

**Operator:** Greetings, and welcome to the Matthews International Corporation Fourth Quarter and Fiscal Year 2022 Financial Results.

At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. As a reminder, this conference is being recorded.

I would now like to turn the conference over to your host, Mr. Bill Wilson, Senior Director of Finance and Corporate Development, for Matthews International Corporation. Thank you. You may begin.

**Bill Wilson, Senior Director, Corporate Development:** Thank you, Melissa. Good morning, everyone, and welcome to the Matthews International Fourth Quarter and Fiscal Year End 2022 Conference Call.

This is Bill Wilson, Senior Director of Finance and 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](http://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 2022, the Company transferred its surfaces and engineering products businesses from the SGK Brand Solutions segment to the Industrial Technologies segment. Prior period results reflect this new segmentation.

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 before you consider these metrics.

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

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

**Joseph C. Bartolacci, President, Chief Executive Officer:** Thank you, Bill. Good morning.

I'm going to apologize in advance, I've got a bit of a head cold this morning, so if I have to break and clear my throat, you understand.

But, going forward, we are pleased with our Fiscal '22 results. Despite the continued headwinds that we faced, we exceeded the high end of our revised guidance that was adjusted at the beginning of the third quarter due to the economic impact on our European businesses stemming from the conflict in Ukraine. Our overall results were strong, despite headwinds highlighted by foreign exchange issues that impacted our year-over-year Adjusted EBITDA by over \$7 million, in addition to the zero contribution from several of our European businesses due to the regional economic conditions. Our EBITDA performance, adjusted for currency impacts, was in line with our initial guidance provided last year despite these challenges.

Moreover, as noted in our earnings release, we continue to make significant progress in our energy business, where we are anticipating significant orders from multiple customers in the coming months. We expect these orders will cover all aspects of our energy solutions business, including green mobility

solutions, like dry electrode and hydrogen fuel cell, as well as energy generation, like photovoltaic. Our products and services solve some of the most difficult challenges facing the energy storage industry today and, as a result, we are seeing a ramp-up in interest in our industry-leading capabilities, resulting in many of the most significant OEMs across the globe knocking on our doors. They recognize our extensive experience in roll-to-roll processing, the core of our specialized equipment, derived from our history in printing, which gives us a competitive advantage in the renewable energy market. We believe the increase in orders validates the significance of our solutions, in addition to the market's acknowledgement of the benefits to be derived from the recently passed Inflation Reduction Act, which is putting billions of dollars into green energy produced in the United States.

We are executing on our plans and capitalizing on opportunities to grow the business. We are already seeing positive impact from our most recent acquisitions, OLBRICH and R+S Automotive. Despite not being fully integrated, the engineering and manufacturing capacity gained from these businesses ease the challenge of the fulfillment of the anticipated new orders. In addition to having over 160 engineers with complementary skills and significant manufacturing capacity, highlighted by a low-cost manufacturing facility in the Czech Republic, OLBRICH brings its own intellectual property and products to our energy solutions portfolio, increasing our breadth of offerings and allowing us to approach one-stop-shopping when it comes to solutions like dry electrode production and hydrogen fuel cells.

Moving on to the rest of the Industrial segment, our warehouse solutions business has had a strong year, and the pace of orders from some of the largest retailers in North America presents a positive outlook for 2023. This business continues to be amongst the best-of-breed in today's market when it comes to warehouse execution software and control systems. The addition of R+S Automotive, a provider of factory automation services in Europe, brings added capacity and new markets for us to address.

Similarly, our product identification business finished the year strong, with revenues in this business up over 10% on a constant currency basis. In product identification, we continue to make good progress on the development of our new products, and we keep finding competitive advantages for our anticipated launch of our new product in this business. For example, when compared to current technologies, our new product significantly reduces the amount of VOCs that escape into the atmosphere during the printing process. This will be yet another competitive advantage for this product as customers increasingly focus on reducing their carbon footprint, while states and local governments initiate more stringent regulations on emissions.

Our Industrial Technologies segment, which includes energy solutions, warehouse automation, product identification, OLBRICH and R+S, reported record sales of \$335 million and Adjusted EBITDA of \$57 million. We expect this segment to maintain its growth trend into next year, and we believe \$500 million of revenue could be reached in Fiscal '23.

To remind you, just three years ago, the businesses that make up this segment today had approximately \$240 million in revenue. If you were to compare these businesses on a constant currency basis to three years ago, our growth would be significantly better. We've often spoken of these businesses as our growth engine. We are clearly demonstrating that now.

Our Memorialization business also delivered very good results, despite the normalization of death rates, particularly over the quarter, and significantly higher costs. This business has performed exceptionally well throughout the past several years and is poised to maintain that success in '23. Strong order rates in our cemetery products business will help partially offset the lower casket sales expected from the normalization of death rates. Moreover, this segment has reset its normalized revenues to a level that is materially higher than just a few years ago, and we only expect modestly lower EBITDA results next year.

In SGK, the team delivered top line organic growth (constant currency) in the fourth quarter, but also experienced challenges in the European market. Due to those challenges, a goodwill charge was taken in

the fourth quarter. Cost reduction actions were taken in the European market for this segment, as it's currently unclear when the situation will normalize. We believe that taking these actions will improve results on a year-over-year basis, beginning in '23.

As we look forward to '23, we are expecting continued consolidated growth. As discussed above, order rates in our fastest growing businesses remain high, which bodes well for the continued development of these businesses. Also, we expect to maintain prices in our Memorialization business throughout the year to compensate for the higher costs we are incurring, some of which we absorbed during the past year. In SGK, the cost actions that we have taken in Europe should improve our overall results in this business. In addition, SGK is seeing opportunities to expand its market share as competitors struggle to meet client demand in this challenging market, particularly in Europe. The difficult economic environment in the markets in which we operate, and currency translation resulting from those environments, are expected to be a significant variable to our overall performance again next year. We expect currency to again negatively impact our overall performance next year.

With these factors in mind, we expect our Fiscal '23 EBITDA results to be between \$215 million and \$235 million, good growth despite the challenging environment. For purposes of understanding our projected performance, if our expected currency rates for Fiscal '23 were consistent with the rates of Fiscal '22, our EBITDA projections would be \$10 million higher. The broad range of possible results is driven by the fact that we do not control the timing of deliveries for some of our energy orders. For better clarity, if we begin to approach revenues of \$500 million in the Industrial Technologies segment, as mentioned earlier, we have a possibility to exceed this performance. We expect to update our progress on these, and more, orders throughout the year.

I'll now hand it over to Steve for our financial review.

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

I'll begin with **Slide 7**.

For the Fiscal 2022 fourth quarter, we reported consolidated sales of \$457.1 million, compared to \$438.8 million for the fourth fiscal quarter last year. As indicated in our earnings release yesterday, changes in currency rates had a significant unfavorable impact on reported sales, compared to a year ago. On a constant currency basis with last year, consolidated sales for the Fiscal 2022 fourth quarter were \$41.8 million, or 9.5% higher than a year ago. The increase primarily reflected sales growth in our Industrial Technologies and Memorialization segments, and the impact of the recent acquisitions of OLBRICH GmbH and R+S Automotive GmbH. These acquisitions, which occurred in August 2022, added approximately \$17 million to current quarter sales.

For the year ended September 30, 2022, we reported consolidated sales of \$1.76 billion, compared to \$1.67 billion last year, representing an increase of \$91.4 million, or 5.5%. On a constant currency basis, consolidated sales for Fiscal 2022 were \$147.7 million, or 8.8% higher than a year ago.

Changes in foreign currency rates had unfavorable impacts of \$23.6 million and \$56.3 million, respectively, on consolidated sales, compared to the same quarter and year-to-date periods last year.

On a GAAP basis, the Company reported a net loss of \$81 million, or \$2.63 per share, for the current quarter, compared to a loss of \$3.7 million, or \$0.12 per share, for the same quarter last year. As a result, primarily of the impact of European market conditions on recent operating results, we recorded a non-cash goodwill impairment charge of \$82.5 million, or \$2.59 per share, for the SGK Brand Solutions segment in the Fiscal 2022 fourth quarter.

Importantly, in response to these market conditions, we have initiated cost reduction actions for this segment, particularly in Europe, to better align its cost structure with current sales run rates. Charges in connection with these actions were also reported in the Fiscal 2022 fourth quarter, which unfavorably affected our results on a GAAP basis. We may have further charges in Fiscal 2023, as we continue these efforts.

For the year ended September 30, 2022, the Company reported a net loss of \$99.8 million, or \$3.18 per share, compared to net income of \$2.9 million, or \$0.09 per share, last year.

On a non-GAAP adjusted basis, Adjusted EBITDA, which represents net income before interest expense, income taxes, depreciation and amortization, and other adjustments, was \$55.9 million for the Fiscal 2022 fourth quarter, compared to \$52 million last year. The increase reflected the benefit of higher consolidated sales for the quarter, offset partially by the impacts of higher material costs, increased labor and freight costs, and other inflation-related cost increases. In addition, currency rate changes had an unfavorable impact of \$3.5 million on consolidated Adjusted EBITDA for the current quarter, compared with a year ago.

For the year ended September 30, 2022, consolidated Adjusted EBITDA was \$210.4 million. Currency rate changes had an unfavorable impact of \$9.4 million on consolidated Adjusted EBITDA for the current fiscal year, compared with last year.

Adjusted earnings per share for the current quarter increased to \$0.82, compared to \$0.80 a year ago. Higher Adjusted EBITDA was partially offset by increased interest expense for the current quarter, primarily reflecting the higher interest rate environment. Interest expense for the current quarter was \$8.3 million, compared to \$7 million a year ago.

Adjusted earnings per share for the year ended September 30, 2022, was \$2.88, compared to \$3.28 a year ago, primarily reflecting the decline in Adjusted EBITDA for the year.

Please see the reconciliations of constant currency sales, Adjusted EBITDA and non-GAAP adjusted earnings per share provided in our earnings release.

The Company's consolidated income taxes for the Fiscal 2022 fourth quarter represented a benefit of \$2.1 million, compared to expense of \$3.7 million a year ago. For the year ended September 30, 2022, the Company's consolidated income taxes were a benefit of \$4.4 million, compared to expense of \$6.4 million last year. The benefit for the current year primarily reflected the pre-tax loss on a GAAP basis.

Please turn to **Slide 8**, to begin a review of our segment results.

The Industrial Technologies segment reported sales of \$104.6 million for the current quarter, compared to \$84 million a year ago, representing an increase of almost 25%. Growth in our energy storage solutions business and the recent acquisitions of OLBRICH and R+S were the significant contributors to the year-over-year increase. Product identification sales for the current quarter were also higher than a year ago. Changes in currency rates had an unfavorable impact of \$7.2 million on the segment sales, compared to the same quarter last year.

For the year ended September 30, 2022, sales for the Industrial Technologies segment were \$335.5 million, compared to \$284.5 million a year ago, representing an increase of \$51 million, or 17.9%. The increase reflected growth in the segment's energy storage solutions, warehouse automation and product identification businesses, in addition to the fourth quarter acquisitions of OLBRICH and R+S. Changes in currency rates had an unfavorable impact of \$16.9 million on the segment sales, compared to last year.

Adjusted EBITDA for the Industrial Technologies segment more than doubled to \$23.4 million for the Fiscal 2022 fourth quarter, compared with \$11.4 million a year ago. Higher sales and improved margins

contributed to current quarter Adjusted EBITDA. On a year-to-date basis, Adjusted EBITDA for the Industrial Technologies segment increased approximately 63%, from \$34.9 million last year to \$56.8 million for the current quarter—current fiscal year.

Please turn to **Slide 9**. Memorialization sales were \$206.3 million for the current quarter, compared to \$195.9 million for the fourth quarter last year. The growth was primarily the result of higher cemetery memorial and U.S. cremation-related product sales and increased pricing to mitigate the effects of inflation. Casket unit sales volumes for the current quarter were lower than a year ago, primarily reflecting the decline in COVID-related deaths.

For the year ended September 30, 2022, Memorialization sales were \$840.1 million, compared to \$769 million last year.

Memorialization segment Adjusted EBITDA for the Fiscal 2022 fourth quarter was relatively unchanged at \$33.4 million, compared to \$33.6 million a year ago. The favorable effect of higher sales was offset by the significant unfavorable impacts of higher material costs, compared to a year ago, as well as increased labor and freight costs, higher project-related costs, and other inflation-related cost increases.

For the year ended September 30, 2022, Memorialization Adjusted EBITDA was \$151.8 million, compared to \$165.7 million last year.

Please turn to **Slide 10**. Sales for the SGK Brand Solutions segment were \$146.3 million for the current quarter, compared to \$158.9 million a year ago. However, on a constant currency basis, the segment sales improved \$1.9 million for the current quarter. Currency rate changes had an unfavorable impact of \$14.5 million on the segment sales for the current quarter, compared to a year ago.

For the year ended September 30, 2022, the segment reported sales of \$586.8 million, compared to \$617.5 million last year, representing a decrease of \$30.8 million. On a constant currency basis, however, the segment sales improved \$4.1 million for the year. The unfavorable impact of currency rate changes for the full year was \$34.8 million.

Fiscal 2022 fourth quarter Adjusted EBITDA for the SGK Brand Solutions segment was \$16.7 million, compared to \$24.2 million a year ago.

For the year ended September 30, 2022, Adjusted EBITDA for this segment was \$60.1 million, compared to \$91.4 million last year.

The declines primarily reflected the impact of lower sales, an unfavorable sales mix, increased labor costs, and other inflation-related cost increases. In addition, changes in currency rates had unfavorable impacts of \$1.6 million and \$5.1 million, respectively, on the segment's Adjusted EBITDA, compared to the same quarter and year-to-date periods last year.

Please turn to **Slide 11**. Cash flow provided by operations for the quarter ended September 30, 2022, was \$42.5 million, compared to \$56 million a year ago.

For the year ended September 30, 2022, cash flow provided by operations was \$126.9 million, compared to \$162.8 million a year ago. Operating cash flow for Fiscal 2022 included contributions of \$36 million to the Company's principal pension plan during the first quarter, in connection with the plan's termination and settlement. In addition, higher inventories, partially reflecting the impact of higher commodity costs, and charges related to strategic and cost reduction initiatives impacted operating cash flow for the current fiscal year. These decreases were partially offset by the sale of trade receivables under the Company's new receivables purchase facility. The new facility qualified the structure to be treated as a sale of receivables instead of securitized debt.



Outstanding debt was \$798.6 million at September 30, 2022, compared to \$763.7 million at September 30, 2021. Outstanding debt for the current year reflected the impacts of the acquisitions of OLBRICH and R+S, which approximated \$45 million, and the contributions in the Fiscal 2022 first quarter toward the settlement of the Company's pension plans, which approximately \$36 million.

Net debt, which represents outstanding debt less cash, declined modestly during the Fiscal 2022 fourth quarter to \$729.6 million at September 30, 2022, from \$730.2 million at June 30, 2022. Our net leverage ratio at September 30, 2022, based on trailing 12 months Adjusted EBITDA, was 3.5. The leverage ratio covenant in our domestic credit facility is based on net debt.

Approximately 30.3 million shares were outstanding at September 30, 2022. During the Fiscal 2022 fourth quarter, the Company repurchased 307,000 shares at a cost of \$7.7 million. For the current fiscal year, the Company repurchased approximately 1.4 million shares at a cost of \$41.7 million. At September 30, 2022, the Company had remaining authorization of approximately 1.3 million shares under the program.

Finally, the Board this week increased the quarterly dividend to \$0.23 per share on the Company's common stock, representing the 29th consecutive annual dividend increase since becoming a publicly traded company. The dividend is payable December 12, 2022, to stockholders of record November 28, 2022.

This concludes the financial review, and we will now open the call to questions. Melissa?

**Operator:** Thank you. Our first question comes from the line of Daniel Moore with CJS Securities. Please proceed with your question.

**Daniel Moore, CJS Securities, Inc:** Thank you, Joe. Thank you, Steve. Good morning. Thanks for taking the questions.

**Joseph C. Bartolacci,** Good morning.

**Daniel Moore:** To start, you gave, obviously, really good qualitative kind of market commentary in terms of outlook. If we look to the various segments, maybe drill down a little bit. If you could, on your organic growth or decline expectations for each of the segments as we kind of look at Fiscal '23, that's embedded in the guidance, and any cadence of that growth would be helpful, as well.

**Joseph C. Bartolacci:** Okay, Dan. Good morning, first off. There's a lot to be unbundled in that question, but let's see what I can do on that.

When I take a look at our Industrial Technologies segment, especially as it relates to our energy business, but also with some of the other aspects, product identification, and so forth, when we look on a constant currency basis, the growth is significant. The reality is, when we look at energy, most of that revenue is derived out of Germany, and the currency right now will be lower next year, we're very clear about that, at least at this point in the time, and materially lower than it has been over the last three years. So, organic growth in the energy business and in the Industrial Technologies business will be good.

When we look at our Memorialization segment, as I said in my comments, normalization has occurred from a death rate standpoint, we've seen that in some of our third quarter, and clearly in our fourth quarter, so we're expecting a modest reduction in our EBITDA business going—for that business as we look into next year, with some of that reduction going to be currency impacted, but not a lot.

With SGK, we're expecting growth. We don't know what is going to happen in Europe, and you heard my commentary, we got little or no contribution out of our European businesses, and if you think about our performance this year, relative to what our expectations were, without what has traditionally been a strong

European market, we would be significantly better. We're expecting our cost structure initiatives over there to improve our overall performance of SGK, giving us organic growth, but we're going to have some issues that we're going to deal with, like the sales revenues are going to be lower, I mean, we're going to have more currency drop, but our EBITDA is going to be higher because of the actions we've taken.

So, it's a mixed bag, based on geographies, but as I look at the business from an overall basis, we are performing well. It's just challenging markets in which we're operating in.

**Daniel Moore:** That's really helpful. Drilling down on Industrial, just kind of housekeeping, what did OLBRICH contribute to revenue in Q4? Is it still about a \$100 million, plus or minus, contribution for Fiscal '23, and just talk about the roadmap toward getting those margins up toward kind of segment averages, over what timeframe, and the levers you plan to pull?

**Steven F. Nicola:** I'll let Joe take the back half of that, Dan, but for the quarter, the OLBRICH and R+S acquisitions added about \$17 million to our top line.

**Joseph C. Bartolacci:** And let me just tell you, look, we are always abundantly transparent, and one of the transparencies we gave to the market last quarter was we bought a business that does \$100 million, plus or minus, depending on currency rates, for \$43 million. We said back then it was not going to contribute. We were buying capacity and we were buying product lines that were part of our overall solution. We're looking at a business that's going to go into next year, where we are just being inundated with orders for traditional OLBRICH business, but, frankly, we may have to walk from some of those orders, because I have to fulfill energy orders first.

We buy capacity, and that capacity is extensive. Engineering capacity that has rotary process knowledge is not readily available around the world, and these guys brought a lot of them, 160 engineers that can do that. So, what I'm expecting out of OLBRICH next year is going to be not a whole lot from their business significantly, but a significant part of our ability to deliver on the energy side of the business next year.

We'll move into further integration of that business and capitalizing on what I think is very, very good business over there, but it's going to take probably a year, or maybe more, until we're able to address that, and then it'll be a nice contributor to the overall business on top of the energy businesses that we have.

**Daniel Moore:** Got it, and last for me and I'll jump out. You obviously alluded to it, Joe, but any more color you can provide around the Inflation Reduction Act generally, but more specifically the impact on inbound interest for your dry electrode processing capabilities. You mentioned multiple customers, you expect orders from multiple customers. Is that mainly Europe, North America, all over, and the enquiries, are they starting to translate into firm orders?

**Joseph C. Bartolacci:** Where we stand at this point in time is our team is basically taking inbound calls on a daily basis from new people, and it is not just dry electrode. We've been telling the market, and I'm not sure the market understands it, we are operating in overall renewable energy. The orders that we're looking at are significantly dry electrode at this point in time, but we're dealing with a hydrogen fuel cell which is at its nascent stages of its development as a viable solution, we are the provider of that, and we have electrode property rights in that space, as well. We're also looking at photovoltaics. Photovoltaics has been a good market, but the evolution that can occur as a result of rotary processing, being able to basically print a solar panel, is materially different than how it's produced today. We're going to get some orders, they're not going to be the magnitude of dry electrode at this point in time, but I assure you that as we go forward in the years to come, they will be a significant part of where we're going.

Secondly, your question on the Inflation Reduction Act, the most misnamed bill passed in Washington in the last several years, there are literally hundreds of billions of dollars that are being thrown at energy production in the United States, and we're getting enquiries from around the world, literally around the

world, from some of the biggest players in the battery space, in the auto space, and new entrants from new markets in other parts, with a lot of government funding to be able to support this. We're more challenged with the ability to address all these than we are with trying to figure out what our revenues are going to be next year. Right now, I will tell you that we have at least seven active joint development agreements that we're talking about with folks.

Frankly, we've been very clear about this—I don't want to translate this into a magnanimous kind of projections into next year—the solution that we offer is materially different than what the current state of battery production is in the world. Many of those people are figuring that out, but many of them have never produced a battery yet. So, the evolution of where they are, relative to some of the largest players that are already moving down the line of dry electrode, is materially behind them. They'll catch up. So, these joint development agreements are going to result in, I would call it more modest orders at this point in time, but they will be the orders of '24 and '25, and beyond.

**Daniel Moore:** All right, and I'll jump back with any follow-ups. Thank you again.

**Operator:** Thank you. Our next question comes from the line of Liam Burke with B. Riley Securities. Please proceed with your question.

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

**Joseph C. Bartolacci:** Good morning, Liam. You sound like me.

**Liam Burke:** I don't feel as bad, but, yes, I do.

**Joseph C. Bartolacci:** Thank you.

**Liam Burke:** Anyway, warehouse management, you've had fits and starts over the last several years, on COVID, trying to act, getting access to facilities, etc. What does the business look like now, has it normalized, and are you seeing nice progressive sales growth and backlog growth here?

**Joseph C. Bartolacci:** Our order rates are—let's put it this way, barring customer cancellations because of economic issues that we don't control, our backlog and order rates continue to be strong, to the point where we're pretty comfortable that they already have in the bag next year's target, so we're having good growth there, continue to have it, and this is even before we start to kind of look beyond the borders that we have today.

I've heard commentary that some folks in the market think we play with—we're small players in a small market with small customers. I can't read you the names, because of who we deal with, but I assure you we are best-of-breed in the marketplace when it comes to this, and our customer list reads like a Who's Who.

**Liam Burke:** Great, and, I guess, Steve mentioned that price increases on Memorialization will be pushed through to help offset the margin decline. You had nice sequential improvement. Can we continue to see that into next year as margins—can we expect the margins continue to improve and get closer to what the historic levels were?

**Joseph C. Bartolacci:** You're going to see margin percentage improvement as we've recovered some of what we did not recover in pricing last year. That's why my commentary with respect to that we expect pricing to remain high throughout the year as we pick up the costs that we've been absorbing, so that'll improve margin, but one of the things that we have not done, and the industry as a whole has not really done, is passed on cost plus margins. So, we're going to get better on the margins, and where we're going to see significant improvement is going to be in our cremation environmental solutions business, where



we've had more challenges than we've had elsewhere. So, I would expect that as our casket revenues drop, our cemetery revenues will climb, but, more importantly, the profitability of our environmental solutions will get better, making our overall performance in that entire division relatively flat to modestly down.

**Liam Burke:** Okay, great. Thank you, Joe.

**Operator:** Thank you. Our next question comes from the line of Justin Bergner with Gabelli Funds. Please proceed with your question.

**Justin Bergner, Gabelli Funds, LLC:** Good morning, everyone.

**Steven F. Nicola:** Good morning, Justin.

**Joseph C. Bartolacci:** Good morning, Justin.

**Justin Bergner:** I hope you're doing well, Joe and Steve. First question relates to the growth in Industrial Technologies that you're envisioning in the Fiscal 2023 year. Is it mainly coming from energy storage and the other businesses are more flattish ...

**Joseph C. Bartolacci:** No.

**Justin Bergner:** ... or is there contribution in the growth from more than energy?

**Joseph C. Bartolacci:** The more significant dollar addition on the top line, Justin—first off, good morning—the more significant top line addition comes from the balance of the year that we're adding for OLBRICH. That will add, roughly, \$75 million on the top line that we're expecting next year, depending on how much we actually deliver out of OLBRICH, based on the commentary I made earlier on we're going to use a lot of those resources to deliver elsewhere. So, that's most of it. But, all three of the segments, to different magnitudes, are growing at very, very good rates, as our expectation, next year. Obviously, given the magnitude of the orders we're seeing in our energy business, we hope that will grow more significantly next year, but I've kind of warned this before, and I continue to do it again, we do not control delivery. I mean, it's not in our control to be able to say, "A \$30 million piece of equipment, you need to take tomorrow." We have been here before, where the timing of recognition of revenues are not in our control, but it doesn't change the fact that the order rates that we're seeing support a higher level of revenues for next year. It's our best guess right now, when we put out the numbers that we're talking about, what we think our customers will be ready to accept and we'll be ready to deliver.

**Justin Bergner:** Okay. So, the major variability in the \$215 million to \$235 million EBITDA range, if you had to single out the biggest variable, is the ability to translate orders to revenue in energy storage?

**Joseph C. Bartolacci:** Yes, no question, that is 150% the issue, the timing of those deliveries. I mean, the one thing I'll stress, if you think about this, even at the midpoint, Justin, we're talking about a \$225 million EBITDA next year on a constant currency, relative to prior year, that's at 10%, but if we deliver the high end of that, which is where I said we start to approach that \$500 million, we're going to deliver the equivalent of \$245 million on a year-over-year basis, and that is over 20% growth in one year, at a time where most of the market is wondering what the heck's going to happen post-COVID in our Memorialization business.

**Justin Bergner:** Got it, and can the EBITDA margins in Industrial Technologies, are those expected to continue to trend up versus, I think, the close to 17% level you did this year, in your view for 2023?

**Joseph C. Bartolacci:** Our expectation is, yes. We think there's several factors on that. The timing of recognition of revenue will impact when we recognize, and the amount of income we're able to recognize, but recognize we're also still spending a fair amount of R&D in all those businesses and continuing to

develop. The actual margins will be higher when we exclude it, and perhaps we could start to give you an R&D spend. You don't get to these points of these businesses, from a growth standpoint, without spending on research and development, and we've been spending for a while on these businesses to get here.

**Justin Bergner:** Okay, and then lastly, on Industrial Technologies, can you maybe just give a better sense as to what's changed on the hydrogen fuel cell and photo ...

**Joseph C. Bartolacci:** Photovoltaic.

**Justin Bergner:** Photovoltaic opportunity.

**Joseph C. Bartolacci:** How about we just say solar panels?

**Justin Bergner:** Yes, solar panels. I know that's something that you haven't spoken about as much until now, so just trying to get a sense as to what's driving the inflection there, if there's any inflecting drivers on the hydrogen fuel cell, as well.

**Joseph C. Bartolacci:** I mean, hydrogen fuel cell, clearly, it's the same discussion that we said with regard to the Inflation Reduction Act. Hydrogen fuel cell is what we believe, and what I think for the industry's consent (inaudible), is going to be the solution for over-the-road trucking, for your buses, for planes and ships, when you're looking at alternative energy for those folks. It is basically the production of energy with the waste product being water. It is a viable, more costly solution today, but the real issue is whether or not we can produce what is called a bipolar plate. A bipolar plate is a critical part of an overall hydrogen fuel cell. The company we bought in OLBRICH comes with, also, a solution for the coating of those bipolar plates, and the rotary processing of a bipolar plate, which we should show you some pictures of what they look like, is what's going to change the viability of hydrogen fuel cells as a solution for the industry. You might have heard, I think Toyota's spending a lot of money, they announced, over the next several years in building a factory for hydrogen fuel cell engines, for lack of a better term, I believe it's in Kentucky. We think that will come, just like lithium has come, but it's behind the curve relative to the development side.

**Justin Bergner:** Okay, thank you.

**Operator:** Thank you. Our next question is a follow-up from the line of Daniel Moore with CJS Securities. Please proceed with your question.

**Daniel Moore:** Thank you. Again, just a little bit of housekeeping, but following up on the discussion on margins on the Industrial side, I assume the margin expansion that you're referring to would be excluding the impact of OLBRICH, given that I believe that will flow into the Industrial piece of the business; is that correct?

**Joseph C. Bartolacci:** Yes, that is correct, that is correct, and like I said earlier, we're going to have to make some unfortunate decisions. The team has done a wonderful job, as some of the trade shows they've been able to—where a lot of the sales are done on OLBRICH equipment occur. We attended a very successful trade show for the first time since COVID started and we see great order rates coming out of that. Unfortunately, some of that's going to have to be either pushed out or turned down when we land these other orders on the energy side, where we need all hands-on deck.

**Daniel Moore:** Yes, I just wanted to make sure to avoid any modeling and our expectation issues on that.

**Joseph C. Bartolacci:** Yes, please, don't hammer us with both.

**Daniel Moore:** All right, that was it. Thanks again.

**Joseph C. Bartolacci:** Thank you.

**Operator:** Thank you. Ladies and gentlemen, that concludes our question-and-answer session. I'll turn the floor back to Mr. Wilson for any final comments.

**William D. Wilson:** Thank you, Melissa, and thank you, everyone, for joining us today and your interest in Matthews. For any additional information about the Company, I encourage you to visit our website or contact me directly. Thank you and enjoy the rest of your day.

**Operator:** Thank you. This concludes today's conference; you may disconnect your lines at this time. Thank you for your participation.