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: April 3, 2022

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 May 6, 2022, there were 18,044,250 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 supply chain disruptions and production inefficiencies as a result of the coronavirus (“COVID-19”) pandemic on the Company, 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 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, 2021, filed with the Securities and Exchange Commission (“SEC”) on September 2, 2021 (our “2021 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		Nine Months Ended	
	April 3, 2022	April 4, 2021	April 3, 2022	April 4, 2021
NET SALES	$ 186,735	$ 147,854	$ 490,210	$ 370,276
COST OF SALES	144,702	110,627	382,857	277,546
GROSS PROFIT	42,033	37,227	107,353	92,730
OPERATING EXPENSES:				
Selling and marketing	3,611	3,693	11,288	9,589
General and administrative	9,948	9,984	29,881	27,268
Amortization of other intangible assets	987	987	3,000	2,961
Goodwill impairment	—	—	1,100	—
Total operating expenses	14,546	14,664	45,269	39,818
OPERATING INCOME	27,487	22,563	62,084	52,912
OTHER EXPENSE:				
Interest expense	341	755	1,080	2,644
INCOME BEFORE INCOME TAX EXPENSE	27,146	21,808	61,004	50,268
INCOME TAX EXPENSE	6,211	4,240	14,281	10,632
NET INCOME	$ 20,935	$ 17,568	$ 46,723	$ 39,636
NET INCOME PER SHARE:				
Basic	$ 1.14	$ 0.93	$ 2.51	$ 2.11
Diluted	$ 1.13	$ 0.93	$ 2.49	$ 2.09
WEIGHTED AVERAGE SHARES USED FOR COMPUTATION OF:				
Basic earnings per share	18,295,949	18,817,975	18,622,878	18,799,875
Diluted earnings per share	18,487,346	18,989,629	18,796,867	18,928,288

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)

	April 3, 2022	June 30, 2021
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 13,766	$ 39,252
Accounts receivable, net of allowance of $262 and $115, respectively	20,898	12,080
Income tax receivable	450	355
Inventories, net (Note 3)	82,353	53,481
Prepaid expenses and other current assets	8,994	5,059
Total current assets	126,461	110,227
Property, plant and equipment, net	64,310	60,495
Goodwill (Note 4)	28,493	29,593
Other intangible assets, net (Note 4)	56,899	59,899
Deferred income taxes	15,133	15,130
Deferred debt issuance costs, net	431	507
Other long-term assets	487	609
Total assets	$ 292,214	$ 276,460
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	29,603	23,861
Income tax payable	1,487	726
Accrued expenses and other current liabilities (Note 5)	55,069	46,836
Current portion of long-term debt, net of unamortized debt issuance costs (Note 7)	2,872	2,866
Total current liabilities	89,031	74,289
Long-term debt, net of unamortized debt issuance costs (Note 7)	62,123	90,277
Unrecognized tax positions	5,170	3,830
Other long-term liabilities	202	276
Total liabilities	156,526	168,672
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Common stock, $.01 par value per share — authorized, 100,000,000 shares; issued and outstanding, 18,208,788 shares at April 3, 2022 and 18,956,719 shares at June 30, 2021	182	189
Additional paid-in capital	100,114	118,930
Retained earnings / (accumulated deficit)	35,392	(11,331)
Total stockholders' equity	135,688	107,788
Total liabilities and stockholders' equity	$ 292,214	$ 276,460

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	Retained Earnings/ (Accumulated	
	Shares	Amount	Capital	Deficit)	Total
Balance at June 30, 2021	18,956,719	$ 189	$ 118,930	$ (11,331)	$ 107,788
Share-based compensation activity	62,865	1	705	—	706
Repurchase and retirement of common stock	(58,379)	(1)	(1,486)	—	(1,487)
Net income	—	—	—	10,386	10,386
Balance at October 3, 2021	18,961,205	189	118,149	(945)	117,393
Share-based compensation activity	5,913	—	1,159	—	1,159
Repurchase and retirement of common stock	(356,296)	(3)	(9,885)	—	(9,888)
Net income	—	—	—	15,402	15,402
Balance at January 2, 2022	18,610,822	186	109,423	14,457	124,066
Share-based compensation activity	(6,086)	—	766	—	766
Repurchase and retirement of common stock	(395,948)	(4)	(10,075)	—	(10,079)
Net income	—	—	—	20,935	20,935
Balance at April 3, 2022	18,208,788	$ 182	$ 100,114	$ 35,392	$ 135,688

	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
Share-based compensation activity	2,853	—	885	—	885
Net income	—	—	—	17,568	17,568
Balance at April 4, 2021	18,952,148	$ 189	$ 118,130	$ (27,865)	$ 90,454

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)

	Nine Months Ended	
	April 3, 2022	April 4, 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 46,723	$ 39,636
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	10,153	8,547
Share-based compensation	2,876	2,184
Unrecognized tax benefits	1,340	38
Amortization of debt issuance costs	178	469
Goodwill impairment	1,100	—
Changes in certain operating assets and liabilities	(27,389)	1,454
Other, net	321	2,065
Net cash provided by operating activities	35,302	54,393
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(10,839)	(23,779)
Net cash used in investing activities	(10,839)	(23,779)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on revolving credit facility	(38,000)	(32,500)
Borrowings on revolving credit facility	12,000	22,500
Principal payments on long-term debt	(2,250)	(7,065)
Repurchase and retirement of common stock	(21,454)	—
Other, net	(245)	(898)
Net cash used in financing activities	(49,949)	(17,963)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(25,486)	12,651
CASH AND CASH EQUIVALENTS — BEGINNING OF PERIOD	39,252	16,319
CASH AND CASH EQUIVALENTS — END OF PERIOD	$ 13,766	$ 28,970
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash payments for interest	$ 874	$ 2,147
Cash payments for income taxes	13,139	5,170
SIGNIFICANT NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Capital expenditures in accounts payable and accrued expenses	421	157

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.; Aviara Boats, LLC; Nautic Star, LLC; NS Transport, LLC; and Crest Marine, LLC. 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, 2021 and, in the opinion of management, reflect all adjustments considered necessary to present fairly the Company's financial position as of April 3, 2022, its results of operations for the three and nine months ended April 3, 2022 and April 4, 2021, its cash flows for the nine months ended April 3, 2022 and April 4, 2021, and its statements of stockholders' equity for the three and nine months ended April 3, 2022 and April 4, 2021. 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, 2021 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 2021 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 and nine months ended April 3, 2022 as compared with those described in the Company's audited consolidated financial statements for the fiscal year ended June 30, 2021.

Change in Reportable Segments — Beginning with the first quarter of fiscal 2022, our chief operating decision maker ("CODM") began to manage our business, allocate resources, and evaluate performance based on the changes that have been made in the Company's management structure in connection with the transition of Aviara production to our Merritt Island facility. As a result, the Company has realigned its reportable segments to MasterCraft, Crest, NauticStar, and Aviara. The Company has recast segment information for all prior periods presented. Refer to Note 11 – Segment Information for further information on the Company's reportable segments.

Reclassifications — Certain historical amounts have been reclassified in these condensed consolidated financial statements and the accompanying notes herewith to conform to the current presentation.

Recently Adopted Accounting Standards

Income Taxes —In December 2019, the Financial Accounting Standards Board (the "FASB") issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. ASU 2019-12 simplifies the accounting for income taxes by removing certain exceptions to general principles in Income Taxes (Topic 740). It also clarifies and amends existing guidance to improve consistent application. The guidance is effective for fiscal years beginning after December 15, 2020. The adoption of this standard did not have an impact on the Company's consolidated financial statements.

Reference Rate Reform — In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. ASU 2020-04 provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions, subject to meeting certain criteria, that reference London Interbank Offered Rate ("LIBOR") or another reference rate expected to be discontinued because of reference rate reform. An entity may apply ASU 2020-04 as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020 through December 31, 2022. The adoption of this standard did not have an impact on the Company's consolidated financial statements.

2. REVENUE RECOGNITION

Consistent with the Company's change in reportable segments described in Note 11—Segment Information, the Company has changed its presentation of disaggregated revenue to align with the new segment structure. The following tables present the Company's revenue by major product category for each reportable segment.

	Three Months Ended April 3, 2022				
	MasterCraft	**Crest**	**NauticStar**	**Aviara**	**Total**
Major Product Categories:					
Boats and trailers	$ 116,964	$ 38,351	$ 17,275	$ 10,428	$ 183,018
Parts	2,742	262	115	—	3,119
Other revenue	250	346	2	—	598
Total	$ 119,956	$ 38,959	$ 17,392	$ 10,428	$ 186,735

	Nine Months Ended April 3, 2022				
	MasterCraft	**Crest**	**NauticStar**	**Aviara**	**Total**
Major Product Categories:					
Boats and trailers	$ 309,356	$ 100,088	$ 45,511	$ 24,192	$ 479,147
Parts	8,625	649	295	—	9,569
Other revenue	763	720	11	—	1,494
Total	$ 318,744	$ 101,457	$ 45,817	$ 24,192	$ 490,210

	Three Months Ended April 4, 2021				
	MasterCraft	**Crest**	**NauticStar**	**Aviara**	**Total**
Major Product Categories:					
Boats and trailers	$ 93,771	$ 29,973	$ 17,913	$ 2,424	$ 144,081
Parts	2,973	274	129	—	3,376
Other revenue	279	115	3	—	397
Total	$ 97,023	$ 30,362	$ 18,045	$ 2,424	$ 147,854

	Nine Months Ended April 4, 2021				
	MasterCraft	Crest	NauticStar	Aviara	Total
Major Product Categories:					
Boats and trailers	$ 236,138	$ 68,341	$ 44,986	$ 9,445	$ 358,910
Parts	9,244	803	340	—	10,387
Other revenue	743	226	10	—	979
Total	$ 246,125	$ 69,370	$ 45,336	$ 9,445	$ 370,276

Contract Liabilities

As of June 30, 2021, the Company had $1.8 million of contract liabilities associated with customer deposits. During the nine months ended April 3, 2022, all of this amount was recognized as revenue. As of April 3, 2022, total contract liabilities associated with customer deposits were $2.2 million, were reported in Accrued expenses and other current liabilities on the condensed consolidated balance sheet, and substantially all of the amounts are expected to be recognized as revenue during the remainder of the year ending June 30, 2022.

3. INVENTORIES

Inventories consisted of the following:

	April 3, 2022	June 30, 2021
Raw materials and supplies	$ 60,026	$ 37,089
Work in process	15,818	10,171
Finished goods	9,183	8,362
Obsolescence reserve	(2,674)	(2,141)
Total inventories	$ 82,353	$ 53,481

Raw materials and supplies have increased to support higher production volumes and to increase safety stock to manage supply chain risk. Work in process has increased due to supply chain disruptions.

4. GOODWILL AND OTHER INTANGIBLE ASSETS

Beginning with the first quarter of fiscal 2022, the Company realigned its reportable segments to MasterCraft, Crest, NauticStar, and Aviara. Refer to Note 11 – Segment Information for further information on the Company's reportable segments. As a result of the change in segments, in accordance with ASC 350, *Intangibles-Goodwill and Other*, the Company reallocated the goodwill recorded in the MasterCraft reporting unit to the two separate MasterCraft and Aviara reporting units using a relative fair value approach.

Prior to realigning our segments, we evaluated our goodwill for impairment and determined no impairment existed as the fair value of our MasterCraft reporting unit, which was the only reporting unit containing goodwill, was in excess of its carrying amount. In conjunction with the reallocation of goodwill, we tested the goodwill at our MasterCraft and Aviara reporting units for impairment using an income-based approach, specifically a discounted cash flow model. The cash flow model included significant judgements and assumptions related to revenue growth and discount rates. At the time of the impairment test, near-term operating losses generated by start-up inefficiencies had negatively impacted the fair value of Aviara, causing the carrying value of the reporting unit to be in excess of the fair value. Consequently, a $1.1 million impairment charge was recognized in the first quarter of fiscal 2022.

The carrying amounts of goodwill attributable to each of the Company's reportable segments, were as follows:

	MasterCraft	Crest	NauticStar	Aviara	Total
Balance at June 30, 2021					
Goodwill	$ 29,593	$ 36,238	$ 36,199	$ —	$ 102,030
Accumulated impairment losses	—	(36,238)	(36,199)	—	(72,437)
Goodwill, net at June 30, 2021	29,593	—	—	—	29,593
Goodwill reallocation	(1,100)	—	—	1,100	—
Impairment	—	—	—	(1,100)	(1,100)
Goodwill, net at April 3, 2022	$ 28,493	$ —	$ —	$ —	$ 28,493

During the three and nine months ended April 3, 2022 and April 4, 2021, the Company did not record impairment charges related to its Other intangible assets. Given current period operating losses combined with a history of operating losses and operational inefficiencies, the Company continues to monitor the NauticStar segment's outlook for sales and operating performance relative to the forecasts of expected future cash flows used in the Company's previous impairment tests in order to evaluate whether the carrying value of the segment's intangible assets remain above fair value. Should economic conditions, such as supply chain disruptions, labor challenges, and inflationary pressures, deteriorate in future periods or remain depressed for a prolonged period of time, or operational inefficiencies grow, estimates of future cash flows may not be sufficient to support the carrying value of NauticStar's intangible assets.

For more information related to the Company's Other intangible assets and our accounting policies related to determining fair values of our intangible assets and impairment evaluations, see Notes 1 and 6 to the Consolidated Financial Statements in Item 8 of the Form 10-K for the fiscal year ended June 30, 2021.

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

	April 3, 2022			June 30, 2021		
	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	$ (16,675)	$ 22,825	$ 39,500	$ (13,711)	$ 25,789
Software	245	(171)	74	245	(135)	110
	39,745	(16,846)	22,899	39,745	(13,846)	25,899
Unamortized intangible assets						
Trade names	49,000	(15,000)	34,000	49,000	(15,000)	34,000
Total other intangible assets	$ 88,745	$ (31,846)	$ 56,899	$ 88,745	$ (28,846)	$ 59,899

Amortization expense related to Other intangible assets, net for both the three and nine months ended April 3, 2022 and April 4, 2021 was $1.0 million and $3.0 million, respectively. Estimated amortization expense for the fiscal year ending June 30, 2022 is $4.0 million.

5. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following:

	April 3, 2022	June 30, 2021
Warranty	$ 25,681	$ 22,329
Dealer incentives	13,227	10,634
Contract liabilities	2,151	1,848
Compensation and related accruals	6,487	6,046
Freight	1,163	778
Self-insurance	1,347	865
Inventory repurchase contingent obligation	1,279	471
Other	3,734	3,865
Total accrued expenses and other current liabilities	$ 55,069	$ 46,836

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

	April 3, 2022	April 4, 2021
Balance at the beginning of the period	$ 22,329	$ 20,004
Provisions	9,435	7,158
Payments made	(7,444)	(6,328)
Aggregate changes for preexisting warranties	1,361	1,135
Balance at the end of the period	$ 25,681	$ 21,969

6. COMMITMENTS AND CONTINGENCIES

Purchase Commitments

In October 2021, the Company entered into a new supplier agreement to purchase marine outboard engines during fiscal 2022. During the term of the agreement, the Company is committed to purchasing a minimum annual gross dollar value of $27.0 million in engines.

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.

As of April 3, 2022, 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 the aggregate, and after considering expected insurance reimbursements, are not likely to have a material adverse impact on the Company's financial position, results of operations or cash flows.

7. LONG-TERM DEBT

Long-term debt is as follows:

	April 3, 2022	June 30, 2021
Revolving credit facility	$ 7,728	$ 33,728
Term loans	57,750	60,000
Debt issuance costs on term loans	(483)	(585)
Total debt	64,995	93,143
Less current portion of long-term debt	3,000	3,000
Less current portion of debt issuance costs on term loans	(128)	(134)
Long-term debt, net of current portion	$ 62,123	$ 90,277

On June 28, 2021, the Company entered into a credit agreement with a syndicate of certain financial institutions (the "Credit Agreement"). The Credit Agreement 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 refinanced and replaced the previously existing credit agreement. 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.

The Credit Agreement 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 LIBOR 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 and nine months ended April 3, 2022, the applicable margin for loans accruing at the prime rate was 0.25% and the applicable margin for loans accruing interest at LIBOR was 1.25%. As of April 3, 2022, the interest rates on the Company's term loan and revolving credit facility were 1.75% and 3.75%, respectively.

The Credit Agreement will mature and all remaining amounts outstanding thereunder will be due and payable on June 28, 2026. As of April 3, 2022, the Company was in compliance with its financial covenants under the Credit Agreement.

Revolving Credit Facility

As of April 3, 2022, the Company had $7.7 million of borrowings outstanding on its Revolving Credit Facility and had remaining availability of $92.3 million. Subsequent to April 3, 2022, the Company repaid all outstanding borrowings and availability under the Revolving Credit Facility was $100.0 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 April 3, 2022 and April 4, 2021, the Company's effective tax rate was 22.9% and 19.4%, respectively. During the nine months ended April 3, 2022 and April 4, 2021, the Company's effective tax rate was 23.4% and 21.2%, respectively. The Company's effective tax rate for the three and nine months ended April 3, 2022 is higher compared to the effective tax rate for the three and nine months ended April 4, 2021, primarily due to an increase in the tax impact of uncertain state tax positions and the increase in the effective state tax rate.

9. SHARE-BASED COMPENSATION

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

	Three Months Ended		Nine Months Ended	
	April 3, 2022	April 4, 2021	April 3, 2022	April 4, 2021
Restricted stock awards	$ 417	$ 377	$ 1,402	$ 1,182
Performance stock units	355	525	1,474	1,003
Share-based compensation expense	$ 772	$ 902	$ 2,876	$ 2,185

Restricted Stock Awards

During the nine months ended April 3, 2022, the Company granted 74,961 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 nine months ended April 3, 2022, 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 nine months ended April 3, 2022, was $26.14 per share.

The following table summarizes the status of nonvested RSAs as of April 3, 2022, and changes during the nine months then ended.

	Nonvested Restricted Shares		Average Grant-Date Fair Value (per share)
Nonvested at June 30, 2021	118,193	$	19.42
Granted	74,961		26.14
Vested	(58,803)		19.24
Forfeited	(8,534)		24.65
Nonvested at April 3, 2022	125,817		23.16

As of April 3, 2022, there was $1.7 million of total unrecognized compensation expense related to nonvested RSAs. The Company expects this expense to be recognized over a weighted average period of 1.7 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 April 3, 2022, and changes during the nine months then ended.

	Nonvested Performance Stock Units		Average Grant-Date Fair Value (per share)
Nonvested at June 30, 2021	160,285	$	21.03
Granted	53,842		28.73
Forfeited	(9,077)		26.71
Nonvested at April 3, 2022	205,050		22.80

As of April 3, 2022, there was $2.3 million of total unrecognized compensation expense related to nonvested PSUs. The Company expects this expense to be recognized over a weighted average period of 1.7 years.

10. EARNINGS PER SHARE AND COMMON STOCK

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

	Three Months Ended		Nine Months Ended	
	April 3, 2022	April 4, 2021	April 3, 2022	April 4, 2021
Net income	$ 20,935	$ 17,568	$ 46,723	$ 39,636
Weighted average shares — basic	18,295,949	18,817,975	18,622,878	18,799,875
Dilutive effect of assumed exercises of stock options	9,044	16,133	12,093	14,728
Dilutive effect of assumed restricted share awards/units	182,353	155,521	161,896	113,685
Weighted average outstanding shares — diluted	18,487,346	18,989,629	18,796,867	18,928,288
Basic net income per share	$ 1.14	$ 0.93	$ 2.51	$ 2.11
Diluted net income per share	$ 1.13	$ 0.93	$ 2.49	$ 2.09

For the three and nine months ended April 3, 2022 and April 4, 2021, an immaterial number of shares were excluded from the computation of diluted earnings per share as the effect would have been anti-dilutive.

Stock Repurchase Program

On June 24, 2021, the board of directors of the Company authorized a stock 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. During the three months ended April 3, 2022, the Company repurchased 395,948 shares of common stock for $10.1 million in cash, including related fees and expenses. During the nine months ended April 3, 2022, the Company repurchased 810,623 shares of common stock for $21.5 million in cash, including related fees and expenses. As of April 3, 2022, $28.5 million remained available under the program.

11. SEGMENT INFORMATION

Change in Reportable Segments

Beginning with the first quarter of fiscal 2022 and as discussed in Note 1, our CODM began to manage our business, allocate resources, and evaluate performance based on the reportable segments of MasterCraft, Crest, NauticStar, and Aviara.

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 and nine months ended April 3, 2022, the Company's CODM regularly assessed the operating performance of the Company's boat brands under four 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's boats are primarily used for general recreational boating.
- The NauticStar segment produces boats at its Amory, Mississippi facility. NauticStar's boats are primarily used for saltwater fishing and 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. Beginning in fiscal 2022, the CODM has begun to assess Aviara's performance on a stand-alone basis using criteria consistent with our other operating and reportable segments.

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, including using measures of performance based operating income.

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 April 3, 2022				
	MasterCraft	**Crest**	**NauticStar**	**Aviara**	**Consolidated**
Net sales	$ 119,956	$ 38,959	$ 17,392	$ 10,428	$ 186,735
Operating income (loss)	28,051	5,568	(4,117)	(2,015)	27,487
Depreciation and amortization	1,248	657	1,052	602	3,559
Purchases of property, plant and equipment	1,434	1,146	1,047	496	4,123

	For the Nine Months Ended April 3, 2022				
	MasterCraft	**Crest**	**NauticStar**	**Aviara**	**Consolidated**
Net sales	$ 318,744	$ 101,457	$ 45,817	$ 24,192	$ 490,210
Operating income (loss)	65,533	14,004	(9,519)	(7,934)	62,084
Depreciation and amortization	3,762	1,998	2,824	1,569	10,153
Goodwill impairment	—	—	—	1,100	1,100
Purchases of property, plant and equipment	4,966	2,190	2,818	865	10,839

	For the Three Months Ended April 4, 2021				
	MasterCraft	**Crest**	**NauticStar**	**Aviara**	**Consolidated**
Net sales	$ 97,023	$ 30,362	$ 18,045	$ 2,424	$ 147,854
Operating income (loss)	20,813	4,150	331	(2,731)	22,563
Depreciation and amortization	1,089	626	817	416	2,948
Purchases of property, plant and equipment	1,109	320	958	2,489	4,876

	For the Nine Months Ended April 4, 2021				
	MasterCraft	**Crest**	**NauticStar**	**Aviara**	**Consolidated**
Net sales	$ 246,125	$ 69,370	$ 45,336	$ 9,445	$ 370,276
Operating income (loss)	51,840	8,462	(1,614)	(5,776)	52,912
Depreciation and amortization	3,299	1,874	2,433	941	8,547
Purchases of property, plant and equipment	3,807	344	1,717	17,911	23,779

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

	April 3, 2022	June 30, 2021
Assets:		
MasterCraft	$ 154,078	$ 158,610
Crest	47,527	42,204
NauticStar	56,012	44,181
Aviara	34,597	31,465
Total assets	$ 292,214	$ 276,460

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 2021 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.

Overview

Dealer inventory levels remain low compared to pre-pandemic levels, which has sustained the increased wholesale demand for our product. Year over year, we have increased production rates to address wholesale demand, yet supply chain and labor challenges have disrupted our efforts to replenish dealer inventory levels. Furthermore, these challenges, coupled with inflationary pressures, have increased costs and reduced our margins. To mitigate the impact of these challenges on our business, we have increased raw material safety stock, pursued alternative sourcing, altered business processes, and phased in additional mid-cycle price increases. However, the full extent of the impact on our business, operations, and financial results will depend on evolving factors that we cannot predict. See Part I. Item 1A. Risk Factors set forth in our 2021 Annual Report on Form 10-K.

Macroeconomic Events

We are actively monitoring the impact of changing macroeconomic conditions on our business, including geopolitical events, disrupted global supply chains, and inflation. The impact of these factors has affected many manufacturers across various industries including ours. Supply chain challenges continue to evolve, driven by increased demand, labor shortages, logistical constraints, and rising prices to our suppliers, creating inefficiencies and shipping delays. Rapidly increasing material and overhead costs are outpacing price increases as we try to mitigate the impact. Furthermore, the uncertainty associated with the COVID-19 pandemic remains, which we continue to actively monitor in terms of its potential impact on our results of operations. The extent to which our operations will be impacted by COVID-19 will largely depend on future developments, which are highly uncertain and cannot be accurately predicted.

Results of Operations

Consolidated Results

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

	Three Months Ended		2022 vs. 2021		Nine Months Ended		2022 vs. 2021	
	April 3, 2022	April 4, 2021	Change	% Change	April 3, 2022	April 4, 2021	Change	% Change
Consolidated statements of operations:								
NET SALES	$ 186,735	$ 147,854	$ 38,881	26.3%	$ 490,210	$ 370,276	$ 119,934	32.4%
COST OF SALES	144,702	110,627	34,075	30.8%	382,857	277,546	105,311	37.9%
GROSS PROFIT	42,033	37,227	4,806	12.9%	107,353	92,730	14,623	15.8%
OPERATING EXPENSES:								
Selling and marketing	3,611	3,693	(82)	(2.2%)	11,288	9,589	1,699	17.7%
General and administrative	9,948	9,984	(36)	(0.4%)	29,881	27,268	2,613	9.6%
Amortization of other intangible assets	987	987	—	0.0%	3,000	2,961	39	1.3%
Goodwill impairment	—	—	—	—	1,100	—	1,100	—
Total operating expenses	14,546	14,664	(118)	(0.8%)	45,269	39,818	5,451	13.7%
OPERATING INCOME	27,487	22,563	4,924	21.8%	62,084	52,912	9,172	17.3%
OTHER EXPENSE:								
Interest expense	341	755	(414)	(54.8%)	1,080	2,644	(1,564)	(59.2%)
INCOME BEFORE INCOME TAX EXPENSE	27,146	21,808	5,338	24.5%	61,004	50,268	10,736	21.4%
INCOME TAX EXPENSE	6,211	4,240	1,971	46.5%	14,281	10,632	3,649	34.3%
NET INCOME	$ 20,935	$ 17,568	$ 3,367	19.2%	$ 46,723	$ 39,636	$ 7,087	17.9%
Additional financial and other data:								
Unit sales volume:								
MasterCraft	900	933	(33)	(3.5%)	2,569	2,346	223	9.5%
Crest	855	731	124	17.0%	2,261	1,759	502	28.5%
NauticStar	348	426	(78)	(18.3%)	949	1,067	(118)	(11.1%)
Aviara	29	8	21	262.5%	71	32	39	121.9%
Consolidated unit sales volume	2,132	2,098	34	1.6%	5,850	5,204	646	12.4%
Net sales:								
MasterCraft	$ 119,956	$ 97,023	$ 22,933	23.6%	$ 318,744	$ 246,125	$ 72,619	29.5%
Crest	38,959	30,362	8,597	28.3%	101,457	69,370	32,087	46.3%
NauticStar	17,392	18,045	(653)	(3.6%)	45,817	45,336	481	1.1%
Aviara	10,428	2,424	8,004	330.2%	24,192	9,445	14,747	156.1%
Consolidated net sales	$ 186,735	$ 147,854	$ 38,881	26.3%	$ 490,210	$ 370,276	$ 119,934	32.4%
Net sales per unit:								
MasterCraft	$ 133	$ 104	$ 29	27.9%	$ 124	$ 105	$ 19	18.1%
Crest	46	42	4	9.5%	45	39	6	15.4%
NauticStar	50	42	8	19.0%	48	42	6	14.3%
Aviara	360	303	57	18.8%	341	295	46	15.6%
Consolidated net sales per unit	88	70	18	25.7%	84	71	13	18.3%
Gross margin	22.5%	25.2%	(270) bps		21.9%	25.0%	(310) bps	

Net sales increased 26.3 percent and 32.4 percent during the third quarter and first nine months of fiscal 2022, respectively, when compared with the same prior year periods. Net sales benefited from increased sales volume as our dealers continue to restock their inventories. Higher prices, favorable model mix, and higher option sales were also favorable compared to the prior period. Refer to the MasterCraft, Crest, NauticStar, and Aviara segments for further details on the drivers of net sales changes.

Gross margin percentage declined 270 basis points and 310 basis points during the third quarter and first nine months of fiscal 2022, respectively, compared to the same prior year periods. Lower margins were the result of supply chain disruptions and inflationary pressures that drove material and overhead costs higher and were most pronounced at the NauticStar segment. Though we implemented mitigating procedures and phased in mid-cycle price increases to offset these headwinds, supply chain disruptions and inflationary pressures continued to impact our margins.

Operating expenses were flat during the third quarter and increased 13.7 percent during the first nine months of fiscal 2022 when compared to the same prior year periods. Despite our increased costs during the first nine months, selling, general, and administrative expenses as a percentage of sales have decreased when compared to the same prior-year period. Selling and marketing expense increased due to timing of prior-year expenses being impacted by the COVID-19 pandemic, resulting in lower costs for the first nine months of fiscal 2021. General and administrative expenses increased during the first nine months as a result of continued investments in information technology. Additionally, an impairment charge related to the allocated goodwill associated with the Aviara segment was recorded in the first quarter of fiscal 2022, as discussed in Note 4 to the Unaudited Condensed Consolidated Financial Statements.

Interest expense decreased due to lower effective interest rates and lower average outstanding debt balances during the current year periods compared to the prior year periods.

Segment Results

As discussed in Note 1 to our Unaudited Condensed Consolidated Financial Statements and beginning with the first quarter of fiscal 2022, our CODM began to manage our business, allocate resources, and evaluate performance based on the reportable segments of MasterCraft, Crest, NauticStar, and Aviara.

MasterCraft Segment

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

	Three Months Ended		2022 vs. 2021		Nine Months Ended		2022 vs. 2021	
	April 3, 2022	April 4, 2021	Change	% Change	April 3, 2022	April 4, 2021	Change	% Change
Net sales	$ 119,956	$ 97,023	$ 22,933	23.6%	$ 318,744	$ 246,125	$ 72,619	29.5%
Operating income	28,051	20,813	7,238	34.8%	65,533	51,840	13,693	26.4%
Purchases of property, plant and equipment	1,434	1,109	325	29.3%	4,966	3,807	1,159	30.4%
Unit sales volume	900	933	(33)	(3.5%)	2,569	2,346	223	9.5%
Net sales per unit	$ 133	$ 104	$ 29	27.9%	$ 124	$ 105	$ 19	18.1%

Net sales increased 23.6 percent and 29.5 percent during the third quarter and first nine months of fiscal 2022, respectively, when compared with the same prior year periods. The increase was primarily driven by favorable model mix, higher prices, and higher option sales. For the third quarter, the increase was partially offset by decreased sales volumes. Lower sales volume for the quarter was driven by supply chain disruptions and absenteeism due to COVID-19, which created inefficiencies and shipping delays. In contrast to the third quarter, the first nine months benefited from increased sales volumes.

Operating income increased $7.2 million and $13.7 million during the third quarter and first nine months of fiscal 2022, respectively, when compared to the same prior year periods. The increase was driven by higher net sales, offset by inflationary pressures and production inefficiencies from supply chain disruptions and labor challenges. Additionally, for the first nine months of fiscal 2022, Selling and marketing expense increased due to timing of prior-year expenses being impacted by the COVID-19 pandemic, resulting in lower costs for the first nine months of fiscal 2021. Also, General and administrative expenses increased as a result of continued investments in product development and information technology.

Crest Segment

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

	Three Months Ended		2022 vs. 2021		Nine Months Ended		2022 vs. 2021	
	April 3, 2022	April 4, 2021	Change	% Change	April 3, 2022	April 4, 2021	Change	% Change
Net sales	$ 38,959	$ 30,362	$ 8,597	28.3%	$ 101,457	$ 69,370	$ 32,087	46.3%
Operating income	5,568	4,150	1,418	34.2%	14,004	8,462	5,542	65.5%
Purchases of property, plant and equipment	1,146	320	826	258.1%	2,190	344	1,846	536.6%
Unit sales volume	855	731	124	17.0%	2,261	1,759	502	28.5%
Net sales per unit	$ 46	$ 42	$ 4	9.5%	$ 45	$ 39	$ 6	15.4%

Net sales increased $8.6 million and $32.1 million during the third quarter and first nine months of fiscal 2022, respectively, when compared to the same prior year periods, as a result of higher sales volumes and higher prices.

Operating income for the third quarter and first nine months of fiscal 2022 increased 34.2 percent and 65.5 percent, respectively, when compared to the same prior year periods. The increase is primarily the result of higher net sales, partially offset by higher costs from inflationary pressures.

Purchases of property, plant, and equipment increased $0.8 million and $1.8 million for the third quarter and first nine months of fiscal 2022, respectively, when compared to the same prior year periods due to investments in manufacturing capacity expansion and maintenance capital.

NauticStar Segment

The following table sets forth NauticStar segment results for the three and nine months ended:

	Three Months Ended		2022 vs. 2021		Nine Months Ended		2022 vs. 2021	
	April 3, 2022	April 4, 2021	Change	% Change	April 3, 2022	April 4, 2021	Change	% Change
Net sales	$ 17,392	$ 18,045	$ (653)	(3.6%)	$ 45,817	$ 45,336	$ 481	1.1%
Operating (loss) / income	(4,117)	331	(4,448)	(1343.8%)	(9,519)	(1,614)	(7,905)	489.8%
Purchases of property, plant and equipment	1,047	958	89	9.3%	2,818	1,717	1,101	64.1%
Unit sales volume	348	426	(78)	(18.3%)	949	1,067	(118)	(11.1%)
Net sales per unit	$ 50	$ 42	$ 8	19.0%	$ 48	$ 42	$ 6	14.3%

Net sales decreased $0.7 million for the third quarter of fiscal 2022 when compared to the same prior-year period. The benefits of higher prices and favorable model mix did not overcome the decreased sales volume during the third quarter. Lower sales volume was driven by supply chain disruptions and production inefficiencies, which created shipping delays. Net sales increased $0.5 million for the first nine months of fiscal 2022, due to higher prices, favorable model mix, and higher option sales, partially offset by decreased sales volumes.

Operating loss was $4.1 million and $9.5 million for the third quarter and first nine months of fiscal 2022, respectively. Supply chain disruptions, labor challenges, and higher costs from inflationary pressures, offset benefits from higher sales prices. Additionally, for the third quarter of fiscal 2022, $0.2 million in expense was recognized for third-party consulting fees in an effort to improve operational efficiency and increase throughput at the NauticStar segment.

Aviara Segment

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

	Three Months Ended		2022 vs. 2021		Nine Months Ended		2022 vs. 2021	
	April 3, 2022	April 4, 2021	Change	% Change	April 3, 2022	April 4, 2021	Change	% Change
Net sales	$ 10,428	$ 2,424	$ 8,004	330.2%	$ 24,192	$ 9,445	$ 14,747	156.1%
Operating loss	(2,015)	(2,731)	716	(26.2%)	(7,934)	(5,776)	(2,158)	37.4%
Goodwill impairment	—	—	—	—	1,100	—	1,100	—
Purchases of property, plant and equipment	496	2,489	(1,993)	(80.1%)	865	17,911	(17,046)	(95.2%)
Unit sales volume	29	8	21	262.5%	71	32	39	121.9%
Net sales per unit	$ 360	$ 303	$ 57	18.8%	$ 341	$ 295	$ 46	15.6%

Net sales increased $8.0 million and $14.7 million during the third quarter and first nine months of fiscal 2022, respectively, when compared to the same prior year periods, due to an increase in sales volume, favorable model mix, and higher prices.

During fiscal 2022, all Aviara boats were manufactured in our 140,000 square foot Merritt Island, Florida facility, which we purchased in October 2020. During the first six months of 2021, the production of Aviara boats at our MasterCraft facility in Vonore, Tennessee, was winding down and transitioning to the Merritt Island facility. As a result of this transition, overhead costs attributable to Aviara increased significantly which created a dilutive near-term impact on Aviara's margins and profitability.

Operating loss decreased $0.7 million for the third quarter of fiscal 2022 as a result of increased production, partially offset by inflationary pressures when compared to the third quarter of fiscal 2021. Operating loss increased $2.2 million for the first nine months of fiscal 2022, compared to the same prior-year period due to inflation, ramp up related inefficiencies at the Merritt Island facility, including higher overhead costs associated with the new facility, and a goodwill impairment charge recorded during the first quarter of fiscal 2022. See Note 4 in Notes to Unaudited Condensed Consolidated Financial Statements for more information on the impairment charge.

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 operational improvement initiative costs, Aviara transition costs, and certain non-cash items including goodwill impairment and 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 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 operational improvement initiative costs, Aviara transition costs, and certain non-cash items including goodwill impairment, 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 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 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, and Adjusted EBITDA, and net income margin (expressed as a percentage of net sales) to Adjusted EBITDA Margin (expressed as a percentage of net sales) for the periods indicated:

	Three Months Ended				Nine Months Ended			
	April 3, 2022	% of Net sales	April 4, 2021	% of Net sales	April 3, 2022	% of Net sales	April 4, 2021	% of Net sales
Net income	$ 20,935	11.2%	$ 17,568	11.9%	$ 46,723	9.5%	$ 39,636	10.7%
Income tax expense	6,211		4,240		14,281		10,632	
Interest expense	341		755		1,080		2,644	
Depreciation and amortization	3,559		2,948		10,153		8,547	
EBITDA	31,046	16.6%	25,511	17.3%	72,237	14.7%	61,459	16.6%
Share-based compensation	772		902		2,876		2,185	
Operational improvement initiative(a)	232		—		232		—	
Goodwill impairment(b)	—		—		1,100		—	
Aviara transition costs(c)	—		1,125		—		2,149	
Adjusted EBITDA	$ 32,050	17.2%	$ 27,538	18.6%	$ 76,445	15.6%	$ 65,793	17.8%

(a) Represents third-party consulting fees associated with the operational improvement initiative at our NauticStar segment.

(b) Represents a non-cash charge recorded in the Aviara segment for impairment of goodwill. See Note 4 for more information on the goodwill impairment charge.

(c) 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).

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		Nine Months Ended	
	April 3, 2022	April 4, 2021	April 3, 2022	April 4, 2021
	(Dollars in thousands, except per share data)			
Net income	$ 20,935	$ 17,568	$ 46,723	$ 39,636
Income tax expense	6,211	4,240	14,281	10,632
Amortization of acquisition intangibles	960	960	2,920	2,882
Share-based compensation	772	902	2,876	2,185
Operational improvement initiative(a)	232	—	232	—
Goodwill impairment(b)	—	—	1,100	—
Aviara transition costs(c)	—	1,125	—	2,149
Adjusted Net Income before income taxes	29,110	24,795	68,132	57,484
Adjusted income tax expense(d)	6,695	5,703	15,670	13,221
Adjusted Net Income	$ 22,415	$ 19,092	$ 52,462	$ 44,263
Adjusted Net Income per share:				
Basic	$ 1.23	$ 1.01	$ 2.82	$ 2.35
Diluted	$ 1.21	$ 1.01	$ 2.79	$ 2.34
Weighted average shares used for the computation of(e):				
Basic Adjusted Net Income per share	18,295,949	18,817,975	18,622,878	18,799,875
Diluted Adjusted Net Income per share	18,487,346	18,989,629	18,796,867	18,928,288

(a) Represents third-party consulting fees associated with the operational improvement initiative at our NauticStar segment.

(b) Represents a non-cash charge recorded in the Aviara segment for impairment of goodwill. See Note 4 for more information on the goodwill impairment charge.

(c) 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).

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

(e) 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 diluted share for all periods presented herein.

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		Nine Months Ended	
	April 3, 2022	April 4, 2021	April 3, 2022	April 4, 2021
Net income per diluted share	$ 1.13	$ 0.93	$ 2.49	$ 2.09
Impact of adjustments:				
Income tax expense	0.34	0.22	0.76	0.57
Amortization of acquisition intangibles	0.05	0.05	0.16	0.15
Share-based compensation	0.04	0.05	0.15	0.12
Operational improvement initiative(a)	0.01	—	0.01	—
Goodwill impairment(b)	—	—	0.06	—
Aviara transition costs(c)	—	0.06	—	0.11
Adjusted Net Income per diluted share before income taxes	$ 1.57	$ 1.31	$ 3.63	$ 3.04
Impact of adjusted income tax expense on net income per diluted share before income taxes(d)	(0.36)	(0.30)	(0.84)	(0.70)
Adjusted Net Income per diluted share	$ 1.21	$ 1.01	$ 2.79	$ 2.34

(a) Represents third-party consulting fees associated with the operational improvement initiative at our NauticStar segment.

(b) Represents a non-cash charge recorded in the Aviara segment for impairment of goodwill. See Note 4 for more information on the goodwill impairment charge.

(c) 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).

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

Liquidity and Capital Resources

Our primary liquidity and capital resource needs are to finance working capital, fund capital expenditures, service our debt, and fund our stock repurchase program. Our principal sources of liquidity are our cash balance, cash generated from operating activities, our revolving credit agreement and the refinancing and/or new issuance of long-term debt.

Cash and cash equivalents totaled $13.8 million as of April 3, 2022, a decrease of $25.5 million from $39.3 million as of June 30, 2021. Total debt as of April 3, 2022 and June 30, 2021 was $65.0 million and $93.1 million, respectively.

Our working capital was impacted by the $28.9 million increase in inventory during the first nine months of fiscal 2022 mainly due to an increase in raw materials to support higher production volumes and to increase safety stock to manage supply chain risk. Work in process has increased due to supply chain disruptions.

As of April 3, 2022, we had $7.7 million outstanding under the Revolving Credit Facility, leaving $92.3 million of available borrowing capacity. Refer to Note 7 — 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 stock repurchase program that allows for the repurchase of up to $50.0 million of our common stock during the three-year period ending June 24, 2024. During the nine months ending April 3, 2022, the Company repurchased 810,623 shares of common stock for $21.5 million in cash, including related fees and expenses.

We are continuing to monitor the impact of supply chain disruptions, production inefficiencies, and inflationary pressures on our business. However, we believe our cash balance, cash from operations, and our ability to borrow will be sufficient to provide for our liquidity and capital resource needs, including authorized stock repurchases.

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

	Nine Months Ended	
	April 3, 2022	April 4, 2021
	(Dollars in thousands)	
Total cash provided by (used in):		
Operating activities	$ 35,302	$ 54,393
Investing activities	(10,839)	(23,779)
Financing activities	(49,949)	(17,963)
Net change in cash	$ (25,486)	$ 12,651

Nine Months Ended April 3, 2022 Cash Flow

Net cash provided by operating activities for the nine months ended April 3, 2022 totaled $35.3 million versus $54.4 million compared to the same prior-year period. The decrease is primarily due to working capital usage, partially offset by higher net earnings during fiscal 2022. Working capital usage primarily consisted of an increase in inventory, accounts receivable, and prepaid expenses and other current assets. Partially offsetting the working capital usage was an increase in accounts payable and accrued expenses and other current liabilities. As discussed above, inventory increased $28.9 million for first nine months of 2022. Accounts receivable increased as a result of timing of shipments. Prepaid expenses and other current assets increased due to higher general insurance premiums. Accounts payable increased as a result of increased production levels. Accrued expenses and other current liabilities increased due to an increase in warranty costs and dealer incentives.

Net cash used for investing activities was $10.8 million, which included capital expenditures. Our capital spending was focused on expanding our capacity and maintenance capital.

Net cash used for financing activities was $49.9 million, which included net payments of $28.3 million on long-term debt and stock repurchases totaling $21.5 million.

Nine Months Ended April 4, 2021 Cash Flow

Net cash provided by operating activities for the nine months ended April 4, 2021 totaled $54.4 million primarily due to net income net of non-cash expense items, an increase in accounts payable and accrued expenses and other current liabilities, and a decrease in income tax receivable, partially offset by an increase in inventory, accounts receivable, and prepaid expenses and other current assets. Accounts payable and inventory increased as a result of increased production. Accrued expenses and other current liabilities increased due to timing of variable compensation costs, increased warranty, dealer incentive, and transportation costs, and an increase in customer deposits. Income tax receivable decreased due to a receipt of a tax refund associated with fiscal 2020. Accounts receivable increased as a result of increased sales. Prepaid expenses and other current assets increased due to payment of annual insurance premiums during the third quarter of fiscal 2021.

Net cash used for investing activities was $23.8 million, which consisted of capital expenditures, including the purchase of the Merritt Island, Florida manufacturing facility.

Net cash used for financing activities was $18.0 million and related primarily to net payments of long-term debt.

Contractual Obligations

In October 2021, we entered into a new supplier agreement to purchase marine outboard engines during fiscal 2022. During the term of the agreement, we committed to purchasing a minimum annual gross dollar value of $27.0 million in engines. Except for the new purchase agreement and the net repayment of debt of $28.3 million during the nine months ended April 3, 2022, there were no material changes to our contractual obligations disclosed in “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” set forth in our Annual Report on Form 10-K for the fiscal year ended June 30, 2021.

Off Balance Sheet Arrangements

The Company did not have any off balance sheet financing arrangements as of April 3, 2022.

Critical Accounting Policies

Except as noted below, as of April 3, 2022 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, 2021, which was filed with the SEC on September 2, 2021.

Other Intangible Assets

During the three and nine months ended April 3, 2022 and April 4, 2021, the Company did not record impairment charges related to its Other intangible assets. Given current period operating losses combined with a history of operating losses and operational inefficiencies, the Company continues to monitor the NauticStar segment's outlook for sales and operating performance relative to the forecasts of expected future cash flows used in the Company's previous impairment tests in order to evaluate whether the carrying value of the segment's intangible assets remain above fair value. Should economic conditions, such as supply chain disruptions, labor challenges, and inflationary pressures, deteriorate in future periods or remain depressed for a prolonged period of time, or operational inefficiencies grow, estimates of future cash flows may not be sufficient to support the carrying value of NauticStar's intangible assets. See Note 4 in the Notes to Unaudited Condensed Consolidated Financial Statements for further details.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Refer to our 2021 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) 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 April 3, 2022.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended April 3, 2022 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 6 Commitments and Contingencies to the Company's unaudited condensed consolidated financial statements.

ITEM 1A. RISK FACTORS.

During the nine months ended April 3, 2022, 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, 2021.

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

Stock Repurchase Program

On June 24, 2021, the board of directors of the Company authorized a stock repurchase program that allows for the repurchase of up to $50.0 million of our common stock during the three-year period ending June 24, 2024. During the first nine months of fiscal 2022, we repurchased approximately $21.5 million of our common stock, including approximately $10.1 million during the three months ended April 3, 2022. The remaining authorization under the program was approximately $28.5 million.

During the three months ended April 3, 2022, the Company repurchased the following shares of common stock:

Period	Total Number of Shares Purchased	Average Price Paid Per Share(a)	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)
January 3, 2022 - January 30, 2022	153,787	$ 24.19	153,787	$ 34,902
January 31, 2022 - February 27, 2022	42,687	27.09	42,687	33,745
February 28, 2022 - April 3, 2022	199,474	26.04	199,474	28,546
Total	395,948	25.43	395,948	28,546

(a) Represents weighted average price paid per share excluding commissions paid.

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				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	
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: May 11, 2022	By:	/s/ FREDERICK A. BRIGHTBILL
		Frederick A. Brightbill
		Chief Executive Officer (Principal Executive Officer) and Chairman of the Board
Date: May 11, 2022	By:	/s/ TIMOTHY M. OXLEY
		Timothy M. Oxley
		Chief Financial Officer (Principal Financial and Accounting Officer),
		Treasurer and Secretary

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 April 3, 2022 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: May 11, 2022

/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 April 3, 2022 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: May 11, 2022

/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, 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 April 3, 2022 (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.

May 11, 2022

/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 April 3, 2022 (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.

May 11, 2022

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