

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): November 5, 2024

MasterBrand, Inc.

(Exact name of registrant as specified in its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

001-41545

(Commission File Number)

88-3479920

(IRS Employer Identification No.)

3300 Enterprise Parkway, Suite 300
Beachwood, Ohio

(Address of Principal Executive Offices)

44122

(Zip Code)

877-622-4782

(Registrant's telephone number, including area code)

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	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	MBC	New York Stock Exchange

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.

MasterBrand, Inc. (the "Company") issued an earnings release on November 5, 2024, announcing certain financial and operational results for the fiscal quarter ended September 29, 2024. A copy of the press release is furnished as Exhibit 99.1 and incorporated herein by reference.

Item 7.01. Regulation FD Disclosure.

On November 5, 2024, the Company posted a slide presentation on its investor relations website. Company officers intend to use this slide presentation in connection with upcoming meetings with analysts and investors. Pursuant to Regulation FD, a copy of the slide presentation is furnished with this Current Report on Form 8-K as Exhibit 99.2 and incorporated by reference herein.

The information in Items 2.02 and 7.01, including the press release furnished as Exhibit 99.1 and the investor presentation furnished as Exhibit 99.2, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference in any Company filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Earnings Release, dated November 5, 2024
99.2	Investor Presentation, dated November 5, 2024
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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.

MasterBrand, Inc.
(Registrant)

Date: November 5, 2024

By: /s/ R. David Banyard, Jr.
Name: R. David Banyard, Jr.
Title: President & Chief Executive Officer

MasterBrand Reports Third Quarter 2024 Financial Results

- Net sales increased 6.0% year-over-year to \$718.1 million
- Net income was \$29.1 million compared to \$59.7 million in the prior year, with net income margin of 4.1% and 8.8%, respectively
- Adjusted EBITDA margin¹ decreased 160 basis points year-over-year to 14.6%
- Diluted earnings per share was \$0.22 compared to \$0.46 in the prior year quarter; adjusted diluted earnings per share¹ was \$0.40 compared to \$0.49 in the prior year quarter
- Operating cash flow for the thirty-nine weeks ended September 29, 2024 was \$176.9 million with free cash flow¹ of \$142.3 million
- Reiterates 2024 financial outlook

BEACHWOOD, Ohio--(BUSINESS WIRE)--November 5, 2024-- MasterBrand, Inc. (NYSE: MBC, the "Company," or "MasterBrand"), the largest residential cabinet manufacturer in North America, today announced third quarter 2024 financial results.

"We are pleased to announce that our third quarter financial performance was in-line with our expectations, as we continued to navigate choppiness in our end markets," said Dave Banyard, President and Chief Executive Officer. "Our associates performed at an exceptionally high level in the quarter, delivering on our core business objectives and making steady progress on the integration of our Supreme acquisition. We are encouraged to see our highly complementary products, dealer channel and operations coming together as planned."

"As we look to close out 2024, we remain focused on positioning the Company for growth in any end market environment and delivering superior financial returns for our shareholders," Banyard continued.

Third Quarter 2024

Net sales were \$718.1 million, an increase of 6% compared to the third quarter of 2023, driven by the 9% of growth from our Supreme acquisition. This increase was partially offset by lower average selling price (ASP) of 3%, with volume and foreign exchange having no impact on year-over-year performance. Gross profit was \$238.0 million, compared to \$237.5 million in the prior year. Gross profit margin decreased 200 basis points to 33.1%, on lower ASP, personnel and freight inflation, and a one-time benefit in the prior year period attributable to medical insurance rebates and insurance proceeds related to tornado damage sustained at our Jackson, Georgia facility. This was partially offset by additional cost savings from strategic initiatives and continuous improvement efforts and favorable variable compensation.

Net income was \$29.1 million, compared to \$59.7 million in the third quarter of 2023, a decrease of 51.3%, primarily due to acquisition-related costs, lower gross profit margin as discussed above, restructuring charges and higher interest expense, partially offset by favorable variable compensation and positive net income contribution from Supreme. Net income margin was 4.1% compared to 8.8% in the prior year.

Adjusted EBITDA¹ was \$104.5 million, compared to \$109.8 million in the third quarter of 2023. Adjusted EBITDA margin¹ decreased 160 basis points to 14.6%, driven by a decrease in gross profit margin.

¹ - See "Non-GAAP Financial Measures" and the corresponding financial tables at the end of this press release for definitions and reconciliations of non-GAAP measures.

Diluted earnings per share were \$0.22 compared to \$0.46 in the third quarter of 2023. Adjusted diluted earnings per share¹ were \$0.40 compared to \$0.49 in the third quarter of 2023.

¹ - See "Non-GAAP Financial Measures" and the corresponding financial tables at the end of this press release for definitions and reconciliations of non-GAAP measures.

Balance Sheet, Cash Flow and Capital Allocation

As of September 29, 2024, the Company had \$108.4 million in cash and \$350.4 million of availability under its revolving credit facility. Total debt was \$1,062.3 million and our ratio of total debt to net income from the most recent trailing twelve months was 7.2x as of September 29, 2024. For the same period, net debt¹ was \$953.9 million and our ratio of net debt to adjusted EBITDA¹ was 2.5x.

Operating cash flow was \$176.9 million for the thirty-nine weeks ended September 29, 2024, compared to \$336.5 million in the thirty-nine weeks ended September 24, 2023. This decline was due to a benefit in the prior year from a strategic inventory build release. Free cash flow¹ was \$142.3 million for the thirty-nine weeks ended September 29, 2024, compared to \$315.1 million for the thirty-nine weeks ended September 24, 2023.

During the thirty-nine weeks ended September 29, 2024, the Company repurchased approximately 371 thousand shares of common stock for approximately \$6.5 million. No shares were repurchased in the quarter ended September 29, 2024.

2024 Financial Outlook

For full year 2024, the Company reiterates prior expectations:

- Net sales year-over-year increase of low single-digit percentage
 - Organic decline of low single-digit percentage
 - Acquisition-related increase of mid single-digit percentage
- Adjusted EBITDA^{1,2} in the range of \$385 million to \$405 million, with related adjusted EBITDA margin^{1,2} of roughly 14.0% to 14.5%
- Adjusted Diluted EPS^{1,2} in the range of \$1.50 to \$1.62

The Company expects organic net sales performance to be in line with the underlying market demand, as new products, channel specific offerings, and previously implemented price actions gain traction.

“Our third quarter financial performance was driven by our continued operational excellence and our acquisition of Supreme, as we delivered year-over-year net sales growth in a softer end market environment,” said Andi Simon, Executive Vice President and Chief Financial Officer. “In-line with our prior expectations, we believe demand trends across our R&R and new construction end markets will remain mixed for the balance of the year. With these factors in mind, our 2024 outlook is unchanged; we anticipate year-over-year growth in net sales and profitability.”

¹ - See “Non-GAAP Financial Measures” and the corresponding financial tables at the end of this press release for definitions and reconciliations of non-GAAP measures.

² - We have not provided a reconciliation of our fiscal 2024 adjusted EBITDA, adjusted EBITDA margin and adjusted diluted EPS guidance because the information needed to reconcile these measures is unavailable due to the inherent difficulty of forecasting the timing or amount of various items that have not yet occurred and which may be excluded from adjusted EBITDA, adjusted EBITDA margin and adjusted diluted EPS. Additionally, estimating such GAAP measures and providing a meaningful reconciliation for future periods requires a level of precision that is unavailable for these future periods and cannot be accomplished without unreasonable effort. Forward-looking non-GAAP measures are estimated consistent with the relevant definitions and assumptions used for historical non-GAAP measures.

Conference Call Details

The Company will hold a live conference call and webcast at 4:30 p.m. ET today, November 5, 2024, to discuss the financial results and business outlook. Telephone access to the live call will be available at (877) 407-4019 (U.S.) or by dialing (201) 689-8337 (international). The live audio webcast can be accessed on the "Investors" section of the MasterBrand website www.masterbrand.com.

A telephone replay will be available approximately one hour following completion of the call through November 19, 2024. To access the replay, please dial 877-660-6853 (U.S.) or 201-612-7415 (international). The replay passcode is 13749429. An archived webcast of the conference call will also be available on the "Investors" page of the Company's website.

Non-GAAP Financial Measures

To supplement the financial information presented in accordance with generally accepted accounting principles in the United States ("GAAP") in this earnings release, certain non-GAAP financial measures as defined under SEC rules have been included. It is our intent to provide non-GAAP financial information to enhance understanding of our financial information as prepared in accordance with GAAP. Non-GAAP financial measures should be considered in addition to, not as a substitute for, other financial measures prepared in accordance with GAAP. Our methods of determining these non-GAAP financial measures may differ from the methods used by other companies for these or similar non-GAAP financial measures. Accordingly, these non-GAAP financial measures may not be comparable to measures used by other companies.

We use EBITDA, adjusted EBITDA, adjusted EBITDA margin, adjusted net income, adjusted net income margin, adjusted diluted earnings per share ("adjusted diluted EPS"), free cash flow, net debt, and net debt to adjusted EBITDA, which are all non-GAAP financial measures. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. We evaluate the performance of our business based on income before income taxes, but also look to EBITDA as a performance evaluation measure because interest expense is related to corporate functions, as opposed to operations. For that reason, we believe EBITDA is a useful metric to investors in evaluating our operating results. Adjusted EBITDA is calculated by removing the impact of non-operational results and special items from EBITDA. Adjusted EBITDA margin is calculated as adjusted EBITDA divided by net sales. Adjusted net income is calculated by removing the impact of non-operational results, including non-cash amortization expense, which is not deemed to be indicative of the results of current or future operations, and special items from net income. Adjusted net income margin is calculated as adjusted net income divided by net sales. Adjusted diluted EPS is a measure of our diluted earnings per share excluding non-operational results and special items. We believe these non-GAAP measures are useful to investors as they are representative of our core operations and are used in the management of our business, including decisions concerning the allocation of resources and assessment of performance.

Free cash flow is defined as cash flow from operations less capital expenditures. We believe that free cash flow is a useful measure to investors because it is a meaningful indicator of cash generated from operating activities available for the execution of our business strategy, and is used in the management of our business, including decisions concerning the allocation of resources and assessment of performance. Net debt is defined as total balance sheet debt less cash and cash equivalents. We believe this measure is useful to investors as it provides a measure to compare debt less cash and cash equivalents across periods on a consistent basis. Net debt to adjusted EBITDA is calculated by dividing net debt by the trailing twelve months adjusted EBITDA. Net debt to adjusted EBITDA is used by management to assess our financial leverage and ability to service our debt obligations.

As required by SEC rules, detailed reconciliations of these non-GAAP financial measures to the most directly comparable GAAP measure are included in the financial statement section of this earnings release. We have not provided a reconciliation of our fiscal 2024 adjusted EBITDA, adjusted EBITDA margin and adjusted diluted EPS guidance because the information needed to reconcile these measures is unavailable due to the inherent difficulty of forecasting the timing or amount of various items that have not yet occurred, including gains and losses associated with our defined benefit plans and restructuring and other charges, which are excluded from adjusted EBITDA, adjusted EBITDA margin, adjusted net income, adjusted net income margin, and adjusted diluted EPS. Additionally, estimating such GAAP measures and providing a meaningful reconciliation consistent with the Company's accounting policies for future periods requires a level of precision that is unavailable for these future periods and cannot be accomplished without unreasonable effort. Forward-looking non-GAAP measures are estimated consistent with the relevant definitions and assumptions used for historical non-GAAP measures.

About MasterBrand:

MasterBrand, Inc. (NYSE: MBC) is the largest manufacturer of residential cabinets in North America and offers a comprehensive portfolio of leading residential cabinetry products for the kitchen, bathroom and other parts of the home. MasterBrand products are available in a wide variety of designs, finishes and styles and span the most attractive categories of the cabinets market: stock, semi-custom and premium cabinetry. These products are delivered through an industry-leading distribution network of over 6,000 dealers, major retailers and builders. MasterBrand employs over 13,000 associates across more than 20 manufacturing facilities and offices. Additional information can be found at www.masterbrand.com.

Forward-Looking Statements:

Certain statements contained in this Press Release, other than purely historical information, including, but not limited to estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are forward-looking statements. Statements preceded by, followed by or that otherwise include the word "believes," "expects," "anticipates," "intends," "projects," "estimates," "plans," "may increase," "may fluctuate," and similar expressions or future or conditional verbs such as "will," "should," "would," "may," and "could," are generally forward-looking in nature and not historical facts. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is based on the current plans and expectations of our management. Although we believe that these statements are based on reasonable assumptions, they are subject to numerous factors, risks and uncertainties that could cause actual outcomes and results to be materially different from those indicated in such statements. These factors include those listed under "Risk Factors" in Part I, Item 1A of our Form 10-K for the fiscal year ended December 31, 2023, Part II, Item 1A of our Form 10-Q for the quarterly period ended June 30, 2024, and other filings with the SEC.

The forward-looking statements included in this document are made as of the date of this Press Release and, except pursuant to any obligations to disclose material information under the federal securities laws, we undertake no obligation to update, amend or clarify any forward-looking statements to reflect events, new information or circumstances occurring after the date of this Press Release.

Some of the important factors that could cause our actual results to differ materially from those projected in any such forward-looking statements include:

- Our ability to develop and expand our business;
- Our ability to develop new products or respond to changing consumer preferences and purchasing practices;
- Our anticipated financial resources and capital spending;
- Our ability to manage costs;
- Our ability to effectively manage manufacturing operations and capacity, or an inability to maintain the quality of our products;
- The impact of our dependence on third parties to source raw materials and our ability to obtain raw materials in a timely manner or fluctuations in raw material costs;
- Our ability to accurately price our products;
- Our projections of future performance, including future revenues, capital expenditures, gross margins, and cash flows;
- The effects of competition and consolidation of competitors in our industry;
- Costs of complying with evolving tax and other regulatory requirements and the effect of actual or alleged violations of tax, environmental or other laws;
- The effect of climate change and unpredictable seasonal and weather factors;
- Conditions in the housing market in the United States and Canada;
- The expected strength of our existing customers and consumers and any loss or reduction in business from one or more of our key customers or increased buying power of large customers;
- Information systems interruptions or intrusions or the unauthorized release of confidential information concerning customers, employees, or other third parties;
- Worldwide economic, geopolitical and business conditions and risks associated with doing business on a global basis;
- The effects of a public health crisis or other unexpected event;
- The inability to recognize, or delays in obtaining, anticipated benefits of the acquisition of Supreme Cabinetry Brands, Inc. (the "Acquisition"), including synergies, which may be affected by, among other things, competition, the ability of the combined company to grow and manage growth profitably, maintain relationships with customers and suppliers and retain key employees;
- The impact of our current and any additional future debt obligations on our business, current and future operations, profitability and our ability to meet other obligations;
- Business disruption following the Acquisition;
- Diversion of management time on Acquisition-related issues;
- The reaction of customers and other persons to the Acquisition; and
- Other statements contained in this Press Release regarding items that are not historical facts or that involve predictions.

Investor Relations:

Investorrelations@masterbrand.com

Media Contact:

Media@masterbrand.com

Source: MasterBrand, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	13 Weeks Ended		39 Weeks Ended	
	September 29, 2024	September 24, 2023	September 29, 2024	September 24, 2023
<i>(U.S. Dollars presented in millions, except per share amounts)</i>				
NET SALES	\$ 718.1	\$ 677.3	\$ 2,032.7	\$ 2,049.1
Cost of products sold	480.1	439.8	1,359.0	1,370.8
GROSS PROFIT	238.0	237.5	673.7	678.3
<i>Gross Profit Margin</i>	33.1 %	35.1 %	33.1 %	33.1 %
Selling, general and administrative expenses	166.3	140.3	450.8	417.3
Amortization of intangible assets	6.3	3.6	13.7	11.6
Restructuring charges	7.8	1.4	11.0	4.1
OPERATING INCOME	57.6	92.2	198.2	245.3
Interest expense	20.0	15.3	54.7	49.9
Other income, net	(1.8)	(1.0)	(5.0)	(0.1)
INCOME BEFORE TAXES	39.4	77.9	148.5	195.5
Income tax expense	10.3	18.2	36.6	49.6
NET INCOME	\$ 29.1	\$ 59.7	\$ 111.9	\$ 145.9
Average Number of Shares of Common Stock Outstanding				
Basic	127.1	127.6	127.0	128.1
Diluted	130.8	130.3	130.8	129.9
Earnings Per Common Share				
Basic	\$ 0.23	\$ 0.47	\$ 0.88	\$ 1.14
Diluted	\$ 0.22	\$ 0.46	\$ 0.86	\$ 1.12

SUPPLEMENTAL INFORMATION - Quarter-to-date
(Unaudited)

	13 Weeks Ended	
	September 29, 2024	September 24, 2023
<i>(U.S. Dollars presented in millions, except per share amounts and percentages)</i>		
1. Reconciliation of Net Income to EBITDA to ADJUSTED EBITDA		
Net income (GAAP)	\$ 29.1	\$ 59.7
Interest expense	20.0	15.3
Income tax expense	10.3	18.2
Depreciation expense	13.8	11.9
Amortization expense	6.3	3.6
EBITDA (Non-GAAP Measure)	\$ 79.5	\$ 108.7
[1] Separation costs	—	0.1
[2] Restructuring charges	7.8	1.4
[3] Restructuring-related adjustments	—	(0.4)
[4] Acquisition-related costs	15.0	—
[5] Purchase accounting cost of products sold	2.2	—
Adjusted EBITDA (Non-GAAP Measure)	\$ 104.5	\$ 109.8
2. Reconciliation of Net Income to Adjusted Net Income		
Net Income (GAAP)	\$ 29.1	\$ 59.7
[1] Separation costs	—	0.1
[2] Restructuring charges	7.8	1.4
[3] Restructuring-related adjustments	—	(0.4)
[4] Acquisition-related costs	15.0	—
[5] Purchase accounting cost of products sold	2.2	—
[7] Amortization expense	6.3	3.6
[8] Income tax impact of adjustments	(7.8)	(1.2)
Adjusted Net Income (Non-GAAP Measure)	\$ 52.6	\$ 63.2
3. Earnings per Share Summary		
Diluted EPS (GAAP)	\$ 0.22	\$ 0.46
Impact of adjustments	\$ 0.18	\$ 0.03
Adjusted Diluted EPS (Non-GAAP Measure)	\$ 0.40	\$ 0.49
Weighted average diluted shares outstanding	130.8	130.3
4. Profit Margins		
Net Sales (GAAP)	\$ 718.1	\$ 677.3
Net Income Margin % (GAAP)	4.1 %	8.8 %
Adjusted Net Income Margin % (Non-GAAP Measure)	7.3 %	9.3 %
Adjusted EBITDA Margin % (Non-GAAP Measure)	14.6 %	16.2 %

SUPPLEMENTAL INFORMATION - Year-to-date
(Unaudited)

	39 Weeks Ended	
	September 29, 2024	September 24, 2023
<i>(U.S. Dollars presented in millions, except per share amounts and percentages)</i>		
1. Reconciliation of Net Income to EBITDA to Adjusted EBITDA		
Net income (GAAP)	\$ 111.9	\$ 145.9
Interest expense	54.7	49.9
Income tax expense	36.6	49.6
Depreciation expense	39.5	34.9
Amortization expense	13.7	11.6
EBITDA (Non-GAAP Measure)	\$ 256.4	\$ 291.9
[1] Separation costs	—	2.3
[2] Restructuring charges	11.0	4.1
[3] Restructuring-related adjustments	—	(0.7)
[4] Acquisition-related costs	19.4	—
[5] Purchase accounting cost of products sold	2.2	—
Adjusted EBITDA (Non-GAAP Measure)	\$ 289.0	\$ 297.6
2. Reconciliation of Net Income to Adjusted Net Income		
Net income (GAAP)	\$ 111.9	\$ 145.9
[1] Separation costs	—	2.3
[2] Restructuring charges	11.0	4.1
[3] Restructuring-related adjustments	—	(0.7)
[4] Acquisition-related costs	19.4	—
[5] Purchase accounting cost of products sold	2.2	—
[6] Non-recurring components of interest expense	6.5	—
[7] Amortization expense	13.7	11.6
[8] Income tax impact of adjustments	(13.2)	(4.3)
Adjusted Net Income (Non-GAAP Measure)	\$ 151.5	\$ 158.9
3. Earnings per Share Summary		
Diluted EPS (GAAP)	\$ 0.86	\$ 1.12
Impact of adjustments	\$ 0.30	\$ 0.10
Adjusted Diluted EPS (Non-GAAP Measure)	\$ 1.16	\$ 1.22
Weighted average diluted shares outstanding	130.8	129.9
4. Profit Margins		
Net Sales (GAAP)	\$ 2,032.7	\$ 2,049.1
Net Income Margin % (GAAP)	5.5 %	7.1 %
Adjusted Net Income Margin % (Non-GAAP Measure)	7.5 %	7.8 %
Adjusted EBITDA Margin % (Non-GAAP Measure)	14.2 %	14.5 %

TICK LEGEND:

[1] Separation costs represent one-time costs incurred directly by MasterBrand related to the separation from Fortune Brands.

[2] Restructuring charges are nonrecurring costs incurred to implement significant cost reduction initiatives and may consist of workforce reduction costs, facility closure costs, and other costs to maintain certain facilities where operations have ceased, but which we are still responsible for. The restructuring charges for all periods presented are mainly comprised of workforce reduction costs and other costs to maintain facilities that have been closed, but not yet sold.

[3] Restructuring-related charges are expenses directly related to restructuring initiatives that do not represent normal, recurring expenses necessary to operate the business, but cannot be reported as restructuring under GAAP. Such costs may include losses on disposal of inventories from exiting product lines, and gains/losses on the sale of facilities closed as a result of restructuring actions. Restructuring-related adjustments are recoveries of previously recorded restructuring-related charges resulting from changes in estimates of accruals recorded in prior periods. The restructuring-related adjustments in fiscal 2023 are recoveries of previously recorded restructuring-related charges resulting from changes in estimates of accruals recorded in prior periods.

[4] Acquisition-related costs are transaction and integration costs, including legal, accounting and other professional fees, severance, stock-based compensation, and other integration related costs. These charges are primarily recorded within selling, general and administrative expenses within the Condensed Consolidated Statements of Income. Acquisition-related costs are significantly impacted by the timing and complexity of the underlying acquisition related activities and are not indicative of the Company's ongoing operating performance. The acquisition-related costs in fiscal 2024 are associated with the acquisition of Supreme Cabinetry Brands, Inc., which was announced in the second quarter of fiscal 2024 and closed early in the third quarter of fiscal 2024, and are comprised primarily of professional fees.

[5] Purchase accounting cost of products sold relates to the fair market value adjustment required under GAAP for inventory obtained in the acquisition of Supreme Cabinetry Brands, Inc. All inventory obtained was sold in the third quarter of 2024.

[6] Non-recurring components of interest expense are one-time costs associated with the refinancing of debt facilities and usage of temporary debt facilities. The non-recurring components of interest expense were incurred in the second quarter of fiscal 2024 related primarily to non-recurring write-offs of deferred financing costs resulting from the debt restructuring transaction. These charges are classified as interest expense within the Condensed Consolidated Statements of Income and are not indicative of the Company's ongoing operating performance.

[7] Beginning in the second quarter of fiscal 2024 reporting, management began adding back amortization of intangible assets in calculating adjusted net income and adjusted diluted EPS for all periods presented. Non-cash amortization expenses are not indicative of the Company's ongoing operations. Prior period information has been recast to reflect the updated presentation.

[8] In order to calculate Adjusted Net Income, each of the items described in Items [1] - [7] above reflect tax effects based upon an estimated annual effective income tax rate of 25.0 percent, inclusive of recurring permanent differences and the net effect of state income taxes and excluding the impact of discrete income tax items. Discrete items are recorded in the relevant period identified and include, but are not limited to, changes in judgment or estimates of uncertain tax positions related to prior periods, return-to-provision adjustments, the tax effect of relevant stock-based compensation items, certain changes in the valuation allowance for the realizability of deferred tax assets, or enacted changes in tax law. Management believes this approach assists investors in understanding the income tax provision and the estimated annual effective income tax rate related to ongoing operations.

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

<i>(U.S. Dollars presented in millions)</i>	September 29, 2024	September 24, 2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 108.4	\$ 122.5
Accounts receivable, net	216.1	233.6
Inventories	299.4	269.4
Other current assets	63.0	58.5
TOTAL CURRENT ASSETS	686.9	684.0
Property, plant and equipment, net	456.7	341.5
Operating lease right-of-use assets, net	71.3	61.6
Goodwill	1,129.4	924.6
Other intangible assets, net	577.9	338.5
Other assets	38.0	28.1
TOTAL ASSETS	\$ 2,960.2	\$ 2,378.3
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	\$ 175.3	\$ 179.7
Current portion of long-term debt	—	8.2
Current operating lease liabilities	16.8	15.4
Other current liabilities	186.3	164.6
TOTAL CURRENT LIABILITIES	378.4	367.9
Long-term debt	1,062.3	699.3
Deferred income taxes	154.0	84.2
Pension and other postretirement plan liabilities	7.5	12.1
Operating lease liabilities	56.7	48.4
Other non-current liabilities	13.7	9.9
TOTAL LIABILITIES	1,672.6	1,221.8
Stockholders' equity	1,287.6	1,156.5
TOTAL EQUITY	1,287.6	1,156.5
TOTAL LIABILITIES AND EQUITY	\$ 2,960.2	\$ 2,378.3
Reconciliation of Net Debt		
Current portion of long-term debt	\$ —	\$ 8.2
Long-term debt	1,062.3	699.3
Less: Cash and cash equivalents	(108.4)	(122.5)
Net Debt	\$ 953.9	\$ 585.0
Adjusted EBITDA for Prior Fiscal Year	383.4	411.4
Less: Adjusted EBITDA for 39 weeks ended September 24, 2023	(297.6)	(313.6)
Plus: Adjusted EBITDA for 39 weeks ended September 29, 2024	289.0	297.6
Adjusted EBITDA (trailing twelve months)	\$ 374.8	\$ 395.4
Net Debt to Adjusted EBITDA	2.5x	1.5x

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	39 Weeks Ended	
	September 29, 2024	September 24, 2023
<i>(U.S. Dollars presented in millions)</i>		
OPERATING ACTIVITIES		
Net income	\$ 111.9	\$ 145.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	39.5	34.9
Amortization of intangibles	13.7	11.6
Restructuring charges, net of cash payments	4.3	(13.9)
Write-off and amortization of finance fees	8.2	1.7
Stock-based compensation	16.8	13.2
Changes in operating assets and liabilities:		
Accounts receivable	(2.3)	60.1
Inventories	(32.5)	103.9
Other current assets	(1.8)	6.9
Accounts payable	18.0	(42.8)
Accrued expenses and other current liabilities	(3.5)	9.2
Other items	4.6	5.8
NET CASH PROVIDED BY OPERATING ACTIVITIES	176.9	336.5
INVESTING ACTIVITIES		
Capital expenditures	(34.6)	(21.4)
Proceeds from the disposition of assets	8.4	0.3
Acquisition of business, net of cash acquired	(515.7)	—
NET CASH USED IN INVESTING ACTIVITIES	(541.9)	(21.1)
FINANCING ACTIVITIES		
Issuance of long-term and short-term debt	1,130.0	55.0
Repayments of long-term and short-term debt	(767.5)	(327.5)
Payment of financing fees	(17.8)	—
Repurchase of common stock	(6.5)	(15.6)
Payments of employee taxes withheld from share-based awards	(5.3)	(3.0)
Other items	(1.6)	(1.0)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	331.3	(292.1)
Effect of foreign exchange rate changes on cash and cash equivalents	(5.6)	(1.9)
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	\$ (39.3)	\$ 21.4
Cash, cash equivalents, and restricted cash at beginning of period	\$ 148.7	\$ 101.1
Cash, cash equivalents, and restricted cash at end of period	\$ 109.4	\$ 122.5
Cash and cash equivalents	\$ 108.4	\$ 122.5
Restricted cash included in other assets	1.0	—
Total cash, cash equivalents and restricted cash	\$ 109.4	\$ 122.5
Reconciliation of Free Cash Flow		
Net cash provided by operating activities	\$ 176.9	\$ 336.5
Less: Capital expenditures	(34.6)	(21.4)
Free cash flow	\$ 142.3	\$ 315.1



Q3 2024 Investor Presentation

 MASTERBRAND

November 5, 2024



Forward-Looking Statements

Certain statements contained in this presentation, other than purely historical information, including, but not limited to estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are forward-looking statements. Statements preceded by, followed by or that otherwise include the word “believes,” “expects,” “anticipates,” “intends,” “projects,” “estimates,” “plans,” “may increase,” “may fluctuate,” and similar expressions or future or conditional verbs such as “will,” “should,” “would,” “may,” and “could,” are generally forward-looking in nature and not historical facts. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is based on the current plans and expectations of our management. Although we believe that these statements are based on reasonable assumptions, they are subject to numerous factors, risks and uncertainties that could cause actual outcomes and results to be materially different from those indicated in such statements. These factors include those listed under “Risk Factors” in Part I, Item 1A of our Form 10-K for the fiscal year ended December 31, 2023, Part II, Item 1A of our Form 10-Q for the quarterly period ended June 30, 2024, and other filings with the SEC.

The forward-looking statements included in this document are made as of the date of this presentation and, except pursuant to any obligations to disclose material information under the federal securities laws, we undertake no obligation to update, amend or clarify any forward-looking statements to reflect events, new information or circumstances occurring after the date of this presentation.

MasterBrand Overview

#1 North American residential cabinet manufacturer

MasterBrand at a glance ¹

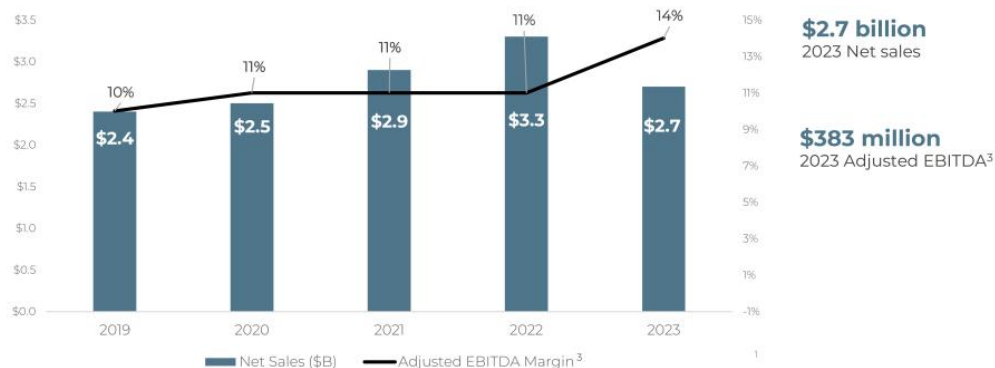
~65%
Net sales to R&R

13,000+
Employees

20+
Manufacturing facilities

6,000+
Dealer network

MasterBrand key financial metrics ²



Key brands



¹ Includes Supreme acquisition

² Excludes Supreme acquisition

³ Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP metrics. Please see Appendix for definitions and corresponding reconciliations to historical GAAP measures

The MasterBrand Story

OUR PURPOSE

Building great experiences together

OUR VISION

Build on our rich history by innovating how we work and what we offer to delight our customers

OUR CULTURE

Make the team better
Be bold
Champion improvement

How?

Tools that enable us to:



PRE-SPIN-OFF

Industry Leader

Largest distribution network



Product & Brand Portfolio

Leader amongst peers



Operational Excellence

At Scale

DELIVERED THROUGH THE MASTERBRAND WAY



TODAY

Align to Grow

Deliver on the unique needs of each customer



Lead through Lean

Engage teams and foster problem-solving



Tech Enabled

Drive profitable growth and transform the way we work through digital, data, and analytics



CSR HIGHLIGHTS



At MasterBrand, we have built a foundation of doing what is right for people and the environment. Our sustainability journey is ongoing, and as our associates continue to innovate, inspire and lead by example, we find more opportunities to positively impact our industry and stakeholders worldwide.

We are committed to fulfilling our roles as good corporate citizens by seeking to improve our impact on the environment, ensure that our business practices support our associates and the community at large and continue to protect stakeholder interests through effective corporate governance.



Environmental Responsibility & Sustainability

We integrate environmental care into our business beliefs, which continually drive us to enhance the sustainability of our operations.



In 2023, we achieved **landfill avoidance rates of at least 90%** at five MasterBrand facilities



We continue to invest in **product quality improvements**, which will result in less rework and, ultimately, less waste



We have developed partnerships to reclaim wood waste and spent solvent for **reuse and recycling**



People

With a relentless focus on safety, MasterBrand is committed to empowering associates to lead change in their work environment, benefiting from a diverse workforce, and giving back to members of our communities.



In 2023, MasterBrand was recognized as one of **America's Safest Companies** by *EHS Today*



We have continued to invest in **robust wellness benefits** to help our associates and their families feel their best at home and work



We strive to **foster workplace inclusion**, even at the highest levels of leadership; four out of nine members of our executive leadership team are women and two out of nine are People of Color (POC)



Governance

MasterBrand relies on the experience of our diverse Board of Directors and executive management team to provide oversight, establish policy and set sound business practices that guide us in our mission.



We have continued to develop our compliance program through the creation of a **Policy Review Committee**



We implemented a new software program to **monitor our supply chain** for potential risks



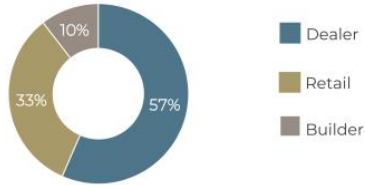
We added two new members to the Board of Directors, enhancing our Board's diverse range of **industry experience and business expertise**



Industry Leading Customer Base



MasterBrand channel mix ¹



- 57%** **Dealer:** provide customer education, service and design consultation
- 33%** **Retail:** common box products that offer some customization along with in-stock standardized products
- 10%** **Builder:** sold directly and highly correlated to single-family housing starts

MasterBrand has a leadership position across channels...

Overview of primary sales channels in the US and Canada:

	Dealer Channel	Retailers / Home Center Channel	Builder Channel
Industry Channel Size % of total	\$7.3bn ~61%	\$3.4bn ~28%	\$1.3bn ~11%
Primary End Market Exposure	R&R / New Home Construction	R&R	New Home Construction
Customer Concentration	Low (25,000+)	High (Top 3 represent ~90%)	Medium (Growing trend of National Homebuilder Consolidation)

...and why it matters

Fragmented network:
Requires broad products and regional presence to address and allows for a variety of consumer touch points

Multi-brand strategy:
Dealers offer multiple brands, enabling trade up and down to drive sales

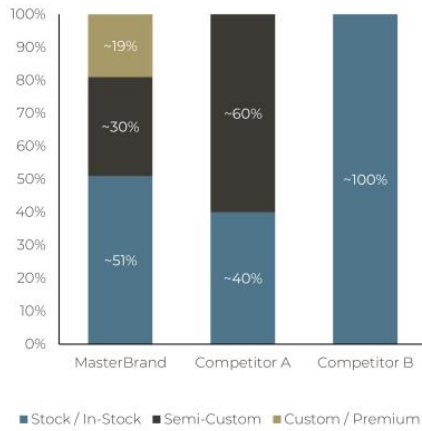
High retention rate:
Physical showroom investments and sales training drive retention

¹Channel mix for fiscal year 2023, including pro forma impact of Supreme acquisition

Multi-Branded Strategy Across Price Points and Products



MasterBrand offers the most diverse product portfolio and covers the price spectrum ¹



¹Includes pro forma impact of Supreme acquisition

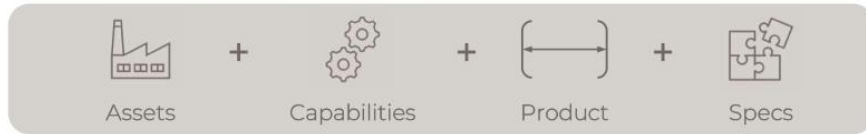
MasterBrand portfolio by type and key brands



Integrated Manufacturing Network & Strong Track Record of Continuous Improvement



OLD MODEL: 10+ product platform / plant silos



NEW MODEL: 4 construction-specific product platforms



- ✓ Footprint optimization
- ✓ Proven tools of our business system, enable product portfolio simplification
- ✓ Continuous improvement culture
- ✓ Efficient capital spending profile

MasterBrand's strategic transformation initiatives have created >\$90 million of cumulative annual savings since 2019, with another \$50 million of incremental savings anticipated in 2024

Note: Excludes Supreme acquisition

Align to Grow



Simplified manufacturing to fulfill market needs

FACILITY RATIONALIZATION

2 Facilities closed 1 Facility absorbed



Achieved

MANUFACTURING FLEXIBILITY

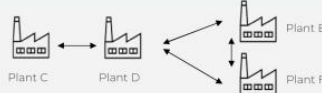
1 Quarter facility transition from Made-to-Order to Stock



In-process

PLANT NETWORKS

20 Independent Plants → 5 Networks



COMMON CONSTRUCTION

10+ Platforms → 4 Platforms



Reduce complexity, without limiting customer selection

~55%

Reduction in Doors

~85%

Reduction in Paints and Stains

~40%

Reduction in Species

Note: Excludes Supreme acquisition

Lead Through Lean



Four years into our journey, we're progressing toward our vision of being a best place to work

LEAN FOUNDATION TOOLS

Consistent opportunities to strengthen lean skills with 266 formal kaizen events in 2023

ASSOCIATE ENGAGEMENT

Lead Through Lean further improved engagement scores in 2023

REWARDS & RECOGNITION

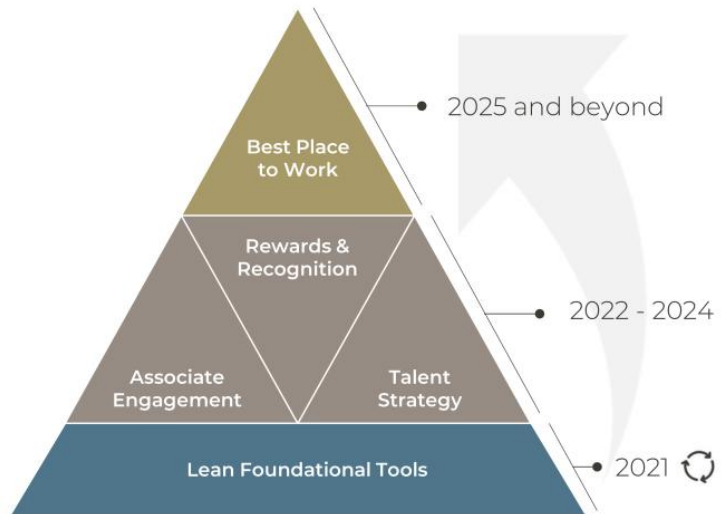
Since inception over 400K peer-to-peer recognition awards given

TALENT STRATEGY

Talent Philosophy & Success Model provides consistent lexicon and code for all associates around talent processes

BEST PLACE TO WORK

Continued evolution of Best Place to Work, supported by three robust processes



Leveraging Data and Analytics to Unlock Shareholder Value



Simplify and Automate Backoffice Processes



Digitize our Plants



Enhance Customer Experience

Supreme Cabinetry Brands Acquisition Completed July 2024



- 1 **Enhances MasterBrand's Portfolio** with Complementary Products in Resilient and Attractive Categories
- 2 **Extends Diversity of Channel Distribution** to Reach More Consumers
- 3 **Combines Best-in-Class Competencies** to Win Today and Tomorrow, **Enriching Consumer Value, Product Access, and Service**
- 4 **Drives Augmented Financial Profile** and Value Creation via Highly Achievable Cost Synergies
- 5 **Reinforces Opportunity for Capital Flexibility** Through **Strong Balance Sheet and Cash Flow**

Q3 2024 Highlights

Financial Results

(\$ in millions, except per share amounts)

	Q3 2024	Q3 2023	B/(W)
Net Sales	\$718.1	\$677.3	6.0%
Gross Profit	\$238.0	\$237.5	0.2%
<i>Gross Profit Margin</i>	33.1%	35.1%	(200 bps)
SG&A	\$166.3	\$140.3	18.5%
Net Income	\$29.1	\$59.7	(51.3%)
<i>Net Income Margin</i>	4.1%	8.8%	(470 bps)
Adjusted EBITDA ¹	\$104.5	\$109.8	(4.8%)
<i>Adjusted EBITDA Margin¹</i>	14.6%	16.2%	(160 bps)
Diluted EPS (GAAP)	\$0.22	\$0.46	(52.2%)
Adjusted Diluted EPS ¹	\$0.40	\$0.49	(18.4%)
Net Cash Provided By Operating Activities (YTD)	\$176.9	\$336.5	(47.4%)
Free Cash Flow ¹ (YTD)	\$142.3	\$315.1	(54.8%)

- Net sales increased 6% driven by 9% growth from our Supreme acquisition, partially offset by a 3% decline in organic net sales due to lower net average selling price (ASP). The impact of volume and foreign exchange were roughly flat year-on-year.
- Net income decreased 51%, primarily due to acquisition costs, lower gross profit margin, restructuring charges and higher interest expense, partially offset by favorable variable compensation and positive net income contribution from Supreme. Net income margin contracted 470 bps.
- Adjusted EBITDA margin¹ declined 160 bps primarily due to the timing of price realization relative to inflationary pressures, continued investments in strategic initiatives, and approximately \$6 million in non-repeating insurance proceeds and medical rebates in the same period last year.
- Operating cash flow (YTD) and Free Cash Flow¹ (YTD) declined primarily due to a benefit in the prior year from the release of a strategic inventory build meant to mitigate various supply chain constraints.

Near-Term Expectations

Full Year 2024 Outlook¹

Market Growth

Low Single-Digit % Decline

North American Cabinets Market



MasterBrand

Increase of low single-digit % Net Sales

\$385-\$405 million
Adjusted EBITDA²

~14.0%-14.5%
Adjusted EBITDA Margin²

\$1.50-\$1.62
Adjusted Diluted EPS²

Drivers

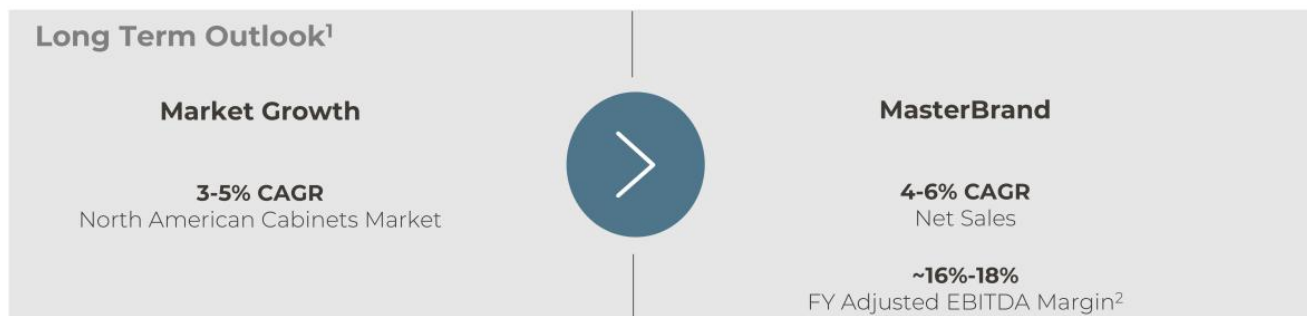
- Organic net sales decline of low single-digit % and acquisition-related increase of mid single-digit %
- Promotional activity and trade downs to continue at a similar pace, but impact to moderate from a y-o-y perspective
- Continued growth in new construction, but expected to moderate y-o-y and sequentially; R&R demand to be at the lower end of mid-single digit % declines
- Q4 net sales to outperform normal seasonality due to previously implemented price and traction from new products and channel specific offerings
- Ability to flex manufacturing, ongoing continuous improvement efforts, and price actions will support adj. EBITDA², and reduce the impact of recent cost inflation. Anticipating seasonally higher than normal adj. EBITDA margin² in Q4.
- Free Cash Flow² is expected to be in excess of Net Income in 2024.

STRONG BALANCE SHEET WITH FINANCIAL FLEXIBILITY

¹This outlook information was presented by the Company on its third quarter 2024 Earnings Conference Call on November 5, 2024, and it speaks only as of that date. Its inclusion in this presentation does not constitute a reaffirmation or update of such information as of the date hereof or any other date.

²Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Diluted EPS, and Free Cash Flow are non-GAAP metrics. Please see Appendix for definitions.

Long-Term Financial Targets



Clear Path to Achieving Results

1. Business and portfolio aligned with the customer
2. Operational Excellence will fuel margin growth
3. Flexible platform allows us to navigate any market condition

STRONG FOCUS ON MARGIN EXPANSION

¹This outlook information was presented by the Company at its Investor Day 2022 presentation on December 6, 2022, and it speaks only as of that date. Its inclusion in this presentation does not constitute a reaffirmation or update of such information as of the date hereof or any other date.

²Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP metrics. Please see Appendix for definitions.



05

Appendix



Non-GAAP Financial Measures

To supplement the financial information presented in accordance with generally accepted accounting principles in the United States ("GAAP") in this presentation, certain non-GAAP financial measures as defined under SEC rules have been included. It is our intent to provide non-GAAP financial information to enhance understanding of our financial information as prepared in accordance with GAAP. Non-GAAP financial measures should be considered in addition to, not as a substitute for, other financial measures prepared in accordance with GAAP. Our methods of determining these non-GAAP financial measures may differ from the methods used by other companies for these or similar non-GAAP financial measures. Accordingly, these non-GAAP financial measures may not be comparable to measures used by other companies.

We use EBITDA, adjusted EBITDA, adjusted EBITDA margin, adjusted net income, adjusted net income margin, adjusted diluted earnings per share ("adjusted diluted EPS"), free cash flow, net debt, and net debt to adjusted EBITDA, which are all non-GAAP financial measures. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. We evaluate the performance of our business based on income before income taxes, but also look to EBITDA as a performance evaluation measure because interest expense is related to corporate functions, as opposed to operations. For that reason, we believe EBITDA is a useful metric to investors in evaluating our operating results. Adjusted EBITDA is calculated by removing the impact of non-operational results and special items from EBITDA. Adjusted EBITDA margin is calculated as adjusted EBITDA divided by net sales. Adjusted net income is calculated by removing the impact of non-operational results, including non-cash amortization expense, which is not deemed to be indicative of the results of current or future operations, and special items from net income. Adjusted net income margin is calculated as adjusted net income divided by net sales. Adjusted diluted EPS is a measure of our diluted earnings per share excluding non-operational results and special items. We believe these non-GAAP measures are useful to investors as they are representative of our core operations and are used in the management of our business, including decisions concerning the allocation of resources and assessment of performance.

Free cash flow is defined as cash flow from operations less capital expenditures. We believe that free cash flow is a useful measure to investors because it is a meaningful indicator of cash generated from operating activities available for the execution of our business strategy, and is used in the management of our business, including decisions concerning the allocation of resources and assessment of performance. Net debt is defined as total balance sheet debt less cash and cash equivalents. We believe this measure is useful to investors as it provides a measure to compare debt less cash and cash equivalents across periods on a consistent basis. Net debt to adjusted EBITDA is calculated by dividing net debt by the trailing twelve months adjusted EBITDA. Net debt to adjusted EBITDA is used by management to assess our financial leverage and ability to service our debt obligations.

As required by SEC rules, see the appendix of this presentation for detailed reconciliations of these non-GAAP financial measures to the most directly comparable GAAP measure. We have not provided a reconciliation of our fiscal 2024 adjusted EBITDA, adjusted EBITDA margin and adjusted diluted EPS guidance because the information needed to reconcile these measures is unavailable due to the inherent difficulty of forecasting the timing or amount of various items that have not yet occurred, including gains and losses associated with our defined benefit plans and restructuring and other charges, which are excluded from adjusted EBITDA, adjusted EBITDA margin, adjusted net income, adjusted net income margin, and adjusted diluted EPS. Additionally, estimating such GAAP measures and providing a meaningful reconciliation consistent with the Company's accounting policies for future periods requires a level of precision that is unavailable for these future periods and cannot be accomplished without unreasonable effort. Forward-looking non-GAAP measures are estimated consistent with the relevant definitions and assumptions used for historical non-GAAP measures.

Full Year Non-GAAP Reconciliations

(In millions, except percentages)

Reconciliation of Net Income to EBITDA to ADJUSTED

	Fiscal Year Ended				
	December 29, 2019	December 27, 2020	December 26, 2021	December 25, 2022	December 31, 2023
Net income (GAAP)	\$ 100.7	\$ 145.7	\$ 182.6	\$ 155.4	\$ 182.0
Related party interest income, net	(0.1)	(2.4)	(4.6)	(12.9)	-
Interest expense	-	-	-	2.2	65.2
Income tax expense	34.5	50.5	55.7	58.0	56.7
Depreciation expense	44.3	48.0	44.4	47.3	49.0
Amortization expense	17.8	17.8	17.8	17.2	15.3
EBITDA (Non-GAAP Measure)	\$ 197.2	\$ 259.6	\$ 295.9	\$ 267.2	\$ 368.2
[1] Separation costs	-	-	-	15.4	2.4
[2] Restructuring charges	10.2	6.1	4.2	25.1	10.1
[3] Restructuring-related items	0.5	5.3	3.7	12.7	(0.2)
[4] Asset impairment charges	41.5	9.5	-	46.4	-
[5] Recognition of actuarial gains	-	-	-	0.2	2.9
Adjusted EBITDA (Non-GAAP Measure)	\$ 249.4	\$ 280.5	\$ 303.8	\$ 367.0	\$ 383.4
NET SALES	\$ 2,388.7	\$ 2,469.3	\$ 2,855.3	\$ 3,275.5	\$ 2,726.2
Net Income Margin	4%	6%	6%	5%	7%
Adjusted EBITDA Margin %	10%	11%	11%	11%	14%

Note: See tick legend on following page

Full Year Non-GAAP Reconciliations Tick Legend

[1] Separation costs represent one-time costs incurred directly by MasterBrand related to the separation from Fortune Brands.

[2] Restructuring charges are nonrecurring costs incurred to implement significant cost reduction initiatives and may consist of workforce reduction costs, facility closure costs, and other costs to maintain certain facilities where operations have ceased, but which we are still responsible for. The restructuring charges for the periods presented are comprised primarily of workforce reduction costs and facility closure costs.

[3] Restructuring-related charges are expenses directly related to restructuring initiatives that do not represent normal, recurring expenses necessary to operate the business, but cannot be reported as restructuring under GAAP. Such costs may include losses on disposal of inventories from exiting product lines, accelerated depreciation expense, and gains/losses on the sale of facilities closed as a result of restructuring actions. Restructuring-related adjustments are recoveries of previously recorded restructuring-related charges resulting from changes in estimates of accruals recorded in prior periods. Restructuring-related charges/(adjustments) for the periods presented are related primarily to the reserves for losses on disposal of inventories.

[4] The year-ended December 25, 2022 included \$46.4 million of pre-tax impairment charges related to impairments of indefinite-lived tradenames.

[5] We exclude the impact of actuarial gains and losses related to our U.S. defined benefit pension plan as they are not deemed indicative of future operations.

Q3 2024 Non-GAAP Reconciliations

SUPPLEMENTAL INFORMATION - Quarter-to-date
(Unaudited)

	13 Weeks Ended	
	September 29, 2024	September 24, 2023
<i>(U.S. Dollars presented in millions, except per share amounts and percentages)</i>		
1. Reconciliation of Net Income to EBITDA to ADJUSTED EBITDA		
Net income (GAAP)	\$ 29.1	\$ 59.7
Interest expense	20.0	15.3
Income tax expense	10.3	18.2
Depreciation expense	13.8	11.9
Amortization expense	6.3	3.6
EBITDA (Non-GAAP Measure)	\$ 79.5	\$ 108.7
[1] Separation costs	—	0.1
[2] Restructuring charges	7.8	1.4
[3] Restructuring-related adjustments	—	(0.4)
[4] Acquisition-related costs	15.0	—
[5] Purchase accounting cost of products sold	2.2	—
Adjusted EBITDA (Non-GAAP Measure)	\$ 104.5	\$ 109.8
2. Reconciliation of Net Income to Adjusted Net Income		
Net income (GAAP)	\$ 29.1	\$ 59.7
[1] Separation costs	—	0.1
[2] Restructuring charges	7.8	1.4
[3] Restructuring-related adjustments	—	(0.4)
[4] Acquisition-related costs	15.0	—
[5] Purchase accounting cost of products sold	2.2	—
[6] Amortization expense	6.3	3.6
[7] Income tax impact of adjustments	(7.8)	(1.2)
Adjusted Net Income (Non-GAAP Measure)	\$ 52.6	\$ 63.2
3. Earnings per Share Summary		
Diluted EPS (GAAP)	\$ 0.22	\$ 0.46
Impact of adjustments	\$ 0.18	\$ 0.03
Adjusted Diluted EPS (Non-GAAP Measure)	\$ 0.40	\$ 0.49
Weighted average diluted shares outstanding	130.8	130.3
4. Profit Margins		
Net Sales (GAAP)	\$ 718.1	\$ 677.3
Net Income Margin % (GAAP)	4.1 %	8.8 %
Adjusted Net Income Margin % (Non-GAAP Measure)	7.3 %	9.3 %
Adjusted EBITDA Margin % (Non-GAAP Measure)	14.6 %	16.2 %

Note: See tick legend on following page

Q3 2024 Non-GAAP Reconciliations Tick Legend

[1] Separation costs represent one-time costs incurred directly by MasterBrand related to the separation from Fortune Brands.

[2] Restructuring charges are nonrecurring costs incurred to implement significant cost reduction initiatives and may consist of workforce reduction costs, facility closure costs, and other costs to maintain certain facilities where operations have ceased, but which we are still responsible for. The restructuring charges for all periods presented are mainly comprised of workforce reduction costs and other costs to maintain facilities that have been closed, but not yet sold.

[3] Restructuring-related charges are expenses directly related to restructuring initiatives that do not represent normal, recurring expenses necessary to operate the business, but cannot be reported as restructuring under GAAP. Such costs may include losses on disposal of inventories from exiting product lines, and gains/losses on the sale of facilities closed as a result of restructuring actions. Restructuring-related adjustments are recoveries of previously recorded restructuring-related charges resulting from changes in estimates of accruals recorded in prior periods. The restructuring-related adjustments in fiscal 2023 are recoveries of previously recorded restructuring-related charges resulting from changes in estimates of accruals recorded in prior periods.

[4] Acquisition-related costs are transaction and integration costs, including legal, accounting and other professional fees, severance, stock-based compensation, and other integration related costs. These charges are primarily recorded within selling, general and administrative expenses within the Condensed Consolidated Statements of Income. Acquisition-related costs are significantly impacted by the timing and complexity of the underlying acquisition related activities and are not indicative of the Company's ongoing operating performance. The acquisition-related costs in fiscal 2024 are associated with the acquisition of Supreme Cabinetry Brands, Inc., which was announced in the second quarter of fiscal 2024 and closed early in the third quarter of fiscal 2024, and are comprised primarily of professional fees.

[5] Purchase accounting cost of products sold relates to the fair market value adjustment required under GAAP for inventory obtained in the acquisition of Supreme Cabinetry Brands, Inc. All inventory obtained was sold in the third quarter of 2024.

[6] Beginning in the second quarter of fiscal 2024 reporting, management began adding back amortization of intangible assets in calculating adjusted net income and adjusted diluted EPS for all periods presented. Non-cash amortization expenses is not indicative of the Company's ongoing operations. Prior period information has been recast to reflect the updated presentation.

[7] In order to calculate Adjusted Net Income, each of the items described in Items [1] - [6] above reflect tax effects based upon an estimated annual effective income tax rate of 25.0 percent, inclusive of recurring permanent differences and the net effect of state income taxes and excluding the impact of discrete income tax items. Discrete items are recorded in the relevant period identified and include, but are not limited to, changes in judgment or estimates of uncertain tax positions related to prior periods, return-to-provision adjustments, the tax effect of relevant stock-based compensation items, certain changes in the valuation allowance for the realizability of deferred tax assets, or enacted changes in tax law. Management believes this approach assists investors in understanding the income tax provision and the estimated annual effective income tax rate related to ongoing operations.

Q3 2024 Non-GAAP Reconciliations

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	39 Weeks Ended	
	September 29, 2024	September 24, 2023
<i>(U.S. Dollars presented in millions)</i>		
OPERATING ACTIVITIES		
Net income.....	\$ 111.9	\$ 145.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation.....	39.5	34.9
Amortization of intangibles.....	13.7	11.6
Restructuring charges, net of cash payments.....	4.3	(13.9)
Write-off and amortization of finance fees.....	8.2	1.7
Stock-based compensation.....	16.8	13.2
Changes in operating assets and liabilities:		
Accounts receivable.....	(2.3)	60.1
Inventories.....	(32.5)	103.9
Other current assets.....	(1.8)	6.9
Accounts payable.....	18.0	(42.8)
Accrued expenses and other current liabilities.....	(3.5)	9.2
Other items.....	4.6	5.8
NET CASH PROVIDED BY OPERATING ACTIVITIES.....	176.9	336.5
INVESTING ACTIVITIES		
Capital expenditures.....	(34.6)	(21.4)
Proceeds from the disposition of assets.....	8.4	0.3
Acquisition of business, net of cash acquired.....	(515.7)	—
NET CASH USED IN INVESTING ACTIVITIES.....	(541.9)	(21.1)
FINANCING ACTIVITIES		
Issuance of long-term and short-term debt.....	1,130.0	55.0
Repayments of long-term and short-term debt.....	(767.5)	(327.5)
Payment of financing fees.....	(17.8)	—
Repurchase of common stock.....	(6.5)	(15.6)
Payments of employee taxes withheld from share-based awards.....	(5.3)	(3.0)
Other items.....	(1.6)	(1.0)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES.....	331.3	(292.1)
Effect of foreign exchange rate changes on cash and cash equivalents.....	(5.6)	(1.9)
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH.....	\$ (39.3)	\$ 21.4
Cash, cash equivalents, and restricted cash at beginning of period.....	\$ 148.7	\$ 101.1
Cash, cash equivalents, and restricted cash at end of period.....	\$ 109.4	\$ 122.5
Cash and cash equivalents.....	\$ 108.4	\$ 122.5
Restricted cash included in other assets.....	1.0	—
Total cash, cash equivalents and restricted cash.....	\$ 109.4	\$ 122.5
Reconciliation of Free Cash Flow		
Net cash provided by operating activities.....	\$ 176.9	\$ 336.5
Less: Capital expenditures.....	(34.6)	(21.4)
Free cash flow.....	\$ 142.3	\$ 315.1

Prior Year to Current Year Net Sales Walk

	Q3	% Change	YTD	% Change
2023 Net Sales (<i>millions</i>)	\$ 677.3		\$ 2,049.1	
Volume	(2.4)	0%	8.7	0%
ASP ¹	(17.2)	-3%	(85.2)	-4%
Acquisition of Supreme	60.8	9%	60.8	3%
Foreign Currency	(0.4)	0%	(0.7)	0%
2024 Net Sales (<i>millions</i>)	<u>\$ 718.1</u>	<u>6%</u>	<u>\$ 2,032.7</u>	<u>-1%</u>

¹ ASP includes price/mix and other factors that could impact average selling price

