

**MASTERCRAFT
BOAT HOLDINGS INC.**



FISCAL FOURTH QUARTER & 2023 RESULTS

AUGUST 30, 2023

FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements within the meaning of the federal securities laws, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events and include, without limitation, projections, forecasts and estimates about possible or assumed future results of the Company's business, financial condition, liquidity, results of operations, plans and objectives. In some cases, you can identify forward-looking statements because they contain words such as "may," "might," "will," "would," "should," "expect," "plan," "anticipate," "could," "intend," "target," "project," "contemplate," "believe," "estimate," "predict," "likely," "potential" or "continue" or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions.

These forward-looking statements are necessarily based upon estimates and assumptions that, while considered reasonable by the Company and its management, are inherently uncertain. Factors that may cause actual results to differ materially from current expectations include, but are not limited to, those factors identified in the Company's Annual Report on Form 10-K for 2023 in the sections titled "Risk factors," "Cautionary note regarding forward-looking statements" and "Management's discussion and analysis of financial condition and results of operations." New risks and uncertainties arise over time, and it is not possible for us to predict all such factors or how they may affect us.

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This presentation includes certain non-GAAP financial measures, including EBITDA, Adjusted EBITDA, EBITDA Margin, Adjusted EBITDA Margin, Adjusted Net Income, and Adjusted Net Income Per Share. These non-GAAP financial measures should be considered only as supplemental to, and not as superior to, financial measures prepared in accordance with GAAP. Please refer to the Appendix of this presentation for a reconciliation of Net Income, the most directly comparable financial measure prepared in accordance with U.S. GAAP, to EBITDA, Adjusted EBITDA, Adjusted Net Income, and Adjusted Net Income Per Share.

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We do not provide forward-looking guidance for certain financial measures on a U.S. GAAP basis because we are unable to predict certain items contained in the U.S. GAAP measures without unreasonable efforts. These items may include acquisition-related costs, litigation charges or settlements, impairment charges, and certain other unusual adjustments.

Unless otherwise noted, the commentary herein is made on a continuing operations basis.

CALL PARTICIPANTS



Fred Brightbill
CEO and Chairman of the Board



Tim Oxley
Chief Financial Officer



George Steinbarger
President - Crest



Bobby Potter
VP of Strategy & Investor Relations



DIVERSIFIED PORTFOLIO OF LEADING BRANDS

SERVING THE FASTEST GROWING CATEGORIES OF THE POWERBOAT INDUSTRY

MasterCraft



SKI-WAKE BOATS

Iconic brand recognized as the premier brand in the fastest-growing, highest-margin category of the powerboat industry, focused on high performance, relentless innovation and the highest quality

CREST



PONTOON BOATS

Growing pontoon brand delivering consumers a broad product offering of high-quality, stylish and comfortable boats at an incredible value



AVIARA



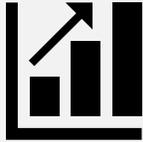
LUXURY DAY BOATS

De novo brand that creates an elevated open water experience by fusing progressive European style and effortless comfort with American engineering



FISCAL FOURTH QUARTER & 2023 RESULTS

FISCAL 2023 EARNINGS HIGHLIGHTS



Record Financial Results

- Third consecutive record-setting year
- Record net sales of \$662.0 million, up 3.2%
- Record Diluted Adjusted Net Income per share of \$5.35, up 6.8%
- Record Adjusted EBITDA of \$131.5 million, up 0.7%



Resilient Balance Sheet Provides Abundant Flexibility

- Generated record operating cash flow of \$136.8 million
- Fortress balance sheet provides resilience and flexibility
- Well positioned to pursue capital allocation priorities
- Laying the foundation for future growth with targeted initiatives



Rebalancing Dealer Inventories

- Dealer inventories ended year at levels higher than we would consider optimal
- Unsupportive macroeconomic factors creating uncertainty and limiting retail visibility
- 2024 production plans rebalance dealer inventories with projected retail demand



Fiscal 2024 Guidance

- Net sales between \$390M and \$420M
- Adjusted EBITDA between \$42M and \$52M
- Adjusted Earnings Per Share between \$1.46 and \$1.88
- Capital expenditures in the \$22M range



- Delivered third consecutive year of record results in FY23
- FY24 guidance targets improved dealer pipelines by rebalancing dealer inventories with projected retail sales

RECORD FULL-YEAR RESULTS

NET SALES (\$'s in millions)



ADJUSTED EBITDA (\$'s in millions)



ADJUSTED NET INCOME PER SHARE



Achieved record Net Sales, Adjusted EBITDA, and Adjusted Net Income Per Share in fiscal 2023, eclipsing the previous records posted in fiscal 2022

FISCAL 2023 COMPARATIVE RESULTS

NET SALES

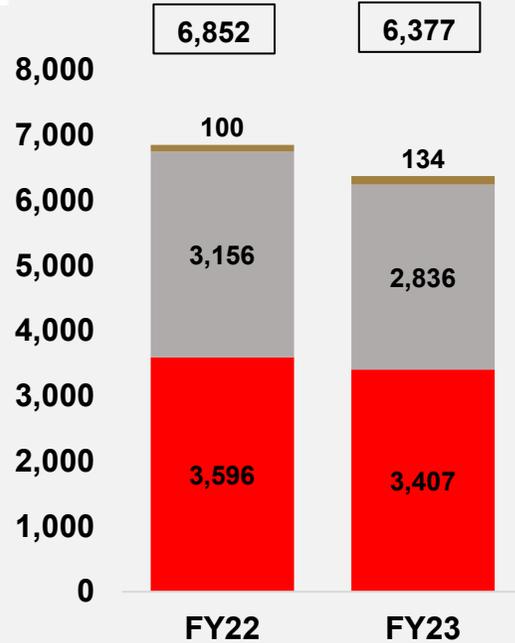
(\$'s in millions)



■ **MasterCraft** ■ **CREST** ■ **AVIARA**

- Increased to a record \$662.0 million, up 3.2%

UNIT VOLUME



■ **MasterCraft** ■ **CREST** ■ **AVIARA**

- 6,377 wholesale units, down 6.9%

ADJUSTED EBITDA

(\$'s in millions)



- Increased to a record \$131.5 million, up 0.7%

ADJUSTED DILUTED NET INCOME PER SHARE

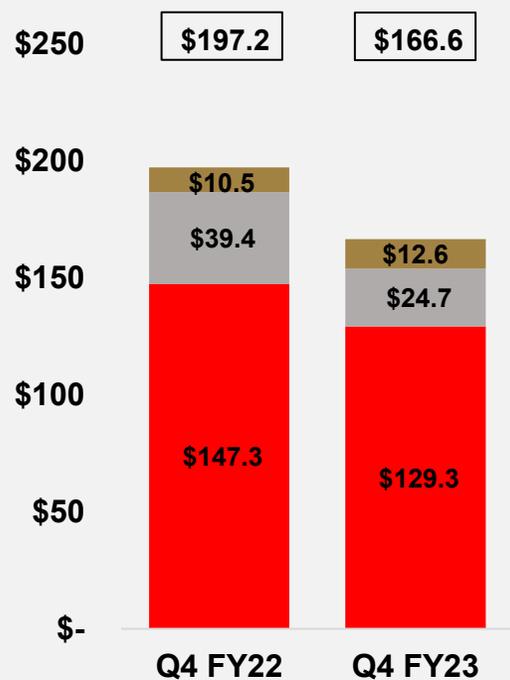


- Increased to a record \$5.35 per share, up 6.8%

FOURTH QUARTER COMPARATIVE RESULTS

NET SALES

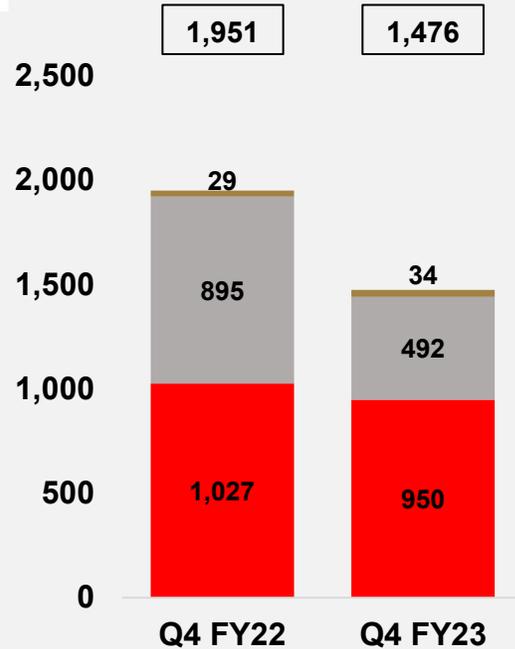
(\$'s in millions)



■ **MasterCraft** ■ **CREST** ■ **AVIARA**

- Net sales of \$166.6M, down 15.5% from Q4 FY22 record

UNIT VOLUME

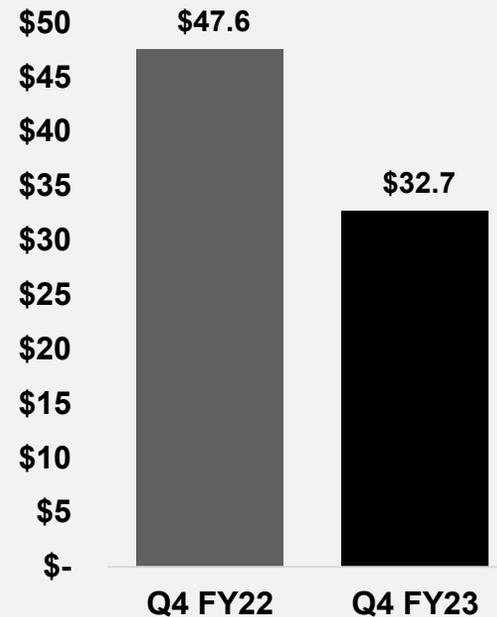


■ **MasterCraft** ■ **CREST** ■ **AVIARA**

- Wholesale units of 1,476, down 24.3% from Q4 FY22 record

ADJUSTED EBITDA

(\$'s in millions)



- Adjusted EBITDA of \$32.7M, down 31.3% from Q4 FY22 record

ADJUSTED DILUTED NET INCOME PER SHARE

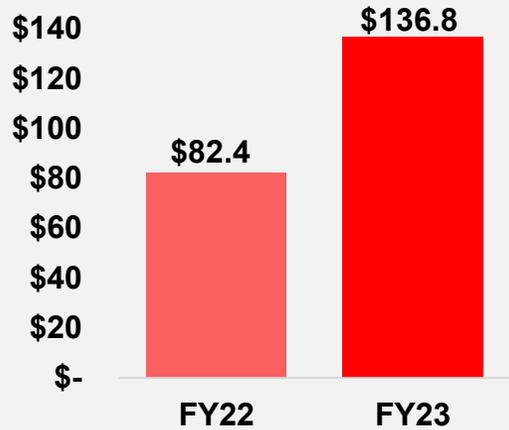


- \$1.37 per share, down 28.6% from Q4 FY22 record

CASH FLOW AND CAPITAL ALLOCATION

OPERATING CASH FLOW

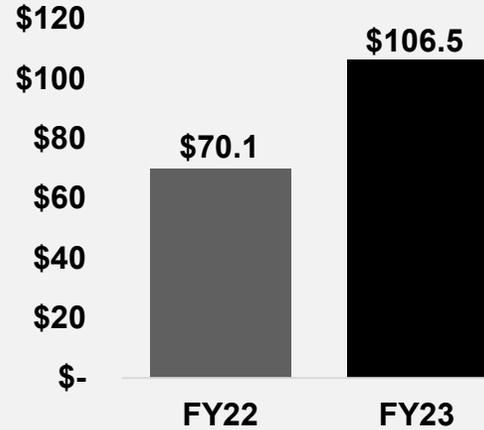
(\$'s in millions)



- Increased 66.0% to a record \$136.8M
- Driven by record earnings and diligent working capital management

FREE CASH FLOW

(\$'s in millions)



- Record \$106.5M of free cash flow generated, an increase of 51.9%
- Well positioned to pursue capital allocation priorities

KEY METRICS

(\$'s in millions)

| | |
|-----------------------------|---------|
| Cash and Investments | \$111.4 |
| Total Debt | \$53.7 |
| Capital Expenditures (FY23) | \$30.3 |
| Share Repurchases (FY23) | \$22.9 |

CAPITAL ALLOCATION FRAMEWORK



Financial Resilience



Investments in Growth



Excess Capital Return



MODEL YEAR 2024 PRODUCT HIGHLIGHTS

All New Aviara AV28



All New MasterCraft XT25



**Newly Redesigned Crest
Caribbean**



FISCAL YEAR 2024 GUIDANCE

| METRIC | FY 2024 Q1 | FY 2024 |
|-----------------------------|----------------------|---------------------------|
| Net Sales | Approximately \$98M | Between \$390M and \$420M |
| Adjusted EBITDA | Approximately \$11M | Between \$42M and \$52M |
| Adjusted EPS | Approximately \$0.41 | Between \$1.46 and \$1.88 |
| Capital Expenditures | N/A | Approximately \$22M |

- Guidance reflects view that industry retail unit sales could be down as much as mid-teens percent for FY24
- Expect to generate positive free cash flow despite significant decline in earnings from FY23





APPENDIX

FISCAL YEAR ADJUSTED EBITDA RECONCILIATION

- The following table sets forth a reconciliation of net income from continuing operations as determined in accordance with U.S. GAAP to EBITDA and adjusted EBITDA and net income from continuing operations margin to EBITDA margin and adjusted EBITDA margin (each expressed as a percentage of net sales) for the periods indicated:

| | FY23 | % of sales | FY22 | % of sales |
|--|------------------|--------------|------------------|--------------|
| (\$ in thousands) | | | | |
| Net income from continuing operations | \$90,452 | 13.7% | \$87,945 | 13.7% |
| Income tax expense | 27,135 | | 26,779 | |
| Interest expense | 2,679 | | 1,471 | |
| Interest income | (3,351) | | - | |
| Depreciation and amortization | 10,569 | | 9,731 | |
| EBITDA | \$127,484 | 19.3% | \$125,926 | 19.6% |
| Impairments ⁽¹⁾ | - | | 1,100 | |
| Share-based compensation | 3,656 | | 3,510 | |
| Business development consulting costs ⁽²⁾ | 312 | | - | |
| Adjusted EBITDA | \$131,452 | 19.9% | \$130,536 | 20.3% |

1) Represents a non-cash charge recorded in the Aviara segment for impairment of goodwill.

2) Represents non-recurring third-party costs associated with business development activities, primarily relating to consulting costs for evaluation and execution of internal growth and other strategic initiatives. The evaluation and execution of the internal growth and other strategic initiatives is a bespoke initiative, and the costs associated therewith do not constitute normal reoccurring cash.

FOURTH QUARTER ADJUSTED EBITDA RECONCILIATION

- The following table sets forth a reconciliation of net income from continuing operations as determined in accordance with U.S. GAAP to EBITDA and adjusted EBITDA and net income from continuing operations margin to EBITDA margin and adjusted EBITDA margin (each expressed as a percentage of net sales) for the periods indicated:

| (\$ in thousands) | Q4 FY23 | % of sales | Q4 FY22 | % of sales |
|--|-----------------|--------------|-----------------|--------------|
| Net income from continuing operations | \$23,052 | 13.8% | \$33,548 | 17.0% |
| Income tax expense | 6,782 | | 10,652 | |
| Interest expense | 756 | | 392 | |
| Interest income | (1,384) | | - | |
| Depreciation and amortization | 2,736 | | 2,402 | |
| EBITDA | \$31,942 | 19.2% | \$46,994 | 23.8% |
| Share-based compensation | 765 | | 582 | |
| Adjusted EBITDA | \$32,707 | 19.6% | \$47,576 | 24.1% |

FISCAL YEAR ADJUSTED NET INCOME RECONCILIATION

- The following table sets forth a reconciliation of net income from continuing operations as determined in accordance with U.S. GAAP to adjusted net income for the periods indicated:

| (\$ in thousands, except per share and share amounts) | FY23 | FY22 |
|---|------------------|------------------|
| Net income from continuing operations | \$90,452 | \$87,945 |
| Income tax expense | 27,135 | 26,779 |
| Impairments ⁽¹⁾ | - | 1,100 |
| Amortization of acquisition intangibles | 1,849 | 1,849 |
| Share-based compensation | 3,656 | 3,510 |
| Business development consulting costs ⁽²⁾ | 312 | - |
| Adjusted net income before income taxes | \$123,404 | \$121,183 |
| Adjusted income tax expense ⁽³⁾ | 28,383 | 27,872 |
| Adjusted net income | \$95,021 | \$93,311 |
| Adjusted net income per share | | |
| Basic | \$5.39 | \$5.06 |
| Diluted | \$5.35 | \$5.01 |
| Weighted average shares used for the computation of:⁽⁴⁾ | | |
| Basic adjusted net income per share | 17,618,797 | 18,455,226 |
| Diluted adjusted net income per share | 17,765,117 | 18,636,512 |

- 1) Represents a non-cash charge recorded in the Aviara segment for impairment of goodwill.
- 2) Represents non-recurring third-party costs associated with business development activities, primarily relating to consulting costs for evaluation and execution of internal growth and other strategic initiatives. The evaluation and execution of the internal growth and other strategic initiatives is a bespoke initiative, and the costs associated therewith do not constitute normal reoccurring cash.
- 3) Reflects income tax expense at an income tax rate of 23.0% for each period presented.
- 4) Represents the Weighted Average Shares used for the computation of Basic and Diluted earnings per share as presented on the Consolidated Statements of Operations to calculate Adjusted Net Income per diluted share for all periods presented herein.

FOURTH QUARTER ADJUSTED NET INCOME RECONCILIATION

- The following table sets forth a reconciliation of net income from continuing operations as determined in accordance with U.S. GAAP to adjusted net income for the periods indicated:

| (\$ in thousands, except per share and share amounts) | Q4 FY23 | Q4 FY22 |
|---|-----------------|-----------------|
| Net income from continuing operations | \$23,052 | \$33,548 |
| Income tax expense | 6,782 | 10,652 |
| Amortization of acquisition intangibles | 462 | 462 |
| Share-based compensation | 765 | 582 |
| Adjusted net income before income taxes | \$31,061 | \$45,244 |
| Adjusted income tax expense ⁽¹⁾ | 7,144 | 10,406 |
| Adjusted net income | \$23,917 | \$34,838 |
| Adjusted net income per share | | |
| Basic | \$1.38 | \$1.94 |
| Diluted | \$1.37 | \$1.92 |
| Weighted average shares used for the computation of:⁽²⁾ | | |
| Basic adjusted net income per share | 17,299,562 | 17,952,267 |
| Diluted adjusted net income per share | 17,505,504 | 18,155,449 |

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

2) Represents the Weighted Average Shares used for the computation of Basic and Diluted earnings per share as presented on the Consolidated Statements of Operations to calculate Adjusted Net Income per diluted share for all periods presented herein.

FISCAL YEAR ADJUSTED NET INCOME PER SHARE RECONCILIATION

- The following table sets forth a reconciliation of net income from continuing operations per diluted share as determined in accordance with U.S. GAAP to adjusted net income per diluted share for the periods indicated:

| | FY23 | FY22 |
|--|---------------|---------------|
| Net income from continuing operations per diluted share | \$5.09 | \$4.72 |
| Income tax expense | 1.53 | 1.44 |
| Impairments ⁽¹⁾ | - | 0.06 |
| Amortization of acquisition intangibles | 0.10 | 0.10 |
| Share-based compensation | 0.21 | 0.19 |
| Business development consulting costs ⁽²⁾ | 0.02 | - |
| Adjusted net income before income taxes | 6.95 | 6.51 |
| Impact of adjusted income tax expense on net income per diluted share before income taxes ⁽³⁾ | (1.60) | (1.50) |
| Adjusted net income per diluted share | \$5.35 | \$5.01 |

- 1) Represents a non-cash charge recorded in the Aviara segment for impairment of goodwill.
- 2) Represents non-recurring third-party costs associated with business development activities, primarily relating to consulting costs for evaluation and execution of internal growth and other strategic initiatives. The evaluation and execution of the internal growth and other strategic initiatives is a bespoke initiative, and the costs associated therewith do not constitute normal reoccurring cash.
- 3) Reflects income tax expense at an income tax rate of 23.0% for each period presented.

FOURTH QUARTER ADJUSTED NET INCOME PER SHARE RECONCILIATION

- The following table sets forth a reconciliation of net income from continuing operations per diluted share as determined in accordance with U.S. GAAP to adjusted net income per diluted share for the periods indicated:

| | Q4 FY23 | Q4 FY22 |
|--|---------------|---------------|
| Net income from continuing operations per diluted share | \$1.32 | \$1.85 |
| Income tax expense | 0.39 | 0.59 |
| Amortization of acquisition intangibles | 0.03 | 0.03 |
| Share-based compensation | 0.04 | 0.03 |
| Adjusted net income per diluted share before income taxes | \$1.78 | \$2.50 |
| Impact of adjusted income tax expense on net income per diluted share before income taxes ⁽¹⁾ | (0.41) | (0.58) |
| Adjusted net income per diluted share | \$1.37 | \$1.92 |

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

FISCAL YEAR FREE CASH FLOW RECONCILIATION

- The following table sets forth a reconciliation of net cash provided by operating activities of continuing operations as determined in accordance with U.S. GAAP to free cash flow for the periods indicated:

| (\$ in thousands) | FY23 | FY22 |
|--|------------------|-----------------|
| Net cash provided by operating activities of continuing operations | \$136,824 | \$82,378 |
| Purchases of property, plant and equipment | (30,323) | (12,296) |
| Free cash flow | \$106,501 | \$70,082 |

MASTERCRAFT BOAT HOLDINGS INC.

MasterCraft


CREST


AVIARA