UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 18, 2022

LANDSEA HOMES CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	001-38545	82-2196021
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

660 Newport Center Drive, Suite 300
Newport Beach, California
(Address of principal executive offices)

92660
(Zip Code)

Registrant's telephone number, including area code: (949) 345-8080

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter)

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. ☐

EXPLANATORY NOTE

On January 18, 2022, Landsea Homes Corporation, a Delaware corporation (the "**Company**"), and its wholly owned subsidiary, Landsea Homes of Florida LLC, a Delaware corporation ("**Buyer**"), entered into a Membership Interest Purchase Agreement (the "**Purchase Agreement**") with SAM Building Partners, LLC and Edge Creek Ventures, LLC, as the sellers, and SWO Holdings Irrevocable Trust dated April 3, 2017, AJO Holdings Irrevocable Trust dated April 3, 2017, JMO Holdings Irrevocable Trust dated April 3, 2017, Stephen W. Orosz, Andrew J. Orosz, and J. Matthew Orosz, pursuant to which Buyer acquired (including the transactions related thereto, the "**Acquisition**") all the membership interests of Hanover Family Builders, LLC, a Florida-based homebuilder , which Acquisition closed concurrently with the execution of the Purchase Agreement. On January 20, 2022, the Company filed with the Securities and Exchange Commission a Current Report on Form 8-K (the "**Original Form 8-K**") reporting, among other things, the consummation of the Acquisition and entry into the Hanover Agreement, and indicating that the Company intended to provide the required Item 9.01(a) Financial Statements of Business Acquired and Item 9.01(b) Pro Forma Financial Information through an amendment to the Original Form 8-K no later than 71 days from the date on which the Original Form 8-K was required to be filed. This Current Report on Form 8-K/A amends the Original Form 8-K to provide such financial statements and information.

Item 9.01 of the Original Form 8-K is hereby amended and restated in its entirety as set forth below.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired:

The audited consolidated financial statements of Hanover Family Builders, LLC and subsidiaries as of and for the years ended December 31, 2021 and December 31, 2020 are filed herewith as Exhibit 99.1 and incorporated in this Item 9.01(a) by reference.

(b) Pro Forma Financial Information:

The unaudited pro forma condensed combined financial statements of Hanover Family Builders, LLC and subsidiaries as of and for the year ended December 31, 2021, giving effect to the Acquisition, are filed herewith as Exhibit 99.2 and incorporated in this Item 9.01(b) by reference.

(c) Exhibits

Exhibit No.	Description
21.1	Consent of BKHM, PA, independent auditors of Hanover Family Builders, LLC and subsidiaries
99.1	Audited consolidated financial statements of Hanover Family Builders, LLC and subsidiaries for the years ended December 31, 2021 and December 31, 2020.
99.2	Unaudited pro forma condensed combined financial statements of Hanover Family Builders, LLC and subsidiaries as of and for the year ended December 31, 2021, giving effect to the Acquisition.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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 hereunto duly authorized.

LANDSEA HOMES CORPORATION

Date: March 29, 2022

By: /s/ Franco Tenerelli
Name: Franco Tenerelli
Title: Executive Vice President, Chief Legal Officer and Secretary

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Exhibit 21.1

CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the incorporation by reference in the Registration Statement of Landsea Homes Corporation on Form S-8 (File No. 333-254307) of our report dated March 3, 2022, with respect to the audited consolidated financial statements of Hanover Family Builders, LLC which comprise the consolidated balance sheets as of December 31, 2021 and 2020 and the related consolidated statements of income, equity and cash flows for the years then ended, and the related notes to the consolidated financial statements, which report is filed as an exhibit to this Current Report on Form 8-K/A of Landsea Homes Corporation dated March 29, 2022.

/s/ BKHM, P.A.

Winter Park, Florida
March 29, 2022

EXHIBIT 99.1

HANOVER FAMILY BUILDERS, LLC AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Managers of
Hanover Family Builders, LLC and Subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of Hanover Family Builders, LLC and Subsidiaries (a Florida Limited Liability Company) (collectively the "Company"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020 and the related consolidated statements of income, equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Subsequent Sale of Hanover Family Builders, LLC

As discussed in Note 12 to the consolidated financial statements, in January 2022, all of the interests in Hanover Family Builders, LLC were sold to Landsea Homes of Florida, LLC. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

BKHM, P.A.

Winter Park, Florida

March 3, 2022

1560 Orange Avenue, Suite 600, Winter Park, Florida 32789 | 407.998.9000 | Fax 407.998.9010

HANOVER FAMILY BUILDERS, LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,975,619	$ 1,527,680
Accounts receivable	25,548	25,548
Inventory	146,726,021	79,292,696
Other current assets	5,915,786	3,785,599
Total current assets	159,642,974	84,631,523
Property and equipment, net	65,458	112,013
Deferred financing costs	665,295	257,918
Other assets	349,629	1,435,522
Total assets	$ 160,723,356	$ 86,436,976
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 8,905,076	$ 5,372,405
Due to related parties	—	832,058

Accrued expenses		1,711,741		2,543,988
Customer deposits		11,048,795		3,101,720
Related party lines of credit		5,000,000		1,500,000
Related party note payable		5,691,026		—
Note payable, current portion		600,000		—
Total current liabilities		32,956,638		13,350,171
Bank lines of credit		62,579,446		37,381,760
Note payable		2,692,000		—
PPP note payable		—		973,212
Total liabilities		98,228,084		51,705,143
Equity:				
HFB members' equity		59,795,272		34,731,833
Noncontrolling interest		2,700,000		—
Total equity		62,495,272		34,731,833
Total liabilities and equity	$	160,723,356	$	86,436,976

See accompanying notes to consolidated financial statements.

HANOVER FAMILY BUILDERS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

		2021		2020
Revenues	$	208,115,193	$	160,713,196
Cost of revenues		151,404,128		121,889,067
Gross profit		56,711,065		38,824,129
Operating expenses:				
Sales and marketing		15,451,803		13,320,393
Construction supervisors		2,565,054		1,776,839
General and administrative		8,995,323		7,333,892
Depreciation		23,205		25,107
Total operating expenses		27,035,385		22,456,231
Income from operations		29,675,680		16,367,898
Other income (expense):				
Other miscellaneous income		1,457,615		110,178
Interest expense		(407,764)		(90,500)
Total other income (expense)		1,049,851		19,678
Net income		30,725,531		16,387,576
Less: Net income attributable to noncontrolling interest		—		(88,419)
Net income attributable to HFB members	$	30,725,531	$	16,299,157

See accompanying notes to consolidated financial statements.

HANOVER FAMILY BUILDERS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

		HFB Members' Equity		Non-controlling Interest		Total Equity
Balance, December 31, 2019	$	24,656,353	$	2,000,000	$	26,656,353
Distributions		(6,223,677)		(2,088,419)		(8,312,096)
Net income		16,299,157		88,419		16,387,576
Balance, December 31, 2020		34,731,833		—		34,731,833
Capital contributions		—		2,700,000		2,700,000
Distributions		(5,662,092)		—		(5,662,092)
Net income		30,725,531		—		30,725,531
Balance, December 31, 2021	$	59,795,272	$	2,700,000	$	62,495,272

See accompanying notes to consolidated financial statements.

HANOVER FAMILY BUILDERS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

		2021		2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	$	30,725,531	$	16,387,576
Adjustments to reconcile net income to net cash used for operating activities:				
Depreciation		23,205		25,107
Amortization of deferred financing costs		392,042		295,758
Forgiveness of PPP note payable		(973,212)		—
Net change in assets and liabilities:				
Accounts receivable		—		(7,004)
Inventory		(61,742,299)		(23,789,987)
Other assets		(1,044,294)		(1,673,410)
Accounts payable		3,532,671		2,240,267
Due to related parties		(832,058)		832,058
Accrued expenses		(832,247)		894,684
Customer deposits		7,947,075		837,600
Net cash used for operating activities		(22,803,586)		(3,957,351)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property and equipment		23,350		—
Net cash provided by investing activities		23,350		—
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of debt issuance costs		(799,419)		(212,560)
Proceeds from bank lines of credit		119,672,745		96,053,059
Payments made on bank lines of credit		(94,475,059)		(84,483,963)
Change in related party line of credit		3,500,000		—
Proceeds from seller note payable		3,592,000		—
Repayment of seller note payable		(300,000)		—
Proceeds from PPP note payable		—		973,212
Capital contributions		2,700,000		—
Distributions		(5,662,092)		(8,312,096)
Net cash provided by financing activities		28,228,175		4,017,652
Net increase in cash and cash equivalents		5,447,939		60,301
Cash and cash equivalents, beginning of year		1,527,680		1,467,379
Cash and cash equivalents, end of year	$	6,975,619	$	1,527,680
NONCASH FINANCING ACTIVITIES				
Inventory purchased with note to related party	$	5,691,026	$	—
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Cash paid for interest	$	2,245,704	$	1,492,801

See accompanying notes to consolidated financial statements.

HANOVER FAMILY BUILDERS, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

1 SUMMARY OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES Business

Hanover Family Builders, LLC ("HFB") is a limited liability company organized under the laws of the State of Florida on April 25, 2017, pursuant to an operating agreement dated August 21, 2017. The Company acquires developed lots in subdivisions and builds single family homes on them under fixed-price contracts and on a speculative basis in the Greater Orlando, Florida area.

Basis of Consolidation

The Company's consolidated financial statements include the accounts of Hanover Family Builders, LLC and its majority-owned subsidiary limited liability companies (collectively the "Company"), after elimination of all material intercompany accounts, transactions, and profits.

The financial statements also include the assets, liabilities and results of operations of partnerships for which the Company is the primary beneficiary. The other equity holders' interests are reflected in "Noncontrolling interest" in the consolidated balance sheets and "Net income attributable to noncontrolling interests" in the consolidated statements of income.

At December 31, 2021, HFB owned a 51% interest in Cloud Development Partners, LLC ("CDP"). CDP had approximately $320,000 in cash and cash equivalents, $6,280,000 in inventory, $1,300,000 in accounts payable, and $2,600,000 in bank lines of credit, which is net of $70,000 in loan origination costs, included in the consolidated balance sheet as of December 31, 2021. CDP had no revenues or expenses included in the consolidated statement of income for the year ended December 31, 2021.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers all highly liquid investments purchased with a maturity of three months or less at acquisition as cash and cash equivalents in the accompanying consolidated financial statements.

Inventory

Inventory, consisting of developed lots, model homes and homes under construction, is carried at the lower of cost (based on a specific identification basis) or net realizable value. Cost includes lot costs, construction costs, capitalized interest and indirect costs. Lot costs are transferred to houses under construction from finished lot costs when construction commences.

Property and Equipment

Property and equipment are recorded at cost. Expenditures for major additions and improvements are capitalized, and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method for financial statement purposes.

Estimated useful lives range as follows:

	Years
Furniture, fixtures and equipment	8
Vehicles and watercraft	5 - 10
Computers	3

Deferred Financing Costs

Costs relating to obtaining debt are capitalized and amortized over the term of the related debt using the straight-line method, which approximates the effective interest method. When the debt is paid in full, any unamortized financing costs are removed from the related accounts and charged to operations. Deferred financing costs totaled $665,295 and 257,918, net of

$1,540,773 and $1,148,731 of accumulated amortization, as of December 31, 2021 and 2020, respectively. Amortization of deferred financing costs totaled $392,042 and $295,758 for 2021 and 2020, respectively.

Revenue and Cost of Revenue

The Company recognizes revenue when the sale of the related home is closed. The Company's performance obligation, to deliver the agreed-upon home, is generally satisfied in less than one year from the original contract date. During the construction period, costs of direct material and labor and indirect costs of acquisition and construction, including interest, are capitalized and customer deposits are recorded as liabilities.

At closing, capitalized costs are charged to cost of revenues and customer deposits are applied to the home's purchase price. When a customer defaults on a home purchase agreement, the customer deposit is recognized as revenue in the period of the default. Costs incurred for selling, general and administrative functions and costs associated with completed homes are expensed as incurred.

The Company periodically elects to sell parcels of land to third parties if the assets no longer fit the Company's strategic operating plans. Land sales are generally outright sales of specified land parcels with cash consideration due on the closing date, which is generally when performance obligations are satisfied.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense totaled $186,717 and $212,188 for 2021 and 2020, respectively, and are included in sales and marketing expense in the accompanying consolidated financial statements.

Income Taxes

As a limited liability company, the Company's taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision or liability for income taxes has been included in the consolidated financial statements.

Financial Instruments and Concentration of Credit Risk

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, lines of credit and note payable. The fair value of a financial instrument is the amount that would be received in an asset sale or paid to transfer a liability in an orderly transaction between unaffiliated market participants. The recorded values of cash and cash equivalents, accounts receivable and accounts payable approximate their fair values based on their short-term nature. The recorded values of the lines of credit and the note payable approximate their fair values, as interest approximates market rates.

Financial instruments which potentially expose the Company to a concentration of credit risk consist primarily of cash and cash equivalents. The Company deposits its cash with major banks. Deposits totaling approximately $8,676,000 were not fully guaranteed by the FDIC as of December 31, 2021. The Company has historically not experienced losses on its bank cash deposits.

Use of Estimates

Preparing the Company's consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Company has evaluated subsequent events through March 3, 2022, the date these consolidated financial statements were available to be issued.

Recently Issued Accounting Pronouncement

In February 2016, the FASB issued Accounting Standards Update 2016-02, Leases (Topic 842). The main difference between previous Generally Accepted Accounting Principles (“GAAP”) and Topic 842 is the recognition of lease assets and lease liabilities by lessors for those leases classified as operating leases under previous GAAP. The new standard is effective for 2022. Lessors must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. The Company is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations and cash flows.

2 INVENTORY

Inventory consists of the following:

	December 31, 2021	December 31, 2020
Raw materials	$ 58,327,651	$ 28,950,455
Work-in-process	80,535,862	37,748,840
Finished goods	7,862,508	12,593,401
Total inventory	$ 146,726,021	$ 79,292,696

3 OTHER ASSETS

Other assets consist of the following:

	December 31, 2021	December 31, 2020
Prepaid expenses	$ 386,681	$ 110,294
Impact fee credits	1,291,870	1,000
Land deposits	2,958,636	3,654,924
Utility deposits	381,733	295,553
Due diligence costs	1,246,495	1,159,350
Total other assets	6,265,415	5,221,121
Less other current assets	5,915,786	3,785,599
Total non-current other assets	$ 349,629	$ 1,435,522

Land deposits primarily consist of funds remitted to third parties as down payments to be used towards future purchases of developed lots the Company has the contractual rights to purchase and develop single family homes on. The deposits are used on a pro-rata basis towards the purchase price of acquired lots in accordance with the respective contracts’ terms and conditions.

4 PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	December 31, 2021	December 31, 2020
Furniture, fixtures and equipment	$ 95,332	$ 95,332
Vehicles and watercraft	27,941	71,049
Computers	5,324	5,324
Less accumulated depreciation	(63,139)	(59,692)
Property and equipment, net	$ 65,458	$ 112,013

Depreciation expense totaled $23,205 and $25,107 for 2021 and 2020, respectively.

5 ACCRUED EXPENSES

Accrued expenses consist of the following:

	December 31, 2021	December 31, 2020
Accrued payroll and related liabilities	$ 367,020	$ 1,483,665

Accrued commissions	666,362	505,679
Warranty reserves	485,521	364,144
Other accrued expenses	192,838	190,500
Total accrued expenses	$ 1,711,741	$ 2,543,988

6 COMMITMENTS AND CONTINGENT LIABILITIES

Operating Leases

The Company periodically sells model homes to customers at fair value then simultaneously leases the model homes from the buyers for a period of 24 months. There are no future minimum payments for these leases as of December 31, 2021.

Rent expense related to these leases, as well as other leases executed by the Company, totaled $68,620 and $160,409 for 2021 and 2020, respectively, and is included in sales and marketing expenses in the accompanying consolidated financial statements.

Residential Real Estate Purchase Commitments

The Company has entered into agreements to purchase a certain number of developed residential real estate lots over a specified period of time at established prices. The remaining minimum future purchase obligations under these agreements as of December 31, 2021 are as follows:

Year	Remaining Minimum Number of Lot Purchases per Respective Year	Minimum Purchase Price per Lot
2022	145	$48,000 - $86,000

Development Cost Overages

In conjunction with raw land the Company sold to a land developer in September 2019, the Company agreed to reimburse the purchaser for development cost overages, which are payable when the Company takes down finished lots. It is not practicable for the Company to reasonably estimate the amount of its obligation for development cost overages; accordingly, no liability for these costs has been recorded in the accompanying consolidated financial statements. The Company's policy is to recognize these costs at the earlier of the date they become reasonably estimable or the date they are paid. No amounts were recorded in 2021 related to these cost overages.

Guarantee of Related Party Indebtedness

As of December 31, 2021, the Company is contingently liable as guarantor with respect to

$7,000,000 of indebtedness of a related party. Should the related party be delinquent on its debt payments, the Company will be obligated to perform under the guarantee by primarily making the required payments, including late fees and penalties. Because the fair value of the debt's collateral exceeds the amount of the debt obligation, significant losses are not anticipated.

Employee Benefit Plan

Effective January 2021, the Company participates in a 401(k) plan (''Plan'') sponsored by one of its members to provide retirement benefits for its employees. Employees may contribute a portion of their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Company matches employee contributions up to 100% of the first 3% of compensation deferred, plus 50% of the next 2% of compensation deferred. In addition, the Plan provides for discretionary contributions as determined by the sponsor. Such contributions to the Plan are allocated among eligible participants in the proportion of their salaries to the total salaries of all participants. The Company contributions to the Plan totaled $185,865 and $0 for 2021 and 2020, respectively.

Uncertainty

The extent of the impact and effects of the outbreak of the coronavirus on the operation and financial performance of the Company's business will depend on future developments, including the duration and spread of the outbreak, related travel advisories and restrictions and the recovery time of disrupted customers, all of which are highly uncertain and cannot be predicted. While the Company has not seen a significant impact on its operations due to the virus to date, if the virus causes significant negative impacts to economic conditions or consumer confidence, the Company's operations may be adversely affected.

7 LINES OF CREDIT

Lines of credit consist of the following:

	December 31, 2021	December 31, 2020
Revolving lines of credit with a related party with a maximum capacity of $5,000,000, interest charged monthly at 6% and due on demand, matures in January 2022.	$ 5,000,000	$ 1,500,000

Revolving line of credit with a bank, maximum capacity of $40,000,000, monthly interest payments are required at LIBOR plus 3.75%, which was 3.9% as of December 31, 2021. Secured by land and improvements, subject to certain covenants, a borrowing base calculation and requires the borrower and guarantors to maintain a compensating balance of $1,000,000. Unused capacity totaled approximately $4,796,000 as of December 31, 2021. Matures in June 2023. Letters of credit are available up to $2,000,000 and reduce the line of credit availability.	28,086,894	17,040,279
Revolving line of credit with a bank, maximum capacity of $35,000,000, monthly interest payments are required at the greater of a) Prime +0.75 or b) 4%, which was 4% as of December 31, 2021. Secured by land and improvements, subject to certain covenants, a borrowing base calculation and requires the borrower and guarantors to maintain a compensating balance of $1,000,000. Unused capacity totaled approximately $700,000 as of December 31, 2021. Matures in August 2023.	18,175,344	14,180,454

	(continued) December 31, 2021	2020
Line of credit with a bank, maximum capacity of $3,700,000, monthly interest payments are required at the greater of the 30 day LIBOR plus 4.25%, minimum rate of 4.25%. The rate was 4.4% as of December 31, 2021. Secured by land and improvements and subject to certain covenants. No further draws were available on this line as of December 31, 2021. Matures in January 2022. Letters of credit are available up to $2,000,000 and reduce the line of credit availability.	—	2,932,805
Line of credit with a bank, maximum capacity of $10,250,000, monthly interest payments are required at the 30 day LIBOR rate plus 0.45%, minimum rate of 4.25%. The rate was 4.4% as of December 31, 2021. Secured by land and improvements and subject to certain covenants. Unused capacity totaled $0 as of December 31, 2021. Matures in October 2023. Letters of credit are available up to $2,000,000 and reduce the line of credit availability.	7,175,299	3,228,322
Line of credit with a bank, maximum capacity of $7,000,000, monthly interest payments are required at the greater of prime rate plus 0.75% or 4%. The rate was 4% as of December 31, 2021. Secured by land and improvements and subject to certain covenants. Unused capacity totaled $0 as of December 31, 2021. Matures in March 2024.	4,174,993	—
Line of credit with a bank, maximum capacity of $15,000,000, monthly interest payments are required at prime rate plus 0.50%, minimum rate of 3.25%. The rate was 3.75% as of December 31, 2021. Secured by land and improvements and subject to certain covenants. Unused capacity totaled approximately $2,050,000 as of December 31, 2021. Matures in June 2024.	2,291,943	—
Line of credit with a bank, maximum capacity of $4,700,000, monthly interest payments are required at prime rate plus 0.75%, minimum rate of 3.25%. The rate was 4% as of December 31, 2021. Secured by land and improvements and subject to certain covenants. Unused capacity totaled $0 as of December 31, 2021. Matures in August 2024.	2,674,973	—
Total lines of credit	67,579,446	38,881,860
Less current maturities	(5,000,000)	(1,500,000)
Lines of credit, less current maturities	$ 62,579,446	$ 37,381,860

Maturities of the lines of credit are as follows as of December 31, 2021:

Year Ending December 31,	Amount
2022	$ 5,000,000
2023	57,612,530
2024	4,966,916
	$ 67,579,446

The Company’s interest expense for 2021 and 2020 is included in the accompanying consolidated financial statements as follows:

	December 31, 2021	2020
Inventory (capitalized into inventory)	$ 1,490,675	$ 677,809
Cost of revenues	1,082,420	1,253,271
Interest expense	326,134	90,500
Total interest incurred	$ 2,899,229	$ 2,021,580

8 NOTE PAYABLE

In February 2021, the Company entered into a note payable agreement with the seller according to a land purchase agreement for 39 acres totaling $3,592,000. The note requires principal payments of $300,000 each February and August, with a balloon payment due at maturity. It also requires monthly interest payments of $12,259 at an interest rate of 4.5% as of December 31, 2021. The note matures in August 2023. Outstanding borrowings were

$3,292,000 and $0 as of December 31, 2021 and 2020, respectively. Future maturities for this note payable are: $600,000 in 2022 and $2,692,000 in 2023.

9 PPP NOTE PAYABLE

In May 2020, the Company entered into a note payable agreement pursuant to the Coronavirus Aid, Relief, and Economic Security Act's ("CARES Act") Paycheck Protection Program ("PPP") totaling $973,212. The note required monthly principal and interest payments for two years at an interest rate of 1%. In January 2021, the loan was forgiven. The income from the forgiveness of this note payable is included in other miscellaneous income in the consolidated statement of income.

10 EQUITY

As provided in the operating agreement, profits, losses and distribution of net cash flows of Hanover Family Builders, LLC are allocated between the equity members (the "Members") as follows:

Allocation of Profits

Profits of the Company for each fiscal year or part thereof shall be allocated to the Members in the following manner and order of priority:

First, to the Members, in proportion to the aggregate losses, if any, previously allocated to the Members pursuant to section 4.3(b) for all prior fiscal years, until each Member has been allocated aggregate profits pursuant to section 4.2(a) for all fiscal years equal to the aggregate losses previously allocated to each Member pursuant to section 4.3(b) for all prior fiscal years.

Second, to the Members, in proportion to the aggregate losses, if any, previously allocated to the Members pursuant to section 4.3(a) for all prior fiscal years, until each Member has been allocated aggregate profits pursuant to section 4.2(b) for all fiscal years equal to the aggregate losses previously allocated to each Member pursuant to section 4.3(a) for all prior fiscal years.

The balance, if any, to the Members in proportion to their respective percentage interests.

Allocation of Losses

Losses for each fiscal year or part thereof shall be allocated to the Members in the following manner and order of priority:

First, to the Members to the extent of and in proportion to their respective positive capital account balances until all positive capital account balances are reduced to zero.

The balance, if any, to the Members in proportion to their respective percentage interests.

Distributions of Net Cash Flow

Net Cash Flow shall be distributed at such times and in such amounts as the board of managers (the "Board") shall determine in its reasonable discretion, and may be withheld in the Board's reasonable discretion to fund the ongoing cash needs of the Company. When distributed, such net cash flow shall be distributed in the following manner and order of priority:

First, the Board will use its reasonably best efforts to cause tax distributions for any fiscal year to be made to the Members calculated based on the Company's net taxable income for such fiscal year. The distributions, if any, shall be apportioned among and distributed to the Members in the same proportions as the aggregate amount of the net taxable income of the Company for such fiscal year will be allocated to the Members under section 4.2, with respect to such fiscal year.

Second, to Edge Creek Ventures, LLC ("Edge Creek"), until such time as Edge Creek shall have received distributions in an aggregate amount so as to reduce Edge Creek's aggregate unreturned capital contributions so that the ratio of SAM Building Partners, LLC's unreturned capital contributions to Edge Creek's unreturned capital contributions is equal to the percentage interests of the Members, taking into account, in each case, the aggregate amount of all capital contributions made by the Members to the Company through and including such date.

The balance, if any, to the Members pro rata in proportion to their respective percentage interests.

As of December 31, 2021, the Members' respective percentage interests are:

SAM Building Partners, LLC	75%
Edge Creek Ventures, LLC	25%

In January 2022, Landsea Homes of Florida, LLC became the 100% owner of HFB.

11 RELATED PARTY TRANSACTIONS

The Company uses office space and purchases developed lots from various entities owned, in part or in full, by one of the Company's Members. These transactions are summarized as follows:

	Transaction Amounts	
	2021	2020
Office rent charged by member	$ 187,004	$ 115,830
Interest paid	326,134	90,500
Settlement fees	15,834	18,018

Impact fee credits purchased	—	1,500,000
Purchase of developed lots	34,231,811	21,538,976
	$ 34,760,783	$ 23,263,324

Related Party Note Payable

In July 2021, the Company entered into a note payable agreement with a related party for the takedown of 97 lots with down payments between $1,000 - $21,000 per lot to obtain the title of the lots. The Company would be allowed to continue permitting the houses and start construction. Repayment of the note is due on the last day of the month, of which the house starts at a rolling 6% escalator from the date of the original transfer of title. Outstanding borrowings were $5,691,026 and $0 as of December 31, 2021, and 2020, respectively. Interest due on the note was accrued into the cost of the lots in inventory on December 31, 2021.

12 SUBSEQUENT EVENTS

In January 2022, Landsea Homes of Florida, LLC acquired all of the equity interests in HFB. Approximately $69,330,000 of liabilities including lines of credit and notes payable were paid off with the proceeds of this sale in January 2022. Approximately $25,000,000 of inventory and approximately $11,350,000 in liabilities were excluded from the acquisition and transferred to an entity owned by the common ownership of HFB preceding the acquisition.

In January 2022, CDP, a 51% owned subsidiary, was liquidated. This event included $2,700,000 of original investment and approximately $300,000 in required earnings being paid to the three minority owners. The remaining assets and liabilities of CDP were transferred to an entity with common ownership of HFB preceding the acquisition described above.

EXHIBIT 99.2

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

Defined terms included below shall have the same meaning as terms defined and included elsewhere in this Current Report on Form 8-K/A (the "Form 8-K/A") filed with the Securities and Exchange Commission (the "SEC") on March 29, 2022.

Introduction

The Company ("Landsea") is providing the following unaudited pro forma condensed combined financial statements to aid you in your analysis of the financial aspects of the acquisitions of Hanover Family Builders, LLC ("HFB") (the "Acquisition") and Vintage Estate Homes ("Vintage") (the "Vintage Acquisition" and together, the "Acquisitions"). The following unaudited pro forma condensed combined financial statements present the combination of the financial information of the Company, HFB, and Vintage, adjusted to give effect to the Acquisitions. The following unaudited pro forma condensed combined financial statements have been prepared in accordance with Article 11 of Regulation S-X.

As a result of the acquisition of HFB on January 18, 2022 (the "Acquisition Date"), Landsea obtained all of the outstanding equity interests of HFB for an estimated purchase price of $260.9 million. The Acquisition has been treated as business combination for accounting purposes and Landsea was determined to be the accounting acquirer. The purchase price of the Acquisition will be allocated to the respective assets acquired and liabilities assumed based on their preliminary fair values at the Acquisition Date.

Furthermore, as a result of the Vintage Acquisition on May 4, 2021, Landsea obtained all of the outstanding equity interests of Vintage for a purchase price of $54.6 million. The purchase price of the Vintage Acquisition was allocated to the respective assets acquired and liabilities assumed based on their fair values as calculated and disclosed on Landsea's most recently filed Form 10-K filed on March 16, 2022.

The unaudited pro forma condensed combined financial statements have been prepared to give effect to the Acquisition, and include:

- the acquisition of HFB by Landsea under the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification, ASC 805, "Business Combinations," where the assets and liabilities will be recorded by Landsea at their respective fair values as of the Acquisition Date;
- the payment of $248.6 million in cash to HFB's owners in exchange for all outstanding equity interests in HFB, with Landsea recording a receivable of $3.3 million from HFB's sellers as a working capital adjustment to the purchase price;
- the payment of $15.6 million in cash in consideration for the Landbank Option Agreements as defined in the Purchase Agreement and the Hanover Agreement (collectively, "Side Agreements"), which were both entered into in contemplation of the Acquisition and were determined to be a part of the Acquisition;
- certain reclassifications to conform the historical financial statement presentation of HFB to that of Landsea; and
- transaction costs in connection with the Acquisition.

Additionally, the unaudited pro forma condensed combined financial statements have been prepared to give effect to the Vintage Acquisition, one-time bonus payments related to separate employee retention agreements, and the additional borrowing drawn on the Company's existing revolving credit facility to finance the Acquisition.

The unaudited pro forma condensed combined balance sheet as of December 31, 2021 combines the historical balance sheet of the Company and the historical balance sheet of HFB on a pro forma basis as if the Acquisition, summarized above, had been consummated on December 31, 2021. The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2021 combines the historical statements of operations of the Company and HFB on a pro forma basis as if the Acquisition had been consummated on January 1, 2021.

Additionally, the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2021 combines the historical statements of operations of the Company for year ended December 31, 2021, and Vintage, for the period from January 1, 2021 to May 3, 2021, on a pro forma basis as if the Vintage Acquisition had been consummated on January 1, 2021. Given that the Vintage Acquisition occurred in 2021, the historical Landsea consolidated balance sheet as of December 31, 2021 already reflects the effects of the transaction. As such, no balance sheet pro forma adjustments are recorded to reflect the Vintage Acquisition.

Assumptions and estimates underlying the unaudited pro forma adjustments set forth in the unaudited pro forma condensed combined financial statements are described in the accompanying notes. The unaudited pro forma condensed combined financial statements have been presented for illustrative purposes only and are not necessarily indicative of the operating results and financial position that would have been achieved had the Acquisitions occurred on the dates indicated. Further, the unaudited pro forma condensed combined financial statements do not purport to project the future operating results or financial position of the Company following the completion of the Acquisitions. The unaudited pro forma condensed combined financial statements do not reflect any operating efficiencies, post-acquisition synergies and/or cost savings that we may achieve with respect to the combined companies. The unaudited pro forma adjustments represent management's estimates based on information available as of the date of these unaudited pro forma condensed combined financial statements and are subject to change as additional information becomes available and analyses are performed.

The unaudited pro forma condensed combined financial statements were prepared based on the historical consolidated financial statements of Landsea, HFB, and Vintage after giving effect to the Acquisitions using the acquisition method of accounting and after applying the assumptions, reclassifications and adjustments described in the accompanying notes based on current intentions and expectations relating to the combined business.

The preliminary allocation of the purchase price used in the unaudited pro forma condensed combined financial statements is based upon assets acquired and liabilities assumed through the Acquisition. We have made significant assumptions and estimates in determining the preliminary estimated purchase price and the preliminary allocation of the purchase price in the unaudited pro forma condensed combined financial statements. These preliminary estimates and assumptions are subject to change as we finalize the acquisition accounting, including the valuations of the net tangible and intangible assets. The final determination of the value of the assets and liabilities acquired will likely differ from these preliminary estimates and the differences could be material.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF DECEMBER 31, 2021
(in thousands)

	Historical				
	Landsea Homes Corporation	Hanover Family Builders, LLC (As Adjusted) (Note 2)	Transaction Accounting Adjustments (Note 4)	Other Transaction Accounting Adjustments (Note 5)	Pro Forma Combined
ASSETS					
Cash and cash equivalents	$ 342,810	$ 6,976	$ (264,184) (A)	$ 22,000 (A)	$ 107,286
			(316) (B)		
Cash held in escrow	4,079	-	-	-	4,079
Restricted cash	443	-	-	-	443
Real estate inventories	844,792	151,314	(25,728) (C)	-	1,075,576
			111,482 (D)		
			(6,284) (B)		
Due from affiliates	4,465	-	-	-	4,465
Investment in and advances to unconsolidated joint ventures	470	-	-	-	470
Goodwill	24,457	-	41,037 (J)	-	65,494
Other assets	43,998	1,769	3,251 (A)	-	49,361
			44 (E)		
			1,590 (F)		
			(1,291) (C)		
Total assets	$ 1,265,514	$ 160,059	$ (140,399)	$ 22,000	$ 1,307,174
LIABILITIES AND EQUITY					
Liabilities:					
Accounts payable	$ 73,734	$ 8,905	$ (755) (C)	$ -	$ 80,984
			(1,295) (B)		
			395 (G)		
Accrued expenses and other liabilities	97,724	12,761	44 (E)	-	110,529
Due to affiliates	2,357	-	-	-	2,357
Warrant liability	9,185	-	-	-	9,185
Notes and other debts payable, net	461,117	75,897	(10,755) (C)	22,000 (A)	483,117
			(2,605) (B)		
			(62,537) (H)		
Total liabilities	644,117	97,563	(77,508)	22,000	686,172
Commitments and contingencies					
Equity:					
Stockholders' equity:					
Preferred stock	-	-	-	-	-
Common stock	5	-	-	-	5
Member's equity	-	59,796	(15,509) (C)	-	-
			(44,287) (I)		
Additional paid-in capital	535,345	-	-	-	535,345
Retained earnings	84,797	-	(260,933) (A)	-	84,402
			1,590 (F)		
			41,037 (J)		
			111,482 (D)		
			62,537 (H)		
			(395) (G)		
			44,287 (I)		
Total stockholders' equity	620,147	59,796	(60,191)	-	619,752
Noncontrolling interests	1,250	2,700	(2,700) (B)	-	1,250
Total equity	621,397	62,496	(62,891)	-	621,002
Total liabilities and equity	$ 1,265,514	$ 160,059	$ (140,399)	$ 22,000	$ 1,307,174

See notes to unaudited pro forma condensed combined financial statements

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(in thousands, except share and per share data)

	Historical				Historical			
	Landsea Homes Corporation	**Vintage Estate Homes, LLC * (As Adjusted) (Note 2)**	**Vintage Transaction Accounting Adjustments (Note 4)**	**Pro Forma Combined (adjusted for Vintage Acquisition Transaction)**	**Hanover Family Builders, LLC (As Adjusted) (Note 2)**	**Hanover Transaction Accounting Adjustments (Note 4)**	**Other Transaction Accounting Adjustments (Note 5)**	**Pro Forma Combined**
Revenue								
Home sales	$ 936,400	$ 46,788	$ -	$ 983,188	$ 208,115	$ -	$ -	$ 1,191,303
Lot sales and other	86,904	8,539	-	95,443	-	-	-	95,443
Total revenue	1,023,304	55,327	-	1,078,631	208,115	-	-	1,286,746
Cost of sales								
Home sales	772,575	39,344	4,686 (AA)	816,132	155,084	74,418 (FF)	825 (BB)	1,044,969
			(268) (BB)			(1,490) (GG)		
			(205) (CC)					
Lot sales and other	68,131	5,657	-	73,788	-	-	-	73,788
Total cost of sales	840,706	45,001	4,213	889,920	155,084	72,928	825	1,118,757
Gross Margin								
Home sales	163,825	7,444	(4,213)	167,056	53,031	(72,928)	(825)	146,334
Lot sales and other	18,773	2,882	-	21,655	-	-	-	21,655
Total gross margin	182,598	10,326	(4,213)	188,711	53,031	(72,928)	(825)	167,989
Sales and marketing expenses	52,840	3,112	-	55,952	15,452	-	-	71,404
General and administrative expenses	70,266	3,074	517 (DD)	73,857	8,311	1,590 (DD)	1,950 (AA)	87,978
						2,270 (HH)		
Total operating expenses	123,106	6,186	517	129,809	23,763	3,860	1,950	159,382
Income from operations	59,492	4,140	(4,730)	58,902	29,268	(76,788)	(2,775)	8,607
Other income (expense), net	3,886	85	-	3,971	1,458	-	-	5,429
Equity in net income (loss) of unconsolidated joint ventures (Including related party interest of $1,250 and $1,146 and $1,908, respectively)	1,262	-	-	1,262	-	-	-	1,262
Gain on remeasurement of warrant liability	2,090	-	-	2,090	-	-	-	2,090
Pretax income	66,730	4,225	(4,730)	66,225	30,726	(76,788)	(2,775)	17,388
Provision (benefit) for income taxes	13,995	9	(993) (EE)	13,011	-	(16,125) (EE)	(583) (CC)	(3,697)
Net income	52,735	4,216	(3,737)	53,214	30,726	(60,663)	(2,192)	21,085
Less: Net (loss) income attributable to noncontrolling interests	(51)	-	-	(51)	-	-	-	(51)
Net income attributable to Landsea Homes Corporation	$ 52,786	$ 4,216	$ (3,737)	$ 53,265	$ 30,726	$ (60,663)	$ (2,192)	$ 21,136
Earnings per share:								
Basic	$ 1.14			$ 1.15 (II)				$ 0.46 (DD)
Diluted	$ 1.14			$ 1.15 (II)				$ 0.46 (DD)
Weighted average number of common shares outstanding:								
Basic	45,198,722			45,198,722 (II)				45,198,722 (DD)
Diluted	45,250,718			45,250,718 (II)				45,250,718 (DD)

* *Represents the addition of Vintage pre-acquisition activity for the period from January 1, 2021 to May 3, 2021*

See notes to unaudited pro forma condensed combined financial statements

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

1. Basis of Presentation

The accompanying unaudited pro forma condensed combined financial statements are based on the historical consolidated financial statements of Landsea, HFB, and Vintage after giving effect to the Acquisitions using the acquisition method of accounting, as well as certain reclassifications and pro forma adjustments.

In accordance with the acquisition method of accounting for business combinations, the assets acquired and the liabilities assumed will be recorded as of the completion of the Acquisition at their respective fair values. The excess purchase consideration over the fair values of assets acquired and liabilities assumed will be recorded as goodwill.

The unaudited pro forma condensed combined financial statements should be read together with the historical financial statements and related notes, as follows:

- Accompanying notes to the unaudited pro forma condensed combined financial statements;
- Audited historical consolidated financial statements of Landsea as of and for the year ended December 31, 2021, included in Landsea's Annual Report Form 10-K filed with the Securities and Exchange Commission (the "SEC") on March 16, 2022;
- Audited historical consolidated financial statements of HFB and subsidiaries as of and for the year ended December 31, 2021, included in this Form 8-K/A; and
- Unaudited historical consolidated financial statements of Vintage and subsidiaries for the period from January 1, 2021 to March 31, 2021, included in Landsea's Form 8-K/A filed with the SEC on July 14, 2021;

2. Accounting Policies

The accounting policies used in the preparation of these unaudited pro forma condensed combined financial statements are those set out in Landsea's audited financial statements as of and for the year ended December 31, 2021.

Certain reclassifications have been reflected in the pro forma adjustments to conform HFB's and Vintage's presentation to Landsea's presentation in the unaudited pro forma condensed combined financial statements. The unaudited pro forma condensed combined financial statements may not reflect all the adjustments necessary to conform the accounting policies of HFB to the accounting policies of Landsea.

Management will perform a comprehensive review of Landsea's and HFB's accounting policies. As a result of the review, management may identify differences between the accounting policies of Landsea and HFB which, when conformed, could have a material impact on the financial statements of the post-combination company.

Reclassification adjustments that have been made to the historical presentation of HFB and Vintage to conform to the financial statement presentation of Landsea are as follows *(in thousands)*:

Hanover Family Builders, LLC

Balance Sheet Reclassifications

	As of December 31, 2021		
	Hanover Family Builders, LLC Historical Line Items	**Reclassification Adjustments**	**Hanover Family Builders, LLC (Historical Adjusted)**
Accounts receivable	$ 26	$ (26)	$ —
Inventory	146,726	(146,726)	—
Real estate inventories	—	146,726	151,314
		4,238	
		350	
Other current assets	5,916	(4,238)	—
		(1,678)	
Property and equipment, net	65	(65)	—
Deferred financing costs	665	(665)	—
Other assets	350	26	1,769
		(350)	
		1,678	
		65	
Accrued expenses	1,712	(1,712)	—
Accrued expenses and other liabilities	—	1,712	12,761
		11,049	
Customer deposits	11,049	(11,049)	—
Related party lines of credit	5,000	(5,000)	—
Related party note payable	5,691	(5,691)	—
Note payable, current portion	600	(600)	—
Bank lines of credit	62,579	(62,579)	—
Note payable	2,692	(2,692)	—
Notes and other debts payable, net	—	(665)	75,897
		5,000	
		5,691	
		600	
		62,579	
		2,692	

Statement of Operations Reclassifications

	Year ended December 31, 2021		
	Hanover Family Builders, LLC Historical Line Items	**Reclassification Adjustments**	**Hanover Family Builders, LLC (Historical Adjusted)**
Revenues			
Revenues	$ 208,115	$ (208,115)	$ —
Home sales	—	208,115	208,115
Cost of sales			
Cost of revenues	151,404	(151,404)	—
Home sales	—	151,404	155,084
		2,565	
		707	
		408	
General and administrative expenses	8,995	(707)	8,311
		23	
Construction supervisors	2,565	(2,565)	—
Depreciation	23	(23)	—
Other income (expense), net	—	1,458	1,458
Other miscellaneous income	1,458	(1,458)	—
Interest expense	408	(408)	—

Vintage Estate Homes, LLC

Statement of Operations Reclassifications

	Year to date ended May 3, 2021		
	Vintage Estate Homes, LLC Historical Line Items	**Reclassification Adjustments**	**Vintage Estate Homes, LLC (Historical Adjusted)**
Revenues			
Sales	$ 55,351	$ (46,788)	$ —
		(8,539)	
		(24)	
Home sales	—	46,788	46,788
Lot sales and other	—	8,539	8,539
Cost of sales			
Cost of sales	46,337	(38,494)	—
		(5,657)	

		(2,186)	
Home sales	—	38,494	39,344
		850	
Lot sales and other	—	5,657	5,657
Selling, general and administrative	4,859	(926)	—
		(3,074)	
		(850)	
		(9)	
Sales and marketing expenses	—	2,186	3,112
		926	
General and administrative expenses	—	3,074	3,074
Other income	61	(61)	—
Other income (expense), net	—	61	85
		24	
Provision (benefit) for income taxes	—	9	9

3. Calculation of Purchase Consideration and Preliminary Purchase Price Allocation

The preliminary aggregate purchase price of the Acquisition was $260.9 million, based on a closing date purchase price of $177.4 million adjusted for (i) $1.9 million of HFB transaction costs paid by Landsea (ii) $15.6 million deposit made for Side Agreements, (iii) $69.3 million of HFB debt paid off by Landsea, and (iv) reduced by a post-closing working capital deficit adjustment of $3.3 million due from Sellers.

Preliminary Purchase Consideration

The preliminary fair value of consideration transferred is calculated as follows *(in thousands)*:

Cash paid to sellers	$	177,366
Cash paid for HFB's transaction expenses		1,875
Cash paid for Side Agreements		15,608
Cash paid to settle HFB's outstanding debt		69,335
Working capital adjustment		(3,251)
Total purchase consideration	**$**	**260,933**

Preliminary Purchase Price Allocation

We identified and recorded the assets acquired and liabilities assumed at their preliminary estimated fair values at the Acquisition Date and allocated the remaining value of approximately $41.0 million to goodwill. For acquired assets and liabilities for which the fair value was determined to equal book value, the book value as of the pro forma balance sheet date of December 31, 2021 was used. The values assigned to certain acquired assets and liabilities are preliminary, are based on information available as of the date of these unaudited pro forma condensed combined financial statements, and may be adjusted as further information becomes available during the measurement period of up to 12 months from the date of the Acquisition. Additional information that relates to facts and circumstances that exist as of the Acquisition Date may subsequently become available and may result in changes in the values allocated to various assets and liabilities. Changes in the fair values of the assets acquired and liabilities assumed during the measurement period may result in material adjustments to goodwill.

The preliminary purchase price allocation is as follows *(in thousands)*:

Cash and cash equivalents	$	6,660
Real estate inventories		230,784
Other assets		2,112
Total assets		239,556
Accounts payable		6,855
Accrued expenses and other liabilities		12,805
Customer deposits		—
Total liabilities		19,660
Net assets acquired (a)		219,896
Preliminary purchase consideration (b)		260,933
Preliminary goodwill (b) - (a)	**$**	**41,037**

Under the acquisition method, acquisition-related transaction costs (e.g., advisory, legal, valuation and other professional fees) are not included as consideration transferred. Instead, they are accounted for as expenses in the periods in which the costs are incurred.

4. Transaction Accounting Adjustments to Unaudited Pro Forma Condensed Combined Financial Statements

The unaudited pro forma condensed combined financial statements have been prepared to illustrate the effect of the Business Combination and have been prepared for informational purposes only.

The pro forma combined provision for income taxes does not necessarily reflect the amounts that would have resulted had the post-combination company filed consolidated income tax returns during the periods presented.

Transaction Accounting Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheet

The Transaction Accounting Adjustments included in the unaudited pro forma condensed combined balance sheet as of December 31, 2021 are as follows:

(A) To record cash paid out for consideration of $264.2 million, inclusive of i) $69.3 million paid to settle Seller's debt, ii) $4.8 million paid for the options to purchase lots from the excluded assets referenced in Note (C) pursuant to the Landbank Option Agreements, and iii) $10.8 million deposits paid to purchase additional lots held and to be developed by affiliates of HFB in various communities pursuant to the Hanover Agreement, and to record $3.3 million receivable from the seller related to an estimated working capital adjustment.

(B) To record HFB's transfer of the membership interest in Cloud Development Partners, LLC, a former subsidiary of HFB to SAM Edge Cloud Member, LLC, an affiliate of the Sellers , in connection with the Acquisition.

(C) To remove HFB assets which were not acquired by Landsea in accordance with the Purchase Agreement.

(D) To record the estimated adjustment to step up HFB's inventory to fair value. The fair value calculation is preliminary and subject to change. The fair value was determined based on the estimated selling price of the inventory less the remaining manufacturing and selling costs and a normal profit margin on those manufacturing and selling efforts. After the Acquisition, the step-up in inventory fair value will increase cost of sales over approximately 12 months as the inventory is sold.

Real estate inventories		**Estimated fair value (in thousands)**
Land	$	89,299
Lot Options		54,172
Vertical WIP		84,532
Other real estate inventories		2,781
Total real estate inventories	$	230,784

(E) To record the operating lease liabilities and right of use assets related to HFB's offices as of December 31, 2021, remeasured using Landsea's weighted average discount rate.

(F) To record the estimated fair value of the acquired trade name intangible asset measured using the relief-from-royalty methodology. The trade name will be amortized on a straight-line basis over the remaining estimated useful life of 1 year. on a straight-line basis

Other assets		**Estimated fair value (in thousands)**	**Estimated useful life (in years)**		**Incremental first year amortization (in thousands)**
Trade name	$	1,590	1	$	1,590

(G) To record the accrual of Landsea's total estimated unrecorded transaction costs that are deemed to be direct and incremental costs of the Acquisition.

(H) To record the payoff of HFB debt referenced in Note (A).

(I) To eliminate HFB's historical equity balance.

(J) To record preliminary estimate of goodwill.

Transaction Accounting Adjustments to Unaudited Pro Forma Condensed Combined Statement of Operations

The Transaction Accounting Adjustments included in the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2021 are as follows. As the Vintage Acquisition was consummated on May 4, 2021, Transaction Accounting Adjustments are included to give effect to the acquisition as if it occurred on January 1, 2021.

(AA) To increase cost of sales by the amount related to the inventory fair value step up of Vintage inventory. The inventory is expected to be sold within one year. As such, a pro rata adjustment is recorded for the period between January 1, 2021 and May 3, 2021.

(BB) To eliminate historical amortization expense for the deferred financing costs related to Vintage debt that was paid off as part of Vintage Acquisition.

(CC) To eliminate historical interest expense related to Vintage debt that was paid off as part of Vintage Acquisition.

(DD) To record the incremental amortization expense on a straight-line basis based on the estimated fair value of acquired intangible assets. As the remaining useful life is one year, this is a nonrecurring item.

(EE) Reflects the income tax effect of the pro forma adjustments using the estimated blended federal and state statutory tax rate of 21%.

(FF) To increase cost of sales by the amount of the inventory fair value adjustment referenced in Note (D), as the inventory is expected to be sold within one year of the Acquisition Date. The adjustment excludes fair value adjustment attributed to the options as the corresponding lots have not been acquired as of the Acquisition Date.

(GG) To eliminate historical interest and amortization expense related to the deferred financing costs, which were written off as referenced in Note (H).

(HH) To record estimated unrecorded transaction costs deemed to be direct and incremental costs of the Acquisition. This is a nonrecurring item.

(II) To calculate the basic and diluted earnings per share following pro forma adjustments.

5. Other Transaction Accounting Adjustments to Unaudited Pro Forma Condensed Combined Financial Statements

Landsea also entered into separate additional transactions in connection with the Acquisition. These transactions were not directly attributable to the Acquisition and did not meet the requirements of pro forma transaction accounting adjustments per Article 11 of Regulation S-X. However, management considered these related transactions to be material for investors and users of the pro forma condensed combined financial statements. In accordance with Article 11 of Regulation S-X, these transactions are included as other pro forma adjustments, and are described below.

Other Transaction Accounting Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheet

The Other Transaction Accounting Adjustments included in the unaudited pro forma condensed combined balance sheet as of December 31, 2021 and the year ended December 31, 2021 are as follows:

(A) To record $22 million additional borrowing drawn in January 2022 under the Company's existing revolving credit facility to finance the Acquisition.

Other Transaction Accounting Adjustments to Unaudited Pro Forma Condensed Combined Statements of Operations

(AA) To record the estimated retention bonus expense pursuant to the new employment agreements that were entered into with certain HFB employees. Pursuant to the agreements, Landsea will pay retention bonuses at the end of the six-month retention period condition upon providing continued services through the end of the retention period. As the retention bonus payable is accrued in the post-combination service period, no pro forma balance sheet adjustment is recorded. This is a nonrecurring item.

(BB) To record the interest expense impact from the new borrowing referenced in Note (C) as if the draw occurred on January 1, 2021. The interest expense is calculated based on the interest rate of 3.75%, which is the interest rate in effect at the time of the draw. A 0.125% change in the assumed interest rate for the draw is immaterial for the year ended December 31, 2021.

(CC) Reflects the income tax effect of the pro forma adjustments using the estimated blended federal and state statutory tax rate of 21%.

(DD) To calculate the basic and diluted earnings per share following other transaction accounting pro forma adjustments.