

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 December 31, 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. 0-09115

MATTHEWS INTERNATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of
incorporation or organization)

25-0644320
(I.R.S. Employer
Identification No.)

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)

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 (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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

As of December 31, 2022, shares of common stock outstanding were: Class A Common Stock 30,419,705 shares.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Unaudited)
(Dollar amounts in thousands)

	December 31, 2022	September 30, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 42,718	\$ 69,016
Accounts receivable, net	221,613	221,015
Inventories, net	245,565	225,440
Restricted cash, current	2,398	2,398
Other current assets	120,950	110,747
Total current assets	633,244	628,616
Investments	26,448	25,976
Property, plant and equipment, net	264,684	256,065
Operating lease right-of-use assets	74,613	71,974
Deferred income taxes	3,159	3,610
Goodwill	692,015	675,421
Other intangible assets, net	193,756	202,154
Other assets	15,023	18,955
Total assets	\$ 1,902,942	\$ 1,882,771
LIABILITIES		
Current liabilities:		
Long-term debt, current maturities	\$ 2,977	\$ 3,277
Current portion of operating lease liabilities	22,971	22,869
Trade accounts payable	101,279	121,359
Accrued compensation	42,632	58,272
Accrued income taxes	7,582	9,277
Other current liabilities	189,303	196,321
Total current liabilities	366,744	411,375
Long-term debt	834,127	795,291
Operating lease liabilities	54,053	51,445
Accrued pension	13,798	12,437
Postretirement benefits	12,038	11,983
Deferred income taxes	93,034	92,589
Other liabilities	24,231	20,575
Total liabilities	1,398,025	1,395,695
SHAREHOLDERS' EQUITY		
Shareholders' equity-Matthews:		
Common stock	\$ 36,334	\$ 36,334
Additional paid-in capital	157,393	160,255
Retained earnings	701,658	706,749
Accumulated other comprehensive loss	(169,090)	(190,191)
Treasury stock, at cost	(221,050)	(225,795)
Total shareholders' equity-Matthews	505,245	487,352
Noncontrolling interests	(328)	(276)
Total shareholders' equity	504,917	487,076
Total liabilities and shareholders' equity	\$ 1,902,942	\$ 1,882,771

The accompanying notes are an integral part of these consolidated financial statements.

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(Dollar amounts in thousands, except per share data)

	Three Months Ended December 31,	
	2022	2021
Sales	\$ 449,240	\$ 438,579
Cost of sales	(310,310)	(306,942)
Gross profit	138,930	131,637
Selling expense	(33,439)	(30,743)
Administrative expense	(77,921)	(68,569)
Intangible amortization	(10,342)	(21,546)
Operating profit	17,228	10,779
Interest expense	(10,215)	(6,507)
Other income (deductions), net	(2,054)	(30,710)
Income (loss) before income taxes	4,959	(26,438)
Income tax (provision) benefit	(1,312)	6,628
Net income (loss)	3,647	(19,810)
Net loss attributable to noncontrolling interests	56	7
Net income (loss) attributable to Matthews shareholders	<u>\$ 3,703</u>	<u>\$ (19,803)</u>
Earnings (loss) per share attributable to Matthews shareholders:		
Basic	<u>\$ 0.12</u>	<u>\$ (0.62)</u>
Diluted	<u>\$ 0.12</u>	<u>\$ (0.62)</u>

The accompanying notes are an integral part of these consolidated financial statements.

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (Unaudited)
(Dollar amounts in thousands)

	Three Months Ended December 31,					
	Matthews		Noncontrolling Interest		Total	
	2022	2021	2022	2021	2022	2021
Net income (loss):	\$ 3,703	\$ (19,803)	\$ (56)	\$ (7)	\$ 3,647	\$ (19,810)
Other comprehensive income (loss) ("OCI"), net of tax:						
Foreign currency translation adjustment	20,560	(1,989)	4	4	20,564	(1,985)
Pension plans and other postretirement benefits	945	34,133	—	—	945	34,133
Unrecognized gain (loss) on cash flow hedges:						
Net change from periodic revaluation	93	875	—	—	93	875
Net amount reclassified to earnings	(497)	606	—	—	(497)	606
Net change in unrecognized (loss) gain on cash flow hedges	(404)	1,481	—	—	(404)	1,481
OCI, net of tax	21,101	33,625	4	4	21,105	33,629
Comprehensive income (loss)	\$ 24,804	\$ 13,822	\$ (52)	\$ (3)	\$ 24,752	\$ 13,819

The accompanying notes are an integral part of these consolidated financial statements.

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
for the three months ended December 31, 2022 and 2021 (Unaudited)
(Dollar amounts in thousands, except per share data)

	Shareholders' Equity						
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Non- controlling Interests	Total
Balance, September 30, 2022	\$ 36,334	\$ 160,255	\$ 706,749	\$ (190,191)	\$ (225,795)	\$ (276)	\$ 487,076
Net income (loss)	—	—	3,703	—	—	(56)	3,647
Minimum pension liability	—	—	—	945	—	—	945
Translation adjustment	—	—	—	20,560	—	4	20,564
Fair value of cash flow hedges	—	—	—	(404)	—	—	(404)
Total comprehensive income	—	—	—	—	—	—	24,752
Stock-based compensation	—	4,334	—	—	—	—	4,334
Purchase of 89,025 shares of treasury stock	—	—	—	—	(2,451)	—	(2,451)
Issuance of 245,006 shares of treasury stock	—	(9,154)	—	—	9,154	—	—
Cancellations of 34,327 shares of treasury stock	—	1,958	—	—	(1,958)	—	—
Dividends	—	—	(8,794)	—	—	—	(8,794)
Balance, December 31, 2022	<u>\$ 36,334</u>	<u>\$ 157,393</u>	<u>\$ 701,658</u>	<u>\$ (169,090)</u>	<u>\$ (221,050)</u>	<u>\$ (328)</u>	<u>\$ 504,917</u>

	Shareholders' Equity						
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Non- controlling Interests	Total
Balance, September 30, 2021	\$ 36,334	\$ 149,484	\$ 834,208	\$ (192,739)	\$ (190,739)	\$ (145)	\$ 636,403
Net loss	—	—	(19,803)	—	—	(7)	(19,810)
Minimum pension liability	—	—	—	34,133	—	—	34,133
Translation adjustment	—	—	—	(1,989)	—	4	(1,985)
Fair value of cash flow hedges	—	—	—	1,481	—	—	1,481
Total comprehensive income	—	—	—	—	—	—	13,819
Stock-based compensation	—	3,709	—	—	—	—	3,709
Purchase of 62,746 shares of treasury stock	—	—	—	—	(2,435)	—	(2,435)
Issuance of 174,107 shares of treasury stock	—	(6,859)	—	—	6,859	—	—
Cancellations of 31,057 shares of treasury stock	—	2,091	—	—	(2,091)	—	—
Dividends	—	—	(6,824)	—	—	—	(6,824)
Balance, December 31, 2021	<u>\$ 36,334</u>	<u>\$ 148,425</u>	<u>\$ 807,581</u>	<u>\$ (159,114)</u>	<u>\$ (188,406)</u>	<u>\$ (148)</u>	<u>\$ 644,672</u>

The accompanying notes are an integral part of these consolidated financial statements.

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(Dollar amounts in thousands)

	Three Months Ended December 31,	
	2022	2021
Cash flows from operating activities:		
Net income (loss)	\$ 3,647	\$ (19,810)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation and amortization	23,729	33,501
Stock-based compensation expense	4,334	3,709
Deferred tax (benefit) provision	(46)	47
Gain on sale of assets, net	(17)	(276)
Defined benefit plan settlement losses	1,271	30,856
Defined benefit plan settlement payments	(24,242)	(35,706)
Changes in working capital items	(43,152)	(40,816)
Decrease in other assets	1,524	2,112
Increase (decrease) in other liabilities	545	(3,415)
Other operating activities, net	(3,817)	2,642
Net cash used in operating activities	(36,224)	(27,156)
Cash flows from investing activities:		
Capital expenditures	(12,398)	(12,640)
Acquisitions, net of cash acquired	(1,759)	—
Other investing activities, net	4	171
Net cash used in investing activities	(14,153)	(12,469)
Cash flows from financing activities:		
Proceeds from long-term debt	240,826	174,859
Payments on long-term debt	(208,104)	(102,514)
Purchases of treasury stock	(2,451)	(2,435)
Dividends	(7,003)	(6,824)
Other financing activities	(946)	(725)
Net cash provided by financing activities	22,322	62,361
Effect of exchange rate changes on cash	1,757	(928)
Net change in cash, cash equivalents and restricted cash	(26,298)	21,808
Cash, cash equivalents and restricted cash at beginning of year	71,414	68,343
Cash, cash equivalents and restricted cash at end of period	<u>\$ 45,116</u>	<u>\$ 90,151</u>

The accompanying notes are an integral part of these consolidated financial statements.

Note 1. Nature of Operations

Matthews International Corporation ("Matthews" or the "Company"), founded in 1850 and incorporated in Pennsylvania in 1902, is a global provider of memorialization products, industrial technologies and brand solutions. The Company manages its businesses under three segments: Memorialization, Industrial Technologies and SGK Brand Solutions. Memorialization products consist primarily of bronze and granite memorials and other memorialization products, caskets, cremation-related products, and cremation and incineration equipment primarily for the cemetery and funeral home industries. Industrial technologies includes the design, manufacturing, service and distribution of high-tech custom energy storage solutions, product identification and warehouse automation technologies and solutions, including order fulfillment systems for identifying, tracking, picking and conveying consumer and industrial products. Brand solutions consists of brand management, pre-media services, printing plates and cylinders, imaging services, digital asset management, merchandising display systems, and marketing and design services primarily for the consumer goods and retail industries.

The Company has facilities in North America, Europe, Asia, Australia, and Central and South America.

Note 2. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") for interim financial information for commercial and industrial companies and the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. The year-end consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. Operating results for the three months ended December 31, 2022 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 2023. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended September 30, 2022. The consolidated financial statements include all domestic and foreign subsidiaries in which the Company maintains an ownership interest and has operating control and any variable interest entities for which the Company is the primary beneficiary. Investments in certain companies over which the Company exerts significant influence, but does not control the financial and operating decisions, are accounted for as equity method investments. Investments in certain companies over which the Company does not exert significant influence are accounted for as cost method investments. All intercompany accounts and transactions have been eliminated. The Company applies highly inflationary accounting for subsidiaries when the cumulative inflation rate for a three-year period meets or exceeds 100 percent.

Effective April 1, 2022, the Company applies highly inflationary accounting to its Turkish subsidiaries. Under highly inflationary accounting, the financial statements of these subsidiaries are remeasured into the Company's reporting currency (U.S. dollar) and exchange gains and losses from the remeasurement of monetary assets and liabilities are reflected in current earnings, rather than accumulated other comprehensive loss on the Consolidated Balance Sheets, until such time as the applicable economy is no longer considered highly inflationary. As of December 31, 2022, the Company had net monetary assets related to its Turkish subsidiaries of \$ 5,229. For the three months ended December 31, 2022, exchange losses related to highly inflationary accounting totaled \$1,088 and were included in the Consolidated Statements of Income within other income (deductions), net.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Basis of Presentation (continued)

New Accounting Pronouncements:

Issued

In October 2021, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2021-08, *Business Combinations (Topic 805)* which improves the accounting for acquired revenue contracts with customers in a business combination by addressing diversity in practice and inconsistency related to recognition of an acquired contract asset/liability, and payment terms and their effect on subsequent revenue recognized by the acquirer. This ASU is effective for the Company beginning in interim periods starting in fiscal 2024. While the impact of this ASU is dependent on the nature of any future transactions, the Company currently does not expect this ASU to have a significant impact on its consolidated financial statements.

Note 3. Revenue Recognition

The Company delivers a variety of products and services through its business segments. The Memorialization segment produces and delivers bronze and granite memorials and other memorialization products, caskets, cremation-related products, and cremation and incineration equipment primarily for the cemetery and funeral home industries. The Industrial Technologies segment designs, manufactures, services and distributes high-tech custom energy storage solutions, product identification and warehouse automation technologies and solutions, including order fulfillment systems for identifying, tracking, picking and conveying consumer and industrial products. The SGK Brand Solutions segment delivers brand management, pre-media services, printing plates and cylinders, imaging services, digital asset management, merchandising display systems, and marketing and design services primarily for the consumer goods and retail industries.

The Company disaggregates revenue from contracts with customers by geography, as it believes geographic regions best depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Disaggregated sales by segment and region for the three months ended December 31, 2022 and 2021 were as follows:

	<u>Memorialization</u>		<u>Industrial Technologies</u>		<u>SGK Brand Solutions</u>		<u>Consolidated</u>	
	<u>Three Months Ended December 31,</u>		<u>Three Months Ended December 31,</u>		<u>Three Months Ended December 31,</u>		<u>Three Months Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
North America	\$ 195,199	\$ 196,751	\$ 36,140	\$ 36,365	\$ 67,580	\$ 74,190	\$ 298,919	\$ 307,306
Central and South America	—	—	—	—	1,337	1,020	1,337	1,020
Europe	8,363	11,514	71,301	36,555	48,517	61,002	128,181	109,071
Australia	2,940	2,441	—	—	2,299	2,868	5,239	5,309
Asia	—	—	1,702	1,411	13,862	14,462	15,564	15,873
Total Sales	\$ 206,502	\$ 210,706	\$ 109,143	\$ 74,331	\$ 133,595	\$ 153,542	\$ 449,240	\$ 438,579

Revenue from products or services provided to customers over time accounted for approximately 13% of revenue for the three months ended December 31, 2022 and 2021. As of December 31, 2022 and September 30, 2022, the Company had contract assets of \$59,046 and \$48,210, respectively, that were recorded in other current assets within the Consolidated Balance Sheets. As of December 31, 2022 and September 30, 2022, the Company had contract liabilities of \$23,747 and \$31,871, respectively, that were recorded in other current liabilities within the Consolidated Balance Sheets.

Note 4. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three level fair value hierarchy is used to prioritize the inputs used in valuations, as defined below:

- Level 1: Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

The fair values of the Company's assets and liabilities measured on a recurring basis are categorized as follows:

	December 31, 2022				September 30, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Derivatives ⁽¹⁾	\$ —	\$ 10,079	\$ —	\$ 10,079	\$ —	\$ 14,421	\$ —	\$ 14,421
Life insurance policies	—	4,608	—	4,608	—	4,439	—	4,439
Total assets at fair value	\$ —	\$ 14,687	\$ —	\$ 14,687	\$ —	\$ 18,860	\$ —	\$ 18,860
Liabilities:								
Derivatives ⁽¹⁾	\$ —	\$ 2,082	\$ —	\$ 2,082	\$ —	\$ —	\$ —	\$ —
Total liabilities at fair value	\$ —	\$ 2,082	\$ —	\$ 2,082	\$ —	\$ —	\$ —	\$ —

⁽¹⁾ Interest rate swaps and cross currency swaps are valued based on observable market swap rates and are classified within Level 2 of the fair value hierarchy.

The carrying values for other financial assets and liabilities approximated fair value at December 31, 2022 and September 30, 2022.

Note 5. Inventories

Inventories consisted of the following:

	December 31, 2022	September 30, 2022
Raw materials	\$ 61,017	\$ 52,586
Work in process	109,732	94,804
Finished goods	74,816	78,050
	\$ 245,565	\$ 225,440

Note 6. Investments

Non-current investments consisted of the following:

	December 31, 2022	September 30, 2022
Life insurance policies	\$ 4,608	\$ 4,439
Equity-method investments	2,974	2,729
Other (primarily cost-method) investments	18,866	18,808
	\$ 26,448	\$ 25,976

Note 7. Debt and Financing Arrangements

Long-term debt at December 31, 2022 and September 30, 2022 consisted of the following:

	December 31, 2022	September 30, 2022
Revolving credit facilities	\$ 509,489	\$ 480,107
2025 Senior Notes	298,096	297,961
Other borrowings	23,080	13,434
Finance lease obligations	6,439	7,066
Total debt	837,104	798,568
Less current maturities	(2,977)	(3,277)
Long-term debt	\$ 834,127	\$ 795,291

The Company has a domestic credit facility with a syndicate of financial institutions that includes a \$750,000 senior secured revolving credit facility, which matures in March 2025. A portion of the revolving credit facility (not to exceed \$350,000) can be drawn in foreign currencies. Borrowings under the revolving credit facility bear interest at LIBOR plus a factor ranging from 0.75% to 2.00% (1.25% at December 31, 2022) based on the Company's secured leverage ratio. The secured leverage ratio is defined as net secured indebtedness divided by EBITDA (earnings before interest, income taxes, depreciation and amortization) as defined within the domestic credit facility agreement. The Company is required to pay an annual commitment fee ranging from 0.15% to 0.30% (based on the Company's leverage ratio) of the unused portion of the revolving credit facility. The Company incurred debt issuance costs in connection with the domestic credit facility. Unamortized costs were \$1,370 and \$1,522 at December 31, 2022 and September 30, 2022, respectively.

The domestic credit facility requires the Company to maintain certain leverage and interest coverage ratios. A portion of the facility (not to exceed \$55,000) is available for the issuance of trade and standby letters of credit. Outstanding U.S. dollar denominated borrowings on the revolving credit facility at December 31, 2022 and September 30, 2022 were \$495,391 and \$472,057, respectively. The weighted-average interest rate on the outstanding borrowings for the domestic credit facility (including the effects of interest rate swaps) at December 31, 2022 and 2021 was 4.24% and 1.86%, respectively.

The Company has \$299,625 of 5.25% senior unsecured notes due December 1, 2025 (the "2025 Senior Notes"). The 2025 Senior Notes bear interest at a rate of 5.25% per annum with interest payable semi-annually in arrears on June 1 and December 1 of each year. The Company's obligations under the 2025 Senior Notes are guaranteed by certain of the Company's direct and indirect wholly-owned subsidiaries. The Company is subject to certain covenants and other restrictions in connection with the 2025 Senior Notes. The Company incurred direct financing fees and costs in connection with the 2025 Senior Notes. Unamortized costs were \$1,529 and \$1,664 at December 31, 2022 and September 30, 2022, respectively.

The Company and certain of its domestic subsidiaries sell, on a continuous basis without recourse, their trade receivables to Matthews Receivables Funding Corporation, LLC ("Matthews RFC"), a wholly-owned bankruptcy-remote subsidiary of the Company. In March 2022, Matthews RFC entered into a receivables purchase agreement ("RPA") to sell up to \$125,000 of receivables to certain purchasers (the "Purchasers") on a recurring basis in exchange for cash (referred to as "capital" within the RPA) equal to the gross receivables transferred. The parties intend that the transfers of receivables to the Purchasers constitute purchases and sales of receivables. Matthews RFC has guaranteed to each Purchaser the prompt payment of sold receivables, and has granted a security interest in its assets for the benefit of the Purchasers. Under the RPA, which matures in March 2024, each Purchaser's share of capital accrues yield at a floating rate plus an applicable margin. The Company is the master servicer under the RPA, and is responsible for administering and collecting receivables.

The proceeds of the RPA are classified as operating activities in the Company's Consolidated Statements of Cash Flows. Cash received from collections of sold receivables may be used to fund additional purchases of receivables on a revolving basis, or to reduce all or any portion of the outstanding capital of the Purchasers. Gross receivables sold and cash collections reinvested under the RPA program were \$203,561 and \$89,561 for the three months ended December 31, 2022, respectively. The fair value of the sold receivables approximated book value due to their credit quality and short-term nature, and as a result, no gain or loss on sale of receivables was recorded. As of December 31, 2022 and September 30, 2022, the amount sold to the Purchasers was \$114,000 and \$96,590, respectively, which was derecognized from the Consolidated Balance Sheets. As collateral against sold receivables, Matthews RFC maintains a certain level of unsold receivables, which was \$40,766 and \$44,262 as of December 31, 2022 and September 30, 2022, respectively.

Note 7. Debt and Financing Arrangements (continued)

Previously, the Company had a \$115,000 accounts receivable securitization facility (the "Securitization Facility") with certain financial institutions that matured in March 2022. The Securitization Facility did not qualify for sale treatment. Accordingly, the trade receivables and related debt obligations remained on the Company's Consolidated Balance Sheet. Borrowings under the Securitization Facility were based on LIBOR plus 0.75% and the Company was required to pay an annual commitment fee ranging from 0.25% to 0.35% of the unused portion of the Securitization Facility. At December 31, 2021, the interest rate on borrowings under this facility was 0.85%.

The Company, through certain of its European subsidiaries, has a credit facility with a European bank, which is guaranteed by Matthews. The maximum amount of borrowing available under this facility is €25.0 million (\$26,771), which includes €8.0 million (\$8,567) for bank guarantees. This facility has no stated maturity date and is available until terminated. Outstanding borrowings under the credit facility totaled €13.2 million (\$14,098) and €8.2 million (\$8,050) at December 31, 2022 and September 30, 2022, respectively. The weighted-average interest rate on outstanding borrowings under this facility was 3.96% at December 31, 2022.

Other borrowings totaled \$23,080 and \$13,434 at December 31, 2022 and September 30, 2022, respectively. The weighted-average interest rate on all other borrowings was 3.09% and 1.88% at December 31, 2022 and 2021, respectively.

As of December 31, 2022 and September 30, 2022, the fair value of the Company's long-term debt, including current maturities, which is classified as Level 2 in the fair value hierarchy, approximated the carrying value included in the Consolidated Balance Sheets. The Company was in compliance with all of its debt covenants as of December 31, 2022.

Note 8. Derivatives and Hedging Instruments

The Company operates internationally and utilizes certain derivative financial instruments to manage its foreign currency, debt and interest rate exposures. At December 31, 2022 and September 30, 2022, derivative instruments were reflected on a gross-basis in the consolidated balance sheets as follows:

Derivatives:	December 31, 2022		September 30, 2022	
	Interest Rate Swaps	Cross- Currency Swaps	Interest Rate Swaps	Cross- Currency Swaps
Current assets:				
Other current assets	\$ 3,366	\$ —	\$ 3,358	\$ —
Long-term assets:				
Other assets	6,713	—	7,341	3,722
Current liabilities:				
Other current liabilities	—	—	—	—
Long-term liabilities:				
Other liabilities	—	2,082	—	—
Total derivatives	\$ 10,079	\$ 2,082	\$ 10,699	\$ 3,722

The following table presents information related to interest rate swaps entered into by the Company and designated as cash flow hedges:

	December 31, 2022	September 30, 2022
Notional amount	\$ 125,000	\$ 125,000
Weighted-average maturity period (years)	2.6	3.1
Weighted-average received rate	4.39 %	3.14 %
Weighted-average pay rate	1.04 %	1.04 %

Note 8. Derivatives and Hedging Instruments (continued)

The Company enters into interest rate swaps in order to achieve a mix of fixed and variable rate debt that it deems appropriate. The interest rate swaps have been designated as cash flow hedges of future variable interest payments which are considered probable of occurring. Based on the Company's assessment, all of the critical terms of each of the hedges matched the underlying terms of the hedged debt and related forecasted interest payments, and as such, these hedges were considered highly effective.

The fair value of the interest rate swaps reflected an unrealized gain of \$0,079 (\$7,533 after tax) at December 31, 2022 and an unrealized gain of \$10,699 (\$7,937 after tax) at September 30, 2022, that is included in shareholders' equity as part of accumulated other comprehensive income (loss) ("AOCI"). Assuming market rates remain constant with the rates at December 31, 2022, a gain (net of tax) of approximately \$2,516 included in AOCI is expected to be recognized in earnings over the next twelve months.

The Company has a U.S. Dollar/Euro cross currency swap with a notional amount of \$81,392 as of December 31, 2022 and September 30, 2022, which has been designated as a net investment hedge of foreign operations. The swap contract matures in September 2027. The Company assesses hedge effectiveness for this contract based on changes in fair value attributable to changes in spot prices. A loss of \$1,556 (net of income taxes of \$526) and a gain of \$2,782 (net of income taxes of \$940), which represented effective hedges of net investments, were reported as a component of AOCI within currency translation adjustment at December 31, 2022 and September 30, 2022, respectively. Income of \$272 and \$365, which represented the recognized portion of the fair value of cross currency swaps excluded from the assessment of hedge effectiveness, was included in current period earnings as a component of interest expense for the three months ended December 31, 2022 and 2021, respectively. At December 31, 2022 and September 30, 2022, the swap totaled \$2,082 and \$3,722, respectively, and was included in other accrued liabilities and other assets in the Consolidated Balance Sheets, respectively.

Refer to Note 12, "Accumulated Other Comprehensive Income" for further details regarding amounts recorded in AOCI and the Consolidated Statements of Income (Loss) related to derivatives.

Note 9. Share-Based Payments

The Company maintains an equity incentive plan (as amended and restated, the "2017 Equity Incentive Plan") that provides for grants of stock options, restricted shares, restricted share units, stock-based performance units and certain other types of stock-based awards. Under the 2017 Equity Incentive Plan, which has a ten-year term from the date the Company's Board of Directors approved of the amendment and restatement of the 2017 Equity Incentive Plan, the maximum number of shares available for grants or awards is an aggregate of 3,450,000 (subject to adjustment upon certain events such as stock dividends or stock splits), following the amendment and restatement of the 2017 Equity Incentive Plan at the Company's 2022 Annual Shareholder Meeting. At December 31, 2022, 465,613 shares have been issued under the 2017 Equity Incentive Plan. 1,041,215 time-based restricted share units, 1,312,562 performance-based restricted share units, and 75,000 stock options have been granted under the 2017 Equity Incentive Plan. 1,831,042 of these share-based awards are outstanding as of December 31, 2022. The 2017 Equity Incentive Plan is administered by the Compensation Committee of the Board of Directors. The number of shares issued under performance-based restricted share units may be up to 200% of the number of performance-based restricted share units, based on the satisfaction of specific criteria established by the plan administrator.

For the three-month periods ended December 31, 2022 and 2021, stock-based compensation cost totaled \$4,334 and \$3,709, respectively. The associated future income tax benefit recognized for stock-based compensation was \$551 and \$409 for the three-month periods ended December 31, 2022 and 2021, respectively.

With respect to the restricted share unit grants, units generally vest on the third anniversary of the grant date. The number of units that vest depend on certain time and performance thresholds. Such performance thresholds include adjusted earnings per share, return on invested capital, appreciation in the market value of the Company's Class A Common Stock, or other targets established by the Compensation Committee of the Board of Directors. Approximately 43% of the outstanding share units vest based on time, while the remaining vest based on pre-defined performance thresholds. The Company issues common stock from treasury shares once the units become vested.

Note 9. Share-Based Payments (continued)

The transactions for restricted shares and restricted share units for the three months ended December 31, 2022 were as follows:

	Shares /Units	Weighted- average Grant-date Fair Value
Non-vested at September 30, 2022	1,459,233	\$ 33.78
Granted	617,050	27.69
Vested	(180,263)	35.25
Expired or forfeited	(139,978)	40.78
Non-vested at December 31, 2022	<u>1,756,042</u>	<u>\$ 30.93</u>

During the third quarter of fiscal 2021, 75,000 stock options were granted under the 2017 Equity Incentive Plan. The option price for each stock option granted was \$41.70, which was equal to the fair market value of the Company's Class A Common Stock on the date of grant. These options vest in one-third increments annually over three years from the grant date. Unvested stock options expire on the earlier of five years from the date of grant, or upon employment termination, retirement or death. The Company generally settles employee stock option exercises with treasury shares.

As of December 31, 2022, the total unrecognized compensation cost related to all unvested stock-based awards was \$2,573 and is expected to be recognized over a weighted average period of 2.5 years.

The Company maintains the 2019 Director Fee Plan, the Amended and Restated 2014 Director Fee Plan and the 1994 Director Fee Plan (collectively, the "Director Fee Plans"). There will be no further fees or share-based awards granted under the Amended and Restated 2014 Director Fee Plan and the 1994 Director Fee Plan. Under the 2019 Director Fee Plan, non-employee directors (except for the Chairman of the Board) each receive, as an annual retainer fee for fiscal 2023, either cash or shares of the Company's Class A Common Stock with a value equal to \$90. The annual retainer fee for fiscal 2023 paid to the non-employee Chairman of the Board is \$210. Where the annual retainer fee is provided in shares, each director may elect to be paid these shares on a current basis or have such shares credited to a deferred stock account as phantom stock, with such shares to be paid to the director subsequent to leaving the Board. The total number of shares of stock that have been authorized to be issued under the 2019 Director Fee Plan or credited to a deferred stock compensation account for subsequent issuance is 150,000 shares of Common Stock (subject to adjustment upon certain events such as stock dividends or stock splits). In November 2022, the Board of Directors approved the Amended and Restated 2019 Director Fee Plan (the "Amended 2019 Plan"), which increases the maximum number of shares available for grants or awards to an aggregate of 300,000. The Amended 2019 Plan is subject to shareholder approval at the Company's 2023 Annual Shareholder Meeting. The value of deferred shares is recorded in other liabilities. A total of 45,738 shares and share units had been deferred under the Director Fee Plans as of December 31, 2022. Additionally, non-employee directors each receive an annual stock-based grant (non-statutory stock options, stock appreciation rights and/or restricted shares or units) with a value of \$140 for fiscal 2023. As of December 31, 2022, 305,911 restricted shares and restricted share units have been granted under the Director Fee Plans and are outstanding as of December 31, 2022, 132,682 of which were issued under the 2019 Director Fee Plan. 58,008 restricted shares and restricted share units are unvested at December 31, 2022.

Note 10. Earnings Per Share Attributable to Matthews' Shareholders

The information used to compute earnings (loss) per share attributable to Matthews' common shareholders was as follows:

	Three Months Ended December 31,	
	2022	2021
Net income (loss) attributable to Matthews shareholders	\$ 3,703	\$ (19,803)
Weighted-average shares outstanding (in thousands):		
Basic shares	30,712	31,719
Effect of dilutive securities	241	—
Diluted shares	30,953	31,719
Dividends declared per common share	\$ 0.23	\$ 0.22

Anti-dilutive securities excluded from the dilution calculation were insignificant for the three months ended December 31, 2022. During periods in which the Company incurs a net loss, diluted weighted-average shares outstanding are equal to basic weighted-average shares outstanding because the effect of all equity awards is anti-dilutive.

Note 11. Pension and Other Postretirement Benefit Plans

The Company provides defined benefit pension and other postretirement plans to certain employees. Net periodic pension and other postretirement benefit cost for the plans included the following:

	Three months ended December 31,			
	Pension		Other Postretirement	
	2022	2021	2022	2021
Service cost	\$ 57	\$ 380	\$ 19	\$ 41
Interest cost *	143	990	161	103
Expected return on plan assets *	—	(1,042)	—	—
Amortization:				
Prior service credit	—	47	(91)	(91)
Net actuarial loss *	(10)	201	(177)	—
Settlement losses *	1,271	30,856	—	—
Net benefit cost	\$ 1,461	\$ 31,432	\$ (88)	\$ 53

* Non-service components of pension and postretirement expense are included in other income (deductions), net.

Benefit payments under the Company's principal defined benefit retirement plan ("DB Plan") were made from plan assets, while benefit payments under the supplemental retirement plan and postretirement benefit plan are made from the Company's operating funds.

In the first quarter of fiscal 2023, the Company made lump sum payments totaling \$24,242 to fully settle the supplemental retirement plan ("SERP") and defined benefit portion of the officers retirement restoration plan ("ORRP") obligations. The settlement of these plan obligations resulted in the recognition of a non-cash charge of \$1,271, which has been presented as a component of other income (deductions), net for the three months ended December 31, 2022. This amount represents the immediate recognition of the deferred AOCI balances related to the SERP and ORRP.

In the first quarter of fiscal 2022, the Company terminated its DB Plan and made plan contributions totaling \$5,706 to fully fund the planned settlement of the DB Plan obligations. Also during the first quarter of fiscal 2022, lump sum distributions of \$185,958 were made from the DB Plan to plan participants, and non-participating annuity contracts totaling \$56,274 were purchased by the DB Plan for plan participants, resulting in the full settlement of the DB Plan obligations. The settlement of the DB Plan obligations resulted in the recognition of a non-cash charge of \$30,856, which has been presented as a component of other income (deductions), net for the three months ended December 31, 2021. This amount represents the immediate recognition of the remaining portion of the deferred AOCI balances related to the DB Plan.

Note 12. Accumulated Other Comprehensive Income

The changes in AOCI by component, net of tax, for the three-month periods ended December 31, 2022 and 2021 were as follows:

	<u>Post-retirement benefit plans</u>	<u>Currency translation adjustment</u>	<u>Cash Flow Hedges</u>	<u>Total</u>
Attributable to Matthews:				
Balance, September 30, 2022	\$ 5,182	\$ (203,310)	\$ 7,937	\$ (190,191)
OCI before reclassification	203	20,763	93	21,059
Amounts reclassified from AOCI	742 ^(a)	(203)	(497) ^(b)	42
Net current-period OCI	945	20,560	(404)	21,101
Balance, December 31, 2022	<u>\$ 6,127</u>	<u>\$ (182,750)</u>	<u>\$ 7,533</u>	<u>\$ (169,090)</u>
Attributable to noncontrolling interest:				
Balance, September 30, 2022	\$ —	\$ 255	\$ —	\$ 255
OCI before reclassification	—	4	—	4
Net current-period OCI	—	4	—	4
Balance, December 31, 2022	<u>\$ —</u>	<u>\$ 259</u>	<u>\$ —</u>	<u>\$ 259</u>

	<u>Post-retirement benefit plans</u>	<u>Currency translation adjustment</u>	<u>Cash Flow Hedges</u>	<u>Total</u>
Attributable to Matthews:				
Balance, September 30, 2021	\$ (35,930)	\$ (155,251)	\$ (1,558)	\$ (192,739)
OCI before reclassification	10,718	(1,713)	875	9,880
Amounts reclassified from AOCI	23,415 ^(a)	(276)	606 ^(b)	23,745
Net current-period OCI	34,133	(1,989)	1,481	33,625
Balance, December 31, 2021	<u>\$ (1,797)</u>	<u>\$ (157,240)</u>	<u>\$ (77)</u>	<u>\$ (159,114)</u>
Attributable to noncontrolling interest:				
Balance, September 30, 2021	\$ —	\$ 241	\$ —	\$ 241
OCI before reclassification	—	4	—	4
Net current-period OCI	—	4	—	4
Balance, December 31, 2021	<u>\$ —</u>	<u>\$ 245</u>	<u>\$ —</u>	<u>\$ 245</u>

^(a) Amounts were included in net periodic benefit cost for pension and other postretirement benefit plans (see Note 11).

^(b) Amounts were included in interest expense in the periods the hedged item affected earnings (see Note 8).

Note 12. Accumulated Other Comprehensive Income (continued)

Reclassifications out of AOCI for the three-month periods ended December 31, 2022 and 2021 were as follows:

Details about AOCI Components	Three Months Ended December 31, 2022	Three Months Ended December 31, 2021	Affected line item in the Statement of income
Postretirement benefit plans			
Prior service credit ^(a)	\$ 91	\$ 44	
Actuarial losses	187	(201)	Other income (deductions), net
Settlement losses	(1,271)	(30,856)	Other income (deductions), net
	(993)	(31,013)	Income before income tax ^(b)
	251	7,598	Income taxes
	<u>\$ (742)</u>	<u>\$ (23,415)</u>	Net income
Derivatives			
Cash flow hedges	\$ 655	\$ (801)	Interest expense
Net investment hedges	272	365	Interest expense
	927	(436)	Income before income tax ^(b)
	(227)	106	Income taxes
	<u>\$ 700</u>	<u>\$ (330)</u>	Net income

^(a) Prior service cost amounts are included in the computation of pension and other postretirement benefit expense, which is reported in both cost of goods sold and selling and administrative expenses. For additional information, see Note 11.

^(b) For pre-tax items, positive amounts represent income and negative amounts represent expense.

Note 13. Income Taxes

Income tax provisions for the Company's interim periods are based on the effective income tax rate expected to be applicable for the full year. The Company's consolidated income taxes for the first three months of fiscal 2023 were an expense of \$1,312, compared to a benefit of \$6,628 for the first three months of fiscal 2022. The difference between the Company's consolidated income taxes for the first three months of fiscal 2023 compared to the same period for fiscal 2022 primarily resulted from consolidated pre-tax income in fiscal 2023 compared to a pre-tax loss in fiscal 2022. The Company's fiscal 2023 three month effective tax rate varied from the U.S. statutory tax rate of 21.0% primarily due to state taxes, foreign statutory rate differentials, and tax credits. The Company's fiscal 2022 three month effective tax rate varied from the U.S. statutory tax rate of 21.0% primarily due to state taxes, foreign statutory rate differentials, and tax credits.

The Company had unrecognized tax benefits (excluding penalties and interest) of \$4,249 and \$4,123 on December 31, 2022 and September 30, 2022, respectively, which would impact the annual effective rate at December 31, 2022 and September 30, 2022, respectively. It is reasonably possible that the amount of unrecognized tax benefits could decrease by approximately \$1,425 in the next 12 months primarily due to the completion of audits and the expiration of the statute of limitations.

The Company classifies interest and penalties on tax uncertainties as a component of the provision for income taxes. Total penalties and interest accrued were \$94 and \$876 at December 31, 2022 and September 30, 2022, respectively. These accruals may potentially be applicable in the event of an unfavorable outcome of uncertain tax positions.

Note 13. Income Taxes (continued)

The Company is currently under examination in several tax jurisdictions and remains subject to examination until the statute of limitations expires for those tax jurisdictions. As of December 31, 2022, the tax years that remain subject to examination by major jurisdictions generally are:

United States – Federal	2019 and forward
United States – State	2018 and forward
Canada	2018 and forward
Germany	2019 and forward
United Kingdom	2021 and forward
Singapore	2018 and forward
Australia	2017 and forward

Note 14. Segment Information

The Company manages its businesses under three segments: Memorialization, Industrial Technologies and SGK Brand Solutions. The Memorialization segment consists primarily of bronze and granite memorials and other memorialization products, caskets, cremation-related products, and cremation and incineration equipment primarily for the cemetery and funeral home industries. The Industrial Technologies segment includes the design, manufacturing, service and distribution of high-tech custom energy storage solutions, product identification and warehouse automation technologies and solutions, including order fulfillment systems for identifying, tracking, picking and conveying consumer and industrial products. The SGK Brand Solutions segment consists of brand management, pre-media services, printing plates and cylinders, imaging services, digital asset management, merchandising display systems, and marketing and design services primarily for the consumer goods and retail industries.

The Company's primary measure of segment profitability is adjusted earnings before interest, income taxes, depreciation and amortization ("adjusted EBITDA"). 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. This presentation is consistent with how the Company's chief operating decision maker (the "CODM") evaluates the results of operations and makes strategic decisions about the business. For these reasons, the Company believes that adjusted EBITDA represents the most relevant measure of segment profit and loss.

In addition, the CODM manages and evaluates the operating performance of the segments, as described above, on a pre-corporate cost allocation basis. Accordingly, for segment reporting purposes, the Company does not allocate corporate costs to its reportable segments. Corporate costs include management and administrative support to the Company, which consists of certain aspects of the Company's executive management, legal, compliance, human resources, information technology (including operational support) and finance departments. These costs are included within "Corporate and Non-Operating" in the following table to reconcile to consolidated adjusted EBITDA and are not considered a separate reportable segment. Management does not allocate non-operating items such as investment income, other income (deductions), net and noncontrolling interest to the segments.

Note 14. Segment Information (continued)

The following table sets forth information about the Company's segments, including a reconciliation of adjusted EBITDA to net income.

	Three Months Ended December 31,	
	2022	2021
Sales:		
Memorialization	\$ 206,502	\$ 210,706
Industrial Technologies	109,143	74,331
SGK Brand Solutions	133,595	153,542
Consolidated Sales	<u>\$ 449,240</u>	<u>\$ 438,579</u>
Adjusted EBITDA:		
Memorialization	\$ 39,137	\$ 43,370
Industrial Technologies	12,202	7,183
SGK Brand Solutions	12,232	15,414
Corporate and Non-Operating	(14,280)	(12,634)
Total Adjusted EBITDA	<u>\$ 49,291</u>	<u>\$ 53,333</u>
RPA financing fees ⁽¹⁾	(456)	—
Acquisition costs ^{(2)**}	(1,285)	—
Strategic initiatives and other charges ^{(3)**}	(1,760)	(3,823)
Non-recurring / incremental coronavirus disease 2019 ("COVID-19") costs ^{(4)***}	—	(690)
Exchange losses related to highly inflationary accounting ⁽⁵⁾	(1,088)	—
Defined benefit plan termination related items ⁽⁶⁾	(21)	(426)
Stock-based compensation	(4,334)	(3,709)
Non-service pension and postretirement expense ⁽⁷⁾	(1,388)	(31,108)
Depreciation and amortization *	(23,729)	(33,501)
Interest expense	(10,215)	(6,507)
Net loss attributable to noncontrolling interests	(56)	(7)
Income (loss) before income taxes	4,959	(26,438)
Income tax (provision) benefit	(1,312)	6,628
Net income (loss)	<u>\$ 3,647</u>	<u>\$ (19,810)</u>

Note 14. Segment Information (continued)

⁽¹⁾ Represents fees for receivables sold under the RPA (see Note 7, "Debt and Financing Arrangements").

⁽²⁾ Includes certain non-recurring costs associated with recent acquisition activities.

⁽³⁾ Includes certain non-recurring costs associated with productivity and cost-reduction initiatives intended to result in improved operating performance, profitability and working capital levels, costs associated with global ERP system integration efforts, and asset write-downs associated with certain operations in Russia, net of recoveries.

⁽⁴⁾ 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.

⁽⁵⁾ Represents exchange losses associated with highly inflationary accounting related to the Company's Turkish subsidiaries (see Note 2, "Basis of Presentation").

⁽⁶⁾ Represents items associated with the termination of the Company's DB Plan, supplemental retirement plan and the defined benefit portion of the officers retirement restoration plan.

⁽⁷⁾ 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 \$ 5,574 and \$5,810 for the Memorialization segment, \$5,853 and \$2,653 for the Industrial Technologies segment, \$ 11,060 and \$23,725 for the SGK Brand Solutions segment, and \$1,242 and \$1,313 for Corporate and Non-Operating, for the three months ended December 31, 2022 and 2021, respectively.

** Acquisition costs, ERP integration costs, and strategic initiatives and other charges were \$ 378 and \$671 for the Memorialization segment, \$937 and \$32 for the Industrial Technologies segment, \$521 and \$1,229 for the SGK Brand Solutions segment, and \$ 1,209 and \$ 1,891 for Corporate and Non-Operating, for the three months ended December 31, 2022 and 2021, respectively.

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

Note 15. Acquisitions

Fiscal 2023:

During the first fiscal quarter of 2023, the Company completed small acquisitions within the SGK Brand Solutions segment for a combined purchase price of \$,759 (net of holdbacks). The preliminary purchase price allocations were not finalized as of December 31, 2022 and remain subject to change as the Company obtains additional information related to working capital and other assets and liabilities.

Fiscal 2022:

In August 2022, the Company acquired German-based engineering firms OLBRICH and R+S Automotive for a purchase price of approximately €43,700 (\$44,469) (net of cash acquired) within the Industrial Technologies segment. OLBRICH is a production and intelligent equipment manufacturer, specializing in purpose-built rotary processing equipment, including equipment used in the manufacturing of dry and wet electrodes for lithium-ion batteries used in electric vehicles and components for hydrogen fuel cells and electrolyzers, with additional strong positions in Specialty & Pharma, Packaging and Home & Décor. R+S Automotive is a specialty engineering services provider of automation, plant and tooling concepts for automotive manufacturing companies around the world. Annual sales for these businesses were approximately \$140,000 prior to the acquisition. The preliminary purchase price allocation was not finalized as of December 31, 2022 and remains subject to change as the Company obtains additional information related to fixed assets, intangible assets, and other assets and liabilities.

Note 16. Goodwill and Other Intangible Assets

A summary of the carrying amount of goodwill attributable to each segment as well as the changes in such amounts are as follows:

	<u>Memorialization</u>	<u>Industrial Technologies</u>	<u>SGK Brand Solutions</u>	<u>Consolidated</u>
Net goodwill at September 30, 2022	\$ 361,782	\$ 107,022	\$ 206,617	\$ 675,421
Additions during period	—	—	410	410
Translation and other adjustments	2,253	4,507	9,424	16,184
Net goodwill at December 31, 2022	<u>\$ 364,035</u>	<u>\$ 111,529</u>	<u>\$ 216,451</u>	<u>\$ 692,015</u>

The net goodwill balances at December 31, 2022 and September 30, 2022 included \$261,186 of accumulated impairment losses. Accumulated impairment losses at December 31, 2022 and September 30, 2022 were \$5,000, \$23,946 and \$232,240 for the Memorialization, Industrial Technologies and SGK Brand Solutions segments, respectively.

The Company performed its annual impairment review of goodwill and indefinite-lived intangible assets in the second quarter of fiscal 2022 (January 1, 2022) and determined that the estimated fair values for all goodwill reporting units exceeded their carrying values, therefore no impairment charges were necessary. The Company performed an interim assessment of its SGK Brand Solutions goodwill reporting unit as of September 1, 2022 and recorded a goodwill write-down totaling \$82,454 during the fiscal 2022 fourth quarter. Subsequent to this write-down, the fair value of the SGK Brand Solutions reporting unit approximated its carrying value at September 1, 2022. If current projections are not achieved or specific valuation factors outside the Company's control (such as discount rates and continued economic and industry challenges) significantly change, additional goodwill write-downs may be necessary in future periods.

The following tables summarize the carrying amounts and related accumulated amortization for intangible assets as of December 31, 2022 and September 30, 2022, respectively.

	<u>Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net</u>
December 31, 2022:			
Indefinite-lived trade names	\$ 30,540	\$ —	\$ 30,540
Definite-lived trade names	151,064	(119,029)	32,035
Customer relationships	383,983	(259,161)	124,822
Copyrights/patents/other	21,389	(15,030)	6,359
	<u>\$ 586,976</u>	<u>\$ (393,220)</u>	<u>\$ 193,756</u>
September 30, 2022:			
Indefinite-lived trade names	\$ 30,540	\$ —	\$ 30,540
Definite-lived trade names	150,528	(117,572)	32,956
Customer relationships	380,593	(248,464)	132,129
Copyrights/patents/other	20,878	(14,349)	6,529
	<u>\$ 582,539</u>	<u>\$ (380,385)</u>	<u>\$ 202,154</u>

The net change in intangible assets during the three months ended December 31, 2022 included the impact of foreign currency fluctuations during the period and additional amortization.

Amortization expense on intangible assets was \$10,342 and \$21,546 for the three-month periods ended December 31, 2022 and 2021, respectively. Amortization expense is estimated to be \$31,072 for the remainder of fiscal 2023, \$39,203 in 2024, \$16,158 in 2025, \$14,357 in 2026 and \$13,364 in 2027.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

CAUTIONARY STATEMENTS REGARDING FORWARD LOOKING STATEMENTS AND NON-GAAP FINANCIAL MEASURES:

The following discussion should be read in conjunction with the consolidated financial statements of Matthews International Corporation ("Matthews" or the "Company") and related notes thereto included in this Quarterly Report on Form 10-Q and the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2022. Any forward-looking statements contained herein 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 interest 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 or other disruptions to our industries, customers or supply chains, the impact of global conflicts, such as the current war between Russia and Ukraine, and other factors described in Item 1A - "Risk Factors" in this Form 10-Q and Item 1A - "Risk Factors" in the Company's Form 10-K for the fiscal year ended September 30, 2022. In addition, although the Company does not currently have any customers that would be considered individually significant to consolidated sales, changes in the distribution of the Company's products or the potential loss of one or more of the Company's larger customers are also considered risk factors. Matthews cautions that the foregoing list of important factors is not all inclusive. Readers are also cautioned not to place undue reliance on any forward looking statements, which reflect management's analysis only as of the date of this report, even if subsequently made available by Matthews on its website or otherwise. Matthews does not undertake to update any forward looking statement, whether written or oral, that may be made from time to time by or on behalf of Matthews to reflect events or circumstances occurring after the date of this report.

Included in this report are measures of financial performance that are not defined by generally accepted accounting principles in the United States ("GAAP"). These non-GAAP financial measures assist management in comparing the Company's 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. For additional information and reconciliations from the consolidated financial statements see "Non-GAAP Financial Measures" below.

RESULTS OF OPERATIONS:

The Company manages its businesses under three segments: Memorialization, Industrial Technologies and SGK Brand Solutions. The Memorialization segment consists primarily of bronze and granite memorials and other memorialization products, caskets, cremation-related products, and cremation and incineration equipment primarily for the cemetery and funeral home industries. The Industrial Technologies segment includes the design, manufacturing, service and distribution of high-tech custom energy storage solutions, product identification and warehouse automation technologies and solutions, including order fulfillment systems for identifying, tracking, picking and conveying consumer and industrial products. The SGK Brand Solutions segment consists of brand management, pre-media services, printing plates and cylinders, imaging services, digital asset management, merchandising display systems, and marketing and design services primarily for the consumer goods and retail industries.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, Continued

The Company's primary measure of segment profitability is adjusted earnings before interest, income taxes, depreciation and amortization ("adjusted EBITDA"). 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. This presentation is consistent with how the Company's chief operating decision maker (the "CODM") evaluates the results of operations and makes strategic decisions about the business. For these reasons, the Company believes that adjusted EBITDA represents the most relevant measure of segment profit and loss.

In addition, the CODM manages and evaluates the operating performance of the segments, as described above, on a pre-corporate cost allocation basis. Accordingly, for segment reporting purposes, the Company does not allocate corporate costs to its reportable segments. Corporate costs include management and administrative support to the Company, which consists of certain aspects of the Company's executive management, legal, compliance, human resources, information technology (including operational support) and finance departments. These costs are included within "Corporate and Non-Operating" in the following table to reconcile to consolidated adjusted EBITDA and are not considered a separate reportable segment. Management does not allocate non-operating items such as investment income, other income (deductions), net and noncontrolling interest to the segments.

The following table sets forth the sales and adjusted EBITDA for the Company's three reporting segments for the three-month periods ended December 31, 2022 and 2021. Refer to Note 14, "Segment Information" in Item 1 - "Financial Statements" for the Company's financial information by segment.

	Three Months Ended December 31,	
	2022	2021
Sales:	<i>(Dollar amounts in thousands)</i>	
Memorialization	\$ 206,502	\$ 210,706
Industrial Technologies	109,143	74,331
SGK Brand Solutions	133,595	153,542
Consolidated Sales	<u>\$ 449,240</u>	<u>\$ 438,579</u>
Adjusted EBITDA:		
Memorialization	\$ 39,137	43,370
Industrial Technologies	12,202	7,183
SGK Brand Solutions	12,232	15,414
Corporate and Non-Operating	(14,280)	(12,634)
Total Adjusted EBITDA ⁽¹⁾	<u>\$ 49,291</u>	<u>53,333</u>

⁽¹⁾ Total Adjusted EBITDA is a non-GAAP financial measure. See the "Non-GAAP Financial Measures" section below.

Sales for the three months ended December 31, 2022 were \$449.2 million, compared to \$438.6 million for the three months ended December 31, 2021, representing an increase of \$10.7 million. The increase in fiscal 2023 sales reflected higher sales in the Industrial Technologies segment, partially offset by lower sales in the Memorialization and SGK Brand Solutions segments. On a consolidated basis, changes in foreign currency exchange rates were estimated to have an unfavorable impact of \$17.0 million on fiscal 2023 sales compared to the prior year.

Memorialization segment sales for the first three months of fiscal 2023 were \$206.5 million, compared to \$210.7 million for the first three months of fiscal 2022. The decrease in sales resulted from lower unit sales of caskets and bronze memorial products, reflecting a decrease in coronavirus disease 2019 ("COVID-19") related deaths in fiscal 2023. These decreases were partially offset by improved price realization, higher sales of granite memorial products and increased cremation equipment sales. Changes in foreign currency exchange rates had an unfavorable impact of \$1.5 million on the segment's sales compared to the prior year. Industrial Technologies segment sales were \$109.1 million for the first three months of fiscal 2023, compared to \$74.3 million for the first three months of fiscal 2022. The sales increase primarily reflected benefits from the recently completed acquisitions of OLBRICH GmbH ("OLBRICH") and R+S Automotive GmbH ("R+S Automotive") (see Acquisitions below). The increase in sales also reflected higher sales of purpose-built engineered products (primarily energy storage solutions for the electric vehicle market) and higher product identification sales. These increases were partially offset by reduced sales of warehouse automation solutions. Changes in foreign currency exchange rates had an unfavorable impact of \$4.8 million on the segment's sales compared to the prior year. In the SGK Brand Solutions segment, sales for the first three

months of fiscal 2023 were \$133.6 million, compared to \$153.5 million for the first three months of fiscal 2022, representing a decrease of \$19.9 million. Changes in foreign currency exchange rates had an unfavorable impact of \$10.7 million on the segment's sales compared to the prior year. The decrease in sales also reflected lower brand sales in the U.S. and Europe, lower retail-based sales (principally merchandising solutions) and sales declines in the private-label brand market.

Gross profit for the three months ended December 31, 2022 was \$138.9 million, compared to \$131.6 million for the same period a year ago. Consolidated gross profit as a percent of sales was 30.9% and 30.0% for the first three months of fiscal 2023 and fiscal 2022, respectively. The increase in gross profit primarily reflected the impact of higher sales (including the benefits from the OLBRICH and R+S Automotive acquisitions), benefits from the realization of productivity improvements and other cost-reduction initiatives, and improved margins for engineered products within the Industrial Technologies segment. These increases in gross profit were partially offset by the impact of unfavorable changes in sales mix, higher material, labor and transportation costs, and lower margins on U.K. cremation equipment projects. Gross profit also included acquisition integration costs and other charges primarily in connection with cost-reduction initiatives totaling \$855,000 and \$1.5 million for the three months ended December 31, 2022 and 2021, respectively.

Selling and administrative expenses for the three months ended December 31, 2022 were \$111.4 million, compared to \$99.3 million for the first three months of fiscal 2022. Consolidated selling and administrative expenses, as a percent of sales, were 24.8% for the three months ended December 31, 2022, compared to 22.6% for the same period last year. Fiscal 2023 selling and administrative expenses reflected the impact of higher salaries and wage rates, higher travel and entertainment ("T&E") costs, and additional expenses from the recently completed OLBRICH and R+S Automotive acquisitions. These increases in selling and administrative expenses were partially offset by benefits from ongoing cost-reduction initiatives. Selling and administrative expenses also included acquisition integration and related systems-integration costs, and other charges primarily in connection with cost-reduction initiatives totaling \$2.7 million in fiscal 2023, compared to \$3.5 million in fiscal 2022. Intangible amortization for the three months ended December 31, 2022 was \$10.3 million, compared to \$21.5 million for the three months ended December 31, 2021. Fiscal 2022 intangible amortization included \$9.5 million of amortization related to certain trade names that have been discontinued.

Adjusted EBITDA was \$49.3 million for the three months ended December 31, 2022 and \$53.3 million for the three months ended December 31, 2021. Memorialization segment adjusted EBITDA was \$39.1 million for the first three months of fiscal 2023 compared to \$43.4 million for the first three months of fiscal 2022. Fiscal 2023 segment adjusted EBITDA reflected benefits from improved price realization and productivity initiatives, which were offset by the impact of lower unit sales of caskets and bronze memorials, unfavorable changes in sales mix, higher material, labor, transportation and T&E costs, and lower margins on certain cremation equipment projects. Adjusted EBITDA for the Industrial Technologies segment was \$12.2 million for the three months ended December 31, 2022 compared to \$7.2 million for the three months ended December 31, 2021. Industrial Technologies segment adjusted EBITDA primarily reflected the impact of higher sales and improved margins for engineered products. Changes in foreign currency exchange rates had an unfavorable impact of \$1.1 million on the segment's adjusted EBITDA compared to the prior year. Adjusted EBITDA for the SGK Brand Solutions segment was \$12.2 million for the first three months of fiscal 2023 compared to \$15.4 million for the same period a year ago. The decrease in segment adjusted EBITDA primarily reflected the impact of lower sales and higher labor and T&E costs, partially offset by benefits from cost-reduction initiatives. Changes in foreign currency exchange rates had an unfavorable impact of \$1.0 million on the segment's adjusted EBITDA compared to the prior year.

Interest expense for the first three months of fiscal 2023 was \$10.2 million, compared to \$6.5 million for the same period last year. The increase in interest expense reflected an increase in average borrowing levels and higher average interest rates in the current fiscal year. Other income (deductions), net, for the three months ended December 31, 2022 represented a decrease in pre-tax income of \$2.1 million, compared to a decrease in pre-tax income of \$30.7 million for the same period last year. Other income (deductions), net includes the non-service components of pension and postretirement expense, which totaled \$1.4 million and \$31.1 million for the three months ended December 31, 2022 and 2021, respectively. Fiscal 2023 non-service pension expense included a \$1.3 million non-cash charge resulting from the settlement of the Company's supplemental retirement plan ("SERP") and defined benefit portion of the officers retirement restoration plan ("ORRP") obligations. Fiscal 2022 non-service pension expense included a \$30.9 million non-cash charge resulting from the full settlement of the Company's principal defined benefit retirement plan ("DB Plan") obligations. Refer to Note 11, "Pension and Other Postretirement Benefit Plans" in Item 1 - "Financial Statements" for further details. Other income (deductions), net also includes investment income, banking-related fees and the impact of currency gains and losses on certain intercompany debt and foreign denominated cash balances. Fiscal 2023 other income (deductions), net included \$1.1 million of currency losses associated with highly inflationary accounting for the Company's subsidiaries in Turkey (see Note 2, "Basis of Presentation" in Item 1 - "Financial Statements").

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, Continued

Income tax provisions for the Company's interim periods are based on the effective income tax rate expected to be applicable for the full year. The Company's consolidated income taxes for the first three months of fiscal 2023 were an expense of \$1.3 million, compared to a benefit of \$6.6 million for the first three months of fiscal 2022. The difference between the Company's consolidated income taxes for the first three months of fiscal 2023 compared to the same period for fiscal 2022 primarily resulted from consolidated pre-tax income in fiscal 2023 compared to a pre-tax loss in fiscal 2022. The Company's fiscal 2023 three month effective tax rate varied from the U.S. statutory tax rate of 21.0% primarily due to state taxes, foreign statutory rate differentials, and tax credits. The Company's fiscal 2022 three month effective tax rate varied from the U.S. statutory tax rate of 21.0% primarily due to state taxes, foreign statutory rate differentials, and tax credits.

Net losses attributable to noncontrolling interests were \$56,000 for the three months ended December 31, 2022 and \$7,000 for the three months ended December 31, 2021. The net losses attributable to noncontrolling interests primarily reflected losses in less than wholly-owned businesses.

NON-GAAP FINANCIAL MEASURES:

Included in this report are measures of financial performance that are not defined by 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.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, Continued

The reconciliation of net income to adjusted EBITDA is as follows:

	Three Months Ended December 31,	
	2022	2021
	<i>(Dollar amounts in thousands)</i>	
Net income (loss)	\$ 3,647	\$ (19,810)
Income tax provision (benefit)	1,312	(6,628)
Income (loss) before income taxes	4,959	(26,438)
Net loss attributable to noncontrolling interests	56	7
Interest expense	10,215	6,507
Depreciation and amortization *	23,729	33,501
RPA financing fees ⁽¹⁾	456	—
Acquisition costs ^{(2)**}	1,285	—
Strategic initiatives and other charges ^{(3)**}	1,760	3,823
Non-recurring / incremental COVID-19 costs ^{(4)***}	—	690
Exchange losses related to highly inflationary accounting ⁽⁵⁾	1,088	—
Defined benefit plan termination related items ⁽⁶⁾	21	426
Stock-based compensation	4,334	3,709
Non-service pension and postretirement expense ⁽⁷⁾	1,388	31,108
Total Adjusted EBITDA	\$ 49,291	\$ 53,333

⁽¹⁾ Represents fees for receivables sold under the RPA (see "Liquidity and Capital Resources").

⁽²⁾ Includes certain non-recurring costs associated with recent acquisition activities.

⁽³⁾ Includes certain non-recurring costs associated with productivity and cost-reduction initiatives intended to result in improved operating performance, profitability and working capital levels, costs associated with global ERP system integration efforts, and asset write-downs associated with certain operations in Russia, net of recoveries.

⁽⁴⁾ 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.

⁽⁵⁾ Represents exchange losses associated with highly inflationary accounting related to the Company's Turkish subsidiaries (see Note 2, "Basis of Presentation" in Item 1 - "Financial Statements and Supplementary Data").

⁽⁶⁾ Represents items associated with the termination of the Company's DB Plan, supplemental retirement plan and the defined benefit portion of the officers retirement restoration plan.

⁽⁷⁾ 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 \$5.6 million and \$5.8 million for the Memorialization segment, \$5.9 million and \$2.7 million for the Industrial Technologies segment, \$11.1 million and \$23.7 million for the SGK Brand Solutions segment, and \$1.2 million and \$1.3 million for Corporate and Non-Operating, for the three months ended December 31, 2022 and 2021, respectively.

** Acquisition costs, ERP integration costs, and strategic initiatives and other charges were \$378,000 and \$671,000 for the Memorialization segment, \$937,000 and \$32,000 for the Industrial Technologies segment, \$521,000 and \$1.2 million for the SGK Brand Solutions segment, and \$1.2 million and \$1.9 million for Corporate and Non-Operating, for the three months ended December 31, 2022 and 2021, respectively.

*** Non-recurring/incremental COVID-19 costs were \$464,000 for the Memorialization segment, \$4,000 for the Industrial Technologies segment, \$220,000 for the SGK Brand Solutions segment, and \$2,000 for Corporate and Non-Operating, for the three months ended December 31, 2021.

LIQUIDITY AND CAPITAL RESOURCES:

Net cash used in operating activities was \$36.2 million for the first three months of fiscal 2023, compared to \$27.2 million for the first three months of fiscal 2022. Operating cash flow for both periods principally included net income (loss) adjusted for deferred taxes, depreciation and amortization, stock-based compensation expense, non-cash pension expense, other non-cash adjustments, and changes in working capital items. Fiscal 2023 operating cash flow also reflected \$24.2 million of contributions to fund the settlement of the Company's SERP and ORRP obligations. Fiscal 2022 operating cash flow reflected \$35.7 million of contributions to fully fund the settlement of the Company's DB Plan obligations. Net changes in working capital items decreased operating cash flow by \$43.2 million and \$40.8 million in fiscal 2023 and fiscal 2022, respectively. The fiscal 2023 change in working capital principally reflected fiscal year-end compensation-related payments, decreases in accounts payable, and higher inventory levels, partially offset by proceeds from the sale of receivables under a receivables purchase agreement (see below for further discussion).

Cash used in investing activities was \$14.2 million for the three months ended December 31, 2022, compared to \$12.5 million for the three months ended December 31, 2021. Investing activities for the first three months of fiscal 2023 primarily reflected capital expenditures of \$12.4 million and acquisitions, net of cash acquired, of \$1.8 million. Investing activities for the first three months of fiscal 2022 primarily reflected capital expenditures of \$12.6 million.

Capital expenditures reflected reinvestment in the Company's business segments and were made primarily for the purchase of new production machinery, equipment, software and systems, and facilities designed to improve product quality, increase manufacturing efficiency and capacity, lower production costs and meet regulatory requirements. Capital expenditures for the last three fiscal years were primarily financed through operating cash. Capital spending for property, plant and equipment has averaged \$43.5 million for the last three fiscal years. Capital spending for fiscal 2023 is currently estimated to be approximately \$75 million. Capital spending in fiscal 2023 reflects additional capital projects to support new production capabilities and increased efficiencies within the Memorialization and Industrial Technologies segments. The Company expects to generate sufficient cash from operations to fund all anticipated capital spending projects.

Cash provided by financing activities for the three months ended December 31, 2022 was \$22.3 million, primarily reflecting proceeds, net of repayments, on long-term debt of \$32.7 million, treasury stock purchases of \$2.5 million, and cash dividends of \$7.0 million to the Company's shareholders. Cash provided by financing activities for the three months ended December 31, 2021 was \$62.4 million, primarily reflecting proceeds, net of repayments, on long-term debt of \$72.3 million, treasury stock purchases of \$2.4 million and dividends of \$6.8 million to the Company's shareholders.

The Company has a domestic credit facility with a syndicate of financial institutions that includes a \$750.0 million senior secured revolving credit facility, which matures in March 2025. A portion of the revolving credit facility (not to exceed \$350.0 million) can be drawn in foreign currencies. Borrowings under the revolving credit facility bear interest at LIBOR plus a factor ranging from 0.75% to 2.00% (1.25% at December 31, 2022) based on the Company's secured leverage ratio. The secured leverage ratio is defined as net secured indebtedness divided by EBITDA (earnings before interest, income taxes, depreciation and amortization) as defined within the domestic credit facility agreement. The Company is required to pay an annual commitment fee ranging from 0.15% to 0.30% (based on the Company's leverage ratio) of the unused portion of the revolving credit facility. The Company incurred debt issuance costs in connection with the domestic credit facility. Unamortized costs were \$1.4 million and \$1.5 million at December 31, 2022 and September 30, 2022, respectively.

The domestic credit facility requires the Company to maintain certain leverage and interest coverage ratios. A portion of the facility (not to exceed \$55.0 million) is available for the issuance of trade and standby letters of credit. Outstanding U.S. dollar denominated borrowings on the revolving credit facility at December 31, 2022 and September 30, 2022 were \$495.4 million and \$472.1 million, respectively. The weighted-average interest rate on outstanding borrowings for the domestic credit facility (including the effects of interest rate swaps) at December 31, 2022 and 2021 was 4.24% and 1.86%, respectively.

The Company has \$299.6 million of 5.25% senior unsecured notes due December 1, 2025 (the "2025 Senior Notes"). The 2025 Senior Notes bear interest at a rate of 5.25% per annum with interest payable semi-annually in arrears on June 1 and December 1 of each year. The Company's obligations under the 2025 Senior Notes are guaranteed by certain of the Company's direct and indirect wholly-owned subsidiaries. The Company is subject to certain covenants and other restrictions in connection with the 2025 Senior Notes. The Company incurred direct financing fees and costs in connection with the 2025 Senior Notes. Unamortized costs were \$1.5 million and \$1.7 million at December 31, 2022 and September 30, 2022, respectively.

The Company and certain of its domestic subsidiaries sell, on a continuous basis without recourse, their trade receivables to Matthews Receivables Funding Corporation, LLC ("Matthews RFC"), a wholly-owned bankruptcy-remote subsidiary of the Company. In March 2022, Matthews RFC entered into a receivables purchase agreement ("RPA") to sell up to \$125.0 million

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, Continued

of receivables to certain purchasers (the "Purchasers") on a recurring basis in exchange for cash (referred to as "capital" within the RPA) equal to the gross receivables transferred. The parties intend that the transfers of receivables to the Purchasers constitute purchases and sales of receivables. Matthews RFC has guaranteed to each Purchaser the prompt payment of sold receivables, and has granted a security interest in its assets for the benefit of the Purchasers. Under the RPA, which matures in March 2024, each Purchaser's share of capital accrues yield at a floating rate plus an applicable margin. The Company is the master servicer under the RPA, and is responsible for administering and collecting receivables.

The proceeds of the RPA are classified as operating activities in the Company's Consolidated Statements of Cash Flows. Cash received from collections of sold receivables may be used to fund additional purchases of receivables on a revolving basis, or to reduce all or any portion of the outstanding capital of the Purchasers. Gross receivables sold and cash collections reinvested under the RPA program were \$203.6 million and \$89.6 million for the three months ended December 31, 2022, respectively. The fair value of the sold receivables approximated book value due to their credit quality and short-term nature, and as a result, no gain or loss on sale of receivables was recorded. As of December 31, 2022 and September 30, 2022, the amount sold to the Purchasers was \$114.0 million and \$96.6 million, respectively, which was derecognized from the Consolidated Balance Sheets. As collateral against sold receivables, Matthews RFC maintains a certain level of unsold receivables, which was \$40.8 million and \$44.3 million as of December 31, 2022 and September 30, 2022, respectively.

Previously, the Company had a \$115.0 million accounts receivable securitization facility (the "Securitization Facility") with certain financial institutions which matured in March 2022. The Securitization Facility did not qualify for sale treatment. Accordingly, the trade receivables and related debt obligations remained on the Company's Consolidated Balance Sheet. Borrowings under the Securitization Facility were based on LIBOR plus 0.75% and the Company was required to pay an annual commitment fee ranging from 0.25% to 0.35% of the unused portion of the Securitization Facility. At December 31, 2021, the interest rate on borrowings under this facility was 0.85%.

The Company, through certain of its European subsidiaries, has a credit facility with a European bank, which is guaranteed by Matthews. The maximum amount of borrowing available under this facility is €25.0 million (\$26.8 million), which includes €8.0 million (\$8.6 million) for bank guarantees. This facility has no stated maturity date and is available until terminated. Outstanding borrowings under the credit facility totaled €13.2 million (\$14.1 million) and €8.2 million (\$8.1 million) at December 31, 2022 and September 30, 2022, respectively. The weighted-average interest rate on outstanding borrowings under this facility was 3.96% at December 31, 2022.

Other borrowings totaled \$23.1 million and \$13.4 million at December 31, 2022 and September 30, 2022, respectively. The weighted-average interest rate on these borrowings was 3.09% and 1.88% at December 31, 2022 and 2021, respectively.

The Company operates internationally and utilizes certain derivative financial instruments to manage its foreign currency, debt and interest rate exposures. The following table presents information related to interest rate swaps entered into by the Company and designated as cash flow hedges:

	December 31, 2022	September 30, 2022
	<i>(Dollar amounts in thousands)</i>	
Notional amount	\$ 125,000	\$ 125,000
Weighted-average maturity period (years)	2.6	3.1
Weighted-average received rate	4.39 %	3.14 %
Weighted-average pay rate	1.04 %	1.04 %

The Company enters into interest rate swaps in order to achieve a mix of fixed and variable rate debt that it deems appropriate. The interest rate swaps have been designated as cash flow hedges of future variable interest payments, which are considered probable of occurring. Based on the Company's assessment, all of the critical terms of each of the hedges matched the underlying terms of the hedged debt and related forecasted interest payments, and as such, these hedges were considered highly effective.

The fair value of the interest rate swaps reflected an unrealized gain of \$10.1 million (\$7.5 million after tax) at December 31, 2022 and an unrealized gain of \$10.7 million (\$7.9 million after tax) at September 30, 2022, that is included in shareholders' equity as part of accumulated other comprehensive income (loss) ("AOCI"). Assuming market rates remain constant with the rates at December 31, 2022, a gain (net of tax) of approximately \$2.5 million included in AOCI is expected to be recognized in earnings over the next twelve months.

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The Company has a U.S. Dollar/Euro cross currency swap with a notional amount of \$81.4 million as of December 31, 2022 and September 30, 2022, which has been designated as a net investment hedge of foreign operations. The swap contract matures in September 2027. The Company assesses hedge effectiveness for this contract based on changes in fair value attributable to changes in spot prices. A loss of \$1.6 million (net of income taxes of \$526,000) and a gain of \$2.8 million (net of income taxes of \$940,000), which represented effective hedges of net investments, were reported as a component of AOCI within currency translation adjustment at December 31, 2022 and September 30, 2022, respectively. Income of \$272,000 and \$365,000, which represented the recognized portion of the fair value of cross currency swaps excluded from the assessment of hedge effectiveness, was included in current period earnings as a component of interest expense for the three months ended December 31, 2022 and 2021, respectively. At December 31, 2022 and September 30, 2022, the swap totaled \$2.1 million and \$3.7 million, respectively, and was included in other accrued liabilities and other assets in the Consolidated Balance Sheets, respectively.

The Company has a stock repurchase program. The buy-back program is designed to increase shareholder value, enlarge the Company's holdings of its common stock, and add to earnings per share. Repurchased shares may be retained in treasury, utilized for acquisitions, or reissued to employees or other purchasers, subject to the restrictions set forth in the Company's Restated Articles of Incorporation. Under the current authorization, 1,205,817 shares remain available for repurchase as of December 31, 2022. Refer to Item 2 - "Unregistered Sales of Equity Securities and Use of Proceeds" in Part II - "Other Information" for further details on the Company's repurchases in fiscal 2023.

Consolidated working capital of the Company was \$266.5 million at December 31, 2022, compared to \$217.2 million at September 30, 2022. Cash and cash equivalents were \$42.7 million at December 31, 2022, compared to \$69.0 million at September 30, 2022. The Company's current ratio was 1.7 at December 31, 2022 and 1.5 at September 30, 2022, respectively.

Long-Term Contractual Obligations:

The following table summarizes the Company's contractual obligations at December 31, 2022, and the effect such obligations are expected to have on its liquidity and cash flows in future periods.

	Payments due in fiscal year:				
	Total	2023 Remainder	2024 to 2025	2026 to 2027	After 2027
	<i>(Dollar amounts in thousands)</i>				
Contractual Cash Obligations:					
Revolving credit facilities	\$ 509,489	\$ —	\$ 495,391	\$ —	\$ 14,098
2025 Senior Notes	345,346	7,875	31,500	305,971	—
Finance lease obligations ⁽¹⁾	7,050	1,754	2,494	1,538	1,264
Non-cancelable operating leases ⁽¹⁾	81,365	18,898	39,558	18,890	4,019
Other	23,005	723	11,837	2,155	8,290
Total contractual cash obligations	\$ 966,255	\$ 29,250	\$ 580,780	\$ 328,554	\$ 27,671

⁽¹⁾ Lease obligations have not been discounted to their present value.

Benefit payments under the SERP and postretirement benefit plan are made from the Company's operating funds.

In the first quarter of fiscal 2023, the Company made lump sum payments totaling \$24.2 million to fully settle the SERP and defined benefit portion of the ORRP obligations. The settlement of these plan obligations resulted in the recognition of a non-cash charge of \$1.3 million, which has been presented as a component of other income (deductions), net for the three months ended December 31, 2022. This amount represents the immediate recognition of the deferred AOCI balances related to the SERP and ORRP.

Unrecognized tax benefits are positions taken, or expected to be taken, on an income tax return that may result in additional payments to tax authorities. If a tax authority agrees with the tax position taken, or expected to be taken, or the applicable statute of limitations expires, then additional payments will not be necessary. As of December 31, 2022, the Company had unrecognized tax benefits, excluding penalties and interest, of approximately \$4.2 million. The timing of potential future payments related to the unrecognized tax benefits is not presently determinable. The Company believes that its current liquidity sources, combined with its operating cash flow and borrowing capacity, will be sufficient to meet its capital needs for the foreseeable future.

REGULATORY MATTERS:

The Company's operations are subject to various federal, state and local laws and regulations requiring strict compliance, including, but not limited to, the protection of the environment. The Company has established numerous internal compliance programs to further ensure lawful satisfaction of the applicable regulations. In addition, the Company is party to specific environmental matters which include obligations to investigate and mitigate the effects on the environment of certain materials at operating and non-operating sites. The Company is currently performing environmental assessments and remediation at certain sites, as applicable.

ACQUISITIONS:

Refer to Note 15, "Acquisitions" in Item 1 - "Financial Statements" for further details on the Company's acquisitions.

FORWARD-LOOKING INFORMATION:

The Company's current strategy to attain annual operating growth primarily consists of the following: internal growth - which includes organic growth, cost structure and productivity improvements, new product development and the expansion into new markets with existing products - and acquisitions and related integration activities to achieve synergy benefits.

The significant factors (excluding acquisitions) influencing sales growth in the Industrial Technologies segment include economic/industrial market conditions, new product development, and the electric vehicles ("EV") and e-commerce trends. The Industrial Technologies segment received over \$200 million of new orders during the fiscal 2023 first quarter for its energy storage solutions business. The orders have been received from multiple EV, fuel cell, and battery manufacturers and are expected to support the segment's organic growth objectives. For the Memorialization segment, sales growth will be influenced by North America death rates, and the impact of the increasing trend toward cremation on the segment's product offerings, including caskets, cemetery memorial products and cremation-related products. For the SGK Brand Solutions segment, sales growth will be influenced by global economic conditions, brand innovation, the level of marketing spending by the Company's clients, and government regulation. Due to the global footprint of this segment, currency fluctuations can also be a significant factor.

Recent labor cost increases, supply chain challenges, and other inflation-related impacts are expected to impact the Company's results for the near future. The Company expects to partially mitigate these cost increases through price realization and cost-reduction initiatives.

CRITICAL ACCOUNTING POLICIES:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Therefore, the determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience, economic conditions, and in some cases, actuarial techniques. Actual results may differ from those estimates. A discussion of market risks affecting the Company can be found in Item 7A - "Quantitative and Qualitative Disclosures about Market Risk" in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2022.

A summary of the Company's significant accounting policies are included in the Notes to Consolidated Financial Statements and in the critical accounting policies in Management's Discussion and Analysis included in the Company's Annual Report on Form 10-K for the year ended September 30, 2022. Management believes that the application of these policies on a consistent basis enables the Company to provide useful and reliable financial information about the Company's operating results and financial condition.

The Company performed its annual impairment review of goodwill and indefinite-lived intangible assets in the second quarter of fiscal 2022 (January 1, 2022) and determined that the estimated fair values for all goodwill reporting units exceeded their carrying values, therefore no impairment charges were necessary. The Company performed an interim assessment of its SGK Brand Solutions goodwill reporting unit as of September 1, 2022 and recorded a goodwill write-down totaling \$82.5 million during the fiscal 2022 fourth quarter. Subsequent to this write-down, the fair value of the SGK Brand Solutions reporting unit

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, Continued

approximated its carrying value at September 1, 2022. If current projections are not achieved or specific valuation factors outside the Company's control (such as discount rates and continued economic and industry challenges) significantly change, additional goodwill write-downs may be necessary in future periods.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS:

Refer to Note 2, "Basis of Presentation" in Item 1 - "Financial Statements," for further details on recently issued accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in the Company's market risk during the three months ended December 31, 2022. For additional information see Item 7A - "Quantitative and Qualitative Disclosures About Market Risk" in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2022.

Item 4. Controls and Procedures

The Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) are designed to provide reasonable assurance that information required to be disclosed in our reports filed under that Act (the "Exchange Act"), such as this Quarterly Report on Form 10-Q, is recorded, processed, summarized and reported within the time periods specified in the rules of the Securities and Exchange Commission. These disclosure controls and procedures also are designed to provide reasonable assurance that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures.

Management, under the supervision and with the participation of our Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures in effect as of December 31, 2022. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2022, the Company's disclosure controls and procedures were effective to provide reasonable assurance that material information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, and that such information is recorded, summarized and properly reported within the appropriate time period, relating to the Company and its consolidated subsidiaries, required to be included in the Exchange Act reports, including this Quarterly Report on Form 10-Q.

There have been no changes in the Company's internal controls over financial reporting that occurred during the fiscal quarter ended December 31, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company is subject to various legal proceedings and claims arising in the ordinary course of business. Management does not expect that the results of any of these legal proceedings will have a material adverse effect on Matthews' financial condition, results of operations or cash flows.

Item 1A. Risk Factors

There have been no material changes in our risk factors from those disclosed in Part I, Item 1A to our Annual Report on Form 10-K for the fiscal year ended September 30, 2022. The risk factors disclosed in Part I, Item 1A to our Annual Report on Form 10-K for the fiscal year ended September 30, 2022, in addition to the other information set forth in this report, could adversely affect the Company's operating performance and financial condition. Additional risks not currently known or deemed immaterial may also result in adverse effects on the Company.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Stock Repurchase Plan

The Company has a stock repurchase program. The buy-back program is designed to increase shareholder value, enlarge the Company's holdings of its common stock, and add to earnings per share. Repurchased shares may be retained in treasury, utilized for acquisitions, or reissued to employees or other purchasers, subject to the restrictions set forth in the Company's Restated Articles of Incorporation. Under the current authorization, 1,205,817 shares remain available for repurchase as of December 31, 2022.

The following table shows the monthly fiscal 2023 stock repurchase activity:

Period	Total number of shares purchased	Weighted-average price paid per share	Total number of shares purchased as part of a publicly announced plan	Maximum number of shares that may yet be purchased under the plan
October 2022	—	\$ —	—	1,294,842
November 2022	88,042	27.54	88,042	1,206,800
December 2022	983	27.54	983	1,205,817
Total	89,025	\$ 27.54	89,025	

Item 3. Defaults Upon Senior Securities

Not Applicable.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

Not Applicable.

Item 6. Exhibits and Reports on Form 8-K**(a) Exhibits**

<u>Exhibit No.</u>	<u>Description</u>	<u>Method of Filing</u>
3.1	Restated Articles of Incorporation*	Exhibit Number 3.1 to the Annual Report on Form 10-K for the year ended September 30, 1994 (filed in paper format)
3.2	Restated By-laws of Matthews International Corporation, as amended January 8, 2021*	Exhibit Number 3.1 to the Current Report on Form 8-K filed on January 14, 2021
10.1	Matthews International Corporation Management Deferred Compensation Plan	Filed herewith
10.2	Agreement, dated as of December 30, 2022, by and among Matthews International Corporation, Barington Companies Equity Partners, L.P., Barington Capital Group, L.P. and Barington Companies Management, LLC.	Exhibit Number 10.1 to current report on Form 8-K filed on December 30, 2022
31.1	Certification of Principal Executive Officer for Joseph C. Bartolacci	Filed herewith
31.2	Certification of Principal Financial Officer for Steven F. Nicola	Filed herewith
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Joseph C. Bartolacci	Furnished herewith
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Steven F. Nicola	Furnished herewith
101.INS	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	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase	Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase	Filed herewith
104	Cover Page Interactive Data File (Embedded within the Inline XBRL document and included in Exhibit 101)	Filed herewith

* Incorporated by reference

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.

MATTHEWS INTERNATIONAL CORPORATION
(Registrant)

Date: January 27, 2023

By: /s/ Joseph C. Bartolacci
Joseph C. Bartolacci, President
and Chief Executive Officer

Date: January 27, 2023

By: /s/ Steven F. Nicola
Steven F. Nicola, Chief Financial Officer
and Secretary

Matthews International Corporation
Management Deferred Compensation Plan

As Amended and Restated Effective
October 1, 2021

Matthews International Corporation Management Deferred Compensation Plan

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Matthews International Corporation Management Deferred Compensation Plan

Article I

Establishment and Purpose

Matthews International Corporation (the “Company”) has previously adopted the Matthews International Corporation Officers Retirement Restoration Plan (the “Plan”). The Company is now restating the Plan and hereby renames it the Matthews International Corporation Management Deferred Compensation Plan, and has thus now adopted this restated Matthews International Corporation Management Deferred Compensation Plan document, applicable to Compensation deferred under Compensation Deferral Agreements submitted on and after the Effective Date and Company Contributions credited on or after the Effective Date.

The purpose of the Plan is to attract and retain key employees by providing them with an opportunity to defer receipt of a portion of their salary, bonus, and other specified compensation. The Plan is not intended to meet the qualification requirements of Code Section 401(a), but is intended to meet the requirements of Code Section 409A, and shall be operated and interpreted consistent with that intent.

The Plan constitutes an unsecured promise by a Participating Employer to pay benefits in the future. Participants in the Plan shall have the status of general unsecured creditors of the Company or the Participating Employer, as applicable. Each Participating Employer shall be solely responsible for payment of the benefits attributable to services performed for it. The Plan is unfunded for Federal tax purposes and is intended to be an unfunded arrangement for eligible employees who are part of a select group of management or highly compensated employees of the Employer within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA and independent contractors. Any amounts set aside to defray the liabilities assumed by the Company or an Participating Employer will remain the general assets of the Company or the Participating Employer and shall remain subject to the claims of the Company’s or the Participating Employer's creditors until such amounts are distributed to the Participants.

This Plan was originally adopted April 23, 2009, and has been amended from time to time. This Amendment and Restatement is intended to provide additional features to the Plan which will apply only on a going forward basis. Benefits accrued through the date of this Amendment and Restatement will continue to be governed by the terms and conditions of the Plan as in effect on the Effective Date, which has been included hereto as Appendix A.

Article II

Definitions

- 2.1 Account. Account means a bookkeeping only account maintained by the Committee to record the payment obligation of a Participating Employer to a Participant as determined under the terms of the Plan. The Committee may maintain an Account to record the total obligation to a Participant and component Accounts to reflect amounts payable at different times and in different forms. Reference to an Account means any such Account established by the Committee, as the context requires. Accounts are intended to constitute

Matthews International Corporation Management Deferred Compensation Plan

unfunded obligations within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA. Unless the context otherwise requires, Account shall not include Grandfathered Accounts.

- 2.2 Account Balance. Account Balance means, with respect to any Account, the total payment obligation owed to a Participant from such Account as of the most recent Valuation Date.
- 2.3 Affiliate. Affiliate means a corporation, trade or business that, together with the Company, is treated as a single employer under Code Section 414(b) or (c).
- 2.4 Beneficiary. Beneficiary means a natural person, estate, or trust designated by a Participant in accordance with Section 6.4 hereof to receive payments to which a Beneficiary is entitled in accordance with provisions of the Plan.
- 2.5 Board of Directors. Board of Directors means, for a Participating Employer organized as a corporation, its board of directors and for a Participating Employer organized as a limited liability company, its board of managers.
- 2.6 Business Day. Business Day means each day on which the New York Stock Exchange is open for business.
- 2.7 Change in Control. Change in Control means, with respect to a Participating Employer that is organized as a corporation, any of the following events: (i) a change in the ownership of the Participating Employer, (ii) a change in the effective control of the Participating Employer, or (iii) a change in the ownership of a substantial portion of the assets of the Participating Employer.

Change in Ownership. For purposes of this Section, a change in the ownership of the Participating Employer occurs on the date on which any one person, or more than one person acting as a group, acquires ownership of stock of the Participating Employer that, together with stock held by such person or group constitutes more than 50% of the total fair market value or total voting power of the stock of the Participating Employer. The acquisition by a person or group owning more than 50% of the total fair market value or total voting power of the stock of such Participating Employer of additional shares of such Participating Employer shall not constitute a “change of the ownership” of such Participating Employer.

Change in Effective Control. A change in the effective control of the Participating Employer occurs on the date on which either: (i) a person, or more than one person acting as a group, acquires ownership of stock of the Participating Employer possessing 30% or more of the total voting power of the stock of the Participating Employer, taking into account all such stock acquired during the 12-month period ending on the date of the

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most recent acquisition, provided that the acquisition by a person or group owning more than 30% of the total fair market value or total voting power of the stock of such Participating Employer of additional shares of such Participating Employer shall not constitute a “change of effective control” of such Participating Employer, or (ii) a majority of the members of the Participating Employer’s Board of Directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of such Board of Directors prior to the date of the appointment or election, but only if no other corporation is a majority shareholder of the Participating Employer.

Change in Ownership of Substantial Portion of Assets. A change in the ownership of a substantial portion of assets occurs on the date on which any one person, or more than one person acting as a group, other than a person or group of persons that is related to the Participating Employer, acquires assets from the Participating Employer that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of the Participating Employer immediately prior to such acquisition or acquisitions, taking into account all such assets acquired during the 12-month period ending on the date of the most recent acquisition. A transfer of assets shall not be treated as a “change in the ownership of a substantial portion of the assets” when such transfer is made to an entity that is controlled by the shareholders of the transferor corporation as determined under Treas. Reg. section 1.409A-3(i)(5)(vii)(B).

An event constitutes a Change in Control with respect to a Participant only if the Participant performs services for the Participating Employer that has experienced the Change in Control, or the Participant’s relationship to the affected Participating Employer otherwise satisfies the requirements of Treasury Regulation Section 1.409A-3(i)(5)(ii).

Notwithstanding anything to the contrary herein, with respect to a Participating Employer that is a partnership or limited liability company, Change in Control means only a change in the ownership of such entity or a change in the ownership of a substantial portion of the assets of such entity, and the provisions set forth above respecting such changes relative to a corporation shall be applied by analogy. Any reference to a “majority shareholder” shall be treated as referring to a partner or member that (a) owns more than 50% of the capital and profits interest of such entity, and (b) alone or together with others is vested with the continuing exclusive authority to make management decisions necessary to conduct the business for which the partnership or limited liability company was formed.

2.8 Claimant. Claimant means a Participant or Beneficiary filing a claim under Article XI of this Plan.

2.9 Code. Code means the Internal Revenue Code of 1986, as amended from time to time.

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- 2.10 Code Section 409A. Code Section 409A means section 409A of the Code, and regulations and other guidance issued by the Treasury Department and Internal Revenue Service thereunder.
- 2.11 Committee. Committee means the Compensation Committee of the Board of Directors of the Company, including any person or entity to which duties have been delegated pursuant to section 8.5 hereof.
- 2.12 Company. Company means Matthews International Corporation.
- 2.13 Company Contribution. Company Contribution means a credit by a Participating Employer to a Participant's Account(s) in accordance with the provisions of Article V of the Plan. Unless the context clearly indicates otherwise, a reference to Company Contribution shall include Earnings attributable to such contribution.
- 2.14 Company Contribution Account. Company Contribution Account means an Account established by the Committee to record Company Contributions allocated to the Company Contribution Account as determined by the Committee and which are payable to the Participant hereunder.
- 2.15 Compensation. Compensation means a Participant's salary, bonus, commission, and such other cash approved by the Committee as Compensation that may be deferred under Section 4.2 of this Plan, excluding any compensation that has been previously deferred under this Plan or any other arrangement subject to Code Section 409A and excluding any compensation that is not U.S. source income.
- 2.16 Compensation Deferral Agreement. Compensation Deferral Agreement means an agreement between a Participant and a Participating Employer that specifies: (i) the amount of each component of Compensation that the Participant has elected to defer to the Plan in accordance with the provisions of Article IV, and (ii) the Payment Schedule applicable to one or more Accounts.
- 2.17 Deferral. Deferral means a credit to a Participant's Account(s) that records that portion of the Participant's Compensation that the Participant has elected to defer to the Plan in accordance with the provisions of Article IV. Unless the context of the Plan clearly indicates otherwise, a reference to Deferrals includes Earnings attributable to such Deferrals.
- 2.18 Earnings. Earnings means an adjustment to the value of an Account in accordance with Article VII.
- 2.19 Effective Date. Effective Date means October 1, 2021.
- 2.20 Eligible Employee. Eligible Employee means an Employee who is a member of a select group of management or highly compensated employees or an independent contractor who has been notified during an applicable enrollment of his or her status as an Eligible Employee. The Committee has the discretion to determine which Employees and independent contractors are Eligible Employees for each enrollment.

Matthews International Corporation Management Deferred Compensation Plan

- 2.21 Employee. Employee means a common-law employee of a Participating Employer as shown on the payroll records of the Participating Employer.
- 2.22 Employer. Employer means the Company and each Affiliate.
- 2.23 ERISA. ERISA means the Employee Retirement Income Security Act of 1974, as amended from time to time.
- 2.24 Flex Account. Flex Account means a Separation Account or Specified Date Account established under the terms of a Participant's Compensation Deferral Agreement. Unless the Committee specifies otherwise, a Participant may maintain no more than five (5) Flex Accounts at any one time.
- 2.25 Grandfathered Account. The account for Participants in the Plan as in existence before the Effective Date, which will be governed by the terms in Appendix A.
- 2.26 Participant. Participant means an individual described in Article III.
- 2.27 Participating Employer. Participating Employer means the Company and each Affiliate who has adopted the Plan with the consent of the Company. Each Participating Employer shall be identified on Schedule A attached hereto.
- 2.28 Payment Schedule. Payment Schedule means the date as of which payment of an Account will commence and the form in which payment of such Account will be made under the terms of a payment election in effect for such Account under the terms of this Plan.
- 2.29 Performance-Based Compensation. Performance-Based Compensation means Compensation where the amount of, or entitlement to, the Compensation is contingent on the satisfaction of pre-established organizational or individual performance criteria relating to a performance period of at least 12 consecutive months. Organizational or individual performance criteria are considered pre-established if established in writing by not later than 90 days after the commencement of the period of service to which the criteria relate, provided that the outcome is substantially uncertain at the time the criteria are established. Performance-Based Compensation shall not include any Compensation payable upon the Participant's death or disability (as defined in Treas. Section 1.409A-1(e)) without regard to the satisfaction of the performance criteria.
- 2.30 Plan. Plan means "Matthews International Management Deferred Compensation Plan" as documented herein and as may be amended from time to time hereafter. However, to the extent permitted or required under Code Section 409A, the term Plan may in the appropriate context also mean a portion of the Plan that is treated as a single plan under Treas. Reg. Section 1.409A-1(c), or the Plan or portion of the Plan and any other nonqualified deferred compensation plan or portion thereof that is treated as a single plan under such section.
- 2.31 Plan Year. Plan Year means January 1 through December 31.

Matthews International Corporation Management Deferred Compensation Plan

- 2.32 Retirement Account. Retirement Account means an Account established by the Committee to record Company Contributions and Deferrals allocated to the Retirement Account pursuant to a Participant's Compensation Deferral Agreement, payable to a Participant upon Separation from Service in accordance with Section 6.3.
- 2.33 Separation Account. Separation Account means an Account established by the Committee in accordance with a Participant's Compensation Deferral Agreement to record Deferrals allocated to such Account by the Participant and which are payable upon the Participant's Separation from Service as set forth in Section 6.3. The Committee may limit the number of Separation Accounts that may be maintained at any one time by a Participant, as set forth in the Plan's enrollment materials.
- 2.34 Separation from Service. Separation from Service means an Employee's termination of employment with the Employer and all Affiliates.

Except in the case of an Employee on a bona fide leave of absence as provided below, an Employee is deemed to have incurred a Separation from Service if the Employer and the Employee reasonably anticipated that the level of services to be performed by the Employee after a date certain would be reduced to 20% or less of the average services rendered by the Employee during the immediately preceding 36-month period (or the total period of employment, if less than 36 months), disregarding periods during which the Employee was on a bona fide leave of absence.

An Employee who is absent from work due to military leave, sick leave, or other bona fide leave of absence shall incur a Separation from Service on the first date immediately following the later of: (i) the six month anniversary of the commencement of the leave, or (ii) the expiration of the Employee's right, if any, to reemployment under statute or contract.

If a Participant ceases to provide services as an Employee and begins providing services as an independent contractor for the Employer, a Separation from Service shall occur only if the parties anticipate that the level of services to be provided as an independent contractor are such that a Separation from Service would have occurred if the Employee had continued to provide services at that level as an Employee. If, in accordance with the preceding sentence, no Separation from Service occurs as of the date the individual's employment status changes, a Separation from Service shall occur thereafter only upon the 12-month anniversary of the date all contracts with the Employer have expired, provided the Participant does not perform services for the Employer during that time.

For purposes of determining whether a Separation from Service has occurred, the Employer means the Employer as defined in Section 2.22 of the Plan, except that in applying Code sections 1563(a)(1), (2) and (3) for purposes of determining whether another organization is an Affiliate of the Company under Code Section 414(b), and in applying Treasury Regulation Section 1.414(c)-2 for purposes of determining whether another organization is an Affiliate of the Company under Code Section 414(c), "at least 50 percent" shall be used instead of "at least 80 percent" each place it appears in those sections.

The Committee specifically reserves the right to determine whether a sale or other disposition of substantial assets to an unrelated party constitutes a Separation from

Matthews International Corporation Management Deferred Compensation Plan

Service with respect to a Participant providing services to the seller immediately prior to the transaction and providing services to the buyer after the transaction.

- 2.35 Specified Date Account. Specified Date Account means an Account established by the Committee to record the amounts payable in a future year as specified in the Participant's Compensation Deferral Agreement. The Committee may limit the number of Specified Date Accounts that may be maintained at any one time by a Participant, as set forth in the Plan's enrollment materials.
- 2.36 Unforeseeable Emergency. Unforeseeable Emergency means a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, the Participant's dependent (as defined in Code section 152, without regard to section 152(b)(1), (b)(2), and (d)(1)(B)), or a Beneficiary; loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance, for example, as a result of a natural disaster); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The types of events which may qualify as an Unforeseeable Emergency may be limited by the Committee.
- 2.37 Valuation Date. Valuation Date means each Business Day.

Article III

Eligibility and Participation

- 3.1 Eligibility and Participation. All Eligible Employees may enroll in the Plan. Eligible Employees become Participants on the first to occur of (i) the date on which the first Compensation Deferral Agreement becomes irrevocable under Article IV, or (ii) the date Company Contributions are credited to an Account on behalf of such Eligible Employee.
- 3.2 Duration. Only Eligible Employees may submit Compensation Deferral Agreements during an enrollment and receive Company Contributions during the Plan Year. A Participant who is no longer an Eligible Employee but has not incurred a Separation from Service will not be allowed to submit Compensation Deferral Agreements but may otherwise exercise all of the rights of a Participant under the Plan with respect to his or her Account(s). On and after a Separation from Service, a Participant shall remain a Participant as long as his or her Account Balance is greater than zero (0). All Participants, regardless of employment status, will continue to be credited with Earnings and during such time may continue to make allocation elections as provided in Section 7.4. An individual shall cease being a Participant in the Plan when his Account has been reduced to zero (0).

Matthews International Corporation Management Deferred Compensation Plan

- 3.3 Rehires. An Eligible Employee who Separates from Service and who subsequently resumes performing services for an Employer in the same calendar year (regardless of eligibility) will have his or her Compensation Deferral Agreement for such year, if any, reinstated, but his or her eligibility to participate in the Plan in years subsequent to the year of rehire shall be governed by the provisions of Section 3.1.

Article IV

Deferrals

4.a Deferral Elections, Generally.

- (a) An Eligible Employee may make an initial election to defer Compensation by submitting a Compensation Deferral Agreement during the enrollment periods established by the Committee and in the manner specified by the Committee, but in any event, in accordance with Section 4.2. Unless an earlier date is specified in the Compensation Deferral Agreement, deferral elections with respect to a Compensation source (such as salary, bonus or other Compensation) become irrevocable on the latest date applicable to such Compensation source under Section 4.2.
- (b) A Compensation Deferral Agreement that is not timely filed with respect to a service period or component of Compensation, or that is submitted by a Participant who Separates from Service prior to the latest date such agreement would become irrevocable under Section 409A, shall be considered null and void and shall not take effect with respect to such item of Compensation. The Committee may modify or revoke any Compensation Deferral Agreement prior to the date the election becomes irrevocable under the rules of Section 4.2.
 - i.
- (c) The Committee may permit different deferral amounts for each component of Compensation and may establish a minimum or maximum deferral amount for each such component. Unless otherwise specified by the Committee in the Compensation Deferral Agreement, Participants may defer a minimum of 1% and up to a maximum of 75% of their base compensation and a minimum of 1% and up to a maximum of 100% of bonus, commissions, or other Compensation earned during a Plan Year.
- (d) Deferrals of cash Compensation shall be calculated with respect to the gross cash Compensation payable to the Participant prior to any deductions or withholdings, but shall be reduced by the Committee as necessary so as not to exceed 100% of the cash Compensation of the Participant remaining after deduction of all required income and employment taxes, required employee benefit deductions, deferrals to 401(k) plans and other deductions required by law. Changes to payroll

Matthews International Corporation Management Deferred Compensation Plan

withholdings that affect the amount of Compensation being deferred to the Plan shall be allowed only to the extent permissible under Code Section 409A.

- (e) The Eligible Employee shall specify on his or her Compensation Deferral Agreement the amount of Deferrals and whether to allocate Deferrals to the Retirement Account or to one or more Flex Accounts. If no designation is made, Deferrals shall be allocated to the Retirement Account.

4.2 Timing Requirements for Compensation Deferral Agreements.

- (a) *Initial Eligibility.* The Committee may permit an Eligible Employee to defer Compensation earned in the first year of eligibility. The Compensation Deferral Agreement must be filed within 30 days after attaining Eligible Employee status and becomes irrevocable not later than the 30th day.

A Compensation Deferral Agreement filed under this paragraph applies to Compensation earned after the date that the Compensation Deferral Agreement becomes irrevocable.

- (b) *Prior Year Election.* Except as otherwise provided in this Section 4.2, the Committee may permit an Eligible Employee to defer Compensation by filing a Compensation Deferral Agreement no later than December 31 of the year prior to the year in which the Compensation to be deferred is earned. A Compensation Deferral Agreement filed under this paragraph shall become irrevocable with respect to such Compensation not later than the December 31 filing deadline.
- (c) *Performance-Based Compensation.* The Committee may permit an Eligible Employee to defer Compensation which qualifies as Performance-Based Compensation by filing a Compensation Deferral Agreement no later than the date that is six months before the end of the applicable performance period, provided that:
 - (i) the Participant performs services continuously from the later of the beginning of the performance period or the date the performance criteria are established through the date the Compensation Deferral Agreement is submitted; and
 - (ii) the Compensation is not readily ascertainable as of the date the Compensation Deferral Agreement is filed.

Any election to defer Performance-Based Compensation that is made in accordance with this paragraph and that becomes payable as a result of the Participant's death or disability (as defined in Treas. Reg. Section 1.409A-1(e)) or

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upon a change in control (as defined in Treas. Reg. Section 1.409A-3(i)(5)) prior to the satisfaction of the performance criteria, will be void unless it would be considered timely under another rule described in this Section.

- (d) *Certain Forfeitable Rights.* With respect to a legally binding right to a payment in a subsequent year that is subject to a forfeiture condition requiring the Participant's continued services for a period of at least 12 months from the date the Participant obtains the legally binding right, the Committee may permit an Eligible Employee to defer such Compensation by filing a Compensation Deferral Agreement on or before the 30th day after the legally binding right to the Compensation accrues, provided that the Compensation Deferral Agreement is submitted at least 12 months in advance of the earliest date on which the forfeiture condition could lapse. The Compensation Deferral Agreement described in this paragraph becomes irrevocable not later than such 30th day. If the forfeiture condition applicable to the payment lapses before the end of such 12-month period as a result of the Participant's death or disability (as defined in Treas. Reg. Section 1.409A-3(i)(4)) or upon a change in control (as defined in Treas. Reg. Section 1.409A-3(i)(5)), the Compensation Deferral Agreement will be void unless it would be considered timely under another rule described in this Section.
- (e) *"Evergreen" Deferral Elections.* The Committee, in its discretion, may provide that Compensation Deferral Agreements will continue in effect for subsequent years or performance periods by communicating that intention to Participants in writing prior to the date Compensation Deferral Agreements become irrevocable under this Section 4.2. An evergreen Compensation Deferral Agreement may be revoked or modified in writing prospectively by the Participant or the Committee with respect to Compensation for which such election remains revocable under this Section 4.2.

A Compensation Deferral Agreement is deemed to be revoked for subsequent years if the Participant is not an Eligible Employee as of the last permissible date for making elections under this Section 4.2 or if the Compensation Deferral Agreement is cancelled in accordance with Section 4.6.

- 4.3 Allocation of Deferrals. A Compensation Deferral Agreement may allocate Deferrals to the Retirement Account or to one or more Flex Accounts. The Committee may, in its discretion, establish in a written communication during enrollment a minimum deferral period for the establishment of a Specified Date Account (for example, the second Plan Year following the year Compensation is first allocated to such Accounts). In the event a Participant's Compensation Deferral Agreement allocates a component of Compensation to a Specified Date Account that commences payment in the year such Compensation is earned, the Compensation Deferral Agreement shall be deemed to allocate the Deferral to

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the Participant's Specified Date Account having the next earliest payment year. If the Participant has no other Specified Date Accounts, the Committee will allocate the Deferral to the Retirement Account.

- 4.4 Deductions from Pay. The Committee has the authority to determine the payroll practices under which any component of Compensation subject to a Compensation Deferral Agreement will be deducted from a Participant's Compensation.
- 4.5 Vesting. Participant Deferrals of cash Compensation shall be 100% vested at all times. Deferrals of vesting awards of Compensation shall become vested in accordance with the provisions of the underlying award.
- 4.6 Cancellation of Deferrals. The Committee may cancel a Participant's Deferrals: (i) for the balance of the Plan Year in which an Unforeseeable Emergency occurs, and (ii) during periods in which the Participant is unable to perform the duties of his or her position or any substantially similar position due to a mental or physical impairment that can be expected to result in death or last for a continuous period of at least six months, provided cancellation occurs by the later of the end of the taxable year of the Participant or the 15th day of the third month following the date the Participant incurs the disability (as defined in this paragraph (ii)).

Article V

Company Contributions

5.1 Discretionary Company Contributions. A Participating Employer may, from time to time in its sole and absolute discretion, credit *Company Matching Contributions* or *Discretionary Company Contributions* or other contributions to any Participant in any amount determined by the Participating Employer. Company Contributions are credited to the Participant's Retirement Account or the Company Contribution Account. Discretionary Company Contributions are credited at the sole discretion of the Compensation Committee of the Board.

The fact that a Company Contribution is credited in one year shall not obligate the Participating Employer to continue to make such Company Contributions in subsequent years or to the same Participant(s) or in any amount. Company Contributions need not be uniform among Participants.

- 5.2 Vesting. Company Matching Contributions shall be 100% vested at all times. Discretionary Company Contributions vest according to the schedule specified by the Committee on or before the time the contributions are made.

All Company Contributions become 100% vested, if while employed by an Employer, a Participant dies, becomes disabled, his or her Employer experiences a change in control as determined by the Company.

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The portion of a Participant's Accounts that remain unvested upon a Separation from Service shall be forfeited.

Article VI

Payments from Accounts

- 6.1 General Rules. The vested portion of a Participant's Accounts shall become payable upon the first to occur of the payment events applicable to such Account under Sections 6.2 through 6.6.

Payment events and Payment Schedules elected by the Participant shall be set forth in a valid Compensation Deferral Agreement that establishes the Account to which such elections apply in accordance with Article IV or in a valid modification election applicable to such Account as described in Section 6.9.

Payment amounts are based on Account Balances as of the last Valuation Date of the month next preceding the month actual payment is made.

- 6.2 Specified Date Accounts.

Commencement. Payment is made or begins in the calendar year designated by the Participant.

Form of Payment. Payment will be made in a lump sum, unless the Participant elected to receive annual installments up to 5 years.

- 6.3 Separation from Service. Upon a Participant's Separation from Service other than death, the Participant is entitled to receive his or her vested Retirement Account, vested Separation Accounts, the vested Account Balances of all Specified Date Accounts that have not commenced payment under Section 6.2, and any Company Contribution Account.

Commencement. The Retirement Account, all Separation Accounts and the Company Contribution Account payable under this Section 6.3 will be paid or commence payment in the seventh month following the month in which Separation from Service occurs.

Specified Date Accounts payable under this Section 6.3 commence payment at the same time as the Retirement Account.

Form of Payment. The Retirement Account, Separation Accounts and Company Contribution Account will be paid in a single lump sum unless the Participant elected with respect to an Account to receive annual installments up to 10 years. Specified Date Accounts will be paid in the form of payment elected for the Retirement Account.

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Change of Control Option. The Retirement Account, Separation Accounts and Company Contribution Account will be paid in a lump sum within 30 days of a Change in Control if elected by the Participant in a valid Compensation Deferral Agreement that establishes the Account to which such elections apply in accordance with Article IV.

6.4 Death. Notwithstanding anything to the contrary in this Article VI, upon the death of the Participant (regardless of whether such Participant is an Employee at the time of death), all remaining vested Account Balances shall be paid to his or her Beneficiary in a single lump sum no later than December 31 of the calendar year following the year of the Participant's death.

(a) *Designation of Beneficiary in General.* The Participant shall designate a Beneficiary in the manner and on such terms and conditions as the Committee may prescribe. No such designation shall become effective unless filed with the Committee during the Participant's lifetime. Any designation shall remain in effect until a new designation is filed with the Committee; provided, however, that in the event a Participant designates his or her spouse as a Beneficiary, such designation shall be automatically revoked upon the dissolution of the marriage unless, following such dissolution, the Participant submits a new designation naming the former spouse as a Beneficiary. A Participant may from time to time change his or her designated Beneficiary without the consent of a previously-designated Beneficiary by filing a new designation with the Committee.

(b) *No Beneficiary.* If a designated Beneficiary does not survive the Participant, or if there is no valid Beneficiary designation, amounts payable under the Plan upon the death of the Participant shall be paid to the Participant's spouse, or if there is no surviving spouse, then to the duly appointed and currently acting personal representative of the Participant's estate.

6.5 Unforeseeable Emergency. A Participant who experiences an Unforeseeable Emergency may submit a written request to the Committee to receive payment of all or any portion of his or her vested Accounts. If the emergency need cannot be relieved by cessation of Deferrals to the Plan, the Committee may approve an emergency payment therefrom not to exceed the amount reasonably necessary to satisfy the need, taking into account the additional compensation that is available to the Participant as the result of cancellation of deferrals to the Plan, including amounts necessary to pay any taxes or penalties that the Participant reasonably anticipates will result from the payment. The amount of the emergency payment shall be subtracted from the Separation Accounts and then from the Specified Date Accounts, starting with the Account having the latest commencement date until fully distributed, then continuing in this manner with the next latest Account until the full amount of the distribution is made. Emergency payments shall be paid in a single lump sum within the 90-day period following the date the payment is approved by the

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Committee. The Committee may specify that Deferrals will be distributed before any Company Contributions.

- 6.6 Administrative Cash-Out of Small Balances. Notwithstanding anything to the contrary in this Article VI, the Committee may at any time and without regard to whether a payment event has occurred, direct in writing an immediate lump sum payment of the Participant's Accounts if the balance of such Accounts, combined with any other amounts required to be treated as deferred under a single plan pursuant to Code Section 409A, does not exceed the applicable dollar amount under Code Section 402(g)(1)(B), provided any other such aggregated amounts are also distributed in a lump sum at the same time.
- 6.7 Acceleration of or Delay in Payments. Notwithstanding anything to the contrary in this Article VI, the Committee, in its sole and absolute discretion, may elect to accelerate the time or form of payment of an Account, provided such acceleration is permitted under Treas. Reg. Section 1.409A-3(j)(4). The Committee may also, in its sole and absolute discretion, delay the time for payment of an Account, to the extent permitted under Treas. Reg. Section 1.409A-2(b)(7).
- 6.8 Rules Applicable to Installment Payments. If a Payment Schedule specifies installment payments, payments will be made beginning as of the payment commencement date for such installments and shall continue to be made in each subsequent payment period until the number of installment payments specified in the Payment Schedule has been paid. The amount of each installment payment shall be determined by dividing (a) by (b), where (a) equals the Account Balance as of the last Valuation Date in the month preceding the month of payment and (b) equals the remaining number of installment payments. For purposes of Section 6.9, installment payments will be treated as a single payment. If an Account is payable in installments, the Account will continue to be credited with Earnings in accordance with Article VII hereof until the Account is completely distributed.
- 6.9 Modifications to Payment Schedules. A Participant may modify the Payment Schedule elected by him or her with respect to an Account, consistent with the permissible Payment Schedules available under the Plan for the applicable payment event, provided such modification complies with the requirements of this Section 6.9.
- (a) *Time of Election.* The modification election must be submitted to the Committee not less than 12 months prior to the date payments would have commenced under the Payment Schedule in effect prior to modification (the "Prior Election").
 - (b) *Date of Payment under Modified Payment Schedule.* The date payments are to commence under the modified Payment Schedule must be no earlier than five years after the date payment would have commenced under the Prior Election. Under no circumstances may a modification election result in an acceleration of

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payments in violation of Code Section 409A. If the Participant modifies only the form, and not the commencement date for payment, payments shall commence on the fifth anniversary of the date payment would have commenced under the Prior Election.

- (c) *Irrevocability; Effective Date.* A modification election is irrevocable when filed and becomes effective 12 months after the filing date.
- (d) *Effect on Accounts.* An election to modify a Payment Schedule is specific to the Account or payment event to which it applies, and shall not be construed to affect the Payment Schedules or payment events of any other Accounts.

Article VII

Valuation of Account Balances; Investments

- 7.1 Valuation. Deferrals shall be credited to appropriate Accounts on the date such Compensation would have been paid to the Participant absent the Compensation Deferral Agreement. Valuation of Accounts shall be performed under procedures approved by the Committee.
- 7.2 Earnings Credit. Each Account will be credited with Earnings on each Business Day, based upon the Participant's investment allocation among a menu of investment options selected in advance by the Committee, in accordance with the provisions of this Article VII ("investment allocation").
- 7.3 Investment Options. Investment options will be determined by the Committee. The Committee, in its sole discretion, shall be permitted to add or remove investment options from the Plan menu from time to time, provided that any such additions or removals of investment options shall not be effective with respect to any period prior to the effective date of such change.
- 7.4 Investment Allocations. A Participant's investment allocation constitutes a deemed, not actual, investment among the investment options comprising the investment menu. At no time shall a Participant have any real or beneficial ownership in any investment option included in the investment menu, nor shall the Participating Employer or any trustee acting on its behalf have any obligation to purchase actual securities as a result of a Participant's investment allocation. A Participant's investment allocation shall be used solely for purposes of adjusting the value of a Participant's Account Balances.
A Participant shall specify an investment allocation for each of his Accounts in accordance with procedures established by the Committee. Allocation among the investment options must be designated in increments of 1%. The Participant's investment allocation will become effective on the same Business Day or, in the case of investment allocations received after a time specified by the Committee, the next Business Day.

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A Participant may change an investment allocation on any Business Day, both with respect to future credits to the Plan and with respect to existing Account Balances, in accordance with procedures adopted by the Committee. Changes shall become effective on the same Business Day or, in the case of investment allocations received after a time specified by the Committee, the next Business Day, and shall be applied prospectively.

- 7.5 Unallocated Deferrals and Accounts. If the Participant fails to make an investment allocation with respect to an Account, such Account shall be invested in an investment option, the primary objective of which is the preservation of capital, as determined by the Committee.
- 7.6 Valuations Final After 180 Days. The Participant shall have 180 days following the Valuation Date on which the Participant failed to receive the full amount of Earnings and to file a claim under Article XI for the correction of such error.

Article VIII

Administration

- 8.1 Plan Administration. This Plan shall be administered by the Committee which shall have discretionary authority to make, amend, interpret and enforce all appropriate rules and regulations for the administration of this Plan and to utilize its discretion to decide or resolve any and all questions, including but not limited to eligibility for benefits and interpretations of this Plan and its terms, as may arise in connection with the Plan. Claims for benefits shall be filed with the Committee and resolved in accordance with the claims procedures in Article XI.
- 8.2 Administration Upon Change in Control. Upon a change in control affecting the Company, the Committee, as constituted immediately prior to such change in control, shall continue to act as the Committee. The Committee, by a vote of a majority of its members, shall have the authority (but shall not be obligated) to appoint an independent third party to act as the Committee. For purposes of this Section 8.2, a “change in control” means a change in control within the meaning of the rabbi trust agreement associated with the Plan or if no such definition is provided, the term shall have the meaning under Code Section 409A.

Upon such change in control, the Company may not remove the Committee or its members, unless a majority of Participants and Beneficiaries with Account Balances consent to the removal and replacement of the Committee. Notwithstanding the foregoing, the Committee shall not have authority to direct investment of trust assets under any rabbi trust described in Section 10.2.

The Participating Employers shall, with respect to the Committee identified under this Section: (i) pay all reasonable expenses and fees of the Committee, (ii) indemnify the Committee (including individuals serving as Committee members) against any costs,

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expenses and liabilities including, without limitation, attorneys' fees and expenses arising in connection with the performance of the Committee's duties hereunder, except with respect to matters resulting from the Committee's gross negligence or willful misconduct, and (iii) supply full and timely information to the Committee on all matters related to the Plan, any rabbi trust, Participants, Beneficiaries and Accounts as the Committee may reasonably require.

- 8.3 Withholding. The Participating Employer shall have the right to withhold from any payment due under the Plan (or with respect to any amounts credited to the Plan) any taxes required by law to be withheld in respect of such payment (or credit). Withholdings with respect to amounts credited to the Plan shall be deducted from Compensation that has not been deferred to the Plan.
- 8.4 Indemnification. The Participating Employers shall indemnify and hold harmless each employee, officer, director, agent or organization, to whom or to which are delegated duties, responsibilities, and authority under the Plan or otherwise with respect to administration of the Plan, including, without limitation, the Committee, its delegees and its agents, against all claims, liabilities, fines and penalties, and all expenses reasonably incurred by or imposed upon him or it (including but not limited to reasonable attorney fees) which arise as a result of his or its actions or failure to act in connection with the operation and administration of the Plan to the extent lawfully allowable and to the extent that such claim, liability, fine, penalty, or expense is not paid for by liability insurance purchased or paid for by the Participating Employer. Notwithstanding the foregoing, the Participating Employer shall not indemnify any person or organization if his or its actions or failure to act are due to gross negligence or willful misconduct or for any such amount incurred through any settlement or compromise of any action unless the Participating Employer consents in writing to such settlement or compromise.
- 8.5 Delegation of Authority. In the administration of this Plan, the Committee may, from time to time, employ agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with legal counsel who shall be legal counsel to the Company.
- 8.6 Binding Decisions or Actions. The decision or action of the Committee in respect of any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations thereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

Article IX

Amendment and Termination

- 9.1 Amendment and Termination. The Company may at any time and from time to time amend the Plan or may terminate the Plan as provided in this Article IX. Each

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Participating Employer may also terminate its participation in the Plan.

- 9.2 Amendments. The Company, by action taken by its Board of Directors, may amend the Plan at any time and for any reason, provided that any such amendment shall not reduce the vested Account Balances of any Participant accrued as of the date of any such amendment or restatement (as if the Participant had incurred a voluntary Separation from Service on such date). The Board of Directors of the Company may delegate to the Committee the authority to amend the Plan without the consent of the Board of Directors for the purpose of: (i) conforming the Plan to the requirements of law; (ii) facilitating the administration of the Plan; (iii) clarifying provisions based on the Committee's interpretation of the Plan documents; and (iv) making such other amendments as the Board of Directors may authorize. No amendment is needed to revise the list of Participating Employers set forth on Schedule A attached hereto.
- 9.3 Termination. The Company, by action taken by its Board of Directors, may terminate the Plan and pay Participants and Beneficiaries their Account Balances in a single lump sum at any time, to the extent and in accordance with Treas. Reg. Section 1.409A-3(j)(4)(ix).
- 9.4 Accounts Taxable Under Code Section 409A. The Plan is intended to constitute a plan of deferred compensation that meets the requirements for deferral of income taxation under Code Section 409A. The Committee, pursuant to its authority to interpret the Plan, may sever from the Plan or any Compensation Deferral Agreement any provision or exercise of a right that otherwise would result in a violation of Code Section 409A. Notwithstanding any provision of the Plan to the contrary, in no event shall the Committee or Board (or any member thereof), or the Company or Employer (or any of their employees, officers, directors or affiliates) have any liability to any Participant (or any other person) due to the failure of the Plan to satisfy the requirements of Section 409A or any other applicable law.

Article X

Informal Funding

- 10.1 General Assets. Obligations established under the terms of the Plan may be satisfied from the general funds of the Participating Employers, or a trust described in this Article X. No Participant, spouse or Beneficiary shall have any right, title or interest whatever in assets of the Participating Employers. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between the Participating Employers and any Employee, spouse, or Beneficiary. To the extent that any person acquires a right to receive payments hereunder, such rights are no greater than the right of an unsecured general creditor of the Participating Employer.
- 10.2 Rabbi Trust. A Participating Employer may, in its sole discretion, establish a grantor trust, commonly known as a rabbi trust, as a vehicle for accumulating assets to pay

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benefits under the Plan. Payments under the Plan may be paid from the general assets of the Participating Employer or from the assets of any such rabbi trust. Payment from any such source shall reduce the obligation owed to the Participant or Beneficiary under the Plan.

- 10.3 **Limitation.** Notwithstanding anything in this Plan to the contrary, only a Participant's common law employer is responsible for the payment of benefits hereunder. No other entity, Employer or Affiliate will be responsible for any such payment.

Article XI

Claims

- 11.1 **Filing a Claim.** Any controversy or claim arising out of or relating to the Plan shall be filed in writing with the Committee which shall make all determinations concerning such claim. Any claim filed with the Committee and any decision by the Committee denying such claim shall be in writing and shall be delivered to the Participant or Beneficiary filing the claim (the "Claimant"). Notice of a claim for payments shall be delivered to the Committee within 90 days of the latest date upon which the payment could have been timely made in accordance with the terms of any elections made by the Participant, the Plan and Code Section 409A, and if not paid, the Participant or Beneficiary must file a claim under this Article XI not later than 180 days after such latest date. If the Participant or Beneficiary fails to file a timely claim, the Participant's claim will be forever barred, with the effect that any amounts to which he or she may have been entitled to receive under the claim will not be owed.
- (a) *In General.* Notice of a denial of benefits (other than claims based on disability) will be provided within 90 days of the Committee's receipt of the Claimant's claim for benefits. If the Committee determines that it needs additional time to review the claim, the Committee will provide the Claimant with a notice of the extension before the end of the initial 90-day period. The extension will not be more than 90 days from the end of the initial 90-day period and the notice of extension will explain the special circumstances that require the extension and the date by which the Committee expects to make a decision.
- (b) *Disability Benefits.* Notice of denial of claims based on disability will be provided within forty-five (45) days of the Committee's receipt of the Claimant's claim for disability benefits. If the Committee determines that it needs additional time to review the disability claim, the Committee will provide the Claimant with a notice of the extension before the end of the initial 45-day period. If the Committee determines that a decision cannot be made within the first extension period due to matters beyond the control of the Committee, the time period for making a determination may be further extended for an additional 30 days. If such an additional extension is necessary, the Committee shall notify the Claimant prior to the expiration of the initial 30-day extension. Any notice of extension shall indicate the circumstances necessitating the extension of time, the date by which

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the Committee expects to furnish a notice of decision, the specific standards on which such entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim and any additional information needed to resolve those issues. A Claimant will be provided a minimum of 45 days to submit any necessary additional information to the Committee. In the event that a 30-day extension is necessary due to a Claimant's failure to submit information necessary to decide a claim, the period for furnishing a notice of decision shall be tolled from the date on which the notice of the extension is sent to the Claimant until the earlier of the date the Claimant responds to the request for additional information or the response deadline.

- (c) *Contents of Notice.* If a claim for benefits is completely or partially denied, notice of such denial shall be in writing. Any electronic notification shall comply with the standards imposed by Department of Labor Regulation 29 CFR 2520.104b-1(c)(1)(i), (iii), and (iv). The notice of denial shall set forth the specific reasons for denial in plain language. The notice shall: (i) cite the pertinent provisions of the Plan document, and (ii) explain, where appropriate, how the Claimant can perfect the claim, including a description of any additional material or information necessary to complete the claim and why such material or information is necessary. The claim denial also shall include an explanation of the claims review procedures and the time limits applicable to such procedures, including the right to appeal the decision, the deadline by which such appeal must be filed and a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse decision on appeal and the specific date by which such a civil action must commence under Section 11.4.

In the case of a complete or partial denial of a disability benefit claim, the notice shall provide such information and shall be communicated in the manner required under applicable Department of Labor regulations.

- 11.2 Appeal of Denied Claims. A Claimant whose claim has been completely or partially denied shall be entitled to appeal the claim denial by filing a written appeal with a committee designated to hear such appeals (the "Appeals Committee"). A Claimant who timely requests a review of the denied claim (or his or her authorized representative) may review, upon request and free of charge, copies of all documents, records and other information relevant to the denial and may submit written comments, documents, records and other information relating to the claim to the Appeals Committee. All written comments, documents, records, and other information shall be considered "relevant" if the information: (i) was relied upon in making a benefits determination, (ii) was submitted, considered or generated in the course of making a benefits decision regardless of whether it was relied upon to make the decision, or (iii) demonstrates compliance with administrative processes and safeguards established for making benefit decisions. The review shall take into account all comments, documents, records, and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The Appeals

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Committee may, in its sole discretion and if it deems appropriate or necessary, decide to hold a hearing with respect to the claim appeal.

- (a) *In General.* Appeal of a denied benefits claim (other than a disability benefits claim) must be filed in writing with the Appeals Committee no later than 60 days after receipt of the written notification of such claim denial. The Appeals Committee shall make its decision regarding the merits of the denied claim within 60 days following receipt of the appeal (or within 120 days after such receipt, in a case where there are special circumstances requiring extension of time for reviewing the appealed claim). If an extension of time for reviewing the appeal is required because of special circumstances, written notice of the extension shall be furnished to the Claimant prior to the commencement of the extension. The notice will indicate the special circumstances requiring the extension of time and the date by which the Appeals Committee expects to render the determination on review. The review will take into account comments, documents, records and other information submitted by the Claimant relating to the claim without regard to whether such information was submitted or considered in the initial benefit determination.
- (b) *Disability Benefits.* Appeal of a denied disability benefits claim must be filed in writing with the Appeals Committee no later than 180 days after receipt of the written notification of such claim denial. The review shall be conducted in accordance with applicable Department of Labor regulations.

The Appeals Committee shall make its decision regarding the merits of the denied claim within 45 days following receipt of the appeal (or within 90 days after such receipt, in a case where there are special circumstances requiring extension of time for reviewing the appealed claim). If an extension of time for reviewing the appeal is required because of special circumstances, written notice of the extension shall be furnished to the Claimant prior to the commencement of the extension. The notice will indicate the special circumstances requiring the extension of time and the date by which the Appeals Committee expects to render the determination on review. Following its review of any additional information submitted by the Claimant, the Appeals Committee shall render a decision on its review of the denied claim.

- (c) *Contents of Notice.* If a benefits claim is completely or partially denied on review, notice of such denial shall be in writing. Any electronic notification shall comply with the standards imposed by Department of Labor Regulation 29 CFR 2520.104b-1(c)(1)(i), (ii), and (iv). Such notice shall set forth the reasons for denial in plain language.

The decision on review shall set forth: (i) the specific reason or reasons for the denial, (ii) specific references to the pertinent Plan provisions on which the denial is based, (iii) a statement that the Claimant is entitled to receive, upon request and

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free of charge, reasonable access to and copies of all documents, records, or other information relevant (as defined above) to the Claimant's claim, and (iv) a statement of the Claimant's right to bring an action under Section 502(a) of ERISA, following an adverse decision on review and the specific date by which such a civil action must commence under Section 11.4.

For the denial of a disability benefit, the notice will also include such additional information and be communicated in the manner required under applicable Department of Labor regulations.

- 11.3 Claims Appeals Upon Change in Control. Upon a change in control, the Appeals Committee, as constituted immediately prior to such change in control, shall continue to act as the Appeals Committee. The Company may not remove any member of the Appeals Committee, but may replace resigning members if 2/3rds of the members of the Board of Directors of the Company and a majority of Participants and Beneficiaries with Account Balances consent to the replacement. For purposes of this Section 11.3, a "change in control" means a change in control within the meaning of the rabbi trust agreement associated with the Plan or if no such definition is provided, the term shall have the meaning under Code Section 409A.

The Appeals Committee shall have the exclusive authority at the appeals stage to interpret the terms of the Plan and resolve appeals under the Claims Procedure.

Each Participating Employer shall, with respect to the Committee identified under this Section: (i) pay its proportionate share of all reasonable expenses and fees of the Appeals Committee, (ii) indemnify the Appeals Committee (including individual committee members) against any costs, expenses and liabilities including, without limitation, attorneys' fees and expenses arising in connection with the performance of the Appeals Committee hereunder, except with respect to matters resulting from the Appeals Committee's gross negligence or willful misconduct, and (iii) supply full and timely information to the Appeals Committee on all matters related to the Plan, any rabbi trust, Participants, Beneficiaries and Accounts as the Appeals Committee may reasonably require.

- 11.4 Legal Action. A Claimant may not bring any legal action, including commencement of any arbitration, relating to a claim for benefits under the Plan unless and until the Claimant has timely and completely followed the claims procedures under the Plan and exhausted his or administrative remedies under Sections 11.1 and 11.2. Failure to completely and timely follow the claims procedures under the Plan means all legal actions will be permanently barred. No legal action may be brought more than twelve (12) months following the notice of denial of benefits under Section 11.2.

If a Participant or Beneficiary prevails in a legal proceeding brought under the Plan to enforce the rights of such Participant or any other similarly situated Participant or Beneficiary, in whole or in part, the Participating Employer shall reimburse such

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Participant or Beneficiary for all legal costs, expenses, attorneys' fees and such other liabilities incurred as a result of such proceedings. If the legal proceeding is brought in connection with a change in control as defined in Section 11.3, the Participant or Beneficiary may file a claim directly with the trustee for reimbursement of such costs, expenses and fees. For purposes of the preceding sentence, the amount of the claim shall be treated as if it were an addition to the Participant's or Beneficiary's Account Balance and will be included in determining the Participating Employer's trust funding obligation under Section 10.2.

11.5 Discretion of Appeals Committee. All interpretations, determinations and decisions of the Appeals Committee with respect to any claim shall be made in its sole discretion, and shall be final and conclusive.

11.6 Arbitration.

- (a) *Prior to Change in Control.* If, prior to a change in control as defined in Section 11.3, any claim or controversy between a Participating Employer and a Participant or Beneficiary is not resolved through the claims procedure set forth in Article XI, such claim shall be submitted to and resolved exclusively by expedited binding arbitration by a single arbitrator. Arbitration shall be conducted in accordance with the following procedures:

The complaining party shall promptly send written notice to the other party identifying the matter in dispute and the proposed remedy. Following the giving of such notice, the parties shall meet and attempt in good faith to resolve the matter. In the event the parties are unable to resolve the matter within 21 days, the parties shall meet and attempt in good faith to select a single arbitrator acceptable to both parties. If a single arbitrator is not selected by mutual consent within ten Business Days following the giving of the written notice of dispute, an arbitrator shall be selected from a list of nine persons each of whom shall be an attorney who is either engaged in the active practice of law or recognized arbitrator and who, in either event, is experienced in serving as an arbitrator in disputes between employers and employees, which list shall be provided by the main office of either JAMS, the American Arbitration Association ("AAA") or the Federal Mediation and Conciliation Service. If, within three Business Days of the parties' receipt of such list, the parties are unable to agree on an arbitrator from the list, then the parties shall each strike names alternatively from the list, with the first to strike being determined by the flip of a coin. After each party has had four strikes, the remaining name on the list shall be the arbitrator. If such person is unable to serve for any reason, the parties shall repeat this process until an arbitrator is selected.

Unless the parties agree otherwise, within 60 days of the selection of the arbitrator, a hearing shall be conducted before such arbitrator at a time and a place agreed upon by the parties. In the event the parties are unable to agree upon the

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time or place of the arbitration, the time and place shall be designated by the arbitrator after consultation with the parties. Within 30 days of the conclusion of the arbitration hearing, the arbitrator shall issue an award, accompanied by a written decision explaining the basis for the arbitrator's award.

In any arbitration hereunder, the Participating Employer shall pay all administrative fees of the arbitration and all fees of the arbitrator, except that the Participant or Beneficiary may, if he/she/it wishes, pay up to one-half of those amounts. Each party shall pay its own attorneys' fees, costs, and expenses, unless the arbitrator orders otherwise. The prevailing party in such arbitration, as determined by the arbitrator, and in any enforcement or other court proceedings, shall be entitled, to the extent permitted by law, to reimbursement from the other party for all of the prevailing party's costs (including but not limited to the arbitrator's compensation), expenses, and attorneys' fees. The arbitrator shall have no authority to add to or to modify this Plan, shall apply all applicable law, and shall have no lesser and no greater remedial authority than would a court of law resolving the same claim or controversy. The arbitrator shall have no authority to add to or to modify this Plan, shall apply all applicable law, and shall have no lesser and no greater remedial authority than would a court of law resolving the same claim or controversy. The arbitrator shall, upon an appropriate motion, dismiss any claim without an evidentiary hearing if the party bringing the motion establishes that it would be entitled to summary judgment if the matter had been pursued in court litigation.

The parties shall be entitled to discovery as follows: Each party may take no more than three depositions. The Participating Employer may depose the Participant or Beneficiary plus two other witnesses, and the Participant or Beneficiary may depose the Participating Employer, pursuant to Rule 30(b)(6) of the Federal Rules of Civil Procedure, plus two other witnesses. Each party may make such reasonable document discovery requests as are allowed in the discretion of the arbitrator.

The decision of the arbitrator shall be final, binding, and non-appealable, and may be enforced as a final judgment in any court of competent jurisdiction.

This arbitration provision of the Plan shall extend to claims against any parent, subsidiary, or affiliate of each party, and, when acting within such capacity, any officer, director, shareholder, Participant, Beneficiary, or agent of any party, or of any of the above, and shall apply as well to claims arising out of state and federal statutes and local ordinances as well as to claims arising under the common law or under this Plan.

Notwithstanding the foregoing, and unless otherwise agreed between the parties, either party may apply to a court for provisional relief, including a temporary restraining order or preliminary injunction, on the ground that the arbitration

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award to which the applicant may be entitled may be rendered ineffectual without provisional relief.

Any arbitration hereunder shall be conducted in accordance with the Federal Arbitration Act: provided, however, that, in the event of any inconsistency between the rules and procedures of the Act and the terms of this Plan, the terms of this Plan shall prevail.

If any of the provisions of this Section 11.6(a) are determined to be unlawful or otherwise unenforceable, in the whole part, such determination shall not affect the validity of the remainder of this section and this section shall be reformed to the extent necessary to carry out its provisions to the greatest extent possible and to insure that the resolution of all conflicts between the parties, including those arising out of statutory claims, shall be resolved by neutral, binding arbitration. If a court should find that the provisions of this Section 11.6(a) are not absolutely binding, then the parties intend any arbitration decision and award to be fully admissible in evidence in any subsequent action, given great weight by any finder of fact and treated as determinative to the maximum extent permitted by law.

The parties do not agree to arbitrate any putative class action or any other representative action. The parties agree to arbitrate only the claims(s) of a single Participant or Beneficiary.

- (b) *Upon Change in Control.* Upon a change in control as defined in Section 11.3, Section 11.6(a) shall not apply and any legal action initiated by a Participant or Beneficiary to enforce his or her rights under the Plan may be brought in any court of competent jurisdiction. Notwithstanding the Appeals Committee's discretion under Sections 11.3 and 11.5, the court shall apply a de novo standard of review to any prior claims decision under Sections 11.1 through 11.3 or any other determination made by the Company, its Board of Directors, a Participating Employer, the Committee, or the Appeals Committee.

Article XII

General Provisions

- 12.1 Assignment. No interest of any Participant, spouse or Beneficiary under this Plan and no benefit payable hereunder shall be assigned as security for a loan, and any such purported assignment shall be null, void and of no effect, nor shall any such interest or any such benefit be subject in any manner, either voluntarily or involuntarily, to anticipation, sale, transfer, assignment or encumbrance by or through any Participant, spouse or Beneficiary. Notwithstanding anything to the contrary herein, however, the Committee has the discretion to make payments to an alternate payee in accordance with the terms of a domestic relations order (as defined in Code Section 414(p)(1)(B)).

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The Company may assign any or all of its liabilities under this Plan in connection with any restructuring, recapitalization, sale of assets or other similar transactions affecting a Participating Employer without the consent of the Participant.

- 12.2 No Legal or Equitable Rights or Interest. No Participant or other person shall have any legal or equitable rights or interest in this Plan that are not expressly granted in this Plan. Participation in this Plan does not give any person any right to be retained in the service of the Participating Employer. The right and power of a Participating Employer to dismiss or discharge an Employee is expressly reserved. The Participating Employers make no representations or warranties as to the tax consequences to a Participant or a Participant's beneficiaries resulting from a deferral of income pursuant to the Plan.
- 12.3 No Employment Contract. Nothing contained herein shall be construed to constitute a contract of employment between an Employee and a Participating Employer.
- 12.4 Notice. Any notice or filing required or permitted to be delivered to the Committee under this Plan shall be delivered in writing, in person, or through such electronic means as is established by the Committee. Notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Written transmission shall be sent by certified mail to:

**MATTHEWS INTERNATIONAL CORPORATION
TWO NORTHSORE CENTER
PITTSBURGH, PA 15212 ATTN: HUMAN RESOURCES**

Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing or hand-delivered, or sent by mail to the last known address of the Participant.

- 12.5 Headings. The headings of Sections are included solely for convenience of reference, and if there is any conflict between such headings and the text of this Plan, the text shall control.
- 12.6 Invalid or Unenforceable Provisions. If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof and the Committee may elect in its sole discretion to construe such invalid or unenforceable provisions in a manner that conforms to applicable law or as if such provisions, to the extent invalid or unenforceable, had not been included.
- 12.7 Lost Participants or Beneficiaries. Any Participant or Beneficiary who is entitled to a benefit from the Plan has the duty to keep the Committee advised of his or her current mailing address. If benefit payments are returned to the Plan or are not presented for payment after a reasonable amount of time, the Committee shall presume that the payee is missing. The Committee, after making such efforts as in its discretion it deems reasonable

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and appropriate to locate the payee, shall stop payment on any uncashed checks and may discontinue making future payments until contact with the payee is restored. If the Committee is unable to locate the Participant or Beneficiary after five years of the date payment is scheduled to be made, provided that a Participant's Account shall not be credited with Earnings following the first anniversary of such date on which payment is to be made and further provided, however, that such benefit shall be reinstated, without further adjustment for interest, if a valid claim is made by or on behalf of the Participant or Beneficiary for all or part of the forfeited benefit.

- 12.8 Facility of Payment to a Minor. If a distribution is to be made to a minor, or to a person who is otherwise incompetent, then the Committee may, in its discretion, make such distribution without responsibility to follow the application of amounts so distributed: (i) to the legal guardian, or if none, to a parent of a minor payee with whom the payee maintains his or her residence, or (ii) to the conservator or committee or, if none, to the person having custody of an incompetent payee or (iii) a person holding power of attorney. Any such distribution shall fully discharge the Committee, the Company, and the Plan from further liability on account thereof.
- 12.9 Governing Law. To the extent not preempted by ERISA, the laws of the State of Pennsylvania shall govern the construction and administration of the Plan.
- 12.10 Compliance With Code Section 409A; No Guarantee. This Plan is intended to be administered in compliance with Code Section 409A and each provision of the Plan shall be interpreted consistent with Code Section 409A. Although intended to comply with Code Section 409A, this Plan shall not constitute a guarantee to any Participant or Beneficiary that the Plan in form or in operation will result in the deferral of federal or state income tax liabilities or that the Participant or Beneficiary will not be subject to the additional taxes imposed under Section 409A. No Employer shall have any legal obligation to a Participant with respect to taxes imposed under Code Section 409A.

IN WITNESS WHEREOF, the undersigned executed this Plan as of the 8th day of November, 2021, to be effective as of the Effective Date.

MATTHEWS INTERNATIONAL CORPORATION

By: Ronald C. Awenowicz _____ (Print Name)

Its: Senior Vice President Human Resources _____ (Title)

/s/ Ronald C. Awenowicz _____ (Signature)

Matthews International Corporation Management Deferred Compensation Plan

Schedule A
Participating Employers

Matthews International Corporation

CERTIFICATION
PRINCIPAL EXECUTIVE OFFICER

I, Joseph C. Bartolacci, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Matthews International Corporation;
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 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 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 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.

Date: January 27, 2023

/s/Joseph C. Bartolacci

Joseph C. Bartolacci
President and
Chief Executive Officer

CERTIFICATION
PRINCIPAL FINANCIAL OFFICER

I, Steven F. Nicola, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Matthews International Corporation;
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 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 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 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.

Date: January 27, 2023

/s/Steven F. Nicola

Steven F. Nicola
Chief Financial Officer
and Secretary

Certification Pursuant to 18 U.S.C. Section 1350,

As Adopted Pursuant to

Section 906 of The Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Matthews International Corporation (the "Company") on Form 10-Q for the period ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph C. Bartolacci, Chief Executive Officer, certify, to the best of my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/Joseph C. Bartolacci

Joseph C. Bartolacci,
President and Chief Executive Officer

January 27, 2023

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Matthews International Corporation and will be retained by Matthews International Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Certification Pursuant to 18 U.S.C. Section 1350,

As Adopted Pursuant to

Section 906 of The Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Matthews International Corporation (the "Company") on Form 10-Q for the period ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven F. Nicola, Chief Financial Officer, certify, to the best of my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/Steven F. Nicola

Steven F. Nicola,
Chief Financial Officer and Secretary

January 27, 2023

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Matthews International Corporation and will be retained by Matthews International Corporation and furnished to the Securities and Exchange Commission or its staff upon request.