

FORTUNE BRANDS INNOVATIONS, INC.

(In millions)
(Unaudited)

	Thirteen Weeks Ended	Three Months Ended		
	July 1, 2023	June 30, 2022	\$ Change	% Change
Net sales (GAAP)				
Water	\$ 617.1	\$ 650.0	\$ (32.9)	(5)
Outdoors	375.6	437.2	(61.6)	(14)
Security	171.0	168.2	2.8	2
Total net sales	\$ 1,163.7	\$ 1,255.4	\$ (91.7)	(7)

	Twenty-Six Weeks Ended	Six Months Ended		
	July 1, 2023	June 30, 2022	\$ Change	% Change
	\$ 1,211.3	\$ 1,293.6	\$ (82.3)	(6)
	665.5	780.8	(115.3)	(15)
	326.9	321.2	5.7	2
	\$ 2,203.7	\$ 2,395.6	\$ (191.9)	(8)

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

(In millions)
(Unaudited)

	Thirteen Weeks Ended	Three Months Ended		
	July 1, 2023	June 30, 2022	\$ Change	% Change
WATER				
Operating income (GAAP)	\$ 142.1	\$ 160.7	\$ (18.6)	(12)
Restructuring charges ^(b)	1.1	0.9	0.2	22
Other charges/(gains) ^(b)	-	-	-	-
Cost of products sold	-	-	-	-
Selling, general and administrative expenses	-	-	-	-
Operating income before charges/gains ^(a)	\$ 143.2	\$ 161.6	\$ (18.4)	(11)
OUTDOORS				
Operating income (GAAP)	\$ 61.2	\$ 67.4	\$ (6.2)	(9)
Restructuring charges ^(b)	1.5	0.1	1.4	1,400
Other charges/(gains) ^(b)	-	-	-	-
Cost of products sold	(1.7)	-	(1.7)	(100)
Selling, general and administrative expenses	-	-	-	-
Solar compensation ^(c)	0.6	0.6	-	-
Operating income before charges/gains ^(a)	61.6	68.1	\$ (6.5)	(10)
SECURITY				
Operating income (GAAP)	\$ (0.4)	\$ 25.1	\$ (25.5)	(102)
Restructuring charges ^(b)	19.6	-	19.6	NM
Other charges/(gains) ^(b)	-	-	-	-
Cost of products sold	7.4	-	7.4	100
Operating income before charges/gains ^(a)	\$ 26.6	\$ 25.1	\$ 1.5	6
CORPORATE				
Corporate expense (GAAP)	\$ (50.3)	\$ (33.7)	\$ (16.6)	49
Restructuring charges ^(b)	-	-	-	-
Other charges/(gains) ^(b)	0.3	0.2	0.1	50
Selling, general and administrative expenses	16.4	-	16.4	NM
ASSA transaction expenses ^(d)	-	-	-	-
General and administrative expenses before charges/gains ^(a)	\$ (33.6)	\$ (33.5)	\$ (0.1)	-
TOTAL COMPANY				
Operating income (GAAP)	\$ 152.6	\$ 219.5	\$ (66.9)	(30)
Restructuring charges ^(b)	22.2	1.0	21.2	2,120
Other charges/(gains) ^(b)	-	-	-	-
Cost of products sold	5.7	-	5.7	100
Selling, general and administrative expenses	0.3	0.2	0.1	50
ASSA transaction expenses ^(d)	16.4	-	16.4	100
Solar compensation ^(c)	0.6	0.6	-	-
Operating income before charges/gains ^(a)	\$ 197.8	\$ 221.3	\$ (23.5)	(11)

	Twenty-Six Weeks Ended	Six Months Ended		
	July 1, 2023	June 30, 2022	\$ Change	% Change
	\$ 270.5	\$ 310.0	\$ (39.5)	(13)
	1.3	0.9	0.4	44
	0.1	-	0.1	100
	-	0.8	(0.8)	(100)
	\$ 271.9	\$ 311.7	\$ (39.8)	(13)
	\$ 74.2	\$ 107.2	\$ (33.0)	(31)
	3.0	0.7	2.3	329
	-	-	-	-
	(1.7)	(5.4)	3.7	(69)
	-	(0.2)	0.2	(100)
	1.3	1.0	0.3	30
	76.8	103.3	(26.5)	(26)
	\$ 20.8	\$ 45.5	\$ (24.7)	(54)
	20.2	-	20.2	100
	7.5	-	7.5	100
	\$ 48.5	\$ 45.5	\$ 3.0	7
	\$ (81.1)	\$ (63.4)	\$ (17.7)	28
	0.7	-	0.7	100
	-	-	-	-
	0.3	0.2	0.1	50
	17.4	-	17.4	100
	\$ (62.7)	\$ (63.2)	\$ 0.5	(1)
	\$ 284.4	\$ 399.3	\$ (114.9)	(29)
	25.2	1.6	23.6	1,475
	5.9	(5.4)	11.3	(209)
	0.3	0.8	(0.5)	(62)
	17.4	-	17.4	100
	1.3	1.0	0.3	30
	\$ 334.5	\$ 397.3	\$ (62.8)	(16)

NM - Not Meaningful

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) (b) (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	Three Months Ended	
	July 1, 2023	June 30, 2022	Change
WATER			
Operating margin	23.0%	24.7%	(170) bps
Restructuring charges	0.2%	0.2%	
Before charges/gains operating margin	23.2%	24.9%	(170) bps
OUTDOORS			
Operating margin	16.3%	15.4%	90 bps
Restructuring charges	0.4%	0.1%	
Other charges/(gains)			
Cost of products sold	(0.5%)	-	
Solar compensation ^(f)	0.2%	0.1%	
Before charges/gains operating margin	16.4%	15.6%	80 bps
SECURITY			
Operating margin	(0.2%)	14.9%	(1510) bps
Restructuring charges	11.5%	-	
Other charges/(gains)			
Cost of products sold	4.3%	-	
Before charges/gains operating margin	15.6%	14.9%	70 bps
TOTAL COMPANY			
Operating margin	13.1%	17.5%	(440) bps
Restructuring charges	1.9%	0.1%	
Other charges/(gains)			
Cost of products sold	0.5%	-	
ASSA transaction expenses ^(e)	1.4%	-	
Solar compensation ^(f)	0.1%	-	
Before charges/gains operating margin	17.0%	17.6%	(60) 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.

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

**FORTUNE BRANDS INNOVATIONS, INC.
RECONCILIATION OF PERCENTAGE CHANGE IN GAAP NET SALES TO PERCENTAGE CHANGE IN NET SALES
EXCLUDING THE IMPACT OF AN ACQUISITION AND FOREIGN EXCHANGE**

(Unaudited)

Thirteen Weeks Ended July 1, 2023	
% Change	

WATER

Percentage change in net sales (GAAP)

Impact of Aqualisa Acquisition

Impact of FX

Percentage change in net sales excluding impact of an acquisition and FX

	(5%)
	(2%)
	1%
	(6%)

Net sales excluding the impact of an acquisition and the impact of FX on net sales is net sales derived in accordance with GAAP excluding impact of an acquisition and the effect of foreign currency 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 THE IMPACT OF ACQUISITIONS (ORGANIC)**

(Unaudited)

Thirteen Weeks Ended July 1, 2023 vs Three months ended June 30, 2019	
% Change	

Total Company

Percentage change in net sales (GAAP)

Excluding Acquisition net sales

Percentage change in net sales excluding acquisitions (organic)

	33%
	(14%)
	19%

Net sales excluding the impact of acquisitions on net sales is net sales derived in accordance with GAAP excluding impact of acquisitions 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.

(In millions)

(Unaudited)

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

	Thirteen Weeks Ended			Twenty-Six Weeks Ended		
	July 1, 2023	June 30, 2022	% Change	July 1, 2023	June 30, 2022	% Change
Income from continuing operations, net of tax	\$ 102.1	\$ 144.3	(29)	\$ 187.7	\$ 270.5	(31)
Depreciation *	\$ 19.5	\$ 20.1	(3)	\$ 38.7	\$ 40.1	(3)
Amortization of intangible assets	12.6	11.6	9	25.2	23.2	9
Restructuring charges	22.2	1.0	100	25.2	1.6	100
Other charges/(gains)	6.0	0.2	100	6.2	(4.6)	(235)
ASSA transaction expenses ^(e)	16.4	-	NM	17.4	-	NM
Solar compensation ^(f)	0.6	0.6	-	1.3	1.0	30
Interest expense	27.7	30.5	(9)	54.6	52.3	4
Income taxes	28.0	44.9	(38)	53.7	78.9	(32)
EBITDA before charges/gains ^(d)	\$ 235.1	\$ 253.2	(7)	\$ 410.0	\$ 463.0	(11)

* Depreciation 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 restructuring and other charges/gains.

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

As of July 1, 2023	
Short-term debt **	\$ 599.8
Long-term debt **	2,668.5
Total debt	3,268.3
Less:	
Cash and cash equivalents **	681.7
Net debt (1)	\$ 2,586.6
For the twelve months ended July 1, 2023	
EBITDA before charges/gains (2) ^(d)	\$ 898.5
Net debt-to-EBITDA before charges/gains ratio (1/2)	2.9

** Amounts are per the Unaudited Condensed Consolidated Balance Sheet as of July 1, 2023.

	Six Months ended	Twenty-Six Weeks Ended	Twelve Months Ended
	December 31, 2022	July 1, 2023	July 1, 2023
Income from continuing operations, net of tax	\$ 269.5	\$ 187.7	\$ 457.2
Depreciation***	\$ 42.7	\$ 38.7	\$ 81.4
Amortization of intangible assets	25.1	25.2	50.3
Restructuring charges	30.8	25.2	56.0
Other charges/(gains)	2.2	6.2	8.4
ASSA transaction expenses ^(e)	3.4	17.4	20.8
Solar compensation ^(f)	1.1	1.3	2.4
Interest expense	66.8	54.6	121.4
Defined benefit plan actuarial gains	(1.3)	-	(1.3)
Income taxes	48.2	53.7	101.9
EBITDA before charges/gains ^(d)	\$ 488.5	\$ 410.0	\$ 898.5

*** Depreciation excludes accelerated depreciation expense of \$2.2 million for the twenty-six weeks ended July 1, 2023, and \$0.1 million for the six months ended December 31, 2022. Accelerated depreciation is included in restructuring and other charges/gains.

NM - Not Meaningful

(d) (e) (f) 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 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 \$0.04 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.

For the three months ended June 30, 2022, the diluted EPS before charges/gains is calculated as income from continuing operations on a diluted per-share basis, excluding \$1.0 million (\$0.7 million after tax or \$0.01 per diluted share) of restructuring charges, \$0.2 million of other charges/gains and \$0.6 million (\$0.5 million after tax) related to the compensation agreement with the former owner of Solar.

For the six months ended June 30, 2022, the diluted EPS before charges/gains is calculated as income from continuing operations on a diluted per-share basis, excluding \$1.6 million (\$1.2 million after tax or \$0.01 per diluted share) of restructuring charges, (\$4.6) million ((\$4.8) million after tax or (\$0.03) per diluted share) of other charges/gains and \$1.0 million (\$0.8 million after tax or \$0.01 per diluted share) related to the compensation agreement with the former owner of Solar.

	Thirteen Weeks Ended			Twenty-Six Weeks Ended		
	July 1, 2023	Three Months Ended June 30, 2022	% Change	July 1, 2023	Six Months Ended June 30, 2022	% Change
Earnings per common share (EPS) - Diluted						
Diluted EPS from continuing operations (GAAP)	\$ 0.80	\$ 1.10	(27)	\$ 1.47	\$ 2.03	(28)
Restructuring charges	0.13	0.01	100	0.15	0.01	100
Other charges/(gains)	0.04	-	NM	0.03	(0.04)	(175)
ASSA transaction expenses ^(e)	0.10	-	NM	0.10	-	NM
Solar compensation ^(f)	-	-	-	0.01	0.01	-
Diluted EPS from continuing operations before charges/gains ^(c)	\$ 1.07	\$ 1.11	(4)	\$ 1.76	\$ 2.01	(12)

NM - Not Meaningful

(c) (e) (f) 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)

	Twenty-Six Weeks Ended	Six Months Ended	2023 Full Year
	July 1, 2023	June 30, 2022	Estimate
Cash flow from operations (GAAP)	\$ 503.6	\$ 41.9	\$ 830.0 - 880.0
Less:			
Capital expenditures	112.2	115.6	250.0 - 300.0
Free cash flow**	\$ 391.4	\$ (73.7)	\$ 575.0

* 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.

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.

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

Thirteen Weeks Ended	
July 1, 2023	
Cash flow from operations (GAAP)	\$ 427.5
Less:	
Capital expenditures	69.6
Free cash flow*	\$ 357.9

* 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.

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

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) Restructuring charges, which include costs incurred for significant cost reduction initiatives and workforce reduction costs by segment, totaled \$22.2 million and \$25.2 million for the thirteen weeks ended and twenty-six weeks ended July 1, 2023, respectively, and \$1.0 million and \$1.6 million for the three and six months ended June 30, 2022, 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 thirteen weeks and twenty-six weeks ended July 1, 2023 total other charges were \$6.0 million and \$6.2 million, respectively. For the three and six months ended June 30, 2022, total charges were \$0.2 million and total other income of (\$4.6) million, respectively.

(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. 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) 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, 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.

(e) At Corporate, other charges also include expenditures of \$16.4 million and \$17.4 million for the thirteen weeks and twenty-six weeks ended July 1, 2023, respectively, for banking, legal, accounting, and other similar services directly related to our ASSA transaction.

(f) In Outdoors, other charges include charges for a compensation arrangement with the former owner of Solar classified in selling, general and administrative expenses of \$0.6 million and \$1.3 million for the thirteen weeks and twenty-six weeks ended July 1, 2023, respectively. For the three months and six months ended June 30, 2022, other charges for a compensation agreement with the former owner of classified in selling, general and administrative expenses of \$0.6 million and \$1.0 million, respectively.