20250210001112

Styrelsen och verkställande direktören för

Stanley Black & Decker Sweden AB

Org nr 556192-9760

får härmed avge

Årsredovisning

för räkenskapsåret 1 januari - 31 december 2023

Fastställelseintyg

Undertecknad styrelseledamot intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma den 28 juni 2024. Årsstämman beslöt att godkänna styrelsens förslag till resultatdisposition.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalen.

2025-02-06

Kristian Paulsen

Ordförande

ank=20240702:20240703044994

Styrelsen och verkställande direktören för

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för räkenskapsåret 1 januari - 31 december 2023

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Penneo dokumentnyckel: FQ34G-EEADC-KCKUB-EYSL0-LEP5Q-4MI7S7

ank=20240703043995

Förvaltningsberättelse

Allmänt om verksamheten

Stanley Black & Decker Sweden AB ägs till 90% av Black & Decker International Holdings BV/S.a.r.l i Luxemburg och resterande 10% ägs av Stanley Black & Decker NL BV som i sin tur är ett helägt dotterbolag till Stanley Black & Decker Inc, org nr 06-0548860, i USA.

Bolagets verksamhet består av försäljning och marknadsföring av elektriska verktyg på den svenska marknaden och då främst genom återförsäljare.

Bolaget har sitt säte i Göteborg.

Utveckling av företagets verksamhet, resultat och ställning

Ekonomisk översikt	*2023*	*2022*	*2021*	*2020*
Nettoomsättning	428 704	526 178	567 764	453 027
Rörelseresultat	6 239	15 310	17 349	13 911
Rörelsemarginal %	1,5%	2,9%	3,1%	3,1%
Eget kapital	95 249	112 941	100 597	87 259
Balansomslutning	386 577	304 082	342 268	282 552
Soliditet %	24,6%	37,1%	29,4%	30,9%
Antal anställda	69	80	86	88

Definitioner: se not 26

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Väsentliga händelser under räkenskapsåret

Marknaden var utmanande år 2023. Makroekonomin och konsumenttrender pressade efterfrågan på våra marknader. Kategorier som var vinnare under pandemin, som utomhusprodukter för konsumenter och DIY fick minskad efterfrågan. Bygg- och industrisektorn gick bättre. Bolaget fortsatte sin starka utveckling. Lanseringen av 5.0ah DEWALT Powerstack batteriet och vår strävan mot en sladdfri arbetsplats har bidragit positivt till vinsttillväxten för DEWALT segmentet och har levererat längre användingstid för våra nyckelanvändare.

I december förvärvades samtliga aktier i MTD Products Nordic AB.

Förväntad framtida utveckling samt väsentliga risker och osäkerhetsfaktorer

Vi lämnar år 2023 med en stark utveckling och vi förväntar oss att den fortsätter. Vi har en positiv framtidstro och en tydlig handlingsplan framöver. För att stödja denna utveckling investerar vi i våra starka, ikoniska varumärken, innovationsmodell, elektrifiering och kommersiell aktivering, allt i syfte att accelerera vår marknadsandel under 2024 och därefter.

Förslag till disposition av företagets vinst eller förlust

Styrelsen föreslår att fritt eget kapital, kronor 94 049 841, disponeras enligt följande:

Balanseras i ny räkning	94 049 841
Summa	94 049 841

Vad beträffar resultat och ställning i övrigt, hänvisas till efterföljande resultat- och balansräkningar med tillhörande noter.

Stanley Black & Decker Sweden AB

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Resultaträkning

Belopp i tkr	*Not*	*2023*	*2022*
Nettoomsättning		428 704	526 178
Övriga rörelseintäkter	3	56	5 211
		428 760	531 389
Rörelsens kostnader			
Handelsvaror		-254 037	-326 960
Övriga externa kostnader	4	-107 032	-111 414
Personalkostnader	5	-57 842	-73 869
Av- och nedskrivningar av materiella och immateriella anläggningstillgångar	6	-3 610	-3 660
Övriga rörelsekostnader		–	-176
Rörelseresultat	7	6 239	15 310
Resultat från finansiella poster			
Resultat från andelar i koncernföretag	8	48 838	–
Övriga ränteintäkter och liknande resultatposter	9	3 690	953
Räntekostnader och liknande resultatposter	10	-1 081	-110
Resultat före skatt		57 686	16 153
Skatt på årets resultat	11	-2 378	-3 809
Årets resultat		55 308	12 344

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Stanley Black & Decker Sweden AB

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ank=20240702-20240703049970

Balansräkning

Belopp i tkr	*Not*	*2023-12-31*	*2022-12-31*
TILLGÅNGAR			
Anläggningstillgångar			
Immateriella anläggningstillgångar			
Goodwill	12	5 006	6 587
		5 006	6 587
Materiella anläggningstillgångar			
Nedlagda utgifter på annans fastighet	13	485	740
Inventarier, verktyg och installationer	14	3 725	5 338
Pågående nyanläggningar och förskott avseende materiella anläggningstillgångar	15	731	880
		4 941	6 958
Finansiella anläggningstillgångar			
Andelar i koncernföretag	16	66 696	41 580
		66 696	41 580
Summa anläggningstillgångar		76 643	55 125
Omsättningstillgångar			
Kortfristiga fordringar			
Kundfordringar		168 571	148 178
Fordringar hos koncernföretag		38 445	91 241
Aktuell skattefordran		6 908	5 488
Övriga fordringar		8 950	2 428
Förutbetalda kostnader och upplupna intäkter	17	73	1 622
		222 947	248 957
Kassa och bank			
Kassa och bank		86 987	–
		86 987	–
Summa omsättningstillgångar		309 934	248 957
SUMMA TILLGÅNGAR		386 577	304 082

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Stanley Black & Decker Sweden AB

Org nr 556192-9760

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Balansräkning

Belopp i tkr	*Not*	*2023-12-31*	*2022-12-31*
EGET KAPITAL OCH SKULDER			
Eget kapital	19		
Bundet eget kapital			
Aktiekapital		1 000	1 000
Reservfond		200	200
		1 200	1 200
Fritt eget kapital			
Balanserat resultat		38 741	99 397
Årets resultat		55 308	12 344
		94 049	111 741
		95 249	112 941
Kortfristiga skulder			
Leverantörsskulder		27 515	27 349
Skulder till koncernföretag		235 765	122 550
Övriga skulder		847	1 416
Upplupna kostnader och förutbetalda intäkter	20	27 201	39 826
		291 328	191 141
SUMMA EGET KAPITAL OCH SKULDER		386 577	304 082

Perineo dokumentnyckel: FQ34G-EEADC-KCKUB-EYSL0-LEP5Q-4MI7S7

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Rapport över förändringar i eget kapital

2022-12-31	Bundet eget kapital		Fritt eget kapital	
	Aktiekapital	*Reservfond*	*Bal.res. inkl årets resultat*	*Summa eget kapital*
Ingående balans	1 000	200	99 397	100 597
Årets resultat			12 344	12 344
Vid årets utgång	1 000	200	111 741	112 941

2023-12-31	Bundet eget kapital			
	Aktiekapital	*Reservfond*	*Bal.res. inkl årets resultat*	*Summa eget kapital*
Ingående balans	1 000	200	111 741	112 941
Årets resultat			55 308	55 308
Transaktioner med ägare				
Utdelning			-73 000	-73 000
Summa			-73 000	-73 000
Vid årets utgång	1 000	200	94 049	95 249

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Penneo dokumentnyckel: FQ34G-EEADC-KCKUB-EYSL0-LEP5Q-4M7S7

Stanley Black & Decker Sweden AB

Org nr 556192-9760

Kassaflödesanalys

Belopp i tkr		2023	2022
Den löpande verksamheten			
Resultat efter finansiella poster	23	57 686	16 153
Justering för poster som inte ingår i kassaflödet	24	3 609	3 834
		61 295	19 987
Betald inkomstskatt		-3 798	-3 279
Kassaflöde från den löpande verksamheten före förändringar av rörelsekapital		57 497	16 708
Förändringar i rörelsekapital			
Ökning(-)/Minskning(+) av rörelsefordringar		-25 366	13 069
Ökning(+)/Minskning(-) av rörelseskulder		-13 028	-13 603
Ökning(+)/Minskning(-) av koncernmellanhavanden		166 011	-11 728
Kassaflöde från den löpande verksamheten		185 114	4 446
Investeringsverksamheten			
Förvärv av materiella anläggningstillgångar		-11	-4 476
Avyttring av materiella anläggningstillgångar		–	30
Förvärv av finansiella tillgångar		-25 116	–
Kassaflöde från investeringsverksamheten		-25 127	-4 446
Finansieringsverksamheten			
Utbetald utdelning till moderföretagets aktieägare		-73 000	–
Kassaflöde från finansieringsverksamheten		-73 000	–
Årets kassaflöde		86 987	–
Likvida medel vid årets början		–	–
Likvida medel vid årets slut		86 987	–

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Noter

Belopp i tkr om inget annat anges

Not 1 Redovisningsprinciper

Årsredovisningen har upprättats i enlighet med årsredovisningslagen och Bokföringsnämndens allmänna råd BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Redovisningsprinciperna är oförändrade jämfört med tidigare år.

Tillgångar, avsättningar och skulder har värderats till anskaffningsvärden om inget annat anges nedan.

Immateriella tillgångar

Övriga immateriella anläggningstillgångar

Övriga immateriella anläggningstillgångar som förvärvats är redovisade till anskaffningsvärde minskat med ackumulerade avskrivningar och nedskrivningar.
Utgifter för internt genererad goodwill och varumärken redovisas i resultaträkningen som kostnad när de uppkommer.

Avskrivningar

Avskrivning sker linjärt över tillgångens beräknade nyttjandeperiod. Avskrivningen redovisas som kostnad i resultaträkningen.

Förvärvade immateriella tillgångar	*Nyttjandeperiod*
Goodwill	10 år

Materiella anläggningstillgångar

Materiella anläggningstillgångar redovisas till anskaffningsvärde minskat med ackumulerade avskrivningar och nedskrivningar. I anskaffningsvärdet ingår förutom inköpspriset även utgifter som är direkt hänförliga till förvärvet.

Tillkommande utgifter

Tillkommande utgifter som uppfyller tillgångskriteriet räknas in i tillgångens redovisade värde.
Utgifter för löpande underhåll och reparationer redovisas som kostnader när de uppkommer.

Avskrivningar

Avskrivning sker linjärt över tillgångens beräknade nyttjandeperiod eftersom det återspeglar den förväntade förbrukningen av tillgångens framtida ekonomiska fördelar. Avskrivningen redovisas som kostnad i resultaträkningen. Restvärde bedöms saknas.

	Nyttjandeperiod
Inventarier, verktyg och installationer	3-5 år

Nedskrivningar - materiella och immateriella anläggningstillgångar samt andelar i koncernföretag

Vid varje balansdag bedöms om det finns någon indikation på att en tillgångs värde är lägre än dess redovisade värde. Om en sådan indikation finns, beräknas tillgångens återvinningsvärde.

Återvinningsvärdet är det högsta av verkligt värde med avdrag för försäljningskostnader och nyttjandevärde. Vid beräkning av nyttjandevärdet beräknas nuvärdet av de framtida kassaflöden som tillgången väntas ge upphov till i den löpande verksamheten samt när den avyttras eller utrangeras.

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Leasing

Leasetagare

Alla leasingavtal redovisas som operationella leasingavtal.

Operationella leasingavtal

Leasingavgifterna enligt operationella leasingavtal, inklusive förhöjd förstagångshyra men exklusive utgifter för tjänster som försäkring och underhåll, redovisas som kostnad linjärt över leasingperioden.

Utländsk valuta

Poster i utländsk valuta

Monetära poster i utländsk valuta räknas om till balansdagens kurs. Icke-monetära poster räknas inte om utan redovisas till kursen vid anskaffningstillfället. Kursvinster och kursförluster på rörelsefordringar och rörelseskulder redovisas i rörelseresultatet medan kursvinster och kursförluster på finansiella fordringar och skulder redovisas som finansiella poster.

Finansiella tillgångar och skulder

Finansiella tillgångar och skulder redovisas i enlighet med kapitel 11 (Finansiella instrument värderade utifrån anskaffningsvärdet) i BFNAR 2012:1.

Värdering av finansiella tillgångar

Finansiella tillgångar värderas vid första redovisningstillfället till anskaffningsvärde, inklusive eventuella transaktionsutgifter som är direkt hänförliga till förvärvet av tillgången.

Finansiella omsättningstillgångar värderas efter första redovisningstillfället till det lägsta av anskaffningsvärdet och nettoförsäljningsvärdet på balansdagen.

Kundfordringar och övriga fordringar som utgör omsättningstillgångar värderas individuellt till det belopp som beräknas inflyta.

Andelar i dotterföretag redovisas till anskaffningsvärde minskat med ackumulerade avskrivningar.

Värdering av finansiella skulder

Finansiella skulder värderas till upplupet anskaffningsvärde.

Ersättningar till anställda

Pensioner

Planer för ersättningar efter avslutad anställning klassificeras som antingen avgiftsbestämda eller förmånsbestämda.

Vid avgiftsbestämda planer betalas fastställda avgifter till ett annat företag, normalt ett försäkringsföretag, och företaget har inte längre någon förpliktelse till den anställde när avgiften är betald. Storleken på den anställdes ersättningar efter avslutad anställning är beroende av de avgifter som har betalats och den kapitalavkastning som avgifterna ger.

Bolaget har inga förmånsbestämda planer.

Avgiftsbestämda planer

Avgifterna för avgiftsbestämda planer redovisas som kostnad. Obetalda avgifter redovisas som skuld.

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Ersättningar vid uppsägning
Ersättningar vid uppsägningar, i den omfattning ersättningen inte ger företaget några framtida ekonomiska fördelar, redovisas endast som en skuld och en kostnad när företaget har en legal eller informell förpliktelse att antingen
a) avsluta en anställds eller en grupp av anställdas anställning före den normala tidpunkten för anställningens upphörande, eller
b) lämna ersättningar vid uppsägning genom erbjudande för att uppmuntra frivillig avgång.
Ersättningar vid uppsägningar redovisas endast när företaget har en detaljerad plan för uppsägningen och inte har någon realistisk möjlighet att annullera planen.

Skatt
Skatt på årets resultat i resultaträkningen består av aktuell skatt och uppskjuten skatt. Aktuell skatt är inkomstskatt för innevarande räkenskapsår som avser årets skattepliktiga resultat och den del av tidigare räkenskapsårs inkomstskatt som ännu inte har redovisats. Uppskjuten skatt är inkomstskatt för skattepliktigt resultat avseende framtida räkenskapsår till följd av tidigare transaktioner eller händelser.

Avsättningar
En avsättning redovisas i balansräkningen när företaget har en legal eller informell förpliktelse till följd av en inträffad händelse och det är sannolikt att ett utflöde av resurser krävs för att reglera förpliktelsen och en tillförlitlig uppskattning av beloppet kan göras.

Vid första redovisningstillfället värderas avsättningar till den bästa uppskattningen av det belopp som kommer att krävas för att reglera förpliktelsen på balansdagen. Avsättningarna omprövas varje balansdag.

Eventualförpliktelser
En eventualförpliktelse är:
- En möjlig förpliktelse som till följd av inträffade händelser och vars förekomst endast kommer att bekräftas av en eller flera osäkra framtida händelser, som inte helt ligger inom företagets kontroll, inträffar eller uteblir, eller
- En befintlig förpliktelse till följd av inträffade händelser, men som inte redovisas som skuld eller avsättning eftersom det inte är sannolikt att ett utflöde av resurser kommer att krävas för att reglera förpliktelsen eller förpliktelsens storlek inte kan beräknas med tillräcklig tillförlitlighet.

Eventualförpliktelser är en sammanfattande beteckning för sådana garantier, ekonomiska åtaganden och eventuella förpliktelser som inte tas upp i balansräkningen.

Intäkter
Det inflöde av ekonomiska fördelar som företaget erhållit eller kommer att erhålla för egen räkning redovisas som intäkt. Intäkter värderas till verkliga värdet av det som erhållits eller kommer att erhållas, med avdrag för rabatter.

Försäljning av varor
Vid försäljning av varor redovisas intäkten vid leverans.

Ränta och utdelning
Intäkt redovisas när de ekonomiska fördelarna som är förknippade med transaktionen sannolikt kommer att tillfalla företaget samt när inkomsten kan beräknas på ett tillförlitligt sätt.

Offentliga bidrag
Ett offentligt bidrag som inte är förknippat med krav på framtida prestation redovisas som intäkt när villkoren för att få bidraget uppfyllts. Ett offentligt bidrag som är förenat med krav på framtida prestation redovisas som intäkt när prestationen utförs. Om bidraget har tagits emot innan villkoren för att redovisa det som intäkt har uppfyllts, redovisas bidraget som en skuld.

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Not 2 Uppskattningar och bedömningar

Att upprätta de finansiella rapporterna enligt BFNAR 2012:1 (K3) kräver att företagsledningen gör bedömningar, uppskattningar och antaganden som påverkar tillämpningen av redovisningsprinciperna och de redovisade beloppen av tillgångar, skulder, intäkter och kostnader. Dessa är baserade på historiska erfarenheter och ett antal andra faktorer som under rådande förhållanden synes vara rimliga. Uppskattningarna och bedömningarna ses över regelbundet och bedöms inte innebära någon betydande risk för väsentliga justeringar i redovisade värden för tillgångar och skulder nästkommande räkenskapsår.

De mest väsentliga balansposterna i bolaget som är föremål för uppskattningar och bedömningar är goodwill med ett bokfört värde om 5 006 tkr och kundfordringar med ett bokfört värde om 27 515 tkr. Styrelsen anser att det inte finns någon risk i värderingen av dessa balansposter.

Not 3 Övriga rörelseintäkter

	2023	2022
Vidarefakturerade kostnader	56	5 211
	56	5 211

Not 4 Arvode och kostnadsersättning till revisorer

	2023	2022
E&Y		
Revisionsuppdrag	37	336

Med revisionsuppdrag avses lagstadgad revision av årsredovisningen och bokföringen samt styrelsens och verkställande direktörens förvaltning samt revision och annan granskning utförd i enlighet med överenskommelse eller avtal.

Detta inkluderar övriga arbetsuppgifter som det ankommer på bolagets revisor att utföra samt rådgivning eller annat biträde som föranleds av iakttagelser vid sådan granskning eller genomförandet av sådana övriga arbetsuppgifter.

Not 5 Anställda, personalkostnader och arvoden till styrelse

Medelantalet anställda

	2023	varav män	2022	varav män
Sverige	69	66%	80	68%
Totalt	69	66%	80	68%

Redovisning av könsfördelning i företagsledningar

	2023-12-31 Andel kvinnor	2022-12-31 Andel kvinnor
Styrelsen	0%	0%
Övriga ledande befattningshavare	0%	25%

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Löner och andra ersättningar samt sociala kostnader, inklusive pensionskostnader

	2023	2022
Löner och ersättningar	*36 647*	*47 387*
Sociala kostnader	*18 955*	*24 827*
(varav pensionskostnad) 1)	*(4 851)*	*(6 491)*

1) Av företagets pensionskostnader avser 204 (f.å. 1 352) företagets VD och styrelse.
Företagets utestående pensionsförpliktelser till dessa uppgår till 0.

Löner och andra ersättningar fördelade mellan styrelseledamöter m.fl. och övriga anställda

	2023		2022	
	Styrelse och VD	*Övriga anställda*	*Styrelse och VD*	*Övriga anställda*
Löner och andra ersättningar	1 749	34 898	3 716	43 671
(varav bonus)	*(180)*		*(482)*	

Bolagets VD erhåller från år 2023 sin lön från annat bolag i koncernen.

Avgångsvederlag
Några särskilda villkor om avgångsvederlag för VD finns inte.

Not 6 Av- och nedskrivningar av materiella och immateriella anläggningstillgångar

	2023	2022
Avskrivningar enligt plan fördelade per tillgång		
Inkråmsgoodwill	-1 581	-1 580
Nedlagda kostnader på annans fastighet	-239	-253
Inventarier, verktyg och installationer	-1 789	-1 827
	-3 609	-3 660

Not 7 Operationell leasing

Leasingavtal där företaget är leasetagare

Framtida minimileaseavgifter avseende icke uppsägningsbara operationella leasingavtal	*2023-12-31*	*2022-12-31*
Inom ett år	3 703	6 204
Mellan ett och fem år	12 435	13 061
Senare än fem år	–	–
	16 138	19 265

	2023	*2022*
Räkenskapsårets kostnadsförda leasingavgifter	6 877	5 038

Penneo dokumentnyckel: FQ34G-EEADC-KCKUB-EYSLO-LEP5Q-4M7S7

ank=20240702-20250305

Not 8 Resultat från andelar i koncernföretag

	2023	2022
Aktieutdelning	48 838	–
	48 838	–

Not 9 Ränteintäkter och liknande resultatposter

	2023	2022
Ränteintäkter, koncernföretag	3 690	953
	3 690	953

Not 10 Räntekostnader och liknande resultatposter

	2023	2022
Räntekostnader, koncernföretag	-1 081	-7
Räntekostnader, övriga	–	-103
	-1 081	-110

Not 11 Skatt på årets resultat

	2023	2022
Aktuell skattekostnad	-2 378	-3 809
	-2 378	-3 809

Avstämning av effektiv skatt

	2023		2022	
	Procent	*Belopp*	*Procent*	*Belopp*
Resultat före skatt		57 686		16 153
Skatt enligt gällande skattesats	20,6%	-11 883	20,6%	-3 328
Ej avdragsgilla kostnader	1,0%	-596	3,0%	-489
Ej skattepliktiga intäkter	-17,5%	10 102	0,0%	–
Investeringsavdrag	0,0%	–	0,0%	7
Redovisad effektiv skatt	4,1%	-2 378	23,6%	-3 809

Not 12 Goodwill

	2023-12-31	2022-12-31
Ackumulerade anskaffningsvärden		
Vid årets början	15 807	15 807
Vid årets slut	15 807	15 807
Ackumulerade avskrivningar		
Vid årets början	-9 220	-7 640
Årets avskrivning	-1 581	-1 580
Vid årets slut	-10 801	-9 220
Redovisat värde vid årets slut	5 006	6 587

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ank=20240702-20240703005007

Not 13 Nedlagda utgifter på annans fastighet

	2023-12-31	2022-12-31
Ackumulerade anskaffningsvärden		
Vid årets början	993	–
Nyanskaffningar	–	993
Omklassificeringar	-16	–
Vid årets slut	977	993
Ackumulerade avskrivningar		
Vid årets början	-253	–
Årets avskrivning	-239	-253
Vid årets slut	-492	-253
Redovisat värde vid årets slut	485	740

Not 14 Inventarier, verktyg och installationer

	2023-12-31	2022-12-31
Ackumulerade anskaffningsvärden		
Vid årets början	8 225	3 736
Nyanskaffningar	176	6 435
Avyttringar och utrangeringar	-688	-562
Omklassificeringar	–	-1 384
Vid årets slut	7 713	8 225
Ackumulerade avskrivningar		
Vid årets början	-2 887	-3 006
Återförda avskrivningar på avyttringar och utrangeringar	688	562
Omklassificeringar	–	1 384
Årets avskrivning på anskaffningsvärden	-1 789	-1 827
Vid årets slut	-3 988	-2 887
Redovisat värde vid årets slut	3 725	5 338

Not 15 Pågående nyanläggningar och förskott avseende materiella anläggningstillgångar

	2023-12-31	2022-12-31
Vid årets början	880	4 036
Omklassificeringar	-149	-3 156
Redovisat värde vid årets slut	731	880

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Not 16 Andelar i koncernföretag

	2023-12-31	*2022-12-31*
Ackumulerade anskaffningsvärden		
Vid årets början	244 000	244 000
Förvärv	25 116	–
Vid årets slut	269 116	244 000
Ackumulerade nedskrivningar		
Vid årets början	-202 420	-202 420
Vid årets slut	-202 420	-202 420
Redovisat värde vid årets slut	66 696	41 580

Spec av företagets innehav av andelar i koncernföretag

			2023-12-31	*2022-12-31*
Dotterföretag / Org nr / Säte	*Antal andelar*	*Andel i % i)*	*Redovisat värde*	*Redovisat värde*
Stanley Black & Decker Norway AS, 910 673 572, Oslo	900	90,0	41 580	41 580
MTD Products Nordic AB, 556253-7851, Falköping	1 000	100,0	25 116	–
			66 696	41 580

Stanley Black & Decker Norways resultat uppgår till 13,0 MSEK och eget kapital till 91,7 MSEK enligt fastställd årsredovisning för år 2022.

i) Ägarandelen av kapitalet avses, vilket även överensstämmer med andelen av rösterna för totalt antal aktier.

Not 17 Förutbetalda kostnader och upplupna intäkter

	2023-12-31	*2022-12-31*
Förutbetald hyra	73	737
Övriga poster	–	885
	73	1 622

Not 18 Disposition av vinst eller förlust

Förslag till disposition av företagets vinst eller förlust
Styrelsen föreslår att fritt eget kapital, kronor 94 049 841, disponeras enligt följande:

Balanseras i ny räkning	94 049 841
Summa	94 049 841

Not 19 Antal aktier och kvotvärde

	2023-12-31	*2022-12-31*
Antal aktier	10 000	10 000
Kvotvärde	100	100

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Not 20 Upplupna kostnader och förutbetalda intäkter

	2023-12-31	2022-12-31
Upplupna löner och semesterlöner	8 279	8 883
Upplupna sociala avgifter och pensioner	5 829	5 620
Upplupen kundbonus	9 560	18 436
Upplupna omstruktureringskostnader	858	4 373
Övriga poster	2 675	2 514
	27 201	39 826

Not 21 Ställda säkerheter och eventualförpliktelser

	2023-12-31	2022-12-31
Ställda säkerheter	Inga	Inga
Eventualförpliktelser	Inga	Inga

Not 22 Väsentliga händelser efter räkenskapsårets slut

Det nyförvärvade bolaget MTD Products Nordic AB har fusionerats med Stanley Black & Decker Sweden AB 2024-05-02.

Not 23 Betalda räntor och erhållen utdelning

	2023	2022
Erhållen ränta	3 690	953
Erlagd ränta	-1 081	-110

Not 24 Övriga upplysningar till kassaflödesanalysen

Justeringar för poster som inte ingår i kassaflödet m m

	2023	2022
Avskrivningar	3 609	3 658
Rearesultat försäljning av anläggningstillgångar	–	176
	3 609	3 834

Not 25 Koncernuppgifter

Stanley Black & Decker Sweden AB ägs till 90% av Black & Decker International Holdings BV/S.a.r.l i Luxemburg och resterande 10% ägs av Stanley Black & Decker NL BV som i sin tur är ett helägt dotterbolag till Stanley Black & Decker Inc, org nr 06-0548860, i USA. Detta bolag upprättar koncernredovisning för den största koncernen.

Stanley Black & Decker Sweden AB upprättar ej koncernredovisning med hänvisning till reglerna i ÅRL 7 kap 2§.

Inköp och försäljning inom koncernen
Av företagets totala inköp och försäljning mätt i kronor avser 100 % av inköpen och 0 % av försäljningen andra företag inom hela den företagsgrupp som företaget tillhör.

Not 26 Hållbarhetsrapportering

Företaget upprättar enligt ÅRL 7 kap 31a§ inte någon lagstadgad hållbarhetsrapport. Moderföretaget Stanley Black & Decker Inc, med säte i New Britain, CT, upprättar hållbarhetsrapport för koncernen där företaget ingår. Se länk till rapporten.
http://www.stanleyblackanddecker.com/social-responsibility/annual-sustainability-reports

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Stanley Black & Decker Sweden AB

Org nr 556192-9760

Not 27 Nyckeltalsdefinitioner

Rörelsemarginal: Rörelseresultat / Nettoomsättning
Balansomslutning: Totala tillgångar
Soliditet: Justerat eget kapital / Totala tillgångar
Justerat eget kapital: Eget kapital inklusive kapitaldelen i obeskattade reserver

Göteborg den dag som framgår av min elektroniska underskrift

Kristian Paulsen
Ordförande
Verkställande direktör

Frederik Frederiksen

Jonas Östlund

Vår revisionsberättelse har lämnats den dag som framgår av min elektroniska underskrift
Ernst & Young AB

Mikael Edman
Auktoriserad revisor

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Kristian Mathias Paulsen
VD / Styrelseordförande
Serienummer: 019e3505-bbee-4e35-a7e0-e9630379a714
IP: 147.161.xxx.xxx
2024-06-24 12:38:55 UTC

Mit ID

Frederik Vagner Frederiksen
Styrelseledamot
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Mikael Thomas Gunnar Edman
Aukt. Revisor / Godkänd revisor
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Revisionsberättelse

Till bolagsstämman i Stanley Black & Decker Sweden AB, org.nr 556192-9760

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Stanley Black & Decker Sweden AB för år 2023.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Stanley Black & Decker Sweden ABs finansiella ställning per den 31 december 2023 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Stanley Black & Decker Sweden AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om att årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

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Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning av Stanley Black & Decker Sweden AB för år 2023 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Stanley Black & Decker Sweden AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Göteborg, den dag som framgår av vår elektroniska signatur

Ernst & Young AB

Mikael Edman
Auktoriserad revisor

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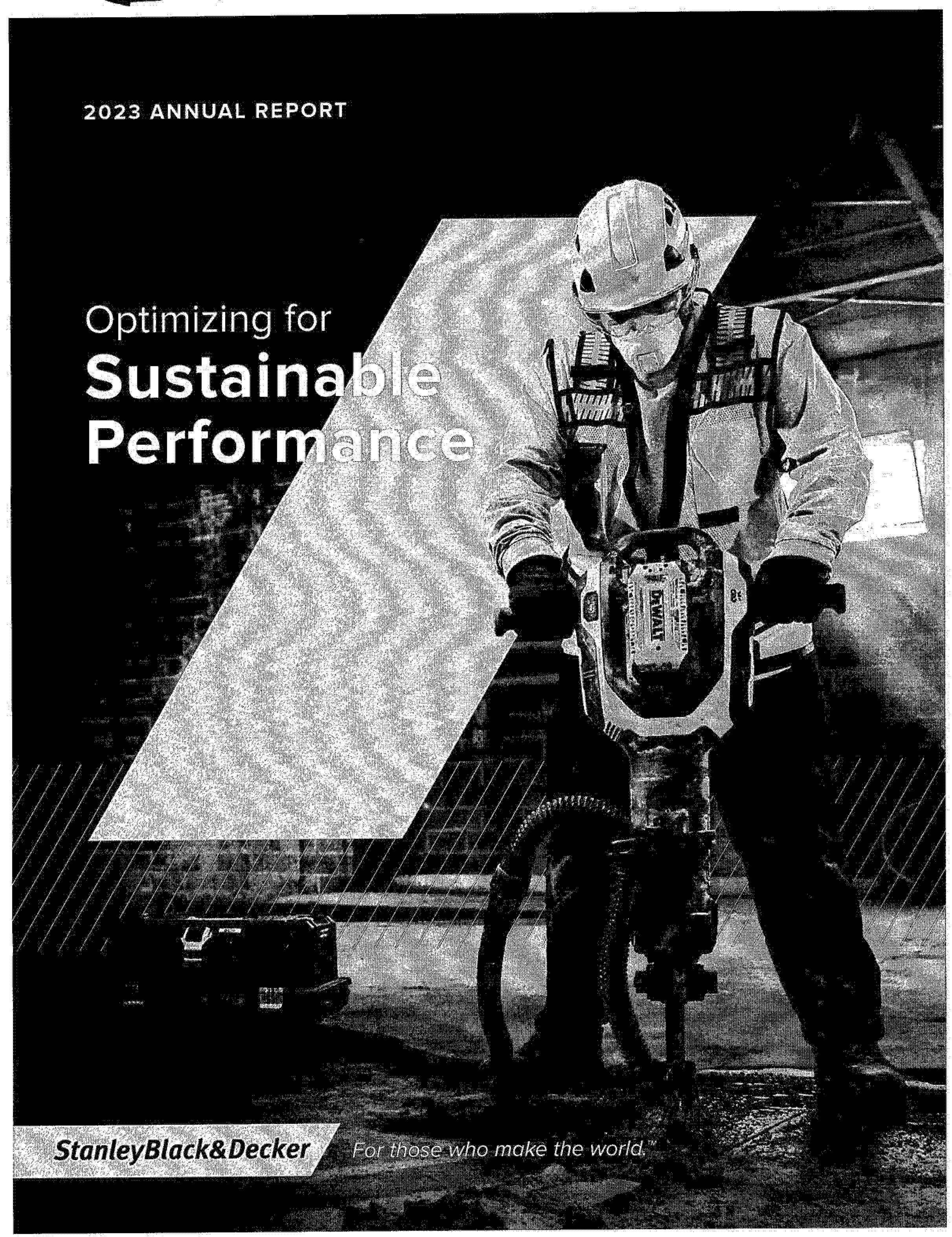
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2023 ANNUAL REPORT

Optimizing for Sustainable Performance

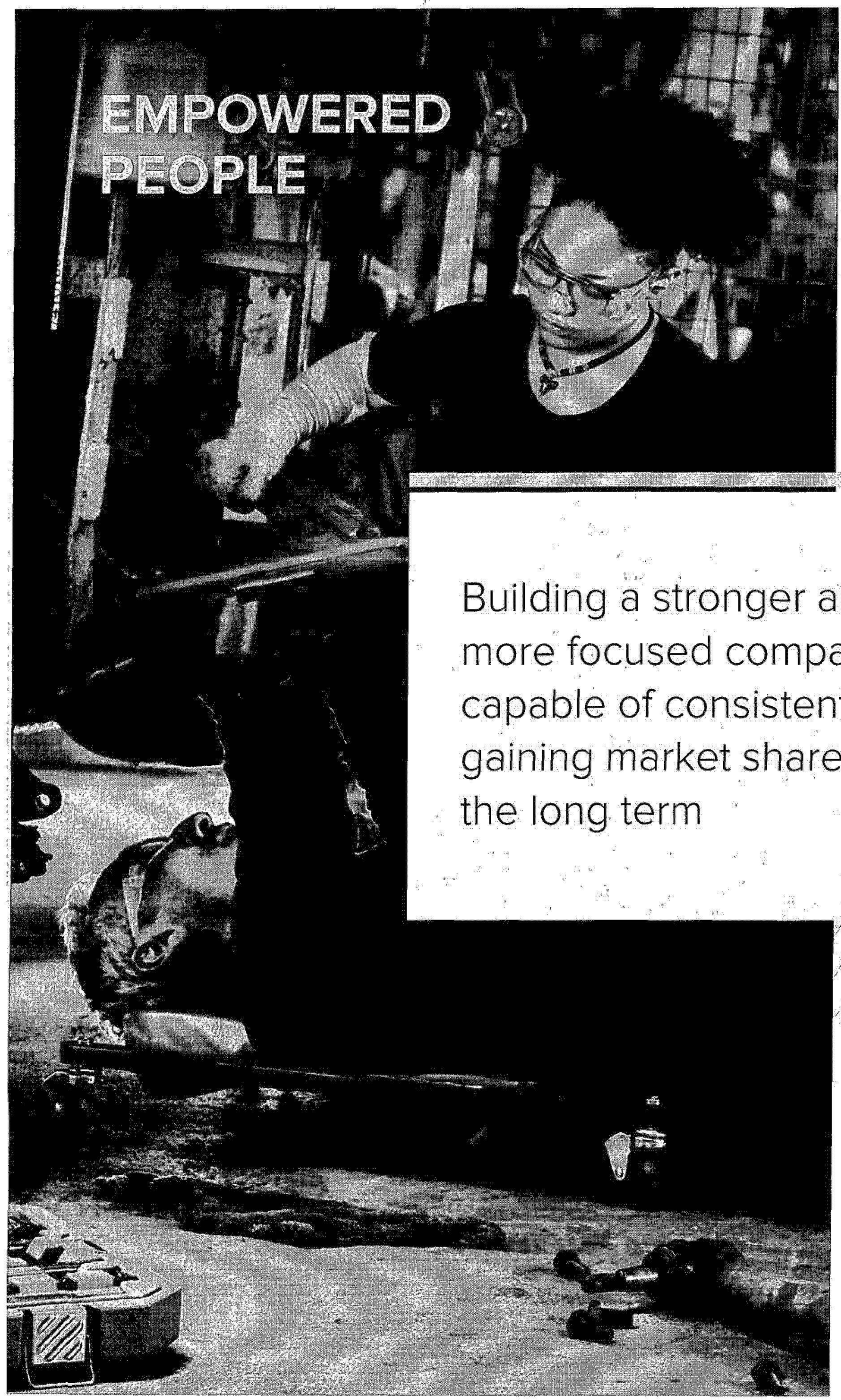


StanleyBlack&Decker

For those who make the world.™


CEASELESS
INNOVATION
DEWALT
DEWALT
POWER SHIFT
OUTSTANDING
BRANDS
CRAFTSMAN

EMPOWERED PEOPLE



Building a stronger and more focused company capable of consistently gaining market share over the long term

TO OUR STAKEHOLDERS

When we embarked on our bold transformation in the middle of 2022, our objective was to put Stanley Black & Decker on a path to achieve sustainable growth, profitability and cash flow improvements, and to deliver long-term shareholder returns. Central to this vision is our passion for our end users and resolve to deepen ties with them through excellence in innovation fulfilled in partnership with our customers around the world.



Donald Allan, Jr.
President &
Chief Executive Officer

A year and a half into our journey, we are pleased to share that *we have made progress on multiple fronts. Through disciplined* execution, our teams have:

- Simplified our portfolio and improved focus and execution in our core businesses;
- Reduced cost and inventory levels through our Global Cost Reduction Program; and
- Reenergized the organization around our vision of being a leader in Tools & Outdoor, adopting a brand-led and market-back approach with improved service for our customers.

At the same time, we also strengthened our executive leadership team with three new, seasoned leaders, each of whom bring fresh perspective to our business.

These actions are delivering tangible results against our strategy to return our adjusted gross margin[1] to 35%+, unlock capacity for incremental growth investments and deliver market share gains.

Executing Our Strategic Transformation

The operating environment in 2023 continued to be mixed, with cross currents affecting our performance. Macroeconomic and consumer trends pressured demand across the end markets we serve. Categories that were pandemic winners, such as consumer outdoor and DIY, reset and retrenched. Global supply chains improved and became more predictable, allowing our customers to focus on cost *and inventory optimization. We also experienced customer* inventory destocking in response to higher interest rates and improved availability of product. On the other hand, professional tools, automotive and aerospace markets were bright spots, and we focused on capitalizing on opportunities in these markets. Against this backdrop, Stanley Black & Decker generated $15.8 billion of revenue in 2023, with organic revenue[1] down 6% compared to 2022.

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While we are relentlessly executing our strategic business transformation and returning the business to its full normalized earnings power, two key financial metrics best reflect the progress we made in 2023: adjusted gross margin[1] and free cash flow.[1] The actions we took helped deliver results across both of these dimensions, laying a strong foundation for improved profitability in 2024.

- **Adjusted Gross Margin[1]** Our supply chain transformation has now generated over $0.5 billion of pre-tax run-rate cost savings since inception. Those savings, combined with an improved global supply chain environment and the actions we took to reduce inventory, improved gross margin sequentially each quarter of 2023, with adjusted gross margin[1] approaching 30% in the fourth quarter, up 10.3 points compared to the fourth quarter of 2022.
- **Free Cash Flow[1]** In mid-2022 we made the strategic decision to significantly curtail production to reduce our balance sheet inventory and increase cash generation. These actions, along with our continued focus on inventory management, have yielded strong results. We reduced inventory by $1.9 billion since mid-2022, including $1.1 billion in 2023 alone, which contributed to our $853 million of full year free cash flow.[1]

This year will bring the next chapter of our transformation: an opportunity to demonstrate our ability to further improve profitability and cash flow. This will be another year of progress, as we continue deepening connections with our end users in partnership with our customers to grow our core businesses and generate greater future earnings power.

Looking beyond 2024, we continue to have conviction in the long-term growth opportunities in our industries. We have powerful brands and a strong innovation engine that will position us to win even more with our customers and outperform in the markets we serve. As we manage through the near-term macroeconomic cycle, we remain focused on delivering best-in-class product innovation, implementing cost efficiency measures within our control and driving share gain in our core markets.

2023 Summary of Results

$15.8B
TOTAL REVENUES

28.2%
2H GROSS MARGIN RATE
+630 Bps VPY

28.7%
2H ADJUSTED GROSS MARGIN RATE[1]
+660 Bps VPY

$1.2B
CASH FROM OPERATING ACTIVITIES

$853M
FREE CASH FLOW[1]

Strategic Transformation

Program-to-Date (Since Mid-2022)

$1.9B
INVENTORY REDUCTION

$1.0B+
PRE-TAX RUN-RATE COST SAVINGS

[1] Non-GAAP financial measure. Adjusted Gross Margin excludes certain pre-tax gains and charges. GAAP Gross Profit was $1,104.4 million, or 29.6% of net sales, for the fourth quarter of 2023, up 10.7 points compared to the fourth quarter of 2022. Excluding Non-GAAP adjustments of $9.9 million, Adjusted Gross Profit was $1,114.3 million, or 29.8% of net sales, for the fourth quarter of 2023. GAAP Gross Profit for the second half of 2023 was $2,165.0 million, or 28.2% of net sales. Excluding Non-GAAP adjustments of $42.1 million, Adjusted Gross Margin for the second half of 2023 was $2,207.1 million, or 28.7% of net sales. Organic revenue is defined as the difference between total current and prior year sales less the impact of companies acquired and divested in the past twelve months and any foreign currency impacts. Organic revenue growth is organic revenue divided by prior year sales. Free Cash Flow is defined as net cash flow from operating activities less capital and software expenditures. The Company considers the use of the Non-GAAP financial measures above relevant to aid analysis and understanding of the Company's results, business trends and outlook measures aside from the material impact of certain gains and charges and ensures appropriate comparability to operating results of prior periods. Refer to *Management's Discussion and Analysis of Financial Condition and Results of Operations* in *Item 7* of the attached Form 10-K for additional Non-GAAP definitions and reconciliations.

> “We have powerful brands and a strong innovation engine that will position us to win even more with our customers and outperform in the markets we serve...we remain focused on delivering best-in-class product innovation, implementing cost efficiency measures within our control and driving share gain in our core markets.”

Optimizing Our Portfolio to Deliver Shareholder Value

We have taken deliberate steps to streamline our portfolio, concentrating on our core Tools & Outdoor and Industrial franchises. Building on the three divestitures we completed in 2022, we announced in December 2023 an agreement to sell STANLEY Infrastructure. These actions will result in a simplified portfolio that unlocks capacity to focus on delivering sustainable growth and profitability in our core business.

Our dividend remains an important means to return value to our shareholders, and in 2023 we extended our record for the longest, consecutive quarterly and annual dividend payments among NYSE listed industrial companies. While we continue our business transformation, we expect to deploy excess capital beyond our transformation investments and shareholder dividend toward strengthening our balance sheet as the next priority in our balanced capital allocation approach.

Driving Efficiencies Through Cost Discipline

We have set out to transform our supply chain into a sustainable competitive advantage with a best-in-class manufacturing and distribution network to deliver for our customers.

Since inception, our Global Cost Reduction Program has delivered over $1 billion of pre-tax run-rate savings and we believe we are on-track for those savings to grow to $2 billion by the end of 2025. Of the $2 billion savings, we expect to deliver $1.5 billion through our supply chain transformation.

Supply Chain Transformation

Focused workstreams and targeted initiatives designed to deliver the following results:

- $1.5B pre-tax run-rate cost savings by the end of 2025
- 35%+ adjusted gross margin[2] exiting 2025
- Growth and share gain investments

STRATEGIC SOURCING

OPERATIONAL EXCELLENCE

FOOTPRINT RATIONALIZATION

COMPLEXITY REDUCTION

Our strategic sourcing efforts were the leading contributor to savings in 2023, and we expect these efforts to be an important source of value going forward. Our operational excellence program also delivered results, with a disciplined operating model and Lean manufacturing principles improving productivity across the business.

Footprint and logistics network efforts are also progressing on schedule. Production transfers into centers of excellence are in various stages of qualification, testing and execution, with the benefits of these efforts expected to impact our financials in 2024 and beyond. At the same time, we are reducing the complexity of our product portfolio by improving product lifecycle management and platforming design to optimize our offerings to deliver the best value for end users.

As we move through this next phase of our transformation, footprint actions and product changes, such as our platforming initiatives, will become more important drivers of savings.

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Investing for Market Share Gains

Through an economic cycle, growth in our markets trends in line with trade-weighted GDP. We endeavor to grow at two to three times the market by delivering innovative products that meet the needs of our end users. Our strategy calls for redeploying $300 to $500 million in aggregate from 2022 through 2025 into long-term growth initiatives, including innovation, and brand and market activation opportunities. We believe these investments are critical for maximizing share gain, delivering profitable growth and driving long-term value creation. During 2023, we invested over $360 million in research and development across our segments, over 30% more than we invested in 2021.

In Tools & Outdoor, we are investing behind our iconic brands — DEWALT,® CRAFTSMAN® and STANLEY® — and engineering the tools that assist our professional users in being more productive, operating with enhanced safety and delivering higher quality work. In Industrial, we are designing solutions to support electrification and deliver other value-enhancing opportunities for our customers in the automotive, aerospace, solar and general industrial markets.

The DEWALT POWERSHIFT™ equipment system, which we unveiled in January 2024 at the World of Concrete trade show, exemplifies the power of our innovation engine. Leveraging our first-to-the-industry pouch battery cell technology, this electrified line of concrete tools will allow our professional users to transition away from gas-powered equipment without compromising efficiency and performance, even in the toughest jobsite conditions.

To maximize the market share gains of our long-term growth investments and innovation, we are adding resources to partner closely with our end users and customers across our global markets. These in-market resources surface insights and opportunities that are then filtered back to our R&D teams to create a product innovation flywheel.

Transforming to Accelerate Organic Growth

Delivering Progress and Continuing to Execute Against a Clear Vision and Strategy Through 2025

REDUCING COMPLEXITY

Optimize
Corporate Structure

Simplify
Operating Model

Transform
Supply Chain

~$2B
PRE-TAX RUN-RATE COST SAVINGS

INVESTING IN CORE GROWTH

- Innovation
- Electrification
- Market Leadership
- More Responsive Supply Chain

$300M–$500M
STRATEGIC INVESTMENT

ENHANCING SHAREHOLDER RETURN

Organic Revenue Growth[2] **2–3X** Market

35%+ Adjusted Gross Margin[2] by 2025

100%+ Free Cash Flow[2] Conversion

Powerful **Innovation**

Customer Fill Rate **Improvement**

[2] Non-GAAP financial measure. Adjusted Gross Margin excludes certain pre-tax gains and charges. Organic revenue is defined as the difference between total current and prior year sales less the impact of companies acquired and divested in the past twelve months and any foreign currency impacts. Organic revenue growth is organic revenue divided by prior year sales. Free Cash Flow is defined as net cash flow from operating activities less capital and software expenditures. The Company considers the use of the Non-GAAP financial measures above relevant to aid analysis and understanding of the Company's results, business trends and outlook measures aside from the material impact of certain gains and charges and ensures appropriate comparability to operating results of prior periods. Refer to *Management's Discussion and Analysis of Financial Condition and Results of Operations* in *Item 7* of the attached Form 10-K for Non-GAAP definitions and reconciliations.

Strenghtening Our Leadership Team

Stanley Black & Decker is powered by our people, and we made three important leadership appointments in 2023 to continue strengthening our executive team and propel our transformation forward. We appointed Chris Nelson as Chief Operating Officer, Executive Vice President and President, Tools & Outdoor; Patrick Hallinan as Executive Vice President and Chief Financial Officer; and John Lucas as Senior Vice President, Chief Human Resources Officer. All three leaders bring decades of differentiated experience and fresh perspectives that will ultimately benefit customers and end users along with all of our other stakeholders.

Before joining us, Chris served as President for Carrier's flagship HVAC segment. His track record of success implementing growth strategies, which have delivered customer-centric innovation and profitable market share expansion, makes him an ideal leader to help drive our transformation.

Pat joined us from Fortune Brands Innovations where he served as Executive Vice President & CFO. In his 17 years at Fortune Brands, he gained significant exposure to multiple facets of the consumer market and became known for delivering business performance, growth and value creation in complex, competitive industries.



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John joined us with more than 35 years of human resources experience, including with Lockheed Martin and Goodyear. He has a highly distinguished track record with world class expertise in human capital management that will be instrumental to enabling the long-term success of our business and culture.

Operationalizing Culture, Responsibility and Sustainability

We believe that driving sustainable performance requires a multi-stakeholder lens.

In 2023, we took a fresh look at our core pillars of people, product and planet to confirm our social responsibility goals align with our more focused portfolio and are embedded within, and informed by, our business model. We aligned on seven priority goals, focusing our efforts on where we believe we can make the greatest impact (more on page 11). Underpinning these goals are our foundational priorities — our longstanding commitment to supporting our people and their health and safety, integrity, quality, sustainability and DEI.

We continue to promote a culture of excellence, where all our employees can thrive. To that end, we believe investing in our future talent and supporting the various dimensions of diversity of our leaders are critical components of our efforts, whether through our early career and next generation leadership programs or additional skilling or upskilling opportunities.

We are also supporting the future of our industry with the goal of committing $30 million through 2027 to fund initiatives that help grow skills of, and expand opportunities for, tradespeople. These funds provide platforms for reskilling and catalyzing well-paying jobs designed to translate into better infrastructure and economic prosperity for local communities.

Sustainability is another important foundational priority to which we remain firmly engaged. In our core business, we are investing to accelerate electrification and introduce sustainable packaging across our product lines. We are also taking advantage of our manufacturing footprint and supply chain transformation with the intent of simultaneously reducing end-to-end greenhouse gas (GHG) emissions in our factories and with our suppliers.

Conclusion

Together with the oversight and counsel of our experienced Board of Directors, our talented and motivated leadership team along with our diverse, high performing associates across the globe, are executing our transformation strategy with urgency and diligence to achieve our goals. Our performance in 2023 reinforces our conviction in the path we are on and gives us confidence to invest behind the compelling long-term growth opportunities in the markets we serve.

This year will be a year of focus, excitement and purpose, and it is fitting that we are celebrating the 100-year anniversary of DEWALT. This noteworthy milestone is a reminder that we have been revolutionizing jobsites for a century. It is also a reminder that we have a responsibility to relentlessly innovate for our end users, allowing them to achieve better, safer and faster results.

I am confident that we are creating a stronger and more focused company capable of consistently delivering profitable market share gain over the long term, with the best people, the most iconic brands and the highest quality innovation engine in the industry.

I want to thank you for your support and investment.

Sincerely,



Donald Allan, Jr.

President &
Chief Executive Officer

FINANCIAL SUMMARY

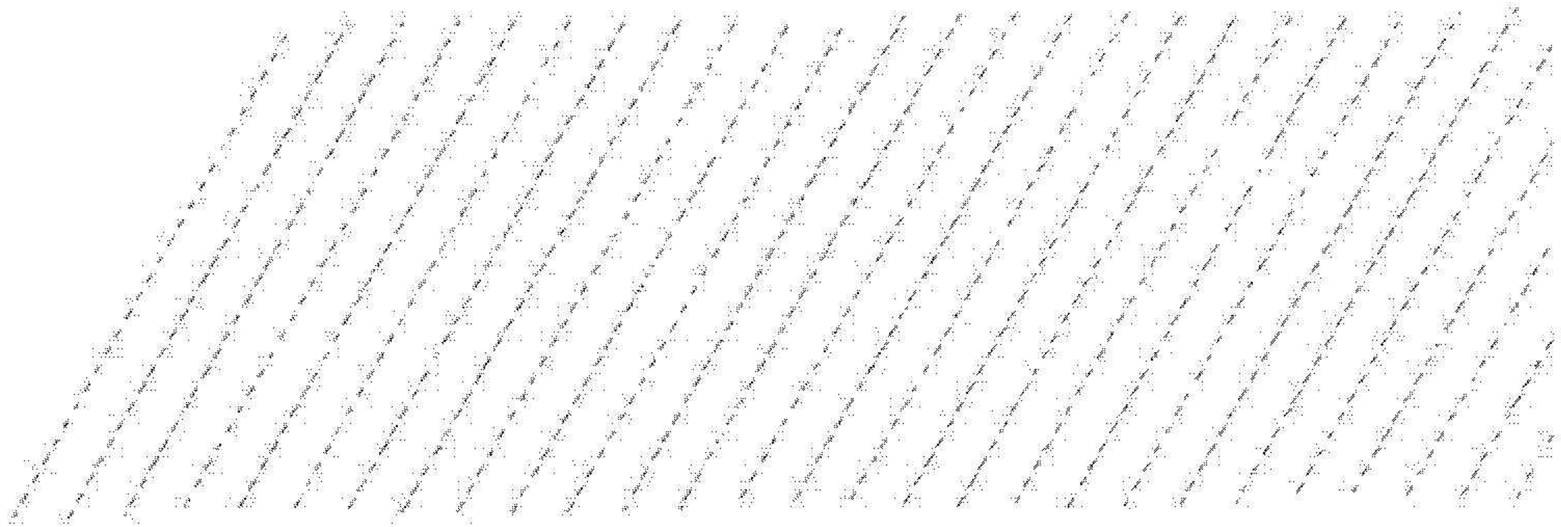
(MILLIONS OF DOLLARS, EXCEPT PER-SHARE AMOUNTS, CONTINUING OPERATIONS)	2023	2022	2021
SWK			
Revenue	**$ 15,781.1**	$ 16,947.4	$ 15,281.3
Gross Profit	**$ 3,932.6**	$ 4,284.1	$ 5,092.2
Gross Margin	**24.9%**	25.3%	33.3%
Adjusted Gross Profit[3]	**$ 4,099.5**	$ 4,411.5	$ 5,131.2
Adjusted Gross Margin[3]	**26.0%**	26.0%	33.6%
Cash from Operating Activities	**$ 1,191.3**	$ (1,459.5)	$ 663.1
Free Cash Flow[3]	**$ 852.6**	$ (1,989.9)	$ 144.0
GAAP Diluted EPS	**$ (1.88)**	$ 1.06	$ 9.33
Adjusted Diluted EPS[3]	**$ 1.45**	$ 4.62	$ 10.18
Tools & Outdoor			
Revenue	**$ 13,367.1**	$ 14,423.7	$ 12,817.4
Segment Profit	**$ 687.6**	$ 971.9	$ 1,985.4
Segment Margin	**5.1%**	6.7%	15.5%
Adjusted Segment Profit[3]	**$ 884.3**	$ 1,207.3	$ 2,163.8
Adjusted Segment Margin[3]	**6.6%**	8.4%	16.9%
Industrial			
Revenue	**$ 2,414.0**	$ 2,523.4	$ 2,463.1
Segment Profit	**$ 266.5**	$ 236.2	$ 256.6
Segment Margin	**11.0%**	9.4%	10.4%
Adjusted Segment Profit[3]	**$ 285.2**	$ 244.0	$ 269.7
Adjusted Segment Margin[3]	**11.8%**	9.7%	10.9%

[3] Non-GAAP financial measure; Non-GAAP financial measures should not be considered replacements for, and should be read together with, the most comparable GAAP financial measures. The Company considers the use of the Non-GAAP financial measures above relevant to aid analysis and understanding of the Company's results, business trends and outlook measures aside from the material impact of certain gains and charges and ensures appropriate comparability to operating results of prior periods. With the exception of Free Cash Flow, Non-GAAP measures exclude certain gains and charges, such as supply chain transformation costs, acquisition and divestiture-related items, asset impairments, restructuring, and other adjusting items. Free Cash Flow is defined as net cash flow from operating activities less capital and software expenditures. Refer to *Management's Discussion and Analysis of Financial Condition and Results of Operations* in *Item 7* of the attached Form 10-K for Non-GAAP definitions and reconciliations.

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(MILLIONS OF DOLLARS, CONTINUING OPERATIONS)	2023	2022	2021
Net (loss) earnings before equity interest	**$ (282)**	**$ 170**	**$ 1,532**
% of Net Sales	**(2%)**	**1%**	**10%**
Interest income	(187)	(55)	(10)
Interest expense	560	339	186
Income taxes	(94)	(132)	55
Depreciation and amortization	625	572	514
EBITDA[4]	**$ 622**	**$ 894**	**$ 2,277**
% of Net Sales	**4%**	**5%**	**15%**
Non-GAAP adjustments before income taxes	566	642	194
Less: Accelerated depreciation included in Non-GAAP adjustments before income taxes	50	8	8
Adjusted EBITDA[4]	**$ 1,138**	**$ 1,528**	**$ 2,463**
% of Net Sales	**7%**	**9%**	**16%**

[4] "EBITDA" (earnings before interest, taxes, depreciation, and amortization) and "Adjusted EBITDA" are Non-GAAP measurements. EBITDA and Adjusted EBITDA are considered relevant to aid analysis and understanding of the Company's operating results and ensures appropriate comparability to prior periods. Refer to *Management's Discussion and Analysis of Financial Condition and Results of Operations* in *Item 7* of this Annual Report on Form 10-K for a summary of the pre-tax Non-GAAP adjustments.



AT A GLANCE

Tools & Outdoor



A global leader in Tools and Outdoor, we create the solutions that are used to build and maintain the world. Professionals, Tradespeople and Do-It-Yourselfers alike rely on us every day for the toughest, strongest, most innovative power tools, hand tools, accessories, storage and outdoor power equipment solutions in the market.

BRANDS

- DEWALT®
- STANLEY®
- CRAFTSMAN®
- Cub Cadet®
- BLACK+DECKER®
- Troy-Bilt®
- PORTER-CABLE®
- BOSTITCH®
- Powers®
- Lenox®
- Irwin®
- Facom®
- MAC Tools®
- Proto®
- Vidmar®
- Lista®
- Hustler®

Industrial



Our innovative solutions keep your world running seamlessly—with leading engineered fastening solutions in automotive, aerospace, solar and general industrial markets.

BRANDS

- STANLEY® Engineered Fastening
- CAM®
- CribMaster®
- Nelson®
- POP®
- Avdel®
- Tucker®
- Integra®
- Optia®

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OUR FOCUSED APPROACH TO ESG

We continue to strive to make impactful change in serving the end users who are central to our purpose, "For those who make the world," and position the Company for strong long-term value creation. In 2023, we re-baselined our data and targets to emphasize our priority goals, with focused effort on where we believe we can make the greatest positive impact. Underpinning these goals are our foundational priorities—our longstanding commitment to supporting our people and their health and safety, integrity, quality, sustainability and DEI.

"Social responsibility is embedded within our business strategy and the way we work to deliver sustainable performance and meaningful value to our stakeholders. This includes a clear set of goals across our pillars of people, product and planet. Our progress will be propelled by our end-user obsession, sustainable innovation, and a thriving, inclusive culture of excellence that embodies these priorities."

Donald Allan, Jr.
President & Chief Executive Officer

People	Product	Planet
ADVANCING DEI, GROWING THE TRADES, AND EMPOWERING OUR PEOPLE	INVESTING TO ACCELERATE SUSTAINABLE SUPPLY CHAIN AND INNOVATION	OPTIMIZING SUSTAINABLE OPERATIONS

Our Priority Goals Focused on Impact

DEI

Improve our gender representation at the Vice President level and above, and achieve our 10-point racial equity roadmap by 2027

GROW THE TRADES

Commit **$30 million to initiatives** that help grow skills for tradespeople by 2027[5]

UPSTREAM AND DOWNSTREAM EMISSIONS

67% of suppliers by spend will set Scope 1 and 2 Science Based Aligned Targets by 2027[6]

52% reduction in Scope 3 GHG emissions intensity by 2030 from a 2022 baseline[7]

CIRCULAR DESIGN

Prioritize the reduction and elimination of problematic plastics and **improve packaging sustainability**, with a specific *commitment forthcoming by 2025*

OPERATIONAL EMISSIONS

42% reduction in absolute Scope 1 and 2 GHG emissions by 2030 from a 2022 baseline[8]

ZERO WASTE TO LANDFILL

100% zero waste to landfill for global manufacturing and distribution sites by 2040[9]

[5] Prior to setting this 5-year goal, in 2021 and 2022 combined, $6M cash and $1.3M tool donations were awarded to support skilling/reskilling the trades.

[6] Upstream and downstream emissions, also referred to as Scope 3 emissions, are the result of activities from assets not owned or controlled by the reporting organization, but that the organization indirectly affects in its value chain.

[7] For purposes of our goal, our Scope 3 emissions include only our emissions measured in Scope 3 categories 1, 4 and 11, because those emissions are the most significant and we have the ability to reduce them through our decision-making.

[8] Operational emissions are also referred to as Scope 1 and 2 emissions. Scope 1: All direct emissions from those activities under our control, stationary and mobile, including fuel combustion on-site such as gas-fired furnaces and boilers. Scope 2: Indirect emissions from electricity purchased and used.

[9] Zero Waste to Landfill (ZWTL) goal applies to our manufacturing facilities and distribution centers where we have control of the operations and incineration with energy recovery is included in our ZWTL performance.

OUR LEADERSHIP

Board of Directors

As of March 2024

Andrea J. Ayers
Chair, Stanley Black & Decker, Inc.
Retired President & Chief Executive Officer, Convergys Corporation

Donald Allan, Jr.
President & Chief Executive Officer, Stanley Black & Decker, Inc.

Patrick D. Campbell
Retired Senior Vice President & Chief Financial Officer, 3M Company

Susan K. Carter
Retired Senior Vice President & Chief Financial Officer, Ingersoll Rand plc (now Trane Technologies plc)

Debra A. Crew
Chief Executive, Diageo plc

Michael D. Hankin
President & Chief Executive Officer, Brown Advisory Incorporated

Robert J. Manning
Retired Chairman & Chief Executive Officer, MFS Investment Management

Adrian V. Mitchell
Chief Operating Officer & Chief Financial Officer, Macy's, Inc.

Jane M. Palmieri
President, Industrial Intermediates & Infrastructure, Dow Inc.

Mojdeh Poul
Former Executive Vice President, Health Care Business Group, 3M Company

Irving Tan
Executive Vice President, Global Operations, Western Digital Corporation

Management Team

Donald Allan, Jr.
President & Chief Executive Officer

Christopher J. Nelson
Chief Operating Officer, Executive Vice President and President, Tools & Outdoor

Patrick D. Hallinan
Executive Vice President, Chief Financial Officer

Tamer K. Abuaita
Senior Vice President, Chief Supply Chain Officer

Rhonda Gass
Chief Information Officer

Dennis M. Lange
Vice President, Investor Relations

Janet M. Link
Senior Vice President, General Counsel & Secretary

John T. Lucas
Senior Vice President, Chief Human Resources Officer

Graham N. Robinson
Senior Vice President & President, STANLEY Industrial

Joseph S. Simms
Chief Diversity Officer

Corbin B. Walburger
Vice President, Business Development

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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 December 30, 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 Number 001-05224

STANLEY BLACK & DECKER, INC.

(Exact Name Of Registrant As Specified In Its Charter)

Connecticut	06-0548860
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

1000 STANLEY DRIVE
NEW BRITAIN, CT 06053
(Address of Principal Executive Offices)

Registrant's Telephone Number, Including Area Code 860 225-5111

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 $2.50 Par Value per Share	SWK	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 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☑	Accelerated Filer	☐
Non-Accelerated Filer	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

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

Indicate by check mark whether the registrant 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 Act). Yes ☐ No ☑

As of June 30, 2023, the aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was $14.4 billion based on the New York Stock Exchange closing price for such shares on that date. On February 20, 2024, the registrant had 153,802,067 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement relating to its 2024 annual meeting of shareholders (the "2024 Proxy Statement") are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. The 2024 Proxy Statement will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

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PART I

ITEM 1. BUSINESS

Stanley Black & Decker, Inc. ("the Company") was founded in 1843 by Frederick T. Stanley and incorporated in Connecticut in 1852. In March 2010, the Company completed a merger with The Black & Decker Corporation ("Black & Decker"), a company founded by S. Duncan Black and Alonzo G. Decker and incorporated in Maryland in 1910. At that time, the Company changed its name from The Stanley Works to Stanley Black & Decker, Inc. The Company's principal executive office is located at 1000 Stanley Drive, New Britain, Connecticut 06053 and its telephone number is (860) 225-5111.

The Company is a global provider of hand tools, power tools, outdoor products and related accessories, as well as a leading provider of engineered fastening solutions, with 2023 consolidated annual revenues of $15.8 billion. Approximately 62% of the Company's 2023 revenues were generated in the United States, with the remainder largely from Europe (16%), emerging markets (12%) and Canada (5%).

In recent years, the Company has re-shaped its portfolio through a series of acquisitions and divestitures. In December 2021, the Company completed the acquisitions of the remaining 80 percent ownership stake of MTD Holdings Inc. ("MTD") for $1.5 billion and Excel Industries ("Excel") for $374 million. The MTD acquisition expanded the Company's presence in the $25 billion outdoor category, with strong brands and growth opportunities. Excel was a strategically important bolt-on acquisition that bolstered the Company's presence in the independent dealer network. In July 2022, the Company sold its Convergent Security Solutions ("CSS") business comprised of the commercial electronic security and healthcare businesses for net proceeds of $3.1 billion and its Mechanical Access Solutions ("MAS") business comprised of the automatic doors business for net proceeds of $916 million. In August 2022, the Company sold its Oil & Gas business comprised of the pipeline services and equipment businesses. Most recently, the Company announced in December 2023 that it had entered into a definitive agreement to sell its Infrastructure business, comprised of the attachment and handheld hydraulic tools business, for $760 million in cash. These recent acquisitions and divestitures are part of the Company's strategic commitment to simplify and streamline its portfolio to focus on its leading market positions in tools and outdoor, as well as engineered fastening systems.

Refer to *Note E, Acquisitions*, and *Note T, Divestitures*, of the *Notes to Consolidated Financial Statements* in *Item 8* for further discussion.

Leveraging the benefits of a more focused portfolio, the Company initiated a business transformation in mid-2022 that includes reinvestment for faster growth as well as the $2.0 billion Global Cost Reduction Program through 2025. The Company's primary areas of multi-year strategic focus remain unchanged as follows:

- Advancing innovation, electrification and global market penetration to achieve organic revenue growth of 2 to 3 times the market;
- Streamlining and simplifying the organization, and investing in initiatives that more directly impact the Company's customers and end users;
- Returning adjusted gross margins to historical 35%+ levels by accelerating the operations and supply chain transformation to improve fill rates and better match inventory with customer demand; and
- Prioritizing cash flow generation and inventory optimization.

In terms of capital allocation, the Company remains committed, over time, to returning excess capital to shareholders through a strong and growing dividend as well as opportunistically repurchasing shares. In the near term, the Company intends to direct any capital in excess of the quarterly dividend on its common stock toward debt reduction and internal growth investments.

The Company's environmental, social and governance ("ESG") strategy is integrated into, and informed by, its overall long-term business strategy. The portfolio changes discussed above prompted the Company to re-baseline its ESG data and update its ESG targets to align with the more focused Company and its business priorities and goals, while maintaining continuity with the legacy ESG pillars of people, products, and planet. The Company's renewed ESG priorities are as follows:

- The People strategy includes broad based diversity, equity & inclusion ("DEI") initiatives supported by equal employment opportunities and the Company's Growing the Trades program. Refer to the *"Human Capital Management"* section below for additional information regarding the Company's commitment to supporting its employees and improving DEI. To grow the trades, the Company is tailoring its philanthropic efforts to fund trade skill-building initiatives with $30 million pledged by 2027. The Company believes this will generate end-user loyalty and brand ambassadorship that fuels long-term demand.

- The Product strategy is focused on minimizing the environmental footprint of the Company's products through an emphasis on Sustainable Innovation. The Company's products are increasingly designed with sustainability in mind – from more sustainable materials specified in product design and packaging, to more eco-friendly impacts resulting from the use of its products, to thoughtful end-of-life repair, reuse and recycling programs. To measure progress in

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this space, the Company set an intensity-based goal to reduce the greenhouse gas ("GHG") emissions of its products' material, transportation, and use phases (Scope 3) by 52% by 2030. To reach this goal, the Company plans to engage two-thirds of its suppliers to set their own Scope 1 and 2 GHG emissions reduction targets by 2027. The Company plans to work with customers and suppliers to try to reduce or eliminate problematic plastics in its packaging and improve packaging sustainability, with a specific goal to be set by 2025; and plans to continue the transformation of its product portfolio to quieter, safer, and more eco-friendly offerings through electrification.

- The Planet strategy for Sustainable Operations is focused on the responsible stewardship of the Company's owned and operated facilities. The Company is implementing a climate science-based plan with a goal to reduce its internal operational GHG emissions by 42% (Scope 1 and Scope 2) by 2030, against the 2022 baseline. The Company expects to do this by continuing to invest in renewable power sources, such as wind and solar, while improving efficiencies through capital investments, and evaluating additional tools like power purchase agreements and energy attribute certificates. The Company will also pursue zero-waste-to-landfill across all its global manufacturing and distribution sites by 2040. The Company believes the responsible stewardship of its operations is important for energy independence and operations resilience, and increasingly as a value proposition for its customers, who value sustainable upstream suppliers as they work to reduce their own carbon footprint.

The Company's annual ESG report, issued in August 2023, details the evolution of its ESG strategy and refreshed public commitments. The report includes a comprehensive review of the Company's ESG program and builds on a long history of annually reporting its sustainability metrics and public goals. As explained in the ESG report, the Company's goals contemplate a number of assumptions and there can be no assurances that those assumptions will be correct or that such goals will be achieved or retained.

Description of the Business

The Company's operations are classified into two reportable business segments: Tools & Outdoor and Industrial. Both reportable segments have significant international operations and are exposed to translational and transactional impacts from fluctuations in foreign currency exchange rates.

Additional information regarding the Company's business segments and geographic areas is incorporated herein by reference to the material captioned "*Business Segment Results*" in *Item 7* and *Note P, Business Segments and Geographic Areas*, of the *Notes to Consolidated Financial Statements* in *Item 8*.

Tools & Outdoor

The Tools & Outdoor segment is comprised of the Power Tools Group ("PTG"), Hand Tools, Accessories & Storage ("HTAS"), and Outdoor Power Equipment ("Outdoor") product lines. Annual revenues in the Tools & Outdoor segment were $13.4 billion in 2023, representing 85% of the Company's total revenues. The segment is a worldwide leader in the tools and outdoor markets and carries iconic brands in the industry, including DEWALT®, CRAFTSMAN®, STANLEY®, BLACK+DECKER® and CUB CADET®.

The PTG product line includes both professional and consumer products. Professional products, primarily under the DEWALT® brand, include professional grade corded and cordless electric power tools and equipment including drills, impact wrenches and drivers, grinders, saws, routers and sanders, as well as pneumatic tools and fasteners including nail guns, nails, staplers and staples, and concrete and masonry anchors. DIY and tradesperson focused products include corded and cordless electric power tools sold primarily under the CRAFTSMAN® brand, and consumer home products such as hand-held vacuums, paint tools and cleaning appliances primarily under the BLACK+DECKER® brand.

The HTAS product line sells hand tools, power tool accessories and storage products. Hand tools include measuring, leveling and layout tools, planes, hammers, demolition tools, clamps, vises, knives, saws, chisels and industrial and automotive tools. Power tool accessories include drill bits, screwdriver bits, router bits, abrasives, saw blades and threading products. Storage products include tool boxes, sawhorses, medical cabinets and engineered storage solution products.

The Outdoor product line primarily sells corded and cordless electric lawn and garden products, including hedge trimmers, string trimmers, lawn mowers, pressure washers and related accessories, and gas powered lawn and garden products, including lawn tractors, zero turn ride on mowers, walk behind mowers, snow blowers, residential robotic mowers, utility terrain vehicles (UTVs), hand-held outdoor power equipment, garden tools, and parts and accessories to professionals and consumers under the DEWALT®, CRAFTSMAN®, CUB CADET®, BLACK+DECKER®, and HUSTLER® brand names.

The segment sells its products to professional end users, distributors, independent dealers, retail consumers and industrial customers in a wide variety of industries and geographies. The majority of sales are distributed through retailers, including home centers, mass merchants, hardware stores, and retail lumber yards, as well as third-party distributors, independent dealers, and a direct sales force.

Industrial

The Industrial segment is comprised of the Engineered Fastening and Infrastructure businesses. Annual revenues in the Industrial segment were $2.4 billion in 2023, representing 15% of the Company's total revenues.

The Engineered Fastening business is a global leader of highly engineered, application-based solutions. The business primarily sells highly engineered components such as fasteners, fittings and various engineered products, which are designed for specific application across multiple verticals. The product lines include externally threaded fasteners, blind rivets and tools, blind inserts and tools, drawn arc weld studs and systems, engineered plastic and mechanical fasteners, self-piercing riveting systems, precision nut running systems, micro fasteners, high-strength structural fasteners, axel swage, latches, heat shields, pins, and couplings. The business sells to customers in the automotive, manufacturing, electronics, construction, and aerospace industries, amongst others, and its products are distributed through a direct sales force and, to a lesser extent, third-party distributors.

The Infrastructure business designs, manufactures, and sells attachments, typically used on excavators, and handheld hydraulic and battery-powered tools for applications in infrastructure, construction, scrap recycling, demolition, and railroad infrastructure. The products and services are primarily distributed through a direct sales force and, to a lesser extent, third-party distributors.

Other Information

Competition

The Company competes on the basis of its reputation for product quality, its well-known brands, its commitment to customer service, its strong customer relationships, the breadth of its product lines, its innovative products and customer value propositions.

The Company encounters active competition in the Tools & Outdoor and Industrial segments from both larger and smaller companies that offer the same or similar products and services or that produce different products appropriate for the same uses. Certain large customers offer private label brands ("house brands") that compete across a wide spectrum of the Company's Tools & Outdoor segment product offerings.

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Major Customers

A significant portion of the Company's Tools & Outdoor products are sold to home centers and mass merchants in the U.S. and Europe. A consolidation of retailers both in North America and abroad has occurred over time. While this consolidation and the domestic and international expansion of these large retailers have provided the Company with opportunities for growth, the increasing size and importance of individual customers creates a certain degree of exposure to potential sales volume loss. Lowe's accounted for approximately 14%, 15% and 15% of the Company's consolidated net sales in 2023, 2022 and 2021, respectively, while The Home Depot accounted for approximately 13%, 13% and 15% of the Company's consolidated net sales in 2023, 2022 and 2021, respectively. No other customer exceeded 10% of the Company's consolidated net sales in 2023, 2022 or 2021.

Working Capital

The Company continues to practice the operating principles encompassed by Operational Excellence, one element of the supply chain transformation, leveraging the principles of: sales and operations planning, operational lean, global supply management, order-to-cash excellence, and upskilling the Company's workforce. The Company aims to develop standardized business processes and system platforms to reduce costs and provide scalability. Working capital turns were 4.2 at the end of 2023, up 0.7 turns from 2022, driven by the Company's focus on optimizing inventory levels via improved supply chain conditions and strategic inventory management. As a result of this focus and planned production curtailments initiated during the back half of 2022, inventory as of December 30, 2023 was $4.7 billion, down $1.9 billion from its peak at the end of the second quarter of 2022. The Company plans to continue leveraging Operational Excellence to generate ongoing improvements in working capital turns, cycle times, and customer service levels.

Raw Materials

The Company's products are manufactured using resins, ferrous and non-ferrous metals including, but not limited to, steel, zinc, copper, brass, aluminum and nickel. The Company also purchases components such as batteries, motors, engines, transmissions, and electronic components to use in manufacturing and assembly operations along with resin-based molded parts. The raw materials required are procured globally and generally available from multiple sources at competitive prices. As part of the Company's Enterprise Risk Management, the Company has implemented a supplier risk mitigation strategy in order to identify and address any potential supply disruption or material scarcity issues associated with commodities, components, finished goods and critical services. The Company does not anticipate difficulties in obtaining supplies for any raw materials used in its production processes and has maintained the proactive measures taken in 2022 to secure energy supply in its European factories to insulate the Company's production from supply constraints in the region.

Patents and Trademarks

No business segment is solely dependent, to any significant degree, on patents, licenses, franchises or concessions, and the loss of one or several of these patents, licenses, franchises or concessions would not have a material adverse effect on any of the Company's businesses. The Company owns numerous patents, none of which individually are material to the Company's operations as a whole. These patents expire at various times over the next 20 years. The Company holds licenses, franchises and concessions, none of which individually or in the aggregate are material to the Company's operations as a whole. These licenses, franchises and concessions vary in duration, but generally run from one to 40 years.

The Company has numerous trademarks that are used in its businesses worldwide. In the Tools & Outdoor segment, significant trademarks include DEWALT®, CRAFTSMAN®, STANLEY®, BLACK+DECKER®, DEWALT FLEXVOLT®, DEWALT POWERSTACK®, DEWALT POWERSHIFT™, IRWIN®, LENOX®, PORTER-CABLE®, BOSTITCH®, FATMAX®, Powers®, Guaranteed Tough®, MAC TOOLS®, PROTO®, Vidmar®, FACOM®, Expert®, LISTA®, MTD®, CUB CADET®, TROY-BILT®, HUSTLER®, and the yellow & black color scheme for power tools and accessories. Significant trademarks in the Industrial segment include STANLEY®, NELSON®, CribMaster®, POP®, Avdel®, Tucker®, NPR®, Spiralock®, CAM®, Bristol Industries®, Voss™, Aerofit™, EA Patten™, Integra®, and Optia®. The terms of these trademarks typically vary from 10 to 20 years, with most trademarks being renewable indefinitely for like terms.

Governmental Regulations

The Company's operations are subject to numerous federal, state and local laws and regulations, both within and outside the U.S., in areas such as environmental protection, international trade, anti-corruption, data privacy, tax, consumer protection, government contracts, climate change and others. The Company is subject to import and export controls, tariffs, and other trade-related regulations and restrictions in the countries in which it has operations or otherwise does business. These controls, tariffs, regulations, and restrictions have had, and may continue to have, a material impact on the Company's business, including its ability to sell products and to manufacture or source components. Refer to *Item 1A. Risk Factors* in *Part I* of this Annual Report on Form 10-K for additional information regarding various laws and regulations that affect the Company's business operations.

The Company is also subject to various environmental laws and regulations in the U.S. and foreign countries where it has operations. In the normal course of business, the Company is involved in various legal proceedings relating to environmental issues. The Company's policy is to accrue environmental investigatory and remediation costs for identified sites when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. In the event that no amount in the range of probable loss is considered most likely, the minimum loss in the range is accrued. The amount of liability recorded is based on an evaluation of currently available facts with respect to each individual site and includes such factors as existing technology, presently enacted laws and regulations, and prior experience in remediation of contaminated sites. The liabilities recorded do not take into account any claims for recoveries from insurance or third parties. As assessments and remediation progress at individual sites, the amounts recorded are reviewed periodically and adjusted to reflect additional technical and legal information that becomes available. As of December 30, 2023 and December 31, 2022, the Company had reserves of $124.5 million and $129.3 million, respectively, for remediation activities associated with Company-owned properties, as well as for Superfund sites, for losses that are probable and estimable. Of the 2023 amount, $46.0 million is classified as current and $78.5 million as long-term, which is expected to be paid over the estimated remediation period. As of December 30, 2023, the Company has recorded $17.0 million in other assets related to funding by the Environmental Protection Agency ("EPA") and monies received have been placed in trust in accordance with the Consent Decree associated with the West Coast Loading Corporation ("WCLC") proceedings, as further discussed in *Note S, Contingencies*, of the *Notes to Consolidated Financial Statements* in *Item 8*. Accordingly, the Company's net cash obligation as of December 30, 2023 associated with the aforementioned remediation activities is $107.5 million. As of December 30, 2023, the range of environmental remediation costs that is reasonably possible is $79.9 million to $226.8 million, which is subject to change in the near term. The Company may be liable for environmental remediation of sites it no longer owns. Liabilities have been recorded on those sites in accordance with the Company's policy.

The amount recorded for identified contingent liabilities is based on estimates. Amounts recorded are reviewed periodically and adjusted to reflect additional technical and legal information that becomes available. Actual costs to be incurred in future periods may vary from the estimates, given the inherent uncertainties in evaluating certain exposures. Subject to the imprecision in estimating future contingent liability costs, the Company does not expect that any sum it may have to pay in connection with these matters in excess of the amounts recorded will have a materially adverse effect on its financial position, results of operations or liquidity. Additional information regarding environmental matters is available in *Note S, Contingencies*, of the *Notes to Consolidated Financial Statements* in *Item 8*.

Compliance with government regulations, including environmental and climate change regulations, has not had, and based on current information and the applicable laws and regulations currently in effect, is not expected to have a material effect on the Company's capital expenditures, results of operations or competitive position. However, laws and regulations may be changed, accelerated or adopted that impose significant operational restrictions and compliance requirements upon the Company and which could negatively impact its operating results and financial condition.

Human Capital Management

The Company has a strategic vision to grow as an employer of choice with leading market positions in each of its major categories. The Company's human capital management fuels every part of the path to this vision, supporting long-term growth. It begins with its Purpose (why we do what we do), Values (intrinsically what we prioritize), Leadership Principles (how we lead), Focus Forward Priorities (what we work on), Operating Model (how we work), and Key Performance Indicators (how we measure success).

To achieve this vision, the Company will be focusing intently on its Focus Forward strategy, which details the long-term focus areas that will guide the journey forward. The priorities and core focus areas include a strong foundation of attracting, developing and retaining talent, building organizational capabilities, and evolving the Company's culture. The Company's People & Culture foundation is something that everyone is responsible for – especially people managers. The Company's goal is to continue to strive to cultivate a diverse and inclusive environment where all employees thrive and are motivated to deliver their best work, extraordinary outcomes and achieve full potential. The Company remains fully engaged in its key priorities of: Health & Safety; Diversity, Equity & Inclusion; Environmental & Social Responsibility; and Integrity & Compliance.

As of December 30, 2023, the Company had approximately 50,500 employees in 59 countries. Approximately 36% of total employees were employed in the U.S. In addition, the Company had approximately 7,300 temporary contractors globally, primarily in operations. The workforce is comprised of approximately 69% hourly-paid employees, principally in manufacturing and distribution centers, and 31% salaried employees. There were approximately 1,000 U.S. employees covered by collective bargaining agreements dispersed among 8 different local labor unions, and a majority of European employees are represented by Works Councils. Three U.S. collective bargaining agreements are scheduled for renegotiation in the next 12 months. The Company strives to maintain a positive relationship with all its employees, as well as the unions and Works Councils representing them, where applicable.

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Talent Attraction, Development, Retention and Compensation

Attraction

In 2023, the Company continued to invest in developing a global talent acquisition center of excellence, including hiring a dedicated Global Talent Acquisition Leader and continuing the work started in 2022 within the regions to better focus on skill shortages locally. Additionally, the Company commenced work with a dedicated focus on improving the candidate experience, from attraction through onboarding to enhance the ease of application for job seekers. The Company plans to continue this work through 2024. The Company also began the rollout of a comprehensive hiring toolkit, which focuses on implementing equal employment opportunity principles, such as competency versus skills-based interviewing and aims to reduce bias in the recruitment process.

The Company has also placed an emphasis on fostering strategic partnerships with organizations that intentionally connect with candidates of diverse backgrounds, work experiences, global perspectives, and varied skills. These include organizations such as Heroes MAKE America for Veterans, Ready Willing and Able (RWA), Community Living for individuals with intellectual disabilities, Hartford Promise Scholars, Society of Hispanic Professional Engineers, Society of Asian Scientists and Engineers, and Thurgood Marshall College Fund. In addition, the Company has a partnership program with Historically Black Colleges and Universities (HBCUs) providing scholarships and career opportunities. The Company has a process in place to post opportunities to diversity-focused job boards such as DirectEmployers Association, Inc. to improve visibility of its career opportunities with diverse applicants. Approximately 35% of global new hires in 2023 were women versus 39% in 2022, and in the U.S. approximately 40% of new employees were racially or ethnically diverse versus 39% in 2022.

Development

Talent development is a key enabler of the People & Culture pillar of the Company's Focus Forward strategy. Key parts of development include clearly defined goals and performance feedback. Throughout 2023, the Talent Development team has continued preparing for the Company's annual feedback process and utilizing the new Human Capital Management tool. The performance feedback process has been simplified and encourages both self-reflection and leader feedback against goals to support on-going development. The process started in the fourth quarter of 2023 and is targeted for full implementation by the middle of 2024. Lifelong learning is supported internally through Stanley Black & Decker University and externally with third-party partners. The Company offers over 25,000 training courses to its colleagues, and employees attended more than 29,000 hours of online and in-person voluntary learning in 2023. Additionally, the Company focuses on leadership development anchored around its Leadership Principles and Values, while promoting leadership habits and behaviors that highlight the importance of attributes like empathy, inclusivity and listening.

To further development in 2023, the Company invested in a 360-assessment process for many of its leaders where they had the chance to gain valuable feedback and insights into their leadership strengths and opportunities based on the leadership behaviors. The Company intends to use this information through 2024 to aid in the creation of enterprise-wide training and development experiences and courses to aid in the accelerated preparation of the Company's leaders. In 2023, the Company had approximately 4,600 users with 10,000 published videos and 179,000 workflow views to assist operations employees with on-the-job training.

Retention

The Company monitors organizational health through a variety of channels including employee opinion surveys, town halls, roundtables, listening sessions, and an internal communications and social collaboration platform called Workplace. The Company recently launched its new Human Capital Management tool which will allow the Company's Human Resources data team to continuously share new metrics, reports and dashboards related to headcount, hiring, and retention to provide value driven insight from people data.

Compensation

Compensation and benefits are globally managed and tailored by country to maintain market competitiveness, and effectively attract, retain, and reward employees. The Company's portfolio of programs is designed in the context of its compensation philosophy underpinned by the tenets of competitive pay, pay for performance, alignment with shareholder interests, balance of risk versus reward, and the Company's intent to provide fair and equitable pay supporting an inclusive culture. In addition to standard compensation and benefits packages, a sizable portion of managers and select individual contributors receive annual incentives contingent on achievement of business objectives, and all employees are generally eligible for special recognition awards.

Diversity, Equity & Inclusion

The Company strives to build and nurture an inclusive culture of passion and belonging where employees feel valued and heard, and are positioned to succeed through equal employment opportunities. As of December 30, 2023, the Company's Board of Directors (the "Board") is comprised of 45% women versus 33% in 2022, 18% racially or ethnically diverse directors versus 17% in 2022, and 18% that are of a diverse national origin versus 17% in 2022. The Chief Executive Officer ("CEO") and his direct staff are comprised of 25% women leaders, versus 42% in 2022, and 25% racially or ethnically diverse leaders versus 25% in 2022. Women represented approximately 34% of the Company's global workforce in 2023 versus 35% in 2022. In the U.S., approximately 35% of employees are racially or ethnically diverse in both 2023 and 2022. A copy of the Company's most recently filed Equal Employment Opportunity report to the U.S. government (EEO-1) can be found on the Company's website.

The Chief Diversity Officer ("CDO"), with the support of a dedicated team of diversity, equity, and inclusion professionals, promotes a broad approach to DEI with the goal of accelerating Company performance, optimizing organizational culture, enhancing transparency, and strengthening accountability. The Company is continuing to execute initiatives across the global workforce designed to foster an inclusive workplace and facilitate equitable career development opportunities.

Management monitors hiring, retention, promotion and continued progress toward achieving the Company's DEI goals. Ongoing DEI reviews are completed by management to support diverse representation throughout the organization and emphasize leadership accountability to support a diverse and inclusive workplace across various dimensions of diversity. The Company provides training and guidance to employees including inclusive workforce modules. An internal knowledge library of DEI resources is available on the Company's intranet. Mentorship programs cultivate talent at the Company by pairing women, people of color, early career talent and DEI leadership development program participants with the Company's leaders to influence leadership growth and mentor allyship.

The Company has nine Employee Resource Groups ("ERGs") and two regional inclusion councils. These ERGs are formed around various dimensions of diversity and employees are encouraged to engage with all ERGs when and how they prefer. The ERGs include Abilities (visible and invisible abilities), African Ancestry, Asian Heritage, Hispanic/Latino/Latinx, Developing Professionals, Pride & Allies (LGBTQ+), Veterans, Women, and Working Parents. Company executives and leaders actively participate, sponsor and engage with the ERGs. The CEO and direct staff also provide executive sponsorship and support for one or more ERGs, which serves as one of the cornerstones for inclusion and engagement of talent at scale.

The Company's 10-point racial equity roadmap has guided its progress in this space since it was launched in 2020, and has been refined to align with the Company's timing and progress related to its ongoing business transformation. In light of the business transformation, the Company is now revising the two outstanding points of the roadmap to align with its plan to build a new, resilient supply chain and to continue to strengthen and sustain its relationships with external partners supporting its DEI efforts. The Company prioritizes investing in its communities by supporting individuals and organizations that advance DEI goals across regions in which it operates. There is a wide array of program offerings provided through the Company's DEI external partnership network. Offerings span across multiple demographics (African American, Asian, Hispanic/Latino/Latinx, Disabilities, Women, LGBTQ+) and levels of participation range from early in career through executive level. Through the RISE (Reach. Inspire. Support. Engage.) Community program, the Company provides scholar students, in high school and college, access to expanded experiential learning beyond their classrooms. The Company's goal is to help its RISE scholars discover their passions, expose them to business, technology, and STEM career opportunities, and help to develop them as leaders.

The Company continues to support gender representation in leadership as a part of its broader DEI goals. The Company also participates in the Business Roundtable, where many of the largest U.S.-based employers are committed to building a more inclusive environment. The Company was also among the signatories of the CEO Action for Diversity & Inclusion initiative.

Employee Well-being

The Company believes that employees who are thriving as individuals are best capable of sustainable and resilient high performance and contributing to a thriving company culture. Therefore, the need to optimize employee well-being has been identified as a strategic enabler for the success of the Company's Focus Forward strategy. In 2023, the Company embarked on a long-term vision to develop a global well-being strategy dedicated to supporting employee well-being as a competitive benefit to attract and retain talent. The implementation of the strategy will vary by country but will include benefits to support the broad wellness of employees' healthy lifestyles, mental health, and retirement readiness, which will be bolstered by programs to support a healthy, psychologically safe culture at work. The Company also supports its employees and promotes work/life balance through benefits such as paid parental leave, paid time off, flexible work arrangements and virtual/hybrid working model policies.

Environment, Health and Safety

The Company's Environmental, Health and Safety ("EHS") Management System describes the core elements of EHS responsibility and accountability, including policies and procedures that are designed in alignment with global standards, the Company's Code of Business Ethics, applicable laws and individual facility needs. In 2023, the Company reinforced EHS as a

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key priority that applies to employees and operating locations worldwide, including manufacturing facilities, distribution centers, warehouses, laboratories, field service centers, retail locations, office locations and mobile units, as well as to the Company's subsidiaries. With a focus on continuous improvement, the Company launched efforts to update its EHS Management System to better align with its current organization and allows the Company to be even more proactive in risk recognition and mitigation at all levels. Legal requirements and responses may vary in the different countries in which the Company's facilities are located. The Company also organized the Corporate EHS team to support technically and more effectively with developing capabilities that enable strong performance at the Company's sites globally.

Governance and Oversight

The CEO and the management Executive Committee are entrusted with developing and advancing the Company's human capital strategy which is reviewed annually with periodic updates on progress with the Board. The Chief Human Resources Officer ("CHRO"), who reports directly to the CEO, is charged with the development and stewardship of this strategy on an enterprise-wide basis. This incorporates a broad range of dimensions, including culture, values, labor and employee relations, leadership expectations and capabilities, talent development, performance management and total rewards. Each year, the Company conducts an extensive talent review with its CEO where the leadership team, key talent, and succession plans are reviewed. Afterwards, the CEO or CHRO leads a talent review with the Compensation & Talent Development Committee of the Board and the entire membership of the Board, at least annually.

Refer to the caption "Information About Our Executive Officers" in *Part 1* of this Annual Report on Form 10-K and *Item 10. Directors, Executive Officers and Corporate Governance of the Registrant* in *Part III* of this Annual Report on Form 10-K for additional information regarding the Company's Executive Officers.

Code of Business Ethics, Workplace Harassment Prevention, and Managing Unconscious Bias training, among others, are provided to employees and the content is regularly reviewed and updated. Employees have access to the INTEGRITY@SBD platform where support, guidance and resources are available. Employees are encouraged to raise any concerns through multiple channels, including through the confidential Integrity Helpline, without fear of retaliation or retribution. Additional information regarding the Company's Human Capital programs and initiatives is available in the Company's ESG Report located under the "Impact" heading of the Company's website. The information on the Company's website is not, and is not intended to be, part of this Annual Report on Form 10-K and is not incorporated into this report by reference.

Research and Development Costs

Research and development costs, which are classified in Selling, general and administrative ("SG&A"), were $362.0 million, $357.4 million and $276.3 million for fiscal years 2023, 2022 and 2021, respectively. The Company continues to invest in its innovation model with both breakthrough and core innovations and places an emphasis on electrification.

Available Information

The Company's website is located at http://www.stanleyblackanddecker.com. This URL is intended to be an inactive textual reference only. It is not intended to be an active hyperlink to the Company's website. Additionally, this Annual Report on Form 10-K includes several website addresses and references to additional materials found on those websites. These websites and materials, including the information on the Company's website that may be referenced in this Annual Report on Form 10-K, is provided for convenience only and is not intended to be part of this Annual Report on Form 10-K and is not incorporated into this report by reference. The Company makes its Forms 10-K, 10-Q, 8-K and amendments to each available free of charge on its website as soon as reasonably practicable after filing them with, or furnishing them to, the U.S. Securities and Exchange Commission ("SEC").

ITEM 1A. RISK FACTORS

The Company's business, operations and financial condition are subject to various risks and uncertainties. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including those risks set forth under the heading entitled "Cautionary Statements Under the Private Securities Litigation Reform Act of 1995" in Item 7, and in other documents that the Company files with the SEC, before making any investment decision with respect to its securities. If any of the risks or uncertainties actually occur or develop, the Company's business, financial condition, results of operations and future growth prospects could change. Under these circumstances, the trading prices of the Company's securities could decline, and you could lose all or part of your investment in the Company's securities.

Strategic Risks

The successful execution of the Company's business strategy depends on its ability to recruit, retain, train, motivate, and develop employees and execute effective succession planning.

The success of the Company's efforts to grow its business depends on the contributions and abilities of key executives and management personnel, its sales force and other personnel, including the ability of its sales force to adapt to any changes made in the sales organization and achieve adequate customer coverage. The Company must therefore continue to recruit, retain, train and motivate management, sales and other personnel sufficiently to maintain its current business and support its projected growth. In addition, the Company must invest heavily in reskilling and upskilling its employees, including placing an emphasis on lifelong learning. Additionally, any unplanned turnover or inability to attract and retain key employees could have a negative effect on the Company's results of operations.

A shortage of key employees might jeopardize the Company's ability to implement its business strategy, and changes in the key management team can result in loss of continuity, loss of accumulated knowledge, departure of other key employees, disruptions to the Company's operations and inefficiency during transitional periods. The Company's reputation, business, revenue and results of operations could be materially and adversely affected if it is unable to recruit, retain, train, motivate, and develop employees and successfully execute organizational change and management transitions at leadership levels.

The Company's acquisitions, exiting of businesses, divestitures, strategic investments and alliances and joint ventures, as well as general business reorganizations, may result in financial results that are different than expected and certain risks for its business and operations.

As part of the Company's strategy, it may acquire businesses or assets, divest businesses or assets, enter into strategic alliances and joint ventures, and make investments to further its business (collectively, "business combinations and investment transactions"), and also handle any post-closing issues, such as integration and transition services. The Company may make additional divestitures or pursue acquisitions in the future.

Risks associated with business combinations and investment transactions include the following, any of which could adversely affect the Company's financial results, including its effective tax rate:

- the failure to identify the most suitable candidates for acquisitions and to close on such acquisitions within desired time frames and at a reasonable cost;
- difficulty in finding buyers or alternative exit strategies on acceptable terms in a timely manner, or disposing of a business at a price or on terms that are less desirable than the Company had anticipated;
- the ability to conduct and evaluate the results of due diligence with respect to business combinations and investment transactions;
- the failure to identify significant issues with a target company's product quality, financial disclosures, accounting practices or internal control deficiencies or the factors necessary to estimate reasonably accurate costs, timing and other matters, and the failure to identify, or accurately assess the risks of, historical practices of target companies that would create liability or other exposures for the Company if they continue post-completion or as a result of successor liability;
- the difficulties and cost in obtaining any necessary regulatory or government approvals on acceptable terms and any delay from the inability to satisfy pre-closing conditions;
- the anticipated additional revenues from the acquired companies do not materialize, despite extensive due diligence;
- the acquired businesses may lose market acceptance or profitability;
- difficulties in retaining existing or attracting new business and operational relationships, including with customers, suppliers and other counterparties;
- the impact of divestitures on the Company's revenue growth may be larger than projected, as the Company may experience greater dis-synergies than expected;
- the diversion of Company management's attention and other resources;
- incurring significant restructuring charges and amortization expense, assuming liabilities, ongoing or new lawsuits related to the transaction or otherwise or pre-closing regulatory violations of the acquired business, potential impairment of acquired goodwill and other intangible assets, and increasing the Company's expenses and working capital requirements;
- continued financial involvement in a divested business, such as through continuing equity ownership, guarantees, indemnities or other financial obligations;
- increased volatility and market vulnerability as a result of a more focused portfolio following completion of business combinations and investment transactions; and
- the loss of key personnel, distributors, clients or customers of acquired companies and difficulty in maintaining employee morale.

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In addition, the current and the proposed changes to the U.S. and foreign regulatory approval process and requirements in connection with an acquisition or divestiture may jeopardize, delay or reduce the anticipated benefits of the transaction to the Company. Failure to effectively integrate acquired companies, strategic investments and alliances, consummate or manage any future acquisitions, exit businesses or consummate divestitures, or general business reorganizations, and mitigate the related risks, may adversely affect the Company's existing businesses and harm its operational results due to large write-offs, significant restructuring costs, contingent liabilities, substantial depreciation, and/or adverse tax or other consequences. The Company cannot ensure that such integrations and reorganizations will be successfully completed or that all of the planned synergies and other benefits will be realized.

Business and Operational Risks

The Company's business is subject to risks associated with sourcing, manufacturing and maintaining appropriate inventory levels.

The Company imports large quantities of finished goods, component parts and raw materials. Lead times for these items vary significantly and may be further impacted by global shortages of critical components. Global supply chain constraints in the wake of geopolitical tensions and conflicts have, and could again, adversely impact the availability and lead times for products, component parts and raw materials and thus negatively impact the Company's results of operations. Specifically, the Company sources materials from South Korea, China and Taiwan, and any future tensions or conflicts in such regions could cause material disruptions in the Company's supply chain which could, in turn, cause product shortages, delays in delivery and/or increases in the Company's cost incurred to produce and deliver products to its customers. Other potential consequences arising from the further escalation of conflicts and global geopolitical tensions cannot be predicted.

In addition, the Company's ability to import these items in a timely and cost-effective manner may be affected by conditions at ports or issues that otherwise affect transportation and warehousing providers, such as fluctuations in freight costs, port and shipping capacity, labor disputes and shortages, severe weather, including severe weather due to climate change, or increased homeland security requirements in the U.S. and other countries. These issues have delayed, and could delay in the future, importation of products or require the Company to locate alternative ports or warehousing providers to avoid disruption to customers. These alternatives may not be available on short notice or could result in higher transit costs, which could have an adverse impact on the Company's business and financial condition.

The Company also relies on its ability to maintain inventory levels appropriate to meet consumer and customer demand. The Company is focused on optimizing inventory levels via improved supply chain conditions and strategic inventory management through the Global Cost Reduction Program implemented in mid-2022, which includes an initiative to reduce inventory levels by reducing complexity through SKU rationalization. Any failure to achieve SKU rationalization efforts in an efficient manner or reduce inventory levels in general, or otherwise maintain appropriate inventory levels to meet consumer and customer demand, may expose the Company to risks of excess inventory and less marketable or obsolete inventory and could require the Company to sell excess or obsolete inventory at a discount, which could result in inventory write-offs that would negatively impact the Company's revenues and profit margin.

Substantially all of the Company's import operations are subject to customs requirements and to tariffs and quotas set by governments through mutual agreements, bilateral actions or, in some cases unilateral action. In addition, the countries in which the Company's products and materials are manufactured or imported from (including importation into the U.S. of the Company's products manufactured overseas) may from time to time impose additional quotas, duties, tariffs or other restrictions on its imports (including restrictions on manufacturing operations) or adversely modify existing restrictions. Changes in U.S. policy regarding international trade, including import and export regulation and international trade agreements, have negatively impacted the Company's business. For example, in 2018 the U.S. imposed tariffs on steel and aluminum as well as on goods imported from China and certain other countries, which resulted in retaliatory tariffs by China and other countries. Similar U.S. actions and any corresponding retaliatory efforts, could result in an increase in supply chain costs that the Company may not be able to offset or otherwise adversely impact the Company's results of operations. Imports are also subject to unpredictable foreign currency changes which may increase the Company's cost of goods sold. Adverse changes in these import costs and restrictions, or failure by the Company's suppliers to comply with customs regulations or similar laws, could harm the Company's business.

The Company's operations are also subject to the effects of international trade agreements and regulations such as the United States-Mexico-Canada Agreement, and the activities and regulations of the World Trade Organization. Although these trade agreements generally have positive effects on trade liberalization, sourcing flexibility and cost of goods by reducing or eliminating the duties and/or quotas assessed on products manufactured in a particular country, trade agreements can also impose requirements that adversely affect the Company's business, such as setting quotas on products that may be imported from a particular country into key markets including the U.S. or the European Union ("EU"), or making it easier for other

companies to compete, by eliminating restrictions on products from countries where the Company's competitors source products.

The Company also relies on its suppliers to provide high quality products and to comply with applicable laws. The Company's ability to find qualified suppliers who meet its standards, including a majority of suppliers by spend having carbon emission reduction targets, and supply products in a timely, cost-effective and efficient manner is a significant challenge with the increasing demand from customers, especially with respect to goods sourced from outside the U.S. For certain products, the Company may rely on one or very few suppliers. A supplier's failure to meet the Company's standards, provide products in a timely, cost-effective and efficient manner, or comply with applicable laws is beyond the Company's control. These issues could have a material negative impact on the Company's business and profitability. Poor quality or an insecure supply chain, may also adversely affect the reliability and reputation of the Company.

The effects of extreme weather conditions, including as a result of climate change, could also place capacity constraints on the Company's supply chain. For example, steel and copper are critical to the design of the Company's products and some countries, including Chile and Australia from which steel and copper are sourced, have experienced and are expected to continue to experience severe weather. A severe weather event in these countries could cause disruptions in the Company's supply chain which could, in turn, cause product shortages, delays in delivery and/or increases in the Company's cost incurred to produce and deliver products to its customers.

Changes in customer preferences, the inability to maintain mutually beneficial relationships with large customers, inventory reductions by customers, and the inability to penetrate new channels of distribution could adversely affect the Company's business.

The Company has certain significant customers, particularly home centers and major retailers. In 2023, the two largest customers comprised approximately 27% of consolidated net sales, with U.S. and international mass merchants and home centers collectively comprising approximately 42% of consolidated net sales. The loss or material reduction of business, the lack of success of sales initiatives, or changes in customer preferences or loyalties for the Company's products, related to any such significant customer could have a material adverse impact on the Company's results of operations and cash flows. In addition, the Company's major customers are volume purchasers, a few of which are much larger than the Company, and have strong bargaining power with suppliers. This factor limits the ability to recover cost increases through higher selling prices. Furthermore, unanticipated inventory adjustments by these customers can have a negative impact on the Company's net sales.

In times of tough economic conditions, the Company has experienced significant distributor inventory corrections reflecting de-stocking of the supply chain associated with difficult credit markets. Such distributor de-stocking exacerbated sales volume declines pertaining to weak end user demand and the broader economic recession. The Company's results may be adversely impacted in future periods by such customer inventory adjustments. Further, the inability to continue to penetrate new channels of distribution may have a negative impact on the Company's future results.

The Company faces active global competition and if it does not compete effectively, its business may suffer.

The Company faces active competition and resulting pricing pressures. The Company's products compete on the basis of, among other things, its reputation for product quality, its well-known brands, price, innovation and customer service capabilities. The Company competes with both larger and smaller companies that offer the same or similar products and services or that produce different products appropriate for the same uses. These companies are often located in countries such as China, Taiwan and India where labor and other production costs are substantially lower than in the U.S., Canada and Western Europe. Also, certain large customers offer house brands that compete with some of the Company's product offerings as a lower-cost alternative. To remain profitable and maintain or grow market share, the Company must maintain a competitive cost structure, develop new products and services, lead product innovation, respond to competitor innovations and enhance its existing products in a timely manner. The Company also competes for labor, particularly in its manufacturing facilities, which can drive higher labor costs and adversely impact its ability to efficiently operate. Any failure to attract and retain employees at the Company's manufacturing facilities or in other parts of the Company's operations may adversely affect its business and ability to meet customer demand, which in turn could adversely affect the Company's liquidity and results of operations. The Company may not be able to compete effectively on all of these fronts and with all of its competitors, and the failure to do so could have a material adverse effect on its sales and profits.

Operational Excellence, one element of the supply chain transformation, is a continuous operational improvement process applied to many aspects of the Company's business such as procurement, quality in manufacturing, maximizing customer fill rates, integrating acquisitions and other key business processes. In the event the Company is not successful in effectively applying the Operational Excellence principles to its key business processes, including those of acquired businesses, its ability to compete and future earnings could be adversely affected.

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In addition, the Company may have to reduce prices on its products and services, or make other concessions, to stay competitive. Price reductions taken by the Company in response to customer and competitive pressures, as well as price reductions and promotional actions taken to drive demand that may not result in anticipated sales levels, could also negatively impact its business. The Company engages in restructuring actions, sometimes entailing shifts of production to low-cost countries, as part of its efforts to maintain a competitive cost structure. If the Company does not execute restructuring actions well, its ability to meet customer demand may decline, or earnings may otherwise be adversely impacted. Similarly, if such efforts to reform the cost structure are delayed relative to competitors or other market factors, the Company may lose market share and profits.

Customer consolidation could have a material adverse effect on the Company's business.

A significant portion of the Company's products are sold through home centers and mass merchant distribution channels in the U.S. and Europe. A consolidation of retailers in both North America and abroad has occurred over time and the increasing size and importance of individual customers creates risk of exposure to potential volume loss. The loss of certain larger home centers as customers would have a material adverse effect on the Company's business.

Low demand for new products and the inability to develop and introduce new products at favorable margins could adversely impact the Company's performance and prospects for future growth.

The Company's competitive advantage is due in part to its ability to develop and introduce new products in a timely manner at favorable margins. The uncertainties associated with developing and introducing new products, such as market demand, the unavailability of raw materials necessary for production of the Company's products and costs of development and production, may impede the successful development and introduction of new products on a consistent basis. Introduction of new technology may result in higher costs to the Company than that of the technology replaced. That increase in costs, which may continue indefinitely or until increased demand and greater availability in the sources of the new technology drive down its cost, could adversely affect the Company's results of operations. Market acceptance of the new products introduced in recent years and scheduled for introduction in future years may not meet sales expectations due to various factors, such as the failure to accurately predict market demand, end-user preferences, evolving industry standards, or the emergence of new or disruptive technologies. Moreover, the ultimate success and profitability of the new products may depend on the Company's ability to resolve technical and technological challenges in a timely and cost-effective manner, and to achieve manufacturing efficiencies. The Company's investments in productive capacity and commitments to fund advertising and product promotions in connection with these new products could erode profits if those expectations are not met.

The pace of technological change continues to accelerate and the Company's ability to react effectively to such change may present significant competitive risks.

The Company's future growth rate depends upon a number of factors, including its ability to (i) identify and evolve with emerging technological and broader industry trends in its target end-markets; (ii) defend its market share against an ever-expanding number of competitors, including many new and non-traditional competitors; (iii) monitor disruptive technologies and business models; and (iv) attract, develop, and retain individuals with the requisite technical expertise and understanding of customers' needs to develop new technologies and introduce new products.

To remain competitive, the Company will need to stay abreast of new technologies, require its employees to continue to learn and adapt to new technologies and be able to integrate them into current and future business models, products, services and processes and also guard against existing and new competitors disrupting the marketplace using such technologies. For example, changing market trends, such as increased consumer demand for energy efficient products and technologies in response to climate change, require the Company to develop and adopt new innovations focused on electrification. The Company may not adequately meet these demands or develop and adapt to the applicable new technologies focused on electrification, which could adversely affect the Company's reputation and the consumer and customer demand for the Company's products. The failure of the Company's technologies or products to gain market acceptance due to more attractive offerings by its competitors or the failure to address any of the above factors could negatively impact revenues and adversely affect its competitive standing and prospects.

The Company has significant operations outside of the U.S., which are subject to political, legal, economic and other risks arising from operating outside of the U.S.

The Company has significant operations outside of the U.S. Such business operations are subject to political, legal, economic and other risks inherent in operating in certain countries, such as:

- the difficulty of enforcing agreements and protecting assets through legal systems outside the U.S. including intellectual property rights, which may not be recognized, and which the Company may not be able to protect outside the U.S. to the same extent as under U.S. law;
- managing widespread operations and enforcing internal controls, policies and procedures designed to deter prohibited practices under U.S. and foreign anti-bribery, anti-corruption, and anti-money laundering regulations and sanctions, such as the U.S. Foreign Corrupt Practices Act of 1977 ("FCPA") and the UK Bribery Act of 2010;
- trade protection measures and import or export licensing requirements including those related to the U.S.'s relationship with China and economic and trade sanctions administered by the Office of Foreign Assets Control;
- the application of certain labor regulations outside of the U.S.;
- compliance with a wide variety of non-U.S. laws and regulations;
- instability or changes in the general political and economic conditions in the countries where the Company operates (such as the conflicts between Russia and Ukraine, and Israel and Hamas and tensions in South Korea, China and Taiwan);
- the threat of nationalization and expropriation;
- increased costs and risks of doing business and managing a workforce in a wide variety of jurisdictions;
- the increased possibility of cyber threats in certain jurisdictions;
- government controls limiting importation of goods;
- government controls limiting payments to suppliers for imported goods;
- limitations on, or impacts from, the repatriation of foreign earnings; and
- exposure to wage, price and capital controls.

Changes in the political or economic environments in the countries in which the Company operates or violations or perceived violations of the laws and regulations of such countries could have a material adverse effect on its financial condition, results of operations or cash flows. Additionally, compliance with international and U.S. laws and regulations that apply to the Company's international operations increases the cost of doing business in foreign jurisdictions. Violations of such laws and regulations may result in severe fines and penalties, criminal sanctions, administrative remedies or restrictions on business conduct, and could have a material adverse effect on the Company's reputation, its ability to attract and retain employees, its business, operating results and financial condition.

The Company's success depends on its ability to improve productivity and streamline operations to control or reduce costs.

The Company is committed to continuous productivity improvement and evaluating opportunities to reduce fixed costs, simplify or improve processes, and eliminate excess capacity. The Company has undertaken restructuring and cost-reduction actions, the savings of which may be mitigated by many factors, including economic weakness, inflation, competitive pressures, higher labor costs and decisions to increase costs in areas such as sales promotion or research and development above levels that were otherwise assumed.

In mid-2022, the Company initiated a supply chain transformation designed to return adjusted gross margins to historical 35%+ levels by improving fill rates and better matching inventory with customer demand. This transformation has and will continue to involve significant investment from the Company, and the success and anticipated cost savings from this transformation are not assured. Failure to achieve, or delays in achieving, projected levels of efficiencies and cost savings from this transformation and other restructuring or cost reduction actions introduced by the Company, significant increases in the costs related to such actions, or unanticipated inefficiencies resulting from this transformation and other manufacturing and administrative reorganization actions in progress or contemplated, could adversely affect the anticipated cost savings.

A material disruption of the Company's operations, particularly at its manufacturing facilities or within its information technology infrastructure, could adversely affect business.

The Company's facilities, supply chains, distribution systems, and information technology systems are subject to catastrophic loss due to natural disasters or other disruptions, including hurricanes and floods, power outages, fires, explosions, terrorism or other geopolitical tensions, equipment failures, sabotage, cybersecurity incidents, any potential effects of climate change and adverse weather conditions, labor disputes, critical supply failure, inaccurate downtime forecast, political disruption, public health crises, like a regional or global pandemic such as COVID-19, and other reasons, which can result in undesirable consequences, including financial losses and damaged relationships with customers. The Company employs information technology systems and networks to support the business and relies on them to process, transmit and store electronic information, and to manage or support a variety of business processes and activities. Disruptions to its information technology infrastructure from system failures, shutdowns, power outages, telecommunication or utility failures, cybersecurity incidents, and other events, including disruptions at its cloud computing, server, systems and other third party IT service providers, could interfere with its operations, interrupt production and shipments, damage customer and business partner relationships, and negatively impact its reputation.

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Industry and Economic Risks

The Company's results of operations could be negatively impacted by inflationary or deflationary economic conditions which could affect the ability to obtain raw materials, component parts, freight, energy, labor and sourced finished goods in a timely and cost-effective manner, as well as lead to changes in interest rate environments which impact its cost of funds, the general strength of the economy and demand for its products in the market.

The Company's products are manufactured using both ferrous and non-ferrous metals including, but not limited to, steel, zinc, copper, brass, aluminum, and nickel. Additionally, the Company uses other commodity-based materials for components and packaging including, but not limited to, plastics, resins, wood and corrugated products. The Company's cost base also reflects significant elements for freight, energy and labor. The Company also sources certain finished goods directly from vendors. If the Company is unable to mitigate inflationary increases through various customer pricing actions and cost reduction initiatives, its profitability may be adversely affected.

Conversely, in the event there is deflation, the Company may experience pressure from its customers to reduce prices, and there can be no assurance that the Company would be able to reduce its cost base (through negotiations with suppliers or other measures) to offset any such price concessions which could adversely impact results of operations and cash flows.

Further, as a result of inflationary or deflationary economic conditions, the Company believes it is possible that a limited number of suppliers may either cease operations or require additional financial assistance from the Company in order to fulfill their obligations. In a limited number of circumstances, the magnitude of the Company's purchases of certain items is of such significance that a change in established relationships with suppliers or increase in the costs of purchased raw materials, component parts or finished goods could result in manufacturing interruptions, delays, inefficiencies or an inability to market products. Changes in value-added tax rebates, currently available to the Company or to its suppliers, could also increase the costs of the Company's manufactured products, as well as purchased products and components, and could adversely affect the Company's results.

Uncertainty about the financial stability of economies outside the U.S. could have a significant adverse effect on the Company's business, results of operations and financial condition.

The Company generates approximately 38% of its revenues outside the U.S., including 16% from Europe and 12% from various emerging market countries. Each of the Company's segments generates sales in these marketplaces. While the Company believes any downturn in the European or emerging marketplaces might be offset to some degree by the relative stability in North America, the Company's future growth, profitability and financial liquidity could be affected, in several ways, including, but not limited to, the following:

- depressed consumer and business confidence may decrease demand for products and services;
- customers may implement cost reduction initiatives or delay purchases to address inventory levels;
- significant declines of foreign currency values in countries where the Company operates could impact both the revenue growth and overall profitability in those geographies;
- a devaluation of foreign currencies could have an effect on the credit worthiness (as well as the availability of funds) of customers in those regions impacting the collectability of receivables;
- a devaluation of foreign currencies could have an adverse effect on the value of financial assets of the Company in the effected countries; and
- the impact of an event or changes to political and economic conditions (individual country default, or break up of the Euro) could have an adverse impact on the global credit markets and global liquidity potentially impacting the Company's ability to access these credit markets and to raise capital or disrupting global energy supply or supply chains.

The Company is exposed to market risk from changes in foreign currency exchange rates which could negatively impact profitability.

The Company manufactures and sells its products in many countries throughout the world. As a result, there is exposure to foreign currency risk as the Company enters into transactions and makes investments denominated in multiple currencies. The Company's predominant currency exposures are related to the Euro, Canadian Dollar, British Pound, Australian Dollar, Brazilian Real, Chinese Renminbi ("RMB") and the Taiwan Dollar. In preparing its financial statements, for foreign operations with functional currencies other than the U.S. dollar, asset and liability accounts are translated at current exchange rates, while income and expenses are translated using average exchange rates. With respect to the effects on translated earnings, if the U.S. dollar strengthens relative to local currencies, the Company's earnings could be negatively impacted. Although the Company

utilizes risk management tools, including hedging, as it deems appropriate, to mitigate a portion of potential market fluctuations in foreign currencies, there can be no assurance that such measures will result in all market fluctuation exposure being eliminated. The Company generally does not hedge the translation of its non-U.S. dollar earnings in foreign subsidiaries but may choose to do so in certain instances.

The Company sources many products from China and other low-cost countries for resale in other regions. To the extent the RMB or other currencies appreciate, the Company may experience cost increases on such purchases. The Company may not be successful at implementing customer pricing or other actions in an effort to mitigate the related cost increases and thus its profitability may be adversely impacted.

Financing Risks

The Company has incurred, and may incur in the future, significant indebtedness, and may in the future issue additional equity or debt securities, including in connection with mergers or acquisitions, which may impact the manner in which it conducts business or the Company's access to external sources of liquidity. The potential issuance of such securities may limit the Company's ability to implement elements of its business strategy and may have a dilutive effect on earnings.

As described in *Note H, Long-Term Debt and Financing Arrangements*, of the *Notes to Consolidated Financial Statements* in *Item 8*, the Company has a five-year $2.5 billion committed credit facility and a $1.5 billion syndicated 364-Day Credit Agreement. No amounts were outstanding against any of these facilities on December 30, 2023. As of December 30, 2023, the Company had $7.3 billion of indebtedness, including $6.2 billion of principal and $1.1 billion of commercial paper borrowings.

The instruments and agreements governing certain of the Company's current indebtedness contain requirements or restrictive covenants that include, among other things:

- a limitation on creating liens on certain property of the Company and its subsidiaries;
- a restriction on entering into certain sale-leaseback transactions;
- customary events of default, including repayment of all amounts outstanding in the event of the occurrence and continuance of an event of default; and
- maintenance of a specified financial ratio.

The Company has an interest coverage covenant that must be maintained to permit continued access to its committed credit facilities. The interest coverage ratio tested for covenant compliance compares adjusted Earnings Before Interest, Taxes, Depreciation and Amortization to adjusted net Interest Expense ("Adjusted EBITDA"/"Adjusted Net Interest Expense"); such adjustments to interest or EBITDA include, but are not limited to, removal of non-cash interest expense and stock-based compensation expense. Subject to certain adjustments for portions of the 2023 and 2024 fiscal year periods as detailed below, the interest coverage ratio must not be less than 3.5 times and is computed quarterly, on a rolling twelve months (last twelve months) basis.

In February 2023, the Company entered into amendments to its credit facilities described above to: (a) amend the definition of Adjusted EBITDA to allow for additional adjustment addbacks, not to exceed $500 million in the aggregate, for amounts incurred during each four fiscal quarter period beginning with the period ending in the third quarter of 2023 through the period ending in the second quarter of 2024, and (b) amend the minimum interest coverage ratio to not less than 1.5 to 1.0 times computed quarterly, on a rolling twelve months (last twelve months) basis, for the period from and including the third quarter of 2023 through the second quarter of 2024. The minimum interest coverage ratio will revert back to 3.5 times for periods after the second quarter of 2024. The Company was compliant with its debt covenant requirements in each of the 2023 quarterly measurement periods. Management does not believe it is reasonably likely the Company will breach this covenant. Failure to maintain these ratios could adversely affect further access to liquidity.

Future instruments and agreements governing indebtedness may impose other restrictive conditions or covenants. Such covenants could restrict the Company in the manner in which it conducts business and operations as well as in the pursuit of its business strategy.

The Company is exposed to counterparty risk in its hedging arrangements.

From time to time, the Company enters into arrangements with financial institutions to hedge exposure to fluctuations in currency and interest rates, including forward contracts, options and swap agreements. The Company may incur significant losses from hedging activities due to factors such as demand volatility. The failure of one or more counterparties to the Company's hedging arrangements to fulfill their obligations could adversely affect the Company's results of operations.

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Tight capital and credit markets or the failure to maintain credit ratings could adversely affect the Company by limiting the Company's ability to borrow or otherwise access liquidity.

The Company's long-term growth plans are dependent on, among other things, the availability of funding to support corporate initiatives and the ability to increase sales of existing product lines. While the Company has not encountered financing difficulties to date, the capital and credit markets have experienced extreme volatility and disruption in the past and may again in the future. Market conditions could make it more difficult for the Company to borrow or otherwise obtain the cash required for significant new corporate initiatives.

Furthermore, there could be a number of follow-on effects from a credit crisis on the Company's businesses, including insolvency of key suppliers resulting in product delays; inability of customers to obtain credit to finance purchases of the Company's products and services and/or customer insolvencies.

In addition, the major rating agencies regularly evaluate the Company for purposes of assigning credit ratings. The Company's ability to access the credit markets, and the cost of these borrowings, is affected by the strength of its credit ratings and current market conditions. Failure to maintain credit ratings that are acceptable to investors may adversely affect the cost and other terms upon which the Company is able to obtain financing, as well as its access to the capital markets.

The Company is exposed to credit risk on its accounts receivable.

The Company's outstanding trade receivables are not generally covered by collateral or credit insurance. While the Company has procedures to monitor and limit exposure to credit risk on its trade and non-trade receivables, there can be no assurance such procedures will effectively limit its credit risk and avoid losses, which could have an adverse effect on the Company's financial condition and operating results.

If the Company were required to write-down all or part of its goodwill, indefinite-lived trade names, or other definite-lived intangible assets, its net income and net worth could be materially adversely affected.

As of December 30, 2023, the Company has approximately $8.0 billion of goodwill, approximately $2.4 billion of indefinite-lived trade names and approximately $1.6 billion of net definite-lived intangible assets. The Company is required to periodically, at least annually, determine if its goodwill or indefinite-lived trade names have become impaired, in which case it would write down the impaired portion of the asset. The definite-lived intangible assets, including customer relationships, are amortized over their estimated useful lives and are evaluated for impairment when appropriate. Impairment of intangible assets may be triggered by developments outside of the Company's control, such as worsening economic conditions, technological change, intensified competition or other factors, which could have an adverse effect on the Company's financial condition and results of operations.

If the investments in employee benefit plans do not perform as expected, the Company may have to contribute additional amounts to these plans, which would otherwise be available to cover operating expenses or other business purposes.

The Company sponsors pension and other post-retirement defined benefit plans. The Company's defined benefit plan assets are currently invested in equity securities, government and corporate bonds and other fixed income securities, money market instruments and insurance contracts. The Company's funding policy is generally to contribute amounts determined annually on an actuarial basis to provide for current and future benefits in accordance with applicable law which require, among other things, that the Company make cash contributions to under-funded pension plans. During 2023, the Company made cash contributions to its defined benefit plans of approximately $42 million and expects to contribute $35 million to its defined benefit plans in 2024.

There can be no assurance that the value of the defined benefit plan assets, or the investment returns on those plan assets, will be sufficient in the future. It is therefore possible that the Company may be required to make higher cash contributions to the plans in future years which would reduce the cash available for other business purposes, and that the Company will have to recognize a significant pension liability adjustment which would decrease the net assets of the Company and result in higher expense in future years. The fair value of the defined benefit plan assets on December 30, 2023 was approximately $1.8 billion.

Legal, Tax, Regulatory and Compliance Risks

The Company's brands are important assets of its businesses and violation of its trademark rights by imitators, or the failure of its licensees or vendors to comply with the Company's product quality, manufacturing requirements, marketing

standards, and other requirements could negatively impact revenues and brand reputation. Any inability to protect the Company's other intellectual property rights could also reduce the value of its products and services or diminish its competitiveness.

The Company considers its intellectual property rights, including patents, trademarks, copyrights and trade secrets, and licenses held, to be a significant part and valuable aspect of its business. The Company attempts to protect its intellectual property rights through a combination of patent, trademark, copyright and trade secret laws, as well as licensing agreements and third-party nondisclosure and assignment agreements; however, there can be no assurances that these resources will adequately protect the Company's intellectual property rights and deter misappropriation or improper use of its technology.

The Company's trademarks have a reputation for quality and value and are important to the Company's success and competitive position. Unauthorized use of the Company's trademark rights may not only erode sales of the Company's products, but may also cause significant damage to its brand name and reputation, interfere with its ability to effectively represent the Company to its customers, contractors, suppliers, and/or licensees, and increase litigation costs. Similarly, failure by licensees or vendors to adhere to the Company's standards of quality and other contractual requirements could result in loss of revenue, increased litigation, and/or damage to the Company's reputation and business. There can be no assurance that the Company's ongoing efforts to protect its brand and trademark rights and ensure compliance with its licensing and vendor agreements will prevent all violations.

In addition, the Company's ability to compete could be negatively impacted by its failure to obtain and adequately protect its intellectual property and preserve its associated intellectual property rights, including patents, copyrights, trade secrets, and licenses, as well as its products and any new features of its products or processes. The Company's patent applications may not be approved and any patents owned could be challenged, invalidated or designed around by third parties. In addition, the Company's patents may not be of sufficient scope or strength to provide meaningful protection or commercial advantage.

Cybersecurity incidents could disrupt business operations, result in the loss of critical and confidential information, and adversely impact the Company's reputation, operating results, and financial condition.

The Company's information systems and data may be vulnerable to cybersecurity threats and incidents which can include uncoordinated individual attempts to gain unauthorized access to information technology ("IT") systems, sophisticated and targeted measures known as advanced persistent threats, breaches due to human error, malfeasance, or other cybersecurity incidents directed at the Company, its products, services and technologies, including those leveraging "Internet of Things" capabilities, its customers and/or its third-party service providers, including cloud providers. The Company deploys measures which leverage industry accepted frameworks to deter, prevent, detect, respond to, and mitigate these threats. The Company has invested and continues to invest in risk management and information security and data privacy measures in order to protect its systems and data, including employee and critical service provider training, organizational investments, incident response plans, tabletop exercises, technical defenses and defensive product software designs. The cost and operational consequences of implementing, maintaining and enhancing these measures could increase significantly to overcome increasingly intense, complex, and sophisticated cybersecurity threats.

Despite these efforts, cybersecurity incidents (against the Company or parties with whom the Company contracts), depending on their nature and scope, could potentially result in the misappropriation, disclosure, destruction, corruption or unavailability of critical data and confidential or proprietary information (the Company's or that of third parties) and the disruption of business operations. The potential consequences of a material cybersecurity incident and its effects include financial loss, reputational damage, litigation with third parties, theft of intellectual property, fines levied by the Federal Trade Commission or other government agencies, diminution in the value of the Company's investment in research, development and engineering, and increased cybersecurity protection and remediation costs due to the increasing sophistication and proliferation of threats, which in turn could adversely affect the Company's competitiveness and results of operations. Any of the foregoing can be exacerbated by a delay or failure to detect a cybersecurity incident or the full extent of such incident.

In addition, cybersecurity laws and regulations continue to evolve, and are increasingly demanding, both in the U.S. and globally, which adds compliance complexity and may increase costs of compliance and expose the Company to reputational damage or litigation, monetary damages, regulatory enforcement actions, penalties, or fines in one or more jurisdictions. While the Company carries cyber insurance, it cannot be certain that coverage will be adequate for liabilities actually incurred, that insurance will continue to be available to the Company on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim.

The report, rumor, assumption, or perception of a potential or suspected cybersecurity incident may have similar results, even if no such incident has been attempted or occurred. Any of the foregoing may have a material adverse effect on the Company's reputation, operating results and financial condition.

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The Company is exposed to risks related to compliance with data privacy laws.

To conduct its operations, the Company regularly moves data across national borders, and consequently is subject to a variety of continuously evolving and developing laws and regulations in the U.S. and abroad regarding privacy, data protection and data security. The scope of the laws that may be applicable to the Company is often uncertain and may be conflicting, particularly with respect to foreign laws. For example, lawmaking bodies within the EU, United Kingdom, China and India have increased their jurisdictional reach and added a broad array of requirements for handling personal data, including the public disclosure of significant data breaches. Similarly, in the U.S., state-specific privacy regulations have created and continue to create new industry requirements, consumer privacy rights and enforcement mechanisms. The Company's reputation and brand and its ability to attract new customers could also be adversely impacted if the Company fails, or is perceived to have failed, to properly respond to breaches resulting from its management of consumer data or of its or third party's information technology systems. Such failure to properly respond could also result in similar exposure to liability.

Additionally, other countries have enacted or are enacting data localization laws that require data to stay within their borders. In many cases, these laws and regulations apply not only to transfers between unrelated third parties but also to transfers between the Company and its subsidiaries.

All of these evolving compliance and operational requirements impose significant costs that are likely to increase over time. Privacy laws that may be implemented in the future, including laws regarding data and generative artificial intelligence, and court decisions impacting activities across borders, will continue to require changes to certain business practices, thereby increasing costs, or may result in negative publicity, require significant management time and attention, and may subject the Company to remedies that may harm its business, including fines or demands or orders that the Company modify or cease existing business practices.

Significant judgment and certain estimates are required in determining the Company's worldwide provision for income taxes. Future tax law changes and audit results may materially increase the Company's prospective income tax expense.

The Company is subject to income taxation in the U.S. as well as numerous foreign jurisdictions. Significant judgment is required in determining the Company's worldwide income tax provision and accordingly there are many transactions and computations for which the final income tax determination is uncertain. The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments, and which may not accurately anticipate actual outcomes. The Company periodically assesses its liabilities and contingencies for all tax years still subject to audit based on the most currently available information, which involves inherent uncertainty. The Company is routinely audited by income tax authorities in many tax jurisdictions. Although management believes the recorded tax estimates are reasonable, the ultimate outcome of any audit (or related litigation) could differ materially from amounts reflected in the Company's income tax accruals. Additionally, the global income tax provision can be materially impacted due to foreign currency fluctuations against the U.S. dollar since a significant amount of the Company's earnings are generated outside the U.S. Lastly, it is possible that future income tax legislation, may be enacted that could have a material impact on the Company's worldwide income tax provision, cash tax liability, and effective tax rate beginning with the period that such legislation becomes enacted. For instance, the Organization for Economic Cooperation and Development has enacted model rules for a new global minimum tax framework applicable to multi-national corporations, and various governments have enacted, or are in the process of enacting, legislation implementing all or part of these rules.

Climate change legislation or regulations and changing market trends in response to climate change may adversely affect the Company's business.

There continues to be a lack of consistent climate legislation, which creates economic and regulatory uncertainty. Increased international, regional, state and/or federal requirements or other stakeholder expectations could mandate more restrictive or expansive standards, more prescriptive reporting of environmental, social and governance metrics than the voluntary commitments the Company adopted, or require related changes on a more accelerated time frame than the Company anticipates. A number of governmental bodies have finalized, proposed or are contemplating legislative and regulatory changes in response to the potential effect of climate change. Such legislation or regulation has and potentially could include provisions for a "cap and trade" system of allowances and credits or a carbon tax or require increased measurement of metrics and disclosure, among other provisions. The Company currently purchases renewable energy certificates ("RECs") to reduce Scope 2 emissions and is also assessing expanding its use of solar panels as an alternative energy source. If carbon tax legislation is changed or adopted, the Company may not be able to mitigate the future impact of carbon tax through the purchase of RECs and the use of solar panels or other measures. The Company may also face reputational risks and risks to the Company's investor confidence and market share if the Company is unable to make progress on the Company's voluntary environmental goals or is unable to keep apace with the progress made by the Company's peers. If environmental laws or regulations are either changed or adopted and impose significant operational restrictions and compliance requirements on the Company, they may have a material adverse effect on the Company's business, access to credit, capital expenditures, operating results and financial condition.

The Company also faces risks related to the transition to a lower-carbon economy, such as its ability to successfully adopt new technology, meet market-driven demands for low carbon, carbon neutral and renewable energy technology, or to comply with more stringent and increasingly complex environmental regulations or requirements for the Company's manufacturing facilities and business operations, increased prices related to freight and shipping costs and other permitting requirements.

In addition, many of the Company's products incorporate battery technology. As the world moves towards a lower-carbon economy and as other industries begin to adopt similar battery technology for use in their products or increase their current consumption of battery technology, the increased demand could place capacity constraints on the Company's supply chain. In addition, increased demand for battery technology may also increase the costs to the Company for both the battery cells as well as the underlying raw materials such as cobalt and lithium, among others. If the Company is unable to mitigate any possible supply constraints or related increased costs or drive alternative technology through innovation, its profitably and financial results could be negatively impacted.

The Company's failure to continue to successfully avoid, manage, defend, litigate and accrue for claims and litigation could negatively impact its results of operations or cash flows.

The Company is exposed to and becomes involved in various legal proceedings, claims, disputes and investigations arising out of the conduct of its business, including the matters described in *Item 3. Legal Proceedings* in *Part I* of this Annual Report on Form 10-K and other, actual or threatened proceedings, claims, disputes or investigations relating to such items as securities laws, anti-trust laws, commercial transactions, product liability, workers compensation, employee benefits plans, arrangements between the Company and its distributors, franchisees or vendors, intellectual property claims and regulatory actions.

In addition, the Company is subject to environmental laws in each jurisdiction in which business is conducted. Some of the Company's products incorporate substances that are regulated in some jurisdictions in which it conducts manufacturing operations. The Company has been, and could be in the future, subject to liability if it does not comply with these regulations. In addition, the Company is currently being, and may in the future be, held responsible for remedial investigations and clean-up costs resulting from the discharge of hazardous substances into the environment, including sites that have never been owned or operated by the Company but at which it has been identified as a potentially responsible party under federal and state environmental laws and regulations. Changes in environmental and other laws and regulations in both domestic and foreign jurisdictions could adversely affect the Company's operations due to increased costs of compliance and potential liability for non-compliance.

The Company manufactures products and performs various services that create exposure to product and professional liability claims and litigation. The failure of the Company's products and services to be properly manufactured, configured, installed, designed or delivered, resulting in personal injuries, property damage or business interruption could subject the Company to claims for damages. The Company has and is currently defending product liability claims, some of which have resulted in settlements or monetary judgments against the Company. The costs associated with defending ongoing or future product liability claims and payment of damages could be substantial. The Company's reputation could also be adversely affected by such claims, whether or not successful.

There can be no assurance that the Company will be able to continue to successfully avoid, manage and defend such matters. In addition, given the inherent uncertainties in evaluating certain exposures, actual costs to be incurred in future periods may vary from the Company's estimates for such contingent liabilities. Refer to *Note S, Contingencies*, of the *Notes to Consolidated Financial Statements* in *Item 8* for further information about legal proceedings and other loss contingencies.

The Company's products could be recalled.

The Company maintains an awareness of and responsibility for the potential health and safety impacts on its customers and end users. The Company's product development processes include tollgates for product safety review, and extensive testing is conducted on product safety. Safety reviews are performed at various product development milestones, including a review of product labeling and marking to ensure safety and operational hazards are identified for the customer and end user.

Despite safety and quality reviews, the Consumer Product Safety Commission or other applicable regulatory bodies may require, or the Company may voluntarily institute, the recall, repair or replacement of the Company's products if those products are found not to be in compliance with applicable standards or regulations. A recall could increase the Company's costs and adversely impact its reputation.

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The Company's sales to government customers exposes it to business volatility and risks, including government budgeting cycles and appropriations, procurement regulations, governmental policy shifts, early termination of contracts, audits, investigations, sanctions and penalties.

The Company derives a portion of its revenues from contracts with the U.S. government, state and local governments and foreign governments. Government contractors must comply with specific procurement regulations and other requirements. These requirements, although customary in government contracts, could impact the Company's performance and compliance costs, including limiting or delaying the Company's ability to share information with its business partners, customers and investors, which may negatively impact the Company's business and reputation.

The U.S. government may demand contract terms that are less favorable than standard arrangements with private sector customers and may have statutory, contractual or other legal rights to terminate contracts with the Company. For example, the U.S. government may have contract clauses that permit it to terminate any of the Company's government contracts and subcontracts at its convenience, and procurement regulations permit termination for default based on the Company's performance. In addition, changes in U.S. government budgetary priorities could lead to changes in the procurement environment, affecting availability of government contracting or funding opportunities. Changes in government procurement policy, priorities, regulations, technology initiatives and requirements, and/or contract award criteria may negatively impact the Company's potential for growth in the government sector. Changes in government cybersecurity and system requirements could negatively impact the Company's eligibility for the award of future contracts, negatively impacting the Company's business and reputation.

Government contracts laws and regulations impose certain risks, and government contracts are generally subject to audits, investigations and approval of policies, procedures and internal controls for compliance with procurement regulations and applicable law. If violations of law are found, they could result in civil and criminal penalties and administrative sanctions, including termination of contracts, refund of a portion of fees received, forfeiture of profits, suspension of payments, fines and suspensions or debarment from future government business. Each of these factors could negatively impact the Company's business, results of operations, financial condition, and reputation.

Other Risks

The Company's results of operations and earnings may not meet guidance or expectations.

The Company's results of operations and earnings may not meet guidance or expectations. The Company may provide public guidance on expected results of operations for future periods. This guidance is comprised of forward-looking statements subject to risks and uncertainties, including the risks and uncertainties described in this Annual Report on Form 10-K and in the Company's other public filings and public statements, and is based necessarily on assumptions the Company makes at the time it provides such guidance. The Company's guidance may not always be accurate. The Company may also choose to withdraw guidance, as it did in response to the uncertainty of the COVID-19 pandemic in 2020, or lower guidance in future periods. If, in the future, the Company's results of operations for a particular period do not meet its guidance or the expectations of investment analysts, the Company reduces its guidance for future periods, or the Company withdraws guidance, the market price of the Company's common stock could decline significantly.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

The Company has implemented a comprehensive cybersecurity program to assess, identify and manage risks from cybersecurity threats that may result in adverse effects to the confidentiality, integrity, and availability of its information systems and oversee compliance with applicable regulatory, operational, and contractual requirements.

Cyber Incident Response Team and Governance

Board of Directors

The Board has delegated the primary responsibility for oversight of cybersecurity matters to the Audit Committee. The Audit Committee regularly reviews compliance and disclosure control procedures for cybersecurity matters. Members of management responsible for cybersecurity and digital risk management for the Company, including the Vice President and Chief Information

Officer (the "CIO"), Chief Information Security Officer (the "CISO") and the Senior Vice President, General Counsel and Secretary (the "General Counsel"), provide regular updates to the Audit Committee regarding data protection and cybersecurity risks and the Company's new and existing cyber risk controls intended to mitigate them. The Audit Committee regularly briefs the full Board on these matters, and the full Board also receives briefings from management and third-party cybersecurity advisors on the Company's cybersecurity program, as appropriate. The Company has protocols and procedures by which certain cybersecurity incidents are escalated within the Company and, where appropriate, reported promptly to the Audit Committee and the full Board.

Management

At the management level, oversight of risks from cybersecurity threats has been integrated into the Company's overall risk management processes. The Senior Risk Council has broad oversight of the Company's risk management processes, and is also responsible for the assessment and management of risks from cybersecurity threats. The Senior Risk Council is comprised of senior management personnel representing different functional and business areas, including the Chief Executive Officer; Chief Financial Officer; General Counsel; Treasurer; and CIO, as well as other senior business leaders. The Company believes the experience that Senior Risk Council members have from serving on the Senior Risk Council provides them with an understanding of the Company's risk management process overall, and individual members are able to provide further insight to the risk analysis process based on their functional area of expertise within the business. The CIO also has extensive leadership experience in computer product engineering and information technology fields, including responsibility for overseeing cybersecurity risk management and digital risk management. The CIO also holds a bachelor's degree in computer science. The Senior Risk Council meets regularly to discuss the risk management measures implemented by the Company, including measures to identify and mitigate data protection and cybersecurity risks. The Senior Risk Council receives regular updates on cybersecurity incidents from the CISO and CIO.

The Company's CISO is the member of management principally responsible for overseeing the Company's cybersecurity risk management program, in coordination with the CIO and other business leaders across the Company, including legal, product engineering management, internal audit, finance and risk management. The CISO has extensive cybersecurity knowledge and skills gained from over 20 years of technical and business experience in the cybersecurity and information security fields, including as a Chief Information Security Officer and through other leadership and technical roles in IT governance and strategy, security risk and compliance, corporate product security and data privacy, and IT infrastructure. She also holds a Master of Science degree in Information and Cybersecurity from the University of California, Berkeley. The CISO reports directly to the CIO who in turn reports directly to the Chief Executive Officer. The CISO receives reports on cybersecurity threats from members of the Cyber Security Office on an ongoing basis and, in conjunction with the Senior Risk Council, regularly reviews risk management measures implemented by the Company to identify and mitigate data protection and cybersecurity risks. The CISO and CIO also work closely with the Company's legal department to oversee compliance with applicable legal, regulatory and contractual security requirements.

Internal Cybersecurity Team

The Company's Cyber Security Office, led by the CISO, is responsible for the implementation, monitoring, and maintenance of cybersecurity governance, operations and data protection practices across the Company. Reporting to the CISO are a number of experienced information security directors responsible for various parts of the Company's business, each of whom is supported by a team of trained cybersecurity professionals. The team also holds a number of industry recognized certifications such as Certified Information Systems Security Professional, Certified Information Security Manager, Certified in Risk and Information Systems Control, and Certified Ethical Hacker, among others. In addition to its internal cybersecurity capabilities, the Company also regularly engages assessors, consultants, auditors, or other third parties to assist with assessing, identifying, and managing cybersecurity risks.

Risk Management & Strategy

The Company has adopted information security policies that establish requirements and responsibilities with respect to the protection of the Company's interests and information technology assets against loss, improper disclosure and unauthorized modification. The Company regularly educates and shares best practices with its employees to raise awareness of cybersecurity threats and the Company's information security program, which the Company believes creates a culture of shared responsibility for the security of sensitive data and the Company's network. All employees are regularly offered information security and protection training, including specialized training for employees exposed to sensitive information, which prompt them to certify their awareness of and compliance with applicable information technology policies and additional technology and cybersecurity standards. The Company deploys technical safeguards that are designed to protect the Company's information systems from cybersecurity threats, including firewalls, encryption intrusion prevention and detection systems, anti-malware functionality, data monitoring, endpoint extended detection and response, architecture controls, access controls and ongoing vulnerability assessments.

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The Company has adopted a Cybersecurity Incident Response Plan (the "IRP") that applies in the event of a cybersecurity threat or incident, which is designed to protect the Company's information systems from cybersecurity threats and to promptly respond to cybersecurity incidents. The IRP sets out a coordinated approach to investigating, containing, documenting and mitigating incidents, including reporting findings and keeping senior management and other key stakeholders informed and involved as appropriate. To facilitate the success of this program, multi-disciplinary teams throughout the Company are deployed to address cybersecurity threats and to respond to cybersecurity incidents in accordance with the IRP. Through the ongoing communications among these teams, the CISO, in coordination with the legal department and the Senior Risk Council, monitor the prevention, detection, mitigation and remediation of cybersecurity incidents, and report such incidents to the Board and the Audit Committee when appropriate, as discussed above. In general, the IRP leverages the National Institute of Standards and Technology guidance. The IRP applies to all Company personnel who provide or deliver technology systems (including employees or contractors and service providers).

As part of the Company's cybersecurity risk management strategy, the Company takes measures to test and improve its cybersecurity program, including reviewing and updating the information technology policies and IRP, such as engaging an independent third party to conduct regular assessments of its cyber security maturity against industry best practice frameworks and conducting tabletop exercises. The Company also engages in internal and external audits to meet its regulatory obligations or customer requirements. The assessment summaries and action plans are shared with the Audit Committee as part of the CISO's regular briefings, and in turn the Audit Committee Chair regularly updates the Board on such briefings.

The Company has processes and procedures as part of its centralized supplier risk management system to oversee, identify, assess and reduce cybersecurity threats and risks associated with key third-party service providers. As part of this process, the Company utilizes external frameworks and tools to provide assessment scoring, planning and monitoring against cybersecurity threats and risks and remediation recommendations, as applicable. Updates on third-party service provider risks are included in regular briefings to the Senior Risk Council by the CISO and CIO and escalated to the Audit Committee as appropriate.

Cybersecurity Risks, Threats & Incidents

Risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected the Company, including its business strategy, results of operations or financial condition, and the Company does not believe that such risks are reasonably likely to have such an effect over the long term.

The Company deploys measures which leverage industry accepted frameworks to deter, prevent, detect, respond to, and mitigate these threats. The Company has invested and continues to invest in risk management and information security and data privacy measures in order to protect its systems and data, including employee and critical service provider training, organizational investments, incident response plans, tabletop exercises and technical defenses. Despite these efforts, cybersecurity incidents (against the Company or parties with whom the Company contracts), depending on their nature and scope, could potentially result in the misappropriation, disclosure, destruction, corruption or unavailability of critical data and confidential or proprietary information (the Company's or that of third parties) and the disruption of business operations. Refer to *Item 1A. Risk Factors* in *Part I* of this Annual Report on Form 10-K, which should be read in conjunction with the foregoing information, for additional information on cybersecurity risks the Company faces.

ITEM 2. PROPERTIES

As of December 30, 2023, the Company and its subsidiaries owned or leased significant facilities used for manufacturing, distribution and sales offices in 21 states and 22 countries. The Company leases its corporate headquarters in New Britain, Connecticut. The Company has 121 facilities including its corporate headquarters that are larger than 100,000 square feet, as follows:

	Owned	Leased	Total
Tools & Outdoor	49	46	95
Industrial	15	8	23
Corporate	2	1	3
Total	66	55	121

The combined size of these facilities is approximately 36 million square feet. The buildings are in good condition, suitable for their intended use, adequate to support the Company's operations, and generally fully utilized. Of the 121 facilities above, there are two owned and three leased facilities included in Industrial, which relate to the recently announced pending divestiture of the Infrastructure business.

ITEM 3. LEGAL PROCEEDINGS

Government Investigations

On January 19, 2024, the Company was notified by the Compliance and Field Operations Division (the "Division") of the Consumer Product Safety Commission that the Division intends to recommend the imposition of a civil penalty of approximately $32 million for alleged untimely reporting in relation to certain utility bars and miter saws that were subject to voluntary recalls in September 2019 and March 2022, respectively. The Company is currently evaluating and believes there are defenses to the Division's claims, and the Company is cooperating with the Division. However, given the early stage of this matter, at this time, the Company is not in a position to assess the likelihood of any potential loss or adverse effect on its financial condition or to estimate the amount of potential loss, if any, from this matter.

As previously disclosed, the Company has identified certain transactions relating to its international operations that may raise compliance questions under the FCPA and voluntarily disclosed this information to the U.S. Department of Justice ("DOJ") and the SEC in January 2023. The Company is cooperating with both agencies in their investigations of these transactions (the "FCPA Matters"). Currently, the Company does not believe that the FCPA Matters will have a material impact on its financial condition or results of operations, although it is possible that a loss related to the FCPA Matters may be incurred.

Given the ongoing nature of the FCPA Matters, management cannot predict the duration, scope, or outcome of the DOJ's or SEC's investigations or estimate the potential magnitude of any such loss or range of loss, or the cost of the ongoing investigations. Any determination that certain transactions relating to the Company's international operations were not in compliance with the FCPA could result in the imposition of fines, civil or criminal penalties, equitable remedies, including disgorgement, injunctive relief, or other sanctions against the Company. The Company also may become a party to litigation or other legal proceedings over the FCPA Matters described above.

The Company is committed to upholding the highest standards of corporate governance and is continuously focused on ensuring the effectiveness of its policies, procedures, and controls. The Company is in the process, with the assistance of professional advisors, of reviewing and further enhancing relevant policies, procedures, and controls.

Class Action Litigation

As previously disclosed, on March 24, 2023, a putative class action lawsuit titled *Naresh Vissa Rammohan v. Stanley Black & Decker, Inc., et al.,* Case No. 3:23-cv-00369-KAD (the "*Rammohan* Class Action"), was filed in the United States District Court for the District of Connecticut against the Company and certain of the Company's current and former officers and directors. The complaint was filed on behalf of a purported class consisting of all purchasers of Stanley Black & Decker common stock between October 28, 2021 and July 28, 2022, inclusive. The complaint asserts violations of Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 based on allegedly false and misleading statements related to consumer demand for the Company's products amid changing COVID-19 trends and macroeconomic conditions. The complaint seeks unspecified damages and an award of costs and expenses. On October 13, 2023, Lead Plaintiff General Retirement System of the City of Detroit filed an Amended Complaint that asserts the same claims and seeks the same forms of relief as the original complaint. The Company intends to vigorously defend this action in all respects and on December 14, 2023 filed a motion to dismiss the Amended Complaint in its entirety. Briefing on that motion is expected to conclude in April 2024. Given the early stage of this litigation, at this time, the Company is not in a position to assess the likelihood of any potential loss or adverse effect on its financial condition or to estimate the amount or range of potential losses, if any, from this action.

Derivative Actions

As previously disclosed, on August 2, 2023 and September 20, 2023, derivative complaints were filed in the United States District Court for the District of Connecticut, titled *Callahan v. Allan, et al.*, Case No. 3:23-cv-01028-OAW (the "*Callahan* Derivative Action") and *Applebaum v. Allan, et al.*, Case No. 3:23-cv-01234-OAW (the "*Applebaum* Derivative Action"), respectively, by putative stockholders against certain current and former directors and officers of the Company premised on the same allegations as the *Rammohan* Class Action. The *Callahan* and *Applebaum* Derivative Actions were consolidated by Court order on November 6, 2023 and defendants' responses to both complaints have been stayed pending the disposition of any motions to dismiss in the *Rammohan* Class Action. The individual defendants intend to vigorously defend the *Callahan* and *Applebaum* Derivative Actions in all respects. However, given the early stage of this litigation, at this time, the Company is not in a position to assess the likelihood of any potential loss or adverse effect on its financial condition or to estimate the amount or range of potential losses, if any, from these actions.

On October 19, 2023, a derivative complaint was filed in Connecticut Superior Court, titled *Vladimir Gusinsky Revocable Trust v. Allan, et al.*, Docket Number HHBCV236082260S, by a putative stockholder against certain current and former directors and officers of the Company. Plaintiff seeks to recover for alleged breach of fiduciary duties and unjust enrichment under Connecticut state law premised on the same allegations as the *Rammohan* Class Action. By Court order on November 11, 2023,

the Connecticut Superior Court granted the parties' motion to stay defendants' response to the complaint pending the disposition of any motions to dismiss in the *Rammohan* Class Action. The individual defendants intend to vigorously defend this action in all respects. However, given the early stage of this litigation, at this time, the Company is not in a position to assess the likelihood of any potential loss or adverse effect on its financial condition or to estimate the amount or range of potential losses, if any, from this action.

Other Actions

In addition to the matters above, in the normal course of business, the Company is involved in various lawsuits and claims, including product liability, environmental, intellectual property, contract and commercial, advertising, employment and distributor claims, and administrative proceedings. The Company does not expect that the resolution of these matters occurring in the normal course of business will have a materially adverse effect on the Company's consolidated financial position, results of operations or liquidity.

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ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The following is a list of the executive officers of the Company as of February 27, 2024:

Name and Age	Office	Date Elected to Office as an Executive Officer
Donald Allan, Jr. (59)	President and Chief Executive Officer since July 2022. President and Chief Financial Officer (2021); Executive Vice President & Chief Financial Officer (2016); Senior Vice President and Chief Financial Officer (2010); Vice President and Chief Financial Officer (2009); Vice President and Corporate Controller (2002); Corporate Controller (2000); Assistant Controller (1999).	10/24/2006
Patrick D. Hallinan (56)	Executive Vice President, Chief Financial Officer since April 2023. Executive Vice President and Chief Financial Officer, Fortune Brands Innovations, Inc. (formerly, Fortune Brands Home & Security, Inc.) (2017); Senior Vice President Finance, Fortune Brands Innovations, Inc. (2017); Vice President Finance and Chief Financial Officer, Moen Incorporated (2013).	4/21/2023
Tamer K. Abuaita (51)	Senior Vice President, Chief Supply Chain Officer since January 2022. Senior Vice President and Chief Supply Chain Officer, SC Johnson & Son, Inc. (2017).	4/6/2023
Janet M. Link (54)	Senior Vice President, General Counsel and Secretary since July 2017. Executive Vice President, General Counsel, JC Penney Company, Inc. (2015); Vice President, Deputy General Counsel, JC Penney Company, Inc. (2014); Vice President, Deputy General Counsel, Clear Channel Companies (2013).	7/19/2017
John T. Lucas (64)	Senior Vice President, Chief Human Resources Officer since January 2023. Founder and Principal, True North Human Capital Consulting, LLC (2019); Senior Vice President and Chief Human Resources Officer, Goodyear Tire & Rubber Company (2015); Senior Vice President, Human Resources & Communications, Lockheed Martin Corporation (2009).	1/30/2023
Christopher J. Nelson (53)	Chief Operating Officer, Executive Vice President and President, Tools & Outdoor since June 2023. President, HVAC, Carrier Global Corporation (2020); President, Commercial HVAC, Carrier Global Corporation (2018); President, North America HVAC, Carrier Global Corporation (2012).	6/14/2023
Graham N. Robinson (55)	Senior Vice President and President, STANLEY Industrial since April 2020. President, Honeywell Industrial Safety, Honeywell International, Inc. (2018); President, Honeywell Sensing and Internet of Things, Honeywell International, Inc. (2016); Chief Marketing Officer and Vice President, Global Strategy & Marketing, Automation and Control Solutions, Honeywell International, Inc (2014).	4/17/2020

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PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's common stock is listed and traded on the New York Stock Exchange, Inc. ("NYSE") under the abbreviated ticker symbol "SWK", and is a component of the Standard & Poor's ("S&P") 500 Composite Stock Price Index. The Company increased its annual dividend per common share by $0.04 in 2023 compared to 2022 and intends to continue to pay quarterly dividends in 2024. In July 2023, the Company raised the quarterly dividend per common share, its 56th annual consecutive increase, which extended its record for the longest, consecutive quarterly and annual dividend payments among industrial companies listed on the NYSE. As of February 1, 2024, there were 8,258 holders of record of the Company's common stock. Information required by Item 201(d) of Regulation S-K concerning securities authorized for issuance under equity compensation plans can be found under *Item 12* of this Annual Report on Form 10-K.

Issuer Purchases of Equity Securities

The following table provides information about the Company's purchases of equity securities that are registered by the Company pursuant to Section 12 of the Securities Exchange Act of 1934 for the three months ended December 30, 2023:

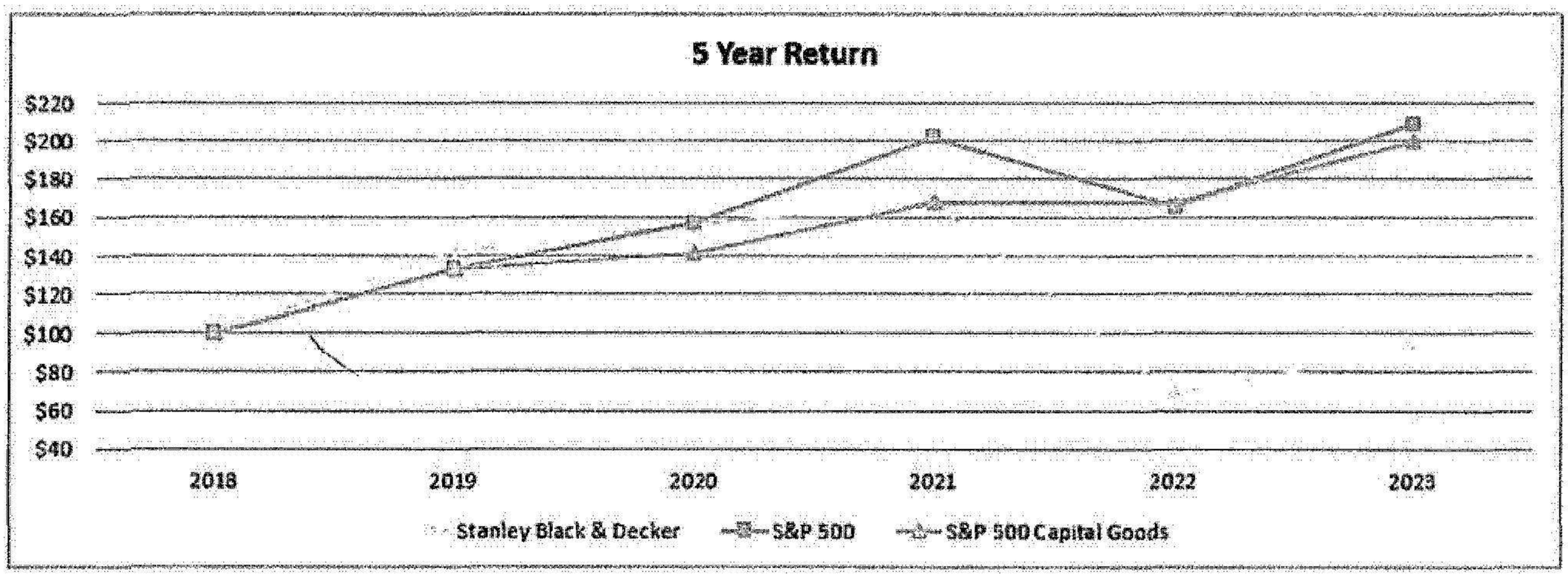
2023	Total Number Of Common Shares Purchased (a)	Average Price Paid Per Common Share	Total Number Of Common Shares Purchased As Part Of A Publicly Announced Plan or Program	*(In Millions)* Maximum Number Of Common Shares That May Yet Be Purchased Under The Program (b)
October 1 - November 4	—	$ —	—	20
November 5 - December 2	—	—	—	20
December 3 - December 30	—	—	—	20
Total	—	$ —	—	20

(a) The Company issues time-vested restricted stock units ("RSUs") as part of its benefit plans. In the Consolidated Financial Statements, shares of common stock withheld for tax purposes on behalf of the participant in connection with the vesting or delivery of RSUs are treated in a similar manner as common stock repurchases because they reduce the number of shares that would have been issued upon vesting or delivery. Such withholdings of shares of common stock are not considered common stock repurchases under the Company's authorized common stock repurchase program.

(b) On April 21, 2022, the Board approved a share repurchase program of up to 20 million shares of the Company's common stock (the "April 2022 Program"). The April 2022 Program does not have an expiration date. The Company may repurchase shares under the April 2022 Program through open market purchases, privately negotiated transactions or share repurchase programs, including one or more accelerated share repurchase programs (under which an initial payment for the entire repurchase amount may be made at the inception of the program). Such repurchases may be funded from cash on hand, short-term borrowings or other sources of cash at the Company's discretion, and the Company is under no obligation to repurchase any shares pursuant to the repurchase program. The currently authorized shares available for repurchase under the April 2022 Program do not include approximately 3.6 million shares reserved and authorized for purchase under the Company's approved repurchase program in place prior to the April 2022 Program relating to a forward share purchase contract entered into in March 2015.

Stock Performance Graph

The following line graph compares the yearly percentage change in the Company's cumulative total shareholder return for the last five years to that of the S&P 500 Index and the S&P 500 Capital Goods Index. The S&P 500 Capital Goods Index represents a focused group of companies across major industrial manufacturing categories that carry similar operational characteristics to the Company.



THE POINTS IN THE ABOVE TABLE ARE AS FOLLOWS:	2018	2019	2020	2021	2022	2023
Stanley Black & Decker	**$ 100.00**	**$ 142.37**	**$ 156.09**	**$ 167.50**	**$ 68.79**	**$ 93.18**
S&P 500 Index	$ 100.00	$ 132.96	$ 156.99	$ 202.02	$ 165.40	$ 208.83
S&P 500 Capital Goods Index	$ 100.00	$ 133.11	$ 141.33	$ 168.07	$ 167.61	$ 199.85

The comparison assumes $100 invested at the closing price on December 28, 2018 in the Company's common stock, S&P 500 Index, and S&P 500 Capital Goods Index. Total return assumes reinvestment of dividends.

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ITEM 6. REMOVED AND RESERVED

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The financial and business analysis below provides information which the Company believes is relevant to an assessment and understanding of its consolidated financial position, results of operations and cash flows. This financial and business analysis should be read in conjunction with the Consolidated Financial Statements and related notes. All references to "*Notes*" in this *Item 7* refer to the *Notes to Consolidated Financial Statements* included in *Item 8* of this Annual Report on Form 10-K.

The following discussion and certain other sections of this Annual Report on Form 10-K contain statements reflecting the Company's views about its future performance that constitute "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industry and markets in which the Company operates as well as management's beliefs and assumptions. Any statements contained herein (including without limitation statements to the effect that the Company or its management "believes," "expects," "anticipates," "plans" and similar expressions) that are not statements of historical fact should be considered forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. There are a number of important factors that could cause actual results to differ materially from those indicated by such forward-looking statements. These factors include, without limitation, those set forth, or incorporated by reference, below under the heading "Cautionary Statements Under The Private Securities Litigation Reform Act Of 1995." The Company does not intend to update publicly any forward-looking statements whether as a result of new information, future events or otherwise.

Strategic Objectives

Over the past two years, the Company has re-shaped its portfolio to focus on its leading positions in the tools & outdoor and engineered fastening markets. Leveraging the benefits of a more focused portfolio, the Company initiated a business transformation in mid-2022 that includes reinvestment for faster growth as well as a $2.0 billion Global Cost Reduction Program through 2025. The Company's primary areas of multi-year strategic focus remain unchanged as follows:

- Advancing innovation, electrification and global market penetration to achieve organic revenue growth of 2 to 3 times the market;
- Streamlining and simplifying the organization, and investing in initiatives that more directly impact the Company's customers and end users;
- Returning adjusted gross margins to historical 35%+ levels by accelerating the operations and supply chain transformation to improve fill rates and better match inventory with customer demand; and
- Prioritizing cash flow generation and inventory optimization.

The Company's business transformation is intended to drive strong financial performance over the long term, including:

- Organic revenue growth at 2 to 3 times the market;
- 35%+ adjusted gross margins;
- Free cash flow equal to, or exceeding, net income; and
- Cash Flow Return On Investment ("CFROI"), computed as cash from operations plus after-tax interest expense, divided by the two-point average of debt and equity, between 12-15%.

In terms of capital allocation, the Company remains committed, over time, to returning excess capital to shareholders through a strong and growing dividend as well as opportunistically repurchasing shares. In the near term, the Company intends to direct any capital in excess of the quarterly dividend on its common stock toward debt reduction and internal growth investments.

Share Repurchases And Other Securities

During the first quarter of 2022, the Company repurchased 12,645,371 shares of its common stock for approximately $2.3 billion through a combination of an accelerated share repurchase ("ASR"), which provided for an initial delivery of 85% of the total notional share equivalent at execution, or 10,756,770 shares, and open market share repurchases for a total of 1,888,601 shares. The final delivery of the remaining shares under the ASR totaled 3,211,317 and was completed during the second quarter of 2022.

Refer to *Note J, Capital Stock*, for further discussion.

In addition, on April 23, 2021, the Board of Directors approved repurchases by the Company of its outstanding securities, other than its common stock up to an aggregate amount of $3.0 billion. No repurchases have been executed pursuant to this authorization to date.

Pending Sale of Infrastructure Business

In December 2023, the Company announced that it had entered into a definitive agreement for the sale of its Infrastructure business to Epiroc AB for $760 million in cash. The transaction is subject to regulatory approval and other customary closing conditions. The Company expects to utilize the net proceeds to reduce debt.

Divestitures

On August 19, 2022, the Company sold its Oil & Gas business comprised of the pipeline services and equipment businesses to Pipeline Technique Limited.

On July 22, 2022, the Company sold its Convergent Security Solutions ("CSS") business comprised of the commercial electronic security and healthcare businesses to Securitas AB for net proceeds of approximately $3.1 billion.

On July 5, 2022, the Company sold its Mechanical Access Solutions ("MAS") business comprised of the automatic doors business to Allegion plc for net proceeds of $916.0 million.

Proceeds from the sale of these businesses were used to repay borrowings made in the first quarter of 2022 to fund the Company's share repurchase program previously discussed. The use of proceeds to support a share repurchase program is consistent with the Company's long-term capital allocation strategy.

The Company has also divested several smaller businesses in recent years that allowed the Company to invest in other areas that fit into its long-term strategy.

Refer to *Note T, Divestitures,* for further discussion of the Company's divestitures.

Acquisitions

On December 1, 2021, the Company acquired the remaining 80 percent ownership stake in MTD Holdings Inc. ("MTD"), a privately held global designer, manufacturer and distributor of lawn tractors, zero turn ride on mowers, walk behind mowers, snow blowers, residential robotic mowers, hand-held outdoor power equipment and garden tools for both residential and professional consumers under well-known brands like CUB CADET® and TROY-BILT®. The Company previously acquired a 20 percent interest in MTD in January 2019.

On November 12, 2021, the Company acquired Excel Industries ("Excel"), a leading designer and manufacturer of premium commercial and residential turf-care equipment under the HUSTLER® brand. This was a strategically important bolt-on acquisition that bolstered the Company's presence in the independent dealer network.

The combination of MTD, Excel and the Company's existing outdoor strategic business unit in Tools & Outdoor created a global leader in the $25 billion outdoor category, with strong brands and growth opportunities. As part of the integration of these businesses into the Tools & Outdoor segment, the Company designed, developed and manufactured battery and electric-powered solutions for professional and residential users. This positioned the combined businesses to be a leader in outdoor power equipment as preferences shift from gas powered equipment toward electrified solutions.

Refer to *Note E, Acquisitions,* for further discussion.

Global Cost Reduction Program

In mid-2022, the Company launched a program comprised of a series of initiatives designed to generate cost savings by resizing the organization and reducing inventory with the ultimate objective of driving long-term growth, improving profitability and generating strong cash flow. These initiatives are expected to optimize the cost base as well as provide a platform to fund investments to accelerate growth in the core businesses. The program consists of a selling, general, and administrative ("SG&A") planned pre-tax run-rate cost savings of $500 million and a supply chain transformation expected to deliver $1.5 billion of pre-tax run-rate cost savings by the end of 2025 to achieve projected 35%+ adjusted gross margins.

The SG&A cost savings are expected to be generated by simplifying the corporate structure, optimizing organizational spans and layers and reducing indirect spend. These savings will help fund $300 million to $500 million of innovation and commercial investments through 2025 to accelerate organic growth. The charges associated with the SG&A savings were reflected in Non-GAAP adjustments in 2022 detailed below in "Results From Operations".

The $1.5 billion of pre-tax run-rate cost savings from the supply chain transformation will be driven by the following value streams:

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- Strategic Sourcing: Implementing capabilities to source in a more efficient and integrated manner across all of the Company's businesses and leveraging contract manufacturing;
- Operational Excellence: Leveraging the SBD Operating Model and re-designing in-plant operations following footprint rationalization to deliver incremental efficiencies, simplified organizational design and inventory optimization;
- Footprint Rationalization: Transforming the Company's manufacturing and distribution network from a decentralized and inefficient system of sites built through years of acquisitions to a strategically focused supply chain, inclusive of site closures, transformations of existing sites into manufacturing centers of excellence and re-configuration of the distribution network; and
- Complexity Reduction: Reducing complexity through platforming products and implementing initiatives to drive a SKU reduction.

The charges associated with the supply chain transformation are reflected in the Non-GAAP adjustments detailed below in "Results From Operations" and the full year estimate of Non-GAAP adjustments detailed below in "2024 Outlook". The cash investment required to achieve the $1.5 billion of pre-tax run-rate supply chain cost savings is expected to be approximately $0.9 billion to $1.1 billion, of which approximately 40% is expected to be capital expenditures. Through 2023, the Company has made approximately $0.2 billion of these cash investments. The Company will continue prioritizing capital expenditures consistent with its existing approach and expects total capital expenditures, inclusive of the supply chain transformation, to be $400 million to $500 million for 2024 and to approximate 3.0% to 3.5% of net sales annually in 2025 and beyond.

During 2023 and since inception of the program, the Company has generated approximately $835 million and $1.0 billion, respectively, of pre-tax run-rate savings, driven by lower headcount, indirect spend reductions and the supply chain transformation. These savings are comprised of supply chain efficiency benefits, which will support gross margin improvements as the benefits turn through inventory, and SG&A savings. The Company believes that it is on track to grow to approximately $2 billion of pre-tax run-rate savings by year-end 2025. In addition, the Company has reduced inventory by approximately $1.9 billion since the end of the second quarter of 2022 and expects further inventory and working capital reductions to support free cash flow generation in 2024.

Driving Further Profitable Growth by Fully Leveraging the Company's Core Franchises

Each of the Company's core franchises share common attributes: they have iconic brands and attractive growth characteristics, they are scalable and defensible and they can differentiate through innovation.

- The Tools & Outdoor business carries strong brands, proven innovation, global scale, and a broad offering of power tools, hand tools, outdoor products, accessories, and storage and digital products across many channels in both developed and developing markets.
- The Engineered Fastening business within the Industrial segment is a highly profitable, GDP+ growth business offering highly engineered, value-added innovative solutions with recurring revenue attributes and global scale.

Management recognizes that the core franchises described above are important foundations that have a proven track record of providing strong cash flow and growth prospects. Management is committed to growing these businesses through accelerating investments into innovative product development, brand support, commercial activation, and accelerating the operations and supply chain transformation to improve fill rates and better match inventory with customer demand, while improving global cost competitiveness.

Continuing to Invest in the Stanley Black & Decker Brands

The Company has a strong portfolio of brands associated with high-quality products including the iconic DEWALT®, CRAFTSMAN® and STANLEY® brands, as well as BLACK+DECKER®, DEWALT FLEXVOLT®, DEWALT POWERSTACK®, DEWALT POWERSHIFT™, IRWIN®, LENOX®, PORTER-CABLE®, BOSTITCH®, PROTO®, MAC TOOLS®, FACOM®, Powers®, LISTA®, Vidmar®, GQ® and through the 2021 acquisitions of MTD and Excel added CUB CADET®, TROY-BILT® and HUSTLER® in the Americas.

During 2023, the National Collegiate Athletic Association sponsorship delivered DEWALT® to an estimated 237+ million viewers through TV-visible branding and 9+ million fans in stadiums at 25 colleges and universities across five Division 1 conferences (Atlantic Coast Conference, Big Ten, Big 12, Pac-12 and Mountain West).

CRAFTSMAN® returned as the title sponsor of the NASCAR CRAFTSMAN® Truck Series through the Company's sponsorship with NASCAR as the "Official Tools Partner of NASCAR" and "Official Tools" of all NASCAR-owned tracks.

The Company has also maintained long-standing NASCAR and NHRA team sponsorships, which provided brand exposure during nearly 60 events in 2023 with the DEWALT®, CRAFTSMAN®, and MAC TOOLS® brands.

In 2023, the McLaren team sported the DEWALT® logo prominently on the team's cars, fire suits, and equipment during the Formula 1 season. The Company also advertises in the English Premier League, which is the number one soccer league in the world, featuring the DEWALT® brand to a global audience. The Company continued its sponsorship of one of the world's most popular football clubs, FC Barcelona, sponsoring both the Men's and Women's first teams, which includes team and player image rights, hospitality assets and stadium signage.

The above marketing initiatives highlight the Company's strong emphasis on brand building and commercial support, which has resulted in more than 300 billion global brand impressions from digital and traditional advertising and strong brand awareness. Allocating brand and advertising spend judiciously will continue to be the Company's focus. Among the goals: placing end-user data and insights at the core of product commercialization, generating demand and brand loyalty through promotional support, in-market execution and salesforce effectiveness, evolving proven marketing programs that tie trusted global brands with societal purpose and tapping into technologies to build meaningful 1:1 experiences with customers, consumers, employees and shareholders in line with the Company's mission and vision.

Segments

The Company's operations are classified into two reportable business segments: Tools & Outdoor and Industrial.

The Tools & Outdoor segment is comprised of the Power Tools Group ("PTG"), Hand Tools, Accessories & Storage ("HTAS"), and Outdoor Power Equipment ("Outdoor") product lines.

The PTG product line includes both professional and consumer products. Professional products, primarily under the DEWALT® brand, include professional grade corded and cordless electric power tools and equipment including drills, impact wrenches and drivers, grinders, saws, routers and sanders, as well as pneumatic tools and fasteners including nail guns, nails, staplers and staples, and concrete and masonry anchors. DIY and tradesperson focused products include corded and cordless electric power tools sold primarily under the CRAFTSMAN® brand, and consumer home products such as hand-held vacuums, paint tools and cleaning appliances primarily under the BLACK+DECKER® brand.

The HTAS product line sells hand tools, power tool accessories and storage products. Hand tools include measuring, leveling and layout tools, planes, hammers, demolition tools, clamps, vises, knives, saws, chisels and industrial and automotive tools. Power tool accessories include drill bits, screwdriver bits, router bits, abrasives, saw blades and threading products. Storage products include tool boxes, sawhorses, medical cabinets and engineered storage solution products.

The Outdoor product line primarily sells corded and cordless electric lawn and garden products, including hedge trimmers, string trimmers, lawn mowers, pressure washers and related accessories, and gas powered lawn and garden products, including lawn tractors, zero turn ride on mowers, walk behind mowers, snow blowers, residential robotic mowers, utility terrain vehicles (UTVs), hand-held outdoor power equipment, garden tools, and parts and accessories to professionals and consumers under the DEWALT®, CRAFTSMAN®, CUB CADET®, BLACK+DECKER®, and HUSTLER® brand names.

Industrial

The Industrial segment is comprised of the Engineered Fastening and Infrastructure businesses.

The Engineered Fastening business primarily sells highly engineered components such as fasteners, fittings and various engineered products, which are designed for specific application across multiple verticals. The product lines include externally threaded fasteners, blind rivets and tools, blind inserts and tools, drawn arc weld studs and systems, engineered plastic and mechanical fasteners, self-piercing riveting systems, precision nut running systems, micro fasteners, high-strength structural fasteners, axel swage, latches, heat shields, pins, and couplings.

The Infrastructure business designs, manufactures, and sells attachments, typically used on excavators, and handheld hydraulic and battery-powered tools for applications in infrastructure, construction, scrap recycling, demolition, and railroad infrastructure.

RESULTS OF OPERATIONS

The Company's results represent continuing operations and as a result of the 2022 divestitures of the Company's CSS and MAS businesses, as described in further detail under the heading "Divestitures" in this Item 7 above, exclude the commercial electronic security, healthcare, and automatic doors businesses. These divestitures represented a single plan to exit the Security segment and were considered a strategic shift that had a major effect on the Company's operations and financial results. Therefore, the operating results of these businesses were classified as discontinued operations through their respective dates of sale. The divestiture of the Oil & Gas business did not qualify for discontinued operations and therefore, its results were included in the Company's continuing operations within the Industrial segment through the date of sale in the third quarter of

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2022. The pending divestiture of the Infrastructure business did not qualify for discontinued operations and therefore, its results are included in the Company's continuing operations within the Industrial segment for all periods presented.

Certain Items Impacting Earnings and Non-GAAP Financial Measures

The Company has provided a discussion of its results both inclusive and exclusive of certain gains and charges. The results and measures, including gross profit, SG&A, Other, net, Income taxes, and segment profit (including Corporate Overhead), on a basis excluding certain gains and charges, free cash flow, organic revenue and organic growth are Non-GAAP financial measures. The Company considers the use of Non-GAAP financial measures relevant to aid analysis and understanding of the Company's results and business trends aside from the material impact of these items and ensures appropriate comparability to operating results of prior periods. Supplemental Non-GAAP information should not be considered in isolation or as a substitute for the related GAAP financial measures. Non-GAAP financial measures presented herein may differ from similar measures used by other companies.

With the exception of forecasted free cash flow included in "2024 Outlook" as discussed below, the Non-GAAP financial measures of gross profit, SG&A, Other, net, Income taxes, and segment profit (including Corporate Overhead), presented on a basis excluding certain gains and charges, as well as free cash flow, organic revenue and organic growth are defined and reconciled to their most directly comparable GAAP financial measures below. Due to high variability and difficulty in predicting items that impact cash flow from operations, a reconciliation of forecasted free cash flow to its most directly comparable GAAP estimate has been omitted. The Company believes such a reconciliation would also imply a degree of precision that is inappropriate for this forward-looking measure.

The Company's operating results at the consolidated level as discussed below include and exclude certain gains and charges impacting gross profit, SG&A, Other, net, and Income taxes. The Company's business segment results as discussed below include and exclude certain gains and charges impacting gross profit and SG&A. These amounts for 2023, 2022 and 2021 are as follows:

2023

(Millions of Dollars)	GAAP	Non-GAAP Adjustments[2]	Non-GAAP
Gross profit	**$ 3,932.6**	**$ 166.9**	**$ 4,099.5**
Selling, general and administrative[1]	**3,290.7**	**(99.4)**	**3,191.3**
(Loss) earnings from continuing operations before income taxes	**(375.7)**	**566.2**	**190.5**
Income taxes on continuing operations	**(94.0)**	**65.8**	**(28.2)**
Net (Loss) Earnings from Continuing Operations Attributable to Common Shareowners - Diluted	**(281.7)**	**500.4**	**218.7**
Diluted (loss) earnings per share of common stock - Continuing operations	**$ (1.88)**	**$ 3.33**	**$ 1.45**

2022

(Millions of Dollars)	GAAP	Non-GAAP Adjustments[2]	Non-GAAP
Gross profit	$ 4,284.1	$ 127.4	$ 4,411.5
Selling, general and administrative[1]	3,370.0	(180.3)	3,189.7
Earnings from continuing operations before income taxes	37.9	642.2	680.1
Income taxes on continuing operations	(132.4)	84.0	(48.4)
Net Earnings from Continuing Operations Attributable to Common Shareowners - Diluted	165.5	558.2	723.7
Diluted earnings per share of common stock - Continuing operations	$ 1.06	$ 3.56	$ 4.62

2021

(Millions of Dollars)	GAAP	Non-GAAP Adjustments[2]	Non-GAAP
Gross profit	$ 5,092.2	$ 39.0	$ 5,131.2
Selling, general and administrative[1]	3,193.1	(183.6)	3,009.5
Earnings from continuing operations before income taxes and equity interest	1,586.9	193.9	1,780.8
Income taxes on continuing operations	55.1	64.1	119.2
Share of net earnings of equity method investment	19.0	11.2	30.2
Net Earnings from Continuing Operations Attributable to Common Shareowners - Diluted	1,539.6	141.0	1,680.6
Diluted earnings per share of common stock - Continuing operations	$ 9.33	$ 0.85	$ 10.18

1 Includes provision for credit losses
2 Refer to table below for additional detail of the Non-GAAP adjustments

Below is a summary of the pre-tax Non-GAAP adjustments for 2023, 2022 and 2021.

(Millions of Dollars)	2023	2022	2021
Supply Chain Transformation Costs:			
Footprint Rationalization[1]	**$ 96.9**	$ 25.3	$ —
Strategic Sourcing & Operational Excellence[2]	**69.1**	—	—
Inventory step-up charges	**—**	80.3	20.7
Facility-related costs	**1.5**	14.8	17.3
Voluntary retirement program	**(0.4)**	5.7	—
Other charges (gains)	**(0.2)**	1.3	1.0
Gross Profit	**$ 166.9**	$ 127.4	$ 39.0
Supply Chain Transformation Costs:			
Footprint Rationalization[1]	**$ 10.8**	$ —	$ —
Complexity Reduction[3]	**9.0**	7.2	—
Acquisition & Integration-related costs[4]	**33.6**	85.2	43.6
Transition services costs related to previously divested businesses	**46.6**	21.1	—
Functional transformation initiatives	**—**	19.2	28.1
Voluntary retirement program	**(2.7)**	33.4	0.8
Craftsman contingent consideration remeasurement from MTD acquisition	**—**	—	101.1
Other charges (gains)	**2.1**	14.2	10.0
Selling, general and administrative	**$ 99.4**	$ 180.3	$ 183.6
Other, net[5]	**$ (25.1)**	$ 16.9	$ 24.2
Loss on sales of businesses	**10.8**	8.4	0.6
Restructuring charges[6]	**39.4**	140.8	14.5
Gain on equity method investment	**—**	—	(68.0)
Asset impairment charges[7]	**274.8**	168.4	—
(Loss) earnings from continuing operations before income taxes	**$ 566.2**	$ 642.2	$ 193.9

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1 Footprint Rationalization costs in 2023 relate to transfers and closures of targeted manufacturing sites, including Fort Worth, Texas and Cheraw, South Carolina as previously announced in March 2023, which resulted in accelerated depreciation of production equipment of $49.1 million, non-cash asset write-downs of $44.0 million (predominantly tooling, raw materials and WIP) and other site closure and re-configuration costs of $14.6 million.

2 Strategic Sourcing & Operational Excellence costs primarily relate to third-party consultant fees to provide expertise in identifying and quantifying opportunities to source in a more integrated manner and re-design in-plant operations following footprint rationalization, developing a detailed program and related governance, and assisting the Company with the implementation of actions necessary to achieve the related objectives.

3 Complexity Reduction costs primarily relate to third-party consultant fees to assist the Company with identifying strategies related to its SKU reduction and product platforming initiatives, quantifying the opportunities and designing detailed plans to achieve the related benefits.

4 Acquisition & Integration-related costs primarily relate to the MTD and Excel acquisitions, including costs to integrate the organizations and shared processes, as well as harmonize key IT applications and infrastructure.

5 Includes deal-related costs, net of income in 2023 and 2022 related to providing transition services to previously divested businesses.

6 Refer to "Restructuring Activities" below for further discussion.

7 Asset impairment charges in 2023 include a $124.0 million pre-tax impairment loss related to the Irwin and Troy-Bilt trade names and a $150.8 million pre-tax impairment loss related to the Infrastructure business. The $168.4 million pre-tax asset impairment charge in 2022 related to the Oil & Gas business.

Below is a summary of the Company's operating results at the consolidated level, followed by an overview of business segment performance. Organic growth is utilized to describe the Company's results excluding the impacts of foreign currency fluctuations, acquisitions during their initial 12 months of ownership, and divestitures.

Consolidated Results

Net Sales: Net sales were $15.781 billion in 2023 compared to $16.947 billion in 2022, representing a decrease of 7%, as a 1% increase in price was more than offset by a 7% decrease in volume and a 1% decrease from the Oil & Gas divestiture. Tools & Outdoor net sales decreased 7% compared to 2022 due to a 7% decline in volume. Industrial net sales decreased 4% compared to 2022 as a 3% increase in price was more than offset by a 4% decrease from the Oil & Gas divestiture and a 3% decrease in volume.

Net sales were $16.947 billion in 2022 compared to $15.281 billion in 2021, representing an increase of 11% driven by a 7% increase in price and a 17% increase from acquisitions, partially offset by a 10% decrease in volume and a 3% decrease from foreign currency. Tools & Storage net sales increased 13% compared to 2021 due to a 7% increase in price and a 21% increase from acquisitions, partially offset by a 12% decrease in volume and a 3% decrease from foreign currency. Industrial net sales increased 2% compared to 2021 primarily due to a 1% increase in volume and an 8% increase in price, partially offset by a 5% decrease from foreign currency and a 2% decrease from the Oil & Gas divestiture.

Gross Profit: The Company reported gross profit of $3.933 billion, or 24.9% of net sales, in 2023 compared to $4.284 billion, or 25.3% of net sales, in 2022. Non-GAAP adjustments, which reduced gross profit, were $166.9 million in 2023 and $127.4 million in 2022. Despite lower volume, the impact of selling through high-cost inventory, and production curtailments, gross profit, excluding Non-GAAP adjustments, was 26.0% of net sales in both 2023 and 2022, due to price realization, supply chain transformation benefits, lower inventory destocking costs, and lower shipping costs.

The Company reported gross profit of $4.284 billion, or 25.3% of net sales, in 2022 compared to $5.092 billion, or 33.3% of net sales, in 2021. Non-GAAP adjustments, which reduced gross profit, were $127.4 million in 2022 and $39.0 million in 2021. Excluding these adjustments, gross profit was 26.0% of net sales in 2022 compared to 33.6% in 2021, as price realization was more than offset by commodity inflation, higher supply chain costs, including the impact of planned production curtailments, and lower volume.

SG&A Expenses: Selling, general and administrative expenses, inclusive of the provision for credit losses, were $3.291 billion, or 20.9% of net sales, in 2023 compared to $3.370 billion, or 19.9% of net sales, in 2022. SG&A declined year-over-year on an absolute dollar basis reflecting cost reductions. Within SG&A, Non-GAAP adjustments totaled $99.4 million in 2023 and $180.3 million in 2022. Excluding these adjustments, SG&A was 20.2% of net sales in 2023 compared to 18.8% in 2022, reflecting the impact of lower sales volume, but relatively flat year-over-year on an absolute dollar basis as the benefits from the Global Cost Reduction Program were offset by increased investments in growth initiatives, higher variable compensation expense and inflation.

SG&A expenses were $3.370 billion, or 19.9% of net sales, in 2022 compared to $3.193 billion, or 20.9% of net sales, in 2021. Within SG&A, Non-GAAP adjustments totaled $180.3 million in 2022 and $183.6 million in 2021. Excluding these adjustments, SG&A was 18.8% of net sales in 2022 compared to 19.7% in 2021 due to the successful implementation of cost control actions.

Distribution center costs (i.e. warehousing and fulfillment facility and associated labor costs) are classified within SG&A. This classification may differ from other companies who may report such expenses within cost of sales. Due to diversity in practice, to the extent the classification of these distribution costs differs from other companies, the Company's gross margins may not be comparable. Such distribution costs classified in SG&A amounted to $521.7 million, $498.7 million and $416.1 million in 2023, 2022, and 2021, respectively. The increase in distribution costs in 2023 compared to 2022 reflects costs associated with footprint rationalization actions under the supply chain transformation as well as the Company's focus on inventory reduction.

Other, net: Other, net totaled $320.1 million, $274.8 million, and $189.5 million in 2023, 2022, and 2021, respectively. Excluding Non-GAAP adjustments, Other, net, totaled $345.2 million, $257.9 million, and $165.3 million in 2023, 2022, and 2021, respectively. The increase in 2023 is driven by higher pension and environmental remediation costs as well as write-downs on certain investments. The year-over-year increase in 2022 was primarily due to higher intangible asset amortization due to the MTD and Excel acquisitions and appreciation of investments in 2021.

Loss on Sales of Businesses: During 2023, the Company reported a loss of $10.8 million primarily related to the divestiture of a small business in the Industrial segment. During 2022, the Company reported a net loss of $8.4 million primarily related to the divestiture of the Oil & Gas business. During 2021, the Company reported a $0.6 million net loss on divestitures.

Gain on Equity Method Investment: Upon the acquisition of MTD in the fourth quarter of 2021, the Company recognized a $68.0 million gain on its previously held equity method investment. Refer to *Note E, Acquisitions*, for further discussion.

Asset Impairment Charges: During 2023, the Company recorded impairment charges of $274.8 million, comprised of a $124.0 million impairment charge related to the Irwin and Troy-Bilt trade names and a $150.8 million impairment charge related to the Infrastructure business. During 2022, the Company recorded an impairment charge of $168.4 million related to the Oil & Gas business. Refer to *Note F, Goodwill and Intangible Assets*, for additional information on the trade name impairments. Refer to *Note T, Divestitures*, for additional information on the pending divestiture of the Infrastructure business and the 2022 divestiture of the Oil & Gas business.

Interest, net: Net interest expense in 2023 was $372.5 million compared to $283.8 million in 2022 and $175.6 million in 2021. The 2023 increase was primarily driven by higher U.S. interest rates and debt issuances in March 2023, partially offset by higher interest income due to an increase in rates. The increase in 2022 compared to 2021 was primarily driven by higher U.S. interest rates and higher average balances relating to the Company's commercial paper borrowings, as well as the $1.0 billion issuance of debt in the first quarter of 2022, partially offset by higher interest income due to an increase in rates.

Income Taxes: The Company's effective tax rate on continuing operations was 25.0% in 2023, (349.3)% in 2022, and 3.5% in 2021. Excluding the tax effect on Non-GAAP adjustments, the effective tax rate in 2023 on continuing operations was (14.8)%. This effective tax rate differs from the U.S. statutory tax rate primarily due to a tax benefit associated with an intra-entity asset transfer of certain intangible assets related to the continued reorganization of the supply chain, tax on foreign earnings at tax rates different than the U.S. tax rate, state income taxes, and tax credits, partially offset by U.S. tax on foreign earnings, non-deductible expenses, withholding taxes, and losses for which a tax benefit is not recognized.

Excluding the tax effect on Non-GAAP adjustments, the effective tax rate on continuing operations in 2022 was (7.1)%. This effective tax rate differs from the U.S. statutory tax rate primarily due to a tax benefit associated with an intra-entity asset transfer of certain intangible assets related to the continued reorganization of the supply chain, tax on foreign earnings at tax rates different than the U.S. tax rate, and the recognition of previously unrecognized foreign deferred tax assets, offset by U.S. tax on foreign earnings and the remeasurement of uncertain tax position reserves.

Excluding the tax effect on Non-GAAP adjustments, the effective tax rate on continuing operations in 2021 was 6.7%. This effective tax rate differs from the U.S. statutory tax rate primarily due to a tax benefit associated with an intra-entity asset transfer of certain intangible assets related to the Company's supply chain reorganization, tax on foreign earnings, the remeasurement of uncertain tax position reserves, the remeasurement of deferred tax assets and liabilities due to foreign corporate income tax rate changes, and the tax benefit of equity-based compensation.

On December 20, 2021, the Organization for Economic Cooperation and Development ("OECD") published a proposal for the establishment of a global minimum tax rate of 15% ("Pillar Two"). The Pillar Two rules provide a template that jurisdictions can translate into domestic law, to assist with the implementation within an agreed upon timeframe and in a coordinated manner, and are effective for fiscal years beginning after January 1, 2024. To date, jurisdictions in which the Company operates are in various stages of implementation.

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The Company has performed an initial assessment of the potential impact to income taxes as a result of Pillar Two. The assessment of the potential impact is based on the most recent tax filings, country-by-country reporting, and financial statements of affected subsidiaries. Based on results of the assessment, the Company believes it can avail itself of the transitional safe harbor rules in most jurisdictions in which the Company operates. There are, however, a limited number of jurisdictions where the transitional safe harbor relief does not apply. The Company does not currently expect a material impact to income taxes in those jurisdictions in the near term. The Company continues to assess the potential impact of Pillar Two and monitor developments in legislation, regulation, and interpretive guidance in this area.

Business Segment Results

The Company's reportable segments represent businesses that have similar products, services and end markets, among other factors. The Company utilizes segment profit which is defined as net sales minus cost of sales and SG&A inclusive of the provision for credit losses (aside from corporate overhead expense), and segment profit as a percentage of net sales to assess the profitability of each segment.

The Company's operations are classified into two reportable business segments: Tools & Outdoor and Industrial.

Tools & Outdoor:

(Millions of Dollars)	2023	2022	2021
Net sales	**$ 13,367**	$ 14,424	$ 12,817
Segment profit	**$ 688**	$ 972	$ 1,985
% of Net sales	**5.1 %**	6.7 %	15.5 %

Tools & Outdoor net sales decreased $1.057 billion, or 7%, in 2023 compared to 2022 due to a 7% decline in volume. Organic revenue decreased 8%, 4% and 3% in North America, Europe and emerging markets, respectively. The overall 7% organic decline was a result of lower consumer outdoor and DIY market demand. The 2023 U.S. retail point-of-sale demand remained above pre-pandemic 2019 levels, supported by price increases and strength in professional tools.

Segment profit amounted to $687.6 million, or 5.1% of net sales, in 2023 compared to $971.9 million, or 6.7% of net sales, in 2022. Excluding Non-GAAP adjustments of $196.7 million and $235.4 million in 2023 and 2022, respectively, segment profit amounted to 6.6% of net sales in 2023 compared to 8.4% in 2022, as supply chain transformation savings and reduced shipping costs were more than offset by selling through high-cost inventory, production curtailments and lower volume.

Tools & Outdoor net sales increased $1.606 billion, or 13%, in 2022 compared to 2021 due to a 7% increase in price and a 21% increase from acquisitions, partially offset by a 12% decrease in volume and a 3% decrease from foreign currency. The overall 5% organic decline was a result of lower consumer and DIY market demand. Organic revenue in emerging markets increased 1% and declined in both Europe and North America by 6%.

Segment profit amounted to $971.9 million, or 6.7% of net sales, in 2022 compared to $1.985 billion, or 15.5% of net sales, in 2021. Excluding Non-GAAP adjustments of $235.4 million and $178.4 million in 2022 and 2021, respectively, segment profit amounted to 8.4% of net sales in 2022 compared to 16.9% in 2021, as the benefit from price realization was more than offset by commodity inflation, higher supply chain costs, production curtailment costs and lower volume.

Industrial:

(Millions of Dollars)	2023	2022	2021
Net sales	**$ 2,414**	$ 2,523	$ 2,463
Segment profit	**$ 267**	$ 236	$ 257
% of Net sales	**11.0 %**	9.4 %	10.4 %

Industrial net sales decreased $109.4 million, or 4%, in 2023 compared to 2022, as a 3% increase in price was more than offset by a 4% decrease from the Oil & Gas divestiture and a 3% decrease in volume. Engineered Fastening organic revenues were up 6%, with double-digit growth in both aerospace and automotive, which was partially offset by softness in general industrial fastener markets.

Segment profit totaled $266.5 million, or 11.0% of net sales, in 2023 compared to $236.2 million, or 9.4% of net sales, in 2022. Excluding Non-GAAP adjustments of $18.7 million and $7.8 million in 2023 and 2022, respectively, segment profit amounted to 11.8% of net sales in 2023 compared to 9.7% in 2022, as price realization and cost control more than offset lower volume.

Industrial net sales increased $60.3 million, or 2%, in 2022 compared to 2021, due to a 1% increase in volume and an 8% increase in price, partially offset by a 5% decrease from foreign currency and a 2% decrease from the Oil & Gas divestiture. Engineered Fastening organic revenues increased 7% driven by growth in the aerospace, automotive, and industrial markets. Infrastructure organic revenues were up 14% with Attachment Tools providing 17% growth, which was partially offset by an organic decline in Oil & Gas, prior to its divestiture.

Segment profit totaled $236.2 million, or 9.4% of net sales, in 2022 compared to $256.6 million, or 10.4% of net sales, in 2021. Excluding Non-GAAP adjustments of $7.8 million and $13.1 million in 2022 and 2021, respectively, segment profit amounted to 9.7% of net sales in 2022 compared to 10.9% in 2021, as higher volumes and price realization were more than offset by commodity inflation, higher supply chain costs and adverse mix.

Corporate Overhead

Corporate Overhead includes the corporate overhead element of SG&A, which is not allocated to the business segments. Corporate Overhead amounted to $312.2 million, $294.0 million, and $342.9 million in 2023, 2022, and 2021, respectively. Excluding Non-GAAP adjustments of $50.9 million, $64.5 million, and $31.1 million, in 2023, 2022, and 2021, respectively, the Corporate Overhead element of SG&A was $261.3 million, $229.5 million, and $311.8 million in 2023, 2022, and 2021, respectively. The year-over-year increase in 2023 compared to 2022 was primarily driven by higher employee-related variable compensation costs. The year-over-year decrease in 2022 compared to 2021 was primarily due to lower employee-related costs.

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RESTRUCTURING ACTIVITIES

A summary of the restructuring reserve activity from December 31, 2022 to December 30, 2023 is as follows:

(Millions of Dollars)	December 31, 2022	Net Additions	Usage	Currency	December 30, 2023
Severance and related costs	$ 57.0	$ 20.3	$ (51.1)	$ (0.4)	**$ 25.8**
Facility closures and other	5.3	19.1	(21.3)	—	**3.1**
Total	$ 62.3	$ 39.4	$ (72.4)	$ (0.4)	**$ 28.9**

During 2023, the Company recognized net restructuring charges of $39 million, primarily related to severance and facility closures associated with the footprint rationalization actions under the supply chain transformation. The Company expects to achieve annual net cost savings of approximately $45 million by the end of 2024 related to the restructuring costs incurred during 2023. The majority of the $29 million of reserves remaining as of December 30, 2023 is expected to be utilized within the next twelve months.

During 2022, the Company recognized net restructuring charges of $141 million, primarily related to severance and related costs, including SG&A cost actions under the Global Cost Reduction Program. The Company estimates that these actions resulted in net cost savings of approximately $300 million in 2023.

During 2021, the Company recognized net restructuring charges of $15 million, primarily related to facility closures and asset impairments. The Company estimates that these actions resulted in net cost savings of approximately $24 million in 2022.

Segments: The $39 million of net restructuring charges in 2023 includes: $31 million pertaining to the Tools & Outdoor segment; $1 million pertaining to the Industrial segment; and $7 million pertaining to Corporate.

The anticipated annual net cost savings of approximately $45 million related to the 2023 restructuring actions include: $40 million in the Tools & Outdoor segment; $2 million in the Industrial segment; and $3 million in Corporate.

2024 OUTLOOK

This outlook discussion is intended to provide broad insight into the Company's near-term earnings and cash flow generation prospects. The Company expects 2024 diluted earnings per share to approximate $1.60 to $2.85 on a GAAP basis ($3.50 to $4.50 excluding Non-GAAP adjustments). Free cash flow is expected to approximate $0.6 billion to $0.8 billion, significantly ahead of net income, as the Company continues to prioritize inventory reductions. This outlook assumes the previously announced Infrastructure divestiture closes at the end of the first quarter 2024.

The difference between 2024 diluted earnings per share outlook and the diluted earnings per share range, excluding Non-GAAP adjustments, is approximately $1.65 to $1.90, consisting primarily of charges related to the supply chain transformation under the Global Cost Reduction Program.

FINANCIAL CONDITION

Liquidity, Sources and Uses of Capital: The Company's primary sources of liquidity are cash flows generated from operations and available lines of credit under various credit facilities.

Operating Activities: Cash flows provided by operations were $1.191 billion in 2023 compared to cash used in operations of $1.460 billion in 2022. The year-over-year change was primarily driven by the Company's focus on reducing inventory, as evidenced by a decline of $1.123 billion in inventory in 2023.

In 2022, cash flows used in operations were $1.460 billion compared to cash provided by operations of $663.1 million in 2021. The year-over-year change was mainly attributable to lower accounts payable balances, lower earnings from continuing operations, and higher inventory balances. During the second half of 2020 and during 2021, the Company experienced higher than historical customer demand and increased supply chain constraints, resulting in historically high inventory levels in the first half of 2022 as consumer and DIY demand softened.

Free Cash Flow: Free cash flow, as defined in the table below, was an inflow of $853 million in 2023 compared to an outflow of $1.990 billion in 2022 and an inflow of $144 million in 2021. The year-over-year changes in free cash flow are due to the same factors discussed above in operating activities, as well as lower planned capital expenditures in 2023. Management considers free cash flow an important indicator of its liquidity and capital efficiency, as well as its ability to fund future growth

and provide dividends to shareowners, and is useful information for investors. Free cash flow does not include deductions for mandatory debt service, other borrowing activity, discretionary dividends on the Company's common and preferred stock and business acquisitions, among other items.

(Millions of Dollars)	2023	2022	2021
Net cash provided by (used in) operating activities	**$ 1,191**	$ (1,460)	$ 663
Less: capital and software expenditures	**(338)**	(530)	(519)
Free cash flow	**$ 853**	$ (1,990)	$ 144

Investing Activities: Cash flows used in investing activities totaled $328 million in 2023 primarily due to capital and software expenditures of $338 million.

Cash flows provided by investing activities in 2022 totaled $3.573 billion, primarily due to proceeds from the Security and Oil & Gas divestitures, net of cash sold, of $4.147 billion, partially offset by capital and software expenditures of $530 million.

Cash flows used in investing activities in 2021 totaled $2.624 billion, driven by business acquisitions of $2.044 billion, net of cash acquired, primarily related to the MTD and Excel acquisitions, and capital and software expenditures of $519 million.

Financing Activities: Cash flows used in financing activities totaled $816 million in 2023 primarily driven by net repayments of short-term commercial paper borrowings of $1.045 billion and cash dividend payments on common stock of $483 million, partially offset by net proceeds from debt issuances of $745 million.

Cash flows used in financing activities totaled $1.971 billion in 2022 primarily driven by share repurchases of $2.323 billion, credit facility repayments of $2.5 billion, the redemption and conversion of preferred stock for $750 million, cash dividend payments on common stock of $466 million, and net repayments of short-term commercial paper borrowings of $138 million, partially offset by $2.5 billion from credit facility borrowings, net proceeds from debt issuances of $993 million and proceeds from the issuance of remarketed Series D Preferred Stock of $750 million.

Cash flows provided by financing activities totaled $919 million in 2021 primarily driven by net short-term commercial paper borrowings of $2.225 billion and proceeds from issuances of common stock of $131 million, partially offset by the redemption and conversion of preferred stock for $750 million, cash dividend payments on common stock of $475 million, and $75 million related to the termination of interest rate swaps.

Fluctuations in foreign currency rates positively impacted cash by $2 million in 2023. Fluctuations in foreign currency rates negatively impacted cash by $32 million and $62 million in 2022 and 2021, respectively, due to the strengthening of the U.S. dollar against other currencies.

Refer to *Note H, Long-Term Debt and Financing Arrangements*, and *Note J, Capital Stock*, for further discussion regarding the Company's debt and equity arrangements.

Credit Ratings and Liquidity:

The Company maintains investment grade credit ratings from the major U.S. rating agencies on its senior unsecured debt (S&P A-, Fitch BBB+, Moody's Baa3), as well as its commercial paper program (S&P A-2, Fitch F2, Moody's P-3). In the first quarter of 2023, Fitch downgraded the Company's senior unsecured debt credit rating to BBB+, from its previous rating of A-, and its commercial paper program to F2, from its previous rating of F1. In the third quarter of 2023, S&P downgraded the Company's senior unsecured debt credit rating to A-, from its previous rating of A, and its commercial paper program to A-2, from its previous rating of A-1. In the fourth quarter of 2023, Moody's downgraded the Company's senior unsecured debt credit rating to Baa3, from its previous rating of Baa2, and its commercial paper program to P-3, from its previous rating of P-2. Failure to maintain investment grade rating levels could adversely affect the Company's cost of funds, liquidity, and access to capital markets, but would not have an adverse effect on the Company's ability to access its existing committed credit facilities.

Cash and cash equivalents totaled $449 million as of December 30, 2023 of which approximately 50% was held in foreign jurisdictions. Cash and cash equivalents totaled $396 million as of December 31, 2022, which was primarily held in foreign jurisdictions.

As a result of the Tax Cuts and Jobs Act (the "Act"), the Company's tax liability related to the one-time transition tax associated with unremitted foreign earnings and profits totaled $171 million at December 30, 2023. The Act permits a U.S. company to elect to pay the net tax liability interest-free over a period of up to eight years. See the "Contractual Obligations" table below for

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the estimated amounts due by period. The Company has considered the implications of paying the required one-time transition tax and believes it will not have a material impact on its liquidity.

The Company has a $3.5 billion commercial paper program which includes Euro denominated borrowings in addition to U.S. Dollars. As of December 30, 2023, the Company had commercial paper borrowings outstanding of $1.1 billion, of which $399.7 million in Euro denominated commercial paper was designated as a net investment hedge. Refer to *Note I, Financial Instruments*, for further discussion. As of December 31, 2022, the Company had commercial paper borrowings outstanding of $2.1 billion, which did not include any Euro denominated commercial paper.

The Company has a five-year $2.5 billion committed credit facility (the "5-Year Credit Agreement"). Borrowings under the 5-Year Credit Agreement may be made in U.S. Dollars, Euros or Pounds Sterling. A sub-limit amount of $814.3 million is designated for swing line advances which may be drawn in Euros pursuant to the terms of the 5-Year Credit Agreement. Borrowings bear interest at a floating rate plus an applicable margin dependent upon the denomination of the borrowing and specific terms of the 5-Year Credit Agreement. The Company must repay all advances under the 5-Year Credit Agreement by the earlier of September 8, 2026 or upon termination. The 5-Year Credit Agreement is designated to be a liquidity back-stop for the Company's $3.5 billion U.S. Dollar and Euro commercial paper program. As of December 30, 2023 and December 31, 2022, the Company had not drawn on its five-year committed credit facility.

In September 2023, the Company terminated its $1.5 billion syndicated 364-Day Credit Agreement (the "Syndicated 364-Day Credit Agreement") dated September 2022, as amended. There were no outstanding borrowings under the Syndicated 364-Day Credit Agreement upon termination and as of December 31, 2022. Contemporaneously, the Company entered into a new $1.5 billion syndicated 364-Day Credit Agreement (the "2023 Syndicated 364-Day Credit Agreement") which is a revolving credit loan. The borrowings under the 2023 Syndicated 364-Day Credit Agreement may be made in U.S. Dollars or Euros and bear interest at a floating rate plus an applicable margin dependent upon the denomination of the borrowing and pursuant to the terms of the 2023 Syndicated 364-Day Credit Agreement. The Company must repay all advances under the 2023 Syndicated 364-Day Credit Agreement by the earlier of September 4, 2024 or upon termination. The Company may, however, convert all advances outstanding upon termination into a term loan that shall be repaid in full no later than the first anniversary of the termination date provided that the Company, among other things, pays a fee to the administrative agent for the account of each lender. The 2023 Syndicated 364-Day Credit Agreement serves as part of the liquidity back-stop for the Company's $3.5 billion U.S. Dollar and Euro commercial paper program. As of December 30, 2023, the Company had not drawn on its 2023 Syndicated 364-Day Credit Agreement.

In September 2023, the Company terminated its $0.5 billion revolving credit loan (the "Club 364-Day Credit Agreement") dated September 2022, as amended. There were no outstanding borrowings under the Club 364-Day Credit Agreement upon termination and as of December 31, 2022.

In addition, the Company has other short-term lines of credit that are primarily uncommitted, with numerous banks, aggregating $252 million, of which approximately $155 million was available at December 30, 2023. Approximately $97 million of the short-term credit lines were utilized primarily pertaining to outstanding letters of credit for which there are no required or reported debt balances. Short-term arrangements are reviewed annually for renewal.

At December 30, 2023, the aggregate amount of short-term and long-term committed and uncommitted lines of credit was approximately $4.3 billion. In addition, at December 30, 2023, $1.1 billion was recorded as short-term commercial paper borrowings. The weighted-average interest rates on U.S. dollar denominated short-term borrowings for the years ended December 30, 2023 and December 31, 2022 were 5.1% and 2.3%, respectively. The weighted-average interest rate on Euro denominated short-term borrowings for the year ended December 30, 2023 was 3.5%. For the year ended December 31, 2022, the Company had not drawn on its Euro denominated short-term borrowings.

The Company has an interest coverage covenant that must be maintained to permit continued access to its committed credit facilities described above. The interest coverage ratio tested for covenant compliance compares adjusted Earnings Before Interest, Taxes, Depreciation and Amortization to adjusted net Interest Expense ("Adjusted EBITDA"/"Adjusted Net Interest Expense"). In February 2023, the Company entered into an amendment to its 5-Year Credit Agreement to: (a) amend the definition of Adjusted EBITDA to allow for additional adjustment addbacks, not to exceed $500 million in the aggregate, for amounts incurred during each four fiscal quarter period beginning with the period ending in the third quarter of 2023 through the period ending in the second quarter of 2024, and (b) amend the minimum interest coverage ratio from 3.5 times to not less than 1.5 to 1.0 times computed quarterly, on a rolling twelve months (last twelve months) basis, for the period from and including the third quarter of 2023 through the second quarter of 2024. The minimum interest coverage ratio will revert back to 3.5 times for periods after the second quarter of 2024. The amended provisions described above also apply to the 2023 Syndicated 364-Day Credit Agreement.

In March 2023, the Company issued $350.0 million of senior unsecured term notes maturing March 6, 2026 ("2026 Term Notes") and $400.0 million of senior unsecured term notes maturing March 6, 2028 ("2028 Term Notes"). The 2026 Term Notes accrue interest at a fixed rate of 6.272% per annum and the 2028 Term Notes at a fixed rate of 6.0% per annum, with interest payable semi-annually in arrears, and both notes rank equally in right of payment with all of the Company's existing and future unsecured unsubordinated debt. The Company received total net proceeds from this offering of $745.3 million, net of $4.7 million of underwriting expenses and other fees associated with the transaction. The Company used the net proceeds from the offering for general corporate purposes, including repayment of indebtedness under the commercial paper program.

In February 2022, the Company issued $500.0 million of senior unsecured term notes maturing February 24, 2025 ("2025 Term Notes") and $500.0 million of senior unsecured term notes maturing May 15, 2032 ("2032 Term Notes"). The 2025 Term Notes accrue interest at a fixed rate of 2.3% per annum and the 2032 Term Notes at a fixed rate of 3.0% per annum, with interest payable semi-annually in arrears, and rank equally in right of payment with all of the Company's existing and future unsecured unsubordinated debt. The Company received total net proceeds from this offering of approximately $993 million, net of approximately $7 million of underwriting expenses and other fees associated with the transaction. The Company used the net proceeds from the offering for general corporate purposes, including repayment of indebtedness under the commercial paper program.

In November 2019, the Company issued 7,500,000 Equity Units with a total notional value of $750 million ("2019 Equity Units"). Each unit had a stated amount of $100 and initially consisted of a three-year forward stock purchase contract ("2022 Purchase Contracts") for the purchase of a variable number of shares of common stock, on November 15, 2022, for a price of $100 per share, and a 10% beneficial ownership interest in one share of 0% Series D Cumulative Perpetual Convertible Preferred Stock, without par, with a liquidation preference of $1,000 per share ("Series D Preferred Stock").

In November 2022, the Company generated cash proceeds of $750 million from the successful remarketing of the Series D Preferred Stock (the "Remarketed Series D Preferred Stock"), as described more fully in *Note J, Capital Stock*. Upon completion of the remarketing, the holders of the 2019 Equity Units received 4,723,500 common shares and the Company issued 750,000 shares of Remarketed Series D Preferred Stock. Holders of the Remarketed Series D Preferred Stock were entitled to receive cumulative dividends, if declared by the Board of Directors, at an initial fixed rate equal to 7.5% per annum of the $1,000 per share liquidation preference (equivalent to $75.00 per annum per share). On November 15, 2022, the Company informed holders that it would redeem all outstanding shares of the Remarketed Series D Preferred Stock on December 22, 2022 (the "Redemption Date") at $1,007.71 per share in cash, which was equal to 100% of the liquidation preference of a share of Remarketed Series D Preferred Stock, plus accumulated and unpaid dividends to, but excluding, the Redemption Date. In December 2022, the Company redeemed the Remarketed Series D Preferred Stock, paying $750 million in cash.

In March 2015, the Company entered into a forward share purchase contract with a financial institution counterparty for 3,645,510 shares of common stock. The contract obligates the Company to pay $350 million, plus an additional amount related to the forward component of the contract. In November 2022, the Company amended the settlement date to November 2024, or earlier at the Company's option.

Refer to *Note H, Long-Term Debt and Financing Arrangements*, and *Note J, Capital Stock*, for further discussion regarding the Company's debt and equity arrangements.

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Contractual Obligations: The following table summarizes the Company's significant contractual and other obligations that impact its liquidity:

	Payments Due by Period				
(Millions of Dollars)	**Total**	**2024**	**2025-2026**	**2027-2028**	**Thereafter**
Long-term debt (a)	$ 6,154	$ 1	$ 1,403	$ 1,100	$ 3,650
Interest payments on long-term debt (b)	3,204	237	421	343	2,203
Short-term borrowings	1,075	1,075	—	—	—
Lease obligations	613	135	196	126	156
Inventory purchase commitments (c)	789	787	2	—	—
Deferred compensation	25	—	1	1	23
Marketing commitments	73	38	35	—	—
Forward stock purchase contract (d)	350	350	—	—	—
Pension funding obligations (e)	35	35	—	—	—
U.S. income tax (f)	171	88	83	—	—
Supplier agreements (g)	199	88	82	29	—
Derivatives (h)	18	18	—	—	—
Total contractual cash obligations	$ 12,706	$ 2,852	$ 2,223	$ 1,599	$ 6,032

(a) Future payments on long-term debt encompass all payments related to aggregate debt maturities, excluding certain fair value adjustments included in long-term debt, as discussed further in *Note H, Long-Term Debt and Financing Arrangements*.

(b) Future interest payments on long-term debt reflect the applicable interest rate in effect at December 30, 2023.

(c) Inventory purchase commitments primarily consist of open purchase orders to purchase raw materials, components, and sourced products.

(d) In March 2015, the Company entered into a forward share purchase contract with a financial institution counterparty which obligates the Company to pay $350 million, plus an additional amount related to the forward component of the contract. In November 2022, the Company amended the settlement date to November 2024, or earlier at the Company's option. See *Note J, Capital Stock,* for further discussion.

(e) This amount principally represents contributions either required by regulations or laws or, with respect to unfunded plans, necessary to fund current benefits. The Company has not presented estimated pension and post-retirement funding beyond 2024 as funding can vary significantly from year to year based upon changes in the fair value of the plan assets, actuarial assumptions, and curtailment/settlement actions.

(f) Income tax liability for the one-time deemed repatriation tax on unremitted foreign earnings and profits.

(g) Supplier agreements with long-term minimum material purchase requirements and freight forwarding arrangements.

(h) Future cash flows on derivative instruments reflect the fair value and accrued interest as of December 30, 2023. The ultimate cash flows on these instruments will differ, perhaps significantly, based on applicable market interest and foreign currency rates at their maturity.

To the extent the Company can reliably determine when payments will occur, the related amounts will be included in the table above. However, due to the high degree of uncertainty regarding the timing of potential future cash flows associated with the contingent consideration liability related to the Craftsman acquisition and the unrecognized tax liabilities of $209 million and $546 million, respectively, at December 30, 2023, the Company is unable to make a reliable estimate of when (if at all) these amounts may be paid. Refer to *Note M, Fair Value Measurements,* and *Note Q, Income Taxes,* for further discussion.

Payments of the above contractual and other obligations (with the exception of payments related to debt principal, the forward stock purchase contract, and tax obligations) will typically generate a cash tax benefit such that the net cash outflow will be lower than the gross amounts summarized above.

Other Significant Commercial Commitments:

	Amount of Commitment Expirations Per Period				
(Millions of Dollars)	**Total**	**2024**	**2025-2026**	**2027-2028**	**Thereafter**
U.S. lines of credit	$ 4,000	$ 1,500	$ 2,500	$ —	$ —

Short-term borrowings, long-term debt and lines of credit are explained in detail within *Note H, Long-Term Debt and Financing Arrangements*.

MARKET RISK

Market risk is the potential economic loss that may result from adverse changes in the fair value of financial instruments, currencies, commodities and other items traded in global markets. The Company is exposed to market risk from changes in foreign currency exchange rates, interest rates, stock prices, bond prices and commodity prices, amongst others.

Exposure to foreign currency risk results because the Company, through its global businesses, enters into transactions and makes investments denominated in multiple currencies. The Company's predominant currency exposures are related to the Euro, Canadian Dollar, British Pound, Australian Dollar, Brazilian Real, Chinese Renminbi and the Taiwan Dollar. Certain cross-currency trade flows arising from both trade and affiliate sales and purchases are consolidated and netted prior to obtaining risk protection through the use of various derivative financial instruments which may include: purchased basket options, purchased options, collars, cross-currency swaps and currency forwards. The Company is thus able to capitalize on its global positioning by taking advantage of naturally offsetting exposures and portfolio efficiencies to reduce the cost of purchasing derivative protection. At times, the Company also enters into foreign exchange derivative contracts to reduce the earnings and cash flow impacts of non-functional currency denominated receivables and payables, primarily for affiliate transactions. Gains and losses from these hedging instruments offset the gains or losses on the underlying net exposures. Management determines the nature and extent of currency hedging activities, and in certain cases, may elect to allow certain currency exposures to remain un-hedged. The Company may also enter into cross-currency swaps and forward contracts to hedge the net investments in certain subsidiaries and better match the cash flows of operations to debt service requirements. Management estimates the foreign currency impact from its derivative financial instruments outstanding at the end of 2023 would have been an incremental pre-tax loss of approximately $19 million based on a hypothetical 10% adverse movement in all net derivative currency positions. The Company follows risk management policies in executing derivative financial instrument transactions, and does not use such instruments for speculative purposes. The Company generally does not hedge the translation of its non-U.S. dollar earnings in foreign subsidiaries, but may choose to do so in certain instances in future periods.

As mentioned above, the Company routinely has cross-border trade and affiliate flows that cause an impact on earnings from foreign exchange rate movements. The Company is also exposed to currency fluctuation volatility from the translation of foreign earnings into U.S. dollars and the economic impact of foreign currency volatility on monetary assets held in foreign currencies. It is more difficult to quantify the transactional effects from currency fluctuations than the translational effects. Aside from the use of derivative instruments, which may be used to mitigate some of the exposure, transactional effects can potentially be influenced by actions the Company may take. For example, if an exposure occurs from a European entity sourcing product from a U.S. supplier it may be possible to change to a European supplier. Management estimates the combined translational and transactional impact, on pre-tax earnings, of a 10% overall movement in exchange rates is approximately $217 million. In 2023, translational and transactional foreign currency fluctuations negatively impacted pre-tax earnings from continuing operations by approximately $89 million.

The Company's exposure to interest rate risk results from its outstanding debt and derivative obligations, short-term investments, and derivative financial instruments employed in the management of its debt portfolio. The debt portfolio including both trade and affiliate debt, is managed to achieve capital structure targets and reduce the overall cost of borrowing by leveraging, as appropriate, a combination of fixed and floating rate debt as well as interest rate swaps, and cross-currency swaps.

The Company's primary exposure to interest rate risk comes from its commercial paper program in which the pricing is partially based on short-term U.S. interest rates. At December 30, 2023, the impact of a hypothetical 10% increase in the interest rates associated with the Company's outstanding commercial paper borrowings would have been an incremental pre-tax loss of approximately $5 million.

The Company has exposure to commodity prices in many businesses, particularly brass, nickel, resin, aluminum, copper, zinc, steel, and energy used in the production of finished goods. Generally, commodity price exposures are not hedged with derivative financial instruments, but instead are actively managed through customer product and service pricing actions, procurement-driven cost reduction initiatives and other productivity improvement projects.

The Company has $104.7 million of liabilities as of December 30, 2023 pertaining to unfunded defined contribution plans for certain U.S. employees for which there is mark-to-market exposure.

The assets held by the Company's defined benefit plans are exposed to fluctuations in the market value of securities, primarily global stocks and fixed-income securities. The Company employs diversified asset allocations to help mitigate this risk. The Company's investment strategy for pension assets focuses on a liability-matching approach with gradual de-risking taking place over a period of many years to effectively manage portfolio risk. The Company utilizes the current funded status to transition the portfolio toward investments that better match the duration and cash flow attributes of the underlying liabilities. In 2023, investment gains resulted in an increase of $144 million to pension plan assets. In 2022 and 2021, investment returns on

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pension plan assets resulted in a decrease of $560 million and an increase $81 million, respectively. The funded status percentage (total plan assets divided by total projected benefit obligation) of all global pension plans was 87% in 2023, 2022 and 2021. The Company expects funding obligations on its defined benefit plans to be approximately $35 million in 2024. Management has worked to minimize this exposure by freezing and terminating defined benefit plans where appropriate. Refer to *Note L, Employee Benefit Plans,* for further discussion regarding the Company's pension plans.

The Company has access to financial resources and borrowing capabilities around the world. There are no instruments within the debt structure that would accelerate payment requirements solely due to a change in credit rating.

The Company's existing credit facilities and sources of liquidity, including expected operating cash flows, are considered more than adequate to conduct business as normal. The Company believes that its strong financial position, expected operating cash flows, committed long-term credit facilities and borrowing capacity, and ability to access equity markets, provide the financial flexibility necessary to continue its record of annual dividend payments, to invest in the routine needs of its businesses, and to fund other initiatives encompassed by its business strategy and maintain its strong investment grade credit ratings.

CRITICAL ACCOUNTING ESTIMATES — Preparation of the Company's Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Significant accounting policies used in the preparation of the Consolidated Financial Statements are described in *Note A, Significant Accounting Policies*. Management believes the most complex and sensitive judgments, because of their significance to the Consolidated Financial Statements, result primarily from the need to make estimates about the effects of matters with inherent uncertainty. The most significant areas involving management estimates are described below. Actual results in these areas could differ from management's estimates.

GOODWILL AND INTANGIBLE ASSETS — The Company acquires businesses in purchase transactions that result in the recognition of goodwill and intangible assets. The determination of the value of intangible assets requires management to make estimates and assumptions. In accordance with Accounting Standards Codification ("ASC") 350-20, *Goodwill*, acquired goodwill and indefinite-lived intangible assets are not amortized but are subject to impairment testing at least annually or when an event occurs or circumstances change that indicate it is more likely than not an impairment exists. Goodwill represents costs in excess of fair values assigned to the underlying net assets of acquired businesses. At December 30, 2023, the Company reported $7.996 billion of goodwill, $2.396 billion of indefinite-lived trade names and $1.553 billion of net definite-lived intangibles.

Management tests goodwill for impairment at the reporting unit level. A reporting unit is an operating segment as defined in ASC 280, *Segment Reporting*, or one level below an operating segment (component level) as determined by the availability of discrete financial information that is regularly reviewed by operating segment management or an aggregate of component levels of an operating segment having similar economic characteristics. If the carrying value of a reporting unit (including the value of goodwill) is greater than its estimated fair value, an impairment charge would be recorded for the amount that the carrying amount of the reporting unit exceeded its fair value.

As required by the Company's policy, goodwill was tested for impairment in the third quarter of 2023. In accordance with Accounting Standards Update ("ASU") 2011-08, *Intangibles - Goodwill and Other (Topic 350): Testing Goodwill for Impairment*, companies are permitted 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 as a basis for determining whether it is necessary to perform a quantitative goodwill impairment test. Impairment tests are completed separately with respect to the goodwill of each of the Company's reporting units. For its annual impairment testing performed in the third quarter of 2023, the Company applied a quantitative test for all of its reporting units using a discounted cash flow valuation model. Based on the results of the Company's annual impairment testing, it was determined that the fair value of each of its reporting units was in excess of its carrying amount.

As previously disclosed in the Company's Form 10-Q for the third quarter of 2023, the fair value of the Engineered Fastening reporting unit exceeded its carrying amount by 16%. In connection with the preparation of the Consolidated Financial Statements for the year ended December 30, 2023, the Company performed an updated impairment analysis with respect to the Engineered Fastening reporting unit, which included approximately $2.020 billion of goodwill at year-end. The key assumptions applied to the updated cash flow projections for the Engineered Fastening reporting unit included a 10.0% discount rate, near-term revenue growth rates over the next six years, which represented a compound annual growth rate of approximately 5%, and a 3% perpetual growth rate. Based on this analysis, it was determined that the fair value of the Engineering Fastening reporting unit exceeded its carrying amount by 22%. The increase in excess fair value is reflective of a slightly more favorable long-term outlook based on 2023 results and a lower carrying value driven by working capital reductions. Management remains confident in the long-term viability and success of the Engineered Fastening reporting unit,

particularly given its market position, growth prospects, such as automotive electrification and the aerospace market recovery, and geographies served.

As previously discussed, in December 2023, the Company entered into an agreement to sell its Infrastructure business. As a result, the Company performed an impairment analysis with respect to the Infrastructure reporting unit and recognized a $150.8 million pre-tax asset impairment charge to adjust the carrying amount of the long-lived asset group to its estimated fair value less selling costs. Refer to *Note T, Divestitures*, for further discussion.

The Company also tested its indefinite-lived trade names for impairment during the third quarter of 2023 utilizing a discounted cash flow model. The key assumptions used included discount rates, royalty rates, and perpetual growth rates applied to the projected sales. With the exception of the Irwin and Troy-Bilt trade names discussed below, the Company determined that the fair values of its indefinite-lived trade names exceeded their respective carrying amounts.

During the third quarter of 2023, as a result of new leadership within the Tools & Outdoor segment, the Company reviewed its brand portfolio resulting in a decision to shift prioritization and investment to its major brands, while leveraging certain of its specialty brands in a more focused manner. As a result of this shift in brand prioritization, the Company recognized a $124.0 million pre-tax, non-cash impairment charge related to the Irwin and Troy-Bilt trade names in the third quarter of 2023. Subsequent to this impairment charge, the carrying value of the Irwin and Troy-Bilt trade names totaled $113.0 million. The Company intends to continue utilizing these trade names, which accounted for less than 5% of 2023 net sales for the Tools & Outdoor segment, indefinitely in more focused product categories and end markets.

In the event that future operating results of any of the Company's reporting units or indefinite-lived trade names do not meet current expectations, management, based upon conditions at the time, would consider taking restructuring or other strategic actions, as necessary, to maximize revenue growth and profitability. A thorough analysis of all the facts and circumstances existing at that time would need to be performed to determine if recording an impairment loss would be appropriate.

DEFINED BENEFIT OBLIGATIONS — The valuation of pension and other postretirement benefits costs and obligations is dependent on various assumptions. These assumptions, which are updated annually, include discount rates, expected return on plan assets, future salary increase rates, and health care cost trend rates. The Company considers current market conditions, including interest rates, to establish these assumptions. Discount rates are developed considering the yields available on high-quality fixed income investments with maturities corresponding to the duration of the related benefit obligations. The Company's weighted-average discount rates used to determine benefit obligations at December 30, 2023 for the United States and international pension plans were 5.04% and 4.43%, respectively. The Company's weighted-average discount rates used to determine benefit obligations at December 31, 2022 for the United States and international pension plans were 5.36% and 4.70%, respectively. As discussed further in *Note L, Employee Benefit Plans*, the Company develops the expected return on plan assets considering various factors, which include its targeted asset allocation percentages, historic returns, and expected future returns. The Company's expected rate of return assumptions for the United States and international pension plans were 6.70% and 5.29%, respectively, at December 30, 2023. The Company will use a 5.99% weighted-average expected rate of return assumption to determine the 2024 net periodic benefit cost. A 25 basis point reduction in the expected rate of return assumption would increase 2024 net periodic benefit cost by approximately $4 million on a pre-tax basis.

The Company believes that the assumptions used are appropriate; however, differences in actual experience or changes in the assumptions may materially affect the Company's financial position or results of operations. To the extent that actual (newly measured) results differ from the actuarial assumptions, the difference is recognized in accumulated other comprehensive loss, and, if in excess of a specified corridor, amortized over future periods. The expected return on plan assets is determined using the expected rate of return and the fair value of plan assets. Accordingly, market fluctuations in the fair value of plan assets can affect the net periodic benefit cost in the following year. The projected benefit obligation for defined benefit plans exceeded the fair value of plan assets by $314 million at December 30, 2023. A 25 basis point reduction in the discount rate would have increased the projected benefit obligation by approximately $53 million at December 30, 2023. The primary Black & Decker U.S. pension and post-employment benefit plans were curtailed in late 2010, as well as the only material Black & Decker international plan, and in their place the Company implemented defined contribution benefit plans. The vast majority of the projected benefit obligation pertains to plans that have been frozen; the remaining defined benefit plans that are not frozen are predominantly small domestic union plans and those that are statutorily mandated in certain international jurisdictions. The Company recognized approximately $29 million of defined benefit plan expense in 2023, which may fluctuate in future years depending upon various factors including future discount rates and actual returns on plan assets.

Additional information regarding the Company's pension plans is available in *Note L, Employee Benefit Plans.*

ENVIRONMENTAL — The Company incurs costs related to environmental issues as a result of various laws and regulations governing current operations as well as the remediation of previously contaminated sites. The Company's policy is to accrue environmental investigatory and remediation costs for identified sites when it is probable that a liability has been incurred and

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the amount of loss can be reasonably estimated. The amount of liability recorded is based on an evaluation of currently available facts with respect to each individual site and includes such factors as existing technology, presently enacted laws and regulations, and prior experience in remediation of contaminated sites. The liabilities recorded do not take into account any claims for recoveries from insurance or third parties. As assessments and remediation progress at individual sites, the amounts recorded are reviewed periodically and adjusted to reflect additional technical and legal information that becomes available.

As of December 30, 2023, the Company had reserves of $125 million for remediation activities associated with Company-owned properties as well as for Superfund sites, for losses that are probable and estimable. As of December 30, 2023, the range of environmental remediation costs that is reasonably possible is $80 million to $227 million which is subject to change in the near term. The Company may be liable for environmental remediation of sites it no longer owns. Liabilities have been recorded on those sites in accordance with this policy.

Additional information regarding environmental matters is available in *Note S, Contingencies.*

INCOME TAXES — The Company accounts for income taxes under the asset and liability method in accordance with ASC 740, *Income Taxes*, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Deferred tax assets and liabilities are determined based on the differences between the financial statements and tax basis of assets and liabilities using the enacted tax rates in effect for the year in which the differences are expected to reverse. Any changes in tax rates on deferred tax assets and liabilities are recognized in income in the period that includes the enactment date.

The Company records net deferred tax assets to the extent that it is more likely than not that these assets will be realized. In making this determination, management considers all available positive and negative evidence, including future reversals of existing temporary differences, estimates of future taxable income, tax-planning strategies, and the realizability of net operating loss carryforwards. In the event that it is determined that an asset is not more likely than not to be realized, a valuation allowance is recorded against the asset. Valuation allowances related to deferred tax assets can be impacted by changes to tax laws, changes to statutory tax rates and future taxable income levels. In the event the Company were to determine that it would not be able to realize all or a portion of its deferred tax assets in the future, the unrealizable amount would be charged to earnings in the period in which that determination is made. Conversely, if the Company were to determine that it would be able to realize deferred tax assets in the future in excess of the net carrying amounts, it would decrease the recorded valuation allowance through a favorable adjustment to earnings in the period that the determination was made.

The Company records uncertain tax positions in accordance with ASC 740, which requires a two-step process. First, management determines whether it is more likely than not that a tax position will be sustained based on the technical merits of the position and second, for those tax positions that meet the more likely than not threshold, management recognizes the largest amount of the tax benefit that is greater than 50 percent likely to be realized upon ultimate settlement with the related taxing authority. The Company maintains an accounting policy of recording interest and penalties on uncertain tax positions as a component of Income taxes in the Consolidated Statements of Operations.

The Company is subject to income tax in a number of locations, including U.S. federal, state and foreign jurisdictions. Significant judgment is required when calculating the worldwide provision for income taxes. Many factors are considered when evaluating and estimating the Company's tax positions and tax benefits, which may require periodic adjustments, and which may not accurately anticipate actual outcomes. It is reasonably possible that the amount of the unrecognized benefit with respect to certain of the Company's unrecognized tax positions will significantly increase or decrease within the next twelve months. These changes may be the result of settlements of ongoing audits, litigation, or other proceedings with taxing authorities. The Company periodically assesses its liabilities and contingencies for all tax years still subject to audit based on the most current available information, which involves inherent uncertainty.

Additional information regarding income taxes is available in *Note Q, Income Taxes.*

CAUTIONARY STATEMENTS UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This document contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are "forward-looking statements" for purposes of federal and state securities laws, including, but not limited to, any projections or guidance of earnings, revenue, profitability or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements concerning proposed new products, services or developments; any statements regarding future economic conditions or performance; any statements relating to initiatives concerning environmental, social and governance ("ESG") matters, including environmental sustainability and diversity, equity and inclusion; any statements of belief; and any statements of assumptions underlying any of the foregoing. Forward-looking statements may include, among others, the words "may," "will," "estimate," "intend," "could," "project," "plan," "continue," "believe," "expect," "anticipate," "run-rate," "annualized," "forecast," "commit," "goal," "target," "design," "on-track," "position or positioning," "guidance" or any other similar words.

Although the Company believes that the expectations reflected in any of its forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of its forward-looking statements. The Company's future financial condition and results of operations, as well as any forward-looking statements, are subject to change and to inherent risks and uncertainties, such as those disclosed or incorporated by reference in the Company's filings with the Securities and Exchange Commission.

Important factors that could cause the Company's actual results, performance and achievements, or industry results to differ materially from estimates or projections contained in its forward-looking statements include, among others, the following: (i) successfully developing, marketing and achieving sales from new products and services and the continued acceptance of current products and services; (ii) macroeconomic factors, including global and regional business conditions, commodity prices, inflation and deflation, interest rate volatility, currency exchange rates, and uncertainties in the global financial markets related to the recent failures of several financial institutions; (iii) laws, regulations and governmental policies affecting the Company's activities in the countries where it does business, including those related to tariffs, taxation, data privacy, anti-bribery, anti-corruption, government contracts and trade controls such as section 301 tariffs and section 232 steel and aluminum tariffs; (iv) the economic, political, cultural and legal environment in Europe and the emerging markets in which the Company generates sales, particularly Latin America and China; (v) realizing the anticipated benefits of mergers, acquisitions, joint ventures, strategic alliances or divestitures; (vi) pricing pressure and other changes within competitive markets; (vii) availability and price of raw materials, component parts, freight, energy, labor and sourced finished goods; (viii) the impact that the tightened credit markets may have on the Company or its customers or suppliers; (ix) the extent to which the Company has to write off accounts receivable, inventory or other assets or experiences supply chain disruptions in connection with bankruptcy filings by customers or suppliers; (x) the Company's ability to identify and effectively execute productivity improvements and cost reductions; (xi) potential business, supply chain and distribution disruptions, including those related to physical security threats, information technology or cyber-attacks, epidemics, natural disasters, pandemics, sanctions, political unrest, war or terrorism, including the conflicts between Russia and Ukraine, and Israel and Hamas and tensions or conflicts in South Korea, China and Taiwan; (xii) the continued consolidation of customers, particularly in consumer channels, and the Company's continued reliance on significant customers; (xiii) managing franchisee relationships; (xiv) the impact of poor weather conditions and climate change and risks related to the transition to a lower-carbon economy, such as the Company's ability to successfully adopt new technology, meet market-driven demands for carbon neutral and renewable energy technology, or to comply with more stringent and increasingly complex environmental regulations or requirements for its manufacturing facilities and business operations; (xv) failure to meet ESG expectations or standards, or achieve its ESG goals; (xvi) maintaining or improving production rates in the Company's manufacturing facilities, responding to significant changes in customer preferences, product demand and fulfilling demand for new and existing products, and learning, adapting and integrating new technologies into products, services and processes; (xvii) changes in the competitive landscape in the Company's markets; (xviii) the Company's non-U.S. operations, including sales to non-U.S. customers; (xix) the impact from demand changes within world-wide markets associated with homebuilding and remodeling; (xx) potential adverse developments in new or pending litigation and/or government investigations; (xxi) the incurrence of debt and changes in the Company's ability to obtain debt on commercially reasonable terms and at competitive rates; (xxii) substantial pension and other postretirement benefit obligations; (xxiii) potential regulatory liabilities, including environmental, privacy, data breach, workers compensation and product liabilities; (xxiv) attracting, developing and retaining senior management and other key employees, managing a workforce in many jurisdictions, labor shortages, work stoppages or other labor disruptions; (xxv) the Company's ability to keep abreast with the pace of technological change; (xxvi) changes in accounting estimates; (xxvii) the Company's ability to protect its intellectual property rights and to maintain its public reputation and the strength of its brands; and (xxviii) the Company's ability to implement, and achieve the expected benefits (including cost savings and reduction in working capital) from, its Global Cost Reduction Program including: continuing to advance innovation, electrification and global market penetration to achieve organic revenue growth of 2-3 times the market; streamlining and simplifying the organization, and investing in initiatives that more directly impact the Company's customers and end users; returning adjusted

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gross margins to historical 35%+ levels by accelerating the supply chain transformation to leverage strategic sourcing, drive operational excellence, consolidate facilities, optimize the distribution network and reduce complexity of the product portfolio; improving fill rates and matching inventory with customer demand; prioritizing cash flow generation and inventory optimization; executing the SBD Operating Model to deliver operational excellence through efficiency, simplified organizational design; and reducing complexity through platforming products and implementing initiatives to drive a SKU reduction.

Additional factors that could cause actual results to differ materially from forward-looking statements are set forth in this Annual Report on Form 10-K, including under the headings "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in the Consolidated Financial Statements and the related Notes.

Forward-looking statements in this Annual Report on Form 10-K speak only as of the date hereof, and forward-looking statements in documents that are incorporated by reference herein speak only as of the date of those documents. The Company does not undertake any obligation or intention to update or revise any forward-looking statements, whether as a result of future events or circumstances, new information or otherwise, except as required by law. Any standards of measurement and performance made in reference to the Company's ESG and other sustainability plans and goals are developing and based on assumptions that continue to evolve, and no assurance can be given that any such plan, initiative, projection, goal, commitment, expectation, or prospect can or will be achieved. The inclusion of information related to ESG goals and initiatives is not an indication that such information is material under the standards of the Securities and Exchange Commission.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company incorporates by reference the material captioned "Market Risk" in *Item 7* and in *Note I, Financial Instruments*, of the *Notes to Consolidated Financial Statements* in *Item 8*.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See Item 15 for an index to Financial Statements and Financial Statement Schedule. Such Financial Statements and Financial Statement Schedule are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

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ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The management of Stanley Black & Decker, Inc. (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting. 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 reporting purposes in accordance with accounting principles generally accepted in the United States of America. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

Management has assessed the effectiveness of the Company's internal control over financial reporting as of December 30, 2023. In making its assessment, management has utilized the criteria set forth by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission in Internal Control — Integrated Framework (2013 Framework). Management concluded that based on its assessment, the Company's internal control over financial reporting was effective as of December 30, 2023. Ernst & Young LLP, the auditor of the financial statements included in this annual report, has issued an attestation report on the registrant's internal control over financial reporting, a copy of which appears on page 63.

Under the supervision and with the participation of management, including the Company's President and Chief Executive Officer and its Executive Vice President and Chief Financial Officer, the Company has, pursuant to Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), evaluated the effectiveness of the design and operation of its disclosure controls and procedures (as defined under Rule 13a-15(e) of the Exchange Act). Based upon that evaluation, the Company's President and Chief Executive Officer and its Executive Vice President and Chief Financial Officer have concluded that, as of December 30, 2023, the Company's disclosure controls and procedures are effective.

Changes in Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting that occurred during the fiscal quarter ended December 30, 2023 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

During the three months ended December 30, 2023, no director or Section 16 officer of the Company adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE OF THE REGISTRANT

The information required by this Item, except for the identification of the executive officers of the Company presented in *Part I* of this Annual Report on Form 10-K under the caption "Information About Our Executive Officers," and certain information with respect to the Company's Code of Business Ethics and any material changes to the procedures by which shareholders may recommend nominees to the Company's Board of Directors, as set forth below, is incorporated herein by reference to the information set forth in the section of the Company's definitive proxy statement (which will be filed pursuant to Regulation 14A under the Exchange Act within 120 days after the close of the Company's fiscal year) under the headings "Delinquent Section 16(a) Reports," "Corporate Governance," "Information Concerning Nominees for Election as Directors," and "Board of Directors".

Available on the Company's website at http://www.stanleyblackanddecker.com under the "Investors" heading is the Code of Business Ethics applicable to all of its directors and officers, including the President and Chief Executive Officer, Executive Vice President and Chief Financial Officer, and Chief Accounting Officer, and employees worldwide, as well as the Supplemental Code of Ethics for CEO and Senior Financial Officers, applicable to the Company's President and Chief Executive Officer, and all senior financial officers, including the Executive Vice President and Chief Financial Officer and Chief Accounting Officer. The Company intends to post on its website required information regarding any amendment to, or waiver from, the Code of Business Ethics or the Code of Ethics for CEO and Senior Financial Officers that applies to the Company's President and Chief Executive Officer and senior financial officers within four business days after any such amendment or waiver.

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ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated herein by reference to the information set forth under the sections entitled "Compensation Discussion & Analysis," "2023 Executive Compensation," "Director Compensation," and "Compensation and Talent Development Committee Report" of the Company's definitive proxy statement, which will be filed pursuant to Regulation 14A under the Exchange Act within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 403 of Regulation S-K is incorporated herein by reference to the information set forth under the sections entitled "Security Ownership of Certain Beneficial Owners" and "Security Ownership of Directors and Officers" of the Company's definitive proxy statement, which will be filed pursuant to Regulation 14A under the Exchange Act within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

EQUITY COMPENSATION PLAN INFORMATION

Compensation plans under which the Company's equity securities are authorized for issuance at December 30, 2023 follow:

	(A)	(B)	(C)
Plan Category	Number of securities to be issued upon exercise of outstanding options and stock awards	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (A))
Equity compensation plans approved by security holders	7,883,446 (1)	$ 133.22 (2)	7,231,476 (3)
Equity compensation plans not approved by security holders (4)	—	—	—
Total	7,883,446	$ 133.22	7,231,476

(1) Consists of 5,490,848 shares underlying outstanding stock options (whether vested or unvested) with a weighted-average exercise price of $133.22 and a weighted-average remaining term of 6.22 years; 2,222,052 shares underlying time-vesting restricted stock units that have not yet vested and the maximum number of shares that will be issued pursuant to outstanding performance awards if all established goals are met; and 170,546 of shares earned but related to which participants elected deferral of delivery. All stock-based compensation plans are discussed in *Note J, Capital Stock*, of the *Notes to Consolidated Financial Statements* in *Item 8*.

(2) There is no cost to the recipient for shares issued pursuant to time-vesting restricted stock units or performance awards. Because there is no strike price applicable to these stock awards they are excluded from the weighted-average exercise price which pertains solely to outstanding stock options.

(3) Consists of 1,070,126 of shares available for purchase under the employee stock purchase plan ("ESPP") at the election of employees and 6,161,350 securities available for future grants under stock-based compensation plans. On February 16, 2022, the Board of Directors adopted the 2022 Omnibus Award Plan (the "2022 Plan") and authorized the issuance of 9,800,000 shares of the Company's common stock in connection with the awards pursuant to the 2022 Plan. No further awards are available for issuance under the Company's 2013 Long-Term Incentive Plan or the 2018 Omnibus Award Plan.

(4) U.S. non-highly compensated employees are eligible to contribute from 1% to 25% of their salary to a qualified tax deferred savings plan as described in the Employee Stock Ownership Plan ("ESOP") section of *Note L, Employee Benefit Plans,* of the *Notes to the Consolidated Financial Statements* in *Item 8.* The Company contributes an amount equal to one half of the employee contribution up to the first 7% of salary. There is a non-qualified tax deferred savings plan for highly compensated salaried employees which mirrors certain qualified plan provisions, but was not specifically approved by security holders. Eligible highly compensated salaried U.S. employees are eligible to contribute from 1% to 50% of their salary to the non-qualified tax deferred savings plan. The same matching arrangement was provided for highly compensated salaried employees in the non-qualified plan, to the extent the match was not fully met in the qualified plan, except that the arrangement for these employees is outside of the ESOP, and is not funded in advance of distributions. If the Company decides to make matching contributions for a year, it will make contributions, in an amount determined at its discretion, that may constitute part or all of or more than the matching contributions that would have been made pursuant to the provisions of the Stanley Black & Decker Supplemental Retirement Account Plan that were in effect prior to 2019. For both qualified and non-qualified plans, the investment of

the employee's contribution and the Company's matching contribution is controlled by the employee and may include an election to invest in Company stock. Shares of the Company's common stock may be issued at the time of a distribution from the qualified plan. The number of securities remaining available for issuance under the plans at December 30, 2023 is not determinable, since the plans do not authorize a maximum number of securities.

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ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Items 404 and 407(a) of Regulation S-K is incorporated by reference to the information set forth under the sections entitled "Corporate Governance" and "Related Person Transactions" of the Company's definitive proxy statement, which will be filed pursuant to Regulation 14A under the Exchange Act within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by Item 9(e) of Schedule 14A is incorporated herein by reference to the information set forth under the section entitled "Fees of Independent Auditors" and "Corporate Governance" of the Company's definitive proxy statement, which will be filed pursuant to Regulation 14A under the Exchange Act within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULE

(a) Index to documents filed as part of this report:

1. and 2. Financial Statements and Financial Statement Schedule.

The response to this portion of Item 15 is submitted as a separate section of this report beginning with an index thereto on page 57.

3. Exhibits

See Exhibit Index in this Form 10-K on page 117.

(b) See Exhibit Index in this Form 10-K on page 117.

(c) The response in this portion of Item 15 is submitted as a separate section of this Form 10-K with an index thereto beginning on page 57.

FORM 10-K
ITEM 15(a) (1) AND (2)
STANLEY BLACK & DECKER, INC. AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

Schedule II — Valuation and Qualifying Accounts is included in Item 15 (page 59).

Management's Report on Internal Control Over Financial Reporting (page 60).

Report of Independent Registered Public Accounting Firm (PCAOB ID: 00042) — Financial Statement Opinion (page 61).

Report of Independent Registered Public Accounting Firm — Internal Control Opinion (page 63).

Consolidated Statements of Operations — fiscal years ended December 30, 2023, December 31, 2022, and January 1, 2022 (page 64).

Consolidated Statements of Comprehensive (Loss) Income — fiscal years ended December 30, 2023, December 31, 2022, and January 1, 2022 (page 65).

Consolidated Balance Sheets — December 30, 2023 and December 31, 2022 (page 66).

Consolidated Statements of Cash Flows — fiscal years ended December 30, 2023, December 31, 2022, and January 1, 2022 (page 67).

Consolidated Statements of Changes in Shareowners' Equity — fiscal years ended December 30, 2023, December 31, 2022, and January 1, 2022 (page 69).

Notes to Consolidated Financial Statements (page 70).

Consent of Independent Registered Public Accounting Firm (Exhibit 23).

All other schedules are omitted because either they are not applicable or the required information is shown in the financial statements or the notes thereto.

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ITEM 16. FORM 10-K SUMMARY

Not applicable.

Schedule II — Valuation and Qualifying Accounts
Stanley Black & Decker, Inc. and Subsidiaries
Fiscal years ended December 30, 2023, December 31, 2022, and January 1, 2022
(Millions of Dollars)

	Beginning Balance	ADDITIONS: Charged To Costs And Expenses	ADDITIONS: Charged To Other Accounts (b)	(a) Deductions	Ending Balance
Allowance for Credit Losses:					
Year Ended 2023	$ 106.6	$ 8.7	$ 9.5	$ (48.2)	$ 76.6
Year Ended 2022	$ 95.9	$ 14.3	$ 16.9	$ (20.5)	$ 106.6
Year Ended 2021	$ 106.2	$ —	$ 3.8	$ (14.1)	$ 95.9
Tax Valuation Allowance:					
Year Ended 2023 (c)	$ 1,032.5	$ 38.4	$ 2.2	$ (26.2)	$ 1,046.9
Year Ended 2022	$ 1,067.2	$ 21.2	$ (5.9)	$ (50.0)	$ 1,032.5
Year Ended 2021	$ 1,001.9	$ 190.7	$ 61.1	$ (186.5)	$ 1,067.2

(a) With respect to the allowance for credit losses, deductions represent amounts charged-off less recoveries of accounts previously charged-off.
(b) Amounts represent the impact of foreign currency translation, acquisitions, divestitures and net transfers to/from other accounts.
(c) Refer to *Note Q, Income Taxes*, of the *Notes to Consolidated Financial Statements* in *Item 8* for further discussion.

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Stanley Black & Decker, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting. 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 reporting purposes in accordance with accounting principles generally accepted in the United States of America. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

Management has assessed the effectiveness of Stanley Black & Decker, Inc.'s internal control over financial reporting as of December 30, 2023. In making its assessment, management has utilized the criteria set forth by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission in Internal Control — Integrated Framework (2013 Framework). Management concluded that based on its assessment, Stanley Black & Decker, Inc.'s internal control over financial reporting was effective as of December 30, 2023. Ernst & Young LLP, Registered Public Accounting Firm included in this annual report, has issued an attestation report on the registrant's internal control over financial reporting, a copy of which appears on page 63.

/s/ Donald Allan, Jr.

Donald Allan, Jr., President and Chief Executive Officer

/s/ Patrick Hallinan

Patrick Hallinan, Executive Vice President & Chief Financial Officer

Report of Independent Registered Public Accounting Firm

To the Shareowners and the Board of Directors of Stanley Black & Decker, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Stanley Black & Decker, Inc. (the Company) as of December 30, 2023 and December 31, 2022, the related consolidated statements of operations, comprehensive (loss) income, shareowners' equity and cash flows for each of the three years in the period ended December 30, 2023, and the related notes and the financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 30, 2023 and December 31, 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 30, 2023, in conformity with U.S. generally accepted accounting principles.

We also have 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 December 30, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 27, 2024 expressed an unqualified opinion thereon.

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 the critical audit matter does not alter in any way our opinion on the consolidated 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 account or disclosure to which it relates.

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Uncertain Tax Positions

Description of the Matter

As described in Notes A and Q, the Company conducts business globally and, as a result, files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. In the normal course, the Company is subject to examinations by taxing authorities throughout the world. Uncertainty in a tax position may arise as tax laws are subject to interpretation. At December 30, 2023, the Company has recorded approximately $481 million relating to uncertain tax positions.

The Company records uncertain tax positions in accordance with ASC 740, which requires a two-step process. First, management determines whether it is more likely than not that a tax position will be sustained based on the technical merits of the position and second, for those tax positions that meet the more likely than not threshold, management recognizes the largest amount of the tax benefit that is greater than 50 percent likely to be realized upon ultimate settlement with the related taxing authority. The Company then evaluates uncertain tax positions in subsequent periods for recognition, de-recognition or re-measurement if changes have occurred, or when effective settlement or expiration of the statute of limitations occurs. Auditing the uncertain tax positions is complex because of the judgmental nature of the tax accruals and various other tax return positions that might not be sustained upon review by taxing authorities. The Company files tax returns in multiple jurisdictions and is subject to examination by taxing authorities throughout the world due to its complex global footprint.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls related to the recognition, measurement and the evaluation of changes in uncertain tax positions. This included testing controls over management's review of the tax positions, their evaluation of whether they met the measurement threshold and then recalculating the amounts recognized in the consolidated financial statements.

Our audit procedures to test the Company's uncertain tax positions included, among others, involvement of our tax professionals, including transfer pricing professionals. This included evaluating tax opinions and third-party transfer pricing studies obtained by the Company and assessing the Company's correspondence with the relevant tax authorities. We analyzed the Company's assumptions and data used to determine the amount of tax benefit to recognize and tested the accuracy of the calculations. Our testing also included the evaluation of the ongoing positions and consideration of changes, the recording of penalties and interest and the ultimate settlement and payment of certain tax matters.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1932.
Hartford, Connecticut
February 27, 2024

Report of Independent Registered Public Accounting Firm

To the Shareowners and the Board of Directors of Stanley Black & Decker, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Stanley Black & Decker, Inc.'s internal control over financial reporting as of December 30, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Stanley Black & Decker (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 30, 2023, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 30, 2023 and December 31, 2022, the related consolidated statements of operations, comprehensive (loss) income, shareowners' equity and cash flows for each of the three years in the period ended December 30, 2023, and the related notes and schedule listed in the Index at Item 15(a) and our report dated February 27, 2024 expressed an unqualified opinion thereon.

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/ Ernst & Young LLP
Hartford, Connecticut
February 27, 2024

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Consolidated Statements of Operations
Fiscal years ended December 30, 2023, December 31, 2022, and January 1, 2022
(Millions of Dollars, Except Per Share Amounts)

	2023	2022	2021
Net Sales	**$ 15,781.1**	$ 16,947.4	$ 15,281.3
Costs and Expenses			
Cost of sales	**$ 11,848.5**	$ 12,663.3	$ 10,189.1
Selling, general and administrative	**3,282.0**	3,355.7	3,193.1
Provision for credit losses	**8.7**	14.3	—
Other, net	**320.1**	274.8	189.5
Loss on sales of businesses	**10.8**	8.4	0.6
Restructuring charges	**39.4**	140.8	14.5
Gain on equity method investment	**—**	—	(68.0)
Asset impairment charges	**274.8**	168.4	—
Interest income	**(186.9)**	(54.7)	(9.8)
Interest expense	**559.4**	338.5	185.4
	$ 16,156.8	$ 16,909.5	$ 13,694.4
(Loss) earnings from continuing operations before income taxes and equity interest	**(375.7)**	37.9	1,586.9
Income taxes on continuing operations	**(94.0)**	(132.4)	55.1
Net (loss) earnings from continuing operations before equity interest	**(281.7)**	170.3	1,531.8
Share of net earnings of equity method investment	**—**	—	19.0
Net (loss) earnings from continuing operations	**(281.7)**	170.3	1,550.8
Less: Net earnings (losses) attributable to non-controlling interests	**—**	0.2	(1.7)
Net (loss) earnings from continuing operations attributable to Stanley Black & Decker, Inc.	**$ (281.7)**	$ 170.1	$ 1,552.5
Less: Preferred stock dividends and beneficial conversion feature	**—**	5.8	14.2
Net (Loss) Earnings from Continuing Operations Attributable to Common Shareowners	**$ (281.7)**	$ 164.3	$ 1,538.3
Add: Contract adjustment payments accretion	**—**	1.2	1.3
Net (Loss) Earnings from Continuing Operations Attributable to Common Shareowners - Diluted	**$ (281.7)**	$ 165.5	$ 1,539.6
(Loss) earnings from discontinued operations before income taxes (including 2023 pre-tax loss on Security sale of $14.3 million and 2022 pre-tax gain on Security sale of $1,197.4 million)	**(14.3)**	1,210.9	124.3
Income taxes on discontinued operations (including 2023 income taxes of $14.5 million for loss on Security sale and 2022 income taxes of $312.5 million for gain on Security sale)	**14.5**	318.5	(12.4)
Net (loss) earnings from discontinued operations	**$ (28.8)**	$ 892.4	$ 136.7
Net (Loss) Earnings Attributable to Common Shareowners - Diluted	**$ (310.5)**	$ 1,057.9	$ 1,676.3
Net (Loss) Earnings Attributable to Stanley Black & Decker, Inc.	**$ (310.5)**	$ 1,062.5	$ 1,689.2
Basic (loss) earnings per share of common stock:			
Continuing operations	**$ (1.88)**	$ 1.11	$ 9.69
Discontinued operations	**$ (0.19)**	$ 6.02	$ 0.86
Total basic (loss) earnings per share of common stock	**$ (2.07)**	$ 7.13	$ 10.55
Diluted (loss) earnings per share of common stock:			
Continuing operations	**$ (1.88)**	$ 1.06	$ 9.33
Discontinued operations	**$ (0.19)**	$ 5.70	$ 0.83
Total diluted (loss) earnings per share of common stock	**$ (2.07)**	$ 6.76	$ 10.16

See Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive (Loss) Income
Fiscal years ended December 30, 2023, December 31, 2022, and January 1, 2022
(Millions of Dollars)

	2023	2022	2021
Net (Loss) Earnings from Continuing Operations Attributable to Common Shareowners	**$ (281.7)**	$ 164.3	$ 1,538.3
Net (loss) earnings from discontinued operations	**(28.8)**	892.4	136.7
	$ (310.5)	$ 1,056.7	$ 1,675.0
Other comprehensive income (loss):			
Currency translation adjustment and other	**75.1**	(364.4)	(307.7)
Gains on cash flow hedges, net of tax	**2.0**	5.3	53.2
(Losses) gains on net investment hedges, net of tax	**(8.9)**	2.0	(1.0)
Pension (losses) gains, net of tax	**(17.8)**	83.2	123.6
Other comprehensive income (loss)	**$ 50.4**	$ (273.9)	$ (131.9)
Comprehensive (loss) income attributable to common shareowners	**$ (260.1)**	$ 782.8	$ 1,543.1

See Notes to Consolidated Financial Statements.

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Consolidated Balance Sheets
December 30, 2023 and December 31, 2022
(Millions of Dollars, Except Share and Per Share Amounts)

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	$ 449.4	$ 395.6
Accounts and notes receivable, net	1,302.0	1,231.0
Inventories, net	4,738.6	5,861.1
Current assets held for sale	140.8	—
Prepaid expenses	360.5	441.4
Other current assets	26.0	45.6
Total Current Assets	7,017.3	7,974.7
Property, Plant and Equipment, net	2,169.9	2,353.1
Goodwill	7,995.9	8,502.7
Customer Relationships, net	1,445.7	1,821.3
Trade Names, net	2,499.3	2,645.7
Other Intangible Assets, net	4.6	7.8
Long-term assets held for sale	716.8	—
Other Assets	1,814.3	1,658.0
Total Assets	$ 23,663.8	$ 24,963.3
LIABILITIES AND SHAREOWNERS' EQUITY		
Current Liabilities		
Short-term borrowings	$ 1,074.8	$ 2,102.9
Current maturities of long-term debt	1.1	1.2
Accounts payable	2,298.9	2,344.4
Accrued expenses	2,464.3	2,120.7
Current liabilities held for sale	44.1	—
Total Current Liabilities	5,883.2	6,569.2
Long-Term Debt	6,101.0	5,352.9
Deferred Taxes	333.2	709.2
Post-Retirement Benefits	378.4	353.9
Long-term liabilities held for sale	84.8	—
Other Liabilities	1,827.1	2,263.9
Commitments and Contingencies ***(Notes R and S)***		
Shareowners' Equity		
Stanley Black & Decker, Inc. Shareowners' Equity		
Common stock, par value $2.50 per share: Authorized 300,000,000 shares in 2023 and 2022 Issued 176,902,738 shares in 2023 and 2022	442.3	442.3
Retained earnings	8,540.2	9,333.3
Additional paid in capital	5,059.0	5,055.6
Accumulated other comprehensive loss	(2,069.1)	(2,119.5)
	11,972.4	12,711.7
Less: cost of common stock in treasury (23,282,650 shares in 2023 and 23,919,208 shares in 2022)	(2,916.3)	(2,999.6)
Stanley Black & Decker, Inc. Shareowners' Equity	9,056.1	9,712.1
Non-controlling interests	—	2.1
Total Shareowners' Equity	9,056.1	9,714.2
Total Liabilities and Shareowners' Equity	$ 23,663.8	$ 24,963.3

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows
Fiscal years ended December 30, 2023, December 31, 2022, and January 1, 2022
(Millions of Dollars)

	2023	2022	2021
Operating Activities:			
Net (loss) earnings	**$ (310.5)**	$ 1,062.7	$ 1,687.5
Adjustments to reconcile net (loss) earnings to net cash provided by (used in) operating activities:			
Depreciation and amortization of property, plant and equipment	**432.4**	369.7	374.0
Amortization of intangibles	**192.7**	202.5	203.1
Inventory step-up amortization	**—**	80.3	20.7
Loss on sales of businesses	**10.8**	8.4	0.6
Gain on equity method investment	**—**	—	(68.0)
Loss (gain) on sale of discontinued operations	**14.3**	(1,197.4)	—
Asset impairment charges	**274.8**	168.4	—
Craftsman contingent consideration remeasurement from MTD acquisition	**—**	—	101.1
Stock-based compensation expense	**83.8**	90.7	118.3
Provision for credit losses	**8.7**	30.0	18.7
Share of net earnings of equity method investment	**—**	—	(19.0)
Deferred tax benefit	**(424.3)**	(271.7)	(386.9)
Other non-cash items	**154.5**	72.1	27.7
Changes in operating assets and liabilities:			
Accounts receivable	**(117.0)**	109.0	(280.6)
Inventories	**906.6**	(792.4)	(1,970.4)
Accounts payable	**(23.0)**	(991.4)	758.3
Deferred revenue	**2.4**	(29.9)	1.9
Other current assets	**115.6**	15.6	(166.8)
Other long-term assets	**(175.7)**	(351.3)	(438.8)
Accrued expenses	**(25.6)**	(176.3)	444.0
Defined benefit liabilities	**(42.2)**	(31.9)	(40.0)
Other long-term liabilities	**113.0**	173.4	277.7
Net cash provided by (used in) operating activities	**1,191.3**	(1,459.5)	663.1
Investing Activities:			
Capital and software expenditures	**(338.7)**	(530.4)	(519.1)
Sales of assets	**15.1**	41.7	8.4
Business acquisitions, net of cash acquired	**—**	(71.9)	(2,043.8)
Sales of businesses, net of cash sold	**(5.7)**	4,147.1	5.3
Net investment hedge settlements	**—**	10.6	(55.1)
Other	**1.6**	(24.5)	(19.5)
Net cash (used in) provided by investing activities	**(327.7)**	3,572.6	(2,623.8)
Financing Activities:			
Payments on long-term debt	**—**	—	(1.5)
Proceeds from debt issuances, net of fees	**745.3**	992.6	—
Net short-term commercial paper (repayments) borrowings	**(1,044.7)**	(138.1)	2,224.6
Stock purchase contract fees	**—**	(39.4)	(39.4)
Credit facility borrowings	**—**	2,500.0	—
Credit facility repayments	**—**	(2,500.0)	—
Purchases of common stock for treasury	**(16.1)**	(2,323.0)	(34.3)
Proceeds from issuance of remarketed preferred stock	**—**	750.0	—
Redemption and conversion of preferred stock	**—**	(750.0)	(750.0)
Proceeds from issuances of common stock	**19.0**	38.7	131.4
Craftsman contingent consideration payments	**(18.0)**	(41.3)	(29.3)
Termination of interest rate swaps	**—**	22.7	(75.3)
Cash dividends on common stock	**(482.6)**	(465.8)	(474.8)
Cash dividends on preferred stock	**—**	(5.8)	(18.9)
Other	**(18.9)**	(11.7)	(13.8)

Net cash (used in) provided by financing activities	**(816.0)**	(1,971.1)	918.7
Effect of exchange rate changes on cash and cash equivalents	**2.1**	(31.9)	(61.5)
Change in cash, cash equivalents and restricted cash	**49.7**	110.1	(1,103.5)
Cash, cash equivalents and restricted cash, beginning of year	**404.9**	294.8	1,398.3
Cash, cash equivalents and restricted cash, end of year	**$ 454.6**	$ 404.9	$ 294.8

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The following table provides a reconciliation of the cash, cash equivalents and restricted cash balances as of December 30, 2023 and December 31, 2022, as shown above:

	December 30, 2023	December 31, 2022
Cash and cash equivalents	**$ 449.4**	$ 395.6
Restricted cash included in Other current assets	**4.6**	9.3
Cash and cash equivalents included in Current assets held for sale	**0.6**	—
Cash, cash equivalents and restricted cash	**$ 454.6**	$ 404.9

See Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Shareowners' Equity
Fiscal years ended December 30, 2023, December 31, 2022, and January 1, 2022
(Millions of Dollars, Except Share and Per Share Amounts)

	Preferred Stock	Common Stock	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Non-Controlling Interests	Shareowners' Equity
Balance January 2, 2021	**$ 1,370.3**	**$ 442.3**	**$ 4,967.8**	**$ 7,542.2**	**$ (1,713.7)**	**$(1,549.3)**	**$ 6.8**	**$ 11,066.4**
Net earnings				1,689.2			(1.7)	1,687.5
Other comprehensive loss					(131.9)			(131.9)
Cash dividends declared — $2.98 per common share				(474.8)				(474.8)
Cash dividends declared — $50.00 per annum per preferred share				(14.2)				(14.2)
Issuance of common stock (1,636,532 shares)			(19.0)			150.4		131.4
Repurchase of common stock (529,073 shares)			72.2			(106.5)		(34.3)
Redemption and conversion of preferred stock (1,469,055 shares)	(750.0)		(137.3)			137.3		(750.0)
Non-controlling interest buyout			(2.8)				(3.2)	(6.0)
Stock-based compensation related			118.3					118.3
Balance January 1, 2022	**$ 620.3**	**$ 442.3**	**$ 4,999.2**	**$ 8,742.4**	**$ (1,845.6)**	**$(1,368.1)**	**$ 1.9**	**$ 11,592.4**
Net earnings				1,062.5			0.2	1,062.7
Other comprehensive loss					(273.9)			(273.9)
Cash dividends declared — $3.18 per common share				(465.8)				(465.8)
Cash dividends declared — $75.00 per annum per preferred share				(5.8)				(5.8)
Issuance of common stock (988,474 shares)			(76.9)			115.6		38.7
Repurchase of common stock (16,057,220 shares)						(2,323.0)		(2,323.0)
Conversion of original Series D Preferred Stock (4,723,500 shares)	(620.3)		42.6			575.9		(1.8)
Issuance of Remarketed Series D Preferred Stock (750,000 shares)	750.0							750.0
Redemption of Remarketed Series D Preferred Stock (750,000 shares)	(750.0)							(750.0)
Stock-based compensation related			90.7					90.7
Balance December 31, 2022	**$ —**	**$ 442.3**	**$ 5,055.6**	**$ 9,333.3**	**$ (2,119.5)**	**$(2,999.6)**	**$ 2.1**	**$ 9,714.2**
Net loss				(310.5)			—	(310.5)
Other comprehensive income					50.4			50.4
Cash dividends declared — $3.22 per common share				(482.6)				(482.6)
Issuance of common stock (817,110 shares)			(80.4)			99.4		19.0
Repurchase of common stock (180,552 shares)						(16.1)		(16.1)
Non-controlling interest liquidation							(2.1)	(2.1)
Stock-based compensation related			83.8					83.8
Balance December 30, 2023	**$ —**	**$ 442.3**	**$ 5,059.0**	**$ 8,540.2**	**$ (2,069.1)**	**$(2,916.3)**	**$ —**	**$ 9,056.1**

See Notes to Consolidated Financial Statements.

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A. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION — The Consolidated Financial Statements include the accounts of Stanley Black & Decker, Inc. and its majority-owned subsidiaries (collectively the "Company") which require consolidation, after the elimination of intercompany accounts and transactions. The Company's fiscal year ends on the Saturday nearest to December 31. There were 52 weeks in fiscal years 2023, 2022 and 2021.

On December 15, 2023, the Company announced that it had entered into a definitive agreement for the sale of the Infrastructure business. Based on management's commitment to sell this business, the assets and liabilities related to Infrastructure were classified as held for sale on the Company's Consolidated Balance Sheet as of December 30, 2023. There were no assets or liabilities held for sale relating to Infrastructure as of December 31, 2022. This pending divestiture does not qualify for discontinued operations and therefore, its results are included in the Company's continuing operations for all periods presented.

On August 19, 2022, the Company completed the sale of its Oil & Gas business. This divestiture did not qualify for discontinued operations, and therefore, the results of the Oil & Gas business were included in the Company's continuing operations for all periods presented through the date of sale.

On July 22, 2022, the Company completed the sale of its Convergent Security Solutions ("CSS") business comprised of the commercial electronic security and healthcare businesses. On July 5, 2022, the Company completed the sale of its Mechanical Access Solutions ("MAS") business, the automatic doors business. The CSS and MAS divestitures represented a single plan to exit the Security segment and were considered a strategic shift that had a major effect on the Company's operations and financial results. As a result, the operating results of CSS and MAS were reported as discontinued operations in the consolidated financial statements through their respective dates of sale.

The divestitures above are part of the Company's strategic commitment to simplify and streamline its portfolio to focus on the core Tools & Outdoor and Industrial businesses. Refer to *Note T, Divestitures*, for further discussion on these transactions.

In December 2021, the Company acquired the remaining 80 percent ownership stake in MTD Holdings Inc. ("MTD"), a privately held global manufacturer of outdoor power equipment. The Company previously acquired a 20 percent interest in MTD in January 2019. Prior to closing on the remaining 80 percent ownership stake, the Company applied the equity method of accounting to the 20% investment in MTD. In November 2021, the Company acquired Excel Industries ("Excel"), a leading designer and manufacturer of premium commercial and residential turf-care equipment. These acquisitions were accounted for as business combinations using the acquisition method of accounting and the results subsequent to the dates of acquisition are included in the Company's Tools & Outdoor segment.

Refer to *Note E, Acquisitions*, for further discussion on these transactions.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements. While management believes that the estimates and assumptions used in the preparation of the financial statements are appropriate, actual results could differ from these estimates. Certain amounts reported in previous years have been reclassified to conform to the 2023 presentation.

FOREIGN CURRENCY — For foreign operations with functional currencies other than the U.S. dollar, asset and liability accounts are translated at current exchange rates, while income and expenses are translated using average exchange rates. Translation adjustments are reported in a separate component of shareowners' equity and exchange gains and losses on transactions are included in earnings.

CASH EQUIVALENTS — Highly liquid investments with original maturities of three months or less are considered cash equivalents.

ACCOUNTS AND FINANCING RECEIVABLE — Trade receivables are stated at gross invoice amounts less discounts, other allowances and provisions for credit losses. Financing receivables are initially recorded at fair value, less impairments or provisions for credit losses. Interest income earned from financing receivables that are not delinquent is recorded on the effective interest method. The Company considers any financing receivable that has not been collected within 90 days of original billing date as past-due or delinquent. The Company's payment terms are generally consistent with the industries in which its businesses operate and typically range from 30-90 days globally. Additionally, the Company considers the credit

quality of all past-due or delinquent financing receivables as nonperforming. The Company does not adjust the promised amount of consideration for the effects of a significant financing component when the period between transfer of the product and receipt of payment is less than one year. Any significant financing components for contracts greater than one year are included in revenue over time.

ALLOWANCE FOR CREDIT LOSSES — The Company maintains an allowance for credit losses, which represents an estimate of expected losses over the remaining contractual life of its receivables. The allowance is determined using two methods. The amounts calculated from each of these methods are combined to determine the total amount reserved. First, a specific reserve is established for individual accounts where information indicates the customers may have an inability to meet financial obligations. Second, a reserve is determined for all customers based on a range of percentages applied to aging categories. These percentages are based on historical collection rates, write-off experience, and forecasts of future economic conditions. Actual write-offs are charged against the allowance when collection efforts have been unsuccessful.

INVENTORIES — U.S. inventories are primarily valued at the lower of Last-In, First-Out ("LIFO") cost or market because the Company believes it results in better matching of costs and revenues. Other inventories are primarily valued at the lower of First-In, First-Out ("FIFO") cost and net realizable value because LIFO is not permitted for statutory reporting outside the U.S. Refer to *Note C, Inventories, Net,* for a quantification of the LIFO impact on inventory valuation.

PROPERTY, PLANT AND EQUIPMENT — The Company generally values property, plant and equipment ("PP&E"), including capitalized software, at historical cost less accumulated depreciation and amortization. Costs related to maintenance and repairs which do not prolong the asset's useful life are expensed as incurred. Depreciation and amortization are provided using straight-line methods over the estimated useful lives of the assets as follows:

	Useful Life (Years)
Land improvements	10 — 20
Buildings	40
Machinery and equipment	3 — 15
Computer software	3 — 7

Leasehold improvements are depreciated over the shorter of the estimated useful life or the term of the lease.

The Company reports depreciation and amortization of property, plant and equipment in cost of sales and selling, general and administrative expenses based on the nature of the underlying assets. Depreciation and amortization related to the production of inventory and delivery of services are recorded in cost of sales. Depreciation and amortization related to distribution center activities, selling and support functions are reported in selling, general and administrative expenses.

The Company assesses its long-lived assets for impairment when indicators that the carrying amounts may not be recoverable are present. In assessing long-lived assets for impairment, the Company groups its long-lived assets with other assets and liabilities at the lowest level for which identifiable cash flows are generated ("asset group") and estimates the undiscounted future cash flows that are directly associated with, and expected to be generated from, the use of and eventual disposition of the asset group. If the carrying value is greater than the undiscounted cash flows, an impairment loss must be determined and the asset group is written down to fair value. The impairment loss is quantified by comparing the carrying amount of the asset group to the estimated fair value, which is generally determined using weighted-average discounted cash flows that consider various possible outcomes for the disposition of the asset group.

GOODWILL AND INTANGIBLE ASSETS — Goodwill represents costs in excess of values assigned to the underlying net assets of acquired businesses. Intangible assets acquired are recorded at estimated fair value. Goodwill and intangible assets deemed to have indefinite lives are not amortized, but are tested for impairment annually during the third quarter, and at any time when events suggest an impairment more likely than not has occurred.

To assess goodwill for impairment, the Company, depending on relevant facts and circumstances, performs either a qualitative assessment or a quantitative analysis utilizing a discounted cash flow valuation model. In performing a qualitative assessment, the Company first assesses relevant factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform a quantitative goodwill impairment test. The Company identifies and considers the significance of relevant key factors, events, and circumstances that could affect the fair value of each reporting unit. These factors include external factors such as macroeconomic, industry, and market conditions, as well as entity-specific factors, such as actual and planned financial performance. The Company also considers changes in each reporting unit's fair value and carrying amount since the most recent date a fair value measurement was performed. In performing a quantitative analysis, the Company determines the fair value of a reporting unit using management's assumptions about future cash flows based on long-range strategic plans. This approach incorporates many

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assumptions including discount rates, future growth rates and expected profitability. In the event the carrying amount of a reporting unit exceeded its fair value, an impairment loss would be recognized.

Indefinite-lived intangible assets are tested for impairment utilizing either a qualitative assessment or a quantitative analysis. For a qualitative assessment, the Company identifies and considers relevant key factors, events, and circumstances to determine whether it is necessary to perform a quantitative impairment test. The key factors considered include macroeconomic, industry, and market conditions, as well as the asset's actual and forecasted results. For the quantitative impairment tests, the Company compares the carrying amounts to the current fair market values, usually determined by the estimated royalty savings attributable to owning the intangible assets.

Intangible assets with definite lives are amortized over their estimated useful lives to reflect the pattern over which the economic benefits of the intangible assets are consumed. Definite-lived intangible assets are also evaluated for impairment when impairment indicators are present. If the carrying amount exceeds the total undiscounted future cash flows, a discounted cash flow analysis is performed to determine the fair value of the asset. If the carrying amount of the asset was to exceed the fair value, it would be written down to fair value.

Refer to *Note F, Goodwill And Intangible Assets,* for further discussion of the goodwill impacts relating to the 2023 impairment charges for the pending divestiture of the Infrastructure business and the Irwin and Troy-Bilt trade names, as well as the 2022 impairment charge relating to the Oil & Gas business.

FINANCIAL INSTRUMENTS — Derivative financial instruments are employed to manage risks, including foreign currency, interest rate exposures and commodity prices and are not used for trading or speculative purposes. As part of the Company's risk management program, a variety of financial instruments such as interest rate swaps, currency swaps, purchased currency options, foreign exchange contracts and commodity contracts, may be used to mitigate interest rate exposure, foreign currency exposure and commodity price exposure. The Company recognizes all derivative instruments on the balance sheet at fair value.

Changes in the fair value of derivatives are recognized periodically either in earnings or in shareowners' equity as a component of other comprehensive income (loss) ("OCI"), depending on whether the derivative financial instrument is undesignated or qualifies for hedge accounting, and if so, whether it represents a fair value, cash flow, or net investment hedge. Changes in the fair value of derivatives accounted for as fair value hedges are recorded in earnings in the same caption as the changes in the fair value of the hedged items. Gains and losses on derivatives designated as cash flow hedges, to the extent they are included in the assessment of effectiveness, are recorded in OCI and subsequently reclassified to earnings to offset the impact of the hedged items when they occur. In the event it becomes probable the forecasted transaction to which a cash flow hedge relates will not occur, the derivative would be terminated and the amount in accumulated other comprehensive income (loss) would be recognized in earnings. Changes in the fair value of derivatives that are designated and qualify as a hedge of the net investment in foreign operations, to the extent they are included in the assessment of effectiveness, are reported in OCI and are deferred until disposal of the underlying assets. Gains and losses representing components excluded from the assessment of effectiveness for cash flow and fair value hedges are recognized in earnings on a straight-line basis in the same caption as the hedged item over the term of the hedge. Gains and losses representing components excluded from the assessment of effectiveness for net investment hedges are recognized in earnings on a straight-line basis in Other, net over the term of the hedge.

The net interest paid or received on interest rate swaps is recognized as interest expense. Gains and losses resulting from the early termination of interest rate swap agreements are deferred and amortized as adjustments to interest expense over the remaining period of the debt originally covered by the terminated swap.

Changes in the fair value of derivatives not designated as hedges are reported in Other, net in the Consolidated Statements of Operations. Refer to *Note I, Financial Instruments*, for further discussion.

REVENUE RECOGNITION — The Company's revenues result from the sale of goods or services and reflect the consideration to which the Company expects to be entitled. The Company records revenue based on a five-step model in accordance with ASC 606, *Revenue from Contracts with Customers* ("ASC 606"). For its contracts with customers, the Company identifies the performance obligations (goods or services), determines the transaction price, allocates the contract transaction price to the performance obligations, and recognizes the revenue when (or as) the performance obligation is transferred to the customer. A good or service is transferred when (or as) the customer obtains control of that good or service. The majority of the Company's revenues are recorded at a point in time from the sale of tangible products.

A portion of the Company's revenues within the Oil & Gas business, disposed in the third quarter of 2022, were generated from equipment leased to customers. Customer arrangements were identified as leases if they included a transfer of a tangible asset provided to the customer in exchange for payments typically at fixed rates. Customer leases may have included terms to allow for extension of leases for a short period of time, but typically did not provide for customer termination prior to the initial term.

Some customer leases included terms to allow the customer to purchase the underlying asset, which occurred occasionally, and virtually no customer leases included residual value guarantee clauses. For Oil & Gas leases, underlying assets were assessed for functionality at termination of the lease and, if necessary, an impairment to the leased asset value was recorded.

Provisions for customer volume rebates, product returns, discounts and allowances are variable consideration and are recorded as a reduction of revenue in the same period the related sales are recorded. Such provisions are calculated using historical averages adjusted for any expected changes due to current business conditions. Consideration given to customers for cooperative advertising is recognized as a reduction of revenue except to the extent that there is a distinct good or service and evidence of the fair value of the advertising, in which case the expense is classified as selling, general, and administrative expense.

The Company's revenues can be generated from contracts with multiple performance obligations. When a contract involves multiple performance obligations, each obligation is separately identified and the transaction price is allocated based on the amount of consideration the Company expects to be entitled to in exchange for transferring the promised good or service to the customer.

For performance obligations that the Company satisfies over time, revenue is recognized by consistently applying a method of measuring progress toward complete satisfaction of that performance obligation. The Company utilizes the method that most accurately depicts the progress toward completion of the performance obligation.

The Company utilized the output method for contract sales in the Oil & Gas business. The output method recognizes revenue based on direct measurements of the customer value of the goods or services transferred to date relative to the remaining goods or services promised under the contract. The output method includes methods such as surveys of performance completed to date, appraisals of results achieved, milestones reached, time elapsed, and units produced or units delivered. The Company sold the Oil & Gas business in the third quarter of 2022. Refer to *Note T, Divestitures*, for further discussion.

Contract assets or liabilities result from transactions with revenue recorded over time. If the measure of remaining rights exceeds the measure of the remaining performance obligations, the Company records a contract asset. Conversely, if the measure of the remaining performance obligations exceeds the measure of the remaining rights, the Company records a contract liability.

Incremental costs of obtaining or fulfilling a contract with a customer that are expected to be recovered are recognized and classified in Other current assets or Other assets in the Consolidated Balance Sheets and are typically amortized over the contract period. The Company recognizes the incremental costs of obtaining or fulfilling a contract as expense when incurred if the amortization period of the asset is one year or less.

Customer billings for services not yet rendered are deferred and recognized as revenue as the services are rendered. The associated deferred revenue is included in Accrued expenses or Other liabilities, as appropriate, in the Consolidated Balance Sheets.

Refer to *Note B, Accounts and Notes Receivable, Net,* for further discussion.

COST OF SALES AND SELLING, GENERAL & ADMINISTRATIVE — Cost of sales includes the cost of products and services provided, reflecting costs of manufacturing and preparing the product for sale. These costs include expenses to acquire and manufacture products to the point that they are allocable to be sold to customers and costs to perform services pertaining to service revenues. Cost of sales is primarily comprised of freight, direct materials, direct labor as well as overhead which includes indirect labor and facility and equipment costs. Cost of sales also includes quality control, procurement and material receiving costs as well as internal transfer costs. Selling, general & administrative costs ("SG&A") include the cost of selling products as well as administrative function costs. These expenses generally represent the cost of selling and distributing the products once they are available for sale and primarily include salaries and commissions of the Company's sales force, distribution costs, notably salaries and facility costs, as well as administrative expenses for certain support functions and related overhead.

ADVERTISING COSTS — Television advertising is expensed the first time the advertisement airs, whereas other advertising is expensed as incurred. Advertising costs are classified in SG&A and amounted to $110.5 million in 2023, $118.9 million in 2022 and $98.6 million in 2021. Expense pertaining to cooperative advertising with customers reported as a reduction of Net Sales was $325.1 million in 2023, $358.1 million in 2022 and $374.1 million in 2021. Cooperative advertising with customers classified as SG&A expense amounted to $27.8 million in 2023, $31.8 million in 2022 and $19.5 million in 2021.

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SALES TAXES — Sales and value added taxes collected from customers and remitted to governmental authorities are excluded from Net Sales reported in the Consolidated Statements of Operations.

SHIPPING AND HANDLING COSTS — The Company generally does not bill customers for freight. Shipping and handling costs associated with inbound and outbound freight are reported in Cost of sales. Other distribution costs, primarily relating to salary and facility costs, are classified in SG&A and amounted to $521.7 million, $498.7 million and $416.1 million in 2023, 2022 and 2021, respectively.

STOCK-BASED COMPENSATION — Compensation cost relating to stock-based compensation grants is recognized on a straight-line basis over the vesting period, which is generally three or four years. The expense for stock options and restricted stock units awarded to retirement-eligible employees (those aged 55 and over, and with 10 or more years of service) is recognized on the grant date, or (if later) by the date they become retirement-eligible.

POSTRETIREMENT DEFINED BENEFIT PLANS — The Company uses the corridor approach to determine expense recognition for each defined benefit pension and other postretirement plan. The corridor approach defers actuarial gains and losses resulting from variances between actual and expected results (based on economic estimates or actuarial assumptions) and amortizes them over future periods. For pension plans, these unrecognized gains and losses are amortized when the net gains and losses exceed 10% of the greater of the market-related value of plan assets or the projected benefit obligation at the beginning of the year. For other postretirement benefits, amortization occurs when the net gains and losses exceed 10% of the accumulated postretirement benefit obligation at the beginning of the year. For ongoing, active plans, the amount in excess of the corridor is amortized on a straight-line basis over the average remaining service period for active plan participants. For plans with primarily inactive participants, the amount in excess of the corridor is amortized on a straight-line basis over the average remaining life expectancy of inactive plan participants.

INCOME TAXES — The Company accounts for income taxes under the asset and liability method in accordance with ASC 740, *Income Taxes*, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Deferred tax assets and liabilities are determined based on the differences between the financial statements and tax basis of assets and liabilities using the enacted tax rates in effect for the year in which the differences are expected to reverse. Any changes in tax rates on deferred tax assets and liabilities are recognized in earnings in the period that includes the enactment date. The Company recognizes the tax on global intangible low-taxed income as a period expense in the period the tax is incurred.

The Company records net deferred tax assets to the extent that it is more likely than not that these assets will be realized. In making this determination, management considers all available positive and negative evidence, including future reversals of existing temporary differences, estimates of future taxable income, tax-planning strategies, and the realizability of net operating loss carryforwards. In the event that it is determined that an asset is not more likely than not to be realized, a valuation allowance is recorded against the asset. Valuation allowances related to deferred tax assets can be impacted by changes to tax laws, changes to statutory tax rates and future taxable income levels. In the event the Company were to determine that it would not be able to realize all or a portion of its deferred tax assets in the future, the unrealizable amount would be charged to earnings in the period in which that determination is made. Conversely, if the Company were to determine that it would be able to realize deferred tax assets in the future in excess of the net carrying amounts, it would decrease the recorded valuation allowance through a favorable adjustment to earnings in the period that the determination was made. The Company records uncertain tax positions in accordance with ASC 740, which requires a two-step process. First, management determines whether it is more likely than not that a tax position will be sustained based on the technical merits of the position and second, for those tax positions that meet the more likely than not threshold, management recognizes the largest amount of the tax benefit that is greater than 50 percent likely to be realized upon ultimate settlement with the related taxing authority. The Company maintains an accounting policy of recording interest and penalties on uncertain tax positions as a component of Income taxes in the Consolidated Statements of Operations.

The Company is subject to income tax in a number of locations, including U.S. federal, state and foreign jurisdictions. Significant judgment is required when calculating the worldwide provision for income taxes. Many factors are considered when evaluating and estimating the Company's tax positions and tax benefits, which may require periodic adjustments, and which may not accurately anticipate actual outcomes. It is reasonably possible that the amount of the unrecognized benefit with respect to certain of the Company's unrecognized tax positions will significantly increase or decrease within the next twelve months. These changes may be the result of settlements of ongoing audits, litigation, or other proceedings with taxing authorities. The Company periodically assesses its liabilities and contingencies for all tax years still subject to audit based on the most current available information, which involves inherent uncertainty.

Refer to *Note Q, Income Taxes,* for further discussion.

EARNINGS PER SHARE — Basic earnings per share equals net earnings attributable to common shareowners divided by weighted-average shares outstanding during the year. Diluted earnings per share include the impact of common stock equivalents using the treasury stock method or the if-converted method, as applicable, when the effect is dilutive.

NEW ACCOUNTING STANDARDS ADOPTED — In September 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2022-04, *Liabilities—Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations*. The new standard requires that a buyer in a supplier finance program disclose sufficient information about the key terms of the program, the amount of outstanding confirmed obligations at period end, where the obligations are presented in the balance sheet, and a rollforward of the obligations during the annual period. The ASU is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023. Early adoption is permitted. The amendments in this update should be applied retrospectively to all periods in which a balance sheet is presented, except for the rollforward requirement, which is applied prospectively. The Company adopted this standard in the first quarter of 2023, with the exception of the amendment on rollforward information. Refer to *Note R, Commitments and Guarantees*, for further discussion.

In March 2022, the FASB issued ASU 2022-01, *Derivatives and Hedging (Topic 815): Fair Value Hedging—Portfolio Layer Method*. The new standard expands and clarifies the use of the portfolio layer method for fair value hedges of interest rate risk. The new standard allows non-prepayable financial assets to also be included in a closed portfolio which is hedged using the portfolio layer method. The ASU is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The new guidance on hedging multiple layers in a closed portfolio should be applied prospectively and the guidance on the accounting for fair value basis adjustments should be applied on a modified retrospective basis. The Company adopted this standard in the first quarter of 2023 and it did not have a material impact on its consolidated financial statements.

RECENTLY ISSUED ACCOUNTING STANDARDS NOT YET ADOPTED — In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The new standard was issued to improve transparency and decision usefulness of income tax disclosures by providing information that helps investors better understand how an entity's operations, tax risks, tax planning and operational opportunities affect its tax rate and prospects for future cash flows. The amendments in this update primarily relate to requiring greater disaggregated disclosure of information in the rate reconciliation, income taxes paid, income (loss) from continuing operations before income tax expense (benefit), and income tax expense (benefit) from continuing operations. The ASU is effective for fiscal years beginning after December 15, 2024, and early adoption is permitted. The standard can be applied prospectively or retrospectively. The Company is currently evaluating this guidance to determine the impact it may have on its consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. The new standard provides improvements to reportable segment disclosure requirements through amendments that require disclosure of significant segment expenses and other segment items on an interim and annual basis and requires all annual disclosures about a reportable segment's profit or loss and assets to be made on an interim basis. The standard also requires the disclosure of the chief operating decision maker's ("CODM") title and position and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources. The standard also clarifies that if the CODM uses more than one measure in assessing segment performance and deciding how to allocate resources, a company may report the additional segment profit or loss measure(s) and that companies with a single reportable segment must provide all disclosures required by this amendment. The ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The standard should be applied retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating this guidance to determine the impact it may have on its consolidated financial statements.

In June 2022, the FASB issued ASU 2022-03, *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*. The new standard clarifies that a contractual restriction on the sale of an equity security should not be considered in measuring the fair value of the security. The new standard also requires certain disclosures related to equity securities with contractual sale restrictions. The ASU is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The standard should be applied prospectively. The Company is currently evaluating this guidance, but does not expect it to have a material impact on its consolidated financial statements.

B. ACCOUNTS AND NOTES RECEIVABLE, NET

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(Millions of Dollars)	December 30, 2023	December 31, 2022
Trade accounts receivable	$ 1,057.8	$ 1,059.7
Notes receivable	66.9	100.1
Other accounts receivable	253.9	177.8
Accounts and notes receivable	1,378.6	1,337.6
Allowance for credit losses	(76.6)	(106.6)
Accounts and notes receivable, net	$ 1,302.0	$ 1,231.0

Trade receivables are dispersed among a large number of retailers, distributors and industrial accounts in many countries. Adequate reserves have been established to cover anticipated credit losses.

The changes in the allowance for credit losses for the years ended December 30, 2023 and December 31, 2022 are as follows:

(Millions of Dollars)	2023	2022
Balance beginning of period	$ 106.6	$ 95.9
Charged to costs and expenses	8.7	14.3
Other, including recoveries and deductions (a)	(38.7)	(3.6)
Balance end of period	$ 76.6	$ 106.6

(a) Amounts represent charge-offs less recoveries, the impacts of foreign currency translation, divestitures and net transfers to/from other accounts.

The Company has an accounts receivable sale program. According to the terms, the Company sells certain of its trade accounts receivables at fair value to a wholly owned, consolidated, bankruptcy-remote special purpose subsidiary ("BRS"). The BRS, in turn, can sell such receivables to a third-party financial institution ("Purchaser") for cash. The Purchaser's maximum cash investment in the receivables at any time is $110.0 million. The purpose of the program is to provide liquidity to the Company. These transfers qualify as sales under ASC 860, *Transfers and Servicing*, and receivables are derecognized from the Company's Consolidated Balance Sheets when the BRS sells those receivables to the Purchaser. The Company has no retained interests in the transferred receivables, other than collection and administrative responsibilities. At December 30, 2023, the Company did not record a servicing asset or liability related to its retained responsibility based on its assessment of the servicing fee, market values for similar transactions and its cost of servicing the receivables sold.

At December 30, 2023 and December 31, 2022, net receivables of approximately $110.0 million were derecognized. Proceeds from transfers of receivables to the Purchaser totaled $455.7 million and $496.4 million for the years ended December 30, 2023 and December 31, 2022, respectively, and payments to the Purchaser totaled $455.7 million and $486.4 million, respectively. The program resulted in a pre-tax loss of $6.3 million and $4.1 million for the years ended December 30, 2023 and December 31, 2022, respectively, which included service fees of $0.9 million and $0.9 million, respectively. All cash flows under the program are reported as a component of changes in accounts receivable within operating activities in the Consolidated Statements of Cash Flows since all the cash from the Purchaser is received upon the initial sale of the receivable.

As of December 30, 2023 and December 31, 2022, the Company's deferred revenue totaled $116.8 million and $122.9 million, respectively, of which $31.7 million and $29.6 million, respectively, was classified as current. Revenue recognized for the years ended December 30, 2023 and December 31, 2022 that was previously deferred as of December 31, 2022 and January 1, 2022 totaled $27.3 million and $22.9 million, respectively.

C. INVENTORIES, NET

(Millions of Dollars)	December 30, 2023	December 31, 2022
Finished products	**$ 2,912.5**	$ 3,460.8
Work in process	**263.4**	338.7
Raw materials	**1,562.7**	2,061.6
Total	**$ 4,738.6**	$ 5,861.1

Net inventories in the amount of $2.8 billion at December 30, 2023 and $3.4 billion at December 31, 2022 were valued at the lower of LIFO cost or market. If the LIFO method had not been used, inventories would have been higher than reported by $256.1 million at December 30, 2023 and $486.9 million at December 31, 2022.

D. PROPERTY, PLANT AND EQUIPMENT

(Millions of Dollars)	December 30, 2023	December 31, 2022
Land	**$ 135.1**	$ 137.7
Land improvements	**55.0**	59.7
Buildings	**808.6**	793.0
Leasehold improvements	**180.9**	191.7
Machinery and equipment	**3,391.2**	3,394.4
Computer software	**510.4**	501.4
Property, plant & equipment, gross	**$ 5,081.2**	$ 5,077.9
Less: accumulated depreciation and amortization	**(2,911.3)**	(2,724.8)
Property, plant & equipment, net	**$ 2,169.9**	$ 2,353.1

Depreciation and amortization expense associated with property, plant and equipment was as follows:

(Millions of Dollars)	2023	2022	2021
Depreciation	**$ 383.3**	$ 330.4	$ 326.3
Amortization	**49.1**	39.3	47.7
Depreciation and amortization expense	**$ 432.4**	$ 369.7	$ 374.0

The amounts above are inclusive of depreciation and amortization expense for discontinued operations amounting to $0.4 million in 2022 and $23.7 million in 2021.

E. ACQUISITIONS

2021 ACQUISITIONS

MTD

On December 1, 2021, the Company acquired the remaining 80 percent ownership stake in MTD, a privately held global manufacturer of outdoor power equipment, for $1.5 billion, net of cash acquired. The Company previously acquired a 20 percent interest in MTD in January 2019 for $234 million. The Company's pre-existing 20 percent equity investment in MTD was remeasured at fair value of $295.1 million as of the transaction date based on the purchase price for the remaining 80 percent ownership, which was calculated using an EBITDA-based formula. As a result, the Company recorded a $68.0 million gain on investment during the fourth quarter of 2021.

MTD designs, manufactures and distributes lawn tractors, zero turn ride on mowers, walk behind mowers, snow blowers, residential robotic mowers, hand-held outdoor power equipment and garden tools for both residential and professional consumers under well-known brands like CUB CADET® and TROY-BILT®. This combination created a global leader in the outdoor category, with strong brands and growth opportunities. The results of MTD subsequent to the date of acquisition are included in the Company's Tools & Outdoor segment.

The MTD acquisition was accounted for as a business combination using the acquisition method of accounting, which requires, among other things, certain assets acquired and liabilities assumed to be recognized at their fair values as of the acquisition

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date. The following table summarizes the acquisition date value of identifiable net assets acquired and liabilities assumed adjusted for measurement period adjustments:

(Millions of Dollars)		
Cash and cash equivalents	$	111.5
Accounts receivable, net		270.5
Inventories, net		855.7
Prepaid expenses and other assets		56.9
Property, plant and equipment		256.9
Trade names		390.0
Customer relationships		460.0
Other assets		38.5
Accounts payable		(394.6)
Accrued expenses		(201.1)
Deferred revenue		(0.9)
Long-term debt		(110.9)
Deferred taxes		(214.3)
Other liabilities		(68.4)
Total identifiable net assets	$	1,449.8
Goodwill		486.9
Total consideration	$	1,936.7

The weighted-average useful life assigned to the definite-lived intangible assets was 15 years.

Goodwill is calculated as the excess of the consideration transferred over the net assets recognized and represents the expected cost synergies of the combined business and assembled workforce. Goodwill of $0.6 million will be deductible for tax purposes.

Excel

On November 12, 2021, the Company acquired Excel Industries ("Excel") for $373.7 million, net of cash acquired. Excel is a leading designer and manufacturer of premium commercial and residential turf-care equipment under the HUSTLER® brand. Excel was a strategically important bolt-on acquisition as the Company builds an outdoor products leader. The results of Excel subsequent to the date of acquisition are included in the Company's Tools & Outdoor segment.

The Excel acquisition was accounted for as a business combination using the acquisition method of accounting. The acquisition date value of identifiable net assets acquired, which included $31.4 million of working capital, $43.6 million of deferred tax liabilities, and $203.5 million of intangible assets, was $195.5 million. The related goodwill was $178.2 million. The amount allocated to intangible assets included $158.0 million for customer relationships. The weighted-average useful life assigned to the intangible assets was 14 years.

Goodwill is calculated as the excess of the consideration transferred over the net assets recognized and represents the expected cost synergies of the combined business and assembled workforce. Goodwill is not expected to be deductible for tax purposes.

Other 2021 Acquisitions

During 2021, the Company completed two other acquisitions for a total purchase price of $202.7 million, net of cash acquired. The acquisition date value of the identifiable net assets acquired was $43.9 million and working capital was $30.6 million. The related goodwill was $158.8 million. The results of these acquisitions subsequent to the dates of acquisition are included in the Company's Tools & Outdoor segment.

Goodwill is calculated as the excess of the consideration transferred over the net assets recognized and represents the expected cost synergies of the combined business and assembled workforce. Goodwill of $47.9 million related to these acquisitions will be deductible for tax purposes.

ACTUAL AND PRO-FORMA IMPACT FROM ACQUISITIONS

Actual Impact from Acquisitions

The Company did not complete any acquisitions during 2023. As such, there was no impact from new acquisitions on the Company's Consolidated Statements of Operations for the year ended December 30, 2023.

Pro-forma Impact from Acquisitions

The following table presents supplemental pro-forma information as if the 2021 acquisitions had occurred on December 29, 2019. The pro-forma consolidated results are not necessarily indicative of what the Company's consolidated net sales and net earnings would have been had the Company completed the acquisitions on the aforementioned date. In addition, the pro-forma consolidated results do not purport to project the future results of the Company.

(Millions of Dollars, except per share amounts)	2022	2021
Net sales	$ 16,947.4	$ 17,890.8
Net earnings from continuing operations attributable to common shareowners - Diluted	318.3	1,666.0
Diluted earnings per share of common stock - Continuing operations	$ 2.03	$ 10.10

2022 Pro-forma Results

The 2022 pro-forma results were calculated by combining the actual results of Stanley Black & Decker, Inc. for the year ended December 31, 2022, inclusive of the results of MTD and Excel, with the following adjustment:

- Because the 2021 acquisitions were assumed to occur on December 29, 2019, there were no acquisition-related costs or inventory step-up charges factored into the 2022 pro-forma period, as such expenses would have occurred in the first year following the assumed acquisition date.

2021 Pro-forma Results

The 2021 pro-forma results were calculated by combining the results of Stanley Black & Decker, Inc. with the stand-alone results of the 2021 acquisitions for their respective pre-acquisition period. Accordingly, the following adjustments were made:

- Elimination of the historical pre-acquisition intangible asset amortization expense and the addition of intangible asset amortization expense related to intangibles valued as part of the acquisition accounting that would have been incurred from January 2, 2021 to the acquisition dates.

- Because the 2021 acquisitions were assumed to occur on December 29, 2019, there were no acquisition-related costs or inventory step-up charges factored into the 2021 pro-forma year, as such expenses would have occurred in the first year following the assumed acquisition date.

- Because the MTD acquisition was assumed to occur on December 29, 2019, the gain on investment and remeasurement of the Craftsman contingent consideration liability due to additional forecasted Craftsman sales resulting from the acquisition of MTD was not factored into the 2021 pro-forma year, as such gain and expense would have occurred in the first year following the assumed acquisition date.

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F. GOODWILL AND INTANGIBLE ASSETS

GOODWILL — The changes in the carrying amount of goodwill by segment are as follows:

(Millions of Dollars)	Tools & Outdoor	Industrial	Total
Balance January 1, 2022	**$ 5,973.7**	**$ 2,617.0**	**$ 8,590.7**
Acquisitions	90.5	—	90.5
Foreign currency translation and other	(124.5)	(54.0)	(178.5)
Balance December 31, 2022	**$ 5,939.7**	**$ 2,563.0**	**$ 8,502.7**
Reclassification to assets held for sale	—	(540.5)	(540.5)
Foreign currency translation and other	36.6	(2.9)	33.7
Balance December 30, 2023	**$ 5,976.3**	**$ 2,019.6**	**$ 7,995.9**

As previously discussed, in December 2023, the Company entered into an agreement to sell its Infrastructure business. As a result, $540.5 million of goodwill was reclassified to assets held for sale as of December 30, 2023, and was included in the determination of the impairment charge recorded in the fourth quarter of 2023 to adjust the carrying amount of Infrastructure's long-lived assets to its estimated fair value less selling costs. In 2022, $39.0 million of goodwill was allocated to the Oil & Gas business based on the relative fair value of the business disposed, and was included in the determination of the impairment charge recorded relating to the Oil & Gas business. Refer to *Note T, Divestitures*, for further discussion.

As required by the Company's policy, the Company performed its annual goodwill impairment testing in the third quarter of 2023 and determined that the fair values of each of its reporting units exceeded their respective carrying amounts. The Company assessed the fair values of its three reporting units utilizing a discounted cash flow valuation model. The key assumptions used were discount rates and perpetual growth rates applied to cash flow projections. Also inherent in the discounted cash flow valuations were near-term revenue growth rates over the next six years. These assumptions contemplated business, market and overall economic conditions. As previously disclosed in the Company's Form 10-Q for the third quarter of 2023, the fair value of the Engineered Fastening reporting unit exceeded its carrying amount by 16%. In connection with the preparation of the Consolidated Financial Statements for the year ended December 30, 2023, the Company performed an updated impairment analysis with respect to the Engineered Fastening reporting unit, which included approximately $2.020 billion of goodwill at year-end. The key assumptions applied to the updated cash flow projections for the Engineered Fastening reporting unit included a 10.0% discount rate, near-term revenue growth rates over the next six years, which represented a compound annual growth rate of approximately 5%, and a 3% perpetual growth rate. Based on this analysis, it was determined that the fair value of the Engineering Fastening reporting unit exceeded its carrying amount by 22%. The increase in excess fair value is reflective of a slightly more favorable long-term outlook based on 2023 results and a lower carrying value driven by working capital reductions. Management remains confident in the long-term viability and success of the Engineered Fastening reporting unit, particularly given its market position, growth prospects, such as automotive electrification and the aerospace market recovery, and geographies served.

INTANGIBLE ASSETS — Definite-lived intangible assets at December 30, 2023 and December 31, 2022 were as follows:

	2023		2022	
(Millions of Dollars)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized Intangible Assets — Definite-lived				
Patents and copyrights	**$ 26.2**	**$ (26.1)**	$ 25.8	$ (25.6)
Trade names	**223.6**	**(120.7)**	247.7	(118.0)
Customer relationships	**2,578.4**	**(1,132.7)**	2,881.2	(1,059.9)
Other intangible assets	**130.2**	**(125.7)**	129.6	(122.0)
Total	**$ 2,958.4**	**$ (1,405.2)**	$ 3,284.3	$ (1,325.5)

Net intangible assets totaling $214.3 million were reclassified to assets held for sale as of December 30, 2023 related to the pending divestiture of the Infrastructure business.

Indefinite-lived trade names totaled $2.396 billion at December 30, 2023 and $2.516 billion at December 31, 2022. The year-over-year change is primarily due to a $124.0 million pre-tax, non-cash impairment charge, as discussed below, partially offset by currency fluctuations.

As required by the Company's policy, the Company tested its indefinite-lived trade names for impairment during the third quarter of 2023 utilizing a discounted cash flow model. The key assumptions used included discount rates, royalty rates, and perpetual growth rates applied to the projected sales. With the exception of the Irwin and Troy-Bilt trade names discussed below, the Company determined that the fair values of its indefinite-lived trade names exceeded their respective carrying amounts.

During the third quarter of 2023, as a result of new leadership within the Tools & Outdoor segment, the Company reviewed its brand portfolio resulting in a decision to shift prioritization and investment to its major brands, while leveraging certain of its specialty brands in a more focused manner. As a result of this shift in brand prioritization, the Company recognized a $124.0 million pre-tax, non-cash impairment charge related to the Irwin and Troy-Bilt trade names in the third quarter of 2023. Subsequent to this impairment charge, the carrying value of the Irwin and Troy-Bilt trade names totaled $113.0 million. The Company intends to continue utilizing these trade names, which accounted for less than 5% of 2023 net sales for the Tools & Outdoor segment, indefinitely in more focused product categories and end markets.

Intangible assets amortization expense by segment was as follows:

(Millions of Dollars)	2023	2022	2021
Tools & Outdoor	**$ 103.1**	$ 108.1	$ 64.1
Industrial	**89.6**	94.4	99.9
Discontinued Operations	**—**	—	39.1
Consolidated	**$ 192.7**	$ 202.5	$ 203.1

Future amortization expense in each of the next five years amounts to $163.7 million for 2024, $150.2 million for 2025, $142.3 million for 2026, $135.1 million for 2027, $131.3 million for 2028 and $830.6 million thereafter.

G. ACCRUED EXPENSES

(Millions of Dollars)	December 30, 2023	December 31, 2022
Payroll and related taxes	**$ 318.3**	$ 192.0
Income and other taxes	**288.5**	260.7
Customer rebates and sales returns	**411.2**	376.6
Insurance and benefits	**71.8**	95.3
Restructuring costs	**28.9**	62.3
Derivative financial instruments	**17.9**	16.1
Warranty costs	**109.5**	99.8
Deferred revenue	**31.7**	29.6
Freight costs	**107.1**	220.3
Environmental costs	**46.0**	39.4
Current lease liability	**127.7**	114.1
Forward stock purchase contract	**337.4**	—
Accrued interest	**64.0**	49.0
Other	**504.3**	565.5
Total	**$ 2,464.3**	$ 2,120.7

H. LONG-TERM DEBT AND FINANCING ARRANGEMENTS

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(Millions of Dollars)	Interest Rate	Notional Value	Unamortized Discount	Unamortized Gain (Loss) Terminated Swaps[1]	Purchase Accounting FV Adjustment	Deferred Financing Fees	December 30, 2023 Carrying Value	December 31, 2022 Carrying Value
Notes payable due 2025	2.30%	$ 500.0	$ (0.3)	$ —	$ —	$ (1.0)	**$ 498.7**	$ 497.7
Notes payable due 2026	3.40%	500.0	(0.2)	—	—	(0.9)	**498.9**	498.3
Notes payable due 2026	6.27%	350.0	—	—	—	(1.4)	**348.6**	—
Notes payable due 2026	3.42%	25.0	—	—	1.0	—	**26.0**	26.4
Notes payable due 2026	1.84%	27.6	—	—	1.0	(0.1)	**28.5**	28.0
Notes payable due 2028	6.00%	400.0	(0.4)	—	—	(2.1)	**397.5**	—
Notes payable due 2028	7.05%	150.0	—	4.9	4.8	—	**159.7**	161.8
Notes payable due 2028	4.25%	500.0	(0.2)	—	—	(2.1)	**497.7**	497.2
Notes payable due 2028	3.52%	50.0	—	—	3.3	(0.2)	**53.1**	53.7
Notes payable due 2030	2.30%	750.0	(1.5)	—	—	(3.2)	**745.3**	744.5
Notes payable due 2032	3.00%	500.0	(0.8)	—	—	(2.9)	**496.3**	495.9
Notes payable due 2040	5.20%	400.0	(0.2)	(24.6)	—	(2.3)	**372.9**	371.3
Notes payable due 2048	4.85%	500.0	(0.5)	—	—	(4.5)	**495.0**	494.8
Notes payable due 2050	2.75%	750.0	(1.8)	—	—	(7.5)	**740.7**	740.3
Notes payable due 2060 (junior subordinated)	4.00%	750.0	—	—	—	(8.6)	**741.4**	741.2
Other, payable in varying amounts 2024 through 2027	4.10%-4.31%	1.8	—	—	—	—	**1.8**	3.0
Total long-term debt, including current maturities		$ 6,154.4	$ (5.9)	$ (19.7)	$ 10.1	$ (36.8)	**$ 6,102.1**	$ 5,354.1
Less: Current maturities of long-term debt							**(1.1)**	(1.2)
Long-term debt							**$ 6,101.0**	$ 5,352.9

[1] Unamortized gain (loss) associated with interest rate swaps are more fully discussed in *Note I, Financial Instruments.*

As of December 30, 2023, the total aggregate annual principal maturities of long-term debt for the next five years and thereafter are as follows: $1.1 million in 2024, $500.5 million in 2025, $902.8 million in 2026, $1,100.0 million in 2028, and $3,650.0 million thereafter. There are immaterial principal maturities of long-term debt in 2027. These maturities represent the principal amounts to be paid and accordingly exclude the remaining $10.1 million of unamortized fair value adjustments made in acquisition accounting, which increased the Black & Decker note payable due 2028 and MTD notes payable due 2026 and 2028, as well as a net loss of $25.6 million pertaining to unamortized termination gains and losses on interest rate swaps and unamortized discounts on the notes as described in *Note I, Financial Instruments,* and $36.8 million of unamortized deferred financing fees.

In March 2023, the Company issued $350.0 million of senior unsecured term notes maturing March 6, 2026 ("2026 Term Notes") and $400.0 million of senior unsecured term notes maturing March 6, 2028 ("2028 Term Notes"). The 2026 Term Notes accrue interest at a fixed rate of 6.272% per annum and the 2028 Term Notes at a fixed rate of 6.0% per annum, with interest payable semi-annually in arrears, and both notes rank equally in right of payment with all of the Company's existing and future unsecured, unsubordinated debt. The Company received total net proceeds from this offering of $745.3 million, net of $4.7 million of underwriting expenses and other fees associated with the transaction. The Company used the net proceeds from the offering for general corporate purposes, including repayment of indebtedness under the commercial paper program.

In February 2022, the Company issued $500.0 million of senior unsecured term notes maturing February 24, 2025 ("2025 Term Notes") and $500.0 million of senior unsecured term notes maturing May 15, 2032 ("2032 Term Notes"). The 2025 Term Notes accrue interest at a fixed rate of 2.3% per annum and the 2032 Term Notes at a fixed rate of 3.0% per annum, with interest payable semi-annually in arrears, and rank equally in right of payment with all of the Company's existing and future unsecured unsubordinated debt. The Company received total net proceeds from this offering of approximately $992.6 million, net of approximately $7.4 million of underwriting expenses and other fees associated with the transaction. The Company used the net proceeds from the offering for general corporate purposes, including repayment of indebtedness under the commercial paper program.

Commercial Paper and Credit Facilities

The Company has a $3.5 billion commercial paper program which includes Euro denominated borrowings in addition to U.S. Dollars. As of December 30, 2023, the Company had commercial paper borrowings outstanding of $1.1 billion of which $399.7 million in Euro denominated commercial paper was designated as a net investment hedge. Refer to *Note I, Financial Instruments*, for further discussion. As of December 31, 2022, the Company had commercial paper borrowings outstanding of $2.1 billion, which did not include any Euro denominated commercial paper.

The Company has a five-year $2.5 billion committed credit facility (the "5-Year Credit Agreement"). Borrowings under the 5-Year Credit Agreement may be made in U.S. Dollars, Euros or Pounds Sterling. A sub-limit amount of $814.3 million is designated for swing line advances which may be drawn in Euros pursuant to the terms of the 5-Year Credit Agreement. Borrowings bear interest at a floating rate plus an applicable margin dependent upon the denomination of the borrowing and specific terms of the 5-Year Credit Agreement. The Company must repay all advances under the 5-Year Credit Agreement by the earlier of September 8, 2026 or upon termination. The 5-Year Credit Agreement is designated to be a liquidity back-stop for the Company's $3.5 billion U.S. Dollar and Euro commercial paper program. As of December 30, 2023 and December 31, 2022, the Company had not drawn on its five-year committed credit facility.

In September 2023, the Company terminated its $1.5 billion syndicated 364-Day Credit Agreement (the "Syndicated 364-Day Credit Agreement") dated September 2022, as amended. There were no outstanding borrowings under the Syndicated 364-Day Credit Agreement upon termination and as of December 31, 2022. Contemporaneously, the Company entered into a new $1.5 billion syndicated 364-Day Credit Agreement (the "2023 Syndicated 364-Day Credit Agreement") which is a revolving credit loan. The borrowings under the 2023 Syndicated 364-Day Credit Agreement may be made in U.S. Dollars or Euros and bear interest at a floating rate plus an applicable margin dependent upon the denomination of the borrowing and pursuant to the terms of the 2023 Syndicated 364-Day Credit Agreement. The Company must repay all advances under the 2023 Syndicated 364-Day Credit Agreement by the earlier of September 4, 2024 or upon termination. The Company may, however, convert all advances outstanding upon termination into a term loan that shall be repaid in full no later than the first anniversary of the termination date provided that the Company, among other things, pays a fee to the administrative agent for the account of each lender. The 2023 Syndicated 364-Day Credit Agreement serves as part of the liquidity back-stop for the Company's $3.5 billion U.S. Dollar and Euro commercial paper program. As of December 30, 2023, the Company had not drawn on its 2023 Syndicated 364-Day Credit Agreement.

In September 2023, the Company terminated its $0.5 billion revolving credit loan (the "Club 364-Day Credit Agreement") dated September 2022, as amended. There were no outstanding borrowings under the Club 364-Day Credit Agreement upon termination and as of December 31, 2022.

In addition, the Company has other short-term lines of credit that are primarily uncommitted, with numerous banks, aggregating to $251.6 million, of which $154.7 million was available at December 30, 2023. Approximately $96.9 million of the short-term credit lines were utilized primarily pertaining to outstanding letters of credit for which there are no required or reported debt balances. Short-term arrangements are reviewed annually for renewal.

At December 30, 2023, the aggregate amount of short-term and long-term committed and uncommitted lines of credit was approximately $4.3 billion. In addition, at December 30, 2023, $1.1 billion was recorded as short-term commercial paper borrowings. The weighted-average interest rates on U.S. dollar denominated short-term borrowings for the years ended December 30, 2023 and December 31, 2022 were 5.1% and 2.3%, respectively. The weighted-average interest rate on Euro denominated short-term borrowings for the year ended December 30, 2023 was 3.5%. For the year ended December 31, 2022, the Company had not drawn on its Euro denominated short-term borrowings.

Interest paid relating to the Company's indebtedness, including long-term debt and commercial paper borrowings, during 2023, 2022 and 2021 amounted to $531.5 million, $320.8 million and $177.1 million, respectively.

The Company has an interest coverage covenant that must be maintained to permit continued access to its committed credit facilities described above. The interest coverage ratio tested for covenant compliance compares adjusted Earnings Before Interest, Taxes, Depreciation and Amortization to adjusted net Interest Expense ("Adjusted EBITDA"/"Adjusted Net Interest Expense"). In February 2023, the Company entered into an amendment to its 5-Year Credit Agreement to: (a) amend the definition of Adjusted EBITDA to allow for additional adjustment addbacks, not to exceed $500 million in the aggregate, for amounts incurred during each four fiscal quarter period beginning with the period ending in the third quarter of 2023 through the period ending in the second quarter of 2024, and (b) amend the minimum interest coverage ratio from 3.5 times to not less than 1.5 to 1.0 times computed quarterly, on a rolling twelve months (last twelve months) basis, for the period from and including the third quarter of 2023 through the second quarter of 2024. The minimum interest coverage ratio will revert back to

3.5 times for periods after the second quarter of 2024. The amended provisions described above also apply to the 2023 Syndicated 364-Day Credit Agreement.

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I. FINANCIAL INSTRUMENTS

The Company is exposed to market risk from changes in foreign currency exchange rates, interest rates, stock prices and commodity prices. As part of the Company's risk management program, a variety of financial instruments such as interest rate swaps, currency swaps, purchased currency options, foreign exchange contracts and commodity contracts, may be used to mitigate interest rate exposure, foreign currency exposure and commodity price exposure.

If the Company elects to do so and if the instrument meets the criteria specified in ASC 815, *Derivatives and Hedging*, management designates its derivative instruments as cash flow hedges, fair value hedges or net investment hedges. Generally, commodity price exposures are not hedged with derivative financial instruments and instead are actively managed through customer pricing initiatives, procurement-driven cost reduction initiatives and other productivity improvement projects. Financial instruments are not utilized for speculative purposes.

A summary of the fair values of the Company's derivatives recorded in the Consolidated Balance Sheets at December 30, 2023 and December 31, 2022 is as follows:

(Millions of Dollars)	Balance Sheet Classification	2023	2022	Balance Sheet Classification	2023	2022
Derivatives designated as hedging instruments:						
Foreign Exchange Contracts Cash Flow	Other current assets	**$ 0.1**	$ 4.5	Accrued expenses	**$ 4.9**	$ 4.2
Non-derivative designated as hedging instrument:						
Net Investment Hedge		**$ —**	$ —	Short-term borrowings	**$ 399.7**	$ —
Total Designated as hedging instruments		**$ 0.1**	$ 4.5		**$ 404.6**	$ 4.2
Derivatives not designated as hedging instruments:						
Foreign Exchange Contracts	Other current assets	**$ 8.4**	$ 7.7	Accrued expenses	**$ 13.0**	$ 11.9
Total		**$ 8.5**	$ 12.2		**$ 417.6**	$ 16.1

The counterparties to all of the above mentioned financial instruments are major international financial institutions. The Company is exposed to credit risk for net exchanges under these agreements, but not for the notional amounts. The credit risk is limited to the asset amounts noted above. The Company limits its exposure and concentration of risk by contracting with diverse financial institutions and does not anticipate non-performance by any of its counterparties. The Company considers non-performance risk of its counterparties at each reporting period and adjusts the carrying value of these assets accordingly. The risk of default is considered remote. As of December 30, 2023 and December 31, 2022, there were no assets that had been posted as collateral related to the above mentioned financial instruments.

Cash flows related to derivatives, including those that are separately discussed below, resulted in net cash paid of $30.1 million in 2023, net cash received of $86.2 million in 2022, and net cash paid of $166.8 million in 2021.

CASH FLOW HEDGES — There were after-tax mark-to-market losses of $42.5 million and $44.5 million as of December 30, 2023 and December 31, 2022, respectively, reported for cash flow hedge effectiveness in Accumulated other comprehensive loss. An after-tax loss of $4.9 million is expected to be reclassified to earnings as the hedged transactions occur or as amounts are amortized within the next twelve months. The ultimate amount recognized will vary based on fluctuations of the hedged currencies and interest rates through the maturity dates.

The tables below detail pre-tax amounts of derivatives designated as cash flow hedges in Accumulated other comprehensive loss during the periods in which the underlying hedged transactions affected earnings for 2023, 2022 and 2021:

2023 *(Millions of Dollars)*	Gain (Loss) Recorded in OCI	Classification of Gain (Loss) Reclassified from OCI to Income	Gain (Loss) Reclassified from OCI to Income	Gain (Loss) Recognized in Income on Amounts Excluded from Effectiveness Testing
Interest Rate Contracts	$ —	Interest expense	$ (6.1)	$ —
Foreign Exchange Contracts	$ (4.3)	Cost of sales	$ (0.6)	$ —

2022 *(Millions of Dollars)*	Gain (Loss) Recorded in OCI	Classification of Gain (Loss) Reclassified from OCI to Income	Gain (Loss) Reclassified from OCI to Income	Gain (Loss) Recognized in Income on Amounts Excluded from Effectiveness Testing
Interest Rate Contracts	$ 23.4	Interest expense	$ (5.8)	$ —
Foreign Exchange Contracts	$ 30.6	Cost of sales	$ 53.3	$ —

2021 *(Millions of Dollars)*	Gain (Loss) Recorded in OCI	Classification of Gain (Loss) Reclassified from OCI to Income	Gain (Loss) Reclassified from OCI to Income	Gain (Loss) Recognized in Income on Amounts Excluded from Effectiveness Testing
Interest Rate Contracts	$ 14.9	Interest expense	$ (3.9)	$ —
Foreign Exchange Contracts	$ 24.1	Cost of sales	$ (26.1)	$ —

A summary of the pre-tax effect of cash flow hedge accounting on the Consolidated Statements of Operations for 2023, 2022 and 2021 is as follows:

(Millions of Dollars)	2023		2022		2021	
	Cost of Sales	Interest Expense	Cost of Sales	Interest Expense	Cost of Sales	Interest Expense
Total amount in the Consolidated Statements of Operations in which the effects of the cash flow hedges are recorded	**$11,848.5**	**$ 559.4**	$12,663.3	$ 338.5	$10,189.1	$ 185.4
Gain (loss) on cash flow hedging relationships:						
Foreign Exchange Contracts:						
Hedged Items	**$ 0.6**	**$ —**	$ (53.3)	$ —	$ 26.1	$ —
Gain (loss) reclassified from OCI into Income	**$ (0.6)**	**$ —**	$ 53.3	$ —	$ (26.1)	$ —
Interest Rate Swap Agreements:						
Gain (loss) reclassified from OCI into Income [1]	**$ —**	**$ (6.1)**	$ —	$ (5.8)	$ —	$ (3.9)

[1] Inclusive of the gain/loss amortization on terminated derivative financial instruments.

For 2023, after-tax losses of $3.6 million were reclassified from Accumulated other comprehensive loss into earnings (inclusive of the gain/loss amortization on terminated derivative instruments) during the periods in which the underlying hedged transactions affected earnings. After-tax gains of $26.4 million and after-tax losses of $17.0 million were reclassified in 2022 and 2021, respectively.

Interest Rate Contracts: In prior years, the Company entered into interest rate swap agreements in order to obtain the lowest cost source of funds within a targeted range of variable to fixed-debt proportions. These swap agreements, which were designated as cash flow hedges, subsequently matured or were terminated and the gain/loss was recorded in Accumulated other comprehensive loss and is being amortized to interest expense. The cash flows stemming from the maturity and termination of the swaps are presented within financing activities in the Consolidated Statements of Cash Flows.

As of December 30, 2023 and December 31, 2022, the Company did not have any outstanding forward starting swaps designated as cash flow hedges.

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During 2021, the Company entered into forward starting interest rate swaps totaling $400.0 million to offset expected variability on future interest rate payments associated with debt instruments expected to be issued in the future. During 2022, these swaps were terminated resulting in a gain of $22.7 million which is recorded in Accumulated other comprehensive loss and is being amortized to interest expense over future periods.

Forward Contracts: Through its global businesses, the Company enters into transactions and makes investments denominated in multiple currencies that give rise to foreign currency risk. The Company and its subsidiaries regularly purchase inventory from subsidiaries with functional currencies different than their own, which creates currency-related volatility in the Company's results of operations. The Company utilizes forward contracts to hedge these forecasted purchases and sales of inventory. Gains and losses reclassified from Accumulated other comprehensive loss are recorded in Cost of sales as the hedged item affects earnings. There are no components excluded from the assessment of effectiveness for these contracts. At December 30, 2023 and December 31, 2022, the notional value of forward currency contracts outstanding is $300.0 million, maturing in 2024, and $281.7 million, maturing in 2023, respectively.

FAIR VALUE HEDGES

Interest Rate Risk: In an effort to optimize the mix of fixed versus floating rate debt in the Company's capital structure, the Company enters into interest rate swaps. In prior years, the Company entered into interest rate swaps related to certain of its notes payable which were subsequently terminated. Amortization of the gain/loss on previously terminated swaps is reported as a reduction of interest expense. Prior to termination, the changes in the fair value of the swaps and the offsetting changes in fair value related to the underlying notes were recognized in earnings. The Company did not have any active fair value interest rate swaps at December 30, 2023 or December 31, 2022.

A summary of the pre-tax effect of fair value hedge accounting on the Consolidated Statements of Operations for 2023, 2022 and 2021 is as follows:

	2023	2022	2021
(Millions of Dollars)	**Interest Expense**	**Interest Expense**	**Interest Expense**
Total amount in the Consolidated Statements of Operations in which the effects of the fair value hedges are recorded	**$ 559.4**	$ 338.5	$ 185.4
Amortization of gain on terminated swaps	**$ (0.4)**	$ (0.4)	$ (0.4)

A summary of the amounts recorded in the Consolidated Balance Sheets related to cumulative basis adjustments for fair value hedges as of December 30, 2023 and December 31, 2022 is as follows:

(Millions of Dollars)	**2023 Carrying Amount of Hedged Liability[1]**	**2023 Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Liability**	
Current maturities of long-term debt	**$ 1.1**	Terminated Swaps	**$ —**
Long-Term Debt	**$ 532.6**	Terminated Swaps	**$ (19.7)**

[1]Represents hedged items no longer designated in qualifying fair value hedging relationships.

(Millions of Dollars)	**2022 Carrying Amount of Hedged Liability[1]**	**2022 Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Liability**	
Current maturities of long-term debt	$ 1.2	Terminated Swaps	$ —
Long-Term Debt	$ 533.1	Terminated Swaps	$ (20.1)

[1]Represents hedged items no longer designated in qualifying fair value hedging relationships.

NET INVESTMENT HEDGES

The Company utilizes net investment hedges to offset the translation adjustment arising from re-measurement of its investment in the assets and liabilities of its foreign subsidiaries. The total after-tax amounts in Accumulated other comprehensive loss were gains of $64.9 million and $73.8 million at December 30, 2023 and December 31, 2022, respectively.

As of December 30, 2023 and December 31, 2022, the Company did not have any net investment hedges with a notional value outstanding. As of December 30, 2023, the Company had Euro denominated commercial paper with a value of $399.7 million, maturing in 2024, hedging a portion of the Company's Euro denominated net investments. As of December 31, 2022, the Company did not have any Euro denominated commercial paper.

Maturing foreign exchange contracts resulted in no cash paid or received in 2023, net cash received of $10.6 million during 2022 and net cash paid of $55.1 million during 2021.

Gains and losses on net investment hedges remain in Accumulated other comprehensive loss until disposal of the underlying assets. Gains and losses representing components excluded from the assessment of effectiveness are recognized in earnings in Other, net on a straight-line basis over the term of the hedge. Gains and losses after a hedge has been de-designated are recorded directly to the Consolidated Statements of Operations in Other, net.

The pre-tax gain or loss from fair value changes during 2023, 2022 and 2021 were as follows:

	2023				
(Millions of Dollars)	Total Gain (Loss) Recorded in OCI	Excluded Component Recorded in OCI	Income Statement Classification	Total Gain (Loss) Reclassified from OCI to Income	Excluded Component Amortized from OCI to Income
Forward Contracts	$ 0.4	$ —	Other, net	$ —	$ —
Non-derivative designated as Net Investment Hedge	$ (12.0)	$ —	Other, net	$ —	$ —

	2022				
(Millions of Dollars)	Total Gain (Loss) Recorded in OCI	Excluded Component Recorded in OCI	Income Statement Classification	Total Gain (Loss) Reclassified from OCI to Income	Excluded Component Amortized from OCI to Income
Forward Contracts	$ 6.1	$ 0.6	Other, net	$ 0.7	$ 0.7
Cross Currency Swap	$ (1.2)	$ 2.5	Other, net	$ 1.5	$ 1.5
Non-derivative designated as Net Investment Hedge	$ (0.1)	$ —	Other, net	$ —	$ —

	2021				
(Millions of Dollars)	Total Gain (Loss) Recorded in OCI	Excluded Component Recorded in OCI	Income Statement Classification	Total Gain (Loss) Reclassified from OCI to Income	Excluded Component Amortized from OCI to Income
Forward Contracts	$ (1.2)	$ 1.6	Other, net	$ 1.5	$ 1.5
Cross Currency Swap	$ 11.7	$ 24.6	Other, net	$ 3.7	$ 3.7
Non-derivative designated as Net Investment Hedge	$ (6.7)	$ —	Other, net	$ —	$ —

UNDESIGNATED HEDGES

Foreign Exchange Contracts: Foreign exchange forward contracts are used to reduce risks arising from the change in fair value of certain foreign currency denominated assets and liabilities (such as affiliate loans, payables and receivables). The objective is to minimize the impact of foreign currency fluctuations on operating results. The total notional amount of the forward contracts outstanding at December 30, 2023 was $1.0 billion maturing on various dates through 2024. The total notional amount of the forward contracts outstanding at December 31, 2022 was $1.1 billion maturing on various dates through 2023. The gain (loss) recorded in the Consolidated Statements of Operations from changes in the fair value related to derivatives not designated as

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hedging instruments under ASC 815 for 2023, 2022 and 2021 is as follows:

(Millions of Dollars)	Income Statement Classification	2023	2022	2021
Foreign Exchange Contracts	Other-net	**$ (33.7)**	$ 5.0	$ (10.8)

J. CAPITAL STOCK

EARNINGS PER SHARE — The following table reconciles net (loss) earnings attributable to common shareowners and the weighted-average shares outstanding used to calculate basic and diluted (loss) earnings per share for the fiscal years ended December 30, 2023, December 31, 2022, and January 1, 2022.

	2023	2022	2021
Numerator (in millions):			
Net (Loss) Earnings from Continuing Operations Attributable to Common Shareowners	**$ (281.7)**	$ 164.3	$ 1,538.3
Add: Contract adjustment payments accretion	**—**	1.2	1.3
Net (Loss) Earnings from Continuing Operations Attributable to Common Shareowners - Diluted	**(281.7)**	165.5	1,539.6
Net (loss) earnings from discontinued operations	**(28.8)**	892.4	136.7
Net (Loss) Earnings Attributable to Common Shareowners - Diluted	**$ (310.5)**	$ 1,057.9	$ 1,676.3

	2023	2022	2021
Denominator (in thousands):			
Basic weighted-average shares outstanding	**149,751**	148,170	158,760
Dilutive effect of stock contracts and awards	**—**	8,383	6,264
Diluted weighted-average shares outstanding	**149,751**	156,553	165,024

	2023	2022	2021
(Loss) earnings per share of common stock:			
Basic (loss) earnings per share of common stock:			
Continuing operations	**$ (1.88)**	$ 1.11	$ 9.69
Discontinued operations	**$ (0.19)**	$ 6.02	$ 0.86
Total basic (loss) earnings per share of common stock	**$ (2.07)**	$ 7.13	$ 10.55
Diluted (loss) earnings per share of common stock:			
Continuing operations	**$ (1.88)**	$ 1.06	$ 9.33
Discontinued operations	**$ (0.19)**	$ 5.70	$ 0.83
Total diluted (loss) earnings per share of common stock	**$ (2.07)**	$ 6.76	$ 10.16

The following weighted-average stock options were not included in the computation of weighted-average diluted shares outstanding because the effect would be anti-dilutive (in thousands):

	2023	2022	2021
Number of stock options	**5,406**	4,019	1,039

In November 2019, the Company issued 7,500,000 Equity Units with a total notional value of $750.0 million ("2019 Equity Units"). Each unit had a stated amount of $100 and initially consisted of a three-year forward stock purchase contract ("2022 Purchase Contracts") for the purchase of a variable number of shares of common stock, on November 15, 2022, for a price of $100 and a 10% beneficial ownership interest in one share of 0% Series D Cumulative Perpetual Convertible Preferred Stock, without par, with a liquidation preference of $1,000 per share ("Series D Preferred Stock"). The shares associated with the forward stock purchase contracts component of the 2019 Equity Units were reflected in diluted earnings per share using the if-converted method. Upon the adoption of ASU 2020-06, *Debt - Debt with Conversion and Other Options (Subtopic 470-20) and*

Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40), in the first quarter of 2022, the common shares that would be required to settle the applicable conversion value of the Series D Preferred Stock were included in the denominator of diluted earnings per share using the if-converted method through the date of redemption as discussed below. In accordance with the standard, the Company increased weighted-average shares outstanding used to calculate diluted earnings per share for the year ended December 31, 2022 by 3.6 million shares.

In November 2022, the Company generated cash proceeds of $750 million from the successful remarketing of the Series D Preferred Stock (the "Remarketed Series D Preferred Stock"). Upon completion of the remarketing, the holders of the 2019 Equity Units received 4,723,500 common shares and the Company issued 750,000 shares of Remarketed Series D Preferred Stock. Holders of the Remarketed Series D Preferred Stock were entitled to receive cumulative dividends, if declared by the Board of Directors, at an initial fixed rate equal to 7.5% per annum of the $1,000 per share liquidation preference (equivalent to $75.00 per annum per share). On November 15, 2022, the Company informed holders that it would redeem all outstanding shares of the Remarketed Series D Preferred Stock on December 22, 2022 at $1,007.71 per share in cash, which was equal to 100% of the liquidation preference of a share of Remarketed Series D Preferred Stock, plus accumulated and unpaid dividends to, but excluding December 22, 2022. In December 2022, the Company redeemed the Remarketed Series D Preferred Stock, paying $750 million in cash.

In May 2017, the Company issued Equity Units with a total notional value of $750.0 million ("2017 Equity Units"). Each unit consisted of a three-year forward stock purchase contract ("2020 Purchase Contracts") for the purchase of a variable number of shares of common stock, for a price of $100, and a 10% beneficial ownership interest in one share of 0% Series C Cumulative Perpetual Convertible Preferred Stock, without par, with a liquidation preference of $1,000 per share ("Series C Preferred Stock").

In May 2020, the Company successfully remarketed the Series C Preferred Stock (the "Remarketed Series C Preferred Stock") resulting in cash proceeds of $750.0 million. Upon completion of the remarketing, the holders of the 2017 Equity Units received 5,463,750 common shares and the Company issued 750,000 shares of Remarketed Series C Preferred Stock, without par, with a liquidation preference of $1,000 per share. Holders of the Remarketed Series C Preferred Stock were entitled to receive cumulative dividends, if declared by the Board of Directors, at an initial fixed rate equal to 5.0% per annum of the $1,000 per share liquidation preference (equivalent to $50.00 per annum per share). Dividends were cumulative on the $1,000 liquidation preference per share and were payable, as declared by the Board of Directors, quarterly in arrears on February 15, May 15, August 15 and November 15 of each year, beginning on August 15, 2020. Dividends accrued on the Remarketed Series C Preferred Stock reduced net earnings for purposes of calculating earnings per share.

On April 28, 2021, the Company informed holders that it would redeem all outstanding shares of the Remarketed Series C Preferred Stock on June 3, 2021 at $1,002.50 per share in cash, which was equal to 100% of the liquidation preference of a share of Remarketed Series C Preferred Stock, plus accumulated and unpaid dividends to, but excluding June 3, 2021. If a holder elected to convert its shares of Remarketed Series C Preferred Stock prior to June 3, 2021, the Company elected a combination settlement with a specified cash amount of $1,000 per share. In June 2021, the Company redeemed the Remarketed Series C Preferred Stock and settled all conversions, paying $750 million in cash and issuing 1,469,055 common shares. The conversion rate used was 6.7548 (equivalent to a conversion price set at $148.04 per common share). Prior to the Series C redemption date, the Remarketed Series C Preferred Stock was excluded from the denominator of the diluted earnings per share calculation on the basis that the Remarketed Series C Preferred Stock would be settled in cash except to the extent that the conversion value exceeded its liquidation preference. Therefore, before any redemption or conversion, the common shares that would be required to settle the applicable conversion value in excess of the liquidation preference were included in the denominator of diluted earnings per share in periods in which they were dilutive.

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COMMON STOCK ACTIVITY — Common stock activity for 2023, 2022 and 2021 was as follows:

	2023	2022	2021
Outstanding, beginning of year	**152,983,530**	163,328,776	160,752,262
Issued from treasury	**817,110**	5,711,974	3,105,587
Returned to treasury	**(180,552)**	(16,057,220)	(529,073)
Outstanding, end of year	**153,620,088**	152,983,530	163,328,776
Shares subject to the forward share purchase contract	**(3,645,510)**	(3,645,510)	(3,645,510)
Outstanding, less shares subject to the forward share purchase contract	**149,974,578**	149,338,020	159,683,266

In March 2022, the Company executed accelerated share repurchase ("ASR") agreements with a notional amount of $2.0 billion, which was funded through borrowings under one of its existing 364-Day committed credit facilities. The ASR terms provided for an initial delivery of 85% of the total notional share equivalent at execution or 10,756,770 shares of common stock. In May 2022, the Company received an additional 3,211,317 shares in aggregate, determined by the volume-weighted average price of the Company's common stock during the term of the transaction. The final shares delivered reflect a blended settlement price of $143.18 per share for the entire transaction. In February 2022, the Company also executed open market share repurchases for a total of 1,888,601 shares of common stock for $300.0 million.

Upon completion of the remarketing of the Series D Preferred Stock in November 2022, the holders of the 2019 Equity Units received 4,723,500 common shares and the Company issued 750,000 shares of Remarketed Series D Preferred Stock. In June 2021, the Company redeemed the Remarketed Series C Preferred Stock and settled all conversions, paying $750 million in cash and issuing 1,469,055 common shares. In addition, the Company net-share settled the remaining capped call options on its common stock related to the Remarketed Series C Preferred Stock and received 344,004 shares using an average reference price of $209.80 per common share.

In March 2015, the Company entered into a forward share purchase contract with a financial institution counterparty for 3,645,510 shares of common stock. The contract obligates the Company to pay $350.0 million, plus an additional amount related to the forward component of the contract. In November 2022, the Company amended the forward share purchase contract and updated the final settlement date to November 2024, or earlier at the Company's option. The reduction of common shares outstanding was recorded at the inception of the forward share purchase contract in March 2015 and factored into the calculation of weighted-average shares outstanding at that time.

COMMON STOCK RESERVED — Common stock shares reserved for issuance under various employee and director stock plans at December 30, 2023 and December 31, 2022 are as follows:

	2023	2022
Employee stock purchase plan	**1,070,126**	1,251,699
Other stock-based compensation plans	**6,161,350**	8,403,765
Total shares reserved	**7,231,476**	9,655,464

STOCK-BASED COMPENSATION PLANS — The Company has stock-based compensation plans for salaried employees and non-employee members of the Board of Directors. The plans provide for discretionary grants of stock options, restricted stock units and other stock-based awards.

On February 16, 2022, the Board of Directors adopted the 2022 Omnibus Award Plan (the "2022 Plan") and authorized the issuance of 9,800,000 shares of the Company's common stock in connection with awards pursuant to the 2022 Plan and no further awards will be issued under the Company's 2018 Omnibus Award Plan (the "2018 Plan"). As discussed further below, the Company has granted stock options, restricted share units and awards, performance stock units, and long-term performance awards, under the 2022 Plan and 2018 Plan to senior management employees and non-employee members of the Board of Directors.

The plans are generally administered by the Compensation and Talent Development Committee of the Board of Directors, consisting of non-employee directors.

Stock Option Valuation Assumptions:

Stock options are granted at the fair market value of the Company's common stock on the date of grant and have a maximum 10-year term. Generally, stock option grants vest ratably over three or four years from the date of grant.

The following describes how certain assumptions affecting the estimated fair value of stock options are determined: the expected volatility is based on an average of the market implied volatility and historical volatility for the expected life; the dividend yield is computed as the annualized dividend rate at the date of the grant divided by the strike price of the stock option; the risk-free interest rate is based on U.S. Treasury securities with maturities equal to the expected life of the option; and a forfeiture rate of eight to ten percent is assumed. The Company uses historical data in order to estimate forfeitures and holding period behavior for valuation purposes.

The fair value of stock option grants is estimated on the date of grant using the Black-Scholes option pricing model. The following weighted-average assumptions were used to value grants made in 2023, 2022 and 2021:

	2023	2022	2021
Average expected volatility	**39.1 %**	38.6 %	34.0 %
Dividend yield	**3.6 %**	3.7 %	1.6 %
Risk-free interest rate	**4.0 %**	3.2 %	1.3 %
Expected life	**5.0 years**	4.2 years	5.3 years
Fair value per option	**$ 26.05**	$ 20.00	$ 52.39
Weighted-average vesting period	**1.9 years**	1.7 years	2.9 years

Stock Options:

The number of stock options and weighted-average exercise prices as of December 30, 2023 are as follows:

	Options	Price
Outstanding, December 31, 2022	5,281,713	$ 140.22
Granted	848,394	89.87
Exercised	(85,925)	82.93
Forfeited	(553,334)	141.37
Outstanding, December 30, 2023	5,490,848	$ 133.22
Exercisable, December 30, 2023	3,877,759	$ 144.12

At December 30, 2023, the range of exercise prices on outstanding stock options was $77.83 to $193.97 per share. Stock option expense was $26.6 million, $27.1 million and $36.4 million for 2023, 2022 and 2021, respectively. At December 30, 2023, the Company had $27.9 million of unrecognized pre-tax compensation expense for stock options. This expense will be recognized over the remaining vesting periods which are 1.1 years on a weighted-average basis.

During 2023, the Company received $7.1 million in cash from the exercise of stock options. The related cash tax benefit from the exercise of these options was $0.2 million. During 2023, 2022 and 2021, the total intrinsic value of options exercised was $1.0 million, $4.6 million and $85.3 million, respectively. When options are exercised, the related shares are issued from treasury stock.

An excess tax benefit is generated on the extent to which the actual gain, or spread, an optionee receives upon exercise of an option exceeds the fair value determined at the grant date; that excess spread over the fair value of the option times the applicable tax rate represents the excess tax benefit. During 2023 and 2022, the shortfall recognized was $0.1 million in both years. During 2021, the excess tax benefit arising from tax deductions in excess of recognized compensation cost totaled $14.1 million and was recorded in income tax expense.

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Outstanding and exercisable stock option information at December 30, 2023 follows:

	Outstanding Stock Options			Exercisable Stock Options		
Exercise Price Ranges	Options	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Options	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price
$100.00 and below	1,654,765	8.42	$ 84.89	398,173	6.34	$ 84.05
100.01 — 165.00	2,082,851	4.38	131.39	2,061,056	4.34	131.64
165.01 — higher	1,753,232	6.33	181.01	1,418,530	6.03	179.11
	5,490,848	6.22	$ 133.22	3,877,759	5.16	$ 144.12

Compensation cost for new grants is recognized on a straight-line basis over the vesting period. The expense for retirement eligible employees (those aged 55 and over and with 10 or more years of service) is recognized by the date they become retirement eligible, as such employees may retain their options for the 10-year contractual term in the event they retire prior to the end of the vesting period stipulated in the grant.

As of December 30, 2023, the aggregate intrinsic value of stock options outstanding and stock options exercisable was $21.9 million and $5.6 million, respectively.

Employee Stock Purchase Plan:

The Employee Stock Purchase Plan ("ESPP") enables eligible employees in the United States, Canada and Israel to purchase shares of the Company's common stock at the lower of 85.0% of the fair market value of the shares on the grant date ($65.39 per share for fiscal year 2023 purchases) or 85.0% of the fair market value of the shares on the last business day of each month. A maximum of 1,600,000 shares are authorized for subscription. During 2023, 2022 and 2021, 181,573 shares, 136,956 shares and 92,307 shares, respectively, were issued under the plan at average prices of $65.34, $96.09, and $150.21 per share, respectively, and the intrinsic value of the ESPP purchases was $4.1 million, $2.3 million and $3.9 million, respectively. For 2023, the Company received $11.9 million in cash from ESPP purchases, and there was no related tax benefit. The fair value of ESPP shares was estimated using the Black-Scholes option pricing model. ESPP compensation cost is recognized ratably over the one-year term based on actual employee stock purchases under the plan. The fair value of the employees' purchase rights under the ESPP was estimated using the following assumptions for 2023, 2022 and 2021, respectively: dividend yield of 3.9%, 1.7% and 1.6%; expected volatility of 42.0%, 25.0% and 55.0%; risk-free interest rates of 4.7%, 0.2%, and 0.1%; and expected lives of one year. The weighted-average fair value of those purchase rights granted in 2023, 2022 and 2021 was $21.26, $38.51 and $45.46, respectively. Total compensation expense recognized for ESPP was $3.6 million in 2023, $3.3 million in 2022 and $4.4 million in 2021.

Restricted Share Units:

Compensation cost for restricted share units ("RSUs") granted to employees is recognized ratably over the vesting term, which varies but is generally three or four years. RSU grants totaled 827,133 shares, 870,848 shares and 463,084 shares in 2023, 2022 and 2021, respectively. The weighted-average grant date fair value of RSUs granted in 2023, 2022 and 2021 was $90.09, $85.05 and $193.66 per share, respectively.

Total compensation expense recognized for RSUs amounted to $53.9 million, $50.6 million and $47.3 million in 2023, 2022 and 2021, respectively. The related cash tax benefit received related to the shares that were delivered in 2023 was $7.7 million. The shortfall recognized in 2023 was $1.9 million. The shortfall recognized in 2022 was $3.6 million and the excess tax benefit recognized in 2021 was $2.5 million. As of December 30, 2023, unrecognized compensation expense for RSUs amounted to $86.1 million and will be recognized over a weighted-average period of 1.5 years.

A summary of non-vested restricted share units and award activity as of December 30, 2023, and changes during the year then ended is as follows:

	Restricted Share Units & Awards	Weighted-Average Grant Date Fair Value
Non-vested at December 31, 2022	1,266,462	$ 115.02
Granted	827,133	90.09
Vested	(426,527)	115.80
Forfeited	(176,144)	120.88
Non-vested at December 30, 2023	1,490,924	$ 100.24

The total fair value of vested RSUs (market value on the date vested) during 2023, 2022 and 2021 was $49.9 million, $38.9 million and $53.3 million, respectively.

Prior to 2020, non-employee members of the Board of Directors received annual restricted share-based grants which must be cash settled and accordingly mark-to-market accounting is applied. In 2023, the Company recognized $1.5 million of expense for these awards. In 2022 and 2021, the Company recognized $9.8 million of income and $1.1 million of expense for these awards, respectively. Beginning in 2020, the annual grant issued to non-employee members of the Board of Directors is stock settled. The expense related to the annual grant in 2023, 2022 and 2021 was $1.9 million, $1.8 million, and $2.0 million respectively. Additionally, non-employee members of the Board of Directors may defer any or all of their cash retainer fees, which would subsequently be settled as RSU awards. Compensation expense related to these RSUs was $1.1 million, $1.2 million, and $1.4 million for 2023, 2022 and 2021, respectively.

Management Incentive Compensation Plan Performance Stock Units:

In 2020, the Company granted Performance Stock Units (collectively "MICP-PSUs") under the Management Incentive Compensation Plan ("MICP") to participating employees. Awards were payable in shares of common stock and generally no award was made if the employee terminated employment prior to the settlement dates. The delivery of the shares related to the 2020 MICP-PSU grant occurred ratably in 2021, 2022, and 2023. The total shares delivered were based on actual 2020 performance in relation to the established goals.

A summary of the activity pertaining to the maximum number of shares that may be issued is as follows:

	MICP PSUs	Weighted-Average Grant Date Fair Value
Non-vested at December 31, 2022	67,698	$ 93.58
Granted	—	—
Vested	(67,698)	93.58
Forfeited	—	—
Non-vested at December 30, 2023	—	$ —

Compensation cost for these performance awards was recognized ratably over the vesting term of three years. Total income recognized in 2023 related to these MICP-PSUs approximated $5.0 million. The total expense recognized in 2022 and 2021 related to these MICP-PSUs approximated $9.1 million and $15.7 million, respectively. The related cash tax benefit received related to the shares that were delivered in 2023, 2022 and 2021 was $0.9 million, $3.6 million and $5.6 million, respectively.

Long-Term Performance Awards:

The Company has granted Long-Term Performance Awards ("LTIP") under its 2022 Omnibus Award Plan and 2018 Omnibus Award Plan to senior management employees for achieving Company performance measures. Awards are payable in shares of common stock, which may be restricted if the employee has not achieved certain stock ownership levels, and generally no award is made if the employee terminates employment prior to the settlement date. LTIP grants were made in 2021, 2022 and 2023. Each grant has two separate annual performance goals for each year within the respective three-year performance period and one market-based metric measured over the three-year performance period. For grants made in 2023, organic sales growth and cash flow return on investment represent 75% of the grant value. For grants made in 2021 and 2022, earnings per share and cash flow return on investment represent 75% of the grant value. For all years, the market-based metric, which represents 25% of the total grant value, measures the Company's common stock return relative to peers over the three-year performance period.

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The ultimate delivery of shares will occur in 2024, 2025 and 2026 for the 2021, 2022 and 2023 grants, respectively. Share settlements are based on actual performance in relation to these goals.

In 2023, expense recognized for these performance awards amounted to $1.7 million. In 2022, income of $2.4 million was recognized related to these performance awards and in 2021 expense recognized for these performance awards amounted to $11.1 million. With the exception of the market-based metric comprising 25% of the award, in the event performance goals are not met, compensation cost is not recognized and any previously recognized compensation cost is reversed. The related cash tax benefit received related to the shares that were delivered in 2023, 2022, and 2021 was $0.3 million, $1.3 million and $0.8 million, respectively. The shortfall recognized in 2023 and 2022 was $0.5 million and less than $0.1 million, respectively. The excess tax benefit recognized in 2021 was $0.1 million.

A summary of the activity pertaining to the maximum number of shares that may be issued is as follows:

	LTIP Units	Weighted-Average Grant Date Fair Value
Non-vested at December 31, 2022	534,586	$ 158.18
Granted	393,040	81.36
Vested	(45,950)	154.07
Forfeited	(150,548)	144.78
Non-vested at December 30, 2023	731,128	$ 119.90

K. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table summarizes the changes in the accumulated balances for each component of Accumulated other comprehensive loss:

(Millions of Dollars)	Currency translation adjustment and other	(Losses) gains on cash flow hedges, net of tax	Gains (losses) on net investment hedges, net of tax	Pension (losses) gains, net of tax	Total
Balance - January 1, 2022	$ (1,543.0)	$ (49.8)	$ 71.8	$ (324.6)	$ (1,845.6)
Other comprehensive (loss) income before reclassifications	(328.3)	31.7	3.7	73.4	(219.5)
Adjustments related to sales of businesses	(36.1)	—	—	—	(36.1)
Reclassification adjustments to earnings	—	(26.4)	(1.7)	9.8	(18.3)
Net other comprehensive (loss) income	(364.4)	5.3	2.0	83.2	(273.9)
Balance - December 31, 2022	**$ (1,907.4)**	**$ (44.5)**	**$ 73.8**	**$ (241.4)**	**$ (2,119.5)**
Other comprehensive income (loss) before reclassifications	75.1	(1.6)	(8.9)	(26.9)	37.7
Reclassification adjustments to earnings	—	3.6	—	9.1	12.7
Net other comprehensive income (loss)	75.1	2.0	(8.9)	(17.8)	50.4
Balance - December 30, 2023	**$ (1,832.3)**	**$ (42.5)**	**$ 64.9**	**$ (259.2)**	**$ (2,069.1)**

The Company uses the portfolio method for releasing the stranded tax effects from Accumulated other comprehensive loss. The reclassifications out of Accumulated other comprehensive loss for the years ended December 30, 2023 and December 31, 2022 were as follows:

(Millions of Dollars)	2023	2022	
Components of Accumulated other comprehensive loss	**Reclassification adjustments**	**Reclassification adjustments**	**Affected line item in Consolidated Statements of Operations**
Realized (losses) gains on cash flow hedges	**$ (0.6)**	$ 53.3	Cost of sales
Realized losses on cash flow hedges	**(6.1)**	(5.8)	Interest expense
Total before taxes	**$ (6.7)**	$ 47.5	
Tax effect	**3.1**	(21.1)	Income taxes
Realized (losses) gains on cash flow hedges, net of tax	**$ (3.6)**	$ 26.4	
Realized gains on net investment hedges	**$ —**	$ 2.2	Other, net
Tax effect	**—**	(0.5)	Income taxes
Realized gains on net investment hedges, net of tax	**$ —**	$ 1.7	
Actuarial losses and prior service costs / credits	**(11.1)**	(13.3)	Other, net
Settlement losses	**(1.0)**	—	Other, net
Total before taxes	**(12.1)**	(13.3)	
Tax effect	**3.0**	3.5	Income taxes
Amortization of defined benefit pension items, net of tax	**$ (9.1)**	$ (9.8)	

L. EMPLOYEE BENEFIT PLANS

EMPLOYEE STOCK OWNERSHIP PLAN ("ESOP") — Most U.S. employees may make contributions that do not exceed 25% of their eligible compensation to a tax-deferred 401(k) savings plan, subject to restrictions under tax laws. Employees generally direct the investment of their own contributions into various investment funds. An employer match benefit is provided under the plan equal to one half of each employee's tax-deferred contribution up to the first 7% of their compensation. Participants direct the entire employer match benefit such that no participant is required to hold the Company's common stock in their 401(k) account. The employer match benefit totaled $32.8 million, $32.2 million and $28.0 million in 2023, 2022 and 2021, respectively.

In addition, approximately 12,670 U.S. salaried and non-union hourly employees are eligible to receive a non-contributory benefit under the Core benefit plan. Core benefit allocations range from 2% to 6% of eligible employee compensation based on age. Allocations for benefits earned under the Core plan were $38.8 million, $28.9 million, and $31.1 million in 2023, 2022 and 2021, respectively. Assets held in participant Core accounts are invested in target date retirement funds which have an age-based allocation of investments.

The Company's net ESOP activity resulted in expense of $71.6 million, $61.1 million, and $59.1 million in 2023, 2022, and 2021, respectively, and is compromised of the aforementioned Core and 401(k) match defined contribution benefits.

The Company made cash contributions totaling $61.0 million in 2023, $67.8 million in 2022 and $35.7 million in 2021.

PENSION AND OTHER BENEFIT PLANS — The Company sponsors pension plans covering most domestic hourly and certain executive employees, and approximately 12,673 foreign employees. Benefits are generally based on salary and years of service, except for U.S. collective bargaining employees whose benefits are based on a stated amount for each year of service.

The Company contributes to a number of multi-employer plans for certain collective bargaining U.S. employees. The risks of participating in these multi-employer plans are different from single-employer plans in the following aspects:

a. Assets contributed to the multi-employer plan by one employer may be used to provide benefit to employees of other participating employers.

b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be inherited by the remaining participating employers.

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c. If the Company chooses to stop participating in some of its multi-employer plans, the Company may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

In addition, the Company also contributes to a number of multi-employer plans outside of the U.S. The foreign plans are insured, therefore, the Company's obligation is limited to the payment of insurance premiums.

The Company has assessed and determined that none of the multi-employer plans to which it contributes are individually significant to the Company's Consolidated Financial Statements. The Company does not expect to incur a withdrawal liability or expect to significantly increase its contributions over the remainder of the contract period.

In addition to the multi-employer plans, various other defined contribution plans are sponsored worldwide. As of December 30, 2023 and December 31, 2022, the Company had $104.7 million and $95.6 million, respectively, of liabilities pertaining to an unfunded supplemental defined contribution plan for certain U.S. employees.

The expense (benefit) for defined contribution plans, aside from the earlier discussed ESOP plans, are as follows:

(Millions of Dollars)	2023	2022	2021
Multi-employer plan expense	**$ 3.5**	$ 6.0	$ 7.1
Other defined contribution plan expense (benefit)	**$ 43.3**	$ (2.4)	$ 28.6

The components of net periodic pension expense (benefit) are as follows:

	U.S. Plans			Non-U.S. Plans		
(Millions of Dollars)	2023	2022	2021	2023	2022	2021
Service cost	**$ 8.1**	$ 6.2	$ 6.5	**$ 11.2**	$ 15.1	$ 17.6
Interest cost	**54.7**	33.6	23.0	**43.4**	22.9	16.7
Expected return on plan assets	**(62.1)**	(60.9)	(54.9)	**(41.5)**	(37.7)	(39.9)
Amortization of prior service cost (credit)	**0.8**	0.9	1.1	**(0.7)**	(0.7)	(0.8)
Actuarial loss amortization	**8.9**	5.9	9.2	**3.4**	7.9	12.2
Special termination benefit	**—**	—	—	**0.3**	—	—
Settlement / curtailment loss	**0.3**	0.2	0.4	**0.7**	0.2	0.7
Net periodic pension expense (benefit)	**$ 10.7**	$ (14.1)	$ (14.7)	**$ 16.8**	$ 7.7	$ 6.5

The Company provides medical and dental benefits for certain retired employees in the United States, Brazil, and Canada. Approximately 18,220 participants are covered under these plans. Net periodic post-retirement benefit expense was comprised of the following:

	Other Benefit Plans		
(Millions of Dollars)	2023	2022	2021
Service cost	**$ 0.3**	$ 0.3	$ 0.4
Interest cost	**2.0**	1.5	0.9
Amortization of prior service credit	**0.1**	—	(0.7)
Actuarial (gain) loss amortization	**(1.4)**	(0.7)	—
Settlement / curtailment gain	**—**	(0.4)	—
Special termination benefit	**—**	6.9	—
Net periodic post-retirement expense	**$ 1.0**	$ 7.6	$ 0.6

The components of net periodic post-retirement benefit expense other than the service cost component are included in Other, net in the Consolidated Statements of Operations.

Changes in plan assets and benefit obligations recognized in Accumulated other comprehensive loss in 2023 are as follows:

(Millions of Dollars)	2023
Current year actuarial loss	$ 28.8
Amortization of actuarial loss	(11.1)
Prior service cost from plan amendments	—
Settlement / curtailment loss	(1.0)
Currency / other	8.0
Total gain recognized in Accumulated other comprehensive loss (pre-tax)	$ 24.7

The changes in the pension and other post-retirement benefit obligations, fair value of plan assets, as well as amounts recognized in the Consolidated Balance Sheets, are shown below.

	U.S. Plans		Non-U.S. Plans		Other Benefits	
(Millions of Dollars)	2023	2022	2023	2022	2023	2022
Change in benefit obligation						
Benefit obligation at end of prior year	$ 1,083.5	$ 1,458.2	$ 931.0	$ 1,490.4	$ 42.8	$ 50.3
Service cost	8.1	6.2	11.2	15.1	0.3	0.3
Interest cost	54.7	33.6	43.4	22.9	2.0	1.5
Special termination benefit	—	—	0.3	—	—	6.9
Settlements/curtailments	(5.6)	(10.7)	(7.6)	(4.4)	—	(0.4)
Actuarial loss (gain)	40.2	(314.7)	26.6	(409.5)	(2.3)	(9.5)
Plan amendments	—	0.7	—	0.1	—	0.4
Foreign currency exchange rate changes	—	—	46.5	(133.1)	0.3	(0.2)
Participant contributions	—	—	0.2	0.2	—	—
Acquisitions, divestitures, and other	(7.7)	(4.5)	(2.7)	2.2	—	—
Benefits paid	(82.9)	(85.3)	(49.8)	(52.9)	(7.9)	(6.5)
Benefit obligation at end of year	$ 1,090.3	$ 1,083.5	$ 999.1	$ 931.0	$ 35.2	$ 42.8
Change in plan assets						
Fair value of plan assets at end of prior year	$ 967.3	$ 1,340.1	$ 783.4	$ 1,226.6	$ —	$ —
Actual return on plan assets	93.4	(279.0)	50.1	(281.3)	—	—
Participant contributions	—	—	0.2	0.2	—	—
Employer contributions	14.7	7.0	19.6	18.4	7.9	6.5
Settlements	(5.6)	(11.0)	(11.3)	(4.4)	—	—
Foreign currency exchange rate changes	—	—	41.5	(121.0)	—	—
Acquisitions, divestitures, and other	(7.7)	(4.5)	(2.7)	(2.2)	—	—
Benefits paid	(82.9)	(85.3)	(49.8)	(52.9)	(7.9)	(6.5)
Fair value of plan assets at end of plan year	$ 979.2	$ 967.3	$ 831.0	$ 783.4	$ —	$ —
Funded status — assets less than benefit obligation	$ (111.1)	$ (116.2)	$ (168.1)	$ (147.6)	$ (35.2)	$ (42.8)
Unrecognized prior service cost (credit)	2.1	2.9	(13.9)	(13.8)	0.4	0.4
Unrecognized net actuarial loss (gain)	233.0	233.2	170.2	143.1	(19.6)	(18.3)
Net amount recognized	$ 124.0	$ 119.9	$ (11.8)	$ (18.3)	$ (54.4)	$ (60.7)

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(Millions of Dollars)	U.S. Plans 2023	U.S. Plans 2022	Non-U.S. Plans 2023	Non-U.S. Plans 2022	Other Benefits 2023	Other Benefits 2022
Amounts recognized in the Consolidated Balance Sheets						
Prepaid benefit cost (non-current)	**$ —**	$ 4.1	**$ 88.7**	$ 67.7	**$ —**	$ —
Current benefit liability	**(5.6)**	(6.1)	**(10.9)**	(9.5)	**(7.6)**	(8.9)
Non-current benefit liability	**(105.5)**	(114.2)	**(245.9)**	(205.8)	**(27.6)**	(33.9)
Net liability recognized	**$ (111.1)**	$ (116.2)	**$ (168.1)**	$ (147.6)	**$ (35.2)**	$ (42.8)
Accumulated other comprehensive loss (pre-tax):						
Prior service cost (credit)	**$ 2.1**	$ 2.9	**$ (13.9)**	$ (13.8)	**$ 0.4**	$ 0.4
Actuarial loss (gain)	**233.0**	233.2	**170.2**	143.1	**(19.6)**	(18.3)
	235.1	236.1	**156.3**	129.3	**(19.2)**	(17.9)
Net amount recognized	**$ 124.0**	$ 119.9	**$ (11.8)**	$ (18.3)	**$ (54.4)**	$ (60.7)

Actuarial gains and losses reflected in the table above are driven by changes in demographic experience, changes in assumptions, and differences in actual returns on investments compared to estimated returns from the prior year. For the year ended December 30, 2023, the increase in the benefit obligation is primarily driven by the decline in the single equivalent discount rate used to measure these obligations. These actuarial losses were partially offset by a slightly improved funded position, as the actual return on plan assets during the year exceeded the estimated return, along with updated mortality and inflation rate projections which slightly reduced the projected obligation.

The accumulated benefit obligation for all benefit plans was $2.084 billion at December 30, 2023 and $2.023 billion at December 31, 2022. The following table provides information regarding pension plans in which accumulated benefit obligations exceed plan assets as of December 30, 2023 and December 31, 2022:

(Millions of Dollars)	U.S. Plans 2023	U.S. Plans 2022	Non-U.S. Plans 2023	Non-U.S. Plans 2022
Accumulated benefit obligation	**$ 1,090.3**	$ 982.3	**$ 249.9**	$ 208.7
Fair value of plan assets	**$ 979.1**	$ 862.0	**$ 31.5**	$ 25.7

The following table provides information regarding pension plans in which projected benefit obligations (inclusive of anticipated future compensation increases) exceed plan assets as of December 30, 2023 and December 31, 2022:

(Millions of Dollars)	U.S. Plans 2023	U.S. Plans 2022	Non-U.S. Plans 2023	Non-U.S. Plans 2022
Projected benefit obligation	**$ 1,090.3**	$ 982.3	**$ 304.5**	$ 266.7
Fair value of plan assets	**$ 979.1**	$ 862.0	**$ 47.8**	$ 51.3

The major assumptions used in valuing pension and post-retirement plan obligations and net costs were as follows:

	Pension Benefits								
	U.S. Plans			Non-U.S. Plans			Other Benefits		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Weighted-average assumptions used to determine benefit obligations at year end:									
Discount rate	**5.04 %**	5.36 %	2.80 %	**4.43 %**	4.70 %	1.78 %	**5.45 %**	5.47 %	2.84 %
Rate of compensation increase	—	—	3.00 %	**3.52 %**	3.64 %	3.56 %	—	—	—
Weighted-average assumptions used to determine net periodic benefit cost:									
Discount rate - service cost	**5.58 %**	3.14 %	2.95 %	**5.23 %**	2.67 %	1.41 %	**6.64 %**	4.41 %	4.42 %
Discount rate - interest cost	**5.23 %**	2.28 %	1.68 %	**4.67 %**	1.69 %	1.06 %	**5.37 %**	2.25 %	1.60 %
Rate of compensation increase	—	3.00 %	3.00 %	**3.64 %**	3.57 %	3.27 %	—	—	—
Expected return on plan assets	**6.70 %**	4.69 %	4.75 %	**5.29 %**	3.41 %	3.25 %	—	—	—

The expected rate of return on plan assets is determined considering the returns projected for the various asset classes and the relative weighting for each asset class. The Company will use a 5.99% weighted-average expected rate of return assumption to determine the 2024 net periodic benefit cost.

PENSION PLAN ASSETS — Plan assets are invested in equity securities, government and corporate bonds and other fixed income securities, money market instruments and insurance contracts. The Company's worldwide asset allocations at December 30, 2023 and December 31, 2022 by asset category and the level of the valuation inputs within the fair value hierarchy established by ASC 820, *Fair Value Measurement*, were as follows:

Asset Category *(Millions of Dollars)*	2023	Level 1	Level 2
Cash and cash equivalents	**$ 40.9**	**$ 25.8**	**$ 15.1**
Equity securities			
U.S. equity securities	**191.5**	**63.5**	**128.0**
Foreign equity securities	**119.7**	**34.7**	**85.0**
Fixed income securities			
Government securities	**646.0**	**239.8**	**406.2**
Corporate securities	**736.5**	**—**	**736.5**
Insurance contracts	**39.6**	**—**	**39.6**
Other	**36.0**	**—**	**36.0**
Total	**$ 1,810.2**	**$ 363.8**	**$ 1,446.4**

Asset Category *(Millions of Dollars)*	2022	Level 1	Level 2
Cash and cash equivalents	$ 42.3	$ 28.2	$ 14.1
Equity securities			
U.S. equity securities	181.9	66.2	115.7
Foreign equity securities	123.3	33.0	90.3
Fixed income securities			
Government securities	619.3	236.7	382.6
Corporate securities	702.5	—	702.5
Insurance contracts	36.7	—	36.7
Other	44.7	—	44.7
Total	$ 1,750.7	$ 364.1	$ 1,386.6

U.S. and foreign equity securities primarily consist of companies with large market capitalization and to a lesser extent mid and small capitalization securities. Government securities primarily consist of U.S. Treasury securities and foreign government securities with de minimus default risk. Corporate fixed income securities include publicly traded U.S. and foreign investment

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grade and to a small extent high yield securities. Assets held in insurance contracts are invested in the general asset pools of the various insurers, mainly debt and equity securities with guaranteed returns. Other investments include diversified private equity holdings. The level 2 investments are primarily comprised of institutional mutual funds that are not publicly traded; the investments held in these mutual funds are generally level 1 publicly traded securities.

The Company's investment strategy for pension assets focuses on a liability-matching approach with gradual de-risking taking place over a period of many years. The Company utilizes the current funded status to transition the portfolio toward investments that better match the duration and cash flow attributes of the underlying liabilities. Assets approximating 50% of the Company's current pension liabilities have been invested in fixed income securities, using a liability / asset matching duration strategy, with the primary goal of mitigating exposure to interest rate movements and preserving the overall funded status of the underlying plans. Plan assets are broadly diversified and are invested to ensure adequate liquidity for immediate- and medium-term benefit payments. The Company's target asset allocations include approximately 10%-30% in equity securities, approximately 60%-80% in fixed income securities and approximately 10% in other securities. The funded status percentage (total plan assets divided by total projected benefit obligation) of all global pension plans was 87% in 2023, 2022, and 2021.

CONTRIBUTIONS — The Company's funding policy for its defined benefit plans is to contribute amounts determined annually on an actuarial basis to provide for current and future benefits in accordance with federal law and other regulations. The Company expects to contribute approximately $35 million to its pension and other post-retirement benefit plans in 2024.

EXPECTED FUTURE BENEFIT PAYMENTS — Benefit payments, inclusive of amounts attributable to estimated future employee service, are expected to be paid over the next 10 years as follows:

(Millions of Dollars)	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Years 6-10
Future payments	$ 1,489.8	$ 160.1	$ 149.8	$ 149.5	$ 148.6	$ 148.4	$ 733.4

These benefit payments will be funded through a combination of existing plan assets, the returns on those assets, and amounts to be contributed in the future by the Company.

HEALTH CARE COST TRENDS — The weighted-average annual assumed rate of increase in the per-capita cost of covered benefits (i.e., health care cost trend rate) is assumed to be 6.6% for 2023, reducing gradually to 4.9% by 2032 and remaining at that level thereafter.

M. FAIR VALUE MEASUREMENTS

ASC 820, *Fair Value Measurement*, defines, establishes a consistent framework for measuring, and expands disclosure requirements about fair value. ASC 820 requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. These two types of inputs create the following fair value hierarchy:

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

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

Level 3 — Instruments that are valued using unobservable inputs.

The Company is exposed to market risk from changes in foreign currency exchange rates, interest rates, stock prices and commodity prices. The Company holds various financial instruments to manage these risks. These financial instruments are carried at fair value and are included within the scope of ASC 820. The Company determines the fair value of these financial instruments through the use of matrix or model pricing, which utilizes observable inputs such as market interest and currency rates. When determining fair value for which Level 1 evidence does not exist, the Company considers various factors including the following: exchange or market price quotations of similar instruments, time value and volatility factors, the Company's own credit rating and the credit rating of the counterparty.

Recurring Fair Value Measurements

The following table presents the Company's financial assets and liabilities that are measured at fair value on a recurring basis for each of the hierarchy levels:

(Millions of Dollars)	Total Carrying Value	Level 1	Level 2	Level 3
December 30, 2023				
Money market fund	**$ 12.3**	**$ 12.3**	**$ —**	**$ —**
Deferred compensation plan investments	**$ 20.2**	**$ 20.2**	**$ —**	**$ —**
Derivative assets	**$ 8.5**	**$ —**	**$ 8.5**	**$ —**
Derivative liabilities	**$ 17.9**	**$ —**	**$ 17.9**	**$ —**
Non-derivative hedging instrument	**$ 399.7**	**$ —**	**$ 399.7**	**$ —**
Contingent consideration liability	**$ 208.8**	**$ —**	**$ —**	**$ 208.8**
December 31, 2022				
Money market fund	$ 9.4	$ 9.4	$ —	$ —
Equity security	$ 3.2	$ 3.2	$ —	$ —
Deferred compensation plan investments	$ 19.0	$ 19.0	$ —	$ —
Derivative assets	$ 12.2	$ —	$ 12.2	$ —
Derivative liabilities	$ 16.1	$ —	$ 16.1	$ —
Contingent consideration liability	$ 268.7	$ —	$ —	$ 268.7

The following table provides information about the Company's financial assets and liabilities not carried at fair value:

	December 30, 2023		December 31, 2022	
(Millions of Dollars)	Carrying Value	Fair Value	Carrying Value	Fair Value
Other investments	**$ 6.0**	**$ 5.8**	$ 9.3	$ 9.3
Long-term debt, including current portion	**$ 6,102.1**	**$ 5,512.8**	$ 5,354.1	$ 4,662.9

The money market fund and other investments related to the West Coast Loading Corporation ("WCLC") trust are considered Level 1 instruments within the fair value hierarchy. The deferred compensation plan investments are considered Level 1 instruments and are recorded at their quoted market price. The fair values of the derivative financial instruments in the table above are based on current settlement values. Prior to the sale of the equity security in the first quarter of 2023, it was considered a Level 1 instrument and was recorded at its quoted market price.

The long-term debt instruments are considered Level 2 instruments and are measured using a discounted cash flow analysis based on the Company's marginal borrowing rates. The differences between the carrying values and fair values of long-term debt are attributable to the stated interest rates differing from the Company's marginal borrowing rates. The fair values of the Company's variable rate short-term borrowings approximate their carrying values at December 30, 2023 and December 31, 2022.

As part of the Craftsman® brand acquisition in March 2017, the Company recorded a contingent consideration liability representing the Company's obligation to make future payments to Transform Holdco, LLC, which operates Sears and Kmart retail locations, of between 2.5% and 3.5% on sales of Craftsman products in new Stanley Black & Decker, Inc. channels through March 2032. During the year ended December 30, 2023, the Company paid $42.0 million for royalties owed. The Company will continue making future payments quarterly through the second quarter of 2032. The estimated fair value of the contingent consideration liability is determined using a discounted cash flow analysis taking into consideration future sales projections, forecasted payments to Transform Holdco, LLC, based on contractual royalty rates, and the related tax impacts. The estimated fair value of the contingent consideration liability was $208.8 million and $268.7 million as of December 30, 2023 and December 31, 2022, respectively. Adjustments to the contingent consideration liability, with the exception of cash payments, are recorded in SG&A in the Consolidated Statements of Operations. A 100-basis point reduction in the discount rate would result in an increase to the liability of approximately $6.4 million as of December 30, 2023.

A single estimate of fair value results from a complex series of judgments about future events and uncertainties and relies heavily on estimates and assumptions. The Company's judgments used to determine the estimated contingent consideration liability discussed above, including estimated future sales projections, can materially impact the Company's results of operations.

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Refer to *Note I, Financial Instruments*, for more details regarding derivative financial instruments, *Note S, Contingencies,* for more details regarding the other investments related to the WCLC trust, and *Note H, Long-Term Debt and Financing Arrangements*, for more information regarding the carrying values of the long-term debt.

Non-Recurring Fair Value Measurements

As previously discussed, the Company recorded an impairment charge in the fourth quarter of 2023 as a result of entering into an agreement to sell the Infrastructure business and an impairment charge in 2022 relating to the Oil & Gas business, both of which are considered Level 3 fair value measurements. Refer to *Note T, Divestitures* for further discussion.

Furthermore, as previously discussed, the Company recorded an impairment charge in the third quarter of 2023 related to the Irwin and Troy-Bilt trade names, which is considered a Level 3 fair value measurement. Refer to *Note F, Goodwill and Intangible Assets*. The Company had no other significant non-recurring fair value measurements, nor any other financial assets or liabilities measured using Level 3 inputs, during 2023 or 2022.

N. OTHER COSTS AND EXPENSES

Other, net is primarily comprised of intangible asset amortization expense, currency-related gains or losses, environmental remediation expense, deal costs and related consulting costs, and certain pension gains or losses. Other, net amounted to $320.1 million, $274.8 million and $189.5 million for fiscal years 2023, 2022 and 2021, respectively. The year-over-year increases are driven by higher pension and environmental remediation costs as well as write-downs on certain investments, partially offset by income related to providing transition services to previously divested businesses.

Research and development costs, which are classified in SG&A, were $362.0 million, $357.4 million and $276.3 million for fiscal years 2023, 2022 and 2021, respectively.

O. RESTRUCTURING CHARGES

A summary of the restructuring reserve activity from December 31, 2022 to December 30, 2023 is as follows:

(Millions of Dollars)	December 31, 2022	Net Additions	Usage	Currency	December 30, 2023
Severance and related costs	$ 57.0	$ 20.3	$ (51.1)	$ (0.4)	**$ 25.8**
Facility closures and other	5.3	19.1	(21.3)	—	**3.1**
Total	$ 62.3	$ 39.4	$ (72.4)	$ (0.4)	**$ 28.9**

During 2023, the Company recognized net restructuring charges of $39.4 million, primarily related to severance and facility closures associated with the footprint rationalization actions under the supply chain transformation.

The majority of the $28.9 million of reserves remaining as of December 30, 2023 is expected to be utilized within the next 12 months.

Segments: The $39.4 million of net restructuring charges for the year ended December 30, 2023 includes: $31.3 million pertaining to the Tools & Outdoor segment; $0.9 million pertaining to the Industrial segment; and $7.2 million pertaining to Corporate.

P. BUSINESS SEGMENTS AND GEOGRAPHIC AREAS

The Company's operations are classified into two reportable business segments: Tools & Outdoor and Industrial.

The Tools & Outdoor segment is comprised of the Power Tools Group ("PTG"), Hand Tools, Accessories & Storage ("HTAS") and Outdoor Power Equipment ("Outdoor") product lines. The PTG product line includes both professional and consumer products. Professional products, primarily under the DEWALT® brand, include professional grade corded and cordless electric power tools and equipment including drills, impact wrenches and drivers, grinders, saws, routers and sanders, as well as pneumatic tools and fasteners including nail guns, nails, staplers and staples, and concrete and masonry anchors. DIY and tradesperson focused products include corded and cordless electric power tools sold primarily under the CRAFTSMAN® brand, and consumer home products such as hand-held vacuums, paint tools and cleaning appliances primarily under the BLACK+DECKER® brand. The HTAS product line sells hand tools, power tool accessories and storage products. Hand tools include measuring, leveling and layout tools, planes, hammers, demolition tools, clamps, vises, knives, saws, chisels and industrial and automotive tools. Power tool accessories include drill bits, screwdriver bits, router bits, abrasives, saw blades and threading products. Storage products include tool boxes, sawhorses, medical cabinets and engineered storage solution products.

The Outdoor product line primarily sells corded and cordless electric lawn and garden products, including hedge trimmers, string trimmers, lawn mowers, pressure washers and related accessories, and gas powered lawn and garden products, including lawn tractors, zero turn ride on mowers, walk behind mowers, snow blowers, residential robotic mowers, utility terrain vehicles (UTVs), hand-held outdoor power equipment, garden tools, and parts and accessories to professionals and consumers under the DEWALT®, CRAFTSMAN®, CUB CADET®, BLACK+DECKER®, and HUSTLER® brand names.

The Industrial segment is comprised of the Engineered Fastening and Infrastructure businesses. The Engineered Fastening business primarily sells highly engineered components such as fasteners, fittings and various engineered products, which are designed for specific application across multiple verticals. The product lines include externally threaded fasteners, blind rivets and tools, blind inserts and tools, drawn arc weld studs and systems, engineered plastic and mechanical fasteners, self-piercing riveting systems, precision nut running systems, micro fasteners, high-strength structural fasteners, axel swage, latches, heat shields, pins, and couplings. The Infrastructure business designs, manufactures, and sells attachments, typically used on excavators, and handheld hydraulic and battery-powered tools for applications in infrastructure, construction, scrap recycling, demolition, and railroad infrastructure.

The Company utilizes segment profit, which is defined as net sales minus cost of sales and SG&A inclusive of the provision for credit losses (aside from corporate overhead expense), and segment profit as a percentage of net sales to assess the profitability of each segment. Transactions between segments are not material. Segment assets primarily include cash, accounts receivable, inventory, other current assets, property, plant and equipment, right-of-use lease assets and intangible assets. Net sales and long-lived assets are attributed to the geographic regions based on the geographic locations of the end customer and the Company subsidiary, respectively.

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BUSINESS SEGMENTS

(Millions of Dollars)	2023	2022	2021
Net Sales			
Tools & Outdoor	**$ 13,367.1**	$ 14,423.7	$ 12,817.4
Industrial	**2,414.0**	2,523.4	2,463.1
Corporate Overhead	**—**	0.3	0.8
Consolidated	**$ 15,781.1**	$ 16,947.4	$ 15,281.3
Segment Profit			
Tools & Outdoor	**$ 687.6**	$ 971.9	$ 1,985.4
Industrial	**266.5**	236.2	256.6
Segment Profit	**954.1**	1,208.1	2,242.0
Corporate Overhead	**(312.2)**	(294.0)	(342.9)
Other, net	**(320.1)**	(274.8)	(189.5)
Loss on sales of businesses	**(10.8)**	(8.4)	(0.6)
Restructuring charges	**(39.4)**	(140.8)	(14.5)
Gain on equity method investment	**—**	—	68.0
Asset impairment charges	**(274.8)**	(168.4)	—
Interest income	**186.9**	54.7	9.8
Interest expense	**(559.4)**	(338.5)	(185.4)
(Loss) earnings from continuing operations before income taxes and equity interest	**$ (375.7)**	$ 37.9	$ 1,586.9
Capital and Software Expenditures			
Tools & Outdoor	**$ 264.7**	$ 438.5	$ 375.8
Industrial	**74.0**	85.6	123.3
Discontinued operations	**—**	6.3	20.0
Consolidated	**$ 338.7**	$ 530.4	$ 519.1
Depreciation and Amortization			
Tools & Outdoor	**$ 453.5**	$ 387.6	$ 312.9
Industrial	**171.6**	184.2	201.4
Discontinued operations	**—**	0.4	62.8
Consolidated	**$ 625.1**	$ 572.2	$ 577.1

Segment Assets	December 30, 2023	December 31, 2022
Tools & Outdoor	**$ 18,960.8**	$ 20,202.0
Industrial	**4,081.7**	5,284.8
	23,042.5	25,486.8
Assets held for sale	**857.6**	—
Corporate assets	**(236.3)**	(523.5)
Consolidated	**$ 23,663.8**	$ 24,963.3

Corporate Overhead includes the corporate overhead element of SG&A, which is not allocated to the business segments.

Corporate assets primarily consist of cash, deferred taxes, property, plant and equipment and right-of-use lease assets. Based on the nature of the Company's cash pooling arrangements, at times corporate-related cash accounts will be in a net liability position.

Lowe's accounted for approximately 14%, 15% and 15% of the Company's consolidated net sales in 2023, 2022 and 2021, respectively, while The Home Depot accounted for approximately 13%, 13% and 15% of the Company's consolidated net sales in 2023, 2022 and 2021, respectively.

As described in *Note A, Significant Accounting Policies*, the Company recognizes revenue at a point in time from the sale of tangible products or over time depending on when the performance obligation is satisfied. For the years ended December 30, 2023, December 31, 2022, and January 1, 2022, the majority of the Company's revenue was recognized at the time of sale. The percent of total segment revenue recognized over time for the Industrial segment for the years ended December 30, 2023, December 31, 2022 and January 1, 2022 was 2.2%, 4.6% and 6.6%, respectively.

The following table is a further disaggregation of the Industrial segment revenue for the years ended December 30, 2023, December 31, 2022 and January 1, 2022:

(Millions of Dollars)	2023	2022	2021
Engineered Fastening	**$ 1,965.4**	$ 1,874.8	$ 1,842.1
Infrastructure	**448.6**	648.6	621.0
Industrial	**$ 2,414.0**	$ 2,523.4	$ 2,463.1

GEOGRAPHIC AREAS

(Millions of Dollars)	2023	2022	2021
Net Sales			
United States	**$ 9,861.3**	$ 10,733.1	$ 9,073.1
Canada	**761.5**	835.7	696.0
Other Americas	**870.9**	839.4	833.6
Europe	**3,024.7**	3,154.7	3,336.0
Asia	**1,262.7**	1,384.5	1,342.6
Consolidated	**$ 15,781.1**	$ 16,947.4	$ 15,281.3

(Millions of Dollars)	December 30, 2023	December 31, 2022
Property, Plant & Equipment, net		
United States	**$ 1,306.5**	$ 1,465.8
Canada	**7.2**	7.4
Other Americas	**253.2**	249.8
Europe	**300.0**	303.6
Asia	**303.0**	326.5
Consolidated	**$ 2,169.9**	$ 2,353.1

Q. INCOME TAXES

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Significant components of the Company's deferred tax assets and liabilities from continuing operations, excluding 2023 amounts classified as held for sale, at the end of each fiscal year were as follows:

(Millions of Dollars)	2023	2022
Deferred tax liabilities:		
Depreciation	**$ 114.6**	$ 160.1
Intangible assets	**817.7**	907.5
Liability on undistributed foreign earnings	**14.8**	45.4
Lease right-of-use asset	**126.5**	108.2
Inventory	**32.6**	59.4
Other	**44.2**	46.7
Total deferred tax liabilities	**$ 1,150.4**	$ 1,327.3
Deferred tax assets:		
Employee benefit plans	**$ 154.8**	$ 130.9
Basis differences in liabilities	**100.8**	104.0
Operating loss, capital loss and tax credit carryforwards	**826.5**	817.4
Lease liability	**129.1**	110.4
Intangible assets	**681.3**	556.8
Basis difference in debt obligations	**249.1**	268.0
Capitalized research and development costs	**194.6**	134.7
Interest expense carryforward	**152.7**	27.7
Other	**159.1**	176.6
Total deferred tax assets	**$ 2,648.0**	$ 2,326.5
Net Deferred Tax Asset before Valuation Allowance	**$ 1,497.6**	$ 999.2
Valuation Allowance	**$ (1,046.9)**	$ (1,032.5)
Net Deferred Tax Asset/ (Liability) after Valuation Allowance	**$ 450.7**	$ (33.3)

The increase in intangible deferred tax assets relates to an intra-entity asset transfer of certain intangible assets from a wholly-owned, non-U.S. subsidiary to another wholly-owned, non-U.S. subsidiary located in the United Kingdom in order to better align with current and future business operations. The transfer resulted in a step-up in tax basis driven by the fair value of the transferred intellectual property ("IP"), which was determined using an income approach taking into consideration future revenue projections, royalty rates and discount rates. The Company expects to realize the deferred tax asset recorded as a result of the IP transfer and will periodically assess such realizability. The tax-deductible amortization related to the transferred IP will be recognized over a 20-year period.

A valuation allowance is recorded on certain deferred tax assets if it has been determined it is more likely than not that all or a portion of these assets will not be realized. The Company recorded a valuation allowance of $1,046.9 million and $1,032.5 million on deferred tax assets existing as of December 30, 2023 and December 31, 2022, respectively. The valuation allowances in 2023 and 2022 are primarily attributable to foreign and state net operating loss carryforwards, certain intangible assets unrelated to the IP transfer discussed above, foreign capital loss carryforwards, and state tax credits.

As of December 30, 2023, the Company has approximately $4.6 billion of unremitted foreign earnings and profits. Of the total amount, the Company has provided for deferred taxes of $14.8 million on approximately $1.0 billion, which is not indefinitely reinvested primarily due to the changes brought about by the Tax Cuts and Jobs Act. The Company otherwise continues to consider the remaining undistributed earnings of its foreign subsidiaries to be permanently reinvested based on its current plans for use outside of the U.S. and accordingly no taxes have been provided on such earnings. The cash held by the Company's non-U.S. subsidiaries for indefinite reinvestment is generally used to finance foreign operations and investments, including acquisitions. The income taxes applicable to such earnings and other outside basis differences are not readily determinable or practicable to calculate.

As of December 30, 2023, the Company has approximately $1.5 billion and $3.1 billion of net operating loss carryforwards available to reduce future tax obligations in certain U.S. state and foreign jurisdictions, respectively. The Company's foreign net operating loss carryforwards primarily relate to its subsidiaries' operations in Luxembourg ($2.4 billion), France ($202.5 million), Germany ($168.4 million), Brazil ($106.1 million), and other foreign jurisdictions ($218.4 million). The net operating loss carryforwards have various expiration dates beginning in 2024 with certain jurisdictions having indefinite carryforward periods. The foreign capital loss carryforwards of $40.3 million as of December 30, 2023 have indefinite carryforward periods.

U.S. foreign tax credit carryforward balance as of December 30, 2023 totaled $1.6 million with various expiration dates beginning in 2033. State tax credit carryforward balance as of December 30, 2023 totaled $19.3 million. The carryforward balance is made up of various credit types spanning multiple state taxing jurisdictions and various expiration dates beginning in 2024.

The components of (loss) earnings from continuing operations before income taxes and equity interest consisted of the following:

(Millions of Dollars)	2023	2022	2021
United States	**$ (1,385.0)**	$ (1,233.8)	$ (77.7)
Foreign	**1,009.3**	1,271.7	1,664.6
(Loss) earnings before income taxes and equity interest	**$ (375.7)**	$ 37.9	$ 1,586.9

Income taxes on continuing operations consisted of the following:

(Millions of Dollars)	2023	2022	2021
Current:			
Federal	**$ 5.8**	$ (79.0)	$ 0.3
Foreign	**307.4**	248.6	388.0
State	**17.1**	(16.7)	31.8
Total current	**$ 330.3**	$ 152.9	$ 420.1
Deferred:			
Federal	**$ (158.2)**	$ (61.2)	$ (124.7)
Foreign	**(218.3)**	(222.5)	(210.1)
State	**(47.8)**	(1.6)	(30.2)
Total deferred	**(424.3)**	(285.3)	(365.0)
Income taxes	**$ (94.0)**	$ (132.4)	$ 55.1

Net income taxes paid for continuing operations during 2023, 2022 and 2021 were $415.2 million, $482.6 million and $441.8 million, respectively. The 2023, 2022 and 2021 amounts include refunds of $25.3 million, $41.8 million and $50.1 million, respectively.

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The reconciliation of the U.S. federal statutory income tax provision to Income taxes on continuing operations in the Consolidated Statements of Operations is as follows:

(Millions of Dollars)	2023	2022	2021
Tax at statutory rate	**$ (78.9)**	$ 8.0	$ 333.2
State income taxes, net of federal benefits	**(23.6)**	(19.3)	1.4
Foreign tax rate differential	**(48.0)**	(28.8)	(63.5)
Uncertain tax benefits	**30.5**	26.3	49.6
Change in valuation allowance	**33.5**	(25.1)	(11.9)
Change in deferred tax liabilities on undistributed foreign earnings	**—**	12.8	23.1
Stock-based compensation	**8.2**	7.3	(6.3)
Change in tax rates	**0.2**	(5.5)	(31.1)
Tax credits	**(13.8)**	(8.8)	(6.7)
U.S. federal tax expense (benefit) on foreign earnings	**61.1**	55.7	(118.1)
Intra-entity asset transfer of intellectual property	**(131.3)**	(153.3)	(114.2)
Withholding taxes	**38.9**	5.4	12.0
Impairment on assets held for sale	**30.4**	—	—
Other	**(1.2)**	(7.1)	(12.4)
Income taxes	**$ (94.0)**	$ (132.4)	$ 55.1

The Company conducts business globally and, as a result, files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. In the normal course, the Company is subject to examinations by taxing authorities throughout the world. The Internal Revenue Service is currently examining the Company's consolidated U.S. income tax returns for the 2017 through 2019 tax years. With few exceptions, as of December 30, 2023, the Company is no longer subject to U.S. federal, state, local, or foreign examinations by tax authorities for years before 2012.

The Company's liabilities for unrecognized tax benefits relate to U.S. and various foreign jurisdictions. The following table summarizes the activity related to the unrecognized tax benefits from continuing operations:

(Millions of Dollars)	2023	2022	2021
Balance at beginning of year	**$ 502.7**	$ 487.7	$ 428.3
Additions based on tax positions related to current year	**20.9**	27.2	33.6
Additions based on tax positions related to prior years	**20.4**	41.1	53.5
Reductions based on tax positions related to prior years	**(8.2)**	(37.8)	(17.2)
Settlements	**(16.2)**	(7.0)	(1.3)
Statute of limitations expirations	**(16.8)**	(8.5)	(9.2)
Reclassification to long-term liabilities held for sale	**(21.5)**	—	—
Balance at end of year	**$ 481.3**	$ 502.7	$ 487.7

The gross unrecognized tax benefits from continuing operations at December 30, 2023 and December 31, 2022 include $475.7 million and $496.0 million, respectively, of tax benefits that, if recognized, would impact the effective tax rate. The liability for potential penalties and interest related to unrecognized tax benefits from continuing operations, excluding 2023 amounts reclassified to liabilities held for sale, increased by $15.5 million in 2023, decreased by $11.2 million in 2022 and increased by $9.6 million in 2021. The liability for potential penalties and interest totaled $64.3 million as of December 30, 2023, $48.8 million as of December 31, 2022, and $60.0 million as of January 1, 2022. The Company classifies all tax-related interest and penalties as income tax expense.

The Company considers many factors when evaluating and estimating its tax positions and the impact on income tax expense, which may require periodic adjustments, and which may not accurately anticipate actual outcomes. It is reasonably possible that the amount of the unrecognized benefit with respect to certain of the Company's unrecognized tax positions will significantly increase or decrease within the next twelve months. However, based on the uncertainties associated with finalizing audits with the relevant tax authorities including formal legal proceedings, it is not possible to reasonably estimate the impact of any such change.

R. COMMITMENTS AND GUARANTEES

COMMITMENTS — The Company has numerous assets, predominantly real estate, vehicles and equipment, under various lease arrangements. At inception of arrangements with vendors, the Company determines whether the contract is or contains a lease based on each party's rights and obligations under the arrangement. If the lease arrangement also contains non-lease components, the lease and non-lease elements are separately accounted for in accordance with the appropriate accounting guidance for each item. From time to time, lease arrangements allow for, and the Company executes, the purchase of the underlying leased asset. Lease arrangements may also contain renewal options or early termination options. As part of its lease liability and right-of-use asset calculation, consideration is given to the likelihood of exercising any extension or termination options. Leases with expected durations of less than twelve months from inception (i.e. short-term leases) are excluded from the Company's calculation of lease liabilities and right-of-use assets, as permitted by ASC 842, *Leases*. The following is a summary of the Company's right-of-use-assets and lease liabilities:

(Millions of Dollars)	December 30, 2023	December 31, 2022
Right-of-use assets	**$ 502.9**	$ 431.5
Lease liabilities	**$ 506.6**	$ 440.5
Weighted-average incremental borrowing rate	**4.6 %**	3.6 %
Weighted-average remaining term	**7 years**	6 years

Right-of-use assets are included within Other assets in the Consolidated Balance Sheets, while lease liabilities are included within Accrued expenses and Other liabilities, as appropriate. The Company determines its incremental borrowing rate based on interest rates from its debt issuances, taking into consideration adjustments for collateral, lease terms and foreign currency. As of December 30, 2023, $19.4 million and $19.5 million of right-of-use assets and lease liabilities, respectively, were reclassified to held for sale due to the pending divestiture of the Infrastructure business.

As a result of acquiring right-of-use assets from new leases entered into during the years ended December 30, 2023 and December 31, 2022, the Company's lease liabilities increased approximately $206.1 million and $115.8 million, respectively. The Company has variable rate leases for certain manufacturing facilities, distribution centers and office buildings in which the periodic rental payments vary based on benchmark interest rates.

The following is a summary of the Company's total lease cost for the years ended December 30, 2023, December 31, 2022, and January 1, 2022:

(Millions of Dollars)	2023	2022	2021
Operating lease cost	**$ 144.0**	$ 147.1	$ 126.3
Short-term lease cost	**31.2**	27.6	25.5
Variable lease cost	**11.2**	5.9	5.9
Sublease income	**(3.2)**	(2.5)	(1.3)
Total lease cost	**$ 183.2**	$ 178.1	$ 156.4

During 2023, 2022 and 2021, the Company paid $128.3 million, $124.1 million, and $110.8 million respectively, relating to leases included in the measurement of its lease liability and right-of-use asset.

The following is a summary of the Company's future lease obligations on an undiscounted basis at December 30, 2023:

(Millions of Dollars)	Total	2024	2025	2026	2027	2028	Thereafter
Lease obligations	$ 613.0	$ 135.4	$ 105.7	$ 90.5	$ 69.5	$ 56.3	$ 155.6

The amounts above include undiscounted future lease obligations related to the pending divestiture of the Infrastructure business totaling $21.1 million; $4.7 million in 2024, $4.5 million in 2025, $4.5 million in 2026, $4.1 million in 2027, $1.9 million in 2028, and $1.4 million thereafter.

The following is a summary of the Company's future marketing commitments at December 30, 2023:

(Millions of Dollars)	Total	2024	2025	2026	2027	2028	Thereafter
Marketing commitments	$ 72.5	$ 37.9	$ 18.6	$ 16.0	$ —	$ —	$ —

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As of December 30, 2023, the Company had unrecognized commitments that require the future purchase of goods or services (unconditional purchase obligations) to provide it with access to products and services at competitive prices. These obligations consist of supplier agreements with long-term minimum material purchase requirements and freight forwarding arrangements with minimum quantity commitments. The following is a summary of the Company's unconditional purchase obligations related to these agreements at December 30, 2023:

(Millions of Dollars)	Total	2024	2025	2026	2027	2028	Thereafter
Supplier agreements	$ 199.1	$ 87.8	$ 44.0	$ 37.9	$ 22.1	$ 7.3	$ —

The Company has arrangements with third-party financial institutions that offer voluntary supply chain finance ("SCF") programs. These arrangements enable certain of the Company's suppliers, at the supplier's sole discretion, to sell receivables due from the Company to the financial institutions on terms directly negotiated with the financial institutions. The Company negotiates commercial terms with its suppliers, including prices, quantities, and payment terms, regardless of suppliers' decisions to finance the receivables due from the Company under these SCF programs. The Company has no economic interest in a supplier's decision to participate in these SCF programs, and no direct financial relationship with the financial institutions, as it relates to these SCF programs. The amounts due to the financial institutions for suppliers that voluntarily participate in these SCF programs were presented within Accounts payable on the Company's Consolidated Balance Sheets and totaled $528.1 million and $607.5 million as of December 30, 2023 and December 31, 2022, respectively.

GUARANTEES — The Company's financial guarantees at December 30, 2023 are as follows:

(Millions of Dollars)	Term	Maximum Potential Payment	Carrying Amount of Liability
Guarantees on the residual values of leased properties	One to nine years	**$ 157.4**	**$ —**
Standby letters of credit	Up to twenty years	**185.5**	**—**
Commercial customer financing arrangements	Up to six years	**93.1**	**15.5**
Total		**$ 436.0**	**$ 15.5**

The Company has guaranteed a portion of the residual values associated with certain of its variable rate leases. The lease guarantees are for an amount up to $157.4 million while the fair value of the underlying assets is estimated at $210.5 million. The related assets would be available to satisfy the guarantee obligations.

The Company has issued $185.5 million in standby letters of credit that guarantee future payments which may be required under certain insurance programs and in relation to certain environmental remediation activities described more fully in *Note S, Contingencies*.

The Company provides various limited and full recourse guarantees to financial institutions that provide financing to U.S. and Canadian Mac Tools distributors and franchisees for their initial purchase of the inventory and trucks necessary to function as a distributor and franchisee. In addition, the Company provides limited and full recourse guarantees to financial institutions that extend credit to certain end retail customers of its U.S. Mac Tools distributors and franchisees. The gross amount guaranteed in these arrangements is $93.1 million and the $15.5 million carrying value of the guarantees issued is recorded in Other liabilities in the Consolidated Balance Sheets.

The Company provides warranties on certain products across its businesses. The types of product warranties offered generally range from one year to limited lifetime. There are also certain products with no warranty. Further, the Company sometimes incurs discretionary costs to service its products in connection with product performance issues. Historical warranty and service claim experience forms the basis for warranty obligations recognized. Adjustments are recorded to the warranty liability as new information becomes available.

The changes in the carrying amount of product warranties for the years ended December 30, 2023, December 31, 2022, and January 1, 2022 are as follows:

(Millions of Dollars)	2023	2022	2021
Balance beginning of period	**$ 126.6**	$ 134.5	$ 107.9
Warranties and guarantees issued	**171.3**	155.3	150.1
Warranties assumed in acquisitions	**—**	—	33.4
Warranty payments and currency	**(161.2)**	(163.2)	(156.9)
Balance end of period	**$ 136.7**	$ 126.6	$ 134.5

S. CONTINGENCIES

The Company is involved in various legal proceedings relating to environmental issues, employment, product liability, workers' compensation claims and other matters. The Company periodically reviews the status of these proceedings with both inside and outside counsel, as well as an actuary for risk insurance. Management believes that the ultimate disposition of these matters will not have a material adverse effect on operations or financial condition taken as a whole.

Government Investigations

On January 19, 2024, the Company was notified by the Compliance and Field Operations Division (the "Division") of the Consumer Product Safety Commission that the Division intends to recommend the imposition of a civil penalty of approximately $32 million for alleged untimely reporting in relation to certain utility bars and miter saws that were subject to voluntary recalls in September 2019 and March 2022, respectively. The Company is currently evaluating and believes there are defenses to the Division's claims, and the Company is cooperating with the Division. However, given the early stage of this matter, at this time, the Company is not in a position to assess the likelihood of any potential loss or adverse effect on its financial condition or to estimate the amount of potential loss, if any, from this matter.

The Company previously disclosed that it had identified certain undisclosed perquisites in prior periods. The Company voluntarily disclosed this information to the U.S. Securities and Exchange Commission (the "SEC" or the "Commission") and cooperated with the SEC's investigation of this matter. On June 20, 2023, the SEC issued a Cease-and-Desist Order (the "Order") that resolved this matter. The Order reflects that the Company neither admitted to nor denied the allegations contained in the Order, and that the SEC did not impose any monetary penalties on the Company. The Order credited the Company's self-reporting, cooperation, and remediation efforts. In a parallel action, the SEC issued a Cease-and-Desist Order against a former executive of the Company (the "Parallel Resolution"). The SEC's press release announcing both resolutions noted that, with respect to the Parallel Resolution, "[a]fter consideration of Stanley Black & Decker's self-reporting, cooperation, and remediation, the SEC declined to bring charges against the company related to [the former executive's] conduct."

Also, as previously disclosed, the Company has identified certain transactions relating to its international operations that may raise compliance questions under the U.S. Foreign Corrupt Practices Act ("FCPA") and voluntarily disclosed this information to the U.S. Department of Justice ("DOJ") and the SEC in January 2023. The Company is cooperating with both agencies in their investigations of these transactions (the "FCPA Matters"). Currently, the Company does not believe that the FCPA Matters will have a material impact on its financial condition or results of operations, although it is possible that a loss related to the FCPA Matters may be incurred.

Given the ongoing nature of the FCPA Matters, management cannot predict the duration, scope, or outcome of the DOJ's or SEC's investigations or estimate the potential magnitude of any such loss or range of loss, or the cost of the ongoing investigations. Any determination that certain transactions relating to the Company's international operations were not in compliance with the FCPA could result in the imposition of fines, civil or criminal penalties, equitable remedies, including disgorgement, injunctive relief, or other sanctions against the Company. The Company also may become a party to litigation or other legal proceedings over the FCPA Matters described above.

The Company is committed to upholding the highest standards of corporate governance and is continuously focused on ensuring the effectiveness of its policies, procedures, and controls. The Company is in the process, with the assistance of professional advisors, of reviewing and further enhancing relevant policies, procedures, and controls.

Class Action Litigation

As previously disclosed, on March 24, 2023, a putative class action lawsuit titled *Naresh Vissa Rammohan v. Stanley Black & Decker, Inc., et al.*, Case No. 3:23-cv-00369-KAD (the "*Rammohan* Class Action"), was filed in the United States District Court for the District of Connecticut against the Company and certain of the Company's current and former officers and directors. The complaint was filed on behalf of a purported class consisting of all purchasers of Stanley Black & Decker common stock between October 28, 2021 and July 28, 2022, inclusive. The complaint asserts violations of Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 based on allegedly false and misleading statements related to consumer demand for the Company's products amid changing COVID-19 trends and macroeconomic conditions. The complaint seeks unspecified damages and an award of costs and expenses. On October 13, 2023, Lead Plaintiff General Retirement System of the City of Detroit filed an Amended Complaint that asserts the same claims and seeks the same forms of relief as the original complaint.

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The Company intends to vigorously defend this action in all respects and on December 14, 2023 filed a motion to dismiss the Amended Complaint in its entirety. Briefing on that motion is expected to conclude in April 2024. Given the early stage of this litigation, at this time, the Company is not in a position to assess the likelihood of any potential loss or adverse effect on its financial condition or to estimate the amount or range of potential losses, if any, from this action.

Derivative Actions

As previously disclosed, on August 2, 2023 and September 20, 2023, derivative complaints were filed in the United States District Court for the District of Connecticut, titled *Callahan v. Allan, et al.*, Case No. 3:23-cv-01028-OAW (the "*Callahan* Derivative Action") and *Applebaum v. Allan, et al.*, Case No. 3:23-cv-01234-OAW (the "*Applebaum* Derivative Action"), respectively, by putative stockholders against certain current and former directors and officers of the Company premised on the same allegations as the *Rammohan* Class Action. The *Callahan* and *Applebaum* Derivative Actions were consolidated by Court order on November 6, 2023 and defendants' responses to both complaints have been stayed pending the disposition of any motions to dismiss in the *Rammohan* Class Action. The individual defendants intend to vigorously defend the *Callahan* and *Applebaum* Derivative Actions in all respects. However, given the early stage of this litigation, at this time, the Company is not in a position to assess the likelihood of any potential loss or adverse effect on its financial condition or to estimate the amount or range of potential losses, if any, from these actions.

On October 19, 2023, a derivative complaint was filed in Connecticut Superior Court, titled *Vladimir Gusinsky Revocable Trust v. Allan, et al.*, Docket Number HHBCV236082260S, by a putative stockholder against certain current and former directors and officers of the Company. Plaintiff seeks to recover for alleged breach of fiduciary duties and unjust enrichment under Connecticut state law premised on the same allegations as the *Rammohan* Class Action. By Court order on November 11, 2023, the Connecticut Superior Court granted the parties' motion to stay defendants' response to the complaint pending the disposition of any motions to dismiss in the *Rammohan* Class Action. The individual defendants intend to vigorously defend this action in all respects. However, given the early stage of this litigation, at this time, the Company is not in a position to assess the likelihood of any potential loss or adverse effect on its financial condition or to estimate the amount or range of potential losses, if any, from this action.

Environmental

In the normal course of business, the Company is a party to administrative proceedings and litigation, before federal and state regulatory agencies, relating to environmental remediation with respect to claims involving the discharge of hazardous substances into the environment, generally at current and former manufacturing facilities. In addition, some of these claims assert that the Company is responsible for damages and liability, for remedial investigation and clean-up costs, with respect to sites that have never been owned or operated by the Company, but the Company has been identified as a potentially responsible party ("PRP").

In connection with the 2010 merger with Black & Decker, the Company assumed certain commitments and contingent liabilities. Black & Decker is a party to litigation and administrative proceedings with respect to claims involving the discharge of hazardous substances into the environment at current and former manufacturing facilities and has also been named as a PRP in certain administrative proceedings.

The Company, along with many other companies, has been named as a PRP in numerous administrative proceedings for the remediation of various waste sites, including 23 active Superfund sites. Current laws potentially impose joint and several liabilities upon each PRP. In assessing its potential liability at these sites, the Company has considered the following: whether responsibility is being disputed, the terms of existing agreements, experience at similar sites, and the Company's volumetric contribution at these sites.

The Company's policy is to accrue environmental investigatory and remediation costs for identified sites when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. If no amount in the range of probable loss is considered most likely, the minimum loss in the range is accrued. The amount of liability recorded is based on an evaluation of currently available facts with respect to each individual site and includes such factors as existing technology, presently enacted laws and regulations, and prior experience in remediation of contaminated sites. The liabilities recorded do not take into account any claims for recoveries from insurance or third parties. As assessments and remediation progress at individual sites, the amounts recorded are reviewed periodically and adjusted to reflect additional technical and legal information that becomes available. As of December 30, 2023 and December 31, 2022, the Company had reserves of $124.5 million and $129.3 million, respectively, for remediation activities associated with Company-owned properties, as well as for Superfund sites, for losses that are probable and estimable. Of the December 30, 2023 amount, $46.0 million is classified as current and $78.5 million as long-term which is expected to be paid over the estimated remediation period. As of December 30, 2023, the range of environmental remediation costs that is reasonably possible is $79.9 million to $226.8 million which is subject to change in the near term. The Company may be liable for environmental remediation of sites it no longer owns. Liabilities have been recorded on those sites in accordance with the Company's policy.

As of December 30, 2023, the Company has recorded $17.0 million in other assets related to funding received by the Environmental Protection Agency ("EPA") and placed in a trust in accordance with the final settlement with the EPA, embodied in a Consent Decree approved by the United States District Court for the Central District of California on July 3, 2013. Per the Consent Decree, Emhart Industries, Inc. (a dissolved and liquidated former indirectly wholly-owned subsidiary of The Black & Decker Corporation) ("Emhart") has agreed to be responsible for an interim remedy at a site located in Rialto, California and formerly operated by West Coast Loading Corporation ("WCLC"), a defunct company for which Emhart was alleged to be liable as a successor. The remedy will be funded by (i) the amounts received from the EPA as gathered from multiple parties, and, to the extent necessary, (ii) Emhart's affiliate. The interim remedy requires the construction of a water treatment facility and the filtering of ground water at or around the site for a period of approximately 30 years or more. As of December 30, 2023, the Company's net cash obligation associated with remediation activities, including WCLC assets, is $107.5 million.

The EPA also asserted claims in federal court in Rhode Island against Black & Decker and Emhart related to environmental contamination found at the Centredale Manor Restoration Project Superfund Site ("Centredale"), located in North Providence, Rhode Island. The EPA discovered a variety of contaminants at the site, including but not limited to, dioxins, polychlorinated biphenyls, and pesticides. The EPA alleged that Black & Decker and Emhart are liable for site clean-up costs under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") as successors to the liability of Metro-Atlantic, Inc., a former operator at the site, and demanded reimbursement of the EPA's costs related to this site. Black & Decker and Emhart then vigorously litigated the issue of their liability for environmental conditions at the Centredale site, including completing trial on Phase 1 of the proceedings in late July 2015 and completing trial on Phase 2 of the proceedings in April 2017. On July 9, 2018, a Consent Decree was lodged with the United States District Court documenting the terms of a settlement between the Company and the United States for reimbursement of EPA's past costs and remediation of environmental contamination found at the Centredale site. The terms of the Consent Decree were subject to public comment and Court approval. After a full hearing on March 19, 2019, the Court approved and entered the Consent Decree on April 8, 2019. The settlement resolves outstanding issues relating to Phase 1 and 2 of the litigation with the United States. The Company is complying with the terms of the settlement. The District Court's entry of the Consent Decree was appealed by several PRPs at the site to the United States Court of Appeals for the First Circuit. The District Court's actions were affirmed by the First Circuit on February 17, 2021. Phase 3 of the litigation, is addressing the potential allocation of liability to other PRPs who may have contributed to contamination of the Centredale site with dioxins, polychlorinated biphenyls and other contaminants of concern. As of December 30, 2023, the Company has a remaining reserve of $24.9 million for this site.

The Company and approximately 47 other companies comprise the Lower Passaic Cooperating Parties Group (the "CPG"). The CPG members and other companies are parties to a May 2007 Administrative Settlement Agreement and Order on Consent ("AOC") with the EPA to perform a remedial investigation/feasibility study ("RI/FS") of the lower seventeen miles of the Lower Passaic River in New Jersey (the "River"). The Company's potential liability stems from former operations in Newark, New Jersey. As an interim step related to the 2007 AOC, on June 18, 2012, the CPG members voluntarily entered into an AOC with the EPA for remediation actions focused solely at mile 10.9 of the River. The Company's estimated costs related to the RI/FS and focused remediation action at mile 10.9, based on an interim allocation, are included in its environmental reserves. On April 11, 2014, the EPA issued a Focused Feasibility Study ("FFS") and proposed plan which addressed various early action remediation alternatives for the lower 8.3 miles of the River. The EPA received public comment on the FFS and proposed plan (including comments from the CPG and other entities asserting that the FFS and proposed plan do not comply with CERCLA) which public comment period ended on August 20, 2014. The CPG submitted to the EPA a draft RI report in February 2015 and draft FS report in April 2015 for the entire lower seventeen miles of the River. On March 4, 2016, the EPA issued a Record of Decision ("ROD") selecting the remedy for the lower 8.3 miles of the River. The cleanup plan adopted by the EPA is now considered a final action for the lower 8.3 miles of the River and will include the removal of 3.5 million cubic yards of sediment, placement of a cap over the entire lower 8.3 miles of the River, and, according to the EPA, will cost approximately $1.4 billion and take 6 years to implement after the remedial design is completed. On September 30, 2016, Occidental Chemical Corporation ("OCC") entered into an agreement with the EPA to perform the remedial design for the cleanup plan for the lower 8.3 miles of the River. The remedial design is expected to be substantially completed in the first quarter of 2024. On June 30, 2018, OCC filed a complaint in the United States District Court for the District of New Jersey against over 100 companies, including the Company, seeking CERCLA cost recovery or contribution for past costs relating to various investigations and cleanups OCC has conducted or is conducting in connection with the River. According to the complaint, OCC has incurred or is incurring costs which include the estimated cost ($165 million) to complete the remedial design for the cleanup plan for the lower 8.3 miles of the River. OCC also seeks a declaratory judgment to hold the defendants liable for their proper shares of future response costs for OCC's ongoing activities in connection with the River. The Company and other defendants have answered the complaint and have been engaged in discovery with OCC. On February 24, 2021, the Company and other defendants filed a third party complaint against the Passaic Valley Sewerage Commissioners and forty-two municipalities to require those entities to pay their equitable share of response costs. On October 10, 2018, the EPA issued a letter directing the CPG to prepare a streamlined feasibility study for the upper 9 miles of the River based on an iterative approach using adaptive management strategies. The CPG submitted a revised draft Interim Remedy Feasibility Study to the EPA on December 4, 2020, which identified various targeted dredge and cap alternatives with costs that range from $420 million to $468 million (net

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present value). The EPA approved the Interim Remedy Feasibility Study on December 11, 2020. The EPA issued the Interim Remedy Proposed Plan on April 14, 2021 and the Interim Remedy ROD on September 28, 2021, selecting an alternative that the EPA estimates will cost $441 million (net present value). The CPG has substantially completed the RI/FS for the entire 17-mile River. The Company and 105 other parties received a letter dated March 31, 2016 from the EPA notifying such parties of potential liability for the costs of the cleanup of the lower 8.3 miles of the River and a letter dated March 30, 2017 stating that the EPA had offered 20 of the parties (not including the Company) an early cash out settlement. In a letter dated May 17, 2017, the EPA stated that these 20 parties did not discharge any of the eight hazardous substances identified as the contaminants of concern in the lower 8.3 mile ROD. In the March 30, 2017 letter, the EPA stated that other parties who did not discharge dioxins, furans or polychlorinated biphenyls (which are considered the contaminants of concern posing the greatest risk to human health or the environment) may also be eligible for cash out settlement, but expected those parties' allocation to be determined through a complex settlement analysis using a third-party allocator. The EPA subsequently clarified this statement to say that such parties would be eligible to be "funding parties" for the lower 8.3 mile remedial action with each party's share of the costs determined by the EPA based on the allocation process and the remaining parties would be "work parties" for the remedial action. The Company asserts that it did not discharge dioxins, furans or polychlorinated biphenyls and should be eligible to be a "funding party" for the lower 8.3 mile remedial action. The Company participated in the allocation process. The allocator selected by the EPA issued a confidential allocation report on December 28, 2020, which was reviewed by the EPA. As a result of the allocation process, on February 11, 2022, the EPA and certain parties (including the Company) reached an agreement in principle for a cash-out settlement for remediation of the entire 17-mile Lower Passaic River. On December 16, 2022, the United States lodged a Consent Decree with the United States District Court for the District of New Jersey in *United States v. Alden Leeds, Inc. et al.* (No. 2:22-cv-07326) that addresses the liability of 85 parties (including the Company) for an aggregate amount of $150 million based on the EPA-sponsored allocation report that found OCC 99.4% responsible for the cleanup costs of the River. The Consent Decree was subject to a 90-day public comment period, which ended March 22, 2023. On November 21, 2023, the United States informed the Court that it concluded, based on the public comments, that a small number of parties (not including the Company) should be removed from the settlement, that a change should be made to the United States' reservation of rights (which was agreed to by the remaining settling parties) and that it intends to file a Motion to Enter the modified Consent Decree (without soliciting additional public comments) no later than January 31, 2024. On December 12, 2023, the Court ordered the United States to file the proposed modified Consent Decree on or before January 17, 2024 and its Motion to Enter the modified Consent Decree no later than January 31, 2024 and established a schedule to complete briefing by July 2024. After the United States moves to enter the modified Consent Decree the Court will enter or disapprove. On December 20, 2022, various defendants (including the Company) in the OCC litigation filed an unopposed motion to stay the litigation for six months which was granted by the Court on March 1, 2023. On March 2, 2023, the EPA issued a Unilateral Administrative Order requiring OCC to design the interim remedy for the upper 9 miles of the River (the "2023 UAO"). Notwithstanding the stay of the litigation commenced in 2018 (and two days after the public comment period on the Consent Decree closed), OCC filed a complaint named *Occidental Chem. Corp. v. Givaudan Fragrances Corp., et al.*, No. 2:23-cv-1699 at 2, 5 (D.N.J. Mar. 24, 2023) (the "2023 Litigation") against forty parties (not including the Company) for recovery of past and future response costs it will incur in complying with the 2023 UAO. All of the defendants named in the 2023 Litigation are also defendants or third-party defendants in the litigation commenced in 2018. Pursuant to a settlement agreement by and among the Maxus Liquidating Trust, YPF and Repsol submitted to the bankruptcy court on April 7, 2023, YPF and Repsol will jointly pay a combined sum of $573 million to various creditors. Based on the waterfall payout of the bankruptcy plan, it is currently estimated that the CPG will receive approximately $9 million, which will be used either to offset future CPG costs, including EPA RI/FS oversight and legal and administrative costs, or to reimburse CPG members for a portion of their past contributions to the RI/FS costs. At this time, the Company cannot reasonably estimate its liability related to the litigation and remediation efforts, excluding the RI/FS and remediation actions at mile 10.9, as the OCC litigation is pending and the EPA settlement process has not been completed and requires court approval.

Per the terms of a Final Order and Judgment approved by the United States District Court for the Middle District of Florida on January 22, 1991, Emhart is responsible for a percentage of remedial costs arising out of the Kerr McGee Chemical Corporation Superfund Site located in Jacksonville, Florida. On March 15, 2017, the Company received formal notification from the EPA that the EPA had issued a ROD selecting the preferred alternative identified in the Proposed Cleanup Plan. On or about November 2, 2023, the Multistate Trust managing the remediation revised the estimated remediation costs for work to be performed in 2024, and the Company adjusted the reserve for its percentage share of such costs accordingly. As of December 30, 2023, the Company has reserved $28.2 million for this site.

The environmental liability for certain sites that have cash payments beyond the current year that are fixed or reliably determinable have been discounted using a rate of 4.4% to 5.5%, depending on the expected timing of disbursements. The discounted and undiscounted amount of the liability relative to these sites is $34.3 million and $47.0 million, respectively. The payments relative to these sites are expected to be $3.2 million in 2024, $3.2 million in 2025, $3.2 million in 2026, $2.4 million in 2027, $2.4 million in 2028, and $32.6 million thereafter.

The amount recorded for identified contingent liabilities is based on estimates. Amounts recorded are reviewed periodically and adjusted to reflect additional technical and legal information that becomes available. Actual costs to be incurred in future periods may vary from the estimates, given the inherent uncertainties in evaluating certain exposures. Subject to the imprecision

in estimating future contingent liability costs, the Company does not expect that any sum it may have to pay in connection with these environmental matters in excess of the amounts recorded will have a materially adverse effect on its financial position, results of operations or liquidity.

T. DIVESTITURES

PENDING DIVESTITURE

Infrastructure business

In December 2023, the Company announced that it had entered into a definitive agreement for the sale of its Infrastructure business as part of the Company's strategic commitment to simplify and streamline its portfolio to focus on the core Tools & Outdoor and Industrial businesses. Based on management's commitment to sell this business, the assets and liabilities related to the Infrastructure business were classified as held for sale on the Company's Consolidated Balance Sheet as of December 30, 2023. This pending divestiture does not qualify for discontinued operations and therefore, its results are included in the Company's continuing operations within the Industrial segment for all periods presented.

Following is the pre-tax income for this business for the years ended December 30, 2023, December 31, 2022 and January 1, 2022:

(Millions of Dollars)	2023	2022	2021
Pre-tax income	**$ 52.0**	$ 54.3	$ 65.1

In addition, the Company recognized a $150.8 million pre-tax asset impairment charge in the fourth quarter of 2023 to adjust the carrying amount of the long-lived assets of the Infrastructure business to its estimated fair value less selling cost based on the contractual sale price outlined in the agreement. The transaction is subject to regulatory approval and other customary closing conditions.

The carrying amounts of the assets and liabilities that were aggregated in assets held for sale and liabilities held for sale as of December 30, 2023 are presented in the following table:

(Millions of Dollars)	December 30, 2023
Cash and cash equivalents	**$ 0.6**
Accounts and notes receivable, net	**41.3**
Inventories, net	**96.5**
Other current assets	**2.4**
Property, plant and equipment, net	**70.4**
Goodwill	**389.7**
Intangibles, net	**214.3**
Other assets	**42.4**
Total assets	**$ 857.6**
Accounts payable and accrued expenses	**$ 44.1**
Other long-term liabilities	**84.8**
Total liabilities	**$ 128.9**

2022 DIVESTITURES

Oil & Gas business

On August 19, 2022, the Company completed the sale of its Oil & Gas business comprised of the pipeline services and equipment businesses to Pipeline Technique Limited and recognized a pre-tax loss of $8.6 million. This divestiture did not qualify for discontinued operations and therefore, its results were included in the Company's continuing operations within the Industrial segment for all periods presented through the date of sale. For the years ended December 31, 2022 and January 1, 2022, the Company recognized pre-tax losses of $2.7 million and $16.8 million for this business, respectively.

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In addition, the Company recognized a $168.4 million pre-tax asset impairment charge to adjust the carrying amount of the long-lived assets of the Oil & Gas business to its fair value less the costs to sell during the second quarter of 2022.

Commercial Electronic Security and Healthcare businesses

On July 22, 2022, the Company completed the sale of its Convergent Security Solutions ("CSS") business comprised of the commercial electronic security and healthcare businesses to Securitas AB for net proceeds of approximately $3.1 billion and recorded a pre-tax gain of $574 million.

As part of the purchase and sale agreement, the Company provided transition services relating to certain administrative functions for Securitas AB from the date of close through January 2024. A portion of the net proceeds received at closing was deferred to reimburse the Company for transition service costs incurred over the service period.

Mechanical Access Solutions business

On July 5, 2022, the Company completed the sale of its Mechanical Access Solutions ("MAS") business comprised of the automatic doors business to Allegion plc for net proceeds of $916.0 million and recorded a pre-tax gain of $609 million.

As part of the purchase and sale agreement, the Company is providing transition services relating to certain administrative functions for Allegion plc for an initial period of two years or less, with extensions up to six months for certain services, pending integration of these functions into their pre-existing business processes.

The CSS and MAS divestitures represented a single plan to exit the Security segment and were considered a strategic shift that had a major effect on the Company's operations and financial results. As such, the 2022 and 2021 operating results of CSS and MAS were reported as discontinued operations. These divestitures allowed the Company to invest in other areas that fit into its long-term strategy.

Summarized operating results of discontinued operations are presented in the following table for each fiscal year ended:

(Millions of Dollars)	2023	2022	2021
Net Sales	$ —	$ 1,056.3	$ 1,971.4
Cost of sales	—	687.5	1,258.7
Selling, general, and administrative[1]	—	308.0	529.2
(Loss) gain on sale of discontinued operations	(14.3)	1,197.4	—
Other, net and restructuring charges	—	47.3	59.2
(Loss) earnings from discontinued operations before income taxes	$ (14.3)	$ 1,210.9	$ 124.3
Income taxes on discontinued operations	14.5	318.5	(12.4)
Net (loss) earnings from discontinued operations	$ (28.8)	$ 892.4	$ 136.7

[1] Includes provision for credit losses.

The following table presents the significant non-cash items and capital expenditures for the discontinued operations with respect to CSS and MAS that are included in the Consolidated Statements of Cash Flows for each fiscal year ended:

(Millions of Dollars)	2022	2021
Depreciation and amortization	$ 0.4	$ 62.8
Capital expenditures	$ 6.3	$ 20.0
Stock-based compensation	$ 17.5	$ 7.9

EXHIBIT INDEX
STANLEY BLACK & DECKER, INC.
EXHIBIT LIST

Some of the agreements included as exhibits to this Annual Report on Form 10-K (whether incorporated by reference to earlier filings or otherwise) may contain representations and warranties, recitals or other statements that appear to be statements of fact. These agreements are included solely to provide investors with information regarding their terms and are not intended to provide any other factual or disclosure information about the Company or the other parties to the agreements. Representations and warranties, recitals, and other common disclosure provisions have been included in the agreements solely for the benefit of the other parties to the applicable agreements and often are used as a means of allocating risk among the parties. Accordingly, such statements (i) should not be treated as categorical statements of fact; (ii) may be qualified by disclosures that were made to the other parties in connection with the negotiation of the applicable agreements, which disclosures are not necessarily reflected in the agreement or included as exhibits hereto; (iii) may apply standards of materiality in a way that is different from what may be viewed as material by or to investors in or lenders to the Company; and (iv) were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, representations and warranties, recitals or other disclosures contained in agreements may not describe the actual state of affairs as of the date they were made or at any other time and should not be relied on by any person other than the parties thereto in accordance with their terms. Additional information about the Company may be found in this Annual Report on Form 10-K and the Company's other public filings, which are available without charge through the SEC's website at http://www.sec.gov.

2.1		Acquisition Agreement by and between Stanley Black & Decker, Inc. and Securitas AB, dated as of December 8, 2021 (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on December 8, 2021).#
3.1	(a)	Restated Certificate of Incorporation dated September 15, 1998 (incorporated by reference to Exhibit 3(i) to the Company's Quarterly Report on Form 10-Q for the period ended April 3, 2010 filed on May 13, 2010).
	(b)	Certificate of Amendment to the Restated Certificate of Incorporation dated December 21, 2009 (incorporated by reference to Exhibit 3(ii) to the Company's Quarterly Report on Form 10-Q for the period ended April 3, 2010 filed on May 13, 2010).
	(c)	Certificate of Amendment to the Restated Certificate of Incorporation dated March 12, 2010 (incorporated by reference to Exhibit 3(iii) to the Company's Quarterly Report on Form 10-Q for the period ended April 3, 2010 filed on May 13, 2010).
	(d)	Certificate of Amendment to the Restated Certificate of Incorporation dated November 5, 2010 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on November 9, 2010).
	(e)	Certificate of Amendment to the Restated Certificate of Incorporation dated April 17, 2012 (incorporated by reference to Exhibit 3(i) to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2012 filed on May 2, 2012).
	(f)	Certificate of Amendment to the Restated Certificate of Incorporation dated May 17, 2017 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 17, 2017).
	(g)	Certificate of Amendment to the Restated Certificate of Incorporation dated November 13, 2019 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on November 13, 2019).
	(h)	Certificate of Amendment to the Restated Certificate of Incorporation dated May 15, 2020 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on May 15, 2020).
	(i)	Certificate of Amendment to the Restated Certificate of Incorporation, dated May 12, 2021 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 13, 2021).
	(j)	Certificate of Amendment to the Restated Certificate of Incorporation, dated November 15, 2022 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on November 17, 2022).
3.2		Bylaws, effective October 24, 2023 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on From 8-K filed on October 24, 2023).
4.1		Indenture, dated as of June 26, 1998, by and among Black & Decker Holdings Inc., as Issuer, The Black & Decker Corporation, as Guarantor, and The First National Bank of Chicago, as Trustee (incorporated by reference to Exhibit 4.9 to the Company's Current Report on Form 8-K filed on March 12, 2010).

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4.2	(a)	Indenture, dated as of November 1, 2002 between The Stanley Works and The Bank of New York Mellon Trust Company, N.A., as successor trustee to JPMorgan Chase Bank (incorporated by reference to Exhibit 4(vi) to the Company's Annual Report on Form 10-K for the period ended December 28, 2002 filed on February 28, 2003).
	(b)	Third Supplemental Indenture, dated as of September 3, 2010, to the Indenture dated as of November 1, 2002, among Stanley Black & Decker, Inc., The Black & Decker Corporation and The Bank of New York Mellon Trust Company, N.A., as successor trustee to JPMorgan Chase Bank, N.A. (formerly known as JPMorgan Chase Bank), as Trustee, relating to the 5.20% Notes due 2040 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on September 7, 2010).
	(c)	Sixth Supplemental Indenture, dated as of November 6, 2018, between Stanley Black & Decker, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee, relating to the 4.250% Notes due 2028 and the 4.850% Notes due 2048 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on November 6, 2018).
	(d)	Seventh Supplemental Indenture, dated as of March 1, 2019, between Stanley Black & Decker, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee, relating to the 3.400% Notes due 2026 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on March 1, 2019).
	(e)	Eight Supplemental Indenture, dated as of February 10, 2020, between Stanley Black & Decker, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee, relating to the 2.300% Notes due 2030 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on February 10, 2020).
	(f)	Ninth Supplemental Indenture, dated as of November 2, 2020, between Stanley Black & Decker, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee, relating to the 2.750% Notes due 2050 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on November 2, 2020).
	(g)	Tenth Supplemental Indenture, dated as of February 24, 2022, between Stanley Black & Decker, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee, relating to the 2.300% Notes due 2025 and the 3.000% Notes due 2032 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on February 24, 2022).
	(h)	Eleventh Supplemental Indenture, dated as of March 6, 2023, between Stanley Black & Decker, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee, relating to the 6.272% Notes due 2026 and the 6.000% Notes due 2028 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on March 6, 2023).
4.3		Indenture, dated as of November 22, 2005, between The Stanley Works and HSBC Bank USA, National Association, as indenture trustee (incorporated by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on November 29, 2005).
4.4		Sixth Supplemental Indenture, dated as of February 10, 2020, between Stanley Black & Decker, Inc. and HSBC Bank USA, National Association, as trustee, relating to the 4.000% Fixed-to-Fixed Reset Rate Junior Subordinated Debentures due 2060 (incorporated by reference to Exhibit 4.5 to the Company's Form 8-K dated February 10, 2020).
4.5		Description of the Company's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (filed herewith).
10.1	(a)	Amended and Restated Five Year Credit Agreement, dated as of September 8, 2021 among Stanley Black & Decker, Inc., the initial lenders named therein and Citibank, N.A. as administrative agent for the lenders (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on September 14, 2021).#
	(b)	Amendment No. 1 to Amended and Restated Five Year Credit Agreement, dated as of September 7, 2022 among Stanley Black & Decker, Inc., the lenders party thereto and Citibank, N.A. as administrative agent for the lenders (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on September 13, 2022).
	(c)	Amendment No. 2 to Amended and Restated Five Year Credit Agreement, dated as of February 23, 2023, by and among Stanley Black & Decker, Inc., the lenders identified on the signature pages thereto, and Citibank, N.A., as agent for the lenders (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 23, 2023).

10.2		Syndicated 364-Day Credit Agreement, made as of September 6, 2023 among Stanley Black & Decker, Inc., the initial lenders named therein and Citibank, N.A. as administrative agent for the lenders (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 8, 2023).
10.3		Letter Agreement, dated as of May 31, 2022, between Stanley Black & Decker, Inc. and Donald Allan, Jr. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 1, 2022).*
10.4		Employment Agreement Amendment, dated January 24, 2024, between Stanley Black & Decker, Inc. and Donald Allan, Jr.(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed January 24, 2024).
10.5		Change in Control Severance Agreement, dated December 4, 2018 between Stanley Black & Decker, Inc. and Donald Allan Jr. (incorporated by reference to Exhibit 10.5 to the Company's Annual Report on Form 10-K for the period ended December 29, 2018 filed on February 26, 2019).*
10.6		Form C of Change in Control Severance Agreement. Corbin Walburger is party to a Change in Control Severance Agreement in this Form (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended September 28, 2013).*
10.7		Deferred Compensation Plan for Non-Employee Directors, as amended through October 1, 2020 (incorporated by reference to Exhibit 10.7 to the Company's Annual Report on Form 10-K for the period ended January 2, 2021 filed on February 18, 2021).*
10.8		Deferred Compensation Plan for Participants in Stanley's Management Incentive Plan amended and restated as of December 11, 2007 (incorporated by reference to Exhibit 10(ix) to the Company's Annual Report on Form 10-K for the period ended December 29, 2007 filed on February 25, 2008).*
10.9		Stanley Black & Decker Supplemental Retirement Account Plan (as in effect January 1, 2019) (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the period ended July 2, 2022 filed on July 28, 2022).*
10.10		New 1991 Loan Agreement, dated June 30, 1998, between The Stanley Works, as lender, and Citibank, N.A. as trustee under the trust agreement for the Stanley Account Value Plan, to refinance the 1991 Salaried Employee ESOP Loan and the 1991 Hourly ESOP Loan and their related promissory notes (incorporated by reference to Exhibit 10(ii) to the Company's Quarterly Report on Form 10-Q for the period ended July 4, 1998 filed on August 18, 1998).
10.11		The Stanley Works Non-Employee Directors' Benefit Trust Agreement dated December 27, 1989 and amended as of January 1, 1991 by and between The Stanley Works and Fleet National Bank, as successor trustee (incorporated by reference to Exhibit (10)(xvii)(a) to the Company's Annual Report on Form 10-K for the period ended December 29, 1990). P
10.12	(a)	The Stanley Black & Decker 2013 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 30, 2013 filed on April 26, 2013).*
	(b)	Form of Award Document for Performance Awards granted to executive officers under the Stanley Black & Decker 2013 Long-Term Incentive Plan, updated 2018 (incorporated by reference to Exhibit 10.16(b) to the Company's Annual Report on Form 10-K for the period ended December 30, 2017 filed on February 27, 2018).*
	(c)	Form of stock option certificate for grants to executive officers pursuant to the Stanley Black & Decker 2013 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.18(c) to the Company's Annual Report on Form 10-K for the period ended December 28, 2013 filed on February 21, 2014).*
	(d)	Form of restricted stock unit award certificate for grants of restricted stock units to executive officers pursuant to the Stanley Black & Decker 2013 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.18(d) to the Company's Annual Report on Form 10-K for the period ended December 28, 2013 filed on February 21, 2014).*
	(e)	Form of restricted stock unit retention award certificate for grants of restricted stock units to executive officers pursuant to the Stanley Black & Decker 2013 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.17(e) to the Company's Annual Report on Form 10-K for the period ended December 31, 2016 filed on February 15, 2017).*
10.13	(a)	The Stanley Black & Decker 2018 Omnibus Award Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2018 filed on July 20, 2018).*

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(b) Form of stock option certificate for grants to executive officers pursuant to the Stanley Black & Decker 2018 Omnibus Award Plan (incorporated by reference to Exhibit 10.16(b) to the Company's Annual Report on Form 10-K for the period ended December 28, 2019 filed on February 21, 2020).*

(c) Form of restricted stock unit award certificate for grants to executive officers pursuant to the Stanley Black & Decker 2018 Omnibus Award Plan (incorporated by reference to Exhibit 10.16(c) to the Company's Annual Report on Form 10-K for the period ended December 28, 2019 filed on February 21, 2020).*

(d) Form of restricted stock unit retention award certificate for grants to executive officers pursuant to the Stanley Black & Decker 2018 Omnibus Award Plan (incorporated by reference to Exhibit 10.16(d) to the Company's Annual Report on Form 10-K for the period ended December 28, 2019 filed on February 21, 2020).*

(e) Form of Award Document for Performance Award granted to executive officers under the Stanley Black & Decker 2018 Omnibus Award Plan (incorporated by reference to Exhibit 10.17(e) to the Company's Annual Report on Form 10-K for the period ended January 1, 2022 filed on February 22, 2022).*

(f) Form of Award Document granted to executive officers under the 2019 and 2020 Management Incentive Compensation Plan (incorporated by reference to Exhibit 10.16(f) to the Company's Annual Report on Form 10-K for the period ended December 29, 2018 filed on February 26, 2019).*

10.14 (a) The Stanley Black & Decker 2022 Omnibus Award Plan (incorporated by reference to Exhibit 99.1(a) to the Registration Statement on Form S-8 filed on April 5, 2022).*

(b) Form of stock option certificate for 2022 fiscal year grants to executive officers pursuant to the Stanley Black & Decker 2022 Omnibus Award Plan (incorporated by reference to Exhibit 10.17(b) on the Company's Annual Report on Form 10-K for the period ended December 31, 2022 filed on February 23, 2023).*

(c) Form of restricted stock unit award certificate for 2022 fiscal year grants to executive officers pursuant to the Stanley Black & Decker 2022 Omnibus Award Plan (incorporated by reference to Exhibit 10.17(c) on the Company's Annual Report on Form 10-K for the period ended December 31, 2022 filed on February 23, 2023).*

(d) Form of restricted stock unit retention award certificate for 2022 fiscal year grants to executive officers pursuant to the Stanley Black & Decker 2022 Omnibus Award Plan (incorporated by reference to Exhibit 10.17(d) on the Company's Annual Report on Form 10-K for the period ended December 31, 2022 filed on February 23, 2023)*

(e) Letter regarding 2022-2024 Long-Term Incentive Program – Special Grant to Donald Allan, Jr. pursuant to the Stanley Black & Decker 2022 Omnibus Award Plan (incorporated by reference to Exhibit 10.17(e) on the Company's Annual Report on Form 10-K for the period ended December 31, 2022 filed on February 23, 2023).*

(f) Form of award document for 2023 Management Incentive Compensation Plan pursuant to the Stanley Black & Decker 2022 Omnibus Award Plan (incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the period ended April 1, 2023 filed on May 4, 2023).*

(g) Form of award document for 2023-2025 Long-Term Incentive Program (for award valued as percentage of salary) pursuant to the Stanley Black & Decker 2022 Omnibus Award Plan (incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the period ended April 1, 2023 filed on May 4, 2023).*

(h) Form of award document for 2023-2025 Long-Term Incentive Program (for award at specified fair value) pursuant to the Stanley Black & Decker 2022 Omnibus Award Plan (incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the period ended April 1, 2023 filed on May 4, 2023).*

(i) Restricted Stock Unit Award Agreement for grants to Christopher J. Nelson pursuant to the Stanley Black & Decker 2022 Omnibus Award Plan (filed herewith).*

(j) Form of stock option certificate for 2023 fiscal year grants to executive officers pursuant to the Stanley Black & Decker 2022 Omnibus Award Plan (filed herewith).*

(k) Form of restricted stock unit award certificate for 2023 fiscal year grants to executive officers pursuant to the Stanley Black & Decker 2022 Omnibus Award Plan (filed herewith).*

(l) Form of restricted stock unit retention award certificate for 2023 fiscal year grants to executive officer pursuant to the Stanley Black & Decker 2022 Omnibus Award Plan (filed herewith).*

(m) Form of award document for 2024 Management Incentive Compensation Plan pursuant to the Stanley Black & Decker 2022 Omnibus Award Plan (filed herewith).*

	(n)	Form of award document for 2024-2026 Long-Term Incentive Program (for award at specified fair value) pursuant to the Stanley Black & Decker 2022 Omnibus Award Plan (filed herewith).*
	(o)	Form of stock option certificate for 2024 fiscal year grants to executive officers pursuant to the Stanley Black & Decker 2022 Omnibus Award Plan (filed herewith).*
	(p)	Form of restricted stock unit award certificate for 2024 fiscal year grants to executive officers pursuant to the Stanley Black & Decker 2022 Omnibus Award Plan (filed herewith).*
10.15		The Stanley Black & Decker, Inc. Deferred Compensation Plan Relating to Long-Term Performance Awards (incorporated by reference to Exhibit 10.17 to the Company's Annual Report on Form 10-K for the period ended December 29, 2018 filed on February 26, 2019). *
10.16		The Stanley Black & Decker, Inc. Restricted Stock Unit Plan for Non-Employee Directors, as amended and restated through October 1, 2020 (incorporated by reference to Exhibit 10.17 to the Company's Annual Report on Form 10-K for the period ended January 2, 2021 filed on February 18, 2021).*
10.17		The Stanley Black & Decker, Inc. 2020 Restricted Stock Unit Deferral Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.19 on the Company's Annual Report on Form 10-K for the period ended December 28, 2019 filed on February 21, 2020).*
10.18		Special Severance Policy for Management Incentive Compensation Plan Participants Levels 1-5 as amended effective June 24, 2016 (incorporated by reference to Exhibit 10.21 on the Company's Annual Report on Form 10-K for the period ended December 31, 2022 filed on February 23, 2023)*
10.19		Executive Officer Cash Severance Policy effective as of February 15, 2023 (incorporated by reference to Appendix B to the Company's Definitive Proxy Statement on Schedule 14A filed on March 10, 2023).*
10.20		Global Omnibus Employee Stock Purchase Plan (incorporated by reference to Exhibit 99.1(a) to the Company's Registration Statement on Form S-8 filed on November 13, 2019).*
10.21		Employment Offer Letter, dated June 12, 2017, between Stanley Black & Decker, Inc. and Janet M. Link (incorporated by reference to Exhibit 10.25 to the Company's Annual Report on Form 10-K for the period ended December 30, 2017 filed on February 27, 2018).*
10.22		Employment Offer Letter, dated February 24, 2020, between Stanley Black & Decker, Inc. and Graham Robinson (incorporated by reference to Exhibit 10.28 to the Company's Annual Report on Form 10-K for the period ended January 2, 2021 filed on February 18, 2021).*
10.23		Employment Offer Letter, dated January 13, 2023, between Stanley Black & Decker, Inc. and John T. Lucas (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the period ended April 1, 2023 filed on May 4, 2023).*
10.24		Employment Offer Letter, dated January 19, 2023, between Stanley Black & Decker, Inc. and Patrick Hallinan (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the period ended April 1, 2023 filed on May 4, 2023).*
10.25		Employment Offer Letter, dated May 2, 2023, between Stanley Black & Decker, Inc. and Christopher J. Nelson (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended July 1, 2023 filed on August 1, 2023).*
10.26		Employment Offer Letter, dated November 19, 2023, by and between Stanley Black & Decker, Inc. and Tamer Abuaita (filed herewith).*
10.27		Change in Control Severance Agreement (all other executive officers except Donald Allan Jr. and Corbin Walburger) (incorporated by reference to Exhibit 10.29 to the Company's Annual Report on Form 10-K for the period ended January 2, 2021 filed on February 18. 2021).*
21		Subsidiaries of Registrant.
23		Consent of Independent Registered Public Accounting Firm.
24		Power of Attorney.
31.1	(a)	Certification by President and Chief Executive Officer pursuant to Rule 13a-14(a).
31.1	(b)	Certification by Executive Vice President and Chief Financial Officer pursuant to Rule 13a-14(a).

32.1	Certification by President and Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by Executive Vice President and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97	Stanley Black & Decker, Inc. Financial Statement Compensation Recoupment Policy (filed herewith).
99.1	Policy on Confidential Proxy Voting and Independent Tabulation and Inspection of Elections as adopted by The Board of Directors October 23, 1991 (incorporated by reference to Exhibit (28)(i) to the Quarterly Report on Form 10-Q for the quarter ended September 28, 1991). *P*
101	The following materials from Stanley Black & Decker Inc.'s Annual Report on Form 10-K for the year ended December 30, 2023, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Statements of Operations for the fiscal years ended December 30, 2023, December 31, 2022, and January 1, 2022; (ii) Consolidated Statements of Comprehensive (Loss) Income for the fiscal years ended December 30, 2023, December 31, 2022, and January 1, 2022; (iii) Consolidated Balance Sheets at December 30, 2023 and December 31, 2022; (iv) Consolidated Statements of Cash Flows for the fiscal years ended December 30, 2023, December 31, 2022, and January 1, 2022; (v) Consolidated Statements of Changes in Shareowners' Equity for the fiscal years ended December 30, 2023, December 31, 2022, and January 1, 2022; and (vi) Notes to Consolidated Financial Statements.**
104	The cover page of Stanley Black & Decker Inc.'s Annual Report on Form 10-K for the year ended December 30, 2023, formatted in iXBRL (included within Exhibit 101).

Certain schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K and the Company agrees to furnish supplementally to the SEC a copy of any omitted schedules or exhibits upon request.

* Management contract or compensatory plan or arrangement.

P Paper Filing

** Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

STANLEY BLACK & DECKER, INC.

By: /s/ Donald Allan, Jr.

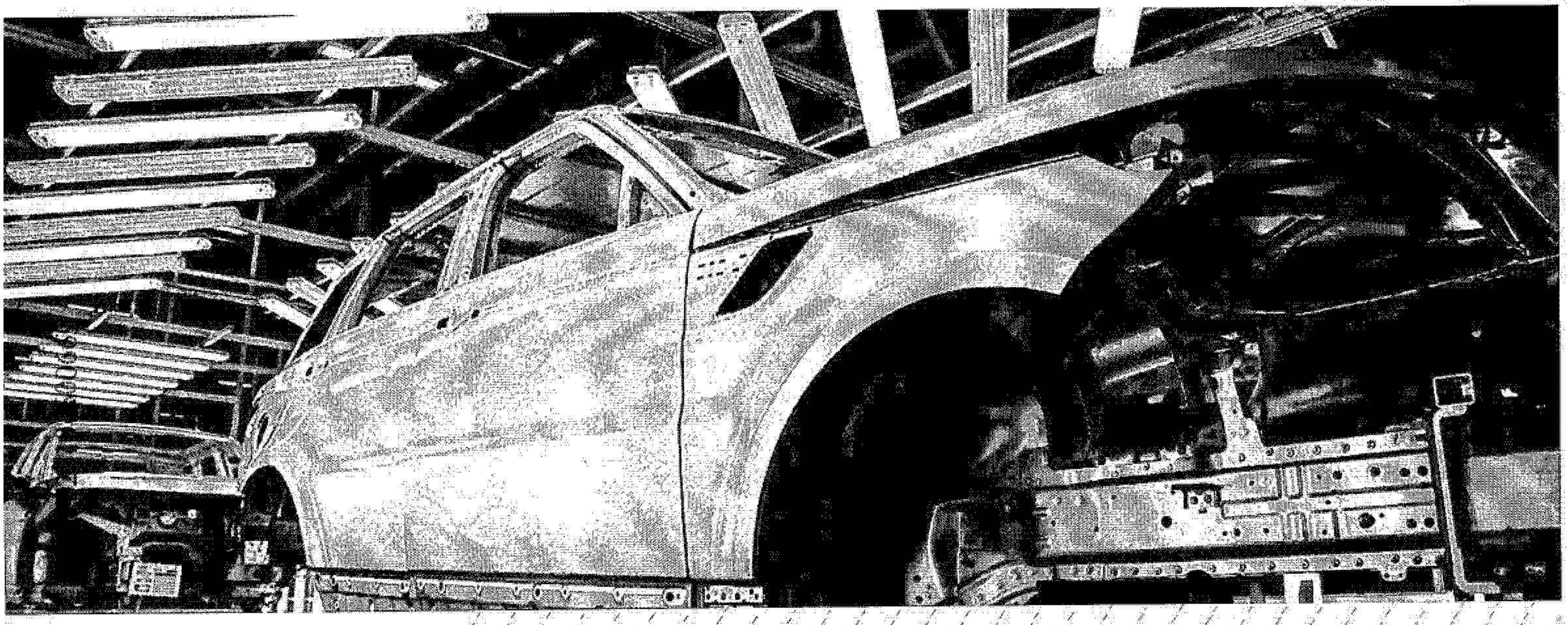
Donald Allan, Jr., President and Chief Executive Officer

Date: February 27, 2024

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 Company and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Donald Allan, Jr. Donald Allan, Jr.	President and Chief Executive Officer	February 27, 2024
/s/ Patrick Hallinan Patrick Hallinan	Executive Vice President and Chief Financial Officer	February 27, 2024
/s/ Scot Greulach Scot Greulach	Chief Accounting Officer	February 27, 2024
* Andrea J. Ayers	Director	February 27, 2024
 Patrick D. Campbell	Director	
* Susan K. Carter	Director	February 27, 2024
* Debra A. Crew	Director	February 27, 2024
* Michael D. Hankin	Director	February 27, 2024
* Robert J. Manning	Director	February 27, 2024
* Adrian V. Mitchell	Director	February 27, 2024
* Jane M. Palmieri	Director	February 27, 2024
* Mojdeh Poul	Director	February 27, 2024
* Irving Tan	Director	February 27, 2024

*By: /s/ Janet M. Link
Janet M. Link
(As Attorney-in-Fact)



FINANCIAL AND INVESTOR COMMUNICATIONS

The Stanley Black & Decker investor relations department provides information to shareowners and the financial community. We encourage inquiries and will provide services that include:

- Fulfilling requests for annual reports, proxy statements, forms 10-Q and 10-K, copies of press releases and other Company information
- Meetings with securities analysts and fund managers

Contact the investor relations department at our corporate offices by calling Dennis Lange, VP, Investor Relations at (860) 827-3833 or by mail at 1000 Stanley Drive, New Britain, CT 06053. We make earnings releases available online on the day that results are released to the news media. Stanley Black & Decker releases a variety of shareowner information that can be found at the Company's website: www.stanleyblackanddecker.com.

CAUTIONARY STATEMENTS UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This Annual Report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are "forward-looking statements" for purposes of federal and state securities laws, including, but not limited to, any projections or guidance of earnings, revenue or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements concerning proposed new products, services or developments; any statements regarding future economic conditions or performance; any statements relating to initiatives concerning ESG matters, including environmental sustainability and DEI; any statements of belief; and any statements of assumptions underlying any of the foregoing. Forward-looking statements may include, among others, the words "may," "will," "estimate," "intend," "endeavor," "could," "project," "plan," "continue," "believe," "expect," "anticipate," "on-track," "commit," "goal," "target," "design," "position," "guidance," or any other similar words, as well as statements regarding our focus for the future. Each of the forward-looking statements we make in this Annual Report involves risks and uncertainties that could cause actual results to differ materially from these forward-looking statements. Factors that might cause the Company's actual results, performance and achievements, or industry results to differ materially from estimates or projections contained in its forward-looking statements include, but are not limited to, changes in macroeconomic conditions, changes in customer preferences and demand, changes in technology, and those set forth in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, including under the headings "Risk Factors," and in "Management's Discussion and Analysis of Financial Condition and Results of Operations." Undue reliance should not be placed on these forward-looking statements, which speak only as of the date of this Annual Report. The Company does not undertake any obligation or intention to update or revise any forward-looking statements, whether as a result of future events or circumstances, new information or otherwise, except as required by law. Any standards of measurement and performance made in reference to our ESG and other sustainability plans and goals are developing and based on assumptions that continue to evolve, and no assurance can be given that any such plan, initiative, projection, goal, commitment, expectation, or prospect can or will be achieved. The inclusion of information related to our ESG goals and initiatives is not an indication that such information is material under the standards of the Securities and Exchange Commission.

DEWALT (Front cover): DEWALT 60V MAX[10] breaker hammer with dust extractor. Built to deliver class-leading power and speed alongside vibration control and ergonomics.

Ceaseless Innovation (Inside front cover): DEWALT POWERSHIFT™ core drill with stand, for high performance coring up to 6⅜".

Outstanding Brands (Inside front cover): CRAFTSMAN® OVERDRIVE™ 2023 Pro Tools Innovation Award winner for best mechanics tool set featuring sockets, ratchets, wrenches and more.

Leading Brands (Page 6):

DEWALT: DEWALT 20V MAX[11] XR® brushless cordless ⅜" and ½" sealed head ratchet.

CRAFTSMAN: CRAFTSMAN® V-SERIES™ storage solutions are built for the shop and designed to protect and organize mechanics tools.

STANLEY: STANLEY® FATMAX® auto-lock 8M (32mm wide) tape measure.

CUB CADET: Cub Cadet® XT1 LT42E XT ENDURO SERIES from the electric riding mower lineup.

BLACK+DECKER: BLACK+DECKER 20V MAX[11] 6" cordless pruning chainsaw.

Industrial (Inside back cover): STANLEY® Engineered Fastening provides market leading high performance automotive fasteners and custom assembly solutions.

DEWALT (Back cover): DEWALT XR® brushless drill driver with the compact 18V XR POWERSTACK™ battery.

[10] Maximum initial battery voltage (measured without a workload) is 60 volts. Nominal voltage is 54.

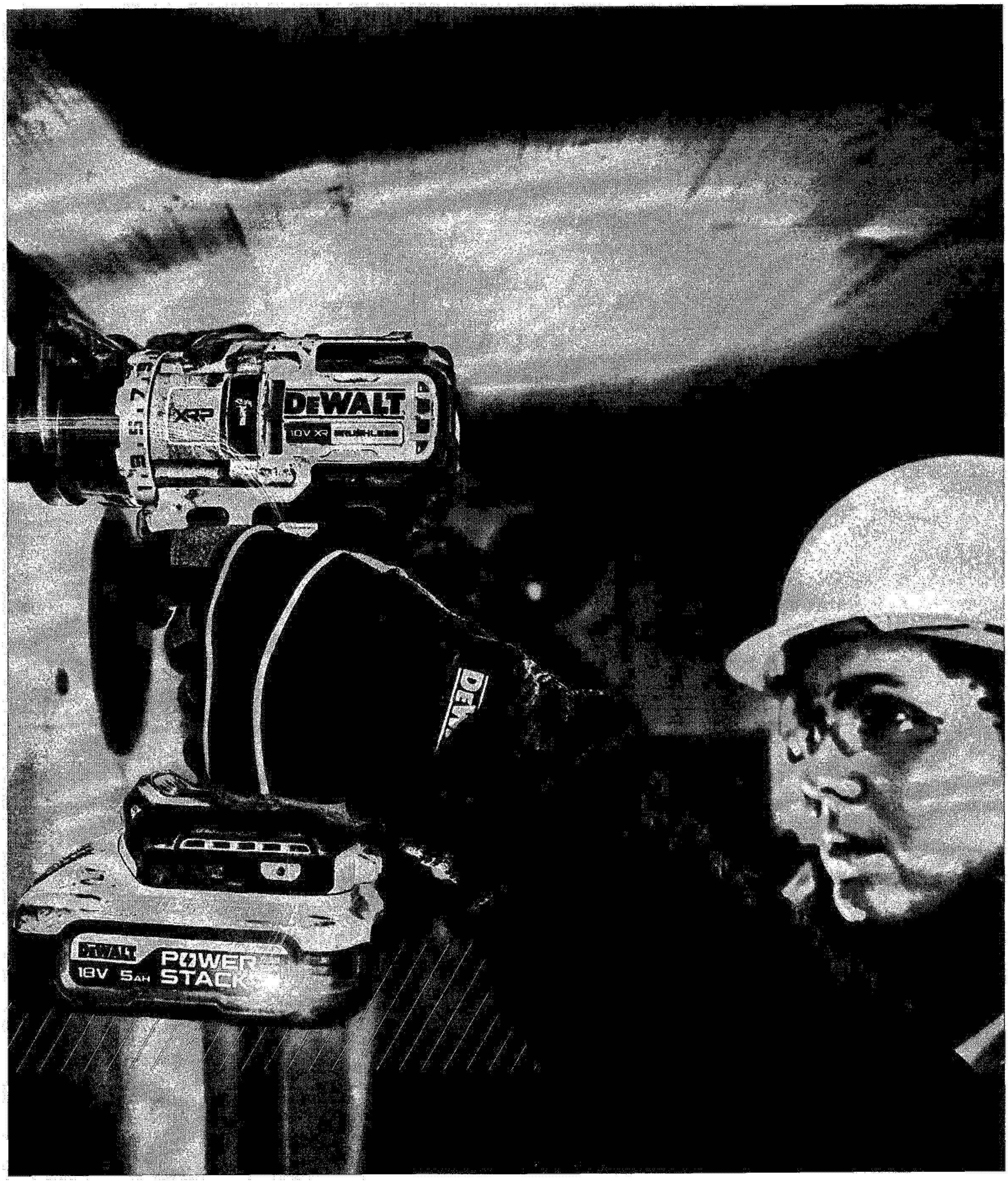
[11] Maximum initial battery voltage (measured without a workload) is 20 volts. Nominal voltage is 18.

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