



H.B. Fuller

Second Quarter 2024 Conference Call

June 27, 2024



Disclosure

Safe Harbor Statement

Certain matters discussed today may be considered forward-looking statements within the meaning of the federal securities laws, including Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements reflect our current expectations, and actual results may differ as they are subject to the kinds of risks that are enumerated in the Company's Securities and Exchange Commission (SEC) filings. The Company disclaims any obligation to subsequently revise any forward-looking statements to reflect actual events or circumstances after the date of such statements.

Regulation G

The information presented in this presentation regarding adjusted gross profit and margin, adjusted selling, general and administrative expense, adjusted income before income taxes and income from equity investments, adjusted income taxes, adjusted effective tax rate, adjusted net income, adjusted diluted earnings per share, adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA) adjusted EBITDA margin, net debt, net debt-to-adjusted EBITDA, trailing twelve months adjusted EBITDA, net working capital, annualized net revenue and net working capital as a percentage of annualized net revenue does not conform to U.S. generally accepted accounting principles (U.S. GAAP) and should not be construed as an alternative to the reported results determined in accordance with U.S. GAAP. Management has included this non-GAAP information to assist in understanding the operating performance of the company and its operating segments as well as the comparability of results to the results of other companies. The non-GAAP information provided may not be consistent with the methodologies used by other companies. All non-GAAP information is reconciled with reported U.S. GAAP results in the "Regulation G Reconciliation" tables except for our forward-looking non-U.S. GAAP measures contained in our financial guidance, which the company cannot reconcile to forward-looking U.S. GAAP results without unreasonable effort.

Additional Information

Please refer to our annual report on Form 10-K, filed with the SEC, and available on our website at www.investors.hbfuller.com.

Second Quarter Highlights

Adjusted EBITDA \$157M
Up 10% YOY

Adjusted EBITDA Margin 17.1%
Up 120 bps YOY

Adjusted EPS \$1.12
Up 20% YOY

- Strong second quarter financial performance reflects the team's steadfast commitment to execution
- On track to deliver adjusted EBITDA margin greater than 20 percent in the next three to five years
- Organic sales trend continued to improve, driven by volume growth of more than 3 percent during the quarter, with volume up in all three global business units
- Adjusted EBITDA +10% YOY; Adjusted EBITDA Margin +120bps YOY

Global Business Unit Update

Engineering Adhesives



- **Organic revenue up 2.5% YOY**
- Strength in electronics, automotive, aerospace, and RV market segments was partially constrained by slower demand in wood working and clean energy market segments
- **Adjusted EBITDA margin expanded 160 basis points YOY to 18.4%**
- Favorable net pricing and raw material cost actions and restructuring benefits drove increase in EBITDA margin

Health, Hygiene, and Consumable Adhesives



- **Organic revenue improved sequentially on a return to positive volume growth**
- Strength in bottle labeling, packaging, and medical partially offset continued, although lessening, organic sales declines in the hygiene market segment
- **Adjusted EBITDA margin increased 50 basis points YOY to 16.6%**
- Favorable net pricing and raw material cost actions, restructuring benefits and acquisitions drove increase in EBITDA margin

Construction Adhesives



- **Organic sales increased 7% YOY on strong demand in roofing, which achieved a 20% increase in organic sales**
- Construction market conditions are more consistent with a normal construction season thus far
- **Adjusted EBITDA margin increased 90 basis points YOY to 15%**
- Net price and raw material cost management, improved volumes, and restructuring savings drove improvement in EBITDA margin

Regional Perspective

AMERICAS

- Organic revenue flat YOY
- On a combined basis, EA and CA achieved organic revenue growth of more than 6% YOY driven by strong growth in electronics, aerospace, and roofing
- Hygiene, while slightly improved, continued to negatively impact organic sales development

EIMEA

- Organic revenue development improved significantly relative to Q1
- Organic sales development for all GBUs improved sequentially, although still declined modestly YOY
- Bounce-back was expected as much of the demand weakness in Q1 was temporary

ASIA PACIFIC

- Organic revenue increased 7% YOY driven by strength in electronics, automotive, beverage labeling, and flexible packaging
- Strength in China, which nearly achieved a double-digit increase in organic sales, drove organic sales growth



ND Industries

Leading provider of specialty adhesives and fastener locking solutions



Expands our market presence into fastener locking solutions



Products under the well-known Vibra-Tite® brand for industrial use will be added to our existing portfolio



ND's full-year 2024 sales are expected to be ~\$80M at 30%+ EBITDA Margin



Total purchase price was ~\$250M equating to a pre-synergy enterprise-value-to-EBITDA-multiple of less than 10 times and post-synergy EBITDA multiple of ~6 times

Q2 Financial Summary

Continued Margin Expansion and Adjusted EBITDA Growth

- Net revenue was up 2.1% YOY
- Organic revenue was down 0.1% YOY; volume was up 3.3% YOY
- Adjusted gross profit margin was 31.1%, up 210 basis points YOY
- Adjusted SG&A was up 9% YOY due to acquisitions, wage inflation, and variable compensation, partially offset by restructuring savings
- Adjusted EBITDA was \$157 million, up 10% YOY
- Adjusted EPS of \$1.12 was up 20% YOY driven by strong operating income growth
- YTD operating cash flow increased \$21 million YOY on improved profitability
- On a pro-forma basis, including the acquired EBITDA from ND Industries, net-debt-to-adjusted-EBITDA was 3.0 times at the end of the quarter
- Reinitiated share repurchase program

FY 2024 Financial Guidance Update

Revenue

- Net revenue is now expected to be up 2% to 4% YOY with organic revenue flat to up 2% YOY

Adjusted EBITDA

- Adjusted EBITDA is now expected to be in the range of \$620M to \$640M, increasing 7% to 10% YOY

Net Interest Expense

- Net interest expense is now expected to be approximately \$130M

Adjusted EPS

- Fully diluted share count is now expected to be approximately 56.5 million shares
- Adjusted effective tax rate is now expected to be between 26.5% and 27.5%
- Adjusted EPS is now expected to be in the range of \$4.20 to \$4.45, equating to growth of 9% to 15% YOY

Operating Cash Flow & CAPEX

- Operating cash flow is still expected to be in the range of \$300M to \$350M
- D&A expense is still expected to be approximately \$170M

Q3 Guidance

- Q3 Adjusted EBITDA is expected to be in the range of \$165M to \$175M

CUSTOMER INNOVATION AWARDS



2024 Customer Innovation Awards

Recognizing customers across industries for world-changing innovations using adhesive technology

Congratulations to:





2024 ASC Innovation Award

Thermoplastic Encapsulant Platform for Photovoltaic Modules



Enables the creation of solar panels that generate power at a lower cost per watt than traditional technology



**THE ADHESIVE AND
SEALANT COUNCIL**
SECURING THE FUTURE®





Summary

- Pleased with first half financial results and continued incremental improvement we are driving throughout the business
- One focus: creating customized value-added adhesives solutions for our customers
- Set to deliver another year of improved profitability and ROIC, strong cash flow
- On pace to achieve our long-term financial targets and drive attractive shareholder returns



Q&A Session

Appendix: Portfolio Recasting

Growth Category

16 Market Segments



Overview

- 16 of our market segments, across all 3 GBU's
- Focused on quickly growing high margin segments

Key Characteristics

- Large and fast-growing markets which benefit from global megatrends
- Rapidly evolving product design innovation requirements

Financial Expectations

- Expected to realize outsized revenue growth
- Adjusted EBITDA margin greater than 25%

Leverage Category

16 Market Segments



Overview

- Consists of 16 market segments, across all 3 GBU's
- Focused on maximizing operating efficiency and cash flow

Key Characteristics

- Require highly selective go-to-market approach
- Demonstrate meaningful price-for-value opportunities
- H.B. Fuller is a disproportionate buyer of raw materials at scale

Financial Expectations

- Expected to generate greater than 15% EBITDA Margin through productivity and pricing excellence

Regulation G Reconciliations

H.B. FULLER COMPANY AND SUBSIDIARIES
CONSOLIDATED FINANCIAL INFORMATION
In thousands, except per share amounts (unaudited)

	Three Months Ended June 1, 2024	Percent of Net Revenue	Three Months Ended June 3, 2023	Percent of Net Revenue
Net revenue	\$ 917,107	100.0%	\$ 898,239	100.0%
Cost of sales	(635,055)	(69.2)%	(641,464)	(71.4)%
Gross profit	<u>282,052</u>	<u>30.8%</u>	<u>256,775</u>	<u>28.6%</u>
Selling, general and administrative expenses	(181,456)	(19.8)%	(166,625)	(18.6)%
Other income, net	3,634	0.4%	605	0.1%
Interest expense	(32,314)	(3.5)%	(33,131)	(3.7)%
Interest income	<u>1,199</u>	<u>0.1%</u>	<u>932</u>	<u>0.1%</u>
Income before income taxes and income from equity method investments	73,115	8.0%	58,556	6.5%
Income taxes	(22,418)	(2.4)%	(19,291)	(2.1)%
Income from equity method investments	<u>600</u>	<u>0.1%</u>	<u>1,157</u>	<u>0.1%</u>
Net income including non-controlling interest	51,297	5.6%	40,422	4.5%
Net income attributable to non-controlling interest	<u>(33)</u>	<u>(0.0)%</u>	<u>(21)</u>	<u>(0.0)%</u>
Net income attributable to H.B. Fuller	<u>\$ 51,264</u>	<u>5.6%</u>	<u>\$ 40,401</u>	<u>4.5%</u>
Basic income per common share attributable to H.B. Fuller	\$ 0.93		\$ 0.74	
Diluted income per common share attributable to H.B. Fuller	\$ 0.91		\$ 0.73	
Weighted-average common shares outstanding:				
Basic	54,946		54,269	
Diluted	56,636		55,717	
Dividends declared per common share	\$ 0.223		\$ 0.205	

Regulation G Reconciliations

H.B. FULLER COMPANY AND SUBSIDIARIES
CONSOLIDATED FINANCIAL INFORMATION
In thousands, except per share amounts (unaudited)

	Six Months Ended June 1, 2024	Percent of Net Revenue	Six Months Ended June 3, 2023	Percent of Net Revenue
Net revenue	\$ 1,727,525	100.0%	\$ 1,707,421	100.0%
Cost of sales	(1,206,237)	(69.8)%	(1,235,838)	(72.4)%
Gross profit	521,288	30.2%	471,583	27.6%
Selling, general and administrative expenses	(353,817)	(20.5)%	(321,167)	(18.8)%
Other income, net	5,135	0.3%	3,209	0.2%
Interest expense	(64,216)	(3.7)%	(66,200)	(3.9)%
Interest income	2,506	0.1%	1,599	0.1%
Income before income taxes and income from equity method investments	110,896	6.4%	89,024	5.2%
Income taxes	(30,231)	(1.7)%	(29,024)	(1.7)%
Income from equity method investments	1,644	0.1%	2,338	0.1%
Net income including non-controlling interest	82,309	4.8%	62,338	3.7%
Net income attributable to non-controlling interest	(54)	(0.0)%	(48)	(0.0)%
Net income attributable to H.B. Fuller	<u>\$ 82,255</u>	<u>4.8%</u>	<u>\$ 62,290</u>	<u>3.6%</u>
Basic income per common share attributable to H.B. Fuller	\$ 1.50		\$ 1.15	
Diluted income per common share attributable to H.B. Fuller	\$ 1.45		\$ 1.12	
Weighted-average common shares outstanding:				
Basic	54,824		54,222	
Diluted	56,604		55,818	
Dividends declared per common share	\$ 0.428		\$ 0.395	

Regulation G Reconciliations

H.B. FULLER COMPANY AND SUBSIDIARIES
REGULATION G RECONCILIATION
In thousands, except per share amounts (unaudited)

	Three Months Ended		Six Months Ended	
	June 1, 2024	June 3, 2023	June 1, 2024	June 3, 2023
Net income attributable to H.B. Fuller	\$ 51,264	\$ 40,401	\$ 82,255	\$ 62,290
Adjustments:				
Acquisition project costs ¹	1,467	2,919	3,510	5,154
Organizational realignment ²	7,275	5,690	14,536	8,634
Project One ³	2,845	2,681	6,058	4,853
Other ⁴	914	521	914	3,594
Discrete tax items ⁵	1,317	2,042	(1,210)	2,888
Income tax effect on adjustments ⁶	(1,558)	(2,172)	(4,848)	(4,572)
Adjusted net income attributable to H.B. Fuller ⁷	63,524	52,082	101,215	82,841
Add:				
Interest expense	32,313	33,131	64,215	63,511
Interest income	(1,197)	(932)	(2,504)	(1,599)
Adjusted Income taxes	22,658	19,421	36,289	30,707
Depreciation and Amortization expense ⁸	39,952	39,063	81,053	76,976
Adjusted EBITDA ⁷	157,250	142,765	280,268	252,436
Diluted Shares	56,636	55,717	56,604	55,818
Adjusted diluted income per common share attributable to H.B. Fuller ⁷	\$ 1.12	\$ 0.93	\$ 1.79	\$ 1.48
Revenue	\$ 917,107	\$ 898,239	\$ 1,727,525	\$ 1,707,421
Adjusted EBITDA margin ⁷	17.1%	15.9%	16.2%	14.8%

Regulation G Reconciliations

H.B. FULLER COMPANY AND SUBSIDIARIES

SEGMENT FINANCIAL INFORMATION

In thousands (unaudited)

	Three Months Ended		Six Months Ended	
	June 1, 2024	June 3, 2023	June 1, 2024	June 3, 2023
Net Revenue:				
Hygiene, Health and Consumable Adhesives	\$ 393,111	\$ 404,486	\$ 760,804	\$ 788,014
Engineering Adhesives	373,518	364,080	702,283	697,147
Construction Adhesives	150,478	129,673	264,438	222,260
Corporate unallocated	-	-	-	-
Total H.B. Fuller	<u>\$ 917,107</u>	<u>\$ 898,239</u>	<u>\$ 1,727,525</u>	<u>\$ 1,707,421</u>
Segment Operating Income (Loss):				
Hygiene, Health and Consumable Adhesives	\$ 50,488	\$ 51,592	\$ 97,366	\$ 96,738
Engineering Adhesives	51,822	44,400	86,655	76,875
Construction Adhesives	10,418	5,969	7,799	(3,664)
Corporate unallocated	(12,133)	(11,811)	(24,349)	(19,533)
Total H.B. Fuller	<u>\$ 100,595</u>	<u>\$ 90,150</u>	<u>\$ 167,471</u>	<u>\$ 150,416</u>
Adjusted EBITDA⁷				
Hygiene, Health and Consumable Adhesives	\$ 65,216	\$ 65,234	\$ 127,474	\$ 124,953
Engineering Adhesives	68,817	61,159	121,164	111,035
Construction Adhesives	22,628	18,221	32,195	21,065
Corporate unallocated	589	(1,849)	(565)	(4,617)
Total H.B. Fuller	<u>\$ 157,250</u>	<u>\$ 142,765</u>	<u>\$ 280,268</u>	<u>\$ 252,436</u>
Adjusted EBITDA Margin⁷				
Hygiene, Health and Consumable Adhesives	16.6%	16.1%	16.8%	15.9%
Engineering Adhesives	18.4%	16.8%	17.3%	15.9%
Construction Adhesives	15.0%	14.1%	12.2%	9.5%
Corporate unallocated	NMP	NMP	NMP	NMP
Total H.B. Fuller	<u>17.1%</u>	<u>15.9%</u>	<u>16.2%</u>	<u>14.8%</u>

NMP = non-meaningful percentage



Regulation G Reconciliations

H.B. FULLER COMPANY AND SUBSIDIARIES
REGULATION G RECONCILIATION
In thousands, except per share amounts (unaudited)

	Three Months Ended		Six Months Ended	
	June 1, 2024	June 3, 2023	June 1, 2024	June 3, 2023
Income before income taxes and income from equity method investments	\$ 73,115	\$ 58,556	\$ 110,896	\$ 89,024
Adjustments:				
Acquisition project costs ¹	1,467	2,919	3,510	5,154
Organizational realignment ²	7,275	5,690	14,536	8,634
Project One ³	2,845	2,681	6,058	4,853
Other ⁴	914	521	914	3,594
Adjusted income before income taxes and income from equity method investments ⁹	<u>\$ 85,616</u>	<u>\$ 70,367</u>	<u>\$ 135,914</u>	<u>\$ 111,259</u>

	Three Months Ended		Six Months Ended	
	June 1, 2024	June 3, 2023	June 1, 2024	June 3, 2023
Income Taxes	\$ (22,418)	\$ (19,291)	\$ (30,231)	\$ (29,024)
Adjustments:				
Acquisition project costs ¹	(183)	(537)	(720)	(1,051)
Organizational realignment ²	(906)	(1,046)	(2,815)	(1,724)
Project One ³	(355)	(493)	(1,199)	(993)
Other ⁴	1,204	1,946	(1,324)	2,085
Adjusted income taxes ¹⁰	<u>\$ (22,658)</u>	<u>\$ (19,421)</u>	<u>\$ (36,289)</u>	<u>\$ (30,707)</u>
Adjusted income before income taxes and income from equity method investments	\$ 85,616	\$ 70,367	\$ 135,914	\$ 111,259
Adjusted effective income tax rate ¹⁰	26.5%	27.6%	26.7%	27.6%



Regulation G Reconciliations

H.B. FULLER COMPANY AND SUBSIDIARIES
REGULATION G RECONCILIATION
In thousands (unaudited)

	Three Months Ended		Six Months Ended	
	June 1, 2024	June 3, 2023	June 1, 2024	June 3, 2023
Net revenue	\$ 917,107	\$ 898,239	\$ 1,727,525	\$ 1,707,421
Gross profit	\$ 282,052	\$ 256,775	\$ 521,288	\$ 471,583
Gross profit margin	30.8%	28.6%	30.2%	27.6%
Adjustments:				
Acquisition project costs ¹	(8)	1,058	73	1,101
Organizational realignment ²	3,466	2,690	7,880	5,011
Project One ³	13	-	13	-
Other ⁴	-	53	-	160
Adjusted gross profit ¹¹	<u>\$ 285,523</u>	<u>\$ 260,576</u>	<u>\$ 529,254</u>	<u>\$ 477,855</u>
Adjusted gross profit margin ¹¹	31.1%	29.0%	30.6%	28.0%

	Three Months Ended		Six Months Ended	
	June 1, 2024	June 3, 2023	June 1, 2024	June 3, 2023
Selling, general and administrative expenses	\$ (181,456)	\$ (166,625)	\$ (353,817)	\$ (321,167)
Adjustments:				
Acquisition project costs ¹	1,475	1,861	3,437	4,053
Organizational realignment ²	3,439	3,000	5,986	3,623
Project One ³	2,832	2,681	6,045	4,853
Other ⁴	914	468	914	731
Adjusted selling, general and administrative expenses ¹²	<u>\$ (172,796)</u>	<u>\$ (158,615)</u>	<u>\$ (337,435)</u>	<u>\$ (307,907)</u>



Regulation G Reconciliations

H.B. FULLER COMPANY AND SUBSIDIARIES

REGULATION G RECONCILIATION

In thousands (unaudited)

Three Months Ended June 1, 2024	Hygiene, Health and Consumable Adhesives	Engineering Adhesives	Construction Adhesives	Total	Corporate Unallocated	H.B. Fuller Consolidated
Net income attributable to H.B. Fuller	\$ 51,984	\$ 52,876	\$ 11,849	\$116,709	\$ (65,445)	\$ 51,264
Adjustments:						
Acquisition project costs ¹	-	-	-	-	1,467	1,467
Organizational realignment ²	-	-	-	-	7,275	7,275
Project One ³	-	-	-	-	2,845	2,845
Other ⁴	-	-	-	-	914	914
Discrete tax items ⁵	-	-	-	-	1,317	1,317
Income tax effect on adjustments ⁶	-	-	-	-	(1,558)	(1,558)
Adjusted net income attributable to H.B. Fuller ⁷	51,984	52,876	11,849	116,709	(53,185)	63,524
Add:						
Interest expense	-	-	-	-	32,313	32,313
Interest income	-	-	-	-	(1,197)	(1,197)
Adjusted Income taxes	-	-	-	-	22,658	22,658
Depreciation and amortization expense ⁸	13,232	15,941	10,779	39,952	-	39,952
Adjusted EBITDA ⁷	\$ 65,216	\$ 68,817	\$ 22,628	\$156,661	\$ 589	\$ 157,250
Revenue	\$ 393,111	\$ 373,518	\$ 150,478	\$917,107	-	\$ 917,107
Adjusted EBITDA Margin ⁷	16.6%	18.4%	15.0%	17.1%	NMP	17.1%

Note: Adjusted EBITDA is a non-GAAP financial measure. The table above provides a reconciliation of adjusted EBITDA for each segment to net income attributable to H.B. Fuller for each segment, the most directly comparable financial measure determined and reported in accordance with U.S. GAAP.

NMP = Non-meaningful percentage



Regulation G Reconciliations

H.B. FULLER COMPANY AND SUBSIDIARIES
REGULATION G RECONCILIATION
In thousands (unaudited)

Six Months Ended June 1, 2024	Hygiene, Health and Consumable Adhesives	Engineering Adhesives	Construction Adhesives	Total	Corporate Unallocated	H.B. Fuller Consolidated
Net income attributable to H.B. Fuller	\$ 100,356	\$ 88,762	\$ 10,662	\$ 199,780	\$ (117,525)	\$ 82,255
Adjustments:						
Acquisition project costs ¹	-	-	-	-	3,510	3,510
Organizational realignment ²	-	-	-	-	14,536	14,536
Project One ³	-	-	-	-	6,058	6,058
Other ⁴	-	-	-	-	914	914
Discrete tax items ⁵	-	-	-	-	(1,210)	(1,210)
Income tax effect on adjustments ⁶	-	-	-	-	(4,848)	(4,848)
Adjusted net income attributable to H.B. Fuller ⁷	100,356	88,762	10,662	199,780	(98,565)	101,215
Add:						
Interest expense	-	-	-	-	64,215	64,215
Interest income	-	-	-	-	(2,504)	(2,504)
Adjusted Income taxes	-	-	-	-	36,289	36,289
Depreciation and amortization expense ⁸	27,118	32,402	21,533	81,053	-	81,053
Adjusted EBITDA ⁷	\$ 127,474	\$ 121,164	\$ 32,195	\$ 280,833	\$ (565)	\$ 280,268
Revenue	760,804	702,283	264,438	1,727,525	-	1,727,525
Adjusted EBITDA Margin ⁷	16.8%	17.3%	12.2%	16.3%	NMP	16.2%

Note: Adjusted EBITDA is a non-GAAP financial measure. The table above provides a reconciliation of adjusted EBITDA for each segment to net income attributable to H.B. Fuller for each segment, the most directly comparable financial measure determined and reported in accordance with U.S. GAAP.

NMP = Non-meaningful percentage



Regulation G Reconciliations

H.B. FULLER COMPANY AND SUBSIDIARIES
REGULATION G RECONCILIATION
In thousands (unaudited)

Three Months Ended June 3, 2023	Hygiene, Health and Consumable Adhesives	Engineering Adhesives	Construction Adhesives	Total	Corporate Unallocated	H.B. Fuller Consolidated
Net income attributable to H.B. Fuller	\$ 52,692	\$ 45,172	\$ 7,687	\$105,551	\$ (65,150)	\$ 40,401
Adjustments:						
Acquisition project costs ¹	-	-	-	-	2,919	2,919
Organizational realignment ²	-	-	-	-	5,690	5,690
Project One ³	-	-	-	-	2,681	2,681
Other ⁴	-	-	-	-	521	521
Discrete tax items ⁵	-	-	-	-	2,042	2,042
Income tax effect on adjustments ⁶	-	-	-	-	(2,172)	(2,172)
Adjusted net income attributable to H.B. Fuller ⁷	52,692	45,172	7,687	105,551	(53,469)	52,082
Add:						
Interest expense	-	-	-	-	33,131	33,131
Interest income	-	-	-	-	(932)	(932)
Adjusted Income taxes	-	-	-	-	19,421	19,421
Depreciation and amortization expense ⁸	12,542	15,987	10,534	39,063	-	39,063
Adjusted EBITDA ⁷	<u>\$ 65,234</u>	<u>\$ 61,159</u>	<u>\$ 18,221</u>	<u>\$144,614</u>	<u>\$ (1,849)</u>	<u>\$ 142,765</u>
Revenue	\$ 404,486	\$ 364,080	\$ 129,673	\$898,239	-	\$ 898,239
Adjusted EBITDA Margin ⁷	16.1%	16.8%	14.1%	16.1%	NMP	15.9%

Note: Adjusted EBITDA is a non-GAAP financial measure. The table above provides a reconciliation of adjusted EBITDA for each segment to net income attributable to H.B. Fuller for each segment, the most directly comparable financial measure determined and reported in accordance with U.S. GAAP.

NMP = Non-meaningful percentage

Regulation G Reconciliations

H.B. FULLER COMPANY AND SUBSIDIARIES

REGULATION G RECONCILIATION

In thousands (unaudited)

Six Months Ended June 3, 2023	Hygiene, Health and Consumable Adhesives	Engineering Adhesives	Construction Adhesives	Total	Corporate Unallocated	H.B. Fuller Consolidated
Net income attributable to H.B. Fuller	\$ 100,399	\$ 79,522	\$ 156	\$ 180,077	\$ (117,787)	\$ 62,290
Adjustments:						
Acquisition project costs ¹	-	-	-	-	5,154	5,154
Organizational realignment ²	-	-	-	-	8,634	8,634
Project One ³	-	-	-	-	4,853	4,853
Other ⁴	-	-	-	-	3,594	3,594
Discrete tax items ⁵	-	-	-	-	2,888	2,888
Income tax effect on adjustments ⁶	-	-	-	-	(4,572)	(4,572)
Adjusted net income attributable to H.B. Fuller ⁷	100,399	79,522	156	180,077	(97,236)	82,841
Add:						
Interest expense	-	-	-	-	63,511	63,511
Interest income	-	-	-	-	(1,599)	(1,599)
Adjusted Income taxes	-	-	-	-	30,707	30,707
Depreciation and amortization expense ⁸	24,554	31,513	20,909	76,976	-	76,976
Adjusted EBITDA ⁷	\$ 124,953	\$ 111,035	\$ 21,065	\$ 257,053	\$ (4,617)	\$ 252,436
Revenue	\$ 788,014	\$ 697,147	\$ 222,260	\$ 1,707,421	-	\$ 1,707,421
Adjusted EBITDA Margin ⁷	15.9%	15.9%	9.5%	15.1%	NMP	14.8%

Note: Adjusted EBITDA is a non-GAAP financial measure. The table above provides a reconciliation of adjusted EBITDA for each segment to net income attributable to H.B. Fuller for each segment, the most directly comparable financial measure determined and reported in accordance with U.S. GAAP.

NMP = Non-meaningful percentage

Regulation G Reconciliations

H.B. FULLER COMPANY AND SUBSIDIARIES
SEGMENT FINANCIAL INFORMATION
NET REVENUE GROWTH (DECLINE)
(unaudited)

Revenue growth versus 2023	Three Months Ended June 1, 2024	Six Months Ended June 1, 2024
Price	(3.4)%	(3.4)%
Volume	3.3%	1.4%
Organic Growth ¹³	(0.1)%	(2.0)%
M&A	3.9%	4.4%
Constant currency	3.8%	2.4%
F/X	(1.7)%	(1.2)%
Total H.B. Fuller Net Revenue	<u>2.1%</u>	<u>1.2%</u>

Revenue growth versus 2023	Three Months Ended June 1, 2024				
	Net Revenue	F/X	Constant Currency	M&A	Organic Growth¹³
Hygiene, Health and Consumable Adhesives	(2.8)%	(2.1)%	(0.7)%	4.0%	(4.7)%
Engineering Adhesives	2.6%	(1.8)%	4.4%	1.9%	2.5%
Construction Adhesives	16.0%	(0.1)%	16.1%	8.9%	7.2%
Total H.B. Fuller	<u>2.1%</u>	<u>(1.7)%</u>	<u>3.8%</u>	<u>3.9%</u>	<u>(0.1)%</u>

Revenue growth versus 2023	Six Months Ended June 1, 2024				
	Net Revenue	F/X	Constant Currency	M&A	Organic Growth¹³
Hygiene, Health and Consumable Adhesives	(3.5)%	(1.3)%	(2.2)%	4.9%	(7.1)%
Engineering Adhesives	0.7%	(1.4)%	2.1%	1.9%	0.2%
Construction Adhesives	19.0%	0.0%	19.0%	10.5%	8.5%
Total H.B. Fuller	<u>1.2%</u>	<u>(1.2)%</u>	<u>2.4%</u>	<u>4.4%</u>	<u>(2.0)%</u>



Regulation G Reconciliations

H.B. FULLER COMPANY AND SUBSIDIARIES
REGULATION G RECONCILIATION
 In thousands (unaudited)

	Three Months Ended				Trailing Twelve	Year
	September 2, 2023	December 2, 2023	March 2, 2024	June 1, 2024	Months ¹⁶ Ended June 1, 2024	Ended December 2, 2023
Net income attributable to H.B. Fuller	\$ 37,627	\$ 44,991	\$ 30,991	\$ 51,264	\$ 164,873	\$ 144,906
Adjustments:						
Acquisition project costs ¹	6,480	4,765	2,043	1,467	14,755	16,874
Organizational realignment ²	10,421	10,549	7,262	7,275	35,507	29,900
Project One ³	2,734	2,193	3,213	2,845	10,985	9,815
Other ⁴	503	(3,903)	-	914	(2,486)	(611)
Discrete tax items ¹⁴	6,243	16,955	(2,527)	1,317	21,988	26,085
Income tax effect on adjustments ⁵	(4,875)	(1,158)	(3,290)	(1,558)	(10,881)	(10,604)
Adjusted net income attributable to H.B. Fuller ⁷	59,133	74,392	37,692	63,524	234,741	216,365
Add:						
Interest expense	35,105	33,297	31,901	32,313	132,616	131,913
Interest income	(1,128)	(1,217)	(1,307)	(1,197)	(4,849)	(3,943)
Adjusted Income taxes	20,862	26,477	13,631	22,658	83,628	78,047
Depreciation and Amortization expense ¹⁵	41,826	39,653	41,101	39,952	162,532	158,456
Adjusted EBITDA ⁷	\$ 155,798	\$ 172,602	\$ 123,018	\$ 157,250	\$ 608,668	\$ 580,838



Regulation G Reconciliations

H.B. FULLER COMPANY AND SUBSIDIARIES
REGULATION G RECONCILIATION
In thousands (unaudited)

	<u>June 1, 2024</u>	<u>December 2, 2023</u>	<u>June 3, 2023</u>
Total debt	\$ 2,024,916	\$ 1,838,431	\$ 1,882,343
Less: Cash and cash equivalents	114,823	179,453	103,183
Net debt ¹⁷	<u>\$ 1,910,093</u>	<u>\$ 1,658,978</u>	<u>\$ 1,779,160</u>
Trailing twelve months Adjusted EBITDA ¹⁶	\$ 608,668	580,838	
Net Debt-to-Adjusted EBITDA ¹⁷	3.1	2.9	
	<u>June 1, 2024</u>	<u>June 3, 2023</u>	<u>December 2, 2023</u>
Trade receivables, net	\$ 571,134	\$ 586,609	\$ 577,932
Inventory	496,085	499,275	442,040
Trade payables	474,095	436,376	439,700
Net working capital ¹⁸	<u>\$ 593,124</u>	<u>\$ 649,508</u>	<u>\$ 580,272</u>
Net revenue three months ended	\$ 917,107	\$ 898,239	
Annualized net revenue ¹⁸	3,668,426	3,592,956	
Net working capital as a percentage of annualized revenue ¹⁸	16.2%	18.1%	

Regulation G Reconciliations

¹ Acquisition project costs include costs related to evaluating, acquiring and integrating business acquisitions. Acquisition project costs include \$1,385 and \$2,105 in transaction costs (primarily consulting and professional fees, representations and warranties insurance premiums and employee acquisition-related travel expenses), \$41 and \$815 in purchasing accounting costs (primarily professional fees for valuation services, inventory step-up cost and the impact of changes to contingent consideration liabilities after the completion of the purchase price allocation) and \$41 and \$0 in business integration costs (primarily costs of transition services agreements) for the three months ended June 1, 2024 and June 3, 2023, respectively. Acquisition project costs include \$2,678 and \$3,741 in transaction costs (primarily consulting and professional fees, representations and warranties insurance premiums and employee acquisition related travel expenses), \$255 and \$1,413 in purchasing accounting costs (primarily professional fees for valuation services, inventory step-up cost and the impact of changes to contingent consideration liabilities after the completion of the purchase price allocation) and \$577 and \$0 in business integration costs (primarily costs of transition services agreements and, for the three months ended March 2, 2024, retention bonuses paid to employees of the acquired entities) for the six months ended June 1, 2024 and June 3, 2023, respectively.

² Organizational realignment includes costs incurred as a direct result of the organizational realignment program, including professional fees related to legal entity and business structure changes, employee retention and severance costs, and facility rationalization costs related to the closure of production facilities and consolidation of business activities. Facility rationalization costs include plant closure costs, the impact of accelerated depreciation, and, for the three months ended March 2, 2024, operational inefficiencies. Organizational realignment includes \$2,246 and \$1,031 in professional fees related to legal entity and business structure changes, \$2,252 and \$4,659 in employee severance and other related costs, and \$2,777 and \$0 related to facility rationalization costs for the three months ended June 1, 2024 and June 3, 2023, respectively. Organizational realignment includes \$3,869 and \$3,724 in professional fees related to legal entity and business structure changes, \$4,426 and \$4,910 in employee severance and other related costs, and \$6,241 and \$0 related to facility rationalization costs for the six months ended June 1, 2024 and June 3, 2023, respectively.

³ Project One includes non-capitalizable project costs related implementing our global Enterprise Resource Planning system, including upgrading to SAP S/4HANA®, which will upgrade and standardize our information system.

⁴ For fiscal 2023, Other includes the write-off of unamortized debt fees and non-cash gains and losses related to legal entity consolidations.

⁵ Discrete tax items for the three and six months ended June 1, 2024 are related to various foreign tax matters as well as excess tax benefit related to U.S. stock compensation. Discrete tax items for fiscal 2023 are related to various foreign tax matters offset by excess tax benefit related to U.S. stock compensation.

⁶ The income tax effect on adjustments represents the difference between income taxes on net income before income taxes and income from equity method investments reported in accordance with U.S. GAAP and adjusted net income before income taxes and income from equity method investments.

⁷ Adjusted net income attributable to H.B. Fuller, adjusted diluted income per common share attributable to H.B. Fuller, adjusted EBITDA and adjusted EBITDA margin are non-GAAP financial measures. Adjusted net income attributable to H.B. Fuller is defined as net income before the specific adjustments shown above. Adjusted diluted income per common share is defined as adjusted net income attributable to H.B. Fuller divided by the number of diluted common shares. Adjusted EBITDA is defined as net income before interest, income taxes, depreciation, amortization and the specific adjustments shown above. Adjusted EBITDA margin is defined as adjusted EBITDA divided by net revenue. The table above provides a reconciliation of adjusted net income attributable to H.B. Fuller, adjusted diluted income per common share attributable to H.B. Fuller, adjusted EBITDA and adjusted EBITDA margin to net income attributable to H.B. Fuller, the most directly comparable financial measure determined and reported in accordance with U.S. GAAP.

⁸ Depreciation and amortization expense added back for EBITDA is adjusted for amounts already included in adjusted net income attributable to H.B. Fuller totaling (\$1,198) and \$18 for the three months ended June 1, 2024 and June 3, 2023, respectively and (\$3,620) and \$0 for the six months ended June 1, 2024 and June 3, 2023, respectively.

⁹ Adjusted income before income taxes and income from equity investments is a non-GAAP financial measure. Adjusted income before income taxes and income from equity investments is defined as income before income taxes and income from equity investments before the specific adjustments shown above. The table above provides a reconciliation of adjusted income before income taxes and income from equity investments to income before income taxes and income from equity investments, the most directly comparable financial measure determined and reported in accordance with U.S. GAAP.

Regulation G Reconciliations

¹⁰ Adjusted income taxes and adjusted effective income tax rate are non-GAAP financial measures. Adjusted income taxes is defined as income taxes before the specific adjustments shown above. Adjusted effective income tax rate is defined as income taxes divided by adjusted income before income taxes and income from equity method investments. The table above provides a reconciliation of adjusted income taxes and adjusted effective income tax rate to income taxes, the most directly comparable financial measure determined and reported in accordance with U.S. GAAP.

¹¹ Adjusted gross profit and adjusted gross profit margin are non-GAAP financial measures. Adjusted gross profit and adjusted gross profit margin is defined as gross profit and gross profit margin excluding the specific adjustments shown above. The table above provides a reconciliation of adjusted gross profit and gross profit margin to gross profit and gross profit margin, the most directly comparable financial measure determined and reported in accordance with U.S. GAAP.

¹² Adjusted selling, general and administrative expenses is a non-GAAP financial measure. Adjusted selling, general and administrative expenses is defined as selling, general and administrative expenses excluding the specific adjustments shown above. The table above provides a reconciliation of adjusted selling, general and administrative expenses to selling, general and administrative expenses, the most directly comparable financial measure determined and reported in accordance with U.S. GAAP.

¹³ We use the term “organic revenue” to refer to net revenue, excluding the effect of foreign currency changes and acquisitions and divestitures. Organic growth reflects adjustments for the impact of period-over-period changes in foreign currency exchange rates on revenues and the revenues associated with acquisitions and divestitures.

¹⁴ Discrete tax items for the three months ended September 2, 2023 are related to various U.S. and foreign tax matters offset by an excess benefit related to U.S. stock compensation. Discrete tax items for the three months ended March 2, 2024 are related to various foreign tax matters as well as excess tax benefit related to U.S. stock compensation. Discrete tax items for the three months ended June 1, 2024 are related to various foreign tax matters as well as excess tax benefit related to U.S. stock compensation. Discrete tax items for the three months and year ended December 2, 2023 are related to the tax impact of withholding tax recorded on earnings that are no longer permanently reinvested, as well as other various U.S. and foreign tax matters.

¹⁵ Depreciation and amortization expense added back for EBITDA is adjusted for amounts already included in adjusted net income attributable to H.B. Fuller. Depreciation and amortization expense added back was (\$348) for the three months ended September 2, 2023, (\$1,036) for the three months ended December 2, 2023, (\$2,422) for the three months ended March 2, 2024, (\$1,198) for the three months ended June 1, 2024 and (\$1,384) for the year ended December 2, 2023.

¹⁶ Trailing twelve months adjusted EBITDA is a non-GAAP financial measure and is defined as adjusted EBITDA for the twelve-month period ended on the date presented. The table above provides a reconciliation of trailing twelve month adjusted EBITDA to net income attributable to H.B. Fuller for the trailing twelve-month period presented, the most directly comparable financial measure determined and reported in accordance with U.S. GAAP.

¹⁷ Net debt and net debt-to-adjusted EBITDA are non-GAAP financial measures. Net debt is defined as total debt less cash and cash equivalents. Net debt-to-adjusted EBITDA is defined as net debt divided by trailing twelve months adjusted EBITDA. The calculation of both of these non-GAAP financial measures is shown in the table above. The table above provides a reconciliation of each of these non-GAAP financial measures to total debt, the most directly comparable financial measure determined and reported in accordance with U.S. GAAP.

¹⁸ Net working capital, annualized net revenue and net working capital as a percentage of annualized net revenue are non-GAAP financial measures. Net working capital is defined as trade receivables, net plus inventory less trade payables. Annualized net revenue is defined as net revenue for the three months ended on the date presented multiplied by four. Net working capital as a percentage of annualized net revenue is net working capital divided by annualized net revenue. The calculation of each of these non-GAAP financial measures is shown in the table above. The table above provides a reconciliation of each of these non-GAAP financial measures to the most directly comparable financial measure determined and reported in accordance with U.S. GAAP.