
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 25, 2024

FORTUNE BRANDS INNOVATIONS, INC.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

1-35166
(Commission File Number)

62-1411546
(IRS Employer
Identification No.)

520 Lake Cook Road
Deerfield, Illinois
(Address of Principal Executive Offices)

60015-5611
(Zip Code)

Registrant's Telephone Number, Including Area Code: 847 484-4400

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

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.

Item 2.02 Results of Operations and Financial Condition.

On July 25, 2024, Fortune Brands Innovations, Inc. (the “Company”) issued a press release reporting the Company’s second quarter 2024 results, as well as certain guidance for 2024. A copy of the Company’s press release is being furnished as Exhibit 99.1 to this Current Report on Form 8-K and is hereby incorporated herein by reference.

The information furnished pursuant to this Item 2.02, including Exhibit 99.1, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities under that section and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Exchange Act.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated July 25, 2024, issued by Fortune Brands Innovations, Inc.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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 hereunto duly authorized.

FORTUNE BRANDS INNOVATIONS, INC.

Date: July 25, 2024

By: /s/ David V. Barry

Name: David V. Barry

Title: Executive Vice President and Chief Financial Officer



Fortune Brands Delivers Solid Sales and Strong Margin Results in the Second Quarter; Updates Full Year Guidance

Highlights:

- Q2 2024 sales were \$1.2 billion, an increase of 7 percent versus Q2 2023. Organic sales were \$1.1 billion, a decrease of 3 percent versus Q2 2023
- Q2 2024 earnings per share (EPS) were \$1.06, an increase of 33 percent versus a year ago; EPS before charges / gains were \$1.16, an increase of 8 percent versus Q2 2023
- Company announced a number of key milestones in its digital products strategy
- Company updates full-year 2024 guidance, reflecting a revised macro-economic outlook and strength in key businesses while maintaining prior mid-point of EPS before charges / gains range

DEERFIELD, Ill.--(BUSINESS WIRE)--July 25, 2024--Fortune Brands Innovations, Inc. (NYSE: FBIN or "Fortune Brands" or the "Company"), an industry-leading innovation company focused on creating smarter, safer and more beautiful homes and improving lives, today announced second quarter 2024 results.

"Our teams continued to execute at a high level in a dynamic market. We delivered solid second quarter sales as our core U.S. products outperformed the market and we saw acceleration in our digital products," said Fortune Brands Chief Executive Officer Nicholas Fink. "We also delivered strong operating margins, which are a tangible result of our organizational realignment and the other transformational actions we have taken over the past few years."

Fink continued, "Finally, we announced several significant accelerants to our digital strategy, including with major insurance providers, municipalities and technology partners. I am proud of the continued investments and progress we have made, particularly in an uneven and dynamic external environment."

Second Quarter 2024 Results

(\$ in millions, except per share amounts)

Unaudited

Total Company Results

	Reported Net Sales	Operating Income	Operating Margin	EPS
Q2 2024 GAAP	\$1,240	\$199.1	16.1%	\$1.06
Change	7%	30%	300 bps	33%
	Reported Net Sales	Operating Income Before Charges / Gains	Operating Margin Before Charges / Gains	EPS Before Charges / Gains
Q2 2024 Non-GAAP	\$1,240	\$215.9	17.4%	\$1.16
Change	7%	9%	40 bps	8%

Segment Results

	Net Sales		Change		Operating Margin	Change	Operating Margin Before Charges/Gains	Change
	Reported	Organic	Reported	Organic				
Water Innovations	\$660	\$586	7%	(5%)	22.9%	(10) bps	23.3%	10 bps
Outdoors	\$389	\$389	4%	4%	13.3%	(300) bps	16.3%	(10) bps
Security	\$191	\$159	12%	(7)%	18.0%	1,820 bps	18.9%	330 bps

Balance Sheet and Cash Flow

The Company exited the quarter with a strong balance sheet, and generated \$262 million of operating cash flow and \$223 million of free cash flow in the quarter. In accordance with its opportunistic, returns-based share repurchase program, the Company repurchased \$55 million of shares in the quarter, and as of July 25, 2024, has repurchased \$190 million of shares year to date.

As of the end of the second quarter 2024:

Net debt	\$2.5 billion
Net debt to EBITDA before charges / gains	2.6x
Cash	\$353 million
Amount available under revolving credit facility	\$1,020 million

Updated 2024 Market and Financial Guidance

“Amidst a dynamic market, we are now updating our full-year guidance to reflect our expectations for continued out-performance driven by our core businesses, with particular strength in our Outdoors segment and our Moen North America business, and our accelerating digital sales, which are offset by weaker China sales. Importantly, we are narrowing the range around our prior EPS before charges / gains mid-point due to expected growth in our core and digital businesses and strong margin performance,” said Fortune Brands Chief Financial Officer David Barry. “As we position Fortune Brands for long-term shareholder value creation, we will continue to prioritize above-market sales growth opportunities, margin expansion and cash generation, while continuing to effectively manage costs and invest in a strategic set of key priorities.”

Updated 2024 Full-Year Guidance

	Initial 2024 Full-Year Guidance	Updated 2024 Full-Year Guidance
MARKET		
Global market	-3% to flat	-3% to -1%
U.S. market	-2% to flat	-1% to flat
U.S. R&R	-4% to -2%	-4% to -3%
U.S. SFNC	5% to 7%	8% to 10%
China market	-9% to -7%	-20% to -15%
TOTAL COMPANY FINANCIAL METRICS		
Net sales	3.5% to 5.5%	2.5% to 4.5%
Net sales [organic]	-1% to 1%	-2% to flat
Operating margin before charges / gains	16.5% to 17.5%	17.0% to 17.5%
EPS before charges / gains	\$4.20 to \$4.40	\$4.25 to \$4.35
Cash flow from operations	Around \$720 million	Around \$700 million

Free cash flow	Around \$520 million	Around \$500 million
Cash conversion	Around 100%	Around 100%
SEGMENT FINANCIAL METRICS		
Water Innovations net sales	3% to 5%	2.5% to 4.5%
Water Innovations net sales [organic]	-2% to flat	-4% to -2%
Water Innovations operating margin before charges / gains	24% to 24.5%	Around 24%
Outdoors net sales	1% to 3%	2% to 4%
Outdoors operating margin before charges / gains	13.5% to 14.5%	14.5% to 15.5%
Security net sales	10% to 12%	5% to 7%
Security net sales [organic]	Flat to 2%	-3% to -1%
Security operating margin before charges / gains	15.5% to 16.5%	15.5% to 16.5%
OTHER ITEMS		
Corporate expense	\$140 million to \$145 million	\$143 million to \$148 million
Interest expense	\$118 million to \$120 million	\$122 million to \$124 million
Other income / (expense)	Around \$5 million	Around \$5 million
Tax rate	23.25% to 23.5%	23.25% to 23.5%
Share count	Around 127 million	Around 126 million

For certain forward-looking non-GAAP measures (as used in this press release, operating margin before charges / gains on a full Company and segment basis, EPS before charges / gains and cash conversion), the Company is unable to provide a reconciliation to the most comparable GAAP financial measure because the information needed to reconcile these measures is unavailable due to the inherent difficulty of forecasting the timing and / or amount of various items that have not yet occurred, including the high variability and low visibility with respect to gains and losses associated with our defined benefit plans, which are excluded from EPS before charges / gains and cash conversion, and restructuring and other charges, which are excluded from operating margin before charges / gains, EPS before charges / gains and cash conversion. Additionally, estimating such GAAP measures and providing a meaningful reconciliation consistent with the Company's accounting policies for future periods requires a level of precision that is unavailable for these future periods and cannot be accomplished without unreasonable effort. Forward-looking non-GAAP measures are estimated consistent with the relevant definitions and assumptions.

Conference Call Details

Today at 5:00 p.m. ET, Fortune Brands will host an investor conference call to discuss results. A live internet audio webcast of the conference call will be available on the Fortune Brands website at ir.fbin.com/upcoming-events. It is recommended that listeners log on at least 10 minutes prior to the start of the call. A recorded replay of the call will be made available on the Company's website shortly after the call has ended.

About Fortune Brands Innovations

Fortune Brands Innovations, Inc. (NYSE: FBIN), headquartered in Deerfield, Ill., is a brand, innovation and channel leader focused on exciting, supercharged categories in the home products, security and commercial building markets. The Company's growing portfolio of brands includes Moen, Flo, House of Rohl, Aqualisa, Emtek, Therma-Tru, Larson, Fiberon, Master Lock, SentrySafe, Yale residential and August. To learn more about FBIN, its brands and environmental, social and governance (ESG) commitments, visit www.FBIN.com.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements that are made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include all statements that are not historical statements of fact and those regarding our intent, belief or expectations for our business, operations, financial performance or financial condition in addition to statements regarding our expectations for the markets in which we operate, general business strategies, the market potential of our brands, trends in the housing market, the potential impact of costs, including material and labor costs, the potential impact of inflation, expected capital spending, expected pension contributions, the expected impact of acquisitions, dispositions and other strategic transactions, the anticipated impact of recently issued accounting standards on our financial statements, and other matters that are not historical in nature. Statements preceded by, followed by or that otherwise include the words “believes,” “expects,” “anticipates,” “intends,” “projects,” “estimates,” “plans,” “outlook,” “positioned,” “confident,” “opportunity” 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 current expectations, estimates, assumptions and projections of our management about our industry, business and future financial results, available at the time this press release is issued. 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, including but not limited to: (i) our reliance on the North American and Chinese home improvement, repair and remodel and new home construction activity levels, (ii) the housing market, downward changes in the general economy, unfavorable interest rates or other business conditions, (iii) the competitive nature of consumer and trade brand businesses, (iv) our ability to execute on our strategic plans and the effectiveness of our strategies in the face of business competition, (v) our reliance on key customers and suppliers, including wholesale distributors and dealers and retailers, (vi) risks relating to rapidly evolving technological change, (vii) risks associated with our ability to improve organizational productivity and global supply chain efficiency and flexibility, (viii) risks associated with global commodity and energy availability and price volatility, as well as the possibility of sustained inflation, (ix) delays or outages in our information technology systems or computer networks or breaches of our information technology systems or other cybersecurity incidents, (x) risks associated with doing business globally, including changes in trade-related tariffs and risks with uncertain trade environments, (xi) risks associated with the disruption of operations, (xii) our inability to obtain raw materials and finished goods in a timely and cost-effective manner, (xiii) risks associated with strategic acquisitions, divestitures and joint ventures, including difficulties integrating acquired companies and the inability to achieve the expected financial results and benefits of transactions, (xiv) impairments in the carrying value of goodwill or other acquired intangible assets, (xv) risks of increases in our defined benefit-related costs and funding requirements, (xvi) our ability to attract and retain qualified personnel and other labor constraints, (xvii) the effect of climate change and the impact of related changes in government regulations and consumer preferences, (xviii) risks associated with environmental, social and governance matters, (xix) potential liabilities and costs from claims and litigation, (xx) changes in government and industry regulatory standards, (xxi) future tax law changes or the interpretation of existing tax laws, (xxii) our ability to secure and protect our intellectual property rights, and (xxiii) the impact of COVID-19 on the business. These and other factors are discussed in Part I, Item 1A “Risk Factors” of our Annual Report on Form 10-K for the year ended December 30, 2023. We undertake no obligation to, and expressly disclaim any such obligation to, update or clarify any forward-looking statements to reflect changed assumptions, the occurrence of anticipated or unanticipated events, new information or changes to future results over time or otherwise, except as required by law.

Use of Non-GAAP Financial Information

This press release includes measures not derived in accordance with generally accepted accounting principles ("GAAP"), such as diluted earnings per share before charges / gains, operating income before charges / gains, operating margin before charges / gains, net debt, net debt to EBITDA before charges / gains, sales excluding the impact of acquisitions (organic sales), free cash flow and cash conversion. These non-GAAP measures should not be considered in isolation or as a substitute for any measure derived in accordance with GAAP and may also be inconsistent with similar measures presented by other companies. Reconciliations of these measures to the applicable most closely comparable GAAP measures, and reasons for the Company's use of these measures, are presented in the attached pages.

Source: Fortune Brands Innovations, Inc.

INVESTOR AND MEDIA CONTACT:

Leigh Avsec

847-484-4211

Investor.Questions@fbin.com

FORTUNE BRANDS INNOVATIONS, INC.

(In millions)

(Unaudited)

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

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

FORTUNE BRANDS INNOVATIONS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (GAAP)

(In millions)

(Unaudited)

	June 29, 2024	December 30, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 352.6	\$ 366.4
Accounts receivable, net	593.6	534.2
Inventories	990.5	982.3
Other current assets	145.2	162.8
Total current assets	2,081.9	2,045.7
Property, plant and equipment, net	976.6	975.0
Goodwill	1,994.8	1,906.8
Other intangible assets, net of accumulated amortization	1,336.2	1,354.7
Other assets	284.4	282.8
Total assets	\$ 6,673.9	\$ 6,565.0
Liabilities and equity		
Current liabilities		
Short-term debt	\$ 499.3	\$ -
Accounts payable	554.4	568.1
Other current liabilities	494.3	632.3
Total current liabilities	1,548.0	1,200.4
Long-term debt	2,401.7	2,670.1
Deferred income taxes	120.6	111.3
Other non-current liabilities	273.0	289.8
Total liabilities	4,343.3	4,271.6
Stockholders' equity	2,330.6	2,293.4
Total equity	2,330.6	2,293.4
Total liabilities and equity	\$ 6,673.9	\$ 6,565.0

FORTUNE BRANDS INNOVATIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Twenty-Six Weeks Ended June 29, 2024	Twenty-Six Weeks Ended July 1, 2023
Operating activities		
Net income	\$ 230.2	\$ 186.7
Depreciation and amortization	101.5	66.1
Non-cash lease expense	19.3	15.8
Deferred taxes	11.8	(1.0)
Other non-cash items	19.7	16.7
Changes in assets and liabilities, net	(192.3)	219.3
Net cash provided by operating activities	\$ 190.2	\$ 503.6
Investing activities		
Capital expenditures	\$ (103.4)	\$ (112.2)
Proceeds from the disposition of assets	5.7	2.7
Cost of acquisitions, net of cash acquired	(129.0)	(781.8)
Other investing activities, net	(3.5)	-
Net cash used in investing activities	\$ (230.2)	\$ (891.3)
Financing activities		
Increase in debt, net	\$ 230.0	\$ 595.1
Proceeds from the exercise of stock options	7.1	5.0
Treasury stock purchases	(150.2)	(100.0)
Dividends to stockholders	(60.2)	(58.6)
Other items, net	(17.0)	(13.7)
Net cash provided by financing activities	\$ 9.7	\$ 427.8
Effect of foreign exchange rate changes on cash	\$ (7.7)	\$ (2.1)
Net increase (decrease) in cash and cash equivalents	\$ (38.0)	\$ 38.0
Cash, cash equivalents and restricted cash* at beginning of period	395.5	648.3
Cash, cash equivalents and restricted cash* at end of period	\$ 357.5	\$ 686.3

FREE CASH FLOW

	Twenty-Six Weeks Ended June 29, 2024	Twenty-Six Weeks Ended July 1, 2023	2024 Full Year Estimate
Cash flow from operations (GAAP)	\$ 190.2	\$ 503.6	\$ 700.0
Less:			
Capital expenditures	\$ 103.4	\$ 112.2	\$ 200.0
Free cash flow**	\$ 86.8	\$ 391.4	\$ 500.0

*Restricted cash of \$2.5 million and \$2.4 million is included in Other current assets and Other assets, respectively, as of June 29, 2024. Restricted cash of \$2.3 million and \$2.3 million is included in Other current assets and Other assets, respectively, as of July 1, 2023.

** 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.
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.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (GAAP)
(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	\$ 1,240.0	\$ 1,163.7	7	\$ 2,349.5	\$ 2,203.7	7
Cost of products sold	699.0	695.6	-	1,320.9	1,327.2	-
Selling, general and administrative expenses	319.7	280.7	14	631.3	541.7	17
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)
Operating income	199.1	152.6	30	354.5	284.4	25
Interest expense	32.3	27.7	17	62.4	54.6	14
Other (income)/expense, net	(3.7)	(5.2)	(29)	(3.6)	(11.6)	(69)
Income from continuing operations before income taxes	170.5	130.1	31	295.7	241.4	22
Income tax	36.6	28.0	31	65.5	53.7	22
Income from continuing operations, net of tax	\$ 133.9	\$ 102.1	31	\$ 230.2	\$ 187.7	23
(Loss) income from discontinued operations, net of tax	-	-	-	-	(1.0)	(100)
Net income	\$ 133.9	\$ 102.1	31	\$ 230.2	\$ 186.7	23
Net income attributable to Fortune Brands	\$ 133.9	\$ 102.1	31	\$ 230.2	\$ 186.7	23
Diluted earnings per common share						
Continuing operations	\$ 1.06	\$ 0.80	33	\$ 1.82	\$ 1.47	24
Discontinued operations	\$ -	\$ -	-	\$ -	\$ (0.01)	(100)
Diluted EPS attributable to Fortune Brands	\$ 1.06	\$ 0.80	33	\$ 1.82	\$ 1.46	24
Diluted average number of shares outstanding	125.8	127.5	(1)	126.4	128.0	(1)

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

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

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%
Impact of SpringWell Acquisition	6.9	-	
Impact of Emtek and Schaub Acquisition	67.1	-	
Organic net sales excluding impact of acquisitions	\$ 585.6	\$ 617.1	(5%)
OUTDOORS			
Net sales (GAAP)	\$ 389.4	\$ 375.6	4%
Organic net sales	\$ 389.4	\$ 375.6	4%
SECURITY			
Net sales (GAAP)	\$ 191.0	\$ 171.0	12%
Impact of Yale and August Acquisition	32.2	-	
Organic net sales excluding impact of acquisition	\$ 158.8	\$ 171.0	(7%)
TOTAL COMPANY			
Net sales (GAAP)	\$ 1,240.0	\$ 1,163.7	7%
Impact of SpringWell Acquisition	6.9	-	
Impact of Emtek and Schaub Acquisition	67.1	-	
Impact of Yale and August Acquisition	32.2	-	
Organic net sales excluding impact of acquisitions	\$ 1,133.8	\$ 1,163.7	(3%)

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.

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 Outdoors segment.

Additional Information:

In January 2023, the Board of Directors of the Company approved a change to the Company's fiscal year end from December 31 to a 52-or 53-week fiscal year ending on the Saturday closest but not subsequent to December 31, effective as of the commencement of the Company's fiscal year on January 1, 2023. This change was made in order to align the Company's fiscal year with that of its operating businesses and to align the Company's reporting calendar with how the Company evaluates its businesses. There was no material impact to any of our previously disclosed financial information.

For certain forward-looking non-GAAP measures (as used in this press release, operating margin before charges/gains, EPS before charges/gains and cash conversion), the Company is unable to provide a reconciliation to the most comparable GAAP financial measure because the information needed to reconcile these measures is unavailable due to the inherent difficulty of forecasting the timing and/or amount of various items that have not yet occurred, including the high variability and low visibility with respect to gains and losses associated with our defined benefit plans, which are excluded from our diluted EPS before charges/gains and cash conversion, and restructuring and other charges, which are excluded from our operating margin before charges/gains, diluted EPS before charges/gains and cash conversion. Additionally, estimating such GAAP measures and providing a meaningful reconciliation consistent with the Company's accounting policies for future periods requires a level of precision that is unavailable for these future periods and cannot be accomplished without unreasonable effort. Forward-looking non-GAAP measures are estimated consistent with the relevant definitions and assumptions.
