

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 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 DECEMBER 31, 2023.

Commission File Number. 1-14173

**MARINEMAX, INC.**

(Exact Name of Registrant as Specified in Its Charter)

Florida

(State or Other Jurisdiction of Incorporation or Organization)

59-3496957

(I.R.S. Employer Identification Number)

2600 McCormick Drive, Suite 200  
Clearwater, Florida

(Address of Principal Executive Offices)

33759

(ZIP Code)

727-531-1700

(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, par value \$.001 per share	HZO	New York Stock Exchange

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 ☒

Non-accelerated filer ☐

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 ☒

The number of outstanding shares of the registrant's Common Stock on January 22, 2024 was 22,299,588.

# MARINEMAX, INC. AND SUBSIDIARIES

## Table of Contents

<u>Item No.</u>	<u>Page</u>
<u>PART I. FINANCIAL INFORMATION</u>	
1. <u>Financial Statements (Unaudited):</u>	
<u>Condensed Consolidated Statements of Operations for the Three Months Ended December 31, 2022 and 2023</u>	3
<u>Condensed Consolidated Statements of Comprehensive Income for the Three Months Ended December 31, 2022 and 2023</u>	4
<u>Condensed Consolidated Balance Sheets as of September 30, 2023 and December 31, 2023</u>	5
<u>Condensed Consolidated Statements of Shareholders' Equity for the Three Months Ended December 31, 2022 and 2023</u>	6
<u>Condensed Consolidated Statements of Cash Flows for the Three Months Ended December 31, 2022 and 2023</u>	7
<u>Notes to Condensed Consolidated Financial Statements</u>	8
2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	21
3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	25
4. <u>Controls and Procedures</u>	26
<u>PART II. OTHER INFORMATION</u>	26
1. <u>Legal Proceedings</u>	26
1A. <u>Risk Factors</u>	26
2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	27
3. <u>Defaults Upon Senior Securities</u>	27
4. <u>Mine Safety Disclosures</u>	27
5. <u>Other Information</u>	27
6. <u>Exhibits</u>	27
<u>SIGNATURES</u>	28
<u>EX – 31.1</u>	
<u>EX – 31.2</u>	
<u>EX – 32.1</u>	
<u>EX – 32.2</u>	
<u>EX – 101 INSTANCE DOCUMENT</u>	
<u>EX – 101 SCHEMA DOCUMENT</u>	
<u>EX – 101 CALCULATION LINKBASE DOCUMENT</u>	
<u>EX – 101 DEFINITION LINKBASE DOCUMENT</u>	
<u>EX – 101 LABEL LINKBASE DOCUMENT</u>	
<u>EX – 101 PRESENTATION LINKBASE DOCUMENT</u>	

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

**MARINEMAX, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Operations**  
(Amounts in thousands, except share and per share data)  
(Unaudited)

	Three Months Ended December 31,	
	2022	2023
Revenue	\$ 507,927	\$ 527,274
Cost of sales	321,030	351,793
Gross profit	186,897	175,481
Selling, general, and administrative expenses	150,397	156,482
Income from operations	36,500	18,999
Interest expense	9,484	18,365
Income before income tax provision (benefit)	27,016	634
Income tax provision (benefit)	7,029	(211)
Net income	19,987	845
Less: Net income (loss) attributable to non-controlling interests	297	(85)
Net income attributable to MarineMax, Inc.	<u>\$ 19,690</u>	<u>\$ 930</u>
Basic net income per common share	<u>\$ 0.91</u>	<u>\$ 0.04</u>
Diluted net income per common share	<u>\$ 0.89</u>	<u>\$ 0.04</u>
Weighted average number of common shares used in computing net income per common share:		
Basic	<u>21,756,165</u>	<u>22,196,141</u>
Diluted	<u>22,223,173</u>	<u>22,809,017</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

**MARINEMAX, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Comprehensive Income**  
**(Amounts in thousands)**  
**(Unaudited)**

	Three Months Ended December 31,	
	2022	2023
Net income	\$ 19,987	\$ 845
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	5,086	3,226
Interest rate swap contract	(69)	(286)
Total other comprehensive income, net of tax	5,017	2,940
Comprehensive income	25,004	3,785
Less: comprehensive income attributable to non-controlling interests	498	267
Comprehensive income attributable to MarineMax, Inc.	<u>\$ 24,506</u>	<u>\$ 3,518</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

**MARINEMAX, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Balance Sheets**  
(Amounts in thousands, except share data)  
(Unaudited)

	September 30, 2023	December 31, 2023
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 201,456	\$ 210,323
Accounts receivable, net	85,780	94,601
Inventories	812,830	876,233
Prepaid expenses and other current assets	23,110	24,864
Total current assets	1,123,176	1,206,021
Property and equipment, net of accumulated depreciation of \$144,259 and \$148,110	527,552	532,492
Operating lease right-of-use assets, net	138,785	140,785
Goodwill	559,820	575,850
Other intangible assets, net	39,713	38,958
Other long-term assets	32,259	32,401
Total assets	<u>\$ 2,421,305</u>	<u>\$ 2,526,507</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 71,706	\$ 43,957
Contract liabilities (customer deposits)	81,700	74,636
Accrued expenses	112,746	112,417
Short-term borrowings (Floor Plan)	537,060	664,858
Current maturities on long-term debt	33,767	33,766
Current operating lease liabilities	10,070	10,372
Total current liabilities	847,049	940,006
Long-term debt, net of current maturities	389,231	380,972
Noncurrent operating lease liabilities	123,789	125,550
Deferred tax liabilities, net	56,927	57,939
Other long-term liabilities	85,892	87,469
Total liabilities	1,502,888	1,591,936
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>SHAREHOLDERS' EQUITY:</b>		
Preferred stock, \$.001 par value, 1,000,000 shares authorized, none issued or outstanding as of September 30, 2023 and December 31, 2023	—	—
Common stock, \$.001 par value, 40,000,000 shares authorized, 29,374,724 and 29,565,039 shares issued and 22,107,703 and 22,298,018 shares outstanding as of September 30, 2023 and December 31, 2023, respectively	29	29
Additional paid-in capital	323,218	328,955
Accumulated other comprehensive income	1,303	3,891
Retained earnings	739,949	740,879
Treasury stock, at cost, 7,267,021 shares held as of September 30, 2023 and December 31, 2023	(148,656)	(148,656)
Total shareholders' equity attributable to MarineMax, Inc.	915,843	925,098
Non-controlling interests	2,574	9,473
Total shareholders' equity	918,417	934,571
Total liabilities and shareholders' equity	<u>\$ 2,421,305</u>	<u>\$ 2,526,507</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

**MARINEMAX, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Shareholders' Equity**  
**(Amounts in thousands, except share data)**  
**(Unaudited)**

	Common Stock			Additional	Accumulated				Non-	Total
	Shares	Amount		Paid-in	Other	Retained	Treasury		controlling	Shareholders'
				Capital	Comprehensiv	Earnings	Stock		Interests	Equity
					Income (loss)					
BALANCE, September 30, 2023	29,374,724	\$ 29	\$	323,218	\$ 1,303	\$ 739,949	\$ (148,656)	\$	2,574	\$ 918,417
Net income (loss)	—	—		—	—	930	—		(85)	845
Non-controlling interests in subsidiaries from acquisitions	—	—		—	—	—	—		6,655	6,655
Distributions to non-controlling interests	—	—		—	—	—	—		(23)	(23)
Shares issued pursuant to employee stock purchase plan	55,375	—		1,353	—	—	—		—	1,353
Shares issued upon vesting of equity awards, net of minimum tax withholding	128,065	—		(1,116)	—	—	—		—	(1,116)
Shares issued upon exercise of stock options	5,000	—		81	—	—	—		—	81
Stock-based compensation	1,875	—		5,419	—	—	—		—	5,419
Other comprehensive income	—	—		—	2,588	—	—		352	2,940
BALANCE, December 31, 2023	29,565,039	\$ 29	\$	328,955	\$ 3,891	\$ 740,879	\$ (148,656)	\$	9,473	\$ 934,571

	Common Stock			Additional	Accumulated				Non-	Total
	Shares	Amount		Paid-in	Other	Retained	Treasury		controlling	Shareholders'
				Capital	Comprehensiv	Earnings	Stock		Interests	Equity
					Income (loss)					
BALANCE, September 30, 2022	28,939,846	\$ 29	\$	303,432	\$ (2,806)	\$ 630,667	\$ (148,656)	\$	-	\$ 782,666
Net income	—	—		—	—	19,690	—		297	19,987
Non-controlling interests in subsidiaries from acquisitions	—	—		—	—	—	—		2,208	2,208
Shares issued pursuant to employee stock purchase plan	49,572	—		1,255	—	—	—		—	1,255
Shares issued upon vesting of equity awards, net of minimum tax withholding	126,552	—		(1,059)	—	—	—		—	(1,059)
Shares issued upon exercise of stock options	1,000	—		7	—	—	—		—	7
Stock-based compensation	1,507	—		4,845	—	—	—		—	4,845
Other comprehensive income	—	—		—	4,816	—	—		201	5,017
BALANCE, December 31, 2022	29,118,477	\$ 29	\$	308,480	\$ 2,010	\$ 650,357	\$ (148,656)	\$	2,706	\$ 814,926

See accompanying Notes to Condensed Consolidated Financial Statements.

**MARINEMAX, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Cash Flows**  
**(Amounts in thousands)**  
**(Unaudited)**

	Three Months Ended December 31,	
	2022	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 19,987	\$ 845
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	9,118	10,932
Deferred income tax provision, net of effects of acquisitions	1,784	1,012
(Gain) loss on sale of property and equipment and assets held for sale	113	(7)
Stock-based compensation expense	4,845	5,419
(Increase) decrease in, net of effects of acquisitions —		
Accounts receivable, net	(11,939)	(8,550)
Inventories	(149,234)	(63,403)
Prepaid expenses and other assets	1,042	(1,591)
(Decrease) increase in, net of effects of acquisitions —		
Accounts payable	(2,789)	(28,049)
	)	)
Contract liabilities (customer deposits)	(26,832)	(7,064)
Accrued expenses and other liabilities	(2,389)	1,361
Net cash used in operating activities	(156,294)	(89,095)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(10,437)	(13,329)
Cash used in acquisition of businesses, net of cash acquired	(488,248)	(4,362)
Proceeds from insurance settlements	177	382
Proceeds from sale of property and equipment and assets held for sale	25	9
Net cash used in investing activities	(498,483)	(17,300)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net borrowings on short-term borrowings	208,860	127,798
Proceeds from long-term debt	400,000	—
Payments of long-term debt	(641)	(8,442)
Contingent acquisition consideration payments	(4,000)	(2,250)
Net proceeds from issuance of common stock under incentive compensation and employee purchase plans	1,262	1,434
Payments on tax withholdings for equity awards	(2,962)	(4,198)
Net cash provided by financing activities	602,519	114,342
Effect of exchange rate changes on cash	\$ 1,757	920
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(50,501)</b>	<b>8,867</b>
<b>CASH AND CASH EQUIVALENTS, beginning of period</b>	<b>\$ 228,274</b>	<b>201,456</b>
<b>CASH AND CASH EQUIVALENTS, end of period</b>	<b>\$ 177,773</b>	<b>\$ 210,323</b>
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid for:		
Interest	\$ 1,832	\$ 18,493
Income taxes	\$ 2,187	\$ 843
<b>Non-cash items:</b>		
Contingent consideration liabilities from acquisitions	\$ 68,680	\$ 613

See accompanying Notes to Condensed Consolidated Financial Statements.

**MARINEMAX, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

**1.COMPANY BACKGROUND:**

We believe we are the world's largest recreational boat and yacht retailer, selling new and used recreational boats, yachts, and related marine products and services. As of December 31, 2023, we have over 130 locations worldwide, including 81 retail dealership locations, some of which include marinas. Collectively, with the IGY acquisition, as of September 30, 2023, we own or operate 66 marina and storage locations worldwide. Through Fraser Yachts and Northrop & Johnson, we believe we are the largest superyacht services provider, operating locations across the globe. Cruisers Yachts manufactures boats and yachts with sales through our select retail dealership locations and through independent dealers. Intrepid Powerboats manufactures powerboats and sells through a direct-to-consumer model. MarineMax provides finance and insurance services through wholly owned subsidiaries and operates MarineMax Vacations in Tortola, British Virgin Islands. The Company, through a wholly owned subsidiary New Wave Innovations, also owns Boatyard, an industry-leading customer experience digital product company, and Boatzon, a boat and marine digital retail platform.

We are the largest retailer of Sea Ray and Boston Whaler recreational boats which are manufactured by Brunswick Corporation ("Brunswick"). Sales of new Brunswick boats accounted for approximately 24% of our revenue in fiscal 2023. Sales of new Sea Ray and Boston Whaler boats, both divisions of Brunswick, accounted for approximately 11% and 11%, respectively, of our revenue in fiscal 2023. Brunswick is a world leading manufacturer of marine products and marine engines.

We have dealership agreements with Sea Ray, Boston Whaler, Harris, and Mercury Marine, all of which are subsidiaries or divisions of Brunswick. We also have dealer agreements with Italy-based Azimut-Benetti Group's product line for Azimut and Benetti yachts and mega yachts. These agreements allow us to purchase, stock, sell, and service these manufacturers' boats and products. These agreements also allow us to use these manufacturers' names, trade symbols, and intellectual properties in our operations. The agreements for Sea Ray and Boston Whaler products, respectively, appoint us as the exclusive dealer of Sea Ray and Boston Whaler boats, respectively, in our geographic markets. In addition, we are the exclusive dealer for Azimut Yachts for the entire United States. Sales of new Azimut yachts accounted for approximately 11% of our revenue in fiscal 2023. We believe non-Brunswick brands offer a migration for our existing customer base or fill a void in our product offerings, and accordingly, do not compete with the business generated from our other prominent brands.

In October 2022, we completed the acquisition of IGY Marinas. IGY Marinas maintains a network of luxury marinas situated in yachting and sport fishing destinations around the world. IGY Marinas has created standards for service and quality in nautical tourism. It offers a global network of marinas in the Americas, the Caribbean, and Europe, delivering year-round accommodations. IGY Marinas caters to a wide variety of luxury yachts, while also being exclusive home ports for some of the world's largest megayachts. In December 2022, we acquired Midcoast Construction Enterprises, LLC ("Midcoast Marine Group"), a leading full-service marine construction company based on Central Florida's Gulf Coast. In January 2023, we acquired Boatzon, a boat and marine digital retail platform, through our technology entity, New Wave Innovations. In June 2023, we acquired C&C Boat Works, a full-service boat dealer in Crosslake, Minnesota. In October 2023, we acquired a controlling interest of AGY, a luxury charter management agency based in Athens, Greece.

As is typical in the industry, we deal with most of our manufacturers, other than Sea Ray, Boston Whaler, and Azimut Yachts, under renewable annual dealer agreements, each of which gives us the right to sell various makes and models of boats within a given geographic region. Any change or termination of these agreements, or the agreements discussed above, for any reason, or changes in competitive, regulatory or marketing practices, including rebate or incentive programs, could adversely affect our results of operations. Although there are a limited number of manufacturers of the type of boats and products that we sell, we believe that adequate alternative sources would be available to replace any manufacturer other than Sea Ray, Boston Whaler, and Azimut as a product source. These alternative sources may not be available at the time of any interruption, and alternative products may not be available at comparable terms, which could adversely affect operating results.

General economic conditions and consumer spending patterns can negatively impact our operating results. Unfavorable local, regional, national, or global economic developments or uncertainties regarding future economic prospects could reduce consumer spending in the markets we serve and adversely affect our business. Economic conditions in areas in which we operate dealerships, particularly Florida in which we generated approximately 50%, 51% and 53% of our dealership revenue during fiscal 2021, 2022, and 2023, respectively, can have a major impact on our operations. Local influences, such as corporate downsizing, military base closings, inclement weather such as Hurricanes Harvey and Irma in 2017 and Hurricane Ian in 2022, environmental conditions, and specific events, such as the BP oil spill in the Gulf of Mexico in 2010, also could adversely affect, and in certain instances have adversely affected, our operations in certain markets.

In an economic downturn, consumer discretionary spending levels generally decline, at times resulting in disproportionately large reductions in the sale of luxury goods. Consumer spending on luxury goods also may decline as a result of lower consumer confidence levels, even if prevailing economic conditions are favorable. As a result, an economic downturn would likely impact us more than certain of our competitors due to our strategic focus on a higher end of our market. Although we have expanded our operations during periods



of stagnant or modestly declining industry trends, the cyclical nature of the recreational boating industry or the lack of industry growth may adversely affect our business, financial condition, and results of operations. Any period of adverse economic conditions or low consumer confidence is likely to have a negative effect on our business.

Historically, in periods of lower consumer spending and depressed economic conditions, we have, among other things, substantially reduced our acquisition program, delayed new store openings, reduced our inventory purchases, engaged in inventory reduction efforts, closed a number of our retail locations, reduced our headcount, and amended and replaced our credit facility. Acquisitions remain an important strategy for us, and, subject to a number of conditions, including macro-economic conditions and finding attractive acquisition targets, we plan to continue to explore opportunities through this strategy.

## **2.BASIS OF PRESENTATION:**

These Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information, the instructions to Quarterly Report on Form 10-Q, and Rule 10-01 of Regulation S-X and should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended September 30, 2023. Accordingly, these Unaudited Condensed Consolidated Financial Statements do not include all of the information and note disclosures required by accounting principles generally accepted in the United States for complete financial statements. All adjustments, consisting of only normal recurring adjustments considered necessary for fair presentation, have been reflected in these Unaudited Condensed Consolidated Financial Statements. The operating results for the three months ended December 31, 2023, are not necessarily indicative of the results that may be expected in future periods.

The preparation of Unaudited Condensed Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the Unaudited Condensed Consolidated Financial Statements and the reported amounts of revenue and expenses during the reporting periods. Significant estimates made by us in the accompanying Unaudited Condensed Consolidated Financial Statements include valuation allowances, valuation of goodwill and intangible assets, valuation of long-lived assets and valuation of contingent consideration liabilities. Actual results could differ from those estimates.

All references to the "Company," "we," "us," and "our" mean, as a combined company, MarineMax, Inc. and its subsidiaries.

In order to provide comparability between periods presented, certain amounts have been reclassified from the previously reported consolidated financial statements to conform to the consolidated financial statement presentation of the current period. Specifically, goodwill was moved into a separate caption on the balance sheets. This reclassification had no impact on net income or retained earnings in either period presented. The Unaudited Condensed Consolidated Financial Statements include our accounts and the accounts of our subsidiaries. All significant intercompany transactions and accounts have been eliminated.

## **3.NEW ACCOUNTING PRONOUNCEMENTS:**

In September 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2022-04 — Liabilities — Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations which is intended to enhance the transparency surrounding the use of supplier finance programs. The guidance requires companies that use supplier finance programs to make annual disclosures about the program's key terms, the balance sheet presentation of related amounts, the confirmed amount outstanding at the end of the period and associated roll forward information. Only the amount outstanding at the end of the period must be disclosed in interim periods. The guidance does not affect the recognition, measurement or financial statement presentation of supplier finance program obligations. The guidance becomes effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the roll forward information, which is effective for fiscal years beginning after December 15, 2023. We adopted this ASU during the first quarter of fiscal 2024 and the adoption did not have an impact on our consolidated financial statement disclosures.

The Company currently has no other material accounting pronouncements recently adopted or yet to be adopted as of December 31, 2023.

## **4.FAIR VALUE MEASUREMENTS:**

The Company uses valuation approaches that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.

Level 2 - Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 - Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The following tables summarize the Company's financial assets and liabilities measured at fair value in the accompanying Unaudited Condensed Consolidated Balance Sheets:

	December 31, 2023 (Amounts in thousands)				Total
	Level 1	Level 2	Level 3		
<b>Assets:</b>					
Interest rate swap contract	\$ —	\$ 1,030	\$ —		\$ 1,030
<b>Liabilities:</b>					
Contingent consideration liabilities	\$ —	\$ —	\$ 84,641		\$ 84,641

	September 30, 2023 (Amounts in thousands)				Total
	Level 1	Level 2	Level 3		
<b>Assets:</b>					
Interest rate swap contract	\$ —	\$ 1,409	\$ —		\$ 1,409
<b>Liabilities:</b>					
Contingent consideration liabilities	\$ —	\$ —	\$ 86,059		\$ 86,059

There were no transfers between the valuation hierarchy Levels 1, 2, and 3 for the three months ended December 31, 2023 and for the fiscal year ended September 30, 2023.

The fair value of the Company's interest rate swap contract is calculated as the present value of expected future cash flows, determined on the basis of forward interest rates and present value factors. The inputs to the fair value measurements reflect Level 2 inputs. The interest rate swap contract balance is included in other long-term assets in the accompanying Unaudited Condensed Consolidated Balance Sheets. The interest rate swap contract is designated as a cash flow hedge with changes in fair value reported in other comprehensive income in the accompanying Unaudited Condensed Consolidated Statements of Comprehensive Income. For the three months ended December 31, 2022 and 2023, no significant amounts were reclassified out of accumulated other comprehensive income.

The fair value of the Company's contingent consideration liabilities is based on the present value of the expected future payments to be made to the sellers of the acquired entities in accordance with the provisions outlined in the respective purchase agreements, which is a Level 3 fair value measurement. In determining fair value, we estimated the acquired entity's future performance using financial projections developed by management for the acquired entity and market participant assumptions that were derived for revenue growth and/or profitability. We estimated future payments using the earnout formula and performance targets specified in each purchase agreement and the financial projections just described. The risk associated with the financial projections was evaluated using a Monte Carlo simulation analysis, pursuant to which the projections were discounted to present value using a discount rate that takes into consideration market-based rates of return, and then simulated to reflect the ability of the acquired entity to achieve the earnout targets. Such calculated earnout payments were further discounted at our estimated cost of debt, to account for counterparty risk. We note that changes in financial projections, market participant assumptions for revenue growth and/or profitability, or market risk factors, would result in a change in the fair value of recorded earnout obligations.

The following table summarizes ranges for significant quantitative unobservable inputs we utilized in our fair value measurements with respect to contingent consideration liabilities:

Unobservable Input:	December 31, 2023
Earnout projected growth (including net operating income)	23% - 25%
Discount rate	11.0%

The contingent consideration liabilities balance is included in accrued expenses and other long-term liabilities in the accompanying Unaudited Condensed Consolidated Balance Sheets. Contingent consideration liabilities, recorded in other long-term liabilities, totaled approximately \$80.7 million and \$82.2 million as of September 30, 2023 and December 31, 2023, respectively. Changes in fair value and net present value of the contingent consideration liabilities are included in selling, general, and administrative expenses in the accompanying Unaudited Condensed Consolidated Statements of Operations.

The following table sets forth the changes in fair value of our contingent consideration liabilities, which reflect Level 3 inputs, for the three months ended December 31, 2022 and 2023:

	Contingent Consideration Liabilities	
	2022	2023
	(Amounts in thousands)	
Beginning balance - September 30,	\$ 15,207	\$ 86,059
Additions from business acquisitions	68,680	613
Settlement of contingent consideration liabilities	(4,000)	(2,250)
Change in fair value and net present value of contingency	1,047	219
Ending balance - December 31,	<u>\$ 80,934</u>	<u>\$ 84,641</u>

We determined the carrying value of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, short-term borrowings, and the revolving mortgage facility approximate their fair values because of the nature of their terms and current market rates of these instruments. The fair value of our mortgage facilities and term loan, which are not carried at fair value in the accompanying Unaudited Condensed Consolidated Balance Sheets, was determined using Level 2 inputs based on the discounted cash flow method. We estimate the fair value of our mortgage facilities using a present value technique based on current market interest rates for similar types of financial instruments that reflect Level 2 inputs. The following table summarizes the carrying value and fair value of our mortgage facilities and term loan as of September 30, 2023 and December 31, 2023:

	September 30, 2023		December 31, 2023	
	Fair Value	Carrying Value	Fair Value	Carrying Value
	(Amounts in thousands)			
Mortgage facility payable to Flagship Bank	\$ 6,027	\$ 5,907	\$ 6,268	\$ 5,783
Mortgage facility payable to Seacoast National Bank	17,223	16,735	18,013	16,396
Mortgage facility payable to Hancock Whitney Bank	24,171	23,279	24,949	22,801
Term loan payable to M&T Bank	379,650	377,500	379,644	370,000

## 5. REVENUE RECOGNITION:

The majority of our revenue is from contracts with customers for the sale of boats, motors, and trailers. We recognize revenue from boat, motor, and trailer sales upon transfer of control of the boat, motor, or trailer to the customer, which is generally upon acceptance of the boat, motor, and trailer by the customer and the satisfaction of our performance obligations. The transaction price is determined with the customer at the time of sale. Customers may trade in a used boat to apply toward the purchase of a new or used boat. The trade-in is a type of noncash consideration measured at fair value, based on external and internal observable and unobservable market data and applied as payment to the contract price for the purchased boat. At the time of acceptance, the customer is able to direct the use of, and obtain substantially all of, the benefits of the boat, motor, or trailer. We recognize commissions earned from a brokerage sale when the related brokerage transaction closes upon transfer of control of the boat, motor, or trailer to the customer, which is generally upon acceptance by the customer.

We do not directly finance our customers' boat, motor, or trailer purchases. In many cases, we assist with third-party financing for boat, motor, and trailer sales. We recognize commissions earned by us for placing notes with financial institutions in connection with customer boat financing when we recognize the related boat sales. Pursuant to negotiated agreements with financial institutions, we are charged back for a portion of these fees should the customer terminate or default on the related finance contract before it is outstanding for a stipulated minimum period of time. We base the chargeback allowance, which was not material to the Unaudited Condensed Consolidated Financial Statements taken as a whole as of December 31, 2023, on our experience with repayments or defaults on the related finance contracts. We recognize variable consideration from commissions earned on extended warranty service contracts sold on behalf of third-party insurance companies at generally the later of customer acceptance of the service contract terms as evidenced by contract execution or recognition of the related boat sale. We also recognize marketing fees earned on insurance products sold on behalf of third-party insurance companies at the later of customer acceptance of the insurance product as evidenced by contract execution or when the related boat sale is recognized.

We recognize revenue from parts and service operations (boat maintenance and repairs) over time as services are performed. Each boat maintenance and repair service is a single performance obligation that includes both the parts and labor associated with the service. Payment for boat maintenance and repairs is typically due upon the completion of the service, which is generally completed within a short period of time from contract inception. We satisfy our performance obligations, transfer control, and recognize revenue over time for parts and service operations because we are creating a contract asset with no alternative use and we have an enforceable right to payment for performance completed to date. Contract assets primarily relate to our right to consideration for work in process not yet billed at the reporting date associated with maintenance and repair services. We use an input method to recognize revenue and measure progress based on labor hours expended to satisfy the performance obligation at average labor rates. We have determined labor hours expended to be the relevant measure of work performed to complete the maintenance and repair service for the customer. As a practical expedient, because repair and maintenance service contracts have an original duration of one year or less, we do not consider the time value of money, and we do not disclose estimated revenue expected to be recognized in the future for performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period or when we expect to recognize such revenue. Contract assets, recorded in prepaid expenses and other current assets, totaled approximately \$5.3 million and \$6.5 million as of September 30, 2023 and December 31, 2023, respectively.

We recognize revenue from the sale of our manufactured boats and yachts when control of the boat or yacht is transferred to the dealer or customer, which is generally upon acceptance by the dealer or customer. At the time of acceptance, the dealer or customer is able to direct the use of, and obtain substantially all of the benefits of, the boat or yacht. We have elected to record shipping and handling activities that occur after the dealer or customer has obtained control of the boat or yacht as a fulfillment activity.

We recognize lessor common area charges, utility sales, food and beverage sales and other ancillary goods and services. Performance obligations include performing common area maintenance and providing utilities, food and beverages, and other ancillary goods and services when goods are transferred or services are performed. Payment terms typically align with when the goods and services are provided.

Contract liabilities primarily consist of customer deposits. We recognize contract liabilities (customer deposits) as revenue at the time of acceptance and the transfer of control to the customers.

We recognize revenue from service operations and slip and storage rentals over time on a straight-line basis over the term of the contract as our performance obligations are met. We recognize revenue from the rentals of chartering power yachts over time on a straight-line basis over the term of the contract as our performance obligations are met.

The following table sets forth percentages on the timing of revenue recognition by reportable segment:

	Retail Operations Three Months Ended December 31,		Product Manufacturing Three Months Ended December 31,	
	2022	2023	2022	2023
Goods and services transferred at a point in time	85.6%	85.7%	100.0%	100.0%
Goods and services transferred over time	14.4%	14.3%	—	—
Revenue	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

The following tables set forth our revenue disaggregated into categories that depict the nature, amount, timing, and uncertainty of revenue and cash flows affected by economic factors.

	Three months ended December 31, 2022			Three months ended December 31, 2023		
	Retail Operations	Product Manufacturing	Total	Retail Operations	Product Manufacturing	Total
New boat sales	68.5%	96.3%	68.8%	66.3%	98.9%	66.4%
Used boat sales	5.7%	2.7%	5.6%	7.9%	—	7.8%
Maintenance and repair services	5.5%	—	5.5%	5.9%	—	5.9%
Storage and charter rentals	7.7%	—	7.6%	7.7%	—	7.7%
Finance and insurance products	2.5%	—	2.5%	2.4%	—	2.4%
Parts and accessories	5.1%	0.4%	5.1%	5.1%	1.1%	5.1%
Brokerage sales	5.0%	0.6%	4.9%	4.7%	—	4.7%
Revenue	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

The following table sets forth our maintenance, repair, storage, rental, charter services and parts and accessories revenue for our Retail Operations by location type.

	Three months ended December 31, 2022	Three months ended December 31, 2023
	(Amounts in thousands)	
Marina/storage locations	\$ 65,799	\$ 69,590
Locations without marina/storage	26,138	28,414
Maintenance, repair, storage, rental, charter services, parts and accessories revenue	<u>\$ 91,937</u>	<u>\$ 98,004</u>

## 6. LEASES:

### Lessee

Substantially all of the leases that we enter into are real estate leases. We lease numerous facilities relating to our operations, including showrooms, display lots, marinas, service facilities, slips, offices, equipment and our corporate headquarters. Leases for real property have terms, including renewal options, ranging from one to in excess of twenty-five years. In addition, we lease certain charter boats for our yacht charter business. As of December 31, 2023, the weighted-average remaining lease term for our leases was approximately 21 years. All of our leases are classified as operating leases, which are included as right-of-use ("ROU") assets and operating lease liabilities in the accompanying Unaudited Condensed Consolidated Balance Sheets. For the three months ended December 31, 2022 and 2023, operating lease expenses recorded in selling, general, and administrative expenses were approximately \$7.0 million and \$8.0 million, respectively. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants. We do not have any significant leases that have not yet commenced but that create significant rights and obligations for us. We have elected the practical expedient under ASC Topic 842 to not separate lease and nonlease components.

Our real estate and equipment leases often require that we pay maintenance in addition to rent. Additionally, our real estate leases generally require payment of real estate taxes and insurance. Maintenance, real estate taxes, and insurance payments are generally variable and based on actual costs incurred by the lessor. Therefore, these amounts are not included in the consideration of the contract when determining the ROU asset and lease liability but are reflected as variable lease expenses.

Substantially all of our lease agreements include fixed rental payments. Certain of our lease agreements include fixed rental payments that are adjusted periodically by a fixed rate or changes in an index. The fixed payments, including the effects of changes in the fixed rate or amount, and renewal options reasonably certain to be exercised, are included in the measurement of the related lease liability. Most of our real estate leases include one or more options to renew, with renewal terms that can extend the lease term from one to five years or more. The exercise of lease renewal options is at our sole discretion. If it is reasonably certain that we will exercise such options, the periods covered by such options are included in the lease term and are recognized as part of our right of use assets and lease liabilities. The depreciable life of assets and leasehold improvements are limited by the expected lease term, which includes renewal options reasonably certain to be exercised.

For our incremental borrowing rate, we generally use a portfolio approach to determine the discount rate for leases with similar characteristics. We determine discount rates based upon our hypothetical credit rating, taking into consideration our short-term borrowing rates, and then adjusting as necessary for the appropriate lease term. As of December 31, 2023, the weighted-average discount rate used was approximately 6.5%.

As of December 31, 2023, maturities of lease liabilities by fiscal year are summarized as follows:

	(Amounts in thousands)	
2024 (remaining)	\$	12,653
2025		17,451
2026		15,781
2027		15,207
2028		14,431
Thereafter		261,905
Total lease payments		337,428
Less: interest		(201,506)
Present value of lease liabilities	<u>\$</u>	<u>135,922</u>

The following table sets forth supplemental cash flow information related to leases:

	2022	Three Months Ended December 31,	2023
	(Amounts in thousands)		
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	\$	4,428	\$ 4,614
Right-of-use assets obtained in exchange for lease obligations:			
Operating leases	\$	44,239	\$ 3,363

The Company reports the change in ROU assets and the change in operating lease liabilities on a net basis in accrued expenses and other liabilities in the accompanying Unaudited Condensed Consolidated Statements of Cash Flows.

#### Lessor

The Company enters into certain agreements as a lessor under which it rents buildings to third parties. Initial terms of our real estate leases are generally three to five years, exclusive of options to renew, which are generally exercisable at our sole discretion for one term of five years. These leases meet all of the criteria of an operating lease and are accordingly recognized straight line over the lease term.

The following table summarizes the amount of operating lease income and other income included in total revenues in the accompanying unaudited condensed consolidated statements of operations:

	2022	Three Months Ended December 31,	2023
	(Amounts in thousands)		
Operating leases:			
Operating lease income	\$	1,965	\$ 2,454
Variable lease income	\$	178	\$ 435
Total rental income	\$	2,143	\$ 2,889

As of December 31, 2023, future minimum payments to be received during the next five years and thereafter are as follows:

	(Amounts in thousands)
2024 (remaining)	\$ 8,554
2025	6,003
2026	4,568
2027	3,131
2028	1,396
Thereafter	113
Total lease payments	<u>\$ 23,765</u>

#### 7. INVENTORIES:

Inventories are stated at the lower of cost or net realizable value. The cost of inventories purchased from our vendors consist of the amount paid to acquire the inventory, net of vendor consideration and purchase discounts, the cost of equipment added, reconditioning costs, inventory deposits, and transportation costs relating to acquiring inventory for sale. Trade-in used boats are initially recorded at fair value and adjusted for reconditioning and other costs. The cost of inventories that are manufactured by the Company consist of material, labor, and manufacturing overhead. Unallocated overhead and abnormal costs are expensed as incurred. New and used boats, motors, and trailers inventories are accounted for on a specific identification basis. Raw materials and parts, accessories, and other inventories are accounted for on an average cost basis. We utilize our historical experience, the aging of the inventories, and our consideration of current market trends as the basis for determining a lower of cost or net realizable value. We do not believe there is a reasonable likelihood that there will be a change in the future estimates or assumptions we use to calculate the lower of cost or net realizable value. If events occur and market conditions change, the net realizable value of our inventories could change.

Inventories consisted of the following as of:

	September 30, 2023	December 31, 2023
	(Amounts in thousands)	
New and used boats, motors, and trailers	\$ 625,287	\$ 702,351
In transit inventory and deposits	115,879	103,743
Parts, accessories, and other	18,712	17,521
Work-in-process	22,340	24,706
Raw materials	30,612	27,912
Inventories	<u>\$ 812,830</u>	<u>\$ 876,233</u>

## 8. GOODWILL:

We account for acquisitions in accordance with FASB ASC 805, "Business Combinations" ("ASC 805"), and goodwill in accordance with ASC 350, "Intangibles — Goodwill and Other" ("ASC 350"). For business combinations, the excess of the purchase price over the estimated fair value of net assets acquired in a business combination is recorded as goodwill.

In October 2023, we acquired a controlling interest of AGY, a luxury charter management agency based in Athens, Greece.

In June 2023, we acquired C&C Boat Works, a full-service boat dealer in Crosslake, Minnesota. In January 2023, we acquired Boatzon, a boat and marine digital retail platform, through our technology entity, New Wave Innovations. In December 2022, we acquired Midcoast Marine Group, a leading full-service marine construction Company based on Central Florida's Gulf Coast. These acquisitions were purchased for an aggregate consideration of approximately \$49.0 million (net of cash acquired of \$0.1 million), including estimated contingent consideration of \$9.7 million. Tangible assets acquired, net of liabilities assumed and cash acquired, totaled approximately \$20.3 million; intangible assets acquired totaled \$1.9 million; and total goodwill recognized was approximately \$26.8 million. The goodwill represents the assembled workforce, acquired capabilities, and future economic benefits resulting from the acquisitions. Approximately \$13.6 million of goodwill related to these acquisitions is deductible for tax purposes.

In October 2022, we purchased all of the outstanding equity of IGY Marinas for an aggregate consideration of approximately \$552.9 million (net of cash acquired of \$28.1 million), including estimated contingent consideration of \$67.7 million. Tangible assets acquired, net of liabilities assumed and cash acquired, totaled approximately \$259.4 million; intangible assets acquired totaled \$30.4 million; and total goodwill recognized was approximately \$293.5 million. The goodwill represents the future economic benefits resulting from the acquisition. Approximately \$193.3 million of goodwill related to this acquisition is deductible for tax purposes.

In April 2022, through Northrop & Johnson, we acquired Superyacht Management, S.A.R.L., better known as SYM, a superyacht management company based in Golfe-Juan, France.

In total, current and previous acquisitions have resulted in the recording of \$599.5 million and \$614.8 million in goodwill and other intangible assets as of September 30, 2023 and December 31, 2023, respectively. In accordance with ASC 350, we test goodwill for impairment at least annually and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Our annual impairment test is performed during the third fiscal quarter. If the carrying amount of a reporting unit's goodwill exceeds its fair value we recognize an impairment loss in accordance with ASC 350. As of December 31, 2023, and based upon our most recent analysis, we determined through our qualitative assessment that it is not "more likely than not" that the fair values of our reporting units are less than their carrying values. As a result, we did not perform a quantitative goodwill impairment test.

The following table sets forth the changes in carrying amount of goodwill by reportable segment during the three months ended December 31, 2023:

	Retail Operations	Product Manufacturing	Total
	(Amounts in thousands)		
Balance as of September 30, 2023	\$ 490,786	\$ 69,034	\$ 559,820
Goodwill acquired	13,515	—	13,515
Foreign currency translation	2,515	—	2,515
Balance as of December 31, 2023	<u>\$ 506,816</u>	<u>\$ 69,034</u>	<u>\$ 575,850</u>

## 9. INCOME TAXES:

We account for income taxes in accordance with FASB ASC 740, "Income Taxes" ("ASC 740"). Under ASC 740, we recognize deferred tax assets and liabilities for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. We measure deferred tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which we expect those temporary differences to be recovered or settled. We record valuation allowances to reduce our deferred tax assets to the amount expected to be realized by considering all available positive and negative evidence.

During the three months ended December 31, 2022, we recognized an income tax provision of \$7.0 million. During the three months ended December 31, 2023, we recognized an income tax benefit of \$0.2 million. The effective income tax rate for the three months ended December 31, 2022 and 2023 before discrete items was 26.3% and 26.4%, respectively.

## 10.SHORT-TERM BORROWINGS AND LONG-TERM DEBT:

### *Short-term Borrowings*

In July 2023, we executed the Amended Credit Facility with Manufacturers and Traders Trust Company ("M&T Bank") as Administrative Agent, Swingline Lender, and Issuing Bank, Wells Fargo Commercial Distribution Finance, LLC, as Floor Plan Agent, and the lenders party thereto (the "Amended Credit Facility"). The Amended Credit Facility provides the Company short-term borrowing in the form of a line of credit with asset-based borrowing availability (the "Floor Plan") of up to \$950 million and establishes a revolving credit facility in the maximum amount of \$100 million (including a \$20 million swingline facility and a \$20 million letter of credit sublimit). The Amended Credit Facility also provides long-term debt in the form of a delayed draw term loan facility to finance the acquisition of IGY Marinas in the maximum amount of \$400 million, and a \$100 million delayed draw mortgage loan facility. The maturity of each of the facilities is August 2027. As of December 31, 2023, our available borrowings under the delayed draw mortgage loan facility were approximately \$100 million, and our available borrowings under the revolving credit facility were approximately \$88 million.

The interest rate is (a) for amounts outstanding under the Floor Plan, 3.45% above the one month secured term rate as administered by the CME Group Benchmark Administration Limited (CBA) ("SOFR"), (b) for amounts outstanding under the revolving credit facility or the term loan facility, a range of 1.50% to 2.0%, depending on the total net leverage ratio, above the one month, three month, or six month term SOFR rate, and (c) for amounts outstanding under the mortgage loan facility, 2.20% above the one month, three month, or six month term SOFR rate. The alternate base rate with a margin is available for amounts outstanding under the revolving credit, term, and mortgage loan facilities and the Euro Interbank Offered Rate plus a margin is available for borrowings in Euro or other currencies other than dollars under the revolving credit facility.

The Amended Credit Agreement has certain financial covenants as specified in the agreement. The covenants include provisions that our leverage ratio must not exceed 3.35 to 1.0 and that our consolidated fixed charge coverage ratio must be greater than 1.10 to 1.0. As of December 31, 2023, we were in compliance with all covenants under the Amended Credit Agreement. The Amended Credit Agreement is secured by the Company's personal property assets, including inventory and related accounts receivable. The mortgage loans will also be secured by the real estate pledged as collateral for such loans.

In August 2022, we entered into a Credit Agreement with Manufacturers and Traders Trust Company as Administrative Agent, Swingline Lender, and Issuing Bank, Wells Fargo Commercial Distribution Finance, LLC, as Floor Plan Agent, and the lenders party thereto (the "New Credit Agreement"). The New Credit Agreement provided the Company short-term borrowing (the "2022 Floor Plan") in the form of a line of credit with asset based borrowing availability of up to \$750 million and establishes a revolving credit facility in the maximum amount of \$100 million (including a \$20 million swingline facility and a \$20 million letter of credit sublimit). The New Credit Agreement also provided long-term debt in the form of a delayed draw term loan facility to finance the acquisition of IGY Marinas in the maximum amount of \$400 million, and a \$100 million delayed draw mortgage loan facility. The maturity of each of the facilities was to have been August 2027. The New Credit Facility was replaced by the Amended Credit Facility in July 2023.

As of December 31, 2023, our outstanding short term borrowings under the Floor Plan associated with financing our inventory and working capital needs totaled approximately \$664.9 million. As of December 31, 2023, our short-term borrowings, which solely consisted of the Floor Plan, included unamortized debt issuance costs of approximately \$1.5 million. As of December 31, 2022, our indebtedness associated with financing our inventory and working capital needs totaled approximately \$341.2 million, and included unamortized debt issuance costs of approximately \$1.6 million.

As of December 31, 2022 and 2023, the interest rate on the outstanding short-term borrowings, which solely consisted of the 2022 Floor Plan and the current Floor Plan, was approximately 7.6% and 8.8%, respectively. As of December 31, 2023, our additional Floor Plan available borrowings under our Amended Credit Facility were approximately \$9.3 million based upon the outstanding borrowing base availability (Floor Plan). As of December 31, 2023, no amounts were withdrawn on the revolving credit facility or the delayed draw mortgage loan facility. As of December 31, 2023, we had approximately \$12 million in letters of credit that reduced the available borrowings under the revolving credit facility.

As is common in our industry, we receive interest assistance directly from boat manufacturers, including Brunswick. The interest assistance programs vary by manufacturer, but generally include periods of free financing or reduced interest rate programs. The interest assistance may be paid directly to us or our lender depending on the arrangements the manufacturer has established. We classify interest assistance received from manufacturers as a reduction of inventory cost and related cost of sales.

The availability and costs of borrowed funds can adversely affect our ability to obtain adequate boat inventory and the holding costs of that inventory as well as the ability and willingness of our customers to finance boat purchases. However, we rely on our Amended Credit Agreement to purchase our inventory of boats. The aging of our inventory limits our borrowing capacity as defined curtailments reduce the allowable advance rate as our inventory ages. Our access to funds under our Amended Credit Agreement also depends upon the ability of our lenders to meet their funding commitments, particularly if they experience shortages of capital, experience excessive volumes of borrowing requests from others during a short period of time or otherwise experience liquidity issues of their own as other lending institutions have recently experienced. Unfavorable economic conditions, weak consumer spending,



turmoil in the credit markets, and lender difficulties, among other potential reasons, could interfere with our ability to utilize our Amended Credit Agreement to fund our operations. Any inability to utilize our Amended Credit Agreement could require us to seek other sources of funding to repay amounts outstanding under the credit agreements or replace or supplement our credit agreements, which may not be possible at all or under commercially reasonable terms.

Similarly, decreases in the availability of credit and increases in the cost of credit adversely affect the ability of our customers to purchase boats from us and thereby adversely affect our ability to sell our products and impact the profitability of our finance and insurance activities.

#### Long-term Debt

The below table summarizes the Company's long-term debt.

	September 30, 2023	December 31, 2023
	(Amounts in thousands)	
Mortgage facility payable to Flagship Bank bearing interest at 7.50% (prime minus 100 basis points with a floor of 2.00%). Requires monthly principal and interest payments with a balloon payment of approximately \$4.0 million due August 2027.	\$ 5,907	\$ 5,783
Mortgage facility payable to Seacoast National Bank bearing interest at 7.63% (SOFR plus 220 basis points). Requires monthly interest payments for the first year and then monthly principal and interest payments with a balloon payment of approximately \$10.0 million due September 2031.	16,735	16,396
Mortgage facility payable to Hancock Whitney Bank bearing interest at 7.88% (prime minus 62.5 basis points with a floor of 2.25%). Requires monthly principal and interest payments with a balloon payment of approximately \$15.5 million due November 2027. 50% of the outstanding borrowings are hedged with an interest rate swap contract with a fixed rate of 3.20%.	23,279	22,801
Revolving mortgage facility with FineMark National Bank & Trust bearing interest at 8.25% (prime minus 25 basis points with a floor of 3.00%). Facility matures in October 2027. Current available borrowings under the facility were approximately \$22.3 million at December 31, 2023.	—	—
Term loan payable to M&T Bank bearing interest at 6.83%. Requires quarterly principal and interest payments. Facility matures in August 2027.	377,500	370,000
Loan payable to TRANSPORT S.a.s di Taula Vittorio & C. bearing interest at 7.45%. Requires quarterly principal and interest payments. Facility matures in December 2030.	1,478	1,568
<b>Total long-term debt</b>	<b>424,899</b>	<b>416,548</b>
Less: current portion	(33,767)	(33,766)
Less: unamortized portion of debt issuance costs	(1,901)	(1,810)
<b>Long-term debt, net current portion and unamortized debt issuance costs</b>	<b>\$ 389,231</b>	<b>\$ 380,972</b>

#### 11.STOCK-BASED COMPENSATION:

We account for our stock-based compensation plans following the provisions of FASB ASC 718, "Compensation — Stock Compensation" ("ASC 718"). In accordance with ASC 718, we use the Black-Scholes valuation model for valuing all options granted (Note 13) and shares purchased under our Amended 2008 Employee Stock Purchase Plan ("Stock Purchase Plan"). We measure compensation for restricted stock awards and restricted stock units (Note 14) at fair value on the grant date based on the number of shares expected to vest and the quoted market price of our common stock. We recognize compensation cost for all awards in operations on a straight-line basis over the requisite service period for each separately vesting portion of the award.

During the three months ended December 31, 2022 and 2023, we recognized stock-based compensation expense of approximately \$4.8 million and \$5.4 million, respectively, in selling, general, and administrative expenses in the accompanying Unaudited Condensed Consolidated Statements of Operations.

Cash received from option exercises under all share-based compensation arrangements for the three months ended December 31, 2022 and 2023, was approximately \$1.3 million and \$1.4 million, respectively. We currently expect to satisfy share-based awards with registered shares available to be issued from the Stock Purchase Plan.

#### 12.THE INCENTIVE STOCK PLANS:

In February 2023, our shareholders approved a proposal to amend our 2021 Plan, to increase the total number of available shares by 1,300,000. In February 2022, our shareholders approved a proposal to authorize our 2021 Stock-Based Compensation Plan ("2021 Plan"), which replaced our 2011 Stock-Based Compensation Plan ("2011 Plan"). Our 2021 Plan provides for the grant of stock options,

stock appreciation rights, restricted stock, stock units, bonus stock, dividend equivalents, other stock related awards, and performance awards (collectively "awards"), that may be settled in cash, stock, or other property. Our 2021 Plan is designed to attract, motivate, retain, and reward our executives, employees, officers, directors, and independent contractors by providing such persons with annual and long-term performance incentives to expend their maximum efforts in the creation of shareholder value. The total number of shares of our common stock that may be subject to awards under the 2021 Plan is equal to 2,300,000 shares, plus: (i) any shares available for issuance and not subject to an award under the 2007 Plan or the 2011 Plan, which was 545,729 in aggregate at the time of the approval of the 2021 Plan; (ii) the number of shares with respect to which awards granted under the 2021 Plan, the 2011 Plan or the 2007 Plan terminate without the issuance of the shares or where the shares are forfeited or repurchased; (iii) with respect to awards granted under the 2021 Plan, the 2011 Plan and the 2007 Plan, the number of shares that are not issued as a result of the award being settled for cash or otherwise not issued in connection with the exercise or payment of the award; and (iv) the number of shares that are surrendered or withheld in payment of the exercise price of any award or any tax withholding requirements in connection with any award granted under the 2021 Plan, the 2011 Plan or the 2007 Plan. The 2021 Plan terminates in February 2032, and awards may be granted at any time during the life of the 2021 Plan. The dates on which awards vest are determined by the Board of Directors or the Plan Administrator. The Board of Directors has appointed the Compensation Committee as the Plan Administrator. The exercise prices of options are determined by the Board of Directors or the Plan Administrator and are at least equal to the fair market value of shares of common stock on the date of grant. The term of options under the 2021 Plan may not exceed ten years. The options granted have varying vesting periods. To date, we have not settled or been under any obligation to settle any awards in cash.

The following table summarizes activity from our incentive stock plans from September 30, 2023 through December 31, 2023:

	Shares Available for Grant	Options Outstanding	Aggregate Intrinsic Value (Amounts in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Balance as of September 30, 2023	1,984,588	54,750	\$ 746	\$ 20.96	2.5
Options granted	—	—	—	—	—
Options cancelled/forfeited/expired	21,000	(21,000)	—	15.80	—
Options exercised	—	(5,000)	—	16.11	—
Restricted stock awards granted	(722,611)	—	—	—	—
Restricted stock awards forfeited	19,275	—	—	—	—
Additional shares of stock issued	(1,875)	—	—	—	—
Balance as of December 31, 2023	1,300,377	28,750	\$ 431	\$ 25.57	4.4
Exercisable as of December 31, 2023		27,083	\$ 418	\$ 25.23	4.1

During the three months ended December 31, 2023, no options were granted. For the three months ended December 31, 2022, 5,000 options were granted.

We used the Black-Scholes model to estimate the fair value of options granted. The expected term of options granted is estimated based on historical experience. Volatility is based on the historical volatility of our common stock. The risk-free rate for periods within the contractual term of the options is based on the U.S. Treasury yield curve in effect at the time of grant.

### 13.EMPLOYEE STOCK PURCHASE PLAN:

In February 2019, our shareholders approved a proposal to amend our Stock Purchase Plan to increase the number of shares available under that plan by 500,000 shares. The Stock Purchase Plan as amended provides for up to 1,500,000 shares of common stock to be available for purchase by our regular employees who have completed at least one year of continuous service. In addition, there were 52,837 shares of common stock available under our 1998 Employee Stock Purchase Plan, which have been made available for issuance under our Stock Purchase Plan. The Stock Purchase Plan provides for implementation of annual offerings beginning on the first day of October in each of the years 2008 through 2027, with each offering terminating on September 30 of the following year. Each annual offering may be divided into two six-month offerings. For each offering, the purchase price per share will be the lower of: (i) 85% of the closing price of the common stock on the first day of the offering or (ii) 85% of the closing price of the common stock on the last day of the offering. The purchase price is paid through periodic payroll deductions not to exceed 10% of the participant's earnings during each offering period. However, no participant may purchase more than \$25,000 worth of common stock annually.

We used the Black-Scholes model to estimate the fair value of options granted to purchase shares issued pursuant to the Stock Purchase Plan. Volatility is based on the historical volatility of our common stock. The risk-free rate for periods within the contractual term of the options is based on the U.S. Treasury yield curve in effect at the time of grant.

The following are the weighted average assumptions used for each respective period:

	Three Months Ended December 31,	
	2022	2023
Dividend yield	0.0%	0.0%
Risk-free interest rate	3.9%	5.3%
Volatility	48.1%	39.2%
Expected life	Six Months	Six Months

As of December 31, 2023, we have issued 1,340,054 shares of common stock under our Stock Purchase Plan.

#### 14. RESTRICTED STOCK AWARDS:

We have granted non-vested (restricted) stock awards ("restricted stock") and restricted stock units ("RSUs") to employees, directors, and officers pursuant to the 2021 Plan, the 2011 Plan, and the 2007 Plan. The restricted stock awards and RSUs have varying vesting periods, but generally become fully vested between two and four years after the grant date, depending on the specific award, performance targets met for performance-based awards granted to officers, and vesting period for time-based awards. Officer performance-based awards are granted at the target amount of shares that may be earned and the actual amount of the award earned generally could range from 0% to 175% of the target number of shares based on the actual specified performance target met. We accounted for the restricted stock awards granted using the measurement and recognition provisions of ASC 718. Accordingly, the fair value of the restricted stock awards, including performance-based awards, is measured on the grant date and recognized in earnings over the requisite service period for each separately vesting portion of the award.

The following table summarizes restricted stock award activity from September 30, 2023 through December 31, 2023:

	Shares/ Units	Weighted Average Grant Date Fair Value
Non-vested balance as of September 30, 2023	1,341,151	\$ 35.02
Changes during the period:		
Awards granted	722,611	\$ 31.11
Awards vested	(163,046)	\$ 20.64
Awards forfeited	(19,275)	\$ 31.98
Non-vested balance as of December 31, 2023	<u>1,881,441</u>	

As of December 31, 2023, we had approximately \$41.2 million of total unrecognized compensation cost, assuming applicable performance conditions are met, related to non-vested restricted stock awards. We expect to recognize that cost over a weighted average period of 2.3 years.

#### 15. NET INCOME PER SHARE:

The following table presents shares used in the calculation of basic and diluted net income per share:

	Three Months Ended December 31,	
	2022	2023
Weighted average common shares outstanding used in calculating basic net income per share	21,756,165	22,196,141
Effect of dilutive options and non-vested restricted stock awards	467,008	612,876
Weighted average common and common equivalent shares used in calculating diluted net income per share	<u>22,223,173</u>	<u>22,809,017</u>

For the three months ended December 31, 2022 and 2023, there were 257,811 and 10,216 weighted average shares of options outstanding and non-vested restricted stock outstanding, respectively, that were not included in the computation of diluted net income per share because the options' exercise prices or non-vested restricted stock prices were greater than the average market price of our common stock, and therefore, their effect would be anti-dilutive.

## 16.COMMITMENTS AND CONTINGENCIES:

We are party to various legal actions arising in the ordinary course of business. While it is not feasible to determine the actual outcome of these actions as of December 31, 2023, we believe that these matters should not have a material adverse effect on our unaudited condensed consolidated financial condition, results of operations, or cash flows.

## 17.SEGMENT INFORMATION:

### Reportable Segments

The Company's reportable segments are defined by management's reporting structure and operating activities. Our chief operating decision maker ("CODM") is our Chief Executive Officer. Our CODM reviews operational income statement information by segment for purposes of making operating decisions, assessing financial performance, and allocating resources. The CODM is not provided asset information by segment. The Company's reportable segments are the following:

**Retail Operations.** The Retail Operations segment includes the sale of new and used recreational boats, including pleasure and fishing boats, with a focus on premium brands in each segment. We also sell related marine products, including engines, trailers, parts, and accessories. In addition, we provide repair, maintenance, and slip and storage rentals; we arrange related boat financing, insurance, and extended service contracts; we offer boat and yacht brokerage sales; and we offer yacht charter services. In the British Virgin Islands we offer the charter of catamarans, through MarineMax Vacations. Fraser Yachts Group and Northrop & Johnson, leading superyacht brokerage and luxury yacht services companies with operations in multiple countries, are also included in this segment. We also maintain a network of strategically positioned luxury marinas situated in yachting and sport fishing destinations around the world through IGY Marinas, which is also included in this segment. The Retail Operations segment includes the majority of all corporate costs.

**Product Manufacturing.** The Product Manufacturing segment includes activity of Cruisers Yachts and Intrepid Powerboats. Cruisers Yachts, a wholly-owned MarineMax subsidiary, manufacturing sport yacht and yachts with sales through our select retail dealership locations and through independent dealers. Cruisers Yachts is recognized as one of the world's premier manufacturers of premium sport yacht and yachts, producing models from 33' to 60' feet. Intrepid Powerboats, also a wholly-owned MarineMax subsidiary, is recognized as a world class producer of customized boats, carefully reflecting the unique desires of each individual owner. Intrepid Powerboats follows a direct-to-consumer distribution model and has received many awards and accolades for its innovations and high-quality craftsmanship that create industry leading products in their categories.

Intersegment revenue represents yachts that were manufactured in our Product Manufacturing segment and were sold to our Retail Operations segment. The Product Manufacturing segment supplies our Retail Operations segment along with various independent dealers.

The following table sets forth revenue and income from operations for each of the Company's reportable segments:

	Three Months Ended December 31,	
	2022	2023
	(Amounts in thousands)	
Revenue:		
Retail Operations	\$ 502,386	\$ 524,085
Product Manufacturing	56,326	46,128
Elimination of intersegment revenue	(50,785)	(42,939)
Revenue	<u>\$ 507,927</u>	<u>\$ 527,274</u>
Income from operations:		
Retail Operations	\$ 36,728	\$ 14,806
Product Manufacturing	6,502	3,970
Intersegment adjustments	(6,730)	223
Income from operations	<u>\$ 36,500</u>	<u>\$ 18,999</u>

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

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements regarding our "expectations," "anticipations," "intentions," "plans," "beliefs," or "strategies" regarding the future. These forward-looking statements include statements relating to market risks such as interest rate risk and foreign currency exchange rate risk; economic and industry conditions and corresponding effects on consumer behavior and our operating results; environmental conditions; inclement weather; certain specific and isolated events; our future estimates, assumptions and judgments, including statements regarding whether such estimates, assumptions and judgments could have a material adverse effect on our operating results; the impact of changes in accounting policy and standards; the impact of our core strengths and retailing strategies on our growth and earnings potential; our plans to accelerate our growth through acquisitions and new store openings; our belief that our existing capital resources will be sufficient to finance our operations for at least the next 12 months, except for possible significant acquisitions; the seasonality and cyclicity of our business and the effect of such seasonality and cyclicity on our business, financial results and inventory levels; and the Company's ability to manage growth effectively. Actual results could differ materially from those currently anticipated as a result of a number of factors, including those set forth under "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended September 30, 2023.

### General

We believe we are the largest recreational boat and yacht retailer and superyacht services company in the world. Through our current 81 retail locations in 21 states, we sell new and used recreational boats and related marine products, including engines, trailers, parts, and accessories. We also arrange related boat financing, insurance, and extended service contracts; provide boat repair and maintenance services; offer yacht and boat brokerage sales; and, where available, offer slip and storage accommodations. In the British Virgin Islands we offer the charter of catamarans, through MarineMax Vacations. We also own Fraser Yachts Group, a leading superyacht brokerage and luxury yacht services company with operations in multiple countries, Northrop & Johnson, another leading superyacht brokerage and services company with operations in multiple countries, SkipperBud's, one of the largest boat sales, brokerage, service and marina/storage groups in the United States, and Cruisers Yachts, a manufacturer of sport yacht and yachts with sales through our select retail dealership locations and through independent dealers.

In November 2021, we acquired Intrepid Powerboats, a manufacturer of powerboats, and Texas MasterCraft, a watersports dealer in Northern Texas. In April 2022, through Northrop & Johnson, we acquired Superyacht Management, S.A.R.L., better known as SYM, a superyacht management company based in Golfe-Juan, France. In August 2022, we expanded our presence in Texas by acquiring Endeavour Marina in Seabrook. In October 2022, we completed the acquisition of IGY Marinas. IGY Marinas maintains a network of luxury marinas situated in yachting and sport fishing destinations around the world. IGY Marinas has created standards for service and quality in nautical tourism. It offers a global network of marinas in the Americas, the Caribbean, Europe, and Asia, delivering year-round accommodations. IGY Marinas caters to a wide variety of luxury yachts, while also being exclusive home ports for some of the world's largest megayachts. In December 2022, we acquired Midcoast Marine Group, a leading full-service marine construction

company based on Central Florida's Gulf Coast. In January 2023, we acquired Boatzon, a boat and marine digital retail platform, through our technology entity, New Wave Innovations. In June 2023, we acquired C&C Boat Works, a full-service boat dealer in Crosslake, Minnesota. In October 2023, we acquired a controlling interest of AGY, a luxury charter management agency based in Athens, Greece.

MarineMax was incorporated in January 1998 (and reincorporated in Florida in March 2015). We commenced operations with the acquisition of five independent recreational boat dealers on March 1, 1998. Since the initial acquisitions in March 1998, we have, as of the filing of this Quarterly Report on Form 10-Q, acquired 33 recreational boat dealers, five boat brokerage operations, two full-service yacht repair operations, five boat brokerage operations, and two boat and yacht manufacturers. As a part of our acquisition strategy, we frequently engage in discussions with various recreational boat dealers regarding their potential acquisition by us. Potential acquisition discussions frequently take place over a long period of time and involve difficult business integration and other issues, including, in some cases, management succession and related matters. As a result of these and other factors, a number of potential acquisitions that from time to time appear likely to occur do not result in binding legal agreements and are not consummated. We completed four acquisitions in the fiscal year ending September 30, 2023, and one acquisition to date in fiscal 2024.

General economic conditions and consumer spending patterns can negatively impact our operating results. Unfavorable local, regional, national or global economic developments or uncertainties regarding future economic prospects could reduce consumer spending in the markets we serve and adversely affect our business. Economic conditions in areas in which we operate dealerships, particularly Florida in which we generated approximately 50%, 51%, and 53% of our dealership revenue during fiscal 2021, 2022, and 2023, respectively, can have a major impact on our operations. Local influences, such as corporate downsizing, military base closings, and inclement weather such as hurricanes and other storms, environmental conditions, and specific events, such as the BP oil spill in the Gulf of Mexico in 2010, also could adversely affect, and in certain instances have adversely affected, our operations in certain markets.

In an economic downturn, consumer discretionary spending levels generally decline, at times resulting in disproportionately large reductions in the sale of luxury goods. Consumer spending on luxury goods also may decline as a result of lower consumer confidence levels, even if prevailing economic conditions are favorable. Additionally, the Federal Reserve's increases of its benchmark interest rate, along with potential future increases and/or market expectations of such increases, have resulted in, and may further result in, significantly higher long-term interest rates and a downturn in the overall economy, each of which has negatively impacted our customers' willingness or desire to purchase our products. As a result, an economic downturn or inflation could impact us more than certain of our competitors due to our strategic focus on a higher end of our market. Although we have expanded our operations during periods of stagnant or modestly declining industry trends, the cyclical nature of the recreational boating industry or the lack of industry growth may adversely affect our business, financial condition, and results of operations. Any period of adverse economic conditions, low consumer confidence or inflation is likely to have a negative effect on our business.

Historically, in periods of lower consumer spending and depressed economic conditions, we have, among other things, substantially reduced our acquisition program, delayed new store openings, reduced our inventory purchases, engaged in inventory reduction efforts, closed a number of our retail locations, reduced our headcount, and amended and replaced our credit facility.

Although past economic conditions have adversely affected our operating results, we believe during and after such conditions we have capitalized on our core strengths to substantially outperform the industry, resulting in market share gains. Our ability to capture such market share supports the alignment of our retailing strategies with the desires of consumers. We believe the steps we have taken to address weak market conditions in the past have yielded, and we believe are likely to yield in the future, an increase in revenue. Acquisitions remain an important strategy for us, and, subject to a number of conditions, including macro-economic conditions and finding attractive acquisition targets, we plan to explore opportunities through this strategy. We expect that our core strengths and retailing strategies, including our digital platform, will position us to capitalize on growth opportunities as they occur and will allow us to emerge with greater earnings potential.

As of December 31, 2023, the Retail Operations segment includes the activity of 81 retail locations in Alabama, California, Connecticut, Florida, Georgia, Illinois, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, New York, North Carolina, Ohio, Oklahoma, Rhode Island, South Carolina, Texas, Washington and Wisconsin, where we sell new and used recreational boats, including pleasure and fishing boats, with a focus on premium brands in each segment. We also sell related marine products, including engines, trailers, parts, and accessories. In addition, we provide repair, maintenance, and slip and storage rentals; we arrange related boat financing, insurance, and extended service contracts; and we offer boat and yacht brokerage sales, and yacht charter services. In the British Virgin Islands, we offer the charter of catamarans, through MarineMax Vacations. Fraser Yachts Group and Northrop & Johnson, leading superyacht brokerage and luxury yacht services companies with operations in multiple countries, are also included in this segment. Through IGY Marinas, which is also included in this segment, we maintain a network of strategically positioned luxury marinas situated in yachting and sport fishing destinations around the world. The Retail Operations segment includes the majority of all corporate costs.

As of December 31, 2023, the Product Manufacturing segment includes activity of Cruisers Yachts and Intrepid Powerboats, both wholly-owned MarineMax subsidiaries. Cruisers Yachts manufactures sport yacht and yachts with sales through our select retail dealership locations and through independent dealers. Cruisers Yachts is recognized as one of the world's premier manufacturers of premium sport yacht and yachts, producing models from 33' to 60' feet. Intrepid Powerboats produces customized boats. Intrepid

Powerboats follows a direct-to-consumer distribution model and has received many awards and accolades for its innovations and high-quality craftsmanship that create industry leading products in their categories.

### **Application of Critical Accounting Policies**

See Part II, Item 7, "Application of Critical Accounting Policies" in our Annual Report on Form 10-K for the fiscal year ended September 30, 2023. There have been no material changes to our critical accounting policies since our Annual Report on Form 10-K for the fiscal year ended September 30, 2023.

### **Recent Accounting Pronouncements**

See Note 3 of the Notes to Unaudited Condensed Consolidated Financial Statements.

### **Consolidated Results of Operations**

The following discussion compares the three months ended December 31, 2023, with the three months ended December 31, 2022 and should be read in conjunction with the Unaudited Condensed Consolidated Financial Statements, including the related notes thereto, appearing elsewhere in this report.

#### ***Three Months Ended December 31, 2023 Compared with Three Months Ended December 31, 2022***

**Revenue.** Revenue increased \$19.4 million, or 3.8%, to \$527.3 million for the three months ended December 31, 2023, from \$507.9 million for three months ended December 31, 2022. The increase was due to an increase of \$19.2 million or 4% in comparable-store sales in addition to a \$0.2 million net increase from acquisitions (Boatzon and C&C) that are not eligible for inclusion in comparable-store sales as well as a decrease in manufacturing revenue, which is not included in comparable retail store sales. The comparable-store increase came primarily from increases in new and used boat revenue along with contributions from our other higher margin businesses.

**Gross Profit.** Gross profit decreased \$11.4 million, or 6.1%, to \$175.5 million for the three months ended December 31, 2023, from \$186.9 million for the three months ended December 31, 2022. Gross profit as a percentage of revenue decreased to 33.3% for the three months ended December 31, 2023, from 36.8% for the three months ended December 31, 2022. The decrease in gross profit as a percentage of revenue was primarily the result of lower new and used boat margins, as we aggressively drove sales during a more challenging retail environment. This decrease was partially offset by increases in margins from our services and marina/storage location revenue streams (maintenance, repair, storage, charter services, and parts and accessories) which increased for the three months ended December 31, 2023, from the three months ended December 31, 2022.

**Selling, General, and Administrative Expenses.** Selling, general, and administrative expenses increased \$6.1 million, or 4.1% to \$156.5 million for the three months ended December 31, 2023, from \$150.4 million for the three months ended December 31, 2022. The increase in selling, general, and administrative expenses was primarily the result of inflation and the acquisitions made in the prior year.

**Interest Expense.** Interest expense increased \$8.9 million to \$18.4 million for the three months ended December 31, 2023, from \$9.5 million for the three months ended December 31, 2022. The increase in interest expense was primarily the result of increased interest rates and increased borrowings due primarily to higher inventory levels.

**Income Taxes.** Income tax decreased \$7.2 million to a benefit of \$0.2 million, for the three months ended December 31, 2023, from an expense of \$7.0 million for the three months ended December 31, 2022. The effective income tax rate for the three months ended December 31, 2022 and 2023 before discrete items was 26.3% and 26.4%, respectively.

## Liquidity and Capital Resources

Our cash needs are primarily for working capital to support operations, including new and used boat and related parts inventories, off-season liquidity, and growth through acquisitions. Acquisitions remain an important strategy for us, and we plan to continue our growth through this strategy in appropriate circumstances. We cannot predict the length of prevailing economic or financial conditions. We regularly monitor the aging of our inventories and current market trends (including supply chain issues) to evaluate our current and future inventory needs. We also use this evaluation in conjunction with our review of our current and expected operating performance and expected business levels to determine the extent of our financing needs.

These cash needs historically have been financed with cash generated from operations and borrowings under the Amended Credit Facility (described below). Our ability to utilize the Amended Credit Facility to fund operations depends upon the collateral levels and compliance with the covenants of the Amended Credit Facility. Any turmoil in the credit markets and weakness in the retail markets may interfere with our ability to remain in compliance with the covenants of the Amended Credit Facility and therefore affect our ability to utilize the Amended Credit Facility to fund operations. As of December 31, 2023, we were in compliance with all covenants under the Amended Credit Facility. We currently depend upon dividends and other payments from our businesses and the Amended Credit Facility to fund our current operations and meet our cash needs. As the majority owner of each of our businesses, we determine the amounts of such distributions subject to applicable law, and currently, no agreements exist that restrict this flow of funds from our businesses.

For the three months ended December 31, 2023 and 2022, cash used in operating activities was approximately \$89.1 million and \$156.3 million, respectively. For the three months ended December 31, 2023, cash used in operating activities was primarily related to increases in inventory, increases in accounts receivable, decreases in accounts payable, decreases in contract liabilities (customer deposits), partially offset by our net income adjusted for non-cash expenses and gains such as depreciation and amortization expense, deferred income tax provision, and stock-based compensation expense. For the three months ended December 31, 2022, cash used in operating activities was primarily related to increases in inventory and accounts receivable, and decreases in contract liabilities (customer deposits), partially offset by our net income adjusted for non-cash expenses such as depreciation and amortization expense and stock-based compensation expense.

For the three months ended December 31, 2023 and 2022, cash used in investing activities was approximately \$17.3 million and \$498.5 million, respectively. For the three months ended December 31, 2023, cash used in investing activities was primarily used to purchase property and equipment associated with improving existing retail facilities, partially offset by proceeds from insurance settlements. For the three months ended December 31, 2022, cash used in investing activities was primarily used for the IGY Marinas acquisition and to purchase property and equipment associated with improving existing retail facilities.

For the three months ended December 31, 2023 and 2022, cash provided by financing activities was approximately \$114.3 million and \$602.5 million, respectively. For the three months ended December 31, 2023, cash provided by financing activities was primarily attributable to net increases in short-term borrowings, which solely consisted of the Floor Plan, and net proceeds from issuance of common stock under incentive compensation and employee purchase plans, partially offset by payments on long-term debt, contingent acquisition consideration payments and payments on tax withholdings for equity awards. For the three months ended December 31, 2022, cash provided by financing activities was primarily attributable to proceeds from long-term debt and increases in short-term borrowings, partially offset by payments on tax withholdings for equity awards and contingent consideration payments.

We are party to the Amended Credit Facility with Manufacturers and Traders Trust Company as Administrative Agent, Swingline Lender, and Issuing Bank, Wells Fargo Commercial Distribution Finance, LLC, as Floor Plan Agent, and the lenders party thereto. The Amended Credit Facility provides the Company a line of credit with asset based borrowing availability (the "Floor Plan") of up to \$950 million and establishes a revolving credit facility in the maximum amount of \$100 million (including a \$20 million swingline facility and a \$20 million letter of credit sublimit), a delayed draw term loan facility to finance the acquisition of IGY Marinas in the maximum amount of \$400 million, and a \$100 million delayed draw mortgage loan facility. The maturity of each of the facilities is August 2027.

The interest rate is (a) for amounts outstanding under the Floor Plan, 3.45% above the one month secured term rate as administered by the CME Group Benchmark Administration Limited (CBA) ("SOFR"), (b) for amounts outstanding under the revolving credit facility or the term loan facility, a range of 1.50% to 2.0%, depending on the total net leverage ratio, above the one month, three month, or six month term SOFR rate, and (c) for amounts outstanding under the mortgage loan facility, 2.20% above the one month, three month, or six month term SOFR rate. The alternate base rate with a margin is available for amounts outstanding under the revolving credit, term, and mortgage loan facilities and the Euro Interbank Offered Rate plus a margin is available for borrowings in Euro or other currencies other than dollars under the revolving credit facility.

Advances under the Floor Plan are initiated by the acquisition of eligible new and used inventory or are re-advanced against eligible new and used inventory that have been partially paid-off. Advances on new inventory will generally mature 1,080 days from the original invoice date. Advances on used inventory will mature 361 days from the date we acquire the used inventory. Each advance is subject to a curtailment schedule, which requires that we pay down the balance of each advance on a periodic basis starting six months after receiving such advance. The curtailment schedule varies based on the type and value of the inventory. The collateral for the



Amended Credit Agreement is primarily the Company's inventory that is financed through the Amended Credit Agreement and related accounts receivable. None of our real estate has been pledged for collateral for the Amended Credit Agreement.

As of December 31, 2023, our indebtedness associated with our short-term borrowings, which solely consisted of the Floor Plan, and our long-term debt totaled approximately \$664.9 million and \$381.0 million, respectively. As of December 31, 2023, short-term borrowings, which solely consisted of the Floor Plan, and long-term debt recorded on the Unaudited Condensed Consolidated Balance Sheets included unamortized debt issuance costs of approximately \$1.5 million and \$1.8 million, respectively. Refer to Note 10 of the Notes to the Consolidated Financial Statements for disclosure of borrowing availability, interest rates, and terms of our short-term borrowings (Floor Plan) and long-term debt.

Except as specified in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in the Unaudited Condensed Consolidated Financial Statements in the "Financial Statements (Unaudited)", we have no material commitments for capital for the next 12 months. Based on the information currently available to us (including the impacts on consumer demand of the current supply chain and inventory challenges, inflation, higher interest rates, and potential recession, all of which are uncertain), we believe that the cash generated from sales and our existing capital resources will be adequate to meet our liquidity and capital requirements for at least the next 12 months, except in the case of possible significant acquisitions.

### **Impact of Seasonality and Weather on Operations**

Our business, as well as the entire recreational boating industry, is highly seasonal, with seasonality varying in different geographic markets. With the exception of Florida, we generally realize significantly lower sales, higher levels of inventories, and related short-term borrowings, which solely consisted of the Floor Plan, in the quarterly periods ending December 31 and March 31. The onset of the public boat and recreation shows in January generally stimulates boat sales and typically allows us to reduce our inventory levels and related short-term borrowings, which solely consisted of the Floor Plan, throughout the remainder of the fiscal year. Our expansion into boat storage may act to reduce our seasonality and cyclicity.

Our business is also subject to weather patterns, which may adversely affect our results of operations. For example, prolonged winter conditions, drought conditions (or merely reduced rainfall levels) or excessive rain, may limit access to area boating locations or render boating dangerous or inconvenient, thereby curtailing customer demand for our products. In addition, unseasonably cool weather and prolonged winter conditions may lead to a shorter selling season in certain locations. Hurricanes and other storms could result in disruptions of our operations or damage to our boat inventories and facilities, as has been the case when Florida and other markets were affected by hurricanes, such as Hurricanes Harvey and Irma in 2017 and Hurricane Ian in 2022. Although our geographic diversity is likely to reduce the overall impact to us of adverse weather conditions in any one market area, these conditions will continue to represent potential, material adverse risks to us and our future financial performance.

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

### ***Interest Rate Risk***

We are exposed to risk from changes in interest rates on our outstanding indebtedness. Changes in the underlying interest rates on our short-term borrowings and long-term debt, which have variable interest rates, could affect our earnings. For example, a hypothetical 100 basis point, 200 basis point, or 300 basis point increase in the interest rate would result in an increase of approximately \$10.4 million, \$20.7 million, or \$31.1 million, respectively, in annual pre-tax interest expense. These estimated increases are based upon the outstanding balance of our short-term borrowings and long-term debt as of December 31, 2023 and assumes no mitigating changes by us to reduce the outstanding balances and no additional interest assistance that could be received from vendors due to the interest rate increase.

### ***Foreign Currency Exchange Rate Risk***

Products purchased from European-based and Chinese-based manufacturers are transacted in U.S. dollars. Fluctuations in the U.S. dollar exchange rate may impact the retail price at which we can sell foreign products. Accordingly, fluctuations in the value of other currencies compared with the U.S. dollar may impact the price points at which we can profitably sell such foreign products, and such price points may not be competitive with other products in the United States. Thus, such fluctuations in exchange rates ultimately may impact the amount of revenue, cost of goods sold, cash flows and earnings we recognize for such foreign products. We cannot predict the effects of exchange rate fluctuations on our operating results. In certain cases, we may enter into foreign currency cash flow hedges to reduce the variability of cash flows associated with forecasted purchases of boats and yachts from European-based and Chinese-based manufacturers. We are not currently engaged in foreign currency exchange hedging transactions to manage our foreign currency exposure. If and when we do engage in foreign currency exchange hedging transactions, there can be no assurance that our strategies will adequately protect our operating results from the effects of exchange rate fluctuations.

Additionally, the Fraser Yachts Group, Northrop & Johnson and IGY Marinas have transactions and balances denominated in currencies other than the U.S. dollar. Most of the transactions not denominated in U.S. dollars are denominated in euros. Net revenues recognized whose functional currency was not the U.S. dollar were approximately 3% of our total revenues in fiscal 2023.

#### **ITEM 4. CONTROLS AND PROCEDURES**

##### **Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures that are designed to ensure that material information required to be disclosed by us in Securities Exchange Act reports 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 the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based on such evaluation, such officers have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective at the reasonable assurance level.

##### **Changes in Internal Controls**

During the quarter ended December 31, 2023, there were no changes in our internal control over financial reporting that materially affected, or were reasonably likely to materially affect, our internal control over financial reporting.

##### **Limitations on the Effectiveness of Controls**

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures and internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Although our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, a control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

##### **CEO and CFO Certifications**

Exhibits 31.1 and 31.2 are the Certifications of the Chief Executive Officer and Chief Financial Officer, respectively. The Certifications are required in accordance with Section 302 of the Sarbanes-Oxley Act of 2002 (the "Section 302 Certifications"). This Item of this report, which you are currently reading is the information concerning the Evaluation referred to in the Section 302 Certifications and this information should be read in conjunction with the Section 302 Certifications for a more complete understanding of the topics presented.

## **PART II. OTHER INFORMATION**

#### **ITEM 1. LEGAL PROCEEDINGS**

We are party to various legal actions arising in the ordinary course of business. While it is not feasible to determine the actual outcome of these actions as of December 31, 2023, we do not believe that these matters will have a material adverse effect on our unaudited condensed consolidated financial condition, result of operations, or cash flows.

#### **ITEM 1A. RISK FACTORS**

None.

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

None.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**ITEM 5. OTHER INFORMATION**

Insider trading arrangements and policies. During the three months ended December 31, 2023, none of the Company's officers or directors adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement," as defined in Item 408(c) of Regulation S-K.

**ITEM 6. EXHIBITS**

- 3.1 [Articles of Incorporation of MarineMax, Inc., a Florida corporation.](#) (1)
- 3.2 [Bylaws of MarineMax, Inc., a Florida corporation.](#) (1)
- 4.1 [Form of Common Stock Certificate.](#) (1)
- 31.1 [Certification of Chief Executive Officer pursuant to Rule 13a-14\(a\) and Rule 15d-14\(a\), promulgated under the Securities Exchange Act of 1934, as amended.](#)
- 31.2 [Certification of Chief Financial Officer pursuant to Rule 13a-14\(a\) and Rule 15d-14\(a\), promulgated under the Securities Exchange Act of 1934, as amended.](#)
- 32.1 [Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 32.2 [Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101.INS Inline XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document
- 101.SCH Inline XBRL Taxonomy Extension Schema Document
- 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

---

(1) Incorporated by reference to Registrant's Form 8-K as filed March 20, 2015.

## **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.

### **MARINEMAX, INC.**

January 25, 2024

By: /s/ Michael H. McLamb

Michael H. McLamb  
Executive Vice President,  
Chief Financial Officer, Secretary, and Director  
(Principal Accounting and Financial Officer)

## CERTIFICATION

I, W. Brett McGill, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MarineMax, 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.

/s/ W. BRETT MCGILL  
W. Brett McGill  
Chief Executive Officer and President  
(Principal Executive Officer)

Date: January 25, 2024

---

## CERTIFICATION

I, Michael H. McLamb, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MarineMax, 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.

/s/ MICHAEL H. MCLAMB  
Michael H. McLamb  
Chief Financial Officer  
(Principal Financial Officer)

Date: January 25, 2024

---

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

In connection with the quarterly report of MarineMax, Inc., (the "Company") on Form 10-Q for the quarterly period ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, W. Brett McGill, Chief Executive Officer of the Company, certify, to my best knowledge and belief, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ W. BRETT MCGILL  
W. Brett McGill  
*Chief Executive Officer and President*

Date: January 25, 2024

---

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

In connection with the quarterly report of MarineMax, Inc., (the "Company") on Form 10-Q for the quarterly period ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael H. McLamb, Chief Financial Officer of the Company, certify, to my best knowledge and belief, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ MICHAEL H. MCLAMB  
Michael H. McLamb  
*Chief Financial Officer*

Date: January 25, 2024

---



