REFINITIV

DELTA REPORT

10-Q

LANDSEA HOMES CORP

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	2098
CHANGES	273
DELETIONS	651
ADDITIONS	1174

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2023 March 31, 2024

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 001-38545

Landsea Homes Corporation

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**82-2196021**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
1717 McKinney Avenue, Suite 1000 Dallas, Texas	**75202**
(Address of Principal Executive Offices)	(Zip Code)

(949) 345-8080
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	LSEA	The Nasdaq Capital Market
Warrants exercisable for Common Stock	LSEAW	The Nasdaq Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 27, 2023 April 26, 2024, 37,795,191 36,179,233 Class A common stock, par value $0.0001 per share, were outstanding.

Landsea Homes Corporation

Form 10-Q Index

For the Three and Nine Months Ended September 30, 2023 March 31, 2024

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Landsea Homes Corporation

Consolidated Balance Sheets - (Unaudited)

(in thousands, except share and per share amounts)

		September 30, 2023	December 31, 2022		
	March 31, 2024			March 31, 2024	December 31, 2023
Assets	**Assets**				
Cash and cash equivalents					
Cash and cash equivalents					
Cash and cash equivalents	Cash and cash equivalents	$ 133,491	$ 123,634		
Cash held in escrow	Cash held in escrow	10,956	17,101		
Real estate inventories	Real estate inventories	1,155,661	1,093,369		
Real estate inventories					
Real estate inventories					
Due from affiliates					
Due from affiliates					
Due from affiliates	Due from affiliates	4,232	3,744		
Goodwill					
Goodwill					
Goodwill	Goodwill	68,639	68,639		
Other assets	Other assets	104,108	134,009		
Total assets	Total assets	$1,477,087	$1,440,496		
Liabilities	**Liabilities**				
Liabilities					
Liabilities					
Accounts payable					
Accounts payable					
Accounts payable	Accounts payable	$ 72,287	$ 74,445		
Accrued expenses and other liabilities	Accrued expenses and other liabilities	150,079	149,426		
Due to affiliates	Due to affiliates	881	884		
Line of credit facility, net	Line of credit facility, net	317,010	505,422		
Line of credit facility, net					
Line of credit facility, net					
Senior notes, net	Senior notes, net	235,383	—		
Total liabilities	Total liabilities	775,640	730,177		
Total liabilities					
Total liabilities					
Commitments and contingencies (*Note 8)*					
Commitments and contingencies (*Note 8)*					
Commitments and contingencies (*Note 8)*	Commitments and contingencies (*Note 8)*				

Equity	**Equity**		
Equity			
Equity			
Stockholders' equity:	Stockholders' equity:		
Preferred stock, $0.0001 par value, 50,000,000 shares authorized, none issued and outstanding as of September 30, 2023 and December 31, 2022, respectively		—	—
Common stock, $0.0001 par value, 500,000,000 shares authorized, 41,382,453 issued and 37,795,191 outstanding as of September 30, 2023, 42,110,794 issued and 40,884,268 outstanding as of December 31, 2022		4	4
Stockholders' equity:			
Stockholders' equity:			
Preferred stock, $0.0001 par value, 50,000,000 shares authorized, none issued and outstanding as of March 31, 2024 and December 31, 2023, respectively			
Preferred stock, $0.0001 par value, 50,000,000 shares authorized, none issued and outstanding as of March 31, 2024 and December 31, 2023, respectively			
Preferred stock, $0.0001 par value, 50,000,000 shares authorized, none issued and outstanding as of March 31, 2024 and December 31, 2023, respectively			
Common stock, $0.0001 par value, 500,000,000 shares authorized, 41,525,731 issued and 36,129,736 outstanding as of March 31, 2024, 41,382,453 issued and 36,520,894 outstanding as of December 31, 2023			
Additional paid-in capital	Additional paid-in capital	477,837	497,598
Retained earnings	Retained earnings	175,109	158,348

Total stockholders' equity	Total stockholders' equity	652,950	655,950
Noncontrolling interests	Noncontrolling interests	48,497	54,369
Total equity	Total equity	701,447	710,319
Total liabilities and equity	Total liabilities and equity	$1,477,087	$1,440,496

See accompanying notes to the consolidated financial statements.

Landsea Homes Corporation

Consolidated Statements of Operations - (Unaudited)

(in thousands, except share and per share amounts)

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
		Three Months Ended March 31, Three Months Ended March 31, Three Months Ended March 31,			
	2024			2024	2023
Revenue	**Revenue**				
Home sales					
Home sales					
Home sales	Home sales	$ 258,062	$ 326,496	$ 790,199	$ 975,269
Lot sales and other	Lot sales and other	19,286	9,089	22,133	45,222
Total revenues	**Total revenues**	277,348	335,585	812,332	1,020,491
Cost of sales	**Cost of sales**				
Cost of sales					
Cost of sales					
Home sales					
Home sales					
Home sales	Home sales	209,753	258,362	647,642	770,220
Lot sales and other					
Lot sales and other					
Lot sales and other	Lot sales and other	13,309	10,737	15,770	40,546
Total cost of sales	Total cost of sales	223,062	269,099	663,412	810,766
Gross margin	**Gross margin**				
Gross margin					

Gross margin					
Home sales					
Home sales					
Home sales	Home sales	48,309	68,134	142,557	205,049
Lot sales and other	Lot sales and other	5,977	(1,648)	6,363	4,676
Total gross margin	Total gross margin	54,286	66,486	148,920	209,725
Sales and marketing expenses	Sales and marketing expenses	16,930	21,063	51,672	64,366
Sales and marketing expenses					
Sales and marketing expenses					
General and administrative expenses	General and administrative expenses	25,463	21,111	74,223	70,734
Total operating expenses	Total operating expenses	42,393	42,174	125,895	135,100
Income from operations		11,893	24,312	23,025	74,625
(Loss) income from operations					
(Loss) income from operations					
(Loss) income from operations					
Other income (loss), net		656	990	2,770	(654)
Other income, net					
Other income, net					
Other income, net					
Loss on remeasurement of warrant liability		—	—	—	(7,315)
Pretax income	**Pretax income**	12,549	25,302	25,795	66,656
Provision for income taxes		3,066	4,021	6,323	17,460
Pretax income					
Pretax income					
(Benefit) provision for income taxes					
(Benefit) provision for income taxes					
(Benefit) provision for income taxes					
Net income					
Net income					
Net income	**Net income**	9,483	21,281	19,472	49,196
Net income attributable to noncontrolling interests	Net income attributable to noncontrolling interests	887	1,311	2,711	1,226

Net income attributable to Landsea Homes Corporation	Net income attributable to Landsea Homes Corporation	$ 8,596	$ 19,970	$ 16,761	$ 47,970
Income per share:	**Income per share:**				
Income per share:					
Income per share:					
Basic					
Basic					
Basic	Basic	$ 0.22	$ 0.49	$ 0.43	$ 1.10
Diluted	Diluted	$ 0.22	$ 0.49	$ 0.42	$ 1.09
Weighted average common shares outstanding:	**Weighted average common shares outstanding:**				
Weighted average common shares outstanding:					
Weighted average common shares outstanding:					
Basic					
Basic					
Basic	Basic	38,336,100	39,935,152	39,402,507	42,768,269
Diluted	Diluted	38,440,392	40,097,269	39,549,035	42,943,871

See accompanying notes to the consolidated financial statements.

Landsea Homes Corporation

Consolidated Statements of Equity - (Unaudited)

(in thousands, except shares)

	Common Stock						
	Shares						
	Shares						
	Shares	**Amount**	**Additional paid-in capital**	**Retained earnings**	**Total stockholders' equity**	**Noncontrolling interests**	**Total equity**
Balance at December 31, 2023							
	Common Stock						
Shares issued under share-based awards							

	Shares	Amount	Additional paid-in capital	Retained earnings	Noncontrolling interests	Total stockholders' equity
Balance at June 30, 2023	39,183,181	$ 4	$ 490,741	$166,513	$ 54,348	$ 711,606
Stock options exercised	3,877	—	37	—	—	37
Stock-based compensation expense	—	—	879	—	—	879
Repurchase of common stock and associated tax	(1,391,867)	—	(13,820)	—	—	(13,820)
Distributions to noncontrolling interests	—	—	—	—	(6,738)	(6,738)
Net income	—	—	—	8,596	887	9,483
Balance at September 30, 2023	37,795,191	$ 4	$ 477,837	$175,109	$ 48,497	$ 701,447

		Common Stock					
		Shares	Amount	Additional paid-in capital	Retained earnings	Noncontrolling interests	Total stockholders' equity
Balance at December 31, 2022		40,884,268	$ 4	$ 497,598	$158,348	$ 54,369	$ 710,319
Shares issued under share-based awards							
Shares issued under share-based awards	Shares issued under share-based awards	267,782	—	—	—	—	—
Stock options exercised	Stock options exercised	3,877	—	37	—	—	37
Cash paid for shares withheld for taxes	Cash paid for shares withheld for taxes	—	—	(695)	—	—	(695)
Stock-based compensation expense		—	—	2,249	—	—	2,249
Stock-based compensation							
Repurchase of common stock and associated tax	Repurchase of common stock and associated tax	(2,360,736)	—	(21,352)	—	—	(21,352)
Distributions to noncontrolling interests							
Net income							
Balance at March 31, 2024							

	Common Stock						
	Common Stock						
	Common Stock						
	Shares						
	Shares						
	Shares	Amount	Additional paid-in capital	Retained earnings	Total stockholders' equity	Noncontrolling interests	Total equity

Balance at December 31, 2022								
Shares issued under share-based awards								
Shares issued under share-based awards								
Shares issued under share-based awards								
Cash paid for shares withheld for taxes								
Cash paid for shares withheld for taxes								
Cash paid for shares withheld for taxes								
Stock-based compensation								
Forfeiture and cancellation of Earnout Shares								
Forfeiture and cancellation of Earnout Shares								
Forfeiture and cancellation of Earnout Shares	Forfeiture and cancellation of Earnout Shares	(1,000,000)	—	—	—		—	—
Distributions to noncontrolling interests	Distributions to noncontrolling interests	—	—	—	—		(8,583)	(8,583)
Distributions to noncontrolling interests								
Distributions to noncontrolling interests								
Net income	Net income	—	—	—	16,761		2,711	19,472
Balance at September 30, 2023		37,795,191	$ 4	$ 477,837	$175,109	$	48,497	$ 701,447
Balance at March 31, 2023								

See accompanying notes to the consolidated financial statements.

Landsea Homes Corporation

Consolidated Statements of Equity - (Unaudited)

(in thousands, except shares)

	Common Stock					
	Shares	Amount	Additional paid-in capital	Retained earnings	Noncontrolling interests	Total stockholders' equity
Balance at June 30, 2022	40,925,579	$ 4	$ 496,170	$ 112,797	$ 56,165	$ 665,136

Shares issued under share-based awards	24,464	—	—	—	—	—
Stock-based compensation expense	—	—	908	—	—	908
Distributions to noncontrolling interests	—	—	—	—	(3,072)	(3,072)
Net income (loss)	—	—	—	19,970	1,311	21,281
Balance at September 30, 2022	40,950,043 $	4 $	497,078 $	132,767 $	54,404 $	684,253

	Common Stock					
	Shares	Amount	Additional paid-in capital	Retained earnings	Noncontrolling interests	Total stockholders' equity
Balance at December 31, 2021	46,281,091 $	5 $	535,345 $	84,797 $	1,250 $	621,397
Shares issued under share-based awards	228,529	—	—	—	—	—
Cash paid for shares withheld for taxes	—	—	(848)	—	—	(848)
Stock-based compensation expense	—	—	2,780	—	—	2,780
Repurchase of common stock	(5,559,577)	(1)	(40,199)	—	—	(40,200)
Contributions from noncontrolling interests	—	—	—	—	55,000	55,000
Distributions to noncontrolling interests	—	—	—	—	(3,072)	(3,072)
Net income (loss)	—	—	—	47,970	1,226	49,196
Balance at September 30, 2022	40,950,043 $	4 $	497,078 $	132,767 $	54,404 $	684,253

See accompanying notes to the consolidated financial statements.

Landsea Homes Corporation

Consolidated Statements of Cash Flows - (Unaudited)

(in thousands)

	Three Months Ended March 31,		
	Three Months Ended March 31,		
	Three Months Ended March 31,		
	2024	2024	2023
	(dollars in thousands)	*(dollars in thousands)*	
Cash flows from operating activities:			
Net income			
Net income			
Net income			
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization			
Depreciation and amortization			

Depreciation and amortization

Stock-based compensation

Stock-based compensation

Stock-based compensation

Abandoned project costs

Abandoned project costs

Abandoned project costs

		Nine Months Ended September 30,	
		2023	2022
Deferred taxes			
		(dollars in thousands)	
Cash flows from operating activities:			
Net income		$ 19,472	$ 49,196
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization		3,778	4,445
Loss on remeasurement of warrant liability		—	7,315
Real estate inventories impairment		4,700	—
Stock-based compensation		2,249	2,780
Loss on extinguishment or forgiveness of debt		—	2,496
Abandoned project costs		745	324
Write-off of offering costs		436	—
Deferred taxes			
Deferred taxes	Deferred taxes	(10)	(2,217)
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:		
Cash held in escrow	Cash held in escrow	6,145	(3,111)
Cash held in escrow			
Cash held in escrow			
Real estate inventories	Real estate inventories	(64,666)	(99,397)
Due from affiliates	Due from affiliates	(491)	(715)
Other assets	Other assets	31,790	(46,887)
Other assets			
Other assets			
Accounts payable	Accounts payable	(2,159)	2,284
Accrued expenses and other liabilities	Accrued expenses and other liabilities	123	287

Net cash provided by (used in) operating activities	2,112	(83,200)
Net cash (used in) provided by operating activities		
Net cash (used in) provided by operating activities		
Net cash (used in) provided by operating activities		
Cash flows from investing activities: Cash flows from investing activities:		
Cash flows from investing activities:		
Cash flows from investing activities:		
Purchases of property and equipment Purchases of property and equipment	(5,530)	(4,062)
Distributions of capital from unconsolidated joint ventures	—	578
Purchases of property and equipment		
Purchases of property and equipment		
Payments for business acquisition, net of cash acquired	—	(258,727)
Net cash used in investing activities		
Net cash used in investing activities		
Net cash used in investing activities Net cash used in investing activities	(5,530)	(262,211)
Cash flows from financing activities: Cash flows from financing activities:		
Borrowings from notes and other debts payable	482,500	361,910
Repayments of notes and other debts payable	(429,300)	(240,526)
Cash flows from financing activities:		
Cash flows from financing activities:		
Borrowings from notes, other debts payable, and other liabilities		
Borrowings from notes, other debts payable, and other liabilities		
Borrowings from notes, other debts payable, and other liabilities		

Repayments of notes, other debts payable, and other liabilities			
Cash paid for shares withheld for taxes	Cash paid for shares withheld for taxes	(695)	(848)
Payment for buyback of warrants		—	(16,500)
Cash paid for shares withheld for taxes			
Cash paid for shares withheld for taxes			
Proceeds from exercise of stock options			
Proceeds from exercise of stock options			
Proceeds from exercise of stock options	Proceeds from exercise of stock options	37	—
Repurchases of common stock	Repurchases of common stock	(21,160)	(40,200)
Contributions from noncontrolling interests		—	55,000
Distributions to noncontrolling interests			
Distributions to noncontrolling interests			
Distributions to noncontrolling interests	Distributions to noncontrolling interests	(8,583)	(3,072)
Deferred offering costs paid	Deferred offering costs paid	(224)	—
Debt issuance and extinguishment costs paid	Debt issuance and extinguishment costs paid	(9,300)	(3,414)
Net cash provided by financing activities	Net cash provided by financing activities	13,275	112,350
Net cash provided by financing activities			
Net cash provided by financing activities			
Net decrease in cash, cash equivalents, and restricted cash		9,857	(233,061)
Cash, cash equivalents, and restricted cash at beginning of period		123,634	343,253
Cash, cash equivalents, and restricted cash at end of period		$ 133,491	$110,192

Net increase in cash and cash equivalents
Net increase in cash and cash equivalents
Net increase in cash and cash equivalents
Cash and cash equivalents at beginning of period
Cash and cash equivalents at end of period

See accompanying notes to the consolidated financial statements.

Landsea Homes Corporation

Notes to the Consolidated Financial Statements - (unaudited)

1. Company and Summary of Significant Account Policies

Landsea Homes Corporation (together with its subsidiaries, "Landsea Homes" or the "Company"), a majority owned subsidiary of Landsea Holdings Corporation ("Landsea Holdings"), is engaged in the acquisition, development, and sale of homes and lots in Arizona, California, Colorado, Florida, New York, and Texas. The Company's operations are organized into the following five six reportable segments: Arizona, California, Colorado, Florida, Metro New York, and Texas.

Basis of Presentation and Consolidation—The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and include the accounts of the Company and all subsidiaries, partnerships, and other entities in which the Company has a controlling interest as well as variable interest entities ("VIEs") in which the Company is deemed the primary beneficiary. The Company's investments in both unconsolidated entities in which a significant, but less than controlling, interest is held and in VIEs in which the Company is not deemed to be the primary beneficiary are accounted for under the equity method. All intercompany transactions and balances have been eliminated in consolidation.

The accompanying unaudited consolidated financial statements have been prepared in accordance with GAAP for interim financial information and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") and should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, filed with the SEC on March 9, 2023 February 29, 2024. The accompanying unaudited consolidated financial statements include all adjustments, consisting of normal recurring entries, necessary for a fair presentation of the Company's results for the interim periods presented. Results for the interim periods are not necessarily indicative of the results to be expected for the full year due to seasonal variations and other factors.

Use of Estimates—The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Actual results could differ materially from these estimates.

Recent Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides temporary optional expedients and exceptions to the current guidance on contract modifications and hedge accounting. These changes are intended to simplify the market transition from the London Interbank Offered Rate ("LIBOR") to alternative reference rates. ASU 2020-04 generally considers contract modifications related to reference rate reform to be an event that does not require contract remeasurement at the modification date nor a reassessment of a previous accounting determination. In January 2021, the FASB issued ASU 2021-01, *Reference Rate Reform (Topic 848): Scope*, which clarified the scope and application of ASU 2020-04. In December 2022, the FASB issued ASU No. 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*, which defers the sunset date of the reference rate reform guidance to December 31, 2024. The guidance in ASU 2020-04 may be elected over time, through December 31, 2024, as reference rate reform activities occur. Once ASU 2020-04 is elected, the guidance must be applied prospectively for all eligible contract modifications. In June 2022, the Company modified its credit facility to use the Secured Overnight Financing Rate ("SOFR") as a reference rate rather than LIBOR. The Company elected to apply this guidance which preserves the presentation of the loan consistent with the presentation prior to the modification.

In October 2021, the FASB issued ASU 2021-08, which requires application of Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers*, to recognize and measure contract assets and liabilities from contracts with customers acquired in a business combination. ASU 2021-08 creates an exception to the general recognition and measurement principle in ASC 805, *Business Combinations*, and will result in recognition of contract assets and contract liabilities consistent with those recorded by the acquiree immediately before the acquisition date. The standard is effective for fiscal years beginning after December 15, 2022, early adoption was permitted. The adoption did not have a material impact on the Company's consolidated financial statements.

In March 2023, the FASB issued ASU 2023-01, which amends the application of ASU 2016-02, *Leases (Topic 842),* related to leases with entities under common control, also referred to as common control leases. The amendments to this update require an entity to consider the useful life of leasehold improvements associated with common control leases from the perspective of the common control group and amortize the leasehold improvements over the useful life of the assets to the common control group, instead of the term of the lease. Any remaining value for the leasehold improvement at the end of the lease would be adjusted through equity. The standard is was effective for fiscal years beginning after December 15, 2023, with early adoption was permitted. The adoption is did not expected to have a material impact on the Company's consolidated financial statements.

2. Business Combinations

On January 18, 2022, In November 2023, the Company acquired 100% FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires disclosure of Hanover Family Builders, LLC additional segment information. The guidance requires entities to provide significant segment expenses that are regularly provided to the entity's chief operating decision maker ("Hanover" CODM"), other segment items to reconcile segment revenue and significant expenses to the reported measure of segment profit or loss, a Florida-based homebuilder, description of the composition of the other segment items, and the title and position of the CODM. The amendments in this update also expand the segment disclosure requirements to interim periods. The guidance is effective for an aggregate cash purchase price, net fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The new guidance must be applied retrospectively to all prior periods presented in the financial statements, with the significant segment expense and other segment item amounts disclosed based on categories identified in the period of working capital adjustments, adoption. The Company is currently evaluating the impact of $262.6 million. The aggregate purchase price included a pay-off of $69.3 million this guidance on its consolidated financial statements and related to debt held by Hanover and a payment of $15.6 million for land-related deposits. The total assets of Hanover included approximately 20 development projects and 3,800 lots owned or controlled in various stages of development. disclosures.

In accordance December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires annual disclosure of specific categories in the income tax rate reconciliation and of additional information for reconciling items that meet a quantitative threshold among other changes. Specifically, the guidance requires a tabular reconciliation disclosure, using both percentages and amounts. The guidance is effective for annual periods beginning after December 15, 2024, with ASC 805, early adoption permitted. The Company is currently evaluating the assets acquired and liabilities assumed from the acquisition of Hanover were measured and recognized at fair value as of the date of the acquisition to reflect the purchase price paid.

Acquired inventories consist of land, land deposits, and work in process inventories. For acquired land and land options, the Company typically utilizes, with the assistance of a third-party valuation specialist, a sales comparison approach. For work in process inventories, the Company estimates the fair value based upon the stage of production of each unit and a gross margin that management believes a market participant would require to complete the remaining development and requisite selling efforts. On the acquisition date, the stage of production for each lot ranged from recently started lots to fully completed homes. The intangible asset acquired related to the Hanover trade name, which was estimated to have a fair value of $1.6 million and was amortized over one year. Goodwill represents the excess of the purchase price over the fair value of assets acquired and liabilities assumed and relates primarily to the assembled workforce and business synergies. Goodwill of $44.2 million was recorded on the consolidated balance sheets as a result impact of this transaction guidance on its consolidated financial statements and is expected to be deductible for tax purposes over 15 years. The acquired goodwill is included in the Florida reporting segment in *Note 11 – Segment Reporting*. The Company incurred transaction related costs of $0.1 million and $0.7 million related to the Hanover acquisition during the three and nine months ended September 30, 2022, respectively.

The following is a summary of the allocation of the purchase price based on the fair value of assets acquired and liabilities assumed *(dollars in thousands)*.

Assets Acquired		
Cash	$	3,857
Real estate inventories		232,071
Goodwill		44,182
Trade name		1,590
Other assets		378
Total assets	$	282,078
Liabilities Assumed		
Accounts payable	$	6,329
Accrued expenses		13,165
Total liabilities		19,494
Net assets acquired	$	262,584

disclosures.

Unaudited Pro Forma Financial Information 2. Asset Acquisition

Unaudited pro forma revenue and net income for the following periods presented give effect to the results of the acquisition of Hanover as though the acquisition date was as of January 1, 2021 On October 10, 2023, the beginning Company expanded into the Colorado market by acquiring certain assets of Richfield Homes, LLC ("Richfield"). The Company paid an aggregate cash purchase price of $22.5 million to acquire approximately 290 owned or controlled lots in the year preceding the greater Denver, Colorado area, including any construction in progress on those lots. This acquisition was accounted for as an asset acquisition. Unaudited pro forma net income adjusts the operating result of Hanover to reflect the additional costs that would have been recorded assuming the fair value adjustments had been applied as of the beginning of the year preceding the year of acquisition including the tax-effected amortization of the acquired trade name and transaction related costs.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022		2022	
	(dollars in thousands)			
Revenue	$	335,585	$	1,025,600
Pretax income		34,994		103,890
Provision for income taxes		4,823		27,213
Net income	$	30,171	$	76,677

3. Variable Interest Entities

The Company consolidates two joint venture ("JV") VIEs. The consolidated VIEs include one active project in the Metro New York area ("14th Ave JV") and one JV with the purpose of acquiring undeveloped land (the "LCF JV"). The Company has determined that it is the primary beneficiary of these VIEs as it has the power to direct activities of the operations that most significantly affect their economic performance.

Both consolidated VIEs are financed by equity contributions from the Company and the JV partner. The 14th Ave JV was also funded by third-party debt which was paid off in April 2022 with proceeds from a loan provided by the Company. The intercompany loan is eliminated upon consolidation. 2022.

The following table summarizes the carrying amount and classification of the VIEs' assets and liabilities in the consolidated balance sheets as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

March 31, 2024	March 31, 2024	December 31, 2023

	(dollars in thousands)			*(dollars in thousands)*
Cash				

		September 30, 2023	December 31, 2022
Real estate inventories			
		(dollars in thousands)	
Cash		$ 4,407	$ 4,697
Real estate inventories			
Real estate inventories	Real estate inventories	90,682	99,699
Due from affiliates	Due from affiliates	719	329
Other assets	Other assets	2,104	2,124
Total assets	Total assets	$ 97,912	$ 106,849
Accounts payable	Accounts payable	$ 288	$ 1,577
Accounts payable			
Accounts payable			
Accrued expenses and other liabilities	Accrued expenses and other liabilities	4,950	5,616
Total liabilities	Total liabilities	$ 5,238	$ 7,193
Total liabilities			
Total liabilities			

4. Real Estate Inventories

Real estate inventories are summarized as follows:

		September 30, 2023	December 31, 2022		
		(dollars in thousands)			
	March 31, 2024			March 31, 2024	December 31, 2023
	(dollars in thousands)				*(dollars in thousands)*
Deposits and pre-acquisition costs	Deposits and pre-acquisition costs	$ 101,429	$ 101,395		

Land held and land under development	Land held and land under development	280,755	191,047
Homes completed or under construction	Homes completed or under construction	720,265	779,352
Model homes	Model homes	53,212	21,575
Total real estate inventories	Total real estate inventories	$1,155,661	$1,093,369

Deposits and pre-acquisition costs include land deposits and other due diligence costs related to potential land acquisitions. Land held and land under development includes costs incurred during site development such as development, indirect costs, and permits. Homes completed or under construction and model homes include all costs associated with home construction, including land, development, indirect costs, permits, materials, and labor.

In accordance with ASC 360, *Property, Plant, and Equipment,* real estate inventories are stated at cost, unless the carrying amount is determined not to be recoverable, in which case inventory is written down to its fair value. The Company reviews each real estate asset at the community-level, on a quarterly basis or whenever indicators of impairment exist. The Company generally determines the estimated fair value of each community by using a discounted cash flow approach based on the estimated future cash

flows at discount rates that reflect the risk of the community being evaluated. The discounted cash flow approach can be impacted significantly by the Company's estimates of future home sales revenue, home construction costs, pace of homes sales, and the applicable discount rate.

During the nine months ended September 30, 2023 the Company recorded $4.7 million of real estate inventories impairment charges related to one community in its California segment. In this instance, the Company determined that additional incentives and persistent discounts were required to sell the remaining homes and was the primary cause of driving the estimated future cash flows for the community below its previous carrying values. No additional impairments were recorded during For the three months ended September 30, 2023. The March 31, 2024 and 2023, the Company did not recognize any impairments on real estate inventories during the three and nine months ended September 30, 2022. Real estate inventories impairment charges are recorded to cost of home sales in the consolidated statements of operations.

The table below provides quantitative data for Level 3 inputs, for the periods presented, where applicable, used in determining the fair value of the impaired inventory.

	Impairment Data			Quantitative Data
Three Months Ended	Number of Projects Impaired	Real Estate Inventories Impairment	Fair Value of Inventory After Impairment	Discount Rate
		(dollars in thousands)		
June 30, 2023	1	$ 4,700	$ 19,363	11 %
Total		$ 4,700		

inventories.

5. Capitalized Interest

Interest is capitalized to real estate inventories during development and as a result of other qualifying activities. Interest capitalized as a cost of real estate inventories is included in cost of sales as related inventories are delivered.

For the three and nine months ended September 30, 2023 March 31, 2024, and 2023, the Company incurred and capitalized interest of $14.4 million $15.3 million and $37.6 million, respectively. For the three and nine months ended September 30, 2022, the Company incurred and capitalized interest of $13.8 million and $28.6 million $11.9 million, respectively. Previously capitalized interest included in cost of sales during the three and nine months ended September 30, 2023 March 31, 2024, and 2023, was $10.0 million $10.6 million and $21.9 million, respectively. Previously capitalized interest included in cost of sales during the three and nine months ended September 30, 2022 was $10.2

million and $31.3 million$4.6 million, respectively. These amounts included interest from certain related party transactions, refer to *Note 9 – Related Party Transactions* for additional information.

6. Other Assets

As of September 30, 2023March 31, 2024 and December 31, 2022December 31, 2023, the Company had contract assets of $6.3 million$3.1 million and $7.2 million$6.0 million, respectively, related to lot sales and other revenue. The contract asset balance is included in other assets on the Company's consolidated balance sheets and represents cash to be received for work already performed on lot sales and other contracts. The amount of the transaction price for lot sales and other contracts remaining to be recognized as revenue for performance obligations that were not fully satisfied as of September 30, 2023March 31, 2024 and December 31, 2022December 31, 2023 was $3.7 million$0.4 million and $11.6 million$1.1 million, respectively. As of September 30, 2023March 31, 2024, the Company had $1.0 million$0.2 million of deferred revenue related to lot sales and other revenue included in accrued expenses and other liabilities in the Company's consolidated balance sheets. As of December 31, 2022December 31, 2023, the Company had no$0.2 million deferred revenue related to lot sales and other revenue. The Company reduces these liabilities and recognizes revenue as development progresses and the related performance obligations are completed.

7. Notes and Other Debts Payable, net

Amounts outstanding under notes and other debts payable, net consist of the following:

	September 30, 2023		December 31, 2022	
	(dollars in thousands)			
Line of credit facility	$	325,000	$	514,300
Deferred loan costs		(7,990)		(8,878)
Line of credit facility, net	$	317,010	$	505,422

	March 31, 2024		December 31, 2023	
	(dollars in thousands)			
11.0% Senior Notes	$	250,000	$	250,000
Discount and deferred loan costs		(13,087)		(13,857)
Senior notes, net	$	236,913	$	236,143

	September 30, 2023		December 31, 2022	
	(dollars in thousands)			
Senior notes	$	250,000	$	—
Discount and deferred loan costs		(14,617)		—
Senior notes, net	$	235,383	$	—

	March 31, 2024		December 31, 2023	
	(dollars in thousands)			
Line of credit facility	$	355,000	$	315,000
Deferred loan costs		(6,763)		(7,369)
Line of credit facility, net	$	348,237	$	307,631

In October 2021, the Company entered into a line of credit agreement (the "Credit Agreement"). The Credit Agreement provides for a senior unsecured borrowing of up to $675.0 million of which there was $325.0 million$355.0 million outstanding as of September 30, 2023March 31, 2024. The Company may increase the borrowing capacity up to $850.0 million, under certain conditions. Funds available under the Credit Agreement are subject to a borrowing base requirement which is calculated on specified percentages of our real estate inventories. Borrowings under the Credit Agreement bear interest at SOFRthe Secured Overnight Financing Rate ("SOFR") plus 3.35% or Prime Rate (as defined in the Credit Agreement) plus 2.75%. The interest rate includes a floor of 3.85%. The Credit Agreement was modified three times in 2022, which resulted in an increase in the borrowing commitment from $585.0 million to $675.0 million, the replacement of LIBOR with SOFR as an index rate, and an extension of the maturity date to October 2025. As of September 30, 2023, the interest rate on the loan was 8.68%. In July 2023, the Credit Agreement was modified to extend the maturity date and now matures into October 2026. As of March 31, 2024, the interest rate on the loan was 8.67%.

Landsea Homes Corporation

Notes to the Consolidated Financial Statements - (unaudited)

In July 2023, the Company entered into a new senior unsecured note (the "Note Purchase Agreement"). The Note Purchase Agreement provided for the private placement of $250.0 million aggregate principal amount of 11% 11.0% senior notes (the "Senior "11.0% Senior Notes"). The Company received the proceeds, net of discount and fees, in July 2023. The Senior Notes matures mature in July 2028.

In addition, the Company previously had one project-specific construction loan. In April 2022, the construction loan was repaid in full with proceeds from borrowings under the Credit Agreement. In connection with this payoff, the Company incurred $2.5 million of debt extinguishment fees, which were included in other income, net, in the consolidated statements of operations during the year ended December 31, 2022.

The Credit Agreement and Note Purchase Agreement contain certain restrictive financial covenants, such as requirements for the Company to maintain a minimum liquidity balance, minimum tangible net worth, and leverage and interest coverage ratios. As of September 30, 2023 March 31, 2024, the Company was in compliance with all financial covenants.

Landsea Homes Corporation

Notes to the Consolidated Financial Statements - (unaudited)

8. Commitments and Contingencies

Legal—The Company is currently involved in various legal actions and proceedings that arise from time to time and may be subject to similar or other legal and/or regulatory actions in the future. The Company is currently unable to estimate the likelihood of an unfavorable result in any such proceeding that could have a material adverse effect on the Company's results of operations, financial position, or liquidity.

In the fourth quarter of 2021, certain three insurers paid $14.9 million on behalf of the Company and others to settle a wrongful death suit. The insurers contend they are entitled to seek reimbursement from the Company for some or all of such amounts, which the Company disputes. During October 2023, one of the insurers filed a lawsuit seeking reimbursement however, and the two other insurers subsequently asserted reimbursement claims in the lawsuit. However, at this time the Company is unable to estimate predict the amount or outcome of the insurers' claims against the Company. In addition, the Company is unable to or estimate the amount or outcome of its recovery actions against relevant third parties. any potential damages associated therewith.

Performance Obligations—In the ordinary course of business, and as part of the entitlement and development process, the Company's subsidiaries are required to provide performance bonds to assure completion of certain public facilities. The Company had $101.2 million $92.6 million and $114.9 million $109.3 million of performance bonds outstanding as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

Warranty—Estimated future direct warranty costs are accrued and charged to cost of sales in the period when the related homebuilding revenues are recognized. Changes in the Company's warranty accrual are detailed in the table below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
	(dollars in thousands)			
	Three Months Ended March 31,			
	2024			
	2024			
	2024			
	(dollars in thousands)			
	(dollars in thousands)			

	(dollars in thousands)			
Beginning warranty accrual	$ 46,227	$ 18,010	$ 46,657	$ 15,692
Warranty provision	2,988	1,359	5,162	4,602
Warranty provision				
Warranty provision				
Warranty payments				
Warranty payments				
Warranty payments	(3,547)	(1,118)	(6,151)	(2,043)
Ending warranty accrual	$ 45,668	$ 18,251	$ 45,668	$ 18,251
Ending warranty accrual				
Ending warranty accrual				

Operating Leases—The Company primarily enters into operating leases for the right to use office space, model homes, and computer and office equipment, which have remaining lease terms that range from 1 to 8 years and often include one or more options to renew. During December 2021, the Company sold model homes and immediately leased back these models. Certain of these model homes were not complete at the time of sale. All of the leases from the sale-leasebacks are accounted for as operating leases and are reflected as part of the Company's right-of-use assets and lease liabilities in the accompanying consolidated balance sheets. Certain of these sales were to a related party; refer to *Note 9 – Related Party Transactions* for further detail. The weighted average remaining lease term as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 was 5.8 6.6 and 5.7 years, respectively. Renewal terms are included in the lease term when it is reasonably certain the option will be exercised.

The Company established a right-of-use asset and a lease liability based on the present value of future minimum lease payments at the commencement date of the lease, or, if subsequently modified, the date of modification for active leases. As the rate implicit in each lease is not readily determinable, the Company's incremental borrowing rate is used in determining the present value of future minimum payments as of the commencement date. The weighted average rate as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 was 5.4% 6.4% and 4.6% 5.5%, respectively. Lease components and non-lease components are accounted for as a single lease component. As of September 30, 2023 March 31, 2024, the Company had $12.9 million $13.8 million and $14.1 million $14.9 million recognized as a right-of-use asset and lease liability, respectively, which are presented on the consolidated balance sheets within other assets and accrued expenses and other liabilities, respectively. As of December 31, 2022 December 31, 2023, the Company had $15.6 million $11.9 million and $16.4 million $13.1 million recognized as a right-of-use asset and lease liability, respectively.

Operating lease expense for the three and nine months ended September 30, 2023 was $0.9 million and $2.8 million, respectively, and is included in general and administrative expenses on the consolidated statements of operations. For the three and nine months ended September 30, 2022 operating lease expense was $0.5 million and $1.6 million, respectively.

Operating lease expense for the three months ended March 31, 2024 and 2023, was $0.8 million and $1.0 million, respectively, and is included in general and administrative expenses on the consolidated statements of operations.

Future minimum payments under the noncancelable operating leases in effect at September 30, 2023 March 31, 2024 were as follows *(dollars in thousands)*:

2023		$	1,042
2024	2024		3,481
2025	2025		2,582
2026	2026		2,332
2027	2027		2,101
2028			
Thereafter	Thereafter		4,737

Total lease payments	Total lease payments		16,275
Less: Discount	Less: Discount		(2,217)
Present value of lease liabilities	Present value of lease liabilities	$	14,058

9. Related Party Transactions

The Company continues to pay for certain costs on behalf of Landsea Holdings. Holdings Corporation (“Landsea Holdings”) which was previously the majority stockholder of the Company. The Company records a due from affiliate balance for all such payments. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company had a net receivable due from affiliates balance of $3.4 million $3.6 million and $2.9 million $3.5 million, respectively.

In March 2024, Landsea Holdings, the Company’s then-majority stockholder, completed a registered secondary offering of the Company’s common stock. The Company did not purchase any shares of common stock that were sold by Landsea Holdings in the offering. The Company paid costs, fees, and expenses for the offering of $0.6 million, and Landsea Holdings received all net proceeds from the sale. Landsea Holdings no longer owned greater than 50% of the Company’s common stock upon completion of the offering. As a result, the Company no longer qualifies as a “controlled company” under The Nasdaq stock Market LLC (“Nasdaq”) listing standards.

In August 2023, the Company repurchased from the underwriters, at the public offering price of $9.75 per share, 800,000 shares of common stock that were sold by Green Investment Alpha Limited (“Green Investment”), a beneficial owner of the Company, in a registered secondary offering, for a total purchase price of $7.8 million. The Company paid costs, fees, and expenses for the offering of $0.3 million, and Green Investment Alpha Limited received all net proceeds from the sale. Green Investment is required to reimburse the Company for the costs, fees and expenses incurred in offering. Green Investment no longer qualifies qualified as a related party upon the completion of the sale. offering.

In June 2023, the Company repurchased from the underwriters, at the public offering price of $7.50 per share, 443,478 shares of common stock that were sold by Landsea Holdings, the Company’s majority then-majority stockholder, in a registered secondary offering, for a total purchase price of $3.3 million.

In June 2022, the Company entered into two transactions with Landsea Holdings. On June 1, 2022, the Board of Directors authorized the Company to repurchase 4.4 million shares of common stock held by Landsea Holdings. The Company paid $30.0 million at a price costs, fees, and expenses for the offering of $6.82 per share, a discount of 5% compared to the closing price on May 31, 2022 of $7.18. Additionally, the Company repurchased all 5.5 million outstanding Private Placement Warrants, of which $0.8 million, and Landsea Holdings held 2.2 million. The Company paid Landsea Holdings $6.6 million at $3.00 per Private Placement Warrant. In addition, 2.8 million of received all net proceeds from the repurchased Private Placement Warrants were held by Level Field Capital, LLC, a related party that is controlled by a member of the Company’s Board of Directors. The Company paid Level Field Capital, LLC $8.4 million at $3.00 per Private Placement Warrant. The Company’s common stock and Warrants are discussed further in *Note 14 – Stockholders’ Equity*. offering.

In June 2022, Landsea Capital Fund, who is under common control with the Company, contributed $55.0 million to the LCF JV. The LCF JV, which is consolidated by the Company, used these proceeds to purchase undeveloped land from the Company. The Company distributed $6.7 $6.8 million and $8.6 $0.9 million to Landsea Capital Fund during the three and nine months ended September 30, 2023 March 31, 2024, and 2023, respectively. All intercompany transactions between the Company and the LCF JV have been eliminated upon consolidation.

In December 2021, the Company sold model homes to a related party for total consideration of $15.2 million. Construction of certain of these model homes was not complete at the time of sale. The Company recognized lot sales and other revenue of $1.2 million during the nine months ended September 30, 2022 related to the model homes still under construction on the sale date. Corresponding lot and other cost of sales of $1.3 million was also recognized during the same period. No additional revenue or cost of sales related to this transaction were recognized during the three months ended September 30, 2022. The Company did not recognize any revenue or other cost of sales related to these model homes during the three and nine months ended September 30, 2023. As part of this transaction, the Company leased back these models. The total amount of rent payments made during the three and nine months ended September 30, 2023 is March 31, 2024, and 2023, were $0.2 million and $0.6 million, respectively. The total amount of rent payments made during the three and nine months ended September 30, 2022 is $0.2 million and $0.6 million, respectively. The right-of-use asset and lease liability balances associated with these leases is $0.7 million $0.4 million and $0.7 million $0.4 million, respectively, as of September 30, 2023 March 31, 2024 and $1.3 million $0.5 million and $1.3 million $0.5 million, respectively, as of December 31, 2022 December 31, 2023.

In July 2021, the Company entered into a landbank agreement for a project in its California segment with a related party. The Company will make regular payments to the related party based on an annualized rate of 7% of the undeveloped land costs while the land is developed and may purchase, at the Company’s discretion, the lots at a predetermined price of $28.9 million. The total amount of interest payments made during the three and nine months ended September 30, 2023 is March 31, 2024 and 2023, was less than $0.1 million and $0.5 million, respectively. The total amount of interest payments made during the three and nine months ended September 30, 2022 is $0.2 million and $0.8 million, respectively. During the three and nine months ended September 30, 2023 March 31, 2024, no payments of $3.0 million and $7.0 million, including fees, have been made to purchase developed lots from land under the related party, respectively. agreement. During the three and nine months ended September 30, 2022 March 31, 2023, payments of $1.7 million and $7.9 million, $1.0 million, including fees, were made to purchase developed lots from the related party, respectively. party. Capitalized interest included in real estate inventories on the consolidated balance sheets associated with this transaction was $0.9 million and $0.8 million $1.0 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Previously capitalized related party interest included in cost of sales during the three and nine months ended September 30, 2023 March 31, 2024 and 2023, was $0.4 million $0.2 million and $0.8 million $0.3 million, respectively. There was no previously capitalized related party interest included in cost of sales during the three and nine months ended September 30, 2022.

Landsea Holdings holds a series of notes payable to affiliated entities of its parent. The cash Landsea Holdings received from this debt was previously utilized to partially fund operations of the Company. Related party interest incurred by Landsea Holdings was historically pushed down to the Company and reflected on the consolidated balance sheets of the Company, primarily in real estate inventories, and on the consolidated statements of operations in cost of sales. Refer to *Note 5 – Capitalized Interest* for further detail. As the Company did not guarantee the notes payable nor have any obligations to repay the notes payable, and as the notes payable were not assigned to the Company, the notes payable do not represent a liability of the Company and accordingly have not been reflected in the consolidated balance sheets. Additionally, in connection with the Merger (as defined below), the Company is precluded from repaying Landsea Holdings' notes payable to the affiliated entities of its parent. Therefore, beginning January 7, 2021, additional interest from these notes payable is no longer pushed down to the Company. Capitalized interest included in real estate inventories on the consolidated balance sheets associated with this transaction was $0.6 million $0.4 million and $2.2 million $0.4 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Previously capitalized related party interest included in cost of sales during the three and nine months ended September 30, 2023 March 31, 2024 and 2023, was $0.3 million less than $0.1 million and $1.6 million, respectively. Previously capitalized related party interest included in cost of sales during the three and nine months ended September 30, 2022 was $0.7 million and $3.8 million, respectively.

10. Income Taxes

Income taxes for the three months ended March 31, 2024 was a benefit of less than $0.1 million compared to a provision of $1.6 million for the three months ended March 31, 2023. The effective tax rate of the Company was 24.4% a benefit of 4.3% and 24.5% a provision of 28.2% for the three and nine months ended September 30, 2023, respectively, March 31, 2024 and 15.9% and 26.2% for the three and nine months ended September 30, 2022, 2023, respectively. The difference between the statutory tax rate and the effective tax rate for the nine three months ended September 30, 2023 March 31, 2024 is primarily related to excess tax benefits on share-based compensation and tax credits for energy-efficient homes, partially offset by state income taxes net of federal income tax benefits and estimated deduction limitations for executive compensation under Section 162(m), and tax credits for energy-efficient homes.. The difference between the statutory tax rate and the effective tax rate for the nine three months ended September 30, 2022 March 31, 2023 is primarily related to state income taxes net of federal income tax benefits and estimated deduction limitations for executive compensation warrant fair market value adjustments, and under Section 162(m), partially offset by tax credits for energy-efficient homes.

The accounting for deferred taxes is based upon estimates of future results. Differences between the anticipated and actual outcomes of these future results could have a material impact on the Company's consolidated results of operations or financial position. Also, changes in existing federal and state tax laws and tax rates could affect future tax results and the valuation of the Company's deferred tax assets.

The Inflation Reduction Act ("IRA") of 2022 was enacted into law on August 16, 2022. The IRA introduced a 15% corporate alternative minimum tax on average annual adjusted financial statement income for applicable corporations, and a 1% excise tax on stock repurchases made by publicly traded US corporations after December 31, 2022. The IRA also retroactively extended the federal tax credit for building new energy-efficient homes for homes delivered from January 1, 2022 through December 31, 2032.

11. Segment Reporting

The Company is engaged in the acquisition, development, and sale of homes and lots in multiple states across the country. The Company is managed by geographic location and each of the five six geographic regions targets a wide range of buyer profiles including: first time, move-up, and luxury homebuyers.

Management of the five six geographic regions report to the Company's chief operating decision makers ("CODMs"), the Chief Executive Officer and Chief Operating Officer of the Company. The CODMs review the results of operations, including total revenue and pretax income to assess profitability and to allocate resources. Accordingly, the Company has presented its operations as the following five six reportable segments:

- Arizona
- California
- Colorado
- Florida
- Metro New York
- Texas

The Company has also identified its Corporate operations as a non-operating segment, as it serves to support the homebuilding operations through functional departments such as executive, finance, treasury, human resources, accounting, and legal. The majority of Corporate personnel and resources are primarily dedicated to activities relating to operations and are allocated based on each segment's respective percentage of assets, revenue, and dedicated personnel.

The following table summarizes total revenue and pretax income by segment:

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
		(dollars in thousands)			
	Three Months Ended March 31,		Three Months Ended March 31,		
	2024		2024	2023	
	(dollars in thousands)		(dollars in thousands)		
Revenue	**Revenue**				
Arizona	Arizona	$ 69,308	$ 76,808	$215,000	$ 234,927
Arizona					
Arizona					
California	California	103,982	118,977	270,756	343,466
Colorado					
Florida	Florida	104,058	103,564	320,740	320,358
Metro New York	Metro New York	—	28,132	1,649	95,758
Texas	Texas	—	8,104	4,187	25,982
Total revenues	Total revenues	$277,348	$335,585	$812,332	$1,020,491
Pretax income (loss)	**Pretax income (loss)**				
Pretax income (loss)					
Pretax income (loss)					
Arizona					
Arizona					
Arizona	Arizona	$ 5,253	$ 6,046	$ 4,826	$ 17,653
California	California	9,795	20,059	17,184	68,085
Colorado					
Florida	Florida	4,378	4,172	23,993	8,028
Metro New York	Metro New York	(917)	(810)	(1,818)	646
Texas	Texas	(1,383)	(215)	(4,144)	(93)
Corporate	Corporate	(4,577)	(3,950)	(14,246)	(27,663)
Total pretax income	Total pretax income	$ 12,549	$ 25,302	$ 25,795	$ 66,656

Landsea Homes Corporation

Notes to the Consolidated Financial Statements - (unaudited)

The following table summarizes total assets by segment:

		September 30, 2023	December 31, 2022
		(dollars in thousands)	
	March 31, 2024	March 31, 2024	December 31, 2023
	(dollars in thousands)		(dollars in thousands)
Assets	**Assets**		
Arizona	Arizona	$ 346,411	$ 357,788
Arizona			
Arizona			
California	California	545,670	513,549
Colorado			
Florida	Florida	432,565	422,045
Metro New York	Metro New York	42,249	45,277
Texas	Texas	54,669	26,923
Corporate	Corporate	55,523	74,914
Total assets	Total assets	$1,477,087	$1,440,496

Included in the Corporate segment assets is cash and cash equivalents of $21.3 million $49.5 million and $40.3 million $65.2 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, goodwill of $47.9 million and $20.7 million was allocated to the Florida and Arizona segments, respectively.

12. Fair Value

ASC 820, *Fair Value Measurement*, defines fair value as the price that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and requires assets and liabilities carried at fair value to be classified and disclosed in the following three categories:

Level 1 — Quoted prices for identical instruments in active markets.

Level 2 — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are inactive; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets at measurement date.

Level 3 — Valuations derived from techniques where one or more significant inputs or significant value drivers are unobservable in active markets at measurement date.

The following table presents carrying values and estimated fair values of financial instruments:

	Hierarchy	March 31, 2024	Hierarchy			March 31, 2024	December 31, 2023
				Carrying Value	Fair Value	Carrying Value	Fair Value
		(dollars in thousands)					(dollars in thousands)
Liabilities:							

Line of credit facility (1)
Line of credit facility (1)
Line of credit facility (1)
Senior notes

		September 30, 2023		December 31, 2022	
	Hierarchy	Carrying Value	Fair Value	Carrying Value	Fair Value
		(dollars in thousands)			
Liabilities:					
Line of credit facility (1)	Level 2	$325,000	$325,000	$514,300	$514,300
Senior notes (2)	Level 2	$250,000	$242,500	$ —	$ —

(1) Carrying amount approximates fair value due to the variable interest rate terms of these loans. Carrying value excludes any associated discounts or deferred loan costs.
(2) Carrying amount, net of discount, approximates fair value due to the recency of the debt issuance. Carrying value excludes any associated discounts or deferred loan costs.

The carrying values of receivables, deposits, and other assets as well as accounts payable and accrued liabilities approximate the fair value for these financial instruments based upon an evaluation of the underlying characteristics, market data, and because of the short period of time between origination of the instruments and their expected realization. The fair value of cash and cash equivalents is classified in Level 1 of the fair value hierarchy.

Non-financial assets such as real estate inventories and goodwill are measured at fair value on a non-recurring basis using a discounted cash flow approach with Level 3 inputs within the fair value hierarchy. This measurement is performed when events and circumstances indicate the asset's carrying value is not fully recoverable. During the nine months ended September 30, 2023, we

determined that real estate inventories with a circumstances indicate the asset's carrying value of $24.1 million within one community in our California segment was is not expected to be fully recoverable. Accordingly, we recognized real estate inventories impairment charges of an aggregate $4.7 million to reflect the estimated fair value of the community of $19.4 million. No additional impairments were recorded during During the three months ended September 30, 2023. The March 31, 2024 and 2023, the Company determined that none of the real estate inventories or goodwill required impairment during the three and nine months ended September 30, 2022. Refer to *Note 4 – Real Estate Inventories* for additional information.

Prior to being purchased by the Company in June 2022, the Private Placement Warrants were historically measured at fair value on a recurring basis using a Black-Scholes option pricing model.

The following table reconciles the beginning and ending balances for the Level 3 recurring fair value measurements during the periods presented:

	Nine Months Ended September 30,	
	2023	2022
Warrant liability	(dollars in thousands)	
Beginning balance	$ —	$ 9,185
Changes in fair value	—	7,315

Repurchases of warrants	—	(16,500)
Ending balance	$ —	$ —

impairment.

13. Stock-Based Compensation

The following table presents a summary of the Company's nonvested performance share units ("PSUs") and restricted stock units ("RSUs") for the nine three months ended September 30, 2023 March 31, 2024:

	Awards	Weighted Average Grant Date Fair Value
	(in thousands)	
Nonvested, at December 31, 2022	1,625	$ 8.82
	Awards	
	(in thousands)	
Nonvested, at December 31, 2023		
Nonvested, at December 31, 2023		
Nonvested, at December 31, 2023		
Granted Granted	298	8.28
Vested Vested	(375)	8.68
Forfeited Forfeited	—	—
Nonvested, at September 30, 2023	1,548	$ 8.75
Nonvested, at March 31, 2024		

	Awards	Weighted Average Grant Date Fair Value

The following table presents a summary of the Company's stock options activity for the nine three months ended September 30, 2023 March 31, 2024:

	Number of Shares	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
	(in thousands)		(in years)	(in thousands)
Options outstanding at December 31, 2022	684	$ 8.82		
	Number of Shares			
	(in thousands)			
Options outstanding at December 31, 2023				
Granted Granted	228	6.46		
Exercised Exercised	(4)	8.83		
Exercised				
Exercised				
Forfeited Forfeited	(205)	8.73		
Options outstanding at September 30, 2023	703	$ 8.09	8.75	$ 636

	Number of Shares	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Term		Aggregate Intrinsic Value
	(in thousands)			(in years)	(in thousands)
Options outstanding at December 31, 2023	684	$ 8.08			

Options exercisable at September 30, 2023	163	$ 8.82	8.36	$ 28
Forfeited				
Forfeited				
Options outstanding at March 31, 2024				
Options outstanding at March 31, 2024				
Options outstanding at March 31, 2024				
Options exercisable at March 31, 2024				

Stock-based compensation expense totaled $0.9 million and $2.2 million $0.7 million during the three and nine months ended September 30, 2023 March 31, 2024, respectively, and is included in general and administrative expenses on the consolidated statements of operations. For the three and nine months ended September 30, 2022 March 31, 2023, net stock-based compensation activity resulted in a reduction to expense was $0.9 million and $2.8 million, respectively.

of $0.4 million due to the forfeiture of certain options as well as the revised estimates on the expected PSU achievement.

The following table presents a summary of the Company's outstanding RSUs and PSUs, assuming the current estimated level of performance achievement (in thousands, except years): achievement:

		September 30, 2023 March 31, 2024
		(in thousands, except period)
Unvested units		1,548 1,293
Remaining cost on unvested units	$	2,995 1,505
Remaining vesting period		3.25 2.75 years

Stock-based compensation expense associated with the outstanding RSUs and PSUs is measured using the grant date fair value. value which is based on the closing price as of the grant date. The expense associated with the PSUs also incorporates the estimated achievement of the established performance criteria at the end of each reporting period until the performance period ends.

14. Stockholders' Equity

The Company's authorized capital stock consists of 500.0 million shares of common stock with a par value of $0.0001 per share, and 50.0 million shares of preferred stock with a par value of $0.0001 per share. As of September 30, 2023 March 31, 2024, there were 41.4 million 41.5 million shares of common stock issued and 37.8 million 36.1 million outstanding, and no shares of preferred stock issued or outstanding. All outstanding shares of common stock are validly issued, fully paid and nonassessable.

Stock Repurchases

In January 2022, the Board of Directors authorized a stock repurchase program. The program allowed for the repurchase of up to $10.0 million worth of common stock, inclusive of associated fees. The authorization to effect stock repurchases expired on June 30, 2022, with no remaining capacity to repurchase common stock. In April 2022, the Board of Directors authorized an extension of the stock repurchase program for the repurchase of an additional $10.0 million of capacity to repurchase common stock, with an expiration of December 31, 2022. In June 2022, the Board of Directors authorized a repurchase of 4,398,826 shares of our common stock directly from the Company's majority shareholder for $30.0 million, or a per-share price of $6.82 per share.

During the nine months ended September 30, 2022, the Company repurchased 5,559,577 shares of common stock for a total of $40.0 million, which was recorded as a reduction to additional paid-in capital. A portion of these shares were repurchased directly from the Company's majority shareholder. Refer to *Note 9 – Related Party Transactions* for additional information. No shares were repurchased during the three months ended September 30, 2022. As of September 30, 2022, the Company had approximately $10.0 million in remaining authorized capacity.

In March 2023, the Board of Directors authorized a stock repurchase program allowing for the repurchase of up to $10.0 million worth of common stock, with an expiration of December 31, 2023. In July 2023, the Board of Directors authorized additional capacity of approximately $3.3 million, with an expiration date of December 31, 2023, and an additional $10.0 million with no stated expiration date.

During the three and nine months ended September 30, 2023, the Company repurchased 1,391,867 and 2,360,736 shares of common stock for a total of $13.7 million and $21.2 million, respectively, which was recorded as a reduction to additional paid-in capital. A portion of these shares were repurchased directly from the Company's majority shareholder. Refer to *Note 9 – Related Party Transactions* for additional information. As of September 30, 2023, the Company had approximately $2.1 million in remaining authorized capacity.

In October 2023, subsequent to the period covered by this report, the Board of Directors authorized additional capacity of $20.0 million with no stated expiration date. No additional stock repurchase authorizations occurred during the three months ended March 31, 2024.

During the three months ended March 31, 2024, the Company repurchased 534,436 shares of common stock for a total of $6.4 million, excluding commissions, which was recorded as a reduction to additional paid-in capital. As of March 31, 2024, the Company had approximately $2.5 million in remaining capacity from previous authorizations. No stock was repurchased during the three months ended March 31, 2023.

The timing and amount of repurchases are based on a variety of factors such as the market price of the Company's common stock, corporate and contractual requirements, market and economic conditions, and legal requirements.

The Inflation Reduction Act of 2022 included a 1% excise tax on stock repurchases, net of new stock issuances, beginning in 2023. The tax is expected to be paid annually and the Company accrues the tax during interim periods with the offset to additional paid-in capital on the consolidated balance sheet.

Merger Transaction

On August 31, 2020, Landsea Homes and Landsea Holdings entered into an Agreement and Plan of Merger (the "Merger Agreement") with LF Capital Acquisition Corp. ("LF Capital") and LFCA Merger Sub, Inc. (the "Merger Sub"), a direct, wholly-owned subsidiary of LF Capital. The Merger Agreement provided for, among other things, the merger of Merger Sub with and into Landsea Homes Incorporated ("LHI"), previously a wholly-owned subsidiary of Landsea Holdings, with LHI continuing as the surviving corporation (the "Merger"). On January 7, 2021 (the "Closing Date"), the Merger was consummated pursuant to the Merger Agreement (the "Closing"). The name of LF Capital was changed at that time to Landsea Homes Corporation.

Upon closing of the Merger, Level Field Capital, LLC (the "Sponsor") held 1.0 million shares that were subject to surrender and forfeiture for no consideration in the event the common stock did not reach certain thresholds during the 24-month period following the closing of the Merger (the "Earnout Shares"). The Sponsor transferred 0.5 million Earnout Shares to Landsea Holdings. In January 2023, the Company concluded that the threshold for the Earnout Shares was not met and therefore those shares were forfeited and cancelled. Additionally, the Sponsor transferred 2.2 million private placement warrants to Landsea Holdings (such private placement warrants, each exercisable to purchase one share of Common Stock at an exercise price of $11.50 per share, are referred to as the "Private Placement Warrants", and together with the Company's public warrants, are referred to as the "Warrants"). During the year ended December 31, 2022, the private placement warrants were repurchased by the Company and are no longer outstanding. Refer below for additional information.

Warrants

As of September 30, 2023 March 31, 2024, there were 15,525,000 outstanding Warrants warrants consisting entirely of public warrants. warrants (the "Warrants"). At the time of the Merger, the Warrant Agreement was amended so that each public warrant is exercisable at $1.15 for one tenth of a share of common stock. As part of the amendment, each holder of the public warrants received $1.85 per warrant for a total of $28.7 million paid by the Company upon closing of the Merger. The Warrants will expire five years after the completion of the Merger or earlier upon redemption or liquidation.

The Company may call the public warrants for redemption:

- in whole and not in part;
- at a price of $0.01 per warrant;
- upon a minimum of 30 days' prior written notice of redemption; and
- if, and only if, the last reported closing price of the shares equals or exceeds $18.00 per share for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which the Company sends the notice of redemption to the warrant holders.

If the Company calls the public warrants for redemption, management will have the option to require all holders that wish to exercise the public warrants to do so on a "cashless basis," as described in the Warrant Agreement.

The exercise price and number of common shares issuable upon exercise of the Warrants may be adjusted in certain circumstances including in the event of a share dividend, or recapitalization, reorganization, merger or consolidation. However, the

---

Warrants will not be adjusted for issuance of common shares at a price below its exercise price. Additionally, in no event will the Company be required to net cash settle the Warrants shares. Accordingly, the Warrants may expire worthless.

In June 2022, the Company repurchased all 5.5 million outstanding Private Placement Warrants, which were exercisable at $11.50 into one share of common stock. The Company paid $16.5 million, or $3.00 per warrant, to repurchase all of the outstanding Private Placement Warrants. This amount included $6.6 million for the repurchase of 2.2 million of the Private Placement Warrants that were held by the Company's majority shareholder, Landsea Holdings, and $8.4 million to Level Field Capital, LLC, a related party, for the repurchase of 2.8 million Private Placement Warrants. Refer to *Note 9 – Related Party Transactions* for additional information. The loss recognized on the repurchase of the Private Placement Warrants is recorded as loss on remeasurement of warrant liability on the Company's consolidated statements of operations.

---

15. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share ("EPS") for the three and nine three months ended September 30, 2023 March 31, 2024 and 2022: 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(dollars in thousands, except share and per share amounts)			
	Three Months Ended March 31,			
	Three Months Ended March 31,			

		Three Months Ended March 31,			
		2024			
		2024			
		2024			
		(dollars in thousands, except share and per share amounts)			
		(dollars in thousands, except share and per share amounts)			
		(dollars in thousands, except share and per share amounts)			
Numerator	**Numerator**				
Net income attributable to Landsea Homes Corporation		$ 8,596	$ 19,970	$ 16,761	$ 47,970
Less: undistributed earnings allocated to participating shares		—	(487)	—	(1,094)
Net income attributable to common stockholders					
Net income attributable to common stockholders					
Net income attributable to common stockholders	Net income attributable to common stockholders	$ 8,596	$ 19,483	$ 16,761	$ 46,876
Denominator	**Denominator**				
Denominator					
Denominator					
Weighted average common shares outstanding - basic	Weighted average common shares outstanding - basic	38,336,100	40,935,152	39,402,507	43,768,269
Adjustment for weighted average participating shares outstanding		—	(1,000,000)	—	(1,000,000)
Weighted average common shares outstanding - basic					
Weighted average common shares outstanding - basic					
Adjusted weighted average common shares outstanding under two class method - basic		38,336,100	39,935,152	39,402,507	42,768,269
Dilutive effect of warrants	Dilutive effect of warrants	—	—	—	—
Dilutive effect of warrants					
Dilutive effect of warrants					
Dilutive effect of options					
Dilutive effect of options					
Dilutive effect of options					
Dilutive effect of share-based awards	Dilutive effect of share-based awards	104,292	162,117	146,528	175,602
Adjusted weighted average common shares outstanding under two class method - diluted		38,440,392	40,097,269	39,549,035	42,943,871
Dilutive effect of share-based awards					
Dilutive effect of share-based awards					
Weighted average common shares outstanding - diluted					
Weighted average common shares outstanding - diluted					

Weighted average common shares outstanding - diluted									
Earnings per share									
Earnings per share									
Earnings per share	**Earnings per share**								
Basic	Basic	$	0.22	$	0.49	$	0.43	$	1.10
Basic									
Basic									
Diluted	Diluted	$	0.22	$	0.49	$	0.42	$	1.09
Diluted									
Diluted									

The Company excluded 2.0 0.1 million and 2.2 million common stock equivalents from diluted EPS related to antidilutive options during the three months ended March 31, 2024. The Company excluded 2.4 million common stock equivalents from diluted EPS related to antidilutive warrants, options, and share-based awards during the three and nine months ended September 30, 2023, respectively. The Company excluded 1.6 million common stock equivalents from diluted EPS during each of the three and nine months ended September 30, 2022 March 31, 2023.

16. Supplemental Disclosures of Cash Flow Information

The following table presents certain supplemental cash flow information:

		Nine Months Ended September 30,		
		2023	**2022**	
		(dollars in thousands)		
	Three Months Ended March 31,		**Three Months Ended March 31,**	
	2024		**2024**	**2023**
	(dollars in thousands)		*(dollars in thousands)*	
Supplemental disclosures of cash flow information	**Supplemental disclosures of cash flow information**			
Interest paid, net of amounts capitalized				
Interest paid, net of amounts capitalized				
Interest paid, net of amounts capitalized	Interest paid, net of amounts capitalized	$ —	$ —	
Income taxes paid	Income taxes paid	$ 8,736	$ 32,454	
Supplemental disclosures of non-cash investing and financing activities	**Supplemental disclosures of non-cash investing and financing activities**			
Supplemental disclosures of non-cash investing and financing activities				
Supplemental disclosures of non-cash investing and financing activities				

Change in right-of-use assets for new, modified, or terminated operating leases				
Change in right-of-use assets for new, modified, or terminated operating leases				
Change in right-of-use assets for new, modified, or terminated operating leases	Change in right-of-use assets for new, modified, or terminated operating leases	$ 338	$ 3,660	

17. Subsequent Event Events

On October 10, 2023, In April 2024, the Company expanded into completed the Colorado market by acquiring sale to certain assets purchasers of Richfield Homes, LLC. $300.0 million of 8.875% senior notes (the "8.875% Senior Notes") due 2029. The Company paid an aggregate cash purchase price 8.875% Senior Notes were not registered under the Securities Act of $22.5 million 1933, as amended (the "Securities Act"), and were offered and sold only to acquire approximately 290 owned or controlled lots persons reasonably believed to be qualified institutional buyers in reliance on Rule 144A under the greater Denver, Colorado area, including any construction Securities Act and to certain non-U.S. persons in progress transactions outside the United States in reliance on those lots. Regulation S under the

Landsea Homes Corporation

Notes to the Consolidated Financial Statements - (unaudited)

Securities Act. Interest on the 8.875% Senior Notes will be paid semi-annually on April 1 and October 1, commencing October 1, 2024. The 8.875% Senior Notes will mature on April 1, 2029.

In April 2024, the Company completed the acquisition of Antares Acquisition, LLC ("Antares Homes"), a Dallas Fort Worth based homebuilder, for approximately $242.6 million (subject to certain customary post-closing adjustments) using a combination of cash on hand and borrowings under the Company's existing credit facility, which included repayment of approximately $43.2 million of Antares Homes debt. The total assets of Antares Homes included approximately 2,100 lots owned or controlled. The determination of the purchase accounting is in process as of the date of these consolidated financial statements.

In April 2024, the Company amended the Credit Agreement ("Amended Credit Agreement") to reduce the commitment from $675.0 million to $355.0 million and extend the maturity date to April 2027. Borrowings under the Amended Credit Agreement bear interest at a daily simple SOFR rate, a term SOFR rate, or a base rate (in each case calculated in accordance with the Amended Credit Agreement), plus, in each case, an applicable margin. The applicable margin will be adjusted by reference to a grid based on a leverage ratio calculated in accordance with the Amended Credit Agreement.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with and is qualified in its entirety by the consolidated financial statements and notes thereto included elsewhere in this document. This item contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those indicated in such forward-looking statements. Factors that may cause such a difference include, but are not limited to, those discussed in the section entitled "Risk Factors" of our Annual Report on Form 10-K, filed with the Securities and Exchange Commission (the "SEC") on March 9, 2023 February 29, 2024. This section discusses certain items in the three and nine months ended

September 30, 2023March 31, 2024 and 20222023 and year-to-year comparisons between those periods. References to “we”, “Landsea Homes”, the “Company”, “us”, or “our” refer to Landsea Homes Corporation.

Consolidated Financial Data

The following table summarizes our unaudited results of operations for the three and nine months ended September 30, 2023March 31, 2024 and 2022. 2023.

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	**2022**	**2023**	**2022**
		(dollars in thousands, except per share amounts)		*(dollars in thousands, except per share amounts)*	
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
	2024			**2024**	**2023**
	(dollars in thousands, except per share amounts)			*(dollars in thousands, except per share amounts)*	
Revenue	**Revenue**				
Home sales					
Home sales					
Home sales	Home sales	$ 258,062	$ 326,496	$ 790,199	$ 975,269
Lot sales and other	Lot sales and other	19,286	9,089	22,133	45,222
Total revenues	**Total revenues**	277,348	335,585	812,332	1,020,491
Cost of sales	**Cost of sales**				
Cost of sales					
Cost of sales					
Home sales					
Home sales					
Home sales	Home sales	209,753	258,362	647,642	770,220
Lot sales and other					
Lot sales and other					
Lot sales and other	Lot sales and other	13,309	10,737	15,770	40,546
Total cost of sales	Total cost of sales	223,062	269,099	663,412	810,766
Gross margin	**Gross margin**				

Gross margin					
Gross margin					
Home sales					
Home sales					
Home sales	Home sales	48,309	68,134	142,557	205,049
Lot sales and other	Lot sales and other	5,977	(1,648)	6,363	4,676
Total gross margin	Total gross margin	54,286	66,486	148,920	209,725
Sales and marketing expenses	Sales and marketing expenses	16,930	21,063	51,672	64,366
Sales and marketing expenses					
Sales and marketing expenses					
General and administrative expenses	General and administrative expenses	25,463	21,111	74,223	70,734
Total operating expenses	Total operating expenses	42,393	42,174	125,895	135,100
Income from operations		11,893	24,312	23,025	74,625
(Loss) income from operations					
(Loss) income from operations					
(Loss) income from operations					
Other income (loss), net		656	990	2,770	(654)
Other income, net					
Other income, net					
Other income, net					
Loss on remeasurement of warrant liability		—	—	—	(7,315)
Pretax income	**Pretax income**	12,549	25,302	25,795	66,656
Provision for income taxes		3,066	4,021	6,323	17,460
Pretax income					
Pretax income					
(Benefit) provision for income taxes					
(Benefit) provision for income taxes					
(Benefit) provision for income taxes					
Net income					
Net income					
Net income	**Net income**	9,483	21,281	19,472	49,196
Net income attributable to noncontrolling interests	Net income attributable to noncontrolling interests	887	1,311	2,711	1,226

Net income attributable to Landsea Homes Corporation	Net income attributable to Landsea Homes Corporation	$ 8,596	$ 19,970	$ 16,761	$ 47,970
Income per share:	**Income per share:**				
Income per share:					
Income per share:					
Basic					
Basic					
Basic	Basic	$ 0.22	$ 0.49	$ 0.43	$ 1.10
Diluted	Diluted	$ 0.22	$ 0.49	$ 0.42	$ 1.09
Weighted average common shares outstanding:	**Weighted average common shares outstanding:**				
Weighted average common shares outstanding:					
Weighted average common shares outstanding:					
Basic					
Basic					
Basic	Basic	38,336,100	39,935,152	39,402,507	42,768,269
Diluted	Diluted	38,440,392	40,097,269	39,549,035	42,943,871

Business Overview

Driven by a commitment to sustainability, we design and build homes and communities in Arizona, California, Colorado, Florida, Metro New York, and Texas. We create inspired spaces for modern living and feature homes and communities in vibrant, prime locations which connect seamlessly with their surroundings and enhance the local lifestyle for living, working, and playing. The defining principle, “Live in Your Element®,” creates the foundation for our customers to live where they want to live, how they want to live – in a home created especially for them.

We are engaged in the acquisition, development, and sale of homes and lots in the states of six states: Arizona, California, Colorado, Florida, New York, and Texas. Our operations are organized into five Texas, which also comprise the Company’s six reportable segments: Arizona, California, Florida, Metro New York, and Texas. segments. We build and sell an extensive range of home types across a variety of price points, but we focus our efforts on the first-time homebuyer. Our Corporate operations are a non-operating segment that supports our homebuilding operations by providing executive, finance, treasury, human resources, accounting, and legal services.

We continue to capitalize on opportunities to shift inventory and product to more affordable offerings through our acquisition in Florida. In January 2022, we acquired 100% of Hanover Family Builders, LLC (“Hanover”), a Florida-based homebuilder, for an aggregate cash purchase price, net of working capital adjustments, of $262.6 million. The Hanover acquisition increased our presence in Florida with a backlog of 522 units valued at $228.1 million as of the acquisition date. We believe this acquisition fits with and continues to advance our overall business strategy by expanding into new geographic and diverse markets.

On October 10, 2023, October 2023, the Company expanded into the Colorado market by acquiring certain assets of Richfield Homes, LLC. LLC (“Richfield”). The Company paid an aggregate cash purchase price of $22.5 million $22.5 million to acquire approximately 290 owned or controlled lots in the greater Denver, Colorado area, including any construction in progress on those lots. This acquisition was accounted for as an asset acquisition. We believe this acquisition fits with and continues to advance our overall business strategy by allowing us to expand into new geographic markets and to continue to shift inventory and product to more affordable offerings.

During recent years, In April 2024, the Company completed the acquisition of Antares Acquisition, LLC (“Antares Homes”), a Dallas Fort Worth based homebuilder, for approximately $242.6 million (subject to certain customary post-closing adjustments) in cash, which included repayment of approximately $43.2 million of Antares Homes debt. The Antares Homes acquisition increased our presence in Texas with a backlog of 66 units and approximately 2,100 lots owned or controlled as of March 31, 2024. We believe this acquisition fits with and continues to advance our overall business strategy by expanding into new and diverse markets.

In the second half of 2022, we saw significant increases began to see substantial contraction in demand across our markets, fueled by historically low the market as it slowed due primarily to rising inflation and mortgage interest rates on mortgage loans and a generally tightening supply of homes for sale. This increased demand allowed us to increase prices and derive additional revenue from homes sales as we delivered more units than ever before. rates. Supply chain issues, labor shortages, and the resulting cost increases partially offset some of the revenue growth that we experienced. Costs led to heightened volatility across our industry, and costs of construction of our homes have varied significantly over the past two recent years. During 2023 and into 2024, a significant portion of these supply chain and labor challenges have eased, however, the recent increases, and the potential for future increases, in federal interest rates have to remain elevated for the foreseeable future, has put downward pressure on demand in our industry by reducing affordability for homebuyers across all of our markets.

While specific products are still occasionally difficult to procure, we expect to continue to manage this challenge by partnering with suppliers that can dedicate their attention and products to us, expanding our operational forecasts to assist in making purchase orders with sufficient lead time, using standard size products that are interchangeable, and holding select products on hand to ensure availability. The improvement in our As some of the supply chain is allowing us issues described above began to abate, we were able to be more strategic in the contracts we enter into and the vendors we use. We have seen improvements in our cycle time from beginning construction on a home to final delivery to the homebuyer, and we homebuyer. We believe these steps will allow us to continue to shorten that our construction cycle time.

Rising Sustained higher mortgage interest rates have put downward pressure on demand due to decreased affordability for many potential homebuyers across the nation. Challenges to affordability negatively impacted our absorption and cancellation rates, particularly in the second half of 2022. During 2022 and the first half quarter of 2023. During 2023, both metrics showed signs of improving absorption and stabilizing, cancellation rates stabilized to a large extent compared to when initial reactions to the higher interest rates, however continued inflation and federal interest rate increases, and the potential for future increases, have interest rates to remain high, continued to cause affordability concerns and market uncertainty which could create further uncertainty. These concerns continued to cause challenges across the homebuilding industry. We continue to monitor industry throughout 2023 and into the first quarter of 2024. Although we expect mortgage interest rates but are unsure of to begin decreasing later in 2024, there can be no assurance as to the length timing and magnitude of any future interest federal funds rate increases changes by the Federal Reserve which Reserve. These rate changes ultimately drive mortgage interest rates and can significantly influence our absorption and cancellation rates. In light of these rates. This has led us to respond to the current market by expectations, we are focusing our sales and marketing efforts on addressing affordability and interest rates as well as providing certain purchase incentives, subject to managing our inventory levels in the market. We manage certain nationwide marketing programs, nationwide, however the a majority of incentives we offer are specifically tailored to the circumstances of each community's circumstances. community. We regularly perform stress tests on our backlog to identify homebuyers that are most likely to cancel their sales contracts, without intervention, due to higher costs from rising interest rates. Additionally,

During 2024, we launched our exclusive financial services, Landsea Elements, which provides end-to-end support for our homebuyers through our existing services, Landsea Mortgage and Landsea Title, along with our newest offering, Landsea Insurance

---

Agency. Through a licensing agreement, we partnered with NFM Lending as a preferred lender to provide mortgage services under the name Landsea Mortgage. In connection with this arrangement, we have focused many of our incentives on mortgage interest rates and assisting homebuyers with buydowns on their home loans. This focus has helped achieve certain goals related to sales pace and absorption, but the added these additional discounts and incentives have lowered revenue and gross margins. We continue to monitor the credit worthiness of our homebuyers with NFM Lending to ensure with the objective of converting as many of our sales as possible lead to into successful home deliveries.

In addition to Landsea Homes Corp. | Q3 2023 Form 10-Q | 22 Mortgage, we offer title and insurance services through Landsea Title and Landsea Insurance Agency, respectively. Together we believe these offerings, bundled under the umbrella of Landsea Elements, provide significant value to potential homebuyers in facilitating the home buying process and additional opportunities for us to generate positive returns while managing and converting sales to deliveries with additional insights throughout the home buying process.

In March 2024, Landsea Holdings Corporation (“Landsea Holdings”), the Company’s then-majority stockholder, completed an underwritten secondary offering of approximately 2.8 million shares of the Company’s common stock. The Company did not receive any proceeds from the sale of shares by Landsea Holdings. The Company paid costs, fees, and expenses for the offering of $0.6 million. Immediately following completion of such sale by Landsea Holdings, the aggregate beneficial ownership of Landsea Holdings fell below 50% of our outstanding shares of common stock. As a result, we no longer qualify as a “controlled company” under The Nasdaq stock Market LLC (“Nasdaq”) listing standards.

Strategy

Our strategy is focused on maximizing stockholder returns through profitability and efficiency, while balancing appropriate amounts of leverage. In general, we are focused on the following long-term strategic objectives:

- Expand community count in current markets and enhance operating returns
- Maintain an appropriate supply of lots
- Continue to focus on entry-level product offerings
- Strengthen unique brand position through product differentiation
- Continue geographic expansion and diversification into new markets
- Leverage existing sales, marketing, and general and administrative base to enhance stockholder returns and profitability
- Become a top-ten homebuilder in the United States

Non-GAAP Financial Measures

Non-GAAP financial measures are defined as numerical measures of a company's performance that exclude or include amounts so as to be different than the most comparable measures calculated and presented in accordance with accounting principles generally accepted in the United States ("GAAP"). The presentation of non-GAAP financial measures should not be considered in isolation or as a substitute for the Company's related financial results prepared in accordance with GAAP.

We present non-GAAP financial measures of adjusted home sales gross margin, net debt to total capital, earnings before interest, taxes, depreciation, and amortization ("EBITDA") and Adjusted adjusted EBITDA, and Adjusted Net Income adjusted net income in their respective sections below to enhance an investor's evaluation of the ongoing operating results and to facilitate meaningful comparison of the results between periods. Management uses these non-GAAP measures to evaluate the ongoing operations and for internal planning and forecasting.

Summary Results of Operations

For the nine three months ended September 30, 2023 March 31, 2024, home sales revenue decreased 19% increased 22% to $790.2 million $292.6 million from $975.3 million $240.6 million and home deliveries decreased 12% increased 7% to 1,459 505 units from 1,667 472 units, in each case as compared to the same period in the prior year. The decrease increase in home deliveries sales revenue and home sales revenue deliveries year-over-year is primarily the result of a decrease improvements in our California and Arizona segments as well as the addition of our Colorado segment. These improvements were partially offset by challenges to demand and affordability across all of our operating segments as mortgage interest rates have risen significantly compared to the prior year period. remain high. In addition, our Metro New York segment has nearly completed delivering homes at its one community, with only two units remaining to deliver. In total, our net income for the nine three months ended September 30, 2023 March 31, 2024 was $19.5 million $0.7 million compared to $49.2 million $4.1 million in the corresponding prior year period.

We remain focused on growth and view our ability to maintain optimal leverage ratios as a key factor in allowing us obtaining the financing required in order to expand. While we have grown organically and through acquisitions in recent years, we remain in a position to act on our strategy and to be opportunistic about acquisitions and other growth opportunities. Our debt-to-capital debt to capital ratio

increased marginally to 46.4% as of March 31, 2024 compared to 44.1% as of September 30, 2023 December 31, 2023. Our net debt to total capital ratio (a non-GAAP financial measure; see below for the definition and reconciliation to the most directly comparable GAAP measure) increased to 35.3% as of March 31, 2024 compared to 41.6% 30.4% as of December 31, 2022 December 31, 2023. We believe the continued strength of our balance sheet and operating platform have positioned us well to continue to execute our growth strategy.

We anticipate the homebuilding markets in each of our operating segments to be tied to both the local economy and the macro-economic environment. Accordingly, net orders, home deliveries, and average selling price ("ASP") can be negatively affected by economic conditions, such as rising interest rates, decreases in employment and median household incomes, as well as decreases in household formations and increasing supply of inventories. Shortages in labor or materials can also significantly increase costs, reduce gross margins, and lower our overall profitability. During the nine three months ended September 30, 2023 March 31, 2024 we observed improved absorption rates in all markets, except California, compared to the same period in the prior year, primarily due to successful sales promotions that have helped generate sales, partially offset by continued high mortgage interest rates remaining high and continued concerns about home affordability. We In California, our current product offerings are seeing signs of at a slightly higher price point than the comparable period in the prior year and therefore a lower absorption is to be expected. Mortgage interest rates continue to be a primary concern for homebuyers and while we continue to see stabilization in metrics such as cancellation rates compared most markets, homebuyers continue to the second half of 2022. be sensitive to mortgage interest rate increases. Our results have been impacted, and could be further impacted, by continued challenges in home affordability as a result of price appreciation, increases in mortgage interest rates, or tightening of mortgage lending standards.

Net New Home Orders, Dollar Value of Orders, and Monthly Absorption Rates

Changes in the dollar value of net new orders are impacted by changes in the number of net new orders and the ASP of those homes. Monthly Absorption Rate is calculated as total net new orders per period, divided by the average active communities during the period, divided by the number of months per period. Commentary on significant changes for each of the segments in these metrics is provided below.

		Three Months Ended September 30,																				
		2023				2022				% Change												
		Homes	Dollar Value	ASP	Monthly Absorption Rate	Homes	Dollar Value	ASP	Monthly Absorption Rate	Homes	Dollar Value	ASP	Monthly Absorption Rate									
		(dollars in thousands)																				
		Three Months Ended March 31,																				
		2024																				
		Homes													Homes			Dollar Value	ASP			
		(dollars in thousands)																				
Arizona	Arizona	136	$ 59,444	$437	2.7	38	$ 15,397	$ 405	0.8	258 %	286 %	8 %	238 %	Arizona	233	$		$103,515	$ 444		3.6	3.6
California	California	140	128,352	917	4.1	68	56,460	830	1.8	106 %	127 %	10 %	128 %	California	107		108,325	108,325	1,012	1,012	3.7	3.7
Colorado														Colorado	23			10,871	473		3.8	
Florida	Florida	210	97,245	463	2.3	134	70,973	530	1.8	57 %	37 %	(13)%	28 %	Florida	236		109,533	109,533	464	464	2.7	2.7
Metro New York	Metro New York	—	—	N/A	—	7	13,472	1,925	2.3				N/A	Metro New York	1		4,312	4,312	4,312	4,312	N/A	N/A
Texas	Texas	—	—	N/A	—	10	9,172	917	1.7				N/A	Texas	12		4,695	4,695	391	391	13.3	13.3
Total	Total	486	$285,041	$587	2.7	257	$165,474	$ 644	1.5	89 %	72 %	(9)%	80 %	Total	612	$		$341,251	$ 558		3.3	3.3

	Nine Months Ended September 30,											
	2023				2022				% Change			
	Homes	Dollar Value	ASP	Monthly Absorption Rate	Homes	Dollar Value	ASP	Monthly Absorption Rate	Homes	Dollar Value	ASP	Monthly Absorption Rate
	(dollars in thousands)											
Arizona	474	$ 201,452	$ 425	3.2	310	$ 154,420	$ 498	2.6	53 %	30 %	(15)%	23 %
California	520	446,045	858	4.9	357	330,705	926	3.4	46 %	35 %	(7)%	44 %
Florida	551	240,269	436	2.1	728	350,029	481	3.0	(24 %)	(31 %)	(9)%	(30 %)
Metro New York	—	—	N/A	—	20	50,662	2,533	2.2	N/A	N/A	N/A	N/A
Texas	4	4,194	1,049	1.5	17	16,268	957	0.8	(76) %	(74) %	10 %	88 %
Total	1,549	$ 891,960	$ 576	3.0	1,432	$ 902,084	$ 630	2.9	8 %	(1 %)	(9)%	3 %

For both the three and nine months ended September 30, 2023 March 31, 2024, the increase in net new orders in Arizona compared to the prior year period was due to the implementation continued use of sales programs during throughout a challenging environment for affordability. Interest rates began to have had a significant impact on our Arizona segment during the three months ended September 30, 2022 March 31, 2023, and resulted in a significant drop in lower net orders at that time. Although interest rates continue to be high, compared we have seen the market partially stabilize around those higher rates and expectations. While we continue to recent periods, the use of targeted incentives, has lowered ASP during the nine months ended September 30, 2023, but drove increased and we experienced a significant amount of business for during the same period, resulting in an a significant increase in net new orders. Even though these metrics improved during the three months ended March 31, 2024, the continued higher inflationary and interest rate environment may continue to present challenges to our business throughout all of our segments.

In the California segment, the increase decrease in net new orders for the three and nine months ended September 30, 2023 March 31, 2024, was primarily due to additional incentives which lowered ASP but provided positive results from the market compared to the corresponding prior periods. period was primarily due to continued challenges from the current interest rate environment. While incentives continue to be necessary in the market, we are selling in communities with a higher price point which partially offsets the decrease in the dollar value of net new orders. Like other markets, California began continues to see challenges from rising higher interest rates in the third quarter of 2022, but sales improved more quickly than in our other markets due to additional incentives and quick move-in homes, which have been subject to increased demand during the nine months ended September 30, 2023. There there is still uncertainty about the long-term trends as consumers continue evaluating prices and overall payments in the current environment.

Our operations in our Colorado segment began in October 2023 with the acquisition of the assets of Richfield. For the three months ended March 31, 2024, the Colorado segment had 23 net new home orders with an ASP of $0.5 million.

Our Florida segment was initially more resilient than our other segments to has shown improvement across all net new home order metrics for the interest rate and inflationary pressures seen across the company. However, we have seen an increased slowdown in this segment resulting from increased mortgage interest rates and decreased affordability during the nine three months ended September 30, 2023 March 31, 2024, compared to the corresponding prior period. These challenges Additional incentives continue to affordability decreased the number of be key for this segment in selling homes sales significantly. at our desired pace. While this has kept ASPs from rising even higher, we were able to drive more net new orders at a quicker pace. We continue to strive for the right balance between incentives and sales pace and are tailoring our current incentives and marketing to push for seeing the greater absorption that we have been striving for in the market. Driven by these efforts, we experienced greater volume As with our other segments, buyers are still sensitive to interest rate increases which may continue to present additional challenges as higher interest rates continue to remain in this segment, while recognizing slightly lower ASPs, during the third quarter of 2023.

place.

The Metro New York segment has nearly sold out its one remaining community, with only two units one residential unit and a retail space remaining to sell and deliver as of September 30, 2023 March 31, 2024.

Prior to September 30, 2023 During the three months ended March 31, 2024, our Texas segment completed the sale and delivery began sales of the lots acquired from Vintage Estate Homes (“Vintage”) and we expect sales and deliveries to idle over the short-term as we pivot the Texas segment to new projects from recent land acquisitions that will be acquisitions. These new sales represent new communities becoming active in our Texas segment which are consistent with the quality and price points of Landsea Homes’ national brand.

Average Selling Communities

Average selling communities is the sum of communities actively selling homes each month, divided by the total months in the calculation period.

		Three Months Ended September 30,			Nine Months Ended September 30,		
		2023	2022	% Change	2023	2022	% Change
			Three Months Ended March 31,				
			Three Months Ended March 31,				
			Three Months Ended March 31,				
		2024					
		2024					
		2024					
Arizona							
Arizona							
Arizona	Arizona	17.0	16.3	4 %	16.7	13.1	27 %
California	California	11.3	12.3	(8 %)	11.8	11.7	1 %
California							
California							
Colorado							
Colorado							
Colorado							
Florida							
Florida							
Florida	Florida	31.0	25.3	23 %	29.5	26.9	10 %
Metro New York	Metro New York	—	1.0	(100 %)	—	1.0	(100 %)
Metro New York							

Metro New York							
Texas							
Texas							
Texas	Texas	—	2.0	(100 %)	0.3	2.3	(87 %)
Total	Total	59.3	57.0	4 %	58.3	55.0	6 %
Total							
Total							

Home Deliveries and Home Sales Revenue

Changes The changes in home sales revenue are the result of changes in the number of homes delivered and the ASP of those delivered homes. Commentary on significant changes for each of the segments in these metrics is provided below.

		Three Months Ended September 30,																		
		2023			2022			% Change												
		Homes	Dollar Value	ASP	Homes	Dollar Value	ASP	Homes	Dollar Value	ASP										
		(dollars in thousands)																		
		Three Months Ended March 31,																		
		2024												2024						
		Homes										Homes		Dollar Value		ASP		Homes		
		(dollars in thousands)																		
Arizona	Arizona	115	$ 50,314	$ 438	154	$ 69,690	$ 453	(25 %)	(28 %)	(3)%	Arizona	183	$	$ 78,741	$	$ 430	170	170	$	$ 72,53
California	California	115	103,982	904	128	118,978	930	(10) %	(13) %	(3)%	California	146	131,894	131,894	903	903	85	85	67,258	
Colorado											Colorado	17		8,854		521	—		—	
Florida	Florida	218	103,766	476	243	103,086	424	(10) %	1 %	12 %	Florida	157	72,355	72,355	461	461	212	212	94,990	
Metro New York	Metro New York	—	—	N/A	11	28,132	2,557	N/A	N/A	N/A	Metro New York	—	—	—	N/A	N/A		1	1,649	
Texas	Texas	—	—	N/A	7	6,610	944	N/A	N/A	N/A	Texas	2	748	748	374	374	4	4	4,194	
Total	Total	448	$ 258,062	$ 576	543	$ 326,496	$ 601	(17 %)	(21 %)	(4)%	Total	505	$	$ 292,592	$	$ 579	472	472	$	$ 240,62

	Nine Months Ended September 30,								
	2023			2022			% Change		
	Homes	Dollar Value	ASP	Homes	Dollar Value	ASP	Homes	Dollar Value	ASP
	(dollars in thousands)								
Arizona	445	$ 193,438	$ 435	451	$ 200,881	$ 445	(1 %)	(4 %)	(2)%
California	315	270,756	860	389	342,217	880	(19) %	(21) %	(2)%
Florida	694	320,162	461	766	318,711	416	(9) %	— %	11 %
Metro New York	1	1,649	1,649	43	95,758	2,227	(98) %	(98) %	(26)%
Texas	4	4,194	1,049	18	17,702	983	(78) %	(76) %	7 %
Total	1,459	$ 790,199	$ 542	1,667	$ 975,269	$ 585	(12 %)	(19 %)	(7)%

Our Arizona segment delivered 115 183 homes and generated $50.3 million $78.7 million in home sales revenue for the three months ended September 30, 2023 March 31, 2024. The segment delivered 445 170 homes and generated $193.4 million $72.5 million in home sales revenue for the nine three months ended September

30, 2023. March 31, 2023. The decrease increase in home deliveries, revenue, and ASP compared to the corresponding periods period in 2022 2023 was primarily the

result of lower higher net new home sales and more significant orders in recent months which we have begun to deliver to customers as well as slightly lower incentives during recent periods. An increase in average selling communities and our ability the current quarter compared to leverage existing inventory to support quick move-in homes that have been experiencing higher demand have helped to offset such decreases in our Arizona segment. the corresponding prior period.

Our California segment delivered 115 146 homes and generated $104.0 million $131.9 million in home sales revenue for the three months ended September 30, 2023 March 31, 2024. The segment delivered 315 85 homes and generated $270.8 million $67.3 million in home sales revenue for the nine three months ended September 30, 2023 March 31, 2023. The decrease increase in home deliveries, revenue, and ASP during the three and nine months ended September 30, 2023 March 31, 2024, compared to the corresponding periods period in 2022 2023 was driven primarily by closing on homes already in backlog. We delivered these homes with fewer incentives across communities at a higher selling price.

We began operations in the affordability challenges observed across Colorado segment in October 2023 following the Company as those lower acquisition of the assets of Richfield. For the three months ended March 31, 2024, the Colorado segment delivered 17 homes and generated $8.9 million in home sales and more significant incentives during recent periods. revenue.

Despite the decrease Our Florida segment delivered 157 homes and generated $72.4 million in home deliveries in Florida resulting from affordability concerns, ASP increased 12% and 11% during sales revenue for the three and nine months ended September 30, 2023, respectively, compared to March 31, 2024. The segment delivered 212 homes and generated $95.0 million in homes sales revenue for the corresponding prior year period. three months ended March 31, 2023. This increase decrease was the result of additional focus fewer net new orders in communities previous periods as customers grappled with higher price points that remained relatively steady during the recent challenges stemming from higher mortgage interest rates, resulting in a smaller backlog than at the start of the previous period. As noted above, net new orders have risen as a result of additional sales programs we have implemented and market uncertainty. continued incentives. We expect those sales to bolster deliveries in the upcoming quarters. Similar to our other segments, market uncertainty and concerns of affordability remain and could impact future results further.

The Metro New York segment has nearly sold out its one remaining community, with only two residential units and a retail space remaining to sell and deliver as of September 30, 2023 March 31, 2024.

Prior to September 30, 2023 During the three months ended March 31, 2024, our Texas segment completed the sale and delivery of the lots acquired from Vintage and we expect sales and deliveries to idle over the short-term as we pivot the Texas segment to began delivering homes in new projects from recent land acquisitions that will be acquisitions. These deliveries represent new communities becoming active in our Texas segment which are consistent with the quality and price points of Landsea Homes' national brand.

Home Sales Gross Margins

Home sales gross margin measures the price achieved on delivered homes compared to the costs needed incurred to build the home. In the following table, we calculate gross margins adjusting for interest in cost of sales, real estate inventories impairment, and purchase price accounting for acquired work in process inventory. We believe the below information is meaningful as it isolates the impact that indebtedness, real estate inventories impairment, and acquisitions have on the gross margins and allows for comparability to previous periods and competitors. See *Note 2 – Business Combinations Asset Acquisition* within the accompanying notes to the consolidated financial statements for additional discussion regarding acquired work in process inventory.

	Three Months Ended September 30,					
		2023	%		2022	%
	(dollars in thousands)					
Home sales revenue	$	258,062	100.0 %	$	326,496	100.0 %
Cost of home sales		209,753	81.3 %		258,362	79.1 %
Home sales gross margin		48,309	18.7 %		68,134	20.9 %
Add: Interest in cost of home sales		9,713	3.8 %		10,138	3.1 %
Add: Real estate inventories impairment		—	— %		—	— %

Adjusted home sales gross margin excluding interest and real estate inventories impairment (1)	58,022	22.5 %	78,272	24.0 %
Add: Purchase price accounting for acquired inventory	3,865	1.5 %	10,612	3.3 %
Adjusted home sales gross margin excluding interest, real estate inventories impairment, and purchase price accounting for acquired inventory (1)	$ 61,887	24.0 %	$ 88,884	27.2 %

		Nine Months Ended September 30,			
		2023	%	2022	%
		(dollars in thousands)			
Home sales revenue	Home sales revenue	$790,199	100.0 %	$975,269	100.0 %
Cost of home sales	Cost of home sales	647,642	82.0 %	770,220	79.0 %
Home sales gross margin	Home sales gross margin	142,557	18.0 %	205,049	21.0 %
Add: Interest in cost of home sales	Add: Interest in cost of home sales	21,531	2.7 %	31,224	3.2 %
Add: Real estate inventories impairment	Add: Real estate inventories impairment	4,700	0.6 %	—	— %
Adjusted home sales gross margin excluding interest and real estate inventories impairment (1)	Adjusted home sales gross margin excluding interest and real estate inventories impairment (1)	168,788	21.4 %	236,273	24.2 %
Add: Purchase price accounting for acquired inventory	Add: Purchase price accounting for acquired inventory	14,060	1.8 %	41,162	4.2 %

Three Months Ended March 31,

2024

(dollars in thousands)

	Three Months Ended March 31,					
	2024		%	2023		%
	(dollars in thousands)					
Home sales revenue	$292,592	100.0	100.0 %	$240,625	100.0	100.0 %
Cost of home sales	248,897	85.1	85.1 %	197,054	81.9	81.9 %
Home sales gross margin	43,695	14.9	14.9 %	43,571	18.1	18.1 %
Add: Interest in cost of home sales	10,557	3.6	3.6 %	4,542	1.9	1.9 %
Add: Real estate inventories impairment	—	—	— %	—	—	— %
Adjusted home sales gross margin excluding interest and real estate inventories impairment (1)	54,252	18.5	18.5 %	48,113	20.0	20.0 %
Add: Purchase price accounting for acquired inventory	2,456	0.8	0.8 %	4,485	1.9	1.9 %

Adjusted home sales gross margin excluding interest, real estate inventories impairment, and purchase price accounting for acquired inventory (1)	Adjusted home sales gross margin excluding interest, real estate inventories impairment, and purchase price accounting for acquired inventory (1)	$182,848	23.1 %	$277,435	28.4 %	Adjusted home sales gross margin excluding interest, real estate inventories impairment, and purchase price accounting for acquired inventory (1)	$ 56,708	19.4	19.4 %	$ 52,598	21.9	21.9 %

(1) This non-GAAP financial measure should not be used as a substitute for the Company's operating results in accordance with GAAP. An analysis of any non-GAAP financial measure should be used in conjunction with results presented in accordance with GAAP. We believe this non-GAAP measure is meaningful because it provides insight into the impact that financing arrangements and acquisitions have on our homebuilding gross margin and allows for comparability of our gross margins to competitors that present similar information.

Home sales gross margin decreased by 220 basis points and 300 320 basis points to 18.7% and 18.0% 14.9% for the three and nine months ended September 30, 2023 March 31, 2024, respectively, compared to the corresponding periods period in 2022. 2023. The decrease in both the three and nine month periods compared to the prior periods are is primarily due to the need for additional sales discounts and incentives to drive

continued sales and delivery activity in the current period as well as higher interest costs due to the rising interest rate environment, partially offset by significant higher costs in the prior year period related to purchase price accounting for acquired inventory. We also recorded a real estate inventories impairment during the nine months ended September 30, 2023 which decreased our gross margin. Adjusted home sales gross margin excluding interest, real estate inventories impairment, and purchase price accounting for acquired inventory decreased 320 basis points and 530 250 basis points to 24.0% and 23.1% 19.4% for the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared to the corresponding periods period in 2022. 2023. Discounts and incentives increased significantly for the three and nine months ended September 30, 2023 March 31, 2024, compared to the prior year periods period primarily related to mortgage interest rate buydowns on behalf of our home-buyers. This represented the primary driver for the decrease in adjusted gross margin period over period.

Backlog

Backlog reflects the number of homes, net of cancellations, for which we have entered into a sales contract with a customer but have not yet delivered the home.

		September 30, 2023			September 30, 2022			% Change															
		Homes	Dollar Value	ASP	Homes	Dollar Value	ASP	Homes	Dollar Value	ASP													
		(dollars in thousands)																					
		March 31, 2024										March 31, 2024											
		Homes										Homes		Dollar Value			ASP			Homes			
		(dollars in thousands)																					
Arizona	Arizona	134	$ 58,000	$433	281	$134,771	$ 480	(52) %	(57)%	(10)%	Arizona	146	$	$ 66,207	$	$453	87	87	$	$	40		
California	California	284	253,735	893	224	214,864	959	27 %	18 %	(7)%	California	122	134,601	134,601	1,103	1,103	158	158	147,415				
Colorado											Colorado	20		9,557		478	—			—			
Florida	Florida	342	171,004	500	767	374,953	489	(55) %	(54)%	2 %	Florida	325	165,662	165,662	510	510	451	451	235,245				

Metro	Metro										Metro										
New York	New York	—	—	N/A	2	5,591	2,796	N/A	N/A	N/A	New York	1		4,312	4,312	4,312	4,312	—	—		—
Texas	Texas	—	—	N/A	11	10,914	992	N/A	N/A	N/A	Texas	10		3,947	3,947	395	395	—	—		—
Total	Total	760	$482,739	$635	1,285	$741,093	$ 577	(41) %	(35)%	10 %	Total	624	$		$384,286	$	$616	696	696	$	$ 422

The decrease in the number of backlog homes and value as of September 30, 2023 March 31, 2024 as compared to September 30, 2022 was a product of March 31, 2023 is primarily attributable to the significant cancellation rates in the second half of 2022 resulting primarily downward demand and price pressure from the spike in rising mortgage interest rates during that time, combined with as seen in the closings of existing inventory, including quick move-in terms demanded by customers. While we net new home orders. As our home deliveries have outpaced net new orders in California and Florida our backlog has decreased. We have seen demand and cancellations generally stabilize since compared to the beginning of 2023, corresponding period in the prior year, particularly in Arizona. Our California segment's current product offering skews towards fewer homes at higher price points. Overall, the current market environment remains uncertain and further challenges could persist.

As a result of the Antares Homes acquisition in April 2024, backlog in Texas will increase by approximately 66 homes throughout the Dallas Fort Worth metropolitan area.

Lot Sales and Other Revenue

Lot sales and other revenue and gross margin can vary significantly between reporting periods based on the number of lots under contract and the percentage of completion related to the development activities required as part of the lot sales and other contracts. For the three and nine months ended September 30, 2023 March 31, 2024, we recognized $19.3 million $1.4 million of lot sales and $22.1 million other revenue in our Arizona and Florida segments related to the sale and subsequent development of lots under contract. For the three months ended March 31, 2023, respectively, we recognized $1.1 million of lot sales and other revenue in our Arizona segment related to the sale and subsequent development of lots under contract. For the three and nine months ended September 30, 2022, we collectively recognized $9.1 million and $45.2 million, respectively, of lot sales and other revenue in our Arizona, Florida and Texas segments related to the sale and subsequent development of the lots and related homes under contract.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, we had contract assets of $6.3 million $3.1 million and $7.2 million $6.0 million, respectively, related to lot sales and other revenue. The contract asset balance is included in other assets on the Company's consolidated balance sheets and represents cash to be received for work already performed on lot sale and other contracts. The amount of the transaction price for lot sales and other contracts allocated to performance obligations that were unsatisfied or partially unsatisfied, as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 was $3.7 million $0.4 million and $11.6 million $1.1 million, respectively.

As of September 30, 2023 March 31, 2024 the Company had $1.0 million $0.2 million of deferred revenue related to lot sales and other revenue included in accrued expenses and other liabilities in the Company's consolidated balance sheets. As of December 31, 2022 December 31, 2023, the Company had no $0.2 million deferred revenue related to lot sales and other revenue. We recognize these amounts as development progresses and the related performance obligations are completed.

Lots Owned or Controlled

The table below summarizes the lots owned or controlled by reportable segment as of the dates presented. Lots controlled includes lots where we have placed a deposit and have a signed purchase contract or rolling option contract.

		September 30, 2023			September 30, 2022															
		Lots Owned	Lots Controlled	Total	Lots Owned	Lots Controlled	Total	% Change												
		March 31, 2024																		
		Lots Owned																		
		Lots Owned																		
		Lots Owned										Lots Controlled		Total		Lots Owned		Lots Controlled	Total	Cha
Arizona	Arizona	1,833	1,534	3,367	2,302	2,191	4,493	(25 %)	Arizona	1,505	1,462	1,462	2,967	2,967	2,118	1,491	1,491	3,609	3,609	
California	California	718	1,415	2,133	628	1,948	2,576	(17 %)	California	569	1,200	1,200	1,769	1,769	504	1,679	1,679	2,183	2,183	
Colorado									Colorado	168		125		293	—		—		—	

Florida	Florida	2,388	1,606	3,994	2,420	1,978	4,398	(9 %)	Florida	1,800	1,770	1,770	3,570		3,570		2,376	2,098		2,098	4,474		4,474
Metro New York	Metro New York	2	—	2	7	—	7	(71 %)	Metro New York	2	—	—	2		2		2	—		—	2		2
Texas	Texas	130	1,577	1,707	18	918	936	82 %	Texas	202	1,548	1,548	1,750		1,750		—	1,167		1,167	1,167		1,167
Total	Total	5,071	6,132	11,203	5,375	7,035	12,410	(10 %)	Total	4,246		6,105		10,351		5,000			6,435			11,435	(9

The total lots owned or controlled at September 30, 2023 March 31, 2024 decreased 10% 9% from September 30, 2022 March 31, 2023. While we continue to deliver on owned homes and take possession of lots previously under contract, we are monitoring the market to appropriately manage future lot contracts relative to the current market. Our goal remains to maintain a strong balance sheet while entering into contracts for new lots when we are satisfied that the timing and metrics support our actions.

As a result of the Antares Homes acquisition in April 2024, lots owned or controlled in Texas will increase by approximately 2,100 lots throughout the Dallas Fort Worth metropolitan area.

Results of Operations by Segment

		Three Months Ended September 30,		**Nine Months Ended September 30,**	
		2023	**2022**	**2023**	**2022**
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		2024			
		2024			
		2024			
Pretax income (loss)					
Pretax income (loss)					
Pretax income (loss)	**Pretax income (loss)**	*(dollars in thousands)*		*(dollars in thousands)*	
Arizona	Arizona	$ 5,253	$ 6,046	$ 4,826	$ 17,653
Arizona					
Arizona					
California	California	9,795	20,059	17,184	68,085
California					
California					
Colorado					
Colorado					
Colorado					
Florida					
Florida					
Florida	Florida	4,378	4,172	23,993	8,028
Metro New York	Metro New York	(917)	(810)	(1,818)	646
Metro New York					
Metro New York					
Texas					
Texas					
Texas	Texas	(1,383)	(215)	(4,144)	(93)
Corporate	Corporate	(4,577)	(3,950)	(14,246)	(27,663)
Corporate					
Corporate					
Total	Total	$ 12,549	$ 25,302	$ 25,795	$ 66,656
Total					
Total					

Our Arizona segment recorded pretax income of $5.3 million and $4.8 million $0.5 million in the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared to pretax income of $6.0 million and $17.7 million $0.2 million in the comparable periods during 2022. period in 2023. The decrease increase in pretax income in both the three and nine months ended September 30, 2023 March 31, 2024 was primarily due to a decrease an increase in home sales revenue per home as despite the additional incentives have been required to continue to close homes at our desired pace. Additionally, we have seen significant increases in costs of homes delivered, as more homes that were built during periods of especially high labor and material costs were completed during the current periods presented compared to the prior year periods.

Our California segment recorded pretax income of $9.8 million and $17.2 million $8.2 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared to a pretax income of $20.1 million and $68.1 million $2.9 million in the comparable periods period in 2022. 2023. The decrease increase in both pretax income in the three and nine months ended September 30, 2023, March 31, 2024 was primarily due primarily to a comparative drop increase in deliveries at higher price points period over period as well as increasing period. This was partially offset by the increase in incentives seen across the Company as mortgage interest rates increased, challenging affordability, and driving down volume and gross margin. The California segment also had impacts from increased costs of homes delivered which decreased our gross margin during the current year periods presented compared offered to the prior year periods. Company's homebuyers.

Colorado operations began in October 2023 with the acquisition of the assets of Richfield. Our Colorado segment recorded pretax loss of $1.2 million for the three months ended March 31, 2024 as the assets continue to be incorporated into the Company's operations.

Our Florida segment recorded pretax income loss of $4.4 million and $24.0 million $0.2 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 compared to pretax income of $4.2 million and $8.0 million $8.2 million in the comparable periods period in 2022. We expanded our Florida operations with the acquisition 2023. As noted above, slower net new orders during much of Hanover in January 2022 and so the corresponding periods in the prior year included additional costs related to the integration and higher amortization of purchase price accounting for acquired inventory and the acquired tradename. During the three and nine months ended September 30, 2023, the Florida segment experienced a slowdown in demand similar to other segments, however in most cases, we observed that the increases in ASP equaled or exceeded the increases in costs.

2023 driven

primarily by rising mortgage interest rates resulted in lower deliveries in the three months ended March 31, 2024. Increased incentives and marketing efforts have been effective in increasing net new orders and we expect to see those deliveries and increased revenue reflected in upcoming quarters. Higher inflation and mortgage interest rates may still present challenges in the near future.

The Metro New York segment had recorded a pretax loss of $0.9 million and $1.8 million $0.5 million for the three and nine months ended September 30, 2023, respectively, which decreased from March 31, 2024 compared to pretax loss of $0.8 million and pretax income of $0.6 million in the comparable periods period in 2022 as the prior nine month period included a significant number of deliveries during the first half of the year which provided positive gross margins for that segment. 2023. We continue to wind up the sales and deliveries activities in this segment.

Our Texas segment recorded pretax loss of $1.9 million for the three months ended March 31, 2024 compared to pretax loss of $1.3 million in the comparable period in 2023. During the three months ended March 31, 2024, our Texas segment began delivering homes in new projects from recent land acquisitions and development. These deliveries represent the new communities becoming active in our Texas segment.

We have also identified our Corporate operations as a non-operating segment, as it serves to support the business's operations through functional departments such as executive, finance, treasury, human resources, accounting, and legal. The majority of the Corporate personnel and resources are dedicated to activities relating to the business's operations and are allocated accordingly. For the three months ended September 30, 2023, the loss allocated to Corporate increased by $0.6 million compared to the prior period primarily due to fluctuations in general and administrative ("G&A") expenses, see below for further explanation. The Corporate non-operating segment generated a smaller slightly larger pretax loss year-to-date compared to the prior year period as primarily due to transaction costs resulting from the corresponding period Antares Homes acquisition and the secondary offering in 2022 included a loss related to the fair value of the private placement warrants of $7.3 million. The warrants were repurchased in June 2022 and therefore there was no corresponding loss in the current period. March 2024.

Sales, Marketing, and General and Administrative Expenses

	Three Months Ended September 30,		As a Percentage of Home Sales	
	2023	2022	2023	2022
	(dollars in thousands)			
Sales and marketing expenses	$ 16,930	$ 21,063	6.6 %	6.5 %
General and administrative expenses	25,463	21,111	9.9 %	6.5 %
Total sales, marketing, and G&A expenses	$ 42,393	$ 42,174	16.5 %	13.0 %

		Nine Months Ended September 30,		As a Percentage of Home Sales								
		2023	2022	2023	2022							
		(dollars in thousands)										
		Three Months Ended March 31,							Three Months Ended March 31,		As a Percentage of Home Sales	
		2024							2024	2023	2024	2023
		(dollars in thousands)									(dollars in thousands)	
Sales and marketing expenses	Sales and marketing expenses	$ 51,672	$ 64,366	6.5 %	6.6 %	Sales and marketing expenses	$ 18,488	$	$ 16,408	6.3	6.3 %	6.8 %
General and administrative expenses	General and administrative expenses	74,223	70,734	9.4 %	7.3 %	General and administrative expenses	26,082	22,780	22,780	8.9	8.9 %	9.5 %
Total sales, marketing, and G&A expenses	Total sales, marketing, and G&A expenses	$ 125,895	$135,100	15.9 %	13.9 %	Total sales, marketing, and G&A expenses	$ 44,570	$	$ 39,188	15.2	15.2 %	16.3 %

For the three and nine months ended September 30, 2023 March 31, 2024, sales and marketing expenses decreased increased compared to the prior year period primarily due to the slowing increasing volume of volume sales and deliveries and thus related commission costs as well as higher marketing and closing advertising costs in the current period. This was partially offset by increases General and administrative ("G&A") costs also increased due primarily to transaction costs associated with the Antares Homes acquisition and the secondary offering in wage March 2024, as well as certain compensation costs and other operational costs which were higher during the current quarter compared to the same period in the G&A expenses as the Company continues to grow. prior year.

The sales, marketing, and general and administrative ("SG&A") expense rate as a percentage of home sales revenue for the three and nine months ended September 30, 2023 March 31, 2024 was 15.2%, was 16.5% and 15.9%, an increase a decrease of 3.5% and 2.0% 1.1% from the prior year periods, respectively. period. The SG&A expense rate increased decreased primarily due to higher wage deliveries and operational costs as noted above, offset by cost savings on commissions, closings costs and professional fees. While we anticipate commissions and closings costs may rise home sales revenue in the near future as sales and deliveries increase, we current quarter compared to the same period in the prior year. This more than offset the increases in SG&A expenses discussed above. We expect to continue to be able to further leverage our G&A base, including wages, and reduce the percentage of SG&A compared to home sales revenue in future periods.

(Benefit) Provision for Income Taxes

The provision for income Income taxes for the three and nine months ended September 30, 2023, March 31, 2024 was a benefit of less than $0.1 million compared to a provision of $3.1 million and $6.3 million, respectively, compared to $4.0 million and $17.5 million $1.6 million for the three and nine months ended September 30, 2022 March 31, 2023. The effective tax rate for the three and nine months ended September 30, 2023, March 31, 2024 was 24.4% and 24.5%, respectively, a benefit of 4.3% compared to 15.9% and 26.2% a provision of 28.2% for the three and nine months ended September 30, 2022 March 31, 2023. The difference between the statutory tax rate and the effective tax rate for the three and nine months ended September 30, 2023, March 31, 2024 was primarily related to excess tax benefits on share-based compensation and tax credits for energy-efficient homes, partially offset by state income taxes net of federal income tax benefits and estimated deduction limitations for executive compensation and tax credits for energy-efficient homes. under Section 162(m). The difference between the statutory tax rate and the effective tax rate for the three and nine months ended September 30, 2022 March 31, 2023, was primarily related to state income taxes net of federal income tax benefits and estimated deduction limitations for executive compensation warrant fair market value adjustments, and under Section 162(m), partially offset by tax credits for energy-efficient homes.

The accounting for deferred taxes is based upon estimates of future results. Differences between the anticipated and actual outcomes of these future results could have a material impact on our consolidated results of operations or financial position. Also, changes in existing federal and state tax laws and tax rates could affect future tax results and the valuation of our deferred tax assets.

Critical Accounting Estimates

Critical accounting estimates are those that we believe are both significant and that require us to make difficult, subjective, or complex judgments, often because we need to estimate the effect of inherently uncertain matters. We base our estimates and judgments on historical experiences experience and various other factors that we believe to be appropriate under the circumstances. Actual results may differ from these estimates, and the estimates included in the consolidated financial statements might be impacted if we used different assumptions or conditions. There have been no material changes to our critical accounting policies and estimates as compared to those described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023, filed with the SEC on March 9, 2023 February 29, 2024.

Liquidity and Capital Resources

Overview

As of September 30, 2023 March 31, 2024, we had $144.4 million $140.0 million of cash, cash equivalents, restricted cash, and cash held in escrow, a $3.7 million increase $28.7 million decrease from December 31, 2022 December 31, 2023. The change was primarily due to the sale deposits paid related to the acquisition of our Senior Notes (as defined below) Antares Homes and borrowings from notes and other debt payables offset by ordinary business activities as cash from home deliveries was primarily reinvested to acquire and construct additional real estate inventories. This was partially offset by borrowings from the line of credit facility. Cash held in escrow represents closings happening immediately before quarter-end in which we received the funds from the title company subsequent to September 30, 2023 March 31, 2024.

Our principal sources of capital are cash generated from home and land sales activities, borrowings under our credit facility and proceeds from the sale of our Senior Notes. senior notes. Principal uses of capital are land purchases, land development, home construction, repayments on the credit facility, the acquisition of other homebuilders, and the payment of routine liabilities.

Cash flows for each community depend on the community's stage in the development cycle and can differ substantially from reported earnings. Early stages of development or expansion require significant cash outlays for land acquisitions, entitlements and other approvals, and construction of model homes, roads, utilities, general landscaping, and other amenities. Because Given that these costs are a component of inventory and not recognized in the consolidated statements of operations until a home closes, we incur significant cash outlays prior to recognizing earnings. In the later stages of community development, cash inflows may significantly exceed earnings reported for financial statement purposes, as the cash outflow associated with home and land construction was previously incurred. From a liquidity standpoint, we are actively acquiring and developing lots in our markets to maintain and grow our supply of lots and active selling communities.

We expect to generate cash from the sale of inventory including homes under construction. We generally intend to re-deploy the cash generated from the sale of inventory to acquire and develop strategic, well-positioned lots that represent opportunities to generate future income and cash flows by allocating capital to best position us for long-term success. When it meets our strategic goals, we may continue to purchase companies that strengthen our position in markets in a way that would not be possible with organic growth. As we continue to expand our business, we expect that our cash outlays for land purchases and development to increase our lot inventory may, at times, exceed our cash generated by operations.

We intend to utilize debt as part of our ongoing financial strategy, coupled with redeployment of cash flows from operations to finance our business. As of September 30, 2023 March 31, 2024, we had outstanding borrowings of $575.0 million $605.0 million in aggregate principal, excluding discount and deferred loan costs, and had $245.0 million $224.1 million in additional borrowing capacity under our credit facility. We will consider several factors when evaluating our level of indebtedness and when making decisions regarding the incurrence of new indebtedness, including the purchase price of assets to be acquired with debt financing, the market value of our assets and the ability of particular assets, and our business as a whole, to generate cash flow to cover the expected debt service. In addition, our credit facility contains Credit Agreement and the Note Purchase Agreement (both as defined below) contain certain financial covenants, among other things, that which limit the amount of leverage we can maintain, as well as minimum tangible net worth and liquidity requirements.

We believe that we will be able to fund our current and foreseeable liquidity needs with our cash on hand, cash generated from operations, and cash expected to be available from our credit facility or through accessing debt or equity capital as needed.

Line of Credit Facility

In October 2021, the Company entered into a line of credit agreement (the "Credit Agreement"). The Credit Agreement provides for a senior unsecured borrowing of up to $675.0 million of which there was $325.0 $355.0 million outstanding as of September 30, 2023. March 31,

2024. The Company may increase the borrowing capacity up to $850.0 million, under certain circumstances. Funds available under the Credit Agreement are subject to a borrowing base requirement which is calculated on specified percentages of our real estate inventories. Borrowings under the Credit Agreement bear interest at the Secured Overnight Financing Rate ("SOFR") plus 3.35% or the Prime Rate (as defined in the Credit Agreement) plus 2.75%. The interest rate includes a floor of 3.85%. The Credit Agreement was modified three times in 2022, which resulted in an increase in the borrowing commitment from $585.0 million to $675.0 million, the replacement of the London Interbank Offered Rate ("LIBOR") with SOFR as an index rate, and an extension of the maturity date to October 2025. As of September 30, 2023, the interest rate on the loan was 8.68%. In July 2023, the Credit Agreement was modified to extend the maturity date and now matures to October 2026. As of March 31, 2024, the interest rate on the loan was 8.67%.

In April 2024, the Company amended the Credit Agreement ("Amended Credit Agreement") to reduce the commitment from $675.0 million to $355.0 million and extend the maturity date to April 2027. Borrowings under the Amended Credit Agreement bear interest at a daily simple SOFR rate, a term SOFR rate, or a base rate (in each case calculated in October 2026. accordance with the Amended Credit Agreement), plus, in each case, an applicable margin. The applicable margin will be adjusted by reference to a grid based on a leverage ratio calculated in accordance with the Amended Credit Agreement.

Senior Notes

In July 2023, the Company entered into a new senior unsecured note (the "Note Purchase Agreement"). The Note Purchase Agreement provided for the private placement of $250.0 million aggregate principal amount of 11% 11.0% senior notes (the "Senior "11.0% Senior Notes"). The Company received the proceeds, net of discount and fees, in July 2023. The 11.0% Senior Notes mature in July 2028.

In April 2024, the Company completed the sale to certain purchasers of $300.0 million of 8.875% senior notes due 2029 (the "8.875% Senior Notes"). The 8.875% Senior Notes were not registered under the Securities Act of 1933, as amended (the "Securities Act"), and were offered and sold only to persons reasonably believed to be qualified institutional buyers in reliance on Rule 144A under the Securities Act and to certain non-U.S. persons in transactions outside the United States in reliance on Regulation S under the Securities Act. Interest on the 8.875% Senior Notes will be paid semi-annually on April 1 and October 1, commencing October 1, 2024. The 8.875% Senior Notes will mature on April 1, 2029.

Financial Covenants

The Credit Agreement and Note Purchase Agreement have certain financial covenants, including requirements for us to maintain a minimum liquidity balance, minimum tangible net worth as well as maximum leverage and interest coverage ratios. See the table below for the covenant calculations.

Financial Covenants	September 30, 2023 Actual	September 30, 2023 Covenant Requirement	December 31, 2022 Actual	December 31, 2022 Covenant Requirement
	(dollars in thousands)		*(dollars in thousands)*	
Minimum Liquidity Covenant	$ 494,447	$ 50,000	$ 301,435	$ 50,000
Interest Coverage Ratio - Adjusted EBITDA to Interest Incurred	2.88	2.00	4.76	1.75
Tangible Net Worth	$ 632,807	$ 394,253	$ 641,636	$ 394,253
Maximum Leverage Ratio (1)	40.7 %	<60%	37.8 %	<60%

Financial Covenants	March 31, 2024 Actual	March 31, 2024 Covenant Requirement	December 31, 2023 Actual	December 31, 2023 Covenant Requirement
	(dollars in thousands)		*(dollars in thousands)*	
Minimum Liquidity Covenant (1)	$ 364,087	$ 50,000	$ 431,265	$ 50,000
Interest Coverage Ratio (2)	2.17	2.00	2.18	2.00
Tangible Net Worth (3)	$ 607,885	$ 410,578	$ 619,713	$ 410,578
Maximum Leverage Ratio (4)	43.7 %	<60%	39.3 %	<60%

(1) Calculation is Based on cash, cash held in escrow, and undrawn availability under the Credit Agreement
(2) Calculated as the trailing twelve months adjusted EBITDA divided by interest incurred over that same period.
(3) Calculated as total assets, less goodwill and other intangible assets, less total liabilities.
(4) Calculated as debt, net of certain cash amounts, divided by that same net debt balance plus tangible net worth.

The Credit Agreement and Note Purchase Agreement also contain certain restrictive covenants, including limitations on incurrence of other indebtedness, liens, dividends and other distributions, asset dispositions, restricted payments, investments, and limitations on fundamental changes. They contain customary events of default for such facilities, subject to cure periods in certain circumstances, that which would result in the termination of the commitments in the case of the Credit Agreement and permit the lender lenders or holders, as applicable, to accelerate payment on outstanding borrowings. amounts. These events of default include nonpayment of principal, interest, and fees or other amounts; violation breach of covenants; covenants, including those described above; inaccuracy of representations and warranties; cross default to certain other indebtedness; unpaid judgments; change in control; and certain bankruptcy and other insolvency events. As of September 30, 2023 March 31, 2024, we were in compliance with all related covenants. covenants under each of our Credit Agreement and Note Purchase Agreement.

Letters of Credit and Performance Bonds

In the ordinary course of business, and as part of the entitlement and development process, the Company's subsidiaries are required to provide performance bonds to assure completion of certain public facilities. We The Company had $101.2 million $92.6 million and $114.9 million $109.3 million of performance bonds outstanding at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

Cash Flows—Nine Three Months Ended September 30, 2023 March 31, 2024 Compared to the Nine Three Months Ended September 30, 2022 March 31, 2023

For the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the comparison of cash flows is as follows:

- Net cash provided by operating activities was $2.1 million during the nine months ended September 30, 2023 compared to net cash used in operating activities of $83.2 million was $33.2 million during the same period in 2022. The increase in three months ended March 31, 2024 compared to net cash provided by operating activities of $5.5 million during the same period in 2023. The decrease in net cash from operating activities was primarily due to less more cash being used in our real estate inventories construction and a positive rather

than negative more cash flow from used for other assets compared to the prior period. We used $34.7 million less $64.1 million more for real estate inventories compared to the prior period. In addition, cash from we used $18.1 million more for other assets was $31.8 million during the nine three months ended September 30, 2023 March 31, 2024, compared to a use of $46.9 million in the prior period, primarily related due to funds placed in escrow for the purchase of real estate inventory in the prior period that were closed on deposits made in the current period. An period related to the acquisition of Antares Homes. A decrease in net income, adjusted for noncash operating components of net income, also decreased cash from operating activities by $3.1 million. These cash movements were partially offset by an increase of $9.3 million $16.3 million in net cash collected from cash held in escrow, compared to the prior period, also contributed to as well as fewer payments on accounts payable and accrued expenses in the increase normal course of business resulting in our net $30.1 million more cash provided by from operating activities. These changes were partially offset by a decrease in net income, adjusted for noncash operating components of net income, of $33.0 million.

- Net cash used in investing activities was $5.5 million $1.9 million during the nine three months ended September 30, 2023 March 31, 2024, and compared to $262.2 million $1.6 million during the same period in 2022. This difference was related to payments of $258.7 million, net of cash received from working capital adjustments, for our acquisition of Hanover in January 2022, while we did not acquire any businesses in the current period. 2023.

- Net cash provided by financing activities was $13.3 million $37.1 million during the nine three months ended September 30, 2023 March 31, 2024, compared to $112.4 million $9.2 million during the same period in 2022. 2023. The decrease increase was primarily due to a decrease in net borrowings on notes, and other debts payable, and other liabilities of $68.2 million $42.0 million during the nine three months ended September 30, 2023 March 31, 2024, as compared to the prior period in 2022. Additionally, we received contributions of $55.0 million from a noncontrolling interest to fund 2023. This was partially offset by the distributions a consolidated joint venture that was formed in the nine months ended September 30, 2022. These changes were partially offset by a decrease in made to noncontrolling interests of $6.8 million, cash paid for stock repurchases of $19.0 million compared $6.5 million and deferred offering costs paid of $2.3 million related to the prior period and the payment April 2024 issuance of $16.5 million to repurchase outstanding private placement warrants in the prior period. debt.

Option Contracts

In the ordinary course of business, we enter into land purchase contracts in order to procure lots for the construction of homes. We are subject to customary obligations associated with entering into contracts for the purchase of land and improved lots. These purchase contracts typically require a cash deposit, and the purchase of properties under these contracts is generally contingent upon satisfaction of certain requirements, including obtaining applicable property and development entitlements. We also utilize option contracts with land sellers and others as a method of acquiring land in staged takedowns, to help manage the financial and market risk associated with land holdings, and to reduce the use of funds from financing sources. Option contracts generally require payment of a non-refundable deposit for the right to acquire lots over a specified period of time at pre-determined prices. Our obligations with respect to purchase contracts and option contracts are generally limited to the forfeiture of the related non-refundable cash deposits. As of September 30, 2023 March 31, 2024, we had outstanding purchase and option contracts totaling $624.4 million $663.5 million, net of $98.4 million $115.0 million related cash deposits (of which $0.4 million $1.2 million is refundable) pertaining to these contracts. As of December 31, 2023, we had outstanding purchase and option contracts totaling $663.1 million, net of $96.2 million related cash deposits (of which $1.0 million was refundable) pertaining to these contracts.

The utilization of land option contracts is dependent on, among other things, the availability of land sellers willing to enter into option takedown arrangements, the availability of capital to financial intermediaries to finance the development of optioned lots, general housing market conditions, and local market dynamics. Options may be more difficult to procure from land sellers in strong housing markets and are more prevalent in certain geographic regions.

Material Cash Requirements

As of September 30, 2023 March 31, 2024, there had been no material changes to our known contractual and other obligations appearing in the "Material Cash Requirements" section of Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023, filed with the SEC on March 9, 2023 February 29, 2024.

Stock Repurchases

In March 2023, the Board of Directors authorized a stock repurchase program allowing for the repurchase of up to $10.0 million worth of common stock, with an expiration of December 31, 2023. In July 2023, the Board of Directors authorized additional capacity of approximately $3.3 million, with an expiration date of December 31, 2023, and an additional $10.0 million with no stated expiration date.

During the three and nine months ended September 30, 2023, the Company repurchased 1,391,867 and 2,360,736 shares of common stock for a total of $13.7 million and $21.2 million, respectively, which was recorded as a reduction to additional paid-in capital. A portion of these shares were repurchased directly from the Company's majority shareholder. Refer to *Note 9 – Related Party*

Transactions for additional information. As of September 30, 2023, the Company had approximately $2.1 million in remaining authorized capacity.

In October 2023, subsequent to the period covered by this report, the Board of Directors authorized additional capacity of $20.0 million with no stated expiration date. No additional stock repurchase authorizations occurred during the three months ended March 31, 2024.

During the three months ended March 31, 2024, the Company repurchased 534,436 shares of common stock for a total of $6.4 million, which was recorded as a reduction to additional paid-in capital. As of March 31, 2024, the Company had approximately $2.5 million in remaining capacity from previous authorizations. No stock was repurchased during the three months ended March 31, 2023.

The timing and amount of repurchases are based on a variety of factors such as the market price of the Company's common stock, corporate and contractual requirements, market and economic conditions, and legal requirements.

The Inflation Reduction Act of 2022 included a 1% excise tax on stock repurchases, net of new stock issuances, beginning in 2023. The tax is expected to be paid annually and the Company accrues the tax during interim periods with the offset to additional paid-in capital on the consolidated balance sheet.

Seasonality

Historically, the homebuilding industry experiences seasonal fluctuations in quarterly operating results and capital requirements. We typically experience the highest new home order activity during the spring, although this activity is also highly dependent on the number of active selling communities, timing of new community openings and other market factors. Since it typically takes four to eight months to construct a new home, we deliver more homes in the second half of the year as spring and summer home orders convert to home deliveries. Because of this seasonality, home starts, construction costs, and related cash outflows have historically been highest in the third and fourth quarters, and the majority of cash receipts from home deliveries occurs occur during the second half of the year. We expect this seasonal pattern to continue over the long-term, although it may be affected by volatility in the homebuilding industry.

Non-GAAP Financial Measures

We include non-GAAP financial measures, including adjusted home sales gross margin, EBITDA and adjusted EBITDA, net debt to total capital, and adjusted net income. These non-GAAP financial measures are presented to provide investors additional insights to facilitate the analysis of our results of operations. These non-GAAP financial measures are not in accordance with, or an alternative for, GAAP financial measures and may be different from non-GAAP financial measures used by other companies. In addition, these non-GAAP financial measures are not based on any comprehensive or standard set of accounting rules or principles. Accordingly, the calculation of our non-GAAP financial measures may differ from the definitions of non-GAAP financial measures other companies may use with the same or similar names. This limits, to some extent, the usefulness of this information for comparison purposes. Non-GAAP financial measures have limitations in that they do not reflect all of the amounts associated with our financial results as determined in accordance with GAAP. This information should only be used to evaluate our financial results in conjunction with the corresponding GAAP information. Accordingly, we qualify our use of non-GAAP financial measures whenever non-GAAP financial measures are presented.

Net Debt to Total Capital

The following table presents the ratio of debt to capital as well as the ratio of net debt to total capital, which is a non-GAAP financial measure. The ratio of debt to capital is computed as the quotient obtained by dividing total debt, net of issuance costs, by total capital (sum of total debt, net of issuance costs, plus total equity).

The non-GAAP ratio of net debt to total capital is computed as the quotient obtained by dividing net debt (which is total debt, net of issuance costs, less cash and cash equivalents and restricted cash as well as cash held in escrow to the extent necessary to reduce the debt balance to zero) by total capital. The most comparable GAAP financial measure is the ratio of debt to capital. We believe the ratio of net debt to

total capital is a relevant financial measure for investors to understand the leverage employed in our operations and as an indicator of our ability to obtain financing. We believe that by deducting our cash from our debt, we provide a measure of our indebtedness that takes into account our cash liquidity. We believe this provides useful information as the ratio of debt to capital does not take into account our liquidity and we believe that the ratio of net debt to total capital provides supplemental information by which our financial position may be considered.

See table below reconciling this non-GAAP measure to the ratio of debt to capital.

	September 30, 2023	December 31, 2022	March 31, 2024	March 31, 2024	December 31, 2023
	(dollars in thousands)		(dollars in thousands)		(dollars in thousands)
Total notes and other debts payable, net	$ 552,393	$ 505,422			
Total equity	701,447	710,319			
Total capital	$1,253,840	$1,215,741			
Ratio of debt to capital	44.1 %	41.6 %		46.4 %	44.1 %

Total notes and other debts payable, net	Total notes and other debts payable, net	$ 552,393	$ 505,422			
Less: cash, cash equivalents, and restricted cash		133,491	123,634			
Total notes and other debts payable, net						
Total notes and other debts payable, net						
Less: cash and cash equivalents						
Less: cash held in escrow	Less: cash held in escrow	10,956	17,101			
Net debt	Net debt	407,946	364,687			
Total capital	Total capital	$1,253,840	$1,215,741			
Total capital						
Total capital						
Ratio of net debt to total capital	Ratio of net debt to total capital	32.5 %	30.0 %	Ratio of net debt to total capital	35.3 %	30.4 %

EBITDA and Adjusted EBITDA

The following table presents EBITDA and Adjusted EBITDA for the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 2023. Adjusted EBITDA is a non-GAAP financial measure used by management in evaluating operating performance. We define Adjusted EBITDA as net income before (i) income tax (benefit) expense, (benefit), (ii) interest expenses, (iii) depreciation and amortization, (iv) real estate inventories impairment, (v) purchase accounting adjustments for acquired work in process inventory related to business combinations, (vi) loss on debt extinguishment or forgiveness, (vii) transaction costs related to business combinations, (viii) write-off of deferred offering costs, and (ix) abandoned projects costs, (x) the impact of income or loss allocations from our unconsolidated joint ventures, and (xi) loss on remeasurement of warrant liability. costs. We believe Adjusted EBITDA provides an indicator of general economic performance that is not affected by fluctuations in interest, effective tax rates, levels of depreciation and amortization, and items considered to be non-recurring. The economic activity related to our unconsolidated joint ventures is not core to our operations and is the reason we have excluded those amounts. Accordingly, we believe this measure is useful for comparing our core performance from period to period.

Our presentation of Adjusted EBITDA should not be considered as an indication that our future results will be unaffected by unusual or non-recurring items.

	Three Months Ended March 31,	
	2024	2023
	(dollars in thousands)	
Net income	$ 734	$ 4,123
(Benefit) provision for income taxes	(30)	1,617
Interest in cost of sales	10,570	4,553
Depreciation and amortization expense	1,320	1,418
EBITDA	12,594	11,711
Purchase price accounting in cost of home sales	2,456	4,485
Transaction costs	1,728	15
Abandoned project costs	256	—

Adjusted EBITDA	$ 17,034	$ 16,211

	Three Months Ended September 30,	
	2023	2022
	(dollars in thousands)	
Net income	$ 9,483	$ 21,281
Provision for income taxes	3,066	4,021
Interest in cost of sales	10,006	10,150
Depreciation and amortization expense	1,221	1,382
EBITDA	23,776	36,834
Purchase price accounting in cost of home sales	3,865	10,612
Transaction costs	600	—
Abandoned project costs	433	—
Equity in net income of unconsolidated joint ventures, excluding interest relieved	—	(70)
Adjusted EBITDA	$ 28,674	$ 47,376

	Nine Months Ended September 30,	
	2023	2022
	(dollars in thousands)	
Net income	$ 19,472	$ 49,196
Provision for income taxes	6,323	17,460
Interest in cost of sales	21,878	31,276
Interest relieved to equity in net income of unconsolidated joint ventures	—	70
Depreciation and amortization expense	3,778	4,445
EBITDA	51,451	102,447
Real estate inventories impairment	4,700	—
Purchase price accounting in cost of home sales	14,060	41,162
Transaction costs	633	1,205
Write-off of offering costs	436	—
Abandoned project costs	745	—
Equity in net income of unconsolidated joint ventures, excluding interest relieved	—	(209)
Loss on debt extinguishment or forgiveness	—	2,496
Loss on remeasurement of warrant liability	—	7,315
Adjusted EBITDA	$ 72,025	$ 154,416

Adjusted Net Income

Adjusted Net Income attributable to Landsea Homes is a non-GAAP financial measure that we believe is useful to management, investors and other users of our financial information in evaluating and understanding our operating results without the effect of certain expenses that were historically pushed down by our parent company and other non-recurring items. We believe excluding these items provides a more comparable assessment of our financial results from period to period. Adjusted Net Income attributable to Landsea Homes is calculated by excluding the effects of related party interest that was pushed down by our parent company, purchase accounting adjustments for acquired work in process inventory related to business combinations, the impact from our unconsolidated joint ventures, loss on debt extinguishment or forgiveness, and real estate inventories impairment, and loss on remeasurement of warrant liability, and tax-effected using a blended statutory tax rate. The economic activity related to our unconsolidated joint ventures is not core to our operations and is the reason we have excluded those amounts. We adjust for the expense of related party interest pushed down from our parent company as we have no obligation to repay the debt and related interest.

	Three Months Ended September 30,	
	2023	2022

	(dollars in thousands)			
Net income attributable to Landsea Homes Corporation	$	8,596	$	19,970
Pre-Merger capitalized related party interest included in cost of sales		324		714
Equity in net income of unconsolidated joint ventures		—		(70)
Purchase price accounting for acquired inventory		3,865		10,612
Total adjustments		4,189		11,256
Tax-effected adjustments (1)		3,088		8,270
Adjusted net income attributable to Landsea Homes Corporation	$	11,684	$	28,240

	Three Months Ended March 31,	Three Months Ended March 31,	
	2024	2024	2023
	(dollars in thousands)	(dollars in thousands)	
Net income attributable to Landsea Homes Corporation			
Pre-Merger capitalized related party interest included in cost of sales			
Pre-Merger capitalized related party interest included in cost of sales			
Pre-Merger capitalized related party interest included in cost of sales			
Purchase price accounting for acquired inventory			
Purchase price accounting for acquired inventory			
Purchase price accounting for acquired inventory			

	Nine Months Ended September 30,	
	2023	2022
Total adjustments		

		(dollars in thousands)	
Net income attributable to Landsea Homes Corporation		$ 16,761	$ 47,970
Real estate inventories impairment		4,700	—
Pre-Merger capitalized related party interest included in cost of sales		1,587	3,831
Equity in net income of unconsolidated joint ventures		—	(139)
Purchase price accounting for acquired inventory		14,060	41,162
Total adjustments			
Loss on debt extinguishment or forgiveness		—	2,496
Loss on remeasurement of warrant liability		—	7,315
Total adjustments	Total adjustments	20,347	54,665
Tax-effected adjustments (1)	Tax-effected adjustments (1)	14,997	44,599
Adjusted net income attributable to Landsea Homes Corporation	Adjusted net income attributable to Landsea Homes Corporation	$ 31,758	$ 92,569
Adjusted net income attributable to Landsea Homes Corporation			
Adjusted net income attributable to Landsea Homes Corporation			

(1) Our tax-effected adjustments are based on our federal rate and a blended state rate adjusted for certain discrete items.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Due to the nature of homebuilding and our business we are exposed to market risks in the ordinary course of our business, including the effects of interest rate changes and inflation as described below. We are also exposed to market risk from fluctuations in our stock prices and related characteristics.

Interest Rates

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. The Company's primary exposure to market risk is interest rate risk associated with (i) variable notes and the credit facility. facility and (ii) demand and pricing pressure with respect to home sales. Borrowings under our credit facility bear interest at a floating rate equal to the Prime rate plus 2.75% or SOFR plus 3.35% per annum. The Senior Notes bear interest on the outstanding amount at a fixed rate of 11.0% per annum, and therefore are not subject to fluctuations in interest rates. Higher interest rates are associated with downward demand and pricing pressure with respect to home sales. For a more complete discussion of the impact of interest rates on our results of operations, see Item 2, "*Management's Discussion and Analysis of Financial Condition and Results of Operations*."

Inflation

Operations can be adversely impacted by inflation, primarily from higher land, financing, labor, material, and construction costs. In addition, inflation can lead to higher mortgage rates, which can significantly affect the affordability of mortgage financing to homebuyers. While we attempt to pass on cost increases to customers through increased prices, when weak housing market conditions exist, we are often unable to offset cost increases with higher selling prices.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, under the supervision of our Company's Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as defined in Rules 13a- 15(e) and 15d- 15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of September 30, 2023 March 31, 2024 (the "Evaluation Date"). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures: (a) are effective to ensure that information required to be disclosed by the Company in the reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms; and (b) include controls and procedures designed to ensure that information required to be disclosed by the Company in such reports is accumulated and communicated to Company's management, including the CEO and the CFO, as appropriate, to allow timely discussions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There was no change in the Company's internal control over financial reporting that occurred during the quarter ended September 30, 2023 March 31, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

See Item Part 1, Part 1, Item1, "*Note 8 – Commitments and Contingencies - Legal*."

Item 1A. Risk Factors

There have been no material changes to the risk factors we previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 that was filed with the SEC on March 9, 2023 February 29, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table sets forth information concerning the Company's repurchases of common stock during the three months ended September 30, 2023 March 31, 2024.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(1)(2)	Approximate Dollar Value of Shares that may yet be Purchased Under the Plans or Programs (in millions)(1)(2)
July 1, 2023 - July 31, 2023	591,867	$ 9.94	591,867	$ 10.0
August 1, 2023 - August 31, 2023	800,000	$ 9.75	800,000	$ 2.1
September 1, 2023 - September 30, 2023	—	$ —	—	$ 2.1

	Total Number of Shares Purchased	Average Price Paid per Share		Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that may yet be Purchased Under the Plans or Programs (in millions)	
January 1, 2024 - January 31, 2024	71,034	$	12.58	71,034	$	8.0
February 1, 2024 - February 29, 2024	383,252	$	11.91	383,252	$	3.5
March 1, 2024 - March 31, 2024	80,150	$	12.18	80,150	$	2.5

(1) In March 2023, the Board of Directors authorized a stock repurchase program allowing for the repurchase of up to $10.0 million worth of common stock expiring with an expiration of December 31, 2023. As of September 30, 2023, 2,360,736 shares had been repurchased under this authorization.

(2) In July 2023, the Board of Directors authorized additional capacity of approximately $3.3 million, $3.3 million, with an expiration date of December 31, 2023, and an additional $10.0 million $10.0 million with no stated expiration date.

In October 2023, subsequent to the period covered by this report, the Board of Directors authorized additional capacity of $20.0 million $20.0 million with no stated expiration date. During the year ended December 31, 2023, the Company repurchased 3,635,033 shares of common stock for a total of $34.4 million. During the three months ended March 31, 2024, the Company repurchased 534,436 shares of common stock for a total of $6.4 million. As of March 31, 2024, the Company had approximately $2.5 million in remaining authorized capacity.

This table does not include shares tendered to satisfy the exercise price in connection with cashless exercises of employee stock options or shares tendered to satisfy tax withholding obligations in connection with employee equity awards.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

(a) Entry into Material Definitive Agreements

On April 30, 2024, the Company entered into the Fourth Amended and Restated Stockholder's Agreement (the "A&R Agreement") with Landsea Holdings, to, among other things, further clarify the ability of Landsea Holdings to assign the A&R Agreement to Permitted Transferees (as defined in the A&R Agreement) to whom Landsea Holdings has validly transferred capital stock of the Company. The foregoing description of the A&R Agreement does not purport to be complete and is qualified in its entirety by reference to the A&R Agreement, which is filed as Exhibit 10.4 hereto and is incorporated herein by reference.

Also on April 30, 2024, the Company entered into an Indemnification Agreement (the "Indemnification Agreement") with Landsea Holdings, pursuant to which, among other things, (i) Landsea Holdings agreed to indemnify the Company for certain losses relating to or arising from (x) Landsea Holdings's business operations after the closing of the Merger Transaction (as defined in the Indemnification Agreement) and (y) the Holdings Specific Carve-Out Transaction (as defined in the Indemnification Agreement), and (ii) the Company agreed to indemnify Landsea Holdings for certain losses relating to or arising from (w) the Company's business operations after the closing of the Merger Transaction, (x) the Company's business operations before the closing of the Merger

Transaction that were not known to Landsea Holdings as of the date of the Indemnification Agreement, (y) the Homes Specific Carve-Out Transactions (as defined in the Indemnification Agreement), except for losses resulting from the actions or omissions of Landsea Holdings or any of its employees, successors or assigns, and (z) certain litigation matters specified in the Indemnification Agreement. The foregoing description of the Indemnification Agreement does not purport to be complete and is qualified in its entirety by reference to the Indemnification Agreement, which is filed as Exhibit 10.5 hereto and is incorporated herein by reference.

(c) Trading Plans

During the quarter ended September 30, 2023 March 31, 2024, no director or Section 16 officer adopted or terminated any Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements (in each case, as defined in Item 408(a) of Regulation S-K)

Item 6. Exhibits

Exhibit Number	Exhibit Description
3.1	Second Amended and Restated Certificate of Incorporation of Landsea Homes Corporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on January 13, 2021)
3.2	Second Amended and Restated Bylaws of Landsea Homes Corporation (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the SEC on January 13, 2021)
10.1	Note Membership Interest Purchase Agreement, dated as of July 17, 2023 January 8, 2024, by and among Landsea Homes Corporation, U.S. Bank Trust Company, National Association, as the agent, Antares Acquisition, LLC, and the purchasers named therein sellers party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on July 17, 2023 January 9, 2024)
10.2	Seventh Amendment to Membership Interest Purchase Agreement, dated February 9, 2024, by and among Landsea Homes Corporation, Antares Acquisition, LLC, and the sellers party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 12, 2024)
10.3	Eighth Amendment Agreement, dated July 31, 2023 March 15, 2024, by and among Landsea Homes Corporation, as borrower, the other loan parties party thereto, Western Alliance Bank as administrative agent, and the lender parties thereto (incorporated (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 18, 2024)
August 1 10.4*	Fourth Amended and Restated Stockholder's Agreement, dated April 30, 2024, 2023) by and between Landsea Homes Corporation and Landsea Holdings Corporation
10.5*	Indemnification Agreement, dated April 30, 2024, by and between Landsea Homes Corporation and Landsea Holdings Corporation
31.1*	Certification of John Ho, Chief Executive Officer of Landsea Homes Corporation, pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934
31.2*	Certification of Chris Porter, Chief Financial Officer of Landsea Homes Corporation, pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934
32.1**	Certification of John Ho, Chief Executive Officer of Landsea Homes Corporation, pursuant to 18 U.S.C. Section 1350
32.2**	Certification of Chris Porter, Chief Financial Officer of Landsea Homes Corporation, pursuant to 18 U.S.C. Section 1350
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024, formatted in Inline XBRL: (i) Consolidated Balance Sheets as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023; (ii) Consolidated Statements of Operations for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, (iii) Consolidated Statements of Equity for the three and nine months ended September 30, 2023 March 31, 2024 and 2022; 2023; (iv) Consolidated Statements of Cash Flows for the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023 and (v) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024, formatted in Inline XBRL (included as Exhibit 101).

* Filed herewith.
** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

		Landsea Homes Corporation	
Date: May 1, 2024		By:	/s/ John Ho
			John Ho
			Chief Executive Officer
			(Principal Executive Officer)
Date: May 1, 2024		By:	/s/ Chris Porter
			Chris Porter
			Chief Financial Officer
			(Principal Financial Officer)

FOURTH AMENDED AND RESTATED STOCKHOLDER'S AGREEMENT

This Fourth Amended and Restated Stockholder's Agreement, dated as of April 30, 2024 (this "Agreement"), is entered into by and between Landsea Homes Corporation, a Delaware corporation (the "Company"), and Landsea Holdings Corporation, a Delaware corporation (together with its Affiliates (as defined below) who are assignees pursuant to Section 6.3 hereof, the "Stockholder" and together with the Company each a "Party" and collectively the "Parties").

WHEREAS, on August 31, 2020, the Company entered into that certain Agreement and Plan of Merger Agreement (the "Merger Agreement"), with LFCA Merger Sub, Inc., a Delaware corporation and wholly owned direct subsidiary of the Company ("LFCA Merger Sub"), Stockholder, and Landsea Homes Incorporated, a Delaware corporation a wholly owned direct subsidiary of Stockholder ("Landsea Inc."), whereby Landsea, Inc. merged with and into LFCA Merger Sub, and in consideration thereof, the Company issued to Landsea Inc. certain amounts of common stock, par value $0.0001 per share, of the Company ("Common Stock"), formerly referred to as Class A Common Stock;

WHEREAS, upon consummation of the transactions contemplated by the Merger Agreement, Stockholder became the record and "beneficial owner" (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended) of Common Stock as set forth on Schedule I hereto, and as of the date hereof the Stockholder is the record and beneficial owner of Common Stock as set forth on Schedule II hereto;

WHEREAS, on January 7, 2021, the Company entered into that certain the Stockholder's Agreement, dated as of January 7, 2021, with Stockholder, as amended on December 21, 2021, April 25, 2022 and June 13, 2023 (as amended prior to the execution of this Agreement, the "Original Agreement"); and

WHEREAS, the Parties now desire to amend and restate the Original Agreement:

NOW, THEREFORE, in consideration of the foregoing and the agreements contained in this Agreement, and intending to be legally bound by this Agreement the Company and Stockholder agree as follows:

1.Definitions. Capitalized terms used and not otherwise defined in this Agreement that are defined in the Merger Agreement shall have the meanings given such terms in the Merger Agreement. As used in this Agreement, the following terms shall have the respective meanings set forth in this Section 1:

"Affiliate" means with respect to any specified Person, any Person that directly or indirectly through one or more intermediaries controls or is controlled by, or is under common control with, such specified Person.

"Closing" has the meaning given in that certain Agreement and Plan of Merger, dated as of August 31, 2020, by and among the Company, LFCA Merger Sub, Landsea Inc., and Stockholder.

"Combined Ownership Percentage" means the sum of the aggregate Ownership Percentage of Stockholder and its Affiliates.

"Company Stock" means the shares of capital stock of the Company from time to time outstanding.

"control" (including the terms "controls," "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Family Member" means, with respect to any Person, such Person's grandparents, parents, mother-in-law, father-in-law, husband, wife, brothers, sisters, brother-in-law, sisters-in-law, sons-in-law, children, grandchildren, aunts, uncles, nieces, nephews and first cousins.

"Governing Documents" with respect to the Company and any of its Subsidiaries, means, collectively, such Person's certificate of incorporation, certificate of formation, bylaws, operating agreement or similar governing documents.

"Indebtedness" means (i) indebtedness for borrowed money whether or not evidenced by bonds, notes, debentures or other similar instruments, including purchase money obligations or other obligations relating to the deferred purchase price of property, (ii) obligations as lessee under leases which have been recorded as capital leases and (iii) obligations under guaranties in respect of indebtedness or obligations of others of the kind referred to in clauses (i) through (ii) above, as reported in accordance with U.S. Generally Accepted Accounting Principles, provided that Indebtedness shall not include (A) trade payables and accrued expenses arising in the ordinary course of business and (B) indebtedness, obligations under guaranties and other liabilities owed by the Company to its Subsidiaries or among the Company's Subsidiaries.

"Necessary Action" means, with respect to a specified result, all actions, to the fullest extent permitted by applicable law (including, in the case of any action by the Company that requires a vote or other action on the part of the Board, to the extent such action is consistent with the fiduciary duties that the Company's directors have in such capacity) necessary to cause such result, including, without limitation: (a) voting or providing a written consent or proxy with respect to the Company Stock; (b) causing the adoption of amendments to the Governing Documents; (c) executing agreements and instruments; and (d) making, or causing to be made, with governmental, administrative or regulatory authorities, all filings, registrations or similar actions that are required to achieve such result.

"Ownership Percentage" means, as of any date, the percentage of shares of Common Stock outstanding deemed beneficially owned by a stockholder of the Company, within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended; provided, however, that for purposes of determining the beneficial ownership of any stockholder under this Agreement, such stockholder shall be deemed to be the beneficial owner of any equity securities of the Company which may be acquired by such stockholder, whether within 60 days or thereafter, upon the conversion, exchange, or exercise of any warrants, options, rights or other securities issued by the Company or of its Subsidiaries, providedfurther that no Person shall be

deemed to beneficially own any security solely as a result of such Person's execution of this Agreement.

"Person" means any individual, partnership, limited liability company, corporation, trust, association, estate, unincorporated organization or a government or any agency or political subdivision thereof.

"Permitted Transferee" means any Person to whom Stockholder has validly transferred Company Stock that is an Affiliate of Stockholder, including Mr. Martin Tian and, for the avoidance of doubt, any entities controlled by Mr. Tian (or upon his death, entities controlled by Mr. Tian's estate).

"Representatives" means, with respect to any Person, any of such Person's officers, directors, employees, agents, attorneys, accountants, actuaries, consultants, financing partners or financial advisors or other Person associated with, or acting on behalf of, such Person.

"Subsidiary" means, with respect to any Person, any corporation of which a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof, or any partnership, limited liability company, association or other business entity of which a majority of the partnership, limited liability company or other similar ownership interest is at the time owned or controlled, directly or indirectly, by such Person or one or more Subsidiaries of such Person or a combination thereof. For purposes of this definition, a Person is deemed to have a majority ownership interest in a partnership, limited liability company, association or other business entity if such Person is allocated a majority of the gains or losses of such partnership, limited liability company, association or other business entity or is or controls the managing member or general partner or similar position of such partnership, limited liability company, association or other business entity.

2. Governance Matters.

2.1Board Composition.

(a) The Company and Stockholder shall take all Necessary Action to ensure that the authorized number of directors on the Board of Directors of the Company (the "Board") be no more than eleven (11) and no less than five (5). Initially following the date hereof, the size of the Board shall be nine (9) directors.

2.2Board Nomination.

(a) For so long as the Combined Ownership Percentage is equal to or greater than six percent (6%), (i) Stockholder shall have the right to nominate for election to the Board, with respect to each meeting of stockholders of the Company at which directors are to be elected, the number of directors (each a "Director Designee") representing such percentage of the total number of directors to be elected at such meeting as would be equal to the Combined Ownership Percentage as of the record date for such meeting, rounded up to the nearest whole number, provided, however, that, (i) when the Combined Ownership Percentage is greater than 50 percent (50%), the number of Director Designees shall represent 75 percent (75%) of the total number of directors to be elected at such meeting, rounded to the nearest whole number, and two (2) such Director Designees shall satisfy the independent director requirements under Nasdaq Equity Rule 5605(c)(2)(A) (any such Person, an "Independent Director"), as determined in good faith by the Nominating and Governance Committee (as defined below) and (ii) if the Combined Ownership Percentage is less than or equal to 50 percent (50%), at least one-third of such Director Designees, rounded down to the nearest whole number, must qualify as Independent Directors, as determined in good faith by the Nominating and Governance Committee.

(b) In the event a decrease in the Combined Ownership Percentage reduces the number of Director Designees that Stockholder is entitled to nominate herein, the parties hereto agree that the reduction in the number of Director Designees shall be reduced in number in accordance with Section 2.2(a). For the avoidance of doubt, no decrease in the authorized number of directors on the Board shall shorten the term of any incumbent director. In the event that there is a vacancy on the Board and Stockholder is not entitled to nominate a Director Designee for such vacancy, such nomination shall be made in accordance with the policies and procedures of the Nominating and Governance Committee; provided, however, that in the event of any vacancy resulting from an increase in the size of the Board, the Company and Stockholder shall take all Necessary

Action to cause the number of Director Designees on the Board following such increase to equal the number of Director Designees the Stockholder would be entitled to nominate at an annual meeting of stockholders pursuant to Section 2.2(a).

(c) The Company shall take all Necessary Action to ensure that, at any annual or special meeting of stockholders of the Company at which directors are to be elected, subject to the fulfillment of the requirements set forth in Sections 2.2(a), Director Designees are included in the slate of nominees recommended by the Board for election as directors.

(d) Any Director Designee (i) shall be reasonably acceptable to the Board's Nominating and Governance Committee (as defined below) and (ii) shall comply in all respects with the Company's corporate governance guidelines as in effect from time to time. Stockholder shall notify the Company of any proposed Director Designee in writing no later than the latest date on which stockholders of the Company may make nominations to the Board in accordance with the Company's bylaws, together with all information concerning such nominee required to be delivered to the Company by its bylaws and such other information reasonably requested by the Company; provided that in each such case, all such information is generally required to be delivered to the Company by the other outside directors of the Company (the "Nominee Disclosure Information"); provided further that in the event that Stockholder fails to provide any such notice, the Director Designee(s) shall be the Person(s) then serving as the Director Designee(s), as applicable, as long as Stockholder provides the Nominee Disclosure Information to the Company promptly upon request by the Company.

(e) In the event of the death, disability, resignation or removal of a Director Designee, the Board will take all Necessary Action to elect to the Board a replacement director designated by Stockholder, subject to the fulfillment of the requirements set forth in Section 2.2(d), to fill the resulting vacancy, and such individual shall then be deemed a Director Designee for all purposes under this Agreement.

2.3 Chairman; Lead Independent Director; Committee Membership.

(a) Chairman. The Company and Stockholder shall take all Necessary Action to cause the Company to initially designate Mr. Tian Ming as Chairman of the Board. The Chairman shall be elected by the majority of the directors then currently serving on the Board. The Chairman shall not be required to be an Independent Director.

(b) Lead Independent Director. For so long as the Chairman of the Board is not an Independent Director, the Company and Stockholder shall take all Necessary Action to cause the Company to designate a Lead Independent Director from the available Independent Directors then currently serving as a director of the Board.

(c) Compensation Committee. The Company and Stockholder shall take all Necessary Action to cause the Company to establish and maintain a compensation committee of the Board (the "Compensation Committee"), which shall comply with any requirements applicable to such committees under the Nasdaq Listing Rules or applicable Law.

(d) Nominating and Governance Committee. The Company and Stockholder shall take all Necessary Action to cause the Company to establish and maintain a nominating and governance committee of the Board (the "Nominating and Governance Committee"), which shall comply with any requirements applicable to such committees under the Nasdaq Listing Rules or applicable Law.

(e) Audit Committee. The Company and Stockholder shall take all Necessary Action to cause the Company to establish and maintain an audit committee of the Board (the "Audit Committee"), which shall comply with any requirements applicable to such committees under the Nasdaq Listing Rules or applicable Law.

(f) For so long as the Combined Ownership Percentage is equal to or greater than 15%, the Company and Stockholder shall take all Necessary Action to cause at least one Director Designee (or more than one, at the discretion of Stockholder, if Stockholder is entitled to designate more than one Director Designee) to be appointed by the Board to sit on each standing committee of directors of the Board, subject to such Director Designee satisfying applicable qualifications under applicable Law, regulation or stock exchange rules and regulations. If any Director Designee fails to satisfy the applicable qualifications under law or stock exchange rule to sit on any committee of the Board, then the Board shall permit such Director Designee to attend (but not vote) at the meetings of such committee as an observer.

2.4Compensation and Benefits. Each of the Director Designees shall be entitled to receive compensation, benefits, reimbursement, indemnification and insurance coverage for their service as directors in such amounts as is typical for directors of similar publicly traded companies. For so long as the Company maintains directors and officers liability insurance, the Company shall take all Necessary Action to include each Director Designee as an "insured" for all purposes under such insurance policy for so long as such Director Designee is a director of the Company and for the same period as for other former directors of the Company when such Director Designee ceases to be a director of the Company.

2.5Information Rights.

(a) For so long as the Combined Ownership Percentage is equal to or greater than 20%, the Company shall be considered a non-wholly owned subsidiary of Stockholder and as such, the Company shall use reasonable best efforts to permit representatives designated by Stockholder ("Stockholder Representatives"), at reasonable times and upon reasonable notice to (i) visit and inspect any of the properties of the Company and its Subsidiaries, (ii) examine the corporate and financial records of the Company and its subsidiaries and make copies thereof or extracts therefrom, and (iii) discuss the affairs, finances and accounts of any such corporations with the directors, officers, key employees and independent accountants of the Company and its Subsidiaries. The presentation of an executed copy of this Agreement by Stockholder to the Company's independent accountants shall constitute the Company's permission to its independent accountants to participate in discussions with and provide all reasonably required information to the Stockholder Representatives.

(b) For so long as the Combined Ownership Percentage is equal to or greater than 20%, Stockholder Representatives shall be entitled to meet with the chief executive officer and the chief financial officer of the Company from time to time at reasonable times and upon reasonable notice to discuss the annual business plan and operating budget. The Company shall take all Necessary Action to ensure that the business plan and operating budget shall be provided to the Board in advance of a formal approval meeting so that the Board has sufficient time to review and ask questions of management.

(c) For so long as the Combined Ownership Percentage is equal to or greater than 20%, the Company shall use reasonable best efforts to deliver the following to Stockholder:

(i) as soon as available but in any event within thirty (30) days after the end of each monthly accounting period in each fiscal year (provided that with respect to the third (3rd) month of each fiscal quarter, such monthly report shall be delivered within forty-five (45) days after the end of such applicable fiscal quarter (or such earlier time, to the extent made available to the Board of Directors)), unaudited consolidated statements of income and cash flows for the Company for such monthly period and for the period from the beginning of the fiscal year to the end of such month, and unaudited consolidated balance sheets of the Company as of the end of such monthly period, which shall also set forth in each case (unless expressly waived by the Investors) comparisons to the corresponding period in the preceding fiscal year and, if applicable, to budgeted amounts, all prepared in accordance with U.S. GAAP, consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(ii) as soon as available but in any event (A) within thirty (30) days after the end of each quarterly accounting period of the Company in each fiscal year, internally prepared draft quarterly financial statements, and (B) within forty-five (45) days after the end of each quarterly accounting period of the Company in each fiscal year, (x) the quarterly financial statements required to be filed by the Company pursuant to the Exchange Act, or (y) unaudited consolidated statements of income and cash flows of the Company for such quarterly period and for the period from the beginning of the fiscal year to the end of such quarter and unaudited consolidated balance sheets of the Company as of the end of such quarterly period, which shall also set forth in each case (unless expressly waived by the Investors) comparisons to the corresponding period in the preceding fiscal year and, if applicable, to budgeted amounts, all prepared in accordance with U.S. GAAP, consistently applied, subject to normal year-end audit adjustments and the absence of footnotes, and shall be certified by a senior executive officer of the Company;

(iii) as soon as available but in any event (A) within forty-five (45) days after the end of each fiscal year of the Company, internally prepared draft annual financial statements, and (B) within sixty (60) days after the end of each fiscal year of the Company, (x) the annual financial statements required to be filed by the Company pursuant to the Exchange Act or (y) a consolidated balance sheet of the Company as of the end of such fiscal year, and consolidated statements of income and cash flows of the Company for such year, which shall also set forth in each case (unless expressly waived by the Investors) comparisons to the preceding fiscal year and, if applicable, to budgeted amounts, all prepared in accordance with U.S. GAAP, consistently applied, subject to normal year-end audit adjustments and the absence of footnotes, and audited in accordance with the auditing standards of the Public Company Accounting Oversight Board;

(iv) not later than forty-five (45) days after the start of each fiscal year, an annual budget prepared on a monthly basis for the Company for such fiscal year, and promptly upon preparation thereof any other significant budgets prepared by the Company and any revisions of such annual or other budgets; and

(v) with reasonable promptness, such other information and financial data concerning the Company and its Subsidiaries as any Investor entitled to receive information under this Section 2.5(c) may reasonably request by written inquiry or otherwise, in order to prepare financial or other reports required by applicable law or as otherwise required in connection with the operation of the business of such Investor or its Affiliates.

(d) For so long as the Combined Ownership Percentage is equal to or greater than 50%, the Company shall use reasonable best efforts to promptly provide Stockholder with such information as reasonably required for the purpose of its compliance with the disclosure and/or shareholders' approval requirements under The Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong, the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), and other statutory obligations that regulate the activities of Stockholder as a listed company on The Stock Exchange of Hong Kong Limited. Stockholder shall provide to the Company a compliance manual on the information required for the purpose.

3. Termination. Other than the termination provisions that are specifically provided elsewhere in this Agreement, this Agreement shall terminate (except for Section 4 and Section 5.4, in each case as governed by the provisions therein) (a) upon the mutual written agreement of the Company and Stockholder or (b) at such time as the Combined Ownership Percentage is less than 5%.

4. Sharing of Information.

4.1 To the extent permitted by antitrust, competition or any other applicable law, each party to this Agreement agrees and acknowledges that the directors designated by the parties hereto may share confidential, nonpublic information ("Confidential Information") about

---

the Company and its Subsidiaries with such party and its representatives. Stockholder recognizes that it, or its Affiliates and Representatives, has acquired or will acquire Confidential Information, the use or disclosure of which could cause the Company substantial loss and damages that could not be readily calculated and for which no remedy at law would be adequate. Accordingly, Stockholder covenants and agrees with the Company that it will not (and will cause its respective Affiliates and Representatives not to) at any time, except with the prior written consent of the Company, directly or indirectly, disclose any Confidential Information known to it, unless (i) such information becomes known to the public through no fault of Stockholder or Subsidiaries, Affiliates, or Representatives, (ii) disclosure is required by applicable law or court of competent jurisdiction or requested by a governmental agency, provided that Stockholder promptly notifies the Company of such disclosure so the Company may seek a protective order and takes reasonable steps to minimize the extent of any such required disclosure, provided, further, that if in the absence of the Company securing a protective order and if Stockholder is, based on the advice of counsel, compelled to disclose Confidential Information to any tribunal or else stand liable for contempt or suffer other censure or penalty, Stockholder may disclose to such tribunal only that portion of such information as is legally required, or (iii) such information was available or becomes available to Stockholder or its Representatives before, on or after the date hereof, without restriction, from a source (other than the Company, its Affiliates, or Representatives) without any breach of duty to the Company, or (iv) such information was independently developed by Stockholder or its Representatives without the use of the Confidential Information. Notwithstanding anything herein to the contrary, nothing in this Agreement shall prohibit Stockholder from disclosing Confidential Information to any Affiliate or Representative; provided that Stockholder, shall be responsible for any breach of this Section 4.1 by any such Person.

4.2 This Agreement shall supersede any confidentiality agreement that Stockholder has with the Company and, as of the date of this Agreement, any such confidentiality agreement shall be terminated and of no further effect.

5.Miscellaneous.

5.1Governing Law. This Agreement shall be governed in all respects by the laws of the State of Delaware without regard to any choice of laws or conflict of laws provisions that would require the application of the laws of any other jurisdiction.

5.2Jurisdiction; Enforcement. The parties agree that irreparable damage would occur if any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that each of the parties shall be entitled (in addition to any other remedy that may be available to it, including monetary damages) to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement exclusively in the Delaware Court of Chancery and any state appellate court therefrom within the State of Delaware (or, if the Delaware Court of Chancery declines to accept jurisdiction over a particular matter, any state or federal court within the State of Delaware). In addition, each of the parties irrevocably agrees that any legal action or proceeding with respect to this Agreement and the rights and obligations arising hereunder, or for recognition and enforcement of any judgment in respect of this Agreement and the rights and obligations arising hereunder brought by the other party or its successors or assigns, shall be brought and determined exclusively in the Delaware Court of

---

Chancery and any state appellate court therefrom within the State of Delaware (or, if the Delaware Court of Chancery declines to accept jurisdiction over a particular matter, any state or federal court within the State of Delaware). The parties further agree that no party to this Agreement shall be required to obtain, furnish or post any bond or similar instrument in connection with or as a condition to obtaining any remedy referred to in this Section 5.2 and each party waives any objection to the imposition of such relief or any right it may have to require the obtaining, furnishing or posting of any such bond or similar instrument. Each of the parties hereby irrevocably submits with regard to any such action or proceeding for itself and in respect of its property, generally and unconditionally, to the personal jurisdiction of the aforesaid courts and agrees that it will not bring any action relating to this Agreement or any of the transactions contemplated by this Agreement in any court other than the aforesaid courts. Each of the parties hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, (a) any claim that it is not personally subject to the jurisdiction of the above named courts for any reason other than the failure to serve in accordance with this Section 5.2, (b) any claim that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (c) to the fullest extent permitted by the applicable Law, any claim that (i) the suit, action or proceeding in such court is brought in an inconvenient forum, (ii) the venue of such suit, action or proceeding is improper or (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts. Each party hereby consents to service being made through the notice procedures set forth in Section 5.7 and agrees that service of any process, summons, notice or document by registered mail (return receipt requested and first-class postage prepaid) to the respective addresses set forth in Section 5.7 shall be effective service of process for any suit or proceeding in connection with this Agreement or the transactions contemplated by this Agreement. EACH OF THE PARTIES KNOWINGLY, INTENTIONALLY AND VOLUNTARILY WITH AND UPON THE ADVICE OF COMPETENT COUNSEL IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

5.3Successors and Assigns. Except as otherwise provided in this Agreement, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors, and administrators of the parties. For the avoidance of doubt, Stockholder may assign this Agreement to any of its Affiliates or other Permitted Transferees without the prior written consent of the Company; provided that each such assignment shall require prompt written notice to the Company after any such assignment.

5.4 Fiduciary Duties; Corporate Opportunities.

(a) Other than as set forth in this Section 5.4, this Agreement is not intended to, and does not, create or impose any fiduciary duty on Stockholder or its respective Affiliates to the Company or to any other stockholder of the Company.

(b) Notwithstanding any provision of this Agreement, neither the Company nor the Board shall be required to take or omit to take any act that would violate its fiduciary duties to the Company and its stockholders.

(c) To the fullest extent permitted by applicable law, Stockholder agrees that at any time when: (i) the Combined Ownership Percentage exceeds 10%, or (ii) Stockholder (or a representative thereof) serves as a director on the Board (collectively, the "Restrictive Thresholds"), except for the Urban Development Project, Stockholder and its affiliates will not engage in, or propose to engage in, the "domestic homebuilding business." For purposes of this Section 5.4, "domestic homebuilding business" shall mean a business (i) engaged in constructing single and/or multifamily residential properties that operates in the United States or (ii) with a business unit dedicated to constructing single and/or multi-family residential properties in the United States. For purposes of this Section 5.4, "Urban Development Project" shall mean that certain 14 story luxury residential condominium development on the upper west side of Manhattan, New York in the United States, which was transferred to the Stockholder by Landsea, Inc. as part of an internal reorganization on June 29, 2020.

(d) Notwithstanding anything to the contrary herein (including the provisions of Section 3 and Section 5.9), this Section 5.4 (i) may only be amended, modified, waived or otherwise altered with (x) the written consent of the Stockholder and the Company and (y) approval by stockholders of the Company in accordance with Article X of the Second Amended and Restated Certificate of Incorporation of the Company, dated as of January 7, 2021, as amended from time to time, and (ii) may only be terminated at such time that the Restrictive Thresholds no longer apply to Stockholder and at such time this Section 5.4 shall be automatically terminated by the Company. For the avoidance of doubt, if this Agreement is terminated in accordance with Section 3, and at such time of termination, the Restrictive Thresholds continue to apply to Stockholder, this Section 5.4 shall remain in effect until terminated in accordance with the terms set forth herein.

5.5 No Third-Party Beneficiaries. Notwithstanding anything contained in this Agreement to the contrary, nothing in this Agreement, expressed or implied, is intended to confer on any Person other than the parties any rights, remedies, obligations or liabilities under or by reason of this Agreement, and no Person that is not a party to this Agreement (including any partner, member, shareholder, director, officer, employee or other beneficial owner of any party, in its own capacity as such or in bringing a derivative action on behalf of a party) shall have any standing as third-party beneficiary with respect to this Agreement or the transactions contemplated by this Agreement.

5.6 Entire Agreement. This Agreement constitutes the full and entire understanding and agreement among the parties with regard to the subjects of this Agreement and such other agreements and documents.

5.7 Notices. Except as otherwise provided in this Agreement, all notices, requests, claims, demands, waivers and other communications required or permitted under this Agreement shall be in writing and shall be mailed by reliable overnight delivery service or delivered by hand, facsimile, email or messenger as follows:

if to the Company:

Landsea Homes Corporation
1717 McKinney Avenue, Suite 1000
Dallas, TX 75202

Attention: Kelly Rentzel
Email: krentzel@landseahomes.com with a copy (which shall not constitute notice) to:

Gibson, Dunn & Crutcher LLP
200 Park Ave,
New York, NY 10166 Attention: Lori Zyskowski; Michael Flynn
Email: lzyskowski@gibsondunn.com; mflynn@gibsondunn.com if to Stockholder:

Landsea Holdings Corporation
530 Lytton Ave, Suite 304
Palo Alto, CA 94301
Attention: Joanna Zhou
Email: qzhou@landsea.us with a copy (which shall not constitute notice) to:

Squire Patton Boggs LLP 555 South Flower Street, 31st Floor
Los Angeles, CA 90071
Attention: James Hsu
Email: james.hsu@squirepb.com or in any such case to such other address, facsimile number, or email address as any party may, from time to time, designate in a written notice given in a like manner. Notices shall be deemed given when actually delivered by overnight delivery service, hand or messenger, or when transmitted by facsimile or email.

5.8Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party under this Agreement shall impair any such right, power, or remedy of such party, nor shall it be construed to be a waiver of or acquiescence to any breach or default, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default. All remedies, either under this Agreement or by law or otherwise afforded to any holder, shall be cumulative and not alternative.

5.9Amendments and Waivers. Other than Section 5.4 (as governed pursuant to the terms therein), any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only if such amendment or waiver is in writing and signed, in the case of an amendment, by the Company and Stockholder. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each holder of any securities purchased under this Agreement at the time outstanding (including securities into which such securities are convertible), each future holder of all such securities, and the Company.

5.10Counterparts. This Agreement may be executed in any number of counterparts and signatures may be delivered by facsimile or in electronic format, each of which may be executed by less than all the parties, each of which shall be enforceable against the parties actually executing such counterparts and all of which together shall constitute one instrument.

5.11Severability. If any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable, or void, portions of such provision, or such provision in its entirety, to the extent necessary, shall be severed from this Agreement and the balance of this Agreement shall be enforceable in accordance with its terms.

5.12No Recourse. Notwithstanding anything that may be expressed or implied in this Agreement, the Company and Stockholder covenants, agrees and acknowledges that no recourse under this Agreement or any documents or instruments delivered in connection with this Agreement shall be had against any current or future director, officer, employee, general or limited partner or equity holder of Stockholder or of any

Affiliate or assignee thereof, whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any statute, regulation or other applicable law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any current or future officer, agent or employee of Stockholder or any current or future member of Stockholder or any current or future director, officer, employee, partner or member of Stockholder or of any Affiliate or assignee thereof, as such for any obligation of Stockholder under this Agreement or any documents or instruments delivered in connection with this Agreement for any claim based on, in respect of or by reason of such obligations or their creation, except to the extent any such losses, expenses, claims, actions, damages or liabilities incurred resulted from gross negligence, fraud or willful misconduct.

5.13 Titles and Subtitles; Interpretation. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement. When a reference is made in this Agreement to a Section, Schedule or Annex, such reference shall be to a Section, Schedule or Annex of this Agreement unless otherwise indicated. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.” The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. Any agreement, instrument or statute defined or referred to in this Agreement means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes. Each of the parties has participated in the drafting and negotiation of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if it is drafted by each of the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of authorship of any of the provisions of this Agreement.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

LANDSEA HOMES CORPORATION

/s/ John Ho

By: John Ho

Title: CEO

LANDSEA HOLDINGS CORPORATION

/s/ Ming (Martin) Tian

By: Ming (Martin) Tian

Title: Chairman & Director

Schedule I

	Shares of Common Stock
Landsea Homes Holdings Corporation	33,057,303

Schedule II

	Shares of Common Stock
Landsea Holdings Corporation	16,940,729

Date: November 2, 2023

By: /s/ John Ho

John Ho
Chief Executive Officer
(Principal Executive Officer)

Date: November 2, 2023

By: /s/ Chris Porter

Chris Porter
Chief Financial Officer
(Principal Financial Officer)

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (the "Agreement") is made and entered into as of April 30, 2024 between Landsea Homes Corporation ("Homes"), and Landsea Holdings Corporation ("Holdings"). Homes and Holdings may be referred to (i) collectively as the "Parties" or individually as a "Party" and (ii) in their respective capacities as an Indemnitor hereunder as "Indemnitor" and in their respective capacities as an Indemnitee hereunder as "Indemnitee".

RECITALS

WHEREAS, Homes, Holdings, LF Capital Acquisition Corp. | Q3 2023 Form 10-Q | 41, and LFCA Merger Sub, Inc. entered into an Agreement and Plan of Merger dated August 31, 2020 ("Merger Agreement");

WHEREAS, pursuant to the terms of the Merger Agreement, LFCA Merger Sub, Inc. merged into Homes, and Homes became the surviving corporation on January 7, 2021 ("Merger Transaction");

WHEREAS, in preparation for the Merger Transaction, the Parties took certain actions related to their respective roles after consummation of the Merger Transaction, each such action effective no later than such consummation (the "Closing"), including, without limitation, (i) Homes distributing 100% of the membership interest in Landsea Homes - WAB LLC ("LHW") to Holdings pursuant to a Distribution Agreement dated August 27, 2020 by and among Homes, Holdings and LHW, (ii) Landsea Urban LLC, a subsidiary of Homes ("Urban"), assigning its membership interest in LS-212 West 93 Member LLC ("West 93") to Holdings pursuant to a Contribution Agreement dated June 30, 2020 by and among Holdings, Urban and West 93, (iii) Holdings assigning to Homes the employee benefit plans specified in Schedule 5.1(a)(xiii) of the disclosure schedules to the Merger Agreement (the "Disclosure Schedules"), which are set forth on Annex A, and (iv) Holdings assigning to Homes the guarantees and indemnities specified in Schedule 5.1(a)(vi) and (viii) of the Disclosure Schedules, which are set forth on Annex B (the actions referenced in clauses (i), (iii) and (iv), collectively, the "HomesSpecific Carve-Out Transactions", and the action referenced in clause (ii), the "Holdings Specific Carve-Out Transaction")("Homes Specific Carve-Out Transactions" and "Holdings Specific Carve-OutTransaction" shall collectively be referred to as "Specific Carve-Out Transactions");

WHEREAS, in consideration of the Merger Transaction and the Specific Carve-Out Transactions, the Parties have always contemplated and understood that from and after the Closing (i) Homes would conduct and be responsible for the business operations conducted by Holdings and Homes with respect to the projects listed on Annex C (the "Homes Business") and the obligations associated therewith, and (ii) Holdings would conduct and be responsible for any other business operations conducted under the Landsea name, include those relating to West 93 (other than with respect to the obligations of Homes pursuant to the Management Agreement dated as of January 6, 2021 by and between Holdings and Homes) (the "Holdings Business") and the obligations associated therewith;

WHEREAS, over the past several years since the Closing, and pursuant to the Parties' understanding, Homes has directed the litigation efforts of Holding and Homes with respect to the litigation matters set forth on Annex D (including, but not limited to a lawsuit filed on July

---

22, 2019 in Contra Costa County Superior Court, entitled *Maria Munoz, et al. v. Jan Gyllstrom, et al*., Case No. CIVMSC19-01400 (the "Munoz Matter")) (the "Litigation Matters");

WHEREAS, on November 5, 2021, a Settlement and Funding Agreement ("Settlement Agreement") was made and entered into to resolve the Munoz Matter, whereby certain insurers agreed to fund the settlement payments under a reservation of the right to seek reimbursement of defense fees and costs, as well as reimbursement of their respective shares of the settlement payments ("Reimbursement Claims");

WHEREAS, on October 27, 2023, one of the excess insurers who funded the Settlement Agreement filed a lawsuit in Los Angeles Superior Court, entitled *Ironshore Specialty Insurance Company v. Landsea Holdings Corporation, et al.*, Case No. 30-2023-01359955-CU-IC-CJC ("Ironshore Matter");

WHEREAS, the Parties desire to confirm their understandings pursuant to which each Party shall indemnify and hold harmless the other party with respect to the matters described herein;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, intending to be legally bound, the Parties hereby agree as follows:

AGREEMENT

1. Indemnification.

(a) Indemnification by Homes. Homes (on the behalf of itself and any and all of its successors in interest) hereby agrees to defend, hold harmless and indemnify Holdings to the fullest extent permitted by law, as such may be amended from time to time, from any and all disputes, claims, losses, controversies, demands, liabilities, actions and causes of action of every kind and nature ("Losses") to the extent relating to, or arising from, (i) the business operations of the Homes Business after the Closing, (ii) the business operations of the Homes Business before the Closing and which Losses and the circumstances resulting therein are not known to Holdings as of the date of this Agreement, (iii) the Homes Specific Carve-Out Transactions, except such Losses resulting from the actions or omissions of Holdings or any of its employees, successors, or assigns, and (iv) the Litigation Matters (including, but not limited to, the Ironshore Matter and the Reimbursement Claims) ((i), (ii), (iii) and (iv), collectively, "Homes Covered Matters"). Homes shall be the sole party responsible to pay and fund any and all Homes Covered Matters. Subject to Section 2: (x) to the extent Holdings has paid a liability with respect to any Homes Covered Matter (a "Homes Liability"), it is entitled to recover and collect from Homes the amount of such Homes Liability, and (y) Holdings will submit to Homes a written demand for payment of the Homes Liability and Homes will pay the Homes Liability to Holdings within thirty (30) business days of receipt of demand for payment.

(b) Indemnification by Holdings. Holdings (on the behalf of itself and any and all of its successors in interest) hereby agrees to defend, hold harmless and indemnify

Homes to the fullest extent permitted by law, as such may be amended from time to time, from any and all Losses to the extent relating to, or arising from, (i) the business operations of the Holdings Business after the Closing, and (ii) the Holdings Specific Carve-Out Transactions, except such Losses resulting from the actions or omissions of Homes or any of its employees, successors, or assigns ((i) and (ii) collectively, "Holdings Covered Matters"). Holdings shall be the sole party responsible to pay and fund any and all Holdings Covered Matter. Subject to Section 2, (x) to the extent Homes has paid a liability with respect to any Holding Covered Matter (a "Holdings Liability"), it is entitled to recover and collect from Holdings the amount of such Holdings Liability, and (y) Homes will submit to Holdings a written demand for payment of the Holdings Liability and Holdings will pay the Holdings Liability to Homes within thirty (30) business days of receipt of demand for payment.

(c) Certain Limitations.

(a) Payments by an Indemnitor pursuant to this Section 1 in respect of any Losses shall be limited to the amount of any liability or damage that remains after deducting therefrom any insurance proceeds and any indemnity, contribution or other similar payment received or reasonably expected to be received by Indemnitor in respect of any such claim. Indemnitee shall use its commercially reasonable efforts to recover under insurance policies or indemnity, contribution or other similar agreements for any Losses prior to seeking indemnification under this Agreement. If an Indemnitee receives any payment in respect of any Losses after it has already received an indemnification payment on account of its claim, then it shall promptly reimburse Indemnitor for the amount of such payment (net of any costs, expenses or losses incurred in connection with such payment) to the extent that such amount was not already deducted from the indemnification payment made by Indemnitor.

(b) Except to the extent awarded by a court of competent jurisdiction to a third party pursuant to a third party claim, Losses shall exclude, and in no event shall either party have any liability under any provision of this Agreement for, any punitive, exemplary, incidental, consequential, special or indirect damages, damages for loss of future revenue, income or profit, loss of business reputation or opportunity, or diminution of value.

(c) An Indemnitee shall take all reasonable steps to mitigate any Loss upon becoming aware of any event or circumstance that would be reasonably expected to, or does, give rise thereto.

2. Procedures; Duty to Defend and Attorneys and Other Fees and Expenses.

(a) Third Party Claims. If any Indemnitee receives notice of the assertion or commencement of any action, suit, claim, investigation, or other proceeding made

or brought by any Person who is not a party to this Agreement or an affiliate of a party to this Agreement or a representative of the foregoing (a "Third Party Claim") against such Indemnitee with respect to which an Indemnitor is obligated to provide indemnification under this Agreement, the Indemnitee shall give the Indemnitor prompt written notice thereof (a "Claim Notice"). The failure to give such prompt written notice shall not, however, relieve the Indemnitor of its indemnification obligations, except to the extent that the Indemnitor forfeits rights or defenses by reason of such failure. The Claim Notice shall describe the Third Party Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnitee. The Indemnitor shall have the right to participate in, or by giving written notice to the Indemnitee, to assume, and, upon the request of the Indemnitee, the Indemnitor shall conduct, the defense of any Third Party Claim at the Indemnitor's expense and by the Indemnitor's own counsel, and the Indemnitee shall cooperate in good faith in such defense. In the event that the Indemnitor assumes or otherwise conducts the defense of any Third Party Claim, the Indemnitor shall have the right to take such action as it deems reasonably necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third Party Claim in the name and on behalf of the Indemnitee. The Indemnitee shall have the right, at its own cost and expense, to participate in the defense of any Third Party Claim with counsel selected by it subject to the Indemnitor's right to control the defense thereof. If the Indemnitor elects not to compromise or defend such Third Party Claim or fails to promptly notify the Indemnitee in writing of its election to defend as provided in this Agreement, the Indemnitee may pay, compromise, defend such Third Party Claim and seek indemnification for any and all Losses based upon, arising from or relating to such Third Party Claim. The Indemnitor and the Indemnitee shall cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including, without limitation, (i) making available records relating to such Third Party Claim, (ii) furnishing, without expense (other than reimbursement of reasonable actual out-of-pocket expenses) to the Indemnitor, employees of the Indemnitee as may be reasonably necessary for the preparation of the defense of such Third Party Claim, and (iii) entering into a mutually acceptable joint defense agreement.

(b) Settlement of Third Party Claims. Notwithstanding any other provision of this Agreement, an Indemnitor shall not enter into settlement of any Third Party Claim without the prior written consent of the Indemnitee (which consent shall not be unreasonably withheld, delayed or conditioned), unless such settlement is solely for money damages that shall be paid for in full by the Indemnitor and provides, in customary form, for the unconditional release of each Indemnitee from all liabilities and obligations in connection with such Third Party Claim. If an Indemnitee is conducting the defense pursuant to Section 2(a), it shall not agree to any settlement without the written consent of the Indemnitor (which consent shall not be unreasonably withheld, delayed or conditioned) if the Indemnitee is seeking or will seek indemnification hereunder with respect to such matter.

(c) Direct Claims. Any claim by an Indemnitee on account of a Loss which does not result from a Third Party Claim (a "Direct Claim") shall be asserted by the Indemnitee giving the Indemnitor prompt written notice thereof. The failure to give such prompt written notice shall not, however, relieve the Indemnitor of its indemnification obligations, except to the extent that the Indemnitor forfeits rights or defenses by reason of such failure. Such notice by the Indemnitee shall describe the Direct Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnitee. The Indemnitor shall have 30 days after its receipt of such notice to respond in writing to such Direct Claim. During such 30-day period, the Indemnitee shall allow the Indemnitor and its professional advisors to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim and the Indemnitee shall assist the Indemnitor's investigation by giving such information and assistance (including access to the Indemnitee's premises and personnel and the right to examine and copy any accounts, documents or records) as the Indemnitor or any of its professional advisors may reasonably request. If the Indemnitor does not so respond within such 30-day period, the Indemnitor shall be deemed to have rejected such claim, in which case the Indemnitee shall be free to pursue such remedies as may be available to the Indemnitee on the terms and subject to the provisions of this Agreement.

3. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of any successors of the Parties.

4. Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision. Without limiting the generality of the foregoing, this Agreement is intended to confer upon the Indemnitee indemnification rights to the fullest extent permitted by applicable laws. In the event any provision herein conflicts with any applicable law, such provision shall be deemed modified, consistent with the aforementioned intent, to the extent necessary to resolve such conflict.

5. Modification and Waiver. No supplement, modification, termination or amendment of this Agreement shall be binding unless executed in writing by both of the Parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

6. Authority to Execute/Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

---

7. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

8. Governing Law and Consent to Jurisdiction. This Agreement and the legal relations among the Parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on and as of the day and year first above written.

LANDSEA HOMES CORPORATION
By: /s/ John Ho
Name: John Ho
Title: CEO

LANDSEA HOLDINGS CORPORATION

By: /s/ Ming (Martin) Tian
Name: Ming (Martin) Tian
Title: Chairman & Director

Annex A

Employee Benefit Plans

1. Landsea 401(k) Retirement Savings Plan
2. Group Voluntary Term Life Insurance — Mutual of Omaha
3. Group Term Life Insurance — Mutual of Omaha
4. Group Short-Term Disability Benefits (Arizona Employees) — Mutual of Omaha
5. Group Voluntary Long-Term Disability — Mutual of Omaha
6. Group Health Insurance — Anthem Blue Cross PPO
7. Group Dental Insurance — Anthem Blue Cross Dental PPO
8. Group Vision Insurance — Anthem Blue Cross Vision
9. Group Supplemental Hospital Indemnity — Aflac
10. Group Accidental Injury — Aflac
11. Group Critical Illness — Aflac
12. Group Short-Term Disability — Aflac
13. Flexible Spending Account (Medical) – Anthem Blue Cross
14. Flexible Spending Account (Dependent Care) – Anthem Blue Cross
15. Flexible Spending Account (Transit) – Anthem Blue Cross

Annex B

Loan Guarantees

Amount	Loan
$ 102,300,000.00	Construction Loan Agreement, by and between LS-NJ Port Imperial LLC and the Bank of the Ozarks, dated November 30, 2016, and the ancillary documents thereto.
$ 35,000,000.00	Mezzanine Loan Agreement, by and between LS-14 Ave LLC and MREF REIT Lender 3 LLC, dated September 12, 2018, and the ancillary documents thereto.
$ 23,311,688.80	Building Loan Agreement, by and between LS-14 Ave LLC and MREF REIT Lender 3 LLC, dated September 12, 2018, and the ancillary documents thereto.
$ 8,688,311.10	Project Loan Agreement, by and between LS-14 Ave LLC and MREF REIT Lender 3 LLC, dated September 12, 2018, and the ancillary documents thereto.
$ 30,000,000.00	Senior Loan Agreement, by and between LS-14 Ave LLC and MREF REIT Lender 3 LLC, dated September 12, 2018, and the ancillary documents thereto.
$ 12,318,000.00	Severed Mezzanine Loan Agreement (Planning Area 1), by and between Portola PA-1 Mezz Owner LLC and LS-OC Portola EB-5 LLC, dated January 31, 2018, and the ancillary documents thereto.
$ 12,119,025.90	Severed Mezzanine Loan Agreement (Planning Area 5B) (Note No. 6), by and between Portola PA-5B Mezz Owner LLC and LS-OC Portola EB-5 LLC, dated May 30, 2019, and the ancillary documents thereto.
$ 11,446,623.00	Severed Mezzanine Loan Agreement (Planning Area 5B) (Note No. 5), by and between Portola PA-5B Mezz Owner LLC and LS-OC Portola EB-5 LLC, dated May 30, 2019, and the ancillary documents thereto.
$ 16,500,000.00	Construction Loan Agreement, by and between Portola PA-5B Owner LLC and Mechanics Bank, dated September 9, 2019, and the ancillary documents thereto.
$ 20,000,000.00	Construction Loan Agreement (Revolving Facility), by and between Portola PA-5 Owner LLC and Mechanics Bank, dated May 30, 2019, and the ancillary documents thereto.
$ 18,500,000.00	Construction Loan Agreement, by and between Portola PA-1 Owner LLC and Mechanics Bank, dated July 27, 2018, and the ancillary documents thereto.
$ 14,000,000.00	Construction Loan Agreement (Revolving Facility), by and between Portola PA-3 Owner LLC and Mechanics Bank, dated January 31, 2018, and the ancillary documents thereto.
$ 16,000,000.00	Construction Loan Agreement, by and between LS-Santa Clara LLC and Farmers and Merchants Bank of Long Beach, dated August 6, 2018, and the ancillary documents thereto.
$ 150,000,000.00	Senior Secured Credit Agreement (Revolving/Borrowing Base), by and among Landsea Homes-WAB LLC, Western Alliance Bank, and the lenders thereto, dated February 1, 2018, as amended by that certain First Amendment, dated August 17, 2018, as further amended by that certain Second Amendment, dated May 28, 2019 and as further amended by that certain Third Amendment, dated August 28, 2019.
$ 75-200,000,000.00	Credit Agreement, by and among Landsea Homes-WAB 2 LLC and Western Alliance Bank, and the lenders thereto, dated January 15, 2020, and the ancillary documents thereto.
$ 15,000,000.00	Master Revolving Line of Credit Agreement (Revolving Construction Loan Facility – Residential), by and among Pinnacle West Homes E48 LLC, West Homes Encanta LLC, Pinnacle West Homes and Development, LLC and Western Alliance Bank, dated October 19, 2018, and the ancillary documents thereto.
$ 49,350,000.00	Construction Loan Agreement, by and between LS-LA Simi, LLC and East West Bank, dated November 17, 2017, and the ancillary documents thereto.
$ 18,500,000.00	Construction Loan Agreement, by and between LS-LA Simi LLC and Mechanics Bank, dated September 23, 2019, and the ancillary documents thereto.
EB-5 Loans	
$ 13,000,000.00	Construction Loan Agreement, by and between LS-Danville, LLC and LS-SF Jordan Ranch EB-5 LLC, dated July 25, 2018, and the ancillary documents thereto.
$ 47,000,000.00	Construction Loan Agreement, by and between LS-Wilder LLC and Landsea Capital Fund I, LLC, dated June 29, 2020, and the ancillary documents thereto.

Annex C

Homes Business Projects

See attached.

Annex D

Litigation Matters

DIVISION	PROJECT	CASE NAME AND NUMBER / CLAIMANT	DATE OF CLAIM	NATURE
CA-SoCal	IronRidge	*San Diego Regional Water Quality Control Board v. Landsea Holdings Corporation* Complaint No. R9-2020-0006	6/1/2016	Landsea Holdings Corporation and certain of its affiliates are involved in an administrative proceeding with the San Diego Regional Water Quality Control Board regarding alleged discharge of stormwater runoff from a temporary stormwater conveyance system at a 95-acre residential construction project called “Portola Center South”. The Water Quality Control Board is seeking damages in the amount of $9,115,932 from a number of individuals and corporate entities associated with Baldwin & Sons (each a “Designated Party”). While the Seller has not been named as a Designated Party in the complaint, the prosecution has reserved the right to “bring additional enforcement against the Baldwin Entities and Individuals and/or Landsea.” Landsea Holdings Corporation contends that the original seller of the site, SRC-PH Investments LLC, its affiliated entities, and Sunrise Pacific Construction, the contractor who oversaw the development of the land in question, are required to indemnify it, and by extension the Company, for damages it suffers as a result of the administrative action, and the parties have entered into a tolling agreement set to expire on September 21, 2020, to preserve the statute of limitations for such a claim. Landsea Holding Corporation has requested an extension to the tolling agreement.
CA-SoCal	Westerly/ Portola/ Lido Villas	*Landsea Holdings Corporation v. Digging Deep, Inc.* Case No. 30-2019- 01114879-CU-BC-CJC	6/24/2019	Landsea Holdings Corporation filed suit against subcontractor Digging Deep, Inc. in Orange County Superior Court for breach of contract and fraud in connection with work performed on certain projects by the subcontractor. Landsea Holdings Corporation is seeking damages in the amount of $741,103.38 and is awaiting the court’s decision on an application for default judgment filed against the subcontractor on April 6, 2020.
CA-NorCal	Employ- ment	*Hendricks, Ricky v. Landsea Holdings Corporation, et al.* Case No. 34-2019-00260868	7/26/2019	Plaintiff, Ricky Hendricks, brought suit for wrongful termination, defamation and failure to reimburse certain business expenses against Landsea Holdings Corporation in connection with an investigation as to whether Hendricks was in possession of illegal drugs while at work. Hendricks is seeking an unspecified amount of damages. The case was filed in the Superior Court of California in Sacramento. However, such action was stayed pending arbitration. Plaintiff informed Seller that he submitted a demand for arbitration to JAMS. However, Seller has not yet been served with such demand.
CA-SoCal	Lido Villas	Avia Industries, Inc. (Kalamata Capital Group)	9/20/2019	Landsea Holdings Corporation received a UCC Lien Notice from Kalamata Capital Group in connection with breach of contract and construction defect claims against Avia Industries, Inc., the subcontractor that performed the work in question. Kalamata Capital Group is seeking damages in the amount of $722,940.74. Landsea Holdings Corporation sent a Claim Notice and Demand for Payment to Avia Industries, Inc., on November 12, 2019, but negotiations have been unsuccessful and the Company is contemplating filing suit against Avia Industries, Inc.
CA-NorCal	Wrongful Death	*Munoz, et al. v. Gyllstrom* Case No. CIVMSC19-01400	10/1/2019	Plaintiffs commenced a wrongful death claim in the Superior Court of California in Contra Costa against a former Landsea employee, Jan Gyllstrom. The complaint names Landsea Holdings Corporation and Landsea Homes of California, Inc., as defendants, alleging that the companies are vicariously liable for the actions of Gyllstrom and seeking an unspecified amount in damages. Landsea is contesting this action and its insurer has agreed to cover the costs of defense, subject to certain reservations. The insurer has not agreed to assume full indemnity / responsibility at this time. A trial setting conference is scheduled for October 19, 2020.

EXHIBIT 31.1

CERTIFICATIONS

I, John Ho, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Landsea Homes Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant

and have:

(a) a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

---

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit

---

committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:	November 2, 2023 May 1, 2024
By:	/s/ John Ho
Name:	John Ho
Title:	Chief Executive Officer
	(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATIONS

I, Chris Porter, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Landsea Homes Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

---

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit

---

committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:	November 2, 2023 May 1, 2024
By:	/s/ Chris Porter
Name:	Chris Porter
Title:	Chief Financial Officer
	(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the quarterly report of Landsea Homes Corporation (the “Company”) on Form 10-Q for the period ended September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, John Ho, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	November 2, 2023 May 1, 2024
By:	/s/ John Ho
Name:	John Ho
Title:	Chief Executive Officer
	(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the quarterly report of Landsea Homes Corporation (the “Company”) on Form 10-Q for the period ended September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Chris Porter, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	November 2, 2023 May 1, 2024
By:	/s/ Chris Porter
Name:	Chris Porter
Title:	Chief Financial Officer (Principal Financial Officer)

DISCLAIMER