



H.B. Fuller

Third Quarter 2024 Conference Call

September 26, 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.

Third Quarter Highlights

Adjusted EBITDA \$165M
Up 6% YOY

Adjusted EBITDA Margin 18%
Up 70 bps YOY

Adjusted EPS \$1.13
Up 7% YOY



Continued to incrementally expand EBITDA margin year-on-year on positive organic growth



Volume growth came in at the low end of our expectations as certain durable goods related end markets in EA constrained volume



Organic sales continued to improve against a weak economic backdrop, and we achieved positive organic sales growth of 0.4% with volume growth of 3.0%



Adjusted EBITDA increased 6% YOY; Adjusted EBITDA Margin increased 70 bps YOY

Global Business Unit Update

Health, Hygiene, and Consumable Adhesives



- **Organic revenue development improved significantly**
- Strength in bottle labeling, packaging, and medical drove improvement in organic sales
- **Nearly every market segment in HHC achieved positive volume growth**
- Positive volume leverage and restructuring savings were offset by the unfavorable carry-over impact of 2023 index-based pricing adjustments

Engineering Adhesives



- Organic revenue decreased 2%, driven by slightly lower pricing and volumes
- Automotive and electronics had slower but solid organic growth while Clean Energy (Solar) generated significantly lower organic sales, particularly in China
- **Adjusted EBITDA margin increased 40 basis points YOY to 19.7%**
- Net price and raw material cost management and acquisition benefits drove the increase in adjusted EBITDA Margin

Construction Adhesives



- **Organic sales increased 10% YOY on continued strength in roofing, which grew nearly 25% YOY**
- Demand in construction remains strong, expect declining interest rate environment will benefit CA moving forward
- **Adjusted EBITDA margin increased 240 basis points YOY to 16.4%**
- Net price and raw material cost management, volume leverage, and restructuring savings drove improvement in EBITDA margin

Regional Perspective

AMERICAS

- Organic revenue increased 3% YOY
- CA drove increase for the region, achieving a double-digit increase in organic sales
- HHC organic revenue was flat vs prior year, representing a significant improvement from the beginning of the year, EA organic revenue down modestly

EIMEA

- Organic revenue declined 2% YOY, continuing its marked improvement in organic revenue performance since the beginning of the year
- Organic sales development for all three GBUs improved sequentially
- HHC was flat YOY while EA and CA were both down modestly

ASIA PACIFIC

- Organic revenue decreased 2% YOY driven by volume decline in Clean Energy; excluding Clean Energy, organic revenue increased approximately 6% YOY
- HHC achieved a double-digit increase in organic sales; EA experienced a mid-single-digit decline in organic revenue

PRECAST CONCRETE

**100% WATERPROOF JOINTS
ARE A MUST FOR PRE-CAST
SPECIALIST**

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HS BUTYL

The UK's Largest Manufacturer and Distributor of High-quality Butyl Tapes



Servicing the building infrastructure and construction markets



2024 annualized sales are expected to be approximately **\$23 million**



Q3 Financial Summary

Continued Margin Expansion and Adjusted EBITDA Growth

- Net revenue up 1.9% YOY
- Organic revenue up 0.4% YOY; volume up 3% YOY
- Adjusted gross profit margin up 40 basis points YOY to 30.4%,
- Adjusted SG&A up 3% YOY as expected, driven by acquisitions
- Adjusted EBITDA up 6% to \$165 million
- Adjusted EPS of \$1.13, up 7% YOY driven by strong operating income growth
- YTD operating cash flow flat YOY as improved profitability was offset by working capital investments related to higher volume
- 13 percent year-on-year growth in TTM EBITDA resulted in net-debt-to-adjusted-EBITDA of 3.1X (vs 3.3X last year)
- 407,000 shares repurchased YTD

FY 2024 Financial Guidance Update

Revenue

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

Adjusted EBITDA

- Adjusted EBITDA is now expected to be in the range of \$610 to \$620 million dollars, equating to growth of 5% to 7% YOY

Net Interest Expense

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

Adjusted EPS

- Adjusted EPS is now expected to be in the range of \$4.10 and \$4.20, equating to growth of 6% to 9% YOY

Operating Cash Flow

- Operating cash flow is now expected to be in the range of \$325M to \$350M



Recognized by *Newsweek*

One of America's Most Admired Workplaces



Surveyed more than 250,000 U.S. employees and collected over 1.5 million company reviews



Key Question

“For which employer would you love to work?”



Summary

- Pleased with the progress we continue to make in improving our portfolio, streamlining our operations, and driving EBITDA margin expansion
- Remain on track to deliver upon our long-term EBITDA margin and growth targets



Q&A Session

Regulation G Reconciliations

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

	Three Months Ended August 31, 2024	Percent of Net Revenue	Three Months Ended September 2, 2023	Percent of Net Revenue
Net revenue	\$ 917,927	100.0%	\$ 900,634	100.0%
Cost of sales	(642,198)	(70.0)%	(637,162)	(70.7)%
Gross profit	275,729	30.0%	263,472	29.3%
Selling, general and administrative expenses	(171,388)	(18.7)%	(172,153)	(19.1)%
Other income, net	2,148	0.2%	1,555	0.2%
Interest expense	(35,288)	(3.8)%	(35,105)	(3.9)%
Interest income	1,092	0.1%	1,128	0.1%
Income before income taxes and income from equity method investments	72,293	7.9%	58,897	6.5%
Income taxes	(18,264)	(2.0)%	(22,231)	(2.5)%
Income from equity method investments	1,310	0.1%	984	0.1%
Net income including non-controlling interest	55,339	6.0%	37,650	4.2%
Net income attributable to non-controlling interest	22	0.0%	(23)	(0.0)%
Net income attributable to H.B. Fuller	<u>\$ 55,361</u>	<u>6.0%</u>	<u>\$ 37,627</u>	<u>4.2%</u>
Basic income per common share attributable to H.B. Fuller	\$ 1.01		\$ 0.69	
Diluted income per common share attributable to H.B. Fuller	\$ 0.98		\$ 0.67	
Weighted-average common shares outstanding:				
Basic	54,975		54,394	
Diluted	56,650		56,033	
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)

	Nine Months Ended August 31, 2024		Nine Months Ended September 2, 2023	
		Percent of Net Revenue		Percent of Net Revenue
Net revenue	\$ 2,645,452	100.0%	\$ 2,608,055	100.0%
Cost of sales	(1,848,435)	(69.9)%	(1,873,000)	(71.8)%
Gross profit	797,017	30.1%	735,055	28.2%
Selling, general and administrative expenses	(525,204)	(19.9)%	(493,320)	(18.9)%
Other income, net	7,282	0.3%	4,764	0.2%
Interest expense	(99,504)	(3.8)%	(101,305)	(3.9)%
Interest income	3,597	0.1%	2,726	0.1%
Income before income taxes and income from equity method investments	183,188	6.9%	147,920	5.7%
Income taxes	(48,496)	(1.8)%	(51,255)	(2.0)%
Income from equity method investments	2,955	0.1%	3,322	0.1%
Net income including non-controlling interest	137,647	5.2%	99,987	3.8%
Net income attributable to non-controlling interest	(32)	(0.0)%	(71)	(0.0)%
Net income attributable to H.B. Fuller	\$ 137,615	5.2%	\$ 99,916	3.8%
Basic income per common share attributable to H.B. Fuller	\$ 2.51		\$ 1.84	
Diluted income per common share attributable to H.B. Fuller	\$ 2.43		\$ 1.79	
Weighted-average common shares outstanding:				
Basic	54,874		54,279	
Diluted	56,620		55,890	
Dividends declared per common share	\$ 0.651		\$ 0.600	

Regulation G Reconciliations

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

	Three Months Ended		Nine Months Ended	
	August 31,	September	August 31,	September
	2024	2, 2023	2024	2, 2023
Net income attributable to H.B. Fuller	\$ 55,361	\$ 37,627	\$ 137,615	\$ 99,916
Adjustments:				
Acquisition project costs ¹	3,474	6,480	6,984	11,634
Organizational realignment ²	9,471	10,421	24,038	19,055
Project One ³	3,154	2,734	9,213	7,587
Other ⁴	(2,904)	503	(2,021)	4,098
Discrete tax items ⁵	(2,937)	6,243	(4,147)	9,131
Income tax effect on adjustments ⁶	(1,624)	(4,875)	(6,472)	(9,447)
Adjusted net income attributable to H.B. Fuller ⁷	63,995	59,133	165,210	141,974
Add:				
Interest expense	35,287	35,105	99,502	98,615
Interest income	(1,090)	(1,128)	(3,594)	(2,726)
Adjusted Income taxes	22,825	20,862	59,114	51,569
Depreciation and Amortization expense ⁸	44,235	41,826	125,288	118,803
Adjusted EBITDA ⁷	165,252	155,798	445,520	408,235
Diluted Shares	56,650	56,033	56,620	55,890
Adjusted diluted income per common share attributable to H.B. Fuller ⁷	\$ 1.13	\$ 1.06	\$ 2.92	\$ 2.54
Revenue	\$ 917,927	\$ 900,634	\$ 2,645,452	\$ 2,608,055
Adjusted EBITDA margin ⁷	18.0%	17.3%	16.8%	15.7%



Regulation G Reconciliations

H.B. FULLER COMPANY AND SUBSIDIARIES

SEGMENT FINANCIAL INFORMATION

In thousands (unaudited)

	Three Months Ended		Nine Months Ended	
	August 31, 2024	September 2, 2023	August 31, 2024	September 2, 2023
Net Revenue:				
Hygiene, Health and Consumable Adhesives	\$ 389,854	\$ 402,388	\$ 1,150,658	\$ 1,190,40
Engineering Adhesives	374,923	365,862	1,077,206	1,063,00
Construction Adhesives	153,150	132,384	417,588	354,64
Corporate unallocated	-	-	-	-
Total H.B. Fuller	<u>\$ 917,927</u>	<u>\$ 900,634</u>	<u>\$ 2,645,452</u>	<u>\$ 2,608,05</u>
Segment Operating Income (Loss):				
Hygiene, Health and Consumable Adhesives	\$ 49,782	\$ 52,737	\$ 147,147	\$ 149,47
Engineering Adhesives	52,865	52,931	139,522	129,80
Construction Adhesives	12,543	5,853	20,342	2,18
Corporate unallocated	(10,849)	(20,202)	(35,198)	(39,73)
Total H.B. Fuller	<u>\$ 104,341</u>	<u>\$ 91,319</u>	<u>\$ 271,813</u>	<u>\$ 241,73</u>
Adjusted EBITDA⁷				
Hygiene, Health and Consumable Adhesives	\$ 64,320	\$ 69,172	\$ 191,793	\$ 194,12
Engineering Adhesives	73,968	70,723	195,133	181,75
Construction Adhesives	25,119	18,519	57,314	39,58
Corporate unallocated	1,845	(2,616)	1,280	(7,23)
Total H.B. Fuller	<u>\$ 165,252</u>	<u>\$ 155,798</u>	<u>\$ 445,520</u>	<u>\$ 408,23</u>
Adjusted EBITDA Margin⁷				
Hygiene, Health and Consumable Adhesives	16.5%	17.2%	16.7%	16.
Engineering Adhesives	19.7%	19.3%	18.1%	17.
Construction Adhesives	16.4%	14.0%	13.7%	11.
Corporate unallocated	NMP	NMP	NMP	NM
Total H.B. Fuller	<u>18.0%</u>	<u>17.3%</u>	<u>16.8%</u>	<u>15.</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		Nine Months Ended	
	September		September	
	August 31,	2,	August 31,	2,
	2024	2023	2024	2023
Income before income taxes and income from equity method investments	\$ 72,293	\$ 58,897	\$ 183,188	\$ 147,920
Adjustments:				
Acquisition project costs ¹	3,474	6,480	6,984	11,634
Organizational realignment ²	9,471	10,421	24,038	19,055
Project One ³	3,154	2,734	9,213	7,587
Other ⁴	(2,904)	503	(2,021)	4,098
Adjusted income before income taxes and income from equity method investments ⁹	<u>\$ 85,488</u>	<u>\$ 79,035</u>	<u>\$ 221,402</u>	<u>\$ 190,294</u>
	Three Months Ended		Nine Months Ended	
	September		September	
	August 31,	2,	August 31,	2,
	2024	2023	2024	2023
Income Taxes	\$ (18,264)	\$ (22,231)	\$ (48,496)	\$ (51,255)
Adjustments:				
Acquisition project costs ¹	(428)	(1,569)	(1,147)	(2,620)
Organizational realignment ²	(1,166)	(2,523)	(3,984)	(4,247)
Project One ³	(388)	(662)	(1,587)	(1,655)
Other ⁴	(2,579)	6,123	(3,900)	8,208
Adjusted income taxes ¹⁰	<u>\$ (22,825)</u>	<u>\$ (20,862)</u>	<u>\$ (59,114)</u>	<u>\$ (51,569)</u>
Adjusted income before income taxes and income from equity method investments	\$ 85,488	\$ 79,035	\$ 221,402	\$ 190,294
Adjusted effective income tax rate ¹⁰	26.7%	26.4%	26.7%	27.1%



Regulation G Reconciliations

H.B. FULLER COMPANY AND SUBSIDIARIES

REGULATION G RECONCILIATION

In thousands (unaudited)

	Three Months Ended		Nine Months Ended	
	August 31, 2024	September 2, 2023	August 31, 2024	September 2, 2023
Net revenue	\$ 917,927	\$ 900,634	\$ 2,645,452	\$ 2,608,055
Gross profit	\$ 275,729	\$ 263,472	\$ 797,017	\$ 735,055
Gross profit margin	30.0%	29.3%	30.1%	28.2%
Adjustments:				
Acquisition project costs ¹	927	1,516	1,000	2,617
Organizational realignment ²	2,799	4,961	10,679	9,972
Project One ³	-	-	13	-
Other ⁴	-	318	-	479
Adjusted gross profit ¹¹	<u>\$ 279,455</u>	<u>\$ 270,267</u>	<u>\$ 808,709</u>	<u>\$ 748,123</u>
Adjusted gross profit margin ¹¹	30.4%	30.0%	30.6%	28.7%

	Three Months Ended		Nine Months Ended	
	August 31, 2024	September 2, 2023	August 31, 2024	September 2, 2023
Selling, general and administrative expenses	\$ (171,388)	\$ (172,153)	\$ (525,204)	\$ (493,320)
Adjustments:				
Acquisition project costs ¹	2,524	5,066	5,962	9,119
Organizational realignment ²	6,307	5,460	12,322	9,083
Project One ³	3,154	2,734	9,200	7,587
Other ³	(4,871)	149	(3,988)	880
Adjusted selling, general and administrative expenses ¹²	<u>\$ (164,274)</u>	<u>\$ (158,744)</u>	<u>\$ (501,708)</u>	<u>\$ (466,651)</u>



Regulation G Reconciliations

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

Three Months Ended: August 31, 2024	Hygiene, Health and Consumable Adhesives	Engineering Adhesives	Construction Adhesives	Total	Corporate Unallocated	H.B. Fuller Consolidated
Net income attributable to H.B. Fuller	\$ 51,280	\$ 53,918	\$ 13,974	\$ 119,172	\$ (63,811)	\$ 55,361
Adjustments:						
Acquisition project costs ¹	-	-	-	-	3,474	3,474
Organizational realignment ²	-	-	-	-	9,471	9,471
Project One ³	-	-	-	-	3,154	3,154
Other ⁴	-	-	-	-	(2,904)	(2,904)
Discrete tax items ⁵	-	-	-	-	(2,937)	(2,937)
Income tax effect on adjustments ⁶	-	-	-	-	(1,624)	(1,624)
Adjusted net income attributable to H.B. Fuller ⁷	<u>51,280</u>	<u>53,918</u>	<u>13,974</u>	<u>119,172</u>	<u>(55,177)</u>	<u>63,995</u>
Add:						
Interest expense	-	-	-	-	35,287	35,287
Interest income	-	-	-	-	(1,090)	(1,090)
Adjusted Income taxes	-	-	-	-	22,825	22,825
Depreciation and amortization expense ⁸	13,040	20,050	11,145	44,235	-	44,235
Adjusted EBITDA ⁷	<u>\$ 64,320</u>	<u>\$ 73,968</u>	<u>\$ 25,119</u>	<u>\$ 163,407</u>	<u>\$ 1,845</u>	<u>\$ 165,252</u>
Revenue	\$ 389,854	\$ 374,923	\$ 153,150	\$ 917,927	-	\$ 917,927
Adjusted EBITDA Margin ⁷	16.5%	19.7%	16.4%	17.8%	NMP	18.0%

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)

Nine Months Ended August 31, 2024	Hygiene, Health and Consumable Adhesives	Engineering Adhesives	Construction Adhesives	Total	Corporate Unallocated	H.B. Fuller Consolidated
Net income attributable to H.B. Fuller	\$ 151,636	\$ 142,681	\$ 24,635	\$ 318,952	\$ (181,337)	\$ 137,615
Adjustments:						
Acquisition project costs ¹	-	-	-	-	6,984	6,984
Organizational realignment ²	-	-	-	-	24,038	24,038
Project One ³	-	-	-	-	9,213	9,213
Other ⁴	-	-	-	-	(2,021)	(2,021)
Discrete tax items ⁵	-	-	-	-	(4,147)	(4,147)
Income tax effect on adjustments ⁶	-	-	-	-	(6,472)	(6,472)
Adjusted net income attributable to H.B. Fuller ⁷	151,636	142,681	24,635	318,952	(153,742)	165,210
Add:						
Interest expense	-	-	-	-	99,502	99,502
Interest income	-	-	-	-	(3,594)	(3,594)
Adjusted Income taxes	-	-	-	-	59,114	59,114
Depreciation and amortization expense ⁸	40,157	52,452	32,679	125,288	-	125,288
Adjusted EBITDA ⁷	<u>\$ 191,793</u>	<u>\$ 195,133</u>	<u>\$ 57,314</u>	<u>\$ 444,240</u>	<u>\$ 1,280</u>	<u>\$ 445,520</u>
Revenue	1,150,658	1,077,206	417,588	2,645,452	-	2,645,452
Adjusted EBITDA Margin ⁷	16.7%	18.1%	13.7%	16.8%	NMP	16.8%

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 REGULATION G RECONCILIATION In thousands (unaudited)

Three Months Ended: September 2, 2023	Hygiene, Health and Consumable Adhesives	Engineering Adhesives	Construction Adhesives	Total	Corporate Unallocated	H.B. Fu Consolid
Net income attributable to H.B. Fuller	\$ 54,568	\$ 54,256	\$ 7,764	\$ 116,588	\$ (78,961)	\$ 37,627
Adjustments:						
Acquisition project costs ¹	-	-	-	-	6,480	6,480
Organizational realignment ²	-	-	-	-	10,421	10,421
Project One ³	-	-	-	-	2,734	2,734
Other ⁴	-	-	-	-	503	503
Discrete tax items ⁵	-	-	-	-	6,243	6,243
Income tax effect on adjustments ⁶	-	-	-	-	(4,875)	(4,875)
Adjusted net income attributable to H.B. Fuller ⁷	54,568	54,256	7,764	116,588	(57,455)	59,133
Add:						
Interest expense	-	-	-	-	35,105	35,105
Interest income	-	-	-	-	(1,128)	(1,128)
Adjusted Income taxes	-	-	-	-	20,862	20,862
Depreciation and amortization expense ⁸	14,604	16,467	10,755	41,826	-	41,826
Adjusted EBITDA ⁷	\$ 69,172	\$ 70,723	\$ 18,519	\$ 158,414	\$ (2,616)	\$ 155,798
Revenue	\$ 402,388	\$ 365,862	\$ 132,384	\$ 900,634	-	\$ 900,634
Adjusted EBITDA Margin ⁷	17.2%	19.3%	14.0%	17.6%	NMP	

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)

Nine Months Ended September 2, 2023	Hygiene, Health and Consumable Adhesives	Engineering Adhesives	Construction Adhesives	Total	Corporate Unallocated	H.B. Fu Consolidated
Net income attributable to H.B. Fuller \$	154,966	\$ 133,778	\$ 7,920	\$ 296,664	\$ (196,748)	\$ 99,916
Adjustments:						
Acquisition project costs ¹	-	-	-	-	11,634	11,634
Organizational realignment ²	-	-	-	-	19,055	19,055
Project One ³	-	-	-	-	7,587	7,587
Other ⁴	-	-	-	-	4,098	4,098
Discrete tax items ⁵	-	-	-	-	9,131	9,131
Income tax effect on adjustments ⁶	-	-	-	-	(9,447)	(9,447)
Adjusted net income attributable to H.B. Fuller ⁷	154,966	133,778	7,920	296,664	(154,690)	141,974
Add:						
Interest expense	-	-	-	-	98,615	98,615
Interest income	-	-	-	-	(2,726)	(2,726)
Adjusted Income taxes	-	-	-	-	51,569	51,569
Depreciation and amortization expense ⁸	39,159	47,980	31,664	118,803	-	118,803
Adjusted EBITDA ⁷	\$ 194,125	\$ 181,758	\$ 39,584	\$ 415,467	\$ (7,232)	\$ 408,235
Revenue	\$ 1,190,402	\$ 1,063,009	\$ 354,644	\$2,608,055	-	\$ 2,608,055
Adjusted EBITDA Margin ⁷	16.3%	17.1%	11.2%	15.9%	NMP	

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)	Three Months Ended August 31, 2024	Nine Months Ended August 31, 2024
Price		(2.6)%	(3.1)%
Volume		3.0%	1.9%
Organic Growth ¹³		0.4%	(1.2)%
M&A		3.0%	3.9%
Constant currency		3.4%	2.7%
F/X		(1.5)%	(1.3)%
Total H.B. Fuller Net Revenue		<u>1.9%</u>	<u>1.4%</u>

Revenue growth versus 2023

Three Months Ended August 31, 2024

	Net Revenue	F/X	Constant Currency	M&A	Organic Growth ¹³
Hygiene, Health and Consumable Adhesives	(3.1)%	(2.6)%	(0.5)%	0.0%	(0.5)%
Engineering Adhesives	2.5%	(0.8)%	3.3%	5.3%	(2.0)%
Construction Adhesives	15.7%	(0.1)%	15.8%	5.6%	10.2%
Total H.B. Fuller	<u>1.9%</u>	<u>(1.5)%</u>	<u>3.4%</u>	<u>3.0%</u>	<u>0.4%</u>

Revenue growth versus 2023

Nine Months Ended August 31, 2024

	Net Revenue	F/X	Constant Currency	M&A	Organic Growth ¹³
Hygiene, Health and Consumable Adhesives	(3.3)%	(1.7)%	(1.6)%	3.2%	(4.8)%
Engineering Adhesives	1.3%	(1.2)%	2.5%	3.2%	(0.7)%
Construction Adhesives	17.7%	0.0%	17.7%	8.7%	9.0%
Total H.B. Fuller	<u>1.4%</u>	<u>(1.3)%</u>	<u>2.7%</u>	<u>3.9%</u>	<u>(1.2)%</u>



Regulation G Reconciliations

H.B. FULLER COMPANY AND SUBSIDIARIES

REGULATION G RECONCILIATION

In thousands (unaudited)

	Three Months Ended					Trailing Twelve Months ¹⁶ Ended		Year Ended
	September 2, 2023	December 2, 2023	March 2, 2024	June 1, 2024	August 31, 2024	August 31, 2024	June 1, 2024	December 2, 2023
Net income attributable to H.B. Fuller	\$ 37,627	\$ 44,991	\$ 30,991	\$ 51,264	\$ 55,361	\$ 182,607	\$ 164,873	\$ 144,906
Adjustments:								
Acquisition project costs ¹	6,480	4,765	2,043	1,467	3,474	11,749	14,755	16,874
Organizational realignment ²	10,421	10,549	7,262	7,275	9,471	34,557	35,507	29,900
Project One ³	2,734	2,193	3,213	2,845	3,154	11,405	10,985	9,815
Other ⁴	503	(3,903)	-	914	(2,904)	(5,893)	(2,486)	(611)
Discrete tax items ¹⁴	6,243	16,955	(2,527)	1,317	(2,937)	12,808	21,988	26,085
Income tax effect on adjustments ⁵	(4,875)	(1,158)	(3,290)	(1,558)	(1,624)	(7,630)	(10,881)	(10,604)
Adjusted net income attributable to H.B. Fuller ⁷	59,133	74,392	37,692	63,524	63,995	239,603	234,741	216,365
Add:								
Interest expense	35,105	33,297	31,901	32,313	35,287	132,798	132,616	131,913
Interest income	(1,128)	(1,217)	(1,307)	(1,197)	(1,090)	(4,811)	(4,849)	(3,943)
Adjusted Income taxes	20,862	26,477	13,631	22,658	22,825	85,591	83,628	78,047
Depreciation and Amortization expense ¹⁵	41,826	39,653	41,101	39,952	44,235	164,941	162,532	158,456
Adjusted EBITDA ⁷	<u>\$ 155,798</u>	<u>\$ 172,602</u>	<u>\$ 123,018</u>	<u>\$ 157,250</u>	<u>\$ 165,252</u>	<u>\$ 618,122</u>	<u>\$ 608,668</u>	<u>\$ 580,838</u>



Regulation G Reconciliations

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

	June 1, 2024	August 31, 2024	December 2, 2023	September 2, 2023
Total debt	\$ 2,024,916	\$ 2,021,070	\$ 1,838,431	\$ 1,885,021
Less: Cash and cash equivalents	114,823	131,412	179,453	94,934
Net debt ¹⁷	<u>\$ 1,910,093</u>	<u>\$ 1,889,658</u>	<u>\$ 1,658,978</u>	<u>\$ 1,790,087</u>
Trailing twelve months Adjusted EBITDA ¹⁶	\$ 608,668	\$ 618,122	580,838	
Net Debt-to-Adjusted EBITDA ¹⁷	3.1	3.1	2.9	

	August 31, 2024	September 2, 2023	December 2, 2023
Trade receivables, net	\$ 574,781	\$ 576,060	\$ 577,932
Inventory	509,029	472,641	442,040
Trade payables	493,550	394,914	439,700
Net working capital ¹⁸	<u>\$ 590,260</u>	<u>\$ 653,787</u>	<u>\$ 580,272</u>
Net revenue three months ended	\$ 917,927	\$ 900,634	
Annualized net revenue ¹⁸	3,671,708	3,602,536	
Net working capital as a percentage of annualized revenue ¹⁸		16.1%	18.1%



Regulation G Reconciliations

¹ Acquisition project costs include costs related to evaluating, acquiring and integrating business acquisitions. Acquisition project costs include \$2,457 and \$1,757 in transaction costs (primarily consulting and professional fees, representations and warranties insurance premiums and employee acquisition-related travel expenses) and \$1,017 and \$4,723 in purchase 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) for the three months ended August 31, 2024 and September 2, 2023, respectively. Acquisition project costs include \$5,135 and \$5,498 in transaction costs (primarily consulting and professional fees, representations and warranties insurance premiums and employee acquisition related travel expenses), \$1,272 and \$6,136 in purchase 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 nine months ended August 31, 2024 and September 2, 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 \$2,939 and \$139 in professional fees related to legal entity and business structure changes, \$5,363 and \$8,798 in employee severance and other related costs, and \$1,169 and \$1,484 related to facility rationalization costs for the three months ended August 31, 2024 and September 2, 2023, respectively. Organizational realignment includes \$6,915 and \$3,863 in professional fees related to legal entity and business structure changes, \$9,721 and \$13,708 in employee severance and other related costs, and \$7,402 and \$1,484 related to facility rationalization costs for the nine months ended August 31, 2024 and September 2, 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 Other includes a gain from insurance recoveries and a loss from the write-off of a cost method investment for the three and nine months ended August 31, 2024. Other includes the write-off of unamortized debt fees and non-cash gains and losses related to legal entity consolidations for fiscal 2023.

⁵ Discrete tax items for the three and nine months ended August 31, 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 \$194 and (\$348) for the three months ended August 31, 2024 and September 2, 2023, respectively and (\$3,425) and (\$348) for the nine months ended August 31, 2024 and September 2, 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, 2024 are related to various U.S. and foreign tax matters offset by an excess tax 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 ended August 31, 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, \$194 for the three months ended August 31, 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 calculations of these non-GAAP financial measures are 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 calculations of these non-GAAP financial measures are 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.