

MasterBrand to Acquire Supreme Cabinetry Brands

MASTERBRAND®

May 21, 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, 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.

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;
- Changes in the anticipated timing for closing the potential transaction;
- Delays in obtaining, adverse conditions contained in, or the inability to obtain necessary regulatory approvals or complete regulatory reviews required to complete the transaction;
- The outcome of any legal proceedings that may be instituted against the Company or Supreme Cabinetry Brands following the announcement of the transaction;
- The inability to complete the transaction;
- The inability to recognize the anticipated benefits of the transaction, 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;
- Business disruption during the pendency of or following the potential transaction;
- Diversion of management time on transaction-related issues;
- The reaction of customers and other persons to the potential transaction; and
- Other statements contained in this Presentation regarding items that are not historical facts or that involve predictions.

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

Unmatched by peers



Operational Excellence

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

Unique Opportunity to Accelerate MasterBrand's Long-Term Financial Priorities

STATED LONG-TERM GOALS

Net Sales

MasterBrand:
4-6% CAGR

Market:
3-5% CAGR

Operating Margin

MasterBrand:
14-16%

Adj. EBITDA[1] Margin

MasterBrand:
16-18%

PRIORITIES

1. **Re-invest in Business**
2. **Maintain Healthy Balance Sheet**
3. **Strategic M&A and Return Capital to Shareholders**

PROGRESS TO DATE

1. ~$65 MILLION INVESTED IN BUSINESS IN 2023
2. NET DEBT TO ADJUSTED EBITDA[1] DOWN TO 1.5X, FROM 2.4X[2] AT SPIN-OFF
3. OPEN MARKET SHARE REPURCHASE PROGRAM IN-PLACE

[1] Adjusted EBITDA , Adjusted EBITDA margin and Net debt to adjusted EBITDA are non-GAAP metrics. Please see appendix for definitions and corresponding reconciliations to historical GAAP measures.
[2] Net debt to adjusted EBITDA does not include the previously disclosed adjustment to adjusted EBITDA for net cost savings as a standalone company.

Strategic Acquisition with Exceptionally Compelling Benefits



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**

Overview of Supreme Cabinetry Brands








SUPREMECABINETRY BRANDS

- Founded in 1954 and headquartered in Howard Lake, MN, Supreme Cabinetry Brands, Inc. (“Supreme”) is a highly-regarded manufacturer of **premier cabinet** brands
- Manufacturing campuses in Iowa, Minnesota and North Carolina
- Full product suite of **kitchen cabinetry and bathroom vanities**, in both framed and frameless lines
- Robust portfolio of **on-trend products** and commitment to **new product innovation**
- Selling primarily through an **exceptional dealer network**, with long-term relationships built on quality and trusted service
- Proven **ability to win and grow** in **dealer channel**
- Leading brands in DURASUPREME CABINETRY and Bertch

UNIQUE OPPORTUNITY TO STRENGTHEN MASTERBRAND’S PREMIER PRODUCT PORTFOLIO

Transaction Overview

Acquisition unlocks meaningful value creation and strongly aligns with MasterBrand's growth priorities

Terms and Financial Impact



- MasterBrand, Inc., through its subsidiary MasterBrand Cabinets, LLC, to acquire 100% of Dura Investment Holdings, the owner of Supreme, for $520 million in cash
  - Pre-synergies, purchase price represents a multiple of approximately 8.9x Supreme's adjusted EBITDA[1] for the twelve months ending March 31, 2024, inclusive of $25 million net present value of cash tax attributes being acquired in the transaction
  - Including anticipated annual run-rate cost synergies of $28 million[2], the purchase price multiple of adjusted EBITDA[1] is approximately 5.9x
- Annual run-rate cost synergies of $28 million[2] expected by the end of year three
  - Anticipated commercial synergies across complementary channels and product lines not included in this figure
- The acquisition is expected to be accretive to adjusted diluted EPS[1] within the first full year after closing

Transaction Process



- Anticipated closing during the third quarter of 2024, subject to customary closing conditions, including antitrust clearance in the United States

Financing



- The acquisition is expected to be funded through cash on hand and existing credit facilities
  - MasterBrand has also arranged an incremental debt commitment of $250 million to ensure ample liquidity to support its ongoing capital allocation priorities
  - Pro forma net debt to adjusted EBITDA[1] will be approximately 2.4 – 2.6x as of the expected closing date of the transaction, with anticipated return to target range of <2.0x within two years after close

[1] Adjusted EBITDA, Adjusted diluted EPS and Net debt to adjusted EBITDA are non-GAAP metrics. Please see appendix for definitions.
[2] Excludes the impact of cash tax attributes acquired, incremental capital expenditures and transaction related costs, including restructuring charges and purchase accounting adjustments.

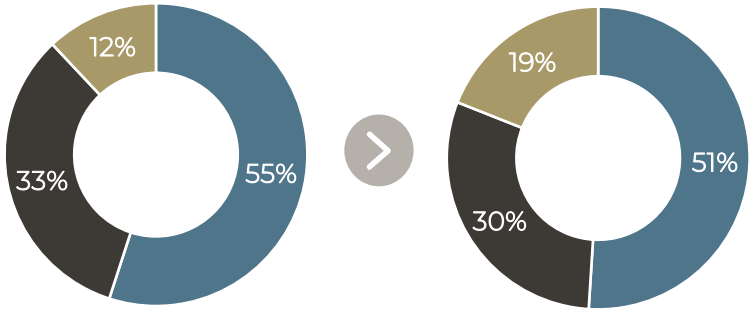
1 Enhances MasterBrand's Portfolio and Delivery of Consumer Value and Choice

Supreme Cabinetry Brands additions

MasterBrand offers the most diverse product portfolio, covering the price spectrum

MasterBrand portfolio[1]

Pro forma MasterBrand portfolio



Providing an expanded suite of products to MasterBrand and Supreme's channel partners and end customers

Kitchen

Price point (per cabinet)

Stock / In-Stock (<$350)	Semi-Custom	Custom / Premium (>$750)
Aristokraft	Diamond	Decora
Diamond	HOMECREST	FIELDSTONE CABINETRY
MANTRA	KitchenCraft CABINETRY	OMEGA CABINETRY
Thomasville CABINETRY	KEMPER	STARMARK CABINETRY
	MC mid continent CABINETRY	ultracraft
	Schrock	DURASUPREME CABINETRY
	Thomasville CABINETRY	
	URBAN EFFECTS CABINETRY	

Bath

Vanities

- Home Center: Diamond NOW, Wood Crafters
- Dealer: Bertch Bath

Expanded category offering will enhance resiliency, driven by Supreme dealer channel and position in premium category

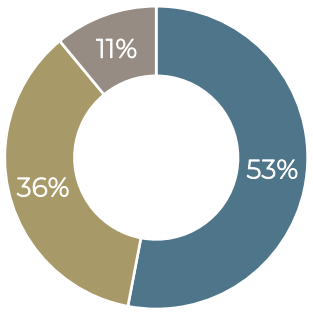
INCREASES EXPOSURE TO ATTRACTIVE AND RESILIENT PREMIUM KITCHEN AND BATH CATEGORIES

[1] MasterBrand estimates as of February 27, 2024.

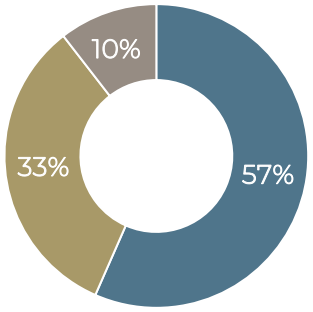
2 Extends Diversity of Channel Distribution to Reach More Consumers

MasterBrand serves its customers through a strategic mix of channels

MasterBrand channel mix[1]



Pro forma MasterBrand channel mix



Dealer Retail Builder

Acquisition enhances diversity and scale across channels, allowing end customers greater access and flexibility to where and how they purchase

Dealer

Access to Supreme Cabinetry Brands' rep agency network and growing dealer channel, benefitting from highly complementary MasterBrand dealer platform

Retail

Strategically diversifies retail channel presence with premium Bath offerings, driving opportunity for enhanced topline resiliency

[1] MasterBrand public filings.

3 Combines Best-in-Class Competencies to Win Today and Tomorrow, Enriching Consumer Value, Product Access, and Service

Our strategy to drive accelerated growth today…



Industry leader with largest distribution network

Unmatched product and brand portfolio

Operational excellence

Align-to-Grow to deliver on the unique needs of each customer

Lead through Lean to engage teams and foster problem-solving

Tech-enabled through digital, data and analytics

THE MASTERBRAND WAY

…becomes amplified with Supreme

SUPREME CABINETRY BRANDS

Diverse leadership team with **track record of growth**

Dealer / designer focused with customer service driving a 60+ year legacy of excellence

Focus on **innovation and on-trend** products

Long history of investing in **advanced automation technologies** to drive efficiencies

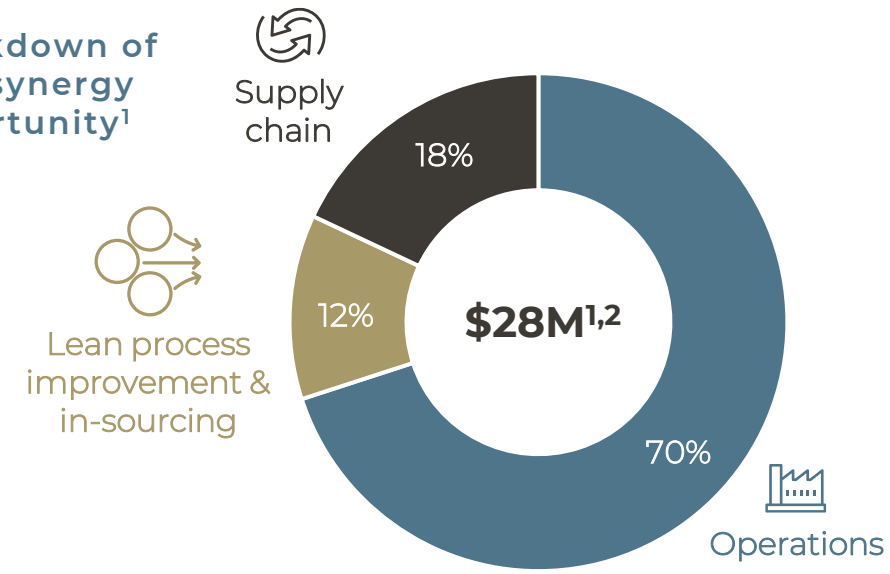


INTENSE FOCUS ON SERVICE IN THE VALUE CHAIN + + + + +

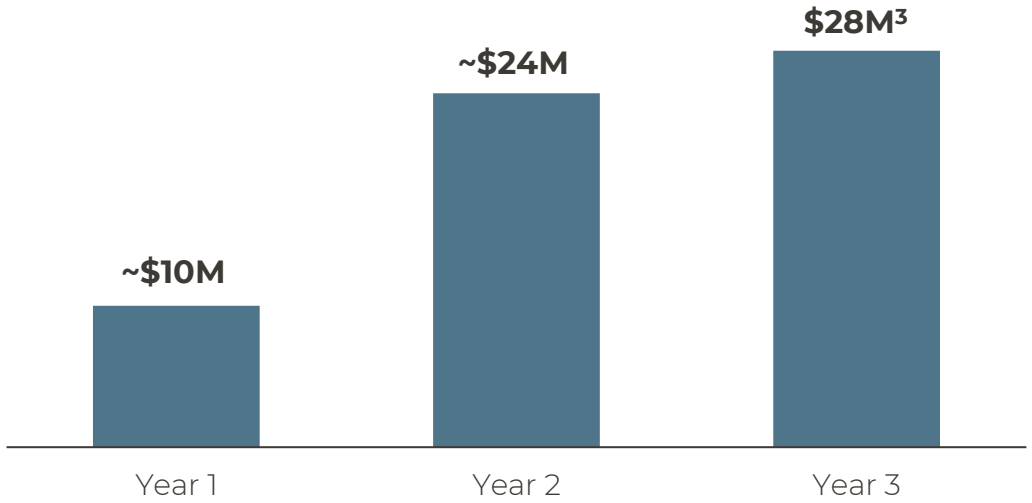
INTENSE FOCUS ON SERVICE IN THE VALUE CHAIN

4 Drives Augmented Financial Profile and Value Creation Via Highly Achievable Cost Synergies

Breakdown of cost synergy opportunity[1]



Estimated annual cost synergies



- Clearly identified cost savings opportunities
  - Procurement, facility optimization and overhead expenses
- Integration plan established with dedicated team

- Annual run-rate cost synergies of $28M[1,2] expected by the end of year three
- In addition to cost synergies, commercial synergies anticipated across the companies' complementary channels and product lines
- Complementary cultures accelerate path to integration

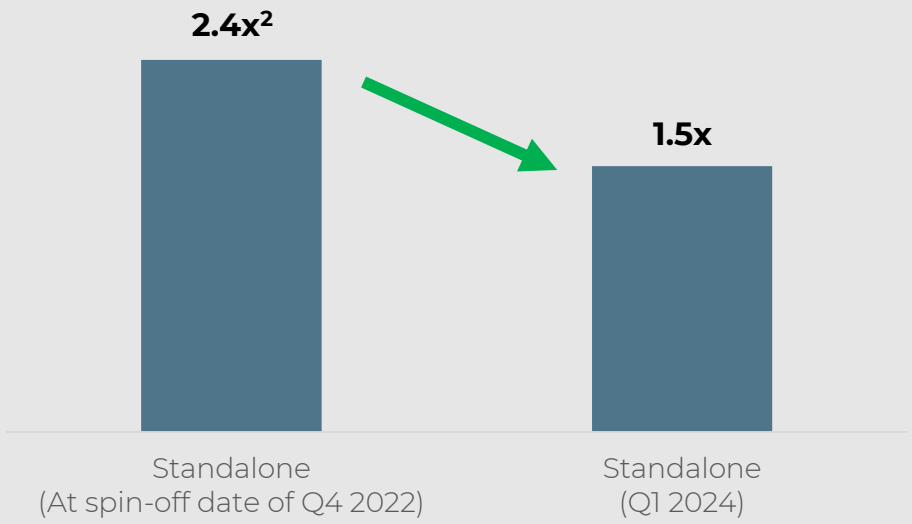
IN-DEPTH IDENTIFICATION AND GO-FORWARD EXECUTION PLAN PROVIDES CONFIDENCE IN SYNERGIES

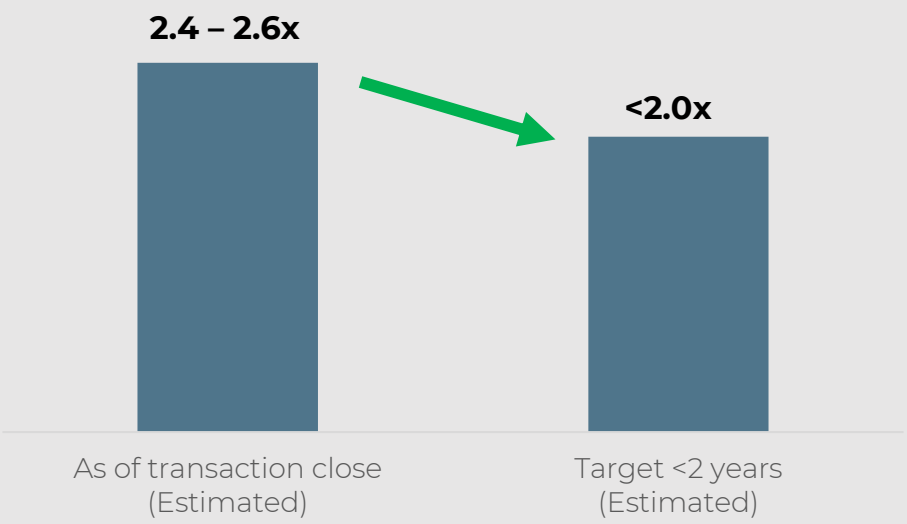
[1] Includes net synergies related to digital and technology and administrative redundancies.
[2] Excludes the impact of cash tax attributes acquired, incremental capital expenditures and transaction related costs, including restructuring charges and purchase accounting adjustments.
[3] By year end.

5 Reinforces Opportunity for Capital Flexibility Through Strong Balance Sheet and Cash Flow

Net Debt to Adjusted EBITDA[1]

We Successfully De-levered Since Spin-off, and are Confident We Are Positioned to Replicate that Success





POSITIONED WITH A STRONG BALANCE SHEET TO CONTINUE WITH STATED CAPITAL DEPLOYMENT STRATEGY

[1] Net debt to adjusted EBITDA is a non-GAAP metric. Please see appendix for definition and corresponding reconciliations to historical GAAP measures.
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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 diluted earnings per share ("adjusted diluted EPS"), 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 diluted EPS is a measure of our diluted earnings per share excluding non-operational results and special items, including transaction related costs. 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.

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, or net leverage, is used by management to assess our financial leverage and ability to service our debt obligations.

As required by SEC rules, see the following pages of this presentation for detailed reconciliations of these non-GAAP financial measures to the most directly comparable GAAP measures.

Non-GAAP Reconciliations

MasterBrand, Inc.

(U.S. Dollars presented in millions)	53 Weeks Ended December 31, 2023	(Unaudited) 13 Weeks Ended March 26, 2023	(Unaudited) 13 Weeks Ended March 31, 2024	(Unaudited) LTM Period Ending March 31, 2024	52 Weeks Ended December 25, 2022
Net sales (GAAP)	$ 2,726.2	$ 676.7	$ 638.1	$ 2,687.6	$ 3,275.5
Reconciliation of Net Income to EBITDA to Adjusted EBITDA					
Net income (GAAP)	$ 182.0	$ 35.0	$ 37.5	$ 184.5	$ 155.4
Related party interest income, net	-	-	-	-	(12.9)
Interest expense	65.2	17.4	14.1	61.9	2.2
Income tax expense	56.7	12.9	11.5	55.3	58.0
Depreciation expense	49.0	11.3	12.2	49.9	47.3
Amortization expense	15.3	4.0	3.7	15.0	17.2
EBITDA (Non-GAAP Measure)	$ 368.2	$ 80.6	$ 79.0	$ 366.6	$ 267.2
[1] Separation costs	2.4	1.6	-	0.8	15.4
[2] Restructuring charges (adjustments)	10.1	(0.4)	0.4	10.9	25.1
[3] Restructuring-related charges (adjustments)	(0.2)	(0.3)	-	0.1	12.7
[4] Asset impairment charges	-	-	-	-	46.4
[5] Recognition of actuarial losses	2.9	-	-	2.9	0.2
Adjusted EBITDA (Non-GAAP Measure)	$ 383.4	$ 81.5	$ 79.4	$ 381.3	$ 367.0[6]

(U.S. Dollars presented in millions)	(Unaudited) March 31, 2024	December 25, 2022
Ratio of total debt to net income		
Current portion of long-term debt	$ 26.9	$ 17.5
Long-term debt	681.1	961.5
Total Debt	$ 708.0	$ 979.0
LTM Net Income	184.5	155.4
Total Debt to Net Income	3.8x	6.3x
Reconciliation of Net Debt to Adjusted EBITDA		
Current portion of long-term debt	$ 26.9	$ 17.5
Long-term debt	681.1	961.5
Less: Cash and cash equivalents	(153.7)	(101.1)
Net Debt	$ 554.3	$ 877.9
LTM Adjusted EBITDA	381.3	367.0
Net Debt to Adjusted EBITDA	1.5x	2.4x

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 activity for the period presented is comprised primarily of workforce reduction costs and facility closure costs. Restructuring adjustments are recoveries of previously recorded restructuring charges, primarily due to changes in estimate of accruals recorded in prior periods.

[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 charges for the period presented are related primarily to the reserves for losses on disposal of inventories. Restructuring-related adjustments are recoveries of previously recorded restructuring-related charges, primarily due to changes in estimate of accruals recorded in prior periods.

[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.

[6] Adjusted EBITDA does not include the previously disclosed adjustment for net cost savings as a standalone company.