

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

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): September 8, 2022

MasterCraft Boat Holdings, Inc.
(Exact Name of Registrant as Specified in its Charter)

| | | |
|--|---|---|
| Delaware (State or Other Jurisdiction of Incorporation) | 001-37502 (Commission File Number) | 06-1571747 (IRS Employer Identification No.) |
| 100 Cherokee Cove Drive Vonore, Tennessee (Address of Principal Executive Offices) | | 37885 (Zip Code) |
| (423) 884-2221 (Registrant's telephone number, including area code) | | |
| Not applicable (Former Name or Former Address, if Changed Since Last Report) | | |

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425).
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12).
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b)).
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)).

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).
Emerging growth company

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

Item 2.02. Results of Operations and Financial Condition.

On September 8, 2022, MasterCraft Boat Holdings, Inc. announced its financial results for its fourth-quarter and full-year ended June 30, 2022. The full text of the press release issued in connection with the announcement is furnished as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by reference.

The information in this Form 8-K (including Exhibit 99.1) shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly provided by specific reference in such a filing.

Item 8.01. Other Events.

On September 8, 2022, the Company issued a press release announcing the sale of its NauticStar business. A copy of such press release is attached as Exhibit 99.2 hereto and is incorporated by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

The following exhibits are being furnished as part of this report:

| <u>Exhibit No.</u> | <u>Description</u> |
|----------------------|--|
| 99.1 | Press Release dated September 8, 2022 |
| 99.2 | Press Release dated September 8, 2022 |
| 104 | The cover page from this Current Report on Form 8-K, embedded within and formatted in Inline XBRL. |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MASTERCRAFT BOAT HOLDINGS, INC.

Dated: September 8, 2022

/s/ TIMOTHY M. OXLEY

Timothy M. Oxley

Chief Financial Officer, Treasurer and Secretary

FOR IMMEDIATE RELEASE

MasterCraft Boat Holdings, Inc. Reports Record Fourth Quarter and Fiscal 2022 Results

VONORE, Tenn. – September 8, 2022 – MasterCraft Boat Holdings, Inc. (NASDAQ: MCFT) today announced financial results for its fiscal 2022 fourth quarter and year ended June 30, 2022.

Fourth Quarter Highlights:

- Seventh consecutive record-setting quarter.
- Net sales for the fourth quarter increased to \$217.7 million, up 39.9% from the prior-year period.
- Net income was \$11.5 million, or \$0.63 per diluted share.
- Diluted Adjusted Net Income per share, a non-GAAP measure, was \$1.77, up 80.6%.
- Adjusted EBITDA, a non-GAAP measure, increased to \$44.6 million, up 65.6%.
- Share repurchases of \$4.0 million during the quarter.
- Non-cash impairment charges of \$23.8 million related to our NauticStar segment.

Full Year Highlights:

- The most profitable fiscal year in the Company's history.
- Net sales increased to \$707.9 million, up 34.6% from the prior-year period.
- Net income was \$58.2 million, or \$3.12 per diluted share.
- Diluted Adjusted Net Income per share, a non-GAAP measure, was \$4.54, up 37.2%.
- Adjusted EBITDA, a non-GAAP measure, increased to \$121.1 million, up 30.5%.
- Share repurchases of \$25.5 million during the fiscal year.

Fred Brightbill, Chief Executive Officer and Chairman, commented, "For the second consecutive year we achieved record-setting results, introduced an array of new and innovative products across our brands, produced industry-leading organic sales growth, and gained market share, all while navigating arguably one of the most challenging business environments in recent history. These results would not have been possible without the hard work and dedication of our team who continue to execute against our strategic priorities."

Brightbill continued, "We delivered record-setting performances for each quarter, which culminated in record net sales and adjusted earnings for the full year. We grew our net sales by nearly 35 percent and our diluted adjusted earnings per share by more than 37 percent year-over-year, all on an organic basis. This exceptional performance was enabled by a year-over-year unit increase of more than 14 percent for the full year, resulting in the most wholesale units ever sold by the Company."

Fourth Quarter Results

For the fourth quarter of 2022, MasterCraft Boat Holdings, Inc. reported consolidated net sales of \$217.7 million, up \$62.1 million from the fourth quarter of 2021. The increase was primarily due to increased sales volumes and higher prices. Higher option and content sales and favorable model mix also contributed to higher net sales.

Gross margin increased 140 basis points to 25.3 percent in the fourth quarter 2022 from 23.9 percent in the fourth quarter 2021. The increase was mainly due to increased sales volumes and higher prices, partially offset by inflationary pressures that drove material costs higher.

Operating expenses increased \$25.0 million for the fourth quarter of fiscal 2022, compared to the prior-year period primarily as a result of intangible and fixed asset impairment charges of \$23.8 million related to our NauticStar segment. Additionally, non-recurring third-party consulting fees were recognized at our NauticStar segment related to an effort to improve operational efficiency and increase throughput.

Net income was \$11.5 million for the fourth quarter, compared to \$16.5 million in the prior-year period. Diluted net income per share was \$0.63, compared to \$0.87 for the fourth quarter of fiscal 2021. Adjusted Net Income increased to \$32.1 million for the fourth quarter, or \$1.77 per diluted share, compared to \$18.5 million, or \$0.98 per diluted share, in the prior-year period.

Adjusted EBITDA was \$44.6 million for the fourth quarter of fiscal 2022, compared to \$27.0 million in the prior-year period. Adjusted EBITDA margin was 20.5 percent for the fourth quarter, up from 17.3 percent for the prior-year period, primarily due to higher net sales.

See "Non-GAAP Measures" below for a reconciliation of Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net Income, and Adjusted Net Income per share to the most directly comparable financial measures presented in accordance with GAAP.

Fiscal 2022 Results

For fiscal 2022, MasterCraft Boat Holdings, Inc. reported consolidated net sales of \$707.9 million, up \$182.1 million from fiscal 2021. The increase was primarily due to increased sales volume and higher prices. Higher option and content sales and favorable model mix also contributed to higher net sales.

Gross margin declined 180 basis points to 22.9 percent for fiscal 2022 from 24.7 percent in fiscal 2021. Lower margins were the result of supply chain disruptions, inflationary pressures, and operational challenges that drove material and overhead costs higher and were most pronounced at our NauticStar segment.

Operating expenses increased to \$84.5 million for fiscal 2022, up \$30.5 million compared to the prior-year period. During fiscal 2022, a \$1.1 million goodwill impairment charge was recorded in the Aviara segment and \$23.8 million was recorded in the NauticStar segment for impairment of other intangible assets and fixed assets. Additionally, despite our increased costs, selling, general, and administrative expenses as a percentage of sales have decreased compared to the prior-year period. Selling and marketing expense increased due

to timing of prior-year expenses being impacted by the COVID-19 pandemic. General and administrative expense increased as a result of continued investments in information technology and product development, as well as non-recurring third-party consulting fees recognized at our NauticStar segment related to an effort to improve operational efficiency and improve throughput.

Net income was \$58.2 million for fiscal 2022, compared to \$56.2 million in the prior-year period. Diluted net income per share was \$3.12, compared to \$2.96 for fiscal 2021. Adjusted Net Income increased to \$84.6 million for fiscal 2022, or \$4.54 per diluted share, compared to \$62.8 million, or \$3.31 per diluted share, in the prior-year period.

Adjusted EBITDA was \$121.1 million for fiscal 2022, compared to \$92.8 million in the prior-year period. Adjusted EBITDA margins were higher year-over-year for each of our segments, except NauticStar, which was heavily impacted by supply chain disruption, inflationary pressures, and other operational challenges. The dilutive impact on margins from NauticStar more than offset the margin improvements at MasterCraft, Crest, and Aviara. As a result, our consolidated Adjusted EBITDA margin was 17.1 percent for fiscal 2022, down from 17.6 percent for the prior-year period.

See “Non-GAAP Measures” below for a reconciliation of Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net Income, and Adjusted Net Income per share to the most directly comparable financial measures presented in accordance with GAAP.

Outlook

Concluded Brightbill, “Looking forward, the potential for a weakening economy has caused us to approach our wholesale production plan for fiscal 2023 with a prudent level of conservatism. Even so, if our business performs to the lower end of our guidance range, we will deliver the second-best year in the history of our Company in terms of both revenue and earnings. Furthermore, as we clearly demonstrated during the past two years, our highly flexible business model will allow us to adjust our production plan and generate outstanding financial results should retail demand outpace our initial expectations.”

For fiscal year 2022, the Company had consolidated net sales of \$707.9 million, including \$66.3 million attributable to the NauticStar segment. Beginning with our fiscal first quarter of 2023, we will report the financial results of the NauticStar segment as discontinued operations, separate from the results of our continuing operations. As such, the following outlook represents expectations for our continuing operations only.

The Company’s outlook is as follows:

- For full year fiscal 2023, consolidated net sales are expected to be between \$580 million and \$615 million, with Adjusted EBITDA between \$105 million and \$115 million, and Adjusted Earnings per share of between \$3.89 and \$4.31. We expect capital expenditures to be approximately \$30 million for the full year.
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- For fiscal first quarter 2023, consolidated net sales are expected to be approximately \$165 million, with Adjusted EBITDA of approximately \$33.5 million, and Adjusted Earnings per share of approximately \$1.30.

Conference Call and Webcast Information

MasterCraft Boat Holdings, Inc. will host a live conference call and webcast to discuss fiscal fourth quarter and full year 2022 results today, September 8, 2022, at 8:30 a.m. EDT. Participants may access the conference call live via webcast on the investor section of the Company's website, Investors.MasterCraft.com, by clicking on the webcast icon. To participate via telephone, please register in advance at this link. Upon registration, all telephone participants will receive a confirmation email detailing how to join the conference call, including the dial-in number along with a unique passcode and registrant ID that can be used to access the call. A replay of the conference call and webcast will be archived on the Company's website.

About MasterCraft Boat Holdings, Inc.

Headquartered in Vonore, Tenn., MasterCraft Boat Holdings, Inc. (NASDAQ: MCFT) is a leading innovator, designer, manufacturer and marketer of recreational powerboats through its three brands, MasterCraft, Crest, and Aviara. Through these three brands, MasterCraft Boat Holdings has leading market share positions in two of the fastest growing segments of the powerboat industry – performance sport boats and pontoon boats – while entering the large, growing luxury day boat segment. For more information about MasterCraft Boat Holdings, and its three brands, visit: Investors.MasterCraft.com, www.MasterCraft.com, www.CrestPontoons.com, and www.AviaraBoats.com.

Forward-Looking Statements

This press release includes forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995). Forward-looking statements can often be identified by such words and phrases as “believes,” “anticipates,” “expects,” “intends,” “estimates,” “may,” “will,” “should,” “continue” and similar expressions, comparable terminology or the negative thereof, and include statements in this press release concerning the resilience of our business model; and our intention to drive value and accelerate growth.

Forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results to differ materially from those expressed or implied in the forward-looking statements, including, but not limited to: the potential effects of the COVID-19 pandemic on the Company, supply chain disruptions, inflationary pressures, general economic conditions, demand for our products, changes in consumer preferences, competition within our industry, our reliance on our network of independent dealers, our ability to manage our manufacturing levels and our large fixed cost base, changes to U.S. federal income tax law, the overall impact and interpretation of which remain uncertain, the successful introduction of our new products and geopolitical conflicts. These and other important factors discussed under the caption “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended June 30, 2021, filed with the Securities and Exchange Commission (the “SEC”) on September 2, 2021, could cause actual results to differ materially

from those indicated by the forward-looking statements. The discussion of these risks is specifically incorporated by reference into this press release.

Any such forward-looking statements represent management's estimates as of the date of this press release. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date of this press release. We undertake no obligation (and we expressly disclaim any obligation) to update or supplement any forward-looking statements that may become untrue or cause our views to change, whether because of new information, future events, changes in assumptions or otherwise. Comparison of results for current and prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

Use of Non-GAAP Financial Measures

To supplement the Company's consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), the Company uses certain non-GAAP financial measures in this release. Reconciliations of the non-GAAP financial measures used in this release to the most comparable GAAP measures for the respective periods can be found in tables immediately following the consolidated statements of operations. Non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as a substitute for the Company's financial results prepared in accordance with GAAP.

Results of Operations for the Three Months and Fiscal Year Ended June 30, 2022

**MASTERCRAFT BOAT HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS**

(Dollars in thousands, except per share data)

| | Three Months Ended | | Year Months Ended | |
|--|--------------------|------------------|-------------------|------------------|
| | June 30, 2022 | June 30, 2021 | June 30, 2022 | June 30, 2021 |
| Net sales | \$ 217,652 | \$ 155,532 | \$ 707,862 | \$ 525,808 |
| Cost of sales | <u>162,643</u> | <u>118,291</u> | <u>545,500</u> | <u>395,837</u> |
| Gross profit | 55,009 | 37,241 | 162,362 | 129,971 |
| Operating expenses: | | | | |
| Selling and marketing | 3,336 | 3,432 | 14,624 | 13,021 |
| General and administrative | 11,079 | 9,781 | 40,960 | 37,049 |
| Amortization of other intangible assets | 988 | 987 | 3,988 | 3,948 |
| Impairments | <u>23,833</u> | <u>—</u> | <u>24,933</u> | <u>—</u> |
| Total operating expenses | <u>39,236</u> | <u>14,200</u> | <u>84,505</u> | <u>54,018</u> |
| Operating income | 15,773 | 23,041 | 77,857 | 75,953 |
| Other expense: | | | | |
| Interest expense | 391 | 748 | 1,471 | 3,392 |
| Loss on extinguishment of debt | <u>—</u> | <u>733</u> | <u>—</u> | <u>733</u> |
| Income before income tax expense | 15,382 | 21,560 | 76,386 | 71,828 |
| Income tax expense | <u>3,891</u> | <u>5,026</u> | <u>18,172</u> | <u>15,658</u> |
| Net income | <u>\$ 11,491</u> | <u>\$ 16,534</u> | <u>\$ 58,214</u> | <u>\$ 56,170</u> |
| Earnings per share: | | | | |
| Basic | \$ 0.64 | \$ 0.88 | \$ 3.15 | \$ 2.99 |
| Diluted | \$ 0.63 | \$ 0.87 | \$ 3.12 | \$ 2.96 |
| Weighted average shares used for computation of: | | | | |
| Basic earnings per share | 17,952,267 | 18,822,231 | 18,455,226 | 18,805,464 |
| Diluted earnings per share | 18,155,449 | 19,021,220 | 18,636,512 | 18,951,521 |

MASTERCRAFT BOAT HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except per share data)

| | <u>June 30,</u> <u>2022</u> | <u>June 30,</u> <u>2021</u> |
|---|--------------------------------|--------------------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 34,203 | \$ 39,252 |
| Accounts receivable, net of allowances of \$274 and \$115, respectively | 25,602 | 12,080 |
| Income tax receivable | — | 355 |
| Inventories, net | 78,639 | 53,481 |
| Prepaid expenses and other current assets | 7,666 | 5,059 |
| Total current assets | <u>146,110</u> | <u>110,227</u> |
| Property, plant and equipment, net | 61,747 | 60,495 |
| Goodwill | 28,493 | 29,593 |
| Other intangible assets, net | 37,418 | 59,899 |
| Deferred income taxes | 21,525 | 15,130 |
| Deferred debt issuance costs, net | 406 | 507 |
| Other long-term assets | 1,353 | 609 |
| Total assets | <u>\$ 297,052</u> | <u>\$ 276,460</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 28,050 | \$ 23,861 |
| Income tax payable | 4,600 | 726 |
| Accrued expenses and other current liabilities | 57,649 | 46,836 |
| Current portion of long-term debt, net of unamortized debt issuance costs | 2,873 | 2,866 |
| Total current liabilities | <u>93,172</u> | <u>74,289</u> |
| Long-term debt, net of unamortized debt issuance costs | 53,676 | 90,277 |
| Unrecognized tax positions | 6,358 | 3,830 |
| Operating lease liabilities | 198 | 276 |
| Total liabilities | <u>153,404</u> | <u>168,672</u> |
| COMMITMENTS AND CONTINGENCIES | | |
| STOCKHOLDERS' EQUITY: | | |
| Common stock, \$.01 par value per share — authorized, 100,000,000 shares; issued and outstanding, 18,061,437 shares at June 30, 2022 and 18,956,719 shares at June 30, 2021 | 181 | 189 |
| Additional paid-in capital | 96,584 | 118,930 |
| Retained earnings (accumulated deficit) | 46,883 | (11,331) |
| Total stockholders' equity | <u>143,648</u> | <u>107,788</u> |
| Total liabilities and stockholders' equity | <u>\$ 297,052</u> | <u>\$ 276,460</u> |

Supplemental Operating Data

The following table presents certain supplemental operating data for the periods indicated:

| | Three Months Ended | | | For Years Ended | | |
|---------------------|------------------------|-------------------|---------|-------------------|-------------------|-----------|
| | June 30, 2022 | June 30, 2021 | Change | June 30, 2022 | June 30, 2021 | Change |
| | (Dollars in thousands) | | | | | |
| Unit sales volume: | | | | | | |
| MasterCraft | 1,027 | 955 | 7.5 % | 3,596 | 3,301 | 8.9 % |
| Crest | 895 | 708 | 26.4 % | 3,156 | 2,467 | 27.9 % |
| NauticStar | 416 | 320 | 30.0 % | 1,365 | 1,387 | (1.6) % |
| Aviara(a) | 29 | 10 | 190.0 % | 100 | 42 | 138.1 % |
| Consolidated | <u>2,367</u> | <u>1,993</u> | 18.8 % | <u>8,217</u> | <u>7,197</u> | 14.2 % |
| Net sales: | | | | | | |
| MasterCraft | \$ 147,283 | \$ 104,687 | 40.7 % | \$ 466,027 | \$ 350,812 | 32.8 % |
| Crest | 39,402 | 33,318 | 18.3 % | 140,859 | 102,688 | 37.2 % |
| NauticStar | 20,436 | 14,510 | 40.8 % | 66,253 | 59,846 | 10.7 % |
| Aviara(a) | 10,531 | 3,017 | 249.1 % | 34,723 | 12,462 | 178.6 % |
| Consolidated | <u>\$ 217,652</u> | <u>\$ 155,532</u> | 39.9 % | <u>\$ 707,862</u> | <u>\$ 525,808</u> | 34.6 % |
| Net sales per unit: | | | | | | |
| MasterCraft | \$ 143 | \$ 110 | 30.0 % | \$ 130 | \$ 106 | 22.6 % |
| Crest | 44 | 47 | (6.4) % | 45 | 42 | 7.1 % |
| NauticStar | 49 | 45 | 8.9 % | 49 | 43 | 14.0 % |
| Aviara(a) | 363 | 302 | 20.2 % | 347 | 297 | 16.8 % |
| Consolidated | 92 | 78 | 17.9 % | 86 | 73 | 17.8 % |
| Gross margin | 25.3% | 23.9% | 140 bps | 22.9% | 24.7% | (180) bps |

(a) Beginning with the first quarter of fiscal 2022, our chief operating decision maker began to manage our business, allocate resources, and evaluate performance based on the changes that were made in the Company's management structure in connection with the transition of Aviara production to our Merritt Island facility. As a result, the Company realigned its reportable segments to MasterCraft, Crest, NauticStar, and Aviara.

Non-GAAP Measures

EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin

We define EBITDA as earnings before interest expense, income taxes, depreciation and amortization. We define Adjusted EBITDA as EBITDA further adjusted to eliminate certain non-cash charges or other items that we do not consider to be indicative of our core and/or ongoing operations. For the periods presented herein, these adjustments include impairment charges, share-based compensation, operational improvement initiative costs, Aviara transition costs, and debt refinancing charges. We define Adjusted EBITDA margin as Adjusted EBITDA expressed as a percentage of Net sales.

Adjusted Net Income and Adjusted Net Income per share

We define Adjusted Net Income and Adjusted Net Income per share as net income adjusted to eliminate certain non-cash charges or other items that we do not consider to be indicative of our core and/or ongoing operations and reflecting income tax expense on adjusted net income before income taxes at our estimated annual effective tax rate. For the periods presented herein, these adjustments include impairment charges, income tax expense, amortization of acquisition intangibles, share-based compensation, operational improvement initiative costs, Aviara transition costs, and debt refinancing charges.

EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net Income, and Adjusted Net Income per share, which we refer to collectively as the Non-GAAP Measures, are not measures of net income or operating income as determined under accounting principles generally accepted in the United States, or U.S. GAAP. The Non-GAAP Measures are not measures of performance in accordance with U.S. GAAP and should not be considered as an alternative to net income, net income per share, or operating cash flows determined in accordance with U.S. GAAP. Additionally, Adjusted EBITDA is not intended to be a measure of cash flow. We believe that the inclusion of the Non-GAAP Measures is appropriate to provide additional information to investors because securities analysts and investors use the Non-GAAP Measures to assess our operating performance across periods on a consistent basis and to evaluate the relative risk of an investment in our securities. We use Adjusted Net Income and Adjusted Net Income per share to facilitate a comparison of our operating performance on a consistent basis from period to period that, when viewed in combination with our results prepared in accordance with U.S. GAAP, provides a more complete understanding of factors and trends affecting our business than does U.S. GAAP measures alone. We believe Adjusted Net Income and Adjusted Net Income per share assists our board of directors, management, investors, and other users of the financial statements in comparing our net income on a consistent basis from period to period because it removes certain non-cash items and other items that we do not consider to be indicative of our core and/or ongoing operations and reflecting income tax expense on adjusted net income before income taxes at our estimated annual effective tax rate. The Non-GAAP Measures have limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our results as reported under U.S. GAAP. Some of these limitations are:

- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future and the Non-GAAP Measures do not reflect any cash requirements for such replacements;
- The Non-GAAP Measures do not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;
- The Non-GAAP Measures do not reflect changes in, or cash requirements for, our working capital needs;
- The Non-GAAP Measures do not reflect our tax expense or any cash requirements to pay income taxes;
- The Non-GAAP Measures do not reflect interest expense, or the cash requirements necessary to service interest payments on our indebtedness; and
- The Non-GAAP Measures do not reflect the impact of earnings or charges resulting from matters we do not consider to be indicative of our core and/or ongoing operations, but may nonetheless have a material impact on our results of operations.

In addition, because not all companies use identical calculations, our presentation of the Non-GAAP Measures may not be comparable to similarly titled measures of other companies, including companies in our industry.

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.

The following table presents a reconciliation of net income as determined in accordance with U.S. GAAP to EBITDA and Adjusted EBITDA, and net income margin (expressed as a percentage of net sales) to Adjusted EBITDA margin (expressed as a percentage of net sales) for the periods indicated:

| | Three Months Ended | | | | For the Years Ended | | | |
|---------------------------------------|------------------------|----------------------|------------------|----------------------|------------------------|----------------------|------------------|-------------------|
| | June 30, 2022 | % of Net sales | June 30, 2021 | % of Net sales | June 30, 2022 | % of Net sales | June 30, 2021 | % of Net sales |
| | (Dollars in thousands) | | | | (Dollars in thousands) | | | |
| Net income | \$ 11,491 | 5.3% | \$ 16,534 | 10.6% | \$ 58,214 | 8.2% | \$ 56,170 | 10.7% |
| Income tax expense | 3,891 | | 5,026 | | 18,172 | | 15,658 | |
| Interest expense | 391 | | 748 | | 1,471 | | 3,392 | |
| Depreciation and amortization | <u>3,460</u> | | <u>3,082</u> | | <u>13,614</u> | | <u>11,630</u> | |
| EBITDA | 19,233 | 8.8% | 25,390 | 16.3% | 91,471 | 12.9% | 86,850 | 16.5% |
| Impairments(a) | 23,833 | | — | | 24,933 | | — | |
| Share-based compensation | 583 | | 800 | | 3,458 | | 2,984 | |
| Operational improvement initiative(b) | 984 | | — | | 1,216 | | — | |
| Aviara transition costs(c) | — | | — | | — | | 2,150 | |
| Debt refinancing charges(d) | — | | 769 | | — | | 769 | |
| Adjusted EBITDA | <u>\$ 44,633</u> | 20.5% | <u>\$ 26,959</u> | 17.3% | <u>\$ 121,078</u> | 17.1% | <u>\$ 92,753</u> | 17.6% |

- (a) Represents non-cash charges of \$1.1 million recorded in the Aviara segment for impairment of goodwill and \$23.8 million recorded in our NauticStar segment for impairment of other intangible assets and fixed assets.
- (b) Represents third-party consulting fees associated with the operational improvement initiative at our NauticStar segment.
- (c) Represents costs to transition production of the Aviara brand from Vonore, Tennessee to Merritt Island, Florida. Costs include duplicative overhead costs and costs not indicative of ongoing operations (such as training and facility preparation).
- (d) Represents loss recognized upon refinancing the Company's debt in fiscal 2021. The loss is comprised of unamortized debt issuance costs related to the previously existing credit facility and third-party legal costs associated with the refinancing.

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

| | Three Months Ended | | For the Years Ended | |
|--|---|------------------|------------------------|------------------|
| | June 30, 2022 | June 30, 2021 | June 30, 2022 | June 30, 2021 |
| | (Dollars in thousands, except per share data) | | (Dollars in thousands) | |
| Net income | \$ 11,491 | \$ 16,534 | \$ 58,214 | \$ 56,170 |
| Income tax expense | 3,891 | 5,026 | 18,172 | 15,658 |
| Impairments(a) | 23,833 | — | 24,933 | — |
| Amortization of acquisition intangibles | 961 | 961 | 3,881 | 3,842 |
| Share-based compensation | 583 | 800 | 3,458 | 2,984 |
| Operational improvement initiative(b) | 984 | — | 1,216 | — |
| Aviara transition costs(c) | — | — | — | 2,150 |
| Debt refinancing charges(d) | — | 769 | — | 769 |
| Adjusted Net Income before income taxes | 41,743 | 24,090 | 109,874 | 81,573 |
| Adjusted income tax expense(e) | 9,602 | 5,541 | 25,271 | 18,762 |
| Adjusted Net Income | \$ 32,141 | \$ 18,549 | \$ 84,603 | \$ 62,811 |
| Adjusted net income per common share | | | | |
| Basic | \$ 1.79 | \$ 0.99 | \$ 4.58 | \$ 3.34 |
| Diluted | \$ 1.77 | \$ 0.98 | \$ 4.54 | \$ 3.31 |
| Weighted average shares used for the computation of (f): | | | | |
| Basic Adjusted net income per share | 17,952,267 | 18,822,231 | 18,455,226 | 18,805,464 |
| Diluted Adjusted net income per share | 18,155,449 | 19,021,220 | 18,636,512 | 18,951,521 |

- (a) Represents non-cash charges of \$1.1 million recorded in the Aviara segment for impairment of goodwill and \$23.8 million recorded in our NauticStar segment for impairment of other intangible assets and fixed assets.
- (b) Represents third-party consulting fees associated with the operational improvement initiative at our NauticStar segment.
- (c) Represents costs to transition production of the Aviara brand from Vonore, Tennessee to Merritt Island, Florida. Costs include duplicative overhead costs and costs not indicative of ongoing operations (such as training and facility preparation).
- (d) Represents loss recognized upon refinancing the Company's debt in fiscal 2021. The loss is comprised of unamortized debt issuance costs related to the previously existing credit facility and third-party legal costs associated with the refinancing.
- (e) Reflects income tax expense at an income tax rate of 23.0% for each period presented.
- (f) 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.

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

| | Three Months Ended | | For the Years Ended | |
|--|--------------------|------------------|---------------------|------------------|
| | June 30, 2022 | June 30, 2021 | June 30, 2022 | June 30, 2021 |
| Net income per diluted share | \$ 0.63 | \$ 0.87 | \$ 3.12 | \$ 2.96 |
| Impact of adjustments: | | | | |
| Income tax expense | 0.22 | 0.27 | 0.98 | 0.83 |
| Impairments(a) | 1.31 | — | 1.34 | — |
| Amortization of acquisition intangibles | 0.05 | 0.05 | 0.21 | 0.20 |
| Share-based compensation | 0.03 | 0.04 | 0.19 | 0.16 |
| Operational improvement initiative(b) | 0.05 | — | 0.07 | — |
| Aviara transition costs(c) | — | — | — | 0.11 |
| Debt refinancing charges(d) | — | 0.04 | — | 0.04 |
| Adjusted Net Income per diluted share before income taxes | 2.29 | 1.27 | 5.91 | 4.30 |
| Impact of adjusted income tax expense on net income per diluted share before income taxes(e) | (0.52) | (0.29) | (1.37) | (0.99) |
| Adjusted Net Income per diluted share | \$ 1.77 | \$ 0.98 | \$ 4.54 | \$ 3.31 |

- (a) Represents non-cash charges of \$1.1 million recorded in the Aviara segment for impairment of goodwill and \$23.8 million recorded in our NauticStar segment for impairment of other intangible assets and fixed assets.
- (b) Represents third-party consulting fees associated with the operational improvement initiative at our NauticStar segment.
- (c) Represents costs to transition production of the Aviara brand from Vonore, Tennessee to Merritt Island, Florida. Costs include duplicative overhead costs and costs not indicative of ongoing operations (such as training and facility preparation).
- (d) Represents loss recognized upon refinancing the Company's debt in fiscal 2021. The loss is comprised of unamortized debt issuance costs related to the previously existing credit facility and third-party legal costs associated with the refinancing.
- (e) Reflects income tax expense at an income tax rate of 23.0% for each period presented.

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FOR IMMEDIATE RELEASE

MasterCraft Boat Holdings, Inc. Sells NauticStar Business to Iconic Marine Group

VONORE, Tenn. – September 8, 2022 – MasterCraft Boat Holdings, Inc. (NASDAQ: MCFT) (the “Company”) today announced that its NauticStar business was acquired by a subsidiary of Iconic Marine Group. Iconic Marine Group assumed substantially all liabilities related to the NauticStar business and intends to continue operating the NauticStar business as usual. The transaction, which closed on September 2, 2022, is subject to a customary working capital adjustment.

Fred Brightbill, Chief Executive Officer and Chairman of MasterCraft Boat Holdings, commented, “The sale of the NauticStar business to Iconic Marine Group will better position MasterCraft to drive profitable growth. I am confident that focusing on our MasterCraft, Crest and Aviara brands will drive enhanced value for MasterCraft shareholders, and that NauticStar will benefit from a new strategic owner dedicated to the future success of the brand. I want to thank NauticStar’s employees, who have a new home at Iconic Marine Group, for their hard work and dedication to quality and craftsmanship for our customers. We wish them success in the future.”

As previously announced on August 9, 2022, the NauticStar business will be accounted for as discontinued operations under GAAP beginning in the Company’s fiscal first quarter of 2023. Additional detail will be provided on the Company’s fourth quarter and full year 2022 conference call on September 8, 2022.

About MasterCraft Boat Holdings, Inc.

Headquartered in Vonore, Tenn., MasterCraft Boat Holdings, Inc. (NASDAQ: MCFT) is a leading innovator, designer, manufacturer and marketer of recreational powerboats through its three brands, MasterCraft, Crest and Aviara. Through these three brands, MasterCraft Boat Holdings has leading market share positions in two of the fastest growing segments of the powerboat industry – performance sport boats and pontoon boats – while entering the large, growing luxury day boat segment. For more information about MasterCraft Boat Holdings, and its three brands, visit: Investors.MasterCraft.com, www.MasterCraft.com, www.CrestPontoonBoats.com, and www.AviaraBoats.com.

Forward-Looking Statements

This press release includes forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995). Forward-looking statements can often be identified by such words and phrases as “believes,” “anticipates,” “expects,” “intends,” “estimates,” “may,” “will,” “should,” “continue” and similar expressions, comparable

terminology or the negative thereof, and include statements in this press release concerning the impact of the sale of the NauticStar business on our go forward operations, as well as expected accounting treatment relating to our sale of the NauticStar business.

Forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results to differ materially from those expressed or implied in the forward-looking statements, including, but not limited to: the potential effects of the COVID-19 pandemic on the Company, supply chain disruptions, inflationary pressures, general economic conditions, demand for our products, changes in consumer preferences, competition within our industry, our reliance on our network of independent dealers, our ability to manage our manufacturing levels and our large fixed cost base, changes to U.S. federal income tax law, the overall impact and interpretation of which remain uncertain, the successful introduction of our new products and geopolitical conflicts. These and other important factors discussed under the caption "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended June 30, 2021, filed with the Securities and Exchange Commission (the "SEC") on September 2, 2021, could cause actual results to differ materially from those indicated by the forward-looking statements. The discussion of these risks is specifically incorporated by reference into this press release.

Any such forward-looking statements represent management's estimates as of the date of this press release. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date of this press release. We undertake no obligation (and we expressly disclaim any obligation) to update or supplement any forward-looking statements that may become untrue or cause our views to change, whether because of new information, future events, changes in assumptions or otherwise. Comparison of results for current and prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

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