

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

**FORM 8-K
CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 27, 2022

MATTHEWS INTERNATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania (State or other jurisdiction of Incorporation or organization)	0-09115 (Commission File Number)	25-0644320 (I.R.S. Employer Identification No.)
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Two Northshore Center, Pittsburgh, PA 15212-5851
(Address of principal executive offices) (Zip Code)

(412) 442-8200
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A Common Stock, \$1.00 par value	MATW	Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.02 Results of Operations and Financial Condition.

On January 27, 2022, Matthews International Corporation ("Matthews") issued a press release announcing its earnings for the first fiscal quarter of 2022. A copy of the press release is furnished hereto as Exhibit 99.1.

Item 7.01 Regulation FD Disclosure.

On January 27, 2022, Matthews posted to the Company's website (www.matw.com/investors) its earnings teleconference presentation which includes selected financial results for the first fiscal quarter of 2022. The presentation is furnished herewith as Exhibit 99.2. This information, including exhibits attached hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section. This information shall not be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference to this Form 8-K in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
99.1	Press Release, dated January 27, 2022, issued by Matthews International Corporation
99.2	Matthews International Corporation earnings teleconference presentation for the first fiscal quarter of 2022
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

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 hereunto duly authorized.

MATTHEWS INTERNATIONAL CORPORATION
(Registrant)

By: /s/ Steven F. Nicola

Steven F. Nicola
Chief Financial Officer and Secretary

Date: January 28, 2022

Matthews International Corporation

Corporate Office
Two NorthShore Center
Pittsburgh, PA 15212-5851
Phone: (412) 442-8200

January 27, 2022

Contact: Steven F. Nicola
Chief Financial Officer and
Secretary

William D. Wilson
Senior Director, Corporate
Development

**MATTHEWS INTERNATIONAL REPORTS RESULTS FOR
FISCAL 2022 FIRST QUARTER**

Financial Highlights:

- **Sales increased \$51.9 million (13.4%) compared to prior year 1st quarter**
- **All business segments report higher sales**
- **GAAP net loss of \$19.8 million (\$0.62 per share); adjusted net income of \$23.6 million**
- **Adjusted EBITDA of \$53.3 million; non-GAAP adjusted EPS of \$0.74 per share**
- **Company sets fiscal 2022 adjusted EBITDA outlook to be at least \$220 million**

PITTSBURGH, PA, January 27, 2022 - Matthews International Corporation (NASDAQ GSM: MATW) today announced financial results for its first quarter of fiscal 2022.

In discussing the results for the Company's fiscal 2022 first quarter, Joseph C. Bartolacci, President and Chief Executive Officer, stated:

"We generated strong sales growth for the fiscal 2022 first quarter, with all segments contributing to our year-over-year improvement. Our higher growth businesses within the Industrial Technologies segment continued to perform well, particularly energy solutions and warehouse automation. Our Memorialization businesses also reported another quarter of revenue growth across all of its main product lines. In addition, despite the ongoing challenges of the pandemic, our SGK Brand Solutions segment also reported higher sales.

"Sales for the Industrial Technologies segment for the current quarter were \$74.3 million, compared to \$53.4 million a year ago, representing an increase of \$20.9 million, or 39.1%. The increase resulted from higher engineering (principally energy solutions) sales and an increase in warehouse automation sales. Product identification sales were also higher than the same quarter last year. Order rates across these businesses continued to remain strong.

"Sales for the Memorialization segment for the fiscal 2022 first quarter were \$210.7 million, compared to \$183.3 million for the same quarter a year ago, representing an increase of \$27.4 million, or 15.0%. The increase was mainly the result of higher sales of caskets and cemetery memorials, primarily driven by COVID-19. Improved price realization and increases in sales of cremation equipment and mausoleum projects also contributed to the segment's sales improvement.

"The SGK Brand Solutions segment sales increased to \$153.5 million for the current quarter, compared to \$150.0 million a year ago. The segment's retail-based sales were higher than a year ago reflecting

continued recovery from the impacts of the pandemic. In addition, brand packaging sales were also higher for the quarter, albeit at lower margins.

"During the fiscal 2022 first quarter, we completed the funding toward the termination of the Company's principal U.S. retirement plan. Although this funding contributed to an increase in our outstanding debt during the quarter, we significantly reduced the Company's accrued pension liabilities. We expect this debt increase to be temporary as we continue to focus on debt reduction this fiscal year."

First Quarter Fiscal 2022 Consolidated Results (Unaudited)

(\$ in millions, except per share data)

	Q1 FY2022	Q1 FY2021	Change	% Change
Sales	\$ 438.6	\$ 386.7	\$ 51.9	13.4 %
Net loss attributable to Matthews	\$ (19.8)	\$ (1.8)	\$ (18.0)	1026.5 %
Diluted loss per share	\$ (0.62)	\$ (0.06)	\$ (0.56)	933.3 %
Non-GAAP adjusted net income	\$ 23.6	\$ 21.6	\$ 2.0	9.3 %
Non-GAAP adjusted EPS	\$ 0.74	\$ 0.68	\$ 0.06	8.8 %
Adjusted EBITDA	\$ 53.3	\$ 54.8	\$ (1.5)	(2.7)%

Note: See the attached tables for additional important disclosures regarding Matthews' use of non-GAAP measures as well as reconciliations of non-GAAP measures to corresponding GAAP measures. Organic sales represent changes in sales excluding the impact of acquisitions, divestitures, and changes in foreign currency exchange rates.

Consolidated sales for the quarter ended December 31, 2021 were \$438.6 million, compared to \$386.7 million for the same quarter a year ago, representing an increase of \$51.9 million, or 13.4%. The increase reflected higher sales in all three of the Company's segments. Changes in foreign currency rates were estimated to have an unfavorable impact of \$4.1 million on consolidated sales compared to a year ago.

Net loss attributable to the Company for the quarter ended December 31, 2021 was \$19.8 million, or \$0.62 per share, compared to \$1.8 million, or \$0.06 per share in the prior year. The current quarter reflected a pension settlement loss in connection with the terminations of certain of the Company's retirement plans. In addition, both periods reflect the impact of intangible amortization expense.

On a non-GAAP adjusted basis, earnings for the fiscal 2022 first quarter were \$0.74 per share, compared to \$0.68 per share a year ago. Adjusted EBITDA (net income before interest expense, income taxes, depreciation and amortization, and other adjustments) for the fiscal 2022 first quarter was \$53.3 million, compared to \$54.8 million a year ago, representing a decrease of \$1.5 million. The benefits of the increase in consolidated sales and ongoing cost reduction efforts were offset by the impacts of significant material (commodity) cost increases, higher labor costs, and other inflationary cost increases.

Outlook

Mr. Bartolacci further stated: "Each of our segments are continuing to build on their respective trends of revenue growth. As we reported previously, sales for our energy solutions business, which supports the electric vehicle market, grew significantly in fiscal 2021 and, based on current backlogs, are expected to significantly grow again in fiscal 2022. In addition, order rates and backlogs in the warehouse and product identification businesses within the Industrial Technologies segment remain strong. Also, market conditions and pricing trends for the SGK Brand Solutions segment appear to be more stable recently.

"With respect to our Memorialization segment, sales for the remainder of the fiscal year will be highly dependent on COVID trends. In addition, the segment's adjusted EBITDA will remain challenged by the significant increases in material and labor costs. However, we are implementing new pricing actions and taking additional cost reduction measures to further mitigate these impacts.

“Accordingly, in consideration of our recent sales trends and these additional cost mitigation efforts, we currently expect consolidated adjusted EBITDA to be at least \$220 million for fiscal 2022.”

Webcast

The Company will host a conference call and webcast on Friday, January 28, 2022 at 9:00 a.m. Eastern Time to review its financial and operating results and discuss its corporate strategies and outlook. A question-and-answer session will follow. The conference call can be accessed by calling (201) 689-8471. The audio webcast can be monitored at www.matw.com. As soon as available after the call, a transcript of the call will be posted in the Investor Relations section of the Company’s website at www.matw.com.

About Matthews International Corporation

Matthews International Corporation is a global provider of brand solutions, memorialization products and industrial technologies. The SGK Brand Solutions segment is a leading provider of packaging solutions and brand experiences, helping companies simplify their marketing, amplify their brands and provide value. The Memorialization segment is a leading provider of memorialization products, including memorials, caskets and cremation and incineration equipment, primarily to cemetery and funeral home customers that help families move from grief to remembrance. The Industrial Technologies segment designs, manufactures, services and distributes high-tech custom energy storage, marking, coding and industrial automation technologies and solutions. The Company has approximately 11,000 employees in more than 26 countries on six continents that are committed to delivering the highest quality products and services.

Forward-looking Information

Any forward-looking statements contained in this release are included pursuant to the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks and uncertainties that may cause the Company’s actual results in future periods to be materially different from management’s expectations. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove correct. Factors that could cause the Company’s results to differ materially from the results discussed in such forward-looking statements principally include changes in domestic or international economic conditions, changes in foreign currency exchange rates, changes in the cost of materials used in the manufacture of the Company’s products, changes in mortality and cremation rates, changes in product demand or pricing as a result of consolidation in the industries in which the Company operates, or other factors such as supply chain disruptions, labor shortages or labor cost increases, changes in product demand or pricing as a result of domestic or international competitive pressures, ability to achieve cost-reduction objectives, unknown risks in connection with the Company’s acquisitions, cybersecurity concerns, effectiveness of the Company’s internal controls, compliance with domestic and foreign laws and regulations, technological factors beyond the Company’s control, impact of pandemics or similar outbreaks, such as coronavirus disease 2019 (“COVID-19”) or other disruptions to our industries, customers, or supply chains, and other factors described in the Company’s Annual Report on Form 10-K and other periodic filings with the U.S. Securities and Exchange Commission.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(In thousands, except per share data)

	Three Months Ended December 31,		% Change
	2021	2020	
Sales	\$ 438,579	\$ 386,657	13.4 %
Cost of sales	(306,942)	(261,159)	17.5 %
Gross profit	131,637	125,498	4.9 %
<i>Gross margin</i>	30.0 %	32.5 %	
Selling and administrative expenses	(99,312)	(99,904)	(0.6)%
Amortization of intangible assets	(21,546)	(15,221)	41.6 %
Operating profit	10,779	10,373	(3.9)%
<i>Operating margin</i>	2.5 %	2.7 %	
Interest and other deductions, net	(37,217)	(8,385)	343.9 %
(Loss) income before income taxes	(26,438)	1,988	1,429.9 %
Income taxes	6,628	(3,980)	(266.5)%
Net loss	(19,810)	(1,992)	(894.5)%
Non-controlling interests	7	234	(97.0)%
Net loss attributable to Matthews	\$ (19,803)	\$ (1,758)	(1,026.5)%
Loss per share -- diluted	\$ (0.62)	\$ (0.06)	(933.3)%
Earnings per share -- non-GAAP ⁽¹⁾	\$ 0.74	\$ 0.68	8.8 %
Dividends declared per share	\$ 0.22	\$ 0.215	2.3 %
Diluted Shares	31,719	31,725	

⁽¹⁾ See reconciliation of non-GAAP financial information provided in tables at the end of this release

SEGMENT INFORMATION (Unaudited) ⁽²⁾

(In thousands)

	Three Months Ended December 31,	
	2021	2020
Sales:		
SGK Brand Solutions	\$ 153,542	\$ 149,959
Memorialization	210,706	183,274
Industrial Technologies	74,331	53,424
	\$ 438,579	\$ 386,657
Adjusted EBITDA:		
SGK Brand Solutions	\$ 15,414	\$ 21,833
Memorialization	43,370	44,072
Industrial Technologies	7,183	2,996
Corporate and Non-Operating	(12,634)	(14,138)
Total Adjusted EBITDA ⁽¹⁾	\$ 53,333	\$ 54,763

⁽¹⁾ See reconciliation of non-GAAP financial information provided in tables at the end of this release

⁽²⁾ Effective in the first quarter of fiscal 2022, the Company transferred its surfaces and engineered products businesses from the SGK Brand Solutions segment to the Industrial Technologies segment. This business segment change is consistent with internal management structure and reporting changes effective for fiscal 2022. Prior periods were revised to reflect retrospective application of this segment realignment.

CONDENSED CONSOLIDATED BALANCE SHEET INFORMATION (Unaudited)
(In thousands)

	December 31, 2021	September 30, 2021
ASSETS		
Cash and cash equivalents	\$ 70,984	\$ 49,176
Accounts receivable, net	313,997	309,818
Inventories, net	192,744	189,088
Other current assets	109,027	76,083
Total current assets	686,752	624,165
Property, plant and equipment, net	221,940	223,707
Goodwill	771,983	773,787
Other intangible assets, net	239,724	261,542
Other long-term assets	132,916	148,877
Total assets	\$ 2,053,315	\$ 2,032,078
LIABILITIES		
Long-term debt, current maturities	\$ 4,271	\$ 4,624
Other current liabilities	336,859	349,601
Total current liabilities	341,130	354,225
Long-term debt	831,791	759,086
Other long-term liabilities	235,722	282,364
Total liabilities	1,408,643	1,395,675
SHAREHOLDERS' EQUITY		
Total shareholders' equity	644,672	636,403
Total liabilities and shareholders' equity	\$ 2,053,315	\$ 2,032,078

CONDENSED CONSOLIDATED CASH FLOWS INFORMATION (Unaudited)
(In thousands)

	Three Months Ended December 31,	
	2021	2020
Cash flows from operating activities:		
Net loss	\$ (19,810)	\$ (1,992)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	33,501	27,351
Changes in working capital items	(40,816)	(3,729)
Other operating activities	(31)	13,696
Net cash (used in) provided by operating activities	(27,156)	35,326
Cash flows from investing activities:		
Capital expenditures	(12,640)	(7,535)
Other investing activities	171	1,689
Net cash used in investing activities	(12,469)	(5,846)
Cash flows from financing activities:		
Net payments from long-term debt	72,345	(18,039)
Purchases of treasury stock	(2,435)	(4,237)
Dividends	(6,824)	(6,808)
Other financing activities	(725)	(2,291)
Net cash provided by (used in) financing activities	62,361	(31,375)
Effect of exchange rate changes on cash	(928)	1,736
Net change in cash, cash equivalents and restricted cash	\$ 21,808	\$ (159)

Reconciliations of Non-GAAP Financial Measures

Included in this report are measures of financial performance that are not defined by GAAP, including, without limitation, adjusted EBITDA, adjusted net income and EPS, net debt and net debt leverage ratio. The Company defines net debt leverage ratio as outstanding debt (net of cash) relative to adjusted EBITDA. The Company uses non-GAAP financial measures to assist in comparing its performance on a consistent basis for purposes of business decision-making by removing the impact of certain items that management believes do not directly reflect the Company's core operations including acquisition costs, ERP integration costs, strategic initiative and other charges (which includes non-recurring charges related to operational initiatives and exit activities), stock-based compensation and the non-service portion of pension and postretirement expense. Management believes that presenting non-GAAP financial measures is useful to investors because it (i) provides investors with meaningful supplemental information regarding financial performance by excluding certain items that management believes do not directly reflect the Company's core operations, (ii) permits investors to view performance using the same tools that management uses to budget, forecast, make operating and strategic decisions, and evaluate historical performance, and (iii) otherwise provides supplemental information that may be useful to investors in evaluating the Company's results. The Company's calculations of its non-GAAP financial measures, however, may not be comparable to similarly titled measures reported by other companies. The Company believes that the presentation of these non-GAAP financial measures, when considered together with the corresponding GAAP financial measures and the reconciliations to those measures, provided herein, provide investors with an additional understanding of the factors and trends affecting the Company's business that could not be obtained absent these disclosures.

ADJUSTED EBITDA RECONCILIATION (Unaudited)
(In thousands)

	Three Months Ended December 31,	
	2021	2020
Net loss	\$ (19,810)	\$ (1,992)
Income tax (benefit) provision	(6,628)	3,980
(Loss) income before income taxes	(26,438)	1,988
Net loss attributable to noncontrolling interests	7	234
Interest expense	6,507	7,728
Depreciation and amortization*	33,501	27,351
Strategic initiatives and other charges ^{(1)**}	3,823	11,192
Non-recurring / incremental COVID-19 costs ^{(2)***}	690	1,124
Defined benefit plan termination related costs ⁽³⁾	426	—
Stock-based compensation	3,709	3,246
Non-service pension and postretirement expense ⁽⁴⁾	31,108	1,900
Total Adjusted EBITDA	\$ 53,333	\$ 54,763
<i>Adjusted EBITDA margin</i>	<i>12.2 %</i>	<i>14.2 %</i>

⁽¹⁾ Includes certain non-recurring items associated with recent acquisition activities, costs associated with global ERP system integration efforts, and certain non-recurring costs associated with productivity and cost-reduction initiatives intended to result in improved operating performance, profitability and working capital levels.

⁽²⁾ Includes certain non-recurring direct incremental costs (such as costs for purchases of computer peripherals and devices to facilitate working-from-home, additional personal protective equipment and cleaning supplies and services, etc.) incurred in response to COVID-19. This amount does not include the impact of any lost sales or underutilization due to COVID-19.

⁽³⁾ Represents costs associated with the termination of the Company's principal defined benefit retirement plan ("DB Plan"), supplemental retirement plan and the defined benefit portion of the officers retirement restoration plan.

⁽⁴⁾ Non-service pension and postretirement expense includes interest cost, expected return on plan assets, amortization of actuarial gains and losses, curtailment gains and losses, and settlement gains and losses. These benefit cost components are excluded from adjusted EBITDA since they are primarily influenced by external market conditions that impact investment returns and interest (discount) rates. Curtailment gains and losses and settlement gains and losses are excluded from adjusted EBITDA since they generally result from certain non-recurring events, such as plan amendments to modify future benefits or settlements of plan obligations. The service cost and prior service cost components of pension and postretirement expense are included in the calculation of adjusted EBITDA, since they are considered to be a better reflection of the ongoing service-related costs of providing these benefits. Please note that GAAP pension and postretirement expense or the adjustment above are not necessarily indicative of the current or future cash flow requirements related to these employee benefit plans.

* Depreciation and amortization was \$23,725 and \$17,848 for the SGK Brand Solutions segment, \$5,810 and \$5,469 for the Memorialization segment, \$2,653 and \$2,740 for the Industrial Technologies segment, and \$1,313 and \$1,294 for Corporate and Non-Operating, for the three months ended December 31, 2021 and 2020, respectively.

** Acquisition costs, ERP integration costs, and strategic initiatives and other charges were \$1,229 and \$4,696 for the SGK Brand Solutions segment, \$671 and \$1,130 for the Memorialization segment, \$32 and \$2,659 for the Industrial Technologies segment, and \$1,891 and \$2,707 for Corporate and Non-Operating, for the three months ended December 31, 2021 and 2020, respectively.

*** Non-recurring/incremental COVID-19 costs were \$220 and \$409 for the SGK Brand Solutions segment, \$464 and \$650 for the Memorialization segment, \$4 and \$18 for the Industrial Technologies segment, and \$2 and \$47 for Corporate and Non-Operating, for the three months ended December 31, 2021 and 2020, respectively.

ADJUSTED NET INCOME AND EPS RECONCILIATION (Unaudited)
(In thousands, except per share data)

	Three Months Ended			
	December 31,			
	2021		2020	
	per share		per share	
Net income (loss) attributable to Matthews	\$ (19,803)	\$ (0.62)	\$ (1,758)	\$ (0.06)
Strategic initiatives and other charges ⁽¹⁾	3,009	0.08	9,844	0.31
Non-recurring / incremental COVID-19 costs ⁽²⁾	536	0.02	873	0.03
Defined benefit plan termination related costs ⁽³⁾	319	0.01	—	—
Non-service pension and postretirement expense ⁽⁴⁾	23,331	0.74	1,406	0.04
Amortization	16,160	0.51	11,263	0.36
Adjusted net income	\$ 23,552	\$ 0.74	\$ 21,628	\$ 0.68

Note: Adjustments to net income for non-GAAP reconciling items were calculated using an income tax rate of 24.7% for the three months ended December 31, 2021, and 20.6% for the three months ended December 31, 2020.

⁽¹⁾ Includes certain non-recurring items associated with recent acquisition activities, costs associated with global ERP system integration efforts, and certain non-recurring costs associated with productivity and cost-reduction initiatives intended to result in improved operating performance, profitability and working capital levels.

⁽²⁾ Includes certain non-recurring direct incremental costs (such as costs for purchases of computer peripherals and devices to facilitate working-from-home, additional personal protective equipment and cleaning supplies and services, etc.) incurred in response to COVID-19. This amount does not include the impact of any lost sales or underutilization due to COVID-19.

⁽³⁾ Represents costs associated with the termination of the Company's DB Plan, supplemental retirement plan and the defined benefit portion of the officers retirement restoration plan.

⁽⁴⁾ Non-service pension and postretirement expense includes interest cost, expected return on plan assets, amortization of actuarial gains and losses, curtailment gains and losses, and settlement gains and losses. These benefit cost components are excluded from adjusted EBITDA since they are primarily influenced by external market conditions that impact investment returns and interest (discount) rates. Curtailment gains and losses and settlement gains and losses are excluded from adjusted EBITDA since they generally result from certain non-recurring events, such as plan amendments to modify future benefits or settlements of plan obligations. The service cost and prior service cost components of pension and postretirement expense are included in the calculation of adjusted EBITDA, since they are considered to be a better reflection of the ongoing service-related costs of providing these benefits. Please note that GAAP pension and postretirement expense or the adjustment above are not necessarily indicative of the current or future cash flow requirements related to these employee benefit plans.

NET DEBT AND NET DEBT LEVERAGE RATIO RECONCILIATION (Unaudited)
(Dollars in thousands)

	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Long-term debt, current maturities	\$ 4,271	\$ 4,624
Long-term debt	831,791	759,086
Total debt	<u>836,062</u>	<u>763,710</u>
Less: Cash and cash equivalents	<u>(70,984)</u>	<u>(49,176)</u>
Net Debt	<u>\$ 765,078</u>	<u>\$ 714,534</u>
Adjusted EBITDA	<u>\$ 226,320</u>	<u>\$ 227,750</u>
Net Debt Leverage Ratio	<u>3.4</u>	<u>3.1</u>

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Matthews
INTERNATIONAL®

**First Quarter Fiscal 2022
Earnings Teleconference
January 28, 2022**

www.matw.com | Nasdaq: MATW

Joseph C. Bartolacci
President and Chief Executive Officer

Steven F. Nicola
Chief Financial Officer

DISCLAIMER

Any forward-looking statements contained in this presentation are included pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks and uncertainties that may cause the Company's actual results in future periods to be materially different from management's expectations. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove correct. Factors that could cause the Company's results to differ materially from the results discussed in such forward-looking statements principally include changes in domestic or international economic conditions, changes in foreign currency exchange rates, changes in the cost of materials used in the manufacture of the Company's products, changes in mortality and cremation rates, changes in product demand or pricing as a result of consolidation in the industries in which the Company operates, or other factors such as supply chain disruptions, labor shortages or labor cost increases, changes in product demand or pricing as a result of domestic or international competitive pressures, ability to achieve cost-reduction objectives, unknown risks in connection with the Company's acquisitions, cybersecurity concerns, effectiveness of the Company's internal controls, compliance with domestic and foreign laws and regulations, technological factors beyond the Company's control, impact of pandemics or similar outbreaks, such as coronavirus disease 2019 ("COVID-19") or other disruptions to our industries, customers, or supply chains, and other factors described in the Company's Annual Report on Form 10-K and other periodic filings with the U.S. Securities and Exchange Commission ("SEC").

Included in this report are measures of financial performance that are not defined by generally accepted accounting principles in the United States ("GAAP"). The Company uses non-GAAP financial measures to assist in comparing its performance on a consistent basis for purposes of business decision-making by removing the impact of certain items that management believes do not directly reflect the Company's core operations including acquisition costs, ERP integration costs, strategic initiative and other charges (which includes non-recurring charges related to operational initiatives and exit activities), stock-based compensation and the non-service portion of pension and postretirement expense. Management believes that presenting non-GAAP financial measures is useful to investors because it (i) provides investors with meaningful supplemental information regarding financial performance by excluding certain items that management believes do not directly reflect the Company's core operations, (ii) permits investors to view performance using the same tools that management uses to budget, forecast, make operating and strategic decisions, and evaluate historical performance, and (iii) otherwise provides supplemental information that may be useful to investors in evaluating the Company's results. The Company believes that the presentation of these non-GAAP financial measures, when considered together with the corresponding GAAP financial measures and the reconciliations to those measures, provided herein, provides investors with an additional understanding of the factors and trends affecting the Company's business that could not be obtained absent these disclosures.

The Company believes that adjusted EBITDA provides relevant and useful information, which is used by the Company's management in assessing the performance of its business. Adjusted EBITDA is defined by the Company as earnings before interest, income taxes, depreciation, amortization and certain non-cash and/or non-recurring items that do not contribute directly to management's evaluation of its operating results. These items include stock-based compensation, the non-service portion of pension and postretirement expense, acquisition costs, ERP integration costs, and strategic initiatives and other charges. Adjusted EBITDA provides the Company with an understanding of earnings before the impact of investing and financing charges and income taxes, and the effects of certain acquisition and ERP integration costs, and items that do not reflect the ordinary earnings of the Company's operations. This measure may be useful to an investor in evaluating operating performance. It is also useful as a financial measure for lenders and is used by the Company's management to measure business performance. Adjusted EBITDA is not a measure of the Company's financial performance under GAAP and should not be considered as an alternative to net income or other performance measures derived in accordance with GAAP, or as an alternative to cash flow from operating activities as a measure of the Company's liquidity. The Company's definition of adjusted EBITDA may not be comparable to similarly titled measures used by other companies.

The Company has also presented adjusted net income and adjusted earnings per share and believes each measure provides relevant and useful information, which is widely used by analysts and investors, as well as by the Company's management in assessing the performance of its business. Adjusted net income and adjusted earnings per share provides the Company with an understanding of the results from the primary operations of our business by excluding the effects of certain acquisition and system-integration costs, and items that do not reflect the ordinary earnings of our operations. These measures provide management with insight into the earning value for shareholders excluding certain costs, not related to the Company's primary operations. Likewise, these measures may be useful to an investor in evaluating the underlying operating performance of the Company's business overall, as well as performance trends, on a consistent basis.

Lastly, the Company has presented net debt and a net debt leverage ratio and believes each measure provides relevant and useful information, which is widely used by analysts and investors as well as by our management. These measures provide management with insight on the indebtedness of the Company, net of cash and cash equivalents and relative to adjusted EBITDA. These measures allow management, as well as analysts and investors, to assess the Company's leverage.



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**FINANCIAL
OVERVIEW**

Q1 2022 SUMMARY

(\$ in millions except per-share amounts)

Q1		Q1 2021	Q1 2022
	Sales	\$ 386.7	\$ 438.6
	Diluted loss per share	\$ (0.06)	\$ (0.62)
	Non-GAAP Adjusted EPS*	\$ 0.68	\$ 0.74
	Net Loss Attributable to Matthews	\$ (1.8)	\$ (19.8)
	Adjusted EBITDA*	\$ 54.8	\$ 53.3

Highlights

Sales

- Higher sales across all segments

GAAP EPS

- Settlement of the Company's principal U.S. defined benefit plan significantly impacted current period earnings
- Both periods impacted by amortization expense

Adjusted EPS

- Benefit from income taxes
- Lower interest expense

Adjusted EBITDA

- Increased consolidated sales
- Significant material (commodity) cost increases, higher labor costs, and other inflationary cost increases
- Unfavorable sales mix in SGK Brand Solutions segment

* See supplemental slides for Adjusted EPS and Adjusted EBITDA reconciliations and other important disclaimers regarding Matthews' use of Non-GAAP measures

INDUSTRIAL TECHNOLOGIES

(\$ in millions)



Sales

- Higher engineering (principally energy solutions), warehouse automation, and product identification sales
- Incoming order rates across businesses remains strong

Adjusted EBITDA

- Q1 growth impacted by higher sales
- Partially offset by higher labor costs

Note: Effective in the first quarter of fiscal 2022, the Company transferred its surfaces and engineered products businesses from the SGK Brand Solutions segment to the Industrial Technologies segment. This business segment change is consistent with internal management structure and reporting changes effective for fiscal 2022. Prior periods were revised to reflect retrospective application of this segment realignment.

* See supplemental slide for Adjusted EBITDA reconciliation and other important disclaimers regarding Matthews' use of Non-GAAP measures

MEMORIALIZIZATION

(\$ in millions)



* See supplemental slide for Adjusted EBITDA reconciliation and other important disclaimers regarding Matthews' use of Non-GAAP measures

Sales

- Higher unit sales of caskets, cemetery memorial products and cremation equipment
- Improved price realization

Adjusted EBITDA

- Sales growth and productivity initiatives favorably impacted adjusted EBITDA
- Higher commodity, labor and freight costs more than offset sales favorability

SGK BRAND SOLUTIONS

(\$ in millions)



Sales

- Higher retail-based and core brand-packaging sales
- Continued recovery from the pandemic impacts

Adjusted EBITDA

- Realized savings from the Company's cost-reduction programs
- Higher travel, entertainment and material costs, production inefficiencies related to remote work environments, and unfavorable sales mix

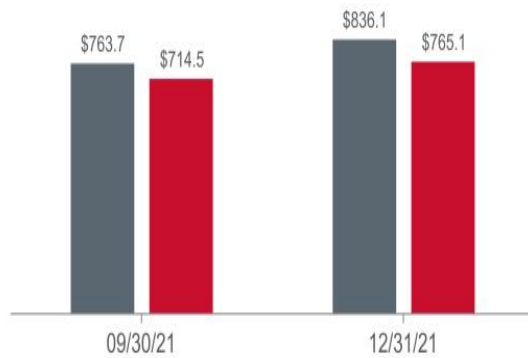
Note: Effective in the first quarter of fiscal 2022, the Company transferred its surfaces and engineered products businesses from the SGK Brand Solutions segment to the Industrial Technologies segment. This business segment change is consistent with internal management structure and reporting changes effective for fiscal 2022. Prior periods were revised to reflect retrospective application of this segment realignment.

* See supplemental slide for Adjusted EBITDA reconciliation and other important disclaimers regarding Matthews' use of Non-GAAP measures

CAPITALIZATION AND CASH FLOWS

(\$ in millions)

Total Debt and Net Debt*



Note: Dark gray shades on the left represent Total Debt.

Operating Cash Flow



Cash



- FY'22 operating cash flow impacted by:
 - \$35.7 million contributions to the Company's principal defined benefit retirement plan
 - Increased fiscal year-end compensation-related payments
 - Higher inventory levels reflecting increased commodity costs
- Net Debt Leverage Ratio* 3.4 as of December 31, 2021
- Quarterly dividend of \$0.22/share, payable 2/21/2022

* See supplemental slide for Net Debt and Net Debt Leverage Ratio reconciliation and other important disclaimers regarding Matthews' use of Non-GAAP measures

The background features a stylized world map in shades of gray, with a prominent red horizontal band across the center. The map is composed of various landmasses, including North and South America, Europe, and Africa, rendered in a fragmented, layered style.

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**BUSINESS
OVERVIEW**

BUSINESS UPDATE

INDUSTRIAL TECHNOLOGIES

- Continued high growth in energy solutions
- Strong warehouse and product identification order rates and backlog

MEMORIALIZATION

- Sales for the remainder of the fiscal year will be highly dependent on COVID trends
- Higher direct material and labor costs expected for the balance of the fiscal year

SGK BRAND SOLUTIONS

- Global retail-related businesses showing signs of improvement
- Higher core packaging sales
- Continued recovery from the pandemic impacts

OUTLOOK FOR FISCAL 2022

Key Drivers

- FY 2022 Adjusted EBITDA at least \$220 million
- Memorialization segment sales for the remainder of the fiscal year will be highly dependent on COVID trends
- Higher direct material costs (bronze, steel and lumber) as well as higher labor and freight costs expected to impact the remainder of fiscal 2022
- Orders continue to build in energy solutions, warehouse and product identification
- Market conditions and pricing trends for the SGK Brand Solutions segment appear to be more stable recently
- Continued focus on the Company's cost-reduction programs
- Continued focus on cash flow generation / debt reduction

A stylized, light gray world map is centered in the background of the page. The map is composed of various landmasses and is surrounded by a network of thin, light gray lines that suggest a global or interconnected theme. The map is slightly faded and serves as a subtle backdrop for the text.

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**SUPPLEMENTAL
INFORMATION**

RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES

Included in this report are measures of financial performance that are not defined by GAAP, including, without limitation, adjusted EBITDA, adjusted net income and EPS, net debt and net debt leverage ratio. The Company defines net debt leverage ratio as outstanding debt (net of cash) relative to adjusted EBITDA. The Company uses non-GAAP financial measures to assist in comparing its performance on a consistent basis for purposes of business decision-making by removing the impact of certain items that management believes do not directly reflect the Company's core operations including acquisition costs, ERP integration costs, strategic initiative and other charges (which includes non-recurring charges related to operational initiatives and exit activities), stock-based compensation and the non-service portion of pension and postretirement expense. Management believes that presenting non-GAAP financial measures is useful to investors because it (i) provides investors with meaningful supplemental information regarding financial performance by excluding certain items that management believes do not directly reflect the Company's core operations, (ii) permits investors to view performance using the same tools that management uses to budget, forecast, make operating and strategic decisions, and evaluate historical performance, and (iii) otherwise provides supplemental information that may be useful to investors in evaluating the Company's results. The Company's calculations of its non-GAAP financial measures, however, may not be comparable to similarly titled measures reported by other companies. The Company believes that the presentation of these non-GAAP financial measures, when considered together with the corresponding GAAP financial measures and the reconciliations to those measures, provided herein, provide investors with an additional understanding of the factors and trends affecting the Company's business that could not be obtained absent these disclosures.

ADJUSTED EBITDA

NON-GAAP RECONCILIATION (Unaudited) (In thousands)

	Three Months Ended December 31,	
	2021	2020
Net loss	\$ (19,810)	\$ (1,992)
Income tax (benefit) provision	(6,628)	3,980
(Loss) income before income taxes	(26,438)	1,988
Net loss attributable to noncontrolling interests	7	234
Interest expense	6,507	7,728
Depreciation and amortization *	33,501	27,351
Strategic initiatives and other charges ^{(1)**}	3,823	11,192
Non-recurring / incremental coronavirus disease 2019 ("COVID-19") costs ^{(2)***}	690	1,124
Defined benefit plan termination related costs ⁽³⁾	426	—
Stock-based compensation	3,709	3,246
Non-service pension and postretirement expense ⁽⁴⁾	31,108	1,900
Total Adjusted EBITDA	\$ 53,333	\$ 54,763
Adjusted EBITDA margin	12.2 %	14.2 %

⁽¹⁾ Includes certain non-recurring items associated with recent acquisition activities, costs associated with global ERP system integration efforts, and certain non-recurring costs associated with productivity and cost-reduction initiatives intended to result in improved operating performance, profitability and working capital levels.

⁽²⁾ Includes certain non-recurring direct incremental costs (such as costs for purchases of computer peripherals and devices to facilitate working-from-home, additional personal protective equipment and cleaning supplies and services, etc.) incurred in response to COVID-19. This amount does not include the impact of any lost sales or underutilization due to COVID-19.

⁽³⁾ Represents costs associated with the termination of the Company's DB Plan, supplemental retirement plan and the defined benefit portion of the officers retirement restoration plan.

⁽⁴⁾ Non-service pension and postretirement expense includes interest cost, expected return on plan assets, amortization of actuarial gains and losses, curtailment gains and losses, and settlement gains and losses. These benefit cost components are excluded from adjusted EBITDA since they are primarily influenced by external market conditions that impact investment returns and interest (discount) rates. Curtailment gains and losses and settlement gains and losses are excluded from adjusted EBITDA since they generally result from certain non-recurring events, such as plan amendments to modify future benefits or settlements of plan obligations. The service cost and prior service cost components of pension and postretirement expense are included in the calculation of adjusted EBITDA, since they are considered to be a better reflection of the ongoing service-related costs of providing these benefits. Please note that GAAP pension and postretirement expense or the adjustment above are not necessarily indicative of the current or future cash flow requirements related to these employee benefit plans.

* Depreciation and amortization was \$23,725 and \$17,848 for the SGK Brand Solutions segment, \$5,810 and \$5,469 for the Memorialization segment, \$2,653 and \$2,740 for the Industrial Technologies segment, and \$1,313 and \$1,294 for Corporate and Non-Operating, for the three months ended December 31, 2021 and 2020, respectively.

** Acquisition costs, ERP integration costs, and strategic initiatives and other charges were \$1,229 and \$4,696 for the SGK Brand Solutions segment, \$671 and \$1,130 for the Memorialization segment, \$32 and \$2,659 for the Industrial Technologies segment, and \$1,891 and \$2,707 for Corporate and Non-Operating, for the three months ended December 31, 2021 and 2020, respectively.

*** Non-recurring/incremental COVID-19 costs were \$220 and \$409 for the SGK Brand Solutions segment, \$464 and \$850 for the Memorialization segment, \$4 and \$18 for the Industrial Technologies segment, and \$2 and \$47 for Corporate and Non-Operating, for the three months ended December 31, 2021 and 2020, respectively.

* See Disclaimer (page 2) for Management's assessment of supplemental information related to adjusted EBITDA.

ADJUSTED NET INCOME AND EARNINGS PER SHARE

NON-GAAP RECONCILIATION (Unaudited) (In thousands, except per share data)

	Three Months Ended December 31,			
	2021		2020	
	per share		per share	
Net income (loss) attributable to Matthews	\$ (19,803)	\$ (0.62)	\$ (1,758)	\$ (0.06)
Strategic initiatives and other charges ⁽¹⁾	3,009	0.08	9,844	0.31
Non-recurring / incremental COVID-19 costs ⁽²⁾	536	0.02	873	0.03
Defined benefit plan termination related costs ⁽³⁾	319	0.01	—	—
Non-service pension and postretirement expense ⁽⁴⁾	23,331	0.74	1,406	0.04
Amortization	16,160	0.51	11,263	0.36
Adjusted net income	\$ 23,552	\$ 0.74	\$ 21,628	\$ 0.68

Note: Adjustments to net income for non-GAAP reconciling items were calculated using an income tax rate of 24.7% for the three months ended December 31, 2021, and 20.6% for the three months ended December 31, 2020.

⁽¹⁾ Includes certain non-recurring items associated with recent acquisition activities, costs associated with global ERP system integration efforts, and certain non-recurring costs associated with productivity and cost-reduction initiatives intended to result in improved operating performance, profitability and working capital levels.

⁽²⁾ Includes certain non-recurring direct incremental costs (such as costs for purchases of computer peripherals and devices to facilitate working-from-home, additional personal protective equipment and cleaning supplies and services, etc.) incurred in response to COVID-19. This amount does not include the impact of any lost sales or underutilization due to COVID-19.

⁽³⁾ Represents costs associated with the termination of the Company's DB Plan, supplemental retirement plan and the defined benefit portion of the officers retirement restoration plan.

⁽⁴⁾ Non-service pension and postretirement expense includes interest cost, expected return on plan assets, amortization of actuarial gains and losses, curtailment gains and losses, and settlement gains and losses. These benefit cost components are excluded from adjusted EBITDA since they are primarily influenced by external market conditions that impact investment returns and interest (discount) rates. Curtailment gains and losses and settlement gains and losses are excluded from adjusted EBITDA since they generally result from certain non-recurring events, such as plan amendments to modify future benefits or settlements of plan obligations. The service cost and prior service cost components of pension and postretirement expense are included in the calculation of adjusted EBITDA, since they are considered to be a better reflection of the ongoing service-related costs of providing these benefits. Please note that GAAP pension and postretirement expense or the adjustment above are not necessarily indicative of the current or future cash flow requirements related to these employee benefit plans.

* See Disclaimer (page 2) for Management's assessment of supplemental information related to adjusted net income and adjusted EPS.

NET DEBT AND NET DEBT LEVERAGE RATIO

NON-GAAP RECONCILIATION (Unaudited) (Dollars in thousands)

	December 31, 2021	September 30, 2021
Long-term debt, current maturities	\$ 4,271	\$ 4,624
Long-term debt	831,791	759,086
Total debt	836,062	763,710
Less: Cash and cash equivalents	(70,984)	(49,176)
Net Debt	\$ 765,078	\$ 714,534
Adjusted EBITDA	\$ 226,320	\$ 227,750
Net Debt Leverage Ratio	3.4	3.1

* See Disclaimer (page 2) for Management's assessment of supplemental information related to net debt and net debt leverage ratio.

