UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended September 30, 2023

OR

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

For the transition period from____to

Commission file number 1-35166

Fortune Brands Innovations, Inc.

(Exact name of Registrant as specified in its charter)

Delaware	**62-1411546**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

520 Lake Cook Road, Deerfield, Illinois 60015-5611

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (847) 484-4400

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	FBIN	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark 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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the registrant's common stock, par value $0.01 per share, at October 13, 2023 was 126,094,963.

PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS.

FORTUNE BRANDS INNOVATIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Thirty-Nine and Thirteen Weeks Ended September 30, 2023 and Nine and Three Months Ended September 30, 2022
(In millions, except per share amounts)
(Unaudited)

	Thirty-Nine Weeks Ended September 30, 2023	Nine Months Ended September 30, 2022	Thirteen Weeks Ended September 30, 2023	Three Months Ended September 30, 2022
Net sales	$ 3,464.9	$ 3,591.1	$ 1,261.2	$ 1,195.5
Cost of products sold	2,048.4	2,130.5	721.1	716.6
Selling, general and administrative expenses	862.6	810.7	321.1	253.1
Amortization of intangible assets	44.0	35.7	18.8	12.5
Restructuring charges	28.9	22.2	3.7	20.6
Operating income	481.0	592.0	196.5	192.7
Interest expense	87.9	85.3	33.3	33.0
Other income, net	(20.9)	(5.2)	(9.4)	(2.8)
Income from continuing operations before income taxes	414.0	511.9	172.6	162.5
Income tax	89.8	100.0	36.1	21.1
Income from continuing operations, net of tax	324.2	411.9	136.5	141.4
(Loss) income from discontinued operations, net of tax	(1.0)	165.2	-	62.8
Net income	$ 323.2	$ 577.1	$ 136.5	$ 204.2
Basic earnings per common share				
Continuing operations	$ 2.55	$ 3.14	$ 1.08	$ 1.09
Discontinued operations	-	1.26	-	0.49
Basic earnings per share	$ 2.55	$ 4.40	$ 1.08	$ 1.58
Diluted earnings per common share				
Continuing operations	$ 2.53	$ 3.12	$ 1.07	$ 1.09
Discontinued operations	—	1.25	-	0.48
Diluted earnings per share	$ 2.53	$ 4.37	$ 1.07	$ 1.57
Comprehensive income	$ 316.5	$ 599.5	$ 118.1	$ 174.2

See notes to condensed consolidated financial statements.

FORTUNE BRANDS INNOVATIONS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions)
(Unaudited)

	September 30, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	$ 453.4	$ 642.5
Accounts receivable less allowances for discounts and credit losses	578.6	521.8
Inventories	930.0	1,021.3
Other current assets	187.7	274.8
Total current assets	2,149.7	2,460.4
Property, plant and equipment, net of accumulated depreciation	929.2	783.7
Operating lease assets	123.2	118.9
Goodwill	1,904.2	1,640.7
Other intangible assets, net of accumulated amortization	1,400.0	1,000.8
Other assets	111.8	116.4
Total assets	$ 6,618.1	$ 6,120.9
Liabilities and equity		
Current liabilities		
Short-term debt	$ -	$ 599.2
Accounts payable	570.4	421.6
Other current liabilities	621.7	523.9
Total current liabilities	1,192.1	1,544.7
Long-term debt	2,829.3	2,074.3
Deferred income taxes	125.5	136.9
Accrued defined benefit plans	59.7	79.9
Operating lease liabilities	92.1	95.4
Other non-current liabilities	100.4	102.8
Total liabilities	4,399.1	4,034.0
Commitments and contingencies (see Note 17)		
Stockholders' equity		
Common stock[(a)]	1.9	1.9
Paid-in capital	3,116.8	3,069.6
Accumulated other comprehensive loss	36.6	37.4
Retained earnings	2,554.2	2,323.8
Treasury stock	(3,490.5)	(3,345.8)
Total stockholders' equity	2,219.0	2,086.9
Total liabilities and equity	$ 6,618.1	$ 6,120.9

[(a)] *Common stock, par value $0.01 per share; 186.9 million shares and 186.2 million shares issued at September 30, 2023 and December 31, 2022, respectively.*

See notes to condensed consolidated financial statements.

FORTUNE BRANDS INNOVATIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Thirty-Nine Weeks Ended September 30, 2023 and Nine Months Ended September 30, 2022

(In millions)

(Unaudited)

	Thirty-Nine Weeks Ended September 30, 2023	Nine Months Ended September 30, 2022
Operating activities		
Net income	$ 323.2	$ 577.1
Non-cash adjustments:		
Depreciation	67.5	93.5
Amortization of intangibles	44.0	48.9
Non-cash lease expense	23.9	33.8
Stock-based compensation	25.7	40.0
Recognition of actuarial (gain) loss	(2.4)	0.4
Deferred taxes	(11.5)	34.9
Restructuring Charges	-	7.5
Asset impairment charges	-	26.0
Amortization of deferred financing fees	3.2	2.8
(Gain) on sale of property, plant and equipment	(1.6)	(5.6)
Changes in assets and liabilities:		
Increase in accounts receivable	(24.6)	(51.0)
Decrease (increase) in inventories	196.2	(302.7)
Increase (decrease) in accounts payable	107.5	(79.3)
Decrease in other assets	142.7	6.2
Decrease in accrued expenses and other liabilities	(47.8)	(117.6)
Decrease in accrued taxes	(10.4)	(26.1)
Net cash provided by operating activities	835.6	288.8
Investing activities		
Capital expenditures [(a)]	(175.7)	(175.1)
Proceeds from the disposition of assets	2.8	8.1
Cost of acquisitions, net of cash acquired	(784.1)	(214.0)
Net cash used in investing activities	(957.0)	(381.0)
Financing activities		
Issuance of short-term debt	-	701.4
Repayment of short-term debt	(600.0)	(1,100.0)
Issuance of long-term debt	865.1	4,973.9
Repayment of long-term debt	(110.0)	(3,895.9)
Proceeds from the exercise of stock options	8.8	0.6
Treasury stock purchases	(120.1)	(531.1)
Employee withholding taxes related to stock-based compensation	(13.6)	(25.7)
Dividends to stockholders	(87.8)	(109.8)
Other financing, net	(3.0)	(22.3)
Net cash used in financing activities	(60.6)	(8.9)
Effect of foreign exchange rate changes on cash	(7.7)	(26.0)
Net decrease in cash and cash equivalents	$ (189.7)	$ (127.1)
Cash, cash equivalents and restricted cash[(b)] at beginning of period	$ 648.3	$ 476.1
Cash, cash equivalents and restricted cash[(b)] at end of period	$ 458.6	$ 349.0

(a) Capital expenditures of $33.2 million as of September 30, 2023 and $11.7 million as of September 30, 2022 that had not been paid, were excluded from the Statement of Cash Flows.

(b) Restricted cash of $3.0 million and $2.1 million is included in Other current assets and Other assets, respectively, as of September 30, 2023 and restricted cash of $1.4 million and $2.3 million is included in Other current assets and Other assets, respectively, as of September 30, 2022. Restricted cash of $2.1 million and $3.7 million is included in Other current assets and Other assets, respectively, as of December 31, 2022.

(c) Treasury stock purchased for the thirty-nine weeks ended September 30, 2023 and nine months ended September 30, 2022 excludes $10.0 million and $10.0 million, respectively, related to purchases that were not settled until after September 30, 2023 and September 30, 2022, respectively.

See notes to condensed consolidated financial statements.

FORTUNE BRANDS INNOVATIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
For the Thirty-Nine and Thirteen Weeks Ended September 30, 2023 and Nine and Three Months Ended September 30, 2022
(In millions)
(Unaudited)

	Common Stock	Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Treasury Stock	Total Equity
Balance at December 31, 2021	$ 1.9	$ 3,018.3	$ (24.6)	$ 2,807.9	$ (2,738.7)	$ 3,064.8
Comprehensive income:						
Net income	-	-	-	577.1	-	577.1
Other comprehensive income (loss)	-	-	22.4	-	-	22.4
Stock options exercised	-	0.6	-	-	-	0.6
Stock-based compensation	-	40.0	-	-	(25.7)	14.3
Treasury stock purchases	-	-	-	-	(541.1)	(541.1)
Dividends ($0.84 per common share)	-	-	-	(108.0)	-	(108.0)
Balance at September 30, 2022	$ 1.9	$ 3,058.9	$ (2.2)	$ 3,277.0	$ (3,305.5)	$ 3,030.1
Balance at December 31, 2022	$ 1.9	$ 3,069.6	$ 37.4	$ 2,323.8	$ (3,345.8)	$ 2,086.9
Comprehensive income:						
Net income	-	-	-	323.2	-	323.2
Other comprehensive income (loss)	-	-	(6.7)	-	-	(6.7)
Other	-	12.7	5.9	(5.3)	-	13.3
Stock options exercised	-	8.8	-	-	-	8.8
Stock-based compensation	-	25.7	-	-	(13.6)	12.1
Treasury stock purchases	-	-	-	-	(131.1)	(131.1)
Dividends ($0.69 per common share)	-	-	-	(87.5)	-	(87.5)
Balance at September 30, 2023	$ 1.9	$ 3,116.8	$ 36.6	$ 2,554.2	$ (3,490.5)	$ 2,219.0

	Common Stock	Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Treasury Stock	Total Equity
Balance at June 30, 2022	$ 1.9	$ 3,046.2	$ 27.8	$ 3,145.0	$ (3,268.5)	$ 2,952.4
Comprehensive income:						
Net income	-	-	-	204.2	-	204.2
Other comprehensive income (loss)	-	-	(30.0)	-	-	(30.0)
Stock options exercised	-	0.2	-	-	-	0.2
Stock-based compensation	-	12.5	-	-	(0.9)	11.6
Treasury stock purchases	-	-	-	-	(36.1)	(36.1)
Dividends ($0.56 per common share)	-	-	-	(72.2)	-	(72.2)
Balance at September 30, 2022	$ 1.9	$ 3,058.9	$ (2.2)	$ 3,277.0	$ (3,305.5)	$ 3,030.1
Balance at July 1, 2023	$ 1.9	$ 3,103.5	$ 55.3	$ 2,475.4	$ (3,459.0)	$ 2,177.1
Comprehensive income:						
Net income	-	-	-	136.5	-	136.5
Other comprehensive income (loss)	-	-	(18.4)	-	-	(18.4)
Other	-	-	(0.3)	0.7	-	0.4
Stock options exercised	-	3.8	-	-	-	3.8
Stock-based compensation	-	9.5	-	-	(1.2)	8.3
Treasury stock purchases	-	-	-	-	(30.3)	(30.3)
Dividends ($0.46 per common share)	-	-	-	(58.4)	-	(58.4)
Balance at September 30, 2023	$ 1.9	$ 3,116.8	$ 36.6	$ 2,554.2	$ (3,490.5)	$ 2,219.0

See notes to condensed consolidated financial statements.

1. Basis of Presentation and Principles of Consolidation

The Company is a leading home and security products company with a portfolio of leading branded products used for residential home repair, remodeling, new construction and security applications. References to “Fortune Brands,” “the Company,” “we,” “our” and “us” refer to Fortune Brands Innovations, Inc. and its consolidated subsidiaries as a whole, unless the context otherwise requires.

On December 14, 2022, the Company completed the separation of its Cabinets business, MasterBrand, Inc. (“MasterBrand”), via a tax-free spin-off transaction (the “Separation”) to create an independent, publicly-traded company. Immediately following completion of the Separation, the Company changed its name from “Fortune Brands Home & Security, Inc.” to “Fortune Brands Innovations, Inc.” and its stock ticker changed from “FBHS” to “FBIN” to better reflect its focus on activities related to core brands and innovation. As a result of the Separation, our former Cabinets segment was disposed of and the operating results of the Cabinets business are reported as discontinued operations for all periods presented within this Quarterly Report on Form 10-Q. All amounts, percentages and disclosures for all periods presented reflect only the continuing operations of the Company unless otherwise noted. See Note 4, Acquisitions and Dispositions, in the condensed consolidated financial statements, and Note 5, Discontinued Operations, in the consolidated financial statements in Item 8 of our 2022 Annual Report on Form 10-K for additional information.

The condensed consolidated financial statements and notes are presented pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) and do not contain certain information included in our annual audited consolidated financial statements and notes. The December 31, 2022 condensed consolidated balance sheet was derived from our audited consolidated financial statements, but does not include all disclosures required by U.S. generally accepted accounting principles (“GAAP”). This Quarterly Report on Form 10-Q should be read in conjunction with the audited consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2022.

In June 2023, we acquired the Emtek and Schaub premium and luxury door and cabinet hardware business (the "Emtek and Schaub Business"), and the U.S. and Canadian Yale and August residential smart home locks business (the "Yale and August Business", and collectively with the Emtek and Schaub Business, the "ASSA Businesses") from ASSA ABLOY, Inc. and its affiliates ("ASSA"). The Company completed the acquisition for a total purchase price of approximately $809.3 million, subject to post-closing adjustments, net of cash acquired of $16.3 million. We financed the transaction with cash on hand. As of the date of this filing, legal title to international operations in Vietnam has not yet transferred, but we expect a deferred closing, which will include a payment of approximately $23.4 million (which amount is already included in the overall purchase price but for which the cash payment has not yet been made), shortly following receipt of local regulatory approval, which is expected to occur later in 2023. The results of the Emtek and Schaub Business are reported as part of the Water segment and the results of the Yale and August Business are reported as part of the Security segment.

In January 2023, the Board of Directors of the Company approved a change to the Company’s fiscal year end from December 31 to a 52- or 53-week fiscal year ending on the Saturday closest but not subsequent to December 31, effective as of the commencement of the Company’s fiscal year on January 1, 2023. This change was made in order to align the Company’s fiscal year with that of its operating businesses and to align the Company’s reporting calendar with how the Company evaluates its businesses. As a result, the Company’s fiscal quarters for the 2023 fiscal year end on April 1, 2023, July 1, 2023, September 30, 2023, and December 30, 2023.

The condensed consolidated balance sheet as of September 30, 2023, the related condensed consolidated statements of comprehensive income and equity for the thirty-nine weeks and thirteen weeks ended September 30, 2023, the related condensed consolidated statements of comprehensive income and equity for the nine and three months ended September 30, 2022, the related condensed consolidated statements of cash flows for the thirty-nine weeks ended September 30, 2023, and the related condensed consolidated statements of cash flows for the nine months ended September 30, 2022 are unaudited. The presentation of these financial statements requires us to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from those estimates. In the opinion of management, all adjustments necessary for a fair statement of the financial statements have been included. Interim results may not be indicative of results for a full year.

Effective in the first quarter of 2023, the Company revised its segment reporting from two reportable segments, Water Innovations and Outdoors & Security, to three reportable segments, Water, Outdoors and Security. The change in segment reporting was made to align with changes made in the manner our chief operating decision maker reviews the Company’s operating results in assessing performance and allocating resources. Comparative prior periods amounts have been recast to conform to the new segment presentation.

On July 29, 2022, we acquired 100% of the outstanding equity of Aqualisa Holdings (International) Ltd. (“Aqualisa”), a leading U.K. manufacturer of shower products known for premium, innovative and smart digital shower systems, for a purchase price of $156.0 million, net of cash acquired of $4.8 million. We financed the transaction using cash on hand and borrowings under our revolving credit facility. The results of Aqualisa are reported as part of the Water segment. We have not included pro forma financial information as it is immaterial to our condensed consolidated statements of comprehensive income. The fair value allocated to assets acquired and liabilities assumed as of July 29, 2022 was $156.0 million.

In January 2022, we acquired 100% of the outstanding equity of Solar Innovations LLC and an affiliated entity (together, “Solar”), a leading producer of wide-opening exterior door systems and outdoor enclosures, for a purchase price of $61.6 million, net of cash acquired of $4.8 million. We financed the transaction using cash on hand and borrowings under our revolving credit facility. The results of Solar are reported as part of the Outdoors segment. We have not included pro forma financial information as it is immaterial to our condensed consolidated statements of comprehensive income. The fair value allocated to assets acquired and liabilities assumed as of January 31, 2022 was $61.6 million.

2. Recently Issued Accounting Standards

No material impacts noted from recently issued accounting standards.

3. Balance Sheet Information

Supplemental information on our balance sheets is as follows:

(In millions)	September 30, 2023	December 31, 2022
Inventories:		
Raw materials and supplies	$ 316.5	$ 309.4
Work in process	76.1	83.5
Finished products	537.4	628.4
Total inventories	$ 930.0	$ 1,021.3
Property, plant and equipment, gross	$ 1,822.1	$ 1,614.3
Less: accumulated depreciation	892.9	830.6
Property, plant and equipment, net	$ 929.2	$ 783.7

4. Acquisitions and Dispositions

ASSA Businesses

In June 2023, we acquired the ASSA Businesses. The Company completed the acquisition for a total purchase price of approximately $809.3 million, subject to post-closing adjustments, net of cash acquired of $16.3 million. We financed the transaction with cash on hand. As of the date of this filing, legal title to international operations in Vietnam has not yet transferred, but we expect a deferred closing, which will include a payment of approximately $23.4 million (which amount is already included in the overall purchase price but for which the cash payment has not yet been made). The results of the Emtek and Schaub Business are reported as part of the Water segment and the results of the Yale and August Business are reported as part of the Security segment.

The following table summarizes the preliminary allocation of the ASSA Businesses purchase price to the fair value of assets acquired and liabilities assumed as of the date of the acquisition.

(In millions)		
Accounts receivable	$	35.8
Inventories		107.2
Property, plant and equipment		19.5
Goodwill		264.0
Identifiable intangible assets		442.0
Operating lease assets		17.3
Other assets		2.3
Total assets		888.1
Accounts payable		26.0
Other current liabilities and accruals		37.5
Other non-current liabilities		15.3
Net assets acquired[(a)]	$	809.3

(a) Net assets exclude $16.3 million of cash transferred to the Company as the result of the acquisition.

We apply significant judgment in determining the estimates and assumptions used to determine the fair value of the identifiable intangible assets, including forecasted revenue growth rates, EBITDA margins, percentage of revenue attributable to the tradenames, contributory asset charges, customer attrition rate, market-participant discount rates and the assumed royalty rates. Any change in the acquisition date fair value of the acquired assets and liabilities will change the amount of the purchase price allocable to goodwill.

Goodwill includes expected sales and cost synergies. The goodwill is included in our Security and Water segments. Substantially all of the tax goodwill is expected to be deductible for income tax purposes, subject to the finalization of the purchase price allocation. ASSA Businesses identifiable intangible assets consist of finite-lived customer relationship assets of $349.3 million, an indefinite-lived tradename of $75.0 million, a definite-lived tradename of $9.0 million and finite-lived proprietary technology assets of $8.7 million. The useful life of the customer relationship assets is estimated to be 17 years. The useful life of the definite-lived tradename is estimated to be 30 years. The useful life of the proprietary technology assets is estimated to be eight years. Customer relationships, tradenames and proprietary technology assets are amortized on a straight line basis over their useful lives.

The following unaudited pro forma summary presents consolidated financial information as if the ASSA Businesses had been acquired on January 1, 2022. The unaudited pro forma financial information is based on historical results of operations and financial position of the Company and the ASSA Businesses. The pro forma results include:

- estimated amortization of finite-lived intangible assets, including customer relationships and proprietary technology,
- the estimated cost of the inventory adjustment to fair value,
- the reclassification of ASSA Businesses transaction costs from 2023 to the first quarter of 2022,
- the removal of certain transactions recorded in the historical financial statements of the ASSA Businesses related to assets and activities which were retained by the seller, and
- adjustments to conform accounting policies.

The unaudited pro forma financial information does not necessarily represent the results that would have occurred had the acquisition occurred on January 1, 2022. In addition, the unaudited pro forma information should not be deemed to be indicative of future results.

(In millions)		**Thirty-Nine Weeks Ended September 30, 2023**		**Thirteen Weeks Ended September 30, 2023**		**Nine Months Ended September 30, 2022**		**Three Months Ended September 30, 2022**
Net sales	$	3,649.9	$	1,261.2	$	3,895.4	$	1,296.3
Income from continuing operations, net of tax	$	361.9	$	137.4	$	420.6	$	149.6

Cabinets

On December 14, 2022, the Company completed the separation of MasterBrand, Inc., via a tax-free spin-off transaction (the "Separation") to create an independent, publicly-traded company. Immediately following completion of the Separation, the Company changed its name from "Fortune Brands Home & Security, Inc." to "Fortune Brands Innovations, Inc." and its stock ticker changed from "FBHS" to "FBIN" to better reflect its focus on activities related to core brands and innovation.

The condensed consolidated statements of income and consolidated balance sheets for all prior periods have been adjusted to reflect the presentation of MasterBrand as discontinued operations. For the nine months ended September 30, 2022, the condensed consolidated statement of cash flows includes net cash provided from operations related to discontinued operations of $211.9 million and net cash used in investing activities of $32.2 million. Depreciation, amortization and capital expenditures attributable to discontinued operations for the nine months ended September 30, 2022, were $32.5 million, $13.2 million and $32.2 million, respectively.

Aqualisa

In July 2022, we acquired 100% of the outstanding equity of Aqualisa for a purchase price of $156.0 million, net of cash acquired of $4.8 million. We financed the transaction using cash on hand and borrowings under our revolving credit facility. The results of Aqualisa are reported as part of the Water segment. We have not included pro forma financial information as the transaction is immaterial to our condensed consolidated statements of comprehensive income. The fair value allocated to assets acquired and liabilities assumed as of July 29, 2022, was $156.0 million, which includes $88.7 million of goodwill. Goodwill includes expected sales and cost synergies and is not expected to be deductible for income tax purposes.

Solar

In January 2022, we acquired 100% of the outstanding equity of Solar for a purchase price of $61.6 million, net of cash acquired of $4.8 million. We financed the transaction using cash on hand and borrowings under our revolving credit facility. The results of Solar are reported as part of the Outdoors segment. We have not included pro forma financial information as the transaction is immaterial to our condensed consolidated statements of comprehensive income. The fair value allocated to assets acquired and liabilities assumed as of January 31, 2022, was $61.6 million, which includes $23.3 million of goodwill. Goodwill includes expected sales and cost synergies and is expected to be deductible for income tax purposes.

Flo Technologies

In 2018, our Water segment entered into a strategic partnership with, and acquired non-controlling equity interests in Flo Technologies ("Flo"). In January 2020, we entered into an agreement to acquire the remaining outstanding shares of Flo in a multi-phase transaction. As part of this agreement, we acquired a majority of Flo's outstanding shares during 2020 and entered into a forward contract to purchase all remaining shares of Flo during the first quarter of 2022. On January 30, 2022, we made a final cash payment of $16.7 million to the legacy minority shareholders to acquire such shares which is reflected within Other financing, net in our consolidated statements of cash flows.

5. Goodwill and Identifiable Intangible Assets

We had goodwill of $1,904.2 million and $1,640.7 million as of September 30, 2023 and December 31, 2022, respectively. The change in the net carrying amount of goodwill by segment was as follows:

(In millions)	Water	Outdoors	Security	Total Goodwill
Goodwill at December 31, 2022[(a)]	$ 893.4	$ 651.0	$ 96.3	$ 1,640.7
Year-to-date translation adjustments	0.5	-	0.1	0.6
Acquisition-related adjustments	243.3	0.1	19.5	262.9
Goodwill at September 30, 2023[(a)]	$ 1,137.2	$ 651.1	$ 115.9	$ 1,904.2

(a) *Net of accumulated impairment losses of $399.5 million in the Outdoors segment.*

The gross carrying value and accumulated amortization by class of identifiable intangible assets as of September 30, 2023 and December 31, 2022 were as follows:

(In millions)	As of September 30, 2023			As of December 31, 2022		
	Gross Carrying Amounts	Accumulated Amortization	Net Book Value	Gross Carrying Amounts	Accumulated Amortization	Net Book Value
Indefinite-lived tradenames	$ 553.1	$ -	$ 553.1	$ 478.1	$ -	$ 478.1
Amortizable intangible assets						
Tradenames	56.8	(8.5)	48.3	47.5	(6.8)	40.7
Customer and contractual relationships	1,012.6	(273.5)	739.1	662.6	(239.6)	423.0
Patents/proprietary technology	137.4	(77.9)	59.5	128.5	(69.5)	59.0
Total	1,206.8	(359.9)	846.9	838.6	(315.9)	522.7
Total identifiable intangibles	$ 1,759.9	$ (359.9)	$ 1,400.0	$ 1,316.7	$ (315.9)	$ 1,000.8

We had net identifiable intangible assets of $1,400.0 million and $1,000.8 million as of September 30, 2023 and December 31, 2022, respectively. The $443.2 million increase in gross identifiable intangible assets was primarily due to the acquisition of the ASSA Businesses and foreign translation adjustments.

Amortizable identifiable intangible assets, principally customer relationships, are subject to amortization over their estimated useful life, ranging from 5 to 30 years, based on the assessment of a number of factors that may impact useful life, which includes customer attrition rates and other relevant factors.

6. External Debt and Financing Arrangements

Senior Notes

In September 2023, we paid off all $600 million in aggregate principle of our 2023 4.000% senior unsecured notes that matured in September 2023 at their maturity date using cash on hand.

In June 2023, the Company issued $600 million in aggregate principal 5.875% senior unsecured notes maturing in 2033 in a registered public offering. The Company used the net proceeds from the notes offering to pay off its 2023 4.000% senior unsecured notes that matured in September 2023 and for general corporate purposes.

In March 2022, the Company issued $900 million in aggregate principal amount of senior unsecured notes in a registered public offering consisting of $450 million of 4.000% senior unsecured notes maturing in 2032 and $450 million of 4.500% senior unsecured notes maturing in 2052 (together, the “2022 Notes”). The Company used the net proceeds from the 2022 Notes offering to pay down a portion of the outstanding balance on the 2021 Term Loan, as described below.

On September 30, 2023, the Company had aggregate outstanding senior notes in the amount of $2.7 billion, with varying maturities (the “Notes”). The Notes are unsecured senior obligations of the Company. The following table provides a summary of the Company’s outstanding Notes, including the net carrying value of the Notes, net of underwriting commissions, price discounts, and debt issuance costs as of September 30, 2023 and December 31, 2022:

(in millions)	Principal Amount	Issuance Date	Maturity Date	Net Carrying Value	
				September 30, 2023	December 31, 2022
4.000% Senior Notes	$ 500.0	June 2015	June 2025	$ 498.7	$ 498.1
4.000% Senior Notes	600.0	September 2018	September 2023	-	599.2
3.250% Senior Notes	700.0	September 2019	September 2029	695.5	695.0
4.000% Senior Notes	450.0	March 2022	March 2032	446.1	445.8
4.500% Senior Notes	450.0	March 2022	March 2052	435.8	435.4
5.875% Senior Notes	600.0	June 2023	June 2033	593.3	-
Total Senior Notes	$ 3,300.0			$ 2,669.4	$ 2,673.5

Credit Facilities

In August 2022, the Company entered into a third amended and restated $1.25 billion revolving credit facility (the “2022 Revolving Credit Agreement”), and borrowings thereunder will be used for general corporate purposes. The maturity date of the facility is August 2027. Interest rates under the 2022 Revolving Credit Agreement are variable based on the Secured Overnight Financing Rate (“SOFR”) at the time of the borrowing and the Company’s long-term credit rating and can range from SOFR + 1.02% to SOFR + 1.525%. Under the 2022 Revolving Credit Agreement, the Company is required to maintain a minimum ratio of consolidated EBITDA to consolidated interest expense of 3.0 to 1.0. Consolidated EBITDA is defined as consolidated net income before interest expense, income taxes, depreciation, amortization of intangible assets, losses from asset impairments, and certain other one-time adjustments. In addition, the Company's ratio of consolidated debt minus certain cash and cash equivalents to consolidated EBITDA generally may not exceed 3.5 to 1.0. On September 30, 2023, and December 31, 2022, our outstanding borrowings under this facility were $110.0 million and zero, respectively. As of September 30, 2023, we were in compliance with all covenants under this facility.

In November 2021, the Company entered into a 364-day, $400 million term loan credit agreement (the “2021 Term Loan”), for general corporate purposes, to mature in November 2022. On March 1, 2022, the Company entered into a First Amendment and Incremental Agreement to the 2021 Term Loan (the “First Amendment”). The First Amendment provided for an increase in the principal amount from $400 million to $600 million as well as the transition from LIBOR to SOFR interest rates. As a result, interest rates under the 2021 Term Loan were variable based on SOFR at the time of the borrowing and the Company’s long-term credit rating and could range from SOFR + 0.725% to SOFR + 1.350%. On March 18, 2022, the Company entered into a Second Amendment and Incremental Agreement to the 2021 Term Loan (the “Second Amendment”), increasing the principal amount from $600 million to $1.1 billion. All other terms and conditions remained the same under the First Amendment and Second Amendment. Proceeds from the increased 2021 Term Loan were used to repay outstanding balances under our previous revolving credit facility. The outstanding $1.1 billion under the 2021 Term Loan was repaid on March 25, 2022 with proceeds from the senior notes offering in March 2022 (as described above) and other existing sources of liquidity.

We currently have uncommitted bank lines of credit in China, which provide for unsecured borrowings for working capital of up to $30.5 million and $20.5 million in aggregate as of September 30, 2023 and December 31, 2022, respectively. There were no outstanding balances as of September 30, 2023 and December 31, 2022.

Commercial Paper

The Company operates a commercial paper program (the “Commercial Paper Program”) pursuant to which the Company may issue unsecured commercial paper notes. The Company’s 2022 Revolving Credit Agreement is the liquidity backstop for the repayment of any notes issued under the Commercial Paper Program, and as such, borrowings under the Commercial Paper Program are included in Long-term debt in the condensed consolidated balance sheets. Amounts available under the Commercial Paper Program may be borrowed, repaid and re-borrowed, with the aggregate principal amount outstanding at any time, including borrowings under the 2022 Revolving Credit Agreement, not to exceed $1.25 billion. The Company will use any issuances under the Commercial Paper Program for general corporate purposes. On September 30, 2023 and December 31, 2022, outstanding borrowings under our Commercial Paper Program were $49.9 million and zero, respectively, which is included in Long-term debt in the condensed consolidated balance sheet.

7. Financial Instruments

We do not enter into financial instruments for trading or speculative purposes. We principally use financial instruments to reduce the impact of changes in foreign currency exchange rates and commodities used as raw materials in our products. The principal derivative financial instruments we enter into on a routine basis are foreign exchange contracts. Derivative financial instruments are recorded at fair value. The counterparties to derivative contracts are major financial institutions. We are subject to credit risk on these contracts equal to the fair value of these instruments. Management currently believes that the risk of incurring material losses is unlikely and that the losses, if any, would be immaterial to the Company.

Raw materials used by the Company are subject to price volatility caused by weather, supply conditions, geopolitical and economic variables, and other unpredictable external factors. As a result, from time to time, we enter into commodity swaps to manage the price risk associated with forecasted purchases of materials used in our operations.

We may be exposed to interest rate risk on existing debt or forecasted debt issuance. To mitigate this risk, we may enter into interest rate hedge contracts. The Company entered into a total of $600 million of interest rate hedge contracts during the fourth quarter of 2021 and first quarter of 2022. These contracts were terminated during the second quarter of 2023 in parallel with the issuance of $600 million of long-term debt. Terminating the contracts resulted in a pre-tax gain of $84.2 million which was recorded in accumulated other comprehensive income and will be reclassified to earnings over the 10-year maturity associated with the new long-term debt.

Our primary foreign currency hedge contracts pertain to the British pound, the Canadian dollar, the Mexican peso and the Chinese yuan. The gross U.S. dollar equivalent notional amount of all foreign currency derivative hedges outstanding at September 30, 2023 was $463.2 million. Based on foreign exchange rates as of September 30, 2023, we estimate that $13.1 million of net derivative gains included in accumulated other comprehensive income as of September 30, 2023 will be reclassified to earnings within the next twelve months.

The fair values of derivative instruments on the consolidated balance sheets as of September 30, 2023 and December 31, 2022 were as follows:

		Fair Value	
(In millions)	**Location**	**September 30, 2023**	**December 31, 2022**
Assets:			
Foreign exchange contracts	Other current assets	$ 2.7	$ 5.0
Interest rate contracts	Other current assets	-	84.6
	Total assets	$ 2.7	$ 89.6
Liabilities:			
Foreign exchange contracts	Other current liabilities	$ 2.3	$ 0.7
Commodity contracts	Other current liabilities	-	3.6
	Total liabilities	$ 2.3	$ 4.3

The effects of derivative financial instruments on the statements of comprehensive income for the thirty-nine weeks ended September 30, 2023 and nine months ended September 30, 2022 were as follows:

(In millions)	Classification and Amount of Gain (Loss) Recognized in Income on Fair Value and Cash Flow Hedging Relationships		
	Thirty-Nine Weeks Ended September 30, 2023		
	Cost of products sold	Interest expense	Other income, net
Total amounts per Consolidated Statements of Comprehensive Income	$ 2,048.4	$ 87.9	$ 20.9
The effects of fair value and cash flow hedging:			
Gain (loss) on fair value hedging relationships			
Foreign exchange contracts:			
Hedged items	-	-	1.4
Derivative designated as hedging instruments	-	-	0.4
Gain (loss) on cash flow hedging relationships			
Foreign exchange contracts:			
Amount of gain or (loss) reclassified from accumulated other comprehensive (loss) income into income	4.1	-	-
Commodity contracts:			
Amount of gain or (loss) reclassified from accumulated other comprehensive (loss) income into income	(0.2)	-	-
Interest rate contracts:			
Amount of gain or (loss) reclassified from accumulated other comprehensive (loss) income into income	-	5.8	-

(In millions)	Classification and Amount of Gain (Loss) Recognized in Income on Fair Value and Cash Flow Hedging Relationships		
	Nine Months Ended September 30, 2022		
	Cost of products sold	Interest expense	Other income, net
Total amounts per Consolidated Statements of Comprehensive Income	$ 2,130.5	$ 85.3	$ 5.2
The effects of fair value and cash flow hedging:			
Gain (loss) on fair value hedging relationships			
Foreign exchange contracts:			
Hedged items	-	-	(28.1)
Derivative designated as hedging instruments	-	-	25.5
Gain (loss) on cash flow hedging relationships			
Foreign exchange contracts:			
Amount of gain or (loss) reclassified from accumulated other comprehensive (loss) income into income	2.1	-	-
Commodity contracts:			
Amount of gain or (loss) reclassified from accumulated other comprehensive (loss) income into income	(4.2)	-	-
Interest rate contracts:			
Amount of gain or (loss) reclassified from accumulated other comprehensive (loss) income into income	-	2.5	-

The effects of derivative financial instruments on the statements of comprehensive income for the thirteen weeks ended September 30, 2023 and three months ended September 30, 2022 were as follows:

(In millions)	Classification and Amount of Gain (Loss) Recognized in Income on Fair Value and Cash Flow Hedging Relationships		
	Thirteen Weeks Ended September 30, 2023		
	Cost of products sold	Interest expense	Other income, net
Total amounts per Consolidated Statements of Comprehensive Income	$ 721.1	$ 33.3	$ 9.4
The effects of fair value and cash flow hedging:			
Gain (loss) on fair value hedging relationships			
Foreign exchange contracts:			
Hedged items	-	-	(3.0)
Derivative designated as hedging instruments	-	-	3.3
Gain (loss) on cash flow hedging relationships			
Foreign exchange contracts:			
Amount of gain or (loss) reclassified from accumulated other comprehensive (loss) income into income	0.1	-	-
Commodity contracts:			
Amount of gain or (loss) reclassified from accumulated other comprehensive (loss) income into income	(0.1)	-	-
Interest rate contracts:			
Amount of gain or (loss) reclassified from accumulated other comprehensive (loss) income into income	-	3.2	-

(In millions)	Classification and Amount of Gain (Loss) Recognized in Income on Fair Value and Cash Flow Hedging Relationships		
	Three Months Ended September 30, 2022		
	Cost of products sold	Interest expense	Other income, net
Total amounts per Consolidated Statements of Comprehensive Income	$ 716.6	$ 33.0	$ 2.8
The effects of fair value and cash flow hedging:			
Gain (loss) on fair value hedging relationships			
Foreign exchange contracts:			
Hedged items	-	-	(17.7)
Derivative designated as hedging instruments	-	-	17.8
Gain (loss) on cash flow hedging relationships			
Foreign exchange contracts:			
Amount of gain or (loss) reclassified from accumulated other comprehensive (loss) income into income	0.8	-	-
Commodity contracts:			
Amount of gain or (loss) reclassified from accumulated other comprehensive (loss) income into income	(3.9)	-	-
Interest rate contracts:			
Amount of gain or (loss) reclassified from accumulated other comprehensive (loss) income into income	-	1.1	-

8. Fair Value Measurements

FASB ASC requirements for Fair Value Measurements and Disclosures establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs, the highest priority, are quoted prices in active markets for identical assets or liabilities. Level 2 inputs reflect other than quoted prices included in Level 1 that are either observable directly or through corroboration with observable market data. Level 3 inputs are unobservable inputs, due to little or no market activity for the asset or liability, such as internally-developed valuation models. We do not have any assets or liabilities measured at fair value on a recurring basis that are Level 3.

The carrying value and fair value of debt as of September 30, 2023 and December 31, 2022 were as follows:

(In millions)	September 30, 2023		December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Notes, net of underwriting commissions, price discounts and debt issuance costs	$ 2,669.4	$ 2,378.6	$ 2,673.5	$ 2,412.6
2022 Revolving Credit Agreement	110.0	110.0	-	-
Commercial paper borrowings	49.9	49.9	-	-
Total debt	$ 2,829.3	$ 2,538.5	$ 2,673.5	$ 2,412.6

The estimated fair value of our Notes is determined by using quoted market prices of our debt securities, which are Level 1 inputs. The estimated fair value of our 2022 Revolving Credit Facility, borrowings under our Commercial Paper Program and 2021 Term Loan is determined primarily using broker quotes, which are Level 2 inputs.

Assets and liabilities measured at fair value on a recurring basis as of September 30, 2023 and December 31, 2022 were as follows:

(In millions)	Fair Value	
	September 30, 2023	December 31, 2022
Assets		
Derivative financial instruments (Level 2)	$ 2.7	$ 89.6
Deferred compensation program assets (Level 2)	18.0	14.9
Total assets	$ 20.7	$ 104.5
Liabilities		
Derivative financial instruments (Level 2)	$ 2.3	$ 4.3

9. Accumulated Other Comprehensive Income (Loss)

Total accumulated other comprehensive income (loss) consists of net income and other changes in business equity from transactions and other events from sources other than stockholders. It includes currency translation gains and losses, unrealized gains and losses from derivative instruments designated as cash flow hedges, and defined benefit plan adjustments.

In order to mitigate interest rate risk associated with forecasted debt issuances, we entered into a total of $600 million of interest rate hedges during the fourth quarter of 2021 and first quarter of 2022. These hedges were terminated during the second quarter of 2023 in parallel with the issuance of $600 million of long-term debt. Terminating the hedges resulted in a pre-tax gain of $84.2 million which was recorded in accumulated other comprehensive income and will be reclassified to earnings over the 10-year maturity associated with the new long-term debt.

The after-tax components of and changes in accumulated other comprehensive (loss) income for the thirty-nine and thirteen weeks ended September 30, 2023 and nine and three months ended September 30, 2022 were as follows:

(In millions)	Foreign Currency Adjustments	Derivative Hedging Gain (Loss)	Defined Benefit Plan Adjustments	Accumulated Other Comprehensive Loss
Balance at December 31, 2021	$ 3.3	$ 2.9	$ (30.8)	$ (24.6)
Amounts classified into accumulated other comprehensive (loss) income	(70.5)	97.3	(1.6)	25.2
Amounts reclassified from accumulated other comprehensive (loss) income	-	(3.1)	0.3	(2.8)
Net current-period other comprehensive (loss) income	(70.5)	94.2	(1.3)	22.4
Balance at September 30, 2022	$ (67.2)	$ 97.1	$ (32.1)	$ (2.2)
Balance at December 31, 2022	$ (12.1)	$ 93.5	$ (44.0)	$ 37.4
Amounts classified into accumulated other comprehensive (loss) income	(3.6)	5.2	1.5	3.1
Other	-	-	5.9	5.9
Amounts reclassified from accumulated other comprehensive (loss) income	-	(8.0)	(1.8)	(9.8)
Net current-period other comprehensive (loss) income	(3.6)	(2.8)	5.6	(0.8)
Balance at September 30, 2023	$ (15.7)	$ 90.7	$ (38.4)	$ 36.6

(In millions)	Foreign Currency Adjustments	Derivative Hedging Gain (Loss)	Defined Benefit Plan Adjustments	Accumulated Other Comprehensive Loss
Balance at June 30, 2022	$ (12.8)	$ 71.5	$ (30.9)	$ 27.8
Amounts classified into accumulated other comprehensive (loss) income	(54.4)	24.9	(1.5)	(31.0)
Amounts reclassified from accumulated other comprehensive (loss) income	-	0.7	0.3	1.0
Net current-period other comprehensive (loss) income	(54.4)	25.6	(1.2)	(30.0)
Balance at September 30, 2022	$ (67.2)	$ 97.1	$ (32.1)	$ (2.2)
Balance at July 1, 2023	$ 0.9	$ 92.4	$ (38.0)	$ 55.3
Amounts classified into accumulated other comprehensive (loss) income	(16.6)	0.8	1.7	(14.1)
Other	-	-	(0.3)	(0.3)
Amounts reclassified from accumulated other comprehensive (loss) income	-	(2.5)	(1.8)	(4.3)
Net current-period other comprehensive (loss) income	(16.6)	(1.7)	(0.4)	(18.7)
Balance at September 30, 2023	$ (15.7)	$ 90.7	$ (38.4)	$ 36.6

The reclassifications out of accumulated other comprehensive loss for the thirty-nine and thirteen weeks ended September 30, 2023 and nine and three months ended September 30, 2022 were as follows:

(In millions)

Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified from Accumulated Other Comprehensive Loss		Affected Line Item in the Statement of Comprehensive Income
	Thirty-Nine Weeks Ended September 30, 2023	Nine Months Ended September 30, 2022	
Gains (losses) on cash flow hedges			
Foreign exchange contracts	$ 4.1	$ 2.1	Cost of products sold
Commodity contracts	(0.2)	(4.2)	Cost of products sold
Interest rate contracts	5.8	2.5	Interest expense
	9.7	0.4	Total before tax
	(1.7)	0.5	Tax expense
	$ 8.0	$ 0.9	Net of tax
Defined benefit plan items			
Recognition of actuarial losses	2.4	$ (0.3)	Other (income) expense, net
	2.4	(0.3)	Total before tax
	(0.6)	-	Tax expense
	$ 1.8	$ (0.3)	Net of tax
Total reclassifications for the period	$ 9.8	$ 0.6	Net of tax

(In millions)

Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified from Accumulated Other Comprehensive Loss		Affected Line Item in the Statement of Comprehensive Income
	Thirteen Weeks Ended September 30, 2023	Three Months Ended September 30, 2022	
Gains (losses) on cash flow hedges			
Foreign exchange contracts	$ 0.1	$ 0.8	Cost of products sold
Commodity contracts	(0.1)	(3.9)	Cost of products sold
Interest rate contracts	3.2	1.1	Interest expense
	3.2	(2.0)	Total before tax
	(0.7)	0.8	Tax expense
	$ 2.5	$ (1.2)	Net of tax
Defined benefit plan items			
Recognition of actuarial gains (losses)	$ 2.4	$ (0.3)	Other (income) expense, net
	2.4	(0.3)	Total before tax
	(0.6)	-	Tax expense
	$ 1.8	$ (0.3)	Net of tax
Total reclassifications for the period	$ 4.3	$ (1.5)	Net of tax

The amounts in the table above reflect continuing operations, and exclude income amounts, net of tax, related to discontinued operations of $2.2 million and $0.5 million in the nine months and three months ended, September 30, 2022, respectively.

10. Revenue

The following table disaggregates our consolidated revenues by major sales distribution channels for the thirty-nine and thirteen weeks ended September 30, 2023 and nine and three months ended September 30, 2022:

(In millions)	Thirty-Nine Weeks Ended September 30, 2023	Nine Months Ended September 30, 2022	Thirteen Weeks Ended September 30, 2023	Three Months Ended September 30, 2022
Wholesalers[(a)]	$ 1,586.5	$ 1,586.9	$ 619.7	$ 533.6
Home Center retailers[(b)]	888.1	977.6	283.0	310.7
Other retailers[(c)]	306.2	309.9	114.5	99.8
U.S. net sales	2,780.8	2,874.4	1,017.2	944.1
International[(d)]	684.1	716.7	244.0	251.4
Net sales	$ 3,464.9	$ 3,591.1	$ 1,261.2	$ 1,195.5

(a) *Represents sales to customers whose business is oriented towards builders, professional trades and home remodelers, inclusive of sales through our customers' respective internet website portals.*
(b) *Represents sales to the three largest "Do-It-Yourself" retailers; The Home Depot, Inc., Lowe's Companies, Inc. and Menards, Inc., inclusive of sales through their respective internet website portals.*
(c) *Represents sales principally to our mass merchant and standalone independent e-commerce customers.*
(d) *Represents sales in markets outside the United States, principally in Canada, China, Europe and Mexico.*

11. Defined Benefit Plans

The components of net periodic benefit income for pension benefits for the thirty-nine and thirteen weeks ended September 30, 2023 and nine and three months ended September 30, 2022 were as follows:

	Pension Benefits			
(In millions)	Thirty-Nine Weeks Ended September 30, 2023	Nine Months Ended September 30, 2022	Thirteen Weeks Ended September 30, 2023	Three Months Ended September 30, 2022
Service cost	$ 0.1	$ 0.2	$ -	$ -
Interest cost	20.4	15.3	6.8	5.1
Expected return on plan assets	(21.4)	(21.1)	(7.1)	(7.0)
Recognition of actuarial losses	-	0.4	-	0.4
Net periodic benefit income	$ (0.9)	$ (5.2)	$ (0.3)	$ (1.5)

Service cost relates to benefit accruals in an hourly union defined benefit plan in our Security segment. All other defined benefit pension plans were frozen as of December 31, 2016.

12. Income Taxes

The effective income tax rates for the thirty-nine and thirteen weeks ended September 30, 2023 were 21.7% and 20.9% respectively. The effective income tax rates for the nine and three months ended September 30, 2022 were 19.5% and 13.0%, respectively.

The difference between the Company's effective tax rate for the thirty-nine weeks ended September 30, 2023, and the U.S. statutory rate of 21% primarily relates to state income taxes (net of federal income tax benefits), foreign income taxed at higher rates, partially offset by a favorable benefit related to decreases in uncertain tax positions and tax credits. The difference between the Company's effective rate for the nine months ended September 30, 2022 and the US statutory rate of 21% primarily relates to a net benefit from a decrease in uncertain tax positions, largely as a result of audit settlements in the quarter.

13. Product Warranties

We generally record warranty expense related to contractual warranty terms at the time of sale. We may also provide customer concessions for claims made outside of the contractual warranty terms, and these expenses are recorded in the period in which the concession is made. We offer our customers various warranty terms based on the type of product that is sold. Warranty expense is determined based on historic claim experience and the nature of the product category. The following table summarizes activity related to our product warranty liability for the thirty-nine weeks ended September 30, 2023 and nine months ended September 30, 2022, respectively.

(In millions)	Thirty-Nine Weeks Ended September 30, 2023	Nine Months Ended September 30, 2022
Reserve balance at January 1,	$ 20.1	$ 19.5
Provision for warranties issued	6.5	5.8
Settlements made (in cash or in kind)	(7.4)	(6.3)
Acquisition	-	1.4
Foreign translation adjustments	(0.2)	(0.5)
Reserve balance at end of period	$ 19.0	$ 19.9

14. Information on Business Segments

Net sales and operating income for the thirty-nine and thirteen weeks ended September 30, 2023 and nine and three months ended September 30, 2022 by segment were as follows:

(In millions)	Thirty-Nine Weeks Ended September 30, 2023	Nine Months Ended September 30, 2022	% Change vs. Prior Year
Net Sales			
Water	$ 1,899.2	$ 1,928.7	(1.5) %
Outdoors	1,031.9	1,184.4	(12.9)
Security	533.8	478.0	11.7
Net sales	$ 3,464.9	$ 3,591.1	(3.5) %
Operating Income (Loss)			
Water	$ 434.7	$ 462.7	(6.1) %
Outdoors	126.2	154.6	(18.4)
Security	37.8	68.7	(45.0)
Less: Corporate expenses	(117.7)	(94.0)	(25.2)
Operating income	$ 481.0	$ 592.0	(18.8) %

(In millions)	Thirteen Weeks Ended September 30, 2023	Three Months Ended September 30, 2022	% Change vs. Prior Year
Net Sales			
Water	$ 688.0	$ 635.1	8.3 %
Outdoors	366.4	403.6	(9.2)
Security	206.8	156.8	31.9
Net sales	$ 1,261.2	$ 1,195.5	5.5 %
Operating Income (Loss)			
Water	$ 164.2	$ 152.7	7.5 %
Outdoors	52.0	47.4	9.7
Security	17.0	23.2	(26.7)
Less: Corporate expenses	(36.7)	(30.6)	(19.9)
Operating income	$ 196.5	$ 192.7	2.0 %

15. Restructuring and Other Charges

Pre-tax restructuring and other charges for the thirty-nine and thirteen weeks ended September 30, 2023 and nine and three months ended September 30, 2022 are shown below.

(In millions)	Thirty-Nine Weeks Ended September 30, 2023			Nine Months Ended September 30, 2022		
	Restructuring Charges	Other Charges (Gains) [(a)]	Total Charges	Restructuring Charges	Other Charges (Gains) [(a)]	Total Charges
Water	$ 1.3	$ 0.3	$ 1.6	$ 3.8	$ 0.7	$ 4.5
Outdoors	3.1	(0.4)	2.7	18.4	(6.1)	12.3
Security	23.8	12.7	36.5	0.5	-	0.5
Corporate	0.7	-	0.7	(0.5)	0.0	(0.5)
Total	$ 28.9	$ 12.6	$ 41.5	$ 22.2	$ (5.4)	$ 16.8

(a) "Other Charges (Gains)" represent charges directly related to restructuring initiatives that cannot be reported as restructuring under GAAP. Such costs may include losses on disposal of inventories, trade receivables allowances from exiting product lines, accelerated depreciation resulting from the closure of facilities and gains or losses on the sale of previously closed facilities.

Restructuring and other charges (gains) in the thirty-nine weeks ended September 30, 2023 are largely related to costs associated with the planned closure of a manufacturing facility within our Security segment and headcount actions across all segments. Restructuring and other charges (gains) in the nine months ended September 30, 2022 were largely related to severance, asset impairment and other costs associated with plant closures within our Outdoors business and headcount actions across all of our businesses.

(In millions)	Thirteen Weeks Ended September 30, 2023			Three Months Ended September 30, 2022		
	Restructuring Charges	Other Charges (Gains) [(a)]	Total Charges	Restructuring Charges	Other Charges (Gains) [(a)]	Total Charges
Water	$ -	$ 0.1	$ 0.1	$ 2.9	$ -	$ 2.9
Outdoors	-	1.4	1.4	17.7	0.2	17.9
Security	3.7	5.1	8.8	0.5	-	0.5
Corporate	-	-	-	(0.5)	-	(0.5)
Total	$ 3.7	$ 6.6	$ 10.3	$ 20.6	$ 0.2	$ 20.8

(a) "Other Charges (Gains)" represent charges directly related to restructuring initiatives that cannot be reported as restructuring under GAAP. Such costs may include losses on disposal of inventories, trade receivables allowances from exiting product lines, accelerated depreciation resulting from the closure of facilities and gains or losses on the sale of previously closed facilities.

Restructuring and other charges (gains) in the thirteen weeks ended September 30, 2023 are largely related to costs associated with the planned closure of a manufacturing facility within our Security segment. Restructuring and other charges in the three months ended September 30, 2022 were largely related to severance, asset impairment and other costs associated with plant closures within our Outdoors business and headcount actions across all our businesses.

Reconciliation of Restructuring Liability

(In millions)	Balance at December 31, 2022	2023 Provision	Cash Expenditures [(a)]	Non-Cash Write-offs	Balance at September 30, 2023
Workforce reduction costs	$ 16.2	$ 16.6	$ (16.3)	0.6	$ 17.1
Other	13.5	12.3	(1.3)	(15.7)	8.8
Total	$ 29.7	$ 28.9	$ (17.6)	$ (15.1)	$ 25.9

(a) Cash expenditures primarily relate to severance charges.

(In millions)	Balance at December 31, 2021	2022 Provision	Cash Expenditures [a]	Balance at September 30, 2022
Workforce reduction costs	$ 3.2	$ 14.0	$ (4.6)	$ 12.6
Other	0.8	8.2	-	9.0
Total	$ 4.0	$ 22.2	$ (4.6)	$ 21.6

(a) Cash expenditures primarily relate to severance charges.

16. Earnings Per Share

The computations of earnings per common share for the thirty-nine and thirteen weeks ended September 30, 2023 and nine and three months ended September 30, 2022 were as follows:

(In millions, except per share data)	Thirty-Nine Weeks Ended September 30, 2023	Nine Months Ended September 30, 2022	Thirteen Weeks Ended September 30, 2023	Three Months Ended September 30, 2022
Income from continuing operations, net of tax	$ 324.2	$ 411.9	$ 136.5	$ 141.4
(Loss) income from discontinued operations, net of tax	(1.0)	165.2	-	62.8
Net income	$ 323.2	$ 577.1	$ 136.5	$ 204.2
Earnings per common share				
Basic				
Continuing operations	$ 2.55	$ 3.14	$ 1.08	$ 1.09
Discontinued operations	-	1.26	-	0.49
Basic earnings per share	$ 2.55	$ 4.40	$ 1.08	$ 1.58
Diluted				
Continuing operations	$ 2.53	$ 3.12	$ 1.07	$ 1.09
Discontinued operations	—	1.25	-	0.48
Diluted earnings per share	$ 2.53	$ 4.37	$ 1.07	$ 1.57
Basic average shares outstanding	127.1	131.0	126.9	129.3
Stock-based awards	0.8	1.0	0.9	0.8
Diluted average shares outstanding	127.9	132.0	127.8	130.1
Antidilutive stock-based awards excluded from weighted-average number of shares outstanding for diluted earnings per share	0.9	1.2	0.8	1.6

17. Commitments and Contingencies

Litigation

The Company is a defendant in lawsuits that are ordinary, routine litigation matters incidental to its businesses. It is not possible to predict the outcome of the pending actions, and, as with any litigation, it is possible that these actions could be decided unfavorably to the Company. The Company believes that there are meritorious defenses to these actions and that these actions will not have a material adverse effect upon our results of operations, cash flows or financial condition, and where appropriate, these actions are being vigorously contested. Accordingly, the Company believes the likelihood of material loss is remote.

Environmental

We are involved in remediation activities to clean up hazardous wastes as required by federal and state laws. Liabilities for remediation costs of each site are based on our best estimate of undiscounted future costs, excluding possible insurance recoveries or recoveries from other third parties. Uncertainties about the status of laws, regulations, technology and information related to individual sites make it difficult to develop estimates of environmental remediation exposures. Some of the potential liabilities relate to sites we own, and some relate to sites we no longer own or never owned. Several of our subsidiaries have been designated as potentially responsible parties (“PRP”) under Superfund or similar state laws. In most instances where our subsidiaries are named as a PRP, we enter into cost-sharing arrangements with other PRPs. We give notice to insurance carriers of potential PRP liability, but very rarely, if ever, receive reimbursement from insurance for PRP costs. We believe compliance with current environmental protection laws (before taking into account estimated recoveries from third parties) will not have a material adverse effect upon our results of operations, cash flows or financial condition.

Item 2. FORTUNE BRANDS INNOVATIONS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and the notes thereto, which are included in this report, as well as our audited consolidated financial statements for the year ended December 31, 2022, which are included in our Annual Report on Form 10-K for the year ended December 31, 2022.

This discussion contains forward-looking statements that are made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements include all statements that are not historical statements of fact and those regarding our intent, belief or expectations for our business, operations, financial performance or financial condition in addition to statements regarding our general business strategies, the market potential of our brands, trends in the housing market, the potential impact of costs, including material and labor costs, the potential impact of inflation, expected capital spending, expected pension contributions, the expected impact of acquisitions, dispositions and other strategic transactions including the expected benefits of the Separation of MasterBrand and the tax-free nature of the Separation, the anticipated impact of recently issued accounting standards on our financial statements, and other matters that are not historical in nature. Statements preceded by, followed by or that otherwise include the words "believes," "expects," "anticipates," "intends," "projects," "estimates," "plans," "outlook," "positioned" and similar expressions or future or conditional verbs such as "will," "should," "would," "may" and "could" are generally forward-looking in nature and not historical facts. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is based on current expectations, estimates, assumptions and projections of our management about our industry, business and future financial results, available at the time this report is filed with the Securities and Exchange Commission. Although we believe that these statements are based on reasonable assumptions, they are subject to numerous factors, risks and uncertainties that could cause actual outcomes and results to be materially different from those indicated in such statements, including but not limited to: (i) our reliance on the North American and Chinese home improvement, repair and remodel and new home construction activity levels, (ii) the housing market, downward changes in the general economy, unfavorable interest rates or other business conditions, (iii) the competitive nature of consumer and trade brand businesses, (iv) our ability to execute on our strategic plans and the effectiveness of our strategies in the face of business competition, (v) our reliance on key customers and suppliers, including wholesale distributors and dealers and retailers, (vi) risks associated with our ability to improve organizational productivity and global supply chain efficiency and flexibility, (vii) risks associated with global commodity and energy availability and price volatility, as well as the possibility of sustained inflation, (viii) delays or outages in our information technology systems or computer networks, (ix) risks associated with doing business globally, including changes in trade-related tariffs and risks with uncertain trade environments, (x) risks associated with the disruption of operations, (xi) our inability to obtain raw materials and finished goods in a timely and cost-effective manner, (xii) risks associated with strategic acquisitions and joint ventures, including difficulties integrating acquired companies and the inability to achieve the expected financial results and benefits of transactions, (xiii) impairments in the carrying value of goodwill or other acquired intangible assets, (xiv) risk of increases in our defined benefit-related costs and funding requirements, (xv) the uncertainties relating to the impact of COVID-19 on the Company's business, financial performance and operating results, (xvi) our ability to attract and retain qualified personnel and other labor constraints, (xvii) the effect of climate change and the impact of related changes in government regulations and consumer preferences, (xviii) risks associated with environmental, social and governance matters, (xix) changes in government and industry regulatory standards, (xx) future tax law changes or the interpretation of existing tax laws, (xxi) our ability to secure and protect our intellectual property rights, (xxii) potential liabilities and costs from claims and litigation, (xxiii) our ability to achieve the expected benefits of the Separation of MasterBrand, (xxiv) the risk that we may be required to indemnify MasterBrand in connection with the Separation or that MasterBrand's indemnities to us may not be sufficient to hold us harmless for the full amount of liabilities for which MasterBrand has been allocated responsibility and (xxv) the potential that the Separation fails to qualify as tax-free for U.S. federal income tax purposes. These and other factors are discussed in Part I, Item 1A "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2022. We undertake no obligation to, and expressly disclaim any such obligation to, update or clarify any forward-looking statements to reflect changed assumptions, the occurrence of anticipated or unanticipated events, new information or changes to future results over time or otherwise, except as required by law.

OVERVIEW

References to “Fortune Brands,” “the Company,” “we,” “our” and “us” refer to Fortune Brands Innovations, Inc. and its consolidated subsidiaries as a whole, unless the context otherwise requires. The Company is a leading home, security and commercial building products company that competes in attractive long-term growth markets in our product categories.

On December 14, 2022, the Company completed the separation of its Cabinets business, MasterBrand, Inc. (“MasterBrand”), via a tax-free spin-off transaction (the “Separation”) to create an independent, publicly-traded company. Immediately following completion of the Separation, the Company changed its name from “Fortune Brands Home & Security, Inc.” to “Fortune Brands Innovations, Inc.” and its stock ticker changed from “FBHS” to “FBIN” to better reflect its focus on activities related to core brands and innovation. As a result of the Separation, our former Cabinets segment was disposed of and the operating results of the Cabinets business are reported as discontinued operations for all periods presented within this Quarterly Report on Form 10-Q. All amounts, percentages and disclosures for all periods presented reflect only the continuing operations of the Company unless otherwise noted. See Note 4, Acquisitions and Dispositions, in the condensed consolidated financial statements, and Note 5, Discontinued Operations, in the consolidated financial statements in Item 8 of our 2022 Annual Report on Form 10-K for additional information.

We believe that the Company has certain competitive advantages including market-leading brands, a diversified mix of channels, lean and flexible supply chains, a decentralized business model and a strong capital structure, as well as a tradition of strong innovation and customer service. We are focused on outperforming our markets in growth, profitability and returns in order to drive increased stockholder value. We believe the Company’s track record reflects the long-term attractiveness and potential of the categories we serve and our leading brands. The long-term outlook for our products remains favorable, and our strategic advantages, including the set of capabilities we refer to as the Fortune Brands Advantage, helps us to continue to achieve profitable organic growth.

We continue to believe our most attractive opportunities are to invest in profitable organic growth initiatives, pursue accretive strategic acquisitions, non-controlling equity investments, and joint ventures, and return cash to stockholders through a combination of dividends and repurchases of shares of our common stock under our share repurchase program as explained in further detail under “Liquidity and Capital Resources” below.

The U.S. market for our products primarily consists of spending on both new home construction and repair and remodel activities within existing homes, with a substantial majority of the markets we serve consisting of repair and remodel spending. Continued growth in the U.S. market for our home products will largely depend on consumer confidence, employment, wage growth, home prices, stable mortgage rates and credit availability. Recent increases in inflation and mortgage rates have slowed the pace of single-family and existing home sales activity and new home construction and repair and remodel activities. However, we believe we are well positioned to manage what we expect to be a short-term slowdown in the housing market as we believe the fundamental drivers of the housing market remain intact.

We have been and may continue to be impacted by near-term supply, labor and freight constraints, a volatile global supply chain environment, as well as sustained increased rates of inflation, rising interest rates, unfavorable fluctuations in foreign exchange rates and the ongoing costs of tariffs. We continue to manage these challenges and are diligently working to offset potential unfavorable impacts of these items through continuous productivity improvement initiatives and price increases.

In January 2023, the Board of Directors of the Company approved a change to the Company’s fiscal year end from December 31 to a 52-or 53-week fiscal year ending on the Saturday closest but not subsequent to December 31, effective as of the commencement of the Company’s fiscal year on January 1, 2023. This change was made in order to align the Company’s fiscal year with that of its operating businesses and to align the Company’s reporting calendar with how the Company evaluates its businesses. There was no material impact to any of our previously disclosed financial information. As a result, the Company’s fiscal quarters for the 2023 fiscal year end on April 1, 2023, July 1, 2023, September 30, 2023, and December 30, 2023.

In February 2023, we publicly announced an internal reorganization to separate our Outdoors & Security segment under separate leadership to drive innovation, accelerate product development, and enhance investments and business processes. In conjunction with the reorganization, we changed how our chief operating decision maker evaluates and allocates the resources for the two businesses. Separate reporting for the new Outdoors and Security segments began in the first quarter of 2023 and comparative prior period amounts have been recast to conform to the new segment presentation. There was no impact on our Water Innovations segment (which we refer to as “Water”).

In June 2023, we acquired the Emtek and Schaub premium and luxury door and cabinet hardware business (the "Emtek and Schaub Business"), and the U.S. and Canadian Yale and August residential smart home locks business (the "Yale and August Business", and collectively with the Emtek and Schaub Business, the "ASSA Businesses") from ASSA ABLOY, Inc. and its affiliates ("ASSA"). The Company completed the acquisition for a total purchase price of approximately $809.3 million, subject to post-closing adjustments, net of cash acquired of $16.3 million. We financed the transaction with cash on hand. As of the date of this filing, legal title to international operations in Vietnam has not yet transferred, but we expect a deferred closing, which will include a payment of approximately $23.4 million (which amount is already included in the overall purchase price but for which the cash payment has not yet been made), shortly following receipt of local regulatory approval, which is expected to occur later in 2023. The results of the Emtek and Schaub Business are reported as part of the Water segment and the results of the Yale and August Business are reported as part of the Security segment.

In July 2022, we acquired 100% of the outstanding equity of Aqualisa Holdings (International) Ltd. (“Aqualisa”), a leading U.K. manufacturer of shower products known for premium, innovative and smart digital shower systems, for a purchase price of $156.0 million, net of cash acquired of $4.8 million. We financed the transaction using cash on hand and borrowings under our revolving credit facility. The results of Aqualisa are reported as part of the Water segment.

In January 2022, we acquired 100% of the outstanding equity of Solar Innovations LLC and an affiliated entity (together, “Solar”), a leading producer of wide-opening exterior door systems and outdoor enclosures, for a purchase price of $61.6 million, net of cash acquired. We financed the transaction using cash on hand and borrowings under our revolving credit facility. The results of Solar are reported as part of the Outdoors segment.

In the first quarter of 2022, our Plumbing segment was renamed Water Innovations to better align with our key brands and organizational purpose. The Plumbing segment name change had no impact on the Company’s historical financial position, results of operations, cash flow or segment-level results previously reported.

RESULTS OF OPERATIONS

Thirty-Nine Weeks Ended September 30, 2023 Compared To Nine Months Ended September 30, 2022

	Net Sales		
(In millions)	2023	2022	% Change vs. Prior Year
Water	$ 1,899.2	$ 1,928.7	(1.5) %
Outdoors	1,031.9	1,184.4	(12.9)
Security	533.8	478.0	11.7
Net sales	$ 3,464.9	$ 3,591.1	(3.5) %

	Operating Income (Loss)		
	2023	2022	% Change vs. Prior Year
Water	$ 434.7	$ 462.7	(6.1) %
Outdoors	126.2	154.6	(18.4)
Security	37.8	68.7	(45.0)
Less: Corporate expenses	(117.7)	(94.0)	(25.2)
Operating income	$ 481.0	$ 592.0	(18.8) %

The following discussion of consolidated results of operations and segment results refers to the thirty-nine weeks ended September 30, 2023 compared to the nine months ended September 30, 2022. Consolidated results of operations should be read in conjunction with segment results of operations.

Net sales

Net sales decreased by $126.2 million, or 3.5%, due to lower sales unit volume in the U.S. and lower sales in our international markets ($32.6 million) as well as unfavorable foreign exchange of approximately $21 million. These factors were partially offset by the benefit from the acquisitions of the ASSA Businesses in June 2023 and Aqualisa in July 2022 (approximately $150 million combined), price increases to help mitigate the impact of cumulative commodity cost increases across all of our segments and favorable channel mix.

Cost of products sold

Cost of products sold decreased by $82.1 million, or 3.9%, due to lower sales volumes and manufacturing productivity improvements in all of our segments. These factors were partially offset by the impact from the acquisitions of the ASSA Businesses in June 2023 and Aqualisa in July 2022, including amortization of the inventory fair value adjustment ($10.9 million), manufacturing inefficiencies related to the lower sales unit volume across all of our businesses, costs associated with the planned closure of a manufacturing facility within our Security segment and the absence of the $6.2 million gain on sale of a previously closed manufacturing facility in our Outdoors business in 2022.

Selling, general and administrative expenses

Selling, general and administrative expenses increased by $51.9 million, or 6.4%, due to the impact from the acquisition of the ASSA Businesses and higher headcount-related costs across our segments. These factors were partially offset by lower advertising and marketing costs and savings associated with our 2022 corporate reorganization and restructuring activities.

Amortization of intangible assets

Amortization of intangible assets increased by $8.3 million, primarily due to the acquisitions of the ASSA Businesses in June 2023 and Aqualisa in July 2022.

Restructuring charges

Restructuring charges of $28.9 million in the thirty-nine weeks ended September 30, 2023 are largely related to costs associated with the planned closure of a manufacturing facility within our Security segment and headcount actions across all segments. Restructuring charges of $22.2 million in the nine months ended September 30, 2022 were largely related to severance, asset impairment and other costs associated with plant closures within our Outdoors business and headcount actions across all of our businesses.

Operating income

Operating income decreased by $111.0 million, or 18.8%, primarily due to the lower sales unit volume in the U.S., lower international sales ($32.6 million decrease), manufacturing inefficiencies related to the lower sales unit volume, amortization of the inventory fair-value adjustment related to the acquisition of the ASSA Businesses ($10.9 million), higher restructuring costs associated with the planned closure of a manufacturing facility in our Security segment, higher headcount-related costs, as well as unfavorable foreign exchange of approximately $14 million. These factors were partially offset by the benefit from the acquisition of the ASSA Businesses, price increases to help mitigate the impact of cumulative commodity cost increases across all of our businesses, manufacturing productivity improvements and lower advertising and marketing costs.

Interest expense

Interest expense increased by $2.6 million to $87.9 million due to higher average fixed rate debt balances with the new issuance of $600 million of 5.875% Senior Notes due in June 2033.

Other income, net

Other income, net, was $20.9 million in the thirty-nine weeks ended September 30, 2023, compared to $5.2 million in the nine months ended September 30, 2022. The increase in other income, net is primarily due to an increase in foreign currency transaction income ($9.8 million) and an increase in interest income ($8.0 million). These benefits were partially offset by a decrease in defined benefit plan income ($2.3 million).

Income taxes

The effective income tax rates for the thirty-nine weeks ended September 30, 2023 and nine months ended September 30, 2022 were 21.7% and 19.5%, respectively. The 2022 effective rate was lower due to decreases in uncertain tax positions largely as a result of audit settlements.

Income from Continuing Operations, net of tax

Income from continuing operations, net of tax, was $324.2 million in the thirty-nine weeks ended September 30, 2023, compared to $411.9 million in the nine months ended September 30, 2022. The decrease was due to lower operating income and higher interest expense, partially offset by lower income tax expense and higher other income.

Income from Discontinued Operations, net of tax

Income from discontinued operations, net of income taxes, was $165.2 million for the nine months ended September 30, 2022 and includes the results from operations of our former Cabinets segment.

Results By Segment

Water

Net sales decreased by $29.5 million, or 1.5%, due to lower organic sales unit volume in the U.S., lower international sales ($17.1 million decrease), higher customer sales incentives and unfavorable foreign exchange of approximately $25 million. These factors were partially offset by the benefit from the acquisition of the Emtek and Schaub Business in June 2023 and Aqualisa in July 2022 (approximately $110 million combined) and price increases to help mitigate the impact of cumulative commodity cost increases.

Operating income decreased by $28.0 million, or 6.1%, due to the lower net sales, and the impact of costs associated with manufacturing inefficiencies related to the lower sales unit volume. These factors were partially offset by the benefit from the acquisition of the Emtek and Schaub Business and Aqualisa, manufacturing productivity improvements and lower advertising and marketing costs.

Outdoors

Net sales decreased by $152.5 million, or 12.9%, due to lower sales unit volume of our doors and decking products. These were partially offset by the benefit from price increases to help mitigate the impact of cumulative commodity cost increases and lower customer sales incentives.

Operating income decreased by $28.4 million, or 18.4%, due to lower net sales, the impact of costs associated with manufacturing inefficiencies related to the lower sales unit volume, the absence of the 2022 gain of $6.2 million on the sale of a previously closed manufacturing facility and higher employee-related costs. These factors were partially offset by manufacturing productivity improvements and cost savings resulting from the rationalization of certain of our production facilities during the second half of 2022.

Security

Net sales increased by $55.8 million, or 11.7%, due to the benefit from the acquisition of the Yale and August Business (approximately $40 million) and price increases to help mitigate the impact of cumulative commodity cost increases. These benefits were partially offset by lower sales unit volume.

Operating income decreased by $30.9 million, or 45.0%, due to higher restructuring costs associated with the planned closure of a manufacturing facility and the amortization of the Yale and August Business inventory fair value adjustment ($8.9 million), partially offset by higher net sales, and manufacturing productivity improvements.

Corporate

Corporate expenses increased by $23.7 million, or 25.2%, due to costs related to the acquisition of the ASSA Businesses in June 2023 and higher headcount-related costs.

Thirteen Weeks Ended September 30, 2023 Compared To Three Months Ended September 30, 2022

(In millions)	Net Sales 2023	Net Sales 2022	% Change vs. Prior Year
Water	$ 688.0	$ 635.1	8.3 %
Outdoors	366.4	403.6	(9.2)
Security	206.8	156.8	31.9
Net sales	$ 1,261.2	$ 1,195.5	5.5 %

	Operating Income (Loss) 2023	Operating Income (Loss) 2022	% Change vs. Prior Year
Water	$ 164.2	$ 152.7	7.5 %
Outdoors	52.0	47.4	9.7
Security	17.0	23.2	(26.7)
Less: Corporate expenses	(36.7)	(30.6)	(19.9)
Operating income	$ 196.5	$ 192.7	2.0 %

The following discussion of consolidated results of operations and segment results refers to the thirteen-week period ended September 30, 2023 compared to the three months ended September 30, 2022. Consolidated results of operations should be read in conjunction with segment results of operations.

Net sales

Net sales increased by $65.7 million, or 5.5%, due to the benefit of net sales from our acquisition of the ASSA Businesses in June 2023 and Aqualisa in July 2022 (approximately $120 million combined) and price increases to help mitigate the impact of cumulative commodity cost increases across all of our segments. These factors were partially offset by lower sales unit volume in the U.S. as well as lower international sales ($7.4 million).

Cost of products sold

Cost of products sold increased by $4.5 million, or 0.6%, due to the impact of the acquisition of the ASSA Businesses, including amortization of the inventory fair value adjustment ($10.9 million), as well as costs associated with the planned closure of a manufacturing facility within our Security segment. These factors were partially offset by the benefit of manufacturing productivity improvements and raw material cost deflation.

Selling, general and administrative expenses

Selling, general and administrative expenses increased by $68 million, or 26.9%, due to the impact from the acquisition of the ASSA Businesses and higher headcount-related costs partially offset by lower transportation, advertising and marketing costs, as well as savings associated with our 2022 corporate reorganization and restructuring activities.

Amortization of intangible assets

Amortization of intangible assets increased by $6.3 million primarily due to the acquisitions of the ASSA Businesses in June 2023 and Aqualisa in July 2022.

Restructuring charges

Restructuring charges of $3.7 million in the thirteen-week period ended September 30, 2023 are largely related to costs associated with the planned closure of a manufacturing facility within our Security segment. Restructuring charges of $20.6 million in the three months ended September 30, 2022 were largely related to severance, asset impairment and other costs associated with plant closures within our Outdoors business and headcount actions across all our businesses.

Operating income

Operating income increased by $3.8 million, or 2.0%, primarily due to higher net sales, including the benefit from the acquisition of the ASSA Businesses, and manufacturing productivity improvements. These factors were partially offset by restructuring costs associated with the planned closure of a manufacturing facility within our Security segment and higher headcount-related costs, as well as unfavorable foreign exchange of approximately $3 million.

Interest expense

Interest expense increased by $0.3 million to $33.3 million due to higher average fixed rate debt balances during the thirteen-week period ended September 30, 2023 as compared to the three months ended September 30, 2022.

Other income, net

Other income, net, was $9.4 million in the thirteen-week period ended September 30, 2023, compared to $2.8 million in the three months ended September 30, 2022. The increase in other income, net is primarily due to an increase in interest income ($2.6 million), defined benefit plan income and foreign currency transactions.

Income taxes

The effective income tax rates for the thirteen weeks ended September 30, 2023 and three months ended September 30, 2022 were 20.9% and 13.0%, respectively. The 2022 effective rate was lower due to decreases in uncertain tax positions largely as a result of audit settlements.

Income from Continuing Operations, net of tax

Income from continuing operations, net of tax, was $136.5 million in the thirteen weeks ended September 30, 2023, compared to $141.4 million in the three months ended September 30, 2022. The decrease was due to higher income tax expense, partially offset by higher operating income and higher other income.

Income from Discontinued Operations, net of tax

Income from discontinued operations, net of income taxes, was $62.8 million for the quarter ended September 30, 2022 and includes the results from operations of our former Cabinets segment.

Results By Segment

Water

Net sales increased by $52.9 million, or 8.3%, due to the benefit from the acquisition of the Emtek and Schaub Business in June 2023 and Aqualisa in July 2022 (approximately $80 million combined) and price increases to help mitigate the impact of cumulative commodity cost increases. These factors were partly offset by lower organic sales unit volume in the U.S., higher customer sales incentives and the impact from unfavorable foreign exchange of approximately $6 million.

Operating income increased by $11.5 million, or 7.5%, due to the higher net sales inclusive of the benefit from the acquisition of the Emtek and Schaub Business in June 2023, manufacturing productivity improvements and lower transportation, advertising and marketing costs. These factors were partially offset by higher headcount-related costs, the amortization of the Emtek and Schaub Business inventory fair value adjustment ($2.0 million) and unfavorable foreign exchange of approximately $2 million.

Outdoors

Net sales decreased by $37.2 million, or 9.2%, due to lower sales unit volume for our doors products, partially offset by volume increases in our decking products and lower customer sales incentives.

Operating income increased by $4.6 million, or 9.7%, due to the lower restructuring and other charges ($16.6 million decrease) and cost savings resulting from the rationalization of certain of our production facilities during the second half of 2022. These factors were partially offset by the impact of the lower net sales.

Security

Net sales increased by $50.0 million, or 31.9%, due to the benefit from the acquisition of the Yale and August Business in June 2023 (approximately $40 million), continued growth in our commercial and international businesses and price increases to help mitigate the impact of cumulative commodity cost increases.

Operating income decreased by $6.2 million, or 26.7%, due to higher restructuring and other charges associated with the planned closure of a manufacturing facility and manufacturing inefficiencies related to the lower sales unit volume and amortization of the Yale and August Business inventory fair value adjustment ($8.9 million). These factors were partially offset by the benefit from manufacturing productivity improvements.

Corporate

Corporate expenses increased by $6.1 million, or 19.9%, due to costs related to the acquisition of the ASSA Businesses in June 2023 and higher headcount-related costs.

LIQUIDITY AND CAPITAL RESOURCES

Our principal sources of liquidity are cash on hand, cash flows from operating activities, cash borrowed under our credit facility and cash from debt issuances in the capital markets. Our operating income is generated by our subsidiaries. We believe our operating cash flows, including funds available under the credit facility and access to capital markets, provide sufficient liquidity to support the Company's working capital requirements, capital expenditures and service of indebtedness, as well as to finance acquisitions, repurchase shares of our common stock and pay dividends to stockholders, as the Board of Directors deems appropriate.

Our cash flows from operations, borrowing availability and overall liquidity are subject to certain risks and uncertainties, including those described in the section of our Annual Report on Form 10-K for the year-ended December 31, 2022 entitled "Item 1A. Risk Factors." In addition, we cannot predict whether or when we may enter into acquisitions, joint ventures or dispositions, repurchase shares of our common stock under our share repurchase program, pay dividends, or what impact any such transactions could have on our results of operations, cash flows or financial condition, whether as a result of the issuance of debt or equity securities, or otherwise.

Long-Term Debt

In September 2023, we paid off all $600 million in aggregate principal of our 2023 4.000% senior unsecured notes that matured in September 2023 at their maturity date using cash on hand.

In June 2023, the Company issued $600 million in aggregate principal 5.875% senior unsecured notes maturing in 2033 in a registered public offering. The Company used the net proceeds from the notes offering to pay off its 2023 4.000% senior unsecured notes that matured in September 2023 and for general corporate purposes.

In March 2022, the Company issued $900 million in aggregate principal amount of senior unsecured notes in a registered public offering consisting of $450 million of 4.000% senior unsecured notes maturing in 2032 and $450 million of 4.500% senior unsecured notes maturing in 2052 (together, the "2022 Notes"). The Company used the net proceeds from the 2022 Notes offering to pay down a portion of the outstanding balance on the 2021 Term Loan.

On September 30, 2023, the Company had aggregate outstanding senior notes in the amount of $2.7 billion, with varying maturities (the "Notes"). The Notes are unsecured senior obligations of the Company. The following table provides a summary of the Company's outstanding Notes, including the net carrying value of the Notes, net of underwriting commissions, price discounts and debt issuance costs as of September 30, 2023 and December 31, 2022:

				Net Carrying Value	
(in millions)	Principal Amount	Issuance Date	Maturity Date	September 30, 2023	December 31, 2022
4.000% Senior Notes	$ 500.0	June 2015	June 2025	$ 498.7	$ 498.1
4.000% Senior Notes	600.0	September 2018	September 2023	-	599.2
3.250% Senior Notes	700.0	September 2019	September 2029	695.5	695.0
4.000% Senior Notes	450.0	March 2022	March 2032	446.1	445.8
4.500% Senior Notes	450.0	March 2022	March 2052	435.8	435.4
5.875% Senior Notes	600.0	June 2023	June 2033	593.3	-
Total Senior Notes	$ 3,300.0			$ 2,669.4	$ 2,673.5

Credit Facilities

In August 2022, the Company entered into a third amended and restated $1.25 billion revolving credit facility (the "2022 Revolving Credit Agreement"), and borrowings thereunder will be used for general corporate purposes. The maturity date of the facility is August 2027. Interest rates under the 2022 Revolving Credit Agreement are variable based on the Secured Overnight Financing Rate ("SOFR") at the time of the borrowing and the Company's long-term credit rating and can range from SOFR + 1.02% to SOFR + 1.525%. Under the 2022 Revolving Credit Agreement, the Company is required to maintain a minimum ratio of consolidated EBITDA to consolidated interest expense of 3.0 to 1.0. Consolidated EBITDA is defined as consolidated net income before interest expense, income taxes, depreciation, amortization of intangible assets, losses from asset impairments, and certain other one-time adjustments. In addition, the Company's ratio of consolidated debt minus certain cash and cash equivalents to consolidated EBITDA generally may not exceed 3.5 to 1.0. On September 30, 2023 and December 31, 2022, our outstanding borrowings under this facility were $110.0 million and zero, respectively. As of September 30, 2023, we were in compliance with all covenants under this facility.

We currently have uncommitted bank lines of credit in China, which provide for unsecured borrowings for working capital of up to $30.5 million and $20.5 million in aggregate as of September 30, 2023 and December 31, 2022, respectively. There were no outstanding balances as of September 30, 2023 and December 31, 2022.

Commercial Paper

The Company operates a commercial paper program (the "Commercial Paper Program") pursuant to which the Company may issue unsecured commercial paper notes. The Company's 2022 Revolving Credit Agreement is the liquidity backstop for the repayment of any notes issued under the Commercial Paper Program, and as such borrowings under the Commercial Paper Program are included in Long-term debt in the condensed consolidated balance sheets. Amounts available under the Commercial Paper Program may be borrowed, repaid and re-borrowed, with the aggregate principal amount outstanding at any time, including borrowings under the 2022 Revolving Credit Agreement, not to exceed $1.25 billion. The Company will use any issuances under the Commercial Paper Program for general corporate purposes. On September 30, 2023 and December 31, 2022, outstanding borrowings under our Commercial Paper Program were $49.9 million and zero, respectively, which is included in Long-term debt in the condensed consolidated balance sheet.

Cash and Seasonality

On September 30, 2023, we had cash and cash equivalents of $453.4 million, of which $302.5 million was held at non-U.S. subsidiaries. We manage our global cash requirements considering (i) available funds among the subsidiaries through which we conduct business, (ii) the geographic location of our liquidity needs, and (iii) the cost to access international cash balances. The repatriation of non-U.S. cash balances from certain subsidiaries could have adverse tax consequences as we may be required to pay and record tax expense on those funds that are repatriated.

Our operating cash flows are significantly impacted by the seasonality of our business. We typically generate most of our operating cash flow in the third and fourth fiscal quarters of each year.

We believe that our current cash position, cash flow generated from operations, and amounts available under our revolving credit facility should be sufficient for our operating requirements and enable us to fund our capital expenditures, share repurchases, dividend payments, and any required long-term debt payments.

Share Repurchases and Dividends

In the thirty-nine weeks ended September 30, 2023, we repurchased 2.2 million shares of our outstanding common stock under the Company's share repurchase program for $130.1 million. As of September 30, 2023, the Company's total remaining share repurchase authorization under its share repurchase program was approximately $455 million. The share repurchase program does not obligate the Company to repurchase any specific dollar amount or number of shares and may be suspended or discontinued at any time.

In the thirty-nine weeks ended September 30, 2023, we paid dividends in the amount of $87.8 million to the Company's stockholders. Our Board of Directors will continue to evaluate dividend payment opportunities on a quarterly basis. There can be no assurance as to when and if future dividends will be paid, and at what level, because the payment of dividends is dependent on our financial condition, results of operations, cash flows, capital requirements and other factors deemed relevant by our Board of Directors. There are no restrictions on the ability of our subsidiaries to pay dividends or make other distributions to Fortune Brands.

Acquisitions

In June 2023, we acquired the ASSA Businesses. The Company completed the acquisition for a total purchase price of approximately $809.3 million, subject to post-closing adjustments, net of cash acquired of $16.3 million. We financed the transaction with cash on hand. As of the date of this filing, legal title to international operations in Vietnam has not yet transferred, but we expect a deferred closing, which will include a payment of approximately $23.4 million (which amount is already included in the overall purchase price but for which the cash payment has not yet been made). The results of the Emtek and Schaub Business are reported as part of the Water segment and the results of the Yale and August Business are reported as part of the Security segment.

We periodically review our portfolio of brands and evaluate potential strategic transactions and other capital initiatives to increase stockholder value.

Cash Flows

Below is a summary of cash flows for the thirty-nine weeks ended September 30, 2023 and nine months ended September 30, 2022.

'(In millions)	Thirty-Nine Weeks Period Ended September 30, 2023	Nine Months Ended September 30, 2022
Net cash provided by operating activities	$ 835.6	$ 288.8
Net cash used in investing activities	(957.0)	(381.0)
Net cash used in financing activities	(60.6)	(8.9)
Effect of foreign exchange rate changes on cash	(7.7)	(26.0)
Net decrease in cash and cash equivalents	$ (189.7)	$ (127.1)

Net cash provided by operating activities was $835.6 million in the thirty-nine weeks ended September 30, 2023, compared to net cash provided by operating activities of $288.8 million in the nine months ended September 30, 2022. The increase in cash provided of $546.8 million was primarily due to an increase in net cash provided by working capital items, primarily inventory, accounts receivable and accounts payable resulting from an initiative to align working capital with current U.S. home product market activity and expected sales volume. The $84.2 million settlement of our interest rate swaps during the current year-to-date period and increased accrued expenses and other liabilities also contributed to the increase in cash provided by operating activities. The increase in cash provided by operating activities was partially offset by lower net income in 2023.

Net cash used in investing activities was $957.0 million in the thirty-nine weeks ended September 30, 2023, compared to net cash used in investing activities of $381.0 million in the nine months ended September 30, 2022. The increase in cash used of $576 million reflects the net cash paid to date as part of the acquisition of the ASSA Businesses of $784.1 million as compared to the acquisitions of Aqualisa and Solar for $214.0 million in 2022.

Net cash used in financing activities was $60.6 million in the thirty-nine weeks ended September 30, 2023, compared to cash used in financing activities of $8.9 million in the nine months ended September 30, 2022. The increase in cash used of $51.7 million was primarily driven by lower net borrowings in 2023 compared to 2022 ($524.3 million decrease) offset by lower share repurchases in 2023 compared to 2022 ($411.0 million decrease), a decrease in dividends paid to stockholders, lower cash used related to stock option activity and the absence in 2023 of the final payment for the remaining equity interest in Flo ($16.7 million) that was made in 2022.

Pension Plans

Subsidiaries of Fortune Brands sponsor their respective defined benefit pension plans that are funded by a portfolio of investments maintained within our benefit plan trust. As of December 31, 2022, the fair value of our total pension plan assets was $482.5 million, representing funding of 89% of the accumulated benefit obligation liability. For the foreseeable future, we believe that we have sufficient liquidity to meet the minimum funding that may be required by the Pension Protection Act of 2006.

Foreign Exchange

We have operations in various foreign countries, principally Canada, Mexico, the United Kingdom, China, South Africa, Vietnam and France. Therefore, changes in the value of the related currencies affect our financial statements when translated into U.S. dollars.

RECENTLY ISSUED ACCOUNTING STANDARDS

The adoption of recent accounting standards, as discussed in Note 2, "Recently Issued Accounting Standards," to our Condensed Consolidated Financial Statements, has not had and is not expected to have a significant impact on our revenue, earnings or liquidity.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

There have been no material changes in the information provided in the section entitled "Quantitative and Qualitative Disclosures about Market Risk" in our Annual Report on Form 10-K for the year ended December 31, 2022.

Item 4. CONTROLS AND PROCEDURES.

(a) Evaluation of Disclosure Controls and Procedures.

The Company's management has evaluated, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

(b) Changes in Internal Control Over Financial Reporting.

The Company acquired the ASSA Businesses on June 20, 2023. As a result of the acquisition, management is in the process of integrating, evaluating and, where necessary, implementing changes in controls and procedures. Other than with respect to the acquisition, there have been no changes in the Company's internal control over financial reporting during the thirteen weeks ended September 30, 2023 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS.

(a) Litigation.

We are defendants in lawsuits associated with the normal conduct of our businesses and operations. It is not possible to predict the outcome of the pending actions, and, as with any litigation, it is possible that these actions could be decided unfavorably to the Company. The Company believes that there are meritorious defenses to these actions and that these actions will not have a material adverse effect upon our results of operations, cash flows or financial condition, and, where appropriate, these actions are being vigorously contested. Accordingly, the Company believes the likelihood of material loss is remote.

(b) Environmental.

We are involved in remediation activities to clean up hazardous wastes as required by federal and state laws. Liabilities for remediation costs of each site are based on our best estimate of undiscounted future costs, excluding possible insurance recoveries or recoveries from other third parties. Uncertainties about the status of laws, regulations, technology and information related to individual sites make it difficult to develop estimates of environmental remediation exposures. Some of the potential liabilities relate to sites we own, and some relate to sites we no longer own or never owned. Several of our subsidiaries have been designated as potentially responsible parties (“PRP”) under Superfund or similar state laws. In most instances where our subsidiaries are named as a PRP, we enter into cost-sharing arrangements with other PRPs. We give notice to insurance carriers of potential PRP liability, but very rarely, if ever, receive reimbursement from insurance for PRP costs. We believe compliance with current environmental protection laws (before taking into account estimated recoveries from third parties) will not have a material adverse effect upon our results of operations, cash flows or financial condition.

Item 1A. RISK FACTORS.

There have been no material changes to the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Below are the repurchases of common stock by the Company or any “affiliated purchaser” (as defined in Rule 10b-18(a)(3) under the Exchange Act) for the thirteen-week period ended September 30, 2023:

Issuer Purchases of Equity Securities

Thirteen Weeks Ended September 30, 2023	Total number of shares purchased [(a)]	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs [(a)]	Maximum dollar amount that may yet be purchased under the plans or programs [(a)]
July 2 – July 29	—	$ —	—	$ 484,580,514
July 30 – August 26	—	—	—	484,580,514
August 27 – September 30	479,693	62.6	479,693	454,550,984
Total	479,693	$ 62.6	479,693	

(a) *Information on the Company’s share repurchase program follows:*

Authorization date	Announcement date	Authorization amount of shares of outstanding common stock	Expiration date
March 2, 2022	March 2, 2022	$750,000,000	March 2, 2024

Item 5. OTHER INFORMATION.

Securities Trading Plans of Directors and Officers

A significant portion of the compensation of our officers is delivered in the form of equity awards, including performance share awards, restricted stock units and stock options. The Company’s compensation programs and practices are designed to pay for performance and to align management’s interests with those of the Company’s stockholders while attracting, motivating and retaining superior talent to lead our Company. In addition, members of the Board of Directors receive a portion of their compensation in Company common stock. Our executive officers and directors may engage from time to time in the open-market sale or other transactions involving those securities and may also purchase our securities.

Transactions in our securities by our directors and officers are required to be made in accordance with our Insider Trading Policy, which, among other things, requires that the transactions be in accordance with applicable U.S. federal securities laws that prohibit trading while in possession of material nonpublic information. Rule 10b5-1 under the Exchange Act provides an affirmative defense that enables prearranged transactions in securities in a manner that avoids concerns about initiating transactions at a future date while possibly in possession of material nonpublic information. Our directors and officers are permitted to enter into trading plans designed to comply with Rule 10b5-1.

During the third quarter of 2023, none of our directors or officers adopted or terminated a Rule 10b5-1 trading plan or adopted or terminated a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K).

Item 6. EXHIBITS

3.1	Amended and Restated Certificate of Incorporation of Fortune Brands Innovations, Inc., effective May 16, 2023, is incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on May 19, 2023.
3.2	Amended and Restated Bylaws of Fortune Brands Innovations, Inc., effective December 13, 2022, are incorporated herein by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the SEC on December 16, 2022.
10.1*	Second Amendment to the Fortune Brands Innovations, Inc. Deferred Compensation Plan, dated as of September 29, 2023.
10.2*	Fortune Brands Innovations, Inc. Non-Employee Director Stock Election Program, effective as of January 1, 2024.
10.3*	Fortune Brands Innovations, Inc. Directors' Deferred Compensation Plan, dated as of September 18, 2023.
31.1*	Certificate of Chief Executive Officer Required Under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certificate of Chief Financial Officer Required Under Section 302 of the Sarbanes-Oxley Act of 2002.
32.*	Joint CEO/CFO Certificate Required Under Section 906 of the Sarbanes-Oxley Act of 2002.
101.*	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 formatted in Inline eXtensible Business Reporting Language (iXBRL): (i) the Cover Page, (ii) the Condensed Consolidated Statements of Comprehensive Income, (iii) the Condensed Consolidated Balance Sheets, (iv) the Condensed Consolidated Statements of Cash Flows, (v) the Condensed Consolidated Statements of Equity, and (vi) the Notes to the Condensed Consolidated Financial Statements.
104.*	Cover Page Interactive Data File (embedded within the iXBRL document).

* Filed or furnished herewith.

SIGNATURE

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 thereunto duly authorized.

	FORTUNE BRANDS INNOVATIONS, INC.
	(Registrant)
Date: October 27, 2023	/s/ David V. Barry
	David V. Barry
	Executive Vice President and Chief Financial Officer
	(Duly authorized officer and principal financial officer of the Registrant)

**SECOND AMENDMENT TO THE FORTUNE BRANDS HOME & SECURITY, INC.
DEFERRED COMPENSATION PLAN**

Except as specified, the captioned plan (“Plan”) is amended as follows, effective December 15, 2022:

1. By amending the name of the Plan to be the Fortune Brands Innovations, Inc. Deferred Compensation Plan.

2. By replacing the word “Fortune Brands Home & Security, Inc.” with “Fortune Brands Innovations, Inc.” wherever it appears, and:

a. Article I. Establishment and Purpose shall be revised in its entirety to read:

Fortune Brands Innovations, Inc. (the "Company") (previously named Fortune Brands Home and Security, Inc.) established the Fortune Brands Innovations, Inc. Deferred Compensation Plan (the "Plan"), effective November 1, 2015, and the Plan was subsequently amended and restated, effective February 27, 2017, and December 15, 2022. The purpose of the Plan is to attract and retain key personnel by providing opportunities to defer receipt of salary, bonus, or other specified compensation. The Plan is not intended to meet the qualification requirements of Code Section 40l(a), but is intended to meet the requirements of Code Section 409A, and shall be operated and interpreted consistent with that intent.

The Plan constitutes an unsecured promise by a Participating Employer to pay benefits in the future. Participants in the Plan shall have the status of general unsecured creditors of the Company or the Adopting Employer, as applicable. Each Participating Employer shall be solely responsible for payment of the benefits of its employees and their beneficiaries. The Plan is unfunded for Federal tax purposes and is intended to be an unfunded arrangement for eligible employees who are part of a select group of management or highly compensated employees of the Employer within the meaning of Sections 201(2), 30l(a)(3) and 40l(a)(l) of ERISA. Any amounts set aside to defray the liabilities assumed by the Company or an Adopting Employer will remain the general assets of the Company or the Adopting Employer and shall remain subject to the claims of the Company's or the Adopting Employer's creditors until such amounts are distributed to the Participants.

b. The definition of Company in Article II. Definitions shall be revised in its entirety to read:

Company. Company means Fortune Brands Innovations, Inc., a Delaware corporation, or any successor.

c. The definition of Plan in Article II. Definitions shall be revised in its entirety to read:

Plan. Generally, the term Plan means the "Fortune Brands Innovations, Inc. Deferred Compensation Plan" (previously named the Fortune Brands Home & Security, Inc. Deferred Compensation Plan) as documented herein and as may be amended from time to time hereafter. However, to the extent permitted or required under Code Section 409A, the term Plan may in the appropriate context also mean a portion of the Plan that is treated as a single plan under Treas. Reg. Section l.409A-l(c), or the Plan or portion of the Plan and any other nonqualified deferred compensation plan or portion thereof that is treated as a single plan under such section.

d. The definition of Plan Administrator in Article II. Definitions shall be revised in its entirety to read:

Plan Administrator. Plan Administrator means the Employee Benefits Committee of the Company or such other committee or person(s) as may be appointed by the Committee as its delegate to serve as the Plan Administrator with one or more of the authorities, duties, responsibilities, or obligations described herein. In the absence of any such appointment, the Plan Administrator shall be the Committee.

e. Article XIII. Paragraph 13.4 Notice shall be revised in its entirety to read:

Notice. Any notice or filing required or permitted to be delivered to the Plan Administrator under this Plan shall be delivered in writing, in person, or through such electronic means as is established by the Plan Administrator. Notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Written transmission shall be sent by certified mail to:

FORTUNE BRANDS INNOVATIONS, INC.
ATTN: VICE PRESIDENT, TOTAL REWARDS
520 LAKE COOK ROAD
SUITE 300
DEERFIELD, IL 60015

Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing or hand-delivered or sent by mail to the last known address of the Participant.

The undersigned hereby certifies that the foregoing is a correct copy of an amendment duly adopted by the Fortune Brands Innovations, Inc. Employee Benefits Action Committee.

Dated this 29th day of September 2023.

By: /s/ Mike Lei
Mike Lei
Its: Chairperson

FORTUNE BRANDS INNOVATIONS, INC.

NON-EMPLOYEE DIRECTOR STOCK ELECTION PROGRAM

1. Purpose of Program

The purpose of this Non-Employee Director Stock Election Program (the "Program") is to enable non-employee directors (as defined below) of Fortune Brands Innovations, Inc. (the "Company") to elect to receive shares of common stock of the Company ("Common Stock") in lieu of the cash retainers payable to them for their service on the Board of Directors of the Company (the "Board").

2. Administration of Program

The Program is adopted and administered under the Fortune Brands Home & Security, Inc. 2022 Long-Term Incentive Plan and any other equity compensation plan subsequently adopted by the Company and in effect as of the date the non-employee director receives the applicable cash retainer in Common Stock (the "LTIP"). Further, this Program is administered by the Nominating, Environmental, Social and Governance Committee of the Board (the "Committee"). The Committee shall have the power and authority to administer, construe and interpret the Program, to make rules for administering the Program and to make changes in such rules.

3. Participation

All non-employee directors shall be eligible to participate in the Program. The term "non-employee director" means a member of the Board who, at the time of performance of the services relevant to payment under the Program, is not an employee of the Company or any of its subsidiaries.

4. Election to Receive Fees in Common Stock

(a) The Company generally pays certain fees, including, but not limited to, an annual retainer, committee membership fees and chairperson fees, to non-employee directors in cash. Each non-employee director shall have the right to elect, at any time, subject to the Company's general policies with respect to "quiet periods" and investment elections during such quiet periods, to receive payment of all such fees in shares of Common Stock, and shall have the right, at any time, to reverse such an election, by filing with the Committee, or such person as the Committee shall designate, a Payment Election Form, as attached hereto as Exhibit A. Any election to receive fees in shares of Common Stock, or any reversal of such an election, will become effective for the next regularly scheduled quarterly payment after the date the Payment Election Form is filed with the Company, except that if the Payment Election Form is filed at the time a non-employee director is first elected to the Board, then such election shall be effective for the non-employee director's first payment.

(b) If an election is made pursuant to Section 4(a), then, after the election becomes effective, the Company shall pay any amounts due to the non-employee director that are subject to the election in whole shares of Common Stock and, in the case of amounts attributable to fractional shares, in cash. The number of shares of Common Stock to be issued to the non-employee director shall be determined by dividing the amount to be paid to the non-employee director by the closing price of a share of Common Stock on the New York Stock Exchange (or such other national exchange on which the stock is listed) on the first day of trading at the beginning of the quarter in which the payment is scheduled to be made, and rounding down to the nearest whole share. Any amounts attributable to a fractional share shall be paid to the non-employee director in cash on an annual basis no later than December 31 of the year in such fees are earned.

5. Limitations and Conditions

(a) Shares issued under the Program shall be, and hereby are deemed to be, granted pursuant to the LTIP and shall be subject to the terms and conditions of the LTIP.

(b) Prior to each issuance to a non-employee director of shares of Common Stock pursuant to the Program, such non-employee director must make representations satisfactory to the Committee to the effect that such shares are to be held for investment purposes and not with a view to or for resale or distribution except in compliance with the Securities Act of 1933, as amended (the "Securities Act"), and must give a written undertaking to the Company in form and substance satisfactory to the Committee that he or she will not publicly offer or sell or otherwise distribute such shares other than (i) in the manner and to the extent permitted by Rule 144 promulgated by the Securities and Exchange Commission under the Securities Act, (ii) pursuant to any other exemption from the registration provisions of the Securities Act or (iii) pursuant to an effective registration statement thereunder.

(c) Nothing contained herein shall be deemed to create the right in any non-employee director to remain a member of the Board or in service with the Company, to be nominated for reelection or to be reelected as such or, after ceasing to be such a member, to receive any shares of Common Stock under the Program to which he or she is not already entitled with respect to any year.

6. Amendment and Termination

The Board and the Administrator shall have the power to amend or terminate the Program at any time, subject to stockholder approval requirements under applicable laws; provided, however, that, to be effective, any amendment of the Program shall comply with the requirements of the rules and regulations promulgated under Section 16(b) of the Securities Exchange Act of 1934, as amended, to the extent necessary so that the receipt of shares of Common Stock by a non-employee director under the Program shall be exempt from such Section 16(b).

7. Miscellaneous

(a) Indemnification. No member of the Board or Committee nor any person to whom the Committee delegates any of its power and authority, shall be liable for any act, omission, interpretation, construction or determination made in connection with this Program in good faith, and the members of the Board and the Committee and such other person to whom authority has been delegated shall be entitled to indemnification and reimbursement by the Company for any claims, losses, damages or expenses (including attorneys' fees) arising from any such act, omission, interpretation, construction or determination to the full extent permitted by law (except as otherwise may be provided in the Company's Restated Certificate of Incorporation and/or

Amended and Restated Bylaws) and under any directors' and officers' liability insurance that may be in effect from time to time.

(b) Gender and Number. Except where otherwise indicated by the context, any masculine term used herein will also include the feminine; the plural will include the singular and the singular will include the plural.

(c) Severability. If any provision of the Program is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Program, and the Program will be construed and enforced as if the illegal or invalid provision had not been included.

(d) Requirements of Law. The issuance of payments under the Program will be subject to all applicable laws, rules, and regulations, and to any approvals required by any governmental agencies or national securities exchanges.

(e) Unfunded Status of the Program. The Program is intended to constitute an "unfunded" plan. With respect to any payments not yet made to a non-employee director by the Company, nothing contained herein will give any rights to a non-employee director that are greater than those of a general creditor of the Company.

(f) Governing Law. The Program will be construed in accordance with and governed by the laws of the State of Delaware, determined without regard to its conflict of law rules.

8. Effective Date

The Program shall be effective as of January 1, 2024.

FORTUNE BRANDS INNOVATIONS, INC.

NON-EMPLOYEE DIRECTOR STOCK ELECTION PROGRAM

PAYMENT ELECTION FORM

As of __________ , 20__, the individual whose name appears below, who is a non-employee director of Fortune Brands Innovations, Inc. (the “Company”), executes this election (the “Payment Election Form”) with respect to cash retainers payable to him or her described in Section 4(a) of the Fortune Brands Innovations, Inc. Non-Employee Director Stock Election Program (the “Program”). Any term capitalized herein but not defined will have the meaning set forth in the Program.

In accordance with the terms of the Program and to the extent permitted by the Program, the non-employee director hereby elects to receive all cash retainers described in Section 4(a) of the Program payable to him or her, in their entirety, in the following form:

__________ Common Stock

OR

__________ Cash

This election will become effective for the next regularly scheduled quarterly payment date after the date this Payment Election Form is filed with the Company. Unless the Payment Election Form is being filed at the time of a non-employee director’s election to the Board of Directors, then such election will become effective for the first payment made to such non-employee director. This Payment Election Form will, upon becoming effective, supersede any prior Payment Election Form filed by the non-employee director. If no Payment Election Form is filed by the non-employee director, or if a Payment Election Form is internally inconsistent or conflicts with a concurrent Payment Election Form, payment under the Program will be made to the non-employee director in cash.

IN WITNESS WHEREOF, the non-employee director has duly executed this Payment Election Form as of the date first written above.

____
Non-Employee Director’s Signature

____
Non-Employee Director’s Name (please print)

FORTUNE BRANDS INNOVATIONS, INC.
DIRECTORS' DEFERRED COMPENSATION PLAN

Fortune Brands Innovations, Inc. (the "***Company***") established this Directors' Deferred Compensation Plan (the "***Plan***") to assist the Company in attracting and retaining persons of competence and stature to serve as directors of the Company ("***Directors***") by giving those Directors the option of deferring the receipt of the cash fees and shares of Company common stock ("***Common Stock***") payable to them by the Company for their services as Directors.

1. Effective Date. The Plan was established by the Company effective as of October 3, 2011, was amended and restated effective as of January 1, 2013, and is hereby further amended and restated as of September 18, 2023 with respect to compensation earned on or after January 1, 2024.

2. Eligibility and Participation. Each Director of the Company who (a) is duly elected to the Company's Board of Directors (the "***Board***") and (b) is not an employee of the Company is an "***Eligible Director***." Each Eligible Director may elect to defer the receipt of any (i) fees, stipends, or other remuneration otherwise payable in cash ("***Director Cash Fees***") and (ii) shares of Common Stock granted annually ("***Director Shares***") to the Eligible Director by the Company for services as a Director in accordance with Section 4 below (together, the Director Cash Fees and Director Shares shall be referred to as "***Directors' Fees***"). Each Eligible Director who elects to defer Directors' Fees under the Plan is a "***Participant***" in the Plan.

3. Administration. The Board appoints the Nominating, Environmental, Social & Governance Committee of the Board to act as the administrator of the Plan (referred to herein as the "***Administrator***"). The Administrator shall, subject to the terms of this Plan, interpret this Plan and the application thereof and establish, amend and revoke rules and regulations as it deems necessary or desirable for the administration of the Plan. All such interpretations, rules, regulations and conditions shall be final, binding and conclusive upon the Participants and all other persons having or claiming any right or interest in the Plan or the Deferral Accounts. The Board has the power to designate an additional or replacement Administrator at its discretion. The expense of administering the Plan shall be borne by the Company and shall not be charged against benefits payable hereunder.

No member of the Board or Administrator, and no employee of the Company to whom the Administrator delegates any of its power and authority hereunder, shall be liable for any act, omission, interpretation, construction or determination made in connection with this Plan in good faith, and the members of the Board and the Administrator and such employees shall be entitled to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including attorneys' fees) arising therefrom to the full extent permitted by law (except as otherwise may be provided in the Company's Certificate of Incorporation and/or Bylaws) and under any directors' and officers' liability insurance that may be in effect from time to time.

4. Deferrals.

(a) Deferral Election. An Eligible Director may file with the Administrator, on or before December 31 of each calendar year (or such other date as approved by the Administrator, subject to compliance with Internal Revenue Code ("***Code***") Section 409A), an election in writing to defer all or a portion of the Directors' Fees to be earned by the Eligible Director in the following calendar year (a "***Deferral Election***"). In the year in which a Director first becomes eligible to participate in the Plan, the Director may make a Deferral Election with respect to services to be performed subsequent to the date of the Deferral Election if the Director files such election with the Administrator no later than thirty (30) days after the date on which the Director becomes eligible to participate in the Plan. If a Deferral Election is filed, an amount equal to all or a portion (as designated in the Deferral Election) of the Directors' Fees earned by the Participant for the following calendar year (or the remainder of the calendar year, in the case of new eligible Directors) will be credited to a deferral account maintained on behalf of that Participant (the "***Deferral Account***") in accordance with Section 4(d). Such Deferral Election will be irrevocable for the calendar year in which it applies and shall continue in effect for subsequent calendar years unless the Director terminates his or her prior Deferral Election prior to the first day of such subsequent year.

(b) Minimum Deferral. If a Participant makes a Deferral Election, the amount of such election may not be less than $5,000 of Director Cash Fees per calendar quarter.

(c) Conversion Election. When filing a Deferral Election with respect to Director Cash Fees, an Eligible Director may elect in writing to irrevocably convert all or a portion of such deferred Director Cash Fees to shares of Common Stock (a "***Conversion Election***") in accordance with Section 4(e)(ii) below. Such converted Director Cash Fees shall be treated as Director Shares for all purposes of the Plan, including but not limited to crediting a Participant's Deferral Account under Section 4(d), calculating Dividend Equivalents under Section 4(e)(iii), and making distributions under Section 5. Shares issued under the Conversion Election shall be, and hereby are deemed to be, granted pursuant to the equity compensation plan adopted by the Company and in effect at the time of the Conversion Election (including, for the avoidance of doubt, the Fortune Brands Home & Security, Inc. 2011 Long-Term Incentive Plan, the Fortune Brands Home & Security, Inc., 2013 Long-Term Incentive Plan and the Fortune Brands Innovations, Inc. 2022 Long-Term Incentive Plan).

(d) Accounting. A Deferral Account consisting of a subaccount for Director Cash Fees and a subaccount for Director Shares (as applicable) will be maintained by the Company and will list and reflect each Participant's credits and valuations. The Company will credit to the Participant's subaccount for Director Cash Fees an amount equivalent to the Director Cash Fees for which the Participant has made a Deferral Election (other than Director Cash Fees subject to a Conversion Election). The Company will credit to the Participant's subaccount for Director Shares (i) the number of share equivalents representing the number of Director Shares for which the Participant has made a Deferral Election and (ii) the number of share equivalents determined under Section 4(e)(ii) with respect to a Conversion Election. The credits described in this Section 4(d) will be made on the date on which the Directors' Fees would have been paid or granted absent a Deferral Election.

The Plan is unfunded and no funds will be segregated into the Deferral Account of Participants.

(e) Valuation.

(i) **Director Cash Fees**. At the end of each calendar quarter, each Participant's subaccount for Director Cash Fees will be credited with interest on the value of his or her subaccount for Director Cash Fees. The interest rate applicable for a calendar quarter will be the average rate of the final auction of the prior quarter for the sale of 13-week U.S. Government bills, rounded up to the nearest five-hundredths of one percent (.05%). If such rate is no longer available, a substantially similar one selected by the Administrator shall be used. Interest will be calculated on the basis of actual days over a 360-day year.

(ii) **Conversion of Director Cash Fees**. If a Participant makes a Conversion Election, the Company will credit the Participant's subaccount for Director Shares with a number of whole share equivalents determined by dividing the Director Cash Fees subject to such Conversion Election by the closing price of a share of Common Stock on the first business day of the beginning of the calendar quarter in which the applicable fees are to be earned. The value of the any fractional shares for such calendar quarter will be credited to the Participant's subaccount for Director Cash.

(iii)**Dividends on Deferred Director Shares**. On each dividend payment date, an amount equal to the dividend, if any, payable with respect to a share of Common Stock multiplied by the number of share equivalents credited to the Participant's subaccount for Director Shares will be credited to the Participant's subaccount for Director Cash ("***Dividend Equivalents***"). Such Dividend Equivalents will be credited in cash to the extent such dividends would have been paid in cash or in additional share equivalents to the extent such dividends would have been paid in Common Stock. Dividend Equivalents credited in cash shall be credited with interest at the same time and in the same manner as Director Cash Fees credited to a Participant's subaccount for Director Cash Fees as described in Section 4(d)(i).

5. Distribution. Distribution of a Participant's Deferral Account will be made as soon as practicable in the January following the calendar year in which the Participant's "Separation from Service" (as defined in Treas. Reg. §1.409A-1(h) and in accordance with Treas. Reg. §1.409A-1(h)(2) and §1.409A-1(h)(5)) from the Company occurs in (i) whole shares of Common Stock with respect to the number of whole share equivalents credited to the Participant's subaccount for Director Shares and (ii) a single lump sum cash payment equal to the sum of the balance of the Participant's subaccount for Director Cash Fees, the value of any fractional shares credited to the Participant's subaccount for Director Cash pursuant to Section 4(e)(ii) and any cash Dividend Equivalents (and interest thereon) credited to the Participant's subaccount for Director Shares.

6. Separation from Service due to Death. In the event of a Participant's Separation from Service by reason of death, the Administrator will, as soon as reasonably practicable following Separation from Service but in no event later than 90 days after the Participant's death, distribute amounts credited to the Deferral Account to the beneficiary or beneficiaries of the Participant. Each Participant has the right to designate one or more beneficiaries to receive distributions in the event of a Participant's death by filing with the Company a beneficiary Designation Form at the time and in the manner specified by the Administrator. The designated beneficiary or beneficiaries may be changed by a Participant at any time prior to that Participant's death by the delivery to the Company of a new Beneficiary Designation Form. If no beneficiary has been designated, or if no designated beneficiary survives the Participant, distributions pursuant to this provision will be made to the Participant's estate.

7. Effect of Change of Control. In the event of a Change of Control of the Company, the entire unpaid balance of each Participant's Deferred Account shall be paid in a lump sum cash payment and whole shares of Common Stock (as applicable) to the Participant within thirty (30) days following the effective date of the Change of Control. Change of Control shall mean the first to occur of any of the following events, but only to the extent that such event is an event described in Code Section 409A(a)(2)(A)(v) and the regulations promulgated thereunder:

(a) any one person, or more than one person acting as a group (including owners of a corporation that enters into a merger, consolidation, purchase, or acquisition of stock, or similar business transaction with the Company, but not including persons solely because they purchase stock of the Company at the same time or as a result of the same public offering), acquires (or has acquired within the 12-month period ending on the date of the most recent acquisition by such person) securities of the Company representing 30% or more of the combined voting power of the Company's then outstanding securities; or

(b) during any period of twelve months, a majority of members of the Board are replaced by Directors whose appointment or election is not endorsed by at least a majority of the members of the Board before the date of the appointment or election; or

(c) any person, or more than one person acting as a group (including owners of a corporation that enters into a merger, consolidation, purchase, or acquisition of stock, or similar business transaction with the Company, but not including persons solely because they purchase stock of the Company at the same time or as a result of the same public offering), acquires ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50% of the combined voting power of the stock of the Company but only if such person or group did not own more than 50% of the combined voting power of the stock of the Company prior to such acquisition; or

(d) any person, or more than one person acting as a group (including owners of a corporation that enters into a merger, consolidation, purchase or acquisition of assets, or similar business transaction with the Company, but not including persons solely because they purchase assets of the Company at the same time), acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or group) assets from the Company that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of the Company immediately before such acquisition or acquisitions, except where the assets are transferred to (i) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to its stock, (ii) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (iii) a person, or more than one person acting as a group, that owns, directly or indirectly, 50% or more of the total value or voting power of all outstanding stock of the Company, or (iv) an entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a person described in (iii), above.

8. Stock Adjustments. In the event of any equity restructuring (within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation—Stock Compensation or any successor or replacement accounting standard) that causes the per share value of shares of Common Stock to change, such as a stock dividend, stock split, spinoff, rights offering or recapitalization through an extraordinary cash dividend, the number of share equivalents credited to the Participant's subaccount for Director Shares shall be appropriately adjusted by the Administrator. In the event of any other change in corporate capitalization, including a merger, consolidation, reorganization, or partial or complete liquidation of the Company, the number of share equivalents credited to the Participant's subaccount for Director Shares may be adjusted as determined to be appropriate and equitable by the Administrator to prevent dilution or enlargement of rights of participants. In either case, the decision of the Administrator regarding any such adjustment shall be final, binding and conclusive.

9. Assignment and Alienation of Benefits. The right of each Participant to any account, benefit or payment hereunder will not, to the extent permitted by law, be subject in any manner to attachment or other legal process for the debts of that Participant; and no account, benefit or payment will be subject to anticipation, alienation, sale, transfer, assignment or encumbrance except by will, by the laws of descent and distribution, or pursuant to a domestic relations order that meets the requirements of Code Section 414(p)(1)(B).

10. Section 409A Compliance. Notwithstanding any provision to the contrary, this Plan is intended to comply with Code Section 409A and the interpretive guidance thereunder. The Plan shall be construed and interpreted in accordance with such intent. Each payment and benefit hereunder shall constitute a "separately identified" amount within the meaning of Treasury Regulation §1.409A-2(b)(2). If any provision of this Plan shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective. If the Company determines that any amounts payable hereunder may be taxable to a Director under Code Section 409A, the Company may (i) adopt such amendments to the Plan and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Company determines necessary or appropriate to preserve the intended tax treatment of the benefits provided by this Plan and/or (ii) take such other actions as the Company determines necessary or appropriate to avoid or limit the imposition of an additional tax under Code Section 409A; provided, that neither the Company nor any of its affiliates nor any other person or entity shall have any liability to any Director with respect to the tax imposed by Code Section 409A. Notwithstanding any other provision of this Plan, if a Director is a "specified employee," as defined in Code Section 409A(a)(2)(B), then to the extent required by Code Section 409A, no payment will be made prior to the earlier to occur of (i) six months following such Director's separation from service or (ii) the date of the Director's death.

11. Unsecured Obligation. The obligation of the Company to make distributions of amounts credited to the Participant's Deferred Account shall be a general obligation of the Company, and such distribution shall be made only from general assets and property of the Company. The Participant's relationship to the Company under the Plan shall be only that of a general unsecured creditor and neither this Plan, nor any agreement entered into hereunder, or action taken pursuant hereto shall create or be construed to create a trust for purposes of holding and investing the Deferral Account balances. The Company reserves the right to establish such a trust; provided that, in no event shall the Company make a contribution or deposit to a trust (a) in connection with a change in the financial health of the Company or an affiliate or (b) during any restricted period with respect to a qualified defined benefit plan maintained by the Company or an affiliate. The establishment of a trust shall not create any rights in or against any amounts held thereunder.

12. Amendment or Termination. The Board or the Administrator may amend this Plan at any time and from time to time. The Board may terminate this Plan and distribute the Deferral Accounts of Participants, to the extent permitted under Code Section 409A and the regulations promulgated thereunder or other applicable published guidance issued by the U.S. Department of Treasury or the Internal Revenue Service. Any amendment or termination of this Plan will not adversely affect the rights of a Participant accrued prior thereto without that Participant's written consent, except to the extent required by law.

13. Taxes. The Company is not responsible for the tax consequences under federal, state or local law of any election or payment of amounts made by any Participant under the Plan and the Company shall not withhold any amounts under the Plan for taxes except as otherwise expressly required by applicable law. All payments under the Plan are subject to reporting requirements to the extent required by applicable law.

14. No Right to Continued Membership on the Board. Nothing in this Plan confers upon any Director any right to continue as a Director or in the service of the Company or interferes with the rights of the Company and its stockholders.

15. No Stockholder Rights. Neither the Participant nor any other person shall have any rights as a stockholder of the Company with respect to amounts credited to the Participant's subaccount for Director Shares until the shares of Common Stock are issued to the Participant (or the beneficiary of the Participant).

16. Successors in Interest. The obligations of the Company under the Plan shall be binding upon any successor or successors of the Company, whether by merger, consolidation, sale of assets or otherwise, and for this purpose reference herein to the Company shall be deemed to include any such successor or successors.

17. Applicable Law. To the extent not preempted by federal law, this Plan shall be construed, administered and governed in all respects under and by the laws of the State of Delaware, without giving effect to its conflict of laws principles. The jurisdiction and venue for any disputes arising under, or any action brought to enforce (or otherwise relating to), this Plan shall be exclusively in the courts in the State of Illinois, County of Cook, including the Federal Courts located therein (should Federal jurisdiction exist).

IN WITNESS WHEREOF, the Company has caused this Plan to be executed by its Executive Vice President, Chief Legal Officer and Secretary, this 18th day of September 2023.

FORTUNE BRANDS INNOVATIONS, INC.

By: /s/ Hiranda S. Donoghue

FORTUNE BRANDS INNOVATIONS, INC.
DIRECTORS' DEFERRED COMPENSATION PLAN

DEFERRAL ELECTION

Complete only if you have not previously filed a Deferral Election, or you now wish to change your previous Deferral Election(s) or Conversion Election for the upcoming year.

I, ____________________________________, make the following election under the Fortune Brands Innovations, Inc. Directors' Deferred Compensation Plan (the "***Plan***") with respect to fees earned beginning January 1, 202__ for services as a Director of Fortune Brands Innovations, Inc. (the "***Company***"). Any capitalized term that is not defined will have the meaning set forth in the Plan.

A. Deferral Election. I elect to defer receipt of my Directors' Fees as follows:

DIRECTOR CASH FEES	**DIRECTOR SHARES**
□ **all** of my Director Cash Fees	□ **all** of my Director Shares
or	or
AND/OR	
□ $___________ per calendar quarter of my Director Cash Fees (may not be less than $5,000 per calendar quarter)	□ ___________ of my annual grant of Director Shares

B. Conversion Election. I elect to convert ___% of the deferred Director Cash Fees described in Part A. into share equivalents under the Plan.

This Deferral Election (and, if applicable, Conversion Election) supersedes any prior deferral or conversion elections under the Plan and will remain in effect for future years unless changed through a future election or operation of the Plan. The Plan is unfunded. All deferrals and interest are maintained as general assets of the Company. You should carefully review the enclosed Plan before you elect to defer.

If you have any questions regarding the Plan, please call Angela Pla at (847) 484-4455. **Please remember that if you would like to participate, this Deferral Election must be returned by December 31st preceding the year in which the fees are earned (or, in the case of the first year in which you are eligible to participate in the Plan, you may make this Deferral Election with respect to services to be performed subsequent to the date of the Deferral Election if you return such election no later than thirty (30) days after the date on which you became eligible to participate in the Plan).**

____________________________________ ________________________
Director's Signature Date

____
Director's Name (please print)

FORTUNE BRANDS INNOVATIONS, INC.
DIRECTORS' DEFERRED COMPENSATION PLAN

BENEFICIARY DESIGNATION

In accordance with the terms of the Fortune Brands Innovations, Inc. Directors' Deferred Compensation Plan (the "***Plan***"), the individual whose name appears below, who serves as a Director of Fortune Brands Innovations, Inc. (the "***Company***"), hereby designates the individual(s) named below as his or her beneficiary or beneficiaries with respect to his or her Deferral Account (and any other amounts due to him or her) under the Plan. This designation shall supersede any and all previous beneficiary designations made by the Director with respect to his or her Deferral Account under the Plan. Any capitalized term that is not defined will have the meaning set forth in the Plan.

1. **Primary Beneficiary**. The following person, or persons, are designated as primary beneficiary with respect to the percentage of the Director's unpaid Deferral Account (and any other amounts due to him or her) indicated for each person:

Name: ______________________________________
Relationship: ______________________________________
Address: ______________________________________
____
____
Percent: ______________________________________

Name: ______________________________________
Relationship: ______________________________________
Address: ______________________________________
____
____
Percent: ______________________________________

Name: ______________________________________
Relationship: ______________________________________
Address: ______________________________________
____
____
Percent: ______________________________________

2. **Secondary Beneficiary**. The following person, or persons, are designated as secondary Beneficiary with respect to the percentage of the Director's unpaid Deferral Account (and any other amounts due to him or her) indicated for each person:

Name: ______________________________________
Relationship: ______________________________________
Address: ______________________________________
____
____
Percent: ______________________________________

Name: ______________________________
Relationship: ______________________________
Address: ______________________________
____
____
Percent: ______________________________

Name: ______________________________
Relationship: ______________________________
Address: ______________________________
____
____
Percent: ______________________________

______________________________ ____________________
Director's Signature Date

____
Director's Name (please print)

EXHIBIT 31.1

CERTIFICATION

I, Nicholas I. Fink, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2023 of Fortune Brands Innovations, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 27, 2023

/s/ Nicholas I. Fink

Nicholas I. Fink
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, David V. Barry, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2023 of Fortune Brands Innovations, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 27, 2023

/s/ David V. Barry

David V. Barry
Executive Vice President and
Chief Financial Officer

EXHIBIT 32

JOINT CEO/CFO CERTIFICATE REQUIRED PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Each of the undersigned, the Chief Executive Officer and the Executive Vice President and Chief Financial Officer of Fortune Brands Innovations, Inc. (the “Company”), hereby certifies pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002, that the Quarterly Report of the Company on Form 10-Q for the period ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and the results of operations of the Company.

Dated: October 27, 2023

/s/ Nicholas I. Fink

Nicholas I. Fink
Chief Executive Officer

/s/ David V. Barry

David V. Barry
Executive Vice President and
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Fortune Brands Innovations, Inc. and will be retained by Fortune Brands Innovations, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.