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

FORM 10-Q

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

For the quarterly period ended: January 3, 2021

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 001-37502

MASTERCRAFT BOAT HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware *(State or Other Jurisdiction of Incorporation or Organization)*	**06-1571747** *(I.R.S. Employer Identification No.)*

100 Cherokee Cove Drive, Vonore, TN 37885
(Address of Principal Executive Office) (Zip Code)

(423) 884-2221
(Registrant's telephone number, including area code)

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	MCFT	NASDAQ

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	☐	Accelerated filer	☑
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☑		

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

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 February 8, 2021, there were 18,949,261 shares of the Registrant's common stock, par value $0.01 per share, issued and outstanding.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q contains certain "forward-looking statements" within the meaning of the federal securities laws. These forward-looking statements can generally be identified by the use of statements that include words such as "could," "may," "might," "will," "expect," "likely," "believe," "continue," "anticipate," "estimate," "intend," "plan," "project" and other similar words or phrases. Forward-looking statements involve estimates and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements.

The forward-looking statements contained in this quarterly report on Form 10-Q are based on assumptions that we have made considering our industry experience and our perceptions of historical trends, current conditions, expected future developments and other important factors we believe are appropriate under the circumstances. As you read and consider this quarterly report on Form 10-Q, you should understand that these statements are not guarantees of performance or results. They involve risks, uncertainties (many of which are beyond our control) and assumptions. Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many important factors could affect our actual operating and financial performance and cause our performance to differ materially from the performance anticipated in the forward-looking statements, including but not limited to the following: the potential effects of the coronavirus ("COVID-19") pandemic on the Company, general economic conditions, demand for our products, changes in consumer preferences, competition within our industry, our reliance on our network of independent dealers, our ability to manage our manufacturing levels and our fixed cost base, the successful introduction of our new products and the other important factors described under the caption "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended June 30, 2020, filed with the Securities and Exchange Commission ("SEC") on September 11, 2020 (our "2020 Annual Report"). Should one or more of these risks or uncertainties materialize, or should any of these assumptions prove incorrect, our actual operating and financial performance may vary in material respects from the performance projected in these forward-looking statements.

Further, any forward-looking statement speaks only as of the date on which it is made, and except as required by law, we undertake no obligation to update any forward-looking statement contained in this quarterly report on Form 10-Q to reflect events or circumstances after the date on which it is made or to reflect the occurrence of anticipated or unanticipated events or circumstances. New important factors that could cause our business not to develop as we expect may emerge from time to time, and it is not possible for us to predict all of them.

MASTERCRAFT BOAT HOLDINGS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	January 3, 2021	December 29, 2019	January 3, 2021	December 29, 2019
NET SALES	$ 118,677	$ 99,628	$ 222,422	$ 209,417
COST OF SALES	89,404	78,486	166,919	162,742
GROSS PROFIT	29,273	21,142	55,503	46,675
OPERATING EXPENSES:				
Selling and marketing	2,989	4,343	5,896	8,407
General and administrative	8,352	5,477	17,284	13,262
Amortization of other intangible assets	987	987	1,974	1,974
Total operating expenses	12,328	10,807	25,154	23,643
OPERATING INCOME	16,945	10,335	30,349	23,032
OTHER EXPENSE:				
Interest expense	870	1,237	1,889	2,581
INCOME BEFORE INCOME TAX EXPENSE	16,075	9,098	28,460	20,451
INCOME TAX EXPENSE	3,574	2,219	6,392	4,949
NET INCOME	$ 12,501	$ 6,879	$ 22,068	$ 15,502
EARNINGS PER SHARE:				
Basic	$ 0.66	$ 0.37	$ 1.17	$ 0.83
Diluted	$ 0.66	$ 0.37	$ 1.17	$ 0.83
WEIGHTED AVERAGE SHARES USED FOR COMPUTATION OF:				
Basic earnings per share	18,807,316	18,730,688	18,790,826	18,727,267
Diluted earnings per share	18,928,408	18,770,783	18,897,617	18,770,770

Notes to Unaudited Condensed Consolidated Financial Statements form an integral part of the condensed consolidated financial statements.

MASTERCRAFT BOAT HOLDINGS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share amounts)

	January 3, 2021	June 30, 2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 12,074	$ 16,319
Accounts receivable, net of allowances of $164 and $247, respectively	7,403	6,145
Income tax receivable	4,828	4,924
Inventories, net (Note 3)	34,570	25,636
Prepaid expenses and other current assets	3,696	3,719
Total current assets	62,571	56,743
Property, plant and equipment, net (Note 4)	55,976	40,481
Goodwill (Note 5)	29,593	29,593
Other intangible assets, net (Note 5)	61,874	63,849
Deferred income taxes	15,782	16,080
Deferred debt issuance costs, net	359	425
Other long-term assets	888	752
Total assets	$ 227,043	$ 207,923
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 14,393	$ 10,510
Accrued expenses and other current liabilities (Note 6)	41,590	35,985
Current portion of long-term debt, net of unamortized debt issuance costs (Note 7)	9,739	8,932
Total current liabilities	65,722	55,427
Long-term debt, net of unamortized debt issuance costs (Note 7)	84,399	99,666
Unrecognized tax positions	4,548	3,683
Other long-term liabilities	373	277
Total liabilities	155,042	159,053
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Common stock, $.01 par value per share — authorized, 100,000,000 shares; issued and outstanding, 18,949,295 shares at January 3, 2021 and 18,871,637 shares at June 30, 2020	189	189
Additional paid-in capital	117,245	116,182
Accumulated deficit	(45,433)	(67,501)
Total stockholders' equity	72,001	48,870
Total liabilities and stockholders' equity	$ 227,043	$ 207,923

Notes to Unaudited Condensed Consolidated Financial Statements form an integral part of the condensed consolidated financial statements.

MASTERCRAFT BOAT HOLDINGS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Dollars in thousands)

	Common Stock		Additional Paid-in	Accumulated	
	Shares	Amount	Capital	Deficit	Total
Balance at June 30, 2020	18,871,637	$ 189	$ 116,182	$ (67,501)	$ 48,870
Share-based compensation activity	80,701	—	486	—	486
Net income	—	—	—	9,567	9,567
Balance at October 4, 2020	18,952,338	189	116,668	(57,934)	58,923
Share-based compensation activity	(3,043)	—	577	—	577
Net income	—	—	—	12,501	12,501
Balance at January 3, 2021	18,949,295	$ 189	$ 117,245	$ (45,433)	$ 72,001

	Common Stock		Additional Paid-in	Accumulated	
	Shares	Amount	Capital	Deficit	Total
Balance at June 30, 2019	18,764,037	$ 188	$ 115,582	$ (43,454)	$ 72,316
Share-based compensation activity	74,960	1	169	—	170
Net income	—	—	—	8,623	8,623
Balance at September 29, 2019	18,838,997	189	115,751	(34,831)	81,109
Share-based compensation activity	33,169	—	(78)	—	(78)
Net income	—	—	—	6,879	6,879
Balance at December 29, 2019	18,872,166	$ 189	$ 115,673	$ (27,952)	$ 87,910

Notes to Unaudited Condensed Consolidated Financial Statements form an integral part of the condensed consolidated financial statements.

MASTERCRAFT BOAT HOLDINGS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	Six Months Ended	
	January 3, 2021	December 29, 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 22,068	$ 15,502
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,599	5,053
Share-based compensation	1,283	544
Unrecognized tax benefits	865	367
Amortization of debt issuance costs	316	282
Changes in certain operating assets and liabilities	(740)	(2,777)
Other, net	764	873
Net cash provided by operating activities	30,155	19,844
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(18,903)	(11,491)
Proceeds from disposal of property, plant and equipment	—	14
Net cash used in investing activities	(18,903)	(11,477)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on revolving credit facility	(30,000)	—
Borrowings on revolving credit facility	20,000	—
Principal payments on long-term debt	(4,710)	(8,292)
Other, net	(787)	(453)
Net cash provided by financing activities	(15,497)	(8,745)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,245)	(378)
CASH AND CASH EQUIVALENTS — BEGINNING OF PERIOD	16,319	5,826
CASH AND CASH EQUIVALENTS — END OF PERIOD	$ 12,074	$ 5,448
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash payments for interest	$ 1,348	$ 2,025
Cash payments for income taxes	5,132	5,376
SIGNIFICANT NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Capital expenditures in accounts payable and accrued expenses	594	427

Notes to Unaudited Condensed Consolidated Financial Statements form an integral part of the condensed consolidated financial statements.

1. ORGANIZATION, BASIS OF PRESENTATION, AND SIGNIFICANT ACCOUNTING POLICIES

Organization — MasterCraft Boat Holdings, Inc. ("Holdings") was formed on January 28, 2000, as a Delaware holding company and operates primarily through its wholly owned subsidiaries, MasterCraft Boat Company, LLC; MasterCraft Services, LLC; MasterCraft Parts, Ltd.; MasterCraft International Sales Administration, Inc.; and Aviara, LLC (collectively "MasterCraft"); Nautic Star, LLC and NS Transport, LLC (collectively "NauticStar"); and Crest Marine, LLC ("Crest"). Holdings and its subsidiaries collectively are referred to herein as the "Company."

Basis of Presentation — The Company's fiscal year begins July 1 and ends June 30, with the interim quarterly reporting periods consisting of 13 weeks. Therefore, the fiscal quarter end will not always coincide with the date of the end of a calendar month.

The unaudited condensed consolidated financial statements have been prepared on the same basis as the Company's audited consolidated financial statements for the year ended June 30, 2020 and, in the opinion of management, reflect all adjustments considered necessary to present fairly the Company's financial position as of January 3, 2021, its results of operations for the three and six months ended January 3, 2021 and December 29, 2019, its cash flows for the six months ended January 3, 2021 and December 29, 2019, and its statements of stockholders' equity for the three and six months ended January 3, 2021 and December 29, 2019. All adjustments are of a normal, recurring nature. Certain information and footnote disclosures normally included in annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and the applicable rules and regulations of the SEC for financial information have been condensed or omitted pursuant to such rules and regulations. The June 30, 2020 condensed consolidated balance sheet data was derived from the audited financial statements but does not include all disclosures required by U.S. GAAP for complete financial statements. However, management believes that the disclosures in these condensed consolidated financial statements are adequate to make the information presented not misleading. These condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements and notes thereto included in our 2020 Annual Report on Form 10-K.

Due to the seasonality of the Company's business, the interim results are not necessarily indicative of the results that may be expected for the remainder of the fiscal year.

COVID-19 Pandemic — To balance wholesale production with the then anticipated impacts to retail demand caused by the economic impacts of the COVID-19 pandemic, the Company reduced production in February 2020 and, in late March 2020, temporarily suspended manufacturing operations at all of the Company's facilities to protect the health of employees and to comply with governmental mandates. The Company resumed operations at reduced production levels at our manufacturing facilities by mid-May. Since that time, our facilities have increased production rates above their pre-COVID levels.

Demand for the Company's products has been strong and, as a result of our employee's committed efforts, disruptions to the Company's production have been minimal since resuming operations in May 2020. However, the Company remains subject to risks and uncertainties as a result of the COVID-19 pandemic. The extent of the impact of the COVID-19 pandemic on the Company's business remains uncertain and difficult to predict, as the response to the COVID-19 pandemic continues to evolve in many countries, including the United States and other markets where the Company and its suppliers operate. Capital markets and economies worldwide have also been negatively impacted by the COVID-19 pandemic, and it has caused economic downturns or recessions in the U.S. and other markets where the Company operates. Such economic disruption could have a material adverse effect on the Company's business as retail demand for our products could decline which would in-turn reduce wholesale demand from the Company's dealers. Policymakers around the world have responded and may continue to respond with fiscal and monetary policy actions to support the economy. The magnitude and overall effectiveness of these actions remain uncertain.

The severity of the impact of the COVID-19 pandemic on the Company's business will depend on a number of factors, including, but not limited to, the duration, spread, severity, and impact of the pandemic, the remedial actions and stimulus measures adopted by local and federal governments, the effects of the pandemic on the Company's consumers, dealers, suppliers and workforce, and to the extent normal economic and operating conditions can resume, all of which are uncertain and cannot be predicted. The Company's future results of operations, cash flows, and liquidity could be adversely impacted by delays in payments of outstanding receivable amounts beyond normal payment terms, supply chain or workforce disruptions and uncertain demand, impairment charges, and the impact of any initiatives that the Company may undertake to address financial and operational challenges faced by it and its consumers, dealers, and suppliers. As of the date of issuance of these consolidated financial statements, the extent to which the COVID-19 pandemic may materially impact the Company's financial condition, liquidity, or results of operations is uncertain.

There were no significant changes in or changes in the application of the Company’s significant or critical accounting policies or estimation procedures for the three and six months ended January 3, 2021 as compared with the significant accounting policies described in the Company’s audited consolidated financial statements for the fiscal year ended June 30, 2020.

New Accounting Pronouncements Issued But Not Yet Adopted

Income Taxes **—** In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes* (Topic 740). This ASU simplifies the accounting for income taxes by, among other things, eliminating certain existing exceptions related to the general approach in ASC 740 relating to franchise taxes, reducing complexity in the interim-period accounting for year-to-date loss limitations and changes in tax laws, and clarifying the accounting for transactions outside of business combination that result in a step-up in the tax basis of goodwill. The transition requirements are primarily prospective, and the effective date is for interim and annual reporting periods beginning after December 15, 2020, with early adoption permitted. We are currently evaluating the impact of the new guidance on our consolidated financial statements.

Recently Adopted Accounting Standards

Fair Value Measurements **—** In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement* (Topic 820): *Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. This guidance modifies the disclosure requirements on fair value measurements in Topic 820 by removing disclosures regarding transfers between Level 1 and Level 2 of the fair value hierarchy, by modifying the measurement uncertainty disclosure, and by requiring additional disclosures for Level 3 fair value measurements, among others. The Company adopted this guidance for its fiscal year beginning July 1, 2020. The adoption of this standard did not have an impact on the consolidated financial statements.

Current Expected Credit Loss — In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326)*: Measurement of Credit Losses on Financial Instruments*, which updated the ASC to use an impairment model that is based on expected losses rather than incurred losses. The Company adopted this guidance for its fiscal year beginning July 1, 2020. The adoption of this standard did not have an impact on the consolidated financial statements**.**

2. REVENUE RECOGNITION

The following tables present the Company’s revenue by major product category for each reportable segment.

	Three Months Ended January 3, 2021				Three Months Ended December 29, 2019			
	MasterCraft	**NauticStar**	**Crest**	**Total**	**MasterCraft**	**NauticStar**	**Crest**	**Total**
Major Product Categories:								
Boats and trailers	$ 80,806	$ 14,857	$ 20,757	$ 116,420	$ 66,332	$ 15,485	$ 16,097	$ 97,914
Parts	1,726	87	138	1,951	1,276	87	121	1,484
Other revenue	227	5	74	306	149	4	77	230
Total	$ 82,759	$ 14,949	$ 20,969	$ 118,677	$ 67,757	$ 15,576	$ 16,295	$ 99,628

	Six Months Ended January 3, 2021				Six Months Ended December 29, 2019			
	MasterCraft	NauticStar	Crest	Total	MasterCraft	NauticStar	Crest	Total
Major Product Categories:								
Boats and trailers	$ 149,388	$ 27,073	$ 38,368	$ 214,829	$ 135,619	$ 33,319	$ 34,721	$ 203,659
Parts	6,271	211	529	7,011	4,707	246	301	5,254
Other revenue	464	7	111	582	344	6	154	504
Total	$ 156,123	$ 27,291	$ 39,008	$ 222,422	$ 140,670	$ 33,571	$ 35,176	$ 209,417

Contract Liabilities

As of June 30, 2020, the Company had $0.6 million of contract liabilities associated with customer deposits. During the six months ended January 3, 2021, all of this amount was recognized as revenue. As of January 3, 2021, total contract liabilities associated with customer deposits were $1.5 million, were reported in Accrued expenses and other current liabilities on the condensed consolidated balance sheet, and are expected to be recognized as revenue during the remainder of the year ended June 30, 2021.

3. INVENTORIES

Inventories consisted of the following:

	January 3, 2021	June 30, 2020
Raw materials and supplies	$ 24,258	$ 18,318
Work in process	5,822	3,866
Finished goods	6,558	4,876
Obsolescence reserve	(2,068)	(1,424)
Total inventories	$ 34,570	$ 25,636

4. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment, net consisted of the following:

	January 3, 2021	June 30, 2020
Land and improvements	$ 5,633	$ 3,030
Buildings and improvements	35,344	22,366
Machinery and equipment	39,445	38,262
Furniture and fixtures	2,665	2,229
Construction in progress	3,143	1,312
Total property, plant, and equipment	86,230	67,199
Less accumulated depreciation	(30,254)	(26,718)
Property, plant, and equipment — net	$ 55,976	$ 40,481

Merritt Island Facility

During October 2020 we completed the purchase of certain real property located in Merritt Island, Florida, including a boat manufacturing facility, for a purchase price of $14.2 million (the “Merritt Island Facility”). The new Merritt Island Facility provides a dedicated manufacturing center for our Aviara brand.

5. GOODWILL AND OTHER INTANGIBLE ASSETS

The carrying amounts of goodwill as of January 3, 2021 and June 30, 2020, attributable to each of the Company's reportable segments, were as follows:

	Gross Amount	Accumulated Impairment Losses	Total
MasterCraft	$ 29,593	$ -	$ 29,593
NauticStar	36,199	(36,199)	-
Crest	36,238	(36,238)	-
Total	$ 102,030	$ (72,437)	$ 29,593

The following table presents the carrying amount of Other intangible assets, net:

	January 3, 2021			June 30, 2020		
	Gross Amount	Accumulated Amortization / Impairment	Other intangible assets, net	Gross Amount	Accumulated Amortization / Impairment	Other intangible assets, net
Amortized intangible assets						
Dealer networks	$ 39,500	$ (11,761)	$ 27,739	$ 39,500	$ (9,810)	$ 29,690
Software	245	(110)	135	245	(86)	159
	39,745	(11,871)	27,874	39,745	(9,896)	29,849
Unamortized intangible assets						
Trade names	49,000	(15,000)	34,000	49,000	(15,000)	34,000
Total other intangible assets	$ 88,745	$ (26,871)	$ 61,874	$ 88,745	$ (24,896)	$ 63,849

Amortization expense related to Other intangible assets, net for the three and six months ended both January 3, 2021 and December 29, 2019 was $1.0 million and $2.0 million, respectively. Estimated amortization expense for the fiscal year ended June 30, 2021 is $4.0 million.

6. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following:

	January 3, 2021	June 30, 2020
Warranty	$ 20,919	$ 20,004
Dealer incentives	9,456	9,180
Compensation and related accruals	4,120	1,488
Inventory repurchase contingent obligation	891	1,132
Self-insurance	599	704
Debt interest	226	—
Other	5,379	3,477
Total accrued expenses and other current liabilities	$ 41,590	$ 35,985

Accrued warranty liability activity was as follows for the six months ending:

	January 3, 2021	December 29, 2019
Balance at the beginning of the period	$ 20,004	$ 17,205
Provisions	4,469	3,858
Payments made	(4,272)	(4,332)
Aggregate changes for preexisting warranties	718	1,764
Balance at the end of the period	$ 20,919	$ 18,495

7. LONG-TERM DEBT

Long-term debt is as follows:

	January 3, 2021	June 30, 2020
Revolving credit facility	$ -	$ 10,000
Term loans	95,283	99,993
Debt issuance costs on term loans	(1,145)	(1,395)
Total debt	94,138	108,598
Less current portion of long-term debt	10,205	9,420
Less current portion of debt issuance costs on term loans	(466)	(488)
Long-term debt, net of current portion	$ 84,399	$ 99,666

On October 1, 2018, the Company entered into a Fourth Amended and Restated Credit and Guaranty Agreement with a syndicate of certain financial institutions (the "Fourth Amended Credit Agreement"). The Fourth Amended Credit Agreement provides the Company with a $190.0 million senior secured credit facility, consisting of a $75.0 million term loan, and an $80.0 million term loan (together, the "Term Loans"), and a $35.0 million revolving credit facility (the "Revolving Credit Facility"). The Fourth Amended Credit Agreement is secured by substantially all the assets of the Company. Holdings is a guarantor on the Fourth Amended Credit Agreement and the Fourth Amended Credit Agreement contains covenants that restrict the ability of Holdings' subsidiaries to make distributions to Holdings. The Term Loans will mature and all remaining amounts outstanding thereunder will be due and payable on October 1, 2023.

Amendment No. 3 to Fourth Amended Credit Agreement

On May 7, 2020, the Company entered into Amendment No. 3 to the Fourth Amended Credit Agreement (the "Amendment No. 3"). The changes effected by Amendment No. 3 include, among others, the temporary removal and replacement of the Company's financial covenants, the addition of a 50 basis point floor on LIBOR, modifications to the range of applicable LIBOR and prime interest rate margins, and a revision of the Total Net Leverage Ratio calculation. Under Amendment No. 3, the Total Net Leverage Ratio covenant and Fixed Charge Coverage Ratio covenant of the Fourth Amended Credit Agreement are temporarily replaced with three separate covenants: (i) an Interest Coverage Ratio, (ii) a Minimum Liquidity threshold, and (iii) a Maximum Unfinanced Capital Expenditures limitation (the "Package of Financial Covenants"). The Package of Financial Covenants are in place through the quarter ended March 31, 2021, after which time the Total Net Leverage Ratio covenant and Fixed Charge Coverage Ratio covenant will be reinstated and the Package of Financial Covenants will sunset, and with the minimum liquidity covenant being tested on the last day of each fiscal month through May 31, 2021. In addition, the Total Net Leverage Ratio calculation was temporarily revised to include all unrestricted cash balances, without limitation, until June 30, 2021. As of January 3, 2021, the Company was in compliance with its financial covenants under Amendment No. 3 to the Fourth Amended Credit Agreement.

Pursuant to the Amendment, the applicable interest, at the Company's option, is at either the prime rate plus an applicable margin ranging from 0.5% to 2.25% or at a LIBOR rate, subject to a 50 basis point floor, plus an applicable margin ranging from 1.5% to 3.25%, in each case based on the Company's Total Net Leverage Ratio. As of January 3, 2021 the applicable margin for loans accruing interest at the prime rate was 1.00% and the applicable margin for loans accruing interest at LIBOR was 2.00%.

Amendment No. 4 and Joinder to Fourth Amended Credit Agreement

On October 26, 2020, the Company entered into Amendment No. 4 and Joinder to the Fourth Amended Credit Ageement (the "Amendment No. 4"). In conjunction with the new Merritt Island Facility purchase (see Note 4), the assets were organized in a new wholly-owned subsidiary of the Company. The changes effected by Amendment No. 4 add this new subsidiary as a borrower under the Fourth Amended Credit Agreement.

Revolving Credit Facility

During October 2020 the Company borrowed $20.0 million under its $35.0 million Revolving Credit Facility to fund the purchase of the Merrit Island Facility. The Company subsequently repaid all outstanding amounts and, as of January 3, 2021, the availability under the Revolving Credit Facility was $35.0 million.

8. INCOME TAXES

The Company's consolidated interim effective tax rate is based on a current estimate of the annual effective income tax rate adjusted to reflect the impact of discrete items. The differences between the Company's effective tax rates and the statutory federal tax rate of 21.0% primarily relate to the inclusion of the state tax rate in the overall effective rate, the benefit of federal and state credits, and a permanent benefit associated with the foreign derived intangible income deduction, partially offset by a permanent add-back for Section 162(m) limitations. During the three months ended January 3, 2021 and December 29, 2019, the Company's effective tax rates were 22.2% and 24.4%, respectively. During the six months ended January 3, 2021 and December 29, 2019, the Company's effective tax rates were 22.5% and 24.2%, respectively. The Company's effective tax rate for the three and six months ended January 3, 2021 is lower compared to the effective tax rate for the three and six months ended December 29, 2019, primarily due to an increase in the benefit of federal and state tax credits and a reduction in the effective state tax rate, partially offset by a decrease in the Company's net permanent benefits, largely driven by changes in the foreign derived intangible income deduction and add-back for Section 162(m) limitations.

9. EARNINGS PER SHARE

The following table sets forth the computation of the Company's earnings per share:

	Three Months Ended		Six Months Ended	
	January 3, 2021	December 29, 2019	January 3, 2021	December 29, 2019
Net income	$ 12,501	$ 6,879	$ 22,068	$ 15,502
Weighted average shares — basic	18,807,316	18,730,688	18,790,826	18,727,267
Dilutive effect of assumed exercises of stock options	13,950	22,629	14,025	25,052
Dilutive effect of assumed restricted share awards/units	107,142	17,466	92,766	18,451
Weighted average outstanding shares — diluted	18,928,408	18,770,783	18,897,617	18,770,770
Basic earnings per share	$ 0.66	$ 0.37	$ 1.17	$ 0.83
Diluted earnings per share	$ 0.66	$ 0.37	$ 1.17	$ 0.83

For the three and six months ended January 3, 2021 and December 29, 2019, an immaterial number of shares were excluded from the computation of diluted earnings per share as the effect would have been anti-dilutive.

10. SHARE-BASED COMPENSATION

The following table presents the components of share-based compensation expense by award type.

	Three Months Ended		Six Months Ended	
	January 3, 2021	December 29, 2019	January 3, 2021	December 29, 2019
Restricted stock awards	$ 388	$ 268	$ 805	$ 520
Performance stock units	255	(236)	478	15
Stock options	—	—	—	9
Share-based compensation expense	$ 643	$ 32	$ 1,283	$ 544

Restricted Stock Awards

During the six months ended January 3, 2021, the Company granted 87,047 restricted stock awards ("RSAs") to the Company's non-executive directors, officers and certain other key employees. Generally, the shares of restricted stock granted during the six months ended January 3, 2021, vest pro-rata over three years for officers and certain other key employees and over one year for non-executive directors. The Company determined the fair value of the shares awarded by using the close price of our common stock as of the date of grant. The weighted average grant date fair value of RSAs granted in the six months ended January 3, 2021, was $19.96 per share.

The following table summarizes the status of nonvested RSAs as of January 3, 2021, and changes during the six months then ended.

	Nonvested Restricted Shares	Average Grant-Date Fair Value (per share)
Nonvested at June 30, 2020	106,894	$ 18.01
Granted	87,047	19.96
Vested	(53,670)	18.02
Forfeited	(8,673)	19.29
Nonvested at January 3, 2021	131,598	19.21

As of January 3, 2021, there was $1.9 million of total unrecognized compensation expense related to nonvested RSAs. The Company expects this expense to be recognized over a weighted average period of 1.9 years.

Performance Stock Units

Performance stock units ("PSUs") are a form of long-term incentive compensation awarded to executive officers and certain other key employees designed to directly align the interests of employees to the interests of the Company's stockholders, and to create long-term stockholder value. The awards will be earned based on the Company's achievement of certain performance criteria over a three-year performance period. The performance period for the awards commences on July 1 of the fiscal year in which they were granted and continue for a three-year period, ending on June 30 of the applicable year. The probability of achieving the performance criteria is assessed quarterly. Following the determination of the Company's achievement with respect to the performance criteria, the number of shares awarded is subject to further adjustment based on the application of a total shareholder return ("TSR") modifier. The grant date fair value is determined based on both the probability assessment of the Company achieving the performance criteria and an estimate of the expected TSR modifier. The TSR modifier estimate is determined using a Monte Carlo Simulation model, which considers the likelihood of numerous possible outcomes of long-term market performance. Compensation expense related to nonvested PSUs is recognized ratably over the performance period.

Supplemental PSUs

On July 16, 2020, after consulting with outside compensation advisors and outside legal counsel, reviewing market data and benchmarking expected relative compensation to the market data, the Company's Compensation Committee made the decision to grant additional PSUs under the Long-term Incentive Plan ("LTIP Program") to certain of the Company's officers, (the "Supplemental PSUs"). The "Performance Period" for the Supplemental PSUs is a two-year period commencing July 1, 2020 and ending June 30, 2022. The Supplemental PSUs were granted to attract and motivate key employees whose existing fiscal 2019 and fiscal 2020 PSU grants (the "Existing PSUs") were unlikely to achieve minimum performance goals due to the unprecedented effects of the COVID-19 pandemic.

The number of Supplemental PSUs that a grantee earns for the performance period will be determined by multiplying the target award by the product of (i) the Composite Payout Percentage and (ii) the Relative TSR Modifier. The "Composite Payout Percentage" is calculated based on the Company's Total Market Share Percentage, Total Consumer Satisfaction Index Percentage and Total Dealer Inventory Turnover Percentage (each as defined in the Supplemental PSU Award Agreement). Following the determination of the Company's achievement with respect to the Composite Payout Percentage over the Performance Period, the vesting of each award will be subject to adjustment based upon the application of a Relative TSR Modifier. The Supplemental PSUs are capped at 90% of the Existing PSUs' original fair value and would be reduced for any shares issuable upon satisfaction of the performance criteria pursuant to the Existing PSUs.

The following table summarizes the status of nonvested PSUs as of January 3, 2021, and changes during the six months then ended.

	Nonvested Performance Stock Units		**Average Grant-Date Fair Value (per share)**
Nonvested at June 30, 2020	67,404	$	20.02
Granted	121,914		19.99
Vested	-		-
Forfeited	(15,588)		20.25
Nonvested at January 3, 2021	173,730		19.98

As of January 3, 2021, there was $1.9 million of total unrecognized compensation expense related to nonvested PSUs. The Company expects this expense to be recognized over a weighted average period of 2.0 years.

11. SEGMENT INFORMATION

The Company designs, manufactures, and markets recreational performance sport boats, luxury day boats, and outboard boats under three operating and reportable segments: MasterCraft, NauticStar, and Crest. The Company's segments are defined by the Company's operational and reporting structures.

- The MasterCraft segment produces boats under two product brands, MasterCraft and Aviara, at its Vonore, Tennessee facility. MasterCraft boats are premium recreational performance sport boats primarily used for water skiing, wakeboarding, wake surfing, and general recreational boating. Aviara boats are luxury day boats primarily used for general recreational boating. Production of Aviara boats began during the year ended June 30, 2019 and the Company began selling these boats in July 2019. During the three months ended January 3, 2021, the Company began transitioning Aviara production to the Merritt Island, Facility. The Company anticipates all Aviara boats to be produced at the Merritt Island Facility by the end of fiscal 2021.
- The NauticStar segment produces boats at its Amory, Mississippi facility. NauticStar's boats are primarily used for saltwater fishing and general recreational boating.
- The Crest segment produces pontoon boats at its Owosso, Michigan facility. Crest's boats are primarily used for general recreational boating.

Each segment distributes its products through its own dealer network. The Chief Operating Decision Maker ("CODM"), which is our Chief Executive Officer, regularly reviews the operating performance of each segment including measures of performance based on operating income. Each segment has its own management structure which is responsible for the operations of the segment and which is directly accountable to the CODM. The Company files a consolidated income tax return and does not allocate income taxes and other corporate-level expenses, including interest, to operating segments. All material corporate costs are included in the MasterCraft segment.

Selected financial information for the Company's reportable segments was as follows:

	For the Three Months Ended January 3, 2021			
	MasterCraft	**NauticStar**	**Crest**	**Consolidated**
Net sales	$ 82,759	$ 14,949	$ 20,969	$ 118,677
Operating income (loss)	14,621	(326)	2,650	16,945
Depreciation and amortization	1,435	802	624	2,861
Purchases of property, plant and equipment	16,412	516	23	16,951

	For the Six Months Ended January 3, 2021			
	MasterCraft	**NauticStar**	**Crest**	**Consolidated**
Net sales	$ 156,123	$ 27,291	$ 39,008	$ 222,422
Operating income (loss)	27,982	(1,945)	4,312	30,349
Depreciation and amortization	2,735	1,616	1,248	5,599
Purchases of property, plant and equipment	18,121	759	23	18,903

	For the Three Months Ended December 29, 2019			
	MasterCraft	**NauticStar**	**Crest**	**Consolidated**
Net sales	$ 67,757	$ 15,576	$ 16,295	$ 99,628
Operating income (loss)	10,600	(673)	408	10,335
Depreciation and amortization	1,158	924	601	2,683
Purchases of property, plant and equipment	1,631	1,095	4,447	7,173

	For the Six Months Ended December 29, 2019			
	MasterCraft	**NauticStar**	**Crest**	**Consolidated**
Net sales	$ 140,670	$ 33,571	$ 35,176	$ 209,417
Operating income (loss)	22,807	(646)	871	23,032
Depreciation and amortization	2,177	1,725	1,151	5,053
Purchases of property, plant and equipment	4,365	1,914	5,212	11,491

The following table presents total assets for the Company's reportable segments.

	January 3, 2021	**June 30, 2020**
Assets:		
MasterCraft	$ 309,090	$ 294,139
NauticStar	40,918	36,720
Crest	40,048	40,077
Eliminations[(a)]	(163,013)	(163,013)
Total assets	$ 227,043	$ 207,923

(a) Represents the Company's initial investment in NauticStar and Crest, which is included in total assets attributed to the MasterCraft segment.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion and analysis should be read together with the unaudited condensed consolidated financial statements and notes thereto included elsewhere in this Quarterly Report on Form 10-Q. In addition, the statements in this discussion and analysis regarding our expectations concerning the performance of our business, anticipated financial results, liquidity and the other non-historical statements are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described in "Cautionary Note Regarding Forward-Looking Statements" above and in "Risk Factors" set forth in our 2020 Annual Report on Form 10-K. Our actual results may differ materially from those contained in or implied by any forward-looking statements.

Certain statements in the following discussions are based on non-GAAP financial measures. A "non-GAAP financial measure" is a numerical measure of a registrant's historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with U.S. GAAP in the statements of operations, balance sheets or statements of cash flows of the issuer; or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. Non-GAAP financial measures do not include operating and statistical measures. The Company includes non-GAAP financial measures in Management's Discussion and Analysis, as the Company's management believes that these measures and the information they provide are useful to users of the financial statements, including investors, because they permit users of the financial statements to view the Company's performance using the same tools that management utilizes and to better evaluate the Company's ongoing business performance. In order to better align the Company's reported results with the internal metrics used by the Company's management to evaluate business performance as well as to provide better comparisons to prior periods and peer data, non-GAAP measures exclude the impact of purchase accounting amortization related to business acquisitions.

COVID-19 Pandemic

Demand for the Company's products has been strong and, as a result of our employee's committed efforts, disruptions to the Company's production have been minimal since resuming operations in May 2020. However, we continue to be subject to risks and uncertainties as a result of the COVID-19 pandemic. The extent of the impact of the COVID-19 pandemic on our business remains uncertain and difficult to predict, as the response to the COVID-19 pandemic is still evolving in many countries, including the United States and other markets where we and our suppliers operate.

Impact to Operations

To balance wholesale production with the anticipated impacts to retail demand caused by the economic impacts of the COVID-19 pandemic, we reduced production in February 2020 and, in late March 2020, temporarily suspended manufacturing operations at all of our facilities to protect the health of our employees and comply with governmental mandates. We resumed operations at reduced production levels at our manufacturing facilities by mid-May 2020. Since that time, our facilities have increased production rates above their pre-COVID levels, and we plan further increases to meet strong retail demand.

MasterCraft, NauticStar and Crest each achieved a steady increase in production during the first and second quarters of fiscal 2021. Although all of our segments made progress, NauticStar's performance lagged behind our other brands during the first and second quarters of fiscal 2021. In August 2020, we announced that Scott Womack had been named President of NauticStar. We believe NauticStar will greatly benefit from Mr. Womack's years of executive leadership, manufacturing experience and proven dedication to operational excellence.

We and our dealers have historically utilized public boat shows, which typically occur from January through early April across North America, to showcase our newest models and features. The COVID-19 pandemic has caused the cancellation of most large 2021 boat shows. In response, we have launched an online platform aimed at engaging with consumers during this dynamic boat show season. This digital platform, named the MasterCraft Experience Digital Boat Show, is designed to bridge the gap between consumers seeking a safe, flexible avenue to research the MasterCraft brand and its products, and our dealers looking to connect with consumers as the summer selling season approaches. We also launched similar online experiences for the Crest and Aviara brands, and in the near future plan to launch a platform for our NauticStar brand.

Impact to Liquidity and Capital Resources

During March 2020, we drew $35.0 million on our Revolving Credit Facility as a precautionary measure in order to increase our cash position and preserve financial flexibility in light of uncertainty in the global markets resulting from the COVID-19 pandemic. Additionally, on May 7, 2020, we entered into Amendment No. 3 (the “Amendment”) to the Fourth Amended & Restated Credit and Guarantee Agreement (the “Credit Facility”) to strengthen our financial flexibility. Among other things, the changes effected by the Amendment provide temporary relief under our financial covenants. See Note 7 in Notes to Consolidated Financial Statements for more information regarding these changes. The performance of the business and our cash management activities provided the flexibility to repay the entire Revolving Credit Facility as of October 4, 2020. As of January 3, 2021, we were in compliance with our financial covenants under the Amendment to the Credit Facility.

Outlook

We believe strong marine retail demand, coupled with abnormally low retail inventory levels for all our brands have created a growth opportunity for fiscal 2021 and potentially into future years. Our facilitites are now running at production rates above their pre-COVID levels and we continue to ramp up production further. We expect this ramp up phase to continue through fiscal 2021 in order to meet strong wholesale demand as our dealers seek to satisfy current retail order flow and replenish their stock inventory. As we navigate the unprecedented confluence of demand and disruption precipitated by the COVID-19 pandemic, our production during this ramp up period will depend, in large part, on our suppliers’ capacity. Additionally, our ability to grow and retain a high-performing workforce will be critical to meeting our production objectives.

Although the consumer responses to the COVID-19 pandemic have thus far resulted in strong demand for our products, significant uncertainty exists in the economy as a result of the unpredictable outlook for the COVID-19 pandemic. The ultimate impact of the COVID-19 pandemic on our business is uncertain and will depend on a number of factors, including the duration, spread and severity, the remedial action and stimulus measures adopted by local, state and federal governments, the effects of the pandemic on our consumers, dealers, suppliers and workforce, and the extent to which normal economic and operating conditions can resume and be sustained within the general economy. Our future results of operations, cash flows, and liquidity could be adversely impacted by delays in payments of outstanding receivable amounts beyond normal payment terms, supply chain or workforce disruptions and uncertain demand, additional manufacturing suspensions, additional other intangible asset impairment charges, and the impact of any initiatives that we may undertake to address financial and operational challenges faced by us and our consumers, dealers, and suppliers.

Overview of Consolidated Results of Operations

Net sales were $118.7 million for the second quarter of 2021, which represented an increase of 19.1 percent as compared to the second quarter of 2020. The increase was primarily due to higher sales volumes at each of our segments, a favorable mix of higher-priced and higher-contented models and lower dealer incentives.

Net sales were $222.4 million for the six months ended January 3, 2021, which represented an increase of 6.2 percent as compared to the six months ended December 29, 2020. The increase was primarily the result of a favorable mix of higher-priced and higher-contented models and lower dealer incentives. This favorability was partially offset by slightly lower sales volume, primarily during the fiscal first quarter.

Gross margin increased by 340 basis points to 24.7 percent for the second quarter of 2021 from 21.2 percent for the prior year period primarily due to favorable overhead absorption driven by higher sales volume, higher prices, lower dealer incentives and materials cost containment, partially offset by higher labor costs.

Gross margin increased by 270 basis points to 25.0 percent for the six months ended January 3, 2021 from 22.3 percent for the prior year period primarily due to lower dealer incentives and materials cost containment, and higher prices, partially offset by unfavorable overhead absorption and higher labor costs.

Net income was $12.5 million for the second quarter of 2021, compared to Net income of $6.9 million for the second quarter of 2020. Diluted earnings per share was $0.66, compared to diluted earnings per share of $0.37 for the prior year period.

Net income was $22.1 million for the six months ended January 3, 2021, compared to Net income of $15.5 million for the prior year period. Diluted earnings per share was $1.17, compared to diluted earnings per share of $0.83 for the prior year period.

Merritt Island Facility and Aviara Transition

On October 26, 2020, we completed the purchase of certain real property located in Merritt Island, Florida, including an approximately 140,000 sq. ft. boat manufacturing facility, (the “Merritt Island Facility”) for a purchase price of $14.2 million. We are expanding our overall boat building capacity by moving all Aviara production to the Merritt Island Facility. While we believe this additional capacity will help facilitate Aviara’s long-term growth, importantly, removing Aviara production from our Vonore, Tennessee facility allowed for an immediate increase in capacity and productivity for our MasterCraft brand. Although the transition of Aviara’s production is still ongoing, we began producing Aviara in the Merritt Island Facility in December 2020.

Results of Operations

The table below presents our consolidated results of operations for the three months ended:

	Three Months Ended January 3, 2021	Three Months Ended December 29, 2019	2021 vs. 2020 Change	2021 vs. 2020 % Change
	(Dollars in thousands)			
Consolidated statements of operations:				
NET SALES	$ 118,677	$ 99,628	$ 19,049	19.1%
COST OF SALES	89,404	78,486	10,918	13.9%
GROSS PROFIT	29,273	21,142	8,131	38.5%
OPERATING EXPENSES:				
Selling and marketing	2,989	4,343	(1,354)	(31.2%)
General and administrative	8,352	5,477	2,875	52.5%
Amortization of other intangible assets	987	987	-	0.0%
Total operating expenses	12,328	10,807	1,521	14.1%
OPERATING INCOME	16,945	10,335	6,610	64.0%
OTHER EXPENSE:				
Interest expense	870	1,237	(367)	(29.7%)
INCOME BEFORE INCOME TAX EXPENSE	16,075	9,098	6,977	76.7%
INCOME TAX EXPENSE	3,574	2,219	1,355	61.1%
NET INCOME	$ 12,501	$ 6,879	$ 5,622	81.7%
Additional financial and other data:				
Unit sales volume:				
MasterCraft	784	716	68	9.5%
NauticStar	355	337	18	5.3%
Crest	575	420	155	36.9%
Consolidated unit sales volume	1,714	1,473	241	16.4%
Net sales:				
MasterCraft	$ 82,759	$ 67,757	$ 15,002	22.1%
NauticStar	14,949	15,576	(627)	(4.0%)
Crest	20,969	16,295	4,674	28.7%
Consolidated net sales	$ 118,677	$ 99,628	$ 19,049	19.1%
Net sales per unit:				
MasterCraft	$ 106	$ 95	$ 11	11.6%
NauticStar	42	46	(4)	(8.7%)
Crest	36	39	(3)	(7.7%)
Consolidated net sales per unit	69	68	1	1.5%
Gross margin	24.7%	21.2%	340 bps	

Three Months Ended January 3, 2021 Compared to the Three Months Ended December 29, 2019

Net Sales. Net Sales for the second quarter were $118.7 million, an increase of $19.0 million, or 19.1 percent, compared to $99.6 million for the prior-year period. The increase was primarily due to:

- a $15.0 million increase for the MasterCraft segment driven by a 9.5 percent increase in sales volume, a favorable mix of higher-priced and higher-contented models, and lower dealer incentives,
- a $4.7 million increase for the Crest segment resulting from a 36.9 percent increase in sales volume, higher prices, options favorability, and lower dealer incentives, partially offset by model mix, and

- a $0.6 million decrease for the NauticStar segment primarily due to model mix, partially offset by a 5.3 percent increase in sales volume.

Gross Profit and Gross Margin. Gross profit increased $8.1 million, or 38.5 percent, to $29.3 million compared to $21.1 million for the prior-year period. The increase was primarily a result of higher sales volumes, higher prices, and lower dealer incentives at MasterCraft and Crest and favorable model and options mix at MasterCraft. These increases were partially offset by higher labor costs at MasterCraft, NauticStar, and Crest as well as higher variable compensation costs and Aviara transition costs at MasterCraft. We expect to realize higher labor costs for the full fiscal year due to changes, implemented in the first quarter of fiscal 2021, to our production employee compensation packages.

Gross margin increased due to favorable overhead absorption driven by higher sales volume, higher prices, lower dealer incentives and materials cost containment, partially offset by higher labor costs.

Operating Expenses. Operating expenses increased $1.5 million, or 14.1 percent, compared to the prior-year period primarily driven by higher general and administrative expenses, resulting from higher incentive compensation costs and additional investment related to product development. This increase was partially offset by lower selling and marketing costs, primarily due to the timing of anticipated expense, which has been delayed by the COVID-19 pandemic until later in the fiscal year.

Interest Expense. Interest expense decreased $0.4 million, or 29.7 percent primarily due to lower effective interest rates and lower average outstanding debt balances during the quarter compared to the prior-year period.

Income Tax Expense. Our consolidated interim effective income tax rate decreased to 22.2 percent for the second quarter of 2021 from 24.4 percent for the prior-year period.

	Six Months Ended			2021 vs. 2020	
	January 3, 2021	December 29, 2019		Change	% Change
	(Dollars in thousands)				
Consolidated statements of operations:					
NET SALES	$ 222,422	$ 209,417		$ 13,005	6.2%
COST OF SALES	166,919	162,742		4,177	2.6%
GROSS PROFIT	55,503	46,675		8,828	18.9%
OPERATING EXPENSES:					
Selling and marketing	5,896	8,407		(2,511)	(29.9%)
General and administrative	17,284	13,262		4,022	30.3%
Amortization of other intangible assets	1,974	1,974		-	0.0%
Total operating expenses	25,154	23,643		1,511	6.4%
OPERATING INCOME (LOSS)	30,349	23,032		7,317	31.8%
OTHER EXPENSE:					
Interest expense	1,889	2,581		(692)	(26.8%)
INCOME (LOSS) BEFORE INCOME TAX EXPENSE	28,460	20,451		8,009	39.2%
INCOME TAX EXPENSE (BENEFIT)	6,392	4,949		1,443	29.2%
NET INCOME (LOSS)	$ 22,068	$ 15,502		$ 6,566	42.4%
Additional financial and other data:					
Unit sales volume:					
MasterCraft	1,431	1,457		(26)	(1.8%)
NauticStar	646	733		(87)	(11.9%)
Crest	1,012	946		66	7.0%
Consolidated unit sales volume	3,089	3,136		(47)	(1.5%)
Net sales:					
MasterCraft	$ 156,123	$ 140,670		$ 15,453	11.0%
NauticStar	27,291	33,571		(6,280)	(18.7%)
Crest	39,008	35,176		3,832	10.9%
Consolidated net sales	$ 222,422	$ 209,417		$ 13,005	6.2%
Net sales per unit:					
MasterCraft	$ 109	$ 97		$ 12	12.4%
NauticStar	42	46		(4)	(8.7%)
Crest	39	37		2	5.4%
Consolidated net sales per unit	72	67		5	7.5%
Gross margin	25.0%	22.3%		270 bps	

Six Months Ended January 3, 2021 Compared to the Six Months Ended December 29, 2019

Net Sales. Net Sales for the six months ended January 3, 2021 were $222.4 million, an increase of $13.0 million, or 6.2 percent, compared to $209.4 million for the prior-year period. The increase was primarily due to:

- a $15.5 million increase for the MasterCraft segment, as the impact of slightly lower sales volume associated with our continued production ramp up was offset by a favorable mix of higher-priced and higher-contented models, lower dealer incentives, and higher parts sales volume,
- a $3.8 million increase for the Crest segment primarily due to higher sales volume, lower dealer incentives, and higher prices, partially offset by model mix, and
- a $6.3 million decrease for the NauticStar segment primarily due lower sales volume and model mix, partially offset by higher prices.

Gross Profit and Gross Margin. Gross profit increased $8.8 million, or 18.9 percent, to $55.5 million compared to $46.7 million for the prior-year period. The increase was primarily a result of lower dealer incentives, higher prices, and higher parts revenue at MasterCraft and Crest and favorable model and options mix at MasterCraft. These increases were partially offset by lower sales volume at MasterCraft and NauticStar, higher labor costs for each reportable segment, and higher variable compensation costs and Aviara transition costs at MasterCraft. We expect to realize higher labor costs for the full fiscal year due to changes, implemented in the first quarter of fiscal 2021, to our production employee compensation packages.

Gross margin increased primarily due to lower dealer incentives and materials cost containment, and higher prices, partially offset by unfavorable overhead and higher labor costs.

Operating Expenses. Operating expenses increased $1.5 million, or 6.4 percent, compared to the prior-year period due to higher general and administrative expenses, primarily driven by higher incentive compensation costs and additional investment related to information technology and product development. This increase was partially offset by lower selling and marketing costs, primarily due to the timing of anticipated expense, which has been delayed by the COVID-19 pandemic until later in the fiscal year.

Interest Expense. Interest expense decreased $0.7 million, or 26.8 percent primarily due to lower effective interest rates and lower average outstanding debt balances during the quarter compared to the prior-year period.

Income Tax Expense. Our consolidated interim effective income tax rate decreased to 22.5 percent for the six months ended January 3, 2021 from 24.2 percent for the prior-year period.

Non-GAAP Measures

EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin

We define EBITDA as earnings before interest expense, income taxes, depreciation and amortization. We define Adjusted EBITDA as EBITDA further adjusted to eliminate certain non-cash charges or other items that we do not consider to be indicative of our core and/or ongoing operations. For the periods presented herein, these adjustments include Aviara transition costs, Aviara (new brand) startup costs, and non-cash share-based compensation. We define Adjusted EBITDA margin as Adjusted EBITDA expressed as a percentage of Net sales.

Adjusted Net Income and Adjusted Net Income Per Share

We define Adjusted Net Income and Adjusted Net Income per share as net income adjusted to eliminate certain non-cash charges or other items that we do not consider to be indicative of our core and/or ongoing operations and adjusted for the impact to income tax expense related to non-GAAP adjustments. For the periods presented herein, these adjustments include Aviara transition costs, Aviara (new brand) startup costs, and certain non-cash items including other intangible asset amortization and share-based compensation.

EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net Income, and Adjusted Net Income per share, which we refer to collectively as the Non-GAAP Measures, are not measures of net income or operating income as determined under accounting principles generally accepted in the United States, or U.S. GAAP. The Non-GAAP Measures are not measures of performance in accordance with U.S. GAAP and should not be considered as an alternative to net income, net income per share, or operating cash flows determined in accordance with U.S. GAAP. Additionally, Adjusted EBITDA is not intended to be a measure of cash flow. We believe that the inclusion of the Non-GAAP Measures is appropriate to provide additional information to investors because securities analysts and investors use the Non-GAAP Measures to assess our operating performance across periods on a consistent basis and to evaluate the relative risk of an investment in our securities. We use Adjusted Net Income and Adjusted Net Income per share to facilitate a comparison of our operating performance on a consistent basis from period to period that, when viewed in combination with our results prepared in accordance with U.S. GAAP, provides a more complete understanding of factors and trends affecting our business than does U.S. GAAP measures alone. We believe Adjusted Net Income and Adjusted Net Income per share assists our board of directors, management, investors, and other users of the financial statements in comparing our net income on a consistent basis from period to period because it removes certain non-cash items and other items that we do not consider to be indicative of our core and/or ongoing operations and adjusts for the impact to income tax expense (benefit) related to non-GAAP adjustments. The Non-GAAP Measures have limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our results as reported under U.S. GAAP. Some of these limitations are:

- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future and Adjusted EBITDA does not reflect any cash requirements for such replacements;
- Adjusted EBITDA does not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect our tax expense or any cash requirements to pay income taxes;
- Adjusted EBITDA does not reflect interest expense, or the cash requirements necessary to service interest payments on our indebtedness; and
- Adjusted Net Income, Adjusted Net Income per share, and Adjusted EBITDA do not reflect the impact of earnings or charges resulting from matters we do not consider to be indicative of our core and/or ongoing operations, but may nonetheless have a material impact on our results of operations.

In addition, because not all companies use identical calculations, our presentation of the Non-GAAP Measures may not be comparable to similarly titled measures of other companies, including companies in our industry.

The following table presents a reconciliation of net income as determined in accordance with U.S. GAAP to EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin for the periods indicated:

	Three Months Ended		Six Months Ended	
	January 3, 2021	**December 29, 2019**	**January 3, 2021**	**December 29, 2019**
Net income	$ 12,501	$ 6,879	$ 22,068	$ 15,502
Income tax expense	3,574	2,219	6,392	4,949
Interest expense	870	1,237	1,889	2,581
Depreciation and amortization	2,861	2,683	5,599	5,053
EBITDA	19,806	13,018	35,948	28,085
Share-based compensation	643	32	1,283	544
Aviara start-up costs(a)	-	507	-	815
Aviara transition costs(b)	847	-	1,025	-
Adjusted EBITDA	$ 21,296	$ 13,557	$ 38,256	$ 29,444
Adjusted EBITDA Margin	17.9%	13.6%	17.2%	14.1%

(a) Represents start-up costs associated with Aviara, a completely new boat brand in an industry category previously not served by the Company. We began selling the brand's first two models, the AV32 and the AV36, during the first and second quarters of fiscal 2020, respectively. We expect to begin selling one additional model, the AV40, after the Aviara transition of production to the new Merritt Island Facility in Florida. Start-up costs presented for fiscal 2020 are related to the AV36 and AV40 models.

(b) Represents costs to transition production of the Aviara brand from Vonore, Tennessee to Merritt Island, Florida. Costs include duplicative overhead costs and costs not indicative of ongoing operations (such as training and facility preparation). We expect to incur such costs until Aviara production is fully transitioned, which we expect will be completed during fiscal 2021.

The following table presents a reconciliation of net income as determined in accordance with U.S. GAAP to Adjusted Net Income for the periods indicated:

	Three Months Ended		Six Months Ended	
	January 3, 2021	December 29, 2019	January 3, 2021	December 29, 2019
	(Dollars in thousands)			
Net income	$ 12,501	$ 6,879	$ 22,068	$ 15,502
Income tax expense	3,574	2,219	6,392	4,949
Amortization of acquisition intangibles	960	961	1,921	1,921
Aviara start-up costs[a]	-	507	-	815
Aviara transition costs[b]	847	-	1,025	-
Share-based compensation	643	32	1,283	544
Adjusted Net Income before income taxes	18,525	10,598	32,689	23,731
Adjusted income tax expense[c]	4,261	2,438	7,518	5,458
Adjusted Net Income	$ 14,264	$ 8,160	$ 25,171	$ 18,273
Adjusted Net Income per share:				
Basic	$ 0.76	$ 0.44	$ 1.34	$ 0.98
Diluted	$ 0.75	$ 0.43	$ 1.33	$ 0.97
Weighted average shares used for the computation of:				
Basic Adjusted Net Income per share	18,807,316	18,730,688	18,790,826	18,727,267
Diluted Adjusted Net Income per share	18,928,408	18,770,783	18,897,617	18,770,770

(a) Represents start-up costs associated with Aviara, a completely new boat brand in an industry category previously not served by the Company. We began selling the brand's first two models, the AV32 and the AV36, during the first and second quarters of fiscal 2020, respectively. We expect to begin selling one additional model, the AV40, after the Aviara transition of production to the new Merritt Island Facility in Florida. Start-up costs presented for fiscal 2020 are related to the AV36 and AV40 models.

(b) Represents costs to transition production of the Aviara brand from Vonore, Tennessee to Merritt Island, Florida. Costs include duplicative overhead costs and costs not indicative of ongoing operations (such as training and facility preparation). We expect to incur such costs until Aviara production is fully transitioned, which we expect will be completed during fiscal 2021.

(c) Reflects income tax expense at an income tax rate of 23.0% for each period presented.

The following table presents the reconciliation of net income per diluted share to Adjusted net income per diluted share for the periods presented:

	Three Months Ended		Six Months Ended	
	January 3, 2021	December 29, 2019	January 3, 2021	December 29, 2019
Net income per diluted share	$ 0.66	$ 0.37	$ 1.17	$ 0.83
Impact of adjustments:				
Income tax expense	0.19	0.12	0.34	0.26
Amortization of acquisition intangibles	0.05	0.05	0.10	0.10
Aviara start-up costs[(a)]	-	0.02	-	0.04
Aviara transition costs[(b)]	0.04	-	0.05	-
Share-based compensation	0.03	-	0.07	0.03
Adjusted Net Income per diluted share before income taxes	$ 0.97	$ 0.56	$ 1.73	$ 1.26
Impact of adjusted income tax expense on net income per diluted share before income taxes[(c)]	(0.22)	(0.13)	(0.40)	(0.29)
Adjusted Net Income per diluted share	$ 0.75	$ 0.43	$ 1.33	$ 0.97

(a) Represents start-up costs associated with Aviara, a completely new boat brand in an industry category previously not served by the Company. We began selling the brand's first two models, the AV32 and the AV36, during the first and second quarters of fiscal 2020, respectively. We expect to begin selling one additional model, the AV40, after the Aviara transition of production to the new Merritt Island Facility in Florida. Start-up costs presented for fiscal 2020 are related to the AV36 and AV40 models.

(b) Represents costs to transition production of the Aviara brand from Vonore, Tennessee to Merritt Island, Florida. Costs include duplicative overhead costs and costs not indicative of ongoing operations (such as training and facility preparation). We expect to incur such costs until Aviara production is fully transitioned, which we expect will be completed during fiscal 2021.

(c) Reflects income tax expense at an income tax rate of 23.0% for each period presented.

Change in Non-GAAP Financial Measure

Prior to fiscal year-end 2020, the Company's calculation of a diluted per share amount of Adjusted Net Income included an adjustment to fully dilute this non-GAAP measure for all outstanding share-based compensation grants. This additional dilution was incorporated by adjusting the GAAP measure, Weighted Average Shares Used for the Computation of Basic earnings per share, as presented on the Consolidated Statements of Operations, to include a dilutive effect for all outstanding RSAs, PSUs, and stock options. Beginning with the fiscal year-end 2020 presentation and for all subsequent periods, the Company will no longer include this additional dilution impact in its calculation of Adjusted Net Income per diluted share. The Company has instead utilized the Weighted Average Shares Used for the Computation of Basic and Diluted earnings per share as presented on the Consolidated Statements of Operations to calculate Adjusted Net Income per diluted share for all periods presented herein.

The Company believes that, because its outstanding share-based compensation grants no longer result in a material amount of dilution of its earnings as was the case nearer to the date of our IPO, the adjustment methodology previously used no longer provides meaningful information to management or other users of its financial statements. This change resulted in an increase of $0.01 in the six months ended December 29, 2019 in the amount of Adjusted Net Income per diluted share from what was previously reported.

Liquidity and Capital Resources

Our primary liquidity and capital resource needs are to finance working capital, fund capital expenditures, and service our debt. Our principal sources of liquidity are our cash balance, cash generated from operating activities, our Revolving Credit Facility and the refinancing and/or new issuance of long-term debt. As of January 3, 2021, we had a cash balance of $12.1 million in addition to $35.0 million of available borrowing capacity under the Revolving Credit Facility. During October 2020, the Company completed the purchase of the Merritt Island Facility for a purchase price of $14.2 million. See Note 11 in Notes to Unaudited Condensed Consolidated Financial Statements for additional information regarding this transaction.

We believe our cash balance, cash from operations, and availability under the Revolving Credit Facility will be sufficient to provide for our liquidity and capital resource needs. However, we are continuing to monitor the COVID-19 pandemic and its impact on our business, dealers, consumers and industry as a whole. The following table summarizes the cash flows from operating, investing, and financing activities:

The following table summarizes our cash flows from operating, investing, and financing activities:

	Six Months Ended		
	January 3, 2021	December 29, 2019	Change
	(Dollars in thousands)		
Total cash provided by (used in):			
Operating activities	$ 30,155	$ 19,844	$ 10,311
Investing activities	(18,903)	(11,477)	(7,426)
Financing activities	(15,497)	(8,745)	(6,752)
Net change in cash	$ (4,245)	$ (378)	$ (3,867)

Cash Flows

Net cash provided by operating activities increased primarily due to higher operating income partially offset by additional working capital usage. Working capital is defined as Accounts receivable, Income tax receivable, Inventories, and Prepaid expenses and other current assets net of Accounts payable, Income tax payable, and Accrued expenses and other current liabilities as presented in the condensed consolidated balance sheets. Cash flows from working capital changes increased $2.0 million compared to the prior year quarter and included:

- a $11.5 million increase attributable to Accounts payable driven by increasing production rates during the first half of fiscal 2021;
- a $9.4 million increase related to Accrued expenses and other current liabilities largely from lower cash used for variable compensation and dealer incentives for the first half of fiscal 2021 compared to the first half of fiscal 2020;
- a $10.5 million decrease attributable to Inventories mainly as a result of an increase in raw materials and work-in-process driven by increasing production during the first half of fiscal 2021; and
- a $9.5 million decrease related to Accounts receivable primarily due to an improved collection cycle at Crest during the first half of fiscal 2020 and a larger build in receivables during first half of fiscal 2021 as compared to the same period in fiscal 2020 driven by relative sales volumes improvement.

Net cash used in investing activities increased $7.4 million due to higher capital expenditures, primarily the purchase of the Merritt Island Facility.

Financing cash flow decreased primarily as the result of higher repayments of debt during the first half of fiscal 2021 as compared to the same period of the prior year. The Company repaid net borrowings of $10.0 million on its Revolving Credit Facility and $4.7 million of scheduled principal repayments on its term loans during the first half of fiscal 2021, compared to $2.3 million of scheduled repayments and $6.0 million of voluntary prepayments on long-term debt during the first half of fiscal 2020.

Off-Balance Sheet Arrangements

The Company did not have any off-balance sheet financing arrangements as of January 3, 2021.

Emerging Growth Company

We are currently an emerging growth company, as defined in the JOBS Act. We will continue to be an emerging growth company until June 30, 2021, which is the last day of our fiscal year following the fifth anniversary of the date of completion of our initial public offering. As a result, beginning with our annual reporting requirements related to fiscal 2021, we may no longer take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding stockholder advisory "say-on-pay" votes on executive compensation and stockholder advisory votes on golden parachute compensation.

The JOBS Act also provides that an emerging growth company can utilize the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. Pursuant to Section 107 of the JOBS Act, we have irrevocably chosen to opt out of such extended transition period and, as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for companies that are not "emerging growth companies."

Critical Accounting Policies

As of January 3, 2021 there were no significant changes in or changes in the application of our critical accounting policies or estimation procedures from those presented in our Annual Report on Form 10-K for the fiscal year ended June 30, 2020, which was filed with the SEC on September 11, 2020.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Refer to our 2020 Annual Report for a complete discussion of the Company's market risk. There have been no material changes in market risk from those disclosed therein.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

As of the end of the period covered by this Quarterly Report, we carried out an evaluation under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of our disclosure controls and procedures. Based upon this evaluation, our chief executive officer and chief financial officer have concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of January 3, 2021.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended January 3, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

None.

ITEM 1A. RISK FACTORS.

During the three months ended January 3, 2021, there were no material changes to the risk factors disclosed in “Part I, Item 1A. Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended June 30, 2020.

ITEM 2. UNREGISTERED SALES OF SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

None.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

Exhibit No.	Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date	Filed Herewith
3.1	Amended and Restated Certificate of Incorporation of MCBC Holdings, Inc.	10-K	001-37502	3.1	9/18/15	
3.2	Certificate of Amendment to Amended and Restated Certificate of Incorporation of MasterCraft Boat Holdings, Inc.	10-Q	001-37502	3.2	11/9/18	
3.3	Certificate of Amendment to Amended and Restated Certificate of Incorporation of MasterCraft Boat Holdings, Inc.	8-K	001-37502	3.1	10/25/19	
3.4	Fourth Amended and Restated By-laws of MasterCraft Boat Holdings, Inc.	8-K	001-37502	3.2	10/25/19	
10.1	Amendment No. 4 and Joinder to Fourth Amended and Restated Credit and Guaranty Agreement					*
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer					*
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer					*
32.1	Section 1350 Certification of Chief Executive Officer					**
32.2	Section 1350 Certification of Chief Financial Officer					**
101.INS	XBRL Instance Document					*
101.SCH	XBRL Taxonomy Extension Schema Document					*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).					*

* Filed herewith.

** Furnished herewith.

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.

MASTERCRAFT BOAT HOLDINGS, INC.
(Registrant)

Date: February 10, 2021	By: /s/ FREDERICK A. BRIGHTBILL
	Frederick A. Brightbill
	Chief Executive Officer (Principal Executive Officer) and Chairman of the Board
Date: February 10, 2021	By: /s/ TIMOTHY M. OXLEY
	Timothy M. Oxley
	Chief Financial Officer (Principal Financial and Accounting Officer),
	Treasurer and Secretary

Exhibit 10.1

AMENDMENT NO. 4 AND JOINDER TO FOURTH AMENDED AND RESTATED CREDIT AND GUARANTY AGREEMENT

THIS AMENDMENT NO. 4 AND JOINDER TO FOURTH AMENDED AND RESTATED CREDIT AND GUARANTY AGREEMENT (this "*Amendment*"), dated as of **October 26, 2020** (the "*Amendment No. 4 Effective Date*"), is by and among **MASTERCRAFT BOAT COMPANY, LLC**, a Delaware limited liability company ("*MasterCraft*"), **MASTERCRAFT SERVICES, LLC**, a Tennessee limited liability company ("*Services*"), **MASTERCRAFT INTERNATIONAL SALES ADMINISTRATION, INC.**, a Delaware corporation ("*Sales Administration*"), **NAUTIC STAR, LLC**, a Mississippi limited liability company ("*Nautic*"), **NS TRANSPORT, LLC**, a Mississippi limited liability company ("*NS Transport*"), **CREST MARINE LLC,** a Michigan limited liability company ("*Crest*"), and **AVIARA BOATS, LLC**, a Tennessee limited liability company ("*Aviara*") (collectively, "*Borrowers*" and, individually, each a "*Borrower*"), **MASTERCRAFT BOAT HOLDINGS, INC.**, a Delaware corporation (f/k/a MCBC Holdings, Inc., "*Holdings*"), as a Guarantor, the various institutions named on the signature pages to this Amendment as party to this Amendment, as Lenders (the "*Lenders*"), and **FIFTH THIRD BANK**, **NATIONAL ASSOCIATION**, a national banking association, as Agent and L/C Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Credit Agreement described below.

W I T N E S S E T H

WHEREAS, each of the Borrowers (except newly joined Borrower Aviara), Holdings, the Lenders and the Agent are parties to that certain Fourth Amended and Restated Credit and Guaranty Agreement, dated as of October 1, 2018 (as amended by that certain (i) Amendment No. 1 dated as of November 8, 2018, (ii) Amendment No. 2 dated as of July 24, 2019, and (iii) Amendment No. 3 dated May 7, 2020, and as of as may be further amended, modified, extended, restated, replaced, or supplemented from time to time, the "*Credit Agreement*");

WHEREAS, Holdings has organized Aviara as a Wholly-Owned Subsidiary ofHoldings, and Aviara joins this Agreement as a Borrower as of the Amendment No. 4 Effective Date, and will on purchase certain property located in Merritt Island Florida, and grant to Agent, for the benefit of the Lenders, a Mortgage on such real property; and

WHEREAS, the Credit Parties and the Required Lenders desire to amend certain provisions of the Credit Agreement, as set forth in this Amendment.

NOW, THEREFORE, in consideration of the agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
AMENDMENT TO CREDIT AGREEMENT

1.1 **<u>Amendment to Section 1.1 (Definitions- Amended).</u>** Section 1.1 of the Credit Agreement is hereby amended by amending the following defined terms as follows:

(a) "*Borrower(s)*" means, individually and collectively, jointly and severally
(a) as of the Original Closing Date, the Restatement Closing Date and the Second Restatement Closing Date, (i) MasterCraft, (ii) Services, (iii) Hydra; and (iv) Sales Administration; (b) as of the Third Restatement Closing Date, (i) MasterCraft, (ii) Services, (iii) Hydra; (iv) Sales Administration, (v) Nautic, (vi) NS Transport, and (vii) Navigator; (c) as of the Fourth Restatement Closing Date, (i) MasterCraft, (ii) Services, (iii) Sales Administration, (iv) Nautic, (v) NS Transport, and (vi) Crest; (d) as of the Amendment No. 4 Effective Date, (i) MasterCraft,
(ii) Services, (iii) Sales Administration, (iv) Nautic, (v) NS Transport, (vi) Crest, and (v) Aviara; and (e) each other Person that becomes a "Borrower" hereunder pursuant to a Joinder Agreement after the Fourth Restatement Closing Date. As provided in Section 6.25 hereof, (x) each of Hydra and Navigator have been or shall be promptly after the Fourth Restatement Closing Date, dissolved in accordance with applicable law and are accordingly not party to this Agreement, and (y) prior to the Fourth Restatement Closing Date, all of the Equity Interests in Services have been transferred from MasterCraft to Sales Administration so that as of the Fourth Restatement Closing Date Services will be a wholly-owned Subsidiary of Sales Administration; and, Services has been converted from a Tennessee corporation to a Tennessee limited liability company.

(b) "*Mortgages*" shall be amended and restated in its entirety to read as follows: "means, collectively, (a) each Mortgage and Security Agreement with Assignment of Rents and Open-End Mortgage or Deed of Trust and Security Agreement with Assignment of Rents between any Credit Party and the Agent relating to such Credit Party's fee real property, fixtures and interests in real property commonly known as (i) 100 Cherokee Cove Drive, Monroe County, Vonore Tennessee 37885, (ii) 500 Waterway Drive , Amory, MS 38821, (iii) 2170 South M-52, Owosso, Michigan 48867 (formerly covered by a leasehold mortgage prior to the purchase of this real property by Crest in October 2019), and (iv) 1200-1230 Nautical Way, Merritt Island (Brevard County), Florida 32952, and (b) any other mortgages or deeds of trust or leasehold mortgages delivered to the Agent pursuant to Section 4.2 hereof, as the same may be amended, modified, supplemented or restated from time to time."

1.2 **<u>Amendment to Section 1.1 (Definitions- New)</u>.** Section 1.1 of the Credit Agreement is hereby amended by adding the following defined terms, in alphabetical order, to such Section:

(a) "*Aviara Asset Transfer Date*" is defined in Section 6.17 hereof.

(b) "*Amendment No. 4*" means that certain Amendment No. 4 and Joinder to this Agreement dated as of the Amendment No. 4 Effective Date".

(c) "*Amendment No. 4 Effective Date*" means October 26, 2020.

(d) "*Aviara*" means Aviara Boats, LLC, a Tennessee limited liability company, and a Borrower as of the Amendment No. 4 Effective Date.

1.3 **<u>Amendment to Section 4.2(a) (Liens on Real Property).</u>** Section 4.2(a) of the Credit Agreement is hereby amended by adding the following at the end of such Section: "Borrowers shall satisfy the Mortgage and other requirements of this Section 4.2(a) with respect to that certain real property commonly known as 19 Sea Ray Drive, Vonore, Tennessee (a/k/a 19

Sea Ray Circle, Vonore, Tennessee), on or before December 26, 2020 as provided in Section 2.2(b)(ii)(2) of Amendment No. 4, notwithstanding that such real property was acquired via lease purchase option in March 2019."

1.4 **Amendment to Section 6.17 (Limitation of Creation of Subsidiaries).** Section 6.17 of the Credit Agreement is hereby amended by adding the following at the end of such Section: "In connection with the organization of Aviara as a Wholly-Owned Subsidiary of Holdings, and it's joinder as a co-Borrower to this Agreement, after the Amendment No. 4 Effective Date Mastercraft will transfer substantially all of the assets and operations related to the Aviara business to Aviara or, in the case of certain Intellectual Property related to the Aviara business, license to Aviara the right to use such Intellectual Property. Promptly upon, and effective as of, the date of such transfer of assets ("*Aviara Asset Transfer Date*"), Borrower Representative shall deliver to Agent, (i) true and complete copies of all documents effectuating the transfer by Mastercraft to Aviara of the assets of the Aviara business, and (ii) such Loan Documents as are reasonably request by Agent in respect thereof including, without limitation, Collateral Documents in respect of Intellectual Property of Aviara."

ARTICLE II
JOINDER OF NEW BORROWER; CONDITIONS

2.1 **Joinder of Aviara as New Borrower.** Aviara is hereby acknowledges, agrees and confirms that, by its execution of this Amendment No. 4, it will be deemed to be a Borrower and Credit Party for all purposes of the Credit Agreement and shall have all of the obligations of a Borrower and Credit Party thereunder as if it had been an original signatory to the Credit Agreement. Aviara hereby ratifies, as of the Amendment No. 4 Effective Date, and agrees to be bound by, all of the terms, provisions and conditions contained in the Credit Agreement, including without limitation (a) all of the representations and warranties of the Credit Parties set forth in Section 5 of the Credit Agreement, (b) all of the covenants set forth in Section 6 of the Credit Agreement, and (c) all of the guaranty and other obligations set forth in Section 11 of the Credit Agreement. Aviara is, as of the Amendment No. 4 Effective Date, executing and delivering that certain Amendment No. 1 to the Security Agreement, and such other applicable Loan Documents as reasonably requested by the Agent in its Permitted Discretion in accordance with the Credit Agreement.

2.2 **Conditions**.

(a) **Conditions Precedent**. This Amendment shall become effective as of the Amendment No. 4 Effective Date, but only upon receipt by Agent of each of the following, each in form and substance satisfactory to Agent:

(i) one or more fully executed counterparts of this Amendment from each of the Credit Parties and the Required Lenders;

(ii) one or more fully executed counterparts of Amendment No. 1 and Joinder to Security Agreement;

(iii) amended and restated Notes (Revolving Notes, Term Notes and Swing Note) issued by all Borrowers (including Aviara as a new Borrower) to each of the Lenders;

(iv) that certain Mortgage and related documents with respect to the real property known as 1200-1230 Nautical Way, Merritt Island (Brevard County), Florida 32952; and

(v) such other documents, instruments and certificates as may be reasonably required by Agent or any Lender including, without limitation, those documents listed in the Document Checklist prepared by Agent in respect of this Amendment.

(b) **Conditions Subsequent**. Borrowers hereby agree to satisfy each requirement set forth below on or before the dated specified for such requirement or such later date as Agent may permit; and agree that the failure to timely satisfy the following requirements shall be an Event of Default:

(i) On or before October 30, 2020, or such later date as approved by the Agent in its sole discretion, Borrowers shall have satisfied the requirements forth in Section 4.2(a) (*Liens on Real Property*) of the Credit Agreement with respect to Aviara's fee simple interest in the real property commonly known as 1200-1230 Nautical Way, Merritt Island, Florida and Aviara's leasehold interest in that certain Lease Agreement ("*CPA Lease*") between Canaveral Port Authority, as lessor, and Sea Ray Division of Brunswick Corporation, as lessee, dated April 1, 1998, and recorded in Official Records Book 3830, Page 1252 of the Public Records of Brevard County, Florida, as amended and/or assigned from time to time;

(ii) On or before December 29, 2020, or such later date as approved by the Agent in its sole discretion, Borrowers shall have delivered to Agent a Landlord Consent with respect to the CPA Lease executed by Canaveral Port Authority, an independent special taxing district and political subdivision of the State of Florida for the benefit of Aviara and Agent, substantially in the form approved by Agent's counsel prior to the Amendment No. 4 Effective Date; and

(iii) On or before December 29, 2020, or such later date as approved by the Agent in its sole discretion, Borrowers shall have satisfied the requirements forth in Section 4.2(a) of the Credit Agreement with respect to Mastercraft's fee simple interest in the real property commonly known as 19 Sea Ray Drive, Vonore, Tennessee (a/k/a 19 Sea Ray Circle, Vonore, Tennessee.

ARTICLE III
MISCELLANEOUS

3.1 **Amended Terms.** On and after the Amendment No. 4 Effective Date, all references to the Credit Agreement in each of the Loan Documents shall hereafter mean the Credit Agreement as amended by this Amendment. Except as specifically amended hereby or otherwise agreed, the Credit Agreement is hereby ratified and confirmed and shall remain in full force and effect according to its terms.

3.2 **Representations and Warranties of Credit Parties.** Each of the Credit Parties represents and warrants as follows:

(a) It has taken all necessary action to authorize the execution, delivery and performance of this Amendment.

(b) This Amendment has been duly executed and delivered by such Person and constitutes such Person's legal, valid and binding obligation, enforceable in accordance with its terms, except as such enforceability may be subject to (i) bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(c) No consent, approval, authorization or order of, or filing, registration or qualification with, any court or governmental authority or third party is required in connection with the execution, delivery or performance by such Person of this Amendment.

(d) The representations and warranties set forth in Section 5 of the Credit Agreement are true and correct in all material respects (except those that are qualified by materiality or a Material Adverse Effect, which representations and warranties are true and correct in all respects) as of the date hereof (except for those which expressly relate to an earlier date).

(e) After giving effect to this Amendment, no event has occurred and is continuing which constitutes a Default or an Event of Default.

(f) The Collateral Documents continue to create a valid security interest in, and Lien upon, the Collateral, in favor of the Agent, for the benefit of the Agent and the Lenders, which security interests and Liens are perfected in accordance with the terms of the Collateral Documents and prior to all Liens other than Permitted Liens.

3.3 **Reaffirmation of Obligations**.

(a) Each Credit Party hereby ratifies the Credit Agreement and all other Loan Documents and acknowledges and reaffirms (a) that it is bound by all terms of the Credit Agreement and all other Loan Documents applicable to it and (b) that it is responsible for the observance and full performance of its respective Obligations.

(b) Guarantor hereby acknowledge and consent to all of the terms and conditions of this Amendment and agree that this Amendment does not operate to reduce or discharge the Guarantor's obligations under the Credit Agreement, as amended hereby, or the other Loan Documents.

(c) Each Credit Party further acknowledges and agrees that such Credit Party has no claims, counterclaims, offsets, or defenses to the Loan Documents and the performance of its obligations thereunder or if such Credit Party did have any such claims, counterclaims, offsets or defenses to the Loan Documents or any transaction related to the Loan Documents, the same are hereby waived, relinquished and released in consideration of the Lenders' execution and delivery of this Amendment.

(d) Each Credit Party hereby confirms and agrees that notwithstanding the effectiveness of this Amendment, the Collateral Documents to which each of the undersigned is a party and all of the Collateral described therein do, and shall continue to, secure the payment of all of the Obligations.

3.4 **Loan Document.** This Amendment shall constitute a Loan Document under the terms of the Credit Agreement.

3.5 **Expenses.** The Borrower agrees to pay all reasonable costs and expenses of the Agent in connection with the preparation, execution and delivery of this Amendment, including without limitation the reasonable fees and expenses of the Agent's legal counsel.

3.6 **Further Assurances.** The Credit Parties agree to promptly take such action, upon the request of the Agent, as is necessary to carry out the intent of this Amendment.

3.7 **Entirety.** This Amendment and the other Loan Documents embody the entire agreement among the parties hereto and supersede all prior agreements and understandings, oral or written, if any, relating to the subject matter hereof.

3.8 **Counterparts; Telecopy.**

(a) This Amendment may be executed in counterparts and by different parties on separate counterpart signature pages, each of which constitutes an original and all of which taken together constitute one and the same document. Delivery of an executed counterpart of a signature page of this Agreement by facsimile transmission or in electronic (e.g., "pdf", "tif", or other electronic means acceptable to Agent; collectively, an "*Electronic Signature*") format shall be effective as delivery of a manually executed counterpart of this Agreement. Electronic records of this Amendment No. 4 and related Loan Documents maintained by the Administrative Agent and any Lender shall deemed to be originals thereof.

(b) Electronic Signatures shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper- based recordkeeping system, as the case may be; provided that (i) to the extent Agent has agreed to accept any Electronic Signature, Agent and each of the Lenders shall be entitled to rely on such Electronic Signature purportedly given by or on behalf of the Borrowers or any other Credit Party without further verification thereof and without any obligation to review the appearance or form of any such Electronic Signature and (ii) upon the request of Agent or any Lender, any Electronic Signature shall be promptly followed by a manually executed counterpart. Without limiting the generality of the foregoing, the Borrowers and each Credit Party hereby (i) agrees that, for all purposes, including without limitation, in connection with any workout, restructuring, enforcement of remedies, bankruptcy proceedings or litigation among Agent, the Lenders, and the Borrowers and the Loan Parties, Electronic Signatures transmitted by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page and/or any electronic images of this Amendment and any other Loan Document shall have the same legal effect, validity and enforceability as any paper original, (ii) Agent and each of the Lenders may, at its option, create one or more copies of this Amendment and any other Loan Document in the form of an imaged electronic record in any format, which shall be deemed created in the ordinary course of such Person's business, and destroy the original paper document (and all such electronic records shall be considered an original for all purposes and shall have the same legal effect, validity and enforceability as a paper record), (iii) waives any argument, defense or right to contest the legal effect, validity or enforceability of this Amendment and other Loan Document based solely on the lack of paper original copies of this Amendment and such other Loan Document, respectively, including with respect to any signature pages thereto and (iv) waives any claim against Agent or any Lender arising solely from Agent's and/or any Lender's reliance on or use of Electronic Signatures and/or transmissions by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page, including arising as a result of the failure of the Borrowers and/or any Credit Party to use any available security measures in connection with the execution, delivery or transmission of any Electronic Signature.

3.9 GOVERNING LAW. THIS AMENDMENT, AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AMENDMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF ILLINOIS (INCLUDING, WITHOUT LIMITATION, 735 ILCS SECTION 105/5-1 ET SEQ., BUT OTHERWISE WITHOUT REGARD TO THE CONFLICT OF LAW PROVISIONS) OF THE STATE OF ILLINOIS.

3.10 Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

3.11 Submission to Jurisdiction; Waiver of Jury Trial. The submission to jurisdiction and waiver of jury trial provisions set forth in Section 10.20 of the Credit Agreement are hereby incorporated by reference, *mutatis mutandis*.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the parties hereto have caused this Amendment to be duly executed on the date first above written.

BORROWERS: **MASTERCRAFT BOAT COMPANY, LLC,** a Delaware limited liability company

By /s/ Timothy M. Oxley
Timothy M. Oxley
Chief Financial Officer, Treasurer & Secretary

MASTERCRAFT SERVICES, LLC, a Tennessee limited liability company

By /s/ Timothy M. Oxley
Timothy M. Oxley
Chief Financial Officer, Treasurer & Secretary

MASTERCRAFT INTERNATIONAL SALES ADMINISTRATION, INC., a Delaware corporation

By /s/ Timothy M. Oxley
Timothy M. Oxley
Chief Financial Officer, Treasurer & Secretary

NAUTIC STAR, LLC, a Mississippi limited liability company

By /s/ Timothy M. Oxley
Timothy M. Oxley
Chief Financial Officer, Treasurer & Secretary

BORROWERS: **NS TRANSPORT, LLC,** a Mississippi limited liability company

By /s/ Timothy M. Oxley
Timothy M. Oxley
Chief Financial Officer, Treasurer & Secretary

CREST MARINE LLC, a Michigan limited liability company

By /s/ Timothy M. Oxley
Timothy M. Oxley
Chief Financial Officer, Treasurer & Secretary

AVIARA BOATS, LLC, a Tennessee limited liability company

By /s/ Timothy M. Oxley
Timothy M. Oxley
Chief Financial Officer, Treasurer & Secretary

HOLDINGS: **MASTERCRAFT BOAT HOLDINGS, INC. (f/k/a MCBC HOLDINGS, INC.),** a Delaware corporation

By /s/ Timothy M. Oxley
Timothy M. Oxley
Chief Financial Officer, Treasurer & Secretary

AGENT AND LENDER:

FIFTH THIRD BANK, NATIONAL ASSOCIATION, a national banking association, as a Lender, as L/C Issuer , and as Agent

By /s/ Jonathan Godfrey

Authorized Signatory

LENDER:

BANK OF AMERICA, N.A.,
as a Lender

By /s/ Will Pridgen, SVP
Authorized Signatory

VP/#40041634

LENDER:

JPMORGAN CHASE BANK, N.A.,
as a Lender

By/s/ Brandon Abney________________
Authorized Signatory

LENDER:

TRUIST BANK as successor by merger to SUNTRUST BANK as a Lender

By /s/ James Ford
James Ford
Managing Director

LENDER: **REGIONS BANK**

as a Lender

By /s/ Brand Hosford

Authorized Signatory

LENDER:

UNITED COMMUNITY BANK
as a Lender

By /s/ Jeff Wilson
Authorized Signatory

Exhibit 31.1

CERTIFICATIONS

I, Frederick A. Brightbill, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the fiscal quarter ended January 3, 2021 of MasterCraft Boat Holdings, 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.

Date: February 10, 2021

/s/ FREDERICK A. BRIGHTBILL
Frederick A. Brightbill
Chief Executive Officer
(Principal Executive Officer) and Chairman of the Board

Exhibit 31.2

CERTIFICATIONS

I, Timothy M. Oxley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the fiscal quarter ended January 3, 2021 of MasterCraft Boat Holdings, 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.

Date: February 10, 2021

/s/ TIMOTHY M. OXLEY

Timothy M. Oxley
Chief Financial Officer, Treasurer and Secretary
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Frederick A. Brightbill, Interim Chief Executive Officer of MasterCraft Boat Holdings, Inc. (the "Company"), hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended January 3, 2021 (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 Company.

February 10, 2021

/s/ FREDERICK A. BRIGHTBILL
Frederick A. Brightbill
Chief Executive Officer
(Principal Executive Officer) and Chairman of the Board

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Timothy M. Oxley, Chief Financial Officer of MasterCraft Boat Holdings, Inc. (the "Company"), hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended January 3, 2021 (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 Company.

February 10, 2021

/s/ TIMOTHY M. OXLEY
Timothy M. Oxley
Chief Financial Officer, Treasurer and Secretary
(Principal Financial and Accounting Officer)