
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended July 31, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ____ to ____

Commission file number 0-7977

NORDSON CORPORATION

(Exact name of registrant as specified in its charter)

Ohio

(State or other jurisdiction of incorporation or organization)

28601 Clemens Road

Westlake, Ohio

(Address of principal executive offices)

34-0590250

(I.R.S. Employer Identification No.)

44145

(Zip Code)

(440) 892-1580

(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 Shares, without par value	NDSN	Nasdaq Stock Market LLC

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 (§232.405 of this chapter) 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 the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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 ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Common Shares, without par value as of August 27, 2021: 58,114,553

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Part I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

Condensed Consolidated Statements of Income

(In thousands, except for per share data)	Three Months Ended		Nine Months Ended	
	July 31, 2021	July 31, 2020	July 31, 2021	July 31, 2020
Sales	\$ 646,858	\$ 538,181	\$ 1,762,962	\$ 1,562,575
Operating costs and expenses:				
Cost of sales	281,587	257,373	770,032	728,975
Selling and administrative expenses	176,995	168,753	529,238	521,423
	458,582	426,126	1,299,270	1,250,398
Operating profit	188,276	112,055	463,692	312,177
Other income (expense):				
Interest expense	(6,139)	(7,314)	(20,210)	(25,348)
Interest and investment income	492	434	1,321	1,301
Other - net	(2,232)	(9,668)	(10,736)	(12,943)
	(7,879)	(16,548)	(29,625)	(36,990)
Income before income taxes	180,397	95,507	434,067	275,187
Income taxes	38,215	8,526	90,159	44,123
Net income	\$ 142,182	\$ 86,981	\$ 343,908	\$ 231,064
Average common shares	58,112	57,693	58,080	57,679
Incremental common shares attributable to equity compensation	623	734	634	725
Average common shares and common share equivalents	58,735	58,427	58,714	58,404
Basic earnings per share	\$ 2.45	\$ 1.51	\$ 5.92	\$ 4.01
Diluted earnings per share	\$ 2.42	\$ 1.49	\$ 5.86	\$ 3.96

See accompanying notes.

Condensed Consolidated Statements of Comprehensive Income

<i>(In thousands)</i>	Three Months Ended		Nine Months Ended	
	July 31, 2021	July 31, 2020	July 31, 2021	July 31, 2020
Net income	\$ 142,182	\$ 86,981	\$ 343,908	\$ 231,064
Components of other comprehensive income (loss):				
Foreign currency translation adjustments	(3,348)	28,943	18,142	10,509
Amortization of prior service cost and net actuarial losses, net of tax	3,799	2,621	15,181	9,748
Total other comprehensive income	451	31,564	33,323	20,257
Total comprehensive income	\$ 142,633	\$ 118,545	\$ 377,231	\$ 251,321

See accompanying notes.

Nordson Corporation
Condensed Consolidated Balance Sheets
(In thousands)
Assets

Current assets:

	July 31, 2021	October 31, 2020
Cash and cash equivalents	\$ 174,235	\$ 208,293
Receivables - net	516,685	471,873
Inventories - net	303,977	277,033
Prepaid expenses and other current assets	50,866	43,798
Assets held for sale	—	19,615
Total current assets	1,045,763	1,020,612
Property, plant and equipment - net	358,208	358,618
Operating right of use lease assets	115,627	122,125
Goodwill	1,718,565	1,713,354
Intangible assets - net	370,706	407,586
Deferred income taxes	5,751	9,831
Other assets	55,460	42,530
Total assets	\$ 3,670,080	\$ 3,674,656

Liabilities and shareholders' equity

Current liabilities:

Accounts payable	\$ 92,924	\$ 70,949
Income taxes payable	18,880	7,841
Accrued liabilities	184,491	167,883
Customer advanced payments	70,052	42,323
Current maturities of long-term debt and notes payable	31,385	38,043
Operating lease liability - current	17,305	16,918
Finance lease liability - current	5,785	5,984
Liabilities held for sale	—	13,148
Total current liabilities	420,822	363,089
Long-term debt	789,731	1,067,952
Operating lease liability - noncurrent	102,331	109,317
Finance lease liability - noncurrent	15,050	10,470
Deferred income taxes	66,726	66,995
Pension obligations	82,457	165,529
Postretirement obligations	85,717	85,249
Other long-term liabilities	44,068	47,064
Shareholders' equity:		
Common shares	12,253	12,253
Capital in excess of stated value	573,669	534,684
Retained earnings	3,184,229	2,908,738
Accumulated other comprehensive loss	(192,795)	(226,118)
Common shares in treasury, at cost	(1,514,178)	(1,470,566)
Total shareholders' equity	2,063,178	1,758,991
Total liabilities and shareholders' equity	\$ 3,670,080	\$ 3,674,656

See accompanying notes.

Nordson Corporation
Condensed Consolidated Statements of Shareholders' Equity

	2021					
	Common Shares	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Common Shares in Treasury, at cost	TOTAL
<i>(In thousands, except for share and per share data)</i>						
November 1, 2020	\$ 12,253	\$ 534,684	\$ 2,908,738	\$ (226,118)	\$ (1,470,566)	\$ 1,758,991
Shares issued under company stock and employee benefit plans	—	6,462	—	—	976	7,438
Stock-based compensation	—	10,120	—	—	—	10,120
Purchase of treasury shares (27,347 shares)	—	—	—	—	(5,310)	(5,310)
Dividends declared (\$0.39 per share)	—	—	(22,672)	—	—	(22,672)
Net income	—	—	77,582	—	—	77,582
Impact of adoption of ASU 2016-13	—	—	(396)	—	—	(396)
Other Comprehensive Income:						
Foreign currency translation adjustments	—	—	—	28,433	—	28,433
Defined benefit pension and post-retirement plans adjustment	—	—	—	2,997	—	2,997
January 31, 2021	\$ 12,253	\$ 551,266	\$ 2,963,252	\$ (194,688)	\$ (1,474,900)	\$ 1,857,183
Shares issued under company stock and employee benefit plans	—	9,468	—	—	1,877	11,345
Stock-based compensation	—	3,877	—	—	—	3,877
Purchase of treasury shares (127,297 shares)	—	—	—	—	(24,964)	(24,964)
Dividends declared (\$0.39 per share)	—	—	(22,670)	—	—	(22,670)
Net income	—	—	124,144	—	—	124,144
Other Comprehensive Income (Loss):						
Foreign currency translation adjustments	—	—	—	(6,943)	—	(6,943)
Defined benefit pension and post-retirement plans adjustment	—	—	—	8,385	—	8,385
April 30, 2021	\$ 12,253	\$ 564,611	\$ 3,064,726	\$ (193,246)	\$ (1,497,987)	\$ 1,950,357
Shares issued under company stock and employee benefit plans	—	4,978	—	—	375	5,353
Stock-based compensation	—	4,080	—	—	—	4,080
Purchase of treasury shares (76,724 shares)	—	—	—	—	(16,566)	(16,566)
Dividends declared (\$0.39 per share)	—	—	(22,679)	—	—	(22,679)
Net income	—	—	142,182	—	—	142,182
Other Comprehensive Income (Loss):						
Foreign currency translation adjustments	—	—	—	(3,348)	—	(3,348)
Defined benefit pension and post-retirement plans adjustment	—	—	—	3,799	—	3,799
July 31, 2021	\$ 12,253	\$ 573,669	\$ 3,184,229	\$ (192,795)	\$ (1,514,178)	\$ 2,063,178

See accompanying notes.

Nordson Corporation

	2020					
	Common Shares	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Common Shares in Treasury, at cost	TOTAL
<i>(In thousands, except for share and per share data)</i>						
November 1, 2019	\$ 12,253	\$ 483,116	\$ 2,747,650	\$ (231,881)	\$ (1,430,093)	\$ 1,581,045
Shares issued under company stock and employee benefit plans	—	12,330	—	—	4,049	16,379
Stock-based compensation	—	6,105	—	—	—	6,105
Purchase of treasury shares (26,223 shares)	—	—	—	—	(4,311)	(4,311)
Dividends declared (\$0.38 per share)	—	—	(21,915)	—	—	(21,915)
Net income	—	—	52,004	—	—	52,004
Impact of adoption of ASU 2016-02	—	—	(1,055)	—	—	(1,055)
Other Comprehensive Income:						
Foreign currency translation adjustments	—	—	—	2,793	—	2,793
Defined benefit pension and post-retirement plans adjustment	—	—	—	3,229	—	3,229
January 31, 2020	\$ 12,253	\$ 501,551	\$ 2,776,684	\$ (225,859)	\$ (1,430,355)	\$ 1,634,274
Shares issued under company stock and employee benefit plans	—	2,362	—	—	(194)	2,168
Stock-based compensation	—	(72)	—	—	—	(72)
Purchase of treasury shares (300,894 shares)	—	—	—	—	(37,619)	(37,619)
Dividends declared (\$0.38 per share)	—	—	(21,963)	—	—	(21,963)
Net income	—	—	92,079	—	—	92,079
Impact of adoption of ASU 2016-02	—	—	956	—	—	956
Other Comprehensive Income (Loss):						
Foreign currency translation adjustments	—	—	—	(21,227)	—	(21,227)
Defined benefit pension and post-retirement plans adjustment	—	—	—	3,898	—	3,898
April 30, 2020	\$ 12,253	\$ 503,841	\$ 2,847,756	\$ (243,188)	\$ (1,468,168)	\$ 1,652,494
Shares issued under company stock and employee benefit plans	—	20,110	—	—	7,647	27,757
Stock-based compensation	—	2,972	—	—	—	2,972
Purchase of treasury shares (53,735 shares)	—	—	—	—	(9,967)	(9,967)
Dividends declared (\$0.38 per share)	—	—	(21,859)	—	—	(21,859)
Net income	—	—	86,981	—	—	86,981
Impact of adoption of ASU 2016-02	—	—	(30)	—	—	(30)
Other Comprehensive Income:						
Foreign currency translation adjustments	—	—	—	28,943	—	28,943
Defined benefit pension and post-retirement plans adjustment	—	—	—	2,621	—	2,621
July 31, 2020	\$ 12,253	\$ 526,923	\$ 2,912,848	\$ (211,624)	\$ (1,470,488)	\$ 1,769,912

See accompanying notes.

Condensed Consolidated Statements of Cash Flows*(In thousands)*

	Nine Months Ended	
	July 31, 2021	July 31, 2020
Cash flows from operating activities:		
Net income	\$ 343,908	\$ 231,064
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	78,233	84,164
Non-cash stock compensation	18,077	9,005
Deferred income taxes	(1,108)	(6,402)
Other non-cash expense	1,450	5,874
Loss on sale of property, plant and equipment	528	274
Changes in operating assets and liabilities	12,565	2,455
Pension and postretirement plans	(82,604)	(24,657)
Other	4,407	8,181
Net cash provided by operating activities	375,456	309,958
Cash flows from investing activities:		
Additions to property, plant and equipment	(28,073)	(36,096)
Proceeds from sale of property, plant and equipment	82	164
Other	4,994	(2,000)
Acquisition of businesses, net of cash acquired	—	(125,260)
Net cash used in investing activities	(22,997)	(163,192)
Cash flows from financing activities:		
Proceeds from long-term debt	5,751	165,734
Repayment of long-term debt	(298,041)	(163,994)
Repayment of finance lease obligations	(5,111)	(5,814)
Issuance of common shares	24,136	46,304
Purchase of treasury shares	(46,840)	(51,897)
Dividends paid	(68,021)	(65,737)
Net cash used in financing activities	(388,126)	(75,404)
Effect of exchange rate changes on cash	1,609	(743)
Increase (decrease) in cash and cash equivalents	(34,058)	70,619
Cash and cash equivalents at beginning of period	208,293	151,164
Cash and cash equivalents at end of period	\$ 174,235	\$ 221,783

See accompanying notes.

Notes to Condensed Consolidated Financial Statements**July 31, 2021****NOTE REGARDING AMOUNTS AND FISCAL YEAR REFERENCES**

In this quarterly report, all amounts related to United States dollars and foreign currency and to the number of Nordson Corporation's common shares, except for per share earnings and dividend amounts, are expressed in thousands. Unless the context otherwise indicates, all references to "we" or the "Company" mean Nordson Corporation.

Unless otherwise noted, all references to years relate to our fiscal year ending October 31.

Significant accounting policies

Basis of presentation. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles in the United States (U.S. GAAP) for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine months ended July 31, 2021 are not necessarily indicative of the results that may be expected for the full year. For further information, refer to the consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended October 31, 2020.

Basis of consolidation. The consolidated financial statements include the accounts of Nordson Corporation and its majority-owned and controlled subsidiaries. Investments in affiliates and joint ventures in which our ownership is 25% or less or in which we do not have control but have the ability to exercise significant influence, are accounted for under the cost method. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of estimates. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Actual amounts could differ from these estimates.

Revenue recognition. A contract exists when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of the consideration is probable. Revenue is recognized when performance obligations under the terms of the contract with a customer are satisfied. Generally, our revenue results from short-term, fixed-price contracts and primarily is recognized as of a point in time when the product is shipped or at a later point when the control of the product transfers to the customer. Revenue for undelivered items is deferred and included within Accrued liabilities in our Condensed Consolidated Balance Sheets. Revenues deferred as of July 31, 2021 and 2020 were not material.

However, for certain contracts related to the sale of customer-specific products within our Advanced Technology Solutions segment, revenue is recognized over time as we satisfy performance obligations because of the continuous transfer of control to the customer. The continuous transfer of control to the customer occurs as we enhance assets that are customer controlled and we are contractually entitled to payment for work performed to date plus a reasonable margin.

As control transfers over time for these products or services, revenue is recognized based on progress toward completion of the performance obligations. The selection method to measure progress towards completion requires judgment and is based on the nature of the products or services to be provided. We have elected to use the input method – costs incurred for these contracts because it best depicts the transfer of products or services to the customer based on incurring costs on the contract. Under this method, revenues are recorded proportionally as costs are incurred. Contract assets recognized are recorded in Prepaid expenses and other current assets and contract liabilities are recorded in Accrued liabilities in our Condensed Consolidated Balance Sheets and were not material at July 31, 2021 and October 31, 2020. Revenue recognized over time is not material to our overall Consolidated Financial Statements.

Revenue is measured as the amount of consideration we expect to receive in exchange for transferring products or services. Sales, value add, and other taxes we collect concurrently with revenue-producing activities are excluded from revenue. As a practical expedient, we may exclude the assessment of whether goods or services are performance obligations, if they are immaterial in the context of the contract, and combine these with other performance obligations. While payment terms and conditions vary by contract type, we have determined that our contracts generally do not include a significant financing component. We have elected to apply the practical expedient to treat all shipping and handling costs as fulfillment costs as a significant portion of these costs are incurred prior to transfer of control to the customer. We have also elected to apply the practical expedient to expense sales

Nordson Corporation

commissions as they are incurred as the amortization period resulting from capitalizing the costs is one year or less. These costs are recorded within Selling and administrative expenses in our Condensed Consolidated Statements of Income.

We offer assurance type warranties on our products as well as separately sold warranty contracts. Revenue related to warranty contracts that are sold separately is recognized over the life of the warranty term. Certain arrangements may include installation, installation supervision, training, and spare parts, which tend to be completed in a short period of time, at an insignificant cost, and utilizing skills not unique to us, and, therefore, are typically regarded as inconsequential or not material.

We disclose disaggregated revenues by operating segment and geography in accordance with the revenue standard and on the same basis used internally by the chief operating decision maker for evaluating performance of operating segments and for allocating resources. Refer to our Operating Segments note.

Earnings per share. Basic earnings per share are computed based on the weighted-average number of common shares outstanding during each year, while diluted earnings per share are based on the weighted-average number of common shares and common share equivalents outstanding. Common share equivalents consist of shares issuable upon exercise of stock options computed using the treasury stock method, as well as restricted shares and deferred stock-based compensation. Options with an exercise price higher than the average market price are excluded from the calculation of diluted earnings per share because the effect would be anti-dilutive. No options were excluded from the calculation of diluted earnings per share for the three months ended July 31, 2021. Options excluded from the calculation of diluted earnings per share for three months end July 31, 2020 were 21. Options excluded from the calculation of diluted earnings per share for the nine months ended July 31, 2021 and July 31, 2020 were 61 and 127, respectively.

Recently issued accounting standards**New accounting guidance adopted:**

In June 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-13, “Financial Instruments – Credit Losses (Topic 326),” which changed the impairment model for most financial instruments. Prior guidance required the recognition of credit losses based on an incurred loss impairment methodology that reflected losses once the losses are probable. We adopted the new standard on November 1, 2020 and are now applying a current expected credit loss model that requires recognizing an estimate of credit losses that are expected to occur over the life of the financial instruments that are in the scope of the update, including trade receivables. The standard requires judgment and consideration of historical information, current information, and reasonable and supportable forecasts, as well as the impact of any prepayments. In addition, we reviewed our business processes and controls to support the recognition and disclosure as required under the new standard. The adoption of this new standard did not have a material impact on our Consolidated Financial Statements.

In August 2018, the FASB issued ASU 2018-15, “Intangibles – Goodwill and Other Internal – Use Software (Subtopic 350-40),” which is meant to help entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement (hosting arrangement), by providing guidance in determining when the arrangement includes a software license. We adopted the new standard on November 1, 2020. Hosted arrangements deemed to be in scope will follow the capitalization criteria for implementation costs as though they were internal-use computer software. There may be multiple elements besides the software license (such as: training, future upgrades, data conversion, and other elements) which require the allocation of the contract price to each of the elements; entities are to capitalize only those elements which meet the capitalization criteria. Capitalized implementation costs are amortized over the term of the hosted arrangement including consideration for renewal or termination options. In addition, we reviewed our business processes and controls to support the recognition and disclosure as required under the new standard. The adoption of this new standard did not have a material impact on our Consolidated Financial Statements.

In August 2018, the FASB issued a new standard which removed, modified, and added certain disclosure requirements on fair value measurements. The guidance removed disclosure requirements pertaining to the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, the policy for timing of transfers between levels, and the valuation processes for Level 3 fair value measurements. For investments in certain entities that calculate net asset value, an entity is required to disclose the timing of liquidation of an investee’s assets and the date when restrictions from redemption might lapse only if the investee has communicated the timing to the entity or announced the timing publicly. In addition, the amendment clarified that the measurement uncertainty disclosure is to communicate information about the uncertainty in measurement as of the reporting date. The guidance added disclosure requirements for changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period as well as the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. We adopted the new standard on November 1, 2020 with no material impact to the Consolidated Financial Statements.

New accounting guidance issued and not yet adopted:

In August 2018, the FASB issued ASU 2018-14, “Compensation – Retirement Benefits – Defined Benefit Plans – General (Subtopic 715-20),” a new standard which addresses defined benefit plans. The amendments modify the following disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans: the amounts in accumulated other

comprehensive income expected to be recognized as components of net periodic benefit cost over the next fiscal year, amount and timing of plan assets expected to be returned to the employer, related party disclosure about the amount of future annual benefits covered by insurance and annuity contracts and significant transactions between the employer or related parties and the plan, and the effects of a one-percentage point change in assumed health care cost trend rates on the (a) aggregate of the service and interest cost components of net periodic benefit costs and (b) benefit obligations for postretirement health care benefits. A disclosure requirement was added for the explanation of the reasons for significant gains and losses related to changes in the benefit obligation for the period. Additionally, the standard clarifies disclosure requirements surrounding the projected benefit obligation (PBO) and fair value of plan assets for plans with PBOs in excess of plan assets and the accumulated benefit obligation (ABO) and fair value of plan assets for plans with ABOs in excess of plan assets. It will be effective for us beginning November 1, 2021. Early adoption is permitted. We are currently assessing the impact this standard will have on our Consolidated Financial Statements.

In December 2019, the FASB issued ASU 2019-12, "Income Taxes (ASC 740) – Simplifying the Accounting for Income Taxes," which simplifies the accounting for income taxes by removing certain exceptions to the general principles in ASC 740. The amendments also improve consistent application of and simplify U.S. GAAP for other areas of ASC 740 by clarifying and amending existing guidance. It will be effective for us beginning November 1, 2021. Early adoption is permitted, including adoption in any interim period for which financial statements have not yet been issued. Depending on the amendment, adoption may be applied on the retrospective, modified retrospective or prospective basis. We are currently assessing the impact this standard will have on our Consolidated Financial Statements.

Acquisitions

Business acquisitions have been accounted for using the acquisition method, with the acquired assets and liabilities recorded at estimated fair value on the dates of acquisition. The cost in excess of the net assets of the business acquired is included in goodwill. Operating results since the respective dates of acquisitions are included in the Condensed Consolidated Statements of Income.

On September 1, 2020, we acquired 100 percent of the outstanding shares of vivaMOS Ltd. (vivaMOS), a developer and fabricator of high-end large-area complementary metal–oxide–semiconductor (CMOS) image sensors for a wide range of X-ray applications. We acquired vivaMOS for an aggregate purchase price of \$17,154, net of cash and other closing adjustments of approximately \$158, utilizing cash on hand. Based on the fair value of the assets acquired and the liabilities assumed, goodwill of \$14,394 and identifiable intangible assets of \$4,040 were recorded. The identifiable intangible assets consist primarily of \$3,900 of technology (amortized over 10 years) and \$140 of non-compete agreements (amortized over three years). Goodwill associated with this acquisition is not tax deductible. This acquisition is being reported in our Advanced Technology Solutions segment and the results of vivaMOS are not material to our Consolidated Financial Statements. As of July 31, 2021, the purchase price allocation is complete.

On June 1, 2020, we acquired 100 percent of the outstanding shares of Fluortek, Inc. (Fluortek), a precision plastic extrusion manufacturer that provides custom dimensioned tubing to the medical device industry. We acquired Fluortek for an aggregate purchase price of \$125,260, net of cash and other closing adjustments of approximately \$515, utilizing cash on hand. Based on the fair value of the assets acquired and the liabilities assumed, property, plant and equipment and working capital – net of \$19,843, goodwill of \$76,047 and identifiable intangible assets of \$29,370 were recorded. The identifiable intangible assets consist primarily of \$19,700 of customer relationships (amortized over 12 years), \$7,400 of technology (amortized over 10 years), \$1,500 of tradenames (amortized over 10 years), and \$770 of non-compete agreements (amortized over five years). Goodwill associated with this acquisition is tax deductible. This acquisition is being reported in our Advanced Technology Solutions segment and the results for Fluortek are not material to our Consolidated Financial Statements. As of July 31, 2021, the purchase price allocation is complete.

Divestiture

In the fourth quarter of 2020, we committed to a plan to sell our screws and barrels product line within our Industrial Precision Solutions operating segment and determined the criteria to be classified as held for sale were met. We entered into a letter of intent to sell the screws and barrels product line in October 2020 and in December 2020, we entered into a definitive agreement with the buyer. The assets and liabilities were presented as held for sale in the Condensed Consolidated Balance Sheets and measured at the lower of carrying value or fair value less cost to sell from October 31, 2020 until the transaction was completed on February 1, 2021.

Before measuring the fair value less costs to sell of the disposal group as a whole, we first reviewed individual assets and liabilities to determine if any fair value adjustments were required and concluded no individual asset impairments were required. Then, based on the definitive agreement entered into by us and the buyer, we determined the fair value of the disposal group to be

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equal to the selling price, less costs to sell. Based on this review, we recorded a non-cash, assets held for sale impairment charge of \$87,371 in 2020.

The assets and liabilities of the screws and barrels product line classified as held for sale at October 31, 2020 were as follows:

	October 31, 2020
Receivables - net	\$ 14,327
Inventories - net	9,854
Prepaid expenses and other current assets	696
Property, plant and equipment - net	58,950
Other assets	23,159
Impairment on carrying value	(87,371)
Assets held for sale	<u>\$ 19,615</u>
Accounts payable	\$ 4,625
Accrued liabilities	3,352
Other liabilities	5,171
Liabilities held for sale	<u>\$ 13,148</u>

Excluding the non-cash, assets held for sale impairment charge recorded in the fourth quarter of 2020, the operating results of the screws and barrels product line were not material to our Consolidated Financial Statements for any period presented. There were no significant adjustments to the loss recognized in 2020.

Receivables

Our primary allowance for credit losses is the allowance for doubtful accounts, which is principally determined based on aging of receivables. Receivables are exposed to credit risk based on the customers' ability to pay which is influenced by, among other factors, their financial liquidity. We perform ongoing customer credit evaluation to maintain sufficient allowances for potential credit losses. Our segments perform credit evaluation and monitoring to estimate and manage credit risk through the review of customer information, credit ratings, approval and monitoring of customer credit limits, and assessment of market conditions. We may also require prepayments or bank guarantees from customers to mitigate credit risk. Our receivables are generally short-term in nature with a majority of receivables outstanding less than 90 days. Accounts receivable balances are written-off against the allowance if deemed uncollectible.

Accounts receivable are net of an allowance for credit losses of \$8,394 and \$9,045 at July 31, 2021 and October 31, 2020, respectively. The change in the allowance for expected credit losses includes an immaterial accounting standard adoption impact from ASU 2016-13 of \$396 for the nine months ended July 31, 2021. The provision for losses on receivables was \$454 and \$50 for the three and nine months ended July 31, 2021, respectively, compared to \$1,017 and \$2,552 for the same periods a year ago, respectively. The remaining change in the allowance for credit losses is principally related to the write-off of uncollectible accounts.

Inventories

Components of inventories were as follows:

	July 31, 2021	October 31, 2020
Finished goods	\$ 201,810	\$ 183,860
Raw materials and component parts	101,751	94,630
Work-in-process	52,418	44,403
	<u>355,979</u>	<u>322,893</u>
Obsolescence and other reserves	(47,287)	(41,315)
LIFO reserve	(4,715)	(4,545)
	<u>\$ 303,977</u>	<u>\$ 277,033</u>

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Property, Plant and Equipment

Components of property, plant and equipment were as follows:

	July 31, 2021	October 31, 2020
Land	\$ 9,294	\$ 8,816
Land improvements	4,796	4,611
Buildings	263,565	253,621
Machinery and equipment	487,514	464,171
Enterprise management system	51,201	56,103
Construction-in-progress	29,473	29,897
Leased property under capitalized leases	37,581	32,590
	883,424	849,809
Accumulated depreciation and amortization	(525,216)	(491,191)
	<u>\$ 358,208</u>	<u>\$ 358,618</u>

Depreciation expense was \$14,216 and \$11,923 for the three months ended July 31, 2021 and 2020, respectively. Depreciation expense was \$39,855 and \$36,754 for the nine months ended July 31, 2021 and 2020, respectively.

Goodwill and other intangible assets

Changes in the carrying amount of goodwill for the nine months ended July 31, 2021 by operating segment were as follows:

	Industrial Precision Solutions	Advanced Technology Solutions	Total
Balance at October 31, 2020	\$ 415,862	\$ 1,297,492	\$ 1,713,354
Currency effect	2,096	3,115	5,211
Balance at July 31, 2021	<u>\$ 417,958</u>	<u>\$ 1,300,607</u>	<u>\$ 1,718,565</u>

Information regarding our intangible assets subject to amortization was as follows:

	July 31, 2021		
	Carrying Amount	Accumulated Amortization	Net Book Value
Customer relationships	\$ 485,876	\$ 220,029	\$ 265,847
Patent/technology costs	155,146	87,070	68,076
Trade name	74,568	38,732	35,836
Non-compete agreements	9,971	9,026	945
Other	1,393	1,391	2
Total	<u>\$ 726,954</u>	<u>\$ 356,248</u>	<u>\$ 370,706</u>

	October 31, 2020		
	Carrying Amount	Accumulated Amortization	Net Book Value
Customer relationships	\$ 483,568	\$ 193,617	\$ 289,951
Patent/technology costs	153,555	76,934	76,621
Trade name	74,240	34,693	39,547
Non-compete agreements	9,908	8,444	1,464
Other	1,403	1,400	3
Total	<u>\$ 722,674</u>	<u>\$ 315,088</u>	<u>\$ 407,586</u>

Amortization expense for the three months ended July 31, 2021 and 2020 was \$12,681 and \$16,577, respectively. Amortization expense for the nine months ended July 31, 2021 and 2020 was \$38,378 and \$47,410, respectively.

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Pension and other postretirement plans

The components of net periodic pension cost for the three and nine months ended July 31, 2021 and 2020 were:

<u>Three Months Ended</u>	U.S.		International	
	2021	2020	2021	2020
Service cost	\$ 5,511	\$ 5,146	\$ 462	\$ 519
Interest cost	3,414	3,970	201	256
Expected return on plan assets	(7,124)	(6,165)	(395)	(313)
Amortization of prior service credit	(7)	(21)	(81)	(72)
Amortization of net actuarial loss	3,643	3,510	572	739
Settlement loss	303	2,508	—	—
Total benefit cost	\$ 5,740	\$ 8,948	\$ 759	\$ 1,129

<u>Nine Months Ended</u>	U.S.		International	
	2021	2020	2021	2020
Service cost	\$ 16,999	\$ 15,439	\$ 1,642	\$ 1,550
Interest cost	10,248	11,913	671	769
Expected return on plan assets	(21,212)	(18,499)	(1,217)	(948)
Amortization of prior service credit	(48)	(63)	(246)	(214)
Amortization of net actuarial loss	11,259	10,529	2,373	2,201
Settlement loss	2,321	2,508	—	—
Total benefit cost	\$ 19,567	\$ 21,827	\$ 3,223	\$ 3,358

Contributions to the defined benefit pension plans are expected to be approximately \$98,000 for fiscal year 2021, which includes additional cash contributions totaling \$50,000 made in the second and third quarters of 2021, to move the domestic plans closer to full funding.

The components of net periodic pension cost other than service cost are included in Other – net in our Condensed Consolidated Statements of Income.

The components of other postretirement benefit costs for the three and nine months ended July 31, 2021 and 2020 were:

<u>Three Months Ended</u>	U.S.		International	
	2021	2020	2021	2020
Service cost	\$ 191	\$ 187	\$ 4	\$ 4
Interest cost	444	657	3	3
Amortization of prior service credit	—	(5)	—	—
Amortization of net actuarial (gain) loss	334	380	(11)	(9)
Total benefit cost (income)	\$ 969	\$ 1,219	\$ (4)	\$ (2)

<u>Nine Months Ended</u>	U.S.		International	
	2021	2020	2021	2020
Service cost	\$ 584	\$ 520	\$ 11	\$ 11
Interest cost	1,354	1,830	9	10
Amortization of prior service credit	—	(13)	—	—
Amortization of net actuarial (gain) loss	1,019	1,057	(30)	(27)
Total benefit cost (income)	\$ 2,957	\$ 3,394	\$ (10)	\$ (6)

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Income taxes

We record our interim provision for income taxes based on our estimated annual effective tax rate, as well as certain items discrete to the current period. The effective tax rate for the three and nine months ended July 31, 2021 was 21.2% and 20.8%, respectively. The effective tax rate for the three and nine months ended July 31, 2020 was 8.9% and 16.0%, respectively.

Due to our share-based payment transactions, our income tax provision included a discrete tax benefit of \$570 and \$3,165 for the three and nine months ended July 31, 2021, respectively. Our income tax provision included a similar discrete tax benefit of \$11,373 and \$14,048 for the three and nine months ended July 31, 2020, respectively.

During the three months ended July 31, 2020, we recorded a favorable adjustment to unrecognized tax benefits of \$443. In addition, during the three months ended July 31, 2020, there was an increase of \$5,664 in unrecognized tax benefits and, if recognized, the gross unrecognized tax benefits would be offset against assets currently recorded in the Consolidated Balance Sheet.

Accumulated other comprehensive loss

The components of accumulated other comprehensive loss, including adjustments for items that are reclassified from accumulated other comprehensive loss to net income, are shown below.

	Cumulative translation adjustments	Pension and postretirement benefit plan adjustments	Accumulated other comprehensive income (loss)
Balance at October 31, 2020	\$ (40,422)	\$ (185,696)	\$ (226,118)
Amortization of prior service costs and net actuarial losses, net of tax of (\$4,670)	—	15,181	15,181
Foreign currency translation adjustments	18,142	—	18,142
Balance at July 31, 2021	\$ (22,280)	\$ (170,515)	\$ (192,795)

Stock-based compensation

During the 2021 Annual Meeting of Shareholders, our shareholders approved the Nordson Corporation 2021 Stock Incentive and Award Plan (the "2021 Plan") as the successor to the Amended and Restated 2012 Stock Incentive and Award Plan (the "2012 Plan"). The 2021 Plan provides for the granting of stock options, stock appreciation rights, restricted shares, restricted share units, performance shares, cash awards and other stock or performance-based incentives. A maximum of 900 common shares were authorized for grant under the 2021 Plan plus the number of shares that were available to be granted under the 2012 Plan. As of July 31, 2021, a total of 2,239 common shares were available to be granted.

Stock Options

Stock options may be granted to our employees and directors. Generally, options granted to employees may be exercised beginning one year from the date of grant at a rate not exceeding 25 percent per year and expire 10 years from the date of grant. Vesting accelerates upon a qualified termination in connection with a change in control. In the event of termination of employment due to early retirement or normal retirement at age 65, options granted within 12 months prior to termination are forfeited, and vesting continues post retirement for all other unvested options granted. In the event of disability or death, all unvested stock options granted within 12 months prior to termination (or at any time prior to December 28, 2017) fully vest. Termination for any other reason results in forfeiture of unvested options and vested options in certain circumstances. The amortized cost of options is accelerated if the retirement eligibility date occurs before the normal vesting date. Option exercises are satisfied through the issuance of treasury shares on a first-in, first-out basis. We recognized compensation expense related to stock options of \$1,714 and \$5,515 for the three and nine months ended July 31, 2021, respectively, compared to \$2,385 and \$7,648 for the three and nine months ended July 31, 2020, respectively.

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The following table summarizes activity related to stock options for the nine months ended July 31, 2021:

	Number of Options	Weighted- Average Exercise Price Per Share	Aggregate Intrinsic Value	Weighted Average Remaining Term
Outstanding at October 31, 2020	1,487	\$ 122.45		
Granted	93	201.43		
Exercised	(221)	109.69		
Forfeited or expired	(38)	151.40		
Outstanding at July 31, 2021	1,321	\$ 129.29	\$ 127,963	6.2 years
Expected to vest	568	\$ 155.60	\$ 40,072	7.6 years
Exercisable at July 31, 2021	748	\$ 109.14	\$ 87,554	5.2 years

As of July 31, 2021, there was \$9,707 of total unrecognized compensation cost related to unvested stock options. That cost is expected to be amortized over a weighted average period of approximately 1.2 years.

The fair value of each option grant was estimated at the date of grant using the Black-Scholes option-pricing model with the following assumptions:

Nine Months Ended	July 31, 2021			July 31, 2020		
Expected volatility	30.8%	-	32.6%	24.5%	-	30.5%
Expected dividend yield	0.83%	-	0.85%	0.87%	-	1.16%
Risk-free interest rate	0.43%	-	0.77%	0.44%	-	1.69%
Expected life of the option (in years)	5.3	-	6.2	5.3	-	6.3

The weighted-average expected volatility used to value the 2021 and 2020 options was 31.0% and 25.4%, respectively.

Historical information was the primary basis for the selection of the expected volatility, expected dividend yield and the expected lives of the options. The risk-free interest rate was selected based upon yields of U.S. Treasury issues with a term equal to the expected life of the option being valued.

The weighted average grant date fair value of stock options granted during the nine months ended July 31, 2021 and 2020 was \$56.02 and \$38.57, respectively.

The total intrinsic value of options exercised during the three months ended July 31, 2021 and 2020 was \$4,441 and \$39,811, respectively. The total intrinsic value of options exercised during the nine months ended July 31, 2021 and 2020 was \$21,570 and \$58,758, respectively.

Cash received from the exercise of stock options for the nine months ended July 31, 2021 and 2020 was \$24,136 and \$46,304, respectively.

Restricted Shares and Restricted Share Units

We may grant restricted shares and/or restricted share units to our employees and directors. These shares or units may not be transferred for a designated period of time (generally one to three years) defined at the date of grant. We may also grant continuation awards in the form of restricted share units with cliff vesting and a gateway performance measure that must be achieved for the restricted share units to vest.

For employee recipients, in the event of termination of employment due to early retirement with the consent of the Company, restricted shares and units granted within 12 months prior to termination are forfeited, and other restricted shares and units vest on a pro-rata basis, subject to the consent of the Compensation Committee. In the event of termination of employment due to normal retirement at age 65, restricted shares and units granted within 12 months prior to termination are forfeited, and, for other restricted shares and units, the restriction period applicable to restricted shares will lapse and the shares will vest and be transferable and all unvested units will become vested in full, subject to the consent of the Compensation Committee. In the event of a recipient's disability or death, all restricted shares and units granted within 12 months prior to termination fully vest. Termination for any other reason prior to the lapse of any restrictions or vesting of units results in forfeiture of the shares or units.

For non-employee directors, all restrictions lapse in the event of disability or death of the non-employee director. Termination of service as a director for any other reason within one year of date of grant results in a pro-rata vesting of shares or units.

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As shares or units are issued, deferred stock-based compensation equivalent to the fair value on the date of grant is expensed over the vesting period.

The following table summarizes activity related to restricted shares during the nine months ended July 31, 2021:

	Number of Shares	Weighted-Average Grant Date Fair Value
Restricted shares at October 31, 2020	58	\$ 148.75
Granted	—	—
Forfeited	(3)	148.13
Vested	(33)	141.32
Restricted shares at July 31, 2021	22	\$ 160.31

As of July 31, 2021, there was \$2,089 of unrecognized compensation cost related to restricted shares. The cost is expected to be amortized over a weighted average period of 0.8 years. The amount charged to expense related to restricted shares during the three months ended July 31, 2021 and 2020 was \$346 and \$734, respectively, which included common share dividends of \$5 and \$21, respectively. For the nine months ended July 31, 2021 and 2020, the amounts charged to expense related to restricted shares were \$1,811 and \$2,995, respectively, which included common share dividends of \$36 and \$64, respectively.

The following table summarizes activity related to restricted share units during the nine months ended July 31, 2021:

	Number of Units	Weighted-Average Grant Date Fair Value
Restricted share units at October 31, 2020	—	\$ —
Granted	87	202.26
Forfeited	(12)	201.96
Vested	(1)	201.50
Restricted share units at July 31, 2021	74	\$ 202.31

As of July 31, 2021, there was \$10,398 of remaining expense to be recognized related to outstanding restricted share units, which is expected to be recognized over a weighted average period of one year. The amount charged to expense related to restricted share units during each of the three months ended July 31, 2021 and 2020 was \$487 and \$299, respectively, compared to \$4,771 and \$883 for the nine months ended July 31, 2021 and 2020, respectively.

Performance Share Incentive Awards

Executive officers and selected other key employees are eligible to receive common share-based incentive awards. Payouts, in the form of unrestricted common shares, vary based on the degree to which corporate financial performance exceeds predetermined threshold, target and maximum performance goals over three-year performance periods. No payout will occur unless threshold performance is achieved.

The amount of compensation expense is based upon current performance projections and the percentage of the requisite service that has been rendered. The calculations are based upon the grant date fair value which is principally driven by the stock price on the date of grant or a Monte Carlo valuation for awards granted in 2021. The per share values were \$202.05 for 2021 and \$201.50 for 2020. During the three months ended July 31, 2021, \$1,456 was charged to expense, and for the three months ended July 31, 2020, \$552 was credited to expense. For the nine months ended July 31, 2021, \$5,751 was charged to expense, and for the nine months ended July 31, 2020, \$2,834 was credited to expense. The cumulative amount recorded in shareholders' equity at July 31, 2021 was \$5,588.

Deferred Compensation

Our executive officers and other highly compensated employees may elect to defer up to 100% of their base pay and cash incentive compensation, and for executive officers, up to 90% of their share-based performance incentive payout each year. Additional share units are credited for quarterly dividends paid on our common shares. Expense related to dividends paid under this plan for the three months ended July 31, 2021 and 2020 was \$19 and \$83, respectively, compared to \$77 and \$247 for the nine months ended July 31, 2021 and 2020, respectively.

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Deferred Directors' Compensation

Non-employee directors may defer all or part of their cash and equity-based compensation until retirement. Cash compensation may be deferred as cash or as share equivalent units. Deferred cash amounts are recorded as liabilities, and share equivalent units are recorded as equity. Additional share equivalent units are earned when common share dividends are declared.

The following table summarizes activity related to director deferred compensation share equivalent units during the nine months ended July 31, 2021:

	Number of Shares	Weighted-Average Grant Date Fair Value
Outstanding at October 31, 2020	120	\$ 60.81
Dividend equivalents	1	205.41
Distributions	(15)	62.26
Outstanding at July 31, 2021	106	\$ 61.86

The amount charged to expense related to director deferred compensation for the three months ended July 31, 2021 and 2020 was \$63 and \$44, respectively, compared to \$188 and \$130 for the nine months ended July 31, 2021 and 2020, respectively.

Warranties

We offer warranties to our customers depending on the specific product and terms of the customer purchase agreement. A typical warranty program requires that we repair or replace defective products within a specified time period (generally one year) from the date of delivery or first use. We record an estimate for future warranty-related costs based on actual historical return rates. Based on analysis of return rates and other factors, the adequacy of our warranty provisions are adjusted as necessary. The liability for warranty costs is included in Accrued liabilities in the Condensed Consolidated Balance Sheets.

Following is a reconciliation of the product warranty liability for the nine months ended July 31, 2021 and 2020:

	July 31, 2021	July 31, 2020
Beginning balance at October 31	\$ 10,550	\$ 11,006
Accruals for warranties	11,103	8,219
Warranty payments	(10,889)	(8,180)
Currency effect	153	221
Ending balance	\$ 10,917	\$ 11,266

Operating segments

We conduct business across two primary operating segments: Industrial Precision Solutions (IPS) and Advanced Technology Solutions (ATS). The composition of segments and measure of segment profitability is consistent with that used by our chief operating decision maker. The primary measure used by the chief operating decision maker for purposes of making decisions about allocating resources to the segments and assessing performance is operating profit, which equals sales less cost of sales and certain operating expenses. Items below the operating profit line of the Condensed Consolidated Statements of Income (interest and investment income, interest expense and other income/expense) are excluded from the measure of segment profitability reviewed by our chief operating decision maker and are not presented by operating segment.

Effective in the second quarter of 2020, we made changes to realign our management team and our operating segments, consolidating our former three operating segments into the two described above, which are reflected in our disclosures. Existing product lines were unchanged as part of this new structure. This realignment enables us to better serve global customers and markets, to more efficiently leverage technology synergies, to operate divisions of significant size in a consistent and focused way and to position ourselves for our next chapter of profitable growth. The revised operating segments better reflect how we manage the Company, allocate resources, and assess performance of the businesses.

Industrial Precision Solutions: This segment delivers proprietary dispensing and processing technology to diverse end markets. Product lines reduce material consumption, increase line efficiency and enhance product brand and appearance. Components are used for dispensing adhesives, coatings, paint, finishes, sealants and other materials. This segment primarily serves the non-durables, industrial and consumer durables markets.

Advanced Technology Solutions: This segment integrates our proprietary product technologies found in progressive stages of a customer's production processes, such as surface treatment, precisely controlled dispensing of material and post-dispense test and inspection to ensure quality. Related single-use plastic molded syringes, cartridges, tips, fluid connection components, tubing,

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balloons and catheters are used to dispense or control fluids in production processes or within customers' end products. This segment predominantly serves customers in the electronics, medical and related high-tech industrial markets.

The following table presents information about our segments:

	Industrial Precision Solutions	Advanced Technology Solutions	Corporate	Total
Three Months Ended				
July 31, 2021				
Net external sales	\$ 345,449	\$ 301,409	\$ —	\$ 646,858
Operating profit (loss)	123,829	80,769	(16,322)	188,276
July 31, 2020				
Net external sales	\$ 288,965	\$ 249,216	\$ —	\$ 538,181
Operating profit (loss)	74,744	49,952	(12,641)	112,055
Nine Months Ended				
July 31, 2021				
Net external sales	\$ 932,640	\$ 830,322	\$ —	\$ 1,762,962
Operating profit (loss)	311,515	204,556	(52,379)	463,692
July 31, 2020				
Net external sales	\$ 835,038	\$ 727,537	\$ —	\$ 1,562,575
Operating profit (loss)	207,603	140,928	(36,354)	312,177

We had significant sales in the following geographic regions:

	Three Months Ended		Nine Months Ended	
	July 31, 2021	July 31, 2020	July 31, 2021	July 31, 2020
United States	\$ 201,531	\$ 183,508	\$ 589,771	\$ 560,941
Americas	47,717	38,265	128,769	106,021
Europe	162,298	132,107	453,900	394,554
Japan	24,946	31,226	79,913	90,353
Asia Pacific	210,366	153,075	510,609	410,706
Total net external sales	\$ 646,858	\$ 538,181	\$ 1,762,962	\$ 1,562,575

Fair value measurements

The inputs to the valuation techniques used to measure fair value are classified into the following categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The following tables present the classification of our assets and liabilities measured at fair value on a recurring basis:

July 31, 2021	Total	Level 1	Level 2	Level 3
Assets:				
Foreign currency forward contracts ^(a)	\$ 3,758	\$ —	\$ 3,758	\$ —
Total assets at fair value	\$ 3,758	\$ —	\$ 3,758	\$ —
Liabilities:				
Deferred compensation plans ^(b)	\$ 11,021	\$ —	\$ 11,021	\$ —
Foreign currency forward contracts ^(a)	7,500	—	7,500	—
Total liabilities at fair value	\$ 18,521	\$ —	\$ 18,521	\$ —

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	Total	Level 1	Level 2	Level 3
Assets:				
Foreign currency forward contracts ^(a)	\$ 2,700	\$ —	\$ 2,700	\$ —
Total assets at fair value	\$ 2,700	\$ —	\$ 2,700	\$ —
Liabilities:				
Deferred compensation plans ^(b)	\$ 12,304	\$ —	\$ 12,304	\$ —
Foreign currency forward contracts ^(a)	5,937	—	5,937	—
Total liabilities at fair value	\$ 18,241	\$ —	\$ 18,241	\$ —

- (a) We enter into foreign currency forward contracts to reduce the risk of foreign currency exposures resulting from receivables, payables, intercompany receivables, intercompany payables and loans denominated in foreign currencies. Foreign exchange contracts are valued using market exchange rates. These foreign exchange contracts are not designated as hedges.
- (b) Executive officers and other highly compensated employees may defer up to 100 percent of their salary and annual cash incentive compensation and for executive officers, up to 90 percent of their long-term incentive compensation, into various non-qualified deferred compensation plans. Deferrals can be allocated to various market performance measurement funds. Changes in the value of compensation deferred under these plans are recognized each period based on the fair value of the underlying measurement funds.

The carrying amounts and fair values of financial instruments, other than cash and cash equivalents, receivables, and accounts payable, are shown in the table below. The carrying values of cash and cash equivalents, receivables and accounts payable approximate fair value due to the short-term nature of these instruments.

	July 31, 2021	
	Carrying Amount	Fair Value
Long-term debt (including current portion), excluding unamortized debt issuance costs	\$ 821,116	\$ 874,105

We used the following methods and assumptions in estimating the fair value of financial instruments:

- Long-term debt is valued by discounting future cash flows at currently available rates for borrowing arrangements with similar terms and conditions, which are considered to be Level 2 inputs under the fair value hierarchy.

Derivative financial instruments

We operate internationally and enter into intercompany transactions denominated in foreign currencies. Consequently, we are subject to market risk arising from exchange rate movements between the dates foreign currency transactions occur and the dates they are settled. We regularly use foreign currency forward contracts to reduce our risks related to most of these transactions. These contracts usually have maturities of 90 days or less and generally require us to exchange foreign currencies for U.S. dollars at maturity, at rates stated in the contracts. These contracts are not designated as hedging instruments under U.S. GAAP. Accordingly, the changes in the fair value of the foreign currency forward contracts are recognized in each accounting period in “Other – net” on the Condensed Consolidated Statements of Income together with the transaction gain or loss from the related balance sheet position.

For the three months ended July 31, 2021, we recognized a net loss of \$1,714 on foreign currency forward contracts and a realized net gain of \$1,202 from the change in fair value of balance sheet positions. For the three months ended July 31, 2020, we recognized a net gain of \$17,255 on foreign currency forward contracts and a net loss of \$20,809 from the change in fair value of balance sheet positions. For the nine months ended July 31, 2021, we recognized a net loss of \$505 on foreign currency forward contracts and a realized net loss of \$3,544 from the change in fair value of balance sheet positions. For the nine months ended July 31, 2020, we recognized a net gain of \$13,096 on foreign currency forward contracts and a net loss of \$13,658 from the change in fair value of balance sheet positions. The fair values of our foreign currency forward contract assets and liabilities are included in Prepaid expenses and other current assets and Accrued liabilities, respectively, in our Consolidated Balance Sheets.

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The following table summarizes, by currency, the foreign currency forward contracts outstanding at July 31, 2021 and 2020:

	Notional Amounts	
	Sell	Buy
July 31, 2021 contract amounts:		
Euro	\$ 118,988	\$ 337,817
British pound	27,861	86,778
Japanese yen	15,939	43,281
Australian dollar	934	10,462
Hong Kong dollar	283	37,556
Singapore dollar	458	18,448
Others	22,374	93,079
Total	\$ 186,837	\$ 627,421
	Notional Amounts	
	Sell	Buy
July 31, 2020 contract amounts:		
Euro	\$ 108,856	\$ 207,198
British pound	18,861	60,397
Japanese yen	15,815	32,009
Australian dollar	174	7,682
Hong Kong dollar	56,279	74,714
Singapore dollar	1,357	15,982
Others	4,412	59,921
Total	\$ 205,754	\$ 457,903

We are exposed to credit-related losses in the event of nonperformance by counterparties to financial instruments. These financial instruments include cash deposits and foreign currency forward contracts. We periodically monitor the credit ratings of these counterparties in order to minimize our exposure. Our customers represent a wide variety of industries and geographic regions. For the three and nine months ended July 31, 2021 and 2020, there were no significant concentrations of credit risk.

Long-term debt

A summary of long-term debt is as follows:

	July 31, 2021	October 31, 2020
Notes payable	\$ 742	\$ —
Senior notes, due 2022-2025	79,000	109,900
Senior notes, due 2022-2027	78,572	85,714
Senior notes, due 2023-2030	350,000	350,000
Term loan	—	255,000
Euro loan, due 2023	314,540	308,642
	822,854	1,109,256
Less current maturities and notes payable	31,385	38,043
Less unamortized debt issuance costs	1,738	3,261
Long-term maturities	\$ 789,731	\$ 1,067,952

Revolving credit agreement, due 2024 — In April 2019, we entered into a \$850,000 unsecured multi-currency credit facility with a group of banks, which amended, restated and extended our existing syndicated revolving credit agreement that was scheduled to expire in February 2020. This facility has a five-year term, expiring in April 2024, and includes a \$75,000 subfacility for swing-line loans. There was no outstanding balance at July 31, 2021. We were in compliance with all covenants at July 31, 2021, and the amount we could borrow under the facility was not limited by any debt covenants.

Senior notes, due 2022-2025 — These unsecured fixed-rate notes entered into in 2012 with a group of insurance companies had a remaining weighted-average life of 2.20 years. The weighted-average interest rate at July 31, 2021 was 3.10 percent.

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Senior notes, due 2022-2027 — These unsecured fixed-rate notes entered into in 2015 with a group of insurance companies had a remaining weighted-average life of 3.45 years. The weighted-average interest rate at July 31, 2021 was 3.08 percent.

Senior notes, due 2023-2030 — These unsecured fixed-rate notes entered into in 2018 with a group of insurance companies had a remaining weighted-average life of 4.30 years. The weighted-average interest rate at July 31, 2021 was 3.90 percent.

Term loan — In April 2019, we amended, restated and extended the term of our existing \$605,000 term loan facility with a group of banks. There was no outstanding balance at July 31, 2021, as it was fully repaid and terminated in the second quarter of 2021.

Euro loan, due 2023 — In March 2020 we amended, restated and extended the term of our existing euro term loan facility with Bank of America Merrill Lynch International Limited. The interest rate is variable based on the EURIBOR rate. The term loan agreement provides for the following term loans due in two tranches: €115,000 is due in March 2023 and an additional €150,000 that was drawn down in March 2020 is due in March 2023. The weighted average interest rate at July 31, 2021 was 0.71% percent. We were in compliance with all covenants at July 31, 2021.

Contingencies

We are involved in pending or potential litigation regarding environmental, product liability, patent, contract, employee and other matters arising from the normal course of business. Including the litigation and environmental matters discussed below, after consultation with legal counsel, we do not believe that losses in excess of the amounts we have accrued would have a material adverse effect on our financial condition, quarterly or annual operating results or cash flows.

Class Action Litigation

On February 22, 2019, a former employee, Mr. Ortiz, filed a purported class action lawsuit in the San Diego County Superior Court, California, against Nordson Asymtek, Inc. and Nordson Corporation, alleging various violations of the California Labor Code. Plaintiff seeks, among other things, an unspecified amount for unpaid wages, actual, consequential and incidental losses, penalties, and attorneys' fees and costs. Following mediation in June 2020, the parties agreed to settle the lawsuit, subject to the execution of a written settlement agreement and court approval. If the settlement agreement is approved, the class action lawsuit will be resolved. Management believes, based on currently available information, that the ultimate outcome of the proceeding described above will not have a material adverse effect on the Company's financial condition or results of operations.

Environmental

We have voluntarily agreed with the City of New Richmond, Wisconsin and other potentially responsible parties to share costs associated with the remediation of the City of New Richmond municipal landfill (the "Site") and the construction of a potable water delivery system serving the impacted area down gradient of the Site. At July 31, 2021 and October 31, 2020, our accrual for the ongoing operation, maintenance and monitoring obligation at the Site was \$319 and \$360, respectively. The liability for environmental remediation represents management's best estimate of the probable and reasonably estimable undiscounted costs related to known remediation obligations. The accuracy of our estimate of environmental liability is affected by several uncertainties such as additional requirements that may be identified in connection with remedial activities, the complexity and evolution of environmental laws and regulations, and the identification of presently unknown remediation requirements. Consequently, our liability could be greater than our current estimate. However, we do not expect that the costs associated with remediation will have a material adverse effect on our financial condition or results of operations.

Subsequent Event

On August 24, 2021, we entered into an agreement to acquire NDC Technologies (NDC), a leading global provider of precision measurement solutions for in-line manufacturing process control. NDC's technology portfolio includes in-line measurement sensors, gauges and analyzers using near-infrared, laser, X-ray, optical and nucleonic technologies, as well as proprietary algorithms and software. The acquisition will expand our test and inspection platform and will be reported in our Advanced Technology Solutions segment. The all-cash transaction, the purchase price of which is subject to customary post-closing adjustments, is valued at \$180,000 and will be funded using cash from operations and proceeds from borrowings. The acquisition is not expected to have a material impact on our consolidated financial statements.

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

The following is management's discussion and analysis of certain significant factors affecting our financial condition and results of operations for the periods included in the accompanying condensed consolidated financial statements.

Overview

Nordson Corporation is an innovative precision technology company that leverages a scalable growth framework to deliver top tier growth with leading margins and returns. The Company's direct sales model and applications expertise serves global customers through a wide variety of critical applications. Its diverse end market exposure includes consumer non-durable, medical, electronics and industrial end markets. Founded in 1954 and headquartered in Westlake, Ohio, the Company has approximately 6,800 employees with operations and support offices in over 35 countries.

Segment Update

Effective in the second quarter of 2020, we made changes to realign our management team and our operating segments. We realigned our former three operating segments into two: Industrial Precision Solutions and Advanced Technology Solutions. Refer to our Operating segments footnote for further discussion.

The financial information presented herein reflects the impact of the preceding changes and prior periods have been revised to reflect these changes.

COVID-19 Update

We continue to support multiple "critical infrastructure" sectors by manufacturing materials and products needed for medical supply chains, packaging, transportation, energy, communications, and other critical infrastructure industries. We have benefited from our geographical and product diversification as the end markets we serve have remained resilient in response to the COVID-19 pandemic. We continue to actively monitor the impact of the COVID-19 pandemic, which may negatively impact our business and results of operations for 2021 and potentially beyond. However, the full extent of the COVID-19 pandemic on our operations and the markets we serve is uncertain and will depend largely on future developments, including the availability and effectiveness of vaccines and their widespread adoption, new information which may emerge concerning the severity of the pandemic, including the evolving strains of COVID-19, some of which may be more transmissible or virulent than the initial variant, and actions by government authorities to contain the pandemic or mitigate its economic, public health and other impacts. These developments are constantly evolving and cannot be accurately predicted. We continue to invest in the business, people, and strategies necessary to achieve our long-term priorities as we focus on driving profitable growth. We have continued to operate during the course of the COVID-19 pandemic in all our production facilities, having taken the recommended public health measures to ensure worker and workplace safety. As a result, there have been unfavorable impacts on our manufacturing efficiencies. Additionally, we continue to take steps to offset cost increases from pandemic-related supply chain disruptions.

Critical Accounting Policies and Estimates

A comprehensive discussion of the Company's critical accounting policies and management estimates and significant accounting policies followed in the preparation of the financial statements is included in Item 7 of our Annual Report on Form 10-K for the year ended October 31, 2020 (the 2020 Form 10-K). There have been no significant changes in critical accounting policies, management estimates or accounting policies followed since the year ended October 31, 2020.

Results of Operations**Three months ended July 31, 2021**

Worldwide sales for the three months ended July 31, 2021 were \$646,858, an increase of 20.2% from sales of \$538,181 for the comparable period of 2020. The increase consisted of a 20.2% increase in organic sales volume and a favorable effect from currency translation of 3.8%, which was offset by a net 3.8% decrease due to acquisitions and divestitures. The organic sales increase was driven by continued demand across all end markets, including a seasonal increase of quarterly shipments into the electronics end market.

Sales outside the United States accounted for 68.8% of our sales in the three months ended July 31, 2021 compared to 65.9% in the comparable period of 2020. On a geographic basis, sales in the United States were \$201,531, an increase of 9.8% compared to 2020 consisting of a 15.7% increase in organic sales volume and a net 5.9% decrease from acquisitions and divestitures. In the Americas region, sales were \$47,717, an increase of 24.7% from 2020, consisting of an organic sales volume increase of 22.0%, favorable currency effects of 5.0%, and a net decrease of 2.3% due to acquisitions and divestitures. In Europe, sales were \$162,298, an increase of 22.9% from 2020, consisting of an organic sales volume increase of 17.5% and favorable currency effects of 7.5%, partially offset by a net 2.1% decrease due to acquisitions and divestitures. In Japan, which continues to manage

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pandemic-related impacts, sales were \$24,946, a decrease of 20.1% from 2020, consisting of an organic sales volume decrease of 13.3%, a 4.8% decrease due to acquisitions and divestitures, and unfavorable currency effects of 2.0%. In the Asia Pacific region, sales were \$210,366, an increase of 37.4% from 2020, consisting of an organic sales volume increase of 34.0% and favorable currency effects of 5.7%, partially offset by a net 2.3% decrease due to acquisitions and divestitures.

Cost of sales for the three months ended July 31, 2021 were \$281,587, up from \$257,373 in the comparable period of 2020. Gross profit, expressed as a percentage of sales, increased to 56.5% from 52.2% in the comparable period of 2020. The 4.3 percentage point increase in gross margin was primarily driven by favorable sales volume leverage, product mix, and the divestiture of the screws and barrel product line, which combined contributed 3.1 percentage points, plus the benefits of cost structure simplification actions.

Selling and administrative expenses for the three months ended July 31, 2021 were \$176,995, up from \$168,753 in the comparable period of 2020. The 4.9% increase was primarily driven by unfavorable currency translation effects of 2.7 percentage points plus increased variable incentive compensation, partially offset by reductions resulting from the divestiture and structural cost reduction actions taken in 2020.

Operating profit increased from \$112,055 in the three months ended July 31, 2020 to \$188,276 in the comparable period of 2021. Operating profit as a percentage of sales increased to 29.1% for the three months ended July 31, 2021 compared to 20.8% in the comparable period of 2020. The improved profitability was primarily driven by the 20.2% increase in organic sales volume and the product line divestiture, which combined contributed 6.0 percentage points, plus lower costs related to cost structure simplification actions which contributed an additional 1.2 percentage points.

Interest expense for the three months ended July 31, 2021 was \$6,139, compared to \$7,314 in the comparable period of 2020. The decrease was due to lower average debt levels compared to the prior year period. Other expense was \$2,232 compared to \$9,668 in the comparable period of 2020. Included in 2021 other expense were pension costs of \$1,554 and \$512 in foreign currency losses. Included in 2020 were pension costs of \$5,326 and \$3,554 of foreign currency losses.

Net income for the three months ended July 31, 2021 was \$142,182, or \$2.42 per diluted share, compared to \$86,981, or \$1.49 per diluted share, in the same period of 2020. This represents a 63.5% increase in net income, and a 62.4% increase in diluted earnings per share.

Industrial Precision Solutions

Sales of the Industrial Precision Solutions segment were \$345,449 in the three months ended July 31, 2021, an increase of 19.5% from sales in the comparable period of 2020 of \$288,965. The increase was the result of an organic sales volume increase of 22.4% and favorable currency effects that increased sales by 5.1%, partially offset by a divestiture impact of 8.0%. The organic sales volume increase was driven by continued demand in consumer non-durable and industrial end markets, particularly in China.

Operating profit as a percentage of sales increased to 35.8% for the three months ended July 31, 2021 compared to 25.9% in the comparable period of 2020. The 9.9 percentage point improvement in operating margin was primarily due to favorable absorption and the organic sales volume increase of 22.4% which contributed 5.6 percentage points, plus favorable sales mix primarily due to the divestiture which combined to contribute an additional 4.3 percentage points.

Advanced Technology Solutions

Sales of the Advanced Technology Solutions segment were \$301,409 in the three months ended July 31, 2021, an increase of 20.9% from sales in the comparable period of 2020 of \$249,216. The increase was the result of organic sales volume increase of 17.8%, favorable currency effects of 2.3% and a 0.8% increase from acquisitions. Sales demand was strong in all product lines including those serving electronics and medical end markets, with the Americas and China leading the growth from a regional perspective.

Operating profit as a percentage of sales increased to 26.8% for the three months ended July 31, 2021 compared to 20.0% in the comparable period of 2020. The 6.8 percentage point improvement in operating margin was primarily due to favorable selling and administrative expense leverage related to the 17.8% organic sales volume increase, and favorable product mix, which contributed 4.1 percentage points, plus lower costs related to cost structure simplification actions and acquisitions which contributed an additional 1.9 percentage points.

Nine months ended July 31, 2021

Worldwide sales for the nine months ended July 31, 2021 were \$1,762,962, an increase of 12.8% from sales of \$1,562,575 for the comparable period of 2020. The increase consisted of a 11.6% increase in organic sales volume and a favorable effect from currency translation of 3.4%, partially offset by a net 2.2% decrease due to acquisitions and divestitures. Strength in consumer non-durable and industrial end markets were the primary drivers of the growth.

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Sales outside the United States accounted for 66.5% of our sales in the nine months ended July 31, 2021 compared to 64.1% in the comparable period of 2020. On a geographic basis, sales in the United States were \$589,771, an increase of 5.1% compared to 2020, consisting of an 8.5% increase in organic sales volume, partially offset by a net 3.4% decrease from acquisitions and divestitures. In the Americas region, sales were \$128,769, an increase of 21.5% from 2020, consisting of an organic sales volume increase of 16.8%, a net increase of 3.2% due to acquisitions and divestitures, and favorable currency effects of 1.5%. In Europe, sales were \$453,900, an increase of 15.0% from the comparable period of 2020, consisting of organic sales volume increase of 9.2% and favorable currency effects of 7.7%, partially offset by a net 1.9% decrease from acquisitions and divestitures. In Japan, sales were \$79,913, a decrease of 11.6% from the comparable period of 2020, consisting of an organic sales volume decrease of 9.0% and a net 3.6% decrease due to acquisitions and divestitures, partially offset by favorable currency effects of 1.0%. In the Asia Pacific region, sales were \$510,609, an increase of 24.3% from 2020, consisting of an organic sales volume increase of 21.1% and favorable currency effects of 4.9%, partially offset by a net 1.7% decrease from acquisitions and divestitures.

Cost of sales for the nine months ended July 31, 2021 were \$770,032, up from \$728,975 in the comparable period of 2020. Gross profit, expressed as a percentage of sales, increased to 56.3% from 53.3% in the comparable period of 2020. The 3.0 percentage point increase in gross margin was driven by a favorable product mix impact, principally driven by a divestiture, of 2.1 percentage points and favorable sales volume leverage.

Selling and administrative expenses for the nine months ended July 31, 2021 were \$529,238, up from \$521,423 in the comparable period of 2020. The 1.5% increase was primarily driven by unfavorable currency translation effects of 2.7 percentage points plus increased variable incentive compensation, partially offset by reductions resulting from a divestiture and structural cost reduction actions taken in 2020.

Operating profit increased from \$312,177 in the nine months ended July 31, 2020 to \$463,692 in the comparable period of 2021. Operating profit as a percentage of sales increased to 26.3% for the nine months ended July 31, 2021 compared to 20.0% in the comparable period of 2020. The 6.3% increase in operating margin was driven by the 11.6% organic sales volume increase and the favorable sales mix from a divestiture, plus relatively flat selling and administrative spending.

Interest expense for the nine months ended July 31, 2021 was \$20,210, compared to \$25,348 in the comparable period of 2020. The decrease was due to lower average debt levels and lower variable interest rates compared to the prior year period. Other expense was \$10,736 compared to \$12,943 in the comparable period of 2020. Included in 2021 other expense were pension costs of \$6,529 and \$4,049 in foreign currency losses. Included in 2020 were pension costs of \$10,941 and \$562 of foreign currency loss.

Net income for the nine months ended July 31, 2021 was \$343,908, or \$5.86 per diluted share, compared to \$231,064, or \$3.96 per diluted share, in the same period of 2020. This represents a 48.8% increase in net income, and a 48.0% increase in diluted earnings per share.

Industrial Precision Solutions

Sales of the Industrial Precision Solutions segment were \$932,640 in the nine months ended July 31, 2021, an increase of 11.7% from sales in the comparable period of 2020 of \$835,038. The increase was the result of an increase of 13.0% in organic sales volume and favorable currency effects that increased sales by 4.5%, partially offset by a decrease of 5.8% due to a divestiture. Growth occurred in all regions except for Japan.

Operating profit as a percentage of sales increased to 33.4% for the nine months ended July 31, 2021 compared to 24.9% in the comparable period of 2020. Of the 8.5 percentage point improvement in operating margin, favorable absorption due to higher sales volume and the favorable sales mix primarily due to a divestiture combined for a 4.1 percentage point expansion in gross profit, plus selling and administrative expense reductions contributed an additional 4.4 percentage points.

Advanced Technology Solutions

Sales of the Advanced Technology Solutions segment were \$830,322 in the nine months ended July 31, 2021, an increase of 14.1% from sales in the comparable period of 2020 of \$727,537. The increase was the result of an organic sales volume increase of 10.0%, favorable currency effects that increased sales by 2.3%, and a 1.8% increase from acquisitions. Sales growth occurred in all product lines, in particular test and inspection and fluid dispense product lines.

Operating profit as a percentage of sales increased to 24.6% for the nine months ended July 31, 2021 compared to 19.4% in the comparable period of 2020. The 5.2 percentage point improvement in operating margin was principally driven by greater selling and administrative expense leverage which contributed 3.5 percentage points and was associated with the sales volume growth and cost structure simplification actions taken in 2020.

Income taxes

We record our interim provision for income taxes based on our estimated annual effective tax rate, as well as certain items discrete to the current period. Significant judgment is involved regarding the application of global income tax laws and

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regulations and when projecting the jurisdictional mix of income. We have considered several factors in determining the probability of realizing deferred income tax assets which include forecasted operating earnings, available tax planning strategies and the time period over which the temporary differences will reverse. We review our tax positions on a regular basis and adjust the balances as new information becomes available. The effective tax rate for the three and nine months ended July 31, 2021 was 21.2% and 20.8%, respectively, compared to 8.9% and 16.0%, respectively, for the comparable periods a year ago.

Due to our share-based payment transactions, our income tax provision included a discrete tax benefit of \$570 and \$3,165 for the three and nine months ended July 31, 2021, respectively, compared to \$11,373 and \$14,048 in the comparable periods of 2020, respectively.

During the three months ended July 31, 2020, we recorded a favorable adjustment to unrecognized tax benefits of \$443. In addition, during the three months ended July 31, 2020, there was an increase of \$5,664 in unrecognized tax benefits and, if recognized, the gross unrecognized tax benefits would be offset against assets currently recorded in the Consolidated Balance Sheet.

Foreign Currency Effects

In the aggregate, average exchange rates for 2021 used to translate international sales and operating results into U.S. dollars were generally favorable compared with average exchange rates existing during 2020, particularly due to a strengthening euro and Chinese yuan. It is not possible to precisely measure the impact on operating results arising from foreign currency exchange rate changes, because of changes in selling prices, sales volume, product mix and cost structure in each country in which we operate. However, if transactions for the three months ended July 31, 2021 were translated at exchange rates in effect during the same period of 2020, sales would have been approximately \$19,500 lower while costs of sales and selling and administrative expenses would have been approximately \$8,200 lower. If transactions for the nine months ended July 31, 2021 were translated at exchange rates in effect during the same period of 2020, sales would have been approximately \$52,000 lower while costs of sales and selling and administrative expenses would have been approximately \$24,400 lower.

Financial Condition**Liquidity and Capital Resources**

During the nine months ended July 31, 2021, cash and cash equivalents decreased \$34,058. Cash provided by operations during this period was \$375,456 compared to \$309,958 for the nine months ended July 31, 2020. This increase was primarily due to higher net income. Changes in operating assets and liabilities increased cash by \$12,565 and \$2,455 in the nine months ended July 31, 2021 and July 31, 2020, respectively. Cash of \$82,604 and \$24,657 was used to fund pension and post retirement obligations in the nine months ended July 31, 2021 and July 31, 2020, respectively.

Cash used in investing activities was \$22,997 for the nine months ended July 31, 2021, compared to \$163,192 used in the comparable period of 2020, which included capital expenditures of \$28,073 and \$36,096 for the same periods, respectively. During the nine months ended July 31, 2020, cash of \$125,260 was used for the Fluortek acquisition.

Cash used in financing activities was \$388,126 for the nine months ended July 31, 2021, compared to \$75,404 used in the comparable period of 2020. Net repayments of long-term debt were \$292,290 in the nine months ended July 31, 2021, compared to net proceeds of \$1,740 for the comparable period of 2020. In the nine months ended July 31, 2021, cash of \$68,021 was used for dividend payments and cash of \$46,840 was used for the purchase of treasury shares, compared to \$65,737 and \$51,897, respectively, in the comparable period of 2020. Issuance of common shares related to employee benefit plans generated \$24,136 during the nine months ended July 31, 2021 compared to \$46,304 in the comparable period of 2020.

The following is a summary of significant changes in balance sheet captions from October 31, 2020 to July 31, 2021. The decrease of \$83,072 in pension obligations was primarily due to pension contributions during the second and third quarters of 2021. Long-term debt decreased \$278,221 primarily due to the full repayment of our term loan due 2024.

We believe the combination of present capital resources, cash from operations and unused financing sources are more than adequate to meet cash requirements for 2021. There are no significant restrictions limiting the transfer of funds from international subsidiaries to the parent company. We were in compliance with all debt covenants at July 31, 2021. Refer to our Long-term debt footnote for additional details regarding our debt outstanding.

Outlook

Backlog entering the fourth quarter of fiscal year 2021 is approximately \$700 million, or 70% above the prior year. Customer order patterns have clearly changed in terms of both volume and extended shipment request dates during this dynamic environment. Based on the continued strength in backlog, the Company is increasing its full-year revenue and earnings guidance.

The Company expects full year sales growth in fiscal 2021 to be approximately 11% to 12% over fiscal year 2020, inclusive of a 3% headwind from the second quarter 2021 divestiture of the screws and barrels product line. Additionally, the Company is now forecasting full year 2021 earnings per diluted share in the range of \$7.75 to \$7.95. The increased guidance midpoint represents a strong second half of 2021 with year-over-year sales growth of 14% and earnings growth of 47%. The Company is expecting to enter fiscal 2022 with a backlog approximately 70% greater than the prior year.

Safe Harbor Statements Under The Private Securities Litigation Reform Act of 1995

This Form 10-Q, particularly the “Management’s Discussion and Analysis”, contains forward-looking statements within the meaning of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. Such statements relate to, among other things, income, earnings, cash flows, changes in operations, operating improvements, businesses in which we operate and the U.S. and global economies. Statements in this Form 10-Q that are not historical are hereby identified as “forward-looking statements” and may be indicated by words or phrases such as “anticipates”, “supports”, “plans”, “projects”, “expects”, “believes”, “should”, “would”, “could”, “hope”, “forecast”, “management is of the opinion”, use of the future tense and similar words or phrases. These statements reflect management’s current expectations and involve a number of risks and uncertainties. These risks and uncertainties include, but are not limited to, U.S. and international economic conditions; financial and market conditions; currency exchange rates and devaluations; possible acquisitions including the Company’s ability to complete and successfully integrate acquisitions, including the acquisition of NDC; the Company’s ability to successfully divest or dispose of businesses that are deemed not to fit with its strategic plan; the effects of changes in U.S. trade policy and trade agreements; the effects of changes in tax law; and the possible effects of events beyond our control, such as political unrest, acts of terror, natural disasters and pandemics, including the current coronavirus (COVID-19) pandemic.

In light of these risks and uncertainties, actual events and results may vary significantly from those included in or contemplated or implied by such statements. Readers are cautioned not to place undue reliance on such forward-looking statements. These forward-looking statements speak only as of the date made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Factors that could cause actual results to differ materially from the expected results are discussed in Part I, Item 1A, Risk Factors in our 2020 Form 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information regarding our financial instruments that are sensitive to changes in interest rates and foreign currency exchange rates was disclosed under Part II, Item 7A, “Quantitative and Qualitative Disclosures About Market Risk” in our 2020 Form 10-K. The information disclosed has not changed materially in the interim period since then.

ITEM 4. CONTROLS AND PROCEDURES

Our management with the participation of the principal executive officer (President and Chief Executive Officer) and principal financial officer (Executive Vice President, Chief Financial Officer) has reviewed and evaluated our disclosure controls and procedures (as defined in the Securities Exchange Act Rule 13a-15(e)) as of July 31, 2021. Based on that evaluation, our management, including the principal executive and financial officers, has concluded that our disclosure controls and procedures were effective as of July 31, 2021 in ensuring that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and is accumulated and communicated to management, including the principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting that occurred during the three months ended July 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II – OTHER INFORMATION**ITEM 1. LEGAL PROCEEDINGS**

See our Contingencies note to the condensed consolidated financial statements for a discussion of our contingencies and legal matters.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the risk factors disclosed in “Item 1A. Risk Factors” of our 2020 Form 10-K. Many of the risks identified in the 2020 Form 10-K have been, and may be further, exacerbated by the impact of the COVID-19 pandemic and the actions taken by governmental entities, businesses, individuals and others in response to the pandemic.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table summarizes common stock repurchased by the Company during the three months ended July 31, 2021:

<i>(in whole shares)</i>	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽²⁾	Maximum Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽²⁾
May 1, 2021 to May 31, 2021	26,749	\$ 206.38	26,645	\$ 416,809
June 1, 2021 to June 30, 2021	24,877	\$ 220.99	24,877	\$ 411,311
July 1, 2021 to July 31, 2021	25,098	\$ 221.04	23,722	\$ 406,064
Total	<u>76,724</u>		<u>75,244</u>	

⁽¹⁾ Includes shares tendered for taxes related to stock option exercises and vesting of restricted stock.

⁽²⁾ In December 2014, the board of directors authorized a \$300,000 common share repurchase program. In August 2015, the board of directors authorized the repurchase of up to an additional \$200,000 of the Company’s common shares. In August 2018, the board of directors authorized the repurchase of an additional \$500,000 of the Company’s common shares. Approximately \$406,064 of the total \$1,000,000 authorized remained available for share repurchases at July 31, 2021. Uses for repurchased shares include the funding of benefit programs including stock options and restricted stock. Shares purchased are treated as treasury shares until used for such purposes. The repurchase program is being funded using cash from operations and proceeds from borrowings under our credit facilities.

ITEM 6. EXHIBITS

31.1	Certification pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934 by the Chief Executive Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934 by the Chief Financial Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
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 (furnished herewith).
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 (furnished herewith).
101	The following financial information from Nordson Corporation's Quarterly Report on Form 10-Q for the three and nine months ended July 31, 2021 formatted in inline Extensible Business Reporting Language (iXBRL): (i) the Condensed Consolidated Statements of Income for the three and nine months ended July 31, 2021 and 2020, (ii) the Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended July 31, 2021 and 2020, (iii) the Condensed Consolidated Balance Sheets at July 31, 2021 and October 31, 2020, (iv) the Condensed Consolidated Statements of Shareholders' Equity for the three and nine months ended July 31, 2021 and 2020, (v) the Condensed Consolidated Statements of Cash Flows for the nine months ended July 31, 2021 and 2020, and (vi) the Notes to Condensed Consolidated Financial Statements.
104	The cover page from Nordson Corporation's Quarterly Report on Form 10-Q for the quarter ended July 31, 2021, formatted in inline Extensible Business Reporting Language (iXBRL) (included in Exhibit 101).

SIGNATURE

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.

Date: August 31, 2021

Nordson Corporation

By: /s/ Joseph P. Kelley

Joseph P. Kelley

Executive Vice President, Chief Financial Officer

(Principal Financial Officer)

CERTIFICATIONS**CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Sundaram Nagarajan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nordson Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 31, 2021

/s/ Sundaram Nagarajan

Sundaram Nagarajan

President and Chief Executive Officer

CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Joseph P. Kelley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nordson Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 31, 2021

/s/ Joseph P. Kelley

Joseph P. Kelley

Executive Vice President, Chief Financial Officer

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350, Chapter 63 of Title 18, United States Code), I, Sundaram Nagarajan, President and Chief Executive Officer of Nordson Corporation, an Ohio corporation (the "Company"), do hereby certify that:

1. The Quarterly Report on Form 10-Q for the quarter ended July 31, 2021 of the Company (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. Information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 31, 2021

/s/ Sundaram Nagarajan

Sundaram Nagarajan

President and Chief Executive Officer

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350, Chapter 63 of Title 18, United States Code), I, Joseph P. Kelley, Executive Vice President, Chief Financial Officer of Nordson Corporation, an Ohio corporation (the "Company"), do hereby certify that, to the best of my knowledge:

1. The Quarterly Report on Form 10-Q for the quarter ended July 31, 2021 of the Company (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. Information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 31, 2021

/s/ Joseph P. Kelley

Joseph P. Kelley

Executive Vice President, Chief Financial Officer