May 3, 2022

Landsea Homes Reports First Quarter 2022 Results

First Quarter 2022 Highlights

- *Expanded home sales revenue 92.5% to $298 million*
- *First quarter net income of $13.1 million, $0.28 per diluted share*
- *Total homes delivered increased 83.4% to 552 homes*
- *Increased backlog by 83.4% to 1,605 homes for a total of $930.4 million*
- *Adjusted home sales gross margin increased to 29.0%, from 17.9%*
- *Authorized the repurchase of up to an additional $10 million shares of common stock, increasing the aggregate to up to $20 million*

NEWPORT BEACH, Calif., May 03, 2022 (GLOBE NEWSWIRE) -- Landsea Homes Corporation (Nasdaq: LSEA) ("Landsea Homes" or the "Company"), a publicly traded homebuilder, reported financial results for the first quarter ended March 31, 2022.

First Quarter 2022 Highlights vs. First Quarter 2021:

- Total revenue grew 97.1% to $316.2 million compared to $160.4 million.
- Total homes delivered increased 83.4% to 552 homes compared to 301 homes.
- Net new home orders grew 50% to 637 homes with an average sales price (ASP) of $650,000 and a monthly absorption rate of 3.9 sales per active community. This compares to 426 net new home orders with an ASP of $606,000 and a monthly absorption rate of 5.3 sales per active community.
- The average number of selling communities increased 101% to 54.4 communities compared to 27.0.
- Total homes in backlog increased 83.4% to 1,605 homes with a dollar value of $930.4 million and an ASP of $580,000 at March 31, 2022. This compares to 875 homes with a dollar value of $492.7 million and an ASP of $563,000 at March 31, 2021.
- Lots owned and controlled increased 95.1% to 12,768 lots.
- Gross margin as a percentage of revenue increased 930 basis points to 20.9% compared to 11.6% at March 31, 2021.
- Adjusted homes sales gross margin increased to 29.0% compared to 17.9% at March 31, 2021.
- Pretax Income was $18.1 million compared to a pretax loss of $11.2 million.
- Net income was $13.1 million, or $0.28 per diluted share, compared to a net loss of $7.1 million, or a loss of $0.16 per diluted share.
- Adjusted net income was $32.1 million, or $0.71 per diluted share, compared to $1.4 million, or $0.03 per diluted share.

Management Commentary

"2022 is off to a great start for Landsea Homes, as we delivered another quarter of strong

profitability while making further progress in scaling our operations in some of the strongest homebuilding markets in the country," said John Ho, chief executive officer of Landsea Homes. "We generated net income of $13 million, or earnings of $0.28 per diluted share in the first quarter, driven by a 93% year-over-year increase in home sales revenue and a significant improvement to our margin profile. On an adjusted basis, which excludes the impact of purchase price accounting for acquired inventory and losses associated with the remeasurement of warrant liability, net income for the quarter was $32.1 million, or $0.71 per diluted share. We believe these results are a testament to the underlying strength of the new home construction industry as well as to our ability to execute in what continues to be a challenging operational environment."

Mr. Ho continued, "Net new orders for the quarter came in at 637, representing a 50% increase over the prior year period, as new home demand remained strong in each of our markets. We attribute this sales success to our continued focus on the more affordable segments of the market as well as to the appeal of our High-Performance Homes, which offers new home buyers a compelling value proposition and differentiates us from the competition. We believe that this combination of affordability and new home innovation will continue to be a winning strategy for our company."

Mr. Ho concluded, "Earlier this week, Landsea Homes was named the 2022 winner of the prestigious 'Builder of the Year' award by Builder Magazine, which is a great honor for our company and validation of our recent success. With the highest quarter-ending backlog in the Company's history, a strong balance sheet and excellent product positioning in high growth markets, we believe that Landsea Homes is in a great position to build on this success. I am confident we have the right strategy and team in place with years of operational experience to navigate through today's operational challenges and deliver strong results for our shareholders."

First Quarter 2022 Financial and Operational Results

Total revenue increased 97% to $316.2 million compared to $160.4 million in the first quarter of 2021 primarily driven by increases in average sales price across our divisions and the addition of our Florida, New York, and Texas operations.

Total homes delivered increased 83% to 552 homes at an average sales price of $540,000 compared to 301 homes delivered at an average sales price of $514,000 in the first quarter of 2021. The increase in deliveries was primarily due to the acquisition of Hanover Family Builders ("Hanover") in the first quarter of 2022, the start of deliveries in our Metro New York division, and the acquisition of Vintage Estate Homes ("Vintage Estate") in the second quarter of 2021.

Net new home orders were 637 homes with a dollar value of $414.1 million, an average sales price of $650,000 and a monthly absorption rate of 3.9 sales per active community. This compares to 426 homes with a dollar value of $258.1 million, an average sales price of $606,000 and a monthly absorption rate of 5.3 sales per active community in the prior year period. The increase in new home orders was due to the Hanover and Vintage Estate acquisitions in the first quarter of 2022 and second quarter of 2021, respectively.

Total homes in backlog increased 83% to 1,605 homes with a dollar value of $930.4 million and an average sales price of $580,000 at March 31, 2022. This compares to 875 homes

with a dollar value of $492.7 million and an average sales price of $563,000 at March 31, 2021. The increase in units and value is due to acquired inventory from our homebuilder acquisitions. Average sales price of backlog increased, primarily because of continued strong demand across our divisions, especially in Arizona, coupled with the addition of the Hanover and Vintage Estate operations and the higher priced luxury units sold in the New York segment.

Total lots owned or controlled at March 31, 2022, increased 95% to 12,768 compared to 6,546 at March 31, 2021, primarily due to the acquisition of Hanover Family Builders. Additionally, we have accelerated our asset-light strategy and now control 53% of our lots and own 47%.

Home sales gross margin increased to 20.9% from 11.6% in the prior year period. Adjusted home sales gross margin (a non-GAAP measure) increased to 29.0% compared to 17.9% in the prior year period. The lift was primarily due to price appreciation and an increase in gross margins within our California segment, partially offset by higher costs and strong performance from our Florida division.

Net income attributable to Landsea Homes increased to $13.1 million compared to a $7.1 million net loss in the prior year period. Adjusted net income attributable to Landsea Homes (a non-GAAP measure) increased to $32.8 million compared to $1.4 million in the prior year period. Net income per share on a fully diluted basis increased to $0.28 compared to a loss of $0.16 in the first quarter of 2021. Adjusted net income per share (a non-GAAP measure) on a fully diluted basis increased to $0.71 compared to $0.03 in the first quarter of 2021.

Adjusted EBITDA (a non-GAAP measure) increased to $50.4 million compared to $8.1 million in the prior year period.

Liquidity

As of March 31, 2022, the Company had total liquidity of $247.9 million consisting of cash and cash equivalents and cash held in escrow of $85.2 million and $162.7 million in availability under the Company's $585 million unsecured revolving credit facility. Total debt was $494.4 million compared to $461.1 million at December 31, 2021.

Landsea Homes' ratio of debt to capital was 44.0% at March 31, 2022 and the Company's net debt to net book capitalization (a non-GAAP measure) was 39.4% at March 31, 2022.

2022 Outlook

Second quarter 2022

- New home deliveries anticipated to be in a range of 600 to 650
- Delivery ASPs expected to be in a range of $500,000 to $525,000

Full Year 2022

- New home deliveries anticipated to be in a range of 2,700 to 2,900
- Delivery ASPs expected to be in a range of $500,000 to $515,000
- Home sales gross margin to be in a range of 20% to 22% on a GAAP basis, or 22% to 24% on an adjusted basis.

Stock Repurchase Program

On April 29, 2022, the Company's Board of Directors approved the repurchase of up to an additional $10 million of Company common stock pursuant to its previously announced repurchase program (the "Repurchase Program"). The Company completed the first phase of its repurchase program ultimately purchasing 1.16 million shares at an average price of $8.57. Under the Repurchase Program as amended, the Company may repurchase shares of its outstanding common stock with an aggregate value of up to $20 million through December 31, 2022.

Purchases of common stock pursuant to this authority may be made in open market transactions effected through a broker-dealer at prevailing market prices, in block trades, or by other means in accordance with federal securities laws, including pursuant to any trading plan that may be adopted in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934, as amended. The Company is not obligated to repurchase any specific number or amount of shares of common stock, and it may modify, suspend or discontinue the program at any time. The Company will determine the timing and amount of repurchase in its discretion based on a variety of factors, such as the market price of the Company's common stock, corporate requirements, general market economic conditions and legal requirements.

Conference Call

The Company will hold a conference call today at 2:00 p.m. Pacific Time (5:00 p.m. Eastern time) to discuss its first quarter 2022 results.

Toll-free dial-in number: 1-877-704-4453
International dial-in number: 1-201-389-0920
Conference ID: 13729555

The conference call will be broadcast live and available for replayhere and via the Investors section of the Landsea Homes website at https://ir.landseahomes.com/.

A replay of the conference call will be available after 1:00 p.m. Eastern time on the same day through the same time on May 17, 2022.

Replay Details:

Toll-free replay number: 1-844-512-2921
International replay number: 1-412-317-6671
Replay ID: 13729555

About Landsea Homes

Landsea Homes Corporation (Nasdaq: LSEA) is a publicly traded residential homebuilder based in Newport Beach, CA 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, Florida, Texas and throughout California in Silicon Valley, Los Angeles and Orange County.

An award-winning homebuilder that builds suburban, single-family detached and attached homes, mid-and high-rise properties, and master-planned communities, Landsea Homes is

known for creating inspired places that reflect modern living and provides homebuyers the opportunity to "Live in Your Element." Our homes allow people to live where they want to live, how they want to live – in a home created especially for them.

Driven by a pioneering commitment to sustainability, Landsea Homes' High Performance Homes are responsibly designed to take advantage of the latest innovations with home automation technology supported by Apple®. Homes include features that make life easier and provide energy savings that allow for more comfortable living at a lower cost through sustainability features that contribute to healthier living for both homeowners and the planet.

Led by a veteran team of industry professionals who boast years of worldwide experience and deep local expertise, Landsea Homes is committed to positively enhancing the lives of our homebuyers, employees and stakeholders by creating an unparalleled lifestyle experience that is unmatched.

For more information on Landsea Homes, visit:www.landseahomes.com.

Forward-Looking Statements

Certain statements in this press release 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 with LF Capital Acquisition Corporation on January 7, 2021 (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 and the acquisitions of Vintage Estate and Hanover (the “Acquisitions”);
- the future financial performance of the Company;
- changes in the market for Landsea Homes’ products and services; and
- other expansion plans and opportunities.

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 not are 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 Acquisitions, which may be affected by, among other things, competition, the ability to integrate the combined businesses and the acquired business, and the ability of the combined business and the acquired business to grow and manage growth profitably;
- costs related to continuing as a public company;
- 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;
- 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 the Company may be adversely affected by other economic, business, and/or competitive factors;
- risks and uncertainties relating to the material weaknesses in our internal controls over financial reporting;
- the possibility that additional information may arise that would require us to make further adjustments or revisions to our historical financial statements, report additional material weaknesses or delay the filing of our current financial statements; 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.

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Landsea Homes Corporation
Consolidated Balance Sheets - Unaudited

	March 31, 2022	December 31, 2021
	(dollars in thousands)	
Assets		
Cash and cash equivalents	$ 76,858	$ 342,810
Cash held in escrow	8,349	4,079
Restricted cash	—	443
Real estate inventories	1,110,423	844,792
Due from affiliates	5,033	4,465
Investment in and advances to unconsolidated joint ventures	186	470
Goodwill	70,242	24,457
Other assets	62,671	43,998
Total assets	$ 1,333,762	$ 1,265,514
Liabilities		
Accounts payable	$ 75,212	$ 73,734
Accrued expenses and other liabilities	116,587	97,724
Due to affiliates	2,357	2,357
Warrant liability	14,740	9,185
Notes and other debts payable, net	494,386	461,117
Total liabilities	703,282	644,117
Commitments and contingencies		
Equity		
Stockholders' equity:		
Preferred stock, $0.0001 par value, 50,000,000 shares authorized, none issued and outstanding as of March 31, 2022 and December 31, 2021, respectively	—	—
Common stock, $0.0001 par value, 500,000,000 shares authorized, 46,485,156 issued and 46,047,328 outstanding as of March 31, 2022, 46,281,091 issued and outstanding as of December 31, 2021	5	5
Additional paid-in capital	531,367	535,345
Retained earnings	97,862	84,797
Total stockholders' equity	629,234	620,147
Noncontrolling interests	1,246	1,250
Total equity	630,480	621,397
Total liabilities and equity	$ 1,333,762	$ 1,265,514

Landsea Homes Corporation
Consolidated Statements of Operations - Unaudited

	Three Months Ended March 31,	
	2022	2021
	(dollars in thousands, except per share amounts)	
Revenue		
Home sales	$ 297,966	$ 154,765
Lot sales and other	18,261	5,654
Total revenue	316,227	160,419
Cost of sales		
Home sales	235,702	136,841
Lot sales and other	15,371	4,780
Total cost of sales	251,073	141,621
Gross margin		
Home sales	62,264	17,924
Lot sales and other	2,890	874
Total gross margin	65,154	18,798
Sales and marketing expenses	19,148	9,931
General and administrative expenses	22,586	14,986
Total operating expenses	41,734	24,917
Income (loss) from operations	23,420	(6,119)
Other income, net	264	(61)
Equity in net loss of unconsolidated joint ventures	(1)	(21)
Loss on remeasurement of warrant liability	(5,555)	(4,950)
Pretax income (loss)	18,128	(11,151)
Provision (benefit) for income taxes	5,067	(4,065)
Net income (loss)	13,061	(7,086)
Net loss attributable to noncontrolling interests	(4)	(12)
Net income (loss) attributable to Landsea Homes Corporation	$ 13,065	$ (7,074)
Income (loss) per share:		
Basic	$ 0.28	$ (0.16)
Diluted	$ 0.28	$ (0.16)
Weighted average common shares outstanding:		
Basic	45,347,369	44,245,847
Diluted	45,508,556	44,245,847

Home Deliveries and Home Sales Revenue

	Three Months Ended March 31,								
	2022			2021			% Change		
	Homes	Dollar Value	ASP	Homes	Dollar Value	ASP	Homes	Dollar Value	ASP
					(dollars in thousands)				
Arizona	143	$ 62,015	$ 434	182	$ 59,672	$ 328	(21)%	4%	32%
California	128	115,552	903	119	95,093	799	8%	22%	13%
Florida	271	106,541	393	—	—	N/A	N/A	N/A	N/A
Metro New York	4	7,700	1,925	—	—	N/A	N/A	N/A	N/A
Texas	6	6,158	1,026	—	—	N/A	N/A	N/A	N/A
Total	552	$ 297,966	$ 540	301	$ 154,765	$ 514	83%	93%	5%

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

	Three Months Ended March 31,											
	2022				2021				% Change			
	Homes	Dollar Value	ASP	Monthly Absorption Rate	Homes	Dollar Value	ASP	Monthly Absorption Rate	Homes	Dollar Value	ASP	Monthly Absorption Rate
						(dollars in thousands)						
Arizona	139	$ 74,061	$ 533	4.6	283	$105,718	$ 374	6.3	(51)%	(30)%	43%	(27)%
California	174	162,175	932	5.0	143	152,386	1,066	4.0	22%	6%	(13%)	25%
Florida	307	139,364	454	3.6	—	—	—	—	N/A	N/A	N/A	N/A
Metro New York	13	34,316	2,640	4.3	—	—	—	—	N/A	N/A	N/A	N/A
Texas	4	4,182	1,046	0.4	—	—	—	—	N/A	N/A	N/A	N/A
Total	637	$414,098	$ 650	3.9	426	$258,104	$ 606	5.3	50%	60%	7%	(26)%

Average Selling Communities

	Three Months Ended March 31,		
	2022	2021	% Change
Arizona	10.0	15.0	(33)%
California	11.7	12.0	(3)%
Florida	28.7	—	N/A
Metro New York	1.0	—	N/A
Texas	3.0	—	N/A
Total	54.4	27.0	101%

Backlog

	March 31, 2022			March 31, 2021			% Change		
	Homes	Dollar Value	ASP	Homes	Dollar Value	ASP	Homes	Dollar Value	ASP
					(dollars in thousands)				
Arizona	419	$ 193,278	$ 461	609	$ 218,978	$ 360	(31)%	(12)%	28%
California	302	272,999	904	266	273,704	1,029	14%	—%	(12)%
Florida[(1)]	840	376,458	448	—	—	—	N/A	N/A	N/A
Metro New York	34	77,303	2,274	—	—	—	N/A	N/A	N/A
Texas	10	10,372	1,037	—	—	—	N/A	N/A	N/A
Total	1,605	$ 930,410	$ 580	875	$ 492,682	$ 563	83%	89%	3%

(1) Backlog acquired in Florida at the date of the Hanover acquisition was 522 homes with a value of $228,097 thousand.

Lots Owned or Controlled

	March 31, 2022			March 31, 2021			
	Lots Owned	Lots Controlled	Total	Lots Owned	Lots Controlled	Total	% Change
Arizona	3,132	1,669	4,801	3,042	1,675	4,717	2%
California	762	1,016	1,778	1,136	643	1,779	—%
Florida	2,048	3,138	5,186	—	—	—	N/A
Metro New York	46	—	46	50	—	50	(8)%
Texas	39	918	957	—	—	—	N/A
Total	6,027	6,741	12,768	4,228	2,318	6,546	95%

Home Sales Gross Margins

Home sales gross margin measures the price achieved on delivered homes compared to the costs needed to build the home. In the following table, we calculate gross margins adjusting for interest in cost of sales, inventory impairments (if applicable), and purchase price accounting for acquired work in process inventory (if applicable). This non-GAAP financial measure should not be used as a substitute for the Company's operating results in accordance with GAAP. An analysis of any non-GAAP financial measure should be used in conjunction with results presented in accordance with GAAP. We believe this non-GAAP measure is meaningful because it provides insight into the impact that financing arrangements and acquisitions have on our homebuilding gross margin and allows for comparability of our gross margins to competitors that present similar information.

	Three Months Ended March 31,			
	2022	%	2021	%
	(dollars in thousands)			
Home sales revenue	$ 297,966	100.0%	$ 154,765	100.0%
Cost of home sales	235,702	79.1%	136,841	88.4%
Home sales gross margin	62,264	20.9%	17,924	11.6%
Add: Interest in cost of home sales	6,382	2.1%	7,013	4.5%
Add: Inventory impairments	—	—%	—	—%
Adjusted home sales gross margin excluding interest and inventory impairments	68,646	23.0%	24,937	16.1%
Add: Purchase price accounting for acquired inventory	17,738	6.0%	2,801	1.8%
Adjusted home sales gross margin excluding interest, inventory impairments, and purchase price accounting for acquired inventory	$ 86,384	29.0%	$ 27,738	17.9%

EBITDA and Adjusted EBITDA

The following table presents EBITDA and Adjusted EBITDA for the three months ended March 31, 2022 and 2021. Adjusted EBITDA is a non-GAAP financial measure used by management in evaluating operating performance. We define Adjusted EBITDA as net income before (i) income tax expense (benefit), (ii) interest expenses, (iii) depreciation and amortization, (iv) inventory impairments, (v) purchase accounting adjustments for acquired work in process inventory related to business combinations, (vi) (gain) loss on debt extinguishment, (vii) transaction costs related to the merger and business combinations, (viii) the impact of income or loss allocations from our unconsolidated joint ventures, (ix) gain on forgiveness of PPP loan, and (x) gain (loss) on remeasurement of warrant liability. We believe Adjusted EBITDA provides an indicator of general economic performance that is not affected by fluctuations in interest, effective tax rates, levels of depreciation and amortization, and items considered to be non-recurring. The economic activity related to our unconsolidated joint ventures is not core to our operations and is the reason we have excluded those amounts. Accordingly, we believe this measure is useful for comparing our

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

	Three Months Ended March 31,	
	2022	**2021**
	(dollars in thousands)	
Net income (loss)	$ 13,061	$ (7,086)
Provision (benefit) for income taxes	5,067	(4,065)
Interest in cost of sales	6,389	7,067
Interest relieved to equity in net loss (income) of unconsolidated joint ventures	35	353
Interest expense	—	11
Depreciation and amortization expense	1,623	914
EBITDA	26,175	(2,806)
Purchase price accounting in cost of home sales	17,738	2,801
Transaction costs	948	3,479
Equity in net income of unconsolidated joint ventures, excluding interest relieved	(34)	(332)
Loss on remeasurement of warrant liability	5,555	4,950
Adjusted EBITDA	$ 50,382	$ 8,092

Adjusted Net Income

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

	Three Months Ended March 31,	
	2022	2021
	(dollars in thousands, except share and per share amounts)	
Net income (loss) attributable to Landsea Homes Corporation	$ 13,065	$ (7,074)
Previously capitalized related party interest included in cost of sales	1,517	2,902
Equity in net loss of unconsolidated joint ventures	1	21
Purchase price accounting for acquired inventory	17,738	2,801
Merger related transaction costs	—	2,656
Loss on remeasurement of warrant liability	5,555	4,950
Total adjustments	24,811	13,330
Tax-effected adjustments (1)	19,763	8,471
Adjusted net income attributable to Landsea Homes Corporation	$ 32,828	$ 1,397
Net income (loss) attributable to Landsea Homes Corporation	$ 13,065	$ (7,074)
Less: undistributed earnings allocated to participating shares	(289)	147
Net income (loss) attributable to common stockholders	$ 12,776	$ (6,927)
Adjusted net income attributable to Landsea Homes Corporation	$ 32,828	$ 1,397
Less: adjusted undistributed earnings allocated to participating shares	(726)	(29)
Adjusted net income (loss) attributable to common stockholders	$ 32,102	$ 1,368
Earnings per share		
Basic	$ 0.28	$ (0.16)
Diluted	$ 0.28	$ (0.16)
Adjusted earnings per share		
Basic	$ 0.71	$ 0.03
Diluted	$ 0.71	$ 0.03
Weighted shares outstanding		
Weighted average common shares outstanding used in EPS - basic	45,347,369	44,245,847
Weighted average common shares outstanding used in EPS - diluted	45,508,556	44,245,847

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

Net Debt to Net Capital

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

The non-GAAP ratio of net debt to net capital is computed as the quotient obtained by dividing net debt (which is total debt, net of issuance costs, less cash, cash equivalents, and restricted cash as well as cash held in escrow to the extent necessary to reduce the debt balance to zero) by net capital (sum of net debt plus total equity). The most comparable GAAP financial measure is the ratio of debt to capital. We believe the ratio of net debt to net capital is a relevant financial measure for investors to understand the leverage employed in our operations and as an indicator of our ability to obtain financing. We believe that by

deducting our cash from our debt, we provide a measure of our indebtedness that takes into account our cash liquidity. We believe this provides useful information as the ratio of debt to capital does not take into account our liquidity and we believe that the ratio of net debt to net capital provides supplemental information by which our financial position may be considered.

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

	March 31, 2022	December 31, 2021
	(dollars in thousands)	
Total notes and other debts payable, net	$ 494,386	$ 461,117
Total equity	630,480	621,397
Total capital	$ 1,124,866	$ 1,082,514
Ratio of debt to capital	44.0%	42.6%
Total notes and other debts payable, net	$ 494,386	$ 461,117
Less: cash, cash equivalents and restricted cash	76,858	343,253
Less: cash held in escrow	8,349	4,079
Net debt	409,179	113,785
Total equity	630,480	621,397
Net capital	$ 1,039,659	$ 735,182
Ratio of net debt to net capital	39.4%	15.5%

Source: Landsea Homes