
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 28, 2024

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 000-08822

CAVCO INDUSTRIES INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

56-2405642

(I.R.S. Employer
Identification No.)

3636 North Central Ave, Ste 1200

Phoenix Arizona 85012

(Address of principal executive offices, including zip code)

(602) 256-6263

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--------------------------------|-------------------|--|
| Common Stock, par value \$0.01 | CVCO | The Nasdaq Stock Market LLC (Nasdaq Global Select Market) |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|-------------------------|-------------------------------------|---------------------------|--------------------------|
| Large Accelerated Filer | <input checked="" type="checkbox"/> | Accelerated Filer | <input type="checkbox"/> |
| Non-accelerated Filer | <input type="checkbox"/> | Smaller Reporting Company | <input type="checkbox"/> |
| | | Emerging Growth Company | <input type="checkbox"/> |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 24, 2024, 8,106,672 shares of the registrant's Common Stock, \$0.01 par value, were outstanding.

CAVCO INDUSTRIES, INC.
FORM 10-Q
September 28, 2024

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| <u>PART I. FINANCIAL INFORMATION</u> | |
| <u>Item 1. Financial Statements</u> | |
| Consolidated Balance Sheets as of September 28, 2024 (unaudited) and March 30, 2024 | <u>1</u> |
| Consolidated Statements of Comprehensive Income (unaudited) for the three and six months ended September 28, 2024 and September 30, 2023 | <u>2</u> |
| Consolidated Statements of Cash Flows (unaudited) for the six months ended September 28, 2024 and September 30, 2023 | <u>3</u> |
| Notes to Consolidated Financial Statements (unaudited) | <u>4</u> |
| <u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u> | <u>17</u> |
| <u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u> | <u>24</u> |
| <u>Item 4. Controls and Procedures</u> | <u>24</u> |
| <u>PART II. OTHER INFORMATION</u> | |
| <u>Item 1. Legal Proceedings</u> | <u>25</u> |
| <u>Item 1A. Risk Factors</u> | <u>25</u> |
| <u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u> | <u>25</u> |
| Item 3. Not applicable | |
| Item 4. Not applicable | |
| <u>Item 5. Other Information</u> | <u>25</u> |
| <u>Item 6. Exhibits</u> | <u>26</u> |
| <u>SIGNATURES</u> | <u>27</u> |

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CAVCO INDUSTRIES, INC. **CONSOLIDATED BALANCE SHEETS** (Dollars in thousands, except per share amounts)

| | September 28, 2024 | March 30, 2024 |
|---|-----------------------|-------------------|
| | (Unaudited) | |
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 364,113 | \$ 352,687 |
| Restricted cash, current | 21,519 | 15,481 |
| Accounts receivable, net | 94,296 | 77,123 |
| Short-term investments | 24,574 | 18,270 |
| Current portion of consumer loans receivable, net | 30,899 | 20,713 |
| Current portion of commercial loans receivable, net | 36,887 | 40,787 |
| Current portion of commercial loans receivable from affiliates, net | 2,894 | 2,529 |
| Inventories | 244,025 | 241,339 |
| Prepaid expenses and other current assets | 82,758 | 82,870 |
| Total current assets | 901,965 | 851,799 |
| Restricted cash | 585 | 585 |
| Investments | 12,845 | 17,316 |
| Consumer loans receivable, net | 20,770 | 23,354 |
| Commercial loans receivable, net | 47,192 | 45,660 |
| Commercial loans receivable from affiliates, net | 3,933 | 2,065 |
| Property, plant and equipment, net | 225,121 | 224,199 |
| Goodwill | 121,969 | 121,934 |
| Other intangibles, net | 27,445 | 28,221 |
| Operating lease right-of-use assets | 36,378 | 39,027 |
| Total assets | \$ 1,398,203 | \$ 1,354,160 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable | \$ 39,252 | \$ 33,531 |
| Accrued expenses and other current liabilities | 272,228 | 239,736 |
| Total current liabilities | 311,480 | 273,267 |
| Operating lease liabilities | 32,485 | 35,148 |
| Other liabilities | 7,529 | 7,759 |
| Deferred income taxes | 4,732 | 4,575 |
| Stockholders' equity | | |
| Preferred stock, \$0.01 par value; 1,000,000 shares authorized; No shares issued or outstanding | — | — |
| Common stock, \$0.01 par value; 40,000,000 shares authorized; Issued 9,417,332 and 9,389,953 shares, respectively; Outstanding 8,158,996 and 8,320,718 shares, respectively | 94 | 94 |
| Treasury stock, at cost; 1,258,336 and 1,069,235 shares, respectively | (348,406) | (274,693) |
| Additional paid-in capital | 284,995 | 281,216 |
| Retained earnings | 1,105,371 | 1,027,127 |
| Accumulated other comprehensive loss | (77) | (333) |
| Total stockholders' equity | 1,041,977 | 1,033,411 |
| Total liabilities and stockholders' equity | \$ 1,398,203 | \$ 1,354,160 |

See accompanying Notes to Consolidated Financial Statements

CAVCO INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Dollars in thousands, except per share amounts)
(Unaudited)

| | Three Months Ended | | Six Months Ended | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 28, 2024 | September 30, 2023 | September 28, 2024 | September 30, 2023 |
| Net revenue | \$ 507,461 | \$ 452,030 | \$ 985,060 | \$ 927,905 |
| Cost of sales | 391,339 | 345,073 | 765,536 | 703,069 |
| Gross profit | 116,122 | 106,957 | 219,524 | 224,836 |
| Selling, general and administrative expenses | 66,997 | 61,506 | 131,848 | 123,186 |
| Income from operations | 49,125 | 45,451 | 87,676 | 101,650 |
| Interest income | 5,692 | 5,812 | 11,203 | 10,430 |
| Interest expense | (125) | (257) | (215) | (523) |
| Other income, net | 258 | 655 | 147 | 781 |
| Income before income taxes | 54,950 | 51,661 | 98,811 | 112,338 |
| Income tax expense | (11,135) | (10,088) | (20,567) | (24,354) |
| Net income | 43,815 | 41,573 | 78,244 | 87,984 |
| Less: net income attributable to redeemable noncontrolling interest | — | 34 | — | 88 |
| Net income attributable to Cavco common stockholders | <u>\$ 43,815</u> | <u>\$ 41,539</u> | <u>\$ 78,244</u> | <u>\$ 87,896</u> |
| Comprehensive income | | | | |
| Net income | \$ 43,815 | \$ 41,573 | \$ 78,244 | \$ 87,984 |
| Reclassification adjustment for securities sold | 262 | 3 | 271 | 6 |
| Applicable income tax (expense) | (55) | — | (57) | (1) |
| Net change in unrealized position of investments held | (11) | 65 | 54 | 9 |
| Applicable income tax (expense) | 3 | (14) | (11) | (2) |
| Comprehensive income | 44,014 | 41,627 | 78,501 | 87,996 |
| Less: comprehensive income attributable to redeemable noncontrolling interest | — | 34 | — | 88 |
| Comprehensive income attributable to Cavco common stockholders | <u>\$ 44,014</u> | <u>\$ 41,593</u> | <u>\$ 78,501</u> | <u>\$ 87,908</u> |
| Net income per share attributable to Cavco common stockholders | | | | |
| Basic | <u>\$ 5.33</u> | <u>\$ 4.80</u> | <u>\$ 9.48</u> | <u>\$ 10.15</u> |
| Diluted | <u>\$ 5.28</u> | <u>\$ 4.76</u> | <u>\$ 9.38</u> | <u>\$ 10.05</u> |
| Weighted average shares outstanding | | | | |
| Basic | <u>8,226,298</u> | <u>8,656,537</u> | <u>8,256,664</u> | <u>8,663,430</u> |
| Diluted | <u>8,305,326</u> | <u>8,731,419</u> | <u>8,337,671</u> | <u>8,742,734</u> |

See accompanying Notes to Consolidated Financial Statements

CAVCO INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

| | Six Months Ended | |
|--|-----------------------|-----------------------|
| | September 28, 2024 | September 30, 2023 |
| OPERATING ACTIVITIES | | |
| Net income | \$ 78,244 | \$ 87,984 |
| Adjustments to reconcile net income to net cash provided by operating activities | | |
| Depreciation and amortization | 9,520 | 9,234 |
| Provision for credit losses | (260) | (204) |
| Deferred income taxes | 88 | (1,845) |
| Stock-based compensation expense | 4,907 | 2,989 |
| Non-cash interest income, net | (527) | (1,413) |
| Loss on sale or retirement of property, plant and equipment, net | 26 | 40 |
| Gain on investments and sale of loans, net | (1,694) | (4,278) |
| Changes in operating assets and liabilities, net of acquisitions | | |
| Accounts receivable | (17,261) | 144 |
| Consumer loans receivable originated | (39,914) | (56,158) |
| Proceeds from sales of consumer loans receivable | 30,899 | 65,113 |
| Principal payments received on consumer loans receivable | 3,146 | 3,567 |
| Inventories | (2,686) | 19,683 |
| Prepaid expenses and other current assets | 1,017 | 17,823 |
| Commercial loans receivable originated | (54,724) | (51,768) |
| Principal payments received on commercial loans receivable | 55,147 | 59,378 |
| Accounts payable, accrued expenses and other liabilities | 36,146 | 9,911 |
| Net cash provided by operating activities | 102,074 | 160,200 |
| INVESTING ACTIVITIES | | |
| Purchases of property, plant and equipment | (9,854) | (8,470) |
| Payments for acquisitions, net | — | (1,298) |
| Proceeds from sale of property, plant and equipment | 127 | 4,490 |
| Purchases of investments | (12,433) | (6,499) |
| Proceeds from sale of investments | 11,131 | 5,356 |
| Net cash used in by investing activities | (11,029) | (6,421) |
| FINANCING ACTIVITIES | | |
| Payments for taxes on stock option exercises and releases of equity awards | (2,921) | (1,643) |
| Proceeds from exercise of stock options | 1,793 | 909 |
| Payments on finance leases and other secured financings | (177) | (295) |
| Payments for common stock repurchases | (72,276) | (40,911) |
| Distributions to noncontrolling interest | — | (300) |
| Net cash used in financing activities | (73,581) | (42,240) |
| Net increase in cash, cash equivalents and restricted cash | 17,464 | 111,539 |
| Cash, cash equivalents and restricted cash at beginning of the fiscal year | 368,753 | 283,490 |
| Cash, cash equivalents and restricted cash at end of the period | \$ 386,217 | \$ 395,029 |
| Supplemental disclosures of cash flow information | | |
| Cash paid for income taxes | \$ 18,825 | \$ 18,641 |
| Cash paid for interest | \$ 30 | \$ 368 |
| Supplemental disclosures of noncash activity | | |
| Change in GNMA loans eligible for repurchase | \$ 496 | \$ (3,250) |

See accompanying Notes to Consolidated Financial Statements

CAVCO INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of Presentation

The accompanying unaudited Consolidated Financial Statements of Cavco Industries, Inc. and its subsidiaries (collectively, "we," "us," "our," the "Company" or "Cavco") have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") for Quarterly Reports on Form 10-Q and Article 10 of SEC Regulation S-X. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted pursuant to such rules and regulations. In addition, references throughout to numbered "Notes" refer to these Notes to Consolidated Financial Statements (Unaudited), unless otherwise stated.

In the opinion of management, these financial statements include all adjustments, including normal recurring adjustments, which are necessary to fairly state the interim results for the periods presented. We have evaluated subsequent events after the balance sheet date through the date of the filing of this report with the SEC, and there were no disclosable subsequent events. These Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and the Notes to the Consolidated Financial Statements included in our 2024 Annual Report on Form 10-K for the year ended March 30, 2024, filed with the SEC ("Form 10-K").

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and accompanying Notes. Due to uncertainties, actual results could differ from the estimates and assumptions used in preparation of the Consolidated Financial Statements. The Consolidated Statements of Comprehensive Income and Consolidated Statements of Cash Flows for the interim periods are not necessarily indicative of the results or cash flows for the full year. The Company operates on a 52-53 week fiscal year ending on the Saturday nearest to March 31st of each year. Each fiscal quarter consists of 13 weeks, with an occasional fourth quarter extending to 14 weeks, if necessary, for the fiscal year to end on the Saturday nearest to March 31st. The current fiscal year will end on March 29, 2025 and will include 52 weeks.

For a description of significant accounting policies we used in the preparation of our Consolidated Financial Statements, please refer to Note 1 of the Notes to Consolidated Financial Statements included in the Form 10-K.

2. Recent Accounting Pronouncements

The Company considers the applicability and impact of all Accounting Standards Updates ("ASUs") issued by the Financial Accounting Standards Board ("FASB"). ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on the Company's Consolidated Financial Statements.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Taxes Disclosures, which requires greater disaggregation of income tax disclosures. The new standard requires additional information to be disclosed with respect to the income tax rate reconciliation and income taxes paid disaggregated by jurisdiction. This ASU should be applied prospectively for fiscal years beginning after December 15, 2024, with retrospective application permitted. The Company is currently evaluating the impacts of this guidance on the Company's Consolidated Financial Statements.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires companies to enhance the disclosures about segment expenses. The new standard requires the disclosure of the Company's Chief Operating Decision Maker ("CODM"), expanded incremental line-item disclosures of significant segment expenses used by the CODM for decision-making, and the inclusion of previous annual only segment disclosure requirements on a quarterly basis. This ASU should be applied retrospectively for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impacts of this guidance on the Company's Consolidated Financial Statements.

3. Revenue from Contracts with Customers

The following table summarizes Net revenue disaggregated by reportable segment and source (in thousands):

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|--------------------|--------------------|--------------------|
| | September 28, 2024 | September 30, 2023 | September 28, 2024 | September 30, 2023 |
| Factory-built housing | | | | |
| Home sales | \$ 469,676 | \$ 410,040 | \$ 906,105 | \$ 849,784 |
| Delivery, setup and other revenues | 16,667 | 24,026 | 38,286 | 41,391 |
| | 486,343 | 434,066 | 944,391 | 891,175 |
| Financial services | | | | |
| Insurance agency commissions received from third-party insurance companies | 1,268 | 1,017 | 2,674 | 1,916 |
| All other sources | 19,850 | 16,947 | 37,995 | 34,814 |
| | 21,118 | 17,964 | 40,669 | 36,730 |
| | <u>\$ 507,461</u> | <u>\$ 452,030</u> | <u>\$ 985,060</u> | <u>\$ 927,905</u> |

4. Investments

Investments consisted of the following (in thousands):

| | September 28, 2024 | March 30, 2024 |
|------------------------------------|--------------------|------------------|
| Available-for-sale debt securities | \$ 20,482 | \$ 18,669 |
| Marketable equity securities | 11,827 | 11,961 |
| Non-marketable equity investments | 5,110 | 4,956 |
| | 37,419 | 35,586 |
| Less short-term investments | (24,574) | (18,270) |
| | <u>\$ 12,845</u> | <u>\$ 17,316</u> |

The amortized cost and fair value of our investments in available-for-sale debt securities, by security type, are shown in the table below (in thousands):

| | September 28, 2024 | | March 30, 2024 | |
|---|--------------------|------------------|------------------|------------------|
| | Amortized Cost | Fair Value | Amortized Cost | Fair Value |
| Residential mortgage-backed securities | \$ 8,248 | \$ 8,246 | \$ 2,933 | \$ 2,865 |
| State and political subdivision debt securities | 3,575 | 3,558 | 5,041 | 4,930 |
| Corporate debt securities | 8,757 | 8,678 | 11,117 | 10,874 |
| | <u>\$ 20,580</u> | <u>\$ 20,482</u> | <u>\$ 19,091</u> | <u>\$ 18,669</u> |

The amortized cost and fair value of our investments in available-for-sale debt securities, by contractual maturity, are shown in the table below (in thousands). Expected maturities may differ from contractual maturities as borrowers at times have the right to call or prepay obligations, with or without penalties.

| | September 28, 2024 | |
|--|--------------------|------------------|
| | Amortized Cost | Fair Value |
| Due in less than one year | \$ 7,534 | \$ 7,475 |
| Due after one year through five years | 4,573 | 4,536 |
| Due after five years through ten years | 225 | 225 |
| Mortgage-backed securities | 8,248 | 8,246 |
| | <u>\$ 20,580</u> | <u>\$ 20,482</u> |

Net investment gains and losses on marketable equity securities were as follows (in thousands):

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|--------------------|--------------------|--------------------|
| | September 28, 2024 | September 30, 2023 | September 28, 2024 | September 30, 2023 |
| Marketable equity securities | | | | |
| Net gain (loss) recognized during the period | \$ 514 | \$ (185) | \$ 60 | \$ 275 |
| Less: Net loss (gain) recognized on securities sold during the period | 88 | (110) | (464) | (130) |
| Unrealized gain (loss) recognized during the period on securities still held | <u>\$ 602</u> | <u>\$ (295)</u> | <u>\$ (404)</u> | <u>\$ 145</u> |

5. Inventories

Inventories consisted of the following (in thousands):

| | September 28, 2024 | March 30, 2024 |
|-----------------|--------------------|-------------------|
| Raw materials | \$ 76,120 | \$ 78,241 |
| Work in process | 31,247 | 27,977 |
| Finished goods | 136,658 | 135,121 |
| | <u>\$ 244,025</u> | <u>\$ 241,339</u> |

6. Consumer Loans Receivable

The following table summarizes consumer loans receivable (in thousands):

| | September 28, 2024 | March 30, 2024 |
|---|-----------------------|-------------------|
| Loans held for investment, previously securitized | \$ 15,162 | \$ 16,968 |
| Loans held for investment | 12,230 | 12,826 |
| Loans held for sale | 23,708 | 15,140 |
| Construction advances | 2,409 | 722 |
| | <u>53,509</u> | <u>45,656</u> |
| Deferred financing fees and other, net | (834) | (523) |
| Allowance for loan losses | <u>(1,006)</u> | <u>(1,066)</u> |
| | 51,669 | 44,067 |
| Less current portion | <u>(30,899)</u> | <u>(20,713)</u> |
| | <u>\$ 20,770</u> | <u>\$ 23,354</u> |

The consumer loans held for investment had the following characteristics:

| | September 28, 2024 | March 30, 2024 |
|--|-----------------------|-------------------|
| Weighted average contractual interest rate | 8.1 % | 8.1 % |
| Weighted average effective interest rate | 7.8 % | 10.4 % |
| Weighted average months to maturity | 211 | 196 |

The following table is a consolidated summary of the delinquency status of the outstanding principal balance of consumer loans receivable (in thousands):

| | September 28, 2024 | March 30, 2024 |
|---------------|-----------------------|-------------------|
| Current | \$ 52,074 | \$ 43,810 |
| 31 to 60 days | 261 | 1,063 |
| 61 to 90 days | 119 | 131 |
| 91+ days | 1,055 | 652 |
| | <u>\$ 53,509</u> | <u>\$ 45,656</u> |

The following table disaggregates the outstanding principal balance of consumer loans receivable by credit quality indicator and fiscal year of origination (in thousands):

| | September 28, 2024 | | | | | | |
|-------------------------------------|--------------------|------------------|---------------|--------------|-----------------|------------------|------------------|
| | 2025 | 2024 | 2023 | 2022 | 2021 | Prior | Total |
| Prime- FICO score 680 and greater | \$ 12,692 | \$ 9,455 | \$ 325 | \$ 94 | \$ 874 | \$ 14,477 | \$ 37,917 |
| Near Prime- FICO score 620-679 | 2,056 | 1,557 | — | — | 1,038 | 9,235 | 13,886 |
| Sub-Prime- FICO score less than 620 | 26 | — | — | — | 17 | 718 | 761 |
| No FICO score | 211 | 444 | — | — | — | 290 | 945 |
| | <u>\$ 14,985</u> | <u>\$ 11,456</u> | <u>\$ 325</u> | <u>\$ 94</u> | <u>\$ 1,929</u> | <u>\$ 24,720</u> | <u>\$ 53,509</u> |

| | March 30, 2024 | | | | | | |
|-------------------------------------|------------------|---------------|--------------|-----------------|-----------------|------------------|------------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | Prior | Total |
| Prime- FICO score 680 and greater | \$ 14,107 | \$ 328 | \$ 96 | \$ 885 | \$ 1,808 | \$ 14,425 | \$ 31,649 |
| Near Prime- FICO score 620-679 | 1,633 | — | — | 1,202 | 942 | 8,684 | 12,461 |
| Sub-Prime- FICO score less than 620 | — | — | — | 18 | 49 | 723 | 790 |
| No FICO score | 447 | — | — | — | — | 309 | 756 |
| | <u>\$ 16,187</u> | <u>\$ 328</u> | <u>\$ 96</u> | <u>\$ 2,105</u> | <u>\$ 2,799</u> | <u>\$ 24,141</u> | <u>\$ 45,656</u> |

As of September 28, 2024, 53% of the outstanding principal balance of the consumer loans receivable portfolio was concentrated in Texas. As of March 30, 2024, 46% of the outstanding principal balance of the consumer loans receivable portfolio was concentrated in Texas and 10% was concentrated in Florida. Other than Texas and Florida, no state had concentrations in excess of 10% of the outstanding principal balance of the consumer loans receivable as of September 28, 2024 or March 30, 2024.

7. Commercial Loans Receivable

The commercial loans receivable balance consists of direct financing arrangements for the home product needs of our independent distributors, community owners and developers.

Commercial loans receivable, net consisted of the following (in thousands):

| | September 28, 2024 | March 30, 2024 |
|--|-----------------------|-------------------|
| Loans receivable | \$ 91,588 | \$ 91,938 |
| Allowance for loan losses | (484) | (781) |
| Deferred financing fees, net | (198) | (116) |
| | 90,906 | 91,041 |
| Less current portion of commercial loans receivable (including from affiliates), net | (39,781) | (43,316) |
| | <u>\$ 51,125</u> | <u>\$ 47,725</u> |

The commercial loans receivable balance had the following characteristics:

| | September 28, 2024 | March 30, 2024 |
|--|-----------------------|-------------------|
| Weighted average contractual interest rate | 7.3 % | 7.4 % |
| Weighted average months outstanding | 10 | 12 |

Nonperforming status includes loans accounted for on a non-accrual basis and accruing loans with principal payments 90 days or more past due. As of September 28, 2024 and March 30, 2024, there were no commercial loans considered nonperforming. The following table disaggregates the outstanding principal balance of our commercial loans receivable by fiscal year of origination (in thousands):

| | September 28, 2024 | | | | | |
|------------|--------------------|-----------|-----------|----------|----------|-----------|
| | 2025 | 2024 | 2023 | 2022 | 2021 | Total |
| Performing | \$ 40,830 | \$ 34,916 | \$ 11,789 | \$ 1,886 | \$ 2,167 | \$ 91,588 |

| | March 30, 2024 | | | | | |
|------------|----------------|-----------|----------|----------|----------|-----------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | Total |
| Performing | \$ 57,691 | \$ 25,066 | \$ 4,823 | \$ 2,144 | \$ 2,214 | \$ 91,938 |

As of September 28, 2024 and March 30, 2024, there were no commercial loans 90 days or more past due that were still accruing interest, and we were not aware of any potential problem loans that would have a material effect on the commercial loans receivable balance.

As of September 28, 2024, we had concentrations of our outstanding principal balance of the commercial loans receivable balance in New York of 18% and California of 16%. As of March 30, 2024, 18% of our outstanding principal balance of the commercial loans receivable balance was in New York. No other state had concentrations in excess of 10% of the outstanding principal balance of the commercial loans receivable as of September 28, 2024 or March 30, 2024.

As of September 28, 2024 and March 30, 2024, one independent third-party and its affiliates comprised 12% and 13%, respectively, of the net commercial loans receivable principal balance outstanding, all of which are secured.

8. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

| | September 28, 2024 | March 30, 2024 |
|------------------------------|-----------------------|-------------------|
| Customer deposits | \$ 46,712 | \$ 40,856 |
| Salaries, wages and benefits | 43,673 | 38,125 |
| Unearned insurance premiums | 35,490 | 33,449 |
| Estimated warranties | 33,081 | 31,718 |
| Accrued volume rebates | 29,208 | 21,167 |
| Insurance loss reserves | 14,620 | 10,540 |
| Accrued insurance | 14,194 | 14,124 |
| Other | 55,250 | 49,757 |
| | <u>\$ 272,228</u> | <u>\$ 239,736</u> |

9. Warranties

Activity in the liability for estimated warranties was as follows (in thousands):

| | Three Months Ended | | Six Months Ended | |
|--------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 28, 2024 | September 30, 2023 | September 28, 2024 | September 30, 2023 |
| Balance at beginning of period | \$ 31,815 | \$ 32,401 | \$ 31,718 | \$ 31,368 |
| Charged to costs and expenses | 13,990 | 12,206 | 26,081 | 25,615 |
| Payments and deductions | (12,724) | (11,592) | (24,718) | (23,968) |
| Balance at end of period | <u>\$ 33,081</u> | <u>\$ 33,015</u> | <u>\$ 33,081</u> | <u>\$ 33,015</u> |

10. Other Liabilities

The following table summarizes secured financings and other obligations (in thousands):

| | September 28, 2024 | March 30, 2024 |
|---|-----------------------|-------------------|
| Finance lease liabilities | \$ 6,127 | \$ 6,166 |
| Other secured financing | 1,726 | 1,916 |
| | <u>7,853</u> | <u>8,082</u> |
| Less current portion included in Accrued expenses and other current liabilities | (324) | (323) |
| | <u>\$ 7,529</u> | <u>\$ 7,759</u> |

11. Debt

As of September 28, 2024, we are party to a Credit Agreement (the "Credit Agreement") that matures in November 2027 with Bank of America, N.A., providing for a \$50 million revolving credit facility (the "Revolving Credit Facility") which may be increased up to an aggregate amount of \$100 million.

As of September 28, 2024 and March 30, 2024, there were no borrowings outstanding under the Revolving Credit Facility and we were in compliance with all covenants.

12. Reinsurance and Insurance Loss Reserves

Certain of Standard Casualty Company's ("Standard Casualty") premiums and benefits are assumed from and ceded to other insurance companies under various reinsurance agreements. We remain obligated for amounts ceded in the event that the reinsurers do not meet their obligations.

The effects of reinsurance on premiums written and earned were as follows (in thousands):

| | Three Months Ended | | | |
|--------------------------------|--------------------|------------------|--------------------|------------------|
| | September 28, 2024 | | September 30, 2023 | |
| | Written | Earned | Written | Earned |
| Direct premiums | \$ 9,380 | \$ 12,177 | \$ 10,067 | \$ 9,371 |
| Assumed premiums—nonaffiliated | 11,303 | 10,095 | 9,505 | 8,851 |
| Ceded premiums—nonaffiliated | (8,880) | (8,880) | (6,438) | (6,438) |
| | <u>\$ 11,803</u> | <u>\$ 13,392</u> | <u>\$ 13,134</u> | <u>\$ 11,784</u> |

| | Six Months Ended | | | |
|--------------------------------|--------------------|------------------|--------------------|------------------|
| | September 28, 2024 | | September 30, 2023 | |
| | Written | Earned | Written | Earned |
| Direct premiums | \$ 22,883 | \$ 24,479 | \$ 20,446 | \$ 18,047 |
| Assumed premiums—nonaffiliated | 23,038 | 19,599 | 19,305 | 17,421 |
| Ceded premiums—nonaffiliated | (17,065) | (17,065) | (12,565) | (12,565) |
| | <u>\$ 28,856</u> | <u>\$ 27,013</u> | <u>\$ 27,186</u> | <u>\$ 22,903</u> |

Typical insurance policies written or assumed have a maximum coverage of \$0.4 million per claim, of which we cede \$0.15 million of the risk of loss per reinsurance. Therefore, our risk of loss is limited to \$0.25 million per claim on typical policies, subject to the reinsurers meeting their obligations. After this limit, amounts are recoverable through reinsurance for catastrophic losses in excess of \$4.0 million per occurrence, up to a maximum of \$10 million in the aggregate for that occurrence.

The following details the activity in the incurred but not reported ("IBNR") reserve for the three and six months ended September 28, 2024 and September 30, 2023 (in thousands):

| | Three Months Ended | | Six Months Ended | |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | September 28, 2024 | September 30, 2023 | September 28, 2024 | September 30, 2023 |
| Balance at beginning of period | \$ 18,927 | \$ 13,001 | \$ 10,540 | \$ 10,939 |
| Net incurred losses during the period | 14,128 | 8,586 | 32,091 | 19,663 |
| Net claim payments during the period | (18,435) | (12,433) | (28,011) | (21,448) |
| Balance at end of period | <u>\$ 14,620</u> | <u>\$ 9,154</u> | <u>\$ 14,620</u> | <u>\$ 9,154</u> |

13. Commitments and Contingencies

Repurchase Contingencies. The maximum amount for which the Company was liable under the terms of repurchase agreements with financial institutions that provide inventory financing to independent distributors of our products approximated \$126 million and \$121 million at September 28, 2024 and March 30, 2024, respectively, without reduction for the estimated resale value of the homes. During the three and six months ended September 28, 2024 we did not receive any demand notices. In all cases, the estimated fair value exceeded the repurchase price so no loss reserve was deemed necessary. Our reserve for repurchase commitments, recorded in Accrued expenses and other current liabilities, was \$3.1 million at September 28, 2024 and \$2.9 million at March 30, 2024.

Construction-Period Mortgages. Loan contracts with off-balance sheet commitments are summarized below (in thousands):

| | September 28, 2024 | March 30, 2024 |
|-----------------------------------|-----------------------|-------------------|
| Construction loan contract amount | \$ 7,787 | \$ 1,960 |
| Cumulative advances | (2,409) | (722) |
| | <u>\$ 5,378</u> | <u>\$ 1,238</u> |

Representations and Warranties of Mortgages Sold. The reserve for contingent repurchases and indemnification obligations was \$0.6 million as of both September 28, 2024 and March 30, 2024, included in Accrued expenses and other current liabilities on the Consolidated Balance Sheets. There were no claim requests that resulted in the repurchase of any loans during the six months ended September 28, 2024 or September 30, 2023.

Interest Rate Lock Commitments ("IRLCs"). As of September 28, 2024 and March 30, 2024, we had outstanding IRLCs with a notional amount of \$14.7 million and \$39.0 million, respectively. For the three and six months ended September 28, 2024, we recognized insignificant non-cash gains on outstanding IRLCs. For the three and six months ended September 30, 2023, we recognized insignificant non-cash losses on outstanding IRLCs.

Forward Sales Commitments. As of September 28, 2024 and March 30, 2024, we had \$7.1 million and \$2.8 million in outstanding forward sales commitments for sales of mortgage backed securities and whole loan commitments (collectively, the "Commitments"), respectively. During the three and six months ended September 28, 2024, we recognized insignificant non-cash losses. During the three months ended September 30, 2023, we recognized insignificant non-cash gains.

Legal Matters. We are party to certain lawsuits in the ordinary course of business. Based on management's present knowledge of the facts and (in certain cases) advice of outside counsel, management does not believe that loss contingencies arising from pending matters are likely to have a material adverse effect on our consolidated financial position, liquidity or results of operations after taking into account any existing reserves, which reserves are included in Accrued expenses and other current liabilities on the Consolidated Balance Sheets. However, future events or circumstances that may currently be unknown to management will determine whether the resolution of pending or threatened litigation or claims will ultimately have a material effect on our consolidated financial position, liquidity or results of operations in any future reporting periods.

14. Stockholders' Equity and Redeemable Noncontrolling Interest

The following tables represent changes in stockholders' equity attributable to Cavco's stockholders and redeemable noncontrolling interest during the six months ended September 28, 2024 and September 30, 2023, respectively (dollars in thousands):

| | Equity Attributable to Cavco Stockholders | | | | | | |
|--|---|--------|----------------|----------------------------|-------------------|---|--------------|
| | Common Stock | | Treasury stock | Additional paid-in capital | Retained earnings | Accumulated other comprehensive (loss) income | Total |
| | Shares | Amount | | | | | |
| Balance, March 30, 2024 | 9,389,953 | \$ 94 | \$ (274,693) | \$ 281,216 | \$ 1,027,127 | \$ (333) | \$ 1,033,411 |
| Net income | — | — | — | — | 34,429 | — | 34,429 |
| Other comprehensive income, net | — | — | — | — | — | 58 | 58 |
| Net issuance of common stock under stock incentive plans | 11,104 | — | — | (2,348) | — | — | (2,348) |
| Stock-based compensation | — | — | — | 2,194 | — | — | 2,194 |
| Common stock repurchases | — | — | (29,204) | — | — | — | (29,204) |
| Balance, June 29, 2024 | 9,401,057 | \$ 94 | \$ (303,897) | \$ 281,062 | \$ 1,061,556 | \$ (275) | \$ 1,038,540 |
| Net income | — | — | — | — | 43,815 | — | 43,815 |
| Other comprehensive income, net | — | — | — | — | — | 198 | 198 |
| Net issuance of common stock under stock incentive plans | 16,275 | — | — | 1,220 | — | — | 1,220 |
| Stock-based compensation | — | — | — | 2,713 | — | — | 2,713 |
| Common stock repurchases | — | — | (44,509) | — | — | — | (44,509) |
| Balance, September 28, 2024 | 9,417,332 | \$ 94 | \$ (348,406) | \$ 284,995 | \$ 1,105,371 | \$ (77) | \$ 1,041,977 |

| | Equity Attributable to Cavco Stockholders | | | | | | | Redeemable noncontrolling interest |
|--|---|--------|-------------------|----------------------------------|----------------------|---|--------------|--|
| | Common Stock | | Treasury stock | Additional paid-in capital | Retained earnings | Accumulated other comprehensive (loss) income | Total | |
| | Shares | Amount | | | | | | |
| Balance, April 1, 2023 | 9,337,125 | \$ 93 | \$ (164,452) | \$ 271,950 | \$ 869,310 | \$ (615) | \$ 976,286 | \$ 1,219 |
| Net income | — | — | — | — | 46,357 | — | 46,357 | 54 |
| Other comprehensive loss, net | — | — | — | — | — | (42) | (42) | — |
| Net issuance of common stock under stock incentive plans | 10,095 | — | — | (1,213) | — | — | (1,213) | — |
| Stock-based compensation | — | — | — | 1,438 | — | — | 1,438 | — |
| Distributions | — | — | — | — | — | — | — | (120) |
| Valuation adjustment | — | — | — | — | — | — | — | (33) |
| Balance, July 1, 2023 | 9,347,220 | \$ 93 | \$ (164,452) | \$ 272,175 | \$ 915,667 | \$ (657) | \$ 1,022,826 | \$ 1,120 |
| Net income | — | — | — | — | 41,539 | — | 41,539 | 34 |
| Other comprehensive income, net | — | — | — | — | — | 54 | 54 | — |
| Net issuance of common stock under stock incentive plans | 9,201 | 1 | — | 478 | — | — | 479 | — |
| Stock-based compensation | — | — | — | 1,551 | — | — | 1,551 | — |
| Common stock repurchases | — | — | (47,194) | — | — | — | (47,194) | — |
| Distributions | — | — | — | — | — | — | — | (180) |
| Conversion to mandatorily redeemable noncontrolling interest | — | — | — | — | — | — | — | (974) |
| Balance, September 30, 2023 | 9,356,421 | \$ 94 | \$ (211,646) | \$ 274,204 | \$ 957,206 | \$ (603) | \$ 1,019,255 | \$ — |

15. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share (dollars in thousands, except per share amounts):

| | Three Months Ended | | Six Months Ended | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 28, 2024 | September 30, 2023 | September 28, 2024 | September 30, 2023 |
| Net income attributable to Cavco common stockholders | \$ 43,815 | \$ 41,539 | \$ 78,244 | \$ 87,896 |
| Weighted average shares outstanding | | | | |
| Basic | 8,226,298 | 8,656,537 | 8,256,664 | 8,663,430 |
| Effect of dilutive securities | 79,028 | 74,882 | 81,007 | 79,304 |
| Diluted | 8,305,326 | 8,731,419 | 8,337,671 | 8,742,734 |
| Net income per share attributable to Cavco common stockholders | | | | |
| Basic | \$ 5.33 | \$ 4.80 | \$ 9.48 | \$ 10.15 |
| Diluted | \$ 5.28 | \$ 4.76 | \$ 9.38 | \$ 10.05 |
| Anti-dilutive common stock equivalents excluded | 257 | 335 | 428 | 320 |

16. Fair Value Measurements

The book value and estimated fair value of our financial instruments were as follows (in thousands):

| | September 28, 2024 | | March 30, 2024 | |
|------------------------------------|--------------------|----------------------|----------------|----------------------|
| | Book Value | Estimated Fair Value | Book Value | Estimated Fair Value |
| Available-for-sale debt securities | \$ 20,482 | \$ 20,482 | \$ 18,669 | \$ 18,669 |
| Marketable equity securities | 11,827 | 11,827 | 11,961 | 11,961 |
| Non-marketable equity investments | 5,110 | 5,110 | 4,956 | 4,956 |
| Consumer loans receivable | 51,669 | 55,914 | 44,067 | 49,105 |
| Commercial loans receivable | 90,906 | 81,030 | 91,041 | 80,764 |
| Other secured financing | (1,726) | (1,721) | (1,916) | (1,841) |

See Note 20, Fair Value Measurements, and the Fair Value of Financial Instruments caption in Note 1, Summary of Significant Accounting Policies, in the Form 10-K for more information on the methodologies we use in determining fair value.

Mortgage Servicing. Mortgage Servicing Rights ("MSRs") are recorded at fair value in Prepaid expenses and other current assets on the Consolidated Balance Sheets.

| | September 28, 2024 | | March 30, 2024 | |
|---|-----------------------|---|-------------------|---|
| Number of loans serviced with MSRs | 3,734 | | 3,842 | |
| Weighted average servicing fee (basis points) | 34.80 | | 34.79 | |
| Capitalized servicing multiple | 179.9 | % | 188.59 | % |
| Capitalized servicing rate (basis points) | 62.60 | | 65.61 | |
| Serviced portfolio with MSRs (in thousands) | \$ 465,622 | | \$ 482,898 | |
| MSRs (in thousands) | \$ 2,915 | | \$ 3,168 | |

17. Business Segment Information

We operate principally in two segments: (1) factory-built housing, which includes wholesale and retail factory-built housing operations, and (2) financial services, which includes manufactured housing consumer finance and insurance. The following table provides selected financial data by segment (in thousands):

| | Three Months Ended | | Six Months Ended | |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 28, 2024 | September 30, 2023 | September 28, 2024 | September 30, 2023 |
| Net revenue: | | | | |
| Factory-built housing | \$ 486,343 | \$ 434,066 | \$ 944,391 | \$ 891,175 |
| Financial services | 21,118 | 17,964 | 40,669 | 36,730 |
| | <u>\$ 507,461</u> | <u>\$ 452,030</u> | <u>\$ 985,060</u> | <u>\$ 927,905</u> |
| Income (loss) before income taxes: | | | | |
| Factory-built housing | \$ 55,905 | \$ 50,226 | \$ 105,005 | \$ 112,051 |
| Financial services | (955) | 1,435 | (6,194) | 287 |
| | <u>\$ 54,950</u> | <u>\$ 51,661</u> | <u>\$ 98,811</u> | <u>\$ 112,338</u> |
| | | | | |
| | | | September 28, 2024 | March 30, 2024 |
| Total assets: | | | | |
| Factory-built housing | | | \$ 1,169,496 | \$ 1,141,237 |
| Financial services | | | 228,707 | 212,923 |
| | | | <u>\$ 1,398,203</u> | <u>\$ 1,354,160</u> |

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

Statements in this Quarterly Report on Form 10-Q (the "Report") include "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. Forward-looking statements are often characterized by the use of words such as "believes," "estimates," "expects," "projects," "may," "will," "intends," "plans," or "anticipates," or by discussions of strategy, plans or intentions. Forward-looking statements include, for example, discussions regarding the manufactured housing and site-built housing industries; discussions regarding our efforts and the efforts of other industry participants to develop the home-only loan secondary market; our financial performance and operating results; our strategy; our liquidity and financial resources; our outlook with respect to Cavco Industries, Inc. and its subsidiaries (collectively, "we," "us," "our," the "Company" or "Cavco") and the manufactured housing business in general; the expected effect of certain risks and uncertainties on our business, financial condition and results of operations; economic conditions, including concerns of a possible recession, and consumer confidence; trends in interest rates and inflation; potential acquisitions, strategic investments and other expansions; the sufficiency of our liquidity; that we may seek alternative sources of financing in the future; operational and legal risks; how we may be affected by any pandemic or outbreak; geopolitical conditions; the cost and availability of labor and raw materials; governmental regulations and legal proceedings; the availability of favorable consumer and wholesale manufactured home financing; and the ultimate outcome of our commitments and contingencies. Forward-looking statements contained in this Report speak only as of the date of this Report or, in the case of any document incorporated by reference, the date of that document. We do not intend to publicly update or revise any forward-looking statement contained in this Report or in any document incorporated herein by reference to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time, except as required by law.

Forward-looking statements involve risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking statements, many of which are beyond our control. To the extent that our assumptions and expectations differ from actual results, our ability to meet such forward-looking statements may be significantly hindered. Factors that could affect our results and cause them to materially differ from those contained in the forward-looking statements include, without limitation, those discussed under Risk Factors in Part I, Item 1A of our 2024 Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "Form 10-K").

Introduction

The following should be read in conjunction with the Company's unaudited Consolidated Financial Statements and the related Notes that appear in Part I, Item 1 of this Report. References to "Note" or "Notes" pertain to the Notes to our unaudited Consolidated Financial Statements.

Company Overview

Headquartered in Phoenix, Arizona, we design and produce factory-built homes primarily distributed through a network of independent and Company-owned retailers, planned community operators and residential developers. We are one of the largest producers of manufactured homes in the United States, based on reported wholesale shipments. Our products are marketed under a variety of brand names including Cavco, Fleetwood, Palm Harbor, Nationwide, Fairmont, Friendship, Chariot Eagle, Destiny, Commodore, Colony, Pennwest, R-Anell, Manorwood, MidCountry and Solitaire. We are also a leading producer of park model RVs, vacation cabins and factory-built commercial structures. Our finance subsidiary, CountryPlace Acceptance Corp. ("CountryPlace"), is an approved Federal National Mortgage Association and Federal Home Loan Mortgage Corporation seller/servicer, and a Government National Mortgage Association ("GNMA") mortgage-backed securities issuer that offers conforming mortgages, non-conforming mortgages and home-only loans to purchasers of factory-built homes. Our insurance subsidiary, Standard Casualty, provides property and casualty insurance primarily to owners of manufactured homes.

We operate a total of 31 homebuilding production lines with domestic locations in Millersburg and Woodburn, Oregon; Riverside, California; Nampa, Idaho; Phoenix, Glendale and Goodyear, Arizona; Deming, New Mexico; Duncan, Oklahoma; Austin, Fort Worth, Seguin and Waco, Texas; Montevideo, Minnesota; Dorchester, Wisconsin; Nappanee and Goshen, Indiana; Lafayette, Tennessee; Douglas and Moultrie, Georgia; Shipperville (two lines) and Emlenton, Pennsylvania; Martinsville and Rocky Mount, Virginia; Crouse and Hamlet, North Carolina; Ocala and Plant City, Florida; and two international lines in Ojinaga, Mexico. We distribute our homes through a large network of independent distribution points in 48 states and Canada and 79 Company-owned U.S. retail stores, of which 47 are located in Texas.

Company and Industry Outlook

According to data reported by the Manufactured Housing Institute, industry home shipments for the calendar year through August 2024 were 68,550, an increase of 16.8% compared to 58,698 shipments in the same calendar period last year. Higher interest rates and continued inflationary pressures have tempered industry demand. However, the manufactured housing industry offers solutions to the housing crisis with lower average price per square foot than a site-built home and the comparatively lower cost associated with manufactured home ownership, which remains competitive with rental housing.

The two largest manufactured housing consumer demographics, young adults and those who are age 55 and older, are both growing. "First-time" and "move-up" buyers of affordable homes are historically among the largest segments of new manufactured home purchasers. Included in this group are lower-income households that are particularly affected by periods of low employment rates and underemployment. Consumer confidence is especially important among manufactured home buyers interested in our products for seasonal or retirement living.

We employ a concerted effort to identify niche market opportunities where our diverse product lines and custom building capabilities provide us with a competitive advantage. We are focused on building quality, energy efficient homes for the modern home buyer. Our green building initiatives involve the creation of an energy efficient envelope, including higher utilization of renewable materials and provide lower utility costs. We also build homes designed to use alternative energy sources, such as solar.

We maintain a conservative cost structure in an effort to build added value into our homes and we work diligently to maintain a solid financial position. Our balance sheet strength, including the position in cash and cash equivalents, helps avoid liquidity problems and enables us to act effectively as market opportunities or challenges present themselves.

We continue to make certain commercial loan programs available to members of our wholesale distribution chain. Under direct commercial loan arrangements, we provide funds for financed home purchases by distributors, community operators and residential developers (see Note 7, Commercial Loans Receivable to the unaudited Consolidated Financial Statements). Our involvement in commercial lending helps to increase the availability of manufactured home financing to distributors, community operators and residential developers and provides additional opportunities for product exposure to potential home buyers. While these initiatives support our ongoing efforts to expand product distribution, they also expose us to risks associated with the creditworthiness of this customer base and our inventory financing partners.

The lack of an efficient secondary market for manufactured home-only loans and the limited number of institutions providing such loans results in higher borrowing costs for home-only loans and continues to constrain industry growth. We work independently and with other industry participants to develop secondary market opportunities for manufactured home-only loan and non-conforming mortgage portfolios and expand lending availability in the industry. We also develop and invest in home-only lending programs to grow sales of homes through traditional distribution points. We believe that growing our investment and participation in home-only lending may provide additional sales growth opportunities for our factory-built housing operations and reduce our customers' dependence on independent lenders for this source of financing.

Key housing building materials include wood, wood products, steel, gypsum wallboard, windows, doors fiberglass insulation, carpet, vinyl, fasteners, plumbing materials, aluminum, appliances and electrical items. Fluctuations in the cost of materials and labor may affect gross margins from home sales to the extent that costs cannot be efficiently matched to the home sales price. Pricing and availability of certain raw materials have been volatile due to a number of factors in the current environment. We continue to monitor and react to inflation in the cost of these materials by maintaining a focus on our product pricing in response to higher materials costs, but such product pricing increases may lag behind the escalation of such costs. From time to time and to varying degrees, we may experience shortages in the availability of materials and/or labor in the markets served. Availability of these inputs has not caused significant production halts in the current period, but we have experienced periodic shutdowns in other periods and shortages of primary building materials have caused production inefficiencies as we have needed to change processes in response to the delay in materials. These shortages may also result in extended order backlogs, delays in the delivery of homes and reduced gross margins from home sales.

Our backlog at September 28, 2024 was \$276 million compared to \$232 million at June 29, 2024, an increase of \$44 million and up \$106 million compared to \$170 million at September 30, 2023.

While it is difficult to predict the future of housing demand, employee availability, supply chain and Company performance and operations, maintaining an appropriately sized and well-trained workforce is key to meeting demand. We continually review the wage rates of our production employees and have established other monetary incentive and benefit programs, with a goal of providing competitive compensation. We are also working to more extensively use web-based recruiting tools, update our recruitment brochures and improve the appearance and appeal of our manufacturing facilities to improve the recruitment and retention of qualified production employees and reduce annualized turnover rates.

Results of Operations

Net Revenue

| | Three Months Ended | | | |
|---|-----------------------|-----------------------|------------------|---------------|
| | September 28, 2024 | September 30, 2023 | Change | |
| (\$ in thousands, except revenue per home sold) | | | | |
| Factory-built housing | \$ 486,343 | \$ 434,066 | \$ 52,277 | 12.0 % |
| Financial services | 21,118 | 17,964 | 3,154 | 17.6 % |
| | <u>\$ 507,461</u> | <u>\$ 452,030</u> | <u>\$ 55,431</u> | <u>12.3 %</u> |
| Factory-built homes sold | | | | |
| by Company-owned retail sales centers | 1,032 | 1,014 | 18 | 1.8 % |
| to independent retailers, builders, communities and developers | 3,881 | 3,234 | 647 | 20.0 % |
| | <u>4,913</u> | <u>4,248</u> | <u>665</u> | <u>15.7 %</u> |
| Net factory-built housing revenue per home sold | \$ 98,991 | \$ 102,181 | \$ (3,190) | (3.1)% |
| | | | | |
| | Six Months Ended | | | |
| | September 28, 2024 | September 30, 2023 | Change | |
| (\$ in thousands, except revenue per home sold) | | | | |
| Factory-built housing | \$ 944,391 | \$ 891,175 | \$ 53,216 | 6.0 % |
| Financial services | 40,669 | 36,730 | 3,939 | 10.7 % |
| | <u>\$ 985,060</u> | <u>\$ 927,905</u> | <u>\$ 57,155</u> | <u>6.2 %</u> |
| Factory-built homes sold | | | | |
| by Company-owned retail sales centers | 2,045 | 1,973 | 72 | 3.6 % |
| to independent retailers, builders, communities and developers | 7,589 | 6,857 | 732 | 10.7 % |
| | <u>9,634</u> | <u>8,830</u> | <u>804</u> | <u>9.1 %</u> |
| Net factory-built housing revenue per home sold | \$ 98,027 | \$ 100,926 | \$ (2,899) | (2.9)% |

Factory-built housing Net revenue increased for the three and six months ended September 28, 2024 due to higher home sales volume, partially offset by a decrease in revenue per home sold. The decrease in revenue per home sold was attributed to a lower proportion of homes sold through our Company-owned stores and, to a lesser extent, product pricing decreases.

Net factory-built housing revenue per home sold is a volatile metric dependent upon several factors. A primary factor is the price disparity between sales of homes to independent distributors, builders, communities and developers and sales of homes to consumers by Company-owned retail stores. Wholesale sales prices are primarily comprised of the home and the cost to ship the home from a homebuilding facility to the home-site. Retail home prices include these items and retail markup, as well as items that are largely subject to home buyer discretion, including, but not limited to, installation, utility connections, site improvements, landscaping and additional services. Our homes are constructed in one or more floor sections ("modules") which are then installed on the customer's site. Changes in the number of modules per home, the selection of different home types/models and optional home upgrades create changes in product mix, also causing fluctuations in this metric.

For the three and six months ended September 28, 2024, Financial services Net revenue increased primarily due to higher insurance premiums.

Gross Profit

| (\$ in thousands) | Three Months Ended | | Change | |
|-----------------------|-----------------------|-----------------------|-----------------|--------------|
| | September 28, 2024 | September 30, 2023 | | |
| Factory-built housing | \$ 111,520 | \$ 100,507 | \$ 11,013 | 11.0 % |
| Financial services | 4,602 | 6,450 | (1,848) | (28.7)% |
| | <u>\$ 116,122</u> | <u>\$ 106,957</u> | <u>\$ 9,165</u> | <u>8.6 %</u> |

Gross profit as % of Net revenue

| | | | | |
|-----------------------|--------|--------|-----|---------|
| Consolidated | 22.9 % | 23.7 % | N/A | (0.8)% |
| Factory-built housing | 22.9 % | 23.2 % | N/A | (0.3)% |
| Financial services | 21.8 % | 35.9 % | N/A | (14.1)% |

| (\$ in thousands) | Six Months Ended | | Change | |
|-----------------------|-----------------------|-----------------------|-------------------|---------------|
| | September 28, 2024 | September 30, 2023 | | |
| Factory-built housing | \$ 215,030 | \$ 213,875 | \$ 1,155 | 0.5 % |
| Financial services | 4,494 | 10,961 | (6,467) | (59.0)% |
| | <u>\$ 219,524</u> | <u>\$ 224,836</u> | <u>\$ (5,312)</u> | <u>(2.4)%</u> |

Gross profit as % of Net revenue

| | | | | |
|-----------------------|--------|--------|-----|---------|
| Consolidated | 22.3 % | 24.2 % | N/A | (1.9)% |
| Factory-built housing | 22.8 % | 24.0 % | N/A | (1.2)% |
| Financial services | 11.1 % | 29.8 % | N/A | (18.7)% |

Factory-built housing Gross profit as a percentage of Net revenue for the three and six months ended September 28, 2024 decreased primarily due to lower average selling price, partially offset by lower input costs per unit. Factory-built housing Gross profit housing in dollars for the three and six months ended September 28, 2024 increased due to higher home sales volume, partially offset by lower average selling price.

Financial services Gross profit in dollars and as a percentage of Net revenue for the three and six months ended September 28, 2024 was negatively impacted by high insurance claims from Hurricane Beryl in July 2024 and multiple weather events in Texas, as well as the wildfires in New Mexico in the first quarter of this fiscal year.

Selling, General and Administrative Expenses

| (\$ in thousands) | Three Months Ended | | Change | |
|--|--------------------|--------------------|-----------------|--------------|
| | September 28, 2024 | September 30, 2023 | | |
| Factory-built housing | \$ 61,440 | \$ 56,455 | \$ 4,985 | 8.8 % |
| Financial services | 5,557 | 5,051 | 506 | 10.0 % |
| | <u>\$ 66,997</u> | <u>\$ 61,506</u> | <u>\$ 5,491</u> | <u>8.9 %</u> |
| Selling, general and administrative expenses as % of Net revenue | 13.2 % | 13.6 % | N/A | (0.4)% |

| (\$ in thousands) | Six Months Ended | | Change | |
|--|--------------------|--------------------|-----------------|--------------|
| | September 28, 2024 | September 30, 2023 | | |
| Factory-built housing | \$ 121,160 | \$ 112,476 | \$ 8,684 | 7.7 % |
| Financial services | 10,688 | 10,710 | (22) | (0.2)% |
| | <u>\$ 131,848</u> | <u>\$ 123,186</u> | <u>\$ 8,662</u> | <u>7.0 %</u> |
| Selling, general and administrative expenses as % of Net revenue | 13.4 % | 13.3 % | N/A | 0.1 % |

Selling, general and administrative expenses increased for the three and six months ended September 28, 2024 as a result of increases in variable compensation driven by higher incentive compensation in the second quarter and as a result of increases in compensation related to acquired retail locations for both periods.

Other Components of Net Income

| (\$ in thousands) | Three Months Ended | | Change | |
|--------------------|--------------------|--------------------|----------|---------|
| | September 28, 2024 | September 30, 2023 | | |
| Interest income | \$ 5,692 | \$ 5,812 | \$ (120) | (2.1)% |
| Interest expense | (125) | (257) | (132) | (51.4)% |
| Other income, net | 258 | 655 | 397 | (60.6)% |
| Income tax expense | (11,135) | (10,088) | 1,047 | 10.4 % |
| Effective tax rate | 20.3 % | 19.5 % | N/A | 0.8 % |

| (\$ in thousands) | Six Months Ended | | Change | |
|--------------------|--------------------|--------------------|---------|---------|
| | September 28, 2024 | September 30, 2023 | | |
| Interest income | \$ 11,203 | \$ 10,430 | \$ 773 | 7.4 % |
| Interest expense | (215) | (523) | (308) | (58.9)% |
| Other income, net | 147 | 781 | 634 | (81.2)% |
| Income tax expense | (20,567) | (24,354) | (3,787) | (15.5)% |
| Effective tax rate | 20.8 % | 21.7 % | N/A | (0.9)% |

Interest income consists primarily of interest earned on cash balances held in money market accounts, and interest earned on commercial floorplan lending. Interest expense consists primarily of interest related to finance leases.

Other income, net primarily consists of realized and unrealized gains and losses on corporate investments and gains and losses from the sale of property, plant and equipment.

Income tax expense increased for the three months ended September 28, 2024 compared to the prior year period primarily due to higher profit before income taxes, partially offset by a lower effective tax rate due to an increase in energy star tax credits. Income tax expense for the six months ended September 28, 2024 compared to the prior year period decreased due to lower profit and a lower effective tax rate due to an increase in energy star tax credits.

Liquidity and Capital Resources

We believe that cash and cash equivalents at September 28, 2024, together with cash flow from operations, will be sufficient to fund our operations, cover our obligations and provide for growth for the next 12 months and into the foreseeable future. We maintain cash in U.S. Treasury and other money market funds, some of which is in excess of federally insured limits, but we have not experienced any losses with regards to such excesses. We expect to continue to evaluate potential acquisitions of, or strategic investments in, businesses that are complementary to the Company, as well as other expansion opportunities. Such transactions may require the use of cash and have other impacts on our liquidity and capital resources. We believe we have sufficient liquid resources including our \$50 million Revolving Credit Facility which may be increased from time to time through an additional Incremental Term Facility up to an aggregate amount of \$100 million and no amounts are outstanding. Depending on our operating results and strategic opportunities, we may choose to seek additional or alternative sources of financing in the future. There can be no assurance that such financing would be available on satisfactory terms, if at all. If this financing were not available, it could be necessary for us to reevaluate our long-term operating plans to make more efficient use of our existing capital resources at such time. The exact nature of any changes to our plans that would be considered depends on various factors, such as conditions in the factory-built housing industry and general economic conditions outside of our control.

State insurance regulations restrict the amount of dividends that can be paid to stockholders of insurance companies. As a result, the assets owned by our insurance subsidiary are generally not available to satisfy the claims of Cavco or its other subsidiaries. We believe that stockholders' equity at the insurance subsidiary remains sufficient and do not believe that the ability to pay ordinary dividends to Cavco at anticipated levels will be restricted per state regulations.

The following is a summary of the Company's cash flows for the six months ended September 28, 2024 and September 30, 2023, respectively:

| (in thousands) | Six Months Ended | | \$ Change |
|--|-----------------------|-----------------------|-------------------|
| | September 28, 2024 | September 30, 2023 | |
| Cash, cash equivalents and restricted cash at beginning of the fiscal year | \$ 368,753 | \$ 283,490 | \$ 85,263 |
| Net cash provided by operating activities | 102,074 | 160,200 | (58,126) |
| Net cash used in by investing activities | (11,029) | (6,421) | (4,608) |
| Net cash used in financing activities | (73,581) | (42,240) | (31,341) |
| Cash, cash equivalents and restricted cash at end of the period | <u>\$ 386,217</u> | <u>\$ 395,029</u> | <u>\$ (8,812)</u> |

Net cash provided by operating activities decreased primarily from increases in working capital, primarily \$20.5 million in Inventory and \$17.4 million from Accounts receivable, and the spread between Consumer loans originated versus sold and Commercial loans originated versus principal payments received on commercial loans. This was partially offset by changes in Accounts payable and accrued expenses due primarily to increased customer deposits and volume rebates due to customers.

Consumer loan originations decreased \$16.3 million to \$39.9 million for the six months ended September 28, 2024 from \$56.2 million for the six months ended September 30, 2023, and proceeds from sales of consumer loans decreased \$34.2 million to \$30.9 million for the six months ended September 28, 2024 from \$65.1 million for the six months ended September 30, 2023.

Commercial loan originations increased \$2.9 million to \$54.7 million for the six months ended September 28, 2024 from \$51.8 million for the six months ended September 30, 2023. Proceeds from the collection on commercial loans provided \$55.1 million this year, compared to \$59.4 million in the prior year, a net decrease of \$4.3 million.

Net cash for investing activities consists of buying and selling debt and marketable equity securities in our Financial Services segment; purchases of property, plant and equipment; and funding strategic growth acquisitions in our Factory-built Housing segment. The change in cash used in the current period is primarily due to the prior year period including proceeds from the sale of property, plant and equipment that did not repeat in the current year.

The change in Net cash used in financing activities in the six months ended September 28, 2024 was primarily due to the repurchase of the more shares of common stock and at a higher average daily stock price.

Obligations and Commitments. There were no material changes to the obligations and commitments as set forth in the Form 10-K.

Critical Accounting Estimates

There have been no significant changes to our critical accounting estimates during the six months ended September 28, 2024, as compared to those disclosed in Part II, Item 7 of the Form 10-K, under the heading "Critical Accounting Estimates," which provides a discussion of the critical accounting estimates that management believes are critical to the Company's operating results or may affect significant judgments and estimates used in the preparation of the Company's Consolidated Financial Statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes from the quantitative and qualitative disclosures about market risk previously disclosed in the Form 10-K.

Item 4. Controls and Procedures

(a) Disclosure Controls and Procedures

The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including its President and Chief Executive Officer and its Chief Financial Officer, of the effectiveness of its disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). Based upon that evaluation, the Company's President and Chief Executive Officer and its Chief Financial Officer concluded that, as of September 28, 2024, its disclosure controls and procedures were effective.

(b) Changes in Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the fiscal quarter ended September 28, 2024 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

See the information under the "Legal Matters" caption in Note 13, Commitments and Contingencies to the unaudited Consolidated Financial Statements, which is incorporated herein by reference.

Item 1A. Risk Factors

In addition to the other information set forth in this Report, you should carefully consider the factors discussed in Part I, Item 1A, Risk Factors, in the Form 10-K, which could materially affect our business, financial condition or future results. The risks described in this Report and in the Form 10-K are not the only risks facing the Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

On October 31, 2024, the Company announced that the Company's Board of Directors approved a new \$100 million stock repurchase program with the same terms and conditions as the previous plan. The following table sets forth repurchases of our common stock during the second quarter of fiscal year 2025:

| Period | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (in thousands) |
|--|-------------------------------------|---------------------------------|--|--|
| June 30, 2024 to August 3, 2024 | — | \$ — | — | \$ — |
| August 4, 2024 to August 31, 2024 | 53,895 | 393.69 | 53,895 | 76,244 |
| September 1, 2024 to September 28, 2024 | 54,906 | 416.95 | 54,906 | 53,351 |
| | <u>108,801</u> | | <u>108,801</u> | |

The payment of dividends to Company stockholders is subject to the discretion of the Board of Directors, and various factors may prevent us from paying dividends. Such factors include Company cash requirements, covenants of our Credit Agreement and liquidity or other requirements of state, corporate and other laws.

Item 5. Other Information

Rule 10b5-1 Trading Plans

On August 9, 2024, Julia Sze, an independent director, adopted a programmed plan of transactions intended to satisfy the affirmative defense provided by Rule 10b5-1 (the "Sze 10b5-1 Plan"). This plan was adopted in order to sell-to-cover a number of shares of our Common Stock to satisfy tax withholding obligations in connection with the vesting of Ms. Sze's restricted stock units on July 30, 2024. The Sze 10b5-1 Plan provides for a first possible trade date of November 8, 2024, and terminates automatically on December 10, 2024. The aggregate number of shares to be sold pursuant to the plan is 250 shares of our Common Stock.

On September 13, 2024, Susan Blount, an independent director, also adopted a programmed plan of transactions intended to satisfy the affirmative defense provided by Rule 10b5-1 (the "Blount 10b5-1 Plan"). This plan provides for a first possible trade date of December 13, 2024, and terminates automatically on January 30, 2025. The aggregate number of shares to be sold pursuant to the Blount 10b5-1 Plan is 1,500 shares of Common Stock.

During the three months ended September 28, 2024, no director or officer of the Company, other than Ms. Sze and Ms. Blount, adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

| <u>Exhibit No.</u> | <u>Exhibit</u> |
|------------------------------|---|
| <u>10.1*</u> | (1) <u>Offer Letter, dated as of July 30, 2024, between the Company and Regan Fackrell</u> |
| <u>31.1</u> | (1) <u>Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - Rule 13a-14(a)/15d-14(a)</u> |
| <u>31.2</u> | (1) <u>Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - Rule 13a-14(a)/15d-14(a)</u> |
| <u>32</u> | (2) <u>Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. 1350, Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u> |
| 101.INS | Inline XBRL Instance Document - The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) |

(1) Filed herewith.

(2) Furnished herewith.

* Management contract or compensatory plan or arrangement

All other items required under Part II are omitted because they are not applicable.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Cavco Industries, Inc.

Registrant

| Signature | Title | Date |
|---|--|------------------|
| <u>/s/ William C. Boor</u> William C. Boor | Director, President and Chief Executive Officer (Principal Executive Officer) | November 1, 2024 |
| <u>/s/ Allison K. Aden</u> Allison K. Aden | Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer) | November 1, 2024 |

July 30, 2024

Regan Fackrell
St. George, UT

Dear Regan,

Thank you for your interest and your time to explore employment with Cavco Industries. It has been great sharing more of the Cavco story with you. We are delighted to have you join the Cavco family. It is my pleasure to confirm your offer as **President - Cavco Insurance Division**. Your knowledge, experience, and energy are a great match for the needs of the team.

The following are the terms of our offer of employment:

1. You will be employed in the capacity of **President - Cavco Insurance Division**. This is an exempt position that will work out of our New Braunfels Office. You will report to **Steve Like, SVP of Corporate Development**.
 1. This offer is contingent upon the favorable completion of all background checks and verifications. The anticipated commencement date of your new role will be **September 3, 2024**.
 1. You will be paid a starting base salary of **\$300,000** per annum, paid bi-weekly per the Company's standard practices. All compensation is to be paid in accordance with Cavco's standard payroll practices and subject to all withholdings and deductions as required by law.
 1. Your compensation package includes participation in an annual fiscal year bonus incentive as follows:
 - 2.2% of net pre-tax income of Palm Harbor Insurance Agency, our in-house insurance agency, with a current fiscal year estimate of \$5.7 million.
 - 2.2% based of consolidated net pre-tax income of Standard Casualty Company, Standard Insurance Agency and Mangrove Cell 70, our captive re-insurer, targeting \$4.2 million in net pre-tax income. For FY2025 only, this component of your incentive bonus will have a \$4.0 million floor on annual pre-tax income.
- Your fiscal bonus will start in FY2025 (September 2024) and will be pro-rated based on your start date. Incentive compensation is discretionary and contingent upon various factors including, but not limited to, successful completion of individual performance-based objectives, business unit(s) performance, and/or company performance. Incentive bonus will be paid after completion of annual audit and annual earnings release. In order to qualify for the incentive payment, you must also be a full-time employee in good standing at the time the payment is made. Incentive payments will be paid in accordance with the company's standard incentive program practices and subject to all withholding and employment taxes required by law.
1. We are pleased to offer a lump sum sign-on bonus to cover your relocation and realtor expenses related to your move for this position. You will be paid \$60,000 to cover these expenses, which is provided to ensure a smooth transition as you join our team. The sign-on bonus will be treated as taxable income. This will be paid to you on your first scheduled payroll. If you resign or are terminated for good cause before completing two years of employment, you will be required to repay 100% of the Relocation Payment. However, 25% of the repayment obligation will be forgiven every 180 days you remain employed, so the entire amount will be forgiven if you stay with Cavco for two years.
-

1. You will be provided a Cavco expense card to cover airfare, hotel or other temporary housing, car rental, and meals during your transition for up to 90 days. Please refer to our company policy for detailed guidelines on how to utilize this benefit, including approved expense and spending limits.
 2. Additionally, you will participate in our PTO Plan #2. This plan will provide you 160 hours (20 days) of vacation and 40 hours (5 days) of sick leave annually. Both vacation and sick time will be governed by the company's policies and practices at the time. Cavco reserves the right to change any and all benefits plans, at its sole discretion at any time.
-
1. As an employee of Cavco Industries Inc., you are also eligible to participate in our benefits plans and program in effect from time to time, including 401k, group medical and life insurance, disability benefits, and other fringe benefits as made available to other similarly situated team members of Cavco, in accordance with and subject to eligibility and other provisions of such plans and programs. The Cavco benefits plans are described in more detail in the attached Benefits Guide. The company reserves the right to change its benefits programs with or without notice in its sole discretion.
-
1. You will be subject to all applicable employment and other policies of Cavco, which are outlined in the Company's new hire packet.
-
1. Upon acceptance, you agree not to solicit and/or enable solicitation of any employee, contractor, or consultant of Cavco or any Cavco subsidiary whether employed by Cavco or not. The non-solicitation agreement is in full force and effect for two years after termination of employment.
-
1. In addition, you agree not to disclose confidential or proprietary information to anyone for any reason unless compelled to do so by legal order during or after your employment with Cavco for an indefinite period term.
-
1. This offer contingent upon the absence of any employment or consulting agreement with another company that would interfere with the responsibilities of the position. By accepting this offer, you confirm that you are able to accept this position and carry out the work that it would involve without breaching any legal restrictions on your activities, such as restrictions imposed by a former employer or an external consulting agreement.
-
1. You confirm that you will inform us about any such restrictions and provide us with as much information about them prior to the start of your employment, including any agreements between you and your current or former employer describing such restrictions on your activities. You further confirm that you will not remove or take any documents or proprietary data or materials of any kind, electronic or otherwise, with you from your current or former employer to the Company without written authorization from your current or former employer. If you have any questions about the ownership of particular documents or other information, discuss such questions with your former employer before removing or copying the documents or information.
-
1. Cavco is an "at-will" employer, and this offer letter is not a guarantee of continued employment. This offer of employment or any other Cavco literature given to you is not and is not intended to be interpreted to alter the employment relationship between you and Cavco. As an at-will employee, you will be free to terminate your employment with the Company at any time, with or without cause. Likewise, Cavco will have the right to reassign you, to change your compensation, or to terminate your employment at any time, with or without cause or notice.
-

Regan, we are excited to present this opportunity to join the Cavco Team; we hope that you will accept this offer. There will be many opportunities to utilize your talents in an atmosphere that encourages people to fully realize their potential.

Please indicate your acceptance of our offer by signing below and returning one copy of the letter via email, no later than 5:00 PM PST, August 2, 2024. If you have any questions about this offer, please reach out to Todd Cantrill, Vice President of Human Resources at 602-283-9266 or Todd.Cantrill@Cavco.com.

Sincerely,

Steve Like
SVP of Corporate Development

I hereby certify my understanding that my employment will be "at-will" and that neither me nor any company representative have entered into a contract of any kind regarding the terms or duration of my employment. Cavco is an "at-will" employer, and this offer is not a guarantee of continued employment. This offer of employment or any other Cavco literature given to me is not and is not intended to be interpreted to alter the employment relationship between me and Cavco. As an at-will employee, I will be free to terminate my employment with the Company at any time, with or without cause or advance notice. Likewise, Cavco will have the right to reassign me, to change my compensation, or to terminate my employment at any time, with or without cause or advance notice.

ACCEPTED AND AGREED: /s/ Regan Fackrell 8/1/2024
Signature Date

Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, William C. Boor, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cavco Industries, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 1, 2024

By: /s/ William C. Boor
William C. Boor
President and Chief Executive Officer
(Principal Executive Officer)

Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Allison K. Aden, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cavco Industries, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 1, 2024

By: /s/ Allison K. Aden
Allison K. Aden
Executive Vice President, Chief
Financial Officer & Treasurer
(Principal Financial Officer)

Certification Pursuant to 18 U.S.C. 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Cavco Industries, Inc. (the "Registrant") on Form 10-Q for the period ending September 28, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, William C. Boor, President and Chief Executive Officer, and Allison K. Aden, Executive Vice President, Chief Financial Officer & Treasurer, of the Registrant, each certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

November 1, 2024

/s/ William C. Boor

William C. Boor
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Allison K. Aden

Allison K. Aden
Executive Vice President, Chief Financial
Officer & Treasurer
(Principal Financial Officer)