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

# FORM 10-Q

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

For the quarterly period ended: January 2, 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** | **06-1571747** |
| *(State or Other Jurisdiction of Incorporation or Organization)* | *(I.R.S. Employer Identification No.)* |

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

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

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock | MCFT | NASDAQ |

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

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

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

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

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

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

As of January 28, 2022, there were 18,498,202 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 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 | | Six Months Ended | |
|---|---|---|---|---|
| | January 2, 2022 | January 3, 2021 | January 2, 2022 | January 3, 2021 |
| NET SALES | $ 159,465 | $ 118,677 | $ 303,475 | $ 222,422 |
| COST OF SALES | 124,267 | 89,404 | 238,155 | 166,919 |
| GROSS PROFIT | 35,198 | 29,273 | 65,320 | 55,503 |
| OPERATING EXPENSES: | | | | |
| Selling and marketing | 3,395 | 2,989 | 7,677 | 5,896 |
| General and administrative | 10,263 | 8,352 | 19,933 | 17,284 |
| Amortization of other intangible assets | 987 | 987 | 2,013 | 1,974 |
| Goodwill impairment | — | — | 1,100 | — |
| Total operating expenses | 14,645 | 12,328 | 30,723 | 25,154 |
| OPERATING INCOME | 20,553 | 16,945 | 34,597 | 30,349 |
| OTHER EXPENSE: | | | | |
| Interest expense | 357 | 870 | 739 | 1,889 |
| INCOME BEFORE INCOME TAX EXPENSE | 20,196 | 16,075 | 33,858 | 28,460 |
| INCOME TAX EXPENSE | 4,794 | 3,574 | 8,070 | 6,392 |
| NET INCOME | $ 15,402 | $ 12,501 | $ 25,788 | $ 22,068 |
| | | | | |
| NET INCOME PER SHARE: | | | | |
| Basic | $ 0.82 | $ 0.66 | $ 1.37 | $ 1.17 |
| Diluted | $ 0.81 | $ 0.66 | $ 1.36 | $ 1.17 |
| WEIGHTED AVERAGE SHARES USED FOR COMPUTATION OF: | | | | |
| Basic earnings per share | 18,722,386 | 18,807,316 | 18,786,343 | 18,790,826 |
| Diluted earnings per share | 18,899,136 | 18,928,408 | 18,951,627 | 18,897,617 |

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

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

| | January 2, 2022 | June 30, 2021 |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS:** | | |
| Cash and cash equivalents | $ 13,647 | $ 39,252 |
| Accounts receivable, net of allowance of $131 and $115, respectively | 8,907 | 12,080 |
| Income tax receivable | 545 | 355 |
| Inventories, net (Note 3) | 78,382 | 53,481 |
| Prepaid expenses and other current assets | 3,870 | 5,059 |
| Total current assets | 105,351 | 110,227 |
| Property, plant and equipment, net | 62,737 | 60,495 |
| Goodwill (Note 4) | 28,493 | 29,593 |
| Other intangible assets, net (Note 4) | 57,886 | 59,899 |
| Deferred income taxes | 15,429 | 15,130 |
| Deferred debt issuance costs, net | 456 | 507 |
| Other long-term assets | 538 | 609 |
| Total assets | $ 270,890 | $ 276,460 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| **CURRENT LIABILITIES:** | | |
| Accounts payable | 18,292 | 23,861 |
| Income tax payable | 177 | 726 |
| Accrued expenses and other current liabilities (Note 5) | 49,677 | 46,836 |
| Current portion of long-term debt, net of unamortized debt issuance costs (Note 7) | 2,870 | 2,866 |
| Total current liabilities | 71,016 | 74,289 |
| Long-term debt, net of unamortized debt issuance costs (Note 7) | 70,841 | 90,277 |
| Unrecognized tax positions | 4,749 | 3,830 |
| Other long-term liabilities | 218 | 276 |
| Total liabilities | 146,824 | 168,672 |
| **COMMITMENTS AND CONTINGENCIES** | | |
| **STOCKHOLDERS' EQUITY:** | | |
| Common stock, $.01 par value per share — authorized, 100,000,000 shares; issued and outstanding, 18,610,822 shares at January 2, 2022 and 18,956,719 shares at June 30, 2021 | 186 | 189 |
| Additional paid-in capital | 109,423 | 118,930 |
| Retained earnings / (accumulated deficit) | 14,457 | (11,331) |
| Total stockholders' equity | 124,066 | 107,788 |
| Total liabilities and stockholders' equity | $ 270,890 | $ 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 |

| | 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 |

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

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

| | Six Months Ended | |
|---|---|---|
| | **January 2, 2022** | **January 3, 2021** |
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Net income | $ 25,788 | $ 22,068 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 6,595 | 5,599 |
| Share-based compensation | 2,104 | 1,283 |
| Unrecognized tax benefits | 919 | 865 |
| Amortization of debt issuance costs | 119 | 316 |
| Goodwill impairment | 1,100 | — |
| Changes in certain operating assets and liabilities | (24,484) | (740) |
| Other, net | 83 | 764 |
| Net cash provided by operating activities | 12,224 | 30,155 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Purchases of property, plant and equipment | (6,715) | (18,903) |
| Net cash used in investing activities | (6,715) | (18,903) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Principal payments on revolving credit facility | (30,000) | (30,000) |
| Borrowings on revolving credit facility | 12,000 | 20,000 |
| Principal payments on long-term debt | (1,500) | (4,710) |
| Repurchase and retirement of common stock | (11,375) | — |
| Other, net | (239) | (787) |
| Net cash used in financing activities | (31,114) | (15,497) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (25,605) | (4,245) |
| CASH AND CASH EQUIVALENTS — BEGINNING OF PERIOD | 39,252 | 16,319 |
| CASH AND CASH EQUIVALENTS — END OF PERIOD | $ 13,647 | $ 12,074 |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION: | | |
| Cash payments for interest | $ 600 | $ 1,348 |
| Cash payments for income taxes | 9,002 | 5,132 |
| SIGNIFICANT NON-CASH INVESTING AND FINANCING ACTIVITIES: | | |
| Capital expenditures in accounts payable and accrued expenses | 393 | 594 |

*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 January 2, 2022, its results of operations for the three and six months ended January 2, 2022 and January 3, 2021, its cash flows for the six months ended January 2, 2022 and January 3, 2021, and its statements of stockholders’ equity for the three and six months ended January 2, 2022 and January 3, 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 six months ended January 2, 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 notes to the condensed consolidated financial statements 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 January 2, 2022 | | | | |
|---|---|---|---|---|---|
| | **MasterCraft** | **Crest** | **NauticStar** | **Aviara** | **Total** |
| **Major Product Categories:** | | | | | |
| Boats and trailers | $ 104,464 | $ 29,368 | $ 15,000 | $ 7,909 | $ 156,741 |
| Parts | 2,055 | 151 | 60 | — | 2,266 |
| Other revenue | 254 | 199 | 5 | — | 458 |
| **Total** | $ 106,773 | $ 29,718 | $ 15,065 | $ 7,909 | $ 159,465 |

| | Six Months Ended January 2, 2022 | | | | |
|---|---|---|---|---|---|
| | **MasterCraft** | **Crest** | **NauticStar** | **Aviara** | **Total** |
| **Major Product Categories:** | | | | | |
| Boats and trailers | $ 192,392 | $ 61,737 | $ 28,236 | $ 13,764 | $ 296,129 |
| Parts | 5,883 | 387 | 180 | — | 6,450 |
| Other revenue | 513 | 374 | 9 | — | 896 |
| **Total** | $ 198,788 | $ 62,498 | $ 28,425 | $ 13,764 | $ 303,475 |

| | Three Months Ended January 3, 2021 | | | | |
|---|---|---|---|---|---|
| | **MasterCraft** | **Crest** | **NauticStar** | **Aviara** | **Total** |
| **Major Product Categories:** | | | | | |
| Boats and trailers | $ 77,558 | $ 20,757 | $ 14,857 | $ 3,248 | $ 116,420 |
| Parts | 1,726 | 138 | 87 | — | 1,951 |
| Other revenue | 227 | 74 | 5 | — | 306 |
| **Total** | $ 79,511 | $ 20,969 | $ 14,949 | $ 3,248 | $ 118,677 |

| | Six Months Ended January 3, 2021 | | | | |
|---|---|---|---|---|---|
| | MasterCraft | Crest | NauticStar | Aviara | Total |
| **Major Product Categories:** | | | | | |
| Boats and trailers | $ 142,367 | $ 38,368 | $ 27,073 | $ 7,021 | $ 214,829 |
| Parts | 6,271 | 529 | 211 | — | 7,011 |
| Other revenue | 464 | 111 | 7 | — | 582 |
| **Total** | $ 149,102 | $ 39,008 | $ 27,291 | $ 7,021 | $ 222,422 |

*Contract Liabilities*

As of June 30, 2021, the Company had $1.8 million of contract liabilities associated with customer deposits. During the six months ended January 2, 2022, $1.6 million of this amount was recognized as revenue. As of January 2, 2022, total contract liabilities associated with customer deposits were $4.8 million, were reported in Accrued expenses and other current liabilities on the condensed consolidated balance sheet, and are expected to be recognized as revenue during the remainder of the year ending June 30, 2022.

## 3. INVENTORIES

Inventories consisted of the following:

| | January 2, 2022 | June 30, 2021 |
|---|---|---|
| Raw materials and supplies | $ 56,795 | $ 37,089 |
| Work in process | 17,404 | 10,171 |
| Finished goods | 6,134 | 8,362 |
| Obsolescence reserve | (1,951) | (2,141) |
| Total inventories | $ 78,382 | $ 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 January 2, 2022 | $ 28,493 | $ — | $ — | $ — | $ 28,493 |

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

| | January 2, 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 | $ (15,700) | $ 23,800 | $ 39,500 | $ (13,711) | $ 25,789 |
| Software | 245 | (159) | 86 | 245 | (135) | 110 |
| | 39,745 | (15,859) | 23,886 | 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 | $ (30,859) | $ 57,886 | $ 88,745 | $ (28,846) | $ 59,899 |

Amortization expense related to Other intangible assets, net for both the three and six months ended January 2, 2022 and January 3, 2021 was $1.0 million and $2.0 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:

| | January 2, 2022 | June 30, 2021 |
|---|---|---|
| Warranty | $ 24,100 | $ 22,329 |
| Dealer incentives | 9,986 | 10,634 |
| Contract liabilities | 4,839 | 1,848 |
| Compensation and related accruals | 4,493 | 6,046 |
| Freight | 669 | 778 |
| Self-insurance | 1,005 | 865 |
| Inventory repurchase contingent obligation | 1,027 | 471 |
| Other | 3,558 | 3,865 |
| Total accrued expenses and other current liabilities | $ 49,677 | $ 46,836 |

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

| | January 2, 2022 | January 3, 2021 |
|---|---|---|
| Balance at the beginning of the period | $ 22,329 | $ 20,004 |
| Provisions | 5,646 | 4,469 |
| Payments made | (4,969) | (4,272) |
| Aggregate changes for preexisting warranties | 1,094 | 718 |
| Balance at the end of the period | $ 24,100 | $ 20,919 |

## 6. COMMITMENTS AND CONTINGENCIES

*Purchase Commitments*

In October 2021, we signed 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.

*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 January 2, 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:

| | January 2, 2022 | June 30, 2021 |
|---|---|---|
| Revolving credit facility | $ 15,728 | $ 33,728 |
| Term loans | 58,500 | 60,000 |
| Debt issuance costs on term loans | (517) | (585) |
| Total debt | 73,711 | 93,143 |
| Less current portion of long-term debt | 3,000 | 3,000 |
| Less current portion of debt issuance costs on term loans | (130) | (134) |
| Long-term debt, net of current portion | $ 70,841 | $ 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 six months ended January 2, 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 January 2, 2022, the interest rate on the Company's term loan and revolving credit facility was 1.38%.

The Credit Agreement will mature and all remaining amounts outstanding thereunder will be due and payable on June 28, 2026. As of January 2, 2022, the Company was in compliance with its financial covenants under the Credit Agreement.

*Revolving Credit Facility*

As of January 2, 2022, the Company had $15.7 million of borrowings outstanding on its Revolving Credit Facility and had remaining availability of $84.3 million.

## 8. INCOME TAXES

The Company's consolidated interim effective tax rate is based on a current estimate of the annual effective income tax rate adjusted to reflect the impact of discrete items. The differences between the Company's effective tax rates and the statutory federal tax rate of 21.0% primarily relate to the inclusion of the state tax rate in the overall effective rate, the benefit of federal and state credits, and a permanent benefit associated with the foreign derived intangible income deduction, partially offset by a permanent add-back for Section 162(m) limitations. During the three months ended January 2, 2022 and January 3, 2021, the Company's effective tax rate was 23.7% and 22.2%, respectively. During the six months ended January 2, 2022 and January 3, 2021, the Company's effective tax rate was 23.8% and 22.5%, respectively. The Company's effective tax rate for the three and six months ended January 2, 2022 is higher compared to the effective tax rate for the three and six months ended January 3, 2021, primarily due to an increase in the effective state tax rate, an increase in the tax impact of uncertain state tax positions and a reduction in the benefit of federal and state tax credits, partially offset by an increase in the Company's net permanent benefits, largely driven by changes in foreign derived intangible income due to an increase in forecasted foreign taxable income, sales and gross margin.

## 9. SHARE-BASED COMPENSATION

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

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | January 2, 2022 | January 3, 2021 | January 2, 2022 | January 3, 2021 |
| Restricted stock awards | $ 518 | $ 388 | $ 985 | $ 805 |
| Performance stock units | 690 | 255 | 1,119 | 478 |
| Share-based compensation expense | $ 1,208 | $ 643 | $ 2,104 | $ 1,283 |

*Restricted Stock Awards*

During the six months ended January 2, 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 six months ended January 2, 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 six months ended January 2, 2022, was $26.14 per share.

The following table summarizes the status of nonvested RSAs as of January 2, 2022, and changes during the six 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 | (58,086) | 19.16 |
| Forfeited | (2,660) | 26.01 |
| Nonvested at January 2, 2022 | 132,408 | 23.22 |

As of January 2, 2022, there was $2.3 million of total unrecognized compensation expense related to nonvested RSAs. The Company expects this expense to be recognized over a weighted average period of 1.8 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 January 2, 2022, and changes during the six 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 | (2,177) | 28.71 |
| Nonvested at January 2, 2022 | 211,950 | 22.91 |

As of January 2, 2022, there was $2.9 million of total unrecognized compensation expense related to nonvested PSUs. The Company expects this expense to be recognized over a weighted average period of 1.9 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 | | Six Months Ended | |
|---|---|---|---|---|
| | January 2, 2022 | January 3, 2021 | January 2, 2022 | January 3, 2021 |
| Net income | $ 15,402 | $ 12,501 | $ 25,788 | $ 22,068 |
| | | | | |
| Weighted average shares — basic | 18,722,386 | 18,807,316 | 18,786,343 | 18,790,826 |
| Dilutive effect of assumed exercises of stock options | 12,994 | 13,950 | 13,618 | 14,025 |
| Dilutive effect of assumed restricted share awards/units | 163,756 | 107,142 | 151,666 | 92,766 |
| Weighted average outstanding shares — diluted | 18,899,136 | 18,928,408 | 18,951,627 | 18,897,617 |
| Basic net income per share | $ 0.82 | $ 0.66 | $ 1.37 | $ 1.17 |
| Diluted net income per share | $ 0.81 | $ 0.66 | $ 1.36 | $ 1.17 |

For the three and six months ended January 2, 2022 and January 3, 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 our common stock during the three-year period ending June 24, 2024. During the three months ended January 2, 2022, the Company repurchased 356,296 shares of common stock for $9.9 million in cash, including related fees and expenses. During the six months ended January 2, 2022, the Company repurchased 414,675 shares of common stock for $11.4 million in cash, including related fees and expenses. As of January 2, 2022, $38.6 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 six months ended January 2, 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 January 2, 2022 | | | | |
|---|---|---|---|---|---|
| | MasterCraft | Crest | NauticStar | Aviara | Consolidated |
| Net sales | $ 106,773 | $ 29,718 | $ 15,065 | $ 7,909 | $ 159,465 |
| Operating income (loss) | 21,302 | 4,637 | (3,066) | (2,320) | 20,553 |
| Depreciation and amortization | 1,226 | 647 | 877 | 491 | 3,241 |
| Purchases of property, plant and equipment | 1,468 | 673 | 702 | 254 | 3,097 |

| | For the Six Months Ended January 2, 2022 | | | | |
|---|---|---|---|---|---|
| | MasterCraft | Crest | NauticStar | Aviara | Consolidated |
| Net sales | $ 198,788 | $ 62,498 | $ 28,425 | $ 13,764 | $ 303,475 |
| Operating income (loss) | 37,482 | 8,436 | (5,402) | (5,919) | 34,597 |
| Depreciation and amortization | 2,514 | 1,341 | 1,772 | 968 | 6,595 |
| Goodwill impairment | — | — | — | 1,100 | 1,100 |
| Purchases of property, plant and equipment | 3,532 | 1,044 | 1,770 | 369 | 6,715 |

| | For the Three Months Ended January 3, 2021 | | | | |
|---|---|---|---|---|---|
| | MasterCraft | Crest | NauticStar | Aviara | Consolidated |
| Net sales | $ 79,511 | $ 20,969 | $ 14,949 | $ 3,248 | $ 118,677 |
| Operating income (loss) | 16,660 | 2,650 | (326) | (2,039) | 16,945 |
| Depreciation and amortization | 1,116 | 624 | 802 | 319 | 2,861 |
| Purchases of property, plant and equipment | 1,063 | 23 | 516 | 15,349 | 16,951 |

| | For the Six Months Ended January 3, 2021 | | | | |
|---|---|---|---|---|---|
| | MasterCraft | Crest | NauticStar | Aviara | Consolidated |
| Net sales | $ 149,102 | $ 39,008 | $ 27,291 | $ 7,021 | $ 222,422 |
| Operating income (loss) | 31,027 | 4,312 | (1,945) | (3,045) | 30,349 |
| Depreciation and amortization | 2,210 | 1,248 | 1,616 | 525 | 5,599 |
| Purchases of property, plant and equipment | 2,699 | 23 | 759 | 15,422 | 18,903 |

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

| | January 2, 2022 | June 30, 2021 |
|---|---|---|
| Assets: | | |
| MasterCraft | $ 136,693 | $ 158,610 |
| Crest | 46,089 | 42,204 |
| NauticStar | 55,357 | 44,181 |
| Aviara | 32,751 | 31,465 |
| Total assets | $ 270,890 | $ 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

The COVID-19 pandemic has facilitated strong marine retail demand as consumers have taken advantage of more flexible work schedules allowing for more leisure time and marine product usage. This strong retail demand has created historically low dealer inventory levels which, in turn, has increased wholesale demand for our products. Year over year, we have increased production rates to address wholesale demand. While supply chain disruptions, production inefficiencies, and inflationary pressures have impacted the results for the three and six months ended January 2, 2022 as discussed below, net sales increased 36.4 percent for the first half of fiscal 2022 compared to the same prior-year period.

*Supply Chain Disruptions.* Demand for raw materials and components used in the production of our products has surged. As a result, some of the materials and components that we use are in short supply. To reduce the impact of supply chain disruptions on production, we have increased our raw materials safety stock and pursued alternative sourcing of raw materials and components where possible. Additionally, work in process has increased as a result of supply chain shortages delaying our ability to finish production units.

*Production Inefficiencies*. Business processes have been altered to address completion of boats waiting on parts while maintaining normal production lines, resulting in increased labor costs. Absenteeism and implementing COVID-19 mitigating procedures also burdened our work force as we continue to focus on ramp-up of production.

*Inflationary Pressures.* Inflationary pressures have increased the costs of raw materials and components used to build our products, negatively impacting our margins during the first half of 2022. New model year price increases took effect for fiscal 2022; however, these price increases did not fully offset the increased material costs caused by inflation. In response to worsening inflationary pressures, we began phasing in additional mid-cycle price increases during the second quarter of fiscal 2022.

As we continue to navigate the unprecedented confluence of demand and disruption precipitated by the COVID-19 pandemic, our production rates and results going forward will depend, in large part, on our and our suppliers' capacity and ability to alleviate ongoing and changing risks.

We will continue to actively monitor the impact of the COVID-19 pandemic and may take further actions to alter business operations as may be required by government authorities, or that are determined to be in the best interest of our employees, dealers, suppliers, and stakeholders. The full extent of the COVID-19 pandemic impact on our business, operations, and financial results will depend on evolving factors that we cannot predict. See “Risk Factors — Risks Relating to Our Business — Actual or potential public health emergencies, epidemics, or pandemics, such as the current coronavirus (“COVID-19”) pandemic, could have a material adverse effect on our business, results of operations, or financial condition” set forth in our 2021 Annual Report on Form 10-K.

**Results of Operations**

***Consolidated Results***

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

| | Three Months Ended | | 2022 vs. 2021 | | Six Months Ended | | 2022 vs. 2021 | |
|---|---|---|---|---|---|---|---|---|
| | January 2, 2022 | January 3, 2021 | Change | % Change | January 2, 2022 | January 3, 2021 | Change | % Change |
| **Consolidated statements of operations:** | | | | | | | | |
| NET SALES | $ 159,465 | $ 118,677 | $ 40,788 | 34.4% | $ 303,475 | $ 222,422 | $ 81,053 | 36.4% |
| COST OF SALES | 124,267 | 89,404 | 34,863 | 39.0% | 238,155 | 166,919 | 71,236 | 42.7% |
| GROSS PROFIT | 35,198 | 29,273 | 5,925 | 20.2% | 65,320 | 55,503 | 9,817 | 17.7% |
| OPERATING EXPENSES: | | | | | | | | |
| Selling and marketing | 3,395 | 2,989 | 406 | 13.6% | 7,677 | 5,896 | 1,781 | 30.2% |
| General and administrative | 10,263 | 8,352 | 1,911 | 22.9% | 19,933 | 17,284 | 2,649 | 15.3% |
| Amortization of other intangible assets | 987 | 987 | — | 0.0% | 2,013 | 1,974 | 39 | 2.0% |
| Goodwill impairment | — | — | — | — | 1,100 | — | 1,100 | — |
| Total operating expenses | 14,645 | 12,328 | 2,317 | 18.8% | 30,723 | 25,154 | 5,569 | 22.1% |
| OPERATING INCOME | 20,553 | 16,945 | 3,608 | 21.3% | 34,597 | 30,349 | 4,248 | 14.0% |
| OTHER EXPENSE: | | | | | | | | |
| Interest expense | 357 | 870 | (513) | (59.0%) | 739 | 1,889 | (1,150) | (60.9%) |
| INCOME BEFORE INCOME TAX EXPENSE | 20,196 | 16,075 | 4,121 | 25.6% | 33,858 | 28,460 | 5,398 | 19.0% |
| INCOME TAX EXPENSE | 4,794 | 3,574 | 1,220 | 34.1% | 8,070 | 6,392 | 1,678 | 26.3% |
| NET INCOME | $ 15,402 | $ 12,501 | $ 2,901 | 23.2% | $ 25,788 | $ 22,068 | $ 3,720 | 16.9% |
| **Additional financial and other data:** | | | | | | | | |
| Unit sales volume: | | | | | | | | |
| MasterCraft | 886 | 773 | 113 | 14.6% | 1,669 | 1,407 | 262 | 18.6% |
| Crest | 690 | 575 | 115 | 20.0% | 1,406 | 1,012 | 394 | 38.9% |
| NauticStar | 310 | 355 | (45) | (12.7%) | 601 | 646 | (45) | (7.0%) |
| Aviara | 23 | 11 | 12 | 109.1% | 42 | 24 | 18 | 75.0% |
| Consolidated unit sales volume | 1,909 | 1,714 | 195 | 11.4% | 3,718 | 3,089 | 629 | 20.4% |
| Net sales: | | | | | | | | |
| MasterCraft | $ 106,773 | $ 79,511 | $ 27,262 | 34.3% | $ 198,788 | $ 149,102 | $ 49,686 | 33.3% |
| Crest | 29,718 | 20,969 | 8,749 | 41.7% | 62,498 | 39,008 | 23,490 | 60.2% |
| NauticStar | 15,065 | 14,949 | 116 | 0.8% | 28,425 | 27,291 | 1,134 | 4.2% |
| Aviara | 7,909 | 3,248 | 4,661 | 143.5% | 13,764 | 7,021 | 6,743 | 96.0% |
| Consolidated net sales | $ 159,465 | $ 118,677 | $ 40,788 | 34.4% | $ 303,475 | $ 222,422 | $ 81,053 | 36.4% |
| Net sales per unit: | | | | | | | | |
| MasterCraft | $ 121 | $ 103 | $ 18 | 17.5% | $ 119 | $ 106 | $ 13 | 12.3% |
| Crest | 43 | 36 | 7 | 19.4% | 44 | 39 | 5 | 12.8% |
| NauticStar | 49 | 42 | 7 | 16.7% | 47 | 42 | 5 | 11.9% |
| Aviara | 344 | 295 | 49 | 16.6% | 328 | 293 | 35 | 11.9% |
| Consolidated net sales per unit | 84 | 69 | 15 | 21.7% | 82 | 72 | 10 | 13.9% |
| Gross margin | 22.1% | 24.7% | (260) bps | | 21.5% | 25.0% | (350) bps | |

Net sales increased 34.4 percent and 36.4 percent during the second quarter and first six months of fiscal 2022, respectively, when compared with the same prior year periods. Net sales in the MasterCraft, Crest, and Aviara segments benefited from increased sales volume as our dealers continue to have high retail demand and look to restock their inventories. Higher prices, favorable model mix, and higher option sales were also favorable compared to the prior period.

Gross margin percentage declined 260 basis points and 350 basis points during the second quarter and first six months of fiscal 2022, respectively, compared to the same prior year periods. Higher revenues yielded a lower margin due to supply chain disruptions and inflationary pressures that drove material and labor costs higher. Though we began phasing in mid-cycle price increases to offset these headwinds, the impact will not be fully realized until the second half of fiscal 2022. In addition, overhead from the new Aviara facility created unfavorable overhead absorption.

Operating expense increased 18.8 percent and 22.1 percent during the second quarter and first six months of fiscal 2022 when compared to the same prior year periods. Despite our increased costs, selling, general, and administrative expenses as a percentage of sales have decreased for the second quarter and first half of 2022 when compared to the same prior year periods. 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 second quarter and first half of fiscal 2021. General and administrative expenses increased as a result of increased variable compensation costs and 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 Consoslidated 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 six months ended:

| | Three Months Ended | | 2022 vs. 2021 | | Six Months Ended | | 2022 vs. 2021 | |
|---|---|---|---|---|---|---|---|---|
| | January 2, 2022 | January 3, 2021 | Change | % Change | January 2, 2022 | January 3, 2021 | Change | % Change |
| Net sales | $ 106,773 | $ 79,511 | $ 27,262 | 34.3% | $ 198,788 | $ 149,102 | $ 49,686 | 33.3% |
| Operating income | 21,302 | 16,660 | 4,642 | 27.9% | 37,482 | 31,027 | 6,455 | 20.8% |
| Purchases of property, plant and equipment | 1,468 | 1,063 | 405 | 38.1% | 3,532 | 2,699 | 833 | 30.9% |
| | | | | | | | | |
| Unit sales volume | 886 | 773 | 113 | 14.6% | 1,669 | 1,407 | 262 | 18.6% |
| Net sales per unit | $ 121 | $ 103 | $ 18 | 17.5% | $ 119 | $ 106 | $ 13 | 12.3% |

Net sales increased 34.3 percent and 33.3 percent during the second quarter and first six months of fiscal 2022, respectively, when compared with the same prior year periods, primarily driven by an increase in sales volume and favorable model mix. Additionally, net sales benefited from higher prices and higher option sales.

Operating income increased $4.6 million and $6.5 million during the second quarter and first half of fiscal 2022, respectively, when compared to the same prior year periods. The increase was driven by higher net sales, and partially offset by inflationary pressures, the production inefficiencies from supply chain disruptions, and higher general and administrative costs.

***Crest Segment***

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

| | Three Months Ended | | 2022 vs. 2021 | | Six Months Ended | | 2022 vs. 2021 | |
|---|---|---|---|---|---|---|---|---|
| | January 2, 2022 | January 3, 2021 | Change | % Change | January 2, 2022 | January 3, 2021 | Change | % Change |
| Net sales | $ 29,718 | $ 20,969 | $ 8,749 | 41.7% | $ 62,498 | $ 39,008 | $ 23,490 | 60.2% |
| Operating income | 4,637 | 2,650 | 1,987 | 75.0% | 8,436 | 4,312 | 4,124 | 95.6% |
| Purchases of property, plant and equipment | 673 | 23 | 650 | 2826.1% | 1,044 | 23 | 1,021 | 4439.1% |
| | | | | | | | | |
| Unit sales volume | 690 | 575 | 115 | 20.0% | 1,406 | 1,012 | 394 | 38.9% |
| Net sales per unit | $ 43 | $ 36 | $ 7 | 19.4% | $ 44 | $ 39 | $ 5 | 12.8% |

Net sales increased $8.7 million and $23.5 million during the second quarter and first half 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 second quarter and first half of fiscal 2022 increased 75.0 percent and 95.6 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.

***NauticStar Segment***

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

| | Three Months Ended | | 2022 vs. 2021 | | Six Months Ended | | 2022 vs. 2021 | |
|---|---|---|---|---|---|---|---|---|
| | January 2, 2022 | January 3, 2021 | Change | % Change | January 2, 2022 | January 3, 2021 | Change | % Change |
| Net sales | $ 15,065 | $ 14,949 | $ 116 | 0.8% | $ 28,425 | $ 27,291 | $ 1,134 | 4.2% |
| Operating loss | (3,066) | (326) | (2,740) | 840.5% | (5,402) | (1,945) | (3,457) | 177.7% |
| Purchases of property, plant and equipment | 702 | 516 | 186 | 36.0% | 1,770 | 759 | 1,011 | 133.2% |
| | | | | | | | | |
| Unit sales volume | 310 | 355 | (45) | (12.7%) | 601 | 646 | (45) | (7.0%) |
| Net sales per unit | $ 49 | $ 42 | $ 7 | 16.7% | $ 47 | $ 42 | $ 5 | 11.9% |

Net sales were $15.1 million and $28.4 million for the second quarter and first six months of fiscal 2022, respectively.  Net sales benefited from higher prices and higher option sales, and was offset by decreased sales volume, when compared to the same prior year periods.

Operating loss was $3.1 million and $5.4 million for the second quarter and first six months of fiscal 2022, respectively, when compared to the same prior year periods. Higher costs from inflationary pressures, supply chain disruptions, and labor challenges offset higher net sales.

***Aviara Segment***

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

| | Three Months Ended | | 2022 vs. 2021 | | Six Months Ended | | 2022 vs. 2021 | |
|---|---|---|---|---|---|---|---|---|
| | January 2, 2022 | January 3, 2021 | Change | % Change | January 2, 2022 | January 3, 2021 | Change | % Change |
| Net sales | $ 7,909 | $ 3,248 | $ 4,661 | 143.5% | $ 13,764 | $ 7,021 | $ 6,743 | 96.0% |
| Operating loss | (2,320) | (2,039) | (281) | 13.8% | (5,919) | (3,045) | (2,874) | 94.4% |
| Goodwill impairment | — | — | — | — | 1,100 | — | 1,100 | — |
| Purchases of property, plant and equipment | 254 | 15,349 | (15,095) | (98.3%) | 369 | 15,422 | (15,053) | (97.6%) |
| | | | | | | | | |
| Unit sales volume | 23 | 11 | 12 | 109.1% | 42 | 24 | 18 | 75.0% |
| Net sales per unit | $ 344 | $ 295 | $ 49 | 16.6% | $ 328 | $ 293 | $ 35 | 11.9% |

Net sales increased $4.7 million and $6.7 million during the second quarter and first six months of fiscal 2022, respectively, when compared to the same prior year periods, due to an increase in unit sales volume attributed to increased capacity from the new Merritt Island facility and favorable model mix.

During the second quarter and first six months of 2022, all Aviara boats were manufactured in our 140,000 square foot Merritt Island, Florida facility, which we purchased in October 2020 for $14.2 million. During the second quarter and 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 creates a dilutive near-term impact on Aviara's margins and profitability.

Operating loss increased $0.3 million and $2.9 million for the second quarter and first half of fiscal 2022, respectively, when compared to the same prior year periods, as a result of ramp up related inefficiencies in the Merritt Island facility, including higher overhead costs associated with the new facility. Additionally, a goodwill impairment charge was 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 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 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 | | | | Six Months Ended | | | |
|---|---|---|---|---|---|---|---|---|
| | January 2, 2022 | % of Net sales | January 3, 2021 | % of Net sales | January 2, 2022 | % of Net sales | January 3, 2021 | % of Net sales |
| **Net income** | $ 15,402 | 9.7% | $ 12,501 | 10.5% | $ 25,788 | 8.5% | $ 22,068 | 9.9% |
| Income tax expense | 4,794 | | 3,574 | | 8,070 | | 6,392 | |
| Interest expense | 357 | | 870 | | 739 | | 1,889 | |
| Depreciation and amortization | 3,241 | | 2,861 | | 6,595 | | 5,599 | |
| **EBITDA** | 23,794 | 14.9% | 19,806 | 16.7% | 41,192 | 13.6% | 35,948 | 16.2% |
| Share-based compensation | 1,208 | | 643 | | 2,104 | | 1,283 | |
| Goodwill impairment(a) | — | | — | | 1,100 | | — | |
| Aviara transition costs(b) | — | | 847 | | — | | 1,025 | |
| **Adjusted EBITDA** | $ 25,002 | 15.7% | $ 21,296 | 17.9% | $ 44,396 | 14.6% | $ 38,256 | 17.2% |

(a) 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.

(b) Represents costs to transition production of the Aviara brand from Vonore, Tennessee to Merritt Island, Florida. Costs include duplicative overhead costs and costs not indicative of ongoing operations (such as training and facility preparation).

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

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | January 2, 2022 | January 3, 2021 | January 2, 2022 | January 3, 2021 |
| | (Dollars in thousands, except per share data) | | | |
| **Net income** | $ 15,402 | $ 12,501 | $ 25,788 | $ 22,068 |
| Income tax expense | 4,794 | 3,574 | 8,070 | 6,392 |
| Share-based compensation | 1,208 | 643 | 2,104 | 1,283 |
| Amortization of acquisition intangibles | 960 | 960 | 1,959 | 1,921 |
| Goodwill impairment(a) | — | — | 1,100 | — |
| Aviara transition costs(b) | — | 847 | — | 1,025 |
| **Adjusted Net Income before income taxes** | 22,364 | 18,525 | 39,021 | 32,689 |
| Adjusted income tax expense(c) | 5,143 | 4,261 | 8,974 | 7,518 |
| **Adjusted Net Income** | $ 17,221 | $ 14,264 | $ 30,047 | $ 25,171 |
| | | | | |
| Adjusted Net Income per share: | | | | |
| Basic | $ 0.92 | $ 0.76 | $ 1.60 | $ 1.34 |
| Diluted | $ 0.91 | $ 0.75 | $ 1.59 | $ 1.33 |
| Weighted average shares used for the computation of: | | | | |
| Basic Adjusted Net Income per share | 18,722,386 | 18,807,316 | 18,786,343 | 18,790,826 |
| Diluted Adjusted Net Income per share | 18,899,136 | 18,928,408 | 18,951,627 | 18,897,617 |

(a) 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.

(b) Represents costs to transition production of the Aviara brand from Vonore, Tennessee to Merritt Island, Florida. Costs include duplicative overhead costs and costs not indicative of ongoing operations (such as training and facility preparation).

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

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

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | January 2, 2022 | January 3, 2021 | January 2, 2022 | January 3, 2021 |
| **Net income per diluted share** | $ 0.81 | $ 0.66 | $ 1.36 | $ 1.17 |
| Impact of adjustments: | | | | |
| Income tax expense | 0.25 | 0.19 | 0.43 | 0.34 |
| Share-based compensation | 0.06 | 0.03 | 0.11 | 0.07 |
| Amortization of acquisition intangibles | 0.05 | 0.05 | 0.10 | 0.10 |
| Goodwill impairment[(a)] | — | — | 0.06 | — |
| Aviara transition costs[(b)] | — | 0.04 | — | 0.05 |
| **Adjusted Net Income per diluted share before income taxes** | $ 1.17 | $ 0.97 | $ 2.06 | $ 1.73 |
| Impact of adjusted income tax expense on net income per diluted share before income taxes[(c)] | (0.26) | (0.22) | (0.47) | (0.40) |
| **Adjusted Net Income per diluted share** | $ 0.91 | $ 0.75 | $ 1.59 | $ 1.33 |

(a) 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.

(b) Represents costs to transition production of the Aviara brand from Vonore, Tennessee to Merritt Island, Florida. Costs include duplicative overhead costs and costs not indicative of ongoing operations (such as training and facility preparation).

(c) 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 $13.6 million as of January 2, 2022, a decrease of $25.6 million from $39.3 million as of June 30, 2021. Total debt as of January 2, 2022 and June 30, 2021 was $73.7 million and $93.1 million, respectively.

Our working capital was impacted by the $24.9 million increase in inventory during the first half 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 January 2, 2022, we had $15.7 million outstanding under the Revolving Credit Facility, leaving $84.3 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 six months ending January 2, 2022 the Company repurchased 414,675 shares of common stock for $11.4 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:

| | Six Months Ended | |
|---|---|---|
| | January 2, 2022 | January 3, 2021 |
| | (Dollars in thousands) | |
| Total cash provided by (used in): | | |
| Operating activities | $ 12,224 | $ 30,155 |
| Investing activities | (6,715) | (18,903) |
| Financing activities | (31,114) | (15,497) |
| **Net change in cash** | $ (25,605) | $ (4,245) |

*Six Months Ended January 2, 2022 Cash Flow*

Net cash provided by operating activities for the first half of 2022 was $12.2 million mainly due to net income, partially offset by working capital usage. Working capital usage primarily consisted of an increase in inventory and a decrease in accounts payable. Partially offsetting the working capital usage was a decrease in accounts receivable and an increase in accrued expenses and other current liabilities. As discussed above, inventory increased $24.9 million for first half of 2022. Accounts payable decreased as a result of the timing of purchases and payment of invoices. Accounts receivable decreased as a result of timing of customer payments. Accrued expenses and other current liabilities increased due to an increase in customer deposits, as described in Note 2 – Revenue Recognition, and warranty costs, partially offset by the payment in the first quarter of fiscal 2022 of variable compensation that was accrued at June 30, 2021.

Net cash used for investing activities was $6.7 million, which included capital expenditures. Our capital spending was focused on expanding our capacity and maintenance capital.

Net cash used for financing activities was $31.1 million, which included net payments of $19.5 million on long-term debt and funding of the stock repurchase program totaling $11.4 million.

*Six Months Ended January 3, 2021 Cash Flow*

Net cash provided by operating activities in first quarter 2021 totaled $30.2 million primarily due to net income, an increase in accrued expenses and other current liabilities, and an increase in accounts payable, partially offset by an increase in inventory and accounts receivable. Accrued expenses and other current liabilities increased due to timing of variable compensation costs and an increase in customer deposits. Accounts payable and inventory increased as a result of increased production. Accounts receivable increased as a result of increased sales.

Net cash used for investing activities was $18.9 million, which consisted of capital expenditures, including the purchase of the Merritt Island, Florida manufacturing facility.

Net cash used for financing activities was $15.5 million and related primarily to payments of long-term debt.

**Contractual Obligations**

In October 2021, we signed 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 $19.5 million during the six months ended January 2, 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 January 2, 2022.

**Critical Accounting Policies**

As of January 2, 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.

## 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 January 2, 2022.

*Changes in Internal Control Over Financial Reporting*

There have been no changes in our internal control over financial reporting during the quarter ended January 2, 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 six months ended January 2, 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 six months of fiscal 2022, we repurchased approximately $11.4 million of our common stock, including approximately $9.9 million during the three months ended January 2, 2022. The remaining authorization under the program was approximately $38.6 million.

During the three months ended January 2, 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) |
|---|---|---|---|---|
| October 4, 2021 - October 31, 2021 | 15,001 | $ 25.88 | 15,001 | $ 48,125 |
| November 1, 2021 - November 28, 2021 | 85,641 | 28.73 | 85,641 | 45,663 |
| November 29, 2021 - January 2, 2022 | 255,654 | 27.51 | 255,654 | 38,625 |
| Total | 356,296 | $ 27.73 | 356,296 | $ 38,625 |

(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 Form | File No. | Exhibit | Filing Date | Filed Herewith |
|---|---|---|---|---|---|---|
| 3.1 | Amended and Restated Certificate of Incorporation of MCBC Holdings, Inc. | 10-K | 001-37502 | 3.1 | 9/18/15 | |
| 3.2 | Certificate of Amendment to Amended and Restated Certificate of Incorporation of MasterCraft Boat Holdings, Inc. | 10-Q | 001-37502 | 3.2 | 11/9/18 | |
| 3.3 | Certificate of Amendment to Amended and Restated Certificate of Incorporation of MasterCraft Boat Holdings, Inc. | 8-K | 001-37502 | 3.1 | 10/25/19 | |
| 3.4 | Fourth Amended and Restated By-laws of MasterCraft Boat Holdings, Inc. | 8-K | 001-37502 | 3.2 | 10/25/19 | |
| 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: February 3, 2022 | By: | /s/ FREDERICK A. BRIGHTBILL |
| | | Frederick A. Brightbill |
| | | Chief Executive Officer (Principal Executive Officer) and Chairman of the Board |
| Date: February 3, 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 January 2, 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: February 3, 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 January 2, 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: February 3, 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 January 2, 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.

February 3, 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 January 2, 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.

February 3, 2022

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