

REFINITIV

DELTA REPORT

10-Q

SHW - SHERWIN WILLIAMS CO

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

The following comparison report has been automatically generated

TOTAL DELTAS 1398

■ CHANGES	328
■ DELETIONS	545
■ ADDITIONS	525

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

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarterly Period Ended **September 30, 2023** **March 31, 2024**

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____
Commission file number 1-04851

THE SHERWIN-WILLIAMS COMPANY

(Exact name of registrant as specified in its charter)

Ohio

34-0526850

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

101 West Prospect Avenue

44115-1075

Cleveland, Ohio

(Zip Code)

(Address of principal executive offices)

(216) 566-2000

(Registrant's telephone number including area code)

Title of each class

Trading Symbol

Name of exchange on which registered

Common Stock, par value of \$0.33-1/3 per share

SHW

New York Stock Exchange

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

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

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

Common Stock, \$0.33-1/3 Par Value – **255,966,090** **253,549,049** shares as of **September 30, 2023** **March 31, 2024**.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

THE SHERWIN-WILLIAMS COMPANY AND SUBSIDIARIES STATEMENTS OF CONSOLIDATED INCOME (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023		2022	
	\$	2023	\$	2022
Net sales	\$ 6,116.7	\$ 6,047.4	\$ 17,799.7	\$ 16,918.4
Cost of goods sold	3,200.5	3,458.0	9,590.3	9,827.1
Gross profit	2,916.2	2,589.4	8,209.4	7,091.3
Percent to net sales	47.7 %	42.8 %	46.1 %	41.9 %
Selling, general and administrative expenses	1,756.5	1,609.9	5,209.5	4,693.0
Percent to net sales	28.7 %	26.6 %	29.3 %	27.7 %
Other general expense (income) - net	61.9	(14.4)	39.9	(7.5)
Impairment	—	—	34.0	—
Interest expense	101.9	101.2	322.9	282.5
Interest income	(5.1)	(2.6)	(15.8)	(4.8)
Other (income) expense - net	(8.0)	18.1	(17.0)	49.9
Income before income taxes	1,009.0	877.2	2,635.9	2,078.2
Income taxes	247.5	192.1	603.3	444.4
Net income	<u><u>\$ 761.5</u></u>	<u><u>\$ 685.1</u></u>	<u><u>\$ 2,032.6</u></u>	<u><u>\$ 1,633.8</u></u>
Net income per common share:				

Basic	\$ 2.98	\$ 2.66	\$ 7.94	\$ 6.33
Diluted	\$ 2.95	\$ 2.62	\$ 7.85	\$ 6.23
Weighted average shares outstanding:				
Basic	255.1	257.7	255.9	258.2
Diluted	258.4	261.1	258.8	262.2

(in millions, except per share data)		Three Months Ended March 31,	
		2024	2023
Net sales	\$ 5,367.3	\$ 5,442.4	
Cost of goods sold	2,836.3	3,021.5	
Gross profit	2,531.0	2,420.9	
Percent to net sales	47.2 %	44.5 %	
Selling, general and administrative expenses	1,799.8	1,693.0	
Percent to net sales	33.5 %	31.1 %	
Other general expense - net	2.0	10.5	
Interest expense	103.0	109.3	
Interest income	(6.1)	(3.5)	
Other income - net	(7.7)	(3.2)	
Income before income taxes	640.0	614.8	
Income taxes	134.8	137.4	
Net income	\$ 505.2	\$ 477.4	
Net income per common share:			
Basic	\$ 2.00	\$ 1.86	
Diluted	\$ 1.97	\$ 1.84	
Weighted average shares outstanding:			
Basic	252.5	256.7	
Diluted	255.8	259.7	

See notes to condensed consolidated financial statements.

THE SHERWIN-WILLIAMS COMPANY AND SUBSIDIARIES STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME (UNAUDITED)								
(in millions)		(in millions)		Three Months Ended September 30,		Nine Months Ended September 30,		
				2023	2022	2023	2022	
(in millions)								
(in millions)								
				March 31,				
				March 31,				
				March 31,				
				2024				
				2024				
				2024				
Net income	Net income	\$ 761.5	\$ 685.1			\$ 2,032.6	\$ 1,633.8	
Other comprehensive loss, net of tax:								
Net income								
Net income								
Other comprehensive (loss) income, net of tax:								

Other comprehensive (loss) income, net of tax:					
Other comprehensive (loss) income, net of tax:					
Foreign currency translation adjustments ⁽¹⁾					
Foreign currency translation adjustments ⁽¹⁾					
Foreign currency translation adjustments ⁽¹⁾	Foreign currency translation adjustments ⁽¹⁾	(99.6)	(148.0)	(39.5)	(364.7)
Pension and other postretirement benefit adjustments:	Pension and other postretirement benefit adjustments:				
Pension and other postretirement benefit adjustments:					
Amounts reclassified from AOCI ⁽²⁾					
Amounts reclassified from AOCI ⁽²⁾					
Amounts reclassified from AOCI ⁽²⁾					
Unrealized net gains on cash flow hedges:					
Unrealized net gains on cash flow hedges:					
Unrealized net gains on cash flow hedges:					
Amounts reclassified from AOCI ⁽²⁾⁽³⁾	Amounts reclassified from AOCI ⁽²⁾⁽³⁾	(4.6)	1.0	(13.6)	3.5
Unrealized net gains on cash flow hedges:					
Amounts reclassified from AOCI ⁽³⁾		(0.9)	(0.9)	(2.7)	(2.9)
Other comprehensive loss		(105.1)	(147.9)	(55.8)	(364.1)
Amounts reclassified from AOCI ⁽²⁾⁽³⁾					
Amounts reclassified from AOCI ⁽²⁾⁽³⁾					
Other comprehensive (loss) income					
Other comprehensive (loss) income					
Other comprehensive (loss) income					
Comprehensive income	Comprehensive income	\$ 656.4	\$ 537.2	\$ 1,976.8	\$ 1,269.7
Comprehensive income					
Comprehensive income					

(1) The three months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** include unrealized gains (losses), net of taxes, of **\$24.2 million** **\$18.3 million** and **\$30.9 million**, respectively, related to net investment hedges. The nine months ended **September 30, 2023** and **2022** include unrealized gains, net of taxes, of **\$11.4 million** and **\$69.8 million**, **(\$4.2 million)**, respectively, related to net investment hedges. See Note **13** **12** for additional information.

(2) Net of taxes of **\$1.6 million** **\$1.5 million** and **(\$0.3 million)** **\$1.7 million** for the three months ended **September 30, 2023** **March 31, 2024** and **2022**, respectively. Net of taxes of **\$4.6 million** and **(\$1.1 million)** for the nine months ended **September 30, 2023** and **2022**, **2023**, respectively.

(3) Net of taxes of **\$0.3 million** for the three months ended **September 30, 2023** **March 31, 2024** and **2022**, respectively. Net of taxes of **\$0.9 million** and **\$1.0 million** for the nine months ended **September 30, 2023** and **2022**, **2023**, respectively.

See notes to condensed consolidated financial statements.

**THE SHERWIN-WILLIAMS COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

(in millions)	(in millions)	September 30, 2023	December 31, 2022	September 30, 2022	(in millions)	March 31, 2024	December 31, 2023	March 31, 2023
Assets	Assets							
Current assets:	Current assets:							
Current assets:								
Current assets:								
Current assets:								

Cash and cash equivalents					
Cash and cash equivalents					
Cash and cash equivalents	Cash and cash equivalents	\$ 503.4	\$ 198.8	\$ 130.5	
Accounts receivable, net	Accounts receivable, net	2,940.9	2,563.6	2,897.6	
Inventories	Inventories	2,244.3	2,626.5	2,547.8	
Other current assets	Other current assets	510.2	518.8	541.3	
Total current assets	Total current assets	6,198.8	5,907.7	6,117.2	
Property, plant and equipment, net	Property, plant and equipment, net	2,580.6	2,207.0	2,041.2	
Goodwill	Goodwill	7,412.3	7,583.2	7,318.2	
Intangible assets	Intangible assets	3,824.0	4,002.0	3,958.3	
Operating lease right-of-use assets	Operating lease right-of-use assets	1,874.7	1,866.8	1,853.0	
Other assets	Other assets	1,114.1	1,027.3	957.9	
Total assets	Total assets	\$ 23,004.5	\$22,594.0	\$22,245.8	
Liabilities and Shareholders' Equity	Liabilities and Shareholders' Equity				
Current liabilities:	Current liabilities:				
Current liabilities:	Current liabilities:				
Short-term borrowings	Short-term borrowings				
Short-term borrowings	Short-term borrowings	\$ 338.6	\$ 978.1	\$ 945.2	
Accounts payable	Accounts payable	2,424.8	2,436.5	2,808.4	
Compensation and taxes withheld	Compensation and taxes withheld	768.3	784.5	650.6	
Accrued taxes	Accrued taxes	379.8	197.4	205.3	
Current portion of long-term debt	Current portion of long-term debt	1,098.2	0.6	0.6	
Current portion of operating lease liabilities	Current portion of operating lease liabilities	441.1	425.3	418.1	
Other accruals	Other accruals	1,172.4	1,138.3	1,067.8	
Total current liabilities	Total current liabilities	6,623.2	5,960.7	6,096.0	
Long-term debt	Long-term debt	8,499.2	9,591.0	9,588.9	
Postretirement benefits other than pensions	Postretirement benefits other than pensions	139.3	139.3	256.5	
Deferred income taxes	Deferred income taxes	648.4	681.6	691.8	
Long-term operating lease liabilities	Long-term operating lease liabilities	1,502.9	1,512.9	1,492.4	
Other long-term liabilities	Other long-term liabilities	1,811.5	1,606.4	1,522.4	

Shareholders' equity:		Shareholders' equity:		
Common stock - \$0.33-1/3 par value:	Common stock - \$0.33-1/3 par value:			
256.0 million, 258.9 million and 259.1 million shares outstanding				
at September 30, 2023, December 31, 2022 and September 30, 2022, respectively	91.7	91.2	91.1	
Common stock - \$0.33-1/3 par value:				
Common stock - \$0.33-1/3 par value:				
253.5 million, 254.5 million and 257.9 million shares outstanding				
253.5 million, 254.5 million and 257.9 million shares outstanding				
253.5 million, 254.5 million and 257.9 million shares outstanding				
at March 31, 2024, December 31, 2023 and March 31, 2023, respectively				
at March 31, 2024, December 31, 2023 and March 31, 2023, respectively				
at March 31, 2024, December 31, 2023 and March 31, 2023, respectively				
Other capital	Other capital	4,103.9	3,963.9	3,919.6
Retained earnings	Retained earnings	5,087.4	3,523.2	3,292.6
Treasury stock, at cost	Treasury stock, at cost	(4,746.6)	(3,775.6)	(3,643.0)
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(756.4)	(700.6)	(1,062.5)
Total shareholders' equity	Total shareholders' equity	3,780.0	3,102.1	2,597.8
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity	\$ 23,004.5	\$22,594.0	\$22,245.8

See notes to condensed consolidated financial statements.

**THE SHERWIN-WILLIAMS COMPANY AND SUBSIDIARIES
STATEMENTS OF CONDENSED CONSOLIDATED CASH FLOWS (UNAUDITED)**

(in millions)	(in millions)	Nine Months Ended		(in millions)	Three Months Ended		March 31, 2023		
		September			March 31, 2024				
		30, 2023	30, 2022		March 31, 2024				
OPERATING ACTIVITIES	OPERATING ACTIVITIES								
Net income	Net income	\$ 2,032.6	\$ 1,633.8						
Net income									
Net income									
Adjustments to reconcile net income to net operating cash:	Adjustments to reconcile net income to net operating cash:								
Depreciation									
Depreciation									
Depreciation	Depreciation	218.0	194.8						
Non-cash lease expense	Non-cash lease expense	333.4	310.5						

Amortization of intangible assets	Amortization of intangible assets	250.2	237.8
Gain on divestiture of businesses	(20.1)	—	
Impairment	34.0	—	
Stock-based compensation expense			
Stock-based compensation expense			
Stock-based compensation expense	Stock-based compensation expense	72.8	80.0
Amortization of non-traded investments	Amortization of non-traded investments	60.3	31.7
Gain on sale or disposition of assets	Gain on sale or disposition of assets	(8.1)	(11.5)
Provisions for environmental-related matters	Provisions for environmental-related matters	52.7	11.1
Other postretirement benefit plan net cost	Other postretirement benefit plan net cost	(13.5)	—
Deferred income taxes	Deferred income taxes	(89.1)	(108.8)
Other	Other	27.4	37.4
Change in working capital accounts - net	Change in working capital accounts - net	194.6	(818.2)
Change in operating lease liabilities	Change in operating lease liabilities	(335.2)	(312.8)
Costs incurred for environmental-related matters	Costs incurred for environmental-related matters	(24.1)	(19.3)
Other	Other	(182.6)	12.4
Net operating cash	Net operating cash	2,603.3	1,278.9
INVESTING ACTIVITIES			
INVESTING ACTIVITIES			
Capital expenditures	Capital expenditures	(568.9)	(410.7)
Acquisitions of businesses, net of cash acquired	(23.2)	(626.8)	
Proceeds from divestiture of businesses	103.7	—	
Proceeds from sale of assets	49.0	33.2	
Capital expenditures			
Capital expenditures			
Acquisition of business, net of cash acquired			

Other			
Other			
Other	Other	(69.6)	(46.2)
Net investing cash	Net investing cash	(509.0)	(1,050.5)
FINANCING ACTIVITIES	FINANCING ACTIVITIES		
Net (decrease) increase in short-term borrowings		(639.2)	184.5
Proceeds from long-term debt		—	999.7
Payments of long-term debt		(0.6)	(260.3)
Payments for credit facility and debt issuance costs		—	(7.3)
FINANCING ACTIVITIES	FINANCING ACTIVITIES		
Net increase in short-term borrowings			
Net increase in short-term borrowings			
Net increase in short-term borrowings			
Payments of cash dividends			
Payments of cash dividends			
Payments of cash dividends	Payments of cash dividends	(468.4)	(462.9)
Proceeds from stock options exercised	Proceeds from stock options exercised	66.2	38.9
Treasury stock purchased	Treasury stock purchased	(946.0)	(751.1)
Proceeds from treasury stock issued		—	22.0
Proceeds from real estate financing transactions			
Proceeds from real estate financing transactions			
Proceeds from real estate financing transactions	Proceeds from real estate financing transactions	227.6	—
Other	Other	(24.7)	(27.1)
Net financing cash	Net financing cash	(1,785.1)	(263.6)
Effect of exchange rate changes on cash	Effect of exchange rate changes on cash	(4.6)	—
Net increase (decrease) in cash and cash equivalents		304.6	(35.2)
Effect of exchange rate changes on cash			
Effect of exchange rate changes on cash			
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of year	Cash and cash equivalents at beginning of year	198.8	165.7

Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	\$ 503.4	\$ 130.5
Supplemental cash flow information			
Supplemental cash flow information			
Income taxes paid	Income taxes paid		
Interest paid	Interest paid	\$ 324.1	\$ 266.9

See notes to condensed consolidated financial statements.

THE SHERWIN-WILLIAMS COMPANY AND SUBSIDIARIES STATEMENTS OF CONSOLIDATED SHAREHOLDERS' EQUITY (UNAUDITED)													
(in millions, except per share data)		Accumulated Other					(in millions, except per share data)						
		Common Stock	Other Capital	Retained Earnings	Treasury Stock	Comprehensive Loss	Total	Common Stock	Other Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total
Balance at December 31, 2022		\$ 91.2	\$ 3,963.9	\$ 3,523.2	\$ (3,775.6)	\$ (700.6)	\$ 3,102.1						
Balance at December 31, 2023													
Net income	Net income			477.4			477.4						
Other comprehensive income						34.8	34.8						
Other comprehensive loss													
Treasury stock purchased	Treasury stock purchased				(301.7)		(301.7)						
Stock-based compensation activity	Stock-based compensation activity	0.1	33.8		(23.5)		10.4						
Other adjustments			0.3				0.3						
Cash dividends -- \$0.605 per share				(156.5)			(156.5)						
Balance at March 31, 2023	\$ 91.3	\$ 3,998.0	\$ 3,844.1	\$ (4,100.8)	\$ (665.8)	\$ 3,166.8							
Net income			793.7			793.7							
Other comprehensive income					14.5	14.5							
Treasury stock purchased				(234.2)		(234.2)							
Stock-based compensation activity													
Stock-based compensation activity	Stock-based compensation activity	0.1	47.5		(0.1)		47.5						
Other adjustments	Other adjustments		(0.9)				(0.9)						
Cash dividends -- \$0.605 per share				(156.3)			(156.3)						
Balance at June 30, 2023	\$ 91.4	\$ 4,044.6	\$ 4,481.5	\$ (4,335.1)	\$ (651.3)	\$ 3,631.1							
Net income			761.5			761.5							
Other comprehensive loss				(105.1)		(105.1)							

Treasury stock purchased		(410.1)	(410.1)
Stock-based compensation activity	0.3	58.7	(1.4)
Other adjustments		0.6	0.6
Cash dividends -- \$0.605 per share		(155.6)	(155.6)
Balance at September 30, 2023	\$ 91.7	\$4,103.9	\$5,087.4
			\$ (4,746.6)
			\$ (756.4)
			\$ 3,780.0
Cash dividends -- \$0.715 per share			
Balance at March 31, 2024			

(in millions, except per share data)	(in millions, except per share data)					(in millions, except per share data)					
	Common Stock		Other Capital	Retained Earnings	Treasury Stock	Other Comprehensive Loss	Common Stock		Other Capital	Retained Earnings	Treasury Stock
	Common Stock	Other Capital	Retained Earnings	Treasury Stock	Total		Common Stock	Other Capital	Retained Earnings	Treasury Stock	Total
Balance at December 31, 2021											
Net income	Net income			370.8		370.8					
Other comprehensive loss						(43.6)					
Treasury stock purchased					(407.1)						
Treasury stock issued		11.0			11.0						22.0
Stock-based compensation activity	0.2	38.3			(32.9)						5.6
Other adjustments		0.4	(0.1)								0.3
Cash dividends -- \$0.60 per share				(150.9)							(150.9)
Balance at March 31, 2022	\$ 91.0	\$3,842.7	\$2,341.5	\$ (3,298.9)	\$ (742.0)	\$ 2,234.3					
Net income			577.9				577.9				
Other comprehensive loss					(172.6)						(172.6)
Other comprehensive income											
Treasury stock purchased	Treasury stock purchased				(296.4)						(296.4)
Stock-based compensation activity	Stock-based compensation activity		41.5				41.5				
Other adjustments		(3.9)	0.1	(0.1)			(3.9)				
Cash dividends -- \$0.60 per share				(156.2)							(156.2)
Balance at June 30, 2022	\$ 91.0	\$3,880.3	\$2,763.3	\$ (3,595.4)	\$ (914.6)	\$ 2,224.6					
Net income			685.1				685.1				
Other comprehensive loss					(147.9)						(147.9)
Treasury stock purchased				(47.6)							(47.6)
Stock-based compensation activity											

Stock-based compensation activity	Stock-based compensation activity	0.1	39.0	(0.1)	39.0
Other adjustments	Other adjustments	0.3		0.1	0.4
Cash dividends -- \$0.60 per share			(155.8)		(155.8)
Balance at September 30, 2022		\$ 91.1	\$3,919.6	\$3,292.6	\$ (3,643.0)
					\$ (1,062.5)
					\$2,597.8
Cash dividends -- \$0.605 per share					
Balance at March 31, 2023					

See notes to condensed consolidated financial statements.

THE SHERWIN-WILLIAMS COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(millions of dollars, unless otherwise noted)

Periods ended **September 30, 2023** **March 31, 2024** and **2022** **2023**

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of The Sherwin-Williams Company and its wholly owned subsidiaries (collectively, the Company) have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP) for interim financial information and the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by US GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

The Company has historically experienced, and expects to continue to experience, variability in quarterly results. The results of operations for the three and nine months ended **September 30, 2023** **March 31, 2024** are not indicative of the results to be expected for the full year as business is seasonal in nature with the majority of Net sales for the Reportable Segments traditionally occurring during the second and third quarters. However, periods of economic uncertainty can alter the Company's seasonal patterns.

Since December 31, **2022**, **2023**, accounting estimates were revised as necessary during the first nine months of **2023** **2024** based on new information and changes in facts and circumstances. Certain amounts in the condensed consolidated financial statements for the three and nine months ended **September 30, 2022** **March 31, 2023** have been reclassified to conform to the **2023** **2024** presentation.

The following represents updates to certain significant accounting policy disclosures. For further details on the Company's significant accounting policies and related disclosures, see Note 1 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**.

Reportable Segments

During the first quarter of 2023, the Company realigned its organizational structure to manage the Latin America architectural paint business within the Consumer Brands Group. Previously, the Latin America architectural paint business was managed within The Americas Group; however, Latin America architectural demand and service model trends are shifting to align more closely with the Consumer Brand Group's strategy. As a result of the change, The Americas Group has been renamed the Paint Stores Group which now focuses on the core U.S., Canada and Caribbean region stores business. All reported segment information herein, including comparable prior periods, include the Latin America architectural paint business within the Consumer Brands Group. See Notes 6 and 19 for additional information.

Real Estate Financing

The Company has entered into certain sale-leaseback agreements that do not qualify as asset sales and were accounted for as real estate financing transactions. These arrangements primarily consist of our new headquarters currently under construction. During the third quarter of 2023, the Company received \$87.4 million pursuant to the transaction for a total amount in 2023 of \$226.1 million. See Note 1 in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 for more information concerning real estate financing.

Supply Chain Financing

As part of our strategy to manage working capital, we have entered into agreements with various financial institutions that act as intermediaries between the Company and certain suppliers. The Company is not a party to agreements between the suppliers and the financial institutions. These arrangements provide participating suppliers the option to settle outstanding Accounts payable incurred by the Company in the normal course of business early at a discount and do not impact our rights and obligations with suppliers, including amounts due and scheduled payment terms. Under the terms of our agreements, the Company confirms the validity of each supplier invoice to the respective financial institution upon receipt. On the invoice due date, the Company settles the outstanding amount with the respective financial institution. Liabilities associated with these arrangements are recorded in Accounts payable on the Consolidated Balance Sheets and amounted to **\$247.7** **\$238.7** million, **\$258.1** **\$213.1** million and **\$290.3** **\$251.3** million at **September 30, 2023** **March 31, 2024**, **December 31, 2022** **December 31, 2023** and **September 30, 2022** **March 31, 2023**, respectively.

Non-Traded Investments

The Company has invested in the U.S. affordable housing, and historic renovation and other real estate markets and certain other investments (Non-Traded Investments) that have been identified as variable interest entities which qualify for certain tax credits. However, because credits and other tax benefits. Since the Company does not have the power to

direct the day-to-day operations of the **Investments Non-Traded Investments** and the risk of loss is limited to the amount of contributed capital, the Company is not considered the primary beneficiary. Therefore, in accordance with the Consolidation Topic of the **ASC, Accounting Standards Codification (ASC)**, the **Investments Non-Traded Investments** are not consolidated.

Under the Investments - Equity Method and Joint Ventures Topic of the ASC, the Company uses the proportional amortization method, whereby the initial cost and any subsequent changes in the level of investment of Non-Traded Investments is amortized in proportion to the receipt of related tax credits. The Company reasonably expects amortization based on the receipt of tax credits would produce a measurement substantially similar to amortization based on the receipt of tax credits and other tax benefits. Both the amortization and related tax credits and other tax benefits are recognized in Income tax expense on the Statements of Consolidated Net Income. In the three months ended March 31, 2024, the Company received tax credits and other tax benefits of \$21.8 million and proportionally recognized \$20.1 million in the amortization of Non-Traded Investments. In the three months ended March 31, 2023, the Company received tax credits and other tax benefits of \$24.3 million and proportionally recognized \$19.4 million in the amortization of Non-Traded Investments. The tax credits and other tax benefits received are presented in Deferred income taxes and as a change in Accrued taxes within Operating activities on the Statements of Condensed Consolidated Cash Flows.

The carrying value of **the investments Non-Traded Investments** is recorded in Other assets. The liabilities for the estimated future capital contributions are recorded in Other accruals and Other long-term liabilities. In addition, the associated impact of related tax credits and other tax benefits are recorded as a reduction of Accrued taxes and a net deferred tax asset within Deferred income taxes. The following table summarizes the balances related to the **Investments Non-Traded Investments** and related tax credits and other tax benefits:

	September 30, 2023	December 31, 2022	September 30, 2022		March 31, 2024	March 31, 2024	December 31, 2023	March 31, 2023
Other assets	Other assets	\$ 597.0	\$ 587.0	\$ 521.6				
Other accruals	Other accruals	48.5	89.8	32.5				
Other long-term liabilities	Other long-term liabilities	536.6	476.5	470.4				
Reduction of Accrued taxes								
Net deferred income tax asset								

NOTE 2 - RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Adopted

Effective **January 1, 2023** **January 1, 2024**, the Company adopted Accounting Standards Update (ASU) 2022-04, "Liabilities - Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations." This ASU requires disclosure about an entity's use of supplier finance programs, including the key terms of the programs and the obligations outstanding at the end of the reporting period. The adoption of ASU 2022-04 did not affect the Company's financial position, results of operations or cash flows as the standard only impacts financial statement footnote disclosures. See Note 1 for additional information. In addition, a required rollforward of activity within the programs will be disclosed prospectively beginning with the annual period ending December 31, 2024.

Effective January 1, 2023, the Company adopted ASU 2021-08, "Business Combinations (Topic 805): Accounting for Contract Assets and Liabilities from Contracts with Customers." This ASU requires an acquiring entity to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. The adoption of ASU 2021-08 did not have a material impact on the Company's financial position, results of operations or cash flows.

Not Yet Adopted

In March 2023, the FASB issued ASU 2023-02, "Investments - Equity Method and Joint Ventures (Topic 323): Accounting for investments in tax credit structures using the proportional amortization method." This ASU allows entities to apply the proportional amortization method to all tax equity investments if certain conditions are met. In addition, the ASU requires certain disclosures about the nature and financial implications of tax equity investments on an entity's financial position, results of operations and cash flows, including the impact of transition on the periods presented, if any. The adoption of the ASU did not materially affect the Company's financial position, results of operations or cash flows since the Company has historically applied the proportional amortization method to its Non-Traded Investments, however, certain disclosures have been added based on the requirements of the ASU. See Note 1 for further details.

Not Yet Adopted

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." This ASU enhances reportable segment disclosures on both an annual and interim basis primarily in regards to the disclosure of significant segment expenses that are regularly provided to the chief operating decision maker (CODM) and included within the reported measure(s) of segment profit or loss. In addition, the ASU requires disclosure, by segment, of other items included in the reported measure(s) of segment profit or loss, including qualitative information describing the composition, nature and type of each item. The ASU also expands disclosure requirements

related to the CODM, including how the reported measure(s) of segment profit or loss are used to assess segment performance and allocate resources, the method used to allocate overhead for significant segment expenses and others. Lastly, all current required annual segment reporting disclosures under Topic 280 will be effective for interim periods. The ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2023 December 15, 2024, with early adoption permitted. The Company is evaluating the impact of adopting this ASU.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." This ASU enhances income tax disclosures by providing information to better assess how an entity's operations, related tax risks, tax planning and operational opportunities affect its tax rate and prospects for future cash flows. This ASU requires additional disclosures to the annual effective tax rate reconciliation including specific categories and further disaggregated reconciling items that meet the quantitative threshold. Additionally, the ASU requires disclosures relating to income tax expense and payments made to federal, state, local and foreign jurisdictions. This ASU is effective for fiscal years and interim periods beginning after December 15, 2024. The Company is evaluating the impact of adopting this ASU.

NOTE 3 - ACQUISITIONS AND DIVESTITURES

Acquisitions

Closed in Prior Year

In April 2022, the Company completed the acquisition of the European industrial coatings business of Sika AG. In July 2022, the Company completed the acquisitions of Gross & Perthun GmbH, Dur-A-Flex, Inc. and Powdertech Oy Ltd. In December 2022, the Company completed the acquisition of Industria Chimica Adriatica S.p.A. (ICA). The acquired businesses are reported within the Company's Performance Coatings Group.

During 2023, the Company revised the purchase price allocation from Goodwill to the various net assets acquired through its 2022 acquisition of ICA. Goodwill decreased \$149.6 million and deferred tax liabilities increased \$59.0 million, partially offset by an increase in finite-lived intangible assets of \$192.7 million, with the remaining purchase price allocated to various other assets acquired and liabilities assumed in the transaction. There was no material impact on previously reported financial results from these adjustments. Furthermore, in accordance with certain purchase agreements, the Company paid \$22.9 million in 2023 related to holdbacks for acquisitions completed in prior years. The Company has finalized the purchase price allocation for Sika AG, Gross & Perthun GmbH, Dur-A-Flex, Inc. and Powdertech Oy Ltd. and expects to complete this process for ICA within the allowable measurement period. The results of operations for the acquisitions have been included in the consolidated financial statements since the respective acquisition dates. Pro forma results of operations have not been presented as the impact on the Company's consolidated financial results is not material.

Subsequent Event

In October 2023, the Company completed the acquisition of the German-based SIC Holding GmbH, a Peter Möhrle Holding venture comprised of Oskar Nolte GmbH and Klumpp Coatings GmbH. This business specializes in foil coatings as well as radiation-cured and waterbased industrial wood coatings for the board, furniture and flooring industry. The acquired business will be funded by the Company with approximately \$265 million in cash. The purchase price is subject to certain closing conditions which are expected to be finalized in 2024. The Company expects to finalize the purchase price allocation for the acquisition within the allowable measurement period. SIC Holding is reported within the Company's Performance Coatings Group and the Company expects to complete the preliminary purchase price allocation results of operations for the acquisition within the allowable measurement period, consolidated financial statements since the acquisition date. Pro forma results of operations have not been presented as the impact on the Company's consolidated financial results is not material.

Divestitures

The Company completed the divestiture of a non-core domestic aerosol business within the Consumer Brands Group Closed in April 2023. This transaction resulted in the recognition of a \$20.1 million gain within the Administrative segment. This gain was recorded within the Other general expense (income) - net caption in the Statements of Consolidated Income during the second quarter of 2023. Prior Year

During the second quarter of 2023, the Company signed a definitive agreement to divest the China architectural business within the Consumer Brands Group, with annual revenue of approximately \$100 million and 300 employees. The associated net assets were classified as held for sale at June 30, 2023 in accordance with the Property, Plant, and Equipment Topic of the ASC. Following the prescribed order of impairment testing, the Company first reviewed individual tangible and intangible assets under their applicable Topic of the ASC to determine if their carrying value was higher than their respective fair value. As a result, the Company recorded an impairment charge of \$6.9 million within the Consumer Brands Group related to China architectural trademarks. The Company then compared the updated carrying value of the assets and liabilities comprising the disposal group as a whole to its respective fair value which was determined to be equal to the selling price, less costs to sell. The fair value of the disposal group was classified as level 2 in the fair value hierarchy as it was based on a specific price and other observable inputs for similar items with no active market. As a result of this comparison, the Company recorded an additional impairment charge of \$27.1 million within the Administrative segment. During the third quarter of 2023, the Company completed the divestiture of the China architectural business. The Company expects to finalize an immaterial working capital adjustment in the fourth quarter, first quarter of 2024.

NOTE 4 - RESTRUCTURING

In the fourth quarter of 2022, the Company announced a business restructuring plan (Restructuring Plan) to simplify the Company's operating model and portfolio of brands within the Consumer Brands Group and to reduce costs in all regions in the Consumer Brands Group, Performance Coatings Group and the Administrative segment. The actions taken under the Restructuring Plan better position the Company to continue to add long-term shareholder value. Key focus areas within the Consumer Brands Group include the China architectural business, aerosol portfolio and optimization of the overall retail portfolio. Multiple alternatives were considered to determine the course of action related to the focus areas. The Company ultimately determined that divestiture, rather than restructuring, of the China architectural business and a non-core domestic aerosol business was the highest and best use of resources to drive long-term shareholder value. For more information on these divestitures, see Note 3. As a result of continuing evaluation in the second quarter of 2023, the Company determined that these divestitures and previous actions under the Restructuring Plan achieved the original objectives of the focus areas. Accordingly, and in conjunction with other restructuring actions during 2023, there is no additional expense expected to be incurred under the Restructuring Plan.

The following table summarizes the activity and remaining liabilities associated with the Restructuring Plan:

Consumer Brands Group	Performance Coatings Group	Administrative	Total

Balance at January 1, 2023	\$ 25.6	\$ 16.1	\$ —	\$ 41.7
Provisions:				
Severance and related costs ⁽¹⁾	3.6	(0.2)	1.3	4.7
Other qualified costs ⁽²⁾	10.6	—	—	10.6
Total	14.2	(0.2)	1.3	15.3
Payments, currency and other adjustments	(37.5)	(12.7)	(1.3)	(51.5)
Balance at September 30, 2023	<u><u>\$ 2.3</u></u>	<u><u>\$ 3.2</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 5.5</u></u>
Restructuring Plan Expense:				
Total expense incurred to date	\$ 39.8	\$ 22.0	\$ 1.3	\$ 63.1
Additional expense expected	—	—	—	—
Total expected expense	<u><u>\$ 39.8</u></u>	<u><u>\$ 22.0</u></u>	<u><u>\$ 1.3</u></u>	<u><u>\$ 63.1</u></u>

⁽¹⁾ Severance and related costs were recorded in Selling, general and administrative expenses.

⁽²⁾ Other qualified costs of \$5.7 million were recorded in Selling, general and administrative expenses and the remaining \$4.9 million was recorded in Cost of goods sold.

NOTE 5 - INVENTORIES

Included in Inventories were the following:

	September 30, 2023	December 31, 2022	September 30, 2022	
	March 31, 2024	March 31, 2024	December 31, 2023	March 31,
Finished goods	Finished goods \$ 1,833.7	\$ 1,957.7	\$ 1,925.6	
Work in process and raw materials	Work in process and raw materials 410.6	668.8	622.2	
Inventories	Inventories \$ 2,244.3	\$ 2,626.5	\$ 2,547.8	

The Company primarily uses the last-in, first-out (LIFO) method of valuing inventory. An actual valuation of inventory under the LIFO method can be made only at the end of each year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations are based on management's estimates of expected year-end inventory levels and costs are subject to the final year-end LIFO inventory valuation. In addition, interim inventory levels include management's estimates of annual inventory losses due to shrinkage and other factors. For further information on the Company's inventory valuation, see Note 5 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 2023.

NOTE 65 - LONG-LIVED ASSETS

Included in Property, plant and equipment, net were the following:

	September 30, 2023	December 31, 2022	September 30, 2022	
	March 31, 2024	March 31, 2024	December 31, 2023	March 31,
Land	Land \$ 262.3	\$ 263.0	\$ 245.6	
Buildings	Buildings 1,039.2	1,199.3	1,133.6	
Machinery and equipment	Machinery and equipment 3,379.4	3,230.2	3,121.9	
Construction in progress	Construction in progress 882.0	496.1	453.2	
Property, plant and equipment, gross	Property, plant and equipment, gross 5,562.9	5,188.6	4,954.3	

Less allowances for depreciation	Less allowances for depreciation	2,982.3	2,981.6	2,913.1
Property, plant and equipment, net	Property, plant and equipment, net	\$ 2,580.6	\$ 2,207.0	\$ 2,041.2

In accordance with the Goodwill and Other Intangibles Topic of the ASC, goodwill and indefinite-lived intangible assets are tested for impairment annually during the fourth quarter, and interim impairment tests are performed whenever an event occurs or circumstances change that indicate an impairment has more likely than not occurred. As a result of the Latin America architectural paint business moving to the Consumer Brands Group reportable segment, the Company performed a quantitative impairment analysis for the impacted reporting units and determined both before and after the change, there was no indication of impairment. In addition, see Note 3 for information on the impairment tests performed in the second quarter of 2023 for the assets held for sale prior to the divestiture of the China architectural business.

NOTE 76 - DEBT

The following table summarizes the Company's outstanding debt:

	September 30, 2023		December 31, 2022	September 30, 2022	
	March 31, 2024		March 31, 2024	December 31, 2023	March 31,
Long-term debt (including current portion)	Long-term debt (including current portion)	\$ 9,597.4	\$ 9,591.6	\$ 9,589.5	
Short-term borrowings	Short-term borrowings	338.6	978.1	945.2	
Total debt outstanding	Total debt outstanding	\$ 9,936.0	\$ 10,569.7	\$ 10,534.7	

Short-Term Borrowings

On February 28, 2023, the Company amended its credit agreement dated August 2, 2021, as amended, to extend the maturity of \$125.0 million of the commitments available for borrowing and obtaining the issuance, renewal, extension, and increase of a letter of credit under the credit agreement from June 20, 2023 to December 20, 2027.

On May 1, 2023, the Company amended its credit agreement dated May 9, 2016, as amended, to extend the maturity of \$125.0 million of the commitments available for borrowing and obtaining the issuance, renewal, extension, and increase of a letter of credit under the credit agreement from June 20, 2023 to June 20, 2028.

The Company's available capacity under its committed credit agreements is reduced for amounts outstanding under its domestic commercial paper program, various credit agreements and letters of credit. At **September 30, 2023** **March 31, 2024**, the Company had unused capacity under its various credit agreements of **\$3.342 billion** **\$2.445 billion**. The following table summarizes the Company's short-term borrowings:

	September 30, 2023		December 31, 2022	September 30, 2022	
	March 31, 2024		March 31, 2024	December 31, 2023	March 31, 2023
Short-term borrowings:	Short-term borrowings:				
Domestic commercial paper	Domestic commercial paper	\$ 338.5	\$ 938.5	\$ 889.3	
Domestic commercial paper					
Foreign facilities					
Foreign facilities					

Foreign facilities	Foreign facilities	0.1	39.6	55.9				
Total	Total	\$ 338.6	\$ 978.1	\$ 945.2				
Weighted average interest rate:	Weighted average interest rate:							
Weighted average interest rate:	Weighted average interest rate:							
Domestic commercial paper	Domestic commercial paper	5.5 %	4.6 %	3.3 %	5.5 %	5.5 %	5.1 %	
Foreign facilities	Foreign facilities	6.2 %	6.7 %	4.4 %				
Foreign facilities	Foreign facilities				3.5 %	3.6 %	3.7 %	
Foreign facilities	Foreign facilities							

For further details on the Company's debt, including available credit facilities and related agreements, see Note 8 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

NOTE 87 - PENSION AND OTHER POSTRETIREE BENEFITS

The following table summarizes the components of the Company's net periodic benefit cost (credit) for domestic and foreign defined benefit pension plans and other postretirement benefits:

	Domestic Defined Benefit Pension Plan						Domestic Defined Benefit Pension Plan						Foreign Defined Benefit Pension Plans		Other Postretirement Benefits	
	Domestic Defined Benefit Pension Plan		Foreign Defined Benefit Pension Plan		Other Postretirement Benefits		Domestic Defined Benefit Pension Plan		Foreign Defined Benefit Pension Plans		Other Postretirement Benefits					
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Three Months Ended September 30:																
Three Months Ended March 31:																
Service cost	Service cost \$ 0.9 \$ 1.3 \$ 1.1 \$ 1.6 \$ 0.1 \$ 0.3						Service cost \$ 0.9 \$ 1.3 \$ 1.1 \$ 1.6 \$ 0.1 \$ 0.3									
Interest cost	Interest cost 1.1 0.8 2.9 1.9 1.9 1.4						Interest cost 1.1 0.8 2.9 1.9 1.9 1.4									
Expected return on assets	Expected return on assets (1.8) (2.0) (3.1) (2.6)						Expected return on assets (2.1) (1.8) (1.8) (2.8) (2.8) (3.1)									
Amortization of prior service cost (credit)	Amortization of prior service cost (credit) 0.3 0.2 (0.1) (6.0) (0.1)						Amortization of prior service cost (credit) 0.3 0.2 (0.1) (6.0) (0.1)									
Amortization of actuarial (gains) losses	Amortization of actuarial (gains) losses (0.4) 0.1 1.1						Amortization of actuarial (gains) losses (0.4) 0.1 1.1									

Net periodic benefit cost (credit)	\$0.5	\$0.3	\$0.4	\$1.0	\$ (4.0)	\$ 2.7
Nine Months Ended						
September 30:						
Service cost	\$2.5	\$3.8	\$3.2	\$4.9	\$ 0.4	\$ 0.9
Interest cost	3.4	2.4	8.6	4.8	5.6	4.4
Expected return on assets	(5.5)	(5.8)	(9.3)	(7.7)		
Amortization of prior service cost (credit)	1.0	0.7	(0.2)	(0.1)	(18.0)	(0.3)
Amortization of actuarial (gains) losses		(1.1)	1.1	0.1	3.2	
Amortization of actuarial gains				Amortization of actuarial gains	(0.1)	(0.3)
Net periodic benefit cost (credit)	Net periodic benefit cost (credit)	\$1.4	\$1.1	\$1.2	\$3.0	\$ (11.9)
						\$ 8.2

Service cost is recorded in Cost of goods sold and Selling, general and administrative expenses. All other components are recorded in Other (income) expense income - net. For further details on the Company's pension and other postretirement benefits, see Note 9 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

NOTE 98 - OTHER LONG-TERM LIABILITIES

Environmental Matters

The operations of the Company, like those of other companies in its industry, are subject to various domestic and foreign environmental laws and regulations. These laws and regulations not only govern current operations and products, but also impose potential liability on the Company for past operations. Management expects environmental laws and regulations to impose increasingly stringent requirements upon the Company and the industry in the future. Management believes that the Company conducts its operations in compliance with applicable environmental laws, regulations and requirements and has implemented various programs designed to help protect the environment and promote continued compliance.

The Company is involved with environmental investigation and remediation activities at some of its currently and formerly owned sites (including sites which were previously owned and/or operated by businesses acquired by the Company). In addition, the Company, together with other parties, has been designated a potentially responsible party under federal and state environmental protection laws for the investigation and remediation of environmental contamination and hazardous waste at a number of third-party sites, primarily Superfund sites. In general, these laws provide that potentially responsible parties may be held jointly and severally liable for investigation and remediation costs regardless of fault. The Company may be similarly designated with respect to additional third-party sites in the future.

The Company initially provides for estimated costs of environmental-related activities relating to its past operations and third-party sites for which commitments or clean-up plans have been developed and when such costs can be reasonably estimated based on industry standards and professional judgment. These estimated Costs for environmental-related activities may not be reasonably estimable, particularly at early stages of investigation, and therefore would not be included in the accrued amount. The costs which are estimable are mostly undiscounted are and determined based on currently available facts regarding each site. If the reasonably estimable costs can only be identified as a range and no specific amount within that range can be determined more likely than any other amount within the range, the minimum of the range is provided.

The Company continuously routinely assesses its potential liability for investigation and remediation-related activities and adjusts its environmental-related accruals as information becomes available, including as a result of sites progressing through investigation and remediation-related activities, upon which more accurate costs can be reasonably estimated and as additional accounting guidelines are issued. At September 30, 2023 March 31, 2024 and 2022, 2023, the Company had accruals reported on the balance sheet as Other long-term liabilities of \$260.1 million \$224.8 million and \$268.0 248.2 million, respectively. Estimated costs of current investigation and remediation activities of \$50.2 million \$92.4 million and \$45.9 50.2 million are included in Other accruals at September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

Actual costs incurred may vary from the accrued estimates due to the inherent uncertainties involved including, among others, the number and financial condition of parties involved with respect to any given site, the volumetric contribution which may be attributed to the Company relative to that attributed to other parties, the nature and magnitude of the wastes involved, the various technologies that can be used for remediation and the determination of acceptable remediation with respect to a particular site. If the Company's future loss contingency is ultimately determined to be at the unaccrued maximum of the estimated range of possible outcomes for every site for which costs can be reasonably estimated, the Company's accrual for environmental-related activities would be \$92.4 million \$92.9 million higher than the minimum accruals at September 30, 2023. Additionally, costs for environmental-related activities may not be reasonably estimable at early stages of investigation and therefore would not be included in the unaccrued maximum amount. March 31, 2024.

Four of the Company's currently and formerly owned manufacturing sites (Major Sites) account for the majority of the accrual for environmental-related activities and the unaccrued maximum of the estimated range of possible outcomes at September 30, 2023 March 31, 2024. At September 30, 2023 March 31, 2024, \$266.7 million \$268.6 million, or 86.0% 84.7% of the total accrual, related directly to the Major Sites. In the aggregate unaccrued maximum of \$92.4 92.9 million at September 30, 2023 March 31, 2024, \$69.6 million \$68.9 million, or 75.3% 74.2%, related to the Major Sites. The significant cost components of this liability continue to be related to remedy implementation, regulatory agency

interaction, and project management and other costs. While different for each specific environmental situation, these components generally each account for approximately 85%, 10%, and 5%, respectively, of the accrued amount and those percentages are subject to change over time. While environmental investigations and remedial actions are in different stages at these sites, additional investigations, remedial actions and monitoring will likely be required at each site.

The largest and most complex of the Major Sites is the Gibbsboro, New Jersey site (Gibbsboro) which comprises the substantial majority of the environmental-related accrual. Gibbsboro, a former manufacturing plant, and related areas, which ceased operations in 1978, has had various areas included on the National Priorities List since 1999. This location has soil, sediment, waterbodies, surface water and groundwater contamination related to the historic operations of the facility. Gibbsboro has been divided by the Environmental Protection Agency (EPA) into six operable units (OUs) based on location and characteristics, whose investigation and remediation efforts are likely to occur over an extended period of time. **Each To date, the Company has completed remedy construction on three of the six operable units. While there are administrative tasks to be completed before final agency approval, the remediation phase of the work for these three OUs is effectively complete and future work for these OUs is anticipated to be limited.** OUs are in various phases of investigation and remediation with the EPA that provide enough information to reasonably estimate cost ranges and record environmental-related accruals. The most significant assumptions underlying the reliability and precision of remediation cost estimates for the Gibbsboro site are the type and extent of future remedies to be selected by the EPA and the costs of implementing those remedies.

The remaining three Major Sites comprising the majority of the accrual include (1) a multi-party Superfund site that (a) has received a record of decision from the federal EPA and is currently in the remedial design phase for one OU, (b) has received a record of decision from the federal EPA for an interim remedy for another OU, and (c) has a remedial investigation ongoing for another OU, (2) a closed paint manufacturing facility that is in the operation and maintenance phase of remediation under both federal and state EPA programs, and (3) a formerly-owned site containing warehouse and office space that is in the **remedial investigation/**remedial/design **investigation** phase under a state EPA program. Each of these three Major Sites are in phases of investigation and remediation that provide sufficient information to reasonably estimate cost ranges and record environmental-related accruals.

Excluding the Major Sites discussed above, no sites are individually material to the total accrual balance. There are multiple, future events yet to occur, including further remedy selection and design, remedy implementation and execution, and securing applicable governmental agency approvals, all of which have the potential to contribute to the uncertainty surrounding these future events. As these events occur and to the extent that the cost estimates of the environmental remediation change, the existing reserve will be adjusted.

Management cannot presently estimate the ultimate potential loss contingencies related to these sites or other less significant sites until such time as a substantial portion of the investigation at the sites is completed and remedial action plans are developed. Unasserted claims could have a material effect on the Company's loss contingency as more information becomes available over time. At **September 30, 2023** **March 31, 2024**, the Company did not have material loss contingency accruals related to unasserted claims. Management does not expect that a material portion of unrecognized loss contingencies will be recoverable through insurance, indemnification agreements or other sources. In the event any future loss contingency significantly exceeds the current amount accrued, the recording of the ultimate liability may result in a material impact on net income for the annual or interim period during which the additional costs are accrued. Moreover, management does not believe that any potential liability ultimately attributed to the Company for its environmental-related matters will have a material adverse effect on the Company's financial condition, liquidity, or cash flow due to the extended length of time during which environmental investigation and remediation takes place. An estimate of the potential impact on the Company's operations cannot be made due to the aforementioned uncertainties.

Management expects these contingent environmental-related liabilities to be resolved over an extended period of time. Management is unable to provide a more specific time frame due to the indeterminate amount of time to conduct investigation activities at any site, the indeterminate amount of time to obtain environmental agency approval, as necessary, with respect to investigation and remediation activities, and the indeterminate amount of time necessary to conduct remediation activities.

Asset Retirement Obligation

The Asset Retirement and Environmental Obligations Topic of the ASC requires a liability to be recognized for the fair value of a conditional asset retirement obligation if a settlement date and fair value can be reasonably estimated. The Company recognizes a liability for any conditional asset retirement obligation when sufficient information is available to reasonably estimate a settlement date to determine the fair value of such a liability. The Company has identified certain conditional asset retirement obligations at various current and closed manufacturing, distribution and store facilities. These obligations relate primarily to asbestos abatement, hazardous waste Resource Conservation and Recovery Act (RCRA) closures, well abandonment, transformers and used oil disposals and underground storage tank closures. Using investigative, remediation and disposal methods that are currently available to the Company, the estimated costs of these obligations were accrued and are not significant. The recording of additional liabilities for future conditional asset retirement obligations may result in a material impact on net income for the annual or interim period during which the costs are accrued. Management does not believe that any potential liability ultimately attributed to the Company for its conditional asset retirement obligations will have a material adverse effect on the Company's financial condition, liquidity, or cash flow due to the extended period of time over which sufficient information may become available regarding the closure or modification of any one or group of the Company's facilities. An estimate of the potential impact on the Company's operations cannot be made due to the aforementioned uncertainties.

Real Estate Financing

The Company has entered into certain sale-leaseback agreements that do not qualify as asset sales and were accounted for as real estate financing transactions. These arrangements primarily consist of the new headquarters currently under construction, for which the Company expects to receive total proceeds approximating \$800 million to \$850 million on an incremental basis until completion of construction. During the first quarter of 2024 and 2023, the Company received \$77.0 million and \$66.5 million, respectively. The net proceeds from this transaction and other real estate financing transactions are recognized within the Financing Activities section of the Statements of Consolidated Cash Flows.

The corresponding financing obligation for the new headquarters on the Consolidated Balance Sheets was \$594.0 million and \$274.2 million at March 31, 2024 and March 31, 2023, respectively. The short-term portion of the liability recorded in Other accruals was \$43.3 million and \$24.8 million at March 31, 2024 and March 31, 2023, respectively. During the three months ended March 31, 2024 and 2023, interest of \$9.4 million and \$4.0 million, respectively, was capitalized within the long-term portion of the liability in Other long-term liabilities. See Note 11 in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 for more information concerning real estate financing.

NOTE 109 - LITIGATION

In the course of its business, the Company is subject to a variety of claims and lawsuits, including, but not limited to, litigation relating to product liability and warranty, personal injury, environmental, intellectual property, commercial, contractual and antitrust claims that are inherently subject to many uncertainties regarding the possibility of a loss to the Company. These uncertainties will ultimately be resolved when one or more future events occur or fail to occur confirming the incurrence of a liability or the reduction of a liability. In accordance with the Contingencies Topic of the ASC, the Company accrues for these contingencies by a charge to income when it is both probable that one or more future events

will occur confirming the fact of a loss and the amount of the loss can be reasonably estimated. In the event that the Company's loss contingency is ultimately determined to be significantly higher than currently accrued, the recording of the additional liability may result in a material impact on the Company's results of operations, liquidity or financial condition for the annual or interim period during which such additional liability is accrued. In those cases where no accrual is recorded because it is not probable that a liability has been incurred ~~and/or~~ the amount of any such loss cannot be reasonably estimated, any potential liability ultimately determined to be attributable to the Company may result in a material impact on the Company's results of operations, liquidity or financial condition for the annual or interim period during which such liability is accrued. In those cases where no accrual is recorded or exposure to loss exists in excess of the amount accrued, the Contingencies Topic of the ASC requires disclosure of the contingency when there is a reasonable possibility that a loss or additional loss may have been incurred.

Lead pigment and lead-based paint litigation. The Company's past operations included the manufacture and sale of lead pigments and lead-based paints. The Company, along with other companies, is and has been a defendant in a number of legal proceedings, including individual personal injury actions, purported class actions, and actions brought by various counties, cities, school districts and other government-related entities, arising from the manufacture and sale of lead pigments and lead-based paints. The plaintiffs' claims have been based upon various legal theories, including negligence, strict liability, breach of warranty, negligent misrepresentations and omissions, fraudulent misrepresentations and omissions, concert of action, civil conspiracy, violations of unfair trade practice and consumer protection laws, enterprise liability, market share liability, public nuisance, unjust enrichment and other theories. The plaintiffs have sought various damages and relief, including personal injury and property damage, costs relating to the detection and abatement of lead-based paint from buildings, costs associated with a public education campaign, medical monitoring costs and others. The Company has also been a defendant in legal proceedings arising from the manufacture and sale of non-lead-based paints that seek recovery based upon various legal theories, including the failure to adequately warn of potential exposure to lead during surface preparation when using non-lead-based paint on surfaces previously painted with lead-based paint. The Company ~~believes that the litigation brought to date is without merit or subject to meritorious defenses and~~ is vigorously defending such litigation. The Company expects that additional lead pigment and lead-based paint litigation may be filed against the Company in the future asserting similar or different legal theories and seeking similar or different types of damages and relief. The Company will continue to vigorously defend against any additional lead pigment and lead-based paint litigation that may be filed, including utilizing all avenues of appeal, if necessary.

~~Notwithstanding the Company's views on the merits, litigation~~ **Litigation** is inherently subject to many uncertainties, ~~including costs, unpredictable court or jury decisions, and differing laws in jurisdictions where the Company operates~~, and the Company ultimately may not prevail. Adverse court rulings or determinations of liability in a particular case, among other factors, could affect ~~the other~~ lead pigment and lead-based paint litigation against the Company and encourage an increase in the number and nature of future claims and proceedings. In addition, from time to time, various legislation and administrative regulations have been enacted, promulgated or proposed to impose obligations on present and former manufacturers of lead pigments and lead-based paints respecting asserted health concerns associated with such products or to overturn the effect of court decisions in which the Company and other manufacturers have been successful.

Due to the uncertainties involved, management is unable to predict the outcome of the lead pigment and lead-based paint litigation, the number or nature of possible future claims and proceedings or the effect that any legislation and/or administrative regulations may have on the litigation or against the Company. In addition, management cannot reasonably determine the scope or amount of the potential costs and liabilities related to such litigation, or resulting from any such legislation and regulations. Except with respect to the litigation in the California Proceedings, discussed below, the Company has not accrued any amounts for such litigation because the Company does not believe it is probable that a loss has occurred, ~~and/or~~ the Company believes it is not possible to estimate the range of potential losses as there is no substantive information upon which an estimate could be based. **losses.** In addition, any potential liability that may result from any changes to legislation and regulations cannot reasonably be estimated. Due to the uncertainties associated with the amount of any such liability and/or the nature of any other remedy which may be imposed in such litigation, any potential liability determined to be attributable to the Company arising out of such litigation may have a material adverse effect on the Company's results of operations, liquidity or financial condition. An estimate of the potential impact on the Company's results of operations, cash flow, liquidity or financial condition cannot be made due to the aforementioned uncertainties.

Public Nuisance Claim Litigation. The Company and other companies ~~are or~~ were defendants in legal proceedings seeking recovery based on public nuisance liability theories, among other theories, brought by the State of Rhode Island; the City of St. Louis, Missouri; various cities and counties in the State of New Jersey; various cities in the State of Ohio and the State of Ohio; the City of Chicago, Illinois; the City of Milwaukee, Wisconsin; the County of Santa Clara, California, and other public entities in the State of California; California (the California Proceedings); and Lehigh and Montgomery Counties in Pennsylvania. Pennsylvania (together, the Pennsylvania Proceedings). Except for the Santa Clara County, California proceeding Proceedings in which the Company reached a court-approved agreement in 2019 after nearly twenty years of litigation, ~~and the pending Pennsylvania proceedings, all of these~~ the legal proceedings have been concluded in favor of the Company and other defendants at various stages in the proceedings.

Pennsylvania Proceedings. ~~Two proceedings in~~ The Pennsylvania Proceedings were initiated in October 2018. The Pennsylvania counties of Montgomery and Lehigh filed complaints against the Company and several other former lead-based paint and lead pigment manufacturers in the Courts of Common Pleas of Montgomery County and Lehigh County, respectively. In both actions, the counties ~~request~~ requested declaratory relief establishing the existence of a public nuisance and the defendants' contribution to it, the abatement of an ongoing public nuisance arising from the presence of lead-based paint in housing throughout the applicable county, an injunction against future illicit conduct, and the costs of litigation and attorneys' fees.

After the defendants removed ~~the both~~ actions to federal court and the actions were remanded to state court, the defendants filed preliminary objections on December 21, 2020, seeking to dismiss ~~the both~~ complaints with prejudice.

In the Lehigh County action, the ~~The trial court~~ courts in both actions denied the defendants' preliminary objections, on August 6, 2021. Defendants filed a motion to amend the order to allow an interlocutory appeal or, in the alternative, for reconsideration. The trial court denied the defendants' motion on September 13, 2021. On September 27, 2021, the Company answered the complaint, asserted new matter and affirmative defenses, alleged counterclaims against Lehigh County, and filed a third-party complaint against certain County officials, other owners of pre-1980 housing, and lead abatement contractors who have been cited for violating state or local laws. On October 13, 2021, the defendants filed ~~with petitions for permission to appeal the Superior trial courts' orders to the Commonwealth Court, one of Pennsylvania's intermediate appellate courts, a petition for permission to appeal the trial court's order denying the defendants' preliminary objections. On November 17, 2021, the Superior Court transferred the appeal to the Commonwealth Court, another one of Pennsylvania's intermediate appellate courts.~~

~~In the Montgomery County action, the trial court denied the defendants' preliminary objections on October 15, 2021. The defendants filed a motion to amend the order overruling their preliminary objections to allow an interlocutory appeal, which the trial court granted on November 9, 2021. On December 3, 2021, the defendants filed a petition for permission to appeal with the Commonwealth Court.~~

The Commonwealth Court granted the defendants' petitions for permission to appeal in both the Montgomery County and Lehigh County actions on February 18, 2022, and stayed all proceedings in the trial courts pending the appellate court proceedings. The parties filed their respective briefs in both actions, and oral argument occurred on December 14, 2022. On May 5, 2023, the Commonwealth Court reversed both trial courts' orders denying the defendants' preliminary objections and remanded both actions to the trial courts for entry of an order dismissing the both actions. On June 5, 2023, Montgomery and Lehigh Counties each filed a petition for allowance of appeal to the Supreme Court of Pennsylvania. The Company filed its opposition briefs Pennsylvania, both of which the Supreme Court of Pennsylvania denied on June 20, 2023 November 20, 2023. Subsequently, the trial courts dismissed both the Montgomery County and the Lehigh County actions on January 9, 2024 and January 30, 2024, respectively.

Litigation seeking damages from alleged personal injury. The Company and other companies are or have been defendants in a number of legal proceedings seeking monetary damages and other relief from alleged personal injuries. The current proceedings include claims by children allegedly injured from ingestion of lead pigment or lead-containing paint. The plaintiffs generally seek compensatory damages and have invoked Wisconsin's risk contribution theory (which is similar to market share liability, except that liability can be joint and several) due to the plaintiff's inability to identify the manufacturer of any product that allegedly injured the plaintiff.

The Wisconsin Proceedings. In April 2016, the United States District Court for the Eastern District of Wisconsin consolidated three cases (Ravon Owens v. American Cyanamid, et al., Cesar Sifuentes v. American Cyanamid, et al., and Glenn Burton, Jr. v. American Cyanamid, et al.) for purposes of trial. A trial was held in May 2019 and resulted in a jury verdict for the three plaintiffs in the amount of \$2.0 million each for a total of \$6.0 million against the Company and two other defendants (Armstrong Containers Inc. and E.I. du Pont de Nemours). After post-trial motions resulted in the reduced damages award to plaintiff Glenn Burton, Jr. being reduced to \$800,000, one plaintiff. Subsequently, the Company filed a notice of appeal with the Seventh Circuit. Circuit with respect to each of the Owens, Sifuentes and Burton cases. On April 15, 2021, the Seventh Circuit reversed the judgments and held that the Company was entitled to judgment as a matter of law on all claims filed by the three plaintiffs. The plaintiffs filed a petition with the Seventh Circuit on April 27, 2021, seeking a rehearing en banc and, in the alternative, a request for certification of questions to the Wisconsin Supreme Court. The plaintiffs' petition was denied on May 12, 2021.

On May 20, 2021, as a result of the Seventh Circuit's decision in favor of the Company in the Owens, Sifuentes and Burton cases, the Company and the three other defendants filed motions for summary judgment to dismiss the all claims of all the approximately 150 plaintiffs then pending in the Eastern District of Wisconsin as a result of the Seventh Circuit's decision in favor of the Company.

in the Owens, Sifuentes and Burton cases. Wisconsin. On March 3, 2022, the district court granted summary judgment in favor of the Company and the other defendants on all claims then pending in the district court.

On March 31, 2022, the plaintiffs filed a motion seeking to alter or amend the judgment. Briefing on the motion concluded, and the district court denied the plaintiffs' motion to alter or amend the judgment on August 16, 2022.

On September 15, 2022, the plaintiffs filed notices of appeal with the Seventh Circuit, seeking to appeal the district court's summary judgment in favor of the Company and the other defendants. The plaintiffs filed their As part of the plaintiffs' appellate reply brief in support on December 9, 2022. The defendants filed their brief in opposition on February 22, 2023. On March 24, 2023, to the

Seventh Circuit, the plaintiffs filed their reply brief, which included a motion to certify issues to the Wisconsin Supreme Court. On March 31, 2023 February 9, 2024, the Seventh Circuit declined to certify any issues to the Wisconsin Supreme Court and affirmed the district court's summary judgment in favor of the Company and the other defendants in all claims except involving those filed by three plaintiffs, whose cases were remanded to the district court for further proceedings. On March 4, 2024, the Seventh Circuit denied all of the plaintiffs' request for a stay pending a petition for writ of certiorari and issued its mandate on March 11, 2024. Upon remand of the cases filed by the three remaining plaintiffs, the Company and the other defendants filed a motion for summary judgment on March 12, 2024. On April 3, 2024, the three plaintiffs filed a motion to strike amend their pleadings and response in opposition to stay defendants' renewed motion for summary judgment. On April 22, 2024, the district court granted plaintiffs' motion to certify. On April 7, 2023, amend their pleadings to the extent that plaintiffs filed a response in opposition may file an amended complaint on or before May 7, 2024. The district court denied plaintiffs' motion to stay defendants' summary judgment but extended plaintiffs' deadline for responding to defendants' summary judgment motion to strike. On April 14, 2023, the defendants filed June 13, 2024.

In a reply in support of their motion to strike. Oral argument was held separate proceeding, on September 26, 2023.

On August 24, 2021, the plaintiff in Arrieona Beal v. Armstrong Containers, Inc., et al. Hattie and Jerry Mitchell filed an amended complaint in Milwaukee County Circuit Court, naming the Company and other alleged former lead pigment manufacturers as defendants pursuant to the risk contribution liability theory. The defendants answered the plaintiff's complaint on December 17, 2021. On March 2, 2022, the plaintiff filed a motion for declaratory judgment seeking to clarify Wisconsin law following the Seventh Circuit's decision in favor of the Company in the Owens, Sifuentes and Burton cases, to which the Company responded on April 15, 2022. Prior to filing its response to the declaratory judgment motion, Plaintiff previously had sued her landlords. In March 2022, the Company removed the case to the Eastern District of Wisconsin on March 25, 2022. The plaintiff filed a motion to remand the case to the state circuit court, and on April 7, 2022 September 30, 2023, which the case was remanded to state court. On January 3, 2024, the Company opposed, and some of the other manufacturing defendants filed a third-party complaint against NL Industries, Inc., and cross-claims against the landlord defendants. On May 10, 2022 January 10, 2024, one of the plaintiff landlord defendants filed a counterclaim and cross-claim against all parties. The parties are conducting discovery, and the state court held a scheduling conference on April 22, 2024. Plaintiff has reported that she would like to file a motion for sanctions related to partial judgment on the Company's removal of the case to federal court, to which the Company responded on May 27, 2022. On September 30, 2023, the federal court granted the plaintiff's pleadings and a motion to remand, awarded the plaintiff costs and actual expenses in connection with the notice of removal, but denied the plaintiff's motion hearing has been scheduled for sanctions. August 6, 2024.

Insurance coverage litigation. The Company and its liability insurers, including certain underwriters at Lloyd's of London, initiated legal proceedings against each other to determine, among other things, whether the costs and liabilities associated with the abatement of lead pigment are covered under certain insurance policies issued to the Company. The insurers' action, which was filed on February 23, 2006 in the Supreme Court of the State of New York, County of New York, was dismissed. The Company's action, filed on March 3, 2006 in the Common Pleas Court, Cuyahoga County, Ohio, previously was stayed and inactive. On January 9, 2019, the Company filed an unopposed motion to lift the stay with the trial court, which was granted, allowing the case to proceed. On June 28, 2019, the Company and its liability insurers each filed separate motions for summary judgment seeking various forms of relief. The trial court entered an order on December 4, 2020, granting the insurers' motion for summary judgment, denying the Company's motion, and entering final judgment in favor of the insurers. The trial court sided with the Company on all of the issues presented, except one.

On December 21, 2020, the Company filed a notice of appeal to the Court of Appeals of Cuyahoga County, Ohio, Eighth Appellate District, and the insurers filed cross-appeals. On September 1, 2022, the appellate court reversed the trial court's grant of summary judgment, finding in favor of the Company on its appeal and against the insurers on their cross-appeal, and remanded the case to the trial court for further proceedings. On September 12, 2022, the insurers applied to the appellate court for reconsideration of its decision, en banc review, or certification of an appeal to the Ohio Supreme Court, which the Company opposed. On September 30, 2022, the appellate court denied the insurers' applications for reconsideration and certification. On January 9, 2023, the appellate court denied the insurers' application for en banc review. On February 21, 2023, the court denied. The insurers subsequently filed with a notice of appeal to the Ohio Supreme Court, a notice of appeal and memorandum in support of jurisdiction, to which the Company responded in opposition on March 22, 2023, filed its response. On May 9, 2023, the Ohio Supreme Court accepted the insurers' appeal. The insurers filed their merit brief with the Ohio Supreme Court on July 17, 2023. The Company filed its merit brief on September 5, 2023. The insurers filed their reply brief on October 13, 2023. Oral argument is scheduled for October 24, 2023.

An ultimate loss in the insurance coverage litigation would mean that insurance proceeds could be unavailable under the policies at issue to mitigate any ultimate abatement related costs and liabilities. The Company has not recorded any assets related to these insurance policies or otherwise assumed that proceeds from these insurance policies would be received in estimating any contingent liability accrual. Therefore, an ultimate loss in the insurance coverage litigation without a determination of liability against the Company in the lead pigment or lead-based paint litigation will have no impact on the Company's results of operation, liquidity or financial condition. As previously stated, however, except with respect to the litigation in the California Proceedings discussed above, the Company has not accrued any amounts for the lead pigment or lead-based paint litigation and any significant liability ultimately determined to be attributable to the Company relating to such litigation may result in a material impact on the Company's results of operations, liquidity or financial condition for the annual or interim period during which such liability is accrued.

Other litigation. On December 18, 2019, the New Jersey Department of Environmental Protection, the Commissioner of the New Jersey Department of Environmental Protection, and the Administrator of the New Jersey Spill Compensation Fund (collectively, the NJ DEP) filed a lawsuit against the Company in the Superior Court of New Jersey Law Division in Camden County, New Jersey. The NJ DEP seeks to recover natural resource damages, punitive damages, and litigation fees and costs, as well as other costs, damages, declaratory relief, and penalties pursuant to New Jersey state statutes and common law theories in connection with the alleged discharge of hazardous substances and pollutants at the Company's Gibbsboro, New Jersey site, a

former manufacturing plant and related facilities. The court has parties are conducting expert discovery. Trial is scheduled a trial date of September 16, 2024 to start on October 15, 2024.

NOTE 11 - SHAREHOLDERS' EQUITY

Dividends

The following table summarizes the dividends declared and paid on common stock:

	2023			2022		
	Cash		Total	Cash		Total
	Dividend	Per Share	Dividends (in millions)	Dividend	Per Share	Dividends (in millions)
First Quarter	\$ 0.605		\$ 156.5	\$ 0.60		\$ 150.9
Second Quarter		0.605	156.3		0.60	156.2
Third Quarter		0.605	155.6		0.60	155.8
Total	\$ 1.815		\$ 468.4	\$ 1.80		\$ 462.9

	2024			2023		
	Cash		Total	Cash		Total
	Dividend	Per Share	Dividends (in millions)	Dividend	Per Share	Dividends (in millions)
First Quarter	\$ 0.715		\$ 182.5	\$ 0.605		\$ 156.5

Treasury Stock

The Company acquires its common stock for general corporate purposes through its publicly announced share repurchase program. As of September 30, 2023 March 31, 2024, the Company had remaining authorization from its Board of Directors to purchase 41.4 million 37.9 million shares of its common stock. The table below summarizes share repurchases during the three and nine months ended September 30, 2023 March 31, 2024 and 2022: 2023:

	Three Months Ended			Nine Months Ended		
	September 30,			September 30,		
	2023	2022		2023	2022	
Treasury stock purchases (in millions)	\$ 410.1	\$ 47.6		\$ 946.0	\$ 751.1	
Treasury stock purchases (shares)	1,500,000	200,000		3,800,000	2,750,000	
Average price per share	\$ 273.45	\$ 237.81		\$ 248.96	\$ 273.12	

In February 2022, the Company received proceeds of \$22.0 million in conjunction with the issuance of treasury shares to fund Company contributions to the domestic defined contribution pension plan.

	Three Months Ended March 31,		
	2024		2023
	Foreign Currency Translation Adjustments	Other Postretirement Benefits Adjustments	Unrealized Net Gains on Cash Flow Hedges
Treasury stock purchases (in millions)	\$ 545.5	\$ 301.7	
Treasury stock purchases (shares)	1,700,000	1,300,000	
Average price per share	\$ 320.86	\$ 232.08	

Other Activity

During the **nine** three months ended **September 30, 2023** **March 31, 2024**, **705,945** **638,201** stock options were exercised at a weighted average price per share of **\$96.23**, **\$125.58**. In addition, **301,843** **119,141** restricted stock units vested during the same period.

NOTE 12.11 - ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The components of **accumulated** **Accumulated** other comprehensive income (loss) (AOCI), including the reclassification adjustments for items that were reclassified from AOCI to Net income, are shown below.

	Foreign Currency Translation Adjustments	Pension and Other Postretirement Benefits Adjustments	Unrealized Net Gains on Cash Flow Hedges	Total
Balance at December 31, 2022	\$ (810.8)	\$ 78.3	\$ 31.9	\$ (700.6)
Amounts recognized in AOCI	(39.5)			(39.5)
Amounts reclassified from AOCI		(13.6)	(2.7)	(16.3)
Balance at September 30, 2023	<u>\$ (850.3)</u>	<u>\$ 64.7</u>	<u>\$ 29.2</u>	<u>\$ (756.4)</u>

	Foreign Currency Translation Adjustments	Pension and Other Postretirement Benefits Adjustments	Unrealized Net Gains on Cash Flow Hedges	Total
Balance at December 31, 2023	\$ (716.9)	\$ 64.3	\$ 28.3	\$ (624.3)
Amounts recognized in AOCI ⁽¹⁾	(75.3)			(75.3)
Amounts reclassified from AOCI ^{(2), (3)}		(4.5)	(0.9)	(5.4)
Balance at March 31, 2024	<u>\$ (792.2)</u>	<u>\$ 59.8</u>	<u>\$ 27.4</u>	<u>\$ (705.0)</u>

	Foreign Currency Translation Adjustments	Pension and Other Postretirement Benefits Adjustments	Unrealized Net Gains on Cash Flow Hedges	Total
Balance at December 31, 2021	\$ (702.1)	\$ (32.2)	\$ 35.9	\$ (698.4)
Amounts recognized in AOCI	(364.7)			(364.7)
Amounts reclassified from AOCI		3.5	(2.9)	0.6
Balance at September 30, 2022	<u>\$ (1,066.8)</u>	<u>\$ (28.7)</u>	<u>\$ 33.0</u>	<u>\$ (1,062.5)</u>

⁽¹⁾ Foreign currency translation adjustments include changes in the fair value of cross currency swap contracts of \$18.3 million during the three months ended March 31, 2024. See Note 12.

⁽²⁾ Pension and other postretirement benefit adjustments are net of taxes of \$1.5 million for the three months ended March 31, 2024. See Note 7.

⁽³⁾ Unrealized net gains on cash flow hedges are net of taxes of \$0.3 million for the three months ended March 31, 2024. See Statements of Consolidated Comprehensive Income.

	Foreign Currency Translation Adjustments	Pension and Other Postretirement Benefits Adjustments	Unrealized Net Gains on Cash Flow Hedges	Total
Balance at December 31, 2022	\$ (810.8)	\$ 78.3	\$ 31.9	\$ (700.6)
Amounts recognized in AOCI ⁽¹⁾		40.2		40.2
Amounts reclassified from AOCI ^{(2), (3)}		(4.5)	(0.9)	(5.4)
Balance at March 31, 2023	<u>\$ (770.6)</u>	<u>\$ 73.8</u>	<u>\$ 31.0</u>	<u>\$ (665.8)</u>

⁽¹⁾ Foreign currency translation adjustments include changes in the fair value of cross currency swap contracts of \$(4.2) million during the three months ended March 31, 2023. See Note 12.

⁽²⁾ Pension and other postretirement benefit adjustments are net of taxes of \$1.7 million for the three months ended March 31, 2023. See Note 7.

⁽³⁾ Unrealized net gains on cash flow hedges are net of taxes of \$0.3 million for the three months ended March 31, 2023. See Statements of Consolidated Comprehensive Income.

NOTE 13.12 - DERIVATIVES AND HEDGING

Net Investment Hedges

The Company has U.S. Dollar to Euro cross currency swap contracts with various counterparties to hedge the Company's net investment in its European operations. The outstanding contracts as of September 30, 2023 are summarized in the table below.

Contract Date	Notional	
	Value	Maturity Date
February 13, 2020	\$ 500.0	June 1, 2024
November 8, 2021	162.7	June 1, 2027
March 28, 2023	150.0	August 8, 2024
June 28, 2023	200.0	August 8, 2025
August 1, 2023	100.0	February 1, 2027

During the term of the contracts, the Company will pay fixed-rate interest in Euros and receive fixed-rate interest in U.S. Dollars, thereby effectively converting a portion of the Company's U.S. Dollar denominated fixed-rate debt to Euro denominated fixed-rate debt. The outstanding contracts as of March 31, 2024 are summarized in the table below.

Contract Date	Notional	
	Value	Maturity Date
February 13, 2020	\$ 500.0	June 1, 2024
November 8, 2021	162.7	June 1, 2027
March 28, 2023	150.0	August 8, 2024
June 28, 2023	200.0	August 8, 2025
December 7, 2023	150.0	August 15, 2029

The following table summarizes amounts recognized in the Consolidated Balance Sheets for cross currency swap contracts. See Note 14.13 for additional information on the fair value of these contracts.

	September 30, 2023	December 31, 2022	September 30, 2022	
March 31, 2024				March 31,
Other current assets	Other current assets \$ 14.7	\$ —	\$ —	2023
Other assets	Other assets 9.6	9.1	56.4	
Other accruals				
Other long- term liabilities				

The changes in fair value of the cross currency swap contracts are recognized in the foreign currency translation adjustments component of AOCI. The following table summarizes the unrealized gains (losses) for the three and nine months ended **September 30, 2023**, **March 31, 2024** and **2022**, 2023.

	Three Months Ended				Nine Months Ended			
	September 30,		September 30,		September 30,		September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
Gains	\$ 32.1	\$ 41.0	\$ 15.2	\$ 92.5				
Tax effect	(7.9)	(10.1)	(3.8)	(22.7)				
Gains, net of taxes	\$ 24.2	\$ 30.9	\$ 11.4	\$ 69.8				

	Three Months Ended			
	March 31,		March 31,	
	2024	2023	2024	2023
Gains (losses)	\$ 24.3	\$ (5.6)		
Tax effect	(6.0)	1.4		
Gains (losses), net of taxes	\$ 18.3	\$ (4.2)		

Derivatives Not Designated as Hedging Instruments

The Company enters into foreign currency option and forward contracts with maturity dates less than twelve months primarily to hedge against value changes in foreign currency. The related gains and losses are recorded in Other income - net. See Note 15. There were no material foreign currency option and forward contracts outstanding at **September 30, 2023**, **March 31, 2024**, December 31, 2023 and **December 31, 2022**, March 31, 2023. The total notional value of foreign currency forward contracts outstanding as of September 30, 2022 was \$194.5 million. At September 30, 2022, the Company recorded a \$3.1 million liability in Other accruals to recognize the fair value of these outstanding foreign currency contracts. The related gains and losses are recorded in Other (income) expense - net. See Note 16.

NOTE 14.13 - FAIR VALUE MEASUREMENTS

The Fair Value Measurements and Disclosures Topic of the ASC applies to the Company's financial and non-financial assets and liabilities. The guidance applies when other standards require or permit the fair value measurement of assets and liabilities. Under the guidance, assets and liabilities measured at fair value are categorized as follows:

Level 1: Quoted prices in active markets for identical assets

Level 2: Significant other observable inputs

Level 3: Significant unobservable inputs

There were no assets and liabilities measured at fair value on a recurring basis classified as Level 3 at March 31, 2024 and December 31, 2023. Except for the acquisition related fair value measurements and assets held for sale prior to divestiture described in Note 3, and the reporting unit impairment analysis described in Note 6, there were no assets and liabilities measured at fair value on a nonrecurring basis. The following table presents the Company's financial assets that are measured at fair value on a recurring basis, categorized using the fair value hierarchy.

	September 30, 2023				December 31, 2022			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets:								
Deferred compensation plan assets	\$ 84.9	\$ 47.1	\$ 37.8		\$ 74.1	\$ 43.7	\$ 30.4	
Qualified replacement plan assets	—				29.8	29.8		
Net investment hedge asset	24.3		24.3		9.1		9.1	
	\$ 109.2	\$ 47.1	\$ 62.1	\$ —	\$ 113.0	\$ 73.5	\$ 39.5	\$ —

	March 31, 2024				December 31, 2023			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets:								
Deferred compensation plan	\$ 90.7	\$ 90.7			\$ 84.7	\$ 84.7		
Net investment hedges	3.3		3.3		—			
Available-for-sale debt securities	4.7		4.7		—			
	\$ 98.7	\$ 90.7	\$ 8.0	\$ —	\$ 84.7	\$ 84.7	\$ —	\$ —
Liabilities:								

Net investment hedges	\$ 3.4	\$ —	\$ 3.4	\$ —	\$ 24.4	\$ —	\$ 24.4	\$ —
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The deferred compensation plan assets consist of the investment funds maintained for the future payments under the Company's executive deferred compensation plans, which are structured as rabbi trusts. The investments are marketable securities accounted for under the Debt and Equity Securities Topics of the ASC. The **Level 1** investments are valued using quoted market prices multiplied by the number of shares. The **Level 2** investments deferred compensation plan assets also include partnership funds measured using **net asset value (or its equivalent)** as a practical expedient, which are **valued based on vendor or broker models**, not classified in the fair value hierarchy. As of March 31, 2024 and December 31, 2023, the fair value of the partnership funds was \$6.6 million and \$6.4 million, respectively. The cost basis of all investments within the **investment funds** deferred compensation plan was **\$74.3 million** \$78.1 million and **\$67.2 million** \$76.3 million at **September 30, 2023** March 31, 2024 and **December 31, 2022** December 31, 2023, respectively.

The qualified replacement plan assets consisted of investment funds maintained for future contributions to the Company's domestic defined contribution pension plan. During the first quarter of 2023, the remaining balance was fully utilized to fund the Company's domestic defined contribution pension plan. The cost basis of the investment funds was \$29.8 million at December 31, 2022 and the fair value was based on quoted prices multiplied by the number of shares.

The net investment hedge asset represents **hedges represent** the fair value of outstanding cross currency swap contracts (see Note **13** **12**). The fair value is based on a valuation model that uses observable inputs, including interest rate curves and **the Euro** foreign currency **rates**.

The available-for-sale debt securities consist of bonds issued by a foreign government and mature in 2027. The fair value is based on pricing models that use observable data from a market with limited activity. The cost basis at March 31, 2024 was \$6.7 million.

The **fair value** of the Company's publicly traded debt is based on quoted market prices. The fair value of the Company's non-publicly traded debt is estimated using discounted cash flow analyses, based on the Company's current incremental borrowing rates for similar types of borrowing arrangements. The Company's publicly traded debt and non-traded debt are classified as **Level 1** and **Level 2**, respectively, in the fair value hierarchy. The following table **below** summarizes the carrying amounts and fair values of the Company's debt. The Company's publicly traded debt and non-publicly traded debt are classified as **level 1** and **level 2**, respectively, in the fair value hierarchy.

September 30,
2023 December 31, 2022

	March 31, 2024				March 31, 2024				December 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value						
Publicly traded debt	\$9,596.5	\$8,152.2	\$9,590.0	\$8,382.3						
Non-publicly traded debt	0.9	0.8	1.6	1.5						

NOTE **15** **14** - REVENUE

The Company manufactures and sells paint, stains, supplies, equipment and floor covering through company-operated stores, branded and private label products through retailers, and a broad range of industrial coatings directly to global manufacturing customers through company-operated branches. A large portion of the Company's revenue is recognized at a point in time and made to customers who are not engaged in a long-term supply agreement or any form of contract with the Company. These sales are paid for at the time of sale in cash, credit card or on account with the vast majority of customers having terms between 30 and 60 days, not to exceed one year. Many customers who purchase on account take advantage of early payment discounts offered by paying within 30 days of being invoiced. The Company estimates variable consideration for these sales on the basis of both historical information and current trends to estimate the expected amount of discounts to which customers are likely to be entitled.

The remaining revenue is governed by long-term supply agreements and related purchase orders (contracts) that specify shipping terms and aspects of the transaction price including rebates, discounts and other sales incentives, such as advertising support. Contracts are at standalone pricing. The performance obligation in these contracts is determined by each of the individual purchase orders and the respective stated quantities, with revenue being recognized at a point in time when obligations under the terms of the agreement are satisfied. This generally occurs with the transfer of control of our products to the customer. Sales, value add, and other taxes we collect concurrent with revenue-producing activities are excluded from revenue.

Refer to Note **19** **18** for the Company's disaggregation of **net** **Net** sales by Reportable Segment. As the Reportable Segments are aligned by similar economic factors, trends and customers, this disaggregation best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Approximately 80% of the Company's **net external** sales are in the Company's North America region (which is comprised of the United States, Canada and the Caribbean region), slightly less than 10% in the EMEA region (Europe, Middle East, Africa and India), with the remaining global regions accounting for the residual balance. No country outside of the United States is individually significant.

The Company has made payments or given credits for various incentives at the beginning of a long-term contract where future revenue is expected and before satisfaction of performance obligations. Under these circumstances, the Company recognizes a contract asset and amortizes these prepayments over the expected benefit life of the long-term contract typically on a straight-line basis.

The majority of variable consideration in the Company's contracts include a form of volume rebate, discounts, and other incentives, where the customer receives a retrospective percentage rebate based on the amount of their purchases. In these situations, the rebates are accrued as a fixed percentage of sales and recorded as a reduction of net sales until paid to the customer per the terms of the contract. Forms of variable consideration such as tiered rebates, whereby a customer receives a retrospective price decrease dependent on the volume of their purchases, are calculated using a forecasted percentage to determine the most likely amount to accrue. Management creates a baseline calculation using

historical sales and then utilizing forecast information, estimates the anticipated sales volume each quarter to calculate the expected reduction to sales. The remainder of the transaction price is fixed as agreed upon with the customer, limiting estimation of revenues including constraints.

The Company's Accounts receivable and current and long-term contract assets and liabilities are summarized in the following table.

Balance sheet caption:	Accounts Receivable, Less Allowance	Contract Assets (Current)	Contract Assets (Long-Term)	Contract Liabilities (Current)	Contract Liabilities (Long-Term)
	Accounts receivable, net	Other current assets	Other assets	Other accruals	Other long-term liabilities
Balance at December 31, 2022	\$ 2,563.6	\$ 43.8	\$ 117.7	\$ 292.9	\$ 7.1
Balance at September 30, 2023	2,940.9	43.4	152.3	325.3	8.3

Balance sheet caption:	Accounts Receivable, Less Allowance	Contract Assets (Current)	Contract Assets (Long-Term)	Contract Liabilities (Current)	Contract Liabilities (Long-Term)
	Accounts receivable, net	Other current assets	Other assets	Other accruals	Other long-term liabilities
Balance at December 31, 2023	\$ 2,467.9	\$ 46.2	\$ 151.7	\$ 365.7	\$ 3.8
Balance at March 31, 2024	2,809.1	61.5	226.3	254.0	4.7

The difference between the opening and closing balances of the Company's contract assets and contract liabilities primarily results from the timing difference between the contractual performance obligation and the associated payment.

Provisions for estimated returns are established and the expected costs continue to be recognized as contra-revenue per ASC 606 when the products are sold. The Company only offers an assurance type warranty on products sold, and there is no material service to the customer beyond fixing defects that existed at the time of sale and no warranties are sold separately.

Warranty liabilities are excluded from the table above. Amounts recognized during the year from deferred revenue were not material. The Company records a right of return liability within each of its operations to accrue for expected customer returns. Historical actual returns are used to estimate future returns as a percentage of current sales. Obligations for returns and refunds were not material individually or in the aggregate.

Allowance for Current Expected Credit Losses

The Company's primary Accounts receivable are recorded at the time of credit sales, net of an allowance for current expected credit losses. The Company records an allowance for current expected credit losses is the allowance for doubtful accounts. The allowance for doubtful accounts reduces the to reduce Accounts receivable balance to the estimated net amount expected to be collected (estimated net realizable value. The value).

Under ASC 326, the Company reviews the collectibility of the Accounts receivable balance each reporting period and estimates the allowance for current expected credit losses based on historical bad debt experience, aging of accounts receivable, current creditworthiness of customers, current economic factors, as well as reasonable and supportable forward-looking information. Accounts receivable balances are written-off against the allowance for current expected credit losses if a final determination of uncollectibility is made. All provisions for allowances the allowance for doubtful accounts current expected credit losses are included in Selling, general and administrative expenses.

The following table summarizes the movement in the Company's allowance for doubtful accounts: current expected credit losses:

		Nine Months Ended September 30, 2023 2022			
		Three Months Ended March 31,		Three Months Ended March 31,	
		2024	2024	2023	
Beginning balance	Beginning balance	\$56.6	\$48.9		
Bad debt expense	Bad debt expense	50.7	43.4		
Uncollectible accounts written off, net of recoveries	Uncollectible accounts written off, net of recoveries	(32.1)	(29.2)		

Ending balance	Ending balance	<u><u>\$75.2</u></u>	<u><u>\$63.1</u></u>
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NOTE 16 15 - OTHER

Other general expense (income) - net

Included in Other general expense (income) - net were the following:

	Three Months Ended				Nine Months Ended			
	September 30,				September 30,			
	2023	2022	2023	2022	2023	2022	2023	2022
Provisions for environmental matters - net	\$ 39.4	\$ 6.4	\$ 52.7	\$ 11.1				
Gain on divestiture of businesses (see Note 3)				(20.1)				
Losses (gains) on sale or disposition of assets	12.7	(20.8)	(8.1)	(18.6)				
Other	9.8		15.4					
Other general expense (income) - net	\$ 61.9	\$ (14.4)	\$ 39.9	\$ (7.5)				

	Three Months Ended			
	September 30,			
	2024	2023	2024	2023
Provisions for environmental matters - net	\$ 3.6	\$ 12.7		
Gain on sale or disposition of assets	(3.4)	(4.6)		
Other	1.8	2.4		
Other general expense - net	\$ 2.0	\$ 10.5		

Provisions for environmental matters - net represent initial provisions for site-specific estimated costs of environmental investigation or remediation and increases or decreases to environmental-related accruals as information becomes available upon which more accurate costs can be reasonably estimated and as additional accounting guidelines are issued. Environmental-related accruals are not recorded net of insurance proceeds in accordance with the Offsetting Subtopic of the Balance Sheet Topic of the ASC. During the third quarter of 2023, provisions for environmental matters - net increased primarily due to new information which impacted the estimate of required remediation at certain Major Sites and other Company locations. See Note 98 for further details on the Company's environmental-related activities.

The (Gains) losses gain on sale or disposition of assets represents net realized (gains) losses gains associated with the sale or disposal of property, plant and equipment and intangible assets previously used in the conduct of the primary business of the Company.

There were no items within the Other caption that were individually significant.

Other (income) expense income - net

Included in Other (income) expense income - net were the following:

	Three Months Ended				Nine Months Ended			
	September 30,				September 30,			
	2023	2022	2023	2022	2023	2022	2023	2022
Investment (gains) losses	\$ (0.5)	\$ 1.1	\$ (19.2)	\$ 16.0				
Net expense from banking activities	3.1	3.1	10.9	9.0				
Foreign currency transaction related losses	1.1	19.2	24.7	29.5				
Miscellaneous pension (credit) expense	(5.2)	0.8	(15.4)	2.7				
Other income	(10.5)	(8.5)	(40.9)	(26.4)				
Other expense	4.0	2.4	22.9	19.1				
Other (income) expense - net	\$ (8.0)	\$ 18.1	\$ (17.0)	\$ 49.9				

	Three Months Ended			
	September 30,			
	2024	2023	2024	2023
Net investment gains	\$ (5.1)	\$ (3.2)		
Net expense from banking activities	3.3	3.9		

Foreign currency transaction related losses - net	7.6	6.8
Miscellaneous periodic benefit income	(4.9)	(5.1)
Other income	(9.0)	(14.6)
Other expense	0.4	9.0
Other income - net	<u>\$ (7.7)</u>	<u>\$ (3.2)</u>

Investment (gains) losses Net investment gains primarily relate to the change in market value of the investments held in the deferred compensation plan and qualified replacement plan. bonds issued by a foreign government. See Note 14 13 for additional information on the fair value of these investments.

Foreign currency transaction related losses - net include the impact from foreign currency transactions, including from highly inflationary economies such as Argentina, and net realized losses (gains) from foreign currency option and forward contracts. See Note 13 12 for additional information regarding these foreign currency contracts.

Miscellaneous pension (credit) expense periodic benefit income consists of the non-service components of pension and other postretirement benefit net periodic benefit cost (credit). See Note 8 7.

Other income and Other other expense includes include items of revenue, gains, expenses and losses that were unrelated to the primary business purpose of the Company. There were no other items within the Other other income or Other other expense caption that were individually significant.

NOTE 17 16 - INCOME TAXES

The effective tax rate was 24.5% and 22.9% 21.1% for the third first quarter and first nine months of 2023, respectively, 2024, compared to 21.9% and 21.4% 22.3% for the third first quarter and first nine months of 2022, respectively, 2023. The increase in the effective tax rate for the third quarter was primarily due to a \$14.7 million discrete tax expense related to the divestiture of the China architectural business and an unfavorable change in the jurisdictional mix of earnings. For the first nine months, the increase decrease in the effective tax rate was primarily due to a more favorable impact of tax benefits related to an unfavorable change employee share-based payments in the jurisdictional mix first quarter of earnings, 2024 compared to the same period last year. This benefit was partially offset by unfavorable audit settlements in the first quarter of 2024. The other significant components of the Company's effective tax rate were consistent in both comparable periods, year-over-year.

At December 31, 2022 December 31, 2023, the Company had \$242.4 million \$121.8 million in unrecognized tax benefits, the recognition of which would have an effect of \$230.3 million \$109.4 million on the effective tax rate. Included in the balance of unrecognized tax benefits at December 31, 2022 December 31, 2023 was \$92.7 million \$8.4 million related to tax positions for which it is reasonably possible that the total amounts could significantly change during the next twelve months.

The Company classifies all income tax related interest and penalties as income tax expense. At December 31, 2022 December 31, 2023, the Company had accrued \$36.6 million \$20.4 million for the potential payment of income tax interest and penalties.

There were no significant changes to any of the balances of unrecognized tax benefits at December 31, 2022 December 31, 2023 during the nine three months ended September 30, 2023 March 31, 2024.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. The Company finalized the IRS audit for the 2013 through 2016 income tax returns in 2023 and is adequately reserved for paid the assessment, which is expected to be paid related assessments in the fourth quarter quarter of 2023 and first quarter of 2024. The Company finalized the IRS audit for the 2011 income tax return in 2023 and expects to pay the related assessment in 2024. The IRS is currently auditing the Company's 2017 2018 and through 2019 income tax returns. As of September 30, 2023 March 31, 2024, the federal statute of limitations had has not expired for the 2013 2017 through 2022 2023 tax years.

At September 30, 2023 March 31, 2024, the Company is subject to non-U.S. income tax examinations for the tax years of 2014 through 2022, 2023. In addition, the Company is subject to state and local income tax examinations for the tax years 1998 through 2022, 2023.

NOTE 18 17 - NET INCOME PER SHARE

Basic and diluted net income per share are calculated using the treasury stock method.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Basic	Three Months Ended March 31,			
Basic	Three Months Ended March 31,			
	Three Months Ended March 31,			
	2024			
	2024			
	2024			

Basic		Basic							
Net income	Net income	\$	761.5	\$	685.1	\$	2,032.6	\$	1,633.8
Net income									
Net income	Average shares outstanding	Average shares outstanding	255.1		257.7		255.9		258.2
Average shares outstanding									
Average shares outstanding									
Basic net income per share									
Basic net income per share									
Basic net income per share	Basic net income per share	\$	2.98	\$	2.66	\$	7.94	\$	6.33
Diluted	Diluted								
Diluted									
Net income									
Net income	Net income	\$	761.5	\$	685.1	\$	2,032.6	\$	1,633.8
Average shares outstanding assuming dilution:	Average shares outstanding assuming dilution:								
Average shares outstanding assuming dilution:	Average shares outstanding assuming dilution:								
Average shares outstanding	Average shares outstanding	255.1		257.7		255.9		258.2	
Average shares outstanding									
Average shares outstanding									
Stock options and other contingently issuable shares (1)									
Stock options and other contingently issuable shares (1)	Stock options and other contingently issuable shares (1)	3.3		3.4		2.9		4.0	
Average shares outstanding assuming dilution	Average shares outstanding assuming dilution	258.4		261.1		258.8		262.2	
Average shares outstanding assuming dilution									
Average shares outstanding assuming dilution									
Diluted net income per share	Diluted net income per share	\$	2.95	\$	2.62	\$	7.85	\$	6.23
Diluted net income per share									
Diluted net income per share									

(1) There were 1.1 million 0.1 million and 2.0 million 2.8 million of stock options and other contingently issuable shares excluded due to their anti-dilutive effect for the three and nine months ended September 30, 2023, respectively. There were 1.9 million March 31, 2024 and 1.1 million of stock options and other contingently issuable shares excluded due to their anti-dilutive effect for the three and nine months ended September 30, 2022, 2023, respectively.

NOTE 19 18 - REPORTABLE SEGMENT INFORMATION

The Company reports its segment information in the same way that management internally organizes its business for assessing performance and making decisions regarding the allocation of resources in accordance with the Segment Reporting Topic of the ASC. As mentioned in Note 1, the Company realigned the Latin America architectural paint business during the first quarter of 2023. While this changed the composition of certain reportable segments, the Company determined it continues to have three reportable

segments: Paint Stores Group, (formerly known as The Americas Group), Consumer Brands Group and Performance Coatings Group (individually, a Reportable Segment and collectively, the Reportable Segments). Refer to Note 23 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 for further details on the Company's Reportable Segments. Certain information within the Form 10-K Reportable Segment Information Note impacted by the realignment has been revised herein.

		Three Months Ended March 31, 2024							Three Months Ended March 31, 2024		
		Three Months Ended September 30, 2023					Paint Stores Group	Consumer Brands Group	Performance Coatings Group	Administrative	Consolidated Totals
		Paint Stores Group	Consumer Brands Group	Performance Coatings Group	Administrative	Totals					
Net external sales		\$ 3,537.1	\$ 854.8	\$ 1,724.2	\$ 0.6	\$ 6,116.7					
Net sales											
Intersegment transfers	Intersegment transfers	—	1,359.1	49.3	(1,408.4)	—					
Total net sales and intersegment transfers	Total net sales and intersegment transfers	\$ 3,537.1	\$ 2,213.9	\$ 1,773.5	\$ (1,407.8)	\$ 6,116.7					
Segment profit	Segment profit	\$ 917.5	\$ 101.6	\$ 279.7		\$ 1,298.8					
Interest expense	Interest expense				\$ (101.9)	\$ (101.9)					
Administrative expenses and other	Administrative expenses and other				(187.9)	(187.9)					
Income before income taxes	Income before income taxes	\$ 917.5	\$ 101.6	\$ 279.7	\$ (289.8)	\$ 1,009.0					
		Three Months Ended March 31, 2023									
		Three Months Ended March 31, 2023									
		Three Months Ended March 31, 2023									
		Three Months Ended September 30, 2022					Paint Stores Group	Consumer Brands Group	Performance Coatings Group	Administrative	Consolidated Totals
		Paint Stores Group	Consumer Brands Group	Performance Coatings Group	Administrative	Totals					
Net external sales		\$ 3,414.0	\$ 890.6	\$ 1,741.7	\$ 1.1	\$ 6,047.4					
Net sales											
Intersegment transfers	Intersegment transfers	—	1,435.6	55.7	(1,491.3)	—					
Total net sales and intersegment transfers	Total net sales and intersegment transfers	\$ 3,414.0	\$ 2,326.2	\$ 1,797.4	\$ (1,490.2)	\$ 6,047.4					
Segment profit	Segment profit	\$ 741.3	\$ 117.7	\$ 236.3		\$ 1,095.3					
Segment profit	Segment profit										
Interest expense	Interest expense				\$ (101.2)	\$ (101.2)					

Administrative expenses and other	Administrative expenses and other	(116.9)	(116.9)
Income before income taxes	Income before income taxes	\$ 741.3	\$ 117.7
		\$ 236.3	\$ (218.1)

	Nine Months Ended September 30, 2023					
	Performance			Consolidated		
	Paint Stores Group	Consumer Brands Group	Coatings Group	Administrative	Totals	
Net external sales	\$ 9,894.9	\$ 2,673.3	\$ 5,228.9	\$ 2.6	\$ 17,799.7	
Intersegment transfers	—	4,046.2	159.1	(4,205.3)		—
Total net sales and intersegment transfers	\$ 9,894.9	\$ 6,719.5	\$ 5,388.0	\$ (4,202.7)	\$ 17,799.7	
Segment profit	\$ 2,293.5	\$ 305.7	\$ 771.3		\$ 3,370.5	
Interest expense				\$ (322.9)		(\$322.9)
Administrative expenses and other				\$ (411.7)		(411.7)
Income before income taxes	\$ 2,293.5	\$ 305.7	\$ 771.3	\$ (734.6)	\$ 2,635.9	

	Nine Months Ended September 30, 2022					
	Performance			Consolidated		
	Paint Stores Group	Consumer Brands Group	Coatings Group	Administrative	Totals	
Net external sales	\$ 9,086.3	\$ 2,642.8	\$ 5,186.1	\$ 3.2	\$ 16,918.4	
Intersegment transfers	—	4,002.8	161.3	(4,164.1)		—
Total net sales and intersegment transfers	\$ 9,086.3	\$ 6,645.6	\$ 5,347.4	\$ (4,160.9)	\$ 16,918.4	
Segment profit	\$ 1,854.1	\$ 279.1	\$ 577.6		\$ 2,710.8	
Interest expense				\$ (282.5)		(282.5)
Administrative expenses and other				\$ (350.1)		(350.1)
Income before income taxes	\$ 1,854.1	\$ 279.1	\$ 577.6	\$ (632.6)	\$ 2,078.2	

In the reportable segment financial information, Segment profit was total net sales represents each reportable segment's Income before income taxes. Due to the nature of the Company's integrated manufacturing operations and intersegment transfers less operating costs centralized administrative and expenses, information technology support, a substantial amount of allocations are made to determine segment financial information. Domestic intersegment transfers were are primarily accounted for at the approximate fully absorbed manufactured cost, based on normal capacity volumes, plus customary distribution costs for paint products. Non-paint domestic and all international intersegment transfers were are primarily accounted for at values comparable to normal unaffiliated customer sales. All intersegment transfers are eliminated within the Administrative segment function. In 2023, absorbed manufactured cost standards for domestic intersegment transfers were established inclusive of forecasted cost reductions from planned initiatives for which unfavorable deviations were recognized within the Consumer Brands Group. The manufactured cost standards established at the beginning of 2024 did not include forecasted cost reductions.

Net external sales of all consolidated foreign subsidiaries were \$1.105 billion and \$1.064 billion for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively. Net external sales of all consolidated foreign subsidiaries were \$3.342 billion and \$3.262 billion for the nine months ended September 30, 2023 and 2022, 2023, respectively. Long-lived assets of these subsidiaries totaled \$3.217 billion \$3.524 billion and \$2.839 billion \$3.458 billion at September 30, 2023 March 31, 2024 and 2022, 2023, respectively. Domestic operations accounted for the remaining net external Net sales and long-lived assets. No single geographic area outside the United States was significant relative to consolidated net external Net sales, Income before income before taxes or consolidated long-lived assets. Export sales and sales to any individual customer were each less than 10% of consolidated Net sales in 2023 2024 and 2022, 2023.

For further details on the Company's Reportable Segments, see Note 23 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

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

(dollars in millions, except as noted and per share data)

BACKGROUND

The Sherwin-Williams Company, founded in 1866, and its consolidated wholly owned subsidiaries (collectively, the Company) are engaged in the development, manufacture, distribution and sale of paint, coatings and related products to professional, industrial, commercial and retail customers primarily in North and South America with additional operations in the Caribbean region and throughout Europe, Asia and Australia.

The Company is structured into three reportable segments - Paint Stores Group, Consumer Brands Group and Performance Coatings Group (collectively, the Reportable Segments) - and an Administrative segment function in the same way it is internally organized for assessing performance and making decisions regarding the allocation of resources. See Note 19 18 of Item 1 for additional information on the Company's Reportable Segments.

Effective January 1, 2023, the Company changed its organizational structure to manage and report the Latin America architectural paint business within the Consumer Brands Group to more closely align demand and service model trends with its current business strategy. The Latin America business was formerly part of The Americas Group, which has become the Paint Stores Group concurrent with this change. The Company will report segment results for the newly realigned Paint Stores Group and Consumer Brands Group, for both current and prior periods presented herein.

SUMMARY

- Consolidated net Net sales increased 1.1% decreased 1.4% in the quarter to \$6.117 billion and 5.2% in the first nine months of 2023 to \$17.800 billion \$5.367 billion
 - Net sales from stores in U.S. and Canada the Paint Stores Group open more than twelve calendar months increased 3.0% were approximately flat in the quarter and 8.3% in the first nine months of 2023
- Diluted net income per share increased 12.6% 7.1% to \$2.95 \$1.97 per share in the quarter compared to \$2.62 per share in the third quarter 2022 and 26.0% to \$7.85 \$1.84 per share in the first nine months of quarter 2023 compared to \$6.23 in the first nine months of 2022
- Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) in the quarter increased 12.6% 2.0% to \$1.266 billion \$896.2 million in the quarter, or 20.7% 16.7% of net Net sales
- Generated net operating cash of \$2.603 billion, or 14.6% of net sales, during OUTLOOK

We remain highly confident in our customer focused strategy and are well-positioned as the first nine months of 2023

The Company delivered strong results painting season begins. While uncertainties persist in the third quarter despite a challenging year-over-year comparison, due to low-single digit percentage impacts from selling price increases, modest net benefit from acquisitions macroeconomic environment, we are encouraged by pro architectural demand and divestitures and favorable currency translation rate changes. This growth was mostly offset by a low-single digit volume decrease primarily driven by the Consumer Brands and Performance Coatings Groups. The divestiture of the China architectural business, which was completed on August 1, 2023, also reduced sales volume as compared to the prior year. In the Performance Coatings Group, net sales benefited from pricing actions and contributions from acquisitions, but was more than offset by volume declines. Consolidated gross profit margin sentiment in the quarter expanded both sequentially and year-over-year driven by pricing discipline and moderating raw material costs.

OUTLOOK

Our fourth quarter is often sequentially lower due to seasonal trends, and we continue to see inconsistent demand by region and end market. second quarter. We will continue to prioritize investments in new stores, sales and technical personnel, innovation, digital and other growth initiatives that will allow us to capitalize on our strengths and help our customers be successful. Demand in the Performance Coatings Group is expected to remain variable by business and region. We remain committed to our differentiated strategy, capabilities, product and service solutions, and our people. Given our strong year-to-date results, we have confidence in our ability to continue delivering above market growth and returns.

We employ a disciplined capital deployment strategy, while maintaining a balanced approach toward driving value for our customers and returns to our shareholders. We continue to pursue business acquisitions, transactions and investments that fit our long-term growth strategy. We will return value to our shareholders through the payment of dividends and the reinvestment of excess cash for share repurchases of Company stock. We have a strong liquidity position, with \$503.4 million \$179.9 million in cash and \$3.342 billion \$2.445 billion of unused capacity under our credit facilities at September 30, 2023 March 31, 2024. We are, and expect to remain, in compliance with bank covenants.

RESULTS OF OPERATIONS

The Company has historically experienced, and expects to continue to experience, variability in quarterly results. The results of operations for the three and nine months ended September 30, 2023 March 31, 2024 are not indicative of the results to be expected for the full year as our business is seasonal in nature, with the majority of Net sales for the Reportable Segments traditionally occurring during the second and third quarters. However, periods of economic uncertainty can alter the Company's seasonal patterns.

The following discussion and analysis addresses comparisons of material changes in the consolidated financial statements for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023.

Net Sales

Three Months Ended September 30,
Three Months Ended March 31,
Three Months Ended March 31,
Three Months Ended March 31,

		Acquisitions and Divestitures						Acquisitions and Divestitures					
		2023			2022			2024			2023		
		\$	%	Currency Impact	\$	%	Currency Impact	\$	%	Currency Impact	\$	%	Currency Impact
Paint Stores Group	Paint Stores Group	\$3,537.1	\$3,414.0	\$123.1	3.6 %	(0.1) %	— %	\$2,873.0	\$2,859.1	\$13.9	0.5 %	0.5 %	— %
Consumer Brands Group	Consumer Brands Group	854.8	890.6	(35.8)	(4.0) %	0.7 %	(3.0) %	811.0	872.7	872.7	(61.7)	(61.7)	(7.1) %
Performance Coatings Group	Performance Coatings Group	1,724.2	1,741.7	(17.5)	(1.0) %	1.9 %	3.1 %	1,681.9	1,709.8	1,709.8	(27.9)	(27.9)	(1.6) %
Administrative	Administrative	0.6	1.1	(0.5)	(45.5) %	(9.1) %	— %	1.4	0.8	0.8	0.6	0.6	75.0 %
Total	Total	\$6,116.7	\$6,047.4	\$69.3	1.1 %	0.6 %	0.5 %	\$5,367.3	\$5,442.4	\$75.1	(1.4)	(1.4) %	(0.1) %

Three Months Ended September 30, 2023 March 31, 2024

Consolidated net Net sales increased decreased by 1.1% 1.4% in the third first quarter of 2023 2024 primarily driven by selling price increases due to lower sales volumes in all segments, a modest net benefit from the impact of acquisitions and divestitures and favorable currency translation rate changes. This growth was mostly offset by a sales volume decrease primarily driven by the Consumer Brands Group (inclusive of the impact from the divestiture of the China architectural business and a non-core domestic aerosol business in the prior year) and the Performance Coatings Groups Group in North America. Net sales in the Paint Stores Group was essentially flat in the quarter. Net sales of all consolidated foreign subsidiaries increased to \$1.105 billion \$1.103 billion in the third first quarter compared to \$1.064 billion \$1.087 billion in the same period last year. The increase in net Net sales for all consolidated foreign subsidiaries was due to growth in the Latin America and Europe regions driven primarily from selling price increases, as well as contributions from acquisitions, region, partially offset by lower net Net sales in the Asia region from lower sales volumes and the divestiture of the China architectural business. Net sales in the Latin America region was essentially flat in the quarter. Net sales of all operations other than consolidated foreign subsidiaries increased decreased to \$5.012 billion \$4.264 billion in the third first quarter compared to \$4.983 billion \$4.355 billion in the same period last year.

Net sales in the Paint Stores Group increased by 3.6% 0.5% in the third first quarter primarily due to selling a modest impact from the February 2024 price increases, which impacted net increase with sales by a low-single digit percentage. Sales volume was approximately flat year-over-year driven year-over-year. Net sales growth in the residential repaint, commercial and protective & marine end markets was partially offset by higher pro architectural lower Net sales volume, excluding in the new residential volume which decreased a high-single digit percentage, and property maintenance end markets. Net sales from stores open for more than twelve calendar months increased 3.0% were approximately flat in the third quarter compared to last year's comparable period quarter. Net sales of non-paint products increased 15.3% decreased 1.3% compared to last year's third first quarter. A discussion of changes in volume versus pricing for sales of non-paint products other than paint is not pertinent due to the wide assortment of general merchandise sold.

Net sales in the Consumer Brands Group decreased by 4.0% 7.1% in the third first quarter primarily due to a mid-single digit percentage sales volume decrease decline, the impact from the divestitures in the prior year, which reduced sales by approximately 2.6% in the quarter and a 3.0% decrease from divestitures, primarily related to the China architectural business. These decreases were unfavorable currency translation. Sales volume decreased in North America, but was partially offset by sales volume growth in Europe and selling price increases in Latin America and Europe, which impacted net Net sales by a mid-single low-single digit percentage.

Net sales in the Performance Coatings Group decreased by 1.0% 1.6% in the third first quarter primarily due to a high-single low-single digit percentage sales volume decrease, decline. Lower sales volumes in North America and Latin America were partially offset by a 3.1% increase from higher sales volumes in Europe, inclusive of acquisition impact which increased sales by approximately 1.3% in the impact of acquisitions, selling price increases, which quarter, and Asia. Selling prices also unfavorably impacted net Net sales by a low-single digit percentage, and which was partially offset by favorable currency translation rate changes. translation.

		Nine Months Ended September 30,															
		2023				2022				\$ Change		% Change		Currency Impact		Divestitures Impact	
		\$	2023	2022	\$	\$	2022	\$	\$	%	%	%	%	%	%		
Paint Stores Group		\$	9,894.9	\$	9,086.3	\$	808.6			8.9 %		(0.1) %	— %				
Consumer Brands Group			2,673.3		2,642.8		30.5			1.2 %		(0.4) %	(1.3) %				
Performance Coatings Group			5,228.9		5,186.1		42.8			0.8 %		(0.1) %	4.3 %				
Administrative			2.6		3.2		(0.6)			(18.8) %		(3.1) %	— %				
Total		\$	17,799.7	\$	16,918.4	\$	881.3			5.2 %		(0.2) %	1.1 %				

Nine Months Ended September 30, 2023

Consolidated net sales increased by 5.2% in the first nine months of 2023 primarily due to selling price increases, volume growth due to higher architectural sales volume in the Paint Stores Group and a 1.1% net increase from the impact of acquisitions and divestitures, partially offset by a sales volume decrease in the Consumer Brands and Performance Coatings Groups. Net sales of all consolidated foreign subsidiaries increased to \$3.342 billion in the first nine months compared to \$3.262 billion in the same period last year. The

increase in net sales for all consolidated foreign subsidiaries was due to growth in the Latin America and Europe regions, partially offset by lower net sales in the Asia region from lower sales volumes and the divestiture of the China architectural business. Net sales of all operations other than consolidated foreign subsidiaries increased 5.9% to \$14.458 billion in the first nine months compared to \$13.656 billion in the same period last year.

Net sales in the Paint Stores Group increased by 8.9% in the first nine months of 2023 primarily due to mid-single digit sales volume growth, as well as selling price increases, which impacted net sales by a mid-single digit percentage. Net sales from stores open for more than twelve calendar months in the U.S. and Canada increased 8.3% in the first nine months compared to last year's comparable period. Net sales of non-paint products increased 19.9% compared to last year's first nine months. A discussion of changes in volume versus pricing for sales of products other than paint is not pertinent due to the wide assortment of general merchandise sold.

Net sales in the Consumer Brands Group increased 1.2% in the first nine months primarily due to selling price increases, which impacted net sales by a mid-single digit percentage, partially offset by a low-single digit sales volume decrease and a 1.3% decrease from the impact of divestitures.

Net sales in the Performance Coatings Group increased by 0.8% in the first nine months primarily due to a 4.3% increase from the impact of acquisitions and selling price increases, which impacted net sales by a mid-single digit percentage, partially offset by a high-single digit sales volume decrease.

Income Before Income Taxes

The following table presents the components of Income before income taxes as a percentage of Net sales:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2022		2023		2022	
		% of Net Sales		% of Net Sales		% of Net Sales		% of Net Sales
Net sales	\$ 6,116.7	100.0 %	\$ 6,047.4	100.0 %	\$ 17,799.7	100.0 %	\$ 16,918.4	100.0 %
Cost of goods sold	3,200.5	52.3 %	3,458.0	57.2 %	9,590.3	53.9 %	9,827.1	58.1 %
Gross profit	2,916.2	47.7 %	2,589.4	42.8 %	8,209.4	46.1 %	7,091.3	41.9 %
SG&A	1,756.5	28.7 %	1,609.9	26.6 %	5,209.5	29.3 %	4,693.0	27.7 %
Other general expense (income) - net	61.9	1.0 %	(14.4)	(0.2)%	39.9	0.2 %	(7.5)	— %
Impairment	—	— %	—	— %	34.0	0.2 %	—	— %
Interest expense	101.9	1.7 %	101.2	1.6 %	322.9	1.8 %	282.5	1.6 %
Interest income	(5.1)	(0.1)%	(2.6)	— %	(15.8)	(0.1)%	(4.8)	— %
Other (income) expense - net	(8.0)	(0.1)%	18.1	0.3 %	(17.0)	(0.1)%	49.9	0.3 %
Income before income taxes	\$ 1,009.0	16.5 %	\$ 877.2	14.5 %	\$ 2,635.9	14.8 %	\$ 2,078.2	12.3 %

	Three Months Ended March 31,			
	2024		2023	
		% of Net Sales		% of Net Sales
Net sales	\$ 5,367.3	100.0 %	\$ 5,442.4	100.0 %
Cost of goods sold	2,836.3	52.8 %	3,021.5	55.5 %
Gross profit	2,531.0	47.2 %	2,420.9	44.5 %
SG&A	1,799.8	33.5 %	1,693.0	31.1 %
Other general expense - net	2.0	— %	10.5	0.2 %
Interest expense	103.0	1.9 %	109.3	2.0 %
Interest income	(6.1)	— %	(3.5)	(0.1)%
Other income - net	(7.7)	(0.1)%	(3.2)	— %
Income before income taxes	\$ 640.0	11.9 %	\$ 614.8	11.3 %

Three Months Ended September 30, 2023 March 31, 2024

Consolidated cost Cost of goods sold decreased \$257.5 million \$185.2 million, or 7.4% 6.1%, in the third first quarter of 2023 2024 compared to the same period in 2022 2023 due primarily to moderating raw material costs and lower sales volumes in the Consumer Brands Group (inclusive of the impact from the divestitures in the prior year) and the Performance Coatings Groups and moderating raw material costs, partially offset by the impacts of increases in wages and other employee-related costs. In addition, lower fixed cost absorption in the Consumer Brands Group due to lower production volumes also increased Cost of goods sold. Group. Currency translation rate changes increased Cost of goods sold by an insignificant amount in the third first quarter of 2023, 2024.

Consolidated gross profit increased \$326.8 million \$110.1 million in the third first quarter of 2023 2024 compared to the same period in 2022 2023. Consolidated gross profit as a percent of consolidated net Net sales increased in the third first quarter to 47.7% 47.2% compared to 42.8% 44.5% during the same period in 2022, 2023. Consolidated gross profit dollars increased primarily due to selling price increases in all Reportable Segments, moderating raw material costs, and favorable currency translation rate changes, partially offset by lower sales volumes in the Consumer Brands Group (inclusive of the impact from the divestitures in the prior year) and the Performance Coatings Groups, Group.

The Paint Stores Group's gross profit in the **third** first quarter was higher than the same period last year by **\$238.2 million** **\$28.9 million** due primarily to **selling price increases and moderating raw material costs**, costs and a modest impact from the **recently announced price increase**. The Paint Stores Group's gross profit as a percent of **net Net** sales increased in the **third** first quarter compared to the same period in **2022** **2023** for these same reasons. The Consumer Brands Group's gross profit increased by **\$15.4 million** **\$71.5 million** in the **third** first quarter compared to the same period last year due primarily to higher fixed cost absorption in the manufacturing and distribution operations within the segment, moderating raw material costs, and selling price increases, and partially offset by a sales volume decrease. The Consumer Brands Group's gross profit as a percent of Net sales increased in the first quarter compared to the same period in 2023 for these same reasons. The Performance Coatings Group's gross profit increased \$5.8 million in the first quarter compared to the same period last year due primarily to moderating raw material costs, partially offset by lower sales volume and **increases in wages and other employee-related costs**. In addition, lower fixed cost absorption in the Consumer Brands Group due to lower production volumes also decreased gross profit. The Consumer Brands Group's gross profit as a percent of net sales increased in the third quarter compared to the same period in 2022 for these same reasons. The Performance Coatings Group's gross profit increased \$80.9 million in the third quarter compared to the same period last year due primarily to selling price increases and moderating raw material costs, partially offset by lower sales volume and **increases in wages and other employee-related costs**. The Performance Coatings Group's gross profit as a percent of **net Net** sales increased in the **third** first quarter compared to the same period last year for these same reasons.

Consolidated selling, general and administrative expenses (SG&A) increased **\$146.6 million** **\$106.8 million** in the **third** first quarter versus the same period last year due primarily to **increased higher employee-related costs and investments in long-term growth strategies including expenses to support higher sales levels and net new store openings, incremental SG&A from the acquisition of ICA and unfavorable currency translation rate changes**, partially offset by lower SG&A from divestitures. As a percent of **net Net** sales, consolidated SG&A increased **210** 240 basis points in the **third** first quarter compared to the same period last year for these same reasons.

The Paint Stores Group's SG&A increased **\$53.4 million** **\$55.4 million** in the **third** first quarter compared to the same period last year due primarily to higher employee-related costs and investments in long-term growth initiatives, including increased spending from new store **openings and costs to support higher sales levels**. The Consumer Brands Group's SG&A increased **\$35.4 million** **\$7.9 million** in the **third** quarter compared to the same period last year due to higher employee-related costs and increased expenses to support manufacturing expansion, partially offset by lower SG&A from divestitures. The Performance Coatings Group's SG&A increased **\$42.3 million** in the **third** first quarter compared to the same period last year due primarily to higher employee-related costs and incremental costs from costs. The Performance Coatings Group's SG&A decreased \$0.2 million in the **acquisition of ICA** **first quarter compared to the same period last year**. The Administrative segment's function's SG&A increased **\$15.5 million** **\$43.7 million** in the **third** first quarter compared to the same period last year due primarily to higher employee-related costs and increased expenses related to **technology digital technologies and systems**.

Other general expense (income) - net changed from income of **\$14.4 million** decreased **\$8.5 million** in the **third** quarter of 2022 to expense of **\$61.9 million** in the **third** quarter of 2023 primarily due to losses from the sale or disposition of assets in the **third** quarter of 2023 as compared to gains in the prior year as well as an increase in provisions for environmental matters. See Note 16 of Item 1 for additional information.

Interest expense increased \$0.7 million in the **third** first quarter compared to the same period last year due primarily to higher interest rates, partially offset by a decrease in outstanding debt. See Note 7 of Item 1 for additional information on the Company's outstanding debt.

In the **third** quarter of 2023, Other (income) expense - net improved **\$26.1 million** compared to the same period in 2022 primarily due to a decrease in **foreign currency translation losses and a miscellaneous pension credit**. provisions for environmental matters in the **Administrative function**. See Note **16** **15** of Item 1 for additional information.

Nine Months Ended September 30, 2023

Consolidated cost of goods sold **Interest expense** decreased **\$236.8 million**, or **2.4%**, **\$6.3 million** in the **first** **nine** months of 2023 compared to the same period in 2022 due primarily to lower sales volumes in the Consumer Brands and Performance Coatings Groups and moderating raw material costs, partially offset by higher sales volume in the Paint Stores Group and the impacts of increases in wages and other employee-related costs. **Currency translation rate changes decreased Cost of goods sold by an insignificant amount in the first nine months of 2023.**

Consolidated gross profit increased \$1.118 billion in the **first** **nine** months of 2023 compared to the same period in 2022. Consolidated gross profit as a percent of consolidated net sales increased in the **first** **nine** months to **46.1%** compared to **41.9%** during the same period in 2022. Consolidated gross profit dollars increased primarily due to selling price increases in each Reportable Segment, increased sales volume in the Paint Stores Group and moderating raw material costs, partially offset by lower sales volumes in the Consumer Brands and Performance Coatings Groups and unfavorable currency translation rate changes.

The Paint Stores Group's gross profit in the **first** **nine** months was higher than the same period last year by **\$738.5 million** due primarily to selling price increases, higher sales volume and moderating raw material costs. The Paint Stores Group's gross profit as a percent of net sales increased in the **first** **nine** months compared to the same period in 2022 for these same reasons. The Consumer Brands Group's gross profit increased by **\$87.4 million** in the **first** **nine** months **quarter** compared to the same period last year due primarily to selling price increases and moderating raw material costs, partially offset by lower sales volume and increases a decrease in wages and other employee-related costs. The Consumer Brands Group's gross profit as a percent **outstanding debt**. See Note 6 of Item 1 for additional information on the Company's outstanding debt.

Other income - net sales increased **\$4.5 million** in the **first** **nine** months compared to the same period last year for these same reasons. The Performance Coatings Group's gross profit increased **\$315.3 million** in the **first** **nine** months **quarter** compared to the same period last year due primarily to higher selling prices and moderating raw material costs, partially offset by lower sales volume and increases in wages and other employee-related costs. The Performance Coatings Group's gross profit as a percent of net sales increased in the **first** **nine** months compared to the same period last year for these same reasons.

Consolidated SG&A increased **\$516.5 million** in the **first** **nine** months versus the same period last year due primarily to increased employee-related costs, expenses to support higher sales levels and net new store openings, partially offset by favorable currency translation rate changes. As a percent of net sales, consolidated SG&A increased 160 basis points in the **first** **nine** months compared to the same period last year for these same reasons.

The Paint Stores Group's SG&A increased **\$302.5 million** in the **first** **nine** months compared to the same period last year due primarily to higher employee-related costs, increased spending from new store openings, higher costs to serve customers, increased investments in technologies and costs to support higher sales levels. The Consumer Brands Group's

SG&A increased \$46.1 million in the first nine months compared to the same period last year due to higher employee-related costs and restructuring charges, partially offset by other effective cost control measures. The Performance Coatings Group's SG&A increased \$122.8 million in the first nine months compared to the same period last year due primarily to higher employee-related costs, costs from acquisitions and costs to support higher sales levels. The Administrative segment's SG&A increased \$45.1 million in the first nine months compared to the same period last year due primarily to higher employee-related costs and increased expenses related to technology and systems.

Other general expense (income) - net changed from income of \$7.5 million in the first nine months of 2022 to expense of \$39.9 million in the first nine months of 2023 primarily due to an increase in provisions for environmental matters and lower gains from the sale or disposition of assets, partially offset by a gain on the divestiture of businesses. See Note 16 of Item 1 for additional information.

For information on impairment, see Notes 3 and 6 of Item 1 and Note 7 in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

Interest expense increased \$40.4 million in the first nine months of 2023 compared to the same period last year due primarily to higher interest rates, partially offset by a decrease in outstanding debt. See Note 7 of Item 1 for additional information on the Company's outstanding debt.

In the first nine months of 2023, Other (income) expense - net improved \$66.9 million compared to the same period in 2022 primarily due to higher returns on investments held in the Administrative segment, a miscellaneous pension credit and an increase in miscellaneous other income. See Note 16 of Item 1 for additional information.

The following table presents Income before income taxes by segment and as a percentage of Net sales by segment:

		Three Months Ended March 31,			Three Months Ended March 31,			Three Months Ended March 31,			Nine Months Ended September 30,		
		Three Months Ended September 30,											
		2023		2022		% Change		2023		2022		% Change	
Income Before Income Taxes:	Income Before Income Taxes:												
Income Before Income Taxes:													
Income Before Income Taxes:													
Paint Stores Group													
Paint Stores Group													
Paint Stores Group	Paint Stores Group	\$	917.5	\$	741.3	23.8	%	\$	2,293.5	\$	1,854.1	23.7	%
Consumer Brands Group	Consumer Brands Group		101.6		117.7	(13.7)	%		305.7		279.1	9.5	%
Consumer Brands Group													
Consumer Brands Group													
Performance Coatings Group													
Performance Coatings Group													
Performance Coatings Group	Performance Coatings Group		279.7		236.3	18.4	%		771.3		577.6	33.5	%
Administrative	Administrative		(289.8)		(218.1)	(32.9)	%		(734.6)		(632.6)	(16.1)	%
Administrative													
Total	Total												
Total	Total	\$	1,009.0	\$	877.2	15.0	%	\$	2,635.9	\$	2,078.2	26.8	%
Income Before Income Taxes	Income Before Income Taxes												
as a % of Net Sales:	as a % of Net Sales:												

Income Before Income Taxes as a % of Net Sales:									
Income Before Income Taxes as a % of Net Sales:									
Paint Stores Group									
Paint Stores Group									
Paint Stores Group	Paint Stores Group	25.9	%	21.7	%	23.2	%	20.4	%
Consumer Brands Group	Consumer Brands Group	11.9	%	13.2	%	11.4	%	10.6	%
Consumer Brands Group									
Consumer Brands Group									
Performance Coatings Group									
Performance Coatings Group	Performance Coatings Group	16.2	%	13.6	%	14.8	%	11.1	%
Administrative	Administrative	nm		nm		nm		nm	
Administrative									
Administrative									
Total									
Total	Total	16.5	%	14.5	%	14.8	%	12.3	%
nm - not meaningful	nm - not meaningful								
nm - not meaningful									
nm - not meaningful									

Income Tax Expense

The effective tax rate was 24.5% for the third quarter of 2023 compared to 21.9% for the third quarter of 2022, and 22.9% 21.1% for the first nine months quarter of 2023 2024 compared to 21.4% 22.3% for the first nine months quarter of 2022, 2023. The increase decrease in the effective tax rate for the third first quarter was due primarily due to a \$14.7 million discrete more favorable impact of tax expense benefits related to the divestiture of the China architectural business and an unfavorable change employee share-based payments in the jurisdictional mix first quarter of earnings. For 2024 compared to the same period last year. This benefit was partially offset by unfavorable audit settlements in the first nine months, the increase in the effective tax rate was primarily related to an unfavorable change in the jurisdictional mix quarter of earnings. 2024. The other significant components of the Company's effective tax rate were consistent in both comparable periods. See Note 17 16 of Item 1 for additional information.

Net Income Per Share

Diluted net income per share in the third first quarter of 2023 2024 increased 12.6% 7.1% to \$2.95 \$1.97 per share compared to \$2.62 \$1.84 per share in the third first quarter of 2022, 2023. Diluted net income per share included a \$0.19 and \$0.21 \$0.20 per share charge for acquisition-related amortization expense for in both the third first quarter of 2023 2024 and 2022, respectively. In addition, 2023. Currency translation rate changes did not have a meaningful impact on diluted net income per share for the third quarter of 2023 included a \$0.06 per share charge related to discrete income tax expense from the divestiture of the China architectural business. Currency translation rate changes decreased diluted net income per share by \$0.01 in the third quarter of 2023.

Diluted net income per share for the first nine months of 2023 increased 26.0% to \$7.85 per share compared to \$6.23 per share in the first nine months quarter of 2022. Diluted net income per share included a \$0.60 and \$0.61 per share charge for acquisition-related amortization expense for the first nine months of 2023 and 2022, respectively. In addition, diluted net income per share for the first nine months of 2023 included a \$0.11 per share charge related to the divestiture of the China architectural business and a \$0.04 per share charge related to severance and other charges. These charges were partially offset by a \$0.06 per share gain related to the divestiture of a non-core domestic aerosol business. Currency translation rate changes increased diluted net income per share by \$0.01 in the first nine months of 2023, 2024.

FINANCIAL CONDITION, LIQUIDITY AND CASH FLOW

Overview

The Company's financial condition and liquidity remained strong at September 30, 2023 March 31, 2024. During The Company used \$58.9 million in Net operating cash during the first nine months quarter of 2023, the Company generated \$2.603 billion in net operating cash 2024 primarily as a result of higher profit. In addition, seasonal increases in working

capital requirements, partially offset by Net income. This Net operating cash usage was funded through an increase in Short-term borrowings. The Company returned cash of \$728.0 million to its shareholders in the form of dividends and share repurchases during the first quarter of 2024. The Company's EBITDA increased 22.7% 2.0% to \$3.427 billion \$896.2 million. See the Non-GAAP Financial Measures section below for the definition and calculation of EBITDA.

At March 31, 2024, the Company had Cash and cash equivalents increased \$304.6 million during the first nine months of 2023. Cash flow from operations allowed the Company to return \$1.414 billion to shareholders in the form of share buybacks and cash dividends during the first nine months of 2023 and fund the acquisition of SIC Holding in October 2023. See Note 3 in Item 1 for additional information on the Company's acquisition of SIC Holding.

At September 30, 2023, the Company had cash and cash equivalents of \$503.4 million \$179.9 million and total debt outstanding of \$9.936 billion \$10.735 billion. Total debt, net of cash and cash equivalents, was \$9.433 billion \$10.555 billion. The Company continues to maintain sufficient short-term borrowing capacity at reasonable rates, and the Company has sufficient cash on hand and total available borrowing capacity to fund its current operating needs.

Net Working Capital

Net working capital, defined as Total current assets less Total current liabilities, decreased \$445.6 million \$1.628 billion to a deficit of \$424.4 million \$1.641 billion at September 30, 2023 March 31, 2024 compared to a surplus deficit of \$21.2 million \$13.2 million at September 30, 2022 March 31, 2023. The net working capital decrease is primarily due to an increase in current liabilities partially offset by an increase and a decrease in current assets.

Current asset balances increased \$81.6 million decreased \$450.4 million at September 30, 2023 March 31, 2024 compared to September 30, 2022 March 31, 2023 primarily due to an increase in Cash and cash equivalents of \$372.9 million and Accounts receivable, net of \$43.3 million as a result of higher net sales. These increases were partially offset by a decrease in Inventories of \$303.5 million \$329.8 million driven by lower inventory levels and moderating raw material costs, a decrease of \$100.1 million in Accounts receivable, net and a decrease of \$31.1 million \$49.0 million in Other current assets as a result of primarily due to a decrease in refundable income taxes miscellaneous and other current assets and prepaid expenses, tax receivables. These decreases were partially offset by an increase in the net investment hedge asset. Cash and cash equivalents of \$28.5 million.

Current liability balances increased \$527.2 million \$1.178 billion at September 30, 2023 March 31, 2024 compared to September 30, 2022 March 31, 2023 primarily due to an increase in the current Current portion of long-term debt of \$1.098 billion \$1.349 billion, Accrued taxes an increase in Other accruals of \$174.5 million and \$132.8 million, an increase in Compensation and taxes withheld of \$117.7 million. These increases were \$32.2 million and an increase in the Current portion of operating lease liabilities of \$23.8 million, partially offset by a decrease in short-term Short-term borrowings of \$606.6 million \$225.0 million, a decrease in Accrued taxes of \$75.1 million and a decrease in Accounts payable of \$383.6 million, \$59.7 million primarily due to the timing of payments. At September 30, 2023 March 31, 2024, the Company's current ratio was 0.94 0.78 compared to 0.99 0.83 and 1.00 at December 31, 2022 December 31, 2023 and September 30, 2022 March 31, 2023, respectively.

Property, Plant and Equipment

Net property, plant and equipment increased \$373.6 million \$172.0 million in the first nine three months of 2023 2024 and increased \$539.4 million \$646.8 million in the twelve months since September 30, 2022 March 31, 2023. The increase in the first nine three months was primarily due to capital expenditures of \$661.2 million \$258.5 million, partially offset by depreciation expense of \$218.0 million, the sale or disposition of fixed assets of \$62.5 million \$71.1 million and currency translation and other adjustments of \$7.1 million \$15.4 million. Since September 30, 2022 March 31, 2023, the increase was primarily due to capital expenditures of \$895.0 million and incremental assets recognized through acquisitions of \$46.8 million \$1.059 billion, partially offset by depreciation expense of \$287.2 million \$293.0 million, the sale or disposition of fixed assets of \$64.5 million \$87.5 million and currency translation and other adjustments of \$50.7 million, which primarily includes government incentives associated with the construction of our new headquarters and research and development (R&D) center. The Company closed a transaction to sell its current headquarters and R&D center during the second quarter of 2023. In connection with the sale, proceeds of \$47.2 million were received and an immaterial gain was recognized. \$31.7 million.

Capital expenditures primarily represented expenditures in the Paint Stores Group associated with the opening of new paint stores, renovation and improvements in existing stores, and expenditures associated with manufacturing capacity expansion, operational efficiencies and maintenance projects in the Consumer Brands and Performance Coatings Groups. The Administrative segment function incurred capital expenditures primarily related to construction activities associated with expenditures related to the construction of our new headquarters and R&D research and development (R&D) center. Construction on of the new headquarters and R&D center is expected to be complete in 2024 at the earliest.

In 2023 2024, the Company expects to spend more than 2022 approximately the same as 2023 for capital expenditures, which it will fund primarily through the generation of operating cash. Core capital expenditures are targeted to be less than 2% of Net sales in support of growth initiatives in 2023 2024 and are expected to be for investments in various productivity improvement and maintenance projects at existing manufacturing, distribution and research R&D facilities and development facilities, new store openings and new or upgraded information systems. openings. Additionally, the Company will

continue to construct its new headquarters and R&D center. Refer to "Real Estate Financing" section below for further information on the financing transaction for the new headquarters.

Real Estate Financing

In December 2022, the Company closed a transaction to sell and subsequently lease back its partially-constructed new headquarters. As part of the terms of the transaction, the Company is contractually obligated for completing the construction of

the building and related improvements at the new headquarters. This transaction did not meet the criteria for recognition as an asset sale under U.S. generally accepted accounting principles (US GAAP) and as such, was accounted for as a real estate financing transaction. The Company expects to receive total proceeds approximating \$800 million to \$850 million on an incremental basis until completion of construction. The initial lease term includes the construction period and extends for 30 years thereafter, and the Company has the right and option to extend the lease term. The lease payment amounts during the construction period are dependent upon the timing and amount of total reimbursement of construction and other costs received by the Company. The amount of the lease payments during the initial 30 year lease term will be calculated upon completion of the construction period and receipt of total reimbursement of construction and other costs. Once determinable, this is expected to result in a significant increase in the Company's long-term contractual obligations.

During the nine months ended first quarter of 2024 and 2023, the Company received \$226.1 million and \$66.5 million, respectively, pursuant to the transaction. The net proceeds from this transaction and other real estate financing transactions are recognized within the Financing Activities section of the Statements of Consolidated Cash Flows. The corresponding financing obligation for the new headquarters on the Consolidated Balance Sheets was \$594.0 million and \$274.2 million at March 31, 2024 and 2023, respectively. The short-term portion of the liability recorded in Other accruals was \$43.3 million and \$24.8 million at March 31, 2024 and 2023, respectively. Interest capitalized within the long-term portion of the liability was \$9.4 million and \$4.0 million for the three months ended March 31, 2024 and 2023, respectively. See Note 8 in Item 1 and Note 11 in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 for more information concerning real estate financing.

Goodwill and Intangible Assets

Goodwill decreased \$4.6 million from December 31, 2023 and intangible assets decreased \$348.9 million increased \$176.0 million from December 31, 2022 and decreased \$40.2 million from September 30, 2022 as compared to September 30, 2023 March 31, 2023. The net decrease during the first nine months of 2023 2024 was primarily due to amortization of \$250.2 million, dispositions of \$93.1 million (primarily related to the divestiture of the China architectural business), foreign currency translation fluctuations and other adjustments of \$48.8 million and impairment of trademarks of \$6.9 million, \$31.8 million, partially offset by purchase accounting allocations of \$50.1 million \$27.2 million. The increase over the twelve month period from March 31, 2023 was primarily due to purchase accounting allocations of \$185.1 million, partially offset by foreign currency translation fluctuations and other adjustments.

Intangible assets decreased \$103.0 million from December 31, 2023 and \$326.0 million from March 31, 2023. The net decrease during the first three months of 2024 was primarily due to amortization of \$82.1 million and foreign currency translation fluctuations and other adjustments of \$20.9 million. The decrease over the twelve month period from September 30, 2022 March 31, 2023 was primarily due to amortization of \$329.5 million, dispositions \$323.4 million, disposition of \$91.8 million (primarily related to the divestiture assets of the China architectural business) and \$83.4 million, trademark impairment of trademarks of \$22.4 million, \$30.9 million and foreign currency translation fluctuations and other adjustments, partially offset by incremental goodwill and intangible assets recognized from acquisitions purchase accounting allocations of \$303.9 million, foreign currency translation and other adjustments of \$90.9 million and the capitalization of software of \$8.7 million, \$113.9 million.

See Note 6 in Item 1 for additional information on the Company's goodwill and intangible assets, including the quantitative impairment analysis performed as a result of the Latin America architectural paint business moving to the Consumer Brands Group reportable segment and Note 3 for information on the impairment test performed as a result of the China architectural business classification change to held for sale as of the second quarter of 2023. See Note 7 in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 for more information concerning the Company's goodwill Goodwill and intangible Intangible assets.

Other Assets

Other assets increased \$86.8 million \$88.3 million from December 31, 2022 December 31, 2023 and increased \$156.2 million \$227.1 million from September 30, 2022 March 31, 2023. The increase in the first nine months quarter was primarily due to an increase in other assets related to contracts with customers deposits, miscellaneous other assets and non-traded investments. Non-Traded Investments. The increase from September 30, 2022 March 31, 2023 was primarily due to an increase in non-traded investments, Non-Traded Investments and other assets related to contracts with customers and deposits partially offset by a decrease in miscellaneous and other assets receivables. See Note 1 in Item 1 for additional information on the Company's non-traded investments. Non-Traded Investments.

Debt (including Short-term borrowings)

	September 30, 2023	December 31, 2022	September 30, 2022		March 31, 2024	March 31, 2024	December 31, 2023	March 31, 2023
Long-term debt (including current portion)	Long-term debt (including current portion)	\$ 9,597.4	\$ 9,591.6	\$ 9,589.5				
Short-term borrowings	Short-term borrowings	338.6	978.1	945.2				
Total debt outstanding	Total debt outstanding	\$ 9,936.0	\$ 10,569.7	\$ 10,534.7				

The Company's long-term debt primarily consists of senior notes as disclosed in Note 8 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

On February 28, 2023, the Company amended its credit agreement dated August 2, 2021, as amended, to extend the maturity of \$125.0 million of the commitments available for borrowing and obtaining the issuance, renewal, extension, and increase of a letter of credit under the credit agreement from June 20, 2023 to December 20, 2027.

On May 1, 2023, the Company amended its credit agreement dated May 9, 2016, as amended, to extend the maturity of \$125.0 million of the commitments available for borrowing and obtaining the issuance, renewal, extension, and increase of a letter of credit under the credit agreement from June 20, 2023 to June 20, 2028 December 31, 2023.

The Company had unused capacity under its various credit agreements of **\$3.342 billion** **\$2.445 billion** at **September 30, 2023** **March 31, 2024**. See Note **7** **6** in Item 1 of this report for additional information.

Defined Benefit Pension and Other Postretirement Benefit Plans

Long-term liabilities for defined benefit pension and other postretirement benefit plans did not change significantly from **December 31, 2022** and **September 30, 2022** other than the **Company's long-term liability for other postretirement benefit plans which decreased \$117.2 million** **December 31, 2023**. The changes from **September 30, 2023** **March 31, 2023** are primarily due primarily to a plan amendment and changes in actuarial assumptions. See Note 9 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023** for more information concerning the Company's **liabilities for defined benefit plan obligations, pension and other postretirement benefit plans.**

Deferred Income Taxes

Deferred income taxes decreased **\$33.2 million** **\$16.8 million** from **December 31, 2022** **December 31, 2023** and **\$73.6 million** from **March 31, 2023** primarily due to amortization of acquisition-related intangible assets, the capitalization of research and development costs for income tax purposes and the divestiture of the China architectural business, partially offset by the incremental deferred tax liabilities recognized in connection with the acquisition of ICA. Compared to **September 30, 2022**, deferred income taxes decreased **\$43.4 million** primarily due to these same reasons. See Note 3 in Item 1 of this report for more information regarding the Company's recent acquisitions.

Other Long-Term Liabilities

Environmental-Related Liabilities

The operations of the Company, like those of other companies in the same industry, are subject to various federal, state and local environmental laws and regulations. These laws and regulations not only govern current operations and products, but also impose potential liability on the Company for past operations. Management expects environmental laws and regulations to impose increasingly stringent requirements upon the Company and the industry in the future. Management believes that the Company conducts its operations in compliance with applicable environmental laws, regulations and requirements and has implemented various programs designed to **help** protect the environment and promote continued compliance.

Depreciation of capital expenditures and other expenses related to ongoing environmental compliance measures were included in the normal operating expenses of conducting business. The Company's capital expenditures, depreciation and other expenses related to ongoing environmental compliance measures were not material to the Company's financial condition, liquidity, cash flow or results of operations during the first **nine** **three** months of **2023**, **2024**. Management does not expect that such capital expenditures, depreciation and other expenses will be material to the Company's financial condition, liquidity, cash flow or results of operations in **2023**, **2024**. See Notes **9** **8** and **16** **15** in Item 1 for further information on environmental-related long-term liabilities.

Contractual Obligations, Commercial Commitments and Warranties

There have been no significant changes to the Company's contractual obligations and commercial commitments in the first **nine** **three** months of **2023** **2024** as summarized in Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**. See Note 3 in Item 1 for information on contractual obligations and commercial commitments related to acquisitions and divestitures.

Litigation

See Note **10** **9** in Item 1 for information concerning litigation.

Shareholders' Equity

	September 30, 2023	December 31, 2022	September 30, 2022
Total shareholders' equity	\$ 3,780.0	\$ 3,102.1	\$ 2,597.8
	March 31, 2024	December 31, 2023	March 31, 2023
Total shareholders' equity	\$ 3,503.7	\$ 3,715.8	\$ 3,166.8

Shareholders' equity **increased \$677.9 million** **decreased \$212.1 million** during the first **nine** **three** months of **2023** **2024** as a result of **net income \$559.5 million** of **\$2.033 billion**, an **increase in Other capital of \$140.0 million** primarily associated with stock-based compensation expense and stock option exercises, partially offset by **\$971.0 million** of **Treasury** **treasury** stock activity primarily attributable to treasury stock repurchases and cash dividends paid on common stock of **\$468.4 million**.

Shareholders' equity increased **\$1.182 billion** since **September 30, 2022** as a result of **net \$182.5 million**, partially offset by **Net income of \$2.419 billion** **\$505.2 million** and an **increase in Other capital of \$184.3 million** **\$105.2 million** primarily associated with stock-based compensation expense and stock option exercises.

Shareholders' equity increased \$336.9 million since March 31, 2023 as a result of Net income of \$2.417 billion and an increase in Other capital of \$300.8 million primarily associated with stock-based compensation expense and stock option exercises, partially offset by \$1.104 billion \$1.692 billion of Treasury treasury stock activity primarily attributable to treasury stock repurchases and cash dividends paid on common stock of \$624.0 million \$649.7 million.

During the first **nine** **three** months of **2023** **2024**, the Company purchased **3.8 million** **1.7 million** shares of its common stock for treasury purposes through open market purchases. The Company acquires its common stock for general corporate purposes, and depending on its cash position and market conditions, it may acquire additional shares in the future. The Company had remaining authorization at **September 30, 2023** **March 31, 2024** to purchase **41.4 million** **37.9 million** shares of its common stock.

In February **2023** **2024**, the Company's Board of Directors increased the quarterly cash dividend from **\$0.60** **\$0.605** per share to **\$0.605** **\$0.715** per share. This quarterly dividend **was** **if** approved in all subsequent quarters, and this quarterly dividend will result in an annual dividend for **2023** **2024** of **\$2.42** **\$2.86** per share or a 31% payout of **2022** **2023** diluted net income per share.

Cash Flow

Net operating cash for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** was a **source** **usage** of **\$2.603 billion** **\$58.9 million** compared to a source of **\$1.279 billion** **\$88.2 million** for the same period in **2022** **2023**. The **improvement** **decrease** in net operating cash was primarily due to higher **net income** and **improved cash requirements** for working capital, **management**, partially offset by higher **Net income**.

Net investing cash **decreased** **\$541.5 million** **usage increased** **\$87.9 million** in the first **nine** **three** months of **2023** **2024** to a usage of **\$509.0 million** **\$321.3 million** compared to a usage of **\$1.051 billion** **\$233.4 million** for the same period in **2022** **2023** primarily due to **lower cash used for acquisitions, proceeds from the divestiture of businesses and an increase in proceeds from the sale of assets**, partially offset by increased cash used for capital expenditures.

Net financing cash increased **\$1.522 billion** **\$191.5 million** in the first **nine** **three** months of **2023** **2024** to a **usage source** of **\$1.785 billion** **\$289.6 million** compared to a **usage source** of **\$263.6 million** **\$98.1 million** for the same period in **2022** **2023** primarily due to a **net increase in Short-term borrowings and higher proceeds from long-term debt** in the first **nine** months of **2022** which did not occur in the same current year period, a **net decrease in short-term borrowings and stock options exercised**, partially offset by an increase in treasury stock purchases. These usages of cash were partially offset by lower payments of long-term debt and real estate financing proceeds received in the first **nine** months of **2023** which did not occur in the same prior year period.

In the twelve month period from **October 1, 2022** **April 1, 2023** through **September 30, 2023** **March 31, 2024**, the Company generated net operating cash of **\$3.244 billion** **\$3.375 billion**, used **\$1.066 billion** **\$1.127 billion** in investing activities and used **\$1.804 billion** **\$2.233 billion** in financing activities.

Market Risk

The Company is exposed to market risk associated with interest rate, foreign currency and commodity fluctuations. The Company occasionally utilizes derivative instruments as part of its overall financial risk management policy, but does not use derivative instruments for speculative or trading purposes. In **2024** and **2023**, the Company entered into foreign currency forward contracts with maturity dates of less than twelve months primarily to hedge against value changes in foreign currency. The Company also has cross currency swap contracts to hedge its net investment in European operations. See Notes 12 and 15 in Item 1 for additional information related to the Company's use of derivative instruments.

The Company believes it may be exposed to continuing market risk from foreign currency exchange rate and commodity price fluctuations. However, the Company does not expect that foreign currency exchange rate and commodity price fluctuations or hedging contract losses will have a material adverse effect on the Company's financial condition, results of operations or cash flows.

See Note 13 in Item 1 for disclosures related to the **\$1.113 billion** of outstanding U.S. Dollar to Euro cross currency swap contracts designed to hedge the Company's net investment in its European subsidiaries.

Financial Covenant

Certain borrowings contain a consolidated leverage covenant. The covenant states that the Company's consolidated leverage ratio is not to exceed 3.75 to 1.00, however, the Company may elect to temporarily increase the leverage ratio to 4.25 to 1.00 for a period of four consecutive fiscal quarters immediately following the consummation of a qualifying acquisition, as defined in the credit agreement dated August 30, 2022. The leverage ratio is defined as the ratio of total indebtedness (the sum of Short-term borrowings, Current portion of long-term debt and Long-term debt) at the reporting date to consolidated "Earnings Before Interest, Taxes, Depreciation, and Amortization" (EBITDA), as defined in the credit agreement, for the 12-month period ended on the same date. Refer to the "Non-GAAP Financial Measures" section below for a reconciliation of EBITDA to Net income. At **September 30, 2023** **March 31, 2024**, the Company was in compliance with the covenant and expects to remain in compliance. The Company's notes, debentures and revolving credit agreements contain various default and cross-default provisions. In the event of default under any one of these arrangements, acceleration of the maturity of any one or more of these borrowings may result. See Note 8 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023** for more information concerning the Company's debt and related covenant.

Non-GAAP Financial Measures

Management utilizes certain financial measures that are not in accordance with US GAAP to analyze and manage the performance of the business. The required disclosures for these non-GAAP measures are shown below. The Company provides such non-GAAP information in reporting its financial results to give investors additional data to evaluate the Company's operations. Management does not, nor does it suggest investors should, consider such non-GAAP measures in isolation from, or in substitution for, financial information prepared in accordance with US GAAP.

EBITDA and Adjusted EBITDA

EBITDA is a non-GAAP financial measure defined as ~~net Net~~ income before income taxes, ~~interest~~ interest expense, depreciation and amortization. Adjusted EBITDA is a non-GAAP financial measure defined as EBITDA that excludes certain adjustments that do not recur during ~~management believes enhances investors' understanding of the normal course of business, such as items related to the previously announced Restructuring Plan~~. Company's operating performance. Management considers EBITDA and Adjusted EBITDA useful in understanding the operating performance of the Company. The reader is cautioned that the Company's EBITDA and Adjusted EBITDA should not be compared to other entities unknowingly. Further, EBITDA and Adjusted EBITDA should not be considered alternatives to ~~net Net~~ income or ~~net Net~~ operating cash as an indicator of operating performance or as a measure of liquidity. The reader should refer to the determination of ~~net Net~~ income and ~~net Net~~ operating cash in accordance with US GAAP disclosed in the Statements of Consolidated Income and Statements of Condensed Consolidated Cash Flows in Item 1.

The following table summarizes EBITDA and Adjusted EBITDA as calculated by management for the periods indicated below:

		Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023		2022		2023		2022	
Net income	Net income	\$	761.5	\$	685.1	\$	2,032.6	\$	1,633.8
Net income									
Net income									
Interest expense									
Interest expense									
Interest expense	Interest expense		101.9		101.2		322.9		282.5
Income taxes	Income taxes		247.5		192.1		603.3		444.4
Income taxes									
Income taxes									
Depreciation									
Depreciation									
Depreciation	Depreciation		71.9		64.5		218.0		194.8
Amortization	Amortization		83.5		81.3		250.2		237.8
Amortization									
Amortization									
EBITDA									
EBITDA									
EBITDA	EBITDA	\$	1,266.3	\$	1,124.2	\$	3,427.0	\$	2,793.3
Restructuring expense	Restructuring expense		—		—		9.6		—
Impairment of assets related to China divestiture			—		—		34.0		—
Gain on divestiture of domestic aerosol business			—		—		(20.1)		—
Restructuring expense									
Restructuring expense									
Adjusted EBITDA	Adjusted EBITDA	\$	1,266.3	\$	1,124.2	\$	3,450.5	\$	2,793.3

Adjusted EBITDA

Adjusted EBITDA

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect amounts reported in the accompanying **condensed** consolidated financial statements. These determinations were made based upon management's best estimates, judgments and assumptions that were believed to be reasonable under the circumstances, giving due consideration to materiality. We do not believe there is a great likelihood that materially different amounts would be reported under different conditions or using different assumptions related to the accounting policies described below. However, application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates.

A comprehensive discussion of the Company's critical accounting policies, management estimates and significant accounting policies followed in the preparation of the **condensed** consolidated financial statements is included in Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 1 in the Company's Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**. There have been no significant changes in critical accounting policies, management estimates or accounting policies since the year ended **December 31, 2022** **December 31, 2023**.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this report constitute "forward-looking statements" within the meaning of federal securities laws. These forward-looking statements are based upon management's current expectations, predictions, estimates, assumptions and beliefs concerning future events and conditions and may discuss, among other things, anticipated future performance (including sales and earnings), expected growth, future business plans and the costs and potential liability for environmental-related matters and the lead pigment and lead-based paint litigation. Any statement that is not historical in nature is a forward-looking statement and may be identified by the use of words and phrases such as "believe," "expect," "may," "will," "should," "estimate," "project," "could," "plan," "goal," "target," "potential," "seek," "intend," "aspire," "strive," "may," "will," "should," "could," "would," "seek," or "anticipate" or the negative thereof or comparable terminology.

Readers are cautioned not to place undue reliance on any forward-looking statements. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside our control, that could cause actual results to differ materially from such statements and from our historical results, performance and experience. These risks, uncertainties and other factors include such things as:

- general business conditions, **strengths** including the **strength** of retail and manufacturing economies and growth in the coatings industry;
- changes in general domestic and international economic conditions, including due to **higher** changes in inflation rates, interest rates, tax rates, **and** unemployment rates, **higher** labor **and** costs, healthcare costs, **recessions** and **changing** recessionary conditions, geopolitical conditions, government policies, laws and regulations;
- **changes** weakening of global credit markets and our ability to generate cash to service our indebtedness;
- fluctuations in foreign currency exchange rates, including as a result of inflation, central bank monetary policies, currency controls and other exchange restrictions;
- any disruption in the availability of, or increases in the price of, raw material and energy **supplies** and **pricing**; supplies;
- disruptions in the supply chain, including those caused by related to industry capacity constraints, **labor shortages**, raw material availability, **and** transportation and logistics delays and **constraints**; constraints, political instability or civil unrest;
- catastrophic events, adverse weather conditions **or** and natural disasters, including those that may be related to climate change or otherwise, and public health crises, such as the COVID-19 pandemic; otherwise;
- losses of or changes in our relationships with customers and suppliers;
- competitive factors, including pricing pressures and product innovation and quality;
- our ability to successfully integrate past and future acquisitions into our existing operations, as well as the performance of the businesses acquired;
- our ability to achieve expected benefits of restructuring and productivity initiatives;
- weakening of global credit markets and our ability to generate cash to service our indebtedness;
- risks and uncertainties associated with our expansion into and our operations in Asia, Europe, South America and other foreign markets, including general economic conditions, policy changes affecting international trade, political instability, inflation rates, recessions, sanctions, foreign currency exchange rates and controls, foreign investment and repatriation restrictions, legal and regulatory constraints, civil unrest, armed conflict conflicts and wars (including the ongoing conflict between Russia and Ukraine), war Ukraine and the Israel-Hamas war) and other economic and political factors;
- the achievement of growth in foreign markets, such as Asia, Europe and South America;
- cybersecurity incidents and other disruptions to our information technology systems, and **operations**; our reliance on information technology systems;
- our ability to attract, retain, develop and progress a qualified global workforce;
- our ability to execute on our business strategies related to sustainability matters, and achieve related expectations, including as a result of evolving regulatory and other standards, processes, and assumptions, the pace of scientific and technological developments, increased costs and the availability of requisite financing, and changes in carbon markets;
- damage to our business, reputation, image or brands due to negative publicity;

- our ability to protect or enforce our material trademarks and other intellectual property rights;
- our ability to attract, retain, develop and comply with numerous and progress a qualified global workforce; evolving U.S. and non-U.S. laws, rules, and regulations and the effectiveness of our compliance efforts;
- damage adverse changes to our business, reputation, image tax positions in U.S. and non-U.S. jurisdictions, including as a result of new or brands due to negative publicity; revised tax laws or interpretations;
- increasingly stringent domestic and foreign governmental regulations, including those affecting health, safety and the environment;
- inherent uncertainties involved in assessing our potential liability for environmental-related activities;

- other changes in governmental policies, laws and regulations, including changes in tariff policies, as well as changes in accounting policies and standards and taxation requirements (such as new or revised tax laws or interpretations); standards; and
- the nature, cost, quantity and outcome of pending and future litigation and other claims, including the lead pigment and lead-based paint litigation, and the effect of any legislation and administrative regulations relating thereto.

Readers are cautioned that it is not possible to predict or identify all of the risks, uncertainties and other factors that may affect future results and that the above list should not be considered a complete list. Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as otherwise required by law.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk associated with interest rates, foreign currency and commodity fluctuations. The Company occasionally utilizes derivative instruments as part of its overall financial risk management policy, but does not use derivative instruments for speculative or trading purposes. The Company enters into option and forward currency exchange contracts and commodity swaps to hedge against value changes in foreign currency and commodities. The Company believes it may experience continuing losses from foreign currency translation and commodity price fluctuations. However, the Company does not expect currency translation, transaction, commodity price fluctuations or hedging contract losses to have a material adverse effect on the Company's financial condition, results of operations or cash flows. There were no material changes in the Company's exposure to market risk since the disclosure included in Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

Item 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our Chairman President and Chief Executive Officer and our Senior Vice President - Finance and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 and Rule 15d-15 of the Securities Exchange Act of 1934, as amended (the Exchange Act). Based upon that evaluation, our Chairman President and Chief Executive Officer and our Senior Vice President - Finance and Chief Financial Officer concluded that as of the end of the period covered by this report our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and accumulated and communicated to our management including our Chairman President and Chief Executive Officer and our Senior Vice President - Finance and Chief Financial Officer, to allow timely decisions regarding required disclosure.

In January 2023, the Company implemented two cloud-based systems consisting of a general ledger and a consolidation tool which replace the Company's existing enterprise performance management system. The new systems resulted in changes to the Company's financial reporting process and consequently, resulted in changes to the design of certain internal controls over activities related to the recording and reporting of information in our consolidated financial statements. Other than these system implementation changes, there There have been no other changes in our internal control over financial reporting identified in connection with the evaluation that occurred during the periods covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Securities and Exchange Commission regulations require disclosure of certain environmental matters when a governmental authority is a party to the proceedings and such proceedings involve potential monetary sanctions that the Company reasonably believes will exceed a specified threshold. Pursuant to these regulations, the Company uses a

threshold of \$1 million for purposes of determining whether disclosure of any such proceedings is required.

For information regarding certain environmental-related matters and other legal proceedings, see the information included under the captions titled "Other Long-Term Liabilities" and "Litigation" of "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Notes 98 and 109 of the "Notes to Condensed Consolidated Financial Statements." The information contained in Note 109 to the Condensed Consolidated Financial Statements is incorporated herein by reference.

Item 1A. Risk Factors.

We face a number of risks that could materially and adversely affect our business, results of operations, cash flow, liquidity or financial condition. A discussion of our risk factors can be found in Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023. Readers should not interpret the disclosure of any risk factor to imply that the risk has not already materialized. During the nine months ended September 30, 2023 March 31, 2024, there were no material changes to our previously disclosed risk factors.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

A summary of the Company's third quarter activity is as follows:

Period	Period	Purchased	Share	Plan	Plan	Period	Total	Number of Shares Purchased	Average Price	Part of a Publicly Announced	May Yet Be Under the Plan	Total	Number of Shares Purchased	Average Price	Part of a Publicly Announced	May Yet Be Under the Plan	Total Number of Shares Purchased as Maximum Number of Shares That May Yet Be Purchased Under the Plan	
July 1 - July 31																		
January 1 - January 31																		
Share repurchase program																		
(1)																		
Share repurchase program																		
(1)																		
Share repurchase program (1)	Share repurchase program (1)	25,000	\$281.19	25,000	42,900,000													
Employee transactions (2)	Employee transactions (2)	3,271	\$267.20		N/A	Employee transactions (2)												N/A
August 1 - August 31																		
February 1 - February 29																		
February 1 - February 29																		
February 1 - February 29																		
Share repurchase program																		
(1)																		
Share repurchase program																		
(1)																		
Share repurchase program (1)	Share repurchase program (1)	925,000	\$273.96	925,000	41,975,000													
Employee transactions (2)	Employee transactions (2)	1,114	\$272.48		N/A	Employee transactions (2)	44,260	\$ \$ 312.72									N/A	
September 1 - September 30																		
March 1 - March 31																		
March 1 - March 31																		
March 1 - March 31																		
Share repurchase program																		
(1)																		

Share repurchase program									
(1)									
Share repurchase program (1)	Share repurchase program (1)	550,000	\$272.26	550,000	41,425,000				
Employee transactions (2)	Employee transactions (2)	358	\$268.31		N/A	Employee transactions (2)	1,948	\$ \$ 337.85	N/A
Quarter Total	Quarter Total								
Quarter Total									
Quarter Total									
Share repurchase program									
(1)									
Share repurchase program									
Share repurchase program (1)	Share repurchase program (1)	1,500,000	\$273.45	1,500,000	41,425,000				
Employee transactions (2)	Employee transactions (2)	4,743	\$268.52		N/A	Employee transactions (2)	46,208	\$ \$ 313.78	N/A

(1) Shares were purchased through the Company's publicly announced share repurchase program. There is no expiration date specified for the program.

(2) Shares were delivered to satisfy the exercise price and/or tax withholding obligations by employees who exercised stock options or had restricted stock units vest.

Item 5. Other Information.

Trading Arrangements

During the quarter ended **September 30, 2023** **March 31, 2024**, none of the Company's directors or "officers," as defined in Rule 16a-1(f) of the Exchange Act, adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

Item 6. Exhibits.

31(a)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer (filed herewith).
31(b)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer (filed herewith).
32(a)	Section 1350 Certification of Chief Executive Officer (furnished herewith).
32(b)	Section 1350 Certification of Chief Financial Officer (furnished herewith).
101.INS	Inline XBRL Instance Document - the instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	The cover page from this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023 March 31, 2024 , formatted in Inline XBRL and contained in Exhibit 101.

Signatures

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

THE SHERWIN-WILLIAMS COMPANY

October 24, 2023 April 30, 2024

By:

/s/ Jane M. Cronin

Jane M. Cronin
Senior Vice President -
Enterprise Finance

October 24, 2023 April 30, 2024

By:

/s/ Allen J. Mistysyn

Allen J. Mistysyn
Senior Vice President - Finance
and Chief Financial Officer

EXHIBIT 31(a)

CERTIFICATION

I, John Heidi G. Morikis, Petz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Sherwin-Williams Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 24, 2023 April 30,

Date: 2024

/s/ John Heidi G. Morikis Petz

John Heidi G. Morikis Petz

Chairman President and Chief Executive Officer

EXHIBIT 31(b)

CERTIFICATION

I, Allen J. Mistysyn, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Sherwin-Williams Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

- All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 24, 2023 April 30,
Date: 2024

/s/ Allen J. Mistysyn

Allen J. Mistysyn
Senior Vice President - Finance and
Chief Financial Officer

EXHIBIT 32(a)

SECTION 1350 CERTIFICATION

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

In connection with the Quarterly Report on Form 10-Q of The Sherwin-Williams Company (the "Company") for the period ended **September 30, 2023** **March 31, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, **John Heidi G. Morikis, Chairman Petz, President** and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

October 24, 2023 April 30,
Dated: 2024

/s/ **John Heidi G. Morikis Petz**

John Heidi G. Morikis Petz
Chairman **President** and Chief Executive Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to The Sherwin-Williams Company and will be retained by The Sherwin-Williams Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32(b)

SECTION 1350 CERTIFICATION

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

In connection with the Quarterly Report on Form 10-Q of The Sherwin-Williams Company (the "Company") for the period ended September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Allen J. Mistysyn, Senior Vice President - Finance and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

October 24, 2023 April 30,

Dated: 2024

/s/ Allen J. Mistysyn

Allen J. Mistysyn

Senior Vice President - Finance and
Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to The Sherwin-Williams Company and will be retained by The Sherwin-Williams Company and furnished to the Securities and Exchange Commission or its staff upon request.

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