



Q4 & Full Year 2020 Results Investor Presentation

March 11, 2021

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HOMES
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DISCLAIMER

Forward-Looking Statements

Certain statements in this presentation may constitute “forward-looking statements” within the meaning of the federal securities laws, including, but not limited to, our expectations for future financial performance, business strategies or expectations for our business, including as they relate to anticipated effects of the business combination pursuant to that Agreement and Plan of Merger (the “Merger Agreement”) by and among Landsea Homes Corporation (formerly LF Capital Acquisition Corp. or “LF Capital” and now the “Company” or “Landsea Homes”), a Delaware corporation, LFCA Merger Sub, Inc., a Delaware corporation and wholly-owned subsidiary of LF Capital, Landsea Holdings Corporation, a Delaware corporation (“Landsea Holdings”), and Landsea Homes Incorporated, a Delaware corporation and wholly-owned subsidiary of Landsea Holdings, dated as of August 31, 2020 (the “Business Combination”). 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. Specifically, forward-looking statements may include statements relating to: the benefits of the Business Combination; the future financial performance of the Company following the Business Combination; changes in the market for Landsea Homes’ products and services; and expansion plans and opportunities.

These forward-looking statements are based on information available as of the date of this presentation 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 Securities and Exchange Commission (“SEC”). These risk factors and those identified elsewhere in this press release, among others, could cause actual results to differ materially from historical performance and include, but are not limited to: the ability to recognize the anticipated benefits of the Business Combination, which may be affected by, among other things, competition, the ability to integrate the combined businesses, and the ability of the combined business to grow and manage growth profitably; costs related to the Business Combination; the ability to maintain the listing of Landsea Homes’ securities on Nasdaq; the outcome of any legal proceedings that may be instituted against the Company following consummation of the Business Combination; changes in applicable laws or regulations; the inability to launch new Landsea Homes products or services or to profitably expand into new markets; the possibility that Landsea Homes may be adversely affected by other economic, business, and/or competitive factors; and other risks and uncertainties indicated in Landsea Homes’ SEC reports or documents filed or to be filed with the SEC by Landsea Homes.

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.

Non-GAAP Financial Measures

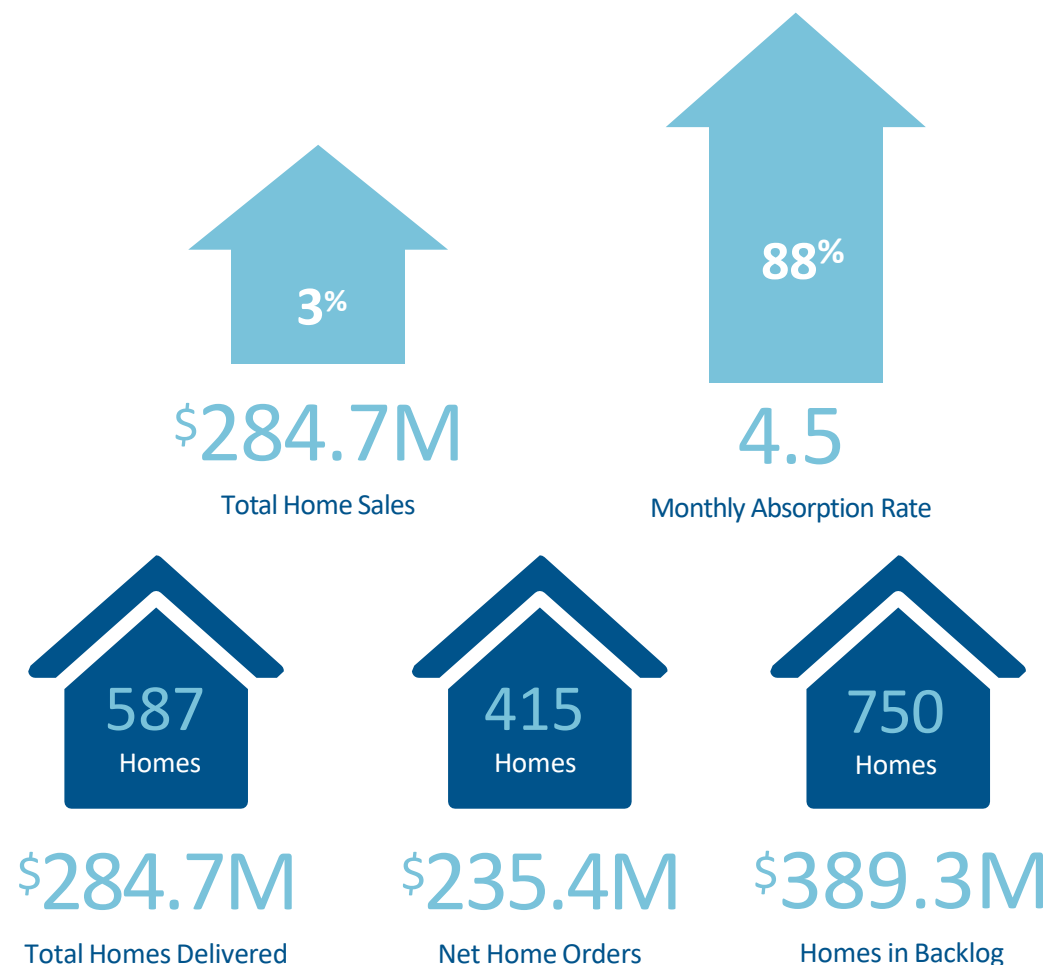
This presentation contains certain financial measures that are not calculated in accordance with accounting principles generally accepted in the United States (“GAAP”). Any non-GAAP financial measures and other non-GAAP financial information used in this presentation are in addition to, and should not be considered superior to, or a substitute for, financial measures prepared in accordance with GAAP. Non-GAAP financial measures and other non-GAAP financial information is subject to significant inherent limitations. The non-GAAP financial measures Landsea Homes uses in this presentation include adjusted home sales gross margin, EBITDA, operating EBITDA, net debt to net capital and adjusted net income.

We believe that the disclosure of these non-GAAP financial measures presents additional information which, when read in conjunction with our consolidated financial statements prepared in accordance with GAAP, facilitates the analysis of our results of operations. These non-GAAP financial measures are not based on any comprehensive or standard set of accounting rules or principles. Accordingly, the calculation of our non-GAAP financial measures may differ from the definitions of non-GAAP financial measures other companies may use with the same or similar names. This limits, to some extent, the usefulness of this information for comparison purposes. Non-GAAP financial measures have limitations in that they do not reflect all of the amounts associated with our financial results as determined in accordance with GAAP. This information should only be used to evaluate our financial results in conjunction with the corresponding GAAP information. Accordingly, we qualify our use of non-GAAP financial measures whenever non-GAAP financial measures are presented. A reconciliation of the non-GAAP financial measures used in this presentation to the most directly comparable GAAP measures is provided in the Appendix to this presentation.

2020 Q4 FINANCIAL SUMMARY

- Total home sales increased 3% to \$284.7M compared to \$275.2M
- Total homes delivered increased 111% to 587 homes compared to 278
- Net new home orders increased 182% to 415 compared to 147
- Homes in backlog increased 520% to 750 homes with a dollar value of \$389.3M compared to 121 homes with a dollar value of \$84.0M
- Average selling communities up 53% to 31.0 compared to 20.3
- Gross margin as percentage of revenue was 15.0% compared to 15.1%
- Adjusted homes sales gross margin was 22.1% compared to 23.5%
- SG&A expense as a percentage of revenue was 9.8% compared to 8.2%
- Net income attributable to Landsea Homes was \$10.7M compared to \$12.9M
- Adjusted net income attributable to Landsea Homes was \$19.4M compared to \$21.2M
- Adjusted EBITDA was \$36.1M compared to \$40M

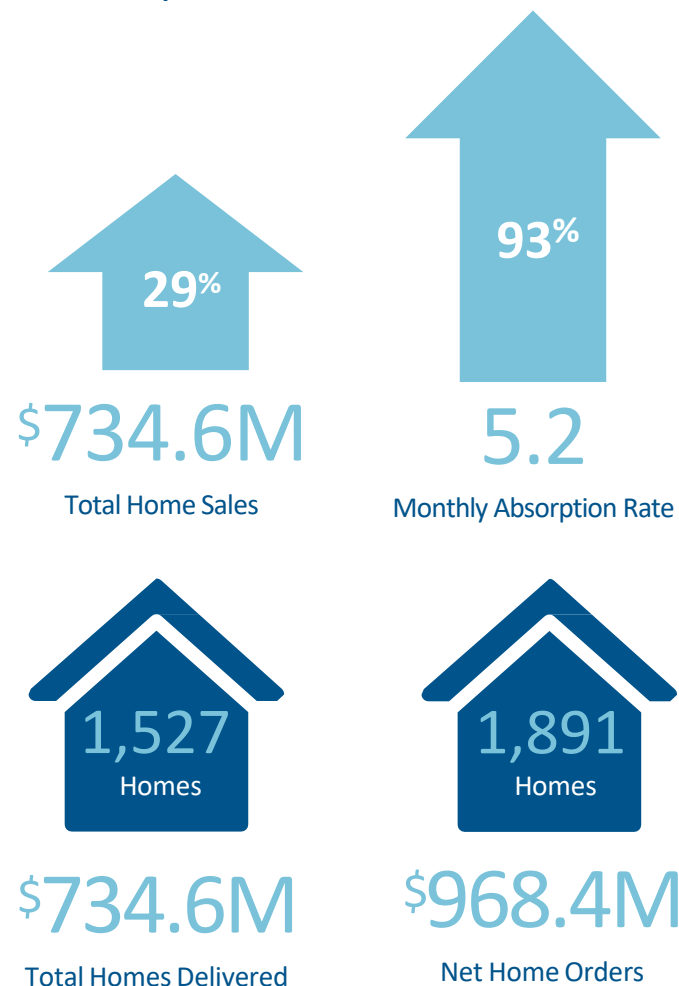
Fourth Quarter 2020 Highlights Compared to Fourth Quarter 2019



2020 FINANCIAL SUMMARY

- Total home sales increased 29% to \$734.6M compared to \$568.9M
- Total homes delivered increased 156% to 1,527 homes compared to 597
- Net new home orders increased 294% to 1,891 compared to 480
- Monthly absorption rate increased 93% to 5.2 sales per active community compared to 2.7
- Total lots owned and controlled increased 41% to 6,680 compared to 4,724
- Gross margin as percentage of revenue was 12.9% compared to 15.8%
- Adjusted home sales gross margin was 20.7% compared to 23.5%
- SG&A expense as a percentage of revenue was 12.3% compared to 10.8%
- Net income (loss) attributable to Landsea Homes was \$(9.0M) compared to \$17.2M
- Adjusted net income attributable to Landsea Homes was \$28.0M compared to \$37.9M
- Adjusted EBITDA was \$65.0M compared to \$73.9M

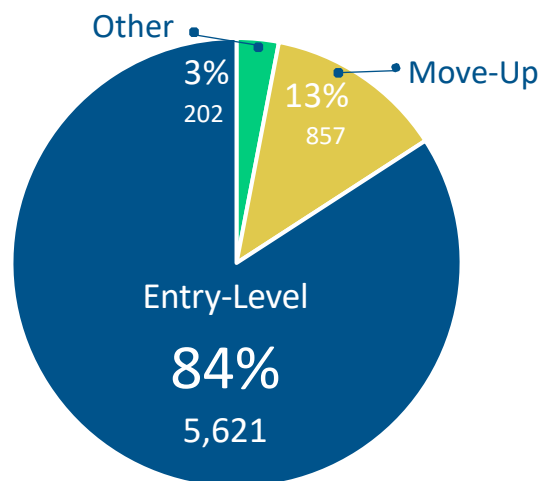
Full Year 2020 Highlights Compared to Full Year 2019



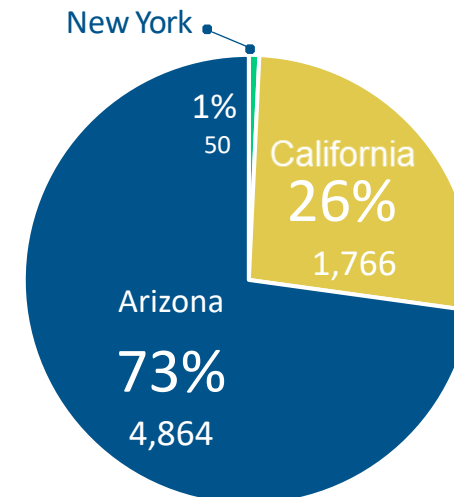
FOCUSED ON ENTRY-LEVEL HOMES

IN HIGH-GROWTH GEOGRAPHIES

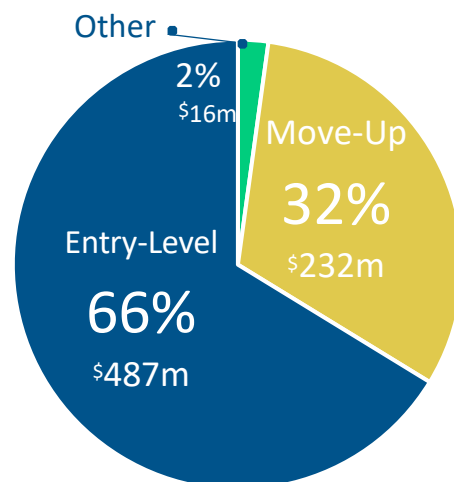
**Lots Owned/
Controlled by
Product
Class¹**



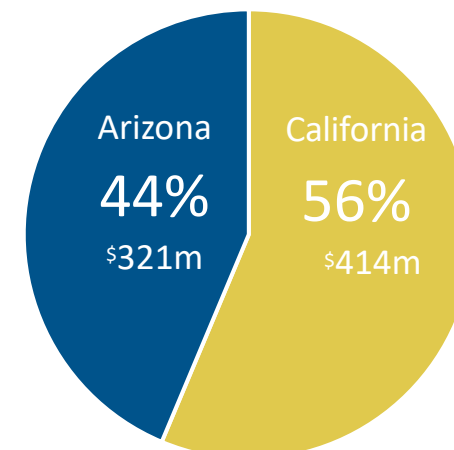
**Supply of Lots
by State¹**



**FY20 Revenue
by Product
Class¹**

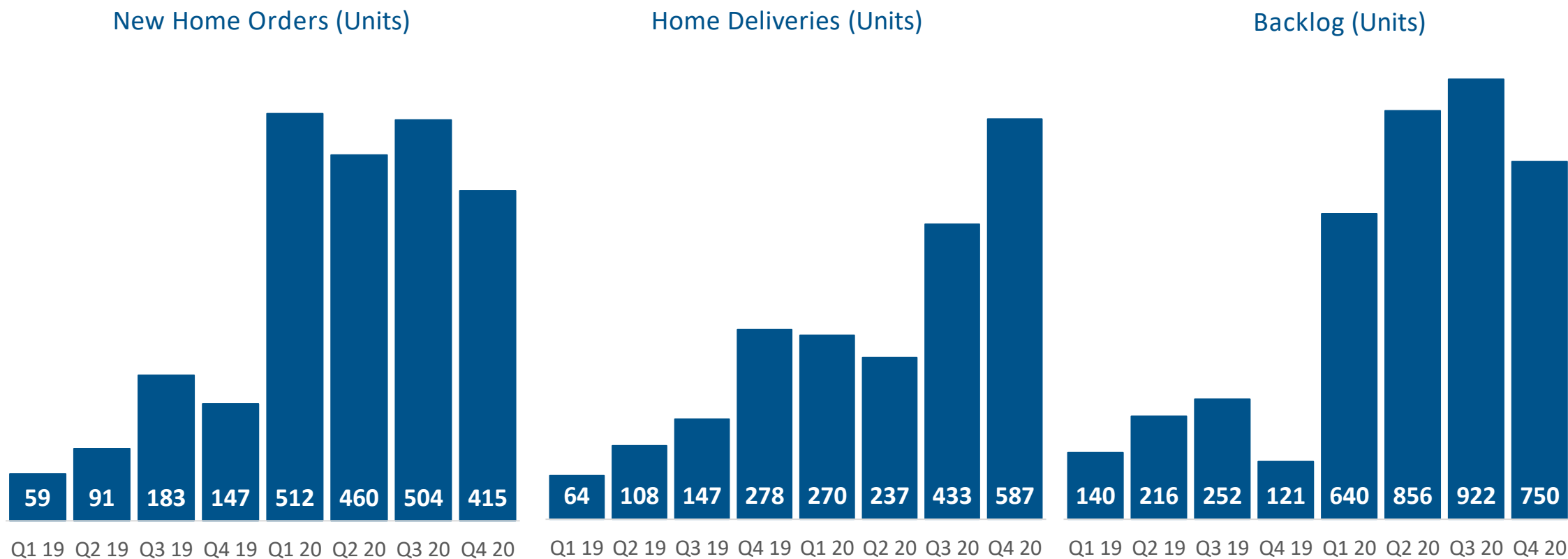


**FY20 Revenue
by Geography¹**



KEY OPERATING METRICS¹

Operating Metrics by Quarter



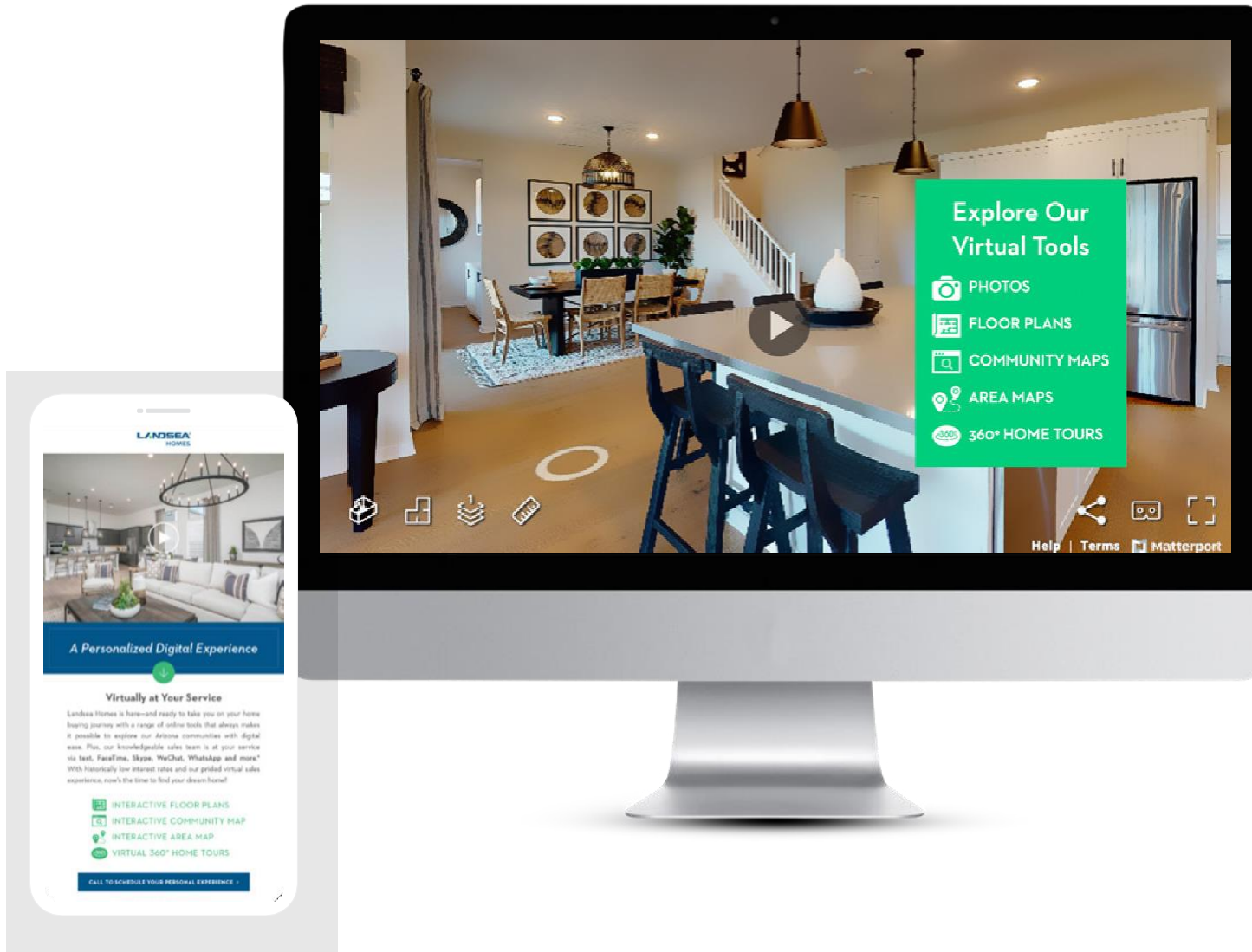
LEADING THE VIRTUAL SALES PROCESS

Landsea Homes was well positioned to quickly adapt to the current conditions caused by COVID-19 and is an industry leader in the use of innovative technology to maximize the experience for future residents.

Giving home shoppers a “you are here” experience with a variety of online tools:

- Micro Community Videos
- Photo Galleries
- 360° Virtual Tours
- Interactive Floor Plans
- Interactive Area and Site Maps

Dedicated Inside Sales Counselors support all division/ community web leads, phone calls and on-site appointments seven days a week.



1/1/20 – 12/31/20

835,568

Unique Web Users

38,840

Direct Phone Calls
to Inside Sales

2,961

Total On-Site
Appointments

1,891

Net Orders

KEY OBJECTIVES FOR 2021

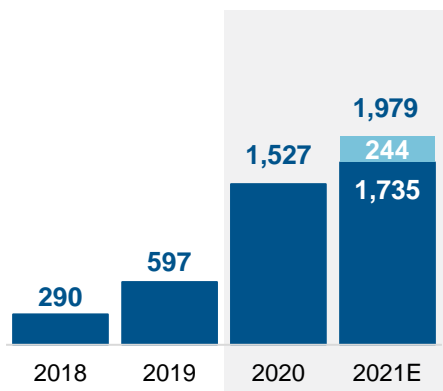
- **Expand community count** in current operating divisions, continue to grow market share
- **Maintain appropriate supply of land** in key markets for future buildout
- Diversification across home offerings with a **focus on entry-level and first move-up homebuyers** in desirable new markets
 - *Created a solid foundation of entry-level homes with select opportunistic infill locations*
 - *Explore geographic expansion opportunities in desirable new markets (e.g., Texas and Florida) organically or via M&A*
- Strengthen unique brand position through **product differentiation**
 - *Continue building upon the success of High Performance Home and LiveFlex offerings*
- Leverage G&A and increase homebuilding gross margins to **further improve profitability**
- Opportunistically refinance existing project debt with a **larger revolving credit facility**



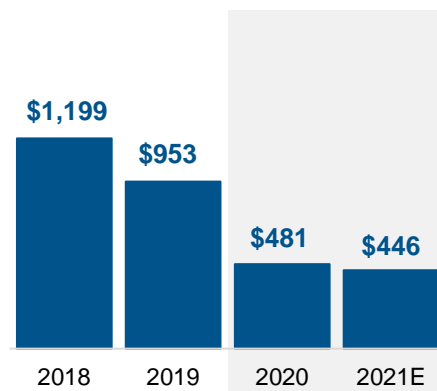
FINANCIAL PROJECTIONS

Strong Backlog of \$389M Anchors Forecasted Assumptions

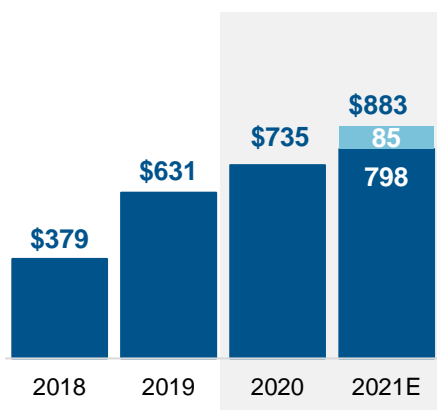
Deliveries (Units)



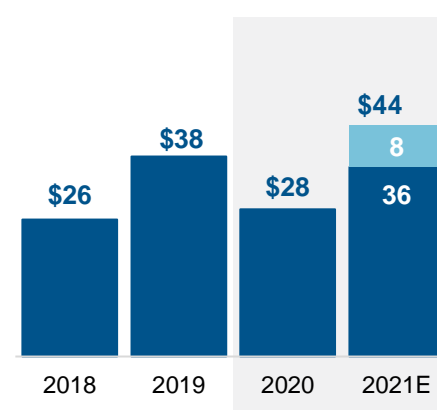
ASP of Deliveries (Thousands)



Revenue (Millions)



Adj. Net Income (Millions)



Forecast Assumptions

New Markets

- Assumes closing a transaction during Q1'21 and another transaction in 2022
- Assumes no joint ventures
- Assumes redeployment of capital from winding down existing NYC assets

Revenues

- Assumes no lot sales
- Assumes \$85m in revenues from acquisitions in 2021

Cost of Goods Sold

- Specific to each community based on current budgets

Expenses

- Commission rates, level of co-broker participation, taxes and marketing and advertising cost assumptions all dependent on community
- Forecast includes expected costs of operating as public company

Liquidity

- Target debt-to-cap ratio of ~40%, but capacity to support a 50% debt-to-cap ratio
- Assumes Q1' 22 bond issuance and creation of unsecured revolver to replace all existing debt

Owned/Controlled Land & Future Land Acquisitions Future Business Acquisition

APPENDIX



RECONCILIATIONS OF ADJUSTED METRICS

(Non-GAAP)

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

NET DEBT TO NET CAPITAL

	December 31,	
	2020	2019
	(dollars in thousands)	
Total notes and other debts payable, net	\$ 264,809	\$ 189,964
Total equity	529,486	583,370
Total capital	<u>\$ 794,295</u>	<u>\$ 773,334</u>
Ratio of debt to capital	<u>33.3 %</u>	<u>24.6 %</u>
Total notes and other debts payable, net	\$ 264,809	\$ 189,964
Less: cash, cash equivalents and restricted cash	<u>110,048</u>	<u>156,378</u>
Net debt	154,761	33,586
Total equity	529,486	583,370
Net capital	<u>\$ 684,247</u>	<u>\$ 616,956</u>
Ratio of net debt to net capital	<u>22.6 %</u>	<u>5.4 %</u>

RECONCILIATIONS OF ADJUSTED METRICS

CONT'D (Non-GAAP)

ADJUSTED HOME SALES GROSS MARGIN

	Three Months Ended December 31,			
	2020	%	2019	%
	(dollars in thousands)			
Home sales revenue	\$ 284,738	100.0 %	\$ 275,188	100.0 %
Cost of home sales	242,124	85.0 %	234,121	85.1 %
Home sales gross margin	42,614	15.0 %	41,067	14.9 %
Add: Interest in cost of home sales	14,348	5.0 %	22,206	8.1 %
Add: Inventory impairments	—	— %	—	— %
Adjusted home sales gross margin excluding interest and inventory impairments ⁽¹⁾	56,962	20.0 %	63,273	23.0 %
Add: Purchase price accounting for acquired inventory	6,024	2.1 %	1,438	0.5 %
Adjusted home sales gross margin excluding interest, inventory impairments, and purchase price accounting for acquired inventory	<u>\$ 62,986</u>	<u>22.1 %</u>	<u>\$ 64,711</u>	<u>23.5 %</u>

	Year Ended December 31,			
	2020	%	2019	%
	(dollars in thousands)			
Home sales revenue	\$ 734,608	100.0 %	\$ 568,872	100.0 %
Cost of home sales	639,737	87.1 %	478,054	84.0 %
Home sales gross margin	94,871	12.9 %	90,818	16.0 %
Add: Interest in cost of home sales	37,926	5.2 %	40,262	7.1 %
Add: Inventory impairments	3,413	0.5 %	—	— %
Adjusted home sales gross margin excluding interest and inventory impairments ⁽¹⁾	136,210	18.5 %	131,080	23.0 %
Add: Purchase price accounting for acquired inventory	15,519	2.1 %	2,874	0.5 %
Adjusted home sales gross margin excluding interest, inventory impairments, and purchase price accounting for acquired inventory	<u>\$ 151,729</u>	<u>20.7 %</u>	<u>\$ 133,954</u>	<u>23.5 %</u>

RECONCILIATIONS OF ADJUSTED METRICS

CONT'D (Non-GAAP)

ADJUSTED NET INCOME

	<u>Three Months Ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
	<i>(dollars in thousands)</i>	
Net (loss) income attributable to Landsea Homes Incorporated	\$ 10,671	\$ 12,918
Inventory impairments	—	—
Previously capitalized related party interest included in cost of sales	5,457	8,390
Equity in net loss (income) of unconsolidated joint ventures	189	403
Purchase price accounting for acquired inventory	6,024	1,438
Total adjustments	11,670	10,231
Tax-effected adjustments ⁽¹⁾	8,689	8,261
Adjusted net income (loss) attributable to Landsea Homes Incorporated	<u>\$ 19,360</u>	<u>\$ 21,179</u>

	<u>Year Ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
	<i>(dollars in thousands)</i>	
Net (loss) income attributable to Landsea Homes Incorporated	\$ (8,951)	\$ 17,200
Inventory impairments	3,413	—
Previously capitalized related party interest included in cost of sales	14,110	15,646
Equity in net loss (income) of unconsolidated joint ventures	16,418	7,901
Purchase price accounting for acquired inventory	15,519	2,874
Total adjustments	49,460	26,421
Tax-effected adjustments ⁽¹⁾	36,933	20,721
Adjusted net income (loss) attributable to Landsea Homes Incorporated	<u>\$ 27,982</u>	<u>\$ 37,921</u>

(1) For the years ended December 31, 2020 and 2019 our adjusted income tax expense is reflective of our effective income tax rate, excluding the effects from establishing or releasing a valuation allowance, applied to our adjusted pretax income (loss).

RECONCILIATIONS OF ADJUSTED METRICS

CONT'D (Non-GAAP)

EBITDA AND ADJUSTED EBITDA

	Three Months Ended December 31	
	2020	2019
	(dollars in thousands)	
Net (loss) income	\$ 10,658	\$ 14,939
(Benefit) provision for income taxes	3,657	3,562
Interest in cost of sales	14,348	22,237
Interest relieved to equity in net income (loss) of unconsolidated joint ventures	247	281
Interest expense	4	—
Depreciation and amortization expense	896	800
EBITDA	29,810	41,819
Inventory impairments	—	—
Purchase price accounting in cost of home sales	6,024	1,438
Transaction costs	322	190
Equity in net loss (income) of unconsolidated joint ventures, net of interest	(58)	122
Less: Imputed interest in cost of sales ⁽¹⁾	—	(3,558)
Adjusted EBITDA	\$ 36,098	\$ 40,011
	Year Ended December 31,	
	2020	2019
	(dollars in thousands)	
Net (loss) income	\$ (9,084)	\$ 22,391
(Benefit) provision for income taxes	(3,081)	6,159
Interest in cost of sales	37,926	40,393
Interest relieved to equity in net income (loss) of unconsolidated joint ventures	1,162	1,934
Interest expense	15	—
Depreciation and amortization expense	3,580	2,960
EBITDA	30,518	73,837
Inventory impairments	3,413	—
Purchase price accounting in cost of home sales	15,519	2,874
Transaction costs	1,031	1,220
Equity in net loss (income) of unconsolidated joint ventures, net of interest	15,256	5,967
Less: Imputed interest in cost of sales ⁽¹⁾	(776)	(10,024)
Adjusted EBITDA	\$ 64,961	\$ 73,874

(1) Imputed interest related to a land banking transaction that was treated as a product financing arrangement.

