UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT TO
SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): May 12, 2023

SPECTRUM BRANDS HOLDINGS, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**001-4219**	**74-1339132**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

SB/RH HOLDINGS, LLC
(Exact Name of Registrant as Specified in its Charter)

Delaware	**333-192634-03**	**27-2812840**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

3001 Deming Way
Middleton, Wisconsin 53562
(Address of principal executive offices)

(608) 275-3340
(Registrant's telephone number, including area code)

Not applicable
(Former Name or Former Address, if Changed Since Last Report)

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§232.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Spectrum Brands Holdings, Inc. ☐
SB/RH Holdings, LLC ☐

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Spectrum Brands Holdings, Inc. ☐
SB/RH Holdings, LLC ☐

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

Registrant	Title of Each Class	Trading Symbol	Name of Exchange On Which Registered
Spectrum Brands Holdings, Inc.	Common Stock, $0.01 par value	SPB	New York Stock Exchange

Item 2.02 Results of Operations and Financial Condition.

The following information, including the Exhibit 99.1 referenced in this Item 2.02 to the extent the Exhibit discusses financial results of Spectrum Brands Holdings, Inc. (the “Company”) for the fiscal second quarter ended April 2, 2023 is being furnished pursuant to this Item 2.02 and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

On May 12, 2023, the Company issued a press release (the “Earnings Press Release”) discussing, among other things, its financial results for its fiscal second quarter ended April 2, 2023. A copy of the Earnings Press Release is furnished as Exhibit 99.1 to this report.

Forward Looking Information

We have made, implied or incorporated by reference certain forward-looking statements in this document. All statements, other than statements of historical facts included or incorporated by reference in this document, without limitation, statements or expectations regarding our business strategy, future operations, financial condition, estimated revenues, projected costs, projected synergies, prospects, plans and objectives of management, outcome of any litigation and information concerning expected actions of third parties are forward looking statements. When used in this document, the words future, anticipate, pro forma, seeks, intend, plan, envision, estimate, believe, belief, expect, project, forecast, outlook, goal, target, could, would, will, can, should, may and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words, although not all forward-looking statement contain such identifying words.

Since these forward-looking statements are based upon our current expectations of future events and projections and are subject to a number of risks and uncertainties, many of which are beyond our control and some of which may change rapidly, actual results or outcomes may differ materially from those expressed or implied herein, and you should not place undue reliance on these statements. Important factors that could cause our actual results to differ materially from those expressed or implied herein include, without limitation:

(1) the COVID-19 pandemic, economic, social and political conditions or civil unrest, terrorist attacks, acts of war, natural disasters, other public health concerns or unrest in the United States ("U.S.") or the international markets impacting our business, customers, employees (including our ability to retain and attract key personnel), manufacturing facilities, suppliers, capital markets, financial condition and results of operations, all of which tend to aggravate the other risks and uncertainties we face; (2) the impact of a number of local, regional and global uncertainties could negatively impact our business; (3) the negative effect of the armed conflict between Russia and Ukraine and its impact on those regions and surrounding regions, including on our operations and on those of our customers, suppliers and other stakeholders; (4) our increased reliance on third-party partners, suppliers and distributors to achieve our business objectives; (5) the impact of expenses resulting from the implementation of new business strategies, divestitures or current and proposed restructuring and optimization activities, including distribution center changes which are complicated and involve coordination among a number of stakeholders, including our suppliers and transportation and logistics handlers; (6) the impact of our indebtedness and financial leverage position on our business, financial condition and results of operations; (7) the impact of restrictions in our debt instruments on our ability to operate our business, finance our capital needs or pursue or expand business strategies; (8) any failure to comply with financial covenants and other provisions and restrictions of our debt instruments; (9) the effects of general economic conditions, including the impact of, and changes to tariffs and trade policies, inflation, recession or fears of a recession, depression or fears of a depression, labor costs and stock market volatility or monetary or fiscal policies in the countries where we do business; (10) the impact of fluctuations in transportation and shipment costs, fuel costs, commodity prices, costs or availability of raw materials or terms and conditions available from suppliers, including suppliers’ willingness to advance credit; (11) interest rate fluctuations; (12) changes in foreign currency exchange rates that may impact our purchasing power, pricing and margin realization within international jurisdictions; (13) the loss of, significant reduction in or dependence upon, sales to any significant retail customer(s), including their changes in retail inventory levels and management thereof; (14) competitive promotional activity or spending by competitors, or price reductions by competitors; (15) the introduction of new product features or technological developments by competitors and/or the development of new competitors or competitive brands; (16) changes in consumer spending preferences and demand for our products, particularly in light of economic stress and the COVID-19 pandemic; (17) our ability to develop and successfully introduce new products, protect our intellectual property and avoid infringing the intellectual property of third parties; (18) our ability to successfully identify, implement, achieve and sustain productivity improvements, cost efficiencies (including at our manufacturing and distribution operations) and cost savings; (19) the seasonal nature of sales of certain of our products; (20) the impact weather conditions may have on the sales of certain of our products; (21) the effects of climate change and unusual weather activity as well as our ability to respond to future natural disasters and pandemics and to meet our environmental, social and governance goals; (22) the cost and effect of unanticipated legal, tax or regulatory proceedings or new laws or regulations (including environmental, public health and consumer protection regulations); (23) public perception regarding the safety of products that we manufacture and sell, including the potential for environmental liabilities, product liability claims, litigation and other claims related to products manufactured by us and third parties; (24) the impact of existing, pending or threatened litigation, government regulation or other requirements or operating standards applicable to our business; (25) the impact of cybersecurity

breaches or our actual or perceived failure to protect company and personal data, including our failure to comply with new and increasingly complex global data privacy regulations; (26) changes in accounting policies applicable to our business; (27) our discretion to adopt, conduct, suspend or discontinue any share repurchase program (including our discretion to conduct purchases, if any, in a variety of manners including open-market purchases or privately negotiated transactions); (28) our ability to utilize net operating loss carry-forwards to offset tax liabilities from future taxable income; (29) our ability to consummate the announced Hardware and Home Improvement ("HHI") divestiture on the expected terms and within the anticipated time period, or at all, which is dependent on the parties' ability to satisfy certain closing conditions and our ability to realize the benefits of the transaction, including reducing the financial leverage of the Company, invest in the organic growth of the Company, fund any future acquisitions, return capital to shareholders, and/or maintain our quarterly dividends; (30) the risk that ASSA ABLOY and Fortune Brands fail to satisfy the conditions to closing of their divestiture transaction and/or otherwise fail to consummate their divestiture transaction in connection with the settlement with the U.S. Department of Justice; (31) the risk that regulatory approvals that are required to complete the proposed HHI divestiture may not be realized, may take longer than expected or may impose adverse conditions; (32) our ability to successfully integrate the February 18, 2022, acquisition of the home appliances and cookware products business from Tristar Products, Inc. (the "Tristar Business") into the Company's Home and Personal Care ("HPC") business and realize the benefits of this acquisition; (33) our ability to separate the Company's HPC business and create an independent Global Appliances business on expected terms, and within the anticipated time period, or at all, and to realize the potential benefits of such business; (34) our ability to create a pure play consumer products company composed of our Global Pet Care ("GPC") and Home & Garden ("H&G") business and to realize the expected benefits of such creation, and within the anticipated time period, or at all; (35) our ability to successfully implement further acquisitions or dispositions and the impact of any such transactions on our financial performance; (36) the impact of actions taken by significant stockholders; (37) the unanticipated loss of key members of senior management and the transition of new members of our management teams to their new roles; and (38) the other risk factors set forth in the securities filings of Spectrum Brands Holdings, Inc. and SB/RH Holdings, LLC, including the 2022 Annual Report and subsequent Quarterly Reports on Form 10-Q.

Some of the above-mentioned factors are described in further detail in the sections entitled “Risk Factors” in our annual and quarterly reports, as applicable. You should assume the information appearing in this document is accurate only as of the date hereof, or as otherwise specified, as our business, financial condition, results of operations and prospects may have changed since such date. Except as required by applicable law, including the securities laws of the U.S. and the rules and regulations of the United States Securities and Exchange Commission, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, to reflect actual results or changes in factors or assumptions affecting such forward-looking statements.

Item 9.01 Financial Statements and Exhibits.

(a) Not applicable.
(b) Not applicable.
(c) Not applicable.
(d) Exhibits.

The following exhibits are being filed with this Current Report on Form 8-K.

Exhibit No.	Description
99.1	Earnings Press Release, dated May 12, 2023

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 12, 2023

SPECTRUM BRANDS HOLDINGS, INC.

By: /s/ Jeremy W. Smeltser

Name: Jeremy W. Smeltser

Title: Executive Vice President and Chief Financial Officer

Exhibit 99.1

3001 Deming Way
Middleton, WI 53562-1431
P.O. Box 620992
Middleton, WI 53562-0992
(608) 275-3340

Spectrum Brands

For Immediate Release

Investor/Media Contact:
Faisal Qadir 608-278-6207

Spectrum Brands Holdings Reports Fiscal 2023 Second Quarter Results

- **Spectrum Brands has Resolved the Lawsuit with the U.S. Department of Justice (the "DOJ") Regarding ASSA ABLOY's Acquisition of HHI Segment**
- **The Company Expects to Collect $4.3 Billion Upon Completion of the Sale of HHI, Anticipated to Close no Later Than the End of June 2023**
- **Net Sales Decreased 9.7% Driven by Retailer Inventory Strategy Leading to Lower Replenishment Orders, Slower Category POS and Unfavorable Foreign Currency, Offset by Positive Pricing Adjustments**
- **Net Loss from Continuing Operations of $75.0 Million and Adjusted EBITDA of $51.0 Million**
- **Inventory Reduction of $170 million in the Quarter, including HHI Business, Resulting in Positive Free Cash Flow**
- **Updating Fiscal 2023 Earnings Framework and Now Expect Net Sales to Decline Mid Single-Digits to Prior Year and Adjusted EBITDA to be Down Low to Mid Single-Digits**

Middleton, WI, May 12, 2023 - Spectrum Brands Holdings, Inc. (NYSE: SPB; “Spectrum Brands” or the “Company”), a leading global branded consumer products and home essentials company focused on driving innovation and providing exceptional customer service, today reported results from continuing operations for the second quarter of fiscal 2023 ended April 2, 2023.

"I am pleased to announce that with the settlement agreement with the DOJ, we have reached a critical milestone in the completion of the sale of our Hardware and Home Improvement business to ASSA ABLOY for $4.3 billion in cash. We remain confident that the transaction will close no later than June 30, 2023. We believe that HHI will be better positioned for growth and innovation under ASSA ABLOY's stewardship, and are excited for our HHI colleagues who have found an excellent home. This is a meaningful strategic pivot for Spectrum Brands, which will strengthen our balance sheet by making us a net debt free company, and allow us to devote all our resources to and prioritize the long-term growth of our remaining businesses. This transaction will also bring us closer to our long-term goal of becoming a faster growing, higher margin, pure play Global Pet Care and Home & Garden company,” said David Maura, Chairman and Chief Executive Officer of Spectrum Brands.

Continuing, Mr. Maura commented, “On the operating front, while our Global Pet Care and Home and Personal Care businesses performed in line with or better than our expectations, we are disappointed with the results in our Home and Garden business for this quarter. We are facing some additional short-term headwinds as our key retail partners for the Home and Garden categories have continued to reduce inventory in the quarter compared to a typical seasonal build. Based upon the lower first half demand and this further inventory reduction by our retailers, we are lowering our expectations for the year. We now expect our sales in the year to be below consumer demand, which should normalize once we get past the current fiscal year. On the positive side, our renewed focus on profitability, working capital discipline, and cost management continues to pay off as we have reduced our inventory by over $340 million in the last nine months and generated positive free cash flow so far this fiscal year."

Fiscal 2023 Second Quarter Highlights

	Three Month Periods Ended						
(in millions, except per share and %)		April 2, 2023		April 3, 2022		Variance	
Net sales	$	729.2	$	807.8	$	(78.6)	(9.7)%
Gross profit		214.5		255.6		(41.1)	(16.1)%
Operating loss		(77.0)		(8.1)		(68.9)	850.6 %
Net loss from continuing operations		(75.0)		(25.1)		(49.9)	198.8 %
Diluted earnings per share from continuing operations	$	(1.83)	$	(0.61)	$	(1.22)	200.0 %
Non-GAAP Operating Metrics							
Adjusted EBITDA from continuing operations	$	51.0	$	79.0	$	(28.0)	(35.4)%
Adjusted EPS from continuing operations	$	(0.14)	$	0.41	$	(0.55)	n/m

n/m = not meaningful

- Net sales decreased 9.7% with a decrease in organic net sales of 10.1%, excluding the impact of $19.4 million of unfavorable foreign exchange rates and acquisition sales of $22.1 million. Net sales declined due to retailer inventory management strategies and slower category POS, offset by positive pricing adjustments.
- Gross profit and gross profit margin declined from the reduction in sales volume, unfavorable mix and sales of higher cost inventory accumulated in the prior year, offset by positive pricing.
- Operating loss increased with the recognition of an intangible asset impairment of $67 million offset by lower distribution costs, fixed cost reduction efforts, plus reduced project spend on restructuring, optimization and strategic transaction initiatives.
- Net loss increase and diluted earnings per share decrease were primarily driven by the increase in operating loss and interest costs.
- Adjusted EBITDA decreased 35.4% and adjusted EBITDA margin decreased 280 basis points attributable to the decrease in volume and unfavorable impact of foreign exchange.
- Adjusted diluted EPS decreased to a loss of $0.14 per share due to lower Adjusted EBITDA.

Fiscal 2023 Second Quarter Segment Level Data

Global Pet Care (GPC)

(in millions, except %)	Three Month Periods Ended April 2, 2023	Three Month Periods Ended April 3, 2022	Variance	
Net sales	$ 296.7	$ 295.1	$ 1.6	0.5 %
Operating income	30.3	19.9	10.4	52.3 %
Operating income margin	10.2 %	6.7 %	350 bps	
Adjusted EBITDA	$ 46.3	$ 40.6	$ 5.7	14.0 %
Adjusted EBITDA margin	15.6 %	13.8 %	180 bps	

Net sales improved in the second quarter as compared to the first quarter, which was pressured by customers' focus on inventory management leading to lower replenishment orders. The increase in net sales compared to last year was due to strong growth in companion animals, driven by chews in North America and Dog and Cat food in EMEA, partially offset by declines in other hard goods and aquatic environments as compared to prior year elevated levels. The sales were also helped by prior year price increases and new positive pricing adjustments in EMEA partially overcoming the unfavorable impact of foreign exchange. Organic net sales increased 3.1%, excluding unfavorable foreign currency impacts of $7.6 million.

Operating income, Adjusted EBITDA and margin increased due to lower distribution costs compared to prior year disruptions, positive pricing adjustments, savings from prior year cost reduction initiatives, and additional cost reduction actions in the current year. This was partially offset by lower volumes and unfavorable foreign currency impact.

Home & Garden (H&G)

(in millions, except %)	Three Month Periods Ended April 2, 2023	Three Month Periods Ended April 3, 2022	Variance	
Net sales	$ 153.3	$ 196.6	$ (43.3)	(22.0)%
Operating (loss) income	(39.8)	30.4	(70.2)	n/m
Operating (loss) income margin	(26.0)%	15.5 %	(4,150) bps	
Adjusted EBITDA	$ 15.1	$ 37.7	$ (22.6)	(59.9)%
Adjusted EBITDA margin	9.8 %	19.2 %	(940) bps	

n/m = not meaningful

The net sales decrease was primarily driven by reduction in retailer inventory compared to a strong prior year inventory build ahead of the season. Adverse weather conditions late in the quarter also negatively impacted the pest controls category POS and resulted in lower replenishment orders. Cleaning products sales decreased as a slow start to the spring cleaning season contributed to a POS decline in the relevant categories.

The operating loss, lower Adjusted EBITDA and margins were driven by the impact of the sales decline offset by the benefits of fixed cost restructuring and operational cost reductions initiated during the second half of last year. Operating income was also impacted by impairment of intangible assets.

Home & Personal Care (HPC)

(in millions, except %)	Three Month Periods Ended April 2, 2023		Three Month Periods Ended April 3, 2022		Variance		
Net sales	$	279.2	$	316.1	$	(36.9)	(11.7)%
Operating loss		(37.3)		(19.8)		(17.5)	88.4 %
Operating loss margin		(13.4 %)		(6.3)%		(710) bps	
Adjusted EBITDA	$	(1.9)	$	10.6	$	(12.5)	n/m
Adjusted EBITDA margin		(0.7) %		3.4 %		(410) bps	

n/m = not meaningful

The decrease in net sales is primarily due to category decline from lower consumer demand, particularly in kitchen appliances, and continued retailer inventory management in North America. Sales in EMEA were also impacted by lower consumer demand. Organic net sales decreased 14.9%, excluding acquisition sales of $22.1 million and unfavorable foreign currency impact of $11.8 million.

The operating loss was driven by impairment of intangible assets and lower Adjusted EBITDA. The decrease in Adjusted EBITDA and margins is driven by lower volume, the sales of higher cost inventory accumulated in the prior year, and unfavorable foreign currency in EMEA, which were partially mitigated by cost savings from the reduction of operating expenses initiated in the prior year and additional actions undertaken during the second quarter of fiscal 23.

Liquidity and Debt

As of the end of the quarter, the Company had a cash balance of $328 million and $3,222 million of debt outstanding, consisting of $2,014 million of senior unsecured notes, $1,117 million of term loans and revolver draws and $91 million of finance leases.

Proforma net leverage at the end of the second quarter was 6.3 times, compared to 6.2 times at the end of the previous quarter. In the first quarter, the Company entered into an amendment to its credit agreement to temporarily increase the maximum consolidated leverage ratio permitted from 6.0 to 1.0 to be no greater than 7.0 to 1.0 until the earliest of (i) September 29, 2023, or (ii) 10 business days after the closing of the HHI divestiture or the receipt of the related termination fee.

Fiscal 2023 Earnings Framework

Spectrum Brands now expects reported net sales to decline by mid single-digits in Fiscal 2023, with foreign exchange expected to have a negative impact based upon current rates. Fiscal 2023 Adjusted EBITDA is expected to decline by low to mid single-digits.

From a capital structure perspective, the Company is targeting a long-term net leverage ratio of 2.0 - 2.5 times after full deployment of HHI sale proceeds.

Conference Call/Webcast Scheduled for 9:00 A.M. Eastern Time Today

Spectrum Brands will host an earnings conference call and webcast at 9:00 a.m. Eastern Time today, May 12, 2023. The live webcast and related presentation slides will be available by visiting the Event Calendar page in the Investor Relations section of Spectrum Brands' website at www.spectrumbrands.com. Participants may register **here**. Instructions will be provided to ensure the necessary audio applications are downloaded and installed. Users can obtain these at no charge.

A replay of the live broadcast will be accessible through the Event Calendar page in the Investor Relations section of the Company's website.

About Spectrum Brands Holdings, Inc.

Spectrum Brands Holdings is a home-essentials company with a mission to make living better at home. We focus on delivering innovative products and solutions to consumers for use in and around the home through our trusted brands. We are a leading supplier of specialty pet supplies, lawn and garden and home pest control products, personal insect repellents, shaving and grooming products, personal care products, and small household appliances. Helping to meet the needs of consumers worldwide, Spectrum Brands offers a broad portfolio of market-leading, well-known and widely trusted brands including Tetra®, DreamBone®, SmartBones®, Nature's Miracle®, 8-in-1®, FURminator®, Healthy-Hide®, Good Boy®, Meowee!®, OmegaOne®, Spectracide®, Cutter®, Repel®, Hot Shot®, Rejuvenate®, Black Flag®, Liquid Fence®, Remington®, George Foreman®, Russell Hobbs®, Black+Decker®, PowerXL®, Emeril Lagasse®, and Copper Chef®. For more information, please visit www.spectrumbrands.com. Spectrum Brands – A Home Essentials Company™

Non-GAAP Measurements

Management believes that certain non-GAAP financial measures may be useful in certain instances to provide additional meaningful comparisons between current results and results in prior operating periods. Within this document, including the tables that follow, reference is made to organic net sales, adjusted earnings before interest, taxes, depreciation and amortization (EBITDA), adjusted EBITDA margin, and adjusted earnings per share (EPS). Management believes that organic net sales provide for a more complete understanding of underlying business trends of regional and segment performance by excluding the impact of foreign currency exchange fluctuations and the impact of acquisitions (when applicable) when there is no comparable sales in the prior period. Organic sales growth is calculated by comparing organic net sales to net sales in the prior comparative period. The effect of changes in foreign currency exchange rates is determined by translating the period's net sales using the foreign currency exchange rates that were in effect during the prior comparative period. Adjusted EBITDA is a metric used by management to evaluate segment performance and frequently used by the financial community, which provides insight into an organization's operating trends and facilitates comparisons between peer companies, because interest, taxes, depreciation and amortization can differ greatly between organizations as a result of differing capital structures and tax strategies. Adjusted EBITDA can also be a useful measure for determining the Company's debt covenant compliance. Adjusted EBITDA excludes certain items that are unusual in nature or not comparable from period to period. Adjusted EBITDA margin reflects adjusted EBITDA as a percentage of net sales. Management uses adjusted diluted EPS as a useful measure for providing further insight into our operating performance because it eliminates the effects of certain items that are not comparable from one period to the next. An income tax adjustment is included in adjusted diluted EPS to exclude the impact of the valuation allowance against deferred taxes and other tax-related items in order to reflect a normalized ongoing effective tax rate of 25.0%. The Company provides this information to investors to assist in comparisons of past, present and future operating results and to assist in highlighting the results of on-going operations. While the Company's management believes that non-GAAP measurements are useful supplemental information, such adjusted results are not intended to replace the Company's GAAP financial results and should be read in conjunction with those GAAP results. Supplemental tables have been provided within the Appendix to this document to demonstrate reconciliation of non-GAAP measurements to the most comparable GAAP measure.

Forward-Looking Statements

We have made or implied certain forward-looking statements in this document. All statements, other than statements of historical facts included or incorporated by reference in this document, including, without limitation, statements or expectations regarding our business strategy, future operations, financial condition, estimated revenues, projected costs, earnings power, projected synergies, prospects, plans and objectives of management, outcome of any litigation and information concerning expected actions of third parties are forward-looking statements. When used in this document, the words future, anticipate, pro forma, seek, intend, plan, envision, estimate, believe, belief, expect, project, forecast, outlook, earnings framework, goal, target, could, would, will, can, should, may and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words.

Since these forward-looking statements are based upon our current expectations of future events and projections and are subject to a number of risks and uncertainties, many of which are beyond our control and some of which may change rapidly, actual results or outcomes may differ materially from those expressed or implied herein, and you should not place undue reliance on these statements. Important factors that could cause our actual results to differ materially from those expressed or implied herein include, without limitation: (1) the COVID-19 pandemic, economic, social and political conditions or civil unrest, terrorist attacks, acts of war, natural disasters, other public health concerns or unrest in the United States or the international markets impacting our business, customers, employees (including our ability to retain and attract key personnel), manufacturing facilities, suppliers, capital markets, financial condition and results of operations, all of which tend to aggravate the other risks and uncertainties we face; (2) the impact of a number of local, regional and global uncertainties could negatively impact our business; (3) the negative effect of the armed conflict between Russia and Ukraine and its impact on those regions and surrounding regions, including on our operations and on those of our customers, suppliers and other stakeholders; (4) our increased reliance on third-party partners, suppliers and distributors to achieve our business objectives; (5) the impact of expenses resulting from the implementation of new business strategies, divestitures or current and proposed restructuring and optimization activities, including distribution center changes which are complicated and involve coordination among a number of stakeholders, including our suppliers and transportation and logistics handlers; (6) the impact of our indebtedness and financial leverage position on our business, financial condition and results of operations; (7) the impact of restrictions in our debt instruments on our ability to operate our business, finance our capital needs or pursue or expand business strategies; (8) any failure to comply with financial covenants and other provisions and restrictions of our debt instruments; (9) the effects of general economic conditions, including the impact of, and changes to tariffs and trade policies, inflation, recession or fears of a recession, depression or fears of a depression, labor costs and stock market volatility or monetary or fiscal policies in the countries where we do business; (10) the impact of fluctuations in transportation and shipment costs, fuel costs, commodity prices, costs or availability of raw materials or terms and conditions available from suppliers, including suppliers' willingness to advance credit; (11) interest rate fluctuations; (12) changes in foreign currency exchange rates that may impact our purchasing power, pricing and margin realization within international jurisdictions; (13) the loss of, significant reduction in or dependence upon, sales to any significant retail customer(s), including their changes in retail inventory levels and management thereof; (14) competitive promotional activity or spending by competitors, or price reductions by competitors; (15) the introduction of new product features or technological developments by competitors and/or the development of new competitors or competitive brands; (16) changes in consumer spending preferences and demand for our products, particularly in light of economic stress and the COVID-19 pandemic; (17) our ability to develop and *successfully introduce new products, protect our intellectual property and avoid infringing the intellectual property of third parties; (18) our ability to successfully identify, implement, achieve and sustain productivity improvements, cost efficiencies (including at our manufacturing and distribution operations) and cost savings; (19) the seasonal nature of sales of certain of our products; (20) the impact weather conditions may have on the sales of certain of our products; (21) the effects of climate change and unusual weather activity as well as our ability to respond to future natural disasters and pandemics and to meet our environmental, social and governance goals; (22) the cost and effect of unanticipated legal, tax or regulatory proceedings or new laws or regulations (including environmental, public health and consumer protection regulations); (23) public perception regarding the safety of products that we manufacture and sell, including the potential for environmental liabilities, product liability claims, litigation and other claims related to products manufactured by us and third parties; (24) the impact of existing, pending or threatened litigation, government regulation or other requirements or operating standards applicable to our business; (25) the impact of cybersecurity breaches or our actual or perceived failure to protect company and personal data, including our failure to comply with new and increasingly complex global data privacy regulations; (26) changes in accounting policies applicable to our business; (27) our discretion to adopt, conduct, suspend or discontinue any share repurchase program (including our discretion to conduct purchases, if any, in a variety of manners including open-market purchases or privately negotiated transactions); (28) our ability to utilize net operating loss carry-forwards to offset tax liabilities from future taxable income; (29) our ability to consummate the announced Hardware and Home Improvement ("HHI") divestiture on the expected terms and within the anticipated time period, or at all, which is dependent on the parties' ability to satisfy certain closing conditions and our ability to realize the benefits of the transaction, including reducing the financial leverage of the Company, investing in the organic growth of the Company, funding any future acquisitions, returning capital to shareholders and/or maintaining our quarterly dividends; (30) the risk that ASSA ABLOY and Fortune Brands fail to satisfy the conditions to closing of their divestiture transaction and/or otherwise fail to consummate their divestiture transaction in connection with the settlement with the U.S. Department of Justice; (31) the risk that regulatory approvals that are required to complete the proposed HHI divestiture may not be realized, may take longer than expected or may impose adverse conditions; (32) our ability to successfully integrate the February 18, 2022, acquisition of the home appliances and cookware products business from Tristar Products, Inc. into the Company's Home and Personal Care ("HPC") business and realize the benefits of this acquisition; (33) our ability to separate the Company's HPC business and create an independent Global Appliances business on expected terms, and within the anticipated time period, or at all, and to realize the potential benefits of such business; (34) our ability to create a pure play consumer products company composed of our Global Pet Care and Home & Garden business and to realize the expected benefits of such creation, and within the anticipated time period, or at all; (35) our ability to successfully implement further acquisitions or dispositions and the impact of any such transactions on our financial performance; (36) the impact of actions taken by significant stockholders; and (37) the unanticipated loss of key members of senior management and the transition of new members of our management teams to their new roles.*

Some of the above-mentioned factors are described in further detail in the sections entitled Risk Factors in our annual and quarterly reports, as applicable. You should assume the information appearing in this document is accurate only as of the end of the period covered by this document, or as otherwise specified, as our business, financial condition, results of operations and prospects may have changed since that date. Except as required by applicable law, including the securities laws of the United States and the rules and regulations of the United States Securities and Exchange Commission , we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future *events or otherwise, to reflect actual results or changes in factors or assumptions affecting such forward-looking statements.*

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SpectrumBrands

SPECTRUM BRANDS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(in millions, except per share amounts)	Three Month Periods Ended April 2, 2023	Three Month Periods Ended April 3, 2022	Six Month Periods Ended April 2, 2023	Six Month Periods Ended April 3, 2022
Net sales	$ 729.2	$ 807.8	$ 1,442.5	$ 1,565.0
Cost of goods sold	514.7	552.2	1,026.1	1,090.1
Gross profit	214.5	255.6	416.4	474.9
Selling	133.1	149.8	264.4	296.1
General and administrative	86.2	105.7	170.8	195.0
Research and development	5.2	8.2	11.4	15.8
Impairment of intangible assets	67.0	—	67.0	—
Total operating expenses	291.5	263.7	513.6	506.9
Operating loss	(77.0)	(8.1)	(97.2)	(32.0)
Interest expense	31.6	24.7	65.0	46.4
Other non-operating expense (income), net	1.2	(0.9)	(0.3)	(0.3)
Loss from continuing operations before income taxes	(109.8)	(31.9)	(161.9)	(78.1)
Income tax benefit	(34.8)	(6.8)	(46.9)	(22.8)
Net loss from continuing operations	(75.0)	(25.1)	(115.0)	(55.3)
Income from discontinued operations, net of tax	21.4	41.1	40.9	79.9
Net (loss) income	(53.6)	16.0	(74.1)	24.6
Net income from continuing operations attributable to non-controlling interest	0.1	—	0.3	—
Net income from discontinued operations attributable to non-controlling interest	—	0.1	0.2	0.5
Net (loss) income attributable to controlling interest	$ (53.7)	$ 15.9	$ (74.6)	$ 24.1
Amounts attributable to controlling interest				
Net loss from continuing operations attributable to controlling interest	$ (75.1)	$ (25.1)	$ (115.3)	$ (55.3)
Net income from discontinued operations attributable to controlling interest	21.4	41.0	40.7	79.4
Net (loss) income attributable to controlling interest	$ (53.7)	$ 15.9	$ (74.6)	$ 24.1
Earnings Per Share				
Basic earnings per share from continuing operations	$ (1.83)	$ (0.61)	$ (2.82)	$ (1.35)
Basic earnings per share from discontinued operations	0.52	1.00	1.00	1.94
Basic earnings per share	$ (1.31)	$ 0.39	$ (1.82)	$ 0.59
Diluted earnings per share from continuing operations	$ (1.83)	$ (0.61)	$ (2.82)	$ (1.35)
Diluted earnings per share from discontinued operations	0.52	1.00	1.00	1.94
Diluted earnings per share	$ (1.31)	$ 0.39	$ (1.82)	$ 0.59
Weighted Average Shares Outstanding				
Basic	41.0	40.8	40.9	41.1
Diluted	41.0	40.8	40.9	41.1

SPECTRUM BRANDS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (Unaudited)

(in millions)	Six Month Periods Ended April 2, 2023	Six Month Periods Ended April 3, 2022
Cash flows from operating activities		
Net cash provided (used) by operating activities from continuing operations	$ 148.6	$ (212.2)
Net cash provided by operating activities from discontinued operations	29.0	5.3
Net cash provided (used) by operating activities	177.6	(206.9)
Cash flows from investing activities		
Purchases of property, plant and equipment	(25.9)	(24.3)
Proceeds from disposal of property, plant and equipment	—	0.1
Business acquisitions, net of cash acquired	—	(314.3)
Other investing activity	—	(0.1)
Net cash used by investing activities from continuing operations	(25.9)	(338.6)
Net cash used by investing activities from discontinued operations	(7.9)	(12.4)
Net cash used by investing activities	(33.8)	(351.0)
Cash flows from financing activities		
Payment of debt	(21.7)	(6.5)
Proceeds from issuance of debt	—	775.0
Payment of debt issuance costs	(2.3)	(6.7)
Treasury stock purchases	—	(134.0)
Dividends paid to shareholders	(34.4)	(34.4)
Share based award tax withholding payments, net of proceeds upon vesting	(10.5)	(24.5)
Net cash (used) provided by financing activities from continuing operations	(68.9)	568.9
Net cash used by financing activities from discontinued operations	(0.7)	(2.2)
Net cash (used) provided by financing activities	(69.6)	566.7
Effect of exchange rate changes on cash and cash equivalents	9.7	(3.0)
Net change in cash, cash equivalents and restricted cash in continuing operations	83.9	5.8
Cash, cash equivalents, and restricted cash, beginning of period	243.9	190.0
Cash, cash equivalents, and restricted cash, end of period	$ 327.8	$ 195.8

SPECTRUM BRANDS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Unaudited)

(in millions)	April 2, 2023	September 30, 2022
Assets		
Cash and cash equivalents	$ 327.8	$ 243.7
Trade receivables, net	305.5	247.4
Other receivables	101.3	95.7
Inventories	585.6	780.6
Prepaid expenses and other current assets	51.5	51.2
Current assets of business held for sale	1,799.6	1,816.7
Total current assets	3,171.3	3,235.3
Property, plant and equipment, net	268.7	263.8
Operating lease assets	129.7	82.5
Deferred charges and other	106.1	38.7
Goodwill	968.5	953.1
Intangible assets, net	1,140.7	1,202.2
Total assets	$ 5,785.0	$ 5,775.6
Liabilities and Shareholders' Equity		
Current portion of long-term debt	$ 13.1	$ 12.3
Accounts payable	495.9	453.1
Accrued wages and salaries	28.1	28.4
Accrued interest	37.0	27.6
Other current liabilities	200.7	203.0
Current liabilities of business held for sale	401.8	463.7
Total current liabilities	1,176.6	1,188.1
Long-term debt, net of current portion	3,175.6	3,144.5
Long-term operating lease liabilities	104.9	56.0
Deferred income taxes	75.0	60.1
Other long-term liabilities	63.8	57.8
Total liabilities	4,595.9	4,506.5
Shareholders' equity	1,182.2	1,263.2
Non-controlling interest	6.9	5.9
Total equity	1,189.1	1,269.1
Total liabilities and equity	$ 5,785.0	$ 5,775.6

SPECTRUM BRANDS HOLDINGS, INC.
OTHER SUPPLEMENTAL INFORMATION (Unaudited)

NET SALES AND ORGANIC NET SALES

The following is a summary of net sales by segment for the three and six month periods ended April 2, 2023 and April 3, 2022:

	Three Month Periods Ended				Six Month Periods Ended			
(in millions, except %)	April 2, 2023	April 3, 2022	Variance		April 2, 2023	April 3, 2022	Variance	
HPC	$ 279.2	$ 316.1	$ (36.9)	(11.7)%	$ 643.6	$ 695.8	$ (52.2)	(7.5)%
GPC	296.7	295.1	1.6	0.5 %	574.3	597.3	(23.0)	(3.9)%
H&G	153.3	196.6	(43.3)	(22.0)%	224.6	271.9	(47.3)	(17.4)%
Net Sales	$ 729.2	$ 807.8	(78.6)	(9.7)%	$ 1,442.5	$ 1,565.0	(122.5)	(7.8)%

We define organic net sales as reported net sales excluding the effect of changes in foreign currency exchange rates and acquisitions. We believe this non-GAAP measure provides useful information to investors because it reflects regional and operating segment performance from our activities without the effect of changes in currency exchange rate and acquisitions. We use organic net sales as one measure to monitor and evaluate our regional and segment performance. Organic growth is calculated by comparing organic net sales to reported net sales in the prior year. The effect of changes in currency exchange rates is determined by translating the period's net sales using the currency exchange rates that were in effect during the prior period. Net sales are attributed to the geographic regions based on the country of destination. We exclude net sales from acquired businesses in the current year for which there are no comparable sales in the prior period. The following is a reconciliation of reported sales to organic sales for the three and six month period ended April 2, 2023 compared to reported net sales for the three and six month periods ended April 3, 2022:

	April 2, 2023							
Three Month Periods Ended (in millions, except %)	Net Sales	Effect of Changes in Currency	Net Sales Excluding Effect of Changes in Currency	Effect of Acquisitions	Organic Net Sales	Net Sales April 3, 2022	Variance	
HPC	$ 279.2	$ 11.8	$ 291.0	$ (22.1)	$ 268.9	$ 316.1	$ (47.2)	(14.9)%
GPC	296.7	7.6	304.3	—	304.3	295.1	9.2	3.1 %
H&G	153.3	—	153.3	—	153.3	196.6	(43.3)	(22.0)%
Total	$ 729.2	$ 19.4	$ 748.6	$ (22.1)	$ 726.5	$ 807.8	(81.3)	(10.1)%

	April 2, 2023							
Six Month Periods Ended (in millions, except %)	Net Sales	Effect of Changes in Currency	Net Sales Excluding Effect of Changes in Currency	Effect of Acquisitions	Organic Net Sales	Net Sales April 3, 2022	Variance	
HPC	$ 643.6	$ 37.5	$ 681.1	$ (89.9)	$ 591.2	$ 695.8	$ (104.6)	(15.0)%
GPC	574.3	21.5	595.8	—	595.8	597.3	(1.5)	(0.3)%
H&G	224.6	—	224.6	—	224.6	271.9	(47.3)	(17.4)%
Total	$ 1,442.5	$ 59.0	$ 1,501.5	$ (89.9)	$ 1,411.6	$ 1,565.0	(153.4)	(9.8)%

SPECTRUM BRANDS HOLDINGS, INC.
OTHER SUPPLEMENTAL INFORMATION (Unaudited)

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

Adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation, Amortization) is a non-GAAP metric used by management that we believe provides useful information to investors because it reflects ongoing operating performance and trends of our segments excluding certain non-cash based expenses and non-recurring items during each of the comparable periods and facilitates comparisons between peer companies since interest, taxes, depreciation and amortization can differ greatly between organizations as a result of differing capital structures and tax strategies. Further, adjusted EBITDA is a measure used for determining the Company's debt covenant. EBITDA is calculated by excluding the Company's income tax expense, interest expense, depreciation expense and amortization expense from intangible assets from net income. Adjusted EBITDA further excludes the following:

- Stock based compensation costs consist of costs associated with long-term incentive compensation arrangements that generally consist of non-cash, stock-based compensation;
- Incremental amounts attributable to strategic transactions and business development initiatives including, but not limited to, the acquisition or divestitures of a business, costs to effect and facilitate a transaction, including such cost to integrate or separate the respective business. These amounts are excluded from our performance metrics as they are reflective of incremental investment by the Company towards business development activities, incremental costs attributable to such transactions and are not considered recurring or reflective of the continuing ongoing operations of the consolidated group or segments;
- Incremental amounts realized towards restructuring and optimization projects including, but not limited to, costs towards the development and implementation of strategies to optimize operations and improve efficiency, reduce costs, increase revenues, increase or maintain our current profit margins, including recognition of one-time exit or disposal costs. These amounts are excluded from our ongoing performance metrics as they are reflective of incremental investment by the Company towards significant initiatives controlled by management, incremental costs directly attributable to such initiatives, indirect impact or disruption to operating performance during implementation, and are not considered recurring or reflective of the continuing ongoing operations of the consolidated group or segments;
- Unallocated shared costs associated with discontinued operations from certain shared and center-led administrative functions the Company's business units excluded from income from discontinued operations as they are not a direct cost of the discontinued business but a result of indirect allocations, including but not limited to, information technology, human resources, finance and accounting, supply chain, and commercial operations. Amounts attributable to unallocated shared costs would be mitigated through subsequent strategic or restructuring initiatives, transition services agreements, elimination of extraneous costs, or re-allocations or absorption of existing continuing operations following the completed sale of the discontinued operations;
- Non-cash purchase accounting adjustments recognized in earnings from continuing operations subsequent to an acquisition, including, but not limited to, the costs attributable to the step-up in inventory value and the incremental value in operating lease assets with below market rent, among others;
- Non-cash gain from the reduction in the contingent consideration liability recognized during the six month period ended April 2, 2023 associated with the Tristar Business acquisition in the prior year on February 18, 2022;
- Non-cash asset impairments or write-offs realized and recognized in earnings from continuing operations, including impairments from property, plant and equipment, operating and finance leases, and goodwill and other intangible assets;
- Impact from the early settlement of foreign currency cash flow hedges in the prior year, resulting in subsequent assumed losses at the original stated maturities of foreign currency cash flow hedges in our EMEA region that were settled early in the prior year due to changes in the Company's legal entity organization structure and forecasted purchasing strategy of HPC finished goods inventory within the region, resulting in the recognition of excluded gains in the prior year intended to mitigate cost through the year ending September 30, 2023;
- Incremental costs recognized by the HPC segment attributable to the realization of product recalls initiated by the Company in the prior year;
- Incremental reserves for non-recurring litigation or environmental remediation activity including the proposed settlement on outstanding litigation matters at our H&G division attributable to significant and unusual nonrecurring claims with no previous history or precedent with remeasurements during the six month period ended April 3, 2022; and
- Other adjustments are primarily attributable to (1) costs associated with Salus as they are not considered a component of the continuing commercial products company; (2) key executive severance related costs; (3) insurable losses associated with hurricane damages at a key supplier of our Glofish business and loss realized from misapplied funds during the six month period ended April 2, 2023.

Adjusted EBITDA margin is calculated as adjusted EBITDA as a percentage of reported net sales for the respective periods.

SPECTRUM BRANDS HOLDINGS, INC.
OTHER SUPPLEMENTAL INFORMATION (Unaudited)

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN (continued)

The following is a reconciliation of reported net income (loss) from continuing operations to adjusted EBITDA and adjusted EBITDA margin for the three month period ended April 2, 2023.

(in millions, except %)	HPC	GPC	H&G	Corporate	Consolidated
Net (loss) income from continuing operations	$ (37.7)	$ 30.2	$ (39.8)	$ (27.7)	$ (75.0)
Income tax benefit	—	—	—	(34.8)	(34.8)
Interest expense	—	—	—	31.6	31.6
Depreciation	2.9	3.8	1.9	3.3	11.9
Amortization	2.1	5.5	2.9	—	10.5
EBITDA	(32.7)	39.5	(35.0)	(27.6)	(55.8)
Share based compensation	—	—	—	4.5	4.5
Tristar integration	4.0	—	—	—	4.0
HHI divestiture	—	—	—	1.4	1.4
HPC separation initiatives	—	—	—	1.1	1.1
Coevorden operations separation	—	1.4	—	—	1.4
Fiscal 2023 restructuring	2.4	2.1	—	—	4.5
Fiscal 2022 restructuring	—	—	—	0.1	0.1
Russia closing initiatives	(0.1)	—	—	—	(0.1)
Global ERP transformation	—	—	—	3.3	3.3
HPC brand portfolio transitions	0.5	—	—	—	0.5
Other project costs	0.1	0.2	2.1	2.2	4.6
Unallocated shared costs	—	—	—	6.3	6.3
Non-cash purchase accounting adjustments	0.5	—	—	—	0.5
Impairment of equipment and operating leases	1.5	2.7	—	—	4.2
Impairment of intangible assets	19.0	—	48.0	—	67.0
Early settlement of foreign currency cash flow hedges	1.3	—	—	—	1.3
HPC product recall	1.6	—	—	—	1.6
Salus and other	—	0.4	—	0.2	0.6
Adjusted EBITDA	$ (1.9)	$ 46.3	$ 15.1	$ (8.5)	$ 51.0
Net sales	$ 279.2	$ 296.7	$ 153.3	$ —	$ 729.2
Adjusted EBITDA margin	(0.7)%	15.6 %	9.8 %	—	7.0 %

Spectrum Brands

SPECTRUM BRANDS HOLDINGS, INC.
OTHER SUPPLEMENTAL INFORMATION (Unaudited)

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN (continued)

The following is a reconciliation of reported net income (loss) from continuing operations to adjusted EBITDA and adjusted EBITDA margin for the three month period ended April 3, 2022.

(in millions, except %)	HPC	GPC	H&G	Corporate	Consolidated
Net (loss) income from continuing operations	$ (19.1)	$ 19.0	$ 30.4	$ (55.4)	$ (25.1)
Income tax benefit	—	—	—	(6.8)	(6.8)
Interest expense	—	—	—	24.7	24.7
Depreciation	3.2	3.6	1.8	3.6	12.2
Amortization	4.9	5.7	2.9	—	13.5
EBITDA	(11.0)	28.3	35.1	(33.9)	18.5
Share based compensation	—	—	—	6.6	6.6
Tristar acquisition	14.4	—	—	(1.7)	12.7
Rejuvenate integration	—	—	2.6	—	2.6
Armitage integration	—	0.5	—	—	0.5
Omega integration	—	0.5	—	—	0.5
HHI divestiture	—	—	—	1.2	1.2
HPC separation initiatives	—	—	—	3.0	3.0
Coevorden operations separation	—	2.1	—	—	2.1
Global ERP transformation	—	—	—	3.2	3.2
GPC distribution center transition	—	7.1	—	—	7.1
Global productivity improvement program	1.5	0.5	—	0.3	2.3
Other project costs	2.2	1.6	—	4.4	8.2
Unallocated shared costs	—	—	—	6.9	6.9
Non-cash purchase accounting adjustments	3.5	—	—	—	3.5
Salus and other	—	—	—	0.1	0.1
Adjusted EBITDA	$ 10.6	$ 40.6	$ 37.7	$ (9.9)	$ 79.0
Net Sales	$ 316.1	$ 295.1	$ 196.6	$ —	$ 807.8
Adjusted EBITDA margin	3.4 %	13.8 %	19.2 %	—	9.8 %

SPECTRUM BRANDS HOLDINGS, INC.
OTHER SUPPLEMENTAL INFORMATION (Unaudited)

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN (continued)

The following is a reconciliation of reported net income (loss) from continuing operations to adjusted EBITDA and adjusted EBITDA margin for the six month period ended April 2, 2023.

(in millions, except %)	HPC	GPC	H&G	Corporate	Consolidated
Net (loss) income from continuing operations	$ (41.8)	$ 53.3	$ (47.0)	$ (79.5)	$ (115.0)
Income tax benefit	—	—	—	(46.9)	(46.9)
Interest expense	—	—	—	65.0	65.0
Depreciation	6.1	7.5	3.7	6.8	24.1
Amortization	4.2	11.0	5.7	—	20.9
EBITDA	(31.5)	71.8	(37.6)	(54.6)	(51.9)
Share based compensation	—	—	—	7.7	7.7
Tristar integration	9.7	—	—	—	9.7
HHI divestiture	—	—	—	2.9	2.9
HPC separation initiatives	—	—	—	3.5	3.5
Coevorden operations separation	—	2.7	—	—	2.7
Fiscal 2023 restructuring	2.4	2.1	—	—	4.5
Fiscal 2022 restructuring	—	—	0.2	0.4	0.6
Russia closing initiatives	2.8	—	—	—	2.8
Global ERP transformation	—	—	—	4.9	4.9
HPC brand portfolio transitions	1.4	—	—	—	1.4
Other project costs	0.2	0.9	2.1	4.6	7.8
Unallocated shared costs	—	—	—	12.5	12.5
Non-cash purchase accounting adjustments	0.9	—	—	—	0.9
Gain from contingent consideration liability	(1.5)	—	—	—	(1.5)
Impairment of equipment and operating leases	1.8	2.7	—	—	4.5
Impairment of intangible assets	19.0	—	48.0	—	67.0
Early settlement of foreign currency cash flow hedges	3.9	—	—	—	3.9
HPC product recall	1.9	—	—	—	1.9
Salus and other	0.3	3.3	0.1	1.3	5.0
Adjusted EBITDA	$ 11.3	$ 83.5	$ 12.8	$ (16.8)	$ 90.8
Net sales	$ 643.6	$ 574.3	$ 224.6	$ —	$ 1,442.5
Adjusted EBITDA margin	1.8 %	14.5 %	5.7 %	—	6.3 %

SPECTRUM BRANDS HOLDINGS, INC.
OTHER SUPPLEMENTAL INFORMATION (Unaudited)

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN (continued)

The following is a reconciliation of reported net income (loss) from continuing operations to adjusted EBITDA and adjusted EBITDA margin for the six month period ended April 3, 2022.

(in millions, except %)	HPC	GPC	H&G	Corporate	Consolidated
Net income (loss) from continuing operations	$ —	$ 30.6	$ 14.6	$ (100.5)	$ (55.3)
Income tax benefit	—	—	—	(22.8)	(22.8)
Interest expense	—	—	—	46.4	46.4
Depreciation	6.3	7.1	3.6	7.4	24.4
Amortization	9.5	11.5	5.7	—	26.7
EBITDA	15.8	49.2	23.9	(69.5)	19.4
Share based compensation	—	—	—	12.2	12.2
Tristar acquisition	14.4	—	—	—	14.4
Rejuvenate integration	—	—	7.0	—	7.0
Armitage integration	—	1.2	—	—	1.2
Omega integration	—	1.4	—	—	1.4
HHI divestiture	—	—	—	5.5	5.5
HPC separation initiatives	—	—	—	4.7	4.7
Coevorden operations separation	—	5.3	—	—	5.3
Global ERP transformation	—	—	—	6.0	6.0
GPC distribution center transition	—	19.9	—	—	19.9
Global productivity improvement program	2.1	0.7	—	1.3	4.1
Other project costs	2.2	1.6	—	6.4	10.2
Unallocated shared costs	—	—	—	13.8	13.8
Non-cash purchase accounting adjustments	3.5	—	—	—	3.5
Legal and environmental remediation reserves	—	—	(0.5)	—	(0.5)
Salus and other	—	—	—	0.2	0.2
Adjusted EBITDA	$ 38.0	$ 79.3	$ 30.4	$ (19.4)	$ 128.3
Net Sales	$ 695.8	$ 597.3	$ 271.9	$ —	$ 1,565.0
Adjusted EBITDA margin	5.5 %	13.3 %	11.2 %	—	8.2 %

SPECTRUM BRANDS HOLDINGS, INC.
OTHER SUPPLEMENTAL INFORMATION (Unaudited)

ADJUSTED DILUTED EPS

We define adjusted diluted earnings per share (EPS) as reported diluted EPS excluding the effect of one-time, non-recurring activity and volatility associated with our income tax expense. The Company believes that adjusted diluted EPS provides further insight and comparability in operating performance as it eliminates the effects of certain items that are not comparable from one period to the next. Adjustments to diluted EPS include the following:

- Incremental amounts attributable to strategic transactions and business development initiatives including, but not limited to, the acquisition or divestitures of a business, costs to effect and facilitate a transaction, including such cost to integrate or separate the respective business. These amounts are excluded from our performance metrics as they are reflective of incremental investment by the Company towards business development activities, incremental costs attributable to such transactions and are not considered recurring or reflective of the continuing ongoing operations of the consolidated group or segments;
- Incremental amounts realized towards restructuring and optimization projects including, but not limited to, costs towards the development and implementation of strategies to optimize operations and improve efficiency, reduce costs, increase revenues, increase or maintain our current profit margins, including recognition of one-time exit or disposal costs. These amounts are excluded from our ongoing performance metrics as they are reflective of incremental investment by the Company towards significant initiatives controlled by management, incremental costs directly attributable to such initiatives, indirect impact or disruption to operating performance during implementation, and are not considered recurring or reflective of the continuing ongoing operations of the consolidated group or segments;
- Unallocated shared costs associated with discontinued operations from certain shared and center-led administrative functions the Company's business units excluded from income from discontinued operations as they are not a direct cost of the discontinued business but a result of indirect allocations, including but not limited to, information technology, human resources, finance and accounting, supply chain, and commercial operations. Amounts attributable to unallocated shared costs would be mitigated through subsequent strategic or restructuring initiatives, transition services agreements, elimination of extraneous costs, or re-allocations or absorption of existing continuing operations following the completed sale of the discontinued operations;
- Non-cash purchase accounting adjustments recognized in earnings from continuing operations subsequent to an acquisition, including, but not limited to, the costs attributable to the step-up in inventory value and the incremental value in operating lease assets with below market rent, among others;
- Non-cash gain from the reduction in the contingent consideration liability recognized during the six month period ended April 2, 2023 associated with the Tristar Business acquisition in the prior year on February 18, 2022;
- Non-cash asset impairments or write-offs realized and recognized in earnings from continuing operations, including impairments from property, plant and equipment, operating and finance leases, and goodwill and other intangible assets;
- Impact from the early settlement of foreign currency cash flow hedges in the prior year, resulting in subsequent assumed losses at the original stated maturities of foreign currency cash flow hedges in our EMEA region that were settled early in the prior year due to changes in the Company's legal entity organization structure and forecasted purchasing strategy of HPC finished goods inventory within the region, resulting in the recognition of excluded gains in the prior year intended to mitigate costs through the year ending September 30, 2023;
- Incremental costs recognized by the HPC segment attributable to the realization of product recalls initiated by the Company in the prior year;
- Incremental reserves for non-recurring litigation or environmental remediation activity including the proposed settlement on outstanding litigation matters at our H&G division attributable to significant and unusual nonrecurring claims with no previous history or precedent with remeasurements during the six month period ended April 3, 2022;
- Incremental interest costs realized during the three month period ended January 1, 2023 for fees paid towards the amendment to the credit agreement to temporarily increase the maximum consolidated leverage ratio permitted from 6.0 to 1.0 to be no greater than 7.0 to 1.0 until the earliest of (i) September 29, 2023, or (ii) 10 business days after the closing of the HHI divestiture or the receipt of the related termination fee;
- Other adjustments are primarily attributable to (1) costs associated with Salus as they are not considered a component of the continuing commercial products company; (2) key executive severance related costs; (3) insurable losses and cost recovery associated with hurricane damages at a key supplier of our Glofish business and loss realized from misapplied funds during the six month period ended April 2, 2023; and
- Income tax adjustment to diluted EPS is to exclude the impact of adjusting the valuation allowance against deferred taxes and other tax related items in order to reflect a normalized ongoing effective tax rate of 25.0% for the three and six month periods ended April 2, 2023 and April 3, 2022 based upon enacted corporate tax rate in the United States.

SPECTRUM BRANDS HOLDINGS, INC.
OTHER SUPPLEMENTAL INFORMATION (Unaudited)

ADJUSTED DILUTED EPS (continued)

The following is a reconciliation of reported diluted EPS from continuing operations to adjusted diluted EPS from continuing operations for the three and six month periods ended April 2, 2023 and April 3, 2022.

	Three Month Periods Ended		Six Month Periods Ended	
	April 2, 2023	April 3, 2022	April 2, 2023	April 3, 2022
Diluted EPS from continuing operations, as reported	$ (1.83)	$ (0.61)	$ (2.82)	$ (1.35)
Adjustments:				
Tristar acquisition and integration	0.10	0.31	0.24	0.35
HHI divestiture	0.03	0.03	0.07	0.13
HPC separation initiatives	0.03	0.07	0.09	0.12
Coevorden operations separation	0.03	0.05	0.07	0.13
Rejuvenate integration	—	0.07	—	0.17
Armitage integration	—	0.01	—	0.03
Omega integration	—	0.01	—	0.03
Fiscal 2023 restructuring	0.11	—	0.11	—
Fiscal 2022 restructuring	—	—	0.02	—
Russia closing initiatives	—	—	0.07	—
Global ERP transformation	0.08	0.08	0.12	0.15
HPC brand portfolio transitions	0.01	—	0.04	—
GPC distribution center transition	—	0.17	—	0.48
Global productivity improvement program	—	0.06	—	0.10
Other project costs	0.11	0.20	0.19	0.25
Unallocated shared costs	0.15	0.17	0.31	0.34
Non-cash purchase accounting adjustments	0.01	0.09	0.02	0.09
Gain from remeasurement contingent consideration liability	—	—	(0.04)	—
Impairment on equipment and operating leases	0.10	—	0.11	—
Impairment on intangible assets	1.63	—	1.64	—
Early settlement of foreign currency cash flow hedges	0.03	—	0.10	—
HPC product recalls	0.04	—	0.05	—
Legal and environmental	—	—	—	(0.01)
Debt amendment costs	—	—	0.06	—
Salus and other	0.03	—	0.12	—
Pre-tax adjustments	$ 2.49	$ 1.32	$ 3.39	$ 2.36
Income tax adjustment	(0.80)	(0.30)	(1.04)	(0.67)
Total adjustments	$ 1.69	$ 1.02	$ 2.35	$ 1.69
Diluted EPS from continuing operations, as adjusted	$ (0.14)	$ 0.41	$ (0.47)	$ 0.34