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DELTA REPORT

10-Q

MASTERBRAND, INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 24, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	976
CHANGES	149
DELETIONS	511
ADDITIONS	316

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

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 24, 2023 March 31, 2024

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 001-41545

MasterBrand, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**88-3479920**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One MasterBrand Cabinets Dr. 3300 Enterprise Parkway, Suite 300 **Jasper, Indiana Beachwood, Ohio**	**47547 44122**
(Address of principal executive offices)	(Zip Code)

812-482-2527 877-622-4782
(Registrant's telephone number, including area code)

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

Common Stock, par value $0.01 per share	**MBC**	**New York Stock Exchange**
(Title of each class)	(Trading Symbol)	(Name of each exchange on which registered)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	o x	Accelerated filer	o
Non-accelerated filer	x o	Smaller reporting company	o
		Emerging growth company	o

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. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

The registrant had outstanding 126,762,314 127,003,405 shares of common stock as of November 3, 2023 May 3, 2024.

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Part I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS (Unaudited)

MasterBrand, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	13 Weeks Ended	**39 Weeks Ended**
	13 Weeks Ended	
	13 Weeks Ended	
	13 Weeks Ended	

(U.S. Dollars presented in millions, except per share amounts)	*(U.S. Dollars presented in millions, except per share amounts)*	**September 24, 2023**	**September 25, 2022**	**September 24, 2023**	**September 25, 2022**	*(U.S. Dollars presented in millions, except per share amounts)*	**March 31, 2024**	**March 26, 2023**
NET SALES	**NET SALES**	$ 677.3	$ 858.4	$2,049.1	$2,491.1			
Cost of products sold	Cost of products sold	439.8	593.5	1,370.8	1,765.6			
GROSS PROFIT	**GROSS PROFIT**	237.5	264.9	678.3	725.5			
Selling, general and administrative expenses	Selling, general and administrative expenses	140.3	176.2	417.3	487.2			
Amortization of intangible assets	Amortization of intangible assets	3.6	4.4	11.6	13.2			
Asset impairment charge		—	—	—	26.0			
Restructuring charges		1.4	9.6	4.1	10.9			
Restructuring charges (adjustments)								
Restructuring charges (adjustments)								
Restructuring charges (adjustments)								
OPERATING INCOME	**OPERATING INCOME**	92.2	74.7	245.3	188.2			
Related party interest income, net		—	(4.3)	—	(7.3)			
Interest expense								
Interest expense								
Interest expense	Interest expense	15.3	—	49.9	—			
Other (income) expense, net	Other (income) expense, net	(1.0)	0.7	(0.1)	1.5			
INCOME BEFORE TAXES	**INCOME BEFORE TAXES**	77.9	78.3	195.5	194.0			
Income tax expense	Income tax expense	18.2	26.1	49.6	54.0			
NET INCOME	**NET INCOME**	$ 59.7	$ 52.2	$ 145.9	$ 140.0			
Average Number of Shares of Common Stock Outstanding	Average Number of Shares of Common Stock Outstanding							
Basic	Basic	127.6	128.0	128.1	128.0			
Basic								
Basic								
Diluted	Diluted	130.3	128.0	129.9	128.0			
Earnings Per Common Share	Earnings Per Common Share							
Basic	Basic	$ 0.47	$ 0.41	$ 1.14	$ 1.09			
Basic								
Basic								
Diluted	Diluted	$ 0.46	$ 0.41	$ 1.12	$ 1.09			

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See notes to consolidated financial statements.

MasterBrand, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(U.S. Dollars presented in millions)	13 Weeks Ended		39 Weeks Ended	
	September 24, 2023	September 25, 2022	September 24, 2023	September 25, 2022
NET INCOME	$ 59.7	$ 52.2	$ 145.9	$ 140.0
Other comprehensive (loss) income, before tax:				
Foreign currency translation adjustments	(2.0)	(11.4)	7.6	(12.0)
Unrealized (losses) gains on derivatives:				
Unrealized holding gains arising during period	1.6	—	8.1	3.5
Less: reclassification adjustment for gains included in net income	(3.1)	(0.4)	(8.6)	(2.1)
Unrealized (losses) gains on derivatives	(1.5)	(0.4)	(0.5)	1.4
Defined benefit plans:				
Net actuarial gains arising during period	—	0.1	—	0.2
Defined benefit plans	—	0.1	—	0.2
Other comprehensive (loss) income, before tax	(3.5)	(11.7)	7.1	(10.4)
Income tax expense related to items of other comprehensive income	—	—	—	—
Other comprehensive (loss) income, net of tax	(3.5)	(11.7)	7.1	(10.4)
COMPREHENSIVE INCOME	$ 56.2	$ 40.5	$ 153.0	$ 129.6

(U.S. Dollars presented in millions)	13 Weeks Ended	
	March 31, 2024	March 26, 2023
NET INCOME	$ 37.5	$ 35.0
Other comprehensive income (loss), before tax:		
Foreign currency translation adjustments	(1.1)	(0.2)
Unrealized gains on derivatives:		
Unrealized holding gains arising during period	1.8	2.6
Less: reclassification adjustment for gains included in net income	(0.5)	(2.4)
Unrealized gains on derivatives	1.3	0.2
Other comprehensive income, before tax	0.2	—
Income tax expense related to items of other comprehensive income	—	—
Other comprehensive income, net of tax	0.2	—
COMPREHENSIVE INCOME	$ 37.7	$ 35.0

See notes to consolidated financial statements.

MasterBrand, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(U.S. Dollars presented in millions)	*(U.S. Dollars presented in millions)*	**September 24, 2023**	**December 25, 2022**	*(U.S. Dollars presented in millions)*	**March 31, 2024**	**December 31, 2023**
ASSETS	**ASSETS**					
Current assets	Current assets					
Current assets						
Current assets						
Cash and cash equivalents						
Cash and cash equivalents						
Cash and cash equivalents	Cash and cash equivalents	$ 122.5	$ 101.1			
Accounts receivable, net	Accounts receivable, net	233.6	289.6			
Inventories	Inventories	269.4	373.1			
Other current assets	Other current assets	58.5	66.2			
TOTAL CURRENT ASSETS	**TOTAL CURRENT ASSETS**	684.0	830.0			
Property, plant and equipment, net of accumulated depreciation	Property, plant and equipment, net of accumulated depreciation	341.5	352.6			
Operating lease right-of-use assets, net of accumulated amortization	Operating lease right-of-use assets, net of accumulated amortization	61.6	52.3			
Goodwill	Goodwill	924.6	924.2			
Other intangible assets, net of accumulated amortization	Other intangible assets, net of accumulated amortization	338.5	349.8			
Other assets	Other assets	28.1	20.5			
TOTAL ASSETS	**TOTAL ASSETS**	$2,378.3	$2,529.4			
LIABILITIES AND EQUITY	**LIABILITIES AND EQUITY**					
Current liabilities	Current liabilities					
Current liabilities						
Current liabilities						
Accounts payable						
Accounts payable						
Accounts payable	Accounts payable	$ 179.7	$ 219.2			
Current portion of long-term debt	Current portion of long-term debt	8.2	17.5			
Current operating lease liabilities	Current operating lease liabilities	15.4	13.9			

Other current liabilities	Other current liabilities	164.6	160.5	
TOTAL CURRENT LIABILITIES	**TOTAL CURRENT LIABILITIES**	367.9	411.1	
Long-term debt	Long-term debt	699.3	961.5	
Deferred income taxes	Deferred income taxes	84.2	87.3	
Pension and other postretirement plan liabilities	Pension and other postretirement plan liabilities	12.1	12.2	
Operating lease liabilities	Operating lease liabilities	48.4	40.7	
Other non-current liabilities	Other non-current liabilities	9.9	7.4	
TOTAL LIABILITIES	**TOTAL LIABILITIES**	1,221.8	1,520.2	
Contingencies and Accrued Losses (Note 13)	Contingencies and Accrued Losses (Note 13)			Contingencies and Accrued Losses (Note 13)
Equity	Equity			
Common stock (par value $0.01 per share; authorized 750.0 million shares; 128.8 million shares issued and 127.2 million shares outstanding as of September 24, 2023; 128.0 million shares issued and outstanding as of December 25, 2022)		1.3	1.3	
Common stock (par value $0.01 per share; authorized 750.0 million shares; 129.9 million issued and 127.2 million outstanding as of March 31, 2024; 129.1 million issued and 126.8 million outstanding as of December 31, 2023)				
Common stock (par value $0.01 per share; authorized 750.0 million shares; 129.9 million issued and 127.2 million outstanding as of March 31, 2024; 129.1 million issued and 126.8 million outstanding as of December 31, 2023)				
Common stock (par value $0.01 per share; authorized 750.0 million shares; 129.9 million issued and 127.2 million outstanding as of March 31, 2024; 129.1 million issued and 126.8 million outstanding as of December 31, 2023)				
Paid-in capital	Paid-in capital	13.2	—	
Treasury stock, at cost	Treasury stock, at cost	(19.0)	(0.1)	
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(7.4)	(14.5)	
Retained earnings	Retained earnings	1,168.4	1,022.5	
TOTAL EQUITY	**TOTAL EQUITY**	1,156.5	1,009.2	

TOTAL LIABILITIES AND EQUITY	TOTAL LIABILITIES AND EQUITY	$2,378.3	$2,529.4

See notes to consolidated financial statements.

MasterBrand, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

		39 Weeks Ended				
		13 Weeks Ended			13 Weeks Ended	
(U.S. Dollars presented in millions)	*(U.S. Dollars presented in millions)*	September 24, 2023	September 25, 2022	*(U.S. Dollars presented in millions)*	March 31, 2024	March 26, 2023
OPERATING ACTIVITIES	**OPERATING ACTIVITIES**					
Net income	Net income	$ 145.9	$ 140.0			
Net income						
Net income						
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation						
Depreciation						
Depreciation	Depreciation	34.9	35.1			
Amortization of intangibles	Amortization of intangibles	11.6	13.2			
Restructuring charges, net of cash payments	Restructuring charges, net of cash payments	(13.9)	7.3			
Amortization of finance fees	Amortization of finance fees	1.7	—			
Stock-based compensation	Stock-based compensation	13.2	8.1			
Asset impairment charge		—	26.0			
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:					
Changes in operating assets and liabilities:						
Changes in operating assets and liabilities:						
Accounts receivable						
Accounts receivable						

Accounts receivable	Accounts receivable	60.1	(22.9)
Inventories	Inventories	103.9	(113.1)
Other current assets	Other current assets	6.9	11.9
Accounts payable	Accounts payable	(42.8)	6.8
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	9.2	24.5
Other items	Other items	5.8	(19.0)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**NET CASH PROVIDED BY OPERATING ACTIVITIES**	336.5	117.9
INVESTING ACTIVITIES	**INVESTING ACTIVITIES**		
Capital expenditures(a)	Capital expenditures(a)	(21.4)	(32.2)
Capital expenditures(a)			
Capital expenditures(a)			
Proceeds from the disposition of assets	Proceeds from the disposition of assets	0.3	—
NET CASH USED IN INVESTING ACTIVITIES	**NET CASH USED IN INVESTING ACTIVITIES**	(21.1)	(32.2)
FINANCING ACTIVITIES	**FINANCING ACTIVITIES**		
Issuance of long-term and short-term debt	Issuance of long-term and short-term debt	55.0	—
Issuance of long-term and short-term debt			
Issuance of long-term and short-term debt			
Repayments of long-term and short-term debt	Repayments of long-term and short-term debt	(327.5)	—
Repurchase of common stock	Repurchase of common stock	(15.6)	—
Payments of employee taxes withheld from share-based awards	Payments of employee taxes withheld from share-based awards	(3.0)	—
Repayment of finance leases		(1.0)	(0.6)
Related party borrowings		—	2,224.2
Related party repayments		—	(2,424.1)
Net contributions from Fortune Brands		—	113.2
Other items			

NET CASH USED IN FINANCING ACTIVITIES

NET CASH USED IN FINANCING ACTIVITIES

NET CASH USED IN FINANCING ACTIVITIES	**NET CASH USED IN FINANCING ACTIVITIES**	(292.1)	(87.3)
Effect of foreign exchange rate changes on cash and cash equivalents	Effect of foreign exchange rate changes on cash and cash equivalents	(1.9)	(5.8)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		$ 21.4	$ (7.4)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	$ 101.1	$ 141.4
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	$ 122.5	$ 134.0

(a) *Capital expenditures of $3.7 $4.1 million and $3.9 $2.0 million that have not been paid as of September 24, 2023 March 31, 2024 and September 25, 2022 March 26, 2023, respectively, were excluded from the condensed consolidated statements of cash flows.*

See notes to consolidated financial statements.

MasterBrand, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)

		Common Stock		Paid-in Capital	Treasury stock, at cost	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Total Equity
		Common Stock		**Paid-in Capital**	**Treasury stock, at cost**	**Accumulated Other Comprehensive (Loss) Income**	**Retained Earnings**	**Total Equity**
(U.S. Dollars and shares presented in millions)	*(U.S. Dollars and shares presented in millions)*	**Shares**	**Amount**	**Paid-in Capital**	**Treasury stock, at cost**	**Accumulated Other Comprehensive (Loss) Income**	**Retained Earnings**	**Total Equity**
Balance at December 26, 2021		—	$ —					
Balance at December 25, 2022								
Balance at December 25, 2022								
Balance at December 25, 2022								
Comprehensive income:	Comprehensive income:							
Net income	Net income	—	—	—	—	—	140.0	140.0
Other comprehensive loss		—	—	—	—	(10.4)	—	(10.4)
Net income								
Net income								

Common Stock	Paid-in Capital	Treasury stock, at cost	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Total Equity

Other comprehensive income								
Stock-based compensation	Stock-based compensation	—	—	8.1	—	—	—	8.1
Net contributions from Fortune Brands		—	—	113.2	—	—	—	113.2
Balance at September 25, 2022		—	$ —	$393.5	$ —	$ (14.3)	$2,325.5	$2,704.7
Balance at December 25, 2022		128.0	$ 1.3	$ —	$ (0.1)	$ (14.5)	$1,022.5	$1,009.2
Balance at March 26, 2023								
Balance at March 26, 2023								
Balance at March 26, 2023								
Balance at December 31, 2023								
Balance at December 31, 2023								
Balance at December 31, 2023								
Comprehensive income:	Comprehensive income:							
Net income								
Net income								
Net income	Net income	—	—	—	—	—	145.9	145.9
Other comprehensive income	Other comprehensive income	—	—	—	—	7.1	—	7.1
Stock-based compensation	Stock-based compensation	0.5	—	13.2	(3.0)	—	—	10.2
Stock repurchase program	Stock repurchase program	(1.3)	—	—	(15.9)	—	—	(15.9)
Balance at September 24, 2023		127.2	$ 1.3	$ 13.2	$(19.0)	$ (7.4)	$1,168.4	$1,156.5
Balance at March 31, 2024								

See notes to consolidated financial statements.

MasterBrand, Inc.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation and Principles of Consolidation

Background MasterBrand, Inc. is a leading manufacturer of residential cabinets in North America with a portfolio of leading residential cabinetry products for the kitchen, bathroom and other parts of the home. References to "Cabinets," "MasterBrand," "the Company," "we," "our" and "us" refer to MasterBrand, Inc. and its consolidated subsidiaries, unless the context otherwise requires.

On April 28, 2022, Fortune Brands Home & Security, Inc. ("Fortune Brands" or the "Parent") announced that its Board of Directors approved in principle a separation of its Cabinets segment into a standalone publicly-traded company (the "Separation"). The Cabinets segment of Fortune Brands had historically been operated by MasterBrand Cabinets, Inc. ("MBCI"). In July 2022, Fortune Brands incorporated MasterBrand, Inc. in the State of Delaware and subscribed to all of the shares of MasterBrand, Inc.'s common stock upon its incorporation. After the incorporation of MasterBrand, Inc., the following occurred: (1) Fortune Brands contributed all of the issued and outstanding shares of capital stock of MBCI to MasterBrand, Inc., resulting in MBCI becoming a wholly-owned subsidiary of MasterBrand, Inc. through a transaction between entities under common control; and (2) MBCI was converted into a Delaware limited liability company, MasterBrand Cabinets LLC (collectively, the "Reorganization").

On December 14, 2022, the Separation was completed by way of a pro rata dividend of our common stock to stockholders of Fortune Brands common stock (the "Distribution"). On December 14, 2022, the date of Separation, 128.0 million shares of MasterBrand, Inc. common stock were issued. Fortune Brands shareholders received one share of MasterBrand, Inc. common stock for each share of Fortune Brands common stock held on the record date. Following the Distribution, Fortune Brands stockholders owned 100 percent of the shares of MasterBrand, Inc. common stock, and MasterBrand, Inc. became an independent, publicly-traded company, listed under the symbol "MBC" on the New York Stock Exchange beginning December 15, 2022. All share and per share amounts for all prior periods presented in the condensed consolidated financial statements, including Note 4, "Earnings Per Share," have been retroactively recast to reflect the effects of the changes in equity structure resulting from the Reorganization, Separation and Distribution. The historical activity of the Company is that of MBCI prior to the Reorganization. The Company's equity structure prior to the Separation and Distribution included 5,000 shares of MasterBrand, Inc. common stock authorized and 100 shares issued. Prior to the incorporation of MasterBrand, Inc. in July 2022, the equity structure of MBCI included 1,000 authorized and issued shares of common stock. MasterBrand, Inc. is the registrant and the financial reporting entity following the consummation of the Separation and Distribution.

In order to govern the ongoing relationships between MasterBrand, Inc. and Fortune Brands after the Separation and to facilitate an orderly transition, the parties entered into a series of agreements, including the following:

- *Separation and Distribution Agreement* –sets forth the principal actions to be taken in connection with the Separation, including the transfer of assets and assumption of liabilities, among others, and sets forth other agreements governing aspects of the relationship between MasterBrand and Fortune Brands.

- *Transition Services Agreement* – allows for Fortune Brands and MasterBrand to provide certain transition services to each other for a limited time, up to 24 months following the Separation.

- *Tax Allocation Agreement* – governs the respective rights, responsibilities and obligations of MasterBrand and Fortune Brands with respect to tax liabilities and benefits, tax attributes, tax contests and other matters regarding income taxes, non-income taxes and related tax returns.

- *Employee Matters Agreement* – addresses certain employment, compensation and benefits matters, including the allocation and treatment of certain assets and liabilities relating to MasterBrand employees.

Basis of Presentation The accompanying financial statements are now presented on a consolidated basis as the Company is a standalone public company. We have historically existed and functioned as a reporting segment of the consolidated business of Fortune Brands up until the Separation on December 14, 2022, at which time we became a standalone public company. Certain information from prior to the Separation was derived from Fortune Brands' consolidated financial statements and accounting records. The condensed consolidated financial statements and notes to condensed consolidated financial statements as of and subsequent to December 14, 2022, the date of the Separation, reflect the consolidated financial position, results of operations and cash flows for MasterBrand as an independent company. Prior to the Separation, the condensed consolidated financial statements and notes to condensed consolidated financial statements were prepared on a carve-out basis using the financial statements and accounting records of Fortune Brands. The carve-out basis financial statements represent the historical financial position, results of operations, and cash flows of MasterBrand as they were historically managed in accordance with accounting principles generally accepted in the United States of America ("GAAP") and reflect significant assumptions and allocations. The carve-out financial statements may not include all expenses that would have been incurred had MasterBrand existed as a standalone entity.

Our consolidated financial statements are based on a 52- or 53-week fiscal year ending on the last Sunday in December in each calendar year. Our fiscal 20232024 will consist of 53 52 weeks ending on December 31, 2023 December 29, 2024, while our fiscal 2022 2023 consisted of 52 53 weeks ended on December 25, 2022. 31, 2023.

The condensed consolidated balance sheet as of the thirty-nine weeks ended September 24, 2023March 31, 2024, as well as the related condensed consolidated statements of income, comprehensive income, cash flows, and equity for the thirteen and thirty-nine weeks ended September 24, 2023 March 31, 2024 and the thirteen and thirty-nine weeks ended September 25, 2022 March 26, 2023 are unaudited. The presentation of these financial statements requires us to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from those estimates. In the opinion of management, all adjustments necessary for a fair statement of the financial statements have been included. Interim results may not be indicative of results for a full year.

The condensed consolidated financial statements and notes are presented pursuant to the rules and regulations of the Securities and Exchange Commission and do not contain certain information included in our audited consolidated financial statements and notes. The 2022 2023 condensed consolidated balance sheet was derived from our audited consolidated financial statements, but does not include all disclosures required by GAAP. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes included in our Annual Report on Form 10-K for the fiscal year ended December 25, 2022.

The condensed consolidated statements of income include all revenues and costs directly attributable to our business, including costs for facilities, functions, and services we utilize. The condensed consolidated statements of income also include an allocation of expenses related to certain Fortune Brands corporate functions through the Separation, including information technology, finance, executive, human resources, supply chain, internal audit, governance and legal services. These expenses have been allocated based on direct usage or benefit where specifically identifiable, with the remainder allocated on a proportional cost allocation method based primarily on net sales, employee headcount, or number of facilities, as applicable. Prior to the Separation, total expenses allocated for the thirteen and thirty-nine weeks ended September 25, 2022 were

$28.1 million and $69.2 million, respectively, of which $23.6 million and $52.6 million, respectively, was not previously allocated to us. Such amounts are primarily included within selling, general and administrative expenses in the condensed consolidated statements of income. We consider the expense methodology and resulting allocation to be reasonable; however, the allocations may not be indicative of actual expenses that would have been incurred had we operated as an independent, publicly-traded company in the prior year period presented. Actual costs that we may have incurred during the time period when we were not a standalone company would depend on a number of factors, including the chosen organizational structure, whether functions were outsourced or performed by our employees and strategic decisions made in areas such as manufacturing, selling and marketing, research and development, information technology and infrastructure. Accordingly, historical allocations may not be indicative of future costs we incur operating as an independent, publicly-traded company.

The condensed consolidated statements of income also include $0.1 million and $2.3 million of costs related to the separation from Fortune Brands for the thirteen and thirty-nine weeks ended September 24, 2023, respectively, and $3.5 million and $3.7 million for the thirteen and thirty-nine weeks ended September 25, 2022. The Separation-related costs include advisory fees, professional fees and other transaction related costs incurred directly by us. These costs are included within selling, general and administrative expenses.

The income tax amounts in the condensed consolidated financial statements have been calculated on a separate-return method and presented as if our operations were separate taxpayers in the respective jurisdictions. For the period prior to the Separation in 2022, including the Separation, federal and state income tax payments and refunds were paid and received by Fortune Brands on our behalf. The net taxes paid on our behalf are payable to Fortune Brands, as provided in the indemnification provisions of the Tax Allocation Agreement. Accordingly, the net tax payable of $32.6 million to Fortune Brands at both September 24, 31, 2023 and December 25, 2022, is recorded in accounts payable on the condensed consolidated balance sheets.

Following the Separation, a limited number of services that Fortune Brands provided to us, or we provided to them, prior to the Separation continue to be provided for a period of time under a Transition Services Agreement. Throughout fiscal 2023, we have incurred certain costs as a standalone public company, including services provided by our own resources or through third-party service providers relating to corporate functions, including information technology, finance, executive, human resources, supply chain, internal audit, governance and legal services, as well as ongoing additional costs associated with operating as an independent, publicly-traded company.

Fortune Brands utilized a central approach to treasury management, and prior to the Separation, we historically participated in related cash pooling arrangements prior to the Separation. Our cash and cash equivalents on our condensed consolidated balance sheets represent cash balances held in bank accounts owned by the Company and its subsidiaries. Prior to the Separation, we had no third-party borrowings, and all borrowings attributable to our business and due to Fortune Brands were recorded as "related party payable" in our consolidated balance sheets and classified as current or noncurrent based on loan maturity dates. Fortune Brands' third-party debt and related interest expense were not attributed to us as we were not the legal obligor of the debt, and the borrowings were not specifically identifiable to us. However, in connection with the Separation, we completed a financing transaction, which resulted in additional interest expense beginning in the fourth quarter of 2022. See Note 9, "Debt," for additional information related to our financing transaction. For more information regarding related party transactions with Fortune Brands, see Note 15, "Related Party Transactions."

During the fourth quarter of 2022, we recognized $8.7 million of additional expense in cost of goods sold as an out-of-period adjustment. This adjustment was to correct errors for expenses that should have been recognized of $5.1 million, $1.6 million and $2.0 million in the thirteen weeks ended March 27, 2022, June 26, 2022 and September 25, 2022, respectively. The adjustment did not have any impact on our annual consolidated financial statements for the fiscal year ended December 25, 2022.

Tornado at Jackson, GA Production Facility On January 12, 2023, a tornado hit the Company's leased Jackson, Georgia production facility, causing damage to the Company's assets and disrupting certain operations. Insurance, less applicable deductibles, covers covered the repair or replacement of the Company's assets that suffered loss or damage, and the Company is working closely with its insurance carriers and claims adjusters to ascertain the full amount of insurance proceeds due to the Company as a result of the damages and the losses the Company suffered. The Company's insurance policies also provide provided business interruption coverage, including lost profits, and reimbursement for other expenses and costs that have been were incurred relating to the damages and losses suffered. In For the first quarter of 2023, thirteen weeks ended March 26, 2023, the Company incurred expenses of $9.4 million solely related to damages caused by the tornado. tornado, and no additional expenses were incurred throughout the remainder of fiscal 2023. These expenses included compensation costs that we continued to pay skilled labor at the Jackson facility to enable a timely ramp up of production upon re-opening the facility on March 27, 2023, the first day of our fiscal second quarter of 2023, as well as the write-off of damaged inventory, freight costs to move product to other warehouses and professional fees to secure and maintain the site. No expenses related to the tornado were incurred in either the second or third quarter of During fiscal 2023, and at this time, we do not expect to incur any additional costs related to this matter. For the thirteen and thirty-nine weeks ended September 24, 2023,we received $2.0 $7.4 million and $4.2 million, respectively, of insurance proceeds for direct costs caused by the tornado. tornado, of which no amounts were received during the thirteen weeks ended March 26, 2023. Both the expenses and insurance recoveries are were recorded as a component of cost of products sold in the condensed consolidated statements of income. Subsequent to September 24, 2023, we received and recognized an additional $3.2 million of insurance proceeds during our fiscal fourth quarter, representing the final payment under the claim. Upon receipt of this payment, the final insurance proceeds in our fourth quarter of fiscal 2023, we consider considered this claim to be closed.

2. Recently Issued Accounting Standards

Accounting Standards Issued and Adopted

There are no recently issued accounting pronouncements that we have adopted and which have had a material effect on our results of operations, cash flows or financial condition.

Accounting Standards Issued, But Not Yet Adopted

There Improvements to Reportable Segment Disclosures

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures," which is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses, allowing financial statement users to better understand the components of a segment's profit or loss to assess potential future cash flows for each reportable segment and the entity as a whole. The amendments expand a public entity's segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker ("CODM"), clarifying when an entity may report one or more additional measures to assess segment performance, requiring enhanced interim disclosures, providing new disclosure requirements for entities with a single reportable segment, and requiring other new disclosures. The amendments are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, and early adoption is permitted. The Company is currently evaluating the impact of adopting this guidance on the condensed consolidated financial statements.

Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures," which is intended to enhance the transparency, decision usefulness and effectiveness of income tax disclosures. The amendments in this ASU require a public entity to disclose a tabular tax rate reconciliation, using both percentages and currency, with specific categories. A public entity is also required to provide a qualitative description of the states and local jurisdictions that make up the majority of the effect of the state and local income tax category and the net amount of income taxes paid, disaggregated by federal, state and foreign taxes and also disaggregated by individual jurisdictions. The amendments also remove certain disclosures that are no recently issued accounting pronouncements that we have not yet adopted that longer considered cost beneficial. The amendments are expected to have a material effect effective prospectively for annual periods beginning after December 15, 2024, and early adoption and retrospective application are permitted. The Company is currently evaluating the impact of adopting this guidance on our results of operations, cash flows or the condensed consolidated financial condition. statements.

3. Revenue from Contracts with Customers

Our principal performance obligations are the sale of high quality stock, semi-custom and premium cabinetry, as well as vanities, for the kitchen, bath and other parts of the home (collectively, “goods” or “products”). We recognize revenue for the sale of goods based on our assessment of when control transfers to our customers, which generally occurs upon shipment or delivery of the products. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods to our customers. Payment terms on our product sales normally range from 30 to 90 days. Taxes assessed by a governmental authority that we collect are excluded from revenue. The expected costs associated with our contractual warranties are recognized as expense when the products are sold. See Note 13, "Contingencies and Accrued Losses," for further discussion.

We record estimates to reduce revenue for customer programs and incentives, which are considered variable consideration, and include price discounts, volume-based incentives, promotions and cooperative advertising when revenue is recognized in order to determine the amount of consideration the Company will ultimately be entitled to receive. These estimates are based on historical and projected experience for each type of customer. In addition, for certain customer program incentives, we receive an identifiable benefit (goods or services) in exchange for the consideration given and record the associated expenditure in selling, general and administrative expenses. We account for shipping and handling costs that occur after the customer has obtained control of a product as a fulfillment activity (i.e., as an expense) rather than as a promised service (i.e., as a revenue element). These costs are classified within selling, general and administrative expenses.

Settlement of our outstanding accounts receivable balances normally occurs within 30 to 90 days of the original sale transaction date. Obligations arise for us from customer rights to return our goods, including among others, product obsolescence, stock rotations, trade-in agreements for newer products and upon termination of a customer contract. We estimate future product returns at the time of sale based on historical experience and record a corresponding refund obligation, which amounted to $2.3 $1.8 million and $3.0 $2.1 million as of September 24, 2023 March 31, 2024 and December 25, 2022 December 31, 2023, respectively. Refund obligations are classified within other current liabilities in our condensed consolidated balance sheets. Return assets related to the refund obligation are measured at the carrying amount of the goods at the time of sale, less any expected costs to recover the goods and any expected reduction in value.

The Company disaggregates revenue from contracts with customers into (i) major sales distribution channels in the U.S. and (ii) total sales to customers outside the U.S. market, by shipping location, as these categories depict the nature, amount, timing and uncertainty of revenues and cash flows that are affected by economic factors. The following table disaggregates our consolidated revenue by major sales distribution channels and by shipping location for 2023 the thirteen weeks ended March 31, 2024 and 2022. March 26, 2023.

(In millions)	13 Weeks Ended September 24, 2023	13 Weeks Ended September 25, 2022	39 Weeks Ended September 24, 2023	39 Weeks Ended September 25, 2022
Dealers(a)	$ 350.0	$ 454.0	$ 1,036.3	$ 1,287.6
Retailers(b)	214.0	269.9	677.6	809.9
Builders(c)	78.9	88.1	228.7	248.1
U.S. net sales	642.9	812.0	1,942.6	2,345.6
International(d)	34.4	46.4	106.5	145.5
Net sales	$ 677.3	$ 858.4	$ 2,049.1	$ 2,491.1

(U.S. Dollars presented in millions)	13 Weeks Ended March 31, 2024	13 Weeks Ended March 26, 2023
Net Sales by Channel(a)		
Dealers(b)	$ 315.0	$ 346.8
Retailers(c)	242.9	258.5
Builders (d)	80.2	71.4
Net sales	$ 638.1	$ 676.7
Net Sales by Shipping Location		
United States	$ 608.2	$ 643.4
Canada	25.2	30.2
Mexico	4.7	3.1
Net sales	$ 638.1	$ 676.7

a) Net sales by channel presented for the thirteen weeks ended March 26, 2023 have been reclassified to conform with the new format of this table, which is intended to provide a consolidated view of our net sales by channel and shipping location. Prior to our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, net sales by channel was presented for our domestic sales only.

b) Represents sales to domestic dealers whose end customers include builders, professional trades and home remodelers, inclusive of sales through our dealers' respective internet website portals.

b) c) Represents sales to domestic "Do-It-Yourself" retailers, including our two largest customers: 1) Lowe's and 2) The Home Depot, Inc., and 2) Lowe's Companies, Inc., inclusive of sales through their respective internet website portals.

c) d) Represents sales directly to domestic builders.

d) Represents sales in markets outside the United States, principally in Canada and Mexico.

Practical Expedients

Incremental costs of obtaining a contract include only those costs the Company incurs that would not have been incurred if the contract had not been obtained. These costs are required to be recognized as assets and amortized over the period that the related goods or services transfer to the customer. As a practical expedient, we expense as incurred costs to obtain a contract when the expected amortization period is one year or less. These costs are recorded within selling, general and administrative expenses in the accompanying condensed consolidated statements of income.

Allowance for Credit Losses

Our primary allowance for credit losses is the allowance for doubtful accounts. The allowance for doubtful accounts reduces the trade accounts receivable balance to the estimated net realizable value that is expected to be collected. The allowance is based on assessments of current creditworthiness of customers, historical collection experience, the aging of receivables and other currently available evidence. Trade accounts receivable balances are written-off against the allowance if a final determination of uncollectibility is made. All provisions for allowances for doubtful collection of accounts are included in selling, general and administrative expenses.

The following table summarizes the activity for the thirteen and thirty-nine weeks ended September 24, 2023 March 31, 2024 and September 25, 2022 March 26, 2023:

(In millions)	13 Weeks Ended September 24, 2023	13 Weeks Ended September 25, 2022	39 Weeks Ended September 24, 2023	39 Weeks Ended September 25, 2022
	13 Weeks Ended			

		13 Weeks Ended 13 Weeks Ended						
(U.S. Dollars presented in millions)						*(U.S. Dollars presented in millions)*	March 31, 2024	March 26, 2023
Beginning balance	Beginning balance	$ 6.1	$ 9.2	$ 11.6	$ 2.5			
Bad debt provision	Bad debt provision	0.8	1.9	1.5	9.8			
Uncollectible accounts written off, net of recoveries	Uncollectible accounts written off, net of recoveries	(1.6)	(1.5)	(7.8)	(2.7)			
Ending balance	Ending balance	$ 5.3	$ 9.6	$ 5.3	$ 9.6			

4. Earnings Per Share

On December 14, 2022, 128.0 million MasterBrand common shares were distributed to Fortune Brands' shareholders in conjunction with the Separation. For comparative purposes, the thirteen and thirty-nine weeks ended September 25, 2022 have been retroactively recast to reflect the effects of the changes in equity structure resulting from the Reorganization, Separation and Distribution and assume the same basic weighted average shares. For the thirteen and thirty-nine weeks ended September 24, 2023, diluted earnings per share is computed by giving effect to all potentially dilutive stock awards that are outstanding. For the thirteen and thirty-nine weeks ended September 25, 2022, which was prior to the Separation, it is assumed that there are no dilutive securities as there were no stock-based awards of MasterBrand, Inc. outstanding.

The following table sets forth the reconciliation of the numerator and the denominator of basic earnings per share and diluted earnings per share for the thirteen and thirty-nine weeks ended September 24, 2023 March 31, 2024 and September 25, 2022 March 26, 2023:

		13 Weeks Ended		39 Weeks Ended				
(In millions, except per share amounts)		September 24, 2023	September 25, 2022	September 24, 2023	September 25, 2022			
		13 Weeks Ended 13 Weeks Ended 13 Weeks Ended						
(U.S. Dollars presented in millions, except per share amounts)						*(U.S. Dollars presented in millions, except per share amounts)*	March 31, 2024	March 26, 2023
Numerator:	Numerator:							
Numerator for basic and diluted earnings per share - Net income	Numerator for basic and diluted earnings per share - Net income	$ 59.7	$ 52.2	$ 145.9	$ 140.0			
Numerator for basic and diluted earnings per share - Net income								
Numerator for basic and diluted earnings per share - Net income								
Denominator:	Denominator:							

Denominator for basic earnings per share - weighted average shares outstanding					
Denominator for basic earnings per share - weighted average shares outstanding					
Denominator for basic earnings per share - weighted average shares outstanding	Denominator for basic earnings per share - weighted average shares outstanding	127.6	128.0	128.1	128.0
Effect of dilutive securities - stock-based awards	Effect of dilutive securities - stock-based awards	2.7	—	1.8	—
Denominator for diluted earnings per share - weighted average shares outstanding	Denominator for diluted earnings per share - weighted average shares outstanding	130.3	128.0	129.9	128.0
Earnings per share:	Earnings per share:				
Basic	Basic	$ 0.47	$ 0.41	$ 1.14	$ 1.09
Basic					
Basic					
Diluted	Diluted	$ 0.46	$ 0.41	$ 1.12	$ 1.09

For the thirteen and thirty-nine weeks ended September 24, 2023, approximately 0.3 Approximately 1.0 million and 0.8 2.4 million shares of stock granted under share-based compensation plans, respectively, are were excluded from the calculation of diluted earnings per share for the thirteen weeks ended March 31, 2024 and March 26, 2023, respectively, because their inclusion would have been anti-dilutive.

5. Balance Sheet Information

Supplemental information on our balance sheets is as follows:

(In millions)	**September 24, 2023**	**December 25, 2022**
Inventories:		
Raw materials and supplies	$ 187.3	$ 292.1
Work in process	23.8	23.6
Finished products	58.3	57.4
Total inventories	$ 269.4	$ 373.1
Property, plant and equipment:		
Land and improvements	$ 31.1	$ 32.9
Buildings and improvements to leaseholds	304.9	304.0
Machinery and equipment	539.8	518.8
Construction in progress	31.0	37.7
Property, plant and equipment, gross	906.8	893.4

Less: accumulated depreciation	565.3	540.8
Property, plant and equipment, net of accumulated depreciation	$ 341.5	$ 352.6
Accounts payable:		
Third party	$ 146.6	$ 175.1
Fortune Brands (a)	33.1	44.1
Total accounts payable	$ 179.7	$ 219.2
Other current liabilities:		
Accrued salaries, wages and other compensation	$ 63.1	$ 49.0
Accrued restructuring	1.5	15.4
Accrued income and other taxes	23.9	14.3
Accrued product warranties	13.6	11.2
Other accrued expenses	62.5	70.6
Total other current liabilities	$ 164.6	$ 160.5

(a)The payable to Fortune Brands of $33.1 million and $44.1 million as of September 24, 2023 and December 25, 2022, respectively, includes various items Fortune Brands paid on our behalf, for which we owe reimbursement, including income taxes incurred prior to the Separation of $32.6 million, and amounts owed to Fortune for transition services performed in accordance with the Transition Services Agreement.

(U.S. Dollars presented in millions)	**March 31, 2024**	**December 31, 2023**
Inventories:		
Raw materials and supplies	$ 164.8	$ 175.1
Work in process	24.6	25.1
Finished products	58.5	49.6
Total inventories	$ 247.9	$ 249.8
Property, plant and equipment:		
Land and improvements	$ 31.9	$ 31.8
Buildings and improvements to leaseholds	309.7	304.0
Machinery and equipment	558.0	551.9
Construction in progress	32.2	36.6
Property, plant and equipment, gross	931.8	924.3
Less: accumulated depreciation	578.5	567.7
Property, plant and equipment, net of accumulated depreciation	$ 353.3	$ 356.6
Other current liabilities:		
Accrued salaries, wages and other compensation	$ 34.4	$ 67.6
Accrued restructuring	0.6	1.4
Accrued income and other taxes	22.0	18.5
Accrued product warranties	11.6	12.9
Other accrued expenses	65.0	63.9
Total other current liabilities	$ 133.6	$ 164.3

6. Goodwill and Identifiable Intangible Assets

We had goodwill of $924.6 $924.3 million and $924.2 $925.1 million as of September 24, 2023 March 31, 2024 and December 25, 2022 December 31, 2023, respectively. The change in the net carrying amount of goodwill was as follows:

(In U.S. Dollars presented in millions)		Total Goodwill
Balance at December 25, 2022December 31, 2023	$	924.2 925.1
Q1 2023 2024 translation adjustments		(0.4) (0.8)
Balance at March 26, 2023March 31, 2024	$	923.8 924.3
925.2		
924.6		

The gross carrying value and accumulated amortization by class of intangible assets as of September 24, 2023March 31, 2024 and December 25, 2022December 31, 2023 were as follows:

		As of September 24, 2023			As of December 25, 2022		
	(In millions)	Gross Carrying Amounts	Accumulated Amortization	Net Book Value	Gross Carrying Amounts	Accumulated Amortization	Net Book Value

(U.S. Dollars presented in millions)	March 31, 2024	*(U.S. Dollars presented in millions)*	Gross Carrying Amounts	Accumulated Amortization	Net Book Value	Gross Carrying Amounts	Accumulated Amortization	Net Book Value
			March 31, 2024			December 31, 2023		

Indefinite-lived tradenames	Indefinite-lived tradenames	$183.5	$ —	$183.5	$183.1	$ —	$183.1
Amortizable intangible assets	Amortizable intangible assets						
Tradenames							
Tradenames							
Tradenames	Tradenames	10.3	(10.3)	—	10.3	(10.2)	0.1
Customer and contractual relationships	Customer and contractual relationships	363.2	(208.2)	155.0	362.9	(196.8)	166.1
Patents/proprietary technology	Patents/proprietary technology	11.0	(11.0)	—	11.0	(10.5)	0.5
Total	Total	384.5	(229.5)	155.0	384.2	(217.5)	166.7
Total identifiable intangibles	Total identifiable intangibles	$568.0	$ (229.5)	$338.5	$567.3	$ (217.5)	$349.8

There were no impairments of goodwill or indefinite-lived assets for the thirteen and thirty-nine weeks ended September 24, 2023March 31, 2024. The Company tests goodwill and indefinite-lived intangibles for impairment annually in the fourth quarter or more frequently if events or changes in circumstances indicate the asset might be impaired. There were no triggering events requiring an impairment assessment be conducted in the thirteen and thirty-nine weeks ended September 24, 2023March 31, 2024. However, it is possible that future changes in circumstances would require the Company to record additional non-cash impairment charges.

In the second quarter of 2022, subsequent to the balance sheet date, we recognized an impairment charge of $26.0 million related to an indefinite-lived tradename. During the second quarter of 2022, production was shifted within our manufacturing footprint to enable what we expect to be a higher value purpose and growth opportunity, which led to downward revisions to forecasted revenue growth rates associated with the tradename. In the fourth quarter of 2022, we recognized an impairment charge of $12.8 million related to the same indefinite-lived tradename as a result of further shifts within our product portfolio to better align with forecasted future customer demand as a result of a significant decrease in sales during the fourth quarter of 2022, driven by continued and persistent inflation, as well as elevated interest rates and economic uncertainty. These downward revisions to forecasted revenue growth were not known when recording the impairment charge during the second quarter of 2022. As of both September 24, 2023 and December 25, 2022, the carrying value of this tradename was $46.2 million.

In the fourth quarter of 2022, we recognized an impairment charge of $7.6 million to a second indefinite-lived tradename. This was primarily due to a shift in customer demand from this tradename to a lower price point product, as a result of continued and persistent inflation as well as elevated interest rates and economic uncertainty. As of both September 24, 2023 and December 25, 2022, the carrying value of this tradename was $19.1 million.

7. Financial Instruments

We do not enter into financial instruments for trading or speculative purposes. We principally use financial instruments to reduce the impact of changes in foreign currency exchange rates. The principal derivative financial instruments we enter into on a routine basis are foreign exchange contracts. Derivative financial instruments are recorded at fair value. The counterparties to derivative contracts are major financial institutions. We are subject to credit risk on these contracts equal to the fair value of these instruments. Management currently believes that the risk of incurring material losses is unlikely and that the losses, if any, would be immaterial to the Company.

We account for derivative instruments as follows:

- *Derivative instruments that are designated as fair value hedges* - The gain or loss on the derivative instrument, as well as the offsetting loss or gain on the hedged item, are recognized in the same line of the condensed consolidated statements of income.
- *Derivative instruments that are designated as cash flow hedges* - The changes in the fair value of the derivative instrument are reported in other comprehensive income and are recognized in the condensed consolidated statements of income when the hedged item affects earnings. The In all periods presented, the recognized gain or loss on the derivative instrument, as well as the offsetting loss or gain on the hedged item, are recognized in the same line cost of products sold on the condensed consolidated statements of income.
- *Derivative instruments that are designated as fair value hedges* - The gain or loss on the derivative instrument, as well as the offsetting loss or gain on the hedged item, are recognized in other expense, net on the condensed consolidated statements of income.

- *Derivative instruments that are designated as net investment hedges* - The changes in fair value of the derivative instrument are recognized in the condensed consolidated statements of income when realized upon sale or upon complete or substantially complete liquidation of the investment in the foreign entity.

As of and for the thirteen and thirty-nine weeks ended September 24, 2023 March 31, 2024 and September 25, 2022 March 26, 2023, we have only entered into foreign currency forward contracts, some of which have been designated as fair value hedges and some of which have been designated as cash flow hedges. We may enter into foreign currency forward contracts to protect against foreign exchange risks associated with certain existing assets and liabilities, forecasted future cash flows, and net investments in foreign subsidiaries. Foreign exchange contracts related to forecasted future cash flows correspond to the periods of the forecasted transactions, which generally do not exceed 12 to 15 months subsequent to the latest balance sheet date.

Our primary foreign currency hedge contracts pertain to the Mexican peso and the Canadian dollar. The gross U.S. dollar equivalent notional amount of all foreign currency derivative hedges outstanding at September 24, 2023 March 31, 2024 was $51.1 81.8 million, representing a net settlement asset of $3.3 $3.8 million. Based on foreign exchange rates as of September 24, 2023 March 31, 2024, we estimate that the $2.3 $3.5 million of net derivative gains associated with cash flow hedges and included in accumulated other comprehensive income as of September 24, 2023 March 31, 2024 will be reclassified to earnings within the next twelve months.

The fair values of foreign exchange derivative instruments on the condensed consolidated balance sheets as of September 24, 2023 March 31, 2024 and December 25, 2022 December 31, 2023 were:

(In millions)		Location	September 24, 2023	December 25, 2022
(U.S. Dollars presented in millions)	*(U.S. Dollars presented in millions)*	Location	March 31, 2024	December 31, 2023
Assets:	Assets:			
Foreign exchange contracts	Foreign exchange contracts	Other current assets	$ 3.3	$ 3.7
		Total assets	$ 3.3	$ 3.7
Foreign exchange contracts				
Foreign exchange contracts				
		Total assets		
Liabilities:	Liabilities:			

Foreign exchange contracts	Foreign exchange contracts	Other current liabilities	$ —	$ 0.5
		Total liabilities	$ —	$ 0.5

Foreign exchange contracts	
Foreign exchange contracts	
Total liabilities	

The effects of derivative cash flow hedging financial instruments included within the condensed consolidated statements of comprehensive income for the thirteen weeks ended March 31, 2024 and March 26, 2023 are presented in the table below. When the hedged item affects earnings, amounts are reclassed out of accumulated other comprehensive loss and recognized as a component of cost of products sold.

	Amount Recognized in Statement of Comprehensive Income for Cash Flow Hedging Relationships	
	13 Weeks Ended	
(U.S. Dollars presented in millions)	March 31, 2024	March 26, 2023
Foreign exchange contracts:		
Unrealized holding gains arising during period	$ 1.8	$ 2.6
Less: reclassification adjustment for gains included in net income	(0.5)	(2.4)
Unrealized gains on derivatives	$ 1.3	$ 0.2

The effects of fair value hedging financial instruments included in other (income) expense, net on the condensed consolidated statements of income for the thirteen and thirty-nine weeks ended September 24, 2023 March 31, 2024 and September 25, 2022 March 26, 2023 were:

	Classification and Amount Recognized in Income on Fair Value and Cash Flow Hedging Relationships	
	13 weeks ended September 24, 2023	
(In millions)	Cost of products sold	Other (income) expense, net
Total amounts per Condensed Consolidated Statements of Income	$ 439.8	$ (1.0)
The effects of fair value and cash flow hedging:		
Loss on fair value hedging relationships		
Foreign exchange contracts:		
Hedged items	—	1.3
Derivative designated as hedging instruments	—	—
Gain on cash flow hedging relationships		
Foreign exchange contracts:		
Amount of gain reclassified from accumulated other comprehensive loss into income	(3.1)	—

	Classification and Amount Recognized in Income on Fair Value and Cash Flow Hedging Relationships	
	13 weeks ended September 25, 2022	
(In millions)	Cost of products sold	Other (income) expense, net
Total amounts per Condensed Consolidated Statements of Income	$ 593.5	$ 0.7
The effects of fair value and cash flow hedging:		
(Gain) loss on fair value hedging relationships		
Foreign exchange contracts:		
Hedged items	—	(0.5)
Derivative designated as hedging instruments	—	1.3
Gain on cash flow hedging relationships		
Foreign exchange contracts:		
Amount of gain reclassified from accumulated other comprehensive loss into income	(0.4)	—

	Classification and Amount Recognized in Income on Fair Value and Cash Flow Hedging Relationships	
	39 weeks ended September 24, 2023	
(In millions)	Cost of products sold	Other (income) expense, net
Total amounts per Condensed Consolidated Statements of Income	$ 1,370.8	$ (0.1)
The effects of fair value and cash flow hedging:		
(Gain) loss on fair value hedging relationships		
Foreign exchange contracts:		
Hedged items	—	(0.7)
Derivative designated as hedging instruments	—	3.4
Gain on cash flow hedging relationships		
Foreign exchange contracts:		
Amount of gain reclassified from accumulated other comprehensive loss into income	(8.6)	—

	Classification and Amount Recognized in Income on Fair Value and Cash Flow Hedging Relationships	
	39 weeks ended September 25, 2022	
(In millions)	Cost of products sold	Other (income) expense, net
Total amounts per Condensed Consolidated Statements of Income	$ 1,765.6	$ 1.5
The effects of fair value and cash flow hedging:		
(Gain) loss on fair value hedging relationships		
Foreign exchange contracts:		
Hedged items	—	(3.1)
Derivative designated as hedging instruments	—	5.6
Gain on cash flow hedging relationships		
Foreign exchange contracts:		
Amount of gain reclassified from accumulated other comprehensive loss into income	(2.1)	—

The unrealized holding gains from cash flow hedges recognized in other comprehensive income during the thirteen weeks ended September 24, 2023 were $1.6 million. There were no unrealized holding gains from cash flow hedges recognized in other comprehensive income during the thirteen weeks ended September 25, 2022. The unrealized holding gains from cash flow hedges recognized in other comprehensive income during the thirty-nine weeks ended September 24, 2023 and September 25, 2022 were $8.1 million and $3.5 million, respectively.

(U.S. Dollars presented in millions)	Amount of Gain (Loss) Recognized in Earnings on Fair Value Hedging Relationships 13 Weeks Ended March 31, 2024	 March 26, 2023
Foreign exchange contracts:		
Hedged items	$ 0.1	$ 1.1
Derivatives designated as hedging instruments	—	(2.5)
Net gains (losses) recognized in earnings	$ 0.1	$ (1.4)

8. Fair Value Measurements

ASC requirements for Fair Value Measurements and Disclosures establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs, the highest priority, are quoted prices in active markets for identical assets or liabilities. Level 2 inputs reflect other than quoted prices included in Level 1 that are either observable directly or through corroboration with observable market data. Level 3 inputs are unobservable inputs due to little or no market activity for the asset or liability, such as internally-developed valuation models. We do not have any assets or liabilities measured at fair value on a recurring basis that are Level 3, except for certain assumptions in estimating the fair value of indefinite-lived tradenames, as discussed in Note 8, "Goodwill "Goodwill and Identifiable Intangible Assets" Assets," in our Annual Report on Form 10-K. 10-K for the fiscal year ended December 31, 2023.

Assets and liabilities measured at fair value on a recurring basis as of September 24, 2023 March 31, 2024 and December 25, 2022 December 31, 2023 were as follows:

(In millions)		Fair Value September 24, 2023	 December 25, 2022

(U.S. Dollars presented in millions)	Fair Value		(U.S. Dollars presented in millions)	March 31, 2024	December 31, 2023	Fair Value

Assets:	Assets:		
Derivative asset financial instruments (Level 2)			
Derivative asset financial instruments (Level 2)			
Derivative asset financial instruments (Level 2)	Derivative asset financial instruments (Level 2)	$ 3.3	$ 3.7
Deferred compensation program assets (Level 2)	Deferred compensation program assets (Level 2)	5.3	3.6
Total assets	Total assets	$ 8.6	$ 7.3
Liabilities:	Liabilities:		
Derivative liability financial instruments (Level 2)	Derivative liability financial instruments (Level 2)	$ —	$ 0.5

Derivative liability financial instruments (Level 2)
Derivative liability financial instruments (Level 2)

9. Debt

The following table provides a summary of the Company's debt as of September 24, 2023 March 31, 2024 and December 25, 2022 December 31, 2023, including the carrying value of the debt less debt issuance costs:

		September 24, 2023		December 25, 2022	
(In millions)		Current	Long-term	Current	Long-term
Revolving credit facility due November 2027	Revolving credit facility due November 2027	$ —	$ —	$ —	$235.0
Term loan due November 2027	Term loan due November 2027	9.4	703.1	18.8	731.3
Subtotal		9.4	703.1	18.8	966.3
Less: Unamortized debt issuance costs	Less: Unamortized debt issuance costs	(1.2)	(3.8)	(1.3)	(4.8)
Total	Total	$ 8.2	$699.3	$17.5	$961.5

	March 31, 2024		March 31, 2024		December 31, 2023	
(U.S. Dollars presented in millions)		*(U.S. Dollars presented in millions)*	Current	Long-term	Current	Long-term
	28.1					

On November 18, 2022, the Company entered into a 5-year, $1.25 billion credit agreement, consisting of a $750.0 million term loan and a $500.0 million revolving credit facility (the "2022 Credit Agreement"). Initial proceeds from the 2022 Credit Agreement were received at the time of Separation from Fortune Brands and were used to fund the dividend paid to Fortune Brands, with any future proceeds to be used for general corporate purposes. The 2022 Credit Agreement is secured by certain assets as well as the guarantee of certain of our subsidiaries. The $750.0 million term loan has quarterly required amortization payments that began in March 2023.

During the thirteen weeks ended September 24, 2023, the Company made total payments of $28.1 million on the term loan, consisting of a $4.7 million required payment due September 2023, and $23.4 million of required amortization payments due during each of the next three quarters. Additionally, We did not make any additional term loan payments during the fourth quarter of fiscal 2023 or the first quarter of fiscal 2024, and as of March 31, 2024 we are paid in advance for our next scheduled quarterly payment due during the second quarter of 2024. Total amounts outstanding under the term loan as of both March 31, 2024 and December 31, 2023 were $712.5 million. The revolving credit facility was paid in full during the thirteen weeks ended September 24, 2023. Total amounts outstanding under the term loan as third quarter of September 24, 2023 were $712.5 million. fiscal 2023. The revolving credit facility did not have an outstanding balance as of September 24, 2023. March 31, 2024 and December 31, 2023. Total amounts outstanding As of March 31, 2024, the Company had $477.3 million of availability under the term loan and its revolving credit facility, as which consists of December 25, 2022 were $750.0 our $500.0 million and $235.0 million, respectively. revolving credit facility less outstanding letters of credit.

Interest rates under these facilities are variable based on the Secured Overnight Financing Rate ("SOFR") at the time of the borrowing and the Company's net leverage ratio, as measured by net leverage to our consolidated earnings before interest, taxes, depreciation and amortization ("Consolidated EBITDA"). Interest rates can range from SOFR plus 1.85 percent to SOFR plus 2.60 percent. Net leverage is defined as consolidated total indebtedness minus certain cash and cash equivalents. Consolidated EBITDA is defined as consolidated net income before interest expense, income taxes, depreciation, amortization of intangible assets, losses from asset impairments, and certain other one-time adjustments. The net leverage ratio could may not exceed 3.875 to 1.0 at the initial borrowing through the second fiscal quarter of 2023, adjusting downward in various future quarters before settling at 3.25 to 1.0 in January 2025. As of March 31, 2024, the net leverage ratio may not exceed 3.5 to 1.0. The Company also is required to maintain a minimum interest coverage ratio, defined as Consolidated EBITDA compared to consolidated interest expense, of 3.0 to 1.0.

The Company's 2022 Credit Agreement contains additional covenants which limit or preclude certain corporate actions based upon the measurement of certain financial covenant metrics. The Company believes it was in compliance with all of its debt covenants as of September 24, 2023 March 31, 2024 and December 25, 2022 31, 2023.

Interest paid on debt was $14.4 $14.1 millionand $49.1 $17.4 millionfor the thirteen and thirty-nine weeks ended September 24, 2023 March 31, 2024 and March 26, 2023, respectively.During the fourth quarter of 2022, we incurred indebtedness in connection with the Separation and Distribution, which resulted in the recognition of interest expense. Prior to the Separation, we had no third-party borrowings. We did not record any material capitalized interest during the thirteen and thirty-nine weeks ended September 24, 2023 or September 25, 2022.

10. Restructuring Charges (Adjustments)

For the thirteen and thirty-nine weeks ended September 24, 2023 March 31, 2024, we recognized restructuring charges of $1.4 million and $4.1 million, respectively. $0.4 million. For the thirteen and thirty-nine weeks ended September 25, 2022 March 26, 2023, we recognized $0.4 million of adjustments to our restructuring charges of $9.6 million and $10.9 million, respectively. liability. Restructuring charges for all periods presented are largely related to severance costs and other employee-related costs in order to better align our workforce with our forecasted demand within our manufacturing footprint.

Reconciliation of Restructuring Liability

(In millions)		**Balance at June 25, 2023**	**Provision**	**Cash Expenditures(a)**	**Balance at September 24, 2023**
(U.S. Dollars presented in millions)	*(U.S. Dollars presented in millions)*	**Balance at December 31, 2023**	**Provision**	**Cash Expenditures(a)**	**Balance at March 31, 2024**
Workforce reduction costs	Workforce reduction costs	$ 3.2	$ 1.2	$ (3.0)	$ 1.4
Other	Other	0.1	0.2	(0.2)	0.1
		$ 3.3	$ 1.4	$ (3.2)	$ 1.5
	$				

(In millions)	**Balance at June 26, 2022**	**Provision**	**Cash Expenditures(a)**	**Balance at September 25, 2022**
Workforce reduction costs	$ 1.8	$ 9.4	$ (1.6)	$ 9.6
Other	0.1	0.2	(0.2)	0.1
	$ 1.9	$ 9.6	$ (1.8)	$ 9.7

(In millions)	**Balance at December 25, 2022**	**Provision**	**Cash Expenditures(a)**	**Balance at September 24, 2023**
Workforce reduction costs	$ 15.3	$ 2.5	$ (16.4)	$ 1.4
Other	0.1	1.6	(1.6)	0.1
	$ 15.4	$ 4.1	$ (18.0)	$ 1.5

(In millions)		**Balance at December 26, 2021**	**Provision**	**Cash Expenditures(a)**	**Balance at September 25, 2022**
(U.S. Dollars presented in millions)					*(U.S. Dollars presented in millions)* **Balance at December 25, 2022** **Provision** **Cash Expenditures(a)** **Balance at March 26, 2023**
Workforce reduction costs	Workforce reduction costs	$ 2.2	$ 10.6	$ (3.2)	$ 9.6
Other	Other	0.2	0.3	(0.4)	0.1
		$ 2.4	$ 10.9	$ (3.6)	$ 9.7
	$				

(a) Cash expenditures primarily related to severance charges.

11. Income Taxes

The effective income tax rates for the thirteen weeks ended September 24, 2023 March 31, 2024, and September 25, 2022 March 26, 2023, were 23.4 23.5 percent and 33.3 26.9 percent, respectively. The net decrease in the effective tax rate between the periods is primarily relates due to the mix of earnings in jurisdictions with differing tax rates, the stock compensation windfall benefit for shares which vested, state and local income taxes IRS audit adjustments recognized in 2022 including recognition of a and deferred tax liability for foreign earnings, where the Company cannot assert permanent reinvestment, and foreign income taxes at lower rates.These items were partially offset by changes to nondeductible compensation, in foreign income inclusions with offsetting foreign tax credits, and the tax benefit for decreases in uncertain tax positions. credits.

The difference between our effective income tax rate for the thirteen weeks ended September 24, 2023 March 31, 2024, and the U.S. statutory rate of 21.0 percent is due to the unfavorable impact of state and local income taxes, foreign income inclusions with offsetting tax credits and nondeductible compensation partially offset by the stock compensation windfall benefit for shares which vested and the mix of earnings in jurisdictions with differing tax rates.

The difference between the Company's effective income tax rate for the thirteen weeks ended March 26, 2023, and the U.S. statutory rate of 21.0 percent primarily relates to unfavorable changes in state and local income taxes, nondeductible compensation, foreign income inclusions with offsetting foreign tax credits, changes due to foreign tax return filings, recognition of a deferred tax liability for foreign earnings and the mix of earnings in jurisdictions with differing tax rates.

The effective income tax rates for the thirty-nine weeks ended September 24, 2023, and September 25, 2022, were 25.4 percent and 27.8 percent, respectively. The net decrease in the effective tax rate between the periods primarily relates to state and local income taxes, IRS audit adjustments recognized in 2022 including recognition of a deferred tax liability for earnings of various foreign entities, the mix of earnings in jurisdictions with differing tax rates, partially offset by nondeductible compensation, recognition of a deferred tax liability for foreign earnings, foreign income inclusions with offsetting foreign tax credits, and the tax benefit for decreases in uncertain tax positions.

The difference between our effective income tax rate for the thirty-nine weeks ended September 24, 2023, and the U.S. statutory rate of 21.0 percent primarily relates to changes in state and local income taxes, nondeductible compensation, foreign income inclusions with offsetting foreign tax credits, recognition of a deferred tax liability for foreign earnings, changes due to foreign tax return filings, and the mix of earnings in jurisdictions with differing tax rates.

12. Pension and Other Postretirement Plans

We have a defined benefit pension plan in the United States covering many of the Company's associates. In addition, the Company provides postretirement health care and life insurance benefits to certain retirees. The defined benefit pension plan has been frozen to new participants and benefit accruals were frozen for active participants on or before December 31, 2016. During 2023, the Board of Directors of MasterBrand approved a plan to terminate the defined benefit pension plan. The termination and settlement process, which preserves retirement benefits due to participants but changes the ultimate payor of such benefits, is expected to take up to 24 months to complete, subject to receipt of customary regulatory approvals. During 2024, the Company is offering a lump-sum benefit payout option to certain plan participants. During 2025, we expect to complete the purchase of group annuity contracts that will transfer any remaining pension benefit obligation to an insurance company.

The components of net periodic cost (benefit) cost for pension and other postretirement plans for the thirteen and thirty-nine weeks ended September 24, 2023 March 31, 2024 and September 25, 2022 March 26, 2023, respectively, are as set forth in the tables below. Service cost is classified as either a component of cost of products sold or within selling, general and administrative expenses in the condensed consolidated statements of income, based on the nature of the job responsibilities of the associates participating in the plans. All other components of net periodic cost (benefit) cost are classified as other (income) expense, (income), net in the condensed consolidated statements of income.

		Pension Benefits		Postretirement Benefits	
		13 Weeks Ended		13 Weeks Ended	
(In millions)		September 24, 2023	September 25, 2022	September 24, 2023	September 25, 2022
		Pension Benefits			
		13 Weeks Ended			
(U.S. Dollars presented in millions)					
Service cost	Service cost	$ —	$ —	$ 0.1	$ 0.2
Interest cost	Interest cost	1.7	1.2	0.1	0.1
Expected return on plan assets	Expected return on plan assets	(1.8)	(1.8)	—	—
Net periodic (benefit) cost		$ (0.1)	$ (0.6)	$ 0.2	$ 0.3
Net periodic cost (benefit)					

			Pension Benefits	Postretirement Benefits
			13 Weeks Ended	13 Weeks Ended
(U.S. Dollars presented in millions)	March 31, 2024	March 26, 2023	March 31, 2024	March 26, 2023

	Pension Benefits		Postretirement Benefits	
	39 Weeks Ended		39 Weeks Ended	
(In millions)	September 24, 2023	September 25, 2022	September 24, 2023	September 25, 2022
Service cost	$ —	$ —	$ 0.3	$ 0.4
Interest cost	4.9	3.7	0.2	0.2
Expected return on plan assets	(5.3)	(5.4)	—	—
Net periodic (benefit) cost	$ (0.4)	$ (1.7)	$ 0.5	$ 0.6

13. Contingencies and Accrued Losses

Product Warranties

We generally record warranty expense related to contractual warranty terms at the time of sale. We may also provide customer concessions for claims made outside of the contractual warranty terms and those expenses are recorded in the period in which the concession is made. We offer our customers various warranty terms based on the type of product that is sold. Warranty expense is determined based on historic claim experience and the nature of the product category. The following table summarizes activity related to our product warranty liability for the thirteen and thirty-nine weeks ended September 24, 2023 March 31, 2024 and September 25, 2022 March 26, 2023.

	13 Weeks Ended		39 Weeks Ended	
(In millions)	September 24, 2023	September 25, 2022	September 24, 2023	September 25, 2022
	13 Weeks Ended			
	13 Weeks Ended			

		13 Weeks Ended						
(U.S. Dollars presented in millions)						*(U.S. Dollars presented in millions)*	**March 31, 2024**	**March 26, 2023**
Reserve balance at the beginning of the period	Reserve balance at the beginning of the period	$ 13.2	$ 8.2	$ 11.2	$ 7.0			
Provision for warranties issued	Provision for warranties issued	8.2	11.1	26.3	29.4			
Settlements made (in cash or in kind)	Settlements made (in cash or in kind)	(7.8)	(9.1)	(23.9)	(26.2)			
Reserve balance at the end of the period	Reserve balance at the end of the period	$ 13.6	$ 10.2	$ 13.6	$ 10.2			

Litigation

The Company is a defendant in lawsuits that are ordinary routine litigation matters incidental to our business and operations. In addition, other matters, including tax assessments, audits, claims and governmental investigations and proceedings covering a wide range of matters are pending against us. It is not possible to predict the outcome of the pending actions, and, as with any such matters, it is possible that these actions could be decided unfavorably to the Company. The Company believes that there are meritorious defenses to these actions and that these actions will not have a material adverse effect upon the Company's results of operations, cash flows or financial condition, and where appropriate, these actions are being vigorously contested. Accordingly, the Company believes the likelihood of material loss is remote. However, such matters are subject to inherent uncertainties and unfavorable rulings or other events could occur. The Company regularly undergoes tax audits in various jurisdictions in which our products are sold or manufactured. In the future, such costs or an unfavorable outcome could have a material impact on our condensed consolidated results of operations, cash flows and financial condition.

Following an audit for the 2018 tax year, the Mexican tax administration service, the Servicio de Administración Tributaria, (the "SAT"), issued a tax assessment in the amount of approximately $54.9 million(1)to our subsidiary, Woodcrafters Home Products, S. de R.L. de C.V., for allegedly failing to make certain tax payments and to export timely certain merchandise.The Company disputes disputed these findings and believes it has supporting documentation regarding importation and exportation of goods in Mexico with respect the SAT annulled their decision on January 11, 2024. In order to such audit. The prevent the 2018 tax year from further audit by the SAT, the Company has appealed filed an action to declare this decision annulment final in the specialized court of trade and is continuing to defend its position vigorously. The Company believes the appeal will result customs in a substantial reduction Monterrey, Nuevo Leon, Sala Especializada en Materia de Comercio Exterior y Auxiliar – Noreste, Tribunal Federal de Justicia Administrativa. We reserved an immaterial amount related to the amount, if any, that will be due to the SAT, such that any amount ultimately payable will not be material to the Company. Furthermore, based on a review by the Company 2018 tax year audit as our best estimate of our probable liability as of March 31, 2024 and the aforementioned tax assessment, the Company believes it is possible that the Company may become subject to further audits concerning other related tax issues. December 31, 2023. While we cannot predict with certainty the outcome of this assessment, any future review relating to the 2018 tax year or other open tax years, based on currently known information, we believe our risk of additional loss is remote and not estimable.

Environmental

We reserve for remediation activities to clean up potential environmental liabilities as required by federal and state laws based on our best estimate of undiscounted future costs, excluding possible insurance recoveries or recoveries from other third parties. There were no material environmental accruals as of September 24, 2023 March 31, 2024 and December 25, 2022 December 31, 2023.

(1)Using the currency exchange rate of 0.058 U.S. dollars per Mexican peso. The tax assessment was 944,813,870 Mexican pesos.

14. Accumulated Other Comprehensive (Loss) Income other comprehensive loss

Total accumulated other comprehensive (loss) income loss consists of net income and other changes in business equity from transactions and other events from sources other than stockholders. It includes currency translation gains and losses, realized gains and losses from derivative instruments designated as cash flow hedges, and adjustments related to our defined benefit and other postretirement benefit plans. plan adjustments. The after-tax components of and changes in accumulated other comprehensive (loss) income loss for the thirteen and thirty-nine weeks ended September 24, 2023 March 31, 2024 and March 26, 2023 were as follows:

(In millions)	Foreign Currency Adjustments	Derivative Hedging Gain (Loss)	Pension and Other Postretirement Plans Adjustments	Accumulated Other Comprehensive (Loss) Income
Balance at June 25, 2023	$ 1.6	$ 3.8	$ (9.3)	$ (3.9)
Amounts classified into accumulated other comprehensive (loss) income	(2.0)	1.6	—	(0.4)
Amounts reclassified into earnings	—	(3.1)	—	(3.1)
Net current period other comprehensive (loss)	(2.0)	(1.5)	—	(3.5)
Balance at September 24, 2023	$ (0.4)	$ 2.3	$ (9.3)	$ (7.4)
Balance at June 26, 2022	$ 1.3	$ 1.9	$ (5.8)	$ (2.6)
Amounts classified into accumulated other comprehensive (loss) income	(11.4)	—	0.1	(11.3)
Amounts reclassified into earnings	—	(0.4)	—	(0.4)
Net current period other comprehensive (loss) income	(11.4)	(0.4)	0.1	(11.7)
Balance at September 25, 2022	$ (10.1)	$ 1.5	$ (5.7)	$ (14.3)

(In millions)	Foreign Currency Adjustments	Derivative Hedging Gain (Loss)	Pension and Other Postretirement Plans Adjustments	Accumulated Other Comprehensive (Loss) Income
Balance at December 25, 2022	$ (8.0)	$ 2.8	$ (9.3)	$ (14.5)
Amounts classified into accumulated other comprehensive income (loss)	7.6	8.1	—	15.7
Amounts reclassified into earnings	—	(8.6)	—	(8.6)
Net current period other comprehensive income (loss)	7.6	(0.5)	—	7.1
Balance at September 24, 2023	$ (0.4)	$ 2.3	$ (9.3)	$ (7.4)
Balance at December 26, 2021	$ 1.9	$ 0.1	$ (5.9)	$ (3.9)
Amounts classified into accumulated other comprehensive (loss) income	(12.0)	3.5	0.2	(8.3)
Amounts reclassified into earnings	—	(2.1)	—	(2.1)
Net current period other comprehensive (loss) income	(12.0)	1.4	0.2	(10.4)
Balance at September 25, 2022	$ (10.1)	$ 1.5	$ (5.7)	$ (14.3)

(U.S. Dollars presented in millions)	Foreign Currency Adjustments	Derivative Hedging Gain (Loss)	Pension and Other Postretirement Plans Adjustments	Accumulated Other Comprehensive (Loss) Income
Balance at December 31, 2023	$ 4.1	$ 2.2	$ (10.0)	$ (3.7)
Amounts classified into accumulated other comprehensive (loss) income	(1.1)	1.8	—	0.7
Amounts reclassified into earnings	—	(0.5)	—	(0.5)
Net current period other comprehensive (loss) income	(1.1)	1.3	—	0.2

Balance at March 31, 2024	$ 3.0	$ 3.5	$ (10.0)	$ (3.5)
Balance at December 25, 2022	$ (8.0)	$ 2.8	$ (9.3)	$ (14.5)
Amounts classified into accumulated other comprehensive (loss) income	(0.2)	2.6	—	2.4
Amounts reclassified into earnings	—	(2.4)	—	(2.4)
Net current period other comprehensive (loss) income	(0.2)	0.2	—	—
Balance at March 26, 2023	$ (8.2)	$ 3.0	$ (9.3)	$ (14.5)

The amounts recorded in accumulated other comprehensive loss for the thirteen weeks ended March 31, 2024 and March 26, 2023 were as follows:

(U.S. Dollars presented in millions)	**13 Weeks Ended**	
Details about Accumulated Other Comprehensive Loss Components	**March 31, 2024**	**March 26, 2023**
Foreign currency translation adjustments	$ (1.1)	$ (0.2)
Cash flow hedges		
Unrealized holding gains arising during period	$ 1.8	$ 2.6
Tax expense	—	—
Net of tax	$ 1.8	$ 2.6
Total amounts recorded in accumulated other comprehensive loss for the period	$ 0.7	$ 2.4

The reclassifications out of accumulated other comprehensive (loss) income loss for the thirteen and thirty-nine weeks ended September 24, 2023 March 31, 2024 and September 25, 2022 March 26, 2023 were as follows:

Details about Accumulated Other Comprehensive (Loss) Income Components			**Affected Line Item in the Condensed Consolidated Statements of Income**
	13 Weeks Ended		
(In millions)	**September 24, 2023**	**September 25, 2022**	
Gains on cash flow hedges			
Foreign exchange contracts	$ (3.1)	$ (0.4)	Cost of products sold
Total reclassifications for the period	$ (3.1)	$ (0.4)	Net of tax

	26 Weeks Ended		
(In millions)	**September 24, 2023**	**September 25, 2022**	
Gains on cash flow hedges			
Foreign exchange contracts	$ (8.6)	$ (2.1)	Cost of products sold
Total reclassifications for the period	$ (8.6)	$ (2.1)	Net of tax

15. Related Party Transactions

The accompanying financial statements are now presented on a consolidated basis as the Company is a standalone public company. Certain information from prior to the Separation on December 14, 2022 was derived from Fortune Brands consolidated financial statements and accounting records. Transactions between MasterBrand and Fortune Brands prior to the Separation have been presented as related party transactions in the accompanying condensed consolidated financial statements. After the Separation, Fortune Brands is not considered a related party of MasterBrand.

Fortune Brands performed, and continues to perform in limited areas under a Transition Services Agreement, certain corporate functions, including information technology, finance, executive, human resources, supply chain, internal audit, governance and legal services on behalf of the Company. The expenses associated with these functions have been allocated based on direct usage or benefit where specifically identifiable, with the remainder allocated on a proportional cost allocation method based primarily on net sales, employee headcount, or number of facilities, as applicable. Prior to the Separation, total expenses allocated were $28.1 million and $69.2 million for the thirteen and thirty-nine weeks ended September 25, 2022, respectively, and such amounts are primarily included within selling, general and administrative expenses in the condensed consolidated statements of income. These amounts include costs of $23.6 million and $52.6 million for the thirteen and thirty-nine weeks ended September 25, 2022, respectively, that were not historically allocated to us as part of Fortune Brands' normal periodic management reporting process. We consider the expense methodology and resulting allocation to be reasonable for all periods presented; however, the allocations may not be indicative of actual expenses that would have been incurred had we operated as an independent, publicly-traded company for the prior year periods presented. Actual costs that we may have incurred had we been a standalone company would depend on a number of factors, including the chosen organizational structure, whether functions were outsourced or performed by our employees and strategic decisions made in areas such as manufacturing, selling and marketing, research and development, information technology and infrastructure.

Cash Management

Fortune Brands utilized a central approach to treasury management, and prior to the Separation, we historically participated in related cash pooling arrangements to maximize the availability of cash for general operating and investing purposes. Under these cash pooling arrangements in the United States, cash balances were remitted regularly from our accounts. Our cash and cash equivalents on our condensed consolidated balance sheets represent cash balances held in bank accounts owned by the Company and its subsidiaries.

Share-Based Compensation

Prior to the Separation, our employees participated in Fortune Brands stock-based compensation plans, the costs of which have been allocated and recorded in cost of products sold, and selling, general and administrative expenses in the condensed consolidated statements of income, based on the nature of the job responsibilities of the associates participating in the plans. Stock-based compensation costs related to our employees for the thirteen and thirty-nine weeks ended September 25, 2022 were $2.7 million and $8.1 million, respectively, and are included within the total expenses allocated, as noted above.

Related Party Sales

There were no material sales to or from Fortune Brands or its subsidiaries for any of the periods presented.

Balances Due to and From Related Parties

After the Separation, Fortune Brands is not considered a related party of MasterBrand. As such, there were no related party receivables or payables outstanding as of September 24, 2023 and December 25, 2022. Refer to Note 5, "Balance Sheet Information," for additional details of the accounts payable due from MasterBrand to Fortune Brands as of September 24, 2023 and December 25, 2022.

Prior to the Separation, the related party note receivable balance was the amount owed to the Company and its subsidiaries from Fortune Brands. We had written interest-bearing loan agreements in place with Fortune Brands. The receivable balance consisted of excess cash remitted to the Parent's cash pooling arrangements, net of expenses incurred by us which were paid for by Fortune Brands. The loan agreements were to mature on April 14, 2026, but all amounts under these agreements were settled prior to the Separation. The receivable balance earned interest at a rate in-line with the Fortune Brands' short-term borrowing rate, which was between 2.75 percent and 3.50 percent and between 0.95 percent and 3.50 percent during the thirteen and thirty-nine weeks ended September 25, 2022, respectively.

Prior to the Separation, the related party note payable balance was a note payable between a subsidiary of the Company and Fortune Brands. The balance comprised of a revolving loan that was due at the maturity of the agreement on April 15, 2026, but was settled prior to the Separation. The note bore interest at rates ranging between 3.00 percent and 3.75 percent and between 1.20 percent and 3.75 percent during the thirteen and thirty-nine weeks ended September 25, 2022, respectively.

The Company received interest income on related party receivables of $4.9 million and $8.4 million during the thirteen and thirty-nine weeks ended September 25, 2022, respectively. Additionally, the Company incurred interest expense on intercompany payables and notes of $0.6 million and $1.1 million for the thirteen and thirty-nine weeks ended September 25, 2022, respectively.

(U.S. Dollars presented in millions)	13 Weeks Ended		
Details about Accumulated Other Comprehensive Loss Components	**March 31, 2024**	**March 26, 2023**	**Affected Line Item in the Consolidated Statements of Income**
Cash flow hedges			
Reclassification adjustment for gains included in net income	$ (0.5)	$ (2.4)	Cost of products sold
	—	—	Tax expense
	$ (0.5)	$ (2.4)	Net of tax
Total reclassifications for the period	$ (0.5)	$ (2.4)	Net of tax

16. 15. Stock Repurchase Program

On May 9, 2023, we announced our authorization of a stock repurchase program under which we may repurchase up to $50.0 million of MasterBrand common stock over a twenty-four month period at management's discretion for general corporate purposes. As a result of this authorization, we may repurchase shares from time to time through open market purchases, privately-negotiated transactions, block trades or otherwise in accordance with applicable federal securities laws, including through Rule 10b5-1 trading plans and under Rule 10b-18 of the Securities Exchange Act of 1934, as amended. The timing and amount of our purchases will depend upon prevailing market conditions, our available capital resources, our financial and operational performance, alternative uses of capital and other factors. We may limit or terminate the repurchase program at any time.

During the thirteen and thirty-nine weeks ended September 24, 2023 March 31, 2024, we repurchased 942,918 and 1,347,776 104,000 shares of our common stock under this program, respectively. program. The shares were repurchased at a cost of approximately $11.5 $1.9 million, and $15.9 million, respectively, or an average of $12.23 and $11.83 $18.29 per share, respectively, during the thirteen and thirty-nine weeks ended September 24, 2023 March 31, 2024. As of September 24, 2023 March 31, 2024, $34.1 $26.1 million remained authorized for purchase under our stock repurchase program.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

This Certain statements contained in this Quarterly Report on Form 10-Q, contains "forward-looking statements" regarding other than purely historical information, including, but not limited to, estimates, projections, statements relating to our business strategies, market potential, future financial performance, plans, objectives and other matters. 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 our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023 within Part I, Item 1A, in our Quarterly Report on Form 10-Q for the fiscal quarter ended March 26, 2023 within Part II, Item 1A and in Part II, Item 1A of this Quarterly Report on Form 10-Q. 1A.

The forward-looking statements included in this document are made as of the date of this Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q.

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 with respect to sourcing source raw materials and our ability to obtain raw materials; materials in a timely manner or fluctuations in raw material costs;
- Our ability to accurately price our products;
- Our anticipated projections of future performance, including future revenues, capital expenditures, gross margins, and expectations of operational performance; 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;
- Failure to realize the anticipated benefits of the separation from Fortune Brands;
- Conditions in the housing market in the United States and Canada;
- The expected strength of our existing customers and consumers; 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;
- Unfavorable or unexpected effects of the distribution and separation from Fortune Brands;

- The effects of the COVID-19 pandemic or another a public health crisis or other unexpected event; and
- Other statements contained in this Quarterly Report on Form 10-Q regarding items that are not historical facts or that involve predictions.

Introduction

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is a supplement to the accompanying condensed consolidated financial statements of MasterBrand and its consolidated subsidiaries and provides additional information on our business, recent developments, financial condition, liquidity and capital resources, cash flows and results of operations.

MD&A is organized as follows:

- Overview: This section provides a general description of our business, as well as recent developments we believe are important in understanding our results of operations and financial condition or in understanding anticipated future trends.

- Separation from Fortune Brands: This section provides a general discussion of our Separation from Fortune Brands.

- Basis of Presentation: This section provides a discussion of the basis on which our condensed consolidated financial statements were prepared, including our historical results of operations and adjustments thereto, primarily allocations of general corporate expenses from Fortune Brands. prepared.

- Results of Operations: Our consolidated financial statements are based on a 52- or 53-week fiscal year ending on the last Sunday in December in each calendar year. This section provides an analysis of our results of operations for the thirteen and thirty-nine week periods that weeks ended on September 24, 2023 March 31, 2024 as compared to September 25, 2022 March 26, 2023. Unless the context otherwise requires, references to years and quarters contained in this Quarterly Report on Form 10-Q pertain to our fiscal years and fiscal quarters. Additionally, unless the context otherwise requires, references in this Quarterly Report on Form 10-Q to: (1) "2024," or "fiscal 2024" refers to our 2024 fiscal year that is a 52-week period that will end on December 29, 2024; and (2) "2023," or "fiscal 2023" refers to our 2023 fiscal year that is was a 53-week period that will end ended on December 31, 2023; and (2) "2022," or "fiscal 2022" refers to our 2022 fiscal year that was a 52-week period that ended on December 25, 2022. Furthermore, unless the context otherwise requires, references in this Quarterly Report on Form 10-Q to: (1) "the third first quarter of 2024" refers to the thirteen week period that ended on March 31, 2024; and (2) "the first quarter of 2023" refers to the thirteen week period that ended on September 24, 2023; (2) "the third quarter of 2022" refers to the thirteen week period that ended on September 25, 2022; (3) "the first three quarters of 2023" refers to the thirty-nine weeks ended September 24, 2023; and (4) "the first three quarters of 2022" refers to the thirty-nine weeks ended September 25, 2022 March 26, 2023.

- Liquidity and Capital Resources: This section provides a discussion of our financial condition and an analysis of our cash flows for our thirty-nine thirteen week period that ended on September 24, 2023 March 31, 2024 as compared to our thirty-nine thirteen week period that ended on September 25, 2022 March 26, 2023. This section also provides a discussion of our ability to fund our future commitments and ongoing operating activities through internal and external sources of capital.

- Recently Issued Accounting Standards: This section identifies our adoption of recently issued accounting standards.

- Critical Accounting Estimates: This section identifies and summarizes those accounting policies that significantly impact our reported results of operations and financial condition and require significant judgment or estimates on the part of management in their application.

Overview

Founded nearly 70 years ago, we are the largest manufacturer of residential cabinets in North America. Our superior product quality, innovative design and service excellence drive drives a compelling value proposition. We have insight into the fashion and features consumers desire, which we use to tailor our product lines across price points. Our volume leadership allows us to achieve an advantaged cost structure and service platform by standardizing product platforms and components to the greatest extent possible—resulting in an improved facility footprint and an efficient supply chain. Further, our decades of experience have informed how we use global geographies to optimize procurement and manufacturing costs. Finally, with the most extensive dealer network throughout the United States and Canada, we have an advantaged distribution model that cannot be easily replicated. We expect to further extend our competitive advantages by using technology and data to enhance the consumer's experience from visualization to ordering to delivery and installation.

Separation from Fortune Brands

On April 28, 2022, Fortune Brands Home & Security, Inc. ("Fortune Brands" or the "Parent") announced that its Board of Directors approved in principle a separation of its Cabinets segment into a standalone publicly-traded company (the "Separation"). The Cabinets segment of Fortune Brands had historically been operated by MasterBrand Cabinets, Inc. ("MBCI"). In July 2022, Fortune Brands incorporated MasterBrand, Inc. in the State of Delaware and subscribed to all of the shares of MasterBrand, Inc.'s common stock upon its incorporation. After the incorporation of MasterBrand, Inc., the following occurred: (1) Fortune Brands contributed all of the issued and outstanding shares of capital stock of MBCI to MasterBrand, Inc., resulting in MBCI becoming a wholly-owned subsidiary of MasterBrand, Inc. through a transaction between entities under common control; and (2) MBCI was converted into a Delaware limited liability company, MasterBrand Cabinets LLC (collectively, the "Reorganization").

On December 14, 2022, the Separation was completed by way of a pro rata dividend of our common stock to stockholders of Fortune Brands common stock (the “Distribution”). On December 14, 2022, the date of Separation, 128.0 million shares of MasterBrand, Inc. common stock were issued. Fortune Brands shareholders received one share of MasterBrand, Inc. common stock for each share of Fortune Brands common stock held on the record date. Following the Distribution, Fortune Brands stockholders owned 100 percent of the shares of MasterBrand, Inc. common stock, and MasterBrand, Inc. became an independent, publicly-traded company, listed under the symbol “MBC” on the New York Stock Exchange beginning December 15, 2022. All share and per share amounts for all prior periods presented in the condensed consolidated financial statements, including Note 4, "Earnings Per Share," have been retroactively recast to reflect the effects of the changes in equity structure resulting from the Reorganization, Separation and Distribution. The historical activity of the Company is that of MBCI prior to the Reorganization. The Company’s equity structure prior to the Separation and Distribution included 5,000 shares of MasterBrand, Inc. common stock authorized and 100 shares issued. Prior to the incorporation of MasterBrand, Inc. in July 2022, the equity structure of MBCI included 1,000 authorized and issued shares of common stock. MasterBrand, Inc. is the registrant and the financial reporting entity following the consummation of the Separation and Distribution.

In order to govern the ongoing relationships between MasterBrand, Inc. and Fortune Brands after the Separation and to facilitate an orderly transition, the parties entered into a series of agreements, including the following:

- *Separation and Distribution Agreement* –sets forth the principal actions to be taken in connection with the Separation, including the transfer of assets and assumption of liabilities, among others, and sets forth other agreements governing aspects of the relationship between MasterBrand and Fortune Brands.

- *Transition Services Agreement* – allows for Fortune Brands and MasterBrand to provide certain transition services to each other for a limited time, up to 24 months following the Separation.

- *Tax Allocation Agreement* – governs the respective rights, responsibilities and obligations of MasterBrand and Fortune Brands with respect to tax liabilities and benefits, tax attributes, tax contests and other matters regarding income taxes, non-income taxes and related tax returns.

- *Employee Matters Agreement* – addresses certain employment, compensation and benefits matters, including the allocation and treatment of certain assets and liabilities relating to MasterBrand employees.

Separating the Cabinets segment into a standalone publicly-traded company significantly enhances the long-term growth and return prospects of our Company and offers substantially greater long-term value to stockholders, customers and employees. Moreover, separating the Cabinets segment into an independent, standalone company with publicly-traded stock provides our Company with a number of benefits, including:

- **Strategic and Management Focus**: The Separation enables our management team to better focus on strengthening our market-leading business and pursue targeted opportunities for long-term growth, profitability, and value creation. Like many of our competitors and peers, we believe that we will be more effective in managing our capital structure with credit tied more specifically to our industry and business performance and achieving greater margin expansion by focusing on our operational effectiveness specific to its products. A dedicated management team and board of directors streamlines operational and strategic decision-making, and ensures management incentives are optimized and aligned with our strategic priorities and financial objectives are in line with our industry.

- **Resource Allocation and Capital Deployment**: The Separation provides us with an opportunity to implement a tailored capital structure that ties specifically to our industry and business that provides greater financial and operational flexibility and increased agility. We are better positioned to more effectively allocate resources to address unique operating needs relating to our manufacturing and marketing requirements within our specific markets, invest in strategic priorities that will maximize long-term potential, and manage capital return strategies. Our unique operating needs are tailored towards enhancing the standardization of our processes, including with respect to our supply chain, and the specific manufacturing needs of our products, and strengthening our lean manufacturing capabilities. The Separation provides an opportunity for us to more effectively focus on these unique operating needs and markets.

- **Distinct Investment Opportunities and Investor Choice**: The Separation creates a compelling investment opportunity for investors based on our unique operating model and financial profile. It also provides investors with enhanced insight into our distinct value drivers and allows for more targeted investment decisions.

Basis of Presentation

Our consolidated financial statements are based on a 52- or 53-week fiscal year ending on the last Sunday in December in each calendar year and have been principally derived from the consolidated financial statements of our Company and its consolidated subsidiaries using the historical results of operations, and historical basis of assets and liabilities. Our condensed consolidated financial statements have been prepared in accordance with GAAP. Our historical financial statements through the date of Separation include allocations of expenses related to certain Fortune Brands corporate functions, including information technology, finance, executive, human resources, supply chain, internal audit, governance and legal services. These expenses have been allocated based on direct usage or benefit where specifically identifiable, with the remainder allocated on a proportional cost allocation method based primarily on net sales, employee headcount or number of facilities, as applicable. Prior to the Separation, total expenses allocated for the thirteen and thirty-nine weeks ended September 25, 2022 were $28.1 million and $69.2 million, respectively, of which $23.6 million and $52.6 million, respectively, was not previously allocated to us. Such amounts are primarily included within selling, general and administrative expenses in our condensed consolidated statements of income. We consider the expense methodology and resulting allocation to be reasonable for all periods presented; however, the allocations may not be indicative of actual expenses that would have been incurred had we operated as an independent, publicly-traded company for the periods presented. Actual costs that we may have incurred had we been a standalone company would depend on a number of factors, including the chosen organizational structure, whether functions were outsourced or performed by our employees and strategic decisions made in areas such as manufacturing, selling and marketing, research and development, information technology and infrastructure. Accordingly, historical allocations may not be indicative of future costs we incur operating as an independent, publicly-traded company.

The income tax amounts in our condensed consolidated financial statements have been calculated on a separate return method and presented as if our operations were separate taxpayers in the respective jurisdictions. For the period prior to the Separation in 2022, including the Separation, federal and state income tax payments and refunds were paid and received by Fortune Brands on our behalf. The net taxes paid on our behalf are payable to Fortune Brands, as provided in the indemnification provisions of the Tax Allocation Agreement. Accordingly, the net tax payable of $32.6 million to Fortune Brands as of September 24, 2023, is recorded in accounts payable on the condensed consolidated balance sheet.

Following the Separation, a limited number of services that Fortune Brands provided to us, or we provided to them, prior to the Separation continue to be provided for a period of time under a Transition Services Agreement. We are now incurring certain costs as a standalone public company, including services provided by our own resources or through third-party service providers relating to corporate functions, including information technology, finance, executive, human resources, supply chain, internal audit, governance and legal services, as well as ongoing additional costs associated with operating as an independent, publicly-traded company.

All transactions between us and Fortune Brands previously resulting in related party balances were settled in our consolidated financial statements immediately prior to the Distribution, or were settled shortly thereafter, including by making a distribution of capital by us to Fortune Brands of any remaining related party receivable owed by Fortune Brands to us. For more information regarding related party transactions with Fortune Brands, see Note 15, "Related Party Transactions," within this Quarterly Report on Form 10-Q. Fortune Brands utilized a central approach to treasury management, and we historically participated in related cash pooling arrangements prior to the Separation. Our cash and cash equivalents on our condensed consolidated balance sheets represent cash balances held in bank accounts owned by us and our consolidated subsidiaries. Prior to Separation, we had no third-party borrowings. All borrowings attributable to our business and due to Fortune Brands were recorded as “related party payable” in our condensed consolidated balance sheets and classified as current or noncurrent based on loan maturity dates.

Fortune Brands’ third-party debt and related interest expense have not historically been attributed to us as we were not the legal obligor of the debt, and the borrowings are not specifically identifiable to us. However, we incurred indebtedness in connection with the Separation and Distribution, which resulted in additional interest expense beginning in the fourth quarter of 2022.

Results of Operations

The following discussion of condensed consolidated results of operations refers to the thirteen weeks ended September 24, 2023 March 31, 2024 compared to the thirteen weeks ended September 25, 2022 March 26, 2023.

Thirteen Weeks Ended September 24, 2023 March 31, 2024 Compared to the Thirteen Weeks Ended September 25, 2022 March 26, 2023

		Thirteen Weeks Ended			
(In millions)		**September 24, 2023**	**$ change**	**% change**	**September 25, 2022**
NET SALES	**NET SALES**	$ 677.3	$(181.1)	(21.1)%	$ 858.4
Cost of products sold	Cost of products sold	439.8	(153.7)	(25.9)%	593.5
GROSS PROFIT	**GROSS PROFIT**	237.5	(27.4)	(10.3)%	264.9
Selling, general and administrative expenses	Selling, general and administrative expenses	140.3	(35.9)	(20.3)%	176.2
Amortization of intangible assets	Amortization of intangible assets	3.6	(0.8)	(18.2)%	4.4

(U.S. Dollars presented in millions)	**Thirteen Weeks Ended**				**Thirteen Weeks Ended**
	(U.S. Dollars presented in millions)	**March 31, 2024**	**$ change**	**% change**	**March 26, 2023**

Restructuring charges		1.4	(8.2)	(85.4)%	9.6
Restructuring charges (adjustments)					
Restructuring charges (adjustments)					
Restructuring charges (adjustments)					
OPERATING INCOME	**OPERATING INCOME**	92.2	17.5	23.4 %	74.7
Related party interest income, net		—	4.3	n/m (1)	(4.3)
Interest expense					
Interest expense					
Interest expense	Interest expense	15.3	15.3	n/m (1)	—
Other (income) expense, net	Other (income) expense, net	(1.0)	(1.7)	n/m (1)	0.7
INCOME BEFORE TAXES	**INCOME BEFORE TAXES**	77.9	(0.4)	(0.5)%	78.3
Income tax expense	Income tax expense	18.2	(7.9)	(30.3)%	26.1
NET INCOME	**NET INCOME**	$ 59.7	$ 7.5	14.4 %	$ 52.2

(1) Not meaningful.

Net sales

Net sales were $677.3 million $638.1 million for the thirteen weeks ended September 24, 2023 March 31, 2024 compared to $858.4 million $676.7 million for the thirteen weeks ended September 25, 2022 March 26, 2023, a decrease of $181.1 million $38.6 million, or 21.1 5.7 percent. The lower net sales, compared to the third quarter of 2022 was thirteen weeks ended March 26, 2023, were driven mainly by a decrease in lower average selling prices due primarily to trade down and promotional activity on flat year-over-year sales unit volume and trade downs from higher priced products to lower priced products, which more than offset the favorable impact from previously implemented price increases. Foreign volume. The change in foreign currency impact was unfavorable by $0.7 million during the third quarter of 2023 as compared thirteen weeks ended March 31, 2024 was comparable to the third quarter of 2022. thirteen weeks ended March 26, 2023.

Cost of products sold

Cost of products sold decreased by $153.7 million $38.7 million, or 25.9 8.2 percent, to $439.8 million (64.9 $433.4 million (67.9 percent of net sales) in the third quarter of 2023 thirteen weeks ended March 31, 2024 as compared to $593.5 million (69.1 $472.1 million (69.8 percent of net sales) in the third quarter of 2022. In addition to the impact of decreased sales unit volume, the thirteen weeks ended March 26, 2023. The lower cost of products sold as a percentage of net sales in the third quarter of 2023 is due to was driven by realized savings from various cost reduction actions taken in the fourth quarter of 2022 and first nine months of throughout 2023 and deflation in commodity cost deflation, partially offset by labor inflation. costs and inbound transportation compared to the thirteen weeks ended March 26, 2023. Additionally, the the third quarter of 2023 thirteen weeks ended March 26, 2023 was favorably impacted by included $2.0 9.4 million of insurance recoveries incremental costs related to the tornado that occurred during the first quarter at our Jackson, GA facility and $3 million of accumulated medical rebates related to the favorable renegotiation of our health insurance program. facility.

Selling, general and administrative expenses

Selling, general and administrative expenses decreased increased by $35.9 million $2.5 million, or 20.3 1.8 percent, to $140.3 million (20.7 $137.8 million (21.6 percent of net sales) in the thirteen weeks ended September 24, 2023 March 31, 2024 compared to $176.2 million (20.5 $135.3 million (20.0 percent of net sales) in the thirteen weeks ended September 25, 2022 March 26, 2023. The decrease in the third quarter of 2023 is due to lower distribution costs ($16.1 million) and commission costs ($6.1 million) as a result of lower unit volume, partially offset by increased employee-related costs ($8.2 million), including salaries, incentive compensation and stock-based compensation, and professional support fees ($8.5 million). The third quarter of 2023 includes employee-related and professional support fee costs for newly established MasterBrand corporate functions, including information technology, finance, executive, human resources, supply chain, internal audit, governance and legal services, previously provided by Fortune Brands. The third quarter of 2022 included $28.1 million of allocated costs from Fortune Brands which did not recur in the third quarter of 2023. In the third quarter of 2023, we incurred $0.1 million of additional costs directly related to the Separation from Fortune Brands, as compared to $3.5 million in the third quarter of 2022.

Restructuring charges

Restructuring charges were $1.4 million increase in the thirteen weeks ended September 24, 2023 March 31, 2024 is primarily due to increased associate-related costs ($6.2 million), including salaries and incentive compensation. These increases are partially offset by lower distribution and commission costs ($3.9 million), as compared well as lower restructuring-related costs ($1.7 million), as we took actions in fiscal 2022 and 2023 to $9.6 million during the thirteen week period ended September 25, 2022. Restructuring charges for all periods presented are largely related to severance costs and other employee-related costs in order to better align our workforce with our forecasted demand within rightsize our manufacturing footprint. footprint to satisfy forecasted customer demand.

Operating income

We recorded operating income of $92.2 million

Restructuring charges (adjustments)

Restructuring charges were $0.4 million in the thirteen weeks ended September 24, 2023 March 31, 2024, compared which was comparable to operating income restructuring (adjustments) of $74.7 million for $0.4 million in the thirteen weeks ended September 25, 2022 March 26, 2023. The $17.5 million, or 23.4 percent, increase in operating income was driven mainly by the realized savings from various cost reduction actions taken in the fourth quarter of 2022 and first three quarters of 2023 and decreased selling, general and administrative expenses.

Related party interest income, net

Related party interest income, net, was $4.3 million in the third quarter of 2022 based upon the related party loan receivable from Fortune Brands. Prior to the Separation, excess cash generated by our operations was remitted to Fortune Brands on a regular basis through the cash pooling arrangements. At the date of the Separation, such arrangements ceased.

Interest expense

Upon Separation, we incurred indebtedness in connection with the Separation and Distribution, which resulted in $15.3 million of interest Interest expense was $14.1 million in the third quarter of 2023. Prior thirteen weeks ended March 31, 2024 as compared to $17.4 million in the Separation, we had no third-party borrowings. thirteen weeks ended March 26, 2023, as strong cash from operations throughout fiscal 2023 was used, in part, to pay down our revolving credit facility and term loan.

Other (income) expense, net

Other income, net was $1.0 million $0.3 million in the third quarter of 2023, thirteen weeks ended March 31, 2024, which was comparable to other expense, net of $0.7 million $0.4 million in the third quarter of 2022. thirteen weeks ended March 26, 2023.

Income taxes

Our condensed consolidated income before taxes, income tax expense, and effective tax rate for the thirteen week periods ended September 24, 2023 March 31, 2024 and September 25, 2022 March 26, 2023 were as follows:

	Thirteen Weeks Ended	
(In millions)	**September 24, 2023**	**September 25, 2022**
Income before taxes	$ 77.9	$ 78.3
Income tax expense	18.2	26.1
Effective tax rate	23.4 %	33.3 %

The effective income tax rates for the thirteen weeks ended September 24, 2023, and September 25, 2022, were 23.4 percent and 33.3 percent, respectively. The net decrease in the effective tax rate between the periods primarily relates to state and local income taxes, IRS audit adjustments recognized in 2022 including recognition of a deferred tax liability for foreign earnings where the Company cannot assert permanent reinvestment, and foreign income taxes at lower rates.These items were partially offset by changes to nondeductible compensation, foreign income inclusions with offsetting foreign tax credits, and the tax benefit for decreases in uncertain tax positions.

The difference between our effective income tax rate for the thirteen weeks ended September 24, 2023, and the U.S. statutory rate of 21.0 percent primarily relates to changes in state and local income taxes, nondeductible compensation, foreign income inclusions with offsetting foreign tax credits, recognition of a deferred tax liability for foreign earnings, and the mix of earnings in jurisdictions with differing tax rates.

The difference between our effective income tax rate for the thirteen weeks ended September 25, 2022, and the U.S. statutory rate of 21.0 percent primarily relates to state and local income taxes, as well as additional expense resulting from an IRS audit, including the recognition of a deferred tax liability for foreign earnings where the Company cannot assert permanent reinvestment.These items were partially offset by the tax benefit for decreases in uncertain tax positions

Net income

Net income was $59.7 million for the thirteen weeks ended September 24, 2023 compared to $52.2 million for the thirteen weeks ended September 25, 2022. While operating income increased $17.5 million, or 23.4 percent, it was partially offset by the $15.3 million of interest expense in the third quarter of 2023 resulting from the indebtedness we incurred upon Separation from Fortune Brands. Tax expense also decreased by $7.9 million in the third quarter of 2023 compared to the third quarter of 2022 as the result of a lower effective tax rate.

The following discussion of condensed consolidated results of operations refers to the thirty-nine weeks ended September 24, 2023 compared to the thirty-nine weeks ended September 25, 2022.

Thirty-Nine Weeks Ended September 24, 2023 Compared to the Thirty-Nine Weeks Ended September 25, 2022

	Thirty-Nine Weeks Ended			
(In millions)	September 24, 2023	$ change	% change	September 25, 2022
NET SALES	$ 2,049.1	$ (442.0)	(17.7)%	$ 2,491.1
Cost of products sold	1,370.8	(394.8)	(22.4)%	1,765.6
GROSS PROFIT	678.3	(47.2)	(6.5)%	725.5
Selling, general and administrative expenses	417.3	(69.9)	(14.3)%	487.2
Amortization of intangible assets	11.6	(1.6)	(12.1)%	13.2
Asset impairment charge	—	(26.0)	n/m (1)	26.0
Restructuring charges	4.1	(6.8)	(62.4)%	10.9
OPERATING INCOME	245.3	57.1	30.3 %	188.2
Related party interest income, net	—	7.3	n/m (1)	(7.3)
Interest expense	49.9	49.9	n/m (1)	—
Other (income) expense, net	(0.1)	(1.6)	(106.7)%	1.5
INCOME BEFORE TAXES	195.5	1.5	0.8 %	194.0
Income tax expense	49.6	(4.4)	(8.1)%	54.0
NET INCOME	$ 145.9	$ 5.9	4.2 %	$ 140.0

(1) Not meaningful.

Net sales

Net sales were $2,049.1 million for the thirty-nine weeks ended September 24, 2023 compared to $2,491.1 million for the thirty-nine weeks ended September 25, 2022, a decrease of $442.0 million, or 17.7 percent. The lower net sales, compared to the thirty-nine weeks ended September 25, 2022, were driven by a decrease in sales unit volume, partially offset by favorable price, including the carryover of price increases implemented in the second half of 2022. Foreign currency impact was $3.8 million unfavorable during the thirty-nine weeks ended September 24, 2023 as compared to the thirty-nine weeks ended September 25, 2022.

Cost of products sold

Cost of products sold decreased by $394.8 million, or 22.4 percent, to $1,370.8 million (66.9 percent of net sales) in the thirty-nine weeks ended September 24, 2023 as compared to $1,765.6 million (70.9 percent of net sales) in the thirty-nine weeks ended September 25, 2022. In addition to the impact of decreased sales unit volume, the lower cost of products sold as a percentage of net sales in the thirty-nine weeks ended September 24, 2023 is due to the favorable carryover of price increases implemented in the second half of 2022, as well as realized savings from various cost reduction actions taken in the fourth quarter of 2022 and the thirty-nine weeks ended September 24, 2023, and deflation in commodity costs and inbound transportation. These factors were partially offset by labor inflation. Additionally, the thirty-nine weeks ended September 24, 2023 included $9.4 million of incremental costs, less $4.2 million of insurance recoveries, related to the tornado that occurred during our first quarter at our Jackson, GA facility.

Selling, general and administrative expenses

Selling, general and administrative expenses decreased by $69.9 million, or 14.3 percent, to $417.3 million (20.4 percent of net sales) in the thirty-nine weeks ended September 24, 2023 compared to $487.2 million (19.6 percent of net sales) in the thirty-nine weeks ended September 25, 2022. The decrease in the thirty-nine weeks ended September 24, 2023 is primarily due to lower distribution costs ($37.9 million) and commission costs ($15.5 million) as a result of lower unit volume, partially offset by increased employee-related costs ($25.7 million), including salaries, incentive compensation and stock-based compensation, and professional support fees ($24.0 million). The thirty-nine weeks ended September 24, 2023 includes employee-related and professional support fee costs for newly established MasterBrand corporate functions. The thirty-nine weeks ended September 25, 2022 included $69.2 million of allocated costs from Fortune Brands which did not recur in the thirty-nine weeks ended September 24, 2023. In the thirty-nine weeks ended September 24, 2023, we incurred $2.3 million of additional costs directly related to the Separation from Fortune Brands, as compared to $3.7 million in the thirty-nine weeks ended September 25, 2022.

Asset impairment charge

We incurred an asset impairment charge of $26.0 million in the second quarter of 2022 related to an indefinite-lived tradename. During the second quarter ended June 26, 2022, production was shifted within our manufacturing footprint to enable what we expect to be a higher value purpose and growth opportunity, which led to downward revisions to forecasted revenue growth rates associated with the tradename.

Restructuring charges

Restructuring charges were $4.1 million in the thirty-nine weeks ended September 24, 2023 as compared to $10.9 million during the thirty-nine weeks ended September 25, 2022. Restructuring charges for all periods presented are largely related to severance costs and other employee-related costs in order to better align our workforce with our forecasted demand within our manufacturing footprint.

Operating income

We recorded operating income of $245.3 million in the thirty-nine weeks ended September 24, 2023, compared to operating income of $188.2 million for the thirty-nine weeks ended September 25, 2022. The $57.1 million, or 30.3 percent, increase in operating income was driven mainly by the non-recurrence of the $26.0 million asset impairment charge taken in the second quarter of 2022, coupled with the favorable carryover of price increases implemented in 2022, realized savings from various cost reduction actions taken in the fourth quarter of 2022 and thirty-nine weeks ended September 24, 2023, and decreased selling, general and administrative expenses. These items were partially offset by $9.4 million of incremental costs, less $4.2 million of insurance recoveries, related to the tornado at our Jackson, GA facility.

Related party interest income, net

Related party interest income, net, was $7.3 million in the thirty-nine weeks ended September 25, 2022 based upon the related party loan receivable from Fortune Brands. Prior to the Separation, excess cash generated by our operations was remitted to Fortune Brands on a regular basis through the cash pooling arrangements. At the date of the Separation, such arrangements ceased.

Interest expense

We incurred indebtedness in connection with the Separation and Distribution, which resulted in $49.9 million of interest expense in the thirty-nine weeks ended September 24, 2023. Prior to the Separation, we had no third-party borrowings.

Other (income) expense, net

Other income, net was $0.1 million in the thirty-nine weeks ended September 24, 2023, which was comparable to other expense, net of $1.5 million in the thirty-nine weeks ended September 25, 2022.

Income taxes

Our condensed consolidated income before taxes, income tax expense, and effective tax rate for the thirty-nine week periods ended September 24, 2023 and September 25, 2022 were as follows:

(In millions)		**Thirty-Nine Weeks Ended** **September 24, 2023**	**September 25, 2022**				
(U.S. Dollars presented in millions, except percentages)		**Thirteen Weeks Ended**		*(U.S. Dollars presented in millions, except percentages)*	**March 31, 2024**	**March 26, 2023**	**Thirteen Weeks Ended**
Income before taxes	Income before taxes	$195.5	$194.0				

Income tax expense	Income tax expense	49.6	54.0			
Effective tax rate	Effective tax rate	25.4 %	27.8 %	Effective tax rate	23.5 %	26.9 %

The effective income tax rates for the thirty-nine thirteen weeks ended September 24, 2023 March 31, 2024, and September 25, 2022 March 26, 2023, were 25.4 23.5 percent and 27.8 26.9 percent, respectively. The net decrease in the effective tax rate between the periods is primarily relates due tostate and local income taxes, IRS audit adjustments recognized in 2022 including recognition of a deferred tax liability for earnings of various foreign entities, the mix of earnings in jurisdictions with differing tax rates, partially offset by nondeductible the stock compensation recognition of a windfall benefit for shares which vested, state and local income taxes and deferred tax liability for foreign earnings, partially offset by changes in foreign income inclusions with offsetting foreign tax credits, and the tax benefit for decreases in uncertain tax positions. credits.

The difference between our effective income tax rate for the thirty-nine thirteen weeks ended September 24, 2023 March 31, 2024, and the U.S. statutory rate of 21.0 percent primarily relates is due to changes in the unfavorable impact of state and local income taxes, nondeductible compensation, foreign income inclusions with offsetting foreign tax credits recognition of a deferred tax liability and nondeductible compensation partially offset by the stock compensation windfall benefit for foreign earnings, changes due to foreign tax return filings, shares which vested and the mix of earnings in jurisdictions with differing tax rates.

The difference between our effective income tax rate for the thirty-nine thirteen weeks ended September 25, 2022 March 26, 2023, and the U.S. statutory rate of 21.0 percent primarily relates to unfavorable changes in state and local income taxes, as well as additional expense resulting from an IRS audit, including the nondeductible compensation, foreign income inclusions with offsetting foreign tax credits, changes due to foreign tax return filings, recognition of a deferred tax liability for foreign earnings where and the Company cannot assert permanent reinvestment.These items were partially offset by the mix of earnings in jurisdictions with differing tax benefit for decreases in uncertain tax positions. rates.

Net income

Net income was $145.9 million for the thirty-nine weeks ended September 24, 2023 compared to $140.0 million for the thirty-nine weeks ended September 25, 2022. While operating income increased $57.1 million, or 30.3 percent, it was partially offset by the $49.9 million of interest expense in the thirty-nine weeks ended September 24, 2023 resulting from the indebtedness we incurred upon Separation from Fortune Brands.

LIQUIDITY AND CAPITAL RESOURCES

Our primary liquidity needs have historically been to support working capital requirements and fund capital expenditures. Prospectively, we may have liquidity needs to finance acquisitions and return cash to stockholders, if and when appropriate. Historically, our principal sources of liquidity have been cash on hand, cash flows from operating activities and financial support from Fortune Brands via participation in Fortune Brands' centralized approach to treasury, including financing and cash management activities. Subsequent to the Separation, we implemented our own centralized approach to treasury management, including cash management performed through cash pooling arrangements. Certain of our entities have standalone cash accounts that are not included in the centralized cash pooling arrangements. All cash balances specifically identifiable to us are included in our condensed consolidated balance sheets and statement of cash flows. The cash flows presented in our condensed consolidated statement of cash flows may not be indicative of the cash flows we would have recognized had we operated as a standalone publicly-traded company for the periods presented prior to the Separation.

After the Separation, we no longer have financial support from Fortune Brands. Our operating income is generated by our subsidiaries. There are generally no restrictions on the ability of our subsidiaries to pay dividends or make other distributions to MasterBrand. MasterBrand, other than the fact our subsidiaries have financial obligations that must be satisfied before funding us and such dividends are subject to applicable local law and may be limited due to terms of other contractual arrangements, including our indebtedness. We periodically periodically review our portfolio of brands, manufacturing and supply chain footprint, and evaluate potential strategic transactions to increase stockholder value. However, we cannot predict whether or when we may enter into acquisitions, joint ventures or dispositions, or what impact any such transactions could have on our results of operations, cash flows or financial condition. Our cash flows from operations, borrowing availability and overall liquidity are subject to certain risks and uncertainties, including those described in the section entitled "Risk Factors" within Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 25, 2022 and in our Quarterly Report on Form 10-Q for the fiscal quarters ended March 26, 2023 and September 24, 2023 within Part II, Item 1A and in Part II, Item 1A of this Quarterly Report on Form 10-Q. December 31, 2023.

On November 18, 2022, we entered into a 5-year, $1.25 billion credit agreement, consisting of a $750.0 million term loan and a $500.0 million revolving credit facility (the "2022 Credit Agreement"). Initial proceeds of $955.0 million from the credit agreement were received at the time of Separation from Fortune Brands. The proceeds were primarily used to make a cash dividend payment of $940.0 million to Fortune Brands and to pay related fees and expenses at the Separation. facility. The 2022 Credit Agreement is secured by certain assets as well as the guarantee of certain of our subsidiaries.

Interest rates under these facilities are variable based on the SOFR at the time of the borrowing and our net leverage ratio, as measured by our Net Leverage to our Consolidated EBITDA. Net Leverage is defined as consolidated total indebtedness minus certain cash and cash equivalents. Consolidated EBITDA is defined as consolidated net income before interest expense, income taxes, depreciation, amortization of intangible assets, losses from asset impairments, and certain other one-time adjustments. The Net Leverage Ratio could not exceed 3.875 to 1.0 at the initial borrowing through the second fiscal quarter of 2023, adjusting downward in various future quarters before settling at 3.25 to 1.0 in January 2025. As of March 31, 2024, the net leverage ratio may not exceed 3.5 to 1.0. Interest rates can range from SOFR plus 1.85 percent to SOFR plus 2.60 percent. We also are required to maintain a minimum Interest Coverage Ratio of 3.0 to 1.0. The Interest Coverage Ratio is defined as Consolidated EBITDA compared to consolidated interest expense.

Our 2022 Credit Agreement contains additional covenants which limit or preclude certain corporate actions based upon the measurement of certain financial covenant metrics. The $750.0 million Term Loan has quarterly required amortization payments, which began in March 2023. During the thirteen weeks ended September 24, 2023, the Company made total payments of $28.1 million on the term loan, consisting of a $4.7 million required payment due September 2023, and $23.4 million of required amortization payments due during each of the next three quarters. Additionally, We did not make any additional term loan payments during the revolving credit facility was fourth quarter of fiscal 2023 or the first quarter of fiscal 2024, and as of March 31, 2024 we are paid in full advance for our next scheduled quarterly payment due during the thirteen weeks ended September 24, 2023. second quarter of 2024. These additional amortization payments, made possible due to the generation of strong operating cash flow, were made to reduce future interest expense and provide financial flexibility. The revolving credit facility was paid in full during the third quarter of fiscal 2023. The revolving credit facility did not have an outstanding balance as of March 31, 2024 and December 31, 2023.

As of September 24, 2023 March 31, 2024, the Company believes it was in compliance with all financial covenants set forth in the 2022 Credit Agreement, and expects to remain in compliance for the foreseeable future.

As of September 24, 2023 March 31, 2024, we had $707.5 million $708.0 million outstanding in third-party borrowings, net of deferred financing fees. We may also incur additional indebtedness in the future.

Cash Flows

Below is a summary of cash flows for the thirty-nine thirteen weeks ended September 24, 2023 March 31, 2024 and September 25, 2022 March 26, 2023.

		Thirty-Nine Weeks Ended	
(In millions)		September 24, 2023	September 25, 2022
		Thirteen Weeks Ended	
		Thirteen Weeks Ended	
		Thirteen Weeks Ended	
(U.S. Dollars presented in millions)			
(U.S. Dollars presented in millions)			
(U.S. Dollars presented in millions)			
Net cash provided by operating activities			
Net cash provided by operating activities			
Net cash provided by operating activities	Net cash provided by operating activities	$ 336.5	$ 117.9
Net cash used in investing activities	Net cash used in investing activities	(21.1)	(32.2)
Net cash used in investing activities			
Net cash used in investing activities			
Net cash used in financing activities			
Net cash used in financing activities			
Net cash used in financing activities	Net cash used in financing activities	(292.1)	(87.3)
Effect of foreign exchange rate changes on cash and cash equivalents	Effect of foreign exchange rate changes on cash and cash equivalents	(1.9)	(5.8)
Net increase (decrease) in cash and cash equivalents		$ 21.4	$ (7.4)

Effect of foreign exchange rate changes on cash and cash equivalents

Effect of foreign exchange rate changes on cash and cash equivalents

Net increase in cash and cash equivalents

Net increase in cash and cash equivalents

Net increase in cash and cash equivalents

Net cash provided by operating activities was $18.7 million in the first quarter of 2024 as compared to $62.1 million in the first quarter of 2023. Net cash provided by operating activities included net income of $145.9 million $37.5 million in the thirty-nine thirteen weeks ended September 24, 2023 March 31, 2024, as compared to net income of $140.0 million $35.0 million in the thirty-nine thirteen weeks ended September 25, 2022 March 26, 2023. The thirty-nine weeks ended September 24, 2023 net income included interest expense of $49.9 million on external debt that was entered into at the Separation, which resulted in cash outflows of $49.1 million for interest in the period. In the thirty-nine weeks ended September 24, 2023, first quarter of 2024, accounts receivable generated $60.1 million increased $21.7 million from the low fiscal 2023 ending balance resulting from strong cash collection efforts. In the first quarter of cash, 2023, our accounts receivable decreased $14.1 million, as a result of improvements in our collection processes and decreased sales. throughout 2023. In the thirty-nine weeks ended September 25, 2022, our accounts receivable used $22.9 million, due in part to increased thirty-nine weeks ended September 25, 2022 sales. In the thirty-nine weeks ended September 24, 2023, first quarter of 2024, the movement in inventory was $103.9 $1.6 million favorable, as compared to the thirty-nine weeks ended September 25, 2022, first quarter of 2023, which had an unfavorable favorable movement in inventory of $113.1 million $23.3 million. In 2022, we executed an intentional build in inventory in the first three quarters half of the year in order to mitigate the impact of an uncertain and volatile global supply chain environment. The favorable inventory movement in the thirty-nine weeks ended September 24, 2023 first quarter of 2023 reflects our efforts to more efficiently manage our inventory levels in the current supply chain environment, and in alignment with sales volume. which have continued through the first quarter of 2024. Accounts payable was $42.8 million unfavorable $10.2 million favorable in the thirty-nine thirteen weeks ended September 24, 2023 March 31, 2024 as compared to unfavorable accounts payable movement of $16.9 million in the thirteen weeks ended March 26, 2023 as a result of decreased purchasing levels aligned with our lower inventory levels. This compares Accrued expenses and other current liabilities had an unfavorable impact of $29.6 million in the first quarter of 2024 compared to an unfavorable impact of $14.6 million in the first quarter of 2023. Both unfavorable impacts were primarily driven by the annual incentive compensation payouts related to the favorable accounts payable movement of $6.8 million in the thirty-nine weeks ended September 25, 2022 in conjunction with our increasing inventory levels. The thirty-nine weeks ended September 24, 2023 was also unfavorably impacted by $13.9 million of payments related to restructuring reserves primarily established in prior fiscal 2022.year.

Net cash used in investing activities was $21.1 million $7.0 million in the thirty-nine weeks ended September 24, 2023, first quarter of 2024, compared to net cash used in investing activities of $32.2 million $2.7 million in the thirty-nine weeks ended September 25, 2022. first quarter of 2023. The year-over-year decrease increase is due to fewer increased capital expenditures scheduled in the thirty-nine weeks ended September 24, 2023 as compared to the prior year, which included spending related to the completion of a large expansion at our production facility in Reynosa, Mexico. year.

Net cash used in financing activities was $292.1 million $7.1 million in the thirty-nine thirteen weeks ended September 24, 2023 March 31, 2024, as compared to cash used of $87.3 million $42.7 million in the thirty-nine thirteen weeks ended September 25, 2022 March 26, 2023. The thirty-nine weeks ended September 24, 2023 first quarter of 2023 included net payments on external debt of $272.5 million $39.6 million, as we used excess cash generated from operations to pay off down our revolving credit facility and make advanced facility. No debt payments on our term loan. were made during the first quarter of 2024. The thirty-nine weeks ended September 24, 2023 first quarter of 2024 also includes $15.6 million $1.6 million of stock repurchases made under the $50.0 million stock repurchase program authorized in the second quarter of 2023. The activity in the 2023thirty-nine weeks ended September 25, 2022 primarily reflects our cash remittances to Fortune Brands, net of cash lending from Fortune Brands, to finance our operations prior to the Separation. The financing relationship with Fortune Brands ceased as of the date of Separation..

We believe that our cash and cash equivalent balances, along with available cash from operating cash flows and credit facilities, will be adequate to fund our typical needs, including working capital requirements and projected capital expenditures. We also believe we have access to additional funds from capital markets to fund strategic initiatives.

RECENTLY ISSUED ACCOUNTING STANDARDS

As discussed in Note 2, "Recently Issued Accounting Standards," of our unaudited condensed consolidated financial statements, there are no recently issued accounting pronouncements that we have adopted and which have had a material effect on our results of operations, cash flows or financial condition.

CRITICAL ACCOUNTING ESTIMATES

We prepare our condensed consolidated financial statements in conformity with GAAP. This requires management to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from those estimates. Our critical accounting estimates requiring significant judgement that could materially impact our results of operations, financial position and cash flows are described in Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Company's Annual Report on Form 10-K for the fiscal year ended December 25, 2022 December 31, 2023. Since the date of the Company's most recent Annual Report, there have been no material changes in our critical accounting estimates or assumptions.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in the information provided in the section entitled "Quantitative and Qualitative Disclosures about Market Risk" in Part II, Item 7A of our Annual Report on Form 10-K for the fiscal year ended December 25, 2022 December 31, 2023.

Item 4. CONTROLS AND PROCEDURES

(a) EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES.

Our Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of September 24, 2023 March 31, 2024 (the "Evaluation Date"), have concluded that as of the Evaluation Date, our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in the reports we file or submit under the Exchange Act (1) is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms, and (2) is accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow for timely decisions regarding required disclosure.

(b) CHANGES IN INTERNAL CONTROL.

There were no changes in our internal control over financial reporting that occurred during the fiscal quarter ended September 24, 2023 March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans

During the fiscal quarter ended September 24, 2023, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

Part II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

We are defendants in lawsuits that are ordinary routine litigation matters incidental to our business and operations. In addition, other matters, including tax assessments, audits, claims and governmental investigations and proceedings covering a wide range of matters are pending against us. It is not possible to predict the outcome of the pending actions, and, as with any such matters, it is possible that these actions could be decided unfavorably to us. We believe that there are meritorious defenses to these actions and that these actions will not have a material adverse effect on our results of operations, cash flows or financial condition, and, where appropriate, these actions are being vigorously contested. Accordingly, we believe the likelihood of material loss is remote. However, such matters are subject to inherent uncertainties and unfavorable rulings or other events could occur. The Company regularly undergoes tax audits in various jurisdictions in which our products are sold or manufactured. In the future, such costs or an unfavorable outcome could have a material impact on our consolidated results of operations, cash flows and financial condition. Based on available information to date and subject to below, we do not consider any such action, assessment, claim, investigation or proceeding to be material, within the meaning of that term as used in "Item 103 of Regulation S-K" and the instructions thereto.

Following an audit for the 2018 tax year, the Mexican tax administration service, the Servicio de Administración Tributaria, (the "SAT"), issued a tax assessment in the amount of approximately $54.9 million(1)to our subsidiary, Woodcrafters Home Products, S. de R.L. de C.V., for allegedly failing to make certain tax payments and to export timely certain merchandise. The Company disputes disputed these findings and believes it has supporting documentation regarding importation and exportation of goods in Mexico with respect the SAT annulled their decision on January 11, 2024. In order to such audit. The prevent the 2018 tax year from further audit by the SAT, the Company has appealed filed an action to declare this decision annulment final in the specialized court of trade and is continuing to defend its position vigorously. The Company believes the appeal will result customs in a substantial reduction Monterrey, Nuevo Leon, Sala Especializada en Materia de Comercio Exterior y Auxiliar – Noreste, Tribunal Federal de Justicia Administrativa. We reserved an immaterial amount related to the amount, if any, that will be due to the SAT, such that any amount ultimately payable will not be material to the Company. Furthermore, based on a review by the Company 2018 tax year audit as our best estimate of our probable liability as of March 31, 2024 and the aforementioned tax assessment, the Company believes it is possible that the Company may become subject to further audits concerning other related tax issues. December

31, 2023. While we cannot predict with certainty the outcome of this assessment, any future review relating to the 2018 tax year or other open tax years, based on currently known information, we believe our risk of additional loss is remote and not estimable.

For additional information regarding our legal proceedings, refer to Note 13, "Contingencies and Accrued Losses," included in this Quarterly Report on Form 10-Q.

(1)Using the currency exchange rate of 0.058 U.S. dollars per Mexican peso. The tax assessment was 944,813,870 Mexican pesos.

Item 1A. RISK FACTORS

There have been no material changes to the risk factors previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 25, 2022 December 31, 2023 in the section entitled “Risk Factors” within Part I, Item 1A, and in our Quarterly Report on Form 10-Q for the quarter ended March 26, 2023 in the section entitled “Risk Factors” within Part II, Item 1A, other than those noted below:

Changes in tax laws or regulations may have a negative impact on our results of operations, cash flows and financial condition.

The Company is subject to income taxes in the U.S. and various foreign jurisdictions. The determination of the Company’s income tax positions involves consideration of uncertainties, changing fiscal policies, tax laws, court rulings, regulations, and related legislation.

New income, sales, use, or other tax laws, treaties, statutes, rules, regulations, or court rulings could be enacted at any time, which could adversely affect our business operations and financial performance. Additionally, existing tax laws, treaties, statutes, rules, regulations, or court rulings could be interpreted, changed, modified, or applied adversely to us. 1A.

The U.S. Tax Cuts and Jobs Act (“Tax Act”), enacted on December 22, 2017, made broad and complex changes to the U.S. tax code that are subject to continuous guidance and interpretation. The Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) was enacted on March 27, 2020, and includes several measures intended to assist companies during the COVID-19 pandemic, including temporary changes to income and non-income-based laws. The Organization for Economic Cooperation and Development (“OECD”) initiatives, including the Global Anti-Base Erosion proposal envisaging global minimum taxation known as Pillar Two, represent significant changes that could have a material effect upon our effective tax rate, future earnings, and cash flows. The United Nations (“UN”) initiatives could affect global tax policy and related tax conventions. The European Union maintains a focus on the taxation of multinational companies, including an agreement to adopt the OECD’s Pillar Two reform of international taxation for its member states. With continuous changes in the U.S. Government and legislatures in various states corresponding with the respective election cycles, there is an increased likelihood of additional tax legislation being passed in the near future, which could also have an adverse impact on our effective tax rate, future earnings, and cash flows.

Tax audits may result in findings that have a negative impact on our results of operations, cash flows and financial condition.

We regularly undergo tax audits in various jurisdictions in which our products are sold or manufactured, including audits of indirect taxes, value-added tax, import and export related taxes, customs and duties in certain jurisdictions. The final determination, including related litigation, penalties and interest, with respect to any tax, import and export tax, customs and duty audits, could be materially different from our estimates or from our historical results in the periods for which that determination is made. Such determinations may adversely impact future period results of operations, cash flows and financial condition. For additional information regarding these matters, refer to Legal Proceedings in Part II, Item 1 of this Quarterly Report on Form 10-Q.

Our pension costs and funding requirements could increase as a result of volatility in the financial markets and changes in interest rates and actuarial assumptions, or a decision to transfer administration of the pension plan to a third-party.

Increases in the costs of pension benefits and accelerated expenses may continue and negatively affect our business as a result of: the effect of potential declines in the stock and bond markets on the performance of our pension plan assets; potential reductions in the discount rate used to determine the present value of our benefit obligations; a decision by the Company to transfer administration of the pension plan to a third-party; and changes to our investment strategy that may impact our expected return on pension plan asset assumptions. U.S. generally accepted accounting principles require that we calculate income or expense for the plans using actuarial valuations. These valuations reflect assumptions about financial markets and interest rates, which may change based on economic conditions. Our accounting policy for defined benefit plans may subject earnings to volatility due to the recognition of actuarial gains and losses, particularly due to the change in the fair value of pension assets and interest rates. Funding requirements for our U.S. pension plan may become more significant. However, the ultimate amounts to be contributed are dependent upon, among other things, interest rates, underlying asset returns and the impact of legislative or regulatory changes related to pension funding obligations.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table presents information with respect to purchases of common stock of the Company made during the thirteen week period ended September 24, 2023 March 31, 2024 by the Company or any "affiliated purchaser" as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934, as amended:

Period	Total number of shares purchased		Average price paid per share (2)	Total number of shares purchased as part of publicly announced plans or programs		Maximum dollar amount that may yet be purchased under the plans or programs(1)
January 1, 2024 through January 28, 2024	—	$	—	—	$	28,003,421
January 29, 2024 through February 25, 2024	—	$	—	—	$	28,003,421
February 26, 2024 through March 31, 2024	104,000	$	18.29	104,000	$	26,101,150
Q1 2024 Total	**104,000**	**$**	**18.29**	**104,000**		

(1) On May 9, 2023, we announced our authorization of a stock repurchase program under which we may repurchase up to $50.0 million of MasterBrand common stock over a twenty-four month period at management's discretion for general corporate purposes.

(2) Average price paid per share excludes commissions paid.

Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

Period	Total number of shares purchased		Average price paid per share (2)	Total number of shares purchased as part of publicly announced plans or programs		Maximum dollar amount that may yet be purchased under the plans or programs(1)
June 26, 2023 through July 23, 2023	284,626	$	11.70	284,626	$	42,262,217
July 24, 2023 through August 20, 2023	299,252	$	12.52	299,252	$	38,515,635
August 21, 2023 through September 24, 2023	359,040	$	12.41	359,040	$	34,061,019
Q3 Total	**942,918**	**$**	**12.23**	**942,918**		

(1) On May 9, 2023, we announced our authorization of a stock repurchase program under which we may repurchase up to $50.0 million of MasterBrand common stock over a twenty-four month period at management's discretion for general corporate purposes.

(2) Average price paid per share excludes commissions paid.

Item 4. MINE SAFETY DISCLOSURES

None.

Item 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans

During the fiscal quarter ended March 31, 2024, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

Item 6. EXHIBITS

Exhibit Number	Description	Incorporated by reference herein Form	Date
3.1	Corrected Amended and Restated Certificate of Incorporation of MasterBrand, Inc., effective August 7, 2023	Current Report on Form 10-Q (File No. 001-41545)	August 9, 2023
3.2	Amended and Restated Bylaws of MasterBrand, Inc., effective December 14, 2022	Current Report on Form 8-K (File No. 001-41545)	December 15, 2022
31.1*	Certification of principal executive officer, as required by Section 302 of the Sarbanes-Oxley Act of 2002		
31.2*	Certification of principal financial officer, as required by Section 302 of the Sarbanes-Oxley Act of 2002		
32.1*	Certification of principal executive officer, as required by Section 906 of the Sarbanes-Oxley Act of 2002		
32.2*	Certification of principal financial officer, as required by Section 906 of the Sarbanes-Oxley Act of 2002		
101.*	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended September 24, 2023 March 31, 2024 formatted in Inline eXtensible Business Reporting Language (iXBRL): (i) the Cover Page, (ii) the Condensed Consolidated Statements of Income, (iii) the Condensed Consolidated Statements of Comprehensive Income, (iv) the Condensed Consolidated Balance Sheets, (v) the Condensed Consolidated Statements of Cash Flows, (vi) the Condensed Consolidated Statements of Equity, and (vii) the Notes to the Condensed Consolidated Financial Statements		
104.*	Cover Page Interactive Data File (embedded within the iXBRL document)		

* Filed or furnished herewith.

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, thereunto duly authorized.

Date: November 8, 2023 May 8, 2024

MasterBrand, Inc.
(Registrant)

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

By: /s/ Andrea H. Simon
Name: Andrea H. Simon
Title: Executive Vice President & and Chief Financial Officer

Exhibit No. 31.1

RULE 13a-14(a) CERTIFICATION

I, R. David Banyard, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 24, 2023 of MasterBrand, Inc. (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ R. David Banyard, Jr.

R. David Banyard, Jr.

President & and Chief Executive Officer

Dated: November 8, 2023 May 8, 2024

Exhibit No. 31.2

RULE 13a-14(a) CERTIFICATION

I, Andrea H. Simon, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 24, 2023 of MasterBrand, Inc. (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Andrea H. Simon

Andrea H. Simon

Executive Vice President and Chief Financial Officer

Dated: November 8, 2023 May 8, 2024

Exhibit No. 32.1

CERTIFICATION

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002, the undersigned officer of MasterBrand, Inc. (the "Company"), does hereby certify, to such officer's knowledge, that the Company's Quarterly Report on Form 10-Q for the quarter ended September 24, 2023 (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Form 10-Q.

/s/ R. David Banyard, Jr.

R. David Banyard, Jr.

President & and Chief Executive Officer

Dated: November 8, 2023 May 8, 2024

A signed original of this written statement required by Section 906 has been provided to MasterBrand, Inc. and will be retained by MasterBrand, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit No. 32.2

CERTIFICATION

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002, the undersigned officer of MasterBrand, Inc. (the "Company"), does hereby certify, to such officer's knowledge, that the Company's Quarterly Report on Form 10-Q for the quarter ended September 24, 2023 (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Form 10-Q.

/s/ Andrea H. Simon

Andrea H. Simon

Executive Vice President and Chief Financial Officer

Dated: November 8, 2023 May 8, 2024

A signed original of this written statement required by Section 906 has been provided to MasterBrand, Inc. and will be retained by MasterBrand, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

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