

MALIBU BOATS, INC. ANNOUNCES RECORD THIRD QUARTER FISCAL 2022 RESULTS

MAY 10, 2022

LOUDON, Tenn., May 10, 2022 (GLOBE NEWSWIRE) -- Malibu Boats, Inc. (Nasdaq: MBUU) today announced its financial results for the third quarter ended March 31, 2022.

Fiscal Third Quarter 2022 Highlights Compared to Fiscal Third Quarter 2021:

- Net sales increased 26.0% to a record \$344.3 million
- Unit volume increased 4.4% to a record 2,562 units
- Gross profit increased 34.8% to a record \$97.1 million
- Net income increased 56.1% to a record \$54.8 million
- Adjusted EBITDA increased 39.9% to a record \$79.8 million
- Net income available to Class A Common Stock per share (diluted) increased 55.9% to a record \$2.51 per share
- Adjusted fully distributed net income per share increased 43.4% to a record \$2.61 per share on a fully distributed weighted average share count of 21.6 million shares of Class A Common Stock

“Our record-setting pace continues with yet another outstanding quarter with net sales growing 26.0%, net income rising 56.1% and Adjusted EBITDA increasing 39.9% compared to the prior year. Led by our operational excellence, we were able to ship more units than anticipated, in spite of the persistent supply chain challenges across the industry. At the same time, our M&A strategy proved to be a competitive advantage. With the addition of Malibu Electronics, we were able to expand our vertical integration model, providing tremendous support for our brands and manufacturing prowess, allowing us to, once again, outperform

versus the competition,” commented Jack Springer, Chief Executive Officer of Malibu Boats, Inc.

“Across the board, ASPs remain elevated, led by strong consumer demand for larger, feature-rich boats. This in combination with our operational excellence has resulted in margin expansion for our business over the quarter, positioning us well to offset inflationary pressures as we move to the final months of the fiscal year. As always, we remain focused on executing our proven strategy, and look to continue to drive industry-leading growth, profitability and long-term value for our shareholders,” continued Mr. Springer.

Fiscal Third Quarter 2022 Results (Unaudited)

		Three Months Ended
		2022
Net Sales	\$	344,287
Gross Profit	\$	97,121
Gross Profit Margin		28.2%
Net Income	\$	54,833
Net Income Margin		15.9%
Adjusted EBITDA	\$	79,768
Adjusted EBITDA Margin		23.2%

Net sales for the three months ended March 31, 2022 increased \$71.1 million, or 26.0%, to \$344.3 million as compared to the three months ended March 31, 2021. The increase in net sales was driven primarily by year over year price increases, a favorable model mix and increased unit volumes primarily in our Malibu and Cobalt segments. We recognized an increase in net sales across all three segments and increase in volumes at our Malibu and Cobalt segments during the three months ended March 31, 2022. Unit volume for the three months ended March 31, 2022, increased 108 units, or 4.4%, to 2,562 units as compared to the three months ended March 31, 2021. Our unit volume increased primarily due to strong demand at our Malibu and Cobalt segments.

Net sales attributable to our Malibu segment increased \$40.8 million, or 29.6%, to \$178.8 million for the three months ended March 31, 2022,

compared to the three months ended March 31, 2021. Unit volumes attributable to our Malibu segment increased 72 units for the three months ended March 31, 2022, compared to the three months ended March 31, 2021. The increase in net sales was driven by year over year price increases, a favorable model mix and increased volume.

Net sales attributable to our Saltwater Fishing segment increased \$13.8 million, or 17.2%, to \$93.7 million, for the three months ended March 31, 2022, compared to the three months ended March 31, 2021. Unit volume decreased 14 units for the three months ended March 31, 2022 compared to the three months ended March 31, 2021. The increase in net sales was driven primarily by year over year price increases and favorable model mix, partially offset by a decrease in volumes due to production of larger, more complex boats.

Net sales attributable to our Cobalt segment increased \$16.5 million, or 30.0%, to \$71.8 million for the three months ended March 31, 2022, compared to the three months ended March 31, 2021. Unit volumes attributable to Cobalt increased 50 units for the three months ended March 31, 2022 compared to the three months ended March 31, 2021. The increase in net sales was driven by year over year price increases, increased volume, a favorable model mix.

Overall consolidated net sales per unit increased 20.7% to \$134,382 per unit for the three months ended March 31, 2022, compared to the three months ended March 31, 2021. Net sales per unit for our Malibu segment increased 23.2% to \$122,732 per unit for the three months ended March 31, 2022, compared to the three months ended March 31, 2021, driven by year over year price increases and a favorable model mix. Net sales per unit for our Saltwater Fishing segment increased 20.2% to \$169,980 per unit for the three months ended March 31, 2022 driven by year over year price increases and a favorable mix of models. Net sales per unit for our Cobalt segment increased 18.2% to \$129,617 per unit for the three months ended March 31, 2022, compared to the three months ended March 31, 2021, driven by year over year price increases and a favorable model mix.

Cost of sales for the three months ended March 31, 2022 increased \$46.0 million, or 22.9%, to \$247.2 million as compared to the three months ended March 31, 2021. The increase in cost of sales was driven by higher costs related to higher net sales in all our segments, increased prices due to supply chain disruptions and inflationary pressures that have impacted prices on parts and components. In the Malibu segment, higher per unit material and labor costs contributed \$20.8 million to the increase in cost of sales and were driven by an increased mix of larger products that corresponded with higher net sales per unit. Within our Saltwater Fishing segment, higher per unit material and labor costs contributed \$9.4 million to the increase in cost of sales and were driven by an increased mix of larger products that corresponded with higher net sales per unit. In the Cobalt segment, higher per unit material and labor costs contributed \$11.8 million to the increase in cost of sales and were driven by an increased mix of larger products that corresponded with higher net sales per unit.

Gross profit for the three months ended March 31, 2022 increased \$25.1 million, or 34.8%, to \$97.1 million compared to the three months ended March 31, 2021. The increase in gross profit was driven primarily by higher sales revenue partially offset by the increased cost of sales for the reasons noted above. Gross margin for the three months ended March 31, 2022 increased 180 basis points from 26.4% to 28.2% driven primarily by a favorable mix of models that corresponded with higher net sales per unit.

Selling and marketing expenses for the three months ended March 31, 2022 increased \$2.1 million, or 45.1% to \$6.8 million compared to the three months ended March 31, 2021. The increase was driven primarily by increased travel and promotional events and increased compensation and personnel-related expenses. As a percentage of sales, selling and marketing expenses increased 30 basis points to 2.0% for the three months ended March 31, 2022 compared to 1.7% for the three months ended March 31, 2021. General and administrative expenses for the three months ended March 31, 2022 decreased \$1.3 million, or 6.9%, to \$17.1 million as compared to the three months ended March 31, 2021 driven primarily by a decrease in compensation and personnel-related

expenses and a decrease in professional fees offset by an increase in information technology infrastructure expenses and travel. As a percentage of sales, general and administrative expenses decreased 170 basis points to 5.0% for the three months ended March 31, 2022 compared to 6.7% for the three months ended March 31, 2021. Amortization expense for the three months ended March 31, 2022 decreased \$0.4 million, or 19.7% to \$1.7 million compared to the three months ended March 31, 2021. The decrease is due to a decrease of amortization expense related to fully amortized intangibles.

Operating income for the third quarter of fiscal year 2022 increased to \$71.5 million from \$46.9 million in the third quarter of fiscal year 2021. Net income for the third quarter of fiscal year 2022 increased 56.1% to \$54.8 million from \$35.1 million and net income margin increased to 15.9% from 12.9% in the third quarter of fiscal year 2021. Adjusted EBITDA in the third quarter of fiscal year 2022 increased 39.9% to \$79.8 million from \$57.0 million, while Adjusted EBITDA margin increased to 23.2% from 20.9% in the third quarter of fiscal year 2021.

Fiscal 2022 Guidance

For the fiscal full year 2022, Malibu anticipates revenue growth in the 28% to 29% range year-over-year and Adjusted EBITDA margins approaching 20.5%.

The Company has not provided reconciliations of guidance for Adjusted EBITDA margin, in reliance on the unreasonable efforts exception provided under Item 10(e)(1)(i)(B) of Regulation S-K. The Company is unable, without unreasonable efforts, to forecast certain items required to develop meaningful comparable GAAP financial measures. These items include acquisition and integration related expenses, costs related to the Company's vertical integration initiatives and litigation expenses that are difficult to predict in advance in order to include in a GAAP estimate.

Conference Call and Webcast

The Company will host a webcast and conference call to discuss third quarter of fiscal year 2022 results on Tuesday, May 10, 2022, at 8:30 a.m. Eastern Time. Investors and analysts can participate on the conference call by dialing (855) 433-0928 or (484) 756-4263 and using Conference ID #7067824. Alternatively, interested parties can listen to a live webcast of the conference call by logging on to the Investor Relations section on the Company's website at <http://investors.malibuboats.com>. A replay of the webcast will also be archived on the Company's website for twelve months.

About Malibu Boats, Inc.

Based in Loudon, Tennessee, Malibu Boats, Inc. (MBUU) is a leading designer, manufacturer and marketer of a diverse range of recreational powerboats, including performance sport, sterndrive and outboard boats. Malibu Boats, Inc. is the market leader in the performance sport boat category through its Malibu and Axis boat brands, the leader in the 20' - 40' segment of the sterndrive boat category through its Cobalt brand, and in a leading position in the saltwater fishing boat market with its Pursuit and Cobia offshore boats and Pathfinder, Maverick, and Hewes flats and bay boat brands. A pre-eminent innovator in the powerboat industry, Malibu Boats, Inc. designs products that appeal to an expanding range of recreational boaters, fisherman and water sports enthusiasts whose passion for boating is a key component of their active lifestyles. For more information, visit www.malibuboats.com, www.axiswake.com, www.cobaltboats.com, www.pursuitboats.com, or www.maverickboatgroup.com.

Non-GAAP Financial Measures

This release includes the following financial measures defined as non-GAAP financial measures by the Securities and Exchange Commission: Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Fully Distributed Net Income and Adjusted Fully Distributed Net Income per Share. These measures have limitations as analytical tools and should not be considered as an alternative to, or more meaningful than, net income as determined in accordance with U.S. generally accepted accounting

principles ("GAAP") or as an indicator of our liquidity. Our presentation of these non-GAAP financial measures should also not be construed as an inference that our results will be unaffected by unusual or non-recurring items. Our computations of these non-GAAP financial measures may not be comparable to other similarly titled measures of other companies.

We define Adjusted EBITDA as net income before interest expense, income taxes, depreciation, amortization and non-cash, non-recurring or non-operating expenses, including certain professional fees, acquisition and integration-related expenses and non-cash compensation expense. We define Adjusted EBITDA Margin as Adjusted EBITDA divided by net sales. Adjusted EBITDA and Adjusted EBITDA Margin are not measures of net income as determined by GAAP. Management believes Adjusted EBITDA and Adjusted EBITDA Margin allow investors to evaluate our operating performance and compare our results of operations from period to period on a consistent basis by excluding items that management does not believe are indicative of core operating performance. Management uses Adjusted EBITDA to assist in highlighting trends in our operating results without regard to our financing methods, capital structure, and non-recurring or non-operating expenses. We exclude the items listed above from net income in arriving at Adjusted EBITDA because these amounts can vary substantially from company to company within our industry depending upon accounting methods and book values of assets, capital structures, the methods by which assets were acquired and other factors.

Certain items excluded from Adjusted EBITDA are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital and tax structure, as well as the historical costs of depreciable assets.

We define Adjusted Fully Distributed Net Income as net income attributable to Malibu Boats, Inc. (i) excluding income tax expense, (ii) excluding the effect of non-recurring or non-cash items, (iii) assuming the exchange of all LLC units into shares of Class A Common Stock, which results in the elimination of non-controlling interest in Malibu Boats Holdings, LLC (the "LLC"), and (iv) reflecting an adjustment for income

tax expense on fully distributed net income before income taxes at our estimated effective income tax rate. Adjusted Fully Distributed Net Income is a non-GAAP financial measure because it represents net income attributable to Malibu Boats, Inc., before non-recurring or non-cash items and the effects of non-controlling interests in the LLC. We use Adjusted Fully Distributed Net Income 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 GAAP, provides a more complete understanding of factors and trends affecting our business than GAAP measures alone. We believe Adjusted Fully Distributed Net Income assists our board of directors, management and investors in comparing our net income on a consistent basis from period to period because it removes non-cash or non-recurring items, and eliminates the variability of non-controlling interest as a result of member owner exchanges of LLC units into shares of Class A Common Stock. In addition, because Adjusted Fully Distributed Net Income is susceptible to varying calculations, the Adjusted Fully Distributed Net Income measures, as presented in this release, may differ from and may, therefore, not be comparable to similarly titled measures used by other companies.

A reconciliation of our net income as determined in accordance with GAAP to Adjusted EBITDA and the numerator and denominator for our net income available to Class A Common Stock per share to Adjusted Fully Distributed Net Income per share of Class A Common Stock is provided under "Reconciliation of Non-GAAP Financial Measures".

Cautionary Statement Concerning 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 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 includes statements in this press release regarding our expectations for fiscal year 2022; our expectations for opportunities for growth and demand for our products,

including beyond calendar year 2022; and our ability to continue to deliver value for our shareholders.

Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements, including, but not limited to: the effects of the COVID-19 pandemic on us; general industry, economic and business conditions; our ability to grow our business through acquisitions and integrate such acquisitions to fully realize their expected benefits, including our recent acquisitions of AmTech, LLC and Maverick Boat Group; our reliance on our network of independent dealers and increasing competition for dealers; our large fixed cost base; intense competition within our industry; increased consumer preference for used boats or the supply of new boats by competitors in excess of demand; the successful introduction of new products; our ability to execute our manufacturing strategy successfully; the success of our engines integration strategy; and other factors affecting us detailed from time to time in our filings with the Securities and Exchange Commission. Many of these risks and uncertainties are outside our control, and there may be other risks and uncertainties which we do not currently anticipate because they relate to events and depend on circumstances that may or may not occur in the future. Although we believe that the expectations reflected in any forward-looking statements are based on reasonable assumptions at the time made, we can give no assurance that our expectations will be achieved. Undue reliance should not be placed on these forward-looking statements, which speak only as of the date hereof. We undertake no obligation (and we expressly disclaim any obligation) to update or supplement any forward-looking statements that may become untrue because of subsequent events, 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.

Malibu Boats, Inc.

Wayne Wilson

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MALIBU BOATS, INC. AND SUBSIDIARIES

**Condensed Consolidated Statements of Operations and
(In thousands, except share and per share amounts)**

	Three Months Ended
	March 31, 2022
Net sales	\$ 344,287
Cost of sales	247,166
Gross profit	97,121
Operating expenses:	
Selling and marketing	6,773
General and administrative	17,129
Amortization	1,682
Operating income	71,537
Other expense, net:	
Other income, net	(10,000)
Interest expense	650
Other expense, net	640
Income before provision for income taxes	70,897
Provision for income taxes	16,064
Net income	54,833
Net income attributable to non-controlling interest	1,955
Net income attributable to Malibu Boats, Inc.	\$ 52,878
Comprehensive income:	
Net income	\$ 54,833
Other comprehensive income (loss):	
Change in cumulative translation adjustment	711
Other comprehensive income (loss)	711
Comprehensive income	55,544
Less: comprehensive income attributable to non-controlling interest	1,980
Comprehensive income attributable to Malibu Boats, Inc.	\$ 53,564

Weighted average shares outstanding used in computing net income per share:

Basic 20,777,512

Diluted		20,982,873
Net income available to Class A Common Stock per share:		
Basic	\$	2.54
Diluted	\$	2.51

MALIBU BOATS, INC. AND SUBSIDIARIES

**Condensed Consolidated Balance Sheet
(In thousands, except share and per share amounts)**

Assets

Current assets

- Cash
- Trade receivables, net
- Inventories, net
- Prepaid expenses and other current assets
- Total current assets

Property, plant and equipment, net

Goodwill

Other intangible assets, net

Deferred tax asset

Other assets

Total assets

Liabilities

Current liabilities

- Current maturities of long-term obligations
- Accounts payable
- Accrued expenses
- Income taxes and tax distribution payable
- Payable pursuant to tax receivable agreement, current portion
- Total current liabilities

Deferred tax liabilities

Other liabilities

Payable pursuant to tax receivable agreement, less current portion

Long-term debt

Total liabilities

Stockholders' Equity

Class A Common Stock, par value \$0.01 per share, 100,000,000 shares authorized; 20,503,058 shares issued and 20,847,019 issued and outstanding as of June 30, 2021

Class B Common Stock, par value \$0.01 per share, 25,000,000 shares authorized; 10 shares issued and outstanding as of June 30, 2021

Preferred Stock, par value \$0.01 per share; 25,000,000 shares authorized; no shares issued and outstanding as of
 Additional paid in capital
 Accumulated other comprehensive loss
 Accumulated earnings
 Total stockholders' equity attributable to Malibu Boats, Inc.
 Non-controlling interest
 Total stockholders' equity
 Total liabilities and stockholders' equity

MALIBU BOATS, INC. AND SUBSIDIARIES

Reconciliation of Non-GAAP Financial Measures

Reconciliation of Net Income to Non-GAAP Adjusted EBITDA (Unaudited):

The following table sets forth a reconciliation of net income as determined in accordance with GAAP to Adjusted EBITDA and presentation of Net Income Margin and Adjusted EBITDA Margin for the periods indicated (dollars in thousands):

	Three Months E
	2022
Net income	\$ 54,833
Provision for income taxes	16,064
Interest expense	650
Depreciation	4,848
Amortization	1,682
Professional fees ¹	—
Acquisition and integration related expenses ²	—
Stock-based compensation expense ³	1,691
Adjusted EBITDA	\$ 79,768
Net Sales	\$ 344,287
Net Income Margin ⁴	15.9%
Adjusted EBITDA Margin ⁴	23.2%

(1) For the three and nine months ended March 31, 2021, represents legal and advisory fees related to our litigation

- (2) For the three and nine months ended March 31, 2021, represents legal and advisory fees incurred in connection with the acquisition of Malibu Boats, Inc. For the three and nine months ended March 31, 2021, include post-acquisition adjustments to cost of Boat Group, which was sold during the third quarter of fiscal 2021.
- (3) Represents equity-based incentives awarded to certain of our employees under the Malibu Boats, Inc. Long-Term Incentive Plan and the liability company agreement of the LLC.
- (4) We calculate net income margin as net income divided by net sales and we define adjusted EBITDA margin as adjusted EBITDA divided by net sales.

Reconciliation of Non-GAAP Adjusted Fully Distributed Net Income (Unaudited):

The following table shows the reconciliation of the numerator and denominator for net income available to Class A Common Stock per share to Adjusted Fully Distributed Net Income per Share of Class A Common Stock for the periods presented (in thousands except share and per share data):

	<u>Three Months Ended</u>	<u>2022</u>
Reconciliation of numerator for net income available to Class A Common Stock per share to Adjusted Fully Distributed Net Income per Share of Class A Common Stock:		
Net income attributable to Malibu Boats, Inc.	\$	50,000
Provision for income taxes		1,000
Professional fees ¹		1,000
Acquisition and integration related expenses ²		1,000
Stock-based compensation expense ³		1,000
Net income attributable to non-controlling interest ⁴		1,000
Fully distributed net income before income taxes		74,000
Income tax expense on fully distributed income before income taxes ⁵		1,000
Adjusted fully distributed net income	\$	50,000

Reconciliation of denominator for net income available to Class A Common Stock per share to Adjusted Fully Distributed Net Income per Share of Class A Common Stock:

- Weighted average shares outstanding of Class A Common Stock used for basic net income per share:
- Adjustments to weighted average shares of Class A Common Stock:
- Weighted-average LLC units held by non-controlling unit holders⁶

Weighted-average unvested restricted stock awards issued to management⁷
Adjusted weighted average shares of Class A Common Stock outstanding used in computing Adjusted Fully Distributed Net Income per Share of Class A Common Stock:

The following table shows the reconciliation of net income available to Class A Common Stock per share to Adjusted Fully Distributed Net Income per Share of Class A Common Stock for the periods presented:

	Three Months Ended	
	2022	
Net income available to Class A Common Stock per share	\$	2.54
Impact of adjustments:		
Provision for income taxes		0.77
Professional fees ¹		—
Acquisition and integration related expenses ²		0.08
Stock-based compensation expense ³		0.08
Net income attributable to non-controlling interest ⁴		0.09
Fully distributed net income per share before income taxes		3.56
Impact of income tax expense on fully distributed income before income taxes ⁵		(0.85)
Impact of increased share count ⁸		(0.10)
Adjusted Fully Distributed Net Income per Share of Class A Common Stock	\$	2.61

(1)For the three and nine months ended March 31, 2021, represents legal and advisory fees related to our litigation.

(2)For the three and nine months ended March 31, 2022, represents amortization of intangibles acquired in connection with the acquisitions of Maverick Boat Group, Pursuit and Cobalt. For the three and nine months ended March 31, 2021, represents, legal and advisory fees incurred in connection with the acquisitions of Maverick Boat Group, Pursuit and Cobalt.

(3)Represents equity-based incentives awarded to certain of our employees under the Malibu Boats, Inc. Long-Term Incentive Plan and the liability company agreement of the LLC.

(4)Reflects the elimination of the non-controlling interest in the LLC as if all LLC members had fully exchanged their shares.

(5)Reflects income tax expense at an estimated normalized annual effective income tax rate of 23.8% and 23.6% for the three months ended March 31, 2022 and 2021, respectively, assuming the conversion of all LLC Units into shares of Class A Common Stock on the federal statutory rate plus a blended state rate adjusted for the research and development tax credit, the tax rate of the Australian subsidiary.

(6)Represents the weighted average shares outstanding of LLC Units held by non-controlling interests assuming the exchange of all LLC Units into shares of Class A Common Stock.

(7)Represents the weighted average unvested restricted stock awards included in outstanding shares during the three months ended March 31, 2022 and 2021, respectively, assuming the exchange of all weighted average unvested restricted stock awards included in outstanding shares granted to members of management.

(8)Reflects impact of increased share counts assuming the exchange of all weighted average shares outstanding of LLC Units into shares of Class A Common Stock, assuming the exchange of all weighted average unvested restricted stock awards included in outstanding shares granted to members of management.