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UNITED STATESSECURITIES AND EXCHANGE COMMISSIONWASHINGTON, D.C. 20549FORM 10-Q â˜‘ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934For the quarterly period ended JuneÂ 29, 2024ORâ˜ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934For the transition period from [Â Â Â Â Â Â Â Â Â Â Â Â Â] to [Â Â Â Â Â Â Â Â Â Â Â Â Â]Commission File Number 001-05224STANLEY BLACKÂ & DECKER, INC.(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)CTÂ 06-0548860(STATE OR OTHER JURISDICTION OFINCORPORATION OR ORGANIZATION)Â (I.R.S. EMPLOYERIDENTIFICATION NUMBER)1000 STANLEY DRIVE NEW BRITAIN, CT 06053 (ADDRESS OF PRINCIPAL EXECUTIVE OFFICES AND ZIP CODE)REGISTRANTâ€™S TELEPHONE NUMBER, INCLUDING AREA CODE 860 225-5111 Securities registered pursuant to Section 12(b) of the Act:Title Of Each ClassTrading SymbolName Of Each Exchange On Which RegisteredCommon Stock$2.50 Par Value per ShareSWKNew York Stock ExchangeIndicate by check mark whether the registrant (1)Â has filed all reports required to be filed by SectionÂ 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)Â has been subject to such filing requirements for the past 90 days.Â Â Â Â YesÂ Â â˜‘Â Â Â NoÂ Â â˜Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Â§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).Â Â Â Â YesÂ Â â˜‘Â Â Â NoÂ Â â˜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 â€œlarge accelerated filerâ€, â€œaccelerated filerâ€, â€œsmaller reporting companyâ€ and "emerging growth company" in Rule 12b-2 of the Exchange Act.Large Accelerated FilerÃ¾Â Â AcceleratedÂ FilerÂ¨Non-Accelerated FilerÂ¨Â Â SmallerÂ ReportingÂ Companyâ˜Emerging Growth Companyâ˜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. Â¨Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).Â Â Â Â YesÂ â˜ No â˜‘ 153,959,484 shares of the registrantâ€™s common stock were outstanding as of JulyÂ 25, 2024. TABLE OF CONTENTSÂ PART I â€" FINANCIAL INFORMATION3ITEMÂ 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS3ITEMÂ 2. MANAGEMENTâ€™S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS30ITEMÂ 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK41ITEMÂ 4. CONTROLS AND PROCEDURES41PART II â€" OTHER INFORMATION44ITEM 1. LEGAL PROCEEDINGS44ITEMÂ 1A. RISK FACTORS44ITEMÂ 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS44ITEMÂ 5. OTHER INFORMATION45ITEMÂ 6. EXHIBITS46SIGNATURE47Table of ContentsPART I â€" FINANCIAL INFORMATIONITEMÂ 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTSSTANLEY BLACKÂ & DECKER, INC. AND SUBSIDIARIESCONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOMETHREE AND SIX MONTHS ENDED JUNEÂ 29, 2024 AND JULYÂ 1, 2023 (Unaudited, Millions of Dollars, Except Per Share Amounts)Â Â Second QuarterYear-to-DateÂ 2024202320242023Net Sales$4,024.4Â $4,158.9Â $7,893.9Â $8,090.7Â Costs and ExpensesCost of sales$2,883.2Â $3,226.8Â $5,644.2Â $6,323.1Â Selling, general and administrative825.8Â 834.4Â 1,677.8Â 1,657.4Â Provision for credit losses2.8Â 2.9Â 2.6Â 5.0Â Other, net226.5Â 66.6Â 306.5Â 130.3Â Loss on sales of businessesâ€"Â â€"Â â€"Â 7.6Â Asset impairment chargeâ€"Â â€"Â 25.5Â â€"Â Restructuring charges29.8Â 4.6Â 44.8Â 16.7Â Interest income(42.9)(45.2)(86.5)(85.0)Interest expense121.3Â 144.6Â 252.8Â 275.5Â $4,046.5Â $4,234.7Â $7,867.7Â $8,330.6Â (Loss) earnings from continuing operations before income taxes(22.1)(75.8)26.2Â (239.9)Income taxes on continuing operations(2.9)(253.3)25.9Â (229.6)Net (loss) earnings from continuing operations (19.2)177.5Â $0.3Â $(10.3)Gain (loss) on Security sale before income taxes10.4Â (0.8)10.4Â (0.8)Income taxes on discontinued operations2.4Â (0.3)2.4Â (0.3)Net earnings (loss) from discontinued operations$8.0Â (0.5)8.0Â $(0.5)Net (Loss) Earnings$(11.2)$177.0Â $8.3Â $(10.8)Total Comprehensive (Loss) Income(58.4)147.9Â (155.1)12.9Â Basic (loss) earnings per share of common stock:Continuing operations(0.13)1.19Â $â€"Â $(0.07)Discontinued operations$0.05Â $â€"Â $0.05Â $â€"Â Total basic (loss) earnings per share of common stock(0.07)1.18Â $0.06Â $(0.07)Diluted (loss) earnings per share of common stock:Continuing operations(0.13)1.18Â $â€"Â $(0.07)Discontinued operations$0.05Â $â€"Â $0.05Â $â€"Â Total diluted (loss) earnings per share of common stock(0.07)1.18Â $0.05Â $(0.07)See Notes to Unaudited Condensed Consolidated Financial Statements.3Table of ContentsSTANLEY BLACKÂ & DECKER, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETSJUNEÂ 29, 2024 AND DECEMBERÂ 30, 2023 (Unaudited, Millions of Dollars, Except Share and Per Share Amounts)Â June 29,2024December 30,2023ASSETSCurrent AssetsCash and cash equivalents$318.5Â $449.4Â Accounts and notes receivable, net1,512.1Â 1,302.0Â Inventories, net4,562.4Â 4,738.6Â Current assets held for saleâ€"Â 140.8Â Prepaid expenses362.5Â 360.5Â Other current assets29.5Â 26.0Â Total Current Assets6,785.0Â 7,017.3Â Property, plant and equipment, net2,078.7Â 2,169.9Â Goodwill7,942.1Â 7,995.9Â Intangibles, net3,859.6Â 3,949.6Â Long-term assets held for saleâ€"Â 716.8Â Other assets1,788.8Â 1,814.3Â Total Assets$22,454.2Â $23,663.8Â LIABILITIES AND SHAREOWNERS' EQUITYCurrent LiabilitiesShort-term borrowings$492.4Â $1,074.8Â Current maturities of long-term debt500.1Â 1.1Â Accounts payable2,450.4Â 2,298.9Â Accrued expenses1,899.9Â 2,464.3Â Current liabilities held for saleâ€"Â 44.1Â Total Current Liabilities5,342.8Â 5,883.2Â Long-term debt5,602.4Â 6,101.0Â Deferred taxes240.2Â 333.2Â Post-retirement benefits357.4Â 378.4Â Long-term liabilities held for saleâ€"Â 84.8Â Other liabilities2,189.5Â 1,827.1Â Commitments and Contingencies (NotesÂ O and P)Shareownersâ€™ EquityCommon stock, par value $2.50 per share:Authorized 300,000,000 shares in 2024 and 2023Issued 176,902,738 shares in 2024 and 2023442.3Â 442.3Â Retained earnings8,304.9Â 8,540.2Â Additional paid in capital5,080.6Â 5,059.0Â Accumulated other comprehensive loss(2,232.5)(2,069.1)11,595.3Â 11,972.4Â Less: cost of common stock in treasury (22,968,980 shares in 2024 and 23,282,650 shares in 2023)(2,873.4)(2,916.3)Total Shareownersâ€™ Equity8,721.9Â 9,056.1Â Total Liabilities and Shareownersâ€™ Equity$22,454.2Â $23,663.8Â See Notes to Unaudited Condensed Consolidated Financial Statements.4Table of ContentsSTANLEY BLACKÂ & DECKER, INC. AND SUBSIDIARIESCONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWSTHREE AND SIX MONTHS ENDED JUNEÂ 29, 2024 AND JULYÂ 1, 2023 (Unaudited, Millions of Dollars)Â Second QuarterYear-to-DateÂ 2024202320242023OPERATING ACTIVITIESNet (loss) earnings(11.2)177.0Â $8.3Â $(10.8)Adjustments to reconcile net (loss) earnings to cash provided by (used in) operating activities:Depreciation and amortization of property, plant and equipment114.3Â 116.1Â 213.4Â 229.0Â Amortization of intangibles40.7Â 48.3Â 81.8Â 96.6Â Loss on sales of businessesâ€"Â â€"Â 7.6Â (Gain) loss on sale of discontinued operations(10.4)0.8Â (10.4)0.8Â Asset impairment chargeâ€"Â â€"Â 25.5Â â€"Â Stock-based compensation expense23.4Â 12.1Â 64.7Â 46.8Â Changes in working capital397.8Â 278.9Â 38.0Â 97.7Â Changes in other assets and liabilities18.4Â (368.8)(279.3)(489.6)Cash provided by (used in) operating activities573.0Â 264.4Â 142.0Â (21.9)INVESTING ACTIVITIESCapital and software expenditures(87.2)(68.3)(152.9)(136.5)Proceeds from sales of businesses, net of cash sold735.6Â (6.3)735.6Â (5.7)Other1.0Â 5.4Â 3.5Â 11.8Â Cash provided by (used in) investing activities649.4Â (69.2)586.2Â (130.4)FINANCING ACTIVITIESProceeds from debt issuances, net of feesâ€"Â (1.3)â€"Â 745.9Â Net short-term commercial paper repayments(1,245.7)(42.0)(570.8)(327.9)Craftsman contingent consideration paymentsâ€"Â (8.9)â€"Â (18.0)Cash dividends on common stock(121.8)(119.7)(243.6)(239.5)Other(0.6)(3.9)(5.1)(12.1)Cash (used in) provided by financing activities(1,368.1)(175.8)(819.5)148.4Â Effect of exchange rate changes on cash, cash equivalents and restricted cash(15.0)(14.2)(42.6)(5.1)Change in cash, cash equivalents and restricted cash(160.7)5.2Â (133.9)(9.0)Cash, cash equivalents and restricted cash, beginning of period481.4Â 390.7Â 454.6Â 404.9Â CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD$320.7Â $395.9Â $320.7Â $395.9Â The following table provides a reconciliation of the cash, cash equivalents and restricted cash balances as of JuneÂ 29, 2024 and DecemberÂ 30, 2023, as shown above: June 29, 2024December 30, 2023Cash and cash equivalents$318.5Â $449.4Â Restricted cash included in Other current assets2.2Â 4.6Â Cash and cash equivalents included in Current assets held for saleâ€"Â 0.6Â Cash, cash equivalents and restricted cash$320.7Â $454.6Â See Notes to Unaudited Condensed Consolidated Financial Statements.5Table of ContentsSTANLEY BLACKÂ & DECKER, INC. AND SUBSIDIARIESCONSOLIDATED STATEMENTS OF CHANGES IN SHAREOWNERS' EQUITYTHREE AND SIX MONTHS ENDED JUNEÂ 29, 2024 AND JULYÂ 1, 2023 (Unaudited, Millions of Dollars, Except Share and Per Share Amounts)CommonStockAdditionalPaid InCapitalRetainedEarningsAccumulatedOtherComprehensiveLossTreasuryStockNon-ControllingInterestsShareownersâ€™EquityBalance December 30, 2023$442.3Â $5,059.0Â $8,540.2Â $(2,069.1)$(2,916.3)$â€"Â $9,056.1Â Net earningsâ€"Â â€"Â 19.5Â â€"Â â€"Â â€"Â 19.5Â Other comprehensive lossâ€"Â â€"Â â€"Â (116.2)â€"Â â€"Â (116.2)Cash dividends declaredÂ â€" $0.81 per common shareâ€"Â â€"Â (121.8)â€"Â â€"Â â€"Â (121.8)Issuance of common stock (303,005 shares)â€"Â (35.0)â€"Â â€"Â 38.8Â â€"Â 3.8Â Repurchase of common stock (70,802Â shares)â€"Â â€"Â â€"Â â€"Â (6.3)â€"Â (6.3)Stock-based compensation relatedâ€"Â 41.3Â â€"Â â€"Â â€"Â â€"Â 41.3Â Balance March 30, 2024$442.3Â $5,065.3Â $8,437.9Â $(2,185.3)$(2,883.8)$â€"Â $8,876.4Â Net lossâ€"Â â€"Â (11.2)â€"Â â€"Â â€"Â (11.2)Other comprehensive lossâ€"Â â€"Â â€"Â (47.2)â€"Â â€"Â (47.2)Cash dividends declaredÂ â€" $0.81 per common shareâ€"Â â€"Â (121.8)â€"Â â€"Â â€"Â (121.8)Issuance of common stock (102,918 shares)â€"Â (8.1)â€"Â â€"Â 11.8Â â€"Â 3.7Â Repurchase of common stock (21,451 shares)â€"Â â€"Â â€"Â â€"Â (1.4)â€"Â (1.4)Stock-based compensation relatedâ€"Â 23.4Â â€"Â â€"Â â€"Â â€"Â 23.4Â Balance June 29, 2024$442.3Â $5,080.6Â $8,304.9Â $(2,232.5)$(2,873.4)$â€"Â $8,721.9Â CommonStockAdditionalPaid InCapitalRetainedEarningsAccumulatedOtherComprehensiveLossTreasuryStockNon-ControllingInterestsShareownersâ€™EquityBalance December 31, 2022$442.3Â $5,055.6Â $9,333.3Â $(2,119.5)$(2,999.6)$2.1Â $9,714.2Â Net lossâ€"Â â€"Â (187.8)â€"Â â€"Â â€"Â (187.8)Other comprehensive incomeâ€"Â â€"Â â€"Â 52.8Â â€"Â â€"Â 52.8Â Cash dividends declaredÂ â€" $0.80 per common shareâ€"Â â€"Â (119.8)â€"Â â€"Â â€"Â (119.8)Issuance of common stock (202,552 shares)â€"Â (21.5)â€"Â â€"Â 24.6Â â€"Â 3.1Â Repurchase of common stock (58,377Â shares)â€"Â â€"Â â€"Â â€"Â (4.8)â€"Â (4.8)Stock-based compensation relatedâ€"Â 34.7Â â€"Â â€"Â â€"Â â€"Â 34.7Â Balance April 1, 2023$442.3Â $5,068.8Â $9,025.7Â $(2,066.7)$(2,979.8)$2.1Â $9,492.4Â Net earningsâ€"Â â€"Â 177.0Â â€"Â â€"Â â€"Â 177.0Â Other comprehensive lossâ€"Â â€"Â â€"Â (29.1)â€"Â â€"Â (29.1)Cash dividends declaredÂ â€" $0.80 per common shareâ€"Â â€"Â (119.7)â€"Â â€"Â â€"Â (119.7)Issuance of common stock (99,627 shares)â€"Â (8.1)â€"Â â€"Â 12.1Â â€"Â 4.0Â Repurchase of common stock (9,996 shares)â€"Â â€"Â â€"Â â€"Â (0.8)â€"Â (0.8)Stock-based compensation relatedâ€"Â 12.1Â â€"Â â€"Â â€"Â â€"Â 12.1Â Balance July 1, 2023$442.3Â $5,072.8Â $9,083.0Â $(2,095.8)$(2,968.5)$2.1Â $9,535.9Â See Notes to Unaudited Condensed Consolidated Financial Statements.6Table of ContentsSTANLEY BLACKÂ & DECKER, INC. AND SUBSIDIARIESNOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTSJUNEÂ 29, 2024 A.Â Â Â Â SIGNIFICANT ACCOUNTING POLICIESBasis of Presentation The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (hereinafter referred to as â€œgenerally accepted accounting principlesâ€) for interim financial statements and with the instructions to Form 10-Q and Article 10 of Regulation S-X and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations for the interim periods have been included and are of a normal, recurring nature. Operating results for the three and six months ended JuneÂ 29, 2024 are not necessarily indicative of the results that may be expected for a full fiscal year. For further information, refer to the consolidated financial statements and footnotes included in Stanley BlackÂ & Decker, Inc.â€™s (the â€œCompanyâ€) Form 10-K for the year ended DecemberÂ 30, 2023, and subsequent related filings with the Securities and Exchange Commission ("SEC").On April 1, 2024, the Company completed the previously announced sale of its Infrastructure business. Based on management's commitment to sell this business, assets and liabilities related to Infrastructure were classified as held for sale on the Company's Condensed Consolidated Balance Sheets as of DecemberÂ 30, 2023. This divestiture did not qualify for discontinued operations and therefore, its results were included in the Company's Consolidated Statements of Operations and Comprehensive (Loss) Income in continuing operations through the date of sale. The sale of the Infrastructure business is part of the Company's strategic commitment to simplify and streamline its portfolio to focus on the core Tools & Outdoor and Industrial businesses. Refer to Note Q, Divestitures, for further discussion of this transaction.The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements. While management believes that the estimates and assumptions used in the preparation of the financial statements are appropriate, actual results could differ from these estimates. Certain amounts reported in previous years have been reclassified to conform to the 2024 presentation. B.Â Â Â Â NEW ACCOUNTING STANDARDS NEW ACCOUNTING STANDARDS ADOPTED â€" In June 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2022-03, Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions. The new standard clarifies that a contractual restriction on the sale of an equity security should not be considered in measuring the fair value of the security. The new standard also requires certain disclosures related to equity securities with contractual sale restrictions. The ASU is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. The Company adopted this standard in the first quarter of 2024 and it did not have a material impact on its consolidated financial statements.RECENTLY ISSUED ACCOUNTING STANDARDS NOT YET ADOPTED â€" In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The new standard was issued to improve transparency and decision usefulness of income tax disclosures by providing information that helps investors better understand how an entityâ€™s operations, tax risks, tax planning and operational opportunities affect its tax rate and prospects for future cash flows. The amendments in this update primarily relate to requiring greater disaggregated disclosure of information in the rate reconciliation, income taxes paid, income (loss) from continuing operations before income tax expense (benefit), and income tax expense (benefit) from continuing operations. The ASU is effective for fiscal years beginning after December 15, 2024, and early adoption is permitted. The standard can be applied prospectively or retrospectively. The Company is currently evaluating this guidance to determine the impact it may have on its consolidated financial statements.In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The new standard provides improvements to reportable segment disclosure requirements through amendments that require disclosure of significant segment expenses and other segment items on an interim and annual basis and requires all annual disclosures about a reportable segmentâ€™s profit or loss and assets to be made on an interim basis. The standard also requires the disclosure of the chief operating decision makerâ€™s (â€œCODMâ€) title and position and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources. The standard also clarifies that if the CODM uses more than one measure in assessing segment performance and deciding how to allocate resources, a company may report the additional segment profit or loss measure(s) and that companies 7Table of Contentswith a single reportable segment must provide all disclosures required by this amendment. The ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The standard should be applied retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating this guidance to determine the impact it may have on its consolidated financial statements.C.Â Â Â Â EARNINGS PER SHAREThe following table reconciles net (loss) earnings and the weighted-average shares outstanding used to calculate basic and diluted (loss) earnings per share of common stock for the three and six months ended JuneÂ 29, 2024 and JulyÂ 1, 2023:Second QuarterYear-to-Date2024202320242023Numerator (in millions):Net (loss) earnings from continuing operations (19.2)177.5Â $0.3Â $(10.3)Net earnings (loss) from discontinued operations8.0Â (0.5)8.0Â (0.5)Net (Loss) Earnings(11.2)177.0Â $8.3Â $(10.8)Second QuarterYear-to-Date2024202320242023Denominator (in thousands):Basic weighted-average shares outstanding150,394Â 149,687Â 150,311Â 149,631Â Dilutive effect of stock contracts and awardsâ€"Â 540Â 701Â â€"Â Diluted weighted-average shares outstanding150,394Â 150,227Â 151,012Â 149,631Â Second QuarterYear-to-Date2024202320242023(Loss) earnings per share of common stock:Basic (loss) earnings per share of common stock:Continuing operations(0.13)1.19Â $â€"Â $(0.07)Discontinued operations$0.05Â $â€"Â $0.05Â $â€"Â Total basic (loss) earnings per share of common stock(0.07)1.18Â $0.06Â $(0.07)Diluted (loss) earnings per share of common stock:Continuing operations(0.13)1.18Â $â€"Â $(0.07)Discontinued operations$0.05Â $â€"Â $0.05Â $â€"Â Total diluted (loss) earnings per share of common stock(0.07)1.18Â $0.05Â $(0.07)The following weighted-average stock options were not included in the computation of weighted-average diluted shares outstanding because the effect would be anti-dilutive (in thousands):Second QuarterYear-to-Date2024202320242023Number of stock options5,739Â 5,857Â 5,367Â 5,796Â In March 2015, the Company entered into a forward share purchase contract with a financial institution counterparty for 3,645,510 shares of common stock. The contract obligates the Company to pay $350.0 million, plus an additional amount related to the forward component of the contract. In June 2024, the Company amended the settlement date to June 2026, or earlier at the Company's option. The reduction of common shares outstanding was recorded at the inception of the forward share purchase contract in March 2015 and factored into the calculation of weighted-average shares outstanding at that time. 8Table of ContentsD.Â Â Â Â ACCOUNTS AND NOTES RECEIVABLE, NET(Millions of Dollars)June 29, 2024December 30, 2023Trade accounts receivable$1,296.0Â $1,057.8Â Notes receivable76.6Â 66.9Â Other accounts receivable211.5Â 253.9Â Accounts and notes receivable$1,584.1Â $1,378.6Â Allowance for credit losses(72.0)(76.6)Accounts and notes receivable, net$1,512.1Â $1,302.0Â Trade receivables are dispersed among a large number of retailers, distributors and industrial accounts in many countries. Adequate reserves have been established to cover anticipated credit losses.The changes in the allowance for credit losses for the three and six months ended JuneÂ 29, 2024 and JulyÂ 1, 2023 are as follows:Second QuarterYear-to-Date(Millions of Dollars)2024202320242023Beginning balance$74.9Â $105.8Â $76.6Â $106.6Â Charged to costs and expenses2.82.92.65.0Other, including recoveries and deductions (a)(5.7)(20.7)(7.2)(23.6)Balance end of period$72.0Â $88.0Â $72.0Â $88.0Â (a) Amounts represent charge-offs less recoveries, the impacts of foreign currency translation, divestitures and net transfers to/from other accounts.The Company's payment terms are generally consistent with the industries in which their businesses operate and typically range from 30-90 days globally. The Company does not adjust the promised amount of consideration for the effects of a significant financing component when the period between transfer of the product and receipt of payment is less than one year. Any significant financing components for contracts greater than one year are included in revenue over time.The Company has an accounts receivable sale program. According to the terms, the Company sells certain of its trade accounts receivables at fair value to a wholly owned, consolidated, bankruptcy-remote special purpose subsidiary (â€œBRS"). The BRS, in turn, can sell such receivables to a third-party financial institution (â€œPurchaserâ€) for cash. The Purchaserâ€™s maximum cash investment in the receivables at any time is $110.0Â million. The purpose of the program is to provide liquidity to the Company. These transfers qualify as sales under Accounting Standards Codification ("ASC") 860, Transfers and Servicing, and receivables are derecognized from the Companyâ€™s consolidated balance sheet when the BRS sells those receivables to the Purchaser. The Company has no retained interests in the transferred receivables, other than collection and administrative responsibilities. At JuneÂ 29, 2024, the Company did not record a servicing asset or liability related to its retained responsibility based on its assessment of the servicing fee, market values for similar transactions and its cost of servicing the receivables sold.At JuneÂ 29, 2024 and DecemberÂ 30, 2023, net receivables of $93.4Â million and $110.0Â million, respectively, were derecognized. Proceeds from transfers of receivables to the Purchaser totaled $104.7Â million and $164.3Â million for the three and six months ended JuneÂ 29, 2024, respectively, and payments to the Purchaser totaled $75.7Â million and $180.9Â million, respectively. Proceeds from transfers of receivables to the Purchaser totaled $119.9Â million and $176.8Â million for the three and six months ended JulyÂ 1, 2023, respectively, and payments to the Purchaser totaled $84.0Â million and $190.3Â million, respectively. The program resulted in a pre-tax loss of $1.4Â million and $2.6Â million for the three and six months ended JuneÂ 29, 2024, respectively. The program resulted in a pre-tax loss of $1.3Â million and $2.3Â million for the three and six months ended JulyÂ 1, 2023, respectively. All cash flows under the program are reported as a component of changes in working capital within operating activities in the Condensed Consolidated Statements of Cash Flows since all the cash from the Purchaser is received upon the initial sale of the receivable.As of JuneÂ 29, 2024 and DecemberÂ 30, 2023, the Company's deferred revenue totaled $115.5 million and $116.8 million, respectively, of which $32.0 million and $31.7 million, respectively, was classified as current. Revenue recognized for the six months ended JuneÂ 29, 2024 and JulyÂ 1, 2023 that was previously deferred as of DecemberÂ 30, 2023 and DecemberÂ 31, 2022 totaled $13.3 million and $12.6 million, respectively. 9Table of ContentsE.Â Â Â Â INVENTORIES, NET(Millions of Dollars)June 29, 2024December 30, 2023Finished products$2,820.3Â $2,912.5Â Work in process333.2Â 263.4Â Raw materials1,408.9Â 1,562.7Â Total$4,562.4Â $4,738.6Â F.Â Â Â Â GOODWILL Changes in the carrying amount of goodwill by segment are as follows:(Millions of Dollars)Tools & OutdoorIndustrialTotalBalance December 30, 2023$5,976.3Â $2,019.6Â $7,995.9Â Foreign currency translation(39.0)(14.8)(53.8)Balance June 29, 2024$5,937.3Â $2,004.8Â $7,942.1Â Goodwill totaling $540.5Â million relating to the Infrastructure business was reclassified to assets held for sale as of December 30, 2023. The Infrastructure goodwill amount was included in the determination of the impairment charges recorded in the fourth quarter of 2023 and first quarter of 2024 to adjust the carrying amount of Infrastructure's long-lived assets to its estimated fair value less selling costs prior to the sale of the business in the second quarter of 2024. Refer to Note Q, Divestitures, for further discussion. G.Â Â Â Â LONG-TERM DEBT AND FINANCING ARRANGEMENTSJune 29, 2024December 30, 2023(Millions of Dollars)Interest RateNotional ValueUnamortized DiscountUnamortized

Gain/(Loss) Terminated Swaps 1Purchase Accounting FV AdjustmentDeferred Financing FeesCarrying ValueCarrying Value Notes payable due 20252.30%$500.0Â (0.1)â€”Â $â€”Â (0.6)499.3Â $498.7Â Notes payable due 20263.40%500.0Â (0.2)â€”Â â€”Â (0.7)499.1Â 498.9Â Notes payable due 20266.27%350.0Â â€”Â â€”Â â€”Â (1.1)348.9Â 348.6Â Notes payable due 20263.42%25.0Â â€”Â â€”Â 0.8Â â€”Â 25.8Â 26.0Â Notes payable due 20261.84%26.8Â â€”Â â€”Â 0.8Â (0.1)27.5Â 28.5Â Notes payable due 20286.00%400.0Â (0.3)â€”Â â€”Â (1.9)397.8Â 397.5Â Notes payable due 20287.05%150.0Â â€”Â 4.4Â 4.2Â â€”Â 158.6Â 159.7Â Notes payable due 20284.25%500.0Â (0.1)â€”Â â€”Â (1.9)498.0Â 497.7Â Notes payable due 20283.52%50.0Â â€”Â â€”Â 2.9Â (0.1)52.8Â 53.1Â Notes payable due 20302.30%750.0Â (1.4)â€”Â â€”Â (3.0)745.6Â 745.3Â Notes payable due 20323.00%500.0Â (0.7)â€”Â â€”Â (2.7)496.6Â 496.3Â Notes payable due 20405.20%400.0Â (0.2)(23.9)â€”Â (2.2)373.7Â 372.9Â Notes payable due 20484.85%500.0Â (0.4)â€”Â â€”Â (4.5)495.1Â 495.0Â Notes payable due 20502.75%750.0Â (1.7)â€”Â â€”Â (7.4)740.9Â 740.7Â Notes payable due 2060 (junior subordinated)4.00%750.0Â â€”Â â€”Â â€”Â (8.5)741.5Â 741.4Â Other, payable in varying amounts 2024 through 20274.10%-4.31%1.3Â â€”Â â€”Â â€”Â â€”Â 1.3Â 1.8Â Total Long-term debt, including current maturities$6,153.1Â (5.1)(19.5)$8.7Â (34.7)6,102.5Â $6,102.1Â Less: Current maturities of long-term debt(500.1)(1.1)Long-term debt$5,602.4Â $6,101.0Â 1Unamortized gain/(loss) associated with interest rate swaps are more fully discussed in Note H, Financial Instruments.10The Company has a $3.5 billion commercial paper program which includes Euro denominated borrowings in addition to U.S. Dollars. As of JuneÂ 29, 2024, the Company had commercial paper borrowings outstanding of $492.3Â million, of which $317.4Â million in Euro denominated commercial paper was designated as a net investment hedge. As of December 30, 2023, the Company had $1.1Â billion of borrowings outstanding, of which $399.7Â million in Euro denominated commercial paper was designated as a net investment hedge. Refer to Note H, Financial Instruments, for further discussion. In June 2024, the Company amended and restated its existing five-year $2.5 billion committed credit facility with the concurrent execution of a new five-year $2.25Â billion committed credit facility (the â€œ5-Year Credit Agreementâ€). Borrowings under the 5-Year Credit Agreement may be made in U.S. Dollars, Euros or Pounds Sterling. A sub-limit of an amount equal to the Euro equivalent of $800.0 million is designated for swing line advances. Borrowings bear interest at a floating rate plus an applicable margin dependent upon the denomination of the borrowing and specific terms of the 5-Year Credit Agreement. The Company must repay all advances under the 5-Year Credit Agreement by the earlier of June 28, 2029 or upon termination. The 5-Year Credit Agreement is designated to be a liquidity back-stop for the Company's $3.5 billion U.S. Dollar and Euro commercial paper program. As of JuneÂ 29, 2024 and DecemberÂ 30, 2023, the Company had not drawn on its five-year committed credit facility. In June 2024, the Company terminated its 364-Day $1.5Â billion committed credit facility ("the 2023 Syndicated 364-Day Credit Agreement") dated September 2023. There were no outstanding borrowings under the 2023 Syndicated 364-Day Credit Agreement upon termination and as of DecemberÂ 30, 2023. Contemporaneously, the Company entered into a new $1.25Â billion syndicated 364-Day Credit Agreement (the "2024 Syndicated 364-Day Credit Agreement") which is a revolving credit loan. The borrowings under the 2024 Syndicated 364-Day Credit Agreement may be made in U.S. Dollars or Euros and bear interest at a floating rate plus an applicable margin dependent upon the denomination of the borrowing and pursuant to the terms of the 2024 Syndicated 364-Day Credit Agreement. The Company must repay all advances under the 2024 Syndicated 364-Day Credit Agreement by the earlier of June 27, 2025 or upon termination. The Company may, however, convert all advances outstanding upon termination into a term loan that shall be repaid in full no later than the first anniversary of the termination date provided that the Company, among other things, pays a fee to the administrative agent for the account of each lender. The 2024 Syndicated 364-Day Credit Agreement serves as part of the liquidity back-stop for the Companyâ€™s $3.5Â billion U.S. Dollar and Euro commercial paper program. As of JuneÂ 29, 2024, the Company had not drawn on its 2024 Syndicated 364-Day Credit Agreement.The 5-Year Credit Agreement and the 2024 Syndicated 364-Day Credit Agreement, as described above, contain customary affirmative and negative covenants, including but not limited to, maintenance of an interest coverage ratio. The interest coverage ratio tested for covenant compliance compares adjusted Earnings Before Interest, Taxes, Depreciation and Amortization to adjusted net Interest Expense ("Adjusted EBITDA"/"Adjusted Net Interest Expense"). The Company must maintain, for each period of four consecutive fiscal quarters of the Company, an interest coverage ratio of not less than 3.50 to 1.00, provided that the Company is only required to maintain an interest coverage ratio of not less than (i) 1.50 to 1.00 for any four quarter period ending on or before the end of the Companyâ€™s second fiscal quarter of 2024, and (ii) 2.50 to 1.00 for any four quarter period ending after the Companyâ€™s second fiscal quarter of 2024 through and including the Companyâ€™s second fiscal quarter of 2025. For purposes of calculating the Companyâ€™s compliance with the interest coverage ratio, as defined in each credit agreement, the Company is permitted to increase EBITDA to allow for additional adjustment addbacks incurred prior to the end of the Companyâ€™s second fiscal quarter of 2025, provided that (A) the sum of the applicable adjustment addbacks incurred through and including the Companyâ€™s second fiscal quarter of 2024 may not exceed $500Â million in the aggregate, and (B) the sum of the applicable adjustment addbacks incurred from the Companyâ€™s third fiscal quarter of 2024 through and including the Companyâ€™s second fiscal quarter of 2025 may not exceed $250Â million in the aggregate; provided, further, that the sum of the applicable adjustment addbacks for any four quarter period may not exceed $500Â million in the aggregate.H.Â Â Â Â FINANCIAL INSTRUMENTSThe Company is exposed to market risk from changes in foreign currency exchange rates, interest rates, stock prices and commodity prices. As part of the Companyâ€™s risk management program, a variety of financial instruments such as interest rate swaps, currency swaps, purchased currency options, foreign exchange contracts and commodity contracts may be used to mitigate interest rate exposure, foreign currency exposure and commodity price exposure.If the Company elects to do so and if the instrument meets the criteria specified in ASCÂ 815, Derivatives and Hedging, management designates its derivative instruments as cash flow hedges, fair value hedges or net investment hedges. Generally, commodity price exposures are not hedged with derivative financial instruments and instead are actively managed through 11Table of Contentscustomer pricing initiatives, procurement-driven cost reduction initiatives and other productivity improvement projects. Financial instruments are not utilized for speculative purposes.A summary of the fair values of the Companyâ€™s derivatives recorded in the Condensed Consolidated Balance Sheets at JuneÂ 29, 2024 and DecemberÂ 30, 2023 is as follows:Â (Millions of Dollars)Balance SheetClassificationJune 29, 2024December 30, 2023BalanceÂ SheetClassificationJune 29, 2024December 30, 2023Derivatives designated as hedging instruments:Foreign Exchange Contracts Cash FlowOther current assets$3.5Â $0.1Â Accrued expenses$0.4Â $4.9Â LT other assets0.3Â â€”Â LT other liabilitiesâ€”Â â€”Â Non-derivative designated as hedging instrument:Net Investment Hedge$â€”Â $â€”Â Short-term borrowings$317.4Â $399.7Â Total designated as hedging instruments$3.8Â $0.1Â $317.8Â $404.6Â Derivatives not designated as hedging instruments:Foreign Exchange ContractsOther current assets$10.1Â $8.4Â Accrued expenses$8.5Â $13.0Â Total$13.9Â $8.5Â $326.3Â $417.6Â The counterparties to all of the above mentioned financial instruments are major international financial institutions. The Company is exposed to credit risk for net exchanges under these agreements, but not for the notional amounts. The credit risk is limited to the asset amounts noted above. The Company limits its exposure and concentration of risk by contracting with diverse financial institutions and does not anticipate non-performance by any of its counterparties. The Company considers non-performance risk of its counterparties at each reporting period and adjusts the carrying value of these assets accordingly. The risk of default is considered remote. As of JuneÂ 29, 2024 and DecemberÂ 30, 2023, there were no assets that had been posted as collateral related to the above mentioned financial instruments.During the six months ended JuneÂ 29, 2024 and JulyÂ 1, 2023, cash flows related to derivatives, including those that are separately discussed below, resulted in net cash paid of $17.0 million and $17.2 million, respectively.CASH FLOW HEDGES There were after-tax mark-to-market losses of $35.3 million and $42.5 million as of JuneÂ 29, 2024 and DecemberÂ 30, 2023, respectively, reported for cash flow hedge effectiveness in Accumulated other comprehensive loss. An after-tax loss of $1.4 million is expected to be reclassified to earnings as the hedged transactions occur or as amounts are amortized within the next twelve months. The ultimate amount recognized will vary based on fluctuations of the hedged currencies and interest rates through the maturity dates.The tables below detail pre-tax amounts of derivatives designated as cash flow hedges in Accumulated other comprehensive loss during the periods in which the underlying hedged transactions affected earnings for the three and six months ended JuneÂ 29, 2024 and JulyÂ 1, 2023:Second Quarter 2024(Millions of Dollars)GainÂ (Loss)RecordedÂ in OCIClassificationÂ ofGain (Loss)ReclassifiedÂ fromOCI to IncomeGain (Loss)ReclassifiedÂ fromOCI to IncomeGainÂ (Loss)Recognized inIncome on Amounts Excluded from Effectiveness Testing Interest Rate Contracts$â€”Â InterestÂ expense$(1.6)$â€”Â Foreign Exchange Contracts$1.2Â Cost of sales$(0.1)$â€”Â 12Table of ContentsYear-to-Date 2024(Millions of Dollars)GainÂ (Loss)RecordedÂ in OCIClassificationÂ ofGain (Loss)ReclassifiedÂ fromOCI to IncomeGain (Loss)ReclassifiedÂ fromOCI to IncomeGainÂ (Loss)Recognized inIncome on Amounts Excluded from Effectiveness Testing Interest Rate Contracts$â€”Â Interest expense$(3.1)$â€”Â Foreign Exchange Contracts$8.2Â Cost of sales$1.6Â $â€”Â Second Quarter 2023(Millions of Dollars)GainÂ (Loss)RecordedÂ inÂ OCIClassificationÂ ofGain (Loss)ReclassifiedÂ fromOCI to IncomeGain (Loss)ReclassifiedÂ fromOCI to IncomeGainÂ (Loss)Recognized inIncome on Amounts Excluded from Effectiveness Testing Interest Rate Contracts$â€”Â InterestÂ expense$(1.6)$â€”Â Foreign Exchange Contracts$(1.9)Cost of sales$(1.0)$â€”Â Year-to-Date 2023(Millions of Dollars)GainÂ (Loss)RecordedÂ inÂ OCIClassificationÂ ofGain (Loss)ReclassifiedÂ fromOCI to IncomeGain (Loss)ReclassifiedÂ fromOCI to IncomeGainÂ (Loss)Recognized inIncome on Amounts Excluded from Effectiveness Testing Interest Rate Contracts$â€”Â Interest expense$(3.1)$â€”Â Foreign Exchange Contracts$(4.5)Cost of sales$(0.4)$â€”Â A summary of the pre-tax effect of cash flow hedge accounting on the Consolidated Statements of Operations and Comprehensive (Loss) Income for the three and six months ended JuneÂ 29, 2024 and JulyÂ 1, 2023 is as follows:Second Quarter 2024Year-to-Date 2024(Millions of Dollars)Cost of SalesInterest ExpenseCost of SalesInterest ExpenseTotal amount in the Consolidated Statements of Operations and Comprehensive (Loss) Income in which the effects of the cash flow hedges are recorded$2,883.2Â $121.3Â $5,644.2Â $252.8Â Gain (loss) on cash flow hedging relationships:Foreign Exchange Contracts:Hedged Items$0.1Â (1.6)â€”Â Gain (loss) reclassified from OCI into Income(0.1)â€”Â $1.6Â $â€”Â Interest Rate Swap Agreements:Gain (loss) reclassified from OCI into Income 1$â€”Â (1.6)â€”Â $(3.1)13Table of ContentsSecond Quarter 2023Year-to-Date 2023(Millions of Dollars)Cost of SalesInterest ExpenseCost of SalesInterest ExpenseTotal amount in the Consolidated Statements of Operations and Comprehensive (Loss) Income in which the effects of the cash flow hedges are recorded$3,226.8Â $144.6Â $6,323.1Â $275.5Â Gain (loss) on cash flow hedging relationships:Foreign Exchange Contracts:Hedged Items$1.0Â $â€”Â $0.4Â $â€”Â Gain (loss) reclassified from OCI into Income(1.0)â€”Â (0.4)â€”Â Interest Rate Swap Agreements:Gain (loss) reclassified from OCI into Income 1$â€”Â (1.6)â€”Â $(3.1)1 Inclusive of the gain/loss amortization on terminated derivative financial instruments.An after-tax loss of $0.9 million and $1.4 million were reclassified from Accumulated other comprehensive loss into earnings (inclusive of the gain/loss amortization on terminated derivative instruments) during the periods in which the underlying hedged transactions affected earnings for the three months ended JuneÂ 29, 2024 and JulyÂ 1, 2023, respectively. An after-tax loss of $0.8 million and $1.9 million, respectively were reclassified from Accumulated other comprehensive loss into earnings (inclusive of the gain/loss amortization on terminated derivative instruments) during the periods in which the underlying hedged transactions affected earnings for the six months ended JuneÂ 29, 2024 and JulyÂ 1, 2023, respectively. Interest Rate Contracts: In prior years, the Company entered into interest rate swap agreements in order to obtain the lowest cost source of funds within a targeted range of variable to fixed-debt proportions. These swap agreements, which were designated as cash flow hedges, subsequently matured or were terminated and the gain/loss was recorded in Accumulated other comprehensive loss and is being amortized to interest expense. The cash flows stemming from the maturity or termination of the swaps were previously presented within financing activities in the Condensed Consolidated Statements of Cash Flows. As of JuneÂ 29, 2024 and DecemberÂ 30, 2023, the Company did not have any outstanding forward starting swaps designated as cash flow hedges.Forward Contracts:Â Through its global businesses, the Company enters into transactions and makes investments denominated in multiple currencies that give rise to foreign currency risk. The Company and its subsidiaries regularly purchase inventory from subsidiaries with functional currencies different than their own, which creates currency-related volatility in the Companyâ€™s results of operations. The Company utilizes forward contracts to hedge these forecasted purchases and sales of inventory. Gains and losses reclassified from Accumulated other comprehensive loss are recorded in Cost of sales as the hedged item affects earnings. There are no components excluded from the assessment of effectiveness for these contracts. At JuneÂ 29, 2024 and DecemberÂ 30, 2023, the notional value of forward currency contracts outstanding is $319.2 million and $300.0 million, respectively, maturing on various dates through 2025 and 2024, respectively. During July 2024, the Company executed forward currency contracts with notional values totaling $295.0Â million hedging Euro, Canadian dollar, Australian dollar, and British Pound exposure.FAIR VALUE HEDGESInterest Rate Risk:Â In an effort to optimize the mix of fixed versus floating rate debt in the Companyâ€™s capital structure, the Company enters into interest rate swaps. In prior years, the Company entered into interest rate swaps related to certain of its notes payable which were subsequently terminated. Amortization of the gain/loss on previously terminated swaps is reported in interest expense. Prior to termination, the changes in the fair value of the swaps and the offsetting changes in fair value related to the underlying notes were recognized in earnings. As of JuneÂ 29, 2024 and DecemberÂ 30, 2023, the Company did not have any active fair value interest rate swaps.14Table of ContentsA summary of the pre-tax effect of fair value hedge accounting on the Consolidated Statements of Operations and Comprehensive (Loss) Income for the three and six months ended JuneÂ 29, 2024 and JulyÂ 1, 2023 is as follows: (Millions of Dollars)Second Quarter 2024Interest ExpenseYear-to-Date 2024Interest ExpenseTotal amount in the Consolidated Statements of Operations and Comprehensive (Loss) Income in which the effects of the fair value hedges are recorded$121.3Â $252.8Â Amortization of gain on terminated swaps(0.1)(0.2)(Millions of Dollars)Second Quarter 2023Interest ExpenseYear-to-Date 2023Interest ExpenseTotal amount in the Consolidated Statements of Operations and Comprehensive (Loss) Income in which the effects of the fair value hedges are recorded$144.6Â $275.5Â Amortization of gain on terminated swaps(0.1)(0.2)A summary of the amounts recorded in the Condensed Consolidated Balance Sheets related to cumulative basis adjustments for fair value hedges as of JuneÂ 29, 2024 and DecemberÂ 30, 2023 is as follows:June 29, 2024(Millions of Dollars)Carrying Amount of Hedged Liability (1)Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged LiabilityCurrent Maturities of Long-Term Debt$500.1Â Terminated Swaps$â€”Â Long-Term Debt$532.3Â Terminated Swaps$(19.5)December 30, 2023(Millions of Dollars)Carrying Amount of Hedged Liability (1)Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged LiabilityCurrent Maturities of Long-Term Debt$1.1Â Terminated Swaps$â€”Â Long-Term Debt$532.6Â Terminated Swaps$(19.7)(1) Represents hedged items no longer designated in qualifying fair value hedging relationships.NET INVESTMENT HEDGESThe Company utilizes net investment hedges to offset the translation adjustment arising from re-measurement of its investment in the assets and liabilities of its foreign subsidiaries. The total after-tax amounts in Accumulated other comprehensive loss were gains of $72.8 million and $64.9 million at JuneÂ 29, 2024 and DecemberÂ 30, 2023, respectively. As of JuneÂ 29, 2024 and DecemberÂ 30, 2023, the Company did not have any net investment hedges with a notional value outstanding. As of JuneÂ 29, 2024, the Company had Euro denominated commercial paper with a value of $317.4Â million, maturing in 2024, hedging a portion of the Company's Euro denominated net investments. As of DecemberÂ 30, 2023, the Company had Euro denominated commercial paper with a value of $399.7Â million, maturing in 2024, hedging a portion of the Company's Euro denominated net investments.Maturing foreign exchange contracts resulted in no cash received or paid for the six months ended JuneÂ 29, 2024 and JulyÂ 1, 2023.Gains and losses on net investment hedges remain in Accumulated other comprehensive loss until disposal of the underlying assets. Gains and losses representing components excluded from the assessment of effectiveness are recognized in earnings in Other, net on a straight-line basis over the term of the hedge. Gains and losses after a hedge has been de-designated are recorded directly to the Consolidated Statements of Operations and Comprehensive (Loss) Income in Other, net.15Table of ContentsThe pre-tax gain or loss from fair value changes for the three and six months ended JuneÂ 29, 2024 and JulyÂ 1, 2023 is as follows:Second Quarter 2024(Millions of Dollars)Total Gain (Loss) Recorded in OCIExcluded Component Recorded in OCIIncome Statement ClassificationTotal Gain (Loss) Reclassified from OCI to IncomeExcluded Component Amortized from OCI to IncomeForward Contracts(0.1)â€”Â Other, net$â€”Â $â€”Â Non-derivative designated as Net Investment Hedge$2.0Â $â€”Â Other, net$â€”Â $â€”Â Year-to-Date 2024(Millions of Dollars)Total Gain (Loss) Recorded in OCIExcluded Component Recorded in OCIIncome Statement ClassificationTotal Gain (Loss) Reclassified from OCI to IncomeExcluded Component Amortized from OCI to IncomeForward Contracts(0.3)â€”Â Other, net$â€”Â $â€”Â Non-derivative designated as Net Investment Hedge$10.8Â $â€”Â Other, net$â€”Â $â€”Â Second Quarter 2023(Millions of Dollars)Total Gain (Loss) Recorded in OCIExcluded Component Recorded in OCIIncome Statement ClassificationTotal Gain (Loss) Reclassified from OCI to IncomeExcluded Component Amortized from OCI to IncomeForward Contracts$â€”Â $â€”Â Other, net$â€”Â $â€”Â Cross Currency Swap$â€”Â $â€”Â Other, net$â€”Â $â€”Â Non-derivative designated as Net Investment Hedge$2.8Â $â€”Â Other, net$â€”Â $â€”Â Year-to-Date 2023(Millions of Dollars)Total Gain (Loss) Recorded in OCIExcluded Component Recorded in OCIIncome Statement ClassificationTotal Gain (Loss) Reclassified from OCI to IncomeExcluded Component Amortized from OCI to IncomeForward Contracts$0.2Â $â€”Â Other, net$â€”Â $â€”Â Cross Currency Swap$(0.1)$â€”Â Other, net$â€”Â $â€”Â Non-derivative designated as Net Investment Hedge(9.8)â€”Â Other, net$â€”Â $â€”Â UNDESIGNATED HEDGESForeign Exchange Contracts:Â Foreign exchange forward contracts are used to reduce risks arising from the change in fair value of certain foreign currency denominated assets and liabilities (such as affiliate loans, payables and receivables). The objective is to minimize the impact of foreign currency fluctuations on operating results. The total notional amount of the forward contracts outstanding is $1.1 billion as of JuneÂ 29, 2024 and $1.0 billion as of DecemberÂ 30, 2023, maturing on various dates through 2024. The loss recorded in the Consolidated Statements of Operations and Comprehensive (Loss) Income from changes in the fair value related to derivatives not designated as hedging instruments under ASC 815 for the three and six months ended JuneÂ 29, 2024 and JulyÂ 1, 2023 is as follows:Â (Millions of Dollars)IncomeÂ Statement ClassificationSecond QuarterÂ 2024Year-to-DateÂ 2024Second QuarterÂ 2023Year-to-DateÂ 2023Foreign Exchange ContractsOther, net$3.7Â (10.2)(22.5)$(23.5)16Table of ContentsI.Â Â Â Â ACCUMULATED OTHER COMPREHENSIVE LOSSThe following tables summarize the changes in the balances for each component of Accumulated other comprehensive loss:(Millions of Dollars)Currency translation adjustment and other(Losses) gains on cash flow hedges, net of taxGains on net investment hedges, net of taxPension (losses) gains, net of taxTotalBalance - December 30, 2023$(1,832.3)$(42.5)$64.9Â (259.2)(2,069.1)Other comprehensive (loss) income before reclassifications(178.6)6.4Â 7.9Â 1.8Â (162.5)Adjustments related to sales of businesses(6.0)â€"Â â€"Â â€"Â (6.0)Reclassification adjustments to earningsâ€"Â 0.8Â â€"Â 4.3Â 5.1Â Net other comprehensive (loss) income (184.6)7.2Â 7.9Â 6.1Â (163.4)Balance - June 29, 2024$(2,016.9)$(35.3)$72.8Â (253.1)(2,232.5)(Millions of Dollars)Currency translation adjustment and other(Losses) gains on cash flow hedges, net of taxGains (losses) on net investment hedges, net of taxPension (losses) gains, net of taxTotalBalance - December 31, 2022$(1,907.4)$(44.5)$73.8Â (241.4)(2,119.5)Other comprehensive income (loss) before reclassifications32.8Â (2.7)(7.3)(5.4)17.4Â Reclassification adjustments to earningsâ€"Â 1.9Â â€"Â 4.4Â 6.3Â Net other comprehensive income (loss) 32.8Â (0.8)(7.3)(1.0)23.7Â Balance - July 1, 2023$(1,874.6)$(45.3)$66.5Â (242.4)(2,095.8)The Company uses the portfolio method for releasing the stranded tax effects from Accumulated other comprehensive loss. The reclassifications out of Accumulated other comprehensive loss for the six months ended JuneÂ 29, 2024 and JulyÂ 1, 2023 were as follows:(Millions of Dollars)20242023Affected line item in Consolidated Statements of Operations And Comprehensive (Loss) IncomeRealized gains (losses) on cash flow hedges$1.6Â $(0.4)Cost of salesRealized losses on cash flow hedges(3.1)(3.1)Interest expenseTotal before taxes(1.5)(3.5)Tax effect0.7Â 1.6Â Income taxes Realized losses on cash flow hedges, net of tax(0.8)(1.9)Amortization of defined benefit pension items:Actuarial losses and prior service costs / credits(5.6)(5.6)Other, netSettlement loss(0.1)(0.1)Other, netTotal before taxes(5.7)(5.7)Tax effect1.4Â 1.3Â Income taxesAmortization of defined benefit pension items, net of tax(4.3)(4.4)17Table of ContentsJ.Â Â Â Â NET PERIODIC BENEFIT COST â€" DEFINED BENEFIT PLANSFollowing are the components of net periodic pension expense for the three and six months ended JuneÂ 29, 2024 and JulyÂ 1, 2023:Â Second QuarterPension BenefitsOtherÂ BenefitsU.S. PlansNon-U.S.Â PlansAll Plans(Millions of Dollars)202420232024202320242023Service cost $1.6Â $2.1Â $3.0Â $2.8Â $â€"Â $â€"Â Interest cost12.9Â 13.9Â 10.4Â 11.0Â 0.4Â 0.5Â Expected return on plan assets(15.2)(15.6)(10.8)(10.5)â€"Â â€"Â Amortization of prior service cost (credit)0.1Â 0.2Â (0.2)(0.1)â€"Â â€"Â Amortization of net loss (gain)2.0Â 2.2Â 1.1Â 0.9Â (0.2)(0.3)Settlement / curtailment lossâ€"Â 0.1Â 0.1Â â€"Â â€"Â Net periodic pension expense$1.4Â $2.8Â $3.6Â $4.2Â $0.2Â $0.2Â Â Year-to-DatePension BenefitsOtherÂ BenefitsU.S. PlansNon-U.S.Â PlansAll Plans(Millions of Dollars)202420232024202320242023Service cost$3.2Â $4.1Â $6.1Â $5.6Â $0.1Â $0.1Â Interest cost25.8Â 27.4Â 20.8Â 21.6Â 0.8Â 1.0Â Expected return on plan assets(30.4)(31.1)(21.7)(20.6)â€"Â â€"Â Amortization of prior service cost (credit)0.3Â 0.4Â (0.4)(0.3)â€"Â â€"Â Amortization of net loss (gain)4.0Â 4.4Â 2.2Â 1.7Â (0.5)(0.6)Settlement / curtailment lossâ€"Â 0.1Â 0.1Â 0.1Â â€"Â â€"Â Net periodic pension expense$2.9Â $5.2Â $7.1Â $8.1Â $0.4Â $0.5Â The components of net periodic benefit expense other than the service cost component are included in Other, net in the Consolidated Statements of Operations and Comprehensive (Loss) Income. K.Â Â Â Â FAIR VALUE MEASUREMENTSASC 820, Fair Value Measurement, defines, establishes a consistent framework for measuring, and expands disclosure requirements about fair value. ASC 820 requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Companyâ€™s market assumptions. These two types of inputs create the following fair value hierarchy:Level 1 â€" Quoted prices for identical instruments in active markets.Level 2 â€" Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs and significant value drivers are observable.Level 3 â€" Instruments that are valued using unobservable inputs.The Company is exposed to market risk from changes in foreign currency exchange rates, interest rates, stock prices and commodity prices. The Company holds various financial instruments to manage these risks. These financial instruments are carried at fair value and are included within the scope of ASCÂ 820. The Company determines the fair value of these financial instruments through the use of matrix or model pricing, which utilizes observable inputs such as market interest and currency rates. When determining fair value for which LevelÂ 1 evidence does not exist, the Company considers various factors including the following: exchange or market price quotations of similar instruments, time value and volatility factors, the Companyâ€™s own credit rating and the credit rating of the counterparty.18Table of ContentsRecurring Fair Value MeasurementsThe following table presents the Companyâ€™s financial assets and liabilities that are measured at fair value on a recurring basis for each of the hierarchy levels:(Millions of Dollars)Total Carrying ValueLevelÂ 1Level 2Level 3June 29, 2024Money market fund$14.5Â $14.5Â $â€"Â $â€"Â Deferred compensation plan investments$16.2Â $16.2Â $â€"Â $â€"Â Derivative assets$13.9Â $â€"Â $13.9Â $â€"Â Derivative liabilities$8.9Â $â€"Â $8.9Â $â€"Â Non-derivative hedging instrument$317.4Â $â€"Â $317.4Â $â€"Â Contingent consideration liability$193.5Â $â€"Â $â€"Â $193.5Â December 30, 2023Money market fund$12.3Â $12.3Â $â€"Â $â€"Â Deferred compensation plan investments$20.2Â $20.2Â $â€"Â $â€"Â Derivative assets$8.5Â $â€"Â $8.5Â $â€"Â Derivative liabilities$17.9Â $â€"Â $17.9Â $â€"Â Non-derivative hedging instrument$399.7Â $â€"Â $399.7Â $â€"Â Contingent consideration liability$208.8Â $â€"Â $â€"Â $208.8Â The following table provides information about the Company's financial assets and liabilities not carried at fair value:Â June 29, 2024December 30, 2023(Millions of Dollars)CarryingValueFairValueCarryingValueFairValueOther investments$4.0Â $3.9Â $6.0Â $5.8Â Long-term debt, including current portion$6,102.5Â $5,449.8Â $6,102.1Â $5,512.8Â The money market fund and other investments related to the West Coast Loading Corporation ("WCLC") trust are considered Level 1 instruments within the fair value hierarchy. The deferred compensation plan investments are considered Level 1 instruments and are recorded at their quoted market price. The fair values of the derivative financial instruments in the table above are based on current settlement values. The long-term debt instruments are considered Level 2 instruments and are measured using a discounted cash flow analysis based on the Companyâ€™s marginal borrowing rates. The differences between the carrying values and fair values of long-term debt are attributable to the stated interest rates differing from the Company's marginal borrowing rates. The fair values of the Company's variable rate short-term borrowings approximate their carrying values at JuneÂ 29, 2024 and DecemberÂ 30, 2023. As part of the CraftsmanÂ® brand acquisition in March 2017, the Company recorded a contingent consideration liability representing the Company's obligation to make future payments to Transform Holdco, LLC, which operates Sears and Kmart retail locations, of between 2.5% and 3.5% on sales of Craftsman products in new Stanley Black & Decker channels through March 2032. During the six months ended JuneÂ 29, 2024, the Company paid $18.4Â million for royalties owed. The Company will continue making future payments quarterly through the second quarter of 2032. The estimated fair value of the contingent consideration liability is determined using a discounted cash flow analysis taking into consideration future sales projections, forecasted payments to Transform Holdco, LLC, based on contractual royalty rates, and the related tax impacts. The estimated fair value of the contingent consideration liability was $193.5 million and $208.8 million as of JuneÂ 29, 2024 and DecemberÂ 30, 2023, respectively. Adjustments to the contingent consideration liability, with the exception of cash payments, are recorded in SG&A in the Consolidated Statements of Operations and Comprehensive (Loss) Income. A 100 basis point reduction in the discount rate would result in an increase to the liability of approximatelyÂ $5.6 million as of JuneÂ 29, 2024. A single estimate of fair value results from a complex series of judgments about future events and uncertainties and relies heavily on estimates and assumptions. The Company's judgments used to determine the estimated contingent consideration liability discussed above, including estimated future sales projections, can materially impact the Companyâ€™s results of operations.19Table of ContentsRefer to NoteÂ H, Financial Instruments, for more details regarding derivative financial instruments, Note O, Contingencies, for more details regarding the other investments related to the WCLC trust, and NoteÂ G, Long-Term Debt and Financing Arrangements, for more information regarding the carrying values of the long-term debt.Non-Recurring Fair Value MeasurementsThe Company recorded impairment charges in the first quarter of 2024 and the fourth quarter of 2023 to adjust the carrying amount of the long-lived assets of its Infrastructure business sold on April 1, 2024, which were considered Level 3 fair value measurements. Refer to Note Q, Divestitures for further discussion. The Company had no other significant non-recurring fair value measurements, nor any other financial assets or liabilities measured using Level 3 inputs, during the first six months of 2024 or 2023.L.Â Â Â Â RESTRUCTURING CHARGES AND OTHER COSTSA summary of the restructuring reserve activity from DecemberÂ 30, 2023 to JuneÂ 29, 2024 is as follows:Â (Millions of Dollars)December 30,2023Net AdditionsUsageCurrencyJune 29,2024Severance and related costs$25.8Â $37.4Â (24.3)0.5Â $39.4Â Facility closures and other3.1Â 7.4Â (7.6)â€"Â 2.9Â Total$28.9Â $44.8Â (31.9)0.5Â $42.3Â For the three and six months ended JuneÂ 29, 2024, the Company recognized net restructuring charges of $29.8 million and $44.8 million, respectively, primarily related to severance. The majority of the $42.3 million of reserves remaining as of JuneÂ 29, 2024 is expected to be utilized within the next 12 months.Segments:Â The $44.8 million of net restructuring charges for the six months ended JuneÂ 29, 2024 includes: $34.6 million in the Tools & Outdoor segment; $5.3 million in the Industrial segment; and $4.9 million in Corporate.The $29.8 million of net restructuring charges for the three months ended JuneÂ 29, 2024 includes: $27.6 million in the Tools & Outdoor segment; $0.4 million of net reversals in the Industrial segment; and $2.6 million in Corporate.Other, net is primarily comprised of intangible asset amortization expense, currency-related gains or losses, environmental remediation expense, deal costs and related consulting costs, and certain pension gains or losses. Other, net amounted to $226.5 million and $66.6 million for the three months ended JuneÂ 29, 2024 and JulyÂ 1, 2023, respectively. Other, net amounted to $306.5 million and $130.3 million for the six months ended JuneÂ 29, 2024 and JulyÂ 1, 2023, respectively. The year-over-year increases are primarily driven by an environmental remediation reserve adjustment relating to the Centredale site as further discussed in Note O, Contingencies.M.Â Â Â Â INCOME TAXESIn accordance with ASC 740, Income Taxes, the Company estimates its annual effective tax rate each quarterly reporting period. Tax expense or benefit in interim periods is computed by applying the estimated annual effective tax rate to income or loss, and is adjusted for the tax effect of items of income and expense discretely reported in the period. The estimated annual effective tax rate used in determining income taxes on a year-to-date basis may change in subsequent interim periods. When changes to the estimated annual effective tax rate occur, the prior interim year-to-date tax expense or tax benefit is revised to reflect the revised estimated annual effective tax rate. Any adjustment is recorded in the period in which the change occurs.For the three and six months ended JuneÂ 29, 2024, the Company recognized an income tax benefit from continuing operations of $2.9 million and income tax expense of $25.9 million, respectively, resulting in effective tax rates of 13.1% and 98.9%, respectively. The effective tax rates for the three and six months ended JuneÂ 29, 2024 differ from the U.S. statutory tax rate of 21% primarily due to non-deductible expenses, losses for which a tax benefit is not recognized, and U.S. tax on foreign earnings, partially offset by the remeasurement of uncertain tax position reserves, tax credits, and state income taxes.For the three and six months ended JulyÂ 1, 2023, the Company recognized an income tax benefit from continuing operations of $253.3 million and $229.6 million, respectively, resulting in effective tax rates of 334.2% and 95.7%, respectively. During the three months ended JulyÂ 1, 2023, the Company revised its estimated annual effective tax rate to reflect a tax benefit from an intra-entity asset transfer of certain intangible assets in connection with the continued reorganization of the Companyâ€™s supply chain. Accordingly, the income tax benefit for the three months ended JulyÂ 1, 2023 included an incremental interim tax benefit to reflect the impact of the change in the estimated annual effective tax rate to the prior interim year-to-date tax expense, which 20Table of Contentsreversed in the fourth quarter of 2023. The effective tax rates for the three and six months ended JulyÂ 1, 2023 differ from the U.S. statutory tax rate of 21% primarily due to the tax benefit associated with the intra-entity asset transfer described above, tax on foreign earnings at tax rates different than the U.S. tax rate, state income taxes and tax credits, partially offset by U.S. tax on foreign earnings, non-deductible expenses and losses for which a tax benefit is not recognized.The Company considers many factors when evaluating and estimating its tax positions and the impact on income tax expense, which may require periodic adjustments, and which may not accurately anticipate actual outcomes. It is reasonably possible that the amount of the unrecognized benefit with respect to certain of the Company's unrecognized tax positions will significantly increase or decrease within the next twelveÂ months. However, based on the uncertainties associated with finalizing audits with the relevant tax authorities including formal legal proceedings, it is not possible to reasonably estimate the impact of any such change.N.Â Â Â Â BUSINESS SEGMENTS AND GEOGRAPHIC AREASThe Companyâ€™s operations are classified into two reportable business segments: Tools & Outdoor and Industrial.The Tools & Outdoor segment is comprised of the Power Tools Group ("PTG"), Hand Tools, Accessories & Storage ("HTAS") and Outdoor Power Equipment ("Outdoor") product lines. The PTG product line includes both professional and consumer products. Professional products, primarily under the DEWALTÂ® brand, include professional grade corded and cordless electric power tools and equipment including drills, impact wrenches and drivers, grinders, saws, routers and sanders, as well as pneumatic tools and fasteners including nail guns, nails, staplers and staples, and concrete and masonry anchors. DIY and tradesperson focused products include corded and cordless electric power tools sold primarily under the CRAFTSMANÂ® brand, and consumer home products such as hand-held vacuums, paint tools and cleaning appliances primarily under the BLACK+DECKERÂ® brand. The HTAS product line sells hand tools, power tool accessories and storage products. Hand tools include measuring, leveling and layout tools, planes, hammers, demolition tools, clamps, vises, knives, saws, chisels and industrial and automotive tools. Power tool accessories include drill bits, screwdriver bits, router bits, abrasives, saw blades and threading products. Storage products include tool boxes, sawhorses, medical cabinets and engineered storage solution products. The Outdoor product line primarily sells corded and cordless electric lawn and garden products, including hedge trimmers, string trimmers, lawn mowers, pressure washers and related accessories, and gas powered lawn and garden products, including lawn tractors, zero turn ride on mowers, walk behind mowers, snow blowers, residential robotic mowers, utility terrain vehicles (UTVs), hand-held outdoor power equipment, garden tools, and parts and accessories to professionals and consumers under the DEWALTÂ®, CRAFTSMANÂ®, CUB CADETÂ®, BLACK+DECKERÂ®, and HUSTLERÂ® brand names.The Industrial segment is comprised of the Engineered Fastening business and the Infrastructure business prior to its sale in April 2024. The Engineered Fastening business primarily sells highly engineered components such as fasteners, fittings and various engineered products, which are designed for specific application across multiple verticals. The product lines include externally threaded fasteners, blind rivets and tools, blind inserts and tools, drawn arc weld studs and systems, engineered plastic and mechanical fasteners, self-piercing riveting systems, precision nut running systems, micro fasteners, high-strength structural fasteners, axel swage, latches, heat shields, pins, and couplings.The Company utilizes segment profit, which is defined as net sales minus cost of sales and SG&A inclusive of the provision for credit losses (aside from corporate overhead expense), and segment profit as a percentage of net sales to assess the profitability of each segment. Transactions between segments are not material. Segment assets primarily include cash, accounts receivable, inventory, other current assets, property, plant and equipment, right-of-use lease assets and intangible assets. Net sales and long-lived assets are attributed to the geographic regions based on the geographic locations of the end customer and the Company subsidiary, respectively.21Table of ContentsÂ Second QuarterYear-to-Date(Millions of Dollars)2024202320242023Net SalesTools & Outdoor$3,528.7Â $3,542.2Â $6,813.3Â $6,857.6Â Industrial495.7Â 616.7Â 1,080.6Â 1,233.1Â Consolidated$4,024.4Â $4,158.9Â $7,893.9Â $8,090.7Â Segment ProfitTools & Outdoor$316.1Â $102.0Â $571.8Â $120.7Â Industrial66.8Â 71.6Â 132.0Â 139.0Â Segment Profit382.9Â 173.6Â 703.8Â 259.7Â Corporate Overhead(70.3)(78.8)(134.5)(154.5)Other, net(226.5)(66.6)(306.5)(130.3)Loss on sales of businessesâ€"Â â€"Â â€"Â (7.6)Asset impairment chargeâ€"Â â€"Â (25.5)â€"Â Restructuring charges(29.8)(4.6)(44.8)(16.7)Interest income42.9Â 45.2Â 86.5Â 85.0Â Interest expense(121.3)(144.6)(252.8)(275.5)(Loss) earnings from continuing operations before income taxes(22.1)(75.8)$26.2Â $(239.9)Corporate Overhead includes the corporate overhead element of SG&A, which is not allocated to the business segments.The Company recognizes revenue at a point in time from the sale of tangible products or over time depending on when the performance obligation is satisfied. For the three and six months ended JuneÂ 29, 2024 and JulyÂ 1, 2023, the majority of the Companyâ€™s revenue was recognized at the time of sale. The percent of total segment revenue recognized over time for the Industrial segment for the three and six months ended JuneÂ 29, 2024 was 3.4% and 3.1%, respectively. The percent of total segment revenue recognized over time for the Industrial segment for the three and six months ended JulyÂ 1, 2023 was 2.2% and 2.0%, respectively.The following table is a further disaggregation of the Industrial segment revenue for the three and six months ended JuneÂ 29, 2024 and JulyÂ 1, 2023:Second QuarterYear-to-Date(Millions of Dollars)2024202320242023Engineered Fastening$495.7Â $497.4Â $988.0Â $973.7Â Infrastructureâ€"Â 119.3Â 92.6Â 259.4Â Industrial$495.7Â $616.7Â $1,080.6Â $1,233.1Â The following table is a summary of total assets by segment as of JuneÂ 29, 2024 and DecemberÂ 30, 2023:(Millions of Dollars)June 29, 2024December 30, 2023Tools & Outdoor$18,777.1Â $18,960.8Â Industrial4,023.3Â 4,081.7Â 22,800.4Â 23,042.5Â Assets held for saleâ€"Â 857.6Â Corporate assets(346.2)(236.3)Consolidated$22,454.2Â $23,663.8Â Corporate assets primarily consist of cash, deferred taxes, property, plant and equipment, and right-of-use lease assets. Based on the nature of the Company's cash pooling arrangements, at times the corporate-related cash accounts will be in a net liability position. 22Table of ContentsGEOGRAPHIC AREASThe following table is a summary of net sales by geographic area for the three and six months ended JuneÂ 29, 2024 and JulyÂ 1, 2023:Second QuarterYear-to-Date(Millions of Dollars)2024202320242023United States$2,514.1Â $2,600.6Â $4,871.4Â $5,023.0Â Canada189.7Â 194.7Â 405.6Â 413.0Â Other Americas225.8Â 221.1Â 435.3Â 414.5Â Europe799.9Â 833.7Â 1,588.6Â 1,617.4Â Asia294.9Â 308.8Â 593.0Â 622.8Â Consolidated$4,024.4Â $4,158.9Â $7,893.9Â $8,090.7Â O.Â Â Â Â CONTINGE Company is involved in various legal proceedings relating to environmental issues, employment, product liability, workersâ€™ compensation claims and other matters. The Company periodically reviews the status of these proceedings with both inside and outside counsel, as well as an actuary for risk insurance. Management believes that the ultimate disposition of these matters will not have a material adverse effect on operations or financial condition taken as a whole.Government Investigations On January 19, 2024, the Company was notified by the Compliance and Field Operations Division (the â€œDivisionâ€) of the Consumer Product Safety Commission (â€œCPSCâ€) that the Division intends to recommend the imposition of a civil penalty of approximately $32Â million for alleged untimely reporting in relation to certain utility bars and miter saws that were subject to voluntary recalls in September 2019 and March 2022, respectively. The Company believes there are defenses to the Divisionâ€™s claims, and has presented its defenses in a meeting with the Division on February 29, 2024 and in a written submission dated March 29, 2024. On April 1, 2024, the Division informed the Company's counsel that the Division intended to recommend that the CPSC refer the matter to the U.S. Department of Justice (the "DOJ"). On May 1, 2024, the Company was informed that the CPSC voted to refer the matter to the DOJ. The Company has not heard anything further from the CPSC or the DOJ in relation to this matter since then and therefore is not in a position to assess the likelihood of any potential loss or adverse effect on its financial condition or to estimate the amount of potential loss, if any, from this matter.The Company previously disclosed that it had identified certain transactions relating to its international operations that may raise compliance questions under the U.S. Foreign Corrupt Practices Act (â€œFCPAâ€) and has voluntarily disclosed this information to the DOJ and the U.S. Securities and Exchange Commission (the â€œSECâ€). The Company is cooperating with both agencies in their investigations of these transactions (the â€œFCPA Mattersâ€). Currently, the Company does not believe that the FCPA Matters will have a material impact on its financial condition or results of operations, although it is possible that a loss related to the FCPA Matters may be incurred.Given the ongoing nature of the FCPA Matters, management cannot predict the duration, scope, or outcome of the DOJâ€™s or SECâ€™s investigations or estimate the potential magnitude of any such loss or range of loss, or the cost of the ongoing investigations. Any determination that certain transactions relating to the Companyâ€™s international operations were not in compliance with the FCPA could result in the imposition of fines, civil or criminal penalties, equitable remedies, including disgorgement, injunctive relief, or other sanctions against the Company. The Company also may become a party to litigation or other legal proceedings over the FCPA Matters described above.The Company is committed to upholding the highest standards of corporate governance and is continuously focused on ensuring the effectiveness of its policies, procedures, and controls. The Company is in the process, with the assistance of professional advisors, of reviewing and further enhancing relevant policies, procedures, and controls. Class Action Litigation As previously disclosed, on March 24, 2023, a putative class action lawsuit titled Naresh Vissa Rammohan v. Stanley Black & Decker, Inc., et al., Case No. 3:23-cv-00369-KAD (the â€œRammohan Class Actionâ€), was filed in the United States District Court for the District of Connecticut against the Company and certain of the Companyâ€™s current and former officers and directors. The complaint was filed on behalf of a purported class consisting of all purchasers of Stanley Black & Decker common stock between October 28, 2021 and July 28, 2022, inclusive. The complaint asserts violations of Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 based on allegedly false and misleading statements related to consumer demand for 23Table of Contentsthe Companyâ€™s products amid changing COVID-19 trends and macroeconomic conditions. The complaint seeks unspecified damages and an award of costs and expenses. On October 13, 2023, Lead Plaintiff General Retirement System of the City of Detroit filed an Amended Complaint that asserts the same claims and seeks the same forms of relief as the original complaint. The Company intends to vigorously defend this action in all respects and on December 14, 2023 filed a motion to dismiss the Amended Complaint in its entirety. Briefing on that motion concluded on April 5, 2024, and the Company awaits a decision on that motion. Given the early stage of this litigation, at this time, the Company is not in a position to assess the likelihood of any potential loss or adverse effect on its financial condition or to estimate the amount or range of potential losses, if any, from this action.Derivative ActionsAs previously disclosed, on August 2, 2023 and September 20, 2023, derivative complaints were filed in the United States District Court for the District of Connecticut, titled Callahan v. Allan, et al., Case No. 3:23-cv-01028-OAW (the â€œCallahan Derivative Actionâ€) and Applebaum v. Allan, et al., Case No. 3:23-cv-01234-OAW (the â€œApplebaum Derivative Actionâ€), respectively, by putative stockholders against certain current and former directors and officers of the Company premised on the same allegations as the Rammohan Class Action. The Callahan and Applebaum Derivative Actions were consolidated by Court order on November 6, 2023 and defendantsâ€™ responses to both complaints have been stayed pending the disposition of any motions to dismiss in the Rammohan Class Action. The individual defendants intend to vigorously defend the Callahan and Applebaum Derivative Actions in all respects. However, given the early stage of this litigation, at this time, the Company is not in a position to assess the likelihood of any potential loss or adverse effect on its financial condition or to estimate the amount or range of potential losses, if any, from these actions.On October 19, 2023, a derivative complaint was filed in Connecticut Superior Court, titled Vladimir Gusinsky Revocable Trust v. Allan, et al., Docket Number HHBCV236082260S, by a putative stockholder against certain current and former directors and officers of the Company. Plaintiff seeks to recover for alleged breach of fiduciary duties and unjust enrichment under Connecticut state law premised on the same allegations as the Rammohan Class Action. By Court order on November 11, 2023, the Connecticut Superior Court granted the partiesâ€™ motion to stay defendantsâ€™ response to the complaint pending the disposition of any motions to dismiss in the Rammohan Class Action. The individual defendants intend to vigorously defend this action in all respects. However, given the early stage of this litigation, at this time, the Company is not in a position to assess the likelihood of any potential loss or adverse effect on its financial condition or to estimate the amount or range of potential losses, if any, from this action.EnvironmentalIn the normal course of business, the Company is a party to administrative proceedings and litigation, before federal and state regulatory agencies, relating to environmental remediation with respect to claims involving the discharge of hazardous substances into the environment, generally at current and former manufacturing facilities. In addition, some of these claims assert that the Company is responsible for damages and liability, for remedial investigation and clean-up costs, with respect to sites that have never been owned or operated by the Company, but the Company has been identified as a potentially responsible party ("PRP"). In connection with the 2010 merger with Black & Decker, the Company assumed certain commitments and contingent liabilities. Black & Decker is a party to litigation and administrative proceedings with respect to claims involving the discharge of hazardous substances into the environment at current and former manufacturing facilities and has also been named as a PRP in certain administrative proceedings.The Company, along with many other companies, has been named as a PRP in numerous administrative proceedings for the remediation of various waste sites, including 23 active Superfund sites. Current laws potentially impose joint and several liabilities upon each PRP. In assessing its potential liability at these sites, the Company has considered the following: whether responsibility is being disputed, the terms of existing agreements, experience at similar sites, and the Companyâ€™s volumetric contribution at these sites.The Companyâ€™s policy is to accrue environmental investigatory and remediation costs for identified sites when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. If no amount in the range of probable loss is considered most likely, the minimum loss in the range is accrued. The amount of liability recorded is based on an evaluation of currently available facts with respect to each individual site and includes such factors as existing technology, presently enacted laws and regulations, and prior experience in remediation of contaminated sites. The liabilities recorded do not take into account any claims for recoveries from insurance or third parties. As assessments and remediation progress at individual sites, the amounts recorded are reviewed periodically and adjusted to reflect additional technical and legal information that becomes available. As of JuneÂ 29, 2024 and December 30, 2023, the Company had reserves of $274.9Â million and $124.5Â million, respectively, for remediation activities associated with Company-owned properties, as well as for Superfund sites, for losses that are probable and estimable. Of the JuneÂ 29, 2024 amount, $49.1Â million is classified as current and $225.8Â million as long-24Table of Contentsterm which is expected to be paid over the estimated remediation period. As of JuneÂ 29, 2024, the Company's net cash obligations, including the West Coast Loading Corporation ("WCLC") assets discussed below, is $257.8Â million. As of JuneÂ 29, 2024, the range of environmental remediation costs that is reasonably possible is $186.8Â million to $406.5Â million which is subject to change in the near term. The Company may be liable for environmental remediation of sites it no longer owns. Liabilities have been recorded on those sites in accordance with the Company's policy.West Cost Loading CorporationAs of JuneÂ 29, 2024, the Company has recorded $17.1Â million in other assets related to funding received by the Environmental Protection Agency (â€œEPAâ€) and placed in a trust in accordance with the final settlement with the EPA, embodied in a Consent Decree approved by the United States District Court for the Central District of California on July 3, 2013. Per the Consent Decree, Emhart Industries, Inc. (a dissolved and liquidated former indirectly wholly-owned subsidiary of The Black & Decker Corporation) (â€œEmhartâ€) has agreed to be responsible for an interim remedy at a site located in Rialto, California and formerly operated by WCLC, a defunct company for which Emhart was alleged to be liable as a successor. The remedy will be funded by (i) the amounts received from the EPA as gathered from multiple parties, and, to the extent necessary, (ii) Emhart's affiliate.Â The interim remedy requires the construction of a water treatment facility and the treatment of ground water at or around the site for a period of approximately 30 years or more. As of JuneÂ 29, 2024, the Company's net cash obligation associated with these remediation activities, including WCLC assets, is $0.5Â million. Centredale SiteOn April 8, 2019, the United States District Court approved a Consent Decree documenting the terms of a settlement between the Company and the United States for reimbursement of EPA's past costs and remediation of environmental contamination found at the Centredale Manor Restoration Project Superfund Site ("Centredale site"), located in North Providence, Rhode Island. Black & Decker and Emhart are liable for site clean-up costs under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") as successors to the liability of Metro-Atlantic, Inc., a former operator at the Centredale site. The Company is complying with the terms of the settlement and has fully reimbursed the EPA for its past costs. Remediation work at the Centredale site remains ongoing. Technical and regulatory issues have arisen in connection with the disposal methods selected and described in the statement of work for contaminated Centredale site soils and sediment. Emhartâ€™s contractor is working with the EPA and the Rhode Island Department of Environmental Management (â€œRIDEMâ€) to develop alternatives. Based on these evolving technical and regulatory discussions, in the second quarter of 2024, the EPA and RIDEM began implementing regulatory changes that suggest that offsite landfill disposal now represents the most probable remedial alternative for the disposal of contaminated Centredale site soils and sediments. Significant open technical and regulatory issues relating to the implementation of this disposal alternative remain, including final EPA and RIDEM approvals, and further developments may result in additional or different remedial actions. Emhartâ€™s contractorâ€™s assessment of the offsite landfill disposal alternative involves soil and sediment volume estimates that could also change or increase as additional design investigations are performed at the site, which may further impact the remediation process. Emhart has recently entered into a cooperative agreement with the Federal and State Natural Resource Trustees to collectively conduct an assessment of what, if any, Natural Resource Damages may be associated with the contamination at the Centredale Site. Litigation continues in the District Court concerning Phase 3 of the case, which is addressing the potential allocation of liability to other PRPs who may have contributed to contamination of the Centredale site with dioxins, polychlorinated biphenyls and other contaminants of concern. Based on the regulatory changes, and remedial developments currently contemplated by the EPA and the State of Rhode Island as described above, the Company has increased its reserve for this site by $142.3Â million in the second quarter of 2024. As of JuneÂ 29, 2024, the Company has reserved $164.6Â million for this site.Lower Passaic RiverThe Company and approximately 47 other companies comprise the Lower Passaic Cooperating Parties Group (the â€œCPGâ€). The CPG members and other companies are parties to a May 2007 Administrative Settlement Agreement and Order on Consent (â€œAOCâ€) with the EPA to perform a remedial investigation/feasibility study (â€œRI/FSâ€) of the lower seventeen miles of the Lower Passaic River in New Jersey (the â€œRiverâ€). The Companyâ€™s potential liability stems from former operations in Newark, New Jersey. The CPG has substantially completed the RI/FS for the entire 17-mile River. The Companyâ€™s estimated costs related to the RI/FS are included in its environmental reserves. Lower 8.3 MilesOn April 11, 2014, the EPA issued a Focused Feasibility Study (â€œFFSâ€) and proposed plan which addressed various early action remediation alternatives for the lower 8.3 miles of the River. On March 4, 2016, the EPA issued a Record of Decision ("ROD") selecting the remedy for the lower 8.3 miles of the River, which will include the removal of 3.5Â million cubic yards of sediment, placement of a cap over the entire lower 8.3 miles of the River, and, according to the EPA, will cost approximately $1.4Â billion and take 6 years to implement after the remedial design is completed. On September 30, 2016, Occidental Chemical Corporation ("OCC") entered into an agreement with the EPA to perform the remedial design for the cleanup plan for the lower 8.3 miles of the River. OCC has submitted the final remedial design, which was approved by EPA in May 2024. On June 30, 25Table of Contents2018, OCC filed a complaint in the United States District Court for the District of New Jersey against over 100 companies, including the Company, seeking CERCLA cost recovery or contribution for past costs relating to various investigations and cleanups OCC has conducted or is conducting in connection with the River. According to the complaint, OCC has incurred or is incurring costs which include the estimated cost ($165Â million) to complete the remedial design for the cleanup plan for the lower 8.3 miles of the River. OCC also seeks a declaratory judgment to hold the defendants liable for their proper shares of future response costs for OCC's ongoing activities in connection with the River. The Company and other defendants have answered the complaint and have been engaged in discovery with OCC. On February 24, 2021, the Company and other defendants filed a third party complaint against the Passaic Valley Sewerage Commissioners and forty-two municipalities to require those entities to pay their equitable share of response costs. On December 20, 2022, various defendants (including the Company) in the OCC litigation filed an unopposed motion to stay the litigation for six months which was granted by the Court on March 1, 2023 and has been extended while the Court considers the Consent Decree filed by the United States, as discussed below. The Company and 105 other parties received a letter dated March 31, 2016 from the EPA notifying such parties of potential liability for the costs of the cleanup of the lower 8.3 miles of the River. In a March 30, 2017 letter, the EPA stated that parties who did not discharge dioxins, furans or polychlorinated biphenyls (which are considered the contaminants of concern posing the greatest risk to human health or the environment) may be eligible for cash out settlement, but expected those parties' allocation to be determined through a complex settlement analysis using a third-party allocator. The EPA subsequently clarified this statement to say that such parties would be eligible to be "funding parties" for the lower 8.3 mile remedial action with each party's share of the costs determined by the EPA based on the allocation process and the remaining parties would be "work parties" for the remedial action. The Company participated in the allocation process and asserted that it did not discharge dioxins, furans or polychlorinated biphenyls and should be eligible to be a "funding party" for the lower 8.3 mile remedial action. The allocator selected by the EPA issued a confidential allocation report on December 28, 2020, which was reviewed by the EPA. As a result of the allocation process, on February 11, 2022, the EPA and certain parties (including the Company) reached an agreement in principle for a cash-out settlement for remediation of the entire 17-mile Lower Passaic River. On December 16, 2022, the United States lodged a Consent Decree with the United States District Court for the District of New Jersey in United States v. Alden Leeds, Inc. et al. (No. 2:22-cv-07326) that addressed the liability of 85 parties (including the Company) for an aggregate amount of $150Â million based in part on the EPA-sponsored allocation report that found OCC 99.4% responsible for the cleanup costs of the River. The Consent Decree was subject to a 90-day public comment period, which ended March 22, 2023. On November 21, 2023, the United States informed the Court that it concluded, based on the public comments, that a small number of parties (not including the Company) should be removed from the settlement and that a change should be made to the United Statesâ€™ reservation of rights (which was agreed to by the remaining settling parties). On January 17, 2024, the United States filed the modified Consent Decree with the Court and filed its motion to enter the modified Consent Decree on January 31, 2024. On April 1, 2024, the settling defendants (including the Company) and certain other parties filed briefs in support of, and OCC filed a brief in opposition to, the motion to enter the modified Consent Decree. The Court will enter or disapprove the modified Consent Decree after the motion is fully briefed.Upper 9 MilesOn October 10, 2018, the EPA issued a letter directing the CPG to prepare a streamlined feasibility study for the upper 9 miles of the River based on an iterative approach using adaptive management strategies. The CPG submitted a draft Interim Remedy Feasibility Study to the EPA on December 4, 2020, which identified various targeted dredge and cap alternatives with costs that range from $420Â million to $468Â million (net present value). The EPA issued the Interim Remedy ROD on September 28, 2021, selecting an alternative that the EPA estimates will cost $441Â million (net present value).On March 2, 2023, the EPA issued a Unilateral Administrative Order requiring OCC to design the interim remedy for the upper 9 miles of the River (the â€œ2023 UAOâ€). Notwithstanding the stay of the litigation commenced in 2018 (and two days after the public comment period on the Consent Decree closed), OCC filed a complaint named Occidental Chem. Corp. v. Givaudan Fragrances Corp., et al., No. 2:23â€‘cv-

1699 at 2, 5 (D.N.J. Mar. 24, 2023) (the â€œ2023 Litigationâ€) against forty parties (not including the Company) for recovery of past and future response costs it will incur in complying with the 2023 UAO. All of the defendants named in the 2023 Litigation are also defendants or third-party defendants in the litigation commenced in 2018. Maxus Bankruptcy SettlementPursuant to a settlement agreement by and among the Maxus Liquidating Trust, YPF and Repsol submitted to the bankruptcy court on April 7, 2023, YPF and Repsol will jointly pay a combined sum of $573Â million to various creditors. Based on the waterfall payout of the bankruptcy plan, the CPG received approximately $9Â million, which will be used either to offset future CPG costs, including EPA RI/FS oversight and legal and administrative costs, or to reimburse CPG members for a portion of their past contributions to the RI/FS costs. 26Table of ContentsAt this time, the Company cannot reasonably estimate its liability related to the litigation and remediation efforts as discussed above, excluding the RI/FS, as the OCC litigation is pending and the EPA settlement process has not been completed and requires court approval.Kerr McGeePer the terms of a Final Order and Judgment approved by the United States District Court for the Middle District of Florida on January 22, 1991, Emhart is responsible for a percentage of remedial costs arising out of the Kerr McGee Chemical Corporation Superfund Site located in Jacksonville, Florida. On March 15, 2017, the Company received formal notification from the EPA that the EPA had issued a ROD selecting the preferred alternative identified in the Proposed Cleanup Plan. On or about November 2, 2023, the Multistate Trust managing the remediation revised the estimated remediation costs for work to be performed in 2024, and the Company adjusted the reserve for its percentage share of such costs accordingly. As of JuneÂ 29, 2024, the Company has reserved $27.6Â million for this site.The amount recorded for the aforementioned identified contingent liabilities is based on estimates. Amounts recorded are reviewed periodically and adjusted to reflect additional technical and legal information that becomes available. Actual costs to be incurred in future periods may vary from the estimates, given the inherent uncertainties in evaluating certain exposures. Subject to the imprecision in estimating future contingent liability costs, the Company does not expect that any sum it may have to pay in connection with these environmental matters in excess of the amounts recorded will have a materially adverse effect on its financial position, results of operations or liquidity.P.Â Â Â Â COMMITMENTS AND GUARANTEESCOMMITMENTS â€" The Company has numerous assets, predominantly real estate, vehicles and equipment, under various lease arrangements. The following is a summary of the Company's right-of-use assets and lease liabilities:(Millions of Dollars)June 29, 2024December 30, 2023Right-of-use assets$500.2$502.9Lease liabilities$507.3$506.6Weighted-average incremental borrowing rate 4.8%4.6%Weighted-average remaining term6 years7 yearsRight-of-use assets are included within Other assets in the Condensed Consolidated Balance Sheets, while lease liabilities are included within Accrued expenses and Other liabilities, as appropriate. The Company determines its incremental borrowing rate based on interest rates from its debt issuances, taking into consideration adjustments for collateral, lease terms and foreign currency. The Company has arrangements with third-party financial institutions that offer voluntary supply chain finance ("SCF") programs. These arrangements enable certain of the Companyâ€™s suppliers, at the supplierâ€™s sole discretion, to sell receivables due from the Company to the financial institutions on terms directly negotiated with the financial institutions. The Company negotiates commercial terms with its suppliers, including prices, quantities, and payment terms, regardless of suppliersâ€™ decisions to finance the receivables due from the Company under these SCF programs. The Company has no economic interest in a supplierâ€™s decision to participate in these SCF programs, and no direct financial relationship with the financial institutions, as it relates to these SCF programs. The amounts due to the financial institutions for suppliers that voluntarily participate in these SCF programs were presented within Accounts payable on the Companyâ€™s Condensed Consolidated Balance Sheets and totaled $556.6Â million and $528.1Â million as ofâ€¯ JuneÂ 29, 2024 and December 30, 2023, respectively.As of JuneÂ 29, 2024, the Company had unrecognized commitments that require the future purchase of goods or services (unconditional purchase obligations) to provide it with access to products and services at competitive prices. These obligations consist of supplier agreements with long-term minimum material purchase requirements and freight forwarding arrangements with minimum quantity commitments. As of JuneÂ 29, 2024, the Company had unconditional purchase obligations of $299.9Â million, consisting of $74.8Â million in 2024, $151.0Â million in 2025, $41.1Â million in 2026, $25.7Â million in 2027 and $7.3Â million in 2028.27Table of ContentsGUARANTEES â€" The Companyâ€™s financial guarantees at JuneÂ 29, 2024 are as follows:(Millions of Dollars)TermMaximumPotentialPaymentCarryingAmountÂ ofLiabilityGuarantees on the residual values of leased assetsThreeÂ toÂ nine years$78.2Â $â€"Â Standby letters of creditUpÂ toÂ twenty years182.4Â â€"Â Commercial customer financing arrangementsUpÂ toÂ ten years88.8Â 14.8Â Total$349.4Â $14.8Â The Company has guaranteed a portion of the residual values associated with certain of its variable rate leases. The lease guarantees are for an amount up to $78.2Â million while the fair value of the underlying assets is estimated at $120.4Â million. The related assets would be available to satisfy the guarantee obligations.The Company has issued $182.4Â million in standby letters of credit that guarantee future payments which may be required under certain insurance programs and in relation to certain environmental remediation activities described more fully in Note O, Contingencies.The Company provides various limited and full recourse guarantees to financial institutions that provide financing to U.S.Â and Canadian Mac Tool distributors and franchisees for their initial purchase of the inventory and trucks necessary to function as a distributor and franchisee. In addition, the Company provides limited and full recourse guarantees to financial institutions that extend credit to certain end retail customers of its U.S.Â Mac Tool distributors and franchisees. The gross amount guaranteed in these arrangements is $88.8Â million and the $14.8Â million carrying value of the guarantees issued is recorded in Other liabilities in the Condensed Consolidated Balance Sheets.The Company provides warranties on certain products across its businesses. The types of product warranties offered generally range from one year to limited lifetime. There are also certain products with no warranty. Further, the Company sometimes incurs discretionary costs to service its products in connection with product performance issues. Historical warranty and service claim experience forms the basis for warranty obligations recognized. Adjustments are recorded to the warranty liability as new information becomes available.The changes in the carrying amount of product warranties for the six months ended JuneÂ 29, 2024 and JulyÂ 1, 2023 are as follows:Â (Millions of Dollars)20242023Balance beginning of period$136.7Â $126.6Â Warranties and guarantees issued89.4Â 86.1Â Warranty payments and currency(85.1)(85.1)Balance end of period$141.0Â $127.6Â Q.Â Â Â Â DIVESTITURESInfrastructure businessOn April 1, 2024, the Company completed the previously announced sale of its Infrastructure business to Epiroc AB for $760Â million. The Company received proceeds of $728.5Â million at closing, net of customary adjustments and costs. As of DecemberÂ 30, 2023, the assets and liabilities related to the Infrastructure business were classified as held for sale on the Company's Condensed Consolidated Balance Sheet. This divestiture did not qualify for discontinued operations and therefore, its results were included in the Company's Consolidated Statements of Operations and Comprehensive (Loss) Income in continuing operations through the date of sale. Following is the pre-tax income for this business for the three and six months ended JuneÂ 29, 2024, and JulyÂ 1, 2023:Second QuarterYear-to-Date(Millions of Dollars)2024202320242023Pre-tax income$â€"Â $17.8Â $9.6Â $35.8Â In addition, the Company recognized pre-tax asset impairment charges of $25.5Â million and $150.8Â million in the first quarter 28Table of Contentsof 2024 and fourth quarter of 2023, respectively, to adjust the carrying amount of the long-lived assets of the Infrastructure business to its estimated fair value less the costs to sell.The carrying amounts of the assets and liabilities that were aggregated in assets held for sale and liabilities held for sale as of DecemberÂ 30, 2023 are presented in the following table: (Millions of Dollars)December 30, 2023Cash and cash equivalents$0.6Â Accounts and notes receivable, net41.3Â Inventories, net96.5Â Other current assets2.4Â Property, plant and equipment, net70.4Â Goodwill389.7Â Intangibles, net214.3Â Other assets42.4Â Total assets$857.6Â Accounts payable and accrued expenses$44.1Â Other long-term liabilities84.8Â Total liabilities$128.9Â 29Table of ContentsITEMÂ 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONSThe following discussion contains statements reflecting the Company's views about its future performance that constitute â€œforward-looking statementsâ€ under the Private Securities Litigation Reform Act of 1995. There are a number of important factors that could cause actual results to differ materially from those indicated by such forward-looking statements. Please read the information under the caption entitled â€œCautionary Statement under the Private Securities Litigation Reform Act of 1995."Throughout this Management's Discussion and Analysis (â€œMD&Aâ€), references to Notes refer to the "Notes To Unaudited Condensed Consolidated Financial Statements" in Part 1, ItemÂ 1 of this Form 10-Q, unless otherwise indicated.BUSINESS OVERVIEW StrategyThe Company is a global provider of hand tools, power tools, outdoor products and related accessories, as well as a leading provider of engineered fastening solutions. The Company continues to execute its long-term business strategy focused on organic growth in excess of the market and industry, geographic and customer diversification to foster sustainable revenue, earnings and cash flow growth. In recent years, the Company has re-shaped its portfolio to focus on its leading positions in the tools & outdoor and engineered fastening markets. Leveraging the benefits of a more focused portfolio, the Company initiated a business transformation in mid-2022 that includes reinvestment for faster growth as well as a $2.0 billion Global Cost Reduction Program through 2025. The Companyâ€™s primary areas of multi-year strategic focus remain unchanged as follows:â€¢Advancing innovation, electrification and global market penetration to achieve organic revenue growth of 2 to 3 times the market;â€¢Streamlining and simplifying the organization, and investing in initiatives that more directly impact the Company's customers and end users;â€¢Returning adjusted gross margins to historical 35%+ levels by accelerating the operations and supply chain transformation to improve fill rates and better match inventory with customer demand; andâ€¢Prioritizing cash flow generation and inventory optimization.In terms of capital allocation, the Company remains committed, over time, to returning excess capital to shareholders through a strong and growing dividend as well as opportunistically repurchasing shares. In the near term, the Company intends to direct any capital in excess of the quarterly dividend on its common stock toward debt reduction and internal growth investments.Common Stock And Other SecuritiesIn April 2021, the Board of Directors approved repurchases by the Company of its outstanding securities other than common stock up to an aggregate amount of $3.0 billion. No repurchases have been executed pursuant to this authorization to date.DivestituresOn April 1, 2024, the Company sold its Infrastructure business to Epiroc AB for net proceeds of $728.5Â million. The Company used the net proceeds to reduce debt in the second quarter of 2024. Refer to Note Q, Divestitures, for further discussion.Global Cost Reduction ProgramIn mid-2022, the Company launched a program comprised of a series of initiatives designed to generate cost savings by resizing the organization and reducing inventory with the ultimate objective of driving long-term growth, improving profitability and generating strong cash flow. These initiatives are expected to optimize the cost base as well as provide a platform to fund investments to accelerate growth in the core businesses. The program consists of a selling, general, and administrative ("SG&A") planned pre-tax run-rate cost savings of $500 million and a supply chain transformation expected to deliver $1.5 billion of pre-tax run-rate cost savings by the end of 2025 to achieve projected 35%+ adjusted gross margins.The SG&A cost savings are expected to be generated by simplifying the corporate structure, optimizing organizational spans and layers and reducing indirect spend. These savings will help fund $300 million to $500 million of innovation and commercial investments through 2025 designed to accelerate organic growth. The $1.5 billion of pre-tax run-rate cost savings from the supply chain transformation will be driven by the following value streams:30Table of Contentsâ€¢Strategic Sourcing: Implementing capabilities to source in a more efficient and integrated manner across all of the Companyâ€™s businesses and leveraging contract manufacturing; â€¢Operational Excellence: Leveraging the SBD Operating Model and re-designing in-plant operations following footprint rationalization to deliver incremental efficiencies, simplified organizational design and inventory optimization; â€¢Footprint Rationalization: Transforming the Companyâ€™s manufacturing and distribution network from a decentralized and inefficient system of sites built through years of acquisitions to a strategically focused supply chain, inclusive of site closures, transformations of existing sites into manufacturing centers of excellence and re-configuration of the distribution network; and â€¢Complexity Reduction: Reducing complexity through platforming products and implementing initiatives to drive a SKU reduction.The charges associated with the supply chain transformation are reflected in the Non-GAAP adjustments detailed below in "Results From Operations" and the full year estimate of Non-GAAP adjustments detailed below in "2024 Outlook". The cash investment required to achieve the $1.5 billion of pre-tax run-rate supply chain cost savings is expected to be approximately $0.9 billion to $1.1 billion, of which approximately 40% is expected to be capital expenditures. Through 2023, the Company has made approximately $0.2 billion of these cash investments. The Company will continue prioritizing capital expenditures consistent with its existing approach and expects total capital expenditures, inclusive of the supply chain transformation, to be $375 million to $475 million for 2024 and to approximate 3.0% to 3.5% of net sales annually in 2025 and beyond.During the first six months of 2024 and since inception of the program, the Company has generated approximately $295 million and $1.3 billion, respectively, of pre-tax run-rate savings, driven by lower headcount, indirect spend reductions and the supply chain transformation. These savings are comprised of supply chain efficiency benefits, which will support gross margin improvements as the benefits turn through inventory, and SG&A savings. The Company believes that it is on track to grow to approximately $2 billion of pre-tax run-rate savings by year-end 2025. In addition, the Company has reduced inventory by approximately $2.1 billion since the end of the second quarter of 2022 and expects further inventory and working capital reductions to support free cash flow generation in 2024.SegmentsThe Companyâ€™s operations are classified into two reportable business segments: Tools & Outdoor and Industrial. Both reportable segments have significant international operations and are exposed to translational and transactional impacts from fluctuations in foreign currency exchange rates. Tools & OutdoorThe Tools & Outdoor segment is comprised of the Power Tools Group ("PTG"), Hand Tools, Accessories & Storage ("HTAS"), and Outdoor Power Equipment ("Outdoor") product lines. Annual revenues in the Tools & Outdoor segment were $13.4 billion in 2023, representing 85% of the Companyâ€™s total revenues.The PTG product line includes both professional and consumer products. Professional products, primarily under the DEWALTÂ® brand, include professional grade corded and cordless electric power tools and equipment including drills, impact wrenches and drivers, grinders, saws, routers and sanders, as well as pneumatic tools and fasteners including nail guns, nails, staplers and staples, and concrete and masonry anchors. DIY and tradesperson focused products include corded and cordless electric power tools sold primarily under the CRAFTSMANÂ® brand, and consumer home products such as hand-held vacuums, paint tools and cleaning appliances primarily under the BLACK+DECKERÂ® brand. The HTAS product line sells hand tools, power tool accessories and storage products. Hand tools include measuring, leveling and layout tools, planes, hammers, demolition tools, clamps, vises, knives, saws, chisels and industrial and automotive tools. Power tool accessories include drill bits, screwdriver bits, router bits, abrasives, saw blades and threading products. Storage products include tool boxes, sawhorses, medical cabinets and engineered storage solution products. 31Table of ContentsThe Outdoor product line primarily sells corded and cordless electric lawn and garden products, including hedge trimmers, string trimmers, lawn mowers, pressure washers and related accessories, and gas powered lawn and garden products, including lawn tractors, zero turn ride on mowers, walk behind mowers, snow blowers, residential robotic mowers, utility terrain vehicles (UTVs), hand-held outdoor power equipment, garden tools, and parts and accessories to professionals and consumers under the DEWALTÂ®, CRAFTSMANÂ®, CUB CADETÂ®, BLACK+DECKERÂ®, and HUSTLERÂ® brand names.IndustrialThe Industrial segment is comprised of the Engineered Fastening business and the Infrastructure business prior to its sale in April 2024. Annual revenues in the Industrial segment, inclusive of the Infrastructure business, were $2.4 billion in 2023, representing 15% of the Companyâ€™s total revenues. The Engineered Fastening business primarily sells highly engineered components such as fasteners, fittings and various engineered products, which are designed for specific application across multiple verticals. The product lines include externally threaded fasteners, blind rivets and tools, blind inserts and tools, drawn arc weld studs and systems, engineered plastic and mechanical fasteners, self-piercing riveting systems, precision nut running systems, micro fasteners, high-strength structural fasteners, axel swage, latches, heat shields, pins, and couplings.RESULTS OF OPERATIONSAs previously discussed, the Company sold its Infrastructure business on April 1, 2024. This divestiture did not qualify for discontinued operations and therefore, its results were included in the Company's Consolidated Statements of Operations and Comprehensive (Loss) Income in continuing operations through the date of sale. Certain Items Impacting Earnings and Non-GAAP Financial MeasuresThe Company has provided a discussion of its results both inclusive and exclusive of certain gains and charges. The results and measures, including gross profit, SG&A, Other, net, Income taxes, and segment profit (including Corporate Overhead), on a basis excluding certain gains and charges, free cash flow, organic revenue and organic growth are Non-GAAP financial measures. The Company considers the use of Non-GAAP financial measures relevant to aid analysis and understanding of the Companyâ€™s results and business trends aside from the material impact of these items and ensures appropriate comparability to operating results of prior periods. Supplemental Non-GAAP information should not be considered in isolation or as a substitute for the related GAAP financial measures. Non-GAAP financial measures presented herein may differ from similar measures used by other companies.With the exception of forecasted free cash flow included in â€œ2024 Outlookâ€ as discussed below, the Non-GAAP financial measures of gross profit, SG&A, Other, net, Income taxes, and segment profit (including Corporate Overhead), presented on a basis excluding certain gains and charges, as well as free cash flow, organic revenue and organic growth are defined and reconciled to their most directly comparable GAAP financial measures below. Due to high variability and difficulty in predicting items that impact cash flow from operations, a reconciliation of forecasted free cash flow to its most directly comparable GAAP estimate has been omitted. The Company believes such a reconciliation would also imply a degree of precision that is inappropriate for this forward-looking measure.The Companyâ€™s operating results at the consolidated level as discussed below include and exclude certain gains and charges impacting gross profit, SG&A, Other, net, and Income taxes. The Companyâ€™s business segment results as discussed below include and exclude certain gains and charges impacting gross profit and

SG&A. These amounts for the second quarter and year-to-date periods of 2024 and 2023 are as follows:Second Quarter 2024(Millions of Dollars)GAAPNon-GAAP Adjustments2Non-GAAPGross profit$1,141.2Â $33.5Â $1,174.7Â Selling, general and administrative1828.6Â (27.6)801.0Â (Loss) earnings from continuing operations before income taxes(22.1)239.3Â 217.2Â Income taxes on continuing operations(2.9)55.6Â 52.7Â Net (loss) earnings from continuing operations(19.2)183.7Â 164.5Â Diluted (loss) earnings per share of common stock - Continuing operations3(0.13)1.22Â $1.09Â Year-To-Date 202432Table of Contents(Millions of Dollars)GAAPNon-GAAP Adjustments2Non-GAAPGross profit$2,249.7Â $47.9Â $2,297.6Â Selling, general and administrative11,680.4Â (47.7)1,632.7Â Earnings from continuing operations before income taxes26.2Â 310.8Â 337.0Â Income taxes on continuing operations25.9Â 62.4Â 88.3Â Net earnings from continuing operations 0.3Â 248.4Â 248.7Â Diluted earnings per share of common stock - Continuing operations$â€"Â $1.65Â $1.65Â Second Quarter 2023(Millions of Dollars)GAAPNon-GAAP Adjustments2Non-GAAPGross profit$932.1Â $51.4Â $983.5Â Selling, general and administrative1837.3Â (25.4)811.9Loss from continuing operations before income taxes(75.8)71.1Â (4.7)Income taxes on continuing operations(253.3)265.5Â 12.2Net earnings (loss) from continuing operations177.5Â (194.4)(16.9)Diluted earnings (loss) per share of common stock - Continuing operations$1.18Â (1.29)(0.11)Year-To-Date 2023(Millions of Dollars)GAAPNon-GAAP Adjustments2Non-GAAPGross profit$1,767.6Â $124.8Â $1,892.4Â Selling, general and administrative11,662.4Â (46.1)1,616.3Â Loss from continuing operations before income taxes(239.9)177.9Â (62.0)Income taxes on continuing operations(229.6)245.1Â 15.5Â Net loss from continuing operations(10.3)(67.2)(77.5)Diluted loss per share of common stock - Continuing operations(0.07)(0.45)$(0.52)1 Includes provision for credit losses2 Refer to table below for additional detail of the Non-GAAP adjustments3 The Non-GAAP diluted earnings per share for the second quarter of 2024 is calculated using diluted weighted-average shares outstanding of 151.103 million.33Table of ContentsBelow is a summary of the pre-tax Non-GAAP adjustments for the second quarter and year-to-date periods of 2024 and 2023. Second QuarterYear-to-Date(Millions of Dollars)2024202320242023Supply Chain Transformation Costs:Â Â Â Â Â Footprint Rationalization1$24.0Â $21.3Â $32.4Â $80.6Â Â Â Â Â Â Strategic Sourcing & Operational Excellence27.6Â 30.7Â 13.4Â 44.8Â Facility-related costs1.6Â 0.2Â 2.3Â 0.9Â Other charges (gains)0.3Â (0.8)(0.2)(1.5)Gross Profit$33.5Â $51.4Â $47.9Â $124.8Â Supply Chain Transformation Costs:Â Â Â Â Â Footprint Rationalization1$15.5Â $3.7Â $21.6Â $3.8Â Â Â Â Â Â Complexity Reduction & Operational Excellence1.5Â 6.7Â 3.2Â 6.8Â Acquisition & integration-related costs33.9Â 2.4Â 6.7Â 12.5Â Transition services costs related to previously divested businesses4.7Â 12.9Â 10.2Â 25.7Â Other charges (gains)2.0Â (0.3)6.0Â (2.7)Selling, general and administrative$27.6Â $25.4Â $47.7Â $46.1Â Other, net4$(5.4)(10.3)(8.9)$(17.3)Loss on sales of businessesâ€"Â â€"Â â€"Â 7.6Â Asset impairment charges5â€"Â â€"Â 25.5Â â€"Â Environmental charges6153.8Â â€"Â 153.8Â â€"Â Restructuring charges729.8Â 4.6Â 44.8Â 16.7Â (Loss) earnings from continuing operations before income taxes$239.3Â $71.1Â $310.8Â $177.9Â 1Footprint Rationalization costs in 2024 primarily relate to accelerated depreciation of manufacturing and distribution center equipment of $24.7 million and other facility exit and re-configuration costs of $18.2 million. In 2023, transfers and closures of targeted manufacturing sites, including Fort Worth, Texas and Cheraw, South Carolina as previously announced in March 2023, resulted in accelerated depreciation of production equipment of $37.7 million and non-cash asset write-downs of $42.2 million (predominantly tooling, raw materials and WIP).2Strategic Sourcing & Operational Excellence costs in 2023 primarily relate to third-party consultant fees to provide expertise in identifying and quantifying opportunities to source in a more integrated manner and re-design in-plant operations following footprint rationalization, developing a detailed program and related governance, and assisting the Company with the implementation of actions necessary to achieve the related objectives.3Acquisition & integration-related costs primarily relate to the MTD and Excel acquisitions, including costs to integrate the organizations and shared processes, as well as harmonize key IT applications and infrastructure.4Includes deal-related costs, net of income related to providing transition services to previously divested businesses.5The $25.5 million pre-tax asset impairment charge in 2024 related to the Infrastructure business.6The $153.8 million pre-tax environmental charges in 2024 related primarily to a reserve adjustment for the non-active Centredale site as a result of regulatory changes and revisions to remediation alternatives. Refer to Note O, Contingencies, for further discussion.7Refer to â€œRestructuring Activitiesâ€ below for further discussion.Below is a summary of the Companyâ€™s operating results at the consolidated level, followed by an overview of business segment performance. Organic growth is utilized to describe the Company's results excluding the impacts of foreign currency fluctuations, acquisitions during their initial 12 months of ownership, and divestitures.Consolidated ResultsNet Sales: Net sales were $4.024 billion in the second quarter of 2024 compared to $4.159 billion in the second quarter of 2023, representing a decrease of 3% as a 2% increase in volume was more than offset by a 3% impact from the Infrastructure divestiture and a 1% decrease from both foreign currency and price. Tools & Outdoor net sales were flat compared to the second quarter of 2023, with DEWALTÂ® and outdoor leading volume gains of 2% that were partially offset by a 1% decrease in both foreign currency and price. Industrial net sales decreased 20% compared to the second quarter of 2023 as a 20% impact from the Infrastructure divestiture and a 2% decrease from foreign currency was partially offset by a 2% increase in price.34Table of ContentsNet sales were $7.894 billion in the first half of 2024 compared to $8.091 billion in the first half of 2023, representing a decrease of 2% driven by a 1% impact from the Infrastructure divestiture and a 1% decrease from foreign currency. Tools & Outdoor net sales decreased 1% compared to the first half of 2023 as a 1% increase in volume was more than offset by a 1% decline in both price and foreign currency. Industrial net sales decreased 12% compared to the first half of 2023 as a 10% impact from the Infrastructure divestiture, a 3% decrease in volume and a 1% decrease from foreign currency was partially offset by a 2% increase in price.Gross Profit: Gross profit was $1.141 billion, or 28.4% of net sales, in the second quarter of 2024 compared to $932.1 million, or 22.4% of net sales, in the second quarter of 2023. Non-GAAP adjustments, which reduced gross profit, were $33.5 million for the three months ended JuneÂ 29, 2024 and $51.4 million for the three months ended JulyÂ 1, 2023. Excluding these adjustments, gross profit was 29.2% of net sales for the three months ended JuneÂ 29, 2024, compared to 23.6% for the three months ended JulyÂ 1, 2023, primarily due to lower inventory destocking costs, supply chain transformation benefits and lower shipping costs.Gross profit was $2.250 billion, or 28.5% of net sales, in the first half of 2024 compared to $1.768 billion, or 21.8% of net sales, in the first half of 2023. Non-GAAP adjustments, which reduced gross profit, were $47.9 million for the six months ended JuneÂ 29, 2024 and $124.8 million for the six months ended JulyÂ 1, 2023. Excluding these adjustments, gross profit was 29.1% of net sales for the six months ended JuneÂ 29, 2024, compared to 23.4% for the six months ended JulyÂ 1, 2023, driven by the same factors discussed above that impacted the second quarter of 2024.SG&A Expenses: SG&A, inclusive of the provision for credit losses, was $828.6 million, or 20.6% of net sales, in the second quarter of 2024, compared to $837.3 million, or 20.1% of net sales, in the second quarter of 2023. Within SG&A, Non-GAAP adjustments totaled $27.6 million for the three months ended JuneÂ 29, 2024 and $25.4 million for the three months ended JulyÂ 1, 2023. Excluding these adjustments, SG&A was 19.9% of net sales for the three months ended JuneÂ 29, 2024, compared to 19.5% for the three months ended JulyÂ 1, 2023, as the Company increased investments to position the business to gain additional market share.SG&A, inclusive of the provision for credit losses, was $1.680 billion, or 21.3% of net sales, in the first half of 2024, compared to $1,662.4 million, or 20.5% of net sales, in the first half of 2023. Within SG&A, Non-GAAP adjustments totaled $47.7 million for the six months ended JuneÂ 29, 2024 and $46.1 million for the six months ended JulyÂ 1, 2023. Excluding these adjustments, SG&A was 20.7% of net sales for the six months ended JuneÂ 29, 2024, compared to 20.0% for the six months ended JulyÂ 1, 2023, driven by the same factors discussed above that impacted the second quarter of 2024.Distribution center costs (i.e. warehousing and fulfillment facility and associated labor costs) are classified within SG&A. This classification may differ from other companies who may report such expenses within cost of sales. Due to diversity in practice, to the extent the classification of these distribution costs differs from other companies, the Companyâ€™s gross margins may not be comparable. Such distribution costs classified in SG&A amounted to $131.8 million and $262.3 million for the three and six months ended JuneÂ 29, 2024, respectively, and $130.7 million and $260.2 million for the three and six months ended JulyÂ 1, 2023, respectively.Other, net: Other, net totaled $226.5 million in the second quarter of 2024 compared to $66.6 million in the second quarter of 2023. The increase in 2024 compared to 2023 is driven by environmental remediation reserve adjustments. Excluding Non-GAAP adjustments, Other, net, totaled $78.1 million and $76.9Â million in the second quarter of 2024 and 2023, respectively, relatively in-line versus prior year.Other, net totaled $306.5 million in the first six months of 2024 compared to $130.3 million in the first six months of 2023. The year-over-year increase was driven by the same factor discussed above that impacted the second quarter of 2024. Excluding Non-GAAP adjustments, Other, net totaled $161.6Â million and $147.6Â million for the first six months of 2024 and 2023, respectively, primarily driven by higher foreign currency impacts.Refer to Note O, Contingencies, for additional information on the environmental remediation reserve adjustment relating to the Centredale site.Loss on Sales of Businesses: During the first half of 2023, the Company reported a pre-tax loss of $7.6 million primarily related to the divestiture of a small business in the Industrial segment. Asset Impairment Charge: During the first half of 2024, the Company recorded a pre-tax impairment loss of $25.5 million related to the Infrastructure business. Refer to Note Q, Divestitures, for additional information on the divestiture of the Infrastructure business completed in the second quarter of 2024.Interest, net: Net interest expense was $78.4 million in the second quarter of 2024 compared to $99.4 million in the second quarter of 2023. On a year-to-date basis, net interest expense was $166.3 million in 2024 and $190.5 million in 2023. The year-over-year decreases were primarily driven by lower commercial paper balances in the second quarter of 2024.35Table of ContentsIncome Taxes: For the three and six months ended JuneÂ 29, 2024, the Company recognized an income tax benefit from continuing operations of $2.9 million and income tax expense of $25.9 million, respectively, resulting in effective tax rates of 13.1% and 98.9%, respectively. Excluding the tax effect on Non-GAAP adjustments, for the three and six months ended JuneÂ 29, 2024, the Company recognized income tax expense on continuing operations of $52.7Â million and $88.3Â million, respectively, resulting in effective tax rates of 24.3% and 26.2%, respectively. These effective tax rates for the three and six months ended JuneÂ 29, 2024 differ from the U.S. statutory tax rate of 21% primarily due to non-deductible expenses, losses for which a tax benefit is not recognized, and U.S. tax on foreign earnings, partially offset by the remeasurement of uncertain tax position reserves, tax credits, and state income taxes.For the three and six months ended JulyÂ 1, 2023, the Company recognized an income tax benefit from continuing operations of $253.3 million and $229.6 million, respectively, resulting in effective tax rates of 334.2% and 95.7%, respectively. During the three months ended July 1, 2023, the Company revised its estimated annual effective tax rate to reflect a tax benefit from an intra-entity asset transfer of certain intangible assets in connection with the continued reorganization of the Companyâ€™s supply chain. Accordingly, the income tax benefit for the three months ended July 1, 2023 included an incremental interim tax benefit to reflect the impact of the change in the estimated annual effective tax rate to the prior interim year-to-date tax expense, which reversed in the fourth quarter of 2023. The effective tax rates for the three and six months ended July 1, 2023 differ from the U.S. statutory tax rate of 21% primarily due to the tax benefit associated with the intra-entity asset transfer described above, tax on foreign earnings at tax rates different than the U.S. tax rate, state income taxes and tax credits, partially offset by U.S. tax on foreign earnings, non-deductible expenses and losses for which a tax benefit is not recognized.Excluding the tax effect on Non-GAAP adjustments, for the three and six months ended JulyÂ 1, 2023, the Company recognized income tax expense on continuing operations of $12.2Â million and $15.5Â million, respectively, resulting in effective tax rates of (259.6)% and (25.0)%, respectively. As discussed above, the estimated annual effective tax rate, as adjusted for the impacts of Non-GAAP adjustments, was revised during the three months ended July 1, 2023 to reflect a tax benefit from an intra-entity asset transfer of certain intangible assets. Accordingly, the income tax expense for the three months ended July 1, 2023, excluding the impacts of Non-GAAP adjustments, included an incremental interim tax expense to reflect the impact of the change in the estimated annual effective tax rate to the prior interim year-to-date tax expense, which reversed in the fourth quarter of 2023. The effective tax rates for the three and six months ended July 1, 2023 differ from the U.S. statutory tax rate of 21% due to the items discussed above.Refer to Note M, Income Taxes, for additional information on the impacts in interim periods of changes in the estimated annual effective income tax rate.On December 20, 2021, the Organization for Economic Cooperation and Development (â€œOECDâ€) published a proposal for the establishment of a global minimum tax rate of 15% (â€œPillar Two"). The Pillar Two rules provide a template that jurisdictions can translate into domestic law to assist with the implementation within an agreed upon timeframe and in a coordinated manner, which became effective for fiscal years beginning after January 1, 2024. To date, jurisdictions in which the Company operates are in various stages of implementation. The OECD and other countries continue to publish guidance and legislation which include transition and safe harbor rules. The Company expects to avail itself of the transitional safe harbor rules in most jurisdictions in which the Company operates. There are, however, a limited number of jurisdictions where the transitional safe harbor relief does not apply. The Company expects the Pillar Two tax impact from these jurisdictions to be immaterial to its estimated annual effective rate for 2024 and continues to monitor developments in legislation, regulation, and interpretive guidance in this area. Business Segment ResultsThe Companyâ€™s reportable segments represent businesses that have similar products, services and end markets, among other factors. The Company utilizes segment profit which is defined as net sales minus cost of sales and SG&A inclusive of the provision for credit losses (aside from corporate overhead expense), and segment profit as a percentage of net sales to assess the profitability of each segment. The Companyâ€™s operations are classified into two reportable business segments: Tools & Outdoor and Industrial. Tools & Outdoor:Â Second QuarterYear-to-Date(Millions of Dollars)2024202320242023Net sales$3,528.7Â $3,542.2Â $6,813.3Â $6,857.6Â Segment profit$316.1Â $102.0Â $571.8Â $120.7Â % of Net sales9.0Â %2.9Â %8.4Â %1.8Â %36Table of ContentsTools & Outdoor net sales decreased $13.5 million, or were relatively flat, in the second quarter of 2024 compared to the second quarter of 2023 as DEWALTÂ® and outdoor leading volume gains of 2% were partially offset by a 1% decrease in both foreign currency and price. Organic revenue increased 1% in North America, decreased 3% in Europe and increased 5% in the rest of the world. During the second quarter of 2024, the U.S. retail point-of-sale demand was up modestly versus the prior year led by outdoor growth and recaptured DEWALTÂ® cordless promotions. Tools & Outdoor net sales decreased $44.3 million, or 1%, in the first half of 2024 compared to the first half of 2023, as a 1% increase in volume was more than offset by a 1% decline in both price and foreign currency. Organic revenue was flat in North America, decreased 3% in Europe and increased 6% in the rest of the world.Segment profit for the second quarter of 2024 was $316.1 million, or 9.0% of net sales, compared to $102.0 million, or 2.9% of net sales, in the second quarter of 2023. Excluding Non-GAAP adjustments of $52.6 million and $55.8 million for the three months ended JuneÂ 29, 2024 and JulyÂ 1, 2023, respectively, segment profit was 10.4% of net sales in the second quarter of 2024 and 4.5% in the second quarter of 2023. The year-over-year increase was primarily due to lower inventory destocking costs, supply chain transformation benefits and lower shipping costs, which were partially offset by growth investments.Segment profit for the first half of 2024 was $571.8 million, or 8.4% of net sales, compared to $120.7 million, or 1.8% of net sales, in the first half of 2023. Excluding Non-GAAP adjustments of $75.5 million and $135.0 million for the six months ended JuneÂ 29, 2024 and JulyÂ 1, 2023, respectively, segment profit was 9.5% of net sales in the first half of 2024 and 3.7% in the first half of 2023. The year-over-year increase was driven by the same factors discussed above for the second quarter of 2024.Industrial:Â Second QuarterYear-to-Date(Millions of Dollars)2024202320242023Net sales$495.7Â $616.7Â $1,080.6Â $1,233.1Â Segment profit$66.8Â $71.6Â $132.0Â $139.0Â % of Net sales13.5Â %11.6Â %12.2Â %11.3Â %Industrial net sales decreased $121.0Â million, or 20%, in the second quarter of 2024 compared to the second quarter of 2023, as a 20% impact from the Infrastructure divestiture and a 2% decrease from foreign currency was partially offset by a 2% increase in price. Engineered Fastening organic revenues increased 2%, driven by aerospace growth which offset market softness in automotive and general industrial. Industrial net sales decreased $152.5 million, or 12%, in the first half of 2024 compared to the first half of 2023, as a 10% impact from the Infrastructure divestiture, a 3% decrease in volume and a 1% decrease from foreign currency was partially offset by a 2% increase in price. Engineered Fastening organic revenues increased 4%, as aerospace and automotive growth were partially offset by general industrial market softness. Industrial segment profit for the second quarter of 2024 totaled $66.8 million, or 13.5% of net sales, compared to $71.6 million, or 11.6% of net sales, in the corresponding 2023 period. Excluding Non-GAAP adjustments of $0.3 million and $8.5 million for the three months ended JuneÂ 29, 2024 and JulyÂ 1, 2023, respectively, segment profit amounted to 13.5% of net sales in the second quarter of 2024 compared to 13.0% in the second quarter of 2023. The year-over-year increase was primarily due to price realization and cost control. Industrial segment profit for the first half of 2024 totaled $132.0 million, or 12.2% of net sales, compared to $139.0 million, or 11.3% of net sales, in the corresponding 2023 period. Excluding Non-GAAP adjustments of $6.0 million and $8.8 million for the six months ended JuneÂ 29, 2024 and JulyÂ 1, 2023, respectively, segment profit amounted to 12.8% of net sales in the first half of 2024 compared to 12.0% in the first half of 2023. The year-over-year increase was driven by the same factors discussed above for the second quarter of 2024.Corporate OverheadCorporate Overhead includes the corporate overhead element of SG&A, which is not allocated to the business segments. Corporate Overhead amounted to $70.3 million and $78.8 million in the second quarter of 2024 and 2023, respectively. Excluding Non-GAAP adjustments of $8.2 million for the three months ended JuneÂ 29, 2024 and $12.5 million for the three months ended JulyÂ 1, 2023, the corporate overhead element of SG&A was $62.1 million and $66.3 million for the three months ended JuneÂ 29, 2024 and JulyÂ 1, 2023, respectively.37Table of ContentsOn a year-to-date basis, the corporate overhead element of SG&A amounted to $134.5 million in 2024 compared to $154.5 million in 2023. Excluding Non-GAAP adjustments of $14.1 million for the six months ended JuneÂ 29, 2024 and $27.1 million for the six months ended JulyÂ 1, 2023, the corporate overhead element of SG&A was $120.4 million and $127.4 million for the six months ended JuneÂ 29, 2024 and JulyÂ 1, 2023, respectively. RESTRUCTURING ACTIVITIES A summary of the restructuring reserve activity from DecemberÂ 30, 2023 to JuneÂ 29, 2024 is as follows:Â (Millions of Dollars)December 30,2023Net AdditionsUsageCurrencyJune 29,2024Severance and related costs$25.8Â $37.4Â (24.3)0.5Â $39.4Â Facility closures and other3.1Â 7.4Â (7.6)â€”Â 2.9Â Total$28.9Â $44.8Â (31.9)0.5Â $42.3Â For the three and six months ended JuneÂ 29, 2024, the Company recognized net restructuring charges of $29.8 million and $44.8 million, respectively, primarily related to severance costs. The Company expects to achieve annual net cost savings of approximately $104Â million by the end of 2025 related to the restructuring costs incurred during the six months ended JuneÂ 29, 2024. The majority of the $42.3 million of reserves remaining as of JuneÂ 29, 2024 is expected to be utilized within the next 12 months.Segments:Â The $45 million of net restructuring charges for the six months ended JuneÂ 29, 2024 includes: $35 million in the Tools & Outdoor segment; $5 million in Industrial; and $5 million in Corporate.The $30 million of net restructuring charges for the three months ended JuneÂ 29, 2024 includes: $28 million in the Tools & Outdoor segment, $1Â million of net reversals in the Industrial segment, and $3 million in Corporate.The anticipated annual net cost savings of approximately $104Â million related to the 2024 restructuring actions include: $91Â million in the Tools & Outdoor segment; $5Â million in the Industrial segment; and $8Â million in Corporate.2024 OUTLOOK This outlook discussion is intended to provide broad insight into the Company's near-term earnings and cash flow generation prospects. The Company is updating 2024 guidance and expects diluted earnings per share to approximate $0.90 to $2.00 on a GAAP basis, revised from $1.60 to $2.85 ($3.70 to $4.50 excluding Non-GAAP adjustments, raised from $3.50 to $4.50). Free cash flow is expected to approximate $650 million to $850 million, raised from $600 million to $800 million. The Company expects second half free cash flow to fund the cash dividend and support an additional $400 million to $500 million short term debt reduction by the end of 2024. The difference between 2024 diluted earnings per share outlook and the diluted earnings per share range, excluding Non-GAAP adjustments, is approximately $2.50 to $2.80, consisting primarily of charges related to the supply chain transformation under the Global Cost Reduction Program and environmental reserve adjustments.FINANCIAL CONDITIONLiquidity, Sources and Uses of Capital:Â The Companyâ€™s primary sources of liquidity are cash flows generated from operations and available lines of credit under various credit facilities. Operating Activities: Cash flows provided by operations were $573.0 million in the second quarter of 2024 compared to $264.4 million in the corresponding period of 2023, primarily driven by accelerated working capital improvements and timing within the year. Year-to-date cash flows provided by operations were $142.0 million in 2024 compared to cash flows used in operations of $21.9 million in 2023. The year-over-year change was primarily driven by higher earnings, partially offset by higher variable compensation.Free Cash Flow: Free cash flow, as defined in the table below, was an inflow of $485.8 million in the second quarter of 2024 compared to an inflow of $196.1 million in the corresponding period of 2023. On a year-to-date basis, free cash flow was an outflow of $10.9 million and $158.4 million in 2024 and 2023, respectively. The year-over-year change in free cash flow was 38Table of Contentsprimarily due to the same factors discussed above in operating activities, as well as higher planned capital expenditures in the first half of 2024. Management considers free cash flow an important indicator of its liquidity and capital efficiency, as well as its ability to fund future growth and provide dividends to shareowners, and is useful information for investors. Free cash flow does not include deductions for mandatory debt service, other borrowing activity, discretionary dividends on the Companyâ€™s common stock and business acquisitions, among other items. Â Second QuarterYear-to-Date(Millions of Dollars)2024202320242023Net cash provided by (used in) operating activities$573.0Â $264.4Â $142.0Â $(21.9)Less: capital and software expenditures(87.2)(68.3)(152.9)(136.5)Free cash flow $485.8Â $196.1Â (10.9)(158.4)Investing Activities: Cash flows provided by investing activities totaled $649.4 million in the second quarter of 2024, primarily due to net proceeds from sales of businesses of $735.6 million, partially offset by capital and software expenditures of $87.2 million. Cash flows used in investing activities totaled $69.2 million in the second quarter 2023, primarily due to capital and software expenditures of $68.3 million.Cash flows provided by investing activities totaled $586.2Â million in the first half of 2024, primarily due to net proceeds from sales of businesses of $735.6 million, partially offset by capital and software expenditures of $152.9 million. Cash flows used in investing activities totaled $130.4Â million in the first half of 2023, primarily due to capital and software expenditures of $136.5Â million.Financing Activities: Cash flows used in financing activities totaled $1.368 billion in the second quarter of 2024, primarily driven by net short-term commercial paper repayments of $1.246 billion and cash dividend payments on common stock of $121.8 million. Cash flows used in financing activities totaled $175.8 million in the second quarter of 2023, primarily driven by cash dividend payments on common stock of $119.7 million and net short-term commercial paper repayments of $42.0 million.Cash flows used in financing activities totaled $819.5Â million in the first half of 2024, primarily driven by net short-term commercial paper repayments of $570.8Â million and cash dividend payments on common stock of $243.6Â million. Cash flows provided by financing activities totaled $148.4Â million in the first half of 2023, primarily driven by proceeds from debt issuances, net of fees, of $745.9Â million, partially offset by net repayments of short-term commercial paper borrowings of $327.9Â million and cash dividend payments on common stock of $239.5Â million.Credit RatingsÂ & Liquidity: The Company maintains investment grade credit ratings from the major U.S. rating agencies on its senior unsecured debt (S&P A-, Fitch BBB+, Moody's Baa3), as well as its commercial paper program (S&P A-2, Fitch F2, Moody's P-3). There were no changes to any of the Company's credit ratings during the first half of 2024. Failure to maintain investment grade rating levels could adversely affect the Companyâ€™s cost of funds, liquidity and access to capital markets, but would not have an adverse effect on the Companyâ€™s ability to access its existing committed credit facilities. Cash and cash equivalents totaled $318.5 million as of JuneÂ 29, 2024, which was primarily held in foreign jurisdictions. Cash and cash equivalents totaled $449.4 million as of DecemberÂ 30, 2023, of which approximately 50% was held in foreign jurisdictions.As a result of the Tax Cuts and Jobs Act (the "Act"), the Company's tax liability related to the one-time transition tax associated with unremitted foreign earnings and profits totaled $83 million at JuneÂ 29, 2024. The Act permits a U.S. company to elect to pay the net tax liability interest-free over a period of up to eight years. The Company has considered the implications of paying the required one-time transition tax and believes it will not have a material impact on its liquidity.The Company has a $3.5 billion commercial paper program which includes Euro denominated borrowings in addition to U.S. Dollars. As of JuneÂ 29, 2024, the Company had commercial paper borrowings outstanding of $492.3Â million, of which $317.4Â million in Euro denominated commercial paper was designated as a net investment hedge. As of December 30, 2023, the Company had $1.1Â billion of borrowings outstanding, of which $399.7Â million in Euro denominated commercial paper was designated as a net investment hedge. Refer to Note H, Financial Instruments, for further discussion. In June 2024, the Company amended and restated its existing five-year $2.5 billion committed credit facility with the concurrent execution of a new five year $2.25 billion committed credit facility (the â€œ5-Year Credit Agreementâ€). Borrowings under the 5-Year Credit Agreement may be made in U.S. Dollars, Euros or Pounds Sterling. A sub-limit of an amount equal to the Euro equivalent of $800.0 million is designated for swing line advances. Borrowings bear interest at a floating rate plus an 39Table of Contentsapplicable margin dependent upon the denomination of the borrowing and specific terms of the 5-Year Credit Agreement. The Company must repay all advances under the 5-Year Credit Agreement by the earlier of June 28, 2029 or upon termination. The 5-Year Credit Agreement is designated to be a liquidity back-stop for the Company's $3.5 billion U.S. Dollar and Euro commercial paper program. As of JuneÂ 29, 2024 and DecemberÂ 30, 2023, the Company had not drawn on its five-year committed credit facility. In June 2024, the Company terminated its 364-Day $1.5 billion committed credit facility ("the 2023 Syndicated 364-Day Credit Agreement") dated September 2023. There were no outstanding borrowings under the 2023 Syndicated 364-Day Credit Agreement upon termination and as of DecemberÂ 30, 2023. Contemporaneously, the Company entered into a new $1.25Â billion syndicated 364-Day Credit Agreement (the "2024 Syndicated 364-Day Credit Agreement") which is a revolving credit loan. The borrowings under the 2024 Syndicated 364-Day Credit Agreement may be made in U.S. Dollars or Euros and bear interest at a floating rate plus an applicable margin dependent upon the denomination of the borrowing and pursuant to the terms of the 2024 Syndicated 364-Day Credit Agreement. The Company must repay all advances under the 2024 Syndicated 364-Day Credit Agreement by the earlier of June 27, 2025 or upon termination. The Company may, however, convert all advances outstanding upon termination into a term loan that shall be repaid in full no later than the first anniversary of the termination date provided that the Company, among other things, pays a fee to the administrative agent for the account of each lender. The 2024 Syndicated 364-Day Credit Agreement serves as part of the liquidity back-stop for the Companyâ€™s $3.5Â billion U.S. Dollar and Euro commercial paper program. As of JuneÂ 29, 2024, the Company had not drawn on its 2024 Syndicated 364-Day Credit Agreement.The 5-Year Credit Agreement and the 2024 Syndicated 364-Day Credit Agreement, as described above, contain customary affirmative and negative covenants, including but not limited to, maintenance of an interest coverage ratio. The interest coverage ratio tested for covenant compliance compares adjusted Earnings Before Interest, Taxes, Depreciation and Amortization to adjusted net Interest Expense ("Adjusted EBITDA"/"Adjusted Net Interest Expense"). The Company must maintain, for each period of four consecutive fiscal quarters of the Company, an interest coverage ratio of not less than 3.50 to 1.00, provided that the Company is only required to maintain an interest coverage ratio of not less than (i) 1.50 to 1.00 for any four quarter period ending on or before the end of the Companyâ€™s second fiscal quarter of 2024, and (ii) 2.50 to 1.00 for any four quarter period ending after the Companyâ€™s second fiscal quarter of 2024 through and including the Companyâ€™s second fiscal quarter of 2025. For purposes of calculating the Companyâ€™s compliance with the interest coverage ratio, as defined in each credit agreement, the Company is permitted to increase EBITDA to allow for additional adjustment addbacks incurred prior to the end of the Companyâ€™s second fiscal quarter of 2025, provided that (A) the sum of the applicable adjustment addbacks incurred through and including the Companyâ€™s second fiscal quarter of 2024 may not exceed $500 million in the aggregate, and (B) the sum of the applicable adjustment addbacks incurred from the Companyâ€™s third fiscal quarter of 2024 through and including the Companyâ€™s second fiscal quarter of 2025 may not exceed $250 million in the aggregate; provided, further, that the sum of the applicable adjustment addbacks for any four quarter period may not exceed $500 million in the aggregate.In March 2015, the Company entered into a forward share purchase contract with a financial institution counterparty for 3,645,510 shares of common stock. The contract obligates the Company to pay $350Â million, plus an additional amount related to the forward component of the contract. In June 2024, the Company amended the settlement date to June 2026, or earlier at the Company's option.Refer to Note G, Long-Term Debt and Financing Arrangements, for further discussion of the Company's financing arrangements.40Table of ContentsOTHER MATTERSThere have been no changes in the Companyâ€™s critical accounting estimates during the second quarter of 2024. Refer to the â€œOther Mattersâ€ section of Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operations in the Companyâ€™s FormÂ 10-K for the year ended DecemberÂ 30, 2023 for a discussion of the Companyâ€™s critical accounting estimates.ITEMÂ 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKThere has been no significant change in the Companyâ€™s exposure to market risk during the second quarter of 2024. Refer to the Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operations in the Companyâ€™s FormÂ 10-K for the year ended DecemberÂ 30, 2023 and subsequent related filings with the Securities and Exchange Commission for further discussion.ITEMÂ 4. CONTROLS AND PROCEDURES Disclosure Controls and ProceduresUnder the supervision and with the participation of management, including the Companyâ€™s President and Chief Executive Officer and its Executive Vice President and Chief Financial Officer, the Company has, pursuant to RuleÂ 13a-15(b) of the Securities Exchange Act of 1934, as amended (the â€œExchange Actâ€), evaluated the effectiveness of the design and operation of its disclosure controls and procedures (as defined under RuleÂ 13a-15(e) of the Exchange Act). Based upon that evaluation, the Companyâ€™s President and Chief Executive Officer and its Executive Vice President and Chief Financial Officer have concluded that, as of JuneÂ 29, 2024, the Companyâ€™s disclosure controls and procedures are effective. Changes in Internal Control Over Financial ReportingThere has been no change in the Companyâ€™s internal control over financial reporting that occurred during the second quarter of 2024 that has materially affected, or is reasonably likely to materially affect, the Companyâ€™s internal control over financial reporting.41Table of ContentsCAUTIONARY STATEMENTS UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 This document contains â€œforward-looking statementsâ€ within the meaning of SectionÂ 27A of the Securities Act of 1933, as amended, and SectionÂ 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are â€œforward-looking statementsâ€ for purposes of federal and state securities laws, including, but not limited to, any projections or guidance of earnings, revenue, profitability or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements concerning proposed new products, services or developments; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing. Forward-looking statements may include, among others, the words â€œmay,â€ â€œwill,â€ â€œestimate,â€ â€œintend,â€ â€œcould,â€ â€œproject,â€ â€œplan,â€ â€œcontinue,â€ â€œbelieve,â€ â€œexpect,â€ â€œanticipate,â€ â€œrun-rate,â€ â€œannualized,â€ â€œforecast,â€ â€œcommit,â€ â€œgoal,â€ â€œprospect,â€ â€œtarget,â€ â€œdesign,â€ â€œon-track,â€ â€œposition or positioning,â€ â€œguidanceâ€ or any other similar words.Although the Company believes that the expectations reflected in any of its forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of its forward-looking statements. The Company's future financial condition and results of operations, as well as any forward-looking statements, are subject to change and to inherent risks and uncertainties, such as those disclosed or incorporated by reference in the Company's filings with the Securities and Exchange Commission. Important factors that could cause the Company's actual results, performance and achievements, or industry results to differ materially from estimates or projections contained in its forward-looking statements include, among others, the following: (i) successfully developing, marketing and achieving sales from new products and services and the continued acceptance of current products and services; (ii) macroeconomic factors, including global and regional business conditions, commodity prices, inflation and deflation, interest rate volatility, currency exchange rates, and uncertainties in the global financial markets related to the recent failures of several financial institutions; (iii) laws, regulations and governmental policies affecting the Company's activities in the countries where it does business, including those related to tariffs, taxation, data privacy, anti-bribery, anti-corruption, government contracts and trade controls such as section 301 tariffs and section 232 steel and aluminum tariffs; (iv) the economic, political, cultural and legal environment in Europe and the emerging markets in which the Company generates sales, particularly Latin America and China; (v) realizing the anticipated benefits of mergers, acquisitions, joint ventures, strategic alliances or divestitures; (vi) pricing pressure and other changes within competitive markets; (vii) availability and price of raw materials, component parts, freight, energy, labor and sourced finished goods; (viii) the impact that the tightened credit markets may have on the Company or its customers or suppliers; (ix) the extent to which the Company has to write off accounts receivable, inventory or other assets or experiences supply chain disruptions in connection with bankruptcy filings by customers or suppliers; (x) the Company's ability to identify and effectively execute productivity improvements and cost reductions; (xi) potential business, supply chain and distribution disruptions, including those related to physical security threats, information technology or cyber-attacks, epidemics, natural disasters, pandemics, sanctions, political unrest, war or terrorism, including the conflicts between Russia and Ukraine, and Israel and Hamas and tensions or conflicts in South Korea, China and Taiwan; (xii) the continued consolidation of customers, particularly in consumer channels, and the Companyâ€™s continued reliance on significant customers; (xiii) managing franchisee relationships; (xiv) the impact of poor weather conditions and climate change and risks related to the transition to a lower-carbon economy, such as the Company's ability to successfully adopt new technology, meet market-driven demands for carbon neutral and renewable energy technology, or to comply with changes in environmental regulations or requirements, which may be more stringent and complex, impacting its manufacturing facilities and business operations as well as remediation plans and costs relating to any of its current or former locations or other sites; (xv) maintaining or improving production rates in the Company's manufacturing facilities, responding to significant changes in customer preferences or expectations, product demand and fulfilling demand for new and existing products, and learning, adapting and integrating new technologies into products, services and processes; (xvi) changes in the competitive landscape in the Company's markets; (xvii) the Company's non-U.S. operations, including sales to non-U.S. customers; (xviii) the impact from demand changes within world-wide markets associated with homebuilding and remodeling; (xix) potential adverse developments in new or pending litigation and/or government investigations; (xx) the incurrence of debt and changes in the Company's ability to obtain debt on commercially reasonable terms and at competitive rates; (xxi) substantial pension and other postretirement benefit obligations; (xxii) potential regulatory liabilities, including environmental, privacy, data breach, workers compensation and product liabilities; (xxiii) attracting, developing and retaining senior management and other key employees, managing a workforce in many jurisdictions, labor shortages, work stoppages or other labor disruptions; (xxiv) the Company's ability to keep abreast with the pace of technological change; (xxv) changes in accounting estimates; (xxvi) the Companyâ€™s ability to protect its intellectual property rights and to maintain its public reputation and the strength of its brands; and (xxvii) the Companyâ€™s ability to implement, and achieve the expected benefits (including cost savings and reduction in working capital) from, its Global Cost Reduction Program including: continuing to advance innovation, electrification and global market penetration to achieve organic revenue growth of 2-3 times the market; streamlining and simplifying the organization, and investing in initiatives that more directly impact the Company's customers and end users; returning adjusted gross margins to historical 35%+ levels by accelerating the supply chain transformation to leverage strategic sourcing, drive operational excellence, rationalize manufacturing and distribution networks, including 42Table of Contentsconsolidating facilities and optimizing the distribution network, and reduce complexity of the product portfolio; improving fill rates and matching inventory with customer demand; prioritizing cash flow generation and inventory optimization; executing the SBD Operating Model to deliver operational excellence through efficiency, simplified organizational design; and reducing complexity through platforming products and implementing initiatives to drive a SKU reduction. Additional factors that could cause actual results to differ materially from forward-looking statements are set forth in the Annual Report on Form 10-K and in this Quarterly Report on Form 10-Q, including under the headings â€œRisk Factors,â€ and â€œManagementâ€™s Discussion and Analysis of Financial Condition and Results of Operationsâ€ and in the Consolidated Financial Statements and the related Notes.Forward-looking statements in this Quarterly Report on Form 10-Q speak only as of the date hereof, and forward-looking statements in documents that are incorporated by reference herein speak only as of the date of those documents. The Company does not undertake any obligation or intention to update or revise any forward-looking statements, whether as a result of future events or circumstances, new information or otherwise, except as required by law.43Table of ContentsPART II â€” OTHER INFORMATIONITEM 1.Â LEGAL PROCEEDINGSThe Companyâ€™s Annual Report on Form 10-K for the year ended December 30, 2023 and its Quarterly Report on Form 10-Q for the quarter ended March 30, 2024 include "Legal Proceedings" under Item 3 of Part I and Item 1 of Part II, respectively. Other than as described below, there have been no material changes from the legal proceedings described in the Company's Forms 10-K and 10-Q. Government Investigations On January 19, 2024, the Company was notified by the Compliance and Field Operations Division (the â€œDivisionâ€) of the Consumer Product Safety Commission (â€œCPSCâ€) that the Division intends to recommend the imposition of a civil penalty of approximately $32 million for alleged untimely reporting in relation to certain utility bars and miter saws that were subject to voluntary recalls in September 2019 and March 2022, respectively. The Company believes there are defenses to the Divisionâ€™s claims, and has presented its defenses in a meeting with the Division on February 29, 2024 and in a written submission dated March 29, 2024. On April 1, 2024, the Division informed the Company's counsel that the Division intended to recommend that the CPSC refer the matter to the U.S. Department of Justice (the â€œDOJâ€). On May 1, 2024, the Company was informed that the CPSC voted to refer the matter to the DOJ. The Company has not heard anything further from the CPSC or the DOJ in relation to this matter since then and therefore is not in a position to assess the likelihood of any potential loss or adverse effect on its financial condition or to estimate the amount of potential loss, if any, from this matter.As previously disclosed, the Company has identified certain transactions relating to its international operations that may raise compliance questions under the U.S. Foreign Corrupt Practices Act ("FCPA") and has voluntarily disclosed this information to the DOJ and the U.S. Securities and Exchange Commission (the â€œSECâ€). The Company is cooperating with both agencies in their investigations of these transactions (the â€œFCPA Mattersâ€). Currently, the Company does not believe that the FCPA Matters will have a material impact on its financial condition or results of operations, although it is possible that a loss related to the FCPA Matters may be incurred.Given the ongoing nature of the FCPA Matters, management cannot predict the duration, scope, or outcome of the DOJâ€™s or SECâ€™s investigations or estimate the potential magnitude of any such loss or range of loss, or the cost of the ongoing investigations. Any determination that certain transactions relating to the Companyâ€™s international operations were not in compliance with the FCPA could result in the imposition of fines, civil or criminal penalties, equitable remedies, including disgorgement, injunctive relief, or other sanctions against the Company. The Company also may become a party to litigation or other legal proceedings over the FCPA Matters described above.The Company is committed to upholding the highest standards of corporate governance and is continuously focused on ensuring the effectiveness of its policies, procedures, and controls. The Company is in the process, with the assistance of professional advisors, of reviewing and further enhancing relevant policies, procedures, and controls.Other ActionsIn addition to the matters above, in the normal course of business, the Company is involved in various lawsuits and claims, including product liability, environmental, intellectual property, contract and commercial, advertising, employment and distributor claims, and administrative proceedings. The Company does not expect that the resolution of these matters occurring in the normal course of business will have a materially adverse effect on the Companyâ€™s consolidated financial position, results of operations or liquidity.ITEMÂ 1A. RISK FACTORS There have been no material changes to the risk factors as disclosed in the Companyâ€™s FormÂ 10-K for the year ended DecemberÂ 30, 2023 filed with the Securities and Exchange Commission on FebruaryÂ 27, 2024.44Table of ContentsITEMÂ 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDSIssuer Purchases of Equity SecuritiesThe following table provides information about the Companyâ€™s purchases of equity securities that are registered by the Company pursuant to SectionÂ 12 of the Exchange Act during the three months ended JuneÂ 29, 2024:2024TotalNumberÂ OfCommon SharesPurchasedAverageÂ PricePaid Per CommonShareTotalÂ Number Of Common Shares Purchased As PartÂ OfÂ AÂ Publicly Announced Plan OrÂ Program(In Millions)MaximumÂ Number Of Common Shares That May Yet BePurchased Under The Program(a)March 31 - May 4â€”Â $â€”Â â€”Â 20Â May 5 - June 1â€”Â â€”Â â€”Â 20Â June 2 - June 29â€”Â â€”Â â€”Â 20Â Totalâ€”Â $â€”Â â€”Â 20Â (a)On April 21, 2022, the Board approved a share repurchase program of up to 20 million shares of the Companyâ€™s common stock (the â€œApril 2022 Programâ€). The April 2022 Program does not have an expiration date. The Company may repurchase shares under the April 2022 Program through open market purchases, privately negotiated transactions or share repurchase programs, including one or more accelerated share repurchase programs (under which an initial payment for the entire repurchase amount may be made at the inception of the program). Such repurchases may be funded from cash on hand, short-term borrowings or other sources of cash at the Companyâ€™s discretion, and the Company is under no obligation to repurchase any shares pursuant to the repurchase program. The currently authorized shares available for repurchase under the April 2022 Program do not include approximately 3.6 million shares reserved and authorized for purchase under the Companyâ€™s approved repurchase program in place prior to the April 2022 Program relating to a forward share purchase contract entered into in March 2015.ITEMÂ 5. OTHER INFORMATIONDuring the three months ended JuneÂ 29, 2024, no director or Section 16 officer of the Company adopted, modified or terminated a â€œRule 10b5-1 trading arrangementâ€ or â€œnon-Rule 10b5-1 trading arrangement,â€ as each term is defined in Item 408(a) of Regulation S-K.45Table of ContentsITEMÂ 6. EXHIBITSÂ (10.1)364-Day Credit Agreement, made as of June 28, 2024 among Stanley Black & Decker, Inc., the initial lenders named therein and Citibank, N.A. as administrative agent for the lenders (incorporated by reference to Exhibit 10.1 to the Companyâ€™s Current Report on Form 8-K filed on July 1, 2024).(10.2)Amended and Restated Five Year Credit Agreement, made as of June 28, 2024 among Stanley Black & Decker, Inc., the initial lenders named therein and Citibank, N.A. as administrative agent for the lenders (incorporated by reference to Exhibit 10.2 to the Companyâ€™s Current Report on Form 8-K filed on July 1, 2024).(10.3)The Stanley Black & Decker 2024 Omnibus Award Plan (incorporated by reference to Exhibit 10.1 to the Companyâ€™s Current Report on Form 8-K filed on May 2, 2024) .*(31.1)Certification by President and Chief Executive Officer pursuant to Rule 13a-14(a).(31.2)Certification by Executive Vice President and Chief Financial Officer pursuant to Rule 13a-14(a).(32.1)Certification by President and Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.(32.2)Certification by Executive Vice President and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.(101)The following materials from Stanley Black & Decker Inc.'s Quarterly Report on Form 10-Q for the quarter ended JuneÂ 29, 2024, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Statements of Operations and Comprehensive (Loss) Income for the three and six months ended JuneÂ 29, 2024 and JulyÂ 1, 2023; (ii) Condensed Consolidated Balance Sheets at JuneÂ 29, 2024 and DecemberÂ 30, 2023; (iii) Condensed Consolidated Statements of Cash Flows for the three and six months ended JuneÂ 29, 2024 and JulyÂ 1, 2023; (iv) Consolidated Statements of Changes in Shareowners' Equity for the three and six months ended JuneÂ 29, 2024 and JulyÂ 1, 2023; and (v) Notes to Unaudited Condensed Consolidated Financial Statements**.(104)The cover page of Stanley Black & Decker Inc.'s Quarterly Report on Form 10-Q for the quarter ended JuneÂ 29, 2024, formatted in iXBRL (included within Exhibit 101 attachments).Â *Management contract or compensation plan or arrangement**Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of SectionÂ 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections. 46Table of ContentsSIGNATUREPursuant 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.Â STANLEY BLACK & DECKER, INC.Date:July 30, 2024By:Â /s/ PATRICK HALLINANÂ Patrick HallinanÂ Executive Vice President & Chief Financial Officer47DocumentEXHIBIT 31.1CERTIFICATIONSI, Donald Allan Jr., certify that:1. I have reviewed this quarterly report on Form 10-Q of Stanley BlackÂ & Decker, Inc. and subsidiaries;2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;4. The registrantâ€™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 the registrant and have:(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;(c) Evaluated the effectiveness of the registrantâ€™s disclosure controls and procedures and presented in this report our conclusions about effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and(d) Disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and5. The registrantâ€™s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™s board of directors (or persons performing the equivalent functions):(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrantâ€™s ability to record, process, summarize and report financial information; and(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting.Â Date:July 30, 2024Â /s/ Donald Allan, Jr.Â Â Donald Allan, Jr.Â Â President & Chief Executive OfficerDocumentEXHIBIT 31.2CERTIFICATIONSI, Patrick Hallinan, certify that:1. I have reviewed this quarterly report on Form 10-Q of Stanley BlackÂ & Decker, Inc. and subsidiaries;2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;4. The registrantâ€™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 the registrant and have:(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;(c) Evaluated the effectiveness of the registrantâ€™s disclosure controls and procedures and presented in this report our conclusions about effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and(d) Disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and5. The registrantâ€™s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™s board of directors (or persons performing the equivalent functions):(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrantâ€™s ability to record, process, summarize and report financial information; and(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting.Â Date:July 30, 2024Â /s/ Patrick HallinanÂ Â Patrick HallinanÂ Â Executive Vice President & Chief Financial OfficerDocumentEXHIBIT 32.1STANLEY BLACKÂ & DECKER, INC.CERTIFICATION PURSUANT TO18 U.S.C. SECTION 1350,AS ADOPTED PURSUANT TOSECTION 906 OF THE SARBANES-OXLEY ACT OF 2002In connection with the quarterly report of Stanley BlackÂ & Decker, Inc. (the â€œCompanyâ€) on Form 10-Q for the period ending JuneÂ 29, 2024 as filed with the Securities and Exchange Commission on the date hereof (the â€œReportâ€), I, Donald Allan Jr., President and Chief Executive Officer, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:Â (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.Â /s/ Donald Allan, Jr.Donald Allan, Jr.President & Chief Executive OfficerDate: July 30, 2024DocumentEXHIBIT 32.2STANLEY BLACKÂ & DECKER, INC.CERTIFICATION PURSUANT TO18 U.S.C. SECTION 1350,AS ADOPTED PURSUANT TOSECTION 906 OF THE SARBANES-OXLEY ACT OF 2002In connection with the quarterly report of Stanley BlackÂ & Decker, Inc. (the â€œCompanyâ€) on Form 10-Q for the period ending JuneÂ 29, 2024 as filed with the Securities and Exchange Commission on the date hereof (the â€œReportâ€), I, Patrick Hallinan, Executive Vice President and Chief Financial Officer, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:Â (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.Â /s/ Patrick HallinanPatrick HallinanExecutive Vice President & Chief Financial OfficerDate: July 30, 2024