Hovnanian Enterprises, Inc.

Barclays High Yield Bond & Syndicate Loan Conference

May 25, 2021

Note: All statements in this presentation that are not historical facts should be considered as "Forward-Looking Statements" within the meaning of the "Safe Harbor" provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such forward-looking statements include but are not limited to statements related to the Company's targets, goals and expectations with respect to its financial results for future financial periods such as its statements related to its key metric targets for total consolidated revenue, homebuilding gross margin percentage before cost of sales interest expense and land charges, total SG&A ratio, adjusted pre-tax earnings, adjusted EBITDA, average inventory and inventor turns. Although we believe that our targets, plans, intentions and expectations reflected in, or suggested by, such forward-looking statements are reasonable, we can give no assurance that such targets, plans, intentions or expectations will be achieved. By their nature, forward-looking statements: (i) speak only as of the date they are made, (ii) are not guarantees of future performance or results and (iii) are subject to risks, uncertainties and assumptions that are difficult to predict or quantify. Therefore, actual results could differ materially and adversely from those forward-looking statements as a result of a variety of factors. Such risks, uncertainties and other factors include, but are not limited to, (1) the outbreak and spread of COVID-19 and the measures that governments, agencies, law enforcement and/or health authorities implement to address it; (2) changes in general and local economic, industry and business conditions and impacts of a significant homebuilding downturn; (3) adverse weather and other environmental conditions and natural disasters; (4) the seasonality of the Company's business; (5) the availability and cost of suitable land and improved lots and sufficient liquidity to invest in such land and lots; (6) shortages in, and price fluctuations of, raw materials and labor, including due to changes in trade policies and the imposition of tariffs and duties on homebuilding materials and products and related trade disputes with, and retaliatory measures taken by, other countries; (7) reliance on, and the performance of, subcontractors; (8) regional and local economic factors, including dependency on certain sectors of the economy, and employment levels affecting home prices and sales activity in the markets where the Company builds homes; (9) increases in cancellations of agreements of sale; (10) fluctuations in interest rates and the availability of mortgage financing; (11) changes in tax laws affecting the after-tax costs of owning a home; (12) legal claims brought against us and not resolved in our favor, such as product liability litigation, warranty claims and claims made by mortgage investors; (13) levels of competition; (14) utility shortages and outages or rate fluctuations; (15) information technology failures and data security breaches; (16) negative publicity; (17) high leverage and restrictions on the Company's operations and activities imposed by the agreements governing the Company's outstanding indebtedness; (18) availability and terms of financing to the Company; (19) the Company's sources of liquidity; (20) changes in credit ratings; (21) government regulation, including regulations concerning development of land, the home building, sales and customer financing processes, tax laws and the environment; (22) operations through unconsolidated joint ventures with third parties; (23) significant influence of the Company's controlling stockholders; (24) availability of net operating loss carryforwards; (25) loss of key management personnel or failure to attract qualified personnel; and (26) certain risks, uncertainties and other factors described in detail in the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2020 and the Company's Quarterly Reports on Form 10-Q for the quarterly periods during fiscal 2021 and subsequent filings with the Securities and Exchange Commission. Except as otherwise required by applicable securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason.

NON-GAAP FINANCIAL MEASURES:

Consolidated earnings before interest expense and income taxes (“EBIT”) and before depreciation and amortization (“EBITDA”) and before inventory impairment loss and land option write-offs and gain on extinguishment of debt (“Adjusted EBITDA”) are not U.S. generally accepted accounting principles (GAAP) financial measures. The most directly comparable GAAP financial measure is net income (loss). The reconciliation for historical periods of EBIT, EBITDA and Adjusted EBITDA to net income (loss) is presented in a table attached to this 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 pretax income, which is defined as income (loss) before income taxes excluding land-related charges and gain on extinguishment of debt is a non-GAAP financial measure. The most directly comparable GAAP financial measure is income (loss) before income taxes. The reconciliation for historical periods of adjusted pretax income (loss) to income (loss) before income taxes is presented in a table attached to this presentation.

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

What's new about the Hovnanian story?

	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 cash flow after land reinvestment
Inventory strategy	Over-reliance on costly on- and off-balance sheet 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 reduce debt

Successfully implemented strategies for long-term profitability and value creation

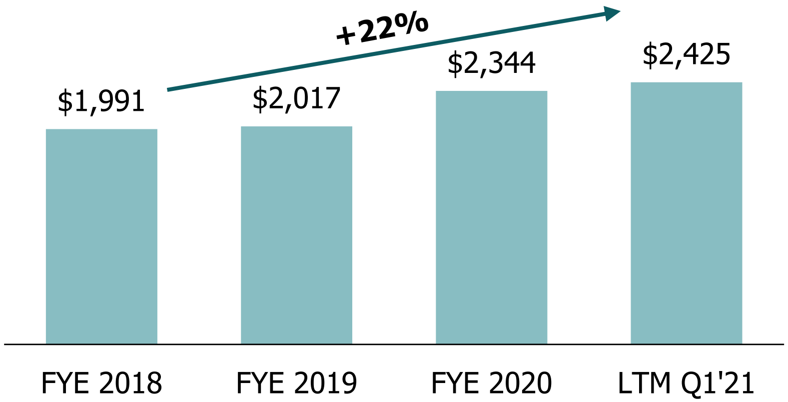
Hovnanian Enterprises, Inc.

	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
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	▪ Actively manage sales pace, ASP and community count ▪ Streamline organizational structure and reduce overhead	▪ Control land with minimal cash investment ▪ Target 1-2 years of owned lot supply	▪ Accelerate inventory turnover to unlock capital ▪ Reactivate formerly mothballed inventory	▪ Maintain ample liquidity ▪ Prioritize debt repayment opportunities ▪ Proactively extend and ladder maturities

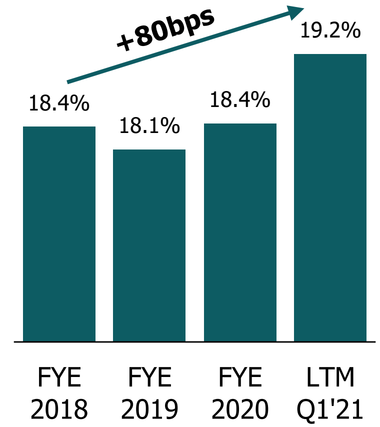
The proof is in our results

($ in millions, unless specified otherwise)

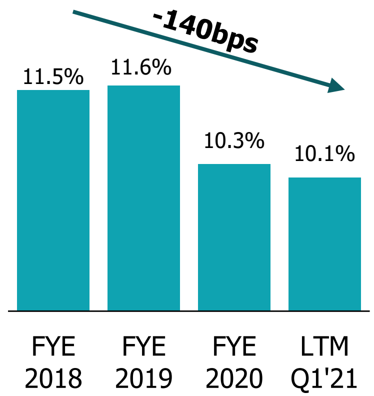
Total revenues



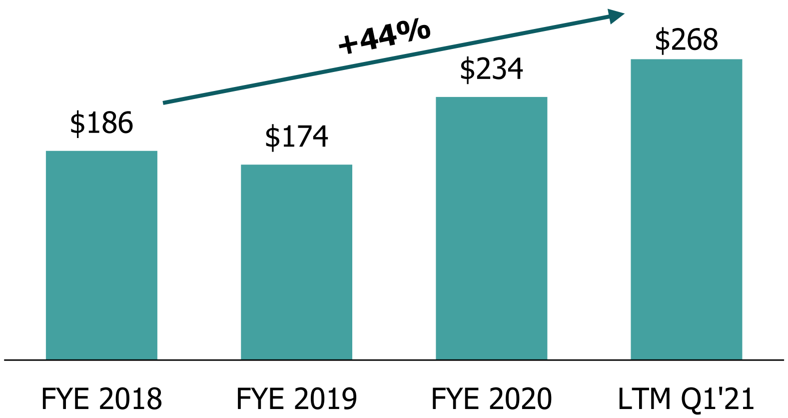
Adj. homebuilding gross margin



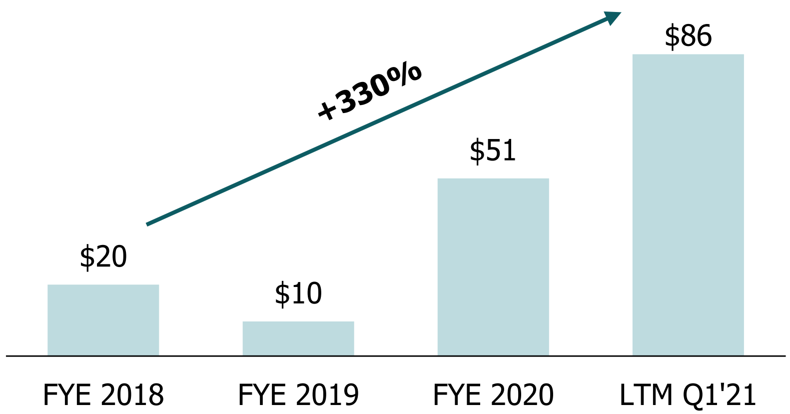
Total SG&A (as % of total revenues)



Adjusted EBITDA



Adjusted pre-tax earnings



We are on track to meet or exceed our key performance targets established in 2018

Hovnanian Enterprises, Inc.

Key metrics — Actuals, Targets and Guidance

	Actual TTM (as of 04/30/18)	FYE 2020 (as of 10/31/2020)	Established June 2018 Annual key metric targets	FY 2021 Guidance (as of 03/02/2021)
Total consolidated revenue	$2,233	$2,344	$2,650	$2,650 – $2,800 ✓✓
Adjusted homebuilding gross margin(1)	17.7%	18.4%	19.5%	20.5% – 21.5% ✓✓
Total SG&A as % of total revenues	11.6%	10.3%	10.0%	9.5% – 10.5% ✓✓
Adjusted EBITDA(2)	$174	$234	$275	$300 – $340 ✓✓
Adjusted pre-tax earnings(3)	($15)	$51	$100	$140 – $160 ✓✓

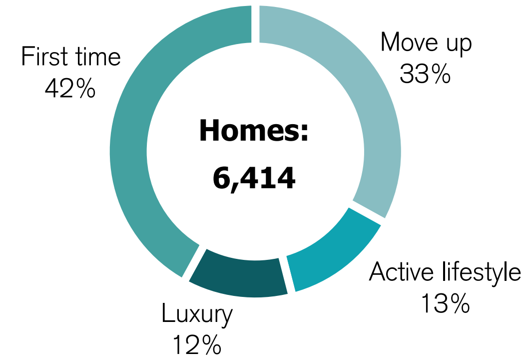
Recent operating and financial performance

Reintroduction to Hovnanian

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

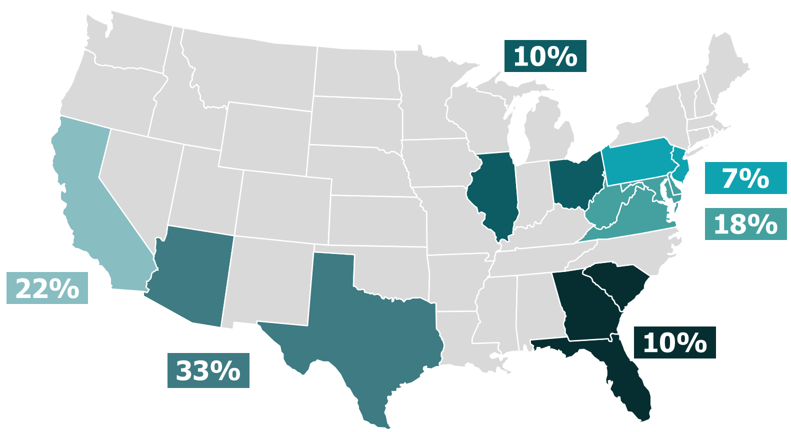
Home deliveries by product[1]

(Last twelve months ended October 31, 2020)



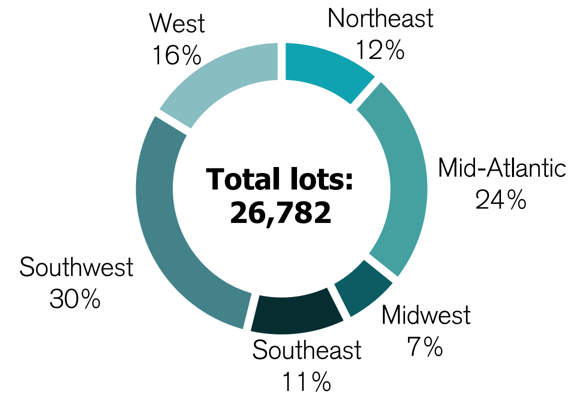
Homebuilding revenues by region

(Last twelve months ended January 31, 2021)



Lots controlled by region

(As of January 31, 2021)



(1) Includes unconsolidated joint ventures deliveries.

Best operating performance in over a decade provides strong visibility to future results

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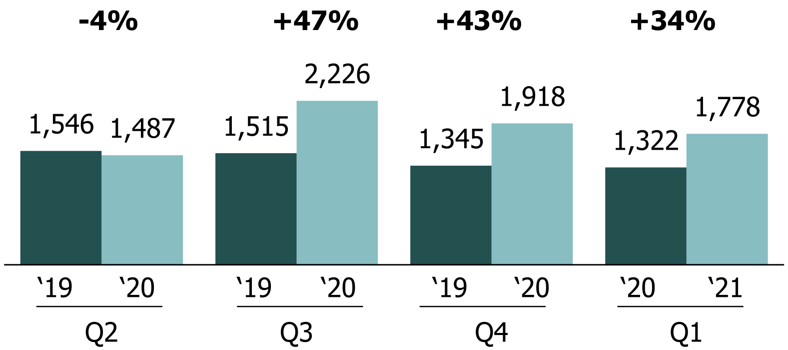
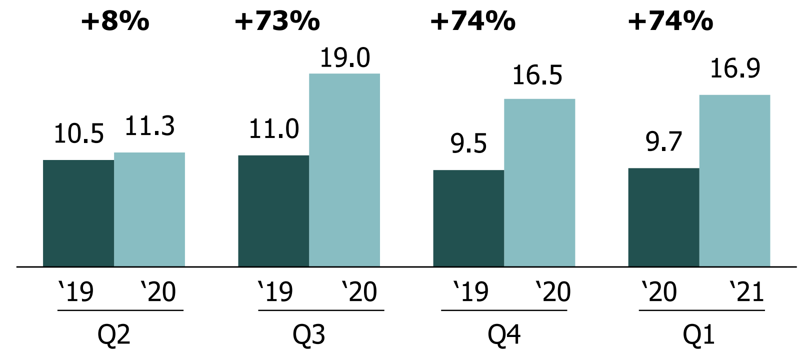
Net new contracts

Growth over prior year's quarter

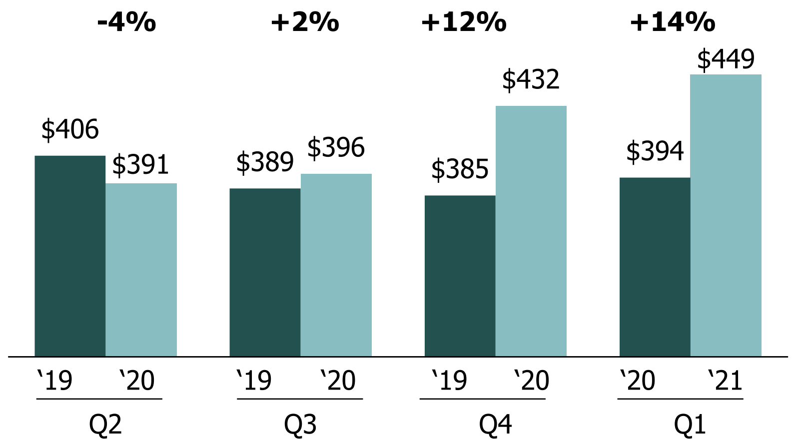


Net contracts per active selling community[1]

Growth over prior year's quarter

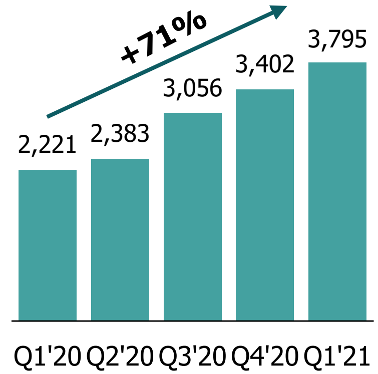


ASP contracts ($ in '000s)



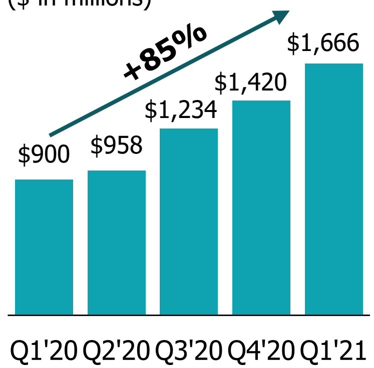
Backlog

Homes



Dollars

($ in millions)



(1) Active are open for sale communities with 10 or more home sites available.

Streamlined geographic footprint with room for organic growth

- **23 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

Q1 2021 TTM

	Northeast	Mid-Atlantic	Midwest	Southeast	Southwest	West
Homebuilding revenues	6.9%	17.6%	10.1%	10.4%	33.1%	21.9%
Homes delivered	5.5%	13.3%	12.8%	9.5%	39.8%	19.1%
Average selling price of deliveries	$505K	$526K	$314K	$436K	$332K	$456K
Net new contracts ($)	5.6%	18.2%	9.5%	9.7%	31.1%	25.9%
Backlog homes	3.2%	16.1%	17.1%	10.7%	32.1%	20.8%

Exited 5 noncore markets over the last 5 years

Geographic diversification insulates us from market-specific economic impacts

Honed our market footprint to our 23 most profitable locations

Virtually all of the land and communities necessary to achieve growth through fiscal 2022 are already under contract

Hovnanian Enterprises, Inc.

Lot portfolio balanced across our segments

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

- Reactivated 60% of mothballed lots since FY 2014
- Unmothballing about 700 lots in Northern California MPC, with $5mm book value

Growing lot supply despite torrid sales pace

	Q1 2021(1)
Newly controlled lots(2)	2,140
Deliveries and lot sales	(1,407)
# of newly controlled lots in excess of deliveries	733

4.6 years of lot supply(3)

Notes: Excludes our single community unconsolidated joint venture in the Kingdom of Saudi Arabia.
(1) Excludes unconsolidated joint ventures.
(2) Includes newly optioned lots net of 420 walk aways, as well as lots purchased that were not previously optioned.
(3) Represents total lots controlled (owned + optioned) / LTM unit closings, including mothballed lots.

Long-term leader in efficient lot strategy

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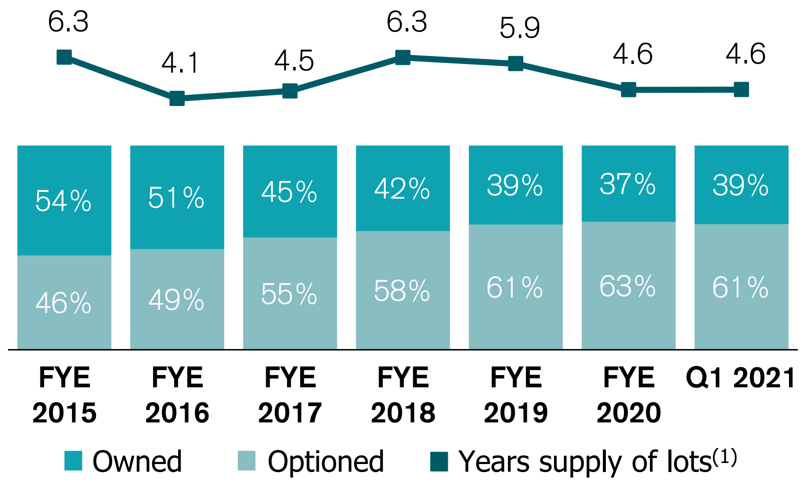
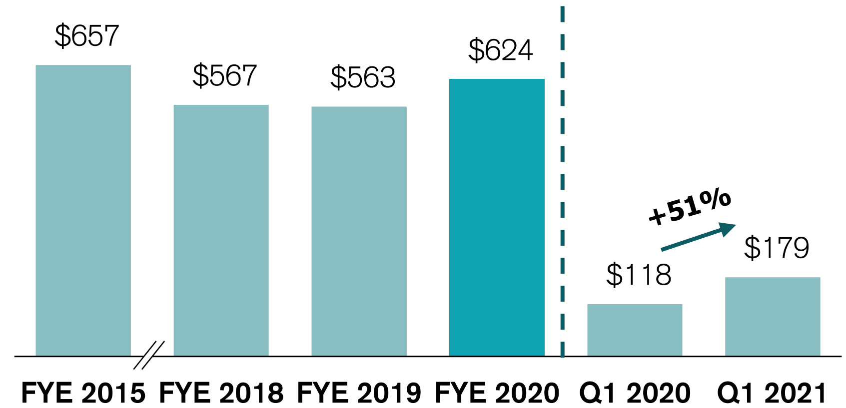
Multi-year lot supply



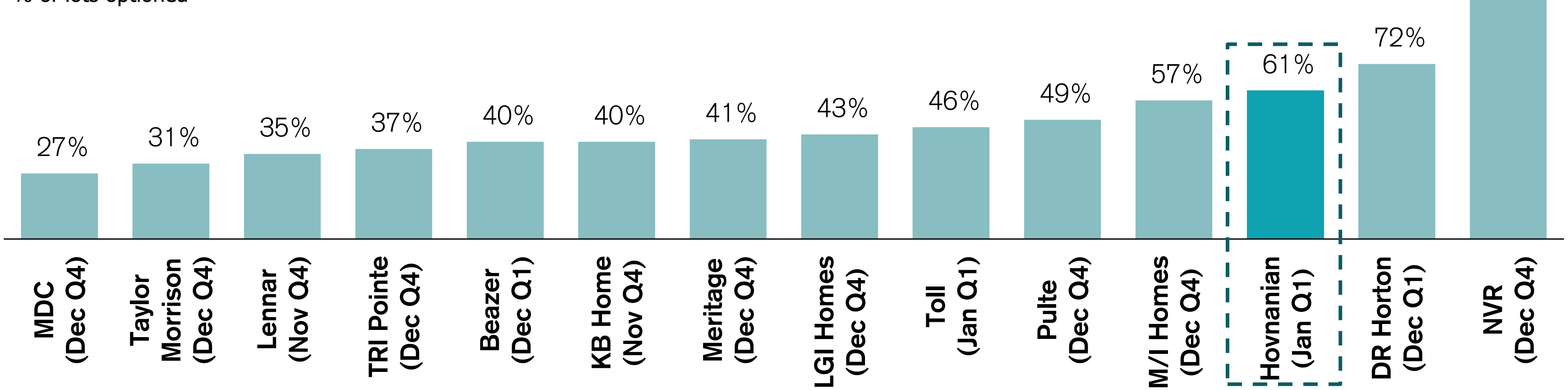
Ample inventory reinvestment

($ in millions)



Leader in pivoting towards "asset lite"

% of lots optioned[2]



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

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

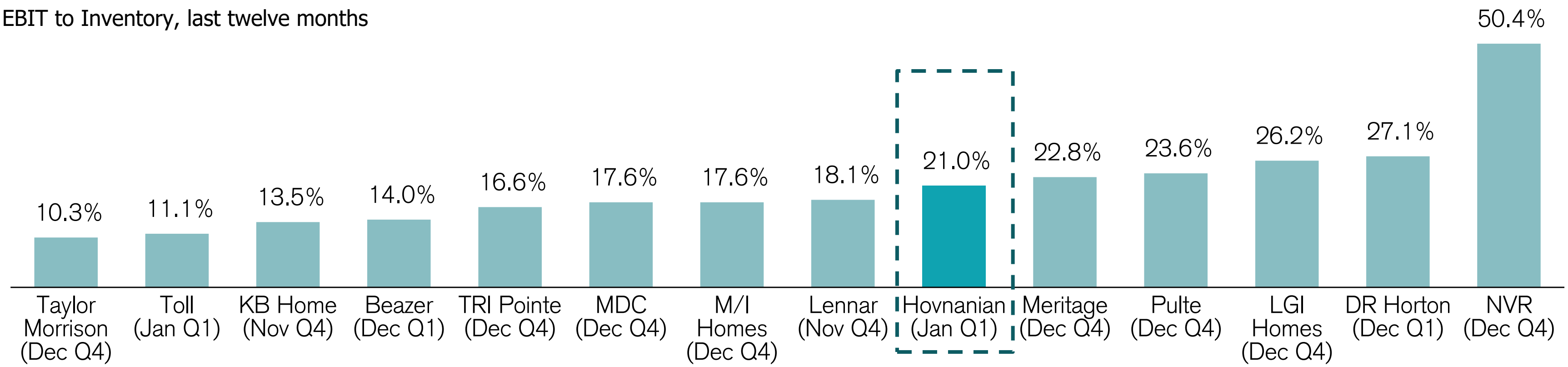
(2) Note: Excludes unconsolidated joint ventures.

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

Strong returns driven by rapid inventory turns and lot options

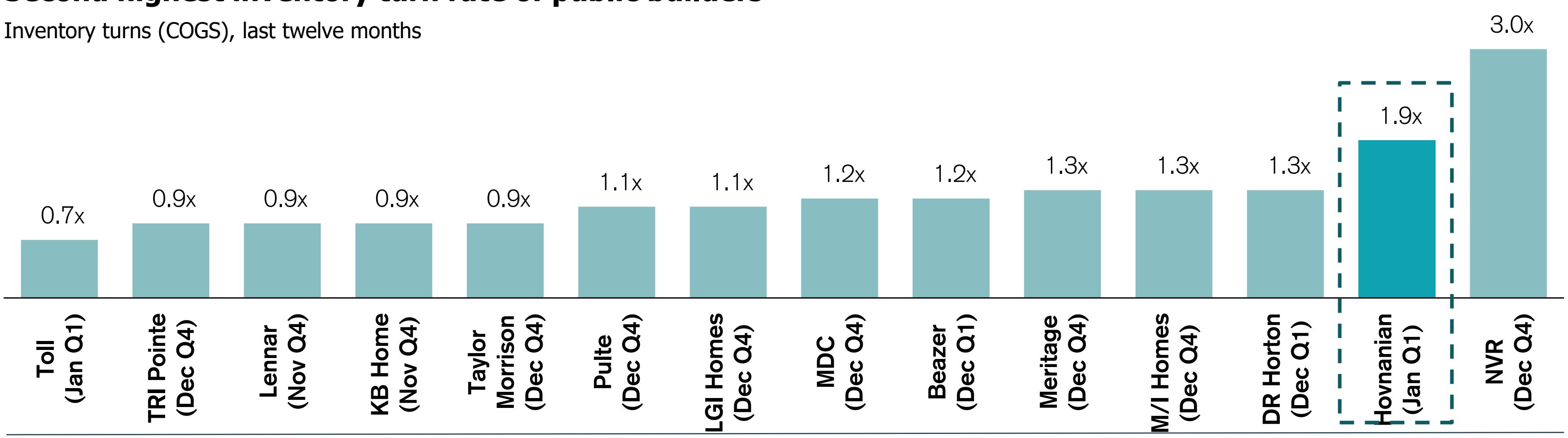
ROI increased by 500 bps since FY 2018

EBIT to Inventory, last twelve months



Second highest inventory turn rate of public builders

Inventory turns (COGS), last twelve months

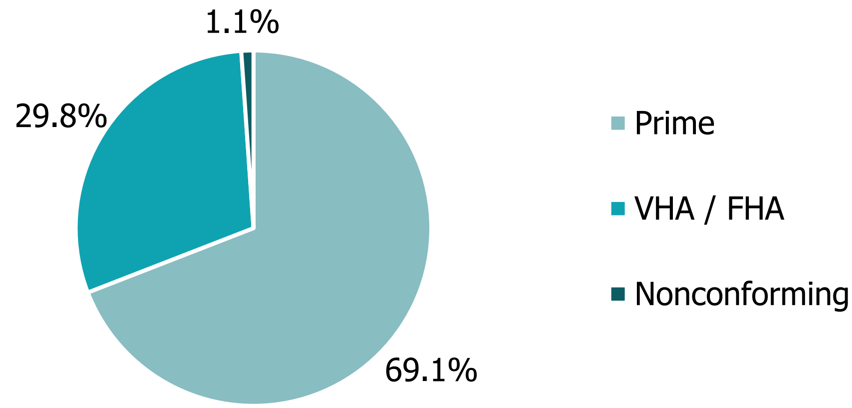


Highly profitable financial services business

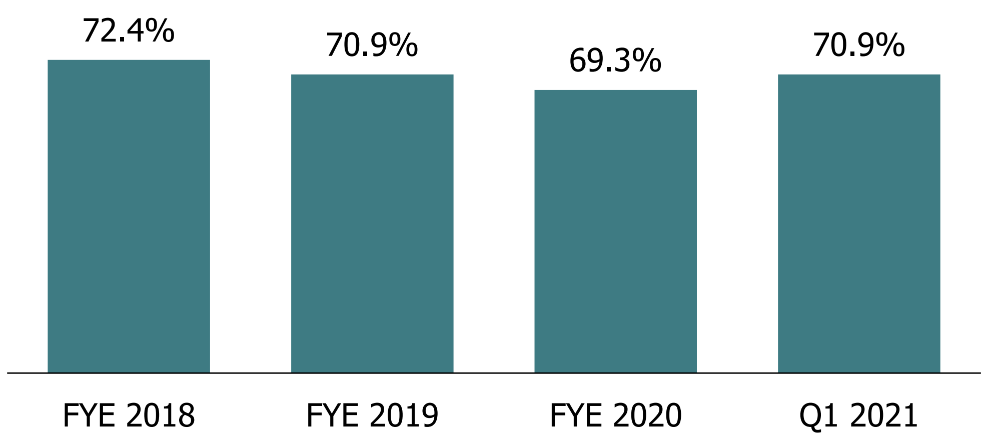
Financial services overview

- Complements HOV's homebuilding operations
- Provides mortgage originations in every state in which Hovnanian operates and title services in most states
- $72mm FY20 revenues
- $32mm FY20 operating income
- 44% operating margin

Origination portfolio in FY 2020



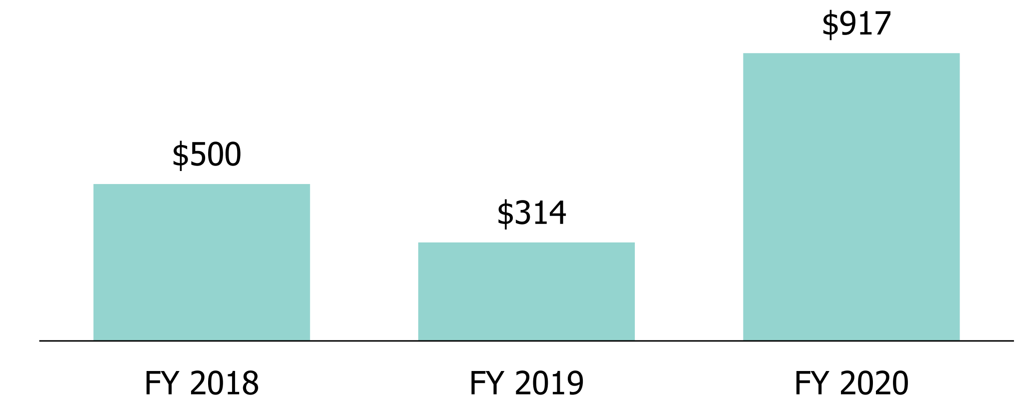
Financial services capture rate



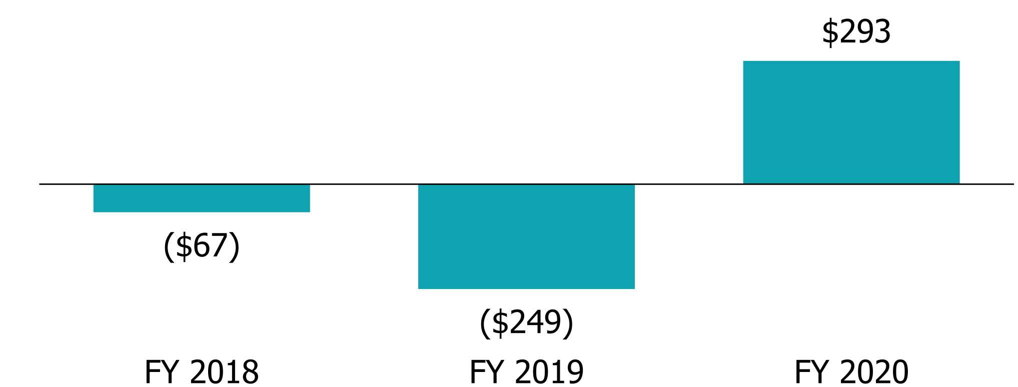
Significant cash flow generation

- Generated $1.7 billion of net operating cash flows before land and land development over the past three years
- ~$300 million of net operating cash flow in 2020 after two years of outflows
- Cash flow ramp provides optionality to retire debt

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



Net operating cash flow — reported
($ in millions)

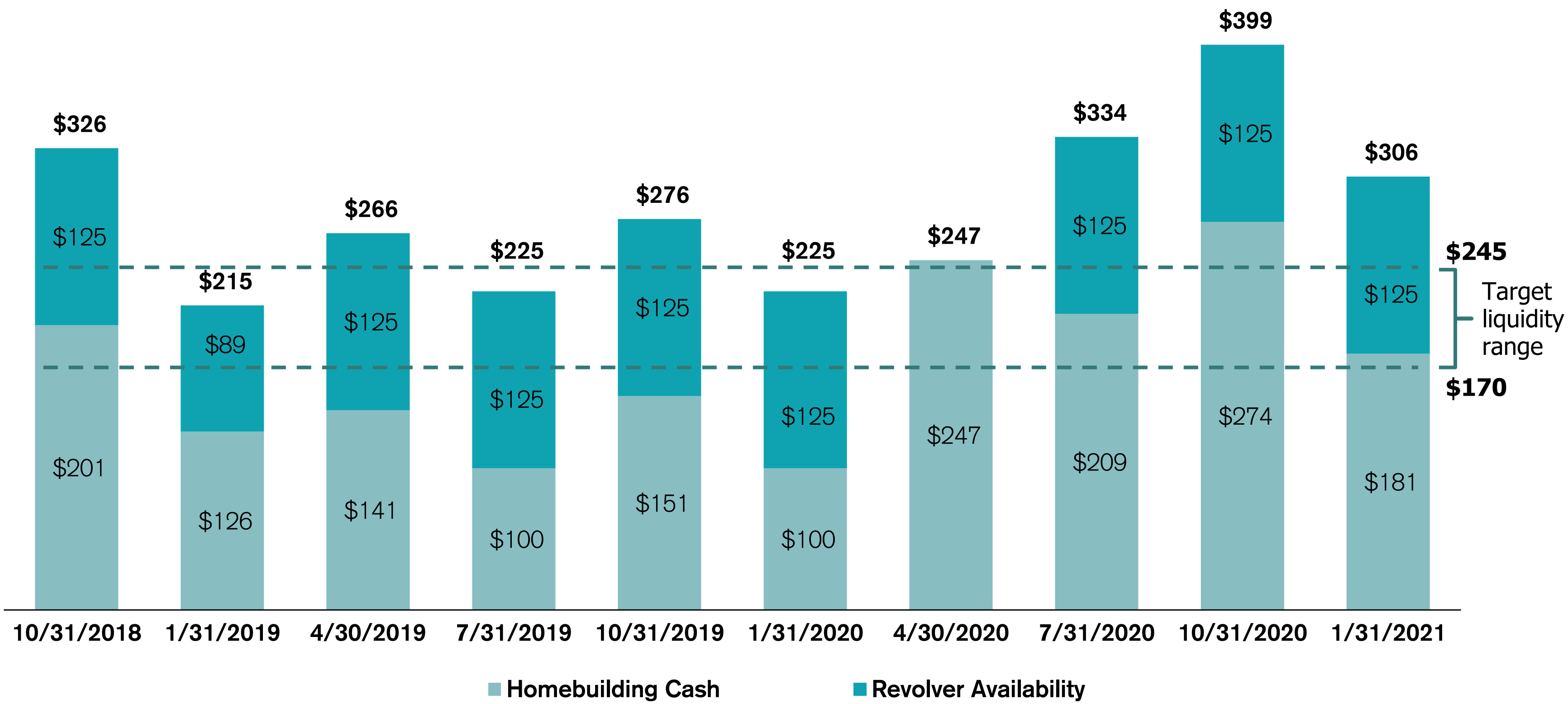


Liquidity and balance sheet management

Ample liquidity exceeding our internal targets

Hovnanian Enterprises, Inc.

($ in millions)



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

Focused on deleveraging and enhancing our debt structure

Strategy

- ✓ Deleverage through debt repayment and growth in earnings
- ✓ Ensure 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

Tranche	Coupon	Current principal balance	Call schedule: Call price	Call schedule: Next date
Secured:				
Senior notes due 2026 (1.125 lien)	7.75%	$350	103.875	2/15/2022
Senior notes due 2026 (1.25 lien)	10.50%	282	105.250	2/15/2022
Senior notes due 2026 (1.5 lien)	11.25%	162	100.000	NA
Senior notes due 2025 (1.75 lien)	10.00%	159	105.000	11/15/2021
Term loan due 2028 (1.75 lien)	10.00%	81	105.000	11/15/2021
Senior secured notes due 2022	10.00%	111	100.000	7/15/2021
Senior secured notes due 2024	10.50%	70	102.625	7/15/2021
Unsecured:				
Unsecured notes due 2026	13.50%	$91	100.000	2/1/2025
Unsecured term loan due 2027	5.00%	40	100.000	NA
Unsecured notes due 2040	5.00%	90	100.000	2/1/2021

Source: Company 8-K filing.

Extended maturity profile with near term debt repayment opportunity

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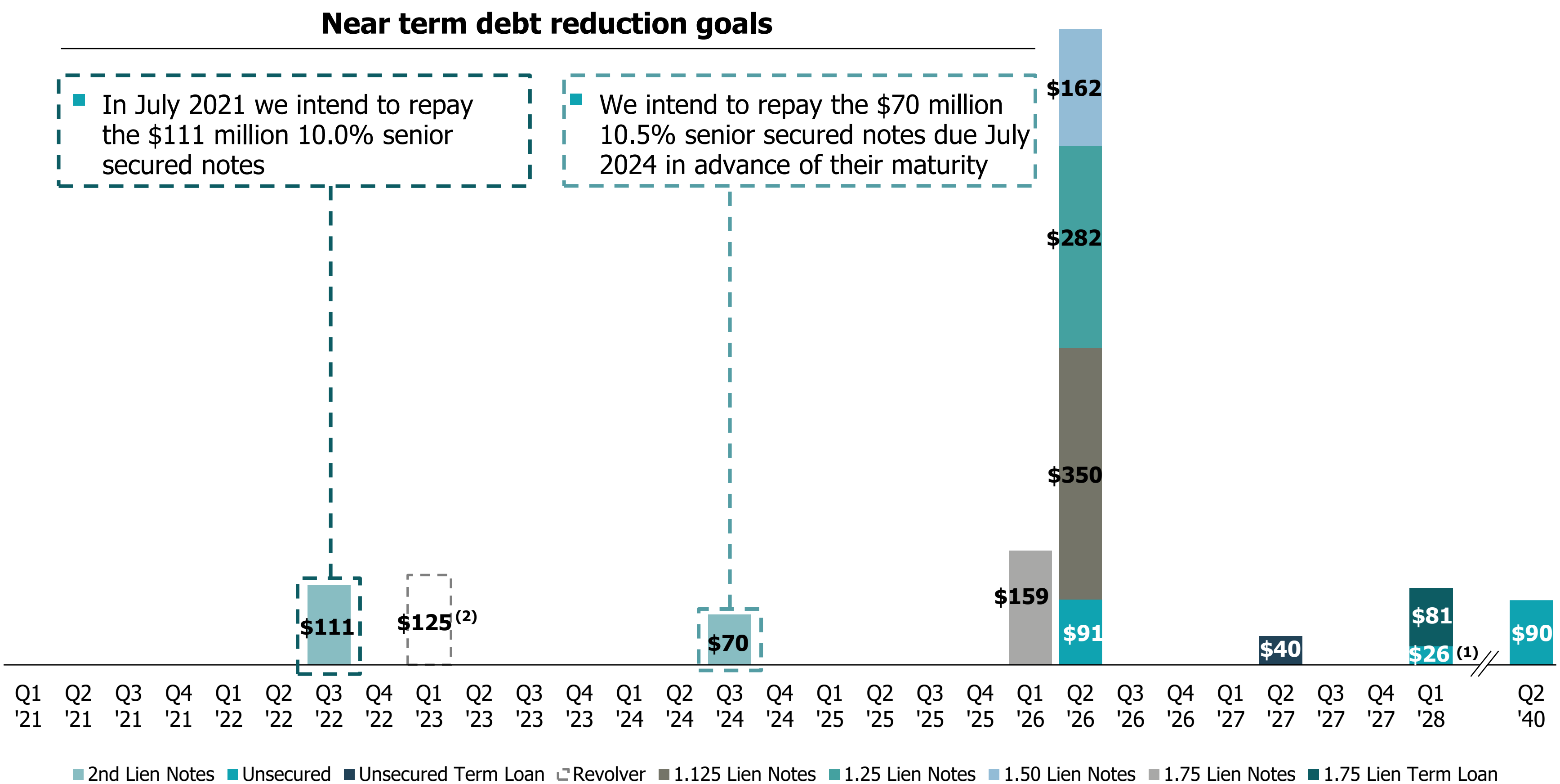

Multiple, privately negotiated transactions in FY 2019 and FY 2020 provided significant runway to 2026

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

Appendix

Strong sequential quarterly growth during FY 2020

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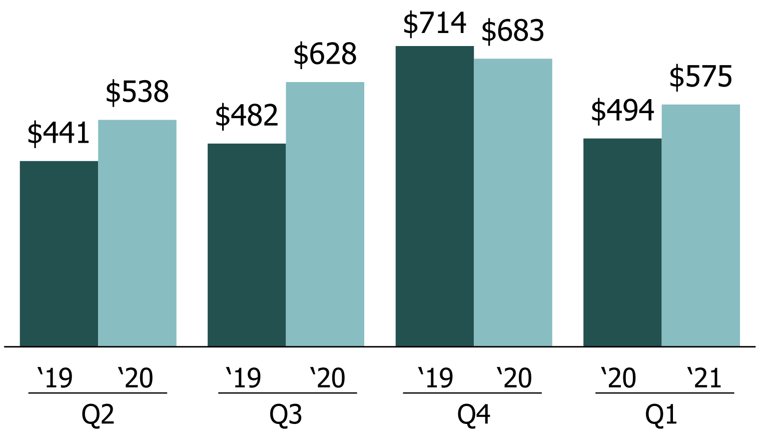
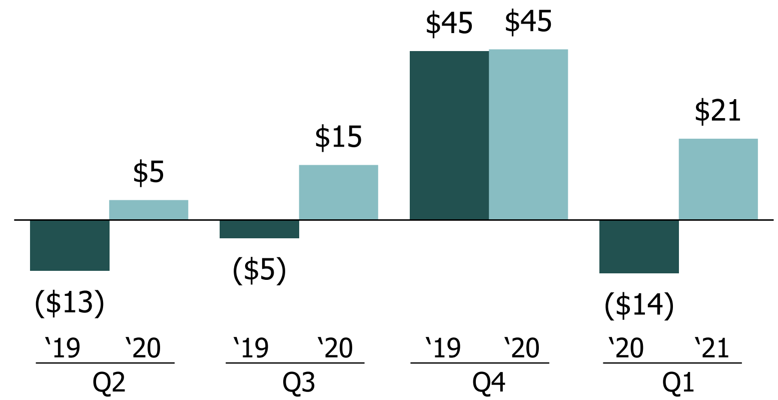
($ in millions, unless specified otherwise)

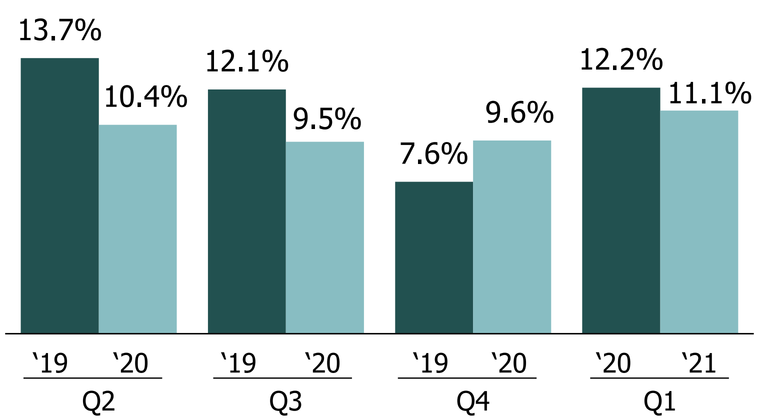
Total revenues



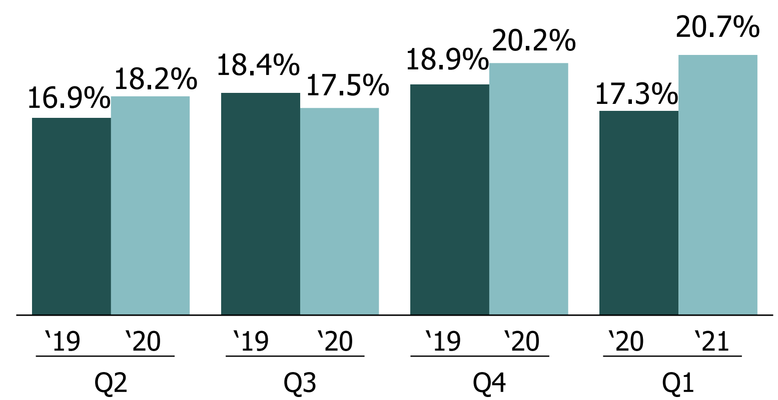
Adjusted pre-tax earnings



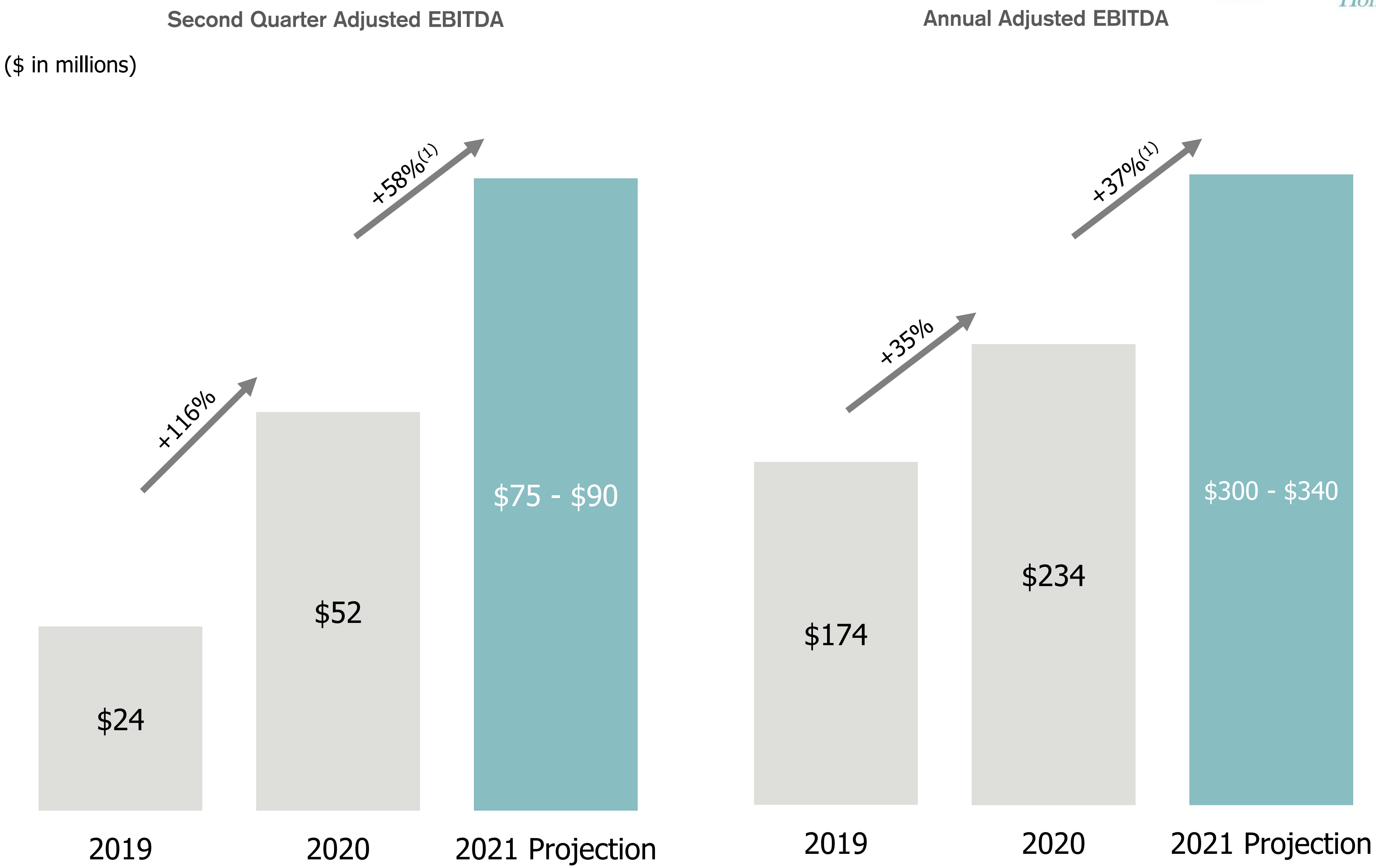
Total SG&A as a % of total revenues



Adjusted homebuilding gross margin



Strong Adjusted EBITDA Growth



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

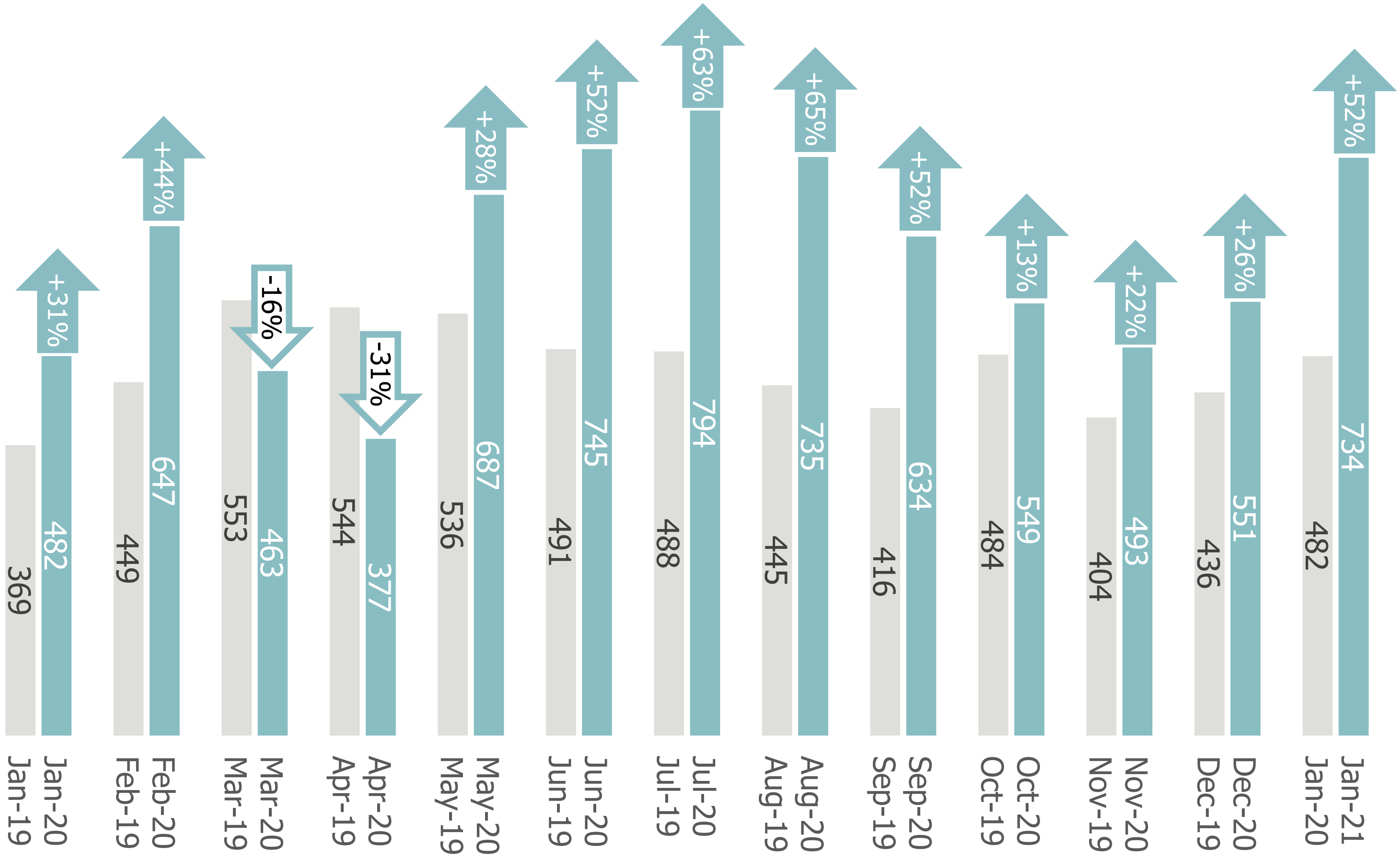
Guidance Compared with Actuals for First Quarter 2021

($ in millions)

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

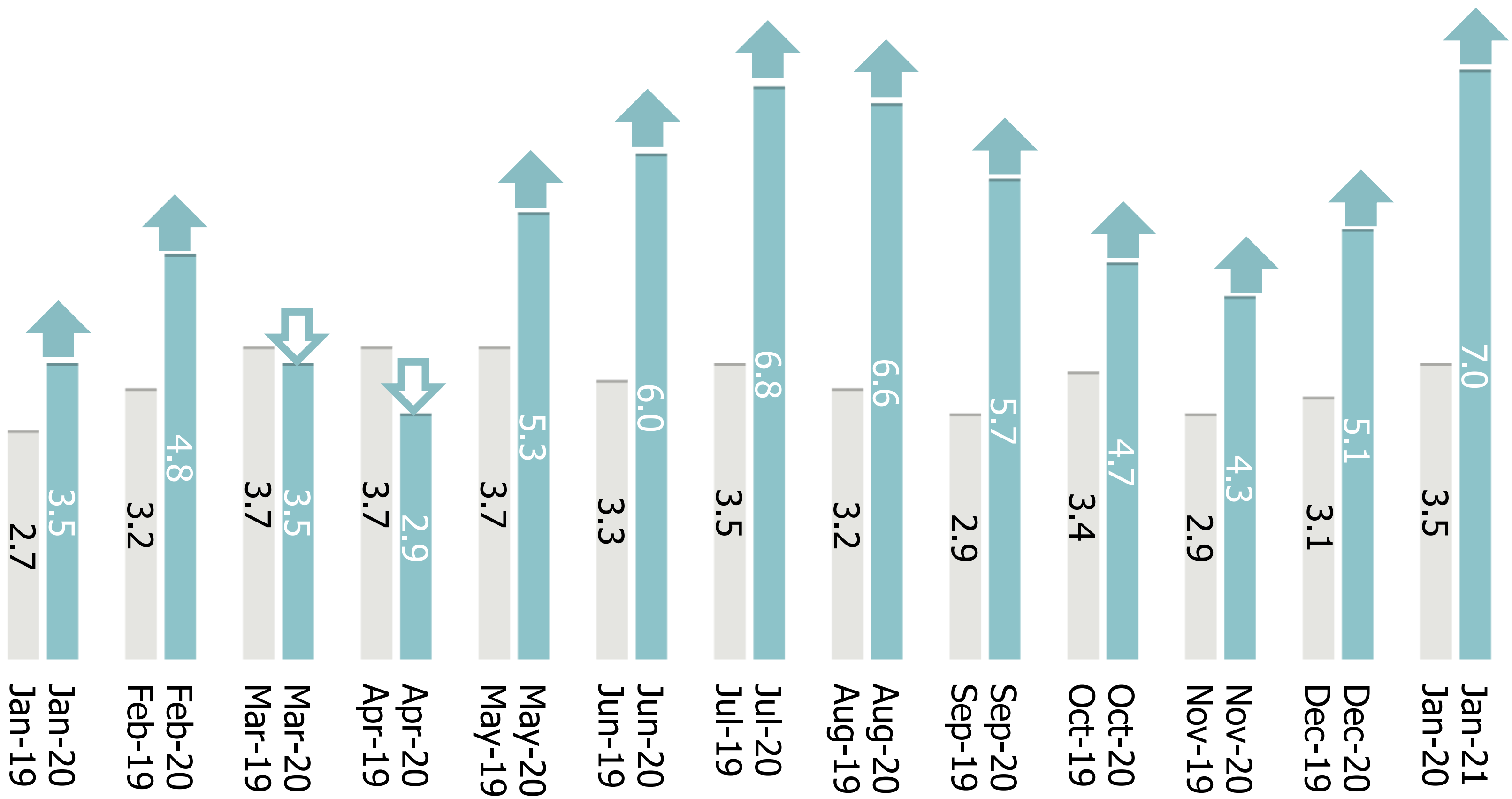
(1) Adjusted homebuilding gross margin percentage is before cost of sales interest expense and land charges. See appendix for a reconciliation to the most directly comparable GAAP measure.
(2) Total SG&A includes homebuilding selling, general and administrative costs and corporate general and administrative costs. Ratio calculated as a percentage of total revenues.
(3) Adjusted EBITDA is a non-GAAP financial measure. The most directly comparable GAAP financial measure is net income (loss). Adjusted EBITDA represents earnings before interest expense, income taxes, depreciation, amortization, inventory impairment loss and land option write offs and gain on extinguishment of debt.
(4) Adjusted Income Before Income Taxes excludes land-related charges and gain on extinguishment of debt. See appendix for a reconciliation to the most directly comparable GAAP measure.

Monthly Contracts



Note: Excludes unconsolidated joint ventures.

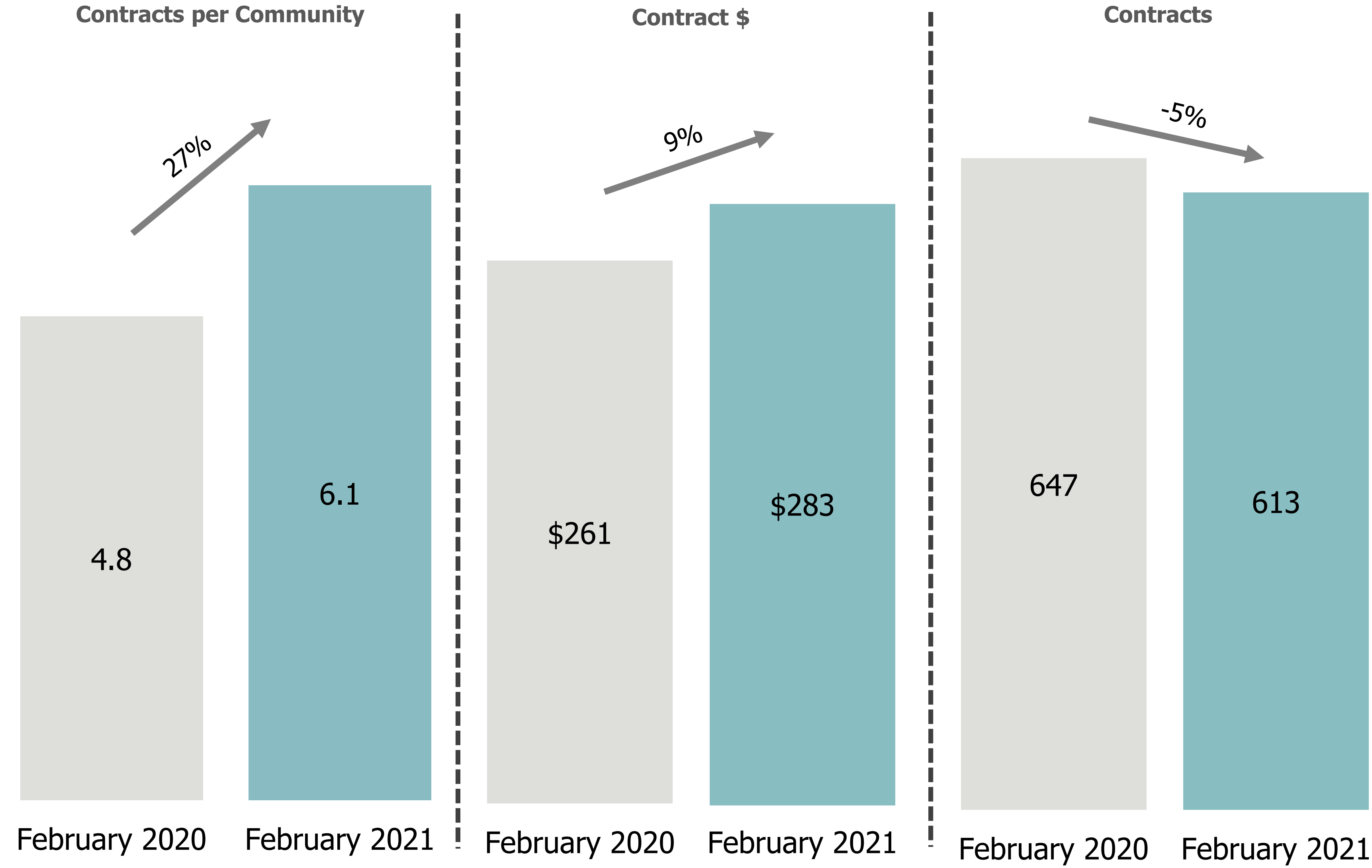
Number of Monthly Contracts Per Community, Excludes Unconsolidated Joint Ventures



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

Note: Excludes unconsolidated joint ventures.

Aggressively Raised Prices in February 2021 to Slow Sales Pace



Note: Excludes unconsolidated joint ventures.

Guidance for Second Quarter 2021

($ in millions)

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

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

Guidance for Fiscal 2021

KHovnanian Homes

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

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.

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

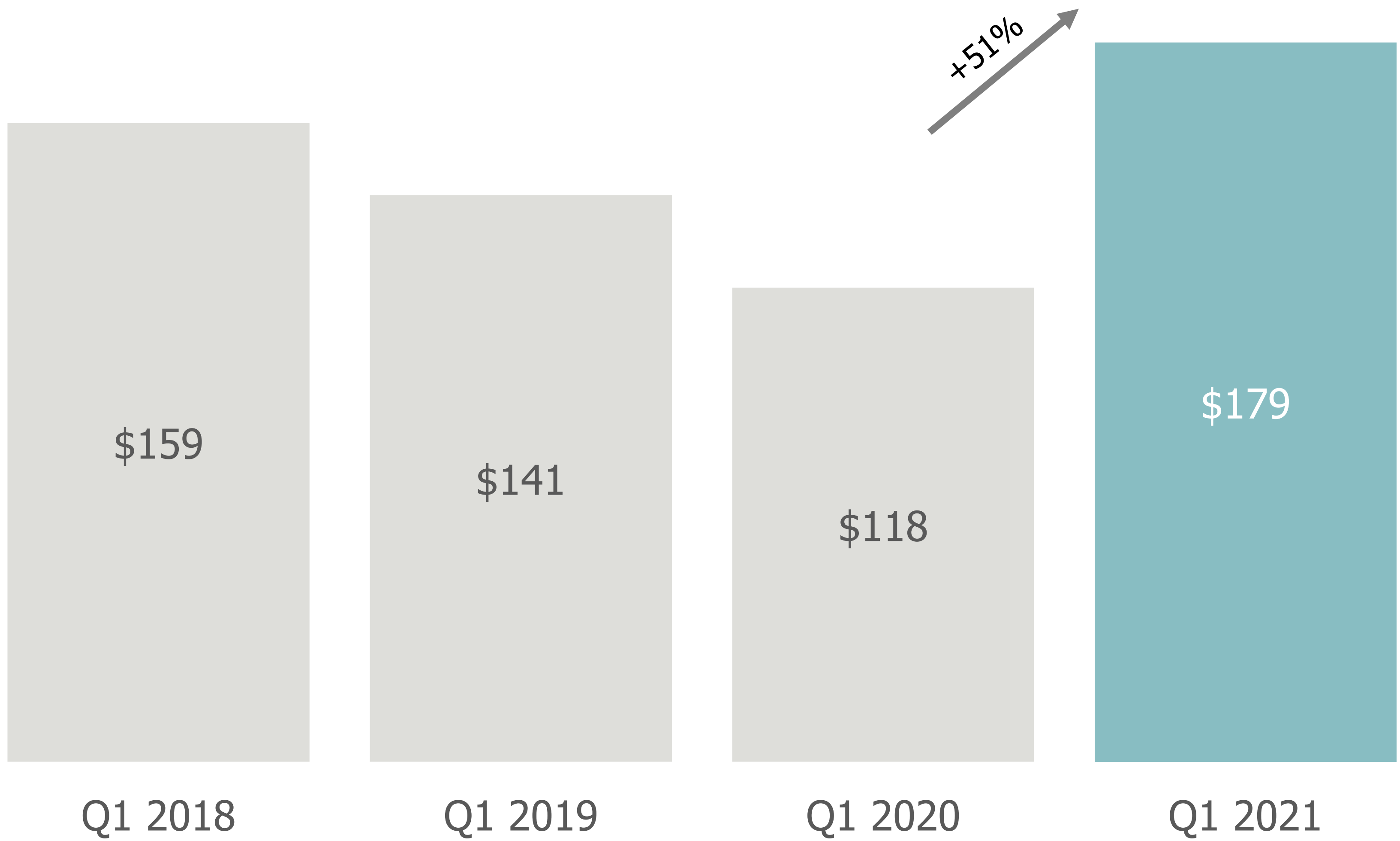
(3) Total SG&A includes homebuilding selling, general and administrative costs and corporate general and administrative costs. Ratio calculated as a percentage of total revenues.

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

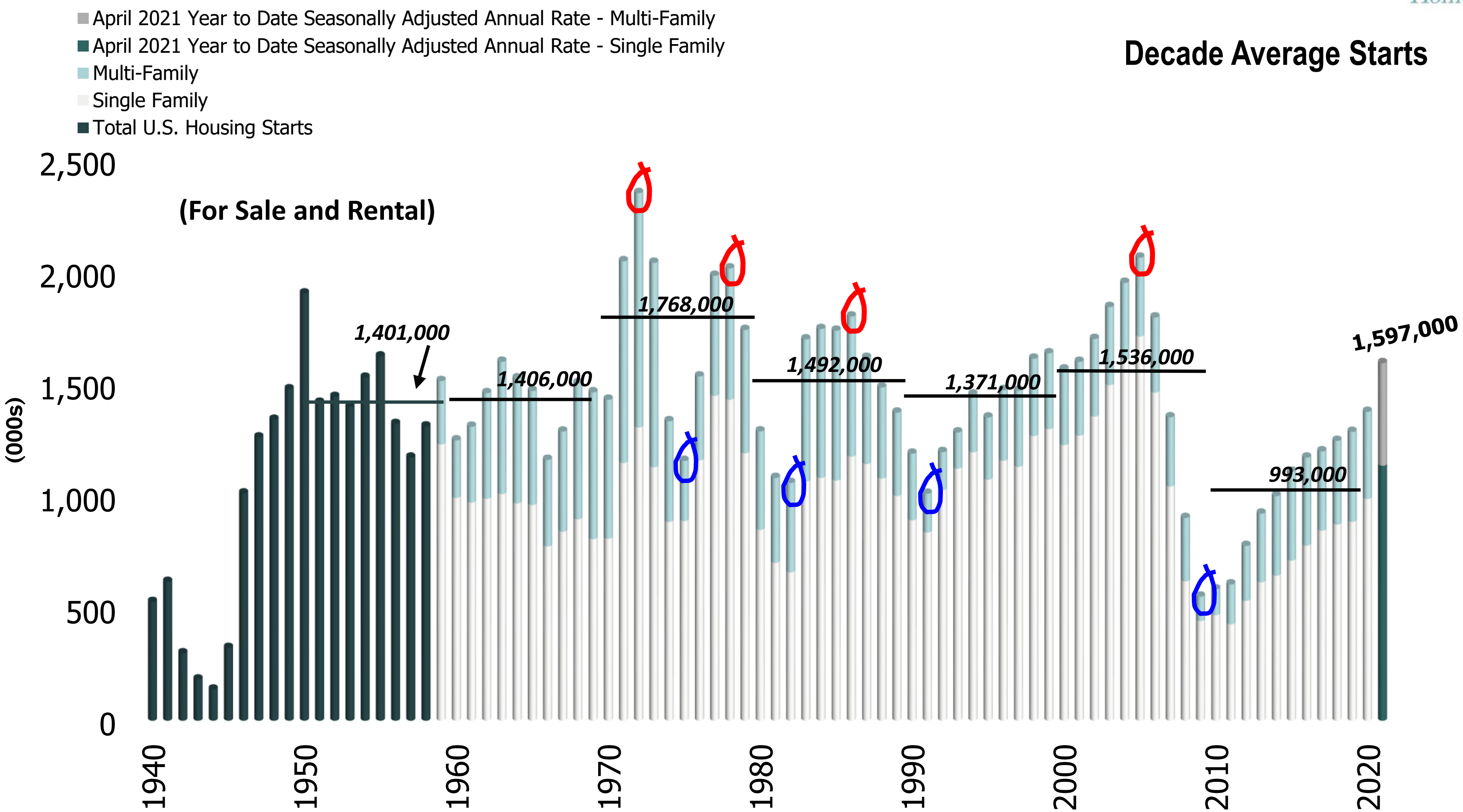
(5) Adjusted Income Before Income Taxes excludes land-related charges, joint venture write-downs and loss (gain) on extinguishment of debt. See appendix for a reconciliation to the most directly comparable GAAP measure.

Land and Land Development Spend

($ in millions)



US Housing Production in Retrospective



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

Population Greater

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

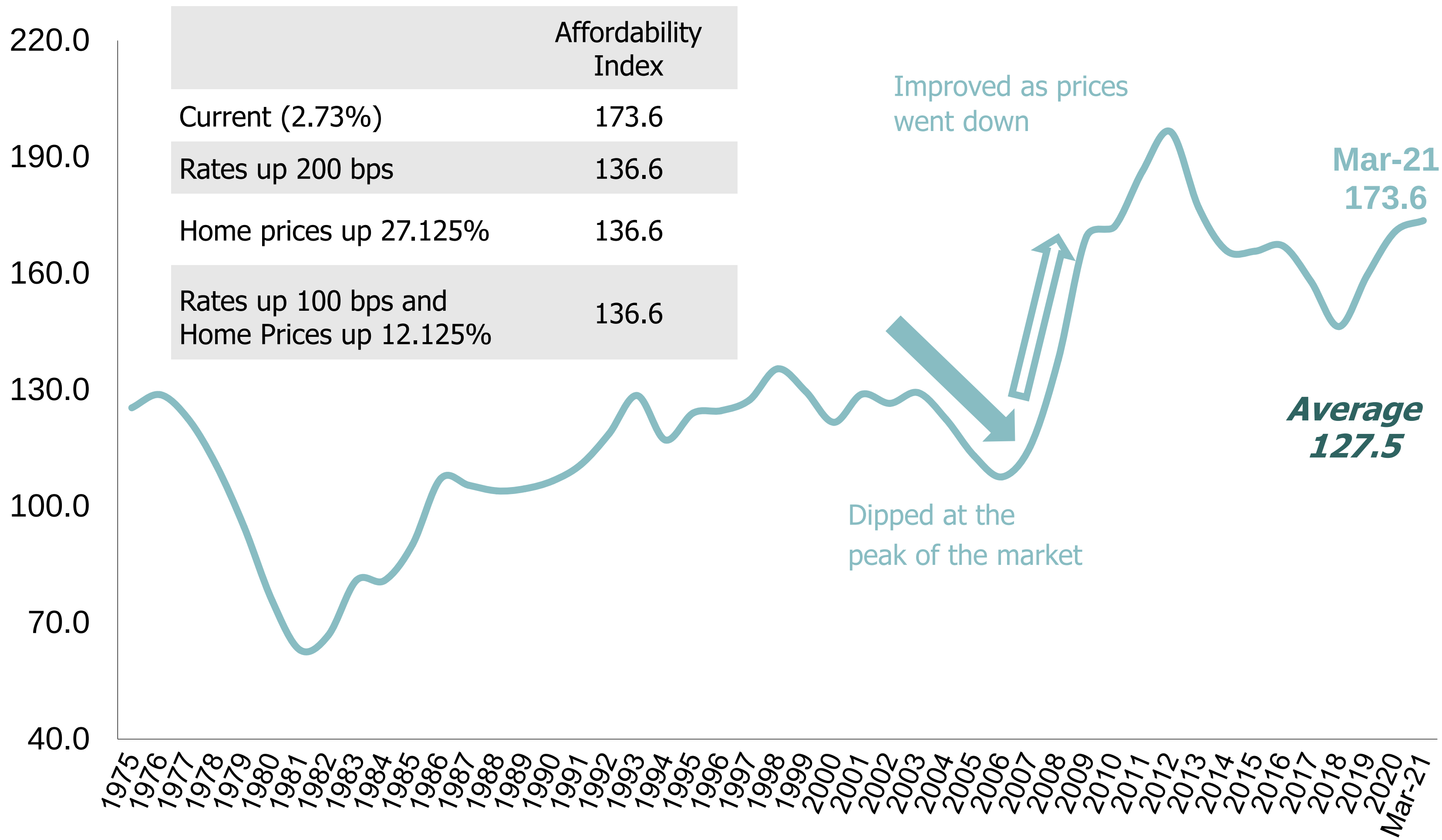
Mortgage Rates

Source: Freddie Mac.

Affordability Index

"The higher the affordability Index the better."

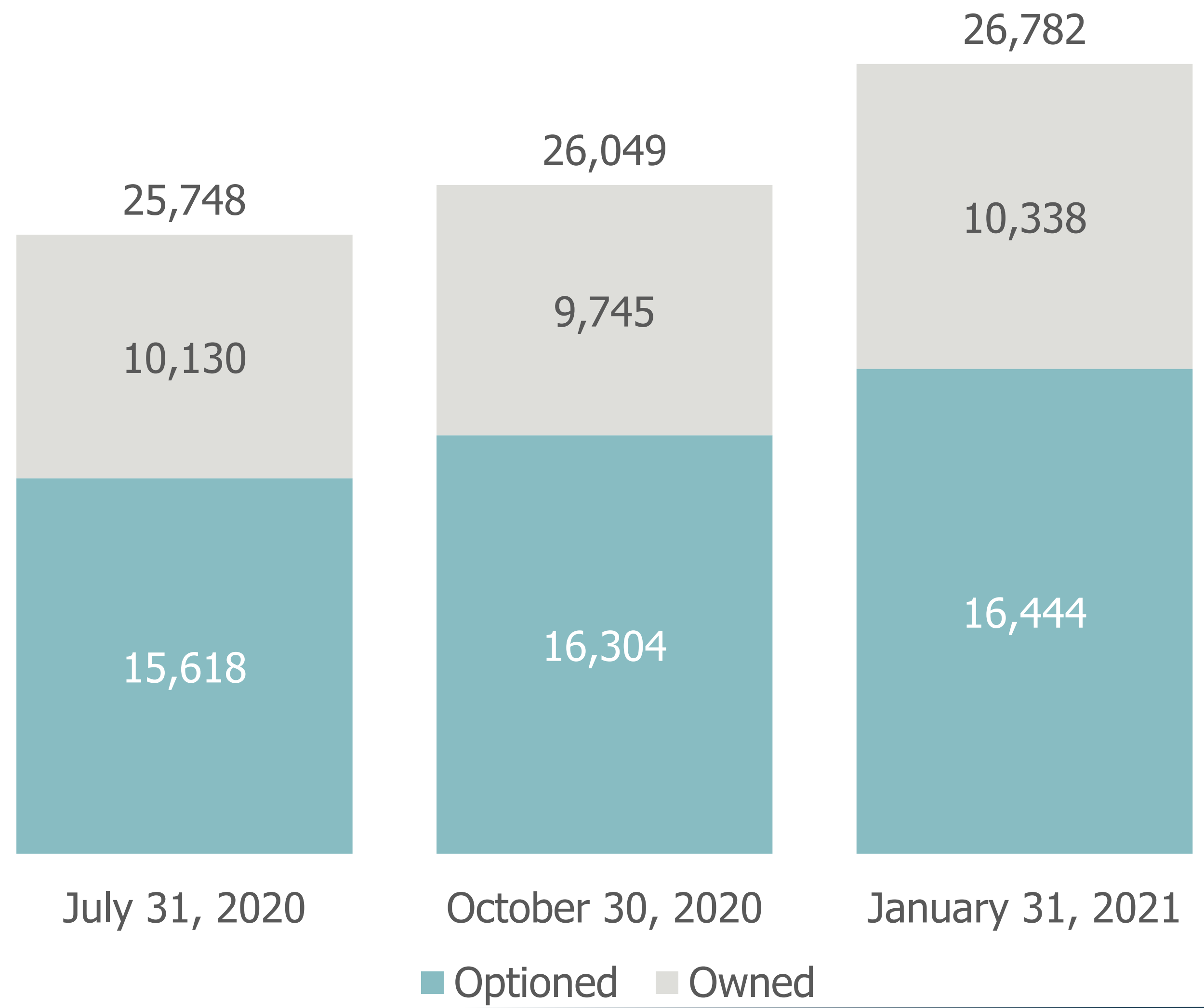
	Affordability Index
Current (2.73%)	173.6
Rates up 200 bps	136.6
Home prices up 27.125%	136.6
Rates up 100 bps and Home Prices up 12.125%	136.6



Note: Based on a 25% qualifying ratio for monthly housing expense to gross monthly income with a 20% down payment.

Source: NAR, Freddie Mac and US Census Bureau.

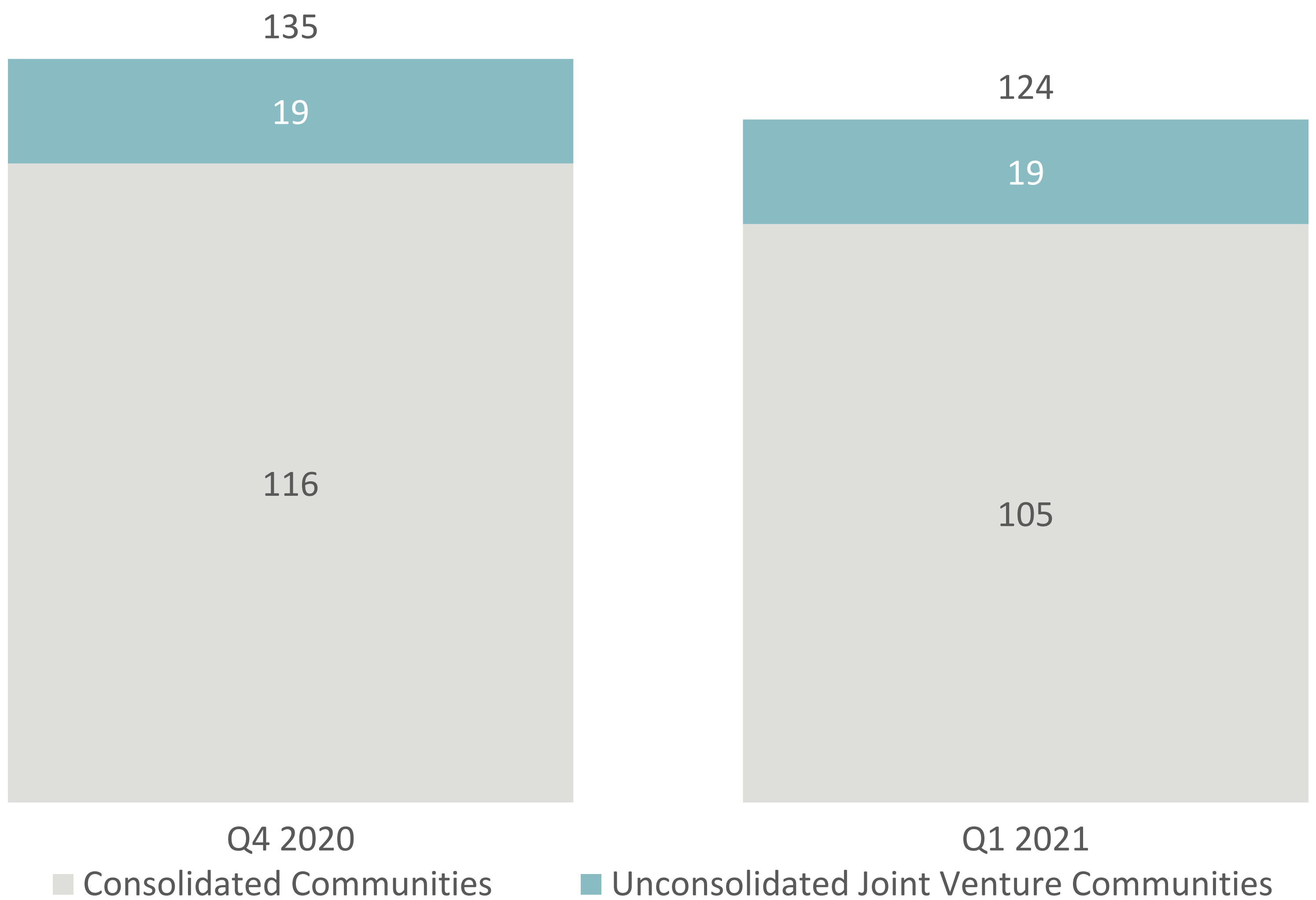
Total Lots Controlled



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

Note: Excludes unconsolidated joint ventures.

Quarterly Community Count



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

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

Hovnanian Enterprises, Inc.

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	Three Months Ended January 31,		Three Months Ended October 31,		Three Months Ended July 31,		Three Months Ended April 30,		Years Ended October 31,		
(Unaudited)	**2021**	**2020**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2018**
Income (loss) before income taxes	$19,585	$(7,436)	$42,444	($586)	$16,216	($7,064)	$4,179	($14,912)	$55,403	($39,668)	$8,146
Inventory impairment loss and land option write-offs	1,877	2,828	2,611	2,687	2,364	1,435	1,010	1,462	8,813	6,288	3,501
Unconsolidated joint venture investment, intangible and land-related charges	–	–	–	–	–	854	174	–	–	854	1,261
Gain on extinguishment of debt	–	(9,456)	–	42,436	(4,055)	–	–	–	(13,337)	42,436	7,536
Income (loss) before income taxes excluding land-related charges and gain on extinguishment of debt [(1)]	**$21,462**	**$(14,064)**	**$45,055**	**$44,537**	**$14,525**	**($4,775)**	**$5,363**	**($13,450)**	**$50,879**	**$9,910**	**$20,444**

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

Reconciliation of Homebuilding Gross Margin

Hovnanian Enterprises, Inc.

Hovnanian Enterprises, Inc.

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	Homebuilding Gross Margin										
	Three Months Ended January 31,		Three Months Ended October 31,		Three Months Ended July 31,		Three Months Ended April 30,		Years Ended October 31,		
(Unaudited)	**2021**	**2020**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2018**
Sale of homes	$551,365	$479,233	$643,516	$692,146	$605,933	$467,849	$523,347	$427,552	$2,252,029	$1,949,682	$1,906,228
Cost of sales, excluding interest expense and land charges [1]	437,372	396,318	513,416	561,284	499,654	381,906	427,944	355,477	1,837,332	1,596,237	1,555,894
Homebuilding gross margin, before cost of sales interest expense and land charges [2]	113,993	82,915	130,100	130,862	106,279	85,943	95,403	72,075	414,697	353,445	350,334
Cost of sales interest expense, excluding land sales interest expense	16,717	18,136	15,707	27,556	21,794	18,824	18,537	13,898	74,174	70,520	56,588
Homebuilding gross margin, after cost of sales interest expense, before land charges [2]	97,276	64,779	114,393	103,306	84,485	67,119	76,866	58,177	340,523	282,925	293,746
Land charges	1,877	2,828	2,611	2,687	2,364	1,435	1,010	1,462	8,813	6,288	3,501
Homebuilding gross margin	**$95,399**	**$61,951**	**$111,782**	**$100,619**	**$82,121**	**$65,684**	**$75,856**	**$56,715**	**$331,710**	**$276,637**	**$290,245**
Homebuilding gross margin percentage	17.3%	12.9%	17.4%	14.5%	13.6%	14.0%	14.5%	13.3%	14.7%	14.2%	15.2%
Homebuilding gross margin percentage, before cost of sales interest expense and land charges [2]	20.7%	17.3%	20.2%	18.9%	17.5%	18.4%	18.2%	16.9%	18.4%	18.1%	18.4%
Homebuilding gross margin percentage, after cost of sales interest expense, before land charges [2]	17.6%	13.5%	17.8%	14.9%	13.9%	14.3%	14.7%	13.6%	15.1%	14.5%	15.4%

(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 Land Sales Gross Margin

Hovnanian Enterprises, Inc.

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	Land Sales Gross Margin										
	Three Months Ended January 31,		Three Months Ended October 31,		Three Months Ended July 31,		Three Months Ended April 30,		Years Ended October 31,		
(Unaudited)	2021	2020	2020	2019	2020	2019	2020	2019	2020	2019	2018
Land and lot sales	$3,362	$25	$16,805	$1,161	$25	$542	$50	–	$16,905	$9,211	$24,277
Land and lot sales, excluding interest and land charges[1]	2,266	37	10,993	1,150	41	33	83	–	11,154	8,540	10,661
Land and lot sales gross margin, excluding interest and charges	1,096	(12)	5,812	11	(16)	509	(33)	–	5,751	671	13,616
Land and lot sales interest	448	–	84	–	20	205	52	–	156	205	4,097
Land and lot sales gross margin, including interest and excluding land charges	**$648**	**($12)**	**$5,728**	**$11**	**($36)**	**$304**	**($85)**	**–**	**$5,595**	**$466**	**$9,519**

(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.

Reconciliation of Adjusted EBITDA to Net Income (Loss)

Hovnanian Enterprises, Inc.

Hovnanian Enterprises, Inc.
January 31, 2021
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	Three Months Ended January 31,		Years Ended January 31,		
(Unaudited)	**2021**	**2020**	**2020**	**2019**	**2018**
Net income (loss)	$18,959	$(9,148)	$50,928	($42,117)	$4,520
Income tax provision	626	1,712	4,475	2,449	3,626
Interest expense	41,140	43,139	178,131	160,781	163,982
EBIT (1)	60,725	35,703	233,534	121,113	172,128
Depreciation and amortization	1,338	1,279	5,304	4,172	3,156
EBITDA (2)	62,063	36,982	238,838	125,285	175,284
Inventory impairment loss and land option write-offs	1,877	2,828	8,813	6,288	3,501
Gain on extinguishment of debt	0	(9,456)	(13,337)	42,436	7,536
Adjusted EBITDA (3)	**$63,940**	**$30,354**	**$234,314**	**$174,009**	**$186,321**
Interest incurred	$41,457	$44,334	$176,457	$165,906	$161,048
Adjusted EBITDA to interest incurred	1.54	0.68	1.33	1.05	1.16

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

Reconciliation of Inventory Turnover[1]

Hovnanian Enterprises, Inc.
January 31, 2021
($ '000)

	For the quarter ended					TTM ended 1/31/2021
		4/30/2020	**7/31/2020**	**10/31/2020**	**1/31/2021**	
Cost of sales, excluding interest		$428,027	$499,695	$524,409	$439,638	$1,891,769

	As of					Five quarter average
	1/31/2020	**4/30/2020**	**7/31/2020**	**10/31/2020**	**1/31/2021**	
Total inventories	$1,295,715	$1,288,497	$1,213,503	$1,195,775	$1,281,149	
Consolidated inventory not owned	205,215	198,229	194,760	182,224	165,980	
Capitalized interest	67,879	67,744	63,998	65,010	65,327	
Inventories less consolidated inventory not owned and capitalized interest	**$1,022,621**	**$1,022,524**	**$954,745**	**$948,541**	**$1,049,842**	**$999,655**
Inventory turnover						1.9x

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

Reconciliation Of Adjusted Homebuilding EBIT To Inventory

Hovnanian Enterprises, Inc.
January 31, 2021
($ '000)

Net loss (income)	$79,035	$18,959	$40,634	$15,363	$4,079	$(9,148)
Income tax benefit (provision)	3,389	626	1,810	853	100	1,712
Interest expense	176,132	41,140	40,648	48,886	45,458	43,139
EBIT [2]	258,556	60,725	83,092	65,102	49,637	35,703
Financial services revenue	(77,645)	(19,497)	(22,492)	(21,295)	(14,361)	(14,014)
Financial services expense	40,860	10,354	10,383	10,493	9,630	9,554
Homebuilding EBIT [2]	221,771	51,582	70,983	54,300	44,906	31,243
Inventory impairment loss and land option write-offs	7,862	1,877	2,611	2,364	1,010	2,828
Other operations	1,180	278	422	266	214	194
Loss (gain) on extinguishment of debt	(3,881)	–	–	(4,055)	174	(9,456)
Loss (income) from unconsolidated joint ventures	(16,941)	(1,916)	(3,146)	(5,658)	(6,221)	(1,540)
Adjusted homebuilding EBIT	**$209,991**	**$51,821**	**$70,870**	**$47,217**	**$40,083**	**$23,269**
				As of		
		1/31/2021	**10/31/2020**	**7/31/2020**	**4/30/2020**	**1/31/2020**
Total inventories [2]		$1,281,149	$1,195,775	$1,213,503	$1,288,497	$1,295,715
Consolidated inventory not owned		165,980	182,224	194,760	198,229	205,215
Capitalized interest		65,327	65,010	63,998	67,744	67,879
	Five Quarter Average					
Inventories less consolidated inventory not owned and capitalized interest	$999,655	$1,049,842	$948,541	$954,745	$1,022,524	$1,022,621
Adjusted homebuilding EBIT to inventory	21.0%					

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

Reconciliation of Inventory Turnover[1]

Hovnanian Enterprises, Inc.

($ '000)

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

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

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

Reconciliation of Gross Margin

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

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

('000)

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

Reconciliation of Adjusted Pre-Tax Earnings

Hovnanian Enterprises, Inc.

Reconciliation of Income (Loss) Before Income Taxes Excluding Land-Related Charges, Joint Venture Write-Downs and Loss on Extinguishment of Debt to Income (Loss) Before Income Taxes
($ '000)

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

Hovnanian Enterprises®, Inc.