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

FORM 10-Q

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

For the Quarterly Period Ended June 30, 2023

or

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

For the Transition Period from _____ to _____

Commission File No. 0-09115

MATTHEWS INTERNATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania	**25-0644320**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Two Northshore Center, Pittsburgh, PA 15212-5851
(Address of principal executive offices) (Zip Code)

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ý No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ý No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	ý	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ý

As of June 30, 2023, shares of common stock outstanding were: Class A Common Stock 30,467,662 shares.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	June 30, 2023		September 30, 2022	
ASSETS				
Current assets:				
Cash and cash equivalents		$ 39,295		$ 69,016
Accounts receivable, net		188,262		221,015
Inventories, net		268,599		225,440
Restricted cash, current		—		2,398
Contract assets		45,636		48,210
Other current assets		77,758		62,537
Total current assets		619,550		628,616
Investments		25,228		25,976
Property, plant and equipment, net		273,572		256,065
Operating lease right-of-use assets		74,846		71,974
Deferred income taxes		2,684		3,610
Goodwill		702,916		675,421
Other intangible assets, net		174,954		202,154
Other assets		10,441		18,955
Total assets		$ 1,884,191		$ 1,882,771
LIABILITIES				
Current liabilities:				
Long-term debt, current maturities		$ 2,941		$ 3,277
Current portion of operating lease liabilities		24,152		22,869
Trade accounts payable		111,723		121,359
Accrued compensation		49,089		58,272
Accrued income taxes		3,872		9,277
Contract liabilities		38,404		31,871
Other current liabilities		149,890		164,450
Total current liabilities		380,071		411,375
Long-term debt		772,056		795,291
Operating lease liabilities		53,076		51,445
Deferred income taxes		92,284		92,589
Other liabilities		64,883		44,995
Total liabilities		1,362,370		1,395,695
SHAREHOLDERS' EQUITY				
Shareholders' equity-Matthews:				
Common stock	$ 36,334		$ 36,334	
Additional paid-in capital	164,640		160,255	
Retained earnings	704,366		706,749	
Accumulated other comprehensive loss	(163,856)		(190,191)	
Treasury stock, at cost	(219,263)		(225,795)	
Total shareholders' equity-Matthews		522,221		487,352
Noncontrolling interests		(400)		(276)
Total shareholders' equity		521,821		487,076
Total liabilities and shareholders' equity		$ 1,884,191		$ 1,882,771

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

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

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Nine Months Ended June 30, 2023	Nine Months Ended June 30, 2022
Sales	$ 471,908	$ 421,719	$ 1,400,728	$ 1,305,276
Cost of sales	(333,603)	(300,854)	(973,870)	(928,255)
Gross profit	138,305	120,865	426,858	377,021
Selling expense	(36,345)	(32,157)	(104,323)	(96,281)
Administrative expense	(69,796)	(65,941)	(229,233)	(206,329)
Intangible amortization	(10,640)	(11,804)	(31,499)	(45,303)
Operating profit	21,524	10,963	61,803	29,108
Interest expense	(10,924)	(6,659)	(33,186)	(19,426)
Other income (deductions), net	(2,487)	(389)	(3,038)	(30,864)
Income (loss) before income taxes	8,113	3,915	25,579	(21,182)
Income tax benefit (provision)	558	(1,040)	(4,136)	2,311
Net income (loss)	8,671	2,875	21,443	(18,871)
Net loss attributable to noncontrolling interests	67	18	125	56
Net income (loss) attributable to Matthews shareholders	$ 8,738	$ 2,893	$ 21,568	$ (18,815)
Earnings (loss) per share attributable to Matthews shareholders:				
Basic	$ 0.28	$ 0.09	$ 0.70	$ (0.60)
Diluted	$ 0.28	$ 0.09	$ 0.69	$ (0.60)

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

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

	Three Months Ended June 30,					
	Matthews		Noncontrolling Interest		Total	
	2023	2022	2023	2022	2023	2022
Net income (loss):	$ 8,738	$ 2,893	$ (67)	$ (18)	$ 8,671	$ 2,875
Other comprehensive income (loss) ("OCI"), net of tax:						
Foreign currency translation adjustment	923	(19,293)	(31)	15	892	(19,278)
Pension plans and other postretirement benefits	(210)	17	—	—	(210)	17
Unrecognized gain (loss) on cash flow hedges:						
Net change from periodic revaluation	2,745	1,223	—	—	2,745	1,223
Net amount reclassified to earnings	(238)	353	—	—	(238)	353
Net change in unrecognized gain on cash flow hedges	2,507	1,576	—	—	2,507	1,576
OCI, net of tax	3,220	(17,700)	(31)	15	3,189	(17,685)
Comprehensive income (loss)	$ 11,958	$ (14,807)	$ (98)	$ (3)	$ 11,860	$ (14,810)

	Nine Months Ended June 30,					
	Matthews		Noncontrolling Interest		Total	
	2023	2022	2023	2022	2023	2022
Net income (loss):	$ 21,568	$ (18,815)	$ (125)	$ (56)	$ 21,443	$ (18,871)
OCI, net of tax:						
Foreign currency translation adjustment	25,915	(27,463)	(32)	23	25,883	(27,440)
Pension plans and other postretirement benefits	559	34,123	—	—	559	34,123
Unrecognized gain (loss) on cash flow hedges:						
Net change from periodic revaluation	1,367	5,636	—	—	1,367	5,636
Net amount reclassified to earnings	(1,506)	1,513	—	—	(1,506)	1,513
Net change in unrecognized (loss) gain on cash flow hedges	(139)	7,149	—	—	(139)	7,149
OCI, net of tax	26,335	13,809	(32)	23	26,303	13,832
Comprehensive income (loss)	$ 47,903	$ (5,006)	$ (157)	$ (33)	$ 47,746	$ (5,039)

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

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
for the three and nine months ended June 30, 2023 and 2022 (Unaudited)
(Dollar amounts in thousands, except per share data)

	Shareholders' Equity						
	Common Stock	**Additional Paid-in Capital**	**Retained Earnings**	**Accumulated Other Comprehensive (Loss) Income**	**Treasury Stock**	**Non-controlling Interests**	**Total**
Balance, September 30, 2022	$ 36,334	$ 160,255	$ 706,749	$ (190,191)	$ (225,795)	$ (276)	$ 487,076
Net income (loss)	—	—	3,703	—	—	(56)	3,647
Minimum pension liability	—	—	—	945	—	—	945
Translation adjustment	—	—	—	20,560	—	4	20,564
Fair value of cash flow hedges	—	—	—	(404)	—	—	(404)
Total comprehensive income							24,752
Stock-based compensation	—	4,334	—	—	—	—	4,334
Purchase of 89,025 shares of treasury stock	—	—	—	—	(2,451)	—	(2,451)
Issuance of 245,006 shares of treasury stock	—	(9,154)	—	—	9,154	—	—
Cancellations of 34,327 shares of treasury stock	—	1,958	—	—	(1,958)	—	—
Dividends	—	—	(8,794)	—	—	—	(8,794)
Balance, December 31, 2022	$ 36,334	$ 157,393	$ 701,658	$ (169,090)	$ (221,050)	$ (328)	$ 504,917
Net income (loss)	—	—	9,127	—	—	(2)	9,125
Minimum pension liability	—	—	—	(176)	—	—	(176)
Translation adjustment	—	—	—	4,432	—	(5)	4,427
Fair value of cash flow hedges	—	—	—	(2,242)	—	—	(2,242)
Total comprehensive income							11,134
Stock-based compensation	—	4,278	—	—	—	—	4,278
Purchase of 7,606 shares of treasury stock	—	—	—	—	(288)	—	(288)
Issuance of 46,069 shares of treasury stock	—	(1,723)	—	—	1,723	—	—
Dividends	—	—	(7,683)	—	—	—	(7,683)
Transactions with noncontrolling interests	—	—	—	—	—	33	33
Balance, March 31, 2023	$ 36,334	$ 159,948	$ 703,102	$ (167,076)	$ (219,615)	$ (302)	$ 512,391
Net income (loss)	—	—	8,738	—	—	(67)	8,671
Minimum pension liability	—	—	—	(210)	—	—	(210)
Translation adjustment	—	—	—	923	—	(31)	892
Fair value of cash flow hedges	—	—	—	2,507	—	—	2,507
Total comprehensive income							11,860
Stock-based compensation	—	5,023	—	—	—	—	5,023
Purchase of 2,068 shares of treasury stock	—	—	—	—	(79)	—	(79)
Issuance of 11,562 shares of treasury stock	—	(331)	—	—	431	—	100
Dividends	—	—	(7,474)	—	—	—	(7,474)
Balance, June 30, 2023	$ 36,334	$ 164,640	$ 704,366	$ (163,856)	$ (219,263)	$ (400)	$ 521,821

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY, Continued
for the three and nine months ended June 30, 2023 and 2022 (Unaudited)
(Dollar amounts in thousands, except per share data)

	Shareholders' Equity						
	Common Stock	**Additional Paid-in Capital**	**Retained Earnings**	**Accumulated Other Comprehensive (Loss) Income**	**Treasury Stock**	**Non-controlling Interests**	**Total**
Balance, September 30, 2021	$ 36,334	$ 149,484	$ 834,208	$ (192,739)	$ (190,739)	$ (145)	$ 636,403
Net loss	—	—	(19,803)	—	—	(7)	(19,810)
Minimum pension liability	—	—	—	34,133	—	—	34,133
Translation adjustment	—	—	—	(1,989)	—	4	(1,985)
Fair value of cash flow hedges	—	—	—	1,481	—	—	1,481
Total comprehensive income							13,819
Stock-based compensation	—	3,709	—	—	—	—	3,709
Purchase of 62,746 shares of treasury stock	—	—	—	—	(2,435)	—	(2,435)
Issuance of 174,107 shares of treasury stock	—	(6,859)	—	—	6,859	—	—
Cancellations of 31,057 shares of treasury stock	—	2,091	—	—	(2,091)	—	—
Dividends	—	—	(6,824)	—	—	—	(6,824)
Balance, December 31, 2021	$ 36,334	$ 148,425	$ 807,581	$ (159,114)	$ (188,406)	$ (148)	$ 644,672
Net loss	—	—	(1,905)	—	—	(31)	(1,936)
Minimum pension liability	—	—	—	(27)	—	—	(27)
Translation adjustment	—	—	—	(6,181)	—	4	(6,177)
Fair value of cash flow hedges	—	—	—	4,092	—	—	4,092
Total comprehensive loss							(4,048)
Stock-based compensation	—	5,222	—	—	—	—	5,222
Purchase of 289,184 shares of treasury stock	—	—	—	—	(9,703)	—	(9,703)
Issuance of 45,096 shares of treasury stock	—	(1,761)	—	—	1,761	—	—
Cancellations of 80 shares of treasury stock	—	5	—	—	(5)	—	—
Dividends	—	—	(7,128)	—	—	—	(7,128)
Balance, March 31, 2022	$ 36,334	$ 151,891	$ 798,548	$ (161,230)	$ (196,353)	$ (175)	$ 629,015
Net income (loss)	—	—	2,893	—	—	(18)	2,875
Minimum pension liability	—	—	—	17	—	—	17
Translation adjustment	—	—	—	(19,293)	—	15	(19,278)
Fair value of cash flow hedges	—	—	—	1,576	—	—	1,576
Total comprehensive loss							(14,810)
Stock-based compensation	—	5,197	—	—	—	—	5,197
Purchase of 704,531 shares of treasury stock	—	—	—	—	(21,848)	—	(21,848)
Issuance of 3,830 shares of treasury stock	—	(146)	—	—	146	—	—
Dividends	—	—	(6,860)	—	—	—	(6,860)
Divestiture	—	—	—	—	—	(91)	(91)
Balance, June 30, 2022	$ 36,334	$ 156,942	$ 794,581	$ (178,930)	$ (218,055)	$ (269)	$ 590,603

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

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

	Nine Months Ended June 30,	
	2023	**2022**
Cash flows from operating activities:		
Net income (loss)	$ 21,443	$ (18,871)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation and amortization	71,813	80,163
Stock-based compensation expense	13,635	14,128
Deferred tax provision (benefit)	680	(2,712)
Loss (gain) on sale of assets, net	594	(514)
Asset write-downs	—	10,017
Defined benefit plan settlement losses	1,271	30,856
Defined benefit plan settlement payments	(24,242)	(35,706)
Proceeds from the settlement of cash flow hedges	10,474	—
Changes in working capital items	(16,131)	(8,393)
Decrease in other assets	4,313	14,923
Decrease in other liabilities	(4,748)	(9,131)
Other operating activities, net	(2,196)	9,607
Net cash provided by operating activities	76,906	84,367
Cash flows from investing activities:		
Capital expenditures	(37,107)	(40,597)
Acquisitions, net of cash acquired	(15,341)	—
Proceeds from sale of investments	—	3,127
Purchases of investments	(1,536)	(2,198)
Other investing activities, net	267	739
Net cash used in investing activities	(53,717)	(38,929)
Cash flows from financing activities:		
Proceeds from long-term debt	612,052	565,408
Payments on long-term debt	(643,494)	(551,645)
Purchases of treasury stock	(2,818)	(33,986)
Dividends	(21,184)	(20,812)
Acquisition holdback and contingent consideration payments	—	(613)
Other financing activities	(913)	(2,128)
Net cash used in financing activities	(56,357)	(43,776)
Effect of exchange rate changes on cash	1,049	(3,862)
Net change in cash, cash equivalents and restricted cash	(32,119)	(2,200)
Cash, cash equivalents and restricted cash at beginning of year	71,414	68,343
Cash, cash equivalents and restricted cash at end of period	$ 39,295	$ 66,143

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

Note 1. Nature of Operations

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

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

Note 2. Basis of Presentation

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

Effective April 1, 2022, the Company applies highly inflationary accounting to its Turkish subsidiaries. Under highly inflationary accounting, the financial statements of these subsidiaries are remeasured into the Company's reporting currency (U.S. dollar) and exchange gains and losses from the remeasurement of monetary assets and liabilities are reflected in current earnings, rather than accumulated other comprehensive loss on the Consolidated Balance Sheets, until such time as the applicable economy is no longer considered highly inflationary. As of June 30, 2023 and September 30, 2022, the Company had net monetary assets related to its Turkish subsidiaries of $ 5,387 and $5,022, respectively. For the three and nine months ended June 30, 2023, exchange losses related to highly inflationary accounting totaled $1,826 and $3,074, respectively, and were included in the Consolidated Statements of Income within other income (deductions), net. For the three and nine months ended June 30, 2022, exchange losses related to highly inflationary accounting totaled $1,245 and were included in the Consolidated Statements of Income within other income (deductions), net.

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

(Dollar amounts in thousands, except per share data)

Note 2. Basis of Presentation (continued)

New Accounting Pronouncements:

Issued

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

In September 2022, the FASB issued ASU No. 2022-04, *Liabilities - Supplier Finance Programs (Subtopic 405-50)* which enhances the transparency of supplier finance programs by addressing disclosure requirements. Specifically, the amendment requires disclosure of key program terms, amounts outstanding, balance sheet presentation, and a rollforward of amounts outstanding during the annual period. The ASU will be effective beginning in the first quarter of fiscal 2024, except for the rollforward requirement, which is effective in fiscal year 2025. The adoption of this ASU is not expected to have a material impact on the Company's consolidated financial statements.

Note 3. Revenue Recognition

The Company disaggregates revenue from contracts with customers by geography, as it believes geographic regions best depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Disaggregated sales by segment and region for the three and nine months ended June 30, 2023 and 2022 were as follows:

	Memorialization		Industrial Technologies		SGK Brand Solutions		Consolidated	
	Three Months Ended June 30,		Three Months Ended June 30,		Three Months Ended June 30,		Three Months Ended June 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
North America	$ 197,309	$ 191,495	$ 43,924	$ 39,736	$ 63,000	$ 68,008	$ 304,233	$ 299,239
Central and South America	—	—	—	—	1,342	1,472	1,342	1,472
Europe	8,468	9,175	84,577	37,119	51,532	54,046	144,577	100,340
Australia	2,951	2,488	—	—	2,020	2,797	4,971	5,285
Asia	—	—	2,032	1,588	14,753	13,795	16,785	15,383
Total Sales	$ 208,728	$ 203,158	$ 130,533	$ 78,443	$ 132,647	$ 140,118	$ 471,908	$ 421,719

(Dollar amounts in thousands, except per share data)

Note 3. Revenue Recognition (continued)

	Memorialization		Industrial Technologies		SGK Brand Solutions		Consolidated	
	Nine Months Ended June 30,		Nine Months Ended June 30,		Nine Months Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
North America	$ 604,386	$ 593,901	$ 121,900	$ 110,869	$ 192,904	$ 211,278	$ 919,190	$ 916,048
Central and South America	—	—	—	—	3,674	3,615	3,674	3,615
Europe	25,293	32,613	237,847	115,285	152,990	175,900	416,130	323,798
Australia	8,440	7,354	—	—	6,535	8,352	14,975	15,706
Asia	—	—	5,443	4,774	41,316	41,335	46,759	46,109
Total Sales	$ 638,119	$ 633,868	$ 365,190	$ 230,928	$ 397,419	$ 440,480	$ 1,400,728	$ 1,305,276

Revenue from products or services provided to customers over time accounted for approximately17% and 13% of revenue for the three months ended June 30, 2023 and 2022, respectively, and 14% and 11% of revenue for the nine months ended June 30, 2023 and 2022, respectively.

Note 4. Fair Value Measurements

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

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

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

	June 30, 2023				September 30, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Derivatives [1]	$ —	$ 1,734	$ —	$ 1,734	$ —	$ 14,421	$ —	$ 14,421
Equity and fixed income mutual funds	—	693	—	693	—	—	—	—
Life insurance policies	—	5,234	—	5,234	—	4,439	—	4,439
Total assets at fair value	$ —	$ 7,661	$ —	$ 7,661	$ —	$ 18,860	$ —	$ 18,860
Liabilities:								
Derivatives [1]	$ —	$ 4,931	$ —	$ 4,931	$ —	$ —	$ —	$ —
Total liabilities at fair value	$ —	$ 4,931	$ —	$ 4,931	$ —	$ —	$ —	$ —

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

The carrying values for other financial assets and liabilities approximated fair value at June 30, 2023 and September 30, 2022.

(Dollar amounts in thousands, except per share data)

Note 5. Inventories

Inventories consisted of the following:

	June 30, 2023	September 30, 2022
Raw materials	$ 69,674	$ 52,586
Work in process	118,968	94,804
Finished goods	79,957	78,050
	$ 268,599	$ 225,440

Note 6. Investments

Non-current investments consisted of the following:

	June 30, 2023	September 30, 2022
Equity and fixed income mutual funds	$ 693	$ —
Life insurance policies	5,234	4,439
Equity-method investments	326	2,729
Other (primarily cost-method) investments	18,975	18,808
	$ 25,228	$ 25,976

During the second quarter of fiscal 2023, the Company purchased the remaining ownership interest in a small Industrial Technologies business, which was previously held as an equity-method investment. See Note 15, "Acquisitions."

Note 7. Debt and Financing Arrangements

Long-term debt at June 30, 2023 and September 30, 2022 consisted of the following:

	June 30, 2023	September 30, 2022
Revolving credit facilities	$ 452,691	$ 480,107
2025 Senior Notes	298,365	297,961
Other borrowings	17,345	13,434
Finance lease obligations	6,596	7,066
Total debt	774,997	798,568
Less current maturities	(2,941)	(3,277)
Long-term debt	$ 772,056	$ 795,291

The Company has a domestic credit facility with a syndicate of financial institutions that includes a $750,000 senior secured revolving credit facility, which matures in March 2025. A portion of the revolving credit facility (not to exceed $350,000) can be drawn in foreign currencies. In March 2023, an amendment to the domestic credit facility implemented SOFR as the replacement of LIBOR as the benchmark interest rate under the facility. The Company accounted for the change in reference rate as a non-substantial modification. Borrowings under the revolving credit facility now bear interest at SOFR, plus a 0.10% per annum rate spread adjustment, plus a factor ranging from0.75% to 2.00% (1.25% at June 30, 2023) based on the Company's secured leverage ratio. Previously, borrowings under the revolving credit facility bore interest at LIBOR plus a factor ranging from 0.75% to 2.00% based on the Company's secured leverage ratio. The secured leverage ratio is defined as net secured indebtedness divided by EBITDA (earnings before interest, income taxes, depreciation and amortization) as defined within the domestic credit facility agreement. The Company is required to pay an annual commitment fee ranging from 0.15% to 0.30% (based on the Company's leverage ratio) of the unused portion of the revolving credit facility. The Company incurred debt issuance costs in connection with the domestic credit facility. Unamortized costs were $1,065 and $1,522 at June 30, 2023 and September 30, 2022, respectively.

(Dollar amounts in thousands, except per share data)

Note 7. Debt and Financing Arrangements (continued)

The domestic credit facility requires the Company to maintain certain leverage and interest coverage ratios. A portion of the facility (not to exceed $55,000) is available for the issuance of trade and standby letters of credit. Outstanding U.S. dollar denominated borrowings on the revolving credit facility at June 30, 2023 and September 30, 2022 were $450,329 and $472,057, respectively. The weighted-average interest rate on the outstanding borrowings for the domestic credit facility (including the effects of interest rate swaps) at June 30, 2023 and 2022 was 5.59% and 1.92%, respectively.

The Company has $299,625 of 5.25% senior unsecured notes due December 1, 2025 (the "2025 Senior Notes"). The 2025 Senior Notes bear interest at a rate of 5.25% per annum with interest payable semi-annually in arrears on June 1 and December 1 of each year. The Company's obligations under the 2025 Senior Notes are guaranteed by certain of the Company's direct and indirect wholly-owned subsidiaries. The Company is subject to certain covenants and other restrictions in connection with the 2025 Senior Notes. The Company incurred direct financing fees and costs in connection with the 2025 Senior Notes. Unamortized costs were $1,260 and $1,664 at June 30, 2023 and September 30, 2022, respectively.

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

The proceeds of the RPA are classified as operating activities in the Company’s Consolidated Statements of Cash Flows. Cash received from collections of sold receivables may be used to fund additional purchases of receivables on a revolving basis, or to reduce all or any portion of the outstanding capital of the Purchasers. The fair value of the sold receivables approximated book value due to their credit quality and short-term nature, and as a result, no gain or loss on sale of receivables was recorded. As of June 30, 2023 and September 30, 2022, the amount sold to the Purchasers was $113,200 and $96,590, respectively, which was derecognized from the Consolidated Balance Sheets. As collateral against sold receivables, Matthews RFC maintains a certain level of unsold receivables, which was $48,501 and $44,262 as of June 30, 2023 and September 30, 2022, respectively.

The following table sets forth a summary of receivables sold as part of the RPA:

	Nine Months Ended June 30, 2023	Nine Months Ended June 30, 2022
Gross receivables sold	$ 301,045	$ 247,221
Cash collections reinvested	(284,435)	(147,220)
Net cash proceeds received	$ 16,610	$ 100,001

During the second quarter of fiscal 2023, the Company, through its U.K. subsidiary, entered into a non-recourse factoring arrangement. In connection with this arrangement, the Company periodically sells trade receivables to a third-party purchaser in exchange for cash. These transfers of financial assets are recorded at the time the Company surrenders control of the assets. As these transfers qualify as true sales under the applicable accounting guidance, the receivables are de-recognized from the Company's Consolidated Balance Sheets upon transfer. The principal amount of receivables sold under this arrangement was $36,045 during the nine months ended June 30, 2023. The discounts on the trade receivables sold are included within administrative expense in the Consolidated Statements of Income. The proceeds from the sale of receivables are classified as operating activities in the Company's Consolidated Statements of Cash Flows. As of June 30, 2023, the amount of factored receivables that remained outstanding was $15,714.

(Dollar amounts in thousands, except per share data)

Note 7. Debt and Financing Arrangements (continued)

The Company, through certain of its European subsidiaries, has a credit facility with a European bank, which is guaranteed by Matthews. The maximum amount of borrowing available under this facility is €10.0 million ($10,886). The facility also provides €16.0 million ($17,418) for bank guarantees. This facility has no stated maturity date and is available until terminated. Outstanding borrowings under the credit facility totaled €2.2 million ($2,362) and €8.2 million ($8,050) at June 30, 2023 and September 30, 2022, respectively. The weighted-average interest rate on outstanding borrowings under this facility was5.65% and 2.25% at June 30, 2023 and 2022, respectively.

Other borrowings totaled $17,345 and $13,434 at June 30, 2023 and September 30, 2022, respectively. The weighted-average interest rate on all other borrowings was 2.44% and 1.90% at June 30, 2023 and 2022, respectively.

As of June 30, 2023 and September 30, 2022, the fair value of the Company's long-term debt, including current maturities, which is classified as Level 2 in the fair value hierarchy, approximated the carrying value included in the Consolidated Balance Sheets. The Company was in compliance with all of its debt covenants as of June 30, 2023.

Note 8. Derivatives and Hedging Instruments

The Company operates internationally and utilizes certain derivative financial instruments to manage its foreign currency, debt and interest rate exposures. At June 30, 2023 and September 30, 2022, derivative instruments were reflected on a gross-basis in the consolidated balance sheets as follows:

Derivatives:	**June 30, 2023**		**September 30, 2022**	
	Interest Rate Swaps	**Cross- Currency Swaps**	**Interest Rate Swaps**	**Cross- Currency Swaps**
Current assets:				
Other current assets	$ 365	$ —	$ 3,358	$ —
Long-term assets:				
Other assets	1,369	—	7,341	3,722
Current liabilities:				
Other current liabilities	(127)	—	—	—
Long-term liabilities:				
Other liabilities	(436)	(4,368)	—	—
Total derivatives	$ 1,171	$ (4,368)	$ 10,699	$ 3,722

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

	June 30, 2023	**September 30, 2022**
Notional amount	$ 175,000	$ 125,000
Weighted-average maturity period (years)	4.4	3.1
Weighted-average received rate	5.14 %	3.14 %
Weighted-average pay rate	3.83 %	1.04 %

The Company enters into interest rate swaps in order to achieve a mix of fixed and variable rate debt that it deems appropriate. In order to transition the Company's swaps from LIBOR-based to SOFR-based rates, the LIBOR-based swaps were settled during the second quarter of fiscal 2023, resulting in cash proceeds of $10,474. Concurrently, the Company entered into new interest rate swaps with SOFR-based rates with a notional amount of $175,000. The interest rate swaps have been designated as cash flow hedges of future variable interest payments which are considered probable of occurring. Based on the Company's assessment, all of the critical terms of each of the hedges matched the underlying terms of the hedged debt and related forecasted interest payments, and as such, these hedges were considered highly effective.

Note 8. Derivatives and Hedging Instruments (continued)

The fair value of the interest rate swaps reflected a net unrealized gain of $1,171 ($876 after tax) at June 30, 2023 and an unrealized gain of $10,699 ($7,937 after tax) at September 30, 2022, that is included in shareholders' equity as part of accumulated other comprehensive income (loss) ("AOCI"). Unrecognized gains of $9,263 ($6,922 after tax) related to the terminated LIBOR-based swaps were also included in AOCI as of June 30, 2023. Assuming market rates remain constant with the rates at June 30, 2023, a gain (net of tax) of approximately $3,550 included in AOCI is expected to be recognized in earnings over the next twelve months.

The Company has a U.S. Dollar/Euro cross currency swap with a notional amount of $81,392, as of June 30, 2023 and September 30, 2022, which has been designated as a net investment hedge of foreign operations. The swap contract matures in September 2027. The Company assesses hedge effectiveness for this contract based on changes in fair value attributable to changes in spot prices. A loss of $ 3,265 (net of income taxes of $1,103) and a gain of $2,782 (net of income taxes of $940), which represented effective hedges of net investments, were reported as a component of AOCI within currency translation adjustment at June 30, 2023 and September 30, 2022, respectively. Income of $284 and $866, which represented the recognized portion of the fair value of cross currency swaps excluded from the assessment of hedge effectiveness, was included in current period earnings as a component of interest expense for the three and nine months ended June 30, 2023, respectively. Income of $428 and $1,213, which represented the recognized portion of the fair value of cross currency swaps excluded from the assessment of hedge effectiveness, was included in current period earnings as a component of interest expense for the three and nine months ended June 30, 2022, respectively. At June 30, 2023 and September 30, 2022, the swaps totaled $4,368 and $3,722, respectively, and was included in other accrued liabilities and other assets in the Consolidated Balance Sheets, respectively.

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

Note 9. Share-Based Payments

The Company maintains an equity incentive plan (as amended and restated, the "2017 Equity Incentive Plan") that provides for grants of stock options, restricted shares, restricted share units, stock-based performance units and certain other types of stock-based awards. Under the 2017 Equity Incentive Plan, which has a ten-year term from the date the Company's Board of Directors approved of the amendment and restatement of the 2017 Equity Incentive Plan, the maximum number of shares available for grants or awards is an aggregate of 3,450,000 (subject to adjustment upon certain events such as stock dividends or stock splits), following the amendment and restatement of the 2017 Equity Incentive Plan at the Company's 2022 Annual Shareholder Meeting. At June 30, 2023, 493,758 shares have been issued under the 2017 Equity Incentive Plan. 1,041,615 time-based restricted share units, 1,313,162 performance-based restricted share units, and 75,000 stock options have been granted under the 2017 Equity Incentive Plan. 1,801,197 of these share-based awards are outstanding as of June 30, 2023. The 2017 Equity Incentive Plan is administered by the Compensation Committee of the Board of Directors. The number of shares issued under performance-based restricted share units may be up to 200% of the number of performance-based restricted share units, based on the satisfaction of specific criteria established by the plan administrator.

For the three-month periods ended June 30, 2023 and 2022, stock-based compensation cost totaled $5,023 and $5,197, respectively. For the nine-month periods ended June 30, 2023 and 2022, stock-based compensation cost totaled $13,635 and $14,128, respectively. The associated future income tax benefit recognized for stock-based compensation was $1,249 and $1,282 for the three-month periods ended June 30, 2023 and 2022, respectively, and $2,856 and $2,970 for the nine-month periods ended June 30, 2023 and 2022, respectively.

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

(Dollar amounts in thousands, except per share data)

Note 9. Share-Based Payments (continued)

The transactions for restricted shares and restricted share units for the nine months ended June 30, 2023 were as follows:

	Shares /Units	Weighted-average Grant-date Fair Value
Non-vested at September 30, 2022	1,459,233	$ 33.78
Granted	618,050	27.69
Vested	(208,408)	34.95
Expired or forfeited	(142,678)	40.66
Non-vested at June 30, 2023	1,726,197	$ 30.89

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

As of June 30, 2023, the total unrecognized compensation cost related to all unvested stock-based awards was $21,695 and is expected to be recognized over a weighted average period of 2.1 years.

The Company maintains the Amended and Restated 2019 Director Fee Plan, the Amended and Restated 2014 Director Fee Plan and the 1994 Director Fee Plan (collectively, the "Director Fee Plans"). There will be no further fees or share-based awards granted under the Amended and Restated 2014 Director Fee Plan and the 1994 Director Fee Plan. Under the Amended and Restated 2019 Director Fee Plan, non-employee directors (except for the Chairman of the Board) each receive, as an annual retainer fee for fiscal 2023, either cash or shares of the Company's Class A Common Stock with a value equal to $90. The annual retainer fee for fiscal 2023 paid to the non-employee Chairman of the Board is $210. Where the annual retainer fee is provided in shares, each director may elect to be paid these shares on a current basis or have such shares credited to a deferred stock account as phantom stock, with such shares to be paid to the director subsequent to leaving the Board. The total number of shares of stock that have been authorized to be issued under the Amended and Restated 2019 Director Fee Plan or credited to a deferred stock compensation account for subsequent issuance is 300,000 shares of Common Stock (subject to adjustment upon certain events such as stock dividends or stock splits), following the amendment and restatement of the 2019 Director Fee Plan at the Company's 2023 Annual Shareholder Meeting. The value of deferred shares is recorded in other liabilities. A total of 45,005 shares and share units had been deferred under the Director Fee Plans as of June 30, 2023. Additionally, non-employee directors each receive an annual stock-based grant (non-statutory stock options, stock appreciation rights and/or restricted shares or units) with a value of $140 for fiscal 2023. As of June 30, 2023, 336,127 restricted shares and restricted share units have been granted under the Director Fee Plans, 162,898 of which were issued under the 2019 Director Fee Plan. 60,057 restricted share units are unvested at June 30, 2023 under the Director Fee Plans.

Note 10. Earnings Per Share Attributable to Matthews' Shareholders

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

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
Net income (loss) attributable to Matthews shareholders	$ 8,738	$ 2,893	$ 21,568	$ (18,815)
Weighted-average shares outstanding (in thousands):				
Basic shares	30,795	31,244	30,758	31,531
Effect of dilutive securities	449	308	371	—
Diluted shares	31,244	31,552	31,129	31,531
Dividends declared per common share	$ 0.23	$ 0.22	$ 0.69	$ 0.66

Anti-dilutive securities excluded from the dilution calculation were insignificant for the three and nine months ended June 30, 2023, and the three months ended June 30, 2022. During periods in which the Company incurs a net loss, diluted weighted-average shares outstanding are equal to basic weighted-average shares outstanding because the effect of all equity awards is anti-dilutive.

Note 11. Pension and Other Postretirement Benefit Plans

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

	Three months ended June 30,			
	Pension		Other Postretirement	
	2023	2022	2023	2022
Service cost	$ 31	$ 4	$ 19	$ 42
Interest cost *	106	48	161	102
Expected return on plan assets *	—	—	—	—
Amortization:				
Prior service credit	—	(66)	(92)	(91)
Net actuarial loss *	(5)	88	(177)	—
Net benefit cost	$ 132	$ 74	$ (89)	$ 53

	Nine months ended June 30,			
	Pension		Other Postretirement	
	2023	2022	2023	2022
Service cost	$ 119	$ 389	$ 57	$ 124
Interest cost *	354	1,086	483	308
Expected return on plan assets *	—	(1,042)	—	—
Amortization:				
Prior service credit	—	(85)	(274)	(273)
Net actuarial loss *	(21)	380	(531)	—
Settlement losses *	1,271	30,856	—	—
Net benefit cost	$ 1,723	$ 31,584	$ (265)	$ 159

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

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

(Dollar amounts in thousands, except per share data)

Note 11. Pension and Other Postretirement Benefit Plans (continued)

In the first quarter of fiscal 2023, the Company made lump sum payments totaling $24,242 to fully settle the supplemental retirement plan ("SERP") and defined benefit portion of the officers retirement restoration plan ("ORRP") obligations. The settlement of these plan obligations resulted in the recognition of a non-cash charge of $1,271, which has been presented as a component of other income (deductions), net for the nine months ended June 30, 2023. This amount represents the immediate recognition of the deferred AOCI balances related to the SERP and ORRP. During the second quarter of fiscal 2023, the remaining funds held in a rabbi trust associated with the SERP were transferred to the Company. Consequently, these amounts are no longer classified as restricted cash.

In the first quarter of fiscal 2022, the Company terminated its DB Plan and made plan contributions totaling $35,706 to fully fund the planned settlement of the DB Plan obligations. Also during the first quarter of fiscal 2022, lump sum distributions of $185,958 were made from the DB Plan to plan participants, and non-participating annuity contracts totaling $56,274 were purchased by the DB Plan for plan participants, resulting in the full settlement of the DB Plan obligations. The settlement of the DB Plan obligations resulted in the recognition of a non-cash charge of $30,856, which has been presented as a component of other income (deductions), net for the nine months ended June 30, 2022. This amount represents the immediate recognition of the remaining portion of the deferred AOCI balances related to the DB Plan.

Note 12. Accumulated Other Comprehensive Income

The changes in AOCI by component, net of tax, for the three-month periods ended June 30, 2023 and 2022 were as follows:

	Post-retirement benefit plans	Currency translation adjustment	Cash Flow Hedges	Total
Attributable to Matthews:				
Balance, March 31, 2023	$ 5,951	$ (178,318)	$ 5,291	$ (167,076)
OCI before reclassification	(5)	1,135	2,745	3,875
Amounts reclassified from AOCI	(205) [a]	(212)	(238) [b]	(655)
Net current-period OCI	(210)	923	2,507	3,220
Balance, June 30, 2023	$ 5,741	$ (177,395)	$ 7,798	$ (163,856)
Attributable to noncontrolling interest:				
Balance, March 31, 2023	$ —	$ 254	$ —	$ 254
OCI before reclassification	—	(31)	—	(31)
Net current-period OCI	—	(31)	—	(31)
Balance, June 30, 2023	$ —	$ 223	$ —	$ 223

	Post-retirement benefit plans	Currency translation adjustment	Cash Flow Hedges	Total
Attributable to Matthews:				
Balance, March 31, 2022	$ (1,824)	$ (163,421)	$ 4,015	$ (161,230)
OCI before reclassification	69	(18,970)	1,223	(17,678)
Amounts reclassified from AOCI	(52) [a]	(323)	353 [b]	(22)
Net current-period OCI	17	(19,293)	1,576	(17,700)
Balance, June 30, 2022	$ (1,807)	$ (182,714)	$ 5,591	$ (178,930)
Attributable to noncontrolling interest:				
Balance, March 31, 2022	$ —	$ 249	$ —	$ 249
OCI before reclassification	—	15	—	15
Net current-period OCI	—	15	—	15
Balance, June 30, 2022	$ —	$ 264	$ —	$ 264

[a] Amounts were included in net periodic benefit cost for pension and other postretirement benefit plans (see Note 11).
[b] Amounts were included in interest expense in the periods the hedged item affected earnings (see Note 8).

(Dollar amounts in thousands, except per share data)

Note 12. Accumulated Other Comprehensive Income (continued)

The changes in AOCI by component, net of tax, for the nine-month periods ended June 30, 2023 and 2022 were as follows:

	Post-retirement benefit plans	Currency translation adjustment	Cash Flow Hedges	Total
table to Matthews:				
, September 30, 2022	$ 5,182	$ (203,310)	$ 7,937	$ (190,191)
fore reclassification	226	26,561	1,367	28,154
ts reclassified from AOCI	333 (a)	(646)	(1,506) (b)	(1,819)
rent-period OCI	559	25,915	(139)	26,335
, June 30, 2023	$ 5,741	$ (177,395)	$ 7,798	$ (163,856)
table to noncontrolling interest:				
, September 30, 2022	$ —	$ 255	$ —	$ 255
fore reclassification	—	(32)	—	(32)
rent-period OCI	—	(32)	—	(32)
, June 30, 2023	$ —	$ 223	$ —	$ 223

	Post-retirement benefit plans	Currency translation adjustment	Cash Flow Hedges	Total
Attributable to Matthews:				
Balance, September 30, 2021	$ (35,930)	$ (155,251)	$ (1,558)	$ (192,739)
OCI before reclassification	10,810	(26,547)	5,636	(10,101)
Amounts reclassified from AOCI	23,313 (a)	(916)	1,513 (b)	23,910
Net current-period OCI	34,123	(27,463)	7,149	13,809
Balance, June 30, 2022	$ (1,807)	$ (182,714)	$ 5,591	$ (178,930)
Attributable to noncontrolling interest:				
Balance, September 30, 2021	$ —	$ 241	$ —	$ 241
OCI before reclassification	—	23	—	23
Net current-period OCI	—	23	—	23
Balance, June 30, 2022	$ —	$ 264	$ —	$ 264

(a) Amounts were included in net periodic benefit cost for pension and other postretirement benefit plans (see Note 11).
(b) Amounts were included in interest expense in the periods the hedged item affected earnings (see Note 8).

(Dollar amounts in thousands, except per share data)

Note 12. Accumulated Other Comprehensive Income (continued)

Reclassifications out of AOCI for the three and nine-month periods ended June 30, 2023 and 2022 were as follows:

	Amount reclassified from AOCI		
Details about AOCI Components	**Three Months Ended June 30, 2023**	**Nine Months Ended June 30, 2023**	**Affected line item in the Statement of income**
Postretirement benefit plans			
Prior service credit [a]	$ 92	$ 274	
Actuarial losses	182	552	Other income (deductions), net
Settlement loss	—	(1,271)	Other income (deductions), net
	274	(445)	Income before income tax [b]
	(69)	112	Income taxes
	$ 205	$ (333)	Net income
Derivatives			
Cash flow hedges	$ 317	$ 2,014	Interest expense
Net investment hedges	284	866	Interest expense
	601	2,880	Income before income tax [b]
	(151)	(728)	Income taxes
	$ 450	$ 2,152	Net income

Details about AOCI Components	**Three Months Ended June 30, 2022**	**Nine Months Ended June 30, 2022**	**Affected line item in the Statement of income**
Postretirement benefit plans			
Prior service credit [a]	$ 157	$ 358	
Actuarial losses	(88)	(380)	Other income (deductions), net
Settlement losses	—	(30,856)	Other income (deductions), net
	69	(30,878)	Income before income tax [b]
	(17)	7,565	Income taxes
	$ 52	$ (23,313)	Net income
Derivatives			
Cash flow hedges	$ (470)	$ (2,006)	Interest expense
Net investment hedges	428	1,213	Interest expense
	(42)	(793)	Income before income tax [b]
	12	196	Income taxes
	$ (30)	$ (597)	Net income

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

[b] For pre-tax items, positive amounts represent income and negative amounts represent expense.

(Dollar amounts in thousands, except per share data)

Note 13. Income Taxes

Income tax provisions for the Company's interim periods are based on the effective income tax rate expected to be applicable for the full year. The Company's consolidated income taxes for the first nine months of fiscal 2023 were an expense of $4,136, compared to a benefit of $2,311 for the first nine months of fiscal 2022. The difference between the Company's consolidated income taxes for the first nine months of fiscal 2023 compared to the same period for fiscal 2022 primarily resulted from consolidated pre-tax income in fiscal 2023 compared to a pre-tax loss in fiscal 2022. The Company's fiscal 2023 nine-month effective tax rate varied from the U.S. statutory tax rate of 21.0% primarily due to state taxes, foreign statutory rate differentials, tax credits, and non-tax benefited foreign losses. The Company's fiscal 2022 nine-month effective tax rate varied from the U.S. statutory tax rate of 21.0% primarily due to the non-deductible asset write-downs in Russia, state taxes, foreign statutory rate differentials, and tax credits.

The Company had unrecognized tax benefits (excluding penalties and interest) of $4,582 and $4,123 on June 30, 2023 and September 30, 2022, respectively, which would impact the annual effective rate at June 30, 2023 and September 30, 2022, respectively. It is reasonably possible that the amount of unrecognized tax benefits could decrease by approximately $3,213 in the next 12 months primarily due to the completion of audits and the expiration of the statute of limitations.

The Company classifies interest and penalties on tax uncertainties as a component of the provision for income taxes. Total penalties and interest accrued were $959 and $876 at June 30, 2023 and September 30, 2022, respectively. These accruals may potentially be applicable in the event of an unfavorable outcome of uncertain tax positions.

The Company is currently under examination in several tax jurisdictions and remains subject to examination until the statute of limitations expires for those tax jurisdictions. As of June 30, 2023, the tax years that remain subject to examination by major jurisdictions generally are:

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

Note 14. Segment Information

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

The Company's primary measure of segment profitability is adjusted earnings before interest, income taxes, depreciation and amortization ("adjusted EBITDA"). Adjusted EBITDA is defined by the Company as earnings before interest, income taxes, depreciation, amortization and certain non-cash and/or non-recurring items that do not contribute directly to management's evaluation of its operating results. These items include stock-based compensation, the non-service portion of pension and postretirement expense, acquisition and divestiture costs, ERP integration costs, and strategic initiatives and other charges. This presentation is consistent with how the Company's chief operating decision maker (the "CODM") evaluates the results of operations and makes strategic decisions about the business. For these reasons, the Company believes that adjusted EBITDA represents the most relevant measure of segment profit and loss.

(Dollar amounts in thousands, except per share data)

Note 14. Segment Information (continued)

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

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

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
Sales:				
Memorialization	$ 208,728	$ 203,158	$ 638,119	$ 633,868
Industrial Technologies	130,533	78,443	365,190	230,928
SGK Brand Solutions	132,647	140,118	397,419	440,480
Consolidated Sales	$ 471,908	$ 421,719	$ 1,400,728	$ 1,305,276
Adjusted EBITDA:				
Memorialization	$ 39,929	$ 32,090	$ 127,096	$ 118,404
Industrial Technologies	15,041	11,809	42,808	33,377
SGK Brand Solutions	16,364	14,546	39,616	43,422
Corporate and Non-Operating	(15,146)	(12,421)	(45,594)	(40,656)
Total Adjusted EBITDA	$ 56,188	$ 46,024	$ 163,926	$ 154,547
Acquisition and divestiture costs (1)**	(308)	(951)	(4,445)	(951)
Strategic initiatives and other charges (2)**	(4,694)	(6,339)	(7,734)	(16,912)
Non-recurring / incremental coronavirus disease 2019 ("COVID-19") costs (3)***	—	(301)	—	(2,204)
Highly inflationary accounting losses (primarily non-cash) (4)	(1,826)	—	(3,074)	—
Defined benefit plan termination related items (5)	—	63	(21)	(284)
Asset write-downs (6)	—	469	—	(10,017)
Stock-based compensation	(5,023)	(5,197)	(13,635)	(14,128)
Non-service pension and postretirement expense (7)	(85)	(238)	(1,556)	(31,588)
Depreciation and amortization *	(23,936)	(22,938)	(71,813)	(80,163)
Interest expense, including RPA and factoring financing fees (8)	(12,136)	(6,659)	(35,944)	(19,426)
Net loss attributable to noncontrolling interests	(67)	(18)	(125)	(56)
Income (loss) before income taxes	8,113	3,915	25,579	(21,182)
Income tax benefit (provision)	558	(1,040)	(4,136)	2,311
Net income (loss)	$ 8,671	$ 2,875	$ 21,443	$ (18,871)

Note 14. Segment Information (continued)

(1) Includes certain non-recurring costs associated with recent acquisition and divestiture activities.

(2) Includes certain non-recurring costs associated with productivity and cost-reduction initiatives intended to result in improved operating performance, profitability and working capital levels and costs associated with global ERP system integration efforts, net of loss recoveries of $2,154 related to a previously disclosed theft of funds by a former employee initially identified in fiscal 2015.

(3) 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.

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

(5) 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.

(6) Represents asset write-downs within the SGK Brand Solutions segment (see Note 17, "Asset Write-Downs").

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

(8) Includes fees for receivables sold under the RPA and factoring arrangements totaling $ 1,212 and $2,758 for the three and nine months ended June 30, 2023, respectively.

* Depreciation and amortization was $ 5,807 and $5,835 for the Memorialization segment, $5,815 and $2,459 for the Industrial Technologies segment, $ 11,164 and $13,334 for the SGK Brand Solutions segment, and $1,150 and $1,310 for Corporate and Non-Operating, for the three months ended June 30, 2023 and 2022, respectively. Depreciation and amortization was $ 17,092 and $17,448 for the Memorialization segment, $17,584 and $7,643 for the Industrial Technologies segment, $33,543 and $51,119 for the SGK Brand Solutions segment, and $ 3,594 and $3,953 for Corporate and Non-Operating, for the nine months ended June 30, 2023 and 2022, respectively.
** Acquisition and divestiture costs, ERP integration costs, and strategic initiatives and other charges were $ 270 and $902 for the Memorialization segment, $120 and $1,183 for the Industrial Technologies segment, $3,897 and $1,970 for the SGK Brand Solutions segment, $ 715 and $3,235 for Corporate and Non-Operating, for the three months ended June 30, 2023 and 2022, respectively. Acquisition and divestiture costs, ERP integration costs, and strategic initiatives and other charges were $981 and $2,090 for the Memorialization segment, $3,494 and $1,376 for the Industrial Technologies segment, $ 7,028 and $7,673 for the SGK Brand Solutions segment, $ 676 and $6,724 for Corporate and Non-Operating, for the nine months ended June 30, 2023 and 2022, respectively.
*** Non-recurring/incremental COVID-19 costs were $225 for the Memorialization segment, $1 for the Industrial Technologies segment, $74 for the SGK Brand Solutions segment, and $ 1 for Corporate and Non-Operating, for the three months ended June 30, 2022. Non-recurring/incremental COVID-19 costs were $1,268 for the Memorialization segment, $6 for the Industrial Technologies segment, $ 464 for the SGK Brand Solutions segment, and $466 for Corporate and Non-Operating, for the nine months ended June 30, 2022.

Note 15. Acquisitions

Fiscal 2023:

In March 2023, the Company purchased the remaining ownership interest in a non-consolidated Industrial Technologies subsidiary for $4,759 (net of cash acquired and holdbacks). The preliminary purchase price allocation was not finalized as of June 30, 2023 and remains subject to change as the Company obtains additional information related to working capital and other assets and liabilities.

In February 2023, the Company acquired Eagle Granite Company ("Eagle") within the Memorialization segment for a total purchase price of $18,384, consisting of cash of $8,650 (net of cash acquired) and a deferred purchase price amount of $9,734, which is scheduled to be paid to the sellertwo years from the acquisition date. In addition, the Company recorded a liability of approximately $1,030 for potential future contingent consideration related to certain earnout provisions, which, if owed, is scheduled to be paid to the seller four years from the acquisition date. Eagle serves cemeteries and monument companies with a full complement of granite memorialization products. The preliminary purchase price allocation was not finalized as of June 30, 2023 and remains subject to change as the Company obtains additional information related to working capital, intangible assets, and other assets and liabilities.

During the first fiscal quarter of 2023, the Company completed small acquisitions within the SGK Brand Solutions segment for a combined purchase price of $1,932 (net of cash acquired and holdbacks). The preliminary purchase price allocations were not finalized as of June 30, 2023 and remain subject to change as the Company obtains additional information related to working capital and other assets and liabilities.

(Dollar amounts in thousands, except per share data)

Note 15. Acquisitions (continued)

Fiscal 2022:

In August 2022, the Company acquired German-based engineering firms OLBRICH and R+S Automotive for a purchase price of approximately €43,700 ($44,469) (net of cash acquired) within the Industrial Technologies segment. OLBRICH is a production and intelligent equipment manufacturer, specializing in purpose-built rotary processing equipment, including equipment used in the manufacturing of dry and wet electrodes for lithium-ion batteries used in electric vehicles and components for hydrogen fuel cells and electrolyzers, with additional strong positions in Specialty & Pharma, Packaging and Home & Décor. R+S Automotive is a specialty engineering services provider of automation, plant and tooling concepts for automotive manufacturing companies around the world. Annual sales for these businesses were approximately $140,000 prior to the acquisition. The preliminary purchase price allocation was not finalized as of June 30, 2023 and remains subject to change as the Company obtains additional information related to other assets and liabilities.

Note 16. Goodwill and Other Intangible Assets

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

	Memorialization	Industrial Technologies	SGK Brand Solutions	Consolidated
Net goodwill at September 30, 2022	$ 361,782	$ 107,022	$ 206,617	$ 675,421
Additions during period	2,682	6,756	1,924	11,362
Translation and other adjustments	2,739	795	12,599	16,133
Net goodwill at June 30, 2023	$ 367,203	$ 114,573	$ 221,140	$ 702,916

The net goodwill balances at June 30, 2023 and September 30, 2022 included $261,186 of accumulated impairment losses. Accumulated impairment losses at June 30, 2023 and September 30, 2022 were $5,000, $23,946 and $232,240 for the Memorialization, Industrial Technologies and SGK Brand Solutions segments, respectively.

The Company performed its annual impairment review of goodwill and indefinite-lived intangible assets in the second quarter of fiscal 2023 (January 1, 2023) and determined that the estimated fair values for all goodwill reporting units exceeded their carrying values, therefore no impairment charges were necessary. The estimated fair value of the Company's SGK Brand Solutions reporting unit exceeded the carrying value (expressed as a percentage of carrying value) by approximately 9%. If current projections are not achieved or specific valuation factors outside the Company's control (such as discount rates and continued economic and industry challenges) significantly change, additional goodwill write-downs may be necessary in future periods.

(Dollar amounts in thousands, except per share data)

Note 16. Goodwill and Other Intangible Assets (continued)

The following tables summarize the carrying amounts and related accumulated amortization for intangible assets as of June 30, 2023 and September 30, 2022, respectively.

	Carrying Amount	Accumulated Amortization	Net
June 30, 2023:			
Indefinite-lived trade names	$ 30,540	$ —	$ 30,540
Definite-lived trade names	151,756	(121,514)	30,242
Customer relationships	382,648	(274,676)	107,972
Copyrights/patents/other	22,483	(16,283)	6,200
	$ 587,427	$ (412,473)	$ 174,954
September 30, 2022:			
Indefinite-lived trade names	$ 30,540	$ —	$ 30,540
Definite-lived trade names	150,528	(117,572)	32,956
Customer relationships	380,593	(248,464)	132,129
Copyrights/patents/other	20,878	(14,349)	6,529
	$ 582,539	$ (380,385)	$ 202,154

The net change in intangible assets during the nine months ended June 30, 2023 included the impact of foreign currency fluctuations during the period, additional amortization, and additions related to the Eagle acquisition.

Amortization expense on intangible assets was $10,640 and $11,804 for the three-month periods ended June 30, 2023 and 2022, respectively. Amortization expense on intangible assets was $31,499 and $45,303 for the nine-month periods ended June 30, 2023 and 2022, respectively. Amortization expense is estimated to be $10,643 for the remainder of fiscal 2023, $39,963 in 2024, $16,393 in 2025, $14,457 in 2026 and $13,386 in 2027.

Note 17. Asset Write-Downs

The Company has certain operations in Russia within its SGK Brand Solutions segment. During fiscal 2022, in light of the war between Russia and Ukraine, and the resulting regional instability and evolving political and economic conditions within the region, the Company evaluated certain of its assets for recoverability and impairment. As a result of this assessment, and due to the uncertainty in projecting future cash flows for the Company's operations in Russia, the Company recorded asset write-downs totaling $10,017 (net of recoveries) during fiscal 2022 to reduce the carrying value of these assets to zero. Asset write-downs (primarily related to property, plant and equipment) totaling $9,686 and $331 were reported within cost of sales and administrative expense, respectively, for the nine months ended June 30, 2022.

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

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

The following discussion should be read in conjunction with the consolidated financial statements of Matthews International Corporation ("Matthews" or the "Company") and related notes thereto included in this Quarterly Report on Form 10-Q and the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2022. Any forward-looking statements contained herein are included pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks and uncertainties that may cause the Company's actual results in future periods to be materially different from management's expectations. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove correct. Factors that could cause the Company's results to differ materially from the results discussed in such forward-looking statements principally include changes in domestic or international economic conditions, changes in foreign currency exchange rates, changes in interest rates, changes in the cost of materials used in the manufacture of the Company's products, changes in mortality and cremation rates, changes in product demand or pricing as a result of consolidation in the industries in which the Company operates or other factors such as supply chain disruptions, labor shortages or labor cost increases, changes in product demand or pricing as a result of domestic or international competitive pressures, ability to achieve cost-reduction objectives, unknown risks in connection with the Company's acquisitions, cybersecurity concerns, effectiveness of the Company's internal controls, compliance with domestic and foreign laws and regulations, technological factors beyond the Company's control, impact of pandemics or similar outbreaks or other disruptions to our industries, customers or supply chains, the impact of global conflicts, such as the current war between Russia and Ukraine, and other factors described in Item 1A - "Risk Factors" in this Form 10-Q and Item 1A - "Risk Factors" in the Company's Form 10-K for the fiscal year ended September 30, 2022. In addition, although the Company does not currently have any customers that would be considered individually significant to consolidated sales, changes in the distribution of the Company's products or the potential loss of one or more of the Company's larger customers are also considered risk factors. Matthews cautions that the foregoing list of important factors is not all inclusive. Readers are also cautioned not to place undue reliance on any forward looking statements, which reflect management's analysis only as of the date of this report, even if subsequently made available by Matthews on its website or otherwise. Matthews does not undertake to update any forward looking statement, whether written or oral, that may be made from time to time by or on behalf of Matthews to reflect events or circumstances occurring after the date of this report.

Included in this report are measures of financial performance that are not defined by generally accepted accounting principles in the United States ("GAAP"). These non-GAAP financial measures assist management in comparing the Company's performance on a consistent basis for purposes of business decision-making by removing the impact of certain items that management believes do not directly reflect the Company's core operations. For additional information and reconciliations from the consolidated financial statements see "Non-GAAP Financial Measures" below.

RESULTS OF OPERATIONS:

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

The Company's primary measure of segment profitability is adjusted earnings before interest, income taxes, depreciation and amortization ("adjusted EBITDA"). Adjusted EBITDA is defined by the Company as earnings before interest, income taxes, depreciation, amortization and certain non-cash and/or non-recurring items that do not contribute directly to management’s evaluation of its operating results. These items include stock-based compensation, the non-service portion of pension and postretirement expense, acquisition and divestiture costs, ERP integration costs, and strategic initiatives and other charges. This presentation is consistent with how the Company's chief operating decision maker (the “CODM”) evaluates the results of operations and makes strategic decisions about the business. For these reasons, the Company believes that adjusted EBITDA represents the most relevant measure of segment profit and loss.

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

The following table sets forth the sales and adjusted EBITDA for the Company's three reporting segments for the three and nine-month periods ended June 30, 2023 and 2022. Refer to Note 14, "Segment Information" in Item 1 - "Financial Statements" for the Company's financial information by segment.

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
	(Dollar amounts in thousands)			
Sales:				
Memorialization	$ 208,728	$ 203,158	$ 638,119	$ 633,868
Industrial Technologies	130,533	78,443	365,190	230,928
SGK Brand Solutions	132,647	140,118	397,419	440,480
Consolidated Sales	$ 471,908	$ 421,719	$ 1,400,728	$ 1,305,276
justed EBITDA:				
Memorialization	$ 39,929	32,090	127,096	118,404
Industrial Technologies	15,041	11,809	42,808	33,377
SGK Brand Solutions	16,364	14,546	39,616	43,422
Corporate and Non-Operating	(15,146)	(12,421)	(45,594)	(40,656)
tal Adjusted EBITDA [1]	$ 56,188	46,024	163,926	154,547

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

Sales for the nine months ended June 30, 2023 were $1.40 billion, compared to $1.31 billion for the nine months ended June 30, 2022, representing an increase of $95.5 million. The increase in fiscal 2023 sales reflected higher sales in the Industrial Technologies and Memorialization segments, partially offset by lower sales in the SGK Brand Solutions segment. On a consolidated basis, changes in foreign currency exchange rates were estimated to have an unfavorable impact of $28.6 million on fiscal 2023 sales compared to the prior year.

Memorialization segment sales for the first nine months of fiscal 2023 were $638.1 million, compared to $633.9 million for the first nine months of fiscal 2022. The sales increase reflected improved price realization, higher sales of granite memorial products, mausoleums and cremation equipment in the U.S., and benefits from the recent acquisition of Eagle Granite Company (see Acquisitions below). These increases were partially offset by lower unit sales of caskets and bronze memorial products, reflecting a decrease in coronavirus disease 2019 ("COVID-19") related deaths in fiscal 2023. Changes in foreign currency exchange rates had an unfavorable impact of $2.3 million on the segment's sales compared to the prior year. Industrial Technologies segment sales were $365.2 million for the first nine months of fiscal 2023, compared to $230.9 million for the first nine months of fiscal 2022. The sales increase primarily reflected the impact of the fiscal 2022 acquisitions of OLBRICH GmbH ("OLBRICH") and R+S Automotive GmbH ("R+S Automotive") (see Acquisitions below). The increase in sales also reflected higher sales of purpose-built engineered products (primarily energy storage solutions for the electric vehicle market), higher product identification sales, and increased sales of warehouse automation solutions. Changes in foreign currency exchange rates had an unfavorable impact of $8.5 million on the segment's sales compared to the prior year. In the SGK Brand Solutions segment, sales for the first nine months of fiscal 2023 were $397.4 million, compared to $440.5 million for the first nine months of fiscal 2022. Changes in foreign currency exchange rates had an unfavorable impact of $17.9 million on the segment's sales compared to the prior year. The decrease in sales also reflected lower brand sales in Europe, a decline in sales of cylinder (packaging) products in Europe, and lower U.S. and European retail-based sales. These decreases were partially offset by improved price realization.

Gross profit for the nine months ended June 30, 2023 was $426.9 million, compared to $377.0 million for the same period a year ago. Consolidated gross profit as a percent of sales was 30.5% and 28.9% for the first nine months of fiscal 2023 and fiscal 2022, respectively. The increase in gross profit primarily reflected the impact of higher sales (including benefits from recent acquisitions), and benefits from the realization of productivity improvements and other cost-reduction initiatives. These increases in gross profit were partially offset by the impact of higher material and labor costs, and lower margins on cylinder (packaging) products. Gross profit also included acquisition integration costs and other charges primarily in connection with cost-reduction initiatives totaling $6.1 million and $8.3 million for the nine months ended June 30, 2023 and 2022, respectively. Fiscal 2022 gross profit included $9.7 million of asset write-downs related to the war between Russia and Ukraine (see below for further details).

Selling and administrative expenses for the nine months ended June 30, 2023 were $333.6 million, compared to $302.6 million for the first nine months of fiscal 2022. Consolidated selling and administrative expenses, as a percent of sales, were 23.8% for the nine months ended June 30, 2023, compared to 23.2% for the same period last year. Fiscal 2023 selling and administrative expenses reflected the impact of higher salaries and wage rates, higher travel and entertainment ("T&E") costs, additional expenses from recently completed acquisitions, and fees associated with a receivables purchase agreement and factoring arrangement (see Liquidity and Capital Resources below). These increases in selling and administrative expenses were partially offset by benefits from ongoing cost-reduction initiatives. Selling and administrative expenses also included acquisition integration and related systems-integration costs, and other charges primarily in connection with cost-reduction initiatives totaling $10.8 million in fiscal 2023, compared to $11.0 million in fiscal 2022. Intangible amortization for the nine months ended June 30, 2023 was $31.5 million, compared to $45.3 million for the nine months ended June 30, 2022. Fiscal 2022 intangible amortization included $9.5 million of amortization related to certain trade names that have been discontinued.

Adjusted EBITDA was $163.9 million for the nine months ended June 30, 2023 and $154.5 million for the nine months ended June 30, 2022. Memorialization segment adjusted EBITDA was $127.1 million for the first nine months of fiscal 2023 compared to $118.4 million for the first nine months of fiscal 2022. The increase in segment adjusted EBITDA reflected the impact of higher sales and benefits from productivity initiatives, which were partially offset by the impact of higher material, labor and T&E costs. Adjusted EBITDA for the Industrial Technologies segment was $42.8 million for the nine months ended June 30, 2023 compared to $33.4 million for the nine months ended June 30, 2022. The increase in segment adjusted EBITDA primarily reflected the impact of higher sales of engineered products, partially offset by the impact of higher labor and T&E costs, and unfavorable contributions from recent acquisitions. Changes in foreign currency exchange rates had an unfavorable impact of $2.1 million on the segment's adjusted EBITDA compared to the prior year. Adjusted EBITDA for the SGK Brand Solutions segment was $39.6 million for the first nine months of fiscal 2023 compared to $43.4 million for the same period a year ago. The decrease in segment adjusted EBITDA primarily reflected the impact of lower sales, higher material, labor and T&E costs, and lower margins on cylinder (packaging) products. These decreases were partially offset by benefits from cost-reduction initiatives. Changes in foreign currency exchange rates had an unfavorable impact of $1.8 million on the segment's adjusted EBITDA compared to the prior year.

Interest expense for the first nine months of fiscal 2023 was $33.2 million, compared to $19.4 million for the same period last year. The increase in interest expense primarily reflected higher average interest rates in the current fiscal year. Other income (deductions), net, for the nine months ended June 30, 2023 represented a decrease in pre-tax income of $3.0 million, compared to a decrease in pre-tax income of $30.9 million for the same period last year. Other income (deductions), net includes the non-service components of pension and postretirement expense, which totaled $1.6 million and $31.6 million for the nine months ended June 30, 2023 and 2022, respectively. Fiscal 2023 non-service pension expense included a $1.3 million non-cash charge resulting from the settlement of the Company's supplemental retirement plan ("SERP") and defined benefit portion of the officers retirement restoration plan ("ORRP") obligations. Fiscal 2022 non-service pension expense included a $30.9 million non-cash charge resulting from the full settlement of the Company's principal defined benefit retirement plan ("DB Plan") obligations. Refer to Note 11, "Pension and Other Postretirement Benefit Plans" in Item 1 - "Financial Statements" for further details. Other income (deductions), net also includes investment income, banking-related fees and the impact of currency gains and losses on certain intercompany debt and foreign denominated cash balances. Fiscal 2023 other income (deductions), net included $3.1 million of currency losses associated with highly inflationary accounting for the Company's subsidiaries in Turkey (see Note 2, "Basis of Presentation" in Item 1 - "Financial Statements").

Income tax provisions for the Company's interim periods are based on the effective income tax rate expected to be applicable for the full year. The Company's consolidated income taxes for the first nine months of fiscal 2023 were an expense of $4.1 million, compared to a benefit of $2.3 million for the first nine months of fiscal 2022. The difference between the Company’s consolidated income taxes for the first nine months of fiscal 2023 compared to the same period for fiscal 2022 primarily resulted from consolidated pre-tax income in fiscal 2023 compared to a pre-tax loss in fiscal 2022. The Company’s fiscal 2023 nine-month effective tax rate varied from the U.S. statutory tax rate of 21.0% primarily due to state taxes, foreign statutory rate differentials, tax credits, and non-tax benefited foreign losses. The Company’s fiscal 2022 nine-month effective tax rate varied from the U.S. statutory tax rate of 21.0% primarily due to the non-deductible asset write-downs in Russia, state taxes, foreign statutory rate differentials, and tax credits.

Net losses attributable to noncontrolling interests were $125,000 for the nine months ended June 30, 2023 and $56,000 for the nine months ended June 30, 2022. The net losses attributable to noncontrolling interests primarily reflected losses in less than wholly-owned businesses.

Asset Write-Downs:

The Company has certain operations in Russia within its SGK Brand Solutions segment. During fiscal 2022, in light of the war between Russia and Ukraine, and the resulting regional instability and evolving political and economic conditions within the region, the Company evaluated certain of its assets for recoverability and impairment. As a result of this assessment, and due to the uncertainty in projecting future cash flows for the Company's operations in Russia, the Company recorded asset write-downs totaling $10.0 million (net of recoveries) during fiscal 2022 to reduce the carrying value of these assets to zero. Asset write-downs (primarily related to property, plant and equipment) totaling $9.7 million and $331,000 were reported within cost of sales and administrative expense, respectively, for the nine months ended June 30, 2022.

NON-GAAP FINANCIAL MEASURES:

Included in this report are measures of financial performance that are not defined by GAAP. The Company uses non-GAAP financial measures to assist in comparing its performance on a consistent basis for purposes of business decision-making by removing the impact of certain items that management believes do not directly reflect the Company’s core operations including acquisition and divestiture costs, ERP integration costs, strategic initiatives 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 and divestiture 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 divestiture 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 reconciliation of net income to adjusted EBITDA is as follows:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
	(Dollar amounts in thousands)			
Net income (loss)	$ 8,671	$ 2,875	$ 21,443	$ (18,871)
Income tax (benefit) provision	(558)	1,040	4,136	(2,311)
Income (loss) before income taxes	8,113	3,915	25,579	(21,182)
Net loss attributable to noncontrolling interests	67	18	125	56
Interest expense, including RPA and factoring financing fees (1)	12,136	6,659	35,944	19,426
Depreciation and amortization *	23,936	22,938	71,813	80,163
Acquisition and divestiture costs (2)**	308	951	4,445	951
Strategic initiatives and other charges (3)**	4,694	6,339	7,734	16,912
Non-recurring / incremental COVID-19 costs (4)***	—	301	—	2,204
Highly inflationary accounting losses (primarily non-cash) (5)	1,826	—	3,074	—
Defined benefit plan termination related items (6)	—	(63)	21	284
Asset write-downs (7)	—	(469)	—	10,017
Stock-based compensation	5,023	5,197	13,635	14,128
Non-service pension and postretirement expense (8)	85	238	1,556	31,588
Total Adjusted EBITDA	$ 56,188	$ 46,024	$ 163,926	$ 154,547

(1) Includes fees for receivables sold under the RPA and factoring arrangements totaling $1.2 million and $2.8 million for the three and nine months ended June 30, 2023, respectively.

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

(3) Includes certain non-recurring costs associated with productivity and cost-reduction initiatives intended to result in improved operating performance, profitability and working capital levels and costs associated with global ERP system integration efforts, net of loss recoveries of $2.2 million related to a previously disclosed theft of funds by a former employee initially identified in fiscal 2015.

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

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

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

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

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

* Depreciation and amortization was $5.8 million and $5.8 million for the Memorialization segment, $5.8 million and $2.5 million for the Industrial Technologies segment, $11.2 million and $13.3 million for the SGK Brand Solutions segment, and $1.2 million and $1.3 million for Corporate and Non-Operating, for the three months ended June 30, 2023 and 2022, respectively. Depreciation and amortization was $17.1 million and $17.4 million for the Memorialization segment, $17.6 million and $7.6 million for the Industrial Technologies segment, $33.5 million and $51.1 million for the SGK Brand Solutions segment, and $3.6 million and $4.0 million for Corporate and Non-Operating, for the nine months ended June 30, 2023 and 2022, respectively.

** Acquisition and divestiture costs, ERP integration costs, and strategic initiatives and other charges were $270,000 and $902,000 for the Memorialization segment, $120,000 and $1.2 million for the Industrial Technologies segment, $3.9 million and $2.0 million for the SGK Brand Solutions segment, and $715,000 and $3.2 million for Corporate and Non-Operating, for the three months ended June 30, 2023 and 2022, respectively. Acquisition and divestiture costs, ERP integration costs, and strategic initiatives and other charges were $981,000 and $2.1 million for the Memorialization segment, $3.5 million and $1.4 million for the Industrial Technologies segment, $7.0 million and $7.7 million for the SGK Brand Solutions segment, and $676,000 and $6.7 million for Corporate and Non-Operating, for the nine months ended June 30, 2023 and 2022, respectively.

*** Non-recurring/incremental COVID-19 costs were $225,000 for the Memorialization segment, $1,000 for the Industrial Technologies segment, $74,000 for the SGK Brand Solutions segment, and $1,000 for Corporate and Non-Operating, for the three months ended June 30, 2022. Non-recurring/incremental COVID-19 costs were $1.3 million for the Memorialization segment, $6,000 for the Industrial Technologies segment, $464,000 for the SGK Brand Solutions segment, and $466,000 for Corporate and Non-Operating, for the nine months ended June 30, 2022.

LIQUIDITY AND CAPITAL RESOURCES:

Net cash provided by operating activities was $76.9 million for the first nine months of fiscal 2023, compared to $84.4 million for the first nine months of fiscal 2022. Operating cash flow for both periods principally included net income (loss) adjusted for deferred taxes, depreciation and amortization, stock-based compensation expense, non-cash pension expense, other non-cash adjustments, and changes in working capital items. Fiscal 2023 operating cash flow also reflected $24.2 million of contributions to fund the settlement of the Company's SERP and ORRP obligations, and $10.5 million of proceeds from the settlement of cash flow hedges. Fiscal 2022 operating cash flow reflected $35.7 million of contributions to fully fund the settlement of the Company's DB Plan obligations. Net changes in working capital items decreased operating cash flow by $16.1 million and $8.4 million in fiscal 2023 and fiscal 2022, respectively. The fiscal 2023 change in working capital principally reflected incentive compensation-related payments, higher inventory levels and lower trade accounts payables, partially offset by proceeds from the sale of receivables under a receivables purchase agreement and a non-recourse factoring arrangement (see below for further discussion), and changes in contract assets and liabilities related to products and services provided to customers over time.

Cash used in investing activities was $53.7 million for the nine months ended June 30, 2023, compared to $38.9 million for the nine months ended June 30, 2022. Investing activities for the first nine months of fiscal 2023 primarily reflected capital expenditures of $37.1 million, acquisitions, net of cash acquired, of $15.3 million, and purchases of investments of $1.5 million. Investing activities for the first nine months of fiscal 2022 primarily reflected capital expenditures of $40.6 million, proceeds from the sale of investments of $3.1 million, and purchases of investments of $2.2 million.

Capital expenditures reflected reinvestment in the Company's business segments and were made primarily for the purchase of new production machinery, equipment, software and systems, and facilities designed to improve product quality, increase manufacturing efficiency and capacity, lower production costs and meet regulatory requirements. Capital expenditures for the last three fiscal years were primarily financed through operating cash. Capital spending for property, plant and equipment has averaged $43.5 million for the last three fiscal years. Capital spending for fiscal 2023 is currently estimated to be approximately $65 million. Capital spending in fiscal 2023 reflects additional capital projects to support new production capabilities and increased efficiencies within the Memorialization and Industrial Technologies segments. The Company expects to generate sufficient cash from operations to fund all anticipated capital spending projects.

Cash used in financing activities for the nine months ended June 30, 2023 was $56.4 million, primarily reflecting repayments, net of proceeds, on long-term debt of $31.4 million, treasury stock purchases of $2.8 million, and cash dividends of $21.2 million to the Company's shareholders. Cash used in financing activities for the nine months ended June 30, 2022 was $43.8 million, primarily reflecting proceeds, net of repayments, on long-term debt of $13.8 million, treasury stock purchases of $34.0 million, dividends of $20.8 million to the Company's shareholders, and $613,000 of holdback and deferred payments related to acquisitions from prior years.

The Company has a domestic credit facility with a syndicate of financial institutions that includes a $750.0 million senior secured revolving credit facility, which matures in March 2025. A portion of the revolving credit facility (not to exceed $350.0 million) can be drawn in foreign currencies. In March 2023, an amendment to the domestic credit facility implemented SOFR as the replacement of LIBOR as the benchmark interest rate under the facility. The Company accounted for the change in reference rate as a non-substantial modification. Borrowings under the revolving credit facility now bear interest at SOFR, plus a 0.10% per annum rate spread adjustment, plus a factor ranging from 0.75% to 2.00% (1.25% at June 30, 2023) based on the Company's secured leverage ratio. Previously, borrowings under the revolving credit facility bore interest at LIBOR plus a factor ranging from 0.75% to 2.00% based on the Company's secured leverage ratio. The secured leverage ratio is defined as net secured indebtedness divided by EBITDA (earnings before interest, income taxes, depreciation and amortization) as defined within the domestic credit facility agreement. The Company is required to pay an annual commitment fee ranging from 0.15% to 0.30% (based on the Company's leverage ratio) of the unused portion of the revolving credit facility. The Company incurred debt issuance costs in connection with the domestic credit facility. Unamortized costs were $1.1 million and $1.5 million at June 30, 2023 and September 30, 2022, respectively.

The domestic credit facility requires the Company to maintain certain leverage and interest coverage ratios. A portion of the facility (not to exceed $55.0 million) is available for the issuance of trade and standby letters of credit. Outstanding U.S. dollar denominated borrowings on the revolving credit facility at June 30, 2023 and September 30, 2022 were $450.3 million and $472.1 million, respectively. The weighted-average interest rate on outstanding borrowings for the domestic credit facility (including the effects of interest rate swaps) at June 30, 2023 and 2022 was 5.59% and 1.92%, respectively.

The Company has $299.6 million of 5.25% senior unsecured notes due December 1, 2025 (the "2025 Senior Notes"). The 2025 Senior Notes bear interest at a rate of 5.25% per annum with interest payable semi-annually in arrears on June 1 and December 1 of each year. The Company's obligations under the 2025 Senior Notes are guaranteed by certain of the Company's direct and indirect wholly-owned subsidiaries. The Company is subject to certain covenants and other restrictions in connection with the 2025 Senior Notes. The Company incurred direct financing fees and costs in connection with the 2025 Senior Notes. Unamortized costs were $1.3 million and $1.7 million at June 30, 2023 and September 30, 2022, respectively.

The Company and certain of its domestic subsidiaries sell, on a continuous basis without recourse, their trade receivables to Matthews Receivables Funding Corporation, LLC (“Matthews RFC”), a wholly-owned bankruptcy-remote subsidiary of the Company. In March 2022, Matthews RFC entered into a receivables purchase agreement (“RPA”) to sell up to $125.0 million of receivables to certain purchasers (the “Purchasers”) on a recurring basis in exchange for cash (referred to as “capital” within the RPA) equal to the gross receivables transferred. The parties intend that the transfers of receivables to the Purchasers constitute purchases and sales of receivables. Matthews RFC has guaranteed to each Purchaser the prompt payment of sold receivables, and has granted a security interest in its assets for the benefit of the Purchasers. Under the RPA, which matures in March 2024, each Purchaser’s share of capital accrues yield at a floating rate plus an applicable margin. The Company is the master servicer under the RPA, and is responsible for administering and collecting receivables.

The proceeds of the RPA are classified as operating activities in the Company’s Consolidated Statements of Cash Flows. Cash received from collections of sold receivables may be used to fund additional purchases of receivables on a revolving basis, or to reduce all or any portion of the outstanding capital of the Purchasers. The fair value of the sold receivables approximated book value due to their credit quality and short-term nature, and as a result, no gain or loss on sale of receivables was recorded. As of June 30, 2023 and September 30, 2022, the amount sold to the Purchasers was $113.2 million and $96.6 million, respectively, which was derecognized from the Consolidated Balance Sheets. As collateral against sold receivables, Matthews RFC maintains a certain level of unsold receivables, which was $48.5 million and $44.3 million as of June 30, 2023 and September 30, 2022, respectively.

The following table sets forth a summary of receivables sold as part of the RPA:

	Nine Months Ended June 30, 2023	Nine Months Ended June 30, 2022
	(Dollar amounts in thousands)	
Gross receivables sold	$ 301,045	$ 247,221
Cash collections reinvested	(284,435)	(147,220)
Net cash proceeds received	$ 16,610	$ 100,001

During the second quarter of fiscal 2023, the Company, through its U.K. subsidiary, entered into a non-recourse factoring arrangement. In connection with this arrangement, the Company periodically sells trade receivables to a third-party purchaser in exchange for cash. These transfers of financial assets are recorded at the time the Company surrenders control of the assets. As these transfers qualify as true sales under the applicable accounting guidance, the receivables are de-recognized from the Company's Consolidated Balance Sheets upon transfer. The principal amount of receivables sold under this arrangement was $36.0 million during the nine months ended June 30, 2023. The discounts on the trade receivables sold are included within administrative expense in the Consolidated Statements of Income. The proceeds from the sale of receivables are classified as operating activities in the Company's Consolidated Statements of Cash Flows. As of June 30, 2023, the amount of factored receivables that remained outstanding was $15.7 million.

The Company, through certain of its European subsidiaries, has a credit facility with a European bank, which is guaranteed by Matthews. The maximum amount of borrowing available under this facility is €10.0 million ($10.9 million). The facility also provides €16.0 million ($17.4 million) for bank guarantees. This facility has no stated maturity date and is available until terminated. Outstanding borrowings under the credit facility totaled €2.2 million ($2.4 million) and €8.2 million ($8.1 million) at June 30, 2023 and September 30, 2022, respectively. The weighted-average interest rate on outstanding borrowings under this facility was 5.65% and 2.25% at June 30, 2023 and 2022, respectively.

Other borrowings totaled $17.3 million and $13.4 million at June 30, 2023 and September 30, 2022, respectively. The weighted-average interest rate on these borrowings was 2.44% and 1.90% at June 30, 2023 and 2022, respectively.

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

	June 30, 2023	September 30, 2022
	(Dollar amounts in thousands)	
Notional amount	$ 175,000	$ 125,000
Weighted-average maturity period (years)	4.4	3.1
Weighted-average received rate	5.14 %	3.14 %
Weighted-average pay rate	3.83 %	1.04 %

The Company enters into interest rate swaps in order to achieve a mix of fixed and variable rate debt that it deems appropriate. In order to transition the Company's swaps from LIBOR-based to SOFR-based rates, the LIBOR-based swaps were settled during the second quarter of fiscal 2023, resulting in cash proceeds of $10.5 million. Concurrently, the Company entered into new interest rate swaps with SOFR-based rates with a notional amount of $175.0 million. The interest rate swaps have been designated as cash flow hedges of future variable interest payments, which are considered probable of occurring. Based on the Company's assessment, all of the critical terms of each of the hedges matched the underlying terms of the hedged debt and related forecasted interest payments, and as such, these hedges were considered highly effective.

The fair value of the interest rate swaps reflected a net unrealized gain of $1.2 million ($876,000 after tax) at June 30, 2023 and an unrealized gain of $10.7 million ($7.9 million after tax) at September 30, 2022, that is included in shareholders' equity as part of accumulated other comprehensive income (loss) ("AOCI"). Unrecognized gains of $9.3 million ($6.9 million after tax) related to the terminated LIBOR-based swaps were also included in AOCI as of June 30, 2023. Assuming market rates remain constant with the rates at June 30, 2023, a gain (net of tax) of approximately $3.6 million included in AOCI is expected to be recognized in earnings over the next twelve months.

The Company has a U.S. Dollar/Euro cross currency swap with a notional amount of $81.4 millionas of June 30, 2023 and September 30, 2022, which has been designated as a net investment hedge of foreign operations. The swap contract matures in September 2027. The Company assesses hedge effectiveness for this contract based on changes in fair value attributable to changes in spot prices. A loss of $3.3 million (net of income taxes of $1.1 million) and a gain of $2.8 million (net of income taxes of $940,000), which represented effective hedges of net investments, were reported as a component of AOCI within currency translation adjustment at June 30, 2023 and September 30, 2022, respectively. Income of $284,000 and $866,000, which represented the recognized portion of the fair value of cross currency swaps excluded from the assessment of hedge effectiveness, was included in current period earnings as a component of interest expense for the three and nine months ended June 30, 2023, respectively. Income of $428,000 and $1.2 million, which represented the recognized portion of the fair value of cross currency swaps excluded from the assessment of hedge effectiveness, was included in current period earnings as a component of interest expense for the three and nine months ended June 30, 2022, respectively. At June 30, 2023 and September 30, 2022, the swaps totaled $4.4 million and $3.7 million, respectively, and was included in other accrued liabilities and other assets in the Consolidated Balance Sheets, respectively.

The Company has a stock repurchase program. The buy-back program is designed to increase shareholder value, enlarge the Company's holdings of its common stock, and add to earnings per share. Repurchased shares may be retained in treasury, utilized for acquisitions, or reissued to employees or other purchasers, subject to the restrictions set forth in the Company's Restated Articles of Incorporation. Under the current authorization, 1,196,143 shares remain available for repurchase as of June 30, 2023. Refer to Item 2 - "Unregistered Sales of Equity Securities and Use of Proceeds" in Part II - "Other Information" for further details on the Company's repurchases in fiscal 2023.

Consolidated working capital of the Company was $239.5 million at June 30, 2023, compared to $217.2 million at September 30, 2022. Cash and cash equivalents were $39.3 million at June 30, 2023, compared to $69.0 million at September 30, 2022. The Company's current ratio was 1.6 at June 30, 2023 and 1.5 at September 30, 2022, respectively.

Long-Term Contractual Obligations:

The following table summarizes the Company's contractual obligations at June 30, 2023, and the effect such obligations are expected to have on its liquidity and cash flows in future periods.

	Payments due in fiscal year:				
	Total	2023 Remainder	2024 to 2025	2026 to 2027	After 2027
Contractual Cash Obligations:	(Dollar amounts in thousands)				
Revolving credit facilities	$ 452,691	$ —	$ 450,329	$ —	$ 2,362
2025 Senior Notes	337,740	—	31,500	306,240	—
Finance lease obligations [(1)]	7,259	619	3,296	2,019	1,325
Non-cancelable operating leases [(1)]	82,438	6,642	45,455	22,735	7,606
Other	26,688	229	11,736	5,965	8,758
Total contractual cash obligations	$ 906,816	$ 7,490	$ 542,316	$ 336,959	$ 20,051

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

In the first quarter of fiscal 2023, the Company made lump sum payments totaling $24.2 million to fully settle the SERP and defined benefit portion of the ORRP obligations. The settlement of these plan obligations resulted in the recognition of a non-cash charge of $1.3 million, which has been presented as a component of other income (deductions), net for the nine months ended June 30, 2023. This amount represents the immediate recognition of the deferred AOCI balances related to the SERP and ORRP. During the second quarter of fiscal 2023, the remaining funds held in a rabbi trust associated with the SERP were transferred to the Company. Consequently, these amounts are no longer classified as restricted cash.

Unrecognized tax benefits are positions taken, or expected to be taken, on an income tax return that may result in additional payments to tax authorities. If a tax authority agrees with the tax position taken, or expected to be taken, or the applicable statute of limitations expires, then additional payments will not be necessary. As of June 30, 2023, the Company had unrecognized tax benefits, excluding penalties and interest, of approximately $4.6 million. The timing of potential future payments related to the unrecognized tax benefits is not presently determinable. The Company believes that its current liquidity sources, combined with its operating cash flow and borrowing capacity, will be sufficient to meet its capital needs for the foreseeable future.

REGULATORY MATTERS:

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

ACQUISITIONS:

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

FORWARD-LOOKING INFORMATION:

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

The significant factors (excluding acquisitions) influencing sales growth in the Industrial Technologies segment include economic/industrial market conditions, new product development, and the electric vehicles ("EV") and e-commerce trends. The Industrial Technologies segment received over $200 million of new orders during the fiscal 2023 first quarter for its energy storage solutions business. The orders have been received from multiple EV, fuel cell, and battery manufacturers and are expected to impact the segment's sales through mid-fiscal 2024. For the Memorialization segment, sales growth will be influenced by North America death rates, and the impact of the increasing trend toward cremation on the segment's product offerings, including caskets, cemetery memorial products and cremation-related products. For the SGK Brand Solutions segment, sales growth will be influenced by global economic conditions, brand innovation, the level of marketing spending by the Company's clients, and government regulation. Due to the global footprint of the Company's businesses, particularly the Industrial Technologies and SGK Brand Solutions segments, currency fluctuations can also be a significant factor.

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

CRITICAL ACCOUNTING POLICIES:

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

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

The Company performed its annual impairment review of goodwill and indefinite-lived intangible assets in the second quarter of fiscal 2023 (January 1, 2023) and determined that the estimated fair values for all goodwill reporting units exceeded their carrying values, therefore no impairment charges were necessary. The estimated fair value of the Company's SGK Brand Solutions reporting unit exceeded the carrying value (expressed as a percentage of carrying value) by approximately 9%. If current projections are not achieved or specific valuation factors outside the Company's control (such as discount rates and continued economic and industry challenges) significantly change, additional goodwill write-downs may be necessary in future periods.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS:

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in the Company's market risk during the three and nine months ended June 30, 2023. For additional information see Item 7A - "Quantitative and Qualitative Disclosures About Market Risk" in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2022.

Item 4. Controls and Procedures

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

Management, under the supervision and with the participation of our Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures in effect as of June 30, 2023. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2023, the Company's disclosure controls and procedures were effective to provide reasonable assurance that material information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, and that such information is recorded, summarized and properly reported within the appropriate time period, relating to the Company and its consolidated subsidiaries, required to be included in the Exchange Act reports, including this Quarterly Report on Form 10-Q.

There have been no changes in the Company's internal controls over financial reporting that occurred during the fiscal quarter ended June 30, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

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

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

Stock Repurchase Plan

The Company has a stock repurchase program. The buy-back program is designed to increase shareholder value, enlarge the Company's holdings of its common stock, and add to earnings per share. Repurchased shares may be retained in treasury, utilized for acquisitions, or reissued to employees or other purchasers, subject to the restrictions set forth in the Company's Restated Articles of Incorporation. Under the current authorization, 1,196,143 shares remain available for repurchase as of June 30, 2023.

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

Period	Total number of shares purchased	Weighted-average price paid per share	Total number of shares purchased as part of a publicly announced plan	Maximum number of shares that may yet be purchased under the plan
October 2022	—	$ —	—	1,294,842
November 2022	88,042	27.54	88,042	1,206,800
December 2022	983	27.54	983	1,205,817
January 2023	—	—	—	1,205,817
February 2023	549	37.09	549	1,205,268
March 2023	7,057	37.79	7,057	1,198,211
April 2023	—	—	—	1,198,211
May 2023	—	—	—	1,198,211
June 2023	2,068	38.86	2,068	1,196,143
Total	98,699	$ 28.56	98,699	

Item 3. Defaults Upon Senior Securities

Not Applicable.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

Securities Trading Plans of Directors and Executive Officers

None of the Company's directors or officers adopted, modified, or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the Company's fiscal quarter ended June 30, 2023.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit No.	Description	Method of Filing
3.1	Restated Articles of Incorporation*	Exhibit Number 3.1 to the Annual Report on Form 10-K for the year ended September 30, 1994 (filed in paper format)
3.2	Restated By-laws of Matthews International Corporation, as amended January 8, 2021*	Exhibit Number 3.1 to the Current Report on Form 8-K filed on January 14, 2021
31.1	Certification of Principal Executive Officer for Joseph C. Bartolacci	Filed herewith
31.2	Certification of Principal Financial Officer for Steven F. Nicola	Filed herewith
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Joseph C. Bartolacci	Furnished herewith
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Steven F. Nicola	Furnished herewith
101.INS	XBRL Instance Document- the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase	Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase	Filed herewith
104	Cover Page Interactive Data File (Embedded within the Inline XBRL document and included in Exhibit 101)	Filed herewith

* Incorporated by reference

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		MATTHEWS INTERNATIONAL CORPORATION (Registrant)
Date:	July 28, 2023	By: /s/ Joseph C. Bartolacci
		Joseph C. Bartolacci, President and Chief Executive Officer
Date:	July 28, 2023	By: /s/ Steven F. Nicola
		Steven F. Nicola, Chief Financial Officer and Secretary

Exhibit 31.1

CERTIFICATION
PRINCIPAL EXECUTIVE OFFICER

I, Joseph C. Bartolacci, certify that:

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

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2023

/s/Joseph C. Bartolacci

Joseph C. Bartolacci
President and
Chief Executive Officer

Exhibit 31.2

CERTIFICATION
PRINCIPAL FINANCIAL OFFICER

I, Steven F. Nicola, certify that:

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

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2023

/s/Steven F. Nicola

Steven F. Nicola
Chief Financial Officer
and Secretary

Exhibit 32.1

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

As Adopted Pursuant to

Section 906 of The Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Matthews International Corporation (the "Company") on Form 10-Q for the period ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph C. Bartolacci, Chief Executive Officer, certify, to the best of my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/Joseph C. Bartolacci

Joseph C. Bartolacci,
President and Chief Executive Officer

July 28, 2023

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

Exhibit 32.2

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

As Adopted Pursuant to

Section 906 of The Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Matthews International Corporation (the "Company") on Form 10-Q for the period ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven F. Nicola, Chief Financial Officer, certify, to the best of my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/Steven F. Nicola

Steven F. Nicola,
Chief Financial Officer and Secretary

July 28, 2023

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