

REFINITIV

DELTA REPORT

10-Q

FELE - FRANKLIN ELECTRIC CO INC

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	931
CHANGES	194
DELETIONS	485
ADDITIONS	252


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** **March 31, 2024**

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

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Commission file number 0-362

FRANKLIN ELECTRIC CO., INC.
(Exact name of registrant as specified in its charter)

<u>Indiana</u> (State or other jurisdiction of incorporation or organization)	<u>35-0827455</u> (I.R.S. Employer Identification No.)
<u>9255 Coverdale Road</u> <u>Fort Wayne, Indiana</u> (Address of principal executive offices)	<u>46809</u> (Zip Code)

(260) 824-2900
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

<u>Common Stock, \$0.10 par value</u> (Title of each class)	<u>FELE</u> (Trading symbol)	<u>NASDAQ Global Select Market</u> (Name of each exchange on which registered)
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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 and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒

No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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 Act).

Yes ☐No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class of Common Stock Par Value	Outstanding at October 25, 2023 April 26, 2024
\$0.10	46,128,126 46,080,284 shares

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PART I - FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FRANKLIN ELECTRIC CO., INC. AND CONSOLIDATED SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Third Quarter Ended	Nine Months Ended
	First Quarter Ended	
	First Quarter Ended	
	First Quarter Ended	
(In thousands, except per share amounts)		

(In thousands, except per share amounts)					
(In thousands, except per share amounts)	(In thousands, except per share amounts)	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Net sales	Net sales	\$ 538,431	\$ 551,672	\$ 1,592,163	\$ 1,554,280
Net sales					
Net sales					
Cost of sales					
Cost of sales					
Cost of sales	Cost of sales	352,178	361,077	1,055,164	1,029,063
Gross profit	Gross profit	186,253	190,595	536,999	525,217
Gross profit					
Gross profit					
Selling, general, and administrative expenses					
Selling, general, and administrative expenses					
Selling, general, and administrative expenses	Selling, general, and administrative expenses	107,687	109,366	324,651	322,352
Restructuring expense	Restructuring expense	462	1,185	735	1,898
Restructuring expense					
Restructuring expense					
Operating income					
Operating income					
Operating income	Operating income	78,104	80,044	211,613	200,967
Interest expense	Interest expense	(2,984)	(3,066)	(10,309)	(7,492)
Other income/(expense), net		277	(1,250)	1,865	(2,787)
Interest expense					
Interest expense					
Other income, net					
Other income, net					
Other income, net					
Foreign exchange expense					
Foreign exchange expense					
Foreign exchange expense	Foreign exchange expense	(2,483)	(3,376)	(8,098)	(4,290)
Income before income taxes	Income before income taxes	72,914	72,352	195,071	186,398
Income before income taxes					
Income before income taxes					
Income tax expense					
Income tax expense					
Income tax expense	Income tax expense	14,746	13,380	39,167	37,544
Net income	Net income	\$ 58,168	\$ 58,972	\$ 155,904	\$ 148,854
Net income					
Net income					
Less: Net income attributable to noncontrolling interests					
Less: Net income attributable to noncontrolling interests					

Less: Net income attributable to noncontrolling interests	Less: Net income attributable to noncontrolling interests	(370)	(348)	(1,181)	(1,101)
Net income attributable to Franklin Electric Co., Inc.	Net income attributable to Franklin Electric Co., Inc.	\$ 57,798	\$ 58,624	\$ 154,723	\$ 147,753
Net income attributable to Franklin Electric Co., Inc.					
Net income attributable to Franklin Electric Co., Inc.					
Earnings per share:					
Earnings per share:					
Earnings per share:	Earnings per share:				
Basic	Basic	\$ 1.25	\$ 1.26	\$ 3.34	\$ 3.17
Basic					
Basic					
Diluted	Diluted	\$ 1.23	\$ 1.24	\$ 3.29	\$ 3.13
Diluted					
Diluted					

See Notes to Condensed Consolidated Financial Statements.

FRANKLIN ELECTRIC CO., INC. AND CONSOLIDATED SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)
(Unaudited)

		Third Quarter Ended		Nine Months Ended	
		First Quarter Ended		First Quarter Ended	
		First Quarter Ended		First Quarter Ended	
		First Quarter Ended		First Quarter Ended	
(In thousands)					
(In thousands)					
(In thousands)	(In thousands)	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Net income	Net income	\$ 58,168	\$ 58,972	\$ 155,904	\$ 148,854
Net income					
Net income					
Other comprehensive income/(loss), before tax:					
Other comprehensive income/(loss), before tax:					
Other comprehensive income/(loss), before tax:	Other comprehensive income/(loss), before tax:				
Foreign currency translation adjustments	Foreign currency translation adjustments	(10,851)	(16,046)	138	(26,959)
Foreign currency translation adjustments					
Foreign currency translation adjustments					
Employee benefit plan activity					
Employee benefit plan activity					
Employee benefit plan activity	Employee benefit plan activity	513	1,656	1,623	4,032
Other comprehensive income/(loss)	Other comprehensive income/(loss)	(10,338)	(14,390)	1,761	(22,927)

Other comprehensive income/(loss)					
Other comprehensive income/(loss)					
Income tax expense related to items of other comprehensive income/(loss)					
Income tax expense related to items of other comprehensive income/(loss)					
Income tax expense related to items of other comprehensive income/(loss)	Income tax expense related to items of other comprehensive income/(loss)	(128)	(379)	(405)	(899)
Other comprehensive income/(loss), net of tax	Other comprehensive income/(loss), net of tax	(10,466)	(14,769)	1,356	(23,826)
Other comprehensive income/(loss), net of tax					
Other comprehensive income/(loss), net of tax					
Comprehensive income					
Comprehensive income					
Comprehensive income	Comprehensive income	47,702	44,203	157,260	125,028
Less:	Less:				
Comprehensive income attributable to noncontrolling interests	Comprehensive income attributable to noncontrolling interests	(294)	(226)	(1,141)	(854)
Less: Comprehensive income attributable to noncontrolling interests					
Less: Comprehensive income attributable to noncontrolling interests					
Comprehensive income attributable to Franklin Electric Co., Inc.	Comprehensive income attributable to Franklin Electric Co., Inc.	\$ 47,408	\$ 43,977	\$ 156,119	\$ 124,174
Comprehensive income attributable to Franklin Electric Co., Inc.					
Comprehensive income attributable to Franklin Electric Co., Inc.					

See Notes to Condensed Consolidated Financial Statements.

FRANKLIN ELECTRIC CO., INC. AND CONSOLIDATED SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In thousands, except per share amounts)	(In thousands, except per share amounts)	September 30, 2023	December 31, 2022	(In thousands, except per share amounts)	March 31, 2024	December 31, 2023
ASSETS	ASSETS					
ASSETS						
ASSETS						
Current assets:	Current assets:			Current assets:		
Cash and cash equivalents	Cash and cash equivalents	\$ 62,507	\$ 45,790			

Receivables, less allowances of \$4,026 and \$4,211, respectively	252,315	230,404
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Receivables, less allowances of \$4,089 and \$3,594, respectively		
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Inventories:	Inventories:	
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Raw material		
Raw material		

Raw material	Raw material	192,536	196,876
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Work-in-process	Work-in-process	29,764	30,276
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Finished goods	Finished goods	321,240	317,828
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Total inventories	Total inventories	543,540	544,980
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Other current assets	Other current assets	41,136	36,916
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Total current assets	Total current assets	899,498	858,090
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Property, plant, and equipment, at cost:		
--	--	--

Property, plant, and equipment, at cost:		
--	--	--

Property, plant, and equipment, at cost:	Property, plant, and equipment, at cost:		
--	--	--	--

Land and buildings	Land and buildings	163,638	159,253
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Machinery and equipment	Machinery and equipment	304,301	297,496
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Furniture and fixtures	Furniture and fixtures	53,946	50,264
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Other	Other	59,777	50,249
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Property, plant, and equipment, gross	Property, plant, and equipment, gross	581,662	557,262
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Less: Allowance for depreciation	Less: Allowance for depreciation	(359,267)	(342,108)
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Property, plant, and equipment, net	Property, plant, and equipment, net	222,395	215,154
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Lease right-of-use assets, net	Lease right-of-use assets, net	42,307	48,948
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Deferred income taxes	Deferred income taxes	6,781	6,778
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Intangible assets, net	Intangible assets, net	218,614	231,275
Goodwill	Goodwill	328,792	328,046
Other assets	Other assets	6,909	5,910
Total assets	Total assets	\$1,725,296	\$1,694,201

		September 30, 2023	December 31, 2022		
	March 31, 2024			March 31, 2024	December 31, 2023
LIABILITIES AND EQUITY	LIABILITIES AND EQUITY			LIABILITIES AND EQUITY	
Current liabilities:	Current liabilities:			Current liabilities:	
Accounts payable	Accounts payable	\$ 170,862	\$ 139,266		
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	99,171	120,555		
Current lease liability	Current lease liability	13,311	15,959		
Income taxes	Income taxes	4,225	3,233		
Current maturities of long-term debt and short-term borrowings	Current maturities of long-term debt and short-term borrowings	40,351	126,756		
Total current liabilities	Total current liabilities	327,920	405,769		
Long-term debt	Long-term debt	88,036	89,271		
Long-term lease liability	Long-term lease liability	27,877	32,858		
Income taxes payable non-current	Income taxes payable non-current	4,837	8,707		
Deferred income taxes	Deferred income taxes	32,252	29,744		
Employee benefit plans	Employee benefit plans	31,897	31,889		
Other long-term liabilities	Other long-term liabilities	28,835	25,209		
Commitments and contingencies (see Note 15)	Commitments and contingencies (see Note 15)				
Commitments and contingencies (see Note 15)	Commitments and contingencies (see Note 15)				
Redeemable noncontrolling interest	Redeemable noncontrolling interest				
Redeemable noncontrolling interest	Redeemable noncontrolling interest				
Redeemable noncontrolling interest	Redeemable noncontrolling interest	1,035	620		

Shareholders' equity:	Shareholders' equity:	
Common stock (65,000 shares authorized, \$.10 par value) outstanding (46,208 and 46,193, respectively)	4,621	4,619
Additional capital	342,850	325,426

Shareholders' equity:

Shareholders' equity:

Common stock (65,000 shares authorized, \$.10 par value) outstanding (46,093 and 46,067, respectively)

Common stock (65,000 shares authorized, \$.10 par value) outstanding (46,093 and 46,067, respectively)

Common stock (65,000 shares authorized, \$.10 par value) outstanding (46,093 and 46,067, respectively)

Additional paid-in capital

Retained earnings	Retained earnings	1,063,007	969,261
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(230,052)	(231,448)
Total shareholders' equity	Total shareholders' equity	1,180,426	1,067,858
Noncontrolling interest	Noncontrolling interest	2,181	2,276
Total equity	Total equity	1,182,607	1,070,134
Total liabilities and equity	Total liabilities and equity	\$1,725,296	\$1,694,201

See Notes to Condensed Consolidated Financial Statements.

FRANKLIN ELECTRIC CO., INC. AND CONSOLIDATED SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

		Nine Months Ended				Three Months Ended	
		Three Months Ended				Three Months Ended	
(In thousands)	(In thousands)	September 30, 2023	September 30, 2022	(In thousands)	March 31, 2024	March 31, 2023	
Cash flows from operating activities:	Cash flows from operating activities:						
Cash flows from operating activities:	Cash flows from operating activities:						
Cash flows from operating activities:	Cash flows from operating activities:						
Net income	Net income	\$ 155,904	\$ 148,854				

Adjustments to reconcile net income to net cash flows from operating activities:	Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	Depreciation and amortization		
Depreciation and amortization	Depreciation and amortization	39,582	37,067
Non-cash lease expense	Non-cash lease expense	12,664	12,939
Share-based compensation	Share-based compensation	8,449	8,940
Deferred income taxes	Deferred income taxes	2,305	3,783
Loss on disposals of plant and equipment		491	1,087
Deferred income taxes	Deferred income taxes		
(Gain)/loss on disposals of plant and equipment			
Foreign exchange expense	Foreign exchange expense	8,098	4,290
Changes in assets and liabilities, net of acquisitions:	Changes in assets and liabilities, net of acquisitions:		
Receivables	Receivables		
Receivables	Receivables	(20,427)	(73,995)
Inventory	Inventory	2,537	(122,150)
Accounts payable and accrued expenses	Accounts payable and accrued expenses	4,376	1,881
Operating leases	Operating leases	(12,847)	(12,939)
Income taxes	Income taxes	(2,667)	(3,604)
Income taxes-U.S. Tax Cuts and Jobs Act		(2,902)	(355)
Employee benefit plans	Employee benefit plans		
Employee benefit plans	Employee benefit plans	603	1,544
Other, net	Other, net	2,463	(182)
Net cash flows from operating activities	Net cash flows from operating activities	198,629	7,160

Cash flows from investing activities:	Cash flows from investing activities:		
Additions to property, plant, and equipment	Additions to property, plant, and equipment	(30,155)	(29,327)
Additions to property, plant, and equipment			
Additions to property, plant, and equipment			
Proceeds from sale of property, plant, and equipment	Proceeds from sale of property, plant, and equipment	—	6
Cash paid for acquisitions, net of cash acquired	Cash paid for acquisitions, net of cash acquired	(6,641)	(1,576)
Other, net	Other, net	26	9
Other, net			
Other, net			
Net cash flows from investing activities	Net cash flows from investing activities	(36,770)	(30,888)
Cash flows from financing activities:	Cash flows from financing activities:		
Proceeds from issuance of debt			
Proceeds from issuance of debt			
Proceeds from issuance of debt	Proceeds from issuance of debt	381,789	434,548
Repayments of debt	Repayments of debt	(469,442)	(350,869)
Proceeds from issuance of common stock	Proceeds from issuance of common stock	9,010	3,584
Purchases of common stock	Purchases of common stock	(29,888)	(30,731)
Dividends paid	Dividends paid	(31,315)	(27,293)
Deferred payments for acquisitions	Deferred payments for acquisitions	(448)	—
Deferred payments for acquisitions			
Deferred payments for acquisitions			
Net cash flows from financing activities	Net cash flows from financing activities	(140,294)	29,239

Effect of exchange rate changes on cash and cash equivalents	Effect of exchange rate changes on cash and cash equivalents	(4,848)	(6,524)
Net change in cash and cash equivalents	Net change in cash and cash equivalents	16,717	(1,013)
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	45,790	40,536
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	\$ 62,507	\$ 39,523

Non-cash items:

Non-cash items:

Non-cash items:	Non-cash items:		
Additions to property, plant, and equipment, not yet paid	Additions to property, plant, and equipment, not yet paid	\$ 519	\$ 483
Right-of-Use Assets obtained in exchange for new operating lease liabilities	Right-of-Use Assets obtained in exchange for new operating lease liabilities	\$5,685	\$13,745
Payable to sellers of acquired entities	Payable to sellers of acquired entities	\$ 382	\$ —
Non-cash investment to acquire property in lieu of cash payment for products provided	Non-cash investment to acquire property in lieu of cash payment for products provided	\$ 419	\$ —
Accrued dividends payable to noncontrolling interest	Accrued dividends payable to noncontrolling interest	\$ 821	\$ —
Payable for share repurchases	Payable for share repurchases	\$ 890	\$ —

See Notes to Condensed Consolidated Financial Statements.

FRANKLIN ELECTRIC CO., INC. AND CONSOLIDATED SUBSIDIARIES INDEX TO NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying condensed consolidated balance sheet as of **December 31, 2022** December 31, 2023, which has been derived from audited financial statements, and the unaudited interim condensed consolidated financial statements as of **September 30, 2023** March 31, 2024, and for the **third first** quarters **ended March 31, 2024** and **nine months ended September 30, 2023 and September 30, 2022** March 31, 2023 have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Certain information and note disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to those rules and regulations. In the opinion of management, all accounting entries and adjustments (including normal, recurring adjustments) considered necessary for a fair presentation of the financial position and the results of operations for the interim periods have been made. Operating results for the **third first** quarter **and nine months** ended **September 30, 2023** March 31, 2024 are not necessarily indicative of the results that may be expected for the fiscal year ending **December 31, 2023** December 31, 2024. For further information, including a description of the critical accounting policies of Franklin Electric Co., Inc. (the "Company"), refer to the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended **December 31, 2022** December 31, 2023.

2. ACCOUNTING PRONOUNCEMENTS

Adoption of New Accounting Standards Issued But Not Yet Adopted

In October 2021, November 2023, the Financial Accounting Standards Board ("FASB") FASB issued Accounting Standards Update ("ASU") 2021-08, ASU 2023-07, **Business Combinations Segment Reporting (Topic 805) 280: Accounting for Contract Assets and Contract Liabilities from Contracts with Customers Improvements to Reportable Segment Disclosures**. ASU 2021-08 requires entities 2023-07 is intended to recognize improve reportable segment disclosure requirements, primarily through additional and measure contracts on the acquisition date in accordance with ASC 606, **Revenue from Contracts with Customers**, as if it had originated the contracts. This will improve comparability after the business combination by providing consistent recognition and measurement guidance for revenue contracts with customers acquired in more detailed information about a business combination and revenue contracts with customers not acquired in a business combination, reportable segment's expenses. ASU 2021-08 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The guidance is to be applied retrospectively to all prior periods presented in the financial statements. The Company plans to adopt this ASU for its fiscal year end December 31, 2024 disclosures, but does not anticipate the adoption to have a material impact on the Company's financial disclosures.

In December 2023, the FASB issued ASU 2023-09, **Income Taxes (Topic 740): Improvements to Income Tax Disclosures**. ASU 2023-09 is intended to enhance the transparency and decision usefulness of income tax disclosures. This amendment modifies the rules on income tax disclosures to require entities to disclose (1) specific categories in the rate reconciliation and additional information for reconciling items that meet a quantitative threshold, (2) the amount of income taxes paid (net of refunds received) (disaggregated by federal, state, and foreign taxes) as well as individual jurisdictions in which income taxes paid is equal to or greater than 5 percent of total income taxes paid net of refunds, (3) the income or loss from continuing operations before income tax expense or benefit (disaggregated between domestic and foreign) and (4) income tax expense or benefit from continuing operations (disaggregated by federal, state and foreign). ASU 2023-09 is effective for annual periods beginning after **December 15, 2022** December 15, 2024, with early adoption permitted. ASU 2021-08 2023-09 should be applied on a prospective basis, to business combinations that occur after the effective date, while retrospective application is permitted. The Company adopted is still determining the date of adoption for this ASU, on January 1, 2023, and it did but does not anticipate the adoption to have a material impact on the Company's consolidated financial position, results of operations, or cash flows.

In September 2022, the FASB issued ASU 2022-04, **Liabilities - Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations**. ASU 2022-04 creates the obligation for a company that uses a supplier finance program to purchase goods or services to disclose qualitative and quantitative information about its supplier finance program(s). This will allow financial statement users to better consider the effect of the program(s) on the entity's working capital, liquidity and cash flow over time. ASU 2022-04 is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023 with early adoption permitted. ASU 2022-04 should be applied retrospectively to each period in which a balance

sheet is presented except for the amendment on rollforward information, which should be applied prospectively. The Company adopted this ASU on January 1, 2023, and it did not have a material impact on the Company's consolidated financial position, results of operations, or cash flows, as the Company has no amounts outstanding under its current supplier finance program. disclosures.

3. ACQUISITIONS

2023

During the fourth quarter ended December 31, 2023, the Company acquired substantially all of the assets of Aqua Systems of Fort Myers, a water treatment systems distributor. In another separate transaction, the Company acquired substantially all of the assets of Action Manufacturing and Supply, Inc., a water treatment equipment provider located in southwest Florida. The Company also acquired, in a separate transaction, substantially all of the assets of LCA Pump, LLC, which operates Water Works Pump, a Missouri based professional groundwater distributor. The combined purchase price for the acquisitions in the fourth quarter of 2023, was \$36.0 million, including contingent consideration with an estimated fair value of \$4.3 million, after purchase price adjustments based on the level of working capital acquired. In the first quarter of 2024, the Company recorded a measurement period adjustment of \$1.3 million to increase the acquisition-date fair value of the contingent consideration transferred. The measurement period adjustment resulted in an increase to acquired identifiable intangible assets of \$2.3 million and a reduction to acquired goodwill of \$1.0 million. The measurement period adjustments did not have a significant impact on the Company's results of operations. The fair value of the assets acquired and liabilities assumed for all acquisitions is preliminary as of March 31, 2024.

During the first quarter ended March 31, 2023, the Company acquired all of the assets of Phil-Good Products, Inc. ("Phil-Good"). Phil-Good is an injection molded plastics component manufacturer. In another separate transaction in the first quarter of 2023, the Company acquired 100 percent of the ownership interests of Hydropompe S.r.l. ("Hydropompe"). Hydropompe is a pump manufacturer with a focus in dewatering and sewage products. The combined, all-cash purchase price for both acquisitions in the first quarter of 2023 was \$8.7 million after purchase price adjustments based on the level of working capital acquired. The fair value of the assets acquired and liabilities assumed for both acquisitions is preliminary final as of September 30, 2023 March 31, 2024. In addition, the

The Company has not presented separate results of operations of the acquired companies since the closing of the acquisitions or combined pro forma financial information of the Company and the acquired interests since the beginning of 2022, as the results of operations for both all 2023 acquisitions are immaterial.

Transaction costs were expensed as incurred under the guidance of FASB Accounting Standards Codification Topic 805, Business Combinations and were insignificant for all periods presented.

4. FAIR VALUE MEASUREMENTS

FASB ASC Topic 820, Fair Value Measurements and Disclosures, provides guidance for defining, measuring, and disclosing fair value within an established framework and hierarchy. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The standard established a fair value hierarchy which requires an entity to maximize the use of observable inputs and to minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value within the hierarchy are as follows:

- Level 1 – Quoted prices for identical assets and liabilities in active markets;
- Level 2 – Quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets; and
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the assets and liabilities measured at fair value on a recurring basis were as set forth in the table below:

		Quoted Prices in Active Markets for Significant Identical Other Significant Assets Observable Unobservable								
(In millions)	(In millions)	September 30, 2023	(Level 1)	Inputs (Level 2)	Inputs (Level 3)	(In millions)	March 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:	Assets:									
Cash equivalents	Cash equivalents	\$ 13.2	\$ 13.2	\$ —	\$ —					
Cash equivalents										
Cash equivalents										
Share swap transaction										

Total liabilities	Total liabilities	\$	0.1	\$	0.1	\$	—	\$	—
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The Company's Level 1 cash equivalents assets are generally comprised of foreign bank guaranteed certificates of deposit and short term deposits. The share swap transaction and forward currency contracts assets and liabilities are recorded within the "Receivables" and "Accounts Payable" lines of the condensed consolidated balance sheets and are further described in Note 5 - Financial Instruments.

The Company's Level 3 category includes contingent consideration related to acquisitions, which valuation inputs are unobservable and significant to the fair value measurement. Projections and estimated probabilities are used to estimate future contingent earn-out payments, which are discounted back to present value to compute contingent earn-out liabilities. The following table provides a roll-forward of the contingent consideration liability, which is included in "Other long-term liabilities" as of December 31, 2023 and "Accrued expenses and other current liabilities" as of March 31, 2024 in the condensed consolidated balance sheets:

(In millions)	Three Months Ended	
	March 31, 2024	
Fair value at beginning of period	\$	3.0
Adjustments to prior year acquisition		1.3
Change in fair value recognized in earnings		0.2
Payments		—
Fair value at end of period	\$	4.5

Total debt, including current maturities, have carrying amounts of \$128.4 million \$111.8 million and \$216.1 million \$100.5 million and estimated fair values of \$125.1 million \$109.1 million and \$213.2 million \$98.6 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. In the absence of quoted prices in active markets, considerable judgment is required in developing estimates of fair value. Estimates are not necessarily indicative of the amounts the Company could realize in a current market transaction. In determining the fair value of its debt, the Company uses estimates based on rates currently available to the Company for debt with similar terms and remaining maturities. Accordingly, the fair value of debt is classified as Level 2 within the valuation hierarchy.

5. FINANCIAL INSTRUMENTS

The Company's non-employee directors' deferred compensation stock program is subject to variable plan accounting and, accordingly, is adjusted for changes in the Company's stock price at the end of each reporting period. The Company has entered

into share swap transaction agreements (the "swap") to mitigate the Company's exposure to the fluctuations in the Company's stock price. The swap has not been designated as a hedge for accounting purposes and is cancellable with 30 days' written notice by either party. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, the swap had a notional value based on 240,000 shares and 225,000 shares. For the third quarter first quarters ended March 31, 2024 and nine months ended September 30, 2023 March 31, 2023, changes in the fair value of the swap resulted in a loss gains of \$3.6 million \$2.1 million and a gain of \$1.1 million \$2.9 million, respectively. For the third quarter and nine months ended September 30, 2022, changes in the fair value of the swap resulted in a gain of \$1.8 million and a loss of \$2.8 million, respectively. Gains and losses resulting from the swap were largely offset by gains and losses on the fair fair value of the deferred compensation stock liability. All gains or losses and expenses related to the swap are recorded in the Company's condensed consolidated statements of income within the "Selling, general, and administrative expenses" line.

The Company is exposed to foreign currency exchange rate risk arising from transactions in the normal course of business including making sales and purchases of raw materials and finished goods in foreign denominated currencies with third party customers and suppliers as well as to wholly owned subsidiaries of the Company. To reduce its exposure to foreign currency exchange rate volatility, the Company enters into various forward currency contracts to offset these fluctuations. The Company uses forward currency contracts only in an attempt to limit underlying exposure from foreign currency exchange rate fluctuations and to minimize earnings volatility associated with foreign currency exchange rate fluctuations and has not elected to use hedge accounting. Decisions on whether to use such derivative instruments are primarily based on the amount of exposure to the currency involved and an assessment of the near-term market value for each currency. As of September 30, 2023 and December 31, 2022 March 31, 2024, respectively, the Company had a notional amount of \$29.0 million and \$10.3 million \$26.5 million in forward currency contracts outstanding and the related fair value of those contracts was not material. As of December 31, 2023, the Company had no foreign currency contracts outstanding. For the third quarter first quarters ended March 31, 2024 and nine months ended September 30, 2023 March 31, 2023, changes in the fair value of the forward currency contracts resulted in gains of \$0.0 million \$0.6 million and \$1.6 million, respectively. For the third quarter and nine months ended September 30, 2022, changes in the fair value of the forward currency contracts resulted in gains of \$0.4 million and \$0.7 million \$1.0 million, respectively. These gains are recorded in the Company's condensed consolidated statements of income within the "Foreign exchange expense" line.

6. GOODWILL AND OTHER INTANGIBLE ASSETS

The carrying amounts of the Company's intangible assets, excluding goodwill, are as follows:

(In millions)	(In millions)	September 30, 2023		December 31, 2022		(In millions)	March 31, 2024		December 31, 2023	
		Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization		Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Definite-lived intangibles:	Definite-lived intangibles:					Definite-lived intangibles:				
Customer relationships	Customer relationships	\$ 250.6	\$ (111.4)	\$ 251.6	\$ (101.5)					

Patents	Patents	7.3	(7.3)	7.3	(7.3)
Technology	Technology	7.5	(7.5)	7.5	(7.4)
Trade names	Trade names	41.6	(5.3)	41.8	(3.7)
Other	Other	3.3	(2.8)	3.4	(2.7)
Total	Total	\$ 310.3	\$ (134.3)	\$ 311.6	\$ (122.6)
Indefinite-lived intangibles:	Indefinite-lived intangibles:				
Trade names	Trade names	42.6	—	42.3	—
Total intangibles	Total intangibles	\$ 352.9	\$ (134.3)	\$ 353.9	\$ (122.6)

Indefinite-lived intangibles:

Amortization expense related to intangible assets for the **third first** quarters ended **September 30, 2023** **March 31, 2024** and **September 30, 2022** **March 31, 2023** was **\$4.2 million** **\$4.8 million** and \$4.2 million, respectively, and for the nine months ended September 30, 2023 and September 30, 2022 was \$12.7 million and \$12.9 million, respectively.

The change in the carrying amount of goodwill by reportable segment for the **nine three** months ended **September 30, 2023** **March 31, 2024** is as follows:

(In millions)	Water Systems	Fueling Systems	Distribution	Consolidated
Balance as of December 31, 2022	\$ 211.9	\$ 70.3	\$ 45.8	\$ 328.0
Acquisitions	1.0	—	—	1.0
Foreign currency translation	(0.2)	—	—	(0.2)
Balance as of September 30, 2023	\$ 212.7	\$ 70.3	\$ 45.8	\$ 328.8

(In millions)	Water Systems	Fueling Systems	Distribution	Consolidated
Balance as of December 31, 2023	\$ 221.4	\$ 70.4	\$ 50.6	\$ 342.4
Adjustments to prior year acquisitions	(0.7)	—	(0.1)	(0.8)
Foreign currency translation	(1.1)	—	—	(1.1)
Balance as of March 31, 2024	\$ 219.6	\$ 70.4	\$ 50.5	\$ 340.5

7. EMPLOYEE BENEFIT PLANS

The following table sets forth the aggregated net periodic benefit cost for all pension plans for the **third first** quarters **ended March 31, 2024** and **nine months ended September 30, 2023** and **September 30, 2022** **March 31, 2023**:

(In millions)	(In millions)	Pension Benefits			
(In millions)					
(In millions)		Pension Benefits			
	First Quarter Ended				
		Third Quarter Ended		Nine Months Ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Service cost	Service cost	\$ 0.2	\$ 0.1	\$ 0.5	\$ 0.5
Service cost					
Service cost					
Interest cost					
Interest cost					
Interest cost	Interest cost	1.7	0.9	5.0	2.5
Expected return on assets	Expected return on assets	(1.8)	(1.7)	(5.4)	(4.7)

Expected return on assets					
Expected return on assets					
Amortization of:					
Amortization of:					
Amortization of:	Amortization of:				
Prior service cost	Prior service cost	0.5	1.5	1.6	3.9
Prior service cost					
Prior service cost					
Actuarial loss					
Actuarial loss					
Actuarial loss	Actuarial loss	—	—	—	—
Settlement cost	Settlement cost	—	—	—	—
Settlement cost					
Settlement cost					
Net periodic benefit cost	Net periodic benefit cost	\$ 0.6	\$ 0.8	\$ 1.7	\$ 2.2
Net periodic benefit cost					
Net periodic benefit cost					

The following table sets forth the aggregated net periodic benefit cost for the other post-retirement benefit plan for the **third first** quarters **ended March 31, 2024** and **nine months ended September 30, 2023 and September 30, 2022** **March 31, 2023**:

(In millions)	(In millions)	Other Benefits			
		Third Quarter Ended		Nine Months Ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022

(In millions)					
(In millions)					
		Other Benefits			
First Quarter Ended					
March 31, 2024					
March 31, 2024					
March 31, 2024					
Service cost					
Service cost					
Service cost	Service cost	\$ —	\$ —	\$ —	\$ —
Interest cost	Interest cost	0.1	—	0.2	0.1
Interest cost					
Interest cost					
Expected return on assets					
Expected return on assets					
Expected return on assets	Expected return on assets	—	—	—	—

Amortization of:	Amortization of:				
Amortization of:					
Amortization of:					
Prior service cost					
Prior service cost					
Prior service cost	Prior service cost	—	0.1	—	0.1
Actuarial loss	Actuarial loss	—	—	—	—
Actuarial loss					
Actuarial loss					
Settlement cost					
Settlement cost					
Settlement cost	Settlement cost	—	—	—	—
Net periodic benefit cost	Net periodic benefit cost	\$ 0.1	\$ 0.1	\$ 0.2	\$ 0.2
Net periodic benefit cost					
Net periodic benefit cost					

8. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of:

(In millions)	(In millions)	September 30, 2023	December 31, 2022	(In millions)	March 31, 2024	December 31, 2023
Salaries, wages, and commissions						
Salaries, wages, and commissions						
Salaries, wages, and commissions	Salaries, wages, and commissions	\$ 46.2	\$ 57.9			
Product warranty costs	Product warranty costs	10.3	11.2			
Insurance	Insurance	1.9	1.7			
Employee benefits	Employee benefits	11.7	13.5			
Other	Other	29.1	36.3			
Total	Total	\$ 99.2	\$ 120.6			

9. INCOME TAXES

The Company's effective tax rate for both the nine-month three-month period ended September 30, 2023 and September 30, 2022 March 31, 2024 was 20.1 percent, 21.8 percent as compared to 21.4 percent for the three-month period ended March 31, 2023. The effective tax rate differs from the U.S. statutory rate of 21 percent primarily due to state taxes and foreign earnings taxed at rates higher than the U.S. statutory rate partially offset by the recognition of the U.S. foreign-derived intangible income (FDII) provisions partially offset by state taxes, and certain discrete events including excess tax benefits from share-based compensation. For the third quarter of 2023, the effective tax rate was 20.2 percent compared to 18.5 percent for the third quarter of 2022.

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The increase in the effective tax rates rate for the third first quarter of 2023 2024 compared to the comparable period in the prior year was a result of less favorable discrete events primarily due to an increase in 2023. During the third quarter of 2022, rate on foreign earnings with the Company recorded \$1.1 million of benefit from the reconciliation implementation of the domestic federal return to the provision predominantly related to additional FDII benefit. European Union's Pillar Two Directive.

10. DEBT

Debt consisted of the following:

(In millions)	(In millions)	September 30, 2023	December 31, 2022	(In millions)	March 31, 2024	December 31, 2023
New York Life Agreement	New York Life Agreement					
New York Life Agreement	New York Life Agreement	\$ 75.0	\$ 75.0			
Credit Agreement	Credit Agreement	39.0	122.8			
Tax increment financing debt	Tax increment financing debt	14.1	15.3			
Foreign subsidiary debt	Foreign subsidiary debt	0.4	3.1			
Foreign subsidiary debt	Foreign subsidiary debt					
Less: unamortized debt issuance costs	Less: unamortized debt issuance costs	(0.1)	(0.1)			
		\$ 128.4	\$ 216.1			
Less: unamortized debt issuance costs	Less: unamortized debt issuance costs					
Less: unamortized debt issuance costs	Less: unamortized debt issuance costs	—	\$			
Less: current maturities	Less: current maturities	(40.4)	(126.8)			
Long-term debt	Long-term debt	\$ 88.0	\$ 89.3			

Credit Agreement

As of **September 30, 2023** March 31, 2024, the Company had **\$39.0 million** \$23.0 million outstanding borrowings with a weighted-average interest rate of 6.3 percent, \$3.5 million in letters of credit outstanding, and \$323.5 million of available capacity under its credit agreement. As of December 31, 2023, the Company had \$11.0 million outstanding borrowings with a weighted-average interest rate of 6.3 percent, \$3.6 million in letters of credit outstanding, and **\$307.4 million** \$335.4 million of available capacity under its credit agreement. As of December 31, 2022, the Company had \$122.8 million outstanding borrowings with a weighted-average interest rate of 5.0 percent, \$4.0 million in letters of credit outstanding, and \$223.2 million of available capacity under its credit agreement.

The Company also has overdraft lines of credit for certain subsidiaries with various expiration dates. The aggregate maximum borrowing capacity of these overdraft lines of credits is **\$18.1 million** \$17.4 million. As of **September 30, 2023** March 31, 2024, there were no outstanding borrowings and **\$18.1 million** \$17.4 million of available capacity under these lines of credit. As of **December 31, 2022** December 31, 2023, there were **\$22.0 million** \$17.9 million overdraft lines of credit with **\$2.7 million of** no outstanding borrowings and **\$19.3 million** \$17.9 million of available capacity under these lines of credit.

11. EARNINGS PER SHARE

The Company calculates basic and diluted earnings per common share using the two-class method. Under the two-class method, net earnings are allocated to each class of common stock and participating security as if all of the net earnings for the period had been distributed. The Company's participating securities consist of share-based payment awards that contain a non-forfeitable right to receive dividends and therefore are considered to participate in undistributed earnings with common shareholders.

Basic earnings per common share excludes dilution and is calculated by dividing net earnings allocable to common shares by the weighted-average number of common shares outstanding for the period. Diluted earnings per common share is calculated by dividing net earnings allocated to common shares by the weighted-average number of common shares outstanding for the period, as adjusted for the potential dilutive effect of non-participating share-based awards.

The following table sets forth the computation of basic and diluted earnings per share:

Third Quarter Ended	Nine Months Ended
First Quarter Ended	

First Quarter Ended		First Quarter Ended			
(In millions, except per share amounts)					
(In millions, except per share amounts)					
(In millions, except per share amounts)	(In millions, except per share amounts)	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Numerator:	Numerator:				
Numerator:					
Numerator:					
Net income attributable to Franklin Electric Co., Inc.					
Net income attributable to Franklin Electric Co., Inc.					
Net income attributable to Franklin Electric Co., Inc.	Net income attributable to Franklin Electric Co., Inc.	\$ 57.8	\$ 58.6	\$ 154.7	\$ 147.8
Less: Earnings allocated to participating securities	Less: Earnings allocated to participating securities	0.2	0.2	0.5	0.6
Less: Earnings allocated to participating securities					
Less: Earnings allocated to participating securities					
Net income available to common shareholders					
Net income available to common shareholders					
Net income available to common shareholders	Net income available to common shareholders	\$ 57.6	\$ 58.4	\$ 154.2	\$ 147.2
Denominator:	Denominator:				
Denominator:					
Denominator:					
Basic weighted average common shares outstanding					
Basic weighted average common shares outstanding					
Basic weighted average common shares outstanding	Basic weighted average common shares outstanding	46.2	46.3	46.2	46.4
Effect of dilutive securities:	Effect of dilutive securities:				
Effect of dilutive securities:					
Effect of dilutive securities:					
Non-participating employee stock options, performance awards, and deferred shares to non-employee directors					
Non-participating employee stock options, performance awards, and deferred shares to non-employee directors					

Non-participating employee stock options, performance awards, and deferred shares to non-employee directors	Non-participating employee stock options, performance awards, and deferred shares to non-employee directors	0.7	0.7	0.7	0.7
Diluted weighted average common shares outstanding	Diluted weighted average common shares outstanding	46.9	47.0	46.9	47.1
Diluted weighted average common shares outstanding					
Diluted weighted average common shares outstanding					
Basic earnings per share					
Basic earnings per share					
Basic earnings per share	Basic earnings per share	\$ 1.25	\$ 1.26	\$ 3.34	\$ 3.17
Diluted earnings per share	Diluted earnings per share	\$ 1.23	\$ 1.24	\$ 3.29	\$ 3.13
Diluted earnings per share					
Diluted earnings per share					

There were 0.1 million and 0.0 million stock options outstanding for the third quarters ended September 30, 2023 and September 30, 2022, and 0.1 million stock options outstanding for the nine months first quarters ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023, respectively, that were excluded from the computation of diluted earnings per share, as their inclusion would be anti-dilutive.

12. EQUITY ROLL FORWARD

The schedules below set forth equity changes in the third first quarters ended March 31, 2024 and nine months ended September 30, 2023 and September 30, 2022 March 31, 2023:

	Accumulated							
	(In thousands)	Common Stock	Additional Paid in Capital	Retained Earnings	Other Comprehensive Income/(Loss)	Noncontrolling Interest	Total Equity	Redeemable Noncontrolling Interest
(In thousands)								
Balance as of June 30, 2023	\$	4,626	\$340,812	\$1,020,883	\$ (219,662)	\$ 2,842	\$1,149,501	\$ 901
(In thousands)								

(In thousands)	Accumulated						
	Common	Additional	Retained	Other	Noncontrolling	Total	Redeemable
	Stock	Paid in	Earnings	Comprehensive	Interest	Equity	Noncontrolling
		Capital		Income/(Loss)			Interest
Balance as of June 30, 2022	\$ 4,628	\$318,837	\$ 900,135	\$ (237,513)	\$ 2,486	\$ 988,573	\$ 284
Net income	—	—	58,624	—	180	58,804	168
Dividends on common stock (\$0.195/share)	—	—	(9,088)	—	—	(9,088)	—
Dividends on common stock (\$0.250/share)							
Common stock issued	Common stock issued	4	1,664	—	—	1,668	—
Common stock repurchased	Common stock repurchased	—	—	(87)	—	(87)	—
Share-based compensation	Share-based compensation	—	2,618	—	—	2,618	—
Currency translation adjustment	Currency translation adjustment	—	—	—	(15,924)	(125)	(16,049)
Currency translation adjustment							3
Currency translation adjustment							
Pension and other post retirement plans, net of taxes	Pension and other post retirement plans, net of taxes	—	—	—	1,277	—	1,277
Balance as of September 30, 2022	\$ 4,632	\$323,119	\$ 949,584	\$ (252,160)	\$ 2,541	\$1,027,716	\$ 455

Balance as of March 31, 2024

(In thousands)
(In thousands)

(In thousands)	Accumulated						
	Common	Additional	Retained	Other	Noncontrolling	Total	Re
	Stock	Paid in	Earnings	Comprehensive	Interest	Equity	Nor
		Capital		Income/(Loss)			
Balance as of December 31, 2022							
Net income							
Dividends on common stock (\$0.225/share)							
Common stock issued							
Common stock repurchased							
Share-based compensation							
Currency translation adjustment							

Currency translation adjustment
Currency translation adjustment
Pension and other post retirement plans, net of taxes
Balance as of March 31, 2023

(In thousands)	Common Stock	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Noncontrolling Interest	Total Equity	Redeemable Noncontrolling Interest
Balance as of December 31, 2022	\$ 4,619	\$ 325,426	\$ 969,261	\$ (231,448)	\$ 2,276	\$ 1,070,134	\$ 620
Net Income	—	—	154,723	—	764	155,487	417
Dividends on common stock (\$0.675/share)	—	—	(31,315)	—	—	(31,315)	—
Common stock issued	22	8,988	—	—	—	9,010	—
Common stock repurchased	(33)	—	(29,662)	—	—	(29,695)	—
Share-based compensation	13	8,436	—	—	—	8,449	—
Dividend to noncontrolling interest	—	—	—	—	(821)	(821)	—
Currency translation adjustment	—	—	—	178	(38)	140	(2)
Pension and other post retirement plans, net of taxes	—	—	—	1,218	—	1,218	—
Balance as of September 30, 2023	\$ 4,621	\$ 342,850	\$ 1,063,007	\$ (230,052)	\$ 2,181	\$ 1,182,607	\$ 1,035

(In thousands)	Common Stock	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Noncontrolling Interest	Total Equity	Redeemable Noncontrolling Interest
Balance as of December 31, 2021	\$ 4,648	\$ 310,617	\$ 859,817	\$ (228,581)	\$ 2,161	\$ 948,662	\$ (19)
Net Income	—	—	147,753	—	644	148,397	457
Dividends on common stock (\$0.585/share)	—	—	(27,293)	—	—	(27,293)	—
Common stock issued	8	3,576	—	—	—	3,584	—
Common stock repurchased	(38)	—	(30,693)	—	—	(30,731)	—
Share-based compensation	14	8,926	—	—	—	8,940	—
Currency translation adjustment	—	—	—	(26,712)	(264)	(26,976)	17
Pension and other post retirement plans, net of taxes	—	—	—	3,133	—	3,133	—
Balance as of September 30, 2022	\$ 4,632	\$ 323,119	\$ 949,584	\$ (252,160)	\$ 2,541	\$ 1,027,716	\$ 455

13. ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)

Changes in accumulated other comprehensive income/(loss) by component for the **nine three** months ended **September 30, 2023** **March 31, 2024** and **September 30, 2022** **March 31, 2023**, are summarized below:

(In millions)	(In millions)	Foreign Currency Translation Adjustments	Pension and Post-Retirement Plan Benefit	Total	(In millions)	Foreign Currency Translation Adjustments	Pension and Post-Retirement Plan Benefit Adjustments ⁽²⁾	Total

For the nine months ended		Adjustments		
September 30, 2023:			(2)	
Balance as of December 31, 2022		\$ (191.3)	\$ (40.1)	\$ (231.4)
For the three months ended				
March 31, 2024:				
Balance as of December 31, 2023				
Balance as of December 31, 2023				
Balance as of December 31, 2023				
Other comprehensive income/(loss) before reclassifications				
Other comprehensive income/(loss) before reclassifications				
Other comprehensive income/(loss) before reclassifications	Other comprehensive income/(loss) before reclassifications	0.2	—	0.2
Amounts reclassified from accumulated other comprehensive income/(loss) (1)	Amounts reclassified from accumulated other comprehensive income/(loss) (1)	—	1.2	1.2
Net other comprehensive income/(loss)	Net other comprehensive income/(loss)	0.2	1.2	1.4
Balance as of September 30, 2023		\$ (191.1)	\$ (38.9)	\$ (230.0)
Balance as of March 31, 2024				
Balance as of March 31, 2024				
Balance as of March 31, 2024				
For the nine months ended				
September 30, 2022:				
Balance as of December 31, 2021		\$ (179.6)	\$ (49.0)	\$ (228.6)
For the three months ended				
March 31, 2023:				
For the three months ended				
March 31, 2023:				
For the three months ended				
March 31, 2023:				
Balance as of December 31, 2022				
Balance as of December 31, 2022				
Balance as of December 31, 2022				

Other comprehensive income/(loss) before reclassifications				
Other comprehensive income/(loss) before reclassifications				
Other comprehensive income/(loss) before reclassifications	Other comprehensive income/(loss) before reclassifications	(26.7)	—	(26.7)
Amounts reclassified from accumulated other comprehensive income/(loss) (1)	Amounts reclassified from accumulated other comprehensive income/(loss) (1)	—	3.1	3.1
Net other comprehensive income/(loss)	Net other comprehensive income/(loss)	(26.7)	3.1	(23.6)
Balance as of September 30, 2022		<u>\$ (206.3)</u>	<u>\$ (45.9)</u>	<u>\$ (252.2)</u>
Balance as of March 31, 2023				
Balance as of March 31, 2023				
Balance as of March 31, 2023				

(1) This accumulated other comprehensive income/(loss) component is included in the computation of net periodic pension cost (refer to Note 7 for additional details) and is included in the "Other income/(expense), income, net" line of the Company's condensed consolidated statements of income.

(2) Net of tax expense of \$0.4 million and \$0.9 million \$0.1 million for the nine three months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023, respectively.

Amounts related to noncontrolling interests were not material.

14. SEGMENT AND GEOGRAPHIC INFORMATION

The accounting policies of the operating segments are the same as those described in Note 1 of the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023. Revenue is recognized based on the invoice price at the point in time when the customer obtains control of the product, which is typically upon shipment to the customer. The Water and Fueling segments include manufacturing operations and supply certain components and finished goods, both between segments and to the Distribution segment. The Company reports these product transfers between Water and Fueling as inventory transfers as a significant number of the Company's manufacturing facilities are shared across segments for scale and efficiency purposes. The Company reports intersegment transfers from Water to Distribution as intersegment revenue at market prices to properly reflect the commercial arrangement of vendor to customer that exists between the Water and Distribution segments.

Segment operating income is a key financial performance measure. Operating income by segment is based on net sales less identifiable operating expenses and allocations and includes profits recorded on sales to other segments of the Company.

Financial information by reportable business segment is included in the following summary:

		Third Quarter Ended		Nine Months Ended	
		First Quarter Ended		First Quarter Ended	
		First Quarter Ended		First Quarter Ended	
		First Quarter Ended		First Quarter Ended	
(In millions)	(In millions)	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Net sales					
(In millions)					
(In millions)					
		Net sales			
		Net sales			

		Net sales			
Water Systems	Water Systems				
External sales	External sales				
External sales					
External sales					
United States & Canada					
United States & Canada					
United States & Canada	United States & Canada	\$	157.7	\$	158.9
				\$	494.0
				\$	452.0
Latin America	Latin America		45.5		41.3
					127.8
					120.9
Latin America					
Latin America					
Europe, Middle East & Africa					
Europe, Middle East & Africa					
Europe, Middle East & Africa	Europe, Middle East & Africa		48.7		46.0
					153.7
					146.7
Asia Pacific	Asia Pacific		19.6		22.1
					60.6
					66.8
Asia Pacific					
Asia Pacific					
Intersegment sales					
Intersegment sales					
Intersegment sales	Intersegment sales				
United States & Canada	United States & Canada		24.3		24.8
					88.0
					89.8
United States & Canada					
United States & Canada					
Total sales					
Total sales					
Total sales	Total sales		295.8		293.1
					924.1
					876.2
Distribution	Distribution				
Distribution					
External sales					
External sales					
External sales	External sales				
United States & Canada	United States & Canada		189.2		193.2
					525.3
					519.2
United States & Canada					
United States & Canada					
Intersegment sales					
Intersegment sales					
Intersegment sales	Intersegment sales		—		—
					—
					—
Total sales	Total sales		189.2		193.2
					525.3
					519.2
Total sales					
Total sales					
Fueling Systems					
Fueling Systems					
Fueling Systems	Fueling Systems				
External sales	External sales				
External sales					
External sales					
United States & Canada					

United States & Canada					
United States & Canada	United States & Canada	58.5	66.5	172.8	182.5
All other	All other	19.2	23.7	58.0	66.2
All other					
All other					
Intersegment sales	Intersegment sales	—	—	—	—
Intersegment sales					
Intersegment sales					
Total sales					
Total sales					
Total sales	Total sales	77.7	90.2	230.8	248.7
Intersegment Eliminations/Other	Intersegment Eliminations/Other	(24.3)	(24.8)	(88.0)	(89.8)
Intersegment Eliminations/Other					
Intersegment Eliminations/Other					
Consolidated					
Consolidated					
Consolidated	Consolidated	\$ 538.4	\$ 551.7	\$ 1,592.2	\$ 1,554.3
First Quarter Ended					
	Third Quarter Ended		Nine Months Ended		
First Quarter Ended					
	September 30, 2023		September 30, 2022	September 30, 2023	September 30, 2022
Operating income/(loss)					
First Quarter Ended					
March 31, 2024					
March 31, 2024					
March 31, 2024					
Operating income/(loss)					
Operating income/(loss)					
Operating income/(loss)					
Water Systems	Water Systems	\$ 52.7	\$ 45.5	\$ 152.5	\$ 127.7
Distribution	Distribution	10.7	19.0	33.2	51.7
Distribution					
Distribution					
Fueling Systems					
Fueling Systems					
Fueling Systems	Fueling Systems	25.8	28.6	73.3	72.4
Intersegment Eliminations/Other	Intersegment Eliminations/Other	(11.1)	(13.1)	(47.4)	(50.8)
Intersegment Eliminations/Other					
Intersegment Eliminations/Other					
Consolidated	Consolidated	\$ 78.1	\$ 80.0	\$ 211.6	\$ 201.0
Consolidated					
Consolidated					
September 30, 2023					
December 31, 2022					
Total assets					
March 31, 2024					
March 31, 2024					
March 31, 2024					

		Total assets	
		Total assets	
		Total assets	
Water Systems			
Water Systems			
Water Systems	Water Systems	\$ 1,033.4	\$ 1,017.5
Distribution	Distribution	375.6	360.4
Distribution			
Distribution			
Fueling Systems			
Fueling Systems			
Fueling Systems	Fueling Systems	268.1	269.1
Other	Other	48.2	47.2
Other			
Other			
Consolidated	Consolidated	\$ 1,725.3	\$ 1,694.2
Consolidated			
Consolidated			

Other Assets are generally Corporate assets that are not allocated to the segments and are comprised primarily of cash and property, plant and equipment.

15. COMMITMENTS AND CONTINGENCIES

In 2011, the Company became aware of a review of alleged issues with certain underground piping connections installed in filling stations in France owned by the French Subsidiary of Exxon Mobile, Esso S.A.F. A French court ordered that a designated, subject-matter expert review 103 filling stations to determine what, if any, damages are present and the cause of those damages. The Company has participated in this investigation since 2011, along with several other third parties including equipment installers, engineering design firms who designed and provided specifications for the stations, and contract manufacturers of some of the installed equipment. In May 2022, the subject-matter expert issued its final report, which indicates that total damages incurred by Esso amounted to approximately 9.5 million Euro. It is the Company's position that its products were not the cause of any alleged damage. The Company submitted its response to the expert's final report in February 2023. The Company cannot predict the ultimate outcome of this matter. Any exposure related to this matter is neither probable nor estimable at this time. If payments result from a resolution of this matter, depending on the amount, they could have a material effect on the Company's financial position, results of operations, or cash flows.

The Company is defending other various claims and legal actions which have arisen in the ordinary course of business. In the opinion of management, based on current knowledge of the facts and after discussion with counsel, these claims and legal actions can be defended or resolved without a material effect on the Company's financial position, results of operations, and net cash flows.

At September 30, 2023 March 31, 2024, the Company had \$9.6 million \$9.5 million of commitments primarily for capital expenditures and purchase of raw materials to be used in production. production and finished goods.

At March 31, 2024, the Company has a contingent consideration liability with an estimated fair value of \$4.5 million that could result in a payment up to \$5.0 million if a future profitability milestone is achieved.

The changes in the carrying amount of the warranty accrual, as recorded in the "Accrued expenses and other current liabilities" line of the Company's condensed consolidated balance sheet for the nine three months ended September 30, 2023 March 31, 2024, are as follows:

(In millions)

Balance as of December 31, 2022 December 31, 2023	\$ 11.2 9.3
Accruals related to product warranties	9.4 2.7
Reductions for payments made	(10.3) (3.1)
Balance as of September 30, 2023 March 31, 2024	\$ 10.3 8.9

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Third

First Quarter and Year-to-Date 2024 vs. 2023 vs. 2022

OVERVIEW

Net sales in the third first quarter and first nine months of 2023 2024 decreased 2 5 percent and increased 2 percent, respectively, from the prior-year periods. first quarter of last year. The sales decrease in the third quarter was primarily due to lower volumes sales in Water Systems and the negative impact of foreign currency translation, Fueling Systems, partially offset by price realization. The higher sales increase in the first nine months was primarily due to price realization, partially offset by the negative impact of foreign currency

translation. Distribution segment. The Company's consolidated gross profit was \$186.3 million and \$537.0 million, respectively, \$163.6 million for the third first quarter and first nine months of 2023, a decrease of \$4.3 million and 2024, an increase of \$11.8 million, respectively, \$1.3 million from the prior-year periods. prior year's first quarter. The gross profit as a percent of net sales was 35.5 percent in the first quarter of 2024 compared to 33.5 percent in the first quarter of 2023. Diluted earnings per share was \$1.23 and \$3.29, respectively, for the third first quarter and first nine months of 2023, 2024 was \$0.70, a decrease of \$0.01 and an increase \$0.16, respectively, \$0.09 from the prior-year periods. first quarter of 2023 diluted earnings per share of \$0.79.

RESULTS OF OPERATIONS

Net Sales

(In millions)	Net Sales		
	Q3 2023	Q3 2022	2023 v 2022
Water Systems	\$ 295.8	\$ 293.1	\$ 2.7
Fueling Systems	77.7	90.2	(12.5)
Distribution	189.2	193.2	(4.0)
Eliminations/Other	(24.3)	(24.8)	0.5
Consolidated	\$ 538.4	\$ 551.7	\$ (13.3)

(In millions)	Net Sales		
	YTD September 30, 2023	YTD September 30, 2022	2023 v 2022
Water Systems	\$ 924.1	\$ 876.2	\$ 47.9
Fueling Systems	230.8	248.7	(17.9)
Distribution	525.3	519.2	6.1
Eliminations/Other	(88.0)	(89.8)	1.8
Consolidated	\$ 1,592.2	\$ 1,554.3	\$ 37.9

Net sales decreased 2 percent in the third quarter and increased 2 percent in the first nine months quarter of 2023, as 2024 were \$460.9 million, a decrease of \$23.7 million or 5 percent compared to the prior-year periods. Foreign currency unfavorably 2023 first quarter sales of \$484.6 million primarily due to lower volumes in Water Systems and Fueling Systems. Sales were negatively impacted net sales by 2 and 3 percentage points during the third quarter and first nine months of 2023, respectively, compared to the prior-year periods, changes in foreign exchange rates, principally due to the strengthening of the U.S. Dollar relative to the Argentine Peso and Turkish Lira Lira. However, the Company increases prices in the local currency to offset the impact of currency devaluation in the Argentina and Argentine Peso. Turkey hyperinflationary economies. As a result, the net impact of foreign currency exchange rates on net sales was not significant in the first quarter of 2024 compared to the same period in the prior year.

(In millions)	Net Sales		
	Q1 2024	Q1 2023	2024 v 2023
Water Systems	\$ 286.6	\$ 306.6	\$ (20.0)
Fueling Systems	62.1	72.7	(10.6)
Distribution	147.0	143.0	4.0
Eliminations/Other	(34.8)	(37.7)	2.9
Consolidated	\$ 460.9	\$ 484.6	\$ (23.7)

Net Sales-Water Systems

Water Systems sales increased 1 percent in the third quarter and 5 percent were \$286.6 million in the first nine months quarter of 2023, as 2024, a decrease of \$20.0 million or 7 percent compared to the prior-year periods. This first quarter of 2023 sales growth of \$306.6 million. The sales decline was primarily due to price realization. Partially offsetting lower volume, partially offset by the increase, incremental sales decreased 4 percent in both the third quarter and first nine months of 2023 due to the negative impact from foreign exchange rates, as compared to prior-year periods. recent acquisitions.

Water Systems sales in the U.S. and Canada decreased 112 percent in the third quarter and increased 7 percent in the first nine months of 2023, as compared to the prior-year periods. Sales decreased less than 1 percent in the third quarter and decreased 1 percent in first nine months of 2023 due to the negative impact from foreign exchange rates, as compared to prior-year periods. In the third quarter of 2023, sales 2023. Sales of large dewatering equipment increased 32 percent, sales of and groundwater pumping equipment decreased 9 50 percent and 8 percent, respectively. These sales of all other surface pumping equipment decreased 4 percent compared to 2022. In declines were partially offset by the first nine months of 2023, incremental sales of large dewatering equipment increased 86 percent, sales of groundwater pumping equipment decreased 7 percent and sales of all other surface pumping equipment increased 1 percent compared to 2022. impact from recent acquisitions in the Water Treatment product portfolio.

Water Systems sales in markets outside the U.S. and Canada increased 4 percent in the third quarter and 2 percent in compared to the first nine months quarter of 2023 as compared to the prior-year periods. Sales decreased 11 percent sales increased in both the third quarter and first nine months of 2023 due to the negative impact from foreign exchange rates, as compared to prior-year periods. In both the third quarter and first nine months of 2023, excluding the impact of foreign currency translation, sales increases in all major markets: Latin America, EMEA, and Latin America more than offset sales declines in the Asia Pacific markets. Pacific.

Net Sales-Fueling Systems

Fueling Systems sales decreased 14 percent in the third quarter and 7 percent were \$62.1 million in the first nine months quarter of 2023, as 2024, a decrease of \$10.6 million or 15 percent compared to the prior-year periods. This first quarter of 2023 sales of \$72.7 million. The sales decline was primarily due to lower volumes. volume.

Fueling Systems sales in the U.S. and Canada decreased 14 11 percent in the third quarter and 6 percent in the first nine months of 2023, as compared to the prior-year periods. The decrease was primarily first quarter of 2023 due to declines in dispensing and piping, sales across all major product lines as customer buying patterns have normalized after record first quarter sales in 2023. Outside the U.S. and Canada, Fueling Systems sales decreased 20 16 percent, in the third quarter and 13 percent in the first nine months of 2023, as compared to the prior-year periods, due primarily to the divestiture of the above ground storage tank business in 2022 and lower sales in China. Asia Pacific.

Net Sales - Distribution

Distribution sales decreased 2 percent in the third quarter and increased 1 percent were \$147.0 million in the first nine months quarter of 2023, as 2024, an increase of \$4.0 million or 3 percent compared to the prior-year periods. first quarter of 2023 sales of \$143.0 million. The Distribution segment sales decline in the third quarter growth was primarily due to lower commodity driven pricing while the incremental sales growth in the first nine months was primarily due to price realization and higher volumes. impact from a recent acquisition.

Gross Profit and Expenses Ratios

(In Millions)		Three months ended September 30,			
		2023	% of Net Sales	2022	% of Net Sales
Gross Profit		\$ 186.3	34.6 %	\$ 190.6	34.5 %
Selling, General and Administrative Expense		107.7	20.0 %	109.4	19.8 %

(In Millions)		Nine Months Ended September 30,			
		2023	% of Net Sales	2022	% of Net Sales
Gross Profit		\$537.0	33.7 %	\$525.2	33.8 %
Selling, General and Administrative Expense		324.7	20.4 %	322.4	20.7 %

(In Millions)		Three Months Ended March 31,			
		2024	% of Net Sales	2023	% of Net Sales
Gross Profit		\$163.6	35.5 %	\$162.3	33.5 %
Selling, General and Administrative Expense		115.6	25.1 %	109.5	22.6 %

Gross Profit

The gross profit margin ratio was 34.6 percent and 33.7 35.5 percent in the third quarter 2024 and first nine months of 2023, respectively, and 34.5 percent and 33.8 33.5 percent in the third first quarter and first nine months of 2022, respectively. 2023. The gross profit margin was favorably impacted in the third quarter and first nine months of 2023 2024 by price realization, product mix and lower freight costs in Water Systems and Fueling, partially offset by margin compression from unfavorable pricing of commodity-based products sold through the Distribution business.

Selling, General, and Administrative ("SG&A")

SG&A expenses were \$107.7 million in the third quarter and \$324.7 million \$115.6 million in the first nine months quarter of 2023 2024 compared to \$109.4 million in the third quarter and \$322.4 million \$109.5 million in the first nine months of 2022. SG&A expenses decreased in the third quarter of 2023 2023. The increase was primarily due to lower incentive-based the incremental expense impact from recent acquisitions and higher compensation expenses. costs. SG&A expenses increased by less than 1 costs as a percent of net sales was 25.1 percent in the first nine months quarter of 2023 primarily due to higher compensation costs, partially offset by lower advertising 2024 and marketing expenses. The SG&A expenses ratio was 20.0 percent and 20.4 22.6 percent in the third first quarter and first nine months of 2023, respectively, and 19.8 percent and 20.7 percent in the third quarter and first nine months of 2022, respectively. 2023.

Restructuring Expenses

Restructuring There were no restructuring expenses were \$0.5 million and \$0.7 million in the third first quarter of 2024 and first nine months of 2023, respectively, and \$1.2 million and \$1.9 million \$0.1 million in the third first quarter and first nine months of 2022, respectively. Restructuring expenses were primarily from continued miscellaneous manufacturing realignment activities, branch closings and consolidations. 2023.

Operating Income

Operating income decreased 2 percent and increased 5 percent was \$47.9 million in the third first quarter and of 2024, a decrease of \$4.7 million or 9 percent from \$52.6 million in the first nine months quarter of 2023, as compared to the prior-year periods. 2023.

(In millions)		Operating income (loss)		
		Q3 2023	Q3 2022	2023 v 2022
Water Systems		\$ 52.7	\$ 45.5	\$ 7.2
Fueling Systems		25.8	28.6	(2.8)

Distribution	10.7	19.0	(8.3)
Eliminations/Other	(11.1)	(13.1)	2.0
Consolidated	\$ 78.1	\$ 80.0	\$ (1.9)

		Operating income (loss)					
		Operating income (loss)			Operating income (loss)		
(In millions)	(In millions)	YTD September 30, 2023	YTD September 30, 2022	2023 v 2022	(In millions)	Q1 2024	Q1 2023
Water Systems	Water Systems	\$ 152.5	\$ 127.7	\$24.8			
Fueling Systems	Fueling Systems	73.3	72.4	0.9			
Distribution	Distribution	33.2	51.7	(18.5)			
Eliminations/Other	Eliminations/Other	(47.4)	(50.8)	3.4			
Consolidated	Consolidated	\$ 211.6	\$ 201.0	\$10.6			

Operating Income-Water Systems

Water Systems operating income increased \$7.2 million in the third quarter and \$24.8 million was \$47.1 million in the first nine months quarter of 2023, as 2024, a decrease of \$1.9 million compared to the prior-year periods, first quarter of 2023. Operating income decreased in Water Systems primarily due to price realization and cost management, including lower freight costs. sales. The third first quarter operating income margin was 17.8 16.4 percent, an increase of 230 40 basis points from 15.5 percent in the third quarter of 2022. The first nine months of 2023 operating income margin was 16.5 percent, an increase of 190 basis points from 14.6 16.0 percent in the first nine months of 2022. quarter 2023. Operating income margin increased primarily due to price realization favorable product mix shifts and cost management. lower freight costs.

Operating Income-Fueling Systems

Fueling Systems operating income decreased \$2.8 million in the third quarter and increased \$0.9 million was \$18.8 million in the first nine months quarter of 2023, as 2024, a decrease of \$2.0 million compared to the prior-year periods. The decrease first quarter of 2023. Operating income decreased in operating income in the third quarter was Fueling Systems primarily related due to lower sales. The increase in operating income in the first nine months of 2023 was primarily due to a favorable product and geographic mix of net sales and disciplined cost management. The third quarter operating income margin was 33.2 30.3 percent, an increase of 150 170 basis points from 31.7 percent in the third quarter of 2022. The first nine months of 2023 operating income margin was 31.8 percent, an increase of 270 basis points from 29.1 28.6 percent in the first nine months quarter of 2022. 2023. Operating income margin increased primarily due to price realization, overall cost management including lower freight costs and a favorable product and geographic sales mix shift and disciplined cost management. shift.

Operating Income-Distribution

Distribution operating income decreased \$8.3 million in the third quarter and \$18.5 million was \$1.8 million in the first nine months quarter of 2023, as 2024, a decrease of \$2.9 million compared to the prior-year periods, first quarter of 2023. The third first quarter operating income margin was 5.7 1.2 percent, a decrease of 410 210 basis points from 9.8 percent in the third quarter of 2022. The first nine months of 2023 operating income margin was 6.3 percent, a decrease of 370 basis points from 10.0 3.3 percent in the first nine months quarter of 2022. 2023. Operating income and operating income margin decreased primarily due to lower sales as a result of wet weather across much of the United States and customer inventory destocking along with unfavorable pricing of commodity-based products sold through the business.

Operating Income-Eliminations/Other

Operating income-Eliminations/Other income-eliminations/other is composed primarily of intersegment sales and profit eliminations and unallocated general and administrative expenses. The intersegment profit elimination impact in the third first quarter and first nine months of 2023 2024 compared to the prior-year periods first quarter of 2022 2023 was a favorable \$0.6 million and \$3.7 million, respectively. \$1.6 million. The intersegment elimination of operating income effectively defers the operating income on sales from Water Systems to Distribution in the consolidated financial results until such time as the transferred product is sold from the Distribution segment to its end third party customer. General and administrative expenses decreased \$1.4 million and increased \$0.3 million, respectively, \$0.5 million compared to the prior-year periods.

prior year.

Interest Expense

Interest expense was \$3.0 million and \$10.3 million in the third quarter and first nine months of 2023, respectively, and \$3.1 million and \$7.5 million in the third quarter and first nine months of 2022, respectively. The increase \$1.4 million in the first nine months quarter of 2024 and decreased \$1.7 million from \$3.1 million in the first quarter of 2023 was primarily driven by higher interest rates. due to lower outstanding debt levels.

Other Income, or Expense Net

Other income (expense), net was a benefit of \$0.3 million \$0.7 million and \$1.9 million \$0.4 million in the third quarter first quarters of 2024 and first nine months of 2023, respectively, and an expense of \$1.3 million and \$2.8 million in the third quarter and first nine months of 2022, respectively.

Foreign Exchange

Foreign currency-based transactions produced an expense for the first quarter of \$2.5 million and \$8.1 million in 2024 of \$4.9 million, primarily due to the third quarter and first nine months of 2023, respectively, and an expense of \$3.4 million and \$4.3 million in Argentinian Peso relative to the third quarter and first nine months of 2022, respectively. U.S. dollar. The expense in 2023 was primarily due to transaction losses associated with the Turkish Lira, Argentine Argentine Peso and Mexican Peso relative to the U.S. dollar. The expense in

2022 was primarily due to transaction losses associated with the Argentine Peso and Turkish Lira. The Company reports the results of its subsidiaries in Argentina and Turkey using highly inflationary accounting, which requires that the functional currency of the entity be changed to the reporting currency of its parent.

Income Taxes

The provision for income taxes in the third quarter first quarters of 2024 and first nine months of 2023 was \$14.7 million \$9.2 million and \$39.2 million \$10.2 million, respectively, and \$13.4 million and \$37.5 million in the third quarter and first nine months of 2022, respectively. The effective tax rate for the third quarter first quarters of 2024 and first nine months of 2023 was 20.2 22 percent and 20.1 21 percent, respectively, and 18.5 percent and 20.1 percent in the third quarter and the first nine months of 2022, respectively. The increase in the effective tax rate for the third quarter of 2023 compared was due to the comparable period an increase in the prior year was a result rate on foreign earnings with the implementation of less favorable discrete events in 2023. the European Union's Pillar Two Directive.

Net Income

Net income in for the third first quarter and of 2024 was \$33.1 million compared to the prior year first nine months quarter net income of 2023 was \$58.2 million and \$155.9 million, respectively, and \$59.0 million and \$148.9 million in the third quarter and first nine months of 2022, respectively. \$37.6 million. Net income attributable to Franklin Electric Co., Inc. in for the third first quarter and first nine months of 2023 2024 was \$57.8 million and \$154.7 million \$33.0 million, respectively, or \$1.23 and \$3.29 \$0.70 per diluted share. Net share, compared to the prior year first quarter net income attributable to Franklin Electric Co., Inc. in the third quarter and first nine months of 2022 was \$58.6 million and \$147.8 million \$37.3 million, respectively, or \$1.24 and \$3.13 \$0.79 per diluted share.

CAPITAL RESOURCES AND LIQUIDITY

Sources of Liquidity

The Company's primary sources of liquidity are cash on hand, cash flows from operations, revolving credit agreements, and long-term debt funds available. The Company believes its capital resources and liquidity position at September 30, 2023 March 31, 2024 is adequate to meet projected needs for the foreseeable future. The Company expects that ongoing requirements for operations, capital expenditures, pension obligations, dividends, share repurchases, and debt service will be adequately funded from cash on hand, operations, and existing credit agreements.

As of September 30, 2023 March 31, 2024, the Company had a \$350.0 million revolving credit facility. The facility is scheduled to mature on May 13, 2026. As of September 30, 2023 March 31, 2024, the Company had \$307.4 million \$323.5 million borrowing capacity under its credit agreement as \$3.6 million \$3.5 million in letters of commercial and standby letters of credit were outstanding and undrawn and \$39.0 million \$23.0 million in revolver borrowings were drawn and outstanding, which were primarily used for funding working capital requirements.

In addition, the Company maintains an uncommitted and unsecured private shelf agreement with NYL Investors LLC, an affiliate of New York Life, and each of the undersigned holders of Notes (the "New York Life Agreement") with a remaining borrowing capacity of \$125.0 million as of September 30, 2023 March 31, 2024. The Company also has other long-term debt borrowings outstanding as of September 30, 2023 March 31, 2024. See Note 10 - Debt included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, for additional information regarding these obligations and future maturities as well as Note 10 - Debt of this current quarterly report for changes to these agreements since December 31, 2022 December 31, 2023.

At September 30, 2023 March 31, 2024, the Company had \$54.9 million \$59.6 million of cash and cash equivalents held in foreign jurisdictions, which is intended to be used to fund foreign operations. There is currently no need or intent to repatriate the majority of these funds in order to meet domestic funding obligations or scheduled cash distributions.

Cash Flows

The following table summarizes significant sources and uses of cash and cash equivalents for the first nine three months of 2023 2024 and 2022, 2023.

(in millions)	(in millions)	2023	2022	(in millions)	2024	2023
Net cash flows from operating activities	Net cash flows from operating activities	\$198.6	\$ 7.2			
Net cash flows from investing activities	Net cash flows from investing activities	(36.8)	(30.9)			
Net cash flows from financing activities	Net cash flows from financing activities	(140.3)	29.2			
Impact of exchange rates on cash and cash equivalents	Impact of exchange rates on cash and cash equivalents	(4.8)	(6.5)			

Change in cash and cash equivalents	Change in cash and cash equivalents	\$ 16.7	\$(1.0)
-------------------------------------	-------------------------------------	---------	---------

Cash Flows from Operating Activities

2023 2024 vs. 2022 2023

Net cash ~~provided~~ ~~used~~ by operating activities was \$198.6 million \$1.4 million for the ~~nine~~ ~~three~~ months ended ~~September 30, 2023~~ ~~March 31, 2024~~ compared to \$7.2 million ~~provided~~ \$12.0 million used by operating activities for the ~~nine~~ ~~three~~ months ended ~~September 30, 2022~~ ~~March 31, 2023~~. The change in operating cash flow was primarily due to ~~decreased~~ ~~continued~~ ~~actions to improve~~ working capital ~~requirements~~, including inventory reductions.

Cash Flows from Investing Activities

2023 2024 vs. 2022 2023

Net cash used in investing activities was \$36.8 million \$10.2 million for the ~~nine~~ ~~three~~ months ended ~~September 30, 2023~~ ~~March 31, 2024~~ compared to \$30.9 million \$14.6 million used in investing activities for the ~~nine~~ ~~three~~ months ended ~~September 30, 2022~~ ~~March 31, 2023~~. The ~~increase in cash used~~ ~~change in~~ investing ~~activities~~ cash flow was primarily attributable to ~~increased~~ ~~decreased~~ acquisition activity in the first ~~nine~~ ~~three~~ months of ~~2023~~, 2024.

Cash Flows from Financing Activities

2023 2024 vs. 2022 2023

Net cash used by financing activities was \$140.3 million \$6.3 million for the ~~nine~~ ~~three~~ months ended ~~September 30, 2023~~ ~~March 31, 2024~~ compared to \$29.2 million \$33.1 million provided by financing activities for the ~~nine~~ ~~three~~ months ended ~~September 30, 2022~~ ~~March 31, 2023~~. The change in financing cash flow was primarily attributable to ~~net reduced~~ borrowings under the Company's revolving credit facility in ~~2022~~ 2024 compared to ~~net repayments in~~ 2023.

FACTORS THAT MAY AFFECT FUTURE RESULTS

This quarterly report on Form 10-Q contains certain forward-looking information, such as statements about the Company's financial goals, acquisition strategies, financial expectations including anticipated revenue or expense levels, business prospects, market positioning, product development, manufacturing re-alignment, capital expenditures, tax benefits and expenses, and the effect of contingencies or changes in accounting policies. Forward-looking statements are typically identified by words or phrases such as "believe," "expect," "anticipate," "intend," "estimate," "may increase," "may fluctuate," "plan," "goal," "target," "strategy," and similar expressions or future or conditional verbs such as "may," "will," "should," "would," and "could." While the Company believes that the assumptions underlying such forward-looking statements are reasonable based on present conditions, forward-looking statements made by the Company involve risks and uncertainties and are not guarantees of future performance. Actual results may differ materially from those forward-looking statements as a result of various factors, including regional or general economic and currency conditions, various conditions specific to the Company's business and industry, new housing starts, weather conditions, epidemics and pandemics, market demand, competitive factors, changes in distribution channels, supply constraints, effect of price increases, raw material costs and availability, technology factors, integration of acquisitions, litigation, government and regulatory actions, the Company's accounting policies, and other risks, all as described in the Company's Securities and Exchange Commission filings, included in Part I, Item 1A of the Company's Annual Report on Form 10-K for the fiscal year ended ~~December 31, 2022~~ ~~December 31, 2023~~, and in Exhibit 99.1 thereto. Any forward-looking statements included in this Form 10-Q are based upon information presently available. The Company does not assume any obligation to update any forward-looking information, except as required by law.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no significant changes in the Company's exposure to market risk during the ~~third first~~ quarter ended ~~September 30, 2023~~ ~~March 31, 2024~~. For additional information, refer to Part II, Item 7A of the Company's Annual Report on Form 10-K for the fiscal year ended ~~December 31, 2022~~ ~~December 31, 2023~~.

ITEM 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this report (the "Evaluation Date"), the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and the Company's Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rules 13a-15. Based upon that evaluation, the Company's Chief Executive Officer and the Company's Chief Financial Officer concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures were effective.

There have been no changes in the Company's internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15 under the Exchange Act during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is defending various claims and legal actions which have arisen in the ordinary course of business. For a description of the Company's material legal proceedings, refer to Note 15 - Commitments and Contingencies, in the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1, "Notes to Condensed Consolidated Financial Statements (Unaudited)," of this Quarterly Report on Form 10-Q, which is incorporated into this Item 1 by reference. In the opinion of management, based on current knowledge of the facts and after discussion with counsel, other claims and legal actions can be defended or resolved without a material effect on the Company's financial position, results of operations, and net cash flows.

ITEM 1A. RISK FACTORS

There have been no material changes to the Company's risk factors as set forth in the annual report on Form 10-K for the fiscal year ended ~~December 31, 2022~~ ~~December 31, 2023~~. Additional risks and uncertainties, not presently known to the Company or currently deemed immaterial, could negatively impact the Company's results of operations or financial condition in the future.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**(c) Issuer Repurchases of Equity Securities**

In April 2007, the Company's Board of Directors approved a plan to increase the number of shares remaining for repurchase from 628,692 to 2,300,000 shares. There is no expiration date for this plan. On August 3, 2015, the Company's Board of Directors approved a plan to increase the number of shares remaining for repurchase by an additional 3,000,000 shares. The authorization was in addition to the 535,107 shares that remained available for repurchase as of July 31, 2015. In February 2023, the Company's Board of Directors approved a plan to increase the number of shares remaining for repurchase by an additional 1,000,000 shares. The authorization was in addition to the 215,872 shares that remained available for repurchase as of February 16, 2023. The Company repurchased 55,600 78,104 shares for approximately \$5.0 million \$7.4 million under the plan during the third first quarter of 2023, 2024. The maximum number of shares that may still be purchased under this plan as of September 30, 2023 March 31, 2024 is 1,060,792 838,551.

Period	Total Number of Shares		Total Number of Shares	
	Repurchased	Average Price Paid per Share	Purchased as Part of Publicly Announced Plan	Maximum Number of Shares that may yet to be Repurchased
July 1 - July 31	—	—	—	1,116,392
August 1 - August 31	10,600	\$ 92.96	10,600	1,105,792
September 1 - September 30	45,000	\$ 89.73	45,000	1,060,792
Total	55,600	\$ 90.34	55,600	1,060,792

Period	Total Number of Shares		Total Number of Shares	
	Repurchased	Average Price Paid per Share	Purchased as Part of Publicly Announced Plan	Maximum Number of Shares that may yet to be Repurchased
January 1 - January 31	67,984	\$ 93.40	67,984	848,671
February 1 - February 29	—	\$ —	—	848,671
March 1 - March 31	10,120	\$ 100.78	10,120	838,551
Total	78,104	\$ 94.35	78,104	838,551

ITEM 5. OTHER INFORMATION

None of the Company's directors or officers adopted, modified, or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the Company's fiscal quarter ended September 30, 2023 March 31, 2024.

ITEM 6. EXHIBITS

Number	Description
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- 3.1 [Amended and Restated Articles of Incorporation of Franklin Electric Co., Inc. \(incorporated by reference to Exhibit 3.1 of the Company's Form 8-K filed on May 7, 2019\)](#)
- 3.2 [Amended and Restated Bylaws of Franklin Electric Co., Inc., as amended January 27, 2020 \(incorporated by reference to Exhibit 3.1 of the Company's Form 8-K filed on January 30, 2020\)](#)
- 10.1 [Franklin Electric Co., Inc. Amended and Restated 2017 Stock Plan \(incorporated by reference to Exhibit A to the Company's 2023 Proxy Statement for the Annual Meeting held on May 5, 2023\)*](#)
- 10.2 [Employment Security Agreement between the Company and Greg Levine \(incorporated by reference to Exhibit 10.2 of the Company's Form 10-Q filed on July 28, 2023\)*](#)
- 10.3 [Form of Confidentiality and Non-Compete Agreement between the Company and Greg Levine \(incorporated by reference to Exhibit 10.3 of the Company's Form 10-Q filed on July 28, 2023\)*](#)
- 10.4 [Consulting Agreement between the Company and Donald Kenney dated July 5, 2023 \(filed herewith\)*](#)
- 31.1 [Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- 31.2 [Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- 32.1 [Chief Executive Officer Certification Pursuant to 18 U.S.C. Section 1350 As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- 32.2 [Chief Financial Officer Certification Pursuant to 18 U.S.C. Section 1350 As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- 101 The following financial information from Franklin Electric Co., Inc.'s Quarterly Report on Form 10-Q for the **quarter** quarters ended **September 30, 2023** March 31, 2024, formatted in Inline eXtensible Business Reporting Language (Inline XBRL): (i) Condensed Consolidated Statements of Income for the **third quarter first** quarters ended March 31, 2024 and **nine months ended September 30, 2023 and 2022 2023** (ii) Condensed Consolidated Statements of Comprehensive Income/(Loss) for the **third quarter first** quarters ended March 31, 2024 and **nine months ended September 30, 2023 and 2022, 2023**, (iii) Condensed Consolidated Balance Sheets as of **September 30, 2023** March 31, 2024, and **December 31, 2022** December 31, 2023, (iv) Condensed Consolidated Statement of Cash Flows for the **nine**three months ended **September 30, 2023** March 31, 2024 and **2022, 2023**, and (v) Notes to Condensed Consolidated Financial Statements (filed herewith)
- 104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

*Management Contract, Compensatory Plan or Arrangement

SIGNATURES

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

FRANKLIN ELECTRIC CO., INC.

Registrant

Date: **October 27, 2023** April 30, 2024

By /s/ Gregg C. Sengstack

Gregg C. Sengstack, Chairperson and Chief Executive Officer
(Principal Executive Officer)

Date: **October 27, 2023** April 30, 2024

By /s/ Jeffery L. Taylor

Jeffery L. Taylor, Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

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EXHIBIT 10.4

CONSULTING AGREEMENT

This Consulting Agreement (this "Agreement") is dated August 1, 2023, (the "Effective Date") and is between Franklin Electric Co., Inc., an Indiana Corporation, with its principal place of business at 9255 Coverdale Rd., Fort Wayne, Indiana 46809, ("Franklin Electric"), and Donald Kenney, an individual with a residence at 8130 Long Lake Road, Harshaw, Wisconsin 54529 (the "Executive") (each a "Party" or collectively referred to as "Parties").

WHEREAS, prior to the Effective Date, Executive served as the Company's President, Global Water Systems; and

WHEREAS, the Company and Executive desire to set forth the terms and conditions of Executive's planned retirement and succession and transition planning; and

WHEREAS, Executive has agreed to provide services to assist in the transition of Executive's role and to continue to be available to advise and consult as requested by the Company.

NOW THEREFORE, Franklin Electric and the Executive therefore agree as follows:

1. Engagement for Consulting Services.

(a) **Engagement.** Franklin Electric hereby engages the Executive as its Executive and the Executive accepts such engagement pursuant to the terms and subject to the conditions set forth in this Agreement including, without limitation the Services (as defined below).

(b) **Services.** During the term of this Agreement, the Executive shall render such consulting services to Franklin Electric in connection with Franklin Electric's business as Franklin Electric from time to time requests, which services shall include, without limitation, those set forth on the attached Schedule A (the "Services"). The Executive agrees to use his, her, or its best efforts to cooperate, collaborate and consult with Franklin Electric, and to perform services as requested by Franklin Electric reasonably utilizing the Executive's knowledge and expertise to advance Franklin Electric products and services and ultimately to commercialization. The Executive acknowledges that best efforts includes timely performance of the Services under this Agreement which may be critical to Franklin Electric's effort to progress towards commercial development and sales and/or licensing of one or more products or services.

(c) **Authority.** The Executive agrees not to perform any acts for, or on behalf of Franklin Electric other than those specified in this Agreement. Neither Party shall have the right or authority to assume, create, or incur any third-party liability or obligation of any kind, express or implied, against or in the name of or on behalf of the other Party except as expressly set forth in this Agreement.

2. Compensation.

(a) **Rate.** As full compensation for the Services and the rights granted to Franklin Electric in this Agreement, Franklin Electric shall pay Executive the fees described in Schedule A.

(b) **Expenses.** The Executive shall receive reimbursement for travel or other costs or expenses incurred in connection with the performance of the Services as requested by the Company in writing.

3. Relationship of the Parties. The Executive is not an employee, agent, or representative of Franklin Electric and has no authority to bind or commit Franklin Electric to any agreements or other obligations. The following also apply to the relationship between the Parties:

(a) The Executive is not covered by, or eligible for, any of Franklin Electric's insurance coverage or programs nor any other fringe benefits provided to any of Franklin Electric's directors, officers, agents, or employees. The Executive will defend, indemnify and hold Franklin Electric harmless from and against all claims, damages, losses, and expenses, including reasonable fees and expenses of attorneys and other professionals, relating to any obligation imposed on Franklin Electric to pay any withholding taxes, social security, unemployment insurance, or similar items or to provide coverage or benefits under any of its fringe benefit plans, in each case in connection with compensation received by the Executive or any of the Executive's agents.

(b) The Executive is an independent contractor and shall be solely responsible for any unemployment or disability insurance payments, or any social security, income tax or other withholdings, deductions or payments which may be required by federal, state or local law with respect to any sums paid the Executive under this Agreement.

(c) If the Executive or any of the Executive's agents are later determined to have been common-law employees of Franklin Electric for any purpose, such individual shall nevertheless not be entitled to participate or receive benefits under any plan of Franklin Electric for any purpose.

(d) Franklin Electric shall not withhold any taxes from fees paid to the Executive. At year-end, Franklin Electric shall issue an IRS Form 1099 to include consulting fees plus all expenses paid on behalf of the Executive.

(e) The Executive shall furnish all tools and materials necessary to accomplish the Services.

4. Termination of Agreement.

(a) Franklin Electric may terminate this Agreement without cause after giving five (5) days prior written notice to the Executive. The Parties shall deal with each other in good faith to wind up all activities during the applicable notice period.

(b) Franklin Electric may cancel or terminate for default this Agreement in whole or in part upon written notice to the Executive:

i. If the Executive shall become insolvent or make a general assignment for the benefit of creditors;

ii. If a petition under the Bankruptcy Act is filed by the Executive or on the Executive's behalf;

iii. By three (3) days prior written notice if the Executive becomes involved in any legal proceedings that in the opinion of Franklin Electric interfere with the diligent, efficient performance and satisfactory completion of the Services; or iv. By three (3) days prior written notice and opportunity to cure if the Executive fails to provide the Services under the terms as specified herein or otherwise breaches any term of this Agreement.

(c) Upon receipt of any termination notice, the Executive shall discontinue Services on the date indicated and the Executive shall be paid the actual costs and fees (if Services are billed on a time and materials basis) incurred during the performance hereunder to the time specified in the termination notice, to the extent such costs and fees are actual, necessary, reasonable and verifiable and have been incurred by the Executive prior to and in connection with discontinuing the Services. In no event shall such costs and fees include unabsorbed overhead or anticipatory profit. In addition, if Services are quoted on a fixed price basis, any amounts due to the Executive under this Agreement shall be prorated based on the Services completed or performed by the Executive up to and including the date of termination. Payment of fees for Services is subject to Franklin Electric remedies for breach of warranty as stated in Section 8 below.

(d) Upon termination or expiration of this Agreement for any reason, the provisions of Sections 6-14 and this Section 4(d) shall survive. Termination or expiration shall not prejudice either Party's rights to require performance of any obligation due at the time of such termination or expiration.

5. Duties of the Executive.

(a) During the Term, the Executive shall maintain in force adequate workman's compensation, commercial general liability, errors and omissions, and other forms of insurance, in each case with insurers reasonably acceptable to Franklin Electric, with policy limits sufficient to protect and indemnify Franklin Electric and its affiliates, and each of their officers, directors, agents, employees, subsidiaries, partners, members and controlling persons, from any losses resulting from the Executive's, its agents, servants or employees' conduct, acts, or omissions. Franklin Electric shall be listed as additional insured under such policies, and the Executive shall forward a certificate of insurance verifying such insurance upon Franklin Electric's written request, which certificate shall indicate that such insurance policies may not be canceled before the expiration of a thirty (30) day notification period and that Franklin Electric shall be immediately notified in writing of any such notice of termination.

(b) As may be periodically requested by Franklin Electric, the Executive shall submit written reports detailing all relevant information as may be requested by Franklin Electric concerning the activities of the Executive, and all other relevant information as may be reasonably requested by Franklin Electric.

(c) All of the Executive's expenses involved in operating its business shall be the sole responsibility of the Executive and Franklin Electric shall not in any way be responsible or liable for such expenses.

(d) The Executive shall provide, manage, and control, at its own expense, adequate personnel, equipment, and office and communication facilities, to perform its obligations under this Agreement.

(e) The Executive acknowledges that it has read and understood such policies, rules and regulations of Franklin Electric and covenants to abide by such policies, rules and regulations. It is hereby understood that Franklin Electric's policies, rules and regulations may be amended or changed at any time by Franklin Electric.

6. Intellectual Property Rights; Inventions and Works.

(a) Assignment of Intellectual Property Rights. Any and all Intellectual Property (as defined below) conceived, developed, or improved by the Executive either solely or jointly with others, prior to, during, or within one (1) year after this Agreement relating or in connection with the Services provided by the Executive under this Agreement, whether or not such Intellectual Property was conceived, developed, or improved during the hours of the Executive's engagement or with the use of Franklin Electric's facilities, materials, or personnel, shall be disclosed in writing to Franklin Electric and be the exclusive property of Franklin Electric, and the Executive hereby assigns all right, title, and interest in the Intellectual Property to Franklin Electric, without royalty or other consideration, and the Executive agrees to deliver any tangible embodiments of the Intellectual Property to Franklin Electric upon request. Any domain names registered by the Executive at the direction of Franklin Electric and for the benefit of Franklin Electric shall list Franklin Electric as Registrant, and all administrative and technical contacts shall be approved by Franklin Electric. Any Intellectual Property conceived, developed, or improved by the Executive prior to the term of this Agreement (and which were not conceived, developed, or improved in contemplation of or in connection with the Services to be provided under this Agreement) and utilized by the Executive in rendering services to Company, or included in materials used by Franklin Electric, are hereby licensed to Franklin Electric for use in its operations and for an infinite duration without royalty. This license is non-exclusive, and may be assigned by Franklin Electric without the Executive's prior written approval. The Executive shall take whatever steps, do whatever acts and execute any further documents which Franklin Electric deems necessary in connection with the assignments of such Intellectual Property to Franklin Electric and shall assist Franklin Electric, or its nominees, in filing applications or obtaining patents covering such Inventions, or otherwise assist Franklin Electric in perfecting its ownership or enforcement of such Intellectual Property.

(b) **Works.** In furtherance of Section 6(a), all Works (as defined below) created by the Executive shall remain exclusively the property of Franklin Electric, each such Work created by the Executive is a "work made for hire" under the copyright law and Franklin Electric may file applications to register copyright in such Works as copyright owner thereof. If, for any reason, a Work created by the Executive is excluded from the definition of a "work made for hire" under the copyright law, then the Executive does hereby assign, sell and convey to Franklin Electric his, her, or its entire rights, title and interest in and to such Work, including the copyright therein to Franklin Electric. The Executive agrees to, and shall cause all employees and agents of the Executive to, execute any documents that Franklin Electric deems necessary with the assignment of such Work and copyright therein. The Executive shall take whatever steps and do whatever acts Franklin Electric requests, including, without limitation, placement of proper copyright notice on works created by the Executive to secure or aid in securing or maintaining copyright protection in such Works, and the Executive shall, and shall cause other employees and agents of the Executive to, assist Franklin Electric in filing applications to register claims of copyright in such Works.

(c) **Defined Terms.**

i. The term "**Intellectual Property**" shall include all inventions and Works as those terms are defined herein, as well as all data, trade secrets, trademarks, service marks, trade names, domain names, user names, and passwords, made or obtained by the Executive on behalf of Franklin Electric that are made in the course of or resulting from performing Services for Franklin Electric under this Agreement.

ii. The term "**Works**" means original works of authorship fixed in any tangible medium of expression by the Executive in the course of or resulting from performing Services for Franklin Electric under this Agreement, including, without limitation, any portions of website, promotional material, marketing and branding material, software, source code, and any documentation.

iii. The term "**Inventions**" means inventions, discoveries, developments and innovations, whether patentable or not including, but not limited to, business methods, flow charts and computer program source code and object code, regardless of the medium in which it is fixed, as well as notes, drawings, memoranda, correspondence, records, notebooks, instructions, and text, apparatus, processes, methods,

compositions of matter, techniques, and formulas, as well as related improvements or know-how, relating to any present or prospective product, process or service of Franklin Electric.

7. Indemnification.

(a) The Executive recognizes the possible liabilities associated with the Executive's performance of the Services and hereby agrees to defend, indemnify and hold Franklin Electric harmless from and against any and all losses or injuries that Franklin Electric may incur (both personal and property, including death) as a result of the Executive's performance under this Agreement. Further, the Executive agrees to defend, indemnify and hold Franklin Electric harmless from and against any and all demands, claims, damages, including patent infringement, copyright infringement or infringement of other proprietary rights, bodily injury and/or death, suits, actions, causes of action, judgments, fines, penalties, expenses, including reasonable attorneys' fees, and court costs, for which Franklin Electric might become liable as a result of the Executive's performance, or lack thereof, of this Agreement, or Franklin Electric's use of Services delivered hereunder by the Executive.

(b) The provisions of this indemnification, however, shall not apply to losses or injuries incurred by the Executive which arise out of Franklin Electric or its employees' sole gross negligence. If negligence of the Executive or his, her, or its agents contributes to the loss or injury, then the loss or injury shall be deemed not to result from Franklin Electric's sole gross negligence. For the purposes of enforcing this Agreement, a finding of comparative negligence or fault of the Executive made in a lawsuit brought by the Executive against Franklin Electric is agreed to be binding on the Executive, even though it might not be a party to the suit. The Executive understands that by virtue of this Agreement that it may be required to indemnify Franklin Electric when Franklin Electric's own negligence contributed to a loss, injury, or death.

8. Representations and Warranties of the Executive.

(a) The Executive represents that the Executive is free to enter into this Agreement and that this engagement does not violate the terms of any agreement between the Executive and any third party. Further, the Executive, in rendering Services under this Agreement, shall not utilize any invention, discovery, development, improvement, innovation, or trade secret which the Executive does not have authority to use. During the term of this Agreement, the Executive shall devote as much of his, her, or its productive time, energy and abilities to the performance of the Executive's duties hereunder as is necessary to perform the required duties in a timely and productive manner. Subject to the foregoing, the Executive is otherwise expressly free to perform services for other parties while performing services for Franklin Electric.

(b) The Executive represents and warrants that he, she, or it is qualified to perform the Services and that the Services will be performed consistently with generally accepted industry standards within the time frames mutually agreed upon. For any breach of the representations or warranties contained in this Section 8, Franklin Electric's remedies shall include, without limitation, the prompt re-performance of the Services at no additional charge, or if the Executive is unable to perform the Services as warranted within a reasonable period of time, Franklin Electric shall be entitled to withhold payment, credit, or refund of the fees paid or payable to the Executive for the unsatisfactory services and actual damages.

9. Confidential Information. The Executive acknowledges that Franklin Electric has, and the Executive has been or will be granted access to, certain trade secrets as well as other confidential and proprietary information which Franklin Electric has acquired at great effort and expense.

(a) The term "Confidential Information," as used in this Agreement, includes without limitation (1) trade secrets, including all writings, notes, studies and reports prepared, compiled or acquired by Contractor during the term of this Agreement; (2) customer information; (3) pricing policies or information; (4) marketing techniques, plans, and projections; (5) documentation of business plans and opportunities; (6) financial statements, tax returns, payroll records, and related work papers or other financial information; (7) information relating to any special products and services that Franklin Electric may offer or provide to its clients from time to time; (8) information concerning special requirements of customers (e.g., contact person's name, preferences, etc.), (9) information concerning Franklin Electric's contracts with its customers, especially the renewal dates of such contracts and information obtained through the application process (e.g., information gathered by Franklin Electric and recorded on application forms), (10) accounts receivable lists, (11) sources of Franklin Electric's business, (12) any specifics concerning contractual arrangements with customers, and (13) any data or information maintained or compiled in any form, including information contained on computer disks, that is not generally known to the public.

(b) The Executive further agrees that the term "Confidential Information" also includes the form, method and amounts of any and all sums paid to the Executive by Franklin Electric, and the Executive shall not

disclose any details of or about such payments to anyone inside or outside of Franklin Electric except in the course of the Executive's own personal income tax reporting or in communications with his/her legal advisor.

(c) Notwithstanding the foregoing, the following does not constitute Confidential Information: (1) information which is or becomes generally available to the public, other than as a result of a disclosure or other act by the Executive or its representatives; (2) information which can be shown by the Executive to have been already known to it on a non-confidential basis prior to being furnished with it by Franklin Electric; and (3) information which becomes available to the Executive on a non-confidential basis from a third party provided that such third party was not subject to any prohibition against transmitting the information to the Executive.

10. **Unauthorized Disclosure.** The Executive shall not use, disclose to third parties, or otherwise misappropriate, any confidential information or trade secrets of Franklin Electric. The Executive recognizes that the penalties for the misappropriation of the confidential information or trade secrets may include disgorgement of profits, payment of royalties, compensatory damages, punitive damages, and attorneys' fees. The Executive understands that after the termination of this agreement, the Executive will continue to be prohibited at any time thereafter from misappropriation, use or disclosure of any confidential information or trade secrets of Franklin Electric. The Executive agrees that all such confidential information is and shall remain the sole and exclusive property of Franklin Electric. Except as may be expressly authorized by Franklin Electric in writing, or as may be required by law after providing due notice thereof to Franklin Electric, the Executive shall not disclose, or cause any other person or entity to disclose, any confidential information to any third-party for as long thereafter as such information remains confidential (or as limited by applicable law) and shall not make use of any such confidential information for the Executive's own purposes or for the benefit of any other entity or person. The parties acknowledge that confidential information shall not include any information that is otherwise made public through no fault of the Executive or other wrongdoing.

11. **Company Property.** All records, files, charts, documents, emails, equipment, and similar items relating to Franklin Electric's business and any other proprietary data or objects that the Executive prepared or received during the term of this Agreement shall remain Franklin Electric's sole and exclusive property. Upon the termination of this Agreement, and at any other time as requested by Franklin Electric, the Executive agrees to return immediately all property of Franklin Electric. At any time during or after the term of this Agreement, the Executive shall not remove, copy, or use any of Franklin Electric's information for personal benefit of any other person or business entity.

12. **Injunction.** In the event of breach of any provisions of the Agreement, Franklin Electric shall be entitled to seek both damages, if determinable, and injunctive relief. Franklin Electric shall be entitled to its reasonable attorneys' fees incurred in the enforcement of this Agreement. The remedies herein provided shall be cumulative and no single remedy shall be construed as exclusive of any other or of any remedy provided at law and equity. Failure to exercise any remedy at any time shall not operate as a waiver of the right of Franklin Electric to exercise any remedy for the same or subsequent breach at any time thereafter.

13. **Miscellaneous.**

(a) **Notices.** Any communications between the Parties or notices or requests in connection with this Agreement may be given by mailing the same, postage prepaid, or by facsimile, to each Party at its address set forth above, or to such other addresses as either Party may in writing hereafter indicate. Notices shall be effective only when received.

(b) **Integration.** This written Agreement contains the entire agreement of the parties and replaces and supersedes any previous agreement between Franklin Electric and the Executive. It may not be changed orally but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

(c) **Severability.** Should any clause of this Agreement be found void by a court of law, that finding shall not impair the remainder of the Agreement.

(d) **Counterparts.** This Agreement may be executed in one or more counterparts, either of which shall be deemed an original and all of which shall be deemed the same Agreement.

(e) **Binding Effect.** This Agreement shall inure to the benefit of and be enforceable against all of the parties hereto, including their successors and assigns (to the extent permitted hereunder) and their heirs and legal Executives.

(f) **Assignment and Change in Control.** This Agreement and the rights and obligations of the parties shall not be assigned by either party without the prior written consent of the other, except that Franklin Electric may

assign this Agreement or any part thereof to any other company which acquires Franklin Electric, any subsidiary or affiliate of such company, or any company which Franklin Electric owns or controls either directly or indirectly. The Executive shall promptly notify Franklin Electric if the equity holders or voting interests of the Executive changes during the term of this Agreement.

(g) **Governing Law.** This Agreement shall be interpreted and enforced in accordance with the laws of the State of Indiana. The Executive submits to the personal jurisdiction of the state and federal courts in Indiana and agrees that any action under this Agreement shall be brought only in the state of Indiana.

(h) **Rule of Construction.** The judicial rule of construction requiring or allowing a document to be construed to the detriment or against the interests of the document's maker or drafter shall not apply to this Agreement.

(i) **Waiver of Breach.** The failure of either party to enforce, at any time or for any period of time, the provisions hereof or the failure of either party to exercise any option under this Agreement, shall not be construed as a waiver of such provision or option and shall in no way affect that party's right to enforce such provision or to exercise such option. No waiver of any provisions of this Agreement shall be deemed a waiver of any succeeding breach of the same or any other provision of this Agreement.

(j) **Authority to Sign.** By executing this Agreement, each of the undersigned states under penalties of perjury that he or she has the authority to sign this Agreement and bind his or her company to its terms, and that all action necessary for the proper execution of this Agreement has been taken.

(k) **Execution by Facsimile.** The Parties agree that this Agreement may be transmitted by them for execution by electronic facsimile transmission. The Parties intend that facsimile signatures on this Agreement shall be binding on them.

The Parties are signing this Agreement on the date stated in the introductory clause.

FRANKLIN ELECTRIC CO., INC.

/s/ Bryan Cromwell
Bryan Cromwell
VP, Human Resources

EXECUTIVE
/s/ Donald Kenney
Donald Kenney

SCHEDULE A

The following terms and conditions shall be included in the Agreement:

A. **Services:** Consulting and advising, as requested by the Company, to facilitate transition of new executive.

B. **Term:** The Term of this Agreement shall be for six (6) months from the Effective Date.

C. **Compensation:** \$15,000 per month during the Term, paid monthly in arrears.

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EXHIBIT 31.1

CERTIFICATIONS

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Gregg C. Sengstack, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Franklin Electric Co., Inc., for the **third first** quarter ending **September 30, 2023** **March 31, 2024**;
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 Franklin Electric Co., Inc. as of, and for, the periods presented in this report;
4. Franklin Electric Co., Inc.'s other certifying officer 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 Franklin Electric Co., Inc. and we 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 Franklin Electric Co., Inc., 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 Franklin Electric Co., Inc.'s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any changes in Franklin Electric Co., Inc.'s internal control over financial reporting that occurred during Franklin Electric Co., Inc.'s most recent fiscal quarter (the registrant's fourth 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. Franklin Electric Co., Inc.'s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Franklin Electric Co., Inc.'s auditors and the audit committee of Franklin Electric Co., Inc.'s board of directors:
 - 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 Franklin Electric Co., Inc.'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 Franklin Electric Co., Inc.'s internal control over

Date: **October 27, 2023** **April 30, 2024**

/s/ Gregg C. Sengstack

Gregg C. Sengstack

Chairperson and Chief Executive Officer

Franklin Electric Co., Inc.

financial reporting.

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jeffery L. Taylor, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Franklin Electric Co., Inc., for the **third first** quarter ending **September 30, 2023** **March 31, 2024**;
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 Franklin Electric Co., Inc. as of, and for, the periods presented in this report;
4. Franklin Electric Co., Inc.'s other certifying officer 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 Franklin Electric Co., Inc. and we 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 Franklin Electric Co., Inc., 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 Franklin Electric Co., Inc.'s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in Franklin Electric Co., Inc.'s internal control over financial reporting that occurred during Franklin Electric Co., Inc.'s most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, Franklin Electric Co., Inc.'s internal control over financial reporting; and
5. Franklin Electric Co., Inc.'s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Franklin Electric Co., Inc.'s auditors and the audit committee of Franklin Electric Co., Inc.'s board of directors:
- 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 Franklin Electric Co., Inc.'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 Franklin Electric Co., Inc.'s internal control over financial reporting.

Date: October 27, 2023 April 30, 2024

/s/ Jeffery L. Taylor

Jeffery L. Taylor

Vice President and Chief Financial Officer

Franklin Electric Co., Inc.

EXHIBIT 32.1

CHIEF EXECUTIVE OFFICER CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Franklin Electric Co., Inc. (the "Company") on Form 10-Q for the third first quarter ending September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gregg C. Sengstack, Chairperson and Chief Executive Officer of the Company, certify to my knowledge, pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 27, 2023 April 30, 2024

/s/ Gregg C. Sengstack

Gregg C. Sengstack

Chairperson and Chief Executive Officer

Franklin Electric Co., Inc.

EXHIBIT 32.2

CHIEF FINANCIAL OFFICER CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Franklin Electric Co., Inc. (the "Company") on Form 10-Q for the **third** **first** quarter ending **September 30, 2023** **March 31, 2024**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeffery L. Taylor, Vice President and Chief Financial Officer of the Company, certify to my knowledge, pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **October 27, 2023** **April 30, 2024**

/s/ Jeffery L. Taylor

Jeffery L. Taylor

Vice President and Chief Financial Officer

Franklin Electric Co., Inc.

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