

FORTUNE BRANDS HOME & SECURITY, INC.
RECONCILIATION OF OPERATING INCOME BEFORE CHARGES/GAINS TO GAAP OPERATING INCOME

(In millions)

(Unaudited)

| | Three Months Ended March 31, | | | |
|--|------------------------------|-----------|-----------|----------|
| | 2022 | 2021 | \$ Change | % Change |
| WATER INNOVATIONS | | | | |
| Operating income before charges/gains ^(a) | \$ 150.1 | \$ 149.4 | \$ 0.7 | - |
| Other (charges)/gains ^(b) | | | | |
| Cost of products sold | - | (1.5) | 1.5 | (100) |
| Selling, general and administrative expenses | (0.8) | - | (0.8) | (100) |
| Operating income (GAAP) | \$ 149.3 | \$ 147.9 | \$ 1.4 | 1 |
| OUTDOORS & SECURITY | | | | |
| Operating income before charges/gains ^(a) | \$ 55.6 | \$ 62.3 | \$ (6.7) | (11) |
| Restructuring charges ^(b) | (0.6) | (6.1) | 5.5 | (90) |
| Other (charges)/gains ^(b) | | | | |
| Cost of products sold | 5.4 | (3.4) | 8.8 | (259) |
| Selling, general and administrative expenses | (0.2) | - | (0.2) | (100) |
| Operating income (GAAP) | \$ 60.2 | \$ 52.8 | \$ 7.4 | 14 |
| CABINETS | | | | |
| Operating income before charges/gains ^(a) | \$ 73.6 | \$ 74.5 | \$ (0.9) | (1) |
| Restructuring charges ^(b) | - | (1.5) | 1.5 | (100) |
| Other (charges)/gains ^(b) | | | | |
| Cost of products sold | - | (0.4) | 0.4 | (100) |
| Operating income (GAAP) | \$ 73.6 | \$ 72.6 | \$ 1.0 | 1 |
| CORPORATE | | | | |
| General and administrative expense before charges/gains | \$ (29.7) | \$ (24.4) | \$ (5.3) | 22 |
| Restructuring charges ^(b) | - | - | - | - |
| Other (charges)/gains ^(b) | | | | |
| Selling, general and administrative expenses | - | (0.5) | 0.5 | (100) |
| Corporate expense (GAAP) | \$ (29.7) | \$ (24.9) | \$ (4.8) | 19 |
| TOTAL COMPANY | | | | |
| Operating income before charges/gains ^(a) | \$ 249.6 | \$ 261.8 | \$ (12.2) | (5) |
| Restructuring charges ^(b) | (0.6) | (7.6) | 7.0 | (92) |
| Other (charges)/gains ^(b) | | | | |
| Cost of products sold | 5.4 | (5.3) | 10.7 | (202) |
| Selling, general and administrative expenses | (1.0) | (0.5) | (0.5) | 100 |
| Operating income (GAAP) | \$ 253.4 | \$ 248.4 | \$ 5.0 | 2 |

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

FORTUNE BRANDS HOME & SECURITY, INC.
BEFORE CHARGES/GAINS OPERATING MARGIN TO OPERATING MARGIN

(Unaudited)

| Three Months Ended March 31, | | |
|------------------------------|------|--------|
| 2022 | 2021 | Change |

WATER INNOVATIONS

Before charges/gains operating margin

Restructuring & other (charges)/gains

Operating margin

| | | |
|--------|--------|----------|
| 23.3% | 24.0% | (70) bps |
| (0.1%) | (0.2%) | |
| 23.2% | 23.8% | (60) bps |

OUTDOORS & SECURITY

Before charges/gains operating margin

Restructuring & other (charges)/gains

Operating margin

| | | |
|-------|--------|-----------|
| 11.2% | 13.5% | (230) bps |
| 0.9% | (2.1%) | |
| 12.1% | 11.4% | 70 bps |

CABINETS

Before charges/gains operating margin

Restructuring & other (charges)/gains

Operating margin

| | | |
|------|--------|-----------|
| 9.5% | 10.8% | (130) bps |
| - | (0.2%) | |
| 9.5% | 10.6% | (110) bps |

TOTAL COMPANY

Before charges/gains operating margin

Restructuring & other (charges)/gains

Operating margin

| | | |
|-------|--------|-----------|
| 13.0% | 14.8% | (180) bps |
| 0.2% | (0.8%) | |
| 13.2% | 14.0% | (80) bps |

Operating margin is calculated as operating income derived in accordance with GAAP divided by GAAP net sales. Before charges/gains operating margin is operating income derived in accordance with GAAP, excluding restructuring and other charges/gains divided by GAAP net sales. Before charges/gains operating margin is a measure not derived in accordance with GAAP. Management uses this measure to evaluate the returns generated by FBHS 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.

DILUTED EPS BEFORE CHARGES/GAINS RECONCILIATION

For the three months ended March 31, 2022, diluted EPS before charges/gains is net income calculated on a diluted per-share basis, excluding \$3.8 million (\$4.0 million after tax or \$0.03 per diluted share) of net gains included in restructuring and other charges/gains.

For the three months ended March 31, 2021 diluted EPS before charges/gains is net income calculated on a diluted per-share basis, excluding \$13.4 million (\$10.0 million after tax or \$0.08 per diluted share) of restructuring and other charges/gains and a loss on equity investment of \$4.5 million (\$3.4 million after tax or \$0.02 per diluted share).

| | Three Months Ended March 31, | | |
|---|------------------------------|----------------|----------|
| | 2022 | 2021 | % Change |
| Earnings Per Common Share - Diluted | | | |
| Diluted EPS before charges/gains ^(c) | \$ 1.31 | \$ 1.36 | (4) |
| Restructuring and other (charges)/gains | 0.03 | (0.08) | (138) |
| Loss on equity investments ^(e) | - | (0.02) | (100) |
| Diluted EPS (GAAP) | \$ 1.34 | \$ 1.26 | 6 |

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

FORTUNE BRANDS HOME & SECURITY, INC.
(In millions)
(Unaudited)

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

As of March 31, 2022

| | |
|------------------------------|------------|
| Long-term debt * | \$ 3,367.9 |
| Total debt | 3,367.9 |
| Less: | |
| Cash and cash equivalents ** | 378.2 |
| Net debt (1) | \$ 2,989.7 |

For the twelve months ended March 31, 2022

| | |
|--|------------|
| EBITDA before charges/gains (2) ^(d) | \$ 1,296.8 |
|--|------------|

| | |
|--|------------|
| Net debt-to-EBITDA before charges/gains ratio (1/2) | 2.3 |
|--|------------|

* Amounts are per the Unaudited Condensed Consolidated Balance Sheet as of March 31, 2022.

| | Nine Months Ended December 31, | Three Months Ended March 31, | Twelve Months Ended March 31, |
|---|---|---|--|
| | 2021 | 2022 | 2022 |
| EBITDA BEFORE CHARGES/GAINS ^(d) | \$ 999.1 | \$ 297.7 | \$ 1,296.8 |
| Depreciation** | \$ (91.6) | \$ (30.8) | \$ (122.4) |
| Amortization of intangible assets | (47.5) | (16.0) | (63.5) |
| Restructuring and other (charges)/gains | (14.7) | 3.8 | (10.9) |
| Interest expense | (63.0) | (21.8) | (84.8) |
| Defined benefit plan actuarial losses | (0.9) | - | (0.9) |
| Income taxes | (186.8) | (52.0) | (238.8) |
| Net income (GAAP) | \$ 594.6 | \$ 180.9 | \$ 775.5 |

** Depreciation excludes accelerated depreciation expense of (\$0.1) million for the three months ended March 31, 2022 and (\$2.2) million for the nine months ended December 31, 2021. Accelerated depreciation is included in restructuring and other charges/gains.

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

FORTUNE BRANDS HOME & SECURITY, INC.

RECONCILIATION OF FULL YEAR 2022 GUIDANCE DILUTED EPS BEFORE CHARGES/GAINS TO GAAP DILUTED EPS

(Unaudited)

| | Twelve Months Ending | | |
|---|----------------------|-------------------|----------|
| | December 31, 2022 | December 31, 2021 | % Change |
| Diluted EPS before charges/gains - full year range | \$ 6.40 - 6.60 | \$ 5.73 | 12 - 15 |
| Diluted EPS before charges/gains ^(c) | \$ 6.50 | \$ 5.73 | 13 |
| Restructuring and other (charges)/gains | 0.01 | (0.17) | |
| Loss on equity investments ^(e) | - | (0.02) | |
| Tax items | 0.09 | - | |
| Diluted EPS - (GAAP) | \$ 6.60 | \$ 5.54 | 19 |
| Diluted EPS - (GAAP) - full year range | \$ 6.50 - 6.70 | \$ 5.54 | 17 - 21 |

For the twelve months ended December 31, 2021, diluted EPS before charges/gains is net income calculated on a diluted per-share basis excluding \$28.1 million (\$22.9 million after tax or \$0.17 per diluted share) of restructuring and other charges/gains, including \$2.2 million of mark-to-market expense classified in the other expense, net associated with the acquisition of the remaining outstanding shares of Flo, which occurred in January 2022, loss on equity investments of \$4.5 million (\$3.4 million net of tax or \$0.02 per diluted share), the impact from actuarial losses associated with our defined benefit plans of \$1.0 million (\$0.7 million net of tax) and a net tax expense of \$0.2 million.

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

Definitions of Terms: Non-GAAP Measures

(a) Operating income (loss) before charges/gains is 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) Restructuring charges are costs incurred to implement significant cost reduction initiatives and include workforce reduction costs. "Other charges/gains" represent pre-tax charges directly related to restructuring initiatives that cannot be reported as restructuring under GAAP. Such costs may include losses on disposal of inventories, trade receivables allowances from exiting product lines, accelerated depreciation resulting from the closure of facilities and gains or losses on the sale of previously closed facilities. In total, we recognized other net gains of \$5.4 million for the three months ended March 31, 2022, and other charges of \$1.9 million for the three months ended March 31, 2021.

In our Outdoors & Security segment, other charges also include an acquisition-related inventory step-up expense (Solar Innovations) of \$0.7 million classified in cost of products sold and \$0.3 million classified in selling, general and administrative for a compensation arrangement with the former owner of Solar for the three months ended March 31, 2022.

At Corporate, other charges also include pre-tax expenditures of \$0.3 million for banking, legal, accounting and other similar services directly related to the acquisition of Larson classified in selling, general and administrative expenses and a pre-tax charge of \$0.2 million for a loss on sale of a Corporate asset during the three months ended March 31, 2021. In our Outdoors & Security segment, other charges also includes an acquisition-related inventory step-up expense (Larson) of \$3.4 million classified in cost of products sold for the three months ended March 31, 2021.

(c) Diluted EPS before charges/gains is net income calculated on a diluted per-share basis, excluding restructuring and other charges/gains, loss on equity investments and tax items. Diluted EPS before charges/gains is a measure not derived in accordance with GAAP. Management uses this measure to evaluate the overall performance of the Company and 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.

(d) EBITDA before charges/gains is net income derived in accordance with GAAP, excluding depreciation, amortization of intangible assets, restructuring and other charges/gains, interest expense, defined benefit plan actuarial losses 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.

(e) Loss on equity investments is related to our investment in Flo Technologies.