Hovnanian Enterprises, Inc.

Review of Financial Results
First Quarter Fiscal 2022

Forward-Looking Statements

Note: All statements in this presentation that are not historical facts should be considered as “Forward-Looking Statements” within the meaning of the “Safe Harbor” provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such forward-looking statements include but are not limited to statements related to the Company’s guidance for fiscal 2022 and the Company’s targets, goals and expectations with respect to its financial results for future financial periods such as its statements related to its guidance and key metric targets for total consolidated revenue, adjusted homebuilding gross margin, total SG&A as a percentage of total revenues, adjusted EBITDA, interest expense, adjusted income before taxes, total debt (including non recourse debt), adjusted EBITDA/interest incurred, equity, debt to capitalization, inventory (excluding inventory not owned) and inventory turnover (excluding inventory not owned and capitalized interest. Although we believe that our guidance for fiscal 2022 and the Company’s targets, plans, intentions and expectations reflected in, or suggested by, such forward-looking statements are reasonable, we can give no assurance that such guidance for fiscal 2022 and the Company’s 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) 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; (26) increases in inflation; and (27) certain risks, uncertainties and other factors described in detail in the Company’s Annual Report on Form 10-K for the fiscal year ended October 31, 2021 and the Company’s Quarterly Reports on Form 10-Q for the quarterly periods during fiscal 2022 and subsequent filings with the Securities and Exchange Commission. Except as otherwise required by applicable securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason.

NON-GAAP FINANCIAL MEASURES:

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

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

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

Total liquidity is comprised of $271.0 million of cash and cash equivalents, $8.1 million of restricted cash required to collateralize letters of credit and $125.0 million availability under the senior secured revolving credit facility as of January 31, 2022.

Recent company performance

Guidance Compared with Actuals for First Quarter 2022

($ in millions)

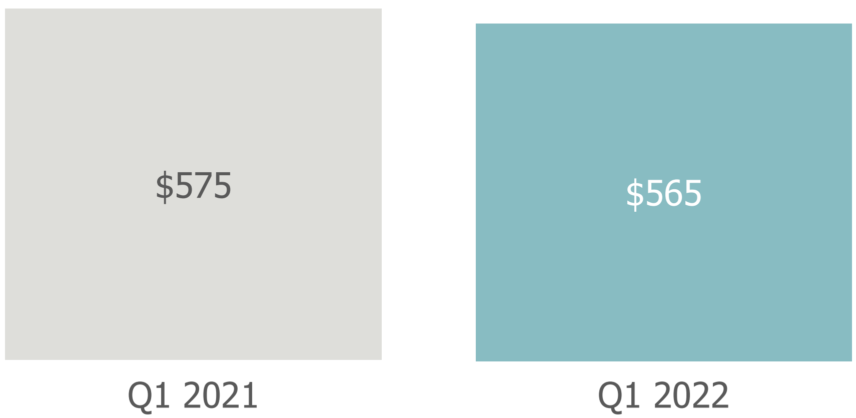
	Guidance Q1 2022 Revised	Actuals Q1 2022	Q1 2022 Actuals Excluding Incremental Phantom Expense(1)
Total Revenues	**$640 - $670**	**$565**	**$565**
Adjusted Homebuilding Gross Margin(2)	**20.5% - 22.0%**	**22.4%**	**22.4%**
Total SG&A as Percentage of Total Revenues(3)	**10.8% - 11.8%**	**12.8%**	**11.8%**
Adjusted Income Before Income Taxes(4)	**$30 - $35**	**$36**	**$41**

(1) SG&A expenses in the first quarter of fiscal 2022 included $5.7 million of incremental expense due to the phantom stock awards, which is solely related to our common stock price increasing from $84.26 at the end of the fourth quarter to $96.88 at the end of the first quarter.
(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 Income Before Income Taxes excludes land-related charges. See appendix for a reconciliation to the most directly comparable GAAP measure.

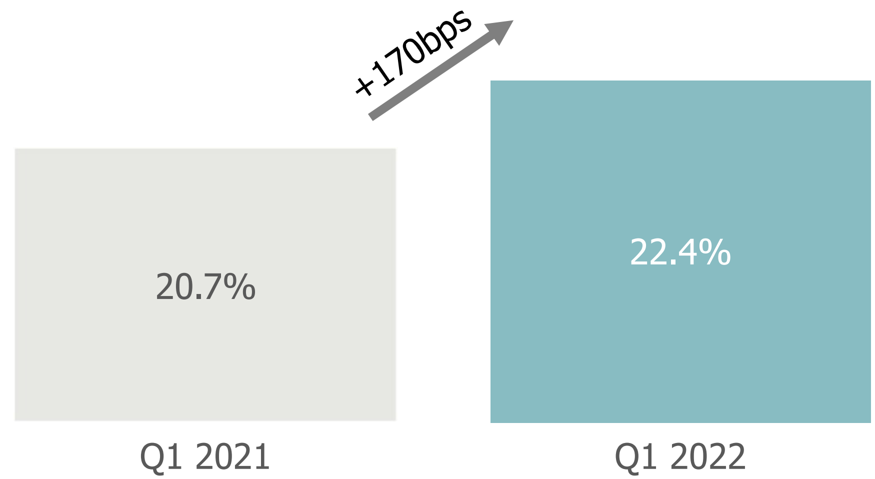
First Quarter Operating Results

($ in millions, unless specified otherwise)

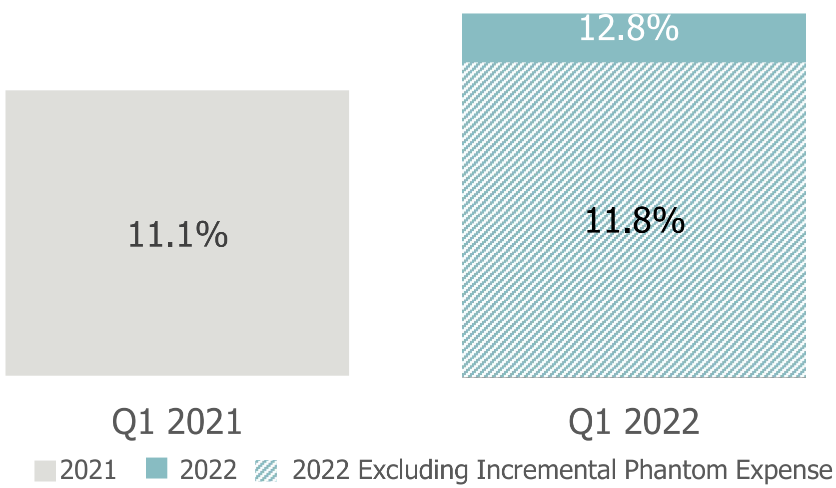
Total Revenues



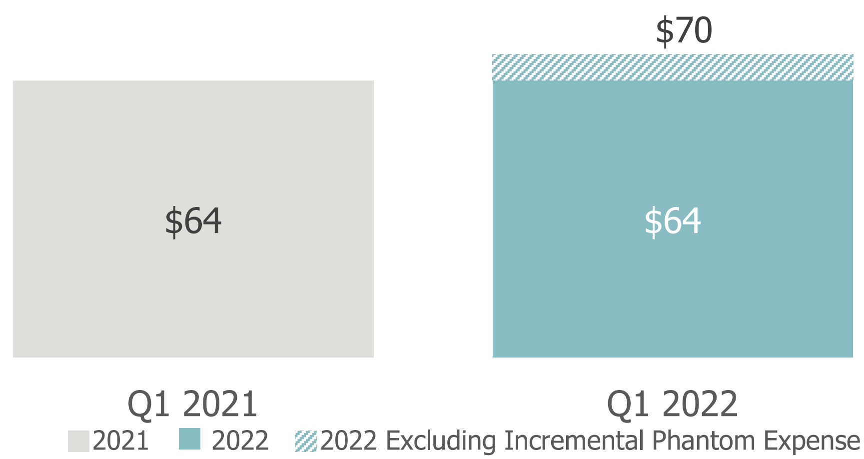
Adjusted Homebuilding Gross Margin(1)



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

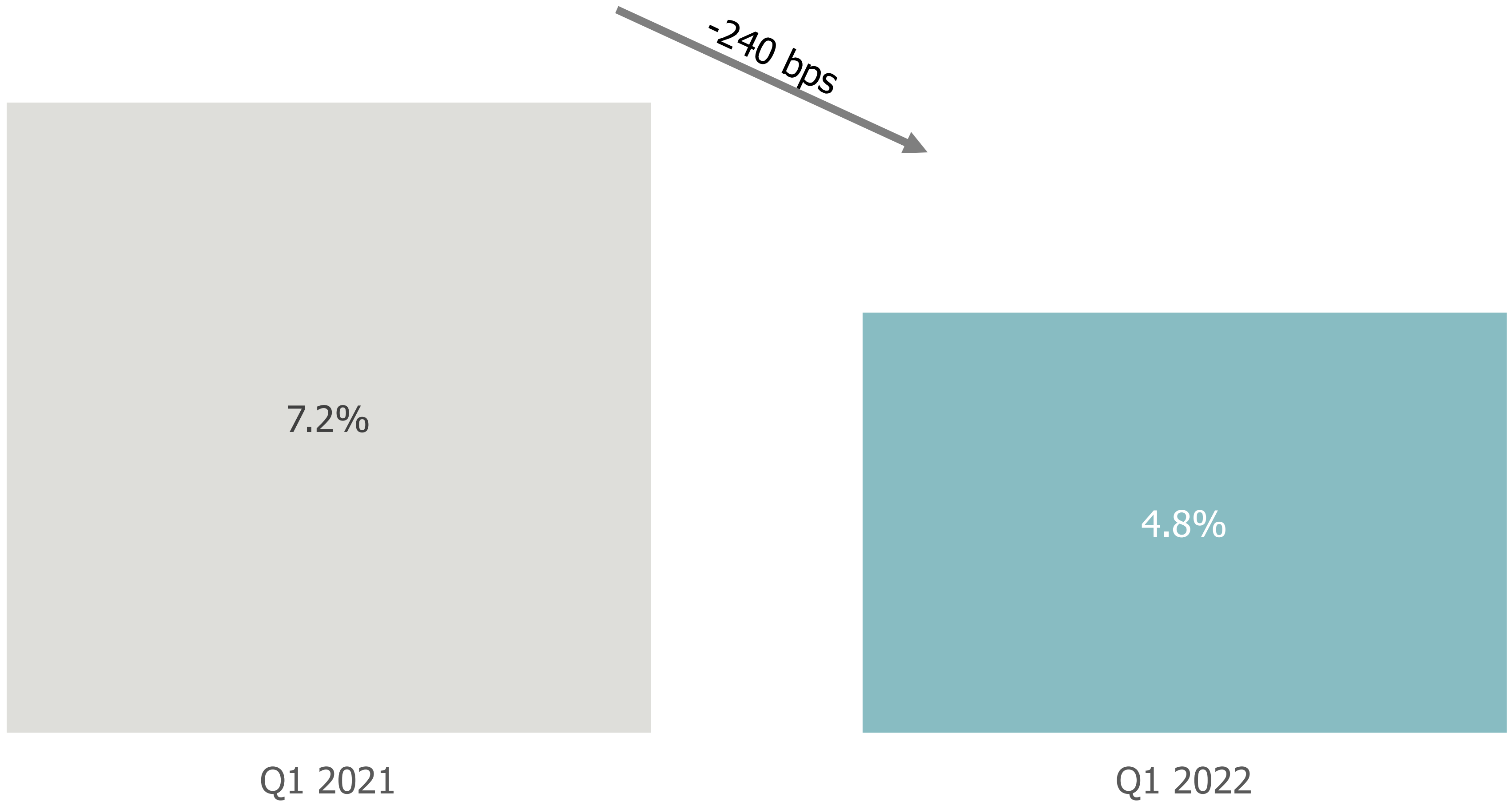


Adjusted EBITDA(3),(4)



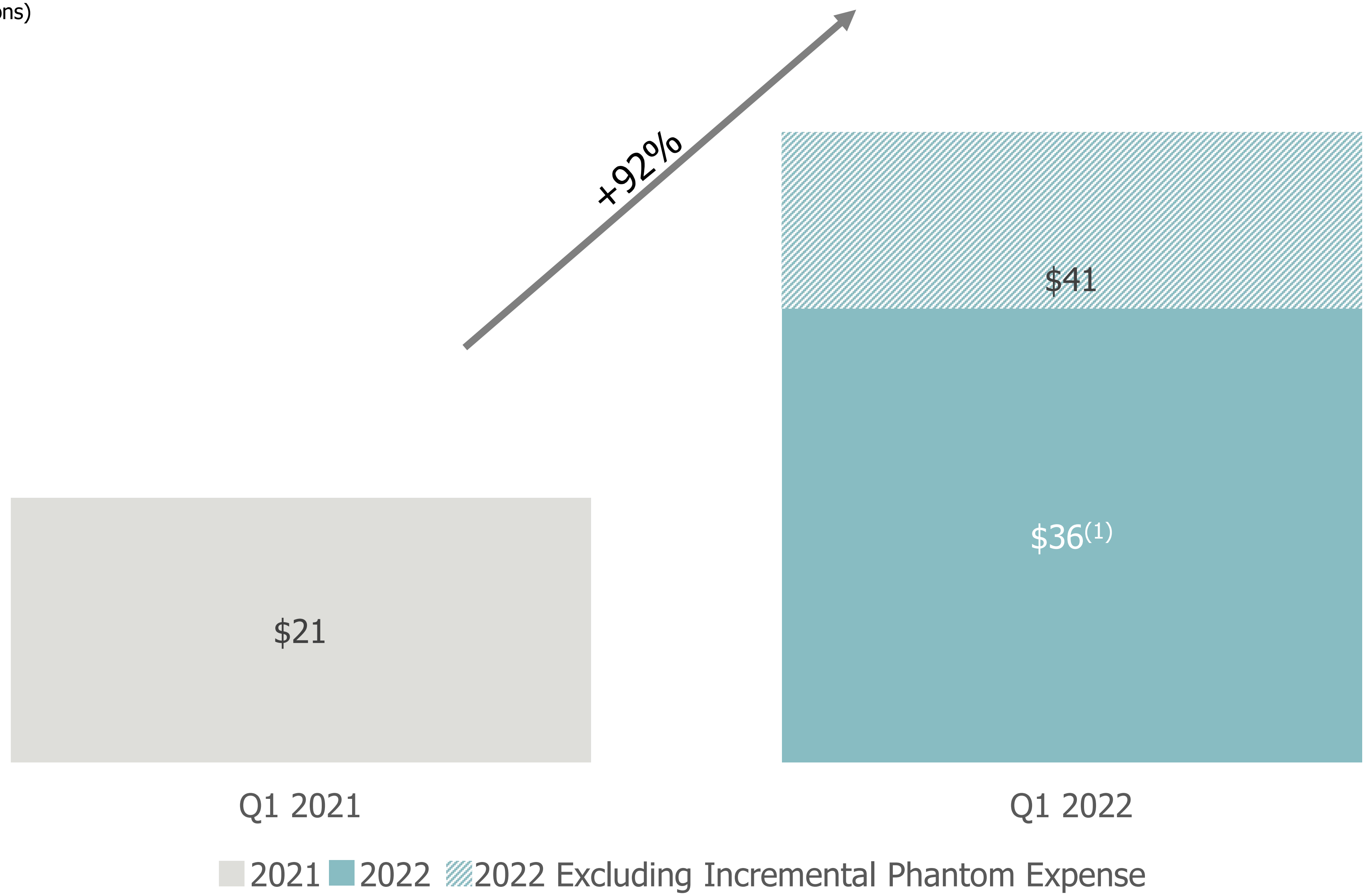
(1) Adjusted homebuilding gross margin percentage is before cost of sales interest expense and land charges. See appendix for a reconciliation to the most directly comparable GAAP measure.
(2) Total SG&A includes homebuilding selling, general and administrative costs and corporate general and administrative costs. Ratio calculated as a percentage of total revenues.
(3) Included $5.7 million of incremental expense due to the phantom stock awards, which is solely related to our common stock price increasing from $84.26 at the end of the fourth quarter to $96.88 at the end of the first quarter.
(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 and land-related charges.

Total Interest Expense as a % of Total Revenues



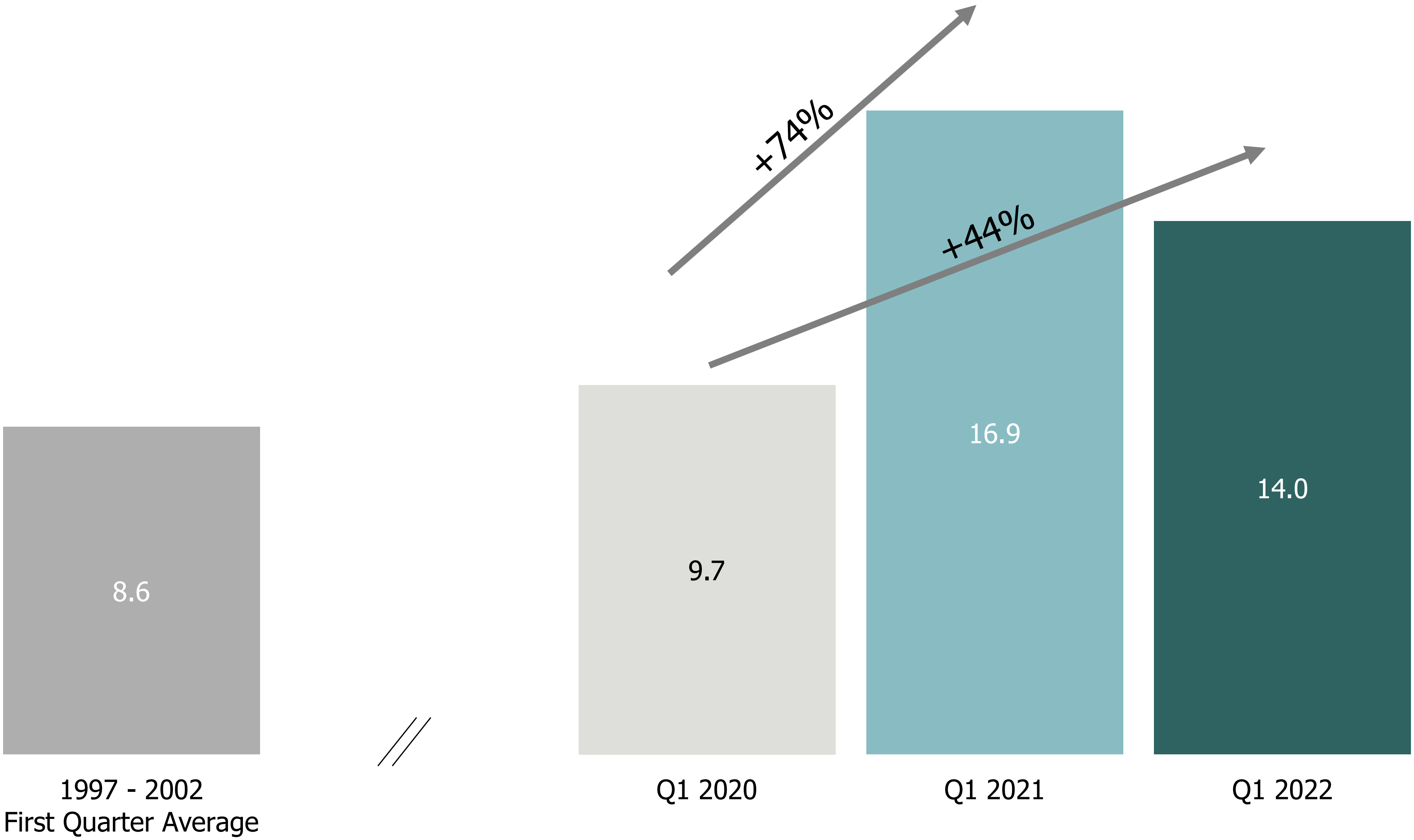
Adjusted Pretax Income

($ in millions)



(1) SG&A expenses in the first quarter of fiscal 2022 included $5.7 million of incremental expense due to the phantom stock awards, which is solely related to our common stock price increasing from $84.26 at the end of the fourth quarter to $96.88 at the end of the first quarter.
Note: Adjusted Income Before Income Taxes excludes land-related charges . See appendix for a reconciliation to the most directly comparable GAAP measure.

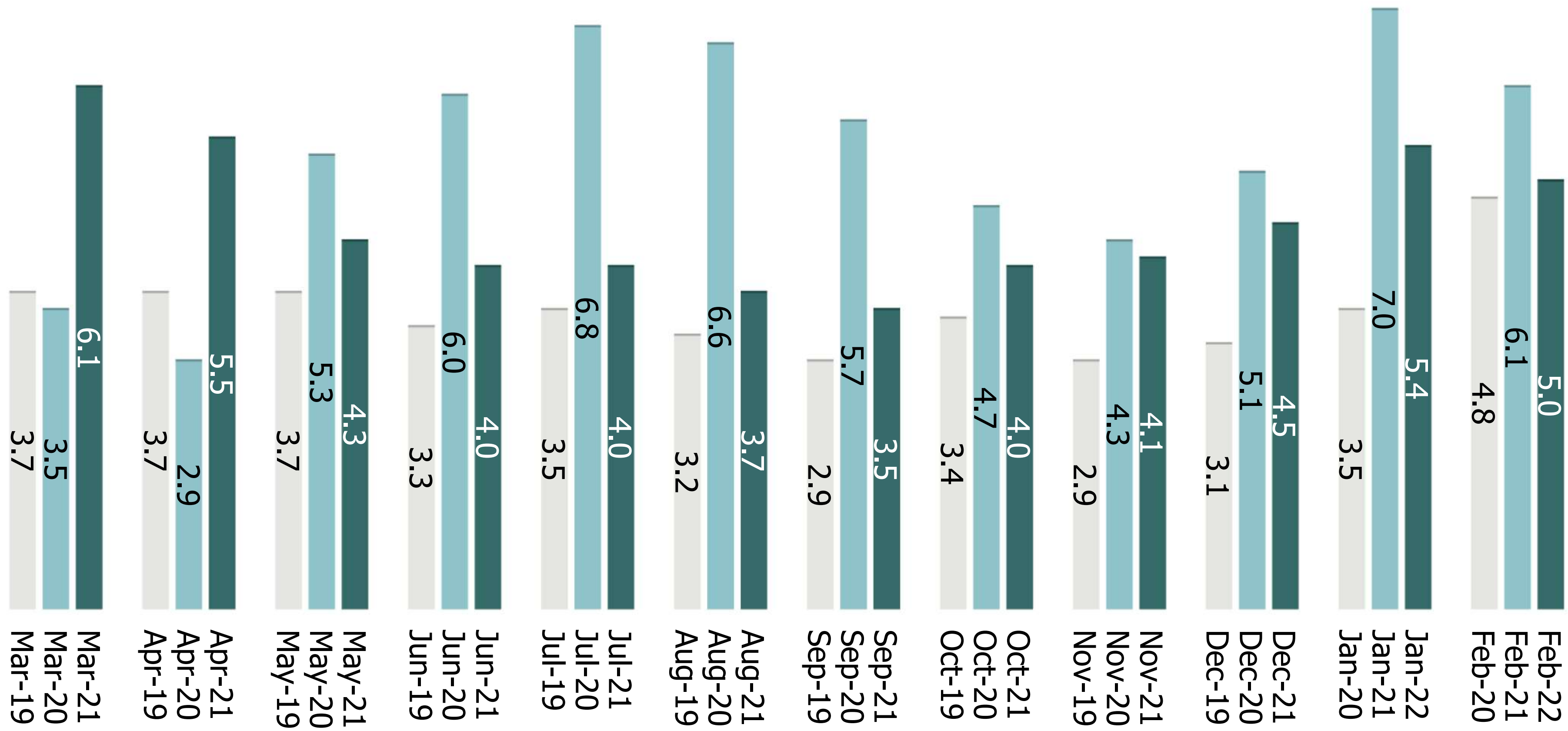
Quarterly Contracts Per Community



Note: Excludes unconsolidated joint ventures.

Number of Monthly Contracts Per Community, Excludes Unconsolidated Joint Ventures

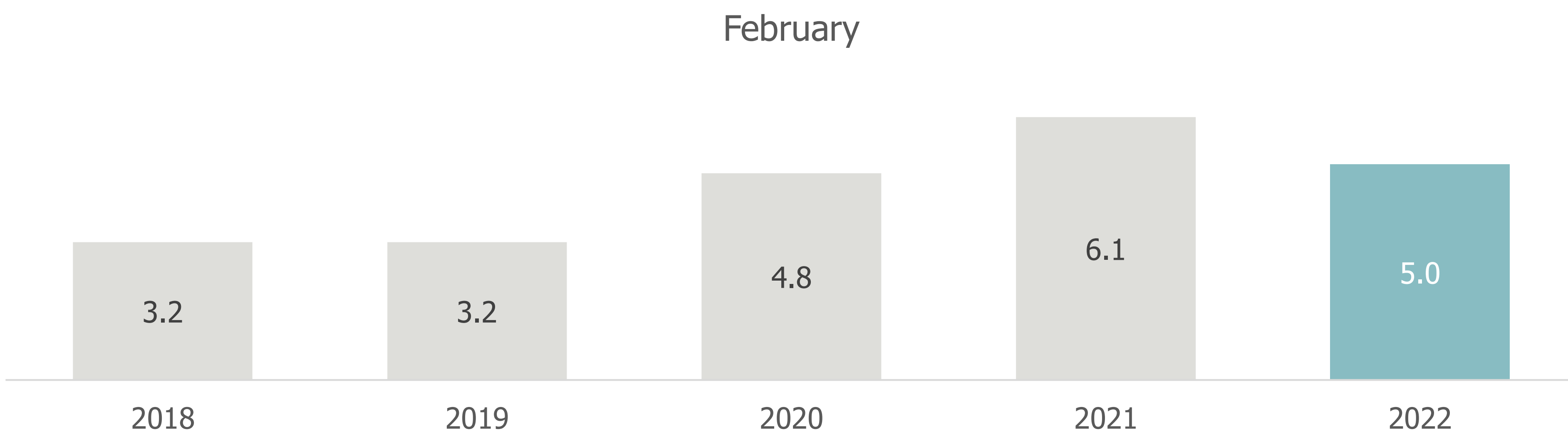
- *Every month better than the same month two years ago*

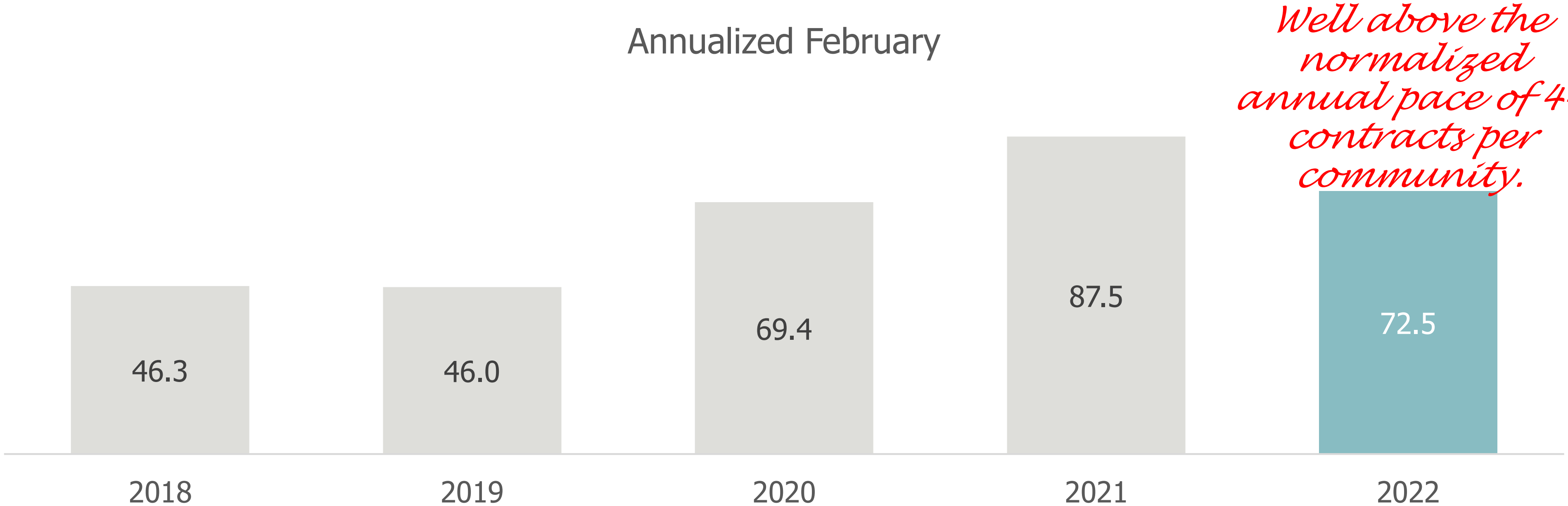


	Number of Sundays	Monthly contracts
Mar-19	5	553
Mar-20	5	463
Mar-21	4	620
Apr-19	4	544
Apr-20	4	377
Apr-21	4	538
May-19	4	536
May-20	5	687
May-21	5	413
Jun-19	5	491
Jun-20	4	745
Jun-21	4	384
Jul-19	4	488
Jul-20	4	794
Jul-21	4	414
Aug-19	4	445
Aug-20	5	735
Aug-21	5	383
Sep-19	5	416
Sep-20	4	634
Sep-21	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
Dec-19	5	436
Dec-20	4	551
Dec-21	4	486
Jan-20	4	482
Jan-21	5	734
Jan-22	5	598
Feb-20	4	647
Feb-21	4	613
Feb-22	4	548

Note: Excludes unconsolidated joint ventures.

February Contracts Per Community





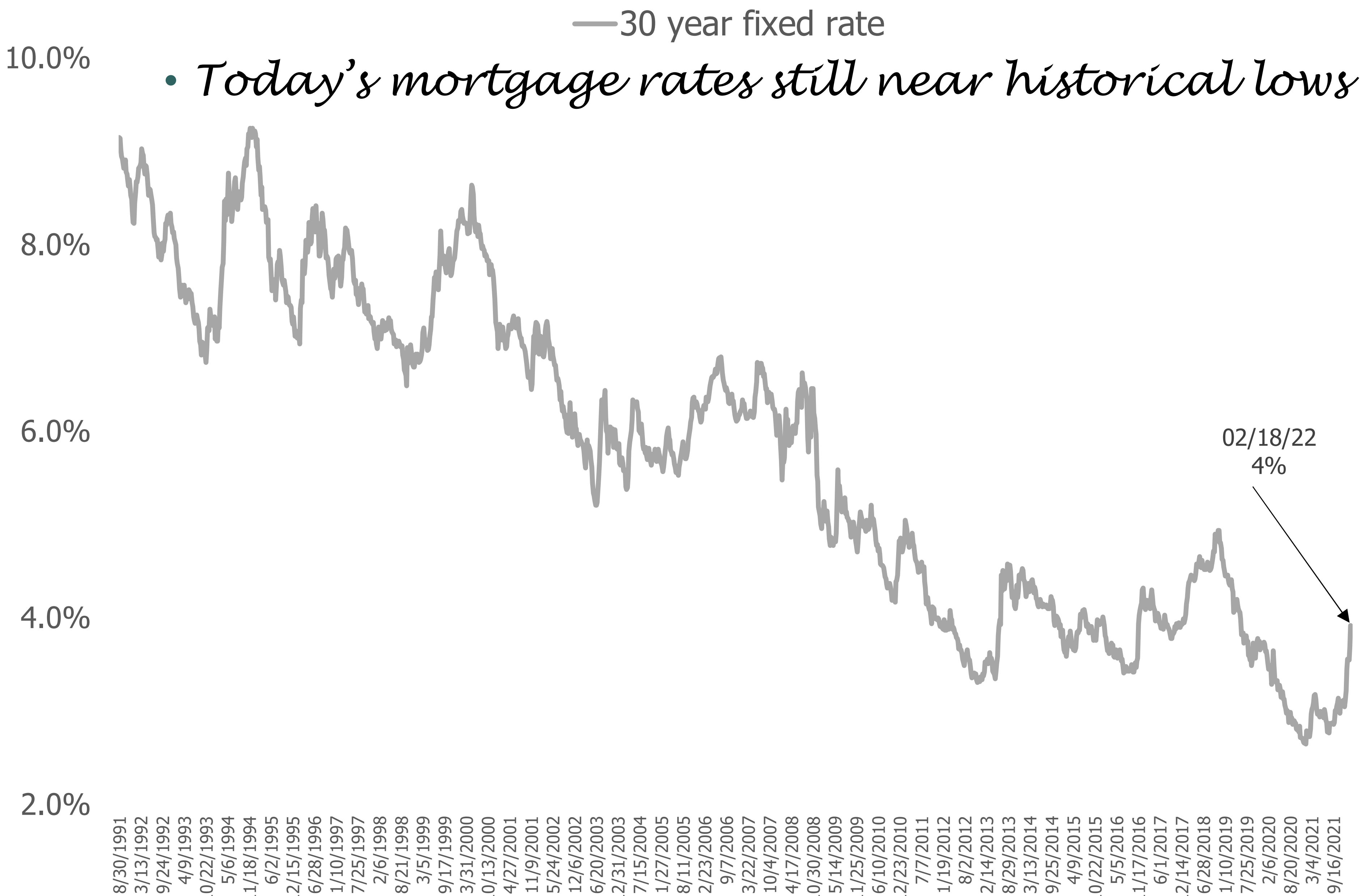
Well above the normalized annual pace of 44 contracts per community.

Note: Contracts per community for February 2022 are based on preliminary results.
Source: Annualized contracts per community based on actual results for the month of February and US Census Bureau's Seasonal Index.

Mortgage Rates – Long Term Perspective

KHovnanian Homes

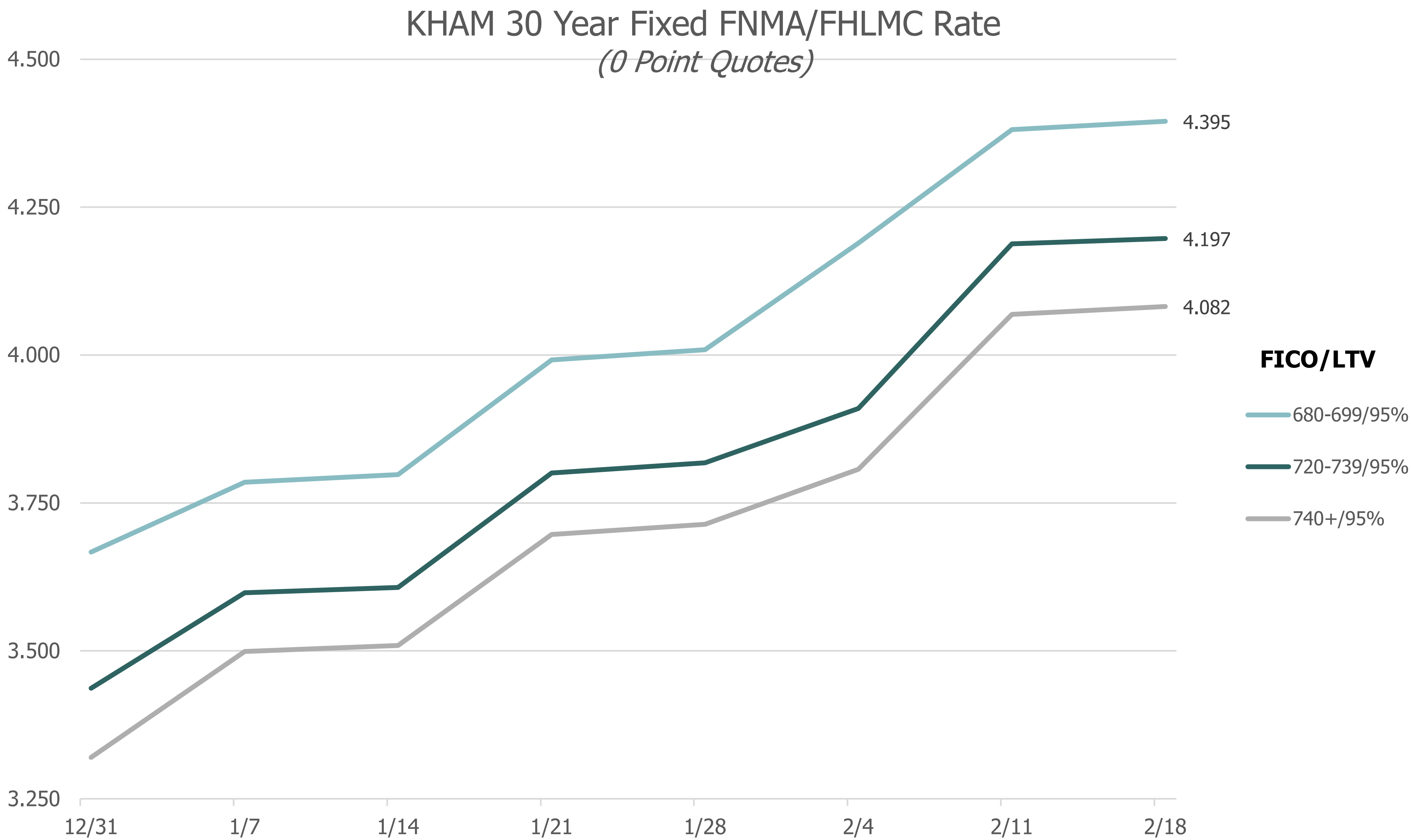
- *Today's mortgage rates still near historical lows*



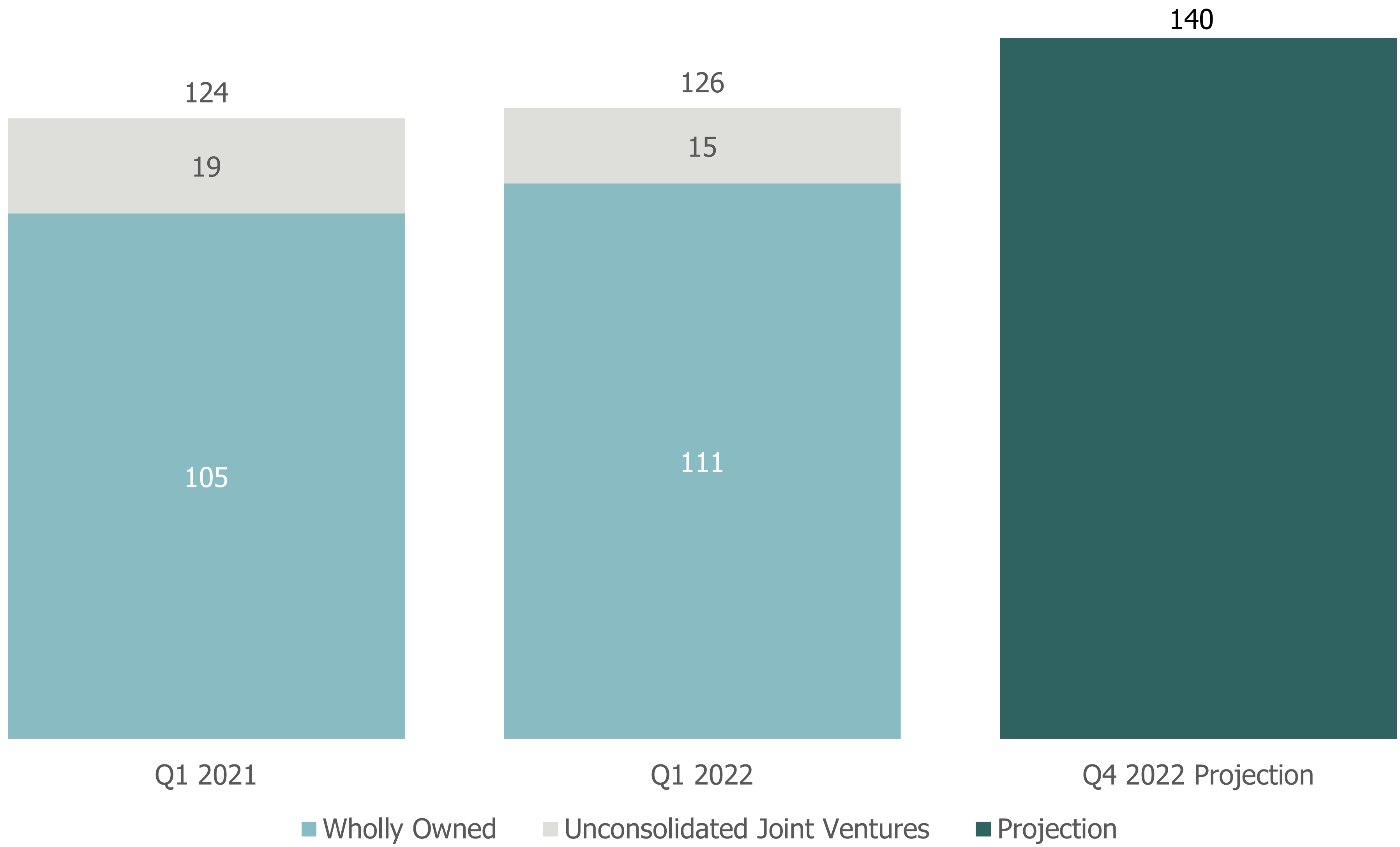
Source: Freddie Mac.

Recent Runup in Mortgage Rates

KHovnanian Homes

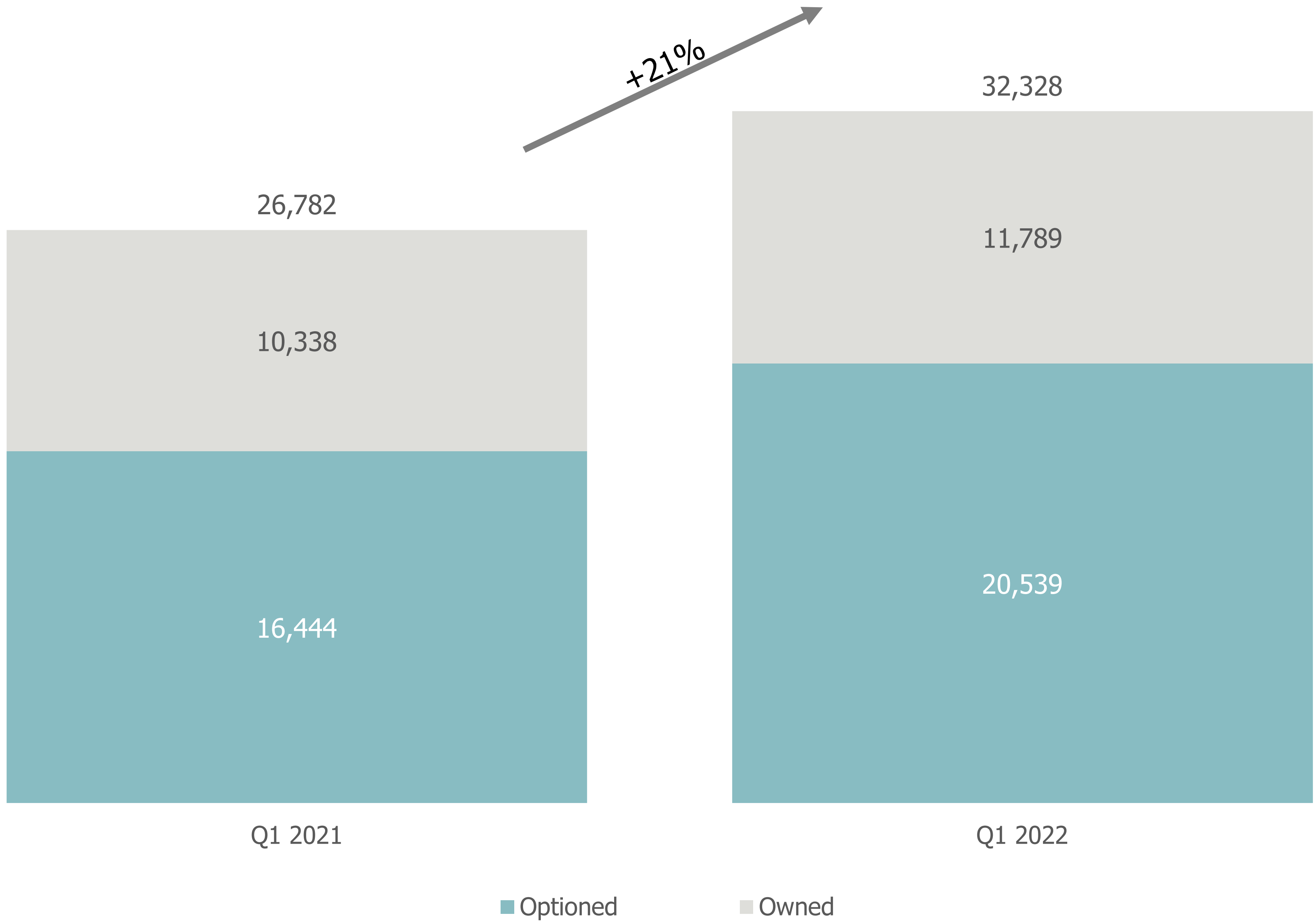


Community Count



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

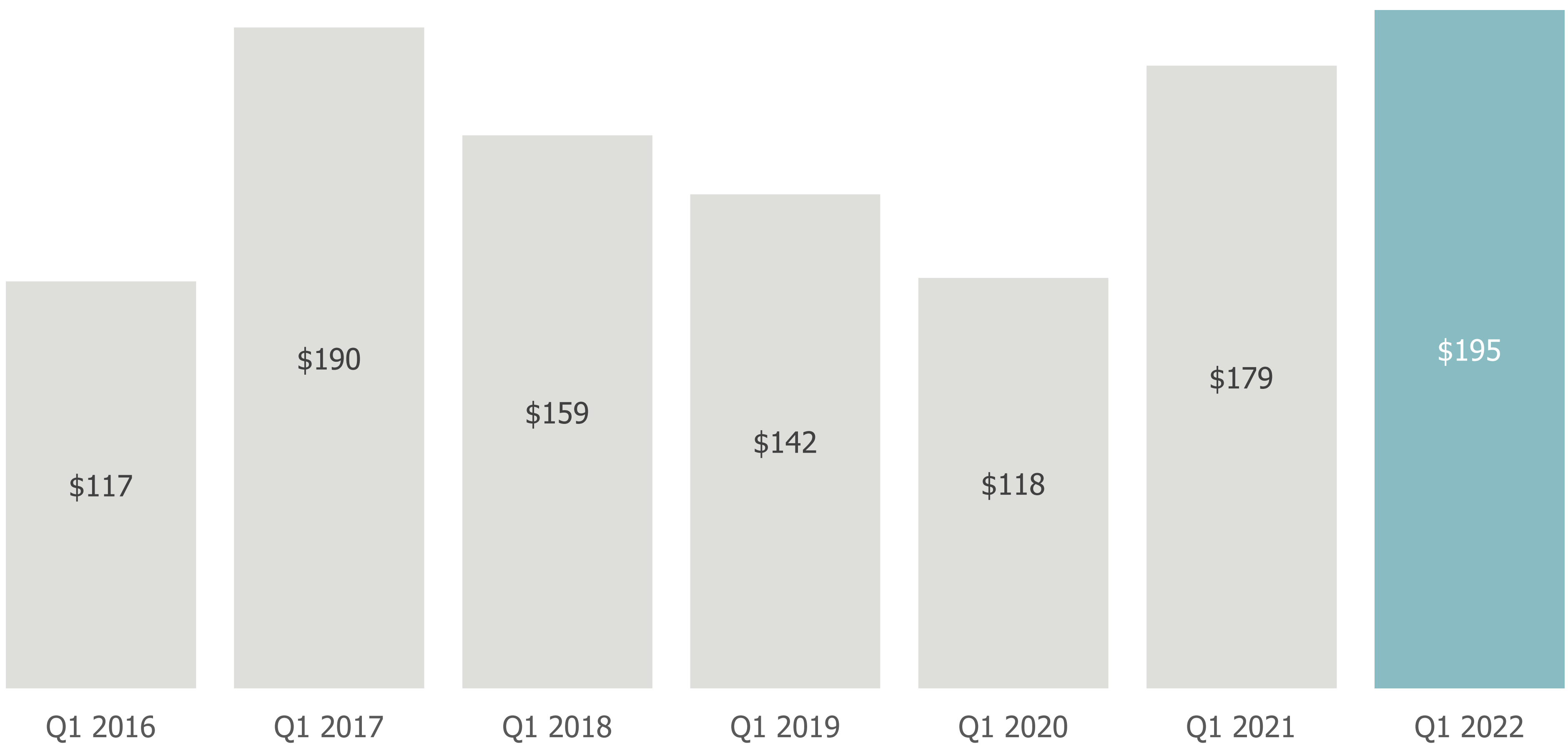
Lots Controlled[1]



(1) Excludes unconsolidated joint ventures.

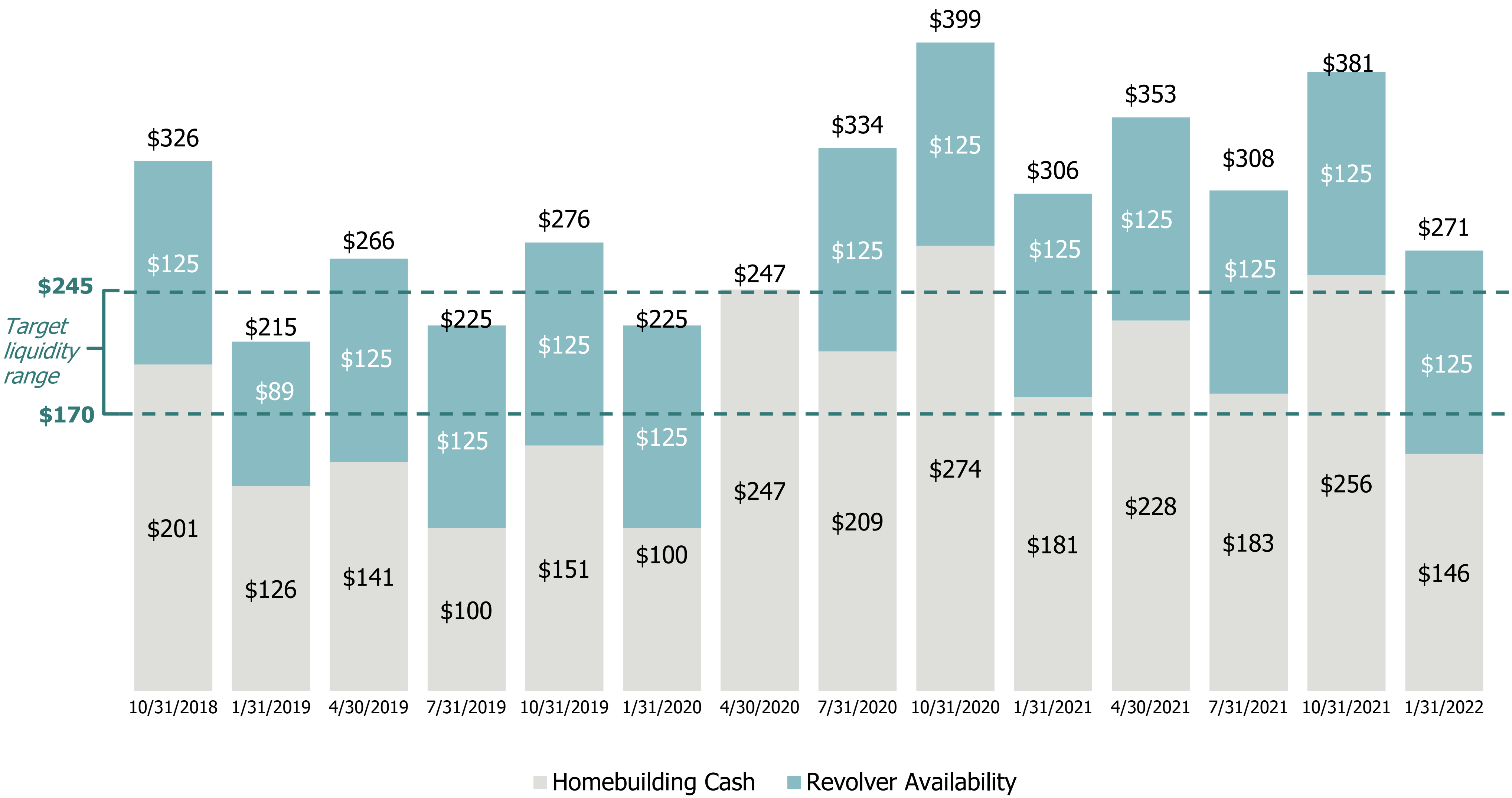
Land and Land Development Spend

($ in millions, unless specified otherwise)



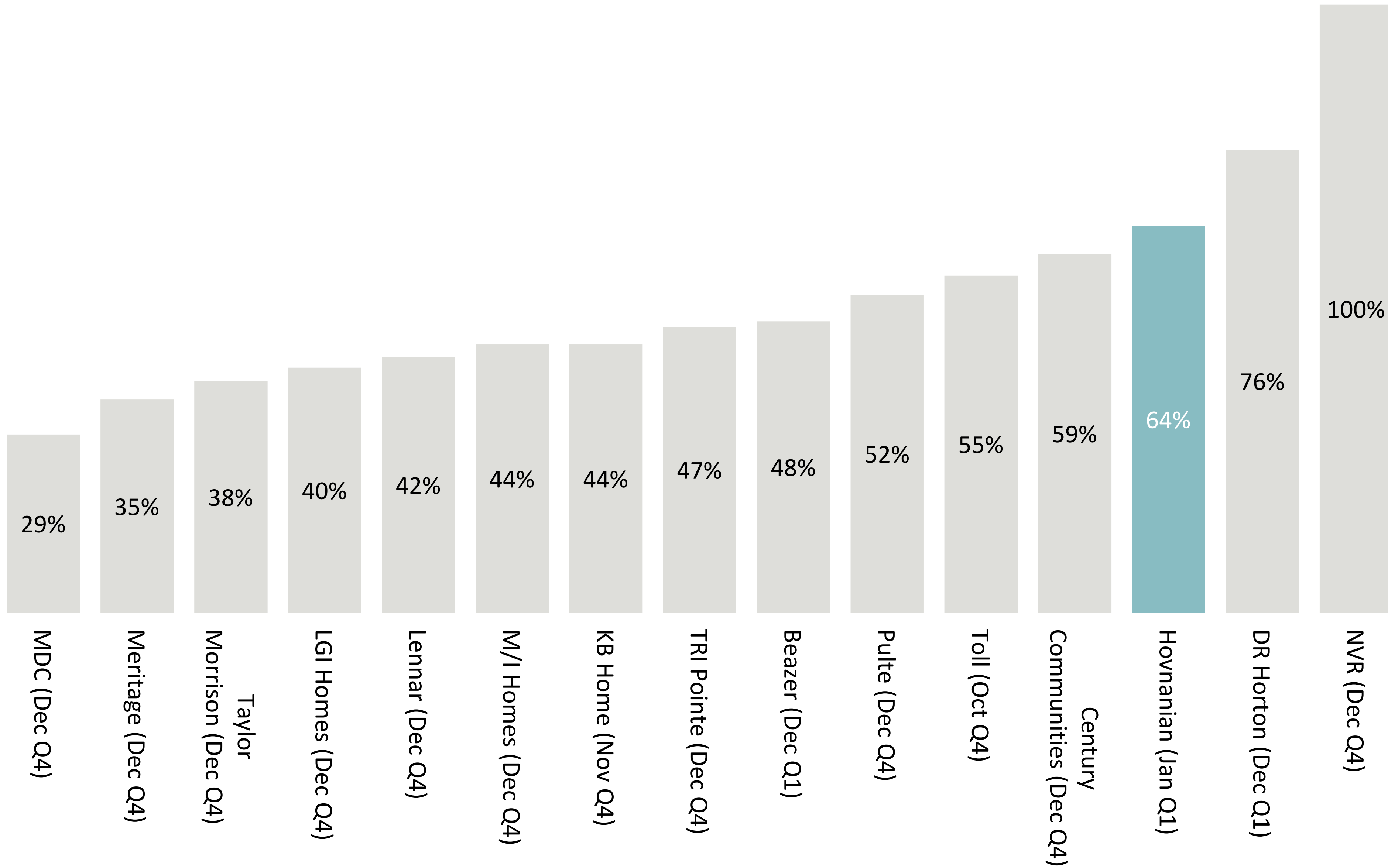
Liquidity Position and Target

($ in millions)



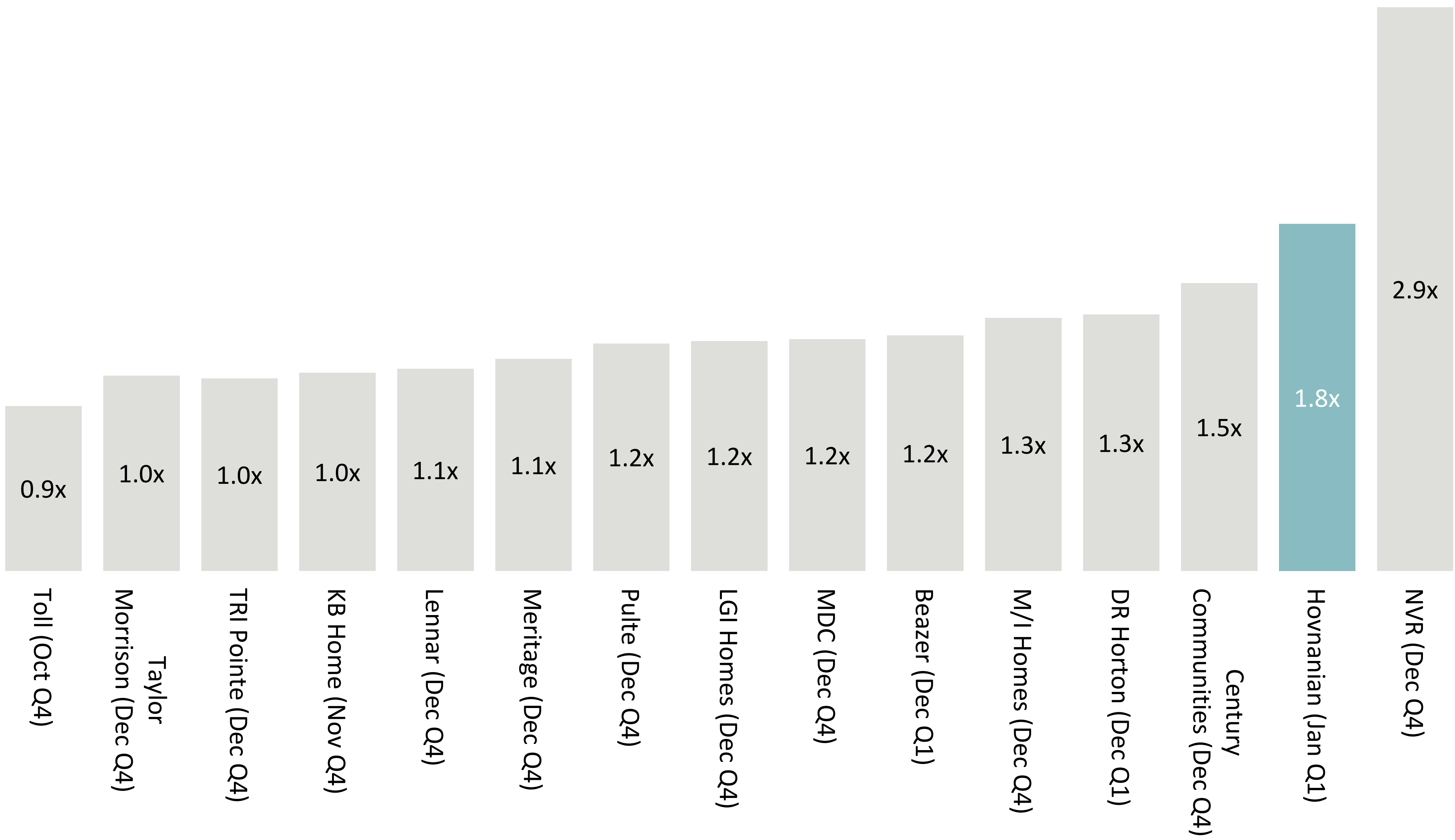
Note: Liquidity position includes homebuilding cash and cash equivalents (which includes unrestricted cash and restricted cash required to collateralize letters of credit) and revolving credit facility availability.

% of Lots Optioned



Source: Company SEC filings and press releases as of 03/01/22.
Note: Excludes unconsolidated joint ventures.

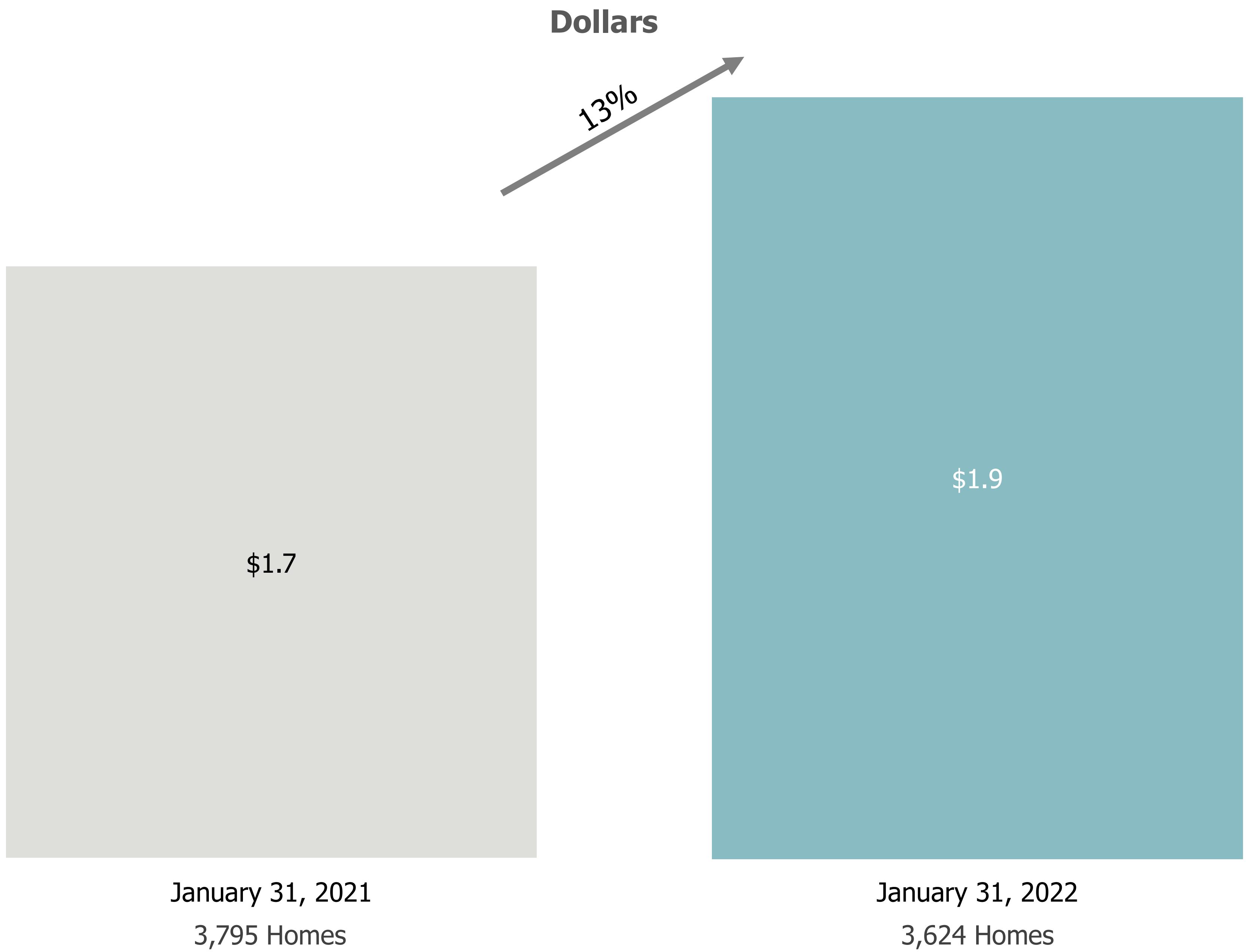
Inventory Turns (COGS), Last Twelve Months



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: Company SEC filings and press releases as of 03/01/22.

Backlog

($ in billions)



Note: Excludes domestic unconsolidated joint ventures.

Reiterate Guidance for Second Quarter 2022

($ 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 $96.88
(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.

Reiterate 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**

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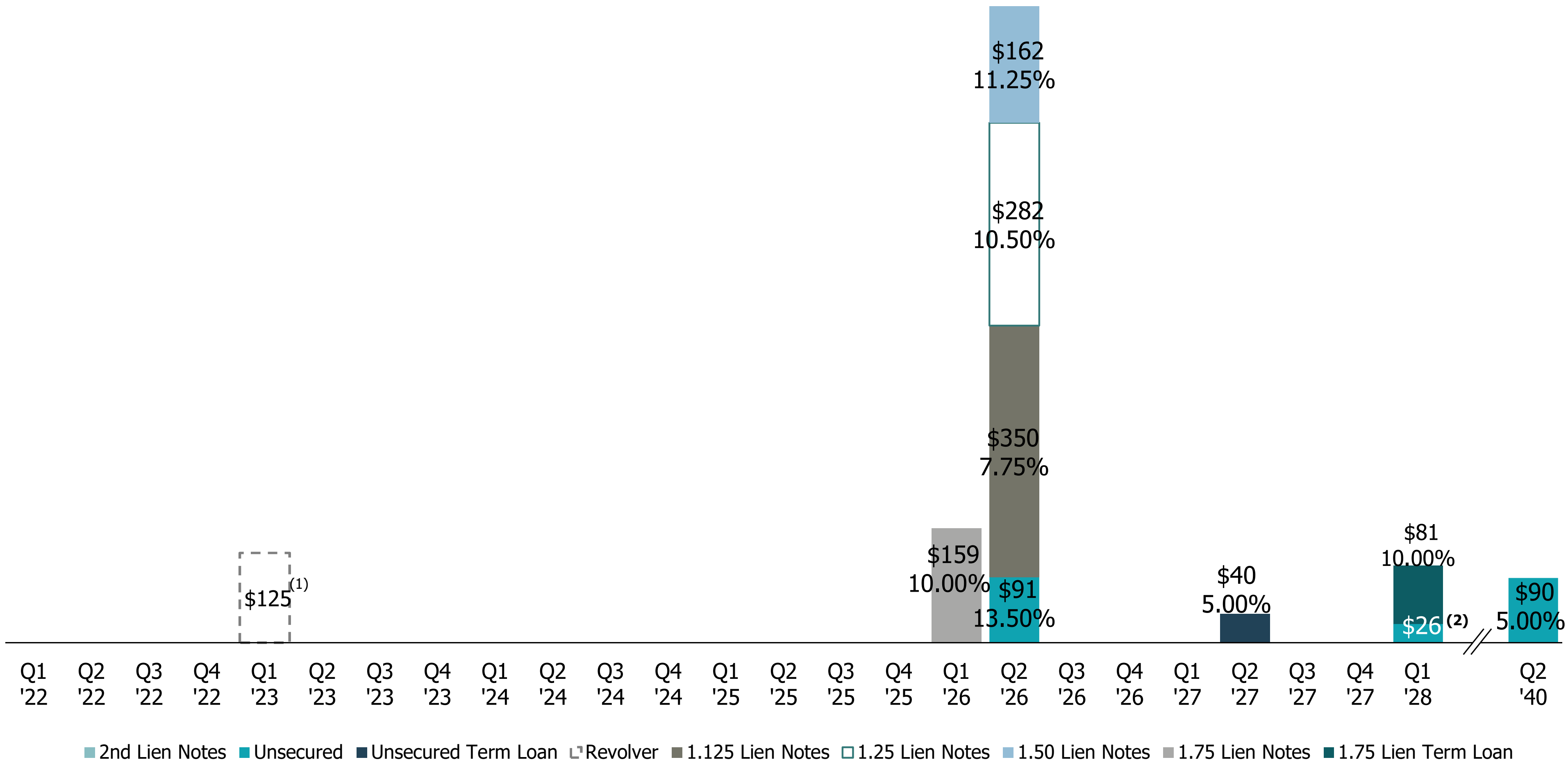
(4) Adjusted EBITDA is a non-GAAP financial measure. The most directly comparable GAAP financial measure is net income (loss). Adjusted EBITDA represents earnings before interest expense, income taxes, depreciation, amortization, land-related charges and loss (gain) on extinguishment of debt.
(5) Adjusted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

Debt Maturity Profile

As of January 31, 2022



Multiple, privately negotiated transactions in FY 2019 and FY 2020, as well as reducing debt by $181 million in FY 2021, 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 January 31, 2022.
(2) $26 million of 8.0% senior notes held by wholly owned subsidiary, no cash required to retire.

Multi-Year Key Metric Targets

Key metrics — Actuals and Targets

($ in millions)

	Actuals FY 2020	Actuals FY 2021	Midpoint of Guidance FY 2022 (1)	Multi-Year Key Metric Targets
Total consolidated revenue	$2,344	$2,783	$2,900	$3,950
Adjusted homebuilding gross margin (2)	18.4%	21.8%	24.5%	20.5%
Total SG&A as a % of total revenues (3)	10.3%	9.9%	9.8%	9.0%
Adjusted EBITDA (4)	$234	$364	$435	$454
Interest expense	$178	$162	$150	$82
Adjusted income before taxes (5)	$51	$197	$285	$372
Total debt (inc. nonrecourse debt)	$1,566	$1,373	$1,173	$650
Adjusted EBITDA/interest incurred	1.3x	2.3x	na	5.5x
Equity (deficit)	($437)	$175	$364	$838
Debt to capitalization (6)	138.7%	88.7%	76.3%	43.7%
Inventory (ex. inventory not owned)	$1,014	$1,156	na	$1,500
Inventory turnover (ex. Inventory not owned and capitalized interest) (7)	1.8x	1.9x	na	2.1x

(1) The Company cannot provide a reconciliation between its non-GAAP projections and the most directly comparable GAAP measures without unreasonable efforts because it is unable to predict with reasonable certainty the ultimate outcome of certain significant items required for the reconciliation. These items include, but are not limited to, land-related charges, inventory impairment loss and land option write-offs and loss (gain) on extinguishment of debt. These items are uncertain, depend on various factors and could have a material impact on GAAP reported results.
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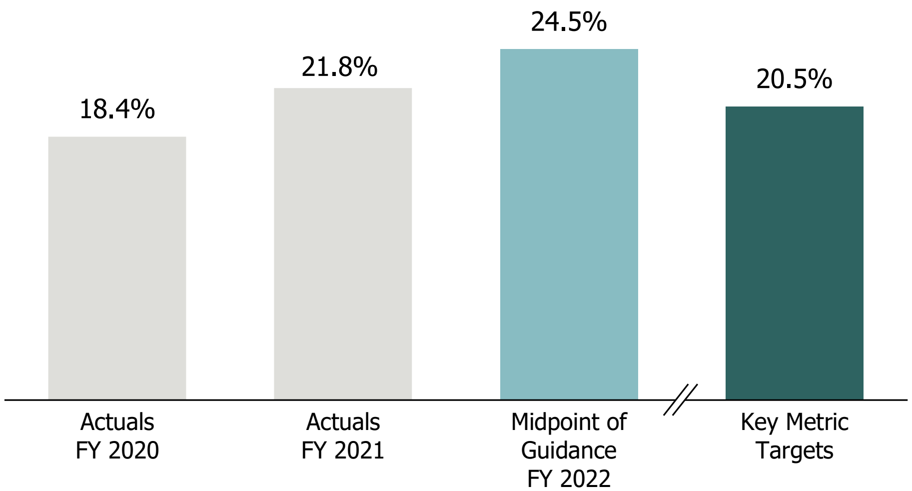
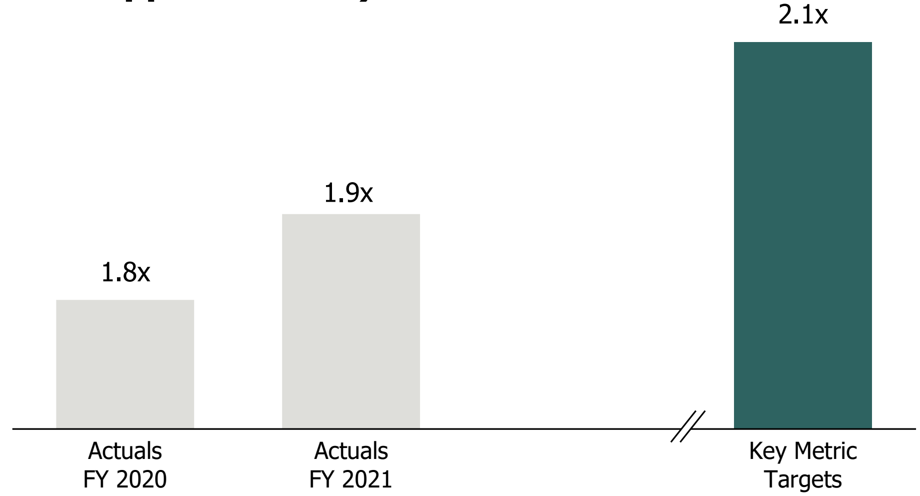
(3) Total SG&A includes homebuilding selling, general and administrative costs and corporate general and administrative costs. Ratio calculated as a percentage of total revenues. The SG&A guidance assumes that the Company's stock price remains at $96.88.
(4) Adjusted EBITDA is a non-GAAP financial measure. The most directly comparable GAAP financial measure is net income (loss). Adjusted EBITDA represents earnings before interest expense, income taxes, depreciation, amortization, land-related charges and loss (gain) on extinguishment of debt. See appendix for a reconciliation to the most directly comparable GAAP measure.
(5) Adjusted Income Before Income Taxes excludes land-related charges, joint venture write-downs and loss (gain) on extinguishment of debt. See appendix for a reconciliation to the most directly comparable GAAP measure.
(6) Debt to capitalization is a non-GAAP financial measure. The calculation of Debt to Capitalization is included in the appendix of this presentation.
(7) The calculation of inventory turnover is included in the appendix to this presentation.

Multi-Year Key Metric Targets

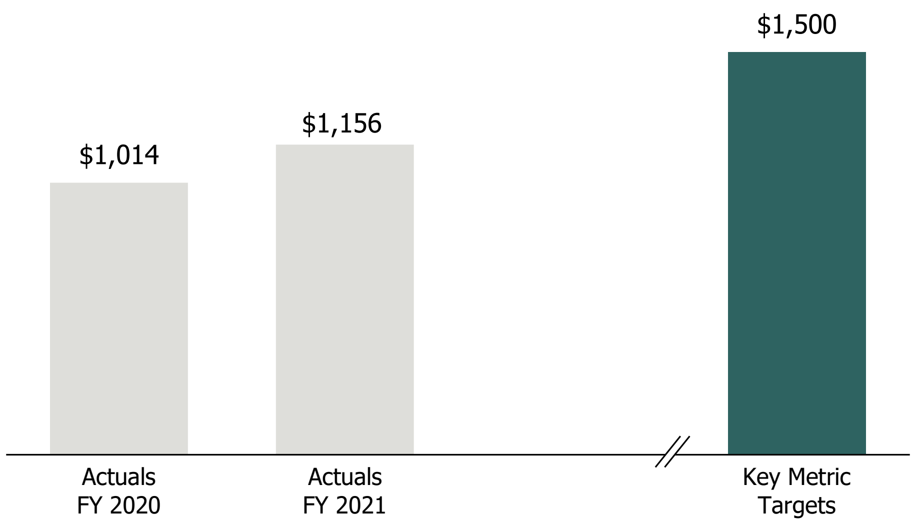
Adjusted Homebuilding Gross Margin



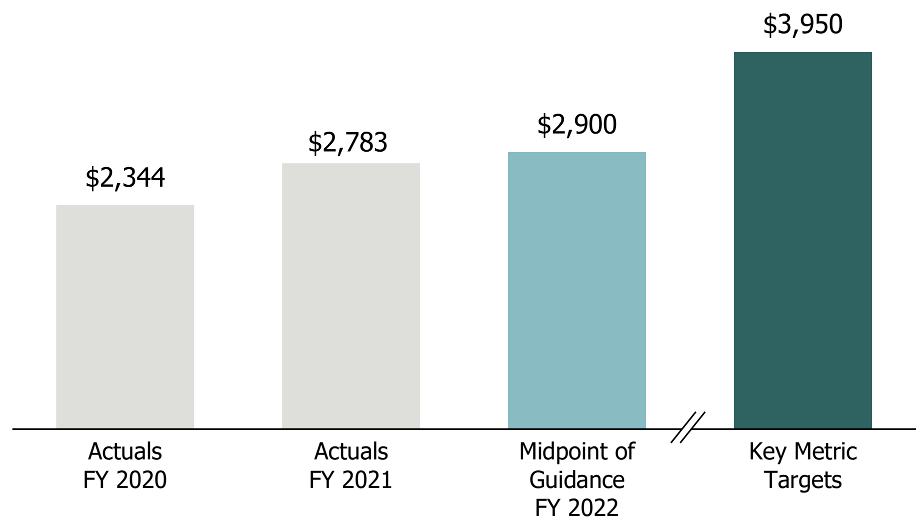
Inventory Turnover (ex. Inventory not owned and capped interest)



Inventory (ex. Inventory not owned)



Total Consolidated Revenue

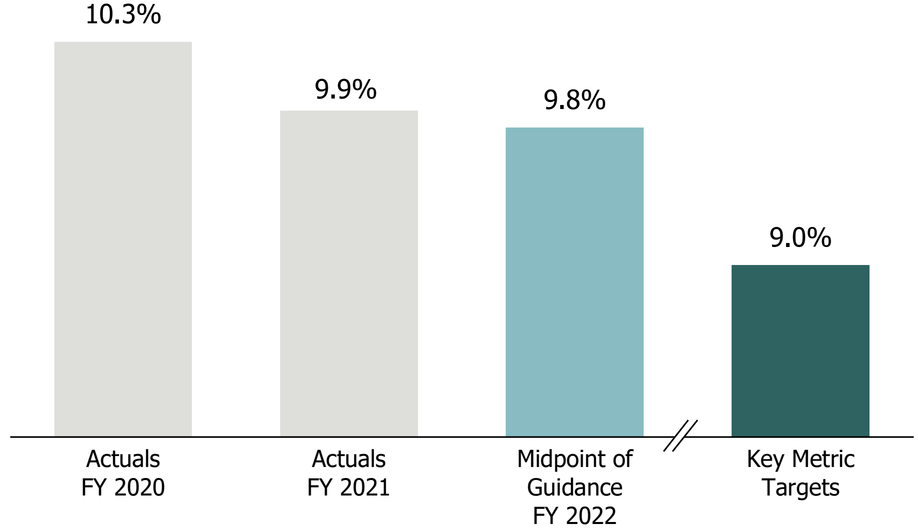


Note: See footnotes on page 24 of this presentation.

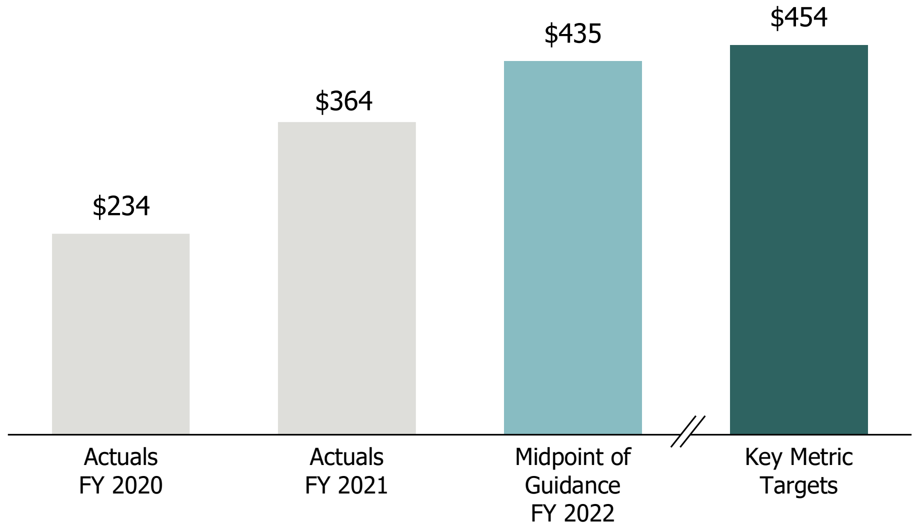
Multi-Year Key Metric Targets

Hovnanian Enterprises, Inc.

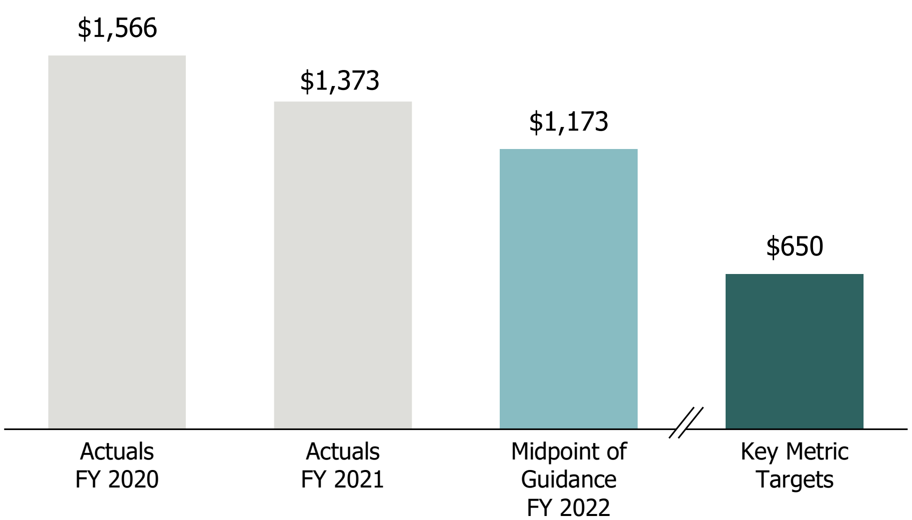
Total SG&A as a % of Total Revenues



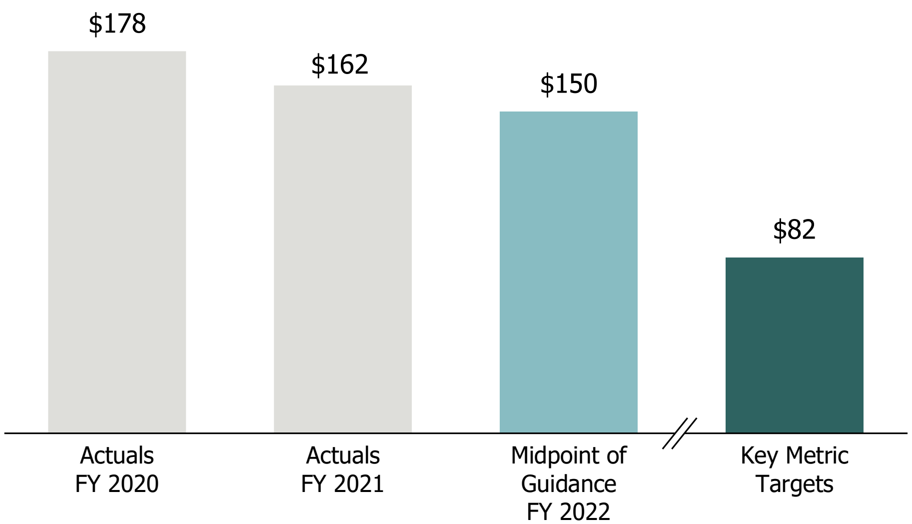
Adjusted EBITDA



Total Debt (inc. nonrecourse debt)



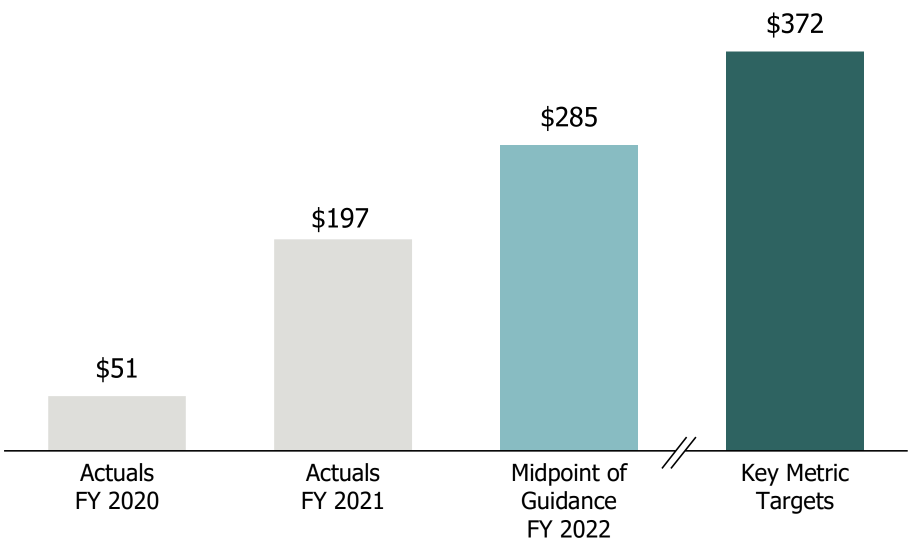
Interest Expense



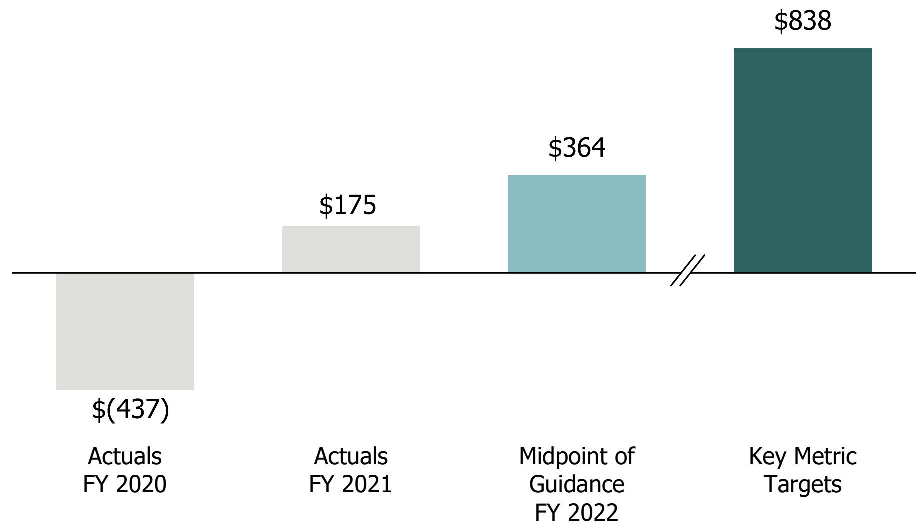
Note: See footnotes on page 24 of this presentation.

Multi-Year Key Metric Targets

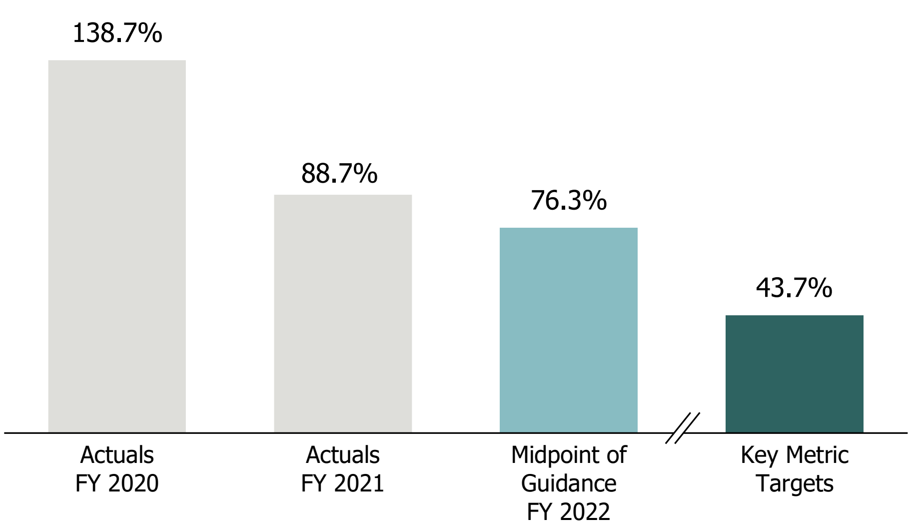
Adjusted Pre-tax Earnings



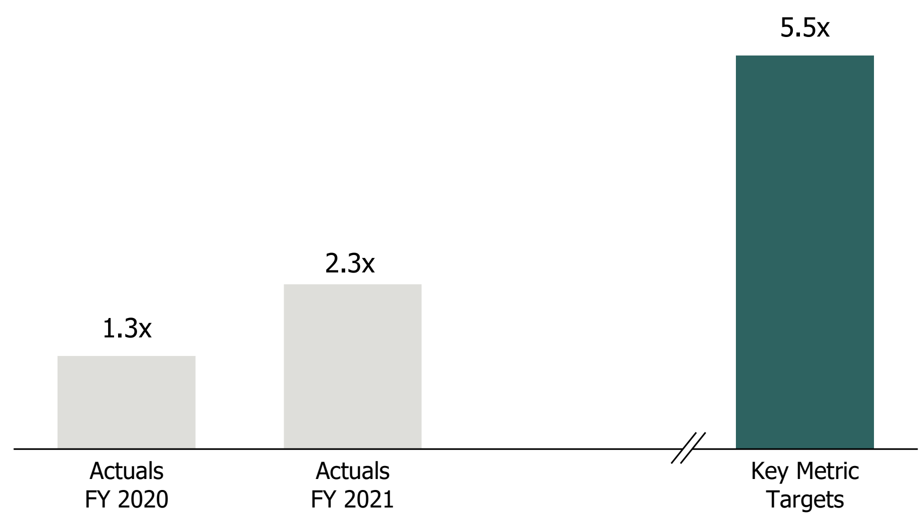
Equity (Deficit)



Debt to Capitalization



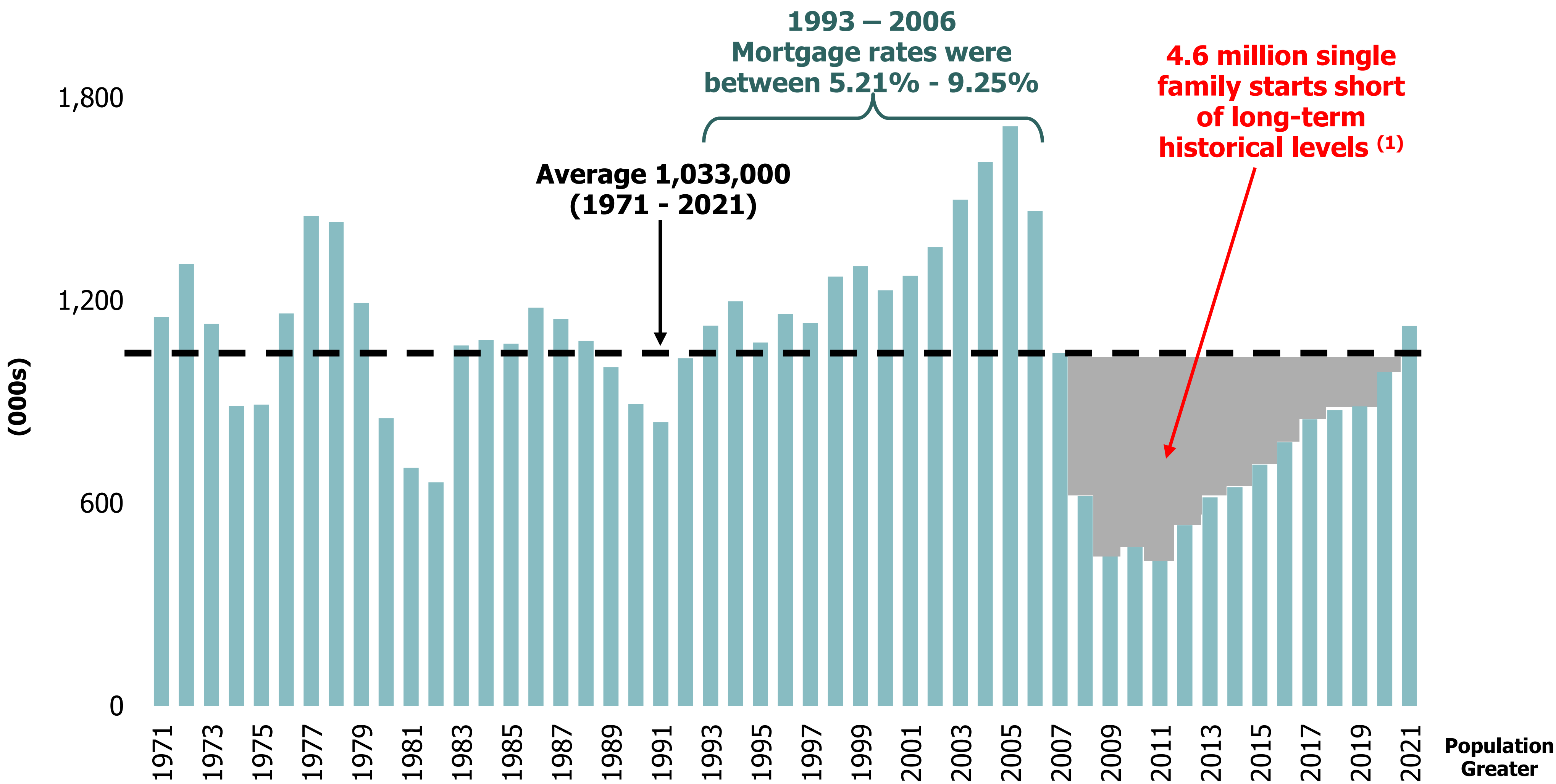
Adjusted EBITDA/Interest Incurred



Note: See footnotes on page 24 of this presentation.

Recent shortfall in U.S. housing production

(Single family housing starts)



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

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

Appendix

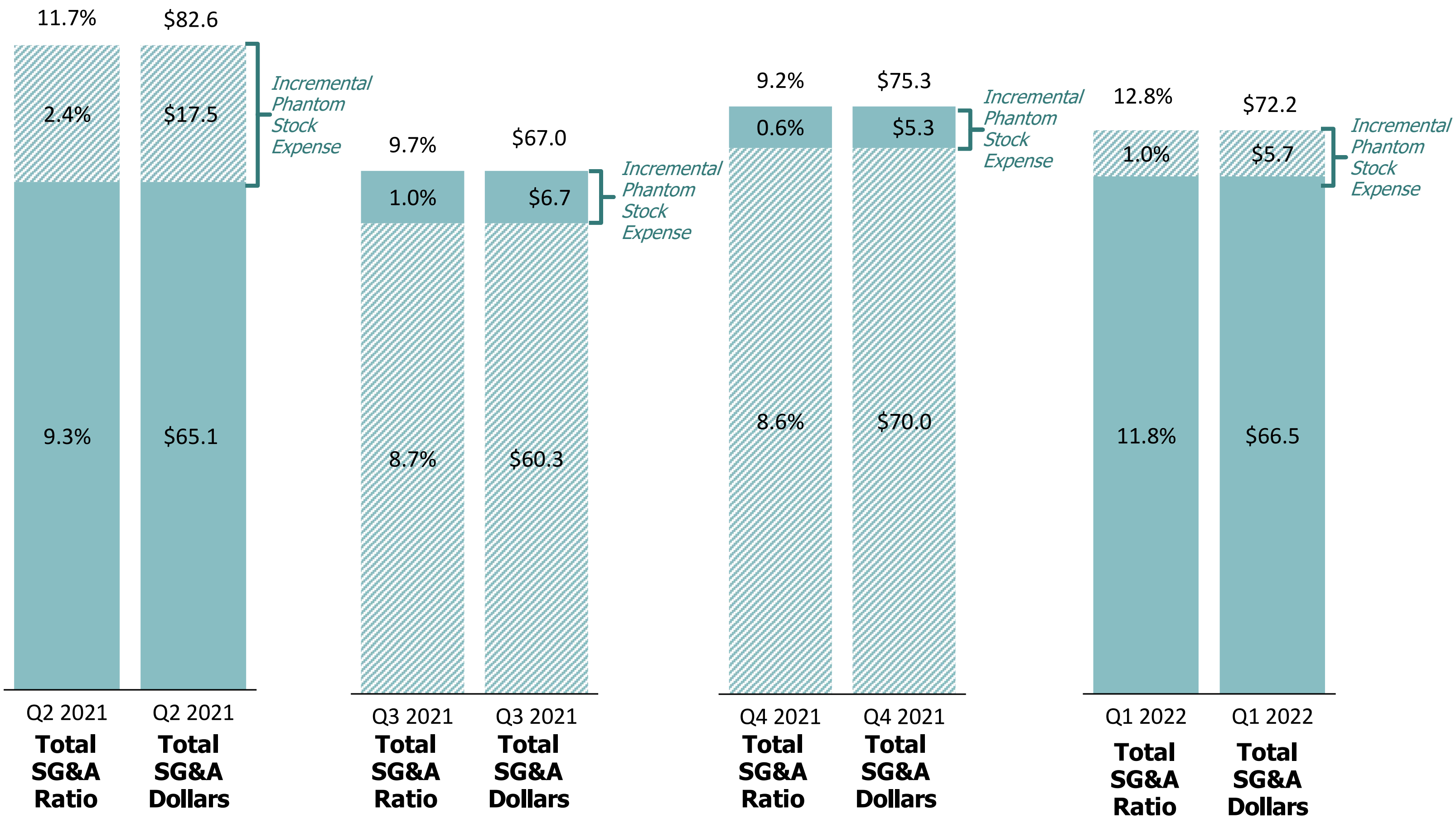
Increase in Newly Controlled Lots

	Q1 2022[1]
Newly Controlled Lots	2,629[2]
Deliveries & Lot Sales	1,175
# of Newly Controlled Lots in Excess of Deliveries	1,454
Newly Controlled Lots as a Percentage of Deliveries & Lot Sales	224%

(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.

Phantom Stock Expense

Total SG&A Expense
($ in millions)



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

Land Positions by Geographic Segment

January 31, 2022

Segment	Owned: Excluding Mothballed Lots	Owned: Mothballed Lots	Optioned Lots	Total Lots
Northeast	647	0	2,881	3,528
Mid-Atlantic	1,741	247	6,357	8,345
Midwest	700	6	1,224	1,930
Southeast	1,637	0	2,356	3,993
Southwest	4,021	0	6,157	10,178
West	1,631	1,159	1,564	4,354
Consolidated Total	**10,377**	**1,412**	**20,539**	**32,328**
Unconsolidated Joint Ventures	1,337	-	229	1,566
Grand Total	11,714	1,412	20,768	33,894

- **Option deposits as of January 31, 2022 were $124 million**
- **$16 million invested in pre-development expenses as of January 31, 2022**

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.
January 31, 2022
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 January 31,		Year Ended October 31,	
	2022	2021	2021	2020
	(Unaudited)		(Unaudited)	
Income before income taxes	$35,401	$19,585	$189,861	$55,403
Inventory impairment loss and land option write-offs	99	1,877	3,630	8,813
Loss (gain) on extinguishment of debt	-	-	3,748	(13,337)
Income before income taxes excluding land-related charges and loss (gain) on extinguishment of debt (1)	$35,500	$21,462	$197,239	$50,879

(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.
January 31, 2022
Gross margin
(In thousands)

	Homebuilding Gross Margin Three Months Ended January 31,		Homebuilding Gross Margin Year Ending October 31,	
	2022	2021	2021	2020
	(Unaudited)		(Unaudited)	
Sale of homes	$551,366	$551,365	$2,673,710	$2,252,029
Cost of sales, excluding interest expense and land charges (1)	427,873	437,372	2,091,016	1,837,332
Homebuilding gross margin, before cost of sales interest expense and land charges (2)	123,493	113,993	582,694	414,697
Cost of sales interest expense, excluding land sales interest expense	13,724	16,717	82,181	74,174
Homebuilding gross margin, after cost of sales interest expense, before land charges (2)	109,769	97,276	500,513	340,523
Land charges	99	1,877	3,630	8,813
Homebuilding gross margin	$109,670	$95,399	$496,883	$331,710
Homebuilding Gross margin percentage	19.9%	17.3%	18.6%	14.7%
Homebuilding Gross margin percentage, before cost of sales interest expense and land charges (2)	22.4%	20.7%	21.8%	18.4%
Homebuilding Gross margin percentage, after cost of sales interest expense, before land charges (2)	19.9%	17.6%	18.7%	15.1%

	Land Sales Gross Margin Three Months Ended January 31,		Land Sales Gross Margin Year Ended October 31,	
	2022	2021	2021	2020
	(Unaudited)		(Unaudited)	
Land and lot sales	$34	$3,362	$25,364	$16,905
Land and lot sales cost of sales, excluding interest and land charges (1)	44	2,266	19,180	11,154
Land and lot sales gross margin, excluding interest and land charges	(10)	1,096	6,184	5,751
Land and lot sales interest	21	448	1,919	156
Land and lot sales gross margin, including interest and excluding land charges	$(31)	$648	$4,265	$5,595

(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.
January 31, 2022
Reconciliation of adjusted EBITDA to net income (loss)
(In thousands)

	Three Months Ended January 31,		Year Ending October 31,	
	2022	2021	2021	2020
	(Unaudited)		(Unaudited)	
Net income	$24,808	$18,959	$607,817	$50,928
Income tax provision (benefit)	10,593	626	(417,956)	4,475
Interest expense	27,138	41,140	161,816	178,131
EBIT (1)	62,539	60,725	351,677	233,534
Depreciation and amortization	1,175	1,338	5,280	5,304
EBITDA (2)	63,714	62,063	356,957	238,838
Inventory impairment loss and land option write-offs	99	1,877	3,630	8,813
Loss (gain) on extinguishment of debt	-	-	3,748	(13,337)
Adjusted EBITDA (3)	$63,813	$63,940	$364,335	$234,314
Interest incurred	$32,783	$41,457	$155,514	$176,457
Adjusted EBITDA to interest incurred	1.95	1.54	2.34	1.33

(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.						
January 31, 2022						
Calculation of Inventory Turnover[1]						
						TTM
		For the quarter ended				**ended**
(Dollars in thousands)		4/30/2021	7/31/2021	10/31/2021	1/31/2022	**1/31/2022**
Cost of sales, excluding interest		$536,534	$521,868	$612,156	$427,917	$2,098,475
			As of			
	1/31/2021	4/30/2021	7/31/2021	10/31/2021	1/31/2022	
Total inventories	$1,281,149	$1,256,873	$1,313,345	$1,254,260	$1,413,388	**Five**
Less liabilities from inventory not owned, net of debt issuance costs	119,432	90,430	69,627	62,762	75,344	**Quarter**
Less capitalized interest	65,327	59,772	63,673	58,159	63,804	**Average**
Inventories less capitalized interest and liabilities from inventory not owned	$1,096,390	$1,106,671	$1,180,045	$1,133,339	$1,274,240	$1,158,137
Inventory turnover						1.8x

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

Reconciliation of Inventory Turnover

October 31, 2021

Calculation of Inventory Turnover(1)

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

October 31, 2020

Calculation of Inventory Turnover(1)

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

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

Key credit and balance sheet metrics reconciliations

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

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