# 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: October 1, 2023

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** | **06-1571747** |
| *(State or Other Jurisdiction of Incorporation or Organization)* | *(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 November 3, 2023, there were 17,256,141 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: changes in interest rates, the potential effects of supply chain disruptions and production inefficiencies, general economic conditions, demand for our products, inflation, 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, geopolitical conflicts, such as the conflict between Russia and Ukraine and the conflict in the Gaza Strip, financial institution disruptions 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, 2023, filed with the Securities and Exchange Commission (“SEC”) on August 30, 2023 (our “2023 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

| | Three Months Ended | |
|---|---|---|
| **(Dollar amounts in thousands, except per share data)** | **October 1, 2023** | **October 2, 2022** |
| NET SALES | $ 104,217 | $ 169,516 |
| COST OF SALES | 82,381 | 123,543 |
| GROSS PROFIT | 21,836 | 45,973 |
| OPERATING EXPENSES: | | |
| Selling and marketing | 3,464 | 3,779 |
| General and administrative | 9,357 | 9,483 |
| Amortization of other intangible assets | 462 | 489 |
| Total operating expenses | 13,283 | 13,751 |
| OPERATING INCOME | 8,553 | 32,222 |
| OTHER INCOME (EXPENSE): | | |
| Interest expense | (878) | (562) |
| Interest income | 1,351 | 151 |
| INCOME BEFORE INCOME TAX EXPENSE | 9,026 | 31,811 |
| INCOME TAX EXPENSE | 1,950 | 7,176 |
| NET INCOME FROM CONTINUING OPERATIONS | 7,076 | 24,635 |
| LOSS FROM DISCONTINUED OPERATIONS, NET OF TAX (Note 3) | (881) | (20,567) |
| NET INCOME | $ 6,195 | $ 4,068 |
| | | |
| NET INCOME (LOSS) PER SHARE: | | |
| Basic | | |
| Continuing operations | $ 0.41 | $ 1.38 |
| Discontinued operations | (0.05) | (1.15) |
| Net income | $ 0.36 | $ 0.23 |
| | | |
| Diluted | | |
| Continuing operations | $ 0.41 | $ 1.37 |
| Discontinued operations | (0.05) | (1.14) |
| Net income | $ 0.36 | $ 0.23 |
| | | |
| WEIGHTED AVERAGE SHARES USED FOR COMPUTATION OF: | | |
| Basic earnings per share | 17,156,283 | 17,946,061 |
| Diluted earnings per share | 17,224,608 | 18,031,725 |

*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

| (Dollar amounts in thousands, except per share data) | October 1, 2023 | June 30, 2023 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $ 23,459 | $ 19,817 |
| Held-to-maturity securities (Note 4) | 66,532 | 91,560 |
| Accounts receivable, net of allowance of $137 and $122, respectively | 16,304 | 15,741 |
| Inventories, net (Note 5) | 55,472 | 58,298 |
| Prepaid expenses and other current assets | 12,593 | 10,083 |
| Total current assets | 174,360 | 195,499 |
| Property, plant and equipment, net (Note 6) | 76,050 | 77,921 |
| Goodwill (Note 7) | 28,493 | 28,493 |
| Other intangible assets, net (Note 7) | 35,000 | 35,462 |
| Deferred income taxes | 12,460 | 12,428 |
| Deferred debt issuance costs, net | 279 | 304 |
| Other long-term assets | 7,586 | 3,869 |
| Total assets | $ 334,228 | $ 353,976 |
| **LIABILITIES AND EQUITY** | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | 16,950 | 20,391 |
| Income tax payable | 500 | 5,272 |
| Accrued expenses and other current liabilities (Note 8) | 61,964 | 72,496 |
| Current portion of long-term debt, net of unamortized debt issuance costs (Note 10) | 4,384 | 4,381 |
| Total current liabilities | 83,798 | 102,540 |
| Long-term debt, net of unamortized debt issuance costs (Note 10) | 48,198 | 49,295 |
| Unrecognized tax positions | 7,546 | 7,350 |
| Other long-term liabilities | 2,790 | 2,702 |
| Total liabilities | 142,332 | 161,887 |
| **COMMITMENTS AND CONTINGENCIES** | | |
| **EQUITY:** | | |
| Common stock, $.01 par value per share — authorized, 100,000,000 shares; issued and outstanding, 17,256,141 shares at October 1, 2023 and 17,312,850 shares at June 30, 2023 | 171 | 173 |
| Additional paid-in capital | 69,510 | 75,976 |
| Retained earnings | 122,015 | 115,820 |
| MasterCraft Boat Holdings, Inc. equity | 191,696 | 191,969 |
| Noncontrolling interest | 200 | 120 |
| Total equity | 191,896 | 192,089 |
| Total liabilities and equity | $ 334,228 | $ 353,976 |

*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 EQUITY

| (Dollar amounts in thousands) | Common Stock Shares | Common Stock Amount | Additional Paid-in Capital | Retained Earnings | MasterCraft Boat Holdings, Inc. Equity | Noncontrolling Interest | Total Equity |
|---|---|---|---|---|---|---|---|
| **Balance at June 30, 2023** | 17,312,850 | $ 173 | $ 75,976 | $ 115,820 | $ 191,969 | $ 120 | $ 192,089 |
| Share-based compensation activity | 185,055 | — | (683) | — | (683) | — | (683) |
| Repurchase and retirement of common stock | (241,764) | (2) | (5,783) | — | (5,785) | — | (5,785) |
| Capital contribution from noncontrolling interest | — | — | — | — | — | 80 | 80 |
| Net income | — | — | — | 6,195 | 6,195 | — | 6,195 |
| **Balance at October 1, 2023** | 17,256,141 | $ 171 | $ 69,510 | $ 122,015 | $ 191,696 | $ 200 | $ 191,896 |

| | Common Stock Shares | Common Stock Amount | Additional Paid-in Capital | Retained Earnings | MasterCraft Boat Holdings, Inc. Equity | Noncontrolling Interest | Total Equity |
|---|---|---|---|---|---|---|---|
| **Balance at June 30, 2022** | 18,061,437 | $ 181 | $ 96,584 | $ 46,883 | $ 143,648 | $ — | $ 143,648 |
| Share-based compensation activity | 128,040 | 1 | 649 | — | 650 | — | 650 |
| Repurchase and retirement of common stock | (191,360) | (2) | (4,176) | — | (4,178) | — | (4,178) |
| Net income | — | — | — | 4,068 | 4,068 | — | 4,068 |
| **Balance at October 2, 2022** | 17,998,117 | $ 180 | $ 93,057 | $ 50,951 | $ 144,188 | $ — | $ 144,188 |

*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**

| | Three Months Ended | |
|---|---|---|
| **(Dollar amounts in thousands)** | **October 1, 2023** | **October 2, 2022** |
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Net income | $ 6,195 | $ 4,068 |
| Loss from discontinued operations, net of tax | 881 | 20,567 |
| Net income from continuing operations | 7,076 | 24,635 |
| Adjustments to reconcile net income from continuing operations to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 2,727 | 2,601 |
| Share-based compensation | 939 | 1,120 |
| Unrecognized tax benefits | 196 | (818) |
| Deferred income taxes | (32) | 2,416 |
| Amortization of debt issuance costs | 56 | 59 |
| Changes in certain operating assets and liabilities | (18,763) | (10,021) |
| Other, net | (1,003) | 726 |
| Net cash provided by (used in) operating activities of continuing operations | (8,804) | 20,718 |
| Net cash used in operating activities of discontinued operations | (318) | (2,230) |
| Net cash provided by (used in) operating activities | (9,122) | 18,488 |
| | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Purchases of property, plant and equipment | (4,398) | (5,968) |
| Purchases of investments | (9,761) | — |
| Maturities of investments | 35,347 | — |
| Net cash provided by (used in) investing activities of continuing operations | 21,188 | (5,968) |
| Net cash used in investing activities of discontinued operations | — | (501) |
| Net cash provided by (used in) investing activities | 21,188 | (6,469) |
| | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Principal payments on long-term debt | (1,125) | (750) |
| Cash paid for withholding taxes on vested stock | (1,622) | (465) |
| Repurchase and retirement of common stock | (5,757) | (4,178) |
| Other, net | 80 | — |
| Net cash used in financing activities of continuing operations | (8,424) | (5,393) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 3,642 | 6,626 |
| | | |
| CASH AND CASH EQUIVALENTS — BEGINNING OF PERIOD | 19,817 | 34,203 |
| CASH AND CASH EQUIVALENTS — END OF PERIOD | $ 23,459 | $ 40,829 |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION: | | |
| Cash payments for interest | $ 820 | $ 542 |
| Cash payments for income taxes | 6,380 | 5,627 |
| NON-CASH INVESTING AND FINANCING ACTIVITIES: | | |
| Activity related to sales-type lease | 3,898 | — |
| Capital expenditures in accounts payable and accrued expenses | 883 | 643 |

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

## 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

***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 accompanying unaudited condensed consolidated financial statements include the accounts of MasterCraft Boat Holdings, Inc. ("Holdings") and its wholly owned subsidiaries. Holdings and its subsidiaries collectively are referred to herein as the "Company." 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, 2023 and, in the opinion of management, reflect all adjustments considered necessary to present fairly the Company's financial position as of October 1, 2023, its results of operations for the three months ended October 1, 2023 and October 2, 2022, its cash flows for the three months ended October 1, 2023 and October 2, 2022, and its statements of equity for the three months ended October 1, 2023 and October 2, 2022. 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, 2023 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 2023 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.

There were no significant changes in or changes to the application of the Company's significant or critical accounting policies or estimation procedures for the three months ended October 1, 2023 as compared with those described in the Company's audited consolidated financial statements for the fiscal year ended June 30, 2023.

***Investment in Sales-Type Lease*** — On July 1, 2023, the Company became a lessor in a sales-type lease arrangement consisting of land valued at $3.9 million. In accordance with Accounting Standards Codification ("ASC") 842, Leases, the underlying land was derecognized as Property, Plant and Equipment and a sales-type lease was recognized as a net investment in a lease. The net investment balances are represented as lease receivable and unguaranteed residual asset amounts on the balance sheet within other current assets and other long-term assets. The interest earned on the net investment will be recognized as interest income.

## 2. REVENUE RECOGNITION

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

| | Three Months Ended October 1, 2023 | | | |
|---|---|---|---|---|
| | MasterCraft | Crest | Aviara | Total |
| **Major Product Categories:** | | | | |
| Boats and trailers | $ 69,825 | $ 18,118 | $ 9,912 | $ 97,855 |
| Parts | 5,192 | 253 | — | 5,445 |
| Other revenue | 819 | 98 | — | 917 |
| **Total** | $ 75,836 | $ 18,469 | $ 9,912 | $ 104,217 |

| | Three Months Ended October 2, 2022 | | | |
|---|---|---|---|---|
| | MasterCraft | Crest | Aviara | Total |
| **Major Product Categories:** | | | | |
| Boats and trailers | $ 108,204 | $ 43,143 | $ 12,935 | $ 164,282 |
| Parts | 4,237 | 253 | — | 4,490 |
| Other revenue | 579 | 165 | — | 744 |
| **Total** | $ 113,020 | $ 43,561 | $ 12,935 | $ 169,516 |

*Contract Liabilities*

As of June 30, 2023, the Company had $3.3 million of contract liabilities associated with customer deposits and services. During the three months ended October 1, 2023, $0.7 million was recognized as revenue. As of October 1, 2023, total contract liabilities associated with customer deposits and services were $3.4 million, were reported in Accrued expenses and other current liabilities and Other long term liabilities on the condensed consolidated balance sheet, and $1.3 million is expected to be recognized as revenue during the remainder of the year ending June 30, 2024.

## 3. DISCONTINUED OPERATIONS

On September 2, 2022, the Company sold its NauticStar business to certain affiliates of Iconic Marine Group, LLC ("Purchaser"). Pursuant to the terms of the purchase agreement, substantially all of the assets of NauticStar were sold, including, among other things, all of the issued and outstanding membership interests in its wholly-owned subsidiary NS Transport, LLC, all owned real property, equipment, inventory, intellectual property and accounts receivable, and the Purchaser assumed substantially all of the liabilities of NauticStar, including, among other things, product liability and warranty claims.

During the quarter ended October 2, 2022, the Company recognized a $22.1 million loss on sale. The final settlement of the purchase price was subject to customary working capital adjustments that had been in arbitration, but were settled in October 2023 without a significant impact to the loss on sale previously recorded. The value of the assets and liabilities that were retained at the time of sale, which are primarily related to certain claims, are subject to change. Certain of these claims have been settled or are expected to settle for higher amounts than previously estimated, with the related activity being recorded as discontinued operations.

The following table summarizes the operating results of discontinued operations for the following periods:

| | Three Months Ended | |
|---|---|---|
| | October 1, 2023 | October 2, 2022 |
| NET SALES | $ 37 | $ 7,870 |
| COST OF SALES | 338 | 9,114 |
| GROSS LOSS | (301) | (1,244) |
| OPERATING EXPENSES: | | |
| Selling, general and administrative | 1,046 | 2,345 |
| Total operating expenses | 1,046 | 2,345 |
| OPERATING LOSS | (1,347) | (3,589) |
| Loss on sale of discontinued operations | 157 | (22,087) |
| LOSS BEFORE INCOME TAX BENEFIT | (1,190) | (25,676) |
| INCOME TAX BENEFIT | 309 | 5,109 |
| LOSS FROM DISCONTINUED OPERATIONS, NET OF TAX | $ (881) | $ (20,567) |

## 4. HELD-TO-MATURITY SECURITIES

The amortized cost and net carrying amount, gross unrealized gains and losses, and estimated fair value of our investments classified as held-to-maturity at October 1, 2023 and June 30, 2023 are summarized as follows:

| | October 1, 2023 | | | |
|---|---|---|---|---|
| | Amortized Cost / Net Carrying Amount | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| Held-to-maturity securities: | | | | |
| Fixed income securities: | | | | |
| Corporate bonds | $ 56,588 | $ 3 | $ (85) | $ 56,506 |
| U.S. treasury bills | 9,944 | 97 | (1) | 10,040 |
| Total held-to-maturity securities | $ 66,532 | $ 100 | $ (86) | $ 66,546 |

| | June 30, 2023 | | | |
|---|---|---|---|---|
| | Amortized Cost / Net Carrying Amount | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| Held-to-maturity securities: | | | | |
| Fixed income securities: | | | | |
| Corporate bonds | $ 81,743 | $ 1 | $ (160) | $ 81,584 |
| U.S. treasury bills | 9,817 | 31 | (1) | 9,847 |
| Total held-to-maturity securities | $ 91,560 | $ 32 | $ (161) | $ 91,431 |

## 5. INVENTORIES

Inventories consisted of the following:

| | October 1, 2023 | June 30, 2023 |
|---|---|---|
| Raw materials and supplies | $ 36,540 | $ 40,201 |
| Work in process | 10,668 | 9,465 |
| Finished goods | 9,542 | 10,335 |
| Obsolescence reserve | (1,278) | (1,703) |
| Total inventories | $ 55,472 | $ 58,298 |

## 6. PROPERTY, PLANT, AND EQUIPMENT

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

| | October 1, 2023 | June 30, 2023 |
|---|---|---|
| Land and improvements | $ 7,542 | $ 10,456 |
| Buildings and improvements | 48,305 | 46,759 |
| Machinery and equipment | 40,021 | 40,632 |
| Furniture and fixtures | 5,530 | 5,284 |
| Construction in progress | 10,581 | 10,180 |
| Total property, plant, and equipment | 111,979 | 113,311 |
| Less accumulated depreciation | (35,929) | (35,390) |
| Property, plant, and equipment — net | $ 76,050 | $ 77,921 |

## 7. GOODWILL AND OTHER INTANGIBLE ASSETS

The following table presents the carrying amounts of goodwill as of October 1, 2023, and June 30, 2023 for each of the Company's reportable segments.

| | Gross Amount | Accumulated Impairment Losses | Total |
|---|---|---|---|
| MasterCraft | $ 28,493 | $ — | $ 28,493 |
| Crest | 36,238 | (36,238) | — |
| Aviara | 1,100 | (1,100) | — |
| Total | $ 65,831 | $ (37,338) | $ 28,493 |

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

| | October 1, 2023 | | | June 30, 2023 | | |
|---|---|---|---|---|---|---|
| | Gross Amount | Accumulated Amortization / Impairment | Other intangible assets, net | Gross Amount | Accumulated Amortization / Impairment | Other intangible assets, net |
| Amortized intangible assets | | | | | | |
| Dealer networks | $ 19,500 | $ (10,500) | $ 9,000 | $ 19,500 | $ (10,050) | $ 9,450 |
| Software | 245 | (245) | — | 245 | (233) | 12 |
| | 19,745 | (10,745) | 9,000 | 19,745 | (10,283) | 9,462 |
| Unamortized intangible assets | | | | | | |
| Trade names | 33,000 | (7,000) | 26,000 | 33,000 | (7,000) | 26,000 |
| Total other intangible assets | $ 52,745 | $ (17,745) | $ 35,000 | $ 52,745 | $ (17,283) | $ 35,462 |

Amortization expense related to Other intangible assets, net for the three months ended October 1, 2023 and October 2, 2022 was $0.5 million. Estimated amortization expense for the fiscal year ending June 30, 2024 is $1.8 million.

## 8. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following:

| | October 1, 2023 | June 30, 2023 |
|---|---|---|
| Warranty | $ 31,710 | $ 31,780 |
| Dealer incentives | 17,330 | 24,987 |
| Compensation and related accruals | 2,897 | 5,838 |
| Self-insurance | 1,454 | 1,586 |
| Inventory repurchase contingent obligation | 1,518 | 1,515 |
| Contract liabilities | 1,484 | 1,477 |
| Liabilities retained associated with discontinued operations | 1,042 | 690 |
| Other | 4,529 | 4,623 |
| Total accrued expenses and other current liabilities | $ 61,964 | $ 72,496 |

Accrued warranty liability activity was as follows for the three months ended:

| | October 1, 2023 | October 2, 2022 |
|---|---|---|
| Balance at the beginning of the period | $ 31,779 | $ 25,824 |
| Provisions | 2,143 | 3,345 |
| Payments made | (3,956) | (3,177) |
| Changes for pre-existing warranties | 1,744 | 928 |
| Balance at the end of the period | $ 31,710 | $ 26,920 |

## 9. COMMITMENTS AND CONTINGENCIES

*Legal Proceedings*

The Company is subject to various litigation, claims and proceedings, which have arisen in the ordinary course of business. The Company accrues for litigation, claims and proceedings when a liability is both probable and the amount can be reasonably estimated.

The Company's accruals for litigation matters are not material. While these matters are subject to inherent uncertainties, management believes that current litigation, claims and proceedings, individually and in aggregate, and after considering expected insurance reimbursements and other contract indemnifications, are not likely to have a material adverse impact on the Company's financial position, results of operations or cash flows.

## 10. LONG-TERM DEBT

Long-term debt is as follows:

| | October 1, 2023 | June 30, 2023 |
|---|---|---|
| Term loan | $ 52,875 | $ 54,000 |
| Debt issuance costs on term loan | (293) | (324) |
| Total debt | 52,582 | 53,676 |
| Less current portion of long-term debt | 4,500 | 4,500 |
| Less current portion of debt issuance costs on term loan | (116) | (119) |
| Long-term debt, net of current portion | $ 48,198 | $ 49,295 |

The Company has a credit agreement with a syndicate of certain financial institutions (the "Credit Agreement") that provides the Company with a $160.0 million senior secured credit facility, consisting of a $60.0 million term loan (the "Term Loan") and a $100.0 million revolving credit facility (the "Revolving Credit Facility"). The Credit Agreement is secured by a first priority security interest in substantially all of the Company's assets.

The Credit Agreement contains a number of covenants that, among other things, restrict the Company’s ability to, subject to specified exceptions, incur additional debt; incur additional liens and contingent liabilities; sell or dispose of assets; merge with or acquire other companies; liquidate or dissolve; engage in businesses that are not in a related line of business; make loans, advances or guarantees; pay dividends or make other distributions; engage in transactions with affiliates; and make investments. The Company is also required to maintain a minimum fixed charge coverage ratio and a maximum net leverage ratio.

On August 31, 2022, the Company entered into the Second Amendment to the Credit Agreement to obtain the necessary consents and waivers related to the sale of the NauticStar segment on September 2, 2022, as discussed in Note 3.

On October 4, 2023, the Company entered into the Third Amendment to the Credit Agreement to exclude certain amounts of stock repurchases during the fiscal year ending June 30, 2024 from the calculation of the minimum required fixed charge coverage ratio.

The Credit Agreement, as amended, bears interest, at the Company’s option, at either the prime rate plus an applicable margin ranging from 0.25% to 1.00% or at an adjusted term benchmark rate plus an applicable margin ranging from 1.25% to 2.00%, in each case based on the Company’s net leverage ratio. The Company is also required to pay a commitment fee for any unused portion of the revolving credit facility ranging from 0.15% to 0.30% based on the Company’s net leverage ratio. Effective during the three months ended October 1, 2023, the applicable margin for loans accruing at the prime rate was 0.25% and the applicable margin for loans accruing interest at the benchmark rate was 1.25%. As of October 1, 2023, the interest rate on the Company’s term loan was 6.67%.

The Credit Agreement will mature and all remaining amounts outstanding thereunder will be due and payable on June 28, 2026. As of October 1, 2023, the Company was in compliance with its financial covenants under the Credit Agreement.

*Revolving Credit Facility*

As of October 1, 2023, the Company had no amounts outstanding on its Revolving Credit Facility and had remaining availability of $100.0 million.

## 11. 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 October 1, 2023 and October 2, 2022, the Company’s effective tax rate was 21.6% and 22.6%, respectively. The Company’s effective tax rate for the three months ended October 1, 2023 is lower compared to the effective tax rate for the three months ended October 2, 2022, primarily due to a decrease in taxable income and the greater relative impact of certain tax credits.

## 12. SHARE-BASED COMPENSATION

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

| | Three Months Ended | |
|---|---|---|
| | **October 1, 2023** | **October 2, 2022** |
| Restricted stock awards | $ 413 | $ 552 |
| Performance stock units | 526 | 568 |
| Share-based compensation expense | $ 939 | $ 1,120 |

*Restricted Stock Awards*

During the three months ended October 1, 2023, the Company granted 114,622 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 three months ended October 1, 2023, 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 three months ended October 1, 2023, was $21.06 per share.

The following table summarizes the status of nonvested RSAs as of October 1, 2023, and changes during the three months then ended.

| | **Nonvested Restricted Shares** | **Average Grant-Date Fair Value (per share)** |
|---|---|---|
| Nonvested at June 30, 2023 | 91,907 | $ 23.66 |
| Granted | 114,622 | 21.06 |
| Vested | (18,830) | 20.00 |
| Forfeited | (4,344) | 24.50 |
| Nonvested at October 1, 2023 | 183,355 | 23.38 |

As of October 1, 2023, there was $3.7 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.

The following table summarizes the status of nonvested PSUs as of October 1, 2023, and changes during the three months then ended.

| | **Nonvested Performance Stock Units** | **Average Grant-Date Fair Value (per share)** |
|---|---|---|
| Nonvested at June 30, 2023 | 122,971 | $ 27.12 |
| Granted | 84,704 | 21.06 |
| Forfeited | (8,007) | 27.37 |
| Nonvested at October 1, 2023 | 199,668 | 26.68 |

As of October 1, 2023, there was $2.9 million of total unrecognized compensation expense related to nonvested PSUs. The Company expects this expense to be recognized over a weighted average period of 2.3 years.

## 13. EARNINGS PER SHARE AND COMMON STOCK

The following table sets forth the computation of the Company’s net income per share:

| | Three Months Ended | |
|---|---|---|
| | October 1, 2023 | October 2, 2022 |
| Net income from continuing operations | $ 7,076 | $ 24,635 |
| Loss from discontinued operations, net of tax | (881) | (20,567) |
| Net income | $ 6,195 | $ 4,068 |
| | | |
| Weighted average shares — basic | 17,156,283 | 17,946,061 |
| Dilutive effect of assumed exercises of stock options | — | 8,093 |
| Dilutive effect of assumed restricted share awards/units | 68,325 | 77,571 |
| Weighted average outstanding shares — diluted | 17,224,608 | 18,031,725 |
| Basic net income (loss) per share | | |
| Continuing operations | $ 0.41 | $ 1.38 |
| Discontinued operations | $ (0.05) | $ (1.15) |
| Net income | $ 0.36 | $ 0.23 |
| Diluted net income (loss) per share | | |
| Continuing operations | $ 0.41 | $ 1.37 |
| Discontinued operations | (0.05) | $ (1.14) |
| Net income | $ 0.36 | $ 0.23 |

For the three months ended October 1, 2023, no shares were excluded from the computation of diluted earnings per share. For the three months ended October 2, 2022, an immaterial number of shares were excluded from the computation of diluted earnings per share as the effect would have been anti-dilutive.

*Share Repurchase Program*

On June 24, 2021, the board of directors of the Company authorized a share repurchase program that allows for the repurchase of up to $50.0 million of the Company’s common stock during the three-year period ending June 24, 2024. While having $1.6 million of availability as of June 30, 2023, this program was fully utilized as of October 1, 2023.

On July 24, 2023, the board of directors of the Company authorized a new share repurchase program under which the Company may repurchase up to $50 million of its outstanding shares of common stock. The new authorization became effective upon the completion of the Company's existing $50 million stock repurchase authorization.

During the three months ended October 1, 2023, the Company repurchased 241,764 shares of common stock for $5.8 million in cash, excluding related fees and expenses. During the three months ended October 2, 2022, the Company repurchased 191,360 shares of common stock for $4.2 million. As of October 1, 2023, $45.9 million remained available under the new program.

## 14. SEGMENT INFORMATION

***Reportable Segments***

Operating segments are identified as components of an enterprise about which discrete financial information is available for evaluation by the CODM in making decisions on how to allocate resources and assess performance. For the three months ended October 1, 2023, the Company's CODM regularly assessed the operating performance of the Company's boat brands under three operating and reportable segments:

- The MasterCraft segment produces boats at its Vonore, Tennessee facility. These are premium recreational performance sport boats primarily used for water skiing, wakeboarding, wake surfing, and general recreational boating.
- The Crest segment produces pontoon boats at its Owosso, Michigan facility. Crest boats are primarily used for general recreational boating.
- The Aviara segment produces luxury day boats at its Merritt Island, Florida facility. Aviara boats are primarily used for general recreational boating.

Each segment distributes its products through its own independent dealer network. Each segment also has its own management structure which is responsible for the operations of the segment and is directly accountable to the CODM for the operating performance of the segment, which is regularly assessed by the CODM who allocates resources based on that performance.

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 October 1, 2023 | | | |
|---|---|---|---|---|
| | **MasterCraft** | **Crest** | **Aviara** | **Consolidated** |
| Net sales | $ 75,836 | $ 18,469 | $ 9,912 | $ 104,217 |
| Operating income (loss) | 10,290 | 263 | (2,000) | 8,553 |
| Depreciation and amortization | 1,301 | 808 | 618 | 2,727 |
| Purchases of property, plant and equipment | 2,209 | 859 | 1,330 | 4,398 |

| | For the Three Months Ended October 2, 2022 | | | |
|---|---|---|---|---|
| | **MasterCraft** | **Crest** | **Aviara** | **Consolidated** |
| Net sales | $ 113,020 | $ 43,561 | $ 12,935 | $ 169,516 |
| Operating income | 24,072 | 7,543 | 607 | 32,222 |
| Depreciation and amortization | 1,382 | 682 | 537 | 2,601 |
| Purchases of property, plant and equipment | 2,109 | 2,523 | 1,336 | 5,968 |

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

| | **October 1, 2023** | **June 30, 2023** |
|---|---|---|
| Assets: | | |
| MasterCraft | $ 236,174 | $ 259,201 |
| Crest | 52,922 | 53,435 |
| Aviara | 45,132 | 41,340 |
| Total assets | $ 334,228 | $ 353,976 |

**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 2023 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.*

**Discontinued Operations**

The Company's results for all periods presented, as discussed in Management's Discussion and Analysis, are presented on a continuing operations basis. Results related to our former NauticStar business that was sold on September 2, 2022 are reported as discontinued operations for all periods presented. See Note 3 in Notes to Condensed Consolidated Financial Statements for more information on Discontinued Operations.

**Overview**

As anticipated, general market volatility and economic headwinds continue to create uncertainty and softness in the retail environment. As previously disclosed, because of the anticipated softness in retail demand, the Company has approached its wholesale production plan for fiscal 2024 with a prudent level of caution and a focus on rebalancing dealer inventories consistent with the expected retail demand. As a result, net sales decreased $65.3 million, or 38.5 percent, compared to the prior-year period. Gross margin declined in the quarter as a result of lower cost absorption due to decreased sales volumes and higher dealer incentives, partially offset by higher prices. Dealer incentives include higher floor plan financing costs as a result of increased dealer inventories and interest rates, and other incentives as the retail environment remains competitive.

**Results of Continuing Operations**

***Consolidated Results***

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

| (Dollar amounts in thousands) | Three Months Ended October 1, 2023 | Three Months Ended October 2, 2022 | 2024 vs. 2023 Change | 2024 vs. 2023 % Change |
|---|---|---|---|---|
| **Consolidated statements of operations**: | | | | |
| NET SALES | $ 104,217 | $ 169,516 | $ (65,299) | (38.5%) |
| COST OF SALES | 82,381 | 123,543 | (41,162) | (33.3%) |
| GROSS PROFIT | 21,836 | 45,973 | (24,137) | (52.5%) |
| OPERATING EXPENSES: | | | | |
| Selling and marketing | 3,464 | 3,779 | (315) | (8.3%) |
| General and administrative | 9,357 | 9,483 | (126) | (1.3%) |
| Amortization of other intangible assets | 462 | 489 | (27) | (5.5%) |
| Total operating expenses | 13,283 | 13,751 | (468) | (3.4%) |
| OPERATING INCOME | 8,553 | 32,222 | (23,669) | (73.5%) |
| OTHER INCOME (EXPENSE): | | | | |
| Interest expense | (878) | (562) | (316) | 56.2% |
| Interest income | 1,351 | 151 | 1,200 | 794.7% |
| INCOME BEFORE INCOME TAX EXPENSE | 9,026 | 31,811 | (22,785) | (71.6%) |
| INCOME TAX EXPENSE | 1,950 | 7,176 | (5,226) | (72.8%) |
| NET INCOME FROM CONTINUING OPERATIONS | $ 7,076 | $ 24,635 | $ (17,559) | (71.3%) |
| **Additional financial and other data:** | | | | |
| Unit sales volume: | | | | |
| MasterCraft | 494 | 781 | (287) | (36.7%) |
| Crest | 362 | 846 | (484) | (57.2%) |
| Aviara | 25 | 32 | (7) | (21.9%) |
| Consolidated unit sales volume | 881 | 1,659 | (778) | (46.9%) |
| Net sales: | | | | |
| MasterCraft | $ 75,836 | $ 113,020 | $ (37,184) | (32.9%) |
| Crest | 18,469 | 43,561 | (25,092) | (57.6%) |
| Aviara | 9,912 | 12,935 | (3,023) | (23.4%) |
| Consolidated net sales | $ 104,217 | $ 169,516 | $ (65,299) | (38.5%) |
| Net sales per unit: | | | | |
| MasterCraft | $ 154 | $ 145 | $ 9 | 6.2% |
| Crest | 51 | 51 | - | - |
| Aviara | 396 | 404 | (8) | (2.0%) |
| Consolidated net sales per unit | 118 | 102 | 16 | 15.7% |
| Gross margin | 21.0% | 27.1% | (610) bps | |

Net sales decreased 38.5 percent during the first quarter of fiscal 2024, when compared with the same prior-year period. The net sales decrease reflects decreased unit volume and an increase in dealer incentives, partially offset by higher prices. Dealer incentives include higher floor plan financing costs as a result of increased dealer inventories and interest rates, and other incentives as the retail environment remains competitive.

Gross margin percentage declined 610 basis points during the first quarter of fiscal 2024, when compared to the same prior-year period. Lower margins were the result of lower cost absorption due to planned decreased sales volume, higher dealer incentives, and higher costs related to material, labor and overhead inflation, partially offset by higher prices.

Operating expenses decreased 3.4 percent during the first quarter of fiscal 2024, when compared to the same prior-year period.

***Segment Results***

***MasterCraft Segment***

The following table sets forth MasterCraft segment results for the three months ended:

| (Dollar amounts in thousands) | Three Months Ended October 1, 2023 | Three Months Ended October 2, 2022 | 2024 vs. 2023 Change | 2024 vs. 2023 % Change |
|---|---|---|---|---|
| Net sales | $ 75,836 | $ 113,020 | $ (37,184) | (32.9%) |
| Operating income | 10,290 | 24,072 | (13,782) | (57.3%) |
| Purchases of property, plant and equipment | 2,209 | 2,109 | 100 | 4.7% |
| | | | | |
| Unit sales volume | 494 | 781 | (287) | (36.7%) |
| Net sales per unit | $ 154 | $ 145 | $ 9 | 6.2% |

Net sales decreased 32.9 percent during the first quarter of fiscal 2024, when compared with the same prior-year period. The decrease was driven by lower unit volume and increased dealer incentives, partially offset by higher prices. Dealer incentives include higher floor plan financing costs as a result of increased dealer inventories and interest rates, and other incentives as the retail environment becomes more competitive.

Operating income decreased 57.3 percent during the first quarter of fiscal 2024, when compared to the same prior-year period. The decrease was driven by decreased sales volume, higher dealer incentives, and higher costs related to material, labor and overhead inflation, partially offset by higher prices.

***Crest Segment***

The following table sets forth Crest segment results for the three months ended:

| (Dollar amounts in thousands) | Three Months Ended October 1, 2023 | Three Months Ended October 2, 2022 | 2024 vs. 2023 Change | 2024 vs. 2023 % Change |
|---|---|---|---|---|
| Net sales | $ 18,469 | $ 43,561 | $ (25,092) | (57.6%) |
| Operating income | 263 | 7,543 | (7,280) | (96.5%) |
| Purchases of property, plant and equipment | 859 | 2,523 | (1,664) | (66.0%) |
| | | | | |
| Unit sales volume | 362 | 846 | (484) | (57.2%) |
| Net sales per unit | $ 51 | $ 51 | $ - | 0.0% |

Net sales decreased 57.6 percent during the first quarter of fiscal 2024, when compared to the same prior-year period, as a result of lower unit volume and increased dealer incentives, partially offset by higher prices.

Operating income for the first quarter of fiscal 2024 decreased 96.5 percent, when compared to the same prior-year period. The decrease is primarily the result of decreased sales volume, higher dealer incentives, higher costs related to material, labor and overhead inflation, and higher warranty costs related to prior model year expenses, partially offset by higher prices.

***Aviara Segment***

The following table sets forth Aviara segment results for the three months ended:

| (Dollar amounts in thousands) | Three Months Ended October 1, 2023 | Three Months Ended October 2, 2022 | 2024 vs. 2023 Change | 2024 vs. 2023 % Change |
|---|---|---|---|---|
| Net sales | $ 9,912 | $ 12,935 | $ (3,023) | (23.4%) |
| Operating income (loss) | (2,000) | 607 | (2,607) | (429.5%) |
| Purchases of property, plant and equipment | 1,330 | 1,336 | (6) | (0.4%) |
| | | | | |
| Unit sales volume | 25 | 32 | (7) | (21.9%) |
| Net sales per unit | $ 396 | $ 404 | $ (8) | (2.0%) |

Net sales decreased 23.4 percent during the first quarter of fiscal 2024, when compared to the same prior-year period, due to decreased unit volume, and higher dealer incentives, partially offset by higher prices.

Operating loss was $2.0 million for the first quarter of fiscal 2024 compared to operating income of $0.6 million in the same prior-year period. The change was primarily a result of higher costs related to material, labor and overhead inflation, decreased sales volume, and higher dealer incentives, partially offset by higher prices.

**Non-GAAP Measures**

*EBITDA, Adjusted EBITDA, EBITDA Margin, and Adjusted EBITDA Margin*

We define EBITDA as net income from continuing operations, before interest, 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, the adjustment is for share-based compensation. We define EBITDA margin and Adjusted EBITDA margin as EBITDA and 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 from continuing operations, 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 reflecting income tax expense on adjusted net income before income taxes at our estimated annual effective tax rate. For the periods presented herein, these adjustments include other intangible asset amortization and share-based compensation.

EBITDA, Adjusted EBITDA, EBITDA margin, 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 reflecting income tax expense on adjusted net income before income taxes at our estimated annual effective tax rate. 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 the Non-GAAP measures do not reflect any cash requirements for such replacements;
- The Non-GAAP measures do not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;
- The Non-GAAP measures do not reflect changes in, or cash requirements for, our working capital needs;
- The Non-GAAP measures do not reflect our tax expense or any cash requirements to pay income taxes;
- The Non-GAAP measures do not reflect interest expense, or the cash requirements necessary to service interest payments on our indebtedness; and
- The Non-GAAP measures 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.

Beginning in the first quarter of fiscal 2023, due to the effects of discontinued operations, as discussed above, the Company's non-GAAP financial measures are presented on a continuing operations basis, for all periods presented.

The following table presents a reconciliation of net income from continuing operations as determined in accordance with U.S. GAAP to EBITDA and Adjusted EBITDA, and net income from continuing operations margin (expressed as a percentage of net sales) to EBITDA Margin and Adjusted EBITDA Margin (each expressed as a percentage of net sales) for the periods indicated:

| | Three Months Ended | | | |
|---|---|---|---|---|
| | **October 1, 2023** | **% of Net sales** | **October 2, 2022** | **% of Net sales** |
| **Net income from continuing operations** | $ 7,076 | 6.8% | $ 24,635 | 14.5% |
| Income tax expense | 1,950 | | 7,176 | |
| Interest expense | 878 | | 562 | |
| Interest income | (1,351) | | (151) | |
| Depreciation and amortization | 2,727 | | 2,601 | |
| **EBITDA** | 11,280 | 10.8% | 34,823 | 20.5% |
| Share-based compensation | 939 | | 1,120 | |
| **Adjusted EBITDA** | $ 12,219 | 11.7% | $ 35,943 | 21.2% |

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

| | Three Months Ended | |
|---|---|---|
| | October 1, 2023 | October 2, 2022 |
| | (Dollars in thousands, except per share data) | |
| **Net income from continuing operations** | $ 7,076 | $ 24,635 |
| Income tax expense | 1,950 | 7,176 |
| Amortization of acquisition intangibles | 462 | 462 |
| Share-based compensation | 939 | 1,120 |
| **Adjusted Net Income before income taxes** | 10,427 | 33,393 |
| Adjusted income tax expense[a] | 2,294 | 7,680 |
| **Adjusted Net Income** | $ 8,133 | $ 25,713 |
| | | |
| Adjusted Net Income per share: | | |
| Basic | $ 0.47 | $ 1.43 |
| Diluted | $ 0.47 | $ 1.43 |
| Weighted average shares used for the computation of[b]: | | |
| Basic Adjusted Net Income per share | 17,156,283 | 17,946,061 |
| Diluted Adjusted Net Income per share | 17,224,608 | 18,031,725 |

The following table presents the reconciliation of net income from continuing operations per diluted share to Adjusted Net Income per diluted share for the periods presented:

| | Three Months Ended | |
|---|---|---|
| | October 1, 2023 | October 2, 2022 |
| **Net income from continuing operations per diluted share** | $ 0.41 | $ 1.37 |
| Impact of adjustments: | | |
| Income tax expense | $ 0.11 | 0.40 |
| Amortization of acquisition intangibles | $ 0.03 | 0.03 |
| Share-based compensation | $ 0.05 | 0.06 |
| **Adjusted Net Income per diluted share before income taxes** | $ 0.60 | 1.86 |
| Impact of adjusted income tax expense on net income per diluted share before income taxes[a] | $ (0.13) | (0.43) |
| **Adjusted Net Income per diluted share** | $ 0.47 | $ 1.43 |

(a) For fiscal 2024 and 2023, income tax expense reflects an income tax rate of 22.0% and 23.0%, respectively, for each period presented.
(b) Represents 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 basic and diluted share for all periods presented herein.

### Liquidity and Capital Resources

Our primary liquidity and capital resource needs are to finance working capital, fund capital expenditures, service our debt, fund potential acquisitions, and fund our share repurchase program. Our principal sources of liquidity are our cash balance, held-to-maturity securities, cash generated from operating activities, our revolving credit agreement and the refinancing and/or new issuance of long-term debt. We believe our cash balance, held-to-maturity securities, cash from operations, and our ability to borrow will be sufficient to provide for our liquidity and capital resource needs.

Cash and cash equivalents totaled $23.5 million as of October 1, 2023, an increase of $3.7 million from $19.8 million as of June 30, 2023. Held-to-maturity securities totaled $66.5 million as of October 1, 2023, a decrease of $25.1 million from $91.6 million as of June 30, 2023. Total debt as of October 1, 2023 and June 30, 2023 was $52.6 million and $53.7 million, respectively.

As of October 1, 2023, we had no amounts outstanding under the Revolving Credit Facility, leaving $100.0 million of available borrowing capacity. Refer to Note 10 — Long Term Debt in the Notes to Unaudited Condensed Consolidated Financial Statements for further details.

On June 24, 2021, the board of directors of the Company authorized a share repurchase program that allowed for the repurchase of up to $50.0 million of our common stock during the three-year period ending June 24, 2024. While having $1.6 million of availability as of June 30, 2023, this program was fully utilized as of October 1, 2023.

On July 24, 2023, the board of directors of the Company authorized a new share repurchase program under which the Company may repurchase up to $50 million of its outstanding shares of common stock. The new authorization became effective upon the completion of the Company's prior $50 million stock repurchase authorization.

During the three months ended October 1, 2023, the Company repurchased 241,764 shares of common stock for $5.8 million in cash, excluding related fees and expenses under both plans.

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

| | Three Months Ended | |
|---|---|---|
| | October 1, 2023 | October 2, 2022 |
| | (Dollars in thousands) | |
| Total cash provided by (used in): | | |
| Operating activities | $ (8,804) | $ 20,718 |
| Investing activities | 21,188 | (5,968) |
| Financing activities | (8,424) | (5,393) |
| **Net change in cash from continuing operations** | $ 3,960 | $ 9,357 |

*Three Months Ended October 1, 2023 Cash Flows from Continuing Operations*

Net cash used in operating activities for the three months ended October 1, 2023 was $8.8 million, primarily due to lower net earnings and unfavorable 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, excluding the impact of acquisitions and non-cash adjustments. Working capital usage primarily consisted of decreases in accrued expenses and other current liabilities, income tax payable, and accounts payable, and an increase in prepaid expenses and other current assets. Partially offsetting the working capital usage was a decrease in inventories. Accrued expenses and other current liabilities decreased due to payment of dealer incentives and variable compensation, partially offset by increased warranty. Income tax payable decreased due to tax payments within the quarter. Accounts payable decreased due to lower production at the end of the period compared to the end of the prior year period. Prepaid expenses and other current assets increased due to an increase in prepaid expenses, partially offset by amortization of insurance premiums. Inventories decreased as we adjust inventory levels to align with lower production levels.

Net cash provided by investing activities was $21.2 million, which included net changes of $25.6 million in held-to-maturity securities, and $4.4 million in net capital expenditures. Our capital spending was primarily focused on tooling, facility enhancements and information technology.

Net cash used in financing activities was $8.4 million, which included net payments of $1.1 million on long-term debt and stock repurchases totaling $5.8 million.

*Three Months Ended October 2, 2022 Cash Flows from Continuing Operations*

Net cash provided by operating activities for the three months ended October 2, 2022 was $20.7 million, primarily due to higher net earnings, partially offset by 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, excluding the impact of acquisitions and non-cash adjustments. Working capital usage primarily consisted of an increase in inventories and income tax receivable, and a decrease in accrued expenses and other current liabilities and income tax payable. Partially offsetting the working capital usage was a decrease in accounts receivable and prepaid expenses and other current assets. Inventories increased as we rebalance inventory levels after the summer selling season and increased materials costs from inflation. Income tax receivable increased and income tax payable decreased due to the tax benefit generated from the sale of NauticStar. Accrued expenses and other current liabilities decreased due to payment of variable compensation and payment of dealer incentives, partially offset by increased warranty costs. Accounts receivable decreased as a result of lower sales at the end of the period compared to the end of the prior-year period due to supply chain disruptions. Prepaid expenses and other current assets decreased due to amortization of insurance premiums.

Net cash used in investing activities was $6.0 million, which included capital expenditures. Our capital spending was focused on expanding our capacity, maintenance capital, and information technology.

Net cash used in financing activities was $5.4 million, which included net payments of $0.8 million on long-term debt and stock repurchases totaling $4.2 million.

**Off Balance Sheet Arrangements**

The Company did not have any off balance sheet financing arrangements as of October 1, 2023.

**Critical Accounting Policies**

As of October 1, 2023, there were no significant changes in or changes to 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, 2023, which was filed with the SEC on August 30, 2023.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Refer to our 2023 Annual Report for 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) and 15d-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 on Form 10-Q, 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 October 1, 2023.

*Changes in Internal Control Over Financial Reporting*

There have been no changes in our internal control over financial reporting during the quarter ended October 1, 2023 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.

For a discussion of the Company's legal proceedings, see Part I – Item 1. – Note 9 – Commitments and Contingencies to the Company's unaudited condensed consolidated financial statements.

### ITEM 1A. RISK FACTORS.

During the three months ended October 1, 2023, 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, 2023.

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

*Share Repurchase Program*

On June 24, 2021, the board of directors of the Company authorized a share repurchase program that allowed for the repurchase of up to $50.0 million of our common stock during the three-year period ending June 24, 2024. While having $1.6 million of availability as of June 30, 2023, this program was fully utilized as of October 1, 2023.

On July 24, 2023, the board of directors of the Company authorized a new share repurchase program under which the Company may repurchase up to $50 million of its outstanding shares of common stock. The new authorization became effective upon the completion of the Company's prior $50 million stock repurchase authorization.

During the first three months of fiscal 2024, we repurchased approximately $5.8 million of our common stock under both programs, excluding related fees and expenses. As of October 1, 2023, the remaining authorization under the new program was approximately $45.9 million.

During the three months ended October 1, 2023, the Company repurchased the following shares of common stock:

| Period | Total Number of Shares Purchased | Average Price Paid Per Share[(a)(b)] | Total Number of Shares Purchased as part of Publicly Announced Program | Approximate Dollar Value of Shares that May Yet be Purchased Under the Plan (dollars in thousands) |
|---|---|---|---|---|
| July 1, 2023 - July 30, 2023 | 45,104 | $ 28.38 | 45,104 | $ 50,354 |
| July 31, 2023 - August 27, 2023 | 54,391 | 27.06 | 54,391 | 48,883 |
| August 28, 2023 - October 01, 2023 | 142,269 | 21.09 | 142,269 | 45,883 |
| Total | 241,764 | | 241,764 | |

(a) Represents weighted average price paid per share excluding commissions paid.
(b) Average price per share excludes any excise tax imposed on certain stock repurchases as part of the Inflation Reduction Act of 2022.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

### ITEM 4. MINE SAFETY DISCLOSURES.

None.

### ITEM 5. OTHER INFORMATION.

**Director and Officer Rule 10b5-1 Trading Arrangements**

During the three months ended October 1, 2023, none of our directors or "officers" (as defined in Rule 16a-1(f) under the Exchange Act) adopted, modified or terminated "Rule 10b5-1 trading arrangements" or "non-Rule 10b5-1 trading arrangements" (each as defined in Item 408 of Regulation S-K).

## ITEM 6. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

| Exhibit No. | Description | Incorporated by Reference | | | | Filed Herewith |
|---|---|---|---|---|---|---|
| | | Form | File No. | Exhibit | Filing Date | |
| 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 | Third Amendment to Credit 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 | Inline XBRL Instance Document | | | | | * |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document | | | | | * |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document | | | | | * |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document | | | | | * |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document | | | | | * |
| 101.DEF | Inline 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: | November 8, 2023 | By: | /s/ FREDERICK A. BRIGHTBILL |
| | | | Frederick A. Brightbill |
| | | | Chief Executive Officer (Principal Executive Officer) and Chairman of the Board |
| Date: | November 8, 2023 | By: | /s/ TIMOTHY M. OXLEY |
| | | | Timothy M. Oxley |
| | | | Chief Financial Officer (Principal Financial and Accounting Officer), Treasurer and Secretary |

# THIRD AMENDMENT TO CREDIT AGREEMENT

THIS THIRD AMENDMENT TO CREDIT AGREEMENT ("Amendment"), dated as of October 4, 2023, is made and entered into on the terms and conditions hereinafter set forth, by and among MASTERCRAFT BOAT HOLDINGS, INC., a Delaware corporation (the "Borrower"), the other Loan Parties party hereto, the several banks and other financial institutions or entities from time to time party to the Credit Agreement (as defined below) as Lenders, and JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, in its capacities as a Lender, issuer of letters of credit and administrative agent (in such capacity, the "Administrative Agent") under the Credit Agreement. Capitalized terms used and not otherwise defined in this Amendment shall have the meanings assigned to such terms in the Credit Agreement.

W I TN E S S E T H:

WHEREAS, pursuant to that certain Credit Agreement dated as of June 28, 2021 among the Borrower, the other Loan Parties thereto, the Administrative Agent, and each Lender from time to time party thereto (as heretofore amended, modified, supplemented or altered, the "Existing Credit Agreement" and as the same may be amended, restated, supplemented, altered or otherwise modified from time to time, including by this Amendment, the "Credit Agreement"), the Lenders agreed to make Loans as more specifically described in the Credit Agreement; and

WHEREAS, the Loan Parties have requested that the Lenders modify the terms of the Credit Agreement, and the Administrative Agent and the Lenders are willing to do so on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Amendments to the Existing Credit Agreement.** Effective as of the date first above written, and subject to the satisfaction of the conditions to effectiveness set forth herein, the Existing Credit Agreement (but, except as otherwise expressly set forth in the conformed Credit Agreement attached as Annex I hereto, not the Schedules and Exhibits attached thereto) is hereby amended in its entirety to be in the form of Annex I attached hereto.

2. **Conditions to Effectiveness.** This Amendment shall be effective only upon the satisfaction of the following conditions:

   a. the Administrative Agent shall have received counterparts of this Amendment that, when taken together, bear the signatures of Lenders constituting the Required Lenders, as well as signatures of each Loan Party;

   b. each of the representations and warranties of the Loan Parties contained in this Amendment shall be true and correct in all material respects as of the date as of which all of the other conditions contained in this Section shall have been satisfied (except to the extent that such representations and warranties relate solely to an earlier date);

   c. the Borrower shall have paid to the Administrative Agent all fees due in connection with this Amendment and all expenses incurred by the Administrative Agent, including, but not limited to, reasonable attorneys' fees in connection with this Amendment; and

   d. the Administrative Agent shall have received such documents, instruments, certificates, opinions and approvals as it reasonably may have requested.

3. **Organization, Good Standing, Requisite Power and Authorization, Enforceability.** Each Loan Party is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization. Each Loan Party has all requisite power, authority and legal right to execute and deliver, on behalf of such Loan Party, this Amendment, any other Loan Documents and other instruments and documents to be executed and delivered by such Loan Party pursuant to this Amendment, to perform and observe the provisions thereof and to carry out the transactions contemplated thereby. All actions on the part of each Loan Party that are required for the execution and delivery of this Amendment and the other Loan Documents and the performance and observance of the provisions thereof by such Loan Party have been duly authorized and effectively taken.

4. **<u>Representations and Warranties</u>**. The Loan Parties each represent and warrant that, except for representations and warranties made as of a particular date, the representations and warranties set forth in <u>Article III</u> of the Credit Agreement are true and correct in all material respects on and as of the date of this Amendment, and that no Default or Event of Default exists and is continuing under the Credit Agreement or any other documents executed in connection herewith.

5. **<u>Effect of Amendment; Continuing Effectiveness of Credit Agreement and Loan Documents</u>.**

   a. Neither this Amendment nor any other indulgences or waivers provided herein that may have been granted to any Loan Party by the Administrative Agent or any Lender shall constitute a course of dealing or otherwise obligate the Administrative Agent or any Lender to modify, expand or extend the agreements contained herein, to agree to any other amendments to the Credit Agreement or to grant any consent to, waiver of or indulgence with respect to any other noncompliance with any provision of the Loan Documents.

   b. This Amendment shall constitute a Loan Document for all purposes of the Credit Agreement and the other Loan Documents. Subject to any grace or cure periods in the Credit Agreement or herein, any material noncompliance by any Loan Party with any of the covenants, terms, conditions or provisions of this Amendment shall constitute an Event of Default. Except to the extent amended hereby, the Credit Agreement, the other Loan Documents and all terms, conditions and provisions thereof shall continue in full force and effect in all respects and each Loan Party hereby expressly reaffirms and ratifies its continuing obligations under the Credit Agreement and the other Loan Documents.

6. **<u>Release and Waiver</u>**. Each Loan Party hereby acknowledges and stipulates that it has no claims or causes of action of any kind whatsoever against the Administrative Agent, any Lender,and their respective affiliates, officers, directors, employees or agents. Each Loan Party represents that it is entering into this Amendment freely, and with the advice of counsel as to its legal alternatives. Each Loan Party hereby releases the Administrative Agent, the Lenders, and their respective affiliates, officers, directors, employees and agents, from any and all claims, causes of action, demands and liabilities of any kind whatsoever whether direct or indirect, fixed or contingent, liquidated or unliquidated, disputed or undisputed, known or unknown, which any Loan Party have relating in any way to any event, circumstance, action or failure to act to the date of this Amendment. The release by the Loan Parties herein, together with the other terms and provisions of this Amendment, are executed by each Loan Party advisedly and without coercion or duress from the Administrative Agent or any Lender, such Loan Party having determined that the execution of this Amendment, and all its terms and provisions are in the Loan Parties' economic best interest.

7. **<u>Counterparts</u>**. This Amendment may be executed in multiple counterparts or copies, each of which shall be deemed an original hereof for all purposes. One or more counterparts or copies of this Amendment may be executed by one or more of the parties hereto, and some different counterparts or copies executed by one or more of the other parties. Each counterpart or copy hereof executed by any party hereto shall be binding upon the party executing same even though other parties may execute one or more different counterparts or copies, and all counterparts or copies hereof so executed shall constitute but one and the same agreement. Each party hereto, by execution of one or more counterparts or copies hereof, expressly authorizes and directs any other party hereto to detach the signature pages and any corresponding acknowledgment, attestation, witness or similar pages relating thereto from any such counterpart or copy hereof executed by the authorizing party and affix same to one or more other identical counterparts or copies hereof so that upon execution of multiple counterparts or copies hereof by all parties hereto, there shall be one or more counterparts or copies hereof to which is(are) attached signature pages containing signatures of all parties hereto and any corresponding acknowledgment, attestation, witness or similar pages relating thereto.

*[Remainder of Page Intentionally Left Blank. Signatures pages follow.]*

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

MASTERCRAFT BOAT HOLDINGS INC.
By/s/ Timothy M. Oxley
Timothy M. Oxley
Chief Financial Officer, Treasurer &
Secretary

MASTERCRAFT BOAT COMPANY, LLC
By/s/ Timothy M. Oxley
Timothy M. Oxley
Chief Financial Officer, Treasurer &
Secretary

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

MASTERCRAFT INTERNATIONAL SALES ADMINISTRATION, INC.
By/s/ Timothy M. Oxley
Timothy M. Oxley
Chief Financial Officer, Treasurer &
Secretary

NSB BOATS, LLC, successor by name change to Nautic Star, LLC
By/s/ Timothy M. Oxley
Timothy M. Oxley
Chief Financial Officer, Treasurer &
Secretary

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

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

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JPMORGAN CHASE BANK, N.A., individually, and as Administrative Agent, Swingline Lender and Issuing Bank
By/s/ Brandon Abney
Brandon Abney
Authorized Officer

FIFTH THIRD BANK, NATIONAL ASSOCIATION
By/s/ William Perry
William Perry
AVP

BMO HARRIS BANK, N.A.
By/s/ Chris Spillane
Chris Spillane
Director

PINNACLE BANK
By/s/ Michael Kohl
Michael Kohl
Sr VP

UNITED COMMUNITY BANK
By/s/ Brian Reynolds
Brian Reynolds
Vice President

**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 October 1, 2023 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: November 8, 2023 | /s/ FREDERICK A. BRIGHTBILL |
| | Frederick A. Brightbill<br>Chief Executive Officer<br>(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 October 1, 2023 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: November 8, 2023 | /s/ TIMOTHY M. OXLEY |
| | Timothy M. Oxley<br>Chief Financial Officer, Treasurer and Secretary<br>(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, 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 October 1, 2023 (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.

November 8, 2023

/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 October 1, 2023 (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.

| | |
|---|---|
| November 8, 2023 | /s/ TIMOTHY M. OXLEY |
| | Timothy M. Oxley |
| | Chief Financial Officer, Treasurer and Secretary<br>(Principal Financial and Accounting Officer) |