

Operator: Greetings, and welcome to Matthews International Third Quarter Fiscal 2022 Financial Results Conference Call. As a reminder, this conference is being recorded.

I would now like to turn the conference over to your host, Bill Wilson, Senior Director of Corporate Development. Please go ahead, Sir.

Bill Wilson, Senior Director, Corporate Development: Thank you, Vikram. Good morning, everyone, and welcome to the Matthews International Third Quarter Fiscal Year 2022 Financial Results Conference Call.

This is Bill Wilson, Senior Director of Corporate Development. With me today are Joe Bartolacci, President and Chief Executive Officer, and Steve Nicola, our Chief Financial Officer.

Before we start, I would like to remind you that our earnings release was posted on our website, www.matw.com, in the Investors section last night. The presentation for our call can also be accessed in the Investors section of the website.

In addition, as a reminder, beginning in the first quarter of Fiscal '22, the Company transferred its surfaces and engineering products businesses from the SGK Brand Solutions segment to the Industrial Technologies segment. Prior period results reflect the new segmentation.

As a reminder, any forward-looking statements in connection with this discussion are being made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Factors that could cause the Company's results to differ from those discussed today are set forth in the Company's Annual Report on Form 10-K and other periodic filings with the SEC.

In addition, we will be discussing non-GAAP financial metrics and encourage you to read our disclosures and reconciliation tables carefully as you consider these metrics.

In connection with any forward-looking statements and non-GAAP financial information, please read the disclaimer included in today's presentation material located on our website.

Now, I'll turn the call over to Joe.

Joseph C. Bartolacci, President, Chief Executive Officer: Thanks, Bill. Good morning.

Our third quarter of Fiscal '22 continued to present us with several challenges that we have faced throughout the year, but several new challenges accelerated quickly. Inflationary pressures in all of our businesses have impacted profitability, while supply chain issues have continued to impact our ability to control the timing of some deliveries.

Additionally, during the quarter, we saw a rapid deterioration of the European market for our packaging business resulting from the progressively more challenging economic environment in that part of the world. The economic deterioration in Europe further drove the rapid decline in the Euro and the U.K. pound, negatively impacting our reported results.

SGK was also faced with a couple of significant in-store project cancellation and delays in other projects due to supply chain challenges at our clients or the inability of certain retailers to stock their stores, negating the need for in-store marketing. The combination of these challenges caused our SGK Brand Solutions segment to report very difficult results.

Although these challenges are not the result of client losses or in any way of our making, we expect them to impact the balance of the year. Nevertheless, the remainder of our businesses performed well in this

difficult environment. On a constant currency basis, again, our Industrial Technology segment reported growth and remains on track to deliver a very strong year in 2022.

More importantly, despite the continued positive performance, our order intake in this segment remained strong. Several significant orders in our energy business continued to progress well, while growing requests for proposals bode well for the future of this business. The recently announced acquisition of OLBRICH will add nicely to this segment as they add about \$20 million of energy-related orders in the previous year as well. Like us, they are seeing strong interest in their product offering which is complementary to our products. In some cases, are used by the same customers.

We have great hopes for this addition to our portfolio which adds significant coating line capabilities to our already proven calendaring and embossing product lines. Together, we offer several critical pieces of equipment used in the production of dry electrodes for the lithium-ion battery industry. I remind you that we are the only producers of production level equipment using the production of dry electrode technology, a significant differentiator and in our advantage.

Similarly, OLBRICH, like us, is seeing strong interest in hydrogen fuel cell production level equipment. We hope to speak about the success of our combined offerings more in the quarters to come.

Although we are yet unsure of how OLBRICH will perform in the near term, our energy business is expected to finish the year strong as orders remain strong. Similarly, in our product identification and in our warehouse automation business, we continue to see revenue and profit growth while order intake remains strong. Hardware delivery delays at several client warehouse sites slowed the installation of our automation systems, thus preventing us from having an even stronger quarter.

We expect these businesses to finish the year strong as well, since much of the work we perform has to be delivered by the beginning of our next quarter. Regardless of the timing of the deliveries, evidence of the quality of our automation system solution is demonstrable when you look at our clientless installed base, and we look forward to using our reputation and success to expand this business over time, thanks to the addition of the R+S Group, part of the OLBRICH acquisition.

R+S brings us both engineering skills and capabilities to increase our service and delivery levels here in the United States. But R+S also brings us a much sought-after presence internationally, which should help us to expand our geographic footprint there as well. In addition, R+S will expand our total addressable market further to include factory automation, where R+S has significant experience and capabilities with some of the world's largest companies.

In our Memorialization segment, we continue to have strong execution at all levels. Despite declining casketed deaths, our funeral home products business saw relatively consistent volumes when compared to prior years. Our revenues for this business are up over prior year due to price increases, but profitability is down as inflationary pressures outweighed the pricing we have achieved as anticipated.

Our cemetery products business, however, saw strong volume increases, coupled with price increases to offset the rising commodity costs. We expect this business to also finish the year strong, particularly since most of the revenue derived in this business are U.S.-based and thus not significantly impacted by currency.

All in all, we are not satisfied with our performance this quarter. As I have noted, however, much of the challenges we faced are geographically concentrated and not of our making. We hope economic conditions will be returned to a more normal state soon. Until then, however, we remain confident of our businesses and the opportunities before us. Given the challenges in Europe, however, we believe that our full year EBITDA guidance will be between \$200 million and \$210 million. We hope to do better, but many things remain unclear at this time.

Now, let me turn it over to Steve Nicola, our CFO.

Steven F. Nicola, *Chief Financial Officer*. Thank you, Joe, and good morning.

I'll begin the financial review with **Slide 7**.

For the Fiscal 2022 third quarter, we reported consolidated sales of \$421.7 million, compared to \$428.4 million for the third fiscal quarter last year. As Joe just noted, European market conditions and the corresponding impact on currency rates, particularly the euro and British pound significantly affected comparability to last year. Relative to the reported decrease in consolidated sales of \$6.7 million, the unfavorable impact of currency rate changes was \$17.6 million.

Memorialization sales were 10.2% higher for the current quarter compared with a year ago. Excluding currency impacts, Fiscal 2022 third quarter sales for the Industrial Technologies segment also improved relative to a year ago. Year-to-date, these segments reported sales growth of 10.6% and 15.2% respectively over last year.

On a GAAP basis, the Company reported net income of \$2.9 million, or \$0.09 per share, compared to \$3.4 million, or \$0.10 per share, for the same quarter last year. On a non-GAAP basis, Adjusted EBITDA, which represents net income before interest expense, income, taxes, depreciation, and amortization, and other adjustments for the Fiscal 2022 third quarter was \$46 million, compared to \$60 million last year.

Lower consolidated sales for the quarter combined with the impact of higher material costs increased labor and freight costs, and higher travel and entertainment expense were the primary factors in the year-over-year decline. In addition, currency rate changes had an unfavorable impact of \$2.5 million on consolidated Adjusted EBITDA for the current quarter compared with a year ago. Adjusted earnings per share was \$0.58 for the current quarter compared to \$0.91 last year, primarily reflecting the reduction in Adjusted EBITDA. Please see the reconciliations of Adjusted EBITDA and non-GAAP adjusted earnings per share in our earnings release.

Investment income for the quarter ended June 30, 2022, was \$59,000, compared to \$959,000 for the same quarter a year ago. Investment income primarily reflects the changes in the value of investments held in trust for certain of the Company's benefit plans.

Interest expense for the Fiscal 2022 third quarter was \$6.7 million, which was relatively consistent with the third fiscal quarter last year. Other income and deductions net for the quarter ended June 30, 2022, represented expense of \$448,000, compared with \$2.4 million a year ago. The significant change primarily reflected a reduction in non-service pension costs, as a result of the settlement of the Company's principal pension plan.

Year-to-date, other income and deductions net for Fiscal 2022 represented net expense of \$31.6 million, compared to \$6.8 million last year. The year-to-date change primarily reflected a significant first quarter charge in the current year as a result of the settlement of the Company's principal pension plan.

The Company's consolidated income tax expense for the quarter ended June 30, 2022, was \$1 million, compared to a benefit of \$2.3 million a year ago. The unfavorable change primarily reflected the benefit of tax items, discrete to the third quarter a year ago. For the nine months ended June 30, 2022, the Company's consolidated income taxes reflected a benefit of \$2.3 million, compared to expense of \$2.6 million last year. The benefit for the current year primarily reflected the tax benefit of the first quarter pension cost.

Please turn to **Slide 8** to begin a review of our segment results. Memorialization segment sales for the Fiscal 2022 third quarter were \$203.2 million, compared to \$184.3 million a year ago, representing an increase of \$18.8 million, or 10.2%. The growth was primarily the result of higher cemetery memorial

product sales and increased pricing to mitigate the effects of inflation. Current quarter casket unit sales volumes were relatively steady compared to a year ago, and U.S. cremation equipment sales were higher.

Memorialization segment Adjusted EBITDA for the Fiscal 2022 third quarter was \$32.1 million, compared to \$36.4 million a year ago. The favorable effect of higher sales was offset by the significant unfavorable impacts of higher material costs, mainly steel, lumber, and bronze compared to a year ago, as well as increased labor and freight costs and other inflationary costs increases.

Please turn to **Slide 9**. Sales for the Industrial Technology segment were \$78.4 million for the Fiscal 2022 third quarter, compared to \$81.8 million a year ago. Currency rates significantly affected comparability with last year. Relative to the reported decrease of \$3.4 million in the segment sales, the unfavorable impact of currency rate changes was \$5.1 million. Excluding currency, the segment sales improved from a year ago, primarily reflecting higher sales for the warehouse automation and product identification businesses. Backlogs and incoming order rates for these businesses continued to be solid through the Fiscal 2022 third quarter.

Year-to-date sales for the Industrial Technology segment were \$230.9 million for June 30, 2022, compared to \$200.5 million a year ago, representing an increase of 15.2%. Adjusted EBITDA for the Industrial Technology segment was \$11.8 million for the Fiscal 2022 third quarter, compared with \$12.2 million a year ago. Currency rate changes had an unfavorable impact of \$1 million on the segment's Adjusted EBITDA for the current quarter.

Excluding currency, the increase in warehouse automation and product identification sales and improved engineering models contributed to the current quarter Adjusted EBITDA. On a year-to-date basis, Adjusted EBITDA for the Industrial Technology segment increased approximately 42% over last year.

Please turn to **Slide 10**. Sales for the SGK Brand Solution segment were \$140.1 million for the quarter ended June 30, 2022, compared to \$162.2 million a year ago. The decrease primarily reflected the unfavorable impact of currency rate changes, primarily the euro and British pound, and weak market conditions in Europe. Currency rate changes had an unfavorable impact of \$10.9 million on the segment's current quarter sales, compared with the same quarter last year. Year-to-date sales for the segment were \$440.5 million for Fiscal 2022, compared to \$458.6 million last year. The unfavorable impact of currency rate changes was \$20.3 million dollars on a year-to-date basis.

Fiscal 2022 third quarter Adjusted EBITDA for the SGK Brand Solutions segment was \$14.5 million compared to \$27 million a year ago. The decline primarily reflected the impact of lower sales, increased labor costs, other inflationary cost increases, and higher travel and entertainment expenses.

Please turn to **Slide 11**. Cash Flow provided by operating activities for the Fiscal 2022 third quarter was \$11.6 million compared to \$14.7 million a year ago. Cash Flow provided by operating activities for the nine months ended June 30, 2022, was \$84.4 million, compared to \$106.9 million last year. The year-to-date change included a \$36 million contribution to the Company's principal pension plan during the Fiscal 2022 first quarter in connection with the plan's termination and settlement.

Outstanding debt was \$776 million at June 30, 2022, compared to \$763.7 million at September 30, 2021. Net debt, which represents debt less cash at June 30, 2022, was \$730.2 million and our net leverage ratio was 3.5 based on trailing 12 months Adjusted EBITDA. The leverage ratio covenant in our domestic credit facility is based on net debt. The increase in debt for the current year primarily reflected the reduction in operating cash flow and the impacts of higher capital expenditures and stock repurchases.

These increases were partially offset by the impact of the replacement of the Company securitization facility. In the Fiscal 2022 second quarter, we replaced our existing securitization facility with a

receivables purchase agreement that resulted in corresponding reductions in our outstanding debt and trade receivables balances.

Approximately 30.6 million shares were outstanding at June 30, 2022. During the Fiscal 2022 third quarter, the Company increased its level of share repurchase activity, as a result of the stock's recent trading values. During the current quarter, the Company purchased approximately 705,000 shares at a cost of \$21.8 million. Year-to-date, the Company has repurchased approximately 1.1 million shares at a cost of \$34 million. At June 30, 2022, the Company had remaining authorization of approximately 1.6 million shares under the program.

Finally, the Board this week declared a quarterly dividend of \$0.22 per share on the Company's common stock. The dividend is payable August 22, 2022, to stockholders of record August 8, 2022. This concludes the financial review, and we will now open the call to questions.

Operator: We have a first question from the line of Daniel Moore with CJS Securities. Please go ahead.

Daniel Moore, CJS Securities. Thank you. Good morning, Joe. Good morning, Steve.

Joseph C. Bartolacci: Good morning, Dan.

Daniel Moore: Maybe start with SGK Brand Solutions. Maybe just talk about the cadence of, obviously, a lot of headwinds and challenges this quarter. The cadence of margin recovery, how long you see that will take playing out, and maybe some of the steps that you can take in the coming quarters to get back to where we were maybe a quarter or two ago, and a quick follow-up or two. Thank you.

Joseph C. Bartolacci: Sure. When we look at SGK, Dan, as we said in the call, two principal areas that we had issues with. The largest part of it is Europe, we are faced with two challenges. They are, one, currency, which we don't control, and we don't know when, if, or how that's ever going to come back. Or for that matter, whether it gets worse. But the other part of it was just flat out drop off of volume.

Again, we noted that we did not lose any accounts whatsoever, there's just been a drying up of economic activity in that part of the world. We would expect that to come back. Every one of the clients we've spoken with have suggested this is a temporary pause and that would come back when things get a little bit better.

Is it next quarter? Right now, we're not seeing that, so I would expect it to be over the course of the next six months to 12 months that we'll get back to a more normalized rate of at current—whatever exchange rate it may be.

We are taking actions in the meantime; you'll see some of those come through to reduce the size of our footprint over there. But at the same time, I think that this—I hope that this quarter is an anomaly for that part of the world, and maybe another little bit of a challenge going next quarter.

The second part of the challenge, which is our brand business in-store marketing efforts. It is really a strange world, and you heard my commentary about clients unable—very large clients unable to get products to be able to be marketed, as well as others who can't staff their stores in order to be open, so therefore negating the need for in-store marketing efforts. I mean, these are unique challenges that are specific to this period of time we're operating in.

Again, clients there are long-standing, very large clients for us with reasonable margins that we expect that will return. It really is whether or not they can get product. That could come back as quickly as this quarter, it could come back in the quarter after that. It's difficult.

I'll give you a perfect example. We had a very large golf promotion going on across the United States at a large retail customer of ours. Couldn't get golf clubs out of China to be able to promote. Canceled. That happens precipitously. They've got to have the product. Others who were waiting to get photographs to be able to put on to websites and onto e-commerce sites, they couldn't get the product to shoot, so we've reduced our volumes there significantly. This is unique. It is not something that is inherent in the business as much as inherent in the operating environment we live in today.

Daniel Moore: That's really helpful. Maybe talk a little bit more about OLBRICH, what you've seen since closing the acquisition and what they bring to the table for you.

Joseph C. Bartolacci: First, we've not closed. We are hoping to close in the next couple of weeks. We announced the agreement. We have authorization at the European Union Trade Authority to close, so we expect that to happen in the next couple of weeks. But they bring significant additions to the puzzle. As I've said before, we have a longer-term goal of adding various componentry to the production line for the equipment used to produce dry electrode material. We also can use it for wet electrode as well.

As you read, more than we do I'm sure, both the United States and the European Union are highly focused on trying to bring that onshore. We think we are the leading player and leading options for onshoring, particularly when you exclude the Asians. At that point in time, we think this is a significant addition. They add coating lines and drying lines, things that we don't have which are critical parts of that process. We think that as we integrate that into our business, we will continue to expand our opportunities, either through partnership or through acquisition, the ability to deliver that dry electrode material going forward.

When it comes to R+S, which is a small part but a critical part. R+S represents an automation engineering group out of the Czech Republic, but they have offices elsewhere in the world. They bring significant skill sets, both in the ability to help us get our product, our current energy line off the lines, and produce those and respond, frankly, even to technical RFPs, which we have difficult time getting to because of how much is coming in.

But as I said in my commentary, the opportunity to expand both footprint and total addressable market in our warehouse automation, and basically become factory automation as well, we think this is a big add that we'll see the benefit of over time.

Our current warehouse automation business focuses principally out of the e-commerce side of the world of the North American markets, bringing that footprint to Europe, as well as elsewhere in the world where R+S can help us. As well as expanding in North America into factory automation, where R+S brings tremendous skill sets. We think it's a win-win. It's not going to happen overnight, as you might expect, but it is part of the puzzle that we think we needed for a while.

Daniel Moore: Very good. Lastly, at least for the moment, just in terms of raw material costs on the memorialization side, where are we in the process of pricing gains catching up with the raw material inflation we're seeing? Are you seeing any flattening or even declining in some of those key inputs that you described that might help margins in the coming quarters? Thanks.

Joseph C. Bartolacci: First, let's talk about memorialization's margins to help understand what's going on there. Our memorialization margins, when we look at our funeral home and cemetery products business, architectural products as well, remains at about 19%. This quarter, we had some fairly large charges in our European incineration business where we do waste-to-energy incineration. Those projects went negative for us from an accounting standpoint, because we have—once we are aware that there's a potential loss on a project, we need to recognize it at this time.

Several of those projects are large municipal projects that by contract have been going on for quite a while throughout the COVID period, and we're now feeling the impacts of commodity pressures, delays,

and everything else. Many of those contracts are in negotiation with those municipalities, although we don't have contractual rights, that obligate them to pay us, many of them have suggested a willingness to meet us along the way, knowing what has happened over the last several years. We hope to recover some of those charges going forward.

Can I count on that? No. But I believe we will see improvement out of that business next quarter and the quarters to come, bringing our overall memorialization margin back into that 20ish range that we have seen historically for a while.

A direct answer to your comments around commodity sides, we are starting to see some reduction in steel prices as well as in copper, the principal components of a couple of our businesses. Clearly on the steel side, it takes a long time to get through. We won't see that in this quarter or next. But we still continue to feel pressure on the wage side. Wages and turnover remain significant in a couple of those businesses, and we are having to meet that demand going forward.

We're coming up on—we've raised prices on that business. We're coming up into a period of time here where traditionally there have been price increases relative to a couple of those businesses. Some we lead and, in those cases, principally on the cemetery product side, we have covered all of our material costs shortfalls. On the funeral home side, we still lagged some of that. But from a positive standpoint, our volumes on funeral homes remain strong relative to prior year, despite the declining debt.

Daniel Moore: All right. Very helpful. I will circle back if there's anything else to cover. Thank you.

Operator: Thank you. We have a next question from the line of Liam Burke with B. Riley. Please go ahead.

Liam Burke, B. Riley Securities: Thank you. Good morning, Joe. Good morning, Steve.

Joseph C. Bartolacci: Hi, Liam.

Steven F. Nicola: Good morning.

Liam Burke: Joe, you touched on in-store display on SGK. Could you give us a sense how the rest of the domestic business for SGK has done?

Joseph C. Bartolacci: Yes, the rest of North America was fairly consistent with what we expected, down relative to prior year modestly. But even in North America—and for that matter, APAC. APAC and North America were down modestly. Most of those modest shortfalls were related to the mixed projects going through. As I said, this is an in-store marketing effort challenge, and Europe. Europe being a huge driver of the shortfall.

Liam Burke: Okay. On Cremation, you mentioned—or Steve mentioned in his prepared comments, the sales are up. Could you give us a sense as to how input costs are affecting that business, and that seems to be a pretty consistent grower for you?

Joseph C. Bartolacci: Well, it's an interesting situation in that business. We are having—we're a relatively small player when it comes to some of the components that are used in that particular business, principally burners and electronic controls. We have gone through multiple suppliers, throughout the COVID period, trying to meet the demand that we have out there.

As you know, throughout that period, prices have escalated materially. We've had obligations to substitute that. At the same time, we are having COVID outages, people not coming to work as a result of that. A significant turnover. But one of the most important parts of this has been that we have had situations where we are unable to pass along the price, because a well-run business like ours gets paid before we

ship product in North America. A little difficult to raise your price when I've already paid for it. That's one of the challenges we're having in North America.

The U.K. side of it, I just mentioned to you, is having the challenges from a performance standpoint related to several relatively large projects. We hope those begin to turn. From a positive standpoint, the incineration business continues to get a lot of demand. As we get through this struggle that we're dealing with, which is really been lingering since COVID started in that part of the world for us. We think this business will be a nice add and continue to grow as you've seen, Liam.

Liam Burke: Great. Thanks, Joe.

Operator: Thank you. We have a next question from the line of Justin Bergner with Gabelli Funds. Please go ahead.

Justin Bergner, Gabelli Funds. Good morning, Joe. Good morning, Steve. Good morning, Bill.

Steven F. Nicola: Good morning, Justin.

Joseph C. Bartolacci: Good morning.

Justin Bergner: I wanted to start and just maybe ask a little bit about the performance sequentially. If I look at the performance sequentially, SGK looks a little bit down in terms of sales and a little bit up in terms of EBITDA. Were you trying to suggest with the guidance that maybe SGK looks a little bit light this quarter, but the real weakness is going to come in the fourth quarter?

Conversely, Industrial Technologies looks flattish sequentially in terms of revenue and down in terms of EBITDA. Are you suggesting there that some of the headwinds are temporary and timing-related, and that's going to bounce back more in the fourth quarter?

Joseph C. Bartolacci: Let's take that in two parts. When it comes to SGK, we're expecting—the currency is an aside. We really don't know where currency is going, Justin. If you look at the euro drop and the precipitousness over the matter of 40 days, the decline you see, is that going to stop or is it going to continue? Difficult to tell. But SGK, I would tell you that is not—we don't expect it to get worse. In fact, we hope it gets better here over the course of the next quarter or two, as we move into the balance here from a sequential standpoint.

On the Industrial side, currency again, remember, when we look at Industrial, we break that into two parts, which is our Industrial Automation segment, as well as our energy surfaces and energy business that we have on the other side. The energy business is—and surface is all European for the most part, and currency took that down on a year-over-year revenue basis. When we look at—going through the next quarter, we expect both our Industrial Automation and our energy business to be strong and be up for the quarter.

Our guidance reflects, frankly, a couple of things. When we look at year-over-year, we're expecting currency to hit our bottom-line \$5 million, \$6 million, \$7 million from what we can tell today, and that's what we don't know. Then you couple with that a challenge for this quarter that we saw, particularly in SGK, we don't think that's going to—it's not like we're going to pick that back up next quarter.

Does that help?

Justin Bergner: Yes, that does help. Maybe you could just talk a little bit about some of the headwinds you felt in Industrial Technology in the third quarter. You mentioned some delay delays, maybe in the warehouse automation side. The margin looked a little bit light sequentially. What's (multiple speakers)

Joseph C. Bartolacci: There's two things (multiple speakers). Sure, let's talk about the warehouse side. On the warehouse side, the challenges that we've had—we've got a lot of backlog, a lot of orders in-house, and we're going to be able to deliver that—we hope to be able to deliver that this quarter.

Again, we've said this in the past, if my client can't get hardware, and that's conveyors, pickers, sorters, things of that nature that are not dependent on us. If they can't get those installed, we can't install our automation systems. That's what we saw a little bit of this quarter.

We expect, based on what we know today, to be able to deliver those solutions or at least on a percentage basis, deliver those solutions this quarter, because most of those projects that we have in the works have to be completed before the Christmas season. I expect that we're going to see an improvement on a year-over-year basis in our industrial automation business, and that's based on what we have in-house today.

On an energy side, we were down this quarter. We were. Currency exacerbated that being down. But that's timing. Look, these are very, very large projects. Those very large projects are recorded on a percentage of completion basis for revenue recognition and profitability. We expect those projects to timeout and improve over the course of this quarter, and we will then begin to fill the backlog again. We expect a better quarter on our fourth quarter for this business as well.

Justin Bergner: Okay. Great. Just finally on that. The sequential revenue, Industrial Technology was flat, the sequential EBITDA was down, was there a mix component to that or anything one-time-related worth highlighting?

Joseph C. Bartolacci: Justin, could you repeat that real quickly again? I missed the first part of that.

Justin Bergner: If I read the numbers correctly, the Industrial Technology revenue was flat sequentially, but the EBITDA was down sequentially, and I was just wondering if there was anything mix-related or one-time headwinds?

Joseph C. Bartolacci: It was a tough quarter last—it was a tough comparison from last year. Steve will have a comment to it. He might give you a little bit more detail.

Steven F. Nicola: Yes, Justin, actually that's the currency because of the mix of the currency hit us harder in Adjusted EBITDA that quarter. There was a million-dollar impact year-over-year, just currency-related in that business. If you put that million dollars back to the bottom-line, I think you'll true up on the comparability better.

Joseph C. Bartolacci: We can't overstate what is happening in Europe, both from a currency standpoint and from an economic standpoint.

Justin Bergner: Okay. Great. I'll throw one more in which is, can you say anything more specific about orders and backlogs on the Industrial Technology business? I know you don't quote a backlog number, but just to get a sense as to ...

Joseph C. Bartolacci: I'll give you a perspective on Industrial Technology as a whole group. We are still sitting at six months' or eight months' worth of backlog. It is a significant backlog at this time and orders continue to come in. On the energy side, which is the most—I will tell you that it has significant impact given the size of the potential projects. We're having difficulty keeping up with requests for proposals. It's that kind of situation.

Now, given the size, given the scope, and given the type of technology we operate in, these are not decisions that are made overnight, and I'm not going to lie to you that we might have a quarter that is comparatively significantly different than prior year. But it doesn't change the demand outlook for this

particular business. We have significant interest in it. One of the reasons we acquired OLBRICH is not just the complementary product line it adds, but it is the capacity to help us move through these orders more quickly than they've (inaudible).

Justin Bergner: Okay. Great. Thank you.

Operator: Thank you. We have a next question from the line of Daniel Moore with CJS Securities. Please go ahead.

Daniel Moore: Yes, just quickly, Steve, thoughts on free cash flow expectations for the remainder of this year and how you see Fiscal '23 shaping up. If not specific numbers, just broad strokes. Thanks.

Steven F. Nicola: You're welcome, Dan. Free cash flow for the fourth quarter should be somewhat comparable to a year ago. Just so you know, we are spending more with respect to capital expenditures this year. If you'll recall, during the COVID periods, Fiscal 2020, 2021, we really worked on constraining capital and, candidly, other spend during that period of time. You've seen in our results year-to-date, and I expect that to continue into the fourth quarter.

Secondarily, during the year of—well, two things. Our inventories have been building this year, I expect a little bit of that to continue into the fourth quarter as well. Commodity costs, as you would expect, those input costs also impact value of inventory. But also, as we recover from COVID, we are building back to more normal levels, particularly in our memorialization business. I would tell you those are the factors, in addition to Adjusted EBITDA, that will have the impact on operating cash flow into the fourth quarter.

With respect to free cash flow, I do expect us to still remain active on share repurchases. But given the level in the third quarter, , I also expect we will be turning our attention back to debt in the fourth quarter.

Daniel Moore: Got it. Thank you again.

Operator: Thank you. Ladies and gentlemen, we have reached the end of the question-and-answer session. I'd like to turn the call back to Steve Nicola for closing remarks. Over to you, sir.

Steven F. Nicola: Vikram, thank you. We'd like to thank everyone for participating in the call this morning, and we look forward to our fourth quarter earnings release and conference call in November. Thank you and have a good day.

Operator: Thank you very much, sir.

Ladies and gentlemen, this concludes today's conference. You may disconnect your lines at this time. Thank you for your participation.