

MASCO CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

B. ACQUISITIONS

In the first quarter of 2020, we acquired all of the share capital of SmarTap A.Y Ltd. ("SmarTap") for approximately \$24 million in cash. SmarTap is a developer of a smart bathing system that monitors and controls the temperature and flow of water. This acquisition provides an adaptable solution for a wide range of products as it is compatible with showerheads, hand showers, spouts and shower jets. This business is included in the Plumbing Products segment. In connection with this acquisition, we recognized \$10 million of definite-lived intangible assets, primarily related to technology, which is being amortized on a straight-line basis over a weighted average amortization period of 5 years. We also recognized \$14 million of goodwill, which is not tax deductible, and is related primarily to the expected synergies from combining the operations into our business.

In the fourth quarter of 2020, we acquired substantially all of the net assets of Kraus USA Inc. ("Kraus"), a designer and distributor of sinks, faucets and accessories for the kitchen and bathroom, for approximately \$103 million and an additional cash payment of up to \$50 million contingent upon the achievement of certain financial performance metrics for the year ending December 31, 2022. The range of the undiscounted amounts we could be required to pay is between \$0 and \$50 million. As of the closing date of the acquisition, the contingent consideration was assigned a fair value of approximately \$8 million. Refer to Note I for additional information regarding the measurement of the contingent consideration liability. This business expands our product offerings to our customers and our online presence under the Kraus brand. This business is included in the Plumbing Products segment. In connection with this acquisition, we recognized \$25 million of indefinite-lived intangible assets, which is related to trademarks, and \$49 million of definite-lived intangible assets, primarily related to customer relationships. The definite-lived intangible assets are being amortized on a straight-line basis over a weighted average amortization period of 10 years. We also recognized \$20 million of goodwill, which is generally tax deductible, and is related primarily to the expected synergies from combining the operations into our business.

In the fourth quarter of 2020, we acquired substantially all of the net assets of Work Tools International Inc. and Elder & Jenks, LLC (collectively, "Work Tools") for approximately \$53 million, including \$48 million of cash and \$5 million of debt that will be paid out in 18 months less any pending or settled indemnity matters. Work Tools will expand our product offering to our customers as it is a leading manufacturer of high-quality precision painting tools and accessories including brushes, rollers and mini rollers for DIY and professionals. This business is included in the Decorative Architectural Products segment. In connection with this acquisition, we recognized \$7 million of indefinite-lived intangible assets, which is related to trademarks, and \$27 million of definite-lived intangible assets, primarily related to customer relationships. The definite-lived intangible assets are being amortized on a straight-line basis over a weighted average amortization period of 12 years. We also recognized \$7 million of goodwill, which is generally tax deductible, and is related primarily to the expected synergies from combining the operations into our business.

On November 10, 2020, we entered into an agreement to acquire a 75.1% equity interest in Easy Sanitary Solutions B.V. ("ESS"), for approximately €45 million (\$55 million) subject to working capital and other adjustments. ESS is the inventor, developer and manufacturer of Easy Drain shower channels and offers a wide range of products for barrier-free showering and bathroom wall niches. A cash payment was made to a third-party notary for \$52 million on December 29, 2020 for the acquisition of this equity interest in advance of the transaction closing on January 4, 2021. The cash payment was accounted for as prepaid expenses and other in the consolidated balance sheet and included in investing cash flows for the year ended December 31, 2020.