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

FORM 10-Q

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

For the quarterly period ended June 30, 2023

OR

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

For the transition period from _____ to _____

Commission File Number. 001-33794

HILLENBRAND, INC.
(Exact name of registrant as specified in its charter)

Indiana	**26-1342272**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Batesville Boulevard **Batesville, Indiana**	**47006**
(Address of principal executive offices)	(Zip Code)

(812) 931-5000
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, without par value	HI	New York Stock Exchange

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 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 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 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	☐	Emerging growth company	☐
Non-accelerated filer	☐	Smaller reporting company	☐		

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes☐ No ☒

The registrant had 69,915,289 shares of common stock, no par value per share, outstanding as of July 27, 2023.

HILLENBRAND, INC.
INDEX TO FORM 10-Q

PART I — FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

Hillenbrand, Inc.
Consolidated Statements of Operations (Unaudited)
(*in millions, except per share data*)

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Nine Months Ended June 30, 2023	Nine Months Ended June 30, 2022
Net revenue	$ 716.6	$ 579.8	$ 2,063.2	$ 1,711.4
Cost of goods sold	469.7	388.8	1,382.5	1,149.9
Gross profit	246.9	191.0	680.7	561.5
Operating expenses	144.8	111.6	424.6	337.1
Amortization expense	19.7	13.4	58.6	40.8
Loss on divestiture	—	—	—	3.1
Interest expense	18.6	17.5	63.0	52.7
Other income, net	(4.0)	(2.5)	(10.6)	(9.3)
Income from continuing operations before income taxes	67.8	51.0	145.1	137.1
Income tax expense	23.8	19.9	50.2	54.4
Income from continuing operations	44.0	31.1	94.9	82.7
Income from discontinued operations (net of income tax expense)	0.6	19.0	20.1	73.3
Gain on divestiture of discontinued operations (net of income tax expense)	0.4	—	441.3	—
Total income from discontinued operations	1.0	19.0	461.4	73.3
Consolidated net income	45.0	50.1	556.3	156.0
Less: Net income attributable to noncontrolling interests	1.7	1.3	4.8	3.9
Net income attributable to Hillenbrand	$ 43.3	$ 48.8	$ 551.5	$ 152.1
Earnings per share				
Basic earnings per share				
Income from continuing operations attributable to Hillenbrand	$ 0.60	$ 0.42	$ 1.29	$ 1.09
Income from discontinued operations	0.02	0.26	6.62	1.01
Net income attributable to Hillenbrand	$ 0.62	$ 0.68	$ 7.91	$ 2.10
Diluted earnings per share				
Income from continuing operations attributable to Hillenbrand	$ 0.60	$ 0.42	$ 1.29	$ 1.08
Income from discontinued operations	0.02	0.26	6.59	1.00
Net income attributable to Hillenbrand	$ 0.62	$ 0.68	$ 7.88	$ 2.08
Weighted average shares outstanding (basic)	70.0	71.4	69.7	72.4
Weighted average shares outstanding (diluted)	70.3	72.0	70.0	73.0

See Condensed Notes to Consolidated Financial Statements

Hillenbrand, Inc.
Consolidated Statements of Comprehensive Income (Loss) (Unaudited)
(in millions)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
Consolidated net income	$ 45.0	$ 50.1	$ 556.3	$ 156.0
Changes in other comprehensive (loss) income, net of tax:				
Currency translation adjustment [1]	(23.8)	(56.6)	38.6	(61.6)
Pension and postretirement	(0.3)	1.7	(1.8)	3.1
Change in net unrealized gain on derivative instruments	—	0.1	3.3	2.0
Total changes in other comprehensive (loss) income, net of tax	(24.1)	(54.8)	40.1	(56.5)
Consolidated comprehensive income (loss)	20.9	(4.7)	596.4	99.5
Less: Comprehensive income attributable to noncontrolling interests	1.1	—	4.2	2.3
Comprehensive income (loss) attributable to Hillenbrand	$ 19.8	$ (4.7)	$ 592.2	$ 97.2

(1) Includes gains and losses on intra-entity foreign currency transactions that are of a long-term investment nature.

See Condensed Notes to Consolidated Financial Statements

Hillenbrand, Inc.
Consolidated Balance Sheets
(*in millions*)

	June 30, 2023 (unaudited)	September 30, 2022
ASSETS		
Current Assets		
Cash and cash equivalents	$ 290.5	$ 232.2
Trade receivables, net	318.3	252.9
Receivables from long-term manufacturing contracts, net	280.4	213.3
Inventories, net	568.4	485.6
Prepaid expenses and other current assets	125.7	102.8
Current assets held for sale	—	116.1
Total current assets	1,583.3	1,402.9
Property, plant, and equipment, net	296.4	231.9
Operating lease right-of-use assets, net	105.9	87.9
Intangible assets, net	1,085.6	808.0
Goodwill	1,561.4	1,151.1
Other long-term assets	101.2	80.4
Long-term assets held for sale	—	105.3
Total Assets	$ 4,733.8	$ 3,867.5
LIABILITIES		
Current Liabilities		
Trade accounts payable	$ 402.3	$ 371.0
Liabilities from long-term manufacturing contracts and advances	362.6	290.3
Current portion of long-term debt	10.0	—
Accrued compensation	85.5	97.0
Current liabilities held for sale	—	113.8
Other current liabilities	318.9	205.7
Total current liabilities	1,179.3	1,077.8
Long-term debt	1,329.3	1,222.1
Accrued pension and postretirement healthcare	108.2	101.3
Operating lease liabilities	83.0	70.5
Deferred income taxes	288.4	210.2
Other long-term liabilities	60.1	51.8
Long-term liabilities held for sale	—	25.8
Total Liabilities	$ 3,048.3	$ 2,759.5
Commitments and contingencies (Note 16)		
SHAREHOLDERS' EQUITY		
Common stock, no par value (75.8 and 75.8 shares issued, 69.9 and 68.9 shares outstanding)	—	—
Additional paid-in capital	706.9	723.8
Retained earnings	1,317.0	812.0
Treasury stock (5.9 and 6.9 shares, at cost)	(255.0)	(297.3)
Accumulated other comprehensive loss	(114.9)	(155.6)
Hillenbrand Shareholders' Equity	1,654.0	1,082.9
Noncontrolling interests	31.5	25.1
Total Shareholders' Equity	1,685.5	1,108.0
Total Liabilities and Shareholders' Equity	$ 4,733.8	$ 3,867.5

See Condensed Notes to Consolidated Financial Statements

Hillenbrand, Inc.
Consolidated Statements of Cash Flows (Unaudited)
(*in millions*)

	Nine Months Ended June 30,	
	2023	2022
Operating activities from continuing operations		
Consolidated net income	$ 556.3	$ 156.0
Total income from discontinued operations (net of income tax expense)	(461.4)	(73.3)
Adjustments to reconcile income from continuing operations to cash provided by operating activities:		
Depreciation and amortization	93.1	74.4
Loss on divestiture	—	3.1
Deferred income taxes	(19.1)	(11.6)
Amortization of deferred financing costs	2.7	2.7
Share-based compensation	14.0	14.6
Trade accounts receivable, net and receivables from long-term manufacturing contracts	(44.2)	(87.5)
Inventories, net	32.5	(95.8)
Prepaid expenses and other current assets	(6.1)	(32.0)
Trade accounts payable	(12.6)	81.3
Liabilities from long-term manufacturing contracts and advances, accrued compensation, and other current liabilities	(26.9)	(39.3)
Income taxes payable	20.6	13.3
Accrued pension and postretirement	(4.8)	(6.7)
Other, net	(10.5)	(9.1)
Net cash provided by (used in) operating activities from continuing operations	133.6	(9.9)
Investing activities from continuing operations		
Capital expenditures	(46.1)	(24.6)
Proceeds from sales of property, plant, and equipment	0.8	1.7
Acquisition of businesses, net of cash acquired	(626.8)	(12.9)
Proceeds (payments) from divestitures, net of cash divested	696.7	(4.5)
Other, net	0.4	—
Net cash provided by (used in) investing activities from continuing operations	25.0	(40.3)
Financing activities from continuing operations		
Proceeds from issuance of long-term debt	200.0	—
Repayments on long-term debt	(105.0)	—
Proceeds from revolving credit facilities	883.5	—
Repayments on revolving credit facilities	(914.1)	—
Payment of deferred financing costs	(3.3)	(3.5)
Payments of dividends on common stock	(45.9)	(47.0)
Repurchases of common stock	—	(167.0)
Proceeds from stock option exercises	19.9	24.7
Payments for employee taxes on net settlement equity awards	(12.5)	(6.9)
Other, net	(1.2)	(1.6)
Net cash provided by (used in) financing activities from continuing operations	21.4	(201.3)
Cash provided by (used in) continuing operations	180.0	(251.5)
Cash (used in) provided by discontinued operations:		
Operating cash flows	(109.4)	104.2
Investing cash flows	(7.6)	(7.9)
Total cash (used in) provided by discontinued operations	(117.0)	96.3
Effect of exchange rates on cash and cash equivalents	(9.3)	(10.2)
Net cash flows	53.7	(165.4)
Cash, cash equivalents, restricted cash, and cash and cash equivalents held for sale:		
At beginning of period	237.6	450.9
At end of period	$ 291.3	$ 285.5

See Condensed Notes to Consolidated Financial Statements

Hillenbrand, Inc.
Consolidated Statements of Shareholders' Equity (Unaudited)
(in millions)

	Three Months Ended June 30, 2023							
	Shareholders of Hillenbrand, Inc.							
	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
	Shares			Shares	Amount			
Balance at March 31, 2023	**75.8**	**$ 704.7**	**$ 1,289.2**	**6.2**	**$ (266.9)**	**$ (91.4)**	**$ 31.2**	**$ 1,666.8**
Total other comprehensive loss, net of tax	—	—	—	—	—	(23.5)	(0.6)	(24.1)
Net income	—	—	43.3	—	—	—	1.7	45.0
Issuance/retirement of stock for stock awards/options	—	(2.9)	—	(0.3)	11.9	—	—	9.0
Share-based compensation	—	4.9	—	—	—	—	—	4.9
Dividends ($0.22 per share)	—	0.2	(15.5)	—	—	—	—	(15.3)
Purchase of shares of noncontrolling interests	—	—	—	—	—	—	(0.8)	(0.8)
Balance at June 30, 2023	**75.8**	**$ 706.9**	**$ 1,317.0**	**5.9**	**$ (255.0)**	**$ (114.9)**	**$ 31.5**	**$ 1,685.5**

	Nine Months Ended June 30, 2023							
	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
	Shares			Shares	Amount			
Balance at September 30, 2022	**75.8**	**$ 723.8**	**$ 812.0**	**6.9**	**$ (297.3)**	**$ (155.6)**	**$ 25.1**	**$ 1,108.0**
Total other comprehensive loss, net of tax	—	—	—	—	—	40.7	(0.6)	40.1
Net income	—	—	551.5	—	—	—	4.8	556.3
Issuance/retirement of stock for stock awards/options	—	(34.9)	—	(1.0)	42.3	—	—	7.4
Share-based compensation	—	17.4	—	—	—	—	—	17.4
Dividends ($0.66 per share)	—	0.6	(46.5)	—	—	—	(1.6)	(47.5)
Acquisition of noncontrolling interests	—	—	—	—	—	—	4.6	4.6
Purchase of shares of noncontrolling interests	—	—	—	—	—	—	(0.8)	(0.8)
Balance at June 30, 2023	**75.8**	**$ 706.9**	**$ 1,317.0**	**5.9**	**$ (255.0)**	**$ (114.9)**	**$ 31.5**	**$ 1,685.5**

	Three Months Ended June 30, 2022							
	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
	Shares			Shares	Amount			
Balance at March 31, 2022	**75.8**	**$ 717.3**	**$ 737.1**	**3.4**	**$ (152.2)**	**$ (47.7)**	**$ 23.3**	**$ 1,277.8**
Total other comprehensive loss, net of tax	—	—	—	—	—	(53.5)	(1.3)	(54.8)
Net income	—	—	48.8	—	—	—	1.3	50.1
Repurchases of common stock	—	—	—	2.7	(111.5)	—	—	(111.5)
Issuance/retirement of stock for stock awards/options	—	(2.3)	—	—	1.9	—	—	(0.4)
Share-based compensation	—	4.4	—	—	—	—	—	4.4
Dividends ($0.2175 per share)	—	0.1	(15.4)	—	—	—	—	(15.3)
Balance at June 30, 2022	**75.8**	**$ 719.5**	**$ 770.5**	**6.1**	**$ (261.8)**	**$ (101.2)**	**$ 23.3**	**$ 1,150.3**

	Nine Months Ended June 30, 2022							
	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
	Shares			Shares	Amount			
Balance at September 30, 2021	**75.8**	**$ 725.4**	**$ 666.2**	**3.1**	**$ (135.7)**	**$ (46.3)**	**$ 22.6**	**$ 1,232.2**
Total other comprehensive loss, net of tax	—	—	—	—	—	(54.9)	(1.6)	(56.5)
Net income	—	—	152.1	—	—	—	3.9	156.0
Repurchases of common stock	—	—	—	3.9	(167.0)	—	—	(167.0)
Issuance/retirement of stock for stock awards/options	—	(23.1)	—	(0.9)	40.9	—	—	17.8
Share-based compensation	—	16.4	—	—	—	—	—	16.4
Dividends ($0.6525 per share)	—	0.8	(47.8)	—	—	—	(1.6)	(48.6)
Balance at June 30, 2022	**75.8**	**$ 719.5**	**$ 770.5**	**6.1**	**$ (261.8)**	**$ (101.2)**	**$ 23.3**	**$ 1,150.3**

See Condensed Notes to Consolidated Financial Statements

Hillenbrand, Inc.
Condensed Notes to Consolidated Financial Statements (Unaudited)
(*in millions, except share and per share data*)

1. Background and Basis of Presentation

Hillenbrand, Inc. (the "Company" or "Hillenbrand") is a global industrial company that provides highly-engineered, mission-critical processing equipment and solutions to customers around the world. Our portfolio is composed of leading industrial brands that serve large, attractive end markets, including durable plastics, food, and recycling. The Company strives to provide superior return for our shareholders, exceptional value for our customers, great professional opportunities for our employees, and to be responsible to our communities through deployment of the Hillenbrand Operating Model ("HOM"). The HOM is a consistent and repeatable framework designed to produce sustainable and predictable results. The Company recently enhanced the HOM to support our transformation to a pure-play industrial company by incorporating Purpose, updating our management practices, and restating our values. The HOM describes the Company's Purpose, mission, vision, values, and mindset as leaders; applies our management practices in Strategy, People, Operational Excellence, and Innovation & Technology; and prescribes four steps (Understand, Focus, Execute, and Grow) designed to make the Company's businesses both bigger and better. The Company's goal is to continue developing Hillenbrand as a world-class global industrial company through the deployment of the HOM. "Hillenbrand," the "Company," "we," "us," "our," and similar words refer to Hillenbrand, Inc. and its subsidiaries unless context otherwise requires.

On December 15, 2022, the Company entered into a definitive agreement to sell its historical Batesville reportable operating segment to BL Memorial Partners, LLC, a Delaware limited liability company owned by funds affiliated with LongRange Capital, L.P., for $761.5, subject to closing adjustments, and including an $11.5 subordinated note. On February 1, 2023, the Company completed the divestiture. This divestiture represented a strategic shift in Hillenbrand's business and qualified as a discontinued operation. Accordingly, the operating results and cash flows related to the historical Batesville reportable operating segment have been reflected as discontinued operations in the Consolidated Statements of Operations and the Consolidated Statements of Cash Flows for all periods presented, while the assets and liabilities that were divested were classified within the Consolidated Balance Sheets as held for sale in the periods preceding the divestiture. Unless otherwise noted, discussion within the notes to the Consolidated Financial Statements relates to continuing operations only and excludes the historical Batesville reportable operating segment. See Note 4 for additional information on this divestiture.

Subsequent to the completion of the divestiture, the Company began providing certain transition services to Batesville for applicable fees. The transition services are expected to vary in duration depending upon the type of service provided.

Hillenbrand is now composed of two reportable operating segments: Advanced Process Solutions and Molding Technology Solutions. Advanced Process Solutions is a global leader in highly-engineered process and material handling equipment and systems for a wide variety of industries, including durable plastics, food, and recycling industries. Molding Technology Solutions is a global leader in highly-engineered processing equipment, systems, and aftermarket parts and service for the plastic technology processing industry.

The Consolidated Financial Statements include the accounts of Hillenbrand and its subsidiaries. They also include four subsidiaries where the Company's ownership percentage is less than 100%. The Company's fiscal year ends on September 30. Unless otherwise stated, references to years refer to fiscal years.

These unaudited Consolidated Financial Statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial statements and therefore do not include all information required in accordance with United States ("U.S.") generally accepted accounting principles ("GAAP"). The unaudited Consolidated Financial Statements have been prepared on the same basis as, and should be read in conjunction with, the audited Consolidated Financial Statements and notes thereto included in the Company's latest Annual Report on Form 10-K for the year ended September 30, 2022, as filed with the SEC on November 16, 2022. In the opinion of management, these unaudited Consolidated Financial Statements reflect all adjustments necessary to present a fair statement of the Company's consolidated financial position and the consolidated results of operations and cash flows as of the dates and for the periods presented and are normal and recurring in nature. The interim period results are subject to variation and are not necessarily indicative of the consolidated results of operations to be expected for the full fiscal year.

The preparation of the Consolidated Financial Statements in conformity with GAAP requires the Company 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 Consolidated Financial Statements and the reported amounts of net revenue and expenses during the period. Actual results could differ from those estimates. Examples of such estimates include, but are not limited to, revenue recognition under the over time method, establishment of reserves related to credit losses, warranties, inventories, income taxes, litigation, self-insurance, and progress toward achievement of performance criteria under incentive compensation programs.

As a result of the Russian Federation's invasion of Ukraine in February 2022 (the "Ukraine War"), various nations, including the U.S., have instituted economic sanctions and other responsive measures, which have resulted in an increased level of global economic and political uncertainty. The results of such geopolitical instability and uncertainty have had, and could continue to have, an impact on our ability to sell to, ship products to, collect payments from, and support customers in certain regions. The effects of the Ukraine War and such associated measures on management's estimates and consolidated results of operations through June 30, 2023, are reflected in the Consolidated Financial Statements. As of and for the three and nine months ended June 30, 2023 and 2022, the effects of the Ukraine War did not have a material impact on the Consolidated Financial Statements.

2. Summary of Significant Accounting Policies

The significant accounting policies used in preparing the Consolidated Financial Statements are consistent with the accounting policies described in the Company's Annual Report on Form 10-K as of and for the year ended September 30, 2022.

Recently Adopted Accounting Standards

In December 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. ASU 2019-12 clarifies and simplifies accounting for income taxes by eliminating certain exceptions for intraperiod tax allocation principles, the methodology for calculating income tax rates in an interim period, and recognition of deferred taxes for outside basis differences in an investment, among other updates. The Company adopted ASU 2019-12 during the year ended September 30, 2022, and has applied it to all periods presented, as applicable.

In October 2021, the FASB issued ASU 2021-08, *Business Combinations* (Topic 805) - *Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*. ASU 2021-08 requires companies to apply Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers*, to recognize and measure contract assets and contract liabilities from contracts with customers acquired in a business combination. This generally will result in an acquirer recognizing contract assets and contract liabilities at amounts consistent with those recorded by the acquiree immediately before the acquisition as compared to the ASC 805, *Business Combinations* ("ASC 805") requirement that an acquirer recognize and measure the assets it acquires and liabilities it assumes at fair value on the acquisition date. ASU 2021-08 is effective for the Company's fiscal year beginning October 1, 2023, with early adoption permitted. The Company early adopted ASU 2021-08 during the year ended September 30, 2022, and has applied it to all acquisitions executed in the current year, as applicable.

No other new accounting pronouncements recently adopted or issued had or are expected to have a material impact on the Consolidated Financial Statements.

3. Revenue Recognition

Net revenue includes gross revenue less sales discounts and sales incentives, all of which require the Company to make estimates for the portion of these allowances that have yet to be credited or paid to customers. The Company estimates these allowances using the expected value method, which is based upon historical rates.

Contract balances

The balance in receivables from long-term manufacturing contracts at June 30, 2023 and September 30, 2022, was $280.4 and $213.3, respectively. The change was driven by the impact of net revenue recognized prior to billings to customers and the impact of acquisitions. The balance in the liabilities from long-term manufacturing contracts and advances at June 30, 2023 and September 30, 2022, was $362.6 and $290.3, respectively, and consists primarily of cash payments received or due in advance of satisfying performance obligations. The net revenue recognized for the nine months ended June 30, 2023 and 2022, related to liabilities from long-term manufacturing contracts and advances as of September 30, 2022 and 2021, was $199.7 and $189.8, respectively. During the three and nine months ended June 30, 2023 and 2022, the adjustments related to performance obligations satisfied in previous periods were immaterial.

Transaction price allocated to the remaining performance obligations

As of June 30, 2023, the aggregate amount of transaction price of remaining performance obligations for the Company, which corresponds to backlog as defined in Part I, Item 2 of this Quarterly Report on Form 10-Q, was $1,870.4. Approximately 77% of these performance obligations are expected to be satisfied over the next twelve months, and the remaining performance obligations, primarily within one to three years.

Disaggregation of revenue

The following tables present net revenue by end market:

	Three Months Ended June 30, 2023			Nine Months Ended June 30, 2023		
	Advanced Process Solutions	Molding Technology Solutions	Total	Advanced Process Solutions	Molding Technology Solutions	Total
End market						
Plastics	$ 270.1	$ —	$ 270.1	$ 759.2	$ —	$ 759.2
Automotive	—	56.6	56.6	—	158.3	158.3
Chemicals	29.0	—	29.0	85.8	—	85.8
Consumer goods	—	33.5	33.5	—	100.9	100.9
Food and pharmaceuticals	117.8	—	117.8	320.2	—	320.2
Custom molders	—	24.5	24.5	—	81.8	81.8
Packaging	—	32.4	32.4	—	98.4	98.4
Construction	—	31.6	31.6	—	101.4	101.4
Minerals	15.3	—	15.3	47.8	—	47.8
Electronics	—	23.4	23.4	—	59.0	59.0
Medical	—	17.2	17.2	—	48.9	48.9
Other industrial	32.5	32.7	65.2	95.0	106.5	201.5
Total	$ 464.7	$ 251.9	$ 716.6	$ 1,308.0	$ 755.2	$ 2,063.2

	Three Months Ended June 30, 2022			Nine Months Ended June 30, 2022		
	Advanced Process Solutions	Molding Technology Solutions	Total	Advanced Process Solutions	Molding Technology Solutions	Total
End market						
Plastics	$ 224.2	$ —	$ 224.2	$ 688.7	$ —	$ 688.7
Automotive	—	41.0	41.0	—	146.9	146.9
Chemicals	24.9	—	24.9	74.4	—	74.4
Consumer goods	—	40.9	40.9	—	115.9	115.9
Food and pharmaceuticals	23.1	—	23.1	69.4	—	69.4
Custom molders	—	38.4	38.4	—	111.4	111.4
Packaging	—	28.4	28.4	—	94.8	94.8
Construction	—	35.8	35.8	—	84.2	84.2
Minerals	12.7	—	12.7	35.7	—	35.7
Electronics	—	20.8	20.8	—	55.1	55.1
Medical	—	21.9	21.9	—	62.1	62.1
Other industrial	25.4	42.3	67.7	73.8	99.0	172.8
Total	$ 310.3	$ 269.5	$ 579.8	$ 942.0	$ 769.4	$ 1,711.4

The following tables present net revenue by geography:

	Three Months Ended June 30, 2023			Nine Months Ended June 30, 2023		
	Advanced Process Solutions	Molding Technology Solutions	Total	Advanced Process Solutions	Molding Technology Solutions	Total
Geography [(1)]						
Americas	$ 164.6	$ 146.1	$ 310.7	$ 462.1	$ 439.4	$ 901.5
Asia	153.8	67.8	221.6	444.8	201.3	646.1
Europe, the Middle East, and Africa	146.3	38.0	184.3	401.1	114.5	515.6
Total	$ 464.7	$ 251.9	$ 716.6	$ 1,308.0	$ 755.2	$ 2,063.2

	Three Months Ended June 30, 2022			Nine Months Ended June 30, 2022		
	Advanced Process Solutions	Molding Technology Solutions	Total	Advanced Process Solutions	Molding Technology Solutions	Total
Geography [(1)]						
Americas	$ 79.9	$ 159.1	$ 239.0	$ 218.9	$ 424.3	$ 643.2
Asia	157.6	71.7	229.3	484.4	228.3	712.7
Europe, the Middle East, and Africa	72.8	38.7	111.5	238.7	116.8	355.5
Total	$ 310.3	$ 269.5	$ 579.8	$ 942.0	$ 769.4	$ 1,711.4

(1) The Company attributes net revenue to a geography based upon the location of the end customer.

The following tables present net revenue by products and services:

	Three Months Ended June 30, 2023			Nine Months Ended June 30, 2023		
	Advanced Process Solutions	Molding Technology Solutions	Total	Advanced Process Solutions	Molding Technology Solutions	Total
Products and services						
Equipment	$ 341.8	$ 164.2	$ 506.0	$ 952.6	$ 499.5	$ 1,452.1
Parts and services	122.9	71.9	194.8	355.4	207.3	562.7
Other	—	15.8	15.8	—	48.4	48.4
Total	$ 464.7	$ 251.9	$ 716.6	$ 1,308.0	$ 755.2	$ 2,063.2

	Three Months Ended June 30, 2022			Nine Months Ended June 30, 2022		
	Advanced Process Solutions	Molding Technology Solutions	Total	Advanced Process Solutions	Molding Technology Solutions	Total
Products and services						
Equipment	$ 217.2	$ 187.7	$ 404.9	$ 671.6	$ 528.6	$ 1,200.2
Parts and services	93.1	65.6	158.7	270.4	191.1	461.5
Other	—	16.2	16.2	—	49.7	49.7
Total	$ 310.3	$ 269.5	$ 579.8	$ 942.0	$ 769.4	$ 1,711.4

The following tables present net revenue by timing of transfer:

	Three Months Ended June 30, 2023			Nine Months Ended June 30, 2023		
	Advanced Process Solutions	Molding Technology Solutions	Total	Advanced Process Solutions	Molding Technology Solutions	Total
Timing of transfer						
Point in time	$ 250.2	$ 223.4	$ 473.6	$ 692.0	$ 679.5	$ 1,371.5
Over time	214.5	28.5	243.0	616.0	75.7	691.7
Total	$ 464.7	$ 251.9	$ 716.6	$ 1,308.0	$ 755.2	$ 2,063.2

	Three Months Ended June 30, 2022			Nine Months Ended June 30, 2022		
	Advanced Process Solutions	Molding Technology Solutions	Total	Advanced Process Solutions	Molding Technology Solutions	Total
Timing of transfer						
Point in time	$ 143.6	$ 254.8	$ 398.4	$ 413.0	$ 741.7	$ 1,154.7
Over time	166.7	14.7	181.4	529.0	27.7	556.7
Total	$ 310.3	$ 269.5	$ 579.8	$ 942.0	$ 769.4	$ 1,711.4

4. Divestitures

Batesville

As previously described, on February 1, 2023, the Company completed the divestiture of its historical Batesville reportable operating segment to BL Memorial Partners, LLC, a Delaware limited liability company owned by funds affiliated with LongRange Capital, L.P., for $761.5, subject to closing adjustments, and including an $11.5 subordinated note. At closing, after the applicable adjustments, the Company received $698.0 in pre-tax cash proceeds, including an adjustment for cash on hand acquired from the Company, and the previously mentioned subordinated note.

This divestiture represented a strategic shift in Hillenbrand's business and qualified as a discontinued operation. Accordingly, the operating results and cash flows related to the historical Batesville reportable operating segment have been reflected as discontinued operations in the Consolidated Statements of Operations and the Consolidated Statements of Cash Flows for all periods presented, while the assets and liabilities that were divested were classified within the Consolidated Balance Sheets as held for sale in the periods preceding the divestiture. The Company recognized a $586.0 pre-tax gain on divestiture, recorded within gain on divestiture of discontinued operations (net of income tax expense) in the Consolidated Statement of Operations for the nine months ended June 30, 2023. The $0.4 gain on divestiture of discontinued operations (net of income tax expense) for the three months ended June 30, 2023 is the result of certain income tax adjustments as a result of ongoing evaluation of the income tax impact of the divestiture on Hillenbrand.

Certain indirect corporate costs included within operating expenses in the Consolidated Statements of Operations that were previously allocated to the historical Batesville reportable operating segment do not qualify for classification within discontinued operations and are now reported as operating expenses in continuing operations within corporate expenses. In addition, costs directly attributable to the historical Batesville reportable operating segment divestiture have been reflected in discontinued operations. As a result, income before income taxes of the historical Batesville reportable operating segment decreased $17.5 for the nine months ended June 30, 2023, respectively, and decreased $0.9 and $1.5 for the three and nine months ended June 30, 2022, respectively.

Discontinued operations

Components of amounts reflected in the Consolidated Statements of Operations related to discontinued operations are presented in the table, as follows:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
Net revenue	$ —	$ 140.8	$ 213.7	$ 479.6
Cost of goods sold	—	100.5	142.2	329.2
Gross profit	—	40.3	71.5	150.4
Operating (income) expenses	(0.4)	17.0	42.6	51.4
Other expense, net	—	1.5	1.0	4.6
Income (loss) from discontinued operations before income taxes	0.4	21.8	27.9	94.4
Income tax (benefit) expense	(0.2)	2.8	7.8	21.1
Income from discontinued operations (net of income tax (benefit) expense)	0.6	19.0	20.1	73.3
Gain on divestiture of discontinued operations[1]	0.4	—	441.3	—
Total income from discontinued operations	$ 1.0	$ 19.0	$ 461.4	$ 73.3

[1] Income tax benefit of $0.4 during the three months ended June 30, 2023, and net of income tax expense of $144.7 during the nine months ended June 30, 2023.

Held for sale

The assets and liabilities of the historical Batesville reportable operating segment had been reflected as assets and liabilities held for sale in the periods preceding the divestiture. The following is a summary of the major categories of assets and liabilities held for sale at September 30, 2022:

Cash and cash equivalents	$ 1.9
Trade receivables, net	59.5
Inventories, net	48.2
Other assets	6.5
Current assets held for sale	$ 116.1
Property, plant and equipment, net	$ 49.1
Operating lease right-of-use assets, net	35.6
Intangible assets, net	2.7
Goodwill	8.3
Long-term assets	9.6
Long-term assets held for sale	$ 105.3
Trade accounts payable	$ 62.0
Accrued compensation	13.6
Operating lease liabilities	13.0
Other liabilities	25.2
Current liabilities held for sale	$ 113.8
Operating lease liabilities	$ 22.1
Other liabilities	3.7
Long-term liabilities held for sale	$ 25.8

Divestiture of TerraSource

On October 22, 2021, the Company completed the divestiture of its TerraSource Global business ("TerraSource") pursuant to a Contribution Agreement ("Agreement") between the Company and certain affiliated companies of industrial holding company Right Lane Industries ("RLI"). Under the terms of the Agreement, Hillenbrand contributed TerraSource and its subsidiaries to a newly formed entity, TerraSource Holdings, LLC ("Holdings"), with RLI obtaining majority ownership and full operational control of TerraSource. In exchange for contributing the TerraSource business, the Company (i) received consideration in the form of a $25.6 five-year note, which was extended, subordinated, amended and restated in January 2023 to reflect a principal amount of $27.0, subject to certain adjustments, and an April 2028 maturity date, and (ii) also retained a 49% equity interest in Holdings through one of the Company's indirect wholly-owned subsidiaries, which became an approximately 46% interest in connection with the January 2023 amendment to the five-year note. The fair value of the total consideration received by the Company at closing was $27.7.

As a result of the TerraSource divestiture, the Company recorded a pre-tax loss of $3.1, after post-closing adjustments, in the Consolidated Statement of Operations during the nine months ended June 30, 2022. The Company incurred $0.4 of transaction costs associated with the divestiture during the nine months ended June 30, 2022, which were recorded within operating expenses in the Consolidated Statement of Operations. TerraSource's results of operations were included within the Advanced Process Solutions reportable operating segment until the completion of the divestiture on October 22, 2021. Subsequent to the divestiture, the Company's equity interest in Holdings is accounted for under the equity method of accounting as prescribed by GAAP.

5. Acquisitions

Proposed Acquisition of Schenck Process Food and Performance Materials Business

On May 23, 2023, the Company signed a definitive agreement to acquire the Schenck Process Food and Performance Materials ("FPM") business, a portfolio company of Blackstone, for an enterprise value of approximately $730.0. Headquartered in Kansas City, Missouri, FPM specializes in the design, manufacturing, and service of feeding, filtration, baking, and material handling technologies and systems that are highly complementary to the equipment and solutions currently offered in our Advanced Process Solutions reportable operating segment. This transaction is expected to close during the fourth fiscal quarter of 2023. It is anticipated that FPM will be included in our Advanced Process Solutions reportable operating segment.

Acquisition of Peerless Food Equipment

On December 1, 2022, the Company completed the acquisition of the Peerless Food Equipment division ("Peerless") of Illinois Tool Works Inc. for a purchase price of $59.2, net of certain customary post-closing adjustments and including cash acquired, using available borrowings under its multi-currency revolving credit facility (the "Facility"). Headquartered in Sidney, Ohio, Peerless is a premier supplier of industrial food processing equipment.

The acquisition of Peerless increases the Company's scale in the food end market, and by combining Peerless' highly complementary equipment and solutions with existing Advanced Process Solutions reportable operating segment technologies, allows the Company to deliver more comprehensive solutions to its customers.

The results of Peerless are included in the Advanced Process Solutions reportable operating segment.

Preliminary purchase price allocation and other items

The Company utilized the services of an independent valuation consultant, along with estimates and assumptions determined by management, to estimate the fair value of the assets acquired and liabilities assumed. The preliminary allocation of the purchase price was based on an evaluation of the appropriate fair values and represents management's best estimate based on available data. The purchase price allocation of the assets acquired and liabilities assumed is preliminary until the contractual post-closing adjustments are finalized, the final independent valuation consultant report is issued, and the measurement period allowed for under ASC 805 has closed. The final determination of the fair value of assets acquired and liabilities assumed will be completed within the one-year measurement period as allowed by ASC 805. Changes during the measurement period could be material. Based on current fair value estimates, the preliminary purchase price for Peerless has been allocated to individual assets acquired and liabilities assumed as of the acquisition date:

	December 1, 2022 (as initially reported)	Measurement Period Adjustments	December 1, 2022 (as adjusted)
Assets acquired:			
Current assets	$ 16.2	$ 1.3	$ 17.5
Property, plant, and equipment	2.3	—	2.3
Intangible assets	—	25.3	25.3
Goodwill	50.9	(27.3)	23.6
Total assets acquired	69.4	(0.7)	68.7
Liabilities assumed:			
Current liabilities	9.5	—	9.5
Total liabilities assumed	9.5	—	9.5
Net assets acquired	$ 59.9	$ (0.7)	$ 59.2

Measurement period adjustments

The preliminary purchase price allocation was based upon a preliminary valuation, and the Company’s estimates and assumptions are subject to change within the measurement period (defined as one year following the acquisition date). As a result of further refining its estimates and assumptions since the date of the acquisition, the Company recorded measurement period adjustments to the initial opening balance sheet as shown in the table above. Adjustments were primarily made to intangible assets and goodwill. There were no measurement period adjustments materially impacting earnings that would have been recorded in previous reporting periods if the adjustments had been recognized as of the acquisition date.

Intangible assets identified

The preliminary purchase price allocation included $25.3 of acquired identifiable intangible assets. Intangible assets consist of Peerless’ trade name and customer relationships, and will be amortized on a straight-line basis over the respective estimated periods for which the intangible assets will provide economic benefit to the Company. The determination of the useful lives is based upon various industry studies, historical acquisition experience, stability in the current Peerless customer base, economic factors, and future expected cash flows of the Company following the acquisition of Peerless. The trade name was valued using the relief-from-royalty method of the income approach. Customer relationships were valued using the multi-period excess earnings method of the income approach. Significant assumptions used in the valuations included Peerless cash flow projections, which were based on estimates used to price the Peerless acquisition, discount rates that were benchmarked with reference to the implied rate of return to the Company’s pricing model, and the applicable weighted-average cost of capital (13%).

The preliminary amounts allocated to intangible assets are as follows:

	Gross Carrying Amount	Weighted-Average Useful Life
Customer relationships	$ 22.0	13 years
Trade name	3.3	10 years
Total intangible assets	$ 25.3	

Goodwill was calculated as the excess of the consideration transferred over the net assets recognized and represents the estimated future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. The factors contributing to the recognition of goodwill were based on strategic benefits that are expected to be realized from the acquisition. Goodwill is expected to be deductible for tax purposes.

The working capital assets and liabilities, as well as the property, plant, and equipment acquired, were valued using Level 2 inputs, which included data points that are observable, such as definitive sales agreements, appraisals or established market values of comparable assets (market approach). Goodwill and identifiable intangible assets were valued using Level 3 inputs, which are unobservable by nature, and included internal estimates of future cash flows (income approach). Significant increases (decreases) in any of those unobservable inputs in isolation would result in a significantly lower (higher) fair value measurement. Management used a third-party valuation firm to assist in the determination of the preliminary purchase accounting fair values, specifically those considered Level 3 measurements. Management ultimately oversees the third-party valuation firm to ensure that the transaction-specific assumptions are appropriate for the Company.

Impact on results of operations

The results of Peerless' operations have been included in Hillenbrand's Consolidated Financial Statements since the December 1, 2022, acquisition date. The following table provides the results of operations for Peerless included in Hillenbrand's Consolidated Statement of Operations:

	Three Months Ended June 30, 2023	Nine Months Ended June 30, 2023
Net revenue	$ 6.5	$ 17.9
Income from continuing operations before income taxes	0.3	0.4

During the nine months ended June 30, 2023, the Company incurred $0.5 in acquisition expenses related to the Peerless acquisition, which are included in operating expenses in the Consolidated Statement of Operations.

Acquisition of LINXIS Group SAS

On October 6, 2022, the Company completed the acquisition of LINXIS Group SAS ("Linxis") from IBERIS INTERNATIONAL S.À R.L, an affiliate of IK Partners, and additional sellers (collectively, the "Sellers"). As a result of the acquisition, the Company acquired from the Sellers all of the issued and outstanding securities of Linxis, and Linxis became a wholly owned subsidiary of the Company for total aggregate consideration of $590.8 (€596.2) in cash, reflecting an approximate enterprise value of $566.8 (€572.0) plus cash acquired at closing, subject to post-closing adjustments. The Company used available borrowings under the Facility to fund this acquisition.

Linxis has six market-leading brands – Bakon, Diosna, Shaffer, Shick Esteve, Unifiller, and VMI – that serve customers in over 100 countries. With a global manufacturing, sales and service footprint, Linxis specializes in design, manufacturing, and service of dosing, kneading, mixing, granulating, drying and coating technologies.

The results of Linxis are included in the Advanced Process Solutions reportable operating segment.

Purchase price allocation and other items

The Company utilized the services of an independent valuation consultant, along with estimates and assumptions determined by management, to estimate the fair value of the assets acquired and liabilities assumed. The preliminary allocation of the purchase price was based on an evaluation of the appropriate fair values and represents management's best estimate based on available data. The purchase price allocation of the assets acquired and liabilities assumed is preliminary until the contractual post-closing adjustments are finalized, the final independent valuation consultant report is issued, and the measurement period allowed for under ASC 805 has closed. The final determination of the fair value of assets acquired and liabilities assumed will be completed within the one-year measurement period as allowed by ASC 805. Changes during the measurement period could be material. Based on current fair value estimates, the preliminary purchase price for Linxis has been allocated to individual assets acquired and liabilities assumed as of the acquisition date:

	October 6, 2022 (as initially reported)	Measurement Period Adjustments	October 6, 2022 (as adjusted)
Assets acquired:			
Cash and cash equivalents	$ 22.9	$ —	$ 22.9
Trade receivables	31.5	—	31.5
Receivables from long-term manufacturing contracts	12.1	—	12.1
Inventories	80.1	—	80.1
Prepaid expenses and other current assets	11.7	—	11.7
Property, plant, and equipment	36.7	1.1	37.8
Operating lease right-of-use assets	15.0	—	15.0
Intangible assets	243.8	—	243.8
Goodwill	332.0	(0.9)	331.1
Other noncurrent assets	1.0	—	1.0
Total assets acquired	786.8	0.2	787.0
Liabilities assumed:			
Trade accounts payable	18.9	—	18.9
Liabilities from long-term manufacturing contracts	52.0	—	52.0
Accrued compensation	10.3	—	10.3
Other current liabilities	19.6	1.4	21.0
Accrued pension and postretirement healthcare	3.9	—	3.9
Operating lease liabilities	9.4	—	9.4
Deferred income taxes	77.0	(1.2)	75.8
Other noncurrent liabilities	0.3	—	0.3
Total liabilities assumed	191.4	0.2	191.6
Net assets acquired	595.4	—	595.4
Less: Fair value of Linxis noncontrolling interest[(1)]	(4.6)	—	(4.6)
Purchase price consideration	$ 590.8	$ —	$ 590.8

[(1)] While the Company acquired all issued and outstanding securities of Linxis in the acquisition, there remain certain noncontrolling interests in two subsidiaries of Linxis that existed as of the acquisition date.

Measurement period adjustments

The preliminary purchase price allocation was based upon a preliminary valuation, and the Company’s estimates and assumptions are subject to change within the measurement period (defined as one year following the acquisition date). As a result of further refining its estimates and assumptions since the date of the acquisition, the Company recorded measurement period adjustments to the initial opening balance sheet as shown in the table above. Adjustments were primarily made to property, plant and equipment, other current liabilities, deferred income taxes, and goodwill. There were no measurement period adjustments materially impacting earnings that would have been recorded in previous reporting periods if the adjustments had been recognized as of the acquisition date.

Intangible assets identified

The preliminary purchase price allocation included $243.8 of acquired identifiable intangible assets. Intangible assets consist of Linxis’s trade name portfolio and customer relationships and will be amortized on a straight-line basis over the respective estimated periods for which the intangible assets will provide economic benefit to the Company. The determination of the useful lives is based upon various industry studies, historical acquisition experience, degree of stability in the current Linxis customer base, economic factors, and expected future cash flows of the Company following the acquisition of Linxis. The trade name portfolio was valued using the relief-from-royalty method of the income approach. Customer relationships were valued using the multi-period excess earnings method of the income approach. Significant assumptions used in the valuations included Linxis cash flow projections, which were based on estimates used to price the Linxis acquisition, discount rates that were benchmarked with reference to the implied rate of return to the Company's pricing model, and the applicable weighted-average cost of capital (12%).

The preliminary amounts allocated to intangible assets are as follows:

	Gross Carrying Amount	Weighted-Average Useful Life
Customer relationships	$ 211.1	13 years
Trade name	32.7	10 years
Total intangible assets	$ 243.8	

Goodwill was calculated as the excess of the consideration transferred over the net assets recognized and represents the estimated future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. The factors contributing to the recognition of goodwill were based on strategic benefits that are expected to be realized from the acquisition. None of the goodwill is expected to be deductible for income tax purposes.

The working capital assets and liabilities, as well as the property, plant and equipment acquired, were valued using Level 2 inputs, which included data points that are observable, such as definitive sales agreements, appraisals or established market values of comparable assets (market approach). Goodwill and identifiable intangible assets were valued using Level 3 inputs, which are unobservable by nature, and included internal estimates of future cash flows (income approach). Significant increases (decreases) in any of those unobservable inputs in isolation would result in a significantly lower (higher) fair value measurement. Management used a third-party valuation firm to assist in the determination of the preliminary purchase accounting fair values, specifically those considered Level 3 measurements. Management ultimately oversees the third-party valuation firm to ensure that the transaction-specific assumptions are appropriate for the Company.

Impact on results of operations

The results of Linxis operations have been included in Hillenbrand's Consolidated Financial Statements since the October 6, 2022, acquisition date. The following table provides the results of operations for Linxis included in Hillenbrand's Consolidated Statement of Operations:

	Three Months Ended June 30, 2023	Nine Months Ended June 30, 2023
Net revenue	$ 86.0	$ 238.5
Income from continuing operations before income taxes	5.9	3.3

During the nine months ended June 30, 2023, the Company incurred $1.3 in acquisition expenses related to the Linxis acquisition, which are included in operating expenses in the Consolidated Statement of Operations.

Acquisition of Herbold Meckesheim GmbH

On August 31, 2022, the Company completed the acquisition of Herbold Meckesheim GmbH ("Herbold") for $77.7 (€77.5) in cash, pursuant to a definitive acquisition agreement dated June 30, 2022. Based in Meckesheim, Germany, Herbold is a leader in recycling systems, specializing in key process steps such as washing, separating, drying, shredding, and pulverizing.

The acquisition of Herbold advances the Company's long term growth strategy in the key end market of recycling. Herbold offers highly complementary technologies to Hillenbrand's Coperion branded products and enhances the Company's offering of complete recycling solutions.

The results of Herbold are included in the Advanced Process Solutions reportable operating segment.

Preliminary purchase price allocation and other items

The Company utilized the services of an independent valuation consultant, along with estimates and assumptions determined by management, to estimate the fair value of the assets acquired and liabilities assumed. The preliminary allocation of the purchase price was based on an evaluation of the appropriate fair values and represents management's best estimate based on available data. The purchase price allocation of the assets acquired and liabilities assumed is preliminary until the contractual post-closing adjustments are finalized, the final independent valuation consultant report is issued, and the measurement period allowed for under ASC 805 has closed. The final determination of the fair value of assets acquired and liabilities assumed will be completed within the one-year measurement period as allowed by ASC 805. Changes during the measurement period could be material. Based on current fair value estimates, the preliminary purchase price for Herbold has been allocated to individual assets acquired and liabilities assumed as of the acquisition date:

	August 31, 2022 (as initially reported)	Measurement Period Adjustments	August 31, 2022 (as adjusted)
Assets acquired:			
Current assets	$ 38.2	$ 1.4	$ 39.6
Property, plant, and equipment	4.7	1.9	6.6
Intangible assets	—	22.6	22.6
Goodwill	69.3	(12.3)	57.0
Other assets	5.3	—	5.3
Total assets acquired	117.5	13.6	131.1
Liabilities assumed:			
Current liabilities	33.9	6.6	40.5
Other long-term liabilities	5.9	7.0	12.9
Total liabilities assumed	39.8	13.6	53.4
Net assets acquired	$ 77.7	$ —	$ 77.7

Measurement period adjustments

The preliminary purchase price allocation was based upon a preliminary valuation, and the Company's estimates and assumptions are subject to change within the measurement period (defined as one year following the acquisition date). As a result of further refining its estimates and assumptions since the date of the acquisition, the Company recorded measurement period adjustments to the initial opening balance sheet as shown in the table above. Adjustments were primarily made to intangible assets and goodwill. There were no measurement period adjustments materially impacting earnings that would have been recorded in previous reporting periods if the adjustments had been recognized as of the acquisition date.

Intangible assets identified

The preliminary purchase price allocation included $22.6 of acquired identifiable intangible assets. Intangible assets consist of Herbold's trade name, technology, and customer relationships, and will be amortized on a straight-line basis over the respective estimated periods for which the intangible assets will provide economic benefit to the Company. The determination of the useful lives is based upon various industry studies, historical acquisition experience, stability in the current Herbold customer base, economic factors, and future expected cash flows of the Company following the acquisition of Herbold. The trade name and technology were valued using the relief-from-royalty method of the income approach. Customer relationships were valued using the multi-period excess earnings method of the income approach. Significant assumptions used in the valuations included Herbold cash flow projections, which were based on estimates used to price the Herbold acquisition, discount rates that were benchmarked with reference to the implied rate of return to the Company's pricing model, and the applicable weighted-average cost of capital (20%).

The preliminary amounts allocated to intangible assets are as follows:

	Gross Carrying Amount	Weighted-Average Useful Life
Customer relationships	$ 10.2	15 years
Trade name	8.0	10 years
Technology	4.4	7 years
Total intangible assets	$ 22.6	

Goodwill was calculated as the excess of the consideration transferred over the net assets recognized and represents the estimated future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. The factors contributing to the recognition of goodwill were based on strategic benefits that are expected to be realized from the acquisition. None of the goodwill is expected to be deductible for income tax purposes.

The working capital assets and liabilities, as well as the property, plant and equipment acquired, were valued using Level 2 inputs, which included data points that are observable, such as definitive sales agreements, appraisals or established market values of comparable assets (market approach). Goodwill and identifiable intangible assets were valued using Level 3 inputs, which are unobservable by nature, and included internal estimates of future cash flows (income approach). Significant increases (decreases) in any of those unobservable inputs in isolation would result in a significantly lower (higher) fair value measurement. Management used a third-party valuation firm to assist in the determination of the preliminary purchase accounting fair values, specifically those considered Level 3 measurements. Management ultimately oversees the third-party valuation firm to ensure that the transaction-specific assumptions are appropriate for the Company.

Impact on results of operations

The results of Herbold's operations have been included in Hillenbrand's Consolidated Financial Statements since the August 31, 2022, acquisition date. The following table provides the results of operations for Herbold included in Hillenbrand's Consolidated Statement of Operations:

	Three Months Ended June 30, 2023	Nine Months Ended June 30, 2023
Net revenue	$ 16.2	$ 48.4
Income (loss) from continuing operations before income taxes	0.6	(2.8)

During the nine months ended June 30, 2023, the acquisition expenses related to the Herbold acquisition were not material.

Acquisition of Gabler Engineering GmbH

On June 30, 2022, the Company completed the acquisition of Gabler Engineering GmbH ("Gabler") for $12.9 (€12.6) in cash. Gabler, based in Malsch, Germany, specializes in the design, engineering, manufacturing, and implementation of plants and equipment for the confectionery and pharmaceutical industries. The final determination of the fair value of assets acquired and liabilities assumed was completed during the three months ended June 30, 2023. The majority of the purchase price allocation was assigned to the fair value of the acquired property, plant and equipment, working capital assets and liabilities, and residual goodwill (which was $6.2). There were no material changes in the purchase price allocation during the three and nine months ended June 30, 2023 and no further changes will be made. Goodwill is not deductible for tax purposes. The results of Gabler are included in the Advanced Process Solutions reportable operating segment and are not material to the Consolidated Financial Statements for the three and nine months ended June 30, 2023.

Supplemental Pro Forma Information

The supplemental pro forma financial information presented below is for illustrative purposes only and is not necessarily indicative of the financial position or results of operations that would have been realized if the Gabler, Herbold, Linxis, and Peerless acquisitions had been completed on the date indicated, do not reflect synergies that might have been achieved, and are not indicative of future results of operations or financial position. The pro forma adjustments are based upon currently available information and certain assumptions that Hillenbrand believes are reasonable under the circumstances.

The supplemental pro forma financial information reflects pro forma adjustments to present the combined pro forma results of operations as if the acquisitions of Gabler, Herbold, Linxis, and Peerless had occurred on October 1, 2021, to give effect to certain events that Hillenbrand believes to be directly attributable to the acquisitions. These pro forma adjustments primarily include:

- an increase to depreciation and amortization expense that would have been recognized due to acquired tangible and intangible assets;
- an adjustment to interest expense to reflect the additional borrowings of Hillenbrand and the repayment of Linxis's historical debt in conjunction with the acquisition;
- an adjustment to remove business acquisition and integration costs and inventory step-up costs during the three and nine months ended June 30, 2023, as these costs are non-recurring in nature and would not have a continuing effect on Hillenbrand's results of operations; and
- the related income tax effects of the adjustments noted above.

The supplemental pro forma financial information for the periods presented is as follows:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
Net revenue	$ 716.6	$ 675.4	$ 2,069.0	$ 2,022.6
Income from continuing operations attributable to Hillenbrand	43.6	27.1	107.3	75.7
Income from continuing operations attributable to Hillenbrand — per share of common stock:				
Basic earnings per share from continuing operations	$ 0.62	$ 0.38	$ 1.54	$ 1.05
Diluted earnings per share from continuing operations	$ 0.62	$ 0.38	$ 1.53	$ 1.04

6. Supplemental Consolidated Balance Sheet Information

	June 30, 2023	September 30, 2022
Allowance for credit losses	$ 8.1	$ 6.4
Warranty reserves	$ 28.6	$ 22.4
Accumulated depreciation on property, plant, and equipment	$ 219.0	$ 197.6
Inventories, net:		
Raw materials and components	$ 251.7	$ 210.1
Work in process	130.8	107.9
Finished goods	185.9	167.6
Total inventories, net	$ 568.4	$ 485.6
Other current liabilities:		
Income tax payable	$ 96.2	$ 33.6
Other current liabilities	222.7	172.1
Total other current liabilities	$ 318.9	$ 205.7

The following table provides a reconciliation of cash and cash equivalents, restricted cash, and cash and cash equivalents held for sale reported within the Consolidated Balance Sheets that sum to the total of the same amounts shown in the Consolidated Statements of Cash Flows:

	June 30, 2023	June 30, 2022
Cash and cash equivalents	$ 290.5	$ 282.5
Cash and cash equivalents held for sale	—	1.9
Short-term restricted cash included in other current assets	0.8	1.1
Total cash and cash equivalents, restricted cash, and cash and cash equivalents held for sale shown in the Consolidated Statements of Cash Flows	$ 291.3	$ 285.5

7. Leases

For the three and nine months ended June 30, 2023 and 2022, the Company recognized $5.6 and $20.8, and $6.1 and $19.0 of operating lease expense, respectively, including short-term lease expense and variable lease costs, which were immaterial in each period. The Company's finance leases were insignificant as of June 30, 2023 and September 30, 2022.

The following table presents supplemental Consolidated Balance Sheet information related to the Company's operating leases:

	June 30, 2023	September 30, 2022
Operating lease right-of-use assets, net	$ 105.9	$ 87.9
Other current liabilities	17.5	15.7
Operating lease liabilities	83.0	70.5
Total operating lease liabilities	$ 100.5	$ 86.2
Weighted-average remaining lease term (in years)	5.7	7.9
Weighted-average discount rate	3.6 %	2.7 %

As of June 30, 2023, the maturities of the Company's operating lease liabilities were as follows:

2023 (excluding the nine months ended June 30, 2023)	$ 5.8
2024	20.0
2025	16.8
2026	14.1
2027	12.1
Thereafter	44.5
Total lease payments	113.3
Less: imputed interest	(12.8)
Total present value of lease payments	$ 100.5

Supplemental Consolidated Statements of Cash Flow information related to the Company's operating leases is as follows:

	Nine Months Ended June 30,	
	2023	2022
Cash paid for amounts included in the measurement of operating lease liabilities	$ 17.9	$ 15.7
Operating lease right-of-use assets, net obtained in exchange for new operating lease liabilities	10.4	18.3
Operating leases acquired in acquisitions	15.3	—

8. Intangible Assets and Goodwill

Intangible Assets

Intangible assets are stated at the lower of cost or fair value. Intangible assets are amortized on a straight-line basis over periods ranging fromthree to 21 years, representing the period over which the Company expects to receive future economic benefits from these assets. The Company assesses the carrying value of indefinite-lived trade names annually, or more often if events or changes in circumstances indicate there may be an impairment.

The following table summarizes the carrying amounts and related accumulated amortization for intangible assets as of:

	June 30, 2023		September 30, 2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Finite-lived assets:				
Customer relationships	$ 1,024.4	$ (276.5)	$ 739.6	$ (221.1)
Trade names	48.1	(3.6)	—	—
Technology, including patents	142.1	(80.8)	132.9	(68.4)
Software	39.7	(31.0)	34.4	(27.0)
	1,254.3	(391.9)	906.9	(316.5)
Indefinite-lived assets:				
Trade names	223.2	—	217.6	—
Total	$ 1,477.5	$ (391.9)	$ 1,124.5	$ (316.5)

The net change in intangible assets during the nine months ended June 30, 2023, was driven primarily by the acquisitions of Linxis, Herbold, and Peerless which included acquired intangible assets of $291.7, including impact of measurement period adjustments, normal amortization, and foreign currency adjustments. See Note 5 for further detail on the acquisitions of Linxis, Herbold, and Peerless. Estimated amortization expense related to intangible assets for the next five years is: $76.1 in 2023, $76.0 in 2024, $73.2 in 2025, $72.4 in 2026, and $72.4 in 2027.

Goodwill

Goodwill is not amortized, but is subject to annual impairment tests. Goodwill has been assigned to reporting units within the reportable operating segments. The Company assesses the carrying value of goodwill annually, or more often if events or changes in circumstances indicate there may be impairment. Impairment testing is performed at a reporting unit level.

The following table summarizes the changes in the Company's goodwill, by reportable operating segment, for the nine months ended June 30, 2023:

	Advanced Process Solutions	Molding Technology Solutions	Total
Balance as of September 30, 2022	$ 516.0	$ 635.1	$ 1,151.1
Acquisitions[1]	354.7	—	354.7
Acquisition measurement period adjustments	(11.8)	—	(11.8)
Foreign currency adjustments	64.1	3.3	67.4
Balance as of June 30, 2023	$ 923.0	$ 638.4	$ 1,561.4

(1) See Note 5 for further information on the acquisitions of Linxis and Peerless.

During the three and nine months ended June 30, 2023 and 2022, the Company did not observe any triggering events or substantive changes in circumstances requiring the need for an interim impairment assessment.

9. Financing Agreements

The following table summarizes Hillenbrand's current and long-term debt as of:

	June 30, 2023	September 30, 2022
$1,000.0 revolving credit facility (excluding outstanding letters of credit)	$ 27.3	$ 6.7
$200.0 term loan	195.0	—
$400.0 senior unsecured notes [1]	397.8	397.1
$375.0 senior unsecured notes [2]	372.7	372.2
$350.0 senior unsecured notes [3]	346.5	346.2
$100.0 Series A Notes [4]	—	99.9
Total debt	1,339.3	1,222.1
Less: current portion	10.0	—
Total long-term debt	$ 1,329.3	$ 1,222.1

(1) Includes unamortized debt issuance costs of $2.2 and $2.9 at June 30, 2023 and September 30, 2022, respectively.
(2) Includes unamortized debt issuance costs of $2.0 and $2.5 at June 30, 2023 and September 30, 2022, respectively.
(3) Includes unamortized debt issuance costs of $3.5 and $3.8 at June 30, 2023 and September 30, 2022, respectively.
(4) Includes unamortized debt issuance costs of $0.1 at September 30, 2022.

Primary Credit Facilities

$1,000.0 Revolving Credit Facility, $200.0 Term Loan, and €185.0 Term Loan Commitment

On June 21, 2023, the Company entered into Amendment No. 1 to the Fourth Amended and Restated Credit Agreement (the "Credit Agreement Amendment"), which governs our multi-currency revolving credit facility (the "Facility"), by and among Hillenbrand and certain of its affiliates, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (in such capacity, the "Administrative Agent"). The Credit Agreement Amendment amends the Company's Fourth Amended and Restated Credit Agreement, dated as of June 8, 2022 (the "Prior Credit Agreement," and, as amended by the Credit Agreement Amendment, the "Amended Credit Agreement"). The amendments effected by the Credit Agreement Amendment include, among other changes, establishment of a euro-denominated, delayed-draw term loan facility available to the Company's wholly owned subsidiary, Hillenbrand Switzerland GmbH, in an initial aggregate principal amount of up to € 185.0 (the "New Term Loan") and the inclusion of requirements that would be triggered by a Collateral Springing Event (described below).

The New Term Loan commitment is subject to ticking fees if not drawn within 60 days of the date of the Credit Agreement Amendment, and the New Term Loan commitment will expire 180 days after the date of the Credit Agreement Amendment. The New Term Loan, if drawn, will be subject to quarterly amortization payments equal to 1.25% of the funded New Term Loan for the first eight calendar quarters following the funding date, and 1.875% of the funded New Term Loan thereafter until the maturity date. The New Term Loan would, once drawn, accrue interest at the Adjusted EURIBO Rate (as defined in the Amended Credit Agreement) plus a margin, ranging from 1.00% to 2.25%, based on the Company's leverage ratio. The New Term Loan, if drawn, will mature on June 8, 2027, concurrently with the other obligations under the Credit Agreement Amendment.

As compared to the Prior Credit Agreement, the Credit Agreement Amendment increases the maximum permitted leverage ratio from and after the commencement of the Credit Agreement Amendment Adjusted Period from 4.00x at June 30, 2023 to 4.50x for the twelve month period ending June 30, 2024, stepping down to 4.00x for the three months ended September 30, 2024 and December 31, 2024, to 3.75x for the three months ended March 31, 2025, and to 3.50x for the three months ended June 30, 2025 and thereafter. The Credit Agreement Amendment also requires mandatory prepayments of the New Term Loan with 100% of net proceeds from asset sales (subject to customary carveouts and reinvestment rights) and, as compared to the Prior Credit Agreement, contains additional limitations on liens and restricted payments during the Adjustment Period (defined below). Except for the amendments applicable during the Adjustment Period (defined below), the Credit Agreement Amendment contains substantially the same affirmative and negative covenants and events of default as those in the Prior Credit Agreement. New deferred financing costs related to the Credit Agreement Amendment were $ 2.6, which along with existing costs of $3.4, are being amortized to interest expense over the remaining term of the Facility.

With respect to the Facility, as of June 30, 2023 and September 30, 2022, the Company had outstanding balances of $27.3 and $6.7, respectively. As of June 30, 2023, the Company had $14.8 in outstanding letters of credit issued and $1,160.2 of borrowing capacity under the Facility, of which $790.2 was immediately available based on the Company's most restrictive covenant. During the nine months ended June 30, 2023, the Company executed a $200.0 draw on the term loan commitment provided for by the Prior Credit Agreement. The term loan will mature upon the maturity date of the Facility, June 8, 2027. The weighted-average interest rate on borrowings under the Facility was 4.45% and 2.55% for the three and nine months ended June 30, 2023, respectively. There were no borrowings under the Facility during the three and nine months ended June 30, 2022. The weighted-average interest rate on the term loan was 6.52% and 6.12% for the three and nine months ended June 30, 2023, respectively. There were no borrowings on the term loan during the three and nine months ended June 30, 2022. The weighted average facility fee on the Facility was 0.19% and 0.17% for the three and nine months ended June 30, 2023, respectively, and 0.15% for both the three and nine months ended June 30, 2022.

Letter of Guarantee ("L/G") Facility

On June 22, 2023, the Company entered into an Amendment and Restatement Agreement (the "L/G Amendment") between the Company, the subsidiary borrowers party thereto, the subsidiary guarantors party thereto, Commerzbank Aktiengesellschaft, as mandated lead arranger and bookrunner, Commerzbank Aktiengesellschaft (as successor to Commerzbank Finance & Covered Bond S.A.), as agent (in such capacity, the "L/G Agent"), and the other financial institutions party thereto as mandated lead arrangers, lenders and issuing banks.

The L/G Amendment amends and restates the Company's Syndicated L/G Facility Agreement, dated June 21, 2022 (the "Prior L/G Agreement" and, as amended by the L/G Amendment, the "Amended L/G Facility Agreement"). The amendments effected by the L/G Amendment include, among other changes, an increase in the facility from € 225.0 to €325.0 and the inclusion of requirements that would be triggered by a Collateral Springing Event (described below).

As compared to the Prior L/G Agreement, the Amended L/G Facility Agreement increases the maximum permitted leverage ratio from and after the commencement of the L/G Adjusted Period from 4.00x at June 30, 2023 to 4.50x for the twelve month period ended June 30, 2024, stepping down to 4.00x for the three months ended September 30, 2024 and December 31, 2024, to 3.75x for the three months ended March 31, 2025, and to 3.50x for the three months ended June 30, 2025 and thereafter. The Amended L/G Facility Agreement also, as compared to the Prior L/G Agreement, contains additional limitations on liens and restricted payments during the Adjustment Period (defined below). Except for the amendments applicable during the Adjustment Period (defined below), the Amended L/G Facility Agreement contains substantially the same affirmative and negative covenants and events of default as those in the Prior L/G Agreement. New deferred financing costs related to the Amended L/G Facility Agreement were $ 0.7, which along with existing costs of $1.0, are being amortized to interest expense over the remaining term of the Amended L/G Facility Agreement.

Letters of credit, guarantees and surety bonds are routinely required by customers of the Company's industrial businesses. Guarantees may be issued in euros or certain other agreed-upon currencies. Specified sublimits apply, based on the specific lender and currency. The guarantees carry an annual fee that varies based on the Company's leverage ratio. The Amended L/G Facility Agreement also provides for a leverage-based commitment fee assessed on the undrawn portion of the facility. The Amended L/G Facility Agreement matures on the earlier of (i) June 21, 2028, and (ii) the date of the termination of the Amended Credit Agreement (as such agreement may be from time to time extended or refinanced). The Amended L/G Facility Agreement contains representations, warranties and covenants that are customary for agreements of this type and contains specified customary events of default. The obligations under the Amended L/G Facility Agreement are guaranteed by Hillenbrand and certain of its domestic subsidiaries named therein.

Collateral Springing Event

The Amended Credit Agreement and the Amended L/G Facility Agreement require the Company and certain domestic subsidiaries that are guarantors thereunder to take certain actions if a Collateral Springing Event (as defined in the agreements) occurs before the later of April 1, 2025 or the date that all principal, interest, and other amounts owing in respect of the New Term Loan have been paid in full (the "Adjustment Period"). After a Collateral Springing Event, the Company and the guarantors would be required to grant liens on substantially all of their assets (subject to customary exceptions for excluded assets, including an exception for Principal Property (as defined in the Company's indentures in respect of its senior notes) and for capital stock of entities that own any such Principal Property) in favor of the Administrative Agent and L/G Agent, as applicable, for the benefit of the secured parties.

Other credit arrangements

In the normal course of business, certain operating companies within our reportable operating segments provide to certain customers bank guarantees and other credit arrangements in support of performance, warranty, advance payment, and other contractual obligations. This form of trade finance is customary in the industry and, as a result, the Company maintains adequate capacity to provide the guarantees. As of June 30, 2023 and September 30, 2022, the Company had credit arrangements totaling $577.9 and $373.6, respectively, under which $328.9 and $247.4, respectively, were used for guarantees. These arrangements include the Company's Amended L/G Facility Agreement and other ancillary credit facilities.

Covenants related to current financing agreements

The Amended Credit Agreement and Amended L/G Facility Agreement contain the following financial covenants for the current quarter: a maximum leverage ratio (as described above and defined in the agreements) of 4.00 to 1.00 and a minimum ratio of earnings before interest, income tax, depreciation, and amortization ("EBITDA") (as defined in the agreements) to interest expense of 3.00 to 1.00. As permitted in the Amended Credit Agreement and Amended L/G Facility Agreement, the Company may elect to increase the maximum permitted leverage ratio to 4.00 to 1.00, following certain acquisitions, for four full fiscal quarters (plus the fiscal quarter in which the acquisition takes place). Following the acquisition of Linxis on October 6, 2022, the Company elected to increase the maximum permitted leverage ratio to 4.00 to 1.00 for the quarter ended December 31, 2022, and for the four succeeding quarters. The Credit Agreement Amendment will supersede this election beginning with the three months ended September 30, 2023, resulting in a maximum permitted leverage ratio of 4.50 to 1.00, as described above. The Company has one remaining permitted election to increase the maximum permitted leverage ratio to 4.00 to 1.00, to begin no earlier than the later of six months after the Credit Agreement Adjustment period has ended on April 1, 2025, or the date on which the New Term Loan is fully paid. The obligations under the Amended Credit Agreement and Amended L/G Facility Agreement are unsecured, but are subject to potential Collateral Springing Events as described above.

All obligations of the Company arising under the Amended Credit Agreement, Amended L/G Facility Agreement, $ 400.0 of senior unsecured notes due June 2025 (the "2020 Notes"), $375.0 of senior unsecured notes due September 2026 (the "2019 Notes"), and the $350.0 of senior unsecured notes due March 2031 (the "2021 Notes"), are fully and unconditionally, jointly and severally, guaranteed by certain of the Company's domestic subsidiaries.

As of June 30, 2023, Hillenbrand was in compliance with all covenants contained in the foregoing agreements and credit instruments and there were no events of default.

Long Term Notes

$100.0 Series A Unsecured Notes

On December 15, 2014, the Company issued $100.0 in 4.60% Series A unsecured notes ("Series A Notes") pursuant to the Private Shelf Agreement, dated as of December 6, 2012 (as amended, the "Shelf Agreement"), among the Company, Prudential Investment Management, Inc. ("Prudential") and each Prudential Affiliate (as defined therein) that became a purchaser thereunder. During the nine months ended June 30, 2023, the Company repaid in full the $100.0 in Series A Notes using a portion of the net proceeds from the Batesville divestiture and wrote off the remaining issuance costs associated with the Series A Notes.

10. Retirement Benefits

Defined Benefit Plans

Components of net periodic pension (benefit) cost included in the Consolidated Statements of Operations were as follows:

	U.S. Pension Benefits Three Months Ended June 30,		Non-U.S. Pension Benefits Three Months Ended June 30,	
	2023	2022	2023	2022
Service costs	$ —	$ —	$ 0.4	$ 0.4
Interest costs	2.7	1.5	1.2	0.2
Expected return on plan assets	(3.4)	(2.7)	(0.3)	(0.2)
Amortization of net loss (gain)	0.1	0.3	(0.3)	0.4
Net periodic pension (benefit) cost	$ (0.6)	$ (0.9)	$ 1.0	$ 0.8

	U.S. Pension Benefits Nine Months Ended June 30,		Non-U.S. Pension Benefits Nine Months Ended June 30,	
	2023	2022	2023	2022
Service costs	$ —	$ —	$ 1.4	$ 1.5
Interest costs	8.3	4.6	3.1	0.6
Expected return on plan assets	(10.2)	(8.1)	(0.8)	(0.7)
Amortization of net loss (gain)	0.3	1.1	(0.7)	1.0
Net periodic pension (benefit) cost	$ (1.6)	$ (2.4)	$ 3.0	$ 2.4

Defined Contribution Plans

Expenses related to the Company's defined contribution plans were $2.7 and $8.1 for the three and nine months ended June 30, 2023, respectively, and $2.3 and $7.0 for the three and nine months ended June 30, 2022, respectively.

11. Income Taxes

The effective tax rates for the three months ended June 30, 2023 and 2022 were 35.1% and 39.0%, respectively. The decrease in the effective tax rate was primarily driven by a non-recurring unfavorable change in estimate related to foreign tax credits and the impact of tax loss carryforwards within the Molding Technology Solutions reportable operating segment on the net domestic taxes on foreign earnings in the prior period, partially offset by the revaluation of deferred tax balances as a result of foreign currency fluctuations in the current period.

The effective tax rates for the nine months ended June 30, 2023 and 2022 were 34.6% and 39.7%, respectively. The decrease in the effective tax rate was primarily driven by the favorable recognition of discrete tax benefits resulting from the approval of the incentive tax rate for certain operations located in China and the increase in tax benefit of equity compensation in the current period, as well as a non-recurring unfavorable change in estimate related to foreign tax credits, the impact of divestitures, and the impact of tax loss carryforwards within the Molding Technology Solutions reportable operating segment on the net domestic taxes on foreign earnings in the prior period. These items were partially offset by an increase in the accrual for taxes on unremitted foreign earnings as a result of the divestiture of Batesville and the revaluation of deferred tax balances as a result of foreign currency fluctuations in the current period.

12. Earnings per share

The dilutive effects of performance-based stock awards were included in the computation of diluted earnings per share at the level the related performance criteria were met through the respective Consolidated Balance Sheet date. Potential dilutive effects, representing approximately 350,000 and 400,000 shares at June 30, 2023 and 2022, respectively, were excluded from the computation of diluted earnings per share as the related performance criteria were not yet met, although the Company expects to meet various levels of criteria in the future.

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
Income from continuing operations	$ 44.0	$ 31.1	$ 94.9	$ 82.7
Less: Net income attributable to noncontrolling interests	1.7	1.3	4.8	3.9
Income from continuing operations attributable to Hillenbrand	$ 42.3	$ 29.8	$ 90.1	$ 78.8
Weighted-average shares outstanding (basic - in millions)	70.0	71.4	69.7	72.4
Effect of dilutive stock options and other unvested equity awards (in millions)	0.3	0.6	0.3	0.6
Weighted-average shares outstanding (diluted - in millions)	70.3	72.0	70.0	73.0
Basic earnings per share from continuing operations attributable to Hillenbrand	$ 0.60	$ 0.42	$ 1.29	$ 1.09
Diluted earnings per share from continuing operations attributable to Hillenbrand	$ 0.60	$ 0.42	$ 1.29	$ 1.08
Shares with anti-dilutive effect excluded from the computation of diluted earnings per share (in millions)	0.1	0.5	0.4	0.4

13. Accumulated Other Comprehensive Loss

The following tables summarize the changes in the accumulated balances for each component of accumulated other comprehensive loss:

	Pension and Postretirement	Currency Translation [1]	Net Unrealized (Loss) Gain on Derivative Instruments	Total Attributable to Hillenbrand, Inc.	Noncontrolling Interests	Total
Balance at September 30, 2022	$ (32.8)	$ (113.7)	$ (9.1)	$ (155.6)		
Other comprehensive income before reclassifications:						
Before tax amount	—	39.2	3.4	42.6	$ (0.6)	$ 42.0
Tax expense	—	—	(1.0)	(1.0)	—	(1.0)
After tax amount	—	39.2	2.4	41.6	(0.6)	41.0
Amounts reclassified from accumulated other comprehensive loss [2]	(1.8)	—	0.9	(0.9)	—	(0.9)
Net current period other comprehensive (loss) income	(1.8)	39.2	3.3	40.7	$ (0.6)	$ 40.1
Balance at June 30, 2023	$ (34.6)	$ (74.5)	$ (5.8)	$ (114.9)		

[1] Includes gain and losses on intra-entity foreign currency transactions that are of a long-term investment nature.
[2] Amounts are net of tax.

	Pension and Postretirement	Currency Translation [1]	Net Unrealized (Loss) Gain on Derivative Instruments	Total Attributable to Hillenbrand, Inc.	Noncontrolling Interests	Total
Balance at September 30, 2021	$ (49.2)	$ 13.1	$ (10.2)	$ (46.3)		
Other comprehensive income (loss) before reclassifications:						
Before tax amount	1.8	(60.0)	1.0	(57.2)	$ (1.6)	$ (58.8)
Tax expense	(0.2)	—	(0.1)	(0.3)	—	(0.3)
After tax amount	1.6	(60.0)	0.9	(57.5)	(1.6)	(59.1)
Amounts reclassified from accumulated other comprehensive loss [2]	1.5	—	1.1	2.6	—	2.6
Net current period other comprehensive income (loss)	3.1	(60.0)	2.0	(54.9)	$ (1.6)	$ (56.5)
Balance at June 30, 2022	$ (46.1)	$ (46.9)	$ (8.2)	$ (101.2)		

[1] Includes gains and losses on intra-foreign currency transactions that are of a long-term investment nature.
[2] Amounts are net of tax.

Reclassifications out of accumulated other comprehensive loss include:

	Three Months Ended June 30, 2023			
	Amortization of Pension and Postretirement [(1)]			
	Net Gain Recognized	Prior Service Costs Recognized	(Gain) Loss on Derivative Instruments	Total
Affected Line in the Consolidated Statement of Operations:				
Net revenue	$ —	$ —	$ 0.2	$ 0.2
Cost of goods sold	—	—	(0.2)	(0.2)
Other income, net	(0.2)	—	0.5	0.3
Total before tax	$ (0.2)	$ —	$ 0.5	$ 0.3
Tax expense				(0.1)
Total reclassifications for the period, net of tax				$ 0.2

	Nine Months Ended June 30, 2023			
	Amortization of Pension and Postretirement [(1)]			
	Net Loss Recognized	Prior Service Costs Recognized	(Gain) Loss on Derivative Instruments	Total
Affected Line in the Consolidated Statement of Operations:				
Net revenue	$ —	$ —	$ 0.2	$ 0.2
Cost of goods sold	—	—	(1.2)	(1.2)
Other income, net	(0.5)	—	1.5	1.0
Gain on divestiture of discontinued operations (net of income tax expense)	(1.4)	(0.1)	—	(1.5)
Total before tax	$ (1.9)	$ (0.1)	$ 0.5	$ (1.5)
Tax benefit				0.6
Total reclassifications for the period, net of tax				$ (0.9)

(1) These accumulated other comprehensive loss components are included in the computation of net periodic pension (benefit) cost (see Note 10).

	Three Months Ended June 30, 2022			
	Amortization of Pension and Postretirement [(1)]		(Gain) Loss on	
	Net Loss Recognized	Prior Service Costs Recognized	Derivative Instruments	Total
Affected Line in the Consolidated Statement of Operations:				
Net revenue	$ —	$ —	$ 0.1	$ 0.1
Cost of goods sold	—	—	(0.2)	(0.2)
Other income, net	0.4	—	0.4	0.8
Total before tax	$ 0.4	$ —	$ 0.3	$ 0.7
Tax expense				(0.3)
Total reclassifications for the period, net of tax				$ 0.4

	Nine Months Ended June 30, 2022			
	Amortization of Pension and Postretirement [(1)]		Loss (Gain) on	
	Net Loss Recognized	Prior Service Costs Recognized	Derivative Instruments	Total
Affected Line in the Consolidated Statement of Operations:				
Net revenue	$ —	$ —	$ 0.1	$ 0.1
Cost of goods sold	—	—	(0.5)	(0.5)
Other income, net	2.1	—	1.4	3.5
Total before tax	$ 2.1	$ —	$ 1.0	$ 3.1
Tax expense				(0.5)
Total reclassifications for the period, net of tax				$ 2.6

(1) These accumulated other comprehensive loss components are included in the computation of net periodic pension (benefit) cost (see Note 10).

14. Share-Based Compensation

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
Share-based compensation costs	$ 4.9	$ 3.8	$ 14.0	$ 14.6
Less impact of income taxes	1.1	0.9	3.2	3.4
Share-based compensation costs, net of tax	$ 3.8	$ 2.9	$ 10.8	$ 11.2

The Company has share-based compensation with long-term performance-based metrics that are contingent upon the Company's relative total shareholder return and the creation of shareholder value, as well as time-based awards. Relative total shareholder return is determined by comparing the Company's total shareholder return during a three-year period to the respective total shareholder returns of companies in a designated stock index. Creation of shareholder value is measured by the cumulative cash returns and final period net operating profit after tax compared to the established hurdle rate over a three-year period. For the performance-based awards contingent upon the creation of shareholder value, compensation expense is adjusted each quarter based upon actual results to date and any changes to forecasted information on each of the separate grants.

During the nine months ended June 30, 2023, the Company made the following grants:

	Number of Units
Time-based stock awards	266,765
Performance-based stock awards (maximum that can be earned)	366,641

The Company's time-based stock awards and performance-based stock awards granted during the nine months ended June 30, 2023, had weighted-average grant date fair values of $51.31 and $67.36, respectively. Included in the performance-based stock awards granted during the nine months ended June 30, 2023 are189,058 units whose payout level is based upon the Company's relative total shareholder return over the three-year measurement period, as described above. These units will be expensed on a straight-line basis over the measurement period and are not subsequently adjusted after the grant date.

15. Other Income, Net

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
Interest income	$ (2.8)	$ (1.3)	$ (7.1)	$ (4.0)
Foreign currency exchange loss, net	0.1	1.0	0.4	1.2
Other, net	(1.3)	(2.2)	(3.9)	(6.5)
Other income, net	$ (4.0)	$ (2.5)	$ (10.6)	$ (9.3)

16. Commitments and Contingencies

Like most companies, Hillenbrand is involved from time to time in claims, lawsuits, and government proceedings relating to its operations, including environmental, antitrust, patent infringement, business practices, commercial transactions, product and general liability, workers' compensation, auto liability, employment-related, and other matters. The ultimate outcome of any claims, lawsuits, and proceedings cannot be predicted with certainty. An estimated loss from these contingencies is recognized when the Company believes it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated; however, it is difficult to measure the actual loss that might be incurred related to these matters. If a loss is not considered probable and/or cannot be reasonably estimated, the Company is required to make a disclosure if there is at least a reasonable possibility that a significant loss may have been incurred. Legal fees associated with claims and lawsuits are generally expensed as incurred.

Claims covered by insurance have in most instances deductibles and self-funded retentions up to $0.5 per occurrence or per claim, depending upon the type of coverage and policy period. For auto, workers' compensation, and general liability claims in the U.S., outside insurance companies and third-party claims administrators generally assist in establishing individual claim reserves. An independent outside actuary often provides estimates of ultimate projected losses, including incurred but not reported claims, which are used to establish reserves for losses. For all other types of claims, reserves are established when payment is considered probable and are based upon advice from internal and external counsel and historical settlement information for such claims.

The liabilities recorded represent the best estimate of costs that the Company will incur in relation to such exposures, but it is possible that actual costs will differ from those estimates.

17. Fair Value Measurements

Fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The authoritative guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are from sources independent of the Company. Unobservable inputs reflect the Company's assumptions about the factors market participants would use in valuing the asset or liability, developed based upon the best information available in the circumstances. The categorization of financial assets and liabilities within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The hierarchy is broken down into three levels:

Level 1: Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable for the asset or liability.

See the section below titled “Valuation techniques” for further discussion of how Hillenbrand determines fair value for certain assets and liabilities.

	Carrying Value at June 30, 2023	Fair Value at June 30, 2023 Using Inputs Considered as:		
		Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	$ 290.5	$ 290.5	$ —	$ —
Restricted cash	0.8	0.8	—	—
Investments in rabbi trust	3.4	3.4	—	—
Derivative instruments	3.0	—	3.0	—
Liabilities:				
The Facility	27.3	—	27.3	—
Term loan	195.0	—	195.0	—
2021 Notes	350.0	296.4	—	—
2020 Notes	400.0	396.5	—	—
2019 Notes	374.7	367.0	—	—
Derivative instruments	2.0	—	2.0	—

	Carrying Value at September 30, 2022	Fair Value at September 30, 2022 Using Inputs Considered as:		
		Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	$ 232.2	$ 232.2	$ —	$ —
Restricted cash	3.5	3.5	—	—
Cash and cash equivalents held for sale	1.9	1.9	—	—
Investments in rabbi trust	2.4	2.4	—	—
Derivative instruments	2.6	—	2.6	—
Liabilities:				
The Facility	6.7	—	6.7	—
2021 Notes	350.0	268.7	—	—
2020 Notes	400.0	394.5	—	—
2019 Notes	374.7	349.6	—	—
Series A Notes	100.0	—	97.6	—
Derivative instruments	8.0	—	8.0	—

Valuation techniques

- Cash and cash equivalents, restricted cash, cash and cash equivalents held for sale, and investments in rabbi trust are classified within Level 1 of the fair value hierarchy. Financial instruments classified as Level 1 are based on quoted market prices in active markets. The types of financial instruments the Company classifies within Level 1 include most bank deposits, money market securities, and publicly traded mutual funds. The Company does not adjust the quoted market price for such financial instruments.
- The Company estimates the fair value of foreign currency derivatives using industry accepted models. The significant Level 2 inputs used in the valuation of derivatives include spot rates, forward rates, and volatility. These inputs were obtained from pricing services, broker quotes, and other sources.
- The fair values of the Facility, term loan and Series A Notes were estimated based on internally-developed models, using current market interest rate data for similar issues, as there is no active market for the Facility, term loan, or Series A Notes, and therefore, are classified within Level 2 of the fair value hierarchy.

- The fair values of the 2021 Notes, 2020 Notes, and 2019 Notes were based on quoted prices in active markets and are classified within Level 1 of the fair value hierarchy. The Company does not adjust the quoted market prices for such financial instruments.

Derivative instruments

The Company has hedging programs in place to manage its currency exposures. The objectives of the Company's hedging programs are to mitigate exposures in gross margin and non-functional-currency-denominated assets and liabilities. Under these programs, the Company uses derivative financial instruments to manage the economic impact of fluctuations in currency exchange rates. These include foreign currency exchange forward contracts, which generally have terms up to 24 months. The aggregate notional value of derivatives was $208.9 and $156.0 at June 30, 2023 and September 30, 2022, respectively. The derivatives are recorded at fair value primarily in other current assets and other current liabilities in the Consolidated Balance Sheets.

18. Segment and Geographical Information

As previously described, on February 1, 2023, the Company completed the divestiture of its historical Batesville reportable operating segment. The operating results and cash flows for the historical Batesville reportable operating segment have been classified as discontinued operations within the Consolidated Financial Statements for all periods presented.

Hillenbrand is now composed of two reportable operating segments: Advanced Process Solutions and Molding Technology Solutions. The Company's reportable operating segments maintain separate financial information for which results of operations are evaluated on a regular basis by the Company's chief operating decision maker in deciding how to allocate resources and in assessing performance.

The Company records the direct costs of business operations to the reportable operating segments, including stock-based compensation, asset impairments, restructuring activities, and business acquisition costs. Corporate provides management and administrative services to each reportable operating segment. These services include treasury management, human resources, legal, business development, information technology, tax compliance, global supply management, sustainability, and other public company support functions such as internal audit, investor relations, and financial reporting. With limited exception for certain professional services and back-office and technology costs, the Company does not allocate these types of corporate expenses to the reportable operating segments.

The following tables present financial information for the Company's reportable operating segments and significant geographical locations:

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Nine Months Ended June 30, 2023	Nine Months Ended June 30, 2022
Net revenue				
Advanced Process Solutions	$ 464.7	$ 310.3	$ 1,308.0	$ 942.0
Molding Technology Solutions	251.9	269.5	755.2	769.4
Total	$ 716.6	$ 579.8	$ 2,063.2	$ 1,711.4
Adjusted EBITDA (1)				
Advanced Process Solutions	$ 93.6	$ 60.6	$ 238.1	$ 180.6
Molding Technology Solutions	50.8	54.5	141.4	156.7
Corporate	(18.3)	(14.3)	(43.5)	(46.7)
Net revenue (2)				
United States	$ 258.0	$ 202.6	$ 763.9	$ 545.5
China	123.4	140.9	355.3	428.9
India	57.1	46.7	164.8	148.7
Germany	53.2	33.9	150.5	105.4
All other countries	224.9	155.7	628.7	482.9
Total	$ 716.6	$ 579.8	$ 2,063.2	$ 1,711.4

(1) Adjusted earnings before interest, income tax, depreciation, and amortization ("adjusted EBITDA") is a non-GAAP measure used by management to measure segment performance and make operating decisions.

(2) The Company attributes net revenue to a geography based upon the location of the end customer.

	June 30, 2023	September 30, 2022
Total assets		
Advanced Process Solutions	$ 2,670.1	$ 1,494.2
Molding Technology Solutions	1,943.5	2,052.6
Corporate	120.2	99.3
Held for sale assets	—	221.4
Total	$ 4,733.8	$ 3,867.5
Tangible long-lived assets, net		
United States	$ 105.8	$ 79.3
Germany	132.9	104.1
China	40.0	42.2
India	38.9	40.7
All other countries	84.7	53.5
Total	$ 402.3	$ 319.8

The following schedule reconciles reportable operating segment adjusted EBITDA to consolidated net income:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
Adjusted EBITDA:				
Advanced Process Solutions	$ 93.6	$ 60.6	$ 238.1	$ 180.6
Molding Technology Solutions	50.8	54.5	141.4	156.7
Corporate	(18.3)	(14.3)	(43.5)	(46.7)
Add:				
Total income from discontinued operations	1.0	19.0	461.4	73.3
Less:				
Interest income	(2.8)	(1.3)	(7.1)	(4.0)
Interest expense	18.6	17.5	63.0	52.7
Income tax expense	23.8	19.9	50.2	54.4
Depreciation and amortization	31.1	24.2	93.1	74.4
Business acquisition, disposition, and integration costs	10.6	9.1	28.5	20.6
Inventory step-up charges	—	—	11.1	—
Restructuring and restructuring-related charges	0.8	0.2	2.3	3.5
Loss on divestiture	—	—	—	3.1
Other	—	0.1	—	3.2
Consolidated net income	$ 45.0	$ 50.1	$ 556.3	$ 156.0

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(financial amounts in millions, except share and per share data, throughout Management's Discussion and Analysis)

FORWARD-LOOKING STATEMENTS AND FACTORS THAT MAY AFFECT FUTURE RESULTS

Throughout this Quarterly Report on Form 10-Q, we make a number of "forward-looking statements," including statements regarding the proposed acquisition (the "Proposed Transaction") by the Company of the Schenck Process Food and Performance Materials ("FPM") business, such as statements about the timing and other anticipated benefits of the Proposed Transaction, that are within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, and that are intended to be covered by the safe harbor provided under these sections. As the words imply, these are statements about future sales, earnings, cash flow, results of operations, uses of cash, financings, ability to meet deleveraging goals, and other measures of financial performance or potential future plans or events, strategies, objectives, beliefs, prospects, assumptions, expectations, and projected costs or savings or transactions of the Company that might or might not happen in the future, as contrasted with historical information. Forward-looking statements are based on assumptions that we believe are reasonable, but by their very nature are subject to a wide range of risks. If our assumptions prove inaccurate or unknown risks and uncertainties materialize, actual results could vary materially from Hillenbrand's expectations and projections.

Accordingly, in this Quarterly Report on Form 10-Q, we may say something like:

"We expect that future net revenue associated with our reportable operating segments will be influenced by order backlog."

That is a forward-looking statement, as indicated by the word "expect" and by the clear meaning of the sentence.

Other words that could indicate we are making forward-looking statements include:

intend	believe	plan	expect	may	goal	would	project	position
become	pursue	estimate	will	forecast	continue	could	anticipate	remain
target	encourage	promise	improve	progress	potential	should	impact	

This is not an exhaustive list, but is intended to give you an idea of how we try to identify forward-looking statements. The absence of any of these words, however, does not mean that the statement is not forward-looking.

Here is the key point: Forward-looking statements are not guarantees of future performance or events, and actual results or events could differ materially from those set forth in any forward-looking statements.

Any number of factors, many of which are beyond our control, could cause our performance to differ significantly from what is described in the forward-looking statements. These factors include, but are not limited to: global market and economic conditions, including those related to the financial markets; the impact of contagious diseases, such as the outbreak of the novel strain of coronavirus ("COVID-19") and the escalation thereof due to variant strains of the virus and the societal, governmental, and individual responses thereto, including supply chain disruptions, loss of contracts and/or customers, erosion of some customers' credit quality, downgrades of the Company's credit quality, closure or temporary interruption of the Company's or its suppliers' manufacturing facilities, travel, shipping and logistical disruptions, domestic and international general economic conditions, such as inflation, exchange rates and interest rates, loss of human capital or personnel, and general economic calamities; risks related to the Russian Federation's invasion of Ukraine (referred to herein as the "Ukraine War") and resulting geopolitical instability and uncertainty, which have had, and could continue to have, a negative impact on our ability to sell to, ship products to, collect payments from, and support customers in certain regions, in addition to the potential effect of supply chain disruptions that could adversely affect profitability; the risk of business disruptions associated with information technology, cyber-attacks, or catastrophic losses affecting infrastructure; the risk that regulatory approvals required for the Proposed Transaction delay the Proposed Transaction or cause the parties to abandon the Proposed Transaction, or that obtaining any such regulatory approvals results in the imposition of conditions, limitations, or restrictions that adversely affect the Company or FPM; the risk that other conditions to the completion of the Proposed Transaction are not satisfied on a timely basis or at all; uncertainties as to the timing of the Proposed Transaction and the risk that the Proposed Transaction may not be completed in a timely manner or at all; uncertainties as to the Company's access to available financing for the Proposed Transaction on a timely basis and on reasonable terms; the possibility of unanticipated costs or liabilities associated with the

Proposed Transaction; risks related to diversion of management attention of FPM from its ongoing business operations due to the Proposed Transaction or its announcement or pendency; risks associated with contracts containing consent and/or other provisions that may be triggered by the Proposed Transaction; the impact of the announcement or pendency of the Proposed Transaction on the Company's or FPM's ability to retain and hire key personnel; the risk of litigation relating to the Proposed Transaction; the possibility that the integration of FPM with the Company's current operations will be more costly or difficult than expected or may otherwise be unsuccessful; negative effects of the Proposed Transaction (including its announcement or pendency), the Linxis Group SAS ("Linxis") acquisition, or other acquisitions on the Company's business, financial condition, results of operations and financial performance (including the ability of the Company to maintain relationships with its customers, suppliers and others with whom it does business); the possibility that the anticipated benefits from the Proposed Transaction, the Linxis acquisition, and other acquisitions, including potential synergies and cost savings, cannot be realized by the Company in full or at all or may take longer to realize than expected, or the failure of the Company or any acquired company to achieve its plans and objectives generally; risks that the integrations of FPM, Linxis, or other acquired businesses disrupt current operations or pose potential difficulties in employee retention or otherwise adversely affect financial or operating results; increasing competition for highly skilled and talented workers as well as labor shortages; our level of international sales and operations; the impact of incurring significant amounts of indebtedness and any inability of the Company to respond to changes in its business or make future desirable acquisitions; the ability of the Company to comply with financial or other covenants in debt agreements; cyclical demand for industrial capital goods; impairment charges to goodwill and other identifiable intangible assets; competition in the industries in which we operate, including on price; impacts of decreases in demand or changes in technological advances, laws, or regulation on the revenues that we derive from the plastics industry; our reliance upon employees, agents, and business partners to comply with laws in many countries and jurisdictions; increased costs, poor quality, or unavailability of raw materials or certain outsourced services and supply chain disruptions; the dependence of our business units on relationships with several large customers and providers; the impact to the Company's effective tax rate of changes in the mix of earnings or tax laws and certain other tax-related matters; exposure to tax uncertainties and audits; involvement in claims, lawsuits and governmental proceedings related to operations; uncertainty in the United States political and regulatory environment or global trade policy; adverse foreign currency fluctuations; labor disruptions; and the effect of certain provisions of the Company's governing documents and Indiana law that could decrease the trading price of the Company's common stock. Shareholders, potential investors, and other readers are urged to consider these risks and uncertainties in evaluating forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements. For a more in-depth discussion of certain factors that could cause actual results to differ from those contained in forward-looking statements, see the discussion under the heading "Risk Factors" in Part I, Item 1A of Hillenbrand's Form 10-K for the year ended September 30, 2022, filed with the Securities and Exchange Commission ("SEC") on November 16, 2022, and in Part II, Item 1A of this Quarterly Report on Form 10-Q, as well as other risks and uncertainties detailed in our other filings with the SEC from time to time. The forward-looking information in this Quarterly Report on Form 10-Q speaks only as of the date covered by this report, and we assume no obligation to update or revise any forward-looking information.

EXECUTIVE OVERVIEW

Hillenbrand (www.Hillenbrand.com) is a global industrial company that provides highly-engineered, mission-critical processing equipment and solutions to customers around the world. Our portfolio is composed of leading industrial brands that serve large, attractive end markets, including durable plastics, food, and recycling. The Company strives to provide superior return for our shareholders, exceptional value for our customers, great professional opportunities for our employees, and to be responsible to our communities through deployment of the Hillenbrand Operating Model ("HOM"). The HOM is a consistent and repeatable framework designed to produce sustainable and predictable results. The Company recently enhanced the HOM to support our transformation to a pure-play industrial company by incorporating Purpose, updating our management practices, and restating our values. The HOM describes the Company's Purpose, mission, vision, values, and mindset as leaders; applies our management practices in Strategy, People, Operational Excellence, and Innovation & Technology; and prescribes four steps (Understand, Focus, Execute, and Grow) designed to make the Company's businesses both bigger and better. The Company's goal is to continue developing Hillenbrand as a world-class global industrial company through the deployment of the HOM.

Our strategy is to leverage our historically strong financial foundation and the implementation of the HOM to deliver sustainable profit growth, revenue expansion, and substantial free cash flow and then reinvest available cash in new growth initiatives that are focused on building platforms with leadership positions in our core markets and near adjacencies, both organically and inorganically, in order to create shareholder value.

During the three and nine months ended June 30, 2023 and 2022, the following operational decisions and economic developments had an impact on our current and future cash flows, results of operations, and consolidated financial position.

Divestitures

Divestiture of Batesville

As previously described, on February 1, 2023, the Company completed the divestiture of its historical Batesville reportable operating segment to BL Memorial Partners, LLC, a Delaware limited liability company owned by funds affiliated with LongRange Capital, L.P., for $761.5, subject to closing adjustments, and including an $11.5 subordinated note. At closing, after the applicable adjustments, the Company received $698.0 in pre-tax cash proceeds, including an adjustment for cash on hand acquired from the Company, and the previously mentioned subordinated note. The Company recognized a $586.0 pre-tax gain on divestiture, recorded within gain on divestiture of discontinued operations (net of income tax expense) in the Consolidated Statement of Operations for the nine months ended June 30, 2023. The $0.4 gain on divestiture of discontinued operations (net of income tax expense) for the three months ended June 30, 2023 is the result of certain income tax adjustments as a result of ongoing evaluation of the income tax impact of the divestiture on Hillenbrand.

This divestiture represented a strategic shift in Hillenbrand's business and qualified as a discontinued operation. Unless otherwise noted, amounts presented in Management's Discussion and Analysis are for continuing operations only.

Subsequent to the completion of the sale, the Company began providing certain transition services to Batesville for applicable fees. The transition services are expected to vary in duration depending upon the type of service provided.

Divestiture of TerraSource

On October 22, 2021, the Company completed the divestiture of its TerraSource Global business ("TerraSource") pursuant to a Contribution Agreement ("Agreement") between the Company and certain affiliated companies of industrial holding company Right Lane Industries ("RLI"). Under the terms of the Agreement, Hillenbrand contributed TerraSource and its subsidiaries to a newly formed entity, TerraSource Holdings, LLC ("Holdings"), with RLI obtaining majority ownership and full operational control of TerraSource. In exchange for contributing the TerraSource business, the Company (i) received consideration in the form of a $25.6 five-year note, which was extended, subordinated, amended and restated in January 2023 to reflect a principal amount of $27.0, subject to certain adjustments, and an April 2028 maturity date, and (ii) also retained a 49% equity interest in Holdings through one of the Company's indirect wholly-owned subsidiaries, which became an approximately 46% interest in connection with the January 2023 amendment to the five-year note. The fair value of the total consideration received by the Company at closing was $27.7.

As a result of the TerraSource divestiture, the Company recorded a pre-tax loss of $3.1, after post-closing adjustments, in the Consolidated Statement of Operations during the nine months ended June 30, 2022. The Company incurred $0.4 of transaction costs associated with the divestiture during the nine months ended June 30, 2022, which were recorded within operating expenses in the Consolidated Statement of Operations. TerraSource's results of operations were included within the Advanced Process Solutions reportable operating segment until the completion of the divestiture on October 22, 2021. Subsequent to the divestiture, the Company's equity interest in Holdings is accounted for under the equity method of accounting as prescribed by Generally Accepted Accounting Principles ("GAAP").

Acquisitions

Proposed Acquisition of Schenck Process Food and Performance Materials Business

On May 23, 2023, the Company signed a definitive agreement to acquire the Schenck Process Food and Performance Materials ("FPM") business, a portfolio company of Blackstone, for an enterprise value of approximately $730.0. Headquartered in Kansas City, Missouri, FPM specializes in the design, manufacturing, and service of feeding, filtration, baking, and material handling technologies and systems that are highly complementary to the equipment and solutions currently offered in our Advanced Process Solutions reportable operating segment. This transaction is expected to close during the fourth fiscal quarter of 2023. It is anticipated that FPM will be included in our Advanced Process Solutions reportable operating segment.

Acquisition of Peerless Food Equipment

On December 1, 2022, the Company completed the acquisition of the Peerless Food Equipment division ("Peerless") of Illinois Tool Works Inc. for a purchase price of $59.2, net of certain customary post-closing adjustments and including cash acquired, using available borrowings under its multi-currency revolving credit facility (the "Facility"). Headquartered in Sidney, Ohio, Peerless is a premier supplier of industrial food processing equipment. The results of Peerless are included in the Advanced Process Solutions reportable operating segment.

Acquisition of LINXIS Group SAS

On October 6, 2022, the Company completed the acquisition of LINXIS Group SAS (“Linxis”) from IBERIS INTERNATIONAL S.À R.L, an affiliate of IK Partners, and additional sellers (collectively, the “Sellers”). As a result of the acquisition, the Company acquired from the Sellers all of the issued and outstanding securities of Linxis, and Linxis became a wholly owned subsidiary of the Company for total aggregate consideration of $590.8 (€596.2), in cash, reflecting an approximate enterprise value of $566.8 (€572.0) plus cash acquired at closing, subject to post-closing adjustments. The Company used available borrowings under the Facility to fund this acquisition.

Linxis has six market-leading brands – Bakon, Diosna, Shaffer, Shick Esteve, Unifiller, and VMI – that serve customers in over 100 countries. With a global manufacturing, sales and service footprint, Linxis specializes in design, manufacturing, and service of dosing, kneading, mixing, granulating, drying and coating technologies. The results of Linxis are included in the Advanced Process Solutions reportable operating segment.

Acquisition of Herbold Meckesheim GmbH

On August 31, 2022, the Company completed the acquisition of Herbold Meckesheim GmbH (“Herbold”) for $77.7 (€77.5) in cash, pursuant to a definitive acquisition agreement dated June 30, 2022. Based in Meckesheim, Germany, Herbold is a leader in recycling systems, specializing in key process steps such as washing, separating, drying, shredding, and pulverizing. The results of Herbold are included in the Advanced Process Solutions reportable operating segment.

Acquisition of Gabler Engineering GmbH

On June 30, 2022, the Company completed the acquisition of Gabler Engineering GmbH (“Gabler”) for $12.9 (€12.6) in cash. Gabler, based in Malsch, Germany, specializes in the design, engineering, manufacturing, and implementation of plants and equipment for the confectionery and pharmaceutical industries. The results of Gabler are included in the Advanced Process Solutions reportable operating segment.

Change in Reportable Operating Segments

As a result of the Batesville divestiture, Hillenbrand is now composed of two reportable operating segments: Advanced Process Solutions and Molding Technology Solutions. Advanced Process Solutions is a global leader in highly-engineered process and material handling equipment and systems for a wide variety of industries, including durable plastics, food, and recycling. Molding Technology Solutions is a global leader in highly-engineered processing equipment, systems, and aftermarket parts and service for the plastic technology processing industry.

Ukraine War

As a result of the Ukraine War, various nations, including the United States, have instituted economic sanctions and other responsive measures, which have resulted in an increased level of global economic and political uncertainty. The results of such geopolitical instability and uncertainty have had, and could continue to have, an impact on our ability to sell to, ship products to, collect payments from, and support customers in certain regions.

We have suspended all new business in Russia and Belarus but may be contractually obligated to complete certain existing contracts, insofar as economic sanctions do not prevent us from doing so. The impacts of sanctions and other measures being imposed have not had a material impact to the consolidated results of operations. Russia, Belarus, and Ukraine do not constitute a material portion of our business; however, a significant escalation or expansion of the Ukraine War’s current scope and associated global economic disruption could have a negative effect on our cash flows and consolidated results of operations.

Additionally, supply chain disruptions and logistical challenges due to the Ukraine War and any indirect effects thereof are expected to further complicate existing supply chain constraints, which could adversely affect profitability. To date, we have experienced some inability to source certain raw materials and components, but we have largely been able to mitigate the impact on our consolidated results of operations.

Given the evolving nature of the Ukraine War, and the related sanctions, potential governmental actions, and economic impact, the scope and magnitude of any such potential effects remain uncertain. While we may experience negative impacts on our business, financial condition, and consolidated results of operations, we are unable to estimate the ultimate extent or nature of these impacts at this time.

Supply Chain and Inflation

While global supply chains have recently suffered from various headwinds, those supporting our products have generally remained intact, providing access to sufficient inventory of the key materials needed for manufacturing. We have experienced significant delays in certain raw materials and components, but we have largely been able to mitigate the impact of these delays on our consolidated results of operations. We continue to identify and qualify alternative sources to mitigate risk associated with single or sole sources of supply, and we may choose to purchase certain materials in safety stock where we have supply chain continuity concerns. We have experienced, and it remains possible that we may experience interruptions to our supply chains, and such an interruption could materially affect our ability to timely manufacture and distribute our products and could also have a significant impact on the Company's consolidated net revenue, results of operations, and cash flows during fiscal 2023 and beyond.

We also experienced material and supply chain inflation during the three and nine months ended June 30, 2023, as further discussed in our Operations Review. Pricing actions and supply chain productivity initiatives have and are expected to continue to mitigate some of these inflationary pressures, but we may not be successful in fully offsetting these incremental costs, which could have a significant impact on the Company's consolidated results of operations, and cash flows during fiscal 2023 and beyond.

For additional information regarding supply chain, inflation, and other risks, see Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended September 30, 2022, filed with the SEC on November 16, 2022.

OPERATING PERFORMANCE MEASURES

The following discussion compares our results for the three and nine months ended June 30, 2023, to the same periods in 2022. The Company's fiscal year ends on September 30. Unless otherwise stated, references to years refer to fiscal years. We begin the discussion at a consolidated level and then provide separate detail about Advanced Process Solutions, Molding Technology Solutions, and Corporate. These results of operations are prepared in accordance with GAAP.

We also provide certain non-GAAP operating performance measures. These non-GAAP measures are referred to as "adjusted" measures and primarily exclude expenses associated with business acquisition, disposition, and integration costs, restructuring and restructuring-related charges, inventory step-up charges, gains and losses on divestitures, and other individually immaterial one-time costs. The related income tax impact for all of these items is also excluded. The measures also exclude certain tax items related to acquisitions and divestitures, the revaluation of deferred tax balances resulting from fluctuations in currency exchange rates and non-routine changes in tax rates for certain foreign jurisdictions, and the impact that the Molding Technology Solutions reportable operating segment's loss carryforward attributes have on tax provisions related to the imposition of tax on Global Intangible Low-Taxed Income (GILTI) earned by certain foreign subsidiaries, the Foreign Derived Intangible Income Deduction (FDII), and the Base Erosion and Anti-Abuse Tax (BEAT).

Non-GAAP information is provided as a supplement to, not as a substitute for, or as superior to, measures of financial performance prepared in accordance with GAAP.

We use this non-GAAP information internally to measure operating segment performance and make operating decisions and believe it is helpful to investors because it allows more meaningful period-to-period comparisons of our ongoing operating results. The information can also be used to perform trend analysis and to better identify operating trends that may otherwise be masked or distorted by items such as the above excluded items. We believe this information provides a higher degree of transparency.

An important non-GAAP measure that we use is adjusted earnings before interest, income tax, depreciation, and amortization ("adjusted EBITDA"). A part of Hillenbrand's strategy is to selectively acquire companies that we believe can benefit from the HOM to spur faster and more profitable growth. Given that strategy, it is a natural consequence to incur related expenses, such as amortization from acquired intangible assets and additional interest expense from debt-funded acquisitions. Accordingly, we use adjusted EBITDA, among other measures, to monitor our business performance. Adjusted EBITDA is not a recognized term under GAAP and therefore does not purport to be an alternative to net income. Further, the Company's measure of adjusted EBITDA may not be comparable to similarly titled measures of other companies.

Another important operational measure used is backlog. Backlog is not a term recognized under GAAP; however, it is a common measurement used in industries with extended lead times for order fulfillment (long-term contracts), like those in which our reportable operating segments compete. Backlog represents the amount of net revenue that we expect to realize on contracts awarded to our reportable operating segments. For purposes of calculating backlog, 100% of estimated net revenue attributable to consolidated subsidiaries is included. Backlog includes expected net revenue from large systems and equipment, as well as aftermarket parts, components, and service. The length of time that projects remain in backlog can span from days for aftermarket parts or service to approximately 18 to 24 months for larger system sales within the Advanced Process Solutions reportable operating segment. The majority of the backlog within the Molding Technology Solutions reportable operating segment is expected to be fulfilled within the next twelve months. Backlog includes expected net revenue from the remaining portion of firm orders not yet completed, as well as net revenue from change orders to the extent that they are reasonably expected to be realized. We include in backlog the full contract award, including awards subject to further customer approvals, which we expect to result in net revenue in future periods. In accordance with industry practice, our contracts may include provisions for cancellation, termination or suspension at the discretion of the customer.

We expect that future net revenue associated with our reportable operating segments will be influenced by order backlog because of the lead time involved in fulfilling engineered-to-order equipment for customers. Although backlog can be an indicator of future net revenue, it does not include projects and parts orders that are booked and shipped within the same quarter. The timing of order placement, size, extent of customization, and customer delivery dates can create fluctuations in backlog and net revenue. Net revenue attributable to backlog may also be affected by foreign exchange fluctuations for orders denominated in currencies other than U.S. dollars.

We calculate the foreign currency impact on net revenue, gross profit, operating expenses, backlog, consolidated net income, and adjusted EBITDA in order to better measure the comparability of results between periods. We calculate the foreign currency impact by translating current year results at prior year foreign exchange rates. This information is provided because exchange rates can distort the underlying change in these metrics, either positively or negatively. The cost structure for Corporate is generally not significantly impacted by the fluctuation in foreign exchange rates, and we do not disclose the foreign currency impact in the Operations Review section below where the impact is not significant.

See page 49 for a reconciliation of adjusted EBITDA to consolidated net income, the most directly comparable GAAP measure. We use other non-GAAP measures in certain other instances and include information reconciling such non-GAAP measures to the respective most directly comparable GAAP measures. Given that backlog is an operational measure and that the Company's methodology for calculating backlog does not meet the definition of a non-GAAP measure, as that term is defined by the SEC, a quantitative reconciliation is not required or provided.

CRITICAL ACCOUNTING ESTIMATES

For the three and nine months ended June 30, 2023, there were no significant changes to our critical accounting estimates as outlined in our Annual Report on Form 10-K for the year ended September 30, 2022, filed with the SEC on November 16, 2022.

OPERATIONS REVIEW — CONSOLIDATED

	Three Months Ended June 30,				Nine Months Ended June 30,			
	2023		2022		2023		2022	
	Amount	% of Net Revenue	Amount	% of Net Revenue	Amount	% of Net Revenue	Amount	% of Net Revenue
Net revenue	$ 716.6	100.0	$ 579.8	100.0	$ 2,063.2	100.0	$ 1,711.4	100.0
Gross profit	246.9	34.5	191.0	32.9	680.7	33.0	561.5	32.8
Operating expenses	144.8	20.2	111.6	19.2	424.6	20.6	337.1	19.7
Amortization expense	19.7		13.4		58.6		40.8	
Loss on divestiture	—		—		—		3.1	
Interest expense	18.6		17.5		63.0		52.7	
Other income, net	(4.0)		(2.5)		(10.6)		(9.3)	
Income tax expense	23.8		19.9		50.2		54.4	

Three Months Ended June 30, 2023 Compared to Three Months Ended June 30, 2022

Net revenue increased $136.8 (24%).

- Advanced Process Solutions net revenue increased $154.4 (50%), primarily driven by the impact of acquisitions ($110.5), favorable pricing, higher aftermarket parts and service net revenue, and an increase in large plastics systems sales. Foreign currency impact improved net revenue by 1%.

- Molding Technology Solutions net revenue decreased $17.6 (7%), primarily driven by a decrease in injection molding and hot runner equipment sales, partially offset by higher aftermarket parts and service net revenue and favorable pricing. Foreign currency impact decreased net revenue by 1%.

Gross profit increased $55.9 (29%) and gross profit margin improved 160 basis points to 34.5%. On an adjusted basis, which excluded business acquisition, disposition, and integrations costs and restructuring and restructuring-related charges, adjusted gross profit increased $57.1 (30%), and adjusted gross profit margin improved 160 basis points to 34.6%.

- Advanced Process Solutions gross profit increased $61.7 (56%), primarily driven by the impact of acquisitions, favorable pricing, higher volume, and productivity improvements, partially offset by cost inflation. Foreign currency impact improved gross profit by 1%. Gross profit margin improved 150 basis points to 36.9%, primarily driven by favorable pricing, productivity improvements and the impact of acquisitions, partially offset by cost inflation.

  Advanced Process Solutions gross profit included business acquisition, disposition, and integration costs ($0.2 in 2023). Excluding these charges, adjusted gross profit increased $61.9 (56%) and adjusted gross profit margin improved 160 basis points to 37.0%.

- Molding Technology Solutions gross profit decreased $5.8 (7%) primarily driven by a decrease in volume, cost inflation, and unfavorable product mix, partially offset by favorable pricing and productivity improvements. Foreign currency impact decreased gross profit by 1%. Gross profit margin decreased 20 basis points to 29.9%, primarily driven by cost inflation, partially offset by favorable pricing and productivity improvements.

  Molding Technology Solutions gross profit included business acquisition, disposition, and integration costs ($0.6 in 2023) and restructuring and restructuring related charges ($0.4 in 2023). Excluding these charges, adjusted gross profit decreased $4.8 (6%) and adjusted gross profit margin improved 20 basis points to 30.3%.

Operating expenses increased $33.2 (30%), primarily driven by acquisitions, an increase in strategic investments, and cost inflation, partially offset by lower variable compensation. Foreign currency impact increased operating expenses by 1%. Our operating expense-to-net-revenue ratio increased by 100 basis points to 20.2%. Operating expenses included the following items:

	Three Months Ended June 30,	
	2023	2022
Business acquisition, disposition, and integration costs	$ 9.7	$ 9.0
Restructuring and restructuring-related charges	0.5	0.2

On an adjusted basis, which excludes business acquisition, disposition, and integration costs and restructuring and restructuring-related charges, operating expenses increased $32.1 (31%). Adjusted operating expenses as a percentage of net revenue increased 110 basis points to 18.8%.

Amortization expense increased $6.3 (47%) primarily driven by the impact of acquisitions.

Interest expense increased $1.1 (6%), primarily due to increased borrowing for acquisitions. See Note 9 of Part I, Item 1 of this Quarterly Report on Form 10-Q for a discussion of borrowing activity.

Other income, net increased $1.5 (60%), primarily due to an increase in interest income.

The effective tax rate was 35.1% in 2023 compared to 39.0% in 2022. The decrease in the effective tax rate was primarily driven bya non-recurring unfavorable change in estimate related to foreign tax credits and the impact of tax loss carryforwards within the Molding Technology Solutions reportable operating segment on the net domestic taxes on foreign earnings in the prior period, partially offset by the revaluation of deferred tax balances as a result of foreign currency fluctuations in the current period.

The adjusted effective tax rate was 30.6% in 2023 compared to 29.9% in 2022. The adjusted effective income tax rate primarily excluded the tax effect of the following items:

- The impact of tax loss carryforwards within the Molding Technology Solutions reportable operating segment on the net domestic taxes on foreign earnings ($0.1 expense in 2023 and $3.7 expense in 2022);
- The revaluation of deferred tax balances as a result of foreign currency fluctuations ($0.5 expense in 2023 and $0.9 benefit in 2022); and
- Adjustments previously discussed within this section, such as business acquisition, disposition, and integration costs ($7.1 benefit in 2023 and $5.2 benefit in 2022).

Nine Months Ended June 30, 2023 Compared to Nine Months Ended June 30, 2022

Net revenue increased $351.8 (21%), which included an unfavorable foreign currency impact (3%).

- Advanced Process Solutions net revenue increased $366.0 (39%), primarily driven by the impact of acquisitions ($308.1), favorable pricing, and higher aftermarket parts and service net revenue, partially offset by a decrease in large plastics system sales. Foreign currency impact decreased net revenue by 3%.

- Molding Technology Solutions net revenue decreased $14.2 (2%), primarily driven by a decrease in hot runner equipment sales, partially offset by favorable pricing and higher aftermarket parts and service net revenue. Foreign currency impact decreased net revenue by 3%.

Gross profit increased $119.2 (21%), which included unfavorable foreign currency impact (3%). Gross profit margin improved 20 basis points to 33.0%. On an adjusted basis, which excluded inventory step-up charges related to acquisitions, business acquisition, disposition, and integration costs, and restructuring and restructuring-related charges, adjusted gross profit increased $128.6 (23%), and adjusted gross profit margin improved 60 basis points to 33.6%.

- Advanced Process Solutions gross profit increased $134.1 (42%), primarily driven by the impact of acquisitions, favorable pricing, higher volume, and productivity improvements, partially offset by cost inflation and an increase in inventory step up charges related to acquisitions. Foreign currency impact decreased gross profit by 3%. Gross profit margin improved 70 basis points to 35.0% primarily driven by favorable pricing, and productivity improvements, partially offset by cost inflation.

  Advanced Process Solutions gross profit included inventory step-up charges related to acquisitions ($11.1 in 2023), business acquisition, disposition, and integration costs ($0.5 in 2023 and $0.2 in 2022), and restructuring and restructuring-related charges ($2.2 in 2022). Excluding these charges, adjusted gross profit increased $142.7 (44%) and adjusted gross profit margin improved 120 basis points to 35.8%.

- Molding Technology Solutions gross profit decreased $14.9 (6%), primarily driven by cost inflation and unfavorable product mix, partially offset by favorable pricing and productivity improvements. Foreign currency impact decreased gross profit by 3%. Gross profit margin decreased 140 basis points to 29.6%, primarily driven by cost inflation and unfavorable product mix, partially offset by favorable pricing and productivity improvements.

  Molding Technology Solutions gross profit included business acquisition, disposition, and integration costs ($0.7 in 2023) and restructuring and restructuring-related charges ($0.4 in 2023 and $0.1 in 2022). Excluding these charges, adjusted gross profit decreased $14.1 (6%) and adjusted gross profit margin decreased 130 basis points to 29.7%.

Operating expenses increased $87.5 (26%), primarily driven by acquisitions, an increase in strategic investments, cost inflation, and an increase in business acquisition, disposition, and integration costs, partially offset by lower variable compensation. Foreign currency impact decreased operating expenses by 2%. Our operating expense-to-revenue ratio increased by 90 basis points to 20.6%. Operating expenses included the following items:

	Nine Months Ended June 30,	
	2023	2022
Business acquisition, disposition, and integration costs	$ 27.3	$ 20.5
Restructuring and restructuring-related charges	2.1	1.6
Other one-time costs	—	2.5

On an adjusted basis, which excludes business acquisition, disposition, and integration costs, restructuring and restructuring-related charges, and other one-time costs including reserves against certain receivables, operating expenses increased $82.7 (27%). Adjusted operating expenses as a percentage of net revenue increased 90 basis points to 19.2%.

Amortization expense increased $17.8 (44%) primarily driven by the impact of acquisitions.

Loss on divestiture of $3.1 in the prior year was due to the loss realized on the divestiture of TerraSource that did not repeat in 2023. See Note 4 of Part I, Item 1 of this Quarterly Report on Form 10-Q for more information.

Interest expense increased $10.3 (20%), primarily due to increased borrowing for acquisitions. See Note 9 of Part I, Item 1 of this Quarterly Report on Form 10-Q for a discussion of borrowing activity.

Other income, net increased $1.3 (14%), primarily due to an increase in interest income.

The effective tax rate was 34.6% in 2023 compared to 39.7% in 2022. The decrease in the effective tax rate was primarily driven by the favorable recognition of discrete tax benefits resulting from the approval of the incentive tax rate for certain operations located in China and the increase in tax benefit of equity compensation in the current period, as well as a non-recurring unfavorable change in estimate related to foreign tax credits, the impact of divestitures, and the impact of tax loss carryforwards within the Molding Technology Solutions reportable operating segment on the net domestic taxes on foreign earnings in the prior period. These items were partially offset by an increase in the accrual for taxes on unremitted foreign earnings as a result of the divestiture of Batesville and the revaluation of deferred tax balances as a result of foreign currency fluctuations in the current period.

The adjusted effective tax rate was 30.0% in 2023 compared to 31.1% in 2022. The adjusted effective income tax rate primarily excluded the tax effect of the following items:

- The impact of Milacron tax loss carryforwards on net domestic taxes on foreign earnings ($5.2 expense in 2022);
- Change in the assertion with regard to foreign unremitted earnings as a result of the divestiture of Batesville ($4.8 expense in 2023);
- The revaluation of deferred and current tax balances as a result of an incentive tax rate awarded to certain China operations ($3.4 benefit in 2023 and $0.4 expense in 2022);
- The revaluation of deferred tax balances as a result of foreign currency fluctuations ($0.8 expense in 2023 and $0.4 benefit in 2022); and
- Adjustments previously discussed within this section ($25.7 benefit in 2023 and $15.8 benefit in 2022).

OPERATIONS REVIEW — Advanced Process Solutions

	Three Months Ended June 30,				Nine Months Ended June 30,			
	2023		2022		2023		2022	
	Amount	% of Net Revenue	Amount	% of Net Revenue	Amount	% of Net Revenue	Amount	% of Net Revenue
Net revenue	$ 464.7	100.0	$ 310.3	100.0	$ 1,308.0	100.0	$ 942.0	100.0
Gross profit	171.7	36.9	110.0	35.4	457.2	35.0	323.1	34.3
Operating expenses	84.8	18.2	50.2	16.2	249.1	19.0	154.4	16.4
Amortization expense	10.8		4.4		32.0		13.4	

Three Months Ended June 30, 2023 Compared to Three Months Ended June 30, 2022

Net revenue increased $154.4 (50%) primarily driven by the impact of acquisitions ($110.5), favorable pricing, higher aftermarket parts and service net revenue, and an increase in large plastics systems sales. Foreign currency impact improved net revenue by 1%.

Order backlog increased $375.4 (31%) from $1,228.6 on June 30, 2022, to $1,604.0 on June 30, 2023. The increase in order backlog was primarily driven by acquisitions and an increase in large plastics systems and aftermarket parts and service orders. Foreign currency impact increased order backlog by 2%. On a sequential basis, order backlog decreased $69.4 (4%) to $1,604.0 at June 30, 2023, down from $1,673.4 at March 31, 2023, primarily driven by a decrease in large plastics systems orders and the execution of existing backlog.

Gross profit increased $61.7 (56%) primarily driven by the impact of acquisitions, favorable pricing, higher volume, and productivity improvements, partially offset by cost inflation. Foreign currency impact improved gross profit by 1%. Gross profit margin improved 150 basis points to 36.9%, primarily driven by favorable pricing, productivity improvements and the impact of acquisitions, partially offset by cost inflation.

Advanced Process Solutions gross profit included business acquisition, disposition, and integration costs ($0.2 in 2023). Excluding these charges, adjusted gross profit increased $61.9 (56%) and adjusted gross profit margin improved 160 basis points to 37.0%.

Operating expenses increased $34.6 (69%) primarily driven by the impact of acquisitions, cost inflation, an increase in strategic investments, and an increase in business acquisition, disposition, and integration costs. Foreign currency impact increased operating expenses by 1%. Operating expenses as a percentage of net revenue increased 200 basis points to 18.2%.

Operating expenses included business acquisition, disposition, and integration costs ($1.7 in 2023) and restructuring and restructuring-related charges ($0.3 in 2023). Excluding these items, adjusted operating expenses increased $32.5 (65%) and adjusted operating expenses as a percentage of net revenue increased 160 basis points to 17.8%.

Amortization expense increased $6.4 (146%) primarily driven by the impact of acquisitions.

Nine Months Ended June 30, 2023 Compared to Nine Months Ended June 30, 2022

Net revenue increased $366.0 (39%), primarily driven by the impact of acquisitions ($308.1), favorable pricing, and higher aftermarket parts and service net revenue, partially offset by a decrease in large plastics system sales. Foreign currency impact decreased net revenue by 3%.

Gross profit increased $134.1 (42%), primarily driven by the impact of acquisitions, favorable pricing, higher volume, and productivity improvements, partially offset by cost inflation and an increase in inventory step up charges related to acquisitions. Foreign currency impact decreased gross profit by 3%. Gross profit margin improved 70 basis points to 35.0%, primarily driven by favorable pricing, and productivity improvements, partially offset by cost inflation.

Advanced Process Solutions gross profit included inventory step-up charges related to acquisitions ($11.1 in 2023), business acquisition, disposition, and integration costs ($0.5 in 2023 and $0.2 in 2022), and restructuring and restructuring-related charges ($2.2 in 2022). Excluding these charges, adjusted gross profit increased $142.7 (44%) and adjusted gross profit margin improved 120 basis points to 35.8%.

Operating expenses increased $94.7 (61%), primarily due to the impact of acquisitions, an increase in strategic investments, cost inflation, and an increase in business acquisition, disposition, and integration costs. Foreign currency impact decreased operating expenses by 3%. Operating expenses as a percentage of net revenue increased 260 basis points to 19.0%.

Operating expenses included business acquisition, disposition, and integration costs ($4.8 in 2023), restructuring and restructuring-related charges ($1.2 in 2023 and $0.2 in 2022), and other one-time costs including reserves against certain receivables ($2.4 in 2022). Excluding these items, adjusted operating expenses increased $91.3 (60%) and adjusted operating expenses as a percentage of net revenue increased 250 basis points to 18.6%.

Amortization expense increased $18.6 (139%) primarily driven by the impact of acquisitions.

OPERATIONS REVIEW — Molding Technology Solutions

	Three Months Ended June 30,				Nine Months Ended June 30,			
	2023		2022		2023		2022	
	Amount	% of Net Revenue	Amount	% of Net Revenue	Amount	% of Net Revenue	Amount	% of Net Revenue
Net revenue	$ 251.9	100.0	$ 269.5	100.0	$ 755.2	100.0	$ 769.4	100.0
Gross profit	75.2	29.9	81.0	30.1	223.5	29.6	238.4	31.0
Operating expenses	32.5	12.9	37.5	13.9	106.5	14.1	112.1	14.6
Amortization expense	8.9		9.0		26.6		27.4	

Three Months Ended June 30, 2023 Compared to Three Months Ended June 30, 2022

Net revenue decreased $17.6 (7%), primarily driven by a decrease in injection molding and hot runner equipment sales, partially offset by higher aftermarket parts and service net revenue and favorable pricing. Foreign currency impact decreased net revenue by 1%.

Order backlog decreased $153.8 (37%) from $420.2 on June 30, 2022, to $266.4 on June 30, 2023. The decrease in order backlog was primarily driven by a decrease in orders within our injection molding equipment product line and the execution of existing backlog. On a sequential basis, order backlog decreased $31.8 (11%) to $266.4 at June 30, 2023, down from $298.2 at March 31, 2023. The decrease in order backlog was primarily driven by the execution of existing backlog.

Gross profit decreased $5.8 (7%) primarily driven by a decrease in volume, cost inflation, and unfavorable product mix, partially offset by favorable pricing and productivity improvements. Foreign currency impact decreased gross profit by 1%. Gross profit margin decreased 20 basis points to 29.9%, primarily driven by cost inflation, partially offset by favorable pricing and productivity improvements.

Molding Technology Solutions gross profit included business acquisition, disposition, and integration costs ($0.6 in 2023) and restructuring and restructuring related charges ($0.4 in 2023). Excluding these charges, adjusted gross profit decreased $4.8 (6%) and adjusted gross profit margin improved 20 basis points to 30.3%.

Operating expenses decreased $5.0 (13%), primarily driven by a decrease in variable compensation and cost containment. Operating expense as a percentage of net revenue improved 100 basis points to 12.9%.

Operating expenses included business acquisition, disposition, and integration costs ($0.4 in 2023 and $0.6 in 2022). Excluding these charges, adjusted operating expenses decreased $4.7 (13%) and adjusted operating expenses as a percentage of net revenue improved 100 basis points to 12.7%.

Nine Months Ended June 30, 2023 Compared to Nine Months Ended June 30, 2022

Net revenue decreased $14.2 (2%), primarily driven by a decrease in hot runner equipment sales, partially offset by favorable pricing and higher aftermarket parts and service net revenue. Foreign currency impact decreased net revenue by 3%.

Gross profit decreased $14.9 (6%), primarily driven by cost inflation and unfavorable product mix, partially offset by favorable pricing and productivity improvements. Foreign currency impact decreased gross profit by 3%. Gross profit margin decreased 140 basis points to 29.6%, primarily driven by cost inflation and unfavorable product mix, partially offset by favorable pricing and productivity improvements.

Molding Technology Solutions gross profit included business acquisition, disposition, and integration costs ($0.7 in 2023) and restructuring and restructuring-related charges ($0.4 in 2023 and $0.1 in 2022). Excluding these charges, adjusted gross profit decreased $14.1 (6%) and adjusted gross profit margin decreased 130 basis points to 29.7%.

Operating expenses decreased $5.6 (5%), primarily driven by a decrease in variable compensation, partially offset by inflation. Foreign currency impact decreased operating expenses by 2%. Operating expense as a percentage of net revenue improved 50 basis points to 14.1%.

Operating expenses included business acquisition, disposition, and integration costs ($1.8 in 2023 and $1.3 in 2022) and restructuring and restructuring related charges ($0.7 in 2023). Excluding these items, adjusted operating expenses decreased $6.3 (6%) and adjusted operating expenses as a percentage of net revenue improved 50 basis points to 13.8%.

REVIEW OF CORPORATE EXPENSES

	Three Months Ended June 30,				Nine Months Ended June 30,			
	2023		2022		2023		2022	
	Amount	% of Net Revenue	Amount	% of Net Revenue	Amount	% of Net Revenue	Amount	% of Net Revenue
Core operating expenses	$ 19.7	2.7	$ 15.2	3.2	$ 48.1	2.3	$ 50.4	3.2
Business acquisition, disposition, and integration costs	7.6	1.1	8.7	1.2	20.7	1.0	19.2	1.2
Restructuring and restructuring-related charges	0.2	—	—	—	0.2	—	1.0	—
Operating expenses	$ 27.5	3.8	$ 23.9	4.4	$ 69.0	3.3	$ 70.6	4.4

Corporate operating expenses include the cost of providing management and administrative services to each reportable operating segment. These services include treasury management, human resources, legal, business development, information technology, tax compliance, procurement, sustainability, and other public company support functions such as internal audit, investor relations, and financial reporting. Corporate operating expenses also include costs related to business acquisition, disposition, and integration, which we incur as a result of our strategy to grow through selective acquisitions. Core operating expenses primarily represent corporate operating expenses excluding costs related to business acquisition, disposition, and integration costs and restructuring and restructuring-related charges.

Business acquisition, disposition, and integration costs include legal, tax, accounting, and other advisory fees and due diligence costs associated with investigating opportunities (including acquisitions and divestitures) and integrating completed acquisitions.

As a result of classifying the historical Batesville reportable operating segment as a discontinued operation, certain indirect corporate costs included within operating expenses in the Consolidated Statements of Operations that were previously allocated to the historical Batesville reportable operating segment do not qualify for classification within discontinued operations and are now reported as operating expenses in continuing operations within corporate expenses for all periods presented preceding the sale. In addition, costs directly attributable to the historical Batesville reportable operating segment divestiture have been reflected in discontinued operations for the three and nine months ended June 30, 2023.

Three Months Ended June 30, 2023 Compared to Three Months Ended June 30, 2022

Operating expenses increased $3.6 (15%), primarily due to an increase in strategic investments and inflation, partially offset by lower variable compensation. These expenses as a percentage of net revenue were 3.8%, an improvement of 60 basis points from the prior year.

Core operating expenses increased $4.5 (30%), primarily due to an increase in strategic investments and inflation, partially offset by lower variable compensation. These expenses as a percentage of net revenue were 2.7%, an improvement of 50 basis points from the prior year.

Nine Months Ended June 30, 2023 Compared to Nine Months Ended June 30, 2022

Operating expenses decreased $1.6 (2%), primarily due to lower variable compensation, and prior year one-time expenses associated with the realignment of the executive management team, partially offset by an increase in strategic investments, cost inflation, and an increase in business acquisition, disposition, and integrations costs. These expenses as a percentage of net revenue were 3.3%, an improvement of 110 basis points from the prior year.

Core operating expenses decreased $2.3 (5%), primarily due to lower variable compensation, and prior year one-time expenses associated with the realignment of the executive management team, partially offset by an increase in strategic investments and cost inflation. These expenses as a percentage of net revenue were 2.3%, an improvement of 90 basis points from the prior year.

NON-GAAP OPERATING PERFORMANCE MEASURES

The following is a reconciliation from consolidated net income, the most directly comparable GAAP operating performance measure to our non-GAAP adjusted EBITDA from continuing operations.

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
Consolidated net income	$ 45.0	$ 50.1	$ 556.3	$ 156.0
Interest income	(2.8)	(1.3)	(7.1)	(4.0)
Interest expense	18.6	17.5	63.0	52.7
Income tax expense	23.8	19.9	50.2	54.4
Depreciation and amortization	31.1	24.2	93.1	74.4
Consolidated EBITDA	115.7	110.4	755.5	333.5
Total income from discontinued operations	(1.0)	(19.0)	(461.4)	(73.3)
Business acquisition, disposition, and integration costs[(1)]	10.6	9.1	28.5	20.6
Inventory step-up charges	—	—	11.1	—
Restructuring and restructuring-related charges [(2)]	0.8	0.2	2.3	3.5
Loss on divestiture [(3)]	—	—	—	3.1
Other [(4)]	—	0.1	—	3.2
Adjusted EBITDA from continuing operations	$ 126.1	$ 100.8	$ 336.0	$ 290.6

(1) Business acquisition, disposition, and integration costs during the three and nine months ended June 30, 2023, primarily included professional fees related to acquisitions and costs associated with the integration of recent acquisitions. Business acquisition, disposition, and integration costs during the three and nine months ended June 30, 2022, primarily included professional fees related to acquisitions and professional fees and employee-related costs attributable to the integration of Milacron and the divestiture of TerraSource.

(2) Restructuring and restructuring-related charges primarily included severance costs during the three and nine months ended June 30, 2023 and 2022.

(3) The amount during the nine months ended June 30, 2022, represents the loss on the divestiture of TerraSource. See Note 4 of Part I, Item 1 of this Quarterly Report on Form 10-Q for more information.

(4) Includes other individually immaterial one-time costs, including reserves against certain receivables during the three and nine months ended June 30, 2022.

Three Months Ended June 30, 2023 Compared to Three Months Ended June 30, 2022

Consolidated net income decreased $5.1 (10%) for the three months ended June 30, 2023, compared to the same period in 2022. The decrease was primarily driven by a decrease in total income from discontinued operations, cost inflation, an increase in amortization, and an increase in strategic investments, partially offset by favorable pricing, productivity improvements, the impact of acquisitions, and lower variable compensation. Foreign currency impact decreased consolidated net income by $0.9.

Consolidated adjusted EBITDA from continuing operations increased $25.3 (25%) for the three months ended June 30, 2023, compared to the same period in 2022. The increase was primarily driven by favorable pricing, the impact of acquisitions, productivity improvements, and lower variable compensation, partially offset by cost inflation and an increase in strategic investments. Foreign currency impact decreased adjusted EBITDA by $1.0.

Nine Months Ended June 30, 2023 Compared to Nine Months Ended June 30, 2022

Consolidated net income increased $400.3 (257%) for the nine months ended June 30, 2023, compared to the same period in 2022. The increase was primarily driven by the increase in total income from discontinued operations, as well as favorable pricing, productivity improvements, higher volume within the Advanced Process Solutions reportable operating segment, and lower variable compensation, partially offset by cost inflation, an increase in strategic investments, an increase in depreciation and amortization, an increase in inventory step-up charges related to acquisitions, an increase in interest expense, unfavorable product mix, and an increase in business acquisition, disposition, and integration costs. Foreign currency impact decreased consolidated net income by $7.1.

Consolidated adjusted EBITDA from continuing operations increased $45.4 (16%) for the nine months ended June 30, 2023, compared to the same period in 2022. The increase was primarily driven by favorable pricing, the impact of acquisitions, productivity improvements, higher volume within the Advanced Process Solutions reportable operating segment, and lower variable compensation, partially offset by cost inflation, an increase in strategic investments, and unfavorable product mix. Foreign currency impact decreased adjusted EBITDA by $12.0.

LIQUIDITY AND CAPITAL RESOURCES

In this section, we discuss our ability to access cash to meet business needs. We discuss how we see cash flow being affected for the next twelve months and how we intend to use it. We describe actual results in generating and using cash by comparing the first nine months of 2023 to the same period last year. Finally, we identify other significant matters that could affect liquidity on an ongoing basis.

Ability to Access Cash

Our debt financing has historically included revolving credit facilities, term loans, and long-term notes as part of our overall financing strategy. We regularly review and adjust the mix of fixed-rate and variable-rate debt within our capital structure in order to achieve a target range based on our financing strategy.

We have taken proactive measures to maintain financial flexibility within the landscape of various uncertainties. We believe the Company ended the quarter with and continues to have sufficient liquidity to operate in the current business environment.

As of June 30, 2023, we had $1,160.2 of borrowing capacity under the Amended Credit Agreement, of which $790.2 was immediately available based on our most restrictive covenant. The available borrowing capacity reflects a reduction of $14.8 for outstanding letters of credit issued under the Amended Credit Agreement. The Company may request an increase of up to $600.0 in the total borrowing capacity under the Amended Credit Agreement, subject to approval of the lenders.

In the normal course of business, operating companies within our reportable operating segments provide to certain customers bank guarantees and other credit arrangements in support of performance, warranty, advance payment, and other contractual obligations. This form of trade finance is customary in the industry and, as a result, we maintain adequate capacity to provide the guarantees. As of June 30, 2023, we had guarantee arrangements totaling $577.9, under which $328.9 was used for guarantees. These arrangements include the Amended L/G Facility Agreement under which unsecured letters of credit, bank guarantees, or other surety bonds may be issued. The Company may request an increase to the total capacity under the Amended L/G Facility Agreement by an additional €100.0, subject to approval of the lenders.

We have significant operations outside the U.S. We continue to assert that the basis differences in the majority of our foreign subsidiaries continue to be permanently reinvested outside of the U.S. We have recorded tax liabilities associated with distribution taxes on expected distributions of available cash and current earnings. The Company has made, and intends to continue to make, substantial investments in our businesses in foreign jurisdictions to support the ongoing development and growth of our international operations. As of June 30, 2023, we had a transition tax liability of $14.9 pursuant to the 2017 Tax Cuts and Jobs Act (the “Tax Act”). The cash at our foreign subsidiaries, including U.S. subsidiaries participating in non-U.S. cash pooling arrangements, totaled $248.0 at June 30, 2023. We continue to actively evaluate our global capital deployment and cash needs.

12-month Outlook

Ukraine War

The Ukraine War that began in February 2022 continues as of the date of this Quarterly Report. We have suspended all new business in Russia and Belarus but may be contractually obligated to complete existing contracts, insofar as economic sanctions do not prevent us from doing so. Although Russia, Belarus, and Ukraine do not constitute a material portion of our customer and supplier portfolio, a significant escalation or expansion of economic disruption of the Ukraine War's current scope could have a negative effect on our consolidated results of operations and cash flows. However, we do not believe the impact will be material to our consolidated results of operations and cash flows. For more information about the Ukraine War and its effect on the Company's business and results of operations, see Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended September 30, 2022, filed with the SEC on November 16, 2022.

Proposed Acquisition of Schenck Process Food and Performance Materials

On May 23, 2023, the Company signed a definitive agreement to acquire the Schenck Process Food and Performance Materials ("FPM") business, a portfolio company of Blackstone, for an enterprise value of approximately $730.0. This transaction is expected to close during the fourth fiscal quarter of 2023 and we expect to utilize cash on hand, borrowings from the Facility, and the delayed-draw term loan facility available to the Company's wholly owned subsidiary Hillenbrand Switzerland GmbH (the "New Term Loan") to fund this acquisition.

Other activities

During the nine months ended June 30, 2023, the Company repaid in full the $100.0 in 4.6% Series A unsecured notes ("Series A Notes") using a portion of the net proceeds received from the Batesville divestiture. The remaining net proceeds from the Batesville divestiture were used to repay outstanding borrowings on the Facility. We estimate taxes of approximately $138.0 are owed associated with the Batesville divestiture, with $104.0 paid in our third quarter and $34.0 expected to be paid in our fourth quarter of fiscal 2023.

The Company is required to pay a transition tax on unremitted earnings of its foreign subsidiaries, resulting in an estimated liability of $14.9 recorded as of June 30, 2023. The transition tax liability is expected to be paid over the next three years.

On December 2, 2021, our Board of Directors authorized a new share repurchase program of up to $300.0, which replaced the previous $200.0 share repurchase program. The repurchase program has no expiration date but may be terminated by the Board of Directors at any time. We had approximately $125.0 remaining for share repurchases under the existing authorization at June 30, 2023.

Our anticipated contribution to our defined benefit pension plans in fiscal 2023 is $9.5, of which $6.3 was made during the nine months ended June 30, 2023. We will continue to monitor plan funding levels, performance of the assets within the plans, and overall economic activity, and we may make additional discretionary funding decisions based on the net impact of the above factors.

We currently expect to pay quarterly cash dividends of approximately $15.4 based on our outstanding common stock at June 30, 2023. We increased our quarterly dividend in 2023 to $0.22 per common share from $0.2175 per common share paid in 2022.

We believe existing cash and cash equivalents, cash flows from operations, borrowings under existing arrangements, and the issuance of debt will be sufficient to fund our operating activities and cash commitments for investing and financing activities. Based on these factors, we believe our current liquidity position is sufficient and will continue to meet all of our financial commitments in the current business environment.

Cash Flows

	Nine Months Ended June 30,	
	2023	2022
Cash flows provided by (used in):		
Operating activities from continuing operations	$ 133.6	$ (9.9)
Investing activities from continuing operations	25.0	(40.3)
Financing activities from continuing operations	21.4	(201.3)
Net cash flows from discontinued operations	(117.0)	96.3
Effect of exchange rates on cash and cash equivalents	(9.3)	(10.2)
Net cash flows	$ 53.7	$ (165.4)

Operating Activities

Operating activities from continuing operations provided $133.6 of cash during the nine months ended June 30, 2023, and used $9.9 of cash during the nine months ended June 30, 2022, a $143.5 increase. The increase in operating cash flow from continuing operations was primarily due to favorable timing of working capital requirements.

Working capital requirements for our reportable operating segments fluctuate and may continue to fluctuate in the future due primarily to the type of product and geography of customer projects in process at any point in time. Working capital needs are lower when advance payments from customers are more heavily weighted toward the beginning of the project. Conversely, working capital needs are higher when a larger portion of the cash is to be received in later stages of manufacturing.

Investing Activities

The $65.3 increase in net cash flows from investing activities from continuing operations during the nine months ended June 30, 2023, was primarily due to the proceeds received on the divestiture of the historical Batesville reportable operating segment, partially offset by the acquisitions of Linxis and Peerless during fiscal year 2023 and an increase in capital expenditures.

Financing Activities

Cash provided by financing activities from continuing operations was largely impacted by net borrowing activity and share repurchases. Our general practice is to use available cash to pay down debt unless it is needed for an acquisition. Cash provided by financing activities during the nine months ended June 30, 2023 was $21.4, primarily due to the $200.0 term loan that funded in November 2022, partially offset by repayment of the Series A Notes, payment of dividends on common stock, and the net repayment on the Facility of $30.6. Cash used in financing activities for the nine months ended June 30, 2022 was $201.3, primarily due to repurchases of common stock and payment of dividends on common stock.

We returned $45.9 to shareholders during the nine months endedJune 30, 2023 in the form of quarterly dividends. We increased our quarterly dividend in fiscal 2023 to $0.22 per common share from $0.2175 per common share paid during fiscal 2022.

Summarized Financial Information for Guarantors and the Issuer of Guaranteed Securities

Summarized financial information of Hillenbrand (the "Parent") and our subsidiaries that are guarantors of our senior unsecured notes (the "Guarantor Subsidiaries") is shown below on a combined basis as the "Obligor Group." The Company's senior unsecured notes are guaranteed by certain of our wholly-owned domestic subsidiaries and rank equally in right of payment with all of our existing and financial information of the Obligor Group. All intercompany balances and transactions between the Parent and Guarantor Subsidiaries have been eliminated and all information excludes subsidiaries that are not issuers or guarantors of our senior unsecured notes, including earnings from and investments in these entities.

Upon the divestiture of Batesville on February 1, 2023, each of the subsidiaries of Batesville that were Guarantor Subsidiaries ceased to be a guarantor of the senior unsecured notes.

	June 30, 2023	September 30, 2022
Combined Balance Sheets Information:		
Current assets [(1)]	$ 4,088.3	$ 2,590.3
Non-current assets	2,593.7	2,656.1
Current liabilities	1,644.6	623.2
Non-current liabilities	1,411.3	1,289.6

	Nine Months Ended June 30, 2023
Combined Statements of Operations Information:	
Net revenue [(2)]	$ 335.9
Gross profit	67.3
Consolidated net income from continuing operations attributable to Obligors	337.1
Total income from discontinued operations (net of income tax expense) attributable to Obligors[(3)]	449.7
Net income attributable to Obligors [(3)]	786.8

[(1)] Current assets include intercompany receivables from non-guarantors of $1,934.6 as of June 30, 2023 and $1,868.7 as of September 30, 2022.

[(2)] Net revenue includes intercompany sales with non-guarantors of $4.3 for the nine months ended June 30, 2023.

[(3)] Of the $449.7 of total income from discontinued operations (net of income tax expense), $441.3 related to gain on divestiture (net of income tax expense) of discontinued operations recognized by the Parent. The remaining $8.4 related to the operations of the former subsidiary guarantors of the senior unsecured notes included in discontinued operations, which, as of February 1, 2023, have been divested and are no longer guarantors.

Recently Adopted and Issued Accounting Standards

For a summary of recently issued and adopted accounting standards applicable to us, see Item 1, Note 2 of Part I of this Form 10-Q.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

A full discussion of quantitative and qualitative disclosures about market risk may be found in Item 7A of our 2022 Form 10-K for the year ended September 30, 2022, filed with the SEC on November 16, 2022. There have been no material changes in this information since the filing of our 2022 Form 10-K. The following discussion provides information on significant changes to our market risks, resulting from an increase to our variable-rate debt obligations due to recent acquisitions, which could have a significant impact on our operating results, financial condition, and liquidity.

Interest rate risk

As of September 30, 2022 we had outstanding variable-rate debt obligations of $6.7. In connection with recent acquisitions, we incurred borrowings under our Facility, including the $200.0 term loan funded in November 2022 under the Credit Agreement. As a result, our outstanding variable-rate debt obligations were $222.3 as of June 30, 2023. We are subject to interest rate risk associated with such borrowings, which bear a variable rate of interest. The interest we pay on such borrowings is dependent on interest rate conditions and the timing of our financing needs. If we assumed the borrowings under our variable-rate debt obligations remained at $222.3 for 12 months, a one percentage point change in the related interest rates would decrease or increase annual interest expense by approximately $2.2.

Item 4. CONTROLS AND PROCEDURES

Our management, with the participation of our President and Chief Executive Officer and our Senior Vice President and Chief Financial Officer (the "Certifying Officers"), evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based upon that evaluation, the Certifying Officers concluded that our disclosure controls and procedures as of the end of the period covered by this report are effective.

In the ordinary course of business, we review our system of internal control over financial reporting and make changes to our systems and processes to improve such controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, automating manual processes, and updating existing systems.

On October 6, 2022 and December 1, 2022, we completed the acquisitions of Linxis and Peerless, respectively, which included their existing information systems and internal controls over financial reporting. In conducting our evaluation of the effectiveness of our internal control over financial reporting for our fiscal year ended September 30, 2023, we plan to exclude Linxis and Peerless from our evaluation as permitted under existing SEC Staff interpretive guidance for newly acquired businesses. We are currently in the process of evaluating and integrating Linxis and Peerless' historical internal controls over financial reporting with ours. These integrations may lead to changes in future fiscal periods, but we do not expect these changes to materially affect our disclosure controls and procedures or internal control over financial reporting. We expect to complete these integrations in fiscal 2024. For the three and nine months ended June 30, 2023, Linxis and Peerless accounted for $92.5 and $256.4 of our total net revenue, and as of June 30, 2023, had total assets of $912.1 (inclusive of acquired goodwill and identifiable intangible assets of $662.6).

Other than as noted above, there were no changes in internal control over financial reporting identified in the evaluation for the quarter ended June 30, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act.

PART II — OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

Information pertaining to legal proceedings can be found in Note 16 to the Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q.

Item 1A. RISK FACTORS

For information regarding the risks we face, see the discussion under Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended September 30, 2022, filed with the SEC on November 16, 2022, and the additional risk factor below. The following descriptions of risk factors include any additions and material changes to, and supersede the corresponding descriptions of, the risk factors associated with our business as previously disclosed in our Annual Report on Form 10-K for the year ended September 30, 2022.

We have recently completed several divestitures, including of our Batesville business, and we continually assess the strategic fit of our existing businesses. We may divest or otherwise dispose of businesses that are deemed not to fit with our strategic plan or are not achieving the desired return on investment, and we cannot be certain that our business, operating results, and financial condition will not be materially and adversely affected.

A successful divestiture depends on various factors, including reaching an agreement with potential buyers on terms we deem attractive, as well as our ability to effectively transfer liabilities, contracts, facilities, and employees to any purchaser, identify and separate the intellectual property to be divested from the intellectual property that we wish to retain, reduce fixed costs previously associated with the divested assets or business, and collect the proceeds from any divestitures. These efforts require varying levels of management resources, which may divert our attention from other business operations. If we do not realize the expected benefits of any divestiture transaction or experience unexpected costs or similar risks, our consolidated financial position, results of operations, and cash flows could be negatively impacted. In addition, divestitures of businesses involve a number of risks, including significant costs and expenses, the loss of or changes to customer, employee, or supplier relationships, potential adverse impacts to volume-based pricing under existing and future purchasing arrangements, and a decrease in net revenue and earnings associated with the divested business. Furthermore, any divestiture may result in a dilutive impact to our future earnings if we are unable to offset the dilutive impact from the associated loss of revenue, and may also result in significant write-offs, including those related to goodwill and other intangible assets, any of which could have a material adverse effect on our results of operations and financial condition.

In addition, divestitures, in particular the recent divestiture of our Batesville business, potentially involve significant post-closing separation and transition activities, which could involve the expenditure of material financial resources and significant employee resources. During these activities, we have diverted capital and other resources that otherwise could have been used in our business operations, and we will continue to do so until the process is completed. We also have incurred expenses and could continue to incur substantial expenses associated with the divestiture of Batesville, and there can be no assurance that this transaction will be ultimately beneficial to us or have a positive effect on shareholder value.

Item 5. OTHER INFORMATION

(c) Rule 10b5-1 Trading Plans

On June 15, 2023, J. Michael Whitted, Senior Vice President, Strategy & Corporate Development of the Company, adopted a trading arrangement for the sale of the Company's common stock (a "Rule 10b5-1 Trading Plan") that is intended to satisfy the affirmative defense conditions of Securities Exchange Act Rule 10b5-1(c). Mr. Whitted's Rule 10b5-1 Trading Plan, which has a term of one (1) year, provides for 161,940 stock options to be exercised and sold,17,589 shares underlying restricted stock units to be sold after vesting and applicable tax withholding, and 15,000 shares of common stock to be sold, subject in each case to certain quantities and limit prices.

Item 6. EXHIBITS

The exhibits filed with this report are listed below. In reviewing any agreements included as exhibits to this report, please remember that they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about us or the other parties to the agreements. The agreements may contain representations and warranties by the parties to the agreements, including us. Except where explicitly stated otherwise, these representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

- should not necessarily be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
- may have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;
- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and
- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time.

Exhibit 2.1	Share Purchase Agreement, dated as of May 23, 2023, between Milacron LLC, as Purchaser, and Schenck Process Holding GmbH, as Seller (Incorporated by reference to Exhibit 2.1 to Current Report on Form 8-K filed May 30, 2023).
Exhibit 3.1	Restated and Amended Articles of Incorporation of Hillenbrand, Inc., effective as of February 13, 2020 (Incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K filed February 14, 2020)
Exhibit 3.2	Amended and Restated Code of By-Laws of Hillenbrand, Inc., effective as of May 5, 2022 (Incorporated by reference to Exhibit 3.2 to Quarterly Report on Form 10-Q filed May 9, 2022)
Exhibit 10.1	Amendment No. 1 to Fourth Amended and Restated Credit Agreement, dated as of June 21, 2023, among Hillenbrand, Inc., as a borrower, the subsidiary borrowers party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (Incorporated by reference as Exhibit 10.1 to Current Report on Form 8-K filed June 23, 2023).
Exhibit 10.2	Amendment and Restatement Agreement, dated June 22, 2023, between Hillenbrand, Inc., as a borrower, the subsidiary borrowers party thereto, the subsidiary guarantors party thereto, Commerzbank Aktiengesellschaft, as mandated lead arranger and bookrunner, Commerzbank Aktiengesellschaft (as successor to Commerzbank Finance & Covered Bond S.A.), as agent, and the other financial institutions party thereto as mandated lead arrangers, lenders and issuing banks (Incorporated by reference as Exhibit 10.2 to Current Report on Form 8-K filed June 23, 2023).
Exhibit 10.3*	Amendment No. 2 to Fourth Amended and Restated Credit Agreement, dated as of July 14, 2023, among Hillenbrand, Inc., as a borrower, the subsidiary borrowers party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent
Exhibit 22	List of Guarantor Subsidiaries of Hillenbrand, Inc. (Incorporated by reference to Exhibit 22 to Quarterly Report on Form 10-Q filed May 8, 2023)
Exhibit 31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32.1*	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 32.2*	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 101	The following financial statements from the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, formatted in Inline XBRL: (i) Consolidated Statements of Operations, (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Balance Sheets, (iv) Consolidated Statements of Cash Flows, (v) Consolidated Statements of Shareholders’ Equity, and (vi) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
Exhibit 104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

SIGNATURES

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

HILLENBRAND, INC.

Date: August 2, 2023	By:	/s/ Robert M. VanHimbergen
		Robert M. VanHimbergen
		Senior Vice President and Chief Financial Officer
Date: August 2, 2023		/s/ Megan A. Walke
		Megan A. Walke
		Vice President and Chief Accounting Officer

Exhibit 10.3

EXECUTION COPY

AMENDMENT NO. 2

Dated as of July 14, 2023

to

FOURTH AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of June 8, 2022

THIS AMENDMENT NO. 2 (this "Amendment") is made as of July 14, 2023 (the "Effective Date"), by and among (i) Hillenbrand, Inc., an Indiana corporation (the "Company"), (ii) the parties identified as Subsidiary Borrowers on the signature pages hereof (each a "Subsidiary Borrower" and, collectively with the Company, the "Borrowers"), (iii) the Lenders party hereto (the "Lenders") and (iv) JPMorgan Chase Bank, N.A., as Administrative Agent (the "Administrative Agent"), to that certain Fourth Amended and Restated Credit Agreement, dated as of June 8, 2022, by and among the Borrowers, the Lenders and the Administrative Agent (as amended, restated, supplemented or otherwise modified prior to the date hereof, the "Credit Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Amended Credit Agreement (as defined below).

WHEREAS, the Borrowers have requested that the requisite Lenders make certain modifications to the Credit Agreement;

WHEREAS, the Borrowers, the Lenders party hereto and the Administrative Agent have agreed to amend the Credit Agreement on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrowers, the Lenders party hereto and the Administrative Agent hereby agree to enter into this Amendment.

1. Amendments to Credit Agreement. Effective as of the date of satisfaction of the conditions precedent set forth in Section 2 below:

(a) The parties hereto agree that the Credit Agreement (including the Exhibits thereto) shall be amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in the pages of the Credit Agreement (including the affected Exhibits thereto) attached as Annex A hereto.

(b) Schedule 2.06 of the Credit Agreement shall be restated in its entirety as attached as Annex B hereto.

The Credit Agreement as so amended pursuant to this Section 1, is referred to in this Amendment as the "Amended Credit Agreement".

2. Conditions of Effectiveness. The effectiveness of this Amendment is subject to the conditions precedent that:

(a) The Administrative Agent shall have received counterparts of this Amendment duly executed by the Borrowers, the Required Lenders, U.S. Bank National Association in its capacity as an Issuing Bank and the Administrative Agent.

(b) The Administrative Agent shall have received counterparts of the Consent and Reaffirmation attached as Exhibit A hereto duly executed by the Subsidiary Guarantors.

(c) The Administrative Agent shall have received payment and/or reimbursement of the Administrative Agent's and its affiliates' fees and expenses (including, to the extent invoiced, reasonable and documented fees and expenses of counsel for the Administrative Agent) in accordance with the Loan Documents.

3. Representations and Warranties of the Borrowers. Each Borrower for itself hereby represents and warrants as follows:

(a) This Amendment and the Amended Credit Agreement constitute the legal, valid and binding obligations of such Borrower enforceable against such Borrower in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(b) As of the date hereof and after giving effect to the terms of this Amendment, (i) no Default or Event of Default has occurred and is continuing and (ii) the representations and warranties of the Borrowers set forth in the Amended Credit Agreement are true and correct in all material respects (provided that any representation or warranty qualified by materiality or Material Adverse Effect is true and correct in all respects) (except to the extent any such representation or warranty expressly relates to an earlier date, in which case such representation or warranty is true and correct as of such earlier date).

4. Reference to and Effect on the Credit Agreement.

(a) Upon the effectiveness hereof, each reference to the Credit Agreement in the Credit Agreement or any other Loan Document shall mean and be a reference to the Amended Credit Agreement.

(b) Except as specifically amended above, each Loan Document and all other documents, instruments and agreements executed and/or delivered in connection therewith shall remain in full force and effect and are hereby ratified and confirmed.

(c) Except as specifically provided above, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Administrative Agent or the Lenders, nor constitute a waiver of any provision of the Credit Agreement, the Loan Documents or any other documents, instruments and agreements executed and/or delivered in connection therewith.

(d) This Amendment shall be a Loan Document.

5. Governing Law. This Amendment shall be construed in accordance with and governed by the law of the State of New York.

6. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

7. Counterparts. This Amendment may be executed by one or more of the parties hereto on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to this Amendment and/or any document to be signed in connection with this Amendment and the transactions contemplated hereby shall be deemed to include Electronic Signatures (as defined below), deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be. As used herein, “Electronic Signatures” means any electronic symbol or process attached to, or associated with, any contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first above written.

HILLENBRAND, INC.,
as the Company

By /s/ Theodore S. Haddad, Jr.
Name: Theodore S. Haddad, Jr.
Title: Vice President and Treasurer

HILLENBRAND LUXEMBOURG INC.,
as a Subsidiary Borrower

By /s/ Theodore S. Haddad, Jr.
Name: Theodore S. Haddad, Jr.
Title: Treasurer

COPERION K-TRON (SCHWEIZ) GMBH,
as a Subsidiary Borrower

By /s/ Theodore S. Haddad, Jr.
Name: Theodore S. Haddad, Jr.
Title: Authorized Signatory

HILLENBRAND SWITZERLAND GMBH,
as a Subsidiary Borrower

By /s/ Theodore S. Haddad, Jr.
Name: Theodore S. Haddad, Jr.
Title: Chairman of the Board of Managing Officers

ROTEX EUROPE LTD,
as a Subsidiary Borrower

By /s/ James D. Huchison
Name: James D. Huchison
Title: Director

COPERION GMBH,
as a Subsidiary Borrower

By /s/ Markus Parzer
Name: Markus Parzer
Title: Managing Director

By /s/ Stefan Rottke
Name: Stefan Rottke
Title: Managing Director

HILLENBRAND GERMANY HOLDING GMBH,
as a Subsidiary Borrower

By /s/ Kimberly K. Ryan
Name: Kimberly K. Ryan
Title: Managing Director

JPMORGAN CHASE BANK, N.A.,
individually as a Lender and as Administrative Agent

By /s/ Christopher A. Salek
Name: Christopher A. Salek
Title: Executive Director

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as a Lender

By /s/ Heather Hoopingarner
Name: Heather Hoopingarner
Title: Director

HSBC BANK USA, NATIONAL
ASSOCIATION,
as a Lender

By /s/ Casey Klepsch
Name: Casey Klepsch
Title: Senior Vice President

CITIZENS BANK, N.A.,
as a Lender

By /s/ Izabela Algave
Name: Izabela Algave
Title: Vice President

PNC BANK, NATIONAL ASSOCIATION,
as a Lender

By /s/ Taylor Snare
Name: Taylor Snare
Title: Vice President

U.S. BANK NATIONAL ASSOCIATION,
as an Issuing Bank and as a Lender

By /s/ Ronald W. Denno
Name: Ronald W. Denno
Title: Vice President

BMO HARRIS FINANCING, INC.,
as a Lender

By /s/ Jennifer Wolter
Name: Jennifer Wolter
Title: Director

SUMITOMO MITSUI BANKING
CORPORATION,
as a Lender

By /s/ Jun Ashley
Name: Jun Ashley
Title: Director

TRUIST BANK,
as a Lender

By /s/ Troy Weaver
Name: Troy Weaver
Title: Managing Director

BANK OF AMERICA, N.A.,
as a Lender

By /s/ Brian D. Smith
Name: Brian D. Smith
Title: Senior Vice President

COMMERZBANK AG, NEW YORK BRANCH,
as a Lender

By /s/ Mathew Ward
Name: Mathew Ward
Title: Managing Director

By /s/ Robert Sullivan
Name: Robert Sullivan
Title: Vice President

EXHIBIT A

Consent and Reaffirmation

Each of the undersigned hereby acknowledges receipt of a copy of the foregoing Amendment No. 2 to the Fourth Amended and Restated Credit Agreement (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), dated as of June 8, 2022, by and among Hillenbrand, Inc. (the "Company"), the Subsidiary Borrowers (collectively with the Company, the "Borrowers"), the Lenders and JPMorgan Chase Bank, N.A., as Administrative Agent (the "Administrative Agent"), which Amendment No. 2 is dated as of July 14, 2023, and is by and among the Borrowers, the financial institutions listed on the signature pages thereof and the Administrative Agent (the "Amendment"). Capitalized terms used in this Consent and Reaffirmation and not defined herein shall have the meanings given to them in the Credit Agreement. Without in any way establishing a course of dealing by the Administrative Agent or any Lender, each of the undersigned consents to the Amendment and reaffirms the terms and conditions of the Subsidiary Guaranty and any other Loan Document executed by it and acknowledges and agrees that the Subsidiary Guaranty and each and every such Loan Document executed by the undersigned in connection with the Credit Agreement remains in full force and effect and is hereby reaffirmed, ratified and confirmed. All references to the Credit Agreement contained in the above-referenced documents shall be a reference to the Credit Agreement as so modified by the Amendment and as the same may from time to time hereafter be amended, modified or restated.

This Consent and Reaffirmation shall be construed in accordance with and governed by the law of the State of New York. This Consent and Reaffirmation may be executed by one or more of the parties hereto on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Consent and Reaffirmation by telecopy, e-mailed.pdf or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Consent and Reaffirmation.

Dated July 14, 2023

[Signature Page Follows]

IN WITNESS WHEREOF, this Consent and Reaffirmation has been duly executed and delivered as of the day and year above written.

MILACRON PLASTICS TECHNOLOGIES GROUP LLC

By: /s/ Theodore S. Haddad, Jr.
Name: Theodore S. Haddad, Jr.
Title: Treasurer

PROCESS EQUIPMENT GROUP, INC.

By: /s/ Theodore S. Haddad, Jr.
Name: Theodore S. Haddad, Jr.
Title: Treasurer

K-TRON INVESTMENT CO.

By: /s/ Theodore S. Haddad, Jr.
Name: Theodore S. Haddad, Jr.
Title: Vice President and Assistant Treasurer

MILACRON MARKETING COMPANY LLC

By: /s/ Theodore S. Haddad, Jr.
Name: Theodore S. Haddad, Jr.
Title: Treasurer

MILACRON LLC

By: /s/ Theodore S. Haddad, Jr.
Name: Theodore S. Haddad, Jr.
Title: Treasurer

HILLENBRAND LUXEMBOURG INC.

By: /s/ Theodore S. Haddad, Jr.
Name: Theodore S. Haddad, Jr.
Title: Treasurer

ANNEX A

Attached

Page

SCHEDULES:

EXHIBITS:

Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate; provided that if the Adjusted TIBO Rate as so determined would be less than the Floor, such rate shall be deemed to be equal to the Floor for the purposes of this Agreement.

"Administrative Agent" means JPMorgan Chase Bank, N.A. (including its branches and affiliates), in its capacity as administrative agent for the Lenders hereunder.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affected Financial Institution" means (a) any EEA Financial Institution or (b) any UK Financial Institution.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Agreed Currencies" means (i) Dollars, (ii) euro, (iii) Pounds Sterling, (iv) Swiss Francs, (v) Canadian Dollars, (vi) Japanese Yen and (vii) any other currency (x) that is a lawful currency (other than Dollars) that is readily available and freely transferable and convertible into Dollars and (y) that is agreed to by the Administrative Agent and each of the Revolving Lenders.

"Agreement" has the meaning assigned to such term in the introductory paragraph. "Alternate Base Rate" means, for any day, a

rate per annum equal to the greatest of

(a) the Prime Rate in effect on such day, (b) the NYFRB Rate in effect on such day plus ½ of 1% and
(c) the Adjusted Term SOFR Rate for a one month Interest Period as published two U.S. Government Securities Business Days prior to such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%, provided that for the purpose of this definition, the Adjusted Term SOFR Rate for any day shall be based on the Term SOFR Reference Rate at approximately 5:00 a.m., Chicago time, on such day (or any amended publication time for the Term SOFR Reference Rate, as specified by the CME Term SOFR Administrator in the Term SOFR Reference Rate methodology). Any change in the Alternate Base Rate due to a change in the Prime Rate, the NYFRB Rate or the Adjusted Term SOFR Rate shall be effective from and including the effective date of such change in the Prime Rate, the NYFRB Rate or the Adjusted Term SOFR Rate, respectively. If the Alternate Base Rate is being used as an alternate rate of interest pursuant to Section 2.14 (for the avoidance of doubt, only until the Benchmark Replacement has been determined pursuant to Section 2.14(b)), then the Alternate Base Rate shall be the greater of clauses (a) and (b) above and shall be determined without reference to clause (c) above. For the avoidance of doubt, if the Alternate Base Rate as determined pursuant to the foregoing would be less than 1.00%, such rate shall be deemed to be 1.00% for purposes of this Agreement.

"Amendment No. 1 Effective Date" means June 21, 2023.

"Amendment No. 2 Effective Date" means July 14, 2023.

"Ancillary Document" has the meaning assigned to it in Section 9.06.

"Daily Simple SOFR" means, for any day (a "SOFR Rate Day"), a rate per annum equal to SOFR for the day that is five (5) RFR Business Days prior to (i) if such SOFR Rate Day is an RFR Business Day, such SOFR Rate Day or (ii) if such SOFR Rate Day is not an RFR Business Day, the RFR Business Day immediately preceding such SOFR Rate Day, in each case, as such SOFR is published by the SOFR Administrator on the SOFR Administrator's Website. Any change in Daily Simple SOFR due to a change in SOFR shall be effective from and including the effective date of such change in SOFR without notice to the Company.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"Defaulting Lender" means any Lender that (a) has failed, within two (2) Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans, (ii) fund any portion of its participations in Letters of Credit or Swingline Loans or (iii) pay over to any Credit Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Company or any Credit Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three (3) Business Days after request by a Credit Party, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Loans and participations in then outstanding Letters of Credit and Swingline Loans under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Credit Party's receipt of such certification in form and substance satisfactory to it and the Administrative Agent, or (d) has become the subject of (A) a Bankruptcy Event or (B) a Bail-In Action.

"Departing Lender" means each lender under the Existing Credit Agreement that executes and delivers to the Administrative Agent a Departing Lender Signature Page.

"Departing Lender Signature Page" means the signature page to this Agreement on which it is indicated that the Departing Lender executing the same shall cease to be a party to the Existing Credit Agreement on the Effective Date.

"Designated Account Party" means the Company or any Subsidiary (or a Person that is a Subsidiary as of the date that a letter of credit becomes a Designated Letter of Credit).

"Designated Letter of Credit Agreement" means a Designated Letter of Credit Agreement by and among the Company, the applicable Issuing Bank and the Administrative Agent substantially in the form of Exhibit J.

"Designated Letters of Credit" means any letter of credit that (i) was originally issued by an Issuing Bank on a bilateral basis (not pursuant to this Agreement) for the account of a Designated Account Party and (ii) in respect of which the Company, the applicable Issuing Bank and the Administrative Agent have entered into a Designated Letter of Credit Agreement.

"Disposition" or "Dispose" means the sale, transfer, license, lease or other disposition (including any Sale and Leaseback Transaction) of any property or asset by any Person, including any sale, assignment (excluding any Lien), transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

"Dollar Amount" of any amount of any currency means, at the time of determination thereof, (a) if such amount is expressed in Dollars, such amount, (b) if such amount is expressed in a Foreign Currency, the equivalent of such amount in Dollars determined by using the rate of exchange for the purchase of Dollars with such Foreign Currency last provided (either by publication or otherwise provided to the Administrative Agent) by the applicable Reuters source on the Business Day (New York City time) immediately preceding the date of determination or if such service ceases to be available or ceases to provide a rate of exchange for the purchase of Dollars with such Foreign Currency, as provided by such other publicly available information service which provides that rate of exchange at such time in place of Reuters chosen by the Administrative Agent in its sole discretion (or if such service ceases to be available or ceases to provide such rate of exchange, the equivalent of such amount in Dollars as determined by the Administrative Agent using any method of determination it deems reasonably appropriate) and (c) if such amount is denominated in any other currency, the equivalent of such amount in Dollars as determined by the Administrative Agent using any method of determination it deems reasonably appropriate.

"Dollars" or "$" refers to lawful money of the United States of America.

"Domestic Foreign Holdco Subsidiary" means a Subsidiary organized under the laws of a jurisdiction located in the United States of America (excluding any possession or territory thereof), substantially all of the assets of which consist of the Equity Interests (including Equity Interests held through entities disregarded from their owner for U.S. federal income tax purposes) of (and/or receivables or other amounts due from) one or more Foreign Subsidiaries that are "controlled foreign corporations" within the meaning of section 957 of the Code, so long as such Domestic Subsidiary (i) does not conduct any business or other activities other than the ownership of such Equity Interests and/or receivables and (ii) does not incur, and is not otherwise liable for, any Indebtedness (other than intercompany indebtedness permitted by Section 6.03(g)), in each case, other than immaterial assets and activities reasonably related or ancillary thereto.

"Domestic Loan Party" means the Company and each other Loan Party that is a Domestic Subsidiary.

"Domestic Subsidiary" means a Subsidiary organized under the laws of a jurisdiction located in the United States of America (excluding any possession or territory thereof) other than any Domestic Foreign Holdco Subsidiary.

"ECP" means an "eligible contract participant" as defined in Section 1(a)(18) of the Commodity Exchange Act or any regulations promulgated thereunder and the applicable rules issued by the Commodity Futures Trading Commission and/or the SEC.

"EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Subsidiary acting as a Subsidiary Guarantor under this Agreement would cause such a violation or would be so prohibited as described in the foregoing clause (a).

"Excluded Swap Obligation" means, with respect to any Loan Party, any Specified Swap Obligation if, and to the extent that, all or a portion of the Guarantee of such Loan Party of, or the grant by such Loan Party of a security interest to secure, such Specified Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Loan Party's failure for any reason to constitute an ECP at the time the Guarantee of such Loan Party or the grant of such security interest becomes effective with respect to such Specified Swap Obligation. If a Specified Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Specified Swap Obligation that is attributable to swaps for which such Guarantee or security interest is or becomes illegal.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case,
(i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender (including a Participant treated as a Lender pursuant to Section 9.04(c)), U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan, Letter of Credit or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan, Letter of Credit or Commitment (other than pursuant to an assignment request by any Borrower under Section 2.19(b)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.17, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender acquired the applicable interest in a Loan, Letter of Credit or Commitment or to such Lender immediately before it changed its lending office,
(c) any Canadian federal withholding Taxes imposed on the payment as a result of having been made to a Recipient that, at the time of making such payment, (i) is a person with which a Loan Party does not deal at arm's length (for the purposes of the Income Tax Act (Canada)), or (ii) is a "specified shareholder" (as defined in subsection 18(5) of the Income Tax Act (Canada)) of a Loan Party or does not deal at arm's length (for the purposes of the Income Tax Act (Canada)) with such a "specified shareholder" (other than where the non-arm's length relationship arises, or where the Recipient is a "specified shareholder" or does not deal at arm's length with a "specified shareholder", in connection with or as a result of the Recipient having become a party to, received or perfected a security interest under or received or enforced any rights under, a Loan Document), (d) Taxes attributable to such Recipient's failure to comply with Section 2.17(f) and (e) any withholding Taxes imposed under FATCA.

"Existing Credit Agreement" is defined in the recitals hereof

"Existing Letters of Credit" is defined in Section 2.06(a).

"Existing Loans" is defined in Section 2.01.

"Existing U.S. Bank Letters of Credit" is defined in Section 2.06(a)

"Extended Maturity Date" is defined in Section 2.25(a). "Extending Lender" is defined in Section 2.25(b).

form reasonably acceptable to the Administrative Agent and the relevant Issuing Bank, at any time and from time to time during the Revolving Credit Availability Period. Notwithstanding the foregoing, **(i)** the letters of credit identified on **Part A of** Schedule 2.06 (the "Existing Letters of Credit") shall be deemed to be "Letters of Credit" issued on the Effective Date **for all purposes of the Loan Documents, (ii) the letters of credit identified on Part B of Schedule 2.06 (the "Existing U.S. Bank Letters of Credit") shall be deemed to be "Letters of Credit" issued on the Amendment No. 2 Effective Date for all purposes of the Loan Documents and (iii) all Designated Letters of Credit of any Designated Account Party shall be deemed to be "Letters of Credit" issued on the effective date of the Designated Letter of Credit Agreement applicable to such Designated Letters of Credit** for all purposes of the Loan Documents. Notwithstanding anything herein to the contrary, no Issuing Bank shall have any obligation hereunder to issue any Letter of Credit if (i) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such Issuing Bank from issuing such Letter of Credit, or any law applicable to such Issuing Bank shall prohibit, or require that such Issuing Bank refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or (ii) (x) to fund any activity or business of or with any Sanctioned Person, or in any country or territory that, at the time of such funding, is a Sanctioned Country or (y) in any manner that would result in a violation of any Sanctions by any party to this Agreement or (iii) the issuance of such Letter of Credit would violate one or more policies of the Issuing Bank applicable to letters of credit generally. The Company unconditionally and irrevocably agrees that, **(A)** in connection with any Letter of Credit issued for the account of any Subsidiary as provided in the first sentence of this paragraph **and (B) all Existing Letters of Credit, all Existing U.S. Bank Letters of Credit and all Designated Letters of Credit**, the Company will **in each case** be fully responsible for the reimbursement of LC Disbursements in accordance with the terms hereof, the payment of interest thereon and the payment of fees due under Section 2.12(b) to the same extent as if it were the sole account party in respect of such Letter of Credit (the Company hereby irrevocably waiving any defenses that might otherwise be available to it as a guarantor or surety of the obligations of such a Subsidiary that shall be an account party in respect of any such Letter of Credit).

(b) Notice of Issuance, Amendment, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment or extension of an outstanding Letter of Credit), the applicable Borrower shall deliver (including by electronic communication, if arrangements for doing so have been approved by the relevant Issuing Bank) to the relevant Issuing Bank and the Administrative Agent (reasonably in advance of the requested date of issuance, amendment or extension, but in any event no less than three (3) Business Days unless the Administrative Agent and such Issuing Bank shall otherwise agree) a written notice pursuant to, and in accordance with, Section 9.01 requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended or extended, and specifying the date of issuance, amendment or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit, the Agreed Currency applicable thereto, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend or extend such Letter of Credit. If requested by an Issuing Bank, the applicable Borrower also shall submit a letter of credit application, continuing agreement and/or other similar agreement on such Issuing Bank's standard form in connection with any request for a Letter of Credit. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by any Borrower to, or entered into by any Borrower with, the relevant Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control. A Letter of Credit shall be issued, amended or extended only if (and upon issuance, amendment or extension of each Letter of Credit the applicable Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment or extension (i) subject to Sections 2.04 and 2.11(b), the Dollar Amount of the LC Exposure shall not exceed the sum of the total Applicable LC Sublimits of all of the Issuing Banks, (ii) subject to Sections 2.04

and 2.11(b), the Dollar Amount of the Total Revolving Credit Exposure shall not exceed the aggregate Revolving Commitments, (iii) subject to Sections 2.04 and 2.11(b), the Dollar Amount of each Lender's Revolving Credit Exposure shall not exceed such Lender's Revolving Commitment and (iv) subject to Sections 2.04 and 2.11(b), the Dollar Amount of the aggregate face amount of all Letters of Credit issued and then outstanding by any Issuing Bank shall not exceed such Issuing Bank's Applicable LC Sublimit.

(c) Expiration Date. Each Letter of Credit shall expire (or be subject to termination by notice from the relevant Issuing Bank to the beneficiary thereof) at or prior to the close of business on the earlier of (i) the date two years after the date of the issuance of such Letter of Credit (or, in the case of any extension thereof, one year after such extension)**; provided that (A) each Existing U.S. Bank Letter of Credit shall be permitted to have the original expiration date for such Existing U.S. Bank Letter of Credit as set forth on Part B of Schedule 2.06 so long as such date is two years or less from the Amendment No. 2 Effective Date (but, for the avoidance of doubt, other than such original expiration date, each such Existing U.S. Bank Letter of Credit and any amendment or extension thereof shall comply with this Section 2.06(c) in all respects) and (B) each Designated Letter of Credit shall be permitted to have the original expiration date for such Designated Letter of Credit as set forth on Schedule I of the Designated Letter of Credit Agreement applicable to such Designated Letter of Credit so long as such date is two years or less from the effective date of the Designated Letter of Credit Agreement applicable to such Designated Letter of Credit (but, for the avoidance of doubt, other than such original expiration date, each such Designated Letter of Credit and any amendment or extension thereof shall comply with this Section 2.06(c) in all respects)** and (ii) the date that is five (5) Business Days prior to the Revolving Credit Maturity Date; provided that any Letter of Credit may contain customary automatic extension provisions agreed upon by the Company and the applicable Borrower and the relevant Issuing Bank pursuant to which the expiration date of such Letter of Credit (an "Auto Extension Letter of Credit") shall automatically be extended for consecutive periods of up to twenty four (24) months (but, subject to the penultimate sentence of this Section 2.06(c), not to a date later than the date set forth in clause (ii) above). Unless otherwise directed by the relevant Issuing Bank, the Company and the applicable Borrower shall not be required to make a specific request to such Issuing Bank for any such extension. Once an Auto Extension Letter of Credit has been issued, the Revolving Lenders shall be deemed to have authorized (but may not require) the relevant Issuing Bank to permit the extension of such Letter of Credit at any time to an expiry date not later than the date set forth in clause (ii) above. Notwithstanding the foregoing to the contrary, a Letter of Credit may expire up to one year beyond the Revolving Credit Maturity Date so long as the applicable Borrower cash collateralizes, such Letter of Credit in an amount equal to 105% of the face amount of such Letter of Credit in the manner described in Section 2.06(j) or provides a backup letter of credit in such amount and otherwise in form and substance reasonably acceptable to the relevant Issuing Bank and the Administrative Agent in their discretion, in each case no later than thirty (30) days prior to the Revolving Maturity Date. For the avoidance of doubt, if the Revolving Credit Maturity Date shall be extended pursuant to Section 2.25, "Revolving Credit Maturity Date" as referenced in this clause (c) shall refer to the Maturity Date as extended pursuant to Section 2.25; provided that, notwithstanding anything in this Agreement (including Section 2.25 hereof) or any other Loan Document to the contrary, the Revolving Credit Maturity Date, as such term is used in reference to the relevant Issuing Bank or any Letter of Credit issued thereby, may not be extended without the prior written consent of such Issuing Bank.

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the relevant

EXHIBIT J [FORM OF]

DESIGNATED LETTER OF CREDIT AGREEMENT

[Date], 20

This Designated Letter of Credit Agreement (this "Agreement"), is made as of [Date], 20 by and among Hillenbrand, Inc. (the "Company"), [Name of Issuing Bank] (the "Designated Issuing Bank") and JPMorgan Chase Bank, N.A., as administrative agent (the "Administrative Agent") for itself and the Lenders under the Credit Agreement referred to below. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

Reference is hereby made to the Fourth Amended and Restated Credit Agreement dated June 8, 2022 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Company, the Subsidiary Borrowers from time to time party thereto, the Lenders from time to time party thereto (collectively with the Company, the "Borrowers") and the Administrative Agent.

WHEREAS, prior to the date hereof, the Designated Issuing Bank has issued certain letters of credit on a bilateral basis (not pursuant to the Credit Agreement) for the account of an account party that is the Company or any Subsidiary (or a Person that is a Subsidiary as of the date of this Agreement) which letters of credit are listed and described on Schedule I to this Agreement (the "Bilateral Letters of Credit");

WHEREAS, the Company and the Designated Issuing Bank desire that, and the Administrative Agent is willing to agree that, the Bilateral Letters of Credit become Designated Letters of Credit under the Credit Agreement;

NOW THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company, the Designated Issuing Bank and the Administrative Agent hereby agree to enter into this Agreement.

1. Definitions. Capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Credit Agreement.

2. Designation. Effective as of the date of satisfaction of the conditions precedent set forth in Section 3 below, the parties hereto agree that (i) this Agreement is a "Designated Letter of Credit Agreement" under (and as defined in) the Credit Agreement and (ii) the Bilateral Letters of Credit are Designated Letters of Credit under the Credit Agreement.

3. Conditions of Effectiveness. The effectiveness of this Agreement is subject to the conditions precedent that the Administrative Agent shall have received counterparts of this Agreement duly executed by the Company, the Designated Issuing Bank and the Administrative Agent.

4. Representations and Warranties of the Company. The Company hereby represents and warrants as follows as of the date hereof and after giving effect to the terms of this Agreement, including the deemed issuance of the Bilateral Letters of Credit under the Credit Agreement as

Designated Letters of Credit as of the date hereof, all as contemplated by Section 2.06(a) of the Credit Agreement:

(i) no Default or Event of Default has occurred and is continuing;

(ii) the representations and warranties of the Borrowers set forth in the Credit Agreement are true and correct in all material respects (provided that any representation or warranty qualified by materiality or Material Adverse Effect is true and correct in all respects) (except to the extent any such representation or warranty expressly relates to an earlier date, in which case such representation or warranty is true and correct as of such earlier date);

(iii) the list of the Bilateral Letters of Credit on Schedule I hereto is accurate and complete description of such Bilateral Letters of Credit;

(iv) the account party in respect of each Bilateral Letter of Credit is the Company or a Subsidiary;

(v) each Bilateral Letter of Credit satisfies all of requirements applicable to the issuance of a Letter of Credit under the Credit Agreement;

(vi) each Bilateral Letter of Credit expires on a date that is permitted under Section 2.06(c) of the Credit Agreement; and

(vii) (1) subject to Sections 2.04 and 2.11(b) of the Credit Agreement, the Dollar Amount of the LC Exposure does not exceed the sum of the total Applicable LC Sublimits of all of the Issuing Banks, (2) subject to Sections 2.04 and 2.11(b) of the Credit Agreement, the Dollar Amount of the Total Revolving Credit Exposure does not exceed the aggregate Revolving Commitments, (3) subject to Sections 2.04 and 2.11(b) of the Credit Agreement, the Dollar Amount of each Lender's Revolving Credit Exposure does not exceed such Lender's Revolving Commitment and (4) subject to Sections 2.04 and 2.11(b) of the Credit Agreement, the Dollar Amount of the aggregate face amount of all Letters of Credit issued and then outstanding by any Issuing Bank does not exceed such Issuing Bank's Applicable LC Sublimit.

5. Loan Document. This Agreement is a Loan Document.

6. Governing Law. This Agreement shall be construed in accordance with and governed by the law of the State of New York.

7. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

8. Counterparts. This Agreement may be executed by one or more of the parties hereto on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Agreement and/or any document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include Electronic Signatures (as defined below), deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a

manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be. As used herein, "Electronic Signatures" means any electronic symbol or process attached to, or associated with, any contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record.

[Signature Pages Follow]

IN WITNESS WHEREOF, this Agreement has been duly executed as of the day and year first above written.

HILLENBRAND, INC.,
as the Company

By __ Name:
Title:

DESIGNATED ISSUING BANK],
as the Designated Issuing Bank

By __ Name:
Title:

JPMORGAN CHASE BANK, N.A.,
as the Administrative Agent

By __ Name:
Title:

SCHEDULE I

BILATERAL LETTERS OF CREDIT

Attached

SCHEDULE 2.06
EXISTING LETTERS OF CREDIT

PART A

Issuer	**Beneficiary**	**LC #**	**Effective date**	**Termination date**	**$**
JPMorgan Chase Bank, N.A. – New York	Discovery Property Casualty Insurance Company	CTCS-857421	28-Aug-19	15-Mar-23	$6,450,000.00
JPMorgan Chase Bank, N.A. – New York	Fanuc Corporation	NUSCGS037103	28-May-21	1-Jul-23	$7,767,895.29
JPMorgan Chase Bank, N.A. – New York	Zurich American Insurance Company	NUSCGS040171	1-Oct-21	1-Oct-22	$1,162,500.00
JPMorgan Chase Bank, N.A. – London	Lloyds Bank Plc	4L4S-763522	1-Oct-18	7-Aug-22	GBP 33,000.00

PART B

Issuer	**Beneficiary**	**LC #**	**Effective date**	**Termination date**	**$**
U.S. Bank National Association	BMZ Third Coast Partners	SLCSTL001324	28-Mar-23	30-June-25	$717,054.00
U.S. Bank National Association	Zachry-DL Joint Venture	SLCSTL001296	20-Jan-23	24-Jun-24	$590,639.00
U.S. Bank National Association	BMZ Third Coast Partners	SLCSTL001341	10-Apr-23	30-Jun-25	$233,315.00
U.S. Bank National Association	Solvay Specialty Polymers USA, LLC	SLCSTL001301	12-Dec-22	30-Nov-24	$1,904,585.00
U.S. Bank National Association	Reg Construction Technology, LLC	SLCSTL001342	27-Apr-23	30-Jun-25	$200,000.00
U.S. Bank National Association	Reg Construction Technology, LLC	SLCSTL001192	3-Mar-22	4-Jan-24	$363,014.60
U.S. Bank National Association	Wells Fargo Vendor Financial Servic	SLCSTL001104	13-May-21	30-Apr-24	$500,000.00
U.S. Bank National Association	Harford Fire Insurance Company	SLCSTL001166	10-Nov-21	1-Apr-24	$200,000.00

U.S. Bank National Association	Hindustan Unilever Limited	SLCSTL001094	15-Jul-21	30-May-24	$8,944.40
U.S. Bank National Association	PK Makassar Tene	SLCSTL001171	8-Nov-21	30-Nov-23	$40,000.00
U.S. Bank National Association	China General Plastics Corp.	SLCSTL001149	10-Sept-21	30-Apr-24	$18,822.26
U.S. Bank National Association	State Bank of India	SLCSTL001095	5-May-21	13-May-24	$31,154.23
U.S. Bank National Association	POSCO	SLCSTL001170	23-Nov-21	29-Feb-24	$30,300.00
U.S. Bank National Association	L G Chem	SLCSTL001211	26-Apr-22	31-Oct-23	$36,582.00
U.S. Bank National Association	Zeppelin Systems India Pvt. Ltd.	SLCSTL001188	18-Mar-22	31-Aug-23	$9,000.00
U.S. Bank National Association	HSBC Bank USA NA	SLCSTL001272	8-Dec-22	31-May-24	$29,745.30
U.S. Bank National Association	Dalian Rubber and Plastics Machiner	SLCSTL001277	8-Nov-22	30-Apr-24	$15,000.00
U.S. Bank National Association	Indorama Corporation Pet Ltd.	SLCSTL001260	6-Oct-22	31-Jan-24	$22,500.00
U.S. Bank National Association	Asian Paints Ltd.	SLCSTL001297	7-Dec-22	16-Nov-23	$3,450.50
U.S. Bank National Association	Pt. Jawamanis Rafinasi	SLCSTL001345	20-Apr-23	27-Mar-24	$44,923.47
U.S. Bank National Association	Asian Paints Ltd.	SLCSTL001336	22-Mar-23	13-Mar-24	$19,369.00

EXHIBIT 31.1

CERTIFICATIONS

Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Kimberly K. Ryan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hillenbrand, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: August 2, 2023

/s/ Kimberly K. Ryan

Kimberly K. Ryan
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Robert M. VanHimbergen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hillenbrand, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: August 2, 2023

/s/ Robert M. VanHimbergen
Robert M. VanHimbergen
Senior Vice President and Chief Financial Officer

EXHIBIT 32.1

Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Hillenbrand, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Kimberly K. Ryan, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Kimberly K. Ryan

Kimberly K. Ryan
President and Chief Executive Officer
August 2, 2023

A signed original of this written statement required by Section 906 has been provided to Hillenbrand, Inc. and will be retained by Hillenbrand, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Hillenbrand, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Robert M. VanHimbergen, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Robert M. VanHimbergen
Robert M. VanHimbergen
Senior Vice President and Chief Financial Officer
August 2, 2023

A signed original of this written statement required by Section 906 has been provided to Hillenbrand, Inc. and will be retained by Hillenbrand, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.