

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

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the Fiscal Year Ended September 30, 2021

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)

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

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes  No

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

Yes  No

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

Yes  No

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

Large accelerated filer  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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

Yes  No

The aggregate market value of the Class A Common Stock held by non-affiliates of the registrant, based upon the closing sale price of the Class A Common Stock on the Nasdaq Global Select Market on March 31, 2021, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$1.2 billion.

As of October 31, 2021, shares of common stock outstanding were: Class A Common Stock 31,470,112 shares.

**Documents incorporated by reference:** Specified portions of the Proxy Statement for the 2022 Annual Meeting of Shareholders are incorporated by reference into Part III of this Report.

## **PART I**

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

Any forward-looking statements contained in this Annual Report on Form 10-K (including, but not limited to, those contained in Item 1, "Business," Item 1A, "Risk Factors" and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations") are included in this report 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 actual results of Matthews International Corporation ("Matthews" or the "Company") 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. In addition to the risk factors previously disclosed and those discussed elsewhere in this Annual Report on Form 10-K, factors that could cause the Company's results to differ materially from the results discussed in such forward-looking statements principally include changes in domestic or international economic conditions, changes in foreign currency exchange rates, changes in the cost of materials used in the manufacture of the Company's products, changes in mortality and cremation rates, changes in product demand or pricing as a result of consolidation in the industries in which the Company operates or other factors such as supply chain disruptions, labor shortages or labor cost increases, changes in product demand or pricing as a result of domestic or international competitive pressures, ability to achieve cost-reduction objectives, unknown risks in connection with the Company's acquisitions, cybersecurity concerns, effectiveness of the Company's internal controls, compliance with domestic and foreign laws and regulations, technological factors beyond the Company's control, impact of pandemics or similar outbreaks or other disruptions to our industries, customers or supply chains, and other factors described in Item 1A, "Risk Factors" in this Form 10-K. In addition, although the Company does not 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. Matthews posts important information on its investor relations website, available at [matw.com/investors](http://matw.com/investors). The Company's shareholders are encouraged to review the contents of such website. Notwithstanding the foregoing, the contents of such website are not incorporated into this Annual Report on Form 10-K.

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. Refer to "Non-GAAP Financial Measures" in Item 7 - "Management's Discussion and Analysis of Financial Condition and Results of Operations."

#### **ITEM 1. BUSINESS.**

Matthews, founded in 1850 and incorporated in Pennsylvania in 1902, is a global provider of brand solutions, memorialization products and industrial technologies. Brand solutions consists of brand management, pre-media services, printing plates and cylinders, engineered products (including energy solutions), imaging services, digital asset management, merchandising display systems, and marketing and design services primarily for the consumer goods and retail industries. Memorialization products consist primarily of bronze and granite memorials and other memorialization products, caskets, and cremation and incineration equipment primarily for the cemetery and funeral home industries. Industrial technologies include marking and coding equipment and consumables, industrial automation products and order fulfillment systems for identifying, tracking, picking and conveying consumer and industrial products.

ITEM 1. BUSINESS, (continued)

The Company manages its business under three reporting segments, SGK Brand Solutions, Memorialization, and Industrial Technologies. The following table sets forth reported sales for the Company's business segments for the past three fiscal years. Detailed financial information relating to business segments and to domestic and international operations is presented in Note 19, "Segment Information" in Item 8 - "Financial Statements and Supplemental Data."

	Years Ended September 30,		
	2021	2020	2019
<b>Sales to external customers:</b>	<i>(Dollar amounts in thousands)</i>		
SGK Brand Solutions	\$ 726,895	\$ 693,093	\$ 743,869
Memorialization	769,016	656,035	636,892
Industrial Technologies	175,119	149,178	156,515
Consolidated Sales	<u>\$ 1,671,030</u>	<u>\$ 1,498,306</u>	<u>\$ 1,537,276</u>

Effective in the first quarter of fiscal 2022, the Company transferred its surfaces and engineered products businesses from the SGK Brand Solutions segment to the Industrial Technologies segment. This business segment change is consistent with internal management structure and reporting changes effective for fiscal 2022.

In fiscal 2021, approximately 68% of the Company's sales were made from North America, 27% were made from Europe, 3% were made from Asia, and 2% were made from other regions. For further information on segments, see Note 19, "Segment Information" in Item 8 - "Financial Statements and Supplementary Data." Products and services of the SGK Brand Solutions segment are sold throughout the world, with principal locations in North America, Europe and Asia. Memorialization segment products are sold throughout the world, with the segment's principal operations located in North America, Europe, and Australia. The Industrial Technologies segment sells equipment and consumables directly to industrial consumers and distributors in North America and internationally through the Company's subsidiaries in Sweden, Germany and China, and other foreign distributors. Matthews owns a minority interest in Industrial Technologies product distributors in Asia, Australia and Europe.

**SGK Brand Solutions:**

The SGK Brand Solutions segment provides packaging and brand experience solutions that simplifies marketing, amplifies brands and delivers value. Matthews has more than 100 years in the packaging business, which is comprised of broad technical, engineering, and artistic expertise relating to the creation and production of graphics, their workflows and best practices for the commercial packaging channel. This combination of knowledge, experience and skill helps the SGK Brand Solutions segment differentiate itself from competitors. The expertise in the rotary processing of web-based materials has also allowed expansion into engineered purpose-built machines for new applications for energy storage solutions, primarily to support the electric vehicle market.

The SGK Brand Solutions segment helps companies to define, create, produce and transform their packaging and marketing supply chains and the brand assets that flow through them. By simplifying marketing, the segment helps deliver greater speed through workflow efficiency, enabling clients to get new product introductions and campaigns to market faster which can result in a competitive advantage for the brand. By amplifying brands, the segment helps brands create meaningful experiences online and offline that enable them to stand out in the marketplace which can result in a stronger connection between consumers and the brand. The SGK Brand Solutions segment also helps clients deliver improved marketing productivity and profitability through innovative technology solutions.

The packaging solutions part of its business integrates all packaging-related services from the beginning to the end of the packaging development workflow process. Clients may purchase stand-alone services or a combination of services that are designed to fulfill larger, more strategic objectives. These services include design and adaptive packaging design, production art, photography, retouching, eCommerce assets, premedia, print technical services, cylinder production and surfaces engineering, workflow efficiency consulting, change management and technology workflow solutions. Historically a print media-based business, the business leverages their 100+ years of packaging expertise to create packaging assets required for the eCommerce channel. What was once a single medium (package on shelf) requiring a finite set of graphic assets for printing, has evolved into a multi-medium, requiring an almost infinite array of digital assets across an ever-expanding digital channel universe.

ITEM 1.            BUSINESS, (continued)

The brand experience part of the business integrates all marketing-related services from the beginning to the end of the marketing development workflow process. Clients may purchase stand-alone services or a combination of services that are designed to fulfill larger, more strategic objectives. These services include all the services that help create brand experiences: consumer insights, brand strategy, brand identity, content marketing strategy, marketing content creation, campaign strategy and development, online and in-store retail experiences and merchandising fabrication, creative process management and technology workflow solutions. Largely, an ideation and digital media-based business, the business leverages its branding expertise to drive the creation of digital experiences that “stick” with consumers.

The SGK Brand Solutions segment’s principal clients are global, multinational and regional companies in highly regulated industries such as food and beverage, pharmaceutical and healthcare, beauty and cosmetics, and alcohol and tobacco. The segment also serves clients in a diverse range of sectors that includes leaders in home improvement, personal care, technology and electronics, snack food and confections, telecommunications, and apparel, as well as a diverse range of shopping formats that include big-box stores, department stores, specialty stores, grocery stores, pharmacy chains and online retailers. These large, well-known companies represent a variety of brands across the marketplace covering both national and private label brands with numerous packaging and marketing requirements.

The segment is also a leading international supplier of pre-press, rotogravure and embossing tooling, with principal clients representing brand manufacturers, printers and converters. The segment produces engineered products, which primarily represents purpose-built machines for energy storage solutions to support the electric vehicle market, including production solutions for lithium-ion battery electrodes and hydrogen fuel cell components.

The segment’s products, services and solutions are purchased in part or whole by companies with operations in and/or across the North America, Europe and Asia regions. A large portion of these purchases result in annual or multi-year contracts; others are initiative-based. The segment generates new business opportunities through referrals and relationships, marketing and lead generation and select industry partnerships. The Company has many long-standing relationships among its client base that span decades and has new relationships with well-known global technology companies that are driving change in how consumers engage with brands and use devices like smartphones to shop and buy online and in-store.

Major raw materials for this segment’s products include photopolymers, steel, copper, film, wood, particleboard, corrugated materials, structural steel, plastic, laminates, inks and graphic art supplies. All such materials are presently available in adequate supply from various industry sources. Competition is on the basis of product quality, timeliness of delivery and price, and increasingly, the ability to provide a holistic solution for brand content beyond its use for packaging, while at the same time elevating the role of packaging in the marketing mix. The segment’s ability to offer consistent service on a global basis is a key differentiator.

The segment competes in an industry that is constantly challenged by emerging technologies that impact packaging and marketing. These challenges can create new opportunities for the segment to create, produce and manage large volumes of brand content. They also provide the segment with opportunities to advise its clients on how to plan for, manage and execute the digital transformation of their packaging and marketing operations. Increasingly, with the growing awareness and commitment by its clients to environmental sustainability, the SGK Brand Solutions segment is providing solutions that enable its clients to advance their own sustainability initiatives.

**Memorialization:**

The Memorialization segment manufactures and markets a full line of memorialization products used primarily in cemeteries, funeral homes and crematories. The segment’s products, which are sold principally in North America, Europe and Australia, include cast bronze memorials, granite memorials, caskets, cremation and incineration equipment and other memorialization products. The segment also manufactures and markets architectural products that are used to identify or commemorate people, places, events and accomplishments.

ITEM 1.            BUSINESS, (continued)

Memorial products include flush bronze and granite memorials, upright granite memorials and monuments, cremation memorialization products, granite benches, flower vases, crypt plates and letters, cremation urns, niche units, cemetery features and statues, along with other related products and services. Flush memorials are bronze plaques or granite memorials that contain personal information about a deceased individual (such as name, birth date and death date), photos and emblems. Flush bronze and granite memorials are even or "flush" with the ground and therefore are preferred by many cemeteries for easier lawn mowing and general maintenance. The segment's memorial products also include community and family mausoleums within North America. The segment's other memorial products include bronze plaques, letters, emblems, vases, lights and photo ceramics that can be affixed to granite monuments, mausoleums, crypts and flush memorials. Principal customers for memorial products are cemeteries and memorial parks, which in turn sell the Company's products to the consumer.

The Memorialization segment manufactures a full line of other products, including urns in a variety of sizes, styles and shapes as well as standard and custom designed granite cremation pedestals and benches. Manufactured bronze and granite niche units are comprised of numerous compartments used to display cremation urns in mausoleums and churches. The Company also markets turnkey cremation gardens that include design and all related products for a cremation memorial garden.

Customers of the Memorialization segment can purchase memorials and vases on a "pre-need" basis. This concept permits families to arrange for these purchases in advance of their actual need. Upon request, the Company will manufacture the memorial to the customer's specifications (e.g., name and birth date) and place it in storage for future delivery. Memorials in storage have been paid in full with title conveyed to each pre-need purchaser.

The segment is a leading manufacturer and distributor of caskets and other funeral home products in North America, producing and marketing metal, wood and cremation caskets. Caskets are offered in a variety of colors, interior designs, handles and trim in order to accommodate specific religious, ethnic or other personal preferences and can also be personalized. Other specialized funeral home products such as urns, jewelry, interior panels, and stationery are also offered.

Metal caskets are made from various gauges of cold-rolled steel, stainless steel, copper and bronze. Metal caskets are generally categorized by whether the casket is non-gasketed or gasketed, and by material (i.e., bronze, copper, or steel) and in the case of steel, by the gauge (thickness) of the metal. Wood caskets are primarily manufactured from nine different species of wood. The species of wood used are poplar, pine, ash, oak, pecan, maple, cherry, walnut and mahogany. The Memorialization segment is a leading manufacturer of all-wood constructed caskets, which are manufactured using pegged and dowelled construction, and include no metal parts. Cremation caskets are made primarily from wood or cardboard covered with cloth or veneer. These caskets appeal primarily to cremation consumers, environmentally concerned consumers and value buyers.

The Memorialization segment produces casket components, which include stamped metal parts, metal locking mechanisms for gasketed metal caskets and adjustable beds. Metal casket parts are produced by stamping cold-rolled steel, stainless steel, copper and bronze sheets into casket component parts. Locking mechanisms and adjustable beds are produced by stamping and assembling a variety of steel parts. The segment purchases various species of uncured wood from sawmills and lumber distributors, which it dries and cures before being processed into casket components.

The segment provides product and service assortment planning, as well as merchandising and display products to funeral service businesses. The Memorialization segment develops and sells technology solutions that help funeral homes manage their businesses and serve families through these digital platforms. Solutions are delivered as software as a service and include funeral home management systems and web-based arrangement and presentation systems. These products assist funeral service professionals in providing information, value and satisfaction to their client families.

The segment offers cremation systems, crematory management, and cremation service and supplies to the pet and human sector, and standard and specialized incineration systems, including abated filtration systems to satisfy strict environmental requirements. The primary market areas for these products and services are North America and Europe, although the segment also sells into Latin America and the Caribbean, Australia, Africa, the Middle East and Asia.

ITEM 1.            BUSINESS, (continued)

Cremation systems include flame-based systems for cremation of humans and pets, as well as equipment for processing the cremated remains and other related equipment (ventilated workstations, loading systems, tables, cooler racks, vacuums). The principal markets for these products are funeral homes, cemeteries, crematories, pet crematories, animal disposers and veterinarians. These products primarily are marketed directly by segment personnel. Human crematory management/operations represent the actual operation and management of client-owned crematories. Currently the segment provides these services primarily to municipalities and private operators in the United States and Europe. Cremation service and supplies consist of operator training, preventative maintenance and on-demand service work performed on various makes and models of equipment. This work can be as simple as replacing defective bulbs or as complex as complete reconstruction and upgrading or retrofitting on site. Supplies are consumable items and replacement parts associated with normal crematory operations.

Waste incineration systems encompass both batch load and continuous feed, static, stepped-hearth and rotary systems for incineration of all waste types, as well as equipment for in-loading waste, out-loading ash and energy recovery. The principal markets for these products are animal and medical waste disposal, oil and gas "work camp" wastes, industrial wastes and biomass generators, as well as destruction of low-volume, high-value waste types such as contraband and pharmaceutical products. Environmental and energy systems include emissions filtration units, waste heat recovery equipment, waste gas treatment products, as well as energy recovery. The segment also provides commissioning, training and user support for customers of incineration systems. The principal markets are municipalities or public/state agencies, the cremation industry and other industries that utilize incinerators for waste reduction and energy production.

Architectural products include cast bronze and aluminum plaques, etchings and letters that are used to recognize, commemorate and identify people, places, events and accomplishments. The Company's plaques are frequently used to identify the name of a building, or the names of companies or individuals located within a building. Such products are also used to commemorate events or accomplishments, such as military service or financial donations. The principal markets for the segment's architectural products are corporations, fraternal organizations, contractors, churches, hospitals, schools and government agencies. These products are sold to and distributed through a network of independent dealers including sign suppliers, awards and recognition companies, and trophy dealers.

Raw materials used by the Memorialization segment to manufacture memorials consist principally of bronze and aluminum ingot, granite, sheet metal, coating materials, photopolymers and construction materials and are generally available in adequate supply. Ingot is obtained from various North American, European and Australian smelters. The primary materials required for casket manufacturing are cold-rolled steel and lumber. The segment also purchases copper, bronze, stainless steel, particleboard, corrugated materials, paper veneer, cloth, ornamental hardware and coating materials. Purchase orders or supply agreements are typically negotiated with large, integrated steel producers that have demonstrated timely delivery, high quality material and competitive prices. Lumber is purchased from a number of sawmills and lumber distributors. Raw materials used to manufacture cremation and incineration products consist principally of structural steel, sheet metal, electrical components, combustion devices and refractory materials. These are generally available in adequate supply from numerous suppliers.

Competition from other manufacturers of memorial products is based on reputation, product quality, delivery, price, and design availability. The Company believes that its superior quality, broad product lines, innovative designs, delivery capability, customer responsiveness, experienced personnel and consumer-oriented merchandising systems are competitive advantages in its markets. Competition in the mausoleum construction industry includes various construction companies throughout North America and is based on design, quality and price. Competitors in the architectural market are numerous and include companies that manufacture cast and painted signs, plastic materials, sand-blasted wood and other fabricated products.

The Memorialization segment markets its casket products in the United States through a combination of Company-owned and independent casket distribution facilities. The Company operates approximately 100 distribution centers in the United States. Approximately 85% of the segment's casket products are currently sold through Company-owned distribution centers. The casket business is highly competitive and the Company competes with other manufacturers based on product quality, price, service, design availability and breadth of product line. The Memorialization segment provides a line of casket products that it believes is as comprehensive as any of its major competitors. There are a large number of casket industry participants operating in North America, and a few foreign casket manufacturers, primarily from China, participating in the North American market.

The Company competes with several manufacturers in the cremation and accessory equipment market principally based on product design, quality and price. The Memorialization segment and its three largest global competitors account for a substantial portion of the United States and European cremation equipment market.

ITEM 1.            BUSINESS, (continued)

The Memorialization segment works to provide a total solution to customers that own and operate businesses in both the cemetery and funeral home markets. The Company's memorial and casket products serve the relatively stable casketed and in-ground burial death market, while its memorial products and cremation and incineration equipment also serve the growing cremation market.

**Industrial Technologies:**

The Industrial Technologies segment designs, manufactures and distributes a wide range of marking and coding equipment and consumables, industrial automation solutions and warehouse automation systems. Manufacturers, suppliers and distributors worldwide rely on Matthews' integrated systems to identify, track and pick their products.

Marking systems range from stand-alone marking products to complex ink-jet printing systems that integrate into a customer's production process. The Company manufactures and markets products and systems that employ different marking technologies, including laser and ink-jet printing. These technologies apply product information required for identification and traceability, as well as to facilitate inventory and quality control, regulatory compliance and brand name communication.

Warehouse automation systems complement the tracking and distribution of a customer's products with automated order fulfillment technologies, and controls for material handling systems. Material handling customers include some of the largest retail, eCommerce and automated assembly companies in the United States. The Company also engineers innovative, custom solutions to address specific customer requirements in a variety of industries, including oil field services and security scanning.

A significant portion of the revenue of the Industrial Technologies segment is attributable to the sale of consumables and replacement parts required by the marking, coding and tracking products sold by Matthews. The Company develops inks exclusively for the use with its marking equipment, which is critical to ensure ongoing equipment reliability and mark quality.

The principal customers for the Company's marking and fulfillment systems products are manufacturers, suppliers and distributors of durable goods, building products, consumer goods manufacturers (including food and beverage processors) and producers of pharmaceuticals. The Company also serves a wide variety of industrial markets, including metal fabricators, manufacturers of woven and non-woven fabrics, plastic, rubber and automotive products.

A portion of this segment's sales are outside the United States, with distribution sourced through the Company's subsidiaries in Sweden, Germany, Malaysia and China in addition to other international distributors. The Company owns a minority interest in distributors in Asia, Australia and Europe.

Major raw materials for this segment's products include precision components, electronics, printing components and chemicals, all of which are presently available in adequate supply from various sources.

Competitors in the marking and fulfillment systems industries are diverse, with some companies offering limited product lines for well-defined specialty markets, while others operate similarly to the Company, offering a broad product line and competing in multiple product markets and countries. Competitive differentiation for marking and fulfillment systems products is based on product performance, ease of integration into the manufacturing and/or distribution process, service and price. The Company typically competes with specialty companies in specific brand marking solutions and traceability applications. The Company believes that, in general, its Industrial Technologies segment offers one of the broadest lines of products to address a wide variety of marking, coding and industrial automation applications.

**PATENTS, TRADEMARKS AND LICENSES:**

The Company holds a number of trademarks and in excess of 100 domestic and foreign patents for its products and related technologies. In addition, the Company maintains numerous trade secrets that further comprise its portfolio of intellectual property assets. However, the Company believes the loss of any individual or a significant number of patents or trademarks would not have a material impact on consolidated operations or revenues.

## **HUMAN CAPITAL RESOURCES:**

### **Introduction:**

The Company's culture of *Inspired Possibilities* empowers global teams to think creatively to inspire change that favorably impacts outcomes for the Company's customers, clients, and one another. Matthews' human resource strategies align with the business strategies to enable and optimize internal talent to achieve business and financial performance. At every stage of the employee lifecycle, the Company's people programs are rooted in a set of organizational competencies and capabilities, aligned with the Company's core values, that collectively build talent, enhance employee engagement, sustain retention, inspire innovation and drive results.

### **Workforce Composition:**

As of October 31, 2021, the Company and its majority-owned subsidiaries employed approximately 11,000 people globally in more than 250 locations, 26 countries and 6 continents around the world. Its diverse team of talented employees possess a vast array of skills including creative design, photography, engineering, manufacturing, research and development, plant operations, production, logistics and corporate functional services, including legal, information technology, human resources and finance. Many of Matthews' employees have highly specialized skills and subject-matter expertise in their respective disciplines, enabling the Company to deliver industry leading products and services to its customers throughout the world.

### **Diversity, Equity and Inclusion:**

Matthews views diversity, equity and inclusion ("DE&I") as a priority to be valued and promoted in every aspect of its business. The Company understands and firmly believes in the value that diverse experiences, perspectives, and ideas bring to the workforce and offer to clients. Matthews knows its employees deserve equal opportunities regardless of race, gender, gender expression, age, disability, religion, sexual orientation and more.

As an organization with a history that spans more than 170 years, Matthews has always believed that mutual respect, valuing the worth of all people, doing what's right and celebrating diversity is essential to how the Company operates and the way it does business. During 2020, the Company formalized its commitment to DE&I by charting a course for building an even stronger, more diverse and inclusive culture. Matthews' DE&I strategy focuses on four pillars: Infrastructure, Talent Acquisition, Employee Engagement and Community Engagement. A global council representative of a diverse workforce was established to help shape plans and program priorities across these pillars and to champion the work to build a more inclusive culture. Matthews is a unique organization, diverse in culture, talent and geography. More recently, in 2021, the Company hired a full time DE&I leader who is actively focused on driving progress in this area. The Company stands committed to a culture reflecting the people, clients, customers, and communities it serves.

### **Talent Acquisition and Total Rewards:**

To continue to grow and compete in a highly competitive labor market, Matthews works hard to attract and select top talent through a compelling employment value proposition. The Company's employment brand highlights its values, commitment to people culture, diversity, equity and inclusion, employee development and the efforts to ensure cultural alignment, and the selection process includes key behavioral questions that help select the right people for the right roles.

Matthews understands the highly competitive market for talent and believes that to attract and retain top talent, it must offer competitive pay and benefit programs. The Company evaluates roles to ensure pay is at market rate, and offers annual incentive pay and a competitive benefit package. As a global company, adjustments are made for global and regional market demands.

### **Talent Development/Management:**

From onboarding to leadership development, Matthews believes investing in its people leads to greater success. The Company's onboarding program reinforces its values and culture, supports its managers in creating a positive employee experience during the first 90 days and builds early commitment with all new hires.



ITEM 1.            BUSINESS, (continued)

Matthews knows that when employees have opportunities to learn and grow, see how their goals and objectives lead to something greater and understand their part in the organization's success, it helps build a place where people want to stay. Matthews' competency-based learning center helps employees select learning programs to continue their growth, and the Company facilitates both formal and informal mentoring that reinforces and supports its leaders during key developmental periods and beyond.

The Company's future success depends upon tomorrow's leaders. Matthews has implemented a robust talent review process that identifies critical talent and serves as the basis for succession planning. Each year, at the conclusion of this review, the executive team selects a cohort of critical talent to participate in a comprehensive leadership program designed to prepare leaders for enterprise roles. The Company believes this investment, which includes classroom learning, assessments, coaching/mentoring and project application, both prepares and strengthens the organization for the future, while deepening the commitment of its top talent.

**Performance Management:**

Connecting employees to the strategy ensures individual effort to a larger goal and strengthens commitment to the organization. The Company supports an annual leadership strategy cascade where each segment, division, group and team identify and align goals and objectives which serve as the basis for individual performance objectives, keeping employees firmly connected to the work and the Company's collective success. This process is rooted in ongoing coaching and feedback, and measures not just what was accomplished, but how it was accomplished because Matthews believes staying true to its values and key behaviors serves clients better, strengthens culture and keeps employees engaged.

**Change Management:**

Matthews is a constantly evolving multi-national company, leveraging new ways of working to improve its quality, service and delivery systems to better help customers and clients succeed. Building change capability to support employees through changes accelerates new ways of working, minimizes productivity loss, and accelerates improvement measures.

**Health and Safety:**

Employee health and safety in the workplace remains the Company's highest priority and is one of the Company's core values. Safety efforts are led by the global health and safety team and supported by individuals at the local site level. Hazards in the workplace are timely identified and management actively tracks incidents so remedial actions may be implemented to improve workplace safety. In response to the coronavirus disease 2019 ("COVID-19") pandemic, Matthews has taken actions aligned with the World Health Organization and the Centers for Disease Control and Prevention and local requirements to protect its workforce so employees can more safely and effectively perform their work. In so doing, Matthews has prioritized the initiation of comprehensive health and safety protocols, further ensuring strict adherence to responsive measures for mitigating the spread of COVID-19.

**BACKLOG:**

Because the nature of the Company's SGK Brand Solutions, Memorialization and Industrial Technologies businesses are primarily custom products made to order and services with short lead times, backlogs are not generally material except for purpose built machinery projects in the SGK Brand Solutions segment, mausoleums and cremation and incineration equipment in the Memorialization segment and industrial automation and order fulfillment systems in the Industrial Technologies segment. Backlogs vary in a range of approximately six to twelve months of sales for purpose built machinery projects and mausoleums. Cremation and incineration equipment sales backlogs vary in a range of ten to twelve months of sales. Backlogs for Industrial Technologies segment sales generally vary in a range of up to four weeks for standard products, and are currently in the range of ten to twelve months for custom systems. The Company's current backlog is expected to be substantially filled in fiscal 2022, absent any disruptions related to COVID-19.

**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.

**AVAILABLE INFORMATION:**

The Company's principal executive offices are located at Two NorthShore Center, Pittsburgh, Pennsylvania 15212, its telephone number is (412) 442-8200 and its website is [www.matw.com](http://www.matw.com). The Company files or furnishes all required reports with the Securities and Exchange Commission ("SEC") in accordance with the Exchange Act. The Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements and amendments to those reports are available free of charge on the Company's website as soon as reasonably practicable after being filed or furnished to the SEC. The Company's reports filed or furnished with the SEC, including exhibits attached to such reports, are also available on the SEC's website at [www.sec.gov](http://www.sec.gov).

**ITEM 1A. RISK FACTORS.**

There are inherent risks and uncertainties associated with the Company's businesses that could adversely affect its operating performance and financial condition. Set forth below are descriptions of those risks and uncertainties that the Company currently believes to be material. Additional risks not currently known or deemed immaterial may also result in adverse effects on the Company.

**Company-Specific Risk Factors:**

**Foreign Operations.** The Company conducts business in more than 26 countries around the world, and in fiscal 2021 approximately 34% of the Company's sales to external customers were to customers outside the United States. In addition, the Company's manufacturing operations, suppliers and employees are located in many places around the world. As such, the Company's future success depends in part on its ability to grow sales in non-U.S. markets. Sales and operations outside of the United States are subject to certain inherent risks, including fluctuations in the value of the U.S. dollar relative to foreign currencies, global economic uncertainties, tariffs, quotas, taxes and other market barriers, political and economic instability, restrictions on the export or import of technology, potentially limited intellectual property protection, difficulties in staffing and managing international operations, potentially adverse tax consequences, and required compliance with non-U.S. laws and regulations.

**Changes in Foreign Currency Exchange Rates.** Manufacturing and sales of a significant portion of the Company's products are outside the United States, and accordingly, the Company holds assets, incurs liabilities, earns revenue and pays expenses in a variety of currencies. The Company's consolidated financial statements are presented in U.S. dollars, and therefore, the Company must translate the reported values of its foreign assets, liabilities, revenue and expenses into U.S. dollars. Increases or decreases in the value of the U.S. dollar compared to foreign currencies may negatively affect the value of these items in the Company's consolidated financial statements, even though their value has not changed in local currency.

**Increased Prices for Raw Materials.** The Company's profitability is affected by the prices of the raw materials used in the manufacture of its products. These prices may fluctuate based on a number of factors, including changes in supply and demand, domestic and global economic conditions, volatility in commodity markets, currency exchange rates, labor costs, tariffs and fuel-related costs. If suppliers increase the price of critical raw materials, alternative sources of supply, or alternative materials, may not exist or be readily available. In addition, disruptions in the global supply chain may cause prices for raw materials to increase. See "Disruptions to the global supply chain."

ITEM 1A.      RISK FACTORS, (continued)

The Company has standard selling price structures (i.e., list prices) in certain of its segments, which are reviewed for adjustment generally on an annual basis. In addition, the Company has established pricing terms with several of its customers through contracts or similar arrangements. Based on competitive market conditions and to the extent that the Company has established pricing terms with customers, the Company's ability to immediately increase the price of its products to offset the increased costs may be limited. Significant raw material price increases that cannot be mitigated by selling price increases or productivity improvements will negatively affect the Company's results of operations.

**Changes in Mortality and Cremation Rates.** Generally, life expectancy in the United States and other countries in which the Company's Memorialization segment operates has increased steadily for several decades and is expected to continue to do so in the future. The increase in life expectancy is also expected to impact the number of deaths in the future. Additionally, cremations have steadily grown as a percentage of total deaths in the United States since the 1960's, and are expected to continue to increase in the future. The Company expects that these trends will continue in the future and sales of the Company's Memorialization segment may benefit from the continued growth in the number of cremations; however, such trends may adversely affect the volume of bronze and granite memorialization products and burial caskets sold in the United States.

**Changes in Product Demand or Pricing.** The Company's businesses have and will continue to operate in competitive markets. Changes in product demand or pricing are affected by domestic and foreign competition and an increase in consolidated purchasing by large customers operating in both domestic and global markets. The Memorialization businesses generally operate in markets with ample supply capacity and demand which is correlated to death rates. The SGK Brand Solutions businesses serve global customers that are requiring their suppliers to be global in scope and price-competitive. Additionally, in recent years the Company has witnessed an increase in products manufactured offshore, primarily in China, and imported into the Company's U.S. markets. It is expected that these trends will continue and may affect the Company's future results of operations.

**Changes in the Distribution of the Company's Products or the Loss of a Large Customer.** Although the Company does not have any customer that is individually significant to consolidated sales, it does have contracts with several large customers in both the Memorialization and SGK Brand Solutions segments. While these contracts provide important access to large purchasers of the Company's products, they can obligate the Company to sell products at contracted prices for extended periods of time. Additionally, any significant divestiture of business properties or operations by current customers could result in a loss of business if the Company is not able to maintain the business with the subsequent owners of the businesses.

**Disruptions to the global supply chain.** The Company purchases components and materials to manufacture its products from a large number of suppliers, some of which may be critical to operations. The Company's product offerings are impacted by such suppliers' lead times, volume constraints and increasing costs. The Company has experienced and may continue to experience extended lead times and product unavailability due to manufacturing disruptions or closures as well as delays and unanticipated costs associated with the sourcing of materials. Matthews' supply chain operations span several geographies globally and are heavily dependent upon third party logistics and transportation services to deliver the Company's products to customers. Extended lead times and shortages could impair the Company's ability to meet its customer requirements, require the Company to pay higher prices or incur expedite fees or cause its customers to delay or forgo projects, which would harm Matthews' business and negatively impact the Company's gross margin and results of operations.

**Pandemics or similar outbreaks.** Pandemics or similar outbreaks, such as COVID-19, could adversely affect the economies of developed and emerging markets, potentially resulting in an economic downturn that could affect customers' demand for the Company's products and services, as well as the Company's ability to access capital at acceptable interest rates. The spread of pandemics or similar outbreaks may also disrupt the Company's manufacturing and production operations, as well as its distribution systems, which include import and export for delivery of the Company's products to its customers. These factors could materially and adversely affect the Company's business, financial condition and results of operations. See also "Disruptions to the global supply chain."

Due to the uncertainty relating to a pandemic or similar outbreak, the Company, its customers or its suppliers may be required, or believe that it is advantageous, to take precautionary measures intended to minimize the risk of a virus or disease spreading to employees, customers, and the communities in which they operate, and these measures could negatively impact the Company's business. Further, if the scope and severity of an outbreak, such as COVID-19, worsens and the Company's contingency plans prove ineffective, its global operations could potentially experience disruptions, such as temporary closure of facilities or delays or suspensions in product offerings and services, which may materially and adversely affect the Company's business, financial condition and results of operations.

**Risks in Connection with Acquisitions.** The Company has grown, in part, through acquisitions, and continues to evaluate acquisition opportunities that have the potential to support and strengthen its businesses. There is no assurance however that future acquisition opportunities will arise, or that if they do, that they will be consummated. In addition, acquisitions involve inherent risks that the businesses acquired will not perform in accordance with expectations, or that synergies expected from the integration of the acquisitions will not be achieved as rapidly as expected, if at all. The Company's pre-acquisition diligence review may not discover or accurately quantify certain undisclosed liabilities, and the Company may not be indemnified for such liabilities which could have an adverse effect on the acquired business. Failure to effectively integrate acquired businesses could prevent the realization of expected rates of return on the acquisition investment, including the achievement of cost-reduction objectives, and could have a negative effect on the Company's results of operations and financial condition.

**Protection of Intellectual Property.** Certain of the Company's businesses rely on various intellectual property rights, including patents, copyrights, trademarks and trade secrets, as well as confidentiality provisions and licensing arrangements, to establish proprietary rights. If the Company does not enforce its intellectual property rights successfully, its competitive position may suffer which could harm the Company's operating results. In addition, the Company's patents, copyrights, trademarks and other intellectual property rights may not provide a significant competitive advantage. The Company may need to spend significant resources monitoring its intellectual property rights and may or may not be able to detect infringement by third parties. The Company's competitive position may be harmed if it cannot detect infringement and enforce its intellectual property rights quickly or at all. In some circumstances, the Company may choose to not pursue enforcement because an infringer has a dominant intellectual property position or for other business reasons. In addition, competitors might avoid infringement by designing around the Company's intellectual property rights or by developing non-infringing competing technologies. Intellectual property rights and the Company's ability to enforce them may be unavailable or limited in some countries which could make it easier for competitors to capture market share and could result in lost revenues.

**Intellectual property infringement assertions by third parties could result in significant costs and adversely affect the Company's business, financial condition, operating results and reputation.** The Company cannot guarantee that the operation of its business does not infringe, misappropriate or otherwise violate the intellectual property rights of third parties. The Company cannot predict whether other assertions of third-party intellectual property rights or claims arising from such assertions would substantially adversely affect the Company's business, financial condition and operating results. The defense of these claims and any future infringement claims, whether they are with or without merit or are determined in the Company's favor, may result in costly litigation and diversion of technical and management personnel. Further, an adverse outcome of a dispute may require the Company to pay damages, cease making, licensing, or using products or offering services that are alleged to incorporate the intellectual property of others, expend additional development resources to redesign the Company's offerings, or enter into potentially unfavorable royalty or license agreements in order to obtain the right to use necessary intellectual property, which may be unavailable on terms acceptable to the Company, or at all. Even if these matters do not result in litigation or are resolved in the Company's favor or without significant cash settlements, the time and resources necessary to resolve them could adversely affect the Company's business, reputation, financial condition and operating results.

**Environmental Remediation and Compliance.** The Company is subject to the risk of environmental liability and limitations on its operations due to environmental laws and regulations. The Company is subject to extensive federal, state, local and foreign environmental, health and safety laws and regulations concerning matters such as air emissions, wastewater discharges, solid and hazardous waste handling and disposal and the investigation and remediation of contamination. The risks of potentially substantial costs and liabilities related to compliance with these laws and regulations are an inherent part of the Company's business, and future conditions may develop, arise or be discovered that create substantial environmental compliance or remediation liabilities and costs. Compliance with environmental, health and safety legislation and regulatory requirements may prove to be more limiting and costly than the Company anticipates, and there is no assurance that significant expenditures related to such compliance may not be required in the future.

From time to time, the Company may be subject to legal proceedings brought by private parties or governmental authorities with respect to environmental matters, including matters involving alleged noncompliance with or liability under environmental, health and safety laws, property damage or personal injury. New laws and regulations, including those which may relate to emissions of greenhouse gases, stricter enforcement of existing laws and regulations, the discovery of previously unknown contamination or the imposition of new clean-up requirements could require the Company to incur costs or become the basis for new or increased liabilities that could have a material adverse effect on the Company's business, financial condition or results of operations.

**Technological Factors Beyond the Company's Control.** The Company operates in certain markets in which technological product development contributes to its ability to compete effectively. There can be no assurance that the Company will be able to develop new products, that new products can be manufactured and marketed profitably, or that new products will successfully meet the expectations of customers.

**Changes in Laws and Regulations Governing Data Privacy and Data Protection.** The Company is subject to many data privacy, data protection, and data breach notification laws, including the European Union's General Data Protection Regulation (the "GDPR"), which became effective in May of 2018, and the California Consumer Privacy Act (the "CCPA"), which became effective in January 2020. The GDPR and the CCPA contain comprehensive data protection compliance requirements. Complying with the GDPR and the CCPA may continue to cause the Company to incur substantial operational costs or require the Company to change certain of its business practices in certain jurisdictions. The Company's measures to assess the requirements of, and to comply with, the GDPR and the CCPA, as well as new and existing data-related laws and regulations of other jurisdictions, could be challenged, including by authorities that regulate data-related compliance. The Company's ongoing compliance measures could result in the incurrence of significant expense in facilitating and responding to regulatory investigations, and if the measures initiated by the Company are deemed to be inadequate, the Company could be subject to litigation or enforcement actions that may require operational changes, fines, penalties or damages, which could have an adverse impact on the Company's business or results of operations.

**Changes in Tax Rules.** Matthews is subject to domestic and international tax laws and cannot predict the scope or effect of future tax law changes. Domestically, the U.S. Department of Treasury has broad authority to issue regulations and interpretive guidance. The Company has applied available guidance to estimate its tax obligations, but new guidance may cause the Company to make adjustments to its tax estimates in future periods.

**Compliance with Foreign Laws and Regulations.** Due to the international scope of the Company's operations, Matthews is subject to a complex system of commercial and trade regulations around the world, and the Company's foreign operations are governed by laws, rules and business practices that often differ from those of the United States. The Company cannot predict the nature, scope or effect of future regulatory requirements to which the Company's operations might be subject or the manner in which existing laws might be administered or interpreted, which could have a material and negative impact on the Company's business and results of operation. For example, recent years have seen an increase in the development and enforcement of laws and regulations regarding trade compliance, economic sanctions, anti-money laundering, and anti-corruption, such as the U.S. Foreign Corrupt Practices Act and similar laws in other countries. While Matthews maintains a variety of internal policies and controls and takes steps, including periodic training and internal audits, that the Company believes are reasonably calculated to discourage, prevent and detect violations of such laws, the Company cannot guarantee that such actions will be effective or that individual employees will not engage in inappropriate behavior in contravention of the Company's policies and instructions. Such conduct, or even the allegation thereof, could result in costly investigations and the imposition of severe criminal or civil sanctions, could disrupt the Company's business, and could materially and adversely affect the Company's reputation, business and results of operations or financial condition.

Further, the Company is subject to laws and regulations worldwide affecting its operations outside the United States in areas including, but not limited to, intellectual property ownership and infringement, tax, customs, import and export requirements, economic sanctions, anti-money laundering, anti-corruption and anti-bribery, foreign exchange controls and cash repatriation restrictions, foreign investment, data privacy requirements, anti-competition, pensions and social insurance, employment, and environment, health, and safety. Compliance with these laws and regulations may be onerous and expensive and requirements may differ among jurisdictions. Further, the promulgation of new laws, changes in existing laws and abrogation of local regulations by national laws may have a negative impact on the Company's business and prospects. In addition, certain laws and regulations are relatively new and their interpretation and enforcement involve significant uncertainties. There can be no assurance that any of these factors will not have a material adverse effect on the Company's business, results of operations or financial condition.

**General Risk Factors:**

**Changes in Economic Conditions.** Generally, changes in domestic and international economic conditions affect the industries in which the Company and its customers and suppliers operate. These changes include changes in the rate of consumption or use of the Company's products due to economic downturns, volatility in currency exchange rates, and changes in raw material prices resulting from supply and/or demand conditions.

ITEM 1A. RISK FACTORS, (continued)

Uncertainty about current global economic conditions poses a risk, as consumers and businesses may continue to postpone or cancel spending. Other factors that could influence customer spending include energy costs, conditions in the credit markets, consumer confidence, global pandemics, and other factors affecting consumer spending behavior. These and other economic factors could have an effect on demand for the Company's products and services and negatively impact the Company's financial condition and results of operations.

**Labor shortages, turnover and labor cost increases.** Labor is a significant component of the Company's operations. Several factors may adversely affect the labor force available to Matthews or increase labor costs (i.e., labor rates and overtime levels), including high employment levels, unemployment subsidies, increased wages offered by other employers, vaccine mandates and other government regulations and the Company's responses thereto. An overall labor shortage, lack of skilled labor, increased turnover, or labor inflation, caused by pandemics or as a result of general macroeconomic factors, could have a material adverse impact on the Company's business and operating results.

**Cybersecurity and Data Breaches.** In the course of business, the Company collects and stores sensitive data and proprietary business information. The Company could be subject to service outages or breaches of security systems which may result in disruption, unauthorized access, misappropriation, or corruption of this information. Security breaches of the Company's network or data including physical or electronic break-ins, vendor service outages, computer viruses, attacks by hackers or similar breaches can create system disruptions, shutdowns, or unauthorized disclosure of confidential information. Although the Company is not aware of any significant incidents to date, if it is unable to prevent, detect and timely remediate such security or privacy breaches, its operations could be disrupted or the Company may suffer legal claims, loss of reputation, financial loss, property damage, or regulatory penalties because of lost or misappropriated information.

**Effectiveness of Internal Controls.** Section 404 of the Sarbanes-Oxley Act of 2002 requires a comprehensive evaluation of the Company's internal control over financial reporting. To comply with this statute, the Company is required to document and test its internal control over financial reporting, management is required to assess and issue a report concerning internal control over financial reporting, and the Company's independent registered public accounting firm is required to attest to and report on the Company's assessment of the effectiveness of internal control over financial reporting. Any failure to maintain or implement required new or improved controls could cause the Company to fail to meet its periodic reporting obligations or result in material misstatements in the consolidated financial statements, and substantial costs and resources may be required to rectify these or other internal control deficiencies. If the Company cannot produce reliable financial reports, investors could lose confidence in the Company's reported financial information, the market price of the Company's common stock could decline significantly, and its business, financial condition, and reputation could be harmed.

**Compliance with Securities Laws and Regulations; Conflict Minerals Reporting.** The Company is required to comply with various securities laws and regulations, including but not limited to the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"). Dodd-Frank contains provisions, among others, designed to improve transparency and accountability concerning the supply chains of certain minerals originating from the Democratic Republic of Congo and adjoining countries that are believed to be benefiting armed groups ("Conflict Minerals"). While Dodd-Frank does not prohibit companies from using Conflict Minerals, the SEC mandates due diligence, disclosure and reporting requirements for companies for which Conflict Minerals are necessary to the functionality or production of a product. The Company's efforts to comply with Dodd-Frank and other evolving laws, regulations and standards could result in increased costs and expenses related to compliance and potential violations.

**ITEM 1B. UNRESOLVED STAFF COMMENTS.**

Not applicable.

## ITEM 2. PROPERTIES.

The Company's facilities provide adequate space for meeting its near-term production requirements. Significant principal properties of the Company and its majority-owned subsidiaries as of October 31, 2021 were as follows (properties, which are unencumbered, are owned by the Company except as noted):

<b>Location</b>	<b>Description of Property</b>	
<b>SGK Brand Solutions:</b>		
Chennai, India	Operating facility	(1)
Cleckheaton, England	Operating facility	(1)
Dachnow, Poland	Manufacturing	(1)
East Butler, PA	Manufacturing	(1)
Goslar, Germany	Manufacturing	(1)
Grenzach-Wyhlen, Germany	Manufacturing	(2)
Izmir, Turkey	Manufacturing	
Manchester, England	Manufacturing	(1)
Minneapolis, MN	Operating facility	
Mississauga, Canada	Operating facility	(1)
Mönchengladbach, Germany	Manufacturing	(1) (2)
Novgorod, Russia	Manufacturing	
Penang, Malaysia	Operating facility	
Vreden, Germany	Manufacturing and Operating facilities	(2)
<b>Memorialization:</b>		
Pittsburgh, PA	Manufacturing / Division Offices	
Apopka, FL	Manufacturing / Division Offices	
Aurora, IN	Manufacturing	
Colorno, Italy	Manufacturing	(1)
Dallas, TX	Distribution Hub	(1)
Dandenong, Australia	Manufacturing	(1)
Elberton, GA	Manufacturing	
Fontana, CA	Distribution Hub	(1)
Harrisburg, PA	Distribution Hub	(1)
Hyde, England	Manufacturing	(1)
Indianapolis, IN	Distribution Hub	(1)
Monterrey, Mexico	Manufacturing	(1)
Richmond, IN	Manufacturing	
Searcy, AR	Manufacturing	
Stone Mountain, GA	Distribution Hub	(1)
Whittier, CA	Manufacturing	(1)
York, PA	Manufacturing	
<b>Industrial Technologies:</b>		
Pittsburgh, PA	Manufacturing / Division Offices	
Cincinnati, OH	Manufacturing / Distribution	
Gothenburg, Sweden	Manufacturing / Distribution	(1)
Lima, Costa Rica	Manufacturing	(1)
Pewaukee, WI	Manufacturing	(1)
Wilsonville, OR	Manufacturing	
<b>Corporate and Administrative Offices:</b>		
Pittsburgh, PA	General Offices	
Des Plaines, IL	General Offices	

(1) These properties are leased by the Company under operating lease arrangements.

(2) In the first quarter of fiscal 2022, the Company transferred its surfaces and engineered products businesses from the SGK Brand Solutions segment to the Industrial Technologies segment. Following such change, these properties were transferred to the Industrial Technologies segment. The Vreden, Germany location represents a shared facility for both business segments.

**ITEM 3. LEGAL PROCEEDINGS.**

Matthews 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 4. MINE SAFETY DISCLOSURES.**

Not applicable.



## OFFICERS AND EXECUTIVE MANAGEMENT OF THE REGISTRANT

The following information is furnished with respect to officers and executive management as of October 31, 2021:

<b>Name</b>	<b>Age</b>	<b>Positions with Registrant</b>
Joseph C. Bartolacci	61	President and Chief Executive Officer
Ronald C. Awenowicz	52	Senior Vice President, Global Compliance, Operations and N.A. Human Resources
Gregory S. Babe	64	Chief Technology Officer
Davor Brkovich	53	Head of IT and Chief Information Officer
Brian J. Dunn	64	Executive Vice President, Strategy and Corporate Development
Steven D. Gackenbach	58	Group President, Memorialization
Reena Gurtner	47	Senior Vice President, Global Talent and EMEA/APAC Human Resources
Gary R. Kohl	58	President, SGK Brand Solutions
Steven F. Nicola	61	Chief Financial Officer and Secretary
Brian D. Walters	52	Senior Vice President and General Counsel

**Joseph C. Bartolacci** was appointed President and Chief Executive Officer effective October 2006.

**Ronald C. Awenowicz** was appointed Senior Vice President, Global Compliance, Operations and North America Human Resources effective July 2021. Prior thereto, he served as Vice President of Americas Human Resources since May 2020 and prior thereto he served as Global Head of Human Resources Operations since February 2015, when he joined the Company.

**Gregory S. Babe** was appointed Chief Technology Officer effective November 2015.

**Davor Brkovich** was appointed Head of IT and Chief Information Officer effective November 2019. Prior thereto, he had been interim Head of IT and Chief Information Officer since February 2019 and prior thereto he served as Director, Global IT Infrastructure since January 2017, when he joined the Company. Prior to joining the Company, he served as the Head of IT Operations at the Kraft Heinz Company since August 2015.

**Brian J. Dunn** was appointed Executive Vice President, Strategy and Corporate Development effective July 2014.

**Steven D. Gackenbach** was appointed Group President, Memorialization effective October 31, 2011.

**Reena Gurtner** was appointed Senior Vice President, Global Talent and EMEA/APAC Human Resources effective July 2021. Prior thereto, she served as Vice President, Human Resources APAC, Middle East and Africa since May 2020 and prior thereto she served as Regional Director of Human Resources APAC since January 2013.

**Gary R. Kohl** was appointed President, SGK Brand Solutions effective May 2017. Prior thereto, he served as Executive Vice President, SGK Global Business Development since December 2015 when he joined the Company.

**Steven F. Nicola** was appointed Chief Financial Officer and Secretary effective December 2003.

**Brian D. Walters** was appointed Senior Vice President and General Counsel effective February 2018. Prior thereto, Mr. Walters served as Vice President and General Counsel since February 2009.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

#### Market Information:

The authorized common stock of the Company consists of 70,000,000 shares of Class A Common Stock, \$1.00 par value. At September 30, 2021, 31,482,575 shares were outstanding. The Company's Class A Common Stock is traded on the Nasdaq Global Select Market under the symbol "MATW".

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. On July 28, 2021, the Company's Board of Directors approved the continuation of the stock repurchase program and increased the authorization for stock repurchases by an additional 2,500,000 shares. Under the current authorization, 2,658,627 shares remain available for repurchase as of September 30, 2021. All purchases of the Company's common stock during fiscal 2021 were part of this repurchase program.

The following table shows the monthly fiscal 2021 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 2020	40,000	\$ 22.25	40,000	498,736
November 2020	34,789	25.82	34,789	463,947
December 2020	87,502	27.99	87,502	376,445
January 2021	—	—	—	376,445
February 2021	—	—	—	376,445
March 2021	6,000	41.36	6,000	370,445
April 2021	—	—	—	370,445
May 2021	—	—	—	370,445
June 2021	45,584	36.53	45,584	324,861
July 2021	50,842	35.19	50,842	2,774,019
August 2021	109,248	33.82	109,248	2,664,771
September 2021	6,144	36.81	6,144	2,658,627
Total	<u>380,109</u>	<u>\$ 31.21</u>	<u>380,109</u>	

#### Holdings:

Based on records available to the Company, the number of record holders of the Company's common stock was 544 at October 31, 2021.

#### Securities Authorized for Issuance Under Equity Compensation Plans:

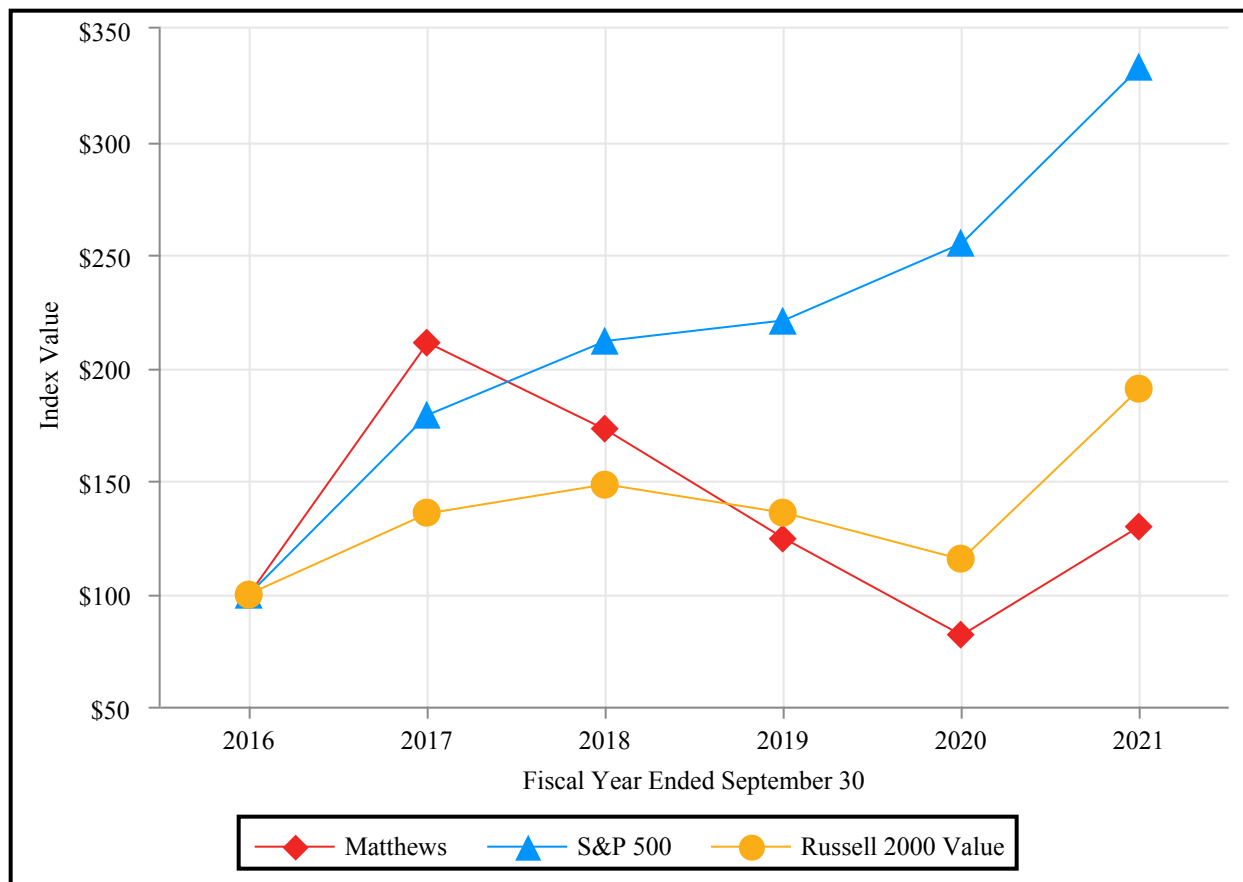
See Equity Compensation Plans in Item 12 "Security Ownership of Certain Beneficial Owners and Management."

**PERFORMANCE GRAPH**

**COMPARISON OF FIVE-YEAR CUMULATIVE RETURN \*  
AMONG MATTHEWS INTERNATIONAL CORPORATION,  
S&P 500 INDEX AND RUSSELL 2000 VALUE INDEX**

This graph compares the return on Matthews' Common Stock with that of the Standard & Poor's 500 Index and Russell 2000 Value Index for the period from October 1, 2016 through September 30, 2021. The graph assumes that on October 1, 2016, \$100 was invested in each of the Company's Common Stock, Standard & Poor's 500 Index and Russell 2000 Value Index. The graph measures total stockholder return, which takes into account both changes in stock price and dividends. It assumes that dividends paid are invested in like securities.

The following graph compares the total return on the Company's Common Stock with that of the Standard & Poor's 500 Index and the Russell 2000 Value Index. The results are not necessarily indicative of future performance.



\* Total return assumes dividend reinvestment

**ITEM 6. SELECTED FINANCIAL DATA.**

Not applicable.

## **ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.**

The following discussion should be read in conjunction with the consolidated financial statements of Matthews and related notes thereto. In addition, see "Cautionary Statement Regarding Forward-Looking Information" included in Part I of this Annual Report on Form 10-K.

### **RESULTS OF OPERATIONS:**

The Company manages its businesses under three segments: SGK Brand Solutions, Memorialization and Industrial Technologies. The SGK Brand Solutions segment consists of brand management, pre-media services, printing plates and cylinders, engineered products (including energy solutions), imaging services, digital asset management, merchandising display systems, and marketing and design services primarily for the consumer goods and retail industries. The Memorialization segment consists primarily of bronze and granite memorials and other memorialization products, caskets and cremation and incineration equipment primarily for the cemetery and funeral home industries. The Industrial Technologies segment includes marking and coding equipment and consumables, industrial automation products and order fulfillment systems for identifying, tracking, picking and conveying consumer and industrial products. Effective in the first quarter of fiscal 2022, the Company transferred its surfaces and engineered products businesses from the SGK Brand Solutions segment to the Industrial Technologies segment. This business segment change is consistent with internal management structure and reporting changes effective for fiscal 2022.

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

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

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS. (continued)

The following table sets forth sales and adjusted EBITDA for the Company's SGK Brand Solutions, Memorialization and Industrial Technologies segments for each of the last three fiscal years. Refer to Note 19, "Segment Information" in Item 8 - "Financial Statements and Supplemental Data" for the Company's financial information by segment.

	<b>Years Ended September 30,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<i>(Dollar amounts in thousands)</i>		
<b>Sales to external customers:</b>			
SGK Brand Solutions	\$ 726,895	\$ 693,093	\$ 743,869
Memorialization	769,016	656,035	636,892
Industrial Technologies	175,119	149,178	156,515
Consolidated Sales	<u>\$ 1,671,030</u>	<u>\$ 1,498,306</u>	<u>\$ 1,537,276</u>
<b>Adjusted EBITDA:</b>			
SGK Brand Solutions	\$ 99,665	\$ 90,644	\$ 119,493
Memorialization	165,653	146,285	134,286
Industrial Technologies	26,659	22,753	24,082
Corporate and Non-Operating	(64,227)	(56,602)	(56,989)
Total Adjusted EBITDA <sup>(1)</sup>	<u>\$ 227,750</u>	<u>\$ 203,080</u>	<u>\$ 220,872</u>

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

**Comparison of Fiscal 2021 and Fiscal 2020:**

Sales for the year ended September 30, 2021 were \$1.67 billion, compared to \$1.50 billion for the year ended September 30, 2020, representing an increase of \$172.7 million. The increase in fiscal 2021 sales reflected higher sales in all of the Company's segments. Changes in foreign currency exchange rates were estimated to have a favorable impact of \$30.2 million on fiscal 2021 consolidated sales compared to a year ago. Fiscal 2021 sales continued to be impacted by the global outbreak of COVID-19, which has caused some commercial impacts in certain of the Company's segments and geographic locations. These impacts have included higher sales volumes for memorialization products and services, but have also included temporary business disruptions and customer project delays for certain of the Company's businesses. Additionally, recent increases in the cost of certain raw materials and other inflationary pressures have had an unfavorable impact on the Company's results of operations. While substantially all of the Company's operations have remained open during the COVID-19 pandemic, management expects COVID-19 to continue to impact its sales and results of operations in the short-term as the pandemic subsides (see "Forward Looking Information" below).

In the SGK Brand Solutions segment, sales for fiscal 2021 were \$726.9 million, compared to \$693.1 million in fiscal 2020. The increase primarily resulted from higher sales of purpose-built engineered products (primarily energy storage solutions for the electric vehicle market), increased cylinder (packaging) sales, and higher brand sales in the Europe and Asia-Pacific markets. These increases were partially offset by lower retail-based sales (principally merchandising solutions and private label brand market sales), decreased brand sales in the U.S., and reduced sales of surfaces products in Europe, all of which were unfavorably impacted by COVID-19. Changes in foreign currency exchange rates had a favorable impact of \$23.3 million on the segment's sales compared to the prior year. Memorialization segment sales for fiscal 2021 were \$769.0 million, compared to \$656.0 million for fiscal 2020. The increase in sales resulted from a significant increase in unit sales of caskets due to COVID-19. The segment also reported higher sales of bronze and granite memorial products, mausoleums, and cremation equipment. The increase in sales also reflected improved price realization and benefits from a recently completed acquisition of a small cemetery products business. Changes in foreign currency exchange rates had a favorable impact of \$4.4 million on the segment's sales compared to the prior year. Industrial Technologies segment sales for fiscal 2021 were \$175.1 million, compared to \$149.2 million for fiscal 2020. The sales increase primarily reflected higher sales of warehouse automation systems and increased product identification sales. Changes in foreign currency exchange rates had a favorable impact of \$2.6 million on the segment's sales compared to the prior year.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS. (continued)

Gross profit for the year ended September 30, 2021 was \$541.8 million, compared to \$497.8 million for fiscal 2020. Consolidated gross profit as a percent of sales was 32.4% and 33.2% in fiscal 2021 and fiscal 2020, respectively. The increase in gross profit primarily reflected higher sales, benefits from the realization of productivity improvements and other cost-reduction initiatives, and improved margins for cylinder (packaging) products within the SGK Brand Solutions segment. These improvements were partially offset by the impact of higher material and transportation costs, particularly in the Memorialization segment, ongoing price competition in the brand market, and lower margins on certain cremation and incineration projects. Higher material costs in the Memorialization segment reflected a significant increase in commodity costs, particularly steel, lumber and bronze ingot. Gross profit also included acquisition integration costs and other charges primarily in connection with cost-reduction initiatives totaling \$17.3 million and \$12.4 million in fiscal 2021 and 2020, respectively.

Selling and administrative expenses for the year ended September 30, 2021 were \$415.6 million, compared to \$400.0 million for fiscal 2020. Consolidated selling and administrative expenses, as a percent of sales, were 24.9% for fiscal 2021, compared to 26.7% in fiscal 2020. The increase in selling and administrative expenses reflected higher performance-based compensation compared to fiscal 2020, partially offset by benefits from ongoing cost-reduction initiatives, and reduced travel and entertainment ("T&E") costs reflecting travel limitations resulting from the pandemic. Selling and administrative expenses also included acquisition integration and related systems-integration costs, and other charges primarily in connection with cost-reduction initiatives totaling \$17.5 million in fiscal 2021, compared to \$31.5 million in fiscal 2020. Fiscal 2020 selling and administrative expenses also included an \$11.2 million gain on the sale of an ownership interest in a Memorialization business and a \$10.6 million charge for a legal matter involving a letter of credit for a customer in Saudi Arabia. Intangible amortization for the year ended September 30, 2021 was \$84.2 million, compared to \$71.5 million for fiscal 2020. The increase in intangible amortization reflected \$15.2 million of incremental amortization resulting from a reduction in useful lives for certain customer relationships. Intangible amortization also included accelerated amortization resulting from the fiscal 2019 reduction in useful lives for certain trade names that are being discontinued. Amortization for these trade names totaled \$35.5 million and \$37.5 million in fiscal 2021 and fiscal 2020, respectively. During the second quarter of fiscal 2020, the Company recorded a goodwill write-down totaling \$90.4 million related to its two reporting units within the SGK Brand Solutions segment (Graphics Imaging and Cylinders, Surfaces and Engineered Products). Refer to Note 21, "Goodwill and Other Intangible Assets" in Item 8 - "Financial Statements and Supplementary Data" for further details.

Adjusted EBITDA for fiscal 2021 was \$227.8 million, compared to \$203.1 million for fiscal 2020. Adjusted EBITDA for the SGK Brand Solutions segment for fiscal 2021 was \$99.7 million, compared to \$90.6 million for fiscal 2020. The increase in segment adjusted EBITDA primarily reflected the impact of higher sales, benefits from cost-reduction initiatives, reduced T&E costs, and improved margins for cylinders and engineered products. Changes in foreign currency exchange rates had a favorable impact of \$2.0 million on the segment's adjusted EBITDA compared to the prior year. These increases were partially offset by increased performance-based compensation compared to fiscal 2020, and the impact of ongoing price competition in the brand market. Memorialization segment adjusted EBITDA for fiscal 2021 was \$165.7 million, compared to \$146.3 million for fiscal 2020. The increase in segment adjusted EBITDA primarily reflected the impact of higher sales, benefits from productivity initiatives, lower T&E costs, and benefits from a recently completed acquisition of a small cemetery products business. These increases were partially offset by the impact of higher material and transportation costs, increased performance-based compensation compared to fiscal 2020, and lower margins on certain cremation and incineration projects. Adjusted EBITDA for the Industrial Technologies segment for fiscal 2021 was \$26.7 million, compared to \$22.8 million in fiscal 2020. Industrial Technologies segment adjusted EBITDA primarily reflected the impact of higher warehouse automation and product identification sales, and reduced T&E costs, partially offset by increased performance-based compensation expense and higher product development costs. Changes in foreign currency exchange rates had a favorable impact of \$545,000 on the segment's adjusted EBITDA compared to the prior year.

Investment income for the fiscal year ended September 30, 2021 was \$2.6 million, compared to \$2.0 million for the year ended September 30, 2020. Investment income for both fiscal years primarily reflected changes in the value of investments (primarily marketable securities) held in trust for certain of the Company's benefit plans. Interest expense for fiscal 2021 was \$28.7 million, compared to \$34.9 million in fiscal 2020. The decrease in interest expense reflected a decrease in average borrowing levels and lower average interest rates in the current fiscal year. Other income (deductions), net for the year ended September 30, 2021 represented a decrease in pre-tax income of \$6.8 million, compared to a decrease in pre-tax income of \$9.2 million in fiscal 2020. Other income (deductions), net includes the non-service components of pension and postretirement expense, which totaled \$5.8 million and \$7.8 million in fiscal years 2021 and 2020, respectively. Other income (deductions), net also includes banking-related fees and the impact of currency gains and losses on certain intercompany debt and foreign denominated cash balances.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS. (continued)

The Company's consolidated income taxes for the year ended September 30, 2021 were an expense of \$6.4 million, compared to a benefit of \$18.7 million for fiscal 2020. The difference between the Company's consolidated income taxes for fiscal 2021 compared to fiscal 2020 primarily resulted from fiscal 2021 having consolidated income before income taxes, compared to fiscal 2020 having a consolidated loss, which reflected the goodwill write-down recorded in the second quarter of fiscal 2020, that was partially non-deductible. Additionally, the fiscal 2021 tax rate was negatively impacted by the termination of the Company's Supplemental Retirement Plan ("SERP"), which resulted in certain expenses that are nondeductible for tax purposes. The fiscal 2021 effective tax rate benefited from research and development and foreign tax credits, the reduction of uncertain tax positions due to the expiration of the statute of limitations in certain jurisdictions, and the completion of a state tax audit, and the tax benefit of the NOL carryback. The Company's fiscal 2020 effective tax rate was negatively affected by the non-deductible portion of the goodwill write-down along with certain other non-deductible expenses. The fiscal 2020 effective tax rate benefited from research and development and foreign tax credits, the reduction of uncertain tax positions due to the completion of a foreign tax audit, and the tax benefit of the NOL carryback. Refer to Note 16, "Income Taxes" in Item 8 - "Financial Statements and Supplementary Data" for further details regarding income taxes.

Net losses attributable to noncontrolling interests were \$52,000 in fiscal 2021, compared to \$497,000 in fiscal 2020. The net losses attributable to noncontrolling interests primarily reflected losses in less than wholly-owned businesses.

**Comparison of Fiscal 2020 and Fiscal 2019:**

For a comparison of the Company's results of operations for the fiscal years ended September 30, 2020 and September 30, 2019, see "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation" of the Company's annual report on Form 10-K for the fiscal year ended September 30, 2020 filed with the SEC on November 20, 2020.

**NON-GAAP FINANCIAL MEASURES:**

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

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

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS, (continued)

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

	<b>Years Ended September 30,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<i>(Dollar amounts in thousands)</i>		
Net income (loss)	\$ 2,858	\$ (87,652)	\$ (38,889)
Income tax provision (benefit)	6,375	(18,685)	806
Income (loss) before income taxes	9,233	(106,337)	(38,083)
Net loss attributable to noncontrolling interests	52	497	901
Interest expense	28,684	34,885	40,962
Depreciation and amortization *	133,512	119,058	90,793
Acquisition related items <sup>(1)**</sup>	541	3,440	10,084
ERP integration costs <sup>(2)**</sup>	1,037	2,296	7,508
Strategic initiatives and other charges: <sup>(3)**</sup>			
Workforce reductions and related costs	10,644	9,232	5,061
Other cost-reduction initiatives	17,317	25,718	9,176
Legal matter reserve <sup>(4)</sup>	—	10,566	—
Non-recurring / incremental COVID-19 costs <sup>(5)***</sup>	5,312	3,908	—
Goodwill write-downs <sup>(6)</sup>	—	90,408	77,572
Net realized (gains) losses on divestitures and asset dispositions:			
(Gain) loss on sale of ownership interests in subsidiaries <sup>(7)</sup>	—	(11,208)	6,469
Realized loss on cost-method investments <sup>(8)</sup>	—	—	4,731
Net gains from the sale of buildings and vacant properties <sup>(9)</sup>	—	—	(7,347)
Joint Venture depreciation, amortization, interest expense and other charges <sup>(10)</sup>	—	4,732	1,514
Stock-based compensation	15,581	8,096	7,729
Non-service pension and postretirement expense <sup>(11)</sup>	5,837	7,789	3,802
<b>Total Adjusted EBITDA</b>	<b>\$ 227,750</b>	<b>\$ 203,080</b>	<b>\$ 220,872</b>

<sup>(1)</sup> Includes certain non-recurring items associated with recent acquisition activities.

<sup>(2)</sup> Represents costs associated with global ERP system integration efforts.

<sup>(3)</sup> Includes certain non-recurring costs primarily associated with productivity and cost-reduction initiatives intended to result in improved operating performance, profitability and working capital levels.

<sup>(4)</sup> Represents a reserve established for a legal matter involving a letter of credit for a customer in Saudi Arabia within the Memorialization segment (see Note 9, "Long Term Debt" in Item 8 - "Financial Statements and Supplementary Data").

<sup>(5)</sup> 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.

<sup>(6)</sup> Represents goodwill write-downs within the SGK Brand Solutions segment (see Note 21, "Goodwill and Other Intangible Assets" in Item 8 - "Financial Statements and Supplementary Data").

<sup>(7)</sup> Represents the (gain) loss on the sale of ownership interests in subsidiaries within the Memorialization segment.

<sup>(8)</sup> Includes gains/losses related to cost-method investments, and related assets, within the SGK Brand Solutions and Memorialization segments.

<sup>(9)</sup> Includes significant building and vacant property transactions resulting in a gain of \$8.7 million within the Industrial Technologies segment and losses of \$915,000 and \$401,000 within the SGK Brand Solutions and Memorialization segments, respectively.

<sup>(10)</sup> Represents the Company's portion of depreciation, intangible amortization, interest expense, and other non-recurring charges incurred by non-consolidated subsidiaries accounted for as equity-method investments within the Memorialization segment.

<sup>(11)</sup> Non-service pension and postretirement expense includes interest cost, expected return on plan assets, amortization of actuarial gains and losses, and curtailment 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 are excluded from Adjusted EBITDA since they generally result from certain non-recurring events, such as plan amendments to modify future benefits. 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 \$99.5 million, \$87.6 million, and \$59.7 million for the SGK Brand Solutions segment, \$23.0 million, \$20.5 million, and \$19.7 million for the Memorialization segment, \$5.6 million, \$5.8 million, and \$6.2 million for the Industrial Technologies segment, and \$5.4 million, \$5.2 million, and \$5.2 million for Corporate and Non-Operating, for the fiscal years ended September 30, 2021, 2020, and 2019, respectively.



## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS. (continued)

\*\* Acquisition costs, ERP integration costs, and strategic initiatives and other charges were \$16.3 million, \$14.7 million, and \$8.9 million for the SGK Brand Solutions segment and \$11.3 million, \$23.0 million, and \$19.9 million for Corporate and Non-Operating, for the fiscal years ended September 30, 2021, 2020, and 2019, respectively. Acquisition costs, ERP integration costs, and strategic initiatives and other charges were \$1.9 million and \$2.7 million for the Memorialization segment for the fiscal years ended September 30, 2021 and 2020, respectively. Acquisition costs, ERP integration costs, and strategic initiatives and other charges were \$268,000 and \$3.1 million for the Industrial Technologies segment for the fiscal years ended September 30, 2020 and 2019, respectively.

\*\*\* Non-recurring/incremental COVID-19 costs were \$1.6 million and \$1.5 million for the SGK Brand Solutions segment, \$3.6 million and \$1.8 million for the Memorialization segment, \$14,000 and \$21,000 for the Industrial Technologies segment, and \$89,000 and \$615,000 for Corporate and Non-Operating, for the fiscal years ended September 30, 2021 and 2020, respectively.

### **LIQUIDITY AND CAPITAL RESOURCES:**

Net cash provided by operating activities was \$162.8 million for the year ended September 30, 2021, compared to \$180.4 million and \$131.1 million for fiscal years 2020 and 2019, respectively. Fiscal 2021 operating cash flow reflected a \$15.0 million discretionary contribution to fund the Company's principal defined benefit retirement plan ("DB Plan"). Operating cash flow for fiscal 2021 principally included net income adjusted for deferred taxes, depreciation and amortization, stock-based compensation expense, net gains related to investments, and non-cash pension expense, and changes in working capital items. The favorable movements in working capital in fiscal 2021 primarily reflected the Company's continued emphasis on working capital management, particularly trade accounts payable. Operating cash flow for fiscal 2020 principally included net (loss) income adjusted for deferred taxes, depreciation and amortization, stock-based compensation expense, net losses related to goodwill and investments, and non-cash pension expense, and changes in working capital items. The favorable movements in working capital in fiscal 2020 primarily reflected enhanced accounts receivable collection efforts and effective management of trade accounts payable. Operating cash flow for fiscal 2019 principally included net (loss) income adjusted for deferred taxes, depreciation and amortization, stock-based compensation expense, net losses related to goodwill and investments, net gains from sale of buildings and other property, and non-cash pension expense, and changes in working capital items.

Cash used in investing activities was \$13.0 million for the year ended September 30, 2021, compared to \$2.7 million and \$60.8 million for fiscal years 2020 and 2019, respectively. Investing activities for fiscal 2021 primarily reflected capital expenditures of \$34.3 million, acquisition payments (net of cash acquired or received from sellers) of \$15.6 million, proceeds from the sale of investments of \$34.2 million, and proceeds from sale of assets of \$2.8 million. Investing activities for fiscal 2020 primarily reflected capital expenditures of \$34.8 million, acquisition payments (net of cash acquired or received from sellers) of \$1.0 million, proceeds of \$42.2 million from the sale of an ownership interest in a pet cremation business, and investments and advances of \$9.7 million. Investing activities for fiscal 2019 primarily reflected capital expenditures of \$37.7 million, acquisition payments (net of cash acquired or received from sellers) of \$11.5 million, proceeds of \$13.3 million from the sale of assets, proceeds of \$8.3 million from the sale of a controlling interest in a Memorialization business, and additional investments made in non-consolidated subsidiaries of \$33.1 million.

Capital expenditures were \$34.3 million for the year ended September 30, 2021, compared to \$34.8 million and \$37.7 million for fiscal years 2020 and 2019, respectively. Capital expenditures in each of the last three fiscal years reflected reinvestments 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, lower production costs and meet regulatory requirements. Capital spending for property, plant and equipment has averaged \$35.6 million for the last three fiscal years. Capital expenditures for the last three fiscal years were primarily financed through operating cash. Capital spending for fiscal 2022 is currently estimated to be approximately \$60 million, reflecting additional capital projects to support new production capabilities and increased efficiencies within the SGK Brand Solutions and Memorialization segments. The Company expects to generate sufficient cash from operations to fund all anticipated capital spending projects.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS. (continued)

Cash used in financing activities for the year ended September 30, 2021 was \$122.9 million, and principally reflected repayments, net of proceeds, on long-term debt of \$76.8 million, purchases of treasury stock of \$11.9 million, payment of dividends to the Company's shareholders of \$27.7 million (\$0.86 per share), \$1.8 million of holdback and contingent consideration payments related to acquisitions from prior years, and \$1.8 million of payments for the acquisition of noncontrolling interests. Cash used in financing activities for the year ended September 30, 2020 was \$172.3 million, and principally reflected repayments, net of proceeds, on long-term debt of \$126.3 million, purchases of treasury stock of \$4.4 million, payment of dividends to the Company's shareholders of \$26.4 million (\$0.84 per share), \$10.2 million of holdback and contingent consideration payments related to acquisitions from prior years, and payment of deferred financing fees of \$2.0 million. Cash used in financing activities for the year ended September 30, 2019 was \$75.0 million, and principally reflected repayments, net of proceeds, on long-term debt of \$16.0 million, purchases of treasury stock of \$26.1 million, payment of dividends to the Company's shareholders of \$25.6 million (\$0.80 per share), and \$4.4 million of holdback and contingent consideration payments related to a fiscal 2018 acquisition.

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, and a \$35.0 million senior secured amortizing term loan. The senior secured amortizing term loan was paid in full in March 2021. A portion of the revolving credit facility (not to exceed \$350.0 million) can be drawn in foreign currencies. Borrowings under the revolving credit facility bear interest at LIBOR (Euro LIBOR for balances drawn in Euros) plus a factor ranging from 0.75% to 2.00% (1.00% at September 30, 2021) 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 \$2.2 million and \$2.7 million at September 30, 2021 and September 30, 2020, respectively.

The domestic credit facility requires the Company to maintain certain leverage and interest coverage ratios. A portion of the facility (not to exceed \$35.0 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 September 30, 2021 and 2020 were \$349.8 million and \$257.4 million, respectively. There were no outstanding Euro denominated borrowings on the revolving credit facility at September 30, 2021. Outstanding Euro denominated borrowings on the revolving credit facility at September 30, 2020 were €117.0 million (\$137.2 million). There were no outstanding borrowings on the term loan as of September 30, 2021. Outstanding borrowings on the term loan at September 30, 2020 were \$22.4 million. The weighted-average interest rate on outstanding borrowings for the domestic credit facility (including the effects of interest rate swaps and Euro denominated borrowings) at September 30, 2021 and 2020 was 2.03% and 2.41%, respectively.

The Company has \$300.0 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 domestic 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 2025 Senior Notes. Unamortized costs were \$2.2 million and \$2.7 million at September 30, 2021 and 2020, respectively.

The Company has a \$115.0 million accounts receivable securitization facility (the "Securitization Facility") with certain financial institutions which matures in March 2022 and the Company intends to extend this facility. Under the Securitization Facility, 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. Matthews RFC in turn assigns a collateral interest in these receivables to certain financial institutions, and then may borrow funds under the Securitization Facility. The Securitization Facility does not qualify for sale treatment. Accordingly, the trade receivables and related debt obligations remain on the Company's Consolidated Balance Sheet. Borrowings under the Securitization Facility bear interest at LIBOR plus 0.75%. The Company is required to pay an annual commitment fee ranging from 0.25% to 0.35% of the unused portion of the Securitization Facility. Outstanding borrowings under the Securitization Facility at September 30, 2021 and 2020 were \$96.0 million and \$67.7 million, respectively. The interest rate on borrowings under this facility at September 30, 2021 and 2020 was 0.83% and 0.90%, respectively.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS. (continued)**

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

	<b>September 30, 2021</b>	<b>September 30, 2020</b>
	<i>(Dollar amounts in thousands)</i>	
Pay fixed swaps - notional amount	\$ 250,000	\$ 312,500
Net unrealized loss	\$ (2,062)	\$ (7,792)
Weighted-average maturity period (years)	2.2	2.6
Weighted-average received rate	0.08 %	0.15 %
Weighted-average pay rate	1.34 %	1.34 %

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

The fair value of the interest rate swaps reflected an unrealized loss net of unrealized gains of \$2.1 million (\$1.6 million after tax) and an unrealized loss of \$7.8 million (\$5.9 million after tax) at September 30, 2021 and 2020, respectively, that is included in shareholders' equity as part of accumulated other comprehensive income (loss) ("AOCI"). Assuming market rates remain constant with the rates at September 30, 2021, a loss (net of tax) of approximately \$1.4 million included in AOCI is expected to be recognized in earnings over the next twelve months.

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 borrowings available under this facility is €25.0 million (\$29.0 million), which includes €8.0 million (\$9.3 million) for bank guarantees. The credit facility matures in December 2021 and the Company intends to extend this facility. Outstanding borrowings under the credit facility totaled €704,000 (\$817,000) and €18.9 million (\$22.2 million) at September 30, 2021 and 2020, respectively. The weighted-average interest rate on outstanding borrowings under this facility was 2.25% and 1.25% at September 30, 2021 and 2020, respectively.

Other borrowings totaled \$10.2 million and \$20.7 million at September 30, 2021 and 2020, respectively. The weighted-average interest rate on these borrowings was 2.19% and 2.10% at September 30, 2021 and 2020, respectively.

During fiscal 2021, the Company entered into a U.S. Dollar/Euro cross currency swap with a notional amount of \$94.5 million as of September 30, 2021, which was designated as a net investment hedge of foreign operations. The swap contract matures in seven years. The Company assesses hedge effectiveness for this contract based on changes in fair value attributable to changes in spot prices. A gain of \$22,000 (net of income taxes of \$7,000) which represented an effective hedge of net investments, was reported as a component of AOCI within currency translation adjustment for fiscal 2021. Income of \$63,000, which represented the recognized portion of the fair value excluded from the assessment of hedge effectiveness, was included in current period earnings as a component of interest expense for fiscal 2021.

The Company previously used certain foreign currency debt instruments as net investment hedges of foreign operations. Currency losses of \$5.4 million (net of income taxes of \$1.7 million) and currency losses of \$4.4 million (net of income taxes of \$1.4 million), which represent effective hedges of net investments, were reported as a component of AOCI within currency translation adjustment at September 30, 2021 and 2020, 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. On July 28, 2021, the Company's Board of Directors approved the continuation of the stock repurchase program and increased the authorization for stock repurchases by an additional 2,500,000 shares. Under the current authorization, 2,658,627 shares remain available for repurchase as of September 30, 2021.

Consolidated working capital was \$269.9 million at September 30, 2021, compared to \$258.7 million at September 30, 2020. Cash and cash equivalents were \$49.2 million at September 30, 2021, compared to \$41.3 million at September 30, 2020. The Company's current ratio was 1.8 at September 30, 2021 and 2020.

**Long-Term Contractual Obligations:**

The following table summarizes the Company's contractual obligations at September 30, 2021, and the effect such obligations are expected to have on its liquidity and cash flows in future periods.

	Total	Payments due in fiscal year:			
		2022 <sup>(1)</sup>	2023 to 2024	2025 to 2026	After 2026
Contractual Cash Obligations:		<i>(Dollar amounts in thousands)</i>			
Revolving credit facilities	\$ 350,597	\$ 817	\$ —	\$ 349,780	\$ —
Securitization facility	95,990	95,990	—	—	—
2025 Senior Notes	368,671	15,750	31,500	321,421	—
Finance lease obligations <sup>(2)</sup>	9,887	3,927	3,347	1,021	1,592
Non-cancelable operating leases <sup>(2)</sup>	86,165	26,643	36,541	18,640	4,341
Other	43,316	4,609	31,620	2,171	4,916
<b>Total contractual cash obligations</b>	<b>\$ 954,626</b>	<b>\$ 147,736</b>	<b>\$ 103,008</b>	<b>\$ 693,033</b>	<b>\$ 10,849</b>

<sup>(1)</sup>The Company maintains certain debt facilities with current maturity dates in fiscal 2022 that it intends and has the ability to extend beyond fiscal 2022 totaling \$96.8 million. These balances have been classified as non-current on the Company's Consolidated Balance Sheet.

<sup>(2)</sup>Lease obligations have not been discounted to their present value.

Benefit payments under the Company's DB Plan are made from plan assets, while benefit payments under the SERP and postretirement benefit plan are funded from the Company's operating cash. During fiscal 2021 contributions of \$15.0 million, \$806,000 and \$507,000 were made under the DB Plan, SERP and postretirement plan, respectively.

In April 2021, the Compensation Committee of the Company's Board of Directors (the "Committee") approved resolutions to freeze all future benefit accruals for all participants in the Company's SERP and the defined benefit portion of the Officers Retirement Restoration Plan ("ORRP"), effective April 30, 2021. In August 2021, the Committee approved the termination of the SERP and the defined benefit portion of the ORRP. In September 2021, the Company notified SERP and ORRP participants of its intention to fully settle the obligations of the SERP and ORRP in early fiscal 2023.

In August 2021, the Company's Board of Directors approved the freeze of all future benefit accruals for the Company's DB Plan, effective September 30, 2021, and the planned termination of the DB Plan in early fiscal 2022. At such time, the Company notified all plan participants of the Company's intentions to terminate and fully settle the obligations of the DB Plan early in fiscal 2022.

In November 2021, subsequent to the date of the balance sheet, the Company contributed \$20.0 million to the DB Plan. Also in November 2021, lump sum distributions of \$178.2 million from the DB Plan were made to plan participants, resulting in the settlement of a substantial portion of the DB Plan obligations. This settlement of the DB Plan obligations is expected to result in the recognition of a non-cash charge in excess of \$30.0 million in the first quarter of fiscal 2022. This amount represents the immediate recognition of a portion of the deferred AOCI balances related to the DB Plan, and is based on current estimates as of September 30, 2021. The Company currently anticipates additional contributions of approximately \$15.0 million to its DB Plan during fiscal 2022 to fully fund the anticipated settlement of the remaining DB Plan obligations. The Company also expects to make payments totaling approximately \$24.2 million in fiscal 2023 to fully settle the SERP and ORRP obligations. The obligations of the SERP are expected to be funded from an existing rabbi trust. 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.

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 September 30, 2021, the Company had unrecognized tax benefits, excluding penalties and interest, of approximately \$2.8 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.

**ACQUISITIONS AND DIVESTITURES:**

Refer to Note 20, "Acquisitions and Divestitures" in Item 8 - "Financial Statements and Supplementary Data," for further details on the Company's acquisitions and divestitures.

**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 SGK Brand Solutions segment are global economic conditions, brand innovation, the level of marketing spending by the Company's clients, and government regulation. Due to the global footprint of this segment, currency fluctuations can also be a significant factor. 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 Industrial Technologies segment, sales growth drivers include economic/industrial market conditions, new product development, and the e-commerce trend.

During fiscal 2019, the Company initiated a strategic evaluation to improve profitability and reduce the Company's cost structure. These actions leveraged the benefit of the Company's new global ERP platform, primarily targeted at the SGK Brand Solutions segment, both operational and commercial structure, and the Company's shared financial services and other administrative functions. This evaluation identified opportunities for significant cost structure improvements, which the Company expects to achieve through at least fiscal 2022. The Company's recent strategic review has also resulted in improvements to the commercial structure within the SGK Brand Solutions segment.

On January 30, 2020, the World Health Organization declared an outbreak of COVID-19 to be a Public Health Emergency of International Concern, and subsequently recognized COVID-19 as a global pandemic in March 2020. Widespread efforts have been deployed by multiple countries around the world to prevent the virus from spreading, including temporary closures of non-essential businesses, event cancellations, travel restrictions, quarantines, and other disruptive actions. Substantially all of the Company's operations have remained open during the COVID-19 pandemic, as they have been considered "essential" businesses during this time. However, the Company has experienced some commercial impact and business disruptions in certain segments and geographic locations as a result of COVID-19.

Considerable judgment is necessary to assess and predict the potential financial impacts of COVID-19 on the Company's future operating results. Management expects that each of its business segments will experience some level of impacts in the short-term, potentially due to customer business disruptions, supply chain disruptions, facilities shut-downs, changing global economic conditions, and customer project delays. Additionally, recent increases in the cost of certain raw materials, labor, and other inflationary 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 the cost-reduction initiatives discussed above. Longer-term financial impacts will depend on global economic conditions resulting from COVID-19.

**CRITICAL ACCOUNTING POLICIES:**

The preparation of financial statements in conformity with generally accepted accounting principles 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," of this Annual Report on Form 10-K.

The Company's significant accounting policies are included in the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K. 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.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS, (continued)

The following accounting policies involve significant estimates, which were considered critical to the preparation of the Company's consolidated financial statements for the year ended September 30, 2021.

**Long-Lived Assets, including Property, Plant and Equipment:**

Long-lived assets are recorded at their respective cost basis on the date of acquisition. Depreciation on property, plant and equipment is computed primarily on the straight-line method over the estimated useful lives of the assets. Intangible assets with finite useful lives are amortized over their estimated useful lives. The Company reviews long-lived assets, including property, plant and equipment, and intangibles with finite useful lives, whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of assets is determined by evaluating the estimated undiscounted net cash flows of the operations to which the assets relate. An impairment loss would be recognized when the carrying amount of the assets exceeds the fair value, which is based on a discounted cash flow analysis. No such charges were recognized during the years presented.

**Goodwill and Indefinite-Lived Intangibles:**

Goodwill and intangible assets with indefinite useful lives are not amortized, but are tested annually for impairment, or when circumstances indicate that a possible impairment may exist. In general, when the carrying value of these assets exceeds the implied fair value, an impairment loss must be recognized. A significant decline in cash flows generated from these assets may result in a write-down of the carrying values of the related assets. For purposes of testing goodwill for impairment, the Company uses a combination of valuation techniques, including discounted cash flows and other market indicators. A number of assumptions and estimates are involved in the application of the discounted cash flow model to forecast operating cash flows, including sales volumes and pricing, costs to produce, tax rates, capital spending, working capital changes, and discount rates. The Company estimates future cash flows using volume and pricing assumptions based largely on existing customer relationships and contracts, and operating cost assumptions management believes are reasonable based on historical performance and projected future performance as reflected in its most recent operating plans and projections. The discount rates used in the discounted cash flow analyses are developed with the assistance of valuation experts and management believes the discount rates appropriately reflect the risks associated with the Company's operating cash flows. In order to further validate the reasonableness of the estimated fair values of the reporting units as of the valuation date, a reconciliation of the aggregate fair values of all reporting units to market capitalization is performed using a reasonable control premium.

The Company performed its annual impairment review of goodwill and indefinite-lived intangible assets in the second quarter of fiscal 2021 (January 1, 2021) 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 Graphics Imaging reporting unit, within the SGK Brand Solutions segment, exceeded the carrying value (expressed as a percentage of carrying value) by approximately 5%. If current projections are not achieved or specific valuation factors outside the Company's control (such as discount rates and continued economic and industry impacts of COVID-19) significantly change, goodwill write-downs may be necessary in future periods.

In fiscal 2020, in its assessment of the potential impacts of COVID-19 on the estimated future earnings and cash flows for the SGK Brand Solutions segment, and in light of the limited excess fair values over carrying values for its two reporting units, management determined that COVID-19 represented a triggering event, resulting in a re-evaluation of the goodwill for its reporting units within the SGK Brand Solutions segment (Graphics Imaging and Cylinders, Surfaces and Engineered Products), as of March 31, 2020. As a result of this interim assessment, the Company recorded a goodwill write-down totaling \$90.4 million during the fiscal 2020 second quarter. Subsequent to this write-down, the fair values of the two reporting units within the SGK Brand Solutions segment (Graphics Imaging and Cylinders, Surfaces and Engineered Products) approximated their carrying values at March 31, 2020. The fair values for these reporting units were determined using level 3 inputs (including estimates of revenue growth, EBITDA contribution and the discount rates) and a combination of the income approach using the estimated discounted cash flows and a market-based valuation methodology.

During the fourth quarter of fiscal 2019, the Company initiated an in-depth review of the commercial and cost structure of the SGK Brand Solutions segment as a result of continued challenging market conditions affecting the segment. This review identified certain opportunities to improve the segment's profitability and reduce its operating cost structure and, as a result, the Company revised its estimates of future earnings and cash flows for the Graphics Imaging reporting unit. In response to these revised projections, the Company re-evaluated the goodwill for the Graphics Imaging reporting unit, as of September 1, 2019. As a result of this interim assessment, the Company recorded a goodwill write-down of \$77.6 million during the fiscal 2019 fourth quarter.

**Pension and Postretirement Benefits:**

Pension assets and liabilities are determined on an actuarial basis and are affected by the market value of plan assets, estimates of the expected return on plan assets and the discount rate used to determine the present value of benefit obligations. Actual changes in the fair market value of plan assets and differences between the actual return on plan assets, the expected return on plan assets and changes in the selected discount rate will affect the amount of pension cost.

The Company's DB Plan has historically maintained a substantial portion of its assets in equity securities in accordance with the investment policy established by the Company's pension board. Based on an analysis of the historical performance of the plan's assets and information provided by its independent investment advisor, the Company set the long-term rate of return assumption for these assets at 6.75% at September 30, 2020 for purposes of determining fiscal 2021 pension cost. The Company's discount rate assumption used in determining the present value of the projected benefit obligation is based upon published indices as of September 30, 2021 and September 30, 2020 for the fiscal year end valuation. The discount rate was 2.79%, 2.62% and 3.13% in fiscal 2021, 2020 and 2019, respectively. Refer to Item 7A, "Quantitative and Qualitative Disclosures about Market Risk," of this Annual Report on Form 10-K, for disclosure about the hypothetical impact of changes in actuarial assumptions.

**Income Taxes:**

Deferred tax assets and liabilities are provided for the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the years in which the differences are expected to reverse. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. Deferred income taxes have not been provided on undistributed earnings of foreign subsidiaries since they have either been previously taxed, or are exempt from tax, and such earnings are considered to be reinvested indefinitely in foreign operations.

**INFLATION:**

Except for the volatility in the cost of bronze ingot, steel, wood, granite and fuel (see "Results of Operations"), inflation has not had a material impact on the Company over the past three years. Although recent economic conditions increase the level of uncertainty in the Company's near-term outlook, inflation is not currently anticipated to have a material impact on a long-term basis.

**RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS:**

Refer to Note 3, "Accounting Pronouncements" in Item 8 - "Financial Statements and Supplementary Data," for further details on recently issued accounting pronouncements.

**ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK:**

The following discussion about the Company's market risk involves forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements. The Company has market risk related to changes in interest rates, commodity prices and foreign currency exchange rates. The Company does not generally use derivative financial instruments in connection with these market risks, except as noted below.

**Interest Rates** - The Company's most significant long-term instrument is the domestic credit facility, which bears interest at variable rates based on LIBOR (Euro-LIBOR for balances drawn in Euros).

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK, (continued)

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

	<u>September 30, 2021</u>	<u>September 30, 2020</u>
	<i>(Dollar amounts in thousands)</i>	
Pay fixed swaps - notional amount	\$ 250,000	\$ 312,500
Net unrealized loss	\$ (2,062)	\$ (7,792)
Weighted-average maturity period (years)	2.2	2.6
Weighted-average received rate	0.08 %	0.15 %
Weighted-average pay rate	1.34 %	1.34 %

The interest rate swaps have been designated as cash flow hedges of the future variable interest payments which are considered probable of occurring. Based on the Company's assessment, all the critical terms of each of the hedges matched the underlying terms of the hedged debt and related forecasted interest payments, and as such, these hedges were considered highly effective.

The fair value of the interest rate swaps reflected an unrealized loss, net of unrealized gains, of \$2.1 million (\$1.6 million after-tax) at September 30, 2021 that is included in equity as part of AOCI. A decrease of 10% in market interest rates (e.g., a decrease from 5.0% to 4.5%) would result in a decrease of approximately \$217,000 in the fair value of the interest rate swaps.

**Commodity Price Risks** - In the normal course of business, the Company is exposed to commodity price fluctuations related to the purchases of certain materials and supplies (such as bronze ingot, steel, granite, fuel and wood) used in its manufacturing operations. The Company obtains competitive prices for materials and supplies when available. In addition, based on competitive market conditions and to the extent that the Company has established pricing terms with customers through contracts or similar arrangements, the Company's ability to immediately increase the price of its products to offset the increased costs may be limited.

**Foreign Currency Exchange Rates** - The Company is subject to changes in various foreign currency exchange rates, primarily including the Euro, British Pound, Canadian Dollar, and Australian Dollar in the conversion from local currencies to the U.S. dollar of the reported financial position and operating results of its non-U.S. based subsidiaries. An adverse change (strengthening U.S. dollar) of 10% in exchange rates would have resulted in a decrease in reported sales of \$56.2 million and a decrease in reported operating income of \$1.8 million for the year ended September 30, 2021.

As of September 30, 2021, the Company had a foreign currency derivative contract (U.S. Dollar/Euro cross currency swap) with a notional amount of \$94.5 million designated as a net investment hedge of foreign operations. The net unrealized gain for this swap contract at September 30, 2021 was of \$22,000 (net of income taxes of \$7,000). As of September 30, 2021, the potential gain or loss in the fair value of the swap contract assuming a hypothetical 10% fluctuation in market rates would be approximately \$10.3 million.

**Actuarial Assumptions** - The most significant actuarial assumptions affecting pension expense and pension obligations include the valuation of retirement plan assets, the discount rates and the estimated return on plan assets. The estimated return on plan assets is currently based upon projections provided by the Company's independent investment advisor, considering the investment policy of the plan and the plan's asset allocation. The fair value of plan assets and discount rates are "point-in-time" measures, and volatility of the debt and equity markets makes estimating future changes in fair value of plan assets and discount rates challenging. The Company elected to value its DB Plan and other postretirement benefit plan liabilities using a modified assumption of future mortality that reflects a significant improvement in life expectancy over the previous mortality assumptions. Refer to Note 14, "Pension and Other Postretirement Plans" in Item 8 – "Financial Statements and Supplementary Data" for additional information.



ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK, (continued)

The following table summarizes the impact on the September 30, 2021 actuarial valuations of changes in the primary assumptions affecting the Company's retirement plans and SERP.

	Impact of Changes in Actuarial Assumptions					
	Change in Discount Rates		Change in Expected Return		Change in Market Value of Assets	
	+1%	-1%	+1%	-1%	+5%	-5%
	<i>(Dollar amounts in thousands)</i>					
Increase (decrease) in net benefit cost	\$ 2,354	\$ (2,322)	\$ (2,013)	\$ 2,013	\$ (762)	\$ 762
(Decrease) increase in projected benefit obligation	(32,595)	40,513	—	—	—	—
Increase (decrease) in funded status	32,595	(40,513)	—	—	10,417	(10,417)

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.**

<b>Description</b>	<b>Pages</b>
Management's Report to Shareholders	<a href="#">35</a>
Report of Independent Registered Public Accounting Firm	<a href="#">36</a>
Report of Independent Registered Public Accounting Firm	<a href="#">37</a>
Financial Statements:	
Consolidated Balance Sheets as of September 30, 2021 and 2020	<a href="#">39</a>
Consolidated Statements of Income (Loss) for the years ended September 30, 2021, 2020 and 2019	<a href="#">41</a>
Consolidated Statements of Comprehensive Income (Loss) for the years ended September 30, 2021, 2020 and 2019	<a href="#">42</a>
Consolidated Statements of Shareholders' Equity for the years ended September 30, 2021, 2020 and 2019	<a href="#">43</a>
Consolidated Statements of Cash Flows for the years ended September 30, 2021, 2020 and 2019	<a href="#">44</a>
Notes to Consolidated Financial Statements	<a href="#">45</a>
Financial Statement Schedule – Schedule II-Valuation and Qualifying Accounts for the years ended September 30, 2021, 2020 and 2019	<a href="#">78</a>

## MANAGEMENT'S REPORT TO SHAREHOLDERS

To the Shareholders and the Board of Directors of  
Matthews International Corporation and Subsidiaries

### Management's Report on Financial Statements

The accompanying consolidated financial statements of Matthews International Corporation and its subsidiaries (collectively, the "Company") were prepared by management, which is responsible for their integrity and objectivity. The statements were prepared in accordance with generally accepted accounting principles and include amounts that are based on management's best judgments and estimates. The other financial information included in this Annual Report on Form 10-K is consistent with that in the financial statements.

### Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company, as such term is defined in Exchange Act Rule 13a-15f. In order to evaluate the effectiveness of internal control over financial reporting management has conducted an assessment using the criteria in *Internal Control – Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Internal controls over financial reporting is a process under the supervision of, our Chief Executive Officer and Chief Financial Officer, and effected by the Company's board of directors, management and other personnel 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 and includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's internal control over financial reporting based on criteria in *Internal Control – Integrated Framework (2013)* issued by the COSO, and has concluded that the Company maintained effective internal control over financial reporting as of September 30, 2021. The effectiveness of the Company's internal control over financial reporting as of September 30, 2021 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included herein.

### Management's Certifications

The certifications of the Company's Chief Executive Officer and Chief Financial Officer required by the Sarbanes-Oxley Act have been included as Exhibits 31 and 32 in this Annual Report on Form 10-K.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of  
Matthews International Corporation and Subsidiaries

### **Opinion on Internal Control over Financial Reporting**

We have audited Matthews International Corporation and Subsidiaries' internal control over financial reporting as of September 30, 2021, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Matthews International Corporation and Subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of September 30, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of September 30, 2021 and 2020, the related consolidated statements of income (loss), comprehensive income (loss), shareholders' equity and cash flows for each of the three years in the period ended September 30, 2021, and the related notes and the financial statement schedule listed in the Index at Item 15(a)2 and our report dated November 19, 2021 expressed an unqualified opinion thereon.

### **Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### **Definition and Limitations of Internal Control over Financial Reporting**

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Pittsburgh, Pennsylvania  
November 19, 2021

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of  
Matthews International Corporation and Subsidiaries

### **Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Matthews International Corporation and Subsidiaries (the Company) as of September 30, 2021 and 2020, the related consolidated statements of income (loss), comprehensive income (loss), shareholders' equity and cash flows for each of the three years in the period ended September 30, 2021, and the related notes and the financial statement schedule listed in the Index at Item 15(a)2 (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at September 30, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of September 30, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated November 19, 2021 expressed an unqualified opinion thereon.

### **Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### **Critical Audit Matters**

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### ***Valuation of Graphics Imaging Reporting Unit Goodwill***

*Description of  
the Matter*

As more fully described in Note 21 to the consolidated financial statements, during 2021, the Company performed its annual goodwill impairment test as of January 1, 2021 and determined that the estimated fair value of the Graphics Imaging (Graphics) reporting unit, within the SGK Brand Solutions segment, exceeded the carrying value (expressed as a percentage of carrying value) by approximately 5%. Significant assumptions used in the Company's fair value estimate included revenue growth, operating profit margin, market participant assumptions, and the discount rate.

Auditing the annual goodwill impairment analysis was complex, as it included estimating the fair value of the reporting unit. In particular, the fair value estimates are sensitive to the significant assumptions named above, which are affected by expected future market or economic conditions.

*How We  
Addressed the  
Matter in Our  
Audit*

We obtained an understanding, evaluated the design, and tested the operating effectiveness of internal controls over the Company's goodwill impairment review process. These controls include management's assessment of indicators of impairment, management's review of the assumptions utilized to develop the estimate, and management's verification of the completeness and accuracy of the underlying data utilized to project future operating results for the reporting unit.

To test the fair value of the reporting unit, our audit procedures included, among others, involving our valuation specialists to assist in assessing the valuation methodologies utilized by the Company and its valuation expert and testing the significant assumptions and underlying data used by the Company. We compared the significant assumptions used by management to current industry and economic trends, changes in the Company's business model, and other relevant factors. We also assessed the historical accuracy of management's estimates. We performed sensitivity analyses of significant assumptions to evaluate the sensitivity of the fair value of the reporting unit resulting from changes in key assumptions. We reviewed the reconciliation of the fair value of the reporting units to the market capitalization of the Company and assessed the resulting control premium.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2016.

Pittsburgh, Pennsylvania  
November 19, 2021

**MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**September 30, 2021 and 2020**

*(Dollar amounts in thousands, except per share data)*

<b>ASSETS</b>	<b>2021</b>	<b>2020</b>
Current assets:		
Cash and cash equivalents	\$ 49,176	\$ 41,334
Accounts receivable, net of allowance for doubtful accounts of \$10,654 and \$9,618, respectively	309,818	295,185
Inventories	189,088	175,100
Other current assets	76,083	63,954
<b>Total current assets</b>	<b>624,165</b>	<b>575,573</b>
Restricted cash	19,167	—
Investments	30,438	63,250
Property, plant and equipment, net	223,707	236,788
Operating lease right-of-use-assets	80,262	72,011
Deferred income taxes	3,489	3,757
Goodwill	773,787	765,388
Other intangible assets, net	261,542	333,498
Other assets	15,521	22,368
<b>Total assets</b>	<b><u>\$ 2,032,078</u></b>	<b><u>\$ 2,072,633</u></b>

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

**MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS, continued**  
**September 30, 2021 and 2020**

*(Dollar amounts in thousands, except per share data)*

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2021</b>	<b>2020</b>
Current liabilities:		
Long-term debt, current maturities	\$ 4,624	\$ 26,824
Current portion of operating lease liabilities	25,151	23,942
Trade accounts payable	112,722	82,921
Accrued compensation	68,938	58,058
Accrued income taxes	4,235	3,612
Other current liabilities	138,555	121,511
Total current liabilities	<u>354,225</u>	<u>316,868</u>
Long-term debt	759,086	807,710
Operating lease liabilities	57,272	49,297
Accrued pension	84,803	149,848
Postretirement benefits	17,958	18,600
Deferred income taxes	97,416	78,911
Other liabilities	24,915	39,966
Total liabilities	<u>1,395,675</u>	<u>1,461,200</u>
Shareholders' equity-Matthews:		
Class A common stock, \$1.00 par value; authorized 70,000,000 shares; 36,333,992 shares issued	36,334	36,334
Preferred stock, \$100 par value, authorized 10,000 shares, none issued	—	—
Additional paid-in capital	149,484	135,187
Retained earnings	834,208	859,002
Accumulated other comprehensive loss	(192,739)	(240,719)
Treasury stock, 4,863,879 and 4,502,420 shares, respectively, at cost	(190,739)	(178,997)
Total shareholders' equity-Matthews	<u>636,548</u>	<u>610,807</u>
Noncontrolling interests	(145)	626
Total shareholders' equity	<u>636,403</u>	<u>611,433</u>
Total liabilities and shareholders' equity	<u>\$ 2,032,078</u>	<u>\$ 2,072,633</u>

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



**MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME (LOSS)**  
**for the years ended September 30, 2021, 2020 and 2019**  
*(Dollar amounts in thousands, except per share data)*

	<b>2021</b>	<b>2020</b>	<b>2019</b>
Sales	\$ 1,671,030	\$ 1,498,306	\$ 1,537,276
Cost of sales	(1,129,198)	(1,000,537)	(994,810)
Gross profit	541,832	497,769	542,466
Selling expense	(130,199)	(125,117)	(133,368)
Administrative expense	(285,366)	(274,923)	(275,467)
Intangible amortization	(84,233)	(71,514)	(45,756)
Goodwill write-downs	—	(90,408)	(77,572)
Operating profit (loss)	42,034	(64,193)	10,303
Investment income	2,645	1,962	1,494
Interest expense	(28,684)	(34,885)	(40,962)
Other income (deductions), net	(6,762)	(9,221)	(8,918)
Income (loss) before income taxes	9,233	(106,337)	(38,083)
Income tax (provision) benefit	(6,375)	18,685	(806)
Net income (loss)	2,858	(87,652)	(38,889)
Net loss attributable to noncontrolling interests	52	497	901
Net income (loss) attributable to Matthews shareholders	<u>\$ 2,910</u>	<u>\$ (87,155)</u>	<u>\$ (37,988)</u>
Earnings (loss) per share attributable to Matthews shareholders:			
Basic	<u>\$ 0.09</u>	<u>\$ (2.79)</u>	<u>\$ (1.21)</u>
Diluted	<u>\$ 0.09</u>	<u>\$ (2.79)</u>	<u>\$ (1.21)</u>

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

**MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
**for the years ended September 30, 2021, 2020 and 2019**

*(Dollar amounts in thousands)*

	<b>Year Ended September 30, 2021</b>		
	<b>Matthews</b>	<b>Noncontrolling Interest</b>	<b>Total</b>
Net income (loss)	\$ 2,910	\$ (52)	\$ 2,858
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustment	(3,370)	(127)	(3,497)
Pension plans and other postretirement benefits	47,024	—	47,024
Unrecognized gain on derivatives:			
Net change from periodic revaluation	1,873	—	1,873
Net amount reclassified to earnings	2,453	—	2,453
Net change in unrecognized gain on derivatives	4,326	—	4,326
Other comprehensive income (loss), net of tax	47,980	(127)	47,853
Comprehensive income (loss)	\$ 50,890	\$ (179)	\$ 50,711

	<b>Year Ended September 30, 2020</b>		
	<b>Matthews</b>	<b>Noncontrolling Interest</b>	<b>Total</b>
Net loss	\$ (87,155)	\$ (497)	\$ (87,652)
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustment	4,333	(7)	4,326
Pension plans and other postretirement benefits	(11,211)	—	(11,211)
Unrecognized (loss) gain on derivatives:			
Net change from periodic revaluation	(6,130)	—	(6,130)
Net amount reclassified to earnings	650	—	650
Net change in unrecognized loss on derivatives	(5,480)	—	(5,480)
Other comprehensive loss, net of tax	(12,358)	(7)	(12,365)
Comprehensive loss	\$ (99,513)	\$ (504)	\$ (100,017)

	<b>Year Ended September 30, 2019</b>		
	<b>Matthews</b>	<b>Noncontrolling Interest</b>	<b>Total</b>
Net loss	\$ (37,988)	\$ (901)	\$ (38,889)
Other comprehensive loss, net of tax:			
Foreign currency translation adjustment	(21,254)	(92)	(21,346)
Pension plans and other postretirement benefits	(33,867)	—	(33,867)
Unrecognized loss on derivatives:			
Net change from periodic revaluation	(6,540)	—	(6,540)
Net amount reclassified to earnings	(2,402)	—	(2,402)
Net change in unrecognized loss on derivatives	(8,942)	—	(8,942)
Other comprehensive loss, net of tax	(64,063)	(92)	(64,155)
Comprehensive loss	\$ (102,051)	\$ (993)	\$ (103,044)

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

**MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
**for the years ended September 30, 2021, 2020 and 2019**

*(Dollar amounts in thousands, except per share data)*

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income (net of tax)	Treasury Stock	Non- controlling Interests	Total
Balance, September 30, 2018	\$ 36,334	\$ 129,252	\$ 1,040,378	\$ (164,298)	\$ (173,315)	\$ 363	\$ 868,714
Net loss	—	—	(37,988)	—	—	(901)	(38,889)
Pension plans and other postretirement benefits	—	—	—	(33,867)	—	—	(33,867)
Translation adjustment	—	—	—	(21,254)	—	(92)	(21,346)
Fair value of derivatives	—	—	—	(8,942)	—	—	(8,942)
Total comprehensive loss	—	—	—	—	—	—	(103,044)
Stock-based compensation	—	7,729	—	—	—	—	7,729
Purchase of 709,970 shares of treasury stock	—	—	—	—	(26,127)	—	(26,127)
Issuance of 3,782 shares of treasury stock	—	(154)	—	—	154	—	—
Cancellation of 20,114 shares of treasury stock	—	947	—	—	(947)	—	—
Dividends	—	—	(25,620)	—	—	—	(25,620)
Acquisitions	—	—	—	—	—	1,760	1,760
Cumulative tax adjustment for intra-entity transfers	—	—	(4,176)	—	—	—	(4,176)
Balance, September 30, 2019	\$ 36,334	\$ 137,774	\$ 972,594	\$ (228,361)	\$ (200,235)	\$ 1,130	\$ 719,236
Net loss	—	—	(87,155)	—	—	(497)	(87,652)
Pension plans and other postretirement benefits	—	—	—	(11,211)	—	—	(11,211)
Translation adjustment	—	—	—	4,333	—	(7)	4,326
Fair value of derivatives	—	—	—	(5,480)	—	—	(5,480)
Total comprehensive loss	—	—	—	—	—	—	(100,017)
Stock-based compensation	—	8,096	—	—	—	—	8,096
Purchase of 173,576 shares of treasury stock	—	—	—	—	(4,428)	—	(4,428)
Issuance of 12,125 shares of treasury stock	—	(486)	—	—	486	—	—
Cancellation of 23,461 shares of treasury stock	—	1,527	—	—	(1,527)	—	—
Dividends	—	—	(26,437)	—	—	—	(26,437)
Pension contribution of 668,000 shares of treasury stock	—	(11,724)	—	—	26,707	—	14,983
Balance, September 30, 2020	\$ 36,334	\$ 135,187	\$ 859,002	\$ (240,719)	\$ (178,997)	\$ 626	\$ 611,433
Net income (loss)	—	—	2,910	—	—	(52)	2,858
Pension plans and other postretirement benefits	—	—	—	47,024	—	—	47,024
Translation adjustment	—	—	—	(3,370)	—	(127)	(3,497)
Fair value of derivatives	—	—	—	4,326	—	—	4,326
Total comprehensive income	—	—	—	—	—	—	50,711
Stock-based compensation	—	15,581	—	—	—	—	15,581
Purchase of 380,109 shares of treasury stock	—	—	—	—	(11,858)	—	(11,858)
Issuance of 53,377 shares of treasury stock	—	(2,097)	—	—	2,097	—	—
Cancellation of 34,727 shares of treasury stock	—	1,981	—	—	(1,981)	—	—
Dividends	—	—	(27,704)	—	—	—	(27,704)
Transactions with noncontrolling interests	—	(1,168)	—	—	—	(592)	(1,760)
Balance, September 30, 2021	<u>\$ 36,334</u>	<u>\$ 149,484</u>	<u>\$ 834,208</u>	<u>\$ (192,739)</u>	<u>\$ (190,739)</u>	<u>\$ (145)</u>	<u>\$ 636,403</u>

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

**MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**for the years ended September 30, 2021, 2020 and 2019**

*(Dollar amounts in thousands)*

	<b>2021</b>	<b>2020</b>	<b>2019</b>
Cash flows from operating activities:			
Net income (loss)	\$ 2,858	\$ (87,652)	\$ (38,889)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	133,512	119,058	90,793
Stock-based compensation expense	15,581	8,096	7,729
Deferred tax provision (benefit)	4,158	(16,607)	(6,783)
Gain on sale of assets, net	(412)	(348)	(8,567)
(Gain) loss on sale of ownership interests in subsidiaries	—	(11,208)	6,469
Losses from equity-method investments	—	3,498	2,050
Realized loss on cost-method investments	—	—	4,731
Other investment gains	(1,364)	(2,066)	(305)
Goodwill write-downs	—	90,408	77,572
Changes in working capital items	12,982	46,367	(12,482)
Decrease in other assets	15,115	16,392	4,677
(Decrease) increase in other liabilities	(16,346)	4,886	7,540
Other operating activities, net	(3,273)	9,623	(3,452)
Net cash provided by operating activities	<u>162,811</u>	<u>180,447</u>	<u>131,083</u>
Cash flows from investing activities:			
Capital expenditures	(34,313)	(34,849)	(37,688)
Acquisitions, net of cash acquired	(15,623)	(1,000)	(11,504)
Proceeds from sale of assets	2,776	624	13,253
Proceeds from sale of investments	34,167	—	—
Proceeds from sale of ownership interests in subsidiaries	—	42,210	8,254
Investments and advances	—	(9,703)	(33,074)
Net cash used in investing activities	<u>(12,993)</u>	<u>(2,718)</u>	<u>(60,759)</u>
Cash flows from financing activities:			
Proceeds from long-term debt	625,628	1,154,809	503,693
Payments on long-term debt	(702,395)	(1,281,092)	(519,731)
Purchases of treasury stock	(11,858)	(4,428)	(26,127)
Dividends	(27,704)	(26,437)	(25,620)
Acquisition holdback and contingent consideration payments	(1,781)	(10,215)	(4,421)
Transactions with noncontrolling interests	(1,760)	—	—
Other financing activities	(2,982)	(4,889)	(2,836)
Net cash used in financing activities	<u>(122,852)</u>	<u>(172,252)</u>	<u>(75,042)</u>
Effect of exchange rate changes on cash	43	555	(1,552)
Net change in cash, cash equivalents and restricted cash	27,009	6,032	(6,270)
Cash, cash equivalents and restricted cash at beginning of year	41,334	35,302	41,572
Cash, cash equivalents and restricted cash at end of year	<u>\$ 68,343</u>	<u>\$ 41,334</u>	<u>\$ 35,302</u>
Cash paid during the year for:			
Interest	\$ 28,824	\$ 35,269	\$ 41,453
Income taxes	9,166	20,734	15,467
Non-cash investing and financing activities:			
Contribution of treasury stock to the Company's principal defined benefit retirement plan ("DB Plan")	—	14,983	—

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

**MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

*(Dollar amounts in thousands, except per share data)*

**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 brand solutions, memorialization products and industrial technologies. Brand solutions consists of brand management, pre-media services, printing plates and cylinders, engineered products (including energy solutions), imaging services, digital asset management, merchandising display systems, and marketing and design services primarily for the consumer goods and retail industries. Memorialization products consist primarily of bronze and granite memorials and other memorialization products, caskets, and cremation and incineration equipment primarily for the cemetery and funeral home industries. Industrial technologies include marking and coding equipment and consumables, industrial automation products and order fulfillment systems for identifying, tracking, picking and conveying consumer and industrial products.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Principles of Consolidation:**

The consolidated financial statements include all domestic and foreign subsidiaries in which the Company maintains an ownership interest and has operating control. 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.

**Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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.

**Reclassifications:**

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. These reclassifications are not material to the prior year presentation.

**Cash, Cash Equivalents and Restricted Cash:**

The Company considers all investments purchased with a remaining maturity of three months or less to be cash equivalents. Restricted cash represents amounts held for specific purposes, which are not available for general business use. The carrying amount of cash, cash equivalents and restricted cash approximates fair value due to the short-term maturities of these instruments.

**Trade Receivables and Allowance for Doubtful Accounts:**

Trade receivables are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus trade receivables do not bear interest, although a finance charge may be applied to such receivables that are more than 30 days past due. The allowance for doubtful accounts is based on an evaluation of historical collection experience, the aging of accounts receivable, and economic trends and forecasts, and also reflects adjustments for specific customer accounts for which available facts and circumstances indicate collectability may be uncertain.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

*(Dollar amounts in thousands, except per share data)*

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

#### **Inventories:**

Inventories are stated at the lower of cost or net realizable value with cost generally determined under the average cost method. Inventory costs include material, labor, and applicable manufacturing overhead (including depreciation) and other direct costs. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation.

#### **Property, Plant and Equipment:**

Property, plant and equipment are carried at cost. Depreciation is computed primarily on the straight-line method over the estimated useful lives of the assets, which generally range from 10 to 45 years for buildings and 3 to 12 years for machinery and equipment. Gains or losses from the disposition of assets are reflected in operating profit. The cost of maintenance and repairs is charged to expense as incurred. Renewals and betterments of a nature considered to extend the useful lives of the assets are capitalized. Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of assets is determined by evaluating the estimated undiscounted net cash flows of the operations to which the assets relate. An impairment loss would be recognized when the carrying amount of the assets exceeds the fair value, which is based on a discounted cash flow analysis. No such charges were recognized during the years presented.

#### **Leases:**

A lease exists at contract inception if the contract conveys the right to control an identified asset for a period of time in exchange for consideration. Control is considered to exist when the lessee has the right to obtain substantially all of the economic benefits from the use of an identified asset, as well as the right to direct the use of that asset. If a contract is considered to be a lease, the Company recognizes a lease liability based on the present value of the future lease payments, and a corresponding right-of-use ("ROU") asset. As a majority of the Company's leases do not provide an implicit interest rate within the lease, an incremental borrowing rate is used to determine the ROU asset and lease liability which is based on information available at the commencement date. Options to purchase, extend or terminate a lease are included in the ROU asset and lease liability when it is reasonably certain an option will be exercised. Renewal options are most prevalent in the Company's real estate leases. In general, the Company has not included renewal options for leases in the ROU asset and lease liability because the likelihood of renewal is not considered to be reasonably certain. In addition, leases may include variable lease payments, for items such as maintenance and utilities, which are expensed as incurred as variable lease expense.

The Company applies the practical expedient to not separate lease components from non-lease components for all asset classes. In addition, the Company applies the practical expedient to utilize a portfolio approach for certain equipment asset classes, primarily information technology, as the application of the lease model to the portfolio would not differ materially from the application of the lease model to the individual leases within the portfolio.

There are two types of leases, operating leases and finance leases. Lease classification is determined at lease commencement. Leases not meeting the finance lease criteria are classified as operating leases. ROU assets and corresponding lease liabilities are recorded on the Consolidated Balance Sheet. ROU assets for operating leases are classified in other assets, and ROU assets for finance leases are classified in property, plant and equipment, net on the Consolidated Balance Sheet. For operating leases, short-term lease liabilities are classified in other current liabilities, and long-term lease liabilities are classified in other liabilities on the Consolidated Balance Sheet. For finance leases, short-term lease liabilities are classified in long-term debt, current maturities, and long-term lease liabilities are classified in long-term debt on the Consolidated Balance Sheet. Leases with an initial lease term of twelve months or less have not been recognized on the Consolidated Balance Sheet.

Lease expense for operating leases is recognized on a straight-line basis over the lease term as an operating expense, while the expense for finance leases is recognized as depreciation expense and interest expense using the interest method of recognition. On the cash flow statement, payments for operating leases are classified as operating activities. Payments for finance leases are classified as a financing activity, with the exception of the interest component of the payment which is classified as an operating activity.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Dollar amounts in thousands, except per share data)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

#### **Goodwill and Other Intangible Assets:**

Intangible assets with finite useful lives are amortized over their estimated useful lives, ranging from 2 to 15 years, and are reviewed when appropriate for possible impairment, similar to property, plant and equipment. Goodwill and intangible assets with indefinite lives are not amortized, but are tested annually for impairment, or when circumstances indicate that a possible impairment may exist. In general, when the carrying value of these assets exceeds the implied fair value, an impairment loss must be recognized. A significant decline in cash flows generated from these assets may result in a write-down of the carrying values of the related assets. For purposes of testing goodwill for impairment, the Company uses a combination of valuation techniques, including discounted cash flows and other market indicators. For purposes of testing indefinite-lived intangible assets, the Company generally uses a relief from royalty method.

#### **Pension and Other Postretirement Plans:**

Pension assets and liabilities are determined on an actuarial basis and are affected by the market value of plan assets, estimates of the expected return on plan assets and the discount rate used to determine the present value of benefit obligations. Actual changes in the fair market value of plan assets and differences between the actual return on plan assets, the expected return on plan assets and changes in the selected discount rate will affect the amount of pension cost. Differences between actual and expected results or changes in the value of the obligations and plan assets are initially recognized through other comprehensive income and subsequently amortized to the Consolidated Statement of Income.

#### **Environmental:**

Costs that mitigate or prevent future environmental issues or extend the life or improve equipment utilized in current operations are capitalized and depreciated on a straight-line basis over the estimated useful lives of the related assets. Costs that relate to current operations or an existing condition caused by past operations are expensed. Environmental liabilities are recorded when the Company's obligation is probable and reasonably estimable. Accruals for losses from environmental remediation obligations do not consider the effects of inflation, and anticipated expenditures are not discounted to their present value.

#### **Derivatives and Hedging:**

Derivatives are held as part of a formal documented hedging program. All derivatives are held for purposes other than trading. Matthews measures effectiveness by formally assessing, at least quarterly, the historical and probable future high correlation of changes in the fair value or future cash flows of the hedged item. If the hedging relationship ceases to be highly effective or it becomes probable that an expected transaction will no longer occur, gains and losses on the derivative will be recorded in other income (deductions) at that time.

Changes in the fair value of derivatives designated as cash flow hedges are recorded in other comprehensive income (loss) ("OCI"), net of tax, and are reclassified to earnings in a manner consistent with the underlying hedged item. The cash flows from derivative activities are recognized in the statement of cash flows in a manner consistent with the underlying hedged item.

#### **Foreign Currency:**

The functional currency of the Company's foreign subsidiaries is generally the local currency. Balance sheet accounts for foreign subsidiaries are translated into U.S. dollars at exchange rates in effect at the consolidated balance sheet date. Gains or losses that result from this process are recorded in accumulated other comprehensive income (loss). The revenue and expense accounts of foreign subsidiaries are translated into U.S. dollars at the average exchange rates that prevailed during the period. Realized gains and losses from foreign currency transactions are presented in the Statement of Income in a consistent manner with the underlying transaction based upon the provisions of Accounting Standards Codification ("ASC") 830 "Foreign Currency Matters."

#### **Comprehensive Income (Loss):**

Comprehensive income (loss) consists of net income adjusted for changes, net of any related income tax effect, in cumulative foreign currency translation, the fair value of derivatives, unrealized investment gains and losses and remeasurement of pension and other postretirement liabilities.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Dollar amounts in thousands, except per share data)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

#### **Treasury Stock:**

Treasury stock is carried at cost. The cost of treasury shares sold is determined under the average cost method.

#### **Revenue Recognition:**

Revenue is recognized when control of a good or service promised in a contract (i.e., performance obligation) is transferred to a customer. Control is obtained when a customer has the ability to direct the use of and obtain substantially all of the remaining benefits from that good or service. For substantially all transactions, control passes in accordance with agreed upon delivery terms, including in certain circumstances, customer acceptance. This approach is consistent with the Company's historical revenue recognition methodology. In limited instances revenue is recognized over time as critical milestones are met and as services are provided. Transaction price, for revenue recognition, is allocated to each performance obligation consisting of the stand alone selling price for goods and services, as well as warranties. Transaction price also reflects estimates of rebates, other sales or contract renewal incentives, cash discounts and sales returns ("Variable Consideration"). Estimates are made for Variable Consideration based on contract terms and historical experience of actual results and are applied to the performance obligations as they are satisfied. Each product or service delivered to a third-party customer is considered to satisfy a performance obligation. Performance obligations generally occur at a point in time and are satisfied when control of the goods passes to the customer. Certain revenue related to mausoleum construction and significant engineering projects, including purpose-built engineered products (primarily in support of the electric vehicle and energy storage industries), cremation and incineration projects, and marking and industrial automation projects, are recognized over time using the input method measuring progress toward completion of such projects. Amounts recognized using the over time method were approximately 10% of the Company's consolidated revenue for the year ended September 30, 2021, and less than 5% of the Company's consolidated revenue for the years ended September 30, 2020 and 2019. The Company is entitled to collection of the sales price under normal credit terms in the regions in which it operates. Refer to Note 4, "Revenue Recognition," for a further discussion.

#### **Shipping and Handling Fees and Costs:**

All fees billed to the customer for shipping and handling are classified as a component of net revenues. All costs associated with shipping and handling are classified as a component of cost of sales or selling expense.

#### **Research and Development Expenses:**

Research and development costs are expensed as incurred and were approximately \$13,206, \$13,363 and \$15,043 for the years ended September 30, 2021, 2020 and 2019, respectively.

#### **Stock-Based Compensation:**

Stock-based compensation cost is measured at grant date, based on the fair value of the award, and is recognized as expense over the employee requisite service period.

#### **Income Taxes:**

Deferred tax assets and liabilities are provided for the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the years in which the differences are expected to reverse. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. Deferred income taxes have not been provided on undistributed earnings of foreign subsidiaries since they have either been previously taxed, or are exempt from tax, and such earnings are considered to be reinvested indefinitely in foreign operations.

#### **Earnings Per Share:**

Basic earnings per share is computed by dividing net income by the average number of common shares outstanding. Diluted earnings per share is computed using the treasury stock method, which assumes the issuance of common stock for all dilutive securities.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

*(Dollar amounts in thousands, except per share data)*

### 3. ACCOUNTING PRONOUNCEMENTS:

#### *Adopted*

In December 2019, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2019-12, *Income Taxes (Topic 740)* which simplifies the accounting for income taxes. The amendments in this update remove certain exceptions to the general principles in Topic 740 and also simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The amendments in this ASU will be applied using different approaches depending on what the specific amendment relates to and, for public entities, are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. The Company early adopted this ASU in the quarter ended March 31, 2020. The adoption of this ASU had no significant impact on the Company's consolidated financial statements, but modifies the methodology to assess certain tax principles in Topic 740 prospectively.

In August 2018, the FASB issued ASU No. 2018-14, *Compensation - Retirement Benefits - Defined Benefit Plans - General (Subtopic 715-20)*, which modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. The adoption of this ASU in the first quarter ended December 31, 2020 had no material impact on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820), Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements on fair value measurements including the consideration of costs and benefits. The adoption of this ASU in the first quarter ended December 31, 2019 had no impact on the Company's consolidated financial statements.

In August 2017, the FASB issued ASU No. 2017-12, *Derivatives and Hedging (Topic 815)*, which provides new guidance intended to improve the financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements. The adoption of this ASU in the first quarter ended December 31, 2019 had no impact on the Company's consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)*, which provides financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each report date. Subsequently, the FASB issued ASU No. 2019-11, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses* and ASU No. 2020-02, *Financial Instruments—Credit Losses (Topic 326) and Leases (Topic 842)*, that provide certain amendments to the new guidance. The adoption of these ASUs in the first quarter ended December 31, 2020 had no material impact on the Company's consolidated financial statements.

The following table summarizes the activity for the accounts receivable allowance for doubtful accounts for the year ended September 30, 2021:

	<b>Accounts Receivable Allowance for Doubtful Accounts</b>	
Balance at October 1, 2020	\$	9,618
Current period expense		2,182
Deductions <sup>(1)</sup>		(1,146)
Balance at September 30, 2021	\$	10,654

<sup>(1)</sup> Amounts determined not to be collectible (including direct write-offs), net of recoveries.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which provides new guidance on how an entity should account for leases and recognize associated lease assets and liabilities. This ASU requires lessees to recognize assets and liabilities that arise from financing and operating leases on the Consolidated Balance Sheet. Subsequently, the FASB issued several ASUs that address implementation issues and correct or improve certain aspects of the new lease guidance, including ASU 2017-13, *Revenue Recognition (Topic 605), Revenue from Contracts with Customers (Topic 606), Leases (Topic 840), and Leases (Topic 842)*, ASU 2018-01, *Leases (Topic 842) Land Easement Practical Expedient for Transition to Topic 842*, ASU 2018-10, *Codification Improvements to Topic 842, Leases*, ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, ASU 2018-20, *Leases (Topic 842): Narrow-Scope Improvements for Lessors*, and ASU 2019-01, *Leases (Topic 842): Codification Improvements*. These ASUs do not change the core principles in the lease guidance outlined above.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

*(Dollar amounts in thousands, except per share data)*

**3. ACCOUNTING PRONOUNCEMENTS, (continued)**

ASU No. 2018-11 provides an additional transition method to adopt ASU No. 2016-02. Under the transition method, an entity initially applies the new leases standard at the adoption date versus at the beginning of the earliest period presented and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The Company adopted the standard using the transition method as of October 1, 2019. Under this approach, the Company recognized and recorded ROU assets and related lease liabilities on the Consolidated Balance Sheet of approximately \$80,000 with no impact to retained earnings. As part of the adoption, the Company elected the package of practical expedients permitted under the transition guidance which includes the ability to carry forward historical lease classification.

**4. REVENUE RECOGNITION:**

The Company delivers a variety of products and services through its business segments. The SGK Brand Solutions segment delivers brand management, pre-media services, printing plates and cylinders, engineered products (including energy solutions), imaging services, digital asset management, merchandising display systems, and marketing and design services primarily for the consumer goods and retail industries. The Memorialization segment produces and delivers bronze and granite memorials and other memorialization products, caskets, and cremation and incineration equipment primarily for the cemetery and funeral home industries. The Industrial Technologies segment delivers marking and coding equipment and consumables, industrial automation products and order fulfillment systems for identifying, tracking, picking and conveying consumer and industrial products for the warehousing and industrial industries.

The Company disaggregates revenue from contracts with customers by geography, as it believes geographic regions best depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Disaggregated sales by segment and region for the years ended September 30, 2021, 2020 and 2019 were as follows:

	<b>North America</b>	<b>Central and South America</b>	<b>Europe</b>	<b>Australia</b>	<b>Asia</b>	<b>Consolidated</b>
<b>SGK Brand Solutions:</b>						
2021	\$ 288,054	\$ 5,036	\$ 372,080	\$ 13,336	\$ 48,389	\$ 726,895
2020	305,527	6,304	326,776	12,097	42,389	693,093
2019	320,553	5,853	362,088	11,767	43,608	743,869
<b>Memorialization:</b>						
2021	\$ 710,926	\$ —	\$ 47,858	\$ 10,232	\$ —	\$ 769,016
2020	611,496	—	35,557	8,982	—	656,035
2019	590,575	—	37,199	9,118	—	636,892
<b>Industrial Technologies:</b>						
2021	\$ 142,416	\$ —	\$ 26,336	\$ —	\$ 6,367	\$ 175,119
2020	120,682	—	25,498	—	2,998	149,178
2019	127,140	—	26,966	—	2,409	156,515
<b>Consolidated:</b>						
2021	\$ 1,141,396	\$ 5,036	\$ 446,274	\$ 23,568	\$ 54,756	\$ 1,671,030
2020	1,037,705	6,304	387,831	21,079	45,387	1,498,306
2019	1,038,268	5,853	426,253	20,885	46,017	1,537,276

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

*(Dollar amounts in thousands, except per share data)*

**5. 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.

As of September 30, 2021 and 2020, the fair values of the Company's assets and liabilities measured on a recurring basis were categorized as follows:

	<b>September 30, 2021</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets:</b>				
Derivatives <sup>(1)</sup>	\$ —	\$ 209	\$ —	\$ 209
Equity and fixed income mutual funds	—	6,936	—	6,936
Life insurance policies	—	4,626	—	4,626
<b>Total assets at fair value</b>	<b>\$ —</b>	<b>\$ 11,771</b>	<b>\$ —</b>	<b>\$ 11,771</b>
<b>Liabilities:</b>				
Derivatives <sup>(1)</sup>	\$ —	\$ 2,232	\$ —	\$ 2,232
<b>Total liabilities at fair value</b>	<b>\$ —</b>	<b>\$ 2,232</b>	<b>\$ —</b>	<b>\$ 2,232</b>

<sup>(1)</sup> 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.

	<b>September 30, 2020</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets:</b>				
Equity and fixed income mutual funds	\$ —	\$ 24,610	\$ —	\$ 24,610
Life insurance policies	—	4,621	—	4,621
<b>Total assets at fair value</b>	<b>\$ —</b>	<b>\$ 29,231</b>	<b>\$ —</b>	<b>\$ 29,231</b>
<b>Liabilities:</b>				
Derivatives <sup>(1)</sup>	\$ —	\$ 7,792	\$ —	\$ 7,792
<b>Total liabilities at fair value</b>	<b>\$ —</b>	<b>\$ 7,792</b>	<b>\$ —</b>	<b>\$ 7,792</b>

<sup>(1)</sup> Interest rate 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 for the years ended September 30, 2021 and 2020.

**6. INVENTORIES:**

Inventories at September 30, 2021 and 2020 consisted of the following:

	<b>2021</b>	<b>2020</b>
Raw materials	\$ 37,673	\$ 36,157
Work in process	75,997	70,128
Finished goods	75,418	68,815
	<b>\$ 189,088</b>	<b>\$ 175,100</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)***(Dollar amounts in thousands, except per share data)***7. INVESTMENTS:**

At September 30, 2021 and 2020, non-current investments were as follows:

	<b>2021</b>	<b>2020</b>
Equity and fixed income mutual funds	\$ 6,936	\$ 24,610
Life insurance policies	4,626	4,621
Equity-method investments	458	446
Other (primarily cost-method) investments	18,418	33,573
	<u>\$ 30,438</u>	<u>\$ 63,250</u>

Equity and fixed income mutual funds primarily represent investments held in trust for the Company's non-qualified Supplemental Retirement Plan ("SERP") and are classified as trading securities and recorded at fair value. The market value of these investments exceeded cost by \$138 at September 30, 2020. During fiscal 2021, the Company sold certain investments held in trust for its SERP. Such amounts totaled \$19,167 and were reported as restricted cash as of September 30, 2021. Realized and unrealized gains and losses are recorded in investment income.

During fiscal 2020, the Company made investments of \$9,482 in a non-consolidated Memorialization subsidiary. The Company subsequently sold its ownership interest in this subsidiary in fiscal 2020 for \$42,210 of cash and \$15,000 of senior preferred shares. In connection with this sale transaction, the Company recognized a pre-tax gain of \$11,208 which was recorded as a component of administrative expenses for the year ended September 30, 2020. During fiscal 2021, the Company received \$15,000 for the full redemption of the senior preferred shares. The senior preferred shares were included within other investments in the table above for the year ended September 30, 2020.

**8. PROPERTY, PLANT AND EQUIPMENT:**

Property, plant and equipment and the related accumulated depreciation at September 30, 2021 and 2020 were as follows:

	<b>2021</b>	<b>2020</b>
Buildings	\$ 109,912	\$ 113,231
Machinery, equipment and other	485,691	486,282
	595,603	599,513
Less accumulated depreciation	(400,281)	(391,436)
	195,322	208,077
Land	16,619	16,660
Construction in progress	11,766	12,051
	<u>\$ 223,707</u>	<u>\$ 236,788</u>

Depreciation expense, including amortization of assets under finance lease, was \$49,279, \$47,544 and \$45,037 for each of the three years ended September 30, 2021, 2020 and 2019, respectively.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

*(Dollar amounts in thousands, except per share data)*

**9. LONG-TERM DEBT:**

Long-term debt at September 30, 2021 and 2020 consisted of the following:

	<b>2021</b>	<b>2020</b>
Revolving credit facilities	\$ 350,597	\$ 416,793
Securitization facility	95,990	67,700
Senior secured term loan	—	22,359
2025 Senior Notes	297,796	297,256
Other borrowings	10,150	20,742
Finance lease obligations	9,177	9,684
<b>Total debt</b>	<b>763,710</b>	<b>834,534</b>
Less current maturities	(4,624)	(26,824)
<b>Long-term debt</b>	<b>\$ 759,086</b>	<b>\$ 807,710</b>

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, and a \$35,000 senior secured amortizing term loan. The senior secured amortizing term loan was paid in full in March 2021. A portion of the revolving credit facility (not to exceed \$350,000) can be drawn in foreign currencies. Borrowings under the revolving credit facility bear interest at LIBOR (Euro LIBOR for balances drawn in Euros) plus a factor ranging from 0.75% to 2.00% (1.00% at September 30, 2021) 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 \$2,182 and \$2,734 at September 30, 2021 and September 30, 2020, respectively.

The domestic credit facility requires the Company to maintain certain leverage and interest coverage ratios. A portion of the facility (not to exceed \$35,000) is available for the issuance of trade and standby letters of credit. Outstanding U.S. dollar denominated borrowings on the revolving credit facility at September 30, 2021 and 2020 were \$349,780 and \$257,439, respectively. There were no outstanding Euro denominated borrowings on the revolving credit facility at September 30, 2021. Outstanding Euro denominated borrowings on the revolving credit facility at September 30, 2020 were €117.0 million (\$137,188). There were no outstanding borrowings on the term loan as of September 30, 2021. Outstanding borrowings on the term loan at September 30, 2020 were \$22,359. The weighted-average interest rate on outstanding borrowings for the domestic credit facility (including the effects of interest rate swaps and Euro denominated borrowings) at September 30, 2021 and 2020 was 2.03% and 2.41%, respectively.

The Company has \$300,000 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 domestic 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 2025 Senior Notes. Unamortized costs were \$2,204 and \$2,744 at September 30, 2021 and 2020, respectively.

The Company has a \$115,000 accounts receivable securitization facility (the "Securitization Facility") with certain financial institutions, which matures in March 2022 and the Company intends to extend this facility. Under the Securitization Facility, 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. Matthews RFC in turn assigns a collateral interest in these receivables to certain financial institutions, and then may borrow funds under the Securitization Facility. The Securitization Facility does not qualify for sale treatment. Accordingly, the trade receivables and related debt obligations remain on the Company's Consolidated Balance Sheet. Borrowings under the Securitization Facility bear interest at LIBOR plus 0.75%. The Company is required to pay an annual commitment fee ranging from 0.25% to 0.35% of the unused portion of the Securitization Facility. Outstanding borrowings under the Securitization Facility at September 30, 2021 and 2020 were \$95,990 and \$67,700, respectively. The interest rate on borrowings under this facility at September 30, 2021 and 2020 was 0.83% and 0.90%, respectively.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

*(Dollar amounts in thousands, except per share data)*

**9. LONG-TERM DEBT, (continued)**

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

	<b>September 30, 2021</b>	<b>September 30, 2020</b>
Pay fixed swaps - notional amount	\$ 250,000	\$ 312,500
Net unrealized loss	\$ (2,062)	\$ (7,792)
Weighted-average maturity period (years)	2.2	2.6
Weighted-average received rate	0.08 %	0.15 %
Weighted-average pay rate	1.34 %	1.34 %

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

The fair value of the interest rate swaps reflected an unrealized loss net of unrealized gains of \$2,062 (\$1,558 after tax) and an unrealized loss of \$7,792 (\$5,884 after tax) at September 30, 2021 and 2020, respectively, that is included in shareholders' equity as part of accumulated other comprehensive income ("AOCI"). Assuming market rates remain constant with the rates at September 30, 2021, a loss (net of tax) of approximately \$1,428 included in AOCI is expected to be recognized in earnings over the next twelve months.

At September 30, 2021 and 2020, the interest rate swap contracts were reflected on a gross-basis in the consolidated balance sheets as follows:

<b>Derivatives:</b>	<b>2021</b>	<b>2020</b>
Current assets:		
Other current assets	\$ 31	\$ —
Long-term assets:		
Other assets	139	—
Current liabilities:		
Other current liabilities	(1,922)	(3,164)
Long-term liabilities:		
Other liabilities	(310)	(4,628)
Total derivatives	<u>\$ (2,062)</u>	<u>\$ (7,792)</u>

The (losses) gains recognized on derivatives was as follows:

<b>Derivatives in Cash Flow Hedging Relationships</b>	<b>Location of (Loss) Gain Recognized in Income on Derivatives</b>	<b>Amount of (Loss) Gain Recognized in Income on Derivatives</b>		
		<b>2021</b>	<b>2020</b>	<b>2019</b>
Interest rate swaps	Interest expense	\$(3,249)	\$(861)	\$3,181

The Company recognized the following (losses) gains in AOCI:

<b>Derivatives in Cash Flow Hedging Relationships</b>	<b>Amount of Gain (Loss) Recognized in AOCI on Derivatives</b>			<b>Location of (Loss) Gain Reclassified from AOCI into Income (Effective Portion*)</b>	<b>Amount of (Loss) Gain Reclassified from AOCI into Income (Effective Portion*)</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>		<b>2021</b>	<b>2020</b>	<b>2019</b>
Interest rate swaps	\$1,873	\$(6,130)	\$(6,540)	Interest expense	\$(2,453)	\$(650)	\$2,402

\* There is no ineffective portion or amount excluded from effectiveness testing.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

*(Dollar amounts in thousands, except per share data)*

### 9. LONG-TERM DEBT, (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 borrowings available under this facility is €25.0 million (\$28,976), which includes €8.0 million (\$9,272) for bank guarantees. The credit facility matures in December 2021 and the Company intends to continue to extend this facility. Outstanding borrowings under the credit facility totaled €704,000 (\$817) and €18.9 million (\$22,166) at September 30, 2021 and 2020, respectively. The weighted-average interest rate on outstanding borrowings under this facility was 2.25% and 1.25% at September 30, 2021 and 2020, respectively.

Other borrowings totaled \$10,150 and \$20,742 at September 30, 2021 and 2020, respectively. The weighted-average interest rate on these borrowings was 2.19% and 2.10% at September 30, 2021 and 2020, respectively.

During fiscal 2021, the Company entered into a U.S. Dollar/Euro cross currency swap with a notional amount of \$94,464 as of September 30, 2021, which was designated as a net investment hedge of foreign operations. The swap contract matures in seven years. The Company assesses hedge effectiveness for this contract based on changes in fair value attributable to changes in spot prices. A gain of \$22 (net of income taxes of \$7) which represented an effective hedge of net investments, was reported as a component of AOCI within currency translation adjustment for fiscal 2021. Income of \$63, which represented the recognized portion of the fair value excluded from the assessment of hedge effectiveness, was included in current period earnings as a component of interest expense for fiscal 2021.

The Company previously used certain foreign currency debt instruments as net investment hedges of foreign operations. Currency losses of \$5,370 (net of income taxes of \$1,743) and currency losses of \$4,377 (net of income taxes of \$1,420), which represent effective hedges of net investments, were reported as a component of AOCI within currency translation adjustment for fiscal 2021 and 2020, respectively.

In September 2014, a claim was filed by a customer seeking to draw upon a letter of credit issued by the Company of £8,570,000 (\$11,535 at September 30, 2021) with respect to a performance guarantee on an incineration equipment project in Saudi Arabia. Management assessed the customer's demand to be without merit and initiated an action with the court in the United Kingdom (the "U.K. Court"). Pursuant to this action, an order was issued by the U.K. Court in January 2015 requiring that, upon receipt by the customer, the funds were to be remitted by the customer to the U.K. Court pending resolution of the dispute between the parties. As a result, the Company made payment on the draw to the financial institution for the letter of credit and the funds were ultimately received by the customer. The customer did not remit the funds to the U.K. Court as ordered. On June 14, 2016, the U.K. Court ruled completely in favor of Matthews following a trial on the merits. However, the dispute involved litigation in multiple foreign jurisdictions because the contract between the parties included a venue clause requiring the venue for any litigation to be in the United Kingdom, while the enforcement of any final judgment was required to be executed in Saudi Arabia. Thus, the Company pursued a trial on the merits in Saudi Arabia. On November 9, 2020, the judge in the Commercial Court of Saudi Arabia issued a final judgment against the customer in the amount of £10,450,000 (representing the full claim amount plus interest) in favor of Matthews and the customer did not appeal the ruling by the Commercial Court. As result, the judgment is now final and enforceable in Saudi Arabia. The Company is assessing options to enforce and collect upon the judgment and its level of success in recovering funds from the customer will depend upon several factors, including the availability of recoverable funds, and the level of support of the Saudi Arabian government to enforce the judgment against the customer.

During fiscal 2020 and fiscal 2021, the Saudi Arabian government enforced restrictions on travel to Mecca due to the COVID-19 pandemic. As a result, the Company was not able to support the operation of the incineration equipment for the local agency responsible for its operation during the prior two (2) Hajj Pilgrimages. Consequently, the Company continues to have concerns regarding the level of anticipated support from the government in its collection efforts. As a result of these concerns and other collectability risks, the Company established a reserve for the full value of the funded letter of credit as of June 30, 2020, and has made no adjustments to the reserve since that time. The Company will continue to assess the accounting and collectability related to this matter as facts and circumstances evolve.

As of September 30, 2021 and 2020, 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 September 30, 2021

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

*(Dollar amounts in thousands, except per share data)*

**9. LONG-TERM DEBT, (continued)**

Aggregate maturities by fiscal year of long-term debt, including other borrowings, is as follows:

2022	\$ 97,757 <sup>(a)</sup>
2023	1,058
2024	1,055
2025	350,854
2026	298,892
Thereafter	4,917
	<u>754,533</u>
Finance lease obligations	9,177 <sup>(b)</sup>
	<u>\$ 763,710</u>

<sup>(a)</sup> The Company maintains certain debt facilities with current maturity dates in fiscal 2022 that it intends and has the ability to extend beyond fiscal 2022 totaling \$96,807. These balances have been classified as non-current on the Company's Consolidated Balance Sheet.

<sup>(b)</sup> Aggregate maturities of finance lease obligations can be found in Note 10, "Leases."

**10. LEASES:**

The Company's lease portfolio includes various contracts for real estate, vehicles, information technology and other equipment. The following table presents the balance sheet and lease classification for the Company's lease portfolio as of September 30, 2021 and 2020, respectively:

Balance Sheet Classification	Lease Classification	2021	2020
<b>Non-current assets:</b>			
Property, plant and equipment, net	Finance	\$ 12,337	\$ 9,185
Other assets	Operating	80,262	72,011
Total lease assets		<u>\$ 92,599</u>	<u>\$ 81,196</u>
<b>Current liabilities:</b>			
Long-term debt, current maturities	Finance	\$ 3,674	\$ 3,515
Other current liabilities	Operating	25,151	23,942
<b>Non-current liabilities:</b>			
Long-term debt	Finance	5,503	6,169
Other liabilities	Operating	57,272	49,297
Total lease liabilities		<u>\$ 91,600</u>	<u>\$ 82,923</u>

The following table presents the components of lease cost for the years ended September 30, 2021 and 2020, respectively:

	2021	2020
<b>Finance lease cost:</b>		
Amortization of ROU assets	\$ 4,016	\$ 2,112
Interest on lease liabilities	248	206
Operating lease cost <sup>(a)</sup>	21,716	23,735
Variable lease cost <sup>(a)</sup>	6,752	5,298
Sublease income	(83)	(732)
Total lease cost	<u>\$ 32,649</u>	<u>\$ 30,619</u>

<sup>(a)</sup> Annual lease cost under operating leases were \$28,468, \$29,033 and \$38,015 in fiscal 2021, 2020 and 2019, respectively.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

*(Dollar amounts in thousands, except per share data)*

**10. LEASES, (continued)**

Supplemental information regarding the Company's leases follows:

	<b>For the Year Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
Cash paid for finance and operating lease liabilities:		
Operating cash flows from finance leases	\$ 255	\$ 207
Operating cash flows from operating leases	\$ 28,246	\$ 29,309
Financing cash flows from finance leases	\$ 4,134	\$ 2,064
ROU assets obtained in exchange for new finance lease liabilities	\$ 3,687	\$ 2,613
ROU assets obtained in exchange for new operating lease liabilities	\$ 16,341	\$ 12,442
	<b>September 30, 2021</b>	<b>September 30, 2020</b>
Weighted-average remaining lease term - finance leases (years)	3.85	4.39
Weighted-average remaining lease term - operating leases (years)	3.82	3.52
Weighted-discount rate - finance leases	2.70 %	2.89 %
Weighted-discount rate - operating leases	2.28 %	2.82 %

Maturities of lease obligations by fiscal year were as follows as of September 30, 2021:

	<b>Operating Leases</b>	<b>Finance Leases</b>
2022	\$ 26,643	\$ 3,927
2023	20,953	2,125
2024	15,588	1,222
2025	10,777	565
2026	7,863	456
Thereafter	4,341	1,592
Total future minimum lease payments	86,165	9,887
Less: Interest	3,742	710
Present value of lease liabilities:	<u>\$ 82,423</u>	<u>\$ 9,177</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Dollar amounts in thousands, except per share data)

### 11. SHAREHOLDERS' EQUITY:

The authorized common stock of the Company consists of 70,000,000 shares of Class A Common Stock, \$1.00 par value.

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. On July 28, 2021, the Company's Board of Directors approved the continuation of the stock repurchase program and increased the authorization for stock repurchases by an additional 2,500,000 shares. Under the current authorization, 2,658,627 shares remain available for repurchase as of September 30, 2021.

### 12. SHARE-BASED PAYMENTS:

The Company maintains an equity incentive plan (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, the maximum number of shares available for grants or awards is an aggregate of 1,700,000. In November 2021, the Board of Directors approved the Amended and Restated 2017 Equity Incentive Plan (the "Amended 2017 Plan"), which increases the maximum number of shares available for grants or awards to an aggregate of 3,450,000. The Amended 2017 Plan is subject to shareholder approval at the February 2022 Annual Shareholder Meeting. At September 30, 2021, 37,640 shares have been issued under the 2017 Equity Incentive Plan. 478,963 time-based restricted share units, 585,947 performance-based restricted share units, and 75,000 stock options have been granted under the 2017 Equity Incentive Plan. 1,087,445 of these share-based awards are outstanding as of September 30, 2021. The 2017 Equity Incentive Plan is administered by the Compensation Committee of the Board of Directors (the "Committee").

For the years ended September 30, 2021, 2020 and 2019, stock-based compensation cost totaled \$15,581, \$8,096 and \$7,729, respectively. The associated future income tax benefit recognized was \$3,247, \$1,665 and \$1,535 for the years ended September 30, 2021, 2020 and 2019, respectively.

With respect to the restricted share grants, generally one-half of the shares vest on the third anniversary of the grant, one-quarter of the shares vest in one-third increments upon the attainment of pre-defined levels of adjusted earnings per share, and the remaining one-quarter of the shares vest in one-third increments upon attainment of pre-defined levels of appreciation in the market value of the Company's Class A Common Stock. Additionally, restricted shares cannot vest until the first anniversary of the grant date. Unvested restricted shares generally expire on the earlier of three or five years from the date of grant, upon employment termination, or within specified time limits following voluntary employment termination (with the consent of the Company), retirement or death. The Company issues restricted shares from treasury shares.

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 Committee. Approximately 42% 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 vested.

The transactions for restricted shares and restricted share units for the year ended September 30, 2021 were as follows:

	<b>Shares</b>	<b>Weighted- average Grant-date Fair Value</b>
Non-vested at September 30, 2020	750,322	\$ 40.88
Granted	499,050	30.06
Vested	(127,540)	51.90
Expired or forfeited	(38,467)	55.79
Non-vested at September 30, 2021	<u>1,083,365</u>	<u>\$ 34.07</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

*(Dollar amounts in thousands, except per share data)*

**12. SHARE-BASED PAYMENTS, (continued)**

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 September 30, 2021, the total unrecognized compensation cost related to all unvested stock-based awards was \$10,858 which is expected to be recognized over a weighted-average period of 1.8 years.

The fair value of certain restricted share units that are subject to performance conditions and the fair value of stock options are estimated on the date of grant using a binomial lattice valuation model. The following table indicates the assumptions used in estimating the fair value of certain stock-based awards granted during the year ended September 30, 2021.

	<b>Restricted Share Units</b>	<b>Stock Options</b>
Expected volatility	42.9 %	41.9 %
Dividend yield	3.2 %	3.1 %
Average risk-free interest rate	0.2 %	0.5 %
Average expected term (years)	3.0	5.0

The risk-free interest rate is based on United States Treasury yields at the date of grant. The dividend yield is based on the most recent dividend payment and average stock price over the 12 months prior to the grant date. Expected volatilities are based on the historical volatility of the Company's stock price. The expected term for grants in the year ended September 30, 2021 represents an estimate of the average period of time for restricted share units and stock options to vest.

The Company maintains the 2019 Director Fee Plan, the Amended and Restated 2014 Director Fee Plan and the 1994 Director Fee Plan (collectively, the "Director Fee Plans"). There will be no further fees or share-based awards granted under the Amended and Restated 2014 Director Fee Plan and the 1994 Director Fee Plan. Under the 2019 Director Fee Plan, non-employee directors (except for the Chairman of the Board) each receive, as an annual retainer fee for fiscal 2021, either cash or shares of the Company's Class A Common Stock with a value equal to \$85. The annual retainer fee for fiscal 2021 paid to a non-employee Chairman of the Board is \$185. Where the annual retainer fee is provided in shares, each director may elect to be paid these shares on a current basis or have such shares credited to a deferred stock account as phantom stock, with such shares to be paid to the director subsequent to leaving the Board. The total number of shares of stock that have been authorized to be issued under the 2019 Director Fee Plan or credited to a deferred stock compensation account for subsequent issuance is 150,000 shares of Common Stock (subject to adjustment upon certain events such as stock dividends or stock splits). The value of deferred shares is recorded in other liabilities. A total of 38,657 shares and share units had been deferred under the Director Fee Plans at September 30, 2021. 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 \$125 for fiscal year 2021. As of September 30, 2021, 271,807 restricted shares and restricted share units have been granted under the Director Fee Plans, 98,578 of which were issued under the 2019 Director Fee Plan. 74,639 restricted shares and restricted share units are unvested at September 30, 2021.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)***(Dollar amounts in thousands, except per share data)***13. EARNINGS PER SHARE:**

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net income (loss) attributable to Matthews shareholders	\$ 2,910	\$ (87,155)	\$ (37,988)
Weighted-average shares outstanding (in thousands):			
Basic shares	31,696	31,190	31,416
Effect of dilutive securities	291	—	—
Diluted shares	<u>31,987</u>	<u>31,190</u>	<u>31,416</u>

Anti-dilutive securities excluded from the dilutive calculation were insignificant for the fiscal year ended September 30, 2021. 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.

**14. PENSION AND OTHER POSTRETIREMENT PLANS:**

The Company provides defined benefit pension and other postretirement plans to certain employees. Effective January 1, 2014, the Company's DB Plan was closed to new participants.

In April 2021, the Committee approved resolutions to freeze all future benefit accruals for all participants in the Company's SERP and the defined benefit portion of the Officers Retirement Restoration Plan ("ORRP"), effective April 30, 2021. In August 2021, the Committee approved the termination of the SERP and the defined benefit portion of the ORRP. In September 2021, the Company notified SERP and ORRP participants of its intention to fully settle the obligations of the SERP and ORRP in early fiscal 2023.

In August 2021, the Company's Board of Directors approved the freeze of all future benefit accruals for the Company's DB Plan, effective September 30, 2021, and the planned termination of the DB Plan in early fiscal 2022. At such time, the Company notified all plan participants of the Company's intentions to terminate and fully settle the obligations of the DB Plan early in fiscal 2022.

The freezing of the DB Plan, SERP, and ORRP triggered curtailments, which resulted in the remeasurement of the projected benefit obligations and the immediate recognition of prior service costs in earnings, which were previously included within AOCI.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

*(Dollar amounts in thousands, except per share data)*

**14. PENSION AND OTHER POSTRETIREMENT PLANS, (continued)**

The following provides a reconciliation of benefit obligations, plan assets and funded status of the plans as of the Company's actuarial valuation as of September 30, 2021 and 2020:

	<b>Pension</b>		<b>Other Postretirement</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<u>Change in benefit obligation:</u>				
Benefit obligation, beginning of year	\$ 318,887	\$ 289,957	\$ 19,431	\$ 20,952
Service cost	7,919	8,679	201	227
Interest cost	6,145	7,735	376	501
Actuarial (gain) loss	(8,045)	23,827	(660)	(1,402)
Curtailement gain	(17,324)	—	—	—
Special termination benefits	315	—	—	—
Exchange (gain) loss	(133)	799	—	—
Benefit payments	(13,838)	(12,110)	(507)	(847)
Benefit obligation, end of year <sup>(1)</sup>	293,926	318,887	18,841	19,431
<u>Change in plan assets:</u>				
Fair value, beginning of year <sup>(2)</sup>	168,134	155,313	—	—
Actual return	37,789	8,705	—	—
Benefit payments	(13,838)	(12,110)	(507)	(847)
Employer contributions	16,259	16,226	507	847
Fair value, end of year <sup>(2)</sup>	208,344	168,134	—	—
Funded status <sup>(2)</sup>	(85,582)	(150,753)	(18,841)	(19,431)
Unrecognized actuarial loss	49,545	110,971	16	676
Unrecognized prior service (credit) cost	(309)	343	(1,684)	(2,048)
Net amount recognized	\$ (36,346)	\$ (39,439)	\$ (20,509)	\$ (20,803)
<u>Amounts recognized in the consolidated balance sheet:</u>				
Current liability	\$ (779)	\$ (905)	\$ (883)	\$ (831)
Noncurrent benefit liability	(84,803)	(149,848)	(17,958)	(18,600)
Accumulated other comprehensive loss (income)	49,236	111,314	(1,668)	(1,372)
Net amount recognized	\$ (36,346)	\$ (39,439)	\$ (20,509)	\$ (20,803)
<u>Amounts recognized in accumulated other comprehensive loss (income):</u>				
Net actuarial loss	\$ 49,545	\$ 110,971	\$ 16	\$ 676
Prior service (credit) cost	(309)	343	(1,684)	(2,048)
Net amount recognized	\$ 49,236	\$ 111,314	\$ (1,668)	\$ (1,372)

<sup>(1)</sup> Gains and losses related to changes in assumptions (e.g., discount rate, mortality, etc.), asset, salary and other experience, and curtailments impacted benefit obligations.

<sup>(2)</sup> The fair value of plan assets and funded status do not include the value of investments and restricted cash held in trust for the Company's non-qualified SERP. The combined value of these investments and restricted cash totaled \$26,103 and \$24,610 as of September 30, 2021 and 2020, respectively. Refer to Note 7, "Investments" for further details.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

*(Dollar amounts in thousands, except per share data)*

**14. PENSION AND OTHER POSTRETIREMENT PLANS, (continued)**

Based upon actuarial valuations performed as of September 30, 2021 and 2020, the accumulated benefit obligation for the Company's defined benefit pension plans was \$293,926 and \$295,674 at September 30, 2021 and 2020, respectively, and the projected benefit obligation for the Company's defined benefit pension plans was \$293,926 and \$318,887 at September 30, 2021 and 2020, respectively.

Net periodic pension and other postretirement benefit cost for the plans included the following:

	Pension			Other Postretirement		
	2021	2020	2019	2021	2020	2019
Service cost	\$ 7,919	\$ 8,679	\$ 7,998	\$ 201	\$ 227	\$ 244
Interest cost *	6,145	7,735	9,202	376	501	718
Expected return on plan assets *	(10,809)	(10,214)	(10,304)	—	—	—
Amortization:						
Prior service cost	(127)	(186)	(186)	(364)	(464)	(195)
Net actuarial loss *	9,769	9,767	4,245	—	—	(59)
Curtailed gain *	(220)	—	—	—	—	—
Special termination benefits *	315	—	—	—	—	—
Prior-service cost write-offs *	261	—	—	—	—	—
Net benefit cost	<u>\$ 13,253</u>	<u>\$ 15,781</u>	<u>\$ 10,955</u>	<u>\$ 213</u>	<u>\$ 264</u>	<u>\$ 708</u>

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

Matthews has elected to utilize a full yield curve approach in the estimation of the service and interest cost components of net periodic benefit cost by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows.

Benefit payments under the Company's DB Plan are made from plan assets, while benefit payments under the SERP and postretirement benefit plan are funded from the Company's operating cash.

Contributions made in fiscal 2021 are as follows:

Contributions	Pension	Other Postretirement
Principal defined benefit retirement plan	\$ 15,000	\$ —
Supplemental retirement plan	806	—
Other retirement plans	453	—
Other postretirement plan	—	507

In November 2021, subsequent to the date of the balance sheet, the Company contributed \$20,000 to the DB Plan. Also in November 2021, lump sum distributions of \$178,230 from the DB Plan were made to plan participants, resulting in the settlement of a substantial portion of the DB Plan obligations. This settlement of the DB Plan obligations is expected to result in the recognition of a non-cash charge in excess of \$30,000 in the first quarter of fiscal 2022. This amount represents the immediate recognition of a portion of the deferred AOCI balances related to the DB Plan, and is based on current estimates as of September 30, 2021.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

*(Dollar amounts in thousands, except per share data)*

**14. PENSION AND OTHER POSTRETIREMENT PLANS, (continued)**

The weighted-average assumptions in the following table represent the rates used to develop the actuarial present value of the projected benefit obligation for the year listed and also the net periodic benefit cost for the following year. The measurement date of annual actuarial valuations for the Company's DB Plan and other postretirement benefit plans was September 30, for fiscal 2021, 2020 and 2019. The weighted-average assumptions for those plans were:

	Pension			Other Postretirement		
	2021	2020	2019	2021	2020	2019
Discount rate	2.79 %	2.62 %	3.13 %	2.83 %	2.63 %	3.10 %
Return on plan assets	3.10 %	6.75 %	6.75 %	—	—	—
Compensation increase	3.50 %	3.50 %	3.50 %	—	—	—

In October 2014, the Society of Actuaries' Retirement Plans Experience Committee ("RPEC") released new mortality tables known as RP 2014. Each year, RPEC releases an update to the mortality improvement assumption that was released with the RP 2014 tables. The Company considered the RPEC mortality and mortality improvement tables and performed a review of its own mortality history to assess the appropriateness of the RPEC tables for use in generating financial results. In fiscal years 2021, 2020 and 2019, the Company elected to value its DB Plan and other postretirement benefit plan liabilities using the base RP 2014 mortality table and a slightly modified fully generational mortality improvement assumption. The revised assumption uses the most recent RPEC mortality improvement table for all years where the RPEC tables are based on finalized data, and the most recently published Social Security Administration Intermediate mortality improvement for subsequent years.

The Company's investment policy, as established by the Company's pension board, specifies the types of investments appropriate for the plans, asset allocation guidelines, criteria for the selection of investment managers, procedures to monitor overall investment performance as well as investment manager performance. It also provides guidelines enabling plan fiduciaries to fulfill their responsibilities.

The Company's defined benefit pension plans' weighted-average asset allocation at September 30, 2021 and 2020 and weighted-average target allocation were as follows:

Asset Category	Plan Assets at		Target Allocation *
	2021	2020	
Equity securities	\$ 4,075	\$ 118,677	— %
Fixed income, cash and cash equivalents	189,958	34,184	100 %
Other investments	14,311	15,273	— %
	<u>\$ 208,344</u>	<u>\$ 168,134</u>	<u>100 %</u>

\* Target allocation relates to the Company's DB Plan as of September 30, 2021. During fiscal 2021, the investment policy for the Company's DB Plan was updated to establish modified asset allocation targets. The updated investment objective is intended to reduce risk assets in favor of fixed income investments as a result of the planned termination and expected settlement of the DB Plan in fiscal 2022.

Based on an analysis of the historical and expected future performance of the plan's assets and information provided by its independent investment advisor, the Company set the long-term rate of return assumption for its DB Plan's assets at 3.10% in 2021 for purposes of determining pension cost and funded status under current guidance. The Company's discount rate assumption used in determining the present value of the projected benefit obligation is based upon published indices.

The Company categorizes plan assets within a three level fair value hierarchy (see Note 5, "Fair Value Measurements" for a further discussion of the fair value hierarchy). The valuation methodologies used to measure the fair value of pension assets, including the level in the fair value hierarchy in which each type of pension plan asset is classified as follows.

Equity securities consist of direct investments in the stocks of publicly traded companies. Such investments are valued based on the closing price reported in an active market on which the individual securities are traded. As such, the direct investments are classified as Level 1.

Mutual funds are valued at the closing price of shares held by the Plan at year end. As such, these mutual fund investments are classified as Level 1.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

*(Dollar amounts in thousands, except per share data)*

**14. PENSION AND OTHER POSTRETIREMENT PLANS, (continued)**

Fixed income securities consist of publicly traded fixed interest obligations (primarily U.S. government notes and corporate and agency bonds). Such investments are valued through consultation and evaluation with brokers in the institutional market using quoted prices and other observable market data. As such, U.S. government notes are included in Level 1, and the remainder of the fixed income securities are included in Level 2.

Cash and cash equivalents consist of direct cash holdings and short-term money market mutual funds. These values are valued based on cost, which approximates fair value, and as such, are classified as Level 1.

Other investments consist primarily of real estate, commodities, private equity holdings and hedge fund investments. These holdings are valued by investment managers based on the most recent information available. The valuation information used by investment managers may not be readily observable. As such, these investments are classified as Level 3.

The Company's defined benefit pension plans' asset categories at September 30, 2021 and 2020 were as follows:

Asset Category	September 30, 2021			
	Level 1	Level 2	Level 3	Total
Equity securities - stocks <sup>(1)</sup>	\$ 4,075	\$ —	\$ —	\$ 4,075
Fixed income securities	10,403	101,133	—	111,536
Cash and cash equivalents	78,422	—	—	78,422
Other investments	—	—	14,311	14,311
<b>Total</b>	<b>\$ 92,900</b>	<b>\$ 101,133</b>	<b>\$ 14,311</b>	<b>\$ 208,344</b>

<sup>(1)</sup> Includes \$4,075 of of Matthews Class A Common Stock in Level 1.

Asset Category	September 30, 2020			
	Level 1	Level 2	Level 3	Total
Equity securities - stocks <sup>(1)</sup>	\$ 37,089	\$ —	\$ —	\$ 37,089
Equity securities - mutual funds	81,588	—	—	81,588
Fixed income securities	11,738	20,086	—	31,824
Cash and cash equivalents	2,360	—	—	2,360
Other investments	—	—	15,273	15,273
<b>Total</b>	<b>\$ 132,775</b>	<b>\$ 20,086</b>	<b>\$ 15,273</b>	<b>\$ 168,134</b>

<sup>(1)</sup> Includes \$14,936 of of Matthews Class A Common Stock in Level 1.

Changes in the fair value of Level 3 assets at September 30, 2021 and 2020 are summarized as follows:

Asset Category	Fair Value, Beginning of Period	Acquisitions	Dispositions	Realized Gains	Unrealized Gains (Losses)	Fair Value, End of Period
Other investments:						
Fiscal Year Ended:						
September 30, 2021	\$ 15,273	\$ 236	\$ (2,144)	\$ 272	\$ 674	\$ 14,311
September 30, 2020	10,860	10,835	(6,326)	220	(316)	15,273



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)***(Dollar amounts in thousands, except per share data)***14. PENSION AND OTHER POSTRETIREMENT PLANS, (continued)**

Benefit payments expected to be paid are as follows:

Years ending September 30:	Pension Benefits *	Other Postretirement Benefits
2022	\$ 12,152	\$ 884
2023	35,644	906
2024	12,609	924
2025	12,673	937
2026	13,057	940
2027-2031	67,218	4,546
	\$ 153,353	\$ 9,137

\* Pension benefit amounts do not reflect the planned termination and expected settlement of the DB Plan in fiscal 2022 (see above for further details).

For measurement purposes, a rate of increase of 6.5% in the per capita cost of health care benefits was assumed for 2022; the rate was assumed to decrease gradually to 4.0% for 2070 and remain at that level thereafter. Assumed health care cost trend rates have a significant effect on the amounts reported.

The Company sponsors defined contribution plans for hourly and salary employees. The expense associated with the contributions made to these plans was \$9,186, \$8,692, and \$8,176 for the fiscal years ended September 30, 2021, 2020 and 2019, respectively.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

*(Dollar amounts in thousands, except per share data)*

**15. ACCUMULATED OTHER COMPREHENSIVE INCOME:**

The changes in AOCI by component, net of tax, for the years ended September 30, 2021, 2020, and 2019 were as follows:

	<u>Postretirement Benefit Plans</u>	<u>Currency Translation Adjustment</u>	<u>Derivatives</u>	<u>Total</u>
Attributable to Matthews:				
Balance, September 30, 2018	\$ (37,876)	\$ (134,960)	\$ 8,538	\$ (164,298)
OCI before reclassification	(36,784)	(21,254)	(6,540)	(64,578)
Amounts reclassified from AOCI	2,917 <sup>(a)</sup>	—	(2,402) <sup>(b)</sup>	515
Net current-period OCI	<u>(33,867)</u>	<u>(21,254)</u>	<u>(8,942)</u>	<u>(64,063)</u>
Balance, September 30, 2019	\$ (71,743)	\$ (156,214)	\$ (404)	\$ (228,361)
OCI before reclassification	(18,094)	4,333	(6,130)	(19,891)
Amounts reclassified from AOCI	6,883 <sup>(a)</sup>	—	650 <sup>(b)</sup>	7,533
Net current-period OCI	<u>(11,211)</u>	<u>4,333</u>	<u>(5,480)</u>	<u>(12,358)</u>
Balance, September 30, 2020	\$ (82,954)	\$ (151,881)	\$ (5,884)	\$ (240,719)
OCI before reclassification	39,822	(3,370)	1,873	38,325
Amounts reclassified from AOCI	7,202 <sup>(a)</sup>	—	2,453 <sup>(b)</sup>	9,655
Net current-period OCI	<u>47,024</u>	<u>(3,370)</u>	<u>4,326</u>	<u>47,980</u>
Balance, September 30, 2021	<u>\$ (35,930)</u>	<u>\$ (155,251)</u>	<u>\$ (1,558)</u>	<u>\$ (192,739)</u>
Attributable to noncontrolling interest:				
Balance, September 30, 2018	\$ —	\$ 467	\$ —	\$ 467
OCI before reclassification	—	(92)	—	(92)
Net current-period OCI	—	(92)	—	(92)
Balance, September 30, 2019	—	375	—	375
OCI before reclassification	—	(7)	—	(7)
Net current-period OCI	—	(7)	—	(7)
Balance, September 30, 2020	—	368	—	368
OCI before reclassification	—	(127)	—	(127)
Net current-period OCI	—	(127)	—	(127)
Balance, September 30, 2021	<u>\$ —</u>	<u>\$ 241</u>	<u>\$ —</u>	<u>\$ 241</u>

<sup>(a)</sup> Amounts were included in net periodic benefit cost for pension and other postretirement benefit plans (see Note 14).

<sup>(b)</sup> Amounts were included in interest expense in the periods the hedged item affected earnings (see Note 9).

Accumulated other comprehensive loss at September 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Cumulative foreign currency translation	\$ (155,251)	\$ (151,881)
Fair value of derivatives, net of tax of \$504 and \$1,908, respectively	(1,558)	(5,884)
Minimum pension liabilities, net of tax of \$11,638 and \$26,988, respectively	(35,930)	(82,954)
	<u>\$ (192,739)</u>	<u>\$ (240,719)</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

*(Dollar amounts in thousands, except per share data)*

**15. ACCUMULATED OTHER COMPREHENSIVE INCOME, (continued)**

Reclassifications out of AOCI for the years ended September 30, 2021, 2020 and 2019 were as follows:

<b>Details about AOCI Components</b>	<b>September 30, 2021</b>	<b>September 30, 2020</b>	<b>September 30, 2019</b>	<b>Affected line item in the Statement of Income</b>
<b>Postretirement benefit plans</b>				
Prior service (cost) credit <sup>(a)</sup>	\$ 491	\$ 650	\$ 381	
Actuarial losses	(9,769)	(9,767)	(4,245)	Other income (deductions), net
Prior service cost write-off	(261)	—	—	Other income (deductions), net
	<u>(9,539)</u>	<u>(9,117)</u>	<u>(3,864)</u>	Income before income tax <sup>(b)</sup>
	2,337	2,234	947	Income taxes
	<u>\$ (7,202)</u>	<u>\$ (6,883)</u>	<u>\$ (2,917)</u>	Net income
<b>Derivatives</b>				
Interest rate swap contracts	\$ (3,249)	\$ (861)	\$ 3,181	Interest expense
	<u>(3,249)</u>	<u>(861)</u>	<u>3,181</u>	Income before income tax <sup>(b)</sup>
	796	211	(779)	Income taxes
	<u>\$ (2,453)</u>	<u>\$ (650)</u>	<u>\$ 2,402</u>	Net income

<sup>(a)</sup> 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 14.

<sup>(b)</sup> For pre-tax items, positive amounts represent income and negative amounts represent expense.

**16. INCOME TAXES:**

The income tax provision (benefit) consisted of the following:

	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Current:</b>			
Federal	\$ (3,741)	\$ (12,354)	\$ 3,308
State	3,579	(1,030)	2,232
Foreign	2,379	11,306	2,049
	<u>2,217</u>	<u>(2,078)</u>	<u>7,589</u>
<b>Deferred:</b>			
Federal	5,829	4,710	(5,472)
State	169	2,880	(2,782)
Foreign	(1,840)	(24,197)	1,471
	<u>4,158</u>	<u>(16,607)</u>	<u>(6,783)</u>
<b>Total</b>	<u>\$ 6,375</u>	<u>\$ (18,685)</u>	<u>\$ 806</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

*(Dollar amounts in thousands, except per share data)*

**16. INCOME TAXES, (continued)**

The reconciliation of the federal statutory tax rate to the consolidated effective tax rate was as follows:

	<b>2021</b>	<b>2020</b>	<b>2019</b>
Federal statutory tax rate	21.0 %	21.0 %	21.0 %
Effect of state income taxes, net of federal deduction	37.5 %	(1.9)%	2.7 %
Foreign statutory taxes compared to federal statutory rate	(18.6)%	3.4 %	(0.8)%
Share-based compensation	24.5 %	(1.4)%	(3.1)%
Termination of SERP	28.6 %	— %	— %
Tax credits	(26.6)%	1.8 %	4.9 %
Tax basis difference	— %	— %	9.8 %
Sale of SERP-related investments	23.8 %	— %	— %
Goodwill write-down	— %	(9.4)%	(40.2)%
Tax rate differential on net operating loss carryback	(21.4)%	4.2 %	— %
Other	0.2 %	(0.1)%	3.6 %
Effective tax rate	<u>69.0 %</u>	<u>17.6 %</u>	<u>(2.1)%</u>

The Company's consolidated income taxes for the year ended September 30, 2021 were an expense of \$6,375, compared to a benefit of \$18,685 for fiscal 2020, and an expense of \$806 for fiscal 2019. The difference between the Company's consolidated income taxes for fiscal 2021 compared to fiscal 2020 primarily resulted from fiscal 2021 having consolidated income before income taxes, compared to fiscal 2020 having a consolidated loss, which reflected the goodwill write-down recorded in the second quarter of fiscal 2020, that was partially non-deductible. Additionally, the fiscal 2021 tax rate was negatively impacted by the termination of the Company's SERP, which resulted in certain expenses that are nondeductible for tax purposes. The fiscal 2021 effective tax rate benefited from research and development and foreign tax credits, the reduction of uncertain tax positions due to the expiration of the statute of limitations in certain jurisdictions, and the completion of a state tax audit, and the tax benefit of the NOL carryback. The Company's fiscal 2020 effective tax rate was negatively affected by the non-deductible portion of the goodwill write-down along with certain other non-deductible expenses. The fiscal 2020 effective tax rate benefited from research and development and foreign tax credits, the reduction of uncertain tax positions due to the completion of a foreign tax audit, and the tax benefit of the NOL carryback. The difference between the Company's effective tax rate for fiscal 2020 versus fiscal 2019 primarily resulted from partially non-deductible goodwill write downs of differing amounts in both periods, as well as a benefit for an expected net operating loss ("NOL") carryback in fiscal 2020. The fiscal 2019 effective tax rate benefited from research and development and foreign tax credits and the elimination, achieved through tax planning, of a taxable basis difference.

The Company's foreign subsidiaries had income before income taxes for the year ended September 30, 2021 of approximately \$6,685, loss before income taxes for the year ended September 30, 2020 of approximately \$68,343 and income before income taxes for the year ended September 30, 2019 of approximately \$11,042. Deferred income taxes have not been provided on undistributed earnings of foreign subsidiaries since they have either been previously taxed, or are now exempt from tax, under the U.S. Tax Cuts and Jobs Act, and such earnings are considered to be reinvested indefinitely in foreign operations. At September 30, 2021, undistributed earnings of foreign subsidiaries for which deferred income taxes have not been provided approximated \$358,342.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

*(Dollar amounts in thousands, except per share data)*

**16. INCOME TAXES, (continued)**

The components of deferred tax assets and liabilities at September 30, 2021 and 2020 are as follows:

	<b>2021</b>	<b>2020</b>
Deferred tax assets:		
Pension and postretirement benefits	\$ 11,832	\$ 39,705
Accruals and reserves not currently deductible	8,753	12,258
Income tax credit carryforward	5,206	5,308
Operating and capital loss carryforwards	51,438	34,146
Stock options	4,944	4,062
Other	1,320	8,376
Total deferred tax assets	<u>83,493</u>	<u>103,855</u>
Valuation allowances	<u>(28,619)</u>	<u>(22,527)</u>
Net deferred tax assets	<u>54,874</u>	<u>81,328</u>
Deferred tax liabilities:		
Depreciation	(23,224)	(27,671)
Unrealized gains and losses	(886)	389
Goodwill and intangible assets	(113,476)	(123,259)
Other	<u>(11,215)</u>	<u>(5,941)</u>
Total deferred tax liabilities	<u>(148,801)</u>	<u>(156,482)</u>
Net deferred tax liability	<u>\$ (93,927)</u>	<u>\$ (75,154)</u>

At September 30, 2021, the Company had foreign net operating loss carryforwards of \$218,691 and foreign capital loss carryforwards of \$21,037. The Company has recorded deferred tax assets of \$3,045 for state net operating loss carryforwards, which will be available to offset future income tax liabilities. If not used, state net operating losses will begin to expire in 2022. Certain of the foreign net operating losses begin to expire in 2022 while the majority of the Company's foreign net operating losses have no expiration period. Certain of these carryforwards are subject to limitations on use due to tax rules affecting acquired tax attributes, loss sharing between group members, and business continuation. Therefore, the Company has established tax-effected valuation allowances against these tax benefits in the amount of \$28,619 at September 30, 2021.

Changes in the total amount of gross unrecognized tax benefits (excluding penalties and interest) are as follows:

	<b>2021</b>	<b>2020</b>	<b>2019</b>
Balance, beginning of year	\$ 10,483	\$ 15,526	\$ 14,827
Increases for tax positions of prior years	—	500	—
Decreases for tax positions of prior years	(288)	(2,727)	—
Increases based on tax positions related to the current year	628	939	1,420
Decreases due to lapse of statute of limitation	<u>(8,016)</u>	<u>(3,755)</u>	<u>(721)</u>
Balance, end of year	<u>\$ 2,807</u>	<u>\$ 10,483</u>	<u>\$ 15,526</u>

The Company had unrecognized tax benefits of \$2,807 at September 30, 2021, which would impact the annual effective tax rate. It is reasonably possible that the amount of unrecognized tax benefits could decrease by approximately \$414 in the next 12 months primarily due to the completion of audits and the expiration of the statute of limitation related to specific tax positions.

The Company classifies interest and penalties on tax uncertainties as a component of the provision for income taxes. Total penalties and interest accrued were \$691 and \$2,172 at September 30, 2021 and 2020, respectively. These accruals may potentially be applicable in the event of an unfavorable outcome of uncertain tax positions.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)***(Dollar amounts in thousands, except per share data)***16. INCOME TAXES, (continued)**

The Company is currently under examination in several tax jurisdictions and remains subject to examination until the statute of limitation expires for those tax jurisdictions.

As of September 30, 2021, the tax years that remain subject to examination by major jurisdiction generally are:

United States - Federal	2018 and forward
United States - State	2017 and forward
Canada	2017 and forward
Germany	2019 and forward
United Kingdom	2020 and forward
Australia	2017 and forward
Singapore	2017 and forward

**17. COMMITMENTS AND CONTINGENT LIABILITIES:**

The Company is party to various legal proceedings, the eventual outcome of which are not predictable. Although the ultimate disposition of these proceedings is not presently determinable, management is of the opinion that they should not result in liabilities in an amount which would materially affect the Company's consolidated financial position, results of operations or cash flows.

The Company has employment agreements with certain employees, the terms of which expire at various dates between fiscal 2022 and 2025. The agreements generally provide for base salary and bonus levels and include non-compete provisions. The aggregate commitment for salaries under these agreements at September 30, 2021 was \$7,168.

**18. SUPPLEMENTAL CASH FLOW INFORMATION:**

Changes in working capital items as presented in the Consolidated Statements of Cash Flows consisted of the following:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Current assets:			
Accounts receivable	\$ (13,423)	\$ 24,055	\$ 8,779
Inventories	(12,839)	5,976	830
Other current assets	(15,618)	(14,803)	10,317
	<u>(41,880)</u>	<u>15,228</u>	<u>19,926</u>
Current liabilities:			
Trade accounts payable	29,621	8,363	3,715
Accrued compensation	10,791	15,512	(8,832)
Accrued income taxes	601	(2,384)	(5,416)
Other current liabilities	13,849	9,648	(21,875)
	<u>54,862</u>	<u>31,139</u>	<u>(32,408)</u>
Net change	<u>\$ 12,982</u>	<u>\$ 46,367</u>	<u>\$ (12,482)</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

*(Dollar amounts in thousands, except per share data)*

### 19. SEGMENT INFORMATION:

The Company manages its businesses under three segments: SGK Brand Solutions, Memorialization and Industrial Technologies. The SGK Brand Solutions segment consists of brand management, pre-media services, printing plates and cylinders, engineered products (including energy solutions), imaging services, digital asset management, merchandising display systems, and marketing and design services primarily for the consumer goods and retail industries. The Memorialization segment consists primarily of bronze and granite memorials and other memorialization products, caskets, and cremation and incineration equipment primarily for the cemetery and funeral home industries. The Industrial Technologies segment includes marking and coding equipment and consumables, industrial automation products and order fulfillment systems for identifying, tracking, picking and conveying consumer and industrial products. Effective in the first quarter of fiscal 2022, the Company transferred its surfaces and engineered products businesses from the SGK Brand Solutions segment to the Industrial Technologies segment. This business segment change is consistent with internal management structure and reporting changes effective for fiscal 2022.

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

In addition, the CODM manages and evaluates the operating performance of the segments, as described above, on a pre-corporate cost allocation basis. Accordingly, for segment reporting purposes, the Company does not allocate corporate costs to its reportable segments. Corporate costs include management and administrative support to the Company, which consists of certain aspects of the Company's executive management, legal, compliance, human resources, information technology (including operational support) and finance departments. These costs are included within "Corporate and Non-Operating" in the following table to reconcile to consolidated adjusted EBITDA and are not considered a separate reportable segment. Management does not allocate non-operating items such as investment income, other income (deductions), net and noncontrolling interest to the segments. The accounting policies of the segments are the same as those described in Note 2 "Summary of Significant Accounting Policies". Intersegment sales are accounted for at negotiated prices. Segment assets include those assets that are used in the Company's operations within each segment. Assets classified under "Corporate and Non-Operating" principally consist of cash and cash equivalents, investments, deferred income taxes and corporate headquarters' assets. Long-lived assets include property, plant and equipment (net of accumulated depreciation), goodwill, and other intangible assets (net of accumulated amortization).

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

*(Dollar amounts in thousands, except per share data)*

**19. SEGMENT INFORMATION, (continued)**

Information about the Company's segments follows:

	<b>SGK Brand Solutions</b>	<b>Memorialization</b>	<b>Industrial Technologies</b>	<b>Corporate and Non-Operating</b>	<b>Consolidated</b>
<b>Sales to external customers:</b>					
2021	\$ 726,895	\$ 769,016	\$ 175,119	\$ —	\$ 1,671,030
2020	693,093	656,035	149,178	—	1,498,306
2019	743,869	636,892	156,515	—	1,537,276
<b>Intersegment sales:</b>					
2021	55	—	—	—	55
2020	29	4	281	—	314
2019	703	25	48	—	776
<b>Depreciation and amortization:</b>					
2021	99,490	23,043	5,602	5,377	133,512
2020	87,597	20,527	5,771	5,163	119,058
2019	59,684	19,731	6,195	5,183	90,793
<b>Adjusted EBITDA:</b>					
2021	99,665	165,653	26,659	(64,227)	227,750
2020	90,644	146,285	22,753	(56,602)	203,080
2019	119,493	134,286	24,082	(56,989)	220,872
<b>Total assets:</b>					
2021	961,996	807,215	197,715	65,152	2,032,078
2020	1,014,097	779,886	192,948	85,702	2,072,633
2019	1,106,276	830,377	191,533	62,417	2,190,603
<b>Capital expenditures:</b>					
2021	19,117	11,969	1,278	1,949	34,313
2020	20,250	11,282	1,598	1,719	34,849
2019	22,310	9,352	2,382	3,644	37,688



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

*(Dollar amounts in thousands, except per share data)*

**19. SEGMENT INFORMATION, (continued)**

A reconciliation of adjusted EBITDA to net income follows:

	<b>2021</b>	<b>2020</b>	<b>2019</b>
Total Adjusted EBITDA	\$ 227,750	\$ 203,080	\$ 220,872
Acquisition related items <sup>(1)**</sup>	(541)	(3,440)	(10,084)
ERP integration costs <sup>(2)**</sup>	(1,037)	(2,296)	(7,508)
Strategic initiatives and other charges: <sup>(3)**</sup>			
Workforce reductions and related costs	(10,644)	(9,232)	(5,061)
Other cost-reduction initiatives	(17,317)	(25,718)	(9,176)
Legal matter reserve <sup>(4)</sup>	—	(10,566)	—
Non-recurring / incremental COVID-19 costs <sup>(5)***</sup>	(5,312)	(3,908)	—
Goodwill write-downs <sup>(6)</sup>	—	(90,408)	(77,572)
Net realized gains (losses) on divestitures and asset dispositions:			
Gain (loss) on sale of ownership interests in subsidiaries <sup>(7)</sup>	—	11,208	(6,469)
Realized loss on cost-method investments <sup>(8)</sup>	—	—	(4,731)
Net gains from the sale of buildings and vacant properties <sup>(9)</sup>	—	—	7,347
Joint Venture depreciation, amortization, interest expense and other charges <sup>(10)</sup>	—	(4,732)	(1,514)
Stock-based compensation	(15,581)	(8,096)	(7,729)
Non-service pension and postretirement expense <sup>(11)</sup>	(5,837)	(7,789)	(3,802)
Depreciation and amortization *	(133,512)	(119,058)	(90,793)
Interest expense	(28,684)	(34,885)	(40,962)
Net loss attributable to noncontrolling interests	(52)	(497)	(901)
Income (loss) before income taxes	9,233	(106,337)	(38,083)
Income tax (provision) benefit	(6,375)	18,685	(806)
Net income (loss)	\$ 2,858	\$ (87,652)	\$ (38,889)

<sup>(1)</sup> Includes certain non-recurring items associated with recent acquisition activities.

<sup>(2)</sup> Represents costs associated with global ERP system integration efforts.

<sup>(3)</sup> Includes certain non-recurring costs primarily associated with productivity and cost-reduction initiatives intended to result in improved operating performance, profitability and working capital levels.

<sup>(4)</sup> Represents a reserve established for a legal matter involving a letter of credit for a customer in Saudi Arabia within the Memorialization segment (see Note 9, "Long Term Debt").

<sup>(5)</sup> 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.

<sup>(6)</sup> Represents goodwill write-downs within the SGK Brand Solutions segment (see Note 21, "Goodwill and Other Intangible Assets").

<sup>(7)</sup> Represents the gain (loss) on the sale of ownership interests in subsidiaries within the Memorialization segment.

<sup>(8)</sup> Includes gains/losses related to cost-method investments, and related assets, within the SGK Brand Solutions and Memorialization segments.

<sup>(9)</sup> Includes significant building and vacant property transactions resulting in a gain of \$8,663 within the Industrial Technologies segment and losses of \$915 and \$401 within the SGK Brand Solutions and Memorialization segments, respectively.

<sup>(10)</sup> Represents the Company's portion of depreciation, intangible amortization, interest expense, and other non-recurring charges incurred by non-consolidated subsidiaries accounted for as equity-method investments within the Memorialization segment.

<sup>(11)</sup> Non-service pension and postretirement expense includes interest cost, expected return on plan assets, amortization of actuarial gains and losses, and curtailment 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 are excluded from Adjusted EBITDA since they generally result from certain non-recurring events, such as plan amendments to modify future benefits. 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 \$99,490, \$87,597, and \$59,684 for the SGK Brand Solutions segment, \$23,043, \$20,527, and \$19,731 for the Memorialization segment, \$5,602, \$5,771, and \$6,195 for the Industrial Technologies segment, and \$5,377, \$5,163, and \$5,183 for Corporate and Non-Operating, for the fiscal years ended September 30, 2021, 2020, and 2019, respectively.

\*\* Acquisition costs, ERP integration costs, and strategic initiatives and other charges were \$16,349, \$14,737, and \$8,903 for the SGK Brand Solutions segment and \$11,267, \$22,985, and \$19,853 for Corporate and Non-Operating, for the fiscal years ended September 30, 2021, 2020, and 2019, respectively. Acquisition costs, ERP integration costs, and strategic initiatives and other charges were \$1,923 and \$2,696 for the Memorialization segment for the fiscal years ended September 30, 2021, and 2020, respectively. Acquisition costs, ERP integration costs, and strategic initiatives and other charges were \$268 and \$3,073 for the Industrial Technologies segment for the fiscal years ended September 30, 2020 and 2019, respectively.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

*(Dollar amounts in thousands, except per share data)*

**19. SEGMENT INFORMATION, (continued)**

\*\*\* Non-recurring/incremental COVID-19 costs were \$1,563 and \$1,453 for the SGK Brand Solutions segment, \$3,646 and \$1,819 for the Memorialization segment, \$14 and \$21 for the Industrial Technologies segment, and \$89 and \$615 for Corporate and Non-Operating, for the fiscal years ended September 30, 2021 and 2020, respectively.

Information about the Company's operations by geographic area follows:

	<b>North America</b>	<b>Central and South America</b>	<b>Europe</b>	<b>Australia</b>	<b>Asia</b>	<b>Consolidated</b>
<b>Sales to external customers:</b>						
2021	\$ 1,141,396	\$ 5,036	\$ 446,274	\$ 23,568	\$ 54,756	\$ 1,671,030
2020	1,037,705	6,304	387,831	21,079	45,387	1,498,306
2019	1,038,268	5,853	426,253	20,885	46,017	1,537,276
<b>Long-lived assets:</b>						
2021	890,545	14,226	277,655	21,012	55,598	1,259,036
2020	957,393	14,063	286,990	21,746	55,482	1,335,674
2019	1,047,505	15,585	342,802	21,278	57,729	1,484,899

**20. ACQUISITIONS AND DIVESTITURES:**

**Fiscal 2021:**

In April 2021, the Company completed a small acquisition in the hydrogen fuel cell industry within the SGK Brand Solutions segment for a purchase price of \$2,523 (net of cash acquired and holdback amounts). The preliminary purchase price allocation is not finalized as of September 30, 2021 and is subject to changes as the Company finalizes the valuation of acquired intangible assets, and obtains additional information related to other assets and liabilities.

In January 2021, the Company acquired a memorialization business that produces and distributes cemetery products for a purchase price of \$13,100. The Company finalized the allocation of the purchase price in the fourth quarter of fiscal 2021, resulting in an immaterial adjustment to certain working capital accounts.

**Fiscal 2020:**

During fiscal 2020, the Company completed a small acquisition in the Memorialization segment for a purchase price of \$1,000 (net of cash acquired and holdback amounts). The Company finalized the allocation of the purchase price in the fourth quarter of fiscal 2021, resulting in an immaterial adjustment to certain working capital accounts.

**Fiscal 2019:**

On November 1, 2018 the Company acquired 80% ownership of Frost Converting Systems, Inc. ("Frost") for a purchase price of approximately \$7,162 (net of cash acquired and holdback amounts). Frost is a leading global supplier of high-performance rotary dies for embossing, creasing and cutting of paperboard packaging and is included in the Company's SGK Brand Solutions segment. The Company finalized the allocation of the purchase price related to the Frost acquisition in the fourth quarter of fiscal 2019, resulting in an immaterial adjustment to certain working capital accounts.

During fiscal 2019, the Company completed small acquisitions in the Memorialization segment for a combined purchase price of \$3,094 (net of cash acquired and holdback amounts). The Company finalized the purchase price allocations related to these acquisitions in the first quarter of fiscal 2020, resulting in an immaterial adjustment to certain working capital accounts.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

*(Dollar amounts in thousands, except per share data)*

**20. ACQUISITIONS AND DIVESTITURES, (continued)**

During fiscal 2019, the Company completed the sale of a 51% ownership interest in a Memorialization business. Net proceeds from this sale totaled approximately \$8,254, and the transaction resulted in the recognition of a \$5,587 loss, which is included as a component of administrative expenses for the year ended September 30, 2019. Immediately following the transaction, the Company retained a non-controlling interest in this business. The Company also divested of a small, fully owned Memorialization business, resulting in the recognition of a \$882 loss, which is included as a component of administrative expenses for the year ended September 30, 2019.

**21. GOODWILL AND OTHER INTANGIBLE ASSETS:**

Changes to goodwill during the years ended September 30, 2021 and 2020, follow.

	<b>SGK Brand Solutions</b>	<b>Memorialization</b>	<b>Industrial Technologies</b>	<b>Consolidated</b>
Net goodwill at September 30, 2019	\$ 395,704	\$ 359,737	\$ 91,366	\$ 846,807
Translation and other adjustments	6,441	1,945	603	8,989
Goodwill write-down	(90,408)	—	—	(90,408)
Net goodwill at September 30, 2020	<u>311,737</u>	<u>361,682</u>	<u>91,969</u>	<u>765,388</u>
Additions during period	—	4,775	—	4,775
Translation and other adjustments	3,113	(97)	608	3,624
Net goodwill at September 30, 2021	<u>\$ 314,850</u>	<u>\$ 366,360</u>	<u>\$ 92,577</u>	<u>\$ 773,787</u>

The net goodwill balances at September 30, 2021 and 2020 included \$178,732 of accumulated impairment losses. Accumulated impairment losses at September 30, 2021 and 2020 were \$173,732 and \$5,000 for the SGK Brand Solutions and Memorialization segments, respectively.

**Fiscal 2021:**

In fiscal 2021, the additions to SGK Brand Solutions goodwill and Memorialization goodwill reflect acquisitions of small businesses within each segment.

The Company performed its annual impairment review of goodwill and indefinite-lived intangible assets in the second quarter of fiscal 2021 (January 1, 2021) 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 Graphics Imaging reporting unit, within the SGK Brand Solutions segment, exceeded the carrying value (expressed as a percentage of carrying value) by approximately 5%. If current projections are not achieved or specific valuation factors outside the Company's control (such as discount rates and continued economic and industry impacts of COVID-19) significantly change, goodwill write-downs may be necessary in future periods.

**Fiscal 2020:**

On January 30, 2020, the World Health Organization declared an outbreak of COVID-19 to be a Public Health Emergency of International Concern, and subsequently recognized COVID-19 as a global pandemic in March 2020. Widespread efforts have been deployed by multiple countries around the world to prevent the virus from spreading, including temporary closures of non-essential businesses, event cancellations, travel restrictions, quarantines, and other disruptive actions. Substantially all of the Company's operations have remained open during the COVID-19 pandemic, as they have been considered "essential" businesses during this time. However, the Company has experienced some commercial impact and business disruptions in certain segments and geographic locations as a result of COVID-19.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

*(Dollar amounts in thousands, except per share data)*

**21. GOODWILL AND OTHER INTANGIBLE ASSETS, (continued)**

In its assessment of the potential impacts of COVID-19 on the estimated future earnings and cash flows for the SGK Brand Solutions segment, and in light of the limited excess fair values over carrying values for its two reporting units, management determined that COVID-19 represented a triggering event, resulting in a re-evaluation of the goodwill for its reporting units within the SGK Brand Solutions segment (Graphics Imaging and Cylinders, Surfaces and Engineered Products), as of March 31, 2020. As a result of this interim assessment, the Company recorded a goodwill write-down totaling \$90,408 during the fiscal 2020 second quarter. Subsequent to this write-down, the fair values of the two reporting units within the SGK Brand Solutions segment (Graphics Imaging and Cylinders, Surfaces and Engineered Products) approximated their carrying values at March 31, 2020. The fair values for these reporting units were determined using level 3 inputs (including estimates of revenue growth, EBITDA contribution and the discount rates) and a combination of the income approach using the estimated discounted cash flows and a market-based valuation methodology.

**Fiscal 2019:**

During the fourth quarter of fiscal 2019, the Company initiated an in-depth review of the commercial and cost structure of the SGK Brand Solutions segment as a result of continued challenging market conditions affecting the segment. This review identified certain opportunities to improve the segment's profitability and reduce its operating cost structure and, as a result, the Company revised its estimates of future earnings and cash flows for the Graphics Imaging reporting unit. In response to these revised projections, the Company re-evaluated the goodwill for the Graphics Imaging reporting unit, as of September 1, 2019. As a result of this interim assessment, the Company recorded a goodwill write-down of \$77,600 during the fiscal 2019 fourth quarter.

The following tables summarize the carrying amounts and related accumulated amortization for intangible assets as of September 30, 2021 and 2020, respectively.

	<u>Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net</u>
<b>September 30, 2021</b>			
Indefinite-lived trade names	\$ 30,540	\$ —	\$ 30,540
Definite-lived trade names	148,867	(104,211)	44,656
Customer relationships	388,699	(210,361)	178,338
Copyrights/patents/other	23,584	(15,576)	8,008
	<u>\$ 591,690</u>	<u>\$ (330,148)</u>	<u>\$ 261,542</u>
<b>September 30, 2020</b>			
Indefinite-lived trade names	\$ 30,540	\$ —	\$ 30,540
Definite-lived trade names	148,867	(64,462)	84,405
Customer relationships	379,246	(166,892)	212,354
Copyrights/patents/other	20,704	(14,505)	6,199
	<u>\$ 579,357</u>	<u>\$ (245,859)</u>	<u>\$ 333,498</u>

The net change in intangible assets during fiscal 2021 included the impact of foreign currency fluctuations during the period, additional amortization and additions related to current year acquisitions.

During the second quarter of fiscal 2021, the Company reassessed the useful lives for certain of its customer relationships. As a result of this reassessment, the Company reduced the remaining useful lives for these customer relationships to reflect their estimated remaining duration, utilizing actual historical customer attrition rates.

During fiscal 2019, the Company reassessed its trade name strategy for the SGK Brand Solutions segment, in conjunction with an overall assessment and shift of its commercial structure and strategy for this segment, and initiated a plan to reduce its global trade names for its core brand solutions businesses. As a result of this change, the Company began to discontinue the use of certain trade names within the SGK Brand Solutions segment. Accordingly, the remaining useful lives of the impacted trade names were reduced to reflect the Company's brand migration plans and an estimated time period for the discontinued trade names to be classified as defensive assets.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

*(Dollar amounts in thousands, except per share data)*

### 21. GOODWILL AND OTHER INTANGIBLE ASSETS, (continued)

Amortization expense on intangible assets was \$84,233, \$71,514, and \$45,756 in fiscal 2021, 2020 and 2019, respectively. Fiscal year amortization expense is estimated to be approximately \$57,569 in 2022, \$41,064 in 2023, \$35,505 in 2024, \$19,711 in 2025 and \$14,686 in 2026. The accelerated amortization related to the fiscal 2019 reduction in useful lives for certain discontinued trade names is scheduled to continue through the first quarter of fiscal 2022.

### 22. SUBSEQUENT EVENT:

In November 2021, subsequent to the date of the balance sheet, the Company contributed \$20,000 to the DB Plan. Also in November 2021, lump sum distributions of \$178,230 from the DB Plan were made to plan participants, resulting in the settlement of a substantial portion of the DB Plan obligations. This settlement of the DB Plan obligations is expected to result in the recognition of a non-cash charge in excess of \$30,000 in the first quarter of fiscal 2022. This amount represents the immediate recognition of a portion of the deferred AOCI balances related to the DB Plan, and is based on current estimates as of September 30, 2021. See Note 14, "Pension and Other Postretirement Plans" for further discussion.

**FINANCIAL STATEMENT SCHEDULE**

**SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS**

<b>Description</b>	<b>Balance at Beginning of Period</b>	<b>Additions</b>		<b>Deductions <sup>(2)</sup></b>	<b>Balance at End of Period</b>
		<b>Charged to Expense</b>	<b>Charged to other Accounts <sup>(1)</sup></b>		

*(Dollar amounts in thousands)*

**Allowance for Doubtful Accounts:**

Fiscal Year Ended:

September 30, 2021	\$ 9,618	\$ 2,182	\$ —	\$ (1,146)	\$ 10,654
September 30, 2020	10,846	1,736	15	(2,979)	9,618
September 30, 2019	11,158	2,787	20	(3,119)	10,846

<sup>(1)</sup> Amount comprised principally of acquisitions and purchase accounting adjustments in connection with acquisitions, and amounts reclassified to other accounts.

<sup>(2)</sup> Amounts determined not to be collectible (including direct write-offs), net of recoveries.

<b>Description</b>	<b>Balance at Beginning of Period</b>	<b>Provision Charged To Expense <sup>(1)</sup></b>	<b>Allowance Changes</b>	<b>Other Additions (Deductions) <sup>(2)</sup></b>	<b>Balance at End of Period</b>
--------------------	---------------------------------------	--	--------------------------	--	---------------------------------

*(Dollar amounts in thousands)*

**Deferred Tax Asset Valuation Allowance:**

Fiscal Year Ended:

September 30, 2021	\$ 22,527	\$ 5,709	\$ —	\$ 383	\$ 28,619
September 30, 2020	15,352	6,982	—	193	22,527
September 30, 2019	15,188	821	—	(657)	15,352

<sup>(1)</sup> Amounts relate primarily to adjustments in net operating loss carryforwards which are precluded from use.

<sup>(2)</sup> Consists principally of adjustments related to foreign exchange.

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.**

None.

**ITEM 9A. CONTROLS AND PROCEDURES.**

**(a) Evaluation of Disclosure 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 (the "Exchange Act")) are designed to provide reasonable assurance that information required to be disclosed in the Company's reports filed under the Exchange Act, such as this Annual Report on Form 10-K, are recorded, processed, summarized and reported within the time periods specified in the rules of the Securities and Exchange Commission ("SEC"). 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 Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures in effect as of September 30, 2021. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2021, 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, processed, 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 Annual Report on Form 10-K.

**(b) Management's Report on Internal Control over Financial Reporting.**

Management's Report on Internal Control over Financial Reporting is included in Management's Report to Shareholders in Item 8 of this Annual Report on Form 10-K.

**(c) Report of Independent Registered Public Accounting Firm.**

The Company's internal control over financial reporting as of September 30, 2021 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included in Item 8 of this Annual Report on Form 10-K.

**(d) Changes in Internal Control over Financial Reporting.**

There have been no changes in the Company's internal controls over financial reporting that occurred during the fourth fiscal quarter ended September 30, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

**ITEM 9B. OTHER INFORMATION.**

None.

## **PART III**

### **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.**

In addition to the information reported in Part I of this Annual Report on Form 10-K, under the caption "Officers and Executive Management of the Registrant," the information required by this item as to the directors of the Company is hereby incorporated by reference from the information appearing under the captions "General Information Regarding Corporate Governance – Audit Committee," "Proposal No. 1 – Elections of Directors" and "Delinquent Section 16(a) Reports" (if applicable) in the Company's definitive proxy statement, which involves the election of the directors and is to be filed with the Securities and Exchange Commission (the "SEC") pursuant to the Exchange Act, within 120 days of the end of the Company's fiscal year ended September 30, 2021.

The Company's Code of Ethics Applicable to Executive Management is set forth in Exhibit 14.1 hereto. Any amendment to the Company's Code of Ethics or waiver of the Company's Code of Ethics for senior financial officers, executive officers or directors will be posted on the Company's website within four business days following the date of the amendment or waiver, and such information will remain available on the website for at least a twelve-month period.

### **ITEM 11. EXECUTIVE COMPENSATION.**

The information required by this item as to the compensation of directors and executive management of the Company is hereby incorporated by reference from the information appearing under the captions "Compensation of Directors" and "Executive Compensation and Retirement Benefits" in the Company's definitive proxy statement which involves the election of directors and is to be filed with the SEC pursuant to the Exchange Act, within 120 days of the end of the Company's fiscal year ended September 30, 2021. The information contained in the "Compensation Committee Report" is specifically not incorporated herein by reference.

### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.**

The information required by this item as to the ownership by management and others of securities of the Company is hereby incorporated by reference from the information appearing under the caption "Stock Ownership" in the Company's definitive proxy statement, which involves the election of directors and is to be filed with the SEC pursuant to the Exchange Act, within 120 days of the end of the Company's fiscal year ended September 30, 2021.

#### **Equity Compensation Plans:**

The Company maintains an equity incentive plan (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. The Company also maintains equity incentive plans (the "2012 Equity Incentive Plan" and "2007 Equity Incentive Plan") and a stock incentive plan (the "1992 Incentive Stock Plan") that previously provided for grants of stock options, restricted shares, stock-based performance units and certain other types of stock-based awards. Under the 2017 Equity Incentive Plan, which has a ten-year term, the maximum number of shares available for grants or awards is an aggregate of 1,700,000. There will be no further grants under the 2012 Equity Incentive Plan, the 2007 Equity Incentive Plan, or the 1992 Incentive Stock Plan. In November 2021, the Board of Directors approved the Amended and Restated 2017 Equity Incentive Plan (the "Amended 2017 Plan"), which increases the maximum number of shares available for grants or awards to an aggregate of 3,450,000. The Amended 2017 Plan is subject to shareholder approval at the February 2022 Annual Shareholder Meeting. At September 30, 2021, 37,640 shares have been issued under the 2017 Equity Incentive Plan. 478,963 time-based restricted share units, 585,947 performance-based restricted share units, and 75,000 stock options have been granted under the 2017 Equity Incentive Plan. 1,087,445 of these share-based awards are outstanding as of September 30, 2021. All plans are administered by the Compensation Committee of the Board of Directors.

With respect to the restricted share grants, generally one-half of the shares vest on the third anniversary of the grant, one-quarter of the shares vest in one-third increments upon the attainment of pre-defined levels of adjusted earnings per share, and the remaining one-quarter of the shares vest in one-third increments upon attainment of pre-defined levels of appreciation in the market value of the Company's Class A Common Stock. Additionally, restricted shares cannot vest until the first anniversary of the grant date. Unvested restricted shares generally expire on the earlier of three or five years from the date of grant, upon employment termination, or within specified time limits following voluntary employment termination (with the consent of the Company), retirement or death. The Company issues restricted shares from treasury shares.



**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT, continued**

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 42% 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 vested.

With respect to outstanding stock option grants, 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.

The Company maintains the 2019 Director Fee Plan, the Amended and Restated 2014 Director Fee Plan and the 1994 Director Fee Plan (collectively, the "Director Fee Plans"). There will be no further fees or share-based awards granted under the Amended and Restated 2014 Director Fee Plan and the 1994 Director Fee Plan. Under the 2019 Director Fee Plan, non-employee directors (except for the Chairman of the Board) each receive, as an annual retainer fee for fiscal 2021, either cash or shares of the Company's Class A Common Stock with a value equal to \$85,000. The annual retainer fee for fiscal 2021 paid to a non-employee Chairman of the Board is \$185,000. Where the annual retainer fee is provided in shares, each director may elect to be paid these shares on a current basis or have such shares credited to a deferred stock account as phantom stock, with such shares to be paid to the director subsequent to leaving the Board. The total number of shares of stock that have been authorized to be issued under the 2019 Director Fee Plan or credited to a deferred stock compensation account for subsequent issuance is 150,000 shares of Common Stock (subject to adjustment upon certain events such as stock dividends or stock splits). The value of deferred shares is recorded in other liabilities. A total of 38,657 shares and share units had been deferred under the Director Fee Plans at September 30, 2021. 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 \$125,000 for fiscal year 2021. As of September 30, 2021, 271,807 restricted shares and restricted share units have been granted under the Director Fee Plans, 98,578 of which were issued under the 2019 Director Fee Plan. 74,639 restricted shares and restricted share units are unvested at September 30, 2021.

The following table provides information about grants under the Company's equity compensation plans as of September 30, 2021:

Plan category	Equity Compensation Plan Information		
	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	113,657 <sup>(1)</sup>	\$ 41.70 <sup>(2)</sup>	3,185,283 <sup>(3)</sup>
Equity compensation plans not approved by security holders	None	None	None
<b>Total</b>	<b>113,657</b>	<b>\$ 41.70</b>	<b>3,185,283</b>

<sup>(1)</sup> Includes (1) deferred awards under Director Fee Plans; and (2) outstanding stock options.

<sup>(2)</sup> Weighted-average exercise price of outstanding stock options included in column (a).

<sup>(3)</sup> Includes (1) shares reserved under the 2017 Equity Incentive Plan, which provides for the grant or award of stock options, restricted shares, stock-based performance units and certain other types of stock based awards; (2) shares reserved under the 2019 Director Fee Plan, which provides for the grant, award or deferral of stock options, restricted shares, stock-based performance units and certain other types of stock based awards and compensation; and (3) the shares purchased under the Employee Stock Purchase Plan which are purchased in the open market by employees at the fair market value of the Company's stock. The Company provides a matching contribution of 10% of such purchases subject to certain limitations under the Employee Stock Purchase Plan. As the Employee Stock Purchase Plan is an open market purchase plan, it does not have a dilutive effect.

**ITEM 13. CERTAIN RELATIONSHIPS, RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.**

The information required by this item as to certain relationships and transactions with management and other related parties of the Company is hereby incorporated by reference from the information appearing under the captions "Proposal No. 1 – Election of Directors" and "Certain Transactions" in the Company's definitive proxy statement, which involves the election of directors and is to be filed with the SEC pursuant to the Exchange Act, within 120 days of the end of the Company's fiscal year ended September 30, 2021.

**ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.**

The information required by this item as to the fees billed and the services provided by the principal accounting firm of the Company is hereby incorporated by reference from the information appearing under the caption "Relationship with Independent Registered Public Accounting Firm" in the Company's definitive proxy statement, which involves the election of directors and is to be filed with the SEC pursuant to the Exchange Act within 120 days of the end of the Company's fiscal year ended September 30, 2021.

## PART IV

### ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

#### (a) 1. Financial Statements:

The following items are included in Part II, Item 8:

	<u>Pages</u>
Management's Report to Shareholders	<a href="#">35</a>
Report of Independent Registered Public Accounting Firm	<a href="#">36</a>
Report of Independent Registered Public Accounting Firm	<a href="#">37</a>
Consolidated Balance Sheets as of September 30, 2021 and 2020	<a href="#">39</a>
Consolidated Statements of Income (Loss) for the years ended September 30, 2021, 2020 and 2019	<a href="#">41</a>
Consolidated Statements of Comprehensive Income (Loss) for the years ended September 30, 2021, 2020 and 2019	<a href="#">42</a>
Consolidated Statements of Shareholders' Equity for the years ended September 30, 2021, 2020 and 2019	<a href="#">43</a>
Consolidated Statements of Cash Flows for the years ended September 30, 2021, 2020 and 2019	<a href="#">44</a>
Notes to Consolidated Financial Statements	<a href="#">45</a>

#### 2. Financial Statement Schedules:

The following item is included in Part II, Item 8:

Schedule II - Valuation and Qualifying Accounts	<a href="#">78</a>
---	--------------------

#### 3. Exhibits Filed:

Exhibits Index	<a href="#">84</a>
----------------	--------------------

**MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES**  
**EXHIBITS INDEX**

The following Exhibits to this report are filed herewith or, if marked with an asterisk (\*), are incorporated by reference. Exhibits marked with an "a" represent a management contract or compensatory plan, contract or arrangement required to be filed by Item 601(b)(10)(iii) of Regulation S-K.

<u>Exhibit No.</u>	<u>Description</u>	<u>Prior Filing or Sequential Page Numbers Herein</u>
3.1	Restated Articles of Incorporation*	Exhibit Number 3.1 to the Annual Report on Form 10-K for the year ended September 30, 1994
3.2	<a href="#">Restated By-laws, as amended January 8, 2021</a> *	Exhibit Number 3.1 to the Current Report on Form 8-K filed on January 14, 2021
4.1 a	Form of Revised Option Agreement of Repurchase (effective October 1, 1993)*	Exhibit Number 4.5 to the Annual Report on Form 10-K for the year ended September 30, 1993
4.2	Form of Share Certificate for Class A Common Stock*	Exhibit Number 4.9 to the Annual Report on Form 10-K for the year ended September 30, 1994
4.3	<a href="#">Indenture, dated as of December 6, 2017, by and among Matthews, the Guarantors, and the Bank of New York Mellon Trust Company, as trustee</a> *	Exhibit Number 4.1 to the Current Report on Form 8-K filed on December 7, 2017
4.4	<a href="#">5.25% Senior Notes due December 1, 2025</a> *	Exhibit Number 4.2 to the Current Report on Form 8-K filed on December 7, 2017
4.5	<a href="#">Registration Rights Agreement</a> *	Exhibit Number 10.1 to the Current Report on Form 8-K filed on September 25, 2020
4.6	<a href="#">Description of Securities</a> *	Exhibit 4.6 to the Annual Report on Form 10-K for the year ended September 30, 2020
10.1	<a href="#">Shareholder's Agreement, dated as of March 16, 2014, by and among Matthews International Corporation, the Shareholders named therein and David A. Schawk, in his capacity as the Family Representative</a> *	Exhibit Number 10.2 to the Current Report on Form 8-K filed on March 19, 2014
10.2 a	<a href="#">Form of Schawk Family Share Purchase Agreement</a> *	Exhibit Number 10.1 to the Current Report on Form 8-K filed on May 16, 2016
10.3 a	<a href="#">Supplemental Retirement Plan (as amended through April 23, 2009)</a> *	Exhibit Number 10.5 to the Annual Report on Form 10-K for the year ended September 30, 2010
10.4 a	<a href="#">Amendment to the Supplemental Retirement Plan</a>	Filed herewith
10.5 a	<a href="#">Officers Retirement Restoration Plan (effective April 23, 2009)</a> *	Exhibit Number 10.6 to the Annual Report on Form 10-K for the year ended September 30, 2009
10.6 a	<a href="#">Amendment to the Officers Retirement Restoration Plan</a>	Filed herewith
10.7 a	<a href="#">1994 Director Fee Plan (as amended through April 22, 2010)</a> *	Exhibit Number 10.7 to the Annual Report on Form 10-K for the year ended September 30, 2013

**MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES**  
**EXHIBITS INDEX, Continued**

<b>Exhibit No.</b>	<b>Description</b>	<b>Prior Filing or Sequential Page Numbers Herein</b>
10.8 a	<a href="#">Amended and Restated 2014 Director Fee Plan*</a>	Exhibit Number 10.1 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2017
10.9 a	<a href="#">1994 Employee Stock Purchase Plan*</a>	Exhibit Number 10.2 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 1995
10.10 a	<a href="#">2012 Equity Incentive Plan*</a>	Exhibit A to the Definitive Proxy Statement on Schedule 14A filed on January 22, 2013
10.11 a	<a href="#">2015 Incentive Compensation Plan*</a>	Exhibit A to the Definitive Proxy Statement on Schedule 14A filed on January 19, 2016
10.12 a	<a href="#">2017 Equity Incentive Plan*</a>	Exhibit Number 99.1 to the Registration Statement on Form S-8 filed on May 3, 2019
10.13 a	<a href="#">Form of Restricted Stock Unit Agreement under the 2017 Equity Incentive Plan*</a>	Exhibit Number 99.2 to the Registration Statement on Form S-8 filed on May 3, 2019
10.14 a	<a href="#">2019 Director Fee Plan*</a>	Exhibit Number 99.3 to the Registration Statement on Form S-8 filed on May 3, 2019
10.15 a	<a href="#">Form of Restricted Stock Unit Agreement under the 2019 Director Fee Plan*</a>	Exhibit Number 99.4 to the Registration Statement on Form S-8 filed on May 3, 2019
10.16 a	<a href="#">Form of Change in Control Agreement*</a>	Exhibit Number 10.1 to Current Report on Form 8-K filed on October 3, 2019
10.17	<a href="#">Third Amended and Restated Loan Agreement*</a>	Exhibit Number 10.1 to the Current Report on Form 8-K filed on March 30, 2020
10.18	<a href="#">First Amendment to Third Amended and Restated Loan Agreement*</a>	Exhibit Number 10.1 to the Quarterly Report on Form 10-Q filed on April 30, 2021
14.1	<a href="#">Form of Code of Ethics Applicable to Executive Management*</a>	Exhibit Number 14.1 to the Annual Report on Form 10-K for the year ended September 30, 2004
21	<a href="#">Subsidiaries of the Registrant</a>	Filed Herewith
23.1	<a href="#">Consent of Independent Registered Public Accounting Firm</a>	Filed Herewith
31.1	<a href="#">Certification of Principal Executive Officer for Joseph C. Bartolacci</a>	Filed Herewith
31.2	<a href="#">Certification of Principal Financial Officer for Steven F. Nicola</a>	Filed Herewith
32.1	<a href="#">Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of Joseph C. Bartolacci</a>	Furnished Herewith

**MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES**  
**EXHIBITS INDEX, Continued**

<b>Exhibit No.</b>	<b>Description</b>	<b>Prior Filing or Sequential Page Numbers Herein</b>
32.2	<a href="#"><u>Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of Steven F. Nicola</u></a>	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

Copies of any Exhibits will be furnished to shareholders upon written request. Requests should be directed to Mr. Steven F. Nicola, Chief Financial Officer and Secretary of the Registrant.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on November 19, 2021.

**MATTHEWS INTERNATIONAL CORPORATION**

(Registrant)

By **/s/ Joseph C. Bartolacci**

Joseph C. Bartolacci

President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on November 19, 2021:

**/s/ Joseph C. Bartolacci**

Joseph C. Bartolacci

President and Chief Executive Officer

(Principal Executive Officer)

**/s/ Steven F. Nicola**

Steven F. Nicola

Chief Financial Officer and Secretary

(Principal Financial and Accounting Officer)

**/s/ John D. Turner**

John D. Turner, Chairman of the Board

**/s/ Alvaro Garcia-Tunon**

Alvaro Garcia-Tunon, Director

**/s/ Gregory S. Babe**

Gregory S. Babe, Director

**/s/ Morgan K. O'Brien**

Morgan K. O'Brien, Director

**/s/ Katherine E. Dietze**

Katherine E. Dietze, Director

**/s/ Don W. Quigley, Jr.**

Don W. Quigley, Jr., Director

**/s/ Terry L. Dunlap**

Terry L. Dunlap, Director

**/s/ David A. Schawk**

David A. Schawk, Director

**/s/ Lillian D. Etkorn**

Lillian D. Etkorn, Director

**/s/ Jerry R. Whitaker**

Jerry R. Whitaker, Director