

REFINITIV

DELTA REPORT

10-Q

MTRN - MATERION CORP

10-Q - MARCH 29, 2024 COMPARED TO 10-Q - SEPTEMBER 29, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 1329

■ CHANGES	221
■ DELETIONS	378
■ ADDITIONS	730

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 **September 29, 2023** **March 29, 2024**

OR

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

For the transition period from _____ to _____

Commission file number 001-15885

MATERION CORPORATION

(Exact name of Registrant as specified in charter)

Ohio

34-1919973

(State or other jurisdiction of incorporation or organization)

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

6070 Parkland Blvd., Mayfield Heights, Ohio 44124

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code:

(216)-486-4200

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value	MTRN	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§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 Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No
Number of Shares of Common Stock, without par value, outstanding at **September 29, 2023** **March 29, 2024**: **20,642,396** **20,730,895**.

PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

Materion Corporation and Subsidiaries
Consolidated Statements of Income
(Unaudited)

(Thousands, except per share amounts)	(Thousands, except per share amounts)	Third Quarter Ended		Nine Months Ended		(Thousands, except per share amounts)	First Quarter Ended	
		September 29, 2023	September 30, 2022	September 29, 2023	September 30, 2022		March 29, 2024	March 31, 2023
Net sales	Net sales	\$403,067	\$428,191	\$1,244,144	\$1,322,531			
Cost of sales	Cost of sales	314,131	345,448	974,817	1,077,070			
Gross margin	Gross margin	88,936	82,743	269,327	245,461			
Selling, general, and administrative expense	Selling, general, and administrative expense	38,806	38,958	118,053	122,666			
Research and development expense	Research and development expense	6,322	7,430	21,098	22,096			
Restructuring expense (income)								
Restructuring expense (income)								
Restructuring expense (income)	Restructuring expense (income)	1,077	484	3,194	1,560			
Other—net	Other—net	6,211	6,774	18,178	18,575			
Operating profit	Operating profit	36,520	29,097	108,804	80,564			
Other non-operating (income) —net		(685)	(1,175)	(2,141)	(3,512)			
Other non-operating income—net								
Interest expense—net	Interest expense—net	7,678	5,888	22,820	14,325			
Income before income taxes	Income before income taxes	29,527	24,384	88,125	69,751			
Income tax expense	Income tax expense	2,963	4,432	11,891	12,525			
Net income	Net income	\$ 26,564	\$ 19,952	\$ 76,234	\$ 57,226			
Basic earnings per share:	Basic earnings per share:							
Net income per share of common stock	Net income per share of common stock	\$ 1.29	\$ 0.97	\$ 3.70	\$ 2.79			
Net income per share of common stock								

Net income per share of common stock						
Diluted	Diluted					
earnings per share:	earnings per share:					
Net income per share of common stock						
Net income per share of common stock						
Net income per share of common stock	Net income per share of common stock	\$ 1.27	\$ 0.96	\$ 3.65	\$ 2.76	
Weighted-average number of shares of common stock outstanding:	Weighted-average number of shares of common stock outstanding:					
Basic	Basic	20,640	20,526	20,611	20,502	
Basic						
Basic						
Diluted	Diluted	20,905	20,780	20,891	20,756	

See notes to these consolidated financial statements.

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Materion Corporation and Subsidiaries Consolidated Statements of Comprehensive Income (Unaudited)						
(Thousands)		Third Quarter Ended		Nine Months Ended		First Quarter Ended March 29, 2024
		September 29, 2023	September 30, 2022	September 29, 2023	September 30, 2022	
		(Thousands)	(Thousands)	(Thousands)	(Thousands)	
Net income	Net income	\$ 26,564	\$ 19,952	\$ 76,234	\$ 57,226	
Other comprehensive income (loss):						
Other comprehensive income (loss):						
Foreign currency translation adjustment						
Foreign currency translation adjustment						
Foreign currency translation adjustment	Foreign currency translation adjustment	(3,259)	(6,094)	(1,313)	(14,484)	

Derivative and hedging activity, net of tax	Derivative and hedging activity, net of tax	2,019	4,125	2,860	8,289
Pension and post-employment benefit adjustment, net of tax	Pension and post-employment benefit adjustment, net of tax	(145)	8	(466)	(216)
Other comprehensive loss	Other comprehensive loss	(1,385)	(1,961)	1,081	(6,411)
Comprehensive income	Comprehensive income	\$25,179	\$17,991	\$77,315	\$50,815

See notes to these consolidated financial statements.

Materion Corporation and Subsidiaries Consolidated Balance Sheets (Unaudited)					
		September 29, (Unaudited)	December 31, (Unaudited)		
		March 29, March 29, March 29,		Dec. 31,	
(Thousands)	(Thousands)	2023	2022	(Thousands)	2024
Assets	Assets				2023
Current assets	Current assets				
Current assets					
Cash and cash equivalents					
Cash and cash equivalents					
Cash and cash equivalents	Cash and cash equivalents	\$ 16,401	\$ 13,101		
Accounts receivable, net	Accounts receivable, net	186,177	215,211		
Inventories, net	Inventories, net	452,042	423,080		
Prepaid and other current assets	Prepaid and other current assets	54,972	39,056		
Total current assets	Total current assets	709,592	690,448		
Deferred income taxes	Deferred income taxes	3,214	3,265		
Property, plant, and equipment	Property, plant, and equipment	1,252,455	1,209,205		
Less allowances for depreciation, depletion, and amortization	Less allowances for depreciation, depletion, and amortization	(755,626)	(760,440)		

Property, plant, and equipment, net	Property, plant, and equipment, net	496,829	448,765
Operating lease, right-of-use assets	Operating lease, right-of-use assets	57,747	64,249
Intangible assets, net	Intangible assets, net	134,594	143,219
Other assets	Other assets	27,186	22,535
Goodwill	Goodwill	319,435	319,498
Total Assets	Total Assets	\$ 1,748,597	\$1,691,979
Liabilities and Shareholders' Equity	Liabilities and Shareholders' Equity		
Current liabilities	Current liabilities		
Current liabilities			
Current liabilities			
Short-term debt			
Short-term debt			
Short-term debt	Short-term debt	\$ 38,634	\$ 21,105
Accounts payable	Accounts payable	93,096	107,899
Salaries and wages	Salaries and wages	27,971	35,543
Other liabilities and accrued items	Other liabilities and accrued items	40,425	54,993
Income taxes	Income taxes	2,001	3,928
Unearned revenue	Unearned revenue	15,078	15,496
Total current liabilities	Total current liabilities	217,205	238,964
Other long-term liabilities	Other long-term liabilities	11,558	12,181
Operating lease liabilities	Operating lease liabilities	54,111	59,055
Finance lease liabilities	Finance lease liabilities	13,279	13,876
Retirement and post-employment benefits	Retirement and post-employment benefits	20,089	20,422
Unearned income	Unearned income	109,076	107,736
Long-term income taxes	Long-term income taxes	1,155	665
Deferred income taxes	Deferred income taxes	27,795	28,214
Long-term debt	Long-term debt	422,361	410,876
Shareholders' equity	Shareholders' equity		
Serial preferred stock (no par value; 5,000 authorized shares, none issued)	Serial preferred stock (no par value; 5,000 authorized shares, none issued)	—	—
Common stock (no par value; 60,000 authorized shares, issued shares of 27,148 at both September 29 th and December 31 st)		306,593	288,100
Serial preferred stock (no par value; 5,000 authorized shares, none issued)			
Serial preferred stock (no par value; 5,000 authorized shares, none issued)			

Common stock (no par value; 60,000 authorized shares, issued shares of 27,148 at March 29 and December 31)			
Retained earnings	Retained earnings	837,598	769,418
Common stock in treasury	Common stock in treasury	(237,259)	(220,864)
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(40,828)	(41,909)
Other equity	Other equity	5,864	5,245
Total shareholders' equity	Total shareholders' equity	871,968	799,990
Total Liabilities and Shareholders' Equity	Total Liabilities and Shareholders' Equity	\$ 1,748,597	\$1,691,979

See the notes to these consolidated financial statements.

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Materion Corporation and Subsidiaries Consolidated Statements of Cash Flows (Unaudited)						
(Thousands)	(Thousands)	Nine Months Ended		Three Months Ended		
		September 29, 2023	September 30, 2022	(Thousands)	March 29, 2024	March 31, 2023
Cash flows from operating activities:	Cash flows from operating activities:					
Net income	Net income	\$76,234	\$57,226			
Net income	Net income					
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation, depletion, and amortization	Depreciation, depletion, and amortization					
Depreciation, depletion, and amortization	Depreciation, depletion, and amortization					
Depreciation, depletion, and amortization	Depreciation, depletion, and amortization	46,524	39,223			

Amortization of deferred financing costs in interest expense	Amortization of deferred financing costs in interest expense	1,284	1,310
Stock-based compensation expense (non-cash)	Stock-based compensation expense (non-cash)	7,578	5,997
Deferred income tax expense (benefit)	(149)	1,825	
Deferred income tax (benefit) expense			
Deferred income tax (benefit) expense			
Deferred income tax (benefit) expense			
Changes in assets and liabilities:	Changes in assets and liabilities:		
Changes in assets and liabilities:			
Accounts receivable			
Accounts receivable			
Accounts receivable	Accounts receivable	27,832	(20,964)
Inventory	Inventory	(30,868)	(64,832)
Prepaid and other current assets	Prepaid and other current assets	(16,175)	(3,019)
Accounts payable and accrued expenses	Accounts payable and accrued expenses	(25,533)	(1,785)
Unearned revenue	Unearned revenue	(12,398)	(2,191)
Interest and taxes payable	Interest and taxes payable	(1,730)	(1,741)
Unearned income due to customer prepayments	Unearned income due to customer prepayments	16,676	17,501
Other-net	Other-net	(4,770)	5,654
Net cash provided by operating activities		84,505	34,204
Net cash (used in) provided by operating activities			
Cash flows from investing activities:	Cash flows from investing activities:		
Payments for purchase of property, plant, and equipment			
Payments for purchase of property, plant, and equipment			

Payments for purchase of property, plant, and equipment	Payments for purchase of property, plant, and equipment	(85,251)	(54,236)
Payments for mine development	Payments for mine development	(9,326)	—
Proceeds from sale of property, plant, and equipment	Proceeds from sale of property, plant, and equipment	417	827
Payments for acquisition, net of cash acquired		—	(2,971)
Net cash used in investing activities			
Net cash used in investing activities			
Net cash used in investing activities	Net cash used in investing activities	(94,160)	(56,380)
Cash flows from financing activities:	Cash flows from financing activities:		
Proceeds from borrowings under credit facilities, net	39,649	55,735	
Repayment of long-term debt	(11,579)	(11,761)	
Proceeds from borrowings under revolving credit agreement, net			
Proceeds from borrowings under revolving credit agreement, net			
Proceeds from borrowings under revolving credit agreement, net			
Repayment of debt			
Repayment of debt			
Repayment of debt			
Principal payments under finance lease obligations			
Principal payments under finance lease obligations			
Principal payments under finance lease obligations	Principal payments under finance lease obligations	(1,297)	(1,985)
Cash dividends paid	Cash dividends paid	(7,937)	(7,584)
Payments of withholding taxes for stock-based compensation awards			
Payments of withholding taxes for stock-based compensation awards			
Payments of withholding taxes for stock-based compensation awards	Payments of withholding taxes for stock-based compensation awards	(5,101)	(3,056)

Net cash provided by financing activities	Net cash provided by financing activities	13,735	31,349
Effects of exchange rate changes	Effects of exchange rate changes	(780)	(2,953)
Net change in cash and cash equivalents	Net change in cash and cash equivalents	3,300	6,220
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	13,101	14,462
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	<u><u>\$16,401</u></u>	<u><u>\$20,682</u></u>

See notes to these consolidated financial statements.

Materion Corporation and Subsidiaries
Consolidated Statements of Shareholders' Equity
(Unaudited)

		Common Shares		Shareholders' Equity								Common Shares		Shareholders' Equity					
(Thousands, except per share amounts)	(Thousands, except per share amounts)	Common Shares	Common Shares	Common	Held in Common	Common Retained Stock in Treasury	Common Treasury	Accumulated Other	Stock in Treasury	Comprehensive Other	Other	(Thousands, except per share amounts)	Common Shares	Common Shares	Held in Common	Common Retained Stock in Treasury	Common Treasury	Accumulated Other	Other
Balance at June 30, 2023		20,637	(6,511)	\$303,390	\$813,793	\$236,423	\$ (39,443)	\$5,806	\$847,123										
Balance at December 31, 2023																			
Net income	Net income	—	—	—	\$ 26,564	—	—	—	—	—	26,564								
Other comprehensive income		—	—	—	—	—	—	(1,385)	—	—	(1,385)								
Cash dividends declared (\$0.130 per share)		—	—	—	(2,683)	—	—	—	—	—	(2,683)								
Other comprehensive loss																			
Cash dividends declared (\$0.13 per share)																			

Stock-based compensation activity	Stock-based compensation activity	8	8	3,174	(76)	(562)	—	—	2,536
Payments of withholding taxes for stock-based compensation awards	Payments of withholding taxes for stock-based compensation awards	(3)	(3)	—	—	(229)	—	—	(229)
Directors' deferred compensation	Directors' deferred compensation	—	—	29	—	(45)	—	58	42
Balance at September 29, 2023		20,642	(6,506)	\$306,593	\$837,598	\$(237,259)	\$ (40,828)	\$5,864	\$871,968
Balance at March 29, 2024									
Balance at July 1, 2022		20,523	(6,625)	\$281,296	\$725,918	\$(218,356)	\$ (44,619)	\$4,915	\$749,154
Balance at December 31, 2022									
Balance at December 31, 2022									
Net income	Net income	—	—	—	19,952	—	—	—	19,952
Other comprehensive income	Other comprehensive income	—	—	—	—	(1,961)	—	—	(1,961)
Other comprehensive loss	Other comprehensive loss	—	—	—	—	—	—	—	—
Cash dividends declared (\$0.125 per share)	Cash dividends declared (\$0.125 per share)	—	—	—	(2,557)	—	—	—	(2,557)
Stock-based compensation activity	Stock-based compensation activity	6	6	2,695	(30)	(392)	—	—	2,273
Payments of withholding taxes for stock-based compensation awards	Payments of withholding taxes for stock-based compensation awards	(2)	(2)	—	—	(244)	—	—	(244)
Directors' deferred compensation	Directors' deferred compensation	1	1	33	—	(227)	—	254	60
Balance at September 30, 2022		20,528	(6,620)	\$284,024	\$743,283	\$(219,219)	\$ (46,580)	\$5,169	\$766,677
Balance at March 31, 2023									

(Thousands, except per share amounts)	Common Shares				Shareholders' Equity				
	Common					Common		Accumulated Other	
	Common Shares	Shares Held in Treasury	Common Stock	Retained Earnings	Stock in Treasury	Comprehensive Loss	Other Equity	Total	
Balance at December 31, 2022	20,543	(6,605)	\$ 288,100	\$ 769,418	\$ (220,864)	\$ (41,909)	\$ 5,245	\$ 799,990	
Net income	—	—	—	76,234	—	—	—	—	76,234
Other comprehensive loss	—	—	—	—	—	—	1,081	—	1,081
Cash dividends declared (\$0.385 per share)	—	—	—	(7,937)	—	—	—	—	(7,937)
Stock-based compensation activity	146	146	18,416	(117)	(10,721)	—	—	—	7,578
Payments of withholding taxes for stock-based compensation awards	(48)	(48)	—	—	(5,101)	—	—	—	(5,101)
Directors' deferred compensation	1	1	77	—	(573)	—	619	123	
Balance at September 29, 2023	20,642	(6,506)	\$ 306,593	\$ 837,598	\$ (237,259)	\$ (40,828)	\$ 5,864	\$ 871,968	
Balance at December 31, 2021	20,448	(6,700)	\$ 271,978	\$ 693,756	\$ (209,920)	\$ (40,169)	\$ 4,795	\$ 720,440	
Net income	—	—	—	57,226	—	—	—	—	57,226
Other comprehensive loss	—	—	—	—	—	—	(6,411)	—	(6,411)
Cash dividends declared (\$0.370 per share)	—	—	—	(7,584)	—	—	—	—	(7,584)
Stock-based compensation activity	115	115	11,938	(115)	(5,941)	—	—	—	5,882
Payments of withholding taxes for stock-based compensation awards	(37)	(37)	—	—	(3,056)	—	—	—	(3,056)
Directors' deferred compensation	2	2	108	—	(302)	—	374	\$ 180	
Balance at September 30, 2022	20,528	(6,620)	\$ 284,024	\$ 743,283	\$ (219,219)	\$ (46,580)	\$ 5,169	\$ 766,677	

See notes to these consolidated financial statements.

Materion Corporation and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

Note A — Accounting Policies

Basis of Presentation:

The accompanying consolidated financial statements of Materion Corporation and its subsidiaries (referred to herein as the Company, our, we, or us) contain all of the adjustments necessary to present fairly the financial position, results of operations, and cash flows for the interim periods reported. All adjustments were of a normal and recurring nature.

These consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company's 2022 2023 Annual Report on Form 10-K. The interim period results are not necessarily indicative of the results to be expected for the full year.

New Pronouncements Adopted: Recently Issued Accounting Standards:

In March 2020, November 2023, the Financial Accounting Standards Board (FASB) issued ASU No. 2023-07 "Improvements to Reportable Segment Disclosures (Topic 280)". This ASU updates current reportable segment disclosure requirements to require disclosures of significant reportable segment expenses that are regularly provided to the Chief Operating Decision Maker (CODM) and included within each reported measure of a segment's profit or loss. This ASU also requires disclosure of the title and position of the individual identified as the CODM and an explanation of how the CODM uses the reported measures of a segment's profit or loss in assessing segment performance and deciding how to allocate resources. This ASU will be effective for the annual period ending December 31, 2024. Adoption of this ASU will result in additional disclosure, but it will not impact the Company's consolidated financial position, results of operations or cash flows.

In December 2023, the FASB issued ASU 2020-04, *Reference Rate Reform* No. 2023-09 "Improvements to Income Tax Disclosures (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting740". This guidance is intended ASU updates current income tax disclosure requirements to provide temporary optional expedites and exceptions to require disclosures of specific categories of information within the U.S. GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burden related to the expected market transition from the London Interbank Offered Rate (LIBOR) and other interbank offered rates to alternative reference rates. effective

tax rate reconciliation, as well as disclosure of income taxes paid disaggregated by jurisdiction. This guidance is available immediately and may ASU will be implemented in any period prior to the guidance expiration on December 31, 2024. The Company has applied this guidance in accounting effective for the interest rate swaps discussed annual period ending December 31, 2025. Adoption of this ASU will result in Note N. Any additional reference rate reform impacts disclosure, but it will be accounted for in accordance with ASU 2020-04 and ASU 2022-06.

No other recently issued or effective ASUs had, or are expected to have, a material effect on not impact the Company's Company's consolidated financial position, results of operations financial condition, or liquidity cash flows.

Note B — Segment Reporting

The Company has the following reportable segments: Performance Materials, Electronic Materials, Precision Optics, and Other. The Company's reportable segments represent components of the Company for which separate financial information is available that is utilized on a regular basis by the Chief Executive Officer, the Company's chief operating decision maker, in determining how to allocate the Company's resources and evaluate performance.

Performance Materials provides advanced engineered solutions comprised of beryllium and non-beryllium containing alloy systems and custom engineered parts in strip, bulk, rod, plate, bar, tube, and other customized shapes.

Electronic Materials produces advanced chemicals, microelectric packaging, precious metal, non-precious metal, and specialty metal products, including vapor deposition targets, frame lid assemblies, clad and precious metal preforms and high temperature braze materials, and ultra-fine wire materials.

Precision Optics produces thin film coatings, optical filter materials, sputter-coated, and precision-converted thin film materials.

The Other reportable segment includes unallocated corporate costs and assets.

The primary measurement used by management to measure the financial performance of each segment is earnings before interest, taxes, depreciation and amortization (EBITDA). The below table presents financial information for each segment and a reconciliation of EBITDA to Net Income (the most directly comparable GAAP financial measure) for the third first quarter of 2024 and first nine months of 2023 and 2022.

2023:

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Materion Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

		Third Quarter (Thousands)	Third Quarter (Thousands)	First Nine Months (2023)	First Nine Months (2022)		
Net sales:	Net sales:					Three months ended March 29, 2024	Three months ended March 31, 2023
Performance Materials ⁽¹⁾	Performance Materials ⁽¹⁾						
Performance Materials ⁽¹⁾	Performance Materials ⁽¹⁾	\$184,642	\$169,357	\$ 554,427	\$ 473,876		
Electronic Materials ⁽¹⁾	Electronic Materials ⁽¹⁾	192,305	230,841	611,855	762,649		
Precision Optics	Precision Optics	26,120	27,993	77,862	86,006		
Other	Other	—	—	—	—		
Net sales	Net sales	403,067	428,191	1,244,144	1,322,531		
Segment EBITDA:	Segment EBITDA:						
Performance Materials	Performance Materials						
Performance Materials	Performance Materials	\$ 46,366	\$ 28,866	\$ 134,061	\$ 80,886		

Electronic Materials	Electronic Materials	10,155	16,853	37,504	51,338
Precision Optics	Precision Optics	3,261	3,546	7,654	9,281
Other	Other	(7,497)	(5,839)	(21,750)	(18,206)
Total Segment	Total Segment				
EBITDA	EBITDA	52,285	43,426	157,469	123,299
Income tax expense	Income tax expense	2,963	4,432	11,891	12,525
Interest expense - net	Interest expense - net	7,678	5,888	22,820	14,325
Depreciation, depletion and amortization	Depreciation, depletion and amortization	15,080	13,154	46,524	39,223
Net income	Net income	\$ 26,564	\$ 19,952	\$ 76,234	\$ 57,226

(i) Excludes inter-segment sales of \$3.2 million for the third quarter of 2023 and \$7.3 million for the first nine months of 2023 for Electronic Materials. There were no material inter-segment sales for Performance Materials in 2023. Excludes inter-segment sales of \$0.2 million for the third quarter of 2022 and \$0.6 million for the first nine months of 2022 for Performance Materials and \$3.8 million for the third quarter of 2022 and \$12.1 million for the first nine months of 2022 for Electronic Materials. Inter-segment sales are eliminated in consolidation.

The following table disaggregates revenue for each segment by end market for the **third** first quarter of 2024 and first nine months of 2023 and 2022: 2023:

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Materion Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

(Thousands)	(Thousands)	Performance Materials	Electronic Materials	Precision Optics	Other	Total	(Thousands)	Performance Materials	Electronic Materials	Precision Optics	Other	Total
<u>Third Quarter 2023</u>												
<u>First Quarter 2024</u>												
<u>End Market</u>												
<u>End Market</u>												
<u>Semiconductor</u>												
<u>Semiconductor</u>												
Semiconductor	Semiconductor	\$ 2,712	\$ 151,388	\$ 624	\$ —	\$ 154,724						
Industrial	Industrial	32,046	7,958	6,954	—	46,958						
Aerospace and defense	Aerospace and defense	30,938	1,102	7,124	—	39,164						
Consumer electronics	Consumer electronics	10,827	144	4,254	—	15,225						
Automotive	Automotive	19,447	1,747	2,606	—	23,800						
Energy	Energy	13,013	25,179	—	—	38,192						
Telecom and data center	Telecom and data center	15,685	10	—	—	15,695						
Other	Other	59,974	4,777	4,558	—	69,309						
Total	Total	\$ 184,642	\$ 192,305	\$ 26,120	\$ —	\$ 403,067						
<u>Third Quarter 2022</u>												
<u>First Quarter 2023</u>												

First Quarter 2023

First Quarter 2023

End Market End Market

End Market

End Market

Semiconductor

Semiconductor

Semiconductor	Semiconductor	\$ 2,410	\$ 185,223	\$ 1,151	\$ —	\$ 188,784
Industrial	Industrial	44,550	9,383	7,564	—	61,497
Aerospace and defense	Aerospace and defense	28,262	1,243	3,532	—	33,037
Consumer electronics	Consumer electronics	9,607	364	6,799	—	16,770
Automotive	Automotive	24,802	1,863	2,268	—	28,933
Energy	Energy	15,971	25,220	—	—	41,191
Telecom and data center	Telecom and data center	15,412	42	—	—	15,454
Other	Other	28,343	7,503	6,679	—	42,525
Total	Total	\$ 169,357	\$ 230,841	\$ 27,993	\$ —	\$ 428,191

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Materion Corporation and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

(Thousands)	Performance						Total			
	Materials	Electronic Materials		Precision Optics	Other					
<u>First Nine Months 2023</u>										
End Market										
Semiconductor	\$ 9,713	\$ 487,361	\$ 2,279	\$ —	\$ 499,353					
Industrial	111,436	25,102	22,400	—	158,938					
Aerospace and defense	92,734	4,670	17,771	—	115,175					
Consumer electronics	30,473	526	11,075	—	42,074					
Automotive	66,753	4,966	7,090	—	78,809					
Energy	38,597	71,940	—	—	110,537					
Telecom and data center	49,223	68	—	—	49,291					
Other	155,498	17,222	17,247	—	189,967					
Total	\$ 554,427	\$ 611,855	\$ 77,862	\$ —	\$ 1,244,144					
<u>First Nine Months 2022</u>										
End Market										
Semiconductor	\$ 6,657	\$ 613,887	\$ 4,007	\$ —	\$ 624,551					
Industrial	125,588	37,206	23,605	—	186,399					
Aerospace and defense	79,561	5,141	12,344	—	97,046					
Consumer electronics	38,822	969	17,925	—	57,716					
Automotive	71,893	4,985	7,294	—	84,172					
Energy	38,231	79,701	—	—	117,932					
Telecom and data center	47,716	107	—	—	47,823					
Other	65,408	20,653	20,831	—	106,892					

Total	\$ 473,876	\$ 762,649	\$ 86,006	\$ —	\$ 1,322,531
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Note C — Revenue Recognition

Net sales consist primarily of revenue from the sale of precious and non-precious specialty metals, beryllium and copper-based alloys, beryllium composites, and other products into numerous end markets. The Company requires an agreement with a customer that creates enforceable rights and performance obligations. The Company generally recognizes revenue in an amount that reflects the consideration to which it expects to be entitled upon satisfaction of a performance obligation by transferring control over a product to the customer. Control over a product is generally transferred to the customer when the Company has a present right to payment, the customer has legal title, the customer has physical possession, the customer has the significant risks and rewards of ownership, and/or the customer has accepted the product.

Transaction Price Allocated to Future Performance Obligations: Accounting Standards Codification 606, *Revenue from Contracts with Customers*, requires that the Company disclose the aggregate amount of transaction price that is allocated to performance obligations that have not yet been satisfied at **September 29, 2023** **March 29, 2024**. Remaining performance obligations include non-cancelable purchase orders and customer contracts. The guidance provides certain practical expedients that limit this requirement. As such, the Company does not disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less.

After considering the practical expedient at **September 29, 2023** **March 29, 2024**, the aggregate amount of the transaction price allocated to remaining performance obligations was approximately \$55.9 million. **\$57.9 million**.

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Materion Corporation and Subsidiaries
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(Unaudited)

Contract Balances: The timing of revenue recognition, billings, and cash collections resulted in the following contract assets and contract liabilities:

(Thousands)	September 29, 2023	December 31, 2022	%		March 29, 2024		December 31, 2023	\$ change	%
			\$ change	% change					
Accounts receivable, trade	\$ 186,937	\$ 215,726	\$(28,789)	(13) %	Accounts receivable, trade	\$ 189,110	\$ 193,345	\$ (4,235)	(2) %
Unbilled receivables	16,910	10,765	6,145	57 %	Unbilled receivables	32,991	29,524	29,524	3,467
Unearned revenue	15,078	15,496	(418)	(3) %	Unearned revenue	14,793	13,843	13,843	950

Accounts receivable, trade represents payments due from customers relating to the transfer of the Company's products and services. The Company believes that its receivables are collectible and appropriate allowances for doubtful accounts have been recorded. Impairment losses (bad debt) incurred related to our receivables were immaterial during the **third quarter** **first three months of 2023**, **2024**.

Unbilled receivables represent expenditures on contracts, plus applicable profit margin, not yet billed. Unbilled receivables are generally billed and collected within one year. Billings made on contracts are recorded as a reduction of unbilled receivables. **Unbilled receivables are included within the prepaid and other current assets line item on the Consolidated Balance Sheet.**

Unearned revenue is recorded for consideration received from customers in advance of satisfaction of the related performance obligations. The Company recognized approximately \$11.6 million **\$6.9 million** of the **December 31, 2022** **December 31, 2023** unearned amounts as revenue during the first **nine** **three months of 2023**, **2024**.

As a practical expedient, the Company does not adjust the promised amount of consideration for the effects of a significant financing component because the period between the transfer of a product or service to a customer and when the customer pays for that product or service will be one year or less. The Company does not include extended payment terms in its contracts with customers.

Note D — Restructuring

Over the first nine months of 2023, the Company implemented various restructuring initiatives across the Performance Materials, Electronic Materials and Precision Optics segments to improve operational efficiency during the first three months of 2024 and 2023. This resulted in severance and related costs of approximately \$1.1 million and \$3.2 million during the three months ended **March 29, 2024** and **nine** \$0.7 million during the three months ended **September 29, 2023**, respectively. Approximately \$1.9 million of the \$1.6 million, approximately \$0.9 million of those severance costs were paid as of **September 29, 2023** **March 29, 2024**.

In the first nine months of 2022, the Company recorded a combined total of \$1.6 million of restructuring charges in our Precision Optics, Electronic Materials and Other segments as a result of cost reduction actions taken in order to reduce our fixed cost structure.

Note E — Other-net

Other-net for the **third first quarter of 2024** and **first nine months of 2023 and 2022** is summarized as follows:

	Third Quarter Ended				Nine Months Ended				First Quarter Ended	
	September		September		September		September		March 29,	March 31,
	29,	30,	29,	30,	(Thousands)		(Thousands)		2024	2023
(Thousands)	(Thousands)	2023	2022	2023	2022					
Amortization of intangible assets	Amortization of intangible assets	\$ 3,153	\$ 3,088	\$ 9,403	\$ 9,318					
Metal consignment fees	Metal consignment fees	2,580	3,111	8,307	8,993					
Foreign currency (gain) loss	Foreign currency (gain) loss	609	235	571	(70)					
Foreign currency loss (gain)	Foreign currency loss (gain)									
Other items	Other items	(131)	340	(103)	334					
Total	Total	\$ 6,211	\$ 6,774	\$ 18,178	\$ 18,575					

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Materion Corporation and Subsidiaries Notes to Consolidated Financial Statements (Unaudited)

Note F — Income Taxes

The Company's effective tax rate for the **third first quarter of 2024** and **2023** was **8.2%** and **2022** was **10.0%** and **18.2% 15.2%**, respectively, and **13.5%** and **18.0%** in the **first nine months of 2023 and 2022**, respectively. The effective tax rate for **2023** was lower than the statutory tax rate primarily due to the impact **first quarter of the foreign derived intangible income deduction, percentage depletion, research and development and production credits**. The effective tax rate for **2022 2024** was lower than the statutory tax rate primarily due to the impact of **percentage depletion, research and development credits and the foreign-derived foreign derived intangible income deduction, deduction, and excess tax benefits from stock-based compensation awards**. The effective tax rate for the **first nine months quarter of 2024 and 2023** included a net discrete income tax benefit of **\$3.4 \$1.2 million** primarily related to an optimization of our foreign-derived intangible income deduction benefit, excess tax benefits from stock-based compensation awards and return to provision adjustments. The effective tax rate for the **first nine months of 2022** included a net discrete income tax benefit of **\$0.9 \$0.5 million**, respectively, primarily related to excess tax benefits from stock-based compensation awards and return to provision adjustments. awards.

Government Tax Credits

On August 16, 2022, President Biden signed the

Pursuant to The Inflation Reduction Act of 2022 (IRA) into law. The IRA, among other provisions, includes a new corporate alternative minimum tax on certain large corporations and new or enhanced federal energy and manufacturing tax credits effective, the Company is eligible for tax years the Advanced Manufacturing Production Credit ("production credit") beginning in 2023. The Company is not subject to the minimum tax as our average annual book profits over the prior three-year period were less than \$1 billion. The IRA introduced a new advanced manufacturing production credit (production credit), which provides an annual cash benefit for a portion of the production costs for the sale of certain critical minerals produced in the U.S. and sold by a taxpayer during the year.

The IRA affords On December 15, 2023, the Company eligibility to a production credit beginning in 2023, for which the Company expects to recognize cash savings of approximately \$10 million for the year ending December 31, 2023. The issuance of guidance and interpretation as to the eligibility for, calculation of, and methods for claiming U.S. Treasury Department published proposed regulations on the production credit remain pending. We will continue that include clarifying guidance regarding the definition of production costs in the computation of the production credit. Although the proposed guidance is not authoritative and is subject to monitor developments related change in the regulatory review process, the guidance indicates that the Treasury Department may implement a narrower definition of eligible production costs in the final regulations. The ultimate amount of the benefit that the Company is entitled to receive in connection with the production credit from will depend on the Internal Revenue Service and U.S. Treasury Department and evaluate final regulations issued on the potential impact to the Company's production credit. The Company will finalize the expected annual production credit impact as further guidance is issued.

The Company records the production credit is recorded as a reduction in cost of goods sold as the applicable items are produced and sold. U.S. GAAP does not address the accounting for government grants received by a business entity that are outside the scope of ASC 740; our accounting policy is to analogize to IAS 20, Accounting for

Government Grants and Disclosure of Government Assistance, under IFRS Accounting Standards. We recognize the benefit of tax production credits accounted for by applying IAS 20 in pretax income on a systematic basis in line with its recognition of the expenses that the grant is intended to compensate.

Pillar Two

The Organization for Economic Co-operation and Development (OECD) introduced rules to establish a global minimum corporate tax, commonly referred to as Pillar Two. Numerous foreign countries have enacted legislation to implement the Pillar Two rules, effective beginning in 2024, or are expected to enact similar legislation. The Company continues to evaluate the Pillar Two rules but does not expect Pillar Two to have a significant impact on its effective tax rate or consolidated results of operations, financial position, and cash flows.

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Materion Corporation and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

Note G — Earnings Per Share (EPS)

The following table sets forth the computation of basic and diluted EPS:

	Third Quarter Ended		Nine Months Ended		
	September	September	September		
	September 29,	30,	29,	30,	
First Quarter					
	Ended				First Quarter Ended
	March				
	29,				
(Thousands, except per share amounts)	(Thousands, except per share amounts)				
	2023	2022	2023	2022	(Thousands, except per share amounts)
Numerator for basic and diluted EPS:	Numerator for basic and diluted EPS:				
Net income	\$ 26,564	\$19,952	\$ 76,234	\$57,226	2024
Net income (loss)					2023
Net income (loss)					
Net income (loss)					
Denominator: Denominator:					
Denominator for basic EPS:	Denominator for basic EPS:				
Denominator for basic EPS:					
Denominator for basic EPS:					
Weighted-average shares outstanding					
Weighted-average shares outstanding					
Weighted-average shares outstanding					
Weighted-average shares outstanding	Weighted-average shares outstanding				
20,640	20,526	20,611	20,502		
Effect of dilutive securities:	Effect of dilutive securities:				
Stock appreciation rights					
Stock appreciation rights					

Stock appreciation rights	Stock appreciation rights	79	85	87	85
Restricted stock units	Restricted stock units	84	98	89	113
Performance-based restricted stock units	Performance-based restricted stock units	102	71	104	55
Diluted potential common shares	Diluted potential common shares	265	254	280	254
Denominator for diluted EPS:	Denominator for diluted EPS:				
Adjusted weighted-average shares outstanding	Adjusted weighted-average shares outstanding	20,905	20,780	20,891	20,756

Adjusted weighted-average shares outstanding
Adjusted weighted-average shares outstanding

Basic EPS	Basic EPS	\$ 1.29	\$ 0.97	\$ 3.70	\$ 2.79
Diluted EPS	Diluted EPS	\$ 1.27	\$ 0.96	\$ 3.65	\$ 2.76

Adjusted weighted-average shares outstanding - diluted exclude securities totaling 47,250 71,285 and 45,016 17,902 for the quarters ended September 29, 2023 March 29, 2024 and September 30, 2022, respectively, and 36,927 and 54,680 for the nine months ended September 29, 2023 and September 30, 2022 March 31, 2023, respectively. These securities are primarily related to restricted stock units (RSUs) and stock appreciation rights (SARs) with fair market values and exercise prices greater than the average market price of the Company's common shares and were excluded from the dilution calculation as the effect would have been anti-dilutive.

Note H — Inventories

Inventories on the Consolidated Balance Sheets are summarized as follows:

(Thousands)	(Thousands)	December		(Thousands)	2024	2023			
		September 29, 31,							
		March 29,							
Raw materials and supplies	Raw materials and supplies	\$ 109,731	\$ 113,694						
Work in process	Work in process	269,508	249,105						
Finished goods	Finished goods	72,803	60,281						
Inventories, net	Inventories, net	\$ 452,042	\$ 423,080						

The Company maintains the majority of the precious metals and copper used in production on a consignment basis in order to reduce its exposure to metal market price movements and to reduce its working capital investment. The notional value of off-balance sheet precious metals and copper was \$344.8 million \$332.1 million and \$373.1 million \$351.5 million as of September 29, 2023 March 29, 2024 and December 31, 2022 December 31, 2023, respectively.

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Materion Corporation and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

Note I — Customer Prepayments

In 2020, the Company entered into an investment agreement and a master supply agreement with a customer to procure equipment to manufacture product for the customer. The customer provided prepayments to the Company to fund the necessary infrastructure improvements and procure the equipment necessary to supply the customer with the desired product. The Company owns, operates and maintains the equipment that is being used to manufacture product for the customer.

Revenue will be recognized as the Company fulfills purchase orders and ships the commercial product to the customer, as product delivery is considered the satisfaction of the performance obligation.

Additionally, during the second quarter of 2022, the Company entered into an amendment to the investment agreement with the same customer to procure additional equipment to manufacture product for the customer. During **In** 2023 the Company **has received approximately \$16.7 million in prepayments under the terms** remaining prepayment related to this amendment, the total of **this amended agreement** which approximated \$38.6 million.

As of **September 29, 2023** **March 29, 2024** and **December 31, 2022** **December 31, 2023**, **\$90.0** **\$77.9 million** and **\$85.9** **\$84.7 million**, respectively, of prepayments are classified as Unearned income on the Consolidated Balance Sheets. The prepayments will remain in Unearned income until commercial purchase orders are received for product serviced out of the equipment, at which time a portion of the purchase order value related to prepayments will be reclassified to Unearned revenue. As of **September 29, 2023** **\$5.8** **March 29, 2024** **\$7.5 million** of the prepayments are classified as Unearned revenue.

Note J — Pensions and Other Post-employment Benefits

The following is a summary of the net periodic benefit (income)/cost for the **third** **first** quarter of 2024 and **first** **nine** months ended **September 29, 2023** and **September 30, 2022**, respectively, 2023 for the pension plans as shown below. The Pension Benefits column aggregates columns aggregate defined benefit pension plans in the U.S., Germany, Liechtenstein, England, and the U.S. supplemental retirement plans. The Other Benefits column includes columns include the domestic retiree medical and life insurance plan.

(Thousands)	Pension Benefits				Other Benefits			
	Third Quarter Ended		Third Quarter Ended		September 29,		September 30,	
	September 29,	September 30,	September 29,	September 30,	2023	2022	2023	2022
Components of net periodic benefit (credit) cost								
Service cost								
Service cost	\$ 209	\$ 281	\$ 13	\$ 21				
Interest cost	1,966	1,203	68	39				
Expected return on plan assets	(2,421)	(2,380)	—	—				
Amortization of prior service (benefit) cost	(21)	(19)	(139)	(374)				
Amortization of net loss (gain)	(75)	410	(95)	(68)				
Net periodic benefit (credit) cost	\$ (342)	\$ (505)	\$ (153)	\$ (382)				
Components of net periodic benefit (credit) cost								
Service cost								
Service cost	\$ 642	\$ 891	\$ 38	\$ 63				
Interest cost	5,909	3,639	205	117				
Expected return on plan assets	(7,282)	(7,158)	—	—				
Amortization of prior service (benefit) cost	(65)	(57)	(417)	(1,122)				
Amortization of net loss (gain)	(231)	1,260	(285)	(204)				
Net periodic benefit (credit) cost	\$ (1,027)	\$ (1,425)	\$ (459)	\$ (1,146)				

Materion Corporation and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

(Thousands)	Pension Benefits				Other Benefits			
	First Quarter Ended				First Quarter Ended			
	March 29, 2024		March 31, 2023		March 29, 2024		March 31, 2023	
	\$	268	\$	222	\$	12	\$	13
Components of net periodic benefit (income) cost								
Service cost								
Interest cost								
Expected return on plan assets								
Amortization of prior service cost (benefit)								
Amortization of net loss (gain)								
Total net benefit (income) cost								
	<u>\$</u>	<u>(344)</u>	<u>\$</u>	<u>(348)</u>	<u>\$</u>	<u>(17)</u>	<u>\$</u>	<u>(153)</u>

The Company did not make any contributions to its domestic defined benefit plan in the third first quarter of 2024 or first nine months of 2023 or 2022, 2023.

The Company reports the service cost component of net periodic benefit cost in the same line item as other compensation costs in operating expenses and the non-service cost components of net periodic benefit cost in Other non-operating (income) expense.

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Materion Corporation and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

Note K — Accumulated Other Comprehensive Income (Loss)

Changes in the components of accumulated other comprehensive income, including the amounts reclassified, for the third first quarter of 2024 and first nine months of 2023 and 2022 are as follows:

		Gains and Losses on Cash Flow Hedges							
		Gains and Losses on Cash Flow Hedges							
(Thousands)	(Thousands)	Pension and Post-Employment Benefits							
		Foreign Currency	Interest Rate	Precious Metals	Total	Employment Benefits	Foreign Currency	Translation	Total
Balance at June 30, 2023		\$1,290	\$7,069	\$ (443)	\$ 7,916	\$ (40,549)	\$ (6,810)	\$ (39,443)	
(Thousands)		Pension and Post-Employment Benefits							
(Thousands)		Foreign Currency	Interest Rate	Precious Metals	Total	Employment Benefits	Foreign Currency	Translation	Total
Balance at December 31, 2023									
Other comprehensive income (loss) before reclassifications	Other comprehensive income (loss) before reclassifications	766	2,398	515	3,679	—	(3,259)	420	

Amounts reclassified from accumulated other comprehensive income (loss)	Amounts reclassified from accumulated other comprehensive income (loss)	—	(1,140)	83	(1,057)	(299)	—	(1,356)
Net current period other comprehensive (loss) income before tax	Net current period other comprehensive (loss) income before tax	766	1,258	598	2,622	(299)	(3,259)	(936)
Deferred taxes	Deferred taxes	176	289	138	603	(154)	—	449
Net current period other comprehensive (loss) income after tax	Net current period other comprehensive (loss) income after tax	590	969	460	2,019	(145)	(3,259)	(1,385)
Balance at September 29, 2023	Balance at September 29, 2023	\$1,880	\$8,038	\$ 17	\$ 9,935	\$ (40,694)	\$ (10,069)	\$ (40,828)
Balance at March 29, 2024	Balance at March 29, 2024							
Balance at July 1, 2022	Balance at July 1, 2022	\$3,226	\$3,250	\$ 108	\$ 6,584	\$ (39,926)	\$ (11,277)	\$ (44,619)
Balance at December 31, 2022	Balance at December 31, 2022							
Balance at December 31, 2022	Balance at December 31, 2022							
Other comprehensive (loss) income before reclassifications	Other comprehensive (loss) income before reclassifications	837	4,360	441	\$ 5,638	—	(6,094)	(456)
Amounts reclassified from accumulated other comprehensive income (loss)	Amounts reclassified from accumulated other comprehensive income (loss)	(41)	(115)	(126)	\$ (282)	(18)	—	(300)
Net current period other comprehensive (loss) income before tax	Net current period other comprehensive (loss) income before tax	796	4,245	315	5,356	(18)	(6,094)	(756)
Deferred taxes	Deferred taxes	183	976	72	1,231	(26)	—	1,205
Net current period other comprehensive (loss) income after tax	Net current period other comprehensive (loss) income after tax	613	3,269	243	4,125	8	(6,094)	(1,961)
Balance at September 30, 2022	Balance at September 30, 2022	\$3,839	\$6,519	\$ 351	\$10,709	\$ (39,918)	\$ (17,371)	\$ (46,580)
Balance at March 31, 2023	Balance at March 31, 2023							

Materion Corporation and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

(Thousands)	Gains and Losses on Cash Flow Hedges					Pension and Post-Employment Benefits	Foreign Currency Translation	Total
	Foreign Currency	Interest Rate	Precious Metals	Total				
Balance at December 31, 2022	\$ 1,243	\$ 6,055	\$ (223)	\$ 7,075		\$ (40,228)	\$ (8,756)	\$ (41,909)
Other comprehensive income (loss) before reclassifications	862	5,525	119	6,506		—	(1,313)	5,193
Amounts reclassified from accumulated other comprehensive income (loss)	(35)	(2,950)	193	(2,792)		(844)	—	(3,636)
Net current period other comprehensive (loss) income before tax	827	2,575	312	3,714		(844)	(1,313)	1,557
Deferred taxes	190	592	72	854		(378)	—	476
Net current period other comprehensive (loss) income after tax	637	1,983	240	2,860		(466)	(1,313)	1,081
Balance at September 29, 2023	<u><u>\$ 1,880</u></u>	<u><u>\$ 8,038</u></u>	<u><u>\$ 17</u></u>	<u><u>\$ 9,935</u></u>		<u><u>\$ (40,694)</u></u>	<u><u>\$ (10,069)</u></u>	<u><u>\$ (40,828)</u></u>
Balance at December 31, 2021	\$ 2,348	\$ —	\$ 72	\$ 2,420		\$ (39,702)	\$ (2,887)	\$ (40,169)
Other comprehensive (loss) income before reclassifications	2,107	8,228	388	10,723		—	(14,484)	(3,761)
Amounts reclassified from accumulated other comprehensive income (loss)	(170)	238	(27)	41		(1,028)	—	(987)
Net current period other comprehensive (loss) income before tax	1,937	8,466	361	10,764		(1,028)	(14,484)	(4,748)
Deferred taxes	446	1,947	82	2,475		(812)	—	1,663
Net current period other comprehensive (loss) income after tax	1,491	6,519	279	8,289		(216)	(14,484)	(6,411)
Balance at September 30, 2022	<u><u>\$ 3,839</u></u>	<u><u>\$ 6,519</u></u>	<u><u>\$ 351</u></u>	<u><u>\$ 10,709</u></u>		<u><u>\$ (39,918)</u></u>	<u><u>\$ (17,371)</u></u>	<u><u>\$ (46,580)</u></u>

Reclassifications from accumulated other comprehensive income (loss) of gains and losses on foreign currency cash flow hedges are recorded in Net sales in the Consolidated Statements of **Income**. Reclassifications from accumulated other comprehensive income (loss) of gains and losses on precious metal and copper cash flow hedges are recorded in Cost of sales in the Consolidated Statements of Income. Reclassifications from accumulated other comprehensive income (loss) of gains and losses on the interest rate cash flow hedge is recorded in Interest expense in the Consolidated Statements of Income. Refer to Note N for additional details on cash flow hedges.

Reclassifications from accumulated other comprehensive income (loss) for pension and post-employment benefits are included in the computation of the net periodic pension and post-employment benefit expense. Refer to Note J for additional details on pension and post-employment expenses.

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Materion Corporation and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

Note L — Stock-based Compensation Expense

Stock-based compensation expense, which includes awards settled in shares and in cash, was \$2.6 million and **\$7.8 million** **\$2.4 million** in the **third** **first** quarter of 2024 and **first nine months of 2023**, respectively, compared to \$2.2 million and \$6.0 million, respectively, in the same periods of 2022, respectively.

The Company granted **47,084** stock appreciation rights (SARs) **36,919** SARs to certain employees during the **first** **nine months** quarter of **2023**, **2024**. The weighted-average exercise price per share and weighted-average fair value per share of the SARs granted during the **nine** **three** months ended **September 29, 2023** **March 29, 2024** were **\$113.28** **\$135.58** and **\$42.27**, **\$50.46**, respectively. The Company estimated the fair value of the SARs using the following weighted-average assumptions in the Black-Scholes model:

Risk-free interest rate	4.27	4.17 %
Dividend yield	0.44	0.38 %
Volatility	39.0	38.3 %
Expected term (in years)	4.5	4.6

The Company granted 54,788 37,466 stock-settled restricted stock units (RSUs) RSUs to certain employees during the first nine months quarter of 2023 2024. The Company measures the fair value of stock-settled RSUs based on the closing market price of a share of Materion common stock on the date of the grant. The weighted-average fair value per share was \$112.53 \$135.57 for stock-settled RSUs granted to employees during the nine three months ended September 29, 2023 March 29, 2024. RSUs are generally expensed over the vesting period of three years for employees.

The Company granted stock-settled performance-based restricted stock units (PRSUs) to certain employees in the first nine months quarter of 2023 2024. The weighted-average fair value of the stock-settled PRSUs was \$154.97 \$169.26 per share and will be expensed over the vesting period of three years. The final payout to the employees for all PRSUs will be based upon the Company's return on invested capital and its total return to shareholders over the vesting period relative to a peer group's performance over the same period.

At September 29, 2023 March 29, 2024, unrecognized compensation cost related to the unvested portion of all stock-based awards was approximately \$17.0 million, \$25.5 million, and is expected to be recognized over the remaining vesting period of the respective grants.

Note M — Fair Value of Financial Instruments

The Company measures and records financial instruments at fair value. A hierarchy is used for those instruments measured at fair value that distinguishes between assumptions based on market data (observable inputs) and the Company's assumptions (unobservable inputs). The hierarchy consists of three levels:

Level 1 — Quoted market prices in active markets for identical assets and liabilities;

Level 2 — Inputs other than Level 1 inputs that are either directly or indirectly observable; and

Level 3 — Unobservable inputs developed using estimates and assumptions developed by the Company, which reflect those that a market participant would use.

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Notes to Consolidated Financial Statements
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The following table summarizes the financial instruments measured at fair value in the Consolidated Balance Sheets as of September 29, 2023 March 29, 2024 and December 31, 2022 December 31, 2023:

(Thousands)	(Thousands)	Quoted Prices								
		in Active		Significant		Markets for		Significant		
		Identical	Other	Observable	Unobservable	Inputs	Inputs	(Level 1)	(Level 2)	(Level 3)
(Thousands)	(Thousands)	2023	2022	2023	2022	2023	2022	2023	2022	2023
Financial Assets	Financial Assets									
Deferred compensation investments	Deferred compensation investments	\$ 4,521	\$ 3,001	\$ 4,521	\$ 3,001	\$ —	\$ —	\$ —	\$ —	\$ —
Deferred compensation investments	Deferred compensation investments									
		(Thousands)	(Thousands)	(Thousands)	(Thousands)	(Thousands)	(Thousands)	(Thousands)	(Thousands)	(Thousands)

Deferred compensation investments								
Foreign currency forward contracts	Foreign currency forward contracts	1,643	1,291	—	—	1,643	1,291	—
Interest rate swap		10,438	7,863	—	—	10,438	7,863	—
Interest rate swaps								
Precious metal swaps	Precious metal swaps	94	118	—	—	94	118	—
Total	Total	\$16,696	\$12,273	\$4,521	\$3,001	\$12,175	\$9,272	\$—
Financial Liabilities								
Deferred compensation liability	Deferred compensation liability	\$ 4,521	\$ 3,001	\$4,521	\$3,001	\$ —	\$ —	\$ —
Deferred compensation liability								
Foreign currency forward contracts	Foreign currency forward contracts	776	1,757	—	—	776	1,757	—
Interest Rate Swap		—	—	—	—	—	—	—
Interest rate swaps								
Precious metal swaps	Precious metal swaps	75	411	—	—	75	411	—
Total	Total	\$ 5,372	\$ 5,169	\$4,521	\$3,001	\$ 851	\$2,168	\$ —

The Company uses a market approach to value the assets and liabilities for financial instruments in the table above. Outstanding contracts are valued through models that utilize market observable inputs, including both spot and forward prices, for the same underlying currencies, metals, and interest rates. The carrying values of the other working capital items and debt in the Consolidated Balance Sheets approximate fair values as of **September 29, 2023** **March 29, 2024** and **December 31, 2022** **December 31, 2023**. The Company's deferred compensation investments and liabilities are based on the fair value of the investments corresponding to the employees' investment selections, primarily in mutual funds, based on quoted prices in active markets for identical assets. Deferred compensation investments are primarily presented in Other assets. Deferred compensation liabilities are primarily presented in Other long-term liabilities.

Note N — Derivative Instruments and Hedging Activity

The Company uses derivative contracts to hedge exposure to movements in interest rates associated with borrowings, foreign currency exposures, and precious metal and copper exposures. The objectives and strategies for using derivatives in these areas are as follows:

Interest Rate. On March 4, 2022, the Company entered into a \$100.0 million interest rate swap to hedge the interest rate risk on the Credit Agreement described in Note P. The swap hedges the change in 1-month **LIBOR Secured Overnight Financial Rate (SOFR)** from March 4, 2022 to November 2, 2026. On March 21, 2023, the Company entered into two \$50.0 million interest rate swaps to hedge the interest rate risk on the Credit Agreement described in Note P. The swaps hedge the change in 1-month USD-SOFR. The purpose of **this hedge** **these hedges** is to manage the risk of changes in the monthly interest payments attributable to changes in the benchmark interest rate.

Foreign Currency. The Company sells a portion of its products to overseas customers in their local currencies, primarily the euro and yen. The Company secures foreign currency derivatives, mainly forward contracts and options, to hedge these anticipated sales transactions. The purpose of the hedge program is to protect against the reduction in the dollar value of foreign currency sales from adverse exchange rate movements. Should the dollar strengthen significantly, the decrease in the translated value of the foreign currency sales should be partially offset by gains on

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the hedge contracts. Depending upon the methods used, the hedge contracts may limit the benefits from a weakening U.S. dollar.

The use of forward contracts locks in a firm rate and eliminates any downside from an adverse rate movement as well as any benefit from a favorable rate movement. The Company may from time to time choose to hedge with options or a tandem of options, known as a collar. These hedging techniques can limit or eliminate the downside risk but can allow for some or all of the benefit from a favorable rate movement to be realized. Unlike a forward contract, a premium is paid for an option; collars, which are a combination of a put and call option, may have a net premium but can be structured to be cash neutral. The Company will primarily hedge with forward contracts due to the relationship between the cash outlay and the level of risk.

The use of foreign currency derivative contracts is governed by policies approved by the Audit Committee of the Board of Directors. A team consisting of senior financial managers reviews the estimated exposure levels, as defined by budgets, forecasts, and other internal data, and determines the timing, amounts, and nature of instruments to use to hedge exposures. Management analyzes the effective hedged rates and the actual and projected gains and losses on the hedging transactions against the program objectives, targeted rates, and levels of risk assumed. Foreign currency contracts are typically layered in at different times for a specified exposure period in order to minimize the impact of market rate movements.

Precious Metals. The Company maintains the majority of its precious metal production requirements on consignment in order to reduce its working capital investment and the exposure to metal price movements. When a product containing precious metal is fabricated and delivered to the customer, the metal content is purchased out of consignment based on the current market price. The price paid by the Company for the precious metal forms the basis for the price charged to the customer for the metal content in the product. This methodology allows for changes in either direction in the market prices of the precious metals used by the Company to be passed through to the customer and reduces the impact **that** changes in prices could have on the Company's margins and operating profit. The consigned metal is owned by precious metal consignors that charge the Company consignment fees based upon the value of the metal as it fluctuates while on consignment. Each precious metal consignor retains title to its consigned precious metal until it is purchased by the Company, and it is the Company's typical practice to purchase metal out of consignment only after a product containing that metal has been purchased by one of our customers.

In certain instances, a customer may want to fix the price for the precious metal at the time the sales order is placed rather than at the time of shipment. Setting the sales price at a different date than when the material would be purchased out of consignment potentially creates an exposure to movements in the market price of the metal. Therefore, in these limited situations, the Company may elect to enter into a forward contract to purchase precious metal. The forward contract allows the Company to purchase metal at a fixed price on a specific future date. The price in the forward contract serves as the basis for the price to be charged to the customer. By doing so, the selling price and purchase price are matched, and the Company's price exposure is reduced.

The Company refines precious metal-containing materials for its customers and typically will purchase the refined metal from the customer at current market prices. In limited circumstances, the customer may want to fix the price to be paid at the time of the order as opposed to when the material is refined. The customer may also want to fix the price for a set period of time. The Company may then elect to enter into a hedge contract, either a forward contract or a swap, to fix the price for the estimated quantity of metal to be refined and purchased, thereby reducing the exposure to adverse movements in the price of the metal. The Company may also enter into hedges to mitigate the risk relating to the prices of the metals that we process or refine.

In certain circumstances, the Company also refines metal from the customer and may retain a portion of the refined metal as payment. The Company may elect to enter into a forward contract to sell precious metal to reduce the Company's price exposure in these instances.

The Company may, from time to time, elect to purchase precious metal and hold in inventory rather than on consignment due to potential **credit consignment** line limitations or other factors. These purchases are infrequent and, when made are typically held for a short duration. A forward contract will be secured at the time of the purchase to fix the

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price to be paid when the metal is transferred back to the consignment line, thereby limiting any price exposure during the time when the metal was owned by the Company.

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The Company will only enter into a derivative contract if there is an underlying identified exposure. Contracts are typically held to maturity. The Company does not engage in derivative trading activities and does not use derivatives for speculative purposes. The Company only uses hedge contracts that are denominated in the same currency or metal as the underlying exposure.

All derivatives are recorded on the balance sheet at fair value. If a derivative is designated and effective as a cash flow hedge, changes in the fair value of the derivative are recognized in other comprehensive income (OCI) and reclassified into income in the same period or periods during which the hedged transaction affects earnings. The ineffective portion of a derivative's fair value, if any, is recognized in earnings immediately. If a derivative is not a hedge, changes in the fair value are adjusted through income. The fair values of the outstanding derivatives are recorded on the balance sheet as assets (if the derivatives are in a gain position) or liabilities (if the derivatives are in a loss position). The derivative assets and liabilities are classified as short-term or long-term depending upon the contract maturity date.

The following table summarizes the notional amount and the fair value of the Company's outstanding derivatives not designated as hedging instruments (on a gross basis) and the balance sheet classification as of **September 29, 2023** **March 29, 2024** and **December 31, 2022** **December 31, 2023**:

	September 29,				(Thousands)	March 29, 2024	March 29, 2024		December 31, 2023	
	2023		December 31, 2022				Notional	Fair	Notional	Fair
	(Thousands)	(Thousands)	Amount	Value	Amount	Value	(Thousands)	Amount	Value	Value
Foreign currency forward contracts	Foreign currency forward contracts									
Prepaid and other current assets	Prepaid and other current assets	\$25,255	\$924	\$12,242	\$791					
Prepaid and other current assets	Prepaid and other current assets									
Other liabilities and accrued items	Other liabilities and accrued items	16,142	675	17,061	1,048					

These outstanding foreign currency derivatives were related to balance sheet hedges and intercompany loans. Other-net included less than \$0.1 million of foreign currency losses in the third quarter gains and \$0.4 million of foreign currency losses related to derivatives in the first nine months quarter of 2023, compared to less than \$0.1 million of foreign currency losses 2024 and \$0.7 million of foreign currency gains in the third quarter and first nine months of 2022, 2023, respectively.

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The following table summarizes the notional amount and the fair value of the Company's outstanding derivatives designated as cash flow hedges (on a gross basis) and the balance sheet classification as of **September 29, 2023** **March 29, 2024** and **December 31, 2022** **December 31, 2023**:

	September 29, 2023					(Thousands)	March 29, 2024						
	Fair Value						(Thousands)	Fair Value					
	Prepaid and other assets	Other liabilities	Other long-term liabilities	Notional	Fair Value		Notional	Prepaid and other current assets	Other assets	Other liabilities and accrued items	Other long-term liabilities		
(Thousands)	(Thousands)	Amount	assets	Other	accrued	liabilities	(Thousands)	Amount	assets	items	Other long-term liabilities		

Foreign currency forward contracts	Foreign currency forward contracts					
- yen	- yen	\$ 1,873	\$ 156	\$ 6	\$ —	\$ —
Foreign currency forward contracts	Foreign currency forward contracts					
- euro	- euro	19,366	516	41	101	—
Precious metal swaps	Precious metal swaps	4,049	84	10	75	—
Interest rate swap		200,000	5,047	5,391	—	—
Interest rate swaps						

Total Total \$ 225,288 \$ 5,803 \$ 5,448 \$ 176 \$ —

December 31, 2023

December 31, 2023

December 31, 2023

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All of the contracts summarized above were designated and effective as cash flow hedges. We expect to reclassify \$5.6 \$4.7 million of net gains into earnings in the next 12 months contemporaneously with the earnings effects of the related forecasted transactions. At September 29, 2023 March 29, 2024, the maximum term of derivative instruments that hedge forecasted transactions was approximately four years. Refer to Note K for further details related to OCI additional OCI details.

The following table summarizes the amounts reclassified from accumulated other comprehensive income relating to the Company's outstanding derivatives designated as cash flow hedges and associated income statement classification as of the third first quarter of 2024 and first nine months of 2023 and 2022: 2023.

(Thousands)	Hedging relationship	Line item	Third Quarter Ended	
			September 29, 2023	September 30, 2022
Foreign currency forward contracts		Net sales	\$ —	\$ (41)
Precious metal swaps		Cost of sales	83	(126)
Interest rate swap		Interest expense - net	(1,140)	(115)
Total			\$ (1,057)	\$ (282)

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(Thousands)	(Thousands)	Nine Months Ended		First Quarter Ended
		September 29, 2023	September 30, 2022	
		(Thousands)	Line item	
Foreign currency forward contracts	Foreign currency forward contracts	Net sales	\$ (35) \$ (171)	March 29, 2024
Foreign currency forward contracts				March 31, 2023
Precious metal swaps	Precious metal swaps	Cost of sales	193 (27)	
Interest rate swap	Interest rate swap	Interest expense - net	(2,950) 238	
Total	Total		\$ (2,792) \$ 40	

Note O — Contingencies

Legal Proceedings. For general information regarding legal proceedings relating to Chronic Beryllium Disease Claims, refer to Note S "Contingencies and Commitments" in the Company's 2022 Annual Report on Form 10-K.

There were no pending beryllium cases as of September 29, 2023. One beryllium case that was settled in the second quarter of 2023 was dismissed with prejudice during the third quarter of 2023 after receiving court approval.

Other Litigation. The Company is party to several pending legal proceedings and claims arising in the normal course of business. The Company records a liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. In the event the Company determines that a loss is not probable, but is reasonably possible, and it becomes possible to develop what the Company believes to be a reasonable range of possible loss, then the Company will include disclosure related to such matters. To the extent there is a reasonable possibility that the losses could exceed any amounts accrued, the Company will adjust the accrual in the period the determination is made, disclose an estimate of the

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(Unaudited)

additional loss or range of loss, indicate that the estimate is immaterial with respect to its financial statements as a whole or, if the amount of such adjustment cannot be reasonably estimated, disclose that an estimate cannot be made.

On October 14, 2020, **Garett Lucyk, et al. v. Materion Brush Inc., et. al.**, case number 20CV0234, a wage and hour purported collective and class action, was filed in the Northern District of Ohio against the Company and its subsidiary, Materion Brush Inc. (collectively, the Company). Plaintiff, a former hourly production employee at the Company's Elmore, Ohio facility, alleges, among other things, that he and other similarly situated employees nationwide are not paid for all time they spend donning and doffing personal protective equipment in violation of the Fair Labor Standards Act and Ohio law. Plaintiff filed a motion for conditional certification, which the Company opposed. On August 2, 2022, the Court conditionally certified a class of employees at the Company's Elmore facility only and rejected certification of a class across the Company's other facilities. In November 2022, the parties reached a settlement for an immaterial amount. The Court preliminarily approved the settlement on March 30, 2023 and a final approval hearing was held on July 6, 2023. There were no objections to the settlement and the Court entered an order approving the final settlement on July 7, 2023, and the settlement amount was subsequently paid out prior to the end of the third quarter.

Environmental Proceedings. The Company has an active environmental compliance program and records reserves for the probable cost of identified environmental remediation projects. The reserves are established based upon analyses conducted by the Company's engineers and outside consultants and are adjusted from time to time based upon ongoing studies, the difference between actual and estimated costs, and other factors. The reserves may also be affected by rulings and negotiations with regulatory agencies. The undiscounted reserve balance was **\$4.4** **\$4.5** million and **\$4.5** million **\$4.6** million at **September 29, 2023** **March 29, 2024** and **December 31, 2022** **December 31, 2023**, respectively, and is included in Other liabilities and accrued items and Other long-term liabilities on the Consolidated Balance Sheet. Environmental projects tend to be long-term, and the final actual remediation costs may differ from the amounts currently recorded.

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Notes to Consolidated Financial Statements
(Unaudited)

Note P — Debt

(Thousands)	Borrowings	September 29, 2023	December 31, 2022	(Thousands)	March 29, 2024		December 31, 2023
Borrowings under Credit Agreement	Borrowings under Credit Agreement	\$176,750	\$143,250				
Borrowings under the Term Loan Facility	Borrowings under the Term Loan Facility	273,750	285,000				
Overdraft Sweep Facility	Overdraft Sweep Facility	6,848	—				
Foreign debt	Foreign debt	6,714	7,541				
Total debt outstanding							
Total debt outstanding							
Total debt outstanding	Total debt outstanding	464,062	435,791				
Current portion of long-term debt	Current portion of long-term debt	(38,634)	(21,105)				
Gross long-term debt	Gross long-term debt	425,428	414,686				

Unamortized deferred financing fees	Unamortized deferred financing fees	(3,067)	(3,810)
Long-term debt	Long-term debt	\$422,361	\$410,876

As of **September 29, 2023** **March 29, 2024** and **December 31, 2022** **December 31, 2023**, the Company had **\$176.8** **\$197.8** million outstanding at an average interest rate of 6.92% and **\$143.3** **\$149.3** million outstanding at an average interest rate of **6.08%** **6.96%**, respectively, under its revolving credit facility. The available borrowing capacity under the revolving credit facility as of **September 29, 2023** **March 29, 2024** was **\$151.0** **\$130.2** million. The Company has the option to repay or borrow additional funds under the revolving credit facility until the maturity date in 2026. The amended and restated credit agreement governing the revolving credit facility (Credit Agreement) includes covenants subject to a maximum leverage ratio and a minimum fixed charge coverage ratio. We were in compliance with all of our debt covenants as of **September 29, 2023** **March 29, 2024**.

The balance outstanding on the term loan facility as of **September 29, 2023** **March 29, 2024** and **December 31, 2022** **December 31, 2023** was **\$273.8** **\$262.5** million and **\$285.0** **\$270.0** million, respectively.

At **September 29, 2023** both **March 29, 2024** and **December 31, 2022** **December 31, 2023**, there was **\$47.3** **\$47.0** million and **\$46.5** million, respectively, outstanding against the letters of credit sub-facility.

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

OVERVIEW

We are an integrated producer of high-performance advanced engineered materials used in a variety of **electrical**, **electronic**, **thermal**, and **structural** applications. Our products are sold into numerous end markets, including semiconductor, industrial, aerospace and defense, automotive, consumer electronics, energy, and telecom and data center.

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RESULTS OF OPERATIONS

Third First Quarter

		Third Quarter Ended		
		September 29,	September 30,	\$
		March 29,		%
		March 29,		
		March 29,		
(Thousands, except per share data)				
(Thousands, except per share data)				
(Thousands, except per share data)	(Thousands, except per share data)	2023	2022	Change
Net sales	Net sales	\$ 403,067	\$ 428,191	\$ (25,124)
Net sales				(6) %
Net sales				
Value-added sales	Value-added sales	270,532	283,497	(12,965)
Value-added sales				(5) %
Gross margin	Gross margin	88,936	82,743	6,193
Gross margin				7 %
Gross margin				
Gross margin as a % of value-added sales				

Gross margin as a % of value-added sales						
Gross margin as a % of value-added sales	Gross margin as a % of value-added sales	33	%	29	%	
Selling, general, and administrative (SG&A) expense	Selling, general, and administrative (SG&A) expense	38,806		38,958		(152)
Selling, general, and administrative (SG&A) expense	Selling, general, and administrative (SG&A) expense					— %
SG&A expense as a % of value-added sales	SG&A expense as a % of value-added sales	14	%	14	%	
SG&A expense as a % of value-added sales	SG&A expense as a % of value-added sales	6,322		7,430		(1,108)
Research and development (R&D) expense	Research and development (R&D) expense	2	%	3	%	(15) %
Research and development (R&D) expense	Research and development (R&D) expense	1,077		484		593
R&D expense as a % of value-added sales	R&D expense as a % of value-added sales	1,077		484		123 %
Restructuring expense	Restructuring expense	6,211		6,774		(563)
R&D expense as a % of value-added sales	R&D expense as a % of value-added sales	36,520		29,097		7,423
Restructuring (income) expense	Restructuring (income) expense					
Restructuring (income) expense	Restructuring (income) expense					
Other—net	Other—net					
Other—net	Other—net					
Other—net	Other—net	6,211		6,774		(563)
Operating profit	Operating profit	36,520		29,097		7,423
Operating profit	Operating profit					26 %
Operating profit	Operating profit					
Other non-operating (income)—net	Other non-operating (income)—net					
Other non-operating (income)—net	Other non-operating (income)—net					
Other non-operating (income)—net	Other non-operating (income)—net	(685)		(1,175)		490
Interest expense—net	Interest expense—net	7,678		5,888		1,790
Interest expense—net	Interest expense—net					30 %
Interest expense—net	Interest expense—net					
Income before income taxes	Income before income taxes	29,527		24,384		5,143
Income tax expense	Income tax expense	2,963		4,432		(1,469)
Income before income taxes	Income before income taxes					(33) %

Income before income taxes									
Income tax expense (benefit)									
Income tax expense (benefit)									
Net income									
Net income	Net income	\$	26,564	\$	19,952	\$	6,612	33	%
Diluted earnings per share	Diluted earnings per share	\$	1.27	\$	0.96	\$	0.31	32	%
Diluted earnings per share									
Diluted earnings per share									

NM = Not Meaningful

Net sales of \$403.1 million \$385.3 million in the **third** first quarter of 2023 2024 decreased \$25.1 million \$57.2 million from \$428.2 million \$442.5 million in the **third** first quarter of 2022. A decrease in net sales in the Electronic Materials and Precision Optics segments were partially offset by increased net sales in the Performance Materials segment. Volume decreases in the semiconductor (18% (13%), industrial (19% (28%), automotive (18% energy (34%) and medical (37% automotive (28%) end markets were partially offset by an increase in the aerospace and defense (19%) end market as well as incremental sales from the clad strip project of \$28.2 million (32%). See Note B to the Consolidated Financial Statements for additional details on the year over year changes in our net sales by segment and market.

The change in precious metal and copper prices favorably impacted net sales by \$3.1 million during the **third** first quarter of 2023 compared to prior year quarter 2024 by \$3.7 million.

Value-added sales is a non-GAAP financial measure that removes the impact of pass-through metal costs and allows for analysis without the distortion of the movement or volatility in precious metal market prices and changes in mix due to customer-supplied material. Internally, we manage our business on this basis, and a reconciliation of net sales, the most directly comparable GAAP financial measure, to value-added sales is included herein. Value-added sales of \$270.5 million \$257.8 million in the **third** first quarter of 2023 2024 decreased \$13.0 million \$40.7 million, or 5% 14%, compared to the **third** first quarter of 2022. Volume decreases 2023. The decrease was driven by volume decrease in the semiconductor (33% (25%), industrial (29%), energy (36%) and industrial (19% automotive (32%) end markets were partially offset by an increase in the aerospace and defense (41%) end market (27%) and incremental sales from the clad strip project of \$28.2 million market.

Gross margin in the **third** first quarter of 2023 2024 was \$88.9 million \$71.2 million, which was up 7% a decrease of 22% compared to the **third** first quarter of 2022 2023. Gross margin expressed as a percentage of value-added sales increased decreased to 33% 28% in the **third** first quarter of 2023 2024 from 29% 31% in the **third** first quarter of 2022. The production tax credit recorded in 2023. Gross margin decreased from the **third** quarter prior year primarily due to impact of 2023 favorably lower volumes and related unabsorbed costs. Additionally, gross margin was unfavorably impacted gross margin. See Note F to the Consolidated Financial Statements for further discussion. expansion of the new wide area clad facility.

SG&A expense was \$38.8 million \$35.8 million in the **third** first quarter of 2023 2024, compared to \$39.0 million \$40.3 million in the **third** first quarter of 2022 2023. The decrease in SG&A expense remained relatively flat was primarily due to various cost savings initiatives implemented throughout 2023 and expressed during the first quarter of 2024. Expressed as a percentage of value-added sales, SG&A expense was 14% for in both the **third** first quarter of 2023 2024 and 2022 2023.

R&D expense consists primarily of direct personnel costs for product innovation including pre-production development, evaluation and testing of new products, prototypes, and applications to deliver new high performing advanced materials to our applications. R&D spend was 3% of value-added sales in both the first quarter of 2024 and 2023.

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customers. R&D expense as a percent of value-added sales decreased slightly from 3% in the third quarter of 2022 to 2% in the third quarter of 2023.

Restructuring (income) expense consists primarily of cost reduction actions taken in order to reduce our fixed cost structure. In the **third** first quarter of 2024, we recorded a combined total of \$1.6 million of restructuring charges across all segments, compared to \$0.7 million of restructuring charges in the first quarter of 2023 we recorded \$1.1 million of restructuring charges primarily in our Electronic Materials segment. In the third quarter of 2022, we recorded \$0.5 million of restructuring charges primarily in our and Precision Optics segment. See Note D to the Consolidated Financial Statements for further discussion. segments.

Other-net was \$6.2 million \$4.4 million of expense in the **third** first quarter of 2024, or a \$1.4 million decrease from the first quarter of 2023, or primarily driven by a \$0.6 million \$0.9 million decrease from the third quarter of 2022, in metal consignment fees. Refer to Note E to the Consolidated Financial Statements for details of the major components within Other-net.

Other non-operating (income)-net expense-net includes components of pension and post-retirement expense other than service costs. Refer to Note J to the Consolidated Financial Statements for details of the components.

Interest expense-net was \$7.7 million \$8.3 million and \$5.9 million \$7.5 million in the third quarter of 2023 and 2022, respectively. The increase in interest expense is primarily due to an increase in interest rates compared to the prior year period.

Income tax expense for the third quarter of 2023 was \$3.0 million, compared to \$4.4 million in the third quarter of 2022. The effective tax rate for the third quarter of 2023 and 2022 was 10.0% and 18.2%, respectively. The effective tax rate for 2023 was lower than the statutory tax rate primarily due to the impact of the foreign derived intangible income deduction, percentage depletion, research and development and production credits. The effective tax rate for 2022 was lower than the statutory tax rate primarily due to the impact of percentage depletion, research and development credits and the foreign-derived intangible income deduction. See Note F to the Consolidated Financial Statements for additional discussion.

Nine Months

(Thousands, except per share data)	Nine Months Ended			
	September 29,		September 30,	
	2023	2022	\$	%
Net sales	\$ 1,244,144	\$ 1,322,531	\$ (78,387)	(6)%
Value-added sales	837,351	811,417	25,934	3 %
Gross margin	269,327	245,461	23,866	10 %
Gross margin as a % of value-added sales	32 %	30 %		
SG&A expense	118,053	122,666	(4,613)	(4)%
SG&A expense as a % of value-added sales	14 %	15 %		
R&D expense	21,098	22,096	(998)	(5)%
R&D expense as a % of value-added sales	3 %	3 %		
Restructuring (income) expense	3,194	1,560	1,634	105 %
Other—net	18,178	18,575	(397)	(2)%
Operating profit	108,804	80,564	28,240	35 %
Other non-operating (income)—net	(2,141)	(3,512)	1,371	(39)%
Interest expense—net	22,820	14,325	8,495	59 %
Income before income taxes	88,125	69,751	18,374	26 %
Income tax expense	11,891	12,525	(634)	(5)%
Net income	\$ 76,234	\$ 57,226	\$ 19,008	33 %
Diluted earnings per share	\$ 3.65	\$ 2.76	\$ 0.89	32 %

Net sales of \$1,244.1 million in the first nine months of 2023 decreased \$78.4 million from \$1,322.5 million in the first nine months of 2022. Decreases in net sales in the Electronic Materials and Precision Optics segments were partially offset by increased net sales in the Performance Materials segment. Volume decreases in the semiconductor (20%), industrial (13%) and consumer electronics (27%) end markets were partially offset by an increase in the aerospace and defense end market (19%) and incremental sales from the clad strip project of \$91.4 million when compared to the first nine months of 2022. Additionally, there was a \$2.4 million year over year decrease in raw material beryllium hydroxide sales compared to the first nine months of 2022. See Note B to the Consolidated Financial Statements for additional details on the year over year changes in our net sales by segment and market.

The change in precious metal and copper market prices unfavorably impacted net sales by \$2.9 million during the first nine months of 2023 compared to the same period in the prior year.

Value-added sales of \$837.4 million in the first nine months of 2023 increased \$25.9 million, or 3%, compared to the first nine months of 2022. Despite the decrease in net sales, value-added sales increased due to a shift in mix to higher non-precious metal sales versus precious metal sales commensurate with an increase in value-added sales into the aerospace and defense (23%) end market as well as \$91.4 million of incremental sales from the clad strip project. These increases were slightly offset by a \$2.4 million decrease in the volume of raw material beryllium hydroxide sales in the first nine months of 2023 when compared to the first nine months of 2022 as well as lower value-added sales into the semiconductor (20%), industrial (7%) and consumer electronics (27%) end markets.

Gross margin in the first nine months of 2023 was \$269.3 million, an increase of 10% compared to the first nine months of 2022. Gross margin expressed as a percentage of value-added sales increased to 32% in the first nine months of 2023 from 30% in the first nine months of 2022. Gross margin increased from the prior year period primarily due to \$7.5 million of inventory step up amortization from the HCS-Electronic Material acquisition that was recorded during the first quarter of 2022 that did not recur in 2023. In addition, the production tax credit recorded in the first nine months of 2024 and 2023, favorably impacted gross margin. See Note F to the Consolidated Financial Statements for further discussion.

SG&A expense was \$118.1 million in the first nine months of 2023, compared to \$122.7 million in the first nine months of 2022. The decrease in SG&A expense for the first nine months of 2023 was primarily driven by \$4 million of merger and acquisition costs related to the acquisition of HCS-Electronic Materials incurred in the first nine months of 2022 that did not recur in 2023 as well as lower selling related expenses associated with the decrease in value-added sales. Expressed as a percentage of value-added sales, SG&A expense was 14% and 15% in the first nine months of 2023 and 2022, respectively.

R&D expense consists primarily of direct personnel costs for product innovation including pre-production development, evaluation, and testing of new products, prototypes, and applications to deliver new high performing advanced materials to our customers. R&D expense accounted for 3% of value-added sales in the first nine months of both 2023 and 2022.

Restructuring (income) expense consists primarily of cost reduction actions taken in order to reduce our fixed cost structure. In the first nine months of 2023, we recorded a combined total of \$3.2 million of restructuring charges in our Electronic Materials, Precision Optics, Performance Materials and Other segments. In the first nine months of 2022, we recorded a combined total of \$1.6 million of restructuring charges in our Precision Optics, Electronic Materials and Other segments. Refer to Note D to the Consolidated Financial Statements for details.

Other-net was \$18.2 million of expense in the first nine months of 2023, or a \$0.4 million decrease from the first nine months of 2022. Refer to Note E to the Consolidated Financial Statements for details of the major components within Other-net.

Other non-operating (income)-net includes components of pension and post-retirement expense other than service costs. Refer to Note J to the Consolidated Financial Statements for details of the components.

Interest expense-net was \$22.8 million and \$14.3 million in the first nine months of 2023 and 2022, respectively. The increase in interest expense is primarily due to an increase in interest rates compared to the prior year period.

Income tax expense for the first nine months quarter of 2023 2024 was \$11.9 million expense of \$1.2 million, compared to \$12.5 million \$4.6 million in the nine months first quarter of 2022, 2023. The Company's effective tax rate for the first nine months quarter of 2024 and 2023 was 8.2% and 2022 was 13.5% and 18.0% 15.2%, respectively. The effective tax rate for 2023 the first quarter of 2024 was lower than the statutory tax rate primarily due to the impact of percentage depletion, research and development and production credits and the foreign derived intangible income deduction. The effective tax rate for 2022 was lower than the statutory tax rate primarily due to the impact of percentage depletion, research deduction, and development credits and the foreign-derived intangible income deduction. The effective tax rate for the first nine months of 2023 included a net discrete income tax benefit of \$3.4 million, primarily related to excess tax benefits from stock-based compensation awards, return awards. See Note F to provision adjustments and an optimization of our foreign-derived intangible income deduction benefit. The effective tax rate the Consolidated Financial Statements for the first nine months of 2022 included a net discrete income tax benefit of \$0.9 million, primarily related to excess tax benefits from stock-based compensation awards and return to provision adjustments. additional discussion.

Value-Added Sales - Reconciliation of Non-GAAP Financial Measure

A reconciliation of net sales to value-added sales, a non-GAAP financial measure, for each reportable segment and for the total Company for the third first quarter of 2024 and first nine months of 2023 and 2022 is as follows:

	Third Quarter Ended		Nine Months Ended			First Quarter Ended	
	September	September	September	September		March 29,	March 31,
	September 29,	30,	29,	September 30,			
(Thousands)	(Thousands)	2023	2022	2023	2022	(Thousands)	
Net sales	Net sales					2024	2023
Performance Materials							
Performance Materials							
Performance Materials							
Materials	Materials	\$ 184,642	\$ 169,357	\$ 554,427	\$ 473,876		

Electronic Materials	Electronic Materials	192,305	230,841	611,855	762,649
Precision Optics	Precision Optics	26,120	27,993	77,862	86,006
Other	Other	—	—	—	—
Total	Total	\$ 403,067	\$428,191	\$1,244,144	\$1,322,531
Less: pass-through metal costs	Less: pass-through metal costs				
Less: pass-through metal costs	Less: pass-through metal costs				
Performance Materials	Performance Materials				
Performance Materials	Performance Materials				
Electronic Materials	Electronic Materials	116,772	123,905	354,829	447,719
Precision Optics	Precision Optics	15	16	58	83
Other	Other	—	248	—	1,353
Total	Total	\$ 132,535	\$144,694	\$ 406,793	\$ 511,114
Value-added sales	Value-added sales				
Value-added sales	Value-added sales				
Performance Materials	Performance Materials				
Performance Materials	Performance Materials				
Materials	Materials	\$ 168,894	\$148,832	\$ 502,521	\$ 411,917
Electronic Materials	Electronic Materials	75,533	106,936	257,026	314,930
Precision Optics	Precision Optics	26,105	27,977	77,804	85,923
Other	Other	—	(248)	—	(1,353)
Total	Total	\$ 270,532	\$283,497	\$ 837,351	\$ 811,417

Internally, management reviews net sales on a value-added basis. Value-added sales is a non-GAAP financial measure that deducts the value of the pass-through **precious metal market** costs from net sales. Value-added sales allow management to assess the impact of differences in net sales between periods, segments, or markets, and analyze the resulting margins and profitability without the distortion of movements in pass-through **market** metal costs. The dollar amount of gross margin and operating profit is not affected by the value-added sales calculation. We sell other metals and materials that are not considered direct pass-throughs, and these

costs are not deducted from net sales when calculating value-added sales. Non-GAAP financial measures, such as value-added sales, have inherent limitations and should not be considered in isolation, or as a substitute for analyses of results as reported under GAAP.

The cost of gold, silver, platinum, palladium, copper, ruthenium, iridium, rhodium, rhenium, and osmium can be quite volatile. Our pricing policy is to directly pass the **market** cost of these metals on to the customer in order to mitigate the impact of metal price volatility on our results from operations. Trends and comparisons of net sales are affected by movements in the market prices of these metals, but changes in net sales due to metal price movements may not have a proportionate impact on our profitability.

Our net sales are also affected by changes in the use of customer-supplied metal. When we manufacture a precious metal product, the customer may purchase metal from us or may elect to provide its own metal, in which case we process the metal on a toll basis and the metal value does not flow through net sales or cost of sales. In either case, we

generally earn our margin based upon our fabrication efforts. The relationship of this margin to net sales can change depending upon whether or not the

product was made from our metal or the customer's metal. The use of value-added sales removes the potential distortion in the comparison of net sales caused by changes in the level of customer-supplied metal.

By presenting information on net sales and value-added sales, it is our intention to allow users of our financial statements to review our net sales with and without the impact of the pass-through metals.

Segment Results

The Company consists of four reportable segments: Performance Materials, Electronic Materials, Precision Optics, and Other. The Other reportable segment includes unallocated corporate costs.

The primary measurement used by management to measure the financial performance of each segment is EBITDA. Refer to Note B to the Consolidated Financial Statements for the reconciliation of EBITDA by segment to consolidated net income.

Performance Materials

Third First Quarter

		Third Quarter Ended		
		September 29,	September 30,	\$
		March 29,	March 29,	%
(Thousands)	(Thousands)			
(Thousands)	(Thousands)	2023	2022	Change
Net sales	Net sales	\$ 184,642	\$ 169,357	\$ 15,285
Net sales	Net sales			9 %
Value-added sales	Value-added sales			
Value-added sales	Value-added sales	168,894	148,832	20,062 13 %
EBITDA	EBITDA	46,366	28,866	17,500 61 %
EBITDA	EBITDA			
EBITDA	EBITDA			

Net sales from the Performance Materials segment of \$184.6 million \$168.6 million in the third first quarter of 2023 increased 9% 2024 decreased 10% compared to net sales of \$169.4 million \$187.0 million in the third first quarter of 2022, 2023. The increase decrease in sales was due to incremental sales from lower volume in the clad strip project of \$28.2 million industrial (30%) and increased volumes automotive (30%) end markets, partially offset by a volume increase in the aerospace and defense end market (9% (37%). This increase was partially offset by decreased volumes in the automotive (22%) and industrial (28%) end markets.

Value-added sales of \$168.9 million \$155.6 million in the third first quarter of 2023 2024 were 13% higher 7% lower than value-added sales of \$148.8 million \$168.0 million in the third first quarter of 2022, 2023. The increase decrease in value-added sales was due to the same factors driving the increase decrease in net sales.

EBITDA for the Performance Materials segment was \$46.4 million \$30.7 million in the third first quarter of 2023, 2024 compared to \$28.9 million \$42.8 million in the third first quarter of 2022, 2023. The increase decrease in EBITDA in the third quarter of 2023 was primarily due to driven by the same factors driving increases in net sales, manufacturing efficiencies impact of lower volumes and related unabsorbed costs. Additionally, EBITDA was unfavorably impacted by higher pre-production costs associated with the \$1.6 million production ramp of startup costs and \$4.1 million of additional resource cost and scrap for the new wide area precision strip clad facility incurred in the third quarter of the prior year that did not recur in the third quarter of 2023. In addition, we recorded a portion of the expected \$10 million annual benefit from the production credit in the third quarter of 2023, which favorably impacted EBITDA. See Note F to the Consolidated Financial Statements for further discussion.

Nine Months

		Nine Months Ended		
		September 29,	September 30,	\$
				%

(Thousands)	2023	2022	Change	Change
Net sales	\$ 554,427	\$ 473,876	\$ 80,551	17 %
Value-added sales	502,521	411,917	90,604	22 %
EBITDA	134,061	80,886	53,175	66 %

Net sales from the Performance Materials segment of \$554.4 million in the first nine months of 2023 increased 17% compared to net sales of \$473.9 million in the first nine months of 2022. The increase in sales was primarily due to incremental sales from the clad strip project of \$91.4 million as well as an increase in the aerospace and defense (17%) end market, partially offset by decreases in the industrial (8%) and consumer electronics (22%) end markets when compared to the first nine months of 2022. Additionally, there was a \$2.4 million year over year decrease in raw material beryllium hydroxide sales compared to the first nine months of 2022.

Value-added sales of \$502.5 million in the first nine months of 2023 were 22% higher than value-added sales of \$411.9 million in the first nine months of 2022. The increase in value-added sales was due to the same factors driving the increase in net sales.

EBITDA for the Performance Materials segment was \$134.1 million in the first nine months of 2023 compared to \$80.9 million in the first nine months of 2022. The increase in EBITDA was primarily due to the same factors driving increases in net sales, manufacturing efficiencies and due to the \$9.8 million of startup costs and \$4.1 million of additional resource cost facility.

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and scrap for the new wide area precision strip clad facility incurred in the prior year period and \$2.7 million of merger and acquisition costs incurred in the prior year period that did not recur in 2023. In addition, we recorded a portion of the expected \$10 million annual benefit from the production credit in the first nine months of 2023, which favorably impacted EBITDA. See Note F to the Consolidated Financial Statements for further discussion.

Electronic Materials

Third First Quarter

		Third Quarter Ended		
		September 29,	September 30,	\$ %
		March 29,	March 29,	
(Thousands)				
(Thousands)	(Thousands)	2023	2022	Change
Net sales	Net sales	\$ 192,305	\$ 230,841	\$ (38,536)
Net sales				(17) %
Net sales				
Value-added sales				
Value-added sales				
Value-added sales	Value-added sales	75,533	106,936	(31,403) (29) %
EBITDA	EBITDA	10,155	16,853	(6,698) (40) %
EBITDA				
EBITDA				

Net sales from the Electronic Materials segment of \$192.3 million \$192.0 million in the third first quarter of 2023 were 17% lower than 2024 decreased 16% from net sales of \$230.8 million \$228.8 million in the third first quarter of 2022. 2023. The decrease in net sales was primarily due to lower sales volumes in the semiconductor (18% (13%) and energy (32%) end market markets. Additionally, pass-through metal pricing increased net sales by \$4.3 million compared to the first quarter of 2023.

Value-added sales of \$75.5 million \$77.6 million in the third first quarter of 2023 decreased 29% compared to 2024 were 25% lower than value-added sales of \$106.9 million \$103.9 million in the third first quarter of 2022. 2023. The decrease in value-added sales was due to the same factors driving the decrease in net sales.

EBITDA for the Electronic Materials segment was \$10.2 million \$14.4 million in the third first quarter of 2023 2024 compared to \$16.9 million \$14.0 million in the third first quarter of 2022. The decrease in EBITDA was due to 2023. Despite the impact of decreased sales volumes, partially offset by decreases in manufacturing and SG&A expenses EBITDA increased slightly as a result of favorable product mix and various targeted cost control initiatives implemented throughout 2023 and during the second first quarter of 2023. 2024.

Nine Months

		Nine Months Ended	

(Thousands)	September 29,		September 30,		\$	%
	2023	2022	Change	Change		
Net sales	\$ 611,855	\$ 762,649	\$ (150,794)	(20)%		
Value-added sales	257,026	314,930	(57,904)	(18)%		
EBITDA	37,504	51,338	(13,834)	(27)%		

Net sales from the Electronic Materials segment of \$611.9 million in the first nine months of 2023 were 20% lower than net sales of \$762.6 million in the first nine months of 2022. The decrease in net sales was primarily due to lower sales volumes in the semiconductor (21%) end market. Additionally, pass-through metal price fluctuations reduced net sales by \$3.5 million compared to the first nine months of 2022.

Value-added sales of \$257.0 million in the first nine months of 2023 decreased 18% compared to value-added sales of \$314.9 million in the first nine months of 2022. The decrease in value-added sales was due to the same factors driving the decrease in net sales.

EBITDA for the Electronic Materials segment was \$37.5 million in the first nine months of 2023 compared to \$51.3 million in the first nine months of 2022. The decrease in EBITDA was due to decreased sales volumes, partially offset by decreases in manufacturing and SG&A expenses as a result of various targeted cost control initiatives implemented in 2023 as well as lower merger and acquisition costs of \$6.8 million incurred in the prior year period that did not recur in 2023.

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Precision Optics

Third First Quarter

(Thousands)	(Thousands)	Third Quarter Ended			\$	%
		September 29, 2023	September 30, 2022	Change	Change	
March 29,						
March 29,						
March 29, 2024						
2024						
2024						
2024						
Net sales						
Net sales						
Net sales	Net sales	\$ 26,120	\$ 27,993	\$ (1,873)	(7)	%
Value-added sales	Value-added sales	26,105	27,977	(1,872)	(7)	%
Value-added sales						
Value-added sales						
EBITDA	EBITDA	3,261	3,546	(285)	(8)	%
EBITDA						
EBITDA						

Net sales from the Precision Optics segment of \$26.1 million \$24.7 million in the third first quarter of 2023 2024 decreased 7% 8% compared to net sales of \$28.0 million \$26.7 million in the third first quarter of 2022 2023. The decrease was primarily due to lower sales volumes as a result of a reduction in sales related to COVID-19 PCR testing programs as well as decreased sales in the consumer electronics industrial end market (37% (22%), which was primarily due to the discontinuation of a consumer electronic application. These decreases were partially offset by an increase in sales volumes in the aerospace and defense (102%) end market.

Value-added sales of \$26.1 million \$24.6 million in the third first quarter of 2023 2024 decreased 7% 8% compared to value-added sales of \$28.0 million \$26.7 million in the third first quarter of 2022 2023. The decrease in value-added sales was due to the same factors driving the decrease in net sales.

EBITDA for the Precision Optics segment was \$3.3 million a loss of \$0.3 million in the third first quarter of 2023 2024, compared to \$3.5 million EBITDA of \$2.7 million in the third first quarter of 2022 2023. The decrease in EBITDA was primarily driven by decreased volumes, partially offset by targeted cost control initiatives implemented in 2023.

Nine Months

(Thousands)	Nine Months Ended			\$	%
	September 29,	September 30,	Change		

	2023	2022	Change	Change
Net sales	\$ 77,862	\$ 86,006	\$ (8,144)	(9)%
Value-added sales	77,804	85,923	(8,119)	(9)%
EBITDA	7,654	9,281	(1,627)	(18)%

Net sales from the Precision Optics segment impact of \$77.9 million in the first nine months of 2023 decreased 9% compared to net sales of \$86.0 million in the first nine months of 2022. The decrease was primarily due to lower sales volumes as a result of a reduction in sales related to COVID-19 PCR testing programs as well as decreased sales in the consumer electronics end market (38%), which was primarily due to the discontinuation of a consumer electronic application. These decreases were partially offset by an increase in sales volumes in the aerospace and defense (44%) end market.

Value-added sales of \$77.8 million in the first nine months of 2023 decreased 9% compared to value-added sales of \$85.9 million in the first nine months of 2022. The decrease in value-added sales was due to the same factors driving the decrease in net sales.

EBITDA for the Precision Optics segment was \$7.7 million in the first nine months of 2023 compared to \$9.3 million in the first nine months of 2022. The decrease in EBITDA was driven by decreased volumes partially offset by targeted cost control initiatives implemented in 2023, unfavorable mix.

Other

Third First Quarter

	Third Quarter Ended				First Quarter Ended			
	September		September		March 29,		March 31,	
	29,	30,	\$	%	2024	2023	\$	%
(Thousands)	(Thousands)	2023	2022	Change	(Thousands)	2024	2023	Change
Net sales	Net sales	\$ —	\$ —	\$ —	%	Net sales	\$ —	%
Value-added sales	Value-added sales	248	(100)%	Value-added sales	—	—	—	—
EBITDA	EBITDA	(7,497)	(5,839)	(1,658)	28 %	EBITDA	(5,699)	(6,655)

The Other reportable segment in total includes unallocated corporate costs.

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Corporate costs were \$7.5 million \$5.7 million in the third first quarter of 2023 2024 compared to \$5.8 million \$6.7 million in the third quarter of 2022. Corporate costs increased from 2% of Company-wide value-added sales in the third quarter of 2022 to 3% in the third first quarter of 2023. The increase in corporate costs in the third quarter of 2023 compared to the third quarter of 2022 is primarily driven by changes in variable-based compensation and incentives.

Nine Months

	Nine Months Ended			
	September 29,		September 30,	
	2023	2022	\$	%
(Thousands)				
Net sales	\$ —	\$ —	\$ —	%
Value-added sales	—	(1,353)	1,353	(100)%
EBITDA	(21,750)	(18,206)	(3,544)	19 %

Corporate costs were \$21.8 million in the first nine months of 2023 compared to \$18.2 million in the first nine months of 2022. Corporate costs increased from 2% of Company-wide value-added sales in the first nine months quarter of 2022 to 3% in the first nine months of 2024 and 2023. The increase decrease in corporate costs in the

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first nine months quarter of 2023 2024 compared to the first nine months quarter of 2022 2023 is primarily driven by changes in variable-based compensation the result of various targeted cost control initiatives implemented throughout 2023 and incentives during the first quarter of 2024

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FINANCIAL POSITION

Cash Flow

A summary of cash flows provided by (used in) operating, investing, and financing activities is as follows:

		Nine Months Ended		
		September 29,	September 30,	\$
		March 29,		
		March 29,		
		March 29,		
(Thousands)		2023	2022	Change
Net cash provided by operating activities		\$ 84,505	\$ 34,204	\$ 50,301
(Thousands)				
Net cash (used in) provided by operating activities				
Net cash (used in) provided by operating activities				
Net cash (used in) provided by operating activities				
Net cash (used in) provided by operating activities				
Net cash used in investing activities				
Net cash used in investing activities				
Net cash used in investing activities	Net cash used in investing activities	(94,160)	(56,380)	(37,780)
Net cash provided by financing activities	Net cash provided by financing activities	13,735	31,349	(17,614)
Net cash provided by financing activities				
Net cash provided by financing activities				
Effects of exchange rate changes				
Effects of exchange rate changes				
Effects of exchange rate changes	Effects of exchange rate changes	(780)	(2,953)	2,173
Net change in cash and cash equivalents	Net change in cash and cash equivalents	\$ 3,300	\$ 6,220	\$ (2,920)
Net change in cash and cash equivalents				
Net change in cash and cash equivalents				

Net cash used in operating activities totaled \$13.8 million in the first three months of 2024 compared to net cash provided by operating activities totaled \$84.5 million in the first nine months of 2023 versus \$34.2 million \$38.1 million in the prior-year period. The period over period decrease in operating cash flow was driven by lower earnings as well as unfavorable working capital usage. Working capital requirements used cash of \$29.0 million in the first quarter of 2024 compared to \$6.4 million in the first quarter of 2023 compared. The increase in cash provided by operating activities from the prior year period used for working capital was primarily due to increased net earnings inventory levels as a result of the ramp for aerospace and defense projects as well as favorable changes the second phase of the clad strip project. Additionally, the Company received \$7.7 million of customer prepayments in working capital, primarily inventory the first quarter of 2023, and accounts receivable, primarily due to working capital initiatives during 2023. none in the first quarter of 2024.

Net cash used in investing activities was \$94.2 million \$26.3 million in the first nine months quarter of 2023 2024 compared to \$56.4 million \$29.8 million in the prior-year period. The increase decrease in cash used in investing activities is due to increased timing of capital expenditures, and partially offset by outflow for mine development as expected, to support continued business growth in the first quarter of 2024.

Capital expenditures are made primarily for new product development, replacing and upgrading equipment, infrastructure investments, and implementing information technology initiatives. For the full year 2023, 2024, the Company expects payments for property, plant, and equipment to be approximately \$105 million \$90 million.

Net cash provided by financing activities totaled \$13.7 million \$40.3 million in the first nine three months of 2023 and \$31.3 million 2024 compared to net cash used in financing activities of \$6.3 million in the comparable prior-year period. The decrease is net financing cash inflow in 2024 was primarily due to a decrease in borrowings under our revolving

credit facilities in the first nine months of 2023 of \$39.6 million, compared to net borrowings of \$55.7 million in the same period in the prior year.

Liquidity

We believe cash flow from operations plus the available borrowing capacity and our current cash balance are adequate financing used to support operating requirements, capital expenditures, projected pension plan contributions, the current dividend program, environmental remediation projects, and strategic acquisitions for at least the next twelve months and for the foreseeable future thereafter. At September 29, 2023, cash and cash equivalents held by our foreign operations totaled \$15.8 million. We do not expect restrictions on repatriation of cash held outside of the United States to have a material effect on our overall liquidity, financial condition, or results of operations for the foreseeable future.

A summary of key data relative to our liquidity, including outstanding debt, cash, and available borrowing capacity, as of September 29, 2023 and December 31, 2022 is as follows:

(Thousands)	September 29,		December 31,	
	2023	2022	2023	2022
Cash and cash equivalents	\$ 16,401	\$ 13,101		
Total outstanding debt	460,995	431,981		
Net debt	\$ (444,594)	\$ (418,880)		
Available borrowing capacity	\$ 150,996	\$ 185,294		

Net debt is a non-GAAP financial measure. We are providing this information because we believe it is more indicative of our overall financial position. It is also a measure our management uses to assess financing and other decisions. We believe that based on our typical cash flow generated from operations, we can support a higher leverage ratio in future periods.

The available borrowing capacity in the table above represents the additional amounts that could be borrowed under our revolving credit facility and other secured lines existing as of the end of each period depicted. The applicable debt covenants have been taken into account when determining the available borrowing capacity, including the covenant that restricts the borrowing capacity to a multiple of the twelve-month trailing earnings before interest, income taxes, depreciation, depletion and amortization, and other adjustments.

In January 2023, we amended the agreement governing our \$375.0 million revolving credit facility and term loan facility (Credit Agreement).

Pursuant to the amendment, we transitioned U.S. dollar denominated borrowings from LIBOR to SOFR for both the revolving credit agreement and the term loan and increased the cap on precious metals consignment line from \$600 million to \$615 million.

The Company had previously amended and restated the Credit Agreement in connection with the HCS-Electronic Materials acquisition in November 2021. A \$300 million delayed draw term loan facility was added to the Credit Agreement and the maturity date of the Credit Agreement was extended from 2024 to 2026. Moreover, the Credit Agreement also provides for an uncommitted incremental facility whereby, under certain conditions, the Company may be able to borrow additional term loans in an aggregate amount not to exceed \$150.0 million. The Credit Agreement provides the Company and its subsidiaries with additional capacity to enter into facilities for the consignment of precious metals and copper, and provides enhanced flexibility to finance acquisitions and other strategic initiatives. Borrowings under the Credit Agreement are secured by substantially all of the assets of the Company and its direct subsidiaries, with the exception of non-mining real property, precious metal, copper and certain other assets.

The Credit Agreement allows the Company to borrow money at a premium over SOFR, following the January 2023 amendment or prime rate and at varying maturities. The premium resets quarterly according to the terms and conditions stipulated in the agreement. The Credit Agreement includes restrictive covenants relating to restrictions on additional indebtedness, acquisitions, dividends, and stock repurchases. In addition, the Credit Agreement includes covenants that limit the Company to a maximum leverage ratio and a minimum interest coverage ratio. We were in compliance with all of our debt covenants as of September 29, 2023 and December 31, 2022. Cash on hand up to \$25.0 million can benefit the covenants and may benefit the borrowing capacity under the Credit Agreement.

In November 2021, we completed the acquisition of HCS-Electronic Materials. The Company financed the purchase price for the HCS-Electronic Materials acquisition with a new \$300.0 million five-year term loan pursuant to its delayed draw term loan facility under the Credit Agreement and \$103.0 million of borrowings under its amended revolving credit facility. The interest rate for the term loan is based on SOFR, following the January 2023 amendment, plus a tiered rate determined by the Company's quarterly leverage ratio.

Portions of our ongoing business utilize off-balance sheet consignment arrangements allowing us to use metal owned by precious metal consignors as we manufacture product for our customers. Metal is purchased from the precious metal consignor and sold to our customer at the time of product shipment. Expansion of business volumes and/or higher metal prices can put pressure on the consignment line limitations from time to time. In August 2022, we entered into a precious metals consignment agreement, maturing on August 31, 2025, which replaced the consignment agreements that would have matured on August 27, 2022. The available and unused capacity under the metal consignment agreements expiring in August 2025 totaled approximately \$270.2 million as of September 29, 2023, compared to \$241.9 million as of December 31, 2022. The availability is determined by Board approved levels and actual capacity.

In January 2014, our Board of Directors approved a plan to repurchase up to \$50.0 million of our common stock. The timing of the share repurchases will depend on several factors, including market and business conditions, our cash flow, debt levels, and other investment opportunities. There is no minimum quantity requirement to repurchase our common stock for a given year, and the repurchases may be discontinued at any time. We did not repurchase any shares under this program in the third quarter or first nine months of 2023. Since the approval of the repurchase plan, we have purchased 1,254,264 shares at a total cost of \$41.7 million.

We paid cash dividends of \$2.7 million and \$7.9 million on our common stock in the third quarter and first nine months of 2023, respectively. We intend to pay a quarterly dividend on an ongoing basis, subject to a determination that the dividend remains in the best interest of our shareholders.

OFF-BALANCE SHEET ARRANGEMENTS AND CASH OBLIGATIONS

We maintain the majority of the precious metals and portions of the copper we use in production on a consignment basis in order to reduce our exposure to metal price movements and to reduce our working capital investment. The notional value of off-balance sheet precious metals and copper was \$344.8 million and \$373.1 million as of September 29, 2023 and December 31, 2022, respectively. We were in compliance with all of the covenants contained in the consignment agreements as of September 29, 2023. For additional information on our material cash obligations, refer to our 2022 Annual Report on Form 10-K.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the inherent use of estimates and management's judgment in establishing those estimates. For additional information regarding critical accounting policies, please refer to our [2023 Annual Report on Form 10-K](#).

Liquidity

We believe cash flow from operations plus the available borrowing capacity and our current cash balance are adequate to support operating requirements, capital expenditures, projected pension plan contributions, the current dividend program, environmental remediation projects, and strategic acquisitions for at least the next twelve months and for the foreseeable future thereafter. At March 29, 2024, cash and cash equivalents held by our foreign operations totaled \$12.5 million. We do not expect restrictions on repatriation of cash held outside of the United States to have a material effect on our overall liquidity, financial condition, or results of operations for the foreseeable future.

A summary of key data relative to our liquidity, including outstanding debt, cash, and available borrowing capacity, as of March 29, 2024 and December 31, 2023 is as follows:

(Thousands)	March 29,		December 31,
	2024	2023	2023
Cash and cash equivalents	\$ 13,104	\$ 13,294	
Total outstanding debt	475,279	426,173	
Net debt	(462,175)	(412,879)	
Available borrowing capacity	\$ 130,236	\$ 178,734	

Net debt is a non-GAAP financial measure. We are providing this information because we believe it is more indicative of our overall financial position. It is also a measure our management uses to assess financing and other decisions. We believe that based on our typical cash flow generated from operations, we can support a higher leverage ratio in future periods.

The available borrowing capacity in the table above represents the additional amounts that could be borrowed under our revolving credit facility and other secured lines existing as of the end of each period depicted. The applicable debt covenants have been taken into account when determining the available borrowing capacity, including the covenant that restricts borrowing capacity to a multiple of the twelve-month trailing earnings before interest, income taxes, depreciation and amortization, and other adjustments.

In January 2023, we amended the agreement governing our \$375.0 million revolving credit facility and term loan (Credit Agreement). Pursuant to the amendment, we transitioned U.S. dollar denominated borrowings from LIBOR to SOFR for both the revolving credit agreement and the term loan and increased the cap on precious metals consignment line from \$550 million to \$615 million.

The Company had previously amended and restated the Credit Agreement in connection with the HCS-Electronic Materials acquisition in November 2021. A \$300 million delayed draw term loan facility was added to the Credit Agreement and the maturity date of the Credit Agreement was extended from 2024 to 2026. Moreover, the Credit Agreement also provides for an uncommitted incremental facility whereby, under certain conditions, the Company may be able to borrow additional term loans in an aggregate amount not to exceed

\$150.0 million. The Credit Agreement provides the Company and its subsidiaries with additional capacity to enter into facilities for the consignment of precious metals and copper, and provides enhanced flexibility to finance acquisitions and other strategic initiatives. Borrowings under the Credit Agreement are secured by substantially all of the assets of the Company and its direct subsidiaries, with the exception of non-mining real property, precious metal, copper and certain other assets.

The Credit Agreement allows the Company to borrow money at a premium over SOFR, following the January 2023 amendment, or prime rate and at varying maturities. The premium resets quarterly according to the terms and conditions stipulated in the agreement. The Credit Agreement includes restrictive covenants relating to restrictions on additional indebtedness, acquisitions, dividends, and stock repurchases. In addition, the Credit Agreement includes covenants that limit the Company to a maximum leverage ratio and a minimum interest coverage ratio. We were in compliance with all of our debt covenants as of March 29, 2024 and December 31, 2023. Cash on hand up to \$25 million can benefit the covenants and may benefit the borrowing capacity under the Credit Agreement.

In November 2021, we completed the acquisition of HCS-Electronic Materials. The Company financed the purchase price for the HCS-Electronic Materials acquisition with a new \$300 million five-year term loan pursuant to its delayed draw term loan facility under the Credit Agreement and \$103 million of borrowings under its amended revolving credit facility. The interest rate for the term loan is based on SOFR, following the January 2023 amendment, plus a tiered rate determined by the Company's quarterly leverage ratio.

Portions of our business utilize off-balance sheet consignment arrangements allowing us to use metal owned by precious metal consignors as we manufacture product for our customers. Metal is purchased from the precious metal consignor and sold to our customer at the time of product shipment. Expansion of business volumes and/or higher metal prices can put pressure on the consignment line limitations from time to time. In August 2022, we entered into a precious metals consignment agreement, maturing on August 31, 2025, which replaced the consignment agreements that would have matured on August 27, 2022. The available and unused capacity under the metal consignment agreements expiring in August 2025 totaled approximately \$282.7 million as of March 29, 2024, compared to \$263.5 million as of December 31, 2023. The availability is determined by Board approved levels and actual capacity.

In January 2014, our Board of Directors approved a plan to repurchase up to \$50.0 million of our common stock. The timing of the share repurchases will depend on several factors, including market and business conditions, our cash flow, debt levels, and other investment opportunities. There is no minimum quantity requirement to repurchase our common stock for a given year, and the repurchases may be discontinued at any time. We did not repurchase any shares under this program in the first quarter of 2024. Since the approval of the repurchase plan, we have purchased 1,254,264 shares at a total cost of \$41.7 million, or an average of \$33.23 per share.

We paid cash dividends of \$2.7 million on our common stock in the first quarter of 2024. We intend to pay a quarterly dividend on an ongoing basis, subject to a determination that the dividend remains in the best interest of our shareholders.

OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

We maintain the majority of the precious metals and portions of the copper we use in production on a consignment basis in order to reduce our exposure to metal price movements and to reduce our working capital investment. The notional value of off-balance sheet precious metals and copper was \$332.1 million and \$351.5 million as of March 29, 2024 and December 31, 2023, respectively. We were in compliance with all of the covenants contained in the consignment agreements as of March 29, 2024. For additional information on our contractual and other obligations, refer to our 2023 Annual Report on Form 10-K.

Forward-looking Statements: Portions of the narrative set forth in this document that are not statements of historical or current facts are forward-looking statements. Our actual future performance may materially differ from that contemplated by the forward-looking statements as a result of a variety of factors. These factors include, in addition to those mentioned elsewhere herein: the global economy, including inflationary pressures, potential future recessionary conditions and the impact of tariffs and trade agreements; the impact of any U.S. Federal Government shutdowns or sequestrations; the condition of the markets which we serve, whether defined geographically or by segment; changes in product mix and the financial condition of customers; our success in developing and introducing new products and new product ramp-up rates; our success in passing through the costs of raw materials to customers or otherwise mitigating fluctuating prices for those materials, including the impact of fluctuating prices on inventory values; our success in identifying acquisition candidates and in acquiring and integrating such businesses; the impact of the results of acquisitions on our ability to fully achieve the strategic and financial objectives related to these acquisitions; our success in implementing our strategic plans and the timely and successful start-up and completion of any capital projects; other financial and economic factors, including the cost and availability of raw materials (both base and precious metals), physical inventory valuations, metal consignment fees, tax rates, exchange rates, interest rates, pension costs and required cash contributions and other employee benefit costs, energy costs, regulatory compliance costs, the cost and availability of insurance, credit availability, and the impact of the Company's stock price on the cost of incentive compensation plans; the uncertainties related to the impact of war, terrorist activities, and acts of God; changes in government regulatory requirements and the enactment of new legislation that impacts our obligations and operations; the conclusion of pending litigation matters in accordance with our expectation that there will be no material adverse effects; the disruptions in operations from, and other effects of, catastrophic and other extraordinary events including outbreaks of infectious diseases and the conflict between Russia and Ukraine and other hostilities; Ukraine; realization of expected financial benefits expected from the Inflation Reduction Act of 2022; and the risk factors set forth in Part 1, Item 1A of the Company's 2022 2023 Annual Report on Form 10-K.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

For information regarding market risks, refer to Item 7A. Quantitative and Qualitative Disclosures About Market Risk in our 2022 2023 Annual Report on Form 10-K. There have been no material changes in our market risks since the inclusion of this discussion in our 2022 2023 Annual Report on Form 10-K.

Item 4. Controls and Procedures**a) Evaluation of Disclosure Controls and Procedures**

The Company carried out an evaluation under the supervision and with participation of the Company's management, including the chief executive officer and chief financial officer, of the effectiveness of the design and operation of disclosure controls and procedures as of **September 29, 2023** **March 29, 2024** pursuant to Rule 13a-15(b) and 15d-15(b) under the Securities Exchange Act of 1934, as amended (Exchange Act). Based on that evaluation, management, including the chief executive officer and chief financial officer, concluded that disclosure controls and procedures are effective as of **September 29, 2023** **March 29, 2024**.

b) Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting that occurred during the quarter ended **September 29, 2023** **March 29, 2024** that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II OTHER INFORMATION**Item 1. Legal Proceedings**

Our subsidiaries and our holding company are subject, from time to time, to a variety of civil and administrative proceedings arising out of our normal operations, including, without limitation, product liability claims, health, safety, and environmental claims, and employment-related actions. Among such proceedings are cases alleging that plaintiffs have contracted, or have been placed at risk of contracting, beryllium sensitization or chronic beryllium disease or other lung conditions as a result of exposure to beryllium (beryllium cases). The plaintiffs in beryllium cases seek recovery under negligence and various other legal theories and demand compensatory and often punitive damages, in many cases of an unspecified sum. Spouses of some plaintiffs claim loss of consortium.

Beryllium Claims

As of September 29, 2023, there were no pending beryllium cases. During the quarter ended September 29, 2023, one beryllium case was dismissed. In *Richard Miller v. Dolphin, Inc. et al.*, case number CV2020-005163, filed in the Superior Court of Arizona, Maricopa County, the Company was one of six named defendants and 100 Doe defendants. The plaintiff alleged that he contracted beryllium disease from exposures to beryllium-containing products supplied to his employer, Karsten Manufacturing Corporation, where he was a production worker, and asserted claims for negligence, strict liability – failure to warn, strict liability – design defect, and fraudulent concealment. The plaintiff sought general damages, medical expenses, loss of earnings, consequential damages, and punitive damages, and his wife claimed loss of consortium. A co-defendant, Dolphin, Inc., filed a cross-claim against the Company for indemnification. On August 12, 2020, the Company moved to dismiss the cross-claim for failure to state a claim upon which relief can be granted. The court denied the motion on October 23, 2020. On December 7, 2020, the Company filed a Petition for Special Action in the Court of Appeals seeking to appeal the denial of the motion to dismiss the cross-claim. The Court of Appeals declined to accept jurisdiction on December 30, 2020. On March 30, 2023, the court dismissed all claims against four of the Company's codefendants, as well as the cross-claim by those codefendants against the Company, pursuant to a confidential settlement agreement between those codefendants and the plaintiffs. Following a court-ordered mediation on June 20, 2023, the Company and the other remaining defendant entered into a confidential settlement agreement with plaintiffs, pursuant to which all remaining claims in the case were to be dismissed with prejudice. On August 2, 2023, an order granting stipulation for dismissal with prejudice was filed by the court.

No beryllium cases were filed in the third quarter of 2023.

The Company has insurance coverage, which may respond, subject to an annual deductible.

Other Claims

On October 14, 2020, *Garett Lucyk, et al. v. Materion Brush Inc., et. al.*, case number 20CV0234, a wage and hour purported collective and class action, was filed in the Northern District of Ohio against the Company and its subsidiary, Materion Brush Inc. (collectively, the Company). Plaintiff, a former hourly production employee at the Company's Elmore, Ohio facility, alleges, among other things, that he and other similarly situated employees nationwide are not paid for all time they spend donning and doffing personal protective equipment in violation of Note O ("Contingencies") of the Fair Labor Standards Act and Ohio law. Plaintiff filed a motion for

conditional certification, which the Company opposed. On August 2, 2022, the Court conditionally certified a class of employees at the Company's Elmore facility only and rejected certification of a class across the Company's other facilities. In November 2022, the parties reached a settlement for an immaterial amount. The Court preliminarily approved the settlement on March 30, 2023 and a final approval hearing was held on July 6, 2023. There were no objections to the settlement and the Court entered an order approving the final settlement on July 7, 2023, and the settlement amount was subsequently paid out prior to the end of the third quarter. Consolidated Financial Statements (Unaudited) is incorporated herein by reference.

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

The following table presents information with respect to repurchases of common stock made by the Company us during the three months ended September 29, 2023 March 29, 2024.

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)		Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)
			as Part of Publicly Announced Plans or Programs (2)	Purchased Under the Plans or Programs (2)	
July 1 through August 4, 2023	905	\$ 120.67	—	—	\$ 8,316,239
August 5 through September 1, 2023	791	107.02	—	—	8,316,239
September 2 through September 29, 2023	342	101.98	—	—	8,316,239
Total	2,038	\$ 112.23	—	—	\$ 8,316,239

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Announced Plans or Purchased Under the Plans	
			Programs (1)	or Programs (2)
January 1 through February 2, 2024	—	\$ —	—	\$ 8,316,239
February 3 through March 1, 2024	—	—	—	8,316,239
March 2 through March 29, 2024	—	—	—	8,316,239
Total	—	\$ —	—	\$ 8,316,239

(1) Represents shares surrendered to the Company by employees to satisfy tax withholding obligations on equity awards issued under the Company's stock incentive plan.

(2) On January 14, 2014, the Company we announced that its our Board of Directors had authorized the repurchase of up to \$50.0 million of its our common stock. During the three months ended September 29, 2023, the Company March 29, 2024 we did not repurchase any shares under this program. As of September 29, 2023, March 29, 2024 \$8.3 million may still be purchased under the program.

Item 4. Mine Safety Disclosures

Information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 229.104) is included in Exhibit 95 to this quarterly report on Form 10-Q.

Item 5. Other Information

During the quarter ended **September 29, 2023** **March 29, 2024**, no director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as each term is defined in Item 408 of Regulation S-K).

Item 6. Exhibits

All documents referenced below were filed pursuant to the Exchange Act by Materion Corporation, file number 001-15885, unless otherwise noted.

10.1	Materion and Subsidiaries Management Incentive Plan for the 2024 Plan Year*	Form of 2024 Performance-Based Restricted Stock Units Agreement under the Materion Corporation 2006 Stock Incentive Plan (As Amended and Restated as of May 3, 2017), covering grants made in 2024*
10.2		
31.1	Certification of Chief Executive Officer required by Rule 13a-14(a) or 15d-14(a)*	
31.2	Certification of Chief Financial Officer required by Rule 13a-14(a) or 15d-14(a)*	
32	Certifications of Chief Executive Officer and Chief Financial Officer required by 18 U.S.C. Section 1350*	
95	Mine Safety Disclosure Pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act for the period ended September 29, 2023 March 29, 2024*⁴*	
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document*	
101.SCH	Inline XBRL Taxonomy Extension Schema Document*	
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document*	
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document*	
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document*	
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document*	
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in the Exhibit 101 attachments)	

*Submitted electronically herewith.

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SIGNATURES

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

MATERION CORPORATION

Dated: November 1, 2023 May 2, 2024

/s/ Shelly M. Chadwick

Shelly M. Chadwick

Vice President, Finance and Chief Financial Officer

(Principal Financial and Accounting Officer)

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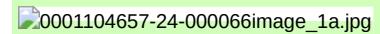


Exhibit 10.1

**MATERION and SUBSIDIARIES
MANAGEMENT INCENTIVE PLAN FOR THE 2024 PLAN YEAR
Summary Plan Document**

I. INTRODUCTION

The Materion and Subsidiaries Management Incentive Plan for the 2024 Plan Year (the "Plan"), has been established by the Compensation Committee (the "Compensation Committee"), of the Company's Board of Directors to provide incentive compensation to certain eligible employees based principally on annual financial performance. Plan awards have a significant portion based on Company performance and potentially Business Unit or Corporate Function Performance ("Financial Performance"), and a remaining component that recognizes individual and combined contributions toward personal/team objectives ("Personal/Team Performance").

II. DEFINITIONS

Base Salary:

The Participant's annual base salary as of December 31st of the Plan Year will be used to calculate any earned award.

Plan Year:

Calendar year 2024, which is the fiscal year for which Financial Performance and Personal/Team Performance, and any Plan awards, will be calculated.

Business Unit or Corporate Function Performance:

The Compensation Committee has delegated authority to the Company's executive staff to designate the Company's business units/subsidiaries and corporate functions (and their eligible employees) that are eligible for participation in the Plan for the Plan Year. Each business unit or corporate function has defined Financial Performance measures, which have in turn been approved by the Compensation Committee and/or the executive staff. For each of these Financial Performance measures, a minimum goal, target goal and maximum goal will be established. Plan awards include a Financial Performance component based on Company Performance alone, or Company Performance and/or Business Unit/Corporate Function Performance.

Company Performance:

The Company Performance portion of the Financial Performance component of Plan awards will consist of an Earnings Before Interest and Taxes measure (weighted at 70%), a Growth in Value-added Sales measure (weighted at 15%) and a Simple Free Cash Flow measure (weighted at 15%).

Earnings Before Interest and Taxes ("EBIT"):

Earnings Before Interest and Taxes is defined as earnings before interest and taxes, and for domestic and international operations, EBIT will include accrued performance or incentive compensation. Any adjustment to exclude the effect of any extraordinary, unusual, or non-recurring items will be subject to review and approval by the Compensation Committee.

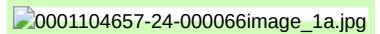
Growth in Value-added Sales ("VAS"):

Growth in Value-added Sales is defined as the percent increase in VAS for the Plan Year over the prior year. VAS is the amount equal to (1) the Company's sales for the Plan Year minus (2) the aggregate cost to the Company for the Plan Year of gold, silver, platinum, palladium, copper and other precious metals.

Simplified Free Cash Flow ("SFCF"):

Simple Free Cash Flow is defined as the amount equal to (1) operating profit plus depreciation and amortization minus (2) the change in working capital (accounts receivable, accounts payable, and inventory) and capital investments.

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**Other Metrics:**

From time to time, other metrics may be adopted that are aligned with a business unit's strategy and market challenges or a corporate function's strategic imperatives. These metrics will be defined and tracked by the corporate accounting department, subject to approval by the executive staff.

Personal/Team Performance:

An assessment is made of an individual's achievements and his/her contributions to work/project teams during the Plan Year. This assessment is expressed as a percentage of Base Salary. The Personal/Team Performance component is distinct from the Financial Performance component.

Performance Objectives:

Performance Objectives shall mean the measurable performance objective or objectives established for Participants under the Plan for the Plan Year. The Compensation Committee may provide for such adjustments in the Performance Objectives or their evaluation as it may deem necessary or appropriate for purposes of administering this Plan.

Target Annual Award Opportunity

Each Plan Year, MIP eligible participants will be assigned a Target Annual Award Opportunity, expressed as a percent of Base Salary.

III. PARTICIPATION

At the beginning of the Plan Year, the executive staff will, based on delegated authority from the Compensation Committee, identify exempt salaried employees whose responsibilities affect progress on critical issues facing the Company, and those employees will participate in the Plan for the Plan Year. Those individuals selected by the executive staff will be notified of their participation in the Plan, their Target Annual Award Opportunity and applicable business unit designation.

Following the beginning of the Plan Year, the executive staff may admit new hires or individuals who are promoted or assigned additional and significant responsibilities to also participate in the Plan for the Plan Year. The executive staff may also alter Target Annual Award Opportunities to reflect changed responsibilities of participants during the Plan Year.

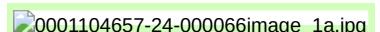
An employee who replaces or otherwise assumes the job functions or role of another employee does not automatically assume the Plan participation characteristics that had applied to such other employee. Rather, participation by the new or replacing employee must be individually considered and approved by the executive staff.

Participants who are newly employed on or before September 30th of the Plan Year will be eligible for a prorated Plan award based on the number of days of participation in the Plan for such Plan Year. Plan awards for Participants who transfer from another Materion incentive plan to the MIP Plan for purposes of the Plan Year, will be prorated based on the number of days of participation in the Plan Year. The transferred employee's eligibility under the previous incentive plan will cease for the Plan Year.

Changes in a Target Annual Award opportunity during a Plan Year will result in prorated participation for Plan awards.

Employees who participate in any other annual incentive, commission, or performance compensation plan of the Company or as a subsidiary are not eligible. The executive staff may consider prorated participation in the Plan for the Plan Year under special circumstances.

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With two exceptions, Participants must be on active status on the day award payments are issued to be eligible for any plan award. Employees on a leave of absence will receive their award when they return to active status. For a Participant who becomes eligible for and who elects a severance option under the Chronic Beryllium Disease Policy as amended, any award under the Plan will be prorated to the beginning of the month after the employee exercises the severance option. The second exception pertains to either the death of the Participant or the retirement (at age 65 with 5 years of service, or at age 55 or older with 10 years of service) of the Participant, in which case, any Plan award will be prorated based on the number of days of participation in the Plan Year. Participant must be actively employed through May 1st of the Plan Year to be eligible.

Participants who have been on a leave of absence more than 13 weeks during the Plan Year will have their Plan award reduced on a pro-rata basis to reflect their actual contribution.

IV. TARGET ANNUAL AWARD OPPORTUNITY

The Compensation Committee (or executive staff) will determine the Individualized Target Annual Award Opportunity, as a percent of Base Salary, for Materion's Executive Committee (MEC). The Target Annual Award Opportunity for all other participants will be determined by their salary grade level and executive staff.

Below is a summary of the Target Annual Award Opportunities at minimum, target, and maximum goal achievement, as a percent of Base Salary, for the 2024 Plan Year:

EE Category	Financial Performance			Personal /Team Performance ²			Total Award Opportunity			
	Min.	Target	Max.	Min.	Target	Max.	Min.	Target	Max.	
MEC	25% of Target	Individualized ¹	200% of Target	0%	10%	20%	Individualized ¹			
All Other		20% or					5.00%	30.00%	60 %	
		15%					3.75%	25.00%	50 %	
		10% or					2.50%	20.00%	40 %	
		5%					1.25%	15.00%	30 %	
		5%		0%	5%	10%	1.25%	10.00%	20 %	

¹ Determined by Compensation Committee or executive staff

² Excludes Named Executive Officers (NEOs)

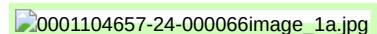
V. PLAN AWARD OPPORTUNITY FOR FINANCIAL PERFORMANCE COMPONENT

The Compensation Committee (or the executive staff) will establish minimum, target and maximum goals for each Financial Performance component of a Plan award opportunity. The executive staff will assign Participants to a specific business unit/subsidiary or corporate function for the Financial Performance component of Plan awards.

Performance that reaches the minimum level of a financial goal will result in an award of 25 percent of the target opportunity for that measure. Unless the minimum level goal for Earnings Before Interest and Taxes has been met, no other Financial Performance component of plan awards (business unit, company, function, sub-unit, and/or other measurement), will result in an award greater than 100 percent of the target opportunity for that measure.

Performance that reaches or exceeds the maximum goal of a measure will result in an award at 200 percent of target opportunity for that measure. Award amounts for levels of achievement between minimum and target goals, at target goals, and between target and maximum goals will be prorated according to the level of achievement.

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The Financial Performance portion of awards will be prorated for transfers between units (or between business unit and Corporate) according to the length of service by days in each unit during the Plan Year.

VI. PLAN AWARD OPPORTUNITY FOR PERSONAL/TEAM PERFORMANCE COMPONENT

The funding pool of the Personal/Team performance component will be determined by the financial results against the goals in the Financial Performance component of the Plan. For target levels of performance, the funding of the Personal/Team award pool will be based on the salary grade structure for each eligible position and is either 10 or 5 percent of base salary. The Personal/Team funding pool will be adjusted up or down based on the actual business financial performance. Performance that reaches the minimum level of a financial goal will result in funding of 25 percent, and Performance that reaches the maximum level of a financial goal will result in funding of 140 percent. The funding between minimum and target and target and maximum will be prorated according to the level of achievement.

The business unit executive and the executive staff will decide allocation of the pool among eligible participants based on their performance throughout the Plan year relative to achieving established goals, objectives, and their contributions to work/project teams. Personal/Team incentive awards may range from 0% to 200% of a participant's Personal/Team target incentive opportunity based on their individual performance. The aggregate total dollar amount of awards within each group may not exceed its total funded pool (i.e., 140%).

VII. PAYMENT

Distribution of any payouts for plan awards earned under the Plan to participants will be made in March of the year following the Plan Year.

VIII. GENERAL PROVISIONS

The executive staff has authority to make administrative decisions regarding the Plan.

The Company's Board of Directors, through the Compensation Committee, shall have final and conclusive authority for interpretation, application, and possible modification of this Plan or established targets. The Board of Directors, through the Compensation Committee, reserves the right to amend or terminate the Plan at any time. Subject to the preceding sentences, any determination by the Company's independent accountants shall be final and conclusive as it relates to the calculation of financial results.

This Plan is not a contract of employment.

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EXHIBIT 10.2

MATERION CORPORATION

Performance-Based Restricted Stock Units Agreement

WHEREAS, _____ (the "Grantee") is an employee of Materion Corporation, an Ohio corporation (the "Corporation"), or a Subsidiary; and

WHEREAS the execution of an agreement in the form hereof (this "Agreement") has been authorized by resolution of the Compensation Committee (the "Committee") of the Board of Directors of the Corporation that was duly adopted on _____, 20____.

NOW, THEREFORE, pursuant to the Materion Corporation 2006 Stock Incentive Plan (As Amended and Restated as of May 3, 2017) (the "Plan"), and subject to the terms and conditions thereof and the terms and conditions hereinafter set forth, the Corporation hereby confirms to the Grantee the grant of (1) a targeted number of _____ performance-based Restricted Stock Units to be earned, if at all, on the basis of the achievement of the portion of the Management Objectives measured by ROIC goals during the Performance Period (as defined below) (the "ROIC PRSUs"), and (2) a targeted number of _____ performance-based Restricted Stock Units to be earned, if at all, on the basis of the achievement of the portion of the Management Objectives measured by RTSR goals during the Performance Period (the "RTSR PRSUs" and, together with the ROIC PRSUs, the "PRSUs"), effective on _____, 20____ (the "Date of Grant"). Subject to the attainment of the Management Objectives described in Section 3 of Article II of this Agreement and the Statement of Management Objectives as approved by the Compensation Committee with respect to the PRSUs on the Date of

Grant (the "Statement of Management Objectives"), the Grantee may earn from 0% and 200% of the ROIC PRSUs and from 0% and 200% of the RTSR PRSUs. The award evidenced hereby is not a Qualified Performance-Based Award.

ARTICLE I

DEFINITIONS

All terms used but not defined herein with initial capital letters that are defined in the Plan shall have the meanings assigned to them in the Plan, and the following terms, when used herein with initial capital letters, shall have the following meanings:

1. "Committee Determination Date" means the date following the end of the Performance Period on which the Committee determines the level of attainment of the Management Objectives for the Performance Period.
2. "Management Objectives" means the threshold, target and maximum goals established by the Committee for the Performance Period with respect to both ROIC and RTSR as described in the Statement of Management Objectives.
3. "Performance Period" means the three-year period commencing January 1, 2024 and ending on December 31, 2026.
4. "Relative Total Shareholder Return" or "RTSR" has the meaning as set forth in the Statement of Management Objectives.
5. "Return on Invested Capital" or "ROIC" has the meaning as set forth in the Statement of Management Objectives.

ARTICLE II

CERTAIN TERMS OF PRSUs

- Payment of PRSUs.** The PRSUs covered by this Agreement shall become payable to the Grantee if they become nonforfeitable in accordance with Sections 3, 4, 5 or 6 of Article II.
- PRSUs Non-Transferable.** The PRSUs covered by this Agreement and any interest therein may be transferred or assigned only by will or pursuant to the laws of descent and distribution prior to payment thereof.
- Normal Vesting of PRSUs.** Subject to the terms and conditions of Sections 4, 5 and 6 of Article II, the Grantee's right to receive Common Shares for the ROIC PRSUs and/or Common Shares for the RTSR PRSUs, as applicable, shall become nonforfeitable with respect to (a) 0% to 200% of the ROIC PRSUs on the basis of the achievement of the portion of the Management Objectives measured by ROIC goals during the Performance Period, and (b) 0% and 200% of the RTSR PRSUs on the basis of the achievement of the portion of the Management Objectives measured by RTSR goals during the Performance Period, in each case as set forth in the Statement of Management Objectives. Except as otherwise provided herein, the Grantee's right to receive Common Shares for the ROIC PRSUs and/or Common Shares for the RTSR PRSUs, as applicable, is contingent upon his or her remaining in the continuous employ of the Company or a Subsidiary until the end of the Performance Period.
- Effect of Termination due to Death or Disability.** Notwithstanding the provisions of Section 3 of Article II, 100% of the PRSUs shall immediately become nonforfeitable and payable at the time described in Section 8 of Article II if the Grantee dies or becomes permanently disabled while in the employ of the Corporation or a

Subsidiary before the Committee Determination Date. The Grantee shall be considered to have become permanently disabled if the Grantee has suffered a permanent disability within the meaning of the long-term disability plan of the Corporation in effect for, or applicable to, the Grantee and is "disabled" within the meaning of Section 409A(a)(2)(C) of the Code.

- Effect of Termination due to Retirement.** Notwithstanding the continuous employment provision of Section 3 of Article II above, but subject to the provisions of Section 6 of Article II below, if the Grantee is at the time of such termination (a) at least age 65 with 5 years of continuous employment with the Corporation or a Subsidiary or (b) at least age 55 and has completed at least 10 years of continuous employment with the Corporation or a Subsidiary, the PRSUs covered by this Agreement shall continue to be eligible to become nonforfeitable in accordance with Section 3 of this Article (and payable in accordance with Section 8 of Article II) as if the Grantee continued to be employed until the end of the Performance Period.

- Change in Control.** Notwithstanding Sections 3 and 5 of Article II above, the following alternative non-forfeitality provisions will apply to the PRSUs in the event of a Change in Control occurring after the Date of Grant and prior to the PRSUs becoming nonforfeitable in accordance with Section 3 of Article II:

- Upon the Change in Control, 100% of the PRSUs shall become nonforfeitable and payable in accordance with Section 8 of Article II, except to the extent that an award meeting the requirements of Section 6(b) of Article II (a "Replacement Award") is provided to the Grantee in accordance with Section 6(b) of Article II to replace or adjust the award of PRSUs covered by this Agreement (the "Replaced Award").

(b) For purposes of this Agreement, a "Replacement Award" means an award (i) of the same type (e.g., performance-based restricted stock units) as the Replaced Award, (ii) that has a value at least equal to the value of the Replaced Award, (iii) that relates to publicly traded equity securities of the Corporation or its successor in the Change in Control or another entity that is affiliated with the Corporation or its successor following the Change in Control, (iv) if the Grantee holding the Replaced Award is subject to U.S. federal income tax under the Code, the tax consequences of which to such Grantee under the Code are not less favorable to such Grantee than the tax consequences of the Replaced Award, and (v) the other terms and conditions of which are not less favorable to the Grantee holding the Replaced Award than the terms and conditions of the Replaced Award (including the provisions that would apply in the event of a subsequent change in control). A Replacement Award may be granted only to the extent it does not result in the Replaced Award or Replacement Award failing to comply with or be exempt from Section 409A of the Code. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Replaced Award if the requirements of the two preceding sentences are satisfied. The determination of whether the conditions of this Section 6(b) of Article II are satisfied will be made by the Committee, as constituted immediately before the Change in Control, in its sole discretion.

(c) If, upon receiving a Replacement Award, the Grantee's employment with the Corporation or a Subsidiary (or any of their successors) (as applicable, the "Successor") is terminated by the Grantee as a Termination for Good Cause or by the Successor other than as a Termination for Cause, in each case within a period of two years after the Change in Control, 100% of the Replacement Award will become

nonforfeitable and payable in accordance with Section 8 of Article II with respect to the performance-based restricted stock units covered thereby.

(d) "Termination for Cause" means a termination of Grantee's employment by the Successor for "Cause" (as defined in Section 10(f) of Article II).

(e) "Termination for Good Cause" shall mean the Grantee's termination of the Grantee's employment with the Successor as a result of the occurrence of any of the following:

(i) a change in the Grantee's principal location of employment that is greater than 50 miles from such location as of the date of this Agreement without the Grantee's consent; provided, however, that the Grantee hereby acknowledges that the Grantee may be required to engage in travel in connection with the performance of the Grantee's duties hereunder and that such travel shall not constitute a change in the Grantee's principal location of employment for purposes hereof;

(ii) a material diminution in the Grantee's base compensation;

(iii) a change in the Grantee's position with the Successor without the Grantee's consent such that there is a material diminution in the Grantee's authority, duties or responsibilities; or

(iv) any other action or inaction that constitutes a material breach by the Successor of the agreement, if any, under which the Grantee provides services to the Successor or its subsidiaries.

Notwithstanding the foregoing, the Grantee's termination of employment with the Successor as a result of the occurrence of any of the foregoing shall not constitute a "Termination for Good Cause" unless (A) the Grantee gives the Successor written notice

of such occurrence within 90 days of such occurrence and such occurrence is not cured by the Successor within 30 days of the date on which such written notice is received by the Successor and (B) the Grantee actually terminates his or her employment with the Successor prior to the 365th day following such occurrence.

(f) If a Replacement Award is provided, notwithstanding anything in this Agreement to the contrary, any outstanding PRSUs which at the time of the Change in Control are not subject to a "substantial risk of forfeiture" (within the meaning of Section 409A of the Code) will be deemed to be nonforfeitable at the time of such Change in Control and will be paid as provided for in Section 8(b) of Article II.

7. **Forfeiture of PRSUs.** The PRSUs shall be forfeited to the extent they fail to become nonforfeitable as of the Committee Determination Date and, except as otherwise provided in Sections 4, 5 or 6 of Article II, if the Grantee ceases to be employed by the Corporation or a Subsidiary at any time prior to such PRSUs becoming nonforfeitable, or to the extent they are forfeited as provided in Section 9 of Article II.

8. **Form and Time of Payment of PRSUs.**

(a) **General.** Except as otherwise provided for in Section 2 of Article III, and subject to Section 7 and Section 8(b) of Article II, payment for the PRSUs that have become nonforfeitable in accordance with Sections 3, 4, 5 or 6 of Article II shall be made in the form of Common Shares between January 1, 2027 and March 15, 2027.

(b) **Alternative Payment Events.** Notwithstanding Section 8(a) of Article II, and except as otherwise provided for in Section 2 of Article III, to the extent that PRSUs have become nonforfeitable, then any issuance of the Common Shares underlying such PRSUs (or payment of any other form of consideration into which the

Common Shares underlying such PRSUs may have been converted) will be made on an earlier date as follows:

(i) **Death.** To the extent that PRSUs are nonforfeitable on the date of Grantee's death, payment for the PRSUs will be made on the date of Grantee's death;

(ii) **Disability.** To the extent that PRSUs are nonforfeitable on the date the Grantee becomes "disabled" within the meaning of Section 409A(a)(2)(C) of the Code, payment for the PRSUs will be made on the date the Grantee becomes disabled;

(iii) **Separation from Service.** To the extent that PRSUs are nonforfeitable on the date of Grantee's "separation from service" (determined in accordance with Section 409A of the Code), payment for the PRSUs will be made on the date of Grantee's "separation from service"; **provided, however,** that if the Grantee on the date of separation from service is a "specified employee" (within the meaning of Section 409A of the Code determined using the identification methodology selected by the Company from time to time), payment for the PRSUs will be made on the tenth day of the seventh month after the date of Grantee's separation from service or, if earlier, the date of Grantee's death; and

(iv) **Change of Control.** To the extent that PRSUs are nonforfeitable on the date of a Change in Control, payment for the PRSUs will be made on the date of the Change of Control; **provided, however,** that if such Change in Control would not qualify as a permissible date of distribution under Section 409A(a)(2)(A) of the Code, and the regulations

thereunder, and where Section 409A of the Code applies to such distribution, payment will be made on the date that would have otherwise applied pursuant to Section 8.

9. **Effect of Detrimental Activity.** Notwithstanding anything herein to the contrary (other than Section 11 of Article III), if the Grantee, either during employment by the Corporation or a Subsidiary or within one year after termination of such employment, shall engage in any Detrimental Activity (as defined in Section 10 below) and the Board shall so find, then the Grantee shall, upon notice of such finding:

(a) Forfeit all PRSUs held by the Grantee.

(b) With respect to any PRSUs that became nonforfeitable and were paid pursuant to this Agreement, return to the Corporation any and all Common Shares that were paid out under this Agreement that the Grantee has not then disposed of.

(c) With respect to any and all Common Shares subject to the PRSUs covered by this Agreement that (i) became nonforfeitable and were paid pursuant to this Agreement within a period of one year prior to the date of the commencement of such Detrimental Activity and (ii) the Grantee has disposed of, pay to the Corporation the cash value of such Common Shares on the date the respective PRSUs were paid.

(d) To the extent that such amounts are not paid to the Corporation, the Corporation may, to the extent permitted by law, set off the amounts so payable to it against any amounts that may be owing from time to time by the Corporation or a Subsidiary to the Grantee, whether as wages, deferred compensation or vacation pay or in the form of any other benefit or for any other reason, except that no such set-off shall be permitted against any amount that constitutes "deferred compensation" within the meaning of Section 409A of the Code.

10. **Definition of Detrimental Activity.** For purposes of this Agreement, the term "Detrimental Activity" shall include:

(a) (i) Engaging in any activity in violation of the section entitled "Competitive Activity; Confidentiality; Non-solicitation" in the

Severance Agreement between the Corporation and the Grantee, if any such agreement is in effect on the date of this Agreement, or in violation of any corresponding provision in any other agreement between the Corporation and the Grantee in effect on the date of this Agreement providing for the payment of severance compensation; or

(ii) If no such severance agreement is in effect as of the date of this Agreement, or if such severance agreement does not contain a section corresponding to "Competitive Activity; Confidentiality; Non-solicitation":

A. **Competitive Activity During Employment.** Competing with the Corporation anywhere within the United States during the term of the Grantee's employment, including, without limitation:

(1) entering into or engaging in any business which competes with the business of the Corporation;

(2) soliciting customers, business, patronage or orders for, or selling, any products or services in competition with, or for any business that competes with, the business of the Corporation;

(3) diverting, enticing or otherwise taking away any customers, business, patronage or orders of the Corporation or attempting to do so; or

(4) promoting or assisting, financially or otherwise, any person, firm, association, partnership, corporation or other entity engaged in any business which competes with the business of the Corporation.

B. **Following Termination.** For a period of one year following the Grantee's termination date:

(1) entering into or engaging in any business which competes with the Corporation's business within the Restricted Territory (as hereinafter defined);

(2) soliciting customers, business, patronage or orders for, or selling, any products or services in competition with, or for any business, wherever located, that competes with, the Corporation's business within the Restricted Territory;

(3) diverting, enticing or otherwise taking away any customers, business, patronage or orders of the Corporation within the Restricted Territory, or attempting to do so; or

(4) promoting or assisting, financially or otherwise, any person, firm, association, partnership, corporation or other entity engaged in any business which competes with the Corporation's business within the Restricted Territory.

For the purposes of Sections 10(a)(ii)(A) and (B) above, inclusive, but without limitation thereof, the Grantee will be in violation thereof if the Grantee engages in any or all of the activities set forth therein directly as an individual on the Grantee's own account, or indirectly

as a partner, joint venturer, employee, agent, salesperson, consultant, officer and/or director of any firm, association, partnership, corporation or other entity, or as a stockholder of any corporation in which the Grantee or the Grantee's spouse, child or parent

owns, directly or indirectly, individually or in the aggregate, more than five percent (5%) of the outstanding stock.

C. **The "Corporation."** For the purposes of this Section 10(a)(ii) of Article II, the "Corporation" shall include all direct and indirect subsidiaries, parents, and affiliated, or related companies of the Corporation for which the Grantee worked or had responsibility at the time of termination of the Grantee's employment and at any time during the two-year period prior to such termination.

D. **The "Corporation's business."** For the purposes of this Section 10 of Article II inclusive, the Corporation's business is defined to be the integrated production of high performance advanced engineered materials used in a variety of electrical, electronic, thermal and structural applications serving the consumer electronics, industrial components and commercial aerospace, defense and science, medical, energy, automotive electronics, telecommunications infrastructure and appliance markets, as further described in any and all manufacturing, marketing and sales manuals and materials of the Corporation as the same may be altered, amended, supplemented or otherwise changed from time to time, or of any

other products or services substantially similar to or readily substitutable for any such described products and services.

E. **"Restricted Territory."** For the purposes of Section 10(a)(ii)(B) of Article II, the "Restricted Territory" shall be defined as and limited to:

- (1) the geographic area(s) within a one hundred mile radius of any and all Corporation location(s) in, to, or for which the Grantee worked, to which the Grantee was assigned or had any responsibility (either direct or supervisory) at the time of termination of the Grantee's employment and at any time during the two-year period prior to such termination; and
- (2) all of the specific customer accounts, whether within or outside of the geographic area described in (1) above, with which the Grantee had any contact or for which the Grantee had any responsibility (either direct or supervisory) at the time of termination of the Grantee's employment and at any time during the two-year period prior to such termination.

F. **"Extension."** If it shall be judicially determined that the Grantee has violated any of the Grantee's obligations under Section 10(a)(ii)(B) of Article II of this Agreement, then the period applicable to each obligation that the Grantee shall have been determined to have violated shall automatically be extended by a period of time equal in length to the period during which such violation(s) occurred.

(b) **Non-Solicitation.** Except as otherwise provided in Section 10(a)(i) of Article II, Detrimental Activity shall also include directly or indirectly at any time

soliciting or inducing or attempting to solicit or induce any employee(s), sales representative(s), agent(s) or consultant(s) of the Corporation and/or of its parents, or its other subsidiaries or affiliated or related companies to terminate their employment, representation or other association with the Corporation and/or its parent or its other subsidiary or affiliated or related companies.

(c) **Further Covenants.** Except as otherwise provided in Section 10(a)(i) of Article II, Detrimental Activity shall also include:

- (i) directly or indirectly, at any time during or after the Grantee's employment with the Corporation, disclosing, furnishing, disseminating, making available or, except in the course of performing the Grantee's duties of employment, using any trade secrets or confidential business and technical information of the Corporation or its customers or vendors, including without limitation as to when or how the Grantee may have acquired such information. Such confidential information shall include, without limitation, the Corporation's unique selling, manufacturing and servicing methods and business techniques, training, service and business manuals, promotional materials, training courses and other training and instructional materials, vendor and product information, customer and prospective customer lists, other customer and prospective customer information and other business information. The Grantee specifically acknowledges that all such confidential information, whether reduced to writing, maintained on any form of electronic media, or maintained in the Grantee's mind or memory and whether compiled by the Corporation, and/or the Grantee, derives independent economic value

from not being readily known to or ascertainable by proper means by others who can obtain economic value from its disclosure or use, that reasonable efforts have been made by the Corporation to maintain the secrecy of such information, that such information is the sole property of the Corporation and that any retention and use of such information by the Grantee during the Grantee's employment with the Corporation (except in the course of performing the Grantee's duties and obligations to the Corporation) or after the termination of the Grantee's employment shall constitute a misappropriation of the Corporation's trade secrets.

(ii) Upon termination of the Grantee's employment with the Corporation, for any reason, the Grantee's failure to return to the Corporation, in good condition, all property of the Corporation, including without limitation, the originals and all copies of any materials which contain, reflect, summarize, describe, analyze or refer or relate to any items of information listed in Section 10(c)(i) of Article II.

(d) Discoveries and Inventions. Except as otherwise provided in Section 10(a)(i) of Article II, Detrimental Activity shall also include the failure or refusal of the Grantee to assign to the Corporation, its successors, assigns or nominees, all of the Grantee's rights to any discoveries, inventions and improvements, whether patentable or not, made, conceived or suggested, either solely or jointly with others, by the Grantee while in the Corporation's employ, whether in the course of the Grantee's employment with the use of the Corporation's time, material or facilities or that is in any way within or related to the existing or contemplated scope of the Corporation's business. Any discovery, invention or improvement relating to any subject matter with which the

Corporation was concerned during the Grantee's employment and made, conceived or suggested by the Grantee, either solely or jointly with others, within one year following termination of the Grantee's employment under this Agreement or any successor agreements shall be irrebuttably presumed to have been so made, conceived or suggested in the course of such employment with the use of the Corporation's time, materials or facilities. Upon request by the Corporation with respect to any such discoveries, inventions or improvements, the Grantee will execute and deliver to the Corporation, at any time during or after the Grantee's employment, all appropriate documents for use in applying for, obtaining and maintaining such domestic and foreign patents as the Corporation may desire, and all proper assignments therefor, when so requested, at the expense of the Corporation, but without further or additional consideration.

(e) Work Made For Hire. Except as otherwise provided in Section 10(a)(i) of Article II, Detrimental Activity shall also include violation of the Corporation's rights in any or all work papers, reports, documentation, drawings, photographs, negatives, tapes and masters therefor, prototypes and other materials (hereinafter, "items"), including without limitation, any and all such items generated and maintained on any form of electronic media, generated by Grantee during the Grantee's employment with the Corporation. The Grantee acknowledges that, to the extent permitted by law, all such items shall be considered a "work made for hire" and that ownership of any and all copyrights in any and all such items shall belong to the Corporation. The item will recognize the Corporation as the copyright owner, will contain all proper copyright notices, e.g., "(creation date) [Corporation Name], All Rights

Reserved," and will be in condition to be registered or otherwise placed in compliance with registration or other statutory requirements throughout the world.

(f) **Termination for Cause.** Except as otherwise provided in Section 10(a)(i) of Agreement, Detrimental Activity shall also include activity that results in termination for Cause. For the purposes of this Section 10, "Cause" shall mean that, the Grantee shall have:

- (i) been convicted of a criminal violation involving fraud, embezzlement, theft or violation of federal antitrust statutes or federal securities laws in connection with his duties or in the course of his employment with the Corporation or any affiliate of the Corporation;
- (ii) committed intentional wrongful damage to property of the Corporation or any affiliate of the Corporation; or
- (iii) committed intentional wrongful disclosure of secret processes or confidential information of the Corporation or any affiliate of the Corporation;

and any such act shall have been demonstrably and materially harmful to the Corporation.

(g) **Other Injurious Conduct.** Detrimental Activity shall also include any other conduct or act determined to be injurious, detrimental or prejudicial to any significant interest of the Corporation or any subsidiary unless the Grantee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation.

(h) **Reasonableness.** The Grantee acknowledges that the Grantee's obligations under this Section 10 of Article II of this Agreement are reasonable in the

context of the nature of the Corporation's business and the competitive injuries likely to be sustained by the Corporation if the Grantee were to violate such obligations. The Grantee further acknowledges that this Agreement is made in consideration of, and is adequately supported by the agreement of the Corporation to perform its obligations under this Agreement and by other consideration, which the Grantee acknowledges constitutes good, valuable and sufficient consideration.

(i) **Acknowledgement.** Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement prevents the Grantee from providing, without prior notice to the Corporation, information to governmental authorities regarding possible legal violations or otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations, and for purpose of clarity the Grantee is not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Exchange Act.

11. **Dividend Equivalents.** From and after the Date of Grant and until the earlier of (a) the time when the PRSUs become nonforfeitable and are paid in accordance with Sections 3 and 8 of Article II or (b) the time when the Grantee's right to receive Common Shares in payment of the PRSUs is forfeited in accordance with Section 7 of Article II, on the date that the Corporation pays a cash dividend (if any) to holders of Common Shares generally, the Grantee shall be entitled to a number of additional whole PRSUs (rounded up or down to the nearest whole PRSU) determined by dividing (i) the product of (A) the dollar amount of the cash dividend paid per Common Share on such date and (B) the total number of PRSUs covered by this Agreement (including dividend equivalents credited with respect thereto) previously credited to the Grantee as of such date, by (ii) the Market Value per Share on such date.

Such dividend equivalents (if any) shall be subject to the same terms and conditions and shall be paid or forfeited in the same manner and at the same time as the PRSUs to which the dividend equivalents were credited.

12. **Relation to Severance Agreement.** Sections 6 and 8 of Article II shall supersede the provisions of any severance agreement between the Grantee and the Corporation in effect on the Date of Grant that provide for earlier vesting or payment of the PRSUs covered by this Agreement in the event of a Change in Control.

ARTICLE III

GENERAL PROVISIONS

1. Compliance with Law. The Corporation shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, notwithstanding any other provision of this Agreement, the Corporation shall not be obligated to issue any Common Shares pursuant to this Agreement if the issuance thereof would result in a violation of any such law.
2. Adjustments. The PRSUs and the number of Common Shares issuable for each PRSU and the other terms and conditions of the grant evidenced by this Agreement are subject to adjustment as provided in Section 11 of the Plan.
3. Withholding Taxes. If the Corporation or any Subsidiary shall be required to withhold any federal, state, local or foreign tax or other amounts in connection with any issuance, vesting or payment of Common Shares or other securities pursuant to this Agreement, the Grantee shall pay the tax or make arrangements that are satisfactory to the Corporation or such Subsidiary for the payment thereof. With respect to the PRSUs, the Grantee shall satisfy such withholding obligation by surrendering to the Corporation or such Subsidiary a portion of the Common Shares subject to the

PRSUs that are covered by this Agreement and the Common Shares so surrendered by the Grantee shall be credited against any such withholding obligation at the fair market value per Common Share on the date of such surrender. In no event shall the fair market value of the Common Shares to be withheld and delivered pursuant to this Section 3 of Article III to satisfy applicable withholding taxes exceed the minimum amount required to be withheld, unless (a) an additional amount can be withheld or delivered, and not result in adverse accounting or other consequences as reasonably determined by the Committee (it being understood that the failure of such reasonable determination to be correct shall not constitute a violation of the terms of the Plan), and (b) it is permitted by the Committee.

4. Continuous Employment. For purposes of this Agreement, the continuous employment of the Grantee with the Corporation or a Subsidiary shall not be deemed to have been interrupted, and the Grantee shall not be deemed to have ceased to be an employee of the Corporation or a Subsidiary, by reason of the transfer of his employment among the Corporation and its Subsidiaries or a leave of absence approved by the Board.

5. No Employment Contract; Right to Terminate Employment. The grant of the PRSUs covered by this Agreement to the Grantee is a voluntary, discretionary award being made on a one-time basis and it does not constitute a commitment to make any future awards. The grant of the PRSUs under this Agreement and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law. Nothing in this Agreement will give the Grantee any right to continue employment with the Corporation or any Subsidiary, as the case may be, or interfere in any way with the right

of the Corporation or a Subsidiary to terminate the employment of the Grantee at any time.

6. Information. Information about the Grantee and the Grantee's participation in the Plan may be collected, recorded and held, used and disclosed for any purpose related to the administration of the Plan. The Grantee understands that such processing of this information may need to be carried out by the Corporation and its Subsidiaries and by third party administrators whether such persons are located within the Grantee's country or elsewhere, including the United States of America. The Grantee consents to the processing of information relating to the Grantee and the Grantee's participation in the Plan in any one or more of the ways referred to above.

7. Amendments. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that no amendment shall adversely affect the rights of the Grantee under this Agreement without the Grantee's consent (provided, however, that the Grantee's consent shall not be required to an amendment that is deemed necessary by the Corporation to comply with Section 409A of the Code or Section 10D of the Exchange Act).

8. Severability. In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

9. Governing Law. This Agreement is made under, and shall be construed in accordance with, the internal substantive laws of the State of Ohio.

10. **Compliance with Section 409A of the Code.** To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to the Grantee. This Agreement and the Plan shall be administered in a manner consistent with this intent. Reference to Section 409A of the Code is to Section 409A of the Internal Revenue Code of 1986, as amended, and will also include any proposed, temporary or final regulations, or any other guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.

11. **Subject to Clawback Policy.** Notwithstanding anything in this Agreement to the contrary, subject to any contrary determination by the Committee, the Grantee acknowledges and agrees that this Agreement and the PRSUs covered by this Agreement are subject to the terms and provisions of the Corporation's clawback policy (if any) as may be in effect from time to time to the extent provided for under such policies, including specifically to implement Section 10D of the Exchange Act and any applicable rules or regulations promulgated thereunder (including applicable rules and regulations of any national securities exchange on which the Common Shares may be traded) (the "Compensation Recovery Policy"), and that Section 9 of Article II and this Section 11 of Article III shall be deemed superseded by and subject to the terms and conditions of the Compensation Recovery Policy from and after the effective date thereof.

12. **Electronic Delivery.** The Corporation may, in its sole discretion, deliver any documents related to the PRSUs and the Grantee's participation in the Plan, or future awards that may be granted under the Plan, by electronic means or request the

Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Corporation or another third party designated by the Corporation.

13. **Acknowledgement.** The Grantee acknowledges that the Grantee (a) has received a copy of the Plan, (b) has had an opportunity to review the terms of this Agreement and the Plan, (c) understands the terms and conditions of this Agreement and the Plan and (d) agrees to such terms and conditions.

14. **Successors and Assigns.** Without limiting Section 2 of Article II hereof, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Grantee, and the successors and assigns of the Corporation.

15. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same agreement.

[SIGNATURES ON NEXT PAGE]

The undersigned Grantee hereby accepts the awards covered by this Performance-Based Restricted Stock Units Agreement on the terms and conditions set forth herein.

Dated:

Grantee

Executed in the name of and on behalf of the Corporation at Mayfield Heights, Ohio as of this ____ day of ____ 20 ____.

MATERION CORPORATION

By

Statement of Management Objectives¹

This Statement of Management Objectives applies to the performance-based Restricted Stock Units granted to the Grantee on the Date of Grant and applies with respect to the Performance-Based Restricted Stock Units Agreement between the Company and the Grantee (the "Agreement"). Capitalized terms used in the Agreement that are not specifically defined in this Statement of Management Objectives have the meanings assigned to them in the Agreement or in the Plan, as applicable.

Section 1. **Definitions.** For purposes hereof:

- (a) "**Peer Group**" means, of a benchmark group of ____ entities, the names of which are attached hereto as Annex A, those entities that remain in the Peer Group as of the end of the Performance Period after application of the Peer Group Adjustment Protocol.
- (b) "**Peer Group Adjustment Protocol**" means: (i) if an entity listed in Annex A files for bankruptcy and/or liquidation, is operating under bankruptcy protection, or is delisted from its primary stock exchange because it fails to meet the exchange listing requirement, then such entity will remain in the Peer Group, but RTSR for the Performance Period will be calculated as if such entity achieved Total Shareholder Return placing it at the bottom (chronologically, if more than one such entity) of the Peer Group; (ii) if, by the last day of the Performance Period, an entity listed in Annex A has been acquired and/or is no longer existing as a public company that is traded on its primary stock exchange (other than for the reasons as described in subsection (i) above), then such entity will not remain in the Peer Group and RTSR for the Performance Period will be calculated as if such entity had never been a member of the Peer Group; and (iii) except as otherwise described in subsection (i) and (ii) above, for purposes of this Statement of Management Objectives, for each of the entities listed in Annex A, such entity shall be deemed to include any successor to all or substantially all of the primary business of such entity at end of the Performance Period.
- (c) "**Relative Total Shareholder Return**" or "**RTSR**" means the percentile rank of the Corporation's Total Shareholder Return among the Total Shareholder Returns of all members of the Peer Group, ranked in descending order, at the end of the Performance Period. Percentile will be calculated using the Microsoft Excel Percentile Function method.
- (d) "**Return on Invested Capital**" or "**ROIC**" means the Corporation's annual earnings before interest and income taxes divided by the sum of short- and long-term net debt (minus cash) plus equity. "Equity" excludes the items within other comprehensive income (namely, pension valuation adjustment, derivative valuation adjustment and the cumulative translation

¹Note to Draft: Statement of Management Objectives to be updated.

adjustment). The measurement of the 2026 ROIC will be the average ROIC for 2024, 2025, and 2026 using the beginning (December 31 of the previous year) and ending (December 31 of the current year) invested capital.

(e) **Total Shareholder Return** means, with respect to each of the Common Shares and the common stock of each of the members of the Peer Group, a rate of return reflecting stock price appreciation, plus the reinvestment of dividends in additional shares of stock, from the beginning of the Performance Period through the end of the Performance Period. For purposes of calculating Total Shareholder Return for each of the Company and the members of the Peer Group, the beginning stock price will be based on the average closing stock price for the 30 calendar days immediately preceding January 1, 2024 on the principal stock exchange on which the stock then traded and the ending stock price will be based on the average closing stock price for the 30 calendar days immediately preceding January 1, 2027 on the principal stock exchange on which the stock then trades.

Section 2. Performance Matrices

From 0% to 200% of the ROIC PRSUs will be earned based on achievement of the portion of the Management Objectives measured by ROIC goals during the Performance Period, and from 0% to 200% of the RTSR PRSUs will be earned based on achievement of the portion of the Management Objectives measured by RTSR goals during the Performance Period, in each case as follows:

Performance Level	Return on Invested Capital	ROIC PRSUs Earned
Below Threshold	Below ___%	0%
Threshold	___%	50%
Target	___%	100%
Maximum	___% or greater	200%

Performance Level	Relative Total Shareholder Return	RTSR PRSUs Earned
Below Threshold	Ranked below ___th percentile	0%
Threshold	Ranked at ___th percentile	50%
Target	Ranked at ___th percentile	100%
Maximum	Ranked at or above ___th percentile	200%

Section 3. Number of PRSUs Earned. Following the Performance Period, on the Committee Determination Date, the Committee shall determine whether and to what extent the goals relating to the Management Objectives have been satisfied for the Performance Period and shall determine the number

of PRSUs that shall become nonforfeitable hereunder and under the Agreement on the basis of the following:

- (a) Below Threshold. If, upon the conclusion of the Performance Period, (i) ROIC for the Performance Period falls below the threshold level, as set forth in the Performance Matrices, no ROIC PRSUs shall become nonforfeitable and (ii) RTSR for the Performance Period falls below the threshold level, as set forth in the Performance Matrices, no RTSR PRSUs shall become nonforfeitable.
- (b) Threshold. If, upon the conclusion of the Performance Period, (i) ROIC for the Performance Period equals the threshold level, as set forth in the Performance Matrices, 50% of the ROIC PRSUs (rounded down to the nearest whole number of ROIC PRSUs) shall become nonforfeitable, and (ii) RTSR for the Performance Period equals the threshold level, as set forth in the Performance Matrices, 50% of the RTSR PRSUs (rounded down to the nearest whole number of RTSR PRSUs) shall become nonforfeitable.
- (c) Between Threshold and Target. If, upon the conclusion of the Performance Period, (i) ROIC for the Performance Period exceeds the threshold level, but is less than the target level, as set forth in the Performance Matrices, a percentage between 50% and 100% (determined on the basis of straight-line mathematical interpolation) of the ROIC PRSUs (rounded down to the nearest whole number of ROIC PRSUs) shall become nonforfeitable, and (ii) RTSR for the Performance Period exceeds the threshold level, but is less than the target level, as set forth in the Performance Matrices, a percentage between 50% and 100% (determined on the basis of straight-line

mathematical interpolation) of the RTSR PRSUs (rounded down to the nearest whole number of RTSR PRSUs) shall become nonforfeitable.

(d) **Target.** If, upon the conclusion of the Performance Period, (i) ROIC for the Performance Period equals the target level, as set forth in the Performance Matrices, 100% of the ROIC PRSUs shall become nonforfeitable, and (ii) RTSR for the Performance Period equals the target level, as set forth in the Performance Matrices, 100% of the RTSR PRSUs shall become nonforfeitable.

(e) **Between Target and Maximum.** If, upon the conclusion of the Performance Period, (i) ROIC for the Performance Period exceeds the target level, but is less than the maximum level, as set forth in the Performance Matrices, a percentage between 100% and 200% (determined on the basis of straight-line mathematical interpolation) of the ROIC PRSUs (rounded down to the nearest whole number of ROIC PRSUs) shall become nonforfeitable, and (ii) RTSR for the Performance Period exceeds the target level, but is less than the maximum level, as set forth in the Performance Matrices, a percentage between 100% and 200% (determined on the basis of straight-line mathematical interpolation) of the RTSR PRSUs (rounded down to the nearest whole number of RTSR PRSUs) shall become nonforfeitable.

(f) **Equals or Exceeds Maximum.** If, upon the conclusion of the Performance Period, (i) ROIC for the Performance Period equals or exceeds the maximum level, as set forth in the Performance Matrices, 200% of the ROIC PRSUs shall become nonforfeitable, and (ii) RTSR for the Performance Period equals or exceeds the maximum level, as set forth in the Performance Matrices, 200% of the RTSR PRSUs shall become nonforfeitable.

Annex A

2024 Peer Group

Exhibit 31.1

CERTIFICATIONS

I, Jugal K. Vijayvargiya, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Materion Corporation (the "Registrant");
- 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 the registrant's board of directors (or persons performing the equivalent functions):

- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Jugal K. Vijayvargiya

Jugal K. Vijayvargiya

President and Chief Executive Officer

Dated: November 1, 2023 May 2, 2024

Exhibit 31.2

CERTIFICATIONS

I, Shelly M. Chadwick, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Materion Corporation (the "registrant");
- 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 the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 1, 2023 May 2, 2024

/s/ Shelly M. Chadwick

Shelly M. Chadwick

Vice President, Finance and Chief Financial Officer

Exhibit 32

**Certification Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of the Quarterly Report on Form 10-Q of Materion Corporation (the "Company") for the quarter ended September 29, 2023 March 29, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies that, to such officer's knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)), and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Dated: November 1, 2023 May 2, 2024

/s/ Jugal K. Vijayvargiya

Jugal K. Vijayvargiya

President and Chief Executive Officer

/s/ Shelly M. Chadwick

Shelly M. Chadwick

Vice President, Finance and Chief Financial Officer

Exhibit 95

Materion Corporation

**Mine Safety Disclosure Pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and
Consumer Protection Act for the Fiscal Quarter Ended September 29, 2023 March 29, 2024**

Materion Natural Resources Inc., a wholly owned subsidiary, operates a beryllium mining complex in the State of Utah which is regulated by both the U.S. Mine Safety and Health Administration ("MSHA") and state regulatory agencies. We endeavor to conduct our mining and other operations in compliance with all applicable federal, state and local laws and regulations. We present information below regarding certain mining safety and health citations which MSHA has levied with respect to our mining operations.

Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Section 1503(a)") requires the Company to present certain information regarding mining safety in its periodic reports filed with the Securities and Exchange Commission.

The following table reflects citations, orders and notices issued to Materion Natural Resources Inc. by MSHA during the fiscal quarter ended September 29, 2023 March 29, 2024 (the "Reporting Period") and contains certain additional information as required by Section 1503(a) and Item 104 of Regulation S-K, including information regarding mining-related fatalities, proposed assessments from MSHA and legal actions ("Legal Actions") before the Federal Mine Safety and Health Review Commission, an independent adjudicative agency that provides administrative trial and appellate review of legal disputes arising under the Mine Act.

Included below is the information required by Section 1503(a) with respect to the beryllium mining complex (MSHA Identification Number 4200706) for the Reporting Period:

(A) Total number of alleged violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a mine safety or health hazard under Section 104 of the Mine Act for which Materion Natural Resources Inc. received a citation from MSHA	01
(B) Total number of orders issued under Section 104(b) of the Mine Act	0
(C) Total number of citations and orders for alleged unwarrantable failure by Materion Natural Resources Inc. to comply with mandatory health or safety standards under Section 104(d) of the Mine Act	0
(D) Total number of alleged flagrant violations under Section 110(b)(2) of the Mine Act	0
(E) Total number of imminent danger orders issued under Section 107(a) of the Mine Act	0
(F) Total dollar value of proposed assessments from MSHA under the Mine Act	\$01,120
(G) Total number of mining-related fatalities	0
(H) Received notice from MSHA of a pattern of violations under Section 104(e) of the Mine Act	No
(I) Received notice from MSHA of the potential to have a pattern of violations under Section 104(e) of the Mine Act	No
(J) Total number of Legal Actions pending as of the last day of the Reporting Period	0
(K) Total number of Legal Actions instituted during the Reporting Period	0
(L) Total number of Legal Actions resolved during the Reporting Period	0

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