

INITIATING COVERAGE

Legacy Housing Corporation (NASDAQ: LEGH)

Fortress Balance Sheet and Best-in-Class Margins, but Fairly Valued Amid a Leadership Transition — Initiating at HOLD

Consumer Durables / Manufactured Housing • July 1, 2026 • Equity Research

Rating	HOLD / NEUTRAL	52-week range	\$18.29 – \$29.45
Current price (Jun 30 2026)	\$26.43	Market cap	~\$629M
12-month price target	\$28.00	Enterprise value	~\$611M
Implied upside	+5.9%	Diluted shares	~23.8M
FY2025 EPS (dil.)	\$1.74	FY2026E EPS	\$1.97



Source: Company SEC filings (FY2025 10-K, Nov-2025 DEF 14A), U.S. Census MHS, stockanalysis.com; [Firm] estimates.

Figure 1 — LEGH share price performance (2019–2026). Source: Yahoo Finance.

We initiate coverage of Legacy Housing Corporation (“Legacy” or the “Company”) with a HOLD (Neutral) rating and a 12-month price target of \$28.00, implying ~6% upside from the June 30, 2026 close of \$26.43. Legacy is a high-margin, founder-controlled manufactured-housing builder and vertically integrated lender. Our thesis balances an exceptional balance sheet and returns profile against a valuation that already appears fair and a set of near-term overhangs.

■ Best-in-class profitability and a fortress balance sheet, but the market already recognizes the quality.

Legacy earned a ~25% net margin and ~\$41.8M of net income on \$164.6M of FY2025 revenue, with total liabilities of just \$51.7M against \$580.3M of assets. Its integrated ~\$400M loan book converts each home sale into a multi-year, high-yield interest annuity. At ~15x P/E and ~1.2x book, however, the stock is cheap only relative to larger peers; our DCF pegs fair value near \$22, so the discount is largely warranted.

■ **Three years of revenue decline and a 2025 leadership transition temper the near-term setup.** Revenue has fallen from a \$257M peak in 2022 to \$164.6M in 2025 as the post-pandemic housing cycle normalized. In 2025 the President/CEO departed and co-founder Kenneth Shipley (66) returned as Interim CEO, with Ronald Arrington as Interim CFO. We would turn more constructive on a permanent-CEO appointment and a clear volume inflection.

■ **Affordable-housing tailwinds and vertical integration underpin a credible normalization path.**

Manufactured homes cost roughly 50% less per square foot than site-built product and represent only ~9–10% of new single-family homes — a structural runway. As volumes and rates normalize, we model EPS recovering from \$1.74 (2025) to ~\$2.61 by 2030E and ROE returning toward the low-teens, supporting a \$34 bull case.

■ **Founder alignment is a double-edged sword.** Founding families control ~54% of shares (Hodgson 17.4%, K. Shipley 12.5%, plus ~24% held by his brothers), tightly aligning management with per-share value and driving conservative, buyback-oriented capital allocation. The flip side is limited minority influence, informal governance, and key-person dependency on aging founders.

Summary Financials (\$M, except per share)

FY (Dec)	2023A	2024A	2025A	2026E	2027E	2028E
Net revenue	189.1	184.2	164.6	173.2	183.4	194.3
EBITDA	66.3	65.5	50.3	56.5	60.2	64.3
Net income	54.5	61.6	41.8	47.0	49.9	53.1
Diluted EPS (\$)	2.17	2.48	1.74	1.97	2.12	2.28
Net margin	28.8%	33.5%	25.4%	27.1%	27.2%	27.3%
ROE	~13%	~13%	~8%	~8.5%	~8.4%	~8.3%

Source: Company FY2025 10-K and SEC XBRL data; [Firm] estimates. A = actual, E = estimate.

Analyst: Equity Research | Coverage initiated July 1, 2026. Prices as of June 30, 2026. This report is illustrative research produced for demonstration; figures are drawn from public SEC filings and third-party market data.

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Investment Thesis

We rate Legacy Housing HOLD with a \$28 price target. Our thesis rests on five pillars that together frame a high-quality but fairly valued small-cap in the affordable-housing value chain. The central tension is straightforward: Legacy is one of the most profitable, best-capitalized companies in U.S. manufactured housing, yet it trades at a large discount to its two scaled public peers — and our analysis concludes that most, though not all, of that discount is deserved. The result is a business we would happily own at the right price, at a price that today offers only modest upside and therefore warrants patience rather than an outright purchase.

Framed differently, an investment in Legacy today is a wager on two things normalizing together: the manufactured-housing demand cycle (which has been depressed by elevated interest rates and a post-pandemic hangover) and the Company's own leadership (in transition since 2025). Both are plausible, even likely, over a multi-year horizon — the affordability case for factory-built housing is compelling and structural, and the founders have every incentive to restore momentum given their ~54% ownership. But neither has yet inflected, and with the shares already reflecting the Company's quality, we see a balanced 12-month risk/reward that maps to a HOLD. Below we lay out the five pillars underpinning both the long-term appeal and our near-term caution.

1. A finance-hybrid model that earns bank-like returns on a manufacturer's asset base

Legacy is not merely a homebuilder; ~27% of FY2025 net revenue (\$43.7M) came from interest on a ~\$400M portfolio of consumer installment loans, manufactured-home-community (MHP) notes, and dealer floor-plan financing. This lending both drives home sales — financing is the single largest friction for the entry-level buyer — and converts each sale into a multi-year, high-yield annuity. The result is a ~25% net margin and a return profile closer to a specialty finance company than a cyclical manufacturer, achieved with negligible leverage.

2. A fortress, nearly debt-free balance sheet provides downside protection and optionality

At year-end 2025 Legacy carried \$580.3M of assets against just \$51.7M of total liabilities and \$528.6M of equity. This unlevered structure means the Company can fund loan-book growth internally, weather a housing downturn without refinancing risk, repurchase stock at ~1.2x book, and pursue opportunistic M&A (e.g., the November 2025 AmeriCasa acquisition). Book value per share of ~\$22.2 provides a valuation floor rarely available among housing-exposed equities.

3. Structural affordability tailwinds should support a volume normalization

Manufactured homes cost roughly 50% less per square foot than site-built homes yet comprise only ~9–10% of new single-family output. With site-built prices, land, and mortgage rates elevated, the lowest-cost path to homeownership is structurally advantaged. As the 2023–2025 industry correction abates and rates ease, we model Legacy's product volumes recovering off the 1,703 units sold in 2025, driving revenue from \$164.6M (2025) toward \$215M by 2030E.

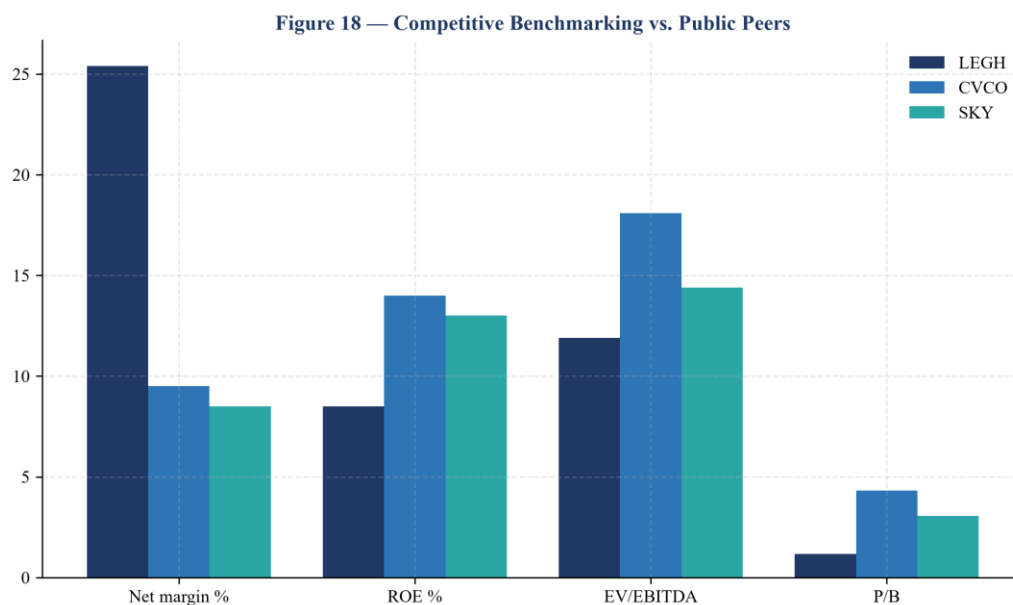
4. Vertical integration and low-cost production create a defensible regional niche

Owned component manufacturing, direct materials sourcing, three plants (Fort Worth, Commerce, Eatonton), and a captive finance platform let Legacy capture margin at multiple points and defend its Texas/Southeast stronghold against far larger national players. Company-owned retail (21% of 2025 product sales, up from prior years) and direct-to-community sales (35%) carry higher margins than wholesale, enriching mix over time.

5. But the stock is fairly valued, and near-term overhangs justify patience

Our DCF returns ~\$22/share and our blended, multi-method target is ~\$28 — only modest upside from \$26.43. Three consecutive years of revenue decline, an unresolved CEO/CFO transition, single-region concentration, and a thin public float argue against paying up today. We prefer to wait for a permanent management team and a volume inflection before turning positive; the risk/reward is balanced, hence our HOLD.

Taken together, the five pillars describe a company whose long-term investment merits are genuine and whose downside is unusually well-protected — by ~\$22.2 of book value per share, a net-cash balance sheet, and a recurring high-margin interest stream that grows through the cycle — but whose upside is, for now, gated by unproven catalysts and a valuation that already embeds the quality. That combination is the textbook definition of a HOLD: we are neither sellers of a fortress-balance-sheet compounder trading near book-supported levels, nor buyers ahead of the catalysts that would justify a re-rating. We expect to revisit the rating within two to three quarters as the leadership picture and the volume trajectory clarify, and we would not need much positive news — a credible CEO and one or two quarters of unit growth — to move constructive.



Source: Company SEC filings (FY2025 10-K, Nov-2025 DEF 14A), U.S. Census MHS, stockanalysis.com; [Firm] estimates.

Figure 2 — Competitive benchmarking: LEGH vs. public peers (net margin, ROE, EV/EBITDA, P/B).

Risk Assessment

Company-Specific Risks

1. Leadership transition and key-person dependency. In 2025 the company lost its President/CEO and saw CFO turnover, with co-founder Kenneth Shipley (age 66) returning as Interim CEO and former CFO Ronald Arrington as Interim CFO. The business is once again dependent on aging founders, with no permanent CEO/CFO in place as of mid-2026. A failed or prolonged search, or the eventual loss of the founders, could disrupt strategy, culture, and the specialized finance operation. Mitigant: founders remain deeply engaged and heavily invested; institutional knowledge is high.

2. Founder control / minority-shareholder governance. The founding families control a majority of shares (Hodgson ~17.4%, Kenneth Shipley ~12.5%, brothers ~24% combined). Minority holders have limited influence over board composition and major decisions, and the company operates informally ("no formal compensation plan," multiple late Section 16 filings). Mitigant: strong economic alignment—founders' wealth is tied to per-share value, historically driving conservative, shareholder-friendly capital allocation.

3. Credit risk in the loan portfolios. With a ~\$400 million book of consumer installment loans, MHP notes, and dealer-finance notes, Legacy carries meaningful credit exposure to lower-income borrowers and community operators. A deep recession or regional downturn could raise defaults and loan-loss provisions, pressuring earnings and book value. Mitigant: collateralized lending, conservative underwriting, and a stated history of minimal MHP-note losses; very low corporate leverage provides a cushion.

4. Geographic concentration. Manufacturing (two of three plants) and demand are concentrated in Texas and the Southeast. A regional economic shock, adverse weather (which can delay shipments), insurance/catastrophe events, or localized housing weakness would hit Legacy disproportionately versus national peers. Mitigant: Texas is a large, structurally growing market; the Georgia plant diversifies within the Southeast.

5. Dealer and channel dependence. A large share of sales flows through independent dealers who are also credit counterparties via dealer financing. Dealer failures, defaults on floor-plan notes, or defections to competitors could disrupt both revenue and the loan book. Mitigant: no single dealer exceeds 10% of product sales; growing company-owned retail (21% of 2025 sales) reduces reliance.

6. Integration and acquisition risk. The November 2025 AmeriCasa acquisition, while modest, introduces integration and execution risk during a leadership transition. Mitigant: small deal size relative to the company; escrow and indemnification protections in place.

Industry / Market Risks

7. Interest-rate sensitivity and cyclicalities. Manufactured-home demand is highly sensitive to interest rates and consumer confidence, as the 2022–2023 downturn showed (revenue fell from \$257M in 2022 to \$189M in 2023). A higher-for-longer rate environment would suppress volumes and could pressure loan demand and credit quality simultaneously. Mitigant: the affordability advantage of manufactured homes tends to attract demand precisely when site-built homes become unaffordable; the loan book cushions manufacturing cyclicalities.

8. Competitive intensity from larger, better-capitalized peers. Clayton (~50% share), Cavco, and Champion dwarf Legacy in scale, purchasing power, and financing capacity, and could compete aggressively on price, product, or dealer incentives in Legacy's core markets. Mitigant: Legacy's low-cost model, regional relationships, and captive finance provide defensible niches.

9. Financing-reform / regulatory disruption. Expanded GSE participation in manufactured-housing (chattel) lending under Duty to Serve could lower industry financing costs (a volume tailwind) but erode the strategic advantage of Legacy's captive lending. The June 2026 FHFA proposal to rescind/replace the Duty to Serve rule

adds policy uncertainty in either direction. Mitigant: even with broader GSE lending, Legacy's embedded dealer/consumer relationships and community lending remain differentiated.

10. Zoning and land-use constraints. Local restrictions that exclude or disfavor manufactured housing are the industry's most persistent structural headwind, capping demand in many jurisdictions regardless of affordability. Mitigant: growing policy support for manufactured housing as an affordability solution; community (MHP) channel is less exposed to single-lot zoning friction.

Financial Risks

11. Earnings/EPS volatility and revenue decline. Net revenue has declined for three consecutive years (from the 2022 peak to \$164.6M in 2025) and 2025 net income fell ~32% to \$41.8M; a portion of prior-year earnings came from variable "other revenue" (down 71% in 2025), making run-rate earnings power harder to gauge. Mitigant: recurring interest income (27% of revenue) grows even in soft-volume years; margins remain high.

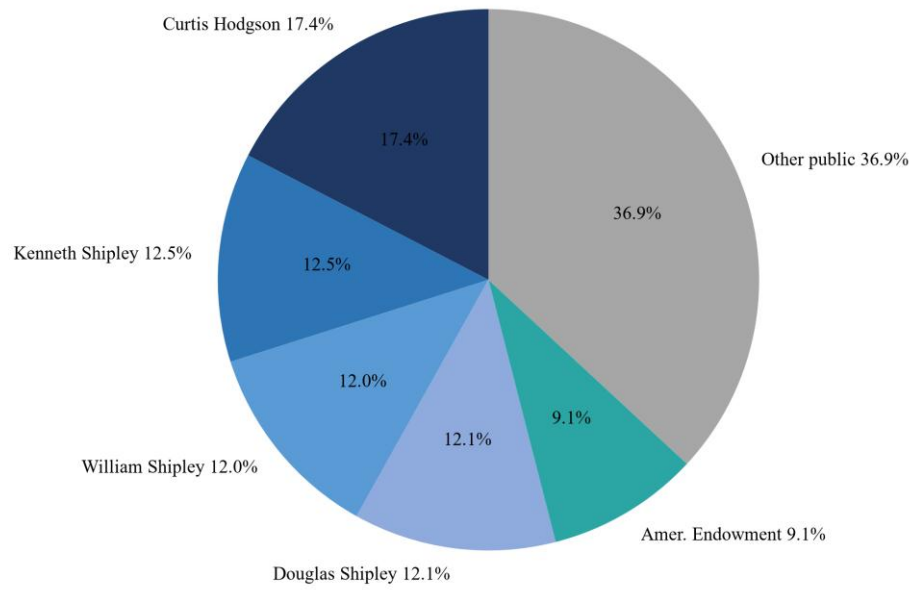
12. Liquidity of the equity and small-cap risk. LEGH is a small-cap (~\$629M) with concentrated insider ownership, resulting in a limited public float and thin trading liquidity. This can amplify price volatility and complicate position-building/exit for institutional investors. Mitigant: consistent profitability and a strong balance sheet support long-term value; share repurchases provide some demand.

Macroeconomic Risks

13. Housing-cycle and consumer-credit sensitivity. As a play on affordable housing and subprime-adjacent consumer credit, Legacy is exposed to the broad U.S. housing cycle, employment, and consumer financial health. A recession would likely compress both home sales and loan performance. Mitigant: counter-cyclical affordability appeal and a conservative, low-leverage balance sheet.

14. Input-cost and supply-chain inflation. Lumber, steel, and other building-material costs, plus transportation and labor, can compress manufacturing gross margins if they rise faster than pricing. Mitigant: owned component manufacturing and direct sourcing provide cost control; pricing power in an affordability-driven market.

Figure 27 — Ownership Structure (founder families ~54%)



Source: Company SEC filings (FY2025 10-K, Nov-2025 DEF 14A), U.S. Census MHS, stockanalysis.com; [Firm] estimates.

Figure 3 — Ownership structure; founder families control ~54% of shares.

Company Overview

Legacy Housing Corporation is one of the largest producers of manufactured homes in the United States, and — more distinctively — one of the few that pairs a vertically integrated home-building operation with a sizeable in-house consumer and commercial lending platform. The company "builds, sells, and finances manufactured homes and 'Tiny Houses'" that are distributed through a network of independent retailers, a growing base of company-owned stores, and direct sales to owners of manufactured home communities (MHCs). Homes are constructed to the construction and safety standards of the U.S. Department of Housing and Urban Development ("HUD code") at three factories in Fort Worth, Texas; Commerce, Texas; and Eatonton, Georgia. As of the FY2025 10-K, the company sold homes primarily across 15 states through a network of over 80 independent retail locations, 14 company-owned retail locations, and direct sales to MHC owners.

The business is best understood as three interlocking profit engines. **First**, a low-cost manufacturing operation that produces homes ranging in retail price from approximately \$47,000 to \$200,000 — a fraction of the cost of a site-built home. In 2025, Legacy sold 1,703 units (a "unit" being an entire home or a single floor/section), down from prior-year levels as the industry worked through a post-pandemic demand normalization. **Second**, a consumer finance arm that originates and holds installment loans to the end buyers of its homes. **Third**, a commercial finance operation that lends to (a) independent dealers to finance their inventory ("dealer finance" / floor-plan notes) and (b) owners and developers of manufactured home communities via "MHP Notes" (manufactured home park notes) secured by homes and, often, the underlying communities.

This three-legged model produces an unusually high-margin, high-return financial profile for a manufacturer. In FY2025, Legacy generated total net revenue of **\$164.6 million**, of which product sales were \$116.9 million (71%), loan-portfolio interest income was \$43.7 million (27%), and other revenue was \$4.0 million (2%). The company earned **net income of \$41.8 million** — a net margin of roughly **25%** — and diluted EPS of **\$1.74**. While FY2025 was a down year (net revenue fell 10.7% and net income fell from \$61.6 million in 2024), the level of profitability is remarkable for a durable-goods manufacturer: the lending book converts a one-time product sale into a multi-year, high-yield interest annuity, and the company's owned component-manufacturing and direct-sourcing strategy keep production costs low.

The balance sheet reflects this finance-company DNA. As of December 31, 2024, total assets were **\$534.2 million** against total liabilities of just **\$40.2 million** — an exceptionally unlevered structure for a business with a ~\$400 million loan book. The bulk of assets are loans receivable: as of December 31, 2025, the consumer loan portfolio carried a book value of **\$198.8 million** and fixed-rate MHP notes a book value of **\$186.6 million**, with additional variable-rate MHP notes and dealer finance notes on top. Stockholders' equity has compounded steadily, from \$189.3 million at the December 2018 IPO to \$436.7 million at year-end 2023 and higher since; the company retains all earnings and has paid **no dividends** in 2024 or 2025, instead reinvesting in the loan book and, opportunistically, repurchasing shares (shares outstanding declined from ~24.3 million in mid-2024 to ~23.8 million by early 2026).

Geographically, Legacy is a Texas-centric, southern-U.S. business. Texas is both its manufacturing base (two of three plants) and its largest end market, complemented by the southeastern footprint anchored by the Eatonton, Georgia facility. The company employed approximately **592 people** as of December 31, 2025 (499 hourly and 93 salaried), and is not unionized. Its factories can produce up to roughly 70 home sections — about 60 fully completed homes — per week depending on mix, implying meaningful latent capacity, particularly at the large Georgia plant, which management notes has room to expand with additional investment.

In short, Legacy Housing is a small-cap (\$629 million market capitalization as of June 30, 2026), founder-controlled, highly profitable niche leader that sits at the intersection of affordable-housing manufacturing and specialty consumer/commercial finance. Its investment identity is defined by high margins and returns, a fortress

balance sheet, and a concentrated Texas/Southeast footprint — offset by cyclicality, a thinly traded stock, and, as of 2026, a period of notable leadership transition.

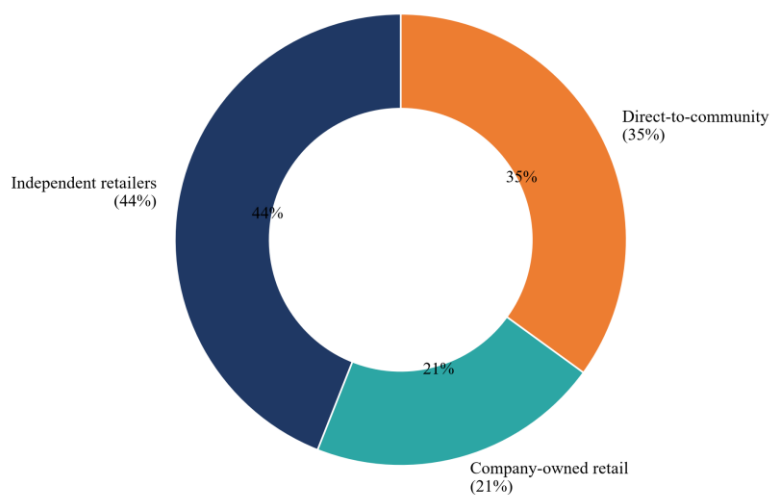
Figure 5 — Company Snapshot

Headquarters	Bedford, Texas
Founded	2005
IPO	Dec 2018 (Nasdaq: LEGH)
Manufacturing plants	3 (Fort Worth TX, Commerce TX, Eatonton GA)
Employees (2025)	~592
Units sold (2025)	1,703
FY2025 net revenue	\$164.6M
FY2025 net income	\$41.8M
FY2025 net margin	~25%
Loan portfolio (net)	~\$400M
Total liabilities / assets	51.7M/580.3M
Distribution	80+ independent stores, 14 company stores, 15 states

Source: Company SEC filings (FY2025 10-K, Nov-2025 DEF 14A), U.S. Census MHS, stockanalysis.com; [Firm] estimates.

Figure 4 — Company snapshot.

Figure 9 — FY2025 Product Sales by Channel



Source: Company SEC filings (FY2025 10-K, Nov-2025 DEF 14A), U.S. Census MHS, stockanalysis.com; [Firm] estimates.

Figure 5 — FY2025 product sales by channel.

Company History

Legacy Housing was **founded in 2005** by two long-time manufactured-housing entrepreneurs, **Curtis D. Hodgson** and **Kenneth E. Shipley**, and is headquartered in Bedford, Texas, between Dallas and Fort Worth. The

two co-founders built the company from a single-plant Texas operation into one of the largest manufactured-home producers in the country over roughly two decades, deliberately layering a finance business on top of manufacturing to capture the full economics of the affordable-housing value chain and to solve the single biggest bottleneck in manufactured-home sales: end-buyer financing.

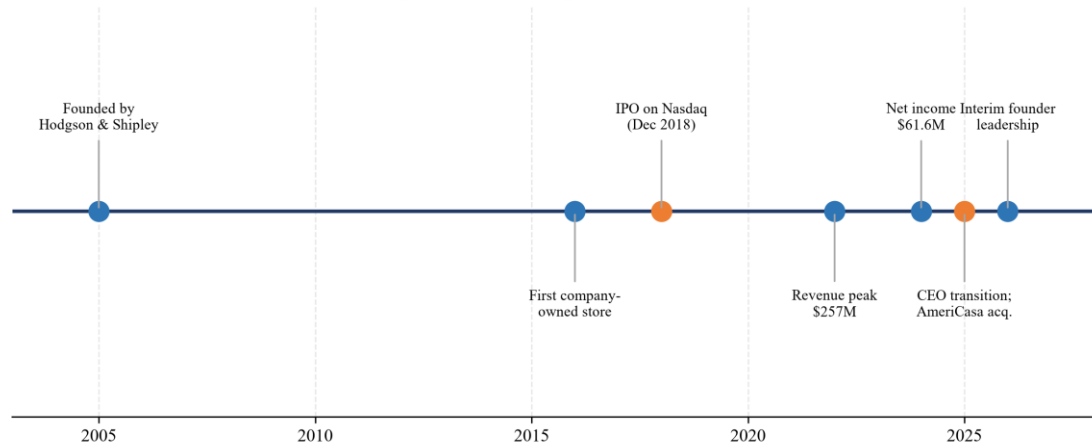
The company's strategic architecture came together in stages. Manufacturing scale was built first, using high-volume production techniques and vertical integration into component manufacturing (Legacy operates its own component facilities for many of the parts used in home construction, insulating it from certain supplier mark-ups). On top of production, the founders constructed the three financing channels that now differentiate Legacy from most peers: **consumer installment lending** to home buyers, **MHP (manufactured home park) notes** to community owners, and **dealer inventory financing** to independent retailers. A notable milestone in the retail strategy was the opening of the company's **first company-owned retail location in June 2016**; management has since expanded to 14 company-owned stores because they "generate higher gross margins" than wholesale channels.

The defining corporate event was Legacy's **initial public offering in December 2018**, when its common stock began trading on the Nasdaq Global Select Market under the ticker "LEGH." The IPO converted a privately held, founder-owned enterprise into a public company while leaving the founders with dominant equity stakes — a control dynamic that persists today. Post-IPO, the company navigated an early governance and accounting episode (a delayed 2019 annual filing and remediation of internal-control matters) before settling into a steady cadence of growth and strong profitability.

The 2020–2022 period was a boom. Pandemic-era demand for affordable housing, low interest rates, and supply-constrained site-built inventory drove Legacy's net revenue from \$176.7 million in 2020 to a peak of **\$257.0 million in 2022**, with net income climbing to **\$67.8 million**. As interest rates rose sharply in 2022–2023 and the broader manufactured-housing industry corrected, Legacy's product volumes and revenue normalized downward — net revenue fell to \$189.1 million in 2023 and \$184.2 million in 2024 — even as the maturing loan book continued to grow interest income and cushion earnings. Net income remained robust at \$54.5 million (2023) and \$61.6 million (2024) before declining to \$41.8 million in 2025 amid softer product sales and a normalization of unusually high "other revenue" recognized in 2024.

Two recent developments frame the current chapter. **First**, an important **acquisition**: effective **November 1, 2025**, Legacy completed the acquisition of substantially all of the assets and certain membership interests of **AmeriCasa Solutions LLC** and affiliated entities, assuming roughly \$1.3 million in liabilities and extinguishing approximately \$500,000 of dealer liability, with \$1.0 million of the purchase price held in escrow. The transaction expands Legacy's distribution and community-oriented sales reach. **Second**, and most consequential for investors, a **leadership transition in 2025**: President and CEO R. Duncan Bates departed, the chief financial officer role turned over, and co-founder **Kenneth E. Shipley returned as Interim Chief Executive Officer** while **Ronald C. Arrington** (a former CFO of the company) stepped back in as **Interim Chief Financial Officer**. As of mid-2026, the company is being run by its founders on an interim basis while a permanent management team is assembled — a transition that is a key watch item for coverage.

Figure 6 — Key Corporate Milestones



Source: Company SEC filings (FY2025 10-K, Nov-2025 DEF 14A), U.S. Census MHS, stockanalysis.com; [Firm] estimates.

Figure 6 — Key corporate milestones.

Management Team & Governance

Legacy Housing is a **founder-controlled company** in the midst of a leadership transition. As of the November 2025 proxy statement, its executive officers were co-founder Kenneth E. Shipley (Interim CEO) and Ronald C. Arrington (Interim CFO), with co-founder Curtis D. Hodgson remaining deeply involved as a director and the company's largest shareholder. The three most relevant leaders for investors are profiled below, followed by an assessment of governance.

Kenneth E. Shipley — Co-Founder, Chairman of the Board and Interim Chief Executive Officer (age 66).

Mr. Shipley co-founded Legacy Housing in 2005 alongside Curtis Hodgson and has been central to the company's operating history for two decades. He is a career manufactured-housing operator whose expertise lies on the production, distribution, and operations side of the business — the practical mechanics of building homes efficiently, managing dealer relationships, and running plants. In 2025, following the departure of President and CEO Duncan Bates, Mr. Shipley stepped back into the CEO seat on an interim basis, providing continuity and founder-level institutional knowledge during the transition. As Chairman of the Board, he also anchors board-level oversight. Critically, Mr. Shipley's interests are tightly aligned with shareholders: he beneficially owns approximately **2,993,610 shares (12.5%)** of the company, including shares held through Shipley Bros., Ltd. (his brothers William and Douglas Shipley separately own ~12.0% and ~12.1%, respectively, though Kenneth disclaims beneficial interest in those holdings). His cash compensation is deliberately nominal (a \$50,000 salary in both 2024 and 2025), reflecting the company's philosophy that the founders' economic incentives are driven by their equity stakes rather than pay. Mr. Shipley's return signals stability but also underscores key-person dependency: the company is once again reliant on a founder in his mid-60s to run day-to-day operations while a permanent CEO is recruited.

Curtis D. Hodgson — Co-Founder and Director; largest shareholder (Executive Chairman in prior filings).

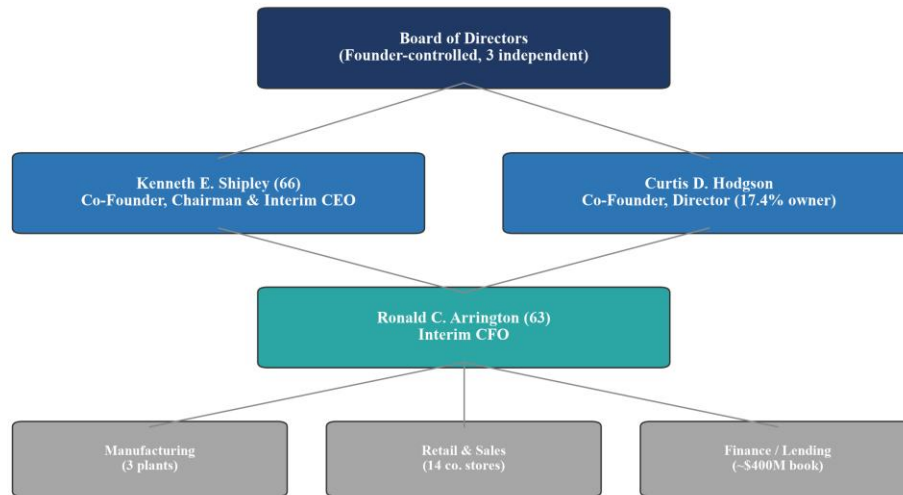
Mr. Hodgson is the intellectual architect of Legacy's integrated manufacturing-plus-finance model and, at approximately **4,163,310 shares (17.4%)**, the company's single largest beneficial owner. His holdings are structured through Hodgson Ventures (a Texas limited partnership of which he is general partner, 1,000,000 shares), the Hodgson 2015 Grandchild's Trust (2,669,056 shares), and Cusach, Inc. (100,000 shares). Over the company's history, Mr. Hodgson has driven strategy, capital allocation, and the development of the lending platform that distinguishes Legacy from pure manufacturers. Like Mr. Shipley, his cash compensation is nominal by design, aligning him almost entirely with the equity value he has helped create. As a director and controlling-level shareholder, Mr. Hodgson exercises substantial influence over the board and major corporate decisions. His

deep industry expertise and long tenure are genuine assets; the flip side is concentration of power and the succession question inherent in a company still steered by its two founders nearly 20 years after founding. Investors should weigh Mr. Hodgson's proven capital-allocation track record (a fortress balance sheet, high returns, and disciplined share repurchases) against the governance realities of founder control.

Ronald C. Arrington — Interim Chief Financial Officer (age 63). Mr. Arrington serves as Interim CFO "until the appointment of his successor." His path to the role is unusual: he previously served as Legacy's CFO from May 2022 to September 2023, then as a Development Manager at the company from September 2024 to October 2025, before being re-appointed Interim CFO. He brings a career spanning more than 35 years as a chief financial officer, finance vice president, and corporate controller across aerospace, construction, manufacturing, and retail companies, including contract consulting work for Dave & Buster's Inc. and Fabulous Floors (October 2023–July 2024) and a controller role at XIT Paving and Construction (May 2021–May 2022). He holds a Bachelor of Business Administration from the University of Texas at Arlington and is a Certified Public Accountant. Mr. Arrington's familiarity with Legacy's systems and his broad operational-finance background make him a credible steward through the transition. However, his interim status, the "revolving-door" nature of the CFO seat (Arrington → an interim/other CFO → back to Arrington within roughly three years), and the concurrent CEO turnover collectively point to a finance-leadership function that has lacked stability — a governance and execution risk worth monitoring closely.

Board composition and governance. Legacy's board includes the two co-founders (Hodgson and Shipley) alongside independent directors **Jeffrey K. Stouder, Brian J. Ferguson, and Skyler M. Howton; Jeffrey M. Fiedelman** also appears among directors/nominees and officers in recent filings. The Audit Committee is composed of the three independent directors — Stouder (Chair), Ferguson, and Howton — providing independent financial oversight. **Insider and founder-family ownership is very high:** all directors and executive officers as a group hold approximately **30.1%**; adding the founders' brothers (William and Douglas Shipley at ~12% each) and other affiliated holders, the founding families effectively control a majority (>50%) of the shares. This alignment is a double-edged sword: management is powerfully incentivized to grow per-share value, but minority shareholders have limited ability to influence outcomes, and the company operates with de facto controlled-company characteristics. Several governance yellow flags deserve mention: the FY2024 proxy disclosed multiple **delinquent Section 16(a) filings** by directors and officers (Bates, Hodgson, Howton, Ferguson, and Stouder each filed at least one late report), the company has "no formal compensation plan," and 2025 saw significant management churn. On balance, governance is founder-dominated and informal, with strong economic alignment but weaker institutional process than one would find at larger, more widely held peers.

Figure 7 — Leadership & Board Structure (2026)



Source: Company SEC filings (FY2025 10-K; Nov-2025 DEF 14A), U.S. Census MHS, stockanalysis.com; [Firm] estimates.

Figure 7 — Leadership & board structure (2026).

Products & Services

Legacy Housing's product-and-service portfolio spans two broad categories: the **factory-built homes** it manufactures and sells, and the **financing solutions** it originates and holds. The two are deliberately intertwined — financing exists to move homes and to capture recurring, high-yield income — but each is a distinct source of value.

Manufactured homes. Legacy builds HUD-code manufactured homes in one or more sections (floors) on a steel chassis, using high-volume, assembly-line production. Product breadth runs from single-section entry-level homes to larger multi-section homes, plus a line of "Tiny Houses" and park-model-style units aimed at niche and community applications. Homes are configured with a range of bedroom/bathroom layouts and can be customized with varied, customer-requested features. Retail prices range from approximately **\$47,000 to \$200,000**, positioning Legacy squarely in the affordable-housing segment; on a structural, per-square-foot basis, the company notes that site-built homes can be nearly 50% more expensive than manufactured homes (excluding land), a gap that has widened over time per Census Manufactured Housing Survey data. The value proposition is straightforward: comparable livable space at roughly half the structural cost, delivered quickly from the factory. Vertical integration into component manufacturing and direct materials sourcing supports both cost competitiveness and gross margins, and the company's owned distribution and finance capabilities let it capture margin at multiple points in the chain.

Consumer financing. Because retail buyers of manufactured homes are frequently underserved by mainstream mortgage lenders (many manufactured homes are titled as personal property, or "chattel," rather than real estate, and thus fall outside conventional mortgage channels), Legacy offers **consumer installment loans** directly to the end buyers of its homes. These loans are secured by the homes and typically carry above-market fixed interest rates commensurate with their credit and collateral profile. The consumer loan portfolio reached a **book value of \$198.8 million** as of December 31, 2025 (up from \$174.1 million a year earlier), generating **\$23.7 million** of interest income in 2025. This vertically integrated lending both drives home sales (financing is often the deciding factor for a buyer) and converts each sale into a multi-year interest annuity — the core reason Legacy earns finance-company-like returns.

Commercial financing — MHP Notes and dealer finance. Legacy extends two forms of commercial credit. **MHP Notes** are loans to owners and developers of manufactured home communities, generally secured by the homes placed in those communities and often by the communities themselves; management notes it has "historically not experienced material losses on the MHP Notes." Fixed-rate MHP notes carried a **book value of \$186.6 million** at year-end 2025 (plus additional variable-rate MHP notes), generating **\$16.9 million** of interest income. **Dealer finance** (floor-plan/inventory financing) funds independent retailers' inventory of Legacy homes; in late 2022 and early 2023, the company transitioned many dealers from a traditional consignment arrangement to an inventory-finance arrangement, under which sales are recognized upon delivery to the dealer. Dealer finance notes generated **\$3.1 million** of interest income in 2025. Together, the three lending books produced **\$43.7 million** of loan-portfolio interest income in 2025 — a growing, high-margin, and relatively stable stream that partially offsets the cyclicity of product sales.

Revenue by product line (FY2025 vs FY2024, \$000). Product sales of \$116,932 (2025) / \$129,345 (2024) decompose into inventory-finance sales (\$37,243 / \$36,740), retail store sales (\$22,564 / \$20,026), other product sales (\$7,320 / \$8,292), and direct/other sales (the balance). Loan-portfolio interest of \$43,674 (2025) / \$41,182 (2024) comprises consumer installment interest (\$23,698 / \$21,006), MHP note interest (\$16,915 / \$16,962), and dealer-finance interest (\$3,061 / \$3,214). "Other revenue" of \$3,961 (2025) / \$13,664 (2024) is more variable and includes items that can introduce period-to-period volatility. This mix — roughly 70% product, 27% interest, and 3% other — is the quantitative signature of Legacy's manufacturer-plus-lender model.

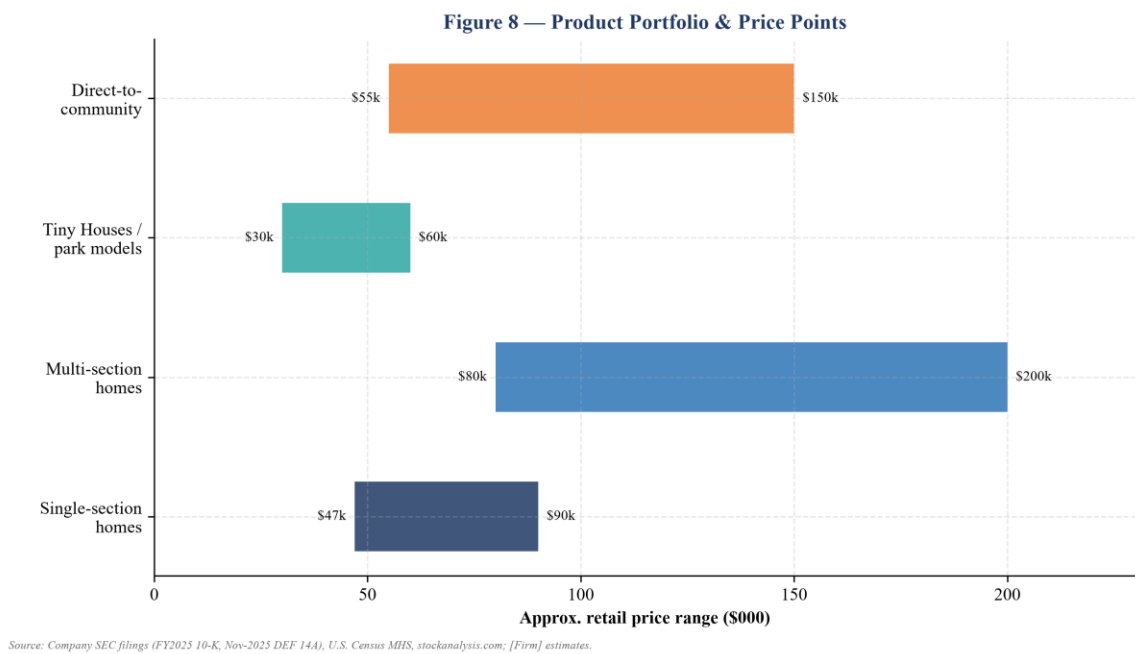
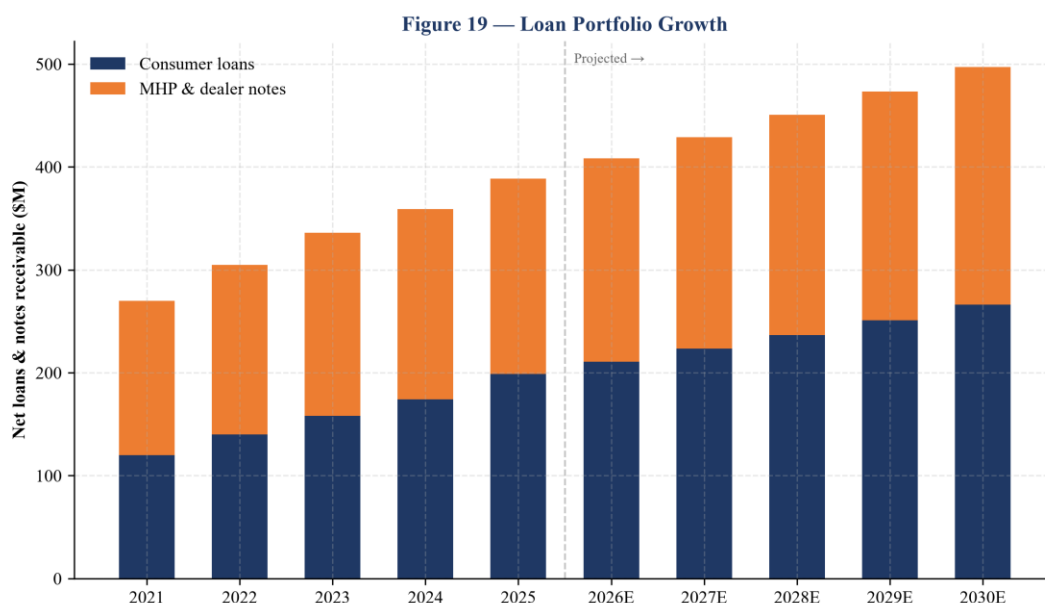


Figure 8 — Product portfolio and price points.



Source: Company SEC filings (FY2025 10-K, Nov-2025 DEF 14A), U.S. Census MHS, stockanalysis.com; [Firm] estimates.

Figure 9 — Loan portfolio growth (consumer + MHP/dealer).

Customers & Go-to-Market

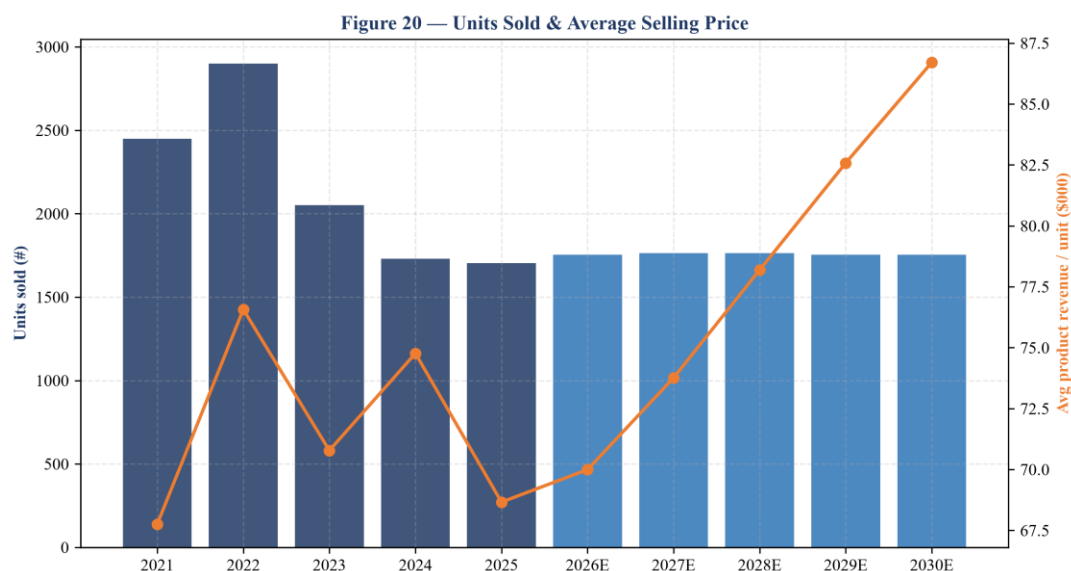
Legacy Housing reaches the market through **three distribution channels** and serves **three broad customer types**, all concentrated in Texas and the southern United States. Understanding this go-to-market structure is essential to understanding the business's economics and risks.

Distribution channels. Homes reach buyers through (1) **independent retailers** — third-party dealers who purchase homes from Legacy (increasingly under inventory-finance arrangements) and resell to consumers; (2) **company-owned retail stores** — 14 locations that Legacy operates directly and which "generate higher gross margins" than wholesale channels; and (3) **direct sales to manufactured home communities (MHCs)** — bulk sales to community owners who place the homes as rental or for-sale inventory. In FY2025, approximately **44%** of product sales flowed through independent retail distributors, **21%** through company-owned retail locations, and **35%** directly to MHC owners — a meaningful shift toward company-owned and community channels versus the prior year (roughly 38% independent in 2024). As of the FY2025 10-K, the footprint spanned **15 states**, **80+ independent retail locations**, and **14 company-owned stores**. Notably, **no single independent retailer accounted for 10% or more of product sales** in 2025 or 2024, indicating limited customer concentration at the dealer level.

Customer segments. The end market comprises (1) **individual home buyers** — typically value-conscious households seeking affordable homeownership, often in rural and exurban areas, and frequently financed by Legacy's consumer-lending arm; (2) **manufactured home community owners/operators** — a growing institutional and semi-institutional buyer base that purchases homes in volume and is often financed via MHP Notes; and (3) **independent dealers** — the retail intermediaries that Legacy both supplies with product and finances through dealer inventory notes. This layered customer structure means Legacy frequently has both a product relationship and a credit relationship with the same counterparties, deepening switching costs and enhancing lifetime economics.

Sales strategy and vertical integration as go-to-market. Legacy's competitive go-to-market lever is **financing as a sales tool**. By offering inventory financing to dealers, mortgage-alternative installment loans to consumers, and MHP Notes to community developers, Legacy removes the single largest friction in manufactured-home sales

— access to credit — while simultaneously earning attractive interest income. This is a durable, self-reinforcing model: financing drives volume, volume feeds the loan book, and the loan book smooths the cyclicality of manufacturing. The company also invests in developing "highly-trained sales representatives" and in direct marketing assistance to dealers. The November 2025 **AmeriCasa Solutions acquisition** extends this go-to-market machinery, adding distribution and community-oriented sales capability. The principal go-to-market vulnerability is geographic: with manufacturing and demand concentrated in Texas and the Southeast, Legacy's fortunes are tied to regional housing demand, weather (shipments can be delayed by harsh weather in served markets), and local economic conditions — a concentration that larger national peers do not share to the same degree.



Source: Company SEC filings (FY2025 10-K, Nov-2025 DEF 14A), U.S. Census MHS, stockanalysis.com; [Firm] estimates.

Figure 10 — Units sold and average selling price.

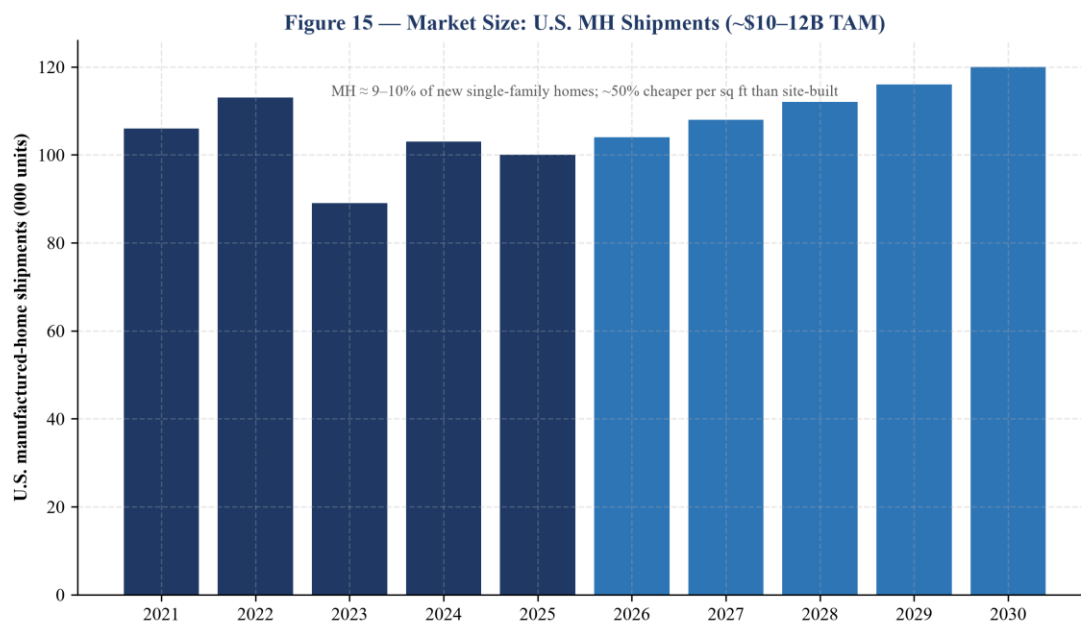
Industry Overview

Industry definition. Legacy operates in the U.S. **manufactured (factory-built) housing** industry — homes built entirely in a factory to the federal HUD Code (established under the National Manufactured Housing Construction and Safety Standards Act of 1974, effective 1976) and transported to a home site, as distinct from modular homes (built to local/state codes) and site-built housing. The industry classification is NAICS 321991 (Manufactured Home / Mobile Home Manufacturing). Adjacent segments include modular construction, park models/RVs, and, at the affordability boundary, entry-level site-built housing.

Market size and structure. U.S. manufactured-home shipments have run in the range of roughly **90,000 to 113,000 units per year** in recent years, with output rising through the 2020–2022 boom, correcting in 2023, and stabilizing in 2024–2025 (industry shipments were on the order of ~100,000+ units annually in the latest data). Manufactured homes represent approximately **9–10% of new single-family home starts** and a much larger share of new homes sold under \$150,000, underscoring the sector's centrality to entry-level and affordable housing. On price, the average manufactured home sells for a small fraction of the average new site-built home (excluding land), and the per-square-foot cost advantage — which the company and Census data put at roughly 50% — has widened as site-built construction, land, and labor costs have escalated. The industry is meaningfully **consolidated at the top**: Clayton Homes (a Berkshire Hathaway subsidiary) commands roughly **50%** of U.S. production, with Cavco Industries and Skyline Champion (now branded "Champion Homes") together holding a large additional share; the remainder is split among regional and niche producers such as Legacy, Deer Valley, Nobility Homes, and others.

Growth drivers and tailwinds. The dominant structural driver is the **U.S. affordability crisis**. Persistent shortfalls in affordable housing supply, rising rents, and elevated site-built home prices push demand toward the lowest-cost path to homeownership — factory-built homes. Manufactured housing's cost, speed, and quality advantages (modern HUD-code homes are increasingly indistinguishable from site-built product in finish) position it as a policy-favored solution. A second driver is **financing reform**. Because a large share of manufactured homes are financed as personal property (chattel) at higher rates and shorter terms than conventional mortgages, expanded access to affordable financing is a major swing factor. The **FHFA's "Duty to Serve" program** — a statutory obligation under the Housing and Economic Recovery Act of 2008 (12 CFR Part 1282, §1282.33) requiring Fannie Mae and Freddie Mac to support the manufactured-housing market, including chattel-lending pilots — has been a long-running potential catalyst; the GSEs' 2025–2027 Underserved Markets Plans continue this mandate, though a June 2026 proposed rule would rescind and replace the existing regulation, introducing policy uncertainty. Greater GSE participation in chattel lending could expand the buyer pool and lower financing costs industry-wide — a tailwind for volumes but potentially a competitive threat to captive lenders like Legacy.

Barriers, cyclical, and regulation. Barriers to entry are moderate: capital, manufacturing know-how, a dealer network, and — increasingly — the ability to finance buyers. Vertically integrated players with captive finance (Clayton/21st Mortgage/Vanderbilt; Legacy's own lending) enjoy a structural advantage in moving product through credit-constrained cycles. The industry is **cyclical and interest-rate-sensitive**: higher rates raise buyer monthly payments and dampen affordability, as the 2022–2023 downturn demonstrated. Regulation is a double-edged factor — the HUD Code creates a national standard and a barrier to fly-by-night entrants, while **local zoning and land-use restrictions** (which frequently exclude or disfavor manufactured housing) constrain demand and remain the sector's most persistent structural headwind. Recent federal attention to manufactured housing as an affordability lever (including HUD code modernization efforts and Duty to Serve) is broadly supportive.



Source: Company SEC filings (FY2025 10-K, Nov-2025 DEF 14A), U.S. Census MHS, stockanalysis.com; [Firm] estimates.

Figure 11 — U.S. manufactured-home shipments (market size).

Competitive Landscape

Legacy competes in a consolidated industry against much larger national manufacturers, a set of regional and niche builders, and — on the financing side — captive and independent specialty lenders. Below are the most relevant competitors and Legacy's relative positioning.

Clayton Homes (Berkshire Hathaway). The dominant force in U.S. manufactured housing, with roughly **50%** of national production and a fully integrated model that includes captive lenders 21st Mortgage and Vanderbilt Mortgage & Finance. Clayton's scale, financing firepower, and Berkshire balance sheet make it the industry benchmark. Legacy competes with Clayton on product and, importantly, on financing, but at a fraction of the scale.

Cavco Industries (NASDAQ: CVCO). A leading publicly traded manufacturer with TTM revenue of approximately **\$2.24 billion** and a market capitalization of about **\$4.74 billion** (June 30, 2026). Cavco operates a broad portfolio of brands and a financial-services segment (retail lending and insurance), making it the closest large-cap analog to Legacy's integrated model. It trades at a premium (~25–26x P/E, ~18x EV/EBITDA, ~4.3x book), reflecting scale and diversification.

Skyline Champion / Champion Homes (NYSE: SKY). The other public large-cap, with TTM revenue near **\$2.66 billion** and a market cap of roughly **\$4.88 billion** (June 30, 2026). Champion is a national manufacturer with a growing digital and financing presence; it trades at ~24x P/E, ~14x EV/EBITDA, and ~3x book. Like Cavco, it competes with Legacy primarily on manufacturing scale and geographic breadth.

Nobility Homes (NASDAQ: NOBH), Deer Valley, American Homestar, and regional builders. Smaller, often regionally focused producers compete with Legacy in specific markets. Nobility is a small, Florida-centric manufacturer/retailer with a conservative, cash-rich profile similar in spirit to Legacy's. Deer Valley and various regional players compete on product and price in the South and Southeast — Legacy's core territory.

Specialty lenders (financing competition). Because financing is central to Legacy's model, its competitive set also includes captive lenders (21st Mortgage, Vanderbilt) and independent manufactured-housing finance companies such as **Triad Financial Services**, as well as, prospectively, the GSEs via Duty to Serve chattel programs. Expanded third-party or GSE-backed financing could erode the strategic advantage of Legacy's captive lending.

Legacy's positioning, advantages, and vulnerabilities. With TTM revenue of ~\$163 million and roughly 1,700 units sold annually, Legacy holds a low-single-digit share of national production — a niche regional player rather than a national champion. Its **competitive advantages** are (1) a **vertically integrated finance platform** that most similarly sized manufacturers lack, producing high-margin recurring interest income and a ~\$400 million loan book; (2) a **low-cost production model** with owned component manufacturing and direct sourcing; (3) **exceptional profitability and returns** (net margins ~25%, high ROE, minimal debt); and (4) a **fortress balance sheet** (total liabilities of only ~\$40 million against ~\$534 million of assets). Its **vulnerabilities** are (1) **sub-scale size** relative to Clayton, Cavco, and Champion, limiting purchasing power, brand reach, and R&D; (2) **geographic concentration** in Texas and the Southeast; (3) **dependence on independent dealers** and on continued access to its lending model; and (4) **corporate-governance and leadership-transition risk** given founder control and 2025 management turnover. In the market's eyes, this profile earns Legacy a **valuation discount** to its larger peers (~15x P/E, ~12x EV/EBITDA, ~1.2x book versus peers at 24–26x P/E and 3–4x book) — a discount that is the central debate for any initiation.

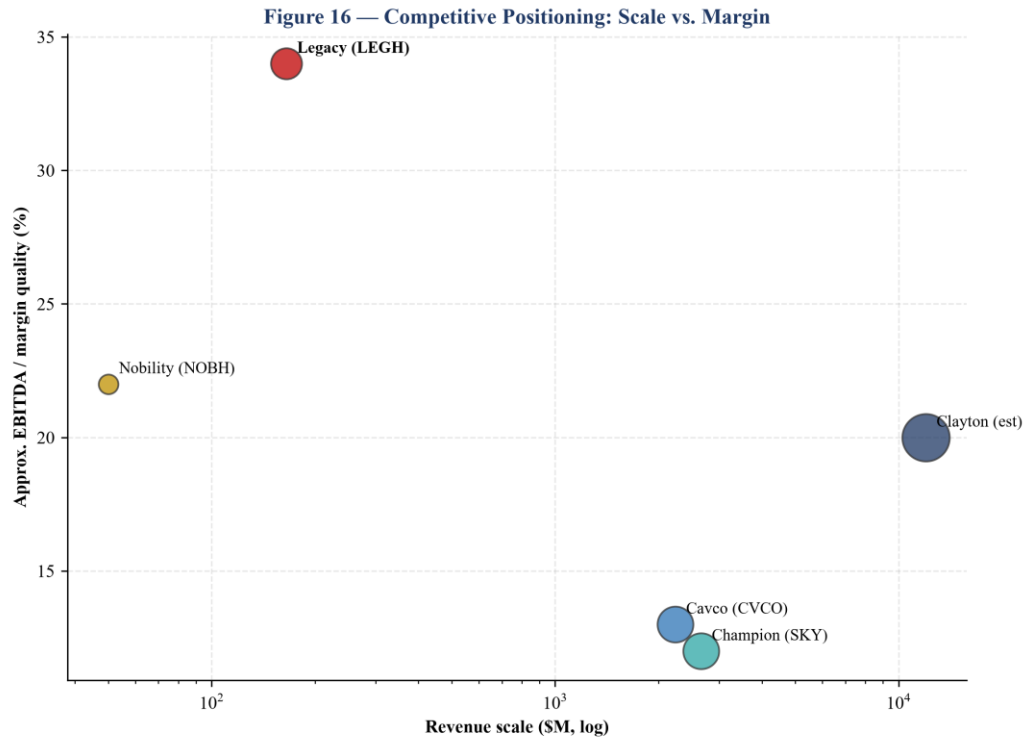


Figure 12 — Competitive positioning: scale vs. margin.

Figure 17 — U.S. MH Market Share (by production, est.)

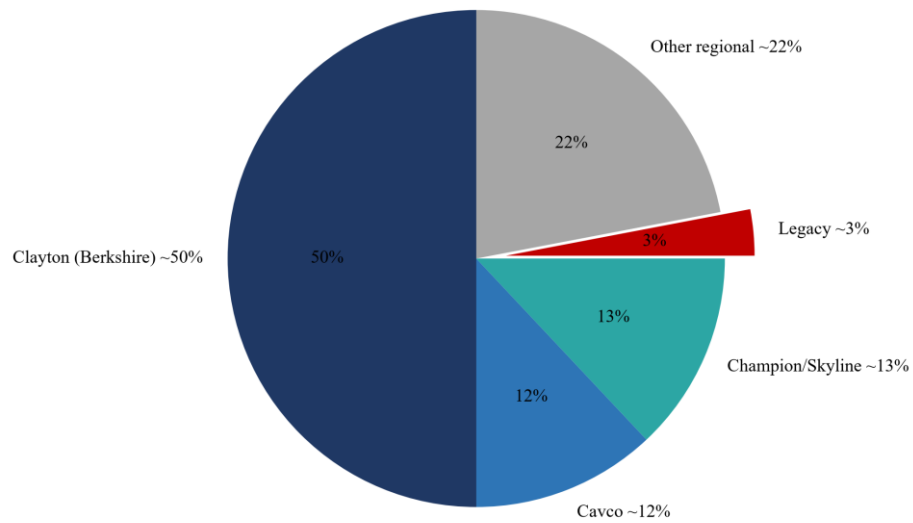


Figure 13 — U.S. MH market share (by production, est.).

Market Opportunity (TAM)

Total addressable market. The U.S. manufactured-housing industry ships on the order of **100,000+ units per year**, and at industry average selling prices the annual factory-shipment market is roughly **\$10–12 billion** in wholesale value, with a substantially larger retail and services value chain once dealer margins, financing, insurance, transportation, and site work are included. Layering in the **financing opportunity** — the multi-year interest income on chattel and community loans — expands Legacy's effective addressable market well beyond the one-time home sale. Because manufactured housing today represents only ~9–10% of new single-family output despite offering roughly half the per-square-foot structural cost, the **structural runway is large**: even a modest gain in manufactured housing's share of new-home demand, driven by the affordability crisis, would materially expand industry volumes.

Serviceable addressable market (SAM). Legacy's serviceable market is defined by its geography and channels: the affordable-home and manufactured-home-community demand across Texas and the southern/southeastern United States (15 states currently), served through independent dealers, company-owned stores, and direct community sales, and financed through its three lending books. Within this footprint, Legacy is an established, top-tier regional supplier. The company's own capacity — roughly 3,000 homes per year at ~60 completed homes per week, with additional headroom at the Georgia plant — frames its near-term serviceable ceiling; at ~1,700 units sold in 2025, Legacy is operating well below peak capacity, implying room to grow volumes without major capital outlays as demand recovers.

Serviceable obtainable market and growth strategy. Legacy's realistic near-to-medium-term opportunity centers on (1) **volume recovery** as the industry normalizes off the 2023–2025 correction and as interest rates ease; (2) **channel mix enrichment** — growing higher-margin company-owned retail (up to 21% of sales in 2025 from ~lower levels) and direct-to-community sales; (3) **loan-book growth**, which compounds interest income and returns even in flat-volume years; (4) **geographic and capacity expansion**, including utilizing latent Georgia capacity and extending the footprint via acquisitions such as AmeriCasa; and (5) **optionality from financing reform**, where expanded GSE support could enlarge the financeable buyer pool. The market-share opportunity is meaningful precisely because Legacy is small: incremental gains that would be immaterial to Clayton can move Legacy's revenue and earnings materially. The penetration strategy is disciplined and self-funded — Legacy's history is one of profitable, balance-sheet-financed growth rather than debt-fueled expansion, and management's capital allocation (loan-book reinvestment plus share repurchases, no dividends) reflects a compounding-oriented approach.

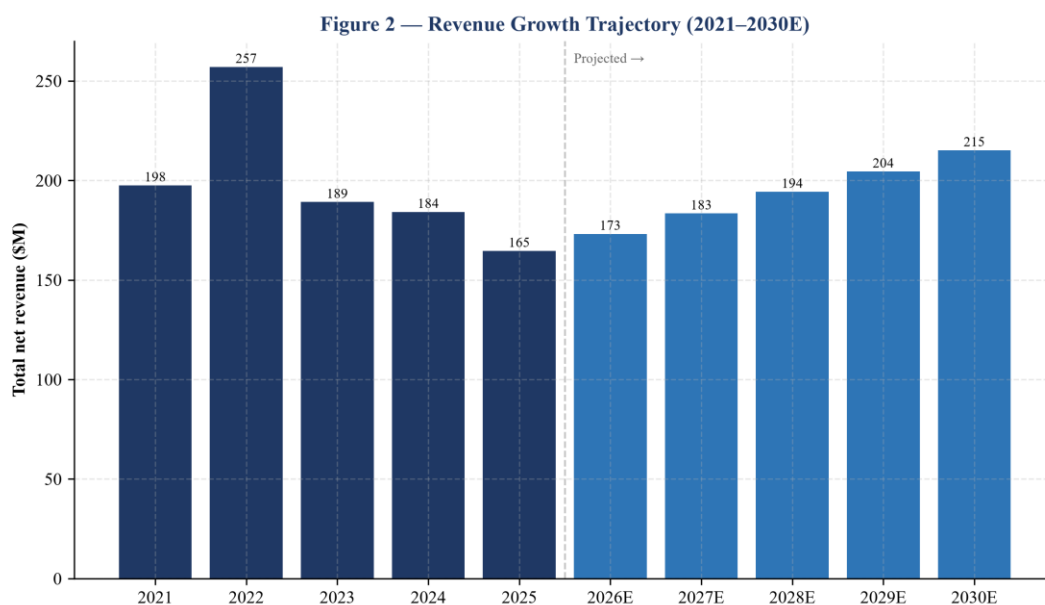
Financial Analysis

Historical Performance

Legacy's financial history is a story of a post-pandemic boom, a subsequent normalization, and a lending book that has grown throughout. Total net revenue rose from \$197.5M in 2021 to a cyclical peak of \$257.0M in 2022 (+30.1% YoY) as low rates and supply-constrained site-built inventory drove record demand, before declining for three consecutive years to \$189.1M (2023), \$184.2M (2024), and \$164.6M (2025). Net income followed a similar arc — \$49.9M (2021), \$67.8M (2022), \$54.5M (2023), \$61.6M (2024) — before falling ~32% to \$41.8M in 2025 as product volumes softened and an unusually high 2024 “other revenue” line (\$13.7M) normalized to \$4.0M.

Crucially, the composition of revenue shifted toward higher-quality, recurring income. Loan-portfolio interest grew from an estimated ~\$28M in 2021 to \$41.2M (2024) and \$43.7M (2025), rising to ~27% of total revenue even as product sales fell to \$116.9M. Consumer-installment interest (\$23.7M in 2025), MHP-note interest (\$16.9M), and dealer-finance interest (\$3.1M) collectively cushioned the cyclical decline in manufacturing. This is the defining feature of Legacy's model: the loan book acts as a stabilizer, growing net interest income in flat- or down-volume years.

Profitability remained exceptional throughout. Gross margin (net revenue less cost of product and other sales) held between ~46% and ~48%, and operating margin ranged from ~30% (2022) to ~29–35% across the period, landing at 29.4% in 2025. Net margin of ~25% in a trough year is remarkable for a durable-goods manufacturer and reflects the blended economics of low-cost production plus high-yield lending. The balance sheet strengthened materially: total assets grew from \$366.7M (2021) to \$580.3M (2025), equity compounded from \$309.4M to \$528.6M, and total liabilities fell to just \$51.7M, leaving the Company essentially debt-free. Book value per share reached ~\$22.2. Operating cash flow is volatile by design — it swung from +\$60.3M (2021) to −\$13.5M (2023) — because loan originations (an investment in the earning-asset base) flow through operations; adjusting for loan growth, the underlying cash generation is robustly positive.



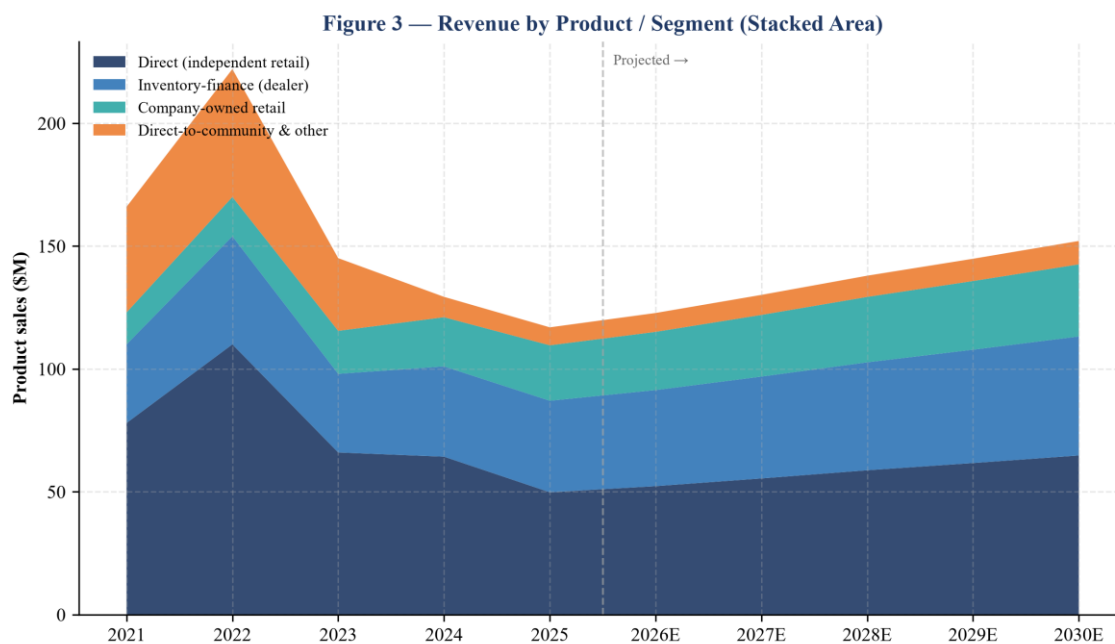
Source: Company SEC filings (FY2025 10-K, Nov-2025 DEF 14A), U.S. Census MHS, stockanalysis.com; [Firm] estimates.

Figure 14 — Revenue growth trajectory (2021–2030E).

Table 1 — Summary Income Statement (\$M)

FY (Dec, \$M)	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
Product sales	166.0	222.1	145.1	129.3	116.9	122.8	130.1	138.0	144.9	152.1
Loan interest income	28.0	31.0	37.0	41.2	43.7	46.3	49.1	52.0	55.1	58.4
Other revenue	3.5	4.0	7.0	13.7	4.0	4.1	4.2	4.3	4.5	4.6
Total net revenue	197.5	257.0	189.1	184.2	164.6	173.2	183.4	194.3	204.4	215.1
Cost of product sales	(114.1)	(150.1)	(99.7)	(90.1)	(84.8)	(88.4)	(93.7)	(98.7)	(103.6)	(108.7)
SG&A	(23.3)	(27.6)	(24.3)	(22.3)	(29.6)	(28.6)	(29.9)	(31.1)	(32.7)	(34.4)
Operating income (EBIT)	58.9	78.0	64.6	63.6	48.4	54.5	58.1	62.1	66.3	70.0
EBITDA	60.5	80.0	66.3	65.5	50.3	56.5	60.2	64.3	68.6	72.4
Net income	49.9	67.8	54.5	61.6	41.8	47.0	49.9	53.1	56.5	59.6
Diluted EPS (\$)	2.05	2.74	2.17	2.48	1.74	1.97	2.12	2.28	2.45	2.61
Net margin	25.3%	26.4%	28.8%	33.5%	25.4%	27.1%	27.2%	27.3%	27.7%	27.7%

Source: Company FY2025 10-K and SEC XBRL (2021–2025A); [Firm] estimates (2026–2030E). 2021–2023 loan/other split estimated to reconcile to reported totals.



Source: Company SEC filings (FY2025 10-K, Nov-2025 DEF 14A), U.S. Census MHS, stockanalysis.com; [Firm] estimates.

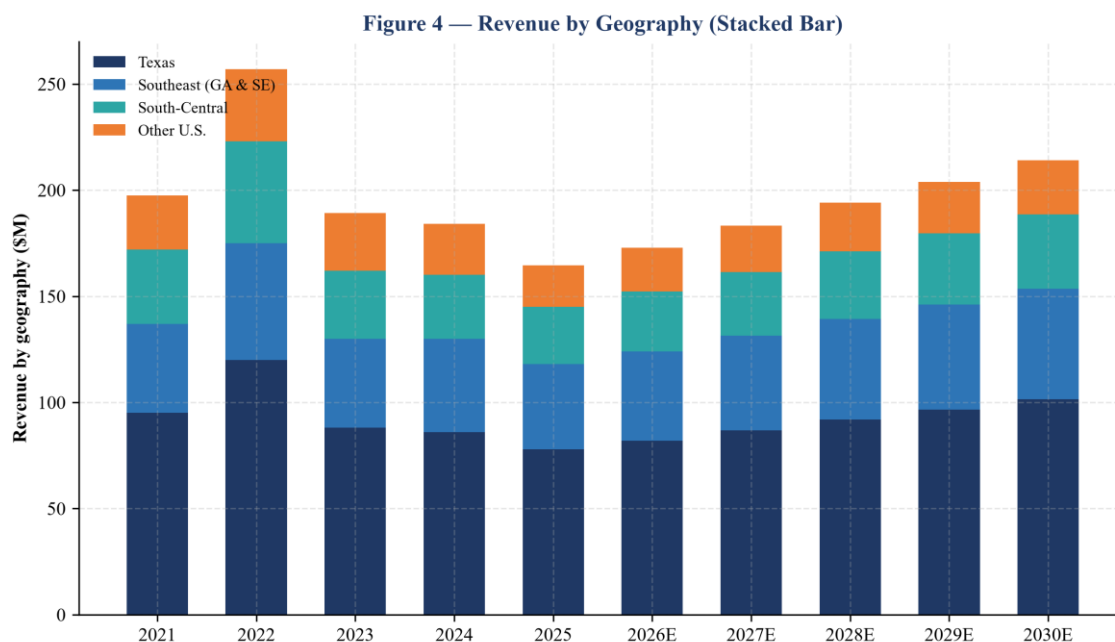
Figure 15 — Revenue by product / segment (stacked area). ★ Mandatory.

Table 2 — Revenue by Product / Channel (\$M)

FY (Dec, \$M)	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
Direct (independent retail)	78.0	110.0	66.0	64.3	49.8	52.3	55.4	58.7	61.7	64.7

Inventory-finance (dealer)	32.0	44.0	32.0	36.7	37.2	39.1	41.5	44.0	46.2	48.5
Company-owned retail	13.0	16.0	17.5	20.0	22.6	23.7	25.1	26.6	27.9	29.3
Direct-to-community & other	43.0	52.1	29.6	8.3	7.3	7.7	8.1	8.6	9.0	9.5
Total product sales	166.0	222.1	145.1	129.3	116.9	122.8	130.1	138.0	144.9	152.1

Source: Company FY2025 10-K (2024/2025 channel splits reported); [Firm] estimates. Channel mix 2025: 44% independent, 21% company retail, 35% direct-to-community.



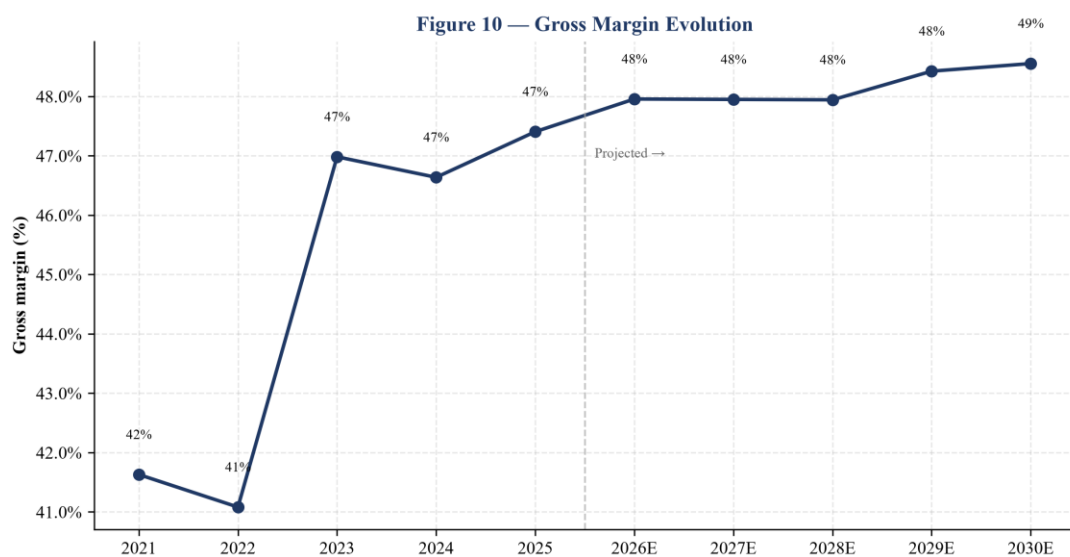
Source: Company SEC filings (FY2025 10-K, Nov-2025 DEF 14A), U.S. Census MHS, stockanalysis.com; [Firm] estimates.

Figure 16 — Revenue by geography (stacked bar). ★ Mandatory.

Table 3 — Revenue by Geography (\$M)

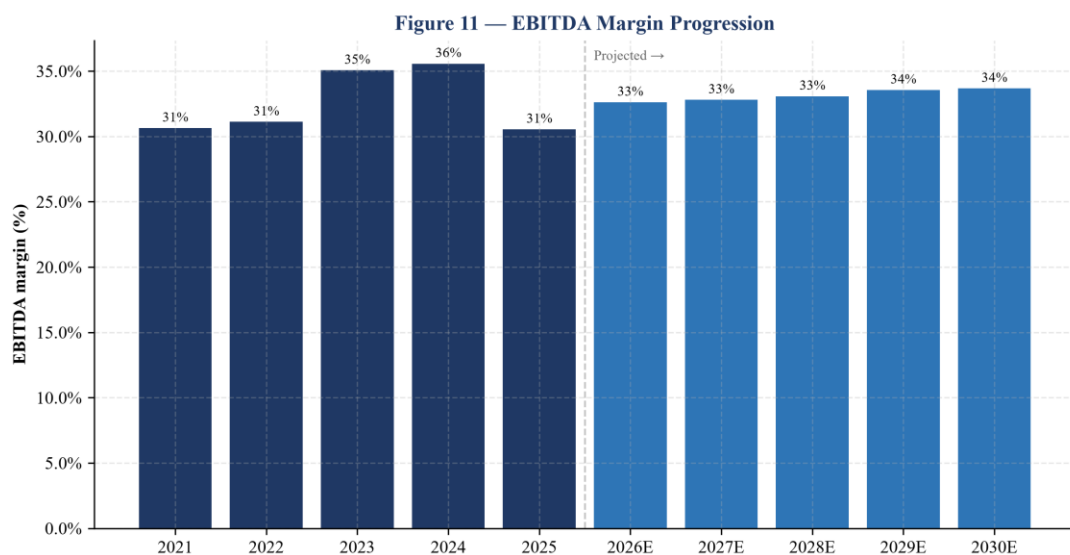
FY (Dec, \$M)	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
Texas	95.0	120.0	88.0	86.0	78.0	82.1	87.0	92.1	96.9	102.0
Southeast (GA & SE)	42.0	55.0	42.0	44.0	40.0	42.1	44.6	47.2	49.7	52.3
South-Central (OK/LA/NM/AR)	35.0	48.0	32.0	30.0	27.0	28.4	30.1	31.9	33.5	35.3
Other U.S. states	25.5	34.0	27.1	24.2	19.6	20.6	21.8	23.1	24.3	25.6
Total revenue	197.5	257.0	189.1	184.2	164.6	173.2	183.4	194.3	204.4	215.1

Source: [Firm] estimates based on Company disclosure of Texas/Southeast concentration; geographic split modeled.



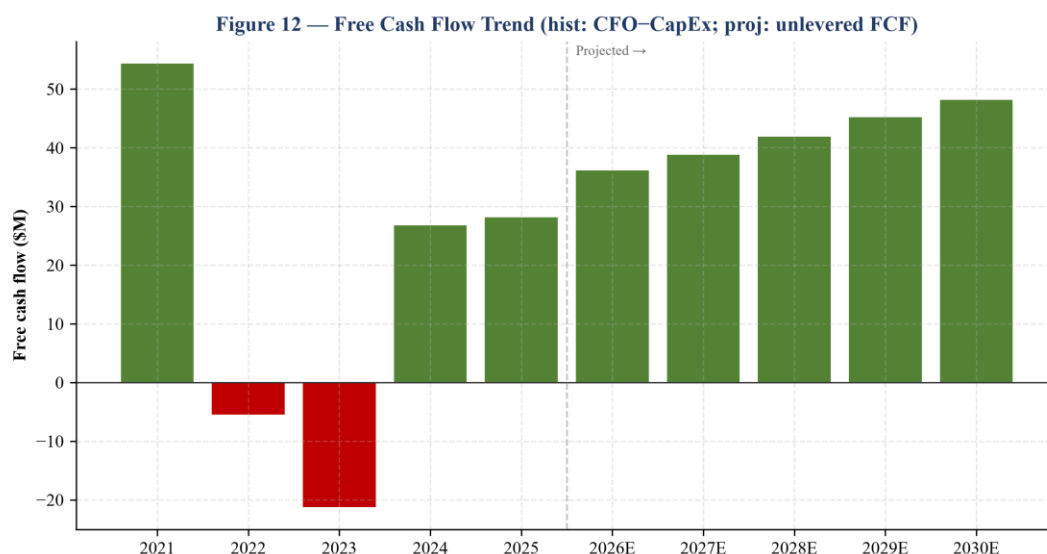
Source: Company SEC filings (FY2025 10-K, Nov-2025 DEF 14A), U.S. Census MHS, stockanalysis.com; [Firm] estimates.

Figure 17 — Gross margin evolution.



Source: Company SEC filings (FY2025 10-K, Nov-2025 DEF 14A), U.S. Census MHS, stockanalysis.com; [Firm] estimates.

Figure 18 — EBITDA margin progression.



Source: Company SEC filings (FY2025 10-K, Nov-2025 DEF 14A), U.S. Census MHS, stockanalysis.com; [Firm] estimates.

Figure 19 — Free cash flow trend.

Table 4 — Balance Sheet Highlights (\$M)

FY (Dec, \$M)	2021A	2022A	2023A	2024A	2025A
Cash & investments	1.0	2.8	0.7	1.1	1.4
Consumer loans, net	120.0	140.0	158.0	174.1	198.8
MHP & dealer notes, net	150.0	165.0	178.0	185.0	190.0
Inventories	42.0	32.1	41.0	37.5	39.9
PP&E, net	27.5	30.1	37.9	47.6	60.5
Total assets	366.7	436.8	506.7	534.2	580.3
Total liabilities	57.3	54.7	70.0	40.2	51.7
Total equity	309.4	382.1	436.7	494.0	528.6
Book value per share (\$)	12.7	15.5	17.4	20.4	22.2

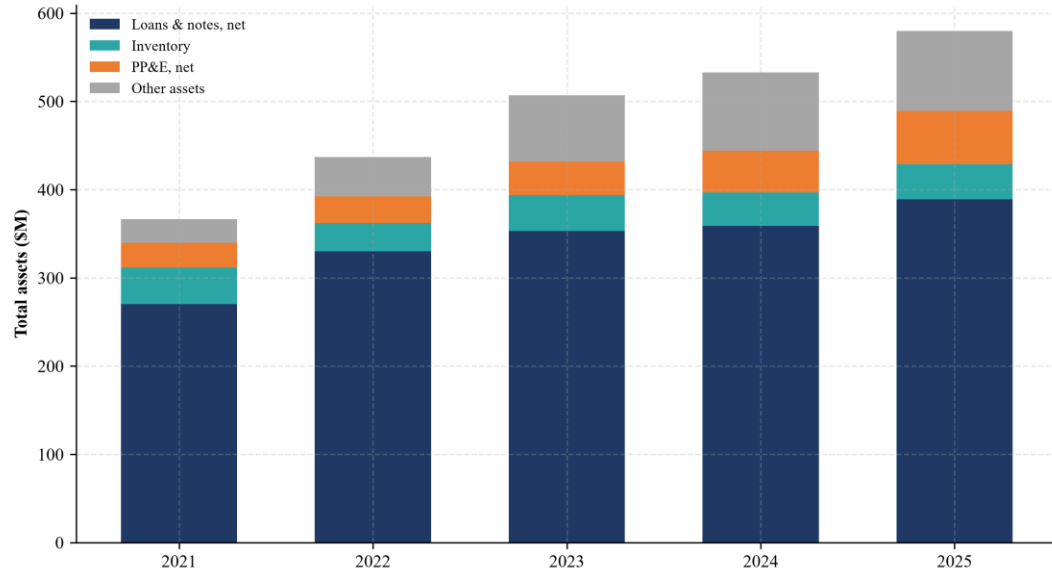
Source: Company FY2025 10-K and SEC XBRL. Loan sub-balances 2021–2023 estimated; totals as reported.

Table 5 — Cash Flow Highlights (\$M)

FY (Dec, \$M)	2021A	2022A	2023A	2024A	2025A
Net income	49.9	67.8	54.5	61.6	41.8
D&A	1.6	1.9	1.7	1.9	1.9
Cash from operations	60.3	(1.7)	(13.5)	36.0	37.2
Capital expenditures	(6.0)	(3.8)	(7.7)	(9.2)	(9.0)
Dividends paid	0.0	0.0	0.0	0.0	0.0

Source: Company FY2025 10-K and SEC XBRL. Operating cash flow reflects loan-origination timing.

Figure 25 — Balance Sheet Asset Composition



Source: Company SEC filings (FY2025 10-K, Nov-2025 DEF 14A), U.S. Census MHS, stockanalysis.com; [Firm] estimates.

Figure 20 — Balance sheet asset composition.

Projection Assumptions

Our five-year model (2026E–2030E) is built bottom-up from three revenue engines — product sales, loan-portfolio interest, and other revenue — with margin, cost, capital-expenditure, and working-capital assumptions layered on top. Below we detail each driver. Our base case assumes a gradual recovery from the 2023–2025 downcycle rather than a sharp rebound, reflecting continued interest-rate uncertainty, the leadership transition, and Legacy's concentrated footprint. We project total net revenue to grow from \$164.6M in 2025A to \$215.1M in 2030E, a 5.5% CAGR, with EPS recovering from \$1.74 to \$2.61.

A. Revenue by Product / Channel Assumptions

Direct sales to independent retailers

Direct (non-financed) sales to independent retailers fell from \$110.0M (2022) to \$49.8M (2025) as the dealer channel both contracted and migrated toward inventory financing. We project this channel to grow ~5% annually to \$64.7M by 2030E. Key drivers: (1) stabilization of the independent-dealer base (80+ locations) after the post-2022 shakeout; (2) a partial demand recovery as affordability pressure channels buyers toward manufactured homes; (3) modest ASP inflation of ~2% per year on materials pass-through; (4) share retention in Legacy's Texas/Southeast core; (5) no assumed re-acceleration to 2021–2022 boom levels, which we view as cyclically anomalous; (6) continued mix migration toward the inventory-finance channel, which partly cannibalizes pure direct sales; (7) risk that dealer defections to larger competitors cap growth; and (8) a gradual macro tailwind from any easing in mortgage rates. We model 2026E +5%, 2027E +6%, 2028E +6%, then 2029E–2030E +5% as the recovery matures.

Inventory-finance (dealer) sales

Following the late-2022/early-2023 transition of many dealers from consignment to inventory-finance arrangements, this channel has become a structural fixture at ~\$37M (2024–2025). We project ~5–6% annual growth to \$48.5M by 2030E, driven by: (1) continued conversion of remaining consignment dealers; (2) growth in floor-plan balances as dealer inventories normalize; (3) associated dealer-finance interest income (modeled separately); (4) Legacy's ability to use financing terms as a competitive lever to win dealer loyalty; (5) higher revenue recognition certainty (recognized on delivery to the dealer); and (6) modest ASP inflation. The principal risk is dealer credit quality in a downturn, which we address in the loan-book and bear-case discussions.

Company-owned retail

Company-owned retail (14 stores) is Legacy's highest-margin channel and has grown steadily to \$22.6M (21% of product sales) in 2025. We project ~5–6% annual growth to \$29.3M by 2030E, reflecting: (1) management's stated preference for higher-margin owned distribution; (2) potential store-count additions (we conservatively assume low-single-digit net additions); (3) same-store growth as brand awareness builds in core markets; (4) margin mix enrichment that supports overall gross margin; (5) the November 2025 AmeriCasa acquisition extending distribution reach; and (6) disciplined, self-funded expansion consistent with Legacy's capital-allocation history. We do not model aggressive store rollout given the leadership transition.

Direct-to-community & other product

Direct-to-community sales (bulk sales to MHP owners) collapsed from \$52.1M (2022) to \$7.3M (2025) as community operators paused purchases amid higher rates. We model a modest ~5% recovery to \$9.5M by 2030E — deliberately conservative — because: (1) community-operator demand is highly rate-sensitive and slow to recover; (2) this channel is lumpy and project-based; (3) MHP-note financing (modeled in interest income) is the more durable relationship; (4) any acceleration represents upside to our base case; and (5) we prefer to see

evidence of a community-buying rebound before modeling it. This is the single largest swing factor to the upside if institutional MHP demand returns.

B. Loan-Portfolio Interest Income Assumptions

Loan-portfolio interest — Legacy's recurring, high-margin income stream — is projected to grow ~6% annually from \$43.7M (2025) to \$58.4M (2030E), tracking loan-book growth. We model the three sub-books as follows. Consumer installment notes (\$23.7M interest in 2025 on a ~\$198.8M net book): we assume the consumer book grows ~6% per year and yields remain in the low-teens, supported by continued origination tied to home sales and limited prepayment in a higher-rate environment. MHP notes (\$16.9M interest on a ~\$187–190M fixed/variable book): we model ~4% book growth and stable yields, reflecting the slower community-purchase environment; management notes it has historically experienced minimal MHP-note losses. Dealer-finance notes (\$3.1M interest): grows with inventory-finance balances at ~6%. Aggregate loan-book growth of ~5% per year is comfortably self-funded by retained earnings given the no-dividend policy. Key risks: (1) rising defaults in a recession; (2) faster prepayments if rates fall sharply; (3) competitive pressure on yields from expanded GSE chattel lending; and (4) slower originations if home sales disappoint.

C. Margin, Cost, CapEx, Working-Capital & Tax Assumptions

Gross margin / cost of product sales: We hold cost of product sales at ~72% of product sales in 2026E–2027E, improving to ~71.5% in 2028E–2030E as company-owned retail and community mix enrich and volume leverage returns. Cost of other sales scales at ~42% of other revenue. This yields blended gross margins in the ~46–48% range, consistent with history.

Operating expenses (SG&A): SG&A spiked to 18.0% of revenue in 2025 (\$29.6M) amid the leadership transition and lower revenue base. We assume normalization to ~16.5% in 2026E and ~16.0% thereafter as revenue recovers and one-time transition costs abate. Legacy has no material R&D; SG&A captures selling, general, administrative, and marketing costs.

Depreciation & CapEx: We model capital expenditure of ~\$9.5M rising to ~\$10.5M by 2030E, funding maintenance and incremental capacity (notably latent room at the Eatonton, GA plant). D&A rises modestly from ~\$1.9M to ~\$2.4M. CapEx runs ~5–6% of revenue, above D&A, reflecting continued (modest) capacity investment.

Working capital & loan book: We treat consumer/MHP/dealer loan growth as a financing/reinvestment use of capital (funded by retained earnings and the revolver), not as operating working capital, so that unlevered FCF reflects the manufacturing-plus-net-interest earnings stream. Inventory is modeled at ~34% of product sales; accounts payable/accrued at ~15% of revenue. Because Legacy retains all earnings and generates FCF above its modest reinvestment needs, we model a build in cash/liquidity over the forecast (the balancing item), with the revolver held roughly flat.

Tax & share count: We apply a 19% effective tax rate, consistent with 2024–2025 actuals and the post-OBBA framework referenced in the 10-K. Diluted shares decline ~1% per year (from ~24.0M to ~22.9M) reflecting continued opportunistic buybacks at ~\$4–8M annually; no dividends are assumed, consistent with stated policy. Other income/(expense), net is normalized to ~\$3.5M per year (below the anomalous 2024 level).

Net result: These assumptions produce total revenue of \$173.2M (2026E) rising to \$215.1M (2030E), EBITDA margins of ~33–34%, net income recovering from \$47.0M to \$59.6M, and diluted EPS from \$1.97 to \$2.61. ROE recovers modestly toward the low-to-mid single-digits initially (equity compounds faster than earnings early in the recovery) and improves as volumes normalize; a fuller ROE recovery toward the historical low-teens is the key upside lever in our bull case.

D. Year-by-Year Revenue Walk

2026E (+5.2% to \$173.2M): The first year of recovery is modest. Product sales rise ~5% as the independent-dealer base stabilizes and inventory-finance balances normalize; loan interest grows ~6% on continued origination; other revenue rebounds slightly off the depressed 2025 base. We assume no volume acceleration until leadership stabilizes. 2027E (+5.9% to \$183.4M): Product volumes inflect as affordability demand and (assumed) modestly lower rates take hold; company-owned retail and inventory-finance lead. 2028E (+5.9% to \$194.3M): The recovery broadens; direct-to-community sales begin a measured rebound off trough levels. 2029E (+5.2% to \$204.4M) and 2030E (+5.2% to \$215.1M): Growth settles into a mid-single-digit steady state as the cycle matures and comparisons normalize. Across the forecast, product sales grow at a 5.4% CAGR and loan interest at 6.0%, so the revenue mix tilts marginally further toward high-margin finance income (from 26.5% of revenue in 2025 to ~27.2% by 2030E). We deliberately avoid modeling a return to the 2021–2022 boom, which we regard as a rate-driven anomaly unlikely to repeat within the forecast window.

E. Loan-Book Mechanics in Detail

The loan book is the model's ballast and warrants granular treatment. We grow the consumer-installment book ~6% per year from a ~\$198.8M net balance, at blended yields in the low-teens; because these are fixed-rate chattel loans to buyers with limited refinancing alternatives, prepayment is low and the book is sticky, producing predictable interest income even as new-home volumes fluctuate. The MHP-note book (~\$187–190M, fixed and variable) we grow just ~4%, reflecting the subdued community-purchase environment; management's disclosure of historically minimal MHP-note losses supports our assumption of stable credit costs, though we stress this in the bear case. Dealer-finance notes grow ~6% with inventory-finance sales. We model no securitization or loan sales — Legacy holds its originations — so the book expands with cumulative net originations funded by retained earnings (the Company pays no dividend) and, at the margin, its \$50M revolver (\$25M accordion). At ~5% aggregate book growth against ~\$47–60M of annual net income, funding is comfortable and internally sourced, which is why our balance sheet shows liquidity building over the forecast rather than incremental leverage.

F. Margin Bridge, Working Capital, CapEx & Tax — Quantified

Gross-margin bridge: From 47.4% in 2025A, we bridge to ~48.6% by 2030E via +~70bps from channel mix (owned retail/community over wholesale), +~40bps from volume-driven fixed-cost absorption at the plants, and +~10bps from continued vertical-integration/direct-sourcing benefits, partially offset by ~20bps of assumed materials inflation. Operating-expense leverage: SG&A falls from an elevated 18.0% of revenue (2025, inflated by transition costs and a low revenue base) to 16.5% (2026E) and 16.0% (2027E–2030E) as revenue recovers and non-recurring items roll off — the single largest driver of operating-margin recovery from 29.4% (2025) to ~32.6% (2030E). Working capital: inventory at ~34% of product sales (consistent with the 2021–2025 average of ~30–36%); accounts payable and accrued liabilities at ~15% of revenue. We again note that consumer/MHP/dealer receivables are treated as an investing/financing use of capital, not operating working capital, so unlevered FCF is not depressed by loan growth. CapEx: ~\$9.5M (2026E) scaling to ~\$10.5M (2030E), or ~5.5% of revenue, above D&A of ~\$2.0–2.4M — funding maintenance plus incremental capacity, with the Eatonton, GA plant offering low-cost expansion headroom. Tax: 19% effective rate throughout, matching 2024–2025 actuals and the post-OBBBA framework cited in the 10-K. Share count: down ~1%/year on ~\$4–8M of annual buybacks at ~1.2x book; no dividends.

H. Benchmarking Our Assumptions Against History and Peers

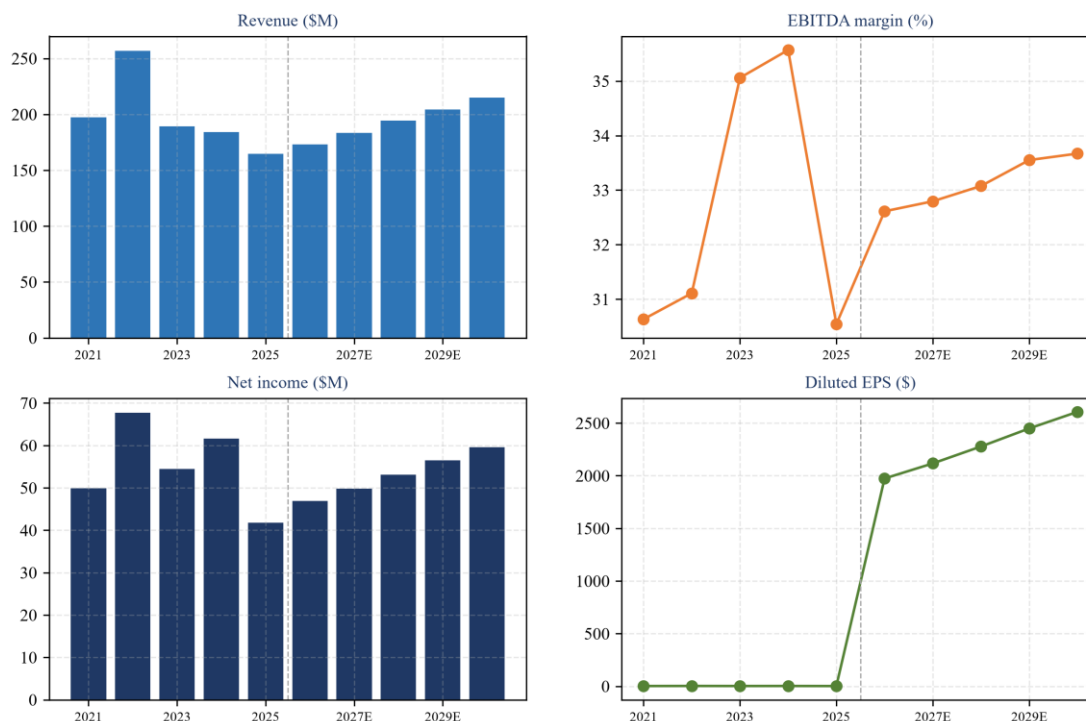
We sanity-check our projections against Legacy's own history and peer trajectories. Our 5.4% product-sales CAGR is well below the Company's 2018–2022 growth and below the ~7–9% mid-cycle growth that larger peers Cavco and Champion have historically compounded, reflecting Legacy's smaller, more concentrated footprint and our conservative macro stance. Our terminal EBITDA margin of ~34% is consistent with Legacy's 2021–2024 average and materially above peers' ~9–13% — appropriate given the outsized contribution of high-margin lending income, which peers monetize differently. Our ~48% terminal gross margin sits within the 2023–2025

actual range of 47–47.4% and is therefore neither aggressive nor heroic. On returns, our forecast implies ROE recovering only into the high-single digits by 2030E — below Legacy's ~12–15% historical range — because equity compounds rapidly under the no-dividend policy while earnings recover gradually; this is conservative and represents a key source of upside were the Company to accelerate buybacks or deploy excess capital more aggressively. Finally, our capex-to-sales of ~5.5% exceeds both D&A and the ~3–4% peers typically run, deliberately building cushion for the Eatonton capacity option. In aggregate, we believe the model errs toward conservatism, which is the appropriate posture for a founder-transition year in a cyclical trough.

G. Key Risks to Our Assumptions

Our projections are most sensitive to (1) the timing of the volume inflection — a one-year delay in the product-sales recovery reduces 2030E revenue by ~\$8–10M; (2) the SG&A normalization — failure to bring SG&A back toward 16% would compress operating margin by ~200bps; (3) loan-book credit costs — a 100bps rise in loss provisions on the ~\$400M book would reduce pre-tax income by ~\$4M; and (4) the direct-to-community channel, where our conservative recovery assumption represents upside if institutional MHP demand returns faster than modeled. We regard our base case as achievable-to-conservative: it embeds neither a boom-era volume rebound nor aggressive margin expansion, and it is fully self-funded.

Figure 13 — Operating Metrics Dashboard



Source: Company SEC filings (FY2025 10-K, Nov-2025 DEF 14A), U.S. Census MHS, stockanalysis.com; [Firm] estimates.

Figure 21 — Operating metrics dashboard (revenue, EBITDA margin, net income, EPS).

Scenario Analysis

We frame three scenarios around distinct paths for volume recovery, margins, and the valuation multiple. Our probability weighting is Bull 25% / Base 50% / Bear 25%, yielding a probability-weighted value of ~\$27.5, consistent with our \$28 target.

Bull Case — Volume Rebound and Multiple Re-Rating (Probability 25%; ~\$34)

Key assumptions: Product-sales CAGR of ~9% (2025–2030) vs. 5.4% base; loan-interest CAGR of ~8% vs. 6% base; cost of product sales improving to ~70% (vs. 71.5% base); SG&A leverage to ~15% of revenue (vs. 16% base); 2030E revenue of ~\$236M and EBITDA of ~\$81M (margin ~34%); 2030E EPS of ~\$3.36. The multiple re-rates toward ~15x EBITDA and ~1.5x book as the market credits Legacy's normalized mid-teens ROE and fortress balance sheet.

Catalysts required: (1) appointment of a credible permanent CEO/CFO by mid-2026, removing the leadership overhang; (2) two-to-three consecutive quarters of unit-volume growth, confirming a cyclical inflection; (3) a decline in mortgage/chattel rates that reignites entry-level affordable-housing demand; (4) a rebound in institutional manufactured-home-community purchasing that revives the direct-to-community channel; and (5) expanded GSE Duty-to-Serve chattel programs that enlarge the financeable buyer pool. Detailed rationale: In this scenario, Legacy re-establishes the operating leverage that produced \$67.8M of net income in 2022. Company-owned retail and community sales lead the recovery, enriching mix; the loan book compounds at 8% as originations accelerate; and buybacks at rising-but-still-below-intrinsic prices amplify per-share value. Valuation implications: ~15x 2030E EBITDA implies ~\$34/share; 1.5x book on a rising book value corroborates ~\$33–34; our bull-case target is ~\$34 (+29% from \$26.43).

Base Case — Gradual Normalization (Probability 50%; ~\$28)

Key assumptions: Product-sales CAGR of 5.4%; loan-interest CAGR of 6%; cost of product sales ~71.5–72%; SG&A ~16% of revenue; 2030E revenue of \$215.1M, EBITDA of \$72.4M (margin ~34%), net income of \$59.6M, and diluted EPS of \$2.61. Rationale: This is our most likely path — a measured recovery in which affordability tailwinds and the loan book's recurring income offset a still-uncertain macro and a management team that is stabilizing but not yet re-accelerating. The stock re-rates only modestly, trading around a justified discount to larger peers (~12.5x EV/EBITDA, ~14x P/E, ~1.3x book) that reflects Legacy's scale, concentration, and float. Valuation: DCF ~\$22, trading comps ~\$29, P/B ~\$29, precedent ~\$27; weighted ~\$26 on current-year metrics, ~\$28 rolling forward 12 months onto 2027E numbers. Base-case target: \$28 (+6%).

Bear Case — Prolonged Downturn (Probability 25%; ~\$20)

Key assumptions: Product sales flat-to-down (~–1% CAGR); loan-interest growth decelerating to ~3% as originations stall; cost of product sales rising to ~74% on deleverage and input inflation; SG&A deleveraging to ~18% of revenue; 2030E revenue of ~\$168M, EBITDA of ~\$50M (margin ~30%), and EPS of ~\$1.60. Downside triggers: (1) higher-for-longer interest rates suppressing affordable-housing demand (likelihood: medium); (2) a U.S. recession raising defaults across the ~\$400M loan book and forcing higher loss provisions (medium); (3) a failed or destabilizing permanent-CEO search, or loss of a founder (low-medium); and (4) a Texas/Southeast regional shock — economic or weather-related (medium). Rationale: In this scenario the three-year revenue decline extends, operating leverage reverses, and rising credit costs compress the finance segment's contribution. The stock de-rates toward its DCF value at an elevated ~12% WACC and toward ~1.0–1.1x book. Valuation: DCF at 12% WACC implies ~\$18–19; ~1.05x book implies ~\$23; ~11x trough EBITDA implies ~\$22; bear-case target ~\$20 (–24%). The fortress balance sheet (net cash, no refinancing risk) and ~1.0x book floor limit further downside.

Additional bull-case considerations: In this path, buybacks become materially value-accretive because the Company would still be repurchasing below intrinsic value early in the re-rating; a ~1%/year reduction in share count compounds the EPS recovery. The AmeriCasa acquisition contributes incremental community-channel distribution ahead of our conservative base assumption. Critically, the finance segment's contribution accelerates — as originations rise with home sales, the consumer book could grow at 8%+ rather than 6%, adding ~\$2–3M of incremental annual interest income versus base. The combination of operating leverage, mix enrichment, loan-book acceleration, and buybacks is what drives EPS to ~\$3.36 (2030E) versus \$2.61 base — a ~29% uplift that, paired with multiple expansion to ~15x EBITDA, supports our ~\$34 bull value.

Additional base-case considerations: The base case is deliberately unheroic. It assumes the leadership transition resolves without disruption but without a transformational new strategy; that rates ease only gradually; and that Legacy holds — rather than gains — share in its core markets. Revenue reaches \$215M by 2030E, still below the 2022 peak of \$257M, underscoring the conservatism. The stock does not re-rate to peer multiples; instead it trades at a persistent, largely-justified discount reflecting scale, concentration, and float. In this world, total return over 12 months is modest (~6% price appreciation, no dividend), which is precisely why we rate the shares HOLD rather than BUY: we see fair value, not a mispricing.

Scenario Comparison & Path Dependency

The risk/reward is roughly balanced: ~29% upside in the bull case against ~24% downside in the bear case, with a most-likely outcome near the current price. The key swing variables are (1) the timing and strength of a unit-volume inflection and (2) whether the market re-rates the multiple toward Legacy's normalized returns. Because both hinge on catalysts that have not yet materialized — a permanent CEO and a demand recovery — we prefer to wait, and rate the shares HOLD. Book value (~\$22.2 and rising) provides a valuation floor that meaningfully truncates downside relative to more leveraged housing names.

Path dependency is important here. The scenarios are not independent draws; they are sequenced around two decision points. The first is the permanent-CEO appointment (expected within 6–12 months): a strong, credible hire meaningfully raises the probability of the bull path and compresses the bear tail, while a weak or delayed outcome does the reverse. The second is the interest-rate trajectory: sustained relief pulls the affordable-housing demand curve forward (bull), whereas higher-for-longer entrenches the bear. An investor's stance on LEGH is therefore largely a stance on these two variables. We would revisit our HOLD promptly on clarity in either — upgrading toward BUY on a credible CEO plus evidence of volume inflection, or downgrading on a fourth consecutive year of revenue decline or rising loan-loss provisions.

What we are watching (near-term signposts): (1) quarterly unit-sold trends versus the 1,703 booked in 2025 — two consecutive up quarters would confirm inflection; (2) the SG&A ratio, which must trend back toward 16% for our margin recovery to hold; (3) loan-portfolio delinquency and net charge-off disclosures, the leading indicator of bear-case credit stress; (4) any 8-K announcing permanent executive appointments; (5) direct-to-community order activity, the largest upside swing factor; and (6) buyback pace, which signals management's own read on intrinsic value.

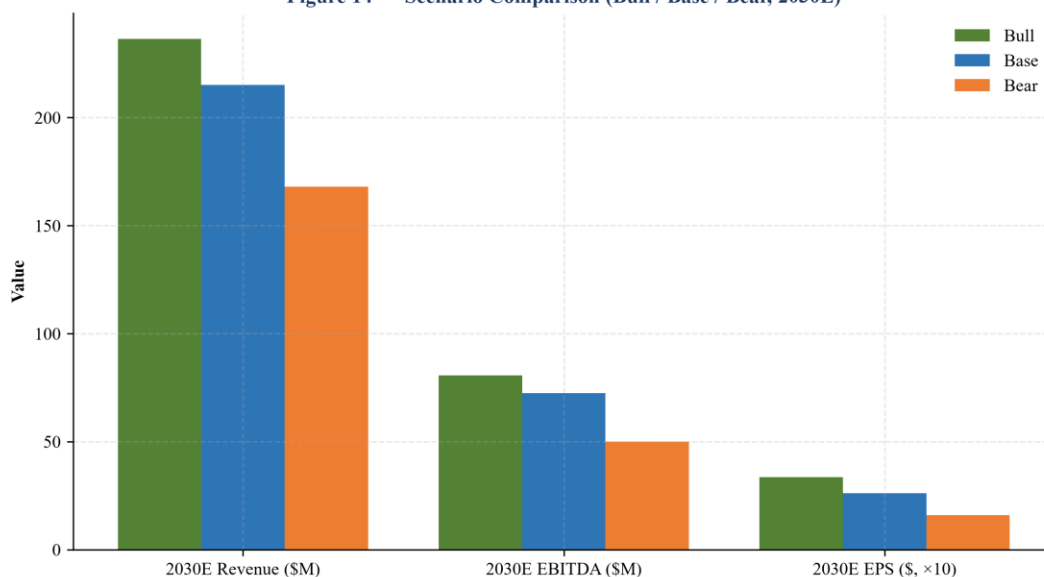
Probability-weighting rationale: We assign the base case a 50% weight because a gradual, self-funded normalization is the most likely outcome for a conservatively managed, well-capitalized franchise in a recovering-but-uncertain end market. We split the remaining 50% evenly between bull and bear (25% each) rather than skewing either way, reflecting genuine two-sided uncertainty around the two decision points above. We resisted the temptation to over-weight the bull case on the strength of the balance sheet and margin profile, because the near-term catalysts remain unproven and the shares already discount much of the quality. Equally, we resisted over-weighting the bear case despite three years of declining revenue, because the fortress balance sheet, book-value floor, and recurring loan income materially limit downside. The resulting probability-weighted value of

~\$27.5 corroborates our \$28 target derived independently from the multi-method football field, giving us confidence in a HOLD.

Historical precedent for the recovery: Legacy has navigated a full cycle before. It grew net income every year from its 2018 IPO through the 2022 peak, then absorbed a sharp industry correction while remaining solidly profitable and free-cash-flow generative — a testament to the resilience the loan book and low-cost model confer. Our base case essentially assumes the Company retraces a portion of that path at a measured pace; the bull case assumes it recaptures more of the operating leverage that produced \$67.8M of net income in 2022; the bear case assumes the current soft patch persists but, crucially, does not assume the kind of balance-sheet distress that afflicts leveraged cyclicals in downturns — because Legacy simply does not carry the debt for that outcome. This asymmetry, downside cushioned by the balance sheet and upside levered to a cyclical and sentiment recovery, is the defining feature of the risk/reward.

Reconciling the scenarios to the multiple: A useful way to frame the three cases is through the lens of the exit multiple the market is willing to pay on normalized earnings. In the bear case, the market pays ~1.0–1.1x book and ~11x trough EBITDA — treating Legacy as a stranded, sub-scale cyclical. In the base case, it pays ~1.3x book and ~12.5x EBITDA — a persistent but defensible discount to peers. In the bull case, it pays ~1.5x book and ~15x EBITDA — still below CVCO/SKY's 3–4x book and 14–18x EBITDA, but crediting Legacy's superior margins and normalized returns. The entire ~\$14 spread between the bear (\$20) and bull (\$34) outcomes is thus roughly half earnings recovery and half multiple re-rating, which is why we emphasize that an investment in LEGH is as much a bet on sentiment/multiple normalization as on fundamental execution.

Figure 14 — Scenario Comparison (Bull / Base / Bear, 2030E)



Source: Company SEC filings (FY2025 10-K, Nov-2025 DEF 14A), U.S. Census MHS, stockanalysis.com; [Firm] estimates.

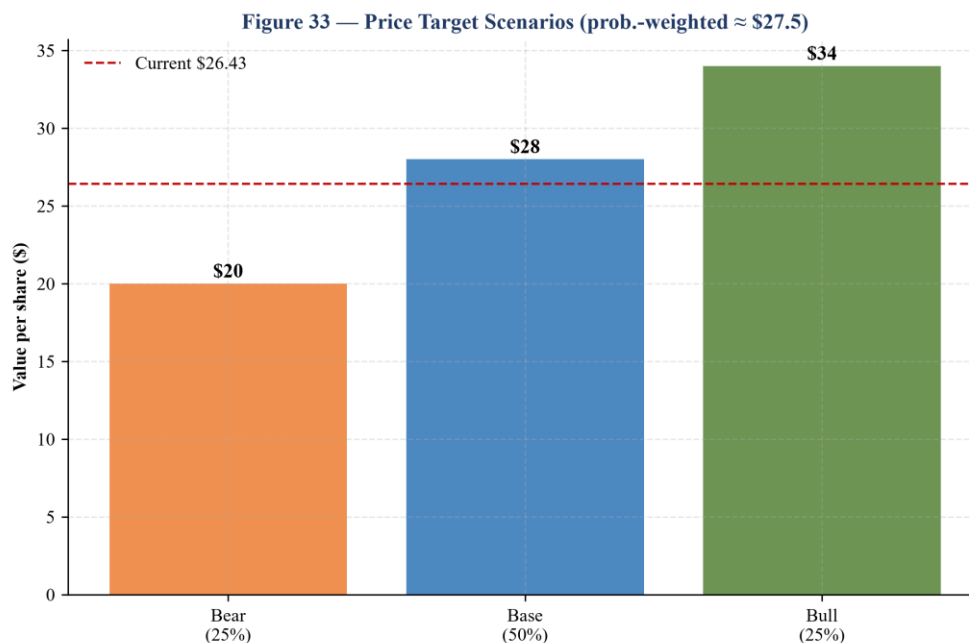
Figure 22 — Scenario comparison (Bull / Base / Bear, 2030E).

Table 6 — Scenario Summary (2030E)

Metric	Bull	Base	Bear
Product-sales CAGR (25–30)	~9%	5.4%	~1%
2030E revenue (\$M)	236	215	168
2030E EBITDA (\$M)	81	72	50
2030E EBITDA margin	~34%	~34%	~30%
2030E diluted EPS (\$)	3.36	2.61	1.60
Implied value/share (\$)	34	28	20

Probability	25%	50%	25%
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Source: [Firm] estimates. Probability-weighted value $\approx$ \$27.5.



Source: Company SEC filings (FY2025 10-K, Nov-2025 DEF 14A), U.S. Census MHS, stockanalysis.com; [Firm] estimates.

Figure 23 — Price target scenarios.

Key Growth Drivers

We identify five drivers that could move Legacy's earnings and multiple over the next several years, each quantified below.

1. Volume normalization off cyclical trough (largest lever)

Units sold fell from 2,900 (2022) to 1,703 (2025). A return toward ~2,000–2,200 units — still below peak — would add roughly \$25–40M of high-incremental-margin product revenue. At Legacy's ~46–48% gross margin, each 100 incremental units (~\$7M revenue) drops meaningful profit to the bottom line. This is the single largest earnings lever and the primary bull-case catalyst.

2. Loan-book compounding

The ~\$400M loan portfolio grows even in flat-volume years, adding ~\$2.5–3.5M of annual interest income at current spreads. Over five years this compounds to ~\$15M of incremental high-margin revenue, structurally lifting the earnings floor regardless of the manufacturing cycle.

3. Channel mix enrichment toward owned retail and community

Company-owned retail (21% of 2025 sales) and direct-to-community carry higher margins than wholesale. Continued mix shift, aided by the AmeriCasa acquisition, supports gross-margin resilience and could add 50–100bps to blended margin over the forecast.

4. Interest-rate relief and GSE chattel expansion

Lower rates would simultaneously improve buyer affordability (lifting volumes) and Legacy's consumer-loan economics. Expanded Fannie/Freddie Duty-to-Serve chattel lending could enlarge the financeable buyer pool industry-wide — a volume tailwind, albeit one to monitor as a competitive threat to captive lending.

5. Capital allocation: buybacks and optionality

With no dividend and FCF above reinvestment needs, Legacy repurchases stock at ~1.2x book — accretive to per-share value. Founder control and the aging of the founders also keep eventual strategic M&A in play as long-dated optionality, where precedent multiples (~10–13x EBITDA) imply values above the current price.

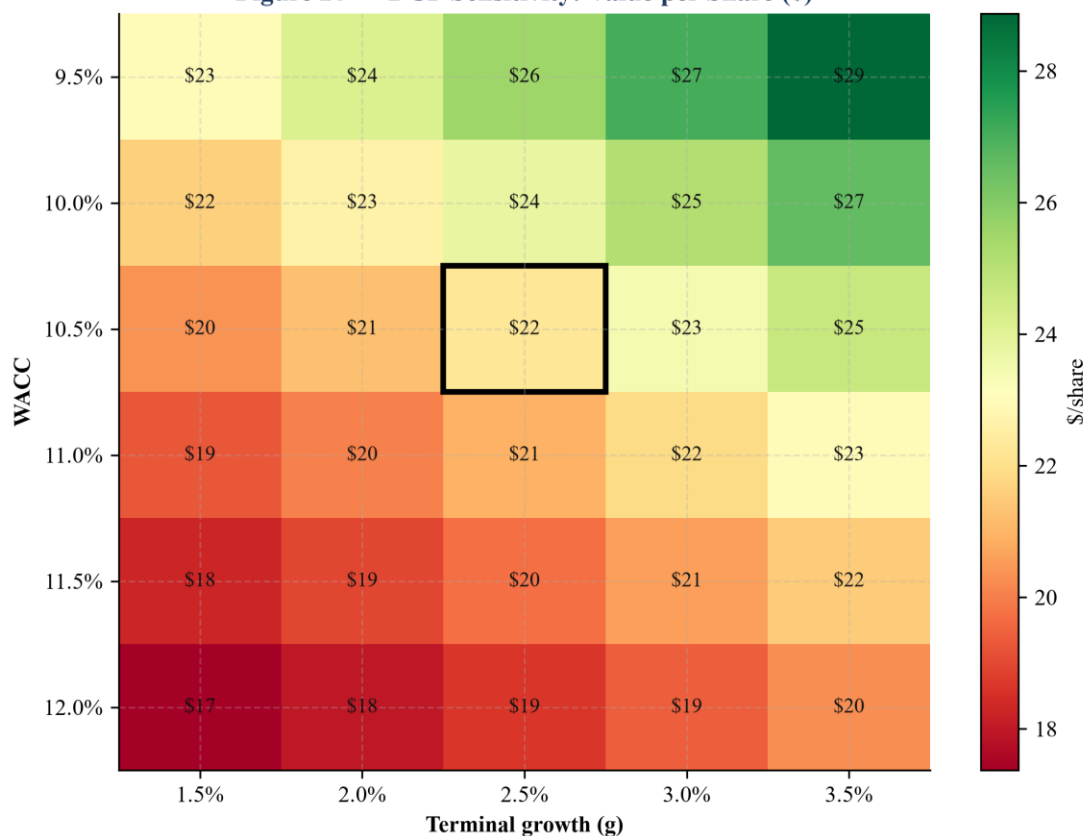
Valuation Analysis

We derive our \$28 price target from four methods — DCF (40%), trading comparables (35%), price-to-book (15%), and precedent transactions (10%). The methods span a range of \$19–\$33, with the DCF at the low end and market-based methods modestly above the current price. This dispersion is the essence of the LEGH debate: cheap versus larger peers, but fairly valued on its own cash flows.

DCF Analysis

Our five-year unlevered DCF uses a 10.5% base WACC (risk-free ~4.3%, beta ~1.15, equity risk premium ~5.5% → ~10.6% cost of equity; the Company is essentially debt-free) and a 2.5% terminal growth rate. Unlevered FCF grows from \$36.1M (2026E) to \$48.1M (2030E). The sum of PV of explicit FCF is ~\$155M and the PV of terminal value ~\$374M, for an enterprise value of ~\$529M; with negligible net debt, equity value is ~\$529M, or ~\$22.26/share. Terminal value is ~71% of EV — slightly above our 70% comfort level, a feature of the modest near-term FCF that leads us to weight market-based methods alongside the DCF. An exit-multiple cross-check (8–12x 2030E EBITDA) brackets \$21–\$29, corroborating the perpetuity-growth result.

Figure 28 — DCF Sensitivity: Value per Share (\$)



Source: Company SEC filings (FY2025 10-K, Nov-2025 DEF 14A), U.S. Census MHS, stockanalysis.com; [Firm] estimates.

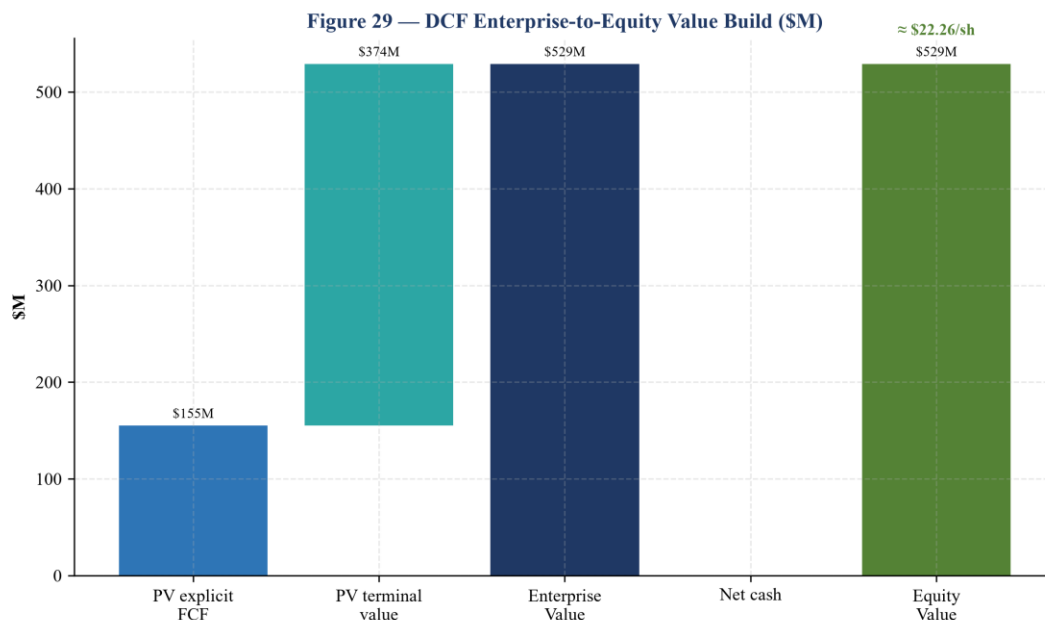
Figure 24 — DCF sensitivity: value per share (\$). ★ Mandatory.

Table 7 — DCF Sensitivity (\$/share): WACC vs. Terminal Growth

WACC \ g	1.5%	2.0%	2.5%	3.0%	3.5%
9.5%	23.0	24.2	25.5	27.1	28.9
10.0%	21.6	22.6	23.8	25.1	26.6
10.5%	20.4	21.3	22.3	23.4	24.7

11.0%	19.3	20.1	20.9	21.9	23.0
11.5%	18.3	19.0	19.7	20.6	21.5
12.0%	17.4	18.0	18.7	19.4	20.3

Source: [Firm] estimates. Base case (10.5% WACC, 2.5% g) = \$22.26, shaded.



Source: Company SEC filings (FY2025 10-K, Nov-2025 DEF 14A), U.S. Census MHS, stockanalysis.com; [Firm] estimates.

Figure 25 — DCF enterprise-to-equity value build (\$M).

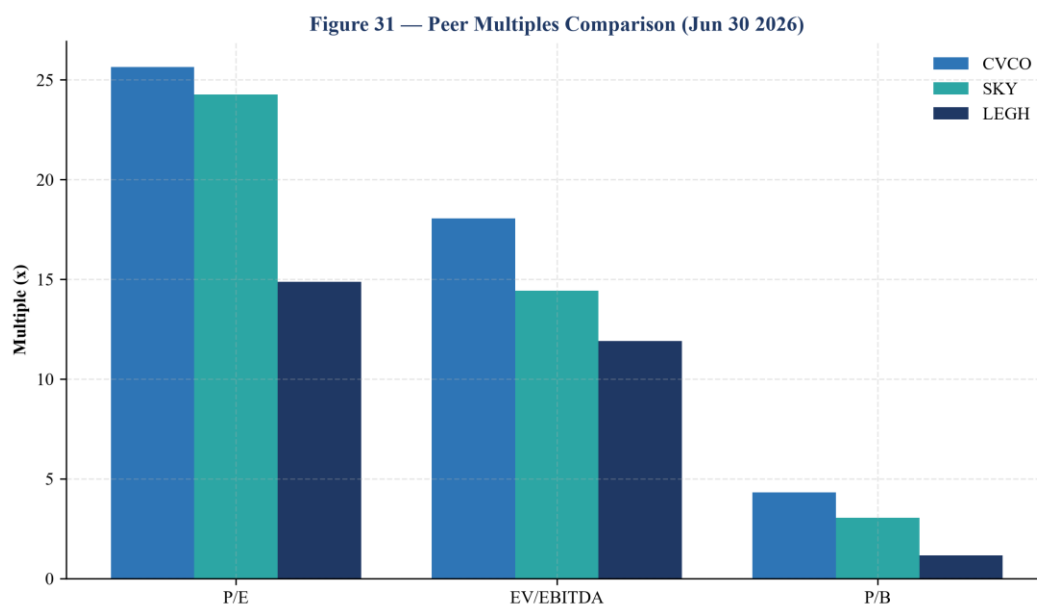
Comparable Companies Analysis

Legacy has only two scaled public pure-play peers — Cavco (CVCO) and Champion Homes/Skyline (SKY); the largest producer, Clayton, is a private Berkshire subsidiary. Legacy trades at a steep discount (~15x P/E, ~11.9x EV/EBITDA, ~1.2x book) to these peers (~24–26x P/E, ~14–18x EV/EBITDA, ~3–4x book). We judge a large portion of that discount justified — Legacy is ~1/15th the revenue scale, single-region, thinly traded, and mid-transition — but not all of it, given superior margins and returns. Applying a justified ~12.5x EV/EBITDA to 2026E EBITDA implies ~\$30/share; ~14x P/E implies ~\$28; ~1.3x book implies ~\$29.

Table 8 — Comparable Companies (as of June 30, 2026)

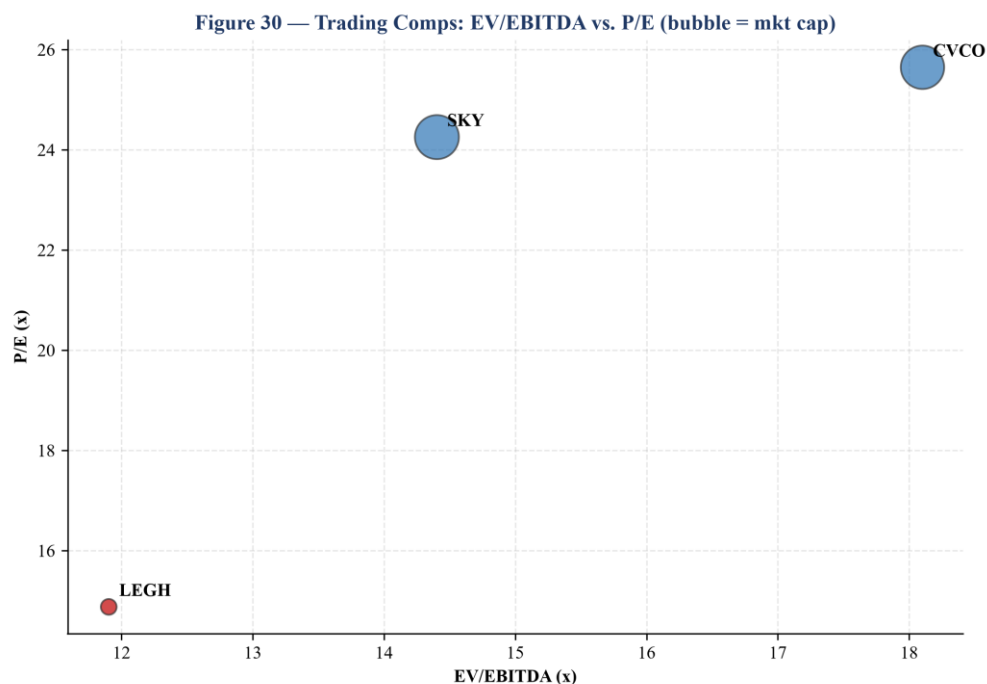
Company (Ticker)	Mkt cap (\$M)	EV (\$M)	EV/Rev	EV/EBITDA	P/E	P/B
Cavco Industries (CVCO)	4,740	4,540	2.0x	18.1x	25.7x	4.3x
Champion Homes (SKY)	4,880	4,420	1.7x	14.4x	24.3x	3.1x
Maximum	4,880	4,540	2.0x	18.1x	25.7x	4.3x
Median	4,810	4,480	1.9x	16.2x	25.0x	3.7x
Minimum	4,740	4,420	1.7x	14.4x	24.3x	3.1x
Legacy Housing (LEGH)	629	611	3.8x	11.9x	14.9x	1.2x

Source: stockanalysis.com (June 30, 2026), company filings. Only two scaled public pure-play peers exist; Max/Median/Min shown (quartiles degenerate with n=2). LEGH EV/Rev is elevated by its finance-heavy revenue mix.



Source: Company SEC filings (FY2025 10-K, Nov-2025 DEF 14A), U.S. Census MHS, stockanalysis.com; [Firm] estimates.

Figure 26 — Peer multiples comparison.



Source: Company SEC filings (FY2025 10-K, Nov-2025 DEF 14A), U.S. Census MHS, stockanalysis.com; [Firm] estimates.

Figure 27 — Trading comps: EV/EBITDA vs. P/E (bubble = market cap).

Precedent Transactions

Manufactured-housing M&A has been strategically logical and active (e.g., the 2018 Skyline–Champion merger; Cavco's bolt-on acquisitions; Berkshire's ownership of Clayton). Public-domain sector deals have generally cleared at ~10–13x EBITDA with control premiums. Applying 10–13x to Legacy's 2026E EBITDA implies

~\$24–\$31/share (base ~11.5x → ~\$27). Legacy is a plausible eventual target given founder age and control-block dynamics, but with no process evident we weight this method lightly (10%).

Valuation Reconciliation & Football Field

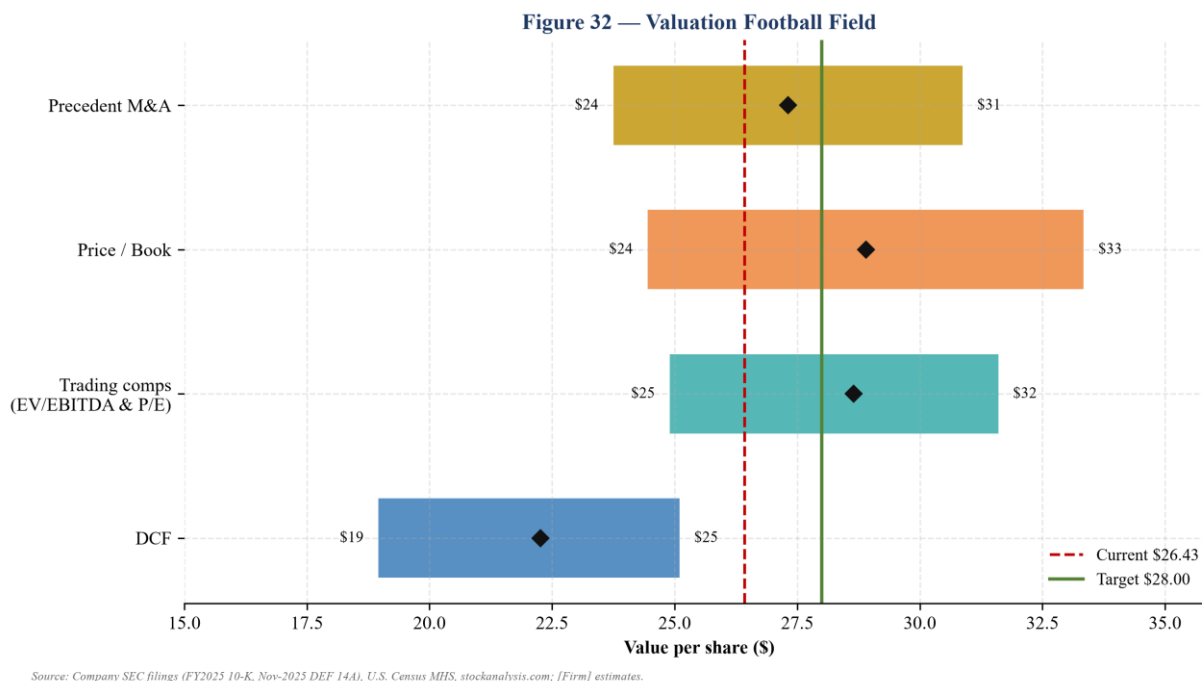


Figure 28 — Valuation football field. ★ Mandatory.

Table 9 — Valuation Summary (\$/share)

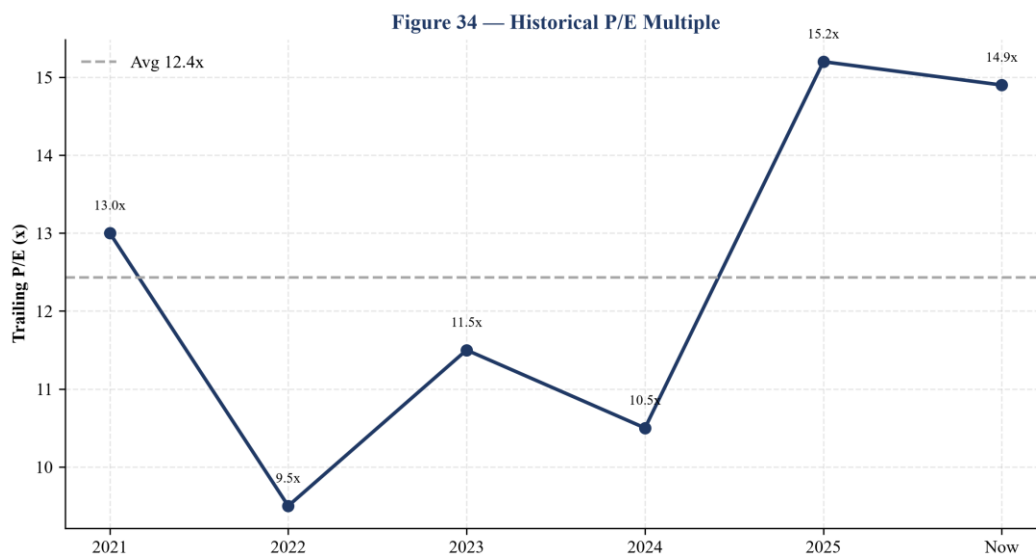
Method	Low	Base	High	Weight
DCF (WACC 10.0–11.5%, g 2–3%)	18.96	22.26	25.10	40%
Trading comps (EV/EBITDA & P/E)	24.90	28.65	31.60	35%
Price / Book (1.1–1.5x)	24.45	28.90	33.34	15%
Precedent M&A (10–13x EBITDA)	23.75	27.31	30.87	10%
Weighted (base, NTM)		~26.0		100%
12-month price target (rounded)		28.00		—

Source: [Firm] estimates. 12-month target rolls forward onto 2027E metrics and rounds the multi-method blend.

Price Target & Recommendation

Rating: HOLD / NEUTRAL. 12-month price target: \$28.00 (+5.9% from \$26.43). Legacy is a genuinely high-quality small-cap, but at ~\$26 that quality is fairly reflected: the DCF signals limited upside and the peer discount is largely warranted by scale, concentration, float, and the leadership transition. We would upgrade to BUY on (a) a credible permanent CEO/CFO appointment, (b) a clear inflection back to unit-volume growth, or (c) interest-rate relief that reignites affordable-housing demand. We would turn cautious if revenue declines extend into a fourth year or if loan-book credit costs rise materially.

Key catalysts (12 months): (1) permanent CEO/CFO appointment; (2) return to unit-volume growth; (3) interest-rate relief; (4) expansion of GSE Duty-to-Serve chattel lending; (5) continued accretive buybacks and potential M&A optionality. Key risks to target: (1) prolonged housing downcycle / higher-for-longer rates; (2) leadership-transition/execution risk; (3) loan-portfolio credit deterioration; (4) Texas/Southeast geographic concentration; (5) founder-control governance dynamics.



Source: Company SEC filings (FY2023 10-K, Nov-2023 DEF 14A), U.S. Census BHS, stockanalysis.com; [Firm] estimates.

Figure 29 — Historical trailing P/E multiple.

Appendix: Data Sources & References

Primary company filings (SEC EDGAR, CIK 0001436208):

- Legacy Housing Form 10-K, FY ended Dec 31, 2025 (filed Mar 12, 2026) — <https://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0001436208&type=10-K>
- Legacy Housing Form 10-Q, Q1 2026 (filed May 7, 2026) — <https://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0001436208&type=10-Q>
- Legacy Housing Definitive Proxy Statement (DEF 14A, filed Nov 12, 2025) — <https://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0001436208&type=DEF+14A>
- SEC XBRL financial data (data.sec.gov) — <https://data.sec.gov/api/xbrl/companyconcept/CIK0001436208/>

Market & industry data:

- stockanalysis.com — LEGH, CVCO, SKY statistics (June 30, 2026) — <https://stockanalysis.com/stocks/legh/statistics/>
- U.S. Census Bureau, Manufactured Housing Survey — <https://www.census.gov/programs-surveys/mhs.html>
- Manufactured Housing Institute — <https://www.manufacturedhousing.org>
- FHFA Duty to Serve Program (12 CFR Part 1282, §1282.33) — <https://www.fhfa.gov/programs/duty-to-serve>
- Yahoo Finance — LEGH historical prices — <https://finance.yahoo.com/quote/LEGH>

Full Income Statement Detail (\$M)

FY (Dec, \$M)	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
Total net revenue	197.5	257.0	189.1	184.2	164.6	173.2	183.4	194.3	204.4	215.1
YoY growth	—	30.1%	-26.4%	-2.6%	-10.7%	5.2%	5.9%	5.9%	5.2%	5.2%
Cost of product sales	(114.1)	(150.1)	(99.7)	(90.1)	(84.8)	(88.4)	(93.7)	(98.7)	(103.6)	(108.7)
Cost of other sales	(1.2)	(1.3)	(0.6)	(8.2)	(1.7)	(1.7)	(1.8)	(1.8)	(1.9)	(1.9)
Gross profit	82.2	105.6	88.9	85.9	78.0	83.1	87.9	93.8	98.9	104.5
Gross margin	41.6%	41.1%	47.0%	46.6%	47.4%	48.0%	47.9%	48.3%	48.4%	48.6%
SG&A	(23.3)	(27.6)	(24.3)	(22.3)	(29.6)	(28.6)	(29.9)	(31.1)	(32.7)	(34.4)
Operating income	58.9	78.0	64.6	63.6	48.4	54.5	58.1	62.1	66.3	70.0
Operating margin	29.8%	30.4%	34.2%	34.5%	29.4%	31.5%	31.6%	31.9%	32.4%	32.6%
D&A	1.6	1.9	1.7	1.9	1.9	2.0	2.1	2.2	2.3	2.4
EBITDA	60.5	80.0	66.3	65.5	50.3	56.5	60.2	64.3	68.6	72.4
Other inc./(exp.), net	1.7	4.1	4.1	12.4	3.2	3.5	3.5	3.5	3.5	3.5
Pre-tax income	60.6	82.1	68.7	76.0	51.6	57.9	61.1	64.5	69.0	72.6
Income tax	(10.8)	(14.4)	(14.3)	(14.4)	(9.8)	(11.0)	(11.6)	(12.3)	(12.9)	(13.6)
Net income	49.9	67.8	54.5	61.6	41.8	47.0	49.9	53.1	56.5	59.6
Diluted EPS (\$)	2.05	2.74	2.17	2.48	1.74	1.97	2.12	2.28	2.45	2.61
Diluted shares (M)	24.3	24.7	25.1	24.9	24.0	23.8	23.6	23.3	23.1	22.9

Source: Company FY2025 10-K and SEC XBRL (2021–2025A); [Firm] estimates (2026–2030E). Figures may not sum due to rounding.

Disclaimer: This report is a demonstration equity research product assembled from public SEC filings and third-party market data as of June 30–July 1, 2026. It is not investment advice. Estimates are the author's own and subject to change. Figures are rounded; refer to the accompanying financial model for full precision.