



Matthews

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Second Quarter Fiscal 2022 Earnings Teleconference April 29, 2022

Joseph C. Bartolacci
President and Chief Executive Officer

Steven F. Nicola
Chief Financial Officer

DISCLAIMER

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

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

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

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

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



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**FINANCIAL
OVERVIEW**

Q2 2022 SUMMARY

(\$ in millions except per-share amounts)

Q2	Q2 2021	Q2 2022
Sales	\$ 417.2	\$ 445.0
Diluted (L)EPS	\$ 0.16	\$ (0.06)
Non-GAAP Adjusted EPS*	\$ 0.89	\$ 0.74
Net (Loss) Income Attributable to Matthews	\$ 5.0	\$ (1.9)
Adjusted EBITDA*	\$ 60.9	\$ 55.2

YTD	YTD 2021	YTD 2022
Sales	\$ 803.8	\$ 883.6
Diluted (L)EPS	\$ 0.10	\$ (0.68)
Non-GAAP Adjusted EPS*	\$ 1.57	\$ 1.48
Net (Loss) Income Attributable to Matthews	\$ 3.2	\$ (21.7)
Adjusted EBITDA*	\$ 115.7	\$ 108.5

Highlights

Sales

- Record for quarterly sales
- Higher sales across all segments

GAAP EPS

- Both periods impacted by amortization expense
- Current quarter reflects asset write-downs related to Russia-Ukraine conflict
- Settlement of the Company's principal U.S. defined benefit plan significantly impacted current year-to-date earnings

Adjusted EPS

- Impacted primarily due to lower adjusted EBITDA
- Lower interest expense

Adjusted EBITDA

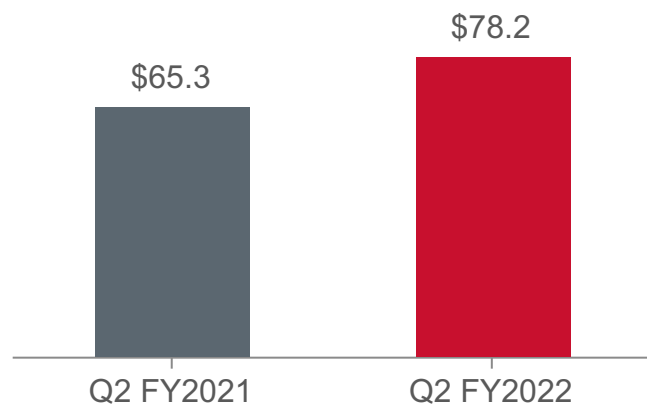
- Increased consolidated sales
- Significant material (commodity) cost increases, higher labor costs, and other inflationary cost increases

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

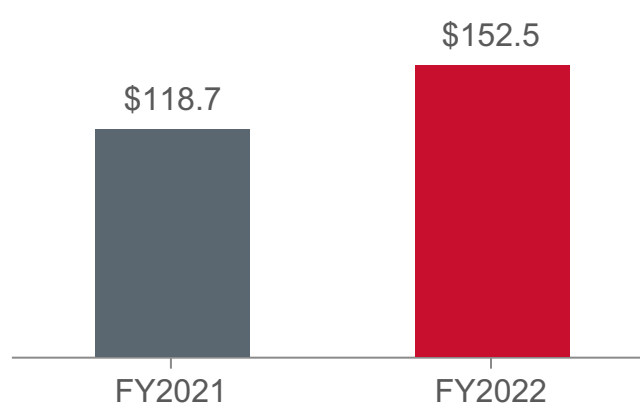
INDUSTRIAL TECHNOLOGIES

(\$ in millions)

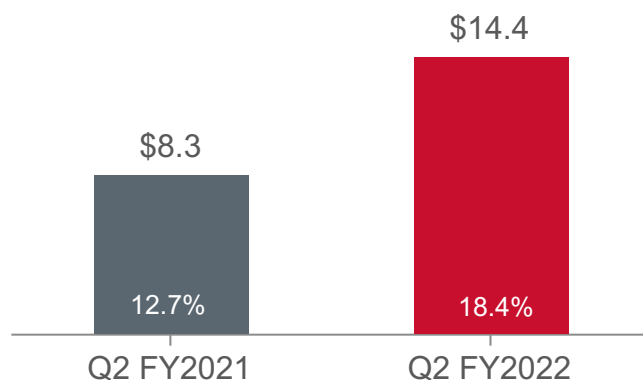
Q2 Sales



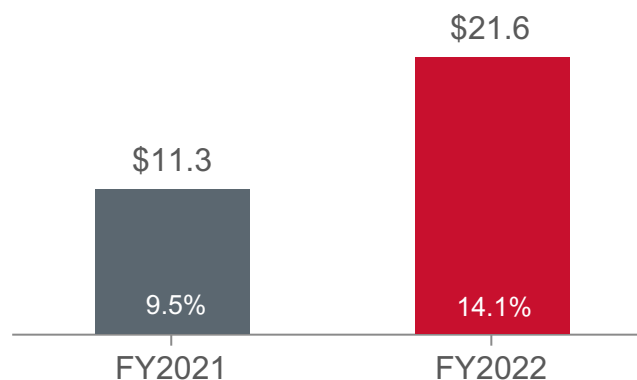
YTD Sales



Q2 Adjusted EBITDA & Margin*



YTD Adjusted EBITDA & Margin*



Sales

- Higher engineering (principally energy storage solutions), warehouse automation, and product identification sales

Adjusted EBITDA

- Growth impacted by higher sales
- Partially offset by higher labor and travel and entertainment costs

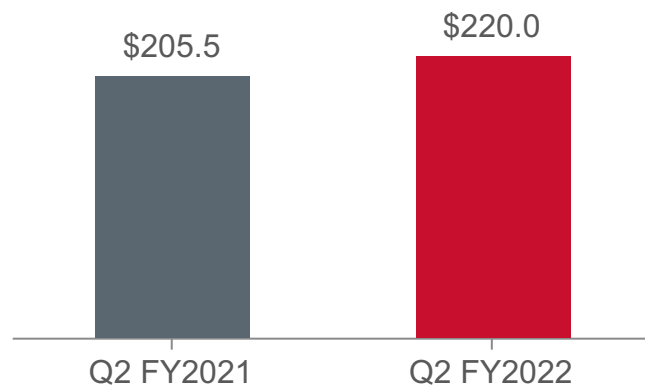
Note: Effective in the first quarter of fiscal 2022, the Company transferred its surfaces and engineered products businesses from the SGK Brand Solutions segment to the Industrial Technologies segment. This business segment change is consistent with internal management structure and reporting changes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

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

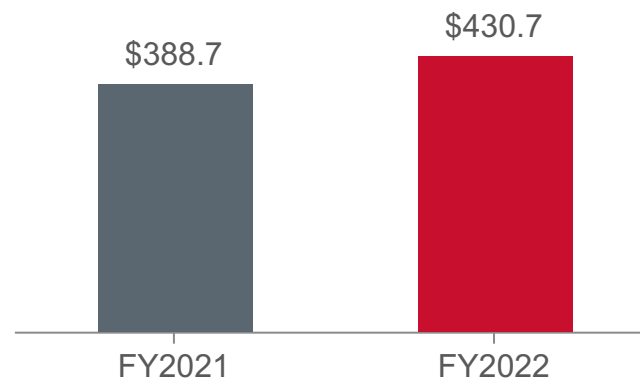
MEMORIALIZIZATION

(\$ in millions)

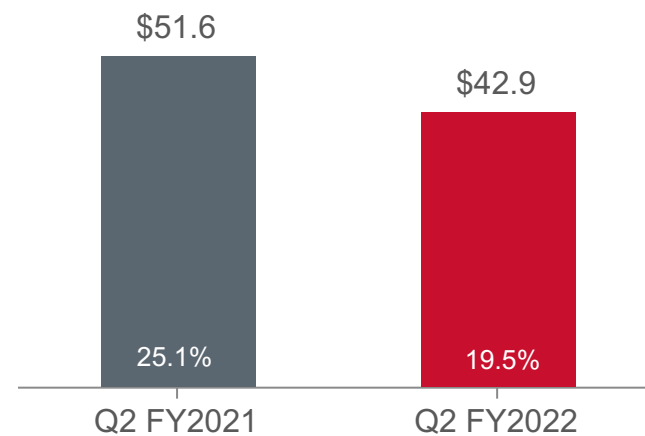
Q2 Sales



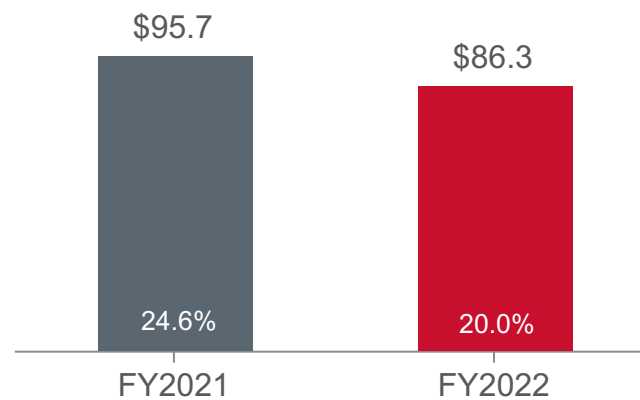
YTD Sales



Q2 Adjusted EBITDA & Margin*



YTD Adjusted EBITDA & Margin*



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

Sales

- Current year-to-date increased unit sales of caskets and bronze and granite memorial products, primarily due to COVID-19
- Improved price realization

Adjusted EBITDA

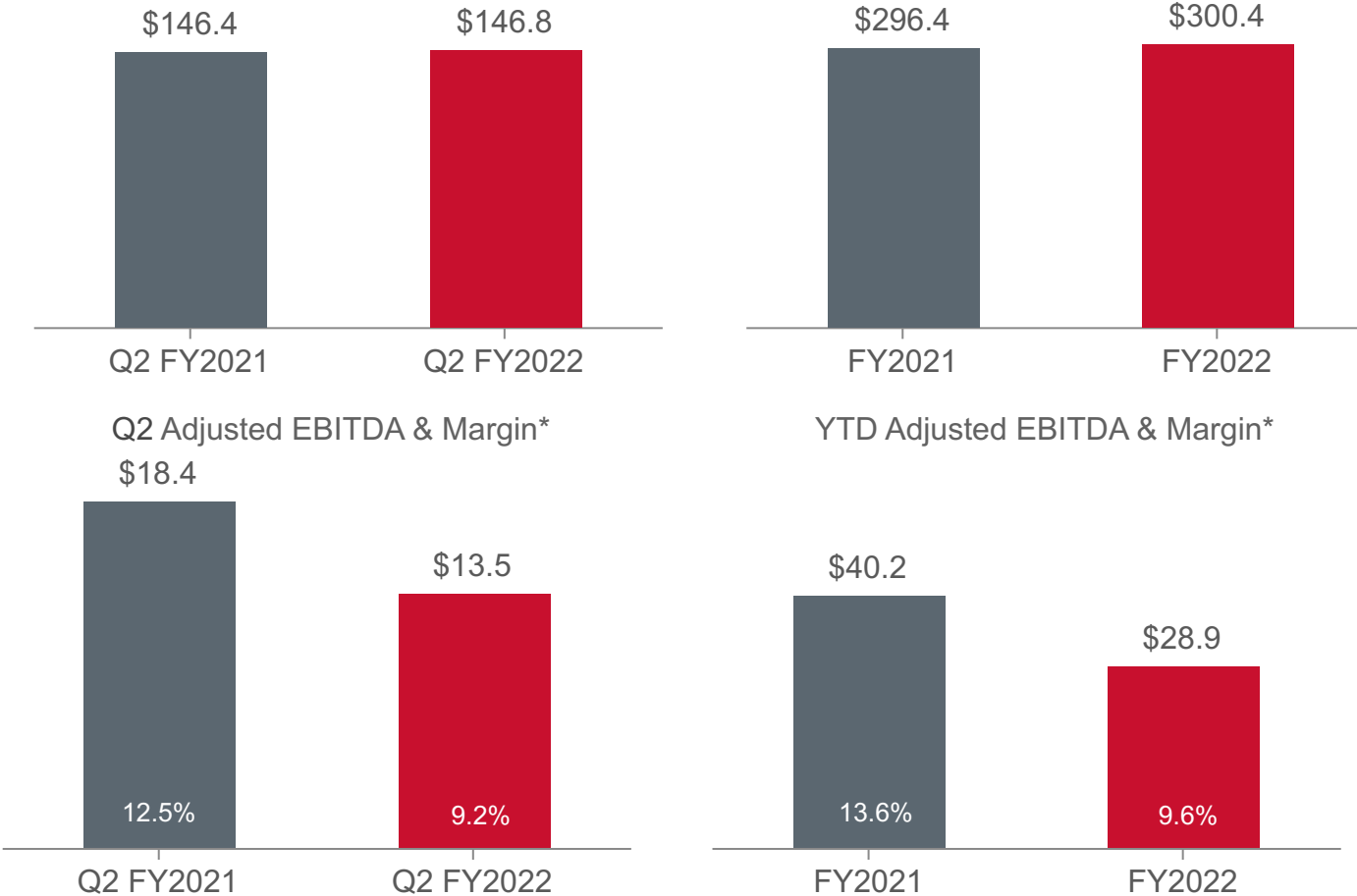
- Sales growth and improved pricing
- Higher commodity, labor and freight costs more than offset sales favorability

SGK BRAND SOLUTIONS

(\$ in millions)

Q2 Sales

YTD Sales



Sales

- Higher retail-based sales (principally merchandising solutions)
- Unfavorable currency impacts of \$7.0 million for the current quarter and \$9.4 million year-to-date

Adjusted EBITDA

- Impacted by unfavorable changes in sales mix, production inefficiencies related to onsite/remote-work transitions, and higher travel and entertainment costs

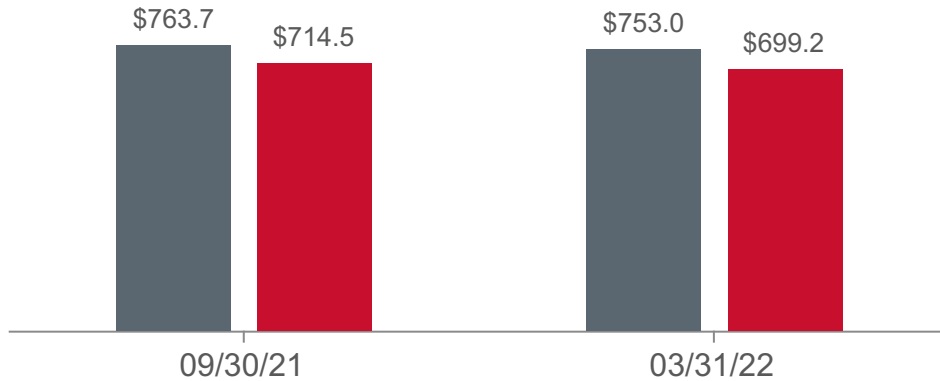
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CAPITALIZATION AND CASH FLOWS

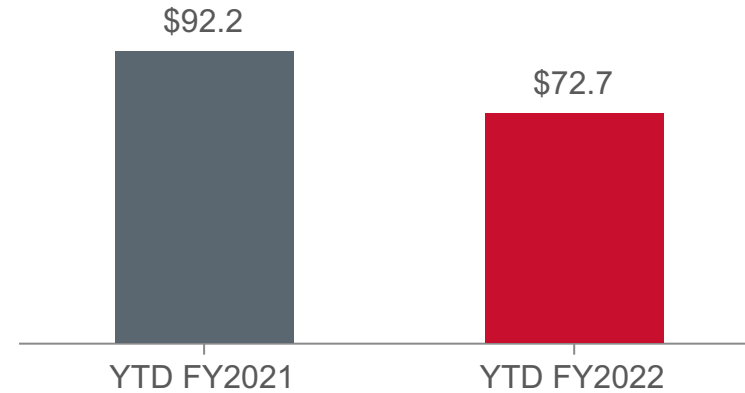
(\$ in millions)

Total Debt and Net Debt*



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

Operating Cash Flow



Cash



- FY'22 operating cash flow impacted by:
 - \$35.7 million contributions to the Company's principal defined benefit retirement plan
 - \$75.0 million of proceeds from the sale of receivables under a receivables purchase agreement
 - Increased fiscal year-end compensation-related payments
 - Higher inventory levels reflecting increased commodity costs
- Net Debt Leverage Ratio* 3.2 as of March 31, 2022
- Quarterly dividend of \$0.22/share, payable 5/23/2022

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



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BUSINESS OVERVIEW

BUSINESS UPDATE

INDUSTRIAL TECHNOLOGIES

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

MEMORIALIZATION

- Strong top line performance, particularly in cemetery and funeral home products
- Higher direct material, labor and freight costs expected for the balance of the fiscal year

SGK BRAND SOLUTIONS

- Delivered organic revenue growth during quarter
- Challenged by unfavorable currency and sales mix changes

OUTLOOK FOR FISCAL 2022

Key Drivers

- Company re-affirms FY 2022 outlook of at least \$220 million adjusted EBITDA
- Inflationary pressures / commodity costs remain a challenge
- War in Ukraine causing uncertainty
- Impact of currency rate changes
- Growth in Industrial Technologies; strong backlogs in many of our businesses
- Pricing actions taken to date



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**SUPPLEMENTAL
INFORMATION**

RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES

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

ADJUSTED EBITDA

NON-GAAP RECONCILIATION (Unaudited) (In thousands)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2022	2021	2022	2021
Net (loss) income	\$ (1,936)	\$ 5,152	\$ (21,746)	\$ 3,160
Income tax provision (benefit)	3,277	972	(3,351)	4,952
Income (loss) before income taxes	\$ 1,341	\$ 6,124	(25,097)	8,112
Net loss (income) attributable to noncontrolling interests	31	(163)	38	71
Interest expense	6,260	7,233	12,767	14,961
Depreciation and amortization *	23,724	35,179	57,225	62,530
Strategic initiatives and other charges ^{(1)**}	6,750	5,093	10,573	16,285
Non-recurring / incremental coronavirus disease 2019 ("COVID-19") costs ^{(2)***}	1,213	1,572	1,903	2,696
Defined benefit plan termination related items ⁽³⁾	(79)	—	347	—
Asset write-downs ⁽⁴⁾	10,486	—	10,486	—
Stock-based compensation	5,222	4,001	8,931	7,247
Non-service pension and postretirement expense ⁽⁵⁾	242	1,901	31,350	3,801
Total Adjusted EBITDA	\$ 55,190	\$ 60,940	\$ 108,523	\$ 115,703
<i>Adjusted EBITDA margin</i>	<i>12.4 %</i>	<i>14.6 %</i>	<i>12.3 %</i>	<i>14.4 %</i>

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

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

⁽³⁾ Represents 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.

⁽⁴⁾ Represents asset write-downs within the SGK Brand Solutions segment.

⁽⁵⁾ 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 \$14,060 and \$25,261 for the SGK Brand Solutions segment, \$5,803 and \$5,709 for the Memorialization segment, \$2,531 and \$2,880 for the Industrial Technologies segment, and \$1,330 and \$1,329 for Corporate and Non-Operating, for the three months ended March 31, 2022 and 2021, respectively. Depreciation and amortization was \$37,785 and \$43,109 for the SGK Brand Solutions segment, \$11,613 and \$11,178 for the Memorialization segment, \$5,184 and \$5,620 for the Industrial Technologies segment, and \$2,643 and \$2,623 for Corporate and Non-Operating, for the six months ended March 31, 2022 and 2021, respectively.

** Acquisition costs, ERP integration costs, and strategic initiatives and other charges were \$4,475 and \$2,865 for the SGK Brand Solutions segment, charges of \$516 and income of \$335 for the Memorialization segment, charges of \$161 and \$126 for the Industrial Technologies segment, and \$1,598 and \$2,437 for Corporate and Non-Operating, for the three months ended March 31, 2022 and 2021, respectively. Acquisition costs, ERP integration costs, and strategic initiatives and other charges were \$5,703 and \$7,561 for the SGK Brand Solutions segment, \$1,188 and \$795 for the Memorialization segment, \$193 and \$2,785 for the Industrial Technologies segment, and \$3,489 and \$5,144 for Corporate and Non-Operating, for the six months ended March 31, 2022 and 2021, respectively.

*** Non-recurring/incremental COVID-19 costs were \$170 and \$297 for the SGK Brand Solutions segment, \$579 and \$1,240 for the Memorialization segment, \$1 and \$12 for the Industrial Technologies segment, and \$463 and \$23 for Corporate and Non-Operating, for the three months ended March 31, 2022 and 2021, respectively. Non-recurring/incremental COVID-19 costs were \$390 and \$706 for the SGK Brand Solutions segment, \$1,043 and \$1,890 for the Memorialization segment, \$5 and \$30 for the Industrial Technologies segment, and \$465 and \$70 for Corporate and Non-Operating, for the six months ended March 31, 2022 and 2021, respectively.

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

ADJUSTED NET INCOME AND EARNINGS PER SHARE

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

	Three Months Ended March 31,				Six Months Ended March 31,			
	2022		2021		2022		2021	
	per share		per share		per share		per share	
Net (loss) income attributable to Matthews	\$ (1,905)	\$ (0.06)	\$ 4,989	\$ 0.16	\$ (21,708)	\$ (0.68)	\$ 3,231	\$ 0.10
Strategic initiatives and other charges ⁽¹⁾	4,965	0.16	4,272	0.13	7,974	0.24	14,116	0.44
Non-recurring / incremental COVID-19 costs ⁽²⁾	905	0.03	1,174	0.03	1,441	0.05	2,047	0.06
Defined benefit plan termination related costs ⁽³⁾	82	—	—	—	401	0.01	—	—
Asset write-downs ⁽⁴⁾	10,308	0.33	—	—	10,308	0.33	—	—
Non-service pension and postretirement expense ⁽⁵⁾	181	—	1,407	0.05	23,512	0.74	2,813	0.09
Amortization	8,964	0.28	16,968	0.52	25,124	0.79	28,231	0.88
Adjusted net income	\$ 23,500	\$ 0.74	\$ 28,810	\$ 0.89	\$ 47,052	\$ 1.48	\$ 50,438	\$ 1.57

Note: Adjustments to net income for non-GAAP reconciling items were calculated using an income tax rate of 16.9% and 22% for the three and six months ended March 31, 2022, respectively, and 26% for the three and six months ended March 31, 2021.

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

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

⁽³⁾ Represents 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.

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

NET DEBT AND NET DEBT LEVERAGE RATIO

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

	<u>March 31, 2022</u>	<u>September 30, 2021</u>
Long-term debt, current maturities	\$ 3,872	\$ 4,624
Long-term debt	749,092	759,086
Total debt	752,964	763,710
Less: Cash and cash equivalents	(53,777)	(49,176)
Net Debt	<u>\$ 699,187</u>	<u>\$ 714,534</u>
Adjusted EBITDA	\$ 220,570	\$ 227,750
Net Debt Leverage Ratio	<u>3.2</u>	<u>3.1</u>

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