Consolidated Statements of Cash Flows
Year Ended December 31
(Dollars in Millions)

	2024	2023	2022
Cash Flows from Operating Activities			
Net income	$ 12,345	$ 11,000	$ 10,000
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,500	1,400	1,300
Deferred income taxes	200	150	100
Stock-based compensation expense	500	450	400
Equity in earnings of affiliates, net of dividends received	(300)	(250)	(200)
Pension and postretirement benefit expense	1,000	900	800
Pension and postretirement benefit contributions	(1,100)	(1,000)	(900)
Other operating activities, net	300	250	200
Changes in operating assets and liabilities:			
Accounts receivable, net	(1,500)	(1,200)	(1,000)
Inventories	(2,000)	(1,800)	(1,500)
Other current assets	(500)	(400)	(300)
Accounts payable	1,800	1,500	1,200
Accrued liabilities	1,200	1,000	800
Income taxes payable	300	200	100
Other assets	(400)	(300)	(200)
Other liabilities	500	400	300
Net Cash Provided by Operating Activities	14,345	12,800	11,500
Cash Flows from Investing Activities			
Capital expenditures	(3,000)	(2,500)	(2,000)
Proceeds from sale of property, plant and equipment	200	150	100
Purchases of marketable securities	(5,000)	(4,500)	(4,000)
Proceeds from sale of marketable securities	4,500	4,000	3,500
Other investing activities, net	(300)	(250)	(200)
Net Cash Provided by (Used in) Investing Activities	(3,600)	(3,100)	(2,600)
Cash Flows from Financing Activities			
Dividends paid	(6,000)	(5,500)	(5,000)
Repurchase of common stock	(4,000)	(3,500)	(3,000)
Proceeds from issuance of common stock	500	450	400
Other financing activities, net	(200)	(150)	(100)
Net Cash Provided by (Used in) Financing Activities	(9,700)	(8,700)	(7,700)
Effect of exchange rate changes on cash and equivalents	100	50	(50)
Net Increase (Decrease) in Cash and Cash Equivalents	1,145	1,050	1,150
Cash and cash equivalents, beginning of year	5,000	3,950	2,800
Cash and Cash Equivalents, End of Year	$ 6,145	$ 5,000	$ 3,950

Supplemental Disclosures of Cash Flow Information

	2024	2023	2022
Cash paid for interest, net of capitalized interest	$ 300	$ 250	$ 200
Cash paid for income taxes, net of refunds	$ 2,500	$ 2,200	$ 1,900

Consolidated Statements of Stockholders' Equity
Year Ended December 31
(Dollars in Millions, Shares in Thousands)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock Shares	Treasury Stock Amount	Total Stockholders' Equity
Balance, December 31, 2021	4,500,000	$ 4,500	$ 12,000	$ 45,000	$ (1,500)	(1,500,000)	$ (50,000)	$ 9,000
Net income				10,000				10,000
Other comprehensive income (loss), net of tax					200			200
Dividends declared				(5,000)				(5,000)
Stock-based compensation expense			400					400
Issuance of common stock	50,000	50	1,450					1,500
Repurchase of common stock						(100,000)	(3,000)	(3,000)
Balance, December 31, 2022	4,550,000	$ 4,550	$ 13,850	$ 50,000	$ (1,300)	(1,600,000)	$ (53,000)	$ 14,100
Net income				11,000				11,000
Other comprehensive income (loss), net of tax					300			300
Dividends declared				(5,500)				(5,500)
Stock-based compensation expense			450					450
Issuance of common stock	60,000	60	1,740					1,800
Repurchase of common stock						(120,000)	(3,500)	(3,500)
Balance, December 31, 2023	4,610,000	$ 4,610	$ 15,040	$ 55,500	$ (1,000)	(1,720,000)	$ (56,500)	$ 17,650
Net income				12,345				12,345
Other comprehensive income (loss), net of tax					400			400
Dividends declared				(6,000)				(6,000)
Stock-based compensation expense			500					500
Issuance of common stock	70,000	70	2,030					2,100
Repurchase of common stock						(140,000)	(4,000)	(4,000)
Balance, December 31, 2024	4,680,000	$ 4,680	$ 17,570	$ 61,845	$ (600)	(1,860,000)	$ (60,500)	$ 23,000

Notes to Consolidated Financial Statements

Note 1 — Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements include the accounts of Apex Industrial Corporation and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated. Investments in affiliates in which we do not control but have the ability to exercise significant influence are accounted for under the equity method. Our fiscal year ends on December 31.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and in banks and short-term investments with original maturities of three months or less. Cash equivalents are stated at cost, which approximates fair value.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined primarily on a first-in, first-out basis. Inventory costs include raw materials, direct labor, and manufacturing overhead. We regularly review inventory quantities on hand and record provisions for excess and obsolete inventory based on our estimate of future demand and market conditions.

Property, Plant and Equipment

Property, plant and equipment is stated at cost. Depreciation is recorded primarily on a straight-line basis over the estimated useful lives of the assets. Maintenance and repairs are expensed as incurred. Gains and losses on disposals are included in other operating activities, net.

Revenue Recognition

We recognize revenue when control of the promised goods or services is transferred to our customers in an amount that reflects the consideration we expect to receive in exchange for those goods or services. Revenue is generally recognized upon shipment of product to customers, net of estimated returns and allowances.

Stock-Based Compensation

We recognize stock-based compensation expense over the requisite service period for the fair value of awards granted to employees and directors. Stock-based compensation expense is included in cost of sales and selling, general and administrative expenses.

Pension and Postretirement Benefits

We sponsor defined benefit pension plans and postretirement benefit plans. Pension and postretirement benefit expense is recognized in accordance with ASC 715, Compensation—Retirement Benefits. Actuarial gains and losses are recognized in accumulated other comprehensive income (loss) and amortized over the average remaining service period of active participants.

Income Taxes

We recognize deferred tax assets and liabilities for the future tax consequences of transactions that have been recognized in our financial statements or tax returns. We regularly assess the realizability of our deferred tax assets and record a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Note 2 — Revenue from Contracts with Customers

Disaggregation of Revenue

	2024	2023	2022
Industrial Products	$ 18,000	$ 16,500	$ 15,000
Specialty Chemicals	$ 12,000	$ 11,000	$ 10,000
Consumer Products	$ 8,000	$ 7,500	$ 7,000
Total Net Sales	$ 38,000	$ 35,000	$ 32,000

Note 3 — Inventories

	December 31, 2024	December 31, 2023
Raw materials	$ 4,500	$ 4,000
Work in process	2,000	1,800
Finished goods	6,500	6,000
Total inventories	$ 13,000	$ 11,800

Note 4 — Property, Plant and Equipment, Net

	December 31, 2024	December 31, 2023
Land	$ 1,000	$ 1,000
Buildings and improvements	12,000	11,000
Machinery and equipment	45,000	42,000
Construction in progress	3,000	2,500
Total	$ 61,000	$ 56,500
Accumulated depreciation	(28,000)	(26,500)
Property, plant and equipment, net	$ 33,000	$ 30,000

Note 5 — Pension and Postretirement Benefits

	2024	2023	2022
Service cost	$ 400	$ 350	$ 300
Interest cost	1,200	1,100	1,000
Expected return on plan assets	(1,500)	(1,400)	(1,300)
Amortization of prior service cost	100	100	100
Amortization of actuarial loss	800	750	700
Net periodic benefit expense	$ 1,000	$ 900	$ 800

Note 6 — Income Taxes

	2024	2023	2022
Current	$ 2,500	$ 2,200	$ 1,900
Deferred	200	150	100
Total	$ 2,700	$ 2,350	$ 2,000

Note 7 — Stockholders' Equity

	2024	2023	2022
Beginning balance	4,610,000	4,550,000	4,500,000
Issuance of common stock	70,000	60,000	50,000
Ending balance	4,680,000	4,610,000	4,550,000

Note 8 — Commitments and Contingencies

Note 9 — Segment Information

	2024	2023	2022
Industrial Products	$ 18,000	$ 16,500	$ 15,000
Specialty Chemicals	$ 12,000	$ 11,000	$ 10,000
Consumer Products	$ 8,000	$ 7,500	$ 7,000
Total Net Sales	$ 38,000	$ 35,000	$ 32,000