


A SUPERCHARGED GROWTH OPPORTUNITY

INVESTOR PRESENTATION

May 2023

Fortune Brands Innovations

All references to operating margin and EBITDA margin are on a before charges/gains basis

FORWARD LOOKING STATEMENTS

This presentation contains certain "forward-looking statements" made within the meaning of the Private Securities Litigation Reform Act of 1995. Forward looking statements include all statements that are not historical statements of fact and those regarding our intent, belief, or expectations, including, but not limited to: our general business strategies, anticipated market potential, the potential impact of costs, including material and labor costs, the potential impact of inflation, the potential of our brands' expected capital spending, expected pension contributions, expected impact of acquisitions, the anticipated effects of recently issued accounting standards on our financial statements, planned business strategies, future financial performance and other matters. Statements that include the words "believes," "expects," "anticipates," "intends," "projects," "estimates," "plans," "outlook," "positioned" 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 the expectations, estimates, assumptions and projections about our industry, business and future financial results available at the date of this presentation.

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: our reliance on the North American and Chinese home improvement, repair and remodel and new home construction activity levels, the housing market, downward changes in the general economy, unfavorable interest rates or other business conditions, the competitive nature of consumer and trade brand businesses, our ability to execute on our strategic plans and the effectiveness of our strategies in the face of business competition, our reliance on key customers and suppliers, including wholesale distributors and dealers and retailers, risks associated with our ability to improve organizational productivity and global supply chain efficiency and flexibility, risks associated with global commodity and energy availability and price volatility, as well as the possibility of sustained inflation, delays or outages in our information technology systems or computer networks, risks associated with doing business globally, including changes in trade-related tariffs and risks with uncertain trade environments, risks associated with the disruption of operations, our inability to obtain raw materials and finished goods in a timely and cost-effective manner, the uncertainties relating to the impact of COVID-19 on our business, financial performance and operating results, our ability to attract and retain qualified personnel and other labor constraints, the effect of climate change, changes in government and industry regulatory standards, and the other factors discussed in our securities filings, including in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the Securities and Exchange Commission.

The forward-looking statements included in this presentation are made as of the date hereof, and except as required by law, we undertake no obligation to, and expressly disclaim any such obligation to, update, amend or clarify any forward-looking statements to reflect events, new information or circumstances occurring after the date of this presentation.

RECONCILIATION STATEMENT

This presentation includes measures not derived in accordance with generally accepted accounting principles ("GAAP"), such as organic net sales and before charges/gains measurements of operating margin, segment operating margin, EBITDA margin and segment EBITDA margin. These 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. Reconciliation of these measures to the most closely comparable GAAP measures, and reasons for the company's use of these measures, are attached as an appendix hereto.

WHY INVEST IN FORTUNE BRANDS INNOVATIONS

Leading Positions in Growth Categories with Long-term Secular Tailwinds

Proven Growth Engine with Defined Path to Long-Term Value Creation

Newly Aligned Organization Driving Significant Growth and Efficiencies

Successful Track Record of Through-the-Cycle Value Creation Led by Exceptional Team

Strong Financial Position & Cash Flow to Accelerate Growth Strategy

Meaningful and Achievable Sustainable Margin Expansion Roadmap

FORTUNE BRANDS INNOVATIONS: A BRAND, INNOVATION AND CHANNEL LEADER

Operates in **high growth categories:**

Powered by **strong secular tailwinds**


Water Management


Connected Products


Material Conversion


Outdoor Living


Safety & Wellness


Sustainability

Underpinned by **leading brands**

MOEN · HOUSE OF ROHL · PERRIN & ROWE · Riobel · ROHL · SHAWS · victoria + albert · AQUALISA

THERMA TRU DOORS · LARSON · fiberon · FYPON · SOLARINNOVATIONS · Master Lock · AMERICAN LOCK · SentrySafe

And driven by our **Fortune Brands Advantage** Capabilities

UNDERLYING FUNDAMENTALS SUPPORT LONG-TERM R&R GROWTH

R&R FOCUSED

~67%

of FBIN's North America mix is R&R

RECORD HIGH HOME EQUITY

$300,000

average equity per homeowner (1)

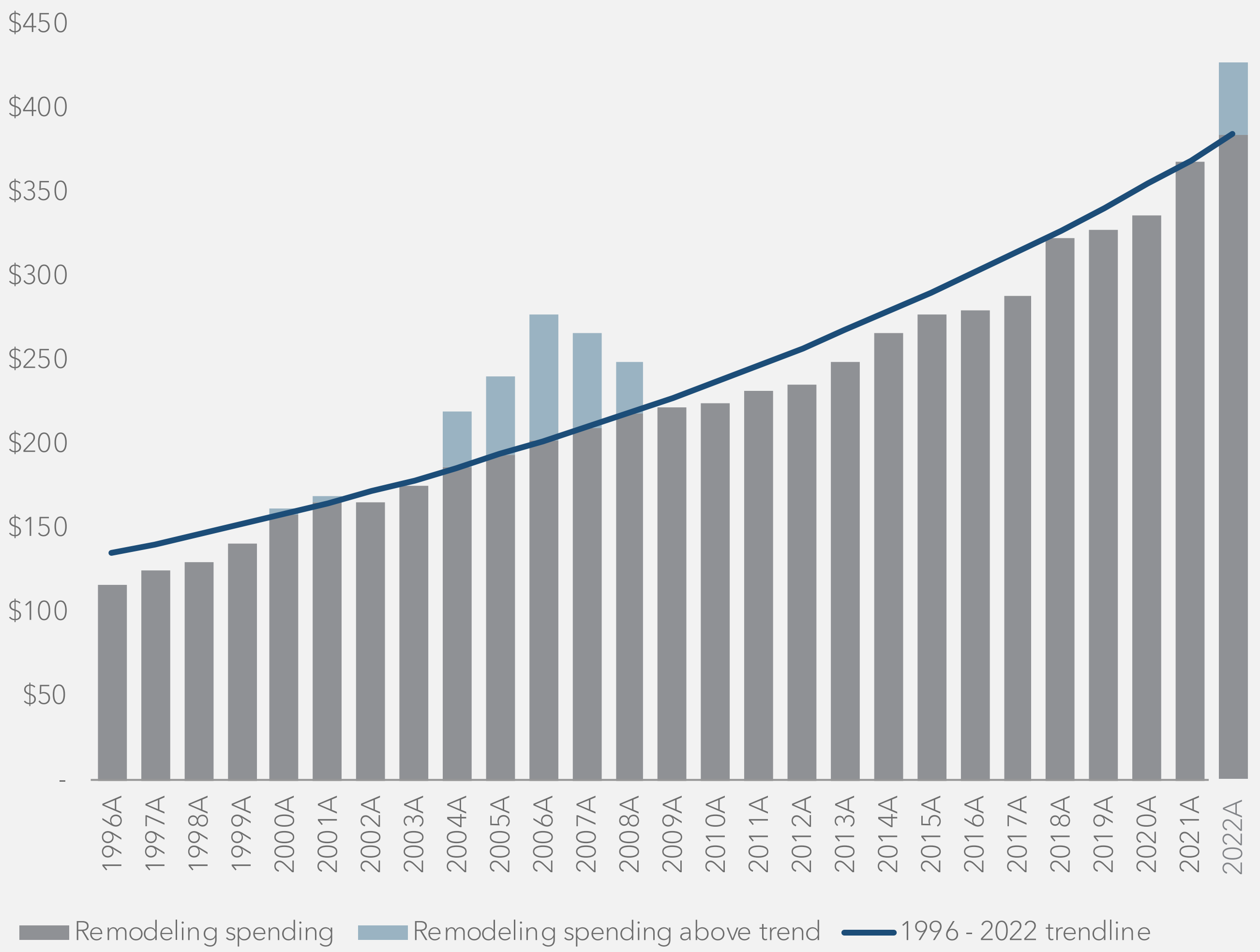
AGING HOUSING STOCK

~40 years

average home age (2)

U.S. Remodeling Spend Has

Grown at a 5% CAGR Since 1996 (3)



(1) CoreLogic Homeowner Equity Report 2Q22
(2) US Census, FBIN Analysis
(3) Harvard Joint Center for Housing Studies (Homeowner Improvements & Maintenance)

LONG-TERM NEW CONSTRUCTION OUTLOOK REMAINS FAVORABLE

HOUSEHOLD FORMATION
12 million
households formed 2018-2028 (1)

HOUSING UNDERBUILD
3 million
units underbuilt since 2002 (2)

PENT-UP DEMAND
3 million
more young adults living at home vs. pre-2008 (3)

(1) Harvard Joint Center for Housing Studies
(2) FBIN Analysis
(3) US Census

DRIVING RESILIENT, ACCELERATED GROWTH AND MARGIN PROGRESSION THROUGH THE CYCLE

ORGANIC TARGETS

Net Sales	Operating Margin (1)	EBITDA Margin (1)
MARKET: 4% - 6% CAGR COMPANY: **6% - 9% CAGR** (≥+200 bps vs. market)	COMPANY: **20% - 22%** (+300 bps - +500 bps)	COMPANY: **23% - 25%** (+300 bps - +500 bps)
Water: 7% - 9%	Water: 25%+	Water: 27%+
Outdoors: 7% - 9%	Outdoors: 18% - 20%	Outdoors: 22% - 24%
Security: 3% - 6%	Security: 18% - 20%	Security: 20% - 22%

ACQUISITIONS PRESENT AN OPPORTUNITY TO ACCELERATE GROWTH FURTHER

(1) Presented on a before charges & gains basis and includes corporate SG&A

FORTUNE BRANDS INNOVATIONS IS A PROVEN GROWTH COMPANY

	Net Sales 10-year CAGR 2012-2022	**Net Sales** 5-year CAGR 2017-2022	**Net Sales** 3-year CAGR 2019-2022
Reported (i.e., including acquisitions)	**+10%**	**+11%**	**+12%**
Organic (i.e., excluding acquisitions)	**+7%**	**+7%**	**+7%**

ACQUISITIONS HAVE CONTRIBUTED +300 TO +500 BPS OF GROWTH

ORGANIC GROWTH DRIVERS

Brands

Leading brands in categories where brands matter

Innovation

Investing in and organized to accelerate innovation across the business in our products and processes

Channel

Omni-channel company, leveraging relationships and insights across wholesale dealers, leading home centers, showrooms, eCommerce, national builders and distributors

Global Supply Chain

Enables market-leading service levels and fuels growth by strategic sourcing, automation, scale and data-driven insights

Digital

Accelerating innovation and speed to market and driving productivity and efficiency

Talent

Aligned and experienced management team focused on driving growth

DISCIPLINED ACQUISITION STRATEGY AUGMENTING ACCELERATED GROWTH

Proven track record of value-creating acquisitions in high-growth categories

- 11 major acquisitions since 2011
- >$2 billion deployed into M&A since 2011
- Contributing ~$1B to 2022 Net Sales

fiberon | LARSON | HOUSE OF ROHL

SOLARINNOVATIONS® ARCHITECTURAL GLAZING SYSTEMS | AQUALISA | flō BY MOEN

Go Forward M&A Priorities

- Profitable & Supercharged End-Markets
- Innovative Brands
- Digital or Advanced Material Tailwind
- Omni-Channel Capability
- Operating Synergies
- Commitment to Returns

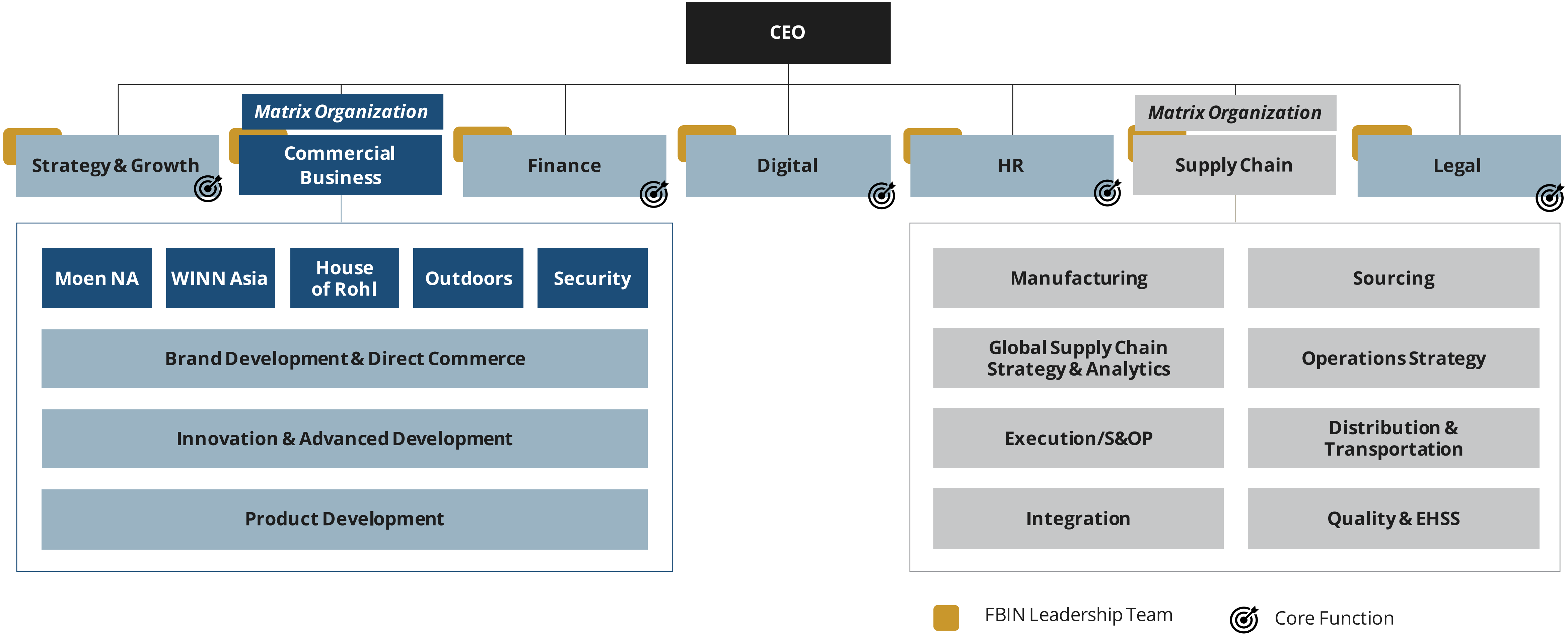
EVOLUTION OF FORTUNE BRANDS INNOVATIONS

	THEN (2011 - DECEMBER 2022)	**NOW** (DECEMBER 2022+)
	FORTUNE BRANDS HOME & SECURITY, INC. NYSE: FBHS	**FORTUNE BRANDS INNOVATIONS, INC.** NYSE: FBIN
STRATEGY	• Capture the housing recovery with a broad portfolio of housing products	• Focused on high-growth categories in housing and adjacent markets that have exposure to supercharged opportunities
PORTFOLIO	• Bigger ticket, commoditized products accounting for significant part of portfolio	• Smaller ticket products driven by brands and innovation
STRUCTURE	• Decentralized and siloed	• Leaner and aligned
CAPABILITIES	• Pockets of excellence	• Capabilities in digital, supply chain, category management and complexity reduction can be fully unlocked and harnessed across the full organization
FINANCIAL PERFORMANCE	• Growth at or slightly above market • Cyclical cash flows	• Targeting growth significantly above market • Less cyclical cash flows

REMAINS THE SAME			
Well-balanced portfolio (1/3 new construction, 2/3 R&R)	Strong cash generation and balance sheet	Strategic capital allocation priorities	Responsible approach to work

In December 2022, Fortune Brands completed the separation of its Cabinets business and re-branded as Fortune Brands Innovations, Inc.

NEWLY ALIGNED STRUCTURE WILL DRIVE GROWTH, EFFICIENCY & RESULTS



FORTUNE BRANDS ADVANTAGE: OUR POWERFUL BUSINESS SYSTEM

Category Management

Business Simplification

Global Supply Chain Excellence

Digital Transformation

ALIGNED STRUCTURE NOW ENABLES US TO UNLOCK THE FULL POTENTIAL OF THE FORTUNE BRANDS ADVANTAGE ACROSS THE COMPANY

WE OPERATE IN DEEP, OPPORTUNITY-RICH, GROWING CATEGORIES

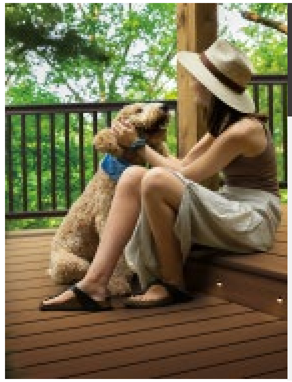
HIGH-GROWTH CATEGORIES

4% - 6% MARKET CAGR

Water

$20B
N.A. Residential TAM

$15B
N.A. Commercial TAM



Outdoors

$25B
N.A. Residential TAM

$15B
N.A. Commercial TAM

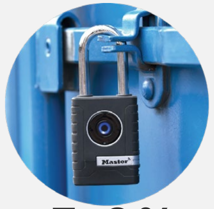
Security

$30B
N.A Residential TAM

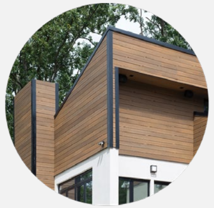
$45B
N.A. Commercial TAM

SUPERCHARGED TAILWINDS

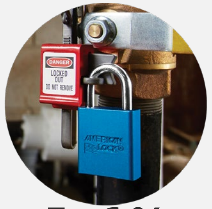
+10-12% [1]
Water Management



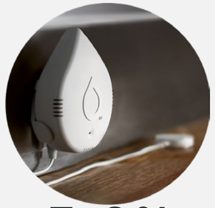
+7-8% [1]
Connected Products



+8-9% [2]
Material Conversion



+5-6% [3]
Safety & Wellness



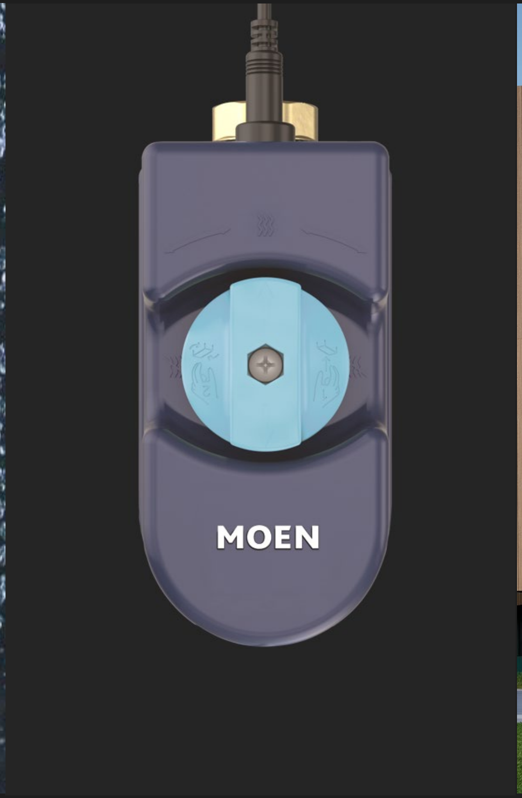
+7-8% [4]
Sustainability

DRIVING INCREMENTAL GROWTH AS PORTFOLIO EVOLVES OVER TIME

Source: 1. Omdia Smart Home Device Penetration Forecast; 2. Principia Composite Decking Growth Forecast; 3. McKinsey "US Wellness Market Continues to Boom"; 4. IRI/NPD w/ NYU Stern Center for Sustainable Business

ESG ACCELERANTS

WE LEVERAGE OUR LEADING POSITIONS, ADVANTAGED BUSINESS MODEL AND TALENTED TEAM TO DELIVER INSPIRING PRODUCTS



save water I utilize recycled materials I conserve energy I protect people

GROWTH CATEGORY: WATER

MOEN® | HOUSE OF ROHL | AQUALISA®

GROWTH DRIVERS INCLUDE

- #1 consumer faucet brand: **Moen**
- #1 luxury kitchen and bath fixtures among designers: **House of Rohl**
- Leading operating margins
- Award-winning brands and innovation
- First to market a whole home water management system, the Moen Smart Water Network

54% OF FBIN 2022 NET SALES

2019-2022 GROWTH

+8% CAGR
Net Sales

+270 bps
Operating Margin[1]

+280 bps
EBITDA Margin[1]

#1 Claims based on North American data
(1) Presented on a before charges & gains basis and includes corporate SG&A

IDENTIFIED PATHWAY TO ACCELERATED FUTURE GROWTH

Water Tailwinds

CONNECTED PRODUCTS

Smart Point-of-Use

Monitoring & Controls

SAFETY & WELLNESS

Damage Prevention

Water Quality

SUSTAINABILITY


The New York Times

California Approves New Water Restrictions Amid Worsening Drought

The regulations are the strictest statewide mandates yet.

Conservation

Environmental Stewardship

WATER MANAGEMENT

Organic Water Targets

7% - 9%
Net Sales

25%+
Operating Margin[1]

27%+
EBITDA Margin[1]

(1) Presented on a before charges & gains basis and includes corporate SG&A

GROWTH CATEGORY: OUTDOORS

THERMA TRU DOORS | LARSON | fiberon | FYPON | SOLAR INNOVATIONS ARCHITECTURAL GLAZING SYSTEMS

GROWTH DRIVERS INCLUDE

- #1 fiberglass entry doors among builders: **Therma-Tru**
- #1 storm doors: **Larson**
- Advanced material science expertise; pioneered fiberglass entry doors; expanding composite portfolio from **Fiberon**
- Award-winning brands and innovation
- First to market an integrated storm and entry door system: Impressions from Therma-Tru and Larson

32% OF FBIN 2022 NET SALES

2019-2022 GROWTH

+25% CAGR
Net Sales

+60 bps
Operating Margin[1]

+150 bps
EBITDA Margin[1]

#1 Claims based on North American data

(1) Presented on a before charges & gains basis and includes corporate SG&A

IDENTIFIED PATHWAY TO ACCELERATED FUTURE GROWTH

Outdoors Tailwinds

OUTDOOR LIVING

Outdoor Living space ranked #1 most-popular home exterior upgrade category in 2022 AIA architect survey [(1)]

(1) AIA Home Design Trends Survey (2022)
(2) Ducker (2022)
(3) Principia/Barclays (2022)

MATERIAL CONVERSION

Exterior Door Market Volume [(2)]

50% Fiberglass	50% Conversion Opportunity (other materials)

Fiberglass vs. Wood

- ✓ Less maintenance
- ✓ Energy savings
- ✓ Greater longevity
- ✓ More sustainable

Decking Market Volume [(3)]

25% Composite PVC	75% Conversion Opportunity (other materials)

Composite/PVC vs. Wood

- ✓ Less maintenance
- ✓ Lower lifetime cost
- ✓ Greater longevity
- ✓ More sustainable

SUSTAINABILITY

Fiberon composite board is made with ~95% recycled material, preventing more than 70,000 tons of plastic and wood waste per year

Organic Outdoors Targets

7% - 9%
Net Sales

18% - 20%
Operating Margin[1]

22% – 24%
EBITDA Margin[1]

(1) Presented on a before charges & gains basis and includes corporate SG&A

GROWTH CATEGORY: SECURITY

GROWTH DRIVERS INCLUDE

- #1 mechanical padlocks: **Master Lock**
- #1 fire safes: **SentrySafe**
- Widely recognized brand names in locks, safety, and security devices
- Strong commercial security and safety offerings
- Growing connected product portfolio

2019-2022 GROWTH

+3% CAGR
Net Sales

+260 bps
Operating Margin[1]

+190 bps
EBITDA Margin[1]

14% OF FBIN 2022 NET SALES

#1 Claims based on North American data
(1) Presented on a before charges & gains basis and includes corporate SG&A

IDENTIFIED PATHWAY TO ACCELERATED FUTURE GROWTH

Security Tailwinds

CONNECTED PRODUCTS

<10%
consumer smart/ connected lock penetration today[1]

Real estate & rental properties

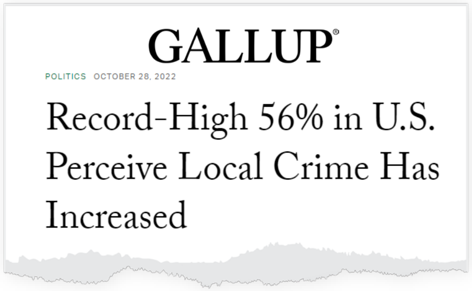
Remote unnamned access

Electrified door access

(1) Omdia Smart Device Penetration (2021)
(2) National Safety Council (2022)

SAFETY & WELLNESS

Consumer Concerns



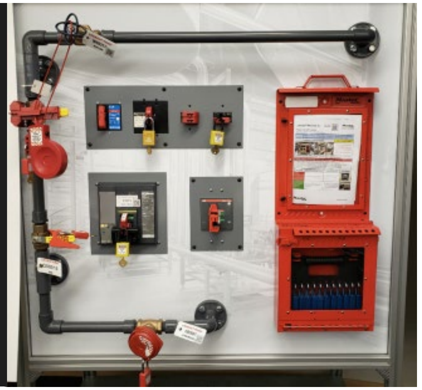
GALLUP

POLITICS OCTOBER 28, 2022

Record-High 56% in U.S. Perceive Local Crime Has Increased

Commercial / EHS Needs

Lockout/Tagout among top 10 OSHA citations[2]



Organic Security Targets

3% - 6%
Net Sales

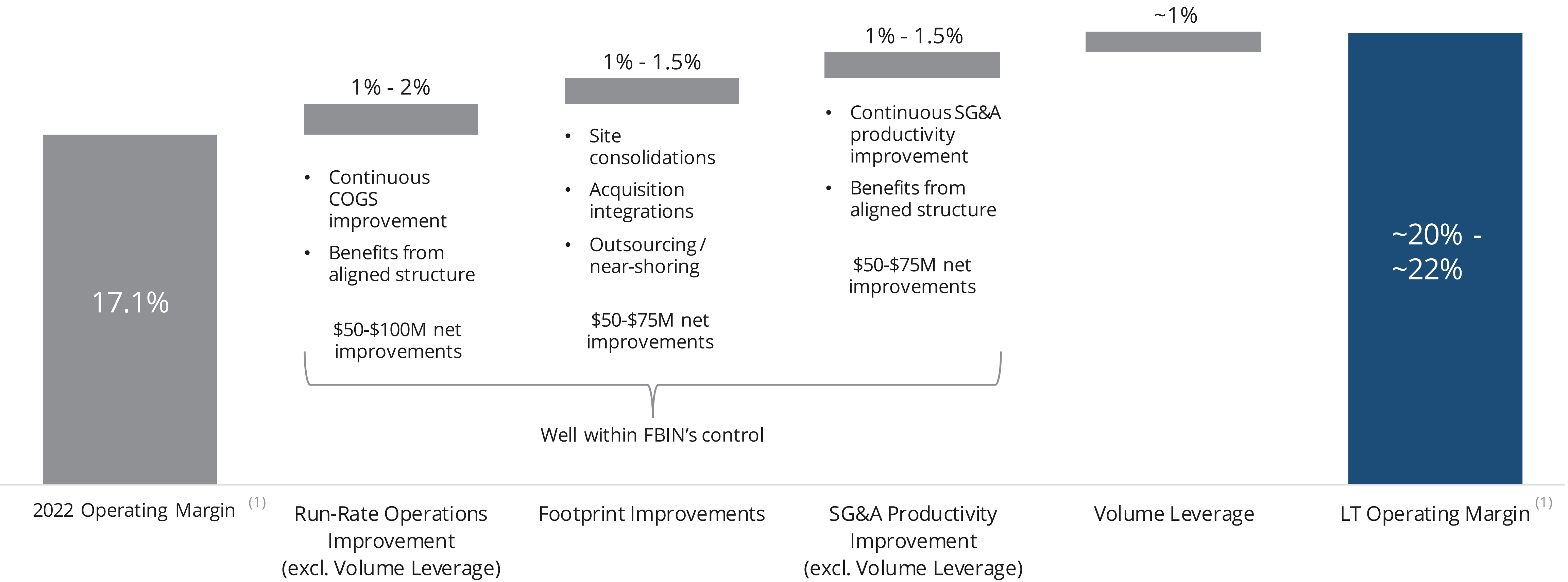
18% - 20%
Operating Margin[1]

20% - 22%
EBITDA Margin[1]

(1) Presented on a before charges & gains basis and includes corporate SG&A

KEY DRIVERS OF +300-500 BPS OF MARGIN EXPANSION

INCLUSIVE OF SG&A PRODUCTIVITY GAINS TOTALING $50 TO $75 MILLION NET OF REINVESTMENT



(1) Presented on a before charges & gains basis and includes corporate SG&A

LONG-TERM CAPITAL ALLOCATION PRIORITIES

ORGANIC GROWTH

- Brand, Innovation, and Channel investments
- Investments in digital factory and connected products
- High-returning CapEx investments

TARGETED M&A

- Acute focus on supercharged categories
- Create value via channel and supply chain synergies
- Enhanced capabilities allowing for faster integration and synergies

CAPITAL RETURN

- Quarterly dividend payments
- Opportunistic share repurchases

APPENDIX

PRESENTATION RECONCILIATIONS
FORTUNE BRANDS INNOVATIONS
($ In billions)
(Unaudited)

FORTUNE BRANDS INNOVATIONS	Twelve Months Ended December 31,		
	2022	2019	CAGR %
Net sales			
Water Innovations	$ 2.6	$ 2.0	8%
Outdoors	1.5	0.8	25%
Security	0.6	0.6	3%
Total Company net sales (GAAP)	$ 4.7	$ 3.4	12%

PRESENTATION RECONCILIATIONS
FORTUNE BRANDS INNOVATIONS
RECONCILIATION OF TOTAL COMPANY NET SALES (GAAP) COMPOUND ANNUAL GROWTH RATE (CAGR) TO TOTAL COMPANY NET SALES EXCLUDING ACQUISITIONS CAGR
(Unaudited)

	10-year	5-year	3-year
FORTUNE BRANDS INNOVATIONS	CAGR %	CAGR %	CAGR %
Total Company net sales (GAAP) - CAGR	10%	11%	12%
Acquisitions net sales	(3%)	(4%)	(5%)
Total Company net sales excluding acquisitions (organic) - CAGR	7%	7%	7%

Compounded Annual Growth Rate (CAGR) for Total Company net sales excluding acquisitions (i.e. organic) is CAGR for Total Company net sales derived in accordance with GAAP, excluding Larson net sales, Solar Innovations net sales, Aqualisa Holdings net sales, Flo Technologies, Inc. ("Flo") net sales, SentrySafe net sales, Anaheim Manufacturing net sales, House of ROHL net sales, Riobel net sales, Perrin & Rowe net sales, Shaws net sales, Victoria & Albert net sales and Fiberon 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

GAAP OPERATING MARGIN TO BEFORE CHARGES/GAINS OPERATING MARGIN

(Unaudited)

	Twelve Months Ended December 31,		
	2022	2019	Change
WATER INNOVATIONS			
Operating margin	23.9%	21.1%	280 bps
Restructuring (b)	0.2%	0.1%	
Other charges/(gains) (b)			
Cost of products sold	0.1%	0.1%	
Selling, general and administrative expenses	-	0.2%	
Before charges/gains operating margin	24.2%	21.5%	270 bps
OUTDOORS			
Operating margin	12.8%	13.2%	(40) bps
Restructuring (b)	1.6%	0.2%	
Other charges/(gains) (b)			
Cost of products sold	(0.5%)	0.2%	
Selling, general and administrative expenses	0.2%	-	
Solar compensation (e)	0.1%	-	
Before charges/gains operating margin	14.2%	13.6%	60 bps
SECURITY			
Operating margin	15.0%	12.2%	280 bps
Restructuring (b)	0.1%	-	
Other charges/(gains) (b)			
Cost of products sold	-	0.3%	
Selling, general and administrative expenses	-	-	
Before charges/gains operating margin	15.1%	12.5%	260 bps
FORTUNE BRANDS INNOVATIONS			
Operating margin	16.4%	15.4%	100 bps
Restructuring (b)	0.6%	0.1%	
Other charges/(gains) (b)			
Cost of products sold	(0.1%)	0.2%	
Selling, general and administrative expenses	0.1%	0.1%	
Solar compensation (e)	-	-	
Planned acquisition related costs (f)	0.1%	-	
Before charges/gains operating margin	17.1%	15.8%	130 bps

Operating margin is calculated as operating income derived in accordance with GAAP, divided by GAAP net sales. Before charges/gains operating margin is operating income derived in accordance with GAAP, excluding restructuring, other charges/gains, Solar compensation and planned acquisition related costs divided by GAAP net sales. Before charges/gains operating margin is a measure not derived in accordance with GAAP. Management uses this measure to evaluate the returns generated by 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) (e) (f) For definitions of Non-GAAP measures, see Definitions of Terms page

PRESENTATION RECONCILIATIONS
FORTUNE BRANDS INNOVATIONS

RECONCILIATIONS OF OPERATING INCOME, OTHER INCOME/EXPENSE, DEPRECIATION, AMORTIZATION GAAP TO BEFORE CHARGES/GAINS, EBITDA AND EBITDA MARGIN

($ In billions)

(Unaudited)

	Twelve Months Ended December 31,		
	2022	2019	% Change
WATER INNOVATIONS			
Net Sales	$ 2.6	$ 2.0	
Operating income (GAAP)	$ 0.6	$ 0.4	
Operating margin	23.9%	21.1%	280 bps
Operating income (GAAP)	$ 0.6	$ 0.4	
Restructuring charges [b]	0.0	0.0	
Other charges/(gains) [b]			
Cost of products sold	0.0	0.0	
Selling, general and administrative expenses	0.0	0.0	
Operating income before charges/gains [a]	$ 0.6	$ 0.4	
Other income/(expense) (GAAP)	$ 0.0	$ (0.0)	
Defined benefit plan actuarial (gains)/losses	(0.0)	0.0	
Other income/(expense) before charges/gains	$ 0.0	$ (0.0)	
Depreciation (GAAP)	$ 0.0	$ 0.0	
Accelerated depreciation **	-	(0.0)	
Depreciation before charges/gains	$ 0.0	$ 0.0	
Amortization of intangible assets (GAAP)	$ 0.0	$ 0.0	
EBITDA BEFORE CHARGES/GAINS [c]	$ 0.7	$ 0.5	
Net sales	$ 2.6	$ 2.0	
EBITDA BEFORE CHARGES/GAINS MARGIN [d]	26.3%	23.5%	280 bps
OUTDOORS			
Net Sales	$ 1.5	$ 0.8	
Operating income (GAAP)	$ 0.2	$ 0.1	
Operating margin	12.8%	13.2%	(40) bps
Operating income (GAAP)	$ 0.2	$ 0.1	
Restructuring charges [b]	0.0	0.0	
Other charges/(gains) [b]			
Cost of products sold	(0.0)	0.0	
Selling, general and administrative expenses	0.0	-	
Solar compensation [e]	0.0	-	
Operating income before charges/gains [a]	$ 0.2	$ 0.1	
Other income/(expense) (GAAP)	$ 0.0	$ 0.0	
Defined benefit plan actuarial (gains)/losses	(0.0)	-	
Other income/(expense) before charges/gains	$ 0.0	$ 0.0	
Depreciation (GAAP)	$ 0.0	$ 0.0	
Amortization of intangible assets (GAAP)	$ 0.0	$ 0.0	
EBITDA BEFORE CHARGES/GAINS [c]	$ 0.3	$ 0.1	
Net sales	$ 1.5	$ 0.8	
EBITDA BEFORE CHARGES/GAINS MARGIN [d]	18.4%	16.9%	150 bps
SECURITY			
Net Sales	$ 0.6	$ 0.6	
Operating income (GAAP)	$ 0.1	$ 0.1	
Operating margin	15.0%	12.2%	280 bps
Operating income (GAAP)	$ 0.1	$ 0.1	
Restructuring charges [b]	0.0	0.0	
Other charges/(gains) [b]			
Cost of products sold	-	0.0	
Selling, general and administrative expenses	-	-	
Operating income before charges/gains [a]	$ 0.1	$ 0.1	
Other income/(expense) (GAAP)	$ 0.0	$ (0.0)	
Defined benefit plan actuarial (gains)/losses	(0.0)	0.0	
Other income/(expense) before charges/gains	$ 0.0	$ 0.0	
Depreciation before charges/gains	$ 0.0	$ 0.0	
Amortization of intangible assets (GAAP)	$ 0.0	$ 0.0	
EBITDA BEFORE CHARGES/GAINS [c]	$ 0.1	$ 0.1	
Net sales	$ 0.6	$ 0.6	
EBITDA BEFORE CHARGES/GAINS MARGIN [d]	18.0%	16.1%	190 bps

** Depreciation excludes accelerated depreciation expense of ($1.6) million for the twelve months ended December 31, 2019. Accelerated depreciation is included in restructuring and other charges/gains.

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

DEFINITIONS OF TERMS: NON-GAAP MEASURES

(a) Operating income before charges/gains is operating income derived in accordance with GAAP, excluding restructuring, other charges/gains and Solar compensation. Operating income before charges/gains is a measure not derived in accordance with GAAP. Management uses this measure to evaluate the returns generated by the Company and its business segments. Management believes this measure provides investors with helpful supplemental information regarding the underlying performance of the Company from period to period. This measure may be inconsistent with similar measures presented by other companies.

(b) Restructuring charges are costs incurred to implement significant cost reduction initiatives and include workforce reduction costs. Restructuring charges totaled $32.4 million for the twelve months ended December 31, 2022. Restructuring charges totaled $4.5 million for the twelve months ended December 31, 2019 related to inventory obsolescence provision expense.

"Other charges/gains" represent charges directly related to restructuring initiatives that cannot be reported as restructuring under GAAP. Such costs may include losses on disposal of inventories, trade receivables allowances from exiting product lines, accelerated depreciation resulting from the closure of facilities and gains or losses on the sale of previously closed facilities. In total, we recognized other charges of $5.6 million for twelve months ended December 31, 2022 and other charges of $7.0 million for the twelve months ended December 31, 2019.

Outdoors restructuring charges totaled $1.7 million and other charges totaled $3.4 million for the twelve months ended December 31, 2019. Other charges also include an acquisition-related inventory step-up expense (Fiberon) classified in cost of products sold of $1.8 million for the twelve months ended December 31, 2019. 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.

Water restructuring charges total $2.8 million and other charges of $5.4 for the twelve months ended December 31, 2019. Other charges also include an acquisition-related inventory step-up expense of $1.4 million for Aqualisa for the twelve months ended December 31, 2022, classified in the cost of products sold.

At the Corporate level, other charges also include expenditures of $1.2 million for the twelve months ended December 31, 2022, for banking, legal, accounting, and other similar services directly related to the acquisition of Aqualisa.

(c) EBITDA before charges/gains is net income derived in accordance with GAAP, excluding depreciation, amortization of intangible assets, restructuring and other charges/gains, interest expense, defined benefit plan actuarial gains/losses, Solar compensation 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) EBITDA before charges/gains margin is calculated as net income derived in accordance with GAAP, excluding depreciation, amortization of intangible assets, restructuring and other charges/gains, interest expense, defined benefit plan actuarial gains/losses, Solar compensation and income taxes divided by GAAP net sales. EBITDA before charges/gains margin 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) Solar compensation were charges for a compensation arrangement with the former owner of Solar of $2.1 million for the twelve months ended December 31, 2022, classified in selling, general, and administrative expenses.

(f) Planned acquisition costs are expenditures of $3.4 million for the 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.