

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

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

For the quarterly period ended March 31, 2024

☐ **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: 001-39375

COHERENT CORP.

(Exact name of registrant as specified in its charter)

Pennsylvania

25-1214948

(State or other jurisdiction of
incorporation or organization)

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

375 Saxonburg Boulevard

16056

Saxonburg, PA

(Zip Code)

(Address of principal executive offices)

Registrant's telephone number, including area code: 724 - 352-4455

N/A

(Former name, former address and former fiscal year, if changed since last report)

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	COHR	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 ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

At May 3, 2024, 152,461,013 shares of Common Stock, no par value, of the registrant were outstanding.

COHERENT CORP.

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PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

Coherent Corp. and Subsidiaries

Condensed Consolidated Balance Sheets (Unaudited)

(\$000)	March 31, 2024	June 30, 2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 898,578	\$ 821,310
Restricted cash, current	183,611	12,023
Accounts receivable - less allowance for doubtful accounts of \$ 10,605 at March 31, 2024 and \$ 8,005 at June 30, 2023	955,644	901,531
Inventories	1,291,703	1,272,333
Prepaid and refundable income taxes	18,971	28,271
Prepaid and other current assets	201,727	216,530
Total Current Assets	3,550,234	3,251,998
Property, plant & equipment, net	1,851,383	1,782,035
Goodwill	4,493,225	4,512,700
Other intangible assets, net	3,586,302	3,814,684
Deferred income taxes	39,485	37,748
Restricted cash, non-current	710,270	4,233
Other assets	289,513	307,735
Total Assets	\$ 14,520,412	\$ 13,711,133
Liabilities, Mezzanine Equity and Equity		
Current Liabilities		
Current portion of long-term debt	\$ 75,469	\$ 74,836
Accounts payable	593,504	405,308
Accrued compensation and benefits	177,399	175,564
Operating lease current liabilities	38,321	38,271
Accrued income taxes payable	116,455	74,488
Other accrued liabilities	309,480	310,281
Total Current Liabilities	1,310,628	1,078,748
Long-term debt	4,082,656	4,234,962
Deferred income taxes	748,453	780,307
Operating lease liabilities	138,305	140,748
Other liabilities	201,240	247,402
Total Liabilities	6,481,282	6,482,167
Mezzanine Equity		
Series B redeemable convertible preferred stock, no par value, 5 % cumulative; issued - 215,000 shares at March 31, 2024 and June 30, 2023; redemption value - \$ 2,397,885 and \$ 2,309,966 , respectively	2,333,361	2,241,415
Shareholders' Equity		
Series A preferred stock, no par value, 6 % cumulative; issued - 0 and 2,300,000 shares at March 31, 2024 and June 30, 2023, respectively	—	445,319
Common stock, no par value; authorized - 300,000,000 shares; issued - 167,990,097 shares at March 31, 2024; 154,719,413 shares at June 30, 2023	4,835,261	3,781,211
Accumulated other comprehensive income	67,352	109,726
Retained earnings	744,792	944,416
	5,647,405	5,280,672
Treasury stock, at cost; 15,572,135 shares at March 31, 2024 and 15,135,711 shares at June 30, 2023	(311,953)	(293,121)
Total Coherent Corp. Shareholders' Equity	5,335,452	4,987,551
Noncontrolling interests (NCI)	370,317	—
Total Equity	5,705,769	4,987,551
Total Liabilities, Mezzanine Equity and Equity	\$ 14,520,412	\$ 13,711,133

Coherent Corp. and Subsidiaries
Condensed Consolidated Statements of Earnings (Loss) (Unaudited)
(\$000, except per share data)

	Three Months Ended March 31,	
	2024	2023
Revenues	\$ 1,208,809	\$ 1,240,194
Costs, Expenses, and Other Expense (Income)		
Cost of goods sold	842,322	820,038
Internal research and development	127,485	126,382
Selling, general and administrative	205,167	226,386
Restructuring charges	11,530	—
Interest expense	72,753	75,183
Other income, net	(18,597)	(3,048)
Total Costs, Expenses, & Other Expense	1,240,660	1,244,941
Loss Before Income Taxes	(31,851)	(4,747)
Income Tax Benefit	(16,121)	(7,293)
Net Earnings (Loss)	(15,730)	2,546
Net Loss Attributable to Noncontrolling Interests	(2,543)	—
Net Earnings (Loss) Attributable to Coherent Corp.	(13,187)	2,546
Less: Dividends on Preferred Stock	31,193	36,071
Net Loss Available to the Common Shareholders	\$ (44,380)	\$ (33,525)
Basic Loss Per Share	\$ (0.29)	\$ (0.24)
Diluted Loss Per Share	\$ (0.29)	\$ (0.24)

See Notes to Condensed Consolidated Financial Statements.

Coherent Corp. and Subsidiaries
Condensed Consolidated Statements of Earnings (Loss) (Unaudited)
(\$000, except per share data)

	Nine Months Ended March 31,	
	2024	2023
Revenues	\$ 3,393,326	\$ 3,955,049
Costs, Expenses, and Other Expense (Income)		
Cost of goods sold	2,369,303	2,680,131
Internal research and development	352,136	376,257
Selling, general and administrative	626,027	780,551
Restructuring charges	12,978	—
Interest expense	220,689	207,976
Other (income) expense, net	(30,252)	32,253
Total Costs, Expenses, & Other Expense	3,550,881	4,077,168
Loss Before Income Taxes	(157,555)	(122,119)
Income Tax Benefit	(45,816)	(40,895)
Net Loss	(111,739)	(81,224)
Net Loss Attributable to Noncontrolling Interests	(4,027)	—
Net Loss Attributable to Coherent Corp.	(107,712)	(81,224)
Less: Dividends on Preferred Stock	91,946	107,537
Net Loss Available to the Common Shareholders	\$ (199,658)	\$ (188,761)
Basic Loss Per Share	\$ (1.32)	\$ (1.38)
Diluted Loss Per Share	\$ (1.32)	\$ (1.38)

See Notes to Condensed Consolidated Financial Statements.

Coherent Corp. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)
(\$000)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Net Earnings (Loss)	\$ (15,730)	\$ 2,546	\$ (111,739)	\$ (81,224)
Other Comprehensive Income (Loss):				
Foreign currency translation adjustments	(146,770)	58,141	(27,885)	157,805
Change in fair value of interest rate swap, net of taxes of \$(1,193) and \$(4,665) for the three and nine months ended March 31, 2024, respectively; and \$(1,712) and \$ 1,649 for the three and nine months ended March 31, 2023, respectively	(4,359)	(6,251)	(17,034)	6,019
Change in fair value of interest rate cap, net of taxes of \$ 3,104 and \$(40) for the three and nine months ended March 31, 2024, respectively; and \$(2,200) and \$ 2,032 for the three and nine months ended March 31, 2023, respectively	11,337	(8,275)	(379)	7,646
Pension adjustment, net of taxes of \$ 0 for the three and nine months ended March 31, 2024 and March 31, 2023	476	709	824	1,151
Comprehensive Income (Loss)	(155,046)	46,870	(156,213)	91,397
Comprehensive Loss Attributable to Noncontrolling Interests	(2,543)	—	(4,027)	—
Foreign Currency Translation Adjustments Attributable to Noncontrolling Interests	(294)	—	771	—
Comprehensive Income (Loss) Attributable to Coherent Corp.	<u>\$ (152,209)</u>	<u>\$ 46,870</u>	<u>\$ (152,957)</u>	<u>\$ 91,397</u>

See Notes to Condensed Consolidated Financial Statements.

Coherent Corp. and Subsidiaries
Condensed Consolidated Statements of Cash Flows (Unaudited)
(\$000)

	Nine Months Ended March 31,	
	2024	2023
Cash Flows from Operating Activities		
Net loss	\$ (111,739)	\$ (81,224)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	199,693	197,469
Amortization	216,420	280,667
Share-based compensation expense	97,752	123,674
Amortization of discount on convertible debt and debt issuance costs	13,256	13,690
Non-cash restructuring charges	4,858	—
Loss on disposal of property, plant and equipment	262	—
Unrealized gains on foreign currency remeasurements and transactions	(3,852)	(945)
Loss (earnings) from equity investments	523	(435)
Deferred income taxes	(140,727)	(121,277)
Loss on debt extinguishment	—	6,835
Increase (decrease) in cash from changes in (net of effect of acquisitions):		
Accounts receivable	(52,388)	50,887
Inventories	(21,256)	75,096
Accounts payable	161,366	(78,985)
Contract liabilities	(39,103)	13,177
Income taxes	36,960	18,478
Accrued compensation and benefits	1,835	(54,893)
Other operating assets and liabilities	19,544	10,279
Net cash provided by operating activities	383,404	452,493
Cash Flows from Investing Activities		
Additions to property, plant & equipment	(246,909)	(342,999)
Purchases of businesses, net of cash acquired	—	(5,488,556)
Other investing activities	(2,114)	(2,261)
Net cash used in investing activities	(249,023)	(5,833,816)
Cash Flows from Financing Activities		
Sale of shares to noncontrolling interests	1,000,000	—
Proceeds from borrowings of Term A Facility	—	850,000
Proceeds from borrowings of Term B Facility	—	2,800,000
Proceeds from borrowings of revolving credit facilities	18,966	65,000
Proceeds from issuance of Series B Preferred Shares	—	1,400,000
Payments on existing debt	(165,094)	(1,144,025)
Payments on borrowings under revolving credit facilities	(18,642)	(65,000)
Payments on convertible notes	—	(3,561)
Debt issuance costs	—	(126,516)
Equity issuance costs	(31,840)	(42,000)
Proceeds from exercises of stock options and purchases of stock under employee stock purchase plan	36,097	21,509
Payments in satisfaction of employees' minimum tax obligations	(18,823)	(51,836)
Cash dividends paid	—	(20,700)
Other financing activities	(755)	(866)
Net cash provided by financing activities	819,909	3,682,005
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	603	22,532

Net increase (decrease) in cash, cash equivalents, and restricted cash	954,893	(1,676,786)
Cash, Cash Equivalents, and Restricted Cash at Beginning of Period	837,566	2,582,371
Cash, Cash Equivalents, and Restricted Cash at End of Period	\$ 1,792,459	\$ 905,585
Supplemental Information		
Cash paid for interest	\$ 224,656	\$ 190,672
Cash paid for income taxes	\$ 53,803	\$ 63,485
Additions to property, plant & equipment included in accounts payable	\$ 66,040	\$ 45,425
Non-Cash Investing and Financing Activities		
Conversion of Series A preferred stock to common stock	\$ 445,319	\$ —

See Notes to Condensed Consolidated Financial Statements.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Condensed Consolidated Balance Sheets that sum to the total of the same amounts shown in the Condensed Consolidated Statements of Cash Flows. At March 31, 2024, we had \$ 894 million of restricted cash.

	March 31,	
	2024	2023
Cash and cash equivalents	\$ 898,578	\$ 884,352
Restricted cash, current	183,611	16,676
Restricted cash, non-current	710,270	4,557
Total cash, cash equivalents, and restricted cash shown in the Condensed Consolidated Statements of Cash Flows	<u>\$ 1,792,459</u>	<u>\$ 905,585</u>

Coherent Corp and Subsidiaries
Condensed Consolidated Statements of Equity and Mezzanine Equity (Unaudited)
(\$000, including share amounts)

	Common Stock		Preferred Stock		AOCI	Retained Earnings	Treasury Stock		NCI	Total	Mezzanine Equity	
	Shares	Amount	Shares	Amount			Shares	Amount			Pref Shares	Amount
Balance - June 30, 2023	154,721	\$ 3,781,211	2,300	\$ 445,319	\$ 109,726	\$ 944,416	(15,137)	\$ (293,121)	\$ —	\$ 4,987,551	215	\$ 2,241,415
Share-based and deferred compensation activities	1,804	60,748	—	—	—	—	(366)	(13,932)	—	46,816	—	—
				(445,319)								
Conversion of Series A preferred stock	10,240	445,319	(2,300)	—	—	—	—	—	—	—	—	—
Net loss	—	—	—	—	—	(67,534)	—	—	—	(67,534)	—	—
					(107,903)							
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	—	(107,903)	—	—
Change in fair value of interest rate swap, net of taxes of \$(1,277)	—	—	—	—	(4,662)	—	—	—	—	(4,662)	—	—
Change in fair value of interest rate cap, net of taxes of \$ 2,145	—	—	—	—	7,600	—	—	—	—	7,600	—	—
Pension adjustment, net of taxes of \$ 0	—	—	—	—	291	—	—	—	—	291	—	—
Dividends	—	—	—	—	—	(30,173)	—	—	—	(30,173)	—	30,173
								(307,053)		4,831,986		2,271,588
Balance - September 30, 2023	166,765	\$ 4,287,278	—	\$ —	\$ 5,052	\$ 846,709	(15,503)	\$ —	\$ —	\$ —	215	\$ —
Share-based and deferred compensation activities	544	25,184	—	—	—	—	(47)	(3,633)	—	21,551	—	—
Net loss	—	—	—	—	—	(26,991)	—	—	(1,484)	(28,475)	—	—
Foreign currency translation adjustments	—	—	—	—	225,723	—	—	—	1,065	226,788	—	—
Change in fair value of interest rate swap, net of taxes of \$(1,193)	—	—	—	—	(8,013)	—	—	—	—	(8,013)	—	—
Change in fair value of interest rate cap, net of taxes of \$ 3,104	—	—	—	—	(19,316)	—	—	—	—	(19,316)	—	—
Pension adjustment, net of taxes of \$ 0	—	—	—	—	57	—	—	—	—	57	—	—
Dividends	—	—	—	—	—	(30,580)	—	—	—	(30,580)	—	30,580
Sale of shares to noncontrolling interests, net of issuance costs and taxes	—	473,614	—	—	2,871	—	—	—	373,573	850,058	—	—
					206,374			(310,686)	373,154	5,844,056		2,302,168
Balance - December 31, 2023	167,309	\$ 4,786,076	—	\$ —	\$ —	\$ 789,138	(15,550)	\$ —	\$ —	\$ —	215	\$ —
Share-based and deferred compensation activities	683	49,185	—	—	—	—	(23)	(1,267)	—	47,918	—	—
Net earnings	—	—	—	—	—	(13,187)	—	—	(2,543)	(15,730)	—	—
					(146,476)							
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	(294)	(146,770)	—	—
Change in fair value of interest rate swap, net of taxes of \$(1,193)	—	—	—	—	(4,359)	—	—	—	—	(4,359)	—	—
Change in fair value of interest rate cap, net of taxes of \$ 3,104	—	—	—	—	11,337	—	—	—	—	11,337	—	—
Pension adjustment, net of taxes of \$ 0	—	—	—	—	476	—	—	—	—	476	—	—
Dividends	—	—	—	—	—	(31,159)	—	—	—	(31,159)	—	31,193
								(311,953)	370,317	5,705,769		2,333,361
Balance - March 31, 2024	167,992	\$ 4,835,261	—	\$ —	\$ 67,352	\$ 744,792	(15,573)	\$ —	\$ —	\$ —	215	\$ —

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	Common Stock		Preferred Stock		Accumulated Other		Treasury Stock			Mezzanine Equity	
	Shares	Amount	Shares	Amount	Comprehensive Income (Loss)	Retained Earnings	Shares	Amount	Total	Preferred Shares	Amount
		2,064,552				1,348,125		(239,354	3,616,475		
Balance - June 30, 2022	120,923	\$	2,300	\$ 445,319	\$ (2,167)	\$	(13,973)	\$)	\$	75	\$ 766,803
Share-based and deferred compensation activities	2,398	61,431	—	—	—	—	(830)	(40,860)	20,571	—	—
Coherent acquisition	22,588	1,207,591	—	—	—	—	—	—	1,207,591	—	—
Convertible debt conversions	7,181	337,940	—	—	—	—	—	—	337,940	—	—
Net loss	—	—	—	—	—	(38,698)	—	—	(38,698)	—	—
Foreign currency translation adjustments	—	—	—	—	(132,371)	—	—	—	(132,371)	—	—
Change in fair value of interest rate swap, net of taxes of \$ 3,452	—	—	—	—	12,604	—	—	—	12,604	—	—
Change in fair value of interest rate cap, net of taxes of \$ 5,440	—	—	—	—	20,464	—	—	—	20,464	—	—
Pension adjustment, net of taxes \$ 0	—	—	—	—	39	—	—	—	39	—	—
Issuance of Series B shares	—	—	—	—	—	—	—	—	—	140	1,358,000
Dividends	—	—	—	—	—	(35,577)	—	—	(35,577)	—	28,677
		3,671,514				1,273,850		(280,214	5,009,038		2,153,480
Balance - September 30, 2022	153,090	\$	2,300	\$ 445,319	\$ (101,431)	\$	(14,803)	\$)	\$	215	\$
Share-based and deferred compensation activities	779	32,745	—	—	—	—	(266)	(9,551)	23,194	—	—
Net loss	—	—	—	—	—	(45,072)	—	—	(45,072)	—	—
Foreign currency translation adjustments	—	—	—	—	232,035	—	—	—	232,035	—	—
Change in fair value of interest rate cap, net of \$(1,208)	—	—	—	—	(4,543)	—	—	—	(4,543)	—	—
Change in fair value of interest rate swap, net of taxes of \$(92)	—	—	—	—	(334)	—	—	—	(334)	—	—
Pension adjustment, net of taxes \$ 0	—	—	—	—	403	—	—	—	403	—	—
Dividends	—	—	—	—	—	(35,931)	—	—	(35,931)	—	28,992
		3,704,259				1,192,847		(289,765	5,178,790		2,182,471
Balance - December 31, 2022	153,869	\$	2,300	\$ 445,319	\$ 126,130	\$	(15,069)	\$)	\$	215	\$
Share-based and deferred compensation activities	501	51,151	—	—	—	—	(29)	(1,304)	49,847	—	—
Net earnings	—	—	—	—	—	2,546	—	—	2,546	—	—
Foreign currency translation adjustments	—	—	—	—	58,141	—	—	—	58,141	—	—
Change in fair value of interest rate swap, net of taxes of \$(1,712)	—	—	—	—	(6,251)	—	—	—	(6,251)	—	—
Change in fair value of interest rate cap, net of taxes \$(2,200)	—	—	—	—	(8,275)	—	—	—	(8,275)	—	—
Pension adjustment, net of taxes \$ 0	—	—	—	—	709	—	—	—	709	—	—
Dividends	—	—	—	—	—	(36,071)	—	—	(36,071)	—	29,171
		3,755,410				1,159,322	(15,098	(291,069	5,239,436		2,211,642
Balance - March 31, 2023	154,370	\$	2,300	\$ 445,319	\$ 170,454	\$	\$)	\$)	\$	215	\$

See Notes to Condensed Consolidated Financial Statements.

Coherent Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements (Unaudited)

Note 1. Basis of Presentation

The condensed consolidated financial statements of Coherent Corp. ("Coherent", the "Company", "we", "us" or "our") for the three and nine months ended March 31, 2024 and 2023 are unaudited. In the opinion of management, all adjustments considered necessary for a fair presentation for the periods presented have been included. All adjustments are of a normal recurring nature unless disclosed otherwise. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Company's Annual Report on Form 10-K dated August 18, 2023. The condensed consolidated results of operations for the three and nine months ended March 31, 2024 are not necessarily indicative of the results to be expected for the full fiscal year. The Condensed Consolidated Balance Sheet information as of June 30, 2023 was derived from the Company's audited consolidated financial statements.

Certain prior year amounts have been reclassified for consistency with the current year presentation.

Noncontrolling Interests

The Company accounts for noncontrolling interests in accordance with ASC Topic 810-10-45, which requires the Company to present noncontrolling interests as a separate component of total shareholders' equity on the Condensed Consolidated Balance Sheets and the consolidated net income (loss) attributable to its noncontrolling interests be clearly identified and presented on the face of the Condensed Consolidated Statements of Earnings (Loss) and Condensed Consolidated Statements of Comprehensive Income (Loss). See Note 11. Noncontrolling Interests for further information on the noncontrolling interests in our Silicon Carbide LLC subsidiary.

Note 2. Recently Issued Financial Accounting Standards

In November 2023, the FASB issued Accounting Standards Update ("ASU") 2023-07 - Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. This ASU improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is evaluating the impact this will have on the Company's condensed consolidated financial statements and disclosures.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" ("ASU 2023-09"). ASU 2023-09 includes amendments that further enhance income tax disclosures, primarily through standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. ASU 2023-09 is effective for annual periods beginning after December 15, 2024, on either a prospective or retrospective basis. Early adoption is permitted. The Company is currently evaluating the impact of ASU 2023-09 on its consolidated financial statements and related disclosures.

In March 2024, the SEC issued the final rule under SEC Release No. 33-11275 and 34-99678, "The Enhancement and Standardization of Climate-Related Disclosures for Investors," requiring public companies to provide certain climate-related information in their registration statements and annual reports. The final rules will require information about a company's climate-related risks that have materially impacted or are reasonably likely to have a material impact on its business strategy, results of operations, or financial condition, and the actual and potential material impacts of any identified climate-related risks on the company's strategy, business model and outlook, as well as relating to assessment, management, oversight and mitigation of such material risks, material climate-related targets and goals, and material greenhouse gas emissions. Additionally, certain disclosures related to severe weather events and other natural conditions will be required in the audited financial statements. The first phase of the final rule is effective for fiscal years beginning in 2025. Disclosure for prior periods is only required if it was previously disclosed in an SEC filing. On April 4, 2024, the SEC voluntarily stayed implementation of the final rule to facilitate the orderly judicial resolution of pending legal challenges to the rule. We are currently evaluating the impact on our disclosures of adopting this new pronouncement.

Note 3. Revenue from Contracts with Customers

We believe that disaggregating revenue by end market provides the most relevant information regarding the nature, amount, timing, and uncertainty of revenues and cash flows.

The following tables summarize disaggregated revenue by market (\$000):

	Three Months Ended March 31, 2024				Nine Months Ended March 31, 2024			
	Networking	Materials	Lasers	Total	Networking	Materials	Lasers	Total
Industrial	\$ 16,361	\$ 134,516	\$ 270,301	\$ 421,178	\$ 47,072	\$ 404,847	\$ 796,961	\$ 1,248,880
Communications	593,223	22,568	—	615,791	1,538,847	56,804	—	1,595,651
Electronics	1,643	71,970	—	73,613	4,820	247,314	—	252,134
Instrumentation	7,597	9,928	80,702	98,227	25,169	28,335	243,157	296,661
Total Revenues	\$ 618,824	\$ 238,982	\$ 351,003	\$ 1,208,809	\$ 1,615,908	\$ 737,300	\$ 1,040,118	\$ 3,393,326

	Three Months Ended March 31, 2023				Nine Months Ended March 31, 2023			
	Networking	Materials	Lasers	Total	Networking	Materials	Lasers	Total
Industrial	\$ 17,570	\$ 156,846	\$ 263,789	\$ 438,205	\$ 52,189	\$ 450,383	\$ 846,881	\$ 1,349,453
Communications	521,291	17,014	—	538,305	1,664,205	59,553	—	1,723,758
Electronics	2,849	136,229	—	139,078	9,674	509,803	—	519,477
Instrumentation	9,389	13,680	101,537	124,606	30,259	42,070	290,032	362,361
Total Revenues	\$ 551,099	\$ 323,769	\$ 365,326	\$ 1,240,194	\$ 1,756,327	\$ 1,061,809	\$ 1,136,913	\$ 3,955,049

Contract Liabilities

Payments received from customers are based on invoices or billing schedules as established in contracts with customers. Contract liabilities relate to billings in advance of performance under the contract. Contract liabilities are recognized as revenue when the performance obligations have been satisfied. During the nine months ended March 31, 2024, we recognized revenue of \$ 78 million related to customer payments that were included as contract liabilities in the Condensed Consolidated Balance Sheet as of June 30, 2023. We had \$ 110 million of contract liabilities recorded in the Condensed Consolidated Balance Sheet as of March 31, 2024. As of March 31, 2024, \$ 96 million of deferred revenue is included within other accrued liabilities, and \$ 14 million is included within other liabilities on the Condensed Consolidated Balance Sheet.

Note 4. Inventories

The components of inventories were as follows (\$000):

	March 31, 2024	June 30, 2023
Raw materials	\$ 427,947	\$ 462,436
Work in progress	628,450	549,992
Finished goods	235,306	259,905
Total inventories	\$ 1,291,703	\$ 1,272,333

Note 5. Property, Plant and Equipment

Property, plant and equipment consists of the following (\$000):

	March 31, 2024	June 30, 2023
Land and improvements	\$ 69,578	\$ 69,639
Buildings and improvements	805,680	780,204
Machinery and equipment	1,998,349	1,879,136
Construction in progress	404,645	287,990
Finance lease right-of-use asset	25,000	25,000
	3,303,252	3,041,969
Less accumulated depreciation	(1,451,869)	(1,259,934)
Property, plant, and equipment, net	\$ 1,851,383	\$ 1,782,035

Note 6. Goodwill and Other Intangible Assets

Changes in the carrying amount of goodwill were as follows (\$000):

	Nine Months Ended March 31, 2024			
	Networking	Materials	Lasers	Total
Balance-beginning of period	\$ 1,036,204	\$ 247,695	\$ 3,228,801	\$ 4,512,700
Foreign currency translation	457	224	(20,156)	(19,475)
Balance-end of period	<u>\$ 1,036,661</u>	<u>\$ 247,919</u>	<u>\$ 3,208,645</u>	<u>\$ 4,493,225</u>

We test goodwill for impairment annually during the fourth quarter, or more frequently when events or changes in circumstances indicate that fair value is below carrying value.

As part of our annual assessment in the fourth quarter of fiscal 2023, we determined that the estimated fair value of our Lasers reporting unit exceeded its carrying value by approximately 10 %. As of March 31, 2024, the carrying amount of goodwill within this reporting unit was \$ 3.2 billion. The reporting unit's estimated fair value is sensitive to changes in the significant assumptions used in the analysis including forecasted revenues and related gross margins. If the reporting unit does not perform to expected levels and realize the expected benefit from the multi-year synergy and site consolidation plans, or there are adverse changes in certain macroeconomic factors, the related goodwill may be at risk for impairment in the future.

The gross carrying amount and accumulated amortization of our intangible assets other than goodwill were as follows (\$000):

	March 31, 2024			June 30, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Technology	\$ 1,657,692	\$ (363,999)	\$ 1,293,693	\$ 1,661,263	\$ (270,786)	\$ 1,390,477
Trade Names	438,471	(8,471)	430,000	438,470	(8,279)	430,191
Customer Lists	2,323,593	(460,984)	1,862,609	2,333,360	(339,344)	1,994,016
Total	<u>\$ 4,419,756</u>	<u>\$ (833,454)</u>	<u>\$ 3,586,302</u>	<u>\$ 4,433,093</u>	<u>\$ (618,409)</u>	<u>\$ 3,814,684</u>

Note 7. Debt

The components of debt as of the dates indicated were as follows (\$000):

	March 31, 2024	June 30, 2023
Term A Facility, interest at adjusted SOFR, as defined, plus 2.000 %	\$ 786,250	\$ 818,125
Debt issuance costs, Term A Facility and Revolving Credit Facility	(14,730)	(18,149)
Term B Facility, interest at adjusted SOFR, as defined, plus 2.750 %	2,435,625	2,566,625
Debt issuance costs, Term B Facility	(54,830)	(63,977)
1.30 % Term loan	674	1,697
Borrowings on local lines of credit	1,336	—
Facility construction loan in Germany	19,973	22,340
5.000 % Senior Notes	990,000	990,000
Debt issuance costs and discount, Senior Notes	(6,173)	(6,863)
Total debt	4,158,125	4,309,798
Current portion of long-term debt	(75,469)	(74,836)
Long-term debt, less current portion	<u>\$ 4,082,656</u>	<u>\$ 4,234,962</u>

Senior Credit Facilities

On July 1, 2022 (the "Closing Date"), Coherent entered into a Credit Agreement by and among the Company, as borrower (in such capacity, the "Borrower"), the lenders, and other parties thereto, and JP Morgan Chase Bank, N.A., as administrative agent and collateral agent, which provides for senior secured financing of \$ 4.0 billion, consisting of a term loan A credit facility (the "Term A Facility"), with an aggregate principal amount of \$ 850 million, a term loan B credit facility (the "Term B Facility" and, together with the Term A Facility, the "Term Facilities"), with an aggregate principal amount of \$ 2,800 million, and a revolving credit facility (the "Revolving Credit Facility"), in an aggregate available amount of \$ 350 million, including a letter

of credit sub-facility of up to \$ 50 million. On March 31, 2023, Coherent entered into Amendment No. 1 to the Credit Agreement, which replaced the adjusted LIBOR-based rate of interest therein with an adjusted SOFR-based rate of interest. As amended, the Term A Facility and the Revolving Credit Facility each bear interest at an adjusted SOFR rate subject to a 0.10 % floor plus a range of 1.75 % to 2.50 %, based on the Company's total net leverage ratio. The Term A Facility and the Revolving Credit Facility borrowings bear interest at adjusted SOFR plus 2.00 % as of March 31, 2024. As amended, the Term B Facility bears interest at an adjusted SOFR rate (subject to a 0.50 % floor) plus 2.75 % as of March 31, 2024. On April 2, 2024, Coherent entered into Amendment No. 2 to the Credit Agreement, under which the principal amount of term B loans outstanding under the Credit Agreement (the "Existing Term B Loans") were replaced with an equal amount of new term loans (the "New Term B Loans") having substantially similar terms as the Existing Term B Loans, except with respect to the interest rate applicable to the New Term B Loans and certain other provisions. As further amended, the New Term B Loans will bear interest at an adjusted SOFR rate (subject to a 0.50 % floor) plus 2.50 % as of April 2, 2024. The maturity of the New Term Loans and revolving credit facility remains unchanged.

In relation to the Term Facilities, the Company incurred interest expense, including amortization of debt issuance costs and the benefit of the interest rate cap and swap, of \$ 59 million and \$ 181 million in the three and nine months ended March 31, 2024, respectively, and \$ 62 million and \$ 168 million in the three and nine months ended March 31, 2023, respectively, which is included in interest expense in the Condensed Consolidated Statements of Earnings (Loss). On July 1, 2023, our interest rate cap became effective, which together with our interest rate swap, reduced interest expense by \$ 11 million and \$ 34 million during the three and nine months ended March 31, 2024, respectively, and \$ 6 million and \$ 12 million during the three and nine months ended March 31, 2023, respectively. The amortization of debt issuance costs included in interest expense was \$ 4 million and \$ 11 million in the three and nine months ended March 31, 2024, respectively, and \$ 5 million and \$ 14 million in the three and nine months ended March 31, 2023, respectively. Debt issuance costs are presented as contra-debt within the long-term debt caption in the Condensed Consolidated Balance Sheets.

On the Closing Date, the Borrower and certain of its direct and indirect subsidiaries provided a guaranty of all obligations of the Borrower and the other loan parties under the Credit Agreement and the other loan documents, secured cash management agreements and secured hedge agreements with the lenders and/or their affiliates (subject to certain exceptions). The Borrower and the other guarantors have also granted a security interest in substantially all of their assets to secure such obligations.

Proceeds of the loans borrowed under the Term Facilities on July 1, 2022, together with other financing sources (including the net proceeds from Coherent's offer and sale of its 5.000 % Senior Notes due 2029 (the "Senior Notes") and cash on hand) were used to fund the cash portion of the Merger consideration, the repayment of certain indebtedness (including the repayment in full of all amounts outstanding under the Prior Credit Agreement as defined below), and certain fees and expenses in connection with the Merger and otherwise for general corporate purposes.

As of March 31, 2024, the Company was in compliance with all covenants under the senior credit facilities.

Prior Senior Credit Facilities

Through June 30, 2022, the Company had senior credit facilities (the "Prior Credit Agreement") with Bank of America, N.A., as Administrative Agent, Swing Line Lender and an L/C Issuer, and the other lenders party thereto. On July 1, 2022, the Company terminated the Prior Credit Agreement and repaid all amounts outstanding thereunder. Debt extinguishment costs related to the termination of the Prior Credit Agreement of \$ 17 million were expensed in Other expense (income), net in the Condensed Consolidated Statement of Earnings (Loss) during the nine months ended March 31, 2023.

Bridge Loan Commitment

Subject to the terms of an amended and restated commitment letter entered into in connection with Coherent entering into the Merger Agreement to complete its acquisition of Coherent, Inc. (the "Merger"), the commitment parties thereto committed to provide, in addition to the Term Facilities and the Revolving Credit Facility, a senior unsecured bridge loan facility in an aggregate principal amount of \$ 990 million (the "Bridge Loan Commitment"). As a result of the issuance of the Senior Notes, the Bridge Loan Commitment was terminated. During the nine months ended March 31, 2023, the Company incurred expenses of \$ 18 million, related to the termination of the Bridge Loan Commitment, which is included in Other expense (income) in the Condensed Consolidated Statement of Earnings (Loss).

Debt Assumed through Acquisition

We assumed the remaining balances of three term loans with the closing of the Merger. The aggregate principal amount outstanding is \$ 21 million as of March 31, 2024. The term loans assumed consisted of the following: (i) 1.3 % Term Loan due 2024, (ii) 1.0 % State of Connecticut Term Loan due 2023 (and repaid prior to June 30, 2023), and (iii) Facility construction loan in Germany due 2030. For the Facility construction loan, on December 21, 2020, Coherent LaserSystems GmbH & Co. KG entered into a loan agreement with Commerzbank for borrowings of up to 24 million Euros, which were drawn down by October 29, 2021, to finance a portion of the construction of a new facility in Germany. The term of the loan is 10 years, and borrowings bear interest at 1.55 % per annum. Payments are made quarterly.

5.000 % Senior Notes due 2029

On December 10, 2021, the Company issued \$ 990 million aggregate principal amount of Senior Notes pursuant to the indenture, dated as of December 10, 2021 (the "Indenture"), between the Company and U.S. Bank National Association, as trustee. The Senior Notes are guaranteed by each of the Company's domestic subsidiaries that guarantee its obligations under the Senior Credit Facilities. Interest on the Senior Notes is payable on December 15 and June 15 of each year, commencing on June 15, 2022, at a rate of 5.000 % per annum. The Senior Notes will mature on December 15, 2029 .

On or after December 15, 2024, the Company may redeem the Senior Notes, in whole at any time or in part from time to time, at the redemption prices set forth in the Indenture, plus accrued and unpaid interest, if any, to, but excluding, the applicable redemption date. In addition, at any time prior to December 15, 2024, the Company may redeem the Senior Notes, at its option, in whole at any time or in part from time to time, at a redemption price equal to 100 % of the principal amount of the Senior Notes redeemed, plus a "make-whole" premium set forth in the Indenture, plus accrued and unpaid interest, if any, to, but excluding, the applicable redemption date. Notwithstanding the foregoing, at any time and from time to time prior to December 15, 2024, the Company may redeem up to 40 % of the aggregate principal amount of the Senior Notes using the proceeds of certain equity offerings as set forth in the Indenture, at a redemption price equal to 105.000 % of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the applicable redemption date.

In relation to the Senior Notes, the Company incurred interest expense of \$ 13 million and \$ 38 million in the three and nine months ended March 31, 2024, respectively, and \$ 13 million and \$ 38 million in the three and nine months ended March 31, 2023, respectively, which is included in interest expense in the Condensed Consolidated Statements of Earnings (Loss).

The Indenture contains customary covenants and events of default, including default relating to, among other things, payment default, failure to comply with covenants or agreements contained in the Indenture or the Senior Notes and certain provisions related to bankruptcy events. As of March 31, 2024, the Company was in compliance with all covenants under the Indenture.

Aggregate Availability

The Company had aggregate availability of \$ 346 million under its Revolving Credit Facility as of March 31, 2024.

Note 8. Income Taxes

The Company's year-to-date effective income tax rate was 29 % at March 31, 2024 compared to 33 % for the period ending March 31, 2023. The difference between the Company's effective tax rate and the U.S. statutory rate of 21 % were due to tax rate differentials between U.S. and foreign jurisdictions.

U.S. GAAP prescribes the accounting for uncertainty in income taxes recognized in an enterprise's financial statements which includes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. As of March 31, 2024 and June 30, 2023, the Company's gross unrecognized income tax benefit, excluding interest and penalties, was \$ 115 million. The Company has classified the uncertain tax positions as non-current income tax liabilities, as the amounts are not expected to be paid within one year. If recognized, \$ 91 million of the gross unrecognized tax benefits at March 31, 2024 would impact the effective tax rate. The Company recognizes interest and penalties related to uncertain tax positions in the income tax provision in the Condensed Consolidated Statements of Earnings (Loss). The amount of accrued interest and penalties included in the gross unrecognized income tax benefit was \$ 7 million and \$ 6 million at March 31, 2024 and June 30, 2023, respectively.

Fiscal years 2018 and 2020 to 2023 remain open to examination by the Internal Revenue Service, fiscal years 2019 to 2023 remain open to examination by certain state jurisdictions, and fiscal years 2012 to 2023 remain open to examination by certain foreign taxing jurisdictions. The Company is currently under examination for certain subsidiary companies in Vietnam for the years ended June 30, 2017 through September 30, 2021; Singapore for the year ended September 30, 2020; Korea for the year ended September 30, 2021; Spain for the years ended September 30, 2020 through September 30, 2022; and Germany for the years ended June 30, 2012 through September 30, 2020. The Company believes its income tax reserves for these tax matters are adequate.

Note 9. Leases

We determine if an arrangement is a lease at inception for arrangements with an initial term of more than 12 months, and classify it as either finance or operating.

Finance leases are generally those that allow us to substantially utilize or pay for the entire asset over its estimated useful life. Finance lease assets are recorded in Property, plant and equipment, net, and finance lease liabilities within Other accrued liabilities and Other liabilities on our Condensed Consolidated Balance Sheets. Finance lease assets are amortized in operating expenses on a straight-line basis over the shorter of the estimated useful lives of the assets or the lease term, with the interest component for lease liabilities included in interest expense and recognized using the effective interest method over the lease term.

Operating leases are recorded in Other assets and Operating lease liabilities, current and non-current on our Condensed Consolidated Balance Sheets. Operating lease assets are amortized on a straight-line basis in operating expenses over the lease term.

Our lease liabilities are recognized based on the present value of the remaining fixed lease payments, over the lease term, using a discount rate of similarly secured borrowings available to the Company. For the purpose of lease liability measurement, we consider only payments that are fixed and determinable at the time of commencement. Any variable payments that depend on an index or rate are expensed as incurred. We account for non-lease components, such as common area maintenance, as a component of the lease, and includes it in the initial measurement of our leased assets and corresponding liabilities. Our lease terms and conditions may include options to extend or terminate. An option is recognized when it is reasonably certain that we will exercise that option.

Our lease assets also include any lease payments made, and exclude any lease incentives received prior to commencement. Our lease assets are tested for impairment in the same manner as long-lived assets used in operations.

The following table presents lease costs, which include leases for arrangements with an initial term of more than 12 months, lease term, and discount rates (\$000):

	Three Months Ended March 31, 2024	Nine Months Ended March 31, 2024
Finance lease cost		
Amortization of right-of-use assets	\$ 417	\$ 1,250
Interest on lease liabilities	—	—
Total finance lease cost	417	1,250
Operating lease cost	12,830	38,539
Total lease cost	<u>\$ 13,247</u>	<u>\$ 39,789</u>
Cash Paid for Amounts Included in the Measurement of Lease Liabilities		
Operating cash flows from finance leases	\$ 257	\$ 789
Operating cash flows from operating leases	12,293	36,834
Financing cash flows from finance leases	408	1,171
Weighted-Average Remaining Lease Term (in Years)		
Finance leases	7.8	
Operating leases	6.2	
Weighted-Average Discount Rate		
Finance leases	5.6 %	
Operating leases	6.4 %	

	Three Months Ended March 31, 2023	Nine Months Ended March 31, 2023
Finance lease cost		
Amortization of right-of-use assets	\$ 417	\$ 1,250
Interest on lease liabilities	279	851
Total finance lease cost	696	2,101
Operating lease cost	13,324	39,817
Total lease cost	<u>\$ 14,020</u>	<u>\$ 41,918</u>
Cash Paid for Amounts Included in the Measurement of Lease Liabilities		
Operating cash flows from finance leases	\$ 279	\$ 851
Operating cash flows from operating leases	12,578	37,843
Financing cash flows from finance leases	369	1,056

Note 10. Equity and Redeemable Preferred Stock

As of March 31, 2024, the Company's amended and restated articles of incorporation authorize our board of directors, without the approval of our shareholders, to issue 5 million shares of our preferred stock. As of March 31, 2024, 2.3 million shares of mandatory preferred convertible shares have been authorized, none are outstanding; 75,000 shares of Series B-1 convertible preferred stock, no par value, have been issued and are outstanding; and 140,000 shares of Series B-2 convertible preferred stock, no par value, have been issued and are outstanding.

Mandatory Convertible Preferred Stock

In July 2020, the Company issued 2.3 million shares of Mandatory Convertible Preferred Stock.

All outstanding shares of Mandatory Convertible Preferred Stock were converted to 10,240,290 shares of Company Common Stock on July 3, 2023, at a conversion ratio of 4.4523, and no shares of Mandatory Convertible Preferred Stock are currently issued and outstanding.

Preferred dividends are presented as a reduction to Retained earnings on the Condensed Consolidated Balance Sheets.

The following table presents dividends per share and dividends recognized:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Dividends per share	\$ —	\$ 3.00	\$ —	\$ 9.00
Mandatory Convertible Preferred Stock dividends (\$000)	—	6,900	—	27,000

Series B-1 Convertible Preferred Stock

In March 2021, the Company issued 75,000 shares of Series B-1 Convertible Preferred Stock, no par value per share ("Series B-1 Preferred Stock"), for \$ 10,000 per share, resulting in an aggregate purchase price of \$ 750 million.

The shares of Series B-1 Preferred Stock are convertible into shares of Coherent Common Stock as follows:

- at the election of the holder, at an initial conversion price of \$ 85 per share (as it may be adjusted from time to time, the "Conversion Price") upon the delivery by Coherent to the holders of the Series B-1 Preferred Stock of an offer to repurchase the Series B-1 Preferred Stock upon the occurrence of a Fundamental Change (as defined in the Statement with Respect to Shares establishing the Series B Preferred Stock as defined below); and
- at the election of the Company, any time following March 31, 2024, at the then-applicable Conversion Price if the volume-weighted average price of Coherent Common Stock exceeds 150 % of the then-applicable Conversion Price for 20 trading days out of any 30 consecutive trading days.

The issued shares of Series B-1 Preferred Stock currently have voting rights, voting as one class with the Coherent Common Stock and the Series B-2 Preferred Stock (as defined below), on an as-converted basis, subject to limited exceptions.

On or at any time after March 31, 2031:

- each holder has the right to require the Company to redeem all of their Coherent Series B-1 Preferred Stock, for cash, at a redemption price per share equal to the sum of the Stated Value (as defined in the Statement with Respect to Shares establishing the Series B Preferred Stock) for such shares plus an amount equal to all accrued or declared and unpaid dividends on such shares that had not previously been added to the Stated Value (such price the "Redemption Price," and such right the "Put Right"); and
- the Company has the right to redeem, in whole or in part, on a pro rata basis from all holders based on the aggregate number of shares of Series B-1 Preferred Stock outstanding, for cash, at the Redemption Price.

In connection with any Fundamental Change (as defined in the Statement with Respect to Shares establishing the Series B Preferred Stock), and subject to the procedures set forth in the Statement with Respect to Shares establishing the Series B Preferred Stock, the Company must, or will cause the survivor of a Fundamental Change to, make an offer to repurchase, at the option and election of the holder thereof, each share of Series B-1 Preferred Stock then-outstanding at a purchase price per share in cash equal to (i) the Stated Value for such shares plus an amount equal to all accrued or declared and unpaid dividends on such shares that had not previously been added to the Stated Value as of the date of repurchase plus (ii) if prior to March 31, 2026, the aggregate amount of all dividends that would have been paid (subject to certain exceptions), from the date of repurchase through March 31, 2026.

If the Company defaults on a payment obligation with respect to the Series B-1 Preferred Stock and such default is not cured within 30 days, the dividend rate will increase to 8 % per annum and will be increased by an additional 2 % per annum each quarter the Company remains in default, not to exceed 14 % per annum.

The Series B-1 Preferred Stock is redeemable for cash outside of the control of the Company upon the exercise of the Put Right, and upon a Fundamental Change, and is therefore classified as mezzanine equity.

The Series B-1 Preferred Stock is initially measured at fair value less issuance costs, accreted to its redemption value over a 10-year period (using the effective interest method) with such accretion accounted for as deemed dividends and reductions to Net Earnings (Loss) Available to Common Shareholders.

Series B-2 Convertible Preferred Stock

On July 1, 2022, the Company issued 140,000 shares of Series B-2 Convertible Preferred Stock, no par value per share ("Series B-2 Preferred Stock" and, together with the Series B-1 Preferred Stock, the "Series B Preferred Stock"), for \$ 10,000 per share and an aggregate purchase price of \$ 1.4 billion.

The shares of Series B-2 Preferred Stock are convertible into shares of Coherent Common Stock as follows:

- at the election of the holder the Conversion Price upon the delivery by Coherent to the holders of the Series B-2 Preferred Stock of an offer to repurchase the Coherent Series B-2 Convertible Preferred Stock upon the occurrence of a Fundamental Change (as defined in the Statement with Respect to Shares establishing the Series B Preferred Stock); and
- at the election of the Company, any time following July 1, 2025 at the then-applicable Conversion Price if the volume-weighted average price of Coherent Common Stock exceeds 150 % of the then-applicable Conversion Price for 20 trading days out of any 30 consecutive trading days.

The issued shares of Series B-2 Convertible Preferred Stock currently have voting rights, voting as one class with the Coherent Common Stock and the Series B-1 Preferred Stock, on an as-converted basis, subject to limited exceptions.

On or at any time after July 1, 2032:

- each holder has the right to require the Company to redeem all of their Series B-2 Preferred Stock, for cash, at a redemption price per share equal to the sum of the Stated Value for such shares (as defined in the Statement with Respect to Shares establishing the Series B Preferred Stock) plus an amount equal to all accrued or declared and unpaid dividends on such shares that had not previously been added to the Stated Value (such price the "Redemption Price," and such right the "Put Right"); and
- the Company has the right to redeem, in whole or in part, on a pro rata basis from all holders based on the aggregate number of shares of Series B-2 Preferred Stock outstanding, for cash, at the Redemption Price.

In connection with any Fundamental Change, and subject to the procedures set forth in the Statement with Respect to Shares establishing the Series B Preferred Stock, the Company must, or will cause the survivor of a Fundamental Change to, make an offer to repurchase, at the option and election of the holder thereof, each share of Series B-2 Preferred Stock then-outstanding at a purchase price per share in cash equal to (i) the Stated Value for such shares plus an amount equal to all accrued or declared and unpaid dividends on such shares that had not previously been added to the Stated Value as of the date of repurchase plus (ii) if prior to July 1, 2027, the aggregate amount of all dividends that would have been paid (subject to certain exceptions), from the date of repurchase through July 1, 2027.

If the Company defaults on a payment obligation with respect to the Series B-2 Preferred Stock and such default is not cured within 30 days, the dividend rate will increase to 8 % per annum and will be increased by an additional 2 % per annum each quarter the Company remains in default, not to exceed 14 % per annum.

The Series B-2 Preferred Stock is redeemable for cash outside of the control of the Company upon the exercise of the Put Right, and upon a Fundamental Change, and is therefore classified as mezzanine equity.

The Series B-2 Preferred Stock is initially measured at fair value less issuance costs, accreted to its redemption value over a 10-year period (using the effective interest method) with such accretion accounted for as deemed dividends and reductions to Net Earnings (Loss) Available to Common Shareholders.

Preferred stock dividends are presented as a reduction to retained earnings on the Condensed Consolidated Balance Sheets.

The following table presents dividends per share and dividends recognized:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Dividends per share	\$ 145	\$ 136	\$ 428	\$ 404
Dividends (\$000)	29,810	27,969	87,919	83,267
Deemed dividends (\$000)	1,383	1,202	4,027	3,570

Note 11. Noncontrolling Interests

On December 4, 2023, Silicon Carbide LLC ("Silicon Carbide"), one of the Company's subsidiaries, completed (i) the sale of 16,666,667 Class A Common Units to Denso Corporation ("Denso") for \$ 500,000,000 pursuant to an Investment Agreement, dated as of October 10, 2023, by and between Silicon Carbide and Denso and (ii) the sale of 16,666,667 Class A Common

Units to Mitsubishi Electric Corporation (“MELCO”) for \$ 500,000,000 pursuant to an Investment Agreement, dated as of October 10, 2023, by and between Silicon Carbide and MELCO (collectively, the “Equity Investments”).

As a consequence of the Equity Investments, the Company’s ownership interest in the Class A Common Units of Silicon Carbide LLC was reduced to approximately 75 %. Denso and MELCO each, individually, own approximately 12.5 % of the Class A Common Units of Silicon Carbide.

The Equity Investments in Silicon Carbide enables Coherent to increase its available free cash flow to provide greater financial and operational flexibility to execute its capital allocation priorities, as the aggregate \$ 1 billion investment, net of transaction costs, will be used to fund future capital expansion of Silicon Carbide.

The following table presents the activity in noncontrolling interests in the Company’s Silicon Carbide subsidiary, as discussed above (\$000s).

	Nine Months Ended March 31,	
	2024	
Beginning balance	\$	—
Sale of shares to noncontrolling interests		373,573
Share of foreign currency translation adjustments		771
Net loss		(4,027)
Ending balance	\$	370,317

Note 12. Earnings (Loss) Per Share

Basic earnings (loss) per common share is computed by dividing net earnings (loss) available to common shareholders by the weighted-average number of shares of common stock outstanding during the period.

Diluted earnings (loss) per common share is computed by dividing the diluted earnings (loss) available to common shareholders by the weighted-average number of shares of common stock and potentially dilutive shares of common stock outstanding during the period. For the three and nine months ended March 31, 2024 and March 31, 2023, as the Company was in a net loss position, there were no dilutive shares.

Potentially dilutive shares whose effect would have been anti-dilutive are excluded from the computation of diluted earnings (loss) per common share. For the three and nine months ended March 31, 2024, diluted earnings (loss) per share excluded the potentially dilutive effect of the performance and restricted shares, calculated based on the average stock price for each fiscal period, using the treasury stock method, as well as the shares of Coherent Common Stock issuable upon conversion of the Series B Convertible Preferred Stock (under the If-Converted method), as their effects were anti-dilutive.

The following is a reconciliation of the numerators and denominators of the basic and diluted earnings (loss) per share computations (000, except per share data):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Numerator				
Net loss attributable to Coherent Corp.	\$ (13,187)	\$ 2,546	\$ (107,712)	\$ (81,224)
Deduct Series A preferred stock dividends	—	(6,900)	—	(20,700)
Deduct Series B dividends and deemed dividends	(31,193)	(29,171)	(91,946)	(86,837)
Basic loss available to common shareholders	\$ (44,380)	\$ (33,525)	\$ (199,658)	\$ (188,761)
Diluted loss available to common shareholders	\$ (44,380)	\$ (33,525)	\$ (199,658)	\$ (188,761)
Denominator				
Diluted weighted average common shares	152,138	139,113	151,341	136,990
Basic loss per common share	\$ (0.29)	\$ (0.24)	\$ (1.32)	\$ (1.38)
Diluted loss per common share	\$ (0.29)	\$ (0.24)	\$ (1.32)	\$ (1.38)

The following table presents potential shares of common stock excluded from the calculation of diluted net earnings (loss) per share, as their effect would have been anti-dilutive (000):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Common stock equivalents	3,546	2,416	2,613	2,334
Convertible Notes	—	—	—	1,491
Series A Mandatory Convertible Preferred Stock	—	10,697	—	10,331
Series B Convertible Preferred Stock	27,862	26,511	27,518	26,185
Total anti-dilutive shares	31,408	39,624	30,131	40,341

Note 13. Segment Reporting

The Company reports its business segments using the "management approach" model for segment reporting. This means that we determine our reportable business segments based on the way the chief operating decision-maker organizes business segments within the Company for making operating decisions and assessing financial performance.

We report our financial results in the following three segments: (i) Networking, (ii) Materials, and (iii) Lasers. Our chief operating decision maker receives and reviews financial information based on these three segments. We evaluate business segment performance based upon segment operating income, which is defined as earnings before income taxes, interest and other income or expense. The segments are managed separately due to the market, production requirements and facilities unique to each segment.

The accounting policies are consistent across each segment. To the extent possible, our corporate expenses and assets are allocated to the segments.

The following tables summarize selected financial information of our operations by segment (\$000):

Three Months Ended March 31, 2024					
	Networking	Materials	Lasers	Unallocated & Other	Total
Revenues	\$ 618,824	\$ 238,982	\$ 351,003	\$ —	\$ 1,208,809
Inter-segment revenues	10,892	132,177	1,513	(144,582)	—
Operating income (loss)	58,166	8,220	(44,081)	—	22,305
Interest expense	—	—	—	—	(72,753)
Other income (expense), net	—	—	—	—	18,597
Income tax benefit	—	—	—	—	16,121
Net loss	—	—	—	—	(15,730)
Net loss attributable to Coherent Corp.	—	—	—	—	(13,187)
Depreciation and amortization	40,573	26,508	72,654	—	139,735
Expenditures for property, plant & equipment	20,884	61,119	11,239	—	93,242
Segment assets	3,497,693	3,028,652	7,994,067	—	14,520,412
Goodwill	1,036,661	247,919	3,208,645	—	4,493,225
Three Months Ended March 31, 2023					
	Networking	Materials	Lasers	Unallocated & Other	Total
Revenues	\$ 551,099	\$ 323,769	\$ 365,326	\$ —	\$ 1,240,194
Inter-segment revenues	17,759	96,604	317	(114,680)	—
Operating income (loss)	49,476	67,826	(49,914)	—	67,388
Interest expense	—	—	—	—	(75,183)
Other income (expense), net	—	—	—	—	3,048
Income tax benefit	—	—	—	—	7,293
Net earnings	—	—	—	—	2,546
Depreciation and amortization	41,369	29,242	90,330	—	160,941
Expenditures for property, plant & equipment	6,441	78,666	12,038	—	97,145
Segment assets	3,435,816	2,275,614	8,406,202	—	14,117,632
Goodwill	1,012,006	273,341	3,219,790	—	4,505,137

Nine Months Ended March 31, 2024

	Networking	Materials	Lasers	Unallocated & Other	Total
Revenues	\$ 1,615,908	\$ 737,300	\$ 1,040,118	\$ —	\$ 3,393,326
Inter-segment revenues	33,758	315,961	3,357	(353,076)	—
Operating income (loss)	121,971	25,173	(114,262)	—	32,882
Interest expense	—	—	—	—	(220,689)
Other income (expense), net	—	—	—	—	30,252
Income tax benefit	—	—	—	—	45,816
Net loss	—	—	—	—	(111,739)
Net loss attributable to Coherent Corp.	—	—	—	—	(107,712)
Depreciation and amortization	121,780	77,205	217,128	—	416,113
Expenditures for property, plant & equipment	74,751	156,142	16,016	—	246,909

Nine Months Ended March 31, 2023

	Networking	Materials	Lasers	Unallocated & Other	Total
Revenues	\$ 1,756,327	\$ 1,061,809	\$ 1,136,913	\$ —	\$ 3,955,049
Inter-segment revenues	54,129	277,502	1,400	(333,031)	—
Operating income (loss)	230,497	224,633	(337,020)	—	118,110
Interest expense	—	—	—	—	(207,976)
Other income (expense), net	—	—	—	—	(32,253)
Income taxes	—	—	—	—	40,895
Net loss	—	—	—	—	(81,224)
Depreciation and amortization	124,384	83,804	269,948	—	478,136
Expenditures for property, plant & equipment	80,654	215,038	47,307	—	342,999

Note 14. Share-Based Compensation
Stock Award Plans

The Company's Board of Directors amended the Coherent Corp. 2018 Omnibus Incentive Plan, which originally was approved by the Company's shareholders at the Annual Meeting in November 2018, as the Coherent Corp. Omnibus Incentive Plan (as amended and restated, the "Plan"). The Plan was approved at the Annual Meeting in November 2023. The Plan provides for the grant of stock options, stock appreciation rights, restricted shares, restricted share units, deferred shares, performance shares and performance share units to employees, officers and directors of the Company. The maximum number of shares of Coherent Common Stock authorized for issuance under the Plan is limited to 13,450,000 shares of Coherent Common Stock, not including any remaining shares forfeited under the predecessor plans that may be rolled into the Plan. Certain awards under the Plan have certain vesting provisions predicated upon the death, retirement or disability of the grantee.

On the Closing Date, the Company assumed the Coherent, Inc. Equity Incentive Plan ("Legacy Coherent Plan") and the Legacy Coherent unvested restricted stock units ("Converted RSUs") that are generally subject to the same terms and conditions that applied to the Converted RSUs immediately prior to the Closing Date. After the Closing Date, the Company granted restricted stock units under the Legacy Coherent Plan through August 28, 2023. The Legacy Coherent Plan was terminated upon adoption of the Plan in November 2023. No additional awards will be granted under the Coherent Legacy Plan.

The Company has an Employee Stock Purchase Plan whereby eligible employees may authorize payroll deductions of up to 10 %, or such other percentage up to 15 % that the Company determines, of their regular base salary to purchase shares at the lower of 85 % of the fair market value of the common stock on the date of commencement of the offering or on the last day of the six-month offering period.

Share-based compensation expense for the periods indicated was as follows (\$000):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Stock Options and Cash-Based Stock Appreciation Rights	\$ 1,078	\$ 767	\$ 824	\$ 927
Restricted Share Awards and Cash-Based Restricted Share Unit Awards	20,050	29,533	72,038	103,003
Performance Share Awards and Cash-Based Performance Share Unit Awards	2,781	2,936	16,611	13,267
Employee Stock Purchase Plan	2,504	1,839	8,716	5,998
	<u>\$ 26,413</u>	<u>\$ 35,075</u>	<u>\$ 98,189</u>	<u>\$ 123,195</u>

Note 15. Fair Value of Financial Instruments

The FASB defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous markets for the asset and liability in an orderly transaction between market participants at the measurement date. We estimate fair value of our financial instruments utilizing an established three-level hierarchy in accordance with U.S. GAAP. The hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date as follows:

- Level 1 – Valuation is based upon unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 – Valuation is based upon quoted prices for similar assets and liabilities in active markets, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instruments.
- Level 3 – Valuation is based upon other unobservable inputs that are significant to the fair value measurements.

The classification of fair value measurements within the hierarchy is based upon the lowest level of input that is significant to the measurement.

We entered into an interest rate swap with a notional amount of \$ 1,075 million to limit the exposure to our variable interest rate debt by effectively converting it to a fixed interest rate. Through February 28, 2023, we received payments based on the one-month LIBOR and made payments based on a fixed rate of 1.52 %. We received payments with a floor of 0.00 %. The interest rate swap agreement had an effective date of November 24, 2019, with an expiration date of September 24, 2024. The initial notional amount of the interest rate swap decreased to \$ 825 million in June 2022, and will remain at that amount through the expiration date. On March 20, 2023, we amended our \$ 825 million interest rate swap ("Amended Swap"), effective as of February 28, 2023, to replace the current reference rate (LIBOR) with SOFR, to be consistent with Amendment No. 1 to the Credit Agreement. See Note 7. Debt for further information. Under the Amended Swap, we receive payments based on the one-month SOFR and make payments based on a fixed rate of 1.42 %. We receive payments with a floor of 0.10 %. We designated this instrument as a cash flow hedge, and deemed the hedge relationship effective at inception of the contract and the amended contract.

The fair value of the interest rate swap of \$ 15 million and \$ 37 million is recognized in the Condensed Consolidated Balance Sheet within prepaid and other current assets as of March 31, 2024 and June 30, 2023, respectively. Changes in fair value are recorded within accumulated other comprehensive income (loss) on the Condensed Consolidated Balance Sheets and reclassified into the Condensed Consolidated Statements of Earnings (Loss) as interest expense in the period in which the underlying transaction affects earnings. Cash flows from hedging activities are reported in the Condensed Consolidated Statements of Cash Flows in the same classification as the hedged item, generally as a component of cash flows from operations. The fair value of the interest rate swap is determined using widely accepted valuation techniques and reflects the contractual terms of the interest rate swap including the period to maturity, and while there are no quoted prices in active markets, it uses observable market-based inputs, including interest rate curves. The fair value analysis also considers a credit valuation adjustment to reflect nonperformance risk of both the Company and the single counterparty. The interest rate swap is classified as a Level 2 item within the fair value hierarchy.

On February 23, 2022, we entered into an interest rate cap (the “Cap”) with an effective date of July 1, 2023. On March 20, 2023, we amended the Cap to replace the current reference rate (LIBOR) with SOFR, to be consistent with Amendment No. 1 to the Credit Agreement. See Note 7. Debt for further information. The Cap manages our exposure to interest rate movements on a portion of our floating rate debt. The Cap provides us with the right to receive payment if one-month SOFR exceeds 1.92 %. Beginning in July 2023, we began to pay a fixed monthly premium based on an annual rate of 0.853 % for the Cap. The Cap will carry a notional amount ranging from \$ 500 million to \$ 1,500 million. The fair value of the interest rate cap of \$ 46 million and \$ 46 million is recognized in the Condensed Consolidated Balance Sheet within prepaid and other current assets and other assets as of March 31, 2024 and June 30, 2023, respectively.

The Cap, as amended, is designed to mirror the terms of the Credit Agreement as amended on March 31, 2023. We designated the Cap as a cash flow hedge of the variability of the SOFR based interest payments on the Term Facilities. Every period over the life of the hedging relationship, the entire change in fair value related to the hedging instrument will first be recorded within accumulated other comprehensive income (loss). Amounts accumulated in accumulated other comprehensive income (loss) are reclassified into interest expense in the same period or periods in which interest expense is recognized on the Credit Agreement, or its direct replacement. The fair value of the Cap is determined using widely accepted valuation techniques and reflects the contractual terms of the Cap including the period to maturity, and while there are no quoted prices in active markets, it uses observable market-based inputs, including interest rate curves. The fair value analysis also considers a credit valuation adjustment to reflect nonperformance risk of both the Company and the single counterparty. The Cap is classified as a Level 2 item within the fair value hierarchy.

We estimated the fair value of the Senior Notes based on quoted market prices as of the last trading day prior to March 31, 2024; however, the Senior Notes have only a limited trading volume and as such this fair value estimate is not necessarily the value at which the Senior Notes could be retired or transferred. We concluded that this fair value measurement should be categorized within Level 2. The carrying value of the Senior Notes is net of unamortized discount and issuance costs. See Note 7. Debt for details on our debt facilities.

The fair value and carrying value of the Senior Notes were as follows (\$000):

	March 31, 2024		June 30, 2023	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Senior Notes	\$ 933,768	\$ 983,827	\$ 895,950	\$ 983,137

Our borrowings, including our lease obligations and the Senior Notes, are considered Level 2 among the fair value hierarchy and their principal amounts approximate fair value.

Cash and cash equivalents are considered Level 1 among the fair value hierarchy and approximate fair value.

At March 31, 2024, total restricted cash of \$ 894 million includes \$ 889 million of cash in Silicon Carbide LLC that is restricted for use only by that subsidiary and \$ 5 million of cash restricted for other purposes in other entities. At June 30, 2023, total restricted cash of \$ 16 million consisted of cash restricted for other purposes in other entities. The restricted cash is invested in money market accounts and time deposits, with maturities of one year or less, that are held-to-maturity, are considered Level 1 among the fair value hierarchy and approximate fair value. Restricted cash that is expected to be spent and released from restriction after 12 months is classified as non-current on the Condensed Consolidated Balance Sheets.

We, from time to time, purchase foreign currency forward exchange contracts that permit us to sell specified amounts of these foreign currencies for pre-established U.S. dollar amounts at specified dates that represent assets or liabilities on the balance sheets of certain subsidiaries. These contracts are entered into for the purpose of limiting translational exposure to changes in currency exchange rates and which otherwise would expose our earnings, on the revaluation of our aggregate net assets or liabilities in respective currencies, to foreign currency risk. At March 31, 2024, we had foreign currency forward contracts recorded at fair value. The fair values of these instruments were measured using valuations based upon quoted prices for similar assets and liabilities in active markets (Level 2) and are valued by reference to similar financial instruments, adjusted for credit risk and restrictions and other terms specific to the contracts. Realized losses related to these contracts for the three and nine months ended March 31, 2024 were \$ 12 million and \$ 9 million, respectively, and the three and nine months ended March 31, 2023 were \$ 0 million and \$ 5 million, respectively, and were included in other expense (income), net in the Condensed Consolidated Statements of Earnings (Loss).

Note 16. Share Repurchase Programs

In August 2014, the Company's Board of Directors authorized the Company to purchase up to \$ 50 million of its common stock through a share repurchase program (the "Program") that calls for shares to be purchased in the open market or in private transactions from time to time. The Program has no expiration and may be suspended or discontinued at any time. We did not repurchase any shares pursuant to this Program during the quarter ended March 31, 2024. As of February 21, 2024, we had cumulatively purchased 1,416,587 shares of Coherent common stock pursuant to the Program for approximately \$ 22 million. On February 21, 2024, the Company's Board of Directors terminated the Program and any remaining amount authorized for the repurchase of shares.

Note 17. Accumulated Other Comprehensive Income

The changes in accumulated other comprehensive income (loss) ("AOCI") by component, net of tax, for the nine months ended March 31, 2024 were as follows (\$000):

	Foreign Currency Translation Adjustment	Interest Rate Swap	Interest Rate Cap	Defined Benefit Pension Plan	Total Accumulated Other Comprehensive Income (Loss)
AOCI - June 30, 2023	\$ 53,355	\$ 19,484	\$ 36,628	\$ 259	\$ 109,726
Other comprehensive income (loss) before reclassifications	(28,656)	7,248	9,128	824	(11,456)
Amounts reclassified from AOCI	—	(24,282)	(9,507)	—	(33,789)
Net current-period other comprehensive income (loss)	(28,656)	(17,034)	(379)	824	(45,245)
Reclass related to sale of shares to noncontrolling interests	2,871	—	—	—	2,871
AOCI - March 31, 2024	\$ 27,570	\$ 2,450	\$ 36,249	\$ 1,083	\$ 67,352

Note 18. Restructuring and Synergy and Site Consolidation Plans**Restructuring Plan**

On May 23, 2023, the Board of Directors approved the Company's May 2023 Restructuring Plan which includes site consolidations, facilities moves and closures, as well as the relocation and requalification of certain manufacturing facilities. These restructuring actions are expected to be accompanied by other cost reductions, and are intended to realign our cost structure as part of a transformation to a simpler, more streamlined, resilient and sustainable business model. We evaluate restructuring charges in accordance with ASC 420, Exit or Disposal Cost Obligations (ASC 420), and ASC 712, Compensation-Nonretirement Post-Employment Benefits (ASC 712).

In the three months ended March 31, 2024, these activities resulted in \$ 12 million of charges primarily for employee termination costs, acceleration of depreciation and the write-off of property and equipment. In the nine months ended March 31, 2024, these activities resulted in \$ 13 million of charges primarily for acceleration of depreciation, employee termination costs and write-off of property and equipment, as well as site move costs and travel costs. In fiscal 2023, these activities resulted in \$ 119 million of charges primarily for employee termination costs and the write-off of property and equipment, net of \$ 65 million from reimbursement arrangements. We expect the restructuring actions to be substantially completed by the end of fiscal 2025. However, the actual timing and costs associated with these restructuring actions may differ from our current expectations and estimates and such differences may be material.

The following table presents our current and non-current liability as accrued for restructuring charges on our Condensed Consolidated Balance Sheets. The table sets forth an analysis of the components of the restructuring charges and payments and other deductions made against the accrual for the first two quarters in fiscal 2024 (\$000):

	Severance	Asset Write-Offs	Other	Total Accrual
Balance - June 30, 2023	\$ 64,379	\$ —	\$ —	\$ 64,379
Restructuring charges	2,050	269	699	3,018
Payments	(7,930)	—	—	(7,930)
Asset write-offs and other	—	(269)	(699)	(968)
Balance - September 30, 2023	58,499	—	—	58,499

Restructuring charges (recoveries)	(4,848)	54	3,224	(1,570)
Payments	(2,103)	—	—	(2,103)
Asset write-offs and other	—	(54)	(3,224)	(3,278)
Balance - December 31, 2023	51,548	—	—	51,548
Restructuring charges (recoveries)	5,232	1,593	4,705	11,530
Payments	(3,358)	—	—	(3,358)
Asset write-offs and other	—	(1,593)	(4,705)	(6,298)
Balance - March 31, 2024	\$ 53,422	\$ —	\$ —	\$ 53,422

At March 31, 2024, \$ 19 million and \$ 35 million of accrued severance related costs were included in other accrued liabilities and other liabilities, respectively, and are expected to result in cash expenditures through fiscal 2028. The current year severance related costs are primarily comprised of severance pay for employees being terminated due to the consolidation of certain manufacturing sites, with severance recorded in accordance with ASC 712.

By segment, for the three and nine months ended March 31, 2024, \$ 8 million and \$ 15 million, respectively, of restructuring costs were incurred in the Materials segment, and \$ 4 million and \$ 4 million, respectively, of restructuring costs were incurred in the Lasers segment, partially offset by no and \$ 5 million, respectively, of restructuring recoveries in the Networking segment. Restructuring charges and recoveries are recorded in Restructuring Charges in our Condensed Consolidated Statements of Earnings (Loss).

Synergy and Site Consolidation Plan

On May 20, 2023, the Company announced that it has accelerated some of the actions planned as part of its multi-year synergy and site consolidation efforts following the acquisition of Coherent, Inc., including site consolidations and relocations to lower cost sites. These relocations and other actions are expected to result in the Company achieving its previously announced \$ 250 million synergy plan, which includes savings from supply chain management, internal supply of enabling materials and components, operational efficiencies in all functions due to scale, global functional model efficiencies and consolidation of corporate costs. We evaluate severance and other site consolidation costs in accordance with ASC 420 and ASC 712. In the three and nine months ended March 31, 2024, the acceleration of these activities resulted in \$ 13 million and \$ 29 million, respectively, of charges primarily for overlapping labor related to transition of manufacturing operations to other sites, shut down costs, accelerated depreciation, and employee termination costs. In fiscal 2023, the acceleration of these activities resulted in \$ 20 million of charges primarily for employee termination costs, the write-off of inventory for products that are end of life and shut down costs.

At March 31, 2024, \$ 6 million and \$ 6 million of accrued severance related costs were included in Other accrued liabilities and Other liabilities, respectively, and are expected to result in cash expenditures through fiscal 2025. The current year severance related costs are primarily comprised of severance pay for employees being terminated due to the exit or consolidation of certain manufacturing sites.

For the three and nine months ended March 31, 2024, the \$ 13 million and \$ 29 million, respectively, of synergy and site consolidation costs were incurred in the Lasers segment. Costs related to the synergy and site consolidation efforts are recorded in Cost of goods sold (\$ 9 million and \$ 21 million), IR&D (\$ 3 million and \$ 7 million) and SG&A (\$ 1 million and \$ 1 million) in the three and nine months ended March 31, 2024, respectively, in our Condensed Consolidated Statements of Earnings (Loss).

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

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is designed to provide a reader of Coherent's financial statements with a narrative from the perspective of management. The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our Condensed Consolidated Financial Statements and related notes included under Item 1 of this quarterly report. Coherent's MD&A is presented in seven sections:

- Forward-Looking Statements
- Overview
- Restructuring and Site Consolidation
- Silicon Carbide Investment
- Critical Accounting Estimates
- Results of Operations
- Liquidity and Capital Resources

Forward-looking statements in Item 2 may involve risks and uncertainties that could cause results to differ materially from those projected (refer to Part II Item 1A for discussion of these risks and uncertainties).

Forward-Looking Statements

Certain statements contained in the MD&A are forward-looking statements as defined by Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding projected growth rates, markets, product development, financial position, capital expenditures and foreign currency exposure. Forward-looking statements are also identified by words such as "expects," "anticipates," "intends," "believes," "plans," "projects" or similar expressions.

Although our management considers the expectations and assumptions on which the forward-looking statements in this Quarterly Report on Form 10-Q are based to have a reasonable basis, there can be no assurance that management's expectations, beliefs or projections as expressed in the forward-looking statements will actually occur or prove to be correct. In addition to general industry and global economic conditions, factors that could cause actual results to differ materially from those discussed in the forward-looking statements in this Quarterly Report on Form 10-Q include, but are not limited to: (i) the failure of any one or more of the expectations or assumptions on which such forward-looking statements are based to prove to be correct; and (ii) the risks relating to forward-looking statements and other "Risk Factors" discussed in Item 1A in this Quarterly Report on Form 10-Q, the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2023 and in the Company's other reports filed with the Securities and Exchange Commission. The Company disclaims any obligation to update information contained in these forward-looking statements whether as a result of new information, future events or developments, or otherwise.

In addition, we operate in a highly competitive and rapidly changing environment; new risk factors can arise, and it is not possible for management to anticipate all such risk factors, or to assess the impact of all such risk factors on our business or the extent to which any individual risk factor, or combination of risk factors, may cause results to differ materially from those contained in any forward-looking statement. The forward-looking statements included in this Quarterly Report on Form 10-Q are based only on information currently available to us and speak only as of the date of this Report. We do not assume any obligation, and do not intend, to update any forward-looking statements, whether as a result of new information, future developments or otherwise, except as may be required by the securities laws. Investors should, however, consult any further disclosures of a forward-looking nature that the Company may make in its subsequent Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, or other disclosures filed with or furnished to the SEC.

Investors should also be aware that, while the Company does communicate with securities analysts from time to time, such communications are conducted in accordance with applicable securities laws. Investors should not assume that the Company agrees with any statement, conclusion of any analysis, or report issued by any analyst irrespective of the content of the statement or report.

Overview

Coherent Corp. ("Coherent", the "Company," "we," "us" or "our"), a global leader in materials, networking and lasers, is a vertically integrated manufacturing company that develops, manufactures and markets engineered materials, optoelectronic components and devices, and lasers for use in the industrial, communications, electronics, and instrumentation markets. Headquartered in Saxonburg, Pennsylvania, Coherent has research and development, manufacturing, sales, service, and distribution facilities worldwide. Coherent produces a wide variety of lasers, along with application-specific photonic and electronic materials and components, and deploys them in various forms, including integrated with advanced software to enable its customers.

We generate almost all of our revenues, earnings and cash flows from developing, manufacturing and marketing a broad portfolio of products and services for our end markets. We also generate revenue, earnings and cash flows from externally-funded research and development contracts relating to the development and manufacture of new technologies, materials and products.

Our customer base includes original equipment manufacturers; laser end-users; system integrators of high-power lasers; manufacturers of equipment and devices for industrial, optical communications, electronics, and instrumentation markets.

As we grow, we are focused on scaling our Company and deriving the continued benefits of vertical integration as we strive to be a best-in-class player in all of our highly competitive markets. We may elect to change the way in which we operate or are organized in the future to enable the most efficient implementation of our strategy.

Restructuring and Site Consolidation

Restructuring Plan

On May 23, 2023, the Board of Directors approved the Company's May 2023 Restructuring Plan which includes site consolidations, facilities moves and closures, as well as the relocation and requalification of certain manufacturing facilities. These restructuring actions are expected to be accompanied by other cost reductions and are intended to realign our cost structure as part of a transformation to a simpler, more streamlined, resilient and sustainable business model. In the three and nine months ended March 31, 2024, these activities resulted in charges of \$12 million and \$13 million, respectively, primarily for accelerated depreciation, employee termination costs, and the write-off of property and equipment. In fiscal 2023, these activities resulted in \$119 million of charges primarily for employee termination costs and the write-off of property and equipment, net of \$65 million from reimbursement arrangements. We expect the restructuring actions to be substantially completed by the end of fiscal 2025. However, the actual timing and costs associated with these restructuring actions may differ from our current expectations and estimates and such differences may be material. See Note 18. Restructuring and Synergy and Site Consolidation Plan to the Company's Condensed Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q for further information.

Synergy and Site Consolidation Plan

On May 20, 2023, the Company announced that it has accelerated some of the actions planned as part of its multi-year synergy and site consolidation efforts following the acquisition of Coherent, Inc., including site consolidations and relocations to lower cost sites. These relocations and other actions are expected to result in the Company achieving its previously announced \$250 million synergy plan, which includes savings from supply chain management, internal supply of enabling materials and components, operational efficiencies in all functions due to scale, global functional model efficiencies and consolidation of corporate costs. In the three and nine months ended March 31, 2024, the acceleration of these activities resulted in \$13 million and \$29 million, respectively, of charges primarily for overlapping labor related to transition of manufacturing operations to other sites, shut down costs, accelerated depreciation and employee termination costs. In fiscal 2023, the acceleration of these activities resulted in \$20 million of charges primarily for employee termination costs, the write-off of inventory for products that are being exited and shut down costs. See Note 18. Restructuring and Synergy and Site Consolidation Plan to the Company's Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further information.

Silicon Carbide Investment

On May 10, 2023, the Company announced that it has commenced a review of strategic alternatives for its Silicon Carbide business. On December 4, 2023, Silicon Carbide LLC ("Silicon Carbide"), one of the Company's subsidiaries, completed the sale of Class A Common Units to Denso Corporation ("Denso") and Mitsubishi Electric Corporation ("MELCO"), under which they collectively invested an aggregate of \$1 billion in Silicon Carbide LLC (collectively, the "Equity Investments"). As a consequence of the Equity Investments, the Company's ownership interest in the Class A Common Units of Silicon Carbide LLC was reduced to approximately 75%. Denso and MELCO each, individually, own approximately 12.5% of the Class A Common Units of Silicon Carbide LLC. The Equity Investments in Silicon Carbide enables Coherent to increase its available free cash flow to provide greater financial and operational flexibility to execute its capital allocation priorities, as the aggregate \$1 billion investment will be used to fund future capital expansion of Silicon Carbide. See Note 11. Noncontrolling Interests included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further information on the noncontrolling interests in our Silicon Carbide LLC ("Silicon Carbide") subsidiary.

Critical Accounting Estimates

The preparation of financial statements and related disclosures are in conformity with accounting principles generally accepted in the United States of America and the Company's discussion and analysis of its financial condition and results of operations require the Company's management to make judgments, assumptions and estimates that affect the amounts reported in its condensed consolidated financial statements and accompanying notes.

Note 1 of the Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K dated August 18, 2023 describes the significant accounting policies and methods used in the preparation of the Company's consolidated financial statements.

New Accounting Standards

See Note 2. Recently Issued Financial Accounting Standards to our unaudited condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for a description of recent accounting pronouncements, including the expected dates of adoption and estimated effects, if any, on our consolidated financial statements.

Results of Operations (\$ in millions, except per share data)

The following tables set forth select items from our Condensed Consolidated Statements of Earnings (Loss) for the three and nine months ended March 31, 2024 and 2023 (\$ in millions) ⁽¹⁾:

	Three Months Ended March 31, 2024			Three Months Ended March 31, 2023		
		% of Revenues			% of Revenues	
Total revenues	\$ 1,209	100 %	\$	1,240	100 %	
Cost of goods sold	842	70		820	66	
Gross margin	366	30		420	34	
Operating expenses:						
Internal research and development	127	11		126	10	
Selling, general and administrative	205	17		226	18	
Restructuring charges	12	1		—	—	
Interest and other, net	54	4		72	6	
Loss before income taxes	(32)	(2)		(5)	—	
Income taxes	(16)	(1)		(7)	(1)	
Net loss	(16)	—		3	—	
Net loss attributable to noncontrolling interests	(3)	—		—	—	
Net loss attributable to Coherent Corp.	\$ (13)	(3) %	\$	—	— %	
Diluted loss per share	\$ (0.29)		\$	(0.24)		

⁽¹⁾ Some amounts may not add due to rounding.

	Nine Months Ended March 31, 2024		Nine Months Ended March 31, 2023	
		% of Revenues		% of Revenues
Total revenues	\$ 3,393	100 %	\$ 3,955	100 %
Cost of goods sold	2,369	70	2,680	68
Gross margin	1,024	30	1,275	32
Operating expenses:				
Internal research and development	352	10	376	10
Selling, general and administrative	626	18	781	20
Restructuring charges	13	—	—	—
Interest and other, net	190	6	240	610
Loss before income taxes	(158)	(5)	(122)	(3)
Income taxes	(46)	(1)	(41)	(1)
Net loss	(112)	(3)	(81)	(2)
Net loss attributable to noncontrolling interests	(4)	—	—	—
Net loss attributable to Coherent Corp.	\$ (108)	(3) %	\$ (81)	(2) %
Diluted loss per share	\$ (1.32)		\$ (1.38)	

⁽¹⁾ Some amounts may not add due to rounding.

Consolidated

Revenues. Revenues for the three months ended March 31, 2024 decreased 3% to \$1,209 million, compared to \$1,240 million for the same period last fiscal year. Revenues decreased \$65 million, or 47%, in the electronics market, primarily from lower volumes in the consumer electronics vertical largely due to a design change implemented by a significant electronics customer but also in the automotive vertical due to a power failure impacting our production, resulting in lower shipments. Revenues decreased \$26 million, or 21%, in the instrumentation market due to decreased volumes in the life sciences vertical where we see continued inventory digestion by our customers. In addition, revenues decreased in the industrial market by \$17 million, or 4%, due to decreased shipment volumes in the precision manufacturing vertical derived from macroeconomic conditions. While the near-term outlook for our industrial business remains challenged by the macroeconomic backdrop, we saw signs of demand recovery in the third quarter and we had strong double-digit order growth for our display vertical. The decreases were partially offset by an increase of \$77 million (14%) in the communications market, primarily due to increased volumes in the datacom vertical driven by increased AI-related datacom transceivers shipments, partially offset by decreased volumes in the telecom vertical as our communications service provider customers continue to work down their inventory levels with reduced capital spending in the macroeconomic slowdown.

From a segment perspective, Materials revenues decreased \$85 million year-over-year, primarily due to lower volumes for sensing products and other consumer applications in the consumer electronics vertical within the electronics market due to the design change referenced above, along with lower smartphone sales. Lasers revenue decreased \$14 million year-over-year due to lower volumes from the life sciences vertical in the instrumentation market partially offset by higher shipments in the semiconductor and display capital equipment vertical in the industrial market. Networking revenues increased \$68 million year-over-year, with increased volumes from the datacom vertical partially offset by decreases in the telecom vertical, both in our communications market.

Revenues for the nine months ended March 31, 2024 decreased 14% to \$3,393 million, compared to \$3,955 million for the same period last fiscal year. Revenues decreased in all four markets, with the largest decline, \$267 million, or 51%, in the electronics market, primarily from lower volumes in the consumer electronics vertical, largely due to a design change implemented by a significant electronics customer. In addition, revenues decreased \$128 million, or 7%, in the communications market, primarily due to decreased volumes in the telecom vertical as our communications service provider customers continued to work down their inventory levels with reduced capital spending, partially offset by increased shipments in the datacom vertical driven by increased AI-related datacom shipments. Revenues decreased in the industrial market by \$101 million, or 7%, due to decreased shipments in precision manufacturing and semiconductor capital equipment verticals primarily due to macroeconomic conditions and \$66 million, or 18%, in the instrumentation market due to decreased volumes in the life sciences vertical due to continued inventory digestion by our customers.

From a segment perspective, Materials decreased \$325 million year-over-year, primarily due to lower demand for sensing products and other consumer applications in the consumer electronics vertical within the electronics market for the reasons discussed above. Networking revenues decreased \$140 million year-over-year, with decreases from the telecom vertical partially offset by increases in the datacom vertical, both in our communications market, for the reasons discussed above. Lasers revenue decreased \$97 million year-over-year due to lower demand in the life sciences vertical in the instrumentation market and semiconductor and display capital equipment and precision manufacturing verticals in the industrial end market.

Gross margin. Gross margin for the three months ended March 31, 2024 was \$366 million, or 30% of total revenues, compared to \$420 million, or 34% of total revenues, for the same period last fiscal year, a decrease of 360 basis points. The decrease as a percent of revenue for the three months ended March 31, 2024 was primarily due to lower revenues for the reasons discussed above, lower yields in the datacom vertical within the communications market due to production ramp challenges for new products, underutilized operating capacity in several plants, shut down costs related to site consolidations, higher inventory provisions and higher costs related to product lines that are being exited.

Gross margin for the nine months ended March 31, 2024 decreased to \$1,024 million, or 30% of total revenues, compared to \$1,275 million, or 32% of total revenues, for the same period last fiscal year, a decrease of 200 basis points. During the nine months ended March 31, 2023, the Company recorded \$158 million in Cost of goods sold related to the fair value adjustment on acquired inventory from the Company's acquisition of Coherent, Inc. (the "Merger"). Gross margin, excluding the fair value adjustment on acquired inventory, decreased 604 basis points for the nine months ended March 31, 2024 compared to the prior year period primarily due to lower revenues, less favorable sales mix especially in the datacom vertical in the communications market, underutilized operating capacity in several plants, shut down costs related to site consolidations, lower yields in the datacom vertical, higher costs related to product lines that are being exited, higher inventory provisions and the unfavorable foreign exchange rates.

Internal research and development. Internal research and development ("IR&D") expenses for the three months ended March 31, 2024 were \$127 million, or 11% of revenues, compared to \$126 million, or 10% of revenues, for the same period last fiscal year. IR&D for the nine months ended March 31, 2024 decreased 6% to \$352 million, or 10% of revenues, compared to \$376 million, or 10% of revenues, for the same period last fiscal year. The slight increase for the three months ended March 31, 2024 was driven by higher variable compensation partially offset by lower costs due to the consolidation of sites and our cost containment efforts. The decrease for the nine months ended March 31, 2024 was in all three segments and was driven by lower costs due to the consolidation of sites and our efforts to control costs. The IR&D expenses are primarily related to our continued investment in new products and manufacturing processes across all of our businesses, including significant investments in indium phosphide semiconductor lasers, silicon carbide materials, devices for both power electronics and wireless devices, and lasers for display processing and semiconductor capital equipment.

Selling, general and administrative. Selling, general and administrative ("SG&A") expenses for the three months ended March 31, 2024 were \$205 million, or 17% of revenues, compared to \$226 million, or 18% of revenues, for the same period last fiscal year. SG&A expenses for the nine months ended March 31, 2024 were \$626 million, or 18% of revenues, compared to \$781 million, or 20% of revenues, for the same period last fiscal year. The decrease in SG&A as a percentage of revenue for the three months ended March 31, 2024 compared to the same period last fiscal year was primarily the result of lower amortization expense of \$21 million resulting both from the Merger and lower amortization for tradenames impaired in the fourth quarter of fiscal 2023, and \$6 million lower share-based compensation as well as lower costs due to the consolidation of sites and our efforts to control costs, partially offset by the impact of lower revenues and higher variable compensation. The decrease in SG&A as a percentage of revenue for the nine months ended March 31, 2024 compared to the same period last fiscal year was the result of lower amortization expense of \$64 million resulting from both the Merger and lower amortization for tradenames impaired in the fourth quarter of fiscal 2023, lower charges related to the Merger, including \$39 million lower transaction fees and financing, lower one-time expense of \$18 million related to share-based compensation resulting from the Merger and \$12 million lower severance and integration consulting costs, as well as lower costs due to the consolidation of sites and our efforts to control costs, partially offset by the impact of lower revenues.

Restructuring charges. Restructuring charges related to our Restructuring Plan for the three and nine months ended March 31, 2024 were \$12 million and \$13 million, respectively, and consist of severance, accelerated depreciation, equipment write-offs and move costs due to the consolidation of certain manufacturing sites. See Note 18. Restructuring and Synergy and Site Consolidation Plan included in Item 1 of this Quarterly Report on Form 10-Q for further information.

Interest and other, net. Interest and other, net for the three months ended March 31, 2024 was expense of \$54 million, compared to expense of \$72 million for the same period last fiscal year, a decrease of \$18 million. Included in interest and other, net, were interest expense on borrowings, foreign currency gains and losses, amortization of debt issuance costs, equity gains and losses from unconsolidated investments, and interest and dividend income on excess cash balances. For the three months ended March 31, 2024, the decrease of \$18 million in comparison to the same period last fiscal year was driven by \$15 million incremental interest and dividend income due to increases in interest rates earned on investments as well as the increase in restricted cash balances, \$3 million higher gains on deferred compensation plan assets and \$2 million lower interest expense primarily due to the higher interest expense benefit from our interest rate cap and swap partially offset by \$2 million higher foreign exchange losses. Interest and other, net for the nine months ended March 31, 2024 was expense of \$190 million, compared to expense of \$240 million for the same period last fiscal year, a decrease of \$50 million. The decrease of \$50 million in comparison to the same period last fiscal year was driven by \$35 million incurred in the prior year related to financing of the Merger and \$25 million incremental interest income due to increases in interest rates earned on investments as well as the increase in restricted cash balances. The decreases were partially offset by \$13 million incremental interest expense due to higher interest rates on our Term facilities, net of higher benefit from our interest rate cap and swap.

Income taxes. The Company's year-to-date effective income tax rate at March 31, 2024 was 29% compared to an effective tax rate of 33% for the same period in 2023. The variations between the Company's effective tax rate and the U.S. statutory rate of 21% were due to tax rate differentials between U.S. and foreign jurisdictions.

Net loss attributable to noncontrolling interests. Net loss attributable to noncontrolling interests for the three and nine months ended March 31, 2024 was \$3 million and \$4 million, respectively, and represents the noncontrolling interest holders' shares of losses of Silicon Carbide LLC after the close of the transaction on December 4, 2023. See Note 11. Noncontrolling Interests included in Item 1 of this Quarterly Report on Form 10-Q for further information.

Segment Reporting

Revenues and operating income for the Company's reportable segments are discussed below. Operating income differs from net earnings in that operating income excludes certain operational expenses included in other expense (income) – net as reported. Management believes operating income to be a useful measure for investors, as it reflects the results of segment performance over which management has direct control and is used by management in its evaluation of segment performance. See Note 13. Segment Reporting, to our unaudited condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for further information on the Company's reportable segments and for the reconciliation of the Company's operating income to net earnings, which is incorporated herein by reference. We report our financial results in the following three designated segments: (i) Networking, (ii) Materials, and (iii) Lasers.

Networking (\$ in millions)

	Three Months Ended March 31,		% Increase (Decrease)	Nine Months Ended March 31,		% Increase (Decrease)
	2024	2023		2024	2023	
Revenues	\$ 619	\$ 551	12%	\$ 1,616	\$ 1,756	(8)%
Operating income	\$ 58	\$ 49	18%	\$ 122	\$ 230	(47)%

Revenues for the three months ended March 31, 2024 increased 12% to \$619 million, compared to \$551 million for the same period last fiscal year. Revenues for the nine months ended March 31, 2024 decreased 8% to \$1,616 million, compared to \$1,756 million for the same period last fiscal year. The increase in revenue of \$68 million during the three months ended March 31, 2024 was primarily due to increases in the communications market resulting from increased volumes in the datacom vertical driven by increased AI-related datacom transceivers shipments partially offset by decreased shipments in the telecom vertical as our communications service provider customers continue to work down their inventory levels with reduced capital spending. The decrease in revenues of \$140 million during the nine months ended March 31, 2024 was primarily due to decreased volumes year-over-year in the telecom vertical as our communications service provider customers continue to work down their inventory levels with reduced capital spending, partially offset by increases in the datacom vertical driven by increased AI-related datacom transceivers shipments, both within the communications market.

Operating income for the three months ended March 31, 2024 increased 18% to \$58 million, compared to operating income of \$49 million for the same period last fiscal year. Operating income for the nine months ended March 31, 2024 decreased 47% to \$122 million, compared to operating income of \$230 million for the same period last fiscal year. The increase in operating income for the three months ended March 31, 2024 was driven by higher revenues, with flat margin as a percentage of sales, partially offset by \$8 million higher integration related expenses. The decrease in operating income for the nine months ended March 31, 2024 was driven by \$140 million lower revenues as well as lower margin percentage. The margin percentage was lower than the nine months ended March 31, 2023 due to less favorable sales mix in the datacom vertical, the impact of fixed manufacturing costs as a percentage of revenues on lower revenues in the telecom vertical, lower yields in the datacom vertical and higher inventory provisions related to products that are being exited.

Materials (\$ in millions)

	Three Months Ended March 31,		% Increase (Decrease)	Nine Months Ended March 31,		% Increase (Decrease)
	2024	2023		2024	2023	
Revenues	\$ 239	\$ 324	(26)%	\$ 737	\$ 1,062	(31)%
Operating income	\$ 8	\$ 68	(88)%	\$ 25	\$ 225	(89)%

Revenues for the three months ended March 31, 2024 decreased 26% to \$239 million, compared to revenues of \$324 million for the same period last fiscal year. Compared to the three months ended March 31, 2023, Materials decreased \$85 million year-over-year, with a decrease of \$64 million in the electronics market due to lower volumes in our consumer electronics vertical largely due to a design change implemented by a significant electronics customer but also in the automotive vertical due to a power failure impacting our production, resulting in lower shipments, as well as a decrease of \$22 million in the industrial market derived from macroeconomic conditions. Revenues for the nine months ended March 31, 2024 decreased 31% to \$737 million, compared to revenues of \$1,062 million for the same period last fiscal year. The decrease in revenues of \$325 million during the nine months ended March 31, 2024 was primarily related to a decrease of \$262 million in the electronics market mostly due to lower volumes in our consumer electronics vertical largely due to a design change implemented by a significant electronics customer, partially offset by higher shipments in our automotive vertical driven by electric vehicles, as well as decreases in shipments to a lesser extent derived from macroeconomic conditions in our precision manufacturing vertical in the industrial market.

Operating income for the three months ended March 31, 2024 decreased 88% to \$8 million, compared to operating income of \$68 million for the same period last fiscal year, primarily driven by \$85 million lower revenues and higher restructuring charges, underutilized operating capacity in several plants and shut down costs related to site consolidations. Operating income for the nine months ended March 31, 2024 decreased 89% to \$25 million, compared to \$225 million of operating income for the same period last fiscal year. The decrease in operating income for the nine months ended March 31, 2024 was driven by \$325 million lower revenues and lower margin percentage. The margin percentage was lower than the nine months ended March 31, 2023 due to unfavorable impact of fixed manufacturing costs with lower revenues, higher cost product built and capitalized in prior periods being expensed, underutilized operating capacity in several plants and shut down costs related to site consolidations.

Lasers (\$ in millions)

	Three Months Ended March 31,		% Increase (Decrease)	Nine Months Ended March 31,		% Increase (Decrease)
	2024	2023		2024	2023	
Revenues	\$ 351	\$ 365	(4)%	\$ 1,040	\$ 1,137	(9)%
Operating income	\$ (44)	\$ (50)	12%	\$ (114)	\$ (337)	66%

Revenues for the three months ended March 31, 2024 decreased 4% to \$351 million, compared to revenues of \$365 million for the same period last fiscal year. The decrease was primarily due to \$21 million lower shipments to the life sciences vertical in the instrumentation market where we see continued inventory digestion by our customers, partially offset by \$7 million higher shipments to the industrial market due to higher demand in our semiconductor and display capital equipment vertical. Revenues for the nine months ended March 31, 2024 decreased 9% to \$1,040 million, compared to revenues of \$1,137 million for the same period last fiscal year. The decrease was primarily due to a \$50 million drop in the industrial market due to lower volumes in our semiconductor and display capital equipment and precision manufacturing verticals due to macroeconomic conditions, and \$47 million lower shipments to the instrumentation market, primarily in the life sciences vertical where we see continued inventory digestion by our customers.

Operating loss for the three months ended March 31, 2024 decreased 12% to \$44 million, compared to an operating loss of \$50 million for the same period last fiscal year. The lower operating loss was partially driven by \$15 million lower costs in the current year quarter compared to the prior year quarter related to the Merger, including \$19 million lower amortization expense related to the fair value of intangible assets acquired, partially offset by \$5 million higher integration costs. Excluding the lower Merger related costs, operating income for the three months ended March 31, 2024 decreased \$9 million primarily due to lower revenues and lower gross margin percentage due to less favorable mix within the instrumentation market and the unfavorable impact of higher inventory provisions partially offset by lower share based compensation. Operating loss for the nine months ended March 31, 2024 decreased 66% to \$114 million, compared to an operating loss of \$337 million for the same period last fiscal year. The lower operating loss was driven by \$277 million lower costs in the current year compared to the prior year related to the Merger, including \$158 million lower amortization of the fair value step-up on acquired inventory, \$60 million lower amortization expense related to the fair value of intangible assets acquired, \$39 million lower transaction fees and financing, \$18 million lower nonrecurring share-based compensation and \$2 million lower integration costs. Excluding the lower Merger related costs, operating income for the nine months ended March 31, 2024 decreased \$54 million primarily due to lower revenues and lower gross margin percentage, due to less favorable mix within the industrial and instrumentation markets, the unfavorable impact of fixed manufacturing costs with lower revenues and higher inventory provisions.

Liquidity and Capital Resources

Historically, our primary sources of cash have been from operations, long-term borrowings, and advance funding from customers. Other sources of cash include proceeds from the issuance of equity, proceeds received from the exercises of stock options, and sale of equity investments and businesses. Our historic uses of cash have been for business acquisitions, capital expenditures, investment in research and development, payments of principal and interest on outstanding debt obligations, payments of debt and equity issuance costs to obtain financing and payments in satisfaction of employees' minimum tax obligations. Supplemental information pertaining to our sources and uses of cash for the periods indicated is presented as follows:

Sources (uses) of cash (millions):

	Nine Months Ended March 31,	
	2024	2023
Net cash provided by operating activities	\$ 383	\$ 452
Net proceeds from debt and equity issuances, including noncontrolling interest holders	968	1,358
Proceeds from exercises of stock options and purchases of stock under employee stock purchase plan	36	22
Effect of exchange rate changes on cash and cash equivalents and other items	1	23
Proceeds from long-term borrowings and revolving credit facilities	19	3,715
Payments on Convertible Debt and Finisar Notes	—	(4)
Payment of dividends	—	(21)
Debt issuance costs	—	(127)
Purchases of businesses, net of cash acquired	—	(5,489)
Other items	(3)	(3)
Payments in satisfaction of employees' minimum tax obligations	(19)	(52)
Payments on borrowings under revolving credit facilities	(19)	—
Payments on existing debt	(165)	(1,209)
Additions to property, plant & equipment	(247)	(343)

Operating activities:

Net cash provided by operating activities was \$383 million for the nine months ended March 31, 2024 compared to \$452 million of net cash provided by operating activities for the same period last fiscal year. The decrease in cash flows provided by operating activities during the nine months ended March 31, 2024 compared to the same period last fiscal year was primarily due to higher losses net of non-cash adjustments, and was partially offset by improved management of working capital accounts, in particular accounts payable.

Investing activities:

Net cash used in investing activities was \$249 million for the nine months ended March 31, 2024, compared to net cash used of \$5.8 billion for the same period last fiscal year. In the three months ended September 30, 2022, \$5.5 billion was used to fund the Merger. Cash used to fund capital expenditures decreased by \$96 million year-over-year.

Financing activities:

Net cash provided by financing activities was \$820 million for the nine months ended March 31, 2024, compared to net cash provided by financing activities of \$3.7 billion for the same period last fiscal year. Financing inflows in the current year period included the \$1.0 billion contribution from noncontrolling interests and proceeds from employee stock purchases, partially offset by payments on existing debt and equity issuance costs related to the contribution from noncontrolling interests. Cash inflow for the prior year-to-date period was from borrowings under the Term Facilities, defined below, as well the net proceeds from the issuance of Coherent's Series B-2 Convertible Preferred Stock. Financing outflows for the prior year-to-date period included payments to settle the Company's existing senior credit facilities.

New Senior Credit Facilities

On July 1, 2022, Coherent entered into a Credit Agreement by and among the Company, the lenders, and other parties thereto, and JP Morgan Chase Bank, N.A., as administrative agent and collateral agent, which provides for senior secured financing of \$4.0 billion, consisting of a term loan A credit facility (the "Term A Facility"), with an aggregate principal amount of \$850 million, a term loan B credit facility (the "Term B Facility" and, together with the Term A Facility, the "Term Facilities"), with an aggregate principal amount of \$2,800 million, and a revolving credit facility (the "Revolving Credit Facility" and, together with the Term Facilities, the "Senior Credit Facilities"), in an aggregate available amount of \$350 million, including a letter of credit sub-facility of up to \$50 million. On March 31, 2023, Coherent entered into Amendment No. 1 to the Credit Agreement, which replaced the adjusted LIBOR-based rate of interest therein with an adjusted Secured Overnight Financing Rate ("SOFR") based rate of interest. As amended, the Term A Facility and the Revolving Credit Facility each bear interest at an adjusted SOFR rate subject to a 0.10% floor plus a range of 1.75% to 2.50%, based on the Company's total net leverage ratio. The Term A Facility and the Revolving Credit Facility borrowings bear interest at adjusted SOFR plus 2.00% as of March 31, 2024. As amended, the Term B Facility bears interest at an adjusted SOFR rate (subject to a 0.50% floor) plus 2.75% as of March 31, 2024. On April 2, 2024, Coherent entered into Amendment No. 2 to the Credit Agreement, under which the principal amount of term B loans outstanding under the Credit Agreement (the "Existing Term B Loans") were replaced with an equal amount of new term loans (the "New Term B Loans") having substantially similar terms as the Existing Term B Loans, except with respect to the interest rate applicable to the New Term B Loans and certain other provisions. As further amended, the New Term B Loans will bear interest at an adjusted SOFR rate (subject to a 0.50% floor) plus 2.50% as of April 2, 2024. The maturity of the New Term Loans and revolving credit facility remains unchanged. In relation to the Term Facilities, the Company incurred expense of \$59 million and \$181 million, respectively, for the three and nine months ended March 31, 2024, which is included in interest expense in the Condensed Consolidated Statements of Earnings (Loss). On July 1, 2023, our interest rate cap became effective, which together with our interest rate swap, reduced interest expense by \$11 million and \$34 million, respectively, during the three and nine months ended March 31, 2024.

During the nine months ended March 31, 2024, the Company made payments of \$163 million for the Term Facilities, including voluntary payments of \$110 million.

As of March 31, 2024, the Company had no borrowings outstanding under the Revolving Credit Facility.

Our cash position, borrowing capacity and debt obligations are as follows (in millions):

	March 31, 2024	June 30, 2023
Cash and cash equivalents	\$ 899	\$ 821
Restricted cash, current	184	12
Restricted cash, non-current	710	4
Available borrowing capacity under Revolving Credit Facility	346	348
Total debt obligations	4,158	4,310

Other Liquidity

On December 4, 2023, the Company consummated two investment agreements under which Silicon Carbide LLC, a Company subsidiary received \$1.0 billion cash in exchange for 25% of the equity of that entity. Such funds will be used primarily to fund future capital expansion, including the previously-announced capital that Coherent intended to invest in its silicon carbide business. As a result, the transaction is enabling Coherent to allocate the capital it had intended to invest in this business unit to other corporate purposes, thus increasing its available free cash flow which will provide greater financial and operational flexibility. See Note 11. Noncontrolling Interests included in Item 1 of this Quarterly Report on Form 10-Q for further information.

The Company believes existing cash, cash flow from operations, and available borrowing capacity from its Senior Credit Facilities will be sufficient to fund its needs for working capital, capital expenditures, repayment of scheduled long-term borrowings and lease obligations, investments in IR&D, and internal and external growth objectives at least through the next twelve months.

Our cash and cash equivalent balances are generated and held in numerous locations throughout the world, including amounts held outside the United States. As of March 31, 2024, the Company held approximately \$764 million of cash, cash equivalents and restricted cash outside of the United States. Generally, cash balances held outside the United States could be repatriated to the United States.

At March 31, 2024, we had \$894 million of restricted cash, which includes \$889 million at our Silicon Carbide LLC that is restricted for use by only that subsidiary.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

MARKET RISKS

We are exposed to market risks arising from adverse changes in foreign currency exchange rates and interest rates. In the normal course of business, we use a variety of techniques and derivative financial instruments as part of our overall risk management strategy, which is primarily focused on its exposure in relation to the Chinese Renminbi, Euro, Swiss Franc, Japanese Yen, Singapore Dollar, Korean Won and Malaysian Ringgit. No significant changes have occurred in the techniques and instruments used.

Interest Rate Risks

As of March 31, 2024, our total borrowings include variable rate borrowings, which expose us to changes in interest rates. In November 2019, we entered into an interest rate swap contract, amended on March 20, 2023, to limit the exposure of our variable interest rate debt by effectively converting a portion of interest payments to fixed interest rate debt. On February 23, 2022, we entered into an interest rate cap (the "Cap"), amended on March 20, 2023, with an effective date of July 1, 2023. If we had not effectively hedged our variable rate debt, a change in the interest rate of 100 basis points on these variable rate borrowings would have resulted in additional interest expense of \$8 million and \$25 million, respectively, for the three and nine months ended March 31, 2024.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's management evaluated, with the participation of the Company's Chief Executive Officer and Interim Chief Financial Officer and Treasurer, the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Quarterly Report on Form 10-Q. The Company's disclosure controls were designed to provide reasonable assurance that information required to be disclosed in reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. It should be noted that the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. However, the controls have been designed to provide reasonable assurance of achieving the controls' stated goals. Based on that evaluation, the Chief Executive Officer and Interim Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report on Form 10-Q.

Changes in Internal Control over Financial Reporting

No changes in the Company's internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) were implemented during the Company's most recently completed fiscal quarter 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

The Company and its subsidiaries are involved from time to time in various claims, lawsuits, and regulatory proceedings incidental to its business. The resolution of each of these matters is subject to various uncertainties, and it is possible that these matters may be resolved unfavorably to the Company. Management believes, after consulting with legal counsel, that the ultimate liabilities, if any, resulting from these legal and regulatory proceedings will not materially affect the Company's financial condition, liquidity or results of operations.

Item 1A. RISK FACTORS

In addition to the other information set forth in this Quarterly Report on Form 10-Q, carefully consider the risk factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended June 30, 2023 and additional risk factors that may be identified from time to time in filings of the Company, any of which could materially affect our business, financial condition or future results. Those risk factors are not the only risks facing the Company. Additional risks and uncertainties not currently known or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 5. OTHER INFORMATION

During the three months ended March 31, 2024, no director or officer (as defined in Rule 16a-1(f) of the Exchange Act) of the Company adopted, modified or terminated a "Rule 10b5-1 trading agreement" or "non-Rule 10b5-1 trading agreement," as each term is defined in Item 408 of Regulation S-K.

Item 6. EXHIBITS

Incorporated herein by reference				
	Form	Exhibit No.	Filing Date	File No.
Succession and Retirement Agreement, dated February 17, 2024, by and between Coherent Corp. and Dr. Vincent D. Mattera, Jr.	8-K	10.1	February 20, 2024	001-39375
Joint No. 2 to Credit Agreement, dated April 2, 2024, among Coherent Corp., JPMorgan Chase Bank, N.A., as administrative agent, the lenders party thereto and the other parties party thereto	8-K	10.1	April 3, 2024	001-39375
Corp. Revised Executive Severance Plan				
Participation Agreement for the Coherent Corp. Revised Executive Severance Plan				
Opinion of the Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, and Section 302 of the Sarbanes-Oxley Act of 2002				
Opinion of the Interim Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, and Section 302 of the Sarbanes-Oxley Act of 2002				
Opinion of the Chief Executive Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. § 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
Opinion of the Interim Chief Financial Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. § 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
RL Instance Document - the instance document does not appear in the interactive data file because XBRL tags are embedded within the inline XBRL document				
RL Taxonomy Extension Schema Document				
RL Taxonomy Extension Calculation Linkbase Document				
RL Taxonomy Extension Label Linkbase Document				
RL Taxonomy Extension Definition Linkbase Document				
RL Taxonomy Extension Presentation Linkbase Document				
ge Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				
* Filed herewith				

SIGNATURES

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

	Coherent Corp. (Registrant)	
Date: May 7, 2024	By:	<div><div>/s/ Vincent D. Mattera, Jr.</div><div>Vincent D. Mattera, Jr Chief Executive Officer</div></div>
Date: May 7, 2024	By:	<div><div>/s/ Richard Martucci</div><div>Richard Martucci Interim Chief Financial Officer and Treasurer</div></div>



COHERENT CORP., 375 Saxonburg Boulevard, Saxonburg, PA 16056

General Offices: 724-352-4455

COHERENT CORP. REVISED EXECUTIVE SEVERANCE PLAN

The purpose of the Coherent Corp. Revised Executive Severance Plan (as amended and in effect from time to time, the "Plan"), is to enhance the Company's ability to retain designated key executives. The Plan is intended to be a severance pay plan governed by Title I of ERISA primarily for the purpose of providing benefits for a select group of management or highly compensated employees. All benefits under the Plan will be paid solely from the general assets of the Company.

**ARTICLE I
DEFINITIONS**

Section 1.01 Definitions. As used in this Plan, the following terms have the meanings set forth below:

(a) "Accounting Firm" has the meaning set forth in Section 7.02.

(b) "Accrued Obligations" means vested amounts payable to a Participant upon any termination of employment with the Company, including (i) the Participant's earned but unpaid Base Salary from the Company through the Date of Termination, (ii) any outstanding Bonus for which payment is due and owing as of the Date of Termination, (iii) any vested employee benefits as determined under the applicable plan, and (iv) any unreimbursed expenses properly incurred and reported by the Participant in accordance with the Company's business expense reimbursement policy.

(c) "Affiliate" means, with respect to any individual or entity, any other individual or entity who, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, such individual or entity.

(d) "Applicable Benefits Multiplier" means a multiplier (expressed as a number of months) contained in a Participant's Revised Participation Agreement that is used to determine a Participant's termination benefits under Sections 3.01(b) and 3.02(b).

(e) "Applicable Bonus Multiplier" means the multiplier contained in a Participant's Revised Participation Agreement that is used to determine the portion of the Participant's termination benefits described in Section 3.02(a)(B).

(f) "Applicable Protection Period" means the period (expressed as a number of months) contained in a Participant's Participant Agreement that is used to determine the CIC Period applicable to the Participant.

(g) "Applicable Severance Multiplier" means the multiplier (expressed as a number of months) contained in a Participant's Revised Participation Agreement that is used to determine the portion of the Participant's termination benefits described in Sections 3.01(a) and 3.02(a)(A).

(h) “Base Salary” means a Participant’s annual salary for all services rendered as in effect at the time a benefit under the Plan is calculated; provided, however, that in case of a Qualifying Termination as the result of Good Reason triggered by a reduction in Base Salary, “Base Salary” shall mean the Participant’s annual salary as in effect immediately before the event giving rise to Good Reason.

(i) “Board” means the Board of Directors of the Corporate Parent.

(j) “Bonus,” at the time that a benefit under the Plan is calculated, means the bonus(es) payable to a Participant pursuant to the Company’s BIP, GRIP or other incentive bonus plan that is in effect at such time. For this purpose, the “BIP” means the Company’s Bonus Incentive Program and the “GRIP” means the Company’s Goals/Results Incentive Program, in each case as such program may be amended from time to time.

(k) “Cause” means a determination by the Board, in the exercise of its reasonable judgment, that any of the following has occurred with respect to a particular Participant:

(i) the Participant’s willful and continued failure before a Change in Control to perform substantially the Participant’s employment duties and responsibilities (other than a failure resulting from physical or mental illness or disability), which is not cured within 30 days of receiving written notice from the Company specifying in reasonable detail the duties and responsibilities the Company believes are not being substantially performed;

(ii) the Participant willfully engaged in an act which is materially damaging to the Company (which damage may, without limitation, include reputational damage);

(iii) the Participant was convicted of, or entered a plea of “guilty” or “no contest” to: (A) a felony; or (B) a criminal offense involving fraud, dishonesty or other moral turpitude;

(iv) the Participant materially breached any of the covenants set forth in Article VI and if the breach occurs after a Change in Control is not cured within 30 days of receiving written notice from the Company specifying in reasonable detail the breach of the covenant set forth in Article VI; or

(v) the Participant engaged in an intentional act of dishonesty resulting, directly or indirectly, in material damage to the Company.

For the Company to terminate for Cause on or after a Change in Control: the Participant must be provided with written notice setting forth in detail the acts or omissions giving rise to such termination and must be given an opportunity to address the Board regarding the termination.

(l) “Change in Control” means any of the following events that occurs after the Effective Date:

(i) the Corporate Parent is merged or consolidated with another entity the result of which is that immediately following such transaction (A) the persons who were the shareholders of the Corporate Parent immediately prior to such transaction have less than a majority of the voting power of the Corporate Parent or the entity owning or controlling it; or (B) the individuals who comprised the Board immediately prior to such transaction cease to be at least a majority of the members of the Board;

(ii) a majority of the Corporate Parent's assets are sold or otherwise transferred to another corporation not controlled by or under common control with the Corporate Parent, or to a partnership, firm, entity or one or more individuals not so controlled;

(iii) a majority of the members of the Board consists of persons who were not nominated by or on behalf of the Board, or with the express concurrence of the Board; or

(iv) a single person, or a group of persons acting in concert, obtains voting control over a majority of the Corporate Parent's outstanding voting shares.

(m) "CIC Period" means the period commencing on the date six months prior to a Change in Control and ending on a date that is at the end of the Participant's Applicable Protection Period following the Change in Control.

(n) "CIC Period Bonus" means, the greater of (i) Bonus at target (A) for the performance period in which the Change in Control occurs (or for the immediately preceding performance period if the target payment with respect to the Participant for the performance period in which the Change in Control occurs has not yet been established) (without regard to any reduction made in the target payment within the six month period prior to the Change in Control) or (B) for the performance period in which the Participant's Date of Termination occurs, whichever target payment is highest and (ii) Bonus based on performance (A) for the performance period in which the Change in Control occurs (but not less than that projected as of the Change in Control if the performance period has not been completed as of the Change in Control), or (B) for the performance period in which the Participant's Date of Termination occurs, whichever performance payment is highest.

(o) "Code" means the U.S. Internal Revenue Code of 1986, as amended (including any valid and binding governmental regulations, court decisions and other regulatory and judicial authority issued or rendered thereunder).

(p) "Company" means, collectively, the Corporate Parent and its Affiliates.

(q) "Company Products" means any products or services (i) designed, manufactured, purchased, distributed, sold, assembled, provided and/or marketed by the Company, or (ii) that the Company has planned to design, manufacture, purchase, distribute, sell, assemble, provide or market, and for which a Participant has provided services, or over which a Participant had direct or indirect managerial or supervisory authority, or about which a Participant received Confidential Information.

(r) "Compensation and Human Capital Committee" means the Compensation and Human Capital Committee of the Board or any successor committee dealing with compensation .

(s) "Competitor" means any entity that is involved or engaged in the design, manufacture, purchasing, distribution, sale, assembly, provision or marketing of any products or services that are the same as or similar to Company Products.

(t) "Confidential Information" has the meaning set forth in Section 6.02(b).

(u) "Corporate Parent" means Coherent Corp., a Pennsylvania corporation, and any successor thereto.

(v) "Date of Termination" means the date on which a Participant's employment with the Company terminates.

(w) “Disability” means a Participant’s physical or mental illness, injury or infirmity which is reasonably likely to prevent and/or prevents the Participant from performing his or her essential job functions for a period of (A) 90 consecutive calendar days or (B) an aggregate of 120 calendar days out of any consecutive 12-month period.

(x) “Effective Date” means September 24, 2019 as the original effective date of the Plan and November 16, 2023 as the effective date of this revised Plan.

(y) “Eligible Executive” means a full-time employee of the Company who has been designated by the Plan Administrator to be eligible for benefits under the Plan. Eligible Executives shall be limited to a select group of management or highly compensated employees within the meaning of ERISA Sections 201, 301, and 404. Unless the Plan Administrator determines otherwise, the Company’s Chief Executive Officer shall not be an Eligible Executive.

(z) “Equity Award” means an award granted to a Participant covering the common stock of the Company, including stock options, restricted stock, restricted stock units, and performance stock units, granted under any equity incentive plan maintained by the Company from time to time, including: (i) the II-VI Incorporated 2009 Omnibus Incentive Plan, (ii) the II-VI Incorporated Second Amended and Restated 2012 Omnibus Incentive Plan, (iii) the II-VI Incorporated Amended and Restated 2018 Omnibus Incentive Plan, (iv) the Coherent, Inc. Equity Incentive Plan (v) the Coherent Corp. Omnibus Incentive Plan or (vi) any successor plan(s) thereto.

(aa) “Equity Award Agreement” means the agreement evidencing, and governing the terms of, an Equity Award.

(bb) “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

(cc) “Excise Tax” has the meaning set forth in Section 7.01.

(dd) “Good Reason” means, without a Participant’s express written consent:

(i) a material reduction of the Participant’s authority, job duties or responsibilities, provided however that, before a Change in Control, a change in reporting structure only, which results in additional levels of supervision and/or management above the Participant, shall not constitute Good Reason;

(ii) a material reduction by the Company of the Participant’s Base Salary;

(iii) a material increase in the amount of the Participant’s business travel which produces a constructive relocation of the Participant;

(iv) a material reduction by the Company in the kind or level of employee benefits to which the Participant is entitled immediately prior to such reduction, with the result that the Participant’s overall benefits package is significantly reduced; or

(v) the relocation of the Participant to a facility or a location more than 30 miles from the Participant’s Primary Work Location, unless such relocation results in the Participant’s primary work location being closer to the Participant’s then primary residence, or does not substantially increase the average commuting time of the Participant.

For a Participant to terminate for Good Reason: the Company must be notified by the Participant in writing within 90 days of the event constituting Good Reason; the event must remain uncorrected by the Company for 30 days following such notice (the "Notice Period"); and such termination must occur within 60 days after the expiration of the Notice Period.

(ee) "Healthcare Coverage" means coverage for a Participant and his or her tax-qualified dependents under the Company's group health plan that provides medical care (including group dental and vision), based on the applicable plans and the Participant's coverage elections in effect immediately prior to the Participant's Date of Termination. The Company's group health plan does not include other benefits offered under a Company welfare plan such as life insurance and disability insurance.

(ff) "Inventions" means any and all developments, discoveries, inventions, enhancements, modifications and improvements by the Participant to any Company Product.

(gg) "Non-CIC Period" means the period prior to or following a CIC Period.

(hh) "Nonqualifying Termination" means a termination of the Participant's employment with the Company other than a Qualifying Termination.

(ii) "Participant" means each Eligible Executive who is selected to be a participant in the Plan by action of the Plan Administrator and who has accepted such participation by execution of a Participation Agreement.

(jj) "Payments" has the meaning set forth in Section 7.01.

(kk) "Plan Administrator" means the Compensation and Human Capital Committee, or, if the Board so determines, another committee of the Board, or the Board itself. To the extent permitted by applicable law, the Plan Administrator may delegate all or any portion of its authority to one or more officers of the Company or a committee consisting of at least two persons.

(ll) "Primary Work Location" means the primary work location for a Participant as set forth in the Participant's Participation Agreement.

(mm) "Qualifying Termination" means a (i) termination of the Participant's employment with the Company by the Company other than for Cause, death or Disability, or (ii) termination of the Participant's employment with the Company as a result of a resignation by the Participant for Good Reason.

(nn) "Release" means the waiver and release of claims substantially in the form attached hereto as Exhibit A.

(oo) "Restricted Period" means the period beginning on a Participant's Date of Termination and continuing for the number of months following the Date of Termination as specified in the Participant's Participation Agreement.

(pp) "Restricted Territory" means anywhere in the world where the Company's Products are designed, manufactured, assembled, marketed or sold.

(qq) "Revised Participation Agreement" means the latest participation agreement delivered by the Company to a Participant informing the Eligible Employee of the Eligible Employee's participation in the Plan.

(rr) "Separation from Service" means a "separation from service" within the meaning of Code Section 409A.

(ss) "Target Bonus Amount" means, with respect to any Year, the amount of the target Bonus for such Year (including under both the BIP and the GRIP, if applicable).

(tt) "Year" means the fiscal year of the Company.

ARTICLE II PARTICIPATION AND SCOPE OF SEVERANCE BENEFITS

Section 2.01 Participation in the Plan An Eligible Executive shall become a Participant only if the Eligible Executive is first designated for participation in the Plan as follows: (i) for an Eligible Executive who is an officer subject to Section 16(a) of the Securities Exchange Act of 1934, as amended, the Eligible Executive must be designated for participation in the Plan by the Compensation Committee; and (ii) for any other Eligible Executive, the Eligible Executive must be designated for participation in the Plan by the Chief Executive Officer of the Corporate Parent. Promptly following such designation, the Company shall provide each Participant a Revised Participation Agreement, which shall specify the benefits the Participant is entitled to receive under the Plan. The party making the eligibility determination under the first sentence of this Section may vary the terms of a Participant's participation on a case-by-case basis, as set forth in the Participant's Revised Participation Agreement. A designated Eligible Executive shall not become a Participant unless and until the Revised Participation Agreement is duly executed. Once participation in the Plan has commenced, a Participant shall remain a Participant until the first to occur of (i) the Participant's Nonqualifying Termination, (ii) the completion of the delivery of all benefits under the Plan following a Qualifying Termination under circumstances giving rise to a right to such benefits, or (iii) termination of the Plan prior to a Qualifying Termination as provided in Section 5.01. For avoidance of doubt, the rights and obligations of the Company and of an Eligible Executive who does not execute a Revised Participation Agreement, but who had previously executed a participation agreement under a prior Executive Severance Plan, shall be governed by such prior participation agreement and Executive Severance Plan.

Section 2.02 Conditions. As a condition precedent to entitlement of each Participant to benefits under Sections 3.01 and 3.02 of the Plan, the Participant agrees to each of the following:

(a) The Participant shall have executed, within 21 days, or if required for an effective release, 45 days, following the Participant's Date of Termination, the Release, and the applicable revocation period set forth in such release shall have expired.

(b) The Participant agrees to execute a resignation letter stating that, effective as of the Participant's Date of Termination, or such earlier date as required or requested by the Company, the Participant resigns from all positions with the Company, whether as an employee, an officer, a director or otherwise.

(c) The Participant shall reaffirm his or her agreement to abide by the covenants set forth in Article VI.

Section 2.03 No Duty to Mitigate; Non-duplication

(a) A Participant shall not be required to mitigate the amount of any payment or benefit provided for in the Plan by seeking other employment or otherwise, and no such payment or benefit shall be offset or reduced by the amount of any compensation or benefits provided to the Participant in any subsequent employment.

(b) The Company does not intend to duplicate severance benefits. Accordingly, the severance payments and benefits under the Plan to a Participant shall be reduced by any severance benefits to which the Participant would otherwise be entitled under the Participant's offer letter or employment agreement with the Company (if applicable), or any general severance policy or plan maintained by the Company that provides for severance benefits (unless the agreement, policy or plan expressly provides for severance benefits to be in addition to those provided under the Plan). The severance payments and benefits to which a Participant is otherwise entitled shall be further reduced (but not below zero) by any payments or benefits to which the Participant may be entitled under any federal, state or local plant-closing (or similar or analogous) laws or mandatory severance benefits under the laws of any other applicable jurisdiction. Any such reductions or offsets in severance benefits shall be made in a manner that complies with Code Section 409A (if applicable).

ARTICLE III TERMINATION BENEFITS

Section 3.01 Qualifying Termination During a Non-CIC Period If a Participant incurs a Qualifying Termination and his or her Date of Termination is during a Non-CIC Period, then, in addition to any Accrued Obligations, the Participant shall be entitled to the following (which shall be payable in accordance with Article IV):

(a) Cash Severance. An amount equal to the product of (i) the Participant's Applicable Severance Multiplier, and (ii) the Participant's monthly rate of Base Salary.

(b) Healthcare Coverage Payment. An amount equal to the product of (i) the Participant's Applicable Benefits Multiplier and (ii) the full total monthly premium cost (i.e., the Participant's and the Company's portion) for the Participant's Healthcare Coverage.

Section 3.02 Qualifying Termination During a CIC Period If a Participant incurs a Qualifying Termination and his or her Date of Termination is during a CIC Period, then, in addition to any Accrued Obligations, the Participant shall be entitled to the following (which shall be payable in accordance with Article IV):

(a) Cash Severance. An amount equal to (A) the product of (i) the Participant's Applicable Severance Multiplier and (ii) the Participant's monthly rate of Base Salary, plus (B) the product of (i) the Participant's Applicable Bonus Multiplier and (ii) the Participant's Target Bonus Amount for the Year in which the Date of Termination occurs.

(b) Healthcare Coverage Payment. An amount equal to the product of (i) the Participant's Applicable Benefits Multiplier and (ii) the full total monthly premium cost (i.e., the Participant's and the Company's portion) for the Participant's Healthcare Coverage.

(c) Equity Vesting. Any unvested Equity Awards will become fully vested and, if applicable, each such Equity Award shall remain exercisable for the period set forth in the applicable Equity Awards Agreement. For the avoidance of any doubt, the provisions of this Section 3.02(c) shall supersede the provisions contained in the applicable Equity Awards Agreements, provided that the provisions of the Equity Award Agreements will control to the extent such provisions are more favorable to the Participant. In the case of any performance-based Equity Awards, "full vesting" means vesting based on the level of performance adjustment determined under the terms of the applicable Equity Award Agreement in connection with the Change in Control.

(d) Pro-Rata Bonus. An amount equal to a pro rata portion (based on the number of days during the applicable performance year Participant was employed by the Company) of the

Participant's CIC Period Bonus. In addition, if the Bonus for the performance year immediately preceding the Participant's Date of Termination had not yet been paid, the Participant shall receive 100% of the Bonus, if any, for such immediately preceding performance period that would otherwise have been paid to Participant (without the application of any negative discretion) if Participant's employment had not so terminated, payable at the same time as such Bonus is paid to other Company employees.

ARTICLE IV FORM AND TIME OF PAYMENT

Section 4.01 Payments for a Qualifying Termination During a Non-CIC Period The amount contemplated under Section 3.01(a) shall be paid in accordance with the Company's regular pay schedule in substantially equal installments over a period equal to a Participant's Applicable Severance Multiplier following the Participant's Date of Termination. The amount contemplated under Section 3.01(b) shall be paid in a lump sum cash in the next pay period after the Release becomes effective (not more than 75 days after the Participant's Date of Termination). In both cases, the payments described shall be conditioned on the Participant providing the Company with (and not revoking) a Release, no later than 60 days after the Participant's Date of Termination. Any payments will commence in the next pay period after the Release becomes effective (not more than 75 days after the Participant's Date of Termination), including a lump sum for any payments for any payroll periods from the Date of Termination through the date the Release becomes effective.

Section 4.02 Payments for a Qualifying Termination During a CIC Period The amounts contemplated under Section 3.02(a) and Section 3.02(b) shall be paid in a lump sum cash payment in the next pay period after the Release becomes effective (not more than 75 days after the Participant's Date of Termination). The amount of the CIC Period Bonus based on those portions of the formula that are knowable at such time shall be paid in a lump sum cash payment in the next pay period after the Release becomes effective (not more than 75 days after the Participant's Date of Termination) and if the CIC Period Bonus is determined to be greater when the other portions of the formula for the CIC Period Bonus are known, such excess amount shall be paid in a lump sum cash payment within ten (10) days after such determination. The amount of the Bonus set forth in the second sentence of Section 3.02(d) shall be paid at the later of (i) in the next pay period after the Release becomes effective (not more than 75 days after the Participant's Date of Termination) or (ii) at the same time as such Bonus is paid to other Company employees. The payments described in each of Section 3.02(a), Section 3.02(b) and Section 3.02(d) shall be conditioned on the Participant providing the Company with (and not revoking) a Release, no later than 60 days after the Participant's Date of Termination. Vesting of Equity Awards under Section 3.02(c) shall also be conditioned on the Participant providing, and not revoking, the Release within 60 days following the Date of Termination. Payment of any restricted stock units as a result of such vesting shall be made no later than 75 days following the Date of Termination, subject to compliance with the requirements of Code Section 409A.

ARTICLE V AMENDMENT / TERMINATION OF PLAN

Section 5.01 Plan Amendment and Termination This Plan may be amended or terminated by action of the Board; provided, however, that any amendment or termination that reduces or eliminates potential termination benefits under Article III for a Participant shall not, without the Participant's prior written consent: (i) be effective for any Qualifying Termination until one year after notice is provided to the Participant; and (ii) be effective until after the end of the applicable CIC Period if a Change in Control occurs while this Plan is in effect.

ARTICLE VI COVENANTS

Section 6.01 Full Time, Best Efforts and Conduct. Each Participant covenants and agrees to devote all of the Participant's business time and efforts to the faithful performance of the duties assigned to the Participant from time to time by the Company, except to the extent that the Company expressly permits the Participant to engage in outside activities during business hours. The Company and the Participant acknowledge that, from time to time, the Participant may either desire or be asked by the Company to engage in business activities or perform business services for the benefit of third parties, such as, e.g., serving as an outside director or consultant for another company. In each case, the Participant's involvement in such business activities or services shall be subject to the mutual agreement and approval of both the Company and the Participant. The Participant shall at all times engage in conduct in accordance with the highest standards of ethics and shall take no action that will harm the reputation of the Company. To every extent not inconsistent with the terms of this Agreement, the terms and conditions of the Participant's employment are also governed by the Company's personnel policies and employee handbook, as they may be issued and amended from time to time.

Section 6.02 Confidential Information.

(a) **Nondisclosure and Non-Use.** Both during the term of a Participant's employment with Company and thereafter, the Participant covenants and agrees that the Participant (i) shall exercise the utmost diligence to protect and safeguard the Confidential Information of the Company; (ii) shall not disclose to any third party any Confidential Information, except as may be required by the Company in the course of the Participant's employment or by law; and (iii) shall not use Confidential Information except for the benefit of the Company. The Participant acknowledges that Confidential Information has been and will be developed and acquired by the Company by means of substantial expense and effort, that the Confidential Information is a valuable proprietary asset of the Company's business, and that its disclosure would cause substantial and irreparable injury to the Company's business.

(b) **Definition of Confidential Information.** "Confidential Information" means all information of a confidential or proprietary nature, whether or not specifically labeled or identified as "confidential," in any form or medium, that is or was disclosed to, or developed or learned by, the Participant in connection with the Participant's past, present or future employment with the Company and that relates to the business, products, services, research or development of any of the Company or its suppliers, distributors or customers. Confidential Information includes, but is not limited to, the following: (i) internal business information (including, but not limited to, information relating to strategic plans and practices, business, training, marketing, promotional and sales plans and practices, cost, rate and pricing structures, accounting and business methods); (ii) identities of, individual requirements of, specific contractual arrangements with, and information about, any of the Company's suppliers, distributors and customers and their confidential information; (iii) trade secrets, know-how, compilations of data and analyses, techniques, systems, formulae, research, records, reports, manuals, documentation, models, data and data bases relating thereto; (iv) inventions, innovations, improvements, developments, methods, designs, analyses, drawings, reports and all similar or related information (whether or not patentable); and (v) other information or thing that has economic value, actual or potential, from not being generally known to or not being readily ascertainable by proper means by other persons.

(c) **Not Confidential Information.** Confidential Information shall not include information that the Participant can demonstrate: (i) is publicly known through no wrongful act or breach of obligation of confidentiality by the Participant; (ii) was rightfully received by the Participant from a third party without a breach of any obligation of confidentiality by such third

party; or (iii) was known to the Participant on a non-confidential basis prior to the Participant's employment with the Company.

(d) Presumption of Confidentiality. In any judicial proceeding, it will be presumed that the Confidential Information constitutes protectable trade secrets and the Participant will bear the burden of proving that any Confidential Information is publicly or rightfully known by the Participant.

(e) Return of Confidential Information and Materials. Each Participant agrees to return to the Company either before or immediately upon the termination of the Participant's employment with the Company any and all information, materials or equipment which constitutes, contains or in any way relates to the Confidential Information and any other document, equipment or materials of any kind relating in any way to the business of the Company in the possession, custody or control of the Participant which was obtained by the Participant during the course of or as a result of the Participant's employment with the Company, whether confidential or not, including, but without limitation, any copies thereof which may have been made by or for the Participant. The Participant shall also provide the Company, if requested to do so, the name of the new employer of the Participant and the Company shall have the right to advise any subsequent employer of the Participant's obligations hereunder.

Section 6.03 Inventions.

(a) Ownership of Inventions. Any and all Inventions created or developed by a Participant alone or with others during the term of the Participant's employment, whether or not during working hours and whether on the Company's premises or elsewhere, shall be deemed works for hire and will be the sole and exclusive property of the Company if the Invention is:

- (i) within the scope of the Participant's duties assigned or implied in accordance with the Participant's position; or
- (ii) a product, service, or other item which would be in competition with Company Products or which is related to Company Products, whether presently existing, under development, or under active consideration; or
- (iii) in whole or in part, the result of the Participant's use of the Company's resources, including, without limitation, personnel, computers, equipment, facilities or otherwise.

(b) Assignment of Inventions. Each Participant shall promptly and fully disclose all Inventions to the Company and shall cooperate and perform all actions reasonably requested by the Company to establish, confirm and protect the Company's right, title and interest in each such Invention. During the term of the Participant's employment with the Company and after termination of such employment, if the Company should then so request, the Participant agrees to assign and does hereby assign to the Company all rights in the Inventions. The Participant agrees to execute and deliver to the Company any instruments the Company deems necessary to vest in the Company all title to and rights in the Inventions which the Participant is legally authorized to grant. The Participant agrees to execute and deliver to the Company all proper papers for use in applying for, obtaining, maintaining, amending and enforcing any legal protections that the Company may desire. The Participant further agrees to assist fully the Company or its nominees in the preparation and prosecution of any litigation connected with the Inventions. If the Company is unable because of the Participant's mental or physical incapacity or for any other reason (including, but without limitation, the Participant's refusal to do so after request therefor is made by the Company) to secure the Participant's signature to apply for or to pursue any application for any United States or foreign patents or copyright registrations

covering Inventions belonging to or assigned to the Company pursuant to this Agreement, then the Participant hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as the Participant's agent and attorney-in-fact to act for and on the Participant's behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of patents or copyright registrations thereon with the same legal force and effect as if executed by the Participant.

Section 6.04 Non-Competition. Each Participant covenants and agrees that, during the term of the Participant's employment with the Company and the Restricted Period, the Participant shall not, directly or indirectly, for the benefit of the Participant or others, as an employee, principal, agent, stockholder, consultant, or in any other capacity, (i) work for a Competitor; or (ii) have a financial interest in any Competitor, within the Restricted Territory. Notwithstanding the foregoing, nothing herein shall prohibit the Participant from being a passive owner of not more than 5% of the outstanding securities of any class of a corporation which is publicly traded, so long as the Participant has no active participation in the business of any such corporation.

This covenant on the part of the Participant shall be construed as an agreement independent of any other provision of this Plan or applicable Participation Agreement; and the existence of any claim or cause of action of the Participant against the Company, whether predicated on this Plan, Participation Agreement, or otherwise, shall not constitute a defense to the enforcement by the Company of this covenant. The Participant expressly agrees that the restrictions of this Article VI will not prevent the Participant from otherwise obtaining gainful employment upon termination of the Participant's employment with the Company.

Section 6.05 Non-Solicitation of Business Associates. During the Restricted Period, the Participant shall not directly or indirectly induce, solicit or encourage any customer, supplier or other business associate of the Company to terminate or alter its relationship with the Company, or introduce, offer or sell, to or for any customer or business associate, any products or services that compete with the Company Products.

Section 6.06 Non-Solicitation of Employees. During the Restricted Period, no Participant shall, directly or indirectly, induce, solicit or encourage any employee of the Company to terminate or alter his or her relationship with the Company.

ARTICLE VII
FEDERAL EXCISE TAX UNDER SECTION 4999 OF THE CODE IN CONNECTION WITH A CHANGE IN CONTROL

Section 7.01 Adjustments to Payments. Anything in this Plan to the contrary notwithstanding, if (a) it is determined that any payment or distribution by the Company to the Participant or for the Participant's benefit (whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise) (the "Payments") would be subject to the excise tax imposed by Section 4999 (or any successor provisions) of the Code, or (b) any interest or penalty is incurred by the Participant with respect to such excise tax (such excise tax, together with any such interest and penalties, is hereinafter collectively referred to as the "Excise Tax"), then the Payments shall be reduced (but not below zero) if and to the extent that such reduction would result in the Participant retaining a larger amount, on an after-tax basis (taking into account federal, state and local income taxes and the imposition of the Excise Tax), than if the Participant received all of the Payments. The Company shall reduce or eliminate the Payments by first reducing or eliminating the portion of the Payments which are not payable in cash and then by reducing or eliminating cash payments, in each case in reverse order beginning with payments or benefits which are to be paid the farthest in time from the determination.

Section 7.02 Determinations. All determinations required to be made under this Article VII, including whether and when an adjustment to any Payments is required and, if applicable, which Payments are to be so adjusted, shall be made by an independent accounting firm selected by the Company from among the four largest accounting firms in the United States or any nationally recognized financial planning and benefits consulting company (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the applicable Participant at such time as may be requested by the Company, or earlier within 15 business days of the receipt of notice from the Participant that there has been a Payment. If the Accounting Firm that the Company selects is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, the Company shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. If the Accounting Firm determines that no Excise Tax is payable by a Participant, it shall furnish the Participant with a written opinion that failure to report the Excise Tax on the Participant's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon the Company and the Participant.

Article VIII
MISCELLANEOUS PROVISIONS

Section 8.01 Plan Administration. The Plan Administrator shall administer the Plan and may interpret the Plan, prescribe, amend and rescind rules and regulations under the Plan and make all other determinations necessary or advisable for the administration of the Plan, subject to all of the provisions of the Plan. The Plan Administrator is empowered, on behalf of the Plan, to engage accountants, legal counsel and such other personnel as it deems necessary or advisable to assist it in the performance of its duties under the Plan. The functions of any such persons engaged by the Plan Administrator will be limited to the specified services and duties for which they are engaged, and such persons will have no other duties, obligations or responsibilities under the Plan. Such persons will exercise no discretionary authority or discretionary control respecting the management of the Plan. All reasonable expenses thereof will be borne by the Company.

Section 8.02 Withholding Taxes. The Company may withhold from all payments due to the Participant (or his beneficiary or estate) hereunder all taxes which, by applicable federal, state, local or other law, the Company is required to withhold.

Section 8.03 Successors' Binding Obligation. The Plan will be binding upon any successor to the Corporate Parent, its assets, its businesses or its interest (whether as a result of the occurrence of a Change in Control or otherwise), in the same manner and to the same extent that the Corporate Parent would be obligated under the Plan if no succession had taken place. In the case of any transaction in which a successor would not by the foregoing provision or by operation of law be bound by the Plan, the Corporate Parent shall require any successor to the Corporate Parent to expressly and unconditionally assume the Plan in writing and honor the obligations of the Corporate Parent and any applicable Affiliates hereunder, in the same manner and to the same extent that the Corporate Parent and such Affiliates would be required to perform if no succession had taken place. All payments and benefits that become due to a Participant under the Plan will inure to the benefit of his or her heirs, assigns, designees or legal representatives.

Section 8.04 No Assignment or Transfer; Beneficiaries; Unfunded Obligations Except as otherwise determined by the Plan Administrator, benefits payable under this Plan shall not be assignable or transferable by the Participant, and shall not be subject in any manner to assignment, alienation, pledge, encumbrance or charge. Notwithstanding the foregoing, in the event of the death of a Participant, except as otherwise provided by the Plan Administrator, benefits earned but unpaid under this Plan shall become payable to the Participant's beneficiary as designated by the Participant in the manner prescribed by the Plan Administrator or, in the absence of an authorized beneficiary designation, by a legatee or legatees of the Participant's Plan benefit under the Participant's last will or by such Participant's executors, personal representatives or distributees of such Plan benefit in accordance with the Participant's will or the laws of descent and distribution. The amounts to be paid to Participants under the Plan are unfunded obligations of the Company. The Company is not required to segregate any monies or other assets from its general funds with respect to these obligations. Participants shall not have any preference or security interest in any assets of the Company other than as a general unsecured creditor.

Section 8.05 Compensation Recoupment. All awards, amounts or benefits received or outstanding under this Plan shall be subject to clawback, cancellation, recoupment, rescission, payback, reduction or other similar action in accordance with any Company clawback or similar policy or any applicable law related to such actions. Each Participant shall be deemed to have acknowledged and consented to the Company's application, implementation and enforcement of any applicable Company clawback or similar policy that may apply to the Participant, whether adopted before or after the Effective Date, and any applicable law relating to clawback, cancellation, recoupment, rescission, payback, or reduction of compensation, and the Company may take any actions that may be necessary to effectuate any such policy or applicable law, without further consideration or action.

Section 8.06 Notice.

(a) For purposes of this Plan, all notices and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when received if delivered by hand, recognized expedited courier service, or email, postage and other fees prepaid, addressed as follows:

If to the Participant:

To the most recent address or email address of the Participant set forth in the personnel records of the Company

If to the Company:

Coherent Corp.
5000 Ericsson Drive
Warrendale, PA 15806
Attention: Chief Legal Officer
Email: Legal.Notices@coherent.com

or to such other address as either party may have furnished to the other in writing in accordance herewith.

(b) A written notice of the Participant's Date of Termination by the Company or the Participant, as the case may be, to the other, shall (i) indicate the specific termination provision in this Plan relied upon, (ii) to the extent applicable, set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Participant's employment under the provision so indicated, and (iii) specify the Date of Termination. In the case of a termination by the Company other than a termination for Cause, the Date of Termination shall not be less than 30 days after the notice of termination is given. In the case of a termination by the Participant, the Date of Termination shall be the date that the cure period contemplated under Section 1.01(dd) has expired if the Company has failed to remedy within such period the circumstances constituting Good Reason. The failure by the Participant or the Company to set forth in such notice any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Participant or the Company, or preclude the Participant or the Company, from asserting such fact or circumstance in enforcing the Participant's or the Company's rights hereunder.

Section 8.07 Governing Law; Validity. The interpretation, construction and performance of the provisions of this Plan shall be governed by and construed and enforced in accordance with the internal laws of the Commonwealth of Pennsylvania without regard to conflicts of law principles, to the extent Pennsylvania laws are not preempted by ERISA. The invalidity or unenforceability of any provision of this Plan shall not affect the validity or enforceability of any other provision of this Plan, which other provisions shall remain in full force and effect.

Section 8.08 Waiver. No provision of this Plan may be waived unless such waiver is agreed to in writing and signed by the Participant and by a duly authorized officer of the Company. No waiver by one party of the other party's of a breach of, or failure to comply with, a condition or provision of this Plan shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Failure by the Participant or the Company to insist upon strict compliance with any provision of this Plan or to assert any right the Participant or the Company may have hereunder, including without limitation, the right of the Participant to terminate employment for Good Reason, shall not be deemed to be a waiver of such provision or right, or of any other provision or right.

Section 8.09 Code Section 409A Notwithstanding any provision of the Plan to the contrary, the Plan and any payments provided hereunder are intended to comply with, or be exempt from, Code Section 409A. The Plan shall in all respects be interpreted, operated, and administered in accordance with this intent. Payments provided under the Plan may only be made upon an event and in a manner that complies with Code Section 409A or an applicable exemption, including, to the maximum extent possible, exemptions for separation pay due to Separation from Service and/or short-term deferrals. Any payments provided under the Plan to

be made upon a Participant's termination of employment with the Company that constitute deferred compensation subject to Code Section 409A shall only be made if such termination of service constitutes a Separation from Service. Each installment payment provided under the Plan shall be treated as a separate identified payment for purposes of Code Section 409A. The Company makes no representations or warranties that the payments provided under the Plan comply with, or are exempt from, Code Section 409A, and in no event shall the Company be liable for any portion of any taxes, penalties, interest, or other expenses that may be incurred by a Participant on account of non-compliance with Code Section 409A. If a Participant is a "specified employee" under Code Section 409A at his or her Date of Termination, to the extent necessary to avoid the imposition of any additional taxes under Code Section 409A, any payments to be made upon the Participant's Separation from Service that constitute deferred compensation subject to Code Section 409A and that are scheduled to be made within six months following the Participant's Date of Termination shall be delayed, without interest, and paid in a lump sum on the earlier of (i) the first payroll date to occur following the six month anniversary of the Participant's Date of Termination, or (ii) the Participant's death, and any payments otherwise scheduled to be made thereafter shall be made in accordance with their original schedule. Notwithstanding any provision of the Plan to the contrary, if any payments to a Participant to be made under the Plan are subject to Code Section 409A and the period during which the Participant may sign the Release begins in one calendar year and the first payroll period following the end of the period during which the Participant may sign the Release occurs in the following calendar year, then such payments shall not be made or commence until the commencement of such following calendar year but no later than 75 Days after the Participant's Date of Termination.

Section 8.10 No Right to Continued Employment Neither the establishment of the Plan, nor any modification of it, and no creation of any fund, trust or account, or payment of any benefits, will be construed as giving any Participant, or any other person, the right to be retained in the service of the Company, and all Participants will remain subject to discharge to the same extent as if the Plan had never been adopted.

Section 8.11 Attorney Fees for Enforcement in Connection with CIC Period Termination For a Participant whose Date of Termination occurs within the CIC Period, the Company shall pay on behalf of or reimburse to Participant promptly (in no event later than 30 days after the invoice date) all reasonable costs and expenses (including fees and disbursements of counsel) incurred by such Participant in seeking to enforce rights pursuant to this Plan, whether or not such Participant is successful in asserting such rights; provided, however, that no reimbursement shall be made of such expenses relating to any unsuccessful assertion of rights if and to the extent that Participant's assertion of such rights was in bad faith.

ARTICLE IX CLAIMS, INQUIRIES, APPEALS

Section 9.01 Applications for Benefits and Inquiries Any application for benefits, inquiries about the Plan, and inquiries about present or future rights under the Plan must be submitted to the Plan Administrator in writing, addressed to the Company in accordance with the notice provisions set forth in the Plan.

Section 9.02 Denial of Claims If any application for benefits is denied in whole or in part, the Plan Administrator must notify the applicant, in writing, of the denial, and of the applicant's right to review the denial. The written notice of denial will be set forth in a manner designed to be understood by the Participant, and will include specific reasons for the denial, specific references to the Plan provision upon which the denial is based, a description of any information or material that the Plan Administrator needs in order to complete the review, and an explanation of the Plan's review procedure.

This written notice will be given to the Participant within 30 days after the Plan Administrator receives the application, unless special circumstances require an extension of time, in which case, the Plan Administrator has up to an additional 30 days for processing the application. If an extension of time for processing is required, written notice of the extension will be furnished to the applicant before the end of the initial 30 day period.

This notice of extension will describe the special circumstances necessitating the additional time and the date by which the Plan Administrator is to render his or her decision. If written notice of denial of the application for benefits is not furnished within the specified time, the application will be deemed to be denied. The applicant will then be permitted to appeal the denial in accordance with the review procedure described below.

Section 9.03 Request for a Review. Any person (or that person's authorized representative) for whom an application for benefits is denied (or deemed denied), in whole or in part, may (but is not required to) appeal the denial by submitting a request for a review to the Plan Administrator within 60 days after the application is denied (or deemed denied). The Plan Administrator will give the applicant (or his or her representative) an opportunity to review pertinent documents in preparing a request for a review. A request for a review must be in writing and addressed to the Company in accordance with the notice provisions set forth in the Plan.

A request for review must set forth all of the grounds on which it is based, all facts in support of the request, and any other matters that the applicant feels are pertinent. The Plan Administrator may require the applicant to submit additional facts, documents or other material the Plan Administrator deems necessary or appropriate in connection with his or her review.

Section 9.04 Decision on Review. The Plan Administrator will act on each request for review within 20 days after receipt of the request, unless special circumstances require an extension of time (not to exceed an additional 20 days). If an extension for review is required, written notice of the extension will be furnished to the applicant within the initial 20-day period. The Plan Administrator will give prompt, written notice of his or her decision to the applicant. If the Plan Administrator confirms the denial of the application for benefits in whole or in part, the notice will outline, in a manner calculated to be understood by the applicant, the specific Plan provisions on which the decision is based. If written notice of the Plan Administrator's decision is not given to the applicant within the time prescribed in this Section 9.04, the application will be deemed denied on review.

Section 9.05 Rules and Procedures. The Plan Administrator may establish rules and procedures, consistent with the Plan and with ERISA, that are necessary or appropriate in carrying out his or her responsibilities in reviewing benefit claims. The Plan Administrator may require an applicant who wishes to submit additional information in connection with an appeal to do so at the applicant's own expense.

Section 9.06 Exhaustion of Remedies. No claim for benefits under the Plan may be brought in any forum until the claimant (a) has submitted a written application for benefits in accordance with the procedures described by Section 9.01, (b) has been notified by the Plan Administrator that the application is denied (or the application is deemed denied due to the claims administrator's failure to act within the established time period), (c) has filed a written request for a review of the application in accordance with the appeal procedure described in Section 9.03, and (d) has been notified in writing that the Plan Administrator has denied the appeal (or the appeal is deemed to be denied under Section 9.04).

Section 9.07 Final Dispute Resolution; Limitations on Legal Action

(a) General. Except as provided in Section 9.07(c) below, all claims and disputes under this Plan (including but not limited to claims and disputes regarding interpretation, scope, or validity of the Plan, and any pendant state claims not preempted by ERISA) must follow the claims procedures described in Sections 9.01 through 9.06, before a claimant may take action in any other forum regarding a claim for benefits under the Plan. Any action initiated by a claimant under the Plan must be brought within one year of a final determination on the claim, or the claim will be deemed permanently waived and abandoned, and the claimant will be precluded from reasserting it.

(b) Claims for Benefits. After following the claims procedures described in Sections 9.01 through 9.06, the following provisions apply to any further disputes, claims, questions or disagreements that may arise regarding this Plan. Except to the extent set forth in Section 9.07(c), any such dispute shall be finally settled by arbitration conducted expeditiously in accordance with the rules of the American Arbitration Association by three independent and impartial arbitrators. Each party shall appoint one arbitrator, and the two arbitrators so appointed shall appoint the third. The arbitration shall be conducted in English, and shall be governed by the United States Arbitration Act, 9 U.S.C. §§ 1-16, and judgment on the award rendered by the arbitrators may be entered by any court having jurisdiction. The place of arbitration shall be Pittsburgh, Pennsylvania. The arbitrators are not empowered to award damages in excess of economic and compensatory damages.

(c) Injunctive Relief. Notwithstanding any provision in the Plan to the contrary, if a Participant violates a covenant contained in Article VI and the Company would be caused immediate, material and irreparable harm for which money damages might not be adequate compensation, the Company shall be entitled to injunctive or other equitable relief in addition to any other remedies provided by law, in equity or otherwise. The Restricted Period applicable to the Participant shall be extended by any period of time in which the Participant is in breach of the covenants contained in Article VI and for any period of time necessary to secure an order of court or injunction, either temporary or permanent, to enforce any of the covenants contained in Article VI.

EXHIBIT A

GENERAL RELEASE AGREEMENT

This General Release Agreement (this "Agreement") is made and entered into by _____ ("Executive" or "Your" or "Your") (collectively, referred to in this Agreement as "**Executive**") and **Coherent Corp.**, any parent, subsidiary, affiliate, successor, predecessor or otherwise related companies, and the past, present, and future employees, agents, officers, attorneys, directors, shareholders, members, managers and executive benefit programs of any of them, and their agents and insurers (collectively, referred to in this Agreement as the "**Company**"). This Agreement shall become effective upon the signing of this Agreement by You or, if applicable, as defined in Section 9.2 below.

In consideration of the severance pay and benefits provided to Executive as set forth in the Coherent Corp. Executive Severance Plan (the "Severance Plan"), as well as any promises set forth in this Agreement, Executive agrees as follows:

1.0 Release of Claims.

1.1 In exchange for the Company providing You with the payments and other benefits set forth in the Severance Plan, You, and Your spouse, attorneys, heirs, dependents, beneficiaries, executors, administrators, successors, and assigns, hereby unconditionally release and completely and forever discharge the Company, on behalf of and for the benefit of itself, all related corporate entities and partnerships, and each of their past, present and future employees, officers, directors, attorneys, owners, partners, members, insurers, benefit plan fiduciaries and agents, and all of their respective successors and assigns ("Released Parties"), from any and all rights, claims, causes of action, or lawsuits whether known or unknown, that you ever had, now have, or may have against any or all of the Released Parties up to the date of execution of this Agreement including, without limitation, any and all claims you had, have, or may have arising out of or relating to your employment with the Company or the separation of that employment, for any and all reasons.

You specifically release Released Parties from any rights or claims that you may have based upon the Employee Retirement Income Security Act, Title VII of the Civil Rights Act of 1964, the Americans With Disabilities Act of 1990, the Age Discrimination in Employment Act of 1967, the Equal Pay Act, the Family and Medical Leave Act, Sections 1981 through 1988 of U.S.C. Title 42, all as amended, and any rules or regulations under such laws and authorities; all Pennsylvania employment discrimination laws, including but not limited to the Pennsylvania Human Relations Act; the Pennsylvania Equal Pay Act; the Pennsylvania Minimum Wage Act; the Pennsylvania Wage Payment and Collection Law; Pennsylvania statutes regarding whistleblower protection, personnel files, criminal records, wage complaints, retaliation; all as amended together with all of their respective implementing regulations; and/or any other federal, state or local laws or regulations prohibiting employment discrimination or which otherwise regulate employment terms and conditions. You also release the Released Parties from any claim for negligence, wrongful discharge, unfair treatment, defamation, breach of public policy, express or implied contract, or any other claims arising under common law that relate in any way to your employment with the Company or the termination thereof. The foregoing description of claims is intended to be illustrative and is not exhaustive. The Parties intend this release to be a release of any and all claims to the fullest extent permissible under law. This waiver and release is of Your rights to all remedies and damages available to You in law or equity, including but not limited to Your right to compensation, backpay, front pay, non-economic damages, punitive and exemplary damages, statutory damages, attorneys' fees, injunctive relief and declaratory judgments. This general release does not extend to claims which You do not know or suspect

exist at the time of executing the release, which if known by You would have materially affected Your entering into this Agreement with the Company.

1.2 Notwithstanding the release contained in Section 1.1, You do not waive (i) Your entitlement to receive any 401(k), pension plan benefits, or Company ERISA-covered benefits that shall have vested (if any) as of the date You sign this Agreement to the extent You have any entitlement to those benefits under the terms of the relevant plans, or (ii) Your right to file a charge with the EEOC or participate in an investigation conducted by the EEOC; however, You expressly waive Your right to monetary or other relief should any administrative agency, including but not limited to the EEOC, pursue any claim on Your behalf.

1.3 The release contained in Section 1.1 above does not apply to any claim or rights that may arise after that date You sign this Agreement or claims that the controlling law clearly states may not be released by private agreement. You also understand that You are not waiving Your rights to unemployment compensation.

2.0 Covenant Not to Sue.

2.1 You warrant that You do not have any complaint, charge or grievance against any Released Party pending before any federal, state or local court or administrative or arbitral agency, and You further covenant not to sue, file a lawsuit, or commence any other proceeding, arbitral, administrative or judicial action, against any of the Released Parties in any court of law or equity, or before any arbitral body or administrative agency, with respect to any matter released in Section 1.1 above; provided, however, that this covenant not to sue does not affect Your rights to enforce appropriately the terms of the Severance Plan in a court of competent jurisdiction and does not affect Your right to file a charge with the EEOC or participate in an investigation conducted by the EEOC; however, You expressly waive Your right to monetary or other relief should any administrative agency, including but not limited to the EEOC, pursue any claim on Your behalf. Notwithstanding the foregoing, nothing herein shall limit Your right to receive an award for information provided to the Securities and Exchange Commission.

Nothing in this Agreement prohibits You from reporting possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. You do not need the prior authorization of the Company to make any such reports or disclosures and You are not required to notify the Company that You have made such reports or disclosures.

2.2 Should You file a lawsuit with any court concerning any claim, demand, issue, or cause of action waived, released or discharged through this Agreement or otherwise in breach of Section 2.1 above, You agree (i) that any amounts payable or paid to You, as applicable, pursuant to Section 2 of the Severance Plan shall no longer be payable and, if already paid, shall promptly be returned to the Company and (ii) to the fullest extent allowed by applicable law, to indemnify the Released Parties for all costs and expenses incurred by them in defending such lawsuit. You further agree that nothing in this Agreement shall limit the right of a court to determine, in its sole discretion, that the Released Parties are entitled to restitution, recoupment or set off of any monies paid should the release of any claims under this Agreement subsequently be found to be invalid.

2.3 You agree not to advocate or incite the institution of, or assist or participate in, any suit, unrest, complaint, charge or administrative proceeding by any other person against any of the Released Parties, unless compelled by legal process to do so. Nothing in this Section 2

shall prohibit any Party from lawfully participating or cooperating in an investigative proceeding of any federal, state or local government agency.

3.0 Non-Admission of Liability. You agree that this Agreement shall not in any way be construed as an admission that any of the Released Parties owe You any money or have acted wrongfully, unlawfully, or unfairly in any way towards You. In fact, You understand that the Released Parties specifically deny that they have violated any federal, state or local law or ordinance or any right or obligation that they owe or might have owed to You at any time, and maintain that they have at all times treated You in a fair, non-discriminatory and non-retaliatory manner.

4.0 Confidentiality of Agreement. You also acknowledge and agree that You shall not publicize, communicate, authorize or permit the publication or communication in any form whatsoever of the contents of this Agreement or the events giving rise thereto, except to Your immediate family, Your financial advisors and/or legal counsel, or where required by law.

5.0 Representations and Indemnification.

5.1 You represent to the company that You will abide by any and all post-employment restrictive covenants You signed or entered into in connection with Your employment, including but not limited to, covenants relating to competition, solicitation or hiring of employees, solicitation of customers, and confidentiality.

5.2 You agree that You will indemnify and hold the Released Parties harmless from any loss, cost, damage or expense (including attorneys' fees) incurred by the Released Parties arising out of Your breach of any portion of this Agreement or any post-employment restrictive covenant You signed or entered into in connection with Your employment. You also agree and understand that Your entitlement to and retention of the Severance Benefits the Company has agreed to provide to You are expressly conditioned upon Your fulfillment of Your promises herein and any applicable post-employment restrictive covenants, and You agree that if You breach this Agreement or any applicable post-employment restrictive covenants that any amounts payable or paid to You, as applicable, pursuant to the Severance Plan, shall no longer be payable and, if already paid, shall promptly be returned to the Company within seven days of the Company providing you with written notice of Your breach of any provision of this Agreement or any applicable post-employment restrictive covenants, to the extent permitted or required by law. The Company shall determine whether a breach has occurred in its sole discretion and under any applicable law or regulation.

6.0 Miscellaneous.

6.1 Governing Law and Venue. This Agreement and all things relating or pertaining to it shall be governed by, and construed in accordance with, the laws of the Commonwealth of Pennsylvania, without reference to conflict of laws principles. Any action relating to this Agreement must be instituted in the courts of Butler County, Pennsylvania, or the federal courts of the Western District of Pennsylvania. The Company and Employee hereby consent to the jurisdiction of such courts and waive any right or defense relating to venue or jurisdiction.

6.2 Severability. Whenever possible, each provision of this Agreement shall be interpreted so as to be effective and valid under applicable law, but if any of its provisions is prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, and severed from this Agreement without invalidating any other part of this Agreement.

6.3 *Proper Construction.* The language of this Agreement shall be construed within the context of the whole Agreement and according to its fair meaning, and not strictly for or against either the Parties. The section headings used in this Agreement are intended solely for convenience of reference and shall not in any manner amplify, limit, modify or otherwise be used in its interpretation.

6.4 *Survival.* You acknowledge that the covenants in the Severance Plan, and any provisions contained in the Severance Plan that are intended to survive following termination of Your employment, shall survive the execution of this Agreement by You. You further acknowledge that any and all post-employment restrictive covenants You signed in connection with Your employment, including covenants relating to competition, solicitation or hiring, and agreements not to compete, remain in full force and effect, and a breach of those covenants or agreements will also constitute a breach of this Agreement.

6.5 *Amendments.* This Agreement may be modified, altered or terminated only by an express written agreement between You and the Company, that is signed by both parties, and to which a copy of this Agreement is attached.

6.6 *Counterparts.* This Agreement may be signed in counterparts, which together shall be treated as one document.

7.0 Acknowledgment.

7.1 You confirm that, to the best of Your knowledge, You have returned to the Company all of its property, including without limitation, computer equipment, software, keys and access cards, credit cards, files and any documents (including computerized data and any copies made of computerized data or software) containing information concerning the Company, its business or its business relationships. You also commit to deleting and finally purging any duplicates of files or documents that contain the Company information from any computer or other device that remains Your property after the Termination Date, provided such information is not subject to an ongoing litigation hold.

7.2 You acknowledge that, if you are age 40 or over, You have had 21 days, or if required for an effective release, 45 days, after receipt of this Agreement (and Appendix A if required to be attached hereto) to consider whether to execute it, and you understand all the provisions of this agreement. You also understand that, after you execute this Agreement, you have seven days to revoke the portion of this Agreement that relates to waiver and release of any claim you might assert under the Age Discrimination in Employment Act ("ADEA"). The parties agree that no payment set forth in the Severance Plan will be made until after the seven day revocation period has expired (the eighth day after You execute this Agreement being the "Effective Date" of this Agreement for those age 40 or over). You understand that, by signing this Agreement, You are not waiving or releasing any ADEA claims based on actions or omissions that occur after the date You sign. You agree that any revocation of Your ADEA waiver and release must be made in writing and postmarked on or before the seventh day following the execution of this Agreement and sent by certified mail to the respective company contact at the addresses set forth in Section 8.06 of the Severance Plan.

7.3 With the exception of any payments and other benefits set forth in the Severance Plan or any signed retention bonus agreement, and of your final paycheck (to include Your regular wages and any accrued but unused vacation or other paid time off to be delivered by the next regularly scheduled payday or otherwise as required by law), You acknowledge payment of all compensation due to You by the Company.

7.4 You acknowledge that You have been advised in writing, and hereby are advised, to seek legal counsel concerning the terms of this Agreement. You warrant that you have read this Agreement, are knowingly and voluntarily entering into it and intend to be legally bound by it, and that your agreement to it is not the result of coercion or duress by the Company. You certify and agree that you are authorized and competent to sign this Agreement, and that you are receiving valuable and adequate consideration under it.

BY SIGNING BELOW, YOU ACKNOWLEDGE THAT (1) YOU HAVE CAREFULLY READ AND CONSIDERED THIS AGREEMENT; (2) HAVE BEEN GIVEN SUFFICIENT TIME TO CONSIDER WHETHER TO SIGN IT; (3) RECOGNIZE AND UNDERSTAND THAT IT CONTAINS A FULL AND FINAL RELEASE BY YOU OF ALL CLAIMS OF EVERY KIND AGAINST THE COMPANY ARISING UP TO THE TIME YOU SIGN IT, WHETHER YOU CURRENTLY KNOW OR SUSPECT THOSE CLAIMS TO EXIST; AND (4) KNOWINGLY AND VOLUNTARILY CONSENT TO THE TERMS OF THIS AGREEMENT WITH FULL UNDERSTANDING OF THEIR MEANING.

IN WITNESS WHEREOF, Executive has executed this General Release Agreement as of the date set forth below.

EXECUTIVE

Date: _____

Received, Acknowledged and Accepted:

COHERENT CORP.

By: _____

[Name, Title]

Date: _____



COHERENT CORP., 375 Saxonburg Boulevard, Saxonburg, PA 16056

General Offices: 724-352-4455

COHERENT CORP. REVISED EXECUTIVE SEVERANCE PLAN

Participation Agreement

Participant Name:

Primary Work Location:

This Participation Agreement (this “**Agreement**”) is made and entered into by and between Coherent Corp., a Pennsylvania corporation, and/or your employer (the “**Company**”), and the undersigned individual (“**you**”), who is an employee of the Company and/or an Affiliate of the Company.

The Company adopted the Coherent Corp. Revised Executive Severance Plan (the “**Plan**”). Unless otherwise defined in this Agreement, any capitalized terms used in this Agreement will have the meanings set forth in the Plan. A copy of the Plan is attached as Annex A and is deemed to be part of this Agreement.

The Company has selected you to become a Participant in the Plan. Under the Plan, you may become entitled to certain termination benefits if you incur a Qualifying Termination and you otherwise satisfy all of the terms and conditions of the Plan.

By executing this Agreement, you acknowledge and agree that you are a Participant in the Plan, and that any termination benefits that you may become entitled to receive under the Plan will be based on the following periods and multipliers that have been established by the Company:

Timing of Date of Termination	Applicable Severance Multiplier	Applicable Bonus Multiplier	Applicable Benefits Multiplier	Applicable Protection Period
Date of Termination during a Non-CIC Period	12 months	N/A	12 months	18 months
Date of Termination during a CIC Period	24 months	2.0	18 months	

In addition, for a Qualifying Termination during a CIC Period, all Equity Awards shall fully vest and be treated as set forth in Section 3.02(c) of the Plan.

For a Qualifying Termination during a Non-CIC Period, all tranches of Equity Awards with a vesting date within 12 months after your Date of Termination will fully vest. In addition, for a Qualifying Termination during a Non-CIC Period, any vesting tranche of Equity Awards that began during your employment or during the first 12 months after your Date of Termination but was not completed by the first anniversary of your Date of Termination shall vest pro rata based on a fraction, the numerator of which is the number of months within such vesting tranche you

would have been employed if you had remained employed through the first anniversary of your Date of Termination, and the denominator of which is the total number of months in the vesting tranche, or, for performance-based Equity Awards, the total number of months in the performance period. For the avoidance of any doubt: (i) the payout for performance-based Equity Awards for a Qualifying Termination during a Non-CIC Period will be based on actual performance during the entire performance period, then pro-rated as noted above; and (ii) the provisions of this paragraph shall supersede the provisions contained in the applicable Equity Awards Agreements, provided that the provisions of the Equity Award Agreements will control to the extent such provisions are more favorable to you. Examples of the application of this paragraph regarding vesting with respect to a Qualifying Termination during a Non-CIC Period are set forth in Exhibit A and are deemed to be a part of this Agreement.

For you, the definition of “Good Reason” in Section 1.01(dd)(i) of the Plan is deleted and shall be replaced in its entirety by the following: “a material reduction of the Participant’s authority, job duties or responsibilities including the assignment to the Participant of any duties materially and negatively inconsistent in respect of the Participant’s position (including status, offices, titles and reporting requirements), or any other action by the Company which results in a material diminution in such position, authority, duties or responsibilities;”.

Further, by executing this Agreement, you acknowledge and agree that your participation in the Plan is in consideration for your strict compliance with the restrictive covenants in Article VI of the Plan, which include covenants for best efforts, non-competition, non-solicitation, and non-disclosure of Confidential Information applicable regardless of whether you actually receive termination benefits under the Plan and that any termination benefits that you may become entitled to receive under the Plan will be subject to your strict compliance with each restrictive covenant in Article VI of the Plan for the duration of the Restricted Period. The length of the Restricted Period depends on when your Date of Termination occurs, as follows:

Timing of Date of Termination	Length of Restricted Period
Date of Termination during a Non-CIC Period	12 months
Date of Termination during a CIC Period	24 months

By executing this Agreement and participating in the Plan, you acknowledge and agree that as set forth in Section 2.03 of the Plan, the Plan does not intend to duplicate severance benefits. Accordingly, the severance payments and benefits under this Agreement and the Plan to you shall be reduced by any severance benefits to which you would otherwise be entitled under any offer letter or employment agreement or other agreement you have with the Company or any severance policy or plan maintained by the Company that provides for severance benefits. Likewise, the severance payments and benefits to which you are otherwise entitled under this Agreement and the Plan shall be reduced by any payments or benefits to which you may be entitled under plant-closing or mandatory severance or garden leave or similar laws of any applicable jurisdiction. By executing this Agreement, you also acknowledge and agree that if you previously signed a Participation Agreement with respect to the Plan, this Participation Agreement supersedes and replaces any such prior Participation Agreement with respect to the Plan.

[You acknowledge that you have carefully read this Agreement including, without limitation, the restrictive covenants set forth in Article VI of the Plan and incorporated herein and consulted with legal counsel of your choosing regarding its contents, have given careful consideration to the restraints imposed upon you by the Plan and this Agreement, including, without limitation, Article VI of the Plan and are in full accord as to their necessity for the reasonable and proper protection of confidential and proprietary information of the Company now existing or to be developed in the future. You acknowledge that you have consulted with counsel and are individually represented in negotiating the terms of this Agreement, which incorporates the section of the Plan designating the choice of law to be applied hereto.

You understand, acknowledge and agree that (i) you have no obligation to enter into this Agreement or become a Participant in the Plan and your decision to do so by signing this Agreement is knowing and voluntary; and (ii) agreeing to the restrictive covenants contained in Article VI of the Plan is not a condition of employment and the continuation of your employment will not depend on whether you agree to the restrictive covenants in Article VI of the Plan. The agreement to the restrictive covenants in Article VI of the Plan is in consideration of your eligibility for the Plan. You acknowledge and agree that you were represented by counsel in connection with the negotiation of this Agreement, including without limitation the specific negotiation of the restrictive covenants in Article VI of the Plan and governing law in Section 8.07 of the Plan. You acknowledge that the Company is incorporated in Pennsylvania and its principal executive offices are in Pennsylvania. You also acknowledge and agree that you will be subject to restrictive covenants, governing law, and dispute provisions set forth in the Plan, to which you shall be bound in all respects. You further acknowledge and agree that pursuant to Section 925 of the California Labor Code, (i) you have waived the application of California law to this Agreement and the Plan, including without limitation, the restrictive covenants contained in Article VI of the Plan, and any proceeding related thereto, (ii) you have waived any right to have any proceeding adjudicated in California, and (iii) you acknowledge and agree that any proceeding shall not be deemed to be a controversy arising in California.]

IN WITNESS WHEREOF, the Company has executed this Agreement by its duly authorized officer as of the date set forth below. Please sign below and return this Agreement to the Company by no later than [DATE].

[PARTICIPANT NAME]

Signed:

Date:

COHERENT CORP.

By:

Name:

Title:

Date:

[I acknowledge that I represented _____ individually as legal counsel in negotiating the terms of this Agreement including, without limitation, the incorporation of the restrictive covenants in Section VI of the Plan and governing law in Section 8.07 of the Plan.

Attorney Name: _____]

Exhibit A

EXAMPLES OF EQUITY VESTING IN CONNECTION WITH QUALIFYING TERMINATION IN A NON-CIC PERIOD

Example 1: TIME-BASED RSUS WITH ANNUAL VESTING

August 30, 2023 3,600 RSU grant with annual vesting – 1/3 (1,200 RSUs) vesting each year – August 30, 2024, August 30, 2025 and August 30, 2026

June 30, 2024 Date of Termination

12 month additional service credit for vesting

August 30, 2024 vesting of the first tranche of 1,200 RSUs: within 12 months of Date of Termination so such 1,200 RSUs vest

August 30, 2025 vesting of second tranche of 1,200 RSUs: 12 months since Separation Date is June 30, 2025 – 10 months into the vesting tranche that began August 31, 2024 and ends August 30, 2025 (a 12 month vesting tranche) – so 10/12 of such 1,200 RSU tranche means 1,000 RSUs vest

August 30, 2026 vesting tranche of 1,200 RSUs: tranche began August 31, 2025 which is more than 12 months after the Date of Termination of June 30, 2024 and therefore no vesting of any RSUs in this tranche

Example 2: TIME-BASED RSUS WITH CLIFF VESTING

August 30, 2023 2,400 RSU grant with 2-year (24 months) cliff vesting – vesting of entire award on August 30, 2025

June 30, 2024 Date of Termination

12 month additional service credit for vesting

No vesting date by June 30, 2025 – 12 months after Date of Termination

June 30, 2025 is 22 months into the 24 month cliff vesting period so 22/24 of such 2,400 RSU tranche means 2,200 RSUs vest

Example 3: PERFORMANCE SHARE UNIT AWARD WITH CLIFF VESTING

August 30, 2023 3,600 target PSU grant cliff vesting at June 30, 2026 based on performance for the 3 year (36 month) performance period from July 1, 2023 to June 30, 2026

June 30, 2024 Date of Termination

12 month additional service credit for vesting

No vesting date by June 30, 2025 – 12 months after Date of Termination

June 30, 2025 is 24 months into the 36 month cliff performance period ending June 30, 2026 so 24/36 of such PSU that would have been earned based on performance through June 30, 2026 vests

If PSUs earned as a percent of target PSU grant based on performance is determined after June 30, 2026 to be 90%, then

The PSUs that vest would be 3,600 (target award) multiplied by 90% (performance) multiplied by 24/36 (pro-ratio) which equals 2,160 PSUs

Such 2,160 PSUs (based on performance and proration) would be distributed after the certification of performance for the 3-year performance period ending June 30, 2026

Annex A:
COHERENT CORP.
REVISED EXECUTIVE SEVERANCE PLAN



COHERENT CORP., 375 Saxonburg Boulevard, Saxonburg, PA 16056

General Offices: 724-352-4455

COHERENT CORP. REVISED EXECUTIVE SEVERANCE PLAN

The purpose of the Coherent Corp. Revised Executive Severance Plan (as amended and in effect from time to time, the "Plan"), is to enhance the Company's ability to retain designated key executives. The Plan is intended to be a severance pay plan governed by Title I of ERISA primarily for the purpose of providing benefits for a select group of management or highly compensated employees. All benefits under the Plan will be paid solely from the general assets of the Company.

**ARTICLE I
DEFINITIONS**

Section 1.01 Definitions. As used in this Plan, the following terms have the meanings set forth below:

(a) "Accounting Firm" has the meaning set forth in Section 7.02.

(b) "Accrued Obligations" means vested amounts payable to a Participant upon any termination of employment with the Company, including (i) the Participant's earned but unpaid Base Salary from the Company through the Date of Termination, (ii) any outstanding Bonus for which payment is due and owing as of the Date of Termination, (iii) any vested employee benefits as determined under the applicable plan, and (iv) any unreimbursed expenses properly incurred and reported by the Participant in accordance with the Company's business expense reimbursement policy.

(c) "Affiliate" means, with respect to any individual or entity, any other individual or entity who, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, such individual or entity.

(d) "Applicable Benefits Multiplier" means a multiplier (expressed as a number of months) contained in a Participant's Revised Participation Agreement that is used to determine a Participant's termination benefits under Sections 3.01(b) and 3.02(b).

(e) "Applicable Bonus Multiplier" means the multiplier contained in a Participant's Revised Participation Agreement that is used to determine the portion of the Participant's termination benefits described in Section 3.02(a)(B).

(f) "Applicable Protection Period" means the period (expressed as a number of months) contained in a Participant's Participant Agreement that is used to determine the CIC Period applicable to the Participant.

(g) "Applicable Severance Multiplier" means the multiplier (expressed as a number of months) contained in a Participant's Revised Participation Agreement that is used to determine the portion of the Participant's termination benefits described in Sections 3.01(a) and 3.02(a)(A).

(h) "Base Salary" means a Participant's annual salary for all services rendered as in effect at the time a benefit under the Plan is calculated; provided, however, that in case of a Qualifying Termination as the result of Good Reason triggered by a reduction in Base Salary, "Base Salary" shall mean the Participant's annual salary as in effect immediately before the event giving rise to Good Reason.

(i) "Board" means the Board of Directors of the Corporate Parent.

(j) "Bonus," at the time that a benefit under the Plan is calculated, means the bonus(es) payable to a Participant pursuant to the Company's BIP, GRIP or other incentive bonus plan that is in effect at such time. For this purpose, the "BIP" means the Company's Bonus Incentive Program and the "GRIP" means the Company's Goals/Results Incentive Program, in each case as such program may be amended from time to time.

(k) "Cause" means a determination by the Board, in the exercise of its reasonable judgment, that any of the following has occurred with respect to a particular Participant:

(i) the Participant's willful and continued failure before a Change in Control to perform substantially the Participant's employment duties and responsibilities (other than a failure resulting from physical or mental illness or disability), which is not cured within 30 days of receiving written notice from the Company specifying in reasonable detail the duties and responsibilities the Company believes are not being substantially performed;

(ii) the Participant willfully engaged in an act which is materially damaging to the Company (which damage may, without limitation, include reputational damage);

(iii) the Participant was convicted of, or entered a plea of "guilty" or "no contest" to: (A) a felony; or (B) a criminal offense involving fraud, dishonesty or other moral turpitude;

(iv) the Participant materially breached any of the covenants set forth in Article VI and if the breach occurs after a Change in Control is not cured within 30 days of receiving written notice from the Company specifying in reasonable detail the breach of the covenant set forth in Article VI; or

(v) the Participant engaged in an intentional act of dishonesty resulting, directly or indirectly, in material damage to the Company.

For the Company to terminate for Cause on or after a Change in Control: the Participant must be provided with written notice setting forth in detail the acts or omissions giving rise to such termination and must be given an opportunity to address the Board regarding the termination.

(l) "Change in Control" means any of the following events that occurs after the Effective Date:

(i) the Corporate Parent is merged or consolidated with another entity the result of which is that immediately following such transaction (A) the persons who were the shareholders of the Corporate Parent immediately prior to such transaction have less than a majority of the voting power of the Corporate Parent or the entity owning or controlling it; or (B) the individuals who comprised the Board immediately prior to such transaction cease to be at least a majority of the members of the Board;

(ii) a majority of the Corporate Parent's assets are sold or otherwise transferred to another corporation not controlled by or under common control with the Corporate Parent, or to a partnership, firm, entity or one or more individuals not so controlled;

(iii) a majority of the members of the Board consists of persons who were not nominated by or on behalf of the Board, or with the express concurrence of the Board; or

(iv) a single person, or a group of persons acting in concert, obtains voting control over a majority of the Corporate Parent's outstanding voting shares.

(m) "CIC Period" means the period commencing on the date six months prior to a Change in Control and ending on a date that is at the end of the Participant's Applicable Protection Period following the Change in Control.

(n) "CIC Period Bonus" means, the greater of (i) Bonus at target (A) for the performance period in which the Change in Control occurs (or for the immediately preceding performance period if the target payment with respect to the Participant for the performance period in which the Change in Control occurs has not yet been established) (without regard to any reduction made in the target payment within the six month period prior to the Change in Control) or (B) for the performance period in which the Participant's Date of Termination occurs, whichever target payment is highest and (ii) Bonus based on performance (A) for the performance period in which the Change in Control occurs (but not less than that projected as of the Change in Control if the performance period has not been completed as of the Change in Control), or (B) for the performance period in which the Participant's Date of Termination occurs, whichever performance payment is highest.

(o) "Code" means the U.S. Internal Revenue Code of 1986, as amended (including any valid and binding governmental regulations, court decisions and other regulatory and judicial authority issued or rendered thereunder).

(p) "Company" means, collectively, the Corporate Parent and its Affiliates.

(q) "Company Products" means any products or services (i) designed, manufactured, purchased, distributed, sold, assembled, provided and/or marketed by the Company, or (ii) that the Company has planned to design, manufacture, purchase, distribute, sell, assemble, provide or market, and for which a Participant has provided services, or over which a Participant had direct

or indirect managerial or supervisory authority, or about which a Participant received Confidential Information.

(r) “Compensation and Human Capital Committee” means the Compensation and Human Capital Committee of the Board or any successor committee dealing with compensation.

(s) “Competitor” means any entity that is involved or engaged in the design, manufacture, purchasing, distribution, sale, assembly, provision or marketing of any products or services that are the same as or similar to Company Products.

(t) “Confidential Information” has the meaning set forth in Section 6.02(b).

(u) “Corporate Parent” means Coherent Corp., a Pennsylvania corporation, and any successor thereto.

(v) “Date of Termination” means the date on which a Participant's employment with the Company terminates.

(w) “Disability” means a Participant's physical or mental illness, injury or infirmity which is reasonably likely to prevent and/or prevents the Participant from performing his or her essential job functions for a period of (A) 90 consecutive calendar days or (B) an aggregate of 120 calendar days out of any consecutive 12-month period.

(x) “Effective Date” means September 24, 2019 as the original effective date of the Plan and November 16, 2023 as the effective date of this revised Plan.

(y) “Eligible Executive” means a full-time employee of the Company who has been designated by the Plan Administrator to be eligible for benefits under the Plan. Eligible Executives shall be limited to a select group of management or highly compensated employees within the meaning of ERISA Sections 201, 301, and 404. Unless the Plan Administrator determines otherwise, the Company's Chief Executive Officer shall not be an Eligible Executive.

(z) “Equity Award” means an award granted to a Participant covering the common stock of the Company, including stock options, restricted stock, restricted stock units, and performance stock units, granted under any equity incentive plan maintained by the Company from time to time, including: (i) the II-VI Incorporated 2009 Omnibus Incentive Plan, (ii) the II-VI Incorporated Second Amended and Restated 2012 Omnibus Incentive Plan, (iii) the II-VI Incorporated Amended and Restated 2018 Omnibus Incentive Plan, (iv) the Coherent, Inc. Equity Incentive Plan (v) the Coherent Corp. Omnibus Incentive Plan or (vi) any successor plan(s) thereto.

(aa) “Equity Award Agreement” means the agreement evidencing, and governing the terms of, an Equity Award.

(bb) “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

(cc) “Excise Tax” has the meaning set forth in Section 7.01.

(dd) “Good Reason” means, without a Participant’s express written consent:

(i) a material reduction of the Participant’s authority, job duties or responsibilities, provided however that, before a Change in Control, a change in reporting structure only, which results in additional levels of supervision and/or management above the Participant, shall not constitute Good Reason;

(ii) a material reduction by the Company of the Participant’s Base Salary;

(iii) a material increase in the amount of the Participant’s business travel which produces a constructive relocation of the Participant;

(iv) a material reduction by the Company in the kind or level of employee benefits to which the Participant is entitled immediately prior to such reduction, with the result that the Participant’s overall benefits package is significantly reduced; or

(v) the relocation of the Participant to a facility or a location more than 30 miles from the Participant’s Primary Work Location, unless such relocation results in the Participant’s primary work location being closer to the Participant’s then primary residence, or does not substantially increase the average commuting time of the Participant.

For a Participant to terminate for Good Reason: the Company must be notified by the Participant in writing within 90 days of the event constituting Good Reason; the event must remain uncorrected by the Company for 30 days following such notice (the “Notice Period”); and such termination must occur within 60 days after the expiration of the Notice Period.

(ee) “Healthcare Coverage” means coverage for a Participant and his or her tax-qualified dependents under the Company’s group health plan that provides medical care (including group dental and vision), based on the applicable plans and the Participant’s coverage elections in effect immediately prior to the Participant’s Date of Termination. The Company’s group health plan does not include other benefits offered under a Company welfare plan such as life insurance and disability insurance.

(ff) “Inventions” means any and all developments, discoveries, inventions, enhancements, modifications and improvements by the Participant to any Company Product.

(gg) “Non-CIC Period” means the period prior to or following a CIC Period.

(hh) “Nonqualifying Termination” means a termination of the Participant’s employment with the Company other than a Qualifying Termination.

(ii) “Participant” means each Eligible Executive who is selected to be a participant in the Plan by action of the Plan Administrator and who has accepted such participation by execution of a Participation Agreement.

(jj) “Payments” has the meaning set forth in Section 7.01.

(kk) "Plan Administrator" means the Compensation and Human Capital Committee, or, if the Board so determines, another committee of the Board, or the Board itself. To the extent permitted by applicable law, the Plan Administrator may delegate all or any portion of its authority to one or more officers of the Company or a committee consisting of at least two persons.

(ll) "Primary Work Location" means the primary work location for a Participant as set forth in the Participant's Participation Agreement.

(mm) "Qualifying Termination" means a (i) termination of the Participant's employment with the Company by the Company other than for Cause, death or Disability, or (ii) termination of the Participant's employment with the Company as a result of a resignation by the Participant for Good Reason.

(nn) "Release" means the waiver and release of claims substantially in the form attached hereto as Exhibit A.

(oo) "Restricted Period" means the period beginning on a Participant's Date of Termination and continuing for the number of months following the Date of Termination as specified in the Participant's Participation Agreement.

(pp) "Restricted Territory" means anywhere in the world where the Company's Products are designed, manufactured, assembled, marketed or sold.

(qq) "Revised Participation Agreement" means the latest participation agreement delivered by the Company to a Participant informing the Eligible Employee of the Eligible Employee's participation in the Plan.

(rr) "Separation from Service" means a "separation from service" within the meaning of Code Section 409A.

(ss) "Target Bonus Amount" means, with respect to any Year, the amount of the target Bonus for such Year (including under both the BIP and the GRIP, if applicable).

(tt) "Year" means the fiscal year of the Company.

ARTICLE II

PARTICIPATION AND SCOPE OF SEVERANCE BENEFITS

Section 2.01 Participation in the Plan. An Eligible Executive shall become a Participant only if the Eligible Executive is first designated for participation in the Plan as follows: (i) for an Eligible Executive who is an officer subject to Section 16(a) of the Securities Exchange Act of 1934, as amended, the Eligible Executive must be designated for participation in the Plan by the Compensation Committee; and (ii) for any other Eligible Executive, the Eligible Executive must be designated for participation in the Plan by the Chief Executive Officer of the Corporate Parent. Promptly following such designation, the Company shall provide each Participant a Revised Participation Agreement, which shall specify the benefits the Participant is entitled to receive under the Plan. The party making the eligibility determination

under the first sentence of this Section may vary the terms of a Participant's participation on a case-by-case basis, as set forth in the Participant's Revised Participation Agreement. A designated Eligible Executive shall not become a Participant unless and until the Revised Participation Agreement is duly executed. Once participation in the Plan has commenced, a Participant shall remain a Participant until the first to occur of (i) the Participant's Nonqualifying Termination, (ii) the completion of the delivery of all benefits under the Plan following a Qualifying Termination under circumstances giving rise to a right to such benefits, or (iii) termination of the Plan prior to a Qualifying Termination as provided in Section 5.01. For avoidance of doubt, the rights and obligations of the Company and of an Eligible Executive who does not execute a Revised Participation Agreement, but who had previously executed a participation agreement under a prior Executive Severance Plan, shall be governed by such prior participation agreement and Executive Severance Plan.

Section 2.02 Conditions. As a condition precedent to entitlement of each Participant to benefits under Sections 3.01 and 3.02 of the Plan, the Participant agrees to each of the following:

(a) The Participant shall have executed, within 21 days, or if required for an effective release, 45 days, following the Participant's Date of Termination, the Release, and the applicable revocation period set forth in such release shall have expired.

(b) The Participant agrees to execute a resignation letter stating that, effective as of the Participant's Date of Termination, or such earlier date as required or requested by the Company, the Participant resigns from all positions with the Company, whether as an employee, an officer, a director or otherwise.

(c) The Participant shall reaffirm his or her agreement to abide by the covenants set forth in Article VI.

Section 2.03 No Duty to Mitigate; Non-duplication.

(a) A Participant shall not be required to mitigate the amount of any payment or benefit provided for in the Plan by seeking other employment or otherwise, and no such payment or benefit shall be offset or reduced by the amount of any compensation or benefits provided to the Participant in any subsequent employment.

(b) The Company does not intend to duplicate severance benefits. Accordingly, the severance payments and benefits under the Plan to a Participant shall be reduced by any severance benefits to which the Participant would otherwise be entitled under the Participant's offer letter or employment agreement with the Company (if applicable), or any general severance policy or plan maintained by the Company that provides for severance benefits (unless the agreement, policy or plan expressly provides for severance benefits to be in addition to those provided under the Plan). The severance payments and benefits to which a Participant is otherwise entitled shall be further reduced (but not below zero) by any payments or benefits to which the Participant may be entitled under any federal, state or local plant-closing (or similar or analogous) laws or mandatory severance benefits under the laws of any other applicable jurisdiction. Any such reductions or offsets in severance benefits shall be made in a manner that complies with Code Section 409A (if applicable).

ARTICLE III TERMINATION BENEFITS

Section 3.01 Qualifying Termination During a Non-CIC Period. If a Participant incurs a Qualifying Termination and his or her Date of Termination is during a Non-CIC Period, then, in addition to any Accrued Obligations, the Participant shall be entitled to the following (which shall be payable in accordance with Article IV):

(a) Cash Severance. An amount equal to the product of (i) the Participant's Applicable Severance Multiplier, and (ii) the Participant's monthly rate of Base Salary.

(b) Healthcare Coverage Payment. An amount equal to the product of (i) the Participant's Applicable Benefits Multiplier and (ii) the full total monthly premium cost (i.e., the Participant's and the Company's portion) for the Participant's Healthcare Coverage.

Section 3.02 Qualifying Termination During a CIC Period. If a Participant incurs a Qualifying Termination and his or her Date of Termination is during a CIC Period, then, in addition to any Accrued Obligations, the Participant shall be entitled to the following (which shall be payable in accordance with Article IV):

(a) Cash Severance. An amount equal to (A) the product of (i) the Participant's Applicable Severance Multiplier and (ii) the Participant's monthly rate of Base Salary, plus (B) the product of (i) the Participant's Applicable Bonus Multiplier and (ii) the Participant's Target Bonus Amount for the Year in which the Date of Termination occurs.

(b) Healthcare Coverage Payment. An amount equal to the product of (i) the Participant's Applicable Benefits Multiplier and (ii) the full total monthly premium cost (i.e., the Participant's and the Company's portion) for the Participant's Healthcare Coverage.

(c) Equity Vesting. Any unvested Equity Awards will become fully vested and, if applicable, each such Equity Award shall remain exercisable for the period set forth in the applicable Equity Awards Agreement. For the avoidance of any doubt, the provisions of this Section 3.02(c) shall supersede the provisions contained in the applicable Equity Awards Agreements, provided that the provisions of the Equity Award Agreements will control to the extent such provisions are more favorable to the Participant. In the case of any performance-based Equity Awards, "full vesting" means vesting based on the level of performance adjustment determined under the terms of the applicable Equity Award Agreement in connection with the Change in Control.

(d) Pro-Rata Bonus. An amount equal to a pro rata portion (based on the number of days during the applicable performance year Participant was employed by the Company) of the Participant's CIC Period Bonus. In addition, if the Bonus for the performance year immediately preceding the Participant's Date of Termination had not yet been paid, the Participant shall receive 100% of the Bonus, if any, for such immediately preceding performance period that would otherwise have been paid to Participant (without the application of any negative discretion) if Participant's employment had not so terminated, payable at the same time as such Bonus is paid to other Company employees.

ARTICLE IV FORM AND TIME OF PAYMENT

Section 4.01 Payments for a Qualifying Termination During a Non-CIC Period The amount contemplated under Section 3.01(a) shall be paid in accordance with the Company's regular pay schedule in substantially equal installments over a period equal to a Participant's Applicable Severance Multiplier following the Participant's Date of Termination. The amount contemplated under Section 3.01(b) shall be paid in a lump sum cash in the next pay period after the Release becomes effective (not more than 75 days after the Participant's Date of Termination). In both cases, the payments described shall be conditioned on the Participant providing the Company with (and not revoking) a Release, no later than 60 days after the Participant's Date of Termination. Any payments will commence in the next pay period after the Release becomes effective (not more than 75 days after the Participant's Date of Termination), including a lump sum for any payments for any payroll periods from the Date of Termination through the date the Release becomes effective.

Section 4.02 Payments for a Qualifying Termination During a CIC Period The amounts contemplated under Section 3.02(a) and Section 3.02(b) shall be paid in a lump sum cash payment in the next pay period after the Release becomes effective (not more than 75 days after the Participant's Date of Termination). The amount of the CIC Period Bonus based on those portions of the formula that are knowable at such time shall be paid in a lump sum cash payment in the next pay period after the Release becomes effective (not more than 75 days after the Participant's Date of Termination) and if the CIC Period Bonus is determined to be greater when the other portions of the formula for the CIC Period Bonus are known, such excess amount shall be paid in a lump sum cash payment within ten (10) days after such determination. The amount of the Bonus set forth in the second sentence of Section 3.02(d) shall be paid at the later of (i) in the next pay period after the Release becomes effective (not more than 75 days after the Participant's Date of Termination) or (ii) at the same time as such Bonus is paid to other Company employees. The payments described in each of Section 3.02(a), Section 3.02(b) and Section 3.02(d) shall be conditioned on the Participant providing the Company with (and not revoking) a Release, no later than 60 days after the Participant's Date of Termination. Vesting of Equity Awards under Section 3.02(c) shall also be conditioned on the Participant providing, and not revoking, the Release within 60 days following the Date of Termination. Payment of any restricted stock units as a result of such vesting shall be made no later than 75 days following the Date of Termination, subject to compliance with the requirements of Code Section 409A.

ARTICLE V AMENDMENT / TERMINATION OF PLAN

Section 5.01 Plan Amendment and Termination This Plan may be amended or terminated by action of the Board; provided, however, that any amendment or termination that reduces or eliminates potential termination benefits under Article III for a Participant shall not, without the Participant's prior written consent: (i) be effective for any Qualifying Termination until one year after notice is provided to the Participant; and (ii) be effective until after the end of the applicable CIC Period if a Change in Control occurs while this Plan is in effect.

ARTICLE VI COVENANTS

Section 6.01 Full Time, Best Efforts and Conduct Each Participant covenants and agrees to devote all of the Participant's business time and efforts to the faithful performance of the duties assigned to the Participant from time to time by the Company, except to the extent that the Company expressly permits the Participant to engage in outside activities during business hours. The Company and the Participant acknowledge that, from time to time, the Participant may either desire or be asked by the Company to engage in business activities or perform business services for the benefit of third parties, such as, e.g., serving as an outside director or consultant for another company. In each case, the Participant's involvement in such business activities or services shall be subject to the mutual agreement and approval of both the Company and the Participant. The Participant shall at all times engage in conduct in accordance with the highest standards of ethics and shall take no action that will harm the reputation of the Company. To every extent not inconsistent with the terms of this Agreement, the terms and conditions of the Participant's employment are also governed by the Company's personnel policies and employee handbook, as they may be issued and amended from time to time.

Section 6.02 Confidential Information.

(a) Nondisclosure and Non-Use. Both during the term of a Participant's employment with Company and thereafter, the Participant covenants and agrees that the Participant (i) shall exercise the utmost diligence to protect and safeguard the Confidential Information of the Company; (ii) shall not disclose to any third party any Confidential Information, except as may be required by the Company in the course of the Participant's employment or by law; and (iii) shall not use Confidential Information except for the benefit of the Company. The Participant acknowledges that Confidential Information has been and will be developed and acquired by the Company by means of substantial expense and effort, that the Confidential Information is a valuable proprietary asset of the Company's business, and that its disclosure would cause substantial and irreparable injury to the Company's business.

(b) Definition of Confidential Information. "Confidential Information" means all information of a confidential or proprietary nature, whether or not specifically labeled or identified as "confidential," in any form or medium, that is or was disclosed to, or developed or learned by, the Participant in connection with the Participant's past, present or future employment with the Company and that relates to the business, products, services, research or development of any of the Company or its suppliers, distributors or customers. Confidential Information includes, but is not limited to, the following: (i) internal business information (including, but not limited to, information relating to strategic plans and practices, business, training, marketing, promotional and sales plans and practices, cost, rate and pricing structures, accounting and business methods); (ii) identities of, individual requirements of, specific contractual arrangements with, and information about, any of the Company's suppliers, distributors and customers and their confidential information; (iii) trade secrets, know-how, compilations of data and analyses, techniques, systems, formulae, research, records, reports, manuals, documentation, models, data and data bases relating thereto; (iv) inventions, innovations, improvements, developments, methods, designs, analyses, drawings, reports and all similar or related information (whether or not patentable); and (v) other information or thing that

has economic value, actual or potential, from not being generally known to or not being readily ascertainable by proper means by other persons.

(c) Not Confidential Information. Confidential Information shall not include information that the Participant can demonstrate: (i) is publicly known through no wrongful act or breach of obligation of confidentiality by the Participant; (ii) was rightfully received by the Participant from a third party without a breach of any obligation of confidentiality by such third party; or (iii) was known to the Participant on a non-confidential basis prior to the Participant's employment with the Company.

(d) Presumption of Confidentiality. In any judicial proceeding, it will be presumed that the Confidential Information constitutes protectable trade secrets and the Participant will bear the burden of proving that any Confidential Information is publicly or rightfully known by the Participant.

(e) Return of Confidential Information and Materials. Each Participant agrees to return to the Company either before or immediately upon the termination of the Participant's employment with the Company any and all information, materials or equipment which constitutes, contains or in any way relates to the Confidential Information and any other document, equipment or materials of any kind relating in any way to the business of the Company in the possession, custody or control of the Participant which was obtained by the Participant during the course of or as a result of the Participant's employment with the Company, whether confidential or not, including, but without limitation, any copies thereof which may have been made by or for the Participant. The Participant shall also provide the Company, if requested to do so, the name of the new employer of the Participant and the Company shall have the right to advise any subsequent employer of the Participant's obligations hereunder.

Section 6.03 Inventions.

(a) Ownership of Inventions. Any and all Inventions created or developed by a Participant alone or with others during the term of the Participant's employment, whether or not during working hours and whether on the Company's premises or elsewhere, shall be deemed works for hire and will be the sole and exclusive property of the Company if the Invention is:

- (i) within the scope of the Participant's duties assigned or implied in accordance with the Participant's position; or
- (ii) a product, service, or other item which would be in competition with Company Products or which is related to Company Products, whether presently existing, under development, or under active consideration; or
- (iii) in whole or in part, the result of the Participant's use of the Company's resources, including, without limitation, personnel, computers, equipment, facilities or otherwise.

(b) Assignment of Inventions. Each Participant shall promptly and fully disclose all Inventions to the Company and shall cooperate and perform all actions reasonably requested by the Company to establish, confirm and protect the Company's right, title and interest in each

such Invention. During the term of the Participant's employment with the Company and after termination of such employment, if the Company should then so request, the Participant agrees to assign and does hereby assign to the Company all rights in the Inventions. The Participant agrees to execute and deliver to the Company any instruments the Company deems necessary to vest in the Company all title to and rights in the Inventions which the Participant is legally authorized to grant. The Participant agrees to execute and deliver to the Company all proper papers for use in applying for, obtaining, maintaining, amending and enforcing any legal protections that the Company may desire. The Participant further agrees to assist fully the Company or its nominees in the preparation and prosecution of any litigation connected with the Inventions. If the Company is unable because of the Participant's mental or physical incapacity or for any other reason (including, but without limitation, the Participant's refusal to do so after request therefor is made by the Company) to secure the Participant's signature to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering Inventions belonging to or assigned to the Company pursuant to this Agreement, then the Participant hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as the Participant's agent and attorney-in-fact to act for and on the Participant's behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of patents or copyright registrations thereon with the same legal force and effect as if executed by the Participant.

Section 6.04 Non-Competition. Each Participant covenants and agrees that, during the term of the Participant's employment with the Company and the Restricted Period, the Participant shall not, directly or indirectly, for the benefit of the Participant or others, as an employee, principal, agent, stockholder, consultant, or in any other capacity, (i) work for a Competitor; or (ii) have a financial interest in any Competitor, within the Restricted Territory. Notwithstanding the foregoing, nothing herein shall prohibit the Participant from being a passive owner of not more than 5% of the outstanding securities of any class of a corporation which is publicly traded, so long as the Participant has no active participation in the business of any such corporation.

This covenant on the part of the Participant shall be construed as an agreement independent of any other provision of this Plan or applicable Participation Agreement; and the existence of any claim or cause of action of the Participant against the Company, whether predicated on this Plan, Participation Agreement, or otherwise, shall not constitute a defense to the enforcement by the Company of this covenant. The Participant expressly agrees that the restrictions of this Article VI will not prevent the Participant from otherwise obtaining gainful employment upon termination of the Participant's employment with the Company.

Section 6.05 Non-Solicitation of Business Associates During the Restricted Period, the Participant shall not directly or indirectly induce, solicit or encourage any customer, supplier or other business associate of the Company to terminate or alter its relationship with the Company, or introduce, offer or sell, to or for any customer or business associate, any products or services that compete with the Company Products.

Section 6.06 Non-Solicitation of Employees During the Restricted Period, no Participant shall, directly or indirectly, induce, solicit or encourage any employee of the Company to terminate or alter his or her relationship with the Company.

ARTICLE VII
FEDERAL EXCISE TAX UNDER SECTION 4999 OF THE CODE IN CONNECTION WITH A CHANGE IN CONTROL

Section 7.01 Adjustments to Payments. Anything in this Plan to the contrary notwithstanding, if (a) it is determined that any payment or distribution by the Company to the Participant or for the Participant's benefit (whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise) (the "Payments") would be subject to the excise tax imposed by Section 4999 (or any successor provisions) of the Code, or (b) any interest or penalty is incurred by the Participant with respect to such excise tax (such excise tax, together with any such interest and penalties, is hereinafter collectively referred to as the "Excise Tax"), then the Payments shall be reduced (but not below zero) if and to the extent that such reduction would result in the Participant retaining a larger amount, on an after-tax basis (taking into account federal, state and local income taxes and the imposition of the Excise Tax), than if the Participant received all of the Payments. The Company shall reduce or eliminate the Payments by first reducing or eliminating the portion of the Payments which are not payable in cash and then by reducing or eliminating cash payments, in each case in reverse order beginning with payments or benefits which are to be paid the farthest in time from the determination.

Section 7.02 Determinations. All determinations required to be made under this Article VII, including whether and when an adjustment to any Payments is required and, if applicable, which Payments are to be so adjusted, shall be made by an independent accounting firm selected by the Company from among the four largest accounting firms in the United States or any nationally recognized financial planning and benefits consulting company (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the applicable Participant at such time as may be requested by the Company, or earlier within 15 business days of the receipt of notice from the Participant that there has been a Payment. If the Accounting Firm that the Company selects is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, the Company shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. If the Accounting Firm determines that no Excise Tax is payable by a Participant, it shall furnish the Participant with a written opinion that failure to report the Excise Tax on the Participant's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon the Company and the Participant.

ARTICLE VIII
MISCELLANEOUS PROVISIONS

Section 8.01 Plan Administration. The Plan Administrator shall administer the Plan and may interpret the Plan, prescribe, amend and rescind rules and regulations under the Plan and make all other determinations necessary or advisable for the administration of the Plan, subject to all of the provisions of the Plan. The Plan Administrator is empowered, on behalf of the Plan, to engage accountants, legal counsel and such other personnel as it deems necessary or advisable to assist it in the performance of its duties under the Plan. The functions of any such persons engaged by the Plan Administrator will be limited to the specified services and duties for which they are engaged, and such persons will have no other duties, obligations or responsibilities

under the Plan. Such persons will exercise no discretionary authority or discretionary control respecting the management of the Plan. All reasonable expenses thereof will be borne by the Company.

Section 8.02 Withholding Taxes. The Company may withhold from all payments due to the Participant (or his beneficiary or estate) hereunder all taxes which, by applicable federal, state, local or other law, the Company is required to withhold.

Section 8.03 Successors' Binding Obligation. The Plan will be binding upon any successor to the Corporate Parent, its assets, its businesses or its interest (whether as a result of the occurrence of a Change in Control or otherwise), in the same manner and to the same extent that the Corporate Parent would be obligated under the Plan if no succession had taken place. In the case of any transaction in which a successor would not be bound by the foregoing provision or by operation of law be bound by the Plan, the Corporate Parent shall require any successor to the Corporate Parent to expressly and unconditionally assume the Plan in writing and honor the obligations of the Corporate Parent and any applicable Affiliates hereunder, in the same manner and to the same extent that the Corporate Parent and such Affiliates would be required to perform if no succession had taken place. All payments and benefits that become due to a Participant under the Plan will inure to the benefit of his or her heirs, assigns, designees or legal representatives.

Section 8.04 No Assignment or Transfer; Beneficiaries; Unfunded Obligations Except as otherwise determined by the Plan Administrator, benefits payable under this Plan shall not be assignable or transferable by the Participant, and shall not be subject in any manner to assignment, alienation, pledge, encumbrance or charge. Notwithstanding the foregoing, in the event of the death of a Participant, except as otherwise provided by the Plan Administrator, benefits earned but unpaid under this Plan shall become payable to the Participant's beneficiary as designated by the Participant in the manner prescribed by the Plan Administrator or, in the absence of an authorized beneficiary designation, by a legatee or legatees of the Participant's Plan benefit under the Participant's last will or by such Participant's executors, personal representatives or distributees of such Plan benefit in accordance with the Participant's will or the laws of descent and distribution. The amounts to be paid to Participants under the Plan are unfunded obligations of the Company. The Company is not required to segregate any monies or other assets from its general funds with respect to these obligations. Participants shall not have any preference or security interest in any assets of the Company other than as a general unsecured creditor.

Section 8.05 Compensation Recoupment. All awards, amounts or benefits received or outstanding under this Plan shall be subject to clawback, cancellation, recoupment, rescission, payback, reduction or other similar action in accordance with any Company clawback or similar policy or any applicable law related to such actions. Each Participant shall be deemed to have acknowledged and consented to the Company's application, implementation and enforcement of any applicable Company clawback or similar policy that may apply to the Participant, whether adopted before or after the Effective Date, and any applicable law relating to clawback, cancellation, recoupment, rescission, payback, or reduction of compensation, and the Company may take any actions that may be necessary to effectuate any such policy or applicable law, without further consideration or action.

Section 8.06 Notice.

(a) For purposes of this Plan, all notices and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when received if delivered by hand, recognized expedited courier service, or email, postage and other fees prepaid, addressed as follows:

If to the Participant:

To the most recent address or email address of the Participant set forth in the personnel records of the Company'

If to the Company:

Coherent Corp.
5000 Ericsson Drive
Warrendale, PA 15806
Attention: Chief Legal Officer
Email: Legal.Notices@coherent.com

or to such other address as either party may have furnished to the other in writing in accordance herewith.

(b) A written notice of the Participant's Date of Termination by the Company or the Participant, as the case may be, to the other, shall (i) indicate the specific termination provision in this Plan relied upon, (ii) to the extent applicable, set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Participant's employment under the provision so indicated, and (iii) specify the Date of Termination. In the case of a termination by the Company other than a termination for Cause, the Date of Termination shall not be less than 30 days after the notice of termination is given. In the case of a termination by the Participant, the Date of Termination shall be the date that the cure period contemplated under Section 1.01(dd) has expired if the Company has failed to remedy within such period the circumstances constituting Good Reason. The failure by the Participant or the Company to set forth in such notice any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Participant or the Company, or preclude the Participant or the Company, from asserting such fact or circumstance in enforcing the Participant's or the Company's rights hereunder.

Section 8.07 Governing Law; Validity. The interpretation, construction and performance of the provisions of this Plan shall be governed by and construed and enforced in accordance with the internal laws of the Commonwealth of Pennsylvania without regard to conflicts of law principles, to the extent Pennsylvania laws are not preempted by ERISA. The invalidity or unenforceability of any provision of this Plan shall not affect the validity or enforceability of any other provision of this Plan, which other provisions shall remain in full force and effect.

Section 8.08 Waiver. No provision of this Plan may be waived unless such waiver is agreed to in writing and signed by the Participant and by a duly authorized officer of the Company. No waiver by one party of the other party's of a breach of, or failure to comply with, a condition or provision of this Plan shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Failure by the Participant or the Company to insist upon strict compliance with any provision of this Plan or to assert any right the Participant or the Company may have hereunder, including without limitation, the right of the Participant to terminate employment for Good Reason, shall not be deemed to be a waiver of such provision or right, or of any other provision or right.

Section 8.09 Code Section 409A Notwithstanding any provision of the Plan to the contrary, the Plan and any payments provided hereunder are intended to comply with, or be exempt from, Code Section 409A. The Plan shall in all respects be interpreted, operated, and administered in accordance with this intent. Payments provided under the Plan may only be made upon an event and in a manner that complies with Code Section 409A or an applicable exemption, including, to the maximum extent possible, exemptions for separation pay due to Separation from Service and/or short-term deferrals. Any payments provided under the Plan to be made upon a Participant's termination of employment with the Company that constitute deferred compensation subject to Code Section 409A shall only be made if such termination of service constitutes a Separation from Service. Each installment payment provided under the Plan shall be treated as a separate identified payment for purposes of Code Section 409A. The Company makes no representations or warranties that the payments provided under the Plan comply with, or are exempt from, Code Section 409A, and in no event shall the Company be liable for any portion of any taxes, penalties, interest, or other expenses that may be incurred by a Participant on account of non-compliance with Code Section 409A. If a Participant is a "specified employee" under Code Section 409A at his or her Date of Termination, to the extent necessary to avoid the imposition of any additional taxes under Code Section 409A, any payments to be made upon the Participant's Separation from Service that constitute deferred compensation subject to Code Section 409A and that are scheduled to be made within six months following the Participant's Date of Termination shall be delayed, without interest, and paid in a lump sum on the earlier of (i) the first payroll date to occur following the six month anniversary of the Participant's Date of Termination, or (ii) the Participant's death, and any payments otherwise scheduled to be made thereafter shall be made in accordance with their original schedule. Notwithstanding any provision of the Plan to the contrary, if any payments to a Participant to be made under the Plan are subject to Code Section 409A and the period during which the Participant may sign the Release begins in one calendar year and the first payroll period following the end of the period during which the Participant may sign the Release occurs in the following calendar year, then such payments shall not be made or commence until the commencement of such following calendar year but no later than 75 Days after the Participant's Date of Termination.

Section 8.10 No Right to Continued Employment Neither the establishment of the Plan, nor any modification of it, and no creation of any fund, trust or account, or payment of any benefits, will be construed as giving any Participant, or any other person, the right to be retained in the service of the Company, and all Participants will remain subject to discharge to the same extent as if the Plan had never been adopted.

Section 8.11 Attorney Fees for Enforcement in Connection with CIC Period Termination For a Participant whose Date of Termination occurs within the CIC Period, the Company shall pay on behalf of or reimburse to Participant promptly (in no event later than 30 days after the invoice date) all reasonable costs and expenses (including fees and disbursements of counsel) incurred by such Participant in seeking to enforce rights pursuant to this Plan, whether or not such Participant is successful in asserting such rights; provided, however, that no reimbursement shall be made of such expenses relating to any unsuccessful assertion of rights if and to the extent that Participant's assertion of such rights was in bad faith.

ARTICLE IX CLAIMS, INQUIRIES, APPEALS

Section 9.01 Applications for Benefits and Inquiries Any application for benefits, inquiries about the Plan, and inquiries about present or future rights under the Plan must be submitted to the Plan Administrator in writing, addressed to the Company in accordance with the notice provisions set forth in the Plan.

Section 9.02 Denial of Claims If any application for benefits is denied in whole or in part, the Plan Administrator must notify the applicant, in writing, of the denial, and of the applicant's right to review the denial. The written notice of denial will be set forth in a manner designed to be understood by the Participant, and will include specific reasons for the denial, specific references to the Plan provision upon which the denial is based, a description of any information or material that the Plan Administrator needs in order to complete the review, and an explanation of the Plan's review procedure.

This written notice will be given to the Participant within 30 days after the Plan Administrator receives the application, unless special circumstances require an extension of time, in which case, the Plan Administrator has up to an additional 30 days for processing the application. If an extension of time for processing is required, written notice of the extension will be furnished to the applicant before the end of the initial 30 day period.

This notice of extension will describe the special circumstances necessitating the additional time and the date by which the Plan Administrator is to render his or her decision. If written notice of denial of the application for benefits is not furnished within the specified time, the application will be deemed to be denied. The applicant will then be permitted to appeal the denial in accordance with the review procedure described below.

Section 9.03 Request for a Review Any person (or that person's authorized representative) for whom an application for benefits is denied (or deemed denied), in whole or in part, may (but is not required to) appeal the denial by submitting a request for a review to the Plan Administrator within 60 days after the application is denied (or deemed denied). The Plan Administrator will give the applicant (or his or her representative) an opportunity to review pertinent documents in preparing a request for a review. A request for a review must be in writing and addressed to the Company in accordance with the notice provisions set forth in the Plan.

A request for review must set forth all of the grounds on which it is based, all facts in support of the request, and any other matters that the applicant feels are pertinent. The Plan Administrator may require the applicant to submit additional facts, documents or other material the Plan Administrator deems necessary or appropriate in connection with his or her review.

Section 9.04 Decision on Review. The Plan Administrator will act on each request for review within 20 days after receipt of the request, unless special circumstances require an extension of time (not to exceed an additional 20 days). If an extension for review is required, written notice of the extension will be furnished to the applicant within the initial 20-day period. The Plan Administrator will give prompt, written notice of his or her decision to the applicant. If the Plan Administrator confirms the denial of the application for benefits in whole or in part, the notice will outline, in a manner calculated to be understood by the applicant, the specific Plan provisions on which the decision is based. If written notice of the Plan Administrator's decision is not given to the applicant within the time prescribed in this Section 9.04, the application will be deemed denied on review.

Section 9.05 Rules and Procedures. The Plan Administrator may establish rules and procedures, consistent with the Plan and with ERISA, that are necessary or appropriate in carrying out his or her responsibilities in reviewing benefit claims. The Plan Administrator may require an applicant who wishes to submit additional information in connection with an appeal to do so at the applicant's own expense.

Section 9.06 Exhaustion of Remedies. No claim for benefits under the Plan may be brought in any forum until the claimant (a) has submitted a written application for benefits in accordance with the procedures described by Section 9.01, (b) has been notified by the Plan Administrator that the application is denied (or the application is deemed denied due to the claims administrator's failure to act within the established time period), (c) has filed a written request for a review of the application in accordance with the appeal procedure described in Section 9.03, and (d) has been notified in writing that the Plan Administrator has denied the appeal (or the appeal is deemed to be denied under Section 9.04).

Section 9.07 Final Dispute Resolution: Limitations on Legal Action

(a) General. Except as provided in Section 9.07(c) below, all claims and disputes under this Plan (including but not limited to claims and disputes regarding interpretation, scope, or validity of the Plan, and any pendant state claims not preempted by ERISA) must follow the claims procedures described in Sections 9.01 through 9.06, before a claimant may take action in any other forum regarding a claim for benefits under the Plan. Any action initiated by a claimant under the Plan must be brought within one year of a final determination on the claim, or the claim will be deemed permanently waived and abandoned, and the claimant will be precluded from reasserting it.

(b) Claims for Benefits. After following the claims procedures described in Sections 9.01 through 9.06, the following provisions apply to any further disputes, claims, questions or disagreements that may arise regarding this Plan. Except to the extent set forth in Section 9.07(c), any such dispute shall be finally settled by arbitration conducted expeditiously in accordance with the rules of the American Arbitration Association by three independent and impartial arbitrators. Each party shall appoint one arbitrator, and the two arbitrators so appointed

shall appoint the third. The arbitration shall be conducted in English, and shall be governed by the United States Arbitration Act, 9 U.S.C. §§ 1-16, and judgment on the award rendered by the arbitrators may be entered by any court having jurisdiction. The place of arbitration shall be Pittsburgh, Pennsylvania. The arbitrators are not empowered to award damages in excess of economic and compensatory damages.

(c) Injunctive Relief. Notwithstanding any provision in the Plan to the contrary, if a Participant violates a covenant contained in Article VI and the Company would be caused immediate, material and irreparable harm for which money damages might not be adequate compensation, the Company shall be entitled to injunctive or other equitable relief in addition to any other remedies provided by law, in equity or otherwise. The Restricted Period applicable to the Participant shall be extended by any period of time in which the Participant is in breach of the covenants contained in Article VI and for any period of time necessary to secure an order of court or injunction, either temporary or permanent, to enforce any of the covenants contained in Article VI.

EXHIBIT A

GENERAL RELEASE AGREEMENT

This General Release Agreement (this "Agreement") is made and entered into by _____ ("Executive" or "Your" or "Your") (collectively, referred to in this Agreement as "**Executive**") and **Coherent Corp.**, any parent, subsidiary, affiliate, successor, predecessor or otherwise related companies, and the past, present, and future employees, agents, officers, attorneys, directors, shareholders, members, managers and executive benefit programs of any of them, and their agents and insurers (collectively, referred to in this Agreement as the "**Company**"). This Agreement shall become effective upon the signing of this Agreement by You or, if applicable, as defined in Section 9.2 below.

In consideration of the severance pay and benefits provided to Executive as set forth in the Coherent Corp. Executive Severance Plan (the "Severance Plan"), as well as any promises set forth in this Agreement, Executive agrees as follows:

1.0 Release of Claims.

1.1 In exchange for the Company providing You with the payments and other benefits set forth in the Severance Plan, You, and Your spouse, attorneys, heirs, dependents, beneficiaries, executors, administrators, successors, and assigns, hereby unconditionally release and completely and forever discharge the Company, on behalf of and for the benefit of itself, all related corporate entities and partnerships, and each of their past, present and future employees, officers, directors, attorneys, owners, partners, members, insurers, benefit plan fiduciaries and agents, and all of their respective successors and assigns ("Released Parties"), from any and all rights, claims, causes of action, or lawsuits whether known or unknown, that you ever had, now have, or may have against any or all of the Released Parties up to the date of execution of this Agreement including, without limitation, any and all claims you had, have, or may have arising out of or relating to your employment with the Company or the separation of that employment, for any and all reasons.

You specifically release Released Parties from any rights or claims that you may have based upon the Employee Retirement Income Security Act, Title VII of the Civil Rights Act of 1964, the Americans With Disabilities Act of 1990, the Age Discrimination in Employment Act of 1967, the Equal Pay Act, the Family and Medical Leave Act, Sections 1981 through 1988 of U.S.C. Title 42, all as amended, and any rules or regulations under such laws and authorities; all Pennsylvania employment discrimination laws, including but not limited to the Pennsylvania Human Relations Act; the Pennsylvania Equal Pay Act; the Pennsylvania Minimum Wage Act; the Pennsylvania Wage Payment and Collection Law; Pennsylvania statutes regarding whistleblower protection, personnel files, criminal records, wage complaints, retaliation; all as amended together with all of their respective implementing regulations; and/or any other federal, state or local laws or regulations prohibiting employment discrimination or which otherwise regulate employment terms and conditions. You also release the Released Parties from any claim for negligence, wrongful discharge, unfair treatment, defamation, breach of public policy, express or implied contract, or any other claims arising under common law that relate in any way to your employment with the Company or the termination thereof. The foregoing description of claims is intended to be illustrative and is not exhaustive. The Parties intend this release to be a

release of any and all claims to the fullest extent permissible under law. This waiver and release is of Your rights to all remedies and damages available to You in law or equity, including but not limited to Your right to compensation, backpay, front pay, non-economic damages, punitive and exemplary damages, statutory damages, attorneys' fees, injunctive relief and declaratory judgments. This general release does not extend to claims which You do not know or suspect exist at the time of executing the release, which if known by You would have materially affected Your entering into this Agreement with the Company.

1.2 Notwithstanding the release contained in Section 1.1, You do not waive (i) Your entitlement to receive any 401(k), pension plan benefits, or Company ERISA-covered benefits that shall have vested (if any) as of the date You sign this Agreement to the extent You have any entitlement to those benefits under the terms of the relevant plans, or (ii) Your right to file a charge with the EEOC or participate in an investigation conducted by the EEOC; however, You expressly waive Your right to monetary or other relief should any administrative agency, including but not limited to the EEOC, pursue any claim on Your behalf.

1.3 The release contained in Section 1.1 above does not apply to any claim or rights that may arise after that date You sign this Agreement or claims that the controlling law clearly states may not be released by private agreement. You also understand that You are not waiving Your rights to unemployment compensation.

2.0 Covenant Not to Sue.

2.1 You warrant that You do not have any complaint, charge or grievance against any Released Party pending before any federal, state or local court or administrative or arbitral agency, and You further covenant not to sue, file a lawsuit, or commence any other proceeding, arbitral, administrative or judicial action, against any of the Released Parties in any court of law or equity, or before any arbitral body or administrative agency, with respect to any matter released in Section 1.1 above; provided, however, that this covenant not to sue does not affect Your rights to enforce appropriately the terms of the Severance Plan in a court of competent jurisdiction and does not affect Your right to file a charge with the EEOC or participate in an investigation conducted by the EEOC; however, You expressly waive Your right to monetary or other relief should any administrative agency, including but not limited to the EEOC, pursue any claim on Your behalf. Notwithstanding the foregoing, nothing herein shall limit Your right to receive an award for information provided to the Securities and Exchange Commission.

Nothing in this Agreement prohibits You from reporting possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. You do not need the prior authorization of the Company to make any such reports or disclosures and You are not required to notify the Company that You have made such reports or disclosures.

2.2 Should You file a lawsuit with any court concerning any claim, demand, issue, or cause of action waived, released or discharged through this Agreement or otherwise in breach of Section 2.1 above, You agree (i) that any amounts payable or paid to You, as applicable,

pursuant to Section 2 of the Severance Plan shall no longer be payable and, if already paid, shall promptly be returned to the Company and (ii) to the fullest extent allowed by applicable law, to indemnify the Released Parties for all costs and expenses incurred by them in defending such lawsuit. You further agree that nothing in this Agreement shall limit the right of a court to determine, in its sole discretion, that the Released Parties are entitled to restitution, recoupment or set off of any monies paid should the release of any claims under this Agreement subsequently be found to be invalid.

2.3 You agree not to advocate or incite the institution of, or assist or participate in, any suit, unrest, complaint, charge or administrative proceeding by any other person against any of the Released Parties, unless compelled by legal process to do so. Nothing in this Section 2 shall prohibit any Party from lawfully participating or cooperating in an investigative proceeding of any federal, state or local government agency.

3.0 **Non-Admission of Liability.** You agree that this Agreement shall not in any way be construed as an admission that any of the Released Parties owe You any money or have acted wrongfully, unlawfully, or unfairly in any way towards You. In fact, You understand that the Released Parties specifically deny that they have violated any federal, state or local law or ordinance or any right or obligation that they owe or might have owed to You at any time, and maintain that they have at all times treated You in a fair, non-discriminatory and non-retaliatory manner.

4.0 **Confidentiality of Agreement.** You also acknowledge and agree that You shall not publicize, communicate, authorize or permit the publication or communication in any form whatsoever of the contents of this Agreement or the events giving rise thereto, except to Your immediate family, Your financial advisors and/or legal counsel, or where required by law.

5.0 **Representations and Indemnification.**

5.1 You represent to the company that You will abide by any and all post-employment restrictive covenants You signed or entered into in connection with Your employment, including but not limited to, covenants relating to competition, solicitation or hiring of employees, solicitation of customers, and confidentiality.

5.2 You agree that You will indemnify and hold the Released Parties harmless from any loss, cost, damage or expense (including attorneys' fees) incurred by the Released Parties arising out of Your breach of any portion of this Agreement or any post-employment restrictive covenant You signed or entered into in connection with Your employment. You also agree and understand that Your entitlement to and retention of the Severance Benefits the Company has agreed to provide to You are expressly conditioned upon Your fulfillment of Your promises herein and any applicable post-employment restrictive covenants, and You agree that if You breach this Agreement or any applicable post-employment restrictive covenants that any amounts payable or paid to You, as applicable, pursuant to the Severance Plan, shall no longer be payable and, if already paid, shall promptly be returned to the Company within seven days of the Company providing you with written notice of Your breach of any provision of this Agreement or any applicable post-employment restrictive covenants, to the extent permitted or required by

law. The Company shall determine whether a breach has occurred in its sole discretion and under any applicable law or regulation.

6.0 Miscellaneous.

6.1 *Governing Law and Venue.* This Agreement and all things relating or pertaining to it shall be governed by, and construed in accordance with, the laws of the Commonwealth of Pennsylvania, without reference to conflict of laws principles. Any action relating to this Agreement must be instituted in the courts of Butler County, Pennsylvania, or the federal courts of the Western District of Pennsylvania. The Company and Employee hereby consent to the jurisdiction of such courts and waive any right or defense relating to venue or jurisdiction.

6.2 *Severability.* Whenever possible, each provision of this Agreement shall be interpreted so as to be effective and valid under applicable law, but if any of its provisions is prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, and severed from this Agreement without invalidating any other part of this Agreement.

6.3 *Proper Construction.* The language of this Agreement shall be construed within the context of the whole Agreement and according to its fair meaning, and not strictly for or against either the Parties. The section headings used in this Agreement are intended solely for convenience of reference and shall not in any manner amplify, limit, modify or otherwise be used in its interpretation.

6.4 *Survival.* You acknowledge that the covenants in the Severance Plan, and any provisions contained in the Severance Plan that are intended to survive following termination of Your employment, shall survive the execution of this Agreement by You. You further acknowledge that any and all post-employment restrictive covenants You signed in connection with Your employment, including covenants relating to competition, solicitation or hiring, and agreements not to compete, remain in full force and effect, and a breach of those covenants or agreements will also constitute a breach of this Agreement.

6.5 *Amendments.* This Agreement may be modified, altered or terminated only by an express written agreement between You and the Company, that is signed by both parties, and to which a copy of this Agreement is attached.

6.6 *Counterparts.* This Agreement may be signed in counterparts, which together shall be treated as one document.

7.0 Acknowledgment.

7.1 You confirm that, to the best of Your knowledge, You have returned to the Company all of its property, including without limitation, computer equipment, software, keys and access cards, credit cards, files and any documents (including computerized data and any copies made of computerized data or software) containing information concerning the Company, its business or its business relationships. You also commit to deleting and finally purging any duplicates of files or documents that contain the Company information from any computer or

other device that remains Your property after the Termination Date, provided such information is not subject to an ongoing litigation hold.

7.2 You acknowledge that, if you are age 40 or over, You have had 21 days, or if required for an effective release, 45 days, after receipt of this Agreement (and Appendix A if required to be attached hereto) to consider whether to execute it, and you understand all the provisions of this agreement. You also understand that, after you execute this Agreement, you have seven days to revoke the portion of this Agreement that relates to waiver and release of any claim you might assert under the Age Discrimination in Employment Act ("ADEA"). The parties agree that no payment set forth in the Severance Plan will be made until after the seven day revocation period has expired (the eighth day after You execute this Agreement being the "Effective Date" of this Agreement for those age 40 or over). You understand that, by signing this Agreement, You are not waiving or releasing any ADEA claims based on actions or omissions that occur after the date You sign. You agree that any revocation of Your ADEA waiver and release must be made in writing and postmarked on or before the seventh day following the execution of this Agreement and sent by certified mail to the respective company contact at the addresses set forth in Section 8.06 of the Severance Plan.

7.3 With the exception of any payments and other benefits set forth in the Severance Plan or any signed retention bonus agreement, and of your final paycheck (to include Your regular wages and any accrued but unused vacation or other paid time off to be delivered by the next regularly scheduled payday or otherwise as required by law), You acknowledge payment of all compensation due to You by the Company.

7.4 You acknowledge that You have been advised in writing, and hereby are advised, to seek legal counsel concerning the terms of this Agreement. You warrant that you have read this Agreement, are knowingly and voluntarily entering into it and intend to be legally bound by it, and that your agreement to it is not the result of coercion or duress by the Company. You certify and agree that you are authorized and competent to sign this Agreement, and that you are receiving valuable and adequate consideration under it.

BY SIGNING BELOW, YOU ACKNOWLEDGE THAT (1) YOU HAVE CAREFULLY READ AND CONSIDERED THIS AGREEMENT; (2) HAVE BEEN GIVEN SUFFICIENT TIME TO CONSIDER WHETHER TO SIGN IT; (3) RECOGNIZE AND UNDERSTAND THAT IT CONTAINS A FULL AND FINAL RELEASE BY YOU OF ALL CLAIMS OF EVERY KIND AGAINST THE COMPANY ARISING UP TO THE TIME YOU SIGN IT, WHETHER YOU CURRENTLY KNOW OR SUSPECT THOSE CLAIMS TO EXIST; AND (4) KNOWINGLY AND VOLUNTARILY CONSENT TO THE TERMS OF THIS AGREEMENT WITH FULL UNDERSTANDING OF THEIR MEANING.

IN WITNESS WHEREOF, Executive has executed this General Release Agreement as of the date set forth below.

EXECUTIVE

Date:

Received, Acknowledged and Accepted:

COHERENT CORP.

By:

[Name, Title]

Date:

CERTIFICATIONS

I, Vincent D. Mattera, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Coherent Corp.;
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(s) 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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2024

By: /s/ Vincent D. Mattera, Jr.

Vincent D. Mattera, Jr.
Chief Executive Officer

CERTIFICATIONS

I, Richard Martucci, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Coherent Corp.;
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(s) 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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2024

By: /s/ Richard Martucci

Richard Martucci
Interim Chief Financial Officer and Treasurer

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

By: /s/ Vincent D. Mattera, Jr.
Vincent D. Mattera, Jr.
Chief Executive Officer

* This certification is made solely for purposes of 18 U.S.C. Section 1350, subject to the knowledge standard contained therein, and not for any other purpose.

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

By: /s/ Richard Martucci
Richard Martucci
Interim Chief Financial Officer and Treasurer

* This certification is made solely for purposes of 18 U.S.C. Section 1350, subject to the knowledge standard contained therein, and not for any other purpose.