Matthews INTERNATIONAL®

Operator: Greetings and welcome to the Matthews International Fourth Quarter and Year-End Fiscal 2024 Financial Results.

At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. If anyone today should require operator assistance, please press star, zero from your telephone keypad. As a reminder, this conference is being recorded.

It is now my pleasure to introduce Steve Nicola, Chief Financial Officer. Steve, you may begin.

Steven Nicola, *Chief Financial Officer and Secretary.* Thank you, Rob. Good morning. I'm Steve Nicola, Chief Financial Officer of Matthews, and with me today is Joe Bartolacci, our company's President and Chief Executive Officer.

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

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

In addition, we will be discussing non-GAAP financial metrics and encourage you to read our disclosures and reconciliation tables carefully as you consider these metrics in connection with any forward-looking statements and non-GAAP financial information. Please read the disclaimer included in today's presentation materials located on our website.

Now, I will turn the call over to Joe.

Joseph Bartolacci, *President and Chief Executive Officer.* Thank you, Steve. Good morning.

Fiscal 2024 was a challenging year for several of our business units, driven by economic conditions and legal events outside of our control. With that said, we were quite pleased with the performance of our larger businesses, Memorialization and SGK that continued to demonstrate the Company's resilience as well as our employees' commitment.

Our Industrial Technologies segment continued to experience slow shipments and installations for our energy storage products in addition to soft demand for warehouse solutions, though we do expect the market environment for warehouse solutions to improve in 2025.

Consolidated sales and Adjusted EBITDA came in as expected, but lower on a year-over-year basis. Overall, we reported $447 million in consolidated sales in the fiscal 2024 fourth quarter compared to $480 million in the fourth quarter of fiscal 2023. Adjusted EBITDA for the fourth quarter of 2024 was $58 million and in line with our expectations.

For the full year, we reported $1.8 billion in consolidated sales and met our revised guidance target of $205 million of Adjusted EBITDA. Before providing a more detailed discussion of our business performance in the quarter, let me touch on several of our key strategic priorities as we started fiscal 2024.

At SGK, our team had been contending with an extended period of softness in the European brand market in addition to regional regulatory changes that impacted comparability in the business. I'm pleased to see the steady improvement in the business which has now stabilized and, in the fourth quarter, resulted in SGK reporting a third consecutive quarter of higher sequential sales and good margins. A steady diet of cost control, price improvements and growth in the APAC region have proven to be the cure. Additionally, transitioning to an ecommerce digital marketing platform not only set us apart from our market peers, but also led to an increase in revenues and organic business opportunities that position us well for 2025 and beyond.

Memorialization has been the bedrock of our company and continues to outperform despite the normalization of casketed deaths post COVID. The business has benefited from pricing actions and several small tuck-in acquisitions while delivering on cremation and mausoleum-related products that we believe exemplifies the diversity of this segment. Cost control measures taken during the fiscal year also contributed to an improvement in operating margins.

For the fiscal year, the business reported $163 million in Adjusted EBITDA, compared to $146 million for the fiscal year ending 2020 at the peak of the pandemic.

Now let's move on to Industrial Technologies beginning with the Product Identification business, which continued to perform well. This business grew in the fourth quarter, benefiting from pricing actions taken earlier in the year. Given our current product mix, our sales in North America were quite strong, driven by a strong construction market, a market where we have highly competitive offerings.

We came into the year fiercely determined to make inroads in bringing our new printed product, Axian, to market. I'm pleased with the progress that we've made here, and we are now preparing to launch the product in the latter half of fiscal 2025. Beta testing of the product has gone better than expected and we look forward to sharing more details with you as we get closer to the product launch. In addition to the Axian product, we also launched a new line of lasers in the second half of the year and now have orders coming in and shipping has commenced.

As discussed on earlier calls, our Warehouse Automation business faced headwinds during the year as demand fell due to customer uncertainty about the economy and higher interest rates. However, over the last two quarters of the year, market sentiment began to shift and quoting activity picked up in volume and in size. Recently, there has been related news that some of the larger, well-known distribution networks were starting to invest again, supporting our thesis of a return to a higher activity level for the automation market.

We also won orders from several new accounts in Europe, justifying our decision to expand our presence in that region. As a result, our outlook for fiscal 2025 is cautiously optimistic as we expect the demand recovery to have a slow start, resulting in meaningful revenue impact sometime in the latter part of fiscal 2025 and into 2026.

Finally, let's talk about the Energy Solutions business where most of the attention has been directed over the last few quarters. Most of you on this call are aware of Tesla's complaint against Matthews, filed in June of this year. The federal judge in that proceeding has ordered that the proper jurisdiction for the claims begins in arbitration as required by the agreement between the parties.

As I have said before, Tesla's claims are meritless and have been filed in a public forum for the sole purpose of bringing pressure on us to relinquish our technology. Ironically, their claim, in our opinion, validates the relevance and importance of our energy storage business due to the value they have ascribed to our solutions – a value that has never been recognized by the market when assessing our consolidated valuation. More industry players are now aware of our proprietary engineered solutions and the significant cost reduction benefits that can be derived by implementing them. Since the claim was filed, we have taken

cautious steps to offset any impact to our bottom line and, as a result, are now better positioned, both financially and operationally, to lead the ongoing transition to electric vehicles once this matter is resolved.

We have long been developing advanced calendaring solutions for next-gen equipment for both the lithium-ion battery space as well as the hydrogen fuel cell space. As evidence of our continued innovation, we recently received a U.S. patent directed to systems for manufacturing dry battery electrodes for energy storage devices using our innovative calendaring technology. The newly issued patent stems from a patent application that was filed in early 2019 and becomes a part of the significant intellectual property we have developed in this space.

On a year-over-year basis, Energy business revenues were significantly down in the fourth quarter, reflecting the impact of slower-than-expected customer deliveries which continue but not as originally anticipated. We expect deliveries to be substantially completed in fiscal 2025.

Just a quick word on our previously announced cost reduction program. It is now underway and, as a result, we took some charges in the quarter, but we are overall quite satisfied with the outcome so far. We have exited less profitable operations and begun the process of selling the related assets which we expect to go on throughout this year.

Moving on to the balance sheet, in an ongoing effort to provide certainty around our financing earlier this year, we renewed and extended our revolving credit facility through 2029. Recently, we also refinanced our senior notes that were due to mature in December of next year. As part of our new senior notes, we structured in a one-year call option that provides us significant flexibility to lower our cost of capital in the event that interest rates continue to decrease and provides us flexibility to achieve our strategic goals. Also, as part of our ongoing focus on debt reduction, and despite the elevated levels of working capital related to our Energy Solutions business, we reduced our debt by over $50 million during the fourth quarter.

We enter the new fiscal year focused on continuing to identify ways to create value throughout all of our business segments, including accretive tuck-in acquisitions and non-core divestitures that we believe will drive stronger financial performance and cash generation. We expect another solid year of results in 2025 from our Memorialization business and continued growth by the SGK segment. We also expect our Product Identification business to benefit from the Axian launch as well as a full-year of results from the new laser product that was launched earlier this year. And as I mentioned earlier, we expect a strong recovery in our Warehouse Automation solutions business as the market picks up. Consequently, we are projecting Adjusted EBITDA for fiscal 2025 to be in the range of $205 million to $215 million.

Finally, in light of the long-term opportunities available to us in the Industrial Technologies segment, we recently engaged J.P. Morgan to support us on a review of potential strategic alternatives.

I will now turn the call over to Steve for more insight on our financial results.

Steven Nicola: Thank you, Joe. For the financial review, let’s begin with **Slide 7**.

For the fiscal 2024 fourth quarter, the Company reported a net loss of $68.2 million or $2.21 per share compared to net income of $17.7 million or $0.56 per share a year ago. The loss for the current quarter resulted from charges in connection with the Company's previously announced cost reduction program, a goodwill impairment charge, and other asset write-downs primarily related to our European businesses.

On a non-GAAP adjusted basis, which excludes the impacts of these charges, net income attributable to the company for the current quarter was $16.6 million or $0.55 per share, compared to $30.3 million or $0.96 per share last year. The decline primarily reflected the impacts of lower consolidated Adjusted EBITDA and higher interest expense for the current quarter.

Consolidated sales for the fiscal 2024 fourth quarter were $446.7 million, compared to $480.2 million a year ago. The decline primarily reflected lower sales for the Industrial Technologies segment, mainly reflecting lower Engineering sales. Additionally, sales for the Memorialization segment declined modestly for the current quarter compared to a year ago, primarily due to lower unit volumes principally related to a decrease in U.S. casketed deaths. These declines were partially offset by higher sales for the SGK Brand Solutions segment, which is continuing to benefit from more stable market conditions.

Consolidated Adjusted EBITDA for the fiscal 2024 fourth quarter was $58.1 million compared to $61.9 million a year ago. The decrease primarily reflected the decline in the Industrial Technologies segment. Adjusted EBITDA for the Memorialization segment was higher than a year ago, and the SGK Brand Solutions segment was relatively unchanged. In addition, corporate and other nonoperating costs were lower than a year ago, primarily reflecting the Company's cost reduction efforts as we continue to leverage the benefits of our global business services platform. Please see the reconciliations of Adjusted EBITDA and non-GAAP adjusted earnings per share provided in our earnings release.

Please move to **Slide 8** to review our segment results. Sales for the Memorialization segment for the fiscal 2024 fourth quarter were $196.8 million, compared to $204.9 million for the same quarter a year ago. Sales volumes for cemetery, memorials, caskets and cremation equipment were lower for the quarter compared to last year as U.S. casketed deaths declined. These declines were partially offset by the favorable impacts of improved price realization and higher mausoleum sales. Recent acquisitions also contributed to the segment sales for the current quarter.

Memorialization segment Adjusted EBITDA for the current quarter was $40.5 million, compared to $36.9 million for the same quarter last year. The increase primarily resulted from improved pricing and benefits from cost savings initiatives. These increases were partially offset by the impact of lower sales volumes and increased labor and material costs.

Please move to **Slide 9.** Sales for the SGK Brand Solutions segment were $135.9 million for the quarter ended September 30, 2024, compared to $134.7 million a year ago, representing an increase of $1.2 million. The increase primarily reflected higher sales for the merchandising and private label businesses, growth in the segment's Asia Pacific market, and improved price realization to mitigate inflationary cost increases.

Adjusted EBITDA for the SGK Brand Solutions segment was $17.3 million for the current quarter, which was relatively consistent with the segment's Adjusted EBITDA of $17.5 million a year ago. The benefits of higher sales and the segment's cost reduction actions were offset by higher labor-related costs and performance-based compensation. The segment's year-to-date Adjusted EBITDA increased to $61.6 million for fiscal 2024, compared to $57.1 million last year, primarily reflecting the benefits of the cost reduction actions resulting in year-over-year margin improvement.

Please move to **Slide 10.** Sales for the Industrial Technologies segment for the fiscal 2024 fourth quarter were $113.9 million, compared to $140.6 million a year ago. The decrease primarily resulted from lower sales for the segment's Engineering business, which, consistent with prior quarters this year, has been significantly impacted by customer delays in shipments and installations. The delays are timing in nature as we expect the shipments and installations to occur in fiscal 2025.

Additionally, operating results for our Warehouse Automation business have been unfavorably impacted by the continued slow conditions in the U.S. warehouse industry. However, as reported last quarter, we continue to see signs of improvement based on recent quoting and order rates, which is expected to support recovery in this business next year. Recent divestitures also contributed to the reported sales decrease for the quarter for this segment.

Adjusted EBITDA for the Industrial Technologies segment for the current quarter was $15.9 million, compared to $23.5 million a year ago. The decrease primarily reflected the impacts of the sales declines in

the Engineering and Warehouse Automation businesses. The declines were partially offset by lower performance-based compensation and the benefits of operational savings initiatives.

Please move to **Slide 11.** Cash flow from operating activities for the quarter ended September 30, 2024, was $35.9 million, compared to $2.6 million a year ago. The increase from a year ago primarily reflected the cash flow benefit of working capital reductions. For the year ended September 30, 2024, cash flow from operations was $79.3 million, which was relatively consistent with operating cash flow of $79.5 million last year.

Outstanding debt was $776 million at September 30, 2024, compared to $830 million at the end of last quarter, representing a reduction of $53.8 million during the fiscal 2024 fourth quarter. The Company's net debt, which represents outstanding debt less cash, was $736 million at September 30, 2024, compared to $787 million at June 30, 2024, representing a reduction of $51.8 million during the fiscal 2024 fourth quarter.

Since the beginning of calendar 2024, the Company has reduced its outstanding debt and net debt balances by $86 million and $89 million, respectively. During the fiscal 2024 fourth quarter, the Company reduced its net debt leverage ratio from 3.8 at June 30, 2024, to 3.6 at September 30, 2024. This leverage ratio is based on net debt and trailing 12-month Adjusted EBITDA.

In addition, in September 2024, we completed the refinancing of the outstanding senior notes, which were due December 1, 2025. Due to current interest rates and the ongoing strategic review of our business portfolio, we opted for a shorter-term bond three-year maturity with an ability to call in one year.

For the fiscal 2024 fourth quarter, the Company purchased only approximately 2,000 shares under the stock repurchase program, which was solely in connection with withholding tax obligations on equity compensation vesting. As evidenced by our debt reduction during this quarter, we remain primarily focused on debt reduction. Approximately 30.6 million shares were outstanding at September 30, 2024.

As I noted in the beginning of my remarks, we have initiated cost reduction programs this quarter that span several of our business units and corporate functions. These programs are expected to result in annual cost savings up to $50 million with the most significant portions from our engineering and tooling operations in Europe and also targeting our general and administrative costs.

Finally, the Board this week declared a quarterly dividend of $0.25 per share on the Company's common stock. This represents the 31st consecutive annual dividend increase since becoming a publicly traded company. The dividend is payable December 16, 2024, to stockholders of record December 2, 2024.

This concludes the financial review and we will now open the call for any questions.

Operator

Thank you. We'll now be conducting a question-and-answer session. If you would like to ask a question today, please press star, one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star, two if you would like to withdraw your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment, please, while we poll for questions. Thank you.

Thank you and our first question is from the line of Daniel Moore with CJS Securities. Please proceed with your question.

Daniel Moore, *CJS Securities*: Thank you. Good morning, Joe and good morning, Steve. Thanks for taking my questions.

Joseph Bartolacci: Good morning, Dan.

Daniel Moore: I'll start with Energy Storage and maybe just refresh on what level of backlog entering fiscal '25, and maybe just talk to the cadence of the opportunity set over the next several quarters, both with your large customer and some of the emerging customers. Assuming most of that backlog ships, when do we need to start to put more orders into backlog to return to growth, say, maybe in fiscal '26 and beyond?

Joseph Bartolacci: Yes, Dan. Our backlog is about $100 million, a little less than that, that will mostly be delivered over the course of the next 12 months. As it relates to other opportunities, as you might expect, we are being cautious with some of that at this point in time. There is no lack of interest, I can assure you of that. But given where we stand with the dispute, we are in the midst of evaluating what we can and cannot do at this time.

Daniel Moore: Makes perfect sense. Then just to the guide more generally, maybe just talk about what's embedded for Industrial Technology. You just described, I think, the Energy Storage well. In terms of Warehouse Automation, do you expect orders to improve? And in terms of Axian, what's implied there in terms of revenue for maybe the back half of fiscal '25?

Joseph Bartolacci: Sure. Let's be as clear as we can. As you all know, when we talk about the Warehouse Automation business, it is a business that in our initial first quarter is generally low. I mean, we are out of warehouses during that time period. It's the Christmas season, so we are expecting a slower first quarter of 2025. However, quoting activity that we're seeing right now bodes for a stronger year in 2025 and beyond, given the size and the volume activity that we're seeing.

We saw growth in our Product Identification business this year. We will continue to see growth next year. As I said in my comments with regard to the launch of our Axian product, do not expect it to be a skyrocketing launch, but customer acceptance is going to be the greatest acknowledgment of what we think the future of that product will be. Our beta testing has gone exceedingly well and we're seeing a confirmation of all the value propositions we expect out of that. I think it's going to be a significant contributor to us going forward.

More importantly, I would say, Dan, the opportunities that are available to us because of that technology—beyond what we do today—whether it be in the form of licensing or whether it be in the form of advancements we want to carry forward, are significant. When we speak of opportunities in our Industrial Technologies segment, our Product Identification, our Warehouse, including our Energy business, are keys to what we see the future of the business to be.

Daniel Moore: Excellent. I'm sure you're a little bit limited, but one of the more interesting comments in the press release, exploring strategies with respect to the portfolio. Can you elaborate on what options you're contemplating? What sort of might be on or off the table from a strategic high-level perspective?

Joseph Bartolacci: Sure, Dan. As you might expect, we're not going to talk too much about that process until it's concluded. However, we have been pretty clear. As we start to see some of our smaller businesses have access to greater opportunities for growth—and I'm speaking of the three businesses in our Industrial Technologies segment—we would evaluate our portfolio. We are now at that point where we see that opportunity, given what we're seeing in our Energy business, which has significant opportunities, our Warehouse Automation business with add-ons that we can make through acquisitions in that space, and the launch of Axian and our new product in the laser space, we see those now beginning to see the opportunity that we had always hoped for.

We're evaluating the whole portfolio, looking for where is the best way to maximize shareholder value. I'm not going to speak about any part of it, but it's consistent with what we've said publicly for a while.

Daniel Moore: Understood. I'll jump back with any follow-ups. Thanks, Steve. Thanks, Joe.

Operator: Our next question is from the line of Liam Burke with B. Riley Securities. Please proceed with your questions.

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

Joseph Bartolucci: Hi Liam.

Steven Nicola: Hey Liam.

Liam Burke: Joe, could you give us a little more detail on the Memorialization side, both on the Memorialization products, understanding traditional burials are down, so caskets naturally should be down. But are memorialization products, both bronze and granite getting any lift from increased cremations? What did that business look like this quarter?

Joseph Bartolacci: I would tell you, Liam, what I said in my comments with respect to the diversity of the portfolio, I think it is probably the most misunderstood part of that business. It's not just a casket and a memorial market. When we sell, whether it be cremation-related products, which are now over $120 million at this point in time or whether—actually, Steve just corrected me, it's $140 million, excuse me—and whether or not it would be mausoleum constructions that are going quite strong and quite well for us right now, the diversity of the portfolio is what's giving the opportunity.

Secondly, we continue to see opportunities for tuck-ins in that business to continue to grow it at very favorable return on the kind of investments that we can make. I would tell you that what we're seeing is the growth of our cremation business is related to all of the Memorialization segment, whether it be bronze, whether it be stone, whether it be our installations in our mausoleum business or whether it be other related product. We don't view this as a business that is materially declining in any sort.

Liam Burke: Okay. I mean, you're generating nice EBITDA margins there. I mean high teens, you took over the 20s this quarter. Is there a point where this crossover would actually allow you to show some organic growth outside of acquisitions?

Joseph Bartolacci: Yes, I would say so, Liam. I want to tell you mostly that's going to be driven by price, but absolutely. We're seeing that in our cremation. We're seeing organic growth in our cremation at this point in time. As the public starts to acknowledge the need for memorialization of cremated remains, we think that 140 continues to grow, and could ultimately show us modest top line growth, coupled with our price increases throughout. We think this is a great business.

I think the other thing you didn't touch on, I would tell you, is the cash flow generated from this business. This business this year generated wonderful cash flow as we focused on receivable collection and just converting our inventory management. When we look at a business that's generating $160-plus million of EBITDA with a CapEx that is about $20 million, this is a business that generates exceptional cash flow.

Liam Burke: Great. Thank you, Joe.

Operator: Our next questions are from the line of Justin Bergner with Gabelli Funds. Please proceed with your questions.

Justin Bergner, *Gabelli Funds*: Good morning, Joe. Good morning, Steve.

Joseph Bartolacci: Good morning.

Justin Bergner: A couple of questions here. On the strategic review, was there a trigger for why you're getting this underway now, and is this more focused on the Industrial Technology businesses or on some of the legacy businesses?

Joseph Bartolacci: Justin, we're not going to comment about what businesses it may be. What triggered it now, frankly, is the exceptional opportunities in front of us that are now coming to fruition in industrial tech. Whether it be the energy business, which received great confirmation through the dispute that we are having right now. Customers around the world are contacting us at this point to kind of get access to that opportunity. As I said, we're cautious with respect to what we do today until this dispute is resolved, but significant opportunities are there. When we look at finally getting to the launch of our Axian product with a clear pathway to getting there, we see that as an opportunity to continue to grow the business in a more fast way than we have been historically. And Warehouse, we see significant opportunity to add tuck-ins to expand our portfolio. We have a very, very, very unique opportunity in that business that is misunderstood or undervalued by the market. We are looking at the portfolio consistently, as we have discussed, that when we saw these smaller businesses start to achieve a pathway to growth of significance, we would evaluate the portfolio.

Justin Bergner: Got it. Thank you. On the $50 million of savings, what's the cadence for the realization of those savings over the course of the current fiscal year and into 2026 fiscal year? What will be the total cash costs required to generate the $50 million of savings?

Steven Nicola: Justin, with respect to the savings, we're expecting to realize somewhere in the $25 million to $30 million of that to get to that run rate by the end of this year, and then with the remainder to get to the run rate by the end of next fiscal year. That would be the cadence. And obviously, that timing is just based on our ability to affect some of the change.

With respect to the cost of that, if I exclude the goodwill impairment and just some of the recent asset write-downs, the total cost to achieve that are somewhere in the $40 million range, $30 million to $40 million range, and about 75% of that is cash, 25% noncash.

Joseph Bartolacci: One thing I'd add to that, Justin, is the costs that we've accrued at this point in time do not include the anticipated inflow of cash from the sale of related assets, which will materially reduce the costs to achieve.

Justin Bergner: Got you. All right. Then lastly, you mentioned a new patent on the energy storage side. It came at me a bit fast. Could you just clarify sort of what that is and what it allows for the business?

Joseph Bartolacci: Could you repeat that question very quickly for me?

Justin Bergner: Sorry. Yes, I think in your prepared remarks, you indicated a new patent in the energy storage business. Could you review what that is and how it amplifies the opportunities?

Joseph Bartolacci: Sure. I mean it's what we've said all along, Justin. We've been working on this in the dry battery electrode space for better than a decade. The patent is a critical piece of equipment process in the whole production of dry battery electrode filed in early 2019 before we had done any work for any EV or battery manufacturers at that time. So, it is evidence of our long-standing experience in specialty calendaring and, frankly, a great asset to the portfolio.

Justin Bergner: Great. Thanks so much.

Operator: Our next question is from the line of Colin Rusch with Oppenheimer. Please proceed with your questions.

Colin Rusch, Oppenheimer: Thanks so much, guys. Given the election results and some of the activity that we're seeing in the battery space around folks trying to derisk supply chains and move into non-China geographies, can you characterize a little bit of where you're at with the non-Tesla customers in terms of

conversations, maturity, pressure to accelerate timeframes on the dry electrode process into higher-cost regions where you guys can provide a great deal of value?

Joseph Bartolacci: Yes. Well, there's a lot in that question, Colin. Let's see if I can parse it out. First off, I mean, with regard to the geopolitics of the current administration, I think part of the issue that is most misunderstood about our business is that we are probably the only Western world company able to do what we're doing right now and that has put us in a unique position to be able to service the Western world markets that others may not.

The other question is as it relates to other customers, as I said, we are being quite cautious with respect to speaking and pushing anything with our other customers, given the current dispute. We hope to have more clarity on that dispute in early January that will allow us to be more frank about our conversations and where we stand with that.

I'm trying to piece out the rest of that question, I can't remember what else you said. I'm sorry, I should...

Colin Rusch: That gets after it. I appreciate it. The other question for me is just really around the product identification and the new products there. Can you give us a sense of early returns on that now that you're shipping a few things to get a sense of the cadence of the uptake on those new products as you get into 2025?

Joseph Bartolacci: When it comes to the laser product we just put into market, it is margins that are consistent with the overall portfolio, which would be margins, I would say, in the high teens, which was exactly where we expected it to be. We expect the margin in our Axian product to continue to grow. This is a unique proposition with the opportunity to reduce total cost of ownership for our customers by up to 30% during the lifetime of the product; we expect to capture some of that benefit. As we get market share and as it gets acceptance, we think this will be a significant contributor to our bottom line.

Colin Rusch: That's helpful. But I'm curious about the cadence of uptake, right? (Cross-talking) I'm thinking about top line (inaudible).

Joseph Bartolacci: I don't expect significant dollars next year, but I think it's going to be, as I said, more about customer adoption. As you might expect, a large soda bottling company is not going to convert to a new technology overnight, but as they adopt and accept it, I'll be able to speak more clearly about that. We think it will be a bigger contributor in 2026 than it will be in 2025. Then there are other uses—let's call it that—for the product. We're starting to see activity in that are things beyond what we do with licensing with others. There's a great opportunity there that we'll talk more about as we start to get closer to launch.

Colin Rusch: Thanks a lot.

Operator: Thank you. The next question is coming from the line of Daniel Moore with CJS Securities. Please proceed with your questions.

Daniel Moore: Thanks again. Appreciate it. I think one of the interesting things that maybe gets less attention, SGK turning positive is pretty significant. Maybe just talk to your confidence in the sustainability of that top line growth. What's driving it? What's changed in your end markets, and what's kind of the outlook for '25/26?

Joseph Bartolacci: That's a great question, Dan. We've talked about it pretty extensively. For anybody that operates in the consumer goods business in Europe, we still continue to struggle in that part of the world. What we're seeing, however, is as we said, our digital ecommerce solutions continue to grow, particularly in North America and the APAC region. Our unique position in particularly the APAC region, where the competition is less present has given us opportunities there that are going to allow us to continue to grow.

But I would tell you the most important thing that has allowed us to kind of achieve these results is the fact that as we kind of move forward, our unique opportunities and our service to our customers has allowed us to raise prices in an industry that has not been known for that for the last decade. We've been lowering prices year after year after year until we significantly pushed back to cover the cost of our inflationary impact. Those inflationary price increases has allowed us at least to maintain where we are and not worry about when we add a new account or when we add a new project. When we add new markets, those actually drop to the bottom line. We see that finally turning the tide to where our inflationary price increases give us stability and new wins actually come to the bottom line. I think that's a pathway forward for that business.

Daniel Moore: Really helpful. Steve, any more quantification that you can give us just in terms of, or even rank ordering the buckets of cost savings for that $50 million across business lines, as well as what's in sort of corporate G&A?

Steven Nicola: I would say this, Dan. The predominant number of more than half of the savings are expected to come from our European operations, and then the balance will be over, I'd say multiple businesses, the remaining businesses, but a good portion coming from our G&A line.

Daniel Moore: Got it. Last one for me. You're projecting higher operating cash flow next year. I think you said can you quantify that more?

Steven Nicola: We are.

Daniel Moore: Any quantification and what are we thinking about in terms of CapEx for '25? Thanks again.

Steven Nicola: I'll start with the CapEx. Our expected CapEx range next year is going to be in the $50 million to $60 million range on a consolidated basis. That's our current projection. It will be a little bit difficult to quantify the cash flow just simply because of the working capital component of the cash flow, and that's going to be dependent on some of the timing of the energy deliveries and shipments, but still should be favorable.

Daniel Moore: Understood. Thanks again.

Steven Nicola: You're welcome.

Operator: Thank you. As there are no additional questions, Steve, I'll turn the floor back to you for closing remarks.

Steven Nicola: Thank you, Rob. We appreciate everyone's participation in the call this morning. Have a good day and a great weekend.

Operator: This will conclude today's conference. You may disconnect your lines at this time, and we thank you for your participation