

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: March 31, 2024
OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
Commission File Number 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 3, 2024, there were 16,981,048 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 ability to maintain a reliable network of 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, the conflict in the Gaza Strip and general unrest in the Middle East, 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”) and in this Quarterly Report on Form 10-Q. 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		Nine Months Ended	
	March 31, 2024	April 2, 2023	March 31, 2024	April 2, 2023
(Dollar amounts in thousands, except per share data)				
NET SALES	\$ 95,708	\$ 166,776	\$ 299,406	\$ 495,480
COST OF SALES	77,360	124,178	240,493	368,682
GROSS PROFIT	18,348	42,598	58,913	126,798
OPERATING EXPENSES:				
Selling and marketing	3,924	3,927	10,538	10,748
General and administrative	9,978	9,156	27,446	26,874
Amortization of other intangible assets	450	489	1,362	1,467
Total operating expenses	14,352	13,572	39,346	39,089
OPERATING INCOME	3,996	29,026	19,567	87,709
OTHER INCOME (EXPENSE):				
Interest expense	(762)	(695)	(2,494)	(1,923)
Interest income	1,398	1,195	4,164	1,967
INCOME BEFORE INCOME TAX EXPENSE	4,632	29,526	21,237	87,753
INCOME TAX EXPENSE	806	6,744	4,408	20,353
NET INCOME FROM CONTINUING OPERATIONS	3,826	22,782	16,829	67,400
LOSS FROM DISCONTINUED OPERATIONS, NET OF TAX (Note 3)	(71)	(272)	(993)	(21,139)
NET INCOME	<u>\$ 3,755</u>	<u>\$ 22,510</u>	<u>\$ 15,836</u>	<u>\$ 46,261</u>
NET INCOME (LOSS) PER SHARE:				
Basic				
Continuing operations	\$ 0.23	\$ 1.30	\$ 0.99	\$ 3.80
Discontinued operations	(0.01)	(0.02)	(0.06)	(1.19)
Net income	<u>\$ 0.22</u>	<u>\$ 1.28</u>	<u>\$ 0.93</u>	<u>\$ 2.61</u>
Diluted				
Continuing operations	\$ 0.23	\$ 1.28	\$ 0.98	\$ 3.78
Discontinued operations	(0.01)	(0.01)	(0.05)	(1.19)
Net income	<u>\$ 0.22</u>	<u>\$ 1.27</u>	<u>\$ 0.93</u>	<u>\$ 2.59</u>
WEIGHTED AVERAGE SHARES USED FOR COMPUTATION OF:				
Basic earnings per share	16,844,440	17,559,920	17,003,616	17,725,208
Diluted earnings per share	16,965,624	17,748,910	17,093,958	17,851,655

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)	March 31, 2024	June 30, 2023
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 22,509	\$ 19,817
Held-to-maturity securities (Note 4)	83,183	91,560
Accounts receivable, net of allowance of \$96 and \$122, respectively	13,473	15,741
Inventories, net (Note 5)	41,432	58,298
Prepaid expenses and other current assets	14,414	10,083
Total current assets	175,011	195,499
Property, plant and equipment, net (Note 6)	79,593	77,921
Goodwill (Note 7)	28,493	28,493
Other intangible assets, net (Note 7)	34,100	35,462
Deferred income taxes	14,377	12,428
Deferred debt issuance costs, net	306	304
Other long-term assets	9,002	3,869
Total assets	<u>\$ 340,882</u>	<u>\$ 353,976</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	15,216	20,391
Income tax payable	1,022	5,272
Accrued expenses and other current liabilities (Note 8)	66,164	72,496
Current portion of long-term debt, net of unamortized debt issuance costs (Note 10)	4,371	4,381
Total current liabilities	86,773	102,540
Long-term debt, net of unamortized debt issuance costs (Note 10)	45,982	49,295
Unrecognized tax positions	8,174	7,350
Other long-term liabilities	2,855	2,702
Total liabilities	143,784	161,887
COMMITMENTS AND CONTINGENCIES		
EQUITY:		
Common stock, \$.01 par value per share — authorized, 100,000,000 shares; issued and outstanding, 17,018,448 shares at March 31, 2024 and 17,312,850 shares at June 30, 2023	170	173
Additional paid-in capital	65,072	75,976
Retained earnings	131,656	115,820
MasterCraft Boat Holdings, Inc. equity	196,898	191,969
Noncontrolling interest	200	120
Total equity	197,098	192,089
Total liabilities and equity	<u>\$ 340,882</u>	<u>\$ 353,976</u>

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)	Additional				MasterCraft Boat		Noncontrolling Interest	Total
	Common Stock		Paid-in Capital	Retained Earnings	Holdings, Inc. Equity			
	Shares	Amount						
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	
Share-based compensation activity	(8,117)	1	8	—	9	—	9	
Repurchase and retirement of common stock	(214,219)	(2)	(4,458)	—	(4,460)	—	(4,460)	
Net income	—	—	—	5,886	5,886	—	5,886	
Balance at December 31, 2023	17,033,805	170	65,060	127,901	193,131	200	193,331	
Share-based compensation activity	58,205	1	1,582	—	1,583	—	1,583	
Repurchase and retirement of common stock	(73,562)	(1)	(1,570)	—	(1,571)	—	(1,571)	
Net income	—	—	—	3,755	3,755	—	3,755	
Balance at March 31, 2024	17,018,448	\$ 170	\$ 65,072	\$ 131,656	\$ 196,898	\$ 200	\$ 197,098	

	Additional				MasterCraft Boat		Noncontrolling Interest	Total
	Common Stock		Paid-in Capital	Retained Earnings	Holdings, Inc. Equity			
	Shares	Amount						
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	
Share-based compensation activity	2,466	—	745	—	745	—	745	
Repurchase and retirement of common stock	(224,284)	(2)	(4,792)	—	(4,794)	—	(4,794)	
Net income	—	—	—	19,683	19,683	—	19,683	
Balance at January 1, 2023	17,776,299	178	89,010	70,634	159,822	—	159,822	
Share-based compensation activity	5,733	—	883	—	883	—	883	
Repurchase and retirement of common stock	(210,150)	(2)	(7,066)	—	(7,068)	—	(7,068)	
Net income	—	—	—	22,510	22,510	—	22,510	
Balance at April 2, 2023	17,571,882	\$ 176	\$ 82,827	\$ 93,144	\$ 176,147	\$ —	\$ 176,147	

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

	Nine Months Ended	
	March 31, 2024	April 2, 2023
(Dollar amounts in thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 15,836	\$ 46,261
Loss from discontinued operations, net of tax	993	21,139
Net income from continuing operations	16,829	67,400
Adjustments to reconcile net income from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	8,327	7,833
Share-based compensation	2,531	2,892
Unrecognized tax benefits	824	111
Deferred income taxes	(1,949)	7,194
Amortization of debt issuance costs	192	172
Changes in certain operating assets and liabilities	(1,737)	21,610
Other, net	(2,094)	153
Net cash provided by operating activities of continuing operations	22,923	107,365
Net cash used in operating activities of discontinued operations	(603)	(2,403)
Net cash provided by operating activities	22,320	104,962
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(12,622)	(18,871)
Purchases of investments	(120,277)	(83,509)
Maturities of investments	130,053	10,000
Other, net	5	—
Net cash used in investing activities of continuing operations	(2,841)	(92,380)
Net cash used in investing activities of discontinued operations	—	(501)
Net cash used in investing activities	(2,841)	(92,881)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on long-term debt	(3,375)	(2,250)
Repurchase and retirement of common stock	(11,728)	(15,972)
Other, net	(1,684)	(609)
Net cash used in financing activities of continuing operations	(16,787)	(18,831)
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,692	(6,750)
CASH AND CASH EQUIVALENTS — BEGINNING OF PERIOD	19,817	34,203
CASH AND CASH EQUIVALENTS — END OF PERIOD	\$ 22,509	\$ 27,453
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash payments for interest, net of amounts capitalized	\$ 2,259	\$ 1,773
Cash payments for income taxes	9,684	6,209
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Activity related to sales-type lease	3,898	—
Capital expenditures in accounts payable and accrued expenses	908	2,855

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

MASTERCRAFT BOAT HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unless otherwise noted, dollars in thousands, except per share data)

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 March 31, 2024, its results of operations for the three and nine months ended March 31, 2024 and April 2, 2023, its cash flows for the nine months ended March 31, 2024 and April 2, 2023, and its statements of equity for the three and nine months ended March 31, 2024 and April 2, 2023. 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 and nine months ended March 31, 2024, 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.

New Accounting Pronouncements

Segment Reporting

ASU No. 2023-07, *Improvements to Reportable Segment Disclosures*, requires incremental disclosures about an entity's reportable segments but does not change the definition of a segment or the guidance for determining reportable segments. The new guidance requires disclosure of significant segment expenses that are (1) regularly provided to (or easily computed from information regularly provided to) the chief operating decision maker and (2) included in the reported measure of segment profit or loss. The new standard also allows companies to disclose multiple measures of segment profit or loss if those measures are used to assess performance and allocate resources. This update is effective for fiscal years beginning after December 31, 2023, or fiscal 2025 for the Company, and should be adopted retrospectively unless impracticable. The Company is currently evaluating the impact, if any, that the adoption of this standard will have on financial disclosures.

Income Taxes

Accounting Standard Update ("ASU") No. 2023-09, *Improvements to Income Tax Disclosures*, requires entities to disclose in their rate reconciliation table additional categories of information about federal, state and foreign income taxes and provide more details about

the reconciling items in some categories if items meet a quantitative threshold. Entities would have to provide qualitative disclosures about the new categories. The guidance will require all entities to disclose income taxes paid, net of refunds, disaggregated by federal (national), state and foreign taxes for annual periods and to disaggregate the information by jurisdiction based on a quantitative threshold. The guidance makes several other changes to the disclosure requirements. Entities are required to apply the guidance prospectively, with the option to apply it retrospectively. The guidance is effective for annual periods beginning after December 15, 2024, or fiscal 2026 for the Company. The Company is currently evaluating the impact, if any, that the adoption of this standard will have on financial disclosures.

2. REVENUE RECOGNITION

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

	Three Months Ended March 31, 2024			
	MasterCraft	Crest	Aviara	Total
Major Product Categories:				
Boats and trailers	\$ 66,961	\$ 13,769	\$ 11,731	\$ 92,461
Parts	2,443	292	—	2,735
Other revenue	379	133	—	512
Total	<u>\$ 69,783</u>	<u>\$ 14,194</u>	<u>\$ 11,731</u>	<u>\$ 95,708</u>

	Nine Months Ended March 31, 2024			
	MasterCraft	Crest	Aviara	Total
Major Product Categories:				
Boats and trailers	\$ 207,160	\$ 48,584	\$ 31,374	\$ 287,118
Parts	9,574	770	—	10,344
Other revenue	1,585	359	—	1,944
Total	<u>\$ 218,319</u>	<u>\$ 49,713</u>	<u>\$ 31,374</u>	<u>\$ 299,406</u>

	Three Months Ended April 2, 2023			
	MasterCraft	Crest	Aviara	Total
Major Product Categories:				
Boats and trailers	\$ 114,514	\$ 35,936	\$ 12,777	\$ 163,227
Parts	2,798	285	—	3,083
Other revenue	318	148	—	466
Total	<u>\$ 117,630</u>	<u>\$ 36,369</u>	<u>\$ 12,777</u>	<u>\$ 166,776</u>

	Nine Months Ended April 2, 2023			
	MasterCraft	Crest	Aviara	Total
Major Product Categories:				
Boats and trailers	\$ 328,254	\$ 115,444	\$ 39,570	\$ 483,268
Parts	9,693	671	—	10,364
Other revenue	1,368	480	—	1,848
Total	<u>\$ 339,315</u>	<u>\$ 116,595</u>	<u>\$ 39,570</u>	<u>\$ 495,480</u>

Contract Liabilities

As of June 30, 2023, the Company had \$3.3 million of contract liabilities associated with customer deposits and services. During the nine months ended March 31, 2024, \$1.4 million was recognized as revenue. As of March 31, 2024, total contract liabilities associated with customer deposits and services of \$3.5 million were reported in Accrued expenses and other current liabilities and Other long-term liabilities on the condensed consolidated balance sheet, and \$0.6 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 nine months ended April 2, 2023, the Company recognized a \$22.5 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 agreed upon settlement will be received in installment payments through July 2025. 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:

	Nine Months Ended	
	March 31, 2024	April 2, 2023
NET SALES	37	\$ 7,767
COST OF SALES	257	9,732
GROSS LOSS	(220)	(1,965)
OPERATING EXPENSES:		
Selling, general and administrative	1,237	2,639
Total operating expenses	1,237	2,639
OPERATING LOSS	(1,457)	(4,604)
Gain (loss) on sale of discontinued operations	157	(22,487)
LOSS BEFORE INCOME TAX BENEFIT	(1,300)	(27,091)
INCOME TAX BENEFIT	307	5,952
LOSS FROM DISCONTINUED OPERATIONS, NET OF TAX	(993)	\$ (21,139)

The operating results, and components thereof, of discontinued operations for the three months ended March 31, 2024 and April 2, 2023 were not significant.

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 March 31, 2024 and June 30, 2023 are summarized as follows:

	March 31, 2024			
	Amortized Cost / Net Carrying Amount	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Held-to-maturity securities:				
Fixed income securities:				
Corporate bonds	\$ 83,183	\$ 6	\$ (48)	\$ 83,141
Total held-to-maturity securities	\$ 83,183	\$ 6	\$ (48)	\$ 83,141

	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	<u>\$ 91,560</u>	<u>\$ 32</u>	<u>\$ (161)</u>	<u>\$ 91,431</u>

5. INVENTORIES

Inventories consisted of the following:

	March 31, 2024	June 30, 2023
Raw materials and supplies	\$ 27,262	\$ 40,201
Work in process	9,418	9,465
Finished goods	6,395	10,335
Obsolescence reserve	(1,643)	(1,703)
Total inventories	<u>\$ 41,432</u>	<u>\$ 58,298</u>

6. PROPERTY, PLANT, AND EQUIPMENT

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

	March 31, 2024	June 30, 2023
Land and improvements	\$ 7,587	\$ 10,456
Buildings and improvements	51,848	46,759
Machinery and equipment	42,309	40,632
Furniture and fixtures	5,620	5,284
Construction in progress	12,717	10,180
Total property, plant, and equipment	120,081	113,311
Less accumulated depreciation	(40,488)	(35,390)
Property, plant, and equipment — net	<u>79,593</u>	<u>\$ 77,921</u>

7. GOODWILL AND OTHER INTANGIBLE ASSETS

The following table presents the carrying amounts of goodwill as of March 31, 2024 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	<u>\$ 65,831</u>	<u>\$ (37,338)</u>	<u>\$ 28,493</u>

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

	March 31, 2024			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	\$ (11,400)	\$ 8,100	\$ 19,500	\$ (10,050)	\$ 9,450
Software	245	(245)	—	245	(233)	12
	19,745	(11,645)	8,100	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	\$ (18,645)	\$ 34,100	\$ 52,745	\$ (17,283)	\$ 35,462

Amortization expense related to Other intangible assets, net for each of the three months ended March 31, 2024 and April 2, 2023, was \$0.5 million and for the nine months ended March 31, 2024 and April 2, 2023, was \$1.4 million and \$1.5 million, respectively. 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:

	March 31, 2024	June 30, 2023
Warranty	\$ 30,861	\$ 31,780
Dealer incentives	21,452	24,987
Compensation and related accruals	4,367	5,838
Inventory repurchase contingent obligation	2,212	1,515
Contract liabilities	1,423	1,477
Self-insurance	1,357	1,586
Liabilities retained associated with discontinued operations	786	690
Other	3,706	4,623
Total accrued expenses and other current liabilities	\$ 66,164	\$ 72,496

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

	March 31, 2024	April 2, 2023
Balance at the beginning of the period	\$ 31,780	\$ 25,824
Provisions	6,438	10,766
Payments made	(10,557)	(9,069)
Changes for pre-existing warranties	3,200	3,131
Balance at the end of the period	\$ 30,861	\$ 30,652

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:

	March 31, 2024	June 30, 2023
Term loan	\$ 50,625	\$ 54,000
Debt issuance costs on term loan	(272)	(324)
Total debt	50,353	53,676
Less current portion of long-term debt	4,500	4,500
Less current portion of debt issuance costs on term loan	(129)	(119)
Long-term debt, net of current portion	\$ 45,982	\$ 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 both the three and nine months ended March 31, 2024, 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 March 31, 2024, the interest rate on the Company's term loan was 6.68%.

The Credit Agreement will mature and all remaining amounts outstanding thereunder will be due and payable on June 28, 2026. As of March 31, 2024, the Company was in compliance with its financial covenants under the Credit Agreement.

Revolving Credit Facility

As of March 31, 2024, 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 add-back for Section 162(m) limitations, partially offset by a benefit associated with the foreign derived intangible income deduction. During the three months ended March 31, 2024 and April 2, 2023, the Company's effective tax rate was 17.4% and 22.8%, respectively,

and for the nine months ended March 31, 2024 and April 2, 2023, the Company's effective tax rate was 20.8% and 23.2%, respectively. The Company's effective tax rates for the three and nine months ended March 31, 2024 are lower compared to the effective tax rate for the same prior-year periods, primarily due to a decrease in the effective state tax rate and an increase in the impact of federal tax credits, partially offset by an increase in the tax impact of uncertain state tax positions.

12. SHARE-BASED COMPENSATION

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

	Three Months Ended		Nine Months Ended	
	March 31, 2024	April 2, 2023	March 31, 2024	April 2, 2023
Restricted stock awards	\$ 1,494	\$ 587	\$ 2,508	\$ 1,723
Performance stock units	89	439	23	1,169
Share-based compensation expense	<u>\$ 1,583</u>	<u>\$ 1,026</u>	<u>\$ 2,531</u>	<u>\$ 2,892</u>

The increase in expense related to restricted stock awards ("RSAs") for the three months ended March 31, 2024 is primarily the result of accelerated recognition of compensation expense associated with outstanding equity awards held by our former Chief Executive Officer, which were modified at the time of the March 2024 announcement of his retirement.

Restricted Stock Awards

During the nine months ended March 31, 2024, the Company granted 179,539 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 March 31, 2024, 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 March 31, 2024, was \$21.33 per share.

The following table summarizes the status of nonvested RSAs as of March 31, 2024, and changes during the nine months then ended.

	Nonvested Restricted Shares	Average Grant-Date Fair Value (per share)
Nonvested at June 30, 2023	91,907	\$ 23.66
Granted	179,539	21.33
Vested	(18,830)	20.00
Forfeited	(19,173)	23.09
Nonvested at March 31, 2024	<u>233,443</u>	22.21

As of March 31, 2024, there was \$2.7 million of total unrecognized compensation expense related to nonvested RSAs. The Company expects this expense to be recognized over a weighted average period of 2.2 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 March 31, 2024, and changes during the nine months then ended.

	Nonvested Performance Stock Units	Average Grant-Date Fair Value (per share)
Nonvested at June 30, 2023	122,971	\$ 27.12
Granted	86,555	21.62
Forfeited	(28,054)	25.65
Nonvested at March 31, 2024	181,472	24.73

As of March 31, 2024, there was \$0.2 million of total unrecognized compensation expense related to nonvested PSUs. The Company expects this expense to be recognized over a weighted average period of 2.2 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		Nine Months Ended	
	March 31, 2024	April 2, 2023	March 31, 2024	April 2, 2023
Net income from continuing operations	\$ 3,826	\$ 22,782	\$ 16,829	\$ 67,400
Loss from discontinued operations, net of tax	(71)	(272)	(993)	(21,139)
Net income	\$ 3,755	\$ 22,510	\$ 15,836	\$ 46,261
Weighted average shares — basic	16,844,440	17,559,920	17,003,616	17,725,208
Dilutive effect of assumed exercises of stock options	—	4,816	—	7,028
Dilutive effect of assumed restricted share awards/units	121,184	184,174	90,342	119,419
Weighted average outstanding shares — diluted	16,965,624	17,748,910	17,093,958	17,851,655
Basic net income (loss) per share				
Continuing operations	\$ 0.23	\$ 1.30	\$ 0.99	\$ 3.80
Discontinued operations	(0.01)	(0.02)	(0.06)	(1.19)
Net income	\$ 0.22	\$ 1.28	\$ 0.93	\$ 2.61
Diluted net income (loss) per share				
Continuing operations	\$ 0.23	\$ 1.28	\$ 0.98	\$ 3.78
Discontinued operations	(0.01)	(0.01)	(0.05)	(1.19)
Net income	\$ 0.22	\$ 1.27	\$ 0.93	\$ 2.59

For the three and nine months ended March 31, 2024 and April 2, 2023, 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 allowed 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 during the first quarter ended 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 \$50.0 million of its outstanding shares of common stock. The new authorization became effective upon the completion of the Company's existing \$50.0 million stock repurchase authorization.

During the three months ended March 31, 2024 and April 2, 2023, the Company repurchased 73,562 shares and 210,150 shares of common stock for \$1.6 million and \$7.0 million, respectively, in cash, excluding related fees and expenses. During the nine months ended March 31, 2024 and April 2, 2023, the Company repurchased 529,545 shares and 625,794 shares of common stock for \$11.7 million and \$16.0 million, respectively, in cash, excluding related fees and expenses. As of March 31, 2024, \$39.9 million remained available under the 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 and nine months ended March 31, 2024, 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 March 31, 2024			
	MasterCraft	Crest	Aviara	Consolidated
Net sales	\$ 69,783	\$ 14,194	\$ 11,731	\$ 95,708
Operating income (loss)	7,616	(864)	(2,756)	3,996
Depreciation and amortization	1,288	817	737	2,842
Purchases of property, plant and equipment	2,591	584	1,329	4,504

	For the Nine Months Ended March 31, 2024			
	MasterCraft	Crest	Aviara	Consolidated
Net sales	\$ 218,319	\$ 49,713	\$ 31,374	\$ 299,406
Operating income (loss)	28,202	(133)	(8,502)	19,567
Depreciation and amortization	3,872	2,440	2,015	8,327
Purchases of property, plant and equipment	6,207	1,761	4,654	12,622

	For the Three Months Ended April 2, 2023			
	MasterCraft	Crest	Aviara	Consolidated
Net sales	\$ 117,630	\$ 36,369	\$ 12,777	\$ 166,776
Operating income (loss)	25,298	4,962	(1,234)	29,026
Depreciation and amortization	1,386	701	535	2,622
Purchases of property, plant and equipment	3,151	2,089	1,716	6,956

For the Nine Months Ended April 2, 2023

	MasterCraft	Crest	Aviara	Consolidated
Net sales	\$ 339,315	\$ 116,595	\$ 39,570	\$ 495,480
Operating income (loss)	72,269	17,576	(2,136)	87,709
Depreciation and amortization	4,132	2,104	1,597	7,833
Purchases of property, plant and equipment	8,434	6,292	4,145	18,871

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

	March 31, 2024	June 30, 2023
Assets:		
MasterCraft	\$ 251,297	\$ 259,201
Crest	48,299	53,435
Aviara	41,286	41,340
Total assets	<u>\$ 340,882</u>	<u>\$ 353,976</u>

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 and in this Quarterly Report on Form 10-Q. 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 Unaudited 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 and gross margin declined as a result of lower cost absorption due to decreased sales volumes.

On March 4, 2024, Frederick Brightbill, Chief Executive Officer ("CEO") and Chairman of the Board of Directors announced his retirement as CEO of the Company, effective March 18, 2024, and as Chairman of the Company's Board of Directors (the "Board"), effective June 30, 2024, at which time, Mr. Brightbill will serve as a consultant through June 30, 2025. In connection with Mr. Brightbill's retirement, the Company appointed Brad Nelson as CEO, effective March 18, 2024. Mr. Nelson also joined the Board at that time, with the size of the Board increasing from eight members to nine. Rock Lambert, the Company's Lead Independent Director, will assume the role of Chairman of the Board, effective July 1, 2024.

During the three and nine months ended March 31, 2024, we recognized \$1.2 million and \$1.7 million, respectively, of CEO transition costs in General and administrative expense within the condensed consolidated statements of operations. CEO transition costs include amounts paid to the former CEO under the terms of his retirement and consulting agreement and related legal fees. Also included are recruiting and relocation costs related to the new CEO.

Results of Continuing Operations

Consolidated Results

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

	Three Months Ended		2024 vs. 2023		Nine Months Ended		2024 vs. 2023	
	March 31, 2024	April 2, 2023	Change	% Change	March 31, 2024	April 2, 2023	Change	% Change
(Dollar amounts in thousands)								
Consolidated statements of operations:								
NET SALES	\$ 95,708	166,776	\$ (71,068)	(42.6 %)	\$ 299,406	495,480	\$ (196,074)	(39.6 %)
COST OF SALES	77,360	124,178	(46,818)	(37.7 %)	240,493	368,682	(128,189)	(34.8 %)
GROSS PROFIT	18,348	42,598	(24,250)	(56.9 %)	58,913	126,798	(67,885)	(53.5 %)
OPERATING EXPENSES:								
Selling and marketing	3,924	3,927	(3)	(0.1 %)	10,538	10,748	(210)	(2.0 %)
General and administrative	9,978	9,156	822	9.0 %	27,446	26,874	572	2.1 %
Amortization of other intangible assets	450	489	(39)	(8.0 %)	1,362	1,467	(105)	(7.2 %)
Total operating expenses	14,352	13,572	780	5.7 %	39,346	39,089	257	0.7 %
OPERATING INCOME	3,996	29,026	(25,030)	(86.2 %)	19,567	87,709	(68,142)	(77.7 %)
OTHER INCOME (EXPENSE):								
Interest expense	(762)	(695)	(67)	9.6 %	(2,494)	(1,923)	(571)	29.7 %
Interest income	1,398	1,195	203	17.0 %	4,164	1,967	2,197	111.7 %
INCOME BEFORE INCOME TAX EXPENSE	4,632	29,526	(24,894)	(84.3 %)	21,237	87,753	(66,516)	(75.8 %)
INCOME TAX EXPENSE	806	6,744	(5,938)	(88.0 %)	4,408	20,353	(15,945)	(78.3 %)
NET INCOME FROM CONTINUING OPERATIONS	\$ 3,826	\$ 22,782	\$ (18,956)	(83.2 %)	\$ 16,829	\$ 67,400	\$ (50,571)	(75.0 %)
Additional financial and other data:								
Unit sales volume:								
MasterCraft	468	900	(432)	(48.0 %)	1,453	2,457	(1,004)	(40.9 %)
Crest	298	722	(424)	(58.7 %)	1,025	2,344	(1,319)	(56.3 %)
Aviara	39	34	5	14.7 %	92	100	(8)	(8.0 %)
Consolidated unit sales volume	805	1,656	(851)	(51.4 %)	2,570	4,901	(2,331)	(47.6 %)
Net sales:								
MasterCraft	\$ 69,783	117,630	\$ (47,847)	(40.7 %)	\$ 218,319	339,315	\$ (120,996)	(35.7 %)
Crest	14,194	36,369	(22,175)	(61.0 %)	49,713	116,595	(66,882)	(57.4 %)
Aviara	11,731	12,777	(1,046)	(8.2 %)	31,374	39,570	(8,196)	(20.7 %)
Consolidated net sales	\$ 95,708	166,776	\$ (71,068)	(42.6 %)	\$ 299,406	495,480	\$ (196,074)	(39.6 %)
Net sales per unit:								
MasterCraft	\$ 149	\$ 131	\$ 18	13.7 %	\$ 150	\$ 138	\$ 12	8.7 %
Crest	48	50	(2)	(4.0 %)	49	50	(1)	(2.0 %)
Aviara	301	376	(75)	(19.9 %)	341	396	(55)	(13.9 %)
Consolidated net sales per unit	119	101	18	17.8 %	117	101	16	15.8 %
Gross margin	19.2 %	25.5 %	(630) bps		19.7 %	25.6 %	(590) bps	

Net sales decreased \$71.1 million and \$196.1 million during the third quarter and first nine months of fiscal 2024 when compared with the same prior-year periods. The decreases in net sales were due to lower unit volume and an increase in dealer incentives, partially offset by higher prices and favorable model mix and options. Dealer incentives include measures taken by the Company to assist dealers as the retail environment remains competitive.

Gross margin percentage declined 630 basis points and 590 basis points during the third quarter and first nine months of fiscal 2024, respectively, when compared with the same prior-year periods. Lower margins were the result of lower cost absorption due to planned decreased unit volume and higher dealer incentives, partially offset by higher prices and favorable model mix and options.

Operating expenses increased \$0.8 million and \$0.3 million during the third quarter and first nine months of fiscal 2024, respectively, when compared to the same prior-year periods. The increases in operating expenses were a result of CEO transition and related



share-based compensation costs, which were \$1.9 million and \$2.4 million during the third quarter and first nine months of fiscal 2024, respectively.

Segment Results

MasterCraft Segment

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

(Dollar amounts in thousands)	Three Months Ended		2024 vs. 2023		Nine Months Ended		2024 vs. 2023	
	March 31, 2024	April 2, 2023	Change	% Change	March 31, 2024	April 2, 2023	Change	% Change
Net sales	\$ 69,783	\$ 117,630	(47,847)	(40.7%)	\$ 218,319	\$ 339,315	(120,996)	(35.7%)
Operating income	7,616	25,298	(17,682)	(69.9%)	28,202	72,269	(44,067)	(61.0%)
Purchases of property, plant and equipment	2,591	3,151	(560)	(17.8%)	6,207	8,434	(2,227)	(26.4%)
Unit sales volume	468	900	(432)	(48.0%)	1,453	2,457	(1,004)	(40.9%)
Net sales per unit	\$ 149	\$ 131	\$ 18	13.7%	\$ 150	\$ 138	\$ 12	8.7%

Net sales decreased \$47.8 million during the third 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 favorable model mix and options and higher prices. Dealer incentives include rebate programs and other measures taken by the Company to assist dealers as the retail environment remains competitive.

Net sales decreased \$121.0 million during the first nine months 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 and favorable model mix and options. 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.

Operating income decreased \$17.7 million and \$44.1 million during third quarter and first nine months of fiscal 2024, respectively, when compared with the same prior-year periods. The decreases were driven by decreased sales volume, higher dealer incentives, and CEO transition and related share-based compensation costs, partially offset by higher prices and favorable model mix and options.

Crest Segment

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

(Dollar amounts in thousands)	Three Months Ended		2024 vs. 2023		Nine Months Ended		2024 vs. 2023	
	March 31, 2024	April 2, 2023	Change	% Change	March 31, 2024	April 2, 2023	Change	% Change
Net sales	\$ 14,194	\$ 36,369	(22,175)	(61.0%)	\$ 49,713	\$ 116,595	(66,882)	(57.4%)
Operating income (loss)	(864)	4,962	(5,826)	(117.4%)	(133)	17,576	(17,709)	(100.8%)
Purchases of property, plant and equipment	584	2,089	(1,505)	(72.0%)	1,761	6,292	(4,531)	(72.0%)
Unit sales volume	298	722	(424)	(58.7%)	1,025	2,344	(1,319)	(56.3%)
Net sales per unit	\$ 48	\$ 50	\$ (2)	(4.0%)	\$ 49	\$ 50	\$ (1)	(2.0%)

Net sales decreased \$22.2 million and \$66.9 million during the third quarter and first nine months of fiscal 2024, respectively, when compared to the same prior-year periods, due to decreased volume and unfavorable model mix and options, partially offset by higher prices.

Operating income for the third quarter of fiscal 2024 decreased \$5.8 million when compared to the same prior-year period. The decrease was primarily the result of decreased net sales, as discussed above.

Operating income for the first nine months of fiscal 2024 decreased \$17.7 million when compared to the same prior-year period. The decrease was primarily the result of decreased net sales, as discussed above, and increased dealer incentives.

Aviara Segment

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

(Dollar amounts in thousands)	Three Months Ended		2024 vs. 2023		Nine Months Ended		2024 vs. 2023	
	March 31, 2024	April 2, 2023	Change	% Change	March 31, 2024	April 2, 2023	Change	% Change
Net sales	\$ 11,731	\$ 12,777	\$ (1,046)	(8.2 %)	\$ 31,374	\$ 39,570	\$ (8,196)	(20.7 %)
Operating loss	(2,756)	(1,234)	(1,522)	123.3 %	(8,502)	(2,136)	(6,366)	298.0 %
Purchases of property, plant and equipment	1,329	1,716	(387)	(22.6 %)	4,654	4,145	509	12.3 %
Unit sales volume	39	34	5	14.7 %	92	100	(8)	(8.0 %)
Net sales per unit	\$ 301	\$ 376	\$ (75)	(19.9 %)	\$ 341	\$ 396	\$ (55)	(13.9 %)

Net sales decreased \$1.0 million during the third quarter of fiscal 2024 when compared to the same prior-year period, due to unfavorable model mix and options, partially offset by favorable volume and higher prices.

Net sales decreased \$8.2 million for the first nine months of fiscal 2024 when compared to the same prior-year period, due to unfavorable model mix and options, decreased volume and higher dealer incentives, partially offset by higher prices.

Operating losses increased \$1.5 million for the third quarter of fiscal 2024 when compared to the same prior-year period, due to unfavorable model mix and options and inefficiencies related to the ramp up of new product launches, partially offset by higher prices and favorable volume.

Operating losses increased \$6.4 million for the first nine months of fiscal 2024 when compared to the same prior-year period, due to inefficiencies related to the ramp up of new product launches, higher dealer incentives, unfavorable model mix and options and decreased volume, partially offset by higher prices and reduced warranty costs.

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, these adjustments include share-based compensation, business development consulting costs, and CEO transition costs. We define EBITDA margin and Adjusted EBITDA margin as EBITDA and Adjusted EBITDA, respectively, each 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, share-based compensation, business development consulting costs, and CEO transition costs.

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;
- Certain Non-GAAP measures do not reflect our tax expense or any cash requirements to pay income taxes;
- Certain 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.

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				Nine Months Ended			
	March 31, 2024	% of Net sales	April 2, 2023	% of Net sales	March 31, 2024	% of Net sales	April 2, 2023	% of Net sales
(Dollar amounts in thousands)								
Net income from continuing operations	\$ 3,826	4.0%	\$ 22,782	13.7%	\$ 16,829	5.6%	\$ 67,400	13.6%
Income tax expense	806		6,744		4,408		20,353	
Interest expense	762		695		2,494		1,923	
Interest income	(1,398)		(1,195)		(4,164)		(1,967)	
Depreciation and amortization	2,842		2,622		8,327		7,833	
EBITDA	6,838	7.1%	31,648	19.0%	27,894	9.3%	95,542	19.3%
Share-based compensation ^(a)	1,583		1,026		2,531		2,892	
Business development consulting costs ^(b)	—		312		—		312	
CEO transition costs ^(c)	1,241		—		1,677		—	
Adjusted EBITDA	\$ 9,662	10.1%	\$ 32,986	19.8%	\$ 32,102	10.7%	\$ 98,746	19.9%

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		Nine Months Ended	
	March 31, 2024	April 2, 2023	March 31, 2024	April 2, 2023
(Dollar amounts in thousands, except per share data)				
Net income from continuing operations	\$ 3,826	\$ 22,782	\$ 16,829	\$ 67,400
Income tax expense	806	6,744	4,408	20,353
Amortization of acquisition intangibles	450	462	1,362	1,386
Share-based compensation ^(a)	1,583	1,026	2,531	2,892
Business development consulting costs ^(b)	—	312	—	312
CEO transition costs ^(c)	1,241	—	1,677	—
Adjusted Net Income before income taxes	7,906	31,326	26,807	92,343
Adjusted income tax expense ^(d)	1,581	7,205	5,361	21,239
Adjusted Net Income	<u>\$ 6,325</u>	<u>\$ 24,121</u>	<u>\$ 21,446</u>	<u>\$ 71,104</u>
Adjusted Net Income per share:				
Basic	\$ 0.38	\$ 1.37	\$ 1.26	\$ 4.01
Diluted	\$ 0.37	\$ 1.36	\$ 1.25	\$ 3.98
Weighted average shares used for the computation of ^(e) :				
Basic Adjusted Net Income per share	16,844,440	17,559,920	17,003,616	17,725,208
Diluted Adjusted Net Income per share	16,965,624	17,748,910	17,093,958	17,851,655

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 indicated:

	Three Months Ended		Nine Months Ended	
	March 31, 2024	April 2, 2023	March 31, 2024	April 2, 2023
Net income from continuing operations per diluted share	\$ 0.23	\$ 1.28	\$ 0.98	\$ 3.78
Impact of adjustments:				
Income tax expense	0.05	0.38	0.26	1.14
Amortization of acquisition intangibles	0.03	0.03	0.08	0.08
Share-based compensation ^(a)	0.10	0.06	0.15	0.16
Business development consulting costs ^(b)	—	0.02	—	0.02
CEO transition costs ^(c)	0.07	—	0.10	—
Adjusted Net Income per diluted share before income taxes	\$ 0.48	\$ 1.77	\$ 1.57	\$ 5.18
Impact of adjusted income tax expense on net income per diluted share before income taxes ^(d)	(0.11)	(0.41)	(0.32)	(1.20)
Adjusted Net Income per diluted share	<u>\$ 0.37</u>	<u>\$ 1.36</u>	<u>\$ 1.25</u>	<u>\$ 3.98</u>

(a) Included in share-based compensation are the impacts of accelerating expense recognition for equity awards related to the CEO transition.

(b) Represents non-recurring third-party costs associated with business development activities, primarily relating to consulting costs for evaluation and execution of internal growth and other strategic initiatives.

(c) Represents amounts paid to the Company's former CEO upon his departure under the terms of his transition agreements, including consulting payments and legal fees incurred with the transition. Also included are recruiting and relocation costs related to the new CEO.

(d) For fiscal 2024 and 2023, income tax expense reflects an income tax rate of 20.0% and 23.0%, respectively, 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 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 \$22.5 million as of March 31, 2024, an increase of \$2.7 million from \$19.8 million as of June 30, 2023. Held-to-maturity securities totaled \$83.2 million as of March 31, 2024, a decrease of \$8.4 million from \$91.6 million as of June 30, 2023. Total debt as of March 31, 2024 and June 30, 2023, was \$50.4 million and \$53.7 million, respectively.

As of March 31, 2024, 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 during the first quarter ended 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 nine months ended March 31, 2024, the Company repurchased 529,545 shares of common stock for \$11.7 million in cash, excluding related fees and expenses under both plans.

The following table and discussion below relate to our cash flows from continuing operations from operating, investing, and financing activities:

	Nine Months Ended	
	March 31, 2024	April 2, 2023
(Dollar amounts in thousands)		
Total cash provided by (used in):		
Operating activities	\$ 22,923	\$ 107,365
Investing activities	(2,841)	(92,380)
Financing activities	(16,787)	(18,831)
Net change in cash and cash equivalents from continuing operations	\$ 3,295	\$ (3,846)

Nine Months Ended March 31, 2024 Cash Flows from Continuing Operations

Net cash provided by operating activities for the nine months ended March 31, 2024 was \$22.9 million, primarily due to net income, 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. Working capital usage primarily consisted of a decrease in accrued expenses and other current liabilities, accounts payable and income tax payable and an increase in prepaid expenses and other current assets. Partially offsetting the working capital usage was a decrease in inventories. Inventories decreased as we continue to rebalance inventory levels to align with lower production levels, partially offset by increased materials costs from inflation. Accrued expenses and other current liabilities decreased primarily due to payment of dealer incentives and lower compensation related accruals, partially offset by an increase in repurchase obligations. Accounts payable decreased as a result of decreased production levels. Income tax payable decreased due to the lower earnings compared to the prior year.

Net cash used in investing activities was \$2.8 million, which included \$12.6 million in net capital expenditures, partially offset by net changes of \$9.8 million in held-to maturity securities. Our capital spending was primarily focused on tooling, facility enhancements and information technology.

Net cash used in financing activities was \$16.8 million, which included net payments of \$3.4 million on long-term debt and stock repurchases totaling \$11.7 million.

Nine Months Ended April 2, 2023 Cash Flows from Continuing Operations

Net cash provided by operating activities for the nine months ended April 2, 2023 was \$107.4 million, primarily due to net income and cash provided by favorable changes in working capital. 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. Favorable changes in working capital primarily consisted of an increase in accrued expenses and other current liabilities and accounts payable, and a decrease in accounts receivable and inventories. Partially offsetting favorable changes in working capital was an increase in prepaid expenses and other current assets. Accrued expenses and other current liabilities primarily increased due to increased warranty, floor plan interest, and retail rebate costs. Accounts payable increased mainly due to increased payables related to capital spending. Accounts receivable decreased primarily as a result of lower sales at the end of the period compared to the end of the prior-year period. Inventories decreased as we maintain rebalanced inventory levels after the prior summer selling season, partially offset by increased materials costs from inflation. Prepaid expenses and other current assets increased due to payment of annual general insurance premiums which have increased since the prior-year period.

Net cash used in investing activities was \$92.4 million, due to net investments in held-to-maturity securities of \$73.5 million and \$18.9 million of capital expenditures. Our capital spending was focused on maintenance capital, which includes tooling, expanding our capacity, and information technology.

Net cash used in financing activities was \$18.8 million, which included net payments of \$2.3 million on long-term debt and \$16.0 million of stock repurchases.

Off Balance Sheet Arrangements

The Company did not have any off balance sheet financing arrangements as of March 31, 2024.

Critical Accounting Estimates

As of March 31, 2024, there were no significant changes in or changes to the application of our critical accounting policies or estimation procedures from those presented in our 2023 Annual Report.

SEC Climate Disclosure Rule

In March 2024, the SEC issued its final climate disclosure rule, which requires the disclosure of material Scope 1 and Scope 2 greenhouse gas emissions and other climate-related topics in annual reports and registration statements. For accelerated filers, disclosure requirements will begin phasing in for fiscal years beginning on or after January 1, 2026, or fiscal 2027 for the Company. On April 4, 2024, the SEC announced to voluntarily delay the implementation of climate disclosure regulations while going through certain legal challenges filed to vacate the proposed rules. The Company is currently evaluating the impact these rules will have on its consolidated financial statements and related disclosures.

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 March 31, 2024.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended March 31, 2024 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.

Except as noted below, there have been 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.

Our financial results could be adversely affected if we are unable to maintain effective distribution.

We rely on third-party dealers to sell our products. Maintaining a reliable network of dealers is essential to our success. We face competition from other manufacturers in attracting and retaining independent boat dealers. A significant deterioration in the number or effectiveness of our dealers could have a material adverse effect on our financial results.

Weakening demand for marine products could hurt our dealers' financial performance. In particular, reduced cash flow from decreases in sales and tightening credit markets could impair dealers' ability to fund operations. Inability to fund operations can force dealers to cease business, and we may be unable to obtain alternate distribution in the vacated market. An inability to obtain alternate distribution could unfavorably affect our net sales through reduced market presence. If economic conditions deteriorate, we anticipate that dealer failures or voluntary market exits would increase, especially if overall retail demand materially declines. Additionally, the deterioration in the health of competitors' dealers can negatively impact the marketplace, including our dealers, by causing boat inventories at those dealers to be deeply discounted or relocated to other geographical areas, resulting in elevated inventories our dealers are competing against.

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 during the first quarter ended 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 \$50.0 million of its outstanding shares of common stock. The new authorization became effective upon the completion of the Company's prior \$50.0 million stock repurchase authorization.

During the first nine months of fiscal 2024, we repurchased approximately \$11.7 million of our common stock, including approximately \$1.6 million during the three months ended March 31, 2024. As of March 31, 2024, the remaining authorization under the new program was approximately \$39.9 million.

During the three months ended March 31, 2024, 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)
January 1, 2024 - January 28, 2024	—	\$ —	—	\$ 41,471
January 29, 2024 - February 25, 2024	5,600	21.89	5,600	41,348
February 26, 2024 - March 31, 2024	67,962	21.05	67,962	39,918
Total	73,562		73,562	

(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.

During the three months ended March 31, 2024, 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†	Retirement and Consulting Agreement, dated March 1, 2024	8-K	001-37502	10.1	3/4/24	
10.2†	Offer Letter, dated March 1, 2024	8-K	001-37502	10.2	3/4/24	
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 With Embedded Linkbases Document					*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).					*

† Indicates management contract or compensatory plan.

* 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 8, 2024

By: /s/ BRADLEY M. NELSON

Bradley M. Nelson

Chief Executive Officer (Principal Executive Officer) and Director

Date: May 8, 2024

By: /s/ TIMOTHY M. OXLEY

Timothy M. Oxley

Chief Financial Officer (Principal Financial and Accounting Officer),

Treasurer and Secretary

CERTIFICATIONS

I, Bradley M. Nelson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2024 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 8, 2024

/s/ BRADLEY M. NELSON

Bradley M. Nelson
Chief Executive Officer and Director
(Principal Executive Officer)

CERTIFICATIONS

I, Timothy M. Oxley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2024 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 8, 2024

/s/ TIMOTHY M. OXLEY

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

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

I, Bradley M. Nelson, 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 March 31, 2024 (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 8, 2024

/s/ BRADLEY M. NELSON

Bradley M. Nelson

Chief Executive Officer and Director
(Principal Executive Officer)

**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 March 31, 2024 (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 8, 2024

/s/ TIMOTHY M. OXLEY

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