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

Form 10-K

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

For the fiscal year ended May 31, 2023

OR

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

For the transition period from to

Commission File No. 1-14187

RPM INTERNATIONAL INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**02-0642224**
(State or Other Jurisdiction of Incorporation or Organization)	**(IRS Employer Identification No.)**
2628 Pearl Road, Medina, Ohio	**44256**
(Address of Principal Executive Offices)	**(Zip Code)**

Registrant's telephone number, including area code:
(330) 273-5090
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value $0.01	RPM	New York Stock Exchange

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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

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

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

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the Common Stock held by non-affiliates of the Registrant at November 30, 2022 was approximately $13,209,706,497.

As of July 21, 2023, 129,051,521 shares of Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement to be used in connection with the Registrant's Annual Meeting of Stockholders to be held on October 5, 2023 (the "2023 Proxy Statement") are incorporated by reference into Part III of this Annual Report on Form 10-K.

Except as otherwise stated, the information contained in this Annual Report on Form 10-K is as of May 31, 2023.

PART I

Item 1. *Business.*

THE COMPANY

RPM International Inc., a Delaware corporation, succeeded to the reporting obligations of RPM, Inc., an Ohio corporation, following a 2002 reincorporation transaction. RPM, Inc. was originally incorporated in 1947 under the name Republic Powdered Metals, Inc. and changed its name to RPM, Inc. in 1971.

As used herein, the terms "RPM," the "Company," "we," "our" and "us" refer to RPM International Inc. and all our consolidated subsidiaries, unless the context indicates otherwise. Our principal executive offices are located at 2628 Pearl Road, Medina, Ohio 44256, and our telephone number is (330) 273-5090.

BUSINESS

Our subsidiaries manufacture, market and sell various specialty chemical product lines, including high-quality specialty paints, infrastructure rehab and repair products, protective coatings, roofing systems, sealants and adhesives, focusing on the maintenance and improvement needs of the industrial, specialty and consumer markets. Our family of products includes those marketed under brand names such as API, Carboline, CAVE, DAP, Day-Glo, Dri-Eaz, Dryvit, Euclid, EUCO, Fibergrate, Fibregrid, Fibrecrete, Flecto, Flowcrete, Gator, Grupo PV, Hummervoll, illbruck, Kemtile, Key Resin, Nudura, Mohawk, Prime Resins, Rust-Oleum, Specialty Polymer Coatings, Stonhard, Strathmore, TCI, Toxement, Tremco, Tuf-Strand, Universal Sealants, Viapol, Watco and Zinsser. As of May 31, 2023, our subsidiaries marketed products in approximately 164 countries and territories and operated manufacturing facilities in approximately 121 locations in Argentina, Australia, Belgium, Brazil, Canada, Chile, China, Colombia, France, Germany, India, Italy, Malaysia, Mexico, The Netherlands, New Zealand, Norway, Poland, South Africa, South Korea, Spain, Sweden, Turkey, the United Arab Emirates, the United Kingdom, and the United States. Approximately 29% of our sales are generated in international markets through a combination of exports to and direct sales in foreign countries. For the fiscal year ended May 31, 2023, we recorded net sales of $7.3 billion.

Available Information

Our Internet website address is www.rpminc.com. We make available free of charge on or through our website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and amendments to these reports, as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the Securities and Exchange Commission.

Segment Information

Our business is divided into four reportable segments: the Construction Products Group ("CPG") reportable segment, Performance Coatings Group ("PCG") reportable segment, Consumer Group ("Consumer") reportable segment and Specialty Products Group ("SPG") reportable segment. These four reportable segments also represent our operating segments.

Within each operating segment, we manage product lines and businesses which generally address common markets, share similar economic characteristics, utilize similar technologies and can share manufacturing or distribution capabilities. The table below describes the breakdown of the percentage of consolidated net sales and description of the product lines/business for each of our four reportable segments:

Name of Reportable Segment	Percentage of Consolidated Net Sales	Description of Product Lines/Businesses
CPG	Approximately 36%	Construction sealants and adhesives, coatings and chemicals, roofing systems, concrete admixture and repair products, building envelope solutions, insulated cladding, flooring systems, and weatherproofing solutions
PCG	Approximately 18%	High-performance flooring solutions, corrosion control and fireproofing coatings, infrastructure repair systems, fiberglass reinforced plastic gratings, drainage systems, and raised-flooring systems for outdoor environments
Consumer	Approximately 35%	Rust-preventative, special purpose, and decorative paints, caulks, sealants, primers, contact cement, cleaners, flooring systems and sealers, woodcare coatings and other branded consumer products
SPG	Approximately 11%	Industrial cleaners, restoration services equipment, colorants, nail enamels, exterior finishes, edible coatings and specialty glazes for pharmaceutical and food industries, and other specialty original equipment manufacturer ("OEM") coatings

See Note R, "Segment Information," to the Consolidated Financial Statements, for financial information relating to our four reportable segments and financial information by geographic area.

CPG Segment

Our CPG segment products and services are sold throughout North America and also account for the majority of our international sales. Our construction product lines and services are sold directly to manufacturers, contractors, distributors and end-users, including industrial manufacturing facilities, concrete and cement producers, public institutions and other commercial customers. Our CPG segment generated $2.6 billion in net sales for the fiscal year ended May 31, 2023 and includes the following major product lines and brand names:

- waterproofing, coatings and traditional roofing systems used in building protection, maintenance and weatherproofing applications marketed under our Tremco, AlphaGuard, AlphaGrade, BURmastic, OneSeal, POWERply, THERMastic, TremPly, TremLock, Vulkem and TREMproof brand names;
- in collaboration with companies from the PCG and SPG reportable segments respectively, Fibergrate and Legend Brands, retrofit structural panels, fiberglass reinforced plastic ("FRP") and metal TremSafe rooftop safety solutions, and RoofTec cleaning and RoofTec drying services;
- sealants, air barriers, tapes and foams that seal and insulate joints in various construction assemblies and glazing assemblies marketed under our Tremco, Dymonic, ExoAir, illbruck and Spectrem brand names;
- new residential home weatherization systems marketed under our TUFF-N-DRI, Watchdog Waterproofing and Enviro-Dri brand names;
- specialized roofing, building maintenance and related services performed by our Weatherproofing Technologies Incorporated (WTI) subsidiary, as well as our Weatherproofing Technologies Canada (WTC) subsidiary that include: turnkey general contracting projects, general roofing repairs, roof restorations, building asset management programs, diagnostic services, indoor air quality audits, HVAC restorations, job-site inspections, TremCare maintenance programs, customized warranty solutions and offerings;
- sealing and bonding solutions for windows and doors, facades, interiors and exteriors under our illbruck TremGlaze brand name;
- subfloor preparation, leveling screeds for flooring and waterproofing applications under our Tremco and Isocrete brand names;
- in-plant glazing solutions and structural glazing under our Tremco brand name;
- high-performance resin flooring systems, polyurethane & MMA waterproof coatings, epoxy floor paint and coatings, concrete repair and protection products and decorative concrete for industrial and commercial applications sold under our Flowcrete and Key Resins brand names;
- rolled asphalt roofing materials, waterproofing products, and chemical admixtures marketed under our Viapol, Vandex and Betumat brand names;
- concrete and masonry admixtures, concrete fibers, cement grinding aids, cement performance enhancers, curing and sealing compounds, structural grouts and mortars, epoxy adhesives, polyurethane foams, floor hardeners and toppings, joint fillers, industrial and architectural coatings, decorative color/stains/stamps, and a comprehensive selection of restoration materials marketed under the Euclid, CAVE, Conex, Toxement, Viapol, Dural, EUCO, Eucon, Eucem, Fiberstrand, Increte Systems, Plastol, Sentinel, Speed Crete, Tuf-Strand, Prime Gel, Prime Bond, Prime Coat, Prime Guard, Prime Rez, Prime Flex and Tremco PUMA Expansion Joint System brand names;
- solutions for fire stopping and intumescent coatings for steel structures under our Firetherm brand now all transitioned to Nullifire, Veda and TREMStop brand names;
- adhesive & sealant solutions for the manufacturing industries under our Pactan brand name;
- insulated building cladding materials (exterior insulating and finishing systems, "EIFS") under our Dryvit and NewBrick brand names;
- insulated concrete form ("ICF") wall systems and engineered buck framing systems and ICF bracing systems marketed and sold under the Nudura, PreBuck, and Giraffe brand names; and
- foam joint sealants for commercial construction manufactured and marketed under the Schul brand name;
- expansion joint covers and fire-stopping solutions for horizontal and vertical linear joints under the Veda brand.

PCG Segment

Our PCG segment products and services are sold throughout North America, as well as internationally, and are sold directly to contractors, distributors and end-users, such as industrial manufacturing facilities, public institutions and other commercial customers. Our PCG segment generated $1.3 billion in net sales for the fiscal year ended May 31, 2023 and includes the following major product lines and brand names:

- high-performance polymer flooring products and services for industrial, institutional and commercial facilities, as well as offshore and marine structures and cruise, ferry and navy ships marketed under our Stonhard, Hummervoll, Kemtile, Liquid Elements and API brand names;
- high-performance, heavy-duty corrosion-control coatings, containment linings, railcar linings, fireproofing and soundproofing products and heat and cryogenic insulation products for a wide variety of industrial infrastructure and oil and gas-related applications marketed under our Carboline, Specialty Polymer Coatings, Nullifire, Charflame, Firefilm, A/D Fire, Strathmore, Thermo-Lag, Plasite, Perlifoc, Dudick, Farbocustic and Southwest brand names;
- specialty construction products and services for bridge expansion joints, structural bearings, bridge decks, highway markings, protective coatings, trenchless pipe rehabilitation equipment and asphalt and concrete repair products marketed under our USL, Pitchmastic PMB, Nufins, Visul, Fibrecrete, Texacrete, Fibrejoint, Samiscreed, Prime Resins, Logiball and Epoplex brand names;
- fiberglass reinforced plastic gratings and shapes used for industrial platforms, staircases, walkways and raised flooring systems utilizing adjustable polypropylene pedestals marketed under our Fibergrate, Chemgrate, Corgrate, Fibregrid, Safe-T-Span and Bison brand names; and
- amine curing agents, reactive diluents, specialty epoxy resins and other intermediates under our Arnette Polymers brand name.

Consumer Segment

Our Consumer segment manufactures and markets professional use and do-it-yourself (“DIY”) products for a variety of mainly residential applications, including home improvement and personal leisure activities. Our Consumer segment’s major manufacturing and distribution operations are located primarily in North America, along with a few locations in Europe, Australia and South America. Consumer segment products are sold directly to mass merchandisers, home improvement centers, hardware stores, residential construction suppliers, paint stores, craft shops and to other customers through distributors. Our Consumer segment generated $2.5 billion in net sales in the fiscal year ended May 31, 2023 and is composed of the following major product lines and brand names:

- a broad line of coating products to protect and decorate a wide variety of surfaces for the DIY and professional markets which are sold under several brand names, including Rust-Oleum, Stops Rust, American Accents, Painter’s Touch, Universal, Industrial Choice, Rust-Oleum Automotive, Sierra Performance, Hard Hat, TOR, Mathys, CombiColor, Noxyde, MultiSpec and Tremclad;
- specialty products targeted to solve problems for the paint contractor and the DIYer for applications that include surface preparation, mold and mildew prevention, wallpaper removal and application, and waterproofing, sold under our Zinsser, B-I-N, Bulls Eye 1-2-3, Cover Stain, DIF, FastPrime, Sealcoat, Gardz, Perma-White, Shieldz, Watertite and Okon brand names;
- a line of woodcare products for interior and exterior applications for the DIY and professional markets that are sold under the Varathane, Watco and Wolman brand names;
- cleaners sold under the Krud Kutter, Mean Green, Concrobium, Whink and Jomax brand names;
- concrete restoration and flooring systems for the DIY and professional floor contractor markets sold under the Epoxy Shield, Rock Solid, Seal Krete and Concrete Saver brand names;
- metallic and faux finish coatings marketed under our Modern Masters brand name;
- tile and stone sealants and cleaners under our Miracle Sealants brand name;
- a broad line of finishing products for the DIY and professional markets including abrasives for hand and power sanding, cutting, grinding and surface refinishing marketed under the Gator, Finish 1st and Zip Sander brand names;
- an assortment of other products, including hobby paints and cements marketed under our Testors brand name; and
- a complete line of caulks, sealants, adhesives, insulating foam, spackling, glazing, and other general patch and repair products for home construction, repair and remodeling marketed through a wide assortment of DAP branded products, including, but not limited to, ‘33’, ‘53’, ‘1012’, 4000, 7000, Alex, Alex Fast Dry, Alex Plus, Alex Ultra, Alex Flex, AMP, Barrier Foam, Beats The Nail, Blend-Stick, Blockade, DAPtex, Draftstop, DryDex, Dynaflex 230, Dynaflex Ultra,

Dynagrip, Eclipse, Elastopatch, Extreme Stretch, Fast ‘N Final, FastPatch, Fire Break, Kwik Seal, Kwik Seal Plus, Kwik Seal Ultra, Max Fill, Mono, Mouse Shield, No Warp, Patch-N-Paint, Plastic Wood, Platinum Patch, Power Point, RapidFuse, Seal ‘N Peel, SIDE Winder, Silicone Plus, Silicone Max, SMARTBOND, Storm Bond, TankBond, Touch’N Foam Pro, Touch’N Seal, Ultra Clear, and Weldwood.

SPG Segment

Our SPG segment products are sold throughout North America and internationally, primarily in Europe. Our SPG product lines are sold directly to contractors, distributors and end-users, such as industrial manufacturing facilities, public institutions and other commercial customers. The SPG segment generated $0.8 billion in net sales for the fiscal year ended May 31, 2023 and includes the following major product lines and brand names:

- fluorescent colorants and pigments marketed under our Day-Glo and Radiant brand names;
- shellac-based-specialty coatings for industrial and pharmaceutical uses, edible glazes, food coatings and ingredients marketed under our Mantrose-Haeuser, NatureSeal, Profile Food Ingredients and Holton Food Products brand names;
- fire and water damage restoration products marketed under the Dri-Eaz, Unsmoke and ODORx brand names;
- professional carpet cleaning and disinfecting products marketed under the Sapphire Scientific, Chemspec and Prochem brand names;
- fuel additives marketed under our ValvTect brand name;
- wood treatments marketed under our Kop-Coat and TRU CORE brand names;
- pleasure marine coatings marketed under our Pettit, Woolsey, Z-Spar and Tuffcoat brand names;
- wood coatings and touch-up products primarily for furniture and interior wood applications marketed under our FinishWorks, Mohawk, and Morrells brand names;
- a variety of products for specialized applications, including powder coatings for exterior and interior applications marketed under our TCI brand name; and
- nail enamel, polish and coating components for the personal care industry.

Foreign Operations

For the fiscal year ended May 31, 2023, our foreign operations accounted for approximately 28.5% of our total net sales, excluding any direct exports from the United States. Our direct exports from the United States were approximately 0.9% of our total net sales for the fiscal year ended May 31, 2023. In addition, we receive license fees and royalty income from numerous international license agreements, and we also have several joint ventures, which are accounted for under the equity method, operating in various foreign countries. We have manufacturing facilities in Argentina, Australia, Belgium, Brazil, Canada, Chile, China, Colombia, France, Germany, India, Italy, Malaysia, Mexico, The Netherlands, New Zealand, Norway, Poland, South Africa, South Korea, Spain, Sweden, Turkey, the United Arab Emirates and the United Kingdom. We also have sales offices or warehouse facilities in Costa Rica, the Czech Republic, the Dominican Republic, Estonia, Finland, Guatemala, Hong Kong, Hungary, Indonesia, Ireland, Namibia, Oman, Pakistan, Panama, Peru, Philippines, Puerto Rico, Qatar, Singapore, Slovakia, Switzerland, Thailand and Vietnam. Information concerning our foreign operations is set forth in Management’s Discussion and Analysis of Results of Operations and Financial Condition.

Competition

We conduct our business in highly competitive markets, and all of our major products face competition from local, regional, national and multi-national firms. Our markets, however, are fragmented, and we do not face competition across all of our products from any one competitor in particular. Several of our competitors have access to greater financial resources and larger sales organizations than we do. While third-party figures are not necessarily available with respect to the size of our position in the market for each of our products, we believe that we are a major producer of caulks, sealants, insulating foams, patch-and-repair products for the general consumer as well as for the residential building trade; roofing systems; urethane sealants and waterproofing materials; aluminum coatings; cement-based coatings; hobby paints; small project paints; industrial-corrosion-control products; fireproofing; consumer rust-preventative coatings; polymer floorings; fluorescent coatings and pigments; fiberglass-reinforced-plastic gratings; nail polish; water and fire damage restoration products; carpet cleaning truck-mount systems and shellac-based coatings. However, we do not believe that we have a significant share of the total protective coatings market (on a world-wide basis). The following is a summary of the competition that our key products face in the various markets in which we compete:

Paints, Coatings, Adhesives and Sealants Products

The market for paints, coatings, adhesives and sealants has experienced significant consolidation over the past several decades. However, the market remains fragmented, which creates further consolidation opportunities for industry participants. Many leading suppliers tend to focus on coatings, while other companies focus on adhesives and sealants. Barriers to market entry are relatively high for new market entrants due to the lengthy intervals between product development and market acceptance, the importance of brand identity and the difficulty in establishing a reputation as a reliable supplier of these products. Most of the suppliers, including us, who provide these items have a portfolio of products that span across a wide variety of applications.

Consumer Home Improvement Products. Within our Consumer reportable segment, we generally serve the home improvement market with products designed for niche architectural, rust-preventative, decorative and special purpose paint and caulking and sealing applications. The products we sell for home improvement include those sold under our Rust-Oleum, Varathane, Watco, Zinsser, DAP, and Touch'N Foam brand names. Leading manufacturers of home improvement-related coatings, adhesives and sealants market their products to DIY users and contractors through a wide range of distribution channels. These distribution channels include direct sales to home improvement centers, mass merchandisers, hardware and paint stores, and sales through distributors and sales representative organizations. Competitors in this market generally compete for market share by marketing and building upon brand recognition, providing customer service and developing new products based on customer needs.

Industrial Protective Coatings Products. Anti-corrosion protective coatings and fireproofing must withstand the destructive elements of nature and operating processes under harsh environments and conditions. Our protective industrial coating products are marketed primarily under our Carboline, Specialty Polymer Coatings, Plasite, Nullifire, Firefilm, Charflame, A/D Fire, Strathmore, Thermo-lag, Perlifoc, Epoplex, and Farbocustic brand names. Some of the larger consumers of high-performance protective and corrosion control coatings, fireproofing and intumescent steel coatings are the oil and gas, pulp and paper, petrochemical, shipbuilding, high-rise building construction, public utility and bridge and highway industries, water and wastewater treatment plants, and electronics manufacturing facilities. These markets are highly fragmented. We and our competitors compete for market share by supplying a wide variety of high-quality products and by offering customized solutions.

Roofing Systems Products

In the roofing industry, re-roofing applications have historically accounted for over three-quarters of U.S. demand, with the remainder generated by new roofing applications. Our primary roofing brand, Tremco, was founded in 1928 on the principle of "keeping good roofs good," and then, by extension, ensuring "roofing peace of mind" for our customers. We define the market in two segments: (a) restoration and re-roofing or (b) new roofing. We market our systems and services for all of the most common roofing applications. Our roofing systems and services provide high performance and value. High performance ensures a long service life and ease of maintenance. High value ensures low total cost of ownership due to ease of installation, landfill avoidance, roof longevity, elimination of facility and occupant disruption, and utilization of sustainable materials and systems. Whether a project is a restoration, re-roof or new construction, our goal is always to help create a facility that is safe, dry, comfortable, and energy efficient for its occupants.

Construction Products

Flooring Systems Products. Polymer flooring systems are used in industrial, commercial and, to a lesser extent, residential applications to provide a smooth, seamless surface that is impervious to penetration by water and other substances while being easy to clean and maintain. These systems are particularly well-suited for clean environments such as pharmaceutical, food and beverage and healthcare facilities. In addition, the fast installation time and long-term durability of these systems and products make them ideal for industrial floor repair and restoration. Polymer flooring systems are based on epoxy, polyurethane and methyl methacrylate resins. Most of these flooring systems are applied during new construction, but there is also a significant repair and renovation market. Key performance attributes in polymer flooring systems that distinguish competitors for these applications include static control, chemical resistance, contamination control, durability and aesthetics. We market our flooring systems under the Stonhard, Flowcrete, Key Resin, Euclid, Liquid Elements, Hummervoll, Kemtile, API and Dudick brand names.

Fiberglass Reinforced Plastic ("FRP") Grating and Structural Composites. FRP grating and railings are used primarily in industrial and, to a lesser extent, commercial applications. FRP exhibits many specialized features, which make it a beneficial alternative to traditional steel or aluminum. These include a high strength-to-weight ratio, high corrosion resistance, electrical and thermal non-conductivity, and molded-in color, which eliminates the need for repainting. FRP is used for rooftop safety, platforms, walkways and stairs for a variety of applications, including those in the food and beverage, chemical processing, water-wastewater, pulp and paper, commercial roofing, commercial sealants and waterproofing, and offshore oil and gas industries. Structural composites include high-density polypropylene pedestal systems for raised flooring applications in outdoor environments. Key attributes that differentiate competitors in these markets include product quality, depth of product line, and design-and-fabrication services. Our products for these applications are sold under our Fibergrate, Chemgrate, Corgrate, Fibregrid, Safe-T-Span and Bison brand names.

Sealants, Waterproofing, Concrete and Masonry Products. Sealants, which include urethane, silicone, latex, butyl and hybrid technology products, are designed to be installed in construction joints for the purpose of providing a flexible air and water-tight seal. Waterproof coatings, usually urethane or asphalt based, are installed in exposed and buried applications to waterproof and protect concrete. Structural and traffic tolerant membranes, expansion joints and bearings are used in a variety of applications for bridge deck construction and restoration and the protection and preservation of balconies, pedestrian walkways and parking structures. In the concrete and masonry additives market, a variety of chemicals and fibers can be added to concrete and masonry to improve the processability, performance, or appearance of these products. Chemical admixtures for concrete are typically grouped according to their functional characteristics, such as water-reducers, set controllers, superplasticizers and air-entraining agents. Curing and sealing compounds, structural grouts, epoxy adhesives, injection resins, floor hardeners and toppings, joint fillers, industrial and architectural coatings, decorative color/stains/stamps, and a comprehensive selection of restoration materials are used to protect, repair or improve new or existing concrete structures used in the construction industry, and rehabilitation and repair of roads, highways, bridges, pipes and other infrastructure. The key attributes that differentiate competitors for these applications include quality assurance, on-the-job consultation and value-added, highly engineered products. We primarily offer products marketed under our Tremco, EUCO, Toxement, Viapol, Betumat, CAVE, Vandex, illbruck, Tamms, AlphaGuard, AlphaGrade, OneSeal, PowerPly, TremPly, TremLock, Vulkem, TREMproof, Dymonic, Increte, TUFF-N-DRI, Universal Sealants, Nufins, Pitchmastic PMB, Visul, Fibrecrete, Texacrete, Fibrejoint, Samiscreed, Prime Rez, Prime Gel, Prime Guard, Prime Coat, Prime Bond, Prime Flex, Logiball, Watchdog Waterproofing, PSI, Tuf-Strand, Ekspan, Sealtite and HydroStop brand names for this line of business.

Building Wall, Cladding and Envelope Systems. CPG's collective products and systems are a single source for new construction, renovation and restoration. We take a fully tested systems approach in standing behind its whole building warranty, providing a single point of responsibility for customer peace of mind.

Intellectual Property

Our intellectual property portfolios include valuable patents, trade secrets and know-how, domain names, trademarks, trade and brand names. In addition, through our subsidiaries, we continue to conduct significant research and technology development activities. Among our most significant intangibles are our Rust-Oleum®, Carboline®, DAP®, illbruck® and Tremco® trademarks.

Rust-Oleum Corporation and some of our other subsidiaries own more than 860 trademark registrations or applications in the United States and numerous other countries for the trademark "Rust-Oleum®" and other trademarks covering a variety of rust-preventative, decorative, general purpose, specialty, industrial and professional products sold by Rust-Oleum Corporation and related companies.

Carboline Company and some of our other subsidiaries own more than 510 trademark registrations or applications in the United States and numerous other countries covering the products sold by the Carboline Company and related companies, including two United States trademark registrations for the trademark "Carboline®".

DAP Global, Inc. and other subsidiaries of the Company own nearly 400 trademark registrations or applications in the United States and numerous other countries for the "DAP®" trademark, the "Putty Knife design" trademark and other trademarks covering products sold under the DAP brand and related brands.

Tremco CPG Inc. and some of our other subsidiaries own more than 90 registrations or applications for the trademark "Tremco®" in the United States and numerous countries covering a variety of roofing, sealants and coating products. There are also many other trademarks of Tremco CPG Inc. and some of our other subsidiaries that are the subject of registrations or applications in the United States and numerous other countries, bringing the total number of registrations and applications covering products sold under the Tremco brand and related brands to more than 1,000.

Our other principal product trademarks include: 2X Ultra Cover®, AlphaGuard®, Alumanation®, Betumat™, B-I-N®, Bitumastic®, Bulls Eye 1-2-3®, Chemgrate®, Dri-Eaz®, Dymonic®, EnerEDGE®, Enviro-Dri®, EUCO®, ExoAir®, Flecto™, Fibergrate®, Floquil™, Paraseal®, Permaroof™, Plasite®, Proglaze®, Sanitile®, Sealtite™, Solargard®, Spectrem®, Stonblend®, Stonclad®, Stonhard®, Stonlux®, Stonshield®, Testors®, TREMproof®, TUFF-N-DRI®, Varathane®, Viapol™, Vulkem®, Watchdog Waterproofing®, Woolsey®, Zinsser® and Z-Spar®; and, in Europe, API®, Perlifoc®, Hummervoll®, USL®, Nufins®, Pitchmastic PMB®, Visul®, Flowcrete®, Nullifire®, Radglo® and Martin Mathys™. Our trademark registrations are valid for a variety of different terms of up to 15 years, and may be renewable as long as the trademarks continue to be used and all other local conditions for renewal are met. Our trademark registrations are maintained and renewed on a regular basis as required.

Raw Materials

The cost and availability of raw materials, including packaging, materially impact our financial results. We obtain raw materials from a number of suppliers. Many of our raw materials are petroleum-based derivatives, minerals and metals. The cost of raw materials has in the past experienced, and likely will continue to experience, periods of volatility which could increase the cost of manufacturing our products. Under normal market conditions, these materials are generally available on the open market from a variety of producers; however, shortages have occurred and continue to be a possibility. Interruptions in the supply of raw materials could have a significant impact on our ability to produce products.

Throughout fiscal 2023, we experienced inflation in raw materials. While costs of some raw materials have stabilized, we expect that inflation of some materials will potentially create headwinds impacting our results into fiscal 2024.

Additionally, changes in international trade duties and other aspects of international trade policy, both in the United States and abroad, could materially impact the cost and availability of raw materials. Any increase in material costs that are not offset by an increase in our prices could have an adverse effect on our business, financial position, results of operations or cash flows.

Seasonal Factors

Our business is dependent, to a significant extent, on external weather factors. We historically experience stronger sales and operating results in our first, second and fourth fiscal quarters, which are the three-month periods ending August 31, November 30 and May 31, respectively, while we have experienced weaker performance in our third fiscal quarter.

Customers

Sales to our ten largest Consumer segment customers, such as DIY home centers, on a combined basis represented approximately 25%, 22%, and 24% of our total net sales for each of the fiscal years ended May 31, 2023, 2022 and 2021, respectively. Except for sales to these customers, our business is not dependent upon any one customer or small group of customers but is largely dispersed over a substantial number of customers.

Research and Development

Our research and development work is performed at various laboratory locations. During fiscal years 2023, 2022 and 2021, approximately $86.6 million, $80.5 million and $77.6 million, respectively, was charged to expense for research and development activities. In addition to this laboratory work, we view our field technical service as being integral to the success of our research activities. Our research and development activities and our field technical service costs are both included as part of our selling, general and administrative expenses.

Environmental Matters

We value and respect our place in the world as a steward of the built environment and aspire to make the world a better place for our customers, associates, shareholders and the communities in which we live and operate through compliance with the environmental laws and regulations as well as fostering our own internal initiatives related to the environment and our social impact. In 2022 we launched our Building a Better World program. This program focuses on three pillars: Our People, Our Products and Our Processes.

We also established our Building a Better World Oversight Committee, overseen by our Governance and Nominating Committee of our Board of Directors, which is responsible for the direction of our sustainability efforts. The Building a Better World Oversight Committee has three additional subcommittees, each focused on one of the pillars of the Building a Better World program and reporting up to the Building a Better World Oversight Committee. At the management level, day-to-day implementation of our environmental, social and governance ("ESG") initiatives is led by our Vice President – Compliance and Sustainability, Associate General Counsel.

We are subject to a broad range of laws and regulations dealing with environmental, health and safety issues for the various locations around the world in which we conduct our business. These laws and regulations include, but are not limited to, the following major areas:

- the sale, export, generation, storage, handling, use and transportation of hazardous materials;
- regulations related to greenhouse gas emissions, energy or climate change;
- the emission and discharge of hazardous materials into the soil, water and air; and
- the health and safety of our associates.

For information regarding environmental accruals, see Note P, "Contingencies and Accrued Losses," to the Consolidated Financial Statements. For more information concerning certain environmental matters affecting us, see "Item 3 — Legal Proceedings — Environmental Proceedings" in this Annual Report on Form 10-K.

Human Capital

We understand that our company is only as strong as the team behind it. With the consistent support and dedication of leadership at all levels, we foster a workplace that supports our associates as individuals and helps them thrive in their current positions and strive to accomplish their future aspirations. Our human capital management strategy includes sustainable best practices in professional development, benefits, health and safety, and community involvement in an effort to continue to hire the best associates and retain them throughout the course of their careers. We measure satisfaction through our annual Engagement Survey, through which participants are able to express their opinion and provide comments and suggestions.

Talent Development

It is critical to our long-term success to develop our internal talent. Our Global Organizational Leadership Development ("GOLD") Team is charged with creating a leadership-led learning culture across RPM. The GOLD Team has developed several training programs to support development which include Leaders of the Future, RPM University, Strategic Leader Staff Rides, and partnering with the Center for Creative Leadership. Since the inception of these programs the Company has seen many participants advance their careers, and the retention of participants has been greater than 85%.

Benefits

Our leadership has long understood that to attract and retain top talent, and to share the benefits of a successful business, we must maintain a premium benefits program for our associates. For U.S. associates, we offer an attractive benefits package, including defined benefit pension plans, medical, telehealth, tuition reimbursement and an employer-matched 401(k). We also offer an Employee Assistance Program ("EAP") which focuses on behavioral health and also provides resources for financial and legal matters. Mental health support is key to associates, who may get support through the EAP as well as through telehealth and our health plans.

Similar ancillary benefits are offered to our Canadian associates, and associates of our other foreign subsidiaries receive benefits coverage, to the extent deemed appropriate, through plans that meet local requirements.

Diversity & Inclusion

At RPM, we are committed to fostering, cultivating and preserving a culture of diversity and inclusion. We support this commitment and provide associate resources through Respect at RPM, a program that reinforces our core values of operating with transparency, trust and respect. The program emphasizes the importance of diversity and inclusion at RPM and across all our operations; and supports associate growth and development. We have built our workforce with a commitment to create a diverse and inclusive culture. We recruit, select, hire and develop individuals based on their qualifications and skills. All associates and other parties involved in the employment relationship are required to comply with RPM's Code of Conduct and are prohibited from discriminating against individuals during all stages of employment or hiring, including decisions involving recruitment, promotion, transfer, assignment, training, termination and lay-offs, working conditions, wage and salary administration, associate benefits and application of policies. We prohibit any inappropriate conduct or behavior against others, including discrimination perpetrated by associates, supervisors, customers or vendors, and strictly prohibit retaliation and harassment, as set forth in our Code of Conduct and Hotline and Non-Retaliation Policy.

Health & Safety

We follow many best practices to ensure our associates come to work feeling empowered to safely do their jobs. As part of our EH&S management system, we continuously educate and train to institutionalize our health and safety values, set and monitor health and safety objectives, conduct regular risk assessments and process hazard and root cause analysis, and actively enforce incident prevention and reporting policies. In addition, we conduct EH&S compliance audits annually that are prioritized based on high-risk processes, facilities with recent expansion or process changes and to cover any new acquisitions.

Associates

As of May 31, 2023, we employed 17,274 persons, of whom approximately 959 were represented by unions under contracts which expire at varying times in the future. We believe that all relations with associates and their unions are good.

Item 1A. *Risk Factors.*

As a global company of paint, coatings, roofing, construction and related products, we operate in a business environment that includes risks. Each of the risks described in this section could adversely affect the results of our operations, our financial position and/or our liquidity. Additionally, while the following factors are considered to be the more significant risk factors, no such list should be considered to be a complete statement of all potential risks and uncertainties. Unlisted risk factors may present significant additional obstacles which may adversely affect our businesses and our results. Therefore, you should carefully consider these risk factors, as well as the other information contained in this Annual Report on Form 10-K, in evaluating us, our business and your investment in us as they could cause our actual results or financial condition to differ materially from those projected in our forward-looking statements.

ECONOMIC AND STRATEGIC RISKS

Our operations and financial condition have been and could continue to be adversely affected by global and regional economic conditions in ways we may not be able to predict or control.

Our operations and financial condition have been and could continue to be adversely affected by global or regional economic conditions if markets decline in the future, whether related to a public health crisis similar to the Covid pandemic, the Russian invasion of Ukraine, higher inflation or interest rates, recession, natural disasters, impacts of and issues related to climate change, business disruptions, our ability to adequately staff operations or otherwise. Office building utilization, higher mortgage rates, and the continued shift in consumer spending to online shopping, may negatively impact office, residential, and retail construction. Additionally, escalation in interest rates, in conjunction with banking failures, may lead to financial institutions being more prudent with capital deployment and tightening lending, especially in relation to construction and real estate development. As a result, future construction activity could decrease due to a lack of financing availability, and financial distress in this sector could be further exacerbated by a lack of refinancing options available for existing real estate loans when they mature in the upcoming months. Any future economic declines may result in decreased revenue, gross margins, earnings or growth rates or difficulty in managing inventory levels or collecting customer receivables. We also have experienced, and could continue to experience, labor inflation, increased competitive pricing pressure, raw material inflation and availability issues resulting in difficulties meeting customer demand. In addition, customer difficulties in the future could result from economic declines, decreased purchasing power, public health crisis similar to the Covid pandemic, the cyclical nature of their respective businesses, such as in the oil and gas industry, or otherwise and, in turn, result in decreases in product demand, increases in bad debt write-offs, decreases in timely collection of accounts receivable and adjustments to our allowance for credit losses, resulting in material reductions to our revenues and net earnings.

Global economic and capital market conditions may cause our access to capital to be more difficult in the future and/or costs to secure such capital more expensive.

We may need new or additional financing in the future to provide liquidity to conduct our operations, expand our business or refinance existing indebtedness. Any sustained weakness in general economic conditions and/or U.S. or global capital markets could adversely affect our ability to raise capital on favorable terms or at all. From time to time we have relied, and we may also rely in the future, on access to financial markets as a source of liquidity for working capital requirements, acquisitions and general corporate purposes. Our access to funds under our credit facility is dependent on the ability of the financial institutions that are parties to that facility to meet their funding commitments. Those financial institutions may not be able to meet their funding commitments if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests within a short period of time. Moreover, the obligations of the financial institutions under our credit facility are several and not joint and, as a result, a funding default by one institution does not need to be made up by the others. Longer term volatility and continued disruptions in the capital and credit markets as a result of uncertainty, changing or increased regulation of financial institutions, reduced alternatives or failures of significant financial institutions could adversely affect our access to the liquidity needed for our businesses in the longer term. Such disruptions could require us to take measures to conserve cash until the markets stabilize or until alternative credit arrangements or other funding for our business needs can be arranged.

Volatility in the equity markets or interest rates could substantially increase our pension costs and required pension contributions.

We sponsor qualified defined benefit pension plans and various other nonqualified postretirement plans. The qualified defined benefit pension plans are funded with trust assets invested in a diversified portfolio of debt and equity securities and other investments. Among other factors, changes in interest rates, investment returns and the market value of plan assets can (i) affect the level of plan funding; (ii) cause volatility in the net periodic pension cost; and (iii) increase our future contribution requirements. A significant decrease in investment returns or the market value of plan assets or a significant change in interest rates could increase our net periodic pension costs and adversely affect our results of operations. A significant increase in our contribution requirements with respect to our qualified defined benefit pension plans could have an adverse impact on our cash flow.

A public health crisis could cause disruptions to our operations which could adversely affect our business in the future.

A significant public health crisis could cause disruptions to our operations similar to the effects of the Covid pandemic. The Covid pandemic had a negative effect on our business, results of operations, cash flows and financial condition. It affected our business due to the impact on the global economy, including its effects on transportation networks, raw material availability, production efforts and customer demand for our products. Our ability to predict and respond to future changes resulting from potential health crisis is uncertain. Even after a public health crisis subsides, there may be long-term effects on our business practices and customers in economies in which we operate that could severely disrupt our operations and could have a material adverse effect on our business, results of operations, cash flows and financial condition. As we cannot predict the duration, scope or severity of future pandemics, the negative financial impact to our results cannot be reasonably estimated and could be material.

Terrorist activities and other acts of violence or war and other disruptions have negatively impacted in the past, and could negatively impact in the future, the United States and foreign countries, the financial markets, the industries in which we compete, our operations and profitability.

Terrorist activities, acts of violence or war and other disruptions have contributed to economic instability in the United States and elsewhere, and acts of terrorism, cyber-terrorism, violence or war could affect the industries in which we compete, our ability to purchase raw materials, adequately staff our operations, manufacture products or sell or distribute products, which could have a material adverse impact on our financial condition and results of operations.

Adverse weather conditions and natural disasters, including those related to the impacts of climate change, may reduce the demand for some of our products, impair our ability to meet our demand for such products or cause supply chain disruptions which could have a negative effect on our operations and sales.

From time to time, extreme weather conditions, including natural disasters, and those related to the impacts of climate change, have had a negative effect on our operations and sales. Unusually cold or rainy weather, especially during the general construction and exterior painting season, could have an adverse effect on sales. As a result, we have historically experienced weaker sales and net income in our third fiscal quarter (December through February) in comparison to our performance during our other fiscal quarters. Events such as destructive wildfires, extreme storms or temperatures and increased flooding or other natural disasters could damage our facilities, leading to production or distribution challenges which could have a negative effect on our sales.

The impacts of these risks to our suppliers may also have a detrimental effect on the sales, manufacturing, and distribution of our products, including raw material shortages and increased costs. Any such effect on sales may result in a reduction in earnings or cash flow.

Significant foreign currency exchange rate fluctuations may harm our financial results.

We conduct business in various regions throughout the world and are therefore subject to market risk due to changes in the exchange rates of foreign currencies in relation to the U.S. dollar. Because our Consolidated Financial Statements are presented in U.S. dollars, increases or decreases in the value of the U.S. dollar relative to other currencies in which we transact business could materially adversely affect our net revenues, earnings and the carrying values of our assets located outside the United States.

FINANCIAL RISKS

The use of accounting estimates involves judgment and could impact our financial results.

The preparation of financial statements in conformity with Generally Accepted Accounting Principles ("GAAP") requires us to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Our most critical accounting estimates are described in Management's Discussion and Analysis of Financial Condition and Results of Operations under "Critical Accounting Policies and Estimates." Additionally, as discussed in Note P, "Contingencies and Accrued Losses," of the Notes to Consolidated Financial Statements, we make certain estimates, including decisions related to legal proceedings and various loss reserves. These estimates and assumptions involve the use of judgment, and therefore, actual financial results may differ.

The results of our annual testing of goodwill and as-required interim testing of goodwill and other long-lived assets have required, and in the future may require, that we record impairment charges.

As of May 31, 2023, we had approximately $1.8 billion in goodwill and other intangible assets. The Accounting Standards Codification ("ASC") section 350, "Intangibles – Goodwill and Other," requires that goodwill be tested at least on an annual basis, or more frequently as impairment indicators arise, using either a qualitative assessment or a fair-value approach at the reporting unit level. We perform our annual required impairment tests, which involve the use of estimates related to the fair market values of the reporting units with which goodwill is associated, as of the first day of our fourth fiscal quarter. The evaluation of our long-lived assets for impairment includes determining whether indicators of impairment exist, this is a subjective process that considers both internal and external factors. The impairment assessment evaluation requires the use of significant judgment regarding estimates and assumptions surrounding future results of operations and cash flows.

In connection with our Margin Achievement Plan 2025 ("MAP 2025") operating improvement initiative, during the fiscal third quarter ended February 28, 2023, due to declining profitability and regulatory headwinds, management decided to restructure the Universal Sealants (“USL”) reporting unit within our PCG segment, and is correspondingly exploring strategic alternatives for our infrastructure services business within the United Kingdom (“U.K.”). Due to this decision, we determined that an interim goodwill impairment assessment, as well as an impairment assessment for our other long-lived assets were required. Accordingly, we recorded an impairment loss totaling $36.7 million for the impairment of goodwill and an impairment loss of $2.5 million for the impairment of an indefinite-lived tradename in our USL reporting unit during fiscal 2023. We did not record any impairments for our definite-lived long-lived assets as a result of this assessment.

Our required annual impairment testing for goodwill and indefinite-lived intangible assets, which we performed during the fourth quarters of the fiscal years ended May 31, 2023, 2022 and 2021 did not result in an impairment charge. For discussion of the approach for, and results of, our interim and annual impairment testing for goodwill and indefinite lived intangible assets for all periods presented, please refer to the headings entitled “Goodwill” and “Other Long-Lived Assets” within the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Critical Accounting Policies and Estimates” sections located in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operation” as well as Note A(11), "Summary of Significant Accounting Policies - Goodwill and Other Intangible Assets," and Note C, "Goodwill and Other Intangible Assets," to our Consolidated Financial Statements as presented below.

In the future, if global economic conditions were to decline significantly, or if our reporting units experience significant declines in business, we may incur additional, substantial goodwill and other intangible asset impairment charges. The amount of any such impairment charge could have a material adverse effect on our results of operations.

Our significant amount of indebtedness could have a material adverse impact on our business.

Our total debt was approximately $2.7 billion at May 31, 2023 and 2022, which compares with $2.1 billion in stockholders’ equity at May 31, 2023. Our level of indebtedness could have important consequences. For example, it could:

- require us to dedicate a material portion of our cash flow from operations to make payments on our indebtedness, thereby reducing the cash flow available to fund working capital, capital expenditures, acquisitions, dividend payments, stock repurchases or other general corporate requirements;
- result in a downgrade of our credit rating, which would increase our borrowing costs, adversely affect our financial results, and make it more difficult for us to raise capital;
- restrict our operational flexibility and reduce our ability to conduct certain transactions, since our credit facility contains certain restrictive financial and operating covenants;
- limit our flexibility to adjust to changing business and market conditions, which would make us more vulnerable to a downturn in general economic conditions; and
- have a material adverse effect on our short-term liquidity if large debt maturities occur in close succession.

We cannot assure you that our business always will be able to make timely or sufficient payments of our debt. Should we fail to comply with covenants in our debt instruments, such failure could result in an event of default which, if not cured or waived, would have a material adverse effect on us.

OPERATIONAL RISKS

Operating improvement initiatives could cause us to incur significant expenses and impact the trading value of our common stock.

On May 31, 2021, we formally concluded our 2020 Margin Acceleration Plan ("MAP to Growth") operating improvement program, which resulted in significant changes in our organizational and operational structure impacting most of our companies. In August 2022, we approved and announced our MAP 2025. MAP 2025 is a multi-year restructuring plan to build on the achievements of MAP to Growth. Our MAP 2025 operating improvement program may result in significant changes in our organizational and operational structure. We have taken actions and may continue to take additional actions during future periods, in furtherance of these or other operating improvement initiatives. We may incur further expenses as a result of these actions, and we also may experience disruptions in our operations, decreased productivity and unanticipated associate turnover and the objectives of our operating improvement initiatives may not be achieved. The occurrence of any of these or other related events associated with our operating improvement initiatives could adversely affect our operating results and financial condition.

Fluctuations in the supply and cost of raw materials may negatively impact our financial results.

The cost and availability of raw materials, including packaging, materially impact our financial results. We obtain raw materials from a number of suppliers. Many of our raw materials are petroleum-based derivatives, minerals and metals. The cost of raw materials has in the past experienced, and likely will continue to experience, periods of volatility which have, and could in the future, increase the cost of manufacturing our products. Under normal market conditions, raw materials are generally available on the open market from a variety of sources; however, our suppliers may be impacted by social and environmental regulations and expectations, including regulations related to climate change, adverse weather conditions, pandemics, trade policy, energy availability or civil unrest, resulting in shortages or price volatility. Interruptions in the supply of raw materials or sources of energy could have a significant impact on our ability or cost to produce products.

Cost and adequate supply of raw materials is managed by establishing contracts, procuring from multiple sources, and identifying alternative materials or technology; however, the unavailability of raw materials or increased prices of raw materials that we are unable to pass along to our customers could have a material adverse effect on our business, financial condition, results of operations or cashflows.

Additionally, changes in international trade duties, tariffs, sanctions and other aspects of international trade policy, both in the United States and abroad, could materially impact the cost of raw materials. Any increase in materials that is not offset by an increase in our prices could have a material adverse effect on our business, financial condition, results of operations or cash flows.

The markets in which we operate are highly competitive and some of our competitors are much larger than we are and may have greater financial resources than we do.

The markets in which we operate are fragmented, and we do not face competition from any one company across all our product lines. However, any significant increase in competition, resulting from the consolidation of competitors, may cause us to lose market share or compel us to reduce prices to remain competitive, which could result in reduced gross profit margins. Increased competition may also impair our ability to grow or to maintain our current levels of revenues and earnings. Companies that compete in our markets include Akzo Nobel, Axalta Coating Systems Ltd., Carlisle Companies Inc., H.B. Fuller, Masco Corporation, PPG Industries, Inc., The Sherwin-Williams Company and Sika AG. Several of these companies are much larger than we are and may have greater financial resources than we do. Increased competition with these or other companies could prevent the institution of price increases or could require price reductions or increased spending to maintain our market share, any of which could adversely affect our results of operations.

Our success depends upon our ability to attract and retain key associates and the succession of senior management.

Our success largely depends on the performance of our management team and other key associates. If we are unable to attract and retain talented, highly qualified senior management and other key associates (including the ability to identify and attract key international associates), our business, results of operations, cash flows and financial condition could be adversely affected. In addition, if we are unable to effectively provide for the succession of senior management, including our Chief Executive Officer, our business, results of operations, cash flows and financial condition may be adversely affected. While we follow a disciplined, ongoing succession planning process and have succession plans in place for senior management and other key associates, these do not guarantee that the services of qualified senior executives will continue to be available to us at particular moments in time.

We depend on a number of large customers for a significant portion of our net sales and, therefore, significant declines in the level of purchases by any of these key customers could harm our business.

Some of our operating companies, particularly in the Consumer reportable segment, face a substantial amount of customer concentration. Our key customers in the Consumer reportable segment include Ace Hardware, Amazon, Do It Best, The Home Depot, Inc., Lowe's, Menards, Orgill, True Value, W.W. Grainger, and Wal-Mart. Within our Consumer segment, sales to these customers accounted for approximately 67%, 64% and 65% of net sales for the fiscal years ended May 31, 2023, 2022 and 2021, respectively. On a consolidated basis, sales to these customers across all of our reportable segments accounted for approximately 25%, 22% and 24% of our consolidated net sales for the fiscal years ended May 31, 2023, 2022 and 2021, respectively. Sales to The Home Depot, Inc. represented less than 10% of our consolidated net sales for fiscal 2023, 2022, and 2021, and 23%, 25% and 26% of our Consumer segment net sales for fiscal 2023, 2022 and 2021, respectively. If we were to lose one or more of our key customers, experience a delay or cancellation of a significant order, incur a significant decrease in the level of purchases from any of our key customers, or experience difficulty in collecting amounts due from a key customer, our net revenues could decline materially and our operating results could be reduced materially.

If our efforts in acquiring and integrating other companies or product lines or establishing joint ventures fail, our business may not grow.

As an important part of our growth strategy, we intend to continue pursuing acquisitions of complementary businesses or products and creating joint ventures. Our ability to continue to grow in this manner depends upon our ability to identify, negotiate and finance suitable acquisitions or joint venture arrangements. Execution of our acquisition strategy with respect to some companies or product lines could fail or could result in unanticipated costs to us that were not apparent despite our due diligence efforts, either of which could hinder our growth or adversely impact our results of operations. In addition, acquisitions and their subsequent integration involve a number of risks, including, but not limited to:

- inaccurate assessments of disclosed liabilities and the potentially adverse effects of undisclosed liabilities;
- unforeseen difficulties in assimilating acquired companies, their products, and their culture into our existing business;
- unforeseen delays in realizing the benefits from acquired companies or product lines, including projected efficiencies, cost savings, revenue synergies and profit margins;
- unforeseen diversion of our management's time and attention from other business matters;
- unforeseen difficulties resulting from insufficient prior experience in any new markets we may enter;
- unforeseen difficulties in retaining key associates and customers of acquired businesses;
- increased risk to our cybersecurity landscape; and
- increases in our indebtedness and contingent liabilities, which could in turn restrict our ability to raise additional capital when needed or to pursue other important elements of our business strategy.

We derive a significant amount of our revenues from foreign markets, which subjects us to additional business risks that could adversely affect our results of operations.

Our foreign manufacturing operations accounted for approximately 28.5% of our net sales for the fiscal year ended May 31, 2023, not including exports directly from the United States which accounted for approximately 0.9% of our net sales for fiscal 2023. We plan to continue to grow our international operations and the growth and maintenance of such operations could be adversely affected by a public health crises, the Russian invasion of Ukraine, war, changes in social, political and economic conditions, inflation rates, trade protection measures, restrictions on foreign investments and repatriation of earnings, changing intellectual property rights, difficulties in staffing and managing foreign operations and changes in regulatory requirements that restrict the sales of our products or increase our costs. Our ability to effectively manage our foreign operations may pose significant risks that could adversely affect our results of operations, cash flow, liquidity or financial condition.

Data privacy, cybersecurity, and artificial intelligence considerations could impact our business.

We rely on information technology systems, including tools that utilize artificial intelligence, and applications to conduct our business, including recording and processing transactions, administering human resource activities and associate benefits, manufacturing, marketing, and selling our products, researching and developing new products, maintaining and growing our businesses, and supporting and communicating with our associates, customers, suppliers and other stakeholders. The importance of such systems has increased due to many of our associates working remotely. Some of these systems and applications are operated by third parties. Additionally, we, ourselves and through our third parties, collect and process personal, confidential, and sensitive data about our business, which may include information about our customers, associates, suppliers, distributors and others. Some of this data is stored, accessible or transferred internationally. If we do not allocate and effectively manage the resources necessary to build, sustain, and protect an appropriate information technology infrastructure, or we do not effectively implement system upgrades in a timely manner, our business or financial results could be negatively impacted.

The interpretation and application of cybersecurity, artificial intelligence, biometric, and privacy laws, rules and regulations around the world applicable to our business (collectively, the "Data Protection Laws") are uncertain and evolving. It is possible that the Data Protection Laws may be interpreted and applied in a manner that is inconsistent with our data practices. Complying with these various laws is difficult and could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business. In addition, many tools and resources we use integrate or will integrate some form of artificial intelligence which has the potential to result in bias, miscalculations, data errors, intellectual property infringement and unintended consequences. It is possible that the information technology tools we use may negatively affect our reputation, disrupt our operations, or have a material impact on our financial results.

Further, although we have implemented internal controls and procedures designed to manage compliance with the Data Protection Laws and protect our data, there can be no assurance that our controls will prevent a breach or that our procedures will enable us to be fully compliant with all Data Protection Laws. Cyber-attacks or breaches due to security vulnerabilities, associate error, supplier or third-party error, malfeasance or other disruptions may still occur. We have been and may in the future be subject to attempts to gain unauthorized access to our information technology systems and/or applications.

We have experienced data security incidents that have disrupted our operations, but which did not have a material impact on our financial results.

These risks may be increased as a result of an increase in remote work, a public health crisis similar to the Covid pandemic or foreign affairs such as the Russian invasion of Ukraine. In addition, it is not possible to predict the impact on our business of the future loss, alteration or misappropriation of information related to us, our associates, former associates, customers, suppliers or others. A violation of, or failure to comply with, the Data Protection Laws, a cyber-attack or a security breach of our systems could lead to negative publicity, legal claims, extortion, ransom, theft, modification or destruction of proprietary information or key information, damage to or inaccessibility of critical systems, manufacture of defective products, production downtimes, operational disruptions, data breach claims, privacy violations and other significant costs, which could adversely affect our reputation, financial condition and results of operations.

Our business and financial condition could be adversely affected if we are unable to protect our material trademarks and other proprietary information or there is a loss in the actual or perceived value of our brands.

We have numerous valuable patents, trade secrets and know-how, domain names, trademarks and trade names, including certain marks that are significant to our business, which are identified under Item 1 of this Annual Report on Form 10-K. Despite our efforts to protect our trademarks, trade secrets and other proprietary rights from unauthorized use or disclosure, other parties may attempt to disclose or use them without our authorization; such unauthorized use or disclosure could negatively impact our business and financial condition.

Similarly, the reputations of our branded products depend on numerous factors, including the successful advertising and marketing of our brand names, consumer acceptance, continued trademark validity, the availability of similar products from our competitors, and our ability to maintain product quality, technological advantages and claims of superior performance. Furthermore, the prevalence of social media increases our risk of receiving negative commentary that could damage the perception of our brands. A loss of a brand or in the actual or perceived value of our brands could limit or reduce the demand for our products and could negatively impact our business and financial condition.

Although we have insurance, it may not cover every potential risk associated with our operations.

Although we maintain insurance of various types to cover many of the risks and hazards that apply to our operations, our insurance may not cover every potential risk associated with our operations. The occurrence of a significant event, the risks of which are not fully covered by insurance, could have a material adverse effect on our financial condition and results of operations. Moreover, no assurance can be given that we will be able to maintain adequate insurance in the future at rates and with terms and conditions we consider reasonable.

If our efforts to achieve stated sustainability goals, targets or objectives fail, our business and reputation may be adversely affected.

We might fail to effectively address increased attention or expectations from the media, stockholders, activists and other stakeholders on climate change and related environmental sustainability matters. Such failure, or the perception that we have failed to act responsibly with respect to such matters or to effectively respond to new or additional regulatory requirements regarding climate change, whether or not valid, could result in adverse publicity and negatively affect our business and reputation. In addition, we have established and publicly announced goals to reduce our impact on the environment and, in the future may establish and publicly announce other goals or commitments associated with our sustainability initiatives. Our ability to achieve any stated goal, target or objective is subject to numerous factors and conditions, many of which are outside of our control, including evolving regulatory requirements. Furthermore, standards for tracking and reporting such matters continue to evolve. Our selection of voluntary disclosure frameworks and standards, and the interpretation or application of those frameworks and standards, may change from time to time or differ from those of others. Methodologies for reporting this data may be updated and previously reported data may be adjusted to reflect improvement in availability and quality of data, changing assumptions, changes in the nature and scope of our operations and other changes in circumstances, which could result in significant revisions to our current goals, reported progress in achieving such goals, or ability to achieve such goals in the future. If we fail to achieve, are perceived to have failed, or are delayed in achieving these goals and commitments, it could negatively affect investor confidence in us, as well as expose us to government enforcement actions and private litigation.

LEGAL AND REGULATORY RISKS

The industries in which we operate expose us to inherent risks of legal and warranty claims and other litigation-related costs, which could adversely impact our business.

We face an inherent risk of legal claims if the exposure to, or the failure, use, or misuse of our products results, or is alleged to result, in bodily injury and/or property damage. In the course of our business, we are subject to a variety of inquiries and investigations by regulators, as well as claims and lawsuits by private parties, including those related to product liability, product claims regarding asbestos or other chemicals or materials in our products, warranties, the environment, employment matters, contracts, service contracts, intellectual property and commercial matters, which due to their uncertain nature may result in losses, some of which may be material. We are defending claims and class action lawsuits, and could be subject to future claims and lawsuits, in which significant financial damages are alleged. These matters could consume material financial resources to defend and be a distraction to management. Some, but not all, of such matters are insured. We offer warranties on many of our products, as well as long term warranty programs at certain of our businesses and, as a result, from time to time we may experience higher levels of warranty expense, which is typically reflected in selling, general and administrative expenses. The nature and extent to which we use hazardous or flammable materials in our manufacturing processes creates risk of damage to persons and property that, if realized, could be material.

Compliance with environmental, health and safety laws and regulations could subject us to unforeseen future expenditures or liabilities, which could have a material adverse effect on our business.

We are subject to numerous, complicated and often increasingly stringent environmental, health and safety laws and regulations, including those developed in response to climate change, in the jurisdictions where we conduct business and sell our products. Governmental and regulatory authorities impose various laws and regulations on us that relate to environmental protection, the use, sale, transportation, import and export of certain chemicals or hazardous materials, and various health and safety matters, including the discharge of pollutants into the air and water, the handling, use, treatment, storage and clean-up of solid and hazardous wastes, the use of certain chemicals in product formulations, and the investigation and remediation of soil and groundwater affected by hazardous substances and those related to climate change. These laws and regulations include the Clean Air Act, the Clean Water Act, RCRA, CERCLA, TSCA, DSL, REACH and many other federal, state, provincial, local and international statutes. These laws and regulations often impose strict, retroactive and joint and several liability for the costs of, and damages resulting from, not addressing our, or our predecessors' past or present facilities and third-party disposal sites. We are currently undertaking remedial activities at a number of our properties and could be subject to future liability as yet unknown, but that could be material.

We have not always been and may not always be in full compliance with all environmental, health and safety laws and regulations in every jurisdiction in which we conduct our business. In addition, if we violate or fail to comply with environmental, health and safety laws (including related to permitting), we could be fined or otherwise sanctioned by regulators, including enjoining or curtailing operations or sales, remedial or corrective measures, installing pollution control equipment, or other actions. We have been and also could in the future be liable for consequences arising out of human exposure to hazardous substances or chemicals of concern relating to our products or operations. Accordingly, we cannot guarantee that we will not be required to make additional expenditures to remain in or to achieve compliance with environmental, health or safety laws or changes in stakeholder preferences or expectations in the future or that any such additional expenditures will not have a material adverse effect on our business, financial condition, results of operations or cash flows. If regulatory permits or registrations are delayed, restricted, or rejected, subsequent operations at our businesses could be delayed or restricted, which could have an adverse effect on our results of operations.

Our businesses are subject to varying domestic and foreign laws and regulations that may restrict or adversely impact our ability to conduct our business.

Our businesses are subject to varying domestic and foreign laws and regulations that may restrict or adversely impact our ability to conduct our business. These include securities, environmental, health, safety, tax, competition and anti-trust, insurance, service contract and warranty, trade controls, data security, anti-corruption, anti-money laundering, wage and hour employment and privacy laws and regulations. These laws and regulations change from time to time and thus may result in increased risk and costs to us related to our compliance therewith. From time-to-time regulators review our compliance with applicable laws. We have not always been, and may not always be, in full compliance with all laws and regulations applicable to our business and, thus enforcement actions, fines and private litigation claims and damages, which could be material, may occur, notwithstanding our belief that we have in place appropriate risk management and compliance programs to mitigate these risks.

We could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar anti-bribery laws of other countries, as well as trade sanctions administered by the office of Foreign Assets Control and the Department of Commerce.

The U.S. Foreign Corrupt Practices Act and similar anti-bribery laws of other countries generally prohibit companies and their intermediaries from making improper payments to governmental officials or others for the purpose of obtaining or retaining business or for other unfair advantage. Our policies mandate compliance with anti-bribery laws. We operate in many parts of the world that have experienced governmental corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices.

We are required to comply with U.S. regulations on trade sanctions and embargoes administered by the U.S. Department of the Treasury, Office of Foreign Assets Control, the Commerce Department and similar multi-national bodies and governmental agencies worldwide, which are complex and often changing. A violation thereof could subject us to regulatory enforcement actions, including a loss of export privileges and significant civil and criminal penalties and fines.

Although we have internal controls and procedures designed to ensure compliance with these laws, there can be no assurance that our controls and procedures will prevent a violation of these laws. Violations of these laws, or allegations of such violations, could disrupt our business and result in a material adverse effect on our results of operations, financial condition, and cash flows.

We could be adversely affected by or incur liability for the actions or inaction of our third parties.

We vet and monitor our business partners and companies that we engage in an effort to ensure that the business practices of those third parties are in compliance with applicable laws and regulations and industry best practices, including applying appropriate technical security measures, safeguarding human rights and preventing illegal trade. In the event one of our third parties experiences a data breach, is found to have violated applicable laws or regulations, or the business practices of the third party come under public scrutiny, we could be subject to legal claims, fines and reputational damage related to the third-party relationship. In the event any third-party legal violation or business practice requires us to severe the third-party relationship, we could also experience an impact on our services, operations or our ability to obtain raw materials for our products.

Our operations are subject to the effect of global tax law changes, some of which have been, and may be in the future, retroactive in application.

Our operations are subject to various federal, state, local and foreign tax laws and regulations which govern, among other things, taxes on worldwide income. Any potential tax law changes may, for example, increase applicable tax rates, have retroactive application, or impose stricter compliance requirements in the jurisdictions in which we operate, which could reduce our consolidated net earnings.

In response to, for instance, an economic crisis or recession, governments may revise tax laws, regulations or official interpretations in ways that could have a significant impact on us, including modifications that could, for example, reduce the profits that we can effectively realize from our non-U.S. operations, or that could require costly changes to those operations, or the way in which they are structured. If changes in tax laws, regulations or interpretations were to significantly increase the tax rates on non-U.S. income, our effective tax rate could increase, our profits could be reduced, and if such increases were a result of our status as a U.S. company, could place us at a disadvantage to our non-U.S. competitors if those competitors remain subject to lower local tax rates.

We could be adversely affected by failure to comply with federal, state and local government procurement regulations and requirements.

We have contracts with and supply product to federal, state and local governmental entities and their contractors, and are required to comply with specific procurement regulations and other requirements relating to those contracts and sales. Requirements in our contracts and those requirements flowed down to us in our capacity as a subcontractor or supplier, although customary in government contracts, may impact our performance and compliance costs. Failure to comply with these regulations and requirements or to make required disclosures under contract could result in reductions of the value of contracts, contract modifications or termination for cause, adverse past performance ratings, actions under a federal or state false claims statutes, suspension or debarment from government contracting or subcontracting for a period of time and the assessment of penalties and fines, any of which could negatively impact our results of operations and financial condition and could have a negative impact on our reputation and ability to procure other government contracts in the future.

Item 1B. ***Unresolved Staff Comments.***

Not Applicable.

Item 2. ***Properties.***

Our corporate headquarters and a plant and offices for one subsidiary are located on approximately 172 acres, which we own in Medina, Ohio. As of May 31, 2023, our operations occupied a total of approximately 19.7 million square feet, with the majority, approximately 16.3 million square feet, devoted to manufacturing, assembly and storage. Of the approximately 19.7 million square feet occupied, approximately 9.1 million square feet are owned and approximately 10.6 million square feet are occupied under operating leases.

Set forth below is a description, as of May 31, 2023, of our principal owned facilities which we believe are material to our operations:

Location	Business/Segment	Approximate Square Feet Of Floor Space
Hertogenbosch, Netherlands	Rust-Oleum (Consumer)	512,792
Cacapava, Brazil	Euclid (CPG)	383,776
Pleasant Prairie, Wisconsin	Rust-Oleum (Consumer)	261,000
Fairborn, Ohio	Rust-Oleum (Consumer)	258,886
Cleveland, Ohio	Day-Glo (SPG)	224,624
LaFayette, Georgia	Euclid (CPG)	201,109
Dayton, Nevada	Carboline (PCG)	184,833
Corsicana, Texas	Tremco (CPG)	182,680
Cherry Hill, New Jersey	Stonhard (PCG)	181,680
Cleveland, Ohio	Euclid (CPG)	180,378
Zelem, Belgium	Rust-Oleum (Consumer)	172,136
Cleveland, Ohio	Tremco (CPG)	160,300
Bodenwoehr, Germany	CPG Europe (CPG)	156,184
Vallirana, Spain	Carboline (PCG)	155,743
Coaldale, Alberta, Canada	Nudura (CPG)	150,705
Lierstranda, Norway	Carboline (PCG)	145,958
Baltimore, Maryland	DAP (Consumer)	144,200
Hagerstown, Maryland	Rust-Oleum (Consumer)	143,000
Tipp City, Ohio	DAP (Consumer)	140,000
Arkel, Netherlands	CPG Europe (CPG)	138,542
El Marques, Mexico	Fibergrate (PCG)	136,950
Attleboro, Massachusetts	Rust-Oleum (Consumer)	133,650
Hudson, North Carolina	Wood Finishes Group (SPG)	132,300
Ellaville, Georgia	TCI (SPG)	129,600
Wigan, Lancashire, United Kingdom	CPG Europe (CPG)	122,000
Lake Charles, Louisiana	Carboline (PCG)	114,287
Johannesburg, South Africa	Stonhard (PCG)	112,956
Birtley, United Kingdom	Rust-Oleum (Consumer)	112,354
Lesage, West Virginia	Rust-Oleum (Consumer)	112,000
Somerset, New Jersey	Rust-Oleum (Consumer)	110,000
Tocancipa, Colombia	Euclid (CPG)	106,824
Richmond, Missouri	Stonhard (PCG)	100,411
Maple Shade, New Jersey	Stonhard (PCG)	80,606
Kirkland, Illinois	Euclid (CPG)	78,825
Tultitlan, Mexico	Euclid (CPG)	75,422
Dallas, Texas	DAP (Consumer)	74,000
Medina, Ohio	Tremco (CPG)	72,300
Cleveland, Ohio	Tremco (CPG)	65,810
Alghero, Italy	Stonhard (PCG)	62,775
Pacific, Missouri	DAP (Consumer)	60,408
Woodlake, California	Dryvit (CPG)	41,475
Columbus, Georgia	Dryvit (CPG)	40,600
Saint Apollinaire, France	CPG Europe (CPG)	37,620
Sand Springs, Oklahoma	Dryvit (CPG)	36,998
Twistringen, Germany	CPG Europe (CPG)	32,873
Fort Wayne, Indiana	Stonhard (PCG)	26,700
Chennai, India	Carboline (PCG)	24,000
Pasadena, Texas	Euclid (CPG)	23,360

Set forth below is a description, as of May 31, 2023, of our principal leased facilities which we believe are material to our operations:

Location	Business/Segment	Approximate Square Feet Of Floor Space
Martinsburg, West Virginia	Rust-Oleum (Consumer)	921,712
Kenosha, Wisconsin	Rust-Oleum (Consumer)	850,243
Cleveland, Ohio	Tremco (CPG)	583,565
Toronto, Ontario, Canada	Tremco (CPG)	400,551
Granby, Quebec, Canada	Nudura (CPG)	341,926
Fairborn, Ohio	Rust-Oleum (Consumer)	340,292
Riverside, California	Rust-Oleum (Consumer)	309,535
Vaughan, Ontario, Canada	Rust-Oleum (Consumer)	272,767
Baltimore, Maryland	DAP (Consumer)	244,495
Columbus, Georgia	Nudura (CPG)	223,400
Elgin, Illinois	Profile Foods (SPG)	135,490
Gateshead, Tyne, United Kingdom	Rust-Oleum (Consumer)	135,000
Garland, Texas	DAP (Consumer)	130,900
North Kingstown, Rhode Island	Dryvit (CPG)	120,000
Burlington, Washington	Legend Brands (SPG)	113,875
Lake Charles, Louisiana	Carboline (PCG)	100,035
Leicester, Leicestershire, United Kingdom	CPG Europe (CPG)	95,978
Louisa, Virginia	Carboline (PCG)	60,000
Kepong, Malaysia	CPG Asia (CPG)	50,279

We lease certain of our properties under long-term leases. Some of these leases provide for increased rent based on an increase in the cost-of-living index. For information concerning our rental obligations, see Note M, "Leases," to the Consolidated Financial Statements. Under many of our leases, we are obligated to pay certain varying insurance costs, utilities, real property taxes and other costs and expenses.

We believe that our manufacturing plants and office facilities are well maintained and suitable for our operations.

Item 3. *Legal Proceedings.*

Environmental Matters

Like other companies participating in similar lines of business, some of our subsidiaries are identified as a "potentially responsible party" under the federal Comprehensive Environmental Response, Compensation and Liability Act and similar local environmental statutes or are participating in the cost of certain clean-up efforts or other remedial actions relating to environmental matters. Our share of such costs to date, however, has not been material and management believes that these environmental proceedings will not have a material adverse effect on our consolidated financial condition or results of operations. See "Item 1 — Business — Environmental Matters," in this Annual Report on Form 10-K.

As permitted by SEC Rules and given the size of our operations, we have elected to adopt a quantitative disclosure threshold for environmental proceedings of $1 million. As of the date of this filing, we are not aware of any matters that exceed this threshold and meet the definition for disclosure.

Item 4. *Mine Safety Disclosures*

Not applicable.

PART II

Item 5. ***Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.***

The following table presents information about repurchases of RPM International Inc. Common Stock made by us during the fourth quarter of fiscal 2023:

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Amount that May Yet be Purchased Under the Plans or Programs (2)
March 1, 2023 through March 31, 2023	5,672	$ 85.31	—	—
April 1, 2023 through April 30, 2023	161,035	$ 82.01	152,478	—
May 1, 2023 through May 31, 2023	7,575	$ 79.79	—	—
Total - Fourth Quarter	174,282	$ 82.02	152,478	—

(1) All of the 21,804 shares of common stock that were disposed of back to us during the three-month period ended May 31, 2023 were in satisfaction of tax obligations related to the vesting of restricted stock, which was granted under RPM International Inc.'s equity and incentive plans.

(2) The maximum dollar amount that may yet be repurchased under our stock repurchase program was approximately $317.3 million at May 31, 2023. Refer to Note I, "Stock Repurchase Program," to the Consolidated Financial Statements for further information regarding our stock repurchase program.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations.***

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our financial statements include all of our majority-owned and controlled subsidiaries. Investments in less-than-majority-owned joint ventures over which we have the ability to exercise significant influence are accounted for under the equity method. Preparation of our financial statements requires the use of estimates and assumptions that affect the reported amounts of our assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We continually evaluate these estimates, including those related to our allowances for doubtful accounts; reserves for excess and obsolete inventories; allowances for recoverable sales and/or value-added taxes; uncertain tax positions; useful lives of property, plant and equipment; goodwill and other intangible assets; environmental, warranties and other contingent liabilities; income tax valuation allowances; pension plans; and the fair value of financial instruments. We base our estimates on historical experience, our most recent facts and other assumptions that we believe to be reasonable under the circumstances. These estimates form the basis for making judgments about the carrying values of our assets and liabilities. Actual results, which are shaped by actual market conditions, may differ materially from our estimates.

We have identified below the accounting policies and estimates that are the most critical to our financial statements.

Goodwill

We test our goodwill balances at least annually, or more frequently as impairment indicators arise, at the reporting unit level. Our annual impairment assessment date has been designated as the first day of our fourth fiscal quarter. Our reporting units have been identified at the component level, which is one level below our operating segments.

We follow the Financial Accounting Standards Board ("FASB") guidance found in ASC 350 that simplifies how an entity tests goodwill for impairment. It provides an option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, and whether it is necessary to perform a quantitative goodwill impairment test.

We assess qualitative factors in each of our reporting units that carry goodwill. Among other relevant events and circumstances that affect the fair value of our reporting units, we assess individual factors such as:

- a significant adverse change in legal factors or the business climate;
- an adverse action or assessment by a regulator;
- unanticipated competition;
- a loss of key personnel; and
- a more-likely-than-not expectation that a reporting unit or a significant portion of a reporting unit will be sold or otherwise disposed of.

We assess these qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test. The quantitative process is required only if we conclude that it is more likely than not that a reporting unit's fair value is less than its carrying amount. However, we have an unconditional option to bypass a qualitative assessment and proceed directly to performing the quantitative analysis. We applied the quantitative process during our annual goodwill impairment assessments performed during the fourth quarters of fiscal 2023, 2022 and 2021.

In applying the quantitative test, we compare the fair value of a reporting unit to its carrying value. If the calculated fair value is less than the current carrying value, then impairment of the reporting unit exists. Calculating the fair value of a reporting unit requires our use of estimates and assumptions. We use significant judgment in determining the most appropriate method to establish the fair value of a reporting unit. We estimate the fair value of a reporting unit by employing various valuation techniques, depending on the availability and reliability of comparable market value indicators, and employ methods and assumptions that include the application of third-party market value indicators and the computation of discounted future cash flows determined from estimated cashflow adjustments to a reporting unit's annual projected earnings before interest, taxes, depreciation and amortization ("EBITDA"), or adjusted EBITDA, which adjusts for one-off items impacting revenues and/or expenses that are not considered by management to be indicative of ongoing operations. Our fair value estimations may include a combination of value indications from both the market and income approaches, as the income approach considers the future cash flows from a reporting unit's ongoing operations as a going concern, while the market approach considers the current financial environment in establishing fair value.

In applying the market approach, we use market multiples derived from a set of similar companies. In applying the income approach, we evaluate discounted future cash flows determined from estimated cashflow adjustments to a reporting unit's projected EBITDA. Under this approach, we calculate the fair value of a reporting unit based on the present value of estimated future cash flows. In applying the discounted cash flow methodology utilized in the income approach, we rely on a number of factors, including future business plans, actual and forecasted operating results, and market data. The significant assumptions employed under this method include discount rates; revenue growth rates, including assumed terminal growth rates; and operating margins used to project future cash flows for a reporting unit. The discount rates utilized reflect market-based estimates of capital costs and discount rates adjusted for management's assessment of a market participant's view with respect to other risks associated with the projected cash flows of the individual reporting unit. Our estimates are based upon assumptions we believe to be reasonable, but which by nature are uncertain and unpredictable.

Conclusion on Annual Goodwill Impairment Tests

As a result of the annual impairment assessments performed for fiscal 2023, 2022 and 2021, there were no goodwill impairments.

Impairment Charge Recorded in the Third Quarter of Fiscal 2023

Although no impairment charge was recorded during these periods related to the annual impairment test, we did record a goodwill impairment charge in fiscal 2023. As previously reported, we announced our MAP 2025 operational improvement initiative in August 2022. Due to the challenged macroeconomic environment we evaluated certain business restructuring actions, specifically our go to market strategy for operating in Europe. During the third quarter ended February 28, 2023, due to declining profitability and regulatory headwinds, management decided to restructure the USL reporting unit within our PCG segment and is correspondingly exploring strategic alternatives for our infrastructure services business within the U.K., which represents approximately 30% of annual revenues of the reporting unit.

Due to this decision, we determined that an interim goodwill impairment assessment was required, as well as an impairment assessment for our other long-lived assets. Accordingly, we recorded an impairment loss totaling $36.7 million for the impairment of goodwill in our USL reporting unit during fiscal 2023. Refer to Note C, "Goodwill and Other Intangible Assets," to the Consolidated Financial Statements for additional details on this goodwill impairment charge.

Changes in the Composition of Reporting Units in the Fourth Quarter of Fiscal 2023

Subsequent to our annual impairment assessment, in the fourth quarter of fiscal 2023 and in connection with our MAP 2025 initiative, the Viapol business within our CPG segment was realigned from our Sealants reporting unit to our Euclid reporting unit. We performed an interim goodwill impairment assessment for both of the impacted reporting units using a quantitative assessment. Based on this assessment, we concluded that the estimated fair values exceeded the carrying values for these reporting units, and accordingly, no goodwill impairment was identified as a result of this realignment.

Other Long-Lived Assets

We assess identifiable, amortizable intangibles and other long-lived assets for impairment whenever events or changes in facts and circumstances indicate the possibility that the carrying values of these assets may not be recoverable over their estimated remaining useful lives. Factors considered important in our assessment, which might trigger an impairment evaluation, include the following:

- significant under-performance relative to historical or projected future operating results;
- significant changes in the manner of our use of the acquired assets;
- significant changes in the strategy for our overall business; and
- significant negative industry or economic trends.

Measuring a potential impairment of amortizable intangibles and other long-lived assets requires the use of various estimates and assumptions, including the determination of which cash flows are directly related to the assets being evaluated, the respective useful lives over which those cash flows will occur and potential residual values, if any. If we determine that the carrying values of these assets may not be recoverable based upon the existence of one or more of the above-described indicators or other factors, any impairment amounts would be measured based on the projected net cash flows expected from these assets, including any net cash flows related to eventual disposition activities. The determination of any impairment losses would be based on the best information available, including internal estimates of discounted cash flows; market participant assumptions; quoted market prices, when available; and independent appraisals, as appropriate, to determine fair values. Cash flow estimates would be based on our historical experience and our internal business plans, with appropriate discount rates applied.

Additionally, we test all indefinite-lived intangible assets for impairment at least annually during our fiscal fourth quarter. We follow the guidance provided by ASC 350 that simplifies how an entity tests indefinite-lived intangible assets for impairment. It provides an option to first assess qualitative factors to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount before applying traditional quantitative tests. We applied quantitative processes during our annual indefinite-lived intangible asset impairment assessments performed during the fourth quarters of fiscal 2023, 2022 and 2021.

The annual impairment assessment involves estimating the fair value of each indefinite-lived asset and comparing it with its carrying amount. If the carrying amount of the intangible asset exceeds its fair value, we record an impairment loss equal to the difference. Calculating the fair value of the indefinite-lived assets requires our significant use of estimates and assumptions. We estimate the fair values of our intangible assets by applying a relief-from-royalty calculation, which includes discounted future cash flows related to each of our intangible asset's projected revenues. In applying this methodology, we rely on a number of factors, including actual and forecasted revenues and market data.

Our annual impairment test of our indefinite-lived intangible assets performed during fiscal 2023, 2022 and 2021 did not result in an impairment charge.

Although no impairment losses were recorded during these periods related to the annual impairment test, we did record an intangible asset impairment charge in fiscal 2023. In connection with MAP 2025 and related to the goodwill impairment charge noted above, we determined that an interim impairment assessment for our other long-lived assets was required following management's decision to restructure the USL reporting unit within our PCG segment. Accordingly, we recorded an impairment loss totaling $2.5 million for the impairment of an indefinite-lived tradename in our USL reporting unit during fiscal 2023. We did not record any impairments for our definite-lived long-lived assets as a result of this assessment. Refer to Note C, "Goodwill and Other Intangible Assets," to the Consolidated Financial Statements for further discussion.

Income Taxes

Our provision for income taxes is calculated using the asset and liability method, which requires the recognition of deferred income taxes. Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and certain changes in valuation allowances. We provide valuation allowances against deferred tax assets if, based on available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

In determining the adequacy of valuation allowances, we consider cumulative and anticipated amounts of domestic and international earnings or losses of the appropriate character, anticipated amounts of foreign source income, as well as the anticipated taxable income resulting from the reversal of future taxable temporary differences. We intend to maintain any recorded valuation allowances until sufficient positive evidence (for example, cumulative positive foreign earnings or capital gain income) exists to support a reversal of the tax valuation allowances.

Further, at each interim reporting period, we estimate an effective income tax rate that is expected to be applicable for the full year. Significant judgment is involved regarding the application of global income tax laws and regulations and when projecting the jurisdictional mix of income. Additionally, interpretation of tax laws, court decisions or other guidance provided by taxing authorities influences our estimate of the effective income tax rates. As a result, our actual effective income tax rates and related income tax liabilities may differ materially from our estimated effective tax rates and related income tax liabilities. Any resulting differences are recorded in the period they become known.

Additionally, our operations are subject to various federal, state, local and foreign tax laws and regulations that govern, among other things, taxes on worldwide income. The calculation of our income tax expense is based on the best information available, including the application of currently enacted income tax laws and regulations, and involves our significant judgment. The actual income tax liability for each jurisdiction in any year can ultimately be determined, in some instances, several years after the financial statements have been published.

We also maintain accruals for estimated income tax exposures for many different jurisdictions. Tax exposures are settled primarily through the resolution of audits within each tax jurisdiction or the closing of a statute of limitation. Tax exposures and actual income tax liabilities can also be affected by changes in applicable tax laws, retroactive tax law changes or other factors, which may cause us to believe revisions of past estimates are appropriate. Although we believe that appropriate liabilities have been recorded for our income tax expense and income tax exposures, actual results may differ materially from our estimates.

Contingencies

We are party to various claims and lawsuits arising in the normal course of business. Although we cannot precisely predict the amount of any liability that may ultimately arise with respect to any of these matters, we record provisions when we consider the liability probable and estimable. Our provisions are based on historical experience and legal advice, reviewed quarterly and adjusted according to developments. In general, our accruals, including our accruals for environmental and warranty liabilities, discussed further below, represent the best estimate of a range of probable losses. Estimating probable losses requires the analysis of multiple factors that often depend on judgments about potential actions by third parties, such as regulators, courts, and state and federal legislatures. Changes in the amounts of our loss provisions, which can be material, affect our Consolidated Statements of Income. To the extent there is a reasonable possibility that potential losses could exceed the amounts already accrued, we believe that the amount of any such additional loss would be immaterial to our results of operations, liquidity and consolidated financial position. We evaluate our accruals at the end of each quarter, or sometimes more frequently, based on available facts, and may revise our estimates in the future based on any new information that becomes available.

Our environmental-related accruals are similarly established and/or adjusted as more information becomes available upon which costs can be reasonably estimated. Actual costs may vary from these estimates because of the inherent uncertainties involved, including the identification of new sites and the development of new information about contamination. Certain sites are still being investigated; therefore, we have been unable to fully evaluate the ultimate costs for those sites. As a result, accruals have not been estimated for certain of these sites and costs may ultimately exceed existing estimated accruals for other sites. We have received indemnities for potential environmental issues from purchasers of certain of our properties and businesses and from sellers of some of the properties or businesses we have acquired. If the indemnifying party fails to, or becomes unable to, fulfill its obligations under those agreements, we may incur environmental costs in addition to any amounts accrued, which may have a material adverse effect on our financial condition, results of operations or cash flows.

We offer warranties on many of our products, as well as long-term warranty programs at certain of our businesses, and thus have established corresponding warranty liabilities. Warranty expense is impacted by variations in local construction practices, installation conditions, and geographic and climate differences. Although we believe that appropriate liabilities have been recorded for our warranty expense, actual results may differ materially from our estimates.

Pension and Postretirement Plans

We sponsor qualified defined benefit pension plans and various other nonqualified postretirement plans. The qualified defined benefit pension plans are funded with trust assets invested in a diversified portfolio of debt and equity securities and other investments. Among other factors, changes in interest rates, investment returns and the market value of plan assets can (i) affect the level of plan funding, (ii) cause volatility in the net periodic pension cost and (iii) increase our future contribution requirements. A significant decrease in investment returns or the market value of plan assets or a significant change in interest rates could increase our net periodic pension costs and adversely affect our results of operations. A significant increase in our contribution requirements with respect to our qualified defined benefit pension plans could have an adverse impact on our cash flow.

Changes in our key plan assumptions would impact net periodic benefit expense and the projected benefit obligation for our defined benefit and various postretirement benefit plans. Based upon May 31, 2023 information, the following tables reflect the impact of a 1% change in the key assumptions applied to our defined benefit pension plans in the United States and internationally:

	U.S.		International	
	1% Increase	**1% Decrease**	**1% Increase**	**1% Decrease**
(In millions)				
Discount Rate				
(Decrease) increase in expense in FY 2023	$ (5.2)	$ 6.3	$ (0.7)	$ 1.3
(Decrease) increase in obligation as of May 31, 2023	$ (51.0)	$ 59.5	$ (18.1)	$ 22.5
Expected Return on Plan Assets				
(Decrease) increase in expense in FY 2023	$ (5.9)	$ 5.9	$ (1.8)	$ 1.8
(Decrease) increase in obligation as of May 31, 2023	N/A	N/A	N/A	N/A
Compensation Increase				
Increase (decrease) in expense in FY 2023	$ 6.0	$ (5.3)	$ 0.9	$ (0.8)
Increase (decrease) in obligation as of May 31, 2023	$ 22.8	$ (20.6)	$ 5.1	$ (4.5)

Based upon May 31, 2023 information, the following table reflects the impact of a 1% change in the key assumptions applied to our various postretirement health care plans:

	U.S.		International	
	1% Increase	**1% Decrease**	**1% Increase**	**1% Decrease**
(In millions)				
Discount Rate				
(Decrease) increase in expense in FY 2023	$ -	$ -	$ (0.7)	$ 0.6
(Decrease) increase in obligation as of May 31, 2023	$ (0.1)	$ 0.1	$ (4.4)	$ 5.7

BUSINESS SEGMENT INFORMATION

We operate a portfolio of businesses and product lines that manufacture and sell a variety of specialty paints, protective coatings, roofing systems, flooring solutions, sealants, cleaners and adhesives. We manage our portfolio by organizing our businesses and product lines into four reportable segments as outlined below, which also represent our operating segments. Within each operating segment, we manage product lines and businesses which generally address common markets, share similar economic characteristics, utilize similar technologies and can share manufacturing or distribution capabilities. Our four operating segments represent components of our business for which separate financial information is available that is utilized on a regular basis by our chief operating decision maker in determining how to allocate the assets of the company and evaluate performance. These four operating segments are each managed by an operating segment manager, who is responsible for the day-to-day operating decisions and performance evaluation of the operating segment's underlying businesses. We evaluate the profit performance of our segments primarily based on income before income taxes, but also look to earnings (loss) before interest and taxes ("EBIT"), and/or adjusted EBIT, which adjusts for one-off items impacting revenues and/or expenses that are not considered by management to be indicative of ongoing operations, as a performance evaluation measure because interest income (expense), net is essentially related to corporate functions, as opposed to segment operations.

Our CPG reportable segment products and services are sold throughout North America and also account for the majority of our international sales. Our construction product lines are sold directly to manufacturers, contractors, distributors and end-users, including industrial manufacturing facilities, concrete and cement producers, public institutions and other commercial customers. Products and services within this reportable segment include construction sealants and adhesives, coatings and associated chemicals, roofing systems, concrete admixture and repair products, building envelope solutions, insulated cladding and concrete forms, flooring systems, and weatherproofing solutions.

Our PCG reportable segment products and services are sold throughout North America, as well as internationally, and are sold directly to contractors, distributors and end-users, such as industrial manufacturing facilities, public institutions and other commercial customers. Products and services within this reportable segment include high-performance flooring solutions, corrosion control and fireproofing coatings, infrastructure repair systems, fiberglass reinforced plastic gratings and drainage systems.

Our Consumer reportable segment manufactures and markets professional use and DIY products for a variety of mainly residential applications, including home improvement and personal leisure activities. Our Consumer reportable segment's major manufacturing and distribution operations are located primarily in North America, along with a few locations in Europe, Australia and South America. Our Consumer reportable segment products are primarily sold directly to mass merchandisers, home improvement centers, hardware stores, paint stores, craft shops and to other customers through distributors. The Consumer reportable segment offers products that include specialty, hobby and professional paints; caulks; adhesives; cleaners, sandpaper and other abrasives; silicone sealants and wood stains.

Our SPG reportable segment products are sold throughout North America and internationally, primarily in Europe. Our SPG product lines are sold directly to contractors, distributors and end-users, such as industrial manufacturing facilities, public institutions and other commercial customers. The SPG reportable segment offers products that include industrial cleaners, restoration services equipment, colorants, nail enamels, exterior finishes, edible coatings and specialty glazes for pharmaceutical and food industries, and other specialty OEM coatings.

In addition to our four reportable segments, there is a category of certain business activities and expenses, referred to as corporate/other, that does not constitute an operating segment. This category includes our corporate headquarters and related administrative expenses, results of our captive insurance companies, gains or losses on the sales of certain assets and other expenses not directly associated with any reportable segment. Assets related to the corporate/other category consist primarily of investments, prepaid expenses and headquarters' property and equipment. These corporate and other assets and expenses reconcile reportable segment data to total consolidated income before income taxes and identifiable assets.

We reflect income from our joint ventures on the equity method and receive royalties from our licensees.

The following table reflects the results of our reportable segments consistent with our management philosophy, and represents the information we utilize, in conjunction with various strategic, operational and other financial performance criteria, in evaluating the performance of our portfolio of product lines.

SEGMENT INFORMATION

(In thousands)

Year Ended May 31,	2023	2022	2021
Net Sales			
CPG Segment	$ 2,608,872	$ 2,486,486	$ 2,076,565
PCG Segment	1,333,567	1,188,379	1,028,456
Consumer Segment	2,514,770	2,242,047	2,295,277
SPG Segment	799,205	790,816	705,990
Total	$ 7,256,414	$ 6,707,728	$ 6,106,288
Income Before Income Taxes (a)			
CPG Segment			
Income Before Income Taxes (a)	$ 309,683	$ 396,509	$ 291,773
Interest (Expense), Net (b)	(8,416)	(6,673)	(8,030)
EBIT (c)	$ 318,099	$ 403,182	$ 299,803
PCG Segment			
Income Before Income Taxes (a)	$ 133,757	$ 139,068	$ 90,687
Interest Income, Net (b)	1,466	575	128
EBIT (c)	$ 132,291	$ 138,493	$ 90,559
Consumer Segment			
Income Before Income Taxes (a)	$ 378,157	$ 175,084	$ 354,789
Interest (Expense) Income, Net (b)	(3,372)	266	(242)
EBIT (c)	$ 381,529	$ 174,818	$ 355,031
SPG Segment			
Income Before Income Taxes (a)	$ 103,279	$ 121,937	$ 108,242
Interest Income (Expense), Net (b)	68	(86)	(284)
EBIT (c)	$ 103,211	$ 122,023	$ 108,526
Corporate/Other			
(Loss) Before Income Taxes (a)	$ (275,494)	$ (225,799)	$ (177,053)
Interest (Expense), Net (b)	(99,013)	(89,605)	(32,522)
EBIT (c)	$ (176,481)	$ (136,194)	$ (144,531)
Consolidated			
Net Income	$ 479,731	$ 492,466	$ 503,500
Add: (Provision) for Income Taxes	(169,651)	(114,333)	(164,938)
Income Before Income Taxes (a)	649,382	606,799	668,438
Interest (Expense)	(119,015)	(87,928)	(85,400)
Investment Income (Expense), Net	9,748	(7,595)	44,450
EBIT (c)	$ 758,649	$ 702,322	$ 709,388

(a) The presentation includes a reconciliation of Income (Loss) Before Income Taxes, a measure defined by Generally Accepted Accounting Principles ("GAAP") in the United States, to EBIT.

(b) Interest income (expense), net includes the combination of interest (expense) and investment income (expense), net.

(c) EBIT is a non-GAAP measure and is defined as earnings (loss) before interest and taxes. We evaluate the profit performance of our segments based on income before income taxes, but also look to EBIT, or adjusted EBIT, as a performance evaluation measure because interest expense is essentially related to corporate functions, as opposed to segment operations. We believe EBIT is useful to investors for this purpose as well, using EBIT as a metric in their investment decisions. EBIT should not be considered an alternative to, or more meaningful than, income before income taxes as determined in accordance with GAAP, since EBIT omits the impact of interest in determining operating performance, which represent items necessary to our continued operations, given our level of indebtedness. Nonetheless, EBIT is a key measure expected by and useful to our fixed income investors, rating agencies and the banking community, all of whom believe, and we concur, that this measure is critical to the capital markets' analysis of our segments' core operating performance. We also evaluate EBIT because it is clear that movements in EBIT impact our ability to attract financing. Our underwriters and bankers consistently require inclusion of this measure in offering memoranda in conjunction with any debt underwriting or bank financing. EBIT may not be indicative of our historical operating results, nor is it meant to be predictive of potential future results.

RESULTS OF OPERATIONS

The following discussion includes a comparison of Results of Operations and Liquidity and Capital Resources for the years ended May 31, 2023 and 2022. For comparisons of the years ended May 31, 2022 and 2021, see Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2022 as filed on July 25, 2022.

Net Sales

	Fiscal year ended May 31,					
(In millions, except percentages)	**2023**	**2022**	**Total Growth**	**Organic Growth(1)**	**Acquisition & Divestiture Impact**	**Foreign Currency Exchange Impact**
CPG Segment	$ 2,608.9	$ 2,486.5	4.9%	6.8%	1.5%	-3.4%
PCG Segment	1,333.5	1,188.4	12.2%	15.5%	0.6%	-3.9%
Consumer Segment	2,514.8	2,242.0	12.2%	13.6%	0.4%	-1.8%
SPG Segment	799.2	790.8	1.1%	2.9%	-0.2%	-1.6%
Consolidated	$ 7,256.4	$ 6,707.7	8.2%	10.1%	0.8%	-2.7%

(1) Organic growth includes the impact of price and volume.

Our CPG segment generated organic sales growth in the current year, driven by strength in restoration systems for roofing, facades and parking structures. Additionally, the segment's concrete admixtures and repair business benefited from market share gains and capital spending on infrastructure projects. Improved pricing in response to continued cost inflation also contributed to sales growth during the year. This growth was partially offset by deteriorating economic conditions and unfavorable foreign exchange translation in Europe, along with reduced demand for businesses that serve residential and certain commercial construction markets.

Our PCG segment generated significant sales growth in nearly all the major business units in the segment when compared to the prior year. Performing particularly well were businesses that provide flooring systems, protective coatings, and fiberglass reinforced plastic grating, all of which were strategically well-positioned to benefit from growing vertical markets such as pharmaceuticals and industries reshoring their manufacturing, which includes semiconductor chip and electric vehicle assembly and battery manufacturing. This increase was also facilitated by strong demand in energy markets and price increases in response to continued cost inflation. Partially offsetting this growth was our bridgecare business, which suffered from economic decline and regulatory headwinds in Europe. Internationally, unfavorable foreign exchange translation was a headwind, but growth in emerging markets was strong in local currency.

Our Consumer segment generated significant organic growth in comparison to the prior year due to improved raw material supply, particularly of alkyd-based resins secured through strategic investment in its supply chain, insourcing, and qualifying new suppliers. In addition, sales growth benefited from price increases to catch up with continued cost inflation and the prior year comparison when supply chain disruptions impacted raw material supply. This growth was partially offset by volume declines as retail customers were holding leaner inventories, consumer takeaway at retail declined and by unfavorable foreign exchange translation, particularly in Europe.

Our SPG segment generated sales growth, particularly in those businesses serving the food coatings and additives market, as a result of strategically refocusing sales management and selling efforts. In addition, sales growth benefited from improved pricing in response to continued cost inflation. The segment's disaster restoration business also benefited from the response to Hurricane Ian and other inclement weather. This growth was offset by decreased demand at businesses serving OEM markets, many of which experienced customer destocking, and unfavorable foreign exchange translation. Additionally, the divestiture of our Guardian Protection Products, Inc. ("Guardian") business reduced sales versus the prior period.

Gross Profit Margin Our consolidated gross profit margin of 37.9% of net sales for fiscal 2023 compares to a consolidated gross profit margin of 36.3% for the comparable period a year ago. This gross profit margin increase of approximately 160 basis points ("bps") resulted primarily from higher selling prices catching up with continued cost inflation and savings from MAP initiatives, while the prior year's margin was reduced by inefficiencies from inconsistent raw material supply. Partially offsetting these improvements were continued inflation in raw materials and wages, along with reduced fixed-cost leverage due to lower overall demand and internal initiatives to normalize inventories.

We expect that headwinds related to wage inflation and reduced fixed-cost leverage due to lower overall demand will continue to be reflected in our results into early fiscal 2024. In addition, rising interest rates have negatively impacted construction activity, existing home sales, and overall economic activity, resulting in reduced customer demand which we expect to continue into the first quarter of fiscal 2024.

Selling, General and Administrative ("SG&A") Expenses Our consolidated SG&A expense increased by approximately $167.8 million during fiscal 2023 versus fiscal 2022 and increased to 27.0% of net sales for fiscal 2023 from 26.7% of net sales for fiscal 2022. The restoration of travel expenses and advertising expenses, along with increases in variable costs associated with improved results, such as commission expense, were contributing factors. In addition, pay inflation, higher distribution costs, increased insurance costs, and a $27.0 million increase in professional fees associated with our MAP 2025 initiatives contributed to this increase, which was partially offset by the $20.0 million gain on business interruption insurance proceeds as described below in Note P, "Contingencies and Other Accrued Losses," to the Consolidated Financial Statements. Additional SG&A expense incurred from companies recently acquired was approximately $14.4 million during fiscal 2023.

Our CPG segment SG&A was approximately $41.2 million higher for fiscal 2023 versus fiscal 2022 and increased by 40 bps as a percentage of net sales. The increase in expense was mainly due to higher commission expense associated with higher sales, pay inflation, professional fees, distribution costs, as well as restoration of travel expenses compared to the prior year and investments in growth initiatives. Lastly, acquisitions generated additional SG&A expense of approximately $7.7 million.

Our PCG segment SG&A was approximately $41.2 million higher for fiscal 2023 versus fiscal 2022 and increased slightly by 10 bps as a percentage of net sales. The increase in expense as compared to the prior year period is mainly due to increased commissions, higher distribution costs, pay inflation, increased bad debt expense, along with restoration of travel expenses and investments in growth initiatives for diversification of its protective coatings business.

Our Consumer segment SG&A increased by approximately $42.5 million during fiscal 2023 versus fiscal 2022 and decreased by 60 bps as a percentage of net sales. The year-over-year increase in SG&A was attributable to increases in advertising and promotional expense, incentive-based compensation, increased distribution costs, pay inflation, and the restoration of travel expenses, partially offset by the $20.0 million gain on business interruption insurance included in SG&A as described below in Note P, "Contingencies and Other Accrued Losses," to the Consolidated Financial Statements. Lastly, acquisitions contributed approximately $3.6 million of additional SG&A expense during the current period.

Our SPG segment SG&A was approximately $18.7 million higher during fiscal 2023 versus fiscal 2022 and increased by 210 bps as a percentage of sales. The increase in SG&A expense is attributable to pay inflation, along with the restoration of travel expenses and investments in growth initiatives across each of its business units.

SG&A expenses in our corporate/other category of $168.0 million during fiscal 2023 increased by $24.2 million from $143.8 million recorded during fiscal 2022. The increase in SG&A was primarily attributable to a $24.5 million increase in professional fees related to MAP 2025 initiatives and increased insurance costs, partially offset by a decrease in stock compensation.

The following table summarizes the retirement-related benefit plans' impact on income before income taxes for the fiscal years ended May 31, 2023 and 2022, as the service cost component has a significant impact on our SG&A expense:

	Fiscal year ended May 31,		
(In millions)	**2023**	**2022**	**Change**
Service cost	$ 49.1	$ 54.3	$ (5.2)
Interest cost	36.8	21.5	15.3
Expected return on plan assets	(44.7)	(49.2)	4.5
Amortization of:			
Prior service (credit)	(0.2)	(0.3)	0.1
Net actuarial losses recognized	18.4	17.5	0.9
Curtailment/settlement losses	0.1	-	0.1
Total Net Periodic Pension & Postretirement Benefit Costs	$ 59.5	$ 43.8	$ 15.7

We expect that pension and postretirement expense will fluctuate on a year-to-year basis, depending upon the investment performance of plan assets and potential changes in interest rates, both of which are difficult to predict in light of the lingering macroeconomic uncertainties associated with inflation, but which may have a material impact on our consolidated financial results in the future. A decrease of 1% in the discount rate or the expected return on plan assets assumptions would result in $8.2 million and $7.7 million higher expense, respectively. The assumptions and estimates used to determine the discount rate and expected return on plan assets are more fully described in Note N, "Pension Plans," and Note O, "Postretirement Benefits," to our Consolidated Financial Statements. Further discussion and analysis of the sensitivity surrounding our most critical assumptions under our pension and postretirement plans is discussed above in "Critical Accounting Policies and Estimates — Pension and Postretirement Plans."

Restructuring Expense

We recorded $15.5 million of restructuring charges during fiscal 2023, of which $11.7 million related to our MAP 2025 initiative, which is a multi-year restructuring plan to build on the achievements of MAP to Growth and designed to improve margins by streamlining business processes, reducing working capital, implementing commercial initiatives to drive improved mix and salesforce effectiveness and improving operating efficiency. Initial phases of the plan have focused on commercial initiatives, operational efficiencies, and procurement. For fiscal 2023, we incurred $8.5 million related to severance and benefit costs and $0.7 million of facility closure costs associated with MAP 2025, and $2.5 million related to other restructuring costs associated with the impairment of an indefinite-lived tradename as described below in Note C, "Goodwill and Other Intangible Assets," of the Consolidated Financial Statements. Most activities under MAP 2025 are anticipated to be completed by the end of fiscal year 2025.

We currently expect to incur approximately $11.0 million of future additional charges related to the implementation of MAP 2025.

For further information and details about MAP 2025, see Note B, "Restructuring," to the Consolidated Financial Statements.

Interest Expense

(In millions, except percentages)	Fiscal year ended May 31, 2023	2022
Interest expense	$ 119.0	$ 87.9
Average interest rate (1)	4.08 %	3.16 %

(1) The interest rate increase was a result of higher market rates on the variable cost borrowings.

(In millions)	Change in interest expense
Acquisition-related borrowings	$ 4.2
Non-acquisition-related average borrowings	1.5
Change in average interest rate	25.4
Total Change in Interest Expense	$ 31.1

Investment (Income) Expense, Net

See Note A(15), "Summary of Significant Accounting Policies - Investment (Income) Expense, Net," to the Consolidated Financial Statements for details.

(Gain) on Sales of Assets and Business, Net

See Note A(3), "Summary of Significant Accounting Policies - Acquisitions/Divestitures," and Note M, "Leases," to the Consolidated Financial Statements for details.

Other Expense (Income), Net

See Note A(16), "Summary of Significant Accounting Policies - Other Expense (Income), Net," to the Consolidated Financial Statements for details.

Income Before Income Taxes ("IBT")

	Fiscal year ended May 31,			
(In millions, except percentages)	2023	% of net sales	2022	% of net sales
CPG Segment	$ 309.7	11.9 %	$ 396.5	15.9 %
PCG Segment	133.8	10.0 %	139.1	11.7 %
Consumer Segment	378.1	15.0 %	175.1	7.8 %
SPG Segment	103.3	12.9 %	121.9	15.4 %
Non-Op Segment	(275.5)	—	(225.8)	—
Consolidated	$ 649.4		$ 606.8	

On a consolidated basis, our increased earnings reflect our Consumer segment profitability approaching historical averages following supply chain disruptions in the prior year, which was partially offset by charges resulting from our MAP 2025 initiatives and the unfavorable impact of foreign exchange translation. Our CPG segment results reflect deteriorated macroeconomic conditions in Europe and reduced demand for businesses that serve residential and certain commercial construction markets. In addition, our prior year CPG segment results include a $41.9 million gain on the sale of certain real property assets. Our PCG segment results reflect the $39.2 million goodwill and intangible asset impairment charges, offset by improved pricing, volume growth and improved product mix, resulting from digital sales management tools. Our Consumer segment results reflect improved material supply which allowed for previously developed operating efficiencies to be realized, improved pricing to catch up with continued cost inflation and the $20.0 million gain on business interruption insurance. Our SPG segment results reflect decreased demand at businesses serving OEM markets, offset by improved pricing, increased operating efficiencies and the $24.7 million gain on the sale of its Guardian business. Our Non-Op segment results reflect the unfavorable swing in pension non-service costs, along with increased interest expense and professional fees.

Income Tax Rate The effective income tax rate was 26.1% for fiscal 2023 compared to an effective income tax rate of 18.8% for fiscal 2022. Refer to Note H, "Income Taxes," to the Consolidated Financial Statements for the components of the effective income tax rates.

Net Income

	Fiscal year ended May 31,			
(In millions, except percentages and per share amounts)	2023	% of net sales	2022	% of net sales
Net income	$ 479.7	6.6 %	$ 492.5	7.3 %
Net income attributable to RPM International Inc. stockholders	478.7	6.6 %	491.5	7.3 %
Diluted earnings per share	3.72		3.79	

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

Approximately $577.1 million of cash was provided by operating activities during fiscal 2023, compared with $178.7 million of cash provided by operating activities during fiscal 2022. The net change in cash from operations includes the change in net income, which decreased by $12.7 million year over year.

The change in accounts receivable during fiscal 2023 provided approximately $92.7 million more cash than fiscal 2022. This resulted from the timing of sales in our CPG segment, which saw extraordinary growth at the end of fiscal 2022, resulting in strong collections in the current year. Average days sales outstanding ("DSO") at May 31, 2023 increased to 66.9 days from 65.0 days at May 31, 2022.

During fiscal 2023, the change in inventory used approximately $371.0 million less cash compared to our spending during fiscal 2022 as a result of our operating segments beginning to reduce inventory purchases and use safety stock built up in the prior year in response to supply chain outages and raw material inflation. Average days inventory outstanding ("DIO") at May 31, 2023 increased to 106.0 days from 93.8 days at May 31, 2022.

The change in accounts payable during fiscal 2023 used approximately $217.3 million more cash than during fiscal 2022. Accounts payable balances declined as raw material purchases declined due to supply chain improvement and internal initiatives to normalize inventory levels. Average days payables outstanding ("DPO") decreased by approximately 3.0 days from 83.5 days at May 31, 2022 to 80.5 days at May 31, 2023.

The change in other accrued liabilities during fiscal 2023 used approximately $89.2 million less cash than during fiscal 2022 due principally to the increase in taxes payable.

Additionally, certain government entities located where we have operations enacted various pieces of legislation designed to help businesses weather the economic impact of Covid and ultimately preserve jobs. Some of this legislation, such as the Coronavirus Aid, Relief, and Economic Relief Security Act in the United States, enabled employers to postpone the payment of various types of taxes over varying time horizons. As of May 31, 2022, we had a total of $13.6 million accrued for such government payments which we paid during fiscal 2023. As of May 31, 2021, we had deferred $27.1 million of such government payments, $13.5 million of which we paid during fiscal 2022. During fiscal 2023, we did not defer any additional government payments that would have normally been paid during fiscal 2023.

Investing Activities

For fiscal 2023, cash used for investing activities decreased by $9.8 million to $249.7 million as compared to $259.5 million in the prior year period. This year-over-year decrease in cash used for investing activities was mainly driven by a $79.9 million decrease in cash used for acquisitions. This was partially offset by decreases in proceeds from sales of assets and business, net, which provided $18.3 million less cash in fiscal 2023.

In addition to this, we utilized $32.0 million more cash in fiscal 2023 related to capital expenditures. Our capital expenditures facilitate our continued growth and our MAP 2025 initiatives, such as production and distribution efficiencies, introduction of new technology, and improvement of information systems. Additionally, these capital expenditures help facilitate expanding capacity, improving environmental health and safety capabilities, and enhancing our administration capabilities. We paid for capital expenditures of $254.4 million, $222.4 million, and $157.2 million during the periods ended May 31, 2023, 2022 and 2021, respectively. We continued to increase our capital spending in fiscal 2023 in order to expand capacity to meet growing product demand and continue our growth initiatives.

Our captive insurance companies invest their excess cash in marketable securities in the ordinary course of conducting their operations, and this activity will continue. Differences in the amounts related to these activities on a year-over-year basis are primarily attributable to the rebalancing of the portfolio, along with differences in the timing and performance of their investments balanced against amounts required to satisfy claims. At May 31, 2023 and 2022, the fair value of our investments in marketable securities totaled $148.3 million and $144.4 million, respectively.

As of May 31, 2023, approximately $196.8 million of our consolidated cash and cash equivalents were held at various foreign subsidiaries, compared with approximately $187.1 million as of May 31, 2022. Undistributed earnings held at our foreign subsidiaries that are considered permanently reinvested will be used, for instance, to expand operations organically or for acquisitions in foreign jurisdictions. Further, our operations in the United States generate sufficient cash flow to satisfy U.S. operating requirements. Refer to Note H, "Income Taxes," to the Consolidated Financial Statements for additional information regarding unremitted foreign earnings.

Financing Activities

For fiscal 2023, cash used for financing activities increased by $358.6 million to $301.2 million as compared to $57.4 million provided by financing activities in the prior year period. The overall increase in cash used for financing activities was driven principally by debt-related activities. During fiscal 2023, we paid our $300 million 3.45% Notes due 2022. Refer to Note G, "Borrowings," to the Consolidated Financial Statements for a discussion of significant debt-related activity that occurred in fiscal 2023 and 2022, significant components of our debt, and our available liquidity.

The following table summarizes our financial obligations and their expected maturities at May 31, 2023, and the effect such obligations are expected to have on our liquidity and cash flow in the periods indicated.

Contractual Obligations

(In thousands)	Total Contractual Payment Stream	Payments Due In 2024	2025-26	2027-28	After 2028
Long-term debt obligations	$ 2,689,138	$ 175,422	$ 250,000	$ 1,013,716	$ 1,250,000
Finance lease obligations	9,445	3,168	5,450	790	37
Operating lease obligations	414,351	71,801	112,786	80,991	148,773
Other long-term liabilities (1):					
Interest payments on long-term debt obligations	943,759	84,033	156,226	121,550	581,950
Contributions to pension and postretirement plans (2)	523,700	8,400	16,700	118,900	379,700
Total	$ 4,580,393	$ 342,824	$ 541,162	$ 1,335,947	$ 2,360,460

(1) Excluded from other long-term liabilities are our gross long-term liabilities for unrecognized tax benefits, which totaled $5.4 million at May 31, 2023. Currently, we cannot predict with reasonable reliability the timing of cash settlements to the respective taxing authorities related to these liabilities.

(2) These amounts represent our estimated cash contributions to be made in the periods indicated for our pension and postretirement plans, assuming no actuarial gains or losses, assumption changes or plan changes occur in any period. The projection results assume the required minimum contribution will be contributed.

The U.S. dollar fluctuated throughout the year and was stronger against other major currencies where we conduct operations at May 31, 2023 versus May 31, 2022, causing an unfavorable change in the accumulated other comprehensive income (loss) (refer to Note K, “Accumulated Other Comprehensive Income (Loss),” to the Consolidated Financial Statements) component of stockholders’ equity of $69.9 million this year versus an unfavorable change of $95.1 million last year. The change in fiscal 2023 was in addition to favorable net changes of $4.6 million related to adjustments required for minimum pension and other postretirement liabilities, unfavorable changes of $1.8 million related to derivatives and unfavorable changes of $0.5 million related to unrealized losses on fixed income securities.

Stock Repurchase Program

Refer to Note I, “Stock Repurchase Program,” to the Consolidated Financial Statements for a discussion of our stock repurchase program.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet financings. We have no subsidiaries that are not included in our financial statements, nor do we have any interests in, or relationships with, any special-purpose entities that are not reflected in our financial statements.

Item 7A. *Quantitative and Qualitative Disclosures About Market Risk.*

QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk from changes in interest rates and foreign currency exchange rates because we fund our operations through long- and short-term borrowings and denominate our business transactions in a variety of foreign currencies. We utilize a sensitivity analysis to measure the potential loss in earnings based on a hypothetical 1% increase in interest rates and a 10% change in foreign currency rates. A summary of our primary market risk exposures follows.

Interest Rate Risk

Our primary interest rate risk exposure results from our floating rate debt, including various revolving and other lines of credit (refer to Note G, “Borrowings,” to the Consolidated Financial Statements). If there was a 100-bps increase or decrease in interest rates it would have resulted in an increase or decrease in interest expense of $10.8 million and $4.4 million for fiscal 2023 and 2022, respectively. Our primary exposure to interest rate risk is movements in the Secured Overnight Financing Rate (SOFR) and European Short-Term Rate (ESTR). At May 31, 2023, approximately 38.7% of our debt was subject to floating interest rates.

Foreign Currency Risk

Our foreign sales and results of operations are subject to the impact of foreign currency fluctuations (refer to Note A(4), “Summary of Significant Accounting Policies - Foreign Currency,” to the Consolidated Financial Statements). Because our Consolidated Financial Statements are presented in U.S. dollars, increases or decreases in the value of the U.S. dollar relative to other currencies in which we transact business could materially adversely affect our net revenues, net income and the carrying values of our assets located outside the United States. Global economic uncertainty continues to exist. Strengthening of the U.S. dollar relative to other currencies may adversely affect our operating results.

If the U.S. dollar were to strengthen, our foreign results of operations would be unfavorably impacted, but the effect is not expected to be material. A 10% change in foreign currency exchange rates would not have resulted in a material impact to net income for the years ended May 31, 2023 and 2022. We do not currently use financial derivative instruments for trading purposes, nor do we engage in foreign currency, commodity or interest rate speculation.

FORWARD-LOOKING STATEMENTS

The foregoing discussion includes forward-looking statements relating to our business. These forward-looking statements, or other statements made by us, are made based on our expectations and beliefs concerning future events impacting us and are subject to uncertainties and factors (including those specified below), which are difficult to predict and, in many instances, are beyond our control. As a result, our actual results could differ materially from those expressed in or implied by any such forward-looking statements. These uncertainties and factors include (a) global markets and general economic conditions, including uncertainties surrounding the volatility in financial markets, the availability of capital and the effect of changes in interest rates, and the viability of banks and other financial institutions; (b) the prices, supply and availability of raw materials, including assorted pigments, resins, solvents, and other natural gas- and oil-based materials; packaging, including plastic and metal containers; and transportation services, including fuel surcharges; (c) continued growth in demand for our products; (d) legal, environmental and litigation risks inherent in our businesses and risks related to the adequacy of our insurance coverage for such matters; (e) the effect of changes in interest rates; (f) the effect of fluctuations in currency exchange rates upon our foreign operations; (g) the effect of non-currency risks of investing in and conducting operations in foreign countries, including those relating to domestic and international political, social, economic and regulatory factors; (h) risks and uncertainties associated with our ongoing acquisition and divestiture activities; (i) the timing of and the realization of anticipated cost savings from restructuring initiatives and the ability to identify additional cost savings opportunities; (j) risks related to the adequacy of our contingent liability reserves; (k) risks relating to a public health crisis similar to the Covid pandemic; (l) risks related to acts of war similar to the Russian invasion of Ukraine; (m) risks related to the transition or physical impacts of climate change and other natural disasters or meeting sustainability-related voluntary goals or regulatory requirements; (n) risks related to our use of technology, artificial intelligence, data breaches and data privacy violations; and (o) other risks detailed in our filings with the Securities and Exchange Commission, including the risk factors set forth in our Form 10-K for the year ended May 31, 2023, as the same may be updated from time to time. We do not undertake any obligation to publicly update or revise any forward-looking statements to reflect future events, information or circumstances that arise after the filing date of this document.

Item 8. ***Financial Statements and Supplementary Data.***

RPM INTERNATIONAL INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(In thousands, except per share amounts)

May 31,		2023		2022
Assets				
Current Assets				
Cash and cash equivalents	$	215,787	$	201,672
Trade accounts receivable (less allowances of $49,482 and $46,669, respectively)		1,503,040		1,432,632
Inventories		1,135,496		1,212,618
Prepaid expenses and other current assets		329,845		304,887
Total current assets		3,184,168		3,151,809
Property, Plant and Equipment, at Cost		2,332,916		2,132,915
Allowance for depreciation		(1,093,440)		(1,028,932)
Property, plant and equipment, net		1,239,476		1,103,983
Other Assets				
Goodwill		1,293,588		1,337,868
Other intangible assets, net of amortization		554,991		592,261
Operating lease right-of-use assets		329,582		307,797
Deferred income taxes		15,470		18,914
Other		164,729		195,074
Total other assets		2,358,360		2,451,914
Total Assets	$	6,782,004	$	6,707,706
Liabilities and Stockholders' Equity				
Current Liabilities				
Accounts payable	$	680,938	$	800,369
Current portion of long-term debt		178,588		603,454
Accrued compensation and benefits		257,328		262,445
Accrued losses		26,470		24,508
Other accrued liabilities		347,477		325,632
Total current liabilities		1,490,801		2,016,408
Long-Term Liabilities				
Long-term debt, less current maturities		2,505,221		2,083,155
Operating lease liabilities		285,524		265,139
Other long-term liabilities		267,111		276,990
Deferred income taxes		90,347		82,186
Total long-term liabilities		3,148,203		2,707,470
Contingencies and Accrued Losses (Note P)				
Stockholders' Equity				
Preferred stock, par value $0.01; authorized 50,000 shares; none issued		-		-
Common stock, par value $0.01; authorized 300,000 shares; issued 145,124 and outstanding 128,766 as of May 2023; issued 144,685 and outstanding 129,199 as of May 2022		1,288		1,292
Paid-in capital		1,124,825		1,096,147
Treasury stock, at cost		(784,463)		(717,019)
Accumulated other comprehensive (loss)		(604,935)		(537,337)
Retained earnings		2,404,125		2,139,346
Total RPM International Inc. stockholders' equity		2,140,840		1,982,429
Noncontrolling Interest		2,160		1,399
Total equity		2,143,000		1,983,828
Total Liabilities and Stockholders' Equity	$	6,782,004	$	6,707,706

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Income
(In thousands, except per share amounts)

Year Ended May 31,		2023		2022		2021
Net Sales	$	7,256,414	$	6,707,728	$	6,106,288
Cost of Sales		4,508,370		4,274,675		3,701,129
Gross Profit		2,748,044		2,433,053		2,405,159
Selling, General and Administrative Expenses		1,956,040		1,788,284		1,664,026
Restructuring Expense		15,465		6,276		18,106
Goodwill Impairment		36,745		-		-
Interest Expense		119,015		87,928		85,400
Investment (Income) Expense, Net		(9,748)		7,595		(44,450)
(Gain) on Sales of Assets and Business, Net		(28,632)		(51,983)		-
Other Expense (Income), Net		9,777		(11,846)		13,639
Income Before Income Taxes		649,382		606,799		668,438
Provision for Income Taxes		169,651		114,333		164,938
Net Income		479,731		492,466		503,500
Less: Net Income Attributable to Noncontrolling Interests		1,040		985		857
Net Income Attributable to RPM International Inc. Stockholders	$	478,691	$	491,481	$	502,643
Average Number of Shares of Common Stock Outstanding:						
Basic		127,507		127,948		128,334
Diluted		128,816		129,580		128,927
Earnings per Share of Common Stock Attributable to RPM International Inc. Stockholders:						
Basic	$	3.74	$	3.81	$	3.89
Diluted	$	3.72	$	3.79	$	3.87

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Comprehensive Income
(In thousands)

Year Ended May 31	2023	2022	2021
Net Income	$ 479,731	$ 492,466	$ 503,500
Other comprehensive (loss) income			
Foreign currency translation adjustments, net of tax	(69,918)	(95,214)	140,499
Pension and other postretirement benefit liability adjustments, net of tax	4,619	37,227	87,107
Unrealized (loss) on securities and other, net of tax	(549)	(1,725)	(950)
Unrealized (loss) gain on derivatives, net of tax	(1,766)	37,153	(23,911)
Total other comprehensive (loss) income	(67,614)	(22,559)	202,745
Total Comprehensive Income	412,117	469,907	706,245
Less: Comprehensive Income Attributable to Noncontrolling Interests	1,024	879	988
Comprehensive Income Attributable to RPM International Inc. Stockholders	$ 411,093	$ 469,028	$ 705,257

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Cash Flows
(In thousands)

Year Ended May 31,	2023	2022	2021
Cash Flows From Operating Activities:			
Net income	$ 479,731	$ 492,466	$ 503,500
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	154,949	153,074	146,857
Restructuring charges, net of payments	-	(2,516)	(2,909)
Goodwill impairment	36,745	-	-
Fair value adjustments to contingent earnout obligations	-	3,253	(582)
Deferred income taxes	6,236	(25,067)	20,188
Stock-based compensation expense	28,673	40,114	40,926
Net loss (gain) on marketable securities	2,086	17,706	(38,774)
Net (gain) on sales of assets and a business	(28,632)	(51,983)	-
Other	1,683	(66)	(2,340)
Changes in assets and liabilities, net of effect from purchases and sales of businesses:			
(Increase) in receivables	(94,585)	(187,299)	(88,618)
Decrease (increase) in inventory	66,805	(304,197)	(68,802)
Decrease (increase) in prepaid expenses and other current and long-term assets	1,364	(13,040)	(11,457)
(Decrease) increase in accounts payable	(116,053)	101,223	151,388
(Decrease) increase in accrued compensation and benefits	(2,643)	9,737	62,966
Increase (decrease) in accrued losses	2,231	(3,956)	8,510
Increase (decrease) in other accrued liabilities	38,515	(50,718)	43,010
Other	-	-	2,293
Cash Provided By Operating Activities	577,105	178,731	766,156
Cash Flows From Investing Activities:			
Capital expenditures	(254,435)	(222,403)	(157,199)
Acquisition of businesses, net of cash acquired	(47,542)	(127,457)	(165,223)
Purchase of marketable securities	(18,674)	(15,032)	(121,669)
Proceeds from sales of marketable securities	12,731	21,533	112,298
Proceeds from sales of assets and a business	58,288	76,590	-
Other	(72)	7,222	5,405
Cash (Used For) Investing Activities	(249,704)	(259,547)	(326,388)
Cash Flows From Financing Activities:			
Additions to long-term and short-term debt	341,720	437,564	-
Reductions of long-term and short-term debt	(355,463)	(101,505)	(188,278)
Cash dividends	(213,912)	(204,394)	(194,720)
Repurchase of common stock	(50,000)	(52,500)	(49,956)
Shares of common stock returned for taxes	(17,047)	(11,549)	(22,826)
Payments of acquisition-related contingent consideration	(3,765)	(5,774)	(2,218)
Other	(2,689)	(4,452)	(1,621)
Cash (Used For) Provided By Financing Activities	(301,156)	57,390	(459,619)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(12,130)	(21,606)	33,139
Net Change in Cash and Cash Equivalents	14,115	(45,032)	13,288
Cash and Cash Equivalents at Beginning of Period	201,672	246,704	233,416
Cash and Cash Equivalents at End of Period	$ 215,787	$ 201,672	$ 246,704
Supplemental Disclosures of Cash Flows Information:			
Cash paid during the year for:			
Interest	$ 113,953	$ 81,838	$ 82,440
Income taxes, net of refunds	$ 134,436	$ 172,254	$ 147,436
Supplemental Disclosures of Noncash Investing Activities:			
Capital expenditures accrued within accounts payable at year-end	$ 34,470	$ 27,237	$ 29,848

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Stockholders' Equity

(In thousands)	Common Stock: Number of Shares	Common Stock: Par/Stated Value	Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total RPM International Inc. Equity	Noncontrolling Interests	Total Equity
Balance at June 1, 2020	129,511	$ 1,295	$ 1,014,428	$ (580,117)	$ (717,497)	$ 1,544,336	$ 1,262,445	$ 2,218	$ 1,264,663
Net income	-	-	-	-	-	502,643	502,643	857	503,500
Other comprehensive income	-	-	-	-	202,613	-	202,613	132	202,745
Dividends declared and paid ($1.50 per share)	-	-	-	-	-	(194,720)	(194,720)	-	(194,720)
Other noncontrolling interest activity	-	-	-	-	-	-	-	(1,246)	(1,246)
Share repurchases under repurchase program	(594)	(6)	6	(49,956)	-	-	(49,956)	-	(49,956)
Stock compensation expense and other deferred compensation, shares granted less shares returned for taxes	656	6	40,966	(22,933)	-	-	18,039	-	18,039
Balance at May 31, 2021	129,573	1,295	1,055,400	(653,006)	(514,884)	1,852,259	1,741,064	1,961	1,743,025
Net income	-	-	-	-	-	491,481	491,481	985	492,466
Other comprehensive (loss)	-	-	-	-	(22,453)	-	(22,453)	(106)	(22,559)
Dividends declared and paid ($1.58 per share)	-	-	-	-	-	(204,394)	(204,394)	-	(204,394)
Other noncontrolling interest activity	-	-	-	-	-	-	-	(1,441)	(1,441)
Share repurchases under repurchase program	(601)	(6)	6	(52,500)	-	-	(52,500)	-	(52,500)
Stock compensation expense and other deferred compensation, shares granted less shares returned for taxes	227	3	40,741	(11,513)	-	-	29,231	-	29,231
Balance at May 31, 2022	129,199	1,292	1,096,147	(717,019)	(537,337)	2,139,346	1,982,429	1,399	1,983,828
Net income	-	-	-	-	-	478,691	478,691	1,040	479,731
Other comprehensive (loss)	-	-	-	-	(67,598)	-	(67,598)	(16)	(67,614)
Dividends declared and paid ($1.66 per share)	-	-	-	-	-	(213,912)	(213,912)	-	(213,912)
Other noncontrolling interest activity	-	-	-	-	-	-	-	(263)	(263)
Share repurchases under repurchase program	(598)	(6)	6	(50,000)	-	-	(50,000)	-	(50,000)
Stock compensation expense and other deferred compensation, shares granted less shares returned for taxes	165	2	28,672	(17,444)	-	-	11,230	-	11,230
Balance at May 31, 2023	128,766	$ 1,288	$ 1,124,825	$ (784,463)	$ (604,935)	$ 2,404,125	$ 2,140,840	$ 2,160	$ 2,143,000

The accompanying notes to consolidated financial statements are an integral part of these financial statements.

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1) Consolidation, Noncontrolling Interests and Basis of Presentation

The accompanying Consolidated Financial Statements have been prepared in accordance with GAAP and the instructions to Form 10-K. In our opinion, all adjustments (consisting of normal accruals) considered necessary for fair presentation have been included for the periods ended May 31, 2023, 2022, and 2021. The presentation of the Consolidated Statements of Comprehensive Income has been condensed and our disclosure in Note K, "Accumulated Other Comprehensive Income (Loss)," has correspondingly been expanded. As a result, certain prior period amounts have been reclassified to conform with the current year's presentation.

Our financial statements include all of our majority-owned subsidiaries. We account for our investments in less-than-majority-owned joint ventures, for which we have the ability to exercise significant influence, under the equity method. Effects of transactions between related companies are eliminated in consolidation.

Noncontrolling interests are presented in our Consolidated Financial Statements as if parent company investors (controlling interests) and other minority investors (noncontrolling interests) in partially owned subsidiaries have similar economic interests in a single entity. As a result, investments in noncontrolling interests are reported as equity in our Consolidated Financial Statements. Additionally, our Consolidated Financial Statements include 100% of a controlled subsidiary's earnings, rather than only our share. Transactions between the parent company and noncontrolling interests are reported in equity as transactions between stockholders, provided that these transactions do not create a change in control.

Our business is dependent on external weather factors. Historically, we have experienced strong sales and net income in our first, second and fourth fiscal quarters comprising the three-month periods ending August 31, November 30 and May 31, respectively, with weaker performance in our third fiscal quarter (December through February).

2) Use of Estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3) Acquisitions/Divestitures

We account for business combinations and asset acquisitions using the acquisition method of accounting and, accordingly, the assets and liabilities of the acquired entities are recorded at their estimated fair values at the acquisition date.

During the fiscal year ended May 31, 2023, we completed a total of six acquisitions across our four reportable segments. Most notably, within our Consumer reportable segment, we acquired a distributor of branded chalk paints, primarily targeting the upscale décor market in the U.K. and Ireland.

In addition, on January 20, 2023, we completed the divestiture of our Guardian business for proceeds of approximately $49.2 million, net of cash disposed. The transaction also includes a future contingent cash receipt of up to an additional $7.5 million which may be recognized upon achievement of certain financial goals. In connection with the divestiture, we recognized a gain of $24.7 million during fiscal 2023, which is included in (gain) on sales of assets and business, net in our Consolidated Statements of Income.

Guardian, headquartered in Hickory, North Carolina, was a reporting unit included in our SPG segment and is a seller of furniture protection plans and protection products for fabric, leather, and wood applications. The sale of Guardian does not represent a strategic shift that will have a major effect on our operations and financial results and therefore is not presented as discontinued operations.

During the fiscal year ended May 31, 2022, we completed a total of eight acquisitions in three of our four reportable segments. Most notably, within our CPG reportable segment, we acquired a chemical manufacturing facility located in Corsicana, Texas. The facility is being repurposed to act as a manufacturing campus for a number of RPM's operating companies. Also within our CPG reportable segment, we acquired a provider of indoor air quality solutions headquartered in Clearwater, Florida. We also completed several other acquisitions within our CPG, SPG and PCG reportable segments. No divestitures were completed during fiscal 2022.

The purchase price for each acquisition has been allocated to the estimated fair values of the assets acquired and liabilities assumed as of the date of acquisition. We have finalized the purchase price allocation for our fiscal 2022 acquisitions. For acquisitions completed during fiscal 2023, the valuations of consideration transferred, total assets acquired, and liabilities assumed are substantially complete. The primary areas that remain open relate to working capital adjustments. Acquisitions are aggregated by year of purchase in the following table:

	Fiscal 2023 Acquisitions		Fiscal 2022 Acquisitions	
(In thousands)	Weighted-Average Intangible Asset Amortization Life (In Years)	Total	Weighted-Average Intangible Asset Amortization Life (In Years)	Total
Current assets		$ 17,508		$ 9,604
Property, plant and equipment		3,605		71,658
Goodwill	N/A	25,407	N/A	30,747
Trade names - indefinite lives	N/A	3,168	N/A	1,050
Other intangible assets	10	14,965	13	21,010
Other long-term assets		1,647		2,316
Total Assets Acquired		$ 66,300		$ 136,385
Liabilities assumed		(12,287)		(7,159)
Net Assets Acquired		$ 54,013 (1)		$ 129,226 (2)

(1) Figure includes cash acquired of $6.5 million.
(2) Figure includes cash acquired of $1.8 million.

Our Consolidated Financial Statements reflect the results of operations of acquired businesses as of their respective dates of acquisition. Pro-forma results of operations for the years ended May 31, 2023 and 2022 were not materially different from reported results and, consequently, are not presented.

4) Foreign Currency

The functional currency for each of our foreign subsidiaries is its principal operating currency. Accordingly, for the periods presented, assets and liabilities have been translated using exchange rates at year end, while income and expense for the periods have been translated using a weighted-average exchange rate.

The resulting translation adjustments have been recorded in accumulated other comprehensive income (loss), a component of stockholders' equity, and will be included in net earnings only upon the sale or liquidation of the underlying foreign investment, neither of which is contemplated at this time. Transaction losses increased during the current fiscal year due to the strengthening of the U.S. dollar, resulting in net transactional losses of approximately $8.9 million. This compared to more moderate net transactional foreign exchange losses in fiscal 2022 and fiscal 2021 of approximately $4.3 million and $2.8 million, respectively as a result of more modest fluctuations in the strength of the U.S. dollar.

5) Cash and Cash Equivalents

We consider all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. We do not believe we are exposed to any significant credit risk on cash and cash equivalents. The carrying amounts of cash and cash equivalents approximate fair value.

6) Property, Plant & Equipment

May 31, *(In thousands)*	**2023**	**2022**
Land	$ 92,954	$ 88,137
Buildings and leasehold improvements	552,775	519,391
Machinery and equipment	1,687,187	1,525,387
Total property, plant and equipment, at cost	2,332,916	2,132,915
Less: allowance for depreciation and amortization	1,093,440	1,028,932
Property, plant and equipment, net	$ 1,239,476	$ 1,103,983

We review long-lived assets for impairment when circumstances indicate that the carrying values of these assets may not be recoverable. For assets that are to be held and used, an impairment charge is recognized when the estimated undiscounted future cash flows associated with the asset or group of assets are less than their carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded for the difference between the carrying value and the fair value. Fair values are determined based on quoted market values, discounted cash flows, internal appraisals or external appraisals, as applicable. Assets to be disposed of are carried at the lower of their carrying value or estimated net realizable value.

Depreciation is computed primarily using the straight-line method over the following ranges of useful lives:

Buildings and leasehold improvements	1 to 50 years
Machinery and equipment	1 to 36 years

Total depreciation expense for each fiscal period includes the charges to income that result from the amortization of assets recorded under finance leases. For the periods ended May 31, 2023, 2022 and 2021, we recorded depreciation expense of $108.4 million, $104.3 million, and $99.4 million, respectively.

7) Revenue Recognition

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. The majority of our revenue is recognized at a point in time. However, we also record revenues generated under construction contracts, mainly in connection with the installation of specialized roofing and flooring systems and related services. For certain polymer flooring installation projects, we account for our revenue using the output method, as we consider square footage of completed flooring to be the best measure of progress toward the complete satisfaction of the performance obligation. In contrast, for certain of our roofing installation projects, we account for our revenue using the input method, as that method is the best measure of performance as it considers costs incurred in relation to total expected project costs, which essentially represents the transfer of control for roofing systems to the customer. In general, for our construction contracts, we record contract revenues and related costs as our contracts progress on an over-time model.

8) Shipping Costs

We identify shipping and handling costs as costs paid to third-party shippers for transporting products to customers, and we include these costs in cost of sales in our Consolidated Statements of Income.

9) Allowance for Credit Losses

Our primary allowance for credit losses is the allowance for doubtful accounts. The allowance for doubtful accounts reduces the trade accounts receivable balance to the estimated net realizable value equal to the amount that is expected to be collected. The allowance is established using assessments of current creditworthiness of customers, historical collection experience, the aging of receivables and other currently available evidence. Trade accounts receivable balances are written-off against the allowance if a final determination of uncollectibility is made. All provisions for allowances for doubtful collection of accounts are included in SG&A expenses. Actual collections of trade receivables could differ from our estimates due to changes in future economic or industry conditions or specific customer's financial conditions.

For the periods ended May 31, 2023, 2022 and 2021, bad debt expense approximated $13.6 million, $4.3 million and $10.0 million, respectively.

10) Inventories

Inventories are stated at the lower of cost or net realizable value, cost being determined on a first-in, first-out (FIFO) basis and net realizable value being determined on the basis of replacement cost. Inventory costs include raw materials, labor and manufacturing overhead. We review the net realizable value of our inventory in detail on an on-going basis, with consideration given to various factors, which include our estimated reserves for excess, obsolete, slow-moving or distressed inventories. If actual market conditions differ from our projections, and our estimates prove to be inaccurate, write-downs of inventory values and adjustments to cost of sales may be required. Historically, our inventory reserves have approximated actual experience.

During fiscal 2023, we recorded $7.6 million of inventory charges within our SPG Segment related to product line and SKU rationalization and related obsolete inventory identification.

Inventories were composed of the following major classes:

May 31,		**2023**		**2022**
(In thousands)				
Raw materials and supplies	$	451,504	$	560,886
Finished goods		683,992		651,732
Total Inventory	$	1,135,496	$	1,212,618

11) Goodwill and Other Intangible Assets

We account for goodwill and other intangible assets in accordance with the provisions of ASC 350 and account for business combinations using the acquisition method of accounting and, accordingly, the assets and liabilities of the entities acquired are recorded at their estimated fair values at the acquisition date.

Goodwill

Goodwill represents the excess of the purchase price paid over the fair value of net assets acquired, including the amount assigned to identifiable intangible assets. Goodwill is assigned to reporting units that are expected to benefit from the synergies of the business combination as of the acquisition date. Once goodwill has been allocated to the reporting units, it no longer retains its identification with a particular acquisition and becomes identified with the reporting unit in its entirety. Accordingly, the fair value of the reporting unit as a whole is available to support the recoverability of its goodwill. We evaluate our reporting units when changes in our operating structure occur, and if necessary, reassign goodwill using a relative fair value allocation approach.

We test our goodwill balances at least annually, or more frequently as impairment indicators arise, at the reporting unit level. Our annual impairment assessment date has been designated as the first day of our fourth fiscal quarter. Our reporting units have been identified at the component level, which is one level below our operating segments.

We follow the FASB guidance found in ASC 350 that simplifies how an entity tests goodwill for impairment. It provides an option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, and whether it is necessary to perform a quantitative goodwill impairment test.

We assess qualitative factors in each of our reporting units that carry goodwill. We assess these qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test. The quantitative process is required only if we conclude that it is more likely than not that a reporting unit's fair value is less than its carrying amount. However, we have an unconditional option to bypass a qualitative assessment and proceed directly to performing the quantitative analysis. We applied the quantitative process during our annual goodwill impairment assessments performed during the fourth quarters of fiscal 2023, 2022 and 2021.

In applying the quantitative test, we compare the fair value of a reporting unit to its carrying value. If the calculated fair value is less than the current carrying value, then impairment of the reporting unit exists. Calculating the fair value of a reporting unit requires our use of estimates and assumptions. We use significant judgment in determining the most appropriate method to establish the fair value of a reporting unit. We estimate the fair value of a reporting unit by employing various valuation techniques, depending on the availability and reliability of comparable market value indicators, and employ methods and assumptions that include the application of third-party market value indicators and the computation of discounted future cash flows determined from estimated cashflow adjustments to a reporting unit's annual projected EBITDA, or adjusted EBITDA, which adjusts for one-off items impacting revenues and/or expenses that are not considered by management to be indicative of ongoing operations. Our fair value estimations may include a combination of value indications from both the market and income approaches, as the income approach considers the future cash flows from a reporting unit's ongoing operations as a going concern, while the market approach considers the current financial environment in establishing fair value.

In applying the market approach, we use market multiples derived from a set of similar companies. In applying the income approach, we evaluate discounted future cash flows determined from estimated cashflow adjustments to a reporting unit's projected EBITDA. Under this approach, we calculate the fair value of a reporting unit based on the present value of estimated future cash flows. In applying the discounted cash flow methodology utilized in the income approach, we rely on a number of factors, including future business plans, actual and forecasted operating results, and market data. The significant assumptions employed under this method include discount rates; revenue growth rates, including assumed terminal growth rates; and operating margins used to project future cash flows for a reporting unit. The discount rates utilized reflect market-based estimates of capital costs and discount rates adjusted for management's assessment of a market participant's view with respect to other risks associated with the projected cash flows of the individual reporting unit. Our estimates are based upon assumptions we believe to be reasonable, but which by nature are uncertain and unpredictable. We believe we incorporate ample sensitivity ranges into our analysis of goodwill impairment testing for a reporting unit, such that actual experience would need to be materially out of the range of expected assumptions in order for an impairment to remain undetected.

Conclusion on Annual Goodwill Impairment Tests

As a result of the annual impairment assessments performed for fiscal 2023, 2022 and 2021, there were no goodwill impairments.

Impairment Charge Recorded in the Third Quarter of Fiscal 2023

Although no impairment charge was recorded during these periods related to the annual impairment test, we did record a goodwill impairment charge in fiscal 2023. As previously reported, we announced our MAP 2025 operational improvement initiative in August 2022. Due to the challenged macroeconomic environment we evaluated certain business restructuring actions, specifically our go to market strategy for operating in Europe. During the third quarter ended February 28, 2023, due to declining profitability and regulatory headwinds, management decided to restructure the USL reporting unit within our PCG segment, and is correspondingly exploring strategic alternatives for our infrastructure services business within the U.K., which represents approximately 30% of annual revenues of the reporting unit.

Due to this decision, we determined that an interim goodwill impairment assessment was required, as well as an impairment assessment for our other long-lived assets. Accordingly, we recorded an impairment loss totaling $36.7 million for the impairment of goodwill in our USL reporting unit during fiscal 2023. Refer to Note C, "Goodwill and Other Intangible Assets," to the Consolidated Financial Statements for additional details on this goodwill impairment charge.

Changes in the Composition of Reporting Units in the Fourth Quarter of Fiscal 2023

Subsequent to our annual impairment assessment, in the fourth quarter of fiscal 2023 and in connection with our MAP 2025 initiative, the Viapol business within our CPG segment was realigned from our Sealants reporting unit to our Euclid reporting unit. We performed an interim goodwill impairment assessment for both of the impacted reporting units using a quantitative assessment. Based on this assessment, we concluded that the estimated fair values exceeded the carrying values for these reporting units, and accordingly, no goodwill impairment was identified as a result of this realignment.

Indefinite-Lived Intangible Assets

Additionally, we test all indefinite-lived intangible assets for impairment at least annually during our fiscal fourth quarter. We follow the guidance provided by ASC 350 that simplifies how an entity tests indefinite-lived intangible assets for impairment. It provides an option to first assess qualitative factors to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount before applying traditional quantitative tests. We applied quantitative processes during our annual indefinite-lived intangible asset impairment assessments performed during the fourth quarters of fiscal 2023, 2022 and 2021.

The annual impairment assessment involves estimating the fair value of each indefinite-lived asset and comparing it with its carrying amount. If the carrying amount of the intangible asset exceeds its fair value, we record an impairment loss equal to the difference. Calculating the fair value of the indefinite-lived assets requires our significant use of estimates and assumptions. We estimate the fair values of our intangible assets by applying a relief-from-royalty calculation, which includes discounted future cash flows related to each of our intangible asset's projected revenues. In applying this methodology, we rely on a number of factors, including actual and forecasted revenues and market data.

Our required annual impairment test of our indefinite-lived intangible assets performed during fiscal 2023, 2022 and 2021 did not result in an impairment charge.

Although no impairment losses were recorded during these periods related to the annual impairment test, we did record an intangible asset impairment charge in fiscal 2023. In connection with MAP 2025 and related to the goodwill impairment charge noted above, we determined that an interim impairment assessment for our other long-lived assets was required following management's decision to restructure the USL reporting unit within our PCG segment. Accordingly, we recorded an impairment loss totaling $2.5 million for the impairment of an indefinite-lived tradename in our USL reporting unit during fiscal 2023. We did not record any impairments for our definite-lived long-lived assets as a result of this assessment. Refer to Note C, "Goodwill and Other Intangible Assets," to the Consolidated Financial Statements for further discussion.

Definite-Lived Intangible Assets

In accordance with the guidance provided by ASC 360, "Property, Plant, and Equipment," we assess identifiable, amortizable intangibles assets for impairment whenever events or changes in facts and circumstances indicate the possibility that the carrying values of these assets may not be recoverable over their estimated remaining useful lives. Factors considered important in our assessment, which might trigger an impairment evaluation, include the following:

- significant under-performance relative to historical or projected future operating results;
- significant changes in the manner of our use of the acquired assets;
- significant changes in the strategy for our overall business; and
- significant negative industry or economic trends.

Measuring a potential impairment of amortizable intangibles assets requires the use of various estimates and assumptions, including the determination of which cash flows are directly related to the assets being evaluated, the respective useful lives over which those cash flows will occur and potential residual values, if any. If we determine that the carrying values of these assets may not be recoverable based upon the existence of one or more of the above-described indicators or other factors, any impairment amounts would be measured based on the projected net cash flows expected from these assets, including any net cash flows related to eventual disposition activities. The determination of any impairment losses would be based on the best information available, including internal estimates of discounted cash flows; market participant assumptions; quoted market prices, when available; and independent appraisals, as appropriate, to determine fair values. Cash flow estimates would be based on our historical experience and our internal business plans, with appropriate discount rates applied.

We did not record any impairment charges related to our definite-lived intangible assets during fiscal 2023, 2022 and 2021.

12) Advertising Costs

Advertising costs are charged to operations when incurred and are included in SG&A expenses. For the years ended May 31, 2023, 2022 and 2021, advertising costs were $62.0 million, $45.4 million and $61.1 million, respectively.

13) Research and Development

Research and development costs are charged to operations when incurred and are included in SG&A expenses. The amounts charged to expense for the years ended May 31, 2023, 2022 and 2021 were $86.6 million, $80.5 million and $77.6 million, respectively.

14) Stock-Based Compensation

Stock-based compensation represents the cost related to stock-based awards granted to our associates and directors, which may include restricted stock and stock appreciation rights ("SARs"). We measure stock-based compensation cost at the date of grant, based on the estimated fair value of the award. We recognize the cost as expense on a straight-line basis (net of estimated forfeitures) over the related vesting period. Refer to Note J, "Stock-Based Compensation," to the Consolidated Financial Statements for further information.

15) Investment (Income) Expense, Net

Investment (income) expense, net, consists of the following components:

Year Ended May 31, *(In thousands)*	**2023**	**2022**	**2021**
Interest (income)	$ (9,250)	$ (4,435)	$ (3,555)
Net loss (gain) on marketable securities	2,086	17,706	(38,774)
Dividend (income)	(2,584)	(5,676)	(2,121)
Investment (income) expense, net	$ (9,748)	$ 7,595	$ (44,450)

Net Loss (Gain) on Marketable Securities

Year Ended May 31, *(In thousands)*	**2023**	**2022**	**2021**
Unrealized losses (gains) on marketable equity securities	$ 2,667	$ 19,164	$ (16,133)
Realized (gains) on marketable equity securities	(551)	(1,488)	(22,680)
Realized (gains) losses on available-for-sale debt securities	(30)	30	39
Net loss (gain) on marketable securities	$ 2,086	$ 17,706	$ (38,774)

16) Other Expense (Income), Net

Other expense (income), net, consists of the following components:

Year Ended May 31, *(In thousands)*	**2023**	**2022**	**2021**
Pension non-service costs (credits)	$ 10,381	$ (10,581)	$ 14,542
Other	(604)	(1,265)	(903)
Other expense (income), net	$ 9,777	$ (11,846)	$ 13,639

17) Income Taxes

The provision for income taxes is calculated using the asset and liability method. Under the asset and liability method, deferred income taxes are recognized for the tax effect of temporary differences between the financial statement carrying amount of assets and liabilities and the amounts used for income tax purposes and for certain changes in valuation allowances. Valuation allowances are recorded to reduce certain deferred tax assets when, in our estimation, it is more likely than not that a tax benefit will not be realized.

18) Earnings Per Share of Common Stock

Earnings per share (EPS) is computed using both the treasury stock and two-class method, as our unvested share-based payment awards contain rights to receive non-forfeitable dividends are considered participating securities. We calculate both Basic and Diluted EPS under each method and compare the results, reporting the method that is most dilutive.

Basic EPS of common stock is computed by dividing net income by the weighted-average number of shares of common stock outstanding for the period. Diluted EPS of common stock is computed on the basis of the weighted-average number of shares of common stock, plus the effect of dilutive potential shares of common stock outstanding during the period using the treasury stock method. Dilutive potential shares of common stock include outstanding SARS and restricted stock awards. The treasury stock method also assumes that we use the proceeds from the hypothetical exercise of the stock compensation awards to repurchase common stock at the average market price during the period.

The two-class method determines EPS for each class of common stock and participating securities according to dividends and dividend equivalents and their respective participation rights in undistributed earnings.

See Note L, "Earnings Per Share," to the Consolidated Financial Statements for additional information.

19) Recent Accounting Pronouncements

New Pronouncements

The Company has not adopted any Accounting Standard Updates ("ASU") during fiscal 2023 that have a material impact on our Consolidated Financial Statements. Additionally, there are no current ASU's issued, but not adopted, that are expected to have a material impact on the Company.

20) Subsequent Event

Effective June 1, 2023, we realigned certain international businesses and management structure, that previously operated under our CPG segment, with our PCG segment. This realignment did not change our reportable segments at May 31, 2023. Rather, our periodic filings, beginning with our first quarter ending August 31, 2023, will include historical segment results recast to reflect the impact of this realignment.

NOTE B — RESTRUCTURING

We record restructuring charges associated with management-approved restructuring plans to either reorganize one or more of our business segments, or to remove duplicative headcount and infrastructure associated with our businesses. Restructuring charges can include severance costs to eliminate a specified number of associates, infrastructure charges to vacate facilities and consolidate operations, contract cancellation costs and other costs. We record the short-term portion of our restructuring liability in other accrued liabilities and the long-term portion, if any, in other long-term liabilities in our Consolidated Balance Sheets.

MAP to Growth

During 2018, we approved and implemented the initial phases of a multi-year restructuring plan, which is referred to as MAP to Growth. On May 31, 2021, we formally concluded MAP to Growth. However, certain projects identified prior to that date were completed during fiscal 2023.

For MAP to Growth, we incurred $3.8 million, $6.3 million and $18.1 million of restructuring costs for the years ended May 31, 2023, 2022 and 2021, respectively. We have incurred $121.1 million of costs associated with this plan to date and we do not expect any future costs associated with this plan.

MAP 2025

In August 2022, we approved and announced MAP 2025, which is a multi-year restructuring plan to build on the achievements of MAP to Growth and designed to improve margins by streamlining business processes, reducing working capital, implementing commercial initiatives to drive improved mix and sales force effectiveness and improving operating efficiency. Initial phases of the plan have focused on commercial initiatives, operational efficiencies, and procurement. Most activities under MAP 2025 are anticipated to be completed by the end of fiscal year 2025.

The current total expected costs associated with this plan are outlined below. Throughout our MAP 2025 initiative, we will continue to assess and find areas of improvement and cost savings. As such, the final implementation of the aforementioned phases and total expected costs are subject to change.

Following is a summary of the charges recorded in connection with MAP 2025 by reportable segment as well as the total expected costs related to projects identified to date:

(In thousands)	Year Ended May 31, 2023	Cumulative Costs to Date	Total Expected Costs
CPG Segment:			
Severance and benefit costs	$ 6,092	$ 6,092	$ 8,494
Facility closure and other related costs	-	-	321
Total Charges	$ 6,092	$ 6,092	$ 8,815
PCG Segment:			
Severance and benefit costs	$ 1,148	$ 1,148	$ 3,155
Facility closure and other related costs	-	-	1,000
Other asset write-offs (1)	2,537	2,537	2,537
Total Charges	$ 3,685	$ 3,685	$ 6,692
Consumer Segment:			
Severance and benefit costs	$ 507	$ 507	$ 507
Facility closure and other related costs	621	621	621
Total Charges	$ 1,128	$ 1,128	$ 1,128
SPG Segment:			
Severance and benefit costs	$ 805	$ 805	$ 1,751
Facility closure and other related costs	-	-	4,359
Total Charges	$ 805	$ 805	$ 6,110
Corporate/Other Segment:			
Severance and benefit (credits)	$ (50)	$ (50)	$ (50)
Total Charges	$ (50)	$ (50)	$ (50)
Consolidated:			
Severance and benefit costs	$ 8,502	$ 8,502	$ 13,857
Facility closure and other related costs	621	621	6,301
Other asset write-offs	2,537	2,537	2,537
Total Charges	$ 11,660	$ 11,660	$ 22,695

(1) Other restructuring costs are associated with the impairment of an indefinite-lived tradename as described below in Note C, "Goodwill and Other Intangible Assets," of the Consolidated Financial Statements.

A summary of the activity in the restructuring reserves related to MAP 2025 is as follows:

(In thousands)	Severance and Benefits Costs	Facility Closure and Other Related Costs	Other Asset Write-Offs	Total
Balance at June 1, 2022	$ -	$ -	$ -	$ -
Additions charged to expense	8,502	621	2,537	11,660
Cash payments charged against reserve	(5,486)	(121)	-	(5,607)
Non-cash charges and other adjustments	(299)	(500)	(2,537)	(3,336)
Balance at May 31, 2023	$ 2,717	$ -	$ -	$ 2,717

NOTE C — GOODWILL AND OTHER INTANGIBLE ASSETS

The changes in the carrying amount of goodwill, by reportable segment, for the years ended May 31, 2023 and 2022, are as follows:

(In thousands)	CPG Segment	PCG Segment	Consumer Segment	SPG Segment	Total
Balance as of June 1, 2021	$ 443,515	$ 207,038	$ 525,230	$ 169,971	$ 1,345,754
Acquisitions	24,539	5,342	-	866	30,747
Translation adjustments & other	(14,403)	(10,565)	(9,633)	(4,032)	(38,633)
Balance as of May 31, 2022	453,651	201,815	515,597	166,805	1,337,868
Acquisitions	7,306	868	16,952	281	25,407
Divestitures	-	-	-	(15,723)	(15,723)
Impairments	-	(36,745)	-	-	(36,745)
Translation adjustments & other	(10,402)	(4,206)	(1,322)	(1,289)	(17,219)
Balance as of May 31, 2023	$ 450,555	$ 161,732	$ 531,227	$ 150,074	$ 1,293,588

Total accumulated goodwill impairment losses were $193.0 million at May 31, 2023. Of the accumulated balance, $141.4 million is included in our SPG segment, $14.9 million is included in our CPG segment, and $36.7 million is included in our PCG segment. There were no impairment losses recorded during fiscal 2022 or 2021.

In August 2022, we announced our MAP 2025 operational improvement initiative. Initial phases of the plan focused on commercial initiatives, operational efficiencies, and procurement. However, as previously disclosed, due to the challenged macroeconomic environment, we evaluated certain business restructuring actions, specifically our go to market strategy for operating in Europe. During the third quarter of fiscal 2023, due to declining profitability and regulatory headwinds, management decided to restructure the USL reporting unit within our PCG segment and is correspondingly exploring strategic alternatives for our USL infrastructure services business within the U.K., which represents approximately 30% of annual revenues of the reporting unit.

Due to this decision, we determined that an interim goodwill impairment assessment was required, as well as an impairment assessment for our other long-lived assets. Accordingly, we recorded an impairment loss totaling $36.7 million for the impairment of goodwill and $2.5 million for the impairment of an indefinite-lived tradename in our USL reporting unit during the third quarter of fiscal 2023. We did not record any impairments for our definite-lived long-lived assets as a result of this assessment.

Our goodwill impairment assessment included estimating the fair value of our USL reporting unit and comparing it with its carrying amount at February 28, 2023. Since the carrying amount of the USL reporting unit exceeded its fair value, we recognized an impairment loss. We estimated the fair value of the USL reporting unit using both the income and the market approaches. For the income approach, we estimated the fair value of our USL reporting unit by applying a discounted future cash flow calculation to USL's projected EBITDA. In applying this methodology, we relied on a number of factors, including actual and forecasted operating results, future operating margins, and market data. The discounted cash flow used in the goodwill impairment test for USL assumed discrete period revenue growth through fiscal 2027 for the ongoing USL businesses in the U.K. and North America as well as probability-weighted cash flows that were dependent on the methodology utilized in determining strategic alternatives for the U.K. infrastructure services business. In applying the market approach, we used market multiples derived from a set of companies similar to USL.

After recording the goodwill impairment charge of $36.7 million, $1.1 million of goodwill remains on the USL balance sheet as of May 31, 2023.

Calculating the fair value of the USL's indefinite-lived tradenames required the use of various estimates and assumptions. We estimated the fair value of USL's indefinite-lived tradenames by applying a relief-from-royalty calculation, which included discounted future cash flows related to projected revenues for those USL tradenames impacted by this decision. In applying this methodology, we relied on a number of factors, including actual and forecasted revenues and market data. As the carrying amount of one of the tradenames exceeded its fair value, an impairment loss of $2.5 million was recorded during fiscal 2023. This impairment loss was classified in restructuring expense within our PCG segment.

The impairment assessment for our long-lived assets, such as property and equipment and purchased intangibles subject to amortization, involved estimating the fair value of USL's long-lived assets and comparing it with its carrying amount. Measuring a potential impairment of long-lived assets requires the use of various estimates and assumptions, including the determination of which cash flows are directly related to the assets being evaluated, the respective useful lives over which those cash flows will occur and potential residual values, if any. The results of our testing indicated that the carrying values of these assets were recoverable, as such we did not record an impairment of our long-lived assets during fiscal 2023.

Any changes to underlying assumptions used in USL's goodwill impairment assessment, including if the financial performance of the reporting unit does not meet expectations in future years or changes in management's methodology utilized in determining strategic alternatives for the U.K. infrastructure services business, may cause a change to the results of the impairment assessment in future periods and, as such, could result in an impairment of goodwill or other long-lived assets.

Other intangible assets consist of the following major classes:

(In thousands)	Amortization Period (In Years)	Gross Carrying Amount	Accumulated Amortization	Net Other Intangible Assets
As of May 31, 2023				
Amortized intangible assets				
Formulae	*9 to 33*	$ 236,486	$ (190,981)	$ 45,505
Customer-related intangibles	*5 to 33*	506,618	(275,369)	231,249
Trademarks/names	*5 to 40*	35,374	(23,792)	11,582
Other	*3 to 30*	32,583	(27,329)	5,254
Total Amortized Intangibles		811,061	(517,471)	293,590
Indefinite-lived intangible assets				
Trademarks/names		261,401	-	261,401
Total Other Intangible Assets		$ 1,072,462	$ (517,471)	$ 554,991
As of May 31, 2022				
Amortized intangible assets				
Formulae	*9 to 33*	$ 234,366	$ (181,983)	$ 52,383
Customer-related intangibles	*5 to 33*	508,143	(257,219)	250,924
Trademarks/names	*5 to 40*	35,957	(21,588)	14,369
Other	*3 to 30*	33,331	(26,831)	6,500
Total Amortized Intangibles		811,797	(487,621)	324,176
Indefinite-lived intangible assets				
Trademarks/names		268,085	-	268,085
Total Other Intangible Assets		$ 1,079,882	$ (487,621)	$ 592,261

The aggregate intangible asset amortization expense for the fiscal years ended May 31, 2023, 2022 and 2021 was $43.5 million, $45.7 million and $44.3 million, respectively. For the next five fiscal years, we estimate annual intangible asset amortization expense related to our existing intangible assets to approximate the following: fiscal 2024 — $38.9 million, fiscal 2025 — $34.3 million, fiscal 2026 — $30.9 million, fiscal 2027 — $29.2 million and fiscal 2028 — $27.0 million.

NOTE D — MARKETABLE SECURITIES

The following tables summarize available-for-sale debt securities held at May 31, 2023 and 2022 by asset type:

	Available-For-Sale Debt Securities			
(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value (Net Carrying Amount)
May 31, 2023				
Fixed maturity:				
U.S. treasury and other government	$ 28,841	$ 23	$ (1,843)	$ 27,021
Corporate bonds	147	6	(12)	141
Total available-for-sale debt securities	$ 28,988	$ 29	$ (1,855)	$ 27,162

	Available-For-Sale Debt Securities			
(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value (Net Carrying Amount)
May 31, 2022				
Fixed maturity:				
U.S. treasury and other government	$ 26,522	$ 55	$ (1,338)	$ 25,239
Corporate bonds	147	12	(4)	155
Total available-for-sale debt securities	$ 26,669	$ 67	$ (1,342)	$ 25,394

Marketable securities are composed of available-for-sale debt securities and marketable equity securities and all marketable securities are reported at fair value. We carry a portion of our marketable securities portfolio in long-term assets since they are generally held for the settlement of our general and product liability insurance claims processed through our wholly owned captive insurance subsidiaries.

Available-for-sale debt securities are included in other current and long-term assets totaling $5.1 million and $22.1 million at May 31, 2023, respectively, and included in other current and long-term assets totaling $6.0 million and $19.4 million at May 31, 2022, respectively. Realized gains and losses on sales of available-for-sale debt securities are recognized in net income on the specific identification basis. Changes in the fair values of available-for-sale debt securities that are determined to be holding gains or losses are recorded through accumulated other comprehensive income (loss), net of applicable taxes, within stockholders' equity. In assessing whether a credit loss exists, we evaluate our ability to hold the investment, the strength of the underlying collateral and the extent to which the investment's amortized cost or cost, as appropriate, exceeds it related fair value.

As of May 31, 2023 and 2022, we held approximately $121.2 million and $119.0 million in marketable equity securities, respectively. Realized and unrealized gains and losses on marketable equity securities are included in Investment (Income) Expense, Net in the Consolidated Statements of Income. Refer to Note A(15), "Summary of Significant Accounting Policies - Investment (Income) Expense, Net," to the Consolidated Financial Statements for further details.

Summarized below are the available-for-sale debt securities we held at May 31, 2023 and 2022 that were in an unrealized loss position and that were included in accumulated other comprehensive income (loss), aggregated by the length of time the investments had been in that position:

	May 31, 2023		May 31, 2022	
(In thousands)	**Fair Value**	**Gross Unrealized Losses**	**Fair Value**	**Gross Unrealized Losses**
Total investments with unrealized losses	$ 24,245	$ (1,855)	$ 22,702	$ (1,342)
Unrealized losses with a loss position for less than 12 months	6,285	(72)	16,273	(543)
Unrealized losses with a loss position for more than 12 months	17,960	(1,783)	6,429	(799)

We have reviewed all of the securities included in the table above and have concluded that we have the ability and intent to hold these investments until their cost can be recovered, based upon the severity and duration of the decline. The decline in fair value is largely due to changes in interest rates and other market conditions. We have evaluated these securities and have determined no allowance for credit losses is necessary for these investments.

The net carrying values of available-for-sale debt securities at May 31, 2023, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because the issuers of the securities may have the right to prepay obligations without prepayment penalties.

(In thousands)	**Amortized Cost**	**Fair Value**
Due:		
Less than one year	$ 5,308	$ 5,143
One year through five years	19,172	18,334
Six years through ten years	2,023	1,742
After ten years	2,485	1,943
	$ 28,988	$ 27,162

NOTE E — FAIR VALUE MEASUREMENTS

Financial instruments recorded in the Consolidated Balance Sheets include cash and cash equivalents, trade accounts receivable, marketable securities, notes and accounts payable, and debt.

An allowance for credit losses is established for trade accounts receivable using assessments of current creditworthiness of customers, historical collection experience, the aging of receivables and other currently available evidence. Trade accounts receivable balances are written-off against the allowance if a final determination of uncollectibility is made. All provisions for allowance for doubtful collection of accounts are included in SG&A.

All derivative instruments were recognized in our Consolidated Balance Sheets and measured at fair value. Changes in the fair values of derivative instruments that did not qualify as hedges and/or any ineffective portion of hedges were recognized as a gain or (loss) in our Consolidated Statements of Income in the current period. Changes in the fair value of derivative instruments used effectively as cash flow hedges were recognized in other comprehensive income (loss), along with the change in the value of the hedged item. We do not hold or issue derivative instruments for speculative purposes.

The valuation techniques utilized for establishing the fair values of assets and liabilities are based on observable and unobservable inputs. Observable inputs reflect readily obtainable data from independent sources, while unobservable inputs reflect management's market assumptions. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value, as follows:

Level 1 Inputs — Quoted prices for identical instruments in active markets.

Level 2 Inputs — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 Inputs — Instruments with primarily unobservable value drivers.

The following tables present our assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy. In addition, with respect to our derivative assets and liabilities measured at fair value, refer to Note F, "Derivatives and Hedging," to the Consolidated Financial Statements for discussion of their classification within the fair value hierarchy.

(In thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at May 31, 2023
Available-for-sale debt securities:				
U.S. Treasury and other government	$ -	$ 27,021	$ -	$ 27,021
Corporate bonds	-	141	-	141
Total available-for-sale debt securities	-	27,162	-	27,162
Marketable equity securities:				
Stocks-foreign	786	-	-	786
Stocks-domestic	5,009	-	-	5,009
Mutual funds - foreign	-	40,074	-	40,074
Mutual funds - domestic	-	75,284	-	75,284
Total marketable equity securities	5,795	115,358	-	121,153
Contingent consideration	-	-	(2,686)	(2,686)
Total	$ 5,795	$ 142,520	$ (2,686)	$ 145,629

(In thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at May 31, 2022
Available-for-sale debt securities:				
U.S. Treasury and other government	$ -	$ 25,239	$ -	$ 25,239
Corporate bonds	-	155	-	155
Total available-for-sale debt securities	-	25,394	-	25,394
Marketable equity securities:				
Stocks-foreign	598	-	-	598
Stocks-domestic	5,085	-	-	5,085
Mutual funds - foreign	-	39,139	-	39,139
Mutual funds - domestic	-	74,227	-	74,227
Total marketable equity securities	5,683	113,366	-	119,049
Contingent consideration	-	-	(10,529)	(10,529)
Total	$ 5,683	$ 138,760	$ (10,529)	$ 133,914

Our investments in available-for-sale debt securities and marketable equity securities are valued using a market approach. The availability of inputs observable in the market varies from instrument to instrument and depends on a variety of factors, including the type of instrument, whether the instrument is actively traded and other characteristics particular to the transaction. For most of our financial instruments, pricing inputs are readily observable in the market, the valuation methodology used is widely accepted by market participants, and the valuation does not require significant management discretion. For other financial instruments, pricing inputs are less observable in the market and may require management judgment.

The contingent consideration represents the estimated fair value of the additional variable cash consideration payable in connection with recent acquisitions that is contingent upon the achievement of certain performance milestones. We estimated the fair value using expected future cash flows over the period in which the obligation is expected to be settled which is considered to be a Level 3 input. During fiscal 2023, we increased our accrual by $2.6 million related to a current year acquisition and paid approximately $10.4 million for settlements of contingent consideration obligations relating to certain performance milestones that were established in prior periods and achieved during the current year. During fiscal 2022, we increased our accrual by $3.3 million related to fair value adjustments and paid approximately $5.8 million for settlements of contingent consideration obligations relating to certain performance milestones that were established in prior periods and achieved during fiscal 2022. In the Consolidated Statements of Cash Flows, payments of acquisition-related contingent consideration for the amount recognized at fair value as of the acquisition date are reported in cash flows from financing activities, while payment of contingent consideration in excess of fair value as of the acquisition date, are reported in cash flows from operating activities within accrued liabilities.

The carrying value of our current financial instruments, which include cash and cash equivalents, marketable securities, trade accounts receivable, accounts payable and short-term debt, approximates fair value because of the short-term maturity of these financial instruments. At May 31, 2023 and 2022, the fair value of our long-term debt was estimated using active market quotes, based on our current incremental borrowing rates for similar types of borrowing arrangements, which are Level 2 inputs. Based on the analysis performed, the fair value and the carrying value of our financial instruments and long-term debt as of May 31, 2023 and 2022 are as follows:

	At May 31, 2023	
(In thousands)	**Carrying Value**	**Fair Value**
Cash and cash equivalents	$ 215,787	$ 215,787
Long-term debt, including current portion	2,683,809	2,490,863

	At May 31, 2022	
(In thousands)	**Carrying Value**	**Fair Value**
Cash and cash equivalents	$ 201,672	$ 201,672
Long-term debt, including current portion	2,686,609	2,618,978

NOTE F — DERIVATIVES AND HEDGING

Derivative Instruments and Hedging Activities

We are exposed to market risks, such as changes in foreign currency exchange rates and interest rates. To manage the volatility related to these exposures, from time to time, we enter into various derivative transactions. We use various types of derivative instruments, including forward contracts and swaps. We formally assess, designate and document, as a hedge of an underlying exposure, each qualifying derivative instrument that will be accounted for as an accounting hedge at inception. Additionally, we assess, both at inception and at least quarterly thereafter, whether the financial instruments used in the hedging transaction are effective at offsetting changes in either the fair values or cash flows of the underlying exposures.

Derivatives Designated as Hedges

In February 2020, as a means of mitigating the impact of currency fluctuations on our Euro investments in foreign entities, we executed a cash flow hedge and two cross currency swap agreements, in which we paid fixed rate interest in Euros and received variable rate interest in U.S. Dollars with a combined notional amount of approximately €277.73 million ($300 million U.S. Dollar equivalent), and which had a maturity date of February 2023. This effectively converted our U.S. Dollar denominated variable rate debt to Euro denominated fixed rate debt. The cash flow hedge was recognized at fair value in our Consolidated Balance Sheets, while changes in the fair value of the hedge were recognized in AOCI when the hedged items affected earnings. Amounts recognized in AOCI were recognized in earnings in interest expense when the hedged interest payment was accrued. We designated the swaps as net investment hedges of our net investment in our European operations under ASU 2017-12 and applied the spot method to these hedges. The changes in fair value of the derivative instruments that were designated and qualified as hedges of net investments in foreign operations were recognized in AOCI to offset the changes in the values of the net investments being hedged.

In addition, in February 2020, as a means of mitigating the variability of the functional-currency-equivalent cash flows associated with the U.S. Dollar denominated term loan facility (referred to as Foreign Borrower's Term Loan), we executed a cash flow hedge, in which we paid fixed rate interest in Euros and received variable rate interest in U.S. Dollars with a notional amount of approximately €92.52 million ($100 million U.S. Dollar equivalent), and which had a maturity date of February 2023. This effectively converted our U.S. Dollar denominated variable rate debt to Euro denominated fixed rate debt. The cash flow hedge was recognized at fair value in our Consolidated Balance Sheets, while changes in the fair value of the hedge were recognized in AOCI when the hedged items affected earnings. Amounts recorded in AOCI were recognized in earnings in interest expense when the hedged interest payment was accrued. In addition, since this currency swap was a hedge of variability of the functional-currency-equivalent cash flows of a recognized liability to be remeasured at spot exchange rates under ASC 830, "Foreign Currency Matters," an amount that offset the gain or loss arising from the remeasurement of the hedged liability was reclassified each period from AOCI to earnings as foreign exchange gain/(loss), which is a component of SG&A expenses.

In May 2022, the cash flow hedges and cross-currency swaps were terminated, and we received cash in the amount of $11.6 million, representing the fair value of the swap and interest accrued through the date of termination. Accordingly, hedge accounting was discontinued. For the cash flow hedges, a hedge accounting reserve balance within AOCI of $1.9 million remained and was amortized to interest expense in the Consolidated Statements of Income through the original termination date of the underlying hedged debt in February 2023. Changes in the fair value of the cross-currency swaps were recorded as cumulative translation adjustment within AOCI and will remain in AOCI until either the sale or substantially complete liquidation of the hedged subsidiaries. As such, there were no assets or liabilities recognized in the Consolidated Balance Sheets as of May 31, 2023 and May 31, 2022 for derivatives designated as hedges.

The following table summarizes the location and effects of our derivatives instruments on the Consolidated Statements of Comprehensive Income and Consolidated Statements of Income for gains or losses initially recognized in AOCI in the Consolidated Balance Sheets:

(In thousands)	**Pretax gain/(loss) recognized in AOCI Year Ended May 31,**				**Pretax gain/(loss) reclassified from AOCI into Income Year Ended May 31,**		
Derivatives in hedging relationships	**2023**	**2022**	**2021**	**Income Statement Location**	**2023**	**2022**	**2021**
Interest Rate Swap (Cash Flow)	$ -	$ 4,508	$ (1,226)	Interest (Expense) Income	$ -	$ (3,272)	$ (3,380)
Cross Currency Swap (Cash Flow)	-	15,494	(9,207)	Interest Income	1,766	611	638
Cross Currency Swap (Cash Flow)	-	-	-	Foreign Exchange (Loss)	-	14,758	(9,874)
Cross Currency Swap (Net Investment)	-	40,471	(31,380)	Gain or (loss) on sale of subsidiary	-	-	-
Total	$ -	$ 60,473	$ (41,813)		$ 1,766	$ 12,097	$ (12,616)

Derivatives Not Designated as Hedges

At May 31, 2023 and 2022, we held one foreign currency forward contract at each period end designed to reduce our exposure to changes in the cash flows of intercompany foreign-currency-denominated loans related to changes in foreign currency exchange rates by fixing the functional currency cash flows. These contracts have not been designated as hedges; therefore, the changes in fair value of the contracts are recognized in earnings as a component of SG&A expenses. Amounts recognized in earnings and in the Consolidated Balance Sheets did not have a material impact on our Consolidated Financial Statements for any period presented. As of May 31, 2023, and May 31, 2022, the notional amounts of the forward contract held to purchase foreign currencies was $43.6 million and $238.2 million, respectively.

Disclosure About Derivative Instruments

All of our derivative assets and liabilities measured at fair value are classified as Level 2 within the fair value hierarchy. We determine the fair value of our derivatives based on valuation methods, which project future cash flows and discount the future amounts to present value using market-based observable inputs, including interest rate curves, foreign currency rates, as well as future and basis point spreads, as applicable.

NOTE G — BORROWINGS

A description of long-term debt follows:

May 31,		2023		2022
(In thousands)				
Revolving credit facility with a syndicate of banks, through August 1, 2027 (1)	$	610,947	$	442,249
Accounts receivable securitization program with two banks, through May 21, 2024 (2)		174,885		-
Unsecured 3.45% senior notes due November 15, 2022 (3)		-		300,119
Unsecured term loan due August 1, 2025 (4)		249,772		299,798
Unsecured 3.75% notes due March 15, 2027 (5)		398,292		397,842
Unsecured 4.55% senior notes due March 1, 2029 (6)		347,686		347,295
Unsecured 2.95% notes due January 15, 2032 (7)		296,815		296,455
Unsecured 5.25% notes due June 1, 2045 (8)		298,913		298,836
Unsecured 4.25% notes due January 15, 2048 (9)		296,962		296,836
Other obligations, including finance leases and unsecured notes payable at various rates of interest due in installments through 2028		9,537		7,179
		2,683,809		2,686,609
Less: current portion		178,588		603,454
Total Long-Term Debt, Less Current Maturities	$	2,505,221	$	2,083,155

(1) Interest as of May 31, 2023 was 6.2600% for the USD denominated swingline account, which is tied to SOFR; 6.3600% for the USD denominated revolver, which is tied to SOFR; 4.2926% on EUR denominated debt which is tied to ESTR; 5.5607% on GBP denominated debt, which is tied to the Sterling Overnight Index Average; and 4.9200% on AUD denominated debt, which is tied to the Reserve Bank of Australia rate. The debt balances outstanding, excluding deferred financing fees, as of May 31, 2023 for the USD denominated swingline, USD denominated revolver, EUR denominated revolver, GBP denominated debt, and AUD denominated debt were as follows: $8.2 million, $30.0 million, $527.6 million, $46.7 million, and $1.2 million.

Interest as of May 31, 2022 was tied to LIBOR and was 2.3699% for the USD denominated swingline account, 2.3096% for the USD denominated revolver and 1.25% on EUR denominated debt. The debt balances outstanding excluding deferred financing fees as of May 31, 2022, for the USD denominated swingline, USD denominated revolver, and EUR denominated revolver were as follows: $37.7 million, $60.0 million, and $346.1 million.

As of May 31, 2023 and 2022, the revolving credit facility is adjusted for debt issuance costs, net of amortization, for approximately $2.8 million and $1.5 million, respectively.

(2) As of May 31, 2023, the accounts receivable securitization program is adjusted for debt issuance costs, net of amortization, of approximately $0.1 million.

(3) On November 15, 2022, we repaid the $300.0 million aggregate principal amount outstanding on our 3.45% Notes due 2022.

(4) Interest as of May 31, 2023 was 6.2000%, which is variable and tied to SOFR. As of May 31, 2023 and 2022, the term loan is adjusted for deferred financing fees, net of amortization, of approximately $0.2 million.

(5) The $400.0 million face amount of the notes due 2027 is adjusted for the amortization of the original issue discount, which approximated $0.2 million and $0.3 million at May 31, 2023 and 2022, respectively. The original issue discount effectively reduced the ultimate proceeds from the financing. The effective interest rate on the notes, including the amortization of the discount, is 3.767%. At May 31, 2023 and 2022, the notes are adjusted for debt issuance costs, net of amortization, for approximately $1.5 million and $1.9 million, respectively.

(6) The $350.0 million aggregate principal amount of the notes due 2029 is adjusted for the amortization of the original issue discount, which approximated $0.3 million and $0.4 million at May 31, 2023 and 2022, respectively. The original issue discount effectively reduced the ultimate proceeds from the financing. The effective interest rate on the notes, including the amortization of the discount, was 4.568%. At May 31, 2023 and 2022, the notes are adjusted for debt issuance costs, net of amortization, for approximately $2.0 million and $2.3 million, respectively.

(7) The $300.0 million face amount of the notes due 2032 is adjusted for the amortization of the original issue discount, which approximated $0.6 million at May 31, 2023 and 2022. The original issue discount effectively reduced the ultimate proceeds from the financing. The effective interest rate on the notes, including the amortization of the discount, is 2.976%. At May 31, 2023 and 2022, the notes are adjusted for debt issuance costs, net of amortization, for approximately $2.6 million and $2.9 million, respectively.

(8) The $250.0 million face amount of the notes due 2045 is adjusted for the amortization of the original issue discount, which approximated $1.3 million at May 31, 2023 and 2022. The original issue discount effectively reduced the ultimate proceeds from the financing. The effective interest rate on the notes, including the amortization of the discount, is 5.29%. In March 2017, as a further issuance of the 5.25% notes due 2045, we closed an offering of $50.0 million aggregate principal, which is adjusted for

the unamortized premium received at issuance, which approximated $2.7 million and $2.8 million at May 31, 2023 and 2022, respectively. The premium effectively increased the proceeds from the financing. The effective interest rate on the $50.0 million notes issued March 2017 is 4.839%. At May 31, 2023 and 2022, the notes are adjusted for debt issuance costs, net of amortization, for approximately $2.5 million and $2.6 million, respectively.

(9) The $300.0 million face amount of the notes due 2048 is adjusted for the debt issuance cost, net of amortization, which approximated $3.0 million and $3.2 million at May 31, 2023 and 2022, respectively. The effective interest rate on the notes is 4.25%.

The aggregate maturities of long-term debt for the five years subsequent to May 31, 2023 are as follows: fiscal 2024 — $178.6 million; fiscal 2025 — $3.6 million; fiscal 2026 — $251.9 million; fiscal 2027 — $400.6 million; fiscal 2028 — $613.9 million and thereafter $1,250.0 million. Additionally, at May 31, 2023, we had unused lines of credit totaling $811.3 million.

Our available liquidity, including our cash and cash equivalents and amounts available under our committed credit facilities, stood at $1,027.1 million at May 31, 2023. Our debt-to-capital ratio was 55.5% at May 31, 2023, compared with 57.5% at May 31, 2022.

Revolving Credit Agreement

During the quarter ended August 31, 2022, we amended our $1.3 billion unsecured syndicated revolving credit facility (the "Revolving Credit Facility"), which was set to expire on October 31, 2023. The amendment extended the expiration date to August 1, 2027 and increased the borrowing capacity to $1.35 billion. The Revolving Credit Facility bears interest at either the base rate or the adjusted SOFR, as defined, at our option, plus a spread determined by our debt rating. The Revolving Credit Facility includes sublimits for the issuance of swingline loans, which are comparatively short-term loans used for working capital purposes and letters of credit. The Revolving Credit Facility is available to refinance existing indebtedness, to finance working capital and capital expenditures, and for general corporate purposes.

The Revolving Credit Facility requires us to comply with various customary affirmative and negative covenants, including a leverage covenant (i.e. Net Leverage Ratio) and interest coverage ratio, which are calculated in accordance with the terms as defined by the Revolving Credit Facility. Under the terms of the leverage covenant, we may not permit our leverage ratio for total indebtedness to consolidated EBITDA for the four most recent fiscal quarters to exceed 3.75 to 1.00. During certain periods and per the terms of the Revolving Credit Facility, this ratio may be increased to 4.25 to 1.00 upon delivery of a notice to our lender requesting an increase to our maximum leverage or in connection with certain “material acquisitions.” The minimum required consolidated interest coverage ratio for EBITDA to interest expense is 3.50 to 1.00. The interest coverage ratio is calculated at the end of each fiscal quarter for the four fiscal quarters then ended using EBITDA as defined in the Revolving Credit Facility.

As of May 31, 2023, we were in compliance with all financial covenants contained in our Revolving Credit Facility, including the leverage and interest coverage ratio covenants. At that date, our leverage ratio was 2.36 to 1, while our interest coverage ratio was 9.02 to 1. Our available liquidity under our Revolving Credit Facility stood at $736.3 million at May 31, 2023.

Our access to funds under our Revolving Credit Facility is dependent on the ability of the financial institutions that are parties to the Revolving Credit Facility to meet their funding commitments. Those financial institutions may not be able to meet their funding commitments if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests within a short period of time. Moreover, the obligations of the financial institutions under our Revolving Credit Facility are several and not joint and, as a result, a funding default by one or more institutions does not need to be made up by the others.

Accounts Receivable Securitization Program

On May 9, 2014, we entered into a $200.0 million accounts receivable securitization facility (the “AR Program”) which was subsequently amended on May 22, 2020 to a maximum availability of $250.0 million and an extended facility termination date of May 21, 2021. On March 18, 2021, we amended the AR Program to a maximum availability of $250 million during all borrowing periods and an extended facility termination date of May 21, 2024. The AR Program was entered into pursuant to (1) a second amended and restated receivables sales agreement, dated as of May 9, 2014, and subsequently amended on August 29, 2014; November 3, 2015; December 31, 2016; March 31, 2017; and June 5, 2020 (the “Sale Agreement”), among certain of our subsidiaries (the “Originators”), and RPM Funding Corporation, a special purpose entity (the “SPE”) whose voting interests are wholly owned by us, and (2) an amended and restated receivables purchase agreement, dated as of May 9, 2014 and subsequently amended on February 25, 2015 and May 2, 2017, May 22, 2020, March 18, 2021, and March 23, 2023 (the “Purchase Agreement”), among the SPE, certain purchasers from time to time party thereto (the “Purchasers”), and PNC Bank, National Association as administrative agent.

Under the Sale Agreement, the Originators may, during the term thereof, sell specified accounts receivable to the SPE, which may in turn, pursuant to the Purchase Agreement, transfer an undivided interest in such accounts receivable to the Purchasers. Once transferred to the SPE, such receivables are owned in their entirety by the SPE and are not available to satisfy claims of our creditors or creditors of the originating subsidiaries until the obligations owing to the participating banks have been paid in full. We indirectly hold a 100% economic interest in the SPE and will, along with our subsidiaries, receive the economic benefit of the AR Program. The transactions contemplated by the AR Program do not constitute a form of off-balance sheet financing and will be fully reflected in our financial statements.

The maximum availability under the AR Program is $250.0 million. Availability is further subject to changes in the credit ratings of our customers, customer concentration levels or certain characteristics of the accounts receivable being transferred and, therefore, at certain times, we may not be able to fully access the $250.0 million of funding available under the AR Program. As of May 31, 2023, there was $175.0 million outstanding under the AR Program, which compares with the maximum availability on that date of $250.0 million.

The interest rate under the Purchase Agreement through May 31, 2023 was based on the Alternate Base Rate, LIBOR Market Index Rate, one-month LIBOR or LIBOR for a specified tranche period, as selected by us, plus in each case, a margin of 0.85%. Effective June 1, 2023, as set forth in Amendment No. 8 to the Purchase Agreement dated March 23, 2023, the interest rate was amended from LIBOR to be based on the SOFR. In addition, as set forth in an Amended and Restated Fee Letter, dated March 18, 2021 (the "Fee Letter"), the SPE is obligated to pay a monthly unused commitment fee to the Purchasers based on the daily amount of unused commitments under the Agreement, which ranges from 0.30% to 0.50% based on usage. The AR Program contains various customary affirmative and negative covenants and also contains customary default and termination provisions.

Our failure to comply with the covenants described in the Revolving Credit Facility section above could result in an event of default under that agreement, entitling the lenders to, among other things, declare the entire amount outstanding under the Revolving Credit Facility to be due and payable. The instruments governing our other outstanding indebtedness generally include cross-default provisions that provide that, under certain circumstances, an event of default that results in acceleration of our indebtedness under the Revolving Credit Facility will entitle the holders of such other indebtedness to declare amounts outstanding immediately due and payable.

Term Loan Facility Credit Agreement

On February 21, 2020, we and our subsidiary, RPM Europe Holdco B.V. (formerly "RPM New Horizons Netherlands, B.V") (the "Foreign Borrower"), entered into an unsecured syndicated term loan facility credit agreement (the "New Credit Facility") with the lenders party thereto and PNC Bank, National Association, as administrative agent for the lenders. The New Credit Facility provided for a $300 million term loan to us and a $100 million term loan to the Foreign Borrower (together, the "Term Loans"), each of which was fully advanced on the closing date. In May of 2022, we paid down the $100 million term loan to the Foreign Borrower.

On August 1, 2022, we amended the New Credit Facility, which was set to expire on February 21, 2023, to extend the maturity date to August 1, 2025, and paid down the borrowings outstanding on the term loan to $250 million. The term loan bears interest at either the base rate or the adjusted SOFR, as defined, at our option, plus a spread determined by our debt rating.

The New Credit Facility contains customary covenants, including but not limited to, limitations on our ability, and in certain instances, our subsidiaries' ability, to incur liens, make certain investments, or sell or transfer assets. Additionally, we may not permit (i) our consolidated interest coverage ratio to be less than 3.50 to 1.00, or (ii) our leverage ratio (defined as the ratio of total indebtedness to consolidated EBITDA for the four most recent fiscal quarters) to exceed 3.75 to 1.00. During certain periods this ratio may be increased to 4.25 to 1.0 upon delivery of a notice to our lender requesting an increase to our maximum leverage or in connection with certain "material acquisitions." See "Revolving Credit Agreement" above for details on our compliance with all significant financial covenants at May 31, 2023.

5.250% Notes due 2045 and 3.750% Notes due 2027

On March 2, 2017, we issued $50.0 million aggregate principal amount of 5.250% Notes due 2045 (the "2045 Notes") and $400.0 million aggregate principal amount of 3.750% Notes due 2027 (the "2027 Notes"). The 2045 Notes are a further issuance of the $250 million aggregate principal amount of 5.250% Notes due 2045 initially issued by us on May 29, 2015. Interest on the 2045 Notes is payable semiannually in arrears on June 1st and December 1st of each year at a rate of 5.250% per year. The 2045 Notes mature on June 1, 2045. Interest on the 2027 Notes is payable semiannually in arrears on March 15th and September 15th of each year, at a rate of 3.750% per year. The 2027 Notes mature on March 15, 2027. The indenture governing this indebtedness includes cross-acceleration provisions. Under certain circumstances, where an event of default under our other instruments results in acceleration of the indebtedness under such instruments, holders of the indebtedness under the indenture are entitled to declare amounts outstanding immediately due and payable.

4.550% Notes due 2029

On February 27, 2019, we closed an offering for $350.0 million aggregate principal amount of 4.550% Notes due 2029 (the "2029 Notes"). The proceeds from the 2029 Notes were used to repay a portion of the outstanding borrowings under our revolving credit facility and for general corporate purposes. Interest on the 2029 Notes accrues from February 27, 2019 and is payable semiannually in arrears on March 1st and September 1st of each year, beginning September 1, 2019, at a rate of 4.550% per year. The 2029 Notes mature on March 1, 2029. The indenture governing this indebtedness includes cross-acceleration provisions. Under certain circumstances, where an event of default under our other instruments results in acceleration of the indebtedness under such instruments, holders of the indebtedness under the indenture are entitled to declare amounts outstanding immediately due and payable.

2.950% Notes due 2032

On January 25, 2022, we closed an offering for $300 million aggregate principal amount of 2.950% Notes due 2032. The proceeds from the 2032 notes were used to repay a portion of the outstanding borrowings under our revolving credit facility and for general corporate purposes. Interest on the Notes accrues from January 25, 2022 and will be payable semiannually in arrears on January 15 and July 15 of each year, beginning July 15, 2022, at a rate of 2.950% per year. The notes mature on January 15, 2032. The indenture governing this indebtedness includes cross-acceleration provisions. Under certain circumstances, where an event of default under our other instruments results in acceleration of the indebtedness under such instruments, holders of the indebtedness under the indenture are entitled to declare amounts outstanding immediately due and payable.

4.250% Notes due 2048

On December 20, 2017, we closed an offering for $300.0 million aggregate principal amount of 4.250% Notes due 2048 (the “2048 Notes”). The proceeds from the 2048 Notes were used to repay $250.0 million in principal amount of unsecured 6.50% senior notes due February 15, 2018, and for general corporate purposes. Interest on the 2048 Notes accrues from December 20, 2017 and is payable semiannually in arrears on January 15^{th} and July 15^{th} of each year, beginning July 15, 2018, at a rate of 4.250% per year. The 2048 Notes mature on January 15, 2048. The indenture governing this indebtedness includes cross-acceleration provisions. Under certain circumstances, where an event of default under our other instruments results in acceleration of the indebtedness under such instruments, holders of the indebtedness under the indenture are entitled to declare amounts outstanding immediately due and payable.

NOTE H — INCOME TAXES

The provision for income taxes is calculated in accordance with ASC 740, "Income Taxes," which requires the recognition of deferred income taxes using the asset and liability method.

Income before income taxes as shown in the Consolidated Statements of Income is summarized below for the periods indicated.

Year Ended May 31,	**2023**	**2022**	**2021**
(In thousands)			
United States	$ 557,401	$ 342,834	$ 462,468
Foreign	91,981	263,965	205,970
Income Before Income Taxes	$ 649,382	$ 606,799	$ 668,438

Provision (benefit) for income taxes consists of the following for the periods indicated:

Year Ended May 31,	**2023**	**2022**	**2021**
(In thousands)			
Current:			
U.S. federal	$ 91,749	$ 60,818	$ 60,666
State and local	25,972	19,495	18,959
Foreign	45,694	59,087	65,125
Total Current	163,415	139,400	144,750
Deferred:			
U.S. federal	16,969	(24,025)	20,027
State and local	4,359	2,489	3,878
Foreign	(15,092)	(3,531)	(3,717)
Total Deferred	6,236	(25,067)	20,188
Provision for Income Taxes	$ 169,651	$ 114,333	$ 164,938

The significant components of deferred income tax assets and liabilities as of May 31, 2023 and 2022 were as follows:

(In thousands)	2023	2022
Deferred income tax assets related to:		
Inventories	$ 18,811	$ 15,967
Accrued compensation and benefits	18,331	22,224
Accrued other expenses	21,037	21,782
Deferred income and other long-term liabilities	30,239	25,389
Credit and net operating and capital loss carryforwards	75,366	63,368
Net unrealized loss on securities	3,373	9,386
Research and development	17,360	-
Pension and other postretirement benefits	11,813	15,699
Total Deferred Income Tax Assets	196,330	173,815
Less: valuation allowances	(30,033)	(30,509)
Net Deferred Income Tax Assets	166,297	143,306
Deferred income tax (liabilities) related to:		
Depreciation	(123,421)	(91,227)
Amortization of intangibles	(116,763)	(112,349)
Unremitted foreign earnings	(990)	(3,002)
Total Deferred Income Tax (Liabilities)	(241,174)	(206,578)
Deferred Income Tax Assets (Liabilities), Net	$ (74,877)	$ (63,272)

As of May 31, 2023, we had foreign tax credit carryforwards of $31.8 million, which expire at various dates through fiscal 2032. Additionally, as of May 31, 2023, we had approximately $3.2 million of net tax benefits associated with state net operating loss carryforwards and state tax credit carryforwards, some of which expire at various dates beginning in fiscal 2024.

As of May 31, 2023, we had foreign net operating loss carryforwards of approximately $148.2 million, of which approximately $37.5 million will expire at various dates beginning in fiscal 2024 and approximately $110.7 million that have an indefinite carryforward period. Additionally, as of May 31, 2023, we had foreign capital loss carryforwards of approximately $23.5 million that can be carried forward indefinitely.

When evaluating the realizability of deferred income tax assets, we consider, among other items, whether a jurisdiction has experienced cumulative pretax losses and whether a jurisdiction will generate the appropriate character of income to recognize a deferred income tax asset. More specifically, if a jurisdiction experiences cumulative pretax losses for a period of three years, including the current fiscal year, or if a jurisdiction does not have sufficient income of the appropriate character in the relevant carryback or projected carryforward periods, we generally conclude that it is more likely than not that the respective deferred tax asset will not be realized unless factors such as expected operational changes, availability of prudent and feasible tax planning strategies, reversal of taxable temporary differences or other information exists that would lead us to conclude otherwise. If, after we have evaluated these factors, the deferred income tax assets are not expected to be realized within the carryforward or carryback periods allowed for that jurisdiction, we would conclude that a valuation allowance is required.

Total valuation allowances of approximately $30.0 million and $30.5 million have been recorded as of May 31, 2023 and 2022, respectively. These recorded valuation allowances relate primarily to U.S. capital losses, certain foreign net operating losses, certain state net operating losses, and net foreign deferred tax assets.

The following table reconciles income tax expense (benefit) computed by applying the U.S. statutory federal income tax rate against income (loss) before income taxes to the provision (benefit) for income taxes:

Year Ended May 31,	2023	2022	2021
(In thousands, except percentages)			
Income tax expense at the U.S. statutory federal income tax rate	$ 136,370	$ 127,428	$ 140,372
Foreign rate differential and other foreign tax adjustments	1,535	6,278	11,942
State and local income taxes, net	22,017	20,393	18,625
Impact of GILTI provisions	4,217	1,709	1,598
Nondeductible business expense	1,257	532	616
Valuation allowance	1,199	(32,720)	(4,389)
Deferred tax liability for unremitted foreign earnings	-	(10,686)	5,348
Changes in unrecognized tax benefits	(3,334)	(1,682)	(1,847)
Equity-based compensation	(3,482)	(1,776)	(8,651)
Nondeductible goodwill impairment	7,264	-	-
Other	2,608	4,857	1,324
Provision for Income Tax Expense	$ 169,651	$ 114,333	$ 164,938
Effective Income Tax Rate	26.1%	18.8%	24.7%

Uncertain income tax positions are accounted for in accordance with ASC 740. The following table summarizes the activity related to unrecognized tax benefits:

(In millions)	2023	2022	2021
Balance at June 1	$ 5.7	$ 7.5	$ 9.0
Additions for tax positions of prior years	0.1	-	-
Reductions for tax positions of prior years	(2.8)	(1.7)	(1.8)
Foreign currency translation	(0.1)	(0.1)	0.3
Balance at May 31	$ 2.9	$ 5.7	$ 7.5

The total amount of unrecognized tax benefits that would impact the effective tax rate, if recognized, at May 31, 2023, 2022 and 2021 was $2.9 million, $5.6 million and $7.0 million, respectively.

We recognize interest and penalties related to unrecognized tax benefits in income tax expense. At May 31, 2023, 2022 and 2021, the accrual for interest and penalties was $2.2 million, $3.2 million and $2.9 million, respectively. Unrecognized tax benefits, including interest and penalties, have been classified as other long-term liabilities unless expected to be paid in one year.

We file income tax returns in the United States and in various state, local and foreign jurisdictions. With limited exceptions, we are subject to federal, state and local, or non-U.S. income tax examinations by tax authorities for fiscal 2017 through 2023. We are currently under examination, or have been notified of an upcoming tax examination, for various non-U.S. and domestic state and local jurisdictions. Although it is possible that certain tax examinations could be resolved during the next 12 months, the timing and outcomes are uncertain.

Our deferred tax liability for unremitted foreign earnings was $1.0 million as of May 31, 2023, which represents our estimate of the net tax cost associated with the deemed remittance of $204.6 million of foreign earnings that are not considered to be permanently reinvested.

We have not provided for U.S. income taxes or foreign withholding taxes on the remaining $1.2 billion of foreign unremitted earnings because such earnings have been retained and reinvested by the foreign subsidiaries as of May 31, 2023. Accordingly, no provision has been made for U.S. income taxes or foreign withholding taxes, which may become payable if the remaining unremitted earnings of foreign subsidiaries were distributed to the United States. Due to the uncertainties and complexities involved in the various options for repatriation of foreign earnings, it is not practical to calculate the deferred taxes associated with the remaining foreign earnings.

NOTE I — STOCK REPURCHASE PROGRAM

On January 8, 2008, we announced our authorization of a stock repurchase program under which we may repurchase shares of RPM International Inc. common stock at management's discretion. As announced on November 28, 2018, our goal was to return $1.0 billion in capital to stockholders by May 31, 2021 through share repurchases and the retirement of our convertible note during fiscal 2019. On April 16, 2019, after taking into account share repurchases under our existing stock repurchase program to date, our Board of Directors authorized the repurchase of the remaining $600.0 million in value of RPM International Inc. common stock by May 31, 2021.

As previously announced, given macroeconomic uncertainty resulting from the Covid pandemic, we had suspended stock repurchases under the program, but in January 2021, our Board of Directors authorized the resumption of the stock repurchases. At the time of resuming the program, $469.7 million of shares of common stock remained available for repurchase. The Board of Directors also extended the stock repurchase program beyond its original May 31, 2021 expiration date until such time that the remaining $469.7 million of capital has been returned to our stockholders.

As a result, we may repurchase shares from time to time in the open market or in private transactions at various times and in amounts and for prices that our management deems appropriate, subject to insider trading rules and other securities law restrictions. The timing of our purchases will depend upon prevailing market conditions, alternative uses of capital and other factors. We may limit or terminate the repurchase program at any time.

During the fiscal year ended May 31, 2023, we repurchased 598,653 shares of our common stock at a cost of approximately $50.0 million, or an average cost of $83.52 per share, under this program. During the fiscal year ended May 31, 2022, we repurchased 601,155 shares of our common stock at a cost of approximately $52.5 million, or an average cost of $87.33 per share, under this program. During the fiscal year ended May 31, 2021, we repurchased 594,061 shares of our common stock at a cost of approximately $50.0 million, or an average cost of $84.09 per share, under this program. The maximum dollar amount that may yet be repurchased under our stock repurchase program was approximately $317.3 million at May 31, 2023.

NOTE J — STOCK-BASED COMPENSATION

Stock-based compensation represents the cost related to stock-based awards granted to our associates and directors; these awards include restricted stock, restricted stock units, performance stocks, performance stock units and SARs. We grant stock-based incentive awards to our associates and our directors under various share-based compensation plans. The plan that is active or provides for stock option grants or share-based payment awards is the Amended and Restated 2014 Omnibus Equity and Incentive Plan (the "2014 Omnibus Plan"), which includes provisions for grants of restricted stock, restricted stock units, performance stock, performance stock units and SARs. Other plans, which provide for restricted stock grants only, include the 2003 Restricted Stock Plan for Directors (the "2003 Plan") and the 2007 Restricted Stock Plan (the "2007 Plan"). The shares available for grant out of the 2003 Plan and the 2007 Plan have been exhausted, and all future grants will be issued from the 2014 Omnibus Plan.

We measure stock-based compensation cost at the date of grant, based on the estimated fair value of the award. We recognize the cost as expense on a straight-line basis (net of estimated forfeitures) over the related vesting period.

The following table represents total stock-based compensation expense included in our Consolidated Statements of Income:

Year Ended May 31, *(In thousands)*	**2023**	**2022**	**2021**
Stock-based compensation expense, included in SG&A	$ 28,723	$ 40,114	$ 40,926
Stock-based compensation expense, included in restructuring expense	(50)	630	47
Total stock-based compensation cost	28,673	40,744	40,973
Income tax (benefit)	(4,234)	(5,621)	(6,877)
Total stock-based compensation cost, net of tax	$ 24,439	$ 35,123	$ 34,096

SARs

SARs are awards that allow our associates to receive shares of our common stock at a fixed price. We grant SARs at an exercise price equal to the stock price on the date of the grant. The fair value of SARs granted is estimated as of the date of grant using a Black-Scholes option-pricing model. The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The expected life of options granted is derived from the input of the option-pricing model and represents the period of time that options granted are expected to be outstanding. Expected volatility rates are based on historical volatility of shares of our common stock.

The following is a summary of our weighted-average assumptions related to SARs grants made during the last three fiscal years:

Year Ended May 31,	**2023**	**2022**	**2021**
Risk-free interest rate	3.0%	0.9%	0.4%
Expected life of option	6.0 yrs	6.0 yrs	6.5 yrs
Expected dividend yield	2.0%	1.8%	1.8%
Expected volatility rate	23.6%	24.1%	24.0%

The 2014 Omnibus Plan was approved by our stockholders on October 9, 2014, and amendments to the 2014 Omnibus Plan were subsequently approved by our stockholders in 2018 and 2019. The 2014 Omnibus Plan provides us with the flexibility to grant a wide variety of stock and stock-based awards, as well as dollar-denominated performance-based awards, and is intended to be the primary stock-based award program for covered associates. SARs are issued at fair value at the date of grant, have up to ten-year terms and have graded-vesting terms over four years. Compensation cost for these awards is recognized on a straight-line basis over the related vesting period. Currently all SARs outstanding are to be settled with stock. As of May 31, 2023, there were 2,287,500 SARs outstanding.

The following tables summarize option and share-based payment activity (including SARs) under these plans during the fiscal year ended May 31, 2023:

Share-Based Payments	2023 Weighted Average Exercise Price	2023 Number of Shares Under Option
(Shares in thousands)		
Balance at June 1, 2022	$ 63.16	2,300
Options granted	81.01	360
Options exercised	49.52	(372)
Balance at May 31, 2023	68.19	2,288
Exercisable at May 31, 2023	$ 61.09	1,448

SARs	2023	2022	2021
(In thousands, except per share amounts)			
Weighted-average grant-date fair value per SAR	$ 18.09	$ 16.72	$ 14.38
Fair value of SARS vested	14.19	13.49	12.59
Intrinsic value of options exercised	11.26	13.77	8.80
Tax benefit from options exercised	$ 3,292	$ 88	$ 8,821

At May 31, 2023, the aggregate intrinsic value and weighted-average remaining contractual life of options outstanding was $29.4 million and 5.95 years, respectively, while the aggregate intrinsic value and weighted-average remaining contractual life of options exercisable was $27.8 million and 4.65 years, respectively.

At May 31, 2023, the total unamortized stock-based compensation expense related to SARs that were previously granted was $9.3 million, which is expected to be recognized over 2.51 years. We anticipate that approximately 2.3 million shares at a weighted-average exercise price of $68.17 and a weighted-average remaining contractual term of 5.94 years will ultimately vest under these plans.

Restricted Stock Plans

We also grant stock-based awards, which may be made in the form of restricted stock, restricted stock units, performance stock and performance stock units. These awards are granted to eligible associates or directors and entitle the holder to shares of our common stock as the award vests. The fair value of the awards is determined and fixed based on the stock price at the date of grant. A description of our restricted stock plans follows.

Under the 2014 Omnibus Plan, a total of 6,000,000 shares of our common stock may be subject to awards. Of those issuable shares, up to 3,000,000 shares of common stock may be subject to "full-value" awards. In October 2019, shareholders approved an amendment to the 2014 Omnibus Plan making an additional 5,000,000 shares of common stock subject to awards. Of those additional issuable shares, 2,250,000 shares may be subject to "full-value" awards similar to those issued under the 2014 Omnibus Plan.

The following table summarizes the share-based performance-earned restricted stock ("PERS") and performance stock units ("PSUs") activity during the fiscal year ended May 31, 2023:

	Weighted-Average Grant-Date Fair Value	2023
(Shares in thousands)		
Balance at June 1, 2022	$ 77.71	1,110
Shares granted	81.03	223
Shares forfeited	75.03	(68)
Shares vested	66.50	(359)
Balance at May 31, 2023	$ 83.17	906

The weighted-average grant-date fair value was $81.03, $86.88 and $80.67 for the fiscal years ended May 31, 2023, 2022 and 2021, respectively. The restricted stock and performance stock cliff vest after three years. Nonvested restricted shares of common stock under the 2014 Omnibus Plan are eligible for dividend payments, while performance stock units are not eligible for dividend payments. At May 31, 2023, remaining unamortized deferred compensation expense for performance-earned restricted stock totaled $11.5 million. The remaining amount is being amortized over the applicable vesting period for each participant.

The Performance Stock Units ("PSU") have been granted to certain executives and the awards are contingent upon the level of attainment of performance goals for the three-year performance period. Vesting of 50% of the PSUs relates to compounded annualized growth rates in adjusted revenue for the period, and the vesting of the remaining 50% relates to an increase in EBIT margin, measured at the end of the three-year performance period. The number of PSUs that may vest with respect to the achievement of the performance goals may range from 0% to 200% of the PSUs granted under this program. Compensation cost for these awards has been recognized on a straight-line basis over the related performance period, with consideration given to the probability of attaining the performance goals.

The following table sets forth such awards for the year ended May 31, 2023:

Performance Stock Units ("PSUs")	**Shares Granted**	**Weighted-Average Grant Date Fair Value**	**Shares Outstanding as of May 31, 2023**	**Unamortized Expense, as of May 31, 2023**
(In thousands, except per share amounts)				
2020 PSUs (1)	226	$ 78.49	181	$ —
2021 PSU's (2)	158	86.93	137	4,188
2022 PSU's (3)	162	81.01	156	5,427

(1) The "2020 PSUs" were granted on July 22, 2020. The expense has been fully recognized, in line with the final results achieved for the three-year performance plan.

(2) The "2021 PSUs were granted on July 21, 2021. The unamortized expense is expected to be recognized over a weighted average period of 1.0 years.

(3) The "2022 PSUs were granted on July 18, 2022. The unamortized expense is expected to be recognized over a weighted average period of 2.0 years.

The 2003 Plan was approved on October 10, 2003 by our stockholders and was established primarily for the purpose of recruiting and retaining directors and to align the interests of directors with the interests of our stockholders. Only directors who are not our associates are eligible to participate. Under the 2003 Plan, up to 500,000 shares of our common stock may be awarded, with awards cliff vesting over a three-year period. The shares available for grant out of the 2003 Plan have been exhausted, and all future grants will be issued from the 2014 Omnibus Plan. The following table summarizes the share-based activity under the 2003 Plan and 2014 Omnibus Plan related to directors during fiscal 2023:

	Weighted-Average Grant-Date Fair Value	**2023**
(Shares in thousands)		
Balance at June 1, 2022	$ 77.95	56
Shares granted to directors	92.87	21
Shares vested	69.70	(25)
Balance at May 31, 2023	$ 87.75	52

The weighted-average grant-date fair value was $92.87, $81.53 and $87.35 for the fiscal years ended May 31, 2023, 2022 and 2021, respectively. Unamortized deferred compensation expense relating to restricted stock grants for directors of $2.3 million at May 31, 2023, is being amortized over the applicable remaining vesting period for each director. Nonvested restricted shares of common stock under the 2003 Plan are eligible for dividend payments. The shares available for grant out of the 2003 Plan have been exhausted, and all future grants will be issued from the 2014 Omnibus Plan.

During fiscal 2023, a total of 23,705 shares were awarded under the 2014 Omnibus Plan to certain associates as supplemental retirement benefits, generally subject to forfeiture. The shares vest upon the latter of attainment of age 55 and the fifth anniversary of the May 31st immediately preceding the date of the grant. The following table sets forth such awards for the year ended May 31, 2023:

	Weighted-Average Grant-Date Fair Value	**2023**
(Shares in thousands)		
Balance at June 1, 2022	$ 40.08	386
Shares granted	81.01	24
Shares forfeited	72.12	(7)
Shares exercised	64.03	(13)
Balance at May 31, 2023	$ 41.37	390

The weighted-average grant-date fair value was $81.01, $86.93 and $78.49 for the fiscal years ended May 31, 2023, 2022 and 2021, respectively. As noted above, no shares remain available for future grant under the 2007 Plan, and future issuances of shares as supplemental retirement benefits are made under the 2014 Omnibus Plan. At May 31, 2023, unamortized stock-based compensation expense of $4.1 million relating to the 2014 Omnibus Plan is being amortized over the applicable vesting period associated with each participant.

The following table summarizes the activity for all nonvested restricted shares during the year ended May 31, 2023:

(Shares in thousands)	Weighted-Average Grant-Date Fair Value	Number of Shares
Balance at June 1, 2022	$ 76.38	1,296
Granted	81.95	268
Vested	66.19	(432)
Forfeited	79.90	(54)
Balance at May 31, 2023	$ 81.66	1,078

The fair value of the nonvested restricted share awards have been calculated using the market value of the shares on the date of issuance. Total unrecognized compensation cost related to all nonvested awards of restricted shares of common stock was $27.5 million as of May 31, 2023. The remaining weighted-average contractual term of nonvested restricted shares at May 31, 2023 is the same as the period over which the remaining cost of the awards will be recognized, which is approximately 2.13 years. We anticipate that approximately 1.08 million shares will ultimately vest, based upon the unique terms and participants of each plan. We did not receive any cash from associates as a result of associate vesting and release of restricted shares for the year ended May 31, 2023.

The following table summarizes the grant date and vested values of restricted shares during the last three fiscal years:

Year Ended May 31,	**Weighted-Average Grant Date Fair Value**	**Fair Value of Restricted Shares Vested**	**Shares of Restricted Stock Vested**	**Intrinsic Value of Restricted Shares Vested**
(In thousands, except per share amounts)				
2021	$ 80.77	$ 12,505	250	$ 20,670
2022	86.68	27,163	441	33,032
2023	81.95	28,553	432	33,186

NOTE K — ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income (loss) consists of the following components:

(In thousands)	Foreign Currency Translation Adjustments	Pension And Other Postretirement Benefit Liability Adjustments (1)	Unrealized Gain (Loss) On Derivatives (2)	Unrealized Gain (Loss) On Securities	Total
Balance at May 31, 2020	$ (440,732)	$ (277,717)	$ (71)	$ 1,023	$ (717,497)
Current period comprehensive income (loss)	148,360	80,949	(43,703)	(1,052)	184,554
Income taxes associated with current period comprehensive (loss) income	(7,993)	(19,395)	10,281	(89)	(17,196)
Amounts reclassified from accumulated other comprehensive income (loss)	-	33,035	12,616	268	45,919
Income taxes reclassified into earnings	-	(7,482)	(3,105)	(77)	(10,664)
Balance at May 31, 2021	(300,365)	(190,610)	(23,982)	73	(514,884)
Current period comprehensive (loss) income	(98,834)	31,802	60,669	(1,785)	(8,148)
Income taxes associated with current period comprehensive income (loss)	3,726	(7,763)	(14,491)	3	(18,525)
Amounts reclassified from accumulated other comprehensive income (loss)	-	17,276	(12,097)	59	5,238
Income taxes reclassified into earnings	-	(4,088)	3,072	(2)	(1,018)
Balance at May 31, 2022	(395,473)	(153,383)	13,171	(1,652)	(537,337)
Current period comprehensive (loss) income	(71,772)	(12,242)	-	(482)	(84,496)
Income taxes associated with current period comprehensive income (loss)	1,870	2,785	-	4	4,659
Amounts reclassified from accumulated other comprehensive income (loss)	-	18,363	(1,766)	(67)	16,530
Income taxes reclassified into earnings	-	(4,287)	-	(4)	(4,291)
Balance at May 31, 2023	$ (465,375)	$ (148,764)	$ 11,405	$ (2,201)	$ (604,935)

(1) For additional information, see Note N, "Pension Plans," and Note O, "Postretirement Benefits," to the Consolidated Financial Statements for details. Amounts reclassified from accumulated other comprehensive income (loss) are included in pension non-service costs (credits) as a component of "Other Expense (Income), Net" on the Consolidated Statements of Income.

(2) For additional information, see Note F, "Derivatives and Hedging," to the Consolidated Financial Statements for details.

NOTE L — EARNINGS PER SHARE

The following table sets forth the reconciliation of the numerator and denominator of basic and diluted earnings per share for the years ended May 31, 2023, 2022 and 2021:

Year Ended May 31,	2023	2022	2021
(In thousands, except per share amounts)			
Numerator for earnings per share:			
Net income attributable to RPM International Inc. stockholders	$ 478,691	$ 491,481	$ 502,643
Less: Allocation of earnings and dividends to participating securities	(2,156)	(3,924)	(4,018)
Net income available to common shareholders - basic	476,535	487,557	498,625
Reverse: Allocation of earnings and dividends to participating securities	2,156	3,924	-
Add: Undistributed earnings reallocated to unvested shareholders	-	-	13
Net income available to common shareholders - diluted	$ 478,691	$ 491,481	$ 498,638
Denominator for basic and diluted earnings per share:			
Basic weighted average common shares	127,507	127,948	128,334
Average diluted options and awards	1,309	1,632	593
Total shares for diluted earnings per share (1)	128,816	129,580	128,927
Earnings Per Share of Common Stock Attributable to			
RPM International Inc. Stockholders:			
Basic Earnings Per Share of Common Stock	$ 3.74	$ 3.81	$ 3.89
Method used to calculate basic earnings per share	Two-Class	Two-Class	Two-Class
Diluted Earnings Per Share of Common Stock	$ 3.72	$ 3.79	$ 3.87
Method used to calculate diluted earnings per share	Treasury	Treasury	Two-Class

(1) For the years ended May 31, 2023, 2022 and 2021, approximately 750,000, 655,000 and 362,016 shares of stock, respectively, granted under stock-based compensation plans were excluded from the calculation of diluted EPS, as the effect would have been anti-dilutive.

NOTE M — LEASES

We have leases for manufacturing facilities, warehouses, office facilities, equipment, and vehicles, which are primarily classified and accounted for as operating leases. Some leases include one or more options to renew, generally at our sole discretion, with renewal terms that can extend the lease term from one to five years or more. In addition, certain leases contain termination options, where the rights to terminate are held by either us, the lessor, or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that we will exercise that option. We have made an accounting policy election not to recognize ROU assets and lease liabilities for leases with a term of twelve months or less, with no renewal option that we are reasonably certain to exercise. ROU assets and lease liabilities are recognized based on the present value of the fixed and in-substance fixed lease payments over the lease term at the commencement date. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by lease incentives. We use our incremental borrowing rate as the discount rate to determine the present value of the lease payments for leases, as our leases do not have readily determinable implicit discount rates. Our incremental borrowing rate is the rate of interest that we would have to borrow on a collateralized basis over a similar term and amount in a similar economic environment. We determine the incremental borrowing rates for our leases by adjusting the local risk-free interest rate with a credit risk premium corresponding to our credit rating.

Operating lease expense is recognized on a straight-line basis over the lease term. For a small portfolio of finance leases, lease expense is recognized as a combination of the amortization expense for the ROU assets and interest expense for the outstanding lease liabilities using the discount rate discussed above. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. Our lease agreements do not contain any significant residual value guarantees or material restrictive covenants. Income from subleases was not significant for any period presented.

The following represents our lease costs as of May 31, 2023 and 2022:

May 31,	2023	2022	2021
(In thousands)			
Operating lease expense	$ 78,783	$ 78,479	$ 76,581
Variable lease expense	13,550	10,795	9,292
Short-term lease expense	1,960	2,132	2,022

The following represents our supplemental cash flow, balance sheet, and other required disclosures as of May 31, 2023 and 2022:

May 31,	2023	2022
(In thousands)		
Operating cash outflows from operating leases	$ 74,251	$ 73,566
Leased assets obtained in exchange for operating lease obligations	90,399	79,150
Current portion of operating leases within other accrued liabilities	$ 59,590	$ 58,292
Weighted average remaining lease term for operating leases (in years)	8.5	8.5
Weighted average discount rate for operating leases	3.9 %	3.3 %

The following represents our future undiscounted cash flows for each of the next five years and thereafter and reconciliation to the lease liabilities, as of May 31, 2023:

(In thousands) Year ending May 31,	Operating Leases
2024	$ 71,801
2025	61,178
2026	51,608
2027	44,451
2028	36,540
Thereafter	148,773
Total lease payments	$ 414,351
Less imputed interest	69,237
Total present value of lease liabilities	$ 345,114

Sale Leaseback Agreement

During the fiscal year ended May 31, 2022, we recognized net gains of $52.0 million on the sales of certain real property assets. Most significantly, certain real property assets for the Toronto, Ontario location, within our CPG segment, were sold on September 15, 2021 for $49.8 million. We received $48.0 million of net proceeds after adjustments and expenses and recognized a gain on sale of $41.9 million. The purpose of the transaction was to generate cash by monetizing a real estate market opportunity.

In conjunction with the sale, we executed a leaseback agreement commencing September 15, 2021 and expiring on September 14, 2024. During the second quarter of fiscal 2022, the lease was classified as an operating lease with total future minimum payments during the initial term of the lease of approximately $3.4 million. An incremental borrowing rate of 1.3% was used to determine the ROU asset. We recorded a $3.7 million operating lease right-of-use asset and corresponding liabilities in our Consolidated Balance Sheets during the second quarter of fiscal 2022.

NOTE N — PENSION PLANS

We sponsor several pension plans for our associates, including our principal plan (the "Retirement Plan"), which is a non-contributory defined benefit pension plan covering substantially all domestic non-union associates. Pension benefits are provided for certain domestic union associates through separate plans. Associates of our foreign subsidiaries receive pension coverage, to the extent deemed appropriate, through plans that are governed by local statutory requirements.

The Retirement Plan provides benefits that are based upon years of service and average compensation with accrued benefits vesting after five years. Benefits for union associates are generally based upon years of service, or a combination of years of service and average compensation. Our pension funding policy considers contributions in an amount on an annual basis that can be deducted for federal income tax purposes, using a different actuarial cost method and different assumptions from those used for financial reporting. For the fiscal year ending May 31, 2024, we are required to contribute approximately $0.7 million to the retirement plans in the United States and approximately $5.7 million to our foreign plans. During the year, we will evaluate whether to make additional contributions. During fiscal 2023, we contributed $63.6 million to the pension plans in the United States which was in excess of the required contribution of $1.3 million but serves to improve the funded status of the plans.

Net periodic pension cost consisted of the following for the year ended May 31:

	U.S. Plans			Non-U.S. Plans		
(In thousands)	2023	2022	2021	2023	2022	2021
Service cost	$ 43,558	$ 47,655	$ 44,520	$ 3,633	$ 5,023	$ 6,355
Interest cost	28,692	15,366	15,223	6,619	4,948	5,308
Expected return on plan assets	(38,144)	(41,544)	(33,115)	(6,581)	(7,691)	(7,286)
Amortization of:						
Prior service cost (credit)	1	5	8	(116)	(139)	(150)
Net actuarial losses recognized	17,948	16,900	30,005	473	465	2,377
Curtailment/settlement (gains) losses	(3)	16	-	188	7	356
Net Pension Cost	$ 52,052	$ 38,398	$ 56,641	$ 4,216	$ 2,613	$ 6,960

The changes in benefit obligations and plan assets, as well as the funded status of our pension plans at May 31, 2023 and 2022, were as follows:

	U.S. Plans		Non-U.S. Plans	
(In thousands)	2023	2022	2023	2022
Benefit obligation at beginning of year	$ 703,735	$ 822,073	$ 182,534	$ 232,028
Service cost	43,558	47,655	3,633	5,023
Interest cost	28,692	15,366	6,619	4,948
Benefits paid	(44,604)	(59,795)	(8,676)	(7,657)
Participant contributions	-	-	1,221	1,138
Plan amendments	4	-	(97)	293
Plan settlements/curtailments	(137)	(190)	(2,852)	(1,330)
Actuarial (gains)	(34,075)	(121,374)	(16,004)	(34,638)
Premiums paid	-	-	(108)	(107)
Currency exchange rate changes	-	-	(7,458)	(17,164)
Benefit Obligation at End of Year	$ 697,173	$ 703,735	$ 158,812	$ 182,534
Fair value of plan assets at beginning of year	$ 616,960	$ 672,377	$ 193,375	$ 239,853
Actual (loss) on plan assets	(4,294)	(61,036)	(15,239)	(25,430)
Employer contributions	63,561	65,604	6,647	4,626
Participant contributions	-	-	1,221	1,138
Benefits paid	(44,604)	(59,795)	(8,676)	(7,657)
Premiums paid	-	-	(108)	(107)
Plan settlements/curtailments	(137)	(190)	(2,852)	(1,330)
Currency exchange rate changes	-	-	(8,248)	(17,718)
Fair Value of Plan Assets at End of Year	$ 631,486	$ 616,960	$ 166,120	$ 193,375
(Deficit)/Surplus of plan assets versus benefit obligations at end of year	$ (65,687)	$ (86,775)	$ 7,308	$ 10,841
Net Amount Recognized	$ (65,687)	$ (86,775)	$ 7,308	$ 10,841
Accumulated Benefit Obligation	$ 598,094	$ 610,433	$ 148,635	$ 172,141

The fair value of the assets held by our pension plans has decreased at May 31, 2023 since our previous measurement date at May 31, 2022, due to benefit payments and market losses. Total plan liabilities have decreased due to an increase in the discount rate used to value the liability. We have decreased our recorded liability for the net underfunded status of our pension plans. We expect pension expense in fiscal 2024 to be similar to our fiscal 2023 expense level due to higher interest costs, which will be partially offset by an increase in expected return on plan assets and a reduction in service cost due to higher discount rates. Any future declines in the value of our pension plan assets or increases in our plan liabilities could require us to increase our recorded liability for the net underfunded status of our pension plans and could also require accelerated and higher cash contributions to our pension plans.

Amounts recognized in the Consolidated Balance Sheets for the years ended May 31, 2023 and 2022 are as follows:

	U.S. Plans		Non-U.S. Plans	
(In thousands)	2023	2022	2023	2022
Noncurrent assets	$ 279	$ 77	$ 15,641	$ 22,399
Current liabilities	(8)	(8)	(659)	(443)
Noncurrent liabilities	(65,958)	(86,844)	(7,674)	(11,115)
Net Amount Recognized	$ (65,687)	$ (86,775)	$ 7,308	$ 10,841

The following table summarizes the relationship between our plans' benefit obligations and assets:

	U.S. Plans			
	2023		2022	
(In thousands)	Benefit Obligation	Plan Assets	Benefit Obligation	Plan Assets
Plans with projected benefit obligations in excess of plan assets	$ 696,280	$ 630,315	$ 702,511	$ 615,659
Plans with accumulated benefit obligations in excess of plan assets	44	-	10,542	10,024
Plans with assets in excess of projected benefit obligations	893	1,171	1,224	1,301
Plans with assets in excess of accumulated benefit obligations	598,050	631,486	599,891	606,936

	Non-U.S. Plans			
	2023		2022	
(In thousands)	Benefit Obligation	Plan Assets	Benefit Obligation	Plan Assets
Plans with projected benefit obligations in excess of plan assets	$ 26,918	$ 18,585	$ 36,607	$ 25,049
Plans with accumulated benefit obligations in excess of plan assets	24,837	17,839	32,808	22,844
Plans with assets in excess of projected benefit obligations	131,894	147,535	145,927	168,326
Plans with assets in excess of accumulated benefit obligations	123,798	148,281	139,333	170,531

The following table presents the pretax net actuarial loss and prior service (cost) credits recognized in accumulated other comprehensive income (loss) not affecting retained earnings:

	U.S. Plans		Non-U.S. Plans	
(In thousands)	2023	2022	2023	2022
Net actuarial loss	$ (205,025)	$ (214,607)	$ (29,764)	$ (25,984)
Prior service (costs) credits	(10)	(7)	530	518
Total recognized in accumulated other comprehensive income not affecting retained earnings	$ (205,035)	$ (214,614)	$ (29,234)	$ (25,466)

The following table includes the changes recognized in other comprehensive income:

	U.S. Plans		Non-U.S. Plans	
(In thousands)	2023	2022	2023	2022
Changes in plan assets and benefit obligations recognized in other comprehensive income:				
Prior service cost (credit)	$ 4	$ -	$ (98)	$ 294
Net loss (gain) arising during the year	8,363	(18,794)	5,816	(1,517)
Effect of exchange rates on amounts included in AOCI	-	-	(1,405)	(1,999)
Amounts recognized as a component of net periodic benefit cost:				
Amortization or curtailment recognition of prior service (cost) benefit	(1)	(5)	115	139
Amortization or settlement recognition of net (loss)	(17,945)	(16,916)	(660)	(473)
Total recognized in other comprehensive (income) loss	$ (9,579)	$ (35,715)	$ 3,768	$ (3,556)

In measuring the projected benefit obligation and net periodic pension cost for our plans, we utilize actuarial valuations. These valuations include specific information pertaining to individual plan participants, such as salary, age and years of service, along with certain assumptions. The most significant assumptions applied include discount rates, expected return on plan assets and rate of compensation increases. We evaluate these assumptions, at a minimum, on an annual basis, and make required changes, as applicable. In developing our expected long-term rate of return on pension plan assets, we consider the current and expected target asset allocations of the pension portfolio, as well as historical returns and future expectations for returns on various categories of plan assets. Expected return on assets is determined by using the weighted-average return on asset classes based on expected return for the target asset allocations of the principal asset categories held by each plan. In determining expected return, we consider both historical performance and an estimate of future long-term rates of return. Actual experience is used to develop the assumption for compensation increases.

The following weighted-average assumptions were used to determine our year-end benefit obligations and net periodic pension cost under the plans:

	U.S. Plans		Non-U.S. Plans	
Year-End Benefit Obligations	2023	2022	2023	2022
Discount rate	5.26%	4.43%	4.88%	4.02%
Rate of compensation increase	3.39%	3.21%	2.97%	2.94%

	U.S. Plans			Non-U.S. Plans		
Net Periodic Pension Cost	2023	2022	2021	2023	2022	2021
Discount rate	4.43%	2.76%	2.78%	4.02%	2.72%	2.49%
Expected return on plan assets	6.50%	6.50%	7.00%	3.58%	3.46%	3.30%
Rate of compensation increase	3.21%	3.19%	3.19%	2.94%	2.91%	2.86%

The following tables illustrate the weighted-average actual and target allocation of plan assets:

	U.S. Plans		
	Target Allocation	Actual Asset Allocation	
(Dollars in millions)	as of May 31, 2023	2023	2022
Equity securities	55%	$ 340.1	$ 326.2
Fixed income securities	20%	129.2	117.0
Multi-class	20%	125.3	136.6
Cash	5%	36.6	37.0
Other		0.3	0.2
Total assets	100%	$ 631.5	$ 617.0

	Non-U.S. Plans		
	Target Allocation	Actual Asset Allocation	
(Dollars in millions)	as of May 31, 2023	2023	2022
Equity securities	40%	$ 61.8	$ 69.2
Fixed income securities	48%	81.5	101.1
Cash		0.1	0.1
Property and other	12%	22.7	23.0
Total assets	100%	$ 166.1	$ 193.4

The following tables present our pension plan assets as categorized using the fair value hierarchy at May 31, 2023 and 2022:

U.S. Plans				
(In thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at May 31, 2023
U.S. Treasury and other government	$ -	$ 49,297	$ -	$ 49,297
State and municipal bonds	-	450	-	450
Foreign bonds	-	690	-	690
Mortgage-backed securities	-	8,515	-	8,515
Corporate bonds	-	17,376	-	17,376
Stocks - large cap	35,467	-	-	35,467
Mutual funds - equity	-	304,590	-	304,590
Mutual funds - multi-class	-	125,345	-	125,345
Mutual funds - fixed	-	2,553	-	2,553
Cash and cash equivalents	36,573	-	-	36,573
Limited partnerships	-	-	170	170
Futures contracts	-	-	112	112
Investments measured at NAV (1)				50,348
Total	$ 72,040	$ 508,816	$ 282	$ 631,486

(1) In accordance with Subtopic 820-10, Fair Value Measurements and Disclosures, certain investments that are measured at fair value using the net asset value ("NAV") per share practical expedient have not been classified in the fair value hierarchy. The investments that are measured at fair value using NAV per share included in the table above are intended to permit reconciliation of the fair value hierarchy to the fair value of the plan assets at the end of each period.

Non-U.S. Plans

(In thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at May 31, 2023
Pooled equities	$ -	$ 61,827	$ -	$ 61,827
Pooled fixed income	-	80,650	-	80,650
Foreign bonds	-	774	-	774
Insurance contracts	-	-	19,136	19,136
Mutual funds - Real Estate	-	3,587	-	3,587
Cash and cash equivalents	146	-	-	146
Total	$ 146	$ 146,838	$ 19,136	$ 166,120

U.S. Plans

(In thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at May 31, 2022
U.S. Treasury and other government	$ -	$ 34,902	$ -	$ 34,902
State and municipal bonds	-	576	-	576
Foreign bonds	-	1,150	-	1,150
Mortgage-backed securities	-	10,254	-	10,254
Corporate bonds	-	23,883	-	23,883
Stocks - large cap	30,295	-	-	30,295
Mutual funds - equity	-	295,905	-	295,905
Mutual funds - multi-class	-	136,583	-	136,583
Mutual funds - fixed	-	16,368	-	16,368
Cash and cash equivalents	37,004	-	-	37,004
Limited partnerships	-	-	166	166
Investments measured at NAV (1)				29,874
Total	$ 67,299	$ 519,621	$ 166	$ 616,960

Non-U.S. Plans

(In thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at May 31, 2022
Pooled equities	$ -	$ 68,067	$ -	$ 68,067
Pooled fixed income	-	100,151	-	100,151
Foreign bonds	-	920	-	920
Insurance contracts	-	-	23,013	23,013
Mutual funds	-	1,115	-	1,115
Cash and cash equivalents	109	-	-	109
Total	$ 109	$ 170,253	$ 23,013	$ 193,375

The following table includes the activity that occurred during the years ended May 31, 2023 and 2022 for our Level 3 assets:

		Actual Return on Plan Assets For:			
(In thousands)	Balance at Beginning of Period	Assets Still Held at Reporting Date	Assets Sold During Year	Purchases, Sales and Settlements, net (1)	Balance at End of Period
Year ended May 31, 2023	$ 23,179	(2,399)	-	(1,362)	$ 19,418
Year ended May 31, 2022	28,398	(1,009)	-	(4,210)	23,179

(1) Includes the impact of exchange rate changes during the year.

The primary objective for the investments of the Retirement Plan is to provide for long-term growth of capital without undue exposure to risk. This objective is accomplished by utilizing a diversified portfolio strategy of equities, fixed-income securities and cash equivalents in a mix that is conducive to participation in a rising market, while allowing for adequate protection in a falling market. Our Investment Committee oversees the investment allocation process, which includes the selection and evaluation of investment managers, the determination of investment objectives and risk guidelines, and the monitoring of actual investment performance. In order to manage investment risk properly, Plan policy prohibits short selling, securities lending, financial futures, options and other specialized investments, except for certain alternative investments specifically approved by the Investment Committee. The Investment Committee reviews, on a quarterly basis, reports of actual Plan investment performance provided by independent third parties, in addition to its review of the Plan investment policy on an annual basis. The investment objectives are similar for our plans outside of the United States, subject to local regulations.

The goals of the investment strategy for pension assets include: the total return of the funds shall, over an extended period of time, surpass an index composed of the MSCI World Stock Index (equity), the Barclays Long-Term Government/Credit Index (fixed income), and 30-day Treasury Bills (cash), weighted appropriately to match the asset allocation of the plans. The equity portion of the funds shall surpass the MSCI World Stock Index over a full market cycle, while the fixed-income portion shall surpass Barclays Long-Term Government/Credit Index over a full market cycle. The purpose of the fixed-income fund is to reduce the overall volatility of the plan liabilities and provide a hedge against interest rate fluctuations. Therefore, the primary objective of the fixed-income portion is to match the Barclays Long-Term Government/Credit Index.

We expect to pay the following estimated pension benefit payments in the next five years (in millions): $64.2 in 2024, $69.5 in 2025, $74.6 in 2026, $76.7 in 2027 and $81.8 in 2028. In the five years thereafter (2029-2033), we expect to pay $416.7 million.

In addition to the defined benefit pension plans discussed above, we also sponsor associate savings plans under Section 401(k) of the Internal Revenue Code, which cover most of our associates in the United States. We record expense for defined contribution plans for any employer-matching contributions made in conjunction with services rendered by associates. The majority of our plans provide for matching contributions made in conjunction with services rendered by associates. Matching contributions are invested in the same manner that the participants invest their own contributions. Matching contributions charged to income were $27.6 million, $24.7 million and $21.7 million for the years ending May 31, 2023, 2022 and 2021, respectively.

NOTE O — POSTRETIREMENT BENEFITS

We sponsor several unfunded-healthcare-benefit plans for certain of our retired associates, as well as postretirement life insurance for certain key former associates. Eligibility for these benefits is based upon various requirements. The following table illustrates the effect on operations of these plans for the three years ended May 31, 2023:

	U.S. Plans			Non-U.S. Plans		
(In thousands)	2023	2022	2021	2023	2022	2021
Service cost	$ -	$ -	$ -	$ 1,951	$ 1,623	$ 1,959
Interest cost	84	41	74	1,374	1,124	1,286
Amortization of:						
Prior service (credit)	(121)	(161)	(167)	-	-	-
Net actuarial losses (gains)	43	61	42	(51)	121	590
Net Postretirement Benefit Cost (Income)	$ 6	$ (59)	$ (51)	$ 3,274	$ 2,868	$ 3,835

The changes in benefit obligations of the plans at May 31, 2023 and 2022 were as follows:

	U.S. Plans		Non-U.S. Plans	
(In thousands)	2023	2022	2023	2022
Accumulated postretirement benefit obligation at beginning of year	$ 2,260	$ 2,506	$ 30,645	$ 39,974
Service cost	-	-	1,951	1,623
Interest cost	84	41	1,374	1,124
Benefit payments	(207)	(164)	(557)	(875)
Actuarial (gains)	(369)	(123)	(276)	(9,240)
Currency exchange rate changes	-	-	(2,100)	(1,961)
Accumulated and accrued postretirement benefit obligation at end of year	$ 1,768	$ 2,260	$ 31,037	$ 30,645

In determining the postretirement benefit amounts outlined above, measurement dates as of May 31 for each period were applied.

Amounts recognized in the Consolidated Balance Sheets for the years ended May 31, 2023 and 2022 are as follows:

	U.S. Plans		Non-U.S. Plans	
(In thousands)	2023	2022	2023	2022
Current liabilities	$ (207)	$ (252)	$ (989)	$ (968)
Noncurrent liabilities	(1,561)	(2,008)	(30,048)	(29,677)
Net Amount Recognized	$ (1,768)	$ (2,260)	$ (31,037)	$ (30,645)

The following table presents the pretax net actuarial (loss) gain and prior service credits recognized in accumulated other comprehensive income (loss) not affecting retained earnings:

	U.S. Plans		Non-U.S. Plans	
(In thousands)	2023	2022	2023	2022
Net actuarial gain (loss)	$ 99	$ (314)	$ 3,838	$ 3,878
Prior service credit	-	121	-	-
Total recognized in accumulated other comprehensive income not affecting retained earnings	$ 99	$ (193)	$ 3,838	$ 3,878

The following table includes the changes recognized in other comprehensive loss (income):

	U.S. Plans		Non-U.S. Plans	
(In thousands)	2023	2022	2023	2022
Changes in plan assets and benefit obligations recognized in other comprehensive loss (income):				
Net (gain) arising during the year	$ (369)	$ (123)	$ (276)	$ (9,240)
Effect of exchange rates on amounts included in AOCI	-	-	265	(418)
Amounts recognized as a component of net periodic benefit cost:				
Amortization or curtailment recognition of prior service credit	121	160	-	-
Amortization or settlement recognition of net (loss) gain	(44)	(60)	51	(121)
Total recognized in other comprehensive (income) loss	$ (292)	$ (23)	$ 40	$ (9,779)

The following weighted-average assumptions were used to determine our year-end benefit obligations and net periodic postretirement benefit costs under the plans:

	U.S. Plans		Non-U.S. Plans	
Year-End Benefit Obligations	2023	2022	2023	2022
Discount rate	5.20%	4.36%	5.10%	5.13%
Current healthcare cost trend rate	6.00%	6.23%	5.53%	5.58%
Ultimate healthcare cost trend rate	4.03%	4.03%	3.70%	3.70%
Year ultimate healthcare cost trend rate will be realized	2045	2045	2040	2040

	U.S. Plans			Non-U.S. Plans		
Net Periodic Postretirement Cost	2023	2022	2021	2023	2022	2021
Discount rate	4.36%	2.47%	2.44%	5.13%	3.51%	3.32%
Current healthcare cost trend rate	6.23%	6.07%	6.68%	5.58%	5.68%	5.73%
Ultimate healthcare cost trend rate	4.03%	4.36%	4.36%	3.70%	3.70%	3.70%
Year ultimate healthcare cost trend rate will be realized	2045	2037	2037	2040	2040	2040

We expect to pay approximately $1.2 million to $1.6 million in estimated postretirement benefits in each of the next five years. In the five years thereafter (2029-2033), we expect to pay a cumulative total of $9.4 million.

NOTE P — CONTINGENCIES AND ACCRUED LOSSES

Accrued loss reserves consist of the following:

May 31, (In thousands)	2023	2022
Accrued product liability and other loss reserves	$ 16,995	$ 16,003
Accrued warranty reserves	8,448	7,450
Accrued environmental reserves	1,027	1,055
Total Accrued Loss Reserves - Current	$ 26,470	$ 24,508
Accrued product liability and other loss reserves - noncurrent	$ 22,849	$ 26,226
Accrued warranty liability - noncurrent	3,328	3,455
Accrued environmental reserves - noncurrent	6,173	6,254
Total Accrued Loss Reserves - Noncurrent	$ 32,350	$ 35,935

Product Liability Matters

We provide, through our wholly owned insurance subsidiaries, certain insurance coverage, primarily product liability coverage, to our other subsidiaries. Excess coverage is provided by third-party insurers. Our product liability accruals provide for these potential losses, as well as other uninsured claims. Product liability accruals are established based upon actuarial calculations of potential liability using industry experience, actual historical experience and actuarial assumptions developed for similar types of product liability claims, including development factors and lag times. To the extent there is a reasonable possibility that potential losses could exceed the amounts already accrued, we believe that the amount of any such additional loss would be immaterial to our results of operations, liquidity and consolidated financial position.

Warranty Matters

We also offer warranties on many of our products, as well as long-term warranty programs at certain of our businesses, and have established product warranty liabilities. We review these liabilities for adequacy on a quarterly basis and adjust them as necessary. The primary factors that could affect these liabilities may include changes in performance rates, as well as costs of replacement. Provision for estimated warranty costs is recorded at the time of sale and periodically adjusted, as required, to reflect actual experience. It is probable that we will incur future losses related to warranty claims we have received but that have not been fully investigated and related to claims not yet received. While our warranty liabilities represent our best estimates at May 31, 2023, we can provide no assurances that we will not experience material claims in the future or that we will not incur significant costs to resolve such claims beyond the amounts accrued or beyond what we may recover from our suppliers. Based upon the nature of the expense, product warranty expense is recorded as a component of cost of sales or within SG&A.

Also, due to the nature of our businesses, the amount of claims paid can fluctuate from one period to the next. While our warranty liabilities represent our best estimates of our expected losses at any given time, from time to time we may revise our estimates based on our experience relating to factors such as weather conditions, specific circumstances surrounding product installations and other factors.

The following table includes the changes in our accrued warranty balances:

Year Ended May 31, (In thousands)	2023	2022	2021
Beginning Balance	$ 10,905	$ 13,175	$ 11,106
Deductions (1)	(27,851)	(26,332)	(25,817)
Provision charged to expense	28,722	24,062	27,886
Ending Balance	$ 11,776	$ 10,905	$ 13,175

(1) Primarily claims paid during the year.

Environmental Matters

Like other companies participating in similar lines of business, some of our subsidiaries are involved in environmental remediation matters. It is our policy to accrue remediation costs when the liability is probable and the costs are reasonably estimable, which generally is not later than at completion of a feasibility study or when we have committed to an appropriate plan of action. We also take into consideration the estimated period of time over which payments may be required. The liabilities are reviewed periodically and, as investigation and remediation activities continue, adjustments are made as necessary. Liabilities for losses from environmental remediation obligations do not consider the effects of inflation and anticipated expenditures are not discounted to their present value. The liabilities are not offset by possible recoveries from insurance carriers or other third parties but do reflect anticipated allocations among potentially responsible parties at federal superfund sites or similar state-managed sites, third party indemnity obligations, and an assessment of the likelihood that such parties will fulfill their obligations at such sites.

Other Contingencies

One of our former subsidiaries in our SPG reportable segment has been the subject of a proceeding in which one of its former distributors brought suit against the subsidiary for breach of contract. Following a June 2017 trial, a jury determined that the distributor was not entitled to any damages on the distributor's claims. On appeal, the Ninth Circuit Court of Appeals ordered a new trial with respect to certain issues. On December 10, 2021, a new jury awarded $6.0 million in damages to the distributor. Per the parties' contracts, the distributor may also be entitled to recover some portion of its attorneys' fees. On July 3, 2023, the Ninth Circuit Court of Appeals issued its decision rejecting the distributor's arguments and denying all appellate relief to the distributor, which also rendered our cross-appeal moot. As a result of this recent decision, we increased our accrual from $2.6 million to $6.0 million for the year ended May 31, 2023, which we believe to be the new low end of the range of loss. While an ultimate loss in excess of the accrued amount is reasonably possible given the potential for attorney fees to be awarded, we believe that the high end of the range of loss would not be materially more than the $6.0 million noted above. This contingency remains a retained liability of the Company.

Gain on Business Interruption Insurance

In April 2021, there was a significant plant explosion at a key alkyd resin supplier which caused severe supply chain disruptions. As a result of this disruption, the Consumer segment incurred incremental costs and lost sales during fiscal 2021 and 2022. A claim for these losses was submitted under our business interruption insurance policy. During the third quarter of fiscal 2023 the Consumer segment recovered $20.0 million from insurance. The insurance gain is recorded as a reduction to SG&A expenses in our Consolidated Statements of Income, and the proceeds are included within cash flows from operating activities in our Consolidated Statement of Cash Flows for the year ended May 31, 2023.

NOTE Q — REVENUE

We operate a portfolio of businesses that manufacture and sell a variety of product lines that include specialty paints, protective coatings, roofing systems, sealants and adhesives, among other things. We disaggregate revenues from the sales of our products and services based upon geographical location by each of our reportable segments, which are aligned by similar economic factors, trends and customers, which best depict the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. See Note R, “Segment Information,” to the Consolidated Financial Statements for further details regarding our disaggregated revenues, as well as a description of each of the unique revenue streams related to each of our four reportable segments.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. The majority of our revenue is recognized at a point in time. However, we also record revenues generated under construction contracts, mainly in connection with the installation of specialized roofing and flooring systems and related services. For certain polymer flooring installation projects, we account for our revenue using the output method, as we consider square footage of completed flooring to be the best measure of progress toward the complete satisfaction of the performance obligation. In contrast, for certain of our roofing installation projects, we account for our revenue using the input method, as that method is the best measure of performance as it considers costs incurred in relation to total expected project costs, which essentially represents the transfer of control for roofing systems to the customer. In general, for our construction contracts, we record contract revenues and related costs as our contracts progress on an over-time model.

We have elected to apply the practical expedient to recognize revenue net of allowances for returns and any taxes collected from customers, which are subsequently remitted to governmental authorities. Payment terms and conditions vary by contract type, although our customers’ payment terms generally include a requirement to pay within 30 to 60 days of fulfilling our performance obligations. In instances where the timing of revenue recognition differs from the timing of invoicing, we have determined that our contracts generally do not include a significant financing component. We have elected to apply the practical expedient to treat all shipping and handling costs as fulfillment costs, as a significant portion of these costs are incurred prior to control transfer.

Significant Judgments

Our contracts with customers may include promises to transfer multiple products and/or services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. For example, judgment is required to determine whether products sold in connection with the sale of installation services are considered distinct and accounted for separately, or not distinct and accounted for together with installation services and recognized over time.

We provide customer rebate programs and incentive offerings, including special pricing and co-operative advertising arrangements, promotions and other volume-based incentives. These customer programs and incentives are considered variable consideration and recognized as a reduction of net sales. Up-front consideration provided to customers is capitalized as a component of other assets and amortized over the estimated life of the contractual arrangement. We include in revenue variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the variable consideration is resolved. In general, this determination is made based upon known customer program and incentive offerings at the time of sale, and expected sales volume forecasts as it relates to our volume-based incentives. This determination is updated each reporting period. Certain of our contracts include contingent consideration that is receivable only upon the final inspection and acceptance of a project. We include estimates of such variable consideration in our transaction price. Based on historical experience, we consider the probability-based expected value method appropriate to estimate the amount of such variable consideration.

Our products are generally sold with a right of return, and we may provide other credits or incentives, which are accounted for as variable consideration when estimating the amount of revenue to recognize. Returns and credits are estimated at contract inception and updated at the end of each reporting period as additional information becomes available. We record a right of return liability to accrue for expected customer returns. Historical actual returns are used to estimate future returns as a percentage of current sales. Obligations for returns and refunds were not material individually or in the aggregate.

We offer assurance type warranties on our products as well as separately sold warranty contracts. Revenue related to warranty contracts that are sold separately is recognized over the life of the warranty term. Warranty liabilities for our assurance type warranties are discussed further in Note P, "Contingencies and Accrued Losses," to the Consolidated Financial Statements.

Contract Balances

Timing of revenue recognition may differ from the timing of invoicing customers. Our contract assets are recorded for products and services that have been provided to our customer but have not yet been billed and are included in prepaid expenses and other current assets in our Consolidated Balance Sheets. Our short-term contract liabilities consist of advance payments, or deferred revenue, and are included in other accrued liabilities in our Consolidated Balance Sheets.

Trade accounts receivable, net of allowances, and net contract assets consisted of the following:

Year Ended May 31,	2023	2022	$ Change	% Change
(In thousands, except percents)				
Trade accounts receivable, less allowances	$ 1,503,040	$ 1,432,632	$ 70,408	4.9 %
Contract assets	$ 49,188	$ 57,234	$ (8,046)	-14.1 %
Contract liabilities - short-term	(42,396)	(44,938)	2,542	-5.7 %
Net Contract Assets	$ 6,792	$ 12,296	$ (5,504)	-44.8 %

The $5.5 million decrease in our net contract assets from May 31, 2022 to May 31, 2023, resulted primarily due to the timing and volume of construction jobs in progress at May 31, 2023 versus May 31, 2022. During the years ended May 31, 2023 and May 31, 2022 we recognized $26.6 million and $24.5 million of revenue, which was included in contract liabilities as of May 31, 2022 and 2021, respectively.

We also record long-term deferred revenue, which amounted to $76.6 million and $62.5 million as of May 31, 2023 and 2022, respectively. The long-term portion of deferred revenue is related to warranty contracts and is included in other long-term liabilities in our Consolidated Balance Sheets.

We have elected to adopt the practical expedient to not disclose the aggregate amount of transaction price allocated to performance obligations that are unsatisfied as of the end of the reporting period for performance obligations that are part of a contract with an original expected duration of one year or less.

We recognize an asset for the incremental costs of obtaining a contract with a customer if we expect the benefit of those costs to be longer than one year. As our contract terms are primarily one year or less in duration, we have elected to apply a practical expedient to expense costs as incurred for costs to obtain a contract with a customer when the amortization period would have been one year or less. These costs include our internal sales force compensation program and certain incentive programs as we have determined annual compensation is commensurate with annual sales activities.

Allowance for Credit Losses

Our primary allowance for credit losses is the allowance for doubtful accounts. The allowance for doubtful accounts reduces the trade accounts receivable balance to the estimated net realizable value equal to the amount that is expected to be collected. The allowance was based on assessments of current creditworthiness of customers, historical collection experience, the aging of receivables and other currently available evidence. Trade accounts receivable balances are written-off against the allowance if a final determination of uncollectibility is made. All provisions for allowances for doubtful collection of accounts are included in SG&A expenses.

The following tables summarize the activity for the allowance for credit losses for the fiscal year ended May 31, 2023:

(In thousands)	
Balance at June 1, 2022	$ 46,669
Bad debt provision	13,557
Uncollectible accounts written off, net of recoveries	(9,780)
Translation adjustments	(964)
Balance at May 31, 2023	$ 49,482

NOTE R — SEGMENT INFORMATION

We operate a portfolio of businesses and product lines that manufacture and sell a variety of specialty paints, protective coatings, roofing systems, flooring solutions, sealants, cleaners and adhesives. We manage our portfolio by organizing our businesses and product lines into four reportable segments as outlined below, which also represent our operating segments. Within each operating segment, we manage product lines and businesses which generally address common markets, share similar economic characteristics, utilize similar technologies and can share manufacturing or distribution capabilities. Our four operating segments represent components of our business for which separate financial information is available that is utilized on a regular basis by our chief operating decision maker in determining how to allocate the assets of the company and evaluate performance. These four operating segments are each managed by an operating segment manager, who is responsible for the day-to-day operating decisions and performance evaluation of the operating segment's underlying businesses. We evaluate the profit performance of our segments primarily based on income before income taxes, but also look to EBIT, as a performance evaluation measure because interest (income) expense, net is essentially related to corporate functions, as opposed to segment operations.

Our CPG reportable segment products and services are sold throughout North America and also account for the majority of our international sales. Our construction product lines are sold directly to manufacturers, contractors, distributors and end-users, including industrial manufacturing facilities, concrete and cement producers, public institutions and other commercial customers. Products and services within this reportable segment include construction sealants and adhesives, coatings and chemicals, roofing systems, concrete admixture and repair products, building envelope solutions, insulated cladding, flooring systems, and weatherproofing solutions.

Our PCG reportable segment products and services are sold throughout North America, as well as internationally, and are sold directly to contractors, distributors and end-users, such as industrial manufacturing facilities, public institutions and other commercial customers. Products and services within this reportable segment include high-performance flooring solutions, corrosion control and fireproofing coatings, infrastructure repair systems, fiberglass reinforced plastic gratings and drainage systems.

Our Consumer reportable segment manufactures and markets professional use and DIY products for a variety of mainly residential applications, including home improvement and personal leisure activities. Our Consumer reportable segment's major manufacturing and distribution operations are located primarily in North America, along with a few locations in Europe, Australia and South America. Our Consumer reportable segment products are primarily sold directly to mass merchandisers, home improvement centers, hardware stores, paint stores, craft shops and through distributors. The Consumer reportable segment offers products that include specialty, hobby and professional paints; caulks; adhesives; cleaners; sandpaper and other abrasives; silicone sealants and wood stains. Sales to The Home Depot, Inc. represented less than 10% of our consolidated net sales for fiscal 2023, 2022 and 2021, respectively. Furthermore, sales to The Home Depot, Inc. represented 23%, 25% and 26% of our Consumer segment net sales for each of the fiscal years ended May 31, 2023, 2022 and 2021, respectively.

Our SPG reportable segment products are sold throughout North America and internationally, primarily in Europe. Our SPG product lines are sold directly to contractors, distributors and end-users, such as industrial manufacturing facilities, public institutions and other commercial customers. The SPG reportable segment offers products that include industrial cleaners, restoration services equipment, colorants, nail enamels, exterior finishes, edible coatings and specialty glazes for pharmaceutical and food industries, and other specialty OEM coatings.

In addition to our four reportable segments, there is a category of certain business activities and expenses, referred to as corporate/other, that does not constitute an operating segment. This category includes our corporate headquarters and related administrative expenses, results of our captive insurance companies, gains or losses on the sales of certain assets and other expenses not directly associated with any reportable segment. Assets related to the corporate/other category consist primarily of investments, prepaid expenses and headquarters' property and equipment. These corporate and other assets and expenses reconcile reportable segment data to total consolidated income before income taxes and identifiable assets.

We reflect income from our joint ventures on the equity method and receive royalties from our licensees.

The following tables present a disaggregation of revenues by geography, and the results of our reportable segments consistent with our management philosophy, by representing the information we utilize, in conjunction with various strategic, operational and other financial performance criteria, in evaluating the performance of our portfolio of businesses.

Year Ended May 31,	**2023**	**2022**	**2021**
(In thousands)			
Net Sales			
CPG	$ 2,608,872	$ 2,486,486	$ 2,076,565
PCG	1,333,567	1,188,379	1,028,456
Consumer	2,514,770	2,242,047	2,295,277
SPG	799,205	790,816	705,990
Total	$ 7,256,414	$ 6,707,728	$ 6,106,288
Income (Loss) Before Income Taxes			
CPG	$ 309,683	$ 396,509	$ 291,773
PCG	133,757	139,068	90,687
Consumer	378,157	175,084	354,789
SPG	103,279	121,937	108,242
Corporate/Other	(275,494)	(225,799)	(177,053)
Total	$ 649,382	$ 606,799	$ 668,438
Identifiable Assets			
CPG	$ 2,297,862	$ 2,160,071	$ 1,815,303
PCG	1,118,360	1,115,780	1,051,334
Consumer	2,384,782	2,405,764	2,386,703
SPG	804,762	839,419	772,540
Corporate/Other	176,238	186,672	227,089
Total	$ 6,782,004	$ 6,707,706	$ 6,252,969
Capital Expenditures			
CPG	$ 110,777	$ 93,327	$ 65,830
PCG	29,454	28,887	19,413
Consumer	61,500	70,227	54,986
SPG	49,801	26,939	18,989
Corporate/Other	1,979	585	223
Total	$ 253,511	$ 219,965	$ 159,441
Depreciation and Amortization			
CPG	$ 49,993	$ 48,009	$ 45,079
PCG	23,064	22,287	22,633
Consumer	52,081	50,857	47,763
SPG	24,897	26,718	26,017
Corporate/Other	4,914	5,203	5,365
Total	$ 154,949	$ 153,074	$ 146,857

Year Ended May 31, 2023	CPG Segment	PCG Segment	Consumer Segment	SPG Segment	Consolidated
(In thousands)					
Net Sales (based on shipping location) (1)					
United States	$ 1,572,060	$ 861,190	$ 2,078,519	$ 680,159	$ 5,191,928
Foreign					
Canada	243,608	85,812	178,678	4,084	512,182
Europe	469,064	233,872	212,558	81,260	996,754
Latin America	224,073	39,395	26,315	1,720	291,503
Asia Pacific	100,067	23,234	18,700	31,982	173,983
Other Foreign	-	90,064	-	-	90,064
Total Foreign	1,036,812	472,377	436,251	119,046	2,064,486
Total	$ 2,608,872	$ 1,333,567	$ 2,514,770	$ 799,205	$ 7,256,414

Year Ended May 31, 2022	CPG Segment	PCG Segment	Consumer Segment	SPG Segment	Consolidated
(In thousands)					
Net Sales (based on shipping location) (1)					
United States	$ 1,423,473	$ 739,731	$ 1,829,384	$ 647,660	$ 4,640,248
Foreign					
Canada	265,933	76,085	144,032	7,208	493,258
Europe	509,891	235,678	221,280	99,324	1,066,173
Latin America	203,135	29,792	29,940	1,772	264,639
Asia Pacific	83,989	23,435	17,411	34,852	159,687
Other Foreign	65	83,658	-	-	83,723
Total Foreign	1,063,013	448,648	412,663	143,156	2,067,480
Total	$ 2,486,486	$ 1,188,379	$ 2,242,047	$ 790,816	$ 6,707,728

Year Ended May 31, 2021	CPG Segment	PCG Segment	Consumer Segment	SPG Segment	Consolidated
(In thousands)					
Net Sales (based on shipping location) (1)					
United States	$ 1,135,341	$ 611,808	$ 1,832,826	$ 581,094	$ 4,161,069
Foreign					
Canada	208,289	69,754	153,631	8,982	440,656
Europe	481,244	242,102	257,372	82,170	1,062,888
Latin America	159,197	26,283	31,358	1,826	218,664
Asia Pacific	79,413	22,658	20,090	31,918	154,079
Other Foreign	13,081	55,851	-	-	68,932
Total Foreign	941,224	416,648	462,451	124,896	1,945,219
Total	$ 2,076,565	$ 1,028,456	$ 2,295,277	$ 705,990	$ 6,106,288

Year Ended May 31,	2023	2022	2021
(In thousands)			
Long-Lived Assets (2)			
United States	$ 2,551,717	$ 2,533,568	$ 2,325,365
Foreign			
Canada	244,182	223,793	235,810
Europe	357,359	324,001	394,168
United Kingdom	245,411	259,956	290,078
Other Foreign	183,697	195,665	198,740
Total Foreign	1,030,649	1,003,415	1,118,796
Total	$ 3,582,366	$ 3,536,983	$ 3,444,161

(1) It is not practicable to obtain the information needed to disclose revenues attributable to each of our product lines.

(2) Long-lived assets include all non-current assets, excluding non-current deferred income taxes.

Management's Report on Internal Control Over Financials Reporting

The management of RPM International Inc. is responsible for establishing and maintaining adequate internal control over financial reporting for the Company, as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. RPM's internal control system was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Consolidated Financial Statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements and even when determined to be effective, can only provide reasonable assurance with respect to financial statements preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may be inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of RPM's internal control over financial reporting as of May 31, 2023. In making this assessment, management used criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework (2013 Framework). Based on this assessment, management concluded that, as of May 31, 2023, RPM's internal control over financial reporting is effective.

The independent registered public accounting firm Deloitte & Touche LLP, has also audited the Company's internal control over financial reporting as of May 31, 2023, and their report thereon is included below.

/s/ Frank C. Sullivan	/s/ Russell L. Gordon
Frank C. Sullivan	Russell L. Gordon
Chairman, President and Chief Executive Officer	Vice President and Chief Financial Officer

July 26, 2023

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of RPM International Inc.

Opinion on Internal Control Over Financial Reporting

We have audited the internal control over financial reporting of RPM International Inc. and subsidiaries (the "Company") as of May 31, 2023, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of May 31, 2023, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended May 31, 2023, of the Company and our report dated July 26, 2023, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Cleveland, Ohio

July 26, 2023

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of RPM International Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of RPM International Inc. and subsidiaries (the "Company") as of May 31, 2023 and 2022, the related consolidated statements of income, comprehensive income, cash flows, and stockholders' equity, for each of the three years in the period ended May 31, 2023, and the related notes and schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of May 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended May 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of May 31, 2023, based on criteria established in Internal Control— Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated July 26, 2023, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill – Certain Reporting Units - Refer to Note C to the Consolidated Financial Statements

Critical Audit Matter Description

The Company's goodwill is tested annually on March 1st, or more frequently if events or changes in circumstances indicate that the assets might be impaired. The Company's evaluation of goodwill for impairment involves the comparison of the fair value of each reporting unit to their carrying values. The Company determines the fair value of its reporting units using a combination of the income and the market approach. The determination of the fair value using the income approach requires management to make significant estimates and assumptions related to forecasts of future revenues, operating margins, and discount rates. The determination of the fair value using the market approach requires management to make significant assumptions related to earnings before interest, taxes, depreciation, and amortization (EBITDA) and EBITDA multiples. Changes in these assumptions could have significant impacts on either the fair value, the amount of any goodwill impairment charge, or both. The goodwill balance was $1,294 million as of May 31, 2023. The fair value of all reporting units exceeded the carrying values as of the annual measurement date and, therefore, no further impairment was recognized.

We identified goodwill of certain reporting units as a critical audit matter because of the significant judgments made by management to estimate the fair value of the reporting units and the difference between its fair value and carrying value. This required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists, when performing audit procedures to evaluate the reasonableness of management's estimates and assumptions related to selection of the discount rate and forecasts of future revenue and operating margin, EBITDA and EBITDA multiples.

As disclosed in Note C, the Company identified certain factors, including but not limited to, a challenged macroeconomic environment, and evaluated certain business restructuring actions, specifically the go to market strategy for operating in Europe. Due to declining profitability and regulatory headwinds, management decided to restructure the USL reporting unit within the PCG segment and is correspondingly exploring strategic alternatives for the USL infrastructure services business within the U.K. These factors contributed to the identification of a triggering event, requiring an interim quantitative goodwill impairment assessment of its USL reporting unit during the quarter ended February 28, 2023. The Company performed a quantitative analysis and compared the fair value of the USL reporting unit to its carrying value and determined that the carrying value of the reporting unit exceeded the fair value as of February 28, 2023. As such, the Company recorded a goodwill impairment loss of $36.7 million in the third quarter of fiscal 2023.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the forecasts of future revenues, operating margin, discount rate, EBITDA and the selection of EBITDA multiples for the certain reporting units included the following, amongst others:

- We tested the effectiveness of controls over management’s goodwill impairment evaluation, including those over the determination of the fair value, such as controls related to management’s selection of the discount rate and forecasts of future revenue and operating margins, EBITDA and EBITDA multiples.
- We evaluated management's determination and evaluation of triggering events at each of the quarterly and year end reporting periods.
- We evaluated management’s ability to accurately forecast future revenues, operating margins, and EBITDA by comparing actual results to management’s historical forecasts.
- We evaluated the reasonableness of management’s revenue and operating margin forecasts by comparing the forecasts to (1) historical revenues, operating margins, and EBITDA, (2) internal communications to management and the Board of Directors, and (3) forecasted information included in analyst and industry reports for the Company and certain of its peer companies.
- With the assistance of our internal fair value specialists, we evaluated the reasonableness of the valuation methods and discount rate by (1) testing the source information underlying the determination of the discount rate and the mathematical accuracy of the calculation and (2) developing a range of independent estimates and comparing those to the discount rate selected by management.
- With the assistance of our fair value specialists, we evaluated the EBITDA multiples, including testing the underlying source information and mathematical accuracy of the calculations, and comparing the multiples selected by management to its guideline companies.
- With the assistance of our internal fair value specialists, we evaluated the reasonableness of the weighting management applied to each valuation method and the resulting fair value derived.
- We evaluated the impact of changes in management’s forecasts from the March 1, 2023, annual measurement date to May 31, 2023, inclusive of macroeconomic factors.

/s/ Deloitte & Touche LLP

Cleveland, Ohio

July 26, 2023

We have served as the Company's auditor since 2016.

Item 9. ***Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.***

None.

Item 9A. ***Controls and Procedures.***

(a) *Evaluation of disclosure controls and procedures.*

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15) as of May 31, 2023 (the "Evaluation Date"), have concluded that as of the Evaluation Date, our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in the reports we file or submit under the Exchange Act (1) is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms, and (2) is accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow for timely decisions regarding required disclosure.

(b) *Management's Report on Internal Control over Financial Reporting.*

Management's Report on Internal Control Over Financial Reporting and the attestation report of Deloitte & Touche LLP, our independent registered public accounting firm, are set forth above.

(c) *Changes in internal control over financial reporting.*

There were no changes in our internal control over financial reporting that occurred during the fourth fiscal quarter ended May 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. ***Other Information.***

None.

Item 9C. ***Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.***

Not applicable.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance.***

Information required by this Item 10 as to our Directors appears under the caption “Proposal One - Election of Directors” in our 2023 Proxy Statement, which information is incorporated herein by reference. Information required by Item 405 of Regulation S-K is set forth in the 2023 Proxy Statement under the heading “Delinquent Section 16(a) Reports,” which information is incorporated herein by reference. Information required by Items 406, 407(c)(3), 407(d)(4) and 407(d)(5) of Regulation S-K is set forth in the 2023 Proxy Statement under the heading “Information Regarding Meetings and Committees of the Board of Directors,” which information is incorporated herein by reference.

The Charters of the Audit Committee, Compensation Committee and Governance and Nominating Committee, the Corporate Governance Guidelines and “The Values & Expectations of 168” (our code of business conduct and ethics) are available on our website at www.rpminc.com and in print to any stockholder who requests a copy. Requests for copies should be directed to Senior Director, Investor Relations, RPM International Inc., 2628 Pearl Road, Medina, Ohio 44256. We intend to disclose any amendments to our code of business conduct and ethics, and any waiver of our code of business conduct and ethics granted to any of our Directors or Executive Officers on our website.

The name, age and positions of each of our Executive Officers as of July 26, 2023 are as follows:

Name	Age	Position and Offices Held
Frank C. Sullivan	62	Chairman, President and Chief Executive Officer
Russell L. Gordon	57	Vice President and Chief Financial Officer
Edward W. Moore	66	Senior Vice President, General Counsel and Chief Compliance Officer
Janeen B. Kastner	56	Vice President - Corporate Benefits and Risk Management
Matthew T. Ratajczak	55	Vice President - Global Tax and Treasurer
Timothy R. Kinser	60	Vice President - Operations
Michael J. Laroche	41	Vice President, Controller and Chief Accounting Officer

Frank C. Sullivan was elected Chairman of the Board in 2008 and Chief Executive Officer in 2002. From 1999 to 2008, Mr. Sullivan served as our President, and again was elected President in 2018, and was Chief Operating Officer from 2001 to 2002. From 1995 to 1999, Mr. Sullivan served as Executive Vice President, and was Chief Financial Officer from 1993 to 1999. Mr. Sullivan served as a Vice President from 1991 to 1995. Prior thereto, he served as our Director of Corporate Development from 1989 to 1991. Mr. Sullivan served as Regional Sales Manager from 1987 to 1989 of AGR Company, an Ohio General Partnership formerly owned by us. Prior thereto, Mr. Sullivan was employed by First Union National Bank from 1985 to 1987 and Harris Bank from 1983 to 1985.

Russell L. Gordon was elected Vice President and Chief Financial Officer in 2012. Prior to that time, Mr. Gordon was the Company’s Vice President – Corporate Planning from 2007 to 2012. Mr. Gordon joined the Company as Director of Corporate Development in 1995. Prior to joining the Company, Mr. Gordon held various financial positions in corporate treasury and control as well as in the Specialty Chemicals Division of Goodrich Corporation. He previously was an industrial engineer at VLSI Technology Inc.

Edward W. Moore was elected Senior Vice President, General Counsel, Chief Compliance Officer and Secretary in 2013. He had been the Company’s Vice President, General Counsel and Secretary since 2007, adding the title of Chief Compliance Officer in 2011. From 1982 to 1989, Mr. Moore was an associate attorney, and from 1990 to 2006, a partner at Calfee, Halter & Griswold LLP. While at Calfee, Mr. Moore served in various capacities, including as a member of the Executive Committee, Chair of the Associates Committee, and Co-Chair of the Securities and Capital Markets Group.

Janeen B. Kastner was elected Vice President — Corporate Benefits and Risk Management in 2007. Ms. Kastner had been our Director of Human Resources and Administration since 2000. Ms. Kastner joined the Company in 1997 as Manager of Benefits and Insurance. Prior to joining the Company, Ms. Kastner was a pension plan consultant with Watson Wyatt & Co.

Matthew T. Ratajczak was elected Vice President – Global Tax and Treasurer in 2012. Mr. Ratajczak joined the Company as director of taxes in 2004 and was elected Vice President – Global Taxes in 2005. Prior to joining the Company, he was Director of Global Tax for Noveon, Inc., a specialty chemicals company, and began his career with Ernst & Young LLP.

Timothy R. Kinser was elected Vice President - Operations in October 2021. He leads the Company's manufacturing, supply chain and environmental, health and safety functions across all business segments. Mr. Kinser most recently held the title of vice president of procurement since June 2018. He previously served as the executive vice president of operations at DAP Global Inc., an RPM operating company. Prior to joining DAP in 2007, he was executive director of manufacturing at a leading North American roofing manufacturer.

Michael J. Laroche was elected Vice President, Controller and Chief Accounting Officer in 2021. Prior to that time, Mr. Laroche was the Chief Financial Officer of the Company's Specialty Products Group. Mr. Laroche joined the Company as Controller of the Specialty Products Group in 2016. Prior to joining the Company, he was a senior manager at PricewaterhouseCoopers LLP.

Item 11. ***Executive Compensation.***

The information required by this item is set forth in the 2023 Proxy Statement under the headings “Executive Compensation” and “Director Compensation,” which information is incorporated herein by reference.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.***

The information required by this item is set forth in the 2023 Proxy Statement under the headings “Stock Ownership of Principal Holders and Management” and “Equity Compensation Plan Information,” which information is incorporated herein by reference.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence.***

The information required by this item is set forth in the 2023 Proxy Statement under the headings “Related Person Transactions” and “Information Regarding Meetings and Committees of the Board of Directors,” which information is incorporated herein by reference.

Item 14. ***Principal Accountant Fees and Services.***

The information required by this item is set forth in the 2023 Proxy Statement under the heading “Independent Registered Public Accounting Firm Services and Related Fee Arrangements,” which information is incorporated herein by reference.

PART IV

Item 15. ***Exhibits and Financial Statement Schedule.***

(a) The following documents are filed as part of this report:

1. *Financial Statements*. The following financial statements are included in Part II, Item 8:

Report of Independent Registered Public Accounting Firm (PCAOB ID No. 34)

Consolidated Balance Sheets —
May 31, 2023 and 2022

Consolidated Statements of Income —
fiscal years ended May 31, 2023, 2022 and 2021

Consolidated Statements of Comprehensive Income —
fiscal years ended May 31, 2023, 2022 and 2021

Consolidated Statements of Cash Flows —
fiscal years ended May 31, 2023, 2022 and 2021

Consolidated Statements of Stockholders' Equity —
fiscal years ended May 31, 2023, 2022 and 2021

Notes to Consolidated Financial Statements

2. *Financial Statement Schedule*. Schedule II Valuation and Qualifying Accounts and Reserves for each of the three years in the period ended May 31, 2023

All other schedules have been omitted because they are not applicable or not required, or because the required information is included in the Consolidated Financial Statements or notes thereto.

3. *Exhibits*. The Exhibits listed on the accompanying index to exhibits are filed as part of this Annual Report on Form 10-K.

RPM INTERNATIONAL INC.

Exhibit Index

Exhibit Number	Description	Incorporated by reference herein	
		Form	Date
3.1	Amended and Restated Certificate of Incorporation of the Company	Registration Statement on Form S-8 (File No. 333-101501)	November 27, 2002
3.2	Amended and Restated By-Laws of the Company	Current Report on Form 8-K (File No. 001-14187)	April 27, 2009
4.1	Specimen Certificate of Common Stock, par value $0.01 per share, of the Company	Registration Statement on Form S-8 (File No. 333-101501)	November 27, 2002
4.2	Indenture, dated as of February 14, 2008, between the Company, as issuer, and The Bank of New York Trust Company, as trustee	Registration Statement on Form S-3 (File No. 333-173395)	April 8, 2011
4.3	Officers' Certificate and Authentication Order dated October 23, 2012 for the 3.450% Notes due 2022 (which includes the form of Note) issued pursuant to the Indenture, dated as of February 14, 2008, between the Company and The Bank of New York Mellon Trust Company, N.A.	Current Report on Form 8-K (File No. 001-14187)	October 23, 2012
4.4	Indenture, dated as of April 8, 2014, between the Company and Wells Fargo Bank, National Association	Registration Statement on Form S-3 (File No. 333-195132)	April 8, 2014
4.5	Officers' Certificate and Authentication Order dated May 29, 2015 for the 5.250% Notes due 2045 (which includes the form of Note) issued pursuant to the Indenture dated as of April 8, 2014, between the Company and Wells Fargo Bank, National Association	Current Report on Form 8-K (File No. 001-14187)	May 29, 2015
4.6	Officers' Certificate and Authentication Order dated March 2, 2017 for the 5.250% Notes due 2045 (which includes the form of Note) issued pursuant to the Indenture dated as of April 8, 2014, between the Company and Wells Fargo Bank, National Association	Current Report on Form 8-K (File No. 001-14187)	March 3, 2017
4.7	Officers' Certificate and Authentication Order dated March 2, 2017 for the 3.750% Notes due 2027 (which includes the form of Note) issued pursuant to the Indenture dated as of April 8, 2014, between the Company and Wells Fargo Bank, National Association	Current Report on Form 8-K (File No. 001-14187)	March 3, 2017
4.8	Officers' Certificate and Authentication Order dated December 20, 2017 for the 4.250% Notes due 2048 (which includes the form of Note) issued pursuant to the Indenture dated as of April 8, 2014, between the Company and Wells Fargo Bank, National Association	Current Report on Form 8-K (File No. 001-14187)	December 20, 2017
4.9	Officers' Certificate and Authentication Order dated February 27, 2019 for the 4.550% Notes due 2029 (which includes the form of Note) issued pursuant to the Indenture dated as of April 8, 2014 between the Company and Wells Fargo Bank, National Association.	Current Report on Form 8-K (File No. 001-14187)	February 28, 2019
4.10	Officers' Certificate and Authentication Order dated January 25, 2022 for the 2.950% Notes due 2032 (which includes the form of Note) issued pursuant to the Indenture dated as of April 8, 2014 between the Company and Computershare Trust Company, N.A, as successor to Wells Fargo Bank, National Association.	Current Report on Form 8-K (File No. 001-14187)	January 27, 2022

4.11	Description of Securities	Annual Report on Form 10-K (File No. 001-14187)	July 24, 2019
10.1	Credit Agreement among RPM International Inc., the Borrowers party thereto, the Lenders party thereto and PNC Bank, National Association, as Administrative Agent, dated October 31, 2018	Current Report on Form 8-K (File No. 001-14187)	November 6, 2018
10.1.1	First Amendment to Credit Agreement among RPM International Inc., the Borrowers party thereto, the Lenders party thereto and PNC Bank, National Association, as Administrative Agent, dated April 30, 2020	Annual Report on Form 10-K (File No. 001-14187)	July 27, 2020
10.102	Second Amendment to Credit Agreement among RPM International Inc., the Borrowers party thereto, the Lenders party thereto and PNC Bank, National Association, as Administrative Agent, dated December 16, 2021	Annual Report on Form 10-K (File No. 001-14187)	July 25, 2022
10.103	Third Amendment to Credit Agreement among RPM International Inc., the Borrowers party thereto, the Lenders party thereto and PNC Bank, National Association, as Administrative Agent, dated December 30, 2021	Annual Report on Form 10-K (File No. 001-14187)	July 25, 2022
10.104	Fourth Amendment to Credit Agreement among RPM International Inc., the Borrowers party thereto, the Lenders party thereto and PNC Bank, National Association, as Administrative Agent, dated August 1, 2022	Quarterly Report on Form 10-Q (File No. 001-14187)	October 5, 2022
10.105	Fifth Amendment to Credit Agreement among RPM International Inc., the Borrowers party thereto, the Lenders party thereto and PNC Bank, National Association, as Administrative Agent, dated December 19, 2022	Quarterly Report on Form 10-Q (File No. 001-14187)	April 6, 2023
10.2	Credit Agreement among RPM International Inc., RPM New Horizons Netherlands B.V., the Lenders party thereto, and PNC Bank, National Association, as Administrative Agent, dated February 21, 2020	Current Report on Form 8-K (File No. 001-14187)	February 27, 2020
10.2.1	First Amendment to Credit Agreement among RPM International Inc., RPM New Horizons Netherlands B.V., the Lenders party thereto, and PNC Bank, National Association, as Administrative Agent, dated April 30, 2020	Annual Report on Form 10-K (File No. 001-14187)	July 27, 2020
10.2.2	Second Amendment to Credit Agreement among RPM International Inc., RPM New Horizons Netherlands B.V., the Lenders party thereto, and PNC Bank, National Association, as Administrative Agent, dated April 15, 2021	Annual Report on Form 10-K (File No. 001-14187)	July 26, 2021
10.2.3	Third Amendment to Credit Agreement among RPM International Inc., RPM New Horizons Netherlands B.V., the Lenders party thereto, and PNC Bank, National Association, as Administrative Agent, dated December 16, 2021	Previously shown as Exhibit 10.103 to Annual Report on Form 10-K (File No. 001-14187)	July 25, 2022
10.2.4	Fourth Amendment to Credit Agreement among RPM International Inc., RPM New Horizons Netherlands B.V., the Lenders party thereto, and PNC Bank, National Association, as Administrative Agent, dated August 1, 2022	Quarterly Report on Form 10-Q (File No. 001-14187)	October 5, 2022
10.3	Second Amended and Restated Receivables Sales Agreement dated May 9, 2014	Current Report on Form 8-K (File No. 001-14187)	May 15, 2014

10.3.1	Amendment No. 1 to Second Amended and Restated Receivables Sale Agreement, dated as of August 29, 2014	Quarterly Report on Form 10-Q (File No. 001-14187)	January 6, 2016
10.3.2	Amendment No. 2 to Second Amended and Restated Receivables Sale Agreement, dated as of November 3, 2015	Quarterly Report on Form 10-Q (File No. 001-14187)	January 6, 2016
10.3.3	Amendment No. 3 to Second Amended and Restated Receivables Sale Agreement, dated as of December 31, 2016	Quarterly Report on Form 10-Q (File No. 001-14187)	April 6, 2017
10.3.4	Amendment No. 4 to Second Amended and Restated Receivables Sale Agreement, dated as of March 31, 2017	Annual Report on Form 10-K (File No. 001-14187)	July 27, 2020
10.3.5	Amendment No. 5 to Second Amended and Restated Receivables Sale Agreement, dated as of June 18, 2018	Annual Report on Form 10-K (File No. 001-14187)	July 27, 2020
10.3.6	Amendment No. 6 to Second Amended and Restated Receivables Sale Agreement, dated as of December 26, 2019	Quarterly Report on Form 10-Q (File No. 001-14187)	April 8, 2020
10.3.7	Amendment No. 7 to Second Amended and Restated Receivables Sale Agreement, dated as of June 5, 2020	Annual Report on Form 10-K (File No. 001-14187)	July 27, 2020
10.38	Amendment No. 8 to Second Amended and Restated Receivables Sale Agreement, dated as of September 14, 2021	Annual Report on Form 10-K (File No. 001-14187)	July 25, 2022
10.39	Amendment No. 9 to Second Amended and Restated Receivables Sale Agreement, dated as of September 30, 2021	Annual Report on Form 10-K (File No. 001-14187)	July 25, 2022
10.310	Amendment No. 10 to Second Amended and Restated Receivables Sale Agreement, dated as of March 1, 2022	Annual Report on Form 10-K (File No. 001-14187)	July 25, 2022
10.4	Amended and Restated Receivables Purchase Agreement, dated May 9, 2014	Current Report on Form 8-K (File No. 001-14187)	May 15, 2014
10.4.1	Amendment No. 1 to Amended and Restated Receivables Purchase Agreement, dated as of February 25, 2015	Quarterly Report on Form 10-Q (File No. 001-14187)	April 8, 2015
10.4.2	Amendment No. 2 to Amended and Restated Receivables Purchase Agreement, dated as of May 2, 2017	Current Report on Form 8-K (File No. 001-14187)	May 8, 2017
10.4.3	Amendment No. 3 to Amended and Restated Receivables Purchase Agreement, dated as of June 18, 2018	Annual Report on Form 10-K (File No. 001-14187)	July 27, 2020
10.4.4	Amendment No. 4 to Amended and Restated Receivables Purchase Agreement, dated as of May 8, 2020	Annual Report on Form 10-K (File No. 001-14187)	July 27, 2020
10.4.5	Amendment No. 5 to Amended and Restated Receivables Purchase Agreement, dated as of May 22, 2020	Annual Report on Form 10-K (File No. 001-14187)	July 27, 2020
10.4.6	Amendment No. 6 to Amended and Restated Receivables Purchase Agreement, dated as of March 18, 2021	Current Report on Form 8-K (File No. 001-14187)	March 24, 2021
10.47	Amendment No. 7 to Amended and Restated Receivables Purchase Agreement, dated as of March 1, 2022	Annual Report on Form 10-K (File No. 001-14187)	July 25, 2022
10.48	Amendment No. 8 to Amended and Restated Receivables Purchase Agreement, dated as of March 23, 2023 (x)		
10.5	Amended and Restated Fee Letter, dated May 9, 2014	Current Report on Form 8-K (File No. 001-14187)	May 15, 2014
*10.6	Amended and Restated Employment Agreement, effective December 31, 2008, by and between the Company and Frank C. Sullivan, Chairman and Chief Executive Officer	Quarterly Report on Form 10-Q (File No. 001-14187)	April 9, 2009

*10.7	Amended and Restated Employment Agreement, by and between the Company and Edward W. Moore, Vice President, General Counsel and Chief Compliance Officer	Quarterly Report on Form 10-Q (File No. 001-14187)	October 7, 2011
*10.8	Form of Indemnification Agreement entered into by and between the Company and each of its Directors and Executive Officers	Quarterly Report on Form 10-Q (File No. 001-14187)	January 13, 2003
*10.9	RPM International Inc. Benefit Restoration Plan	Annual Report on Form 10-K (File No. 001-14187)	August 29, 2001
*10.9.1	Amendment No. 1 to the RPM International Inc. Benefit Restoration Plan	Quarterly Report on Form 10-Q (File No. 001-14187)	April 14, 2003
*10.9.2	Amendment No. 2 to RPM International Inc. Benefit Restoration Plan	Quarterly Report on Form 10-Q (File No. 001-14187)	January 13, 2003
*10.10	RPM International Inc. Deferred Compensation Plan, as Amended and Restated Generally, effective February 1, 2021	Annual Report on Form 10-K (File No. 001-14187)	July 26, 2021
*10.10.1	Master Trust Agreement for RPM International Inc. Deferred Compensation Plan	Annual Report on Form 10-K (File No. 001-14187)	August 29, 2002
10.11	Second Amendment and Restated Collection Account Agreement, dated July 29, 2010	Quarterly Report on Form 10-Q (File No. 001-14187)	October 6, 2010
*10.12	RPM, Inc. 1997 Restricted Stock Plan, and Form of Acceptance and Escrow Agreement to be used in connection therewith	Quarterly Report on Form 10-Q (File No. 001-14187)	January 13, 2003
*10.12.1	First Amendment to the RPM, Inc. 1997 Restricted Stock Plan, effective as of October 1, 1998	Annual Report on Form 10-K (File No. 001-14187)	August 29, 2002
*10.12.2	Second Amendment to the RPM, Inc. 1997 Restricted Stock Plan	Annual Report on Form 10-K (File No. 001-14187)	August 29, 2002
*10.12.3	Third Amendment to the RPM, Inc. 1997 Restricted Stock Plan	Quarterly Report on Form 10-Q (File No. 001-14187)	January 13, 2003
*10.12.4	Fourth Amendment to the RPM International Inc. 1997 Restricted Stock Plan	Quarterly Report on Form 10-Q (File No. 001-14187)	April 14, 2003
*10.12.5	Fifth Amendment to the RPM International Inc. 1997 Restricted Stock Plan	Annual Report on Form 10-K (File No. 001-14187)	August 16, 2004
*10.12.6	Sixth Amendment to the RPM International Inc. 1997 Restricted Stock Plan	Annual Report on Form 10-K (File No. 001-14187)	July 30, 2007
*10.12.7	Seventh Amendment to the RPM International Inc. 1997 Restricted Stock Plan, effective December 31, 2008	Quarterly Report on Form 10-Q (File No. 001-14187)	April 9, 2009
*10.13	RPM International Inc. 2003 Restricted Stock Plan for Directors	Quarterly Report on Form 10-Q (File No. 001-14187)	January 14, 2004
*10.13.1	Amendment No. 1 to the RPM International Inc. 2003 Restricted Stock Plan for Directors	Annual Report on Form 10-K (File No. 001-14187)	July 30, 2007
*10.13.2	Amendment No. 2 to the RPM International Inc. 2003 Restricted Stock Plan for Directors, effective December 31, 2008	Quarterly Report on Form 10-Q (File No. 001-14187)	April 9, 2009
*10.14	RPM International Inc. Amended and Restated 2004 Omnibus Equity and Incentive Plan, effective July 21, 2009	Definitive Proxy Statement (File No. 001-14187)	August 27, 2009

*10.14.1	Form of Performance-Earned Restricted Stock (PERS) and Escrow Agreement (for grants prior to October 10, 2008)	Annual Report on Form 10-K (File No. 001-14187)	August 15, 2005
*10.14.2	Form of Stock Appreciation Rights Agreement (for grants prior to October 10, 2008)	Quarterly Report on Form 10-Q (File No. 001-14187)	October 6, 2005
*10.14.3	Form of Performance-Contingent Restricted Stock (PCRS) and Escrow Agreement	Quarterly Report on Form 10-Q (File No. 001-14187)	January 7, 2011
*10.14.4	Form of Performance-Earned Restricted Stock (PERS) and Escrow Agreement	Quarterly Report on Form 10-Q (File No. 001-14187)	January 8, 2009
*10.14.5	Form of Stock Appreciation Rights Agreement	Quarterly Report on Form 10-Q (File No. 001-14187)	January 8, 2009
*10.15	RPM International Inc. 2007 Restricted Stock Plan	Current Report on Form 8-K (File No. 001-14187)	October 12, 2006
*10.15.1	Amendment No. 1 to the RPM International Inc. 2007 Restricted Stock Plan, effective December 31, 2008	Quarterly Report on Form 10-Q (File No. 001-14187)	April 9, 2009
*10.16	RPM International Inc. Amended and Restated Incentive Compensation Plan	Quarterly Report on Form 10-Q (File No. 001-14187)	October 9, 2007
*10.17	Amended and Restated Employment Agreement, effective December 31, 2008, by and between the Company and Russell L. Gordon, Vice President and Chief Financial Officer	Annual Report on Form 10-K (File No. 001-14187)	July 24, 2013
10.18	Settlement Term Sheet, dated July 26, 2014, by and among the Company, Bondex, SPHC, Republic, the Asbestos Claimants' Committee, counsel for each member of the Asbestos Claimant's Committee in its individual capacity and on behalf of such member, and Eric Green, in his capacity as the Future Claimants' Representative	Current Report on Form 8-K (File No. 001-14187)	July 31, 2014
*10.19	RPM International Inc. 2014 Omnibus Equity and Incentive Plan, effective October 10, 2014	Definitive Proxy Statement (File No. 001-14187)	August 26, 2014
*10.19.1	Amended and Restated RPM International Inc. 2014 Omnibus Equity and Incentive Plan, effective October 4, 2018	Definitive Proxy Statement (File No. 001-14187)	August 30, 2018
*10.19.2	Amended and Restated RPM International Inc. 2014 Omnibus Equity and Incentive Plan, effective October 3, 2019	Definitive Proxy Statement (File No. 001-14187)	August 27, 2019
10.20	Plan of Reorganization	Current Report on Form 8-K (File No. 001-14187)	December 23, 2014
*10.21	Amended and Restated Employment Agreement, effective December 31, 2008, by and between the Company and Janeen B. Kastner, Vice President – Corporate Benefits and Risk Management	Quarterly Report on Form 10-Q (File No. 001-14187)	October 7, 2015
10.22	Cooperation Agreement, dated as of June 27, 2018, by and among the Company, Elliott Associates, L.P., Elliott International, L.P., and Elliott International Capital Advisors Inc.	Current Report on Form 8-K (File No. 001-14187)	June 28, 2018
*10.23	Employment Agreement by and between the Company and Timothy R. Kinser, Vice President – Operations (x)		
21.1	Subsidiaries of the Company (x)		
23.1	Consent of Independent Registered Public Accounting Firm (x)		

31.1	Rule 13a-14(a) Certification of the Company's Chief Executive Officer (x)
31.2	Rule 13a-14(a) Certification of the Company's Chief Financial Officer (x)
32.1	Section 1350 Certification of the Company's Chief Executive Officer (xx)
32.2	Section 1350 Certification of the Company Chief Financial Officer (xx)
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.CAL	Incline XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
104	Cover page Interactive Data File

* Management contract or compensatory plan or arrangement.
(x) Filed herewith.
(xx) Furnished herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

RPM INTERNATIONAL INC.

By: /s/ Frank C. Sullivan
Frank C. Sullivan
Chairman, President and Chief Executive Officer

Date: July 26, 2023

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant in the capacities indicated this 26th day of July, 2023.

Signature	Title
/s/ Frank C. Sullivan Frank C. Sullivan	Chairman, President, Chief Executive Officer and a Director (Principal Executive Officer)
/s/ Russell L. Gordon Russell L. Gordon	Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ Michael J. Laroche Michael J. Laroche	Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)
/s/ Kirkland B. Andrews Kirkland B. Andrews	Director
/s/ John M. Ballbach John M. Ballbach	Director
/s/ Bruce A. Carbonari Bruce A. Carbonari	Director
/s/ Jenniffer D. Deckard Jenniffer D. Deckard	Director
/s/ Salvatore D. Fazzolari Salvatore D. Fazzolari	Director
/s/ Julie A. Lagacy Julie A. Lagacy	Director
/s/ Robert A. Livingston Robert A. Livingston	Director
/s/ Frederick R. Nance Frederick R. Nance	Director
/s/ Ellen M. Pawlikowski Ellen M. Pawlikowski	Director
/s/ William B. Summers, Jr. William B. Summers, Jr.	Director
/s/ Elizabeth F. Whited Elizabeth F. Whited	Director

RPM International Inc. and Subsidiaries

Valuation And Qualifying Accounts and Reserves (Schedule II)

(In thousands)	Balance at Beginning of Period	Additions Charged to Selling, General and Administrative	Acquisitions (Disposals) of Businesses and Reclassifications	(Deductions) Additions	Balance at End of Period
Year Ended May 31, 2023					
Current:					
Allowance for credit losses	$ 46,669	$ 13,557	$ —	$ (10,744) (1)	$ 49,482
Accrued product liability and other loss reserves	$ 16,003	$ 10,056	$ 76	$ (9,140) (2)	$ 16,995
Accrued environmental reserves	$ 1,055	$ 932	$ —	$ (960)	$ 1,027
Noncurrent:					
Accrued product liability and other loss reserves	$ 26,226	$ 3,055	$ —	$ (6,432) (2)	$ 22,849
Accrued environmental reserves	$ 6,254	$ 271	$ —	$ (352)	$ 6,173
Year Ended May 31, 2022					
Current:					
Allowance for credit losses	$ 55,922	$ 4,326	$ —	$ (13,579) (1)	$ 46,669
Accrued product liability and other loss reserves	$ 18,297	$ 8,358	$ —	$ (10,652) (2)	$ 16,003
Accrued environmental reserves	$ 1,329	$ 674	$ —	$ (948)	$ 1,055
Noncurrent:					
Accrued product liability and other loss reserves	$ 26,614	$ 10,760	$ —	$ (11,148) (2)	$ 26,226
Accrued environmental reserves	$ 6,267	$ 318	$ —	$ (331)	$ 6,254
Year Ended May 31, 2021					
Current:					
Allowance for credit losses	$ 55,847	$ 10,044	$ —	$ (9,969) (1)	$ 55,922
Accrued product liability and other loss reserves	$ 10,458	$ 14,173	$ —	$ (6,334) (2)	$ 18,297
Accrued environmental reserves	$ 1,970	$ 1,045	$ —	$ (1,686)	$ 1,329
Noncurrent:					
Accrued product liability and other loss reserves	$ 27,016	$ 15,366	$ —	$ (15,768) (2)	$ 26,614
Accrued environmental reserves	$ 4,125	$ 1,918	$ —	$ 224	$ 6,267

(1) Uncollectible accounts written off, net of recoveries.

(2) Primarily claims paid during the year, net of insurance contributions.

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement") dated effective as of the 30th day of April 2018, between RPM International Inc., a Delaware corporation (the "Company"), and Timothy R. Kinser ("Executive").

WHEREAS, Executive is currently Vice President, Operations of the Company; and

WHEREAS, the Board of Directors of the Company recognizes the importance of Executive's continuing contribution to the future growth and success of the Company and desires to assure the Company and its stockholders of Executive's continued employment in an executive capacity and to compensate him therefor; and

WHEREAS, Executive is desirous of committing himself to continue to serve the Company on the terms herein provided.

NOW, THEREFORE, in consideration of the foregoing and of the respective covenants and agreements of the parties herein contained, the parties hereto agree as follows:

1. Term of Employment. The Company hereby agrees to continue to employ Executive, and Executive hereby agrees to continue to serve the Company, on the terms and conditions set forth herein for the period commencing as of June 1, 2018 and expiring on May 31, 2019 (the "Employment Period"). The Employment Period shall automatically be extended on May 31 of each year for a period of one year from such date unless, not later than March 31 of such year, the Company or Executive has given notice to the other party that it or he, as the case may be, does not wish to have the Employment Period extended. In addition, in the event of a Change in Control, the Employment Period shall automatically be extended for a period of three years beginning on the date of the Change in Control and ending on the third anniversary of the date of such Change in Control (unless further extended under the immediately preceding sentence). In any case, the Employment Period may be Terminated earlier under the terms and conditions set forth herein.

2. Position and Duties. Executive shall serve as Vice President, Operations the reporting to the President and Chief Operations Officer of the Company ("Direct Report") (or his designee) and shall have responsibility for setting and delivering upon manufacturing and supply chain strategies across all business segments of the Company and shall have such other powers and duties as may from time to time be assigned by Executive's Direct Report (or his designee) or the Board of Directors of the Company; provided, however, that such duties are consistent with his present duties and his position with the Company. Executive shall devote substantially all his working time and efforts to the continued success of the business and affairs of the Company.

3. Place of Employment. In connection with his employment by the Company, Executive shall not be required to relocate or move from his existing principal residence in Street, Maryland.

4. Compensation.

(a) Base Salary. During the Employment Period, Executive shall receive a base salary at the rate of not less than Three-Hundred and Twenty-Five Thousand Dollars ($325,000) per annum ("Base Salary"), payable in accordance with the Company's normal payroll practices during the Employment Period hereunder. It is contemplated that annually in the first quarter of each fiscal year of the Company the Chief Executive Officer will review Executive's Base Salary and other compensation during the Employment Period and, at the discretion of the Chief Executive Officer, the Chief Executive Officer may increase Executive's Base Salary and other compensation, effective as of June 1 of such fiscal year, based upon Executive's performance, then generally prevailing industry salary scales, the Company's results of operations, and other relevant factors. Any increase in Base Salary or other compensation shall in no way limit or reduce any other obligation of the Company hereunder and, once established at an increased specified rate, Executive's Base Salary hereunder shall not be reduced without his written consent.

(b) Incentive Compensation. In addition to his Base Salary, Executive shall be entitled to receive such annual cash incentive compensation ("Incentive Compensation") for each fiscal year of the Company during the Employment Period as the Chief Executive Officer may determine in his sole discretion based upon the Company's results of operation and other relevant factors. Such annual Incentive Compensation shall be received by Executive as soon as possible, but no later than 90 days after the close of the Company's fiscal year for which such Incentive Compensation is granted, provided however, that to the extent the Company's senior executive for Human Resources determines it to be consistent with Section 409A of the Code, Executive shall have such right, if any, as may be provided under the Deferred Compensation Plan to elect to defer annual Incentive Compensation. Any such election shall be made in accordance with the terms of the Deferred Compensation Plan (including provisions regarding the time and form of such deferral election) and such procedures as may be established thereunder.

(c) Expenses. During the Employment Period and subject to Section 16 of this Agreement, Executive shall be entitled to receive prompt reimbursement for all reasonable business expenses incurred by him (in accordance with Company practice) in performing services hereunder, provided that Executive properly accounts therefor in accordance with either Company policies or guidelines established by the Internal Revenue Service if such are less burdensome.

(d) Participation in Benefit Plans.

(i) During the Employment Period and subject to Section 4(d)(ii) below, Executive shall be entitled to continue to participate in or receive benefits under the Benefit Plans, subject to and on a basis consistent with the terms, conditions and overall administration of the Benefit Plans. Except with respect to any benefits related to salary reductions authorized by Executive, nothing paid or awarded to Executive under any Benefit Plan presently in effect or made available in the future shall reduce or be deemed to be in lieu of compensation to Executive pursuant to any other provision of this Section 4. Executive's right to participate in any Benefit Plan shall be subject to the applicable eligibility criteria for participation and Executive shall not be entitled to any benefits under, or based on, any Benefit Plan for any purposes of this Agreement if Executive does not during the Employment Period satisfy the eligibility criteria for participation in such plan.

(ii) Notwithstanding the foregoing, Executive shall be entitled to participate in the Executive Life Insurance Plan only as specified by the terms of the plan and hereby acknowledges that (A) actual coverage in the Executive Life Insurance Plan is dependent upon satisfying the underwriting requirements of the insurance company; (B) in the event the underwriting requirements cannot be satisfied, coverage (if any) may only be available to the level approved by the insurance company; and (C) if the amount of coverage is less than applied for (including the insurance company's determination that no coverage at all is available), the Company has no obligation to provide for any death benefit or any shortfall in the amount of the death benefit that would otherwise be available if the Executive was able to satisfy the underwriting requirements of the insurance company.

(e) Vacations. During the Employment Period, Executive shall be entitled to the same number of paid vacation days in each fiscal year determined by the Company from time to time for its other senior executive officers, but not less than four weeks in any fiscal year, to be taken at such time or times as is desired by Executive after consultation with Executive's Direct Report (or the designated vacation coordinator) to avoid scheduling conflicts (prorated in any fiscal year during which Executive is employed hereunder for less than the entire such year in accordance with the number of days in such fiscal year during which she is so employed). Executive also shall be entitled to all paid holidays given by the Company to its other salaried employees.

(f) Other Benefits. During the Employment Period, Executive shall be entitled to continue to receive the fringe benefits appertaining to his position with the Company in accordance with present practice, including the use of the most recent model of a full-sized automobile.

5. Termination Outside of Protected Period.

(a) Events of Termination. At any time other than during the Protected Period, the Employment Period shall Terminate immediately upon the occurrence of any of the following events: (i) expiration of the Employment Period; (ii) the death of Executive; (iii) the expiration of 30 days after the Company gives Executive written notice of its election to Terminate the Employment Period upon the Disability of Executive, if before the expiration of such

30-day period Executive has not returned to the performance of his duties hereunder on a full-time basis; (iv) the resignation of Executive; (v) the Company's Termination of the Employment Period for Cause; or (vi) the Company's Termination of the Employment Period at any time, without Cause, for any reason or no reason. For purposes of Subsections 5(b) and 5(c), expiration of the Employment Period upon a notice of the Company under Section 1 that it does not wish to have the Employment Period extended shall be deemed a Termination of Employment without Cause pursuant to Subsection 5(a)(vi) and expiration of the Employment Period upon a notice of Executive under Section 1 that she does not wish to have the Employment Period extended shall be deemed a resignation of Executive pursuant to Subsection 5(a)(iv).

(b) Compensation Upon Termination. This Subsection 5(b) sets forth the payments and benefits to which Executive is entitled under any Termination of Employment pursuant to Subsection 5(a).

(i) Death; Disability. During any period in which Executive fails to perform his duties hereunder as a result of Disability, Executive shall continue to receive his full Base Salary until his employment is Terminated pursuant to Subsection 5(a)(ii) or (iii); provided that his employment shall not be continued beyond the 29th month after such period of Disability began. Upon Termination of the Employment Period under Subsection 5(a)(ii) or (iii), Executive shall no longer be entitled to participate in the Benefit Plans, except as required by applicable law or as governed by the Benefit Plans including the Group Long Term Disability Insurance in which Executive participates immediately prior to such Termination of Employment, but Executive shall be entitled to receive his Earned Incentive Compensation, if any, within 30 days after the Termination Date.

(ii) Resignation or Cause. If Executive's employment is Terminated pursuant to Subsection 5(a)(iv) or (v), the Company shall pay Executive his full Base Salary through the Termination Date at the rate in effect at such time. The Company shall then have no further obligations to Executive under this Agreement and Executive shall no longer be entitled to participate in the Benefit Plans, except as required by applicable law.

(iii) Termination of Employment Without Cause. If Executive's employment is Terminated without Cause pursuant to Subsection 5(a)(vi), then in lieu of any further salary payments to Executive for periods subsequent to the Termination Date and subject to the last sentence of this Subsection 5(b)(iii), the Company shall pay to Executive on the Specified Payment Date, a lump sum amount equal to the sum of (A) 150% of Executive's Base Salary in effect as of such date and (B) the amount of Executive's Earned Incentive Compensation. Executive also shall be entitled to certain continuing benefits under the terms of Subsection 5(c). Notwithstanding any other provision of this Subsection 5(b)(iii), Subsection 5(c) or this Agreement, the Company shall have no obligation to make the lump-sum payment referred to in this Subsection 5(b)(iii) or provide any continuing benefits or payment referred to in Subsection 5(c) unless (X) Executive executes and delivers to the Company a Release and Waiver of Claims and (Y) Executive refrains from revoking, rescinding or otherwise repudiating such Release and Waiver of Claims for all applicable periods during which Executive may revoke it.

(c) Additional Benefits Following Termination under Subsection 5(a)(vi). This Subsection 5(c) sets forth the benefits to which Executive shall be entitled, in addition to those set forth in Subsection 5(b)(iii), following a Termination of the Employment Period under Subsection 5(a)(vi). Executive shall not be entitled to the benefit of any provision of this Subsection 5(c) following a Termination of the Employment Period under any other provision hereof.

(i) Continuing Benefit Plans. Executive shall be entitled to receive a lump sum payment in an amount equal to eighteen months' worth of the premiums and other costs for the Continuing Benefit Plans at the rates for Executive's coverage elections in effect for such plans immediately prior to the Termination Date. Such lump sum payment shall be paid to Executive on the Specified Payment Date.

(ii) Limited Benefit Plans. After such a Termination Date, Executive shall no longer be entitled to participate as an active employee in, or receive any additional or new benefits under, the Limited Benefit Plans, except as set forth in this Subsection 5(c)(ii) and except for such benefits, if any, available under such plans to former employees. After such a Termination Date, Executive shall be entitled to the following additional benefits:

(A) A lump sum payment made on the Specified Payment Date equal to 1 ½ times the annual premium most recently paid with respect to Executive for such Executive Life Insurance Plan as may be maintained by the Company at the Termination Date, except that if such premium is less than the next scheduled premium as shown on the then current illustration of coverage, the lump sum payment shall be 1 ½ times such next scheduled premium;

(B) A lump-sum payment equal to the cash value of the benefits Executive would have received had she continued to participate in and receive annual awards under the Restricted Stock Plan on a basis consistent with his past practice for a period of 18 months after the Termination Date, with such payment to be paid on the Specified Payment Date; and

(C) The lapse of all restrictions on transfer and forfeiture provisions to which Executive's awards under the Restricted Stock Plan are subject, so that any restricted shares previously awarded to Executive under such plan shall be nonforfeitable and freely transferable thereafter, all on the terms of the Restricted Stock Plan or the agreements thereunder.

(d) Notice of Termination. Any Termination of Employment by the Company pursuant to Subsection 5(a)(iii), (v) or (vi) or by Executive pursuant to Subsection 5(a)(iv) shall be communicated to the other party hereto by written notice of Termination of Employment, which shall state in reasonable detail the facts upon which the Termination of Employment has occurred.

(e) Set-Off. There shall be no right of set-off or counterclaim against, or delay in, any payment by the Company to Executive of any lump sum payment made under Subsection 5(b)(iii) or 5(c)(ii)(B) in respect of any claim against or debt or obligation of Executive, whether arising hereunder or otherwise.

6. Termination During Protected Period.

(a) Events of Termination. During the Protected Period, the Employment Period shall Terminate immediately upon the occurrence of any of the following events: (i) the death of Executive; (ii) the expiration of 30 days after the Company gives Executive written notice of its election to Terminate the Employment Period upon the Disability of Executive, if before the expiration of such 30-day period Executive has not returned to the performance of his duties hereunder on a full-time basis; (iii) the resignation of Executive without delivering Notice of Termination for Good Reason; (iv) the Company's Termination of the Employment Period for Cause; (v) the Company's Termination of the Employment Period at any time, without Cause, for any reason or no reason; or (vi) Executive's Termination of the Employment Period for Good Reason by delivery of Notice of Termination for Good Reason to the Company during the Protected Period indicating that an event constituting Good Reason has occurred, provided that Executive notifies the Company in writing of the event alleged to constitute Good Reason within 90 days of the date of occurrence of such event and provides the Company at least 30 days from the receipt of such written notice to cure such event. If Executive fails to provide such notice to the Company within the 90-day period described in the preceding sentence and/or fails to provide the Company the opportunity to cure such alleged Good Reason event as described in the preceding sentence, Executive shall be deemed to waive his ability to Terminate the Employment Period for Good Reason under this Subsection 6(a)(vi) based on such event.

(b) Compensation Upon Termination. This Subsection 6(b) sets forth the payments and benefits to which Executive is entitled under any Termination of Employment pursuant to Subsection 6(a).

(i) Death; Disability. During any period in which Executive fails to perform his duties hereunder as a result of Disability, Executive shall continue to receive his full Base Salary until his employment is Terminated pursuant to Subsection 6(a)(i) or (ii); provided that his employment shall not be continued beyond the 29th month after such period of Disability began. Upon Termination of the Employment Period under Subsection 6(a)(i) or (ii), Executive shall no longer be entitled to participate in the Benefit Plans, except as required by applicable law or as governed by the Benefit Plans including the Group Long Term Disability Insurance in which Executive participates immediately prior to such Termination of Employment, but Executive shall be entitled to receive his Earned Incentive Compensation, if any, within 30 days after the Termination Date.

(ii) Resignation or Cause. If Executive's employment is Terminated pursuant to Subsection 6(a)(iii) or (iv), the Company shall pay Executive his full Base Salary through the Termination Date at the rate in effect at such time. The Company shall then have no further obligations to Executive under this Agreement and Executive shall no longer be entitled to participate in the Benefit Plans, except as required by applicable law.

(iii) Termination of Employment Without Cause or for Good Reason. If Executive's employment is Terminated by the Company without Cause pursuant to Subsection 6(a)(v) or by Executive for Good Reason pursuant to Subsection 6(a)(vi), then in lieu of any further salary payments to Executive for periods subsequent to the Termination Date, the Company shall pay to Executive a lump sum amount equal to the sum of (A) 150% of Executive's Base Salary in effect as of such date and (B) the amount of Executive's Earned Incentive Compensation. Payment under this Section 6(b)(iii) shall be made on the Specified Payment Date. Executive also shall be entitled to certain continuing benefits under the terms of Subsection 6(c). Notwithstanding any other provision of this Subsection 6(b)(iii), Subsection 6(c), Section 7 or this Agreement, the Company shall have no obligation to make the lump-sum payment referred to in this Subsection 6(b)(iii), to provide any continuing benefits or payment referred to in Subsection 6(c) unless (X) Executive executes and delivers to the Company a Release and Waiver of Claims and (Y) Executive refrains from revoking, rescinding or otherwise repudiating such Release and Waiver of Claims for all applicable periods during which Executive may revoke it.

(c) Additional Benefits Following Termination under Subsections 6(a)(v) or (vi). This Subsection 6(c) sets forth the benefits to which Executive shall be entitled, in addition to those set forth in Subsection 6(b)(iii), following a Termination of the Employment Period under Subsection 6(a)(v) or (vi). Executive shall not be entitled to the benefit of any provision of this Subsection 6(c) following a Termination of the Employment Period under any other provision hereof.

(i) Continuing Benefit Plans. Executive shall be entitled to receive a lump sum payment in an amount equal to eighteen months' worth of the premiums and other costs for the Continuing Benefit Plans at the rates for Executive's coverage elections in effect for such plans immediately prior to the Termination Date. Such lump sum payment shall be paid to Executive on the Specified Payment Date.

(ii) Limited Benefit Plans. After such a Termination Date, Executive shall no longer be entitled to participate as an active employee in, or receive any additional or new benefits under, the Limited Benefit Plans, except as set forth in this Subsection 6(c)(ii) and except for such benefits, if any, available under such plans to former employees. After such a Termination Date, Executive shall be entitled to the following additional benefits:

(A) A lump sum payment made on the Specified Payment Date equal to 1 ½ the annual premium most recently paid with respect to Executive for such Executive Life Insurance Plan as may be maintained by the Company at the Termination Date, except that if such premium is less than the next scheduled premium as shown on the then current illustration of coverage, the lump sum payment shall be 1 ½ times such next scheduled premium;

(B) A lump-sum payment to be paid under the Restricted Stock Plan equal to the cash value of the benefits Executive would have received had she continued to participate in and receive annual awards under the Restricted Stock Plan on a basis consistent with his past practice for a period of 18 months after the Termination Date, determined in accordance with the terms of the Restricted Stock Plan and the Company's past practice and payable on the Specified Payment Date; and

(C) The lapse of all restrictions on transfer and forfeiture provisions to which Executive's awards under the Restricted Stock Plan are subject, so that any restricted shares previously awarded to Executive under such plan shall be nonforfeitable and freely transferable thereafter, all on the terms of the Restricted Stock Plan or the agreements thereunder.

(d) Notice of Termination. Any Termination of Employment by the Company pursuant to Subsection 6(a)(ii), (iv) or (v) or by Executive pursuant to Subsection 6(a)(iii) shall be communicated to the other party hereto by written notice of Termination, which shall state in reasonable detail the facts upon which the Termination of Employment has occurred. A Termination of Employment pursuant to Subsection 6(a)(vi) shall be communicated by Notice of Termination for Good Reason.

(e) Notice of Change in Control. The Company shall give Executive written notice of the occurrence of any event constituting a Change in Control as promptly as practical, and in no case later than 10 calendar days, after the occurrence of such event.

(f) Deemed Termination After Change in Control. In the event of a Termination of Employment of Executive by the Company without Cause following the commencement of any discussion with or communication from a third party that ultimately results in a Change in Control that is also a "change in control" within the meaning of Section 409A, but prior to the date of such a Change in Control, and Executive can reasonably demonstrate that such Termination of Employment was made in connection with or in anticipation of such Change in Control, then Executive shall be entitled to the benefits provided under Subsections 6(b)(iii) and 6(c) and Section 7, provided that (i) no such payments or benefits shall be provided prior to such Change in Control; (ii) any payments shall be payable within the various timeframes specified in Subsections 6(b)(iii) and 6(c) and Section 7, but with such timeframes beginning as of the date of such Change in Control instead of as of the date of Termination of Employment; and (iii) any reimbursements or in-kind benefits shall be made or provided within the timeframes specified within the applicable provisions of regulations under Section 409A in order to be exempt from or, if necessary, compliant with Section 409A.

(g) Set-Off. There shall be no right of set-off or counterclaim against, or delay in, any payment by the Company to Executive of the Lump-Sum Payment in respect of any claim against or debt or obligation of Executive, whether arising hereunder or otherwise.

(h) Interest on Overdue Payments. Without limiting the rights of Executive at law or in equity, if the Company fails to make the Lump-Sum Payment on a timely basis, the Company shall pay interest on the amount thereof at an annualized rate equal to the rate in effect, at the time such payment should have been made, under the 401(k) Plan for loans to participants in such plan.

(i) Outplacement Assistance. Promptly after a request in writing from Executive following a Termination of the Employment Period under Subsection 6(a)(v) or (vi), the Company shall retain a professional outplacement assistance service firm reasonably acceptable to Executive, at the Company's expense, to provide outplacement assistance to Executive during the Protected Period. In the event Executive pays for such services, the Company shall reimburse Executive within 30 days from the time Executive presents an invoice or receipt for such expenses, provided Executive presents such receipt(s) no later than 30 days before the end of Executive's second taxable year following the year in which such expenses were incurred**.** Any outplacement services shall be appropriate to Executive's position with the Company, as determined by the outplacement assistance service firm. Executive shall not be entitled to such services, however, following a Termination of the Employment Period under Subsection 6(a)(i), (ii), (iii) or (iv).

7. Best Net Alternative Under Section 280G of the Code.

(a) Anything in this Agreement to the contrary notwithstanding, in the event that it shall be determined (as hereafter provided) that any payment or distribution by the Company or any of its Affiliates to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option, performance share, performance unit, restricted stock, stock appreciation right or similar right, or the lapse or termination of any restriction on, or the vesting or exercisability of, any of the foregoing (collectively, the "Total Payments"), would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto) by reason of being considered "contingent on a change in ownership or control" of the Company, within the meaning of Section 280G of the Code (or any successor provision thereto), or to any similar tax imposed by state or local law, or to any interest or penalties with respect to such taxes (such tax or taxes, together with any such interest and penalties, being hereafter collectively referred to as the "Excise Tax"), then, after taking into account any reduction in the Total Payments provided by reason of Section 280G of the Code in such other plan, arrangement or agreement, the payments under this Agreement shall be reduced in the order specified below, to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if (i) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which the Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments). The Total Payments shall be reduced in the following order: (A) reduction of any cash severance payments otherwise payable to the Executive that are exempt from Section 409A of the Code; (B) reduction of any other cash payments or benefits otherwise payable to the Executive that are exempt from Section 409A of the Code, but excluding any payments attributable to any acceleration of vesting or payments with respect to any equity award that are exempt from Section 409A of the Code; (C) reduction of any other payments or benefits otherwise payable to the Executive on a pro-rata basis or such other manner that complies with Section 409A of the Code, but excluding any payments attributable to any acceleration of vesting and payments with respect to any equity award that are exempt from Section 409A of the Code; and (D) reduction of any payments attributable to any acceleration of vesting or payments with respect to any equity award that are exempt from Section 409A of the Code, in each case beginning with payments that would otherwise be made last in time.

(b) All determinations required to be made under this Section 7, including whether an Excise Tax is payable by Executive, the amount of such Excise Tax and whether and when the Total Payments should be reduced, shall be made (i) by PricewaterhouseCoopers (or its successor) (the "Accounting Firm"), regardless of any services that PricewaterhouseCoopers (or its successor) has performed or may be performing for the Company, or (ii) if PricewaterhouseCoopers (or its successor) is serving as accountant or auditor for the individual, entity or group effecting a Change in Control, or cannot (because of limitations under applicable law or otherwise) make the determinations required to be made under this Section 7, then by another nationally recognized accounting firm selected by Executive and reasonably acceptable to the Company (which accounting firm shall then be the "Accounting Firm" hereunder). The Company, or Executive if she selects the Accounting Firm, shall direct the Accounting Firm to submit its determination and detailed supporting calculations to both the Company and Executive within 30 calendar days after the Termination Date, if applicable, and any such other time or times as may be requested by the Company or Executive. For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of Section 280G(b) of the Code shall be taken into account; (ii) no portion of the Total Payments shall be taken into account which, in the written opinion of the Accounting Firm, does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the written opinion of the Accounting Firm, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of Executive's "Base Amount" (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation; and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Accounting Firm in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

As a result of uncertainty in the application of Section 280G and Section 4999 of the Code and the possibility of similar uncertainty regarding applicable state or local tax law at the time of the initial calculation by the Accounting Firm hereunder, it is possible that the cash severance payment made by the Company will have been less than the Company should have paid pursuant to Section 6 hereof (the amount of any such deficiency, the "Underpayment"), or more than the Company should have paid pursuant to Section 6 hereof (the amount of any such overage, the "Overpayment"). In the event of an Underpayment, the Company shall pay Executive the amount of such Underpayment (together with interest at 120% of the rate provided in Section 1274(b)(2)(B) of the Code) not later than five business days after the amount of such Underpayment is subsequently determined, provided, however, such Underpayment shall not be paid later than the end of the calendar year following the calendar year in which the Executive remitted the related taxes. In the event of an Overpayment, the amount of such Overpayment shall by paid to the Company by the Executive not later than five business days after the amount of such Overpayment is subsequently determined (together with interest at 120% of the rate provided in Section 1274(b)(2)(B) of the Code).

(c) The Company and Executive shall each provide the Accounting Firm access to and copies of any books, records and documents in the possession of the Company or Executive, as the case may be, reasonably requested by the Accounting Firm, and otherwise cooperate with the Accounting Firm in connection with the preparation and issuance of the determinations and calculations contemplated by Subsection 7(b). Any determination by the

Accounting Firm as to the amount of any reduction of the Total Payments, or any Underpayment or Overpayment shall be binding upon the Company and Executive.

(d) The fees and expenses of the Accounting Firm for its services in connection with the determinations and calculations contemplated by Subsection 7(b) shall be borne by the Company.

8. Binding Agreement; Successors. This Agreement shall inure to the benefit of and be binding upon Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive should die while any amounts would still be payable to his hereunder if she had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to Executive's devisee, legatee, or other designee or, if there be no such designee, to Executive's estate. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Company, including, without limitation, any person acquiring directly or indirectly all or substantially all of the assets of the Company, whether by merger, consolidation, sale or otherwise (and such successor shall thereafter be deemed the "Company" for the purposes of this Agreement). The Company shall require any such successor to assume and agree to perform this Agreement. Failure by the Company to obtain such succession shall be a breach of this Agreement and shall entitle Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if the Executive were to Terminate the Executive's employment for Good Reason during the Protected Period, except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Termination Date.

9. Restrictive Covenants.

(a) Non-Competition. During the Employment Period and for a period of 18 months following the Termination Date, Executive shall not, directly or indirectly, own, manage, operate, control or participate in the ownership, management, operation or control of, or be connected as an officer, employee, partner or director with, or have any financial interest in, any business which is in substantial competition with any business conducted by the Company or by any group, division or Subsidiary of the Company (collectively, the "RPM Group"), in any area where such business is being conducted at the time of such Termination of Employment. Ownership of 5% or less of the voting stock of any corporation which is required to file periodic reports with the Securities and Exchange Commission under the Exchange Act shall not constitute a violation hereof.

(b) Non-Solicitation. Executive shall not directly or indirectly, at any time during the Employment Period and for 18 months thereafter, solicit or induce or attempt to solicit or induce any employee, sales representative or other representative, agent or consultant of the RPM Group to terminate his, his or its employment, representation or other relationship with the RPM Group or in any way directly or indirectly interfere with such a relationship.

(c) Confidentiality.

(i) Executive shall keep in strict confidence, and shall not, directly or indirectly, at any time during or after the Employment Period, disclose, furnish, publish, disseminate, make available or, except in the course of performing his duties of employment hereunder, use any Confidential Information. Executive specifically acknowledges that all Confidential Information, whether reduced to writing, maintained on any form of electronic media, or maintained in the mind or memory of Executive and whether compiled by the RPM Group, and/or Executive, derives independent economic value from not being readily known to or ascertainable by proper means by others who can obtain economic value from its disclosure or use, that reasonable efforts have been made by the RPM Group to maintain the secrecy of such information, that such information is the sole property of the RPM Group and that any disclosure or use of such information by Executive during the Employment Period (except in the course of performing his duties and obligations hereunder) or after the Termination of the Employment Period shall constitute a misappropriation of the RPM Group's trade secrets.

(ii) Executive agrees that upon Termination of the Employment Period, for any reason, Executive shall return to the Company, in good condition, all property of the RPM Group, including, without limitation, the originals and all copies of any materials, whether in paper, electronic or other media, that contain, reflect, summarize, describe, analyze or refer or relate to any items of Confidential Information.

10. Notice. All notices, requests and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (a) when hand delivered, (b) when dispatched by electronic facsimile transmission (with receipt electronically confirmed), (c) one business day after being sent by recognized overnight delivery service, or (d) three business days after being sent by registered or certified mail, return receipt requested, postage prepaid, and in each case addressed as follows (or addressed as otherwise specified by notice under this Section):

If to Executive:
Timothy R. Kinser
1012 Woodshire Lane
Street, MD 21154

If to the Company:
RPM International Inc.
2628 Pearl Road
P.O. Box 777
Medina, Ohio 44258
Facsimile: 330-225-6574
Attn: Secretary

11. Withholding. The Company may withhold from any amounts payable under or in connection with this Agreement all federal, state, local and other taxes as may be required to be withheld by the Company under applicable law or governmental regulation or ruling.

12. Amendments; Waivers. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing, and is signed by Executive and by another executive officer of the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

13. Jurisdiction. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Ohio, without giving effect to the conflict of law principles of such State. Executive and the Company each agree that the state and federal courts located in the State of Ohio shall have jurisdiction in any action, suit or proceeding against Executive or the Company based on or arising out of this Agreement and each of Executive and the Company hereby (a) submits to the personal jurisdiction of such courts, (b) consents to service of process in connection with any such action, suit or proceeding and (c) waives any other requirement (whether imposed by statute, rule of court or otherwise) with respect to personal jurisdiction, venue or service of process.

14. Equitable Relief. Executive and the Company acknowledge and agree that the covenants contained in Section 9 are of a special nature and that any breach, violation or evasion by Executive of the terms of Section 9 will result in immediate and irreparable injury and harm to the Company, for which there is no adequate remedy at law, and will cause damage to the Company in amounts difficult to ascertain. Accordingly, the Company shall be entitled to the remedy of injunction, as well as to all other legal or equitable remedies to which the Company may be entitled (including, without limitation, the right to seek monetary damages), for any breach, violation or evasion by Executive of the terms of Section 9.

15. Validity. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect. In the event that any provision of Section 9 is found by a court of competent jurisdiction to be invalid or unenforceable as against public policy, such court shall exercise its discretion in reforming such provision to the end that Executive shall be subject to such restrictions and obligations as are reasonable under the circumstances and enforceable by the Company.

16. Code Section 409A. The benefits under this Agreement generally are intended to comply with or meet the requirements for exemption from Code Section 409A and shall be so construed and administered. To the extent any benefit hereunder is not exempt from the application of Code Section 409A, it shall be administered in compliance with Code Section 409A. For this purpose, with respect to any payment (i) that is considered deferred compensation for purposes of Section 409A (and for which there is no applicable exemption), (ii) that is conditioned upon the execution of a Release and Waiver of Claims, (iii) as to which the date of payment or commencement of payment may be in the current calendar year or the subsequent calendar year, and (iv) as to which the Executive's action with respect to returning the Release and Waiver of Claims could affect the calendar year of payment, such payment shall be made in the second taxable year. Notwithstanding anything contained in this Agreement to the contrary, this Agreement may be amended as the Company may determine, with the consent of the Executive (which shall not be unreasonably withheld), to better secure exemption of each benefit hereunder from, or if exemption is not reasonably available for such a benefit, to better comply with, the requirements of Code Section 409A.

17. Specified Employee. Notwithstanding any other payment schedule provided herein to the contrary, if Executive is identified on the date of his separation from service a "specified employee" within the meaning of that term under Code Section 409A(a)(2)(B) (which generally means a key employee of a corporation any stock of which is publicly traded on an established securities market or otherwise), then, with regard to any payment or the provision of any benefit that is considered nonqualified deferred compensation subject to Code Section 409A and payable on account of a Termination of Employment such payment or benefit shall not be made or provided until the date which is the earlier of (i) the expiration of the six (6)-month period measured from the date of Executive's Termination of Employment and (ii) the date of Executive's death (the "Delay Period") to the extent required under Code Section 409A. Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section 17 (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to Executive in a lump sum, and all remaining payments due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them therein.

18. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

19. Headings; Definitions. The headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement. Certain capitalized terms used in this Agreement are defined on Schedule A attached hereto.

20. No Assignment. This Agreement may not be assigned by either party without the prior written consent of the other party, except as provided in Section 8.

21. Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the employment of Executive and supersedes any and all other agreements (including the Existing Agreement), either oral or in writing, with respect to the employment of Executive.

22. Enforcement Costs. The Company is aware that upon the occurrence of a Change in Control the Board of Directors or a stockholder of the Company may then cause or attempt to cause the Company to refuse to comply with its obligations under this Agreement, or may cause or attempt to cause the Company to institute, or may institute, litigation seeking to have this Agreement declared unenforceable, or may take, or attempt to take, other action to deny Executive the benefits intended under this Agreement. In these circumstances, the purpose of this Agreement could be frustrated. It is the intent of the Company that Executive not be required to incur the expenses associated with the enforcement of his rights under this Agreement by litigation or other legal action because the cost and expense thereof would substantially detract from the benefits intended to be extended to Executive hereunder, nor be bound to negotiate any settlement of his rights hereunder under threat of incurring such expenses. Accordingly, if at any time in the two calendar years following a Termination of Employment during the Protected Period, it should appear to Executive that the Company has failed to comply with any of its obligations under this Agreement or the Company or any other person takes any action to declare this Agreement void or unenforceable, or institutes any litigation or other legal action designed to deny, diminish or recover from Executive the benefits intended to be provided to Executive hereunder, and Executive has complied with all of his obligations under Section 9, then the Company irrevocably authorizes Executive from time to time to retain counsel of his choice at the expense of the Company as provided in

this Section 21 to represent Executive in connection with the initiation or defense of any litigation or other legal action, whether by or against the Company or any Director, officer, stockholder or other person affiliated with the Company, in any jurisdiction. The Company's obligations under this Section 21 shall not be conditioned on Executive's success in the prosecution or defense of any such litigation or other legal action. Notwithstanding any existing or prior attorney-client relationship between the Company and such counsel, the Company irrevocably consents to Executive entering into an attorney-client relationship with such counsel, and in that connection the Company and Executive agree that a confidential relationship shall exist between Executive and such counsel. The reasonable fees and expenses of counsel selected from time to time by Executive as hereinabove provided shall be paid or reimbursed to Executive by the Company on a regular, periodic basis no later than 30 days after presentation by Executive of a statement or statements prepared by such counsel in accordance with its customary practices, up to a maximum annual amount of $250,000 in each of the two calendar years following the year in which occurs such Termination of Employment within the Protected Period; provided, that Executive presents such statement(s) no later than 30 days prior to the end of each such year, and provided, further, no such payment shall be made prior to the Specified Payment Date. Notwithstanding the foregoing, this Section 21 shall not apply at any time unless a Change in Control has occurred.

[Signatures on following page.]

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date and year first above written.

RPM INTERNATIONAL INC.

By: /s/ Ronald A. Rice
Ronald A. Rice
President and COO

EXECUTIVE

/s/ Timothy R. Kinser
Timothy R. Kinser

<u>Schedule A</u>
<u>Certain Definitions</u>

As used in this Agreement, the following capitalized terms shall have the following meanings:
"*401(k) Plan*" means the RPM International Inc. 401(k) Trust and Plan and any successor plan or arrangement.

"*Affiliate*" of a specified entity means any entity during any period during which it would be treated, together with the Company, as a single employer for purposes of Section 414(b) and (c) of the Code.

"*Average Incentive Compensation"* means an amount equal to the average amount of the annual Incentive Compensation payable to Executive (without regard to any reduction thereof elected by Executive pursuant to any qualified or non-qualified compensation reduction arrangement maintained by the Company, including, without limitation, the Deferred Compensation Plan) for the three most recent completed fiscal years (or for such shorter period during which Executive has been employed by the Company) preceding the Termination Date in which the Company paid Incentive Compensation to executive officers of the Company or in which the Company considered and declined to pay Incentive Compensation to executive officers of the Company.

"*Benefit Plans*" means the Continuing Benefit Plans and the Limited Benefit Plans.

"*Cause*" means a determination of the Board of Directors (without the participation of Executive) of the Company pursuant to the exercise of its business judgment, that either of the following events has occurred:

(a) Executive has engaged in willful and intentional acts of dishonesty or gross neglect of duty or

(b) Executive has breached Section 9.

"*Change in Control*" shall mean the occurrence at any time of any of the following events:

(a) The Company is merged or consolidated or reorganized into or with another corporation or other legal person or entity, and as a result of such merger, consolidation or reorganization, less than a majority of the combined voting power of the then-outstanding securities of such corporation, person or entity immediately after such transaction are held in the aggregate by the holders of Voting Stock immediately prior to such transaction;

(b) The Company sells or otherwise transfers all or substantially all of its assets to any other corporation or other legal person or entity, and less than a majority of the combined voting power of the then-outstanding securities of such corporation, person or entity immediately after such sale or transfer is held in the aggregate by the holders of Voting Stock immediately prior to such sale or transfer;

(c) Any person (as the term "person" is used in Section 13(d)(3) or Section 14(d)(2) of the Exchange Act) becomes the beneficial owner (as the term "beneficial owner" is defined under SEC Rule 13d-3 or any successor rule or regulation promulgated under the Exchange Act) of securities representing twenty-five percent (25%) or more of the total votes relating to the then-outstanding securities entitled to vote generally in the election of directors (the "Voting Power");

(d) During any period of two (2) consecutive years, individuals who, at the beginning of any such period constitute the Directors, cease, for any reason, to constitute at least a majority thereof, unless the nomination for election by the Company's stockholders of each new Director was approved by a vote of at least two-thirds (2/3) of the Directors then in office who were Directors at the beginning of any such period.

Notwithstanding the foregoing provisions of paragraphs (c) of this definition, a "Change in Control" shall not be deemed to have occurred for purposes of this Agreement: (i) solely because (A) the Company, (B) a Subsidiary, or (C) any Company-sponsored employee stock ownership plan or other employee benefit plan of the Company or any Subsidiary, or any entity holding shares of Voting Stock for or pursuant to the terms of any such plan, either files or becomes obligated to file a report or proxy statement under or in response to Schedule 13D, Schedule TO, Form 8-K or Schedule 14A (or any successor schedule, form or report or item therein) under the Exchange Act, disclosing beneficial ownership by it of shares of Voting Stock or because the Company reports that a change in control of the Company has or may have occurred or will or may occur in the future by reason of such beneficial ownership, (ii) solely because any other person or entity either files or becomes obligated to file a report on Schedule 13D or Schedule TO (or any successor schedule, form or report) under the Exchange Act, disclosing beneficial ownership by it of shares of Voting Stock, but only if both (A) the transaction giving rise to such filing or obligation is approved in advance of consummation thereof by the Company's Board of Directors and (B) at least a majority of the Voting Power immediately after such transaction is held in the aggregate by the holders of Voting Stock immediately prior to such transaction, or (iii) solely because of a change in control of any Subsidiary.

"*COBRA Continuation Coverage*" means the health care continuation requirements under the federal Consolidated Omnibus Budget Reconciliation Act, as amended, Part VI of Subtitle B of Title I of the Employee Retirement Income Security Act of 1974, as amended, and Code Section 4980B(f), or any successor provisions thereto.

"*Code*" means the Internal Revenue Code of 1986, as amended from time to time.

"*Confidential Information*" means trade secrets and confidential business and technical information of the RPM Group and its customers and vendors, without limitation as to when or how Executive may have acquired such information. Such Confidential Information shall include, without limitation, the RPM Group's manufacturing, selling and servicing methods and business techniques, training, service and business manuals, promotional materials, vendor and product information, product development plans, internal financial statements, sales and distribution information, business plans, marketing strategies, pricing policies, corporate alliances, business opportunities, the lists of actual and potential customers as well as other customer information, technology, know-how, processes, data, ideas, techniques, inventions (whether patentable or not), formulas, terms of compensation and performance levels of RPM Group employees, and other information concerning the RPM Group's actual or anticipated business, research or development, or which is received in confidence by or for the RPM Group from any other person and all other confidential information to the extent that such information is not intended by the RPM Group for public dissemination.

"*Continuing Benefit Plans*" means only the following employee benefit plans and arrangements of the Company in effect on the date hereof, or any successor plan or arrangement in which Executive is eligible to participate immediately before the Termination Date:

(a) The RPM International Inc. Health and Welfare Plan (including medical, dental and prescription drug benefits) as in existence on the date of this Agreement, or any successor plan that provides medical, dental and prescription drug benefits, but only to the extent of such benefits; and

(b) Estate/Financial Planning Benefits.

"*Deferred Compensation Plan*" means the RPM International Inc. Deferred Compensation Plan, as amended from time to time, in which executive officers of the Company are eligible to participate and any such successor plan or arrangement.

"*Director*" means a member of the Board of Directors of the Company.

"*Disability*" means any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, and that makes Executive eligible for benefits under any long-term disability program of the Company or an Affiliate. The Company and Executive acknowledge and agree that the essential functions of Executive's position are unique and critical to the Company and that a disability condition that causes Executive to be unable to perform the essential functions of his position under the circumstances described above will constitute an undue hardship on the Company.

"*Earned Incentive Compensation*" means the sum of:

(a) The amount of any Incentive Compensation payable but not yet paid for the fiscal year preceding the fiscal year in which the Termination Date occurs. If the Chief Executive Officer has determined such amount prior to the Termination Date, then such amount shall be the amount so determined by the Chief Executive Officer. If the Chief Executive Officer has not determined such amount prior to the Termination Date, then such amount shall equal the amount of the Average Incentive Compensation. For purposes of this paragraph (a), any Incentive Compensation deferred by Executive pursuant to any qualified or non-qualified compensation reduction arrangement maintained by the Company, including, without limitation, the Deferred Compensation Plan, shall be deemed to have been paid on the date of deferral; and

(b) An amount equal to the Average Incentive Compensation multiplied by a fraction, the numerator of which is the number of days in the current fiscal year of the Company that have expired before the Termination Date and the denominator of which is 365.

"*Estate/Financial Planning Benefits*" means those estate and financial planning services (a) in effect on the date hereof in which Executive is eligible to participate or (b) that the Company makes available at any time before the Termination Date to the executives and key management employees of the Company and in which Executive is then eligible to participate.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, as such law, rules and regulations may be amended from time to time.

"*Executive Life Insurance Plan*" means the RPM International Inc. Executive Life Insurance Plan in effect on the date hereof or any successor arrangement that the Company makes available at any time before the Termination Date to the executives and key management employees of the Company and in which Executive is then eligible to participate after satisfaction of any underwriting requirement that must be met so that a life insurance policy can be actually issued on the life of Executive.

"*Good Reason*" means the occurrence of one or more of the following events within the two-year period following a Change in Control:

(a) a significant reduction in the nature or scope of the title, authority or responsibilities of Executive from those held by Executive immediately prior to the Change in Control or a relocation of Executive's primary place of employment to a new location that is greater than twenty-five (25) miles from the location immediately prior to the Change in Control;

(b) a reduction in Executive's (i) annual base salary from the amount in effect on the date of the Change in Control, or (ii) annual cash incentive compensation from the amount of Executive's annual cash incentive compensation earned for the fiscal year preceding the fiscal year in which the Executive's termination of employment occurs, unless such reduction results solely from the Company's results of operations;

(c) the failure by the Company to offer to Executive an economic value of benefits reasonably comparable to the economic value of benefits under the benefit plans in which the Executive participates at the time of the Change in Control;

(d) the failure by the Company to comply with and satisfy Section 8 of this Agreement, relating to the assumption of this Agreement and the Company's obligations hereunder by any successor entity, or any other action or inaction that constitutes a material breach by the Company of this Agreement or any other agreement under which Executive provides his services to the Company; or

(e) the Company materially changes its strategic direction, which shall be deemed to occur in the event of (i) any material change in the Company's group operating structure from that in place immediately prior to the Change in Control; (ii) any sale, liquidation, or other disposition or discontinuation of any business or businesses that represent, individually or in the aggregate, greater than 20% of the Company's revenue, income from operations or cash flow during the most recent fiscal year completed prior to the Change in Control; or (iii) any material change in the principal methods of sourcing raw materials for, manufacturing of, or methods of distribution with respect to, products that represent, individually or in the aggregate, greater than 20% of the Company's revenue, income from operations or cash flow during the most recent fiscal year completed prior to the Change in Control.

"*Group Long Term Disability Insurance*" means the Group Long Term Disability Insurance sponsored by the Company, as currently in effect and as the same may be amended from time to time, and any successor long-term disability insurance sponsored by the Company in which the executives and key management employees of the Company are eligible to participate.

"*Incentive Compensation*" shall have the meaning given such term in Section 4(b).

"*Life and Disability Welfare Plan*" means the RPM International Inc. Life and Disability Welfare Plan, which includes Group Life Insurance, Group Long Term Disability Insurance and Group Accidental Death and Dismemberment Insurance.

"*Limited Benefit Plans*" means all the Company's employee benefit plans and arrangements in effect at any time and in which the executives and key management employees of the Company are eligible to participate, excluding the Continuing Benefit Plans, but including, without limitation, the following employee benefit plans and arrangements as in effect on the date of this Agreement or any successor or new plan or arrangement made available in the future to the executives and key management employees of the Company and in which Executive is eligible to participate before the Termination Date:

(a) The 401(k) Plan;

(b) The RPM International Inc. Retirement Plan;

(c) Stock option plans and other equity-based incentive plans, including the RPM International Inc. 2007 Stock Option Plan, the Restricted Stock Plan and the Omnibus Plan;

(d) Any Executive Life Insurance;

(e) The RPM International Inc. Incentive Compensation Plan;

(f) The Deferred Compensation Plan;

(g) The RPM International Inc. Employee Stock Purchase Plan;

(h) The Life and Disability Welfare Plan;

(i) The RPM International Inc. Group Variable Universal Life Plan (also known as GRIP or GVUL);

(j) The RPM International Inc. Business Travel Accident Plan;

(k) The fringe benefits appertaining to Executive’s position with the Company referred to in Subsection 4(f), including the use of an automobile; and

(l) RPM International Inc. Flexible Benefits Plan.

“*Lump-Sum Payment*” means, collectively, the lump-sum payments that may be payable to Executive pursuant to the first sentence of Subsection 6(b)(iii) and pursuant to Subsection 6(c)(ii).

“*Notice of Termination for Good Reason*” means a written notice delivered by Executive in good faith to the Company under Subsection 6(a)(vi) setting forth in reasonable detail the facts and circumstances that have occurred and that Executive claims in good faith to be an event constituting Good Reason.

“Omnibus Plan” means the RPM International Inc. 2014 Omnibus Equity and Incentive Plan.

“*Protected Period*” means that period of time commencing on the date of a Change in Control and ending two years after such date.

“*Release and Waiver of Claims*” means a written release and waiver by Executive, to the fullest extent allowable under applicable law and in form reasonably acceptable to the Company, of all claims, demands, suits, actions, causes of action, damages and rights against the Company and its Affiliates whatsoever which she may have had on account of his Termination of Employment, including, without limitation, claims of discrimination, including on the basis of sex, race, age, national origin, religion, or handicapped status, and any and all claims, demands and causes of action for severance or other termination pay. Such Release and Waiver of Claims shall not, however, apply to the obligations of the Company arising under this Agreement, any indemnification agreement between Executive and the Company, any retirement plans, any stock option agreements, COBRA Continuation Coverage or rights of indemnification Executive may have under the Company’s Certificate of Incorporation or By-laws (or comparable charter document) or by statute.

Notwithstanding anything herein to the contrary, a Release and Waiver of Claims shall not be considered effective if it is not duly executed and returned by Executive, and is not revoked, within the applicable periods provided to the Executive under Section 7(f) of the Age Discrimination in Employment Act for such execution and revocation, or such longer period of time as permitted in the release (the “Release Return and Revocation Period”), provided that the Release Return and Revocation Period is no longer than 60 days after the date of the Executive’s Termination of Employment.

“*Restricted Stock Plan*” means either the RPM International Inc. 1997 Restricted Stock Plan or the RPM International Inc. 2007 Restricted Stock Plan and any successor plan or arrangement to either of such plans, but shall not be deemed to mean or include the Omnibus Plan.

“*Specified Payment Date*” means the first payroll date in the seventh month following Executive’s Termination of Employment.

“*Subsidiary*” means a corporation, company or other entity (a) more than 50 percent of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are, or (b) which does not have outstanding shares or securities (as may be the case in a partnership, joint venture or unincorporated association), but more than 50 percent of whose ownership interest representing the right generally to make decisions for such other entity is, now or hereafter, owned or controlled, directly or indirectly, by the Company.

“*Termination of Employment*” means the separation from service within the meaning of Section 409A of the Code, of Executive with the Company and all of its Affiliates, for any reason, including without limitation, quit, discharge, or retirement, or a leave of absence (including military leave, sick leave, or other bona fide leave of absence such as temporary employment by the government if the period of such leave exceeds the greater of six months, or the period for which Executive’s right to reemployment is provided either by statute or by contract) or permanent decrease in service to a level that is no more than Twenty Percent (20%) of its prior level. For this purpose, whether a Termination of Employment has occurred is determined based on whether it is reasonably anticipated that no further services will be performed by Executive after a certain date or that the level of bona fide services Executive will perform after such date (whether as an employee or as an independent contractor) would permanently decrease to no more than Twenty Percent (20%) of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services if Executive has been providing services less than 36 months). The terms "Terminate" or "Terminated," when used in reference to Executive's employment or the Employment Period, shall refer to a Termination of Employment as set forth in this paragraph.

"*Termination Date*" means the effective date of Executive's Termination of Employment.

"*Voting Power*" means, at any time, the total votes relating to the then-outstanding securities entitled to vote generally in the election of Directors.

"*Voting Stock*" means, at any time, the then-outstanding securities entitled to vote generally in the election of Directors.

Schedule B

280G “Best Net Alternative” Example

The following tables illustrate how the “best net alternative” approach under Section 280G would work pursuant to Section 7 of the Agreement. Section 7 provides that the employee will receive the greater of either (i) the total amount of parachute payments the employee would be entitled to receive after paying all taxes, including the 280G excise tax (20%) and the federal and state taxes (~40%) or (ii) an amount equal to approximately 2.99 times the employee’s base compensation, which is just below the threshold for triggering an excise tax under Section 280G. In other words, is the employee better off receiving the full amount and paying the 280G excise tax of 20% on a portion of the amount or is the employee better off receiving a reduced amount equal to approximately 2.99 of his base compensation?

The answer will depend on the amount of the parachute payments. Once the amount is high enough, the employee will be better off taking the full amount and paying the excise tax. However, there is a certain lower range in which the employee is better off taking a reduced payment and not paying the excise tax.

The first table below illustrates a scenario in which the employee is better off paying the excise tax as compared to taking a reduced payment (see the “Total Payments After Taxes” column, in which “No 280G Cutback” is greater than “With 280G Cutback”). The second table below illustrates a scenario in which the employee is better off taking a reduced payment instead of paying the 280G excise tax (see the “Total Payments After Taxes” column, in which “With 280G Cutback” is greater than “No 280G Cutback”). Note that the difference in the “Potential Parachute Payments” is what drives the difference between the two scenarios. In the first scenario, $1,500,000 is a high enough amount in which the employee is better off paying the excise tax. In the second scenario, $1,000,000 is a low enough amount in which the employee is better off reducing the payments and not paying the excise tax. The differences in the Potential Parachute Payments the employee could receive between the two scenarios ($1,500,000 vs. $1,000,000) would be largely driven by the stock price used to determine the value of any accelerated equity payments. Other factors, such as the costs of benefits or any prorated payments may also affect the Potential Parachute Payments amount.

Better Payment without Cutback

	Base Amount	**280G threshold** (3X base amount)	**Potential Parachute Payments**	**Excess Parachute Amount** (total payments minus base amount)	**20% Excise Tax on Excess Parachute Amount**	**Federal and State Income tax (~40%)**	**Total Taxes** (income plus excise tax)	**Total Payment After Taxes**
No 280G Cutback	$300,000	$900,000	$1,500,000	$1,200,000	$240,000	$600,000	$840,000	$660,000
With 280G Cutback	$300,000	$900,000	$899,999*	$0	$0	$360,000	$360,000	$539,999

Better Payment with Cutback

	Base Amount	**280G threshold** (3X base amount)	**Potential Parachute Payments**	**Excess Parachute Amount** (total payments minus base amount)	**20% Excise Tax on Excess Parachute Amount**	**Federal and State Income tax (~40%)**	**Total Taxes** (income plus excise tax)	**Total Payment After Taxes**
No 280G Cutback	$300,000	$900,000	$1,000,000	$700,000	$140,000	$400,000	$540,000	$460,000
With 280G Cutback	$300,000	$900,000	$899,999*	$0	$0	$360,000	$360,000	$539,999

* Note -- $899,999 reflects the amount the employee would receive if the payments were reduced to just under his 280G threshold. This row is the same in both tables because the employee’s 280G threshold (3 times his base compensation) is going to stay the same in both scenarios.

AMENDMENT NO. 8 TO AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT

This AMENDMENT NO. 8 TO AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT (this "Amendment"), dated as of March 23, 2023, is among RPM FUNDING CORPORATION, a Delaware corporation ("Seller"), RPM INTERNATIONAL INC., a Delaware corporation ("RPM-Delaware"), as servicer and as performance guarantor (in such capacity, the "Performance Guarantor"), SANTANDER BANK, N.A. ("Santander"), as a Purchaser, PNC BANK, NATIONAL ASSOCIATION ("PNC"), as a Purchaser and as administrative agent for the Purchasers (in such capacity, the "Administrative Agent"), and PNC CAPITAL MARKETS LLC, as structuring agent (in such capacity, the "Structuring Agent").

RECITALS

1. Seller, RPM-Delaware, Santander, PNC, Administrative Agent and Structuring Agent are parties to that certain Amended and Restated Receivables Purchase Agreement, dated as of May 9, 2014 (as amended, restated, supplemented or otherwise modified through the date hereof, the "Agreement").

2. Seller, RPM-Delaware, Santander, PNC, Administrative Agent and Structuring Agent desire to amend the Agreement as hereinafter set forth.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1. Definitions. Capitalized terms used in this Amendment and not otherwise defined herein shall have the respective meanings ascribed thereto in, or by reference in, the Agreement.

SECTION 2. Amendments to the Agreement. Effective as of the Effective Date (as defined below), the Agreement is hereby amended to incorporate the changes shown on the marked pages of the Agreement attached hereto as Exhibit A.

SECTION 3. Representations and Warranties. Each of the Seller and RPM-Delaware hereby represents and warrants to the Purchasers and the Administrative Agent as of the date hereof and as of the Effective Date, as follows:

(a) Representations and Warranties. The representations and warranties made by it in the Transaction Documents (including the Agreement, as amended hereby) are true and correct as of the date hereof (unless stated to relate solely to an earlier date, in which case such representations or warranties were true and correct as of such earlier date) and as of the Effective Date (unless stated to relate solely to an earlier date, in which case such representations or warranties were true and correct as of such earlier date).

(b) Enforceability. The execution and delivery by such Person of this Amendment, and the performance of each of its obligations under this Amendment and the Agreement, as amended hereby, are within its corporate powers and have been duly authorized by all necessary action on its part. This Amendment and the Agreement, as amended hereby, are such Person's valid and legally binding obligations, enforceable in accordance with their terms.

(c) No Default. Both before and immediately after giving effect to this Amendment and the transactions contemplated hereby, no Amortization Event or Potential Amortization Event exists or shall exist.

SECTION 4. Conditions to Effectiveness. This Amendment shall become effective as of June 1, 2023 (the "Effective Date"), subject to the receipt by the Administrative Agent of counterparts of this Amendment (whether by facsimile or otherwise) executed by each of the parties hereto.

SECTION 5. Effect of Amendment; Ratification. Except as specifically amended hereby, the Agreement is hereby ratified and confirmed in all respects, and all of its provisions shall remain in full force and effect. After this Amendment becomes effective, all references in the Agreement (or in any other Transaction Document) to "the Receivables Purchase Agreement", "the Amended and Restated Receivables Purchase Agreement", "this Agreement", "hereof", "herein", or words of similar effect, in each case referring to the Agreement, shall be deemed to be references to the Agreement as amended hereby. This Amendment shall not be deemed to expressly or impliedly waive, amend, or supplement any provision of the Agreement other than as specifically set forth herein.

SECTION 6. Counterparts. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, and each counterpart shall be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

SECTION 7. CHOICE OF LAW. THIS AMENDMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW WHICH SHALL APPLY HERETO).

SECTION 8. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AMENDMENT, ANY DOCUMENT EXECUTED BY THE SELLER PARTIES PURSUANT TO THE AGREEMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER OR THEREUNDER.

SECTION 9. Section Headings. The various headings of this Amendment are inserted for convenience only and shall not affect the meaning or interpretation of this Amendment or the Agreement or any provision hereof or thereof.

SECTION 10. Transaction Document. This Amendment shall constitute a Transaction Document.

SECTION 11. Successors and Assigns. This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

SECTION 12. Reaffirmation of Performance Guaranty. After giving effect to this Amendment and each of the other transactions contemplated hereby, all of the provisions of the Performance Guaranty shall remain in full force and effect and the Performance Guarantor hereby ratifies and affirms the Performance Guaranty and acknowledges that the Performance Guaranty has continued and shall continue in full force and effect in accordance with its terms.

[Signature pages to follow]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first written above.

RPM FUNDING CORPORATION,
as Seller

By: /s/ Edward W. Moore
Name: Edward W. Moore
Title: Secretary

RPM INTERNATIONAL INC.,
as Servicer and Performance Guarantor

By: /s/ Edward W. Moore
Name: Edward W. Moore
Title: Senior Vice President, General Counsel, Chief Compliance Officer, and Secretary

SANTANDER BANK, N.A.,
as a Purchaser

By: /s/ Xavier Ruiz Sena
Name: Xavier Ruiz Sena
Title: Managing Director

PNC BANK, NATIONAL ASSOCIATION,
as a Purchaser and as Administrative Agent

By: /s/ Deric Bradford
Name: Deric Bradford
Title: Senior Vice President

PNC CAPITAL MARKETS LLC,
as Structuring Agent

By: /s/ Deric Bradford
Name: Deric Bradford
Title: Managing Director

Exhibit A
[Amendments to the Agreement]

~~CONFORMED COPY~~
EXECUTION VERSION
Exhibit A to Amendment No. 8 to A&R Receivables Purchase Agreement,
dated as of March 23, 2023
CONFORMED COPY includes
Amendment No. 1, dated February 25, 2015
Amendment No. 2, dated May 2, 2017
Amendment No. 3, dated June 18, 2018
Amendment No. 4, dated May 8, 2020
Amendment No. 5, dated May 22, 2020
Amendment No. 6, dated March 18, 2021
Amendment No. 7, dated March 1, 2022

AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT

DATED AS OF MAY 9, 2014

AMONG

RPM FUNDING CORPORATION, AS SELLER,

RPM INTERNATIONAL INC., AS SERVICER,

PNC BANK, NATIONAL ASSOCIATION

SANTANDER BANK, N.A.

PNC BANK, NATIONAL ASSOCIATION, INDIVIDUALLY, AS ADMINISTRATIVE AGENT

***AND,* PNC CAPITAL MARKETS LLC, AS STRUCTURING AGENT**

Purchaser Interests of the Purchasers exceeds 100% or the Aggregate Capital of the Purchasers exceeds the Purchase Limit on any day, Seller shall pay to each of the Purchasers within one (1) Business Day (or if such day is not a Business Day, within two (2) Business Days) its respective Percentage of an amount to be applied to reduce its aggregate Capital outstanding, such that after giving effect so such payment, the aggregate of the Purchaser Interests equals or is less than 100% and the Aggregate Capital of the Purchasers equals or is less than the Purchase Limit.

Section 2.7 Clean Up Call. In addition to Seller's rights pursuant to Section 1.3, Seller shall have the right on any Business Day (after providing written notice to the Administrative Agent and the Purchasers no later than 12:00 noon (New York time) on the proposed effective date), at any time following the reduction of the Aggregate Capital to a level that is less than 20.0% of the original Purchase Limit, to repurchase from the Purchasers all, but not less than all, of the then outstanding Purchaser Interests. The purchase price in respect thereof shall be an amount equal to the Aggregate Unpaids through the date of such repurchase, payable in immediately available funds. Such repurchase shall be without representation, warranty or recourse of any kind by, on the part of, or against any Purchaser except for a representation and warranty that the reconveyance to Seller is being made free and clear of any Adverse Claim created by the applicable Purchaser.

ARTICLE III.

[RESERVED]

ARTICLE IV.

PURCHASER FUNDING

Section 4.1 Purchaser Funding. Each Purchaser Interest shall accrue Yield for each day during its Tranche Period at either the ~~LIBO~~Term SOFR Rate, ~~LMIR~~Daily Simple SOFR or the Alternate Base Rate in accordance with the terms and conditions hereof. Until Seller gives notice to the applicable Purchaser of another Discount Rate in accordance with Section 4.4, the initial Discount Rate for any Purchaser Interest shall be ~~LMIR~~Daily Simple SOFR. Each Purchaser Interest acquired by a Purchaser shall be deemed to have a new Tranche Period commencing on the date of any such purchase.

Section 4.2 Yield Payments. On the Settlement Dale for each Purchaser Interest, Seller shall pay to the applicable Purchaser an aggregate amount equal to the accrued and unpaid Yield for the entire Tranche Period of each such Purchaser Interest in accordance with Article II.

Section 4.3 Selection and Continuation of Tranche Periods.

1. Seller (or Servicer, on Seller's behalf) shall from time to time request Tranche Periods for the Purchaser Interests of each Purchaser, ***provided*** that if at any time such Purchaser shall have a Purchaser Interest, Seller shall always request Tranche Periods such that at least one Tranche Period shall end on a Settlement Date.

2. Seller, Servicer (on Seller's behalf) or the applicable Purchaser, upon notice to and consent by the other received by 12:00 noon (New York time) on the last Business Day of a Tranche Period (the ***"Terminating Tranche")*** for any Purchaser Interest, may, effective on the last day of the Terminating Tranche: (i) divide any such Purchaser Interest into multiple Purchaser Interests, (ii) combine any such Purchaser Interest with one or more other Purchaser Interests that have a Terminating Tranche ending on the same day as such Terminating Tranche or (iii) combine any such Purchaser Interest with a new Purchaser Interest to be purchased on the day such Terminating Tranche ends.

~~Section 4.4- Discount Rates. Seller may select LMIR, the LIBO Rate,-or -the Alternate Base Rate for each Purchaser Interest of any Purchaser. Seller shall by 12:00 noon (New York time) on the last Business Days of any Terminating Tranche, give the applicable Purchaser irrevocable notice of the new Discount Rate for the Purchaser Interest associated with such Terminating Tranche. Until Seller gives notice to the applicable Purchaser of another Discount Rate, the initial Discount Rate for any Purchaser Interest purchased by any Purchaser shall be LMIR.~~

~~Section 4.5—Inability to Determine the LIBO Rate or LMIR. If any Purchaser shall have determined (which-determination shall be conclusive and binding upon the parties hereto absent manifest error) on any day, by reason of circumstances affecting the interbank Eurodollar market, either that: (i) dollar deposits in the relevant amounts are not available on such day, (ii) adequate and reasonable means do not exist for ascertaining the LIBO Rate or LMIR for such day or (iii) the LIBO Rate or LMIR determined pursuant hereto does not accurately reflect the cost to the applicable Purchaser (as conclusively determined by such Purchaser) of maintaining any portion of Purchaser Interest during such day, such Purchaser shall promptly give telephonic notice of such determination, confirmed in writing, to the Administrative Agent and the Seller on such day. Upon delivery of such notice: (i) no portion of Purchaser Interest shall be funded at or by reference to the LIBO Rate or LMIR unless and until such Purchaser shall have given notice to the Administrative Agent and the Seller that the circumstances giving rise to-such-determination no longer exist and (ii) with respect to any outstanding portion of Purchaser Interest then funded at or by reference to the LIBO Rate or LMIR, the Discount Rate with respect to such portion of Purchaser Interest shall automatically and immediately be converted to the Discount Rate determined by reference to the Alternate Base Rate.~~

Section 4.4 Discount Rates.

(a) So long as no Amortization Event is continuing, the Seller may, by written notice to the Administrative Agent, elect for all or any portion of the Purchaser Interest to accrue interest by reference to the Term SOFR Rate (rather than Daily Simple SOFR) during any Tranche Period. Any such notice must specify the amount of the Purchaser Interest subject of such election and must be delivered not later than two (2) Business Days prior to the first day of the affected Tranche Period. Any such portion of the Purchaser Interest that is subject to such an election shall be apportioned among the respective Purchasers' Capital ratably. Notwithstanding the foregoing, (x) the Seller shall not make such an election if, as a result thereof, more than five Capital Tranches would exist and (y) each Capital Tranche accruing interest by reference to the Term SOFR Rate shall be not be less than $3,000,000 and shall be an integral multiple of $100,000. For the avoidance of doubt, if an Amortization Event is then continuing, the Discount Rate for any Purchaser Interest shall be determined pursuant to the definition of Discount Rate notwithstanding any otherwise applicable election by the Seller.

(b) The Seller may call the Administrative Agent on or before the date on which a Purchase Notice is to be delivered to receive an indication of the rates then in effect, but it is acknowledged that such projection shall not be binding on the Administrative Agent or the Purchaser Agents nor affect the rate of discount which thereafter is actually in effect when the election is made.

Section 4.5 Conforming Changes Relating to Term SOFR Rate or Daily Simple SOFR. With respect to the Term SOFR Rate or Daily Simple SOFR, as applicable, the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Transaction Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Transaction Document; provided that, the Administrative Agent shall provide notice to the Seller of each such amendment implementing such Conforming Changes reasonably promptly after such amendment becomes effective

Section 4.6 ~~Successor LIBO Rate or LMIR~~ Rate Unascertainable; Increased Costs; Illegality; Benchmark Replacement Setting.

1. Unascertainable, Increased Costs. If at any time:

1. on or prior to the first day of a Tranche Period, the Administrative Agent shall have determined (which determination shall be conclusive and binding absent manifest error) that (x) Daily Simple SOFR or the Term SOFR Rate, as applicable, cannot be determined pursuant to the definition thereof or (y) a fundamental change has occurred with respect to such rate (including, without limitation, changes in national or international financial, political or economic conditions), or

2. the Administrative Agent determines (which determination shall be conclusive and binding absent manifest error) that Daily Simple SOFR or the Term SOFR Rate, as applicable, cannot be determined pursuant to the definition thereof on or prior to the first day of any Tranche Period,

then the Administrative Agent shall have the rights specified in Section 4.6(c).

2. Illegality. If at any time any Purchaser shall have determined, or any Governmental Authority shall have asserted, that the making, maintenance or funding of any Purchaser Interest accruing Yield by reference to Daily Simple SOFR or the Term SOFR Rate has been made impracticable or unlawful, by compliance by such Purchaser in good faith with any Law or any interpretation or application thereof by any Governmental Authority or with any request or directive of any such Governmental Authority (whether or not having the force of Law, then the Administrative Agent shall have the rights specified in Section 4.6(c).

3. Administrative Agent's and Purchaser's Rights. In the case of any event specified in Section 4.6(a) above, the Administrative Agent shall promptly so notify the Purchasers and the Seller thereof, in the case of an event specified in Section 4.6(b) above, such Purchaser shall promptly so notify the Administrative Agent and endorse a certificate to such notice as to the specific circumstances of such notice, and the Administrative Agent shall promptly send copies of such notice and certificate to the other Purchasers and the Seller.

1. Upon such date as shall be specified in such notice (which shall not be "earlier than the date such notice is given), the obligation of (A) the Purchasers, in the case of such notice given by the Administrative Agent, or (B) such Purchaser, in the case of such notice given by such Purchaser, to allow the Seller to select, convert to or renew a Purchaser Interest accruing Yield by reference to Daily Simple SOFR or the Term SOFR Rate, as applicable, shall be suspended (to the extent of the affected Alternate Base Rate or the applicable Tranche Period) until the Administrative Agent shall have later notified the Seller, or such Purchaser shall have later notified the Administrative Agent, of the Administrative Agent's or such Purchaser's, as the case may be, determination that the circumstances giving rise to such previous determination no longer exist.

2. If at any time the Administrative Agent makes a determination under Section 4.6(a) (i) if the Seller has delivered a Purchase Notice for an affected Incremental Purchase that has not yet been made, such Purchase Notice shall be deemed to request a Purchaser Interest accruing Yield at the Alternate Base Rate, and (ii) any outstanding affected Purchaser Interest accruing Yield at the Alternate Base Rate shall be deemed to have been converted into Incremental Purchases at the end of the applicable Tranche Period.

Section 4.7 Benchmark Replacement Setting.

(a) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Transaction Document, if ~~the Administrative Agent determines that~~ a Benchmark Transition Event ~~or an Early Opt in Event has occurred, the Administrative Agent and the Seller may amend this Agreement to replace LIBO Rate or LMIR with a Benchmark Replacement; and any such amendment will become effective at~~and its related Benchmark Replacement Date have occurred prior to any setting of the then-current Benchmark, then (A) if a Benchmark Replacement is determined in accordance with clause (I) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Transaction Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Transaction Document and (B) if a Benchmark Replacement is determined in accordance with clause (2), (3), or (4) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Transaction Document in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the ~~Administrative Agent has~~date notice of such Benchmark Replacement is provided ~~such proposed~~to the Purchasers without any amendment to ~~all Purchasers,~~, or further action or consent of any other party to, this Agreement or any other Transaction Document so long as the Administrative Agent has not received, by such time, written notice from the Purchasers of objection to ~~such amendment from each Purchaser. Until the Benchmark Replacement is effective, each advance, conversion and renewal of a Purchaser Interest bearing interest by reference to LIBO Rate or LMIR will continue to bear interest with reference to LIBO Rate or LMIR; provided, however, that during a Benchmark Unavailability Period (i) any pending selection of, conversion to or renewal of a Purchaser Interest bearing interest by reference to LIBO Rate or LMIR that has not yet gone into effect shall be deemed to be a selection of, conversion to or renewal of the Alternate Base Rate with respect to such Purchaser Interest, and such Purchaser Interest shall bear interest by reference to the Alternate Base Rate (rather than by reference to LIBO Rate or LMIR, as applicable), and (ii) all outstanding Purchaser Interests bearing interest by reference to LIBO Rate or LMIR shall automatically and immediately be converted to bear interest by reference to the Alternate Base Rate.~~(i) with respect to a Benchmark Replacement determined in accordance with clause (2) or (3) of the definition of "Benchmark Replacement", the related Benchmark Replacement Adjustment and (ii) with respect to a Benchmark Replacement determined in accordance with clause (4) of the definition of "Benchmark Replacement", such Benchmark Replacement.

2. Benchmark Replacement Conforming Changes. In connection with the use, administration, adoption or implementation of a Benchmark Replacement, the Administrative Agent will have the right to make ~~Benchmark Replacement~~ Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Transaction Document, any amendments implementing such ~~Benchmark Replacement~~ Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Transaction Document.

3. Notices; Standards for Decisions and Determinations. The Administrative Agent will promptly notify the Seller and the Purchasers of (i) the implementation of any Benchmark Replacement~~,~~ and (ii) the effectiveness of any ~~Benchmark Replacement~~ Conforming Changes in connection with the use, administration, adoption, or implementation of a Benchmark Replacement. The Administrative Agent will notify the Seller of (x) the removal or reinstatement of any tenor of a Benchmark pursuant to paragraph (d) below and (~~iii~~y) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or~~ the~~, if applicable, any Purchaser (or group of Purchasers) pursuant to this Section ~~4.6~~4.7(c) including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party hereto, except, in each case, as expressly required pursuant to this Section ~~4.6~~4.7(c).

4. Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Transaction Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will not be representative, then the Administrative Agent may modify the definition of "Tranche Period" (or any similar or analogous definition) for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor; and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is not or will not be representative for a Benchmark (including a Benchmark Replacement), then the Administrative Agent may modify the definition of "Tranche Period" (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

5. Benchmark Unavailability Period. Upon the Seller’s receipt of notice of the commencement of a Benchmark Unavailability Period, the Seller may revoke any pending request for a Purchaser Interest accruing Yield based on the Daily Simple SOFR or the Term SOFR Rate, conversion to or continuation of a Purchaser Interest accruing Yield based on the Daily Simple SOFR or the Term SOFR Rate to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Seller will be deemed to have converted any such request into a request for a Purchaser Interest accruing Yield based on the Alternate Base Rate. During a Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of the Alternate Base Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of the Alternate Base Rate.

6. ~~(d)~~ As used in this Section ~~4.6~~4.7:

(i) “Available Tenor” shall mean, as of any date of determination and with respect to the then-current Benchmark, (x) if such Benchmark is a term rate or is based on a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of a tranche period pursuant to this Agreement or (y) otherwise, any payment period for interest calculated with reference to such Benchmark (or component thereof) that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark pursuant to this Agreement, in each case, as of such date and not including, for the avoidance of doubt, any tenor of such Benchmark that is then-removed from the definition of “Tranche Period” pursuant to Section 4.6.

2. “Benchmark” shall mean, initially, the Term SOFR Rate; provided that if a Benchmark Transition Event has occurred with respect to the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 4.7.

3. “Benchmark Replacement” shall mean, with respect to any Benchmark Transition Event, the first applicable alternative set forth in the order below that can be determined by the Administrative Agent for the applicable Benchmark Replacement Date:

(1) the sum of: (A) Daily Simple SOFR and (B) the SOFR Adjustment; and

~~(i) “Benchmark Replacement” means~~ (2) the sum of~~:~~ — (~~a~~A) the alternate benchmark rate that has been selected by the Administrative Agent and the Seller, giving due consideration to (~~i~~x) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (~~ii~~y) any evolving or then-prevailing market convention for determining a benchmark rate ~~of interest~~ as a replacement to ~~LIBO Rate or LMIR for U.S. dollar denominated~~the then-current Benchmark for Dollar-denominated syndicated credit facilities at such time and (~~b~~B) the related Benchmark Replacement Adjustment;

provided, that,— if the Benchmark Replacement as ~~so~~ determined pursuant to clause (2) above would be less than ~~zero~~the Floor, the Benchmark Replacement will be deemed to be ~~zero~~the Floor for the purposes of this Agreement and the other Transaction Documents; and provided further, that any Benchmark Replacement shall be administratively feasible as determined by the Administrative Agent in its sole discretion.

4. ~~(ii)~~ “Benchmark Replacement Adjustment” ~~means~~shall mean, with respect to any

replacement of ~~LIBO Rate or LMIR with an alternate benchmark rate for each applicable - Tranche Period~~the then-current Benchmark with an Unadjusted Benchmark Replacement, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Seller ~~(a)~~ giving due consideration to (~~i~~a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of ~~LIBO Rate or LMIR~~such Benchmark with the applicable Unadjusted Benchmark Replacement ~~(excluding such spread adjustment)~~ by the Relevant Governmental Body or (~~ii~~b) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for ~~such~~the replacement of ~~LIBO Rate or LMIR for U.S. dollar-denominated~~such Benchmark with the applicable Unadjusted Benchmark Replacement for Dollar-denominated syndicated credit facilities at such time ~~and (b) which may also reflect adjustments to account for the (i) effects of the transition from LIBO Rate or LMIR to the Benchmark Replacement and (ii) yield- or risk-based differences between LIBO Rate or LMIR and the Benchmark Replacement.~~.

~~(iii) "Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, Administrative or operational changes (including changes to the definition of "Alternate Base Rate," the definition of "Tranche Period," timing and frequency of determining rates and making payments of interest and other administrative matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of the Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement).~~

5. ~~(iv)~~ "Benchmark Replacement Date" ~~means the earlier~~shall mean a date and time determined by the Administrative Agent, which date shall be no later than the earliest to occur of the following events with respect to ~~LIBO Rate or LMIR, as applicable~~the then-current Benchmark:

~~(1)~~ (1) in the case of clause (~~A~~1) or (~~B~~2) of the definition of "Benchmark Transition Event," the later of (~~x~~a) the date of the public statement or publication of information referenced therein and (~~y~~b) the date on which the administrator of ~~the London Interbank offered Rate for interbank deposits in Dollars ("*USD LIBOR*"~~ ***such*** Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide ~~USD LIBOR~~all Available Tenors of such Benchmark (or such component thereof); or

~~(2)~~ (2) in the case of clause (~~C~~3) of the definition of "Benchmark Transition Event," the date determined by the Administrative Agent, which date shall promptly follow the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, the "Benchmark Replacement Date" will be deemed to have occurred in the case of clause (I) or (2) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

~~(v)~~ (vi)"Benchmark Transition Event" ~~means~~shall mean the occurrence of one or more of the following events with respect to ~~LIBO Rate or LMIR, as applicable~~the then-current Benchmark:

~~(1)~~ (1) a public statement or publication of information by or on behalf of the administrator of ~~USD LIBOR~~such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide ~~USD LIBOR~~all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide ~~USD LIBOR~~any Available Tenor of such Benchmark (or such component thereof);

~~(2)~~ (2) a public statement or publication of information by a Governmental Authority having jurisdiction over the Administrative Agent, the regulatory supervisor for the administrator of ~~USD LIBOR, the U.S.~~such Benchmark (or the published component used in the calculation thereof), the Federal Reserve ~~System~~Board, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for ~~USD LIBOR~~ such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for ~~USD LIBOR~~ such Benchmark (or such component)or a court or an entity with similar insolvency or resolution authority over the administrator for ~~USD LIBOR~~ such Benchmark (or such component), which states that the administrator of ~~USD LIBOR~~ such Benchmark (or such component)has ceased or will cease to provide ~~USD LIBOR~~ all Available Tenors of such Benchmark (or such component thereof)permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide ~~USD LIBOR~~any Available Tenor of such Benchmark (or such component thereof); or

~~(3)~~ (3) a public statement or publication of information by the regulatory supervisor for the administrator of ~~USD LIBOR~~such Benchmark (or the published component used in the calculation thereof) or a Governmental Authority having jurisdiction over the Administrative Agent announcing that ~~USD LIBOR is no longer~~all Available Tenors of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative,

For the avoidance of doubt, a "Benchmark Transition Event" will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

(vi) "Benchmark Unavailability Period" ~~means, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to LIBO Rate or LMIR and solely to the extent that LIBO Rate or LMIR has not been replaced with a Benchmark Replacement,~~shall mean the period (if any) (x) beginning at the time that ~~such~~a Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced ~~LIBO Rate or LMIR (as the case may be)~~the then-current Benchmark for all purposes hereunder and under any Transaction Document in accordance with ~~this~~ Section ~~4.6~~4.7 and (y) ending at the time that a Benchmark Replacement has replaced ~~LIBO Rate or LMIR~~the then-current Benchmark for all purposes hereunder ~~pursuant to this~~and under any Transaction Document in accordance with Section ~~4.6~~4.7.

~~(vii)~~ ~~"Early Opt-in Event" means a determination by the Administrative Agent that U.S. dollar denominated credit facilities being executed at such time, or that include language similar to that contained in this Section 4.6-, are being executed or amended, as applicable, to incorporate or adopt a new benchmark -interest rate to replace USD LIBOR.~~

(vii) ~~(viii)~~"Relevant Governmental Body" ~~means~~shall mean with respect to a Benchmark Replacement for Dollar-denominated syndicated credit facilities at such time, the Board of Governors of the Federal Reserve ~~Board~~System of the United States and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve ~~Board and/~~System of the United States or the Federal Reserve Bank of New York, or any successor thereto.

ARTICLE V.

REPRESENTATIONS AND WARRANTIES

Section 5.1 Representations and Warranties of Seller. Seller hereby represents and warrants to the Administrative Agent and the Purchasers, as to itself, as of the date hereof and as of the date of each Incremental Purchase and the date of each Reinvestment that:

1. Existence and Power. Seller is duly organized, validly existing and in good standing under the laws of its state of organization. Seller is duly qualified to do business and is in good standing as a foreign corporation, and has and holds all corporate power and all governmental licenses, authorizations, consents and approvals required to carry on its business in each jurisdiction in which its business is conducted except where the failure to so qualify or so hold could not reasonably be expected to have a Material Adverse Effect.

2. Power and Authority; Due Authorization, Execution and Delivery. The execution and delivery by Seller of this Agreement and each other Transaction Document to which it is a party, the performance of its obligations hereunder and thereunder and the use of the proceeds of purchases made hereunder, are within its corporate powers and authority and have been duly authorized by all necessary corporate action on its part. This Agreement and each other Transaction Document to which Seller Party is a party has been duly executed and delivered by Seller.

3. No Conflict. The execution and delivery by Seller of this Agreement and each other Transaction Document to which it is a party, and the performance of its obligations hereunder and thereunder do not contravene or violate (i) its certificate or same rights and powers under this Agreement as any Purchaser and may exercise the same as though it were not the Administrative Agent, and the terms "Purchaser" and "Purchasers" shall include the Administrative Agent in its individual capacity.

Section 11.9 Successor Administrative Agent. The Administrative Agent, upon five (5) days' notice to the Seller Parties and the Purchasers, may voluntarily resign and may be removed at any time, with or without cause, by both Purchasers, whereupon Santander shall become the successor Administrative Agent; ***provided, however,*** that PNC shall not voluntarily resign as the Administrative Agent so long as PNC's Commitment remains in effect or PNC has any outstanding Purchaser Interests hereunder. Upon resignation or replacement of any Administrative Agent in accordance with this Section 11.9, the retiring Administrative Agent shall execute such UCC-3 assignments and amendments, and assignments and amendments of the Transaction Documents, as may be necessary to give effect to its replacement by a successor Administrative Agent. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of Article X and this Article XI shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement.

Section 11.10 [RESERVED].

Section 11.11 UCC Filings. Each of the Purchasers hereby expressly recognizes and agrees that the Administrative Agent may be designated as the secured party of record on the various UCC filings required to be made under this Agreement and the party entitled to amend, release and terminate the UCC filings under the Receivable Sale Agreement in order to perfect their respective interests in the Receivables, Collections and Related Security, that such designation shall be for administrative convenience only in creating a record or nominee holder to take certain actions hereunder on behalf of the Purchasers and that such listing will not affect in any way the status of the Purchasers as the true parties in interest with respect to the Purchaser Interests. In addition, such listing shall impose no duties on the Administrative Agent other than those expressly and specifically undertaken in accordance with this Article XI.

Section 11.12 Structuring Agent. Each of the parties hereto hereby acknowledges and agrees that the Structuring Agent shall not have any right, power, obligation, liability, responsibility or duty under this Agreement, other than the Structuring Agent's right to receive fees pursuant to Section 2.1 of this Agreement. Each Purchaser acknowledges that it has not relied, and will not rely, on the Structuring Agent in deciding to enter into this Agreement and to take, or omit to take, any action under any Transaction Document.

Section 11.13 ~~LIBOR~~Benchmark Replacement Notification. Section ~~4.6~~4.7 of this Agreement provides a mechanism for determining an alternative rate of interest in the event that Daily Simple SOFR or the ~~LIBO~~Term SOFR Rate ~~or LM~~1R is no longer available or in certain other circumstances. The Administrative Agent does not warrant or accept any responsibility for and shall not have any liability with respect to, the administration, submission or any other matter related to ~~the London interbank offered rate or other rates in the definition of "LIBO~~Daily Simple SOFR or the Term SOFR Rate~~" or "LMIR"~~ or with respect to any alternative or successor rate thereto, or replacement therefor.

Section 11.14 Erroneous Payments.

1. If the Administrative Agent notifies a Purchaser or any Person who has received funds on behalf of a Purchaser (any such Purchaser or other recipient, a "Payment Recipient") that the Administrative Agent has determined in its sole discretion (whether or not after receipt of any notice under immediately succeeding clause (b)) that any funds received by such Payment Recipient from the Administrative Agent or any of its Affiliates were erroneously transmitted to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Purchaser or other Payment Recipient on its behalf) (any such funds, whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise, individually and collectively, an "Erroneous Payment") and demands the return of such Erroneous Payment (or a portion thereof), such Erroneous Payment shall at all times remain the property of the Administrative Agent and shall be segregated by the Payment Recipient and held in trust for the benefit of the Administrative Agent, and such Purchaser shall (or, with respect to any Payment Recipient who received such funds on its behalf, shall cause such Payment Recipient to) promptly, but in no event later than two Business Days thereafter, return to the Administrative Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made, in same day funds (in the currency so received),

together with interest thereon in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Payment Recipient to the date such amount is repaid to the Administrative Agent in same day funds at the greater of the Overnight Bank Funding Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect, A notice of the Administrative Agent to any Payment Recipient under this clause (a) shall be conclusive, absent manifest error.

2. Without limiting immediately preceding clause (a), each Purchaser, or any Person who has received funds on behalf of a Purchaser, hereby further agrees that if it receives a payment, prepayment or repayment (whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise) from the Administrative Agent (or any of its Affiliates) (x) that is in a different amount than, or on a different date from, that specified in a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, (y) that was not preceded or accompanied by a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates), or (z) that such Purchaser, or other such recipient, otherwise becomes aware was transmitted, or received, in error or by mistake (in whole or in part) in each case:

1. in the case of immediately preceding clauses (x) or (y), an error shall be presumed to have been made (absent written confirmation from the Administrative Agent to the contrary) or (B) an error has been made (in the case of immediately preceding clause (z)), in each case, with respect to such payment, prepayment or repayment; and

2. such Purchaser shall (and shall cause any other recipient that receives funds on its respective behalf to) promptly (and, in all events, within one Business Day of its knowledge of such error) notify the Administrative Agent of its receipt of such payment, prepayment or repayment, the details thereof (in reasonable detail) and that it is so notifying the Administrative Agent pursuant to this Section 11.14(b).

3. Each Purchaser hereby authorizes the Administrative Agent to set off, net and apply any and all amounts at any time owing to such Purchaser under any Transaction Document, or otherwise payable or distributable by the Administrative Agent to such Purchaser from any source, against any amount due to the Administrative Agent under immediately preceding clause (a) or under the indemnification provisions of this Agreement.

4. In the event that an Erroneous Payment (or portion thereof) is not recovered" by the Administrative Agent for any reason, after demand therefor by the Administrative Agent in accordance with immediately preceding clause (a), from any Purchaser that has received such Erroneous Payment (or portion thereof) (and/or from any Payment Recipient who received such Erroneous Payment (or portion thereof) on its respective behalf) (such

unrecovered amount, an "Erroneous Payment Return Deficiency"), upon the Administrative Agent's notice to such Purchaser at any time, (i) such Purchaser shall be deemed to have assigned its Purchaser Interests (but not its Commitments) in an amount equal to the Erroneous Payment Return Deficiency (or such lesser amount as the Administrative Agent may specify) (such assignment of the Purchaser Interests (but not Commitments), the "Erroneous Payment Deficiency Assignment") at par plus any accrued and unpaid interest (with the assignment fee to be waived by the Administrative Agent in such instance), and is hereby (together with the Seller) deemed to execute and deliver an Assignment and Assumption Agreement with respect to such Erroneous Payment Deficiency Assignment, and such Purchaser shall deliver any Notes evidencing such Loans to the Seller or the Administrative Agent, (ii) the Administrative Agent as the assignee Purchaser shall be deemed to acquire the Erroneous Payment Deficiency Assignment, (iii) upon such deemed acquisition, the Administrative Agent as the assignee Purchaser shall become a Purchaser, as applicable, hereunder with respect to such Erroneous Payment Deficiency Assignment and the assigning Purchaser shall cease to be a Purchaser hereunder with respect to such Erroneous Payment Deficiency Assignment, excluding, for the avoidance of doubt, its obligations under the indemnification provisions of this Agreement and its applicable Commitments which shall survive as to such assigning Purchaser and (iv) the Administrative Agent may reflect in the register its ownership interest in the Purchaser Interests subject to the Erroneous Payment Deficiency Assignment. The Administrative Agent may, in its discretion, sell any Purchaser Interests acquired pursuant to an Erroneous Payment Deficiency Assignment and upon receipt of the proceeds of such sale, the Erroneous Payment Return Deficiency owing by the applicable Purchaser shall be reduced by the net proceeds of the sale of such Purchaser Interest (or portion thereof), and the Administrative Agent shall retain all other rights, remedies and claims against such Purchaser (and/or against any recipient that receives funds on its respective behalf). For the avoidance of doubt, no Erroneous Payment Deficiency Assignment will reduce the Commitments of any Purchaser and such Commitments shall remain available in accordance with the terms of this Agreement, In addition, each party hereto agrees that, except to the extent that the Administrative Agent has sold a Purchaser Interest (or portion thereof) acquired pursuant to an Erroneous Payment Deficiency Assignment, and irrespective of whether the Administrative Agent may be equitably subrogated, the Administrative Agent shall be contractually subrogated to all the rights and interests of the applicable Purchaser under the Transaction Documents with respect to each Erroneous Payment Return Deficiency (the "Erroneous Payment Subrogation Rights").

(e) The parties hereto agree that an Erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Obligations owed by any Seller Party, except, in each case, to the extent such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by the Administrative Agent from any Seller Party for the purpose of making such Erroneous Payment,

(f) To the extent permitted by applicable Law, no Payment Recipient shall assert any right or claim to an Erroneous Payment, and hereby waives, and is deemed to waive, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the

Administrative Agent for the return of any Erroneous Payment received, including without limitation waiver of any defense based on "discharge for value" or any similar doctrine.

(g) Each party's obligations, agreements and waivers under this Section 11.14 shall survive the resignation or replacement of the Administrative Agent, the termination of the Commitments and/or the repayment, satisfaction or discharge of all Obligations (or any portion thereof) under any Transaction Document.

ARTICLE XII.

ASSIGNMENTS; PARTICIPATIONS

Section 12.1 Assignments. Any Purchaser may at any time and from time to time assign to one or more Persons (each, an ***"Assignee Purchaser")*** all or any part of its rights and obligations under this Agreement pursuant to an assignment agreement, substantially in the form set forth in Exhibit VII hereto (the ***"Assignment Agreement")*** executed by such Assignee Purchaser and such selling Purchaser. The consent of the Seller (which consent shall not be unreasonably withheld or delayed) shall be required prior to the effectiveness of any such assignment other than to an existing Purchaser. Each assignee of a Purchaser must (i) have a short-term debt rating of A-l or better by S&P and P-1 by Moody's Investor Service, Inc. or a long term debt rating of "A" by S&P and "A2" or better by Moody's. Upon delivery of the executed Assignment Agreement to the Administrative Agent, such selling Purchaser shall be released from its obligations hereunder to the extent of such assignment. Thereafter the Assignee Purchaser shall for all purposes be a Purchaser party to this Agreement and shall have all the rights and obligations of a Purchaser under this Agreement to the same extent as if it were an original party hereto and thereto, and no further consent or action by Seller, the Purchasers or

SANTANDER BANK, N.A., AS A PURCHASER

By: ______________________________
Name:
Title:

Address:

Santander Bank, N.A.
Mail Code: GBM-17
~~28 State Street~~437 Madison Avenue
Boston, MA 02109
New York, NY 10022
Attention: Devang Sodha
Email: devang.~~sodah~~sodha@santander.us

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person or any Subsidiary of such Person. A Person shall be deemed to control another Person if the controlling Person owns 10% or more of any class of voting securities of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise. For purposes of this Agreement, Affiliate shall not include any Excluded Subsidiary.

"Aggregate Capital" means, on any date of determination, the aggregate amount of Capital of all Purchaser Interests outstanding on such date.

"Aggregate Reduction" has the meaning specified in Section 1.3.

"Aggregate Reserve Percentage" means, on any date of determination, the greater of (i) the Required Reserve Factor Floor and (ii) the sum of the Loss Reserve, the Yield Reserve, the Dilution Reserve and the Servicing Reserve.

"Aggregate Reserves" means the Aggregate Reserve Percentage multiplied by the Adjusted Net Receivables Balance.

"Aggregate Unpaids" means, at any time, an amount equal to the sum of all Aggregate Capital and unpaid Obligations (whether due or accrued) at such time.

"Agreement" means this Amended and Restated Receivables Purchase Agreement, as it may be amended, restated, supplemented or otherwise modified and in effect from time to time.

"Alternate Base Rate" means for any day, the rate per annum equal to the ~~higher~~highest as of such day of (i) the Prime Rate~~, or~~ plus the Applicable Margin, (ii) one-half of one percent (0.50%) above the Overnight Bank Funding Rate for such day, plus, ~~in either case,~~ the Applicable Margin~~. For purposes of determining~~ or (iii) Daily Simple SOFR, plus one hundred basis points (1.0%) so long as Daily Simple SOFR is offered, ascertainable and not unlawful; provided, however, if the Alternate Base Rate ~~for any day, changes in the Prime Rate or the Overnight Bank Funding Rate shall be effective on the date of each such change.~~as determined above would be less than zero, then such rate shall be deemed to be zero. Any change in the Alternate Base Rate (or any component thereof) shall take effect at the opening of business on the day such change occurs. Notwithstanding anything to the contrary contained herein, in the case of any event specified in Section 4.6(a) or Section 4.6(b), to the extent any such determination affects the calculation of the Alternate Base Rate, the definition hereof shall be calculated without reference to clause (c) until the circumstances giving rise to such event no longer exist.

"Amendment No. 4 Effective Date" means April 17, 2020.

"Amortization Date" means the earliest to occur of (i) the day on which any of the conditions precedent set forth in Section 6.2 are not satisfied, (ii) the Business Day immediately prior to the occurrence of an Amortization Event set forth in Section 9.1(f)(ii), (iii)

Purchaser Interest (as applicable) subsequent to the date of such reduction, assignment or termination (or in respect of clause (ii) above, the date such Aggregate Reduction was designated to occur pursuant to the Reduction Notice) of the Capital of such Purchaser Interest if such reduction, assignment or termination had not occurred or such Reduction Notice had not been delivered, over (B) the sum of (x) to the extent all or a portion of such Capital is allocated to another Purchaser Interest, the amount of Yield actually accrued during the remainder of such period on such Capital for the new Purchaser Interest, and (y) to the extent such Capital is not allocated to another Purchaser Interest, the income, if any, actually received during the remainder of such period by the holder of such Purchaser Interest from investing the portion of such Capital not so allocated. In the event that the amount referred to in clause (B) exceeds the amount referred to in clause (A), the relevant Purchaser or Purchasers agree to pay to Seller the amount of such excess. All Broken Funding Costs shall be due and payable hereunder upon written demand.

"Business Day" means any day other than a Saturday or Sunday or a legal holiday on which commercial banks are ~~not~~ authorized or required to ~~close in~~be closed for business in Pittsburgh, Pennsylvania or New York, New York ~~or Atlanta, Georgia and The Depository Trust Company of New York is open for business, and, if the applicable Business Day relates to any computation or payment to be made with respect to the LIBO Rate or LMIR, any day on which dealings in dollar deposits are carried on in the London interbank market.~~ (or, if otherwise, the lending office of the Administrative Agent); provided that for purposes of any direct or indirect calculation or determination of, or when used in connection with any interest rate settings, fundings, disbursements, settlements, payments, or other dealings with respect to any Incremental Purchase that accrues yield at a rate based on SOFR, the term "Business Day" means any such day that is also a U.S. Government Securities Business Day.

"Calculation Period" means a calendar month.

"Canadian Receivable" means a Receivable as to which the Obligor (a) if a natural person, is a resident of Canada, and (b) if a corporation or other business entity, is organized under the laws of and/or maintains its chief executive office in Canada.

"Capital" of any Purchaser Interest means, at any time, (A) the Purchase Price of such Purchaser Interest, minus (B) the sum of the aggregate amount of Collections and other payments received by the Administrative Agent which in each case are applied to reduce such Capital in accordance with the terms and conditions of this Agreement; provided that such Capital shall be restored (in accordance with Section 2.5) in the amount of any Collections or other payments so received and applied if at any time the distribution of such Collections or payments arc rescinded, returned or refunded for any reason.

"Capital Lease Obligations" means, as to any Person, the obligations of such Person to pay rent or other amounts under a lease of (or other agreement conveying the right to use) real and/or personal property to the extent such obligations are required to be classified and accounted for as a capital lease on a balance sheet of such Person under GAAP (including Accounting Standards Codification Topic 840 of the Financial Accounting Standards Board) and, for purposes of this Agreement, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP (including such Topic 840).

"Capital Tranche" means specified portions of Capital outstanding as follows: (a) any Capital for which the applicable Discount Rate is determined by reference to the Term SOFR Rate and which have the same Tranche Period shall constitute one Capital Tranche, (b) all Capital for which the applicable Discount Rate is determined by reference to Daily Simple SOFR shall constitute one Capital Tranche, and (c) all Capital for which the applicable Discount is determined by reference to clause (i) or (ii) of Alternate Base Rate shall constitute one Capital Tranche.

"Cash Discount Exposure Factor" means 1.5% multiplied by the aggregate Outstanding Balance of all Receivables less than 31 days past due; provided that the Administrative Agent, by written notice to the Seller, the Servicer and each Purchaser, may modify the factors appearing in this definition as may be necessary to more accurately reflect the cash discounts offered by the Originators to Obligors.

"Certificate of Beneficial Ownership" means, for the Seller, a certificate in form and substance acceptable to the Administrative Agent (as amended or modified by the Administrative Agent from time to time in its sole discretion), certifying, among other things, the Beneficial Owner of the Seller.

"Change in Law" means the occurrence, after the date hereof, of any of the following: (a) the adoption of any law, rule, regulation or treaty or (b) any change in any law, rule, regulation or treaty or in the official administration, interpretation, implementation or application thereof by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking

Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to the agreements reached by the Basel Committee on Banking Supervision in "Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems" (as amended, supplemented or otherwise modified or replaced from time to time), shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Change of Control" has the meaning set forth in the Receivables Sale Agreement.

"Charged-Off Receivable" means a Receivable: (i) as to which the Obligor thereof has taken any action, or suffered any event to occur, of the type described in Section 9.1(f) (as if references to Seller Party therein refer to such Obligor); (ii) as to which the Obligor thereof, if a natural person, is deceased, (iii) which, consistent with the Credit and Collection Policy, would be written off Seller's books as uncollectible, or (iv) which has been identified by Seller as uncollectible.

(up to the Concentration Limit for such Obligor).	Outstanding Balance) (up to the Concentration Limit for each such Obligor); and
	(iv) the aggregate Outstanding Balance of Receivables for the largest Group A Obligor (based on Outstanding Balance) (up to the Concentration Limit for such Obligor), other than the Home Depot, Inc., so long as The Home Depot, Inc. maintains a long-term debt rating of at least AA/Aa2 by S&P and Moody's.

"Conforming Changes" means, with respect to Daily Simple SOFR, the Term SQFR Rate, or any Benchmark Replacement in relation thereto, any technical, administrative or operational changes (including changes to the definition of "Alternate Base Rate," the definition of "Business Day," the definition of "Tranche Period," the definition of "U.S. Government Securities Business Day," timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of Daily Simple SOFR or the Term SOFR Rate or such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of the Daily Simple SOFR, Term SOFR Rate or the Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Transaction Documents."

"Contract" means, with respect to any Receivable, any and all instruments, agreements, invoices or other writings pursuant to which such Receivable arises or which evidences such Receivable.

"Contractual Rebate Accrual" means, with respect to any Receivable on any date of determination, the ending balance of all accounting accruals or reserves for Rebates on such Receivable; ***provided*** that the Administrative Agent, by written notice to the Seller, Servicer and each Purchaser may require an adjustment to the Contractual Rebate Accrual if its determines pursuant to a Review that accounting accruals and reserves do not accurately reflect the actual amount of Rebates.

"Covered Entity" means (a) each of Seller, the Servicer, each Originator, Performance Guarantor and each of Performance Guarantor's Subsidiaries and (b) each Person that, directly or indirectly, is in control of a Person described in clause (a) above. For purposes of this definition, control of a Person shall mean the direct or indirect (x) ownership of, or power to vote, 25% or more of the issued and outstanding equity interests having ordinary voting power for the election of directors of such Person or other Persons performing similar functions for such Person, or (y) power to direct or cause the direction of the management and policies of such Person whether by ownership of equity interests, contract or otherwise.

"Credit and Collection Policy" means the Originators' credit and collection policies and practices relating to Contracts and Receivables existing on the date hereof and summarized in Exhibit VIII hereto, as modified from time to time in accordance with this Agreement.

"Cut-Off Date" means the last day of a Calculation Period.

"Term SOFR Rate" shall mean, for any day, the interest rate per annum determined by the Administrator by dividing (the resulting quotient rounded upwards, at the Administrator's discretion, to the nearest

1/100th of 1%) (A) the Term SOFR Reference Rate for a tenor of one month on such day (the “Term SOFR Determination Date”), as such rate is published by the Term SOFR Administrator, by (B) a number equal to I.00 minus the SOFR Reserve Percentage. If the Term SOFR Reference Rate for the applicable tenor has not been published or replaced with a Benchmark Replacement by 5:00 p.m. (Pittsburgh, Pennsylvania time) on the Term SOFR Determination Date, then the Term SOFR Reference Rate, for purposes of clause (A) in the preceding sentence, shall be the Term SOFR Reference Rate for such tenor on the first Business Day preceding such Term SOFR Determination Date for which such Term SOFR Reference Rate for such tenor was published in accordance herewith, so long as such first preceding Business Day is not more than three (3) Business Days prior to such Term SOFR Determination Date. If the Term SOFR Rate, determined as provided above, would be less than the SOFR Floor, then the Term SOFR Rate shall be deemed to be the SOFR Floor. The Term SOFR Rate shall be adjusted automatically without notice to the Seller on and as of (i) the first day of each Tranche Period, and (ii) the effective date of any change in the SOFR Reserve Percentage.

“Daily Simple SOFR” means, for any day (a “SOFR Rate Day”), the interest rate per annum determined by the Administrative Agent by dividing (the resulting quotient rounded upwards, at the Administrative Agent's discretion, to the nearest 1/100 th of 1%) (A) SOFR for the day (the “SOFR Determination Date”) that is 2 Business Days prior to (i) such SOFR Rate Day if such SOFR Rate Day is a Business Day or (ii) the Business Day immediately preceding such SOFR Rate Day if such SOFR Rate Day is not a Business Day, by (B) a number equal to 1.00 minus the SOFR Reserve Percentage, in each case, as such SOFR is published by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate) on the website of the Federal Reserve Bank of New York, currently at http://www.newyorkfed.org, or any successor source identified by the Federal Reserve Bank of New York or its successor administrator for the secured overnight financing rate from time to time. If Daily Simple SOFR as determined above would be less than the SOFR Floor, then Daily Simple SOFR shall be deemed to be the SOFR Floor. If SOFR for any SOFR Determination Date has not been published or replaced with a Benchmark Replacement by 5:00 p.m. (Pittsburgh, Pennsylvania time) on the second Business Day immediately following such SOFR Determination Date, then SOFR for such SOFR Determination Date will be SOFR for the first Business Day preceding such SOFR Determination Date for which SOFR was published in accordance with the definition of “SOFR”; provided that SOFR determined pursuant to this sentence shall be used for purposes of calculating Daily Simple SOFR for no more than 3 consecutive SOFR Rate Days. If and when Daily Simple SOFR as determined above changes, any applicable rate of interest based on Daily Simple SOFR will change automatically without notice to the Seller, effective on the date of any such change.

“Days Sales Outstanding” means, as of any day, an amount equal to the product of (x) 91, multiplied by (y) the amount obtained by dividing (i) the aggregate Outstanding Balance of all Receivables as of the most recent Cut-Off Date, by (ii) the aggregate amount of Receivables created during the three (3) Calculation Periods including and immediately preceding such Cut-Off Date.

“Deemed Collections” means the aggregate of all amounts Seller shall have been deemed to have received as a Collection of a Receivable. Seller shall be deemed to have received a Collection in full of a Receivable if at any time any of the representations or warranties in Article V arc no longer true with respect to any Receivable. If (i) the Outstanding Balance of any Receivable is either (x) reduced as a result of any defective or rejected goods or services, any discount or any adjustment or otherwise by Seller (other than cash Collections on account of the Receivables) or (y) reduced or canceled as a result of a setoff in respect of any claim by any Person (whether such claim arises out of the same or a related transaction or an unrelated transaction), Seller shall be deemed to have received a Collection of such Receivable to the extent of such reduction or cancellation.

“Default Fee” means with respect to any amount due and payable by Seller in respect of any Aggregate Unpaids, an amount equal to interest on any such unpaid Aggregate Unpaids at a rate per annum equal to 2% above the Alternate Base Rate.

“Default Horizon Ratio” means, as of any Cut-Off Date, the ratio (expressed as a decimal) computed by dividing (a) the aggregate sales generated by the Originators during the six Calculation Periods ending on such Cut-Off Date by (b) the Net Receivables Balance as of such Cut-Off Date.

"Default Ratio" means, as of any Cut-Off Date, the ratio (expressed as a percentage) computed by dividing (x) the total amount of Receivables which became Defaulted Receivables or which became Charged-Off Receivables before becoming Defaulted Receivables, in either case during the Calculation Period that includes such Cut-Off Date, by (y) the aggregate sales generated by the Originators during the Calculation Period occurring five months prior to the Calculation Period ending on such Cut-Off Date.

"Defaulted Receivable" means a Receivable as to which any payment, or part thereof, remains unpaid for 121 days or more from the original due date for such payment.

"Delinquency Ratio" means, at any time, a percentage equal to (i) the aggregate Outstanding Balance of all Receivables that were Delinquent Receivables at such time divided by (ii) the aggregate Outstanding Balance of all Receivables at such time.

"Delinquent Receivable" means a Receivable as to which any payment, or part thereof, remains unpaid for 91-120 days from the original due date for such payment.

"Designated Obligor" means an Obligor indicated by the Administrative Agent or any Purchaser to Seller in writing.

"Dilution Horizon Ratio" means, as of any Cut-off Date, a ratio (expressed as a decimal), computed by dividing (a) the aggregate sales generated by the Originators during the three Calculation Periods ending on such Cut-Off Date by (b) the Net Receivables Balance as of such Cut-Off Date.

"Dilution Ratio" means, as of any Cut-Off Date, a ratio (expressed as a percentage), computed by dividing (a) the total amount of Dilutions during the Calculation Period ending on such Cut-Off Date, by (b) the aggregate sales generated by the Originators during the Calculation Period that ended three Cut-Off Dates prior to such Cut-Off Date.

"Dilution Reserve" means, for any Calculation Period, the product (expressed as a percentage) of (a) the sum of (i) the Stress Factor times the Adjusted Dilution Ratio as of the Cutoff Date for such Calculation Period, *plus* (ii) the Dilution Volatility Component as of the Cutoff Date for such Calculation Period, ***times*** (b) the Dilution Horizon Ratio as of the Cutoff Date for such Calculation Period.

"Dilution Volatility Component" means the product (expressed as a percentage) of (i) the difference between (a) the highest three (3)-month rolling average Dilution Ratio over the past 12 Calculation Periods and (b) the Adjusted Dilution Ratio, and (ii) a fraction, the numerator of which is equal to the amount calculated in (i)(a) of this definition and the denominator of which is equal to the amount calculated in (i)(b) of this definition.

"Dilutions" means, at any time, the aggregate amount of reductions or cancellations described in clause (i) of the definition of "Deemed Collections" other than those for which a Contractual Rebate Accrual has been booked.

"Discount Rate" means, (A) the ~~LIBO Rate, LMIR or~~sum of (i) Daily Simple SOFR or (ii) the Term SOFR Rate plus (iii) the SOFR Adjustment, or (B) the Alternate Base Rate, as applicable, with respect to each Purchaser Interest.

"Domestic Subsidiary" shall mean any Subsidiary organized under the law of the United States of America, any State thereof, or the District of Columbia.

"EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

satisfactory to the Administrative Agent and the Purchasers, that such Receivables shall not be subject to such offset,

(xvii) as to which the applicable Originator has satisfied and fully performed all obligations on its part with respect to such Receivable required to be fulfilled by it, and no further action is required to be performed by any Person with respect thereto other than payment thereon by the applicable Obligor, other than an Originator's obligation to deliver the related products or goods to such Obligor's destination if such products or goods were shipped to such Obligor within the preceding fifteen (15) days and remain in transit to such Obligor; it being understood that such Receivable shall cease to constitute an Eligible Receivable if the related products or goods are not delivered to such Obligor on or prior to the 15th day after the origination of such Receivable, and

(xviii) all right, title and interest to and in which has been validly transferred by the applicable Originator directly to Seller under and in accordance with the Receivables Sale Agreement, and Seller has good and marketable title thereto free and clear of any Adverse Claim.

"Equity Interests" means, with respect to any Person, all shares of capital stock, partnership interests, membership interests in a limited liability company or other ownership in participation or equivalent interests (however designated, whether voting or non-voting) of such Person's equity capital (including any warrants, options or other purchase rights with respect to the foregoing).

"Erroneous Payment" has the meaning assigned to it in Section 11.14.

"Erroneous Payment Deficiency Assignment" has the meaning assigned to it in Section 11.14.

"Erroneous Payment Impacted Class" has the meaning assigned to it in Section 11.14.

"Erroneous Payment Return Deficiency" has the meaning assigned to it in Section 11.14.

"Erroneous Payment Subrogation Rights" has the meaning assigned to it in Section 11.14.

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor thereto), as in effect from time to time.

"EU Risk Retention Letter" means the EU Risk Retention Agreement, dated as of the Fifth Amendment Effective Date, between the Servicer, the Seller, the Originators and the Administrative Agent, as the same may be amended or modified in accordance with its terms and the terms hereof.

"Exception Account" means each concentration account, depositary account, lock-box account or similar account in which any Collections are collected or deposited and which is listed on Exhibit IV-B.

"Excluded Receivable" has the meaning set forth in the Receivables Sale Agreement.

"Excluded Subsidiary" shall mean any Potentially Excluded Subsidiary that has been the subject of an Exclusionary Event and each other corporation, limited liability company, partnership or other entity of which ownership interests representing at least a majority of the ordinary voting power or, in the case of partnership, at least a majority of the general partnership interests arc directly or indirectly owned, controlled or held by one or more Potentially Excluded Subsidiary that has been subject of an Exclusionary Event.

"Exclusionary Event" shall mean the board of directors of any Potentially Excluded Subsidiary shall have authorized the filing of a bankruptcy petition with respect to such Potentially Excluded Subsidiary.

"Facility Account" means the account specified as such on Schedule C.

"Facility Termination Date" means the earlier of (i) May 21, 2024, and (ii) the Amortization Date.

"Federal Bankruptcy Code" means Title 11 of the United States Code entitled "Bankruptcy," as amended and any successor statute thereto.

"Fee Letter" means those certain fee letter agreements from time to time entered into, among the Seller, each Purchaser and/or the Administrative Agent or the Structuring Agent (each such fee letter agreement, as amended, restated, supplemented or otherwise modified from time to time).

"Fifth Amendment Effective Date" means May 22, 2020.

"Finance Charges" means, with respect to a Contract, any finance, interest, late payment charges or similar charges owing by an Obligor pursuant to such Contract.

"Floor" means a rate of interest equal to zero (0.00%) per annum.

"FOB Accrual Balance" means, with respect to any Receivable on any date of determination, the ending balance of all accounting accruals or reserves for Receivables for which the related products and goods have been shipped to the related Obligor but not delivered to the related Obligor; provided that the Administrative Agent, by written notice to the Seller, Servicer and each Purchaser may require an adjustment to the FOB Accrual Balance if it determines pursuant to a Review that accounting accruals and reserves do not accurately reflect the actual amount of Receivables for which the related products and goods have been shipped to the related Obligor but not delivered to the related Obligor.

secured by a lien on the property of such Person, whether or not the respective obligation so secured has been assumed by such Person; and (vi) indebtedness of others of the type described in clause (i), (ii), (iii) or (iv) above Guaranteed by such Person.

"Independent Director" shall mean a member of the Board of Directors of Seller who (i) is not at such time, and has not been at any time during the preceding five (5) years, (A) a director, officer, employee or affiliate of any Seller Party, any Originator, or any of their respective Subsidiaries or Affiliates, (B) a customer or supplier of any Seller Party, any Originator, or any of their respective Subsidiaries or Affiliates (other than his or her service as an Independent Director of Seller or an independent director of any other bankruptcy-remote special purpose entity formed for the sole purpose of securitizing, or facilitating the securitization of, financial assets of any Seller Party, any Originator, or any of their respective Subsidiaries or Affiliates), (C) a member of the immediate family of a Person described in clauses (A) or (B) above, (D) the beneficial owner (at the time of such individual's appointment as an Independent Director or at any time thereafter while serving as an Independent Director) of any of the outstanding common shares of any Seller Party, any Originator, or any of their respective Subsidiaries or Affiliates, having general voting rights and (ii) has (A) prior experience as an independent director for a corporation or limited liability company whose organizational or charter documents required the unanimous consent of all independent directors thereof before such corporation or limited liability company could consent to the institution of bankruptcy or insolvency proceedings against it or could file a petition seeking relief under any applicable federal or state law relating to bankruptcy and (B) at least three years of employment experience with one or more entities that provide, in the ordinary course of their respective businesses, advisory, management or placement services to issuers of securitization or structured finance instruments, agreements or securities.

"LCR Security" means any commercial paper or security (other than equity securities issued to Parent or any Originator that is a consolidated subsidiary of Parent under GAAP) within the meaning of Paragraph _.32(e)(viii) of the final rules titled Liquidity Coverage Ratio: Liquidity Risk Measurement Standards, 79 Fed. Reg. 197, 61440 et seq. (October 10, 2014).

~~***LIBOR Market Index Rate"*** means, for any day, the one month Eurodollar Rate for U.S. dollar deposits as reported on the Reuters Screen LIBOR01 Page or any other page that may replace such page from time to time for the purpose of displaying offered rates of leading banks for London interbank deposits in United States dollars, as of 11:00 a.m. (London time) on such date, or if such day is not a Business Day, then the immediately preceding Business Day (or if not so reported, then as determined by the Administrative Agent from another recognized source for interbank quotation), in each case, changing when and as such rate changes.~~

~~***"LIBO Rate"*** means the rate per annum equal to the sum of (i) (a) the applicable rate for deposits in U.S. dollars appearing on Reuters Screen LIBOR01 Page (or on any successor or substitute page of such service, or any successor to or substitute for such service, providing rate quotations comparable to those currently provided on such page of such service) as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of the relevant Tranche Period, and having a maturity equal to such Tranche Period, provided that, if no such rate is then available to the Administrative Agent, the applicable LIBO Rate for the relevant Tranche Period shall instead be the rate determined by each Purchaser to be the rate at which such Purchaser offers to place deposits in U.S. dollars with first class banks in the London interbank market at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Tranche Period, in the approximate amount to be funded at the LIBO Rate and having a maturity equal to such Tranche Period, divided by (b) one minus the maximum aggregate reserve requirement (including all basic, supplemental, marginal or other reserves) which is imposed against the Administrative Agent in respect of Eurocurrency liabilities, as defined in Regulation D of the Board of Governors of the Federal Reserve System as in effect from time to time (expressed as a decimal), applicable to such Tranche Period, plus (ii) the Applicable Margin per annum. Notwithstanding, the foregoing if clause (i) as determined above would be less than zero (0.00), such rate shall be deemed to be zero percent (0.00%) for purposes of this Agreement. The LIBO Rate shall be rounded, if necessary, to the next higher 1/16 of 1%.~~

~~***"LMIR"*** means, on any date of determination, a rate per annum equal to (i) the greater of LIBOR Market Index Rate or zero percent (0.00%) plus (ii) the Applicable Margin.~~

"Lock-Box" means each locked postal box with respect to which a bank who has executed a Collection Account Agreement has been granted exclusive access for the purpose of retrieving and processing payments made on the Receivables and which is listed on Exhibit IV-A.

"Loss Reserve" means, for any Calculation Period, the product (expressed as a percentage) of (a) the Stress Factor, **times** (b) the highest three-month rolling average Default Ratio during the 12 Calculation Periods ending on the immediately preceding Cut-Off Date, **times** (c) the Default Horizon Ratio as of the immediately preceding Cut-Off Date.

"Material Adverse Effect" means a material adverse effect on (i) the financial condition or operations of Seller or RPM-Delaware and any of its subsidiaries, taken as a whole, (ii) the ability of Seller to perform its obligations under this Agreement or (at any time RPM-Delaware is acting as Servicer or Performance Guarantor), the ability of the Servicer or the Performance Guarantor to perform its obligations under this Agreement or the Performance Undertaking, as the case may be, (iii) the legality, validity or enforceability of this Agreement or any other Transaction Document, (iv) any Purchaser's interest in the Receivables generally or in any significant portion of the Receivables, the Related Security or the Collections with respect thereto, or (v) the collectability of the Receivables generally or of any material portion of the Receivables.

"Material Indebtedness" means (a) with respect to the Performance Guarantor and its Subsidiaries (other than the Originators), Indebtedness in excess of $50 million in aggregate principal amount and (b) with respect to any Originator, Indebtedness in excess of $20 million in aggregate principal amount.

"Monthly Reporting Date" shall have the meaning set forth in Section 8.5.

"Moody's"means Moody's Investors Service, Inc.

"Net Receivables Balance" means, at any time, Adjusted Eligible Receivables at such time reduced by the aggregate amount by which (a) the Outstanding Balance of all Eligible

pursuant to any transitional arrangements made pursuant to the Securitisation Regulation and, in each case, any relevant guidance published in relation thereto by the European Banking Authority, the European Securities and Markets Authority, the European Insurance and Occupational Pensions Authority (or in each case any predecessor or any other applicable regulatory authority) or by the European Commission, in each case as amended and in effect from time to time.

"Seller" has the meaning set forth in the preamble to this Agreement.

"Seller Parties" means, collectively, (a) Seller, and (b) at any time that RPM-Delaware is acting as Servicer or Performance Guarantor, RPM-Delaware.

"Senior Officer" shall mean the chief executive officer, president, corporate controller, chief financial officer or vice president-treasurer of the Performance Guarantor.

"Servicer" means at any time the Person (which may be the Administrative Agent) then authorized pursuant to Article VIII to service, administer and collect Receivables.

"Servicer Rating Condition " means, the Servicer has debt ratings of no lower than BBB-/Baa3/BBB- from at least two of (i) S&P, (ii) Moody's and (iii) Fitch Ratings.

"Servicing Fee" has the meaning set forth in Section 8.6.

"Servicing Reserve" means, the product (expressed as a percentage) of (a) 1%, times (b) a fraction, the numerator of which is the Days Sales Outstanding as of the immediately preceding Cut-Off Date and the denominator of which is 360, times (c) 1.5.

"Settlement Date" means the twentieth (20th) day of each month, or if such date is not a Business Day, the following Business Day.

"Settlement Period" means, in respect of each Purchaser Interest, the entire Tranche Period of such Purchaser Interest.

"SOFR" means, for any day, a rate equal to the secured overnight financing rate as administered by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

"SOFR Adjustment" means ten basis points (0.10%).

"SOFR Floor" means a rate of interest per annum equal to 0 basis points (0%).

"SOFR Reserve Percentage" means, for any day, the maximum effective percentage in effect on such day, if any, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including, without limitation, supplemental, marginal and emergency reserve requirements) with respect to SOFR funding.

"State Government Receivable" means a Receivable as to which the Obligor is a state or local government or a state or local governmental subdivision or agency in the United States of America.

"Stress Factor" means, for so long as the Servicer Rating Condition is satisfied, 2.00%, otherwise, 2.25%.

"Structuring Agent" has the meaning set forth in the preamble to this Agreement.

"Subsidiary" shall mean, with respect to any Person (the ***"parent")*** at any date, (i) any corporation, limited liability company, partnership or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date and (ii) any other corporation, limited liability company, partnership or other entity of which ownership interests representing at least a majority of the ordinary voting power or, in the case of partnership, at least a majority of the general partnership interests, are, as of such date, directly or indirectly owned, controlled or held by the parent and/or one or more of its Subsidiaries; ***provided, however,*** that no Excluded Subsidiary shall be a ***"Subsidiary" o***f RPM-Delaware for purposes of this Agreement from (a) May 31,2010 until (b) the effective date of a bankruptcy plan of reorganization with respect to such Excluded Subsidiary or the earliest date after the effective date if as of such date, such entity would otherwise qualify as a ***"Subsidiary"*** of RPM-Delaware pursuant to this definition.

"Term SOFR Administrator" means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Administrative Agent in its reasonable discretion).

"Term SOFR Reference Rate" means the forward-looking term rate based on SOFR.

"Terminating Tranche" has the meaning set forth in Section 4.3(b).

"Tranche Period" means, with respect to any Purchaser Interest:

1. if Yield for such Purchaser Interest is calculated on the basis of the ~~LIBO~~Daily Simple SOFR or the Term SOFR Rate, a period of one~~, two, three or six months, or such other period as may be mutually agreeable to the applicable Purchaser and Seller,~~ month commencing on a Business Day selected by Seller or such Purchaser pursuant to this Agreement. Such Tranche Period shall end on the day in the applicable succeeding calendar month which

corresponds numerically to the beginning day of such Tranche Period, ***provided, however,*** that if there is no such numerically corresponding day in such succeeding month, such Tranche Period shall end on the last Business Day of such succeeding month;

2. ~~if Yield for such- Purchaser Interest is calculated on the basis of LMIR, initially, a period commencing on a Business Day selected by Seller and agreed to by the applicable Purchaser and ending on the last day of the calendar month in which such~~

Business -Day falls, and - thereafter, -each -calendar-month while such- Purchaser Interest remains funded at LMIR-; ~~or~~[reserved]; or

3. if Yield for such Purchaser Interest is calculated on the basis of the Alternate Base Rate, a period commencing on a Business Day selected by Seller, ***provided*** that no such period shall exceed one month.

If any Tranche Period would end on a day which is not a Business Day, such Tranche Period shall end on the next succeeding Business Day, ***provided, however,*** that in the case of Tranche Periods corresponding to the ~~LIBO~~Daily Simple SOFR. the Term SOFR Rate ~~or - LMIR~~, if such next succeeding Business Day falls in a new month, such Tranche Period shall end on the immediately preceding Business Day. In the case of any Tranche Period for any Purchaser Interest which commences before the Amortization Date and would otherwise end on a date occurring after the Amortization Date, such Tranche Period shall end on the Amortization Date. The duration of each Tranche Period which commences after the Amortization Date shall be of such duration as selected by the applicable Purchaser.

"Transaction Documents" means, collectively, this Agreement, each Purchase Notice, the Receivables Sale Agreement, each Collection Account Agreement, the Performance Undertaking, the EU Risk Retention Letter, the Fee Letter, the Subordinated Notes (as defined in the Receivables Sale Agreement) and all other instruments, documents and agreements required to be executed and delivered pursuant hereto.

"U.S. Government Securities Business Dav" means any day except for (a) a Saturday or Sunday or (b) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

"UCC" means the Uniform Commercial Code as from time to time in effect in the specified jurisdiction.

"USD LIBOR" has the meaning set forth in Section 4,6(d)(iv)(1).

"UK Financial Institution" means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended form time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"UK Resolution Authority" means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

"Unadjusted Benchmark Replacement" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment,

Requested Discount Rate:
Santander: [~~LMIR][LIBO~~Term SOFR Rate] [Daily Simple SOFR] [Alternate Base Rate]
PNC: [~~LMIR][LIBO~~Term SOFR Rate] [Daily Simple SOFR] [Alternate Base Rate]

Please credit the Purchase Price in immediately available funds to the following account:

Account Name:	RPM Funding Corporation
Account No.:	1131250418 PNC Bank 1900 East Ninth Street Cleveland, OH 44114
ABA No.:	043 000 096
SWIFT:	PNCCUS33
Reference:	Loan Proceeds
Telephone advice to:	Terri Wallace (330) 273-8818

In connection with the Incremental Purchase to be made on the above listed "Date of Purchase" (the ***"Purchase Date"),*** the Seller hereby certifies that the following statements are true on the date hereof, and will be true on the Purchase Date (before and after giving effect to the proposed Incremental Purchase):

1. the representations and warranties of the Seller set forth in Section 5.1 of the Receivables Purchase Agreement are true and correct on and as of the Purchase Date as though made on and as of such date;

2. no event has occurred and is continuing, or would result from the proposed Incremental Purchase, that will constitute an Amortization Event or a Potential Amortization Event;

3. the Facility Termination Date has not occurred, the Aggregate Capital does not exceed the Purchase Limit and the aggregate Purchaser Interests do not exceed 100%; and

4. the amount of Aggregate Capital is $_____ after giving efffect to the Incremental Purchase to be made on the Purchase Date.

Very truly yours,

RPM FUNDING CORPORATION

By: ______________________________
Name:
Title:

TABLE OF CONTENTS

Exhibit 21.1

(5/31/23)

Company Name	**Place of Incorporation**
Agpro (N.Z.) Limited	New Zealand
Ali Industries, LLC	Ohio (USA)
API S.p.A.	Italy
Arnette Polymers, LLC	Massachusetts (USA)
Carboline Company	Delaware (USA)
Carboline Global Inc.	Delaware (USA)
DAP Global Inc.	Delaware (USA)
DAP Products Inc.	Delaware (USA)
Day-Glo Color Corp.	Ohio (USA)
Dryvit Holdings, LLC	Delaware (USA)
Ekspan Limited	England & Wales
Euclid Admixture Canada Inc.	Canada
Eucomex, S.A. de C.V.	Mexico
Fibergrate Composite Structures Incorporated	Delaware (USA)
First Continental Services Co.	Vermont (USA)
Key Resin Company	Ohio (USA)
Kirker Enterprises, Inc.	Delaware (USA)
Kop-Coat, Inc.	Ohio (USA)
LBG Holdings, Inc.	Delaware (USA)
Legend Brands, Inc.	Delaware (USA)
Martin Mathys NV	Belgium
Modern Recreational Technologies, Inc.	Delaware (USA)
Morrells Woodfinishes Limited	England & Wales
NatureSeal, Inc. *(83% JV)*	Delaware (USA)
New Ventures (UK) Limited	England & Wales
Profile Food Ingredients, LLC	Illinois (USA)
Radiant Color NV	Belgium
RPM Canada, a General Partnership	Canada
RPM Canada Finance Company ULC	Canada
RPM Canada Holding I ULC	Canada
RPM Consumer Group, Inc.	Delaware (USA)
RPM Enterprises, Inc.	Delaware (USA)
RPM Europe Finance Designated Activity Company (“dac”)	Ireland
RPM Europe Holdco B.V.	Netherlands
RPM Funding Corporation	Delaware (USA)
RPM Global Holdco, LLC	Delaware (USA)
RPM Holdco Corp.	Delaware (USA)
RPM Industrial Coatings Group, Inc.	Nevada (USA)
RPM Industrial Holding, LLC	Delaware (USA)
RPM International Inc.	Delaware (USA)
RPM Performance Coatings Group, Inc.	Delaware (USA)
RPOW UK Limited	England & Wales
RSIF International Designated Activity Company (“dac”)	Ireland
Rust-Oleum Corporation	Delaware (USA)
Schul International Co., LLC	New Hampshire (USA)
Specialty Products Holding Corp.	Ohio (USA)
SPS B.V.	Netherlands
StonCor Africa Proprietary Limited	South Africa
StonCor Group, Inc.	Delaware (USA)
TCI, Inc.	Georgia (USA)
The Euclid Chemical Company	Ohio (USA)
Tor Coatings Limited	England & Wales

Toxement, S.A.	Colombia
Tremco CPG France SAS	France
Tremco CPG Germany GmbH	Germany
Tremco CPG Inc.	Delaware (USA)
Tremco CPG (India) Private Limited	India
Tremco CPG Manufacturing Corp.	Delaware (USA)
Tremco CPG Netherlands B.V.	Netherlands
Tremco CPG Sweden AB	Sweden
Tremco CPG UK Limited	England & Wales
Tremco Holdings, Inc.	Delaware (USA)
tremco illbruck Group GmbH	Germany
Tremco Incorporated	Ohio (USA)
United Construction Products, LLC	Colorado (USA)
Universal Sealants (U.K.) Limited	England & Wales
Viapol Ltda.	Brazil
Vintiquities Limited	England & Wales
Weatherproofing Technologies, Inc.	Delaware (USA)

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM AND REPORT ON SCHEDULE

We consent to the incorporation by reference in:

- Registration Statement No. 333-240199 on Form S-3;
- Registration Statement No. 333-101512 on Form S-8 pertaining to the Deferred Compensation Plan;
- Registration Statement No. 333-101501 on Form S-8 pertaining to the 401(k) Trust and Plan and the Union 401(k) Retirement Savings Trust and Plan;
- Registration Statement No. 333-240204 on Form S-8 pertaining to the 401(k) Trust and Plan and the Union 401(k) Retirement Savings Trust and Plan;
- Registration Statement No. 333-117581 on Form S-8 pertaining to the 2003 Restricted Stock Plan for Directors;
- Registration Statement No. 333-120067 on Form S-8 pertaining to the Amended and Restated 2004 Omnibus Equity and Incentive Plan;
- Registration Statement No. 333-168437 on Form S-8 pertaining to the Amended and Restated 2004 Omnibus Equity and Incentive Plan;
- Registration Statement No. 333-139906 on Form S-8 pertaining to the 2007 Restricted Stock Plan;
- Registration Statement No. 333-203406 on Form S-8 pertaining to the 2014 Omnibus Equity and Incentive Plan;
- Registration Statement No. 333-240202 on Form S-8 pertaining to the Amended and Restated 2014 Omnibus Equity and Incentive Plan;

of our reports dated July 26, 2023, relating to the consolidated financial statements of RPM International Inc. and subsidiaries, and the effectiveness of RPM International Inc. and subsidiaries' internal control over financial reporting appearing in this Annual Report on Form 10-K of RPM International Inc. for the year ended May 31, 2023.

/s/ Deloitte & Touche LLP

Cleveland, Ohio
July 26, 2023

Exhibit No. 31.1

RULE 13a-14(a) CERTIFICATION

I, Frank C. Sullivan, certify that:

1. I have reviewed this Annual Report on Form 10-K of RPM International Inc.;

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

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

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

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

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

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

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

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

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

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

/s/ Frank C. Sullivan

Frank C. Sullivan
Chairman, President and Chief Executive Officer

Dated: July 26, 2023

Exhibit No. 31.2

RULE 13a-14(a) CERTIFICATION

I, Russell L. Gordon, certify that:

1. I have reviewed this Annual Report on Form 10-K of RPM International Inc.;

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

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

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

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

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

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

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

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

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

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

/s/ Russell L. Gordon
Russell L. Gordon
Vice President and Chief Financial Officer

Dated: July 26, 2023

Exhibit 32.1

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of RPM International Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

(1) The Annual Report on Form 10-K for the period ended May 31, 2023 (the "Form 10-K") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Form 10-K.

Date: July 26, 2023

/s/ Frank C. Sullivan
Frank C. Sullivan
Chairman, President and Chief Executive Officer

The foregoing Certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Form 10-K or as a separate disclosure document.

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

Exhibit 32.2

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of RPM International Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

(1) The Annual Report on Form 10-K for the period ended May 31, 2023 (the "Form 10-K") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Form 10-K.

Date: July 26, 2023

/s/ Russell L. Gordon
Russell L. Gordon
Vice President and Chief Financial Officer

The foregoing Certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Form 10-K or as a separate disclosure document.

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