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

Form 10-Q

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

For the quarterly period ended November 30, 2022,

or

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

For the transition period from to .

Commission File No. 1-14187

RPM International Inc.
(Exact name of Registrant as specified in its charter)

DELAWARE **(State or other jurisdiction of incorporation or organization)**	**02-0642224** **(IRS Employer Identification No.)**
2628 PEARL ROAD; MEDINA, OHIO **(Address of principal executive offices)**	**44256** **(Zip Code)**

(330) 273-5090
(Registrant's telephone number including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01	**RPM**	**New York Stock Exchange**

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

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

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

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

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

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☐ No ☒.

As of December 28, 2022, the registrant had 129,090,039 shares of common stock, $0.01 par value per share, outstanding.

RPM INTERNATIONAL INC. AND SUBSIDIARIES*

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* As used herein, the terms "RPM" and the "Company" refer to RPM International Inc. and its subsidiaries, unless the context indicates otherwise.

PART I. – FINANCIAL INFORMATION

ITEM 1. *FINANCIAL STATEMENTS*

RPM INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except per share amounts)

	November 30, 2022	May 31, 2022
Assets		
Current Assets		
Cash and cash equivalents	$ 232,118	$ 201,672
Trade accounts receivable (less allowances of $48,041 and $46,669, respectively)	1,340,127	1,432,632
Inventories	1,389,591	1,212,618
Prepaid expenses and other current assets	355,024	304,887
Total current assets	3,316,860	3,151,809
Property, Plant and Equipment, at Cost	2,187,570	2,132,915
Allowance for depreciation	(1,061,701)	(1,028,932)
Property, plant and equipment, net	1,125,869	1,103,983
Other Assets		
Goodwill	1,341,580	1,337,868
Other intangible assets, net of amortization	581,909	592,261
Operating lease right-of-use assets	295,384	307,797
Deferred income taxes	16,201	18,914
Other	171,710	195,074
Total other assets	2,406,784	2,451,914
Total Assets	$ 6,849,513	$ 6,707,706
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 679,596	$ 800,369
Current portion of long-term debt	3,713	603,454
Accrued compensation and benefits	197,266	262,445
Accrued losses	25,795	24,508
Other accrued liabilities	383,664	325,632
Total current liabilities	1,290,034	2,016,408
Long-Term Liabilities		
Long-term debt, less current maturities	2,841,066	2,083,155
Operating lease liabilities	254,217	265,139
Other long-term liabilities	292,101	276,990
Deferred income taxes	80,010	82,186
Total long-term liabilities	3,467,394	2,707,470
Contingencies and Accrued Losses (Note 13)		
Stockholders' Equity		
Preferred stock, par value $0.01; authorized 50,000 shares; none issued	—	—
Common stock, par value $0.01; authorized 300,000 shares; issued 145,100 and outstanding 129,090 as of November 30, 2022; issued 144,685 and outstanding 129,199 as of May 31, 2022	1,291	1,292
Paid-in capital	1,113,025	1,096,147
Treasury stock, at cost	(756,872)	(717,019)
Accumulated other comprehensive (loss)	(601,046)	(537,337)
Retained earnings	2,334,063	2,139,346
Total RPM International Inc. stockholders' equity	2,090,461	1,982,429
Noncontrolling Interest	1,624	1,399
Total equity	2,092,085	1,983,828
Total Liabilities and Stockholders' Equity	$ 6,849,513	$ 6,707,706

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

RPM INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(In thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	November 30, 2022	**November 30, 2021**	**November 30, 2022**	**November 30, 2021**
Net Sales	**$ 1,791,708**	**$ 1,639,538**	**$ 3,724,028**	**$ 3,289,959**
Cost of Sales	1,101,317	1,056,924	2,289,166	2,093,994
Gross Profit	690,391	582,614	1,434,862	1,195,965
Selling, General and Administrative Expenses	490,607	437,709	975,812	856,676
Restructuring Expense	1,272	2,977	2,626	3,988
Interest Expense	27,918	21,002	54,629	42,111
Investment (Income) Expense, Net	(6,851)	2,816	(3,187)	(2,934)
(Gain) on Sales of Assets, Net	-	(42,124)	-	(42,242)
Other Expense (Income), Net	2,310	(2,920)	4,726	(6,259)
Income Before Income Taxes	175,135	163,154	400,256	344,625
Provision for Income Taxes	43,593	38,038	99,435	84,714
Net Income	131,542	125,116	300,821	259,911
Less: Net Income Attributable to Noncontrolling Interests	198	241	464	454
Net Income Attributable to RPM International Inc. Stockholders	**$ 131,344**	**$ 124,875**	**$ 300,357**	**$ 259,457**
Average Number of Shares of Common Stock Outstanding:				
Basic	**127,585**	**128,022**	**127,600**	**128,058**
Diluted	**128,911**	**128,494**	**128,887**	**128,537**
Earnings per Share of Common Stock Attributable to RPM International Inc. Stockholders:				
Basic	**$ 1.02**	**$ 0.97**	**$ 2.34**	**$ 2.01**
Diluted	**$ 1.02**	**$ 0.96**	**$ 2.33**	**$ 2.00**

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

RPM INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(In thousands)

	Three Months Ended		Six Months Ended	
	November 30, 2022	**November 30, 2021**	**November 30, 2022**	**November 30, 2021**
Net Income	$ 131,542	$ 125,116	$ 300,821	$ 259,911
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments (net of tax of $570; $1,521; $2,191 and $3,858, respectively)	9,172	(46,866)	(69,783)	(85,846)
Pension and other postretirement benefit liability adjustments (net of tax of $1,074; $1,213; $2,505 and $2,679, respectively)	3,549	3,587	7,821	8,029
Unrealized (loss) gain on securities and other (net of tax of $117; $90; $206 and $235, respectively)	(234)	(177)	(574)	97
Unrealized (loss) gain on derivatives (net of tax of zero; $3,142; zero and $5,713, respectively)	(604)	10,190	(1,211)	18,800
Total other comprehensive income (loss)	11,883	(33,266)	(63,747)	(58,920)
Total Comprehensive Income	143,425	91,850	237,074	200,991
Less: Comprehensive Income Attributable to Noncontrolling Interests	222	212	426	395
Comprehensive Income Attributable to RPM International Inc. Stockholders	**$ 143,203**	**$ 91,638**	**$ 236,648**	**$ 200,596**

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

RPM INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Six Months Ended	
	November 30, 2022	November 30, 2021
Cash Flows from Operating Activities:		
Net income	$ 300,821	$ 259,911
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	76,750	75,975
Restructuring charges, net of payments	-	(2,107)
Fair value adjustments to contingent earnout obligations	-	2,470
Deferred income taxes	(4,196)	(6,130)
Stock-based compensation expense	16,877	17,010
Net loss on marketable securities	2,812	1,817
Net (gain) on sales of assets	-	(42,242)
Other	(104)	(7)
Changes in assets and liabilities, net of effect from purchases and sales of businesses:		
Decrease in receivables	72,931	80,510
(Increase) in inventory	(189,487)	(124,941)
(Increase) in prepaid expenses and other current and long-term assets	(23,025)	(15,165)
(Decrease) in accounts payable	(95,502)	(29,291)
(Decrease) in accrued compensation and benefits	(62,724)	(73,449)
Increase (decrease) in accrued losses	1,465	(3,322)
Increase in other accrued liabilities	94,297	18,316
Cash Provided by Operating Activities	**190,915**	**159,355**
Cash Flows from Investing Activities:		
Capital expenditures	(113,463)	(101,416)
Acquisition of businesses, net of cash acquired	(47,542)	(114,231)
Purchase of marketable securities	(10,309)	(9,476)
Proceeds from sales of marketable securities	7,071	6,179
Proceeds from sales of assets	-	50,599
Other	236	(55)
Cash (Used for) Investing Activities	**(164,007)**	**(168,400)**
Cash Flows from Financing Activities:		
Additions to long-term and short-term debt	517,785	104,377
Reductions of long-term and short-term debt	(351,795)	(733)
Cash dividends	(105,640)	(100,725)
Repurchases of common stock	(25,000)	(12,500)
Shares of common stock returned for taxes	(14,825)	(9,959)
Payments of acquisition-related contingent consideration	(3,705)	(5,714)
Other	(2,627)	(710)
Cash Provided by (Used for) Financing Activities	**14,193**	**(25,964)**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**(10,655)**	**(18,844)**
Net Change in Cash and Cash Equivalents	**30,446**	**(53,853)**
Cash and Cash Equivalents at Beginning of Period	**201,672**	**246,704**
Cash and Cash Equivalents at End of Period	**$ 232,118**	**$ 192,851**
Supplemental Disclosures of Cash Flows Information:		
Cash paid during the period for:		
Interest	**$ 52,256**	**$ 41,095**
Income Taxes, net of refunds	**$ 84,034**	**$ 102,826**
Supplemental Disclosures of Noncash Investing Activities:		
Capital expenditures accrued within accounts payable at quarter-end	**$ 8,879**	**$ 9,847**

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

RPM INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)
(In thousands)

	Common Stock								
	Number of Shares	**Par/Stated Value**	**Paid-In Capital**	**Treasury Stock**	**Accumulated Other Comprehensive Income (Loss)**	**Retained Earnings**	**Total RPM International Inc. Equity**	**Noncontrolling Interests**	**Total Equity**
Balance at June 1, 2022	129,199	$ 1,292	$ 1,096,147	$ (717,019)	$ (537,337)	$ 2,139,346	$ 1,982,429	$ 1,399	$ 1,983,828
Net income	-	-	-	-	-	169,013	169,013	266	169,279
Other comprehensive (loss)	-	-	-	-	(75,568)	-	(75,568)	(62)	(75,630)
Dividends declared and paid ($0.40 per share)	-	-	-	-	-	(51,420)	(51,420)	-	(51,420)
Other noncontrolling interest activity	-	-	-	-	-	-	-	(60)	(60)
Share repurchases under repurchase program	(303)	(3)	3	(25,000)	-	-	(25,000)	-	(25,000)
Stock compensation expense and other deferred compensation, shares granted less shares returned for taxes	203	2	9,061	(12,458)	-	-	(3,395)	-	(3,395)
Balance at August 31, 2022	129,099	$ 1,291	$ 1,105,211	$ (754,477)	$ (612,905)	$ 2,256,939	$ 1,996,059	$ 1,543	$ 1,997,602
Net income	-	-	-	-	-	131,344	131,344	198	131,542
Other comprehensive income	-	-	-	-	11,859	-	11,859	24	11,883
Dividends declared and paid ($0.42 per share)	-	-	-	-	-	(54,220)	(54,220)	-	(54,220)
Other noncontrolling interest activity	-	-	-	-	-	-	-	(141)	(141)
Stock compensation expense and other deferred compensation, shares granted less shares returned for taxes	(9)	-	7,814	(2,395)	-	-	5,419	-	5,419
Balance at November 30, 2022	129,090	$ 1,291	$ 1,113,025	$ (756,872)	$ (601,046)	$ 2,334,063	$ 2,090,461	$ 1,624	$ 2,092,085

	Common Stock								
	Number of Shares	Par/Stated Value	Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total RPM International Inc. Equity	Noncontrolling Interests	Total Equity
Balance at June 1, 2021	129,573	$ 1,295	$ 1,055,400	$ (653,006)	$ (514,884)	$ 1,852,259	$ 1,741,064	$ 1,961	$ 1,743,025
Net income	-	-	-	-	-	134,582	134,582	213	134,795
Other comprehensive (loss)	-	-	-	-	(25,624)	-	(25,624)	(30)	(25,654)
Dividends declared and paid ($0.38 per share)	-	-	-	-	-	(48,901)	(48,901)	-	(48,901)
Share repurchases under repurchase program	(133)	(1)	1	(12,500)	-		(12,500)	-	(12,500)
Stock compensation expense and other deferred compensation, shares granted less shares returned for taxes	303	3	5,760	(5,808)	-	-	(45)	-	(45)
Balance at August 31, 2021	129,743	$ 1,297	$ 1,061,161	$ (671,314)	$ (540,508)	$ 1,937,940	$ 1,788,576	$ 2,144	$ 1,790,720
Net income	-	-	-	-	-	124,875	124,875	241	125,116
Other comprehensive (loss)	-	-	-	-	(33,237)	-	(33,237)	(29)	(33,266)
Dividends declared and paid ($0.40 per share)	-	-	-	-	-	(51,824)	(51,824)	(711)	(52,535)
Stock compensation expense and other deferred compensation, shares granted less shares returned for taxes	(66)	-	11,878	(4,157)	-	-	7,721	-	7,721
Balance at November 30, 2021	129,677	$ 1,297	$ 1,073,039	$ (675,471)	$ (573,745)	$ 2,010,991	$ 1,836,111	$ 1,645	$ 1,837,756

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — CONSOLIDATION, NONCONTROLLING INTERESTS AND BASIS OF PRESENTATION

The accompanying unaudited Consolidated Financial Statements have been prepared in accordance with Generally Accepted Accounting Principles in the U.S. ("GAAP") for interim financial information and the instructions to Form 10-Q. In our opinion, all adjustments (consisting of normal, recurring accruals) considered necessary for a fair presentation have been included for the three- and six-month periods ended November 30, 2022, and November 30, 2021. For further information, refer to the Consolidated Financial Statements and Notes included in our Annual Report on Form 10-K for the year ended May 31, 2022.

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

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

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

NOTE 2 — NEW ACCOUNTING PRONOUNCEMENTS

New Accounting Pronouncements

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

NOTE 3 — RESTRUCTURING

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

Between May and August 2018, we approved and implemented the initial phases of a multi-year restructuring plan, which was originally referred to as the 2020 Margin Acceleration Plan ("MAP to Growth"). On May 31, 2021, we formally concluded our MAP to Growth, however, certain projects identified prior to that date will be completed throughout fiscal 2023.

We incurred $1.2 and $2.6 million of restructuring costs for the three and six months ended November 30, 2022, respectively. We incurred $3.0 and $4.0 million of restructuring costs for the three and six months ended November 30, 2021, respectively. The current total expected costs associated with this plan are $121.3 million, of which $119.9 million has been incurred to date.

NOTE 4 — FAIR VALUE MEASUREMENTS

Financial instruments recorded in the balance sheet include cash and cash equivalents, trade accounts receivable, marketable securities, notes and accounts payable, and debt.

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

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

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

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

Level 3 Inputs — Instruments with primarily unobservable value drivers.

The following tables present our assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy.

(In thousands)	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Fair Value at November 30, 2022**
Available-for-sale debt securities:				
U.S. Treasury and other government	$ -	$ 24,742	$ -	$ 24,742
Corporate bonds	-	141	-	141
Total available-for-sale debt securities	-	24,883	-	24,883
Marketable equity securities:				
Stocks - foreign	645	-	-	645
Stocks - domestic	4,967	-	-	4,967
Mutual funds - foreign	-	38,581	-	38,581
Mutual funds - domestic	-	74,524	-	74,524
Total marketable equity securities	5,612	113,105	-	118,717
Contingent consideration	-	-	(2,261)	(2,261)
Total	$ 5,612	$ 137,988	$ (2,261)	$ 141,339

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

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

The contingent consideration represents the estimated fair value of the additional variable cash consideration payable in connection with recent acquisitions that is contingent upon the achievement of certain performance milestones. We estimated the fair value using expected future cash flows over the period in which the obligation is expected to be settled which is considered to be a Level 3 input. During the first half of fiscal 2023, we recorded an increase in the contingent consideration accrual related to acquisitions of $2.1 million and paid approximately $10.3 million to satisfy contingent consideration obligations relating to certain performance milestones that were established in prior periods and achieved during the current year. During the first half of fiscal 2022, we recorded an increase in the accrual for approximately $2.5 million related to fair value adjustments and paid approximately $5.7 million to satisfy contingent consideration obligations relating to certain performance milestones that were established in prior periods and achieved during fiscal 2022. In the Consolidated Statements of Cash Flows, payments of acquisition-related contingent consideration for the amount recognized at fair value as of the acquisition date are reported in cash flows from financing activities, while payments of contingent consideration in excess of fair value as of the acquisition date, are reported in cash flows from operating activities within other accrued liabilities.

The carrying value of our current financial instruments, which include cash and cash equivalents, marketable securities, trade accounts receivable, accounts payable and short-term debt approximates fair value because of the short-term maturity of these financial instruments. At November 30, 2022 and May 31, 2022, the fair value of our long-term debt was estimated using active market quotes, based on our current incremental borrowing rates for similar types of borrowing arrangements, which are Level 2 inputs. Based on the analysis performed, the fair value and the carrying value of our cash and cash equivalents and long-term debt as of November 30, 2022 and May 31, 2022 are as follows:

	At November 30, 2022	
(In thousands)	**Carrying Value**	**Fair Value**
Cash and cash equivalents	$ 232,118	$ 232,118
Long-term debt, including current portion	2,844,779	2,644,932

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

NOTE 5 — INVESTMENT (INCOME) EXPENSE, NET

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

	Three Months Ended		**Six Months Ended**	
(In thousands)	**November 30, 2022**	**November 30, 2021**	**November 30, 2022**	**November 30, 2021**
Interest (income)	$ (2,389)	$ (993)	$ (4,539)	$ (2,146)
Net (gain) loss on marketable securities	(3,794)	5,293	2,812	1,817
Dividend (income)	(668)	(1,484)	(1,460)	(2,605)
Investment (income) expense, net	$ (6,851)	$ 2,816	$ (3,187)	$ (2,934)

Net (Gain) Loss on Marketable Securities

	Three Months Ended		**Six Months Ended**	
(In thousands)	**November 30, 2022**	**November 30, 2021**	**November 30, 2022**	**November 30, 2021**
Unrealized (gains) losses on marketable equity securities	$ (3,754)	$ 5,542	$ 2,759	$ 2,324
Realized (gains) losses on marketable equity securities	(40)	(255)	89	(524)
Realized losses (gains) on available-for-sale debt securities	-	6	(36)	17
Net (gain) loss on marketable securities	$ (3,794)	$ 5,293	$ 2,812	$ 1,817

NOTE 6 — OTHER EXPENSE (INCOME), NET

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

	Three Months Ended		Six Months Ended	
(In thousands)	November 30, 2022	November 30, 2021	November 30, 2022	November 30, 2021
Pension non-service costs (credits)	2,486	$ (2,646)	$ 5,002	$ (5,369)
Other	(176)	(274)	(276)	(890)
Other expense (income), net	$ 2,310	$ (2,920)	$ 4,726	$ (6,259)

NOTE 7 — INCOME TAXES

The effective income tax rate of 24.9% for the three months ended November 30, 2022 compares to the effective income tax rate of 23.3% for the three months ended November 30, 2021. The effective income tax rate of 24.8% for the six months ended November 30, 2022 compares to the effective income tax rate of 24.6% for the six months ended November 30, 2021. The effective income tax rates for the three- and six-month periods ended November 30, 2022 and 2021 reflect variances from the 21% statutory rate due primarily to the unfavorable impact of state and local income taxes, non-deductible business expenses, and the net tax on foreign subsidiary income resulting from the global intangible low-taxed income provisions, partially offset by tax benefits related to equity compensation. Additionally, the effective tax rates for the three- and six-month periods ended November 30, 2022 reflect an unfavorable period-over-period tax rate differential on foreign earnings.

Our deferred tax liability for unremitted foreign earnings was $0.7 million as of November 30, 2022, which represents our estimate of the net tax cost associated with the remittance of $200.9 million of foreign earnings that are not considered to be permanently reinvested. We have not provided for foreign withholding or income taxes on the remaining foreign subsidiaries' undistributed earnings because such earnings have been retained and reinvested by the subsidiaries as of November 30, 2022. Accordingly, no provision has been made for foreign withholding or income taxes, which may become payable if the remaining undistributed earnings of foreign subsidiaries were remitted to us as dividends.

NOTE 8 — INVENTORIES

Inventories, net of reserves, were composed of the following major classes:

(In thousands)	November 30, 2022	May 31, 2022
Raw material and supplies	$ 578,260	$ 560,886
Finished goods	811,331	651,732
Total Inventory, Net of Reserves	$ 1,389,591	$ 1,212,618

NOTE 9 — BORROWINGS

3.45% Notes due 2022

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

Revolving Credit Agreement

During the quarter ended August 31, 2022, we amended our $1.3 billion unsecured syndicated revolving credit facility (the "Revolving Credit Facility"), which was set to expire on October 31, 2023. The amendment extended the expiration date to August 1, 2027 and increased the borrowing capacity to $1.35 billion. The Revolving Credit Facility bears interest at either the base rate or the adjusted Secured Overnight Financing Rate (SOFR), as defined, at our option, plus a spread determined by our debt rating. The amount outstanding on the Revolving Credit Facility adjusted for deferred financing fees, net of amortization as of November 30, and May 31, 2022, was $699.0 and $442.2 million, respectively. The Revolving Credit Facility is available to refinance existing indebtedness, to finance working capital and capital expenditures, and for general corporate purposes.

Term Loan Credit Facility Agreement

On August 1, 2022, we amended the term loan credit facility, which was set to expire on February 21, 2023, to extend the maturity date to August 1, 2025, and paid down the borrowings outstanding on the term loan to $250 million. The term loan bears interest at either the base rate or the adjusted SOFR, as defined, at our option, plus a spread determined by our debt rating. The amount outstanding on the term loan adjusted for deferred financing fees, net of amortization as of November 30, and May 31, 2022, was $249.7 and $299.8 million, respectively.

NOTE 10 — STOCK REPURCHASE PROGRAM

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

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

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

During the three months ended November 30, 2022 and 2021, we did not repurchase any shares of our common stock under this program. During the six months ended November 30, 2022, we repurchased 303,079 shares of our common stock at a cost of approximately $25.0 million, or an average of $82.49 per share. During the six months ended November 30, 2021, we repurchased 133,388 shares of our common stock at a cost of approximately $12.5 million, or an average of $93.71 per share. The maximum dollar amount that may yet be repurchased under our stock repurchase program was approximately $342.3 million at November 30, 2022.

NOTE 11 — EARNINGS PER SHARE

The following table sets forth the reconciliation of the numerator and denominator of basic and diluted earnings per share for the three- and six-month periods ended November 30, 2022 and 2021.

(In thousands, except per share amounts)	Three Months Ended November 30, 2022	Three Months Ended November 30, 2021	Six Months Ended November 30, 2022	Six Months Ended November 30, 2021
Numerator for earnings per share:				
Net income attributable to RPM International Inc. stockholders	$ 131,344	$ 124,875	$ 300,357	$ 259,457
Less: Allocation of earnings and dividends to participating securities	(676)	(1,103)	(1,466)	(2,198)
Net income available to common shareholders - basic	130,668	123,772	298,891	257,259
Add: Undistributed earnings reallocated to unvested shareholders	-	2	-	6
Reverse: Allocation of earnings and dividends to participating securities	676	-	1,466	-
Net income available to common shareholders - diluted	$ 131,344	$ 123,774	$ 300,357	$ 257,265
Denominator for basic and diluted earnings per share:				
Basic weighted average common shares	127,585	128,022	127,600	128,058
Average diluted options and awards	1,326	472	1,287	479
Total shares for diluted earnings per share (1)	128,911	128,494	128,887	128,537
Earnings Per Share of Common Stock Attributable to				
RPM International Inc. Stockholders:				
Basic Earnings Per Share of Common Stock	$ 1.02	$ 0.97	$ 2.34	$ 2.01
Method used to calculate basic earnings per share	Two-class	Two-class	Two-class	Two-class
Diluted Earnings Per Share of Common Stock	$ 1.02	$ 0.96	$ 2.33	$ 2.00
Method used to calculate diluted earnings per share	Treasury	Two-class	Treasury	Two-class

(1) For the three months ended November 30, 2022 and 2021, approximately 700,000 and 660,000 shares of stock, respectively, granted under stock-based compensation plans were excluded from the calculation of diluted EPS, as the effect would have been anti-dilutive. For the six months ended November 30, 2022 and 2021, approximately 720,000 and 660,000 shares of stock, respectively, granted under stock-based compensation plans were excluded from the calculation of diluted EPS, as the effect would have been anti-dilutive.

NOTE 12 — PENSION PLANS

We offer defined benefit pension plans, defined contribution pension plans, and various postretirement benefit plans. The following tables provide the retirement-related benefit plans' impact on income before income taxes for the three- and six-month periods ended November 30, 2022 and 2021:

	U.S. Plans		Non-U.S. Plans	
	Three Months Ended		Three Months Ended	
(In thousands)	November 30,	November 30,	November 30,	November 30,
Pension Benefits	2022	2021	2022	2021
Service cost	$ 10,890	$ 11,914	$ 951	$ 1,348
Interest cost	7,173	3,842	1,728	1,282
Expected return on plan assets	(9,536)	(10,386)	(1,727)	(2,073)
Amortization of:				
Prior service cost (credit)	-	1	(27)	(38)
Net actuarial losses recognized	4,487	4,225	125	114
Net Periodic Benefit Cost	$ 13,014	$ 9,596	$ 1,050	$ 633

	U.S. Plans		Non-U.S. Plans	
	Three Months Ended		Three Months Ended	
(In thousands)	November 30,	November 30,	November 30,	November 30,
Postretirement Benefits	2022	2021	2022	2021
Service cost	$ -	$ -	$ 287	$ 432
Interest cost	21	10	368	299
Amortization of:				
Prior service (credit)	(30)	(40)	-	-
Net actuarial losses (gains) recognized	11	15	(14)	32
Net Periodic Benefit Cost (Credit)	$ 2	$ (15)	$ 641	$ 763

	U.S. Plans		Non-U.S. Plans	
	Six Months Ended		Six Months Ended	
(In thousands)	November 30,	November 30,	November 30,	November 30,
Pension Benefits	2022	2021	2022	2021
Service cost	$ 21,780	$ 23,828	$ 1,902	$ 2,696
Interest cost	14,346	7,684	3,456	2,564
Expected return on plan assets	(19,072)	(20,772)	(3,454)	(4,146)
Amortization of:				
Prior service cost (credit)	-	2	(54)	(76)
Net actuarial losses recognized	8,974	8,450	250	228
Net Periodic Benefit Cost	$ 26,028	$ 19,192	$ 2,100	$ 1,266

	U.S. Plans		Non-U.S. Plans	
	Six Months Ended		Six Months Ended	
(In thousands)	November 30,	November 30,	November 30,	November 30,
Postretirement Benefits	2022	2021	2022	2021
Service cost	$ -	$ -	$ 574	$ 864
Interest cost	42	20	736	598
Amortization of:				
Prior service (credit)	(60)	(80)	-	-
Net actuarial losses (gains) recognized	22	30	(28)	64
Net Periodic Benefit Cost (Credit)	$ 4	$ (30)	$ 1,282	$ 1,526

Due to a reduction in return on plan assets and higher interest costs which are only partially offset by a reduction in service cost due to higher discount rates, net periodic pension cost for fiscal 2023 is higher than our fiscal 2022 expense. We expect that pension expense will fluctuate on a year-to-year basis, depending upon the investment performance of plan assets and potential changes in interest rates, and these fluctuations may have a material impact on our consolidated financial results in the future. We previously disclosed in our financial statements for the fiscal year ended May 31, 2022 that we are required and expect to contribute approximately $1.3 million to our retirement plans in the U.S. and approximately $4.9 million to plans outside the U.S. during the current fiscal year. Throughout fiscal 2023, we will evaluate whether to make additional contributions.

NOTE 13 — CONTINGENCIES AND ACCRUED LOSSES

Product Liability Matters

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

Warranty Matters

We also offer warranties on many of our products, as well as long-term warranty programs at certain of our businesses, and have established product warranty liabilities. We review these liabilities for adequacy on a quarterly basis and adjust them as necessary. The primary factors that could affect these liabilities may include changes in performance rates as well as costs of replacement. Provision for estimated warranty costs is recorded at the time of sale and periodically adjusted, as required, to reflect actual experience. It is probable that we will incur future losses related to warranty claims we have received but that have not been fully investigated and related to claims not yet received. While our warranty liabilities represent our best estimates at November 30, 2022, we can provide no assurances that we will not experience material claims in the future or that we will not incur significant costs to resolve such claims beyond the amounts accrued or beyond what we may recover from our suppliers. Based upon the nature of the expense, product warranty expense is recorded as a component of cost of sales or within SG&A.

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

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

	Three Months Ended		Six Months Ended	
(In thousands)	November 30, 2022	November 30, 2021	November 30, 2022	November 30, 2021
Beginning Balance	$ 12,500	$ 13,032	$ 10,905	$ 13,175
Deductions (1)	(8,160)	(5,424)	(14,504)	(11,682)
Provision charged to expense	7,169	5,278	15,108	11,393
Ending Balance	$ 11,509	$ 12,886	$ 11,509	$ 12,886

(1) Primarily claims paid during the period.

Environmental Matters

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

Other Contingencies

One of our subsidiaries has been the subject of a proceeding in which one of its former distributors brought suit against our subsidiary for breach of contract. Following a June 2017 trial, a jury determined that the distributor was not entitled to any damages on the distributor's claims against our subsidiary. On appeal, the Ninth Circuit Court of Appeals ordered a new trial with respect to certain issues. On December 10, 2021, a new jury awarded $6.0 million in damages to the distributor. Per the parties' contracts, the distributor may also be entitled to recover some portion of its attorneys' fees from our subsidiary. The distributor timely filed an appeal of the new jury's verdict, and our subsidiary timely filed a cross-appeal. The appeal action remains pending before the Ninth Circuit Court of Appeals. As a result of the jury's award and in consideration of our subsidiary's appeal, we accrued $2.6 million for this matter in the second quarter of fiscal 2022, which we believe to be the low end of the range of loss. While an ultimate loss in excess of the accrued amount is reasonably possible, we believe that the high end of the range of loss would not be materially more than the $6.0 million noted above.

NOTE 14 — REVENUE

We operate a portfolio of businesses that manufacture and sell a variety of product lines that include specialty paints, protective coatings, roofing systems, sealants and adhesives, among other things. We disaggregate revenues from the sales of our products and services based upon geographical location by each of our reportable segments, which are aligned by similar economic factors, trends and customers, which best depict the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. See Note 15, "Segment Information," to the Consolidated Financial Statements for further details regarding our disaggregated revenues, as well as a description of each of the unique revenue streams related to each of our four reportable segments.

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

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

Significant Judgments

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

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

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

We offer assurance type warranties on our products as well as separately sold warranty contracts. Revenue related to warranty contracts that are sold separately is recognized over the life of the warranty term. Warranty liabilities for our assurance type warranties are discussed further in Note 13, "Contingencies and Accrued Losses," to the Consolidated Financial Statements.

Contract Balances

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

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

(In thousands, except percentages)	November 30, 2022	May 31, 2022	$ Change	% Change
Trade accounts receivable, less allowances	$ 1,340,127	$ 1,432,632	$ (92,505)	-6.5%
Contract assets	$ 82,000	$ 57,234	$ 24,766	43.3%
Contract liabilities - short-term	(51,921)	(44,938)	(6,983)	15.5%
Net Contract Assets	$ 30,079	$ 12,296	$ 17,783	

The $17.8 million increase in our net contract assets from May 31, 2022 to November 30, 2022, resulted primarily due to the timing of construction jobs in progress at November 30, 2022 versus May 31, 2022.

We also record long-term deferred revenue, which amounted to $59.9 million and $62.5 million as of November 30, 2022 and May 31, 2022, respectively. The long-term portion of deferred revenue is related to warranty contracts and is included in other long-term liabilities in our consolidated balance sheets.

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

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

Allowance for Credit Losses

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

The following tables summarize the activity for the allowance for credit losses for the three and six months ended November 30, 2022 and 2021:

	Three Months Ended		Six Months Ended	
(In thousands)	November 30, 2022	November 30, 2021	November 30, 2022	November 30, 2021
Beginning Balance	$ 46,775	$ 52,181	$ 46,669	$ 55,922
Bad debt provision	5,116	869	7,523	2,074
Uncollectible accounts written off, net of recoveries	(4,238)	(812)	(4,905)	(4,899)
Translation adjustments	388	(1,306)	(1,246)	(2,165)
Ending Balance	$ 48,041	$ 50,932	$ 48,041	$ 50,932

NOTE 15 — SEGMENT INFORMATION

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

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

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

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

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

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

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

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

Three Months Ended November 30, 2022	**CPG Segment**	**PCG Segment**	**Consumer Segment**	**SPG Segment**	**Consolidated**
(In thousands)					
Net Sales (based on shipping location)					
United States	$ 379,722	$ 214,738	$ 504,108	$ 179,160	$ 1,277,728
Foreign					
Canada	65,344	22,311	44,832	1,061	133,548
Europe	115,785	57,012	49,507	20,033	242,337
Latin America	51,592	10,640	7,365	334	69,931
Asia Pacific	21,671	6,387	4,547	11,496	44,101
Other Foreign	-	24,063	-	-	24,063
Total Foreign	254,392	120,413	106,251	32,924	513,980
Total	$ 634,114	$ 335,151	$ 610,359	$ 212,084	$ 1,791,708

Three Months Ended November 30, 2021	**CPG Segment**	**PCG Segment**	**Consumer Segment**	**SPG Segment**	**Consolidated**
(In thousands)					
Net Sales (based on shipping location)					
United States	$ 342,282	$ 187,838	$ 431,450	$ 153,188	$ 1,114,758
Foreign					
Canada	68,901	18,684	30,340	2,091	120,016
Europe	132,575	60,958	55,070	25,991	274,594
Latin America	49,486	6,846	7,911	545	64,788
Asia Pacific	20,951	5,488	4,426	11,809	42,674
Other Foreign	(5)	22,713	-	-	22,708
Total Foreign	271,908	114,689	97,747	40,436	524,780
Total	$ 614,190	$ 302,527	$ 529,197	$ 193,624	$ 1,639,538

Six Months Ended November 30, 2022	**CPG Segment**	**PCG Segment**	**Consumer Segment**	**SPG Segment**	**Consolidated**
(In thousands)					
Net Sales (based on shipping location)					
United States	$ 843,130	$ 438,408	$ 1,054,727	$ 352,023	$ 2,688,288
Foreign					
Canada	135,482	44,973	89,082	2,047	271,584
Europe	232,980	113,720	103,125	42,158	491,983
Latin America	107,264	20,122	13,551	740	141,677
Asia Pacific	44,955	12,156	9,366	17,813	84,290
Other Foreign	-	46,206	-	-	46,206
Total Foreign	520,681	237,177	215,124	62,758	1,035,740
Total	$ 1,363,811	$ 675,585	$ 1,269,851	$ 414,781	$ 3,724,028

Six Months Ended November 30, 2021	**CPG Segment**	**PCG Segment**	**Consumer Segment**	**SPG Segment**	**Consolidated**
(In thousands)					
Net Sales (based on shipping location)					
United States	$ 714,595	$ 364,032	$ 863,849	$ 302,599	$ 2,245,075
Foreign					
Canada	145,461	37,135	64,282	4,231	251,109
Europe	262,993	118,793	115,337	50,326	547,449
Latin America	96,908	13,237	15,228	1,039	126,412
Asia Pacific	38,555	12,149	8,910	17,484	77,098
Other Foreign	40	42,776	-	-	42,816
Total Foreign	543,957	224,090	203,757	73,080	1,044,884
Total	$ 1,258,552	$ 588,122	$ 1,067,606	$ 375,679	$ 3,289,959

(In thousands)	Three Months Ended		Six Months Ended	
Income (Loss) Before Income Taxes	**November 30, 2022**	**November 30, 2021**	**November 30, 2022**	**November 30, 2021**
CPG Segment	$ 75,453	$ 130,368	$ 184,655	$ 244,725
PCG Segment	45,294	37,854	92,248	72,932
Consumer Segment	93,873	33,104	210,562	79,019
SPG Segment	27,431	20,591	55,316	45,147
Corporate/Other	(66,916)	(58,763)	(142,525)	(97,198)
Consolidated	$ 175,135	$ 163,154	$ 400,256	$ 344,625

(In thousands)		
Identifiable Assets	**November 30, 2022**	**May 31, 2022**
CPG Segment	$ 2,259,215	$ 2,160,071
PCG Segment	1,169,734	1,115,780
Consumer Segment	2,435,306	2,405,764
SPG Segment	863,803	839,419
Corporate/Other	121,455	186,672
Consolidated	$ 6,849,513	$ 6,707,706

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

Goodwill

Our annual goodwill impairment analysis for fiscal 2022 did not result in any indicators of impairment. Should future earnings and cash flows at our reporting units decline, discount rates increase, and/or other relevant events and circumstances change that affect the fair value of our reporting units, future impairment charges to goodwill and other intangible assets may be required.

In August 2022, we announced our Margin Achievement Plan 2025 ("MAP 2025") operational improvement initiative. Initial phases of the plan have focused on commercial initiatives, operational efficiencies, and procurement. However, due to the challenged macroeconomic environment, we are currently evaluating certain business restructuring actions, specifically our go to market strategy for certain businesses operating in Europe. As a result of these potential improvements and business restructuring actions, impairment of intangible assets, including goodwill, and other long-lived assets, could be incurred.

A comprehensive discussion of the accounting policies and estimates that are the most critical to our financial statements are set forth in our Annual Report on Form 10-K for the year ended May 31, 2022.

BUSINESS SEGMENT INFORMATION

The following tables reflect the results of our reportable segments consistent with our management philosophy, and represent the information we utilize, in conjunction with various strategic, operational and other financial performance criteria, in evaluating the performance of our portfolio of businesses.

	Three Months Ended		Six Months Ended	
(In thousands)	November 30, 2022	November 30, 2021	November 30, 2022	November 30, 2021
Net Sales				
CPG Segment	$ 634,114	$ 614,190	$ 1,363,811	$ 1,258,552
PCG Segment	335,151	302,527	675,585	588,122
Consumer Segment	610,359	529,197	1,269,851	1,067,606
SPG Segment	212,084	193,624	414,781	375,679
Consolidated	$ 1,791,708	$ 1,639,538	$ 3,724,028	$ 3,289,959
Income Before Income Taxes (a)				
CPG Segment				
Income Before Income Taxes (a)	$ 75,453	$ 130,368	$ 184,655	$ 244,725
Interest (Expense), Net (b)	(3,756)	(1,649)	(4,523)	(3,519)
EBIT (c)	$ 79,209	$ 132,017	$ 189,178	$ 248,244
PCG Segment				
Income Before Income Taxes (a)	$ 45,294	$ 37,854	$ 92,248	$ 72,932
Interest Income, Net (b)	292	247	473	331
EBIT (c)	$ 45,002	$ 37,607	$ 91,775	$ 72,601
Consumer Segment				
Income Before Income Taxes (a)	$ 93,873	$ 33,104	$ 210,562	$ 79,019
Interest Income, Net (b)	1	73	27	149
EBIT (c)	$ 93,872	$ 33,031	$ 210,535	$ 78,870
SPG Segment				
Income Before Income Taxes (a)	$ 27,431	$ 20,591	$ 55,316	$ 45,147
Interest (Expense), Net (b)	(7)	(29)	(5)	(64)
EBIT (c)	$ 27,438	$ 20,620	$ 55,321	$ 45,211
Corporate/Other				
(Loss) Before Income Taxes (a)	$ (66,916)	$ (58,763)	$ (142,525)	$ (97,198)
Interest (Expense), Net (b)	(17,597)	(22,460)	(47,414)	(36,074)
EBIT (c)	$ (49,319)	$ (36,303)	$ (95,111)	$ (61,124)
Consolidated				
Net Income	$ 131,542	$ 125,116	$ 300,821	$ 259,911
Add: Provision for Income Taxes	43,593	38,038	99,435	84,714
Income Before Income Taxes (a)	175,135	163,154	400,256	344,625
Interest (Expense)	(27,918)	(21,002)	(54,629)	(42,111)
Investment Income (Expense), Net	6,851	(2,816)	3,187	2,934
EBIT (c)	$ 196,202	$ 186,972	$ 451,698	$ 383,802

(a) The presentation includes a reconciliation of Income (Loss) Before Income Taxes, a measure defined by GAAP, to EBIT.

(b) Interest Income (Expense), Net includes the combination of Interest Income (Expense) and Investment Income (Expense), Net.

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

RESULTS OF OPERATIONS

Three Months Ended November 30, 2022

Net Sales

	Three months ended					
(in millions, except percentages)	**November 30, 2022**	**November 30, 2021**	**Total Growth**	**Organic Growth(1)**	**Acquisition Growth**	**Foreign Currency Exchange Impact**
CPG Segment	$ 634.1	$ 614.2	3.2%	6.9%	1.5%	-5.2%
PCG Segment	335.1	302.5	10.8%	15.4%	0.6%	-5.2%
Consumer Segment	610.4	529.2	15.3%	17.5%	0.4%	-2.6%
SPG Segment	212.1	193.6	9.5%	11.5%	0.9%	-2.9%
Consolidated	$ 1,791.7	$ 1,639.5	9.3%	12.4%	1.0%	-4.1%

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

Our CPG segment generated organic sales growth during the second quarter of fiscal 2023 when compared to the same quarter in the prior year driven by strength in restoration systems for commercial roofing, facades, and parking structures. Additionally, the segment's concrete admixtures and repair business continued to benefit from market share gains. Improved pricing in response to continued cost inflation also contributed to sales growth during the quarter. This growth was partially offset by deteriorating economic conditions in Europe and reduced demand for businesses that serve the new residential home construction market.

Our PCG segment generated significant organic sales growth during the second quarter of fiscal 2023 in nearly all the major business units in the segment when compared to the same quarter in the prior year. Performing particularly well were businesses that provide flooring systems, protective coatings and fiberglass reinforced plastic grating, all of which were strategically well-positioned to benefit from growing vertical markets such as semiconductor chip manufacturing, pharmaceuticals, as well as energy. This increase was also facilitated by improved pricing in response to continued cost inflation.

Our Consumer segment generated significant organic sales growth in comparison to the prior year due to improved pricing to catch up with continued cost inflation and strong sales growth in North America. The prior year comparison was negatively impacted by supply chain disruptions as a result of reduced raw material supply, particularly of alkyd-based resins.

Our SPG segment generated significant organic sales growth during the second quarter of fiscal 2023, particularly those businesses serving the food coatings and additives market, as a result of strategically refocusing sales management and selling efforts. The segment's disaster restoration business benefited from the response to Hurricane Ian and improved material supply compared to a low prior year comparison when semiconductor chip shortages prevented the business from meeting customer demand.

Gross Profit Margin Our consolidated gross profit margin of 38.5% of net sales for the second quarter of fiscal 2023 compares to a consolidated gross profit margin of 35.5% for the comparable period a year ago. The current quarter gross profit margin increase of approximately 3.0%, or 300 basis points (“bps”), resulted primarily from the realization of production efficiencies due to improved raw material supply and higher selling prices in response to continued cost inflation. In addition, our Map to Growth and MAP 2025, together MAP initiatives, resulted in incremental savings that favorably impacted our gross margin. Partially offsetting these improvements were continued inflation in raw materials and wages.

We expect that these increased costs will continue to be reflected in our results throughout the remainder of fiscal 2023. In addition, rising interest rates have negatively impacted construction activity, existing home sales, and overall economic activity, resulting in reduced customer demand which we expect to continue into the third quarter.

SG&A Our consolidated SG&A expense during the period was $52.9 million higher versus the same period last year and increased to 27.3% of net sales from 26.7% of net sales for the prior year quarter. Variable costs associated with improved results such as commission expense and bonuses were contributing factors. In addition, pay inflation and professional fees associated with our MAP 2025 initiatives contributed to this increase. Additional SG&A expense recognized by companies we recently acquired approximated $3.5 million during the second quarter of fiscal 2023.

Our CPG segment SG&A was approximately $12.2 million higher for the second quarter of fiscal 2023 versus the comparable prior year period and increased as a percentage of net sales. The increase in expense was mainly due to higher distribution costs, pay inflation, as well as restoration of travel expenses compared to the prior year and investments in growth initiatives. Additionally, companies recently acquired generated approximately $1.8 million of additional SG&A expense.

Our PCG segment SG&A was approximately $12.4 million higher for the second quarter of fiscal 2023 versus the comparable prior year period and increased as a percentage of net sales. The increase in expense as compared to the prior year period is mainly due to increased commissions as a result of higher volume as well as higher incentive compensation, pay inflation, increased bad debt expense, and the restoration of travel expenses after COVID. Additionally, companies recently acquired generated approximately $0.3 million of additional SG&A expense.

Our Consumer segment SG&A increased by approximately $15.4 million during the second quarter of fiscal 2023 versus the same period last year, but decreased slightly as a percentage of net sales. The quarter-over-quarter increase in SG&A was attributable to pay inflation and restoration of travel expenses, as well as increases in advertising, promotional expense, incentive compensation, and distribution costs. Additionally, companies recently acquired generated approximately $0.9 million of additional SG&A expense.

Our SPG segment SG&A was approximately $2.7 million higher during the second quarter of fiscal 2023 versus the comparable prior year period but decreased slightly as a percentage of net sales. The increase in SG&A expense is attributable to pay inflation and investments in growth initiatives across each of its business units, partially offset by a charge recorded during the prior year period related to the legal matter described above in Note 13, "Contingencies and Other Accrued Losses," to the Consolidated Financial Statements. Additionally, companies recently acquired generated approximately $0.5 million of additional SG&A expense.

SG&A expenses in our corporate/other category increased by $10.2 million during the second quarter of fiscal 2023 as compared to last year's second quarter mainly due to higher professional fees related to our MAP 2025 operational improvement initiatives.

The following table summarizes the retirement-related benefit plans' impact on income before income taxes for the three months ended November 30, 2022 and 2021, as the service cost component has a significant impact on our SG&A expense:

	Three months ended		
(in millions)	**November 30, 2022**	**November 30, 2021**	**Change**
Service cost	$ 12.2	$ 13.7	$ (1.5)
Interest cost	9.3	5.4	3.9
Expected return on plan assets	(11.3)	(12.4)	1.1
Amortization of:			
Prior service (credit)	(0.1)	(0.1)	-
Net actuarial losses recognized	4.6	4.4	0.2
Total Net Periodic Pension & Postretirement Benefit Costs	$ 14.7	$ 11.0	$ 3.7

We expect that pension expense will fluctuate on a year-to-year basis, depending upon the investment performance of plan assets and potential changes in interest rates, both of which are difficult to predict, but which may have a material impact on our consolidated financial results in the future.

Restructuring Charges

See Note 3, "Restructuring," to the Consolidated Financial Statements, for details.

Interest Expense

	Three months ended	
(in millions, except percentages)	**November 30, 2022**	**November 30, 2021**
Interest expense	$ 27.9	$ 21.0
Average interest rate (a)	3.90 %	3.07 %

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

(in millions)	**Change in interest expense**
Acquisition-related borrowings	$ 0.9
Non-acquisition-related average borrowings	0.4
Change in average interest rate	5.6
Total Change in Interest Expense	$ 6.9

Investment (Income) Expense, Net

See Note 5, "Investment (Income) Expense, Net," to the Consolidated Financial Statements for details.

Other Expense (Income), Net

See Note 6, "Other Expense (Income), Net," to the Consolidated Financial Statements for details.

Income (Loss) Before Income Taxes ("IBT")

(in millions, except percentages)	Three months ended					
	November 30, 2022		% of net sales	November 30, 2021		% of net sales
CPG Segment	$	75.4	11.9%	$	130.4	21.2%
PCG Segment		45.3	13.5%		37.9	12.5%
Consumer Segment		93.9	15.4%		33.1	6.3%
SPG Segment		27.4	12.9%		20.6	10.6%
Non-Op Segment		(66.9)	—		(58.8)	—
Consolidated	$	175.1		$	163.2	

Our CPG segment, the most internationally concentrated segment, results reflect the negative impact of deteriorated macroeconomic conditions in Europe and unfavorable foreign currency exchange. In addition, our prior year CPG segment results include a $41.9 million gain on the sale of certain real property assets. Our PCG segment results reflect improved pricing in response to continued cost inflation, volume growth and improved product mix, which was partially offset by unfavorable foreign currency exchange. Our Consumer segment results reflect improved pricing to catch up to continued cost inflation and improved material supply which led to improved operating efficiencies. Our SPG segment results reflect improved pricing in response to continued cost inflation, as well as increased operating efficiencies due to improved material supply. Our Non-Op segment results reflect the unfavorable swing in pension non-service costs, along with increased interest expense and professional fees.

Income Tax Rate The effective income tax rate of 24.9% for the three months ended November 30, 2022 compares to the effective income tax rate of 23.3% for the three months ended November 30, 2021. The effective income tax rates for the presented periods reflect variances from the 21% statutory rate due primarily to the impact of state and local income taxes, non-deductible business expenses and the net tax on foreign subsidiary income resulting from the global intangible low-taxed income provisions, partially offset by tax benefits related to equity compensation. Additionally, the effective tax rate for the three-month period ended November 30, 2022 reflects an unfavorable period-over-period tax rate differential on foreign earnings.

Net Income

(in millions, except percentages and per share amounts)	Three months ended					
	November 30, 2022		% of net sales	November 30, 2021		% of net sales
Net income	$	131.5	7.3%	$	125.1	7.6%
Net income attributable to RPM International Inc. stockholders		131.3	7.3%		124.9	7.6%
Diluted earnings per share		1.02			0.96	

Six Months Ended November 30, 2022

Net Sales

(in millions, except percentages)	Six Months Ended							
	November 30, 2022		November 30, 2021		Total Growth	Organic Growth(1)	Acquisition Growth	Foreign Currency Exchange Impact
CPG Segment	$	1,363.8	$	1,258.6	8.4%	11.4%	1.8%	-4.8%
PCG Segment		675.6		588.1	14.9%	19.4%	0.3%	-4.8%
Consumer Segment		1,269.8		1,067.6	18.9%	20.8%	0.4%	-2.3%
SPG Segment		414.8		375.7	10.4%	12.2%	0.8%	-2.6%
Consolidated	$	3,724.0	$	3,290.0	13.2%	16.0%	1.0%	-3.8%

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

Our CPG segment generated significant organic sales growth during the first half of fiscal 2023 when compared to the same prior year period driven by strength in restoration systems for commercial roofing, facades and parking structures. Additionally, the segment's concrete admixtures and repair business benefited from market share gains. Improved pricing in response to continued cost inflation also contributed to sales growth during the first six months of the year. This growth was partially offset by deteriorating economic conditions and unfavorable foreign exchange translation in Europe, along with reduced demand for businesses that serve the new residential home construction market.

Our PCG segment generated significant sales growth during the first half of fiscal 2023 in nearly all the major business units in the segment when compared to the same period in the prior year. Performing particularly well were businesses that provide flooring systems, protective coatings, and fiberglass reinforced plastic grating, all of which were strategically well-positioned to benefit from growing vertical markets such as semiconductor chip manufacturing, pharmaceuticals, as well as energy. This increase was also facilitated by strong demand in energy markets and price increases in response to continued cost inflation. Internationally, unfavorable foreign exchange translation was a headwind, particularly in Europe, but growth in emerging markets was strong in local currency.

Our Consumer segment generated significant organic growth during the first half of fiscal 2023 in comparison to the prior year period due to improved raw material supply, particularly of alkyd-based resins secured through strategic investment in its supply chain, insourcing, and qualifying new suppliers, resulting in improved product availability. In addition, sales growth benefitted from price increases to catch up with continued cost inflation and the prior year comparison when supply chain disruptions impacted raw material supply, which was partially offset by unfavorable foreign exchange translation, particularly in Europe.

Our SPG segment generated significant sales growth during the first half of fiscal 2023, particularly those businesses serving the food coatings and additives market, as a result of strategically refocusing sales management and selling efforts. The segment's disaster restoration business also benefited from the response to Hurricane Ian and worked through backlog after resolving previous semiconductor chip supply shortages. This was partially offset by unfavorable foreign exchange translation.

Gross Profit Margin Our consolidated gross profit margin of 38.5% of net sales for the first half of fiscal 2023 compares to a consolidated gross profit margin of 36.4% for the comparable period a year ago. The current period gross profit margin increase of approximately 2.1%, or 210 basis points (“bps”), resulted primarily from higher selling prices catching up with continued cost inflation as well as the realization of production efficiencies due to improved raw material supply, savings from MAP initiatives, and improved sales. Partially offsetting these improvements were continued inflation in raw materials and wages.

We expect that these increased costs will continue to be reflected in our results throughout the remainder of fiscal 2023. In addition, rising interest rates have negatively impacted construction activity, existing home sales, and overall economic activity, resulting in reduced customer demand which we expect to continue into the third quarter.

SG&A Our consolidated SG&A expense during the period was $119.1 million higher versus the same period last year and increased to 26.2% of net sales from 26.0% of net sales for the prior year period. Variable costs associated with improved results such as commission expense and bonuses were contributing factors. In addition, professional fees associated with our MAP 2025 initiatives and pay inflation contributed to this increase. Additional SG&A expense recognized by companies we recently acquired approximated $7.5 million during the first half of fiscal 2023.

Our CPG segment SG&A was approximately $27.9 million higher for the first half of fiscal 2023 versus the comparable prior year period and increased slightly as a percentage of net sales. The increase in expense was mainly due to higher distribution costs, higher commission expense associated with higher sales, pay inflation, as well as restoration of discretionary spending (i.e. meetings, travel, etc.) compared to the prior year and investments in growth initiatives. Additionally, companies recently acquired generated approximately $4.6 million of additional SG&A expense.

Our PCG segment SG&A was approximately $23.5 million higher for the first half of fiscal 2023 versus the comparable prior year period but decreased slightly as a percentage of net sales. The increase in expense as compared to the prior year period is mainly due to increased commissions, higher distribution costs, pay inflation, increased bad debt expense, along with restoration of travel expenses and investments in growth initiatives for diversification of its industrial coatings business. Additionally, companies recently acquired generated approximately $0.3 million of additional SG&A expense.

Our Consumer segment SG&A increased by approximately $33.0 million during the first half of fiscal 2023 versus the same period last year, but decreased as a percentage of net sales. The period over period increase in SG&A was attributable to increases in advertising and promotional expense, increased distribution costs, pay inflation, and the restoration of travel expenses. Additionally, companies recently acquired generated approximately $1.8 million of additional SG&A expense.

Our SPG segment SG&A was approximately $8.1 million higher during the first half of fiscal 2023 versus the comparable prior year period but decreased slightly as a percentage of net sales. The increase in SG&A expense is attributable to pay inflation and investments in growth initiatives across each of its business units, partially offset by a charge recorded during the prior year period related to the legal matter described above in Note 13, "Contingencies and Other Accrued Losses," to the Consolidated Financial Statements. Additionally, companies recently acquired generated approximately $0.8 million of additional SG&A expense.

SG&A expenses in our corporate/other category increased by $26.6 million during the first half of fiscal 2023 as compared to last year’s first half mainly due to higher professional fees related to operational improvement initiatives.

The following table summarizes the retirement-related benefit plans' impact on income before income taxes for the six months ended November 30, 2022 and 2021, as the service cost component has a significant impact on our SG&A expense:

	Six Months Ended		
(in millions)	November 30, 2022	November 30, 2021	Change
Service cost	$ 24.2	$ 27.4	$ (3.2)
Interest cost	18.6	10.9	7.7
Expected return on plan assets	(22.5)	(24.9)	2.4
Amortization of:			
Prior service (credit)	(0.1)	(0.2)	0.1
Net actuarial losses recognized	9.2	8.8	0.4
Total Net Periodic Pension & Postretirement Benefit Costs	$ 29.4	$ 22.0	$ 7.4

We expect that pension expense will fluctuate on a year-to-year basis, depending upon the investment performance of plan assets and potential changes in interest rates, both of which are difficult to predict, but which may have a material impact on our consolidated financial results in the future.

Restructuring Charges

See Note 3, "Restructuring," to the Consolidated Financial Statements, for details.

Interest Expense

	Six Months Ended	
(in millions, except percentages)	November 30, 2022	November 30, 2021
Interest expense	$ 54.6	$ 42.1
Average interest rate (a)	3.70 %	3.11 %

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

(in millions)	Change in interest expense
Acquisition-related borrowings	$ 2.0
Non-acquisition-related average borrowings	2.1
Change in average interest rate	8.4
Total Change in Interest Expense	$ 12.5

Investment (Income) Expense, Net

See Note 5, "Investment (Income) Expense, Net," to the Consolidated Financial Statements for details.

Other Expense (Income), Net

See Note 6, "Other Expense (Income), Net," to the Consolidated Financial Statements for details.

Income (Loss) Before Income Taxes ("IBT")

	Six Months Ended			
(in millions, except percentages)	November 30, 2022	% of net sales	November 30, 2021	% of net sales
CPG Segment	$ 184.7	13.5 %	$ 244.7	19.4 %
PCG Segment	92.2	13.7 %	72.9	12.4 %
Consumer Segment	210.6	16.6 %	79.0	7.4 %
SPG Segment	55.3	13.3 %	45.2	12.0 %
Non-Op Segment	(142.5)	—	(97.2)	—
Consolidated	$ 400.3		$ 344.6	

On a consolidated basis, our results reflect the unfavorable impact of foreign exchange translation in Europe. Our CPG segment results reflect deteriorated macroeconomic conditions in Europe and reduced demand for businesses that serve the new residential home construction market. In addition, our prior year CPG segment results include a $41.9 million gain on the sale of certain real property assets. Our PCG segment results reflect improved pricing, volume growth and improved product mix, resulting from digital sales management tools. Our Consumer segment results reflect improved material supply which allowed for previously developed operating efficiencies to be realized and improved pricing to catch up with continued cost inflation. Our SPG segment results reflect improved pricing, operating improvement cost savings, as well as increased operating efficiencies due to improved material supply. Our Non-Op segment results reflect the unfavorable swing in pension non-service costs along with increased interest expense and professional fees.

Income Tax Rate The effective income tax rate of 24.8% for the six months ended November 30, 2022 compares to the effective income tax rate of 24.6% for the six months ended November 30, 2021. The effective income tax rates for the presented periods reflect variances from the 21% statutory rate due primarily to the impact of state and local income taxes, non-deductible business expenses and the net tax on foreign subsidiary income resulting from the global intangible low-taxed income provisions, partially offset by tax benefits related to equity compensation. Additionally, the effective tax rate for the six-month period ended November 30, 2022 reflects an unfavorable period-over-period tax rate differential on foreign earnings.

Net Income

	Six Months Ended			
(in millions, except percentages and per share amounts)	**November 30, 2022**	**% of net sales**	**November 30, 2021**	**% of net sales**
Net income	$ 300.8	8.1 %	$ 259.9	7.9 %
Net income attributable to RPM International Inc. stockholders	300.4	8.1 %	259.5	7.9 %
Diluted earnings per share	2.33		2.00	

LIQUIDITY AND CAPITAL RESOURCES

Fiscal 2023 Compared with Fiscal 2022

Operating Activities

Approximately $190.9 million of cash was provided by operating activities during the first six months of fiscal 2023, compared with $159.4 million of cash provided by operating activities during the same period last year. The net change in cash from operations includes the change in net income, which increased by $40.9 million during the first six months of fiscal 2023 versus the same period during fiscal 2022.

During the first six months of fiscal 2023, the change in accounts receivable provided approximately $7.6 million less cash than the first six months of fiscal 2022. Average days sales outstanding ("DSO") at November 30, 2022, increased to 64.5 days from 64.2 days at November 30, 2021.

During the first six months of fiscal 2023, the change in inventory used approximately $64.5 million more cash compared to our spending during the same period a year ago, as a result of material price inflation and strategic build-up of inventory to improve supply chain resiliency. Average days of inventory outstanding ("DIO") was approximately 102.3 and 85.9 days at November 30, 2022 and 2021, respectively.

The change in accounts payable during the first six months of fiscal 2023 used approximately $66.2 million more cash than during the first six months of fiscal 2022 due principally to the timing of purchases which were suppressed by supply constraints at the end of fiscal year 2021 and reduced purchases in fiscal 2023 due to elevated inventory levels and improved supply chain conditions. Average days payables outstanding ("DPO") increased, however, by approximately 5.1 days to 86.5 days at November 30, 2022 from 81.4 days at November 30, 2021.

The change in other accrued liabilities during the first six months of fiscal 2023 provided approximately $76.0 million more cash than during the first six months of fiscal 2022 due principally to the timing of income taxes payable, increase in consulting cost accruals and the increase in customer rebate accruals.

Investing Activities

For the first six months of fiscal 2023, cash used for investing activities decreased by $4.4 million to $164.0 million as compared to $168.4 million in the prior year period. This year-over-year decrease in cash used for investing activities was mainly driven by a $66.7 million decrease in cash used for business acquisitions, and the sales of assets which provided $50.6 million of proceeds in the prior year period.

We paid for capital expenditures of $113.5 million and $101.4 million during the first six months of fiscal 2023 and fiscal 2022, respectively. Our capital expenditures facilitate our continued growth, allow us to achieve production and distribution efficiencies, expand capacity, introduce new technology, improve environmental health and safety capabilities, improve information systems, and enhance our administration capabilities. We continue to increase capital spending in fiscal 2023, to expand capacity to continue our growth initiatives.

Our captive insurance companies invest their excess cash in marketable securities in the ordinary course of conducting their operations, and this activity will continue. Differences in the amounts related to these activities on a year-over-year basis are primarily attributable to differences in the timing and performance of their investments balanced against amounts required to satisfy claims. At November 30, 2022 and May 31, 2022, the fair value of our investments in available-for-sale debt securities and marketable equity securities, which includes captive insurance-related assets, totaled $143.6 million and $144.4 million, respectively. The fair value of our portfolio of marketable securities is based on quoted market prices for identical, or similar, instruments in active or non-active markets or model-derived-valuations with observable inputs. We have no marketable securities whose fair value is subject to unobservable inputs.

As of November 30, 2022, approximately $217.2 million of our consolidated cash and cash equivalents were held at various foreign subsidiaries, compared with $187.1 million at May 31, 2022. Undistributed earnings held at our foreign subsidiaries that are considered permanently reinvested will be used, for instance, to expand operations organically or for acquisitions in foreign jurisdictions. Further, our operations in the U.S. generate sufficient cash flow to satisfy U.S. operating requirements. Refer to Note 7, “Income Taxes,” to the Consolidated Financial Statements for additional information regarding unremitted foreign earnings.

Financing Activities

For the first six months of fiscal 2023, financing activities provided $14.2 million of cash, which compares to cash used for financing activities of $26.0 million during the first six months of fiscal 2022. The overall increase in cash provided by financing activities was driven principally by debt-related activities. During the first six months of fiscal 2023, we provided approximately $413.4 million more cash from additions to short and long-term debt, as a result of additional net borrowings of approximately $267.7 million on our revolving credit facility and utilizing our $250 million AR Program. We also used approximately $351.1 million more cash to paydown existing debt during the first six months of fiscal 2023, compared to the same period in fiscal 2022, primarily as a result of repaying our $300 million 3.45% Notes due 2022. See below for further details on the significant components of our debt.

Our available liquidity, including our cash and cash equivalents and amounts available under our committed credit facilities, stood at $880.0 million and $1.31 billion as of November 30, 2022 and May 31, 2022, respectively.

Revolving Credit Agreement

During the quarter ended August 31, 2022, we amended our $1.3 billion unsecured syndicated revolving credit facility (the "Revolving Credit Facility"), which was set to expire on October 31, 2023. The amendment extended the expiration date to August 1, 2027 and increased the borrowing capacity to $1.35 billion. The Revolving Credit Facility bears interest at either the base rate or the adjusted Secured Overnight Financing Rate (SOFR), as defined, at our option, plus a spread determined by our debt rating. The Revolving Credit Facility includes sublimits for the issuance of swingline loans, which are comparatively short-term loans used for working capital purposes and letters of credit. The aggregate maximum principal amount of the commitments under the Revolving Credit Facility may be expanded upon our request, subject to certain conditions, up to $1.5 billion. The Revolving Credit Facility is available to refinance existing indebtedness, to finance working capital and capital expenditures, and for general corporate purposes.

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

As of November 30, 2022, we were in compliance with all financial covenants contained in our Revolving Credit Facility, including the Net Leverage Ratio and Interest Coverage Ratio covenants. At that date, our Net Leverage Ratio was 2.53 to 1.00, while our Interest Coverage Ratio was 10.64 to 1.00. As of November 30, 2022, we had $647.9 million of borrowing availability on our Revolving Credit Facility.

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

Accounts Receivable Securitization Program

As of November 30, 2022, we had an outstanding balance under our accounts receivable securitization program (the "AR Program") of $250.0 million. The maximum availability under the AR Program is $250.0 million, but availability is further subject to changes in the credit ratings of our customers, customer concentration levels or certain characteristics of the accounts receivable being transferred and, therefore, at certain times, we may not be able to fully access the $250.0 million of funding available under the AR Program.

The AR Program contains various customary affirmative and negative covenants, as well as customary default and termination provisions. Our failure to comply with the covenants described above and other covenants contained in the Revolving Credit Facility could result in an event of default under that agreement, entitling the lenders to, among other things, declare the entire amount outstanding under the Revolving Credit Facility to be due and payable immediately. The instruments governing our other outstanding indebtedness generally include cross-default provisions that provide that, under certain circumstances, an event of default that results in acceleration of our indebtedness under the Revolving Credit Facility will entitle the holders of such other indebtedness to declare amounts outstanding immediately due and payable. See "Revolving Credit Agreement" above for details on our compliance with all significant financial covenants at November 30, 2022.

Term Loan Facility Credit Agreement

On August 1, 2022, we amended the term loan credit facility, which was set to expire on February 21, 2023, to extend the maturity date to August 1, 2025, and paid down the borrowings outstanding on the term loan to $250 million. The term loan bears interest at either the base rate or the adjusted SOFR, as defined, at our option, plus a spread determined by our debt rating. The term loan contains customary covenants, including but not limited to, limitations on our ability, and in certain instances, our subsidiaries' ability, to incur liens, make certain investments, or sell or transfer assets. Additionally, we may not permit (i) our consolidated interest coverage ratio to be less than 3.50 to 1.00, or (ii) our leverage ratio (defined as the ratio of total indebtedness to consolidated EBITDA for the four most recent fiscal quarters) to exceed 3.75 to 1.00. During certain periods this ratio may be increased to 4.25 to 1.0 upon delivery of a notice to our lender requesting an increase to our maximum leverage or in connection with certain "material acquisitions." See "Revolving Credit Agreement" above for details on our compliance with all significant financial covenants at November 30, 2022.

Refer to Note G, "Borrowings," to the Consolidated Financial Statements, in our Annual Report on Form 10-K for the fiscal year ended May 31, 2022 for more comprehensive details on the significant components of our debt.

Stock Repurchase Program

See Note 10, "Stock Repurchase Program" to the Consolidated Financial Statements, for further detail surrounding our stock repurchase program.

Off-Balance Sheet Arrangements

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

OTHER MATTERS

Environmental Matters

Environmental obligations continue to be appropriately addressed and, based upon the latest available information, it is not anticipated that the outcome of such matters will materially affect our results of operations or financial condition. Our critical accounting policies and estimates set forth above describe our method of establishing and adjusting environmental-related accruals and should be read in conjunction with this disclosure. For additional information, refer to "Part II, Item 1. Legal Proceedings."

FORWARD-LOOKING STATEMENTS

The foregoing discussion includes forward-looking statements relating to our business. These forward-looking statements, or other statements made by us, are made based on our expectations and beliefs concerning future events impacting us and are subject to uncertainties and factors (including those specified below), which are difficult to predict and, in many instances, are beyond our control. As a result, our actual results could differ materially from those expressed in or implied by any such forward-looking statements. These uncertainties and factors include (a) global markets and general economic conditions, including uncertainties surrounding the volatility in financial markets, the availability of capital, and the viability of banks and other financial institutions; (b) the prices, supply and capacity of raw materials, including assorted pigments, resins, solvents, and other natural gas- and oil-based materials; packaging, including plastic and metal containers; and transportation services, including fuel surcharges; (c) continued growth in demand for our products; (d) legal, environmental and litigation risks inherent in our construction and chemicals businesses and risks related to the adequacy of our insurance coverage for such matters; (e) the effect of changes in interest rates; (f) the effect of fluctuations in currency exchange rates upon our foreign operations; (g) the effect of non-currency risks of investing in and conducting operations in foreign countries, including those relating to domestic and international political, social, economic and regulatory factors; (h) risks and uncertainties associated with our ongoing acquisition and divestiture activities; (i) the timing of and the realization of anticipated cost savings from restructuring initiatives and the ability to identify additional cost savings opportunities; (j) risks related to the adequacy of our contingent liability reserves; (k) risks relating to the Covid pandemic; (l) risks related to adverse weather conditions or the impacts of climate change and natural disasters; (m) risks related to the Russian invasion of Ukraine and other wars; (n) risks related to data breaches and data privacy violations; and (o) other risks detailed in our filings with the Securities and Exchange Commission, including the risk factors set forth in our Annual Report on Form 10-K for the year ended May 31, 2022, as the same may be updated from time to time. We do not undertake any obligation to publicly update or revise any forward-looking statements to reflect future events, information or circumstances that arise after the filing date of this document.

ITEM 3. ***QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK***

We are exposed to market risk from changes in raw materials costs, interest rates and foreign exchange rates since we fund our operations through long- and short-term borrowings and conduct our business in a variety of foreign currencies. There were no material potential changes in our exposure to these market risks since May 31, 2022. However, refer to the "Gross Profit Margin" paragraphs in the "RESULTS OF OPERATIONS" for the "Three Months Ended November 30, 2022" and "Six Months Ended November 30, 2022" sections above, for additional details on recent inflationary cost pressure.

ITEM 4. ***CONTROLS AND PROCEDURES***

(a) EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES.

Our Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of November 30, 2022 (the "Evaluation Date"), have concluded that as of the Evaluation Date, our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in the reports we file or submit under the Exchange Act (1) is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms, and (2) is accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow for timely decisions regarding required disclosure.

(b) CHANGES IN INTERNAL CONTROL.

There were no changes in our internal control over financial reporting that occurred during the fiscal quarter ended November 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. *LEGAL PROCEEDINGS*

Environmental Proceedings

Like other companies participating in similar lines of business, some of our subsidiaries are identified as a "potentially responsible party" under the federal Comprehensive Environmental Response, Compensation and Liability Act and similar local environmental statutes or are participating in the cost of certain clean-up efforts or other remedial actions relating to environmental matters. Our share of such costs to date, however, has not been material and management believes that these environmental proceedings will not have a material adverse effect on our consolidated financial condition or results of operations. See "Item 1 — Business — Environmental Matters," in our Annual Report on Form 10-K for the year ended May 31, 2022.

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

ITEM 1A. *RISK FACTORS*

In addition to the other information set forth in this report, you should carefully consider the other risk factors disclosed in Item 1A of our Annual Report on Form 10-K for the fiscal year ended May 31, 2022.

ITEM 2. *UNREGISTERED SALE OF EQUITY SECURITIES AND USE OF PROCEEDS*

The following table presents information about repurchases of RPM International Inc. common stock made by us during the second quarter of fiscal 2023:

Period	Total Number of Shares Purchased(1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Amount that May Yet be Purchased Under the Plans or Programs(2)
September 1, 2022 through September 30, 2022	-	$ -	-	
October 1, 2022 through October 31, 2022	29,251	$ 86.34	-	
November 1, 2022 through November 30, 2022	365	$ 98.91	-	
Total - Second Quarter	29,616	$ 86.49	-	

(1) All of the 29,616 shares of common stock that were disposed of back to us during the three-month period ended November 30, 2022 were in satisfaction of tax obligations related to the vesting of restricted stock, which was granted under RPM International Inc.'s equity and incentive plans.

(2) The maximum dollar amount that may yet be repurchased under our program was approximately $342.3 million at November 30, 2022. Refer to Note 10 "Stock Repurchase Program" to the Consolidated Financial Statements for further information regarding our stock repurchase program.

ITEM 6. ***EXHIBITS***

Exhibit Number	Description
31.1	Rule 13a-14(a) Certification of the Company’s Chief Executive Officer.(x)
31.2	Rule 13a-14(a) Certification of the Company’s Chief Financial Officer.(x)
32.1	Section 1350 Certification of the Company’s Chief Executive Officer.(x)
32.2	Section 1350 Certification of the Company’s Chief Financial Officer.(x)
101.INS	Inline XBRL Instance Document- the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
104	The cover page from the Company’s Quarterly Report on Form 10-Q for the quarter ended November 30, 2022, has been formatted in Inline XBRL

(x) Filed herewith.

SIGNATURES

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

RPM International Inc.

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

By: /s/ Russell L. Gordon
Russell L. Gordon
Vice President and
Chief Financial Officer

Dated: January 5, 2023

Exhibit No. 31.1

RULE 13a-14(a) CERTIFICATION

I, Frank C. Sullivan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of RPM International Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Frank C. Sullivan

Frank C. Sullivan
Chairman and Chief Executive Officer

Dated: January 5, 2023

Exhibit No. 31.2

RULE 13a-14(a) CERTIFICATION

I, Russell L. Gordon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of RPM International Inc. (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ Russell L. Gordon

Russell L. Gordon
Vice President and Chief Financial Officer

Dated: January 5, 2023

Exhibit No. 32.1

CERTIFICATION

Pursuant to 18 U.S.C. Section 1350, the undersigned officer of RPM International Inc., a Delaware corporation (the “Company”), does hereby certify, to such officer’s knowledge, that the Company’s Quarterly Report on Form 10-Q for the quarter ended November 30, 2022 (the “Form 10-Q”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Form 10-Q.

/s/ Frank C. Sullivan
Frank C. Sullivan
Chairman and Chief Executive Officer

Dated: January 5, 2023

The foregoing Certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Form 10-Q or as a separate disclosure document.

Exhibit No. 32.2

CERTIFICATION

Pursuant to 18 U.S.C. Section 1350, the undersigned officer of RPM International Inc., a Delaware corporation (the “Company”), does hereby certify, to such officer’s knowledge, that the Company’s Quarterly Report on Form 10-Q for the quarter ended November 30, 2022 (the “Form 10-Q”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Form 10-Q.

/s/ Russell L. Gordon
Russell L. Gordon
Vice President and Chief Financial Officer

Dated: January 5, 2023

The foregoing Certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Form 10-Q or as a separate disclosure document.