Review of Financial Results
Fourth Quarter Fiscal 2021

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. 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 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; (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; 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 loss (gain) on extinguishment of debt ("Adjusted EBITDA") are not U.S. generally accepted accounting principles (GAAP) financial measures. This earnings release also presents EBITDA and Adjusted EBITDA adjusted to exclude the impact of incremental phantom stock expense. The most directly comparable GAAP financial measure is net income. The reconciliation for historical periods of EBIT, EBITDA and Adjusted EBITDA to net income is presented in a table attached to this earnings release or elsewhere in this earnings release.

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

Adjusted pretax income, which is defined as income before income taxes excluding land-related charges and loss (gain) on extinguishment of debt is a non-GAAP financial measure. This earnings release also presents adjusted pretax income 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 earnings release or elsewhere in this earnings release.

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 $246.0 million of cash and cash equivalents, $9.9 million of restricted cash required to collateralize letters of credit and $125.0 million availability under the senior secured revolving credit facility as of October 31, 2021.

Recent company performance

Guidance Compared with Actuals for Fourth Quarter 2021

Hovnanian Enterprises Inc.

($ in millions)

	Guidance Q4 2021 Revised	Actuals Q4 2021	Q4 2021 Actuals Excluding Incremental Phantom Benefit[(1)]
Total Revenues	$780 - $830	$814	$814
Adjusted Homebuilding Gross Margin[(2)]	21.5% - 22.5%	22.8%	22.8%
Total SG&A as Percentage of Total Revenues[(3)]	8.5% - 9.5%	8.6%	9.2%
Adjusted EBITDA[(4)]	$85 - $100	$121	$116
Adjusted Income Before Income Taxes[(5)]	$45 - $60	$81	$76

(1) 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.

(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.

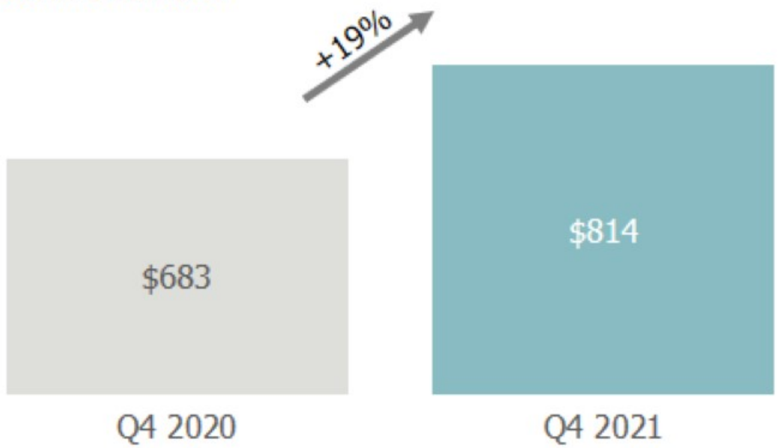
(5) Adjusted Income Before Income Taxes excludes land-related charges and loss (gain) on extinguishment of debt. See appendix for a reconciliation to the most directly comparable GAAP measure.

Fourth Quarter Operating Results

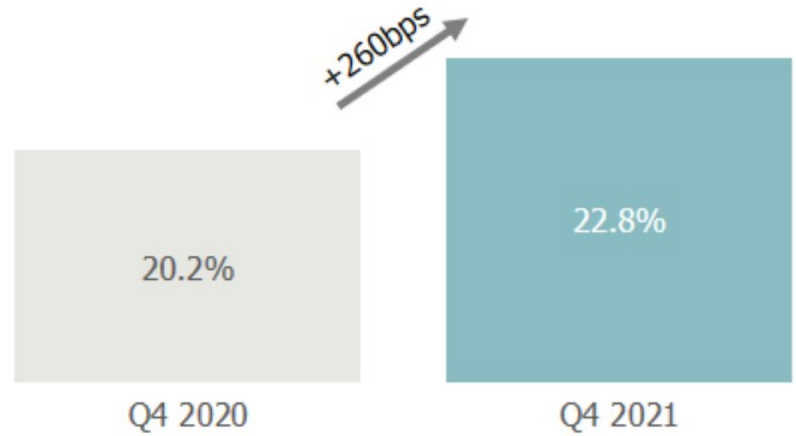
Hovnanian Enterprises, Inc.

($ in millions, unless specified otherwise)

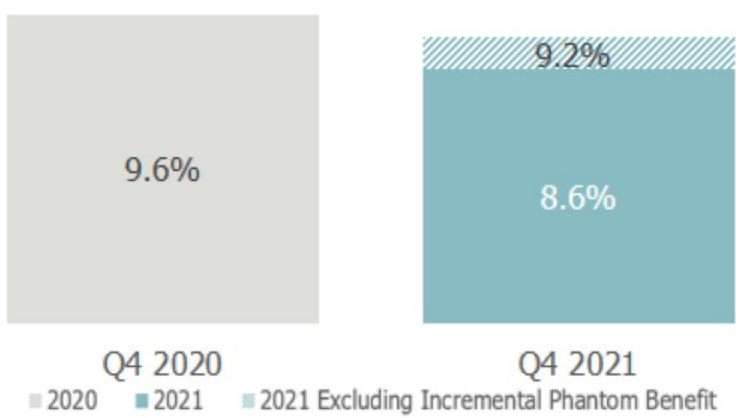
Total Revenues



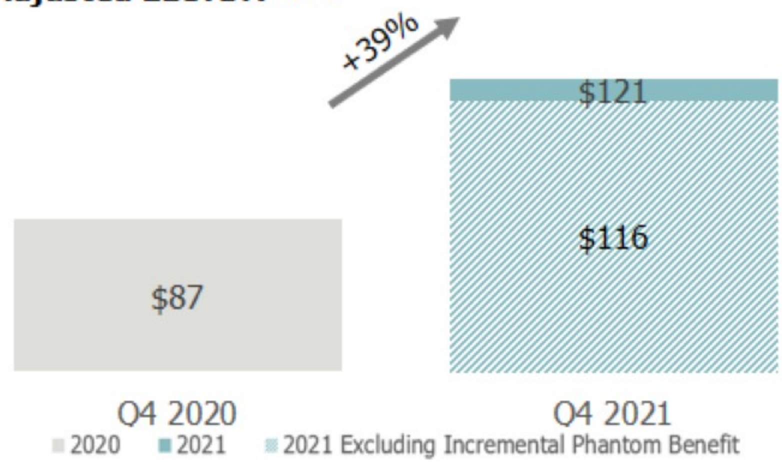
Adjusted Homebuilding Gross Margin(1)



Total SG&A Ratio(2),(3)



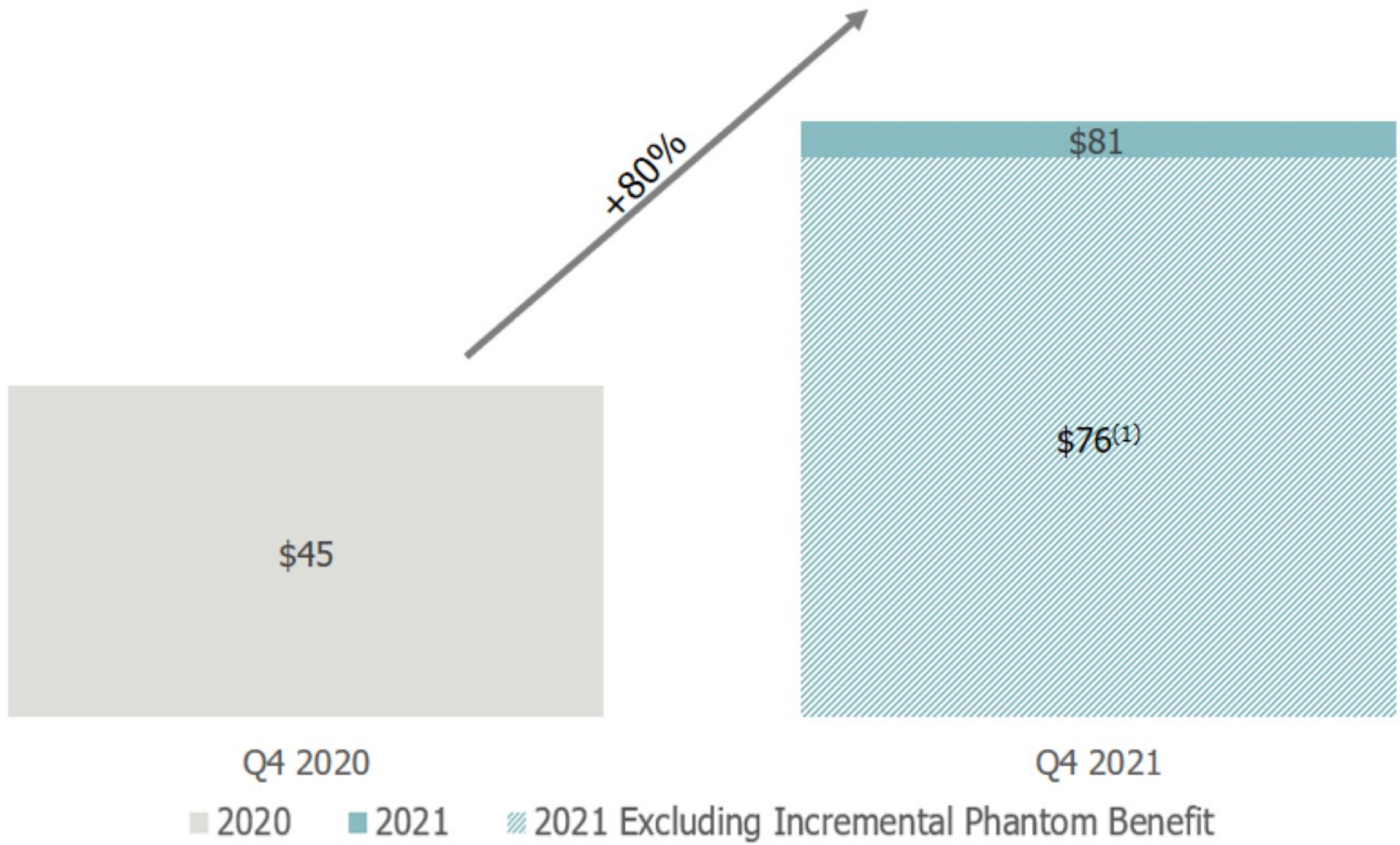
Adjusted EBITDA(3),(4)



(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) 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.
(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.

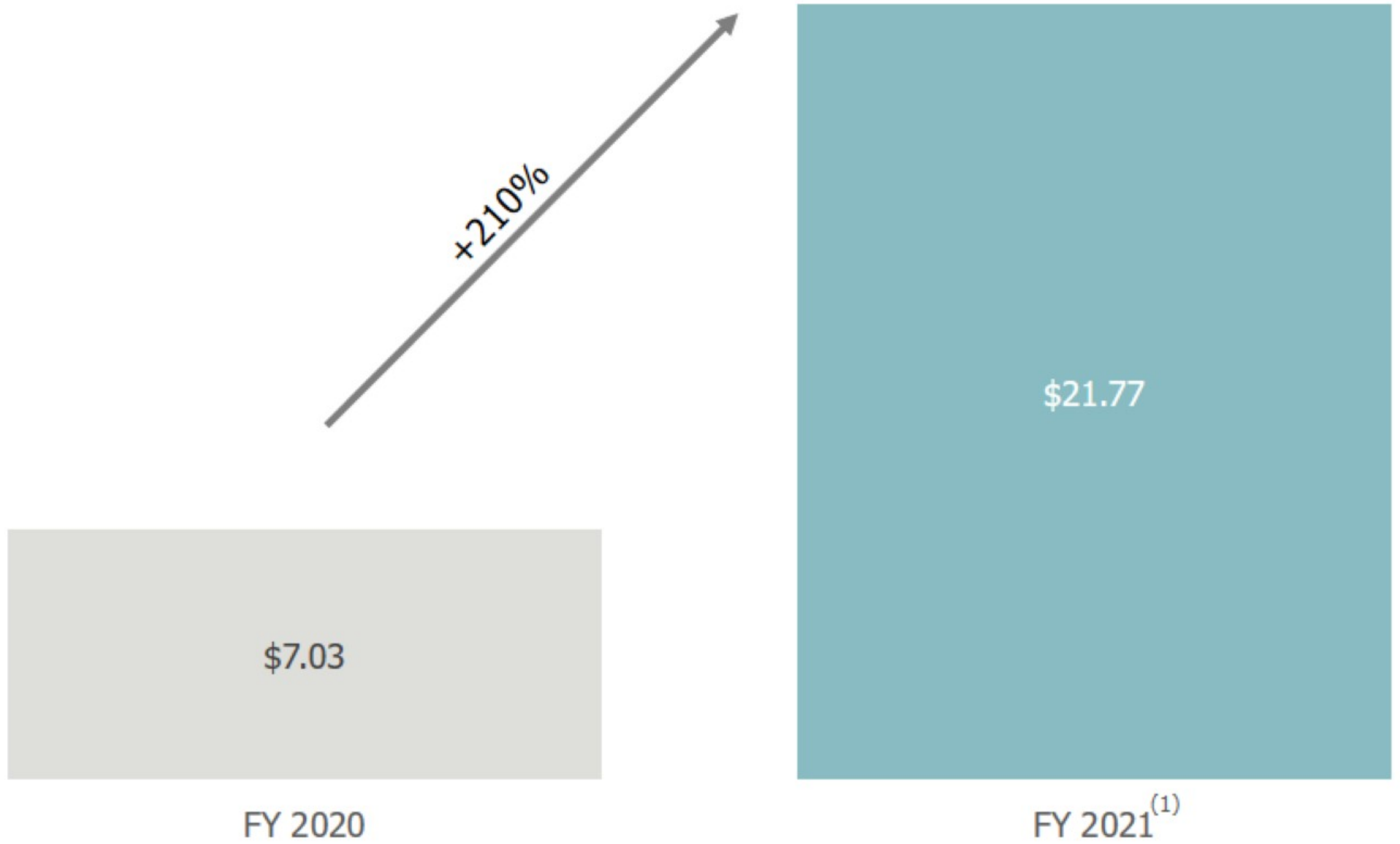
Adjusted Pretax Income

($ in millions)



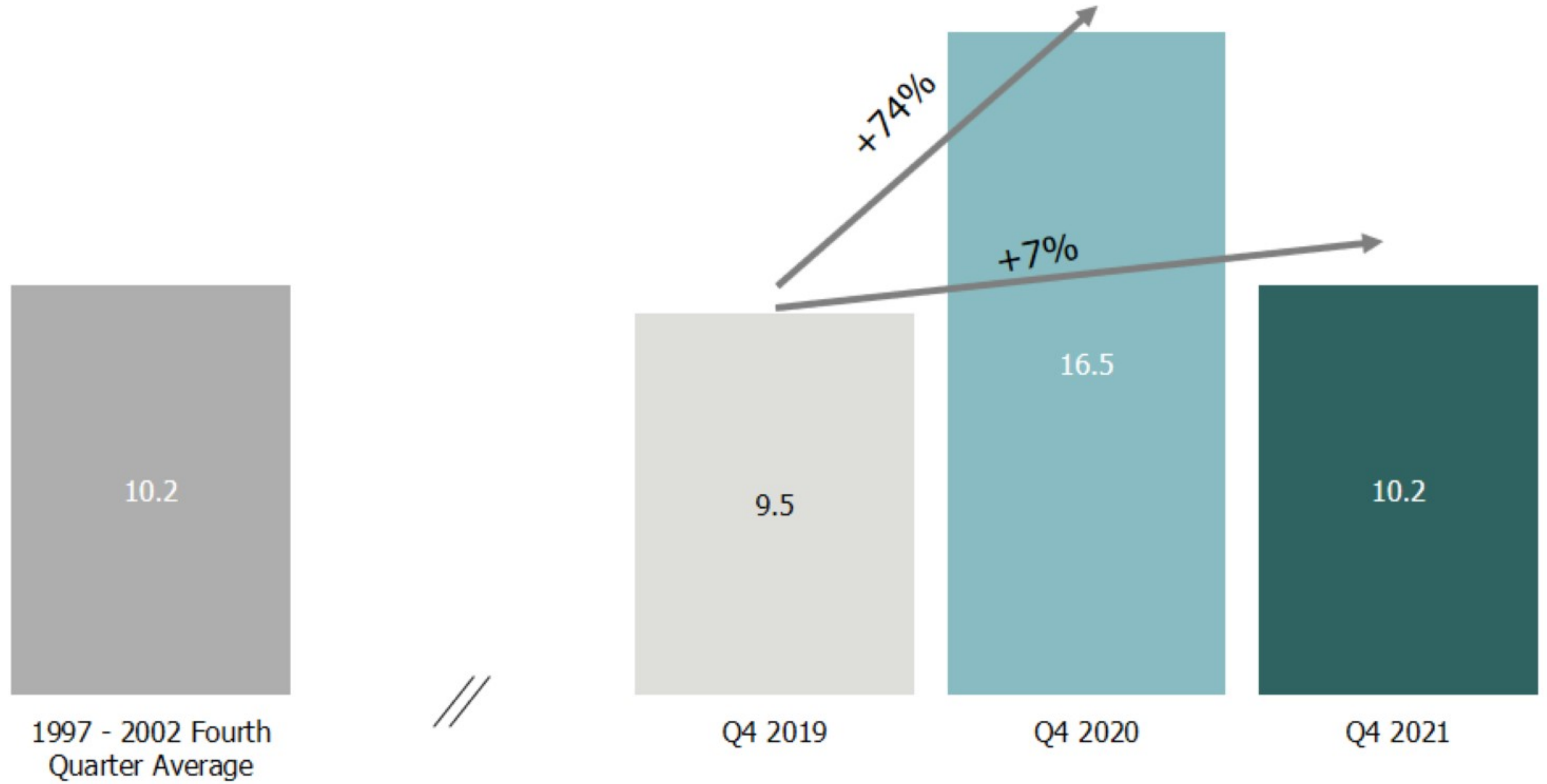
(1) SG&A expenses in the fourth quarter of fiscal 2021 included $5.3 million of incremental benefit due to the phantom stock awards, which is solely related to our common stock price decreasing from $104.39 at the end of the third quarter to $84.26 at the end of the fourth quarter.
Note: Adjusted Income (Loss) 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.

Full Year Adjusted Diluted EPS



(1) Excludes $468.6 million credit to tax expense from the valuation allowance reduction.

Quarterly Contracts Per Community

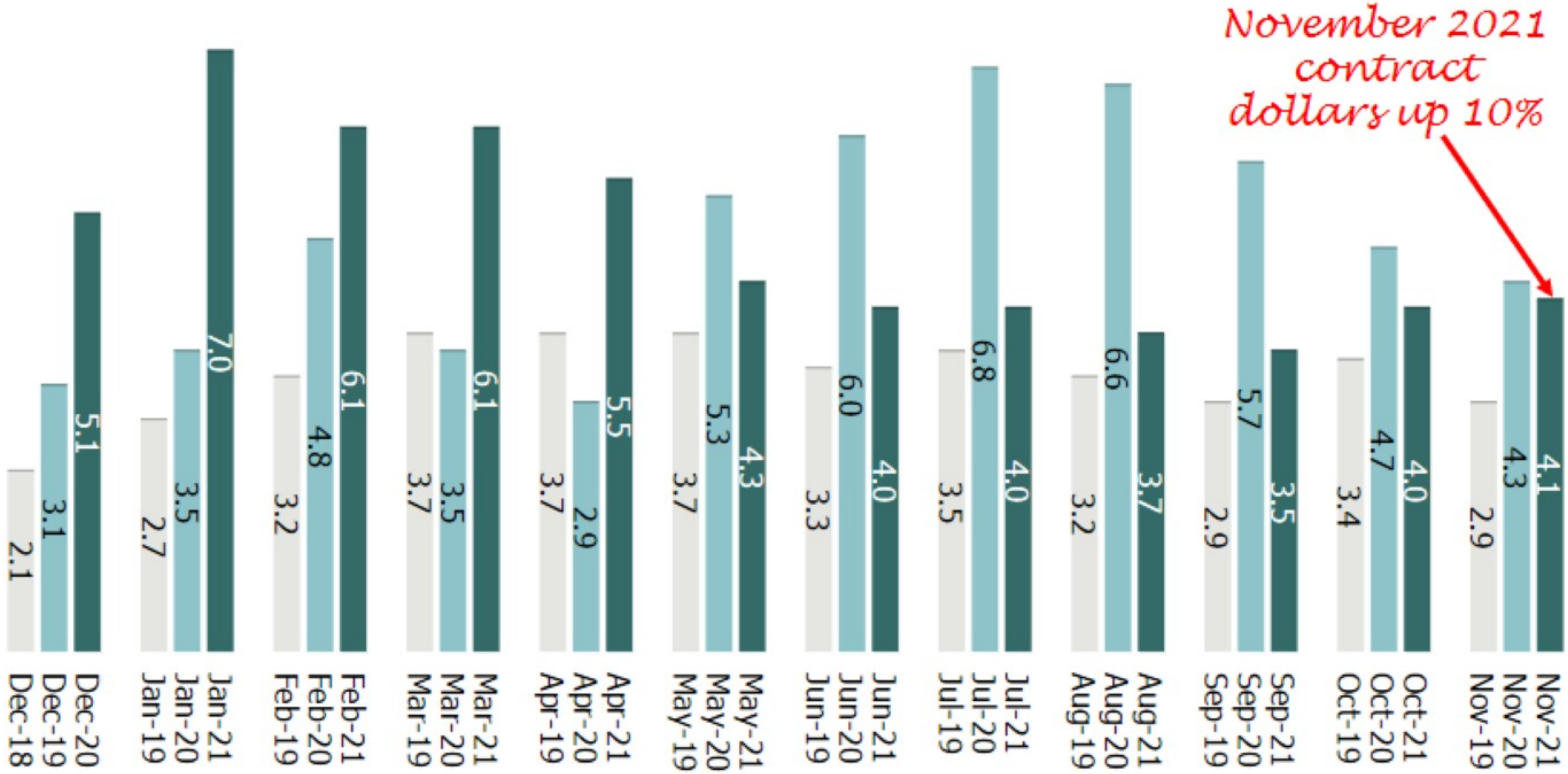


Note: Excludes unconsolidated joint ventures.

Number of Monthly Contracts Per Community, Excludes Unconsolidated Joint Ventures

Hovnanian Enterprises, Inc.

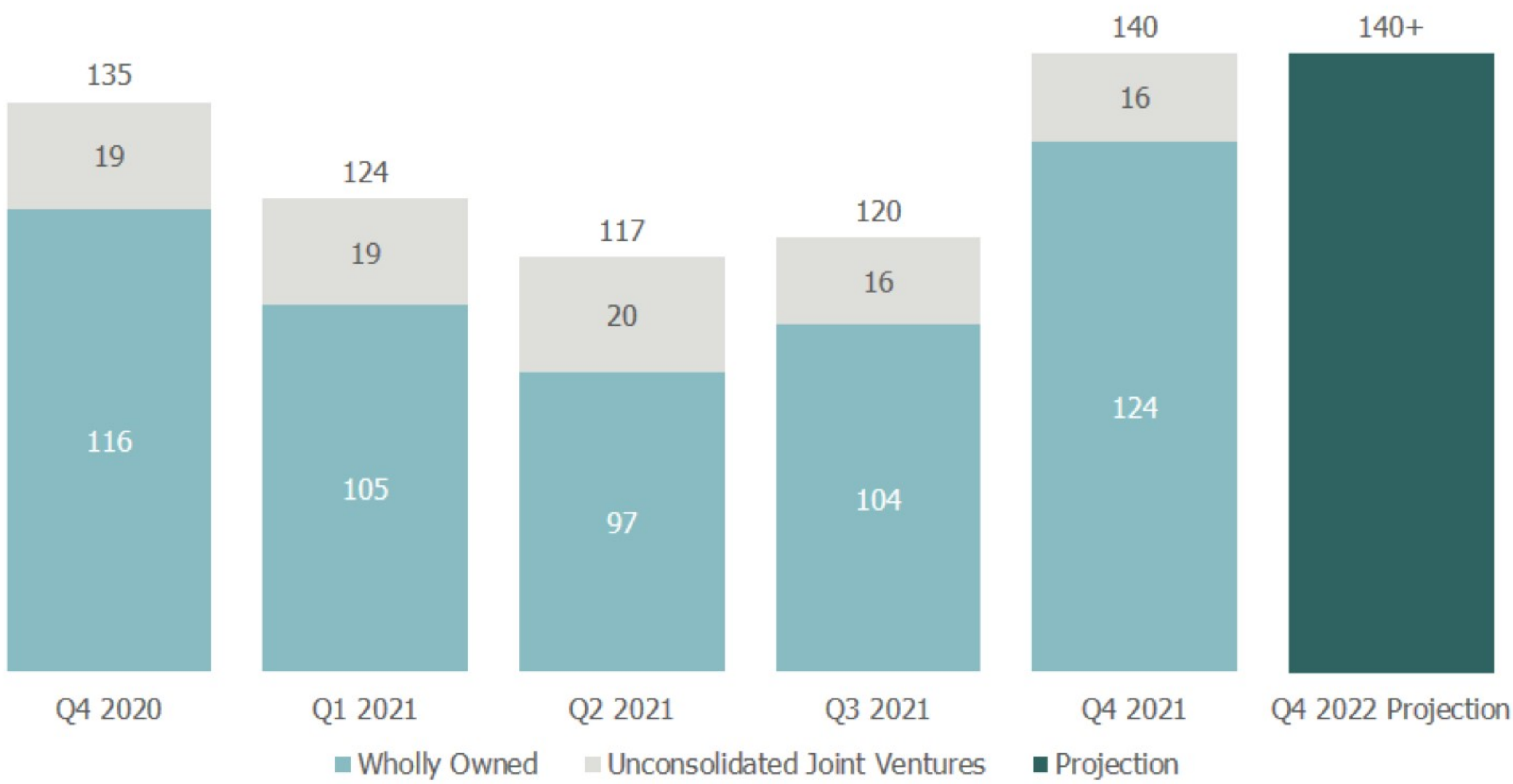
- *Every month better than the same month two years ago*



	Number of Sundays	Monthly contracts
Dec-18	5	280
Dec-19	5	436
Dec-20	4	551
Jan-19	4	369
Jan-20	4	482
Jan-21	5	734
Feb-19	4	449
Feb-20	4	647
Feb-21	4	613
Mar-19	5	553
Mar-20	5	463
Mar-21	4	620
Apr-19	4	544
Apr-20	4	377
Apr-21	4	538
May-19	4	536
May-20	5	687
May-21	5	413
Jun-19	5	491
Jun-20	4	745
Jun-21	4	384
Jul-19	4	488
Jul-20	4	794
Jul-21	4	414
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

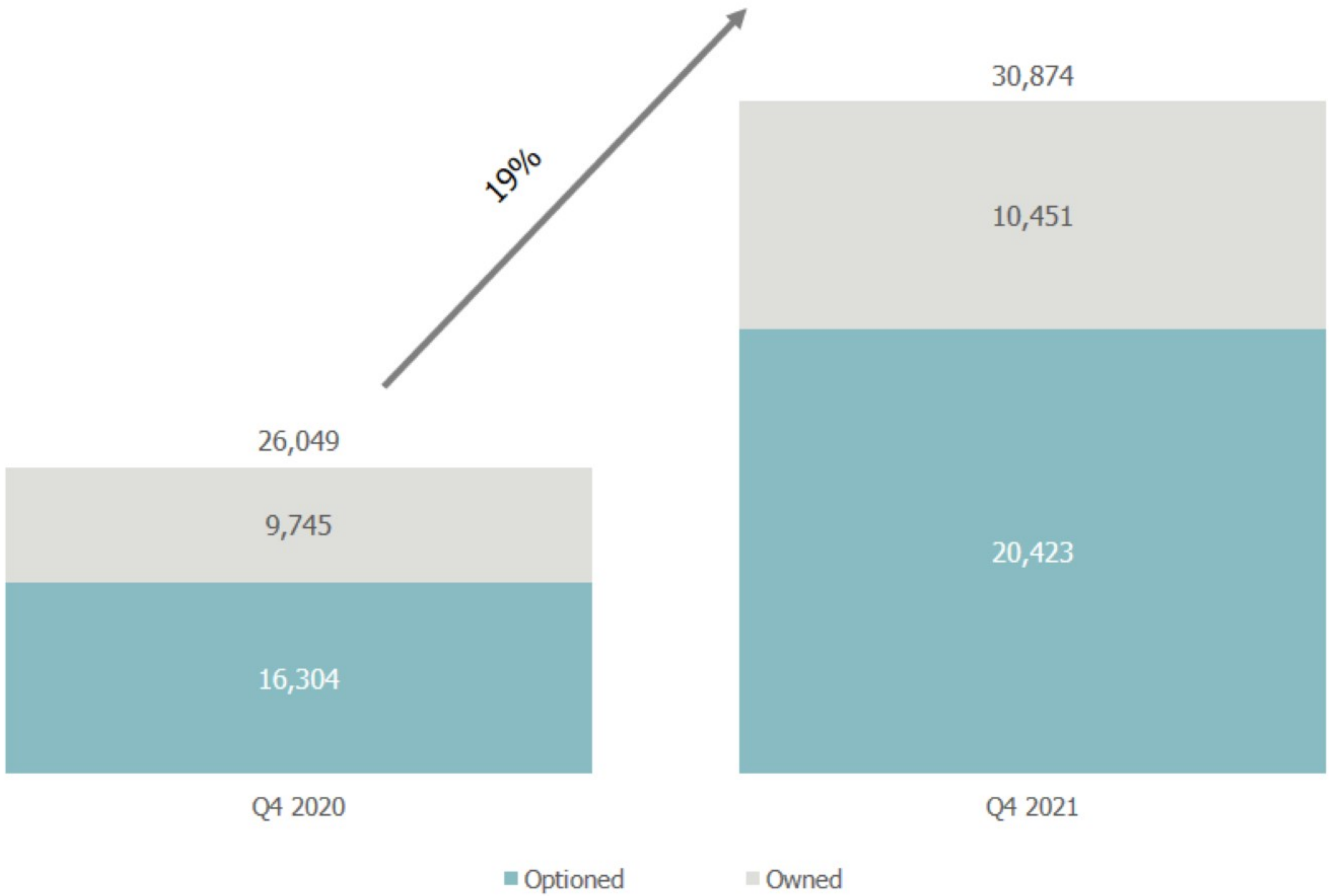
Note: Excludes unconsolidated joint ventures.

Community Count



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

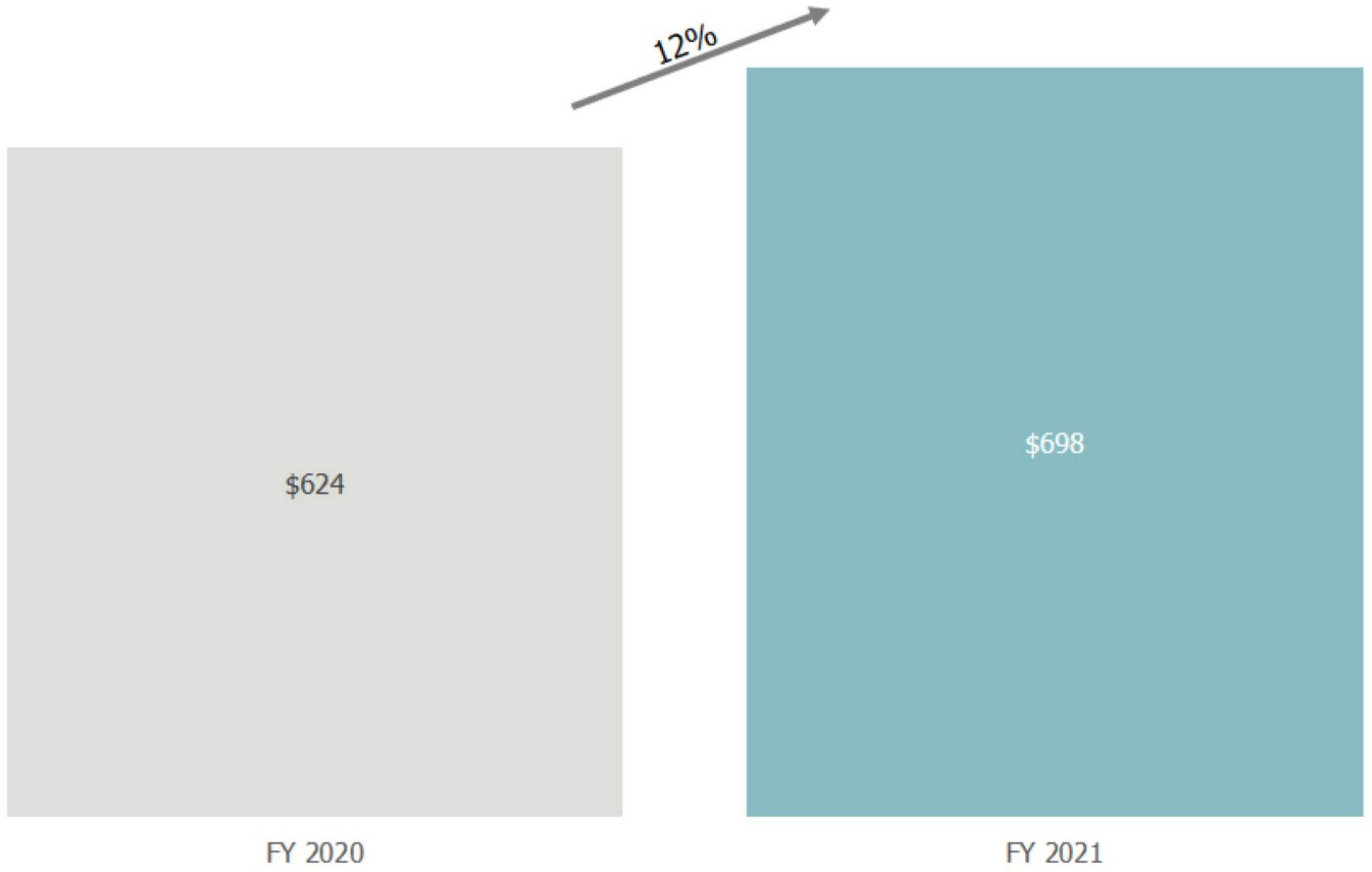
Lots Controlled[1]



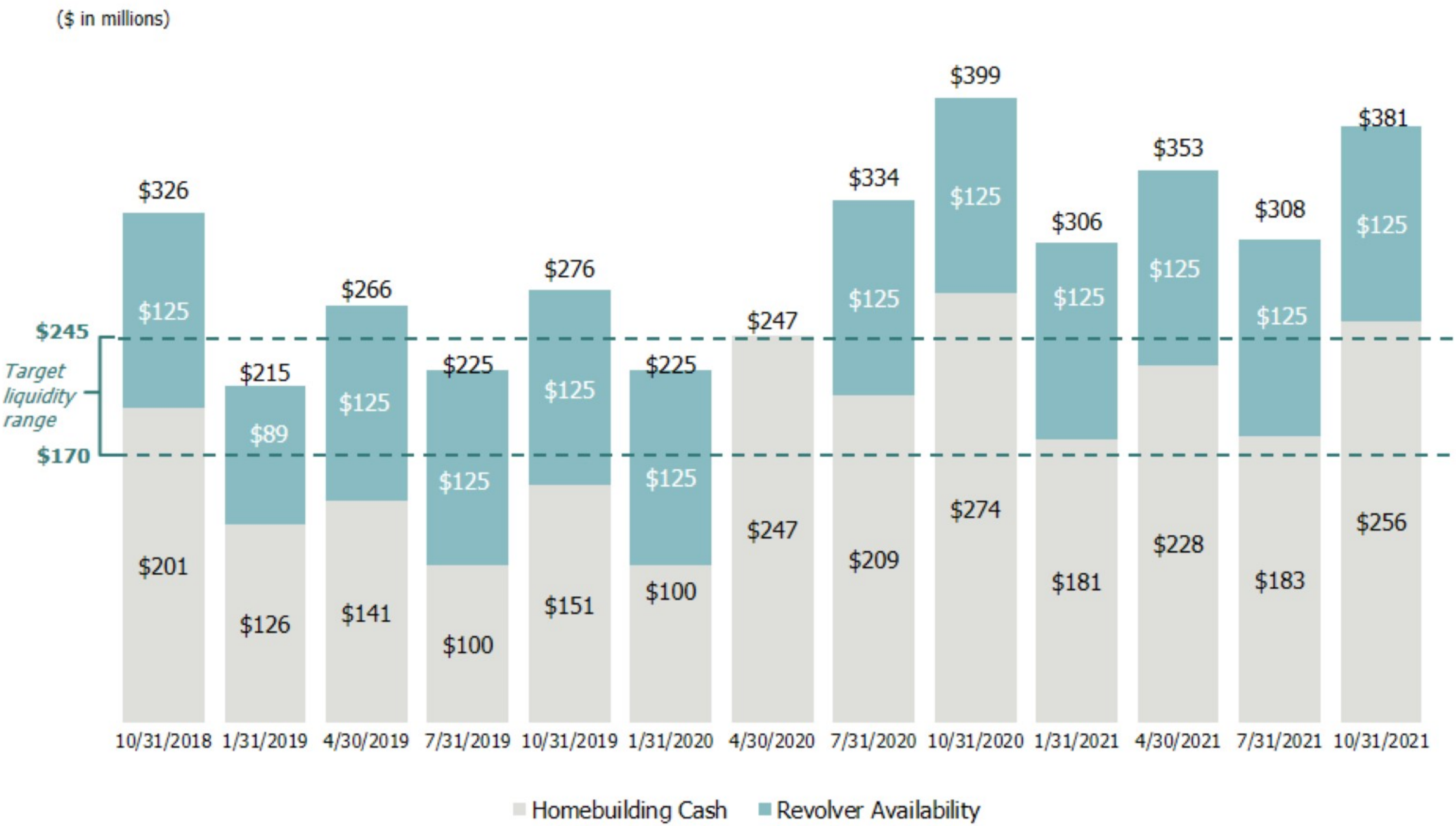
(1) Excludes unconsolidated joint ventures.

Land and Land Development Spend

($ in millions, unless specified otherwise)



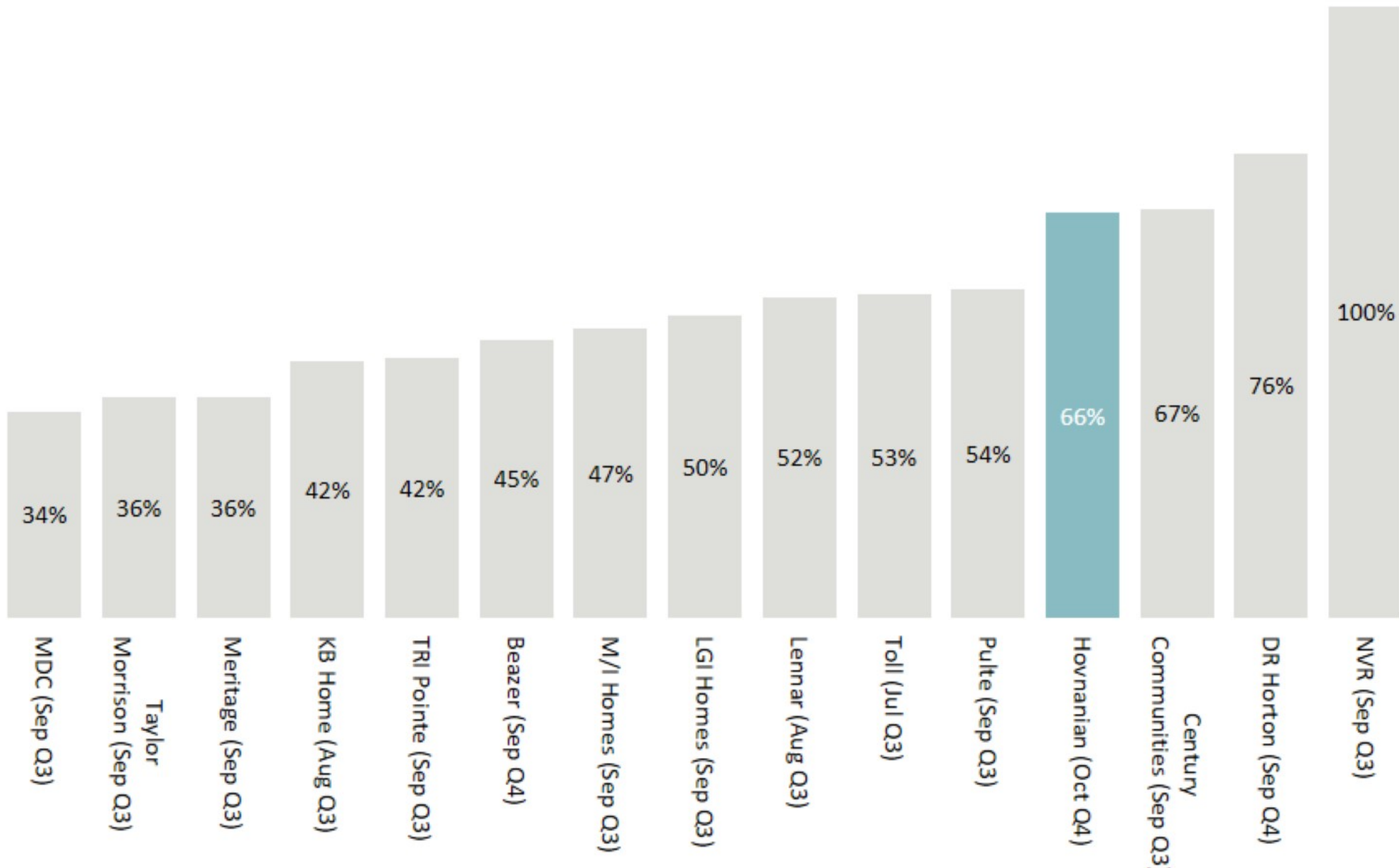
Liquidity Position and Target



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.

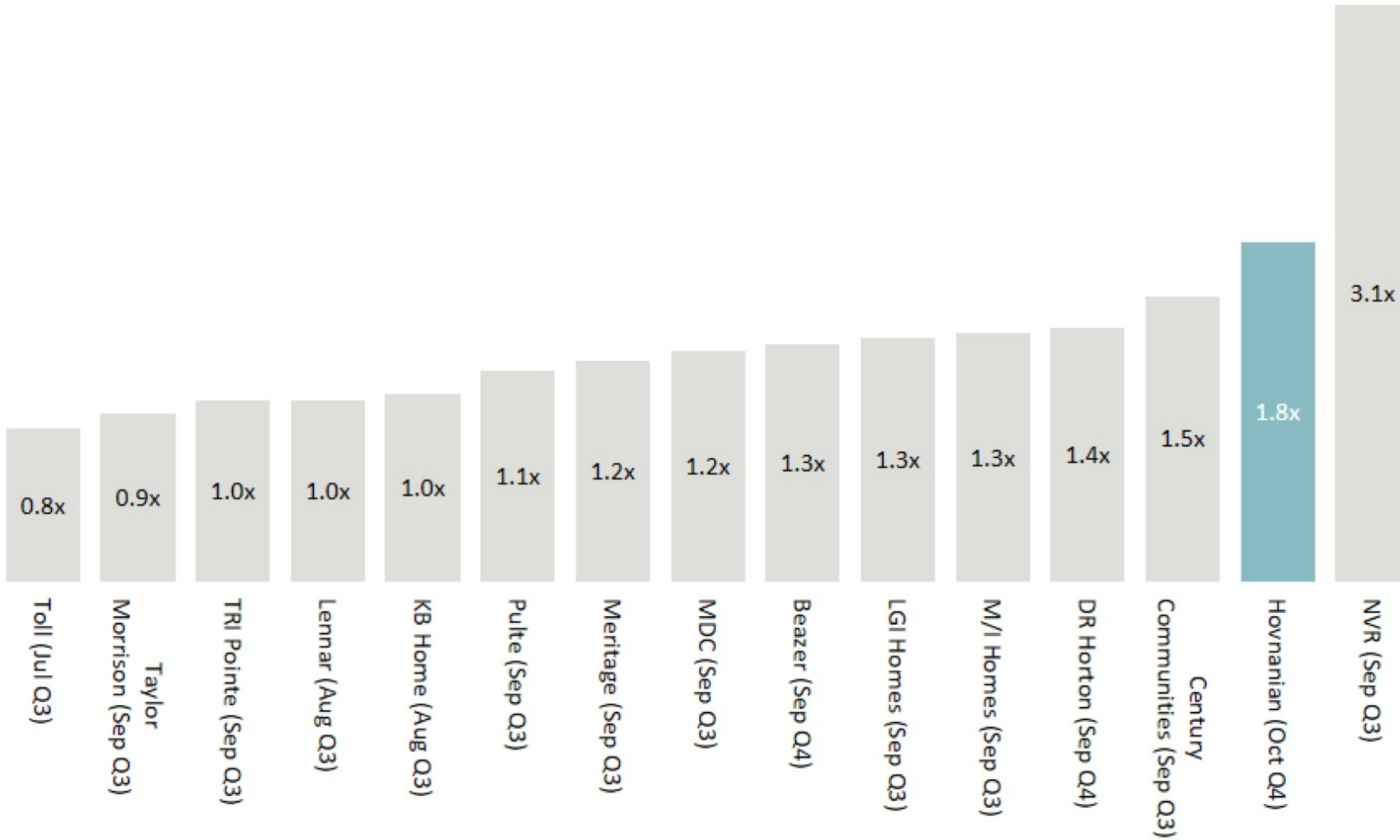
% of Lots Optioned

Hovnanian Enterprises, Inc.



Source: Company SEC filings and press releases as of 12/09/21.
Note: Excludes unconsolidated joint ventures.

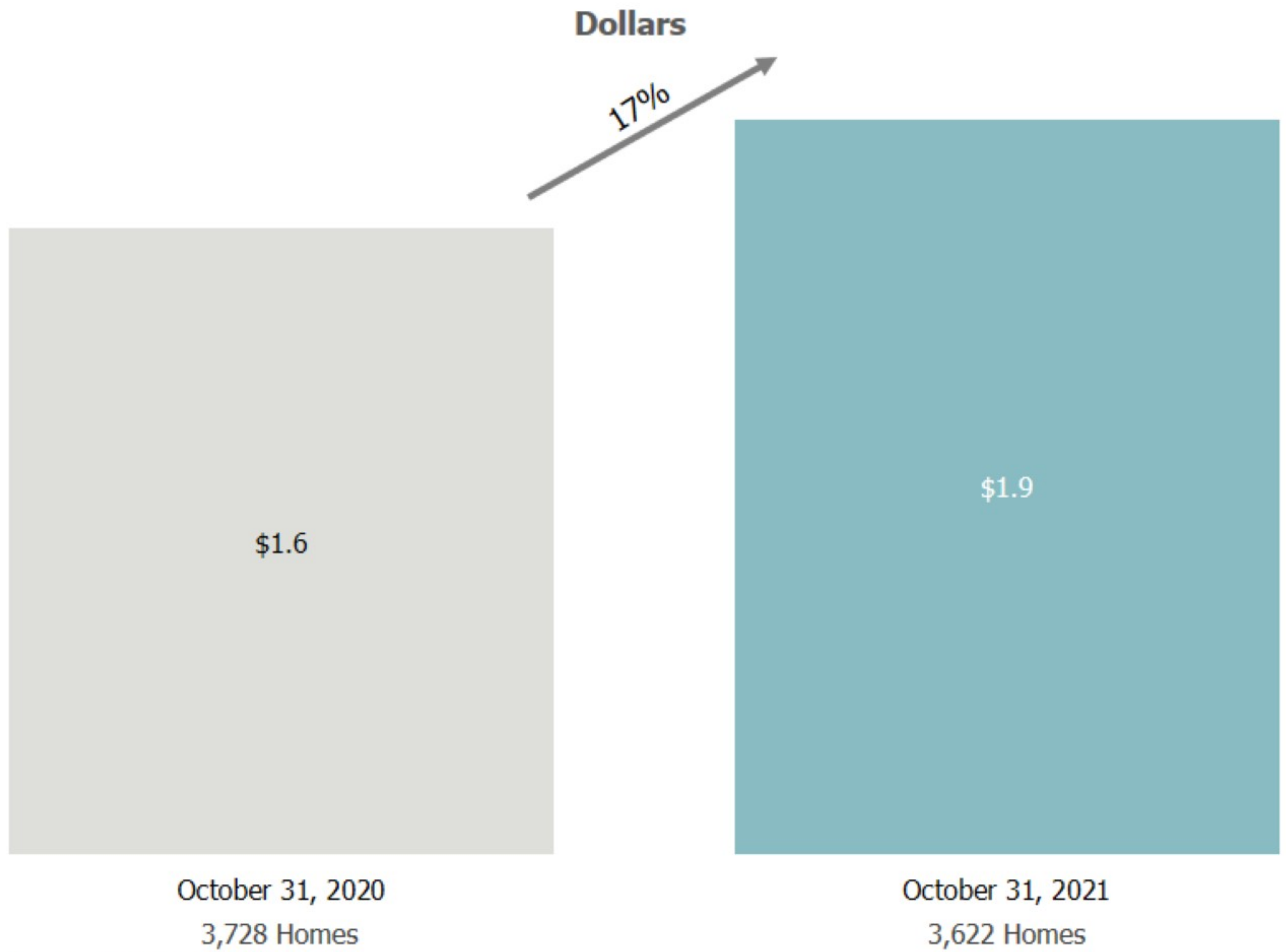
Inventory Turns (COGS), Last Twelve Months



Note: Defined as LTM Homebuilding EBIT before land-related charges divided by five quarter average inventory, excluding capitalized interest and inventory not owned, and including liabilities from inventory not owned.
Source: Company SEC filings and press releases as of 12/09/21.

Backlog

($ in billions)



Note: Includes domestic unconsolidated joint ventures.

Guidance for First Quarter 2022

Hovnanian Enterprises, Inc.

($ in millions)

	Actuals Q1 2021	Guidance Q1 2022(1)
Total Revenues	$575	$640 - $670
Adjusted Homebuilding Gross Margin(2)	20.7%	20.5% - 22.0%
Total SG&A as Percentage of Total Revenues(3)	11.1%	10.8% - 11.8%
Adjusted Income Before Income Taxes(4)	$21	$30 - $35

(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, 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 $84.26

(4) 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.

Guidance for Second Quarter 2022

Hovnanian Enterprises, Inc.

($ in millions)

	Actuals Q2 2021	Guidance Q2 2022[1]
Total Revenues	**$703**	**$700 - $750**
Adjusted Homebuilding Gross Margin[2]	**21.3%**	**23.0% - 25.0%**
Total SG&A as Percentage of Total Revenues[3]	**11.7%**	**9.5% - 10.5%**
Adjusted Income Before Income Taxes[4]	**$31**	**$60 - $75**

(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, 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.

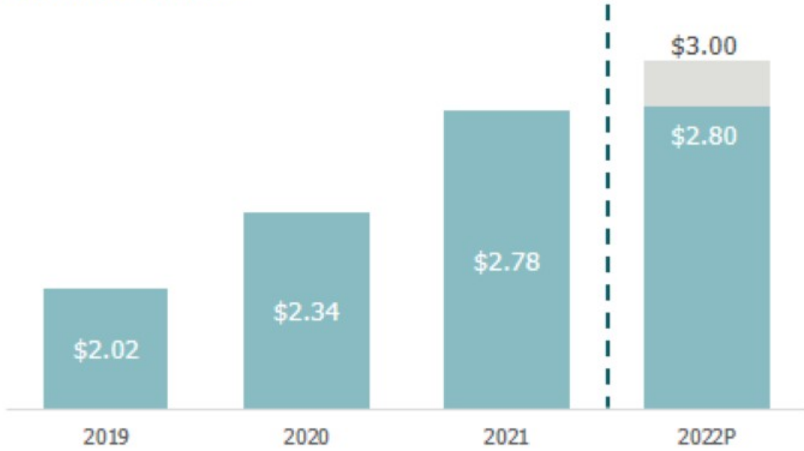
(2) Adjusted homebuilding gross margin percentage is before cost of sales interest expense and land charges. See appendix for a reconciliation to the most directly comparable GAAP measure.

(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 $84.26

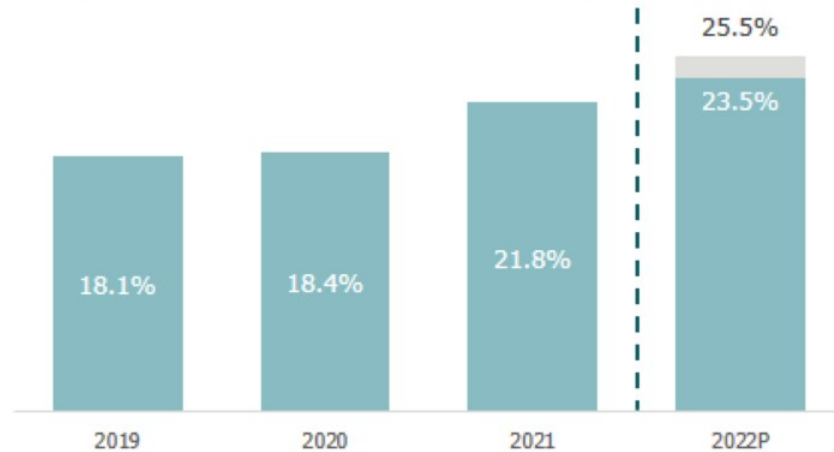
(4) Adjusted Income Before Income Taxes excludes land-related charges and loss (gain) on extinguishment of debt. See appendix for a reconciliation to the most directly comparable GAAP measure.

Guidance Range for Fiscal 2022[1]

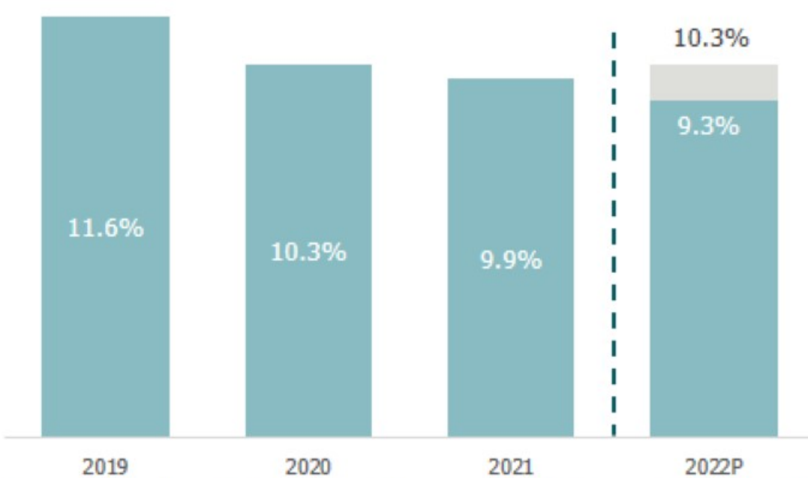
Total Revenues



Adjusted Homebuilding Gross Margin[2]

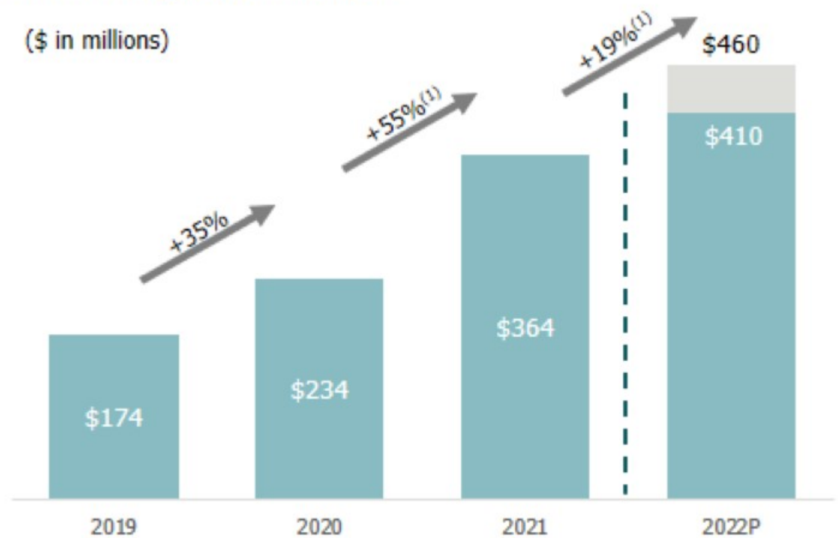


Total SG&A Ratio[3]



Annual Adjusted EBITDA[4],[5]

($ in millions)



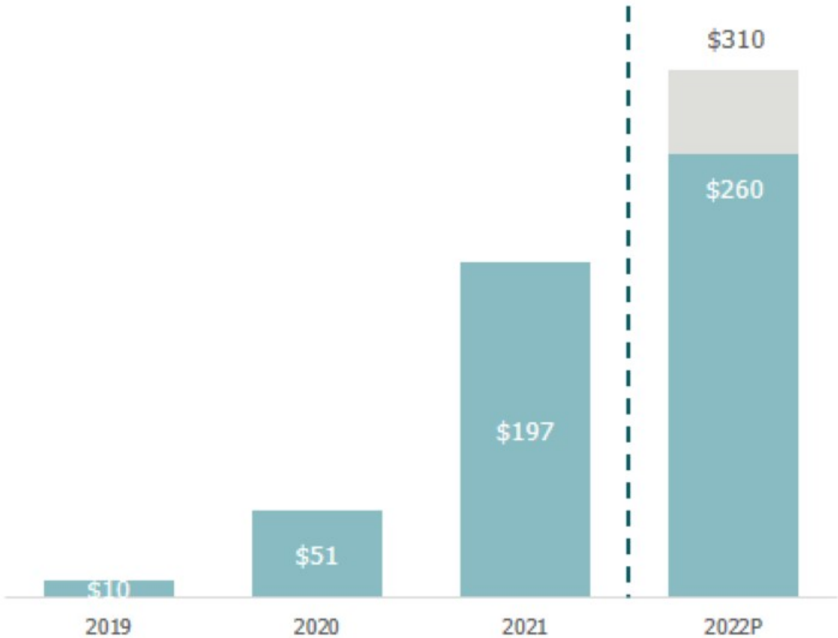
(1) The Company cannot provide a reconciliation between its non-GAAP projections and the most directly comparable GAAP measures without unreasonable efforts because it is unable to predict with reasonable certainty the ultimate outcome of certain significant items required for the reconciliation. These 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)

Hovnanian Enterprises, Inc.

Adjusted Pretax Profit(2)

($ in millions)



EPS(3)

(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.

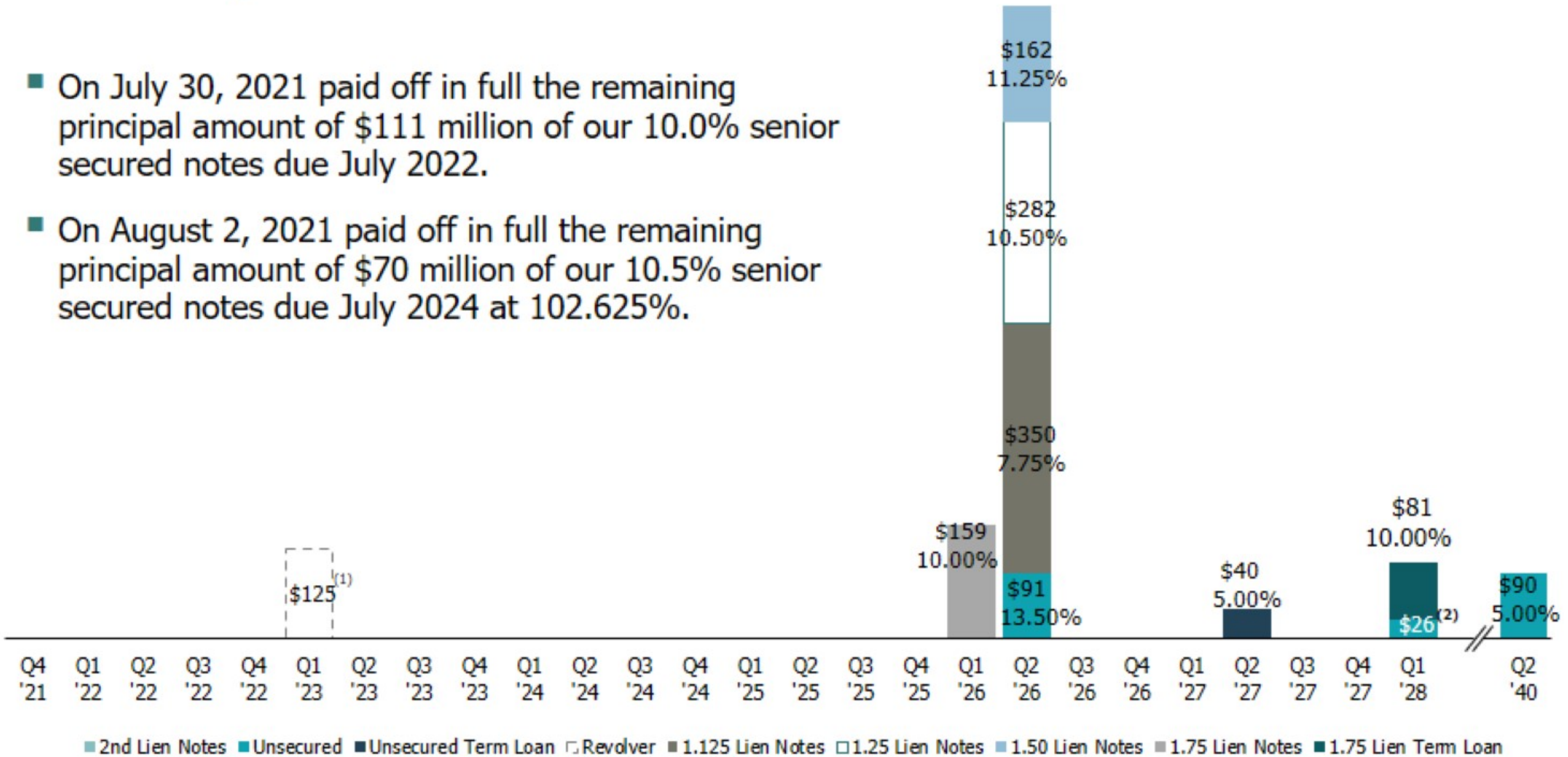
(2) Adjusted Income Before Income Taxes excludes land-related charges and loss (gain) on extinguishment of debt. See appendix for a reconciliation to the most directly comparable GAAP measure.

(3) Midpoint of adjusted income before income taxes guidance for full year 2022 and 30% effective tax rate less preferred dividend.

Extended maturity profile with near term debt repayments

As of October 31, 2021

- On July 30, 2021 paid off in full the remaining principal amount of $111 million of our 10.0% senior secured notes due July 2022.
- On August 2, 2021 paid off in full the remaining principal amount of $70 million of our 10.5% senior secured notes due July 2024 at 102.625%.



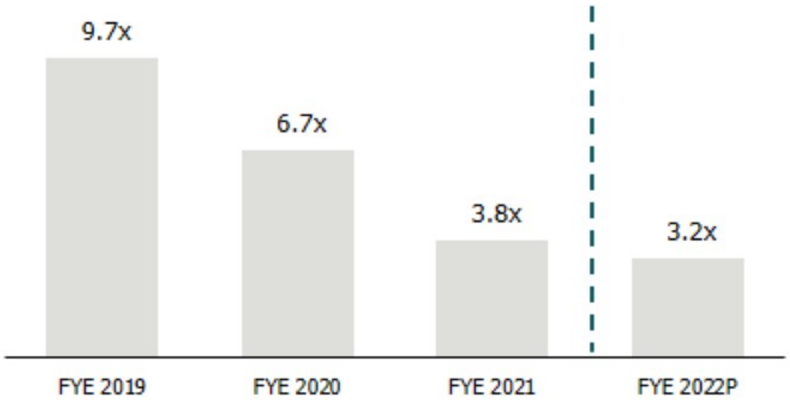
Multiple, privately negotiated transactions in FY 2019 and FY 2020 provided significant runway to fiscal 2026

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

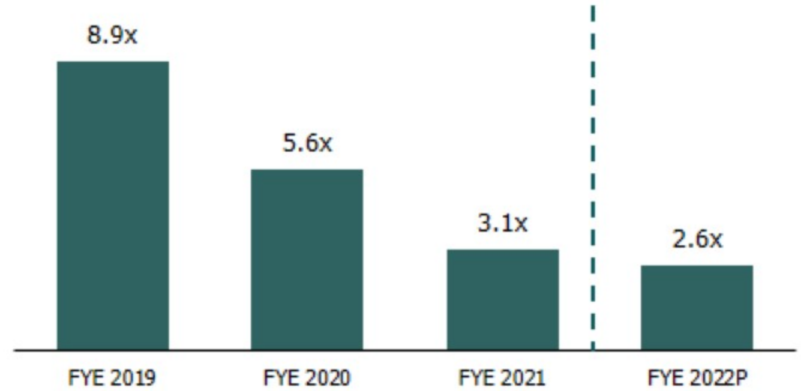
Key credit metrics

Hovnanian Enterprises Inc.

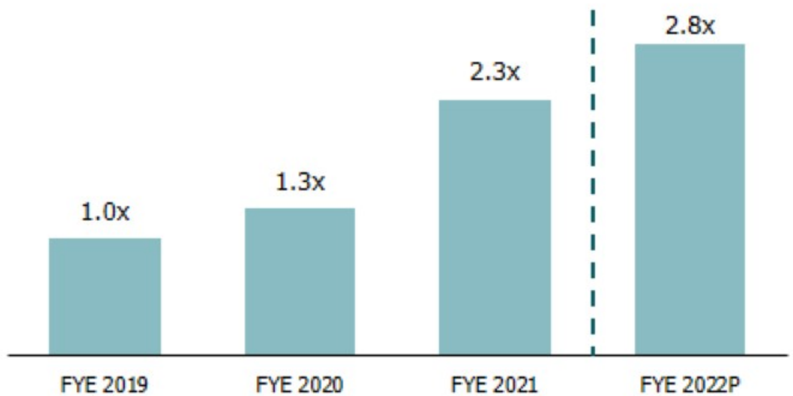
Total debt (incl. mortgages) / Adj. EBITDA



Net Debt (incl. mortgages)/ Adjusted EBITDA



Adj. EBITDA / Interest Incurred

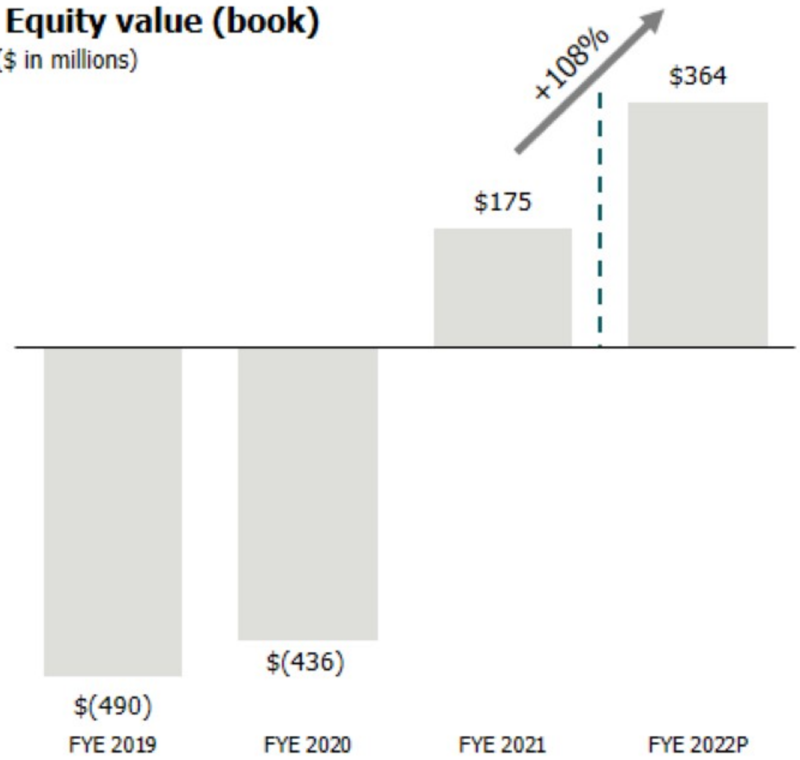


Note: For purposes of the FYE 2022 projection calculations on this slide:
- *used the midpoint of adjusted EBITDA guidance for full year fiscal 2022 ,*
- *used FYE 2021 actual interest incurred, and*
- *non-recourse mortgage balance and cash are assumed to be equal to October 31, 2021 actuals.*

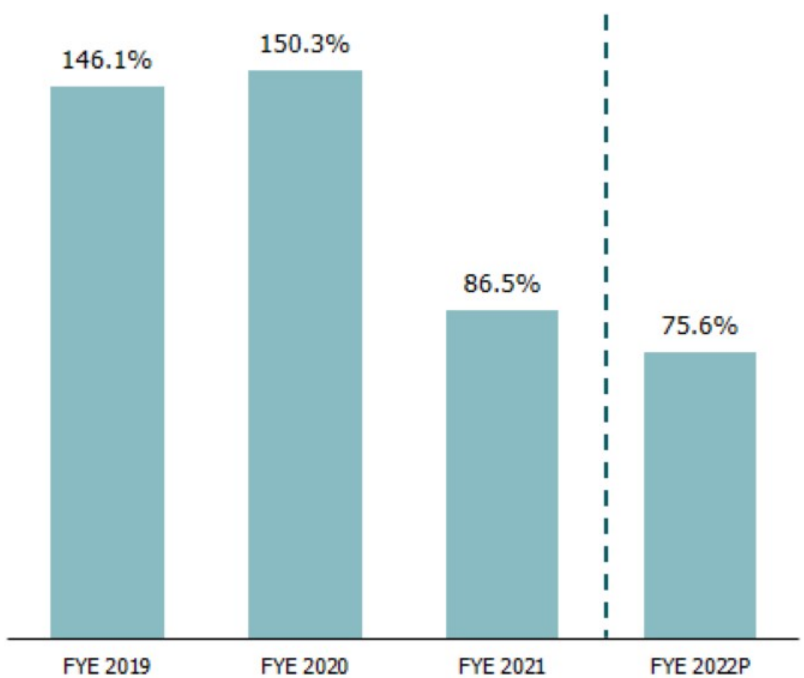
Balance sheet metrics

❖ *As of the closing stock price on December 8, 2021, our stock is trading at 1.9x fiscal 2022 ending book value.*

Equity value (book)
($ in millions)



Net debt to net capitalization
Goal: Mid 30% level



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 October 31, 2021 actuals.*

Improving our performance in a more normalized housing market

- Delever and refinance with significant interest savings
- Increase land options and inventory turnover
- Increase community count
- Operate at higher volumes to leverage SG&A

Appendix

Increase in Newly Controlled Lots

	Twelve Months Ended 10/31/21[1]
Newly Controlled Lots	11,310[2]
Deliveries & Lot Sales	6,485
# of Newly Controlled Lots in Excess of Deliveries	4,825
Newly Controlled Lots as a Percentage of Deliveries & Lot Sales	174%

(1) Excludes unconsolidated joint ventures.
(2) Includes newly optioned lots net of 3,201 walk aways, as well as lots purchased that were not previously optioned.

Guidance for Fiscal 2022

($ in millions)

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

(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 $84.26.

(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.

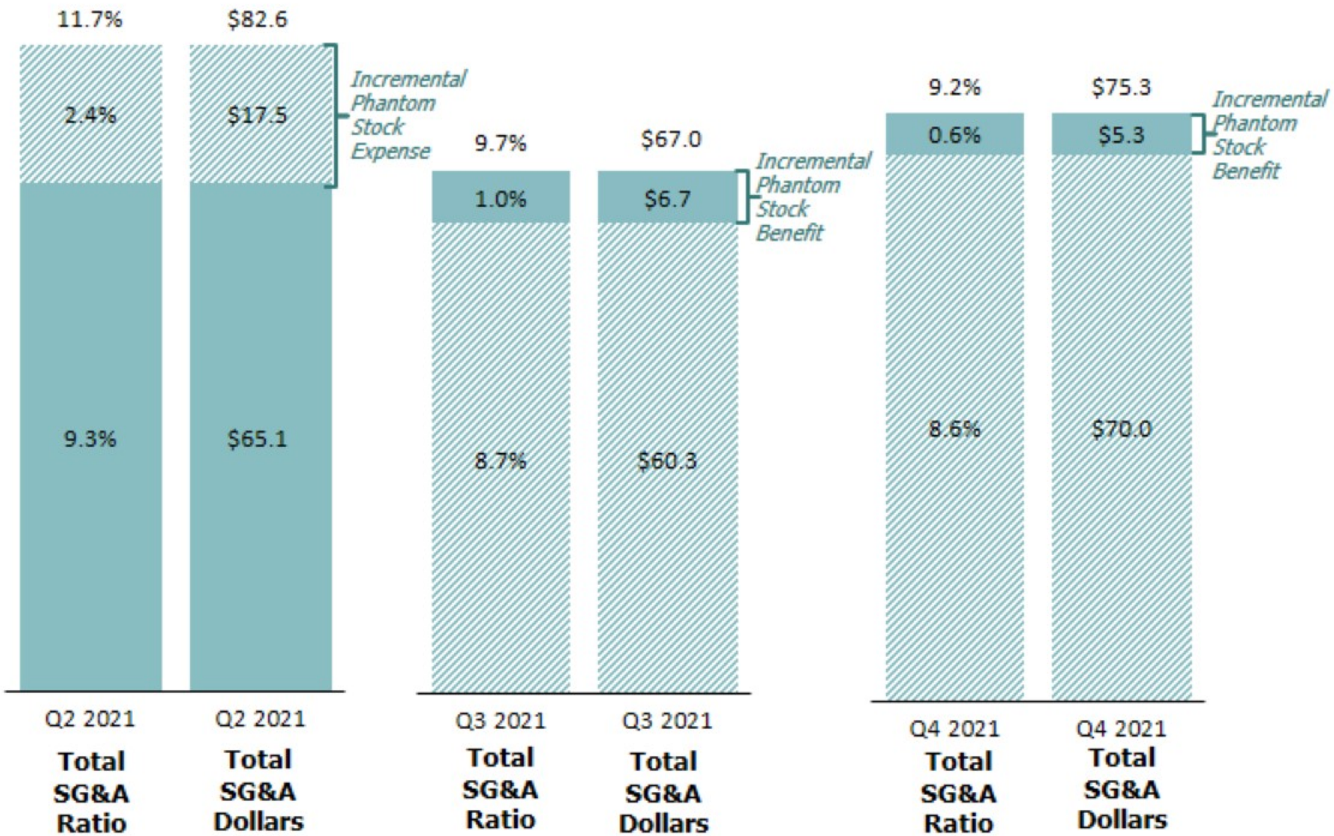
(5) Adjusted Income Before Income Taxes excludes land-related charges, joint venture write-downs and loss (gain) on extinguishment of debt. See appendix for a reconciliation to the most directly comparable GAAP measure.

Phantom stock expense

Hovnanian Enterprises Inc.

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 second quarter of fiscal 2021 included $17.5 million of incremental expense due to the phantom stock awards, which is solely related to our common stock price increasing from $51.16 at the end of the first quarter to $132.59 at the end of the second quarter
- 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.

Land Positions by Geographic Segment

Hovnanian Enterprises, Inc.

October 31, 2021

Segment	Owned: Excluding Mothballed Lots	Owned: Mothballed Lots	Optioned Lots	Total Lots
Northeast	528	0	2,818	3,346
Mid-Atlantic	1,516	247	6,480	8,243
Midwest	815	6	1,197	2,018
Southeast	1,552	0	2,223	3,775
Southwest	2,861	0	6,547	9,408
West	1,767	1,159	1,158	4,084
Consolidated Total	**9,039**	**1,412**	**20,423**	**30,874**
Unconsolidated Joint Ventures	1,569	-	229	1,798
Grand Total	10,608	1,412	20,652	32,672

- **Option deposits as of October 31, 2021 were $100 million**
- **$17 million invested in pre-development expenses as of October 31, 2021**

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

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

Hovnanian Enterprises, Inc.

Hovnanian Enterprises, Inc.
October 31, 2021
Reconciliation of income before income taxes excluding land-related charges and loss (gain) on extinguishment of debt to income before income taxes
(In thousands)

	Three Months Ended October 31,			Year Ended October 31,		
	2021	2020	2019	2021	2020	2019
		(Unaudited)			(Unaudited)	
Income before income taxes	$77,445	$42,444	$(586)	$189,861	$55,403	$(39,668)
Inventory impairment loss and land option write-offs	363	2,611	2,687	3,630	8,813	6,288
Loss (gain) on extinguishment of debt	3,442	-	-	3,748	(13,337)	42,436
Income before income taxes excluding land-related charges and loss (gain) on extinguishment of debt (1)	$81,250	$45,055	$44,537	$197,239	$50,879	$9,910

(1) Income before income taxes excluding land-related charges and loss (gain) 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.
October 31, 2021
Gross margin
(In thousands)

	Homebuilding Gross Margin Three Months Ended October 31,			Homebuilding Gross Margin Year Ended October 31,		
	2021	2020 (Unaudited)	2019	2021	2020 (Unaudited)	2019
Sale of homes	$779,551	$643,516	$692,146	$2,673,710	$2,252,029	$1,949,682
Cost of sales, excluding interest expense and land charges (1)	602,097	513,416	561,284	2,091,016	1,837,332	1,596,237
Homebuilding gross margin, before cost of sales interest expense and land charges (2)	177,454	130,100	130,862	582,694	414,697	353,445
Cost of sales interest expense, excluding land sales interest expense	25,939	15,707	27,556	82,181	74,174	70,520
Homebuilding gross margin, after cost of sales interest expense, before land charges (2)	151,515	114,393	103,306	500,513	340,523	282,925
Land charges	363	2,611	2,687	3,630	8,813	6,288
Homebuilding gross margin	$151,152	$111,782	$100,619	$496,883	$331,710	$276,637
Homebuilding Gross margin percentage	19.4%	17.4%	14.5%	18.6%	14.7%	14.2%
Homebuilding Gross margin percentage, before cost of sales interest expense and land charges (2)	22.8%	20.2%	18.9%	21.8%	18.4%	18.1%
Homebuilding Gross margin percentage, after cost of sales interest expense, before land charges (2)	19.4%	17.8%	14.9%	18.7%	15.1%	14.5%

	Land Sales Gross Margin Three Months Ended October 31,			Land Sales Gross Margin Year Ended October 31,		
	2021	2020 (Unaudited)	2019	2021	2020 (Unaudited)	2019
Land and lot sales	$13,634	$16,805	$1,161	$25,364	$16,905	$9,211
Land and lot sales cost of sales, excluding interest and land charges (1)	10,059	10,993	1,150	19,180	11,154	8,540
Land and lot sales gross margin, excluding interest and land charges	3,575	5,812	11	6,184	5,751	671
Land and lot sales interest	31	84	-	1,919	156	205
Land and lot sales gross margin, including interest and excluding land charges	$3,544	$5,728	$11	$4,265	$5,595	$466

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

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

Reconciliation of Adjusted EBITDA to Net Income

Hovnanian Enterprises Inc.

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

	Three Months Ended October 31,			Year Ended October 31,		
	2021	2020	2019	2021	2020	2019
		(Unaudited)			(Unaudited)	
Net income	$52,480	$40,634	$(1,807)	$607,817	$50,928	$(42,117)
Income tax provision (benefit)	24,965	1,810	1,221	(417,956)	4,475	2,449
Interest expense	38,520	40,648	50,299	161,816	178,131	160,781
EBIT (1)	115,965	83,092	49,713	351,677	233,534	121,113
Depreciation and amortization	1,189	1,407	1,230	5,280	5,304	4,172
EBITDA (2)	117,154	84,499	50,943	356,957	238,838	125,285
Inventory impairment loss and land option write-offs	363	2,611	2,687	3,630	8,813	6,288
Loss (gain) on extinguishment of debt	3,442	-	42,436	3,748	(13,337)	42,436
Adjusted EBITDA (3)	$120,959	$87,110	$96,066	$364,335	$234,314	$174,009
Interest incurred	$33,006	$41,660	$43,566	$155,514	$176,457	$165,906
Adjusted EBITDA to interest incurred	3.66	2.09	2.21	2.34	1.33	1.05

(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) gain on extinguishment of debt.

Reconciliation of Inventory Turnover

Hovnanian Enterprises, Inc.

October 31, 2021

Calculation of Inventory Turnover[1]

						TTM
		For the quarter ended				**ended**
(Dollars in thousands)		1/31/2021	4/30/2021	7/31/2021	10/31/2021	**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 consolidated inventory not owned	182,224	165,980	125,414	98,053	98,727	**Five**
Plus liabilities from inventory not owned, net of debt issuance costs	131,204	119,432	90,430	69,627	62,762	**Quarter**
Less capitalized interest	65,010	65,327	59,772	63,673	58,159	**Average**
Inventories less consolidated inventory not owned and capitalized interest plus liabilities from inventory not owned	$1,079,745	$1,169,274	$1,162,117	$1,221,246	$1,160,136	$1,158,504
Inventory turnover						1.8x

(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.

Key credit and balance sheet metrics reconciliations

Hovnanian Enterprises, Inc.

	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 Adjsuted EBITDA	3.1	5.6	8.9
Interest Incurred	$155,514	$176,457	$165,906
Adjsted EBITDA to Interest Incurred	2.3	1.3	1.0
Net Debt	$1,127,492	$1,303,743	$1,552,599
Total equity (deficit)	$175,384	$(436,094)	$(489,776)
Net capitalization	$1,302,876	$867,649	$1,062,823
Net debt to net capitalization	86.54%	150.26%	146.08%

Hovnanian Enterprises®, Inc.