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DELTA REPORT

10-Q

LEG - LEGGETT & PLATT INC

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

The following comparison report has been automatically generated

TOTAL DELTAS	2023
CHANGES	259
DELETIONS	909
ADDITIONS	855

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: 001-07845

LEGGETT & PLATT, INCORPORATED

(Exact name of registrant as specified in its charter)

Missouri	**44-0324630**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
No. 1 Leggett Road	
Carthage, Missouri	**64836**
(Address of principal executive offices)	**(Zip Code)**

(417) 358-8131
Registrant's telephone number, including area code
N/A
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $.01 par value	LEG	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 ☒

Common stock outstanding as of November 1, 2023 May 1, 2024: 133,319,426 134,036,049

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FORWARD-LOOKING STATEMENTS Forward-Looking Statements

This Quarterly Report on Form 10-Q and our other public disclosures, whether written or oral, may contain "forward-looking" statements including, but not limited to: projections of Company our revenue, income, earnings, capital expenditures, dividends, product demand, capital structure, cash flows from operations, whether we will continue to pay cash dividends, metal margins, cash repatriation, restructuring-related costs, tax impacts, effective tax rate, maintenance of indebtedness under the commercial paper program, litigation exposure, acquisition or disposition activity, industry demand projections, the amount of share repurchases, impact of accounts receivable and payable programs, defined benefit plan contributions, collectability of receivables, cost of property insurance, possible goodwill or other asset impairment, access to liquidity, compliance with debt covenant requirements, raw material and parts availability and pricing, supply chain disruptions, labor, raw material and part shortages, inventory levels, customer requirements, climate-related effects, impacts arising from evaluating opportunities across our business, insurance proceeds from tornado damage, or other financial items; possible plans, goals, objectives, prospects, strategies, or trends concerning future operations; statements concerning future economic performance; items related to the previously announced restructuring plan (the "Restructuring Plan" or "Plan") (such as: estimates of the amounts, types, and timing of restructuring and restructuring-related costs (cash and non-cash including inventory obsolescence) and impairment charges; sales reduction; the amount and timing of proceeds from the sale of facilities; the number of facilities to be consolidated); and the underlying assumptions relating to forward-looking statements. These statements are identified either by the context in which they appear or by use of words such as "anticipate," "believe," "estimate," "expect," "guidance," "intend," "may," "plan," "project," "should," or the like. All such forward-looking statements, whether written or oral, and whether made by us or on our behalf, are expressly qualified by the cautionary statements described in this provision.

Any forward-looking statement reflects only the beliefs of the Company Leggett & Platt or its management at the time the statement is made. Because all forward-looking statements deal with the future, they are subject to risks, uncertainties, and developments, which might cause actual events or results to differ materially from those envisioned or reflected in any forward-looking statement. Moreover, we do not have and do not undertake any duty to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement was made. For all of these reasons, forward-looking statements should not be relied upon as a prediction of actual future events, objectives, strategies, trends, or results.

Readers should review Item 1A Risk Factors in our Form 10-K filed February 24, 2023 February 27, 2024 and in this Form 10-Q for a description of important factors that could cause actual events or results to differ materially from forward-looking statements. It is not possible to anticipate and list all risks, uncertainties, and developments which may affect our future operations or our performance or common stock price, or which otherwise may cause actual events or results to differ materially from forward-looking statements. However, the known, material some of these risks and uncertainties include the following:

- risks and uncertainties related to our previously announced Restructuring Plan, including the preliminary nature of the estimates and the possibility that the estimates may change as our analysis develops and additional information is obtained; our ability to implement the Plan in a timely manner that will positively impact our financial condition and results of operations; our ability to dispose of assets pursuant to the Plan and obtain expected proceeds in a timely manner; the impact of the Plan on relationships with employees, customers, and vendors; factors that may cause us to be unable to achieve the expected benefits of the Plan; and other restructuring, impairment, and related costs in addition to our previously announced Plan;
- the adverse impact of delays and non-delivery of raw materials, parts, and finished products in our supply chain (including chemicals and semiconductors) from severe weather-related events, natural disaster, fire, or explosion, terrorism, geopolitical conflicts, (including the Israel-Hamas war), government action, labor strikes, or delivery port shutdowns, at delivery ports, trucking constraints, pandemics, losses due to tampering, third-party vendor quality issues, with quality, failure by our suppliers to comply with applicable laws and regulations, potential tariffs or other trade restrictions, or other reasons beyond our control;
- the demand for our products and our customers' products, growth rates in the industries in which we participate, and opportunities in those industries as impacted by macroeconomic factors;
- adverse changes in consumer confidence, housing turnover, employment levels, interest rates, trends in capital spending, and the like;
- the loss of business with one or more of our significant customers;
- impairment of goodwill and long-lived assets;
- our ability to maintain and grow the profitability of acquired companies; manage working capital;
- the continued adverse impact from the United Auto Workers labor strike on our automotive supply chain, including continued delays or non-delivery of goods or services and reduced demand for our products from customers;
- our manufacturing facilities' ability to remain fully operational and maintain appropriate labor levels;
- our ability to borrow under our credit facility, including our ability to comply with the restrictive covenants in our credit facility that may limit our operational flexibility and our ability to timely pay our debt;
- our ability to manage working capital;
- our ability to comply with new environmental and climate change laws and regulations, the cost of such laws and regulations, and market, technological, and reputational impacts from climate change;
- the direct and indirect physical effects of climate change, including severe weather-related events, natural disasters, and changes in climate patterns, on our markets, operations, supply chains, and results;
- our ability to collect trade and other notes receivables in accordance with their terms due to customer bankruptcy, financial difficulties, or insolvency, and our ability to collect insurance proceeds; insolvency;
- the adverse impact on our semiconductor, natural gas, titanium, ability to attract, develop, and birch plywood markets, energy availability retain a talented and costs, softening demand and global inflationary impacts from the Russian invasion of Ukraine;
- increases or decreases in our capital needs, which may vary depending on acquisition or divestiture activity; diverse workforce;
- inflationary, deflationary, and other impacts on raw materials and other costs, including the availability and pricing of steel scrap and rod, chemicals, semiconductors, and the adverse impact of an inadequate labor force, wage rates and energy costs;
- our ability to maintain or inability to increase the market share in the goods and services we sell or provide;
- our ability to pass along raw material cost increases through increased selling prices;
- price and product competition from foreign (particularly Asian, European, and European) Mexican) and domestic competitors;
- our ability to maintain profit margins if our customers change the quantity and mix of our components in their finished goods; products;
- our ability to access the commercial paper market; market and increased borrowing costs due to credit rating changes;
- adverse changes in political risk and U.S. or foreign laws, regulations, or legal systems (including tax law changes and trade costs) laws);
- cash generation or debt availability sufficient to pay the dividend;
- our ability to realize deferred tax assets on our balance sheet and challenges to our tax positions pursuant to ongoing or future audits;
- cash repatriation from foreign accounts;
- the effectiveness and enforcement of antidumping and countervailing duties on the import of innersprings, steel wire rod, and finished mattresses;
- tariffs imposed by the U.S. government that result in increased costs of our imported raw materials and products that we purchase; purchases;
- the disruption of the semiconductor industry and our global operations generally from conflict between China and Taiwan;
- general global economic and business conditions;
- our ability to develop commercially viable and innovative products in response to changes in technology and market developments;
- our ability to maintain the proper functioning of our internal business processes and information systems through technology failures or otherwise;
- adverse impact from cybersecurity incidents on our business, operations, financial results, supplier or customer relationships, remediation costs, cybersecurity protection and remediation costs, legal costs, insurance premiums, competitiveness, and reputation;
- the loss unauthorized use of business with one or more of artificial intelligence that could expose sensitive Company information, infringe intellectual property rights, violate privacy laws, and harm our significant customers; reputation;
- our ability to comply with environmental, social, and governance responsibilities;

- litigation risks related to various contingencies, including antitrust, intellectual property, vehicle-related personal injury, contract disputes, product liability and warranty, taxation, climate change, environmental, and workers' compensation expense;
- our borrowing costs and access to liquidity resulting from credit rating changes;
- business disruptions to our steel rod mill, including but not limited to, a lack of adequate supply of steel scrap, severe weather impacts, natural disasters, fire, and flooding;
- risks related to operating in foreign countries, including without limitation, credit risks, ability to enforce intellectual property rights, currency exchange rate fluctuations, taxation, industry labor strikes, increased customs and shipping rates, asset seizure, or changed business licensing, or land use requirements, which restrict operations, and inconsistent interpretation and enforcement of foreign laws;
- the effectiveness and enforcement of antidumping and countervailing duties on the import of innersprings, steel wire rod, and finished mattresses;
- restructuring and related costs;
- export controls regarding the ability of U.S. companies to export semiconductor chips and equipment to China;
- our ability to comply with privacy and data protection regulations;
- whether we will continue to pay cash dividends on our common stock; and
- the timing and amount of share repurchases.

PART I - FINANCIAL INFORMATION

ITEM Item 1. FINANCIAL STATEMENTS. Financial Statements.

LEGGETT & PLATT, INCORPORATED

CONSOLIDATED CONDENSED BALANCE SHEETS Consolidated Condensed Balance Sheets

(Unaudited)

(Amounts in millions)	(Amounts in millions)	September 30, 2023	December 31, 2022	(Amounts in millions)	March 31, 2024	December 31, 2023
CURRENT ASSETS						
ASSETS						
Current Assets						
Current Assets						
Current Assets						
Cash and cash equivalents						
Cash and cash equivalents						
Cash and cash equivalents	Cash and cash equivalents	$ 273.9	$ 316.5			
Trade receivables, net	Trade receivables, net	626.9	609.0			
Other receivables, net	Other receivables, net	84.4	66.0			
Inventories	Inventories	834.9	907.5			
Prepaid expenses and other current assets	Prepaid expenses and other current assets	66.1	59.0			
Total current assets	Total current assets	1,886.2	1,958.0			
PROPERTY, PLANT AND EQUIPMENT—AT COST						
Total current assets						
Total current assets						
Property, Plant and Equipment—at cost						
Machinery and equipment						
Machinery and equipment						
Machinery and equipment	Machinery and equipment	1,471.7	1,434.0			
Buildings and other	Buildings and other	815.0	791.0			
Land	Land	42.0	43.5			
Total property, plant and equipment	Total property, plant and equipment	2,328.7	2,268.5			

Less accumulated depreciation	Less accumulated depreciation	1,552.0	1,496.1
Net property, plant and equipment	Net property, plant and equipment	776.7	772.4
OTHER ASSETS			
Other Assets			
Goodwill	Goodwill	1,475.4	1,474.4
Other intangibles, less accumulated amortization of $399.4 and $356.4 as of September 30, 2023 and December 31, 2022, respectively		622.5	675.4
Goodwill			
Goodwill			
Other intangibles, less accumulated amortization of $383.8 and $416.4 as of March 31, 2024 and December 31, 2023, respectively			
Operating lease right-of-use assets	Operating lease right-of-use assets	200.1	195.0
Sundry	Sundry	116.7	110.9
Total other assets	Total other assets	2,414.7	2,455.7
Total other assets			
Total other assets			
TOTAL ASSETS	TOTAL ASSETS	$ 5,077.6	$ 5,186.1
CURRENT LIABILITIES			
LIABILITIES AND EQUITY			
Current Liabilities			
Current Liabilities			
Current Liabilities			
Short-term debt and current maturities of long-term debt			
Short-term debt and current maturities of long-term debt			
Short-term debt and current maturities of long-term debt	Short-term debt and current maturities of long-term debt	$ 8.9	$ 9.4
Current portion of operating lease liabilities	Current portion of operating lease liabilities	55.9	49.5
Accounts payable	Accounts payable	534.1	518.4
Accrued expenses	Accrued expenses	295.4	261.7
Other current liabilities	Other current liabilities	114.8	129.1
Total current liabilities	Total current liabilities	1,009.1	968.1
LONG-TERM LIABILITIES			
Total current liabilities			
Total current liabilities			
Long-term Liabilities			
Long-term debt			

Long-term debt			
Long-term debt	Long-term debt	1,963.0	2,074.2
Operating lease liabilities	Operating lease liabilities	156.5	153.6
Other long-term liabilities	Other long-term liabilities	108.6	126.1
Deferred income taxes	Deferred income taxes	204.5	222.7
Total long-term liabilities	Total long-term liabilities	2,432.6	2,576.6
COMMITMENTS AND CONTINGENCIES			
EQUITY			
Commitments and Contingencies	**Commitments and Contingencies**		
Equity			
Common stock			
Common stock			
Common stock	Common stock	2.0	2.0
Additional contributed capital	Additional contributed capital	573.4	568.5
Retained earnings	Retained earnings	3,021.3	3,046.0
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(96.7)	(93.5)
Treasury stock	Treasury stock	(1,864.9)	(1,882.3)
Total Leggett & Platt, Inc. equity	Total Leggett & Platt, Inc. equity	1,635.1	1,640.7
Noncontrolling interest	Noncontrolling interest	.8	.7
Total equity	Total equity	1,635.9	1,641.4
TOTAL LIABILITIES AND EQUITY	TOTAL LIABILITIES AND EQUITY	$ 5,077.6	$ 5,186.1

See accompanying notes to consolidated condensed financial statements.

LEGGETT & PLATT, INCORPORATED

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS **Consolidated Condensed Statements of Operations**

(Unaudited)

		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
		Nine Months Ended September 30,		**Three Months Ended September 30,**	
(Amounts in millions, except per share data)	**(Amounts in millions, except per share data)**	**2023**	**2022**	**2023**	**2022**
(Amounts in millions, except per share data)					
(Amounts in millions, except per share data)					
Net trade sales					
Net trade sales					
Net trade sales	Net trade sales	$ 3,610.2	$ 3,950.9	$ 1,175.4	$ 1,294.4
Cost of goods sold	Cost of goods sold	2,956.2	3,184.7	961.1	1,063.9
Cost of goods sold					
Cost of goods sold					

Gross profit					
Gross profit					
Gross profit	Gross profit	654.0	766.2	214.3	230.5
Selling and administrative expenses	Selling and administrative expenses	344.3	317.5	109.1	100.4
Selling and administrative expenses					
Selling and administrative expenses					
Amortization of intangibles					
Amortization of intangibles					
Amortization of intangibles	Amortization of intangibles	51.6	50.0	17.9	16.6
Net gain from sale of assets					
Net gain from sale of assets					
Net gain from sale of assets					
Other (income) expense, net					
Other (income) expense, net					
Other (income) expense, net	Other (income) expense, net	(18.3)	4.9	(4.1)	.3
Earnings before interest and income taxes	Earnings before interest and income taxes	276.4	393.8	91.4	113.2
Earnings before interest and income taxes					
Earnings before interest and income taxes					
Interest expense					
Interest expense					
Interest expense	Interest expense	67.2	62.3	22.0	20.5
Interest income	Interest income	3.7	3.1	1.5	.8
Interest income					
Interest income					
Earnings before income taxes	Earnings before income taxes	212.9	334.6	70.9	93.5
Earnings before income taxes					
Earnings before income taxes					
Income taxes					
Income taxes					
Income taxes	Income taxes	52.3	77.5	18.0	22.0
Net earnings	Net earnings	160.6	257.1	52.9	71.5
Net earnings					
Net earnings					
(Earnings) attributable to noncontrolling interest, net of tax	(Earnings) attributable to noncontrolling interest, net of tax	(.1)	(.1)	(.1)	(.1)
(Earnings) attributable to noncontrolling interest, net of tax					
(Earnings) attributable to noncontrolling interest, net of tax					
Net earnings attributable to Leggett & Platt, Inc. common shareholders					
Net earnings attributable to Leggett & Platt, Inc. common shareholders					

Net earnings attributable to Leggett & Platt, Inc. common shareholders	Net earnings attributable to Leggett & Platt, Inc. common shareholders	$	160.5	$	257.0	$	52.8	$	71.4
Net earnings per share attributable to Leggett & Platt, Inc. common shareholders	Net earnings per share attributable to Leggett & Platt, Inc. common shareholders								
Net earnings per share attributable to Leggett & Platt, Inc. common shareholders									
Net earnings per share attributable to Leggett & Platt, Inc. common shareholders									
Basic	Basic	$	1.18	$	1.89	$	.39	$	.53
Basic									
Basic									
Diluted									
Diluted									
Diluted	Diluted	$	1.18	$	1.88	$	.39	$	.52
Weighted average shares outstanding	Weighted average shares outstanding								
Weighted average shares outstanding									
Weighted average shares outstanding									
Basic									
Basic									
Basic	Basic		136.2		136.2		136.4		135.7
Diluted	Diluted		136.5		136.6		136.8		136.1
Diluted									
Diluted									

See accompanying notes to consolidated condensed financial statements.

LEGGETT & PLATT, INCORPORATED

CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) **Consolidated Condensed Statements of Comprehensive Income (Loss)**

(Unaudited)

		Nine Months Ended September 30,				Three Months Ended September 30,			
		Three Months Ended							
		Three Months Ended							
		Three Months Ended							
		March 31,							
		March 31,							
		March 31,							
(Amounts in millions)									
(Amounts in millions)									
(Amounts in millions)	(Amounts in millions)		2023		2022		2023		2022
Net earnings	Net earnings	$	160.6	$	257.1	$	52.9	$	71.5
Net earnings									
Net earnings									
Other comprehensive income (loss), net of tax:									
Other comprehensive income (loss), net of tax:									
Other comprehensive income (loss), net of tax:	Other comprehensive income (loss), net of tax:								

Foreign currency translation adjustments	Foreign currency translation adjustments	(3.3)	(131.5)	(26.2)	(61.7)
Foreign currency translation adjustments					
Foreign currency translation adjustments					
Cash flow hedges					
Cash flow hedges					
Cash flow hedges	Cash flow hedges	(.5)	(6.0)	(2.2)	(4.2)
Defined benefit pension plans	Defined benefit pension plans	.6	1.6	.3	.9
Defined benefit pension plans					
Defined benefit pension plans					
Other comprehensive income (loss), net of tax					
Other comprehensive income (loss), net of tax					
Other comprehensive income (loss), net of tax	Other comprehensive income (loss), net of tax	(3.2)	(135.9)	(28.1)	(65.0)
Comprehensive income (loss)	Comprehensive income (loss)	157.4	121.2	24.8	6.5
Comprehensive income (loss)					
Comprehensive income (loss)					
Add: comprehensive income attributable to noncontrolling interest					
Add: comprehensive income attributable to noncontrolling interest					
Add: comprehensive income attributable to noncontrolling interest	Add: comprehensive income attributable to noncontrolling interest	(.1)	—	(.2)	—
Comprehensive income (loss) attributable to Leggett & Platt, Inc.	Comprehensive income (loss) attributable to Leggett & Platt, Inc.	$ 157.3	$ 121.2	$ 24.6	$ 6.5
Comprehensive income (loss) attributable to Leggett & Platt, Inc.					
Comprehensive income (loss) attributable to Leggett & Platt, Inc.					

See accompanying notes to consolidated condensed financial statements.

LEGGETT & PLATT, INCORPORATED

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS **Consolidated Condensed Statements of Cash Flows**

(Unaudited)

		Nine Months Ended September 30,			**Three Months Ended March 31,**	
(Amounts in millions)	**(Amounts in millions)**	**2023**	**2022**	**(Amounts in millions)**	**2024**	**2023**
OPERATING ACTIVITIES						
Operating Activities						
Net earnings						
Net earnings						
Net earnings	Net earnings	$160.6	$257.1			

Adjustments to reconcile net earnings to net cash provided by operating activities:	Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	Depreciation	81.2	82.9
Depreciation			
Depreciation			
Amortization of intangibles and supply agreements	Amortization of intangibles and supply agreements	53.9	51.4
Long-lived asset impairment			
Increase (decrease) in provision for losses on accounts and notes receivable			
Increase (decrease) in provision for losses on accounts and notes receivable			
Increase (decrease) in provision for losses on accounts and notes receivable			
Writedown of inventories			
Net gain from disposal of assets			
(Decrease) increase in provision for losses on accounts and notes receivable		(6.0)	2.1
Writedown of inventories		4.9	9.0
Net gain from disposal of assets and businesses		(6.0)	(1.6)
Deferred income tax benefit		(17.3)	(12.4)
Deferred income tax benefit (expense)			
Deferred income tax benefit (expense)			
Deferred income tax benefit (expense)			
Stock-based compensation	Stock-based compensation	21.7	25.0
Other, net	Other, net	5.8	(4.3)
Other, net			
Other, net			
Changes in working capital, excluding effects from acquisitions and divestitures:	Changes in working capital, excluding effects from acquisitions and divestitures:		
Accounts and other receivables			
Accounts and other receivables			
Accounts and other receivables	Accounts and other receivables	(23.3)	(108.7)
Inventories	Inventories	66.5	16.4
Other current assets	Other current assets	(6.0)	(3.2)
Accounts payable	Accounts payable	19.4	(97.8)

Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	(4.3)	(21.6)
	NET CASH PROVIDED BY OPERATING ACTIVITIES	351.1	194.3
INVESTING ACTIVITIES			
Net Cash (Used for) Provided by Operating Activities			
Investing Activities			
Additions to property, plant and equipment	Additions to property, plant and equipment	(90.4)	(65.5)
Purchases of companies, net of cash acquired		—	(62.5)
Proceeds from disposals of assets and businesses		13.2	3.0
Additions to property, plant and equipment			
Additions to property, plant and equipment			
Proceeds from disposals of assets			
Proceeds from disposals of assets			
Proceeds from disposals of assets			
Other, net	Other, net	(.2)	(.4)
	NET CASH USED FOR INVESTING ACTIVITIES	(77.4)	(125.4)
FINANCING ACTIVITIES			
Additions to long-term debt		.7	2.0
Other, net			
Other, net			
Net Cash Used for Investing Activities			
Financing Activities			
Payments on long-term debt			
Payments on long-term debt			
Payments on long-term debt	Payments on long-term debt	(1.1)	(300.9)
Change in commercial paper and short-term debt	Change in commercial paper and short-term debt	(121.3)	351.8
Dividends paid	Dividends paid	(178.1)	(170.8)
Dividends paid			
Dividends paid			
Purchases of common stock			
Purchases of common stock			
Purchases of common stock	Purchases of common stock	(5.5)	(60.3)
Other, net	Other, net	(5.5)	(1.1)

NET CASH USED FOR FINANCING ACTIVITIES	(310.8)	(179.3)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(5.5)	(25.1)
DECREASE IN CASH AND CASH EQUIVALENTS	(42.6)	(135.5)
CASH AND CASH EQUIVALENTS—January 1,	316.5	361.7
CASH AND CASH EQUIVALENTS—September 30,	$273.9	$226.2

Other, net

Other, net

Net Cash Provided by (Used for) Financing Activities
Effect of Exchange Rate Changes on Cash
(Decrease) Increase in Cash and Cash Equivalents
Cash and Cash Equivalents—January 1,
Cash and Cash Equivalents—March 31,

See accompanying notes to consolidated condensed financial statements.

LEGGETT & PLATT, INCORPORATED

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS **Consolidated Condensed Statements of Changes in Equity**

(Unaudited)

	Three Months Ended March 31, 2024					
	Common Stock & Additional Contributed Capital	**Retained Earnings**	**Accumulated Other Comprehensive Income (Loss)**	**Treasury Stock**	**Noncontrolling Interest**	**Total Equity**
Beginning balance, January 1, 2024	**$ 577.8**	**$ 2,661.1**	**$ (43.7)**	**$ (1,861.9)**	**$ .7**	**$ 1,334.0**
Net earnings	**—**	**31.6**	**—**	**—**	**—**	**31.6**
Dividends declared (See Note D)	**1.5**	**(63.1)**	**—**	**—**	**—**	**(61.6)**
Treasury stock purchased	**—**	**—**	**—**	**(4.1)**	**—**	**(4.1)**
Treasury stock issued	**(20.6)**	**—**	**—**	**22.7**	**—**	**2.1**
Other comprehensive income (loss), net of tax (See Note J)	**—**	**—**	**(24.8)**	**—**	**—**	**(24.8)**
Stock-based compensation transactions, net of tax	**12.3**	**—**	**—**	**—**	**—**	**12.3**
Ending balance, March 31, 2024	**$ 571.0**	**$ 2,629.6**	**$ (68.5)**	**$ (1,843.3)**	**$ .7**	**$ 1,289.5**

	Three Months Ended March 31, 2023											
	Common Stock & Additional Contributed Capital		Retained Earnings		Accumulated Other Comprehensive Income (Loss)		Treasury Stock		Noncontrolling Interest		Total Equity	
Beginning balance, January 1, 2023	$	570.5	$	3,046.0	$	(93.5)	$	(1,882.3)	$	.7	$	1,641.4
Net earnings		—		53.5		—		—		—		53.5
Dividends declared (See Note D)		1.4		(59.9)		—		—		—		(58.5)
Treasury stock purchased		—		—		—		(5.2)		—		(5.2)
Treasury stock issued		(16.3)		—		—		18.3		—		2.0
Other comprehensive income (loss), net of tax (See Note J)		—		—		21.7		—		(.1)		21.6
Stock-based compensation transactions, net of tax		12.3		—		—		—		—		12.3
Ending balance, March 31, 2023	$	567.9	$	3,039.6	$	(71.8)	$	(1,869.2)	$	.6	$	1,667.1

See accompanying notes to consolidated condensed financial statements.

LEGGETT & PLATT, INCORPORATED

Notes to Consolidated Condensed Financial Statements

(Unaudited)

(Amounts in millions, except per share data)

1. INTERIM PRESENTATION A—Interim Presentation

The interim financial statements of Leggett & Platt, Incorporated (we, us, or our) included herein have not been audited by an independent registered public accounting firm. The statements include all adjustments, including normal recurring accruals, which management considers necessary for a fair statement of our financial position and operating results for the periods presented. We have prepared the statements pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Accordingly, certain information and footnote disclosures normally included in financial statements prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) have been condensed or omitted pursuant to such rules and regulations. The operating results for interim periods are not necessarily indicative of results to be expected for an entire year.

The December 31, 2022 December 31, 2023 financial position data included herein was derived from the audited consolidated financial statements, but does not include all disclosures required by GAAP.

Accounts Receivable and Accounts Payable Programs

We participate in trade receivables sales programs in combination with certain customers and third-party banking institutions. institutions and certain customers. Under each of these programs, we sell our entire interest in the trade receivable for 100% of face value, less a discount. Because control of the sold receivable is transferred to the buyer at the time of sale, accounts receivable balances sold are removed from the Consolidated Condensed Balance Sheets and the related proceeds are reported as cash provided by operating activities in the Consolidated Condensed Statements of Cash Flows. We had approximately $50.0 and $65.0 $60.0 of trade receivables that were sold and removed from our balance sheets at both September 30, 2023 March 31, 2024 and December 31, 2022. December 31, 2023, respectively.

We sometimes utilize third-party programs that allow our suppliers to be paid earlier at a discount. While these programs assist us in negotiating payment terms with our suppliers, we continue to make payments based on our customary terms. A vendor supplier can elect to take payment from a third party earlier with a discount, and in that case, we pay the third party on the original due date of the invoice. Contracts with our suppliers are negotiated independently of supplier participation in the programs, and we cannot increase payment terms pursuant to the programs. The accounts payable associated with the third-party programs, which remain on our Consolidated Condensed Balance Sheets, were approximately $90.0 $100.0 at September 30, 2023 March 31, 2024 and $80.0 $105.0 at December 31, 2022 December 31, 2023.

While we utilize the The above items encompass multiple individual programs that are utilized as tools in our cash flow management, and we offer them as options to facilitate customer and vendor operating cycles, if there were to be cycles. Because many of these programs operate independently, and a cessation of all these programs at the same time is not reasonably likely, we do not expect it would materially changes in these programs to have a material impact on our operating cash flows or liquidity.

2. ACCOUNTING STANDARDS UPDATES New Accounting Guidance

The Financial Accounting Standards Board (FASB) regularly issues updates to the FASB Accounting Standards Codification that are communicated through issuance of an Accounting Standards Update (ASU). Below is a summary of the ASUs effective for future periods that are most relevant to our financial statements:

To be adopted in future years

- ASU 2023-07 “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures”: This ASU requires additional disclosures about reportable segments' expenses and other items on an interim and annual basis. This guidance will be effective for annual periods beginning January 1, 2024, and interim periods beginning January 1, 2025. We are currently evaluating the impact of adopting this guidance.

LEGGETT & PLATT, INCORPORATED

Notes to Consolidated Condensed Financial Statements—(Continued)

(Unaudited)

- ASU 2023-09 “Income Taxes (Topic 740): Improvements to Income Tax Disclosures”: This ASU requires disclosure of specific categories in the rate reconciliation and income taxes paid disaggregated by jurisdiction. This guidance will be effective for annual periods beginning January 1, 2025. We are currently evaluating the impact of adopting this guidance.

The FASB has issued accounting guidance, in addition to the issuances discussed above, effective for current and future periods that periods. This guidance did not have a material impact on our current financial statements, and we do not believe it will have any a material impact on our future financial statements.

3. REVENUE B—Revenue

Revenue by Product Family

We disaggregate revenue by customer group, which is the same as our product families for each of our segments, as we believe this best depicts how the nature, amount, timing, and uncertainty of our revenue and cash flows are affected by economic factors. For information on our segment structure, see Note 4 C.

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2023	2022	2023	2022
Bedding Products				
Bedding Group	$ 1,516.2	$ 1,833.9	$ 483.3	$ 582.0
Specialized Products				
Automotive Group	657.5	631.2	223.7	222.2
Aerospace Products Group	113.9	88.9	37.9	29.1
Hydraulic Cylinders Group [1]	189.9	95.4	57.8	40.0
	961.3	815.5	319.4	291.3
Furniture, Flooring & Textile Products				
Home Furniture Group	226.8	316.8	72.4	91.8
Work Furniture Group	205.0	247.7	65.2	77.2
Flooring & Textile Products Group	700.9	737.0	235.1	252.1
	1,132.7	1,301.5	372.7	421.1
	$ 3,610.2	$ 3,950.9	$ 1,175.4	$ 1,294.4

[1] In August 2022, we acquired a manufacturer of hydraulic cylinders for material-handling and heavy construction equipment.

	Three Months Ended March 31,	
	2024	2023
Bedding Products		
Bedding Group	**$ 448.0**	$ 528.5
Specialized Products		
Automotive Group	**210.9**	214.3
Aerospace Products Group	**45.6**	37.9
Hydraulic Cylinders Group	**59.4**	68.5
	315.9	320.7
Furniture, Flooring & Textile Products		
Home Furniture Group	**72.2**	80.3
Work Furniture Group	**70.1**	70.6
Flooring & Textile Products Group	**190.7**	213.5
	333.0	364.4
	$ 1,096.9	$ 1,213.6

4. SEGMENT INFORMATION C—Segment Information

We have three operating segments that supply a wide range of products:

- *Bedding Products:* This segment supplies a variety of components and machinery used by bedding manufacturers in the production and assembly of their finished products, as well as produces private label finished mattresses for bedding brands and adjustable bed bases. This segment is also vertically integrated into the production and supply of specialty foam chemicals, steel rod, and drawn steel wire to our own operations and to external customers. Our trade customers for wire make mechanical springs and many other end products.

- *Specialized Products:* From this segment, we supply lumbar support systems, seat suspension systems, motors and actuators, and control cables used by automotive manufacturers. We also produce and distribute tubing and tube assemblies for the aerospace industry and engineered hydraulic cylinders used in the material-handling and heavy construction industries.
- *Furniture, Flooring & Textile Products:* Operations in this segment supply a wide range of components for residential and work furniture manufacturers, as well as select lines of private label finished furniture. We also produce or distribute carpet cushion, hard surface flooring underlayment, and textile and geo components.

Our reportable segments are the same as our operating segments, which also correspond with our management organizational structure. Each reportable segment has Our Bedding Products and Furniture, Flooring & Textile Products

segments have an executive vice president or senior vice president, respectively, who has accountability to, and maintains regular contact with, our CEO, who is the chief operating decision maker (CODM). With the retirement of our Specialized Products segment executive vice president in April 2024, our CEO became acting segment manager on a temporary basis for this segment until a permanent replacement is named. The operating results and financial information reported through the segment structure are regularly reviewed and used by the CODM to evaluate segment performance, allocate overall resources, and determine management incentive compensation.

The accounting principles used in the preparation of the segment information are the same as those used for the consolidated financial statements. We evaluate performance based on Earnings Before Interest and Taxes (EBIT). Intersegment sales are made primarily at prices that approximate market-based selling prices. Centrally incurred costs are allocated to the segments based on estimates of services used by the segment. Certain of our general and administrative costs and miscellaneous corporate income and expenses are allocated to the segments based on sales or other appropriate metrics. These allocated

corporate costs include depreciation and other costs and income related to assets that are not allocated or otherwise included in the segment assets.

A summary of segment results is shown in the following tables:

	Trade 1 Sales	Inter-Segment Sales	Total Sales	EBIT	Depreciation and Amortization
Three Months Ended September 30, 2023					
Bedding Products	$ 483.3	$ 7.4	$ 490.7	$ 31.1	$ 26.2
Specialized Products	319.4	.3	319.7	31.2	10.7
Furniture, Flooring & Textile Products	372.7	2.8	375.5	29.5	5.5
Intersegment eliminations and other 2				(.4)	2.6
	$ 1,175.4	$ 10.5	$ 1,185.9	$ 91.4	$ 45.0
Three Months Ended September 30, 2022					
Bedding Products	$ 582.0	$ 8.8	$ 590.8	$ 43.9	$ 25.7
Specialized Products	291.3	.5	291.8	31.3	9.7
Furniture, Flooring & Textile Products	421.1	3.8	424.9	38.3	5.7
Intersegment eliminations and other 2				(.3)	3.0
	$ 1,294.4	$ 13.1	$ 1,307.5	$ 113.2	$ 44.1

	Trade 1 Sales	Inter-Segment Sales	Total Sales	EBIT	Depreciation and Amortization
Nine Months Ended September 30, 2023					

Trade 1 Sales	Trade 1 Sales	Inter-Segment Sales	Total Sales	EBIT	Depreciation and Amortization
Three Months Ended March 31, 2024					

Bedding Products 2						
Bedding Products 2						
Bedding Products 2						
Specialized Products						
Furniture, Flooring & Textile Products						
Intersegment eliminations and other 3						
	$					
Three Months Ended March 31, 2023						
Bedding Products						
Bedding Products						
Bedding Products	Bedding Products	$1,516.2	$ 25.5	$1,541.7	$ 87.4	$ 77.3
Specialized Products	Specialized Products	961.3	1.2	962.5	93.0	31.7
Furniture, Flooring & Textile Products	Furniture, Flooring & Textile Products	1,132.7	9.3	1,142.0	96.7	17.0
Intersegment eliminations and other 2					(.7)	9.1
		$3,610.2	$ 36.0	$3,646.2	$276.4	$ 135.1
Nine Months Ended September 30, 2022						
Bedding Products		$1,833.9	$ 32.2	$1,866.1	$189.2	$ 78.1
Specialized Products		815.5	1.8	817.3	73.0	30.4
Furniture, Flooring & Textile Products		1,301.5	11.9	1,313.4	132.3	17.5
Intersegment eliminations and other 2					(.7)	8.3
		$3,950.9	$ 45.9	$3,996.8	$393.8	$ 134.3
Intersegment eliminations and other 3						
	$					

1 See Note 3 B for revenue by product family.

2 The lower amortization expense in the three months ended March 31, 2024, is due to the fourth quarter 2023 long-lived asset impairment.

3 Depreciation and Amortization: Other relates to non-operating assets (assets not included in segment assets) and is allocated to segment EBIT as discussed above.

Average assets for our segments are shown in the table below and reflect the basis for return measures used by management to evaluate segment performance. These segment totals include the average of both working capital (all current assets and current liabilities) plus net property, plant and equipment.

Average Assets by Segment	Average Assets by Segment	September 30, 2023	December 31, 2022	Average Assets by Segment	March 31, 2024	December 31, 2023
Bedding Products	Bedding Products	$ 820.9	$ 931.2			

Specialized Products	Specialized Products	399.2	350.1
Furniture, Flooring & Textile Products	Furniture, Flooring & Textile Products	401.7	423.1
Average current liabilities included in segment numbers above	Average current liabilities included in segment numbers above	733.8	793.9
Average current liabilities included in segment numbers above			
Average current liabilities included in segment numbers above			
Unallocated assets [1]	Unallocated assets [1]	2,758.5	2,840.6
Difference between average assets and period-end balance sheet	Difference between average assets and period-end balance sheet	(36.5)	(152.8)
Total assets	Total assets	$5,077.6	$5,186.1

[1] Unallocated assets consist primarily of goodwill, other intangibles, cash, and deferred tax assets.

LEGGETT & PLATT, INCORPORATED
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—Notes to Consolidated Condensed Financial Statements—(Continued)
(Unaudited)

5. GOODWILL IMPAIRMENT TESTING

We test goodwill for impairment at the reporting unit level (the business groups that are one level below the operating segments) when triggering events occur, or at least annually. We perform our annual goodwill impairment testing in the second quarter. The 2023 and 2022 goodwill impairment testing indicated no impairments.

The fair values of our reporting units in relation to their respective carrying values and significant assumptions used are presented in the tables below. If actual results differ materially from estimates used in these calculations, we could incur future impairment charges.

2023				
Fair Value over Carrying Value divided by Carrying Value	September 30, 2023 Goodwill Value	Compound Annual Growth Rate (CAGR) Range for Sales	Terminal Values Long-term Growth Rate for Debt-Free Cash Flow	Discount Rate Ranges
Less than 50%	$ 1,010.0	1% - 17%	3 %	10% - 12%
50% - 100%	97.9	< 1	3	8
101% - 300%	367.5	3 - 6	3	8 - 10
	$ 1,475.4	< 1% - 17%	3 %	8% - 12%

2022				
Fair Value over Carrying Value divided by Carrying Value	December 31, 2022 Goodwill Value	CAGR Range for Sales	Terminal Values Long-term Growth Rate for Debt-Free Cash Flow	Discount Rate Ranges
Less than 50%	$ 107.8	4% - 9%	3 %	12%

50% - 100%	998.7	3 - 5	3	10
101% - 300%	248.3	1 - 3	3	10
Greater than 300%	119.6	8	3	12
	$ 1,474.4	1% - 9%	3 %	10% - 12%

Reporting units where fair value exceeded carrying value by less than 100% are summarized in the table below:

	Fair value in excess of carrying value		Goodwill	
	Goodwill impairment testing as performed in the second quarter 2023	Goodwill impairment testing as performed in the second quarter 2022	As of September 30, 2023	As of December 31, 2022
Bedding	40 %	54 %	$ 900.5	$ 900.3
Work Furniture	74	78	97.9	98.4
Aerospace Products	44	40	66.5	66.3
Hydraulic Cylinders [1]	18	32	43.0	41.5

[1] At the time of our annual goodwill impairment testing in second quarter 2022, there was no goodwill associated with this reporting unit, but an August 2022 acquisition added goodwill.

6. EARNINGS PER SHARE D—Earnings Per Share (EPS)

Basic and diluted earnings per share were calculated as follows:

		Nine Months Ended September 30,		Three Months Ended September 30,	
		2023	2022	2023	2022
Net earnings	**Net earnings**				
Net earnings	Net earnings	$160.6	$257.1	$52.9	$71.5
(Earnings) attributable to noncontrolling interest, net of tax		(.1)	(.1)	(.1)	(.1)

Net earnings

Net earnings

Net earnings

Net earnings

Earnings attributable to noncontrolling interest, net of tax

Earnings attributable to noncontrolling interest, net of tax

Earnings attributable to noncontrolling interest, net of tax

Net earnings attributable to Leggett & Platt, Inc. common shareholders

Net earnings attributable to Leggett & Platt, Inc. common shareholders

Net earnings attributable to Leggett & Platt, Inc. common shareholders	Net earnings attributable to Leggett & Platt, Inc. common shareholders	$160.5	$257.0	$52.8	$71.4
Weighted average number of shares (in millions)	**Weighted average number of shares (in millions)**				
Weighted average number of shares (in millions)					
Weighted average number of shares (in millions)					
Weighted average number of common shares used in basic EPS					
Weighted average number of common shares used in basic EPS					
Weighted average number of common shares used in basic EPS	Weighted average number of common shares used in basic EPS	136.2	136.2	136.4	135.7
Dilutive effect of stock-based compensation	Dilutive effect of stock-based compensation	.3	.4	.4	.4
Dilutive effect of stock-based compensation					
Dilutive effect of stock-based compensation					
Weighted average number of common shares and dilutive potential common shares used in diluted EPS					
Weighted average number of common shares and dilutive potential common shares used in diluted EPS					
Weighted average number of common shares and dilutive potential common shares used in diluted EPS	Weighted average number of common shares and dilutive potential common shares used in diluted EPS	136.5	136.6	136.8	136.1
Basic and diluted EPS	**Basic and diluted EPS**				
Basic and diluted EPS					
Basic and diluted EPS					

Basic EPS attributable to Leggett & Platt common shareholders

Basic EPS attributable to Leggett & Platt common shareholders

Basic EPS attributable to Leggett & Platt common shareholders	Basic EPS attributable to Leggett & Platt common shareholders	$ 1.18	$ 1.89	$ .39	$ .53
Diluted EPS attributable to Leggett & Platt common shareholders	Diluted EPS attributable to Leggett & Platt common shareholders	$ 1.18	$ 1.88	$ .39	$ .52

Diluted EPS attributable to Leggett & Platt common shareholders

Diluted EPS attributable to Leggett & Platt common shareholders

Other information	**Other information**				

Other information

Other information

Anti-dilutive shares excluded from diluted EPS computation

Anti-dilutive shares excluded from diluted EPS computation

Anti-dilutive shares excluded from diluted EPS computation	Anti-dilutive shares excluded from diluted EPS computation	.5	.4	.5	.4
Cash dividends declared per share	Cash dividends declared per share	$ 1.36	$ 1.30	$ .46	$ .44

Cash dividends declared per share

Cash dividends declared per share

7. ACCOUNTS AND OTHER RECEIVABLES**E—Restructuring and Impairments**

In the first quarter of 2024, we committed to a restructuring plan, primarily associated with our Bedding Products segment and, to a lesser extent, our Furniture, Flooring & Textile Products segment (the “Restructuring Plan” or “Plan”), which is expected to be substantially complete by the end of 2025.

We plan to consolidate between 15 and 20 production and distribution facilities (out of 50) in the Bedding Products segment and a small number of production facilities in the Furniture, Flooring & Textile Products segment. Our total costs for this Plan are expected to be between $65.0 and $85.0, of which approximately half are anticipated to be incurred in 2024 and the remainder in 2025. As of March 31, 2024, we have incurred costs of $10.8.

The following table presents information associated with this Plan:

	Total Amount Expected to be Incurred	Three Months Ended March 31, 2024
Restructuring and restructuring-related	$40.0 to $55.0	$ 8.5
Impairment costs associated with this plan	25.0 to 30.0	2.3
	$65.0 to $85.0	$ 10.8
Amount of total that represents cash charges	$30.0 to $40.0	$ 6.2

The table below presents all restructuring and restructuring-related activity related to the Plan. We had no material restructuring activity in 2023.

	Three Months Ended March 31, 2024
Restructuring costs charged to other (income) expense, net:	
Termination benefits, relocation, and other restructuring costs	$ 5.7
Restructuring-related costs:	
Charged to cost of goods sold:	
Inventory obsolescence and other	2.3
Charged to selling and administrative:	
Professional services and other	.5
Total restructuring-related costs	2.8
Total restructuring and restructuring-related costs	8.5
Amount of total that represents cash charges	$ 6.2

Restructuring and restructuring-related charges by segment were as follows:

	Three Months Ended March 31, 2024
Bedding Products	$ 7.0
Furniture, Flooring & Textile Products	1.5
Total restructuring and restructuring-related costs	$ 8.5

Restructuring Liability

The accrued liability associated with the Plan consisted of the following:

	Balance at December 31, 2023	Add: 2024 Charges	Less: 2024 Payments	Balance at March 31, 2024
Termination benefits	$ —	$ 2.4	$ .5	$ 1.9
Relocation and other restructuring costs	—	3.3	3.3	—
Total	$ —	$ 5.7	$ 3.8	$ 1.9

Impairment Costs Associated with the Plan

Pretax impairment charges are reported in “Other (income) expense, net” in the Consolidated Condensed Statements of Operations. We did not have any impairment charges in the three months ended March 31, 2023. The Bedding Products segment reported other long-lived impairment charges of $2.3 in the three months ended March 31, 2024.

F—Accounts and Other Receivables

Accounts and other receivables consisted of the following:

		September 30, 2023		December 31, 2022		March 31, 2024		December 31, 2023	
		Current	Long-term	Current	Long-term	Current	Long-term	Current	Long-term
Total trade receivables	Total trade receivables	$ 638.8	$ —	$ 626.8	$ —				
Allowance for doubtful accounts - trade receivables	Allowance for doubtful accounts - trade receivables	(11.9)	—	(17.8)	—				
Trade receivables, net	Trade receivables, net	$ 626.9	$ —	$ 609.0	$ —				
Other notes receivable		—	21.9	—	22.4				
Taxes receivable, including income taxes									
Taxes receivable, including income taxes									
Taxes receivable, including income taxes	Taxes receivable, including income taxes	3.3	—	5.0	—				
Value-added taxes (VAT) recoverable [1]	Value-added taxes (VAT) recoverable [1]	52.2	—	45.4	—				
Other receivables	Other receivables	28.9	—	15.6	—				
Allowance for doubtful accounts - other notes receivable		—	(20.8)	—	(21.2)				
Other receivables, net	Other receivables, net	$ 84.4	$ 1.1	$ 66.0	$ 1.2				
Other receivables, net									
Other receivables, net									

[1] We have experienced VAT refund delays from the Mexican government. These We believe these are fully collectible, and our recent discussions with the government have resulted in an updated timeline for resolution. As a result, we have classified $20.0 as long-term as of March 31, 2024. The aggregate of current and long-term balances include $42.0 and $36.5 at September 30, 2023 and December 31, 2022, respectively, of Mexico VAT recoverable. We believe that these are fully collectible. recoverable was $53.9 and $48.2 at March 31, 2024 and December 31, 2023, respectively.

Activity related to the allowance for doubtful accounts is reflected below:

	Balance at December 31, 2022	Change in Provision	Less: Net Charge-offs/ (Recoveries) and Other	Balance at September 30, 2023
Total trade receivables	$ 17.8	$ (5.6)	$ .3	$ 11.9
Other notes receivable	21.2	(.4)	—	20.8
Total allowance for doubtful accounts	$ 39.0	$ (6.0)	$ .3	$ 32.7

8. STOCK-BASED COMPENSATION

The following table recaps the impact of stock-based compensation on the results of operations for each of the periods presented:

	Nine Months Ended September 30, 2023		Nine Months Ended September 30, 2022	
	To be settled with stock	To be settled in cash	To be settled with stock	To be settled in cash
Executive Stock Unit (ESU) program contributions	$ 1.9	$ .5	$ 2.6	$ .6
Discounts on various stock awards:				
Deferred Stock Compensation Program	1.1	—	1.2	—
ESU program	.8	—	1.0	—
Discount Stock Plan	.6	—	.6	—
Performance Stock Unit (PSU) awards: 1				
2023 PSU awards 1A	1.0	.8	—	—
2022 and prior PSU awards 1B	1.2	(.3)	1.5	(.4)
Restricted Stock Unit (RSU) awards	7.0	—	8.5	—
Other, primarily non-employee directors restricted stock	1.3	—	1.4	—
Total stock-related compensation expense	14.9	$ 1.0	16.8	$ .2
Employee contributions for above stock plans	6.8		8.2	
Total stock-based compensation	$ 21.7		$ 25.0	
Tax benefits on stock-based compensation expense	$ 3.6		$ 4.1	
Tax benefits on stock-based compensation payments	.3		.6	
Total tax benefits associated with stock-based compensation	$ 3.9		$ 4.7	

	Three Months Ended September 30, 2023		Three Months Ended September 30, 2022	
	To be settled with stock	To be settled in cash	To be settled with stock	To be settled in cash
Executive Stock Unit (ESU) program contributions	$ .1	$ .2	$ .4	$ .2
Discounts on various stock awards:				
Deferred Stock Compensation Program	.3	—	.4	—
ESU program	.2	—	.3	—
Discount Stock Plan	.2	—	.2	—
Performance Stock Unit (PSU) awards: 1				
2023 PSU awards 1A	.4	.2	—	—
2022 and prior PSU awards 1B	(.1)	(.5)	(1.0)	(1.2)
Restricted Stock Unit (RSU) awards	.9	—	.9	—
Other, primarily non-employee directors restricted stock	.4	—	.4	—
Total stock-related compensation expense	2.4	$ (.1)	1.6	$ (1.0)
Employee contributions for above stock plans	2.8		2.7	
Total stock-based compensation	$ 5.2		$ 4.3	
Tax benefits on stock-based compensation expense	$ .6		$ .4	
Tax benefits on stock-based compensation payments	—		—	
Total tax benefits associated with stock-based compensation	$ .6		$ .4	

1PSU Awards

For the following programs, we intend to pay 50% in shares of our common stock and 50% in cash, although we reserve the right (subject to the Human Resources and Compensation (HRC) Committee's approval) to pay up to 100% in cash. Cash settlements are recorded as a liability and adjusted to fair value at each reporting period.

	Balance at December 31, 2023	Change in Provision	Less: Net Charge-offs/ (Recoveries) and Other	Balance at March 31, 2024
Total allowance for doubtful accounts on trade receivables	$ 10.5	$ 4.9	$ .8	$ 14.6

1A2023 PSU Awards

In March 2023, the HRC Committee amended the PSU award agreement. Following the amendment, the 2023 awards are based on two performance conditions as detailed below. The base payout percentage will be determined by the level of achievement of these performance conditions, and then adjusted by a payout multiplier based on our Total Shareholder Return (TSR) compared to a peer group. Participants will earn from 0% to 200% of the base award.

Grant date fair values are calculated based on the grant date stock price and a Monte Carlo simulation of stock and volatility data for Leggett and each of the peer companies for the payout multiplier. Expense is adjusted every quarter over the three-year vesting period based on the number of shares expected to vest.

The PSU awards contain the following conditions:

- A service requirement—Awards generally "cliff" vest three years following the grant date.
- Two performance conditions over the three-year performance period:
  - 50% of the awards are based on Return on Invested Capital (ROIC). ROIC is calculated as our average annual net operating profit after tax divided by our average invested capital.
  - 50% of the awards are based on achieving specified Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) performance targets.
- A market condition—The payout multiplier is based upon our relative TSR compared to a group of peer companies during the three-year performance period. The peer group consists of all the companies in the Industrial, Materials, and Consumer Discretionary sectors of the S&P 500 and S&P Midcap 400 (approximately 300 companies). The multiplier will increase or decrease the payout by up to 25%, not to exceed the maximum 200% payout, and may not increase the payout above 100% if our TSR is negative.

1B2022 and Prior PSU Awards

TSR Based

Previous to 2023, PSU awards were based 50% upon our TSR compared to a peer group. A small number of PSU awards were based 100% upon relative TSR for certain business unit employees to complement their particular mix of incentive compensation. Grant date fair values were calculated using a Monte Carlo simulation of stock and volatility data for Leggett and each of the peer companies. Grant date fair values are amortized using the straight-line method over the three-year vesting period.

The relative TSR component of the PSU awards contained the following conditions:

- A service requirement—Awards generally “cliff” vest three years following the grant date.
- A market condition—Awards are based on our TSR compared to the same peer group as noted above. Participants will earn from 0% to 200% of the base award depending upon how our TSR ranks within the peer group at the end of the three-year performance period.

EBIT CAGR Based

Previous to 2023, PSU awards were based 50% upon our, or the applicable profit center's, EBIT CAGR. Grant date fair values were calculated using the grant date stock price discounted for dividends over the vesting period. Expense is adjusted every quarter over the three-year vesting period based on the number of shares expected to vest.

The EBIT CAGR component of the PSU awards contained the following conditions:

- A service requirement—Awards generally “cliff” vest three years following the grant date.
- A performance condition—Awards are based on achieving specified EBIT CAGR targets for our, or the applicable profit center's, EBIT during the third year of the period compared to EBIT during the fiscal year immediately preceding the period. Participants will earn from 0% to 200% of the base award.

Below is a summary of shares and grant date fair value related to PSU awards for the periods presented:

	Nine Months Ended September 30,	
	2023	2022
2023 awards and 2022 TSR Based award		
Total shares base award	.1	.1
Grant date per share fair value	$ 29.31	$ 41.13
Risk-free interest rate	4.4 %	1.7 %
Vesting period in years	3.0	3.0
Expected volatility	45.7 %	45.2 %

Expected dividend yield	5.5 %	4.6 %
2022 EBIT CAGR Based award		
Total shares base award		.1
Grant date per share fair value		$ 32.88
Vesting period in years		3.0

9. ACQUISITIONS

The following table contains the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition for all acquisitions during the periods presented (using inputs as discussed in Note 13). A portion of the goodwill included in the table below is expected to provide an income tax benefit.

	Nine Months Ended September 30,
	2022
Accounts receivable	$ 30.4
Inventory	36.5
Property, plant and equipment	5.8
Goodwill	35.9
Other intangible assets:	
Customer relationships (15-year life)	39.5
Technology (10-year life)	5.0
Trademarks and trade names (15-year life)	1.2
Non-compete agreements and other (1 to 10-year life)	1.2
Other current and long-term assets	5.8
Current liabilities	(51.9)
Deferred income taxes	(16.7)
Other long-term liabilities	(2.6)
Fair value of net identifiable assets	90.1
Less: Additional contingent consideration payable	27.6
Net cash consideration	$ 62.5

The following table summarizes acquisitions for the periods presented.

Nine Months Ended	Number of Acquisitions	Segment	Product/Service
September 30, 2023	None		
September 30, 2022	2	Specialized Products	Manufacturer of hydraulic cylinders for heavy construction equipment;
		Furniture, Flooring & Textile Products	Converter and distributor of construction fabrics for the furniture and bedding industries

The results of operations of the above acquired companies have been included in the consolidated financial statements since the date of acquisition. The unaudited pro forma consolidated net sales, net earnings and earnings per share as though these acquisitions had occurred on January 1 of each year presented is not materially different from the amounts reflected in the accompanying financial statements.

Certain of our acquisition agreements provide for additional contingent consideration to be paid based upon analysis of the closing balance sheet and if the acquired company's performance exceeds certain targeted levels through December 31, 2025. Such additional consideration will be paid in cash and the liability is recorded at discounted fair value at the acquisition date. The range of the undiscounted amounts we could be required to pay is currently estimated to be between $6.2 and $15.9. Components of the liability are based on estimates and contingent upon future events, therefore the amounts may fluctuate materially until the payment dates. Subsequent measurement of the estimate will be recorded in "Other (income) expense, net" in the Consolidated Condensed Statements of Operations. Our liability for these future payments was $14.4 ($6.7 current and $7.7 long-term) at September 30, 2023 and $31.9 ($14.4 current and $17.5 long-term) at December 31, 2022. Additional consideration, including interest, paid on prior year acquisitions was $4.2 and $0 for the nine months ended September 30, 2023 and 2022, respectively.

A brief description of our acquisition activity during the periods presented is included below.

2023

No businesses have been acquired during 2023.

2022

We acquired two businesses:

- A small U.S. textiles business that converts and distributes construction fabrics for the furniture and bedding industries. This acquisition became a part of our Furniture, Flooring & Textile Products segment. The acquisition date was August 22. Following the recording of measurement period adjustments subsequent to the 2022 values shown above, the final purchase price was $2.0 and added no goodwill.
- A leading global manufacturer of hydraulic cylinders for material-handling and heavy construction equipment. This business has manufacturing locations in Germany and China and a distribution facility in the United States. This acquisition builds scale in our hydraulic cylinders growth platform and brings us into an attractive segment of the market that aligns well with trends in automation and autonomous equipment. This business operates within our Specialized Products segment. The acquisition date was August 26. Following the recording of measurement period adjustments subsequent to the 2022 values shown above, the final purchase price was $87.8, with total goodwill of $41.9.

10. INVENTORIES G—Inventories

The following table recaps the components of inventory for each period presented:

		September 30, 2023	December 31, 2022		
	March 31, 2024			March 31, 2024	December 31, 2023
Finished goods	Finished goods	$ 348.2	$ 389.9		
Work in process	Work in process	75.8	71.1		
Raw materials and supplies	Raw materials and supplies	410.9	446.5		
Inventories	Inventories	$ 834.9	$ 907.5		
Inventories					
Inventories					

All inventories are stated at the lower of cost or net realizable value. For the majority of our inventories, we use the first-in, first-out method, which is representative of our standard costs (includes materials, labor, and production overhead at normal production capacity). Remaining inventories are valued using an average-cost method.

Inventories are reviewed at least quarterly for slow-moving and potentially obsolete items using actual inventory turnover and, if necessary, are written down to estimated net realizable value. We have had no material changes in inventory writedowns or slow-moving and obsolete inventory reserves in any of the periods presented.

11. EMPLOYEE BENEFIT PLANS

H—Credit Facility Amendment

Effective March 22, 2024, we amended our credit facility to change the Leverage Ratio. The prior Leverage Ratio covenant required us to maintain, as of the last day of each quarter, or when we borrow under the credit facility, a Leverage Ratio of consolidated funded indebtedness to trailing 12-month consolidated EBITDA (each as defined in the credit facility) of not greater than 3.50 to 1.00.

Under the amendment, the Leverage Ratio covenant was increased from 3.50 to 1.00 to 4.00 to 1.00 for each quarter-end beginning March 31, 2024 and ending June 30, 2025. The Leverage Ratio covenant will revert to 3.50 to 1.00 for the quarter ending September 30, 2025 and thereafter until maturity. Also, the provision permitting a temporary increase in the maximum Leverage Ratio in the event of a Material Acquisition will not apply unless the acquisition occurs after June 30, 2025.

The maturity date of September 30, 2026 remains unchanged. At March 31, 2024, we were in compliance with all of its debt covenants and expect to contribute approximately $5.0 be able to our defined benefit pension plans in 2023. maintain compliance with the amended debt covenant requirements.

I—Stock-Based Compensation

The following table provides interim information recaps the impact of stock-based compensation on the results of operations for our defined benefit pension plans:

	Nine Months Ended September 30,	Three Months Ended September 30,

	2023	2022	2023	2022
Components of net pension expense				
Service cost	$ 2.6	$ 3.9	$ .1	$ 1.2
Interest cost	6.6	5.0	2.2	1.7
Expected return on plan assets	(8.0)	(9.9)	(2.7)	(3.3)
Recognized net actuarial loss	1.1	2.0	.3	.6
Net pension expense	$ 2.3	$ 1.0	$ (.1)	$ .2

The components each of net pension expense, other than the service cost component, are included in the line item “Other (income) expense, net” in the Consolidated Condensed Statements of Operations.

12. STATEMENT OF CHANGES IN EQUITY AND ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Three Months Ended September 30, 2023					
	Total Equity	Retained Earnings	Common Stock & Additional Contributed Capital	Treasury Stock	Noncontrolling Interest	Accumulated Other Comprehensive Income (Loss)
Beginning balance, July 1, 2023	$ 1,668.6	$ 3,031.2	$ 572.2	$ (1,866.9)	$ .6	$ (68.5)
Net earnings	52.9	52.8	—	—	.1	—
Dividends declared (See Note 6)	(61.3)	(62.7)	1.4	—	—	—
Treasury stock purchased	(.6)	—	—	(.6)	—	—
Treasury stock issued	1.2	—	(1.4)	2.6	—	—
Foreign currency translation adjustments	(26.2)	—	—	—	.1	(26.3)
Cash flow hedges, net of tax	(2.2)	—	—	—	—	(2.2)
Defined benefit pension plans, net of tax	.3	—	—	—	—	.3
Stock-based compensation transactions, net of tax	3.2	—	3.2	—	—	—
Ending balance, September 30, 2023	$ 1,635.9	$ 3,021.3	$ 575.4	$ (1,864.9)	$ .8	$ (96.7)

periods presented:

	Three Months Ended March 31, 2024		Three Months Ended March 31, 2023	
	To be settled with stock	To be settled in cash	To be settled with stock	To be settled in cash
Executive Stock Unit (ESU) Program matching contributions	**$ .6**	**$ .2**	$ .7	$ .1
Discounts on various stock awards:				
Deferred Stock Compensation Program	**.4**	**—**	.3	—
ESU Program	**.3**	**—**	.2	—
Discount Stock Plan	**.2**	**—**	.2	—
Performance Stock Unit (PSU) awards	**(.2)**	**(.5)**	1.1	.7
Restricted Stock Unit (RSU) awards	**6.3**	**—**	5.3	—
Other, primarily non-employee directors restricted stock	**.4**	**—**	.4	—
Total stock-based compensation expense (income)	**8.0**	**$ (.3)**	8.2	$ .8
Employee contributions for above stock plans	**2.0**		1.5	
Total stock-based compensation	**$ 10.0**		$ 9.7	
Tax benefits on stock-based compensation expense	**$ 2.0**		$ 2.0	
Tax (expense)/benefits on stock-based compensation payments	**(.8)**		.3	
Total tax benefits associated with stock-based compensation	**$ 1.2**		$ 2.3	

	Three Months Ended September 30, 2022					
	Total Equity	Retained Earnings	Common Stock & Additional Contributed Capital	Treasury Stock	Noncontrolling Interest	Accumulated Other Comprehensive Income (Loss)
Beginning balance, July 1, 2022	$ 1,614.6	$ 3,041.3	$ 563.3	$ (1,881.4)	$ .6	$ (109.2)
Net earnings	71.5	71.4	—	—	.1	—
Dividends declared (See Note 6)	(58.4)	(59.7)	1.3	—	—	—
Treasury stock purchased	(3.5)	—	—	(3.5)	—	—
Treasury stock issued	1.4	—	—	1.4	—	—
Foreign currency translation adjustments	(61.7)	—	—	—	(.1)	(61.6)
Cash flow hedges, net of tax	(4.2)	—	—	—	—	(4.2)
Defined benefit pension plans, net of tax	.9	—	—	—	—	.9
Stock-based compensation transactions, net of tax	2.2	—	2.2	—	—	—
Ending balance, September 30, 2022	$ 1,562.8	$ 3,053.0	$ 566.8	$ (1,883.5)	$ .6	$ (174.1)

J—Accumulated Other Comprehensive Income (Loss)

	Nine Months Ended September 30, 2023					
	Total Equity	Retained Earnings	Common Stock & Additional Contributed Capital	Treasury Stock	Noncontrolling Interest	Accumulated Other Comprehensive Income (Loss)
Beginning balance, January 1, 2023	$ 1,641.4	$ 3,046.0	$ 570.5	$ (1,882.3)	$ .7	$ (93.5)
Net earnings	160.6	160.5	—	—	.1	—
Dividends declared (See Note 6)	(181.0)	(185.2)	4.2	—	—	—
Treasury stock purchased	(5.9)	—	—	(5.9)	—	—
Treasury stock issued	4.6	—	(18.7)	23.3	—	—
Foreign currency translation adjustments	(3.3)	—	—	—	—	(3.3)
Cash flow hedges, net of tax	(.5)	—	—	—	—	(.5)
Defined benefit pension plans, net of tax	.6	—	—	—	—	.6
Stock-based compensation transactions, net of tax	19.4	—	19.4	—	—	—
Ending balance, September 30, 2023	$ 1,635.9	$ 3,021.3	$ 575.4	$ (1,864.9)	$ .8	$ (96.7)

	Nine Months Ended September 30, 2022					
	Total Equity	Retained Earnings	Common Stock & Additional Contributed Capital	Treasury Stock	Noncontrolling Interest	Accumulated Other Comprehensive Income (Loss)
Beginning balance, January 1, 2022	$ 1,648.6	$ 2,973.0	$ 559.9	$ (1,846.6)	$ .6	$ (38.3)
Net earnings	257.1	257.0	—	—	.1	—
Dividends declared (See Note 6)	(173.1)	(177.0)	3.9	—	—	—
Treasury stock purchased	(60.3)	—	—	(60.3)	—	—
Treasury stock issued	8.3	—	(15.1)	23.4	—	—
Foreign currency translation adjustments	(131.5)	—	—	—	(.1)	(131.4)
Cash flow hedges, net of tax	(6.0)	—	—	—	—	(6.0)
Defined benefit pension plans, net of tax	1.6	—	—	—	—	1.6
Stock-based compensation transactions, net of tax	18.1	—	18.1	—	—	—
Ending balance, September 30, 2022	$ 1,562.8	$ 3,053.0	$ 566.8	$ (1,883.5)	$ .6	$ (174.1)

The following tables set forth the components of and changes in each component of accumulated other comprehensive income (loss) for each of the periods presented:

	Three Months Ended September 30,			
	Foreign Currency Translation Adjustments	Cash Flow Hedges	Defined Benefit Pension Plans	Accumulated Other Comprehensive Income (Loss)
Balance, July 1, 2023	$ (60.5)	$ 10.1	$ (18.1)	$ (68.5)
Other comprehensive income (loss)	(26.2)	(3.2)	.2	(29.2)
Reclassifications, pretax	—	.5	.2	.7
Income tax effect	—	.5	(.1)	.4
Attributable to noncontrolling interest	(.1)	—	—	(.1)
Balance, September 30, 2023	$ (86.8)	$ 7.9	$ (17.8)	$ (96.7)
Balance, July 1, 2022	$ (81.5)	$ 10.1	$ (37.8)	$ (109.2)
Other comprehensive income (loss)	(61.7)	(5.1)	.6	(66.2)
Reclassifications, pretax	—	(.1)	.6	.5
Income tax effect	—	1.0	(.3)	.7
Attributable to noncontrolling interest	.1	—	—	.1
Balance, September 30, 2022	$ (143.1)	$ 5.9	$ (36.9)	$ (174.1)

	Three Months Ended March 31,	Three Months Ended March 31,			
	Foreign Currency Translation Adjustments	Foreign Currency Translation Adjustments	Cash Flow Hedges	Defined Benefit Pension Plans	Accumulated Other Comprehensive Income (Loss)
Balance, January 1, 2024					
Other comprehensive income (loss)					
Reclassifications, pretax					
Income tax effect					

Nine Months Ended September 30,

Balance, March 31, 2024

Balance, March 31, 2024

Balance, March 31, 2024

	Foreign Currency Translation Adjustments	Cash Flow Hedges	Defined Benefit Pension Plans	Accumulated Other Comprehensive Income (Loss)
Balance, January 1, 2023				
Balance, January 1, 2023				
Balance, January 1, 2023 Balance, January 1, 2023	$ (83.5)	$ 8.4	$(18.4)	$ (93.5)
Other comprehensive income (loss) Other comprehensive income (loss)	(3.3)	(2.4)	(.3)	(6.0)
Reclassifications, pretax Reclassifications, pretax	—	1.9	1.1	3.0
Income tax effect Income tax effect	—	—	(.2)	(.2)
Balance, September 30, 2023	$ (86.8)	$ 7.9	$(17.8)	$ (96.7)
Balance, January 1, 2022	$ (11.7)	$11.9	$(38.5)	$ (38.3)
Other comprehensive income (loss)	(131.5)	(5.6)	(.4)	(137.5)
Reclassifications, pretax	—	(1.7)	2.0	.3
Income tax effect	—	1.3	—	1.3

Attributable to noncontrolling interest	Attributable to noncontrolling interest	.1	—	—	.1
Balance, September 30, 2022		$ (143.1)	$ 5.9	$(36.9)	$ (174.1)
Balance, March 31, 2023					

13. FAIR VALUE K—Fair Value

We utilize fair value measures for both financial and non-financial assets and liabilities.

Items measured at fair value on a recurring basis

Fair value measurements are established using a three-level valuation hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into the following categories:

- Level 1: Quoted prices for identical assets or liabilities in active markets.
- Level 2: Inputs, other than quoted prices included in Level 1, that are observable for the asset or liability either directly or indirectly. Short-term investments in this category are valued using discounted cash flow techniques with all significant inputs derived from or supported by observable market data. Derivative assets and liabilities in this category are valued using models that consider various assumptions and information from market-corroborated sources. The models used are primarily industry-standard models that consider items such as quoted prices, market interest rate curves applicable to the instruments being valued as of the end of each period, discounted cash flows, volatility factors, current market, and contractual prices for the underlying instruments, as well as other relevant

economic measures. Substantially all of these assumptions are observable in the marketplace, can be derived from observable data, or are supported by observable levels at which transactions are executed in the marketplace.

- Level 3: Unobservable inputs that are not corroborated by market data.

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The areas in which we utilize fair value measures of financial assets and liabilities are presented in the table below.

		As of September 30, 2023				As of March 31, 2024			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:	Assets:								
Cash equivalents:	Cash equivalents:								
Cash equivalents:									
Cash equivalents:									
Bank time deposits with original maturities of three months or less	Bank time deposits with original maturities of three months or less	$ —	$ 115.0	$ —	$ 115.0				
Derivative assets (Note 14)		—	2.8	—	2.8				
Diversified investments associated with the ESU program		46.5	—	—	46.5				
Bank time deposits with original maturities of three months or less									
Bank time deposits with original maturities of three months or less									

		Level 1	Level 2	Level 3	Total
Derivative assets (Note L)					
Diversified investments associated with the ESU Program					
Total assets	Total assets	$ 46.5	$ 117.8	$ —	$ 164.3
Liabilities:	Liabilities:				
Derivative liabilities (Note 14)		$ —	$ 6.9	$ —	$ 6.9
Liabilities associated with the ESU program		47.9	—	—	47.9
Derivative liabilities (Note L)					
Derivative liabilities (Note L)					
Derivative liabilities (Note L)					
Liabilities associated with the ESU Program					
Total liabilities	Total liabilities	$ 47.9	$ 6.9	$ —	$ 54.8

		As of December 31, 2022				As of December 31, 2023			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:	Assets:								
Cash equivalents:	Cash equivalents:								
Cash equivalents:									
Cash equivalents:									
Bank time deposits with original maturities of three months or less	Bank time deposits with original maturities of three months or less	$ —	$129.0	$—	$129.0				
Derivative assets (Note 14)		—	2.9	—	2.9				
Diversified investments associated with the ESU program		42.8	—	—	42.8				
Bank time deposits with original maturities of three months or less									
Bank time deposits with original maturities of three months or less									
Derivative assets (Note L)									
Diversified investments associated with the ESU Program									

Total assets	Total assets	$42.8	$131.9	$—	$174.7
Liabilities:	Liabilities:				
Derivative liabilities (Note 14)		$ —	$ 5.9	$—	$ 5.9
Liabilities associated with the ESU program		44.0	—	—	44.0
Derivative liabilities (Note L)					
Derivative liabilities (Note L)					
Derivative liabilities (Note L)					
Liabilities associated with the ESU Program					
Total liabilities	Total liabilities	$44.0	$ 5.9	$—	$ 49.9

There were no transfers between Level 1 and Level 2 for any of the periods presented.

The fair value for fixed rate debt (Level 1) was approximately $260.0 $220.0 less than carrying value of $1,785.9 $1,786.9 at September 30, 2023 March 31, 2024 and was approximately $210.0 $175.0 less than carrying value of $1,784.4 $1,786.4 at December 31, 2022 December 31, 2023.

Items measured at fair value on a non-recurring basis

The primary areas in which we utilize fair value measurements of non-financial assets and liabilities are allocating purchase price to the assets and liabilities of acquired companies and evaluating long-term assets (including goodwill) for potential impairment. Determining fair values for these items requires significant judgment and includes a variety of methods and models that utilize significant Level 3 inputs.

14. DERIVATIVE FINANCIAL INSTRUMENTS L—Derivative Financial Instruments

The following table presents assets and liabilities representing the fair value of our most significant derivative financial instruments. The fair values of the derivatives reflect the change in the market value of the derivative from the date of the trade execution and do not consider the offsetting underlying hedged item.

Derivatives	Derivatives	Expiring at various dates through:	Total USD Equivalent Notional Amount	As of September 30, 2023 Assets	Assets Sundry	Liabilities Other Current Liabilities	Liabilities Other Long-Term Liabilities	Derivatives	Expiring at various dates through:	Total USD Equivalent Notional Amount	As of March 31, 2024 Assets Other Current Assets	Liabilities As of March 31, 2024	Other Current Liabilities	Other Long-Term Liabilities
Designated as hedging instruments	Designated as hedging instruments													
Total cash flow hedges-currency hedges	Total cash flow hedges-currency hedges	Mar 2025	$ 292.9	$2.6	$ .1	$ 4.9	$ .4							
Total cash flow hedges-currency hedges														
Total cash flow hedges-currency hedges														
Total fair value hedges	Total fair value hedges	Jan 2024	28.9	—	—	.9	—							
Not designated as hedging instruments	Not designated as hedging instruments	Sep 2024	135.2	.1	—	.7	—							
Total derivatives	Total derivatives			$2.7	$ .1	$ 6.5	$ .4							

Derivatives	Derivatives	Expiring at various	Total USD Equivalent	As of December 31, 2022 Assets	Liabilities	Derivatives	Expiring at various dates through:	Total USD Equivalent	As of December 31, 2023 Assets	Liabilities

		dates through:	Notional Amount		Sundry	Other Current Liabilities	Other Long-Term Liabilities
Designated as hedging instruments	Designated as hedging instruments						
Total cash flow hedges-currency hedges	Total cash flow hedges-currency hedges	Jun 2024	$ 263.4		$.5	$4.3	$.4
Total cash flow hedges-currency hedges							
Total cash flow hedges-currency hedges							
Total fair value hedges	Total fair value hedges	Apr 2023	65.5	.3	—	1.0	—
Not designated as hedging instruments	Not designated as hedging instruments	Dec 2023	86.0	.2	—	.2	—
Total derivatives	Total derivatives			$2.4	$ .5	$ 5.5	$ .4

Notional Amount	Other Current Assets	As of December 31, 2023	Other Current Liabilities	Other Long-Term Liabilities

The following table sets forth the pretax (gains) losses for our hedging activities for the periods presented. This schedule includes reclassifications from accumulated other comprehensive income (see Note 12 J) as well as derivative settlements recorded directly to income or expense.

Derivatives	Derivatives		Income Statement Caption	Amount of (Gain) Loss Recorded in Income Nine Months Ended September 30, 2023	2022	Amount of (Gain) Loss Recorded in Income Three Months Ended September 30, 2023	2022
Derivatives		2024					
		2024					
Designated as hedging instruments	Designated as hedging instruments						
Designated as hedging instruments							
Designated as hedging instruments							
Interest rate cash flow hedges							
Interest rate cash flow hedges							
Interest rate cash flow hedges	Interest rate cash flow hedges		Interest expense	$ .3	$ 2.4	$ .5	$ .6
Currency cash flow hedges	Currency cash flow hedges		Net trade sales	2.7	(1.7)	1.1	.6
Currency cash flow hedges	Currency cash flow hedges		Cost of goods sold	(2.0)	(1.9)	(.7)	(.8)
Currency cash flow hedges							
Currency cash flow hedges							
Currency cash flow hedges							
Currency cash flow hedges							
Total cash flow hedges							
Total cash flow hedges							
Total cash flow hedges	Total cash flow hedges			1.0	(1.2)	.9	.4
Fair value hedges	Fair value hedges		Other (income) expense, net	1.4	4.9	.8	3.9

Fair value hedges

Fair value hedges

Not designated as hedging instruments

Not designated as hedging instruments

Not designated as hedging instruments	Not designated as hedging instruments	Other (income) expense, net	1.1	(2.2)	(2.4)	(2.3)
Total derivative instruments	Total derivative instruments		$ 3.5	$ 1.5	$ (.7)	$ 2.0

Total derivative instruments

Total derivative instruments

15. OTHER (INCOME) EXPENSE, NET

The components of "Other (income) expense, net" were as follows:

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2023	2022	2023	2022
Gain on disposal of assets and businesses	$ (6.0)	$ (1.6)	$ (5.5)	$ (.3)
Restructuring charges	2.7	1.4	2.5	1.4
Currency loss (income)	1.5	(2.7)	.2	(2.0)
(Gain) loss from diversified investments associated with Executive Stock Unit Program	(3.1)	11.2	1.5	2.3
Reduction to contingent purchase price liability	(12.4)	—	(3.6)	—
Gain from net insurance proceeds from tornado damage [1]	(3.6)	—	—	—
Non-service pension income	(.3)	(2.9)	(.2)	(1.0)
Other expense (income)	2.9	(.5)	1.0	(.1)
	$ (18.3)	$ 4.9	$ (4.1)	$ .3

[1] Insurance proceeds received for tornado damage to a manufacturing facility during the second quarter of 2023 resulted in a gain of $4.6 ($3.1 gain for fixed assets and $1.5 gain for inventory). The gain was reduced by a $1.0 deductible.

16. CONTINGENCIES M—Contingencies

We are a party to various proceedings and matters involving employment, intellectual property, environmental, taxation, vehicle-related personal injury, antitrust, and other laws. When it is probable, in management's judgment, that we may incur monetary damages or other costs resulting from these proceedings or other claims, and we can reasonably estimate the amounts, we record appropriate accruals in the financial statements and make charges against earnings. For all periods presented, we have recorded no material charges against earnings. Also, when it is reasonably possible that we may incur additional loss in excess of recorded accruals, and we can reasonably estimate the additional losses or range of losses, we disclose such additional reasonably possible losses in these notes.

Accruals and Reasonably Possible Losses in Excess of Accruals

Accruals for Probable Losses

Although we deny liability in all currently threatened or pending litigation proceedings, we have recorded a litigation contingency accrual for our reasonable estimate of probable loss, in the aggregate, of less than $3.0 for all periods presented. $1.5 and $1.4 at March 31, 2024 and December 31, 2023, respectively. There were no material adjustments to the accrual, including cash payments and expense, for the three and nine-month three-month periods ending September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023. The accruals do not include accrued expenses related to workers' compensation, vehicle-related personal injury, product and general liability claims, taxation issues, and environmental matters, some of which may contain a portion of litigation expense. However, any litigation expense associated with these categories is not anticipated to have a material effect on our financial condition, results of operations, or cash flows.

Reasonably Possible Losses in Excess of Accruals

Although there are a number of uncertainties and potential outcomes associated with our pending or threatened litigation proceedings, we believe, based on current known facts, that additional losses, if any, are not expected to materially affect our consolidated financial position, results of operations, or cash flows. However, based upon current known facts, as of September 30, 2023 March 31, 2024, aggregate reasonably possible (but not probable, and therefore, not accrued) losses in excess of the accruals noted above are estimated to be $21.0 $15.0. If our assumptions or analyses regarding any of our contingencies are incorrect, or if facts change or future litigation arises, we could realize losses in excess of the recorded accruals (including losses in excess of the $21.0 $15.0 referenced above), which could have a material negative impact on our financial condition, results of operations, and cash flows.

LEGGETT & PLATT, INCORPORATED
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS—Notes to Consolidated Condensed Financial Statements—(Continued)
(Unaudited)

ITEM

Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS. Management's Discussion and Analysis of Financial Condition and Results of Operations.

HIGHLIGHTS

We had third first quarter trade sales of $1,175 million $1,097 million for the three months ending September 30, 2023 March 31, 2024, a decrease of 9% 10% versus the third first quarter 2022. In 2023.

Earnings Per Share (EPS) was $.23 for the first nine three months of 2023, trade sales were $3,610 million versus $3,951 million for ending March 31, 2024, compared to $.39 in the same period of 2022.

EPS was $.39 for the third quarter and $1.18 for the nine months ending September 30, 2023, both of which include a $.03 gain from a real estate sale within our Bedding segment, compared to $.52 and $1.88 in the same periods of 2022. Year-to-date 2023 EPS also includes a $.02 gain from net insurance proceeds from April tornado damage at a shared Home Furniture and Bedding manufacturing facility. 2023.

Earnings Before Interest and Taxes (EBIT) for the third quarter and nine three months ending September 30, 2023 March 31, 2024 was $91 million and $276 million, respectively, each reflecting a $5 million gain from the sale of real estate. $63 million. This is down $22 million and $117 million $26 million compared to the same periods period in 2022. Year-to-date 2023 EBIT also reflects a $4 million gain from net insurance proceeds from the tornado damage. 2023.

Operating cash flow was $351 million $(6) million in the first nine three months of 2023, an increase 2024, a decrease of $157 $103 million versus the same period of 2022. 2023.

In August 2023, March 2024, we proactively amended our credit facility agreement to provide additional liquidity and flexibility.

The Restructuring Plan in our Bedding Products segment and our Furniture, Flooring & Textile Products segment is progressing as planned.

In February 2024, the Board of Directors declared a third first quarter 2023 2024 dividend of $.46, $.02 cents higher than last year’s third first quarter dividend.

There were no material share repurchases in In April 2024, the third Board of Directors declared a second quarter 2024 dividend of 2023. $.05, $.41 cents lower than last year's second quarter dividend and this year's first quarter dividend.

INTRODUCTION

What We Do

Leggett & Platt, Incorporated (the Company, we, or our) is We are a diversified manufacturer that conceives, designs, and produces a wide range of engineered components and products found in many homes, offices, and automobiles. We make components that are often hidden within, but integral to, our customers’ products.

We are the leading U.S.-based manufacturer of: a) supplier of bedding components; b) components and private label finished goods; automotive seat support comfort and lumbar convenience systems; c) specialty bedding foams and private-label finished mattresses; d) components for home furniture and work furniture; e) furniture components; geo components; flooring underlayment; f) adjustable beds; hydraulic cylinders for material handling and g) bedding industry machinery. heavy construction industries; and aerospace tubing and fabricated assemblies.

Our Segments

Our operations are comprised of approximately 135 125 production facilities located in 18 countries around the world. Our reportable segments are the same as our operating segments, which also correspond with our management organizational structure. Our segments are described below.

Bedding Products: This segment supplies a variety of components and machinery used by bedding manufacturers in the production and assembly of their finished products, as well as produces private label finished mattresses for bedding brands and adjustable bed bases. This segment is also vertically integrated into the production and supply of specialty foam chemicals, steel rod, and drawn steel wire to our own operations and to external

customers. Our We also supply steel rod and wire to trade customers for wire make mechanical springs and many other end products. that operate in a broad range of markets. This segment contributed 42% 41% of our trade sales during the first nine three months of 2023.

2024.

Specialized Products: From this segment, we supply lumbar support systems, seat suspension systems, motors and actuators, and control cables used by automotive manufacturers. We also produce and distribute tubing and tube assemblies for the aerospace industry and engineered hydraulic cylinders used in the material-handling and heavy construction industries. This segment contributed 27% 29% of our trade sales in the first nine three months of 2023. 2024.

Furniture, Flooring & Textile Products: Operations in this segment supply a wide range of components for residential and work furniture manufacturers, as well as select lines of private label finished furniture. We also produce or distribute carpet cushion, hard surface flooring underlayment, and textile and geo components. This segment contributed 31% 30% of our trade sales in the first nine three months of 2023. 2024.

Total Shareholder Return

Total Shareholder Return (TSR), relative to peer companies, is a primary financial measure that we use to assess long-term performance. TSR = (Change in Stock Price + Dividends) / Beginning Stock Price. We target average annual TSR of 11-14% through an approach that employs four TSR sources: revenue growth, margin expansion, dividends, and share repurchases. We monitor our TSR performance on a rolling three-year basis.

The table below shows the components of our TSR targets.

	Targets
Revenue Growth	6-9%
Margin Increase	1%
Dividend Yield	3%
Stock Buyback	1%
Total Shareholder Return	**11-14%**

Senior executives participate in an incentive program with a three-year performance period based on two equal measures: (i) Company Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and (ii) Company Return on Invested Capital (ROIC). The combined EBITDA and ROIC results are subject to a payout multiplier based on the Company's TSR compared to a performance group of approximately 300 peers.

Customers

We serve a broad suite of customers, with our largest customer representing less than 6% of our trade sales in 2022. 2023. Many are companies whose names are widely recognized. They include bedding brands and manufacturers, residential and office furniture producers, automotive OEM and Tier 1 manufacturers, and a variety of other companies.

Organic Sales

We calculate organic sales as trade sales excluding sales attributable to acquisitions and divestitures consummated within the last twelve months. Management uses the metric, and it is useful to investors, as supplemental information to analyze our underlying sales performance from period to period in our legacy businesses.

Major Factors That Impact Our Business

Many factors

Restructuring Plan

In the first quarter of 2024, we committed to a restructuring plan, primarily associated with our Bedding Products segment and, to a lesser extent, our Furniture, Flooring & Textile Products segment (the “Restructuring Plan” or “Plan”), which is expected to be substantially complete by the end of 2025. Pursuant to the Plan, we expect to:

- consolidate between 15 and 20 production and distribution facilities (out of 50) in the Bedding Products segment and a small number of production facilities in the Furniture, Flooring & Textile Products segment;
- incur restructuring and restructuring-related costs between $65 and $85 million, of which approximately half are anticipated to be incurred in 2024 and the remainder in 2025. This includes $30 to $40 million in cash costs, the majority of which are anticipated to be incurred in 2024;
- ultimately realize cost reductions and other impacts that are expected to enhance annualized EBIT by $40 to $50 million when fully implemented in late 2025;
- receive between $60 and $80 million in pretax net cash proceeds from the sale of real estate associated with the Restructuring Plan; and
- experience a reduction in annual sales by approximately $100 million.

We have made progress during the first quarter of 2024 on the Plan and remain on track to achieve our objectives within our stated timeline. We closed four smaller U.S. Spring distribution facilities, transitioned manufacturing out of three facilities and into our four larger, remaining production facilities, and closed a small Specialty Foam operation in our Bedding Products segment. Within the Furniture, Flooring & Textile Products segment, we closed a Flooring Products production line and redeployed the manufacturing equipment to one of our other production facilities. In Home Furniture, we closed one plant and have transferred that production to other remaining facilities. Restructuring and restructuring-related costs during the quarter were $11 million ($6 million cash and $5 million non-cash). We have not sold any real estate associated with the Plan or had any meaningful sales attrition.

Because of certain risks and uncertainties, the Plan may not achieve its intended outcomes. Our estimates of the number of facilities to be consolidated and the cash and non-cash costs and impairments associated with the Plan are preliminary in nature. All or some of the estimates may change as our analysis develops and additional information is obtained. Also, we may not be able to implement the Plan in a timely manner that will positively impact our financial condition and results of operations. Moreover, we may not be able to dispose of real estate pursuant to the Plan or obtain the expected proceeds in a timely manner. It is also possible that the Plan may have a negative impact on our relationships with our employees, customers, and vendors. Finally, because restructuring activities are complex and involve time-consuming processes, substantial demands may be placed on management, which could divert attention from other business but priorities or disrupt our daily operations. Any failure to achieve the intended outcomes could materially adversely affect our business, financial condition, results of operations and cash flows, and liquidity.

We continue to evaluate opportunities across our businesses for further restructuring opportunities in addition to those that generally have activities included in the greatest impact are discussed below. announced Plan. The execution of any of these opportunities may result in additional material restructuring costs, restructuring-related costs, or impairments.

Market Demand

Market demand (including product mix) is impacted by several economic factors, with consumer confidence being the most significant. Other important factors include disposable income levels, employment levels, housing turnover, and interest rates. All of these factors influence consumer spending on durable goods, and therefore affect demand for our products and components. Some of these factors also influence business spending on facilities and equipment, which impacts approximately 25%-30% of our sales. Since early 2022, the dynamic macroeconomic and geopolitical environment has pressured our residential end markets and negatively affected the demand for our products. As a result of the continued volatility, uncertainty, we expect 2023 2024 overall demand to be lower than levels experienced in 2022.

United Auto Workers Labor Strike

Our Automotive Group designs, manufactures, and sells mechanical and pneumatic lumbar support and massage systems for automotive seating, seat suspension systems, motors and actuators, and cables to OEM and Tier 1 manufacturers in the automotive market. Many employees in the automotive industry are represented by labor unions. Work stoppages or slowdowns experienced by automakers, or their suppliers, could result in slowdowns or closures of assembly plants where our products are included in assembled vehicles. The labor strike by the United Auto Workers (UAW) has resulted in temporary work stoppages or slowdowns at the U.S. locations of assembly plants and distribution facilities of General Motors, Ford Motors, and Stellantis. The strike has impacted our operations, but to date has not had a material impact on our consolidated results. The UAW has recently reached a tentative labor agreement with each of the impacted auto makers. If the tentative agreements are not ratified, and a continued or expanded strike ensues, it could materially adversely impact our automotive supply chain (causing delay or non-delivery of goods and services) and could materially reduce the demand for our goods and services to our customers. If this occurs, it could have a material adverse effect on our business and our results of operations.

Evaluating Opportunities Across our Businesses

We are focused on anticipating and adapting to market changes, improving operating efficiency, driving strong cash management, and engaging with our customers on new product opportunities. We are evaluating opportunities across our businesses, including further integration of our specialty foam and innerspring operations, that are expected to support improved profitability, a strong balance sheet, and continued shareholder returns. The execution of these opportunities may result in restructuring costs, restructuring-related costs, or impairments. down modestly from 2023 levels.

Trends in Cost of Goods Sold

Our costs can vary significantly as market prices for raw materials (many of which are commodities) fluctuate. We typically have short-term commitments from our suppliers; accordingly, our raw material costs generally move with the market. We have also been impacted by fluctuations in transportation and energy costs, as well as labor. Our ability to recover higher costs (through selling price increases) is crucial. When we experience significant increases in costs, we typically implement price increases to recover the higher costs. Conversely, when costs decrease significantly, we generally pass those lower costs through to our customers. The timing of our price increases or decreases is important; we typically experience a lag in recovering higher costs, and we also realize a lag as costs decline.

Steel is our principal raw material. At various times in past years, we have experienced significant cost fluctuations in this commodity. In most cases, the major changes (both increases and decreases) were passed through to customers with selling price adjustments. Over the past few years, we have seen varying degrees of inflation Steel costs fluctuated up and deflation in down throughout 2023, but overall average costs deflated as U.S. steel pricing. markets faced softened demand and increased foreign competition. Steel costs inflated in the first half of 2022 but deflated in the second half of 2022 as demand in the steel markets softened. Steel rod costs in the first half of 2023 were relatively stable but decreased in the third quarter. Steel scrap costs experienced greater fluctuations with increases in flat through most of the first quarter and decreases of 2024 with steel scrap costs modestly decreasing late in the second and third quarters. quarter.

As a producer of steel rod, we are also impacted by changes in metal margins (the difference in the cost of steel scrap and the market price for steel rod). In 2022, steel rod price increases outpaced steel scrap price increases, resulting in significantly expanded metal margins within the steel industry. Metal margins expanded in the first half of 2022 but began to modestly compress in the second half of 2022 compressed through 2023 and, through the third quarter of 2023. These expanded metal margins were partially offset by increased energy and input costs in our Steel Rod business. We have as a result, we experienced lower metal margins in our Steel Rod business through business. Metal margins in the first three quarters quarter of 2023. 2024 were relatively stable.

We have exposure to the cost of chemicals, including TDI, MDI, and polyol. The cost of these chemicals has fluctuated at times, but we have generally passed the changes through to our customers. In 2022, chemical pricing was Pricing softened through 2023 and has been relatively stable at historically high levels. Pricing began to soften in the latter part of 2022 and has continued through the third first quarter of 2023 2024.

Shortages in the labor markets in several some industries in which we operate created could create challenges in hiring and maintaining adequate workforce levels in the last few years, which led to increased labor costs. Although this began to moderate in late 2022, labor costs remain at higher levels.

In 2022, some facilities experienced disruptions in logistics necessary to import, export, or transfer raw materials or finished goods, which generally resulted in increased transportation costs. Costs began to moderate in late 2022 and have returned to pre-pandemic conditions during 2023. We typically pass through cost fluctuations to our customers.

Our other raw materials include woven and nonwoven fabrics. We have experienced changes in the cost costs of these materials and generally have been able to pass them through to our customers.

When we raise our prices to recover higher raw material costs, this sometimes causes customers to modify their product designs and replace higher cost components with lower cost components. We must continue providing product options to our customers that enable them to improve the functionality of their products and manage their costs, while providing higher profits for our operations.

Supply Chain Shortages and Disruptions

We have experienced supply chain disruptions related to labor availability and freight challenges, as well as higher costs associated with each of these issues.

In 2022, we experienced 2023, drought conditions lowered the water levels of the Mississippi River and Panama Canal, reducing traffic through these waterways. Also, in late 2023 and early 2024, the conflict in the Red Sea caused delays with some of our shipments, while other shipments from China to the U.S. or Europe have been re-routed. Although these issues have not had a material impact on our results of operations, additional logistical disruptions could result in additional delays in delivery of raw materials, parts, and finished goods because of shutdown or congested delivery ports and trucking constraints. This resulted in reduced volume and higher costs in many of our businesses. These issues began ability to moderate in late 2022 and returned deliver products timely to near pre-pandemic conditions so far in 2023. certain customers.

The shortage of semiconductors continues to improve across the automotive industry with supply in North America globally and Europe improving significantly and shortages now mostly focused on Asia, particularly in China. OEMs and suppliers have been challenged to source no longer negatively impacts the sale of our products. The challenges of securing an adequate supply and, as a result, of semiconductors have reduced production mostly been resolved, but could be challenged again by any number of some models and/ unexpected or eliminated the availability of certain features which negatively impacted our sale of products. unplanned events. Overall, OEM production inventory levels are improving, increasing vehicle inventories from recent historical lows. continue to improve with most every model available at nearly normal levels. Our Automotive Group uses the semiconductors in our seat comfort, products and, to a lesser extent, in motors, and actuators. actuator products. Although our Automotive Group has been able to obtain an adequate supply of semiconductors, we are dependent on our suppliers to deliver these semiconductors in accordance with our production schedule. A shortage of the semiconductors, either to us, the automotive OEMs, or our suppliers, can disrupt our operations and our ability to deliver products to our customers. If we, our customers, or our suppliers cannot secure an adequate supply of semiconductors, this may negatively impact our sales, earnings, and financial condition.

The Russian invasion of Ukraine has caused disruptions in our supply chain and negatively impacted our results of operations. We do not have operations in Russia, Belarus, or Ukraine, and we do not do business with any party subject to OFAC sanctions. We have not had a material amount of sales into these countries, however, some of our businesses, in the past, after careful screening, have indirectly sourced (subject to pricing, legal constraints, and compliance with our internal sanctions compliance program) a portion of our supply chain requirements of titanium and birch plywood that we believe originated from Russia. Our Aerospace Products Group uses titanium in the production of aerospace tubing. Several of our businesses use birch plywood in their products. Also, a significant portion of neon gas is produced in Ukraine. Our Automotive Group uses semiconductors, the production of which uses neon gas. After the invasion began, the prices of these materials increased. Several countries have imposed economic sanctions against Russia as a result of its military action. The European Union and the United Kingdom have banned timber imports from Russia and imports of products containing Russian steel and iron. The United States has imposed tariffs on Russian plywood. It is possible sanctions could be expanded, or additional measures taken, which could restrict the import of titanium, further restrict imports originating from Russia, or greatly increase the cost of procurement via further increased duties or otherwise. To date, this conflict has not had a material impact to our businesses. However, if the conflict in Ukraine expands geographically or in intensity, this may have a negative impact on our operations, including access to energy and other raw materials.

A significant portion of global production of oil is refined and exported from Russia. The European Union and certain countries, including the United States, the United Kingdom, Canada, and Australia, have either partially or fully banned the import of Russian oil. With decreased supply availability, fuel costs increased in 2022. This impacted, and may continue to impact, both our businesses and consumers. Also, there has been a reduction of natural gas exports from Russia to Europe from sanction-related impacts and disruption in pipeline delivery. Higher energy prices contributed to broader inflationary trends, which resulted, in some cases, in reduced discretionary consumer spending and a softening of demand for our products. If this continues, the demand for our products may continue to be negatively impacted, which would have a negative impact on our sales.

For more information regarding supply chain disruptions, see Trends in Cost of Goods Sold on page 24. 21.

Competition

Many of our markets are highly competitive, with the number of competitors varying by product line. In general, our competitors tend to be smaller, private companies. Many of our competitors, both domestic and foreign, compete primarily on the basis of price. Our success has stemmed from the ability to remain price competitive, while delivering innovation, better product quality, and customer service.

We continue to face pressure from foreign competitors, as some of our customers source a portion of their components and finished products offshore. In addition to lower labor rates, foreign competitors benefit (at times) from lower raw material costs. They may also benefit from currency factors and more lenient regulatory climates. We typically compete in market segments that value product differentiation. However, when When we do compete on cost, we typically remain price competitive in most of our business units, even versus many foreign manufacturers, as a result of our efficient operations, automation, vertical integration in steel rod and wire, logistics and distribution efficiencies, and large-scale purchasing of raw materials and commodities. To stay competitive with global steel costs, both contract and non-contract innerspring pricing were adjusted in the back half of 2023 and are expected to be fully realized in 2024. We have also reacted to foreign competition in certain cases by selectively adjusting prices, developing new proprietary products that help our customers reduce total costs and shifting production offshore to take advantage of lower input costs.

Antidumping orders on innerspring imports. Since 2009, there have been antidumping duty orders on innerspring imports from China, South Africa, We produce innersprings for mattresses that are sold to bedding manufacturers. We produce steel wire rod for consumption by our wire mills (primarily to produce innersprings) and Vietnam, ranging from 116% to 234%. sell to third parties. We also produce and sell finished mattresses. In September 2019, response to petitions filed with the U.S. Department of Commerce (DOC) and the U.S. International Trade Commission (ITC) concluded a second sunset review extending the orders for an additional five years, through October 2024, at which time the DOC and ITC will conduct a third sunset review to determine whether to extend the orders for an additional five years.

Antidumping and countervailing orders on generally alleging that innersprings, steel wire rod, imports. Antidumping and countervailing duty cases filed by major U.S. steel wire rod producers have resulted mattresses were being unfairly sold in the imposition of antidumping duties on imports United States by certain foreign manufacturers at less than fair value (dumping) and that certain foreign manufacturers of steel wire rod and mattresses were unfairly benefiting from Brazil, China, Belarus, Indonesia, Italy, Korea, Mexico, Moldova, Russia, South Africa, Spain, Trinidad & Tobago, Turkey, Ukraine, United Arab Emirates, and the United Kingdom, ranging from 1% to 757%, and subsidies, antidumping and/or countervailing duties have been imposed on the imports of steel wire rod from Brazil, China, Italy, and Turkey, ranging from 3% to 193%. In June 2020, the ITC and DOC concluded a first sunset review, extending the orders on China through June 2025, and in July 2020, the ITC and DOC concluded a third sunset review, determining to extend the orders on Brazil, Indonesia, Mexico, Moldova, and Trinidad & Tobago through August 2025. In August 2023, the ITC and DOC concluded a first sunset review, extending the duties for Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, United Arab Emirates, and the United Kingdom for an additional five years through July 2028.

Antidumping and countervailing orders on mattress imports. Since 2019, there has been an antidumping duty order on mattress imports from China ranging from 57% to 1,732%. This order will remain in effect through December 2024, at which time the DOC and ITC will conduct a sunset review to determine whether to extend the order for an additional five years. such products.

In March 2020, the Company, along with other domestic mattress producers and two labor unions representing workers at other mattress producers (collectively "Petitioners"), petitioners, filed antidumping petitions with the DOC and the ITC alleging that manufacturers of mattresses in Cambodia, Indonesia, Malaysia, Serbia, Thailand, Turkey, and Vietnam certain countries were unfairly selling their products in the United States at less than fair value (dumping) and a countervailing duty petition alleging manufacturers of mattresses in China were benefiting from subsidies. In March 2021, the DOC made final determinations, assigning China a countervailing duty rate of 97.78% and antidumping duty rates on the other seven countries from 2.22% – 763.28%. In April 2021, the ITC made a unanimous affirmative final determination that domestic mattress producers were materially injured by reason of the unfairly priced or subsidized imported mattresses. Accordingly, the agencies instructed that final These petitions resulted in antidumping and countervailing duty orders will set to remain in effect for five years, through May 2026, at which time the DOC and ITC will conduct a sunset review to determine whether to extend the orders for an additional five years. Appeals Following certain appeals that were filed with the U.S. Court of International Trade (CIT) by respondents as to the DOC's final determinations on antidumping duty rates for Cambodia, Indonesia, and Vietnam and the ITC's unanimous, final determination of material injury to the domestic industry. Petitioners separately appealed the DOC's final determinations on antidumping duty rates for Cambodia, Indonesia, and Thailand. ,

In November 2022,

the CIT ruled partially in favor of the DOC ITC and Petitioners on petitioners and sustained the calculations ITC's unanimous injury decision. In February 2024, one respondent filed an appeal of rates for Vietnam, but also sent the case back CIT's decision to the DOC to explain U.S. Court of Appeals for the use of certain financial data in making its determination. The DOC filed its explanation in February 2023.

In February 2023, the CIT ruled partially in favor of Petitioners on the calculation of rates for Cambodia, but also sent the case back to the DOC to explain the use of certain financial data in making its determination. In March 2023, the CIT ruled partially in favor of Petitioners on the calculation of rates for Indonesia, but also sent the case back to the DOC to explain treatment of certain in-transit mattresses and selling expenses. These matters and the other appeals are Federal Circuit. This appeal is ongoing with no timeline for decisions by the CIT. a decision.

2023 mattress antidumping matter. In July 2023, the Company, along with nine other domestic mattress producers and two labor unions, petitioners, filed petitions with the DOC and the ITC alleging that manufacturers of mattresses in Bosnia and Herzegovina, Bulgaria, Burma, India, Italy, Kosovo, Mexico, the Philippines, Poland, Slovenia, Spain, and Taiwan certain additional countries were unfairly selling their products in the United States at less than fair value (dumping) and manufacturers of mattresses in Indonesia were unfairly benefiting from subsidies, causing harm to the U.S. industry and seeking the imposition of duties on mattresses imported from these countries. The ITC made a preliminary determination of injury in September 2023, with and the DOC's preliminary determination on subsidies expected in December 2023 and its preliminary determination on dumping expected was issued in February 2024. The DOC's final determinations with respect to certain countries are expected in May 2024, and the ITC's final determination with respect to those countries is expected in June 2024. With respect to certain other countries, the DOC's final determinations are expected in July 2024, and the ITC's final determination is expected in September 2024.

If any of the pending determinations are negative, any of the foregoing existing or future antidumping and countervailing duties are overturned on appeal or not extended beyond their current terms and dumping and/or subsidization recurs, or manufacturers in the subject countries circumvent the existing duties through transshipment in other jurisdictions or otherwise, our market share, sales, profit margins, and earnings could be adversely affected.

See Item 1 Legal Proceedings on page 41 38 for more information.

Potential Insurance Gain Reduced 2024 Amortization

In the second quarter We expect our full-year 2024 amortization expense to be approximately $45 million lower as compared to 2023 we experienced tornado damage to as a shared Home Furniture and Bedding manufacturing facility in Mississippi. Insurance proceeds result of $8 million were received during the second quarter as an advance payment on the claim, resulting in a $4 million gain. Although the claim is still being assessed and is subject to approval from our insurance carriers that may change the timing and the amount, we expect to receive additional proceeds and record an additional gain of $5 million to $10 million in the fourth quarter of 2023. 2023 long-lived asset impairments in the Bedding Products segment.

RESULTS OF OPERATIONS

Discussion of Consolidated Results

Third Quarter:

Trade Sales were $1,175 million in the current quarter, a 9% decrease versus the third quarter 2022. Organic sales decreased 11%. Volume was down 6%, primarily from demand softness in domestic residential end markets, partially offset by growth in our Aerospace and Automotive businesses. Raw material-related selling price decreases, net of currency benefit, reduced sales 5%. Acquisitions added 2% to sales.

EBIT decreased 19%, to $91 million, primarily from lower metal margin in our Steel Rod business and lower volume in residential end markets. These decreases were partially offset by several factors, including lower incentive compensation, lower bad debt expense, and a gain from a real estate sale within our Bedding segment.

Earnings Per Share (EPS) decreased to $.39 in the current quarter, versus $.52 in the third quarter of 2022. The decline primarily reflects lower EBIT as discussed above.

Nine Three Months:

Trade Sales were $3,610 million $1,097 million in the first nine three months of 2023, 2024, a 9% 10% decrease versus the same period last year. Organic sales decreased 11% 10%. Volume was down 6%, primarily from continued weak demand softness in residential end markets, partially offset by growth in our Automotive, Aerospace, and Hydraulic Cylinders businesses. markets. Raw material-related selling price decreases and currency impact reduced sales 5%. Acquisitions, net of divestitures, increased sales 2% 4%.

EBIT decreased 30% 29% to $276 million $63 million, primarily from lower volume, and lower metal margin in our Steel Rod business. These decreases were partially offset by restructuring costs, increased bad debt reserve, less benefit from a reduction to a contingent purchase price liability associated with a prior year acquisition, and the non-recurrence of pandemic-related cost reimbursements. These decreases were partially offset by current year lower bad debt amortization expense lower incentive compensation, a gain from a and gains on sale of idle real estate sale within our Bedding segment, and a gain from net insurance proceeds from April tornado damage to a shared Home Furniture and Bedding manufacturing facility. not associated with the Restructuring Plan.

EPS decreased to $1.18 $.23 for the first nine three months of 2023, 2024, versus $1.88 $.39 in the same period of 2022. 2023. The decline primarily reflects lower EBIT as discussed above.

Net Interest Expense and Income Taxes

2023 2024 net interest expense was $4 million and $1 million higher than flat compared to the nine and three months ended September 30, 2022 due to higher commercial paper borrowings and higher rates on those borrowings in 2023 versus 2022. The increase in commercial paper borrowings was a result of the repayment of our $300 million 3.4% Senior Notes that matured in August 2022 and an August 2022 acquisition. March 31, 2023.

Our worldwide effective tax rate was 25% for the third first quarter of 2023, 2024, compared to 24% 22% for the same quarter last year. While the U.S. statutory federal income tax rate was 21% in both years, foreign withholding taxes, the impact of foreign earnings, Global Intangible Low-Taxed Income (GILTI), and other less significant items added 4% and 3% to our tax rate in both 2024 and 2023. Our rate was favorably impacted by 3% in 2023 and 2022, respectively. from a deferred tax benefit recorded for future distributions of post-retirement executive stock compensation.

For the full year, we are anticipating an effective tax rate of approximately 24% 25%, including the impact of discrete tax items that we expect to occur from quarter to quarter. We utilize prudent tax planning strategies for opportunities to optimize our tax rate, but other factors, such as our overall profitability, the mix and level of earnings among jurisdictions, the type of income earned, business acquisitions and dispositions, the impact of tax audits, and the effect of tax law changes can also influence our rate.

Discussion of Segment Results

Third Quarter Discussion

A description of the products included in each segment, along with segment financial data, appears in Note 4 to the Consolidated Condensed Financial Statements on page 8. A summary of segment results is shown in the following tables.

Trade Sales (Dollar amounts in millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Change in Trade Sales $	Change in Trade Sales %	% Change in Organic Sales [1]
Bedding Products	$ 483.3	$ 582.0	$ (98.7)	(17.0)%	(17.0)%
Specialized Products	319.4	291.3	28.1	9.6	3.1
Furniture, Flooring & Textile Products	372.7	421.1	(48.4)	(11.5)	(14.0)
Total	$ 1,175.4	$ 1,294.4	$ (119.0)	(9.2)%	(11.4)%

EBIT (Dollar amounts in millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Change in EBIT $	Change in EBIT %	EBIT Margins Three Months Ended September 30, 2023	EBIT Margins Three Months Ended September 30, 2022
Bedding Products	$ 31.1	$ 43.9	$ (12.8)	(29.2)%	6.4 %	7.5 %
Specialized Products	31.2	31.3	(.1)	(.3)	9.8	10.7
Furniture, Flooring & Textile Products	29.5	38.3	(8.8)	(23.0)	7.9	9.1
Intersegment eliminations and other	(.4)	(.3)	(.1)			
Total	$ 91.4	$ 113.2	$ (21.8)	(19.3)%	7.8 %	8.7 %

Depreciation and Amortization (Dollar amounts in millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022
Bedding Products	$ 26.2	$ 25.7
Specialized Products	10.7	9.7
Furniture, Flooring & Textile Products	5.5	5.7
Unallocated [2]	2.6	3.0
Total	$ 45.0	$ 44.1

1 This is a change in trade sales not attributable to acquisitions or divestitures in the last 12 months. Refer to the respective segment discussion below for a reconciliation of the change in total segment trade sales to organic sales.

2 Unallocated consists primarily of depreciation and amortization on non-operating assets.

Bedding Products

Trade sales decreased $99 million, or 17%. Organic sales decreased 17%. Volume decreased 8%, primarily due to demand softness in domestic bedding markets. Raw material-related selling price decreases reduced sales 10%, partially offset by currency benefit of 1%.

EBIT decreased $13 million, primarily from lower metal margin and lower volume, partially offset by a $5 million gain from a real estate sale.

Specialized Products

Trade sales increased $28 million, or 10%. Organic sales increased 3%, driven by volume growth of 3% in Aerospace and Automotive. Raw material-related selling price decreases were offset by currency benefit. The Hydraulic Cylinders acquisition completed in August 2022 added 7% to trade sales growth.

EBIT was flat on higher sales primarily offset by consolidation costs at an Automotive facility and the lag associated with passing through raw material-related pricing changes in Hydraulic Cylinders.

Furniture, Flooring & Textile Products

Trade sales decreased $48 million, or 11%. Organic sales decreased 14% from volume declines of 11% across the segment. Raw material-related selling price decreases, net of currency benefit, reduced sales 3%. Textile acquisitions in 2022 added 3% to trade sales.

EBIT decreased $9 million, primarily from lower volume.

Nine Three Month Discussion

A description of the products included in each segment, along with segment financial data, appears in Note 4 C to the Consolidated Condensed Financial Statements on page 8. 9. A summary of segment results is shown in the following tables.

Trade Sales (Dollar amounts in millions)	**Trade Sales** (Dollar amounts in millions)	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Change in Sales $	%	% Change in Organic Sales 1	**Trade Sales** (Dollar amounts in millions)	Three Months Ended March 31, 2024
Bedding Products								
Bedding Products								
Bedding Products	Bedding Products	$ 1,516.2	$ 1,833.9	$ (317.7)	(17.3) %	(17.3) %		$ 448.0
Specialized Products	Specialized Products	961.3	815.5	145.8	17.9	7.7		
Furniture, Flooring & Textile Products	Furniture, Flooring & Textile Products	1,132.7	1,301.5	(168.8)	(13.0)	(15.2)		
Total	Total	$ 3,610.2	$ 3,950.9	$ (340.7)	(8.6) %	(11.4) %		
Total								
Total								$ 1,096.9

EBIT (Dollar amounts in millions)	**EBIT** (Dollar amounts in millions)	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Change in EBIT $	%	EBIT Margins Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	**EBIT** (Dollar amounts in millions)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Change in EBIT $	%	EBIT Margins Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Bedding Products	Bedding Products	$ 87.4	$ 189.2	$(101.8)	(53.8)%	5.8 %	10.3 %	Bedding Products	$ 15.7 $	$ 33.3 $	$(17.6)	(52.9) (52.9)%	3.5 %	6.3 %
Specialized Products	Specialized Products	93.0	73.0	20.0	27.4	9.7	9.0							
Furniture, Flooring & Textile Products	Furniture, Flooring & Textile Products	96.7	132.3	(35.6)	(26.9)	8.5	10.2							
Intersegment eliminations and other	Intersegment eliminations and other	(.7)	(.7)	—										
Total	Total	$ 276.4	$ 393.8	$(117.4)	(29.8)%	7.7 %	10.0 %							
Total														
Total									$ 63.0	$ 89.3	$(26.3)	(29.5) %	5.7 %	7.4 %

Depreciation and Amortization (Dollar amounts in millions)	Depreciation and Amortization (Dollar amounts in millions)	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Depreciation and Amortization (Dollar amounts in millions)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Bedding Products		$ 77.3	$ 78.1			

Bedding Products 2			
Specialized Products	Specialized Products	31.7	30.4
Furniture, Flooring & Textile Products	Furniture, Flooring & Textile Products	17.0	17.5
Unallocated 2		9.1	8.3
Unallocated 3			
Total	Total	$ 135.1	$ 134.3

1 This is a change in trade sales not attributable to acquisitions or divestitures in the last 12 months. Refer

2 The lower amortization expense in the three months ended March 31, 2024, is due to the respective segment discussions below for a reconciliation of the change in total segment trade sales to organic sales. fourth quarter 2023 long-lived asset impairment.

2 3 Unallocated consists primarily of depreciation and amortization on non-operating assets.

Bedding Products

Trade sales decreased $318 million $81 million, or 17% 15%. Organic sales decreased 17% 15%. Volume decreased 9% 10%, primarily due to demand softness in U.S. and European bedding markets and lower trade demand in our Steel Rod and Drawn Wire businesses. markets. Raw material-related selling price decreases reduced sales 8%. A small divestiture in 2022 reduced trade sales by less than 1% 5%.

EBIT decreased $102 million $18 million, primarily from lower metal margin volume, restructuring costs, increased bad debt reserve, and lower volume, slightly steel-related pricing adjustments. These decreases were partially offset by a second quarter 2023 $1 million gain from net insurance proceeds from tornado damage to a shared manufacturing facility lower amortization expense and a third quarter 2023 $5 million gain from a gains on sale of idle real estate sale. not associated with the Restructuring Plan.

Specialized Products

Trade sales increased $146 million decreased $5 million, or 18% 1%. Organic sales increased 8%, driven by volume decreased 1%. Volume was flat with growth of 9% and raw material-related selling price increases of 1%, partially in Aerospace offset by declines in Hydraulic Cylinders. Raw material-related price decreases and currency impact of 2%. The Hydraulic Cylinders acquisition completed in August 2022 added 10% to trade reduced sales growth.

1%.

EBIT increased $20 million decreased $5 million, primarily from higher volume. The first nine months of 2023 also benefited with improvements in Automotive and Aerospace more than offset by less benefit from a $12 million reduction to a contingent purchase price liability associated with a prior year acquisition, offset by higher costs to support demand the lag associated with passing through raw material-related pricing changes in Hydraulic Cylinders, and currency impact. other smaller items.

Furniture, Flooring & Textile Products

Trade sales decreased $169 million $31 million, or 13% 9%. Organic sales decreased 15% 9%. Volume decreased 5% from volume declines of 13% and raw continued weakness in residential end market demand. Raw material-related selling price decreases of 2% reduced sales 4%. Textile acquisitions in 2022 added 2% to trade sales.

EBIT decreased $36 million $5 million, primarily from lower volume, slightly offset by a second quarter 2023 $3 million gain from net insurance proceeds from tornado damage to a shared manufacturing facility. volume.

LIQUIDITY AND CAPITALIZATION

Liquidity

Sources of Cash

Cash on Hand

At September 30, 2023 March 31, 2024, we had cash and cash equivalents of $274 million $361 million primarily invested in interest-bearing bank accounts and in bank time deposits with original maturities of three months or less. Substantially all of these funds are held in the international accounts of our foreign operations.

If we were to immediately bring back all our foreign cash to the U.S. in the form of dividends, we would pay foreign withholding taxes of approximately $15 million $19 million. Due to capital requirements in various jurisdictions, approximately $30 million $78 million of this cash was inaccessible for repatriation at September 30, 2023 March 31, 2024. Inaccessible cash balances can fluctuate from quarter to quarter based on the amount of foreign distributable profits available and the variability of our foreign cash balances.

Cash from Operations

The primary source of funds for our short-term cash requirements is our cash generated from operating activities. Earnings and changes in working capital levels are the two factors that generally have the greatest impact on our cash from operations. Cash from operations for the nine three months ended September 30, 2023 March 31, 2024 was $351 million, up $157 million $(6) million, down $103 million from the same period last year, reflecting working capital improvements partially offset primarily driven by lower accounts payable (due to timing of purchases, reduced purchasing volumes, and deflation) and lower earnings.

We closely monitor our working capital levels and ended the quarter with adjusted working capital at 14.2% 15.3% of annualized trade sales. The table below explains this non-GAAP calculation. We eliminate cash, current debt maturities, and the current portion of operating lease liabilities from working capital to monitor our operating efficiency and performance related to trade receivables, inventories, and accounts payable. We believe this provides a more useful measurement to investors since cash and current maturities can fluctuate significantly from period to period. As discussed in Cash on Hand above, substantially all of these funds are held by international operations and may not be immediately available to reduce debt on a dollar-for-dollar basis.

(Dollar amounts in millions)	**(Dollar amounts in millions)**	**September 30, 2023**	**December 31, 2022**	**(Dollar amounts in millions)**	**March 31, 2024**	**December 31, 2023**
Current assets	Current assets	$ 1,886.2	$ 1,958.0			
Current liabilities	Current liabilities	1,009.1	968.1			
Working capital	Working capital	877.1	989.9			
Cash and cash equivalents	Cash and cash equivalents	273.9	316.5			
Current debt maturities and current portion of operating lease liabilities	Current debt maturities and current portion of operating lease liabilities	64.8	58.9			
Adjusted working capital	Adjusted working capital	$ 668.0	$ 732.3			
Annualized trade sales 1	Annualized trade sales 1	$ 4,701.6	$ 4,783.2			
Working capital as a percent of annualized trade sales	Working capital as a percent of annualized trade sales	18.7 %	20.7 %	Working capital as a percent of annualized trade sales	15.3 %	13.9 %
Adjusted working capital as a percent of annualized trade sales	Adjusted working capital as a percent of annualized trade sales	14.2 %	15.3 %	Adjusted working capital as a percent of annualized trade sales	15.3 %	13.9 %

1 Annualized trade sales is the respective quarter's trade sales multiplied by 4 (third (first quarter 2023 2024 and fourth quarter 2022 2023 trade sales were $1,175.4 million $1,096.9 million and $1,195.8 million $1,115.1 million, respectively). We believe measuring our working capital against this sales metric is more useful, since efficient management of working capital includes adjusting those net asset levels to reflect current business volume.

Three Primary Components of our Working Capital

	Amount (in millions)				**Days**		
					Three Months Ended	**Twelve Months Ended**	**Three Months Ended**
	September 30, 2023	**December 31, 2022**	**September 30, 2022**		**September 30, 2023**	**December 31, 2022**	**September 30, 2022**
Trade Receivables	$ 626.9	$ 609.0	$ 675.8	DSO 1	49	44	48

	Amount (in millions)				**Days**		
					Three Months Ended		**Th Mo En**
	March 31, 2024	**December 31, 2023**	**March 31, 2023**		**March 31, 2024**	**December 31, 2023**	**March 31, 2023**
Trade Receivables	$577.4	$ $ 564.9	$ $642.2	DSO 1 DSO 1	48	45	48

Inventories	Inventories	$ 834.9	$ 907.5	$ 976.0	DIO[2]	80	83	84				
Inventories												
Inventories									$807.4	$ 819.7	$892.7	DIO[2] 81
Accounts Payable	Accounts Payable	$ 534.1	$ 518.4	$ 512.5	DPO[3]	51	50	44				
Accounts Payable												
Accounts Payable									$495.6	$ 536.2	$552.2	DPO[3] 50

1 Days sales outstanding
 a. Quarterly: end of period trade receivables ÷ (quarterly net trade sales ÷ number of days in the period)
 b. Annually: ((beginning of year trade receivables + end of period trade receivables) ÷ 2) ÷ (net trade sales ÷ number of days in the period)

2 Days inventory on hand
 a. Quarterly: end of period inventory ÷ (quarterly cost of goods sold ÷ number of days in the period)
 b. Annually: ((beginning of year inventory + end of period inventory) ÷ 2) ÷ (cost of goods sold ÷ number of days in the period)

3 Days payables outstanding
 a. Quarterly: end of period accounts payable ÷ (quarterly cost of goods sold ÷ number of days in the period)
 b. Annually: ((beginning of year accounts payable + end of period accounts payable) ÷ 2) ÷ (cost of goods sold ÷ number of days in the period)

We continue to monitor all elements of working capital in order to optimize cash flow.

Trade Receivables - Our trade receivables and DSO increased at September 30, 2023 March 31, 2024 compared to December 31, 2022 December 31, 2023. Accounts receivable increases were increased primarily associated with timing of sales growth in the Specialized Products segment, whose customers generally have longer payment terms, and due to seasonality in the Geo Components business. These increases were somewhat reduced by sales price deflation and currency rates. collections. Trade receivables decreased and DSO increased remained flat compared to September 30, 2022 March 31, 2023 due to demand softness, timing of collections, lower pricing due to deflation, and deflation, partially offset by currency and acquisitions. Our allowance for doubtful accounts decreased by $6 million currency.

We recorded bad debt expense of $5 million during the first nine three months of 2023 related 2024. Weak demand and changing market dynamics have created disruption and financial instability for some of our customers, particularly in the Bedding Products segment. A few of these customers began to continued low loss experience, positive exhibit slow payment and past-due trends during the first quarter of 2024. As a result, we increased our reserves for these customers during the quarter and implemented payment plans where needed. We believe we have established the appropriate reserves.

We monitor our receivable portfolio closely and make reserve decisions based upon individual customer credit risk reviews, customer payment trends focused account management, (percentage of current and ordinary customer credit risk reviews. We closely monitor accounts receivable past due), historical loss experience, and collections, including accounts for possible loss. We also monitor general macroeconomic conditions and other items industry trends that could impact the expected collectability of all customers or pools of customers with similar risk. We obtain credit applications, credit reports, bank and trade references, and periodic financial statements from our customers to establish credit limits and terms as appropriate. In cases where a customer's payment performance or financial condition begins to deteriorate or in the event of a customer bankruptcy, we tighten our credit limits and terms and make appropriate reserves based upon the facts and circumstances for each individual customer, as well as pools of similar customers.

Inventories - Our inventories decreased and DIO decreased remained flat at September 30, 2023 March 31, 2024 compared to both December 31, 2022 December 31, 2023 and September 30, 2022 March 31, 2023 as we worked to manage inventories to levels needed to support current demand while maintaining our ability to service customer requirements. In 2023, raw material deflation, primarily in our Bedding Products Deflation, particularly within scrap steel and Furniture, Flooring & Textile Products segments, was partially offset by currency impacts, increased inventories in the Specialized Products segment to support sales growth, and acquisition inventories as compared to September 30, 2022. foam chemicals, further reduced inventories.

We continuously monitor our slower-moving and potentially obsolete inventory through reports on inventory quantities compared to usage within the previous 12 months. We also utilize cycle counting programs and complete physical counts of our inventory. When potential inventory obsolescence is indicated by these controls, we will take charges for write-downs to maintain an adequate level of reserves.

Accounts Payable - Our accounts payable decreased and DPO increased remained flat at September 30, 2023 March 31, 2024 compared to both December 31, 2022 December 31, 2023 and September 30, 2022 March 31, 2023 primarily due to increased Specialized Products segment inventories, advance chemical purchases in our Specialty Foam business, timing of steel scrap purchases, reduced purchasing volumes, and currency, somewhat offset by raw material deflation. Our payment terms did not change meaningfully since last year, and we have continued to focus on optimizing payment terms with our vendors. We continue to look for ways to establish and maintain favorable payment terms through our significant purchasing power synergies and also utilize third-party services that offer flexibility to our vendors, which in turn helps us manage our DPO as discussed below.

Accounts Receivable and Accounts Payable Programs - We participate in trade receivables sales programs in combination with certain customers and third-party banking institutions. Under each of these programs, we sell our entire interest in the trade receivable for 100% of face value, less a discount. Because control of the sold receivable is transferred to the buyer at the time of sale, accounts receivable balances sold are removed from the Consolidated Condensed Balance Sheets and the related proceeds are reported as cash provided by operating activities in the Consolidated Condensed Statements of Cash Flows. We had approximately $50 million $50 and $65 million $60 million of trade receivables that were sold and removed from our balance sheets at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. These sales reduced our quarterly DSO by roughly four and five days at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. The impact to year-to-date operating cash flow was an approximate decrease of $15 million $10 million for the nine three months ended September 30, 2023 March 31, 2024.

For accounts payable, we have historically looked for ways to optimize payment terms through utilizing third-party programs that allow our suppliers to be paid earlier at a discount. discount for a fee. While these programs assist us in negotiating payment terms with our suppliers, we continue to make payments based on our customary terms. A vendor can Contracts with our suppliers are negotiated independently of supplier participation in the programs, and we cannot increase payment terms pursuant to the programs. The primary program allows a supplier to elect to take payment from a third party earlier with a discount, and in that case, we pay the third party on the original due date of the invoice. Contracts with our suppliers are negotiated independently of supplier participation in the programs, and we cannot increase payment terms pursuant to the programs. As such, there is no direct impact on our DPO, accounts payable, operating cash flows, or liquidity. The accounts payable associated with settled through the third-party programs, which remain on our Consolidated Condensed Balance Sheets, were approximately $90 million $100 million at September 30, 2023 March 31, 2024 and $80 million $105 million at December 31, 2022 December 31, 2023.

While we utilize the The above items encompass multiple individual programs that are utilized as tools in our cash flow management, and we offer them as options to facilitate customer and vendor operating cycles, if there were to be cycles. Because many of these programs operate independently, and a cessation of all these programs at the same time is not reasonably likely, we do not expect it would materially changes in these programs to have a material impact on our operating cash flows or liquidity.

Mexico Value-Added Taxes (VAT) Recoverable - We are subject to VAT in various jurisdictions. Where we are entitled to a refund of the VAT we have paid, we are required to make a claim for refund from the government authorities. We establish VAT receivables for these claims, but have been experiencing refund delays in Mexico. We believe these are fully collectible. The aggregate of current and long-term balances of Mexico VAT recoverable was $54 million and $48 million at March 31, 2024 and December 31, 2023, respectively. Our recent discussions with the government have resulted in an updated timeline for resolution. As a result, we have classified $20 million as long-term as of March 31, 2024.

Commercial Paper Program

Another source of funds for our short-term cash requirements is our $1.2 billion commercial paper program. As of September 30, 2023 March 31, 2024, we had $171 million $279 million commercial paper outstanding. For more information regarding the borrowing capacity under our commercial paper program, see Commercial Paper Program on page 34. 30.

Credit Facility

Our credit facility is a multi-currency facility providing us the ability, subject from time to covenant restrictions, time, to borrow, repay, and re-borrow up to $1.2 billion until the maturity date, at which time our ability to borrow under the facility will terminate. The credit facility matures in September 2026. Currently, there are no borrowings under the credit facility. For more information on our credit facility, see Credit Facility on page 35. 31.

Capital Markets

We also believe that we have the ability to raise debt in the capital markets which acts as a source of funding of long-term cash requirements. Currently, we have $2.0 billion $2.1 billion of total debt outstanding with $9 million due within 12 months and outstanding. The maturities of the remaining maturing long-term debt range from 2024 through 2051. Our next scheduled maturity of public outstanding debt is our $300 million, 3.8% Senior Notes due in November 2024. 2024, which we expect to predominantly retire with commercial paper. For more information, please see Long-Term Debt (including Current Maturities) on page 35. 31.

Uses of Cash

Our long-term The Board and our management team thoroughly evaluated our capital allocation priorities for uses and, after much consideration, determined to reduce our quarterly dividend in the second quarter. We expect to reallocate a large portion of cash are: fund organic growth including capital expenditures, pay spent on dividends fund to deleverage our balance sheet and enhance our financial position in the near term as weak demand in our residential end markets continues to pressure earnings. In the longer term, we expect to use cash to grow our business both organically and through strategic acquisitions, while also returning cash to shareholders via a combination of dividends and repurchase stock with available cash. share buybacks.

Capital Expenditures

We are making investments to support expansion in businesses and product lines where sales are profitably growing, for efficiency improvement and maintenance, and for system enhancements. We expect capital expenditures of $110-$130 million $100 to $120 million in 2023 2024 of which we have spent $90 million $26 million as of September 30, 2023 March 31, 2024. Our For the periods covered, our employee incentive plans emphasize cash flow, which includes changes in emphasized returns on capital, including capital expenditures and working capital and capital expenditures. capital. This emphasis focuses our management on asset utilization and helps ensure that we are investing additional capital dollars where attractive return potential exists.

Dividends

Dividends are one of the primary means by which we return cash to shareholders. In August, we declared a quarterly dividend of $.46 per share, which represented a $.02 or 4.5% increase versus third quarter of 2022.

Although our third quarter 2023 dividend payout ratio is significantly higher, our long-term targeted dividend payout ratio has been approximately 50% of adjusted EPS (which excludes special items such as significant tax law impacts, impairment charges, restructuring-related charges, divestiture gains, litigation accruals, and settlement proceeds). Continuing our long track record of increasing the dividend remains a high priority. 2023 marked our 52nd consecutive annual dividend increase. We are proud of our dividend record and plan to extend it.

Acquisitions

Our long-term, 6-9% annual revenue growth objective envisions periodic acquisitions. We seek strategic acquisitions, primarily bolt-on opportunities, that complement our current products and capabilities.

We did not acquire any businesses in the first nine three months of 2023. 2024. For the full year 2023 2024, we currently expect acquisition activity to be minimal.

Dividends

In February 2024, we declared a quarterly dividend of $.46 per share, a $.02 or 4.5% increase versus first quarter of 2023.

In April 2024, we declared a quarterly dividend of $.05 per share, a $.41 or 89% decrease versus second quarter of 2023. The decision to reduce the first nine months dividend was made following a thorough evaluation by the Board and our management team. This action will free up capital to accelerate the deleveraging of 2022, we acquired two businesses for total consideration of $90 million ($63 million cash in the third quarter our balance sheet and $27 million additional contingent consideration to be paid in cash at a later date). In August 2022, we acquired a leading global manufacturer of hydraulic cylinders for heavy construction equipment with manufacturing locations in Germany and China and a distribution facility in the United States for a total purchase price of $88 million ($61 million cash and $27 million additional contingent consideration to be paid in cash at a later date). Also in August 2022, we acquired a small U.S. textiles business that converts and distributes construction fabrics for the furniture and bedding industries for a cash purchase price of $2 million. solidify our long-held financial strength.

Stock Repurchases

One of our priorities for uses of cash is share repurchases. During the third first quarter of 2023, there were no material share repurchases and we issued .1 million shares through employee benefit plans. For the first nine months of 2023, 2024, we repurchased .2 million shares of our stock (at an average price of $33.62) $22.02) and issued .8 million shares through employee benefit plans.

We have been authorized by the Board to repurchase up to 10 million shares each year, but we have established no specific repurchase commitment or timetable. The level amount of future repurchases will vary depending on various considerations, including is dependent upon price of the stock, the amount of discretionary cash from operations, flow generated by the Company, alternative uses of for the cash (including debt reduction, organic growth opportunities, and opportunities to repurchase shares at an attractive price. For the full year 2023, we currently expect share repurchases to be minimal. bolt-on acquisitions) and other factors.

Short-Term and Long-Term Cash Requirements

In addition to the expected uses of cash discussed above, we have various material short-term (12 months or less) and long-term (more than 12 months) cash requirements. There have been no material changes in the third first quarter 2023 2024 to our short-term or long-term cash requirements as previously reported in our cash requirements table on page 48 52 of our Form 10-K filed February 24, 2023 February 27, 2024. We expect to have adequate liquidity to meet our short-term and long-term cash requirements.

Capitalization

Capitalization Table

This table presents key debt and capitalization statistics for the periods presented:

(Dollar amounts in millions)	(Dollar amounts in millions)	September 30, 2023	December 31, 2022	(Dollar amounts in millions)	March 31, 2024	December 31, 2023
Total debt excluding commercial paper						
Total debt excluding commercial paper						
Total debt excluding commercial paper	Total debt excluding commercial paper	$ 1,801.4	$ 1,801.1			
Less: Short-term debt and current maturities of long-term debt	Less: Short-term debt and current maturities of long-term debt	8.9	9.4			
Scheduled maturities of long-term debt	Scheduled maturities of long-term debt	1,792.5	1,791.7			
Average interest rates [1]	*Average interest rates* [1]	3.8 %	3.8 %	*Average interest rates* [1]	3.8 %	3.8 %
Average maturities in years [1]	*Average maturities in years* [1]	10.7	11.5			
Commercial paper [2]	Commercial paper [2]	170.5	282.5			
Average interest rate on period-end balance outstanding	*Average interest rate on period-end balance outstanding*	5.6 %	4.8 %	*Average interest rate on period-end balance outstanding*	5.9 %	5.6 %
Average interest rate during the period (2023-three months;2022-twelve months)		5.4 %	3.2 %			

Average interest rate during the period (2024-three months; 2023-twelve months)				*Average interest rate during the period (2024-three months; 2023-twelve months)*	5.8 %	5.2 %
Total long-term debt	Total long-term debt	1,963.0	2,074.2			
Deferred income taxes and other liabilities	Deferred income taxes and other liabilities	469.6	502.4			
Shareholders' equity and noncontrolling interest		1,635.9	1,641.4			
Total equity						
Total capitalization	Total capitalization	$ 4,068.5	$ 4,218.0			
Unused committed credit:	Unused committed credit:					
Long-term						
Long-term						
Long-term	Long-term	$ 1,029.5	$ 917.5			
Short-term	Short-term	—	—			
Total unused committed credit [2]	Total unused committed credit [2]	$ 1,029.5	$ 917.5			
Cash and cash equivalents	Cash and cash equivalents	$ 273.9	$ 316.5			
Cash and cash equivalents						
Cash and cash equivalents						

[1] These rates include current maturities, but exclude commercial paper to reflect the averages of outstanding debt with scheduled maturities.

[2] The unused committed credit amount is based on our revolving credit facility and commercial paper program which, at year end 2022 2023 and at the end of the third first quarter of 2023, 2024, had a total authorized program amount of $1.2 billion. However, our borrowing capacity is limited by covenants to our credit facility. Reference is made to the discussion under Commercial Paper Program below and Credit Facility on page 35 31 for more details about our borrowing capacity at September 30, 2023 March 31, 2024.

Commercial Paper Program

Amounts outstanding related to our commercial paper program were:

(Amounts in millions)	**(Amounts in millions)**	**September 30, 2023**	**December 31, 2022**	**(Amounts in millions)**	**March 31, 2024**	**December 31, 2023**
Total authorized program	Total authorized program	$1,200.0	$1,200.0			
Commercial paper outstanding (classified as long-term debt)	Commercial paper outstanding (classified as long-term debt)	170.5	282.5			
Letters of credit issued under the credit agreement	Letters of credit issued under the credit agreement	—	—			
Amount limited by restrictive covenants of credit facility [1]	Amount limited by restrictive covenants of credit facility [1]	708.2	200.9			

Total program available	Total program available	$ 321.3	$ 716.6

1 Our borrowing capacity is limited by covenants to our credit facility. Reference is made to the discussion under Credit Facility on page 35 31 for more details about our borrowing capacity at September 30, 2023 March 31, 2024.

The average and maximum amounts of commercial paper outstanding during the third first quarter of 2023 2024 were $258 million $286 million and $297 million $322 million, respectively. At quarter end, we had no letters of credit outstanding under the credit facility, but we had issued $44 million $52 million of stand-by letters of credit under other bank agreements to take advantage of better pricing.

Over the long-term, and subject to our credit ratings, market conditions, capital needs, market conditions, and alternative capital market opportunities, we expect to maintain the indebtedness under the commercial paper program by continuously repaying and reissuing the commercial paper. paper notes. We view these borrowings the notes as a source of long-term funds and have classified the borrowings under the commercial paper program as long-term borrowings on our balance sheet. We have the intent to roll over such obligations on a long-term basis and have the ability to refinance these borrowings on a long-term basis as evidenced by our $1.2 billion revolving credit facility maturing in 2026 discussed below. If our credit ratings are lowered below investment grade, or other factors impact marketability, we may not be able to access the commercial paper market. If we are unable to meet our short-term borrowing needs in the commercial paper market, we may rely more heavily on bank debt to fund short-term working capital needs at higher interest costs.

Credit Facility

Our multi-currency credit facility matures in September 2026. It provides us the ability, from time to time, subject to certain restrictive covenants and customary conditions, to borrow, repay, and re-borrow up to $1.2 billion.

OurTo provide additional borrowing capacity and financial flexibility, we amended our credit agreement on March 22, 2024, to increase the Leverage Ratio from 3.50 to 1.00 to 4.00 to 1.00. After the amendment, our credit facility contains restrictive covenants which include (a) require an amended Leverage Ratio requiring us to maintain, as of the last day of each fiscal quarter, or when we borrow under the credit facility (i) Consolidated Funded Indebtedness minus the lesser of: (A) Unrestricted Cash, or (B) $750 million to (ii) Consolidated EBITDA for the four consecutive trailing quarters such ratio of not being greater than 4.00 to 1.00 as of March 31, 2024 through June 30, 2025, and not greater than 3.50 to 1.00 beginning September 30, 2025 through maturity; provided however, subject to certain limitations, if we have made a Material Acquisition in any fiscal quarter after June 30, 2025, at our election, the maximum Leverage Ratio shall be 4.00 to 1.00 for the fiscal quarter during which such Material Acquisition is consummated and the next three consecutive fiscal quarters; (b) limit a limitation of the amount of total secured obligations to 15% of our total consolidated assets, assets; and (c) limit a limitation on our ability to sell, lease, transfer, or dispose of all, or substantially all, of our assets and the assets of our subsidiaries, taken as a whole (other than accounts receivable sold in a Permitted Securitization transaction, Transaction, products sold in the ordinary course of business and our ability to sell, lease, transfer, or dispose of any of our assets or the assets of one of our subsidiaries to us or one of our subsidiaries, as applicable) at any given point in time. We were in compliance with all of our debt covenants at the end of third first quarter 2023, 2024 and we expect to maintain compliance with in the future. For more information about long-term debt, covenant requirements. In December 2022, we amended please see Note I on page 95 of the Notes to Consolidated Financial Statements in our credit facility to change the benchmark interest rate references from the London interbank offered rate to the secured overnight financing rate. Form 10-K filed February 27, 2024.

Our credit facility serves as back-up for our commercial paper program. At September 30, 2023 March 31, 2024, we had $171 million $279 million commercial paper outstanding and had no borrowing under the credit facility. As our trailing 12-month Consolidated EBITDA, unrestricted cash, Unrestricted Cash, and debt levels change, our borrowing capacity increases or decreases. Based on our trailing 12-month Consolidated EBITDA, unrestricted cash, Unrestricted Cash, and debt levels at September 30, 2023 March 31, 2024, our borrowing capacity under the credit facility was $321 million $445 million. However, this may not be indicative of the actual borrowing capacity moving forward, which may be materially different depending on our Consolidated EBITDA, unrestricted cash, Unrestricted Cash, debt levels, and leverage ratio requirements at that time.

Long-Term Debt (including Current Maturities)

We have total debt of $2.0 $2.1 billion. The maturities of the long-term debt range from 2024 through 2051. Our next scheduled maturity of outstanding debt is our $300 million 3.8% Senior Notes due in November 2024, which we expect to predominantly retire with commercial paper. For more details on long-term debt, please refer to Footnote J I to our Consolidated Financial Statements on page 91 95 in our Form 10-K filed February 24, 2023 February 27, 2024.

Our next maturity of public debt is our $300 million, 3.8% Senior Notes due in November 2024.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. To do so, we must make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses, and disclosures. If we used different estimates or judgments, our financial statements could change, and some change. Some of those these changes could be significant. Our estimates are frequently based upon historical experience and are considered by management, at the time they are made, to be reasonable and appropriate. Estimates are adjusted for actual events as they occur.

Critical accounting estimates are those that are: (a) subject to uncertainty and change and (b) of material impact to our financial statements. There were no newly identified critical accounting policies or estimates in the first nine three months of 2023, 2024, and there have been no material changes to our critical accounting policies and estimates as previously disclosed beginning on page 50 54 in our Form 10-K filed February 24, 2023 February 27, 2024.

CONTINGENCIES

Litigation

Litigation Contingencies

We are exposed to litigation contingencies that, if realized, could have a material negative impact on our financial condition, results of operations, and cash flows.

Although we deny liability in all currently threatened or pending litigation proceedings, we have recorded an immaterial aggregate litigation contingency accrual at September 30, 2023 March 31, 2024 (which does not include accrued expenses related to workers' compensation, vehicle-related personal injury, product and general liability claims, taxation issues, and environmental matters). Based on current known facts, aggregate reasonably possible (but not probable, and therefore, not accrued) losses in excess of accruals for litigation contingencies are estimated to be $21 million $15 million. If our assumptions or analyses regarding any of our contingencies are incorrect, or if facts change or future litigation arises, we could realize losses in excess of the recorded accruals (including losses in excess of the $21 million $15 million referenced above), which could have a material negative impact on our financial condition, results of operations, and cash flows. Also, we could be subject to future litigation of various types (including, but not limited to, litigation related to employment, intellectual property, environmental, taxation, vehicle-related personal injury, antitrust, climate change, and others) that could negatively impact our financial condition, results of operations, and cash flows. For more information regarding our litigation contingencies, see Item 1 Legal Proceedings on page 41 38 and Note 16 M Contingencies on page 21 18 of the Notes to Consolidated Condensed Financial Statements.

Climate Change

Transition Risks

Change in Laws, Policies, and Regulations. Many scientists, legislators, and others attribute global warming to increased levels of greenhouse gas (GHG) emissions, including carbon dioxide, which has led to significant legislative and regulatory efforts to limit such emissions. At September 30, 2023 March 31, 2024, we had approximately 135 125 production facilities in 18 countries. We also maintain a fleet of over-the-road tractor trailers that emit GHG. Our manufacturing facilities are primarily located in North America, Europe, and Asia. There are certain transition risks (meaning risks related to the process of reducing our carbon footprint) that could materially affect our business, capital expenditures, compliance costs, results of operations, financial condition, competitive position, and reputation. One of these transition risks is the change in treaties, laws, policies, and regulations that could impose significant operational and compliance burdens. For example, some of our operations are subject to certain governmental actions like the European Union's (EU) EU "European Green Deal" (which provides for a 55% reduction in net GHG emissions by 2030 (compared to 1990 levels), and no net emissions of GHG by 2050), and the "Paris Agreement" (which is an international treaty on climate change designed to lower GHG emissions).

Other laws that could materially increase our compliance costs are the California Climate Corporate Data Accountability Act and Climate-Related Financial Risk Act, as well as the EU Corporate Sustainability Reporting Directive and the EU Carbon Border Adjustment Mechanism. In addition, with respect to our Automotive Group, the EU is moving forward with an effective ban on the sale of new gas-powered automobiles (with the exception of CO2-neutral automobiles) in the EU from 2035 (with interim requirements by 2030), aiming to accelerate the conversion to zero-GHG emission automobiles as part of a broad package to combat global warming. Also, President Biden signed executive orders setting the goal of having zero-emission vehicles account for half of all new U.S. passenger cars car and light trucks truck sales by 2030 and committing the Federal government to procuring only zero-emission light vehicles by 2035. Finally, some states, including California and New York, are also implementing similar provisions. Our automotive products can be sold to manufacturers of either gas-powered or electric-powered vehicles. However, if our customers (who may be subject to any of these or other similarly proposed or newly enacted laws and regulations) incur additional costs to comply with such laws and regulations, which in turn, impact their ability to operate at similar levels in certain jurisdictions, the demand for our products could be adversely affected. Also, overall, there continues to be a lack of consistent climate legislation in the jurisdictions in which we operate, which creates economic and regulatory uncertainty. If these laws or regulations (including the SEC's proposed rule regarding recently adopted climate-related disclosures) disclosure rules, if upheld) impose significant operational restrictions and compliance requirements on us, they could increase costs associated with our operations, including costs for raw materials and transportation. Non-compliance with climate change treaties, legislative, and regulatory requirements could also negatively impact our reputation. To date, however, we have not experienced a material impact from climate change legislative and regulatory efforts.

Market Transition. We are engaged in the manufacture of various automotive components, including mechanical and pneumatic lumbar support and massage systems for seating, seat suspension systems, motors and actuators, and cables. For several decades, automotive manufacturers have sought lightweight components designed to increase fuel efficiency in the automobiles they manufacture. Replacing traditional steel components with high-strength steel, magnesium, aluminum alloys, carbon fiber, and polymer composites, or post-consumer grade recycled nylon and plastics can directly reduce the weight of a vehicle's body and chassis and therefore reduce a vehicle's fuel consumption. This increased fuel efficiency also indirectly reduces GHG emissions. Because of our technological competitiveness, this long-standing market transition has not had, and is not expected to have, a material negative impact on our share of the markets in which we compete. However, if we are unable to continue to react to changes in technology, successfully develop, engineer, and bring to market new and innovative products, or successfully respond to evolving business trends, including continuing to produce comparatively lightweight components, our share in these automotive markets could be negatively impacted.

Physical Climate Change Risks

Direct Physical Effects. The acute and chronic physical effects of climate change, such as severe weather-related events, natural disasters and/or significant changes in climate patterns, could have an increasingly adverse impact on our business and customers. As mentioned above, at September 30, 2023 March 31, 2024, we had approximately 135 125 manufacturing facilities in 18 countries, primarily located in North America, Europe, and Asia. We serve thousands of customers worldwide. In 2022, 2023, our largest customer represented less than 6% of our sales, and our customers were located in approximately 100 countries. Although our diverse geographical manufacturing footprint and our broad geographical customer base mitigate the potential physical risks of any local or regional climate change weather-related event having a material effect on our operations and results, the increased frequency and severity of such weather-related events could pose a risk to our operations and results.

To continue improving our climate-related risk assessment processes, we use technology-based tools to monitor our property portfolio's exposure to certain natural catastrophic events. We integrated climate-related risk into our Enterprise Risk Management (ERM) enterprise risk management process, providing an opportunity to improve our internal processes for identifying, assessing, and managing climate-related risks. On April 1, 2023, In April 2023, we experienced tornado damage to a shared Home Furniture and Bedding facility in Mississippi. This event did not have a material impact on our physical properties as a whole, or our overall ability to manufacture and distribute our products to customers in a timely fashion, and it did not have a material effect on our business, financial condition, or results of operations. However, in the future, depending on whether severe weather-related events increase in frequency and severity, such events could result in potential damage to our physical assets, local infrastructure, transportation systems, water delivery systems, our customers' or suppliers' operations, as well as prolonged disruptions in our manufacturing operations (including, but not limited to, our steel rod mill), all of which could harm our business, results of operations, and financial condition.

Indirect Physical Effects. The physical effects of climate change could continue to have an adverse impact on our supply chain. In 2020 and 2021, recent years, we experienced (due, in part, to severe weather-related impacts) supply shortages in chemicals, which restricted foam supply. The restriction of foam supply constrained overall mattress production in the bedding industry and reduced our production levels. The cost of chemicals and foam also increased due to the shortages. Severe weather impacts could also reduce supply of other products in our supply chain that could result in higher prices for our products and the resources needed to produce them. If we are unable to secure an adequate and timely supply of raw materials or products in our supply chain, or the cost

of these raw materials or products materially increases, it could have a negative impact on our business, results of operations, and financial condition.

Also, In 2023, drought conditions have lowered the water levels of the Mississippi River and Panama Canal, impacting reducing traffic through these waterways. Although this issue has these issues have not had a material impact on our results of operations, the reduced traffic has created problems with additional logistical disruptions could result in additional delays in our ability to deliver products timely to certain customers.

In addition, although the cost has not been, and is not expected to be, material to our business, results of operations, and financial condition, severe weather-related incidents may continue to result in increased costs of our property insurance.

GHG Reduction Strategy and Compliance Costs Related to GHG Emissions Inventory

To date, we have not experienced material climate-related compliance costs. However, evaluating opportunities to reduce our carbon footprint, setting goals for carbon reduction, and measuring performance in achieving those goals are part of our environmental, sustainability and corporate governance (ESG) strategy moving forward. We have completed our first GHG emissions inventory covering 2019 through 2022. To ensure our information is complete and accurate, we have engaged a third-party limited assurance provider for to review all four years. Our emissions inventory will include includes Scope 1 and Scope 2 carbon dioxide equivalent emissions. We believe our inventory in each considered the principles and guidance of the four years was prepared consistently with the GHG Protocol Corporate Accounting and Reporting Standard. Standard and GHG Protocol Scope 2 Guidance in preparing our GHG emissions inventory in each of the four years. As of 2022, we achieved an absolute reduction of 18% of our combined Scope 1 and 2 GHG emissions inventory over our baseline year of 2019, which generally correlates with our decrease in production and volume over the same time period.

Our baseline measurement will inform a long-term GHG reduction strategy, including setting reduction targets and other key performance areas. Our key initiatives as we move through 2024, 2025, and into 2026 include: developing our emissions reduction pathways to reduce GHG emissions, undertaking our first Scope 3 emissions inventory, assessing where emission reduction opportunities lie within our value chain, and preparing for and complying with new reporting requirements. We anticipate setting a climate reduction target in line with climate science. As we evaluate our GHG emissions, we recognize the importance of understanding the impact of our emissions across our value chain. We expect to publish our ESG objectives, goals, and targets, compile a full emissions inventory, including climate-related goals in Scope 3, to inform the first half setting of 2024. As we continue to expand our understanding of our company's emission sources, geographic distribution of emissions, and available a science-aligned carbon reduction and mitigation opportunities, we will work to develop a roadmap to reduce our carbon footprint. target. We currently do not have an estimate of the capital expenditures or operating costs that may be required to implement our GHG reduction strategies. strategy. However, we do not expect that such capital expenditures or operating costs will be material to our financial condition or results of operations. For more information regarding our GHG reduction strategy, see our Sustainability Report, which is expected to be published in the first half of 2024. Our Sustainability Report does not constitute part of this Quarterly Report on Form 10-Q.

Cybersecurity Risks

From time to time, we have experienced immaterial cybersecurity events and incidents. When these events or incidents occur, we have taken appropriate remediation steps and, through investigation, determined that the events or incidents did not have a material effect on our business, results of operations, or financial results. Although we are not aware of any material cybersecurity incidents, because of the past cybersecurity threats and what we have learned in responding to those threats, we have enhanced our cybersecurity protection efforts over the last few years.

We rely on information systems to obtain, process, analyze, and manage data, as well as to facilitate the manufacture and distribution of inventory to and from our facilities. We receive, process, and ship orders, manage the billing of and collections from our customers, and manage the accounting for and payment to our vendors. We also manage our production processes with certain industrial control systems. We have a formal process in place for assessing, identifying, and managing material risks from cybersecurity threats, which is based on industry-recognized frameworks and takes a multifaceted approach to protecting our network, systems, and data, including personal information. We deploy a wide range of protective security technologies and tools, including, but not limited to, encryption, firewalls, endpoint detection and response, security information and event management, multi-factor authentication, and threat intelligence feeds. In addition, Consequently, we use an information security risk management approach that includes monitoring security threats and trends in the industry, analyzing potential security risks that could impact the business, partnering with industry recognized security organizations, and coordinating an appropriate response should the need arise.

Cybersecurity alerts are monitored by our security operations center. When a cybersecurity alert meets certain categorized thresholds as determined by our Cybersecurity Incident Response Plan, we follow an escalation review process which can result in forwarding the alert to the crisis response team consisting of our CEO, CFO, Chief Human Resources Officer, Chief Information Officer, and General Counsel. The crisis response team assesses and manages our response subject to cybersecurity threats and incidents and analyzes our obligation to report any incident publicly. In addition, our Chief Information Security Officer (CISO) (or CEO when warranted) reports cybersecurity activity to the Board of Directors quarterly, with procedures in place for interim reporting, if necessary. Our full Board has oversight of our cybersecurity process.

We periodically engage third parties in connection with our cybersecurity identification, assessment, and response processes, including to periodically benchmark our cybersecurity program against the National Institute of Standards and Technology's Cybersecurity Framework. We also maintain active retainers with certain third parties that can be engaged in the event of a cybersecurity incident. We have established a process to oversee and identify risks and cybersecurity threats associated with our third-party service providers which includes the use of monitoring technology. Finally, we survey certain third-party providers regarding their security controls.

We have integrated cybersecurity risk into our overall enterprise risk management (ERM) process. Pursuant to the ERM process, cybersecurity risk is evaluated for likelihood, significance, and velocity on a semiannual basis by designated risk owners. The risk owners consist of a cross-functional group of leaders, including our CISO who has over 20 years of cybersecurity experience. risk.

Although we have purchased broad form cyber insurance coverage and believe that our cybersecurity protection systems are adequate, cybersecurity risk has increased due to remote access, remote work conditions, and increased sophistication of cybersecurity adversaries, as well as the increased frequency of malware attacks. As such, information technology failures or cybersecurity breaches could still create system disruptions or unauthorized disclosure or alterations of confidential information and disruptions to the systems of our third-party suppliers and providers. We cannot be certain that the attacker's capabilities will not compromise our technology protecting information systems, including those resulting from ransomware attached to our industrial control systems. If these systems are interrupted or damaged by any incident or fail for any extended period of time, then our results of operations could be adversely affected. We may incur remediation costs, increased cybersecurity protection costs, lost revenues resulting from unauthorized use of proprietary information, litigation and legal costs, increased insurance premiums, reputational damage, damage to our competitiveness, and negative impact on our stock price and long-term shareholder value. We may also be required to devote significant management resources and expend significant additional resources to address problems created by any such interruption, damage, or failure.

For more information regarding cybersecurity risks, refer to Information Technology and Cybersecurity Risk Factors on page 48. 44.

Goodwill Impairment Testing

A significant portion of our assets consists of goodwill and other long-lived assets, the carrying value of which may be reduced if we determine that those assets are impaired. At September 30, 2023 March 31, 2024, goodwill and other intangible assets represented $2.1 billion $1.6 billion, or 41% 36% of our total assets. In addition, net property, plant and equipment, operating lease right-of-use assets, and sundry assets totaled $1.1 billion, or 22% 24% of total assets.

Our annual goodwill impairment testing performed in the second quarter of 2023 indicated no goodwill impairments. However, fair There was a triggering event in the fourth quarter of 2023 for goodwill impairment testing of the Bedding reporting unit which also indicated no impairments. Future cash flows used in the fourth quarter 2023 goodwill impairment testing did not include expected benefits from the Restructuring Plan, as we did not commit to the Plan until January 2024. Fair value exceeded carrying value by less than 100% for four reporting units as summarized in the table below: below. There were no triggering events in the first quarter of 2024.

	Fair value in excess of carrying value for the goodwill impairment testing performed during Fair value in excess of carrying value for the goodwill impairment testing performed during Fair value in excess of carrying value for the goodwill impairment testing performed during			Goodwill
	Triggering event Fourth quarter 2023	Triggering event Fourth quarter 2023	Annual testing Second quarter 2023	As of March 31, 2024 (in millions)
Reporting unit with a triggering event				
Bedding				
Bedding				
Bedding				

		Fair value in excess of carrying value		Goodwill
		Goodwill impairment testing as performed in the second quarter 2023	Goodwill impairment testing as performed in the second quarter 2022	As of September 30, 2023
Bedding		40 %	54 %	$ 901 million
Reporting units with no triggering event				
Reporting units with no triggering event				
Reporting units with no triggering event				
Work Furniture				
Work Furniture				
Work Furniture	Work Furniture	74	78	98 million
Aerospace Products	Aerospace Products	44	40	67 million
Hydraulic Cylinders	Hydraulic Cylinders	18	32	43 million

The Bedding reporting unit's market value decreased compared to in the 2022 testing fourth quarter 2023 primarily because of lower estimated future cash flows. Weak demand and changing market dynamics in the bedding industry have created disruption and financial instability with some of our customers. Late in the fourth quarter of 2023, certain of our Elite Comfort Solutions and Kayfoam customers notified us of efforts to improve their financial position, which reduced our estimated future cash flows.

Domestic bedding manufacturers are facing numerous challenges, including low demand, overcapacity, and increased pressure from finished mattress imports, resulting in financial stress across the industry. The domestic mattress market has changed dramatically in a relatively short time span. The landscape has shifted from a largely domestic OEM-produced innerspring mattress market to one where innerspring, foam, and hybrid mattresses are sold at a wide range of price points through a variety of channels and produced by a mix of fewer large domestic OEMs, domestic private label producers, and import manufacturers.

Although the long-term outlook for the Bedding reporting unit remains strong, positive, macroeconomic factors have negatively impacted consumer confidence and spending in the near term, which in turn has had an adverse impact on the bedding market's near-term forecast. Our Specialty Foam business has experienced difficulties as a result of low demand and operational inefficiencies. About two-thirds of the earnings challenge is a result of low demand driven by the general bedding market decline, the outsized impact on digitally native brands from changes in consumer privacy laws and cash constraints, and share loss from a small number of customers, with some of those sales shifting from finished goods to components. The remaining challenges relate primarily to operational inefficiency from practices that emerged during the pandemic as we prioritized servicing customers amid chemical shortages and surging demand. While it may take some time to see significant improvements in Specialty Foam, especially with a continuing weak demand environment, we are confident in our recovery plan and are making progress. Our team has a pipeline of opportunities supported by our specialty foam technologies. We are also focused on driving improvement in material margins through both process and equipment changes. We remain confident that our Specialty Foam business will drive long-term, profitable growth for the segment and are placing our highest level of attention on improvements in sales and material management. spending.

The Work Furniture and Aerospace Products reporting units' market value in the 2023 goodwill impairment testing was generally consistent with the prior year. Work Furniture demand for both contract and residential end-use products are expected to remain remained at low levels in 2023. We anticipate 2024 demand to be in line with 2023, but is expected to improve in future years. Aerospace's long-term forecasts continue to reflect demand improvements as industry recovery continues. Current demand is still below now similar to pre-pandemic levels, but we expect the aerospace industry to return to historical levels within the next few years. levels.

The Hydraulic Cylinders reporting unit's market fair value in the 2023 goodwill impairment testing approximated carrying value, primarily due to an August 2022 acquisition. We While we anticipate long-term growth for this reporting unit. unit, it is moving at a slow pace.

We In evaluating the potential for impairment of goodwill and other long-lived assets, we make assumptions regarding future operating performance, business trends, and market and economic performance, as well as our future sales and operating margins, growth rates, and discount rates. There are continuing inherent uncertainties related to monitor all these factors, impacting these reporting units and the company as including but not limited to:

- a whole. If sustained or severe decline in our stock price, resulting in a material decrease in our market capitalization relative to book value
- a material difference in actual results or the long-term outlook of any of our reporting units materially differ from compared to the assumptions and estimates used in the goodwill valuation calculations or if the decline
- unexpected significant declines in operating results
- disruptions in our stock price continues for a sustained period resulting in business
- loss of a material decline in our market capitalization relative customer or discontinued supply contract with a customer

If these or any other significant items were to book value, occur, we could incur non-cash impairment charges. These non-cash charges, which could have a material negative impact on our earnings. All of these factors, along with the significant decline in stock price in May 2024, will be considered in our second quarter goodwill impairment testing.

NEW ACCOUNTING STANDARDS

The FASB has issued accounting guidance effective for the current and future periods. See Note 2 A New Accounting Standards Updates Guidance to the Consolidated Condensed Financial Statements on page 7 8 for a more complete discussion.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rates

Substantially all of our debt is denominated in United States dollars. The fair value of fixed rate debt was approximately $260 million $220.0 million less than carrying value of $1,786 million $1,786.9 million at September 30, 2023 March 31, 2024 and approximately $210 million $175.0 million less than carrying value of $1,784 million $1,786.4 million at December 31, 2022 December 31, 2023. The fair value of fixed rate debt was based on quoted market prices in an active market. The fair value of variable rate debt is not significantly different from its recorded amount.

Investment in Foreign Subsidiaries

We view our investment in foreign subsidiaries as a long-term commitment. This investment may take the form of either permanent capital or notes. Our net investment (i.e., total assets less total liabilities subject to translation exposure) in foreign operations with functional currencies other than the U.S. dollar was $1,124 million $1,218.9 million at September 30, 2023 March 31, 2024 compared to $1,156 million $1,202.1 million at December 31, 2022 December 31, 2023.

Derivative Financial Instruments

We are subject to market and financial risks related to interest rates and foreign currency. In the normal course of business, we utilize derivative instruments (individually or in combinations) to reduce or eliminate these risks. We seek to use derivative contracts that qualify for hedge accounting treatment; however, some instruments may not qualify for hedge accounting treatment. It is our policy not to speculate using derivative instruments. Information regarding cash flow hedges and fair value hedges is provided in Note A Summary of Significant Accounting Policies in the Notes to Consolidated Financial Statements in our Form 10-K filed February 24, 2023 February 27, 2024 and Note 14 L Derivative Financial Instruments beginning on page 20 17 of the Notes to Consolidated Condensed Financial Statements and is incorporated by reference into this section.

MARKET AND INDUSTRY DATA

Unless indicated otherwise, the information concerning our industries contained herein is based on our general knowledge of and expectations concerning the industries. Our market share is based on estimates using our internal data, data from various industry analyses, internal research, and adjustments and assumptions that we believe to be reasonable. We have not independently verified data from industry analyses and cannot guarantee their accuracy or completeness.

ITEM Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK. Quantitative and Qualitative Disclosures About Market Risk.

The “Quantitative and Qualitative Disclosures About Market Risk” section under Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations is incorporated herein by reference.

ITEM Item 4. Controls and Procedures.

EFFECTIVENESS OF COMPANY'S DISCLOSURE CONTROLS AND PROCEDURES.

Effectiveness of the Company's Disclosure Controls and ProceduresPROCEDURES

An evaluation as of September 30, 2023 March 31, 2024 was carried out by the Company’s management, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company’s disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)). Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded the Company’s disclosure controls and procedures were effective, as of September 30, 2023 March 31, 2024, to provide assurance that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified by the Securities and Exchange Commission's (SEC) rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in the Company's Internal Control Over Financial Reporting CHANGES IN THE COMPANY'S INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes during the quarter ended September 30, 2023 March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM Item 1. LEGAL PROCEEDINGS. Legal Proceedings.

The information in Note 16 M Contingencies beginning on page 21 18 of our Notes to Consolidated Condensed Financial Statements is incorporated into this section by reference. Reference is made to Item 3. Legal Proceedings and Note T S Contingencies in the Notes to Consolidated Condensed Financial Statements in our Form 10-K filed February 24, 2023, Item 1. Legal Proceedings and Note 13 in the Notes to Consolidated Condensed Financial Statements in our Form 10-Q filed May 4, 2023, and Item 1. Legal Proceedings and Note 15 in the Notes to Consolidated Condensed Financial Statements in our Form 10-Q filed August 8, 2023 February 27, 2024.

2020 Mattress Antidumping Matter MATTRESS ANTIDUMPING MATTERS

Petition Regarding China, Cambodia, Indonesia, Malaysia, Serbia, Thailand, Turkey, and Vietnam. On March 31, 2020, the Company, along with six other domestic mattress producers, Brooklyn Bedding LLC, Corsicana Mattress Company, Elite Comfort Solutions (a Leggett subsidiary), FXI, Inc., Innocor, Inc., and Kolcraft Enterprises, Inc., and two labor unions, the International Brotherhood of Teamsters and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO (collectively, "Petitioners") 2020 Petitioners), filed petitions with the U.S. Department of Commerce (DOC) and the U.S. International Trade Commission (ITC) alleging that manufacturers of mattresses in Cambodia, Indonesia, Malaysia, Serbia, Thailand, Turkey, and Vietnam were unfairly selling their products in the United States at less than fair value (dumping) and manufacturers of mattresses in China were unfairly benefiting from subsidies, causing harm to the U.S. industry and seeking the imposition of duties on mattresses imported from these countries. On March 18, 2021, the DOC made final determinations on Chinese subsidies, assigning a

These petitions resulted in antidumping and countervailing duty rate of 97.78%, and on dumping, assigning duty rates on imports orders imposing duties ranging from Cambodia (52.41%, as amended), Indonesia (2.22%), Malaysia (42.92%), Serbia (112.11%), Thailand (37.48% – 2.22% to 763.28%), Turkey (20.03%), and Vietnam (144.92% – 668.38%). On April 21, 2021, the ITC made a unanimous, affirmative final determination that domestic mattress producers were materially injured by reason of the unfairly priced or subsidized imported mattresses. Accordingly, the agencies instructed that the U.S. government continue to impose duties on mattresses imported from China, Cambodia, Indonesia, Malaysia, Serbia, Thailand, Turkey, and Vietnam at the rate determined by the DOC for five years, through May 2026, at which time the DOC and ITC will conduct a sunset review to determine whether to extend the order for an additional five years.

In July 2021, respondents Following certain appeals that were filed appeals with the U.S. Court of International Trade (CIT) as to the DOC's final determinations on antidumping duty rates for Cambodia, Indonesia, and Vietnam and the ITC's unanimous, final determination of material injury to the domestic industry. Petitioners separately appealed the DOC's final determinations on antidumping duty rates for Cambodia, Indonesia, and Thailand.

On November 28, 2022, the CIT ruled partially in favor of the DOC ITC and 2020 Petitioners on and sustained the calculations ITC's unanimous injury decision. On February 15, 2024, one respondent filed an appeal of rates for Vietnam, but also sent the case back CIT's decision to the DOC to explain U.S. Court of Appeals for the use of certain financial data in making its determination. The DOC filed its explanation on February 23, 2023.

On February 17, 2023, the CIT ruled partially in favor of Petitioners on the calculation of rates for Cambodia, but also sent the case back to the DOC to explain the use of certain financial data in making its determination. On March 20, 2023, the CIT ruled partially in favor of Petitioners on the calculation of rates for Indonesia, but also sent the case back to the DOC to explain treatment of certain in-transit mattresses and selling expenses. These matters and the other appeals are Federal Circuit. This appeal is ongoing with no timeline for decisions by a decision.

Petition Regarding Indonesia, Bosnia and Herzegovina, Bulgaria, Burma, India, Italy, Kosovo, Mexico, the CIT.

2023 Mattress Antidumping Matter

Philippines, Poland, Slovenia, Spain, and Taiwan. On July 28, 2023, the Company, along with nine other domestic mattress producers, Brooklyn Bedding LLC, Carpenter Company, Corsicana Mattress Company, Future Foam, Inc., FXI, Inc., Kolcraft Enterprises Inc., Serta Simmons Bedding, LLC, Southerland Inc., and Tempur Sealy International, and two labor unions, the International Brotherhood of Teamsters and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO (collectively, "Petitioners") 2023 Petitioners), filed petitions with the DOC and the ITC alleging that manufacturers of mattresses in Bosnia and Herzegovina, Bulgaria, Burma, India, Italy, Kosovo, Mexico, the Philippines, Poland, Slovenia, Spain, and Taiwan were unfairly selling their products in the United States at less than fair value (dumping) and manufacturers of mattresses in Indonesia were unfairly benefiting from subsidies, causing harm to the U.S. industry and seeking the imposition of duties on mattresses imported from these countries. The ITC made a preliminary determination of injury on September 11, 2023 . On December 26, 2023, with the DOC made a negative preliminary determination regarding Indonesian subsidies. The DOC's preliminary determination on subsidies dumping was issued February 26, 2024 and imposed duties ranging from 10.74% to 744.81% on finished mattresses. With respect to Bosnia-Herzegovina, Bulgaria, Burma, Italy, Philippines, Poland, Slovenia, and Taiwan, DOC's final determinations are expected December 26, 2023, in May 2024, and its preliminary the ITC's final determination on dumping with respect to those countries is expected February 23, 2024. The in June 2024. With respect to Indonesia, India, Kosovo, Mexico, and Spain, DOC's final determinations are expected in July 2024, and the ITC's final determination is expected in September 2024.

Potential Environmental Penalty

On March 16, 2023, the Company's French subsidiary, Specitubes SAS, received a draft order issued by the French environmental authority (DREAL) threatening to impose penalties for non-compliance with a 2017 Notice of Violation regarding the registration, evaluation, authorization, and restriction of chemicals regulations (the REACH regulations).

The DREAL alleged Specitubes had failed to implement protective measures required for a certain PCE-based solvent, Dowper. This matter has been referred to the public prosecutor. The prosecutor has the discretion to initiate proceedings against Specitubes. The allegations carry a possible fine of up to approximately $.4 million, but we believe any imposed penalty will not approach the maximum amount, particularly considering actions being taken by Specitubes to address open compliance items. As of the date of this filing, and to our knowledge, the DREAL has not imposed any penalties, and the prosecutor has not initiated any charges. Specitubes intends to defend this matter if pursued by the DREAL and/or prosecutor.

ITEM Item 1A. RISK FACTORS. Risk Factors.

Our 2022 2023 Annual Report on Form 10-K filed February 24, 2023 February 27, 2024 includes a detailed discussion of our risk factors in Item 1A "Risk Factors" Risk Factors which is incorporated herein by reference. The information presented below updates and should be read in conjunction with the risk factors and information disclosed in that Form 10-K.

Investing in our securities involves risk. Set forth below and elsewhere in this report are risk factors that could cause actual results to differ materially from the results contemplated by the forward-looking statements contained in this report. We may amend or supplement these Risk Factors from time to time by other reports we file with the Securities and Exchange Commission.

GEOPOLITICAL RISK FACTORS

The Russian invasion of Ukraine has caused supply chain disruptions and global inflationary impacts that have had, and could continue to have, a negative effect on the demand for our products and our results of operations.

Our Automotive Group uses semiconductors, the production of which uses neon gas. Our Aerospace Products Group uses titanium in the production of aerospace tubing. Several of our businesses use birch plywood in their products. All of our businesses are subject to energy costs that can be impacted by the supply of oil and natural gas.

We do not have operations in Russia, Belarus, or Ukraine, and we do not do business with any party subject to OFAC sanctions. We have not had a material amount of sales into these countries, however, some of our businesses, in the past, after careful screening, have indirectly sourced (subject to pricing, legal constraints, and compliance with our internal sanctions compliance program) a portion of our supply chain requirements of titanium and birch plywood that we believe originated from Russia. Also, a significant portion of neon gas is produced in Ukraine. After the invasion began, the prices of these materials increased. Several countries have imposed economic sanctions against Russia as a result of its military action. The United States, the European Union, and G7 countries have also moved to revoke Russia's "most favored nations" trade status, which has resulted or could result in higher duties on imported products. Also, the European Union and the United Kingdom have banned timber imports from Russia and imports of products containing Russian steel and iron. The United States has imposed tariffs on Russian plywood.

It is possible sanctions could be expanded, or additional measures taken, which could restrict the import of titanium, and further restrict the import of birch plywood originating from Russia or increase the cost of procurement via further increased duties or otherwise. If sanctions are further imposed or duties are further increased on these materials, it could reduce global capacity, impact our ability to obtain them (or alternatives) in a timely manner, or further increase the price of these materials. Inability to obtain sufficient quantities of these materials could disrupt our supply chain. Inability to pass through increased prices to our customers could have a negative impact on our results of operations.

A significant portion of global production of oil is refined and exported from Russia. The European Union and certain countries, including the United States, the United Kingdom, Canada, and Australia, have either partially or fully banned the import of Russian oil. With decreased supply availability, fuel costs increased in 2022. This impacted, and may continue to impact, both our businesses and consumers. Also, there has been a reduction of natural gas exports from Russia to Europe from sanction-related impacts and disruption in pipeline delivery. Higher energy prices contributed to broader inflationary trends, which resulted, in some cases, in reduced discretionary consumer spending and a softening of demand for our products. If this continues, the demand for our products may continue to be negatively impacted, which would have a negative impact on our sales.

Finally, the North Atlantic Treaty Organization (NATO) membership has been expanded as Finland joined NATO on April 4, 2023. NATO is also considering adding Sweden to its alliance. Both Finland and Sweden are in close proximity to Russia. It is possible that the conflict in Ukraine could spread beyond the borders of Ukraine, eventually drawing NATO

countries (including the United States) into the conflict. If the conflict in Ukraine expands geographically or in intensity, this may have a negative impact on our operations, including access to energy and other raw materials.

Conflict between China and Taiwan could lead to trade sanctions, technology disputes, or supply chain disruptions, which could, in particular, impact the semiconductor industry, and our operations globally.

Our Automotive Group uses semiconductors in seat comfort products, and to a lesser extent in motors and actuators. While improving, there has been a global shortage of semiconductors. According to certain market reports, Taiwan is the leading manufacturer of the world's most advanced semiconductor supply. Conflict between China and Taiwan might lead to trade sanctions, technology disputes, or supply chain disruptions, which could, in particular, affect the semiconductor industry. If this were to occur, our Automotive Group's ability to source an adequate supply of semiconductors may be reduced, which could adversely harm our business, financial condition, and results of operations. Such a conflict also could negatively impact our OEM and Tier customers' supply chains and production schedules. In addition, any outbreak of hostilities or conflict between China and Taiwan could harm our operations globally, and the operations of our customers and suppliers.

We have several manufacturing locations in China and the inability to travel safely to and from China may adversely impact our business and results of operations.

On June 30, 2023, the U.S. Department of State issued a travel advisory regarding China due to the arbitrary enforcement of local laws and the risk of wrongful detention of U.S. nationals by the Chinese government. Inability of our U.S. employees to travel safely to and from China to oversee our Chinese operations could result in an adverse impact to our business, financial condition, and results of operations.

OPERATIONAL RISK FACTORS

The ongoing United Auto Workers union strike Our Restructuring Plan may continue not achieve its intended outcomes, and we may incur restructuring costs, restructuring-related costs, and impairments in addition to negatively impact those anticipated to be incurred in connection with our Automotive Group announced Restructuring Plan.

In the first quarter of 2024, we committed to a restructuring plan, primarily associated with our Bedding Products segment and, to a lesser extent, our results of operations.

Our Automotive Group designs, manufactures, and sells mechanical and pneumatic lumbar support and massage systems for automotive seating, seat suspension systems, motors and actuators, and cables Furniture, Flooring & Textile Products segment (the "Restructuring Plan" or "Plan"), which is expected to OEM and Tier 1 manufacturers in the automotive market. Many employees in the automotive industry are represented by labor unions. Work stoppages or slowdowns experienced by automakers, or their suppliers, could result in slowdowns or closures of assembly plants where our products are included in assembled vehicles. The labor strike be substantially complete by the United Auto Workers (UAW) has resulted in temporary work stoppages or slowdowns at end of 2025. Pursuant to the U.S. locations of assembly plants Plan, we expect to:

- consolidate between 15 and 20 production and distribution facilities (out of General Motors, Ford Motors, 50) in the Bedding Products segment and Stellantis. The strike has impacted a small number of production facilities in the Furniture, Flooring & Textile Products segment;
- incur restructuring and restructuring-related costs between $65 and $85 million, of which approximately half are anticipated to be incurred in 2024 and the remainder in 2025. This includes $30 to $40 million in cash costs, the majority of which are anticipated to be incurred in 2024;
- ultimately realize cost reductions and other impacts that are expected to enhance annualized EBIT by $40 to $50 million when fully implemented in late 2025;
- receive between $60 and $80 million in pretax net cash proceeds from the sale of real estate associated with the Restructuring Plan; and
- experience a reduction in annual sales by approximately $100 million.

We have made progress during the first quarter of 2024 on the Plan and remain on track to achieve our operations, but objectives within our stated timeline. We closed four smaller U.S. Spring distribution facilities, transitioned manufacturing out of three facilities and into our four larger, remaining production facilities, and closed a small Specialty Foam operation in our Bedding Products segment. Within the Furniture, Flooring & Textile Products segment, we closed a Flooring Products production line and redeployed the manufacturing equipment to date has one of our other production facilities. In Home Furniture, we closed one plant and have transferred that production to other remaining facilities. Restructuring and restructuring-related costs during the quarter were $11 million ($6 million cash and $5 million non-cash). We have not sold any real estate associated with the Plan or had any meaningful sales attrition.

Because of certain risks and uncertainties, the Plan may not achieve its intended outcomes. Our estimates of the number of facilities to be consolidated and the cash and non-cash costs and impairments associated with the Plan are preliminary in nature. All or some of the estimates may change as our analysis develops and additional information is obtained. Also, we may not be able to implement the Plan in a material timely manner that will positively impact our financial condition and results of operations. Moreover, we may not be able to dispose of real estate pursuant to the Plan or obtain the expected proceeds in a timely manner. It is also possible that the Plan may have a negative impact on our consolidated results. The UAW has recently reached a tentative labor agreement relationships with each of our employees, customers, and vendors. Finally, because restructuring activities are complex and involve time-consuming processes, substantial demands may be placed on management, which could divert attention from other business priorities or disrupt our daily operations. Any failure to achieve the impacted auto makers. If the tentative agreements are not ratified, and a continued or expanded strike ensues, it intended outcomes could materially adversely impact our automotive supply chain (causing delay or non-delivery of goods and services) and could materially reduce the demand for our goods and services to our customers. If this occurs, it could have a material adverse effect on our business and our results of operations.

Supply chain disruptions and shortages impacting our ability to timely receive competitively-priced raw materials and parts used in our products, or impacting our ability to timely deliver our finished products to customers, may adversely affect our manufacturing processes, business, financial condition, results of operations and cash flows. flows, and liquidity.

We have manufacturing facilities in 18 countries, primarily located in North America, Europe, and Asia. In our manufacturing processes, we source raw materials and parts from a global supply chain. We sell and deliver our finished products continue to customers all over the world. We rely on third parties to supply certain raw materials, components, and packaging products, and to deliver our finished products. Any interruption or failure by our suppliers, distributors, and other contractors to meet their obligations on schedule or in accordance with our expectations could adversely affect our business and financial results. We have experienced supply chain disruptions related to foam chemical shortages, semiconductor shortages, labor availability, and freight challenges, as well as higher costs associated with each of these issues. We have also experienced delays in delivery of raw materials, parts, and finished goods because of delivery port disruptions, trucking constraints, inclement weather, and the invasion of Ukraine. This has resulted in reduced volume and higher costs in many of our businesses, including our Automotive Group and Bedding Products segment, primarily related to negative impacts on component demand and finished goods production.

We also bear the risk of delays, non-delivery, or reduced demand from suppliers and to customers because of natural disaster, fire or explosion, terrorism, pandemics, union strikes, foreign government action including asset seizure or changed licensing or land use requirements which restrict operations, or other reasons beyond our control or the control of our suppliers, all of which could impair our ability to timely manufacture and deliver our products.

Strikes or shutdowns at delivery ports, loss of or damage to our raw materials, parts, or finished products while they are in transit or storage, losses due to tampering, third-party vendor issues with quality, failure by our suppliers to comply with applicable laws and regulations, potential tariffs or other trade restrictions, or similar problems, could restrict or delay the supply of our raw materials, parts, or delivery of our finished products resulting in harm to our business and reputation.

The shortage of semiconductors continues to improve across the automotive industry, with supply in North America and Europe improving significantly and shortages now mostly focused on Asia, particularly in China. OEMs and suppliers have been challenged to source an adequate supply and, as a result, have reduced production of some models and/or eliminated the availability of certain features which negatively impacted our sale of products. Overall OEM production levels are improving, increasing vehicle inventories from recent historical lows. Our Automotive Group uses the semiconductors in seat comfort products and, to a lesser extent, in motors and actuators. Although our Automotive Group has been able to obtain an adequate supply of semiconductors, we are dependent on our suppliers to deliver these semiconductors in accordance with our production schedule. A shortage of the semiconductors, either to us, the automotive OEMs, or our suppliers, can disrupt our operations and our ability to deliver products to our customers. If we, our customers, or our suppliers cannot secure an adequate supply of semiconductors, this may negatively impact our sales, earnings, and financial condition.

The aforementioned supply chain risks could have a material adverse affect to our manufacturing processes, financial condition, results of operations, and cash flows.

The evaluation of evaluate opportunities across our businesses including for further restructuring opportunities in addition to those activities included in the further integration announced Plan. The execution of our specialty foam and innerspring operations, could lead to actions resulting any of these opportunities may result in additional material restructuring costs, restructuring-related costs, or impairments.

We are focused on anticipating and adapting to market changes, improving operating efficiency, driving strong cash management, and engaging with our customers on new product opportunities. We are evaluating opportunities across our businesses, including further integration of our specialty foam and innerspring operations, that are expected to support improved profitability, a strong balance sheet, and continued shareholder returns. The execution of these opportunities may result in restructuring costs, restructuring-related costs, or impairments.

The physical effects of climate change could adversely affect our business, results of operations, and financial condition.

Direct Physical Effects

The acute and chronic physical effects of climate change, such as severe weather-related events, natural disasters, and/or significant changes in climate patterns, could have an increasingly adverse impact on our business and customers. At September 30, 2023 March 31, 2024, we had approximately 135 125 manufacturing facilities in 18 countries, primarily located in North America, Europe, and Asia. We serve thousands of customers worldwide. In 2022, 2023, our largest customer represented less than 6% of our sales, and our customers were located in approximately 100 countries. Although our diverse geographical manufacturing footprint and our broad geographical customer base mitigate the potential physical risks of any local or regional climate change weather-related event having a material effect on our operations and results, the increased frequency and severity of such weather-related events could pose a risk to our operations and results.

To continue improving our climate-related risk assessment processes, we use technology-based tools to monitor our property portfolio's exposure to certain natural catastrophic events. We integrated climate-related risk into our Enterprise Risk Management (ERM) enterprise risk management process, providing an opportunity to improve our internal processes for identifying, assessing, and managing climate-related risks. On April 1, 2023, In April 2023, we experienced tornado damage to a shared Home Furniture and Bedding facility in Mississippi. This event did not have a material impact on our physical properties as a whole, or our overall ability to manufacture and distribute our products to customers in a timely fashion, and it did not have a material effect on our business, financial condition, or results of operations. However, in the future, depending on whether severe weather-related events increase in frequency and severity, such events could result in potential damage to our physical assets, local infrastructure, transportation systems, water delivery systems, our customers' or suppliers' operations, as well as prolonged disruptions in our manufacturing operations (including, but not limited to, our steel rod mill), all of which could harm our business, results of operations, and financial condition.

Indirect Physical Effects

The physical effects of climate change could continue to have an adverse impact on our supply chain. In 2020 and 2021, recent years, we experienced (due, in part, to severe weather-related impacts) supply shortages in chemicals, which restricted foam supply. The restriction of foam supply constrained overall mattress production in the bedding industry and reduced our production levels. The cost of chemicals and foam also increased due to the shortages. Severe weather impacts could also reduce supply of other products in our supply chain that could result in higher prices for our products and the resources needed to produce them. If we are unable to secure an adequate and timely supply of raw materials or products in our supply chain, or the cost of these raw materials or products materially increases, it could have a negative impact on our business, results of operations, and financial condition.

Also, In 2023, drought conditions have lowered the water levels of the Mississippi River and Panama Canal, impacting reducing traffic through these waterways. Although this issue has these issues have not had a material impact on our results of operations, the reduced traffic has created problems with additional logistical disruptions could result in additional delays in our ability to deliver products timely to certain customers.

In addition, although the cost has not been, and is not expected to be, material to our business, results of operations, and financial condition, severe weather-related incidents may continue to result in increased costs of our property insurance.

The market transition risks related

FINANCIAL RISK FACTORS

There can be no assurance that we will continue to climate change could adversely affect pay cash dividends on our business, results of operations, and financial condition. common stock at the same or higher rate.

We are engaged in the manufacture recently lowered our quarterly cash dividend from $.46 per share to $.05 per share. Financial conditions or our pursuit of various automotive components, including mechanical and pneumatic lumbar support and massage systems for seating, seat strategic alternative uses of cash could lead to a further reduction, suspension, systems, motors and actuators, and cables. For several decades, automotive manufacturers have sought lightweight components designed to increase fuel efficiency in the automobiles they manufacture. Replacing traditional steel components with high-strength steel, magnesium, aluminum alloys, carbon fiber, and polymer composites can directly reduce the weight of a vehicle's body and chassis and therefore reduce a vehicle's fuel consumption. This increased fuel efficiency also indirectly reduces greenhouse gas (GHG) emissions. Because of our technological competitiveness, this long-standing market transition has not had, and is not expected to have, a material negative impact on our share or termination of the markets in which we compete. However, if we payment of cash dividends at any time. Dividends on shares of common stock are unable to continue to react to changes in technology, successfully develop, engineer, declared at the discretion of the Board of Directors. Any decision would consider general and bring to market new economic conditions, our financial condition and innovative products, or successfully respond to evolving business trends, including continuing to produce comparatively lightweight components, operating results, our share in these automotive markets could be negatively impacted. If we are unable to sustain our competitiveness through innovation, or maintain available cash and current and anticipated cash needs, our ability to satisfy customer generate sufficient earnings and cash flows, capital requirements, relative strategic alternatives, our decision to technology, there could reduce leverage, our compliance with our leverage ratio under our credit agreement, contractual, legal, and tax implications, and other factors. There can be a material adverse effect no assurance that we will continue to pay cash dividends on our results of operations and financial condition.

<u>FINANCIAL RISK FACTORS</u> <u>common stock.</u>

Macroeconomic uncertainties have had, and could further have, an adverse impact on the collection of trade and other notes receivable receivables in accordance with their terms due to customer bankruptcy, financial difficulties, or insolvency.

Some of our customers have been adversely affected by macroeconomic uncertainties, and have suffered significant financial difficulty. Macroeconomic uncertainties may include, but are not limited to, rising interest rates, inflation, bank failures, weak demand, changing market dynamics, increased geopolitical tensions, and political economic policy changes. As a result, our customers may be unable to pay their debts to us, they may reject their contractual obligations to us under bankruptcy laws or otherwise, or we may have to negotiate significant discounts and/or extend financing terms with these parties.

We recorded $3 million bad debt expense in 2022 related to macroeconomic uncertainties monitor our receivable portfolio closely and ordinary customer credit reviews. Due to continued low loss experience, positive customer payment trends, focused account management, and ordinary make reserve decisions based upon individual customer credit risk reviews, we reduced our allowance for doubtful accounts by $6 million customer payment trends (percentage of current and past due), historical loss experience, and general macroeconomic and industry trends that could impact the expected collectability of all customers or pools of customers with similar risk. We recorded bad debt expense of $5 million during the first nine three months of 2023. 2024. Weak demand and changing market dynamics have created disruption and financial instability for some of our customers, particularly in the Bedding Products segment. A few of these customers began to exhibit slow payment and past-due trends during the first quarter of 2024. As a result, we increased our reserves for these customers during the quarter and implemented payment plans where needed. We believe we have established the appropriate reserves. As of September 30, 2023 March 31, 2024, our allowance for doubtful accounts for trade receivables was $12 million $15 million. If we are unable to collect trade receivables and other notes receivable on a timely basis, larger provisions for bad debt may be required and may result in a negative impact on our earnings, liquidity, cash flow, and financial condition.

Our long-lived assets have been, and our goodwill and other long-lived assets are could in the future be, subject to potential impairment which could negatively impact our earnings.

A significant portion of our assets consists of goodwill and other long-lived assets, the carrying value of which may be reduced if we determine that those assets are impaired. At September 30, 2023 March 31, 2024, goodwill and other intangible assets represented $2.1 billion $1.6 billion, or 41% 36% of our total assets. In addition, net property, plant and equipment, operating lease right-of-use assets, and sundry assets totaled $1.1 billion, or 22% 24% of total assets.

We review our reporting units for potential goodwill impairment in the second quarter as part of our annual goodwill impairment testing, and more often if an event or circumstance occurs making it likely that impairment exists. In addition, we test for the recoverability of long-lived assets at year end, and more often if an event or circumstance indicates the carrying value may not be recoverable. For example, late in the fourth quarter of 2023, certain of our Elite Comfort Solutions and Kayfoam customers notified us of efforts to improve their financial position, which reduced our estimated future cash flows. We tested for impairment, which resulted in a non-cash charge of $444 million for long-lived asset impairments (primarily customer relationships, technology, and trademark intangibles) in the Bedding Products segment during the fourth quarter of 2023. We conduct impairment testing based on our current business strategy in light of present industry and economic conditions, as well as future expectations.

Our annual goodwill impairment testing performed in the second quarter of 2023 indicated no goodwill impairments. However, fair There was a triggering event in the fourth quarter of 2023 for goodwill impairment testing of the Bedding reporting unit which also indicated no impairments. Future cash flows used in the fourth quarter 2023

goodwill impairment testing did not include expected benefits from the Restructuring Plan, as we did not commit to the Plan until January 2024. Fair value exceeded carrying value by less than 100% for four reporting units as summarized in the table below: below. There were no triggering events in the first quarter of 2024.

	Fair value in excess of carrying value for the goodwill impairment testing performed during Fair value in excess of carrying value for the goodwill impairment testing performed during Fair value in excess of carrying value for the goodwill impairment testing performed during			Goodwill		
	Triggering event Fourth quarter 2023			Triggering event Fourth quarter 2023	Annual testing Second quarter 2023	As of March 31, 2024 (in millions)
Reporting unit with a triggering event						
Bedding						
Bedding						
Bedding						
		Fair value in excess of carrying value		Goodwill		
		Goodwill impairment testing as performed in the second quarter 2023	Goodwill impairment testing as performed in the second quarter 2022	As of September 30, 2023		
Bedding		40 %	54 %	$ 901 million		
Reporting units with no triggering event						
Reporting units with no triggering event						
Reporting units with no triggering event						
Work Furniture						
Work Furniture						
Work Furniture	Work Furniture	74	78	98 million		
Aerospace Products	Aerospace Products	44	40	67 million		
Hydraulic Cylinders	Hydraulic Cylinders	18	32	43 million		

The Bedding reporting unit's market value decreased compared to in the 2022 testing fourth quarter 2023 primarily because of lower estimated future cash flows. flows related to certain customers' actions as discussed above. Weak demand and changing market dynamics in the bedding industry have created disruption and financial instability with some of our customers.

Domestic bedding manufacturers are facing numerous challenges, including low demand, overcapacity, and increased pressure from finished mattress imports, resulting in financial stress across the industry. The domestic mattress market has changed dramatically in a relatively short time span. The landscape has shifted from a largely domestic OEM-produced innerspring mattress market to one where innerspring, foam, and hybrid mattresses are sold at a wide range of price points through a variety of channels and produced by a mix of fewer large domestic OEMs, domestic private label producers, and import manufacturers.

Although the long-term outlook for the Bedding reporting unit remains strong, positive, macroeconomic factors have negatively impacted consumer confidence and spending in the near term, which in turn has had an adverse impact on the bedding market's near-term forecast. Our Specialty Foam business has experienced difficulties as a result of low demand and operational inefficiencies. About two-thirds of the earnings challenge is a result of low demand driven by the general bedding market decline, the outsized impact on digitally native brands from changes in consumer privacy laws and cash constraints, and share loss from a small number of customers, with some of those sales shifting from finished goods to components. The remaining challenges relate primarily to operational inefficiency from practices that emerged during the pandemic as we prioritized servicing customers amid chemical shortages and surging demand. spending.

The Work Furniture and Aerospace Products reporting units' market value in the 2023 goodwill impairment testing was generally consistent with the prior year. Work Furniture demand for both contract and residential end-use products are expected to remain remained at low levels in 2023. We anticipate 2024 demand to be in line with 2023, but is expected to improve in future years. Aerospace's long-term forecasts continue to reflect demand improvements as industry recovery continues. Current demand is still below now similar to pre-pandemic levels, but we expect the aerospace industry to return to historical levels within the next few years. levels.

The Hydraulic Cylinders reporting unit's market fair value in the 2023 goodwill impairment testing approximated carrying value, primarily due to an August 2022 acquisition. We While we anticipate long-term growth for this reporting unit. unit, it is moving at a slow pace.

We In evaluating the potential for impairment of goodwill and other long-lived assets, we make assumptions regarding future operating performance, business trends, and market and economic performance, as well as our future sales and operating margins, growth rates, and discount rates. There are continuing inherent uncertainties related to monitor all these factors, impacting these reporting units and the company as including but not limited to:

- a whole. If sustained or severe decline in our stock price, resulting in a material decrease in our market capitalization relative to book value
- a material difference in actual results or the long-term outlook of any of our reporting units materially differ from compared to the assumptions and estimates used in the goodwill valuation calculations or if the decline
- unexpected significant declines in operating results
- disruptions in our stock price continues for a sustained period resulting in business
- loss of a material decline in our market capitalization relative customer or discontinued supply contract with a customer

If these or any other significant items were to book value, occur, we could incur non-cash impairment charges. These non-cash charges, which could have a material negative impact on our earnings. All of these factors, along with the significant decline in stock price in May 2024, will be considered in our second quarter goodwill impairment testing.

If we do not comply with the restrictive covenants in our credit facility, we may not be able to borrow in the commercial paper market or under our credit facility and our outstanding debt instruments may default, all of which would adversely impact our liquidity.

Our credit facility is a multi-currency facility maturing in September 2026, providing us the ability, from time to time, to borrow, repay, and re-borrow up to $1.2 billion, subject to certain restrictive covenants and customary conditions. The credit facility serves as back-up for our commercial paper borrowing.

To provide additional borrowing capacity and financial flexibility, we amended our credit agreement on March 22, 2024, to increase the Leverage Ratio from 3.50 to 1.00 to 4.00 to 1.00. After the amendment, our credit facility contains restrictive covenants which include (a) an amended Leverage Ratio requiring us to maintain, as of the last day of each fiscal quarter, or when we borrow under the credit facility (i) Consolidated Funded Indebtedness minus the lesser of: (A) Unrestricted Cash, or (B) $750 million to (ii) Consolidated EBITDA for the four consecutive trailing quarters of not greater than 4.00 to 1.00 as of March 31, 2024 through June 30, 2025, and not greater than 3.50 to 1.00 beginning September 30, 2025 through maturity; provided however, subject to certain limitations, if we have made a Material Acquisition in any fiscal quarter after June 30, 2025, at our election, the maximum Leverage Ratio shall be 4.00 to 1.00 for the fiscal quarter during which such Material Acquisition is consummated and the next three consecutive fiscal quarters; (b) a limitation of the amount of total secured obligations to 15% of our total consolidated assets; and (c) a limitation on our ability to sell, lease, transfer, or dispose of all, or substantially all, of our assets and the assets of our subsidiaries, taken as a whole (other than accounts receivable sold in a Permitted Securitization Transaction, products sold in the ordinary course of business and our ability to sell, lease, transfer, or dispose of any of our assets or the assets of one of our subsidiaries to us or one of our subsidiaries, as applicable) at any given point in time.

If our earnings are reduced, the covenants in the credit facility will continue to reduce our borrowing capacity, both under the credit facility or through commercial paper issuances. Depending on the degree of earnings reduction, our liquidity could be materially negatively impacted. This covenant may also restrict our current and future operations, including (i) our flexibility to plan for, or react to, changes in our businesses and industries; and (ii) our ability to use our cash flows, or obtain additional financing, for future working capital, capital expenditures, acquisitions, or other general corporate purposes. If we are not in compliance with the restrictive covenants in our credit facility, and are not able to negotiate more lenient terms, we may not be able to access the commercial paper market or borrow under the credit facility.

Also, if we fail to comply with the covenants specified in the credit facility, we may trigger an event of default, in which case the lenders would have the right to: (i) terminate their commitment to provide loans under the credit facility; and (ii) declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be immediately due and payable. Additionally, our senior notes contain cross-default provisions which could make outstanding amounts under the senior notes immediately payable in the event of an acceleration of amounts due under the credit facility following a material uncured default. If debt under the credit facility or senior notes were to be accelerated, we may not have sufficient cash to repay this debt, which would have an immediate material adverse effect on our business, results of operations, and financial condition.

We may not be able to realize deferred tax assets on our balance sheet depending upon the amount and source of future taxable income.

Our ability to realize deferred tax assets on our balance sheet is dependent upon the amount and source of future taxable income. As of September 30, 2023 March 31, 2024, we had $121 million $146 million of deferred tax assets ($136 164 million less a $15 million $18 million valuation allowance). After netting of deferred tax liabilities, the net amount presented within Sundry assets on our Consolidated Condensed Balance Sheets is $10 million $13 million. It is possible the amount and source of our taxable income could materially change in the future. Particularly, our mix of earnings by taxing jurisdiction may materially change in that we may have more or less taxable income generated in North America, Europe, or Asia as compared to prior years. This change may impact our underlying assumptions on which valuation allowances are established and negatively affect future period earnings and balance sheets. As a result, we may not be able to realize deferred tax assets on our balance sheet.

MARKET RISK FACTORS

Costs of raw material and labor have negatively affected, and could continue to negatively affect, our profit margins and earnings.

Raw material cost increases (and our ability to respond to cost increases through selling price increases) can significantly impact our earnings. We typically have short-term commitments from our suppliers; accordingly, our raw material costs generally move with the market. When we experience significant increases in raw material costs, we typically implement price increases to recover the higher costs. Inability to recover cost increases (or a delay in the recovery time) can negatively impact our earnings. Conversely, if raw material costs decrease, we generally pass through reduced selling prices to our customers. Reduced selling prices combined with higher cost inventory may reduce our profit margins and earnings.

Steel is our principal raw material. The global steel markets are cyclical in nature and have been volatile in recent years. This volatility can result in large swings in pricing and margins from year to year.

As a producer of steel rod, we are also impacted by volatility in metal margins (the difference between the cost of steel scrap and the market price for steel rod). If market conditions cause scrap costs and rod pricing to change at different rates (both in terms of timing and amount), metal margins could continue to be compressed, and this would negatively impact our results of operations.

We have exposure to the cost of chemicals, including TDI, MDI, and polyol. The cost of these chemicals has fluctuated at times, but we have generally passed the changes through to our customers. We import certain chemicals to supplement domestic supply, but port delays and logistics issues could limit access to those products. If we are unable to obtain the chemicals or pass the increased cost along to our customers, our results of operations may be negatively impacted.

Higher raw material costs could lead some of our customers to modify their product designs, causing a change in the quantity and mix of our components in their finished goods (replacing higher-cost with lower-cost components). If this were to occur, it could negatively impact our results of operations.

Shortages in the labor markets in several industries in which we operate created challenges in hiring and maintaining adequate workforce levels in the last few years, which led to increased labor costs. Although this began to moderate in late 2022, labor costs remain at higher levels. If higher labor costs continue, our results of operations may be materially negatively impacted.

Unfair competition could adversely affect our market share, sales, profit margins, and earnings.

We produce innersprings for mattresses that are sold to bedding manufacturers. We produce steel wire rod for consumption by our wire mills (primarily to produce innersprings) and to sell to third parties. We also produce and sell finished mattresses.

Since 2009, there have been antidumping duties on In response to petitions filed with the import of innersprings from China, South Africa, and Vietnam imposed by the Department of Commerce (DOC) and International Trade Commission (ITC) extending through 2024. The DOC and the ITC have also imposed antidumping duties generally alleging that innersprings, steel wire rod, and countervailing duties on imports mattresses were being unfairly sold in the United States by certain foreign manufacturers at less than fair value (dumping) and that certain foreign manufacturers of steel wire rod and mattresses were unfairly benefiting from various countries, including China. Some of these duties will expire, unless extended, in 2025. Also, subsidies, antidumping and/or countervailing duties have been imposed on the imports of such products. Some petitions filed by the Company that have resulted in the imposition of antidumping and countervailing duties are subject to ongoing appeal. Following the filing of other petitions filed by the Company, the ITC made a preliminary determination of injury in September 2023 and the DOC made a preliminary determination on dumping in February 2024, imposing duties ranging from 11% to 745% on finished mattresses. Such petitions remain subject to final determinations of the DOC and the ITC, on which are expected to all be issued by July 2024 and September 2024, respectively. If any of these determinations are negative, our market share, sales, profit margins, and earnings could be adversely affected. If any of the import of finished mattresses from various countries including China, Cambodia, Indonesia, Malaysia, Serbia, Thailand, Turkey, and Vietnam, which will expire, unless extended, at different times ranging from 2024 to 2026. If the foregoing existing antidumping and countervailing duties are overturned on appeal, or not extended beyond their current terms and dumping and/or subsidization recurs, or manufacturers in the subject countries circumvent the existing duties through transshipment in other jurisdictions or otherwise, our market share, sales, profit margins, and earnings could be adversely affected.

We are exposed to foreign currency exchange rate risk which may negatively impact our competitiveness, profit margins, and earnings.

International sales have represented a significant percentage of our total sales, which exposes us to currency exchange rate fluctuations. In 2022, 35% 2023, 39% of our sales were generated by international operations, primarily in Europe, China, Canada, and Mexico. We expect that a significant amount of our sales will continue to come from outside the United States in the future. Approximately 50 of our manufacturing facilities are located outside the United States. We are also exposed to currency exchange rate fluctuations by our purchase of raw materials and component parts from suppliers in multiple countries. We experience currency-related gains and losses where sales or purchases are denominated in currencies other than the functional currency. As of September 30, 2023, we had foreign exchange rate We have balance sheet, cash flow, and net investment risk associated with foreign currency exchange rates. If the U.S. Dollar, Danish Krone, Euro, British Pound Sterling, and Mexican Peso. If these applicable foreign currency exchange rates devalue the currency we receive for the sale of our products, or the currency we use to purchase raw materials or component parts from our suppliers, it may have a material adverse effect on our competitiveness, profit margins, and earnings.

For more information regarding currency exchange rate risk, please refer to Note 14 L on page 20 17 of the Notes to Consolidated Condensed Financial Statements.

Rising interest rates have affected, and could continue to affect, our interest expense and make it more costly to refinance our long-term debt.

We borrow money by issuing commercial paper with maturities of less than 270 days. We also have issued long-term senior notes with fixed interest rates. As of March 31, 2024, we had $2.1 billion of debt outstanding. Our next scheduled maturity of senior outstanding debt will come is our $300 million 3.8% Senior Notes due in November 2024. 2024, which we expect to predominantly retire with commercial paper. Interest rates on short-term borrowing have risen significantly, which has increased our contributed to an increase in interest expense. Continued increases in interest rates for short-term borrowings could continue to negatively impact our interest expense, and increased rates on long-term debt could make it more costly to refinance our outstanding long-term indebtedness. senior notes.

INFORMATION TECHNOLOGY AND CYBERSECURITY RISK FACTORS

Technology Information technology failures, cybersecurity incidents, or new technology disruptions could have a material adverse effect on our operations.

We have approximately 135 125 production facilities in 18 countries, primarily located in North America, Europe, and Asia. We rely on several on-premise and cloud-based computerized information systems and networks to obtain, secure, process, analyze, and manage data, as well as to facilitate the manufacture and distribution of inventory to and from our production facilities. We receive, process, manufacture, and ship orders, manage the billing of and collections from our customers, and manage the accounting for and payments payment to our vendors. We also manage our production processes with certain industrial control systems. Consequently, we are subject to cybersecurity risk. We also have risk associated with the network connectivity and systems for consolidated reporting. Technology failures or security breaches of a new or existing infrastructure, including our industrial control systems, could impede normal operations, create system disruptions, or create unauthorized disclosure or alteration of confidential information.

From time to time, we have experienced immaterial cybersecurity events threats and incidents. When these events or threats and incidents occur, we have taken appropriate remediation steps and, through investigation, determined that the events threats or incidents did not have a material effect on our business, results of operations, or financial results. Although we are not aware of any material cybersecurity incidents, because of the past immaterial cybersecurity threats and what we have learned in responding to those threats, we have enhanced accelerated several cybersecurity protection efforts. In 2024, we expect to spend roughly $9 million in maintaining and enhancing our cybersecurity protection efforts over the last few years. efforts.

Cybersecurity alerts are monitored by our security operations center. When a cybersecurity alert meets certain categorized thresholds, as determined by our Cybersecurity Incident Response Plan, we follow an escalation review process which can result in our Chief Information Security Officer (CISO) forwarding the alert to the crisis response team consisting of our CEO, CFO, Chief Human Resources Officer, Chief Information Officer, and General Counsel. The crisis response team assesses Our CISO and manages the Crisis Response Team, pursuant to guidance from our CISO, assess and manage our response to cybersecurity threats and incidents. Our CISO follows a risk-based escalation process to notify our General Counsel of certain cybersecurity threats and incidents, and our General Counsel analyzes our obligation to report any incident publicly. If the General Counsel determines disclosure is warranted, she reports this conclusion to the CISO, the Crisis Response Team, and the Company's Public Disclosure Committee for consideration and disclosure. In addition, our Chief Information Security Officer (CISO) CISO (or CEO when warranted) reports cybersecurity activity to the Board of Directors quarterly, with procedures in place for interim reporting, if necessary. Our full Board has oversight of our cybersecurity process.

Our cybersecurity program is based on industry-recognized frameworks and takes a multifaceted approach to protecting our network, systems, and data, including personal information. We deploy a wide range of protective security technologies and tools, including, but not limited to, encryption, firewalls, endpoint detection and response, security information and event management, multi-factor authentication, and threat intelligence feeds.

Although we have purchased broad form cyber insurance coverage and believe that our cybersecurity protection systems are adequate, cybersecurity risk has increased due to remote access, remote work conditions, and increased sophistication of cybersecurity adversaries, as well as the increased frequency of malware attacks. As such, information technology failures or cybersecurity breaches could still create system disruptions or unauthorized disclosure or alterations of confidential information and disruptions to the systems of our third-party suppliers and providers. We cannot be certain that the attacker's capabilities will not compromise our technology protecting information systems, including those resulting from ransomware attached to our industrial control systems. If these systems are interrupted or damaged by any incident or fail for any extended period of time, then our results of operations could be adversely affected. We may incur remediation costs, increased cybersecurity protection costs, lost revenues resulting from unauthorized use of proprietary information, litigation and legal costs, increased insurance premiums, reputational damage, damage to our competitiveness, and negative impact on our stock price and long-term shareholder value. We may also be required to devote significant management resources and expend significant additional resources to address problems created by any such interruption, damage, or failure.

In addition, our ability to effectively compete may be impacted by our ability to anticipate and respond effectively to the opportunity and threat presented by new technology disruption and developments, including artificial intelligence.

Finally, burdens associated with regulatory compliance, including regulations adopted by the SEC regarding cybersecurity disclosure, may increase our costs.

The unauthorized use of artificial intelligence could expose sensitive Company information, infringe intellectual property rights, violate privacy laws, and harm our reputation.

TRADE RISK FACTORS Our business uses artificial intelligence (AI) technologies, including those offered by third parties, on a limited basis, generally to mitigate cybersecurity risks. While we prohibit the use of unauthorized AI technologies, our employees may use AI in an unauthorized manner, which could expose our sensitive data to

U.S. export controls against China

disclosure, violate third-party intellectual property rights, violate privacy laws, produce inaccurate responses that could exacerbate the global semiconductor shortage lead to errors in our business activities, and negatively impact (i) ultimately harm our reputation. Our ability to manufacture mitigate these risks will depend on our continued effective maintenance, training, monitoring, and timely deliver our products, (ii) our OEM enforcement of appropriate policies governing the use of AI technologies, and Tier customers' production schedules, the results of any such use, by us. The legal and (iii) regulatory landscape relating to AI and the demand for our products.

Our Automotive Group uses semiconductors in seat comfort products use of AI is uncertain and rapidly evolving, requiring us to a lesser extent, in motors stay apprised of such developments. These evolving laws and actuators. According to certain market reports, China is a significant manufacturer of semiconductors. The U.S. government has imposed export controls regarding certain advanced semiconductor chips and semiconductor manufacturing equipment which restrict U.S. companies' ability to export these products to China without a license. The Netherlands and Japan have also moved forward with more restrictive export controls related to specific equipment used for the manufacture of semiconductors. The new controls may exacerbate the global semiconductor shortage and negatively impact our ability to source an adequate supply of semiconductors used regulations could require changes in our manufacturing processes. If so, the resulting shortage could endanger implementation of AI technology and increase our ability to manufacture and timely deliver our products. It also could negatively impact our OEM and Tier customers' production schedules compliance costs and the demand for our products. Additionally, China may adopt retaliatory trade restrictions against U.S. companies. risk of non-compliance. If this occurs, our Chinese-based operations may be negatively impacted. Any any of these risks if are realized, it could negatively adversely impact our business, results of operations, cash flow, financial condition, and financial condition. stock price.

REGULATORY RISK FACTORS

Privacy and data protection regulations are complex and could harm our business, reputation, financial condition, and operating results.

Governments around the world have adopted legislative and regulatory proposals rules concerning the collection and use of personal data. As a multi-national company with employee personal data and business contact information from individuals in many countries, we are subject to many different data protection laws, including federal and state-specific laws in the U.S., and the laws of other jurisdictions in which we operate, such as those in Europe, China, India, and Brazil. For example, the EU's European Union (EU) General Data Protection Regulation (GDPR), Switzerland new Federal Act on Data Protection (nFADP), and United Kingdom (UK) GDPR apply to our operations that collect or process personal data of EU, individuals Swiss, and UK individuals, respectively. If our operations are found to violate GDPR or the UK GDPR, these broad-ranging European laws, we may incur substantial fines, face reputational harm, and be required to change our business practices, any of which could have an adverse effect on our business.

As a U.S. company, the ability to centrally manage aspects of our operation and workforce centrally and the ability to make decisions based on complete and accurate global data are important and require the ability to transfer and access personal data. The adequacy of the laws of the data-importing country are of increasing importance under various laws, including the GDPR, the UK GDPR, the Swiss nFADP, and Brazil's general data protection law. The validity of data transfer mechanisms remains subject to legal, regulatory, and political developments in many countries, including Brazil, Europe, China, and the U.S. The expected legal challenges to the EU-US Data Privacy Framework, the complex assessment and documentation requirements under the EU's EU Standard Contractual Clauses, the recent documentation and filing requirements under China's PIPL (Personal Information Protection Law), as well as the still evolving guidance from Brazil, could have an adverse impact on our ability to process and transfer personal data. This may inhibit our ability to transfer our employee personal data from our other operations, such as in Europe, China, and Brazil, to our headquarters in the U.S. or elsewhere, making it much more difficult to effectively manage our global human capital. These evolving privacy and data protection requirements create uncertainty and added compliance obligations that could harm our business, reputation, financial condition, and operating results.

Climate Environmental regulatory compliance costs, additional potential related liabilities and climate change transition risks, including new treaties, laws, and regulations, could negatively impact our business, capital expenditures, compliance costs, results of operations, financial condition, competitive position, and reputation.

Many scientists, legislators, Increased focus by the U.S. and others attribute global warming other governmental authorities on climate change and other environmental matters has led to enhanced regulation in these areas, which is expected to result in increased levels compliance costs and could subject us to additional potential liabilities. The extent of GHG emissions, including carbon dioxide. these costs and risks is difficult to predict and will depend, in large part, on the extent of final regulations and the ways in which those regulations are enforced.

We have approximately 135 125 manufacturing facilities in 18 countries. Most of our facilities are engaged in manufacturing processes that produce GHG emissions, including carbon dioxide. We also maintain a fleet of over-the-road tractor trailers that emit GHG emissions when providing freight services to many of our U.S.-based manufacturing locations. Our manufacturing facilities are primarily located in North America, Europe, and Asia. There are certain transition risks (meaning risks related to the process of reducing our carbon footprint) that could materially affect our business, capital expenditures, compliance costs, results of operations, financial condition, competitive position, and reputation. One of these transition risks is the change in treaties, laws, policies, and regulations that could impose significant operational and compliance burdens. For example, some of our operations are subject to certain governmental actions like the European Union's (EU) EU "European Green Deal" (which provides for a 55% reduction in net GHG emissions by 2030 (compared to 1990 levels), and no net emissions of GHG by 2050), and the "Paris Agreement" (which is an international treaty on climate change designed to lower GHG emissions).

Other laws that could materially increase our compliance costs are the California Climate Corporate Data Accountability Act and Climate-Related Financial Risk Act, as well as the EU Corporate Sustainability Reporting Directive and the EU Carbon Border Adjustment Mechanism. In addition, with respect to our Automotive Group, the EU is moving forward with an effective ban on the sale of new gas-powered automobiles (with the exception of CO2-neutral automobiles) in the EU from 2035 (with interim requirements by 2030), aiming to accelerate the conversion to zero-GHG emission automobiles as part of a broad package to combat global warming. Also, President Biden signed executive orders setting the goal of having zero-emission vehicles account for half of all new U.S. passenger cars car and light trucks truck sales by 2030 and committing the Federal government to procuring only zero-emission light vehicles by 2035. Finally, some states, including California and New York, are also implementing similar provisions. Our automotive products can be sold to manufacturers of either gas-powered or electric-powered vehicles. However, if our customers (who may be subject to any of these or other similarly proposed or newly enacted laws and regulations) incur additional costs to comply with such laws and regulations, which in turn, impact their ability to operate at similar levels in certain jurisdictions, the demand for our products could be adversely affected.

In addition, overall, there continues to be a lack of consistent climate legislation in the jurisdictions in which we operate, which creates economic and regulatory uncertainty. If these laws or regulations (including the SEC's proposed rule regarding recently adopted climate-related disclosures) disclosure rules, if upheld) impose significant operational restrictions and compliance requirements on us, they could increase costs associated with our operations, including costs for raw materials and transportation. Non-compliance with climate change treaties or legislative and regulatory requirements could also negatively impact our reputation. To date, however, we have not experienced a material impact from climate change legislative and regulatory efforts.

Increased scrutiny from investors, lenders, market participants, and other stakeholders regarding Changes in tax laws or challenges to our environmental, social, and governance, or sustainability responsibilities, could expose us tax positions pursuant to additional costs or risks and adversely impact our liquidity, results of operations, reputation, employee retention, and stock price.

Investor advocacy groups, certain institutional investors, investment funds, lenders, market participants, shareholders, customers, and other stakeholders have focused increasingly on the environmental, social, and governance (ESG) or "sustainability" practices of companies. These parties have placed increased importance on the implications of the social cost of their investments. If our ESG practices do not meet investor, lender, or other industry stakeholder expectations and standards, which continue to evolve, our access to capital may be negatively impacted based on an assessment of our ESG practices. These limitations, in both the debt and equity markets, may materially negatively affect our ability to manage our liquidity, refinance existing debt, grow our businesses, and implement our strategies, as well as adversely impact our results of operations and the price of our common stock.

Our sustainability report details how we seek to manage our operations responsibly and ethically. The sustainability report includes our ESG policies and practices on a variety of matters, including, but not limited to, Board and management sustainability oversight, governance and ethics, environmental sustainability, climate change and greenhouse gas emissions reduction, employee health, safety, inclusion and diversity, product stewardship, quality and safety management, and supply chain social standards and compliance. In the past few years, we broadened the scope of the Board's Nominating, Governance and Sustainability Committee to include oversight of our ESG programs and related risks. We also added positions including our first Chief Human Resources Officer, Sustainability Director, and Inclusion, Diversity, Equity Director to help lead and evaluate our ESG practices. Also, in 2022, we conducted our first materiality assessment to identify ESG-related opportunities that will drive the most value for our company and those we serve. We engaged a broad variety of our stakeholders to get their input on which ESG topics were of the highest importance to them. We also assessed our ability to make a positive business impact in these same ESG areas. Together, this information is helping to better inform us as we prioritize and advance our ESG strategies. We expect to share the results of the materiality assessment and key ESG objectives, goals, and targets in the first half of 2024. However, it is possible that stakeholders may not be satisfied with our ESG practices or the speed of their adoption. In addition to the costs associated with the above mentioned positions, we could also incur additional costs and require additional resources to monitor, report, and comply with various ESG practices. Also, our failure, or perceived failure, to meet the standards set forth in the sustainability report ongoing tax audits could negatively impact our reputation, employee retention, earnings and cash flows.

We are subject to the willingness tax laws and reporting rules of the U.S. (federal, state, and local) and several foreign jurisdictions. Current economic and political conditions make these tax rules (and governmental interpretation of these rules) in any jurisdiction, including the U.S., subject to significant change and uncertainty. There are proposals by the Organization for Economic Cooperation and Development, the European Union, and other tax jurisdictions, some of which were already adopted in various countries, to reform tax laws or change interpretations of existing tax rules. These proposals generally center around global base erosion and profit shifting (BEPS) concepts, and as they are adopted, could continue to impact how our earnings and transactions are taxed as a multinational corporation. Whether, or in what form, these proposals will become law in various countries around the world, or how such laws might be interpreted, could impact our assumptions related to the taxation of certain foreign earnings and have an adverse effect on our earnings and cash flows.

We are subject to audit by taxing authorities in the countries where we operate and are currently in various stages of examination in several of these jurisdictions. We have established liabilities as we believe are appropriate, with such amounts representing what we believe is a reasonable provision for taxes that we ultimately might be required to pay. However, these liabilities could be increased over time as more information becomes known relative to the resolution of these audits, as either certain governmental tax positions may be sustained, or we may agree to certain tax adjustments. We could incur additional tax expense if we have adjustments higher than the liabilities recorded.

We are subject to value-added taxes (VAT) in various foreign jurisdictions. Where we are entitled to a refund of the VAT we have paid, we are required to make a claim for refund from the government authorities. We establish VAT receivables for these claims, but have been experiencing refund delays in Mexico. Although we believe the amounts we have claimed are fully collectable, continued government actions in Mexico, including audits of the amounts we have requested, could either further delay the receipt of our customers and suppliers refunds, or cause us to do business with us. Our sustainability report can be found at www.leggett.com. Our website does not constitute part of this Form 10-Q. settle for a lesser amount than the VAT receivable we have recorded. These actions could adversely impact our future cash flows and/or pretax earnings.

LITIGATION RISK FACTORS

We are exposed to litigation contingencies that, if realized, could have a material negative impact on our financial condition, results of operations, and cash flows.

Although we deny liability in all currently threatened or pending litigation proceedings, we have recorded an immaterial aggregate litigation contingency accrual at September 30, 2023 March 31, 2024. Based on current facts and circumstances, aggregate reasonably possible (but not probable) losses in excess of the recorded accruals for litigation contingencies are estimated to be $21 million $15 million. If our assumptions or analyses regarding any of our contingencies are incorrect, if facts and circumstances change, or if future litigation arises, we could realize losses in excess of the recorded accruals (and in excess of the $21 million $15 million referenced above) which could have a material negative impact on our financial condition, results of operations, and cash flows. For more information regarding our legal contingencies, please see Item 1 Legal Proceedings on page 41 38 and Note 16 M Contingencies on page 21 18 of the Notes to Consolidated Condensed Financial Statements.

ITEM Item 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS, AND Unregistered Sales of Equity Securities and Use of Proceeds.

ISSUER PURCHASES OF EQUITY SECURITIES. SECURITIES

Issuer Purchases of Equity Securities

The table below is a listing of our purchases of the Company's common stock by calendar month for the periods presented.

Period	Total Number of Shares Purchased [1]	Average Price Paid per Share [1]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [2]	Maximum Number of Shares that may yet be Purchased Under the Plans or Programs [2]
July 2023 January 2024	—	$ —	—	10,000,000
August 2023 February 2024	—	$ —	—	10,000,000
September 2023 March 2024	—	$ —	—	10,000,000
Total	—	$ —	—	

1 This number column does not include shares withheld for taxes on stock unit conversions, as well as forfeitures of stock units, all of which totaled 8,162 186,103 shares in the third first quarter of 2023. 2024. The average price paid per share for these shares was $27.61. $22.02.

2 On February 22, 2022, the Board authorized management to repurchase up to 10 million shares each calendar year. This standing authorization was announced in the annual report on Form 10-K for the year ended December 31, 2021, filed February 22, 2022, and will remain in force until repealed by the Board of Directors. This standing Board authorization updated a prior Board authorization in 2004 which provided the same repurchase authority to the Company with only minor administrative differences. As such, the Company has we have had substantively the same share repurchase authority since 2004, and this authority includes the 2023 2024 calendar year. No specific repurchase schedule has been established.

ITEM Item 5. OTHER INFORMATION. Other Information.

Director and Officer Trading Arrangements DIRECTOR AND OFFICER TRADING ARRANGEMENTS

During the three months ended September 30, 2023 March 31, 2024, no director or officer (as defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended) of the Company adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM Item 6. EXHIBITS. Exhibits.

EXHIBIT INDEX

Exhibit No.	Description
3.1	Restated Articles of Incorporation of the Company as of May 13, 1987, with Amendments dated May 12, 1993 and May 20, 1999; filed March 11, 2004 as Exhibit 3.1 to the Company's Form 10-K, are incorporated herein by reference. (SEC File No. 001-07845)
3.2	Bylaws of the Company as amended through February 22, 2023, filed February 23, 2023 as Exhibit 3.2.1 to the Company's Form 8-K, are incorporated herein by reference. (SEC File No. 001-07845)
10.1	Summary Sheet of Executive Cash Compensation, filed February 28, 2024 as Exhibit 10.1 to the Company's Form 8-K, is incorporated herein by reference. (SEC File No. 001-07845)
10.2	The Company's Key Officers Incentive Plan, amended and restated, effective February 26, 2024, filed February 28, 2024 as Exhibit 10.2 to the Company's Form 8-K, is incorporated herein by reference. (SEC File No. 001-07845)
10.3	2024 Award Formula under the Key Officers Incentive Plan, filed February 28, 2024 as Exhibit 10.3 to the Company's Form 8-K, is incorporated herein by reference. (SEC File No. 001-07845)
10.4	2024 Form of Performance Stock Unit Award Agreement pursuant to the Company's Flexible Stock Plan, filed February 28, 2024, as Exhibit 10.6 to the Company's Form 8-K is incorporated herein by reference. (SEC File No. 001-07845)
10.5	Amendment Agreement, dated as of March 22, 2024 relating to the Fourth Amended and Restated Credit Agreement among the Company, JPMorgan Chase Bank, N.A., as administrative agent, and the Lenders party thereto, filed March 25, 2024 as Exhibit 10.1 to the Company's Form 8-K is incorporated herein by reference. (SEC File No. 001-07845)
10.6	The Company's Flexible Stock Plan, amended and restated, effective as of May 8, 2024, filed March 28, 2024 as an Appendix to the Company's Proxy Statement, is incorporated herein by reference. (SEC File No. 001-07845)
31.1*	Certification of J. Mitchell Dolloff, pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, datedNovember May 8, 27, 2023 024
31.2*	Certification of Benjamin M. Burns, pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated November7 May 8, 2023 2024
32.1**	Certification of J. Mitchell Dolloff, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated November 7 May 8, 2023 2024
32.2**	Certification of Benjamin M. Burns, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, datedNovember 7 May 8, 2023 2024
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
101.CAL*,***	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF*,***	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB*,***	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE*,***	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Denotes filed herewith.

** Denotes furnished herewith.

*** Filed as Exhibit 101 to this report are the following formatted in inline XBRL (eXtensible Business Reporting Language):

(i) Consolidated Condensed Balance Sheets at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023; (ii) Consolidated Condensed Statements of Operations for the three and nine months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023; (iii) Consolidated Condensed Statements of Comprehensive Income (Loss) for the three and nine months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023; (iv) Consolidated Condensed Statements of Cash Flows for the nine three months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023; (v) Consolidated Condensed Statements of Changes in Equity for the three months ended March 31, 2024 and March 31, 2023; and (v) (vi) Notes to Consolidated Condensed Financial Statements.

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.

LEGGETT & PLATT, INCORPORATED

DATE: November 7, 2023 May 8, 2024	By:	/s/ J. MITCHELL DOLLOFF
		J. Mitchell Dolloff
		President and Chief Executive Officer
DATE: November 7, 2023 May 8, 2024	By:	/s/ BENJAMIN M. BURNS
		Benjamin M. Burns
		Executive Vice President and Chief Financial Officer

Exhibit 31.1

CERTIFICATION

I, J. Mitchell Dolloff, certify that:

1. I have reviewed this report on Form 10-Q of Leggett & Platt, Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2023 May 8, 2024	/s/ J. MITCHELL DOLLOFF
	J. Mitchell Dolloff
	President and Chief Executive Officer
	Leggett & Platt, Incorporated

Exhibit 31.2

CERTIFICATION

I, Benjamin M. Burns, certify that:

1. I have reviewed this report on Form 10-Q of Leggett & Platt, Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2023 May 8, 2024

/s/ BENJAMIN M. BURNS

Benjamin M. Burns
Executive Vice President and Chief Financial Officer
Leggett & Platt, Incorporated

Exhibit 32.1

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

In connection with the Quarterly Report of Leggett & Platt, Incorporated (the “Company”) on Form 10-Q 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, J. Mitchell Dolloff, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 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.

/s/ J. MITCHELL DOLLOFF

J. Mitchell Dolloff
President and Chief Executive Officer

November 7, 2023 May 8, 2024

Exhibit 32.2

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

In connection with the Quarterly Report of Leggett & Platt, Incorporated (the "Company") on Form 10-Q 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, Benjamin M. Burns, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 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.

/s/ BENJAMIN M. BURNS

Benjamin M. Burns
Executive Vice President and Chief Financial Officer

November 7, 2023 May 8, 2024