



**MARINE PRODUCTS**  
CORPORATION



**SUSTAINED BRAND LEADERSHIP**

**2023 ANNUAL REPORT**



# MARINE PRODUCTS CORPORATION

(NYSE: MPX) designs, manufactures and distributes premium-branded Chaparral sterndrive and outboard pleasure boats and Robalo outboard sport fishing boats through 203 domestic and 88 international independent dealers.



With premium brands, a solid capital structure and a strong independent dealer network, Marine Products is a market leader that has consistently generated strong financial performance and paid dividends to our stockholders.

Marine Products also seeks to utilize its financial strength to capitalize on opportunities that profitably increase its market share and broaden its product offerings within the pleasure boat market. For more information, visit our website at [MarineProductsCorp.com](http://MarineProductsCorp.com).



Featured on front cover: Robalo R360  
Featured on back cover: Chaparral OSX 300  
Featured above: Chaparral SSi 23 OB  
For specific product information, please visit:  
[ChaparralBoats.com](http://ChaparralBoats.com)  
[Robalo.com](http://Robalo.com)

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R180 • CENTER CONSOLE



206 • CAYMAN BAY BOAT



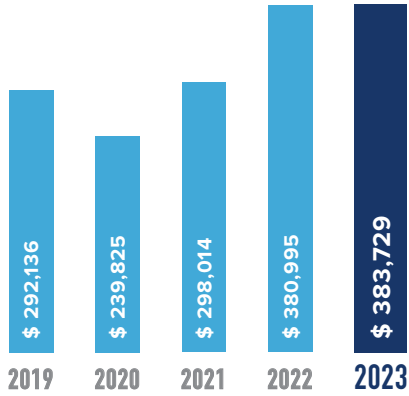
R207 • DUAL CONSOLE



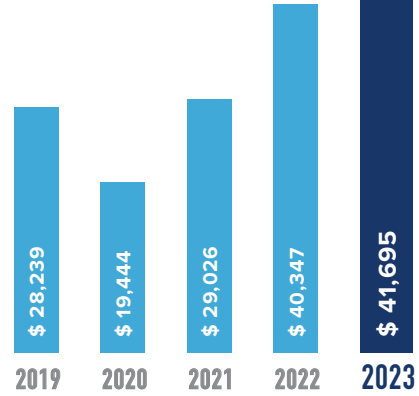
21 SF • SSI

# 2023 FINANCIAL HIGHLIGHTS

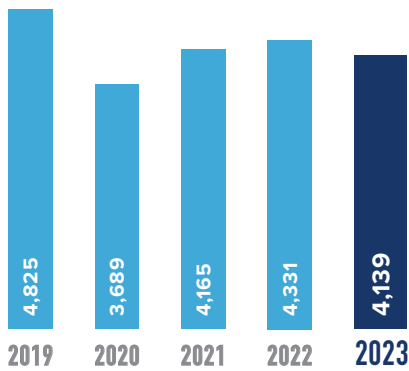
## NET SALES (IN THOUSANDS)



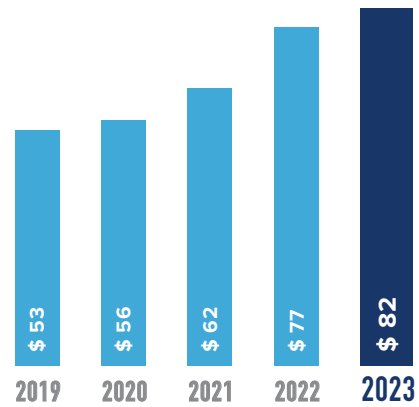
## NET INCOME (IN THOUSANDS)



## TOTAL NUMBER OF BOATS SOLD



## AVERAGE SELLING PRICE PER UNIT (IN THOUSANDS)



	2019	2020	2021	2022	2023
NET SALES	\$ 292,136	\$ 239,825	\$ 298,014	\$ 380,995	\$ 383,729
GROSS PROFIT	\$ 65,394	\$ 53,605	\$ 68,272	\$ 93,717	\$ 90,379
OPERATING INCOME	\$ 34,135	\$ 24,361	\$ 36,392	\$ 51,796	\$ 49,202
NET INCOME	\$ 28,239	\$ 19,444	\$ 29,026	\$ 40,347	\$ 41,695
DILUTED EARNINGS PER SHARE	\$ 0.83	\$ 0.57	\$ 0.85	\$ 1.18	\$ 1.21
GROSS PROFIT MARGIN	22.4%	22.4%	22.9%	24.6%	23.6%



250 • OSX



267 • SSX



28 • SURF

# LETTER TO STOCKHOLDERS

During 2023, we saw positive operating momentum in the first half of the year, followed by a softening of strong post-COVID industry demand dynamics in the second half. Overall, we delivered solid financial performance, increasing our net sales, EPS and operating cash flow. We also continued to pay an attractive dividend and maintained a highly liquid and debt-free balance sheet. Economic uncertainty, higher interest rates, and building inventories in our dealers' showrooms have clearly slowed the recent momentum boat manufacturers have enjoyed during the past few years. However, our relentless focus on product improvement and innovation, manufacturing efficiencies, investments in our dealer network, and conservative financial stewardship remain unchanged. We have taken the appropriate actions to manage our cost structure due to lower production levels, while still making investments that are key to driving long-term profitable growth. In fact, our discipline and focus on cash flow has resulted in a cash accumulation of more than \$70 million on the balance sheet. This provides ample liquidity to make internal investments as well as explore more significant strategic actions to increase our scale and enhance our growth outlook.



For the full year 2023, net sales increased 1% to \$383.7 million. Unit sales decreased 4%, with strong order flow in the first half of the year transitioning to softer order patterns in the second half. Our price increases to cover higher costs and shift to larger, higher-priced boats more than offset incentive program activity to drive an overall net pricing and mix benefit. We implemented retail incentive programs in the third quarter to encourage sales at the retail level. Our best-selling models in 2023 continued to be two of our 21- and 23-foot Chaparral sterndrive sport boats, together representing about 20% of our total units sold.

Gross profit in 2023 was \$90.4 million, down from \$93.7 million last year, largely due to increased promotional activities, and contracting production volume and associated manufacturing inefficiencies. Gross margin was 23.6% of net sales in 2023, compared with 24.6% in 2022. In response to easing demand,

*We increased our net sales, EPS, and operating cash flow and continued to pay an attractive dividend while maintaining a debt-free balance sheet.*

we adjusted our variable labor costs and production schedules to reflect current order patterns and customer indications. Selling, general and administrative expenses increased slightly to \$43.2 million, up from \$41.9 million last year. In addition to general inflationary factors, we invested aggressively in dealer sales and technical training, demonstrating our commitment to these critical relationships. Operating income in 2023 was \$49.2 million or 12.8% of net sales, compared with \$51.8 million or 13.6% of net sales, in 2022.

Interest income was \$2.9 million, up significantly from \$0.3 million last year due to larger cash balances and higher earned investment yields. Earnings before interest, taxes, depreciation and amortization<sup>(1)</sup> (EBITDA) was \$51.6 million in 2023, compared with \$53.7 million in 2022.

We generated net income of \$41.7 million or \$1.21 of diluted earnings per share (EPS) in 2023, up from \$40.3 million or \$1.18 of diluted EPS last year. Our effective tax rate was 19.9% in 2023, slightly lower than the 22.6% from last year.

We are pleased to deliver another year of strong cash flow. The company generated \$56.8 million in net cash provided by operating activities during 2023, up from \$49.3 million in 2022. A significant contributor to cash flow growth was working capital changes as easing supply chain constraints allowed us to complete and ship units to reduce our inventories.

2023 capital expenditures of \$10.2 million were higher than capital expenditures of \$2.5 million last year. We invested in our fleet of trailers and our warehouses, driving the majority of the increase. We are also making investments in our facility in 2024 with the planned installation of a rooftop solar energy system at our manufacturing site in Nashville, Georgia. Beyond the environmental benefits of alternative energy sources, we expect to derive cost savings from this investment. We plan to continue increasing our selective use of robotics to ensure consistency in our production processes and enhance the safe working conditions for our employees.

During 2023 our Board of Directors continued the Company's regular quarterly cash dividends for the twelfth consecutive year. We paid \$19.3 million in dividends (\$0.56 per share), an increase of \$2.2 million compared with \$17.1 million in 2022.

<sup>(1)</sup> EBITDA is a financial measure that does not conform to generally accepted accounting principles (GAAP). Additional disclosures regarding this non-GAAP financial measure, including a reconciliation of EBITDA to net income, is found on page 63 of this Marine Products Corporation 2023 Annual Report.



As a result of our strong cash flows, we finished 2023 with \$72.0 million in cash, up from \$43.2 million at the end of last year. We view our dividend policy as a vital component of long-term shareholder value creation and will continue to assess our regular dividend as well as other means of distributing excess capital to our shareholders.

During 2023, within its category and size range, Chaparral's retail market share ranked number one. During this same time, Robalo held the third highest retail market share in its size range. When combining the retail market share of Chaparral and Robalo outboards, in the fiberglass boat category and size range, Marine Products Corporation ranked number one compared with all independent boat builders. We are proud of these accomplishments and the consistency of the strong market share results within our product lines in recent years. Another consistent accomplishment relates to the recent announcement that both Chaparral and Robalo won the CSI Award for customer satisfaction for the 17th consecutive year.

As mentioned above, we are emerging from several years of high demand in the recreational boating industry characterized by a strong consumer appetite for outdoor activities post-COVID and previously low interest rates. As the industry returns to normalized conditions, dealers are facing less consumer urgency for purchases, higher interest rates that increase costs to consumers who finance purchases and generally high inventory levels across the channel. All told, we have adjusted our manufacturing operations costs and implemented promotional incentives to stimulate demand and de-stock the channel.

During this time, however, we will press forward on initiatives to improve both near-term and long-term financial results and position ourselves for success regardless of external factors. These projects include efforts to improve our efficiency in our manufacturing facilities, continued innovation and industry-leading product designs and features, and ongoing partnerships with our dealers to maximize our share of the market.

Furthermore, we have ample capital to invest in more significant opportunities should they arise, particularly potential acquisitions. We have remained disciplined over the years and accumulated a substantial cash position. We believe acquisitions could offer unique value creation opportunities and a pathway to accelerated growth and increased scale.

Lastly, I want to thank all our stockholders, employees and dealers for your continued support and commitment. We believe we have some of the best boat makers in the industry and that their commitment to their craft underpins the outstanding reputation Chaparral and Robalo enjoy in the marketplace. To our dealers, many of whom have been with us for several decades, you represent our company to the consumer, ultimately serving as our brand ambassadors. We appreciate your support and partnership and look forward to continued, shared success.

Sincerely,



**BEN M. PALMER**

President and Chief Executive Officer



# LEVERAGING INNOVATION, TECHNOLOGY AND EFFICIENCY

With over 1.2 million square feet of manufacturing space at our Nashville, Georgia campus, we are one of the largest single-site recreational boat builders in the world. One of the keys to our success is consistently investing in technology to drive innovation, generate efficiencies and improve safety. Over the years, we have invested in several initiatives to drive us forward on these fronts.

**Virtual reality design studio.** New products are the lifeblood of our company and our ability to deliver innovative boat designs and features to our customers has been a hallmark for both Chaparral and Robalo over the years. Our computer-aided modeling capabilities leverage virtual reality technology to allow our designers to build boats within the software and perform 3D active “walk-throughs” using VR headsets. This enables us to experience the boat virtually, enhance layouts and features, identify potential improvements, and avoid the time and expense of prototyping physical boats. This investment delivered a step-change improvement in our design and engineering capabilities. We currently have 6 high-end graphics workstations for processing and modeling complex boat assemblies.

**3D printing machines.** Our investment in 3D printing capabilities has been crucial to our design and innovation

success, enabling us to produce custom machined parts on site quickly. Having this asset in-house accelerates our development processes, as we do not rely on third parties for unique parts production. We are able to move from conceptualized parts and molds to tangible prototypes in real-time on the shop floor. These extrusion printers have been used in developing key innovative features and designs used in many of our boats today.

**Manufacturing robotics.** We are increasingly using robotics to perform certain tasks, such as parts handling and cutting, to leverage the skill of our craftsmen and reduce unnecessary physical demands. This creates a safer production environment and allows our workers to focus on areas that drive maximum quality and consistency. While boat manufacturing is a truly hands-on process requiring the skilled craftsmanship of all of our production employees, we are always seeking to maximize efficiency and will continue to invest selectively in automation to improve quality and reduce costs.

**Solar panel installation.** We have a significant solar panel installation slated for 2024. Beyond the environmental benefits of using alternative energy sources, we expect this project to drive cash savings. This equipment will have the capability to supply a sizable portion of our energy needs at our Nashville, Georgia manufacturing site.

# CHAPARRAL 310 OSX – THE LEGACY CONTINUES

Premiering at the February 2024 Miami International Boat Show, Chaparral announced the newest model to join the OSX lineup. The Chaparral 310 OSX made its grand debut to avid boating enthusiasts, revealing sleek new features and product enhancements. The 310 OSX will meet many of your family's boating needs with an overall length of approximately 31 feet, and the deep bow providing one of the biggest and most elegant rides that Chaparral has to offer. The extended size of the boat brings a great experience to your family and friends thanks to its yacht-certified passenger capacity.

Long weekends on the water are made easy thanks to many of the detailed designs and enhanced technology provided by the OSX. In addition to the spacious cabin, head and wet bar, discriminating captains will appreciate the detailed functionality of push-button lighted stainless-steel switches, tilt steering wheel, lighted compass, and crisp, clean digital gauges and the Simrad® multifunction engine data displays, GPS chart plotter, depth sounder, and more.

One of the distinctive aspects of the 310 OSX is its design, focused on maximizing comfort and space. The boat includes a convenient side entry door, abundant seating, and extensive storage solutions, catering to the needs and comfort of its passengers by embodying luxury and innovation for day boating enthusiasts. This design approach is in line with Chaparral's reputation for producing high-quality, luxury sport boats that are both functional and stylish.

Although the specific details of the 310 OSX were highlighted at the boat show, it shares lineage with the entire OSX series known for its unique and striking design and efficient use of space provided by innovative hull designs, enhancing the onboard experience.

*The 310 OSX will meet many of your family's boating needs with an overall length of approximately 31 feet. The deep bow provides one of the biggest and most elegant rides that Chaparral has to offer.*

The Chaparral 310 OSX represents a blend of luxury, innovation, and performance, designed to meet the high standards and expectations of day boaters looking for an exceptional maritime experience. The 310 OSX further solidifies Chaparral Boats' reputation in the luxury sport boat market.

Locate a dealer near you and find an opportunity to climb aboard, take a closer look at the 310 OSX and tour this huge new addition to the Chaparral legacy.



# 2024 PRODUCT OVERVIEW



## SSi SPORT BOATS

Chaparral's SSi sport boat and premium bowrider is produced for the quality and style-conscious recreational boater. The 19 to 23 foot SSi models continue to set a high standard for engineering excellence, attractive styling, and quality materials and workmanship. Our fiberglass sterndrive and outboard-powered SSi models are high-value runabouts marketed to family groups. The SSi is designed to feature the handling of a runabout, with the style of a sport boat and open concept layout. Select models offer Ski & Fish options to meet specific needs. All lengths include trailers and are marketed with National Advertised Prices.



19 SSi Outboard	21 SSi
21 SSi SKI & FISH	21 SSi Outboard
21 SSi Outboard SKI & FISH	23 SSi
23 SSi Outboard	

## OSX OUTBOARD LUXURY SPORT BOATS

Chaparral's OSX luxury outboard sport boats combine everything an avid boater loves about high-end pleasure cruising with the power of an outboard motor. The model line stretches from 25 to 31 feet, packed with generous seating options and plenty of room for entertaining guests. An enclosed cabin with head, found on our larger OSX boats, provides many amenities for long weekends on the water, while an elegant, enclosed privacy head is found on our smaller models. Enjoy abundant sun lounge options, premium performance silicone upholstery, and yacht-like comfort.



250 OSX	270 OSX	280 OSX	310 OSX
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## SSX LUXURY SPORT BOATS

For the 2024 model year, Chaparral offers 24 to 34 foot Luxury Sport Boats. Various SSX models are offered with an enclosed head, expanded swim platform, transom sun lounge, and some have the option of a wet bar in the cockpit. The SSX series offers high-end performance with premium components from bow to stern. Additionally, multiple SSX boats are standard with the award-winning Infinity Power Step for easy onboarding and exiting to and from the water!



247 SSX	267 SSX	287 SSX
307 SSX	347 SSX	

## SURF SERIES

Endless wave, endless fun. The SURF Series combines everything you love about the SSi and SSX lines with the excitement of surfing. Wakesurfing is more thrilling and easier to enjoy than ever, thanks to the Malibu Surf Gate™ that lets you instantly adjust your wake—no repositioning necessary! Powered by Volvo and Mercruiser forward-facing drives, the SURF features a Simrad® touch-screen display that makes controlling your ride easy and straightforward. Fiberglass multipurpose bowriders, the SURF Series models are marketed to both experienced and value-conscious buyers. These boats are designed to enhance the wake of the boat to accommodate the popular sport of wakesurfing. Additionally, the 26, 28 and 30 SURF are built standard with the award-winning Infinity Power Step for easy onboarding and exiting to and from the water!



21 SURF	23 SURF	26 SURF
28 SURF	30 SURF	



## ROBALO CAYMAN BAY BOATS

The Cayman Series ranges from 20 to 26 feet and brings Robalo quality, style and performance to a bay boat. Robalo engineers have successfully mixed a shallow water draft with a soft-riding Extended V-Plane™ hull design. Robalo's Cayman models offer rock-solid stability; high-quality upholstery; high-tech, space-efficient cockpit, and a tower with upper station controls on the 246 and 266 Sky Deck. Each model also includes a trailer and a wide array of fishing features at Reel Deal pricing.



206	226	246	246 SKY DECK
266	266 SKY DECK		

## ROBALO EXPLORER – CENTER CONSOLES

The Explorer Series of Center Consoles embraces the classic design of a center console, providing the perfect opportunity to enjoy a day of water sports, pleasure cruising or landing a trophy fish. Robalo's Explorer Series is equipped with center console versatility and performance, and family comfort takes center stage. These high-quality boats are equipped with luxury standard touches and enough space that the entire family will enjoy being on the water.



R202EX	R222EX	R232EX
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## ROBALO CENTER CONSOLES

Robalo's Reel Deal pricing is available for 18 to 36 foot models. The Kevlar® reinforcement and a seaworthy hull design on the Robalo Center Console Series provides the serious boater with peace of mind. Whether you're trolling with hooks in the water or motoring through the tough stuff in search of a trophy catch, a powerful engine and Robalo's Hydro Lift™ hull design can speed you to the hottest fishing spots.



R180	R200	R222	R230
R250	R270	R302	R360

## ROBALO DUAL CONSOLES

Multi-purpose outboard fishing boats like the Robalo Dual Console with Reel Deal pricing are enjoying increased popularity in today's market! Today's fishermen want a boat that does more than just fish, and the dual console does just that. Serious anglers will appreciate the secure rod storage, raw water wash down, self-bailing cockpit and standard livewell. Fish in the morning, tow the kids all afternoon and then cruise as the sun sets.



R207	R317
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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-K**

- Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
 Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

**Commission file No. 1-16263**



**MARINE PRODUCTS CORPORATION**

*(Exact name of registrant as specified in its charter)*

Delaware	58-2572419
(State of Incorporation)	(I.R.S. Employer Identification No.)
2801 Buford Highway NE, Suite 300	
Atlanta, Georgia 30329	
(404) 321-7910	

Securities registered pursuant to Section 12(b) of the Act:		
Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$0.10 Par Value	MPX	New York Stock Exchange

Securities registered pursuant to section 12(g) of the Act:
None

Indicate by check mark	YES	NO
• Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
• 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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• 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).	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• 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. (Check one):		
Large accelerated filer <input type="checkbox"/> Accelerated filer <input checked="" type="checkbox"/> Non-accelerated filer <input type="checkbox"/> Smaller reporting company <input type="checkbox"/> Emerging growth company <input type="checkbox"/>		
• 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.	<input type="checkbox"/>	
• Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.	<input checked="" type="checkbox"/>	
• If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.	<input type="checkbox"/>	
• Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).	<input type="checkbox"/>	
• Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).	<input type="checkbox"/>	<input checked="" type="checkbox"/>

The aggregate market value of Marine Products Corporation common stock held by non-affiliates on June 30, 2023, the last business day of the registrant's most recent second fiscal quarter, was \$139,927,749 based on the closing price on the New York Stock Exchange on June 30, 2023 of \$16.86 per share.

Marine Products Corporation had 34,682,949 shares of common stock outstanding as of February 20, 2024.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Proxy Statement for the 2024 Annual Meeting of Stockholders of Marine Products Corporation are incorporated by reference into Part III, Items 10 through 14 of this report.

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**MARINE PRODUCTS CORPORATION**

Form 10-K

For the Year Ended December 31, 2023

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## Part I

References in this document to “we,” “our,” “us,” “Marine Products,” or “the Company” mean Marine Products Corporation (“MPC”) and its subsidiaries, Chaparral Boats, Inc. (“Chaparral”) and Robalo Boats, LLC (“Robalo”), collectively or individually, except where the context indicates otherwise.

### FORWARD-LOOKING STATEMENTS

Certain statements made in this report that are not historical facts are “forward-looking statements” under the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may include, without limitation, statements regarding: the Company’s belief that it intends to remain a leading manufacturer of recreational powerboats for sale to a broad range of consumers worldwide; the Company’s belief that Chaparral will continue to expand the range of its offerings through insightful, innovative product design and quality manufacturing processes to reach an increasingly discerning recreational boating market; the Company’s belief that there is currently an adequate supply of engines, resins and fiberglass available in the market; the Company’s belief that relevant supply chains will continue to be less constrained than they were immediately following the COVID-19 pandemic; the Company’s plans to continue purchasing sterndrive engines through the American Boatbuilders Association (“ABA”) on a voluntary basis in order to receive volume-based purchase discounts and expectation that such discounts will continue to be made available; the Company’s intention to continue to assess demand and dealer management to manage production at appropriate levels, and its expectation that it will be able to do so; and the Company’s belief that dealer inventories of its boat models are more than sufficient to meet the current level of retail customer demand; its estimates of sales order backlogs; the Company’s belief that increases in the cost of certain components, international tariffs, operating costs, and the impact of environmental regulation have increased the cost of boats and boat ownership in recent years and that these trends may continue; the Company’s belief that it is well positioned to take advantage of industry conditions; the Company’s strategies described under “Business – Strategies,” including but not limited to its goals of coordinating a complex supply chain to ensure that raw materials and parts used in manufacturing our products are delivered on a timely basis, and to leverage its buying power through economies of scale and achieve improved pricing on components; the Company’s belief that its corporate infrastructure and marketing and sales capabilities, in addition to its financial strength, and its nationwide presence, enable it to compete effectively against its competitors; the Company’s marketing strategy to increase market share by expanding dedicated sales, marketing and distribution systems; the Company’s plans to continue providing incentives, sales education, technical training and other support to its independent dealers in order to enhance their effectiveness and customer retention; the Company’s belief that the nationally advertised fixed retail pricing gives the consumer confidence that they are getting the best possible price and encourages consistent pricing across the Company’s dealer network; the Company’s plan to manage production and dealer order backlog to optimize operating results and reduce risk in the event of a downturn in sales of our products, and that order backlog will be used to match production levels with expected demand, ensuring efficient cost management and productivity and its goal to achieve such efficient cost management and productivity; the Company’s

plan to maintain a flexible, variable cost structure which can be reduced quickly when deemed appropriate and its goal to achieve such quick reductions; The Company’s goal to create a positive, memorable experience for customers through the design of its products and marketing, while meeting the challenges of an evolving environment which calls for the increased use of technology to conduct virtual marketing and product demonstration; The Company’s strategy to monitor the recreational boat market for strong complementary product lines which we may enter through new product development or acquisition; The Company’s goal to extend brand name recognition to enhance the success of new boat models that complement our existing offerings; The Company’s goal to improve sales and profits by increasing the utilization of our manufacturing capacity; The Company’s strategy to monitor the activities and financial condition of our dealers and of the third-party floor plan lenders who finance our dealers’ inventories; the Company’s goal to maximize stockholder return by optimizing the balance of cash invested in the Company’s productive assets, the payment of dividends to stockholders, and the repurchase of the Company’s common stock on the open market; the Company’s goal to align the interests of our management and stockholders; the Company’s plans to consider making strategic acquisitions; the Company’s belief that its facilities comply in all material aspects with the regulations of the EPA and OSHA; the Company’s belief that currently, no material expenditure will be required to comply with existing environmental or safety regulations; the Company’s belief that its health care program improves employee well-being by facilitating access to healthcare; the Company’s belief that, except for the Chaparral and Robalo trademarks, it is not dependent upon any single trademark or trade name or group of trademarks or trade names; the Company’s belief that quarterly operating results for the second quarter traditionally record the highest sales volume for the year because this corresponds with the highest retail sales volume period, that the fourth quarter similarly often records the lowest sales volume, and the implication that such traditional seasonal patterns may be expected to hold true in the future, although they may not; the Company’s belief that recent increases in interest rates has reduced retail demand for smaller boats, and that purchasers of smaller boats are more sensitive to increases in the cost of boat ownership, and that such rate increases also impact dealers and increase the Company’s costs due to the Company’s payment of a portion of dealer floor plan interest costs; the Company’s assessment that cost pressures have been eased due to recent declines in the price of many raw materials and increased availability of, and lowered cost of, transportation, and any implication that this trend may continue; the Company’s belief that the cost of boat ownership has risen enough to impact retail demand and that it will be more difficult in future to raise prices to compensate for any increased cost of raw materials and components that may occur in the future, thereby impacting future sales and profit margins; the Company’s belief that it maintains all requisite licenses and permits and is in compliance with all applicable federal, state and local regulations; the Company’s belief that the ultimate outcome of any litigation will

not have a material effect on its liquidity, financial condition or results of operations; the Company's plans to continue to monitor retail demand, the actions of its competitors, dealer inventory levels and the availability of dealer and consumer financing for the purchase of its products and to adjust its production levels as deemed appropriate; the Company's belief that strong retail demand for new recreational boats that began with the onset of the COVID-19 pandemic has subsided and stabilized in late 2023; Management's belief that year-over-year quarterly sales and profit comparisons will remain challenged in 2024; the Company's belief that consumers are returning to pre-pandemic, routine lifestyles, that rising interest rates are increasing costs of boat ownership and that higher interest rates may discourage potential customers from purchasing boats; the Company's goal that certain retail incentives and other allowances may attract more consumers; the Company's belief that its production levels align with current expected demand; the Company's belief that the average size of models the Company produces is increasing in response to evolving retail demand and its assessment that this trend will continue; the Company's intention to continue to focus on larger boats and expectations due to trends of consumer demand, higher associated price points, and higher margins; the expectation that supply chain disruptions and constraints that occurred following the COVID-19 pandemic will continue to be eased and that such disruptions and constraints will no longer impact production; the Company's belief that financial results during 2024 will depend on a number of factors, including economic trends, demand for discretionary products, the impact of interest rates on consumer financing options and dealer inventory carrying costs, the effectiveness of the Company's incentive programs, the success of new product launches, and the Company's ability to manage manufacturing costs in light of expected lower demand versus 2023; the Company's expectation that capital expenditures during 2024 will be approximately \$5.0 million; the Company's expectation that the reduction to its short-term cash incentive compensation expense will favorably impact future operating cash flows; the Company's belief that the risk that it will be obligated to repurchase dealer inventory will be mitigated by the value of the boats to be repurchased; the Company's belief that liquidity provided by existing cash, cash equivalents, its overall strong capitalization, cash generated by operations and the Company's ability to sell up to approximately \$150 million in shares of its common stock under the Company's shelf registration statement will provide sufficient capital to meet the Company's requirements for at least the next twelve months; the Company's belief that the fair value of its guarantee liability is immaterial, and its adjustments to the guarantee liability, which are ultimately based upon information provided by third party floor plan lenders; the Company's belief that despite its agreements with financial institutions, in certain situations, the Company may decide for business reasons to repurchase boats in excess of the contractual amounts outlined in such agreements; the Company's estimate of the amount and timing of future contractual obligations; the Company's judgments and estimates with respect to its critical accounting policies and estimates; the Company's expectation about the impact of new accounting pronouncements on the Company's consolidated financial statements; the Company's plans to continually improve and refine its internal controls; and the Company's expectation regarding market risk of its investment portfolio, including its intention to invest primarily in money market funds, that such funds are not subject to material interest rate risk,

and that it does not expect material changes to its market risk exposures or how those risks are managed.

The words "may," "should," "will," "expect," "believe," "anticipate," "intend," "plan," "seek," "project," "estimate," "aim," "continue," "continually," "could," "likely," "design," "strategies," "outlook," "trend," the negative of such terms and different forms thereof (e.g., different tenses or number or principle parts, as well as gerunds and other parts of speech such as adjectives, adverbs and nouns derived therefrom), and similar expressions used in this document that do not relate to historical facts are intended to identify forward-looking statements. Forward-looking statements also include any other statement that projects, indicates or implies future results, events, performance or achievements, and statements concerning future financial performance (including future sales, earnings or growth rates), descriptions of our ongoing business strategies or prospects (including but not limited to those set forth under "Management's Discussion and Analysis of Financial Condition and Results of Operations — Outlook" and "Business — Business Strategies"), and possible actions to be taken by us or our subsidiaries, as well as statements and descriptions of the assumptions that underlie or relate to such statements. Our forward-looking statements are based on certain assumptions and analyses made by our management in light of its experience and its perception of historical trends, current conditions, expected future developments and other factors it believes to be appropriate. We caution you that such statements are only predictions and not guarantees of future performance and that actual results, developments and business decisions may differ from those envisioned by the forward-looking statements.

Risk factors that could cause such future events not to occur as expected include the following: changes in global and/or national economic conditions, availability of credit and possible decreases in the level of consumer confidence impacting discretionary spending, business interruptions due to adverse weather conditions, increased interest rates, unanticipated changes in consumer demand and preferences, deterioration in the quality of Marine Products' network of independent boat dealers or availability of financing of their inventory, our ability to insulate financial results against increasing commodity prices, the impact of disruptions in current supplier relationships, our ability to purchase construction materials in sufficient quantities and quality, our ability to identify, complete or successfully integrate acquisitions or strategic alliances, competition from other boat manufacturers and dealers, our potential liability for personal injury and property damage claims, our ability to comply with environmental and other regulatory requirements, our dependence on our key personnel and the loss or interruption of the services of such personnel, risks related to cyber-attacks or other threats, as our operations are dependent on digital technologies and services, unanticipated disruptions to and constraints in supply chain for key components, and fluctuations in costs of key components such as engines, resins and fiberglass, and unanticipated changes to the Company's relationship with the American Boatbuilders Association, or disruptions in its supply from the ABA, Yamaha and/or Mercury Marine. We caution you that such statements are only predictions and not guarantees of future performance and that actual results, developments and business decisions may differ from those envisioned by the forward-looking statements. See section titled "Risk Factors" included in our Annual Report Form 10-K for a discussion of these and additional factors that may cause actual results to differ from our projections and plans.

## ITEM 1. BUSINESS

Marine Products manufactures fiberglass motorized boats distributed and marketed through its independent dealer network. Marine Products' product offerings include Chaparral sterndrive and outboard pleasure boats and Robalo outboard sport fishing boats.

### ORGANIZATION AND OVERVIEW

Marine Products is a Delaware corporation incorporated on August 31, 2000, in connection with a spin-off from RPC, Inc. (NYSE: RES) ("RPC"). Effective February 28, 2001, RPC accomplished the spin-off by contributing 100% of the issued and outstanding stock of Chaparral to Marine Products, a newly formed, wholly owned subsidiary of RPC, and then distributing the common stock of Marine Products to RPC stockholders.

Marine Products designs, manufactures and sells recreational fiberglass powerboats in the sport boat and sport fishing boat markets. The Company sells its products to a network of 203 domestic and 87 international independent authorized dealers. Marine Products' mission is to enhance its customers' boating experience by providing them with high quality, innovative powerboats. The Company intends to remain a leading manufacturer of recreational powerboats for sale to a broad range of consumers worldwide.

Chaparral was founded in 1965 in Ft. Lauderdale, Florida. Chaparral's first boat was a 15-foot tri-hull design with a retail price of less than \$1,000. Over time Chaparral grew by offering exceptional quality and consumer value. In 1976, Chaparral moved to Nashville, Georgia, where a manufacturing facility of a former boat manufacturing company was available for purchase. This provided Chaparral an opportunity to obtain additional manufacturing space and access to a trained workforce. With over 58 years of boatbuilding experience, Chaparral continues

to expand the range of its offerings through insightful, innovative product design and quality manufacturing processes in order to reach an increasingly discerning recreational boating market.

The Company manufactures Chaparral sterndrive pleasure boats including SSi and SSX models, and the Chaparral Surf Series. The Company also manufactures Chaparral outboard pleasure boats which include OSX Luxury Sportboats and SSi outboard models. Marine Products' Chaparral brand was the second largest manufacturer of sterndrive boats in lengths from 21 to 34 feet during the 12-month period ended September 30, 2023 and its share of the market during this period was approximately 26.9%.

In addition to the outboard models manufactured by Chaparral, the Company also manufactures Robalo outboard sport fishing boats. Robalo was founded in 1969 and its first boat was a 19-foot center console salt-water fishing boat, among the first of this type of boat to have an "unsinkable" hull. The models manufactured under the Robalo name include center consoles, dual consoles and Cayman Bay Boats.

The most recent available industry statistics [source: Statistical Surveys, Inc. report dated September 30, 2023] indicate that Robalo is the third largest manufacturer of outboard boats in lengths from 18 to 36 feet in the United States with a market share of 4.5%. Additionally, Marine Products, with the combination of Robalo and Chaparral outboards, holds the third highest position in the outboard market of this size range, with a market share of 6.2%.

## PRODUCTS

Marine Products distinguishes itself by offering a wide range of products to the family recreational markets through its Chaparral brands and to the sport fishing market through its Robalo brands.

The following table provides a brief description of our product lines and their particular market focus:

Product Line	Number of Models	Overall Length	Approximate Retail Price Range	Description
Chaparral – SSi Sport Boats	7	19' – 23'	\$48,000 – \$107,000	Fiberglass sterndrive and outboardpowered sport boats marketed as high value runabout for smaller to larger groups. Design features include handling of a runabout, style of a sportboat and open concept layout. Select models offer Ski & Fish options to meet specific needs. All marketed with national fixed retail prices.
Chaparral – SSX Sport Boats	5	24' – 34'	\$128,000 – \$564,000	Fiberglass sterndrive and outboard powered models that combine features of sportboats and bowriders. Marketed as high value, luxury runabouts for family groups.
Chaparral – Surf Series	5	21' – 30'	\$76,000 – \$338,000	This model line features a forward-facing sterndrive engine. Fiberglass multipurpose bowriders, the Surf Series models are marketed to both experienced and value-conscious buyers. These boats are designed to enhance the wake of the boat to accommodate the popular sport of wake surfing.
Chaparral – OSX Sport Boats	4	25' – 30'	\$140,000 – \$483,000	Fiberglass, multipurpose sport boats with outboard power featuring plentiful seating and entertaining areas, cabin and bathroom accommodations, excellent performance, and luxury finishes.
Robalo – Center Consoles	11	18' – 36'	\$46,000 – \$654,000	Fiberglass outboard sport fishing boats for large freshwater lakes or saltwater use. Marketed to experienced fishermen seeking family-friendly amenities. Smaller models include a trailer, and all models are marketed with national fixed retail prices. The Explorer series features extra seating options.
Robalo – Cayman Bay Boats	6	20' – 26'	\$55,000 – \$227,000	Fiberglass outboard powered sport fishing boats for large freshwater lakes or coastal saltwater use. Marketed to experienced fishermen wanting inshore and offshore capabilities. All models marketed with a trailer at national fixed retail prices.
Robalo – Dual Consoles	2	20' – 31'	\$61,000 – \$363,000	Multi-purpose fiberglass outboard powered sport fishing boats for large freshwater lakes or saltwater use. Marketed with national fixed retail prices to experienced fishermen and families looking for both fishing and cruising features.

## MANUFACTURING

Marine Products' manufacturing facilities located in Nashville, Georgia are utilized to manufacture interiors, design new models, create fiberglass hulls and decks, and assemble various end products. Quality control is conducted throughout the manufacturing process. When fully assembled and inspected, the boats are loaded onto either Company-owned trailers or third-party marine transport trailers for delivery to dealers. The manufacturing process begins with the design of a product to meet dealer and customer needs. Plugs are constructed in the research and development phase from designs. Plugs are used to create a mold from which prototype boats can be built. Adjustments are made to the plug design until acceptable parameters are met. The final plug is used to create the necessary number of production molds. Molds are used to produce the fiberglass hulls and decks. Fiberglass components are made by applying the outside finish or gel coat to the mold, then numerous layers of fiberglass and resin are applied during the lamination process over the gel coat. After curing, the hull and deck are removed from the molds and are trimmed and prepared for final assembly, which includes the installation of electrical and plumbing systems, engines, upholstery, accessories and graphics.

## PRODUCT WARRANTY

For our Chaparral and Robalo products, Marine Products provides a lifetime limited structural hull warranty and a transferable one-year limited warranty to the original owner. Chaparral also includes a five-year limited structural deck warranty. Warranties for additional items are provided for periods of one to five years and are not transferable. Additionally, as it relates to the first subsequent owner, a five-year transferable hull warranty and the remainder of the original one-year limited warranty on certain components are available. The five-year transferable hull warranty terminates five years after the date of the original retail purchase. Claim costs related to components are generally absorbed by the original component manufacturer. The manufacturers of the engines, generators, and navigation electronics included on our boats provide and administer their own warranties for various lengths of time.

## SUPPLIERS

Marine Products' three most significant cost components used in manufacturing its boats are engines, resins and fiberglass. For each of these, there is currently an adequate supply available in the market. While supply chains were constrained following the COVID-19 pandemic, by late 2022, many shortages and delays began to ease.

Marine Products does not manufacture the engines installed in its boats. Engines are generally specified by the dealers at the time of ordering a boat, usually based on anticipated customer preferences or actual customer orders. Sterndrive engines are purchased through the American Boatbuilders Association ("ABA"), which has engine supply arrangements with Mercury Marine and Volvo Penta, the two currently existing suppliers of sterndrive engines. These arrangements contain incentives and discount provisions, which may reduce the cost of the engines purchased, if specified purchase volumes are met during specified periods

of time. Although no minimum purchases are required, Marine Products expects to continue purchasing sterndrive engines through the ABA on a voluntary basis in order to receive volume-based purchase discounts. Marine Products does not have a long-term supply contract with the ABA. Marine Products has outboard engine supply contracts with Yamaha and Mercury Marine which were not negotiated through the ABA. In the event of a sudden and extended interruption in the supply of engines from any of these suppliers, our sales and profitability could be negatively impacted. See Item 1A "Risk Factors" below.

Marine Products uses other raw materials in its manufacturing processes. Among these are resins, made from hydrocarbon feedstocks, as well as copper and steel. The costs of these commodities fluctuate in response to changes in global economic conditions.

## SALES AND DISTRIBUTION

Domestic sales are generated through our independent dealer network of approximately 64 Chaparral dealers, 49 Robalo dealers and 90 dealers that sell both brands located in markets throughout the United States. Marine Products also has 87 international dealers. Most of our dealers also inventory and sell boat brands manufactured by other companies, including some that compete directly with our brands. The territories served by any dealer are not exclusive to the dealer; however, Marine Products uses discretion in establishing relationships with new dealers in an effort to protect the mutual interests of the existing dealers and the Company. Marine Products' six independent field sales representatives call upon existing dealers and develop new dealer relationships. The field sales representatives are directed by a National Sales Coordinator, who is responsible for developing the dealer distribution network for the Company's products. No single dealer accounted for 10% or more of net sales during 2023, 2022 or 2021. The marketing of boats to retail customers is primarily the responsibility of the dealer. Marine Products supports dealer marketing efforts by supplementing local advertising, sales and marketing follow up in boating magazines, and participation in selected regional, national, and international boat show exhibitions. In addition, Marine Products has developed virtual marketing programs which include online product demonstrations and virtual reality software and hardware which promote the features of its products.

Marine Products continues to seek new dealers in many areas throughout the U.S., Canada, Europe, South America, Asia, and the Middle East. In general, Marine Products requires full payment in U.S. dollars prior to shipping a boat overseas. Consequently, there is no credit risk associated with these international sales or risk related to foreign currency fluctuation. The Company's international sales are affected by trends in consumer discretionary spending and the value of the U.S. dollar on global currency markets, among other things. During 2023, the Company's international net sales decreased 12.2% compared to 2022 due primarily to a decline in unit sales. International net sales as a percentage of total net sales were 5.9% in 2023, 6.7% in 2022, and 5.3% in 2021.

Marine Products' sales orders are indicators of strong interest from its dealers. Historically, dealers have in most cases taken delivery of all their orders. In a typical ordering, production and delivery cycle,



the Company monitors dealer inventory levels in order to inform its production scheduling and to ensure that dealers do not hold excess inventory. During 2021 and 2022, however, extraordinarily high dealer and consumer demand combined with the Company's production delays resulting from supply chain disruptions caused dealer inventories to fall to historic lows. The combination of low inventory levels and high demand through the first half of 2023 forced the Company to allocate its production to dealers to fulfill as many orders as possible and rebuild dealer inventories. Beginning in the second half of 2023, demand moderated and inventories were fully replenished. The Company continues to assess demand and dealer inventories to manage production levels.

Approximately 71% of Marine Products' domestic shipments are made pursuant to "floor plan financing" programs in which Marine Products' subsidiaries participate on behalf of their dealers with major third-party financing institutions. The remaining dealers finance their boat inventory with smaller regional financial institutions in local markets or self-finance. Under these established arrangements with qualified lending institutions, a dealer establishes a line of credit with one or more of these lenders for the purchase of boat inventory for sales to retail customers in their showroom or during boat show exhibitions. In general, when a dealer purchases and takes delivery of a boat pursuant to a floor plan financing arrangement, it draws against its line of credit and the lender pays the invoice cost of the boat directly to Marine Products generally within ten business days. When the dealer in turn sells the boat to a retail customer, the dealer repays the lender, thereby restoring its available credit line. Each dealer's floor plan credit facilities are secured by the dealer's inventory, letters of credit, and perhaps other personal and real property. In connection with a dealer's floor plan financing arrangements with a qualified lending institution, Marine Products or its subsidiaries have agreed to repurchase inventory which the lender repossesses from a dealer and returns to Marine Products in a "new and unused" condition subject to normal wear and tear, as defined. The contractual agreements that Marine Products or its subsidiaries have with these qualified lenders contain the Company's assumption of specified percentages of the debt obligation on repossessed boats, up to certain contractually determined dollar limits negotiated with the lender.

The Company currently has an agreement with one of the floor plan lenders whereby the contractual repurchase limit is based on the highest of the following criteria: (i) a specified percentage of the amount of the average net receivables financed by the floor plan lender for our dealers, (ii) the total average net receivables financed by the floor plan lender for our two highest dealers during the prior three month period, or (iii) \$8.0 million, less repurchases during the prior 12 month period. As defined by the agreement, the repurchase limit for this lender was \$18.9 million as of December 31, 2023. The Company has contractual repurchase agreements with additional lenders with an aggregate maximum repurchase obligation of \$7.7 million, with various expiration and cancellation terms of less than one year. Accordingly, the aggregate repurchase obligation with all financing institutions was approximately \$26.6 million as of December 31, 2023. In the event that a dealer defaults on a credit line, the qualified lender may then invoke the manufacturer's repurchase obligation with respect to that dealer. In that event, all repurchase agreements of all manufacturers supplying a defaulting dealer are generally invoked regardless of the boat or boats with

respect to which the dealer has defaulted. Unlike Marine Products' obligation to repurchase boats repossessed by qualified lenders, Marine Products is under no obligation to repurchase boats directly from dealers. Marine Products does not sponsor financing programs to the retail consumer; any consumer financing promotions for a prospective boat purchaser would be the responsibility of the dealer.

Marine Products offers both dealer and retail sales incentive programs generally designed to promote early replenishment of the stock in dealer inventories depleted throughout the prime spring and summer selling seasons, and to promote the sales of older models in dealer inventory and particular models during specified periods. These programs help to stabilize Marine Products' manufacturing between the peak and off-peak periods and promote sales of certain models. For the 2024 model year (which commenced July 1, 2023), Marine Products offered its dealers several sales incentive programs based on dollar volume and timing of dealer purchases. With regard to retail incentives, the Company initiated promotional programs during the fourth quarter of 2023. While retail incentives were limited from 2020 to 2022 due to high post-COVID-19 demand, the normalization of retail demand has prompted the Company to return to traditional retail incentive programs to stimulate sales.

We believe that dealer inventories of our boat models as of December 31, 2023 are sufficient to meet the current level of retail customer demand. The sales order backlog as of December 31, 2023 was 1,243 boats with estimated net sales of approximately \$92.3 million. This represents an approximate 20.7 week backlog based on recent production levels. The sales order backlog as of December 31, 2022 was 1,544 boats with estimated net sales of approximately \$115.0 million. This represented an approximate 16.6 week backlog based on production levels at that time. The Company will continue to monitor the number of boats in dealer inventories and adjust its production levels as it deems necessary to manage dealer inventory levels. The Company typically does not manufacture a significant number of boats for its own inventory. The Company occasionally manufactures boats for its own inventory because the number of boats required for immediate shipment is not always the most efficient number of boats to produce in a given production schedule.

## RESEARCH AND DEVELOPMENT

Marine Products has been a leading innovator in the recreational boating industry. One of the Company's most innovative designs is the full-length "Extended V-Plane" running surface on its Chaparral boat models. Typically, sterndrive boats have a several foot gap on the bottom rear of the hull where the engine enters the water. With the Extended V-Plane, the running surface extends the full length to the rear of the boat. The benefit of this innovation is more deck space, better planing performance and a more comfortable ride. Although the basic hull designs are similar, the Company has historically introduced a variety of new models each year and periodically replaces, updates or discontinues existing models.

Another hull design is the Hydro Lift™ used on the Robalo boat models. This variable dead rise hull design provides a smooth ride in rough water conditions. It increases the maximum speed obtainable by a given engine horsepower and weight of the boat. Robalo's current models utilize the Hydro Lift™ design and we plan to continue to provide this design on Robalo models.

A proprietary and patented feature available on many Chaparral sterndrive models is the Infinity Power Step™. This mechanical feature allows a portion of the stern to automatically descend underwater, creating a “step-down” staircase effect, giving boaters the ability to step down from the stern into the water. The step also functions as seating, creating a semi-submerged bench.

In support of its new product development efforts, Marine Products incurred research and development costs of \$757 thousand in 2023, \$437 thousand in 2022, and \$776 thousand in 2021.

## INDUSTRY OVERVIEW

The recreational marine market in the United States is a mature market, with 2022 retail expenditures of approximately \$59.3 billion spent on new and used boats, motors and engines, trailers, accessories and other associated costs as estimated by the National Marine Manufacturers Association (“NMMA”).

There are currently approximately 16 million recreational boats owned in the United States, including outboard, inboard, sterndrive, jet drive, sailboats and personal watercraft. Marine Products competes in the sterndrive boating category with three lines of Chaparral boats and in the outboard category with its Robalo sport fishing boats, Chaparral OSX Sport Luxury, and selected Chaparral SSi models. Management believes that the five largest states for boat sales at the present time are Florida, Texas, Michigan, North Carolina and Minnesota. Marine Products has dealers in each of these states.

Industry retail sales of new outboard boats in the United States during 2023 totaled 41,357 units and accounted for approximately 72% of the total new fiberglass powerboats sold between 18 and 36 feet in hull length. Retail sales of new outboard boats had an estimated total retail value of \$3.7 billion, with an average retail price per unit of approximately \$89,000. Approximately 63% of the Company’s unit sales to dealers in 2023 were outboard boats compared to 58% in 2022. Retail sales of new sterndrive boats in the United States during 2023 totaled 5,830 units and accounted for approximately 10% of the total new fiberglass powerboats sold in the 21 to 34 feet hull length. Retail sales of new sterndrive boats had an estimated total retail value of \$900 million, with an average retail price per unit of approximately \$154,000. Approximately 37% of the Company’s unit sales to dealers in 2023 were sterndrive boats compared to 42% in 2022.

The table below reflects the estimated annual sales within the recreational marine market segment by category for 2023 and 2022 (source: Info-Link Technologies, Inc.):

	2023		2022	
	Boats	Sales (\$ B)	Boats	Sales (\$ B)
Sterndrive Boats	5,830	\$ 0.9	6,552	\$ 0.9
Outboard Boats	41,357	3.7	47,099	3.7
Inboard Boats	10,093	1.7	12,465	2.0
<b>Total</b>	<b>57,280</b>	<b>\$ 6.3</b>	66,116	\$ 6.6

Chaparral’s products are categorized as sterndrive boats and outboard boats, and Robalo’s products are categorized as outboard boats. Industry-wide sterndrive boat unit sales have declined steadily during the last three years.

The recreational boat manufacturing market remains highly fragmented, although some publicly traded companies own a diversified group of recreational boat brands. We estimate that the boat manufacturing industry includes fewer than 15 sterndrive manufacturers and approximately 75 outboard boat manufacturers with significant unit production, with a large number representing small, privately held companies with varying degrees of professional management and manufacturing skill. According to estimates provided by Statistical Surveys, Inc. during the latest reported period ended September 30, 2023, the top five outboard model manufacturers, which includes Marine Products Corporation’s brands, have a combined market share of approximately 36%, consistent with the same period in the prior year. Also, according to Statistical Surveys, Inc., the top five sterndrive model manufacturers, which includes Marine Products’ Chaparral brand, have a combined market share of approximately 85%, compared to 82% during the same period in the prior year. Chaparral’s market share in sterndrive units during this period was approximately 26.9%, compared to 25.2% in the same period in the prior year.

Several factors influence sales trends in the recreational boating industry, including general economic growth, consumer confidence, household incomes, the availability and cost of financing for our dealers and customers, weather, fuel prices, tax laws, demographics and consumers’ leisure time. As noted elsewhere, consumer demand began to increase significantly during the second quarter of 2020 as the COVID-19 pandemic encouraged American consumers to seek safe outdoor activities involving a limited number of people. Also, the value of residential and vacation real estate in coastal and recreational areas influences recreational boat sales. The most recent NMMA surveys indicate that many past boating participants do not currently participate in boating because of high costs and a lack of leisure time. The increases in the cost of certain components, international tariffs, operating costs, and the impact of environmental regulation have increased the cost of boats and boat ownership in recent years, and these trends may continue. Competition from other leisure and recreational activities for available leisure time can also affect sales of recreational boats.

Management believes Marine Products is well positioned to take advantage of the following conditions, which continue to characterize the industry:

- > labor-intensive manufacturing processes that remain largely unautomated;
- > increasingly strict environmental standards derived from governmental regulations and customer sensitivities;
- > a lack of focus on coordinated customer service and support by dealers and manufacturers; and
- > a lack of financial strength among retail boat dealers and many manufacturers.

## BUSINESS STRATEGIES

Recreational boating is a mature industry. According to Info-Link Technologies, Inc., retail sales of new powerboats of all types decreased at a compounded annual rate of approximately 6.3% between 2019 and 2023. The Company has historically aimed to grow its boat sales, net sales and market share by differentiating our product lines through industry-leading feature innovations and designs.

We manage our Company by focusing on the execution of the following business and financial strategies:

- > Manufacturing and marketing high-quality, stylish, and innovative powerboats for our dealers and retail consumers which are competitive in the market,
- > Coordinating a complex supply chain to ensure that raw materials and parts used in manufacturing our products are delivered on a timely basis,
- > Leveraging our buying power through economies of scale and achieving improved pricing on engines, fiberglass, resin and many other components,
- > Increasing market share by expanding dedicated sales, marketing and distribution systems; Marine Products has a distribution network of approximately 290 independent dealers, to whom we provide sales education, technical training, and other support to enhance their effectiveness and success, and their customers' satisfaction and retention,
- > Providing promotional and incentive programs to help dealers increase sales and customer satisfaction,
- > Maintaining a nationally advertised fixed retail pricing strategy on certain of our models, which we believe gives consumers confidence that they are getting the best possible price and encourages consistent pricing across our dealer network,
- > Managing our production and dealer order backlog to optimize operating results and reduce risk in the event of a downturn in sales of our products; the Company's operations leaders use our order backlog to align production levels with expected demand, ensuring efficient cost management and productivity,
- > Maintaining a flexible, variable cost structure which can be reduced quickly when deemed appropriate,
- > Designing our products and marketing strategies to create a positive, memorable experience for our customers, within an evolving environment which calls for the increased use of technology to conduct virtual marketing and product demonstrations,
- > Monitoring the recreational boat market for strong complementary product lines which we may enter through new product development or acquisition,
- > Extending our brand name recognition to enhance the success of new boat models that complement our existing offerings,
- > Improving our sales and profits by increasing the utilization of our manufacturing capacity,

- > Monitoring the activities and financial condition of our dealers and of the third-party floor plan lenders who finance our dealers' inventories,
- > Exploring potential acquisitions that could increase our scale, expand our product line and brand portfolio, and deliver attractive financial returns,
- > Maximizing stockholder return by optimizing the balance of cash invested in the Company's productive assets, the payment of dividends to stockholders, and the repurchase of the Company's common stock on the open market, and
- > Aligning the interests of our management and stockholders.

In executing these strategies and attempting to optimize our financial returns, management closely monitors dealer orders and inventories, the production mix of various models, and indications of near term demand such as consumer confidence, evolving customer preferences for socially distanced recreational activities, interest rates, dealer orders placed at our annual dealer conferences, and retail attendance and orders at annual winter boat show exhibitions and through virtual marketing events. We also consider trends related to certain key financial and other data, including our historical and forecasted financial results, market share, unit sales of our products, average selling price per boat, and gross profit margins, among others, as indicators of the success of our strategies. Marine Products' financial results are affected by consumer confidence and preferences, because pleasure boating is a discretionary expenditure and consumers have many competing activities for their leisure time. Pleasure boating is also impacted by interest rates, the availability of financing and shifting consumer preferences towards safe activities which do not involve large crowds.

A component of Marine Products' overall strategy is to consider making strategic acquisitions which complement existing product lines, expand its geographic presence in the marketplace and strengthen its capabilities depending upon availability, price and complementary product lines. We periodically review potential acquisition targets.

## COMPETITION

The recreational boat industry is highly fragmented, resulting in intense competition for customers, dealers and boat show exhibition space. There is significant competition both within markets we currently serve and in new markets that we may enter. Marine Products' brands compete with several large national or regional manufacturers that have substantial financial, marketing and other resources. However, we believe that our corporate infrastructure and marketing and sales capabilities, in addition to our financial strength, and our nationwide presence, enable us to compete effectively against these companies. In each of our markets, Marine Products competes on the basis of responsiveness to customer needs, the quality and range of models offered, and the competitive pricing of those models. Additionally, Marine Products faces general competition from all other recreational businesses seeking to attract consumers' leisure time and discretionary spending dollars.

According to Statistical Surveys, Inc., the following is a list of the top ten (largest to smallest) outboard boat manufacturers in the United States based on retail unit sales in 2023. According to Statistical Surveys, Inc., the companies set forth below represent approximately 55% of all United States retail outboard boat sales with hull lengths of 18 to 36 feet for the 12-month period ended September 30, 2023 (latest data available to us).

1. Brunswick Corporation<sup>1</sup>
2. Sea Hunt Boats
3. Marine Products Corporation<sup>2</sup>
4. Malibu Boats, Inc.
5. Key West
6. White River Marine Group
7. Sportsman Boats
8. Carolina Skiff
9. Grady-White
10. Tidewater

The sterndrive engine powered market encompasses a wide variety of boats, accounting for approximately 10% of traditional powerboat retail unit sales during 2023. Primary competitors for Chaparral in the sterndrive market during 2023 included Cobalt<sup>3</sup>, Sea Ray<sup>4</sup>, Regal, Crownline and Monterey.

<sup>1</sup> Includes Bayliner, Boston Whaler and Sea Ray outboard units

<sup>2</sup> Includes Robalo and Chaparral outboard units

<sup>3</sup> Division or subsidiary of Malibu Boats, Inc.

<sup>4</sup> Division or subsidiary of Brunswick Corporation

## ENVIRONMENTAL AND REGULATORY MATTERS

Certain materials used in boat manufacturing, including the resins used to make the decks and hulls, are toxic, flammable, corrosive, or reactive and are classified by the federal and state governments as “hazardous materials.” Control of these substances is regulated by the Environmental Protection Agency (“EPA”) and state pollution control agencies, which require reports and facility inspections to monitor compliance with their regulations. The Occupational Safety and Health Administration (“OSHA”) standards limit the number of emissions to which an employee may be exposed without the need for respiratory protection or upgraded plant ventilation. Marine Products’ manufacturing facilities are regularly inspected by OSHA and by state and local inspection agencies and departments. Marine Products believes that its facilities comply in all material aspects with these regulations. We do not currently anticipate that any material expenditure will be required to continue to comply with existing environmental or safety regulations in connection with our existing manufacturing facilities.

Recreational powerboats sold in the United States must be manufactured to meet the standards of certification required by the United States Coast Guard. In addition, boats manufactured for sale in the European Community must be compliant with the International Organization for Standardization requirements which specify standards for the design and construction of powerboats. All boats sold by Marine Products meet these standards. In addition, safety of recreational boats is subject to federal regulation under the Boat Safety Act of 1971. The Boat Safety Act requires boat manufacturers

to recall products for replacement of parts or components that have demonstrated defects affecting safety. Marine Products has from time to time instituted recalls for defective component parts produced by other manufacturers. None of the recalls has had a material adverse effect on Marine Products.

The EPA has adopted regulations stipulating that many marine propulsion engines meet an air emission standard that requires fitting a catalytic converter to the engine. These regulations also require, among other things, that the engine manufacturer provide a warranty that the engine meets EPA emission standards. The engines used in Marine Products’ Chaparral and Robalo product lines are subject to these regulations. These regulations are similar to regulations adopted by the California Air Resources Board in 2007 but apply to all U.S. states and territories. These regulations have increased the cost to manufacture the majority of the Company’s boat products. Compliance with these EPA regulations has increased Marine Products’ cost and may also reduce Marine Products’ net sales, because the increased cost of owning a boat may force consumers to buy a smaller or less expensive boat.

## HUMAN CAPITAL

The table below shows the number of employees at December 31, 2023 and 2022:

At December 31,	2023	2022
Employees	690	935

The recreational boating industry is cyclical and therefore headcount is subject to change based on production levels which are a function of dealer and consumer demand. Beginning in the second half of 2023, the Company adjusted its production levels and employee headcount in response to lower dealer and retail demand. The Company’s key human capital management objectives are focused on fostering talent in the following areas:

**Diversity and Equality** – The Company’s workforce reflects the diversity of the community in which it operates. Our dedicated team of employees work toward a common purpose. We provide employment in a small community which we have supported as the largest employer since 1976 under the same management. Our company is strong in its values, relationships and consistency in management. The Board of Directors has a human capital and compensation committee that, among other things, monitors compliance with applicable non-discrimination laws related to race, gender and other protected classes. The Committee provides quarterly reports to the Board, including discussion of any significant compliance matters.

**Development and Training** – The Company’s management team and all its employees are expected to exhibit and promote honest, ethical and respectful conduct in the workplace. We have implemented and maintained a corporate compliance program to provide guidance for everyone associated with the Company, including its employees, officers and directors (the “Code”). Annual review of the Code is required, and the Code prohibits unlawful or unethical activity, including discrimination, and directs our employees, officers, and directors to avoid actions that, even if not unlawful or unethical, might create an appearance of illegality or impropriety. In addition, the Company provides annual training for preventing, identifying, reporting and stopping any type of unlawful discrimination.

**Employee Retention** – Marine Products monitors voluntary employee turnover and reports these statistics to senior operational management. From time to time, the Company has rewarded employee tenure through various bonus programs for its hourly employees based on attendance and job performance.

**Compensation and Benefits** – The Company focuses on attracting and retaining employees by providing compensation and benefit packages that are competitive in the market, taking into account the location and responsibilities of the job. We provide competitive financial benefits such as a 401(k) retirement plan with a company match, and generally grant awards of restricted stock for certain of our salaried employees.

The Company provides a health insurance option that includes a local primary care physician who provides immediate care or medical consultation to its employees at a reduced or no cost, as well as certain maintenance medications at a reduced or no cost. Under this program, an employee with a health concern visits the physician's office, which is close to our manufacturing facilities, and either receives care or is referred to another facility for testing or additional care. We believe that this program improves employee well-being by facilitating their access to health care.

**Safety** – Marine Products monitors several safety measures and reports them to senior operational management on a regular basis. Management reviews safety incidents, and the Company works to remediate operational issues that may be potential causes of any frequent incidents. In addition, the Company awards safety bonuses to the drivers of its company-owned vehicles based on their driving records.

## PROPRIETARY MATTERS

Marine Products owns several trademarks, trade names and patents that it believes are important to its business. Except for the Chaparral and Robalo trademarks, Marine Products is not dependent upon any single trademark or trade name or group of trademarks or trade names. The Chaparral and Robalo trademarks are currently registered in the United States. The current duration for such registration ranges from seven to 15 years but each registration may be renewed an unlimited number of times.

## SEASONALITY

Marine Products' quarterly operating results are affected by weather and general economic conditions. Quarterly operating results for the second quarter traditionally record the highest sales volume for the year because this corresponds with the highest retail sales

volume period. For similar reasons, quarterly operating results for the fourth quarter often record the lowest sales volume for the year. The results for any quarter are not necessarily indicative of results to be expected in any future period.

## INFLATION

New boat buyers typically finance their purchases. The Company believes that the recent increase in interest rates (which is generally linked to higher inflation) has reduced retail demand for smaller boats, since purchasers of smaller boats are typically more sensitive to increases in the cost of boat ownership. Higher interest rates also impact our dealers, as their boat purchases are financed and they bear much of the carrying costs of holding inventories. Lastly, the Company incurs higher costs from rising interest rates because we often pay a portion of dealer floor plan interest costs.

During 2021 and 2022, inflation in the general economy had increased to its highest level in more than 40 years due to economic growth following the COVID-19 pandemic, labor shortages, supply chain constraints, and U.S. fiscal policy. As a result, the market prices of the raw materials and components used by the Company's manufacturing processes increased during these periods. In response to historically high consumer demand as well as higher raw materials and components costs, the Company increased the prices for its products. During 2023 prices of many raw materials used in the Company's manufacturing processes began to decline, and transportation became more available and less expensive, thus easing the Company's cost pressures. However, the Company believes the cost of boat ownership has risen enough to impact retail demand. Therefore, it will be more difficult to raise prices in the future to compensate for increased costs of raw materials and components, which could impact the Company's sales and profit margins.

## AVAILABILITY OF FILINGS

Marine Products makes available free of charge on its website, MarineProductsCorp.com, the annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports on the same day as they are filed with the Securities and Exchange Commission.

## ITEM 1A.

### RISK FACTORS

#### RISKS RELATED TO OUR BUSINESS

***Economic Conditions, Availability of Credit and Consumer Confidence Levels Affect Marine Products' Sales Because Marine Products' Products are Purchased with Discretionary Income.***

During an economic recession or when an economic recession is perceived as a threat, Marine Products will be adversely affected as consumers have less discretionary income or are more apt to save their discretionary income rather than spend it. During times of global political or economic uncertainty, Marine Products will be negatively affected to the extent consumers forego or delay large discretionary purchases pending the resolution of those uncertainties. Historical volatility in the prices and financial returns of investments and residential real estate may force consumers to delay retirement, or to choose more modest lifestyles when they do retire. In such a case, consumers may not purchase boats, may purchase boats later in their lives, or may purchase smaller or less expensive boats. Tight lending and credit standards, which until recently have been in use by lenders in the United States, can make loans for boats harder to secure, and such loans may carry unfavorable terms, which may force consumers to forego boat purchases. These factors have also resulted in the past, and may continue to result in the future, in a reduction in the quality and number of dealers upon which Marine Products relies to sell its products.

***Marine Products Relies Upon Third-Party Dealer Floor Plan Lenders Which Provide Financing to its Network of Independent Dealers.***

Marine Products sells its products to a network of independent dealers, most of whom rely on one or more third-party dealer floor plan lenders to provide financing for their inventory prior to its sale to retail customers. In general, this source of financing is vital to Marine Products' ability to sell products to its dealer network. While dealer floor plan credit is currently available for many of our dealers during the 2024 model year, the Company's sales and profitability could be adversely affected in the event of a decline in floor plan financing availability, or if financing terms change unfavorably.

***Interest Rates and Fuel Prices Affect Marine Products' Sales.***

The Company's products are often financed by our dealers and the retail boat consumers. Higher interest rates increase the borrowing costs and, accordingly, the cost of doing business for dealers and the cost of boat ownership for consumers. Fuel costs can represent a large portion of the costs to operate our products. Therefore, higher interest rates and fuel costs can adversely affect consumers' decisions relating to recreational boating purchases.

***Marine Products' Dependence on its Network of Independent Boat Dealers May Affect its Operating Results and Sales.***

Virtually all Marine Products' sales are derived from its network of independent boat dealers. Marine Products has no long-term agreements with these dealers. Competition for dealers among

recreational powerboat manufacturers continues to increase based on the quality of available products, the price and value of the products, and attention to customer service, and individual dealers frequently also sell boats manufactured by our competitors. The Company faces intense competition from other recreational powerboat manufacturers in attracting and retaining independent boat dealers. The number of independent boat dealers supporting the Chaparral and Robalo trade names and the quality of their marketing and servicing efforts are essential to Marine Products' ability to generate sales. A deterioration in the number of Marine Products' network of independent boat dealers could have a material adverse effect on its boat sales. Marine Products' inability to attract new dealers and retain those dealers, or its inability to increase sales with existing dealers, could substantially impair its ability to execute its business plans. Although Marine Products' management believes that the quality of its products and services in the recreational boating market should permit it to maintain its relationship with its dealers and its market position, there can be no assurance that Marine Products will be able to sustain its current sales levels.

***Marine Products' Financial Condition and Operating Results may be Adversely Affected by Boat Dealer Defaults.***

The Company's products are sold through independent dealers and the financial health of these dealers is critical to the Company's continued success. The Company's results can be negatively affected if a dealer defaults because Marine Products or its subsidiaries may be contractually required to repurchase inventory up to certain limits, although for business reasons, the Company may decide to purchase additional boats in excess of this contractual obligation.

***Marine Products' Sales are Affected by Weather Conditions, Which May Involve Long-term Impact from Global Warming.***

Marine Products' business is subject to weather patterns that may adversely affect its sales. For example, drought conditions, or merely reduced rainfall levels, or excessive rain, may close 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 some locations. Hurricanes and other storms could cause disruptions of our operations or damage to our boat inventories and manufacturing facilities.

***Marine Products' Single Operational Location Creates Risk for its Sales, Profits and the Value of its Assets.***

Marine Products' manufacturing operations are conducted in a single location in Nashville, Georgia. To support our operations, several of our suppliers have also established facilities close to our manufacturing facility to provide timely delivery of fabricated components. Catastrophic weather, civil unrest, natural disasters or other unanticipated events beyond our control may disrupt both our and our suppliers' ability to conduct manufacturing operations or transport our finished boats to our dealer network. We do not own or have access to alternate manufacturing locations. In the event of such events or conditions, we may incur damage to our work-in-process

and finished goods inventory and will incur impairment charges to the value of that inventory. Furthermore, our sales and profits may be adversely affected during and immediately after such events or conditions due to our inability to manufacture and deliver boats to our dealer network.

***Marine Products Encounters Intense Competition Which Affects our Sales and Profits.***

The recreational boat industry is highly fragmented, resulting in intense competition for customers, dealers and boat show exhibition space. This competition affects both the markets which we currently serve and new markets that we may enter in the future. We compete with several large national or regional manufacturers that have substantial financial, marketing and other resources.

***Because Marine Products Relies on Third-party Suppliers, Marine Products may be Unable to Obtain Adequate Raw Materials, Engines and Components at Reasonable Prices or at All, Which Could Increase our Working Capital Requirements and Adversely Affect Sales and Profit Margins.***

Marine Products is dependent on third-party suppliers to provide raw materials, engines and components essential to the construction of its various powerboats. Especially critical are the availability and cost of marine engines and commodity raw materials used in the manufacture of Marine Products' boats. Marine Products has three suppliers for the three types of engines it purchases. While Marine Products' management believes that supplier relationships currently in place are sufficient to provide the engines and materials necessary to meet present production demands, there can be no assurance that these relationships will continue, that these suppliers will remain in operation or that the quantity or quality of materials available from these suppliers will be sufficient to meet Marine Products' future needs. Disruptions in current supplier relationships or the inability of Marine Products to continue to purchase construction materials in sufficient quantities and of sufficient quality at acceptable prices to meet ongoing production schedules could cause a decrease in sales or a sharp increase in the cost of goods sold. Additionally, because of this dependence, the volatility in commodity raw materials or current or future price increases in production materials or the inability of Marine Products' management to purchase engines and materials required to execute its growth and acquisition strategies could reduce the number of boats Marine Products may be able to produce for sale or cause a reduction in Marine Products' profit margins.

As noted, we rely on third parties to supply a number of raw materials used in our manufacturing processes. Prices for these raw materials fluctuate, often unpredictably, due to market forces beyond our control. When prices of these raw materials increase, we attempt to preserve our profit margins by increasing the prices of our products. There is no assurance that we will be able to increase the prices of our products and preserve our profitability in the event of future inflation and cost increases.

***Marine Products may be Unable to Identify, Complete or Successfully Integrate Acquisitions.***

Marine Products intends to pursue acquisitions and form strategic alliances that will enable Marine Products to acquire complementary skills and capabilities, offer new products, expand its customer base, and obtain other competitive advantages. There can be no assurance, however, that Marine Products will be able to successfully identify suitable acquisition candidates or strategic partners, obtain financing on satisfactory terms, complete acquisitions or strategic alliances, integrate acquired operations into its existing operations, or expand into new markets. Once integrated, acquired operations may not achieve anticipated levels of sales or profitability, or otherwise perform as expected. Acquisitions also involve special risks, including risks associated with unanticipated problems, liabilities and contingencies, diversion of management resources, and possible adverse effects on earnings and earnings per share resulting from increased interest costs, the issuance of additional securities, and difficulties related to the integration of the acquired business. The failure to integrate acquisitions successfully may divert management's attention from Marine Products' existing operations and may damage Marine Products' relationships with its key dealers and suppliers.

***Increasing Expectations from Customers, Investors and Other Stakeholders Regarding Our Environmental, Social and Governance (ESG) Practices may affect Our Business, may Create Additional Costs for us, or Expose Us to Related Risks.***

Many companies are receiving greater attention from stakeholders regarding their ESG practices, as well as their oversight of relevant ESG issues. The various stakeholders are placing growing importance on our potential environmental and social issue risk exposure and the impact of our choices. This trend appears likely to continue. Increased focus on ESG and related decision-making may negatively impact us as customers, investors and other stakeholders may choose to not work with us or reallocate capital or decline to make an investment as a result of their assessment of our ESG practices. Companies that do not comport with, or do not adapt to, these evolving investor and stakeholder ESG-related expectations and standards, or that are assessed as not having responded appropriately to the growing focus on ESG matters, may have their brand and reputation harmed, and we or our stock price may be adversely affected even though we may be in full compliance with all relevant laws and regulations.

## RISK MANAGEMENT RISKS

### ***Marine Products Has Potential Liability for Personal Injury and Property Damage Claims.***

The products or services we sell may expose Marine Products to potential liabilities for personal injury or property damage claims relating to the use of those products. Historically, the resolution of product liability claims has not materially affected Marine Products' business. Marine Products maintains product liability insurance that it believes to be adequate. However, there can be no assurance that Marine Products will not experience legal claims in excess of its insurance coverage or that claims will be covered by insurance. Furthermore, any significant claims against Marine Products could result in negative publicity, which could cause Marine Products' sales to decline.

## REGULATORY RISKS

### ***If Marine Products is Unable to Comply with Environmental and Other Regulatory Requirements, its Business may be Exposed to Liability and Fines.***

Marine Products' operations are subject to extensive regulation, supervision and licensing under various federal, state and local statutes, ordinances and regulations. While Marine Products believes that it maintains all requisite licenses and permits and is in compliance with all applicable federal, state and local regulations, there can be no assurance that Marine Products will be able to continue to maintain all requisite licenses and permits and comply with applicable laws and regulations. The failure to satisfy these and other regulatory requirements could cause Marine Products to incur fines or penalties or could increase the cost of operations. The adoption of additional laws, rules and regulations could also increase Marine Products' costs.

The U.S. Environmental Protection Agency (EPA) has adopted regulations affecting many marine propulsion engines. This regulation has increased the cost of boats subject to the regulation, which may either reduce the Company's profitability or reduce sales.

As with boat construction in general, our manufacturing processes involve the use, handling, storage and contracting for recycling or disposal of hazardous or toxic substances or wastes. Accordingly, we are subject to regulations regarding these substances, and the misuse or mishandling of such substances could expose Marine Products to liability or fines.

Additionally, certain states have required or are considering requiring a license to operate a recreational boat. While such licensing requirements are not expected to be unduly restrictive, regulations may discourage potential first-time buyers, thereby reducing future sales.

## RISKS RELATED TO OUR LABOR FORCE

### ***Marine Products' Success Will Depend on its Key Personnel, and the Loss of any Key Personnel may Affect its Powerboat Sales.***

Marine Products' success will depend to a significant extent on the continued service of key management personnel. The loss or interruption of the services of any senior management personnel or the inability to attract and retain other qualified management, sales, marketing and technical employees could disrupt Marine Products' operations and cause a decrease in its sales and profit margins.

### ***Marine Products' Ability to Attract and Retain Qualified Employees is Crucial to its Results of Operations and Future Growth.***

Marine Products relies on the existence of an available hourly workforce to manufacture its products. As with many businesses, we are challenged at times to find qualified employees. There are no assurances that Marine Products will be able to attract and retain qualified employees to meet current and/or future growth needs.

## RISKS RELATED TO OUR CAPITAL AND OWNERSHIP STRUCTURE

### ***Marine Products' Executive Officers, Directors and Their Affiliates Together Have a Substantial Ownership Interest, and Public Stockholders may Have no Effective Voice in Marine Products' Management.***

The Company has elected the "Controlled Corporation" exemption under Section 303A of the New York Stock Exchange ("NYSE") Listed Company Manual. The Company is a "Controlled Corporation" because a group that includes Gary W. Rollins, Pamela R. Rollins, Amy Rollins Kreisler and Timothy C. Rollins, each of whom is a director of the Company, and certain companies under their control (the "Controlling Group"), controls in excess of fifty percent of the Company's voting power. As a "Controlled Corporation," the Company need not comply with certain NYSE rules including those requiring a majority of independent directors and independent nominating and compensation committees.

Marine Products' executive officers, directors and their affiliates hold directly or through indirect beneficial ownership, in the aggregate, approximately 71% of Marine Products' outstanding shares of common stock. As a result, these stockholders effectively control the operations of Marine Products, including the election of directors and approval of significant corporate transactions such as acquisitions. This concentration of ownership could also have the effect of delaying or preventing a third-party from acquiring control of Marine Products at a premium.



***Our Executive Officers, Directors and Their Affiliates Together Have a Substantial Ownership Interest, and the Availability of Marine Products' Common Stock to the Investing Public may be Limited.***

The availability of Marine Products' common stock to the investing public may be limited to those shares not held by the executive officers, directors and their affiliates, which could negatively impact Marine Products' stock trading prices and affect the ability of minority stockholders to sell their shares. Future sales by executive officers, directors and their affiliates of all or a portion of their shares could also negatively affect the trading price of our common stock.

***The Controlling Group Could Take Actions That Could Negatively Impact Our Results of Operations, Financial Condition or Stock Price.***

The Controlling Group may from time to time and at any time, in their sole discretion, acquire or cause to be acquired, additional equity or other instruments of the Company, its subsidiaries or affiliates, or derivative instruments the value of which is linked to Company securities, or dispose or cause to be disposed, such equity or other securities or instruments, in any amount that the Controlling Group may determine in their sole discretion, through open market transactions, privately negotiated transactions or otherwise. In addition, depending upon a variety of factors, the Controlling Group may at any time engage in discussions with the Company and its affiliates, and other persons, including retained outside advisers, concerning the Company's business, management, strategic alternatives and direction, and in their sole discretion, consider, formulate and implement various plans or proposals intended to enhance the value of their investment in the Company. In the event the Controlling Group were to engage in any of these actions, our common stock price could be negatively impacted, such actions could cause volatility in the market for our common stock or could have a material adverse effect on our results of operations and our financial condition.

***Provisions in Marine Products' Certificate of Incorporation and Bylaws may Inhibit a Takeover of Marine Products.***

Marine Products' certificate of incorporation, bylaws and other documents contain provisions including advance notice requirements for stockholder proposals and director nominations, and staggered terms of office for the Board of Directors. These provisions may make a tender offer, change in control or takeover attempt that is opposed by Marine Products' Board of Directors more difficult or expensive.

## **RISKS RELATED TO DIGITAL OPERATIONS, CYBERSECURITY AND BUSINESS DISRUPTION**

***Our Operations Rely on Digital Systems and Processes That are Subject to Cyber-Attacks or Other Threats That Could Have a Material Adverse Effect on our Business, Consolidated Results of Operations and Consolidated Financial Condition.***

Our operations are dependent on digital technologies and services. We use these technologies and services for internal purposes, including data storage, processing and transmissions, as well as in our interactions with customers and suppliers. Digital technologies are subject to the risk of cyber-attacks, both from internal and external threats. Internal threats in cybersecurity are caused by the misuse of access to networks and assets by individuals within the Company by maliciously or negligently disclosing, modifying or deleting sensitive information. Individuals within the Company include current employees, contractors and partners. External threats in cybersecurity are caused by unauthorized parties attempting to gain access to our networks and assets by exploiting security vulnerabilities or through the introduction of malicious code, such as viruses, worms, Trojan horses and ransomware. In response to the risk of cyber-attacks, we regularly review and update processes to prevent unauthorized access to our networks, information technology assets and misuse of data. We provide security awareness training for appropriate employees, and closely manage the information system accounts and privileges of all employees and contractors. We also maintain an up-to-date incident response plan to quickly address cybersecurity incidents. We have experienced unsuccessful cyber-attack attempts to gain unauthorized access to our network. To date, these attacks have not had a material impact on our operations.

If our systems for protecting against cybersecurity risks prove to be insufficient, we could be adversely affected by, among other things, loss of or damage to intellectual property, proprietary or confidential information, or customer, supplier, or employee data, as well as, interruption of our business operations and increased costs required to prevent, respond to, or mitigate cybersecurity attacks. These risks could harm our reputation and our relationships with customers, suppliers, employees and other third parties, and may result in claims against us. These risks could have a material adverse effect on our business, consolidated results of operations and consolidated financial condition.

## **GENERAL RISKS**

***Marine Products' Stock Price Has Been Volatile.***

Historically, the market price of common stock of companies engaged in the discretionary consumer products industry has been highly volatile. Likewise, the market price of our common stock has varied significantly in the past. In addition, the availability of Marine Products common stock to the investing public is limited to the extent that shares are not sold by the executive officers, directors and their affiliates, which could negatively impact the trading price of Marine Products' common stock, increase volatility and affect the ability of minority stockholders to sell their shares. Future sales by executive officers, directors and their affiliates of all or a substantial portion of their shares could also negatively affect the trading price of Marine Products' common stock. We currently have an effective Form S-3 registration statement on file with the Securities and Exchange Commission that would allow the sale of significant blocks of our common stock by us and certain of our largest shareholders.

## ITEM 1B.

### UNRESOLVED STAFF COMMENTS

None.

## ITEM 1C.

### CYBERSECURITY

#### RISK MANAGEMENT AND STRATEGY

Marine Products approaches cybersecurity as an enterprise-wide risk and has created a Cybersecurity Risk and Compliance Program that outlines governance programs in place and outlines efforts undertaken to mitigate cyber risks. We have implemented policies and processes designed to detect, prevent, and respond to cybersecurity incidents. To help guide its overall program, the Company uses the Center for Internet Security (CIS) Controls framework to provide best practices for securing IT systems and data. We have implemented a majority of version 8.0 of the CIS Controls which supports a Zero Trust architecture.

The Company has several security policies that are published and accessible to all employees. All these policies are reviewed annually and updated as needed to address emerging risks or gaps in compliance. Marine Products has not experienced a material cybersecurity incident to date. If a material cybersecurity breach occurs, the incident will be reviewed to determine whether further escalation is appropriate. Any incident assessed as potentially being or becoming material will immediately be escalated for further assessment and reported to designated members of our executive leadership team and if deemed necessary, the Board of Directors. We plan to consult with outside counsel as appropriate, including on materiality analysis and disclosure matters, and make the final materiality determination regarding disclosure and other compliance decisions. We also plan to keep our independent public accounting firm informed of such incidents as appropriate. While the Company is currently self-insured for cybersecurity risks, we are evaluating a cyber liability insurance policy that may provide coverage for expenses, business losses, business interruption, and fines and penalties associated with a data breach or other similar incident. The Company has a periodic touchpoint with all third-party information technology service providers to identify materials risks from cybersecurity threats.

Our business strategy, results of operations and financial condition have not been materially affected by risks from cybersecurity threats, including as a result of previously identified cybersecurity incidents, but we cannot provide assurance that they will not be materially affected in the future by such risks or any future material incidents. For more information on our cybersecurity related risks see Item 1A Risk Factors of this Annual Report on Form 10-K.

#### GOVERNANCE

##### *Role of the Board*

The Board is responsible for overseeing overall risk management for the Company, including review and approval of the enterprise risk management approach and processes implemented by management to identify, assess, manage, and mitigate risk, at least annually. The Board has delegated its responsibility for oversight of the Company's cybersecurity and information security framework and risk management to the Audit Committee. The Audit Committee receives information and updates at least quarterly and actively engages with senior leaders with respect to the effectiveness of the Company's cybersecurity and information security framework, data privacy, and risk management. In addition, the Audit Committee receives reports summarizing threat detection and mitigation plans, audits of internal controls, training and certification, and other cyber priorities and initiatives, as well as timely updates from senior leaders on material incidents relating to information systems security, including cybersecurity incidents. The Audit Committee includes members with experience in risk management including cybersecurity.

##### *Role of Management*

Company management has established a Cybersecurity Governance Committee that is comprised of the Information Technology Manager and senior members of management. The Committee meets periodically to discuss cybersecurity program updates and challenges, watch for potential threats from both external and internal sources, monitor compliance in existing or emerging business practices, and respond to stakeholder inquiries. The Information Technology department is comprised of professionals with extensive expertise and led by its manager with over 20 years of experience in various aspects including cybersecurity. The manager is continuously monitoring trends and stays current with the various cybersecurity threats and related mitigation opportunities. The Company periodically engages a third-party service provider to perform an external vulnerability scan of the Company network to identify known threats and to date no critical vulnerabilities have been identified during these assessments.

## ITEM 2.

### PROPERTIES

Marine Products' corporate offices are in Atlanta, Georgia. These offices are currently shared with RPC and are leased. The monthly rent paid is allocated between Marine Products and RPC. Under this arrangement, Marine Products pays approximately \$4,300 per month in rent. Marine Products may cancel this arrangement at any time after giving a 30-day notice.

Chaparral owns and maintains approximately 1,284,000 square feet of space utilized for manufacturing, research and development, warehouse, sales office and operations in Nashville, Georgia. In addition, the Company owns 83,000 square feet of manufacturing space in Valdosta, Georgia. Marine Products' total square footage under roof is allocated as follows: manufacturing — 729,400, research and development — 68,500, warehousing — 446,900, office and other — 122,200.

## ITEM 3.

### LEGAL PROCEEDINGS

Marine Products is involved in litigation from time to time in the ordinary course of its business. Marine Products does not believe that the ultimate outcome of such litigation will have a material adverse effect on its liquidity, financial condition or results of operations.

## ITEM 4.

### MINE SAFETY DISCLOSURES

Not applicable.

## Part II

### ITEM 5.

#### MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Marine Products’ common stock is listed for trading on the New York Stock Exchange under the symbol “MPX.” As of February 20, 2024, there were 34,682,949 shares of common stock outstanding and approximately 6,400 beneficial holders of our Company’s common stock.

#### ISSUER PURCHASES OF EQUITY SECURITIES

The Company has a stock buyback program initially adopted in 2001 and subsequently amended in 2013 and 2019 that authorized the repurchase of 8,250,000 shares, in the aggregate, in the open market. The Company did not repurchase any shares under this program in 2023 and 2022. There are 1,570,428 shares that remain available for repurchase as of December 31, 2023. The program does not have a predetermined expiration date.

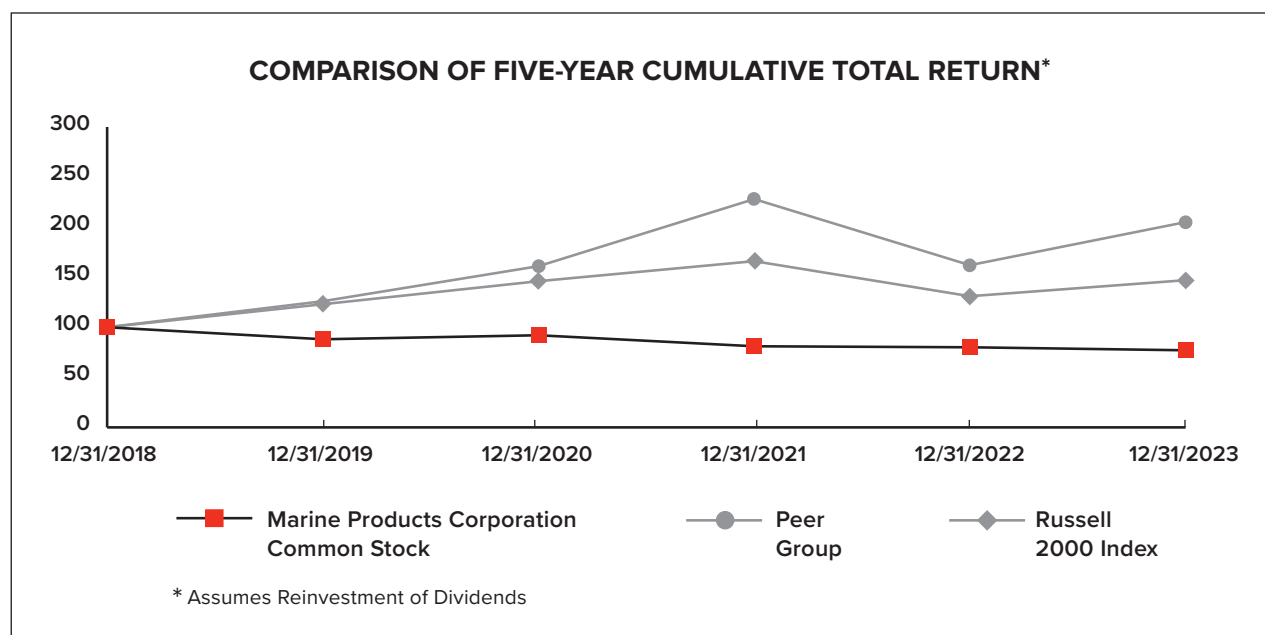
#### PERFORMANCE GRAPH

The following graph shows a five-year comparison of the cumulative total stockholder return based on the performance of the stock of the Company, assuming dividend reinvestment, as

compared with both a broad equity market index and an industry or peer group index. The indices included in the following graph are the Russell 2000 Index (“Russell 2000”) and a peer group which includes companies that are considered peers of the Company (“Peer Group”). The companies included in the Peer Group have been weighted according to each respective issuer’s stock market capitalization at the end of each year. The companies in the Peer Group are Brunswick Corporation, MarineMax, Inc., Malibu Boats, Inc. and Mastercraft Boat Holdings, Inc.

The Russell 2000 is used because the Company is a component of the Russell 2000, and because the Russell 2000 is a stock index representing small capitalization U.S. stocks.

The graph below assumes the value of \$100.00 invested on December 31, 2018.



Company/Index	December 31,					
	2018	2019	2020	2021	2022	2023
	Base Period					
Marine Products Corporation Common Stock	100	88	92	81	80	<b>77</b>
Peer Group	100	126	161	228	162	<b>205</b>
Russell 2000 Index	100	123	146	166	131	<b>147</b>

## ITEM 6.

RESERVED

## ITEM 7.

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

#### PRESENTATION

The following discussion should be read in conjunction with the Consolidated Financial Statements included elsewhere in this document. See also "Forward-Looking Statements" in Part I included in this Form 10-K. Discussions of 2022 items and year-to-year comparisons of 2022 and 2021 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2022, which Item is incorporated herein by reference.

#### OVERVIEW

Consolidated net sales increased slightly in 2023 compared to 2022 due to a 7.3% increase in the average gross selling price per boat due to model mix, partially offset by increased promotional costs and a 4.4% decrease in unit sales to dealers. Management will continue to monitor retail demand among the various segments in the recreational boat market, the actions of our competitors, dealer inventory levels and the availability of dealer and consumer financing for the purchase of our products and adjust our production levels as deemed appropriate. Gross profit decreased to \$90.4 million in 2023, from \$93.7 million in 2022 due to higher promotional costs coupled with manufacturing cost inefficiencies as boat demand moderated and dealer orders decreased year-over-year. Operating income decreased to \$49.2 million, from \$51.8 million in the prior year. Net income increased to \$41.7 million, from \$40.3 million in the prior year, as higher interest income offset the decline in operating income. Diluted earnings per share was \$1.21 in 2023, up from \$1.18 in 2022.

#### OUTLOOK

We believe that the strong retail demand for new recreational boats which began in 2020 with the onset of the COVID-19 pandemic has subsided and has now normalized. In addition, consumers are returning to pre-pandemic routine lifestyles and rising interest rates are contributing to higher costs of boat ownership. Since some buyers of recreational boats finance their purchases, higher interest rates may discourage them from the purchase of a boat. In light of the normalization of demand and higher interest rates, we have reinstated certain retail incentives and other allowances to attract more consumers to address lower demand compared to the first half of 2023. We have adjusted production levels to more closely align with expected demand.

During the past three model years, Marine Products has produced a smaller number of boat designs than in previous years to increase production efficiency. In addition, the average size of the models the Company is producing has increased in response to evolving retail demand, and this trend is expected to continue. The Company intends to continue its focus on larger boats given this trend, higher associated price points and higher margins.

Due to strong demand across the recreational sector following the COVID-19 pandemic, key materials and components had been in tight supply. Supply chain disruptions and constraints negatively impacted our operations in 2022 and early 2023 including our production volumes and manufacturing inefficiencies, however, these issues have improved and are no longer impacting production.

Our financial results during 2024 will depend on a number of factors, including economic trends, demand for discretionary products, the impact of interest rates on consumer financing options and dealer inventory carrying costs, the effectiveness of the Company's incentive programs, the success of new model launches, and the Company's ability to manage manufacturing costs in light of lower production levels compared to early 2023.

## RESULTS OF OPERATIONS

	Years ended December 31,		
	2023	2022	2021
Total number of boats sold	4,139	4,331	4,165
Average gross selling price per boat (in thousands)	\$ 82.4	\$ 76.8	\$ 62.1
Net sales (in thousands)	\$ 383,729	\$ 380,995	\$ 298,014
Gross profit margin percent	23.6%	24.6%	22.9%
Percentage of selling, general and administrative expenses to net sales	11.3%	11.0%	10.7%
Operating income (in thousands)	\$ 49,202	\$ 51,796	\$ 36,392
Warranty expense (in thousands)	\$ 5,829	\$ 5,903	\$ 3,702

### Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

**Net Sales.** Marine Products' net sales increased slightly by \$2.7 million or 0.7% in 2023 compared to 2022. The increase was primarily due to a 7.3% increase in the average gross selling price per boat, partially offset by increased promotional costs and a 4.4% decrease in the number of boats sold. Unit sales decreased in most of our Chaparral models as well as many Robalo models during 2023 compared to the prior year. Unit sales during 2023 in comparison to the prior year were negatively impacted by a normalization of demand relative to high post-COVID levels and higher interest rates. Average selling prices increased compared to the prior year primarily due to a favorable model mix partially offset by an increase in retail incentive costs for a new program announced during the fourth quarter of 2023. Domestic net sales were \$361.2 million, an increase of 1.7% compared to the prior year. In 2023, international net sales were \$22.5 million, a decrease of 12.2% compared to the prior year.

**Cost of Goods Sold.** Cost of goods sold increased 2.1% in 2023 compared to 2022 due to higher materials and labor costs. As a percentage of net sales, cost of goods sold increased to 76.4% in 2023 compared to 75.4% in 2022 primarily due to higher promotional costs coupled with manufacturing inefficiencies as boat demand moderated and dealer orders decreased in the current year compared to the prior year.

**Selling, General and Administrative Expenses.** Selling, general and administrative expenses increased by \$1.3 million or 3.1% in 2023 compared to 2022. The increase was primarily due to higher non-cash settlement losses recorded of \$2.4 million in 2023 compared

to \$1.2 million in 2022 related to the termination of the defined benefit pension plan. Selling, general and administrative expenses as a percentage of net sales were 11.3% in 2023 compared to 11.0% in 2022. As a percentage of net sales, warranty expense was 1.5% in both 2023 and 2022. The Company incurred lower incentive compensation costs in 2023 compared to 2022 due to lower profitability for the full year. Management expects the reduction in anticipated incentive compensation to be paid to selected non-executive employees described in the Notes to the Consolidated Financial Statements in note titled Commitments and Contingencies, to favorably impact selling, general and administrative expenses for future periods.

**Gain on disposition of assets, net** for 2023 was \$2.0 million due primarily to a \$1.8 million gain related to a real estate transaction recorded during the third quarter of 2023.

**Interest Income, net.** Interest income, net increased to \$2.9 million in 2023 compared to \$338 thousand in 2022 due to higher cash balances and higher investment yields. Marine Products generated interest income primarily from investments of excess cash in money market funds. Additionally, interest expense is recorded for the revolving credit facility, primarily related to fees on the unused portion of the facility.

**Income Tax Provision.** The income tax provision decreased to \$10.4 million in 2023 compared to \$11.8 million in 2022. The effective tax rate decreased to 19.9% in 2023 from 22.6% in 2022. The decrease in the 2023 effective tax rate is primarily due to favorable permanent and beneficial discrete adjustments compared to unfavorable permanent and detrimental discrete adjustments in 2022.

## LIQUIDITY AND CAPITAL RESOURCES

### Cash and Cash Flow

The Company's cash and cash equivalents were \$72.0 million at December 31, 2023, \$43.2 million at December 31, 2022 and \$14.1 million at December 31, 2021. The following table sets forth the historical cash flows for the twelve months ended December 31:

<i>(in thousands)</i>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Net cash provided by operating activities</b>	<b>\$ 56,846</b>	<b>\$ 49,348</b>	<b>\$ 457</b>
<b>Net cash used for investing activities</b>	<b>(7,871)</b>	<b>(2,500)</b>	<b>(1,248)</b>
<b>Net cash used for financing activities</b>	<b>(20,194)</b>	<b>(17,779)</b>	<b>(16,680)</b>

Cash provided by operating activities in 2023 increased \$7.5 million compared to 2022. The net cash provided by operating activities in 2023 includes net income of \$41.7 million and an adjustment for a non-cash pension settlement loss of \$2.4 million, coupled with a net favorable change in inventory of \$11.4 million. These favorable changes are coupled with a net favorable change in other components of our working capital (including accounts receivable less accounts payable and accrued expenses) totaling \$1.8 million, partially offset by an unfavorable change in other non-current assets. The net favorable change in inventory during 2023 was primarily due to clearing inventory of partially completed boats as supply chain disruptions of critical components improved during 2023 in comparison to the prior year. The net favorable change in other components of our working capital was primarily a result of a decrease in accounts receivable of \$2.9 million consistent with a decrease in sales during the fourth quarter of 2023, partially offset by a net decrease in accounts payable and accrued expenses consistent with the decline in production levels during the fourth quarter of 2023 compared to the same period in the period year. The net unfavorable change in other non-current assets is due primarily to an employer contribution of \$4.0 million during 2023 to the supplemental retirement plan.

Cash used for investing activities in 2023 increased \$5.4 million in comparison to the same period in 2022 due to higher capital expenditures including transportation equipment and warehouse space partially offset by proceeds from sale of assets.

Cash used for financing activities in 2023 increased \$2.4 million compared to 2022 primarily due to increased dividends paid to common shareholders, coupled with an increase in the cost of stock repurchases related to the vesting of restricted shares.

### Cash Requirements

Management expects that capital expenditures during 2024 will be approximately \$5.0 million.

The Company participated in a multiple employer Retirement Income Plan ("Plan"), sponsored by RPC. During 2023, the Plan was fully terminated through a liquidation of the assets held in a trust.

On January 23, 2024, the Board of Directors approved a quarterly cash dividend of \$0.14 per common share payable March 11, 2024 to stockholders of record at the close of business on February 9, 2024. Subject to industry conditions and Marine Products' earnings, financial condition, and other relevant factors, the Company expects to continue to pay regular quarterly cash dividends to common stockholders.

Effective October 1, 2023, the Company began recording short-term cash incentive compensation expense to selected employees in an annual amount equal to nine percent of pre-tax profit (PTP incentive), defined as pretax income before goodwill adjustments and certain allocated corporate expenses. Through the third quarter of 2023, this PTP incentive was 16% in the aggregate per year and was subject to either a contractual arrangement or a discretionary determination. The PTP incentive under a contractual agreement with one employee, in the amount of seven percent per year, was discontinued as of September 30, 2023. Management expects this reduction to continue to favorably impact operating cash flow in future periods.

The Company has a stock buyback program initially adopted in 2001 and subsequently amended in 2013 and 2019 that authorizes the aggregate repurchase of 8,250,000 shares in the open market. The Company did not repurchase any shares under this program in 2023 and 2022. There are 1,570,428 shares that remain available for repurchase as of December 31, 2023. The program does not have a predetermined expiration date.

The Company has entered into agreements with third-party floor plan lenders where it has agreed, in the event of default by a qualifying dealer, to repurchase MPC boats repossessed from the dealer. These arrangements are subject to maximum repurchase amounts and the associated risk is mitigated by the value of the boats repurchased. The Company had no material repurchases of dealer inventory in 2023 and 2022. See further information regarding repurchase obligations in note titled Commitments and Contingencies in the Notes of the Consolidated Financial Statements.

The Company believes that the liquidity provided by existing cash, cash equivalents, its overall strong capitalization, cash generated by operations and the Company's ability to sell up to approximately \$150 million in shares of its common stock under the Company's shelf registration statement will be sufficient to meet the Company's requirements for at least the next twelve months. The Company's decisions about the amount of cash to be used for investing and financing purposes are influenced by its capital position and the expected amount of cash to be provided by operations. The Company also has a revolving line of credit facility to increase its flexibility for managing its investment in its working capital or for funding other purposes.

The revolving credit agreement with Truist Bank provides a credit facility of \$20.0 million which is scheduled to mature on November 12, 2026. The facility includes (i) a \$5 million sublimit for swingline loans, (ii) a \$2.5 million aggregate sublimit for all letters of credit,

and (iii) a committed accordion which can increase the aggregate commitments by the greater of \$35 million and adjusted EBITDA (as calculated under the Credit Agreement) over the most recently completed twelve-month period. The revolving credit facility includes a full and unconditional guarantee by the Company and its consolidated domestic subsidiaries and is subject to certain financial and other customary covenants. As of December 31, 2023, the Company had no outstanding borrowings under the revolving credit agreement.

## CONTRACTUAL OBLIGATIONS

The Company's obligations and commitments that require future payments include our credit facility, certain non-cancelable operating leases, amounts related to the usage of corporate aircraft and other long-term liabilities. For additional information with respect to MPC's contractual obligations, see notes titled Notes Payable to Banks and Leases in the Notes of the Consolidated Financial Statements.

## FAIR VALUE MEASUREMENTS

The Company's assets and liabilities measured at fair value are classified in the fair value hierarchy (Level 1, 2 or 3) based on the inputs used for valuation. Assets and liabilities that are traded on an exchange with a quoted price are classified as Level 1. Assets and liabilities that are valued using significant observable inputs in addition to quoted market prices are classified as Level 2. The Company currently has no assets or liabilities measured on a recurring basis that are valued using unobservable inputs and therefore no assets or liabilities measured on a recurring basis are classified as Level 3. The Supplemental Executive Retirement Plan ("SERP") investments are measured at net asset value, which is computed using inputs such as cost, discounted future cash flows, independent appraisals and market based comparable data or net asset values calculated by the investment fund which are not publicly available.

## OFF BALANCE SHEET ARRANGEMENTS

To assist dealers in obtaining financing for the purchase of their boats for inventory, the Company has entered into agreements with various third-party floor plan lenders whereby the Company guarantees varying amounts of debt for qualifying dealers on boats in dealer inventory. The Company's obligation under these guarantees becomes effective in the case of a default under the financing arrangement between the dealer and the third-party lender. The agreements provide for the return of repossessed boats to the Company in new and unused condition, subject to normal wear and tear, in exchange for the Company's assumption of the debt obligation on those boats, as contractually defined by each lender. The Company had no material repurchases of dealer inventory under contractual agreements during 2023 and 2022.

Management continues to monitor the risk of additional defaults and resulting repurchase obligations based primarily upon information provided by the third-party floor plan lenders and to adjust the guarantee liability at the end of each reporting period based on information reasonably available at that time. As of December 31, 2023, the Company believes the fair value of its guarantee liability is immaterial. See further information regarding repurchase

obligations in note titled Commitments and Contingencies in the Notes of the Consolidated Financial Statements.

The Company currently has an agreement with one of the floor plan lenders whereby the contractual repurchase limit is based on the highest of the following criteria: (i) a specified percentage of the amount of the average net receivables financed by the floor plan lender for our dealers, (ii) the total average net receivables financed by the floor plan lender for our two highest dealers during the prior three month period, or (iii) \$8.0 million, less repurchases during the prior 12 month period. As defined by the agreement, the repurchase limit for this lender was \$18.9 million as of December 31, 2023. The Company has contractual repurchase agreements with additional lenders with an aggregate maximum repurchase obligation of \$7.7 million, with various expiration and cancellation terms of less than one year. Accordingly, the aggregate repurchase obligation with all financing institutions was approximately \$26.6 million as of December 31, 2023. Although the Company has these agreements with financial institutions, in certain situations, the Company may decide for business reasons to repurchase boats in excess of these contractual amounts.

## RELATED PARTY TRANSACTIONS

See note titled Related Party Transactions in the Notes of the Consolidated Financial Statements for a description of related party transactions.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, which require significant judgment by management in selecting the appropriate assumptions for calculating accounting estimates. These judgments are based on our historical experience, terms of existing contracts, trends in the industry, and information available from other outside sources, as appropriate. Senior management has discussed the development, selection and disclosure of its critical accounting policies that require significant judgments or estimates with the Audit Committee of our Board of Directors. The Company believes that of its significant accounting policies and estimates, the following may involve a higher degree of judgment and complexity.

### *Sales incentives and discounts*

The Company sells its boats through its network of independent dealers and recognizes revenues from contracts with its customers based on the consideration received in exchange for the goods sold. The Company records incentives as a reduction of sales. Using historical trends and management estimates, adjusted for current changes, the Company estimates the amount of incentives that will be paid in the future on boats sold and accrues an estimated liability. The Company offers various incentives that promote sales to dealers and, to a lesser extent, retail customers. These incentives are designed to encourage timely replenishment of dealer inventories after peak selling seasons, stabilize manufacturing volumes throughout the year, and improve production model mix. The dealer incentive programs are a combination of annual volume commitment discounts, and additional discounts at time of



invoice for those dealers who do not finance their inventory through specified floor plan financing agreements. The annual dealer volume discounts are primarily based on July 1 through June 30 model year purchases. In addition, the Company offers at various times other time-specific or model-specific incentives.

The factors that complicate estimating the cost of incentives are the ability to estimate incentive payments of the Company, the volume and timing of inventory financed by specific dealers, and the notification of boats sold subject to certain incentives. Settlement of the incentives generally occurs from three to twelve months after the sale. The Company regularly analyzes the historical incentive trends and adjusts recorded liabilities for changes in trends and terms of incentive programs. Total cost of incentives recorded in net sales as a percentage of gross sales was 7.3% in 2023, 5.6% in 2022, and 5.8% in 2021. A 0.25 percentage point change in cost of incentives as a percentage of gross sales during 2023 would have increased or decreased net sales, gross margin and operating income by approximately \$0.9 million.

#### **Warranty costs**

The Company records as part of selling, general and administrative expenses an experience-based estimate of the future warranty costs to be incurred when sales are recognized. The Company evaluates its warranty obligation for each product line on a model year basis. The Company provides warranties against manufacturing defects for various components of the boats, primarily the fiberglass deck and hull, with warranty periods extending up to a lifetime. Warranty costs, if any, on other components of the boats

are generally absorbed by the original component manufacturer. Warranty costs can vary depending upon the size and number of components in the boats sold, the pre-sale warranty claims, and the desired level of customer service. Additionally, we focus on high quality manufacturing programs and processes, including actively monitoring the quality of our component suppliers and managing the dealer and customer service warranty experience and reimbursements. Our estimated warranty obligation is based upon the warranty terms and the Company's enforcement of those terms over time, manufacturing defects or issues, repair costs, and the volume and mix of boat sales. The estimate of warranty costs is regularly analyzed and is adjusted based on several factors including the actual claims that occur. Warranty expense as a percentage of net sales was 1.5% in 2023, 1.5% in 2022 and 1.2% in 2021. A 0.10 percentage point increase in the estimated warranty expense as a percentage of net sales during 2023 would have increased selling, general and administrative expenses and reduced operating income by approximately \$0.4 million.

### **IMPACT OF RECENT ACCOUNTING PRONOUNCEMENTS**

See note titled Significant Accounting Policies in the Notes of the Consolidated Financial Statements for a description of recent accounting pronouncements, including the expected dates of adoption and expected effects on results of operations and financial condition, if known.

## **ITEM 7A.**

### **QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The Company is subject to interest rate risk exposure through borrowings on its revolving credit agreement. As of December 31, 2023, there were no outstanding interest-bearing advances under our credit facility which bore interest at a floating rate.

Marine Products holds no derivative financial instruments which could expose the Company to significant market risk. Marine Products maintains investments primarily in money market funds which are not subject to material interest rate risk exposure. Marine Products does not expect any material changes in market risk exposures or how those risks are managed.

## ITEM 8.

### FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

## MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Stockholders of Marine Products Corporation:

The management of Marine Products Corporation is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Marine Products Corporation maintains a system of internal accounting controls designed to provide reasonable assurance, at a reasonable cost, that assets are safeguarded against loss or unauthorized use and that the financial records are adequate and can be relied upon to produce financial statements in accordance with accounting principles generally accepted in the United States of America. The internal control system is augmented by written policies and procedures, an internal audit program and the selection and training of qualified personnel. This system includes policies that require adherence to ethical business standards and compliance with all applicable laws and regulations.

There are inherent limitations to the effectiveness of any controls system. A controls system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the controls system are met. Also, no evaluation of controls can provide absolute assurance that all control issues and any instances of fraud, if any, within the Company will be detected. Further, the design of a controls system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the design and operations of our internal control over financial reporting, as of December 31, 2023 based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management's assessment is that Marine Products Corporation maintained effective internal control over financial reporting as of December 31, 2023.

The independent registered public accounting firm, Grant Thornton LLP, has audited the consolidated financial statements as of and for the year ended December 31, 2023, and has also issued their report on the effectiveness of the Company's internal control over financial reporting, included in this report on page 33.



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Ben M. Palmer  
President and Chief Executive Officer



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Michael L. Schmit  
Vice President, Chief Financial Officer and  
Corporate Secretary

Atlanta, Georgia  
February 28, 2024

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders  
Marine Products Corporation

### OPINION ON INTERNAL CONTROL OVER FINANCIAL REPORTING

We have audited the internal control over financial reporting of Marine Products Corporation (a Delaware corporation) and subsidiaries (the “Company”) as of December 31, 2023, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in the 2013 Internal Control—Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the consolidated financial statements of the Company as of and for the year ended December 31, 2023, and our report dated February 28, 2024 expressed an unqualified opinion on those financial statements.

### BASIS FOR OPINION

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### DEFINITION AND LIMITATIONS OF INTERNAL CONTROL OVER FINANCIAL REPORTING

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### GRANT THORNTON LLP

Atlanta, Georgia  
February 28, 2024

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders  
Marine Products Corporation

### OPINION ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated balance sheets of Marine Products Corporation (a Delaware corporation) and subsidiaries (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2023, and the related notes and financial statement schedule included under Item 15(a) (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated February 28, 2024 expressed an unqualified opinion.

### BASIS FOR OPINION

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### CRITICAL AUDIT MATTER

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### WARRANTY LIABILITY

As described further in Note 1 to the consolidated financial statements, the Company provides a lifetime limited structural hull warranty, a five-year structural deck warranty, and a one-year limited warranty to the original owner for all boats sold to dealers. The estimated cost of warranty claims is recorded by the Company at the time of the boat sale based on historical claims experience and may subsequently be adjusted based on items such as production quality. We identified the warranty liability ("warranty") as a critical audit matter.

The principal consideration for our determination that warranty is a critical audit matter is that the warranty liability has a higher degree of estimation uncertainty related to the estimation of anticipated future warranty claims. The estimation uncertainty and subjectivity in determining the liability resulted in the need for significant auditor judgment when assessing the reasonableness of the inputs and assumptions utilized by the Company.

Our audit procedures related to this matter included the following, among others.

- > We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's warranty liability estimation process. For example, we tested controls over the projected future warranty claims and the verification of the completeness and accuracy of the information used in developing the warranty liability.
- > We tested the process used to develop the estimate using information related to recent production trends and the historical experience of the Company.
- > We compared the Company's prior year warranty liability related to anticipated claims in the current year to actual claims paid in the current year to evaluate the historical accuracy of the Company's estimate.

#### **GRANT THORNTON LLP**

We have served as the Company's auditor since 2004.

Atlanta, Georgia  
February 28, 2024

## CONSOLIDATED BALANCE SHEETS

### MARINE PRODUCTS CORPORATION AND SUBSIDIARIES

(in thousands except share information)

December 31,	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 71,952	\$ 43,171
Accounts receivable, net of allowance for credit losses of \$11 in 2023 and \$12 in 2022	2,475	5,340
Inventories	61,611	73,015
Income taxes receivable	361	28
Pension plan assets	—	356
Prepaid expenses and other current assets	2,847	3,088
<b>Total current assets</b>	<b>139,246</b>	<b>124,998</b>
Property, plant and equipment, net of accumulated depreciation of \$32,789 in 2023 and \$33,055 in 2022	22,456	14,965
Goodwill	3,308	3,308
Other intangibles, net	465	465
Deferred income taxes	8,590	6,027
Retirement plan assets	15,379	9,881
Other assets	4,358	4,071
<b>Total assets</b>	<b>\$ 193,802</b>	<b>\$ 163,715</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 6,071	\$ 8,250
Accrued expenses and other liabilities	16,496	15,340
<b>Total current liabilities</b>	<b>22,567</b>	<b>23,590</b>
Retirement plan liabilities	17,998	14,440
Other long-term liabilities	1,649	1,304
<b>Total liabilities</b>	<b>42,214</b>	<b>39,334</b>
Commitments and contingencies (Note 11)		
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock, \$0.10 par value, 1,000,000 shares authorized, none issued	—	—
Common stock, \$0.10 par value, 74,000,000 shares authorized, issued and outstanding – 34,466,726 shares in 2023 and 34,217,582 shares in 2022	3,447	3,422
Capital in excess of par value	—	—
Retained earnings	148,141	122,954
Accumulated other comprehensive loss	—	(1,995)
<b>Total stockholders' equity</b>	<b>151,588</b>	<b>124,381</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 193,802</b>	<b>\$ 163,715</b>

The accompanying notes are an integral part of these statements.

## CONSOLIDATED STATEMENTS OF OPERATIONS

### MARINE PRODUCTS CORPORATION AND SUBSIDIARIES

(in thousands except per share data)

Years ended December 31,	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Net sales</b>	<b>\$ 383,729</b>	\$ 380,995	\$ 298,014
<b>Cost of goods sold</b>	<b>293,350</b>	287,278	229,742
<b>Gross profit</b>	<b>90,379</b>	93,717	68,272
<b>Selling, general and administrative expenses</b>	<b>43,213</b>	41,921	31,880
<b>Gain on disposition of assets, net</b>	<b>(2,036)</b>	—	—
<b>Operating income</b>	<b>49,202</b>	51,796	36,392
<b>Interest income, net</b>	<b>2,860</b>	338	16
<b>Income before income taxes</b>	<b>52,062</b>	52,134	36,408
<b>Income tax provision</b>	<b>10,367</b>	11,787	7,382
<b>Net income</b>	<b>\$ 41,695</b>	\$ 40,347	\$ 29,026
<b>Earnings per share</b>			
Basic	<b>\$ 1.21</b>	\$ 1.18	\$ 0.85
Diluted	<b>1.21</b>	1.18	0.85
<b>Dividends paid per share</b>	<b>\$ 0.56</b>	\$ 0.50	\$ 0.46

*The accompanying notes are an integral part of these statements.*

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

### MARINE PRODUCTS CORPORATION AND SUBSIDIARIES

(in thousands)

Years ended December 31,	2023	2022	2021
Net income	\$ 41,695	\$ 40,347	\$ 29,026
Other comprehensive income, net of taxes:			
Pension adjustment	1,995	581	(629)
Comprehensive income	\$ 43,690	\$ 40,928	\$ 28,397

*The accompanying notes are an integral part of these statements.*



## CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

### MARINE PRODUCTS CORPORATION AND SUBSIDIARIES

(in thousands)

	Common Stock		Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount				
Balance, December 31, 2020	33,869	\$ 3,387	\$ —	\$ 83,079	\$ (1,947)	\$ 84,519
Stock issued for stock incentive plans, net	188	18	2,271	—	—	2,289
Stock purchased and retired	(64)	(6)	(2,271)	1,226	—	(1,051)
Net income	—	—	—	29,026	—	29,026
Pension adjustment, net of taxes	—	—	—	—	(629)	(629)
Dividends	—	—	—	(15,629)	—	(15,629)
Balance, December 31, 2021	33,993	\$ 3,399	\$ —	\$ 97,702	\$ (2,576)	\$ 98,525
Stock issued for stock incentive plans, net	285	29	2,678	—	—	2,707
Stock purchased and retired	(60)	(6)	(2,678)	1,982	—	(702)
Net income	—	—	—	40,347	—	40,347
Pension adjustment, net of taxes	—	—	—	—	581	581
Dividends	—	—	—	(17,077)	—	(17,077)
Balance, December 31, 2022	34,218	\$ 3,422	\$ —	\$ 122,954	\$ (1,995)	\$ 124,381
Stock issued for stock incentive plans, net	<b>318</b>	<b>32</b>	<b>3,679</b>	—	—	<b>3,711</b>
Stock purchased and retired	<b>(69)</b>	<b>(7)</b>	<b>(3,679)</b>	<b>2,776</b>	—	<b>(910)</b>
Net income	—	—	—	<b>41,695</b>	—	<b>41,695</b>
Pension adjustment, net of taxes	—	—	—	—	<b>1,995</b>	<b>1,995</b>
Dividends	—	—	—	<b>(19,284)</b>	—	<b>(19,284)</b>
Balance, December 31, 2023	<b>34,467</b>	<b>\$ 3,447</b>	<b>\$ —</b>	<b>\$ 148,141</b>	<b>\$ —</b>	<b>\$ 151,588</b>

The accompanying notes are an integral part of these statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

### MARINE PRODUCTS CORPORATION AND SUBSIDIARIES

(in thousands)

Years ended December 31,	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>OPERATING ACTIVITIES</b>			
Net income	\$ <b>41,695</b>	\$ 40,347	\$ 29,026
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	<b>2,416</b>	1,905	1,816
Stock-based compensation expense	<b>3,711</b>	2,707	2,289
Gain on disposition of assets, net	<b>(2,036)</b>	—	—
Deferred income tax benefit	<b>(3,126)</b>	(1,798)	(140)
Pension settlement loss	<b>2,363</b>	1,180	—
(Increase) decrease in assets:			
Accounts receivable	<b>2,865</b>	(2,078)	1,444
Income taxes receivable	<b>(333)</b>	(18)	(10)
Inventories	<b>11,404</b>	246	(30,951)
Prepaid expenses and other current assets	<b>792</b>	(614)	(527)
Other non-current assets	<b>(5,658)</b>	2,675	(1,889)
Increase (decrease) in liabilities:			
Accounts payable	<b>(2,179)</b>	1,479	692
Accrued expenses and other liabilities	<b>1,130</b>	4,042	(4,287)
Other long-term liabilities	<b>3,802</b>	(725)	2,994
Net cash provided by operating activities	<b>56,846</b>	49,348	457
<b>INVESTING ACTIVITIES</b>			
Capital expenditures	<b>(10,174)</b>	(2,500)	(1,248)
Proceeds from sale of assets	<b>2,303</b>	—	—
Net cash used for investing activities	<b>(7,871)</b>	(2,500)	(1,248)
<b>FINANCING ACTIVITIES</b>			
Payment of dividends	<b>(19,284)</b>	(17,077)	(15,629)
Cash paid for common stock purchased and retired	<b>(910)</b>	(702)	(1,051)
Net cash used for financing activities	<b>(20,194)</b>	(17,779)	(16,680)
Net increase (decrease) in cash and cash equivalents	<b>28,781</b>	29,069	(17,471)
Cash and cash equivalents at beginning of period	<b>43,171</b>	14,102	31,573
Cash and cash equivalents at end of period	<b>\$ 71,952</b>	\$ 43,171	\$ 14,102
Supplemental information:			
Income tax payments, net	<b>\$ 13,911</b>	\$ 13,022	\$ 7,493

The accompanying notes are an integral part of these consolidated financial statements.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*Marine Products Corporation and Subsidiaries*  
Years ended December 31, 2023, 2022 and 2021

## NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

### **Basis of Consolidation and Presentation**

The consolidated financial statements include the accounts of Marine Products Corporation (a Delaware corporation) and its wholly owned subsidiaries (“Marine Products”, “MPC” or the “Company”).

The consolidated financial statements included herein may not necessarily be indicative of the future results of operations, financial position and cash flows of Marine Products.

The Company has one reportable segment — its Powerboat Manufacturing business. The Company’s results of operations and its financial condition are not significantly reliant upon any single customer or product model. No single dealer accounted for 10% or more of net sales during 2023, 2022 or 2021. Net sales to the Company’s international dealers were approximately \$22.5 million in 2023, \$25.6 million in 2022, and \$15.9 million in 2021.

### **Common Stock**

Marine Products is authorized to issue 74,000,000 shares of common stock, \$0.10 par value. Holders of common stock are entitled to receive dividends when, as, and if declared by our Board of Directors out of legally available funds. Each share of common stock is entitled to one vote on all matters submitted to a vote of stockholders. Holders of common stock do not have cumulative voting rights. In the event of any liquidation, dissolution or winding up of the Company, holders of common stock are entitled to ratable distribution of the remaining assets available for distribution to stockholders.

### **Preferred Stock**

Marine Products is authorized to issue up to 1,000,000 shares of preferred stock, \$0.10 par value. As of December 31, 2023, there were no shares of preferred stock issued. The Board of Directors is authorized, subject to any limitations prescribed by law, to provide for the issuance of preferred stock as a class without series or, if so determined from time to time, in one or more series, and by filing a certificate pursuant to the applicable laws of the state of Delaware and to fix the designations, powers, preferences and rights, and exchangeability for shares of any other class or classes of stock. Any preferred stock to be issued could rank prior to the common stock with respect to dividend rights and rights on liquidation.

### **Share Repurchases**

The Company records the cost of share repurchases in stockholders’ equity as a reduction to common stock to the extent of par value of the shares acquired and the remainder is allocated to capital in excess of par value and retained earnings if capital in excess of par value is depleted. The Company tracks capital in excess of par value on a cumulative basis and for each reporting period, discloses the excess over capital in excess of par value as part of stock purchased and retired in the consolidated statements of stockholders’ equity.

### **Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates are used in the determination of sales, sales incentives and discounts, and warranty costs.

### **Sales Recognition**

Marine Products recognizes revenues from contracts with its customers based on the amount of consideration it receives in exchange for the goods sold. See note titled Net Sales for additional information.

### **Advertising**

Advertising expenses are charged to expense during the period in which they are incurred. Expenses associated with product brochures and other inventoriable marketing materials are deferred and amortized over the related model year which approximates the consumption of these materials. The Company had prepaid expenses related to unamortized product brochure costs of \$117 thousand as of December 31, 2023 and \$194 thousand as of December 31, 2022. Advertising expenses totaled approximately \$2.3 million in 2023, \$2.1 million in 2022 and \$1.6 million in 2021 and are recorded in selling, general and administrative expenses.

### **Cash and Cash Equivalents**

Highly liquid investments with original maturities of three months or less when acquired are considered to be cash equivalents. The Company maintains its cash in bank accounts which, at times, may exceed federally insured limits. MPC maintains cash equivalents and investments in one or more large financial institutions, and MPC’s policy restricts investment in any securities rated less than “investment grade” by national rating services.

### **Accounts Receivable**

The majority of the Company’s accounts receivable is due from dealers located in markets throughout the United States. Approximately 71% of Marine Products’ domestic shipments are made pursuant to “floor plan financing” programs in which Marine Products’ subsidiaries participate on behalf of their dealers with various major third-party financing institutions. Under these arrangements, a dealer establishes lines of credit with one or more of these third-party lenders for the purchase of boat inventory for sales to retail customers in their show room or during boat show exhibitions. When a dealer purchases and takes delivery of a boat pursuant to a floor plan financing arrangement, it draws against its line of credit and the lender pays the invoice cost of the boat directly to Marine Products within approximately ten business days. The Company determines its credit loss allowance by considering

a number of factors, including the length of time trade accounts receivable are past due, the Company's previous loss history, the customer's current ability to pay its obligation to the Company, and the condition of the general economy and the industry as a whole. The Company writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance.

### **Inventories**

Inventories are stated at the lower of cost (determined on a first-in, first-out basis) and net realizable value. When evidence exists that the net realizable value of inventory is lower than its cost, the Company recognizes the difference as a loss in earnings in the period in which it occurs. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation.

### **Property, Plant and Equipment**

Property, plant and equipment is carried at cost. Depreciation is provided principally on a straight-line basis over the estimated useful lives of the assets. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal with the resulting gain or loss credited or charged to income. Expenditures for additions, major renewals, and betterments are capitalized while expenditures for routine maintenance and repairs are expensed as incurred. Depreciation expense on operating equipment used in production is included in cost of goods sold in the accompanying consolidated statements of operations. All other depreciation is included in selling, general and administrative expenses in the accompanying consolidated statements of operations. Property, plant and equipment are reviewed for impairment when indicators of impairment exist.

### **Goodwill and Other Intangibles**

Intangibles consist primarily of goodwill and trade names related to businesses acquired. Goodwill represents the excess of the purchase price over the fair value of net assets of businesses acquired. The carrying amount of goodwill was \$3,308,000 as of December 31, 2023 and 2022. The Company evaluates whether goodwill is impaired by comparing its market capitalization based on its closing stock price (Level 1 input) to the book value of its equity on the annual evaluation date. The Company also periodically performs a valuation of its indefinite-lived trade names and has concluded that the fair value of these assets is not impaired. Based on these evaluations, the Company concluded that no impairment of its goodwill or trade names has occurred for the years ended December 31, 2023, 2022 and 2021.

### **Investments**

The Company maintains certain securities in the non-qualified Supplemental Executive Retirement Plan that have been classified as trading. See note titled Employee Benefit Plans for further information regarding these securities.

### **Warranty Costs**

The Company provides a lifetime limited structural hull warranty, a five-year limited structural deck warranty, and a transferable one-year limited warranty to the original owner. Warranties for

additional items are provided for periods of one to five years and are not transferable. Additionally, as it relates to the first subsequent owner, a five-year transferable hull warranty and the remainder of the original one-year limited warranty on certain components are available. The five-year transferable hull warranty terminates five years after the date of the original retail purchase. Claim costs related to components are generally absorbed by the original component manufacturer. The Company accrues estimated future warranty costs at the time of the sale based on its historical claims experience. An analysis of the warranty accruals for the years ended December 31, 2023 and 2022 is as follows:

<i>(in thousands)</i>	<b>2023</b>	<b>2022</b>
<b>Balance at beginning of year</b>	<b>\$ 5,699</b>	\$ 4,641
<b>Less: Payments made during the year</b>	<b>(4,450)</b>	(4,845)
<b>Add: Warranty provision for the current year</b>	<b>5,864</b>	5,737
<b>Changes to warranty provision for prior years</b>	<b>(35)</b>	166
<b>Balance at end of year</b>	<b>\$ 7,078</b>	\$ 5,699

### **Insurance Accruals**

The Company fully insures its risks related to general liability, product liability and vehicle liability, whereas the health insurance plan up to a maximum annual claim amount for each covered employee and related dependents and workers' compensation are self-funded. The estimated cost of claims under the self-insurance program is accrued as the claims are incurred and may subsequently be revised based on developments relating to such claims.

### **Research and Development Costs**

The Company expenses research and development costs for new products and components as incurred. Research and development costs are included in selling, general and administrative expenses and totaled \$757 thousand in 2023, \$437 thousand in 2022, and \$776 thousand in 2021.

### **Repurchase Obligations**

The Company has entered into agreements with third-party floor plan lenders where it has agreed, in the event of default by the dealer, to repurchase MPC boats repossessed from the dealer. These arrangements are subject to maximum repurchase amounts and the associated risk is mitigated by the value of the boats repurchased. The Company accrues estimated losses when a loss, due primarily to the default of one of our dealers, is determined to be probable and the amount of the loss can be reasonably estimated.

### **Income Taxes**

Deferred tax liabilities and assets are determined based on the difference between the financial and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The Company establishes a valuation allowance against the carrying value of deferred tax assets if the Company concludes that it is more likely than not that the asset will not be realized through future taxable income.

### Leases

The Company determines at contract inception, if an arrangement is a lease or contains a lease based on whether the Company obtains the right to control the use of specifically identifiable property, plant and equipment for a period of time in exchange for consideration. The Company has elected not to separate non-lease components from lease components for its leases. Variable lease payments are recognized as expenses when incurred.

### Retirement Income Plan (“Plan”)

Marine Products participated in a multiemployer Retirement Income Plan (“Plan”), trusteed retirement income plan sponsored by RPC, Inc. (“RPC”) that provided monthly benefits to its participants

based on the various provisions contained therein. The Company initiated actions to terminate the Plan in 2021, and it was fully terminated in 2023. See note titled Employee Benefit Plans for details on the termination and related settlement.

### Stock-Based Compensation

Stock-based compensation expense is recognized for all share-based payment awards, net of an estimated forfeiture rate. Thus, compensation cost is amortized for those shares expected to vest on a straight-line basis over the requisite service period of the award. See note titled Employee Benefit Plans for additional information.

### Earnings per Share

Basic and diluted earnings per share are computed by dividing net income by the weighted average number of shares outstanding during the respective periods. In addition, the Company has periodically issued share-based payment awards that contain non-forfeitable rights to dividends and are therefore considered participating securities. See note titled Employee Benefit Plans for further information on restricted stock granted to employees.

Restricted shares of common stock (participating securities) outstanding and a reconciliation of weighted average shares outstanding is as follows:

<i>(in thousands)</i>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Net income available for stockholders:</b>	<b>\$ 41,695</b>	\$ 40,347	\$ 29,026
<b>Less: Adjustments for earnings attributable to participating securities</b>	<b>(999)</b>	(858)	(566)
<b>Net income used in calculating earnings per share</b>	<b>\$ 40,696</b>	\$ 39,489	\$ 28,460
<b>Weighted average shares outstanding (including participating securities)</b>	<b>34,443</b>	34,183	33,984
<b>Adjustment for participating securities</b>	<b>(834)</b>	(743)	(672)
<b>Shares used in calculating basic and diluted earnings per share</b>	<b>33,609</b>	33,440	33,312

### Fair Value of Financial Instruments

The Company’s financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable and marketable securities. The carrying values of cash and cash equivalents, accounts receivable and accounts payable approximate their fair values because of the short-term nature of such instruments. The Company’s marketable securities, held in the non-qualified Supplemental Executive Retirement Plan (“SERP”), are classified as trading securities. All of these securities are carried at fair value in the accompanying consolidated balance sheets. See note titled Fair Value Measurements for further information regarding the fair value measurement of assets and liabilities.

### Concentration of Suppliers

The Company has three suppliers for the three types of engines it purchases. This concentration of suppliers could impact our sales and profitability in the event of a sudden interruption in the delivery of these engines.

### Recent Accounting Pronouncements

The Financial Accounting Standards Board issued the following Accounting Standards Updates (“ASU”s):

### Recently Adopted Accounting Standards

**ASU No. 2021-08 — Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers.** The amendments in this ASU require that at the acquisition date, an acquirer needs to recognize and measure the acquired contract assets and contract liabilities in the same manner that they were recognized and measured in the acquiree’s financial statements before the acquisition. The Company adopted these provisions in the first quarter of 2023 prospectively to future business combinations and the adoption did not have a material impact on its consolidated financial statements.

### Recently Issued Accounting Standards Not Yet Adopted

**ASU No. 2023-07 — Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures.** The amendments in this ASU require an entity to disclose the title and position of the Chief Operating Decision Maker (CODM) and the significant segment expenses that are regularly provided to the CODM and included within each reported measure of segment profit or loss. These amendments are effective for annual disclosures beginning in 2024 and interim disclosures beginning in the first quarter of 2025, with early adoption permitted. These amendments are effective retrospectively to all prior periods presented in the financial statements. The Company has one reportable segment and is currently evaluating the impact of adopting these provisions on its consolidated financial statements.

**ASU No. 2023-09 — Income Taxes (Topic 740): Improvements to Income Tax Disclosures.** The amendments in this ASU require an entity to include consistent categories and greater disaggregation of information in the rate reconciliation and income taxes paid, disaggregated by jurisdiction. These amendments are effective for annual disclosures beginning in 2025, with early adoption permitted for annual financial statements that have not yet been issued. The Company is currently evaluating the impact of adopting these provisions on its consolidated financial statements.

## NOTE 2: NET SALES

### Accounting Policy

MPC's contract revenues are generated principally from selling: (1) fiberglass motorized boats and accessories and (2) parts to independent dealers. Revenue is recognized when obligations under the terms of a contract with our customer are satisfied. Satisfaction of contract terms occurs with the transfer of the title of our boats, accessories, and parts to our dealers. Net sales are measured as the amount of consideration we expect to receive in exchange for transferring the goods to the dealer. The amount of consideration we expect to receive consists of the sales price adjusted for dealer incentives. The expected costs associated with our base warranties continue to be recognized as expense when the products are sold as they are deemed to be assurance-type warranties (see note titled Significant Accounting Policies). Incidental promotional items that are immaterial in the context of the contract are recognized as expense. Fees charged to customers for shipping and handling are included in net sales in the accompanying consolidated statements of operations and the related costs incurred by the Company are included in cost of goods sold.

### Nature of Goods

MPC's performance obligations within its contracts consists of: (1) boats and accessories and (2) parts. The Company transfers control and recognizes revenue on the satisfaction of its performance obligations (point in time) as follows:

- > Boats and accessories (domestic sales) — upon delivery and acceptance by the dealer.
- > Boats and accessories (international sales) — upon delivery to shipping port.
- > Parts — upon shipment/delivery to carrier.

### Payment Terms

For most domestic customers, MPC manufactures and delivers boats and accessories and parts ahead of payment — i.e., MPC has fulfilled its performance obligations prior to submitting an invoice to the dealer. MPC invoices the customer when the products are delivered and receives the related compensation, typically within seven to ten business days after invoicing. For some domestic customers and all international customers, MPC requires payment prior to transferring control of the goods. These amounts are classified as deferred revenue and recognized when control has transferred, which generally occurs within three months of receiving the payment.

When the Company enters into contracts with its customers, it generally expects there to be no significant timing difference between the date the goods have been delivered to the customer (satisfaction of the performance obligation) and the date cash consideration is received. Accordingly, there is no financing component to the Company's arrangements with its customers.

### Significant Judgments

**Determining the transaction price** — The transaction price for MPC's boats and accessories is the invoice price adjusted for dealer incentives. Key inputs and assumptions utilized in determining variable consideration related to dealer incentives include:

- > **Inputs:** Current model year boat sales, total potential program incentive percentage, prior model year results of dealer incentive activity (i.e., incentive earned as a percentage of total incentive potential).
- > **Assumption:** Current model year incentive activity will closely reflect prior model year actual results, adjusted as necessary for dealer purchasing trends or economic factors.

**Other** — Our contracts with dealers do not provide them with a right of return. Accordingly, we do not have any obligations recorded for returns or refunds.

### Disaggregation of Revenues

The following table disaggregates our sales by major source:

<i>(in thousands)</i>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Boats and accessories</b>	<b>\$ 378,321</b>	\$ 375,912	\$ 293,312
<b>Parts</b>	<b>5,408</b>	5,083	4,702
<b>Net sales</b>	<b>\$ 383,729</b>	\$ 380,995	\$ 298,014

The following table disaggregates our revenues between domestic and international:

<i>(in thousands)</i>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Domestic</b>	<b>\$ 361,221</b>	\$ 355,371	\$ 282,117
<b>International</b>	<b>22,508</b>	25,624	15,897
<b>Net sales</b>	<b>\$ 383,729</b>	\$ 380,995	\$ 298,014

### Contract Balances

Amounts received from international and certain domestic dealers toward the purchase of boats are classified as deferred revenue and are included in accrued expenses and other liabilities on the consolidated balance sheets.

<i>(in thousands)</i>	<b>2023</b>	<b>2022</b>
<b>Deferred revenue</b>	<b>\$ 654</b>	\$ 1,989

Substantially all of the amounts of deferred revenue as of December 31, 2023 and December 31, 2022 were or will be recognized as sales during the immediately following quarters, when control is transferred.

### NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

<i>(in thousands)</i> December 31,	<b>2023</b>	<b>2022</b>
Trade receivables	\$ 1,348	\$ 4,047
Other	1,138	1,305
<b>Total</b>	<b>2,486</b>	5,352
Less: allowance for credit losses	(11)	(12)
<b>Net accounts receivable</b>	<b>\$ 2,475</b>	\$ 5,340

Trade receivables consist primarily of balances related to the sales of boats which are shipped pursuant to “floor-plan financing” programs with qualified lenders. Other receivables consist primarily of rebate receivables from various suppliers in 2023 and 2022. Changes in the Company’s allowance for credit losses are disclosed in Schedule II Valuation and Qualifying Accounts.

### NOTE 4: INVENTORIES

Inventories consist of the following:

<i>(in thousands)</i> December 31,	<b>2023</b>	<b>2022</b>
Raw materials and supplies	\$ 40,340	\$ 37,210
Work in process	10,601	14,190
Finished goods	10,670	21,615
<b>Total inventories</b>	<b>\$ 61,611</b>	\$ 73,015

### NOTE 5: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are presented at cost, net of accumulated depreciation, and consist of the following:

<i>(in thousands)</i> December 31,	<b>Estimated Useful Lives</b>	<b>2023</b>	<b>2022</b>
Land	N/A	\$ 1,024	\$ 895
Buildings	7-40	26,069	21,567
Operating equipment and property	3-15	15,872	14,292
Furniture and fixtures	5-7	3,290	2,991
Vehicles	5-10	8,990	8,275
<b>Gross property, plant and equipment</b>		<b>55,245</b>	48,020
Less: accumulated depreciation		(32,789)	(33,055)
<b>Net property, plant and equipment</b>		<b>\$ 22,456</b>	\$ 14,965

Depreciation expense was \$2.4 million in 2023, \$1.9 million in 2022 and \$1.8 million in 2021. The Company’s accounts payable for purchases of property and equipment was immaterial as of December 31, 2023, December 31, 2022 and December 31, 2021.

### NOTE 6: ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consist of the following:

<i>(in thousands)</i> December 31,	<b>2023</b>	<b>2022</b>
Accrued payroll and related expenses	\$ 2,591	\$ 3,753
Accrued sales incentives and discounts	4,517	2,485
Accrued warranty costs	7,078	5,699
Deferred revenue	654	1,989
Income taxes payable	—	342
Other	1,656	1,072
<b>Total accrued expenses and other liabilities</b>	<b>\$ 16,496</b>	\$ 15,340

### NOTE 7: NOTES PAYABLE TO BANKS

On November 12, 2021, the Company entered into a revolving credit agreement with Truist Bank which provides a credit facility of \$20.0 million. The facility includes (i) a \$5.0 million sublimit for swingline loans, (ii) a \$2.5 million aggregate sublimit for all letters of credit, and (iii) a committed accordion which can increase the aggregate commitments by the greater of \$35.0 million and adjusted EBITDA (as calculated under the Credit Agreement) over the most recently completed twelve-month period. The facility is secured by a first priority security interest in and lien on substantially all personal property of MPC and the guarantors including, without limitation, certain assets owned by the Company. The facility is scheduled to mature on November 12, 2026.

Effective July 1, 2023, revolving borrowings under the facility accrue interest at a rate equal to Term Secured Overnight Financing Rate (“SOFR”) plus the applicable percentage, as defined. During the second quarter of 2023, the Company was notified by Truist Bank that SOFR replaced LIBOR for all borrowings under the facility. The new applicable percentage is between 150 and 250 basis points for all loans based on MPC’s net leverage ratio plus a SOFR adjustment of 11.45 basis points. In addition, the Company pays facility fees under the agreement ranging from 25 to 45 basis points, based on MPC’s net leverage ratio, on the unused revolving commitment.

The credit agreement contains certain financial covenants including: (i) a maximum consolidated leverage ratio of 2.50:1.00 and (ii) a minimum consolidated fixed charge coverage ratio of 1.25:1.00 both determined at the end of each fiscal quarter. Additionally, the agreement contains customary covenants including affirmative and negative covenants and events of default (each with customary exceptions, thresholds and exclusions). As of December 31, 2023 and 2022, the Company was in compliance with these covenants.

The Company has incurred total loan origination fees and other debt related costs associated with this revolving credit facility in the aggregate of \$195 thousand in 2021. These costs are being amortized to interest expense over the remaining term of the loan, and the remaining net balance is classified as part of non-current other assets. As of December 31, 2023 and 2022, MPC had no outstanding borrowings under the revolving credit facility.

Interest incurred, which includes facility fees on the unused portion of the revolving credit facility and the amortization of loan costs, on the credit facility was \$90 thousand in 2023, \$90 thousand in 2022 and \$10 thousand in 2021. Interest paid was \$76 thousand in 2023 and \$32 thousand in 2022 and none was paid in 2021.

## NOTE 8: INCOME TAXES

The following table lists the components of the provision for income taxes:

<i>(in thousands)</i>	2023	2022	2021
<b>Current provision:</b>			
Federal	\$ 12,384	\$ 12,225	\$ 7,176
State	1,109	1,360	346
<b>Deferred (benefit) provision:</b>			
Federal	(3,047)	(1,687)	(248)
State	(79)	(111)	108
<b>Total income tax provision</b>	<b>\$ 10,367</b>	<b>\$ 11,787</b>	<b>\$ 7,382</b>

A reconciliation between the federal statutory rate and Marine Products' effective tax rate is as follows:

	2023	2022	2021
Federal statutory rate	21.0%	21.0%	21.0%
State income taxes, net of federal benefit	1.2	1.3	0.9
Research and experimentation credit	(1.3)	(0.7)	(0.9)
Non-deductible expenses	(0.7)	0.3	(0.8)
Change in contingencies	0.5	0.8	0.4
Adjustments related to vesting of restricted stock	(0.1)	(0.1)	(1.0)
Other	(0.7)	—	0.7
<b>Effective tax rate</b>	<b>19.9%</b>	<b>22.6%</b>	<b>20.3%</b>

Significant components of the Company's deferred tax assets and liabilities are as follows:

<i>(in thousands)</i>	2023	2022
<b>December 31,</b>		
<b>Deferred tax assets:</b>		
Warranty costs	\$ 1,557	\$ 1,254
Sales incentives and discounts	570	110
Stock-based compensation	824	866
Long-term retirement plan	3,960	3,099
Capitalized research and development	2,900	1,300
All others, net	465	490
<b>Total deferred tax assets</b>	<b>10,276</b>	<b>7,119</b>
<b>Deferred tax liabilities:</b>		
Depreciation and amortization expense	(1,686)	(1,092)
<b>Net deferred tax assets</b>	<b>\$ 8,590</b>	<b>\$ 6,027</b>

Total net income tax payments were \$13.9 million in 2023, \$13.0 million in 2022, and \$7.5 million in 2021. As of December 31, 2023, the Company had net operating loss carryforwards related to state income taxes of approximately \$1.2 million (gross) that will expire in 2034. The Company does not have a valuation allowance related to net operating loss carryforwards due to implemented tax planning strategies.

The Company's policy is to record interest and penalties related to income tax matters as part of income tax expense. Accrued interest and penalties were immaterial as of December 31, 2023 and 2022.

During 2023, the Company recognized an increase in its liability for unrecognized tax benefits related primarily to prior year positions and recorded it as part of other long-term liabilities on the consolidated balance sheet. This liability, if released, would affect our effective rate. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

<i>(in thousands)</i>	2023	2022
<b>Balance at beginning of the year</b>	<b>\$ 1,058</b>	\$ 539
<b>Additions based on tax positions related to the current year</b>	<b>236</b>	393
<b>Additions for tax positions of prior years</b>	<b>55</b>	126
<b>Balance at end of the year</b>	<b>\$ 1,349</b>	\$ 1,058

It is reasonably possible that the amount of the unrecognized benefits with respect to the Company's unrecognized tax positions will increase or decrease in the next 12 months. These changes may be the result of, among other things, state tax settlements under voluntary disclosure agreements, or conclusions of ongoing examinations or reviews. However, quantification of an estimated range cannot be made at this time.

The Company and its subsidiaries are subject to U.S. federal and state income tax in multiple jurisdictions. In many cases, the uncertain tax positions are related to tax years that remain open and subject to examination by the relevant taxing authorities. In general, the Company's 2020 through 2022 tax years remain open to examination. Additional years may be open to the extent attributes are being carried forward to an open year.

## NOTE 9: ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive loss consists of changes related to the pension plan for the years ended December 31, 2023 and 2022 as follows:

<i>(in thousands)</i>	2023	2022
<b>Balance at beginning of the year</b>	<b>\$ (1,995)</b>	\$ (2,576)
<b>Change during the year:</b>		
Before-tax amount	2,536	632
Tax benefit	(558)	(139)
Reclassification adjustment, net of taxes		
Amortization of net loss	17	88
<b>Total activity in the year</b>	<b>1,995</b>	581
<b>Balance at end of the year</b>	<b>\$ —</b>	\$ (1,995)



## NOTE 10: FAIR VALUE MEASUREMENTS

The various inputs used to measure assets at fair value establish a hierarchy that distinguishes between assumptions based on market data (observable inputs) and the Company's assumptions (unobservable inputs). The hierarchy consists of three broad levels as follows:

1. **Level 1** – Quoted market prices in active markets for identical assets or liabilities.
2. **Level 2** – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
3. **Level 3** – Unobservable inputs developed using the Company's estimates and assumptions, which reflect those that market participants would use.

The Company determines the fair value of the marketable securities that are available-for-sale through quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active. There are no available-for-sale securities held as of December 31, 2023 and 2022. Trading securities are comprised of SERP assets, as described in note titled Employee Benefit Plans, and are recorded primarily at their net cash surrender values calculated using their net asset values, which approximate fair value, as provided by the issuing insurance company. The expected holding period for these assets measured at net asset value is unknown. Trading securities were valued at \$15.4 million as of December 31, 2023 and \$9.9 million as of December 31, 2022. Significant observable inputs, in addition to quoted market prices, were used to value the trading securities. The Company's policy is to recognize transfers between levels at the beginning of quarterly reporting periods. For the years ended December 31, 2023 and 2022, there were no significant transfers in or out of levels 1, 2 or 3.

The carrying amount of other financial instruments reported in the balance sheet for current assets and current liabilities approximate their fair values because of the short-term maturity of these instruments. The Company currently does not use the fair value option to measure any of its existing financial instruments and has not determined whether or not it will elect this option for financial instruments it may acquire in the future.

## NOTE 11: COMMITMENTS AND CONTINGENCIES

### Lawsuits

The Company is a defendant in certain lawsuits which allege that plaintiffs have been injured or incurred damages as a result of the use of the Company's products. The Company is vigorously contesting these actions. Management, after consultation with legal counsel, is of the opinion that the outcome of these lawsuits will not have a material adverse effect on the financial position, results of operations or liquidity of Marine Products.

### Dealer Floor Plan Financing

To assist dealers in obtaining financing for the purchase of its boats for inventory, the Company has entered into agreements with various dealers and selected third-party floor plan lenders to guarantee varying amounts of qualifying dealers' debt obligations. The Company's obligation under these guarantees becomes

effective in the case of a default under the financing arrangement between the dealer and the third party lender. The agreements provide for the return of repossessed boats to the Company in new and unused condition, subject to normal wear and tear, in exchange for the Company's assumption of the debt obligation on those boats, as contractually defined by each lender. The Company had no material repurchases of dealer inventory under contractual agreements during 2023 and 2022 as a result of dealer defaults.

Management continues to monitor the risk of additional defaults and resulting repurchase obligations based in part on information provided by the third-party floor plan lenders and will adjust the guarantee liability at the end of each reporting period based on information reasonably available at that time.

The Company currently has an agreement with one of the floor plan lenders whereby the contractual repurchase limit is based on the highest of the following criteria: (i) a specified percentage of the amount of the average net receivables financed by the floor plan lender for our dealers, (ii) the total average net receivables financed by the floor plan lender for our two highest dealers during the prior three month period, or (iii) \$8.0 million, less repurchases during the prior 12 month period. As defined by the agreement, the repurchase limit for this lender was \$18.9 million as of December 31, 2023. The Company has contractual repurchase agreements with additional lenders with an aggregate maximum repurchase obligation of approximately \$7.7 million, with various expiration and cancellation terms of less than one year. Accordingly, the aggregate repurchase obligation with all financing institutions was approximately \$26.6 million as of December 31, 2023. This repurchase obligation risk is mitigated by the value of any boats repurchased.

### Income Taxes

The amount of income taxes the Company pays is subject to ongoing audits by federal and state tax authorities, which often result in proposed assessments. Other long-term liabilities included the Company's estimated liabilities for these probable assessments and totaled approximately \$1.3 million as of December 31, 2023 compared to \$1.1 million as of December 31, 2022.

### Short-term Cash Incentive Compensation

In addition to recording discretionary Short-term Cash Incentive (STCI) compensation expense for executive officers, STCI expense has been recorded for four non-executive employees based on a percentage of Pre-Tax Profit (PTP incentive), defined as pretax income before goodwill adjustments and certain allocated corporate expenses. During 2021 and through the third quarter of 2023, this PTP incentive was 16% in the aggregate per year and was subject to either a contractual arrangement or a discretionary determination. The PTP incentive under a contractual agreement with one employee, in the amount of seven percent per year, was discontinued as of September 30, 2023. As a result, effective October 1, 2023, the PTP incentive, subject to a discretionary determination, will be nine percent in the aggregate per year for three employees.

Total STCI expense for the reported years was as follows:

<i>(in thousands)</i>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>STCI expense</b>	<b>\$ 10,651</b>	\$ 12,039	\$ 8,535

These amounts are included in Selling, general and administrative expenses in the accompanying Consolidated Statements of Operations.

## NOTE 12: EMPLOYEE BENEFIT PLANS

### Supplemental Executive Retirement Plan (“SERP”)

The Company permits selected highly compensated employees to defer a portion of their compensation into the SERP. The liabilities related to these deferrals are recognized as Retirement plan liabilities on the Consolidated Balance Sheets. The SERP assets are invested primarily in company-owned life insurance (“COLI”) policies as a funding source to satisfy the obligation of the SERP. The assets are subject to claims by creditors, and the Company can designate them for another purpose at any time. Investments in COLI policies consist of variable life insurance policies of \$8.5 million as of December 31, 2023 and \$71 million as of December 31, 2022. In the COLI policies, the Company is able to allocate assets across a set of choices provided by the insurance underwriter, including fixed income securities and equity funds. The COLI policies are recorded at their net cash surrender values, which approximates fair value, as provided by the issuing insurance company, whose Standard & Poor’s credit rating was A+ in 2023.

The Company classifies the SERP assets as trading securities as described in note titled Significant Accounting Policies. The fair value of these assets totaled \$15.4 million as of December 31, 2023 and \$9.9 million as of December 31, 2022. The SERP assets are reported in retirement plan assets on the consolidated balance sheets and changes to the fair value of the assets are reported in selling, general and administrative expenses in the consolidated statements of operations. Trading gains (losses) related to the SERP assets totaled \$1.5 million in 2023, \$(2.4 million) in 2022 and \$1.6 million in 2021.

The SERP liabilities include participant deferrals net of distributions and are stated at a fair value of \$18.0 million as of December 31, 2023 and \$14.4 million as of December 31, 2022. The SERP liabilities are reported on the consolidated balance sheets in retirement plan liabilities and any change in the fair value is recorded as compensation cost within selling, general and administrative expenses in the consolidated statements of operations. Changes in the fair value of the SERP liabilities represented unrealized gains (losses) of \$1.8 million in 2023, and \$(2.3 million) in 2022 and \$1.6 million in 2021.

### Retirement Income Plan (“Plan”)

The Company initiated actions to terminate the Plan in 2021 and it was fully terminated in 2023. As part of termination, the Company settled its participant liabilities in one of the following ways – (i) through a lump-sum settlement at the election of the participants; or (ii) transfer to a commercial annuity provider or a government agency. The Company funded this transfer through the liquidation of investments in the Plan assets. The Company recognized a pre-tax, non-cash settlement charge of \$2.4 million during 2023, which represents the accelerated recognition of net actuarial loss that was previously recorded in accumulated other comprehensive loss (net of tax) and deferred taxes (tax effect). In addition, RPC utilized funds related to the Company’s plan assets to settle its participant liabilities, since it was a multiemployer Plan. See note titled Related Party Transactions for additional information.

(in thousands)  
December 31,

	2023	2022
<b>Accumulated benefit obligation at end of year</b>	<b>\$ —</b>	<b>\$ 3,146</b>
<b>Change in projected benefit obligation:</b>		
Benefit obligation at beginning of year	\$ 3,146	\$ 5,832
Service cost	—	—
Interest cost	5	133
Actuarial loss	(243)	(1,045)
Benefits paid	(131)	(322)
Settlement	(2,777)	(1,452)
<b>Projected benefit obligation at end of year</b>	<b>\$ —</b>	<b>\$ 3,146</b>
<b>Change in plan assets:</b>		
Fair value of plan assets at beginning of year	\$ 3,502	\$ 6,870
Actual return on plan assets	(70)	(1,594)
Benefits paid	(131)	(322)
Transfer of assets	(524)	—
Settlements	(2,777)	(1,452)
<b>Fair value of plan assets at end of year</b>	<b>\$ —</b>	<b>\$ 3,502</b>
<b>Funded status at end of year</b>	<b>\$ —</b>	<b>\$ 356</b>

The accumulated benefit obligation for the Plan as of December 31, 2023 and 2022 has been disclosed above. The Company uses a December 31 measurement date for this qualified plan. The funded status of the Plan was recorded as Pension plan assets in the current assets section of the Consolidated Balance sheets as of December 31, 2022.

(in thousands)

December 31,	2023	2022
<b>Amounts (pre-tax) recognized in accumulated other comprehensive loss consist of:</b>		
Net loss	\$ —	\$ 2,558
Prior service cost (credit)	—	—
	<b>\$ —</b>	<b>\$ 2,558</b>

The components of net periodic benefit cost of the Plan are summarized as follows:

(in thousands)

	2023	2022	2021
Service cost for benefits earned during the period	\$ —	\$ —	\$ —
Interest cost	5	133	147
Expected return on plan assets	—	—	(289)
Amortization of net losses	22	113	73
Settlement loss	2,363	1,180	—
Net periodic cost	<b>\$ 2,390</b>	<b>\$ 1,426</b>	<b>\$ (69)</b>

The pre-tax amounts recognized in other comprehensive income for the years ended December 31, 2023, 2022 and 2021 are summarized as follows:

(in thousands)

	2023	2022	2021
Net loss (gain)	\$ (173)	\$ 549	\$ 879
Amortization of net loss	(22)	(113)	(73)
Settlement loss	(2,363)	(1,180)	—
Amount recognized in accumulated other comprehensive income (loss)	<b>\$ (2,558)</b>	<b>\$ (744)</b>	<b>\$ 806</b>

The weighted average assumptions as of December 31 used to determine the projected benefit obligation and net benefit cost were as follows:

December 31,	2023	2022	2021
<b>Projected benefit obligation:</b>			
Discount rate	Note <sup>(1)</sup>	Note <sup>(1)</sup>	Note <sup>(1)</sup>
Rate of compensation increase	—	N/A	N/A
<b>Net benefit cost:</b>			
Discount rate	—	Note <sup>(1)</sup>	2.70%
Expected return on plan assets	—	—	4.00%
Rate of compensation increase	—	N/A	N/A

<sup>(1)</sup> As of December 31, 2023, there was no liability in the Plan and therefore, a discount rate does not apply. Projected benefit obligation as of December 31, 2022, and December 31, 2021 reflects termination of the Plan and is calculated based on various assumptions in accordance with the Plan agreement.

The Plan's weighted average asset allocation at December 31, 2022 by asset category was as follows:

Asset category	Percentage of Plan Assets as of December 31
Cash and Cash Equivalents	2022
Fixed Income Securities	3.7%
<b>Total</b>	<b>96.3</b>
	<b>100.0%</b>

The following tables present our Plan assets using the fair value hierarchy as of December 31, 2022. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value. See note titled Fair Value Measurements for a brief description of the three levels under the fair value hierarchy.

Investments (in thousands)	Total	Level 1	Level 2
<b>Fair value hierarchy as of December 31, 2022:</b>			
Cash and Cash Equivalents <sup>(1)</sup>	\$ 129	\$ 129	\$ —
Fixed Income Securities <sup>(2)</sup>	3,373	—	3,373
<b>Total Assets in the Fair Value Hierarchy</b>	<b>\$ 3,502</b>	<b>\$ 129</b>	<b>\$ 3,373</b>

<sup>(1)</sup> Cash and cash equivalents, which are used to pay benefits and plan administrative expenses, are held in Rule 2a-7 money market funds.

<sup>(2)</sup> Fixed income securities are primarily valued using a market approach with inputs that include broker quotes, benchmark yields, base spreads and reported trades. Subsequent to December 31, 2022, these securities were liquidated to fund the annuity purchase.

#### 401(k) Plan

Marine Products participates in a defined contribution 401(k) plan sponsored by RPC that is available to substantially all full-time employees with more than 90 days of service. Effective January 1, 2019, the Company began matching 100% of employee contributions for each dollar of a participant's contribution to the 401(k) Plan for the first three percent of his or her annual compensation, and 50% for each dollar of a participant's contribution to the 401(k) Plan for the next three percent of his or her annual compensation. Employees vest in the Company's contributions after two years of service. The charges to expense for Marine Products' contributions to the 401(k) plan were \$1.2 million in 2023, \$1.2 million in 2022 and \$1.0 million in 2021.

#### Stock Incentive Plans

The Company reserved 3,000,000 shares of common stock under the 2014 Stock Incentive Plan with a term of ten years expiring in April 2024. This plan provides for the issuance of various forms of stock incentives, including among others, incentive and non-qualified stock options and restricted shares. As of December 31, 2023, there were 777,199 shares available for grant.

The Company recognizes compensation expense for the unvested portion of awards outstanding over the remainder of the service period. The compensation cost recorded for these awards will be based on their fair value at grant date less the cost of estimated forfeitures. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods to reflect actual forfeitures.

Pre-tax stock-based employee compensation expense was approximately \$3.7 million (\$2.9 million after tax) for 2023, \$2.7 million (\$2.1 million after tax) for 2022, and \$2.3 million (\$1.8 million after tax) for 2021.

We have not issued any stock options since 2003 and have no immediate plans to issue additional stock options.

### Restricted Stock

Marine Products grants selected employees and directors time lapse restricted stock that vest after a certain stipulated number of years from the grant date in the case of employees and that vest immediately for non-employee directors, depending on the terms of the issue. The time lapse restricted shares granted by the Company in 2023 to employees will vest ratably over a period of four years and the shares granted in 2022 will vest ratably over a period of five years. Prior to 2022, the time lapse restricted shares vested one-fifth per year beginning on the second anniversary of the grant date. During these years, grantees receive all dividends declared and retain voting rights for the shares.

The agreements under which the restricted stock is issued provide that shares awarded may not be sold or otherwise transferred until restrictions established under the stock plans have lapsed. Upon termination of employment from the Company, with the exception of death (fully vests), disability or retirement (partially vests based on duration of service), shares with restrictions are forfeited in accordance with the plan.

In the first quarter of 2023, the Company issued time-lapse restricted shares to certain employees that will vest ratably over a period of four years. In addition, the Company granted performance share unit awards to its executive officers that vest based on the achievement of pre-established performance targets. The awards will be issued at different levels based on the performance achieved with a cliff vesting at the end of calendar year 2025. The Company evaluated the portions of the awards that are probable to vest and accordingly has accrued estimated compensation expense equal to 100% of the target awards.

The following is a summary of the changes in non-vested restricted shares for the year ended December 31, 2023:

	Shares	Weighted-Average Grant-Date Fair Value
<b>Non-vested shares at January 1, 2023</b>	<b>764,170</b>	<b>\$ 14.15</b>
Granted	318,348	13.25
Vested	(243,468)	14.16
<b>Non-vested shares at December 31, 2023</b>	<b>839,050</b>	<b>\$ 13.81</b>

The following is a summary of the changes in non-vested restricted shares for the year ended December 31, 2022:

	Shares	Weighted-Average Grant-Date Fair Value
<b>Non-vested shares at January 1, 2022</b>	671,370	\$ 14.70
Granted	311,703	11.61
Vested	(193,403)	11.96
Forfeited	(25,500)	14.11
<b>Non-vested shares at December 31, 2022</b>	<b>764,170</b>	<b>\$ 14.15</b>

The fair value of restricted stock awards is based on the market price of the Company's stock on the date of grant and is amortized to compensation expense on a straight-line basis over the requisite service period. The weighted average grant date fair value of these restricted stock awards was \$13.25 in 2023, \$11.61 in 2022 and \$16.55 in 2021. The total fair value of shares vested was approximately \$3.2 million in 2023, \$2.2 million in 2022 and \$3.2 million in 2021. The above table does not include any activity related to performance share unit awards since they are not currently issued or vested.

For the year ending December 31, 2023 approximately \$57 thousand of excess tax benefits for stock-based compensation awards were recorded as a discrete tax adjustment and classified within operating activities in the consolidated statements of cash flows compared to approximately \$68 thousand for the year ending December 31, 2022.

### Other Information

As of December 31, 2023 total unrecognized compensation cost related to non-vested restricted shares was approximately \$7.7 million which is expected to be recognized over a weighted-average period of 2.7 years.

### NOTE 13: RELATED PARTY TRANSACTIONS

In conjunction with its spin-off from RPC, the Company and RPC entered into various agreements that define the companies' relationship after the spin-off.

The Transition Support Services Agreement provides for RPC to provide certain services, including financial reporting and income tax administration and acquisition assistance, to Marine Products until the agreement is terminated by either party. Marine Products reimbursed RPC for its estimated allocable share of administrative costs incurred for services rendered on behalf of Marine Products totaling \$1.1 million in 2023, \$0.9 million in 2022 and \$0.9 million in 2021. The Company's payable to RPC for these services was \$120 thousand as of December 31, 2023 and \$26 thousand as of December 31, 2022. In addition, the Company was owed \$524 thousand from RPC, for using Marine Products' assets in the Plan to settle its participant liabilities. Of the total amounts owed, RPC reimbursed the Company \$482 thousand during 2023. All of the Company's directors are also directors of RPC and the Company's executive officers are employees of both the Company and RPC.

RPC and Marine Products own 50% each of a limited liability company called 255 RC, LLC that was created for the joint purchase and ownership of a corporate aircraft. The purchase was funded primarily by a \$2.6 million contribution by each company to 255 RC, LLC. Each of RPC and Marine Products is currently a party to an operating lease agreement with 255 RC, LLC for a period of five years. Marine Products recorded certain net operating costs for the corporate aircraft comprised of rent and an allocable share of fixed costs of approximately \$160 thousand for each year in 2023, 2022 and 2021. The Company has a payable to 255 RC LLC of \$1.8 million as of December 31, 2023 and \$1.6 million as of December 31, 2022. The Company accounts for this investment using the equity method and its proportionate share of income or loss is recorded in selling, general and administrative expenses. As of December 31, 2023, the investment closely approximates the underlying equity in the net assets of 255 RC, LLC and the undistributed earnings represented in retained earnings was approximately \$639 thousand.

A group that includes Gary W. Rollins, Pamela R. Rollins, Amy Rollins Kreisler and Timothy C. Rollins, each of whom is a director of the Company, and certain companies under their control, controls in excess of fifty percent of the Company's voting power.

### NOTE 14: LEASES

The Company recognizes leases with a duration greater than 12 months on the balance sheet with a Right-Of-Use ("ROU") asset and liability at the present value of lease payments over the term. Renewal options are factored into the determination of lease payments when appropriate. There are no residual value guarantees on the existing leases. The Company estimates its incremental borrowing rate, at lease commencement, to determine the present value of lease payments, since most of the Company's leases do not provide an implicit rate of return. ROU assets exclude lessor incentives received. The Company's lease population consists primarily of office equipment. During the year ended December 31, 2023, the Company entered into new leases or modified existing leases that resulted in an increase of ROU assets in exchange for operating lease liabilities as disclosed below.

The Company does not have any finance leases. As of December 31, 2023, the Company had no operating leases that had not yet commenced.

#### **Lease position:**

The table below presents the assets and liabilities related to operating leases recorded on the balance sheet:

<i>(in thousands)</i>	Classification on Consolidated Balance Sheet	December 31,	
		<b>2023</b>	2022
<b>Assets:</b>			
Operating lease right-of-use assets	Other assets	\$ 295	\$ 239
<b>Liabilities:</b>			
Current portion of operating lease liabilities	Accrued expenses and other liabilities	\$ 77	\$ 57
Long-term operating lease liabilities	Other long-term liabilities	<b>220</b>	180
<b>Total lease liabilities</b>		<b>\$ 297</b>	\$ 237

**Lease Costs:**

The components of lease expense are included in selling, general and administrative expenses in the consolidated statements of operations as disclosed below:

<i>(in thousands)</i>	<b>2023</b>	<b>2022</b>
<b>Operating lease cost</b>	<b>\$ 93</b>	\$ 59
<b>Short-term lease cost</b>	<b>—</b>	—
<b>Variable lease cost</b>	<b>3</b>	—
<b>Total lease cost</b>	<b>\$ 96</b>	\$ 59

**Other information:**

<i>As of December 31,</i>	<b>2023</b>	<b>2022</b>
<b>Cash paid for amounts included in the measurement of operating lease liabilities</b> <i>(in thousands)</i>	<b>\$ 77</b>	\$ 55
<b>ROU assets obtained in exchange for operating lease liabilities</b> <i>(in thousands)</i>	<b>127</b>	222
<b>Weighted average remaining lease term — operating leases</b> <i>(years)</i>	<b>3.7</b>	4.2
<b>Weighted average discount rate — operating leases</b>	<b>4.85%</b>	4.97%

**Lease Commitments:**

**Maturity of lease liabilities – Operating Leases:**

<i>(in thousands)</i>	<b>2023</b>	<b>2022</b>
<b>As of December 31,</b>		
<b>2023</b>	<b>\$ —</b>	\$ 68
<b>2024</b>	<b>89</b>	58
<b>2025</b>	<b>88</b>	56
<b>2026</b>	<b>85</b>	55
<b>2027</b>	<b>55</b>	26
<b>2028</b>	<b>6</b>	—
<b>Total lease payments</b>	<b>323</b>	263
<b>Less: Amounts representing interest</b>	<b>(26)</b>	(26)
<b>Present value of lease liabilities</b>	<b>\$ 297</b>	\$ 237

The Company is party to an operating lease as the lessor for certain real estate leased to a third party with an initial term of 36 months that was renewed in 2022 for an additional 36 months. The lease requires fixed monthly payments and does not contain clauses for future rent escalations or renewal options. There are no terms and conditions under which the lessee has the option to purchase this asset. As of December 31, 2023, projected future lease income on this lease totaled \$300 thousand scheduled to be received as follows: 2024 — \$240 thousand and 2025 — \$60 thousand. The Company recorded rental income of \$240 thousand in 2023, \$239 thousand in 2022 and \$236 thousand in 2021 that is recorded as part of selling, general and administrative expenses on the consolidated statements of operations.

During 2023, the Company entered into a lease agreement related to a warehouse as a lessor for a period of less than a year that provided the lessee with an option to purchase the asset at the end of the lease term. The consideration included required weekly

payments with a purchase price of \$2.0 million less lease payments. The lessee was reasonably certain to exercise this purchase option and therefore, the Company concluded that the agreement qualified to be a sales type lease. As part of this transaction, the Company recognized a gain of approximately \$1.8 million which has been reported as part of Gain on disposition of assets, net on the Consolidated Statement of Operations. The purchase option was exercised in December 2023.

**NOTE 15: SUBSEQUENT EVENT**

On January 23, 2024, the Board of Directors declared a regular cash dividend of \$0.14 per share payable March 11, 2024 to stockholders of record at the close of business on February 9, 2024.

## ITEM 9.

### CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

## ITEM 9A.

### CONTROLS AND PROCEDURES

**Evaluation of disclosure controls and procedures** — The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms, and that such information is accumulated and communicated to its management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report, December 31, 2023 (the "Evaluation Date"), the Company carried out an evaluation, under the supervision and with the participation of its management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures. Based upon this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective at a reasonable assurance level as of the Evaluation Date.

**Management's report on internal control over financial reporting** — Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Management's report on internal control over financial reporting is included on page 32 of this report. Grant Thornton LLP, the Company's independent registered public accounting firm, has audited the effectiveness of internal control as of December 31, 2023 and issued a report thereon which is included on page 33 of this report.

**Changes in internal control over financial reporting** — There were no changes in the Company's internal control over financial reporting during the fourth quarter of 2023 which were identified in connection with management's evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## ITEM 9B.

### OTHER INFORMATION

During the quarter ended December 31, 2023, no director or officer, as defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended, of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

## ITEM 9C.

### DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.



## Part III

### ITEM 10.

#### DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information concerning directors, director nominees and executive officers will be included in the Marine Products Proxy Statement for its 2024 Annual Meeting of Stockholders, in the sections titled Information Regarding Director Nominees, Continuing Directors and Executive Officers.

#### AUDIT COMMITTEE AND AUDIT COMMITTEE FINANCIAL EXPERT

Information concerning the Audit Committee of the Company and the Audit Committee Financial Expert(s) will be included in the Marine Products Proxy Statement for its 2024 Annual Meeting of Stockholders, in the section titled “Board of Directors and Corporate Governance, Meetings and Committees of the Board of Directors — Audit Committee.” This information is incorporated herein by reference.

#### CODE OF ETHICS

Marine Products has a Code of Business Conduct that applies to all employees. In addition, the Company has a Code of Business Conduct and Ethics for Directors and Executive Officers and Related Party Transaction Policy. Both of these documents are available on the Company’s website at [MarineProductsCorp.com](http://MarineProductsCorp.com). Copies are also available at no extra charge by writing to Attn: Human Resources, Marine Products Corporation, 2801 Buford Highway NE, Suite 300, Atlanta, Georgia 30329. Marine Products intends to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of its code of ethics that relates to any elements of the code of ethics definition enumerated in SEC rules by posting such information on its internet website, the address of which is provided above.

#### SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Information regarding compliance with Section 16(a) of the Exchange Act will be included under “Section 16(a) Beneficial Ownership Reporting Compliance” in the Company’s Proxy Statement for its 2024 Annual Meeting of Stockholders, which is incorporated herein by reference.

### ITEM 11.

#### EXECUTIVE COMPENSATION

Information concerning director and executive compensation will be included in the Marine Products Proxy Statement for its 2024 Annual Meeting of Stockholders, in the sections titled “Human Capital Management and Compensation Committee Interlocks and Insider Participation,” “Director Compensation,” “Compensation Discussion and Analysis,” “Human Capital Management and Compensation Committee Report” and “Executive Compensation.” This information is incorporated herein by reference.

**ITEM 12.****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

Information concerning security ownership of certain beneficial owners and management, and all directors and executive officers as a group, will be included in the Marine Products Proxy Statement for its 2024 Annual Meeting of Stockholders in the section titled “Stock Ownership of Certain Beneficial Owners and Management.” This information is incorporated herein by reference.

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets forth certain information regarding equity compensation plans as of December 31, 2023.

Plan Category	(A) Number of Securities To Be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(B) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	(C) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (A))
Equity compensation plans approved by security holders	—	\$ —	777,199 <sup>(1)</sup>
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	—	\$ —	777,199

<sup>(1)</sup> All of the securities can be issued in the form of restricted stock or other stock awards.

See note titled Employee Benefit Plans for information regarding the material terms of the equity compensation plans.

**ITEM 13.****CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

Information concerning certain relationships and related party transactions will be included in the Marine Products Proxy Statement for its 2024 Annual Meeting of Stockholders, in the section titled “Certain Relationships and Related Party Transactions.” Information regarding director independence will be included in the Marine Products Proxy Statement for its 2024 Annual Meeting of Stockholders in the section titled “Director Independence and NYSE Requirements.” This information is incorporated herein by reference.

**ITEM 14.****PRINCIPAL ACCOUNTING FEES AND SERVICES**

Information regarding principal accountant fees and services will be included in the section titled, “Audit Matters — Independent Registered Public Accounting Firm” in the Marine Products Proxy Statement for its 2024 Annual Meeting of Stockholders. This information is incorporated herein by reference.

## Part IV

### ITEM 15.

#### EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

##### **Consolidated Financial Statements, Financial Statement Schedule and Exhibits**

1. Consolidated financial statements listed in the accompanying Index to Consolidated Financial Statements and Schedule are filed as part of this report.
2. The financial statement schedule listed in the accompanying Index to Consolidated Financial Statements and Schedule is filed as part of this report.
3. Exhibits listed in the accompanying Index to Exhibits are filed as part of this report. The following such exhibits are management contracts or compensatory plans or arrangements:

Exhibit No.	Exhibit Description
10.5	Marine Products Corporation 2004 Stock Incentive Plan (incorporated herein by reference to Appendix B to the Definitive Proxy Statement filed on March 24, 2004).
10.6	Form of time lapse restricted stock grant agreement under the 2004 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.2 to the Form 10-Q filed on November 1, 2004).
10.7	Form of performance restricted stock grant agreement under the 2004 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.3 to the Form 10-Q filed on November 1, 2004).
10.8	Supplemental Retirement Plan (incorporated herein by reference to Exhibit 10.16 to the Form 10-K filed on March 15, 2005).
10.9	First Amendment to 2001 Employee Stock Incentive Plan and 2004 Stock Incentive Plan (incorporated by reference to Exhibit 10.19 to the Form 10-K filed on March 2, 2007).
10.10	Summary of 'At-Will' compensation arrangements with the Executive Officers as of February 28, 2009 (incorporated herein by reference to Exhibit 10.20 to the Form 10-K filed on March 5, 2009).
10.11	Form of time lapse restricted stock agreement under the 2004 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the Form 10-Q filed on May 2, 2012).
10.13	2014 Stock Incentive Plan (incorporated herein by reference to Appendix A to the Registrant's definitive Proxy Statement filed on March 17, 2014).
10.14	Marine Products Corporation Cash Based Incentives (Discretionary) Acknowledgement of Cash Based Incentives for Executive Officers (incorporated herein by reference to Exhibit 10.18 to the Form 10-K filed on February 28, 2017).

##### **Exhibits (inclusive of item 3 above):**

Exhibit No.	Exhibit Description
3.1	(a) Articles of Incorporation of Marine Products Corporation (incorporated herein by reference to Exhibit 3.1 to the Form 10 filed on February 13, 2001).  (b) Certificate of Amendment of Certificate of Incorporation of Marine Products Corporation executed on June 8, 2005 (incorporated herein by reference to Exhibit 99.1 to the current report on Form 8-K filed on June 9, 2005).
3.2	Amended and Restated Bylaws of Marine Products Corporation (incorporated herein by reference to Exhibit 99 to the Form 8-K filed on February 2, 2021).
4.1	Form of Common Stock Certificate of Marine Products Corporation (incorporated herein by reference to Exhibit 4.1 to the Form 10 filed on February 13, 2001).
4.2	Description of Registrant's Securities (incorporated herein by reference to Exhibit 4.2 to the Form 10-K filed on February 28, 2020).

Exhibit No.	Exhibit Description
10.1	Agreement Regarding Distribution and Plan of Reorganization, dated February 12, 2001, by and between RPC, Inc. and Marine Products Corporation (incorporated herein by reference to Exhibit 10.2 to the Form 10 filed on February 13, 2001).
10.2	Employee Benefits Agreement, dated February 12, 2001, by and between RPC, Inc., Chaparral Boats, Inc. and Marine Products Corporation (incorporated herein by reference to Exhibit 10.3 to the Form 10 filed on February 13, 2001).
10.3	Transition Support Services Agreement, dated February 12, 2001, by and between RPC, Inc. and Marine Products Corporation (incorporated herein by reference to Exhibit 10.4 to the Form 10 filed on February 13, 2001).
10.4	Tax Sharing Agreement, dated February 12, 2001, by and between RPC, Inc. and Marine Products Corporation (incorporated herein by reference to Exhibit 10.5 to the Form 10 filed on February 13, 2001).
10.5	Marine Products Corporation 2004 Stock Incentive Plan (incorporated herein by reference to Appendix B to the Definitive Proxy Statement filed on March 24, 2004).
10.6	Form of time lapse restricted stock grant agreement under the 2004 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.2 to the Form 10-Q filed on November 1, 2004).
10.7	Form of performance restricted stock grant agreement under the 2004 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.3 to the Form 10-Q filed on November 1, 2004).
10.8	Supplemental Retirement Plan (incorporated herein by reference to Exhibit 10.16 to the Form 10-K filed on March 15, 2005).
10.9	First Amendment to 2001 Employee Stock Incentive Plan and 2004 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.19 to the Form 10-K filed on March 2, 2007).
10.10	Summary of 'At-Will' compensation arrangements with the Executive Officers as of February 28, 2009 (incorporated herein by reference to Exhibit 10.20 to the Form 10-K filed on March 5, 2009).
10.11	Form of time lapse restricted stock agreement under the 2004 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the Form 10-Q filed on May 2, 2012).
10.13	2014 Stock Incentive Plan (incorporated herein by reference to Appendix A to the Registrant's definitive Proxy Statement filed on March 17, 2014).
10.14	Marine Products Corporation Cash Based Incentives (Discretionary) Acknowledgement of Cash Based Incentives for Executive Officers (incorporated herein by reference to Exhibit 10.18 to the Form 10-K filed on February 28, 2017).
21	Subsidiaries of Marine Products Corporation (incorporated herein by reference to Exhibit 21 to the Form 10-K filed on March 4, 2008).
23	Consent of Grant Thornton LLP
24	Powers of Attorney for Directors
31.1	Section 302 certification for Chief Executive Officer
31.2	Section 302 certification for Chief Financial Officer
32.1	Section 906 certification for Chief Executive Officer and Chief Financial Officer
97.1	Policy relating to recovery of erroneously awarded compensation
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	The cover page from the Company's Annual Report for the year ended December 31, 2023, formatted in Inline XBRL

## Signatures

Pursuant to the requirements of Section 13 or 15(d) 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.

### Marine Products Corporation



Ben M. Palmer  
President and Chief Executive Officer

Date: February 28, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By:



Ben M. Palmer  
President and Chief Executive Officer  
(Principal Executive Officer)

By:



Michael L. Schmit  
Vice President, Chief Financial Officer  
and Corporate Secretary  
(Principal Financial and Accounting Officer)

Date: February 28, 2024

Date: February 28, 2024

The Directors of Marine Products Corporation (listed below) executed a power of attorney, appointing Ben M. Palmer their attorney-in-fact, empowering him to sign this report on their behalf.

Richard A. Hubbell, Director

Gary W. Rollins, Director

Jerry W. Nix, Director

Timothy C. Rollins, Director

Susan R. Bell, Director

Pamela R. Rollins, Director

Patrick J. Gunning, Director

John F. Wilson, Director

Amy R. Kreisler, Director



Ben M. Palmer  
Director and as Attorney-in-fact  
February 28, 2024

# Index To Consolidated Financial Statements, Reports and Schedule

The following documents are filed as part of this report.

<b>FINANCIAL STATEMENTS AND REPORTS</b>	<b>PAGE</b>
Management's Report on Internal Control Over Financial Reporting	<b>32</b>
Report of Independent Registered Public Accounting Firm (PCAOB ID Number 248) on Internal Control Over Financial Reporting	<b>33</b>
Report of Independent Registered Public Accounting Firm (PCAOB ID Number 248) on Consolidated Financial Statements	<b>34</b>
Consolidated Balance Sheets as of December 31, 2023 and 2022	<b>36</b>
Consolidated Statements of Operations for each of the three years ended December 31, 2023	<b>37</b>
Consolidated Statements of Comprehensive Income for each of the three years ended December 31, 2023	<b>38</b>
Consolidated Statements of Stockholders' Equity for each of the three years ended December 31, 2023	<b>39</b>
Consolidated Statements of Cash Flows for each of the three years ended December 31, 2023	<b>40</b>
Notes to Consolidated Financial Statements	<b>41-53</b>
<hr/>	
<b>SCHEDULE</b>	
Schedule II – Valuation and Qualifying Accounts	<b>61</b>

*Schedules not listed above have been omitted because they are not applicable or the required information is included in the Consolidated Financial Statements or notes thereto.*

## Schedule II – Valuation and Qualifying Accounts

**MARINE PRODUCTS CORPORATION AND SUBSIDIARIES**  
(in thousands of dollars)

Description	For the years ended December 31, 2023, 2022 and 2021			
	Balance at Beginning of Period	Charged to Costs and Expenses	Net (Write-Offs)/ Recoveries	Balance at End of Period
<b>Year ended December 31, 2023</b>				
Credit loss allowance for accounts receivable	\$ 12	\$ —	\$ (1)	\$ 11
<b>Year ended December 31, 2022</b>				
Credit loss allowance for accounts receivable	\$ 12	\$ —	\$ —	\$ 12
<b>Year ended December 31, 2021</b>				
Credit loss allowance for accounts receivable	\$ 16	\$ —	\$ (4)	\$ 12
Deferred tax asset valuation allowance	\$ 1,818	\$ —	\$ (1,818)	\$ —

*Any schedules not shown above have been omitted because they are not applicable.*

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# MARINE PRODUCTS CORPORATION 2023 ANNUAL REPORT

## Non-GAAP Financial Measures and Reconciliations

Marine Products Corporation has used the non-GAAP financial measure of EBITDA in this document. This measure should not be considered in isolation or as a substitute for a performance measure prepared in accordance with GAAP. Management believes that presenting this non-GAAP measure enables investors to compare our operating performance consistently over various time periods net of unusual or non-recurring charges and without regard to changes in our capital structure.

A non-GAAP financial measure is a numerical measure of financial performance, financial position, or cash flows that either 1) excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statement of operations, balance sheet or statement of cash flows, or 2) includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented.

Set forth in the table below is a reconciliation of Net Income to EBITDA. This reconciliation also appears on Marine Products Corporation's investor website, which can be found on the Internet at [www.marineproductscorp.com](http://www.marineproductscorp.com).

## Reconciliation of Net Income to EBITDA

(Unaudited) (in thousands)	Year ended December 31,	
	2023	2022
Net income	\$ 41,695	\$ 40,347
Adjustments:		
Add: Income tax provision	10,367	11,787
Add: Depreciation and amortization	2,416	1,905
Less: Interest income, net	2,860	338
EBITDA	\$ 51,618	\$ 53,701

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## MARINE PRODUCTS CORPORATION 2023 ANNUAL REPORT

### CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

The Annual Report contains statements that constitute “forward-looking statements” under the Private Securities Litigation Reform Act of 1995, including all statements that look forward in time or express management’s beliefs, expectations or hopes. In particular, such statements include, without limitation: our view that our use of robotics creates a safer production environment and allows our workers to focus on areas that drive maximum quality and consistency, our belief that we will be able to continue to maximize efficiency, and will continue to invest selectively in automation to improve quality and reduce costs, our belief that we will effect a significant solar panel installation in 2024 that will drive cost and cash savings and will have the capability to supply a sizeable portion of our energy needs at our Nashville, Georgia manufacturing site, our view that we have taken the appropriate actions to manage our cost structure due to lower production levels, while still making investments that are key to driving long-term profitable growth and that our cash position provides ample liquidity to make internal investments as well as explore more significant strategic actions to increase our scale and enhance our growth outlook, our belief that the retail incentive programs we implemented in the third quarter will encourage sales at the retail level, our belief that we have ample capital to invest in more significant opportunities should they arise, particularly potential acquisitions, our belief that acquisitions could offer unique value creation opportunities and a pathway to accelerated growth and increased scale, our belief that our initiatives to improve both near-term and long-term financial results will position us for success regardless of external factors, and our belief that we will succeed in our efforts to improve our efficiency in our manufacturing facilities and maximize our share of the market. The actual results of the Company could differ materially from those indicated by the forward-looking statements because of various risks and uncertainties, including, without limitation, those identified at Item 1A “Risk Factors” in the Company’s Annual Report on Form 10-K included as part of this Annual Report. All of the foregoing risks and uncertainties are beyond the ability of the Company to control, and in many cases the Company cannot predict the risks and uncertainties that could cause its actual results to differ materially from those indicated in the forward-looking statements. The Company does not undertake to update these forward-looking statements.

# CORPORATE INFORMATION

## OFFICERS

**RICHARD A. HUBBELL**  
Executive Chairman of the Board

**BEN M. PALMER**  
President and Chief Executive Officer

**MICHAEL L. SCHMIT**  
Vice President, Chief Financial Officer,  
Treasurer and Corporate Secretary

## DIRECTORS

**RICHARD A. HUBBELL** <sup>(1)</sup>  
Executive Chairman of the Board,  
RPC, Inc.

**PATRICK J. GUNNING** <sup>(4)</sup>  
Retired Partner, Ernst & Young LLP

**GARY W. ROLLINS**  
Executive Chairman of the Board,  
Rollins, Inc.

**JERRY W. NIX** <sup>(2)</sup>  
Former Vice Chairman,  
Executive Vice President and  
Chief Financial Officer of  
Genuine Parts Company

**AMY R. KREISLER** <sup>(5)</sup>  
Executive Director, The O. Wayne  
Rollins Foundation

**PAMELA R. ROLLINS**  
Community Leader

**SUSAN R. BELL** <sup>(3)</sup>  
Retired Partner, Ernst & Young LLP

**BEN M. PALMER** <sup>(6)</sup>  
President and Chief Executive Officer,  
RPC, Inc.

**TIMOTHY C. ROLLINS** <sup>(5)</sup>  
Vice President, LOR, Inc.

**JOHN F. WILSON** <sup>(7)</sup>  
Vice Chairman, Rollins, Inc.

(1) Chairman of the Executive Committee

(3) Member of the Audit Committee

(5) Member of the Nominating and Corporate  
Governance Committee

(2) Lead Independent Director; Chairman  
of the Human Capital Management and  
Compensation Committee; Chairman  
of the Nominating and Corporate  
Governance Committee; and Member of  
the Audit Committee

(4) Chairman of the Audit Committee; Member  
of the Human Capital Management  
and Compensation Committee; and  
Member of the Nominating and Corporate  
Governance Committee

(6) Member of the Executive Committee

(7) Member of the Audit Committee; Human  
Capital Management and Compensation  
Committee; and Nominating and  
Corporate Governance Committee

## STOCKHOLDER INFORMATION

### CORPORATE OFFICES

Marine Products Corporation  
2801 Buford Highway NE, Suite 300  
Atlanta, Georgia 30329  
Telephone: (404) 321-7910

### STOCK LISTING AND TICKER SYMBOL

New York Stock Exchange (NYSE: MPX)



### TRANSFER AGENT AND REGISTRAR

For inquiries related to stock certificates,  
including changes of address,  
please contact:

EQUINITI TRUST COMPANY, LLC  
PO Box 500  
Newark, NJ 07101  
(877) 864-5055  
[www.equiniti.com/us/ast-access/  
individuals/](http://www.equiniti.com/us/ast-access/individuals/)

### INVESTOR RELATIONS WEBSITE

[MarineProductsCorp.com](http://MarineProductsCorp.com)

### ANNUAL MEETING

The Annual Stockholders Meeting of  
Marine Products Corporation will be  
held at 12:00 p.m., April 23, 2024, at  
2170 Piedmont Road NE,  
Atlanta, GA 30324.



**MARINE PRODUCTS**  
CORPORATION

2801 Buford Highway NE, Suite 300  
Atlanta, Georgia 30329  
(404) 321-7910

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