

**FORTUNE BRANDS INNOVATIONS, INC.**

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

(In millions)

(Unaudited)

	Thirteen weeks ended	Three Months Ended		
	April 1, 2023	March 31, 2022	\$ Change	% Change
<b>WATER</b>				
<b>Operating income (GAAP)</b>	\$ 128.4	\$ 149.3	\$ (20.9)	(14)
Restructuring charges <sup>(b)</sup>	0.2	-	0.2	NM
Other charges/(gains) (b)				
Selling, general and administrative expenses	-	0.8	(0.8)	(100)
<b>Operating income before charges/gains <sup>(a)</sup></b>	\$ 128.6	\$ 150.1	\$ (21.5)	(14)
<b>OUTDOORS</b>				
<b>Operating income (GAAP)</b>	\$ 13.0	\$ 39.8	\$ (26.8)	(67)
Restructuring charges <sup>(b)</sup>	1.5	0.6	0.9	150
Other charges/(gains) (b)				
Cost of products sold	0.1	(5.4)	5.5	(102)
Selling, general and administrative expenses	0.6	0.2	0.4	200
<b>Operating income before charges/gains <sup>(a)</sup></b>	\$ 15.2	\$ 35.2	\$ (20.0)	(57)
<b>SECURITY</b>				
<b>Operating income (GAAP)</b>	\$ 21.1	\$ 20.4	\$ 0.7	3
Restructuring charges <sup>(b)</sup>	0.7	-	0.7	NM
<b>Operating income before charges/gains <sup>(a)</sup></b>	\$ 21.8	\$ 20.4	\$ 1.4	7
<b>CORPORATE</b>				
<b>Corporate expense (GAAP)</b>	\$ (30.7)	\$ (29.7)	\$ (1.0)	3
Restructuring charges <sup>(b)</sup>	0.7	-	0.7	100
Other charges/(gains) (b)				
Selling, general and administrative expenses	1.1	-	1.1	NM
<b>General and administrative expenses before charges/gains <sup>(a)</sup></b>	\$ (28.9)	\$ (29.7)	\$ 0.8	(3)
<b>TOTAL COMPANY</b>				
<b>Operating income (GAAP)</b>	\$ 131.8	\$ 179.8	\$ (48.0)	(27)
Restructuring charges <sup>(b)</sup>	3.1	0.6	2.5	417
Other charges/(gains) <sup>(b)</sup>				
Cost of products sold	0.1	(5.4)	5.5	(102)
Selling, general and administrative expenses	1.7	1.0	0.7	70
<b>Operating income before charges/gains <sup>(a)</sup></b>	\$ 136.7	\$ 176.0	\$ (39.3)	(22)

(a) (b) 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	
	April 1, 2023	March 31, 2022	Change
<b>WATER</b>			
<b>Operating margin</b>	21.6%	23.2%	(160) bps
Restructuring & other charges/(gains)	-	0.1%	
<b>Before charges/gains operating margin</b>	21.6%	23.3%	(170) bps
<b>OUTDOORS</b>			
<b>Operating margin</b>	4.5%	11.6%	(710) bps
Restructuring & other charges/(gains)	0.7%	(1.4%)	
<b>Before charges/gains operating margin</b>	5.2%	10.2%	(500) bps
<b>SECURITY</b>			
<b>Operating margin</b>	13.5%	13.3%	20 bps
Restructuring & other charges/(gains)	0.5%	-	
<b>Before charges/gains operating margin</b>	14.0%	13.3%	70 bps
<b>TOTAL COMPANY</b>			
<b>Operating margin</b>	12.7%	15.8%	(340) bps
Restructuring & other charges/(gains)	0.4%	(0.4%)	
<b>Before charges/gains operating margin</b>	13.1%	15.4%	(230) 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.

**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 April 1, 2023**

**% Change**

**WATER INNOVATIONS**

**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**

(8%)

(2%)

2%

(8%)

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 April 1, 2023 vs  
Three months ended March 31, 2019**

**% Change**

**Total Company**

**Percentage change in net sales (GAAP)**

Excluding Acquisition net sales

**Percentage change in net sales excluding acquisitions (organic)**

38%

(14%)

24%

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.  
RECONCILIATION OF PERCENTAGE CHANGE IN GAAP NET SALES TO PERCENTAGE CHANGE IN NET SALES  
EXCLUDING CHINA NET SALES**

*(Unaudited)*

**Thirteen Weeks Ended April 1, 2023 vs  
Three months ended March 31, 2022**

**% Change**

**Total Company**

**Percentage change in net sales (GAAP)**

Excluding China net sales

**Percentage change in net sales excluding China net sales**

(9%)

3%

(6%)

Net sales excluding China net sales is net sales derived in accordance with GAAP excluding China 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)

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

**As of April 1, 2023**

Short-term debt *	\$ 599.5
Long-term debt *	2,074.9
Total debt	2,674.4
Less:	
Cash and cash equivalents *	539.1
Net debt (1)	\$ 2,135.3

**For the twelve months ended April 1, 2023**

EBITDA before charges/gains (2) <sup>(d)</sup>	\$ 916.5
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**Net debt-to-EBITDA before charges/gains ratio (1/2)**

2.3
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\* Amounts are per the Unaudited Condensed Consolidated Balance Sheet as of April 1, 2023.

	Nine Months ended December 31, 2022	Thirteen Weeks Ended April 1, 2023	Twelve Months Ended April 1, 2023
<b>Income from continuing operations, net of tax</b>	\$ 413.7	\$ 85.6	\$ 499.3
Depreciation**	\$ 62.7	\$ 19.2	\$ 81.9
Amortization of intangible assets	36.7	12.6	49.3
Restructuring and other charges/(gains)	39.2	4.9	44.1
Interest expense	97.4	26.8	124.2
Defined benefit plan actuarial gains	(1.2)	-	(1.2)
Income taxes	93.2	25.7	118.9
<b>EBITDA before charges/gains <sup>(d)</sup></b>	<b>\$ 741.7</b>	<b>\$ 174.8</b>	<b>\$ 916.5</b>

\*\* Depreciation excludes accelerated depreciation expense of (\$0.1) million for the thirteen weeks ended April 1, 2023, and (\$0.1) million for the nine months ended December 31, 2022. Accelerated depreciation is included in restructuring and other charges/gains.

(d) 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 April 1, 2023, the diluted EPS before charges/gains is calculated as income from continuing operations on a diluted per-share basis, excluding \$4.9 million (\$3.7 million after tax or \$0.02 per diluted share) of restructuring and other charges/gains.

For the three months ended March 31, 2022, the diluted EPS before charges/gains is calculated as income from continuing operations on a diluted per-share basis, excluding \$3.8 million (\$4.1 million after tax or \$0.03 per diluted share) of restructuring and other charges/gains.

Thirteen Weeks Ended	Three Months Ended	
April 1, 2023	March 31, 2022	% Change

### Earnings per common share (EPS) - Diluted

#### Diluted EPS from continuing operations (GAAP)

\$	0.67	\$	0.94	(29)
	0.02		(0.03)	(167)
\$	0.69	\$	0.91	(24)

Restructuring and other charges/(gains)

Diluted EPS from continuing operations before charges/gains <sup>(c)</sup>

(c) 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 (GAAP) TO DILUTED EPS FROM CONTINUING OPERATIONS BEFORE CHARGES/GAINS**

*(Unaudited)*

	<b>Fifty-two Weeks Ended</b>	<b>Twelve Months Ending</b>	
	<b>December 30, 2023</b>	<b>December 31, 2022</b>	<b>% Change</b>
Diluted EPS from continuing operations - (GAAP) - full year range	\$ 3.46 - 3.66	\$ 4.11	(16) - (11)
Diluted EPS from continuing operations - (GAAP)	\$ 3.56	\$ 4.11	(13)
Restructuring and other charges/gains	0.19	0.20	
Defined benefit plan actuarial gains	-	(0.01)	
Tax items	-	(0.06)	
Diluted EPS from continuing operations before charges/gains <sup>(c)</sup>	\$ 3.75	\$ 4.24	(12)
<b>Diluted EPS from continuing operations before charges/gains - full year range</b>	<b>\$ 3.65 - 3.85</b>	<b>\$ 4.24</b>	<b>(14) - (9)</b>

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.****CASH FLOW FROM OPERATIONS (GAAP) TO FREE CASH FLOW**

(In millions)

*(Unaudited)***Cash flow from operations (GAAP)**

Less:

Capital expenditures

Add:

Proceeds from the disposition of assets

Proceeds from the exercise of stock options

**Free cash flow\***

2023 Full Year Estimate	
\$	715.0 - 765.0
	250.0 - 300.0
	5.0
	5.0
\$	475.0

\* 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) 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 \$3.1 million and \$0.6 million for the thirteen weeks ended April 1, 2023 and the three months ended March 31, 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 ended April 1, 2023 and the three months ended March 31, 2022, total other charges were \$0.7 million and total other income of (\$4.4) million, respectively.

At Corporate, other charges also include expenditures of \$1.1 million for the thirteen weeks ended April 1, 2023 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.

(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, the impact for actuarial gains associated with our defined benefit plans and a tax benefit. 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 and other charges/gains, interest expense, defined benefit plan actuarial losses/gains, 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.