

FORTUNE BRANDS INNOVATIONS, INC.

(In millions)

(Unaudited)

	Thirteen Weeks Ended				Twenty-Six Weeks Ended			
	June 29, 2024	July 1, 2023	\$ Change	% Change	June 29, 2024	July 1, 2023	\$ Change	% Change
Net sales (GAAP)								
Water	\$ 659.6	\$ 617.1	\$ 42.5	7	\$ 1,284.9	\$ 1,211.3	\$ 73.6	6
Outdoors	389.4	375.6	13.8	4	704.4	665.5	38.9	6
Security	191.0	171.0	20.0	12	360.2	326.9	33.3	10
Total net sales	\$ 1,240.0	\$ 1,163.7	\$ 76.3	7	\$ 2,349.5	\$ 2,203.7	\$ 145.8	7

RECONCILIATIONS OF GAAP OPERATING INCOME TO OPERATING INCOME BEFORE CHARGES/GAINS

(In millions)

(Unaudited)

	Thirteen Weeks Ended				Twenty-Six Weeks Ended			
	June 29, 2024	July 1, 2023	\$ Change	% Change	June 29, 2024	July 1, 2023	\$ Change	% Change
WATER								
Operating income (GAAP)	\$ 150.9	\$ 142.1	\$ 8.8	6	\$ 292.2	\$ 270.5	\$ 21.7	8
Restructuring charges	1.1	1.1	-	-	1.6	1.3	0.3	23
Other charges/(gains)								
Cost of products sold	1.4	-	1.4	100	1.1	0.1	1.0	1,000
Operating income before charges/gains ^(a)	\$ 153.4	\$ 143.2	\$ 10.2	7	\$ 294.9	\$ 271.9	\$ 23.0	8
OUTDOORS								
Operating income (GAAP)	\$ 51.8	\$ 61.2	\$ (9.4)	(15)	\$ 86.0	\$ 74.2	\$ 11.8	16
Restructuring charges	2.1	1.5	0.6	40	2.5	3.0	(0.5)	(17)
Other charges/(gains)								
Cost of products sold	9.4	(1.7)	11.1	(653)	12.4	(1.7)	14.1	(829)
Selling, general and administrative expenses	-	-	-	-	0.2	-	0.2	100
Solar compensation ^(e)	-	0.6	(0.6)	(100)	-	1.3	(1.3)	(100)
Operating income before charges/gains ^(a)	63.3	61.6	\$ 1.7	3	101.1	76.8	\$ 24.3	32
SECURITY								
Operating income (GAAP)	\$ 34.4	\$ (0.4)	\$ 34.8	(8,700)	\$ 53.5	\$ 20.8	\$ 32.7	157
Restructuring charges	0.6	19.6	(19.0)	(97)	2.2	20.2	(18.0)	(89)
Other charges/(gains)								
Cost of products sold	1.2	7.4	(6.2)	(84)	7.2	7.5	(0.3)	(4)
Operating income before charges/gains ^(a)	\$ 36.2	\$ 26.6	\$ 9.6	36	\$ 62.9	\$ 48.5	\$ 14.4	30
CORPORATE								
Corporate expense (GAAP)	\$ (38.0)	\$ (50.3)	\$ 12.3	(24)	\$ (77.2)	\$ (81.1)	\$ 3.9	(5)
Restructuring charges	0.1	-	0.1	100	0.4	0.7	(0.3)	(43)
Other charges/(gains)								
Selling, general and administrative expenses	0.9	0.3	0.6	200	1.1	0.3	0.8	267
ASSA transaction expenses ^(d)	-	16.4	(16.4)	(100)	-	17.4	(17.4)	(100)
General and administrative expenses before charges/gains ^(a)	\$ (37.0)	\$ (33.6)	\$ (3.4)	10	\$ (75.7)	\$ (62.7)	\$ (13.0)	21
TOTAL COMPANY								
Operating income (GAAP)	\$ 199.1	\$ 152.6	\$ 46.5	30	\$ 354.5	\$ 284.4	\$ 70.1	25
Restructuring charges	3.9	22.2	(18.3)	(82)	6.7	25.2	(18.5)	(73)
Other charges/(gains)								
Cost of products sold	12.0	5.7	6.3	111	20.7	5.9	14.8	251
Selling, general and administrative expenses	0.9	0.3	0.6	200	1.3	0.3	1.0	333
ASSA transaction expenses ^(d)	-	16.4	(16.4)	(100)	-	17.4	(17.4)	(100)
Solar compensation ^(e)	-	0.6	(0.6)	(100)	-	1.3	(1.3)	(100)
Operating income before charges/gains ^(a)	\$ 215.9	\$ 197.8	\$ 18.1	9	\$ 383.2	\$ 334.5	\$ 48.7	15

The Yale/August and Emtex/Schaub acquisition net sales, operating income and cash flows from the date of acquisition to July 1, 2023 were not material to the Company.

(a) (d) (e) For definitions of Non-GAAP measures, see Definitions of Terms page

FORTUNE BRANDS INNOVATIONS, INC.
CASH FLOW FROM OPERATIONS (GAAP) TO FREE CASH FLOW
(In millions)
(Unaudited)

	Thirteen Weeks Ended
	June 29, 2024
Cash flow from operations (GAAP)	\$ 261.5
Less:	
Capital expenditures	38.8
Free cash flow*	\$ 222.7

* Free cash flow is cash flow from operations calculated in accordance with U.S. generally accepted accounting principles ("GAAP") less capital expenditures. Free cash flow does not include adjustments for certain non-discretionary cash flows such as mandatory debt repayments. Free cash flow is a measure not derived in accordance with GAAP. Management believes that free cash flow provides investors with helpful supplemental information about the Company's ability to fund internal growth, make acquisitions, repay debt and related interest, pay dividends and repurchase common stock. This measure may be inconsistent with similar measures presented by other companies.

FORTUNE BRANDS INNOVATIONS, INC.
(In millions)
(Unaudited)

RECONCILIATIONS OF INCOME FROM CONTINUING OPERATIONS, NET OF TAX TO EBITDA BEFORE CHARGES/GAINS

	Thirteen Weeks Ended	Thirteen Weeks Ended		Twenty-Six Weeks Ended	Twenty-Six Weeks Ended	
	June 29, 2024	July 1, 2023	% Change	June 29, 2024	July 1, 2023	% Change
Income from continuing operations, net of tax	\$ 133.9	\$ 102.1	31	\$ 230.2	\$ 187.7	23
Depreciation *	26.2	19.5	34	46.9	38.7	21
Amortization of intangible assets	18.3	12.6	45	36.1	25.2	43
Restructuring charges	3.9	22.2	(82)	6.7	25.2	(73)
Other charges/(gains)	12.9	6.0	115	22.0	6.2	255
ASSA transaction expenses ^(d)	-	16.4	(100)	-	17.4	(100)
Solar compensation ^(e)	-	0.6	(100)	-	1.3	(100)
Interest expense	32.3	27.7	17	62.4	54.6	14
Income taxes	36.6	28.0	31	65.5	53.7	22
EBITDA before charges/gains ^(c)	\$ 264.1	\$ 235.1	12	\$ 469.8	\$ 410.0	15

* Depreciation excludes accelerated depreciation expense of \$10.9 million for the thirteen weeks ended June 29, 2024, and \$18.5 million for the twenty-six weeks ended June 29, 2024 and excludes accelerated depreciation expense of \$2.1 million for the thirteen weeks ended July 1, 2023, and \$2.2 million for the twenty-six weeks ended July 1, 2023. Accelerated depreciation is included in other charges/gains.

CALCULATION OF NET DEBT-TO-EBITDA BEFORE CHARGES/GAINS RATIO

As of June 29, 2024

Short-term debt **	\$ 499.3
Long-term debt **	2,401.7
Total debt	2,901.0
Less:	
Cash and cash equivalents **	352.6
Net debt (1)	\$ 2,548.4

For the twelve months ended June 29, 2024

EBITDA before charges/gains ^(c)	\$ 969.5
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Net debt-to-EBITDA before charges/gains ratio (1/2)

2.6

** Amounts are per the Unaudited Condensed Consolidated Balance Sheet as of June 29, 2024.

	Twenty-Six Weeks Ended	Twenty-Six Weeks Ended	Fifty-Two Weeks Ended
	December 30, 2023	June 29, 2024	June 29, 2024
Income from continuing operations, net of tax	\$ 217.8	\$ 230.2	\$ 448.0
Depreciation***	51.8	46.9	98.7
Amortization of intangible assets	36.9	36.1	73.0
Restructuring charges	7.3	6.7	14.0
Other charges/(gains)	16.1	22.0	38.1
ASSA transaction expenses ^(d)	2.3	-	2.3
Solar compensation ^(e)	1.4	-	1.4
Amortization of inventory step-up ^(f)	12.4	-	12.4
Interest expense	62.0	62.4	124.4
Asset impairment charge ^(g)	33.5	-	33.5
Defined benefit plan actuarial gains	(0.5)	-	(0.5)
Income taxes	58.7	65.5	124.2
EBITDA before charges/gains ^(c)	\$ 499.7	\$ 469.8	\$ 969.5

*** Depreciation excludes accelerated depreciation expense of \$18.5 million for the twenty-six weeks ended June 29, 2024, and \$14.1 million for the twenty-six weeks ended December 30, 2023. Accelerated depreciation is included in other charges/gains.

(c) (d) (e) (f) (g) For definitions of Non-GAAP measures, see Definitions of Terms page

RECONCILIATION OF DILUTED EPS FROM CONTINUING OPERATIONS BEFORE CHARGES/GAINS

For the thirteen weeks ended June 29, 2024, the diluted EPS before charges/gains is calculated as income from continuing operations on a diluted per-share basis, excluding \$3.9 million (\$3.0 million after tax or \$0.02 per diluted share) of restructuring charges and \$12.9 million (\$9.8 million after tax or \$0.08 per diluted share) of other charges/gains.

For the twenty-six weeks ended June 29, 2024, the diluted EPS before charges/gains is calculated as income from continuing operations on a diluted per-share basis, excluding \$6.7 million (\$5.1 million after tax or \$0.04 per diluted share) of restructuring charges and \$22.0 million (\$16.7 million after tax or \$0.13 per diluted share) of other charges/gains.

For the thirteen weeks ended July 1, 2023, the diluted EPS before charges/gains is calculated as income from continuing operations on a diluted per-share basis, excluding \$22.2 million (\$16.9 million after tax or \$0.13 per diluted share) of restructuring charges, \$6.0 million (\$4.6 million after tax or \$0.04 per diluted share) of other charges/gains, \$16.4 million (\$12.6 million after tax or \$0.10 per diluted share) of expenses directly related to our ASSA transaction and \$0.6 million (\$0.5 million after tax) related to the compensation agreement with the former owner of Solar.

For the twenty-six weeks ended July 1, 2023, the diluted EPS before charges/gains is calculated as income from continuing operations on a diluted per-share basis, excluding \$25.2 million (\$19.2 million after tax or \$0.15 per diluted share) of restructuring charges, \$6.2 million (\$4.6 million after tax or \$0.03 per diluted share) of other charges/gains, \$17.4 million (\$13.4 million after tax or \$0.10 per diluted share) of expenses directly related to our ASSA transaction and \$1.3 million (\$1.0 million after tax or \$0.01 per diluted share) related to the compensation agreement with the former owner of Solar.

Thirteen Weeks Ended	Thirteen Weeks Ended		Twenty-Six Weeks Ended	Twenty-Six Weeks Ended	
June 29, 2024	July 1, 2023	% Change	June 29, 2024	July 1, 2023	% Change

Earnings per common share (EPS) - Diluted

Diluted EPS from continuing operations (GAAP)

	\$	1.06	\$	0.80		33	\$	1.82	\$	1.47		24
Restructuring charges		0.02		0.13		(85)		0.04		0.15		(73)
Other charges/(gains)		0.08		0.04		100		0.13		0.03		333
ASSA transaction expenses ^(d)		-		0.10		(100)		-		0.10		(100)
Solar compensation ^(e)		-		-		-		-		0.01		(100)
Diluted EPS from continuing operations before charges/gains ^(b)	\$	1.16	\$	1.07		8	\$	1.99	\$	1.76		13

(d) (e) For definitions of Non-GAAP measures, see Definitions of Terms page

FORTUNE BRANDS INNOVATIONS, INC.
(In millions, except per share amounts)
(Unaudited)

	Thirteen Weeks Ended			Twenty-Six Weeks Ended		
	June 29, 2024	July 1, 2023	% Change	June 29, 2024	July 1, 2023	% Change
Net sales (GAAP)						
Water	\$ 659.6	\$ 617.1	7	\$ 1,284.9	\$ 1,211.3	6
Outdoors	389.4	375.6	4	704.4	665.5	6
Security	191.0	171.0	12	360.2	326.9	10
Total net sales	\$ 1,240.0	\$ 1,163.7	7	\$ 2,349.5	\$ 2,203.7	7
Operating income (loss)						
Water	\$ 150.9	\$ 142.1	6	\$ 292.2	\$ 270.5	8
Outdoors	51.8	61.2	(15)	86.0	74.2	16
Security	34.4	(0.4)	100	53.5	20.8	157
Corporate expenses	(38.0)	(50.3)	(24)	(77.2)	(81.1)	(5)
Total operating income (GAAP)	\$ 199.1	\$ 152.6	30	\$ 354.5	\$ 284.4	25
OPERATING INCOME BEFORE CHARGES/GAINS RECONCILIATION						
Total operating income (GAAP)	\$ 199.1	\$ 152.6	30	\$ 354.5	\$ 284.4	25
Restructuring charges ⁽¹⁾	3.9	22.2	(82)	6.7	25.2	(73)
Other charges/(gains) ⁽²⁾	12.9	6.0	115	22.0	6.2	255
ASSA transaction expenses ^(d)	-	16.4	(100)	-	17.4	(100)
Solar compensation ^(e)	-	0.6	(100)	-	1.3	(100)
Operating income (loss) before charges/gains ^(a)	\$ 215.9	\$ 197.8	9	\$ 383.2	\$ 334.5	15
Water	\$ 153.4	\$ 143.2	7	\$ 294.9	\$ 271.9	8
Outdoors	63.3	61.6	3	101.1	76.8	32
Security	36.2	26.6	36	62.9	48.5	30
Corporate expenses	(37.0)	(33.6)	10	(75.7)	(62.7)	21
Total operating income before charges/gains ^(a)	\$ 215.9	\$ 197.8	9	\$ 383.2	\$ 334.5	15

- (1) Restructuring charges, which include costs incurred for significant cost reduction initiatives and workforce reduction costs by segment, totaled \$3.9 million and \$6.7 million for the thirteen weeks ended and twenty-six weeks ended June 29, 2024, respectively, and \$22.2 million and \$25.2 million for the thirteen weeks ended and twenty-six weeks ended July 1, 2023, respectively.
- (2) Other charges/gains represent costs that are directly related to restructuring initiatives but cannot be reported as restructuring costs under GAAP. These costs can include losses from disposing of inventories, trade receivables allowances from discontinued product lines, accelerated depreciation due to the closure of facilities, and gains or losses from selling previously closed facilities. During the thirteen weeks and twenty-six weeks ended June 29, 2024, total other charges were \$12.9 million and \$22.0 million, respectively. For the thirteen weeks and twenty-six weeks ended July 1, 2023, total charges were \$6.0 million and \$6.2 million, respectively.

(a) (d) (e) For definitions of Non-GAAP measures, see Definitions of Terms page

FORTUNE BRANDS INNOVATIONS, INC.
OPERATING MARGIN TO BEFORE CHARGES/GAINS OPERATING MARGIN

(Unaudited)

	Thirteen Weeks Ended			Twenty-Six Weeks Ended		
	June 29, 2024	July 1, 2023	Change	June 29, 2024	July 1, 2023	Change
WATER						
Operating margin	22.9%	23.0%	(10) bps	22.7%	22.3%	40 bps
Restructuring charges	0.2%	0.2%		(0.2%)	(0.2%)	
Other charges/(gains)						
Cost of products sold	0.2%	-		(0.1%)	-	
Before charges/gains operating margin	23.3%	23.2%	10 bps	23.0%	22.5%	50 bps
Impact of acquisitions	(0.6%)	-		(0.3%)	-	
Before charges/gains operating margin (organic)	22.7%	23.2%	(50) bps	22.7%	22.5%	20 bps
OUTDOORS						
Operating margin	13.3%	16.3%	(300) bps	12.2%	11.1%	110 bps
Restructuring charges	0.5%	0.4%		(0.4%)	(0.5%)	
Other charges/(gains)						
Cost of products sold	2.5%	(0.5%)		(1.8%)	0.3%	
Solar compensation ^(e)	-	0.2%		-	(0.2%)	
Before charges/gains operating margin	16.3%	16.4%	(10) bps	14.4%	11.5%	290 bps
Impact of acquisitions	-	-		-	-	
Before charges/gains operating margin (organic)	16.3%	16.4%	(10) bps	14.4%	11.5%	290 bps
SECURITY						
Operating margin	18.0%	(0.2%)	1,820 bps	14.9%	6.4%	850 bps
Restructuring charges	0.3%	11.5%		(0.6%)	(6.1%)	
Other charges/(gains)						
Cost of products sold	0.6%	4.3%		(2.0%)	(2.3%)	
Before charges/gains operating margin	18.9%	15.6%	330 bps	17.5%	14.8%	270 bps
Impact of acquisitions	2.4%	-		2.7%	-	
Before charges/gains operating margin (organic)	21.3%	15.6%	570 bps	20.2%	14.8%	540 bps
TOTAL COMPANY						
Operating margin	16.1%	13.1%	300 bps	15.1%	12.9%	220 bps
Restructuring charges	0.3%	1.9%		(0.3%)	(1.1%)	
Other charges/(gains)						
Cost of products sold	0.9%	0.5%		(0.8%)	(0.3%)	
Selling, general and administrative expenses	0.1%	-		(0.1%)	-	
ASSA transaction expenses ^(d)	-	1.4%		-	(0.8%)	
Solar compensation ^(e)	-	0.1%		-	(0.1%)	
Before charges/gains operating margin	17.4%	17.0%	40 bps	16.3%	15.2%	110 bps
Impact of acquisitions	(0.2%)	0.1%		(0.2%)	0.1%	
Before charges/gains operating margin (organic)	17.2%	17.1%	10 bps	16.1%	15.3%	80 bps

Operating margin is calculated as the operating income in accordance with GAAP, divided by the GAAP net sales. The before charges/gains operating margin is calculated as the operating income, excluding restructuring and other charges/gains, divided by the GAAP net sales. This before charges/gains operating margin is not a measure derived in accordance with GAAP. Management uses this measure to evaluate the returns generated by the Company and its business segments. Management believes that this measure provides investors with helpful supplemental information about the Company's underlying performance from period to period. However, this measure may not be consistent with similar measures presented by other companies.

(d) (e) For definitions of Non-GAAP measures, see Definitions of Terms page

FORTUNE BRANDS INNOVATIONS, INC.
RECONCILIATION OF GAAP NET SALES TO ORGANIC NET SALES EXCLUDING THE IMPACT OF ACQUISITIONS
(Unaudited)

Thirteen Weeks Ended	Thirteen Weeks Ended	
June 29, 2024	July 1, 2023	% Change

WATER

Net sales (GAAP)

\$ 659.6	\$ 617.1	7%
6.9	-	
67.1	-	
\$ 585.6	\$ 617.1	(5%)

Impact of SpringWell Acquisition

Impact of Emtek and Schaub Acquisition

Organic net sales excluding impact of acquisitions

OUTDOORS

Net sales (GAAP)

\$ 389.4	\$ 375.6	4%
\$ 389.4	\$ 375.6	4%

Organic net sales

SECURITY

Net sales (GAAP)

\$ 191.0	\$ 171.0	12%
32.2	-	
\$ 158.8	\$ 171.0	(7%)

Impact of Yale and August Acquisition

Organic net sales excluding impact of an acquisition

TOTAL COMPANY

Net sales (GAAP)

\$ 1,240.0	\$ 1,163.7	7%
6.9	-	
67.1	-	
32.2	-	
\$ 1,133.8	\$ 1,163.7	(3%)

Impact of SpringWell Acquisition

Impact of Emtek and Schaub Acquisition

Impact of Yale and August Acquisition

Organic net sales excluding impact of acquisitions

Reconciliation of GAAP Net sales to organic net sales excluding the impact of acquisitions on net sales is net sales derived in accordance with GAAP excluding impact of the acquisitions of SpringWell and Emtek and Schaub in our Water segment and the acquisition of Yale and August in our Security segment on net sales. Management uses this measure to evaluate the overall performance of its segments and believes this measure provides investors with helpful supplemental information regarding the underlying performance of the segment from period to period. This measure may be inconsistent with similar measures presented by other companies.

FORTUNE BRANDS INNOVATIONS, INC.

RECONCILIATION OF PERCENTAGE CHANGE IN GAAP NET SALES TO PERCENTAGE CHANGE IN NET SALES EXCLUDING IMPACT OF ACQUISITIONS AND CHINA SALES

(Unaudited)

Thirteen Weeks Ended June 29, 2024 vs Thirteen Weeks Ended July 1, 2023
% Change

Water

Percentage change in net sales (GAAP)

Impact of acquisitions

Organic net sales excluding impact of acquisitions

Excluding China sales

Organic net sales excluding impact of acquisitions and China

7%
(12%)
(5%)
6%
1%

Thirteen Weeks Ended June 29, 2024 vs Thirteen Weeks Ended July 1, 2023
% Change

Total Company

Percentage change in net sales (GAAP)

Impact of acquisitions

Organic net sales excluding impact of acquisitions

Excluding China sales

Organic net sales excluding impact of acquisitions and China

7%
(10%)
(3%)
4%
1%

Net sales excluding the impact of acquisitions and the impact of China sales is net sales derived in accordance with GAAP excluding impact of acquisitions and the impact of China sales. Management uses this measure to evaluate the overall performance of its segments and believes this measure provides investors with helpful supplemental information regarding the underlying performance of the segment from period to period. This measure may be inconsistent with similar measures presented by other companies.

Definitions of Terms: Non-GAAP Measures

- (a) Operating income (loss) before charges/gains is calculated as operating income derived in accordance with GAAP, excluding restructuring and other charges/gains. Operating income (loss) before charges/gains is a measure not derived in accordance with GAAP. Management uses this measure to evaluate the returns generated by the Company and its business segments. Management believes this measure provides investors with helpful supplemental information regarding the underlying performance of the Company from period to period. This measure may be inconsistent with similar measures presented by other companies.
- (b) Diluted earnings per share from continuing operations before charges/gains is calculated as income from continuing operations on a diluted per-share basis, excluding restructuring and other charges/gains. This measure is not in accordance with GAAP. Management uses this measure to evaluate the Company's overall performance and believes it provides investors with helpful supplemental information about the Company's underlying performance from period to period. However, this measure may not be consistent with similar measures presented by other companies.
- (c) EBITDA before charges/gains is calculated as income from continuing operations, net of tax in accordance with GAAP, excluding depreciation, amortization of intangible assets, restructuring and other charges/gains, interest expense and income taxes. EBITDA before charges/gains is a measure not derived in accordance with GAAP. Management uses this measure to assess returns generated by the Company. Management believes this measure provides investors with helpful supplemental information about the Company's ability to fund internal growth, make acquisitions and repay debt and related interest. This measure may be inconsistent with similar measures presented by other companies.
- (d) At Corporate, other charges also include expenditures of \$2.3 million for the twenty-six weeks ended December 30, 2023, \$16.4 million for the thirteen weeks ended July 1, 2023, and \$17.4 million for the twenty-six weeks ended July 1, 2023, for external banking, legal, accounting, and other similar services directly related to our ASSA transaction.
- (e) In Outdoors, other charges include charges for compensation arrangement with the former owner of Solar classified in selling, general and administrative expenses of \$1.4 million for the twenty-six weeks ended December 30, 2023, \$0.6 million for the thirteen weeks ended July 1, 2023, and \$1.3 million for the twenty-six weeks ended July 1, 2023.
- (f) For the twenty-six weeks ended December 30, 2023, the amortization of inventory step-up associated with the acquisition of the ASSA business was \$3.5 million for the Water segment and \$8.9 million for the Security segment.
- (g) Asset impairment charges for the twenty-six weeks ended December 30, 2023 represent pre-tax impairment charges of \$33.5 million related to indefinite-lived tradenames in our Outdoor segment.