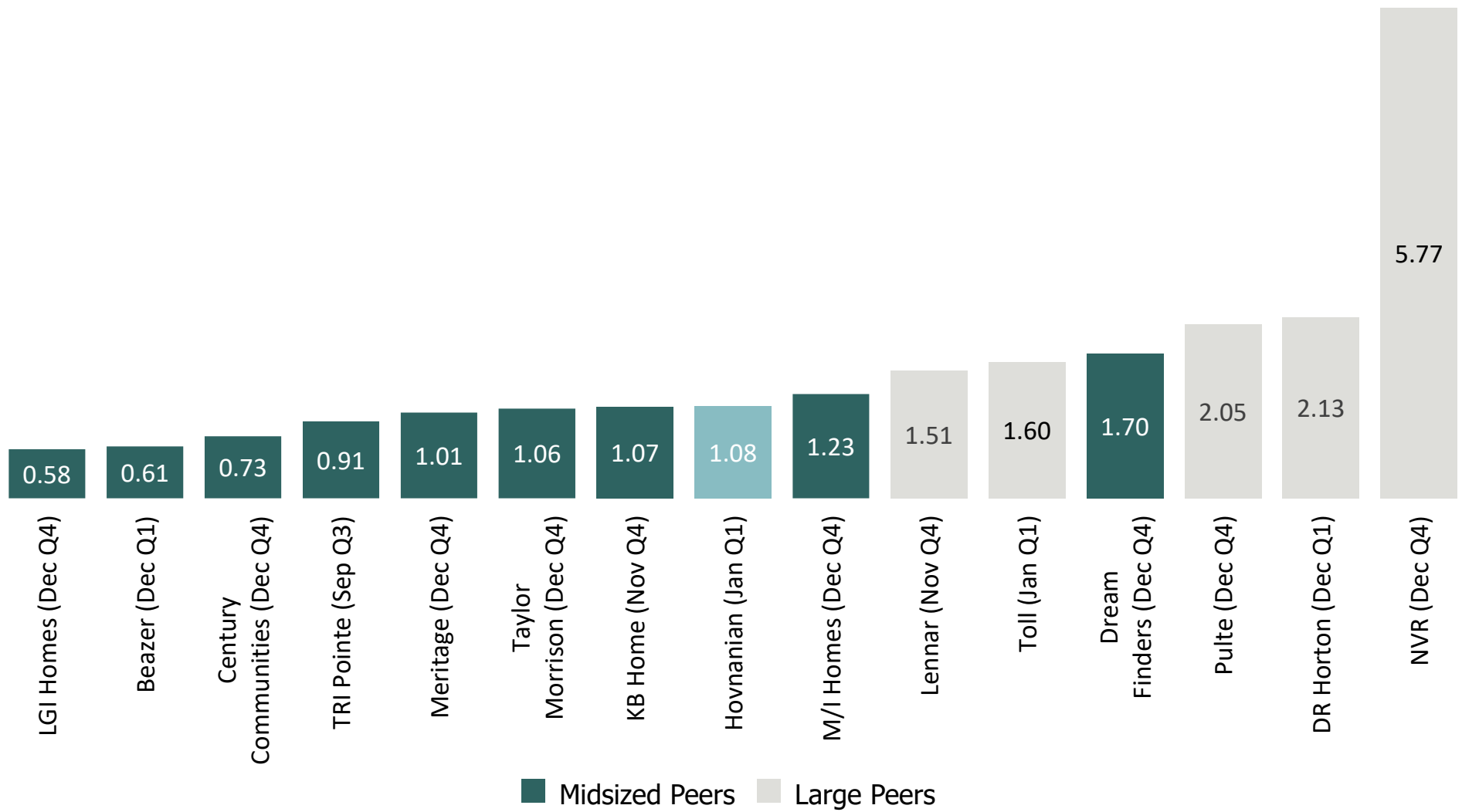
Adjusted EBIT ROI, Last Twelve Months



Source: Company SEC filings and press releases as of 02/25/2026.

(1) Consolidated EBIT Return on Investment is defined as LTM Total Company EBIT before land-related charges and gain (loss) on extinguishment of debt divided by five quarter average inventory, investment in unconsolidated joint ventures, investment in build for rent assets, definite life intangibles and goodwill balances, excluding capitalized interest and the impact of consolidated inventory not owned.

Price to Book Value



Source: Price to book value for most recent quarter based on Yahoo! finance as of 02/24/2026.

Note: Hovnanian price to book value calculated with common equity as of 01/31/2026 and stock price of \$122.89 as of 02/24/2026.



Appendix

Land Positions by Geographic Segment

January 31, 2026

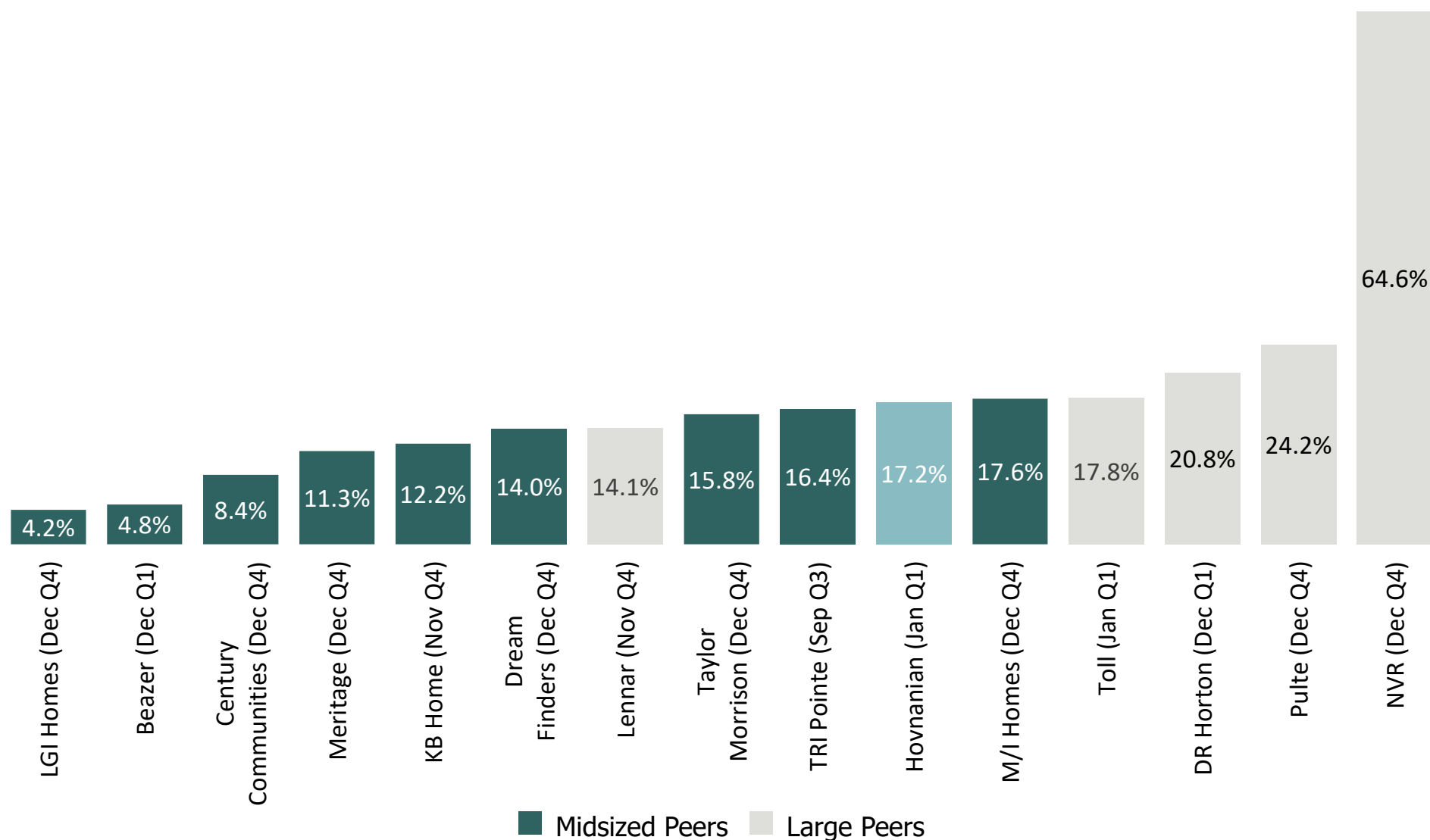
Segment	Owned			Total Lots
	Excluding Mothballed Lots	Mothballed Lots	Optioned Lots	
Northeast	2,066	6	17,646	19,718
Southeast	798	-	5,029	5,827
West	1,798	390	7,827	10,015
Consolidated Total	4,662	396	30,502	35,560
Unconsolidated Joint Ventures	2,808	-	396	3,204
Grand Total	7,470	396	30,898	38,764

- **Option deposits as of January 31, 2026, were \$332.9 million**
- **\$197.9 million invested in pre-development expenses as of January 31, 2026**

Note: Option deposits and pre-development expenses refers to consolidated optioned lots.

Note: Excludes our Kingdom of Saudi Arabia operations which owned 340 lots and optioned 2,728 lots as of January 31, 2026.

Adjusted EBIT ROI, Last Twelve Months

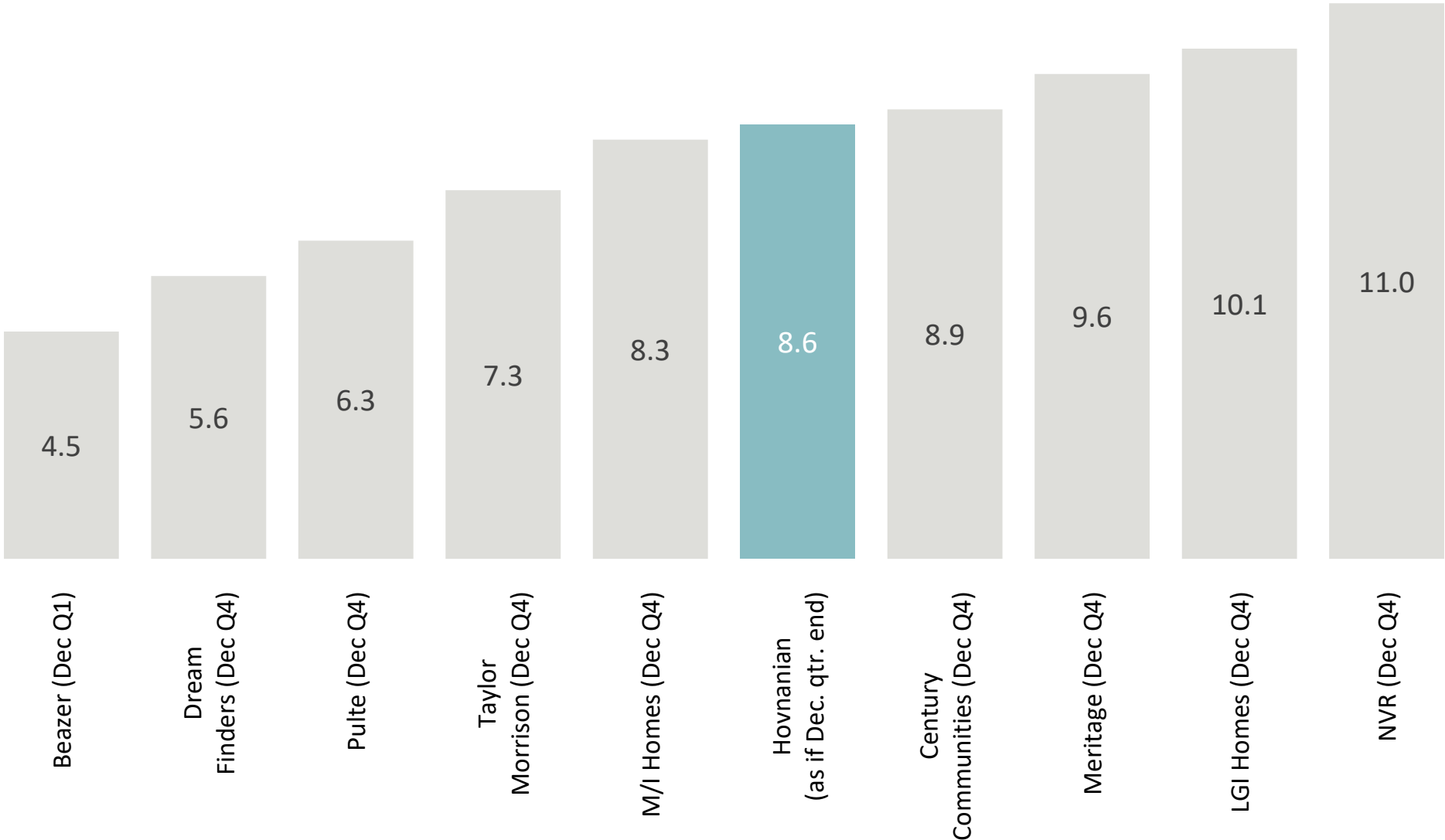


Source: Peer SEC filings and press releases as of 02/25/2026.

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

Contracts Per Community – Most Recent Quarter

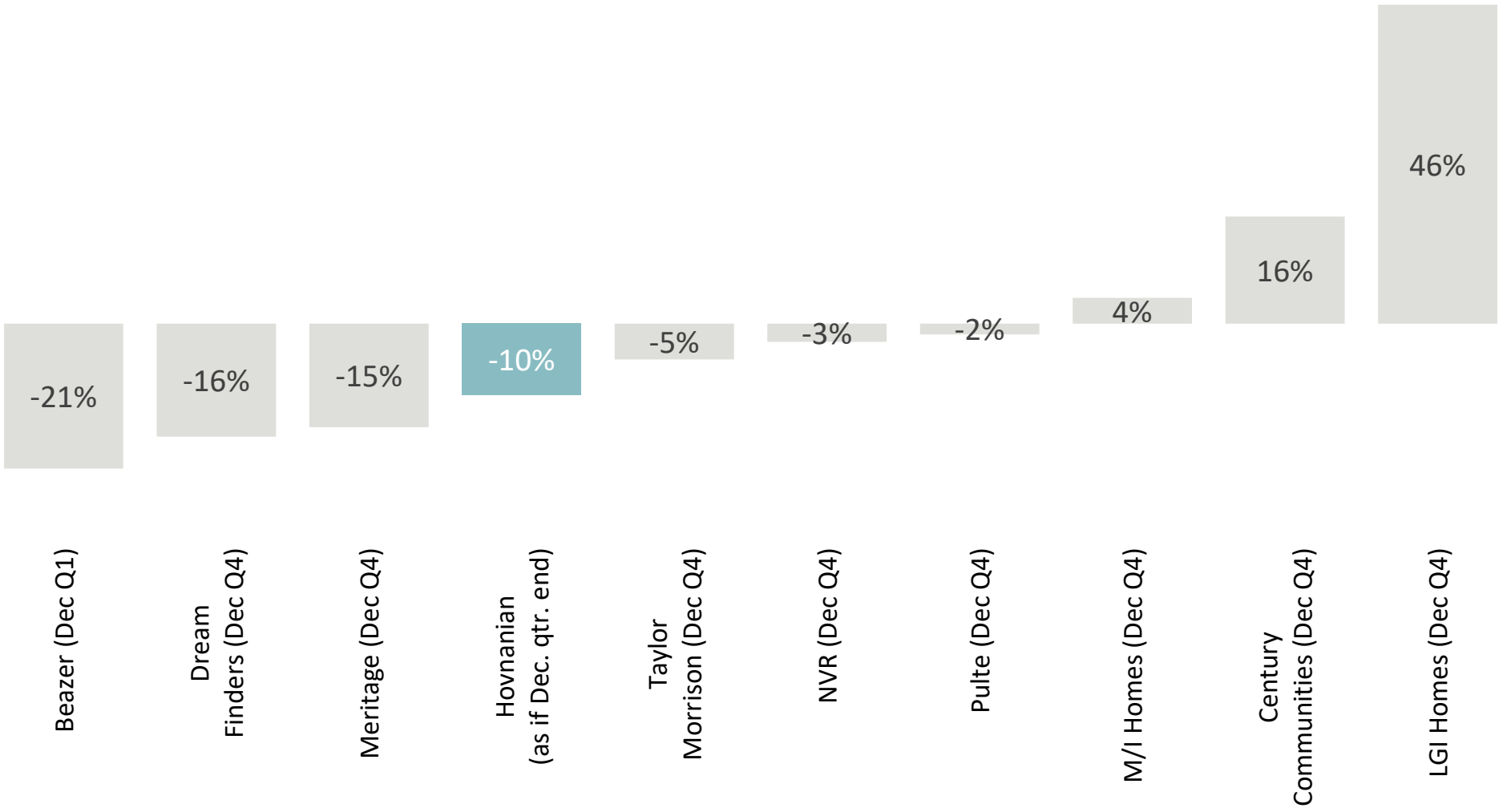
For the quarter ended December 31, 2025



*Note: Only peers with December quarter ends are shown on this slide.
Note: Hovnanian calculation includes domestic unconsolidated joint venture contracts and excludes Build for Rent contracts.*

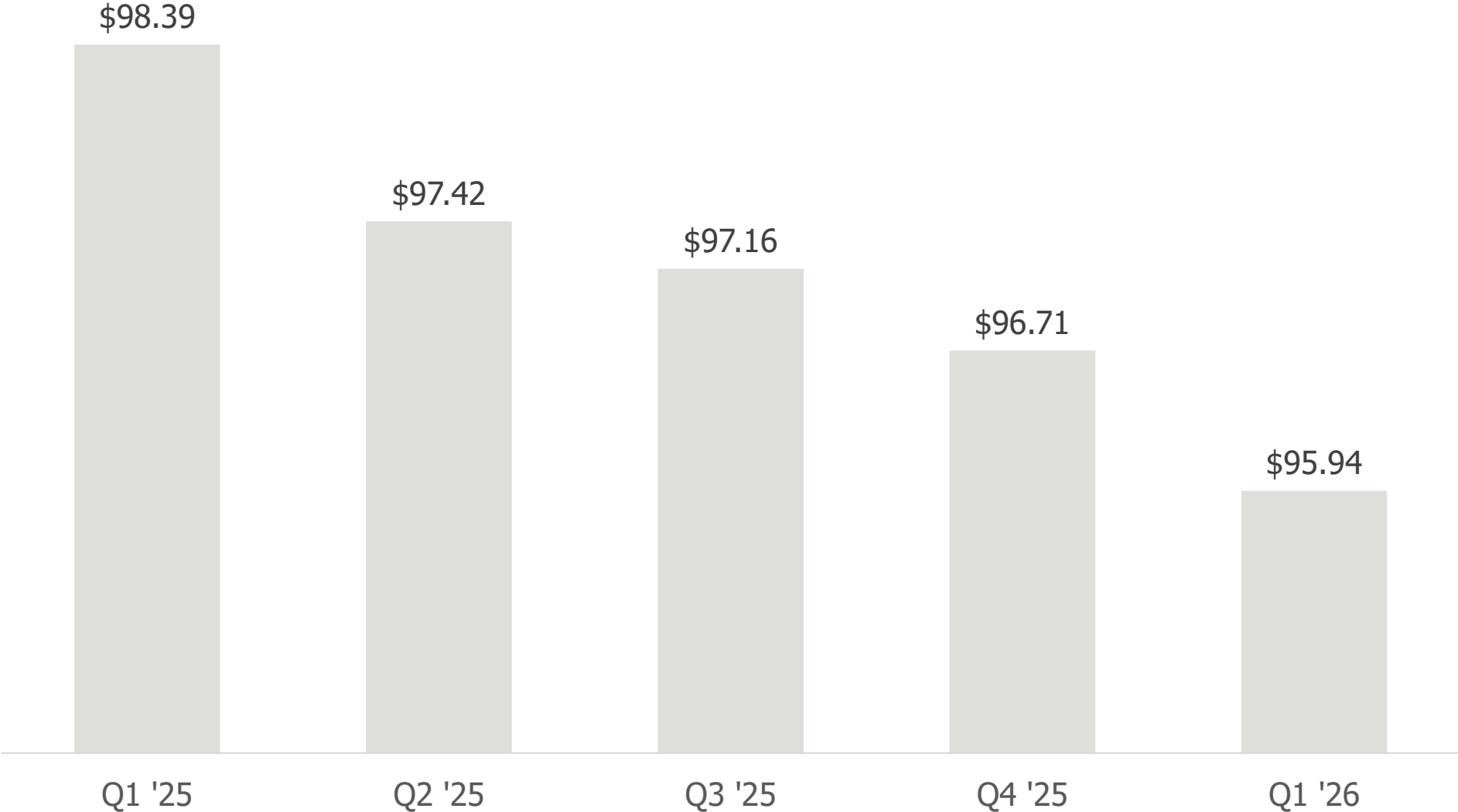
Contracts Per Community – Most Recent Quarter Year-Over-Year Change

For the quarter ended December 31, 2025, compared with the quarter ended December 31, 2024



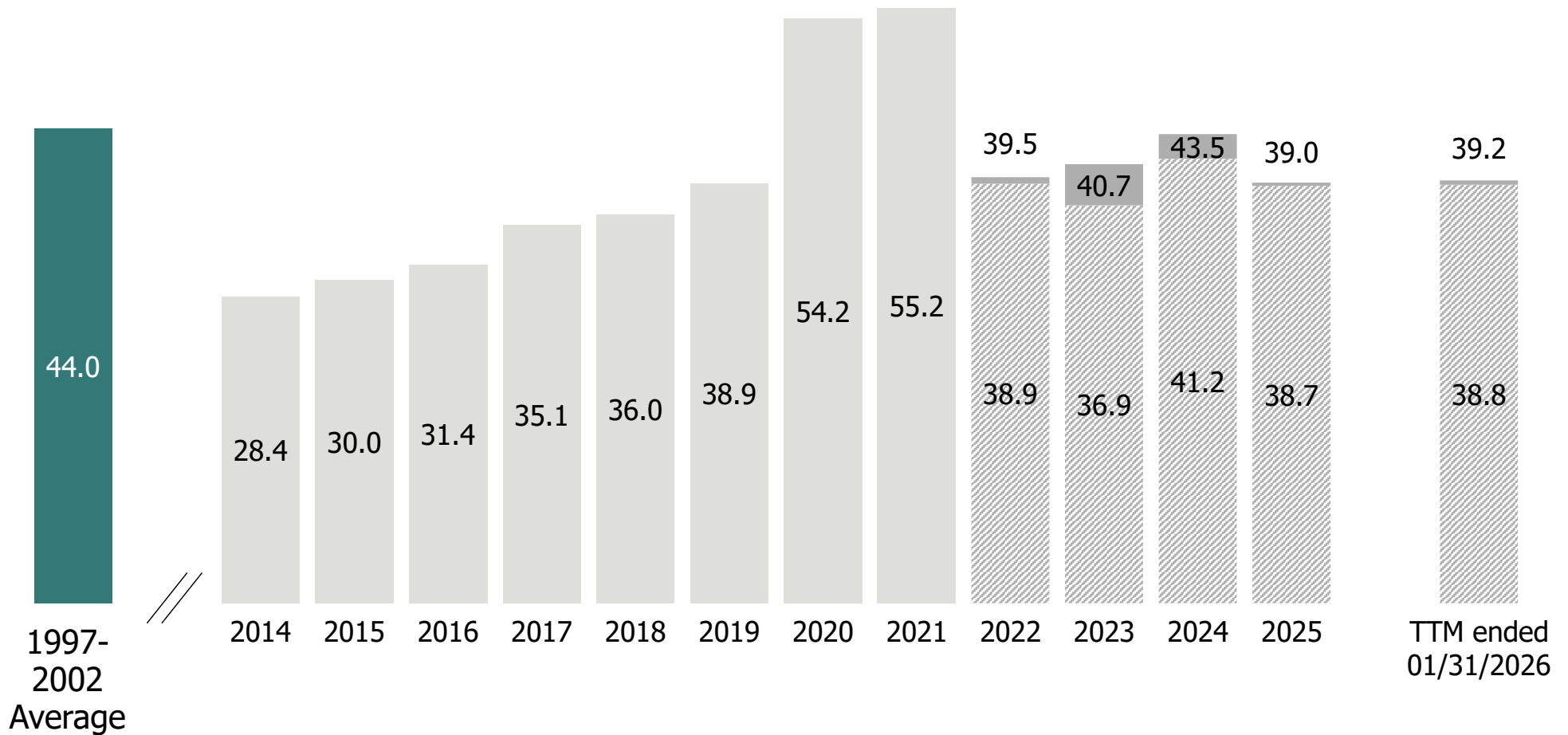
*Note: Only peers with December quarter ends are shown on this slide.
Note: Hovnanian calculation includes domestic unconsolidated joint venture contracts and excludes Build for Rent contracts.*

Base Construction & Option Costs Per Square Foot



Annual Contracts Per Community

▨ Excluding Build for Rent ■ Including Build for Rent



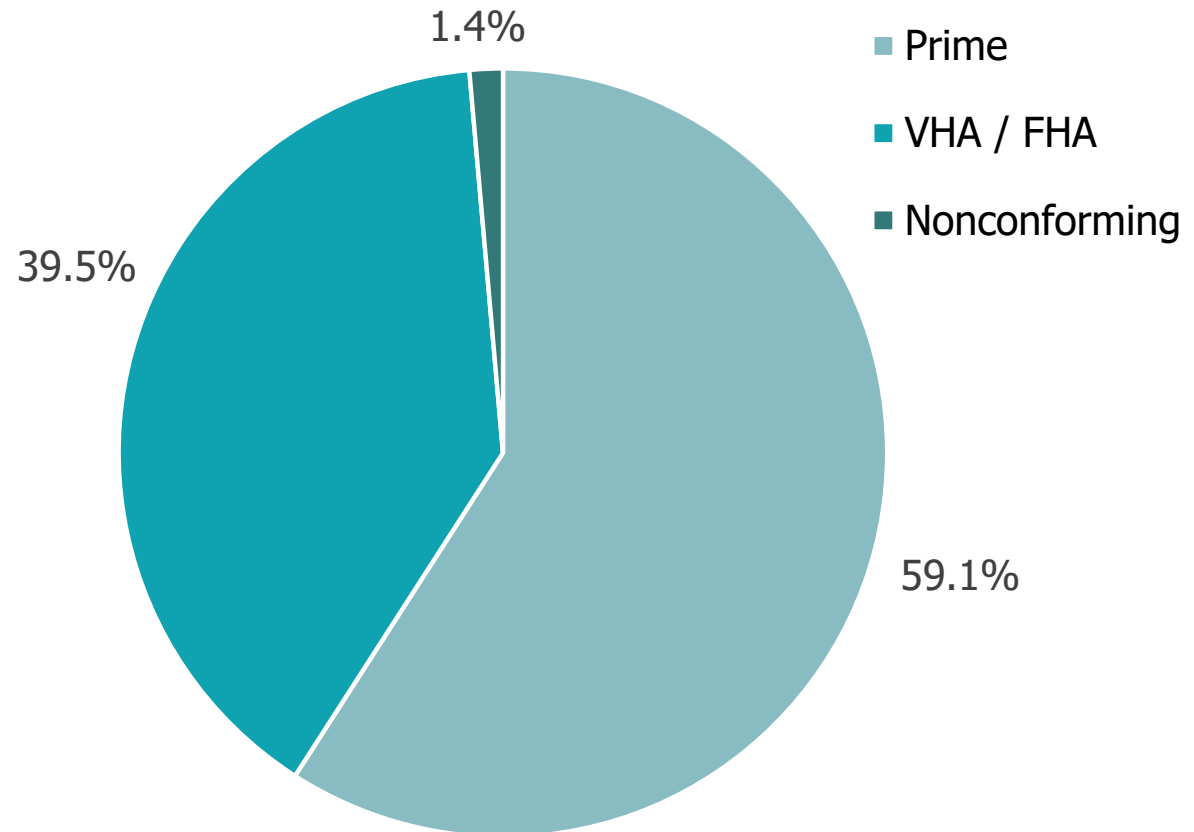
Note: Annual Contracts per Community calculated based on a five-quarter average of communities, excluding unconsolidated joint ventures and Kingdom of Saudi Arabia.

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
- \$97mm LTM revenues
- \$41mm LTM operating income
- 42% LTM operating margin

Origination portfolio for the three months ended January 31, 2026



Note: Last twelve months (LTM) through January 31, 2026.

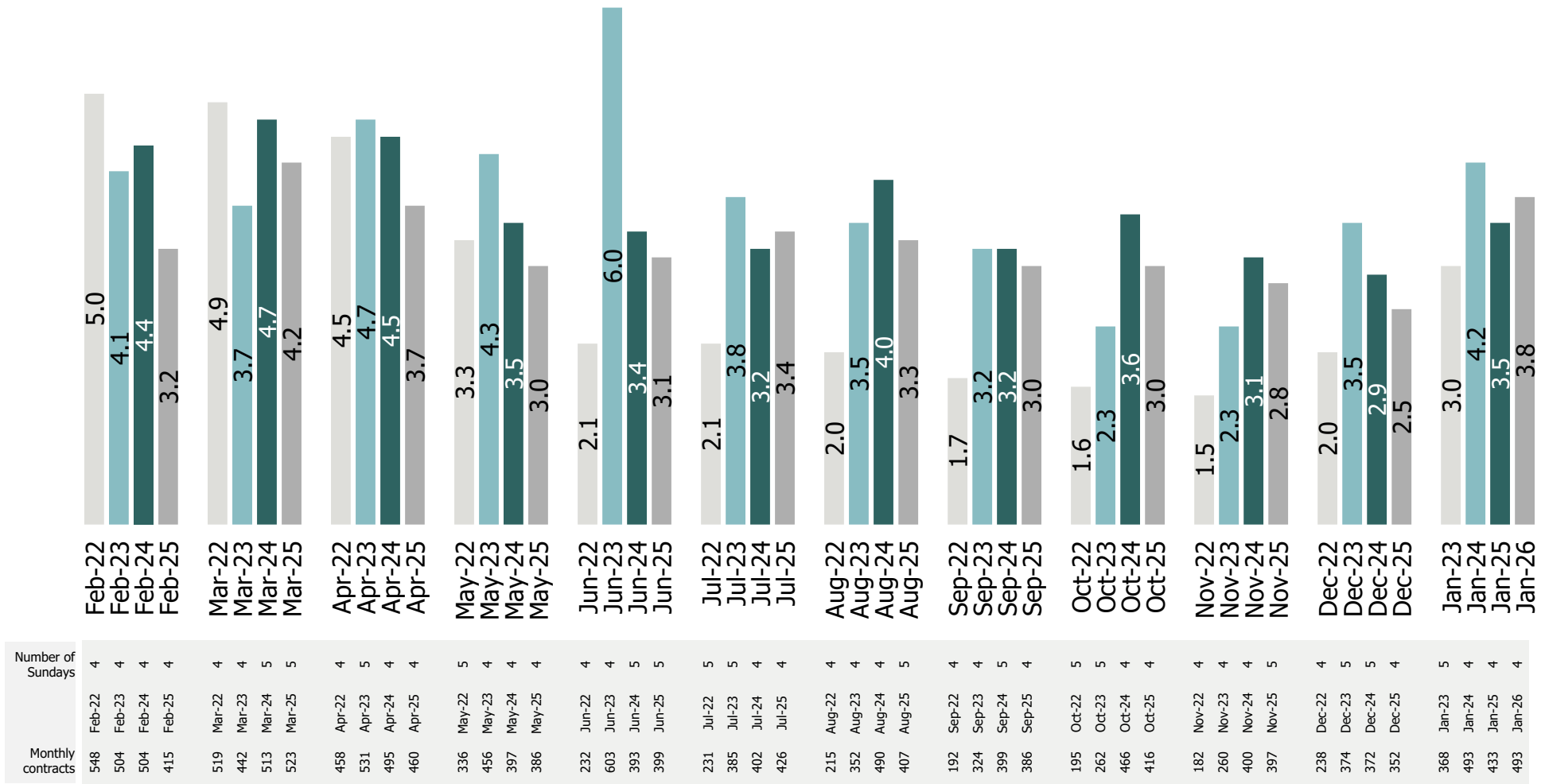
Fiscal Year 2025

- Average LTV: 84%
- Average CLTV: 84%
- ARMs: 0.3%
- FICO Score: 745
- Capture Rate: 80%

First Quarter 2026

- Average LTV: 84%
- Average CLTV: 84%
- ARMs: 2.3%
- FICO Score: 743
- Capture Rate: 80%

Number of Monthly Contracts Per Community, Excludes Unconsolidated Joint Ventures



Note: Excludes unconsolidated joint ventures and Kingdom of Saudi Arabia.

Phantom Stock Impact

(\$ in millions, except stock prices)

	Stock Price at end of quarter	Reported Total SG&A	Reported Total SG&A Ratio	Incremental Phantom Stock Benefit (Expense)	Total SG&A Adjusted for Phantom Stock	Total SG&A Ratio Adjusted for Phantom Stock
Q1 2021	\$51.16	-	-	-	-	-
Q2 2021	\$132.59	\$82.6	11.7%	\$(17.5)	\$65.1	9.3%
Q3 2021	\$104.39	\$60.3	8.7%	\$6.7	\$67.0	9.7%
Q4 2021	\$84.26	\$70.0	8.6%	\$5.3	\$75.3	9.2%
Q1 2022	\$96.88	\$72.2	12.8%	\$(5.7)	\$66.5	11.8%
Q2 2022	\$46.02	\$68.2	9.7%	\$6.0	\$74.2	10.6%
Q3 2022	\$48.51	\$74.9	9.8%	\$(0.3)	\$74.6	9.7%
Q4 2022	\$40.33	\$80.9	9.1%	\$1.0	\$81.9	9.2%
Q1 2023	\$57.88	\$73.4	14.2%	\$(1.4)	\$72.0	14.0%
Q2 2023	\$73.77	\$75.5	10.7%	\$(1.1)	\$74.4	10.6%
Q3 2023	\$106.62	\$75.1	11.6%	\$(2.4)	\$72.7	11.2%
Q4 2023	\$69.48	\$80.8	9.1%	\$2.9	\$83.7	9.4%
Q1 2024	\$168.97	\$86.1	14.5%	\$(7.5)	\$78.6	13.2%
Q2 2024	\$143.83	\$79.0	11.2%	\$0.6	\$79.6	11.2%
Q3 2024	\$209.89	\$89.5	12.4%	\$(2.2)	\$87.3	12.1%
Q4 2024	\$176.04	\$87.7	9.0%	\$1.2	\$88.9	9.1%
Q1 2025	\$132.39	\$86.9	12.9%	\$1.6	\$88.5	13.1%
Q2 2025	\$96.80	\$80.6	11.7%	\$2.8	\$83.4	12.1%
Q3 2025	\$119.47	\$90.8	11.3%	\$(2.5)	\$88.3	11.0%
Q4 2025	\$120.23	\$91.5	11.2%	\$(0.1)	\$91.4	11.2%
Q1 2026	\$112.65	\$84.0	13.3%	\$1.4	\$85.4	13.5%

In 2019, 2023 and 2024, we granted phantom stock awards in lieu of actual equity under our long-term incentive plans ("LTIP").

This was done in the best interest of shareholders to avoid dilution concerns associated with our low stock prices at the time of grants.

Expense related to the phantom stock varies depending upon our common stock price at quarter end, is a non-cash expense until paid and is reflected in our total SG&A expenses.

Reconciliation of income before income taxes excluding land-related charges to income before income taxes

Hovnanian Enterprises, Inc.

January 31, 2026

Reconciliation of income before income taxes excluding land-related charges to income before income taxes

(In thousands)

	Three Months Ended	
	January 31,	
	2026	2025
	(Unaudited)	
Income before income taxes	\$ 28,702	\$ 39,863
Inventory impairments and land option write-offs	2,359	1,040
Income before income taxes excluding land-related charges	<u>\$ 31,061</u>	<u>\$ 40,903</u>

(1) Income before income taxes excluding land-related charges is a non-GAAP financial measure. The most directly comparable GAAP financial measure is income before income taxes.

Reconciliation of Gross Margin

Hovnanian Enterprises, Inc.

January 31, 2026

Gross margin
(In thousands)

	Homebuilding Gross Margin Three Months Ended January 31,	
	2026	2025
	(Unaudited)	
Sale of homes	\$ 575,759	\$ 646,914
Cost of sales, excluding interest expense and land charges (1)	498,413	528,745
Homebuilding gross margin, before cost of sales interest expense and land charges (2)	77,346	118,169
Cost of sales interest expense, excluding land sales interest expense	16,567	18,738
Homebuilding gross margin, after cost of sales interest expense, before land charges (2)	60,779	99,431
Land charges	2,359	1,040
Homebuilding gross margin	\$ 58,420	\$ 98,391
Homebuilding gross margin percentage	10.1%	15.2%
Homebuilding gross margin percentage, before cost of sales interest expense and land charges (2)	13.4%	18.3%
Homebuilding gross margin percentage, after cost of sales interest expense, before land charges (2)	10.6%	15.4%

	Land Sales Gross Margin Three Months Ended January 31,	
	2026	2025
	(Unaudited)	
Land and lot sales	\$ 34,712	\$ 6,826
Cost of sales, excluding interest	11,218	4,545
Land and lot sales gross margin, excluding interest	23,494	2,281
Land and lot sales interest expense	24	618
Land and lot sales gross margin, including interest	\$ 23,470	\$ 1,663

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

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

Reconciliation of Adjusted EBITDA to Net Income

Hovnanian Enterprises, Inc.

January 31, 2026

Reconciliation of adjusted EBITDA to net income

(In thousands)

	Three Months Ended	
	January 31,	
	2026	2025
	(Unaudited)	
Net income	\$ 20,859	\$ 28,191
Income tax provision	7,843	11,672
Interest expense	28,749	28,873
EBIT (1)	57,451	68,736
Depreciation and amortization	3,271	2,298
EBITDA (2)	60,722	71,034
Inventory impairments and land option write-offs	2,359	1,040
Adjusted EBITDA (3)	\$ 63,081	\$ 72,074
Interest incurred	\$ 28,969	\$ 29,855
Adjusted EBITDA to interest incurred	2.18	2.41

(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.

Reconciliation of Inventory Turnover

Hovnanian Enterprises, Inc.

January 31, 2026

Calculation of Inventory Turnover⁽¹⁾

(Dollars in thousands)	For the quarter ended				TTM ended	
	4/30/2025	7/31/2025	10/31/2025	1/31/2026	1/31/2026	
Cost of sales, excluding interest	\$543,289	\$636,256	\$658,528	\$509,631	\$2,347,704	
	As of					Five Quarter Average
	1/31/2025	4/30/2025	7/31/2025	10/31/2025	1/31/2026	
Total inventories	\$1,666,490	\$1,743,965	\$1,692,932	\$1,637,470	\$1,647,970	
Less liabilities from inventory not owned, net of debt issuance costs	156,274	173,098	236,644	244,723	235,945	
Less capitalized interest	52,884	53,633	48,139	43,263	43,397	
Inventories less consolidated inventory not owned and capitalized interest plus liabilities from inventory not owned	\$1,457,332	\$1,517,234	\$1,408,149	\$1,349,484	\$1,368,628	\$1,420,165
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 Adjusted EBIT Return on Adjusted Investment

Hovnanian Enterprises, Inc.

January 31, 2026

Reconciliation of Adjusted EBIT Return on Adjusted Investment

(in thousands)

	For the quarter ended				TTM ended
	4/30/2025	7/31/2025	10/31/2025	1/31/2026	1/31/2026
Net income (loss)	\$ 19,726	\$ 16,615	\$ (667)	\$ 20,859	\$ 56,533
	As of				Five Quarter Average
	1/31/2025	4/30/2025	7/31/2025	10/31/2025	1/31/2026
Total inventories	\$ 1,666,490	\$ 1,743,965	\$ 1,692,932	\$ 1,637,470	\$ 1,647,970
Return on Inventory					3.4%

	For the quarter ended				TTM ended
	4/30/2025	7/31/2025	10/31/2025	1/31/2026	1/31/2026
Net income (loss)	\$ 19,726	\$ 16,615	\$ (667)	\$ 20,859	\$ 56,533
Income tax provision (benefit)	6,804	7,187	(3,441)	7,843	18,393
Interest expense	29,083	34,017	34,443	28,749	126,292
EBIT (1)	55,613	57,819	30,335	57,451	201,218
Inventory impairments and land option write-offs	3,056	16,045	19,430	2,359	40,890
(Gain) loss on extinguishment of debt, net	(399)	-	33,512	-	33,113
Adjusted EBIT (2)	\$ 58,270	\$ 73,864	\$ 83,277	\$ 59,810	\$ 275,221
	As of				Five Quarter Average
	1/31/2025	4/30/2025	7/31/2025	10/31/2025	1/31/2026
Total inventories	\$ 1,666,490	\$ 1,743,965	\$ 1,692,932	\$ 1,637,470	\$ 1,647,970
Less Liabilities from inventory not owned, net of debt issuance costs	(156,274)	(173,098)	(236,644)	(244,723)	(235,945)
Less Interest capitalized at end of period	(52,884)	(53,633)	(48,139)	(43,263)	(43,397)
Plus Investments in and advances to unconsolidated joint ventures	172,679	183,461	218,356	163,469	146,631
Plus Goodwill	-	-	-	-	31,705
Adjusted Investment (3)	\$ 1,630,011	\$ 1,700,695	\$ 1,626,505	\$ 1,512,953	\$ 1,546,964
Adjusted EBIT Return on Adjusted Investment (4)					17.2%

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

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

(3) Adjusted Investment is a non-GAAP financial measure. The most directly comparable GAAP financial measure is total inventories. Adjusted Investment represents total inventories excluding liabilities from inventory not owned, net of debt issuance costs and interest capitalized and including investments in and advances to unconsolidated joint ventures.

(4) The ratio of Adjusted EBIT Return on Adjusted Investment is a non-GAAP financial measure. The most directly comparable GAAP financial measure is the ratio of net income to total inventories.

Key credit and balance sheet metrics reconciliations

	October 31,							LTM
	2019	2020	2021	2022	2023	2024	2025	January 31, 2026
Nonrecourse mortgages secured by inventory, net of debt issuance costs	\$203,585	\$135,122	\$125,089	\$144,805	\$91,539	\$90,675	\$29,494	\$28,548
Senior notes and credit facilities (net of discounts, premiums and debt issuance costs)	\$1,479,990	\$1,431,110	\$1,248,373	\$1,146,547	\$1,051,491	\$896,218	\$900,718	\$901,307
Total debt	\$1,683,575	\$1,566,232	\$1,373,462	\$1,291,352	\$1,143,030	\$986,893	\$930,212	\$929,855
Cash and cash equivalents	\$130,976	\$262,489	\$245,970	\$326,198	\$434,119	\$209,976	\$272,772	\$339,910
Net Debt	\$1,552,599	\$1,303,743	\$1,127,492	\$965,154	\$708,911	\$776,917	\$657,440	\$589,945
Adjusted EBITDA	\$174,009	\$234,314	\$364,335	\$478,664	\$426,825	\$455,563	\$299,050	\$290,057
Total debt to adjusted EBITDA	9.7	6.7	3.8	2.7	2.7	2.2	3.1	3.2
Net debt to adjusted EBITDA	8.9	5.6	3.1	2.0	1.7	1.7	2.2	2.0
Interest incurred	\$165,906	\$176,457	\$155,514	\$134,024	\$136,535	\$128,777	\$116,986	\$116,698
Adjusted EBITDA to Interest incurred	1.0	1.3	2.3	3.6	3.1	3.5	2.6	2.5
Total Debt	\$1,683,575	\$1,566,232	\$1,373,462	\$1,291,352	\$1,143,030	\$986,893	\$930,212	\$929,855
Total (deficit) equity	\$(490,463)	\$(436,929)	\$174,897	\$383,036	\$581,736	\$800,349	\$830,935	\$835,739
Total capitalization	\$1,193,112	\$1,129,303	\$1,548,359	\$1,674,388	\$1,724,766	\$1,787,200	\$1,761,147	\$1,765,594
Debt to capitalization	141.1%	138.7%	88.7%	77.1%	66.3%	55.2%	52.8%	52.7%
Net debt to net capitalization	146.2%	150.4%	86.6%	71.6%	54.9%	49.3%	44.2%	41.4%

Note: Adjusted EBITA and Interest Incurred for January 31, 2026 are based on last twelve months basis.



Hovnanian
Enterprises, Inc.