

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

**FORM 8-K**

**CURRENT REPORT**

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

**Date of Report (Date of earliest event reported): March 18, 2024**

**LANDSEA HOMES CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware  
(State or other jurisdiction of  
incorporation)**

**001-38545  
(Commission  
File Number)**

**82-2196021  
(IRS Employer  
Identification No.)**

**1717 McKinney Avenue, Suite 1000  
Dallas, Texas  
(Address of principal executive offices)**

**75202  
(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:**

<b>Title of Each Class</b>	<b>Trading Symbol(s)</b>	<b>Name of Each Exchange on Which Registered</b>
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.

**Item 7.01 Regulation FD Disclosure.**

In the confidential offering memorandum related to the proposed private offering of senior notes by Landsea Homes Corporation (the “Company”) discussed in Item 8.01 below, the Company is disclosing certain supplemental information to potential investors in the offering, as set forth in Exhibit 99.1 to this Current Report on Form 8-K, which is incorporated herein by reference.

The information included or incorporated by reference in this Item 7.01, including Exhibit 99.1, is being furnished to the Securities and Exchange Commission (the “SEC”) and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, and shall not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

**Item 8.01 Other Events.**

In a press release issued on March 18, 2024, the Company announced a proposed offering of \$300,000,000 aggregate principal amount of senior notes due 2029 (the “Notes”) in a private offering, subject to market conditions and other factors.

The Notes will be offered only to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act, and to non-U.S. persons outside the United States under Regulation S under the Securities Act.

The foregoing description is qualified in its entirety by reference to the press release dated March 18, 2024, a copy of which is attached as Exhibit 99.2 to this Current Report on Form 8-K and incorporated herein by reference.

**Item 9.01 Financial Statements and Exhibits.**

As previously disclosed, on January 8, 2024, the Company entered into a Membership Interest Purchase Agreement (the “Purchase Agreement”) with Antares Acquisition, LLC, a Texas limited liability company (“Antares”), and the individuals and entities identified in the Purchase Agreement as sellers (collectively, the “Sellers”), pursuant to which the Company agreed to acquire all of the outstanding membership interests of Antares (the “Antares Acquisition”). The Purchase Agreement was amended on February 9, 2024, to extend the timing for the closing of the Antares Acquisition, among other things. Consummation of the Antares Acquisition is pending and subject to customary closing conditions, as set forth in the Purchase Agreement.

**(a) Financial statements of businesses or funds acquired**

The (i) audited financial statements of Antares Acquisition, LLC as of and for the year ended December 31, 2023 and the associated independent auditor’s report and (ii) audited financial statements of Antares as of and for the year ended December 31, 2022 and the associated independent auditor’s report are each filed herewith as Exhibit 99.3 and Exhibit 99.4, respectively, and incorporated in this Item 9.01(a) by reference.

**(b) Pro forma financial information**

The unaudited pro forma condensed combined financial statements of the Company and subsidiaries as of and for the year ended December 31, 2023, giving effect to the Antares Acquisition, are filed herewith as Exhibit 99.5 and incorporated in this Item 9.01(b) by reference.

**(d) Exhibits****Exhibit No. Description**

23.1	<a href="#">Consent of MeredithCPAs, independent auditors of Antares Acquisition, LLC</a>
99.1	<a href="#">Supplemental information.</a>
99.2	<a href="#">Press Release, dated March 18, 2024, announcing the proposed private offering.</a>
99.3	<a href="#">Audited financial statements of Antares Acquisition, LLC as of and for the year ended December 31, 2023.</a>
99.4	<a href="#">Audited financial statements of Antares Acquisition, LLC as of and for the year ended December 31, 2022.</a>
99.5	<a href="#">Unaudited pro forma condensed combined financial statements of the Company and subsidiaries as of and for the year ended December 31, 2023, giving effect to the Antares Acquisition.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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**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 18, 2024

By: /s/ Kelly Rentzel  
Name: Kelly Rentzel  
Title: General Counsel

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**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 (i) our report dated March 4, 2024, with respect to the audited financial statements of Antares Acquisition, LLC, which comprise the balance sheet as of December 31, 2023 and the related statements of operations, members' equity, and cash flows for the year then ended, and the related notes to the financial statements, and (ii) our report dated March 16, 2023, with respect to the audited financial statements of Antares Acquisition, LLC, which comprise the balance sheet as of December 31, 2022 and the related statements of operations, members' equity and cash flows for the year then ended, and the related notes to the financial statements, which reports are filed as an exhibit to this Current Report on Form 8-K of Landsea Homes Corporation dated March 18, 2024.

/s/ MeredithCPAs

Irving, Texas  
March 18, 2024

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The following discussion should be read in conjunction with the (i) audited financial statements of Antares Acquisition, LLC (“Antares”) as of and for the year ended December 31, 2023 and the associated independent auditor’s report, (ii) audited financial statements of Antares as of and for the year ended December 31, 2022 and the associated independent auditor’s report and (iii) unaudited pro forma condensed combined financial statements of Landsea Homes Corporation (together with subsidiaries, “we,” “Landsea Homes” or the “Company”) as of and for the year ended December 31, 2023, giving effect to the Antares Acquisition (as defined below), which are filed as Exhibit 99.3, Exhibit 99.4 and Exhibit 99.5, respectively, to the Form 8-K of the Company filed on March 18, 2024, to which this Exhibit 99.1 is also attached. Operating results for any historical period are not necessarily indicative of the results that may be expected for any future period. This discussion may contain forward-looking statements, and actual results may differ materially from those indicated in forward-looking statements.

### The Antares Acquisition

On January 8, 2024, we entered into a membership interest purchase agreement (the “Membership Interest Purchase Agreement”) with Antares, a Texas-based homebuilder founded in the 1990s, and the sellers named therein, to acquire all of the outstanding membership interests of Antares (the “Antares Acquisition”) for an aggregate cash purchase price of \$185.0 million, exclusive of the repayment of Antares’ debt and subject to certain post-closing adjustments. The Membership Interest Purchase Agreement was amended in February 2024 to, among other things, make certain adjustments to the Antares Acquisition’s outside date to either (a) April 1, 2024 or (b) May 1, 2024, as such date is elected by the Company.

Antares is focused on targeting entry-level and move-up homebuyers. They are known for specializing in quality, energy-efficient home construction in their communities and creating lasting relationships with their homebuyers. Antares operates in attractive sub-markets around the Dallas / Fort Worth area where there is strong demand for quality, affordable new homes. As of December 31, 2023, Antares operated 20 communities and owned or controlled 2,222 lots, with approximately 80% of its lots controlled under land option contracts or purchase contracts and other arrangements, and had a backlog of 53 sold but unclosed homes, with an associated sales value of \$28.6 million. The ASP of homes in Antares’ backlog as of December 31, 2023 was approximately \$540,000. For the year ended December 31, 2023, Antares had 19 average selling communities and delivered 417 homes with an ASP of approximately \$410,000, for total home sales revenue of \$171.1 million.

The Antares Acquisition, once completed, will expand Landsea Homes’ presence in the Dallas / Fort Worth metropolitan area, with over 3,000 controlled lots in Texas on a combined basis, including 1,761 from Antares. Net new home orders for Antares for the year ended December 31, 2023 was 430. As of December 31, 2023, Antares owned 461 lots.

We expect to fund the Antares Acquisition with a combination of cash on hand and borrowings under our revolving credit facility under our Credit Agreement (as defined below). As of February 29, 2024, we have paid total deposits of \$20.5 million for the Antares Acquisition. We are targeting to close on the Antares Acquisition during the second quarter of 2024. Consummation of the Antares Acquisition is pending and subject to customary closing conditions.

There is no assurance that the Antares Acquisition will actually be consummated within the expected timeframe, or at all.

### Eighth Amendment to the Credit Agreement and Discussions regarding Amended & Restated Credit Facility

On March 15, 2024, we and certain of our subsidiaries entered into an Eighth Amendment Agreement (the “Eighth Amendment Agreement”) with Western Alliance Bank, as administrative agent, and the other lenders parties thereto, which amends our credit agreement, dated October 6, 2021, the (“Credit Agreement”, as amended prior to such Eighth Amendment Agreement) to, among other things, effect changes to the covenant pertaining to the incurrence of additional debt, to (i) increase the size of the “permitted senior debt” (as defined in the Credit Agreement) basket from \$500 million to \$600 million and (ii) include a moratorium that extends through April 15, 2024 on the dollar for dollar reduction in commitment amounts under the revolving credit facility that would be triggered upon the incurrence of “permitted senior debt” to the extent that the outstanding aggregate amount of such “permitted senior debt” is in excess of \$350 million.

Additionally, we have commenced discussions with potential lenders regarding the possibility of entering into an amended and restated credit agreement to replace our existing revolving credit facility, with a maturity date outside the maturity date of our existing Credit Agreement and, on terms we expect to be similar to our existing Credit Agreement. Such discussions are preliminary and the final terms of a replacement credit agreement may change. Further, such replacement credit agreement may not be consummated on terms indicated or at all.

### Pro Forma EBITDA and Pro Forma Adjusted EBITDA

The following table provides a reconciliation of pro forma EBITDA and pro forma Adjusted EBITDA to pro forma net income for the year ended December 31, 2023. This give effect to the Antares Acquisition as if it had occurred on January 1, 2023. Our unaudited pro forma condensed combined financial information is for informational purposes only and does not purport to represent or to be indicative of the consolidated results of operations or financial position that we would have reported had the Antares Acquisition been completed as of the date presented, and is not, and should not be taken as, a representation of our future consolidated results of operations or financial position, nor does it purport to project our financial position as of any future date or results of operations for any future period. Our summary unaudited pro forma condensed combined financial and other data set forth below give effect to pro forma adjustments as described in the unaudited pro forma condensed combined financial statements of the Company, which is filed as Exhibit 99.5 to the Form 8-K of the Company filed on March 18, 2024, as well as certain other adjustments as described below. The following information is only a summary and should be read in conjunction with the more detailed information contained in the unaudited pro forma condensed combined financial statements of the Company.

	<b>Pro Forma Year Ended December 31,</b>	
	<b>2023</b>	
	<i>(dollars in thousands)</i>	
<b>Net income</b>	<b>\$</b>	<b>26,984</b>
Provision for income taxes		3,029
Interest in cost of sales		46,290
Interest relieved to equity in net loss (income) of unconsolidated joint ventures		—
Interest expense		—
Depreciation and amortization expense		6,604
<b>EBITDA</b>	<b>\$</b>	<b>82,907</b>
Real estate inventories impairments		4,700
Purchase price accounting for acquired inventory		43,212
Transaction costs		4,867
Write-off of deferred offering costs		436
Abandoned project costs		998
Equity in net income of unconsolidated joint ventures, excluding interest relieved		—

Loss (gain) on debt extinguishment or forgiveness		—
Loss (gain) on remeasurement of warrant liability		—
<b>Adjusted EBITDA</b>	<b>\$</b>	<b>137,120</b>

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## Landsea Homes Announces Commencement of Private Offering of Senior Notes

**DALLAS**, March 18, 2024 – Landsea Homes Corporation (Nasdaq: LSEA) (“Landsea Homes” or the “Company”) announced today that it intends to offer \$300,000,000 aggregate principal amount of senior notes due 2029 (the “Notes”), subject to market conditions and other factors. The Notes will be guaranteed, jointly and severally, on a senior unsecured basis, by all of the Company’s material wholly owned subsidiaries as of their issuance (the “Guarantors”) and will rank *pari passu* with all other unsecured and unsubordinated indebtedness of the Company and Guarantors.

The Company intends to use the net proceeds from the sale of the Notes to pay down a portion of the outstanding borrowings under its revolving credit facility.

The Notes will be offered only to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), and to non-U.S. persons outside the United States under Regulation S under the Securities Act. The Notes have not been registered under the Securities Act, and may not be offered or sold in the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and other applicable securities laws.

This press release is neither an offer to sell nor a solicitation of an offer to buy the Notes, nor shall there be any sale of the Notes in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such jurisdiction. An offer, or solicitation to buy, the Notes, if at all, will be made only by means of a confidential offering memorandum.

### About Landsea Homes Corporation

Landsea Homes Corporation (Nasdaq: LSEA) is a publicly traded residential homebuilder based in Dallas, Texas, that designs and builds best-in-class homes and sustainable master-planned communities in some of the nation’s most desirable markets. The company has developed homes and communities in New York, Boston, New Jersey, Arizona, Colorado, Florida, Texas, and throughout California in Silicon Valley, Los Angeles, and Orange County.

### Forward-Looking Statements

Certain statements in this press release may constitute “forward-looking statements” within the meaning of the federal securities laws. These statements constitute projections, forecasts, and forward-looking statements, and are not guarantees of performance. Landsea Homes cautions that forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Words such as “may,” “can,” “should,” “will,” “estimate,” “plan,” “project,” “forecast,” “intend,” “expect,” “anticipate,” “believe,” “seek,” “target,” “look” or similar expressions may identify forward-looking statements.

These forward-looking statements are based on information available as of the date of this press release and our management’s current expectations, forecasts, and assumptions, and involve a number of judgments, risks and uncertainties that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements.

These risks and uncertainties include, but are not limited to, the risk factors described by Landsea Homes in its filings with the SEC. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and you should not place undue reliance on these forward-looking statements in deciding whether to invest in our securities. We do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

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**Antares Acquisition, LLC**  
**Financial Statements**  
**Year Ended December 31, 2023**

**Antares Acquisition, LLC**  
**Table of Contents**

	Page
<a href="#">Independent Auditor's Report</a>	1
Financial Statements	
<a href="#">Balance Sheet</a>	3
<a href="#">Statement of Operations</a>	4
<a href="#">Statement of Members' Equity</a>	5
<a href="#">Statement of Cash Flows</a>	6
<a href="#">Notes to Financial Statements</a>	7



**MeredithCPAs**

222 W. Las Colinas Blvd, Suite 1570E, Irving, Texas 75039 | 214.492.1986 fax 972.887.9996

Independent Auditor's Report

To the Members  
Of Antares Acquisition, LLC

**Opinion**

We have audited the accompanying financial statements of Antares Acquisition, LLC, which comprise the balance sheet as of December 31, 2023, and the related statements of operations, members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Antares Acquisition, LLC as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit 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 Antares Acquisition, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Antares Acquisition, LLC'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 Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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



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 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 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 Antares Acquisition, LLC'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Antares Acquisition, LLC'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.

*MeredithCPAs*

Irving, Texas  
 March 4, 2024

**Antares Acquisition, LLC  
 Balance Sheet  
 December 31, 2023**

<b>Assets</b>		
Cash	\$	93,122
Inventory		86,798,040
Lot deposits		8,919,450
Fixed assets, net		765,441
Prepaid expense		613,108
Lease deposits		2,586,322
Operating lease right-of-use asset		701
Other assets		1,750,151
	\$	<u>101,526,335</u>
<b>Liabilities and Members' Equity</b>		
Accounts payable	\$	1,830,520
Customer deposits		1,033,581
Accrued compensation		1,431,009
Accrued liabilities		960,817
Warranty reserve		229,354
State income tax payable		300,665
Due to Members		13,658,382
Acquisition and construction loans, net of deferred loan costs		38,594,634
Operating lease liability		701
		<u>58,039,663</u>
Members' Equity		43,486,672
	\$	<u>101,526,335</u>

See accompanying notes to financial statements.

**Year Ended December 31, 2023**

Homebuilding Revenues, Net	\$	171,141,738
Cost of Revenues		
Direct house costs		92,914,639
Lot costs		30,250,542
Interest		3,629,273
Closing costs		280,549
Indirect house costs		1,376,369
		128,451,372
Gross Profit		42,690,366
Selling, General and Administrative Expenses		22,720,428
Net Income (Loss) From Operations		19,969,938
Other Income (Expense)		
Other income		97,700
Net Income Before State Taxes		20,067,638
State Income Tax, Current		372,094
Net Income	\$	19,695,544

See accompanying notes to financial statements.

4

**Antares Acquisition, LLC  
Statement of Members' Equity  
Year Ended December 31, 2023**

Members' Equity, Beginning of Year	\$	40,141,128
Net Income (Loss)		19,695,544
Member Contributions		1,250,000
Member Distributions		(17,600,000)
Members' Equity, End of Year	\$	43,486,672

See accompanying notes to financial statements.

5

**Antares Acquisition, LLC  
Statement of Cash Flows  
Year Ended December 31, 2023**

Cash Flows From Operating Activities		
Net income (loss)	\$	19,695,544
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation		255,067
(Increase) decrease in assets:		
Inventories		29,177,274
Lot deposits		(941,161)
Prepaid expense		(3,087,930)
Other Assets		(1,669,030)
Increase (decrease) in liabilities:		
Accounts payable		(1,044,810)
Customer deposits		783,178
Accrued compensation		(209,786)
Accrued liabilities		(329,437)
Warranty reserve		40,138
State income tax payable		109,374
Due to Members		4,849,421
Acquisition and construction loans		(29,987,626)
Net Cash Provided (Used) by Operating Activities		17,640,216
Cash Flows from Investing Activities		
Purchase of fixed assets		(589,969)
Net Cash Provided (Used) by Investing Activities		(589,969)
Cash Flows From Financing Activities		
Member contributions		1,250,000
Member distributions		(17,600,000)
Net Cash Provided (Used) by Financing Activities		(16,350,000)
Net Increase (Decrease) In Cash		700,247
Cash and Cash Overdraft, Beginning of Year		(607,125)
Cash, End of Year	\$	93,122
Supplemental Disclosures		
State income taxes paid	\$	262,720

See accompanying notes to financial statements.

**Antares Acquisition, LLC**  
**Notes To Financial Statements**  
**December 31, 2023**

**Note 1 - Nature of Business and Significant Accounting Policies**

Nature of Business

Antares Acquisition, LLC (“the Company”) is a Texas limited liability company. The Company’s operations consist primarily of acquiring developed lots in subdivisions throughout Johnson, Kaufman, Hood, Denton, Ellis, Parker and Tarrant Counties and building single family homes on these lots using standard floor plans ranging from approximately 1,500 to 4,500 square feet. Homes are built in a production environment on both a speculative and a pre-sold basis.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those assumed in computing warranty reserve and net realizable value related to inventory. It is at least reasonably possible that the significant estimates used will change within the next year.

Inventory

Inventory is stated at cost, which is less than or equal to net realizable value. Inventory consists of developed lots, homes under construction, models, and completed homes held for sale. Homes held for sale are classified as inventory until delivered. Inventory costs include lot costs, home construction costs, real estate taxes, and interest related to construction. Common costs prior to construction are typically allocated to individual residential lots on a pro-rata basis, and the costs of residential lots are transferred to construction in progress when home construction begins. Inventory is reviewed for impairment when events or changes in circumstances indicate that its carrying value may not be recoverable. For the year ended December 31, 2023, the Company recorded no impairment charges.

Revenue and Cost Recognition

Revenue from homebuilding is recognized at a single point in time upon closing the sale when title to and possession of the home is transferred to the customer. A deposit is received from the customer when a contract is signed, with the remaining transaction price due at the time of closing. Customer deposits are recognized as liabilities. The length of time between when the building of a house commences and the closing occurs does not usually exceed 12 months. Homebuilding revenues are recorded net of incentives. Homebuilding revenues totaled \$171,141,738 for the year ended December 31, 2023.

Capitalized construction costs are charged to earnings at the time of closing. Construction overhead and selling expenses are expensed as incurred. Sales commissions are expensed as incurred and are included in selling, general, and administrative costs.

Depreciation

Property and equipment are recorded at cost, and depreciated over the estimated useful lives using the straight-line method. The estimated useful life is three years. Expenditures for maintenance and repairs are charged to expense in the period in which they are incurred, and betterments are capitalized. The cost of assets sold or abandoned and the related accumulated depreciation are eliminated from the accounts, and any gains or losses are reflected in the accompanying statement of operations. Depreciation expense was \$255,067 for the year ended December 31, 2023.

**Antares Acquisition,**  
**LLC Notes To Financial Statements**  
**December 31, 2023**

**Note 1 - Nature of Business and Significant Accounting Policies, Continued**

Customer Deposits

The Company receives deposits from customers before revenue is recognized, resulting in contract liabilities. Customer deposits were \$1,033,581 and \$250,403 as of December 31, 2023 and December 31, 2022, respectively.

Deferred Loan Costs

Deferred loan costs represent annual renewal fees on the line of credit. These costs are reported on the balance sheet as a direct deduction from the face amount of debt. These costs are amortized over the annual renewal period to interest expense using the straight-line method. Amortization recorded to interest expense was \$201,170 for the year ended December 31, 2023.

Advertising

The Company expenses advertising costs as they are incurred. Advertising expense was \$1,917,283 for the year ended December 31, 2023.

Warranty Costs

Estimated future warranty costs are charged to cost of sales in the period when the revenues from home closings are recognized. Such estimated warranty costs are accrued as a percentage of the selling price at the time the house closes. Additional warranty costs are charged to cost of sales as necessary based on management’s estimate. Estimated future warranty costs include costs associated with the Limited Warranty provided to the homebuyer and the Company’s potential warranty obligations pursuant to various state laws. The length of the Company’s obligation ranges in time from one to ten years depending on the component of the home warranted.

Income Taxes

The Company does not incur federal income taxes; instead, its earnings are included in the Members’ income tax returns and taxed depending on the Members’ tax situation. The Company incurs Texas State Franchise taxes which are classified as income taxes in the Statement of Operations.

With respect to uncertain tax positions, the Company's management believes their positions comply with applicable laws and they periodically evaluate exposures associated with tax filing positions. Consequently, no liability is recognized in the accompanying balance sheet for uncertain tax positions. If incurred, penalties and interest assessed by income taxing authorities are included in penalties or interest expense. With few exceptions, the Company is no longer subject to U.S. federal and state examinations by taxing authorities for years before 2020.

#### Variable Interest Entities

The Company has elected the consolidation accounting policy not to evaluate qualifying entities under the variable interest entity (VIE) guidance in FASB ASC. Qualifying entities represent certain entities under common control.

**Antares Acquisition,  
LLC Notes To Financial Statements  
December 31, 2023**

#### **Note 1 - Nature of Business and Significant Accounting Policies, Continued**

##### Leases

The Company assesses whether an arrangement qualifies as a lease based on if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. The Company's leases, consisting entirely of operating leases, are recorded on the balance sheet as operating lease right-of-use assets and liabilities. Only lease options that the Company believes are reasonably certain to exercise are included in the measurement of the lease assets and liabilities. Operating lease liabilities are initially recognized based on the net present value of the lease payments through the lease term. To calculate the net present value, the Company has elected to use the risk-free rate of interest. Right-of-use assets are recognized based on operating lease liabilities. Under the operating lease model, lease payments are expensed on a straight-line basis over the lease term.

The Company has elected to account for lease components and non-lease components as a single lease component. Variable lease payment amounts that cannot be determined at the commencement of the lease such as increases in lease payments based on changes in index rates or usage, are not included in the right of use assets or lease liabilities. These are expensed as incurred.

The Company has elected to apply the short-term lease exemption to all leases with an initial term of 12 months or less. Leases with an initial term of 12 months or less are not recorded on the balance sheet and lease expense is recognized in the statement of operations for these leases on a straight-line basis over the lease term.

##### Credit Losses

The Company is exposed to credit losses primarily through its vendors. The Company assesses and monitors each counterparty's ability to pay amounts owed by considering contractual terms and conditions, the counterparty's financial condition, macroeconomic factors, and business strategy. The assets exposed to credit losses consist primarily of vendor rebate receivables. Counterparties associated with these assets are generally highly rated. There were no allowances on the aforementioned assets as of December 31, 2023.

#### **Note 2 - Inventory**

Inventory consists of the following:

Lot inventory	\$	21,562,287
Homes under construction - contract building		9,055,143
Homes under construction - speculative		24,340,997
Homes under construction - models		309,095
Completed homes - contract building		3,680,855
Completed homes - speculative		27,768,743
Completed homes - models		80,920
	<u>\$</u>	<u>86,798,040</u>

**Antares Acquisition,  
LLC Notes To Financial Statements  
December 31, 2023**

#### **Note 3 - Fixed Assets**

Fixed assets consist of the following: Computer equipment	\$	<b>381,288</b>
Leasehold improvements		228,930
Model furniture		2,108,457
Office furniture and fixtures		100,463
Software		16,576
Trailer		7,880
		<u>2,843,594</u>
Less: accumulated depreciation		(2,078,153)
	<u>\$</u>	<u>765,441</u>

#### **Note 4 - Other Assets**

**Other receivables consist of the following:**

Receivables due from bank	\$	<b>915,919</b>
Accrued rebate		475,401

Other receivables and reimbursements	358,831
	<u>\$ 1,750,151</u>

#### Note 5 - Warranty Reserve

Changes in warranty reserve consist of the following:

Balance at beginning of period	\$ 189,216
Warranties accrued during the year	290,062
Charges during the period	(249,924)
Balance at end of period	<u>\$ 229,354</u>

#### Note 6 - Acquisition and Construction Loans

Acquisition and construction loans include outstanding borrowings under three bank lines of credit and four other bank commitments. The maximum borrowings of the lines of credit and commitments totaled

\$208,872,117 as of December 31, 2023, of which the unused portion was \$170,277,483. The loans outstanding bear interest based on Wall Street Journal prime rate with interest rates ranging from 8.18% to 9% per annum at December 31, 2023. The loans are secured by inventory and certain loans require personal guarantees of the Members. The Company is required to make loan payments as collateral is sold to obtain a release of the lien on the property being sold. Accrued interest is payable each month. Each of the loans contain certain restrictive covenants, including maintenance of certain financial ratios as defined in the respective agreement. The Company has deferred loan costs of \$0 related to the lines of credit as of December 31, 2023.

10

**Antares Acquisition,  
LLC Notes To Financial Statements  
December 31, 2023**

#### Note 7 - Interest Cost

Interest costs charged to operations consist of the following:

Interest incurred	\$ 4,480,845
(Increase) decrease in costs capitalized	(851,572)
Interest charged to operations through cost of revenues	<u>\$ 3,629,273</u>

Interest costs directly related to, and incurred during, a project's construction period are capitalized. Capitalized interest was \$1,987,915 as of December 31, 2023. Interest paid was \$4,480,845 for the year ended December 31, 2023.

#### Note 8 - Lease Commitments

The Company leases its corporate office space from an affiliate under common ownership on a monthly basis. The Company leases model homes for six-month periods from an affiliate under common ownership in connection with sale-leaseback agreements. See Sale-Leaseback Transactions below and Note 10. The Company also leases various office equipment under noncancellable operating leases. The Company

The following lease costs are included in operating expense as of December 31, 2023:

Operating lease costs	\$ 8,423
Short-term lease costs	582,344
Variable lease costs	6,636
	<u>\$ 597,403</u>

The following table provides information about cash flows and assumptions as of December 31, 2023:

Cash paid for operating lease liabilities	\$ 8,423
Operating leases, weighted average remaining lease term	13 Months
Operating leases, Weighted average discount rate	1.5%

Maturities of lease liabilities are as follows:

2024	702
	<u>702</u>
Less: interest	\$ —
Present value of lease liabilities	<u>\$ 702</u>

#### Sale-Leaseback Transactions

During 2023, the Company sold 15 model homes to an affiliate under common ownership and entered into lease agreements in connection with the sales. The Company recognized sales revenue of \$7,199,966, and the Company recognized a gain of \$3,036,010 on the sale and leaseback transactions for the year ended December 31, 2023.

11

**LLC Notes To Financial Statements**  
**December 31, 2023**

**Note 8 - Lease Commitments, Continued**

In connection with the sale of these model homes, the Company entered into lease agreements for the model homes with the affiliate purchaser (the "Leases"), which commenced on dates ranging from February 8, 2023 to July 26, 2023. The Leases provide the Company with use of the model homes for an initial term of six months with an automatic 30 day renewal. The rent payments are variable and consist only of executory costs. The Leases require the Company to pay all executory costs (such as property taxes, maintenance, and insurance). The executory costs were not determinable at the lease commencement and were not included in the measurement of lease assets and liabilities. Rent expense under these leases was \$457,908 for the year ended December 31, 2023.

**Note 9 - Forward Mortgage Commitment**

During 2023, the Company entered into multiple forward mortgage commitments with an issuer, an affiliate under common ownership. The forward commitments provided for the buy down of the mortgage interest rate on future home sales as an incentive to potential home buyers. As of December 31, 2023, the Company had an open commitment letter for coverage of \$7,500,000 on GNMA loans; a committed rate of 4.875%; and an expiration date of March 1, 2024. The Company paid the issuer a total of \$687,500 for the year ended December 31, 2023, and had an unused balance of \$480,000 as of December 31, 2023, which is included in prepaid expense on the balance sheet. At expiration, the unused balance may be refunded, depending on interest rates. Subsequent to year end, the expiration date was extended to May 15, 2024.

**Note 10 - Related Party Transactions**

The Company has elected to apply the accounting alternative provided to private companies in FASB ASC 810 for certain entities under common control. As a result, the Company has not evaluated the following entities under common control in accordance with the guidance in the variable interest entities subsection of FASB ASC 810. The Company purchases developed lots from an affiliate under common ownership. The Company purchased a total of 33 lots at a total cost of \$2,255,000 for the year ended December 31, 2023. The Company also pays monthly rent for its corporate office space to an affiliate under common ownership. Rent expense paid to the affiliate was \$68,799 for the year ended December 31, 2023.

The Company routinely receives and pays back advances from its Members through Due to Members. The net amount advanced to the Members was \$4,849,421 for the year ended December 31, 2023. The balance due to the Members was \$13,658,382 at December 31, 2023.

During 2023, the Company sold 15 model homes to an affiliate under common ownership and entered into lease agreements in connection with the sales. The Company recognized sales revenue of \$7,199,966, and the Company recognized gross profit of \$3,036,010 on the sale and leaseback transactions for the year ended December 31, 2023. The Company has lease deposits of \$2,586,322 as of December 31, 2023. The Company paid rent of \$457,908 which is included in Selling, General, and Administrative Expenses. See Note 8.

During 2023, the Company entered into multiple forward mortgage commitments with an issuer, an affiliate under common ownership. The Company paid the issuer a total of \$687,500 for the year ended December 31, 2023, and had an unused balance of \$480,000 as of December 31, 2023, which is included in prepaid expense on the balance sheet. See Note 9.

The Company pays payroll for an affiliate under common ownership and is reimbursed. The payroll for the affiliate and the reimbursement was \$32,647 for the year ended December 31, 2023. The Company also pays a land consulting fees to an affiliate under common ownership. The consulting fee totaled \$120,000 for the year ended December 31, 2023, and the Company had a payable of \$21,751 and is included in accounts payable.

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12

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**Antares Acquisition,**  
**LLC Notes To Financial Statements**  
**December 31, 2023**

**Note 11 - Concentrations**

The Company's ongoing business operations are dependent upon the availability of lots, building materials and subcontractors, which may be available from a limited number of sources.

**Note 12 - Retirement Plan**

The Company sponsors a defined contribution plan as defined by Section 401(k) of the Internal Revenue Code. The retirement savings plan expense to the Company was \$0 for the year ended December 31, 2023.

**Note 13 - Subsequent Events**

Management has evaluated subsequent events through March 4, 2024, the date on which the financial statements were issued. On January 8, 2024, Antares Acquisition, LLC and its members entered into a membership interest purchase agreement ("the Purchase Agreement") with LandSea Homes Corporation. Pursuant to the Purchase Agreement, Landsea Homes Corporation agreed to acquire all the outstanding membership interests of Antares Acquisition, LLC. The Purchase Agreement was amended on February 9, 2024, to allow for more time prior to the close of the transaction. Consummation of the Company's acquisition is pending and subject to customary closing conditions. Also, subsequent to year end, the forward mortgage commitment expiration date was extended to May 15, 2024.

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13

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**Antares Acquisition, LLC**  
**Financial Statements**  
**Year Ended December 31, 2022**

**Antares Acquisition, LLC Table of Contents**

	Page
<a href="#">Independent Auditor's Report</a>	1
Financial Statements	
<a href="#">Balance Sheet</a>	3
<a href="#">Statement of Operations</a>	4
<a href="#">Statement of Members' Equity</a>	5
<a href="#">Statement of Cash Flows</a>	6
<a href="#">Notes to Financial Statements</a>	7



**MeredithCPAs**

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Independent Auditor's Report

To the Members  
Of Antares Acquisition, LLC

**Opinion**

We have audited the accompanying financial statements of Antares Acquisition, LLC, which comprise the balance sheet as of December 31, 2022, and the related statements of operations, members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Antares Acquisition, LLC as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit 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 Antares Acquisition, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Antares Acquisition, LLC'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 Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 Antares Acquisition, LLC'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Antares Acquisition, LLC'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.

*MeredithCPAs*

Irving, Texas  
March 16, 2023

Tax | Audit | Advisory

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**Antares Acquisition, LLC**  
**Balance Sheet**  
**December 31, 2022**

<b>Assets</b>		
Cash	\$	237,715
Inventory		115,975,314
Lot deposits		7,978,289
Fixed assets, net		430,539
Prepaid and other assets		213,561
Operating lease right-of-use asset		9,045
	\$	<u>124,844,463</u>
<b>Liabilities and Members' Equity</b>		
Accounts payable	\$	2,896,274
Cash overdraft		844,840
Customer deposits		250,403
Accrued compensation		1,640,795
Accrued liabilities		1,290,254
Warranty reserve		189,216
State income tax payable		191,291
Due to Members		8,808,961
Acquisition and construction loans, net of deferred loan costs		68,582,256
Operating lease liability		9,045
		<u>84,703,335</u>
Members' Equity		<u>40,141,128</u>
	\$	<u>124,844,463</u>

See accompanying notes to financial statements.



Homebuilding Revenues, Net	\$	149,773,685
Cost of Revenues		
Direct house costs		75,130,429
Lot costs		24,550,934
Interest		1,455,793
Closing costs		205,426
Indirect house costs		1,083,701
		<u>102,426,283</u>
Gross Profit		47,347,402
Selling, General and Administrative Expenses		20,062,454
Net Income (Loss) From Operations		27,284,948
Other Income (Expense)		
Other income		112,647
Net Income Before State Taxes		27,397,595
State Income Tax, Current		184,961
Net Income	\$	<u>27,212,634</u>

See accompanying notes to financial statements.

4

**Antares Acquisition, LLC**  
**Statement of Members' Equity**  
**Year Ended December 31, 2022**

Members' Equity, Beginning of Year	\$	25,528,494
Net Income (Loss)		27,212,634
Member Contributions		650,000
Member Distributions		(13,250,000)
Members' Equity, End of Year	\$	<u>40,141,128</u>

See accompanying notes to financial statements.

5

**Antares Acquisition, LLC**  
**Statement of Cash Flows**  
**Year Ended December 31, 2022**

Cash Flows From Operating Activities		
Net income (loss)	\$	27,212,634
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation		232,697
(Increase) decrease in assets:		
Inventories		(69,275,028)
Lot deposits		333,807
Prepaid and other assets		(24,297)
Increase (decrease) in liabilities:		
Accounts payable		798,505
Customer deposits		47,996
Accrued compensation		215,381
Accrued liabilities		(437,902)
Warranty reserve		(220,585)
State income tax payable		53,841
Due to Members		2,293,343
Acquisition and construction loans		46,536,739
Net Cash Provided (Used) by Operating Activities		<u>7,767,131</u>
Cash Flows from Investing Activities		
Purchase of fixed assets		(271,403)
Net Cash Provided (Used) by Investing Activities		<u>(271,403)</u>
Cash Flows From Financing Activities		
Member contributions		650,000
Member distributions		(13,250,000)
Net Cash Provided (Used) by Financing Activities		<u>(12,600,000)</u>
Net Increase (Decrease) In Cash		(5,104,272)
Cash, Beginning of Year		4,497,147
Cash and Cash Overdraft, End of Year	\$	<u>(607,125)</u>
Supplemental Disclosures		
State income taxes paid	\$	131,120

See accompanying notes to financial statements.

6

**Antares Acquisition, LLC**  
**Notes To Financial**  
**Statements December 31, 2022**

**Note 1 - Nature of Business and Significant Accounting Policies**

Nature of Business

Antares Acquisition, LLC (“the Company”) is a Texas limited liability company. The Company’s operations consist primarily of acquiring developed lots in subdivisions throughout Johnson, Kaufman, Hood, Denton, Ellis, Parker and Tarrant Counties and building single family homes on these lots using standard floor plans ranging from approximately 1,500 to 4,500 square feet. Homes are built in a production environment on both a speculative and a pre-sold basis.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those assumed in computing warranty reserve and net realizable value related to inventory. It is at least reasonably possible that the significant estimates used will change within the next year.

Inventory

Inventory is stated at cost, which is less than or equal to net realizable value. Inventory consists of developed lots, homes under construction, models, and completed homes held for sale. Homes held for sale are classified as inventory until delivered. Inventory costs include lot costs, home construction costs, real estate taxes, and interest related to construction. Common costs prior to construction are typically allocated to individual residential lots on a pro-rata basis, and the costs of residential lots are transferred to construction in progress when home construction begins. Inventory is reviewed for impairment when events or changes in circumstances indicate that its carrying value may not be recoverable. For the year ended December 31, 2022, the Company recorded no impairment charges.

Revenue and Cost Recognition

Revenue from homebuilding is recognized at a single point in time upon closing the sale when title to and possession of the home is transferred to the customer. A deposit is received from the customer when a contract is signed, with the remaining transaction price due at the time of closing. Customer deposits are recognized as liabilities. The length of time between when the building of a house commences and the closing occurs does not usually exceed 12 months. Homebuilding revenues are recorded net of incentives. Homebuilding revenues totaled \$149,773,685 for the year ended December 31, 2022.

Capitalized construction costs are charged to earnings at the time of closing. Construction overhead and selling expenses are expensed as incurred. Sales commissions are expensed as incurred and are included in selling, general, and administrative costs.

Depreciation

Property and equipment are recorded at cost, and depreciated over the estimated useful lives using the straight-line method. The estimated useful life is three years. Expenditures for maintenance and repairs are charged to expense in the period in which they are incurred, and betterments are capitalized. The cost of assets sold or abandoned and the related accumulated depreciation are eliminated from the accounts, and any gains or losses are reflected in the accompanying statement of operations. Depreciation expense was \$232,697 for the year ended December 31, 2022.

**Antares Acquisition, LLC**  
**Notes To Financial**  
**Statements December 31, 2022**

**Note 1 - Nature of Business and Significant Accounting Policies, Continued**

Customer Deposits

The Company receives deposits from customers before revenue is recognized, resulting in contract liabilities. Customer deposits were \$250,403 and \$202,407 as of December 31, 2022 and December 31, 2021, respectively.

Deferred Loan Costs

Deferred loan costs represent annual renewal fees on the line of credit. These costs are reported on the balance sheet as a direct deduction from the face amount of debt. These costs are amortized over the annual renewal period to interest expense using the straight-line method. Amortization recorded to interest expense was \$327,389 for the year ended December 31, 2022.

Advertising

The Company expenses advertising costs as they are incurred. Advertising expense was \$1,343,438 for the year ended December 31, 2022.

Warranty Costs

Estimated future warranty costs are charged to cost of sales in the period when the revenues from home closings are recognized. Such estimated warranty costs are accrued as a percentage of the selling price at the time the house closes. Additional warranty costs are charged to cost of sales as necessary based on management’s estimate. Estimated future warranty costs include costs associated with the Limited Warranty provided to the homebuyer and the Company’s potential warranty obligations pursuant to various state laws. The length of the Company’s obligation ranges in time from one to ten years depending on the component of the home warranted.

Income Taxes

The Company does not incur federal income taxes; instead, its earnings are included in the Members’ income tax returns and taxed depending on the Members’ tax situation. The Company incurs Texas State Franchise taxes which are classified as income taxes in the Statement of Operations.

With respect to uncertain tax positions, the Company’s management believes their positions comply with applicable laws and they periodically evaluate exposures associated with tax filing positions. Consequently, no liability is recognized in the accompanying balance sheet for uncertain tax positions. If incurred, penalties and interest assessed by income taxing authorities are included in penalties or interest expense. With few exceptions, the Company is no longer subject to U.S. federal and state examinations by taxing

authorities for years before 2019.

#### Variable Interest Entities

The Company has elected the consolidation accounting policy not to evaluate qualifying entities under the variable interest entity (VIE) guidance in FASB ASC. Qualifying entities represent certain entities under common control.

8

**Antares Acquisition, LLC**  
**Notes To Financial**  
**Statements December 31, 2022**

#### **Note 1 - Nature of Business and Significant Accounting Policies, Continued**

##### Leases

The Company assesses whether an arrangement qualifies as a lease based on if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. The Company's leases, consisting entirely of operating leases, are recorded on the balance sheet as operating lease right of use assets and liabilities. Only lease options that the Company believes are reasonably certain to exercise are included in the measurement of the lease assets and liabilities. Right of use lease liabilities are initially recognized based on the net present value of the of lease payments through the lease term. To calculate the net present value, the Company has elected to use the risk-free rate of interest. Right of use assets are recognized based on operating lease liabilities. Under the operating lease model, lease payments are expensed on a straight-line basis over the lease term.

The Company has elected to account for lease components and non-lease components as a single lease component. Variable lease payment amounts that cannot be determined at the commencement of the lease such as increases in lease payments based on changes in index rates or usage, are not included in the right of use assets or lease liabilities. These are expensed as incurred.

The Company has elected to apply the short-term lease exemption to all leases with an initial term of 12 months or less. Leases with an initial term of 12 months or less are not recorded on the balance sheet and lease expense is recognized in the statement of operations for these leases on a straight-line basis over the lease term.

##### Change in Accounting Principle

The Company adopted FASB Accounting Standards Update 2016-02, Leases ('ASC 842') effective January 1, 2022 using the modified retrospective approach. The adoption of ASC 842 resulted in the recognition of an operating lease liability of \$9,045 and an operating lease right-of-use asset of the same amount as of December 31, 2022. There was no impact on beginning stockholders' equity, net income, or the cash flows as a result of applying ASC 842.

##### Change in Accounting Estimate

Management has reevaluated its estimate of warranty reserve accrual based on trending evidence of warranty spend. As a result, Management determined to reduce the warranty reserve accrual by \$585,000. The effect of this change was a decrease in warranty expense and increase in net income of \$585,000 for the year ended December 31, 2022.

9

**Antares Acquisition, LLC**  
**Notes To Financial**  
**Statements December 31, 2022**

#### **Note 2 - Inventory**

Inventory consists of the following:

Lot inventory	\$	16,203,403
Homes under construction - contract building		4,774,884
Homes under construction - speculative		73,631,760
Homes under construction - models		481,877
Completed homes - contract building		4,685,454
Completed homes - speculative		15,838,527
Completed homes - models		359,409
	\$	<u>115,975,314</u>

#### **Note 3 - Fixed Assets**

Fixed assets consist of the following:

Computer equipment	\$	344,386
Leasehold improvements		158,513
Model furniture		1,626,986
Office furniture and fixtures		99,284
Software		16,576
Trailer		7,880
		<u>2,253,625</u>
Less: accumulated depreciation		<u>(1,823,086)</u>
	\$	<u>430,539</u>

#### **Note 4 - Warranty Reserve**

Changes in warranty reserve consist of the following:

Balance at beginning of period	\$	409,801
Warranties accrued during the year		524,180
Charges during the period		(159,765)
Change in warranty reserve estimate (see Note 1)		(585,000)
Balance at end of period	\$	<u>189,216</u>

#### Note 5 - Acquisition and Construction Loans

Acquisition and construction loans include outstanding borrowings under five bank lines of credit and three other bank commitments. The maximum borrowings of the lines of credit and commitments totaled \$222,872,117 as of December 31, 2022, of which the unused portion was \$154,088,691. One of the lines with maximum borrowings totaling \$14,000,000 expired during 2022. The loans outstanding bear interest based on Wall Street Journal prime rate with interest rates ranging from 3.85% to 8% per annum at December 31, 2022. The loans are secured by inventory and certain loans require personal guarantees of the Members. The Company is required to make loan payments as collateral is sold to obtain a release of the lien on the property being sold. Accrued interest is payable each month. Each of the loans contain certain restrictive covenants, including maintenance of certain financial ratios as defined in the respective agreement. The Company has deferred loan costs of \$201,170 related to the lines of credit as of December 31, 2022.

10

**Antares Acquisition, LLC**  
**Notes To Financial**  
**Statements December 31, 2022**

#### Note 6 - Interest Cost

Interest costs charged to operations consist of the following:

Interest incurred	\$	2,367,291
(Increase) decrease in costs capitalized		(911,498)
Interest charged to operations through cost of revenues	\$	<u>1,455,793</u>

Interest costs directly related to, and incurred during, a project's construction period are capitalized. Capitalized interest was \$1,757,686 as of December 31, 2022. Interest paid was \$2,367,291 for the year ended December 31, 2022.

#### Note 7 - Lease Commitments

The Company leases its corporate office space from an affiliate under common ownership on a monthly basis. The Company leases various office equipment under noncancellable operating leases. The Company leases storage space under a monthly operating lease. Rent expense totaled \$153,962 for the year ended December 31, 2022, which includes rent of \$84,799 paid to the affiliate. See Note 8.

The following lease costs are included in operating expense as of December 31, 2022:

Operating lease costs	\$	8,423
Short-term lease costs		138,269
Variable lease costs		7,270
	\$	<u>153,962</u>

The following table provides information about cash flows and assumptions as of December 31, 2022:

Cash paid for operating lease liabilities	\$	8,423
Operating leases, weighted average remaining lease term		13 Months
Operating leases, Weighted average discount rate		1.5%

Maturities of lease liabilities are as follows:

2023	\$	8,423
2024		702
		<u>9,125</u>
Less: interest	\$	(80)
Present value of lease liabilities	\$	<u>9,045</u>

#### Note 8 - Related Party Transactions

The Company has elected to apply the accounting alternative provided to private companies in FASB ASC 810 for certain entities under common control. As a result, the Company has not evaluated the following entities under common control in accordance with the guidance in the variable interest entities subsection of FASB ASC 810. The Company purchases developed lots from an affiliate under common ownership. The Company purchased a total of 120 lots at a total cost of \$7,464,000 for the year ended December 31, 2022. The Company also pays monthly rent for its corporate office space to an affiliate under common ownership. Rent expense paid to the affiliate was \$84,799 for the year ended December 31, 2022. The Company also reimbursed another affiliate under common ownership for certain model home expenses totaling \$1,526 for the year ended December 31, 2022 in exchange for use of model homes owned by an affiliate. These expenses are recorded in Selling, General, and Administrative Expenses.

The Company routinely receives and pays back advances from its Members through Due to Members. The amount advanced from the Members was \$2,293,343 for the year ended December 31, 2022. The balance due to the Members was \$8,808,961 at December 31, 2022.

11

**Antares Acquisition, LLC**  
**Notes To Financial**  
**Statements December 31, 2022**

**Note 9 - Concentrations**

The Company's ongoing business operations are dependent upon the availability of lots, building materials and subcontractors, which may be available from a limited number of sources.

**Note 10 - Retirement Plan**

The Company sponsors a defined contribution plan as defined by Section 401(k) of the Internal Revenue Code. The retirement savings plan expense to the Company was \$0 for the year ended December 31, 2022. The company spent \$0 on profit sharing for the year ended December 31, 2022

**Note 11 - Management Review**

Management has evaluated subsequent events through March 16, 2023, the date on which the financial statements were issued.

**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

On January 8, 2024, Landsea Homes Corporation (together with its subsidiaries, “Landsea Homes” or the “Company”) entered into a membership interest purchase agreement (the “Membership Interest Purchase Agreement”) with Antares Acquisition, LLC (“Antares”) and the sellers named therein, to acquire all of the outstanding membership interests of Antares for an aggregate cash purchase price of \$185.0 million, exclusive of the repayment of Antares’ debt and subject to certain post-closing adjustments. The following unaudited pro forma condensed combined financial information presents the combination of the financial information of the Company and Antares, adjusted to give effect to the completion of the acquisition of Antares (the “Antares Acquisition”).

The unaudited pro forma condensed combined financial information has been prepared in accordance with Regulation S-X Article 11, Pro Forma Financial Information, as amended by the final rule, Amendments to Financial Disclosures About Acquired and Disposed Businesses, as adopted by the Securities and Exchange Commission (“SEC”) on May 20, 2020. The unaudited pro forma condensed combined financial information of the Company and Antares as of and for the year ended December 31, 2023 is derived from, and should be read in conjunction with, their respective audited historical financial statements as of and for the year ended December 31, 2023.

The historical financial statements of the Company and Antares have been adjusted in the accompanying unaudited pro forma condensed combined financial information to give effect to pro forma events which are necessary to account for the Antares Acquisition, in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The historical combined financial information of the Company has been adjusted in the unaudited pro forma condensed combined financial information to give effect to pro forma events that are: (i) directly attributable to the Antares Acquisition, (ii) factually supportable, and (iii) with respect to the statements of operations, are expected to have a continuing effect on the combined operating results. In the opinion of management, all adjustments necessary to present fairly the pro forma financial information have been reflected. The assumptions underlying the pro forma adjustments are described fully in the accompanying notes, which should be read in conjunction with the unaudited pro forma condensed financial information. The accompanying unaudited pro forma combined financial information does not give pro forma effect to (i) the issuance and sale of the notes offered hereby and (ii) the use of proceeds therefrom.

The Antares Acquisition will be accounted for as a business combination using the acquisition method with Landsea Homes as the accounting acquirer in accordance with Accounting Standards Codification (“ASC”) Topic 805, Business Combinations (“ASC 805”). Under this method of accounting, the total consideration will be allocated to Antares’ assets acquired and liabilities assumed based upon their estimated fair values upon the consummation of the Antares Acquisition, which is currently expected to occur in the second quarter of 2024. The process of valuing the net assets of Antares at the consummation of the Antares Acquisition, as well as evaluating accounting policies for conformity, is preliminary and subject to final adjustments following the consummation of the Antares Acquisition. Any differences between the fair value of the consideration transferred and the fair value of the assets acquired, and liabilities assumed will be recorded as goodwill. Accordingly, the purchase price allocation and related adjustments reflected in this unaudited pro forma condensed combined financial information are preliminary and subject to revision based on a final determination of fair value. As a result of the foregoing, the unaudited pro forma condensed combined financial information is based on the preliminary information available and management’s preliminary valuation of the fair value of tangible and intangible assets acquired and liabilities assumed. The actual purchase accounting assessment may vary based on final analyses of the valuation of assets acquired and liabilities assumed, particularly regarding intangible assets and deferred tax assets and liabilities, which could be material. The unaudited pro forma condensed combined financial information and related notes are provided for illustrative purposes only and do not purport to represent what the combined company’s actual results of operations or financial position would have been had the Antares Acquisition been completed on the dates indicated, nor are they necessarily indicative of the combined company’s future results of operations or financial position for any future period. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein. Further, the unaudited pro forma condensed combined financial information does not reflect any anticipated synergies or dis-synergies, operating efficiencies or cost savings that may result from the Antares Acquisition or any integration costs that may be incurred.

The following unaudited pro forma condensed combined financial information have been prepared to give effect to the Antares Acquisition and financing, which includes adjustments for the following:

- Certain reclassifications to conform Antares’ historical financial statement presentation to Landsea Homes’ presentation;
- Application of the acquisition method of accounting under the provisions of ASC 805 and to reflect estimated consideration of approximately \$233.0 million;
- Proceeds and uses of borrowings under its existing revolver credit facility to finance the Antares Acquisition; and
- Non-recurring transaction costs in connection with the Antares Acquisition.

**Unaudited Pro Forma Condensed Combined Balance Sheet — As of December 31, 2023**

	<b>Landsea Homes</b>	<b>Antares Adjusted (Note 2)</b>	<b>Transaction Accounting Adjustments</b>		<b>Financing Adjustments</b>		<b>Pro Forma Combined</b>
				<i>(dollars in thousands, except share and per share data)</i>			
<b>Assets</b>							
Cash and cash equivalents	\$ 119,555	\$ 93	\$ (212,490) (20,000)	A E	\$ 120,000	H	\$ 7,158
Cash held in escrow	49,091	—	—		—		49,091
Real estate inventories	1,121,726	95,717	83,937	B	—		1,301,380
Due from affiliates	4,348	—	—		—		4,348
Goodwill	68,639	—	232,990 (83,937) (1,500) (38,595) (57,145)	A B C F G	— — — — —		120,452
Other assets	107,873	5,716	(20,500) 1,500 (300) 20,000	A C D E	— — — —		114,289
<b>Total assets</b>	<b>\$ 1,471,232</b>	<b>\$ 101,526</b>	<b>\$ (96,040)</b>		<b>\$ 120,000</b>		<b>\$ 1,596,718</b>
<b>Liabilities</b>							

Accounts payable	\$ 77,969	\$ 1,830	\$ 3,177	D	\$ —	\$ 82,976
Accrued expenses and other liabilities	160,256	3,956	—		—	164,212
Due to affiliates	881	13,658	(13,658)	G	—	881
Line of credit facility, net	307,631	38,595	(38,595)	F	120,000	H 427,631
Senior notes, net	236,143	—	—		—	236,143
<b>Total liabilities</b>	<b>782,880</b>	<b>58,039</b>	<b>(49,076)</b>		<b>120,000</b>	<b>911,843</b>
<b>Commitments and contingencies</b>						
<b>Equity</b>						
<b>Stockholders' equity</b>						
Preferred stock, \$0.0001 par value	—	—	—		—	—
Common stock, \$0.0001 par value	4	—	—		—	4
Members' Equity	—	43,487	(43,487)	G	—	—
Additional paid-in capital	465,290	—	—		—	465,290
Retained earnings	187,584	—	(3,477)	D	—	184,107
<b>Total stockholders' equity</b>	<b>652,878</b>	<b>43,487</b>	<b>(46,964)</b>			<b>649,401</b>
Noncontrolling interests	35,474	—	—		—	35,474
<b>Total equity</b>	<b>688,352</b>	<b>43,487</b>	<b>(46,964)</b>			<b>684,875</b>
<b>Total liabilities and equity</b>	<b>\$ 1,471,232</b>	<b>\$ 101,526</b>	<b>\$ (96,040)</b>		<b>\$ 120,000</b>	<b>\$ 1,596,718</b>

#### Unaudited Pro Forma Condensed Combined Statement of Operations — Year Ended December 31, 2023

	Landsea Homes	Antares Adjusted (Note 2)	Transaction Accounting Adjustments		Financing Adjustments		Pro Forma Combined
<i>(dollars in thousands, except share and per share data)</i>							
<b>Revenue</b>							
Home sales	\$ 1,169,867	\$ 171,142	\$ —		\$ —		\$ 1,341,009
Lot sales and other	40,080	—	—		—		40,080
<b>Total revenue</b>	<b>1,209,947</b>	<b>171,142</b>	<b>—</b>		<b>—</b>		<b>1,381,089</b>
<b>Cost of sales</b>							
Home sales	967,034	136,993	24,392	AA	9,960	FF	1,133,650
			(4,729)	DD	—		
Lot sales and other	27,939	—	—		—		27,939
<b>Total cost of sales</b>	<b>994,973</b>	<b>136,993</b>	<b>19,663</b>		<b>9,960</b>		<b>1,161,589</b>
<b>Gross margin</b>	<b>214,974</b>	<b>34,149</b>	<b>(19,663)</b>		<b>(9,960)</b>		<b>219,500</b>
<b>Operating expenses</b>							
Sales and marketing expenses	73,248	4,097	—		—		77,345
General and administrative expenses	101,442	10,082	1,500	BB	—		116,501
			3,477	CC	—		
<b>Total operating expenses</b>	<b>174,690</b>	<b>14,179</b>	<b>4,977</b>		<b>—</b>		<b>193,846</b>
<b>Income from operations</b>	<b>40,284</b>	<b>19,970</b>	<b>(24,640)</b>		<b>(9,960)</b>		<b>25,654</b>
Other income, net	4,261	98	—		—		4,359
<b>Pretax income</b>	<b>44,545</b>	<b>20,068</b>	<b>(24,640)</b>		<b>(9,960)</b>		<b>30,013</b>
Provision for income taxes	11,895	372	(6,579)	EE	(2,659)	GG	3,029
<b>Net income</b>	<b>32,650</b>	<b>19,696</b>	<b>(18,061)</b>		<b>(7,301)</b>		<b>26,984</b>
Net income attributable to non-controlling interests	3,414	—	—		—		3,414
<b>Net income attributable to Landsea Homes</b>	<b>\$ 29,236</b>	<b>\$ 19,696</b>	<b>\$ (18,061)</b>		<b>\$ (7,301)</b>		<b>\$ 23,570</b>
<b>Income per share:</b>							
Basic	\$ 0.75		—		—		\$ 0.61
Diluted	\$ 0.75		—		—		\$ 0.60
<b>Weighted average common shares outstanding:</b>							
Basic	38,885,003		—		—		38,885,003
Diluted	39,076,322		—		—		39,076,322

#### Notes to the Unaudited Pro Forma Condensed Combined Financial Statements

##### 1. Basis of Presentation

The unaudited pro forma condensed combined financial information has been prepared by Landsea Homes in accordance with Regulation S-X Article 11, Pro Forma Financial Information, as amended by the final rule, Amendments to Financial Disclosures About Acquired and Disposed Businesses, as adopted by the SEC on May 20, 2020.

The unaudited pro forma condensed combined financial information was prepared using the acquisition method of accounting in accordance with ASC 805, with Landsea Homes assumed as the accounting acquirer, and based on the historical consolidated financial statements of Landsea Homes and Antares. Under ASC 805, assets acquired, and liabilities assumed in a business combination are recognized and measured at their assumed acquisition date fair value, while transaction costs associated with a business combination are expensed as incurred. The excess of acquisition consideration over the fair value of assets acquired and liabilities assumed, if any, is allocated to goodwill.

The Unaudited Pro Forma Condensed Combined Balance Sheet is presented as if the Antares Acquisition had occurred on December 31, 2023, and the Unaudited Pro Forma Condensed Combined Statement of Operations for the year ended December 31, 2023, give effect to the Antares Acquisition as if it occurred on January 1, 2023.

The unaudited pro forma condensed combined financial information does not reflect any anticipated synergies or dis-synergies, operating efficiencies or cost savings that may result from the Antares Acquisition and integration costs that may be incurred. The pro forma adjustments represent Landsea Homes' best estimates and are based upon currently available information and certain assumptions that Landsea Homes believes are reasonable under the circumstances. Landsea Homes is not aware of any material transactions between Landsea Homes and Antares during the periods presented. Accordingly, adjustments to eliminate transactions between Landsea Homes and

Antares have not been reflected in the unaudited pro forma condensed combined financial information.

## 2. Accounting Policies and Reclassification Adjustments

The accounting policies used in the preparation of these unaudited pro forma condensed combined financial information are those set out in Landsea Homes' audited consolidated financial statements as of and for the year ended December 31, 2023.

Certain reclassifications have been reflected in the pro forma adjustments to conform Antares' presentation to Landsea Homes' presentation in the unaudited pro forma condensed combined financial information. The unaudited pro forma condensed combined financial information may not reflect all the adjustments necessary to conform the accounting policies of Antares to the accounting policies of Landsea Homes.

Management will perform a comprehensive review of Landsea Homes' and Antares' accounting policies. As a result of the review, management may identify differences between the accounting policies of Landsea Homes and Antares which, when conformed, could have a material impact on the financial statements of Landsea Homes following the consummation of the Antares Acquisition.

Reclassification adjustments that have been made to the historical presentation of Antares to conform to the financial statement presentation of Landsea Homes are as follows:

### Unaudited Pro Forma Condensed Combined Balance Sheet – As of December 31, 2023

Landsea Homes	Antares	Antares Historical	Reclassification Adjustments	Notes	Antares Historical Adjusted
		<i>(dollars in thousands)</i>			
<b>Assets</b>					
Cash and cash equivalents	Cash	\$ 93			\$ 93
Cash held in escrow					—
Real estate inventories			95,717	(a)	95,717
	Inventory	86,798	(86,798)	(a)	—
	Lot deposits	8,919	(8,919)	(a)	—
Due from affiliates					—
	Fixed assets, net	765	(765)	(b)	—
Goodwill					—
Other assets			5,716	(b)	5,716
	Prepaid expense	613	(613)	(b)	—
	Lease deposits	2,586	(2,586)	(b)	—
	Operating lease right-of-use asset	1	(1)	(b)	—
	Other assets	1,751	(1,751)	(b)	—
<b>Total assets</b>		<u>\$ 101,526</u>	<u>\$ —</u>		<u>\$ 101,526</u>
<b>Liabilities</b>					
Accounts payable	Accounts payable	\$ 1,830			\$ 1,830
Accrued expenses and other liabilities			3,956	(c)	3,956
	Accrued compensation	1,431	(1,431)	(c)	—
	Accrued liabilities	960	(960)	(c)	—
	Warranty reserve	229	(229)	(c)	—
	State income tax payable	301	(301)	(c)	—
	Customer deposits	1,034	(1,034)	(c)	—
	Operating lease liability	1	(1)	(c)	—
Due to affiliates			13,658	(d)	13,658
	Due to Members	13,658	(13,658)	(d)	—
Line of credit facility, net			38,595	(e)	38,595
	Acquisition and construction loans, net of deferred loan costs	38,595	(38,595)	(e)	—
Senior notes, net					—
<b>Total liabilities</b>		<u>58,039</u>	<u>—</u>		<u>58,039</u>
<b>Equity</b>					
Stockholders' equity:					
Preferred stock, \$ 0.0001 par value					—
Common stock, \$ 0.0001 par value					—
	Members' Equity	43,487			43,487
Additional paid-in capital					—
Retained earnings					—
<b>Total stockholders' equity</b>		<u>43,487</u>	<u>—</u>		<u>43,487</u>
Noncontrolling interests					
Total equity		43,487	—		43,487
<b>Total liabilities and equity</b>		<u>\$ 101,526</u>	<u>\$ —</u>		<u>\$ 101,526</u>

(a) Adjustment to reclassify Antares' Inventory and Lot deposits to Real estate inventories

(b) Adjustment to reclassify Antares' Fixed assets, net, Prepaid expense, Lease deposits, Operating lease right-of-use asset and Other assets to Other assets

(c) Adjustment to reclassify Antares' Accrued compensation, Accrued liabilities, Warranty reserve, State income tax payable, Operating lease liability and Customer deposits to Accrued expenses and other liabilities



(d) Adjustment to reclassify Antares' Due to members to Due to affiliates

(e) Adjustment to reclassify Antares' Acquisition and construction loans, net of deferred loan costs to Line of credit facility, net

**Unaudited Pro Forma Condensed Combined Statement of Operations – Year ended December 31, 2023**

Landsea Homes	Antares	Antares Historical	Reclassification Adjustments	Notes	Antares Historical Adjusted
<i>(dollars in thousands)</i>					
<b>Revenue</b>					
Home sales	Homebuilding Revenues, net	\$ 171,142			\$ 171,142
Lot sales and other					—
<b>Total revenues</b>		<b>171,142</b>	<b>—</b>		<b>171,142</b>
<b>Cost of sales</b>					
Home sales			136,993	(a), (b), (c), (e)	136,993
	Direct house costs	92,915	(92,915)	(a)	—
	Interest	3,629	(3,629)	(a)	—
	Indirect house costs	1,376	(1,376)	(a)	—
Lot sales and other					—
	Lot costs	30,251	(30,251)	(b)	—
	Closing costs	281	(281)	(b)	—
Total cost of sales		128,452	8,541		136,993
<b>Gross margin</b>		<b>42,690</b>	<b>(8,541)</b>		<b>34,149</b>
Sales and marketing expenses			4,097	(d)	4,097
General and administrative expenses			10,082	(d)	10,082
	Selling, general and administrative expenses	22,720	(7,442)	(c)	—
			(14,179)	(d)	
			(1,099)	(e)	
Total operating expenses		22,720	(8,541)		14,179
<b>Income from operations</b>		<b>19,970</b>	<b>—</b>		<b>19,970</b>
Other income, net	Other income	98			98
<b>Pretax income</b>		<b>20,068</b>	<b>—</b>		<b>20,068</b>
Provision for income taxes			372	(f)	372
	State income tax, current	372	(372)	(f)	—
<b>Net income</b>		<b>19,696</b>	<b>—</b>		<b>19,696</b>
Net income attributable to noncontrolling interests					—
<b>Net income attributable to Landsea Homes Corporation</b>		<b>\$ 19,696</b>	<b>\$ —</b>		<b>\$ 19,696</b>

(a) Adjustment to reclassify Antares' Direct house costs, Interest and Indirect house costs to Home sales (Cost of sales)

(b) Adjustment to reclassify Antares' Lot costs and Closing costs to Home sales (Cost of sales)

(c) Adjustment to reclassify Antares' Commission expense to Home sales (Cost of sales)

(d) Adjustment to reclassify Antares' Selling, General and Administrative expenses to Sales and marketing expenses and General and administrative expenses

(e) Adjustment to reclassify Antares' Spec interest expense and Model interest expense to Home sales (Cost of sales)

(f) Adjustment to reclassify Antares' State income tax, current to Provision for income taxes

**3. Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheet**

**Transaction Accounting Adjustments**

The Antares Acquisition will be accounted for using the acquisition method of accounting in accordance with ASC 805, which requires, among other things, that the assets acquired, and liabilities assumed be recognized at their acquisition date fair values, with any excess of the consideration transferred over the estimated fair values of the identifiable net assets acquired recorded as goodwill.

**Preliminary Purchase Consideration**

(A) The preliminary purchase consideration is \$233.0 million. The following table summarizes the components of the preliminary purchase price consideration reflected in the unaudited pro forma condensed combined financial information (in thousands):

Cash paid to seller (1)	\$ 194,395
Cash paid to settle Antares' outstanding debt	38,595
<b>Total purchase consideration</b>	<b>\$ 232,990</b>

(1) Cash paid to seller includes (a) \$20.5 million of escrow deposits paid by Landsea Homes prior to the Antares Acquisition which will be net settled with the purchase price upon closing of the Antares Acquisition and (b) \$0.3 million of estimated transaction expenses incurred by Antares which will be reimbursed by Landsea Homes upon consummation of the Antares Acquisition. \$0.5 million of the escrow deposits was paid prior to December 31, 2023.

### Preliminary Purchase Price Allocation

The preliminary purchase accounting was based on a benchmarking analysis of similar transactions in the industry in order to identify value allocations of acquisition considerations to assets acquired and liabilities assumed including intangible assets and step-up in the value of inventory. Upon completion of the Antares Acquisition, a final determination of the fair value of Antares' assets and liabilities will be performed. The final purchase price allocation may be materially different than that reflected in the preliminary estimated purchase price allocation presented herein. Any increase or decrease in fair values of the net assets as compared with the unaudited condensed combined pro forma financial information may change the amount of the total acquisition consideration allocated to goodwill and other assets and liabilities and may impact the statements of income of Landsea Homes following the consummation of the Antares Acquisition due to adjustments in the depreciation and amortization of the adjusted assets.

The preliminary purchase price allocation is as follows:

	<b>Amounts (in thousands)</b>
Cash and cash equivalents	\$ 93
Real estate inventories	179,654
Other assets	7,216
<b>Total assets</b>	<b>186,963</b>
Accounts payable	1,830
Accrued expenses and other liabilities	3,956
<b>Total liabilities</b>	<b>5,786</b>
<b>Net assets acquired (a)</b>	<b>181,177</b>
Preliminary purchase consideration (b)	232,990
<b>Preliminary goodwill (b)-(a)</b>	<b>\$ 51,813</b>

- (B) To record the estimated adjustment to step up Antares' inventory to fair value. The fair value calculation is preliminary and subject to change. After the Antares Acquisition, the step-up in inventory fair value will increase cost of sales over approximately 12 months as the inventory is sold.

	<b>Estimated fair value (in thousands)</b>
<b>Real estate inventories</b>	
Homes completed or under construction	\$ 82,726
Land held and land under development	28,001
Deposits and pre-acquisition costs	68,927
<b>Total real estate inventories</b>	<b>\$ 179,654</b>

- (C) To record the preliminary estimated fair value adjustment to the identifiable trade name acquired in the Antares Acquisition. The fair value of intangible assets is subject to change based on the final analyses of the valuation of assets acquired and liabilities assumed. The trade name will be amortized on a straight-line basis over the remaining estimated useful life of one year.

	<b>Estimated fair value (in thousands)</b>
<b>Other assets</b>	
Trade name	\$ 1,500

- (D) To record the total estimated unrecorded transaction costs of \$3.5 million that are expected to be incurred. This adjustment excludes \$0.9 million in transaction costs which are recognized in the financial statements of Landsea Homes for the year ended December 31, 2023. \$0.3 million of the \$3.5 million represents a non-refundable escrow deposit paid to Antares.
- (E) To record the payment of deposits made by Landsea Homes for the Antares Acquisition. \$20.0 million of the deposit was paid subsequent to December 31, 2023.
- (F) To record the repayment of Antares' debt as of December 31, 2023 by Landsea Homes as part of the consideration for the Antares Acquisition.
- (G) To record the elimination of Antares' historical Members' equity and Due to affiliates.

### Financing Adjustments

- (H) To record additional borrowing drawn by Landsea Homes under its existing revolving credit facility to finance the Antares Acquisition.

## 4. Adjustments to Unaudited Pro Forma Condensed Combined Statement of Operations

### Transaction Accounting Adjustments

- (AA) To record the increase to cost of sales by the amount related to the inventory fair value step up on Homes completed or under construction and Land held and land under development, which are expected to be delivered within one year.
- (BB) To record the incremental amortization expense on a straight-line basis based on the estimated fair value of the acquired trade name intangible asset.
- (CC) To record the estimated unrecorded transaction costs deemed to be direct and incremental costs of the Antares Acquisition. This is a nonrecurring item.
- (DD) To record the elimination of historical interest expense and amortization cost related to Antares' debt that was paid off by Landsea Homes as part of the consideration for the Antares Acquisition.

(EE) To record the income tax effect of the pro forma transaction accounting adjustments using the estimated blended tax rate of 26.7%. This does not necessarily reflect the amount that would have resulted had Landsea Homes, following the consummation of the Antares Acquisition, filed consolidated income tax returns during the period presented.

**Financing Adjustments**

(FF) To record the interest expense impact from the additional borrowing referenced in Note (H) as if the draw occurred on January 1, 2023. The interest expense is calculated based on the assumed interest rate of 8.3%. An increase/decrease of 1/8th percent in the interest rate is immaterial for the year ended December 31, 2023.

(GG) To record the income tax effect of the pro forma financing adjustments using the estimated blended tax rate of 26.7%. This does not necessarily reflect the amount that would have resulted had Landsea Homes, following the consummation of the Antares Acquisition, filed consolidated income tax returns during the period presented.

**5. Earnings Per Share**

The following table sets forth the computation of pro forma basic and diluted earnings per share for the year ended December 31, 2023.

*(in thousands, except share and per share data)*

<b>Numerator:</b>		
Net income - basic and diluted	\$	23,570
<b>Denominator:</b>		
Weighted average shares outstanding		
Basic		38,885,003
Diluted		39,076,322
<b>Pro forma net income per share:</b>		
Basic	\$	0.61
Diluted	\$	0.60