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NEWS

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H.B. Fuller Reports Second Quarter Fiscal 2021 Results

*Net revenue growth of 23% and organic revenue growth of 19% driven by share gains and strong demand
Net income of \$49 million and EPS of \$0.90; adjusted EPS of \$0.94 up 38% year over year
Adjusted EBITDA of \$122 million up 21% year over year*

ST. PAUL, Minn. – H.B. Fuller Company (NYSE: FUL) today reported financial results for its second quarter ended May 29, 2021.

Items of Note for Second Quarter 2021

- Strong operational execution, benefits from restructuring efficiencies and improved global industrial demand drove significant revenue and earnings growth versus the second quarter of fiscal 2020.
- Revenue was up 22.7% versus the second quarter of last year. Organic revenue increased 18.8% versus the second quarter last year. Organic revenue was up 9.5% when compared with the non-COVID-impacted second quarter of 2019.
- Net income increased to \$49 million; volume leverage, pricing and operational efficiencies offset higher raw material costs and drove a 21% year-over-year increase in adjusted EBITDA to \$122 million.
- Earnings per diluted share (EPS) were \$0.90; adjusted EPS of \$0.94 increased 38% year over year, driven primarily by strong operating income growth and lower interest expense associated with reduced debt.
- Year-to-date debt paydown of \$61.5 million was 20% higher than the same period last year. The company remains on track to its \$200 million debt reduction target for the full year.

Summary of Second Quarter 2021 Results

Net revenue of \$828 million increased 22.7% compared with the second quarter of 2020. Foreign currency exchange rates favorably impacted revenue by 3.9%. Organic revenue, which excludes impacts from foreign currency translation, increased 18.8% versus last year, with organic growth in all three Global Business Units (GBUs) including strong, double-digit growth in Engineering Adhesives and

Construction Adhesives. Organic revenue also significantly increased by 9.5% when compared with the non-COVID impacted second quarter of 2019, with strong organic growth in all three GBUs.

Gross profit was \$218 million. Adjusted gross profit of \$219 million increased 18% versus the same period last year. Adjusted gross profit margin declined by 120 basis points year over year as higher sales volume and pricing gains were offset by higher raw material costs. Selling, General and Administrative (SG&A) expense was \$148 million. Adjusted SG&A expense of \$142 million improved by 130 basis points as a percent of revenue versus the second quarter last year, resulting from strong volume leverage and savings related to the business reorganization to our three GBUs.

As a result of these factors, net income attributable to H.B. Fuller in the quarter was \$49 million, or \$0.90 per diluted share. Adjusted net income attributable to H.B. Fuller of \$51 million and adjusted EPS of \$0.94 increased by 45% and 38%, respectively, compared with \$35 million and \$0.68 in the same period last year. Adjusted EBITDA of \$122 million increased 21% compared with \$101 million in the prior year.

“H.B. Fuller did an outstanding job supporting customers during the quarter, and we delivered another quarter of strong sales and earnings growth,” said Jim Owens, H.B. Fuller president and chief executive officer. “Despite considerable raw material and packaging shortages, H.B. Fuller was able to meet a sizeable increase in demand by leveraging our extensive global network and partnering with customers and suppliers. Raw material costs increased substantially in the second quarter, exacerbated by shortages and impacts from Storm Uri earlier this year. We have implemented significant price adjustments and delivered efficiencies through our streamlined global business unit structure and operational excellence programs. These actions are enabling us to seamlessly serve our customers, achieve our profit targets, and increase our debt paydown over last year’s level, in line with our target for \$200 million of debt reduction in 2021. Our effective sourcing strategies, market-driven innovation and operational agility are supporting H.B. Fuller’s profitable business growth in the current supply-constrained environment. We continue to demonstrate the resiliency of our business, and our ability to grow, gain share and deliver value for shareholders.”

Other Financial Metrics

At the end of the second quarter of fiscal 2021, the company had cash and equivalents of \$70 million and total debt equal to \$1,712 million. This compares to cash and debt levels equal to \$70 million and \$1,928 million, respectively, at the end of the second quarter of 2020. Capital expenditures for the six-month period were \$51 million compared with \$55 million in the same period last year.

2021 Planning Assumptions

- Based on current assumptions, full year 2021 revenue growth is anticipated to be in the low double-digits versus 2020.
- The company expects raw material cost increases to exceed 10% on a full year basis versus 2020, with the most significant margin head winds expected in the third quarter. The company has implemented annualized price adjustments of \$150 million effective March 1 through July 15 and is planning additional increases of \$75 million in August and September to offset higher raw material costs. The company is prepared to implement further increases as necessary.
- Given these assumptions, the company's prior outlook for full year adjusted EBITDA in the range of \$455 million to \$475 million remains unchanged. This reflects adjusted EBITDA growth of 12% to 17% versus 2020, which is supported by share gains, on-going recovery in global industrial production, pricing actions balancing higher input costs, and benefits from the company's operational improvement projects.

Conference Call

The company will hold a conference call on June 24, 2021, at 9:30 a.m. CDT (10:30 a.m. EDT) to discuss its results. Interested parties may listen to the conference call on a live webcast. The webcast, along with a supplemental presentation, may be accessed from the company's website at <https://investors.hbfuller.com>. Participants should access the webcast 10 minutes prior to the start of the call to install and test any necessary audio software. A telephone replay of the conference call will be available from 12:30 p.m. CDT on June 24, 2021 through July 1, 2021. To access the telephone replay dial (800) 585-8367 or (416) 621-4642 and enter Conference ID: 9378807.

Regulation G

The information presented in this earnings release regarding consolidated and segment organic revenue growth, operating income, adjusted gross profit, adjusted gross profit 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 and adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA) 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 in this press release with the exception of our forward-looking non-GAAP measures contained above in our fiscal 2021 Planning Assumptions, which the company cannot reconcile to forward-looking GAAP results without unreasonable effort.

About H.B. Fuller

Since 1887, H.B. Fuller has been a leading global adhesives provider focusing on perfecting adhesives, sealants and other specialty chemical products to improve products and lives. With fiscal 2020 net revenue of \$2.8 billion, H.B. Fuller’s commitment to innovation brings together people, products and processes that answer and solve some of the world’s biggest challenges. Our reliable, responsive service creates lasting, rewarding connections with customers in electronics, disposable hygiene, medical, transportation, aerospace, clean energy, packaging, construction, woodworking, general industries and other consumer businesses. And, our promise to our people connects them with opportunities to innovate and thrive. For more information, visit us at <https://www.hbfuller.com/>.

Safe Harbor for Forward-Looking Statements

Certain statements in this press release 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 often address expected future business and financial performance, financial condition, and other matters, and often contain words or phrases such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “opportunity,” “outlook,” “plan,” “project,” “seek,” “should,” “strategy,” “target,” “will,” “will be,” “will continue,” “will likely result,” “would” and similar expressions, and variations or negatives of these words or phrases. These statements are subject to various risks and uncertainties that could cause our actual results to differ materially from those in the forward-looking statements, including but not limited to the following: the consequences of the COVID-19 outbreak and other pandemics on our operations and financial results; the substantial amount of debt we have incurred to finance our acquisition of Royal, our ability to repay or refinance our debt or to incur additional debt in the future, our need for a significant amount of cash to service and repay the debt and to pay dividends on our common stock, the effect of debt covenants that limit the discretion of management in operating the business or in paying dividends; our ability to pay dividends and to pursue growth opportunities if we continue to pay dividends according to the current dividend policy; our ability to achieve expected synergies, cost savings and operating efficiencies from our restructuring initiatives and operational improvement projects within the expected

time frames or at all; our ability to effectively implement Project ONE; uncertain political and economic conditions; fluctuations in product demand; competing products and pricing; our geographic and product mix; availability and price of raw materials; disruptions to our relationships with our major customers and suppliers; failures in our information technology systems; regulatory compliance across our global footprint; trade policies and economic sanctions impacting our markets; changes in tax laws and tariffs; devaluations and other foreign exchange rate fluctuations; the impact of litigation and investigations, including for product liability and environmental matters; impairment charges on our goodwill or long-lived assets; the effect of new accounting pronouncements and accounting charges and credits; and similar matters. Many of the foregoing risks and uncertainties are, and will be, exacerbated by COVID-19 and resulting deterioration of the global business and economic environment.

Additional information about these various risks and uncertainties can be found in the “Risk Factors” section of our Form 10-K filings, and any updates to the risk factors in our Form 10-Q and 8-K filings with the SEC, but there may be other risks and uncertainties that we are unable to identify at this time or that we do not currently expect to have a material impact on the business. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. We do not undertake to update or revise any forward-looking statements, except as required by law.

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

| | Three Months Ended May 29, 2021 | Percent of Net Revenue | Three Months Ended May 30, 2020 | Percent of Net Revenue |
|--|--|-----------------------------------|--|-----------------------------------|
| Net revenue | \$ 827,873 | 100.0% | \$ 674,602 | 100.0% |
| Cost of sales | (610,323) | (73.7)% | (489,701) | (72.6)% |
| Gross profit | 217,550 | 26.3% | 184,901 | 27.4% |
| Selling, general and administrative expenses | (148,409) | (17.9)% | (127,998) | (19.0)% |
| Other income, net | 11,879 | 1.4% | 3,049 | 0.5% |
| Interest expense | (19,942) | (2.4)% | (21,644) | (3.2)% |
| Interest income | 2,530 | 0.3% | 2,898 | 0.4% |
| Income before income taxes and income from equity method investments | 63,608 | 7.7% | 41,206 | 6.1% |
| Income taxes | (16,660) | (2.0)% | (11,471) | (1.7)% |
| Income from equity method investments | 2,176 | 0.3% | 1,893 | 0.3% |
| Net income including non-controlling interest | 49,124 | 5.9% | 31,628 | 4.7% |
| Net income attributable to non-controlling interest | (22) | (0.0)% | (15) | (0.0)% |
| Net income attributable to H.B. Fuller | <u>\$ 49,102</u> | <u>5.9%</u> | <u>\$ 31,613</u> | <u>4.7%</u> |
| Basic income per common share attributable to H.B. Fuller | \$ 0.93 | | \$ 0.61 | |
| Diluted income per common share attributable to H.B. Fuller | \$ 0.90 | | \$ 0.61 | |
| Weighted-average common shares outstanding: | | | | |
| Basic | 52,839 | | 51,420 | |
| Diluted | 54,294 | | 52,029 | |
| Dividends declared per common share | \$ 0.168 | | \$ 0.163 | |

Selected Balance Sheet Information (subject to change prior to filing of the Company's Annual Report on Form 10-K)

| | May 29, 2021 | November 28, 2020 | May 30, 2020 |
|--------------------------------|---------------------|------------------------------|---------------------|
| Cash & cash equivalents | \$ 69,597 | \$ 100,534 | \$ 70,346 |
| Trade accounts receivable, net | 583,270 | 514,916 | 448,126 |
| Inventories | 427,835 | 323,213 | 388,698 |
| Trade payables | 433,515 | 316,460 | 319,616 |
| Total assets | 4,266,927 | 4,036,704 | 3,979,060 |
| Total debt | 1,712,410 | 1,773,910 | 1,928,055 |

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

| | Six Months Ended May 29, 2021 | Percent of Net Revenue | Six Months Ended May 30, 2020 | Percent of Net Revenue |
|---|--|-----------------------------------|--|-----------------------------------|
| Net revenue | \$ 1,553,777 | 100.0% | \$ 1,321,166 | 100.0% |
| Cost of sales | <u>(1,143,863)</u> | <u>(73.6)%</u> | <u>(966,003)</u> | <u>(73.1)%</u> |
| Gross profit | 409,914 | 26.4% | 355,163 | 26.9% |
| | | | | |
| Selling, general and administrative expenses | (292,423) | (18.8)% | (269,507) | (20.4)% |
| | | | | |
| Other income, net | 19,748 | 1.3% | 8,018 | 0.6% |
| Interest expense | (40,303) | (2.6)% | (44,401) | (3.4)% |
| Interest income | <u>5,189</u> | <u>0.3%</u> | <u>5,816</u> | <u>0.4%</u> |
| Income before income taxes and income from equity method investments | 102,125 | 6.6% | 55,089 | 4.2% |
| | | | | |
| Income taxes | (27,267) | (1.8)% | (17,082) | (1.3)% |
| | | | | |
| Income from equity method investments | <u>4,072</u> | <u>0.3%</u> | <u>3,527</u> | <u>0.3%</u> |
| Net income including non-controlling interest | 78,930 | 5.1% | 41,534 | 3.1% |
| | | | | |
| Net income attributable to non-controlling interest | <u>(37)</u> | <u>(0.0)%</u> | <u>(26)</u> | <u>(0.0)%</u> |
| Net income attributable to H.B. Fuller | <u>\$ 78,893</u> | <u>5.1%</u> | <u>\$ 41,508</u> | <u>3.1%</u> |
| | | | | |
| Basic income per common share attributable to H.B. Fuller | \$ 1.50 | | \$ 0.80 | |
| Diluted income per common share attributable to H.B. Fuller | \$ 1.47 | | \$ 0.79 | |
| | | | | |
| Weighted-average common shares outstanding: | | | | |
| Basic | 52,666 | | 51,874 | |
| Diluted | 53,817 | | 52,305 | |
| | | | | |
| Dividends declared per common share | \$ 0.330 | | \$ 0.323 | |

H.B. FULLER COMPANY AND SUBSIDIARIES
REGULATION G RECONCILIATION

In thousands, except per share amounts (unaudited)

| | Three Months Ended | | Six Months Ended | |
|---|---------------------------|-------------------------|-------------------------|-------------------------|
| | May 29, 2021 | May 30, 2020 | May 29, 2021 | May 30, 2020 |
| Net income attributable to H.B. Fuller | \$ 49,102 | \$ 31,613 | \$ 78,893 | \$ 41,508 |
| Adjustments: | | | | |
| Acquisition project costs | 1,302 | (1,725) | 1,376 | (1,512) |
| Organizational realignment ¹ | 2,307 | 2,113 | 5,942 | 4,978 |
| Royal restructuring and integration ² | 1,239 | 2,603 | 2,521 | 5,589 |
| Project One | 1,959 | 1,165 | 4,164 | 2,540 |
| Other ³ | (3,857) | 598 | (3,812) | 1,036 |
| Discrete tax items | (600) | 45 | (558) | 1,959 |
| Income tax effect on adjustments ⁴ | (594) | (1,266) | (2,613) | (3,162) |
| Adjusted net income attributable to H.B. Fuller ⁵ | 50,858 | 35,146 | 85,913 | 52,936 |
| Add: | | | | |
| Interest expense | 19,965 | 21,670 | 40,357 | 44,431 |
| Interest income | (2,530) | (2,898) | (5,189) | (5,816) |
| Income taxes | 17,854 | 12,692 | 30,437 | 18,284 |
| Depreciation and Amortization expense ⁶ | 35,389 | 34,009 | 70,891 | 68,561 |
| Adjusted EBITDA ⁵ | 121,536 | 100,619 | 222,409 | 178,396 |
| Diluted Shares | 54,294 | 52,029 | 53,817 | 52,305 |
| Adjusted diluted income per common share attributable to H.B. Fuller ⁵ | \$ 0.94 | \$ 0.68 | \$ 1.60 | \$ 1.01 |
| Revenue | \$ 827,873 | \$ 674,602 | \$ 1,553,777 | \$ 1,321,166 |
| Adjusted EBITDA margin ⁵ | 14.7% | 14.9% | 14.3% | 13.5% |

¹ Includes costs incurred as a direct result of the organizational realignment program, including compensation for employees supporting the program, consulting expense and operational inefficiencies related to the closure of production facilities and consolidation of business activities.

² Costs incurred as a direct result of the Royal restructuring and integration program including compensation for employees supporting the program, consulting expense and operational inefficiencies related to the closure of production facilities and consolidation of business activities.

³ Three and six months ended May 29, 2021 includes one-time, non-cash gains related to a transactional tax legal settlement in Brazil and a legal entity merger.

⁴ 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.

⁵ 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.

⁶ Depreciation and amortization expense added back for EBITDA is adjusted for amounts already included in Adjusted net income attributable to H.B. Fuller totaling (\$507) and (\$63) for the three months ended May 29, 2021 and May 30, 2020, respectively and (\$734) and (\$96) for the six months ended May 29, 2021 and May 30, 2020, respectively.

H.B. FULLER COMPANY AND SUBSIDIARIES
SEGMENT FINANCIAL INFORMATION

In thousands (unaudited)

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|-------------------|---------------------|---------------------|
| | May 29, 2021 | May 30, 2020 | May 29, 2021 | May 30, 2020 |
| Net Revenue: | | | | |
| Hygiene, Health and Consumable Adhesives | \$ 364,814 | \$ 344,673 | \$ 700,482 | \$ 657,185 |
| Engineering Adhesives | 345,373 | 236,063 | 658,037 | 484,958 |
| Construction Adhesives | 117,686 | 93,866 | 195,258 | 179,023 |
| Corporate unallocated | - | - | - | - |
| Total H.B. Fuller | <u>\$ 827,873</u> | <u>\$ 674,602</u> | <u>\$ 1,553,777</u> | <u>\$ 1,321,166</u> |
| Segment Operating Income: | | | | |
| Hygiene, Health and Consumable Adhesives | \$ 38,929 | \$ 35,009 | \$ 68,840 | \$ 57,673 |
| Engineering Adhesives | 32,075 | 20,149 | 62,493 | 35,514 |
| Construction Adhesives | 6,338 | 6,527 | 1,635 | 5,152 |
| Corporate unallocated | (8,201) | (4,782) | (15,477) | (12,683) |
| Total H.B. Fuller | <u>\$ 69,141</u> | <u>\$ 56,903</u> | <u>\$ 117,491</u> | <u>\$ 85,656</u> |
| Adjusted EBITDA ⁵ | | | | |
| Hygiene, Health and Consumable Adhesives | \$ 53,569 | \$ 48,321 | \$ 98,175 | \$ 84,217 |
| Engineering Adhesives | 49,864 | 35,172 | 98,032 | 66,087 |
| Construction Adhesives | 17,252 | 16,626 | 23,539 | 25,499 |
| Corporate unallocated | 851 | 500 | 2,663 | 2,593 |
| Total H.B. Fuller | <u>\$ 121,536</u> | <u>\$ 100,619</u> | <u>\$ 222,409</u> | <u>\$ 178,396</u> |
| Adjusted EBITDA Margin ⁵ | | | | |
| Hygiene, Health and Consumable Adhesives | 14.7% | 14.0% | 14.0% | 12.8% |
| Engineering Adhesives | 14.4% | 14.9% | 14.9% | 13.6% |
| Construction Adhesives | 14.7% | 17.7% | 12.1% | 14.2% |
| Corporate unallocated | NMP | NMP | NMP | NMP |
| Total H.B. Fuller | <u>14.7%</u> | <u>14.9%</u> | <u>14.3%</u> | <u>13.5%</u> |
| NMP = non-meaningful percentage | | | | |

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

| | Three Months Ended | | Six Months Ended | |
|--|---------------------------|-------------------------|-------------------------|-------------------------|
| | May 29, 2021 | May 30, 2020 | May 29, 2021 | May 30, 2020 |
| Income before income taxes and income from equity method investments | \$ 63,608 | \$ 41,206 | \$ 102,125 | \$ 55,089 |
| Adjustments: | | | | |
| Acquisition project costs | 1,302 | (1,725) | 1,376 | (1,512) |
| Organizational realignment | 2,307 | 2,113 | 5,942 | 4,978 |
| Royal restructuring and integration | 1,239 | 2,603 | 2,521 | 5,589 |
| Project One | 1,959 | 1,165 | 4,164 | 2,540 |
| Other ³ | (3,857) | 598 | (3,812) | 1,036 |
| Adjusted income before income taxes and income from equity method investments ⁷ | <u>\$ 66,558</u> | <u>\$ 45,960</u> | <u>\$ 112,316</u> | <u>\$ 67,720</u> |

⁷ 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.

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

| | Three Months Ended | | Six Months Ended | |
|---|---------------------------|-------------------------|-------------------------|-------------------------|
| | May 29, 2021 | May 30, 2020 | May 29, 2021 | May 30, 2020 |
| Income Taxes | \$ (16,660) | \$ (11,471) | \$ (27,267) | \$ (17,082) |
| Adjustments: | | | | |
| Acquisition project costs | (262) | 459 | (283) | 514 |
| Organizational realignment | (465) | (562) | (1,478) | 177 |
| Royal restructuring and integration | (249) | (693) | (606) | 71 |
| Project One | (395) | (310) | (1,009) | 42 |
| Other | 177 | (115) | 206 | (2,006) |
| Adjusted income taxes ⁸ | <u>\$ (17,854)</u> | <u>\$ (12,692)</u> | <u>\$ (30,437)</u> | <u>\$ (18,284)</u> |
| Adjusted income before income taxes and income from equity method investments | \$ 66,558 | \$ 45,960 | \$ 112,316 | \$ 67,720 |
| Adjusted effective income tax rate ⁸ | 26.8% | 27.6% | 27.1% | 27.0% |

⁸ Adjusted income taxes and adjusted effective income tax rate are non-GAAP financial measures. Adjusted income taxes are 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.

H.B. FULLER COMPANY AND SUBSIDIARIES
REGULATION G RECONCILIATION

In thousands (unaudited)

| | Three Months Ended | | Six Months Ended | |
|---|---------------------------|-------------------|-------------------------|-------------------|
| | May 29, | May 30, | May 29, | May 30, |
| | 2021 | 2020 | 2021 | 2020 |
| Net revenue | \$ 827,873 | \$ 674,602 | \$ 1,553,777 | \$ 1,321,166 |
| Gross profit | \$ 217,550 | \$ 184,901 | \$ 409,914 | \$ 355,163 |
| Gross profit margin | 26.3% | 27.4% | 26.4% | 26.9% |
| Adjustments: | | | | |
| Acquisition project costs | 63 | - | 63 | - |
| Organizational realignment | 544 | 70 | 793 | 151 |
| Royal restructuring and integration | 578 | 697 | 1,319 | 1,598 |
| Project ONE | (725) | - | - | - |
| Other | 1,378 | 981 | 1,386 | 991 |
| Adjusted gross profit ⁹ | <u>\$ 219,388</u> | <u>\$ 186,649</u> | <u>\$ 413,475</u> | <u>\$ 357,903</u> |
| Adjusted gross profit margin ⁹ | 26.5% | 27.7% | 26.6% | 27.1% |

⁹ 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.

H.B. FULLER COMPANY AND SUBSIDIARIES
REGULATION G RECONCILIATION

In thousands (unaudited)

| | Three Months Ended | | Six Months Ended | |
|---|---------------------------|---------------------|-------------------------|---------------------|
| | May 29, | May 30, | May 29, | May 30, |
| | 2021 | 2020 | 2021 | 2020 |
| Selling, general and administrative expenses | \$ (148,409) | \$ (127,998) | \$ (292,423) | \$ (269,507) |
| Adjustments: | | | | |
| Acquisition project costs | 1,239 | (1,725) | 1,313 | (1,512) |
| Organizational realignment | 1,818 | 2,042 | 5,205 | 4,826 |
| Royal restructuring and integration | 683 | 1,932 | 1,255 | 4,043 |
| Project ONE | 2,684 | 1,166 | 4,164 | 2,541 |
| Other | (59) | (382) | (23) | 45 |
| Adjusted selling, general and administrative expenses ¹⁰ | <u>\$ (142,044)</u> | <u>\$ (124,965)</u> | <u>\$ (280,509)</u> | <u>\$ (259,564)</u> |

¹⁰ 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.

H.B. FULLER COMPANY AND SUBSIDIARIES
REGULATION G RECONCILIATION

In thousands (unaudited)

| Three Months Ended: May 29, 2021 | Hygiene, Health and Consumable Adhesives | Engineering Adhesives | Construction Adhesives | Total | Corporate Unallocated | H.B. Fuller Consolidated |
|--|---|----------------------------------|-----------------------------------|-------------------|----------------------------------|-------------------------------------|
| Net income attributable to H.B. Fuller | \$ 42,197 | \$ 34,584 | \$ 8,515 | \$ 85,296 | \$ (36,194) | \$ 49,102 |
| Adjustments: | | | | | | |
| Acquisition project costs | - | - | - | - | 1,302 | 1,302 |
| Organizational realignment | - | - | - | - | 2,307 | 2,307 |
| Royal Restructuring | - | - | - | - | 1,239 | 1,239 |
| Project One | - | - | - | - | 1,959 | 1,959 |
| Other ³ | - | - | - | - | (3,857) | (3,857) |
| Discrete tax items | - | - | - | - | (600) | (600) |
| Income tax effect on adjustments ⁴ | - | - | - | - | (594) | (594) |
| Adjusted net income attributable to H.B. Fuller ⁵ | 42,197 | 34,584 | 8,515 | 85,296 | (34,438) | 50,858 |
| Add: | | | | | | |
| Interest expense | - | - | - | - | 19,965 | 19,965 |
| Interest income | - | - | - | - | (2,530) | (2,530) |
| Income taxes | - | - | - | - | 17,854 | 17,854 |
| Depreciation and amortization expense | 11,372 | 15,280 | 8,737 | 35,389 | - | 35,389 |
| Adjusted EBITDA ⁵ | <u>\$ 53,569</u> | <u>\$ 49,864</u> | <u>\$ 17,252</u> | <u>\$ 120,685</u> | <u>\$ 851</u> | <u>\$ 121,536</u> |
| Revenue | <u>\$ 364,814</u> | <u>\$ 345,373</u> | <u>\$ 117,686</u> | <u>\$ 827,873</u> | <u>-</u> | <u>\$ 827,873</u> |
| Adjusted EBITDA Margin ⁵ | 14.7% | 14.4% | 14.7% | 14.6% | NMP | 14.7% |

| Six Months Ended: May 29, 2021 | Hygiene, Health and Consumable Adhesives | Engineering Adhesives | Construction Adhesives | Total | Corporate Unallocated | H.B. Fuller Consolidated |
|--|---|----------------------------------|-----------------------------------|-------------------|----------------------------------|-------------------------------------|
| Net income attributable to H.B. Fuller | \$ 75,367 | \$ 67,500 | \$ 5,988 | \$ 148,855 | \$ (69,962) | \$ 78,893 |
| Adjustments: | | | | | | |
| Acquisition project costs | - | - | - | - | 1,376 | 1,376 |
| Organizational realignment | - | - | - | - | 5,942 | 5,942 |
| Royal Restructuring | - | - | - | - | 2,521 | 2,521 |
| Project One | - | - | - | - | 4,164 | 4,164 |
| Other ³ | - | - | - | - | (3,812) | (3,812) |
| Discrete tax items | - | - | - | - | (558) | (558) |
| Income tax effect on adjustments ⁴ | - | - | - | - | (2,613) | (2,613) |
| Adjusted net income attributable to H.B. Fuller ⁵ | 75,367 | 67,500 | 5,988 | 148,855 | (62,942) | 85,913 |
| Add: | | | | | | |
| Interest expense | - | - | - | - | 40,357 | 40,357 |
| Interest income | - | - | - | - | (5,189) | (5,189) |
| Income taxes | - | - | - | - | 30,437 | 30,437 |
| Depreciation and amortization expense | 22,808 | 30,532 | 17,551 | 70,891 | - | 70,891 |
| Adjusted EBITDA ⁵ | <u>\$ 98,175</u> | <u>\$ 98,032</u> | <u>\$ 23,539</u> | <u>\$ 219,746</u> | <u>\$ 2,663</u> | <u>\$ 222,409</u> |
| Revenue | <u>700,482</u> | <u>658,037</u> | <u>195,258</u> | <u>1,553,777</u> | <u>-</u> | <u>1,553,777</u> |
| Adjusted EBITDA Margin ⁵ | 14.0% | 14.9% | 12.1% | 14.1% | NMP | 14.3% |

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

H.B. FULLER COMPANY AND SUBSIDIARIES
REGULATION G RECONCILIATION

In thousands (unaudited)

| Three Months Ended: May 30, 2020 | Hygiene, Health and Consumable Adhesives | Engineering Adhesives | Construction Adhesives | Total | Corporate Unallocated | H.B. Fuller Consolidated |
|--|---|----------------------------------|-----------------------------------|-------------------|----------------------------------|-------------------------------------|
| Net income attributable to H.B. Fuller | \$ 36,804 | \$ 21,598 | \$ 7,708 | \$ 66,110 | \$ (34,497) | \$ 31,613 |
| Adjustments: | | | | | | |
| Acquisition project costs | - | - | - | - | (1,725) | (1,725) |
| Organizational realignment | - | - | - | - | 2,113 | 2,113 |
| Royal Restructuring | - | - | - | - | 2,603 | 2,603 |
| Project One | - | - | - | - | 1,165 | 1,165 |
| Other | - | - | - | - | 598 | 598 |
| Discrete tax items | - | - | - | - | 45 | 45 |
| Income tax effect on adjustments ⁴ | - | - | - | - | (1,266) | (1,266) |
| Adjusted net income attributable to H.B. Fuller ⁵ | 36,804 | 21,598 | 7,708 | 66,110 | (30,964) | 35,146 |
| Add: | | | | | | |
| Interest expense | - | - | - | - | 21,670 | 21,670 |
| Interest income | - | - | - | - | (2,898) | (2,898) |
| Income taxes | - | - | - | - | 12,692 | 12,692 |
| Depreciation and amortization expense | 11,517 | 13,574 | 8,918 | 34,009 | - | 34,009 |
| Adjusted EBITDA ⁵ | <u>\$ 48,321</u> | <u>\$ 35,172</u> | <u>\$ 16,626</u> | <u>\$ 100,119</u> | <u>\$ 500</u> | <u>\$ 100,619</u> |
| Revenue | <u>\$ 344,673</u> | <u>\$ 236,063</u> | <u>\$ 93,866</u> | <u>\$ 674,602</u> | <u>-</u> | <u>\$ 674,602</u> |
| Adjusted EBITDA Margin ⁵ | 14.0% | 14.9% | 17.7% | 14.8% | NMP | 14.9% |

| Six Months Ended: May 30, 2020 | Hygiene, Health and Consumable Adhesives | Engineering Adhesives | Construction Adhesives | Total | Corporate Unallocated | H.B. Fuller Consolidated |
|--|---|----------------------------------|-----------------------------------|---------------------|----------------------------------|-------------------------------------|
| Net income attributable to H.B. Fuller | \$ 61,291 | \$ 38,433 | \$ 7,518 | \$ 107,242 | \$ (65,734) | \$ 41,508 |
| Adjustments: | | | | | | |
| Acquisition project costs | - | - | - | - | (1,512) | (1,512) |
| Organizational realignment | - | - | - | - | 4,978 | 4,978 |
| Royal Restructuring | - | - | - | - | 5,589 | 5,589 |
| Project One | - | - | - | - | 2,540 | 2,540 |
| Other | - | - | - | - | 1,036 | 1,036 |
| Discrete tax items | - | - | - | - | 1,959 | 1,959 |
| Income tax effect on adjustments ⁴ | - | - | - | - | (3,162) | (3,162) |
| Adjusted net income attributable to H.B. Fuller ⁵ | 61,291 | 38,433 | 7,518 | 107,242 | (54,306) | 52,936 |
| Add: | | | | | | |
| Interest expense | - | - | - | - | 44,431 | 44,431 |
| Interest income | - | - | - | - | (5,816) | (5,816) |
| Income taxes | - | - | - | - | 18,284 | 18,284 |
| Depreciation and amortization expense | 22,926 | 27,654 | 17,981 | 68,561 | - | 68,561 |
| Adjusted EBITDA ⁵ | <u>\$ 84,217</u> | <u>\$ 66,087</u> | <u>\$ 25,499</u> | <u>\$ 175,803</u> | <u>\$ 2,593</u> | <u>\$ 178,396</u> |
| Revenue | <u>\$ 657,185</u> | <u>\$ 484,958</u> | <u>\$ 179,023</u> | <u>\$ 1,321,166</u> | <u>-</u> | <u>\$ 1,321,166</u> |
| Adjusted EBITDA Margin ⁵ | 12.8% | 13.6% | 14.2% | 13.3% | NMP | 13.5% |

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

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

| | Three Months Ended May 29, 2021 | Six Months Ended May 29, 2021 |
|---|--|--|
| Price | 1.4% | 0.7% |
| Volume | 17.4% | 14.0% |
| Organic Growth (Decline)¹¹ | 18.8% | 14.7% |
| M&A | 0.0% | 0.0% |
| F/X | 3.9% | 2.8% |
| Total H.B. Fuller Net Revenue Growth (Decline) | 22.7% | 17.5% |

Revenue growth versus 2020

| | Three Months Ended May 29, 2021 | | | Six Months Ended May 29, 2021 | | |
|--|--|----------------------------|--|--|----------------------------|--|
| | Net Revenue | F/X and M&A | Organic Growth¹¹ | Net Revenue | F/X and M&A | Organic Growth¹¹ |
| Hygiene, Health and Consumable Adhesives | 5.8% | 2.5% | 3.3% | 6.6% | 1.2% | 5.4% |
| Engineering Adhesives | 46.3% | 6.6% | 39.7% | 35.7% | 5.5% | 30.2% |
| Construction Adhesives | 25.4% | 2.2% | 23.2% | 9.1% | 1.7% | 7.4% |
| Total H.B. Fuller | 22.7% | 3.9% | 18.8% | 17.5% | 2.8% | 14.7% |

Revenue growth versus 2019

| | Three Months Ended May 29, 2021 | | |
|--|--|----------------------------|--|
| | Net Revenue | F/X and M&A | Organic Growth¹¹ |
| Hygiene, Health and Consumable Adhesives | 8.0% | (2.3)% | 10.3% |
| Engineering Adhesives | 13.6% | 2.9% | 10.7% |
| Construction Adhesives | 5.3% | 1.1% | 4.2% |
| Total H.B. Fuller | 9.0% | (0.5)% | 9.5% |

¹¹ 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.

H.B. FULLER COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

In thousands, except share and per share amounts (unaudited)

| | May 29, 2021 | November 28, 2020 |
|---|---------------------|-------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 69,597 | \$ 100,534 |
| Trade receivables (net of allowances of \$11,486 and \$12,905, as of May 29, 2021 and November 28, 2020, respectively) | 583,270 | 514,916 |
| Inventories | 427,835 | 323,213 |
| Other current assets | 86,242 | 81,113 |
| Total current assets | 1,166,944 | 1,019,776 |
| Property, plant and equipment | 1,476,601 | 1,428,183 |
| Accumulated depreciation | (795,025) | (757,439) |
| Property, plant and equipment, net | 681,576 | 670,744 |
| Goodwill | 1,330,535 | 1,312,003 |
| Other intangibles, net | 732,760 | 755,968 |
| Other assets | 355,112 | 278,213 |
| Total assets | \$ 4,266,927 | \$ 4,036,704 |
| Liabilities, non-controlling interest and total equity | | |
| Current liabilities: | | |
| Notes payable | \$ 26,857 | \$ 16,925 |
| Trade payables | 433,515 | 316,460 |
| Accrued compensation | 75,902 | 83,598 |
| Income taxes payable | 28,074 | 29,173 |
| Other accrued expenses | 87,324 | 83,976 |
| Total current liabilities | 651,672 | 530,132 |
| Long-term debt | 1,685,553 | 1,756,985 |
| Accrued pension liabilities | 89,145 | 88,806 |
| Other liabilities | 277,345 | 278,919 |
| Total liabilities | 2,703,715 | 2,654,842 |
| Equity: | | |
| H.B. Fuller stockholders' equity: | | |
| Preferred stock (no shares outstanding) shares authorized – 10,045,900 | - | - |
| Common stock, par value \$1.00 per share, shares authorized – 160,000,000, shares outstanding – 52,499,414 and 51,906,663, as of May 29, 2021 and November 28, 2020, respectively | 52,499 | 51,907 |
| Additional paid-in capital | 190,243 | 157,867 |
| Retained earnings | 1,535,887 | 1,474,406 |
| Accumulated other comprehensive loss | (215,997) | (302,859) |
| Total H.B. Fuller stockholders' equity | 1,562,632 | 1,381,321 |
| Non-controlling interest | 580 | 541 |
| Total equity | 1,563,212 | 1,381,862 |
| Total liabilities, non-controlling interest and total equity | \$ 4,266,927 | \$ 4,036,704 |

H.B. FULLER COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
In thousands (unaudited)

| | Six Months Ended | |
|--|-------------------------|---------------------|
| | May 29, 2021 | May 30, 2020 |
| Cash flows from operating activities: | | |
| Net income including non-controlling interest | \$ 78,930 | \$ 41,534 |
| Adjustments to reconcile net income including non-controlling interest to net cash provided by operating activities: | | |
| Depreciation | 35,976 | 33,198 |
| Amortization | 35,649 | 35,458 |
| Deferred income taxes | (1,167) | (10,412) |
| Income from equity method investments, net of dividends received | (4,072) | (3,527) |
| Share-based compensation | 12,486 | 9,236 |
| Pension and other post-retirement benefit plan activity | (15,927) | (2,993) |
| Change in assets and liabilities, net of effects of acquisitions: | | |
| Trade receivables, net | (43,191) | 33,867 |
| Inventories | (100,358) | (59,232) |
| Other assets | (21,709) | (13,070) |
| Trade payables | 115,488 | 42,182 |
| Accrued compensation | (8,760) | (21,587) |
| Other accrued expenses | 1,925 | 8,981 |
| Income taxes payable | (1,513) | (2,728) |
| Other liabilities | (28,980) | 24,705 |
| Other | 25,055 | (7,199) |
| Net cash provided by operating activities | 79,832 | 108,413 |
| Cash flows from investing activities: | | |
| Purchased property, plant and equipment | (50,726) | (54,533) |
| Purchased businesses, net of cash acquired | (5,445) | (9,500) |
| Purchase of assets | - | (3,998) |
| Proceeds from sale of property, plant and equipment | 1,237 | 1,416 |
| Cash payments related to government grant | (1,526) | (2,331) |
| Net cash used in investing activities | (56,460) | (68,946) |
| Cash flows from financing activities: | | |
| Repayment of long-term debt | (68,000) | (67,000) |
| Net (payments) proceeds of notes payable | 9,335 | 6,994 |
| Dividends paid | (17,244) | (16,577) |
| Proceeds from stock options exercised | 20,621 | 1,557 |
| Repurchases of common stock | (2,628) | (3,246) |
| Net cash used in financing activities | (57,916) | (78,272) |
| Effect of exchange rate changes on cash and cash equivalents | 3,607 | (3,040) |
| Net change in cash and cash equivalents | (30,937) | (41,845) |
| Cash and cash equivalents at beginning of period | 100,534 | 112,191 |
| Cash and cash equivalents at end of period | \$ 69,597 | \$ 70,346 |