

FORTUNE BRANDS INNOVATIONS, INC.
RECONCILIATIONS OF OPERATING INCOME FROM CONTINUING OPERATIONS BEFORE CHARGES/GAINS TO GAAP OPERATING INCOME

(In millions)

(Unaudited)

	Three Months Ended December 31,				Twelve Months Ended, December 31,			
	2022	2021	\$ Change	% Change	2022	2021	\$ Change	% Change
WATER INNOVATIONS								
Operating income before charges/gains ^(a)	\$ 154.2	\$ 146.6	\$ 7.6	5	\$ 622.8	\$ 632.7	\$ (9.9)	(2)
Restructuring charges ^(b)	(2.5)	1.2	(3.7)	(308)	(6.3)	1.2	(7.5)	(625)
Other (charges)/gains ^(b)								
Cost of products sold	0.1	(0.6)	0.7	(117)	(1.1)	(2.1)	1.0	(48)
Selling, general and administrative expenses	-	(0.7)	0.7	(100)	(0.8)	(2.1)	1.3	(62)
Operating income (GAAP)	\$ 151.8	\$ 146.5	\$ 5.3	4	\$ 614.6	\$ 629.7	\$ (15.1)	(2)
OUTDOORS & SECURITY								
Operating income before charges/gains ^(a)	\$ 72.8	\$ 81.8	\$ (9.0)	(11)	\$ 311.6	\$ 305.0	\$ 6.6	2
Restructuring charges ^(b)	(6.2)	(1.9)	(4.3)	226	(25.1)	(10.4)	(14.7)	141
Other (charges)/gains ^(b)							\$ -	-
Cost of products sold	-	-	-	-	5.5	(3.3)	8.8	(267)
Selling, general and administrative expenses	(0.3)	0.2	(0.5)	(250)	(2.4)	0.6	(3.0)	(500)
Operating income (GAAP)	\$ 66.3	\$ 80.1	\$ (13.8)	(17)	\$ 289.6	\$ 291.9	\$ (2.3)	(1)
CORPORATE								
General and administrative expenses before charges/gains ^(a)	\$ (30.9)	\$ (31.2)	\$ 0.3	(1)	\$ (124.7)	\$ (108.5)	\$ (16.2)	15
Restructuring charges ^(b)	(1.5)	-	(1.5)	(100)	(1.0)	-	(1.0)	(100)
Other (charges)/gains ^(b)								
Selling, general and administrative expenses	(3.5)	-	(3.5)	NM	(4.2)	(1.9)	(2.3)	121
Corporate expense (GAAP)	\$ (35.9)	\$ (31.2)	\$ (4.7)	15	\$ (129.9)	\$ (110.4)	\$ (19.5)	18
TOTAL COMPANY								
Operating income from continuing operations before charges/gains ^(a)	\$ 196.1	\$ 197.2	\$ (1.1)	(1)	\$ 809.7	\$ 829.2	\$ (19.5)	(2)
Restructuring charges ^(b)	(10.2)	(0.7)	(9.5)	1,357	(32.4)	(9.2)	(23.2)	252
Other (charges)/gains ^(b)								
Cost of products sold	0.1	(0.6)	0.7	(117)	4.4	(5.4)	9.8	(181)
Selling, general and administrative expenses	(3.8)	(0.5)	(3.3)	660	(7.4)	(3.4)	(4.0)	118
Operating income from continuing operations (GAAP)	\$ 182.2	\$ 195.4	\$ (13.2)	(7)	\$ 774.3	\$ 811.2	\$ (36.9)	(5)

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

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

(Unaudited)

	Three Months Ended,			Twelve Months Ended,		
	December 31, 2022	December 31, 2021	Change	December 31, 2022	December 31, 2021	Change
WATER INNOVATIONS						
Before charges/gains operating margin	24.0%	20.8%	320 bps	24.2%	22.9%	130 bps
Restructuring & other (charges)/gains	(0.3%)	-		(0.3%)	(0.1%)	
Operating margin	23.7%	20.8%	290 bps	23.9%	22.8%	110 bps
OUTDOORS & SECURITY						
Before charges/gains operating margin	14.8%	15.9%	(110) bps	14.5%	15.0%	(50) bps
Restructuring & other (charges)/gains	(1.3%)	(0.3%)		(1.0%)	(0.7%)	
Operating margin	13.5%	15.6%	(210) bps	13.5%	14.3%	(80) bps
TOTAL COMPANY						
Before charges/gains operating margin from continuing operations	17.3%	16.2%	110 bps	17.1%	17.3%	(20) bps
Restructuring & other (charges)/gains	(1.2%)	(0.2%)		(0.7%)	(0.4%)	
Operating margin from continuing operations	16.1%	16.0%	10 bps	16.4%	16.9%	(50) bps

	Twelve Months Ended,		
	December 31, 2022	December 31, 2019	Change
WATER INNOVATIONS			
Before charges/gains operating margin	24.2%	21.5%	270 bps
Restructuring & other (charges)/gains	(0.3%)	(0.4%)	
Operating margin	23.9%	21.1%	280 bps
OUTDOORS & SECURITY			
Before charges/gains operating margin	14.5%	13.1%	140 bps
Restructuring & other (charges)/gains	(1.0%)	(0.3%)	
Operating margin	13.5%	12.8%	70 bps
TOTAL COMPANY			
Before charges/gains operating margin from continuing operations	17.1%	15.8%	130 bps
Restructuring & other (charges)/gains	(0.7%)	(0.4%)	
Operating margin from continuing operations	16.4%	15.4%	100 bps

Operating margin from continuing operations is calculated as the operating income from continuing operations in accordance with GAAP, divided by the GAAP net sales. The before charges/gains operating margin is calculated as the operating income from continuing operations, 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.

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

(Unaudited)

Six Months Ended,		
December 31, 2022	December 31, 2021	Change

TOTAL COMPANY

Before charges/gains operating margin from continuing operations

Restructuring & other (charges)/gains

Operating margin from continuing operations

17.7%	16.9%	80 bps
(1.4%)	(0.6%)	
16.3%	16.3%	0 bps

Operating margin from continuing operations is calculated as the operating income from continuing operations in accordance with GAAP, divided by the GAAP net sales. The before charges/gains operating margin is calculated as the operating income from continuing operations, 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.

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

FORTUNE BRANDS HOME & SECURITY INCLUSIVE OF MASTERBRAND CABINETS

Before Charges/Gains Operating Margin

Restructuring & Other Charges

Asset Impairment Charges

Operating Margin

Twelve Months Ended		
December 31, 2022	December 31, 2021	Change
14.8%	14.6%	20 bps
(1.9%)	(0.4%)	
(0.6%)	-	
12.3%	14.2%	(190) bps

Operating margin for Total Company inclusive of MasterBrand Cabinets is calculated by combining the operating income from continuing operations to operating income from discontinued operations in accordance with GAAP, divided by the GAAP net sales. The before charges/gains operating margin is calculated as the operating income from continuing operations, excluding restructuring and other charges/gains and asset impairment charges, 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.

FORTUNE BRANDS INNOVATIONS, INC.**RECONCILIATION OF TOTAL COMPANY NET SALES CAGR EXCLUDING ACQUISITIONS TO TOTAL COMPANY GAAP NET SALES CAGR***(Unaudited)***TOTAL COMPANY**

Total Company net sales excluding acquisitions (organic) - CAGR
 Acquisitions net sales
Total Company net sales (GAAP) - CAGR

Twelve Months Ended December 31, 2022 vs Twelve Months Ended December 31, 2019	
CAGR %	
	8%
	3%
	12%

Compound Annual Growth Rate (CAGR) for Total Company net sales excluding acquisitions (organic) is CAGR for Total Company net sales derived in accordance with GAAP, excluding Aqualisa net sales, Flo net sales and Solar Innovations net sales. Management uses this measure to evaluate the overall performance of the Total Company and believes this measure provides investors with helpful supplemental information regarding the underlying performance of the Total Company from period to period. This measure may be inconsistent with similar measures presented by other companies.

FORTUNE BRANDS INNOVATIONS, INC.**RECONCILIATIONS OF NET SALES CAGR EXCLUDING ACQUISITIONS TO GAAP NET SALES CAGR BY SEGMENT***(Unaudited)***WATER INNOVATIONS**

Water Innovations net sales excluding acquisitions (organic) - CAGR
 Acquisitions net sales
Water Innovations net sales (GAAP) - CAGR

Twelve Months Ended December 31, 2022 vs Twelve Months Ended December 31, 2019	
CAGR %	
	8%
	-
	8%

Compound Annual Growth Rate (CAGR) for Water Innovations net sales excluding acquisitions (organic) is CAGR for Water Innovations net sales derived in accordance with GAAP, excluding Aqualisa and Flo net sales. Management uses this measure to evaluate the overall performance of the Water Innovations segment and believes this measure provides investors with helpful supplemental information regarding the underlying performance of the Water Innovations segment from period to period. This measure may be inconsistent with similar measures presented by other companies.

OUTDOORS & SECURITY

Outdoors & Security net sales excluding acquisitions (organic) - CAGR
 Acquisitions net sales
Total Outdoors & Security net sales (GAAP) - CAGR

Twelve Months Ended December 31, 2022 vs Twelve Months Ended December 31, 2019	
CAGR %	
	9%
	3%
	17%

Compound Annual Growth Rate (CAGR) for Outdoors & Security net sales excluding acquisitions (organic) is CAGR for Outdoors & Security net sales derived in accordance with GAAP, excluding Solar Innovations net sales. Management uses this measure to evaluate the overall performance of the Outdoors & Security segment and believes this measure provides investors with helpful supplemental information regarding the underlying performance of the Outdoors & Security 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 NET SALES EXCLUDING THE IMPACT OF AN EXTRA 53RD WEEK
AND FOREIGN EXCHANGE TO PERCENTAGE CHANGE IN GAAP NET SALES

(Unaudited)

	Three Months Ended December 31, 2022
	% Change
WATER INNOVATIONS	
Percentage change in net sales excluding impact of 53rd Week and FX	(11%)
Impact of 53rd Week	4%
Impact of FX	(2%)
Percentage change in net sales (GAAP)	(9%)
OUTDOORS & SECURITY	
Percentage change in net sales excluding impact of 53rd Week and FX	(7%)
Impact of 53rd Week	3%
Impact of FX	(1%)
Percentage change in net sales (GAAP)	(5%)
TOTAL COMPANY	
Percentage change in net sales excluding impact of 53rd Week and FX	(9%)
Impact of 53rd Week	4%
Impact of FX	(2%)
Percentage change in net sales (GAAP)	(7%)
Twelve Months Ended December 31, 2022	
% Change	
OUTDOORS & SECURITY	
Percentage change in net sales excluding impact of 53rd Week and FX	5%
Impact of 53rd Week	1%
Impact of FX	-
Percentage change in net sales (GAAP)	6%
TOTAL COMPANY	
Percentage change in net sales from excluding impact of 53rd Week and FX	(2%)
Impact of 53rd Week	1%
Impact of FX	(1%)
Percentage change in net sales (GAAP)	(2%)

Net sales excluding the impact of a 53rd week and the impact of FX on net sales is net sales derived in accordance with GAAP excluding impact of the 53rd week and the effect of foreign currency on net sales for the year 2022. 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.

(In millions)

(Unaudited)

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

	Twelve Months Ended December 31,		
	2022	2021	% Change
EBITDA from continuing operations before charges/gains ^(f)	\$ 951.5	\$ 961.3	(1)
Depreciation*	\$ (82.7)	\$ (78.7)	5
Amortization of intangible assets	(48.3)	(46.3)	4
Restructuring and other (charges)/gains	(35.4)	(20.2)	75
Interest expense	(119.2)	(84.3)	41
Loss on equity investments ^(g)	-	(4.5)	(100)
Defined benefit plan actuarial gains/(losses)	1.2	(0.9)	(233)
Income taxes	(127.2)	(166.7)	(24)
Income from continuing operations, net of tax	\$ 539.9	\$ 559.7	(4)

* Depreciation excludes accelerated depreciation expense of (\$0.1) million for the twelve months ended December 31, 2022.

Depreciation excludes accelerated depreciation expense of (\$1.9) million for the twelve months ended December 31, 2021. Accelerated depreciation is included in restructuring and other charges/gains.

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

As of December 31, 2022

Short-term debt **	\$ 599.2
Long-term debt **	2,074.2
Total debt	2,673.4
Less:	
Cash and cash equivalents **	642.5
Net debt (1)	\$ 2,030.9

For the twelve months ended December 31, 2022

EBITDA from continuing operations before charges/gains (2) ^(f)	\$ 951.5
Net debt-to-EBITDA from continuing operations before charges/gains ratio (1/2)	2.1

** Amounts are per the Unaudited Condensed Consolidated Balance

(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 three months ended December 31, 2022, the diluted EPS before charges/gains is calculated as income from continuing operations on a diluted per-share basis, excluding \$13.9 million (\$10.5 million after tax or \$0.09 per diluted share) of restructuring and other charges/gains and the impact for actuarial gains associated with our defined benefit plans of \$1.6 million (\$1.2 million after tax or \$0.01 per diluted share).

For the twelve months ended December 31, 2022, the diluted EPS before charges/gains is calculated as income from continuing operations on a diluted per-share basis, excluding \$35.4 million (\$25.6 million after tax or \$0.20 per diluted share) of restructuring and other charges/gains, the impact for actuarial gains associated with our defined benefit plans of \$1.2 million (\$0.9 million after tax or \$0.01 per diluted share) and a tax benefit of \$8.4 million (\$0.06 per diluted share).

For the three months ended December 31, 2021, the diluted EPS before charges/gains is calculated as income from continuing operations on a diluted per-share basis, excluding \$4.0 million (\$4.9 million after tax or \$0.03 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 remaining outstanding shares of Flo, which occurred in January 2022, and the impact from actuarial gains associated with our defined benefit plans of \$0.2 million.

For the twelve months ended December 31, 2021, the diluted EPS before charges/gains is calculated as income from continuing operations on a diluted per-share basis, excluding \$20.2 million (\$16.6 million after tax or \$0.13 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 remaining outstanding shares of Flo, which occurred in January 2022, loss on equity investments of \$4.5 million (\$3.4 million after tax or \$0.02 per diluted share) and the impact for actuarial losses associated with our defined benefit plans of \$0.9 million (\$0.6 million net of tax).

RECONCILIATION OF DILUTED EPS FOR FORTUNE BRANDS HOME & SECURITY INCLUSIVE OF MASTERBRAND CABINETS BEFORE CHARGES/GAINS

For the three months ended December 31, 2022, the diluted EPS for Fortune Brands Home & Security, inclusive of MasterBrand Cabinets before charges/gains, is calculated by combining income from continuing operations before charges/gains on a diluted per-share basis, to income from the discontinued MasterBrand Cabinets segment through the separation date 12/14/2022 and MasterBrands Cabinets for post-separation 12/15/2022 through 12/25/2022 on a diluted per-share basis, excluding \$77.1 million (\$62.8 million after tax or \$0.49 per diluted share) of restructuring and other charges/gains and separation costs, asset impairment charges of \$20.4 million (\$15.4 million after tax or \$0.12 per diluted share), the impact for actuarial losses associated with our defined benefit plans of \$1.6 million (\$1.2 million after tax or \$0.01 per diluted share) and a tax expense of \$0.7 million (\$0.01 per diluted share).

For the twelve months ended December 31, 2022, the diluted EPS for Fortune Brands Home & Security, inclusive of MasterBrand Cabinets before charges/gains, is calculated by combining income from continuing operations before charges/gains on a diluted per-share basis, to income from the discontinued MasterBrand Cabinets segment through the separation date 12/14/2022 and MasterBrands Cabinets for post-separation 12/15/2022 through 12/25/2022 on a diluted per-share basis, excluding \$114.8 million (\$91.3 million after tax or \$0.71 per diluted share) of restructuring and other charges/gains and separation costs, asset impairment charges of \$46.4 million (\$35.1 million after tax or \$0.27 per diluted share), the impact for actuarial losses associated with our defined benefit plans of \$1.6 million (\$1.3 million after tax or \$0.01 per diluted share) and a tax benefit of \$3.4 million (\$0.03 per diluted share).

For the three months ended December 31, 2021, the diluted EPS for Fortune Brands Home & Security, inclusive of MasterBrand Cabinets before charges/gains, is calculated by combining income from continuing operations before charges/gains on a diluted per-share basis, to income from the discontinued MasterBrand Cabinets segment through the separation date 12/14/2022 and MasterBrands Cabinets for post-separation 12/15/2022 through 12/25/2022 on a diluted per-share basis, excluding \$1.4 million (\$1.0 million after tax) of restructuring and other charges and a tax expense of \$0.1 million.

For the twelve months ended December 31, 2021, the diluted EPS for Fortune Brands Home & Security, inclusive of MasterBrand Cabinets before charges/gains, is calculated by combining income from continuing operations before charges/gains on a diluted per-share basis, to income from the discontinued MasterBrand Cabinets segment through the separation date 12/14/2022 and MasterBrands Cabinets for post-separation 12/15/2022 through 12/25/2022 on a diluted per-share basis, excluding \$8.0 million (\$6.3 million after tax or \$0.04 per diluted share) of restructuring and other charges/gains and a tax expense of \$0.2 million.

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2022	2021	% Change	2022	2021	% Change
Earnings per common share (EPS) - Diluted						
Diluted EPS from continuing operations before charges/gains ^(c)	\$ 1.07	\$ 0.96	11	\$ 4.24	\$ 4.16	2
Restructuring and other (charges)/gains	(0.09)	(0.03)	200	(0.20)	(0.13)	54
Loss on equity investments ^(g)	-	-	-	-	(0.02)	(100)
Defined benefit plan actuarial (losses)/gains	0.01	-	NM	0.01	-	NM
Tax items	-	-	-	0.06	-	NM
Diluted EPS from continuing operations (GAAP)	\$ 0.99	\$ 0.93	6	\$ 4.11	\$ 4.01	2
Diluted EPS from continuing operations before charges/gains ^(c)	\$ 1.07	\$ 0.96	11	\$ 4.24	\$ 4.16	2
MasterBrand Cabinets discontinued operations through 12/15/2022	0.48	0.36	33	2.07	1.57	32
Diluted EPS through the spin-off date before charges/gains	\$ 1.55	\$ 1.32	17	\$ 6.31	\$ 5.73	(12)
Impact of MasterBrand Cabinets from 12/15/2022 to 12/25/2022	0.01	-	NM	0.01	-	NM
Diluted EPS Fortune Brands Home & Security inclusive of MasterBrand Cabinets before charges/gains ^(e)	\$ 1.56	\$ 1.32	18	\$ 6.32	\$ 5.73	10
Diluted EPS Fortune Brands Home & Security inclusive of MasterBrand Cabinets before charges/gains ^(e)	\$ 1.56	\$ 1.32	18	\$ 6.32	\$ 5.73	10
Diluted EPS from continuing operations from charges/gains ^(c)	\$ 1.07	\$ 0.96	11	\$ 4.24	\$ 4.16	2
Restructuring and other (charges)/gains	(0.09)	(0.03)	200	(0.20)	(0.13)	54
Loss on equity investments ^(g)	-	-	-	-	(0.02)	(100)
Defined benefit plan actuarial (losses)/gains	0.01	-	NM	0.01	-	NM
Tax items	-	-	-	0.06	-	NM
Diluted EPS from continuing operations (A) (GAAP)	\$ 0.99	\$ 0.93	6	\$ 4.11	\$ 4.01	2
Diluted EPS from discontinued operations before charges/gains ^(d)	0.49	0.36	38	2.08	1.57	32
Restructuring and other (charges)/gains	(0.49)	-	NM	(0.71)	(0.04)	100
Defined benefit plan actuarial (losses)/gains	(0.01)	-	NM	(0.01)	-	NM
Asset impairment charge ^(h)	(0.12)	-	NM	(0.27)	-	NM
Tax items	(0.01)	-	NM	0.03	-	NM
Diluted EPS from discontinued operations (B) (GAAP)	\$ (0.14)	\$ 0.36	(139)	\$ 1.12	\$ 1.53	(27)
Diluted EPS attributable to Fortune Brands (A + B) (GAAP) ^(e)	\$ 0.85	\$ 1.29	(34)	\$ 5.23	\$ 5.53	(6)

NM - Not Meaningful

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

FORTUNE BRANDS INNOVATIONS, INC.

RECONCILIATION OF 2023 FULL YEAR GUIDANCE FOR DILUTED EPS FROM CONTINUING OPERATIONS BEFORE CHARGES/GAINS TO DILUTED EPS FROM CONTINUING OPERATIONS (GAAP)

(Unaudited)

	Twelve Months Ending		
	December 31, 2023	December 31, 2022	% Change
Diluted EPS from continuing operations before charges/gains - full year range	\$ 3.60 - 3.80	\$ 4.24	(15) - (10)
Diluted EPS from continuing operations before charges/gains ^(c)	\$ 3.70	\$ 4.24	(13)
Restructuring and other (charges)/gains	(0.20)	(0.20)	
Defined benefit plan actuarial (losses)/gains	-	0.01	
Tax items	-	0.06	
Diluted EPS from continuing operations - (GAAP)	\$ 3.50	\$ 4.11	(15)
Diluted EPS from continuing operations - (GAAP) - full year range	\$ 3.40 - 3.60	\$ 4.11	(17) - (12)

For the twelve months ended December 31, 2022, the diluted EPS before charges/gains is calculated as income from continuing operations on a diluted per-share basis, excluding \$35.4 million (\$26.2 million after tax or \$0.20 per diluted share) of restructuring and other charges/gains, the impact for actuarial gains associated with our defined benefit plans of \$1.2 million (\$0.9 million after tax or \$0.01 per diluted share) and a tax benefit of \$8.4 million (\$0.06 per diluted share).

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

FORTUNE BRANDS INNOVATIONS, INC.
FREE CASH FLOW GUIDANCE TO GAAP CASH FLOW FROM OPERATIONS

(In millions)

(Unaudited)

	2023 Full Year Approximation
Free cash flow*	\$ 475.0
Add:	
Capital expenditures	250.0 - 300.0
Less:	
Proceeds from the disposition of assets	-
Proceeds from the exercise of stock options	-
Cash flow from operations (GAAP)	\$ 725.0 - 775.0

* Free cash flow is cash flow from operations calculated in accordance with U.S. generally accepted accounting principles ("GAAP") less net capital expenditures (capital expenditures less proceeds from the disposition of assets including property, plant and equipment, and proceeds from the exercise of stock options). 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.

Definitions of Terms: Non-GAAP Measures

(a) Operating income (loss) from continuing operations before charges/gains is calculated as operating income derived in accordance with GAAP, excluding restructuring and other charges/gains. Operating income (loss) from continuing operations 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, which include costs incurred for significant cost reduction initiatives and workforce reduction costs by segment, totaled \$10.2 million and \$32.4 million for the three and twelve months ended December 31, 2022, respectively. Restructuring charges for the three and twelve months ended December 31, 2021, were \$0.7 million and \$9.2 million, respectively. 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 three and twelve months ended December 31, 2022, total other charges were (\$0.1) million and (\$5.6) million, respectively, while total other charges were \$1.1 million and \$3.5 million during the three and twelve months ended December 31, 2021, respectively.

In the Water Innovations segment, other charges also include an acquisition-related inventory step-up expense of \$0.1 million and \$1.4 million for Aqualisa for the three and twelve months ended December 31, 2022, respectively, classified in the cost of products sold.

In the Outdoors & Security segment, other charges also include an acquisition-related inventory step-up expense of \$0.7 million for Solar Innovations and its affiliated entity for the twelve months ended December 31, 2022, classified in the cost of products sold. Additionally, there was a \$0.3 million and \$2.1 million compensation arrangement with the former owner of Solar for the three and twelve months ended December 31, 2022, respectively, classified in selling, general, and administrative expenses. There was also an acquisition-related inventory step-up expense of \$3.3 million for Larson for the twelve months ended December 31, 2021, classified in cost of products sold.

At the Corporate level, other charges also include expenditures of \$0.2 million and \$1.2 million for the three and twelve months ended December 31, 2022, respectively, for banking, legal, accounting, and other similar services directly related to the acquisition of Aqualisa. Additionally, there were expenditures of \$3.4 million for the three and twelve months ended December 31, 2022, for banking, legal, accounting, and other similar services directly related to the planned acquisition of the Emtek and Schaub premium and luxury door and hardware business, as well as the U.S. and Canadian Yale and August residential smart home lock businesses. During the twelve months ended December 31, 2021, there were \$1.4 million in external costs directly related to evaluating acquisition targets, which included expenditures for accounting, tax, and other similar services. Furthermore, for the twelve months ended December 31, 2021, there were \$0.3 million in 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.

(c) 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, defined benefit plan actuarial losses/gains, loss on equity investments, and tax items. 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.

(d) Diluted earnings per share from discontinued operations before charges/gains is calculated as income from discontinued operations on a diluted per-share basis, excluding restructuring and other charges/gains and separation costs, asset impairment charges, defined benefit plan actuarial losses/gains and tax items. This measure is not in accordance with GAAP. Management uses this measure to evaluate the discontinued operations performance and believes it provides investors with helpful supplemental information about the discontinued operations underlying performance from period to period. However, this measure may not be consistent with similar measures presented by other companies.

(e) Diluted earnings per share for Fortune Brands Home & Security, inclusive of Masterbrand Cabinets before charges/gains, is calculated by combining income from continuing operations before charges/gains on a per-share basis, to income from the discontinued Masterbrand Cabinets segment through the separation date 12/14/2022 and MasterBrands Cabinets for post-separation 12/15/2022 through 12/25/2022 on a per-share basis. This calculation excludes restructuring and other charges/gains and separation costs, defined benefit plan actuarial losses/gains, asset impairment charges and tax items. This measure is not in accordance with GAAP and is used by management to evaluate the overall performance of the Company, including the contribution of the MasterBrand Cabinets segment. Management believes 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.

(f) EBITDA from continuing operations before charges/gains is calculated as income from continuing operations in accordance with GAAP, excluding depreciation, amortization of intangible assets, restructuring and other charges/gains, interest expense, defined benefit plan actuarial losses/gains, loss on equity investments, 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.

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

(h) Asset impairment charges for the three and twelve months ending on December 31, 2022, represent pre-tax impairment charges of \$20.4 million and \$46.4 million, respectively. These charges are related to the indefinite-lived trade names in our discontinued Cabinets segment