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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) May 3, 2023

MATERION CORPORATION
(Exact name of registrant as specified in its charter)

Ohio 001-15885 34-1919973

(State or other jurisdiction of incorporation or
organization)

(Commission File Number)

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

6070 Parkland Blvd., Mayfield Hts., Ohio 44124

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (216) 486-4200

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§204.12b-2 of this chapter).

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 revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

Item 2.02 Results of Operations and Financial Condition.

On May 3, 2023, Materion Corporation issued a press release announcing its results for the first quarter of 2023. The press release is attached hereto as Exhibit 99.1, which is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

Exhibits.

| <u>Exhibit Number</u> | <u>Description of Exhibit</u> |
|------------------------------|---|
| 99.1 | Materion Corporation press release, dated May 3, 2023 |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

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 hereunto duly authorized.

Materion Corporation

May 3, 2023

By: /s/ John M. Zaranec
John M. Zaranec
Chief Accounting Officer

May 3, 2023

Materion Corporation Reports Record First Quarter 2023 Results and Raises 2023 Outlook

MAYFIELD HEIGHTS, Ohio - May 3, 2023 - Materion Corporation (NYSE: MTRN) today reported first quarter financial results, raised 2023 earnings guidance, and shared growth highlights.

First Quarter 2023 Highlights

- Net sales were \$442.5 million; value-added sales¹ increased 15% year over year to a first quarter record of \$298.6 million
- Operating profit was \$36.9 million; adjusted EBITDA² was \$53.4 million, or 17.9% of value-added sales, a 70-basis point margin expansion year over year
- Net income of \$1.23 per share, diluted; adjusted earnings per share of \$1.34, another first quarter record
- Raised adjusted earnings per share outlook to \$5.60 - \$6.00/share on strong performance expectations

Growth Highlights

- * Delivered ninth consecutive quarter of double-digit organic sales and earnings growth
- * Awarded a \$12 million second order to supply critical materials for space propulsion systems, for a total value of \$22 million this year
- * Reached a significant milestone with Kairos Power, completing first shipment of Flibe as part of our next-gen clean energy partnership

"I am proud of our global team for delivering another record quarter of strong year-on-year growth in both sales and earnings," Jugal Vijayvargiya, Materion President and CEO said. "Despite a challenging end-market environment, we delivered a ninth consecutive quarter of double-digit organic growth, demonstrating the continued power of our outgrowth initiatives."

"As we look forward, we are continuing to execute on our customer-focused projects while driving consistent market outgrowth. At the same time, we are executing targeted operational excellence initiatives to address softer demand levels where market conditions warrant. We remain on track to deliver record results for the third consecutive year."

FIRST QUARTER 2023 RESULTS

Net sales for the quarter were \$442.5 million, compared to \$449.0 million in the prior year period. Value-added sales were \$298.6 million for the quarter, up 15% from the prior year driven by strong performance across several major end markets including aerospace, automotive and energy, as well as contribution from the precision clad strip project.

Operating profit for the quarter was \$36.9 million and net income was \$25.6 million, or \$1.23 per diluted share, compared to operating profit of \$19.6 million and net income of \$14.0 million, or \$0.68 per diluted share in the prior year period.

Excluding special items, detailed in the attached tables, adjusted EBITDA was \$53.4 million in the quarter, compared to \$44.6 million in the prior year. The increase was driven mainly by the strong top line growth.

Adjusted net income was \$28.0 million excluding acquisition amortization, or \$1.34 per diluted share, an increase of 12% compared to \$1.20 per share in the prior year period.

OUTLOOK

Despite challenges surrounding the macroeconomic environment, we remain confident in our ability to execute and deliver another year of record results. With our strong start to the year coupled with our revised outlook, we are increasing our expected adjusted earnings per share range to \$5.60 to \$6.00, from our previously shared range of \$5.50 to \$5.90, an increase of 10% at the midpoint versus the prior year.

ADJUSTED EARNINGS GUIDANCE

It is not possible for the Company to identify the amount or significance of future adjustments associated with potential insurance and litigation claims, legacy environmental costs, acquisition and integration costs, certain income tax items, or other non-routine costs that the Company adjusts in the presentation of adjusted earnings guidance. These items are dependent on future events that are not reasonably estimable at this time. Accordingly, the Company is unable to reconcile without unreasonable effort the forecasted range of adjusted earnings guidance for the full year to a comparable GAAP range. However, items excluded from the Company's adjusted earnings guidance include the historical adjustments noted in Attachments 4 through 7 to this press release.

CONFERENCE CALL

Materion Corporation will host an investor conference call with analysts at 9:00 a.m. Eastern Time, May 3, 2023. The conference call will be available via webcast through the Company's website at www.materion.com. By phone, please dial (888) 506-0062. Calls outside the U.S. can dial (973) 528-0011; please reference participant access code of 545309. A replay of the call will be available until May 17, 2023 by dialing (877) 481-4010 or (919) 882-2331 if international; please reference replay ID number 46834. The call will also be archived on the Company's website.

FOOTNOTES

¹ Value-added sales deducts the impact of pass-through metals from net sales

² EBITDA represents earnings before interest, taxes, depreciation, depletion and amortization

ABOUT MATERION

Materion Corporation is a global leader in advanced materials solutions for high-performance industries including semiconductor, industrial, aerospace & defense, energy and automotive. With nearly 100 years of expertise in specialty engineered alloy systems, inorganic chemicals and powders, precious and non-precious metals, beryllium and beryllium composites, and precision filters and optical coatings, Materion partners with customers to enable breakthrough solutions that move the world forward. Headquartered in Mayfield Heights, Ohio, the company employs more than 3,400 talented people worldwide, serving customers in more than 60 countries.

FORWARD-LOOKING STATEMENTS

Portions of the narrative set forth in this document that are not statements of historical or current facts are forward-looking statements. Our actual future performance may materially differ from that contemplated by the forward-looking statements as a result of a variety of factors. These factors include, in addition to those mentioned elsewhere herein: the global economy, including inflationary pressures, potential future recessionary conditions and the impact of tariffs and trade agreements; the impact of any U.S. Federal Government shutdowns or sequestrations; the condition of the markets which we serve, whether defined geographically or by segment; changes in product mix and the financial condition of customers; our success in developing and introducing new products and new product ramp-up rates; our success in passing through the costs of raw materials to customers or otherwise mitigating fluctuating prices for those materials, including the impact of fluctuating prices on inventory values; our success in identifying acquisition candidates and in acquiring and integrating such businesses; the impact of the results of acquisitions on our ability to fully achieve the strategic and financial objectives related to these acquisitions; our success in implementing our strategic plans and the timely and successful start-up and completion of any capital projects; other financial and economic factors, including the cost and availability of raw materials (both base and precious metals), physical inventory valuations, metal consignment fees, tax rates, exchange rates, interest rates, pension costs and required cash contributions and other employee benefit costs, energy costs, regulatory compliance costs, the cost and availability of insurance, credit availability, and the impact of the Company's stock price on the cost of incentive compensation plans; the uncertainties related to the impact of war, terrorist activities, and acts of God; changes in government regulatory requirements and the enactment of new legislation that impacts our obligations and operations; the conclusion of pending litigation matters in accordance with our expectation that there will be no material adverse effects; the disruptions in operations from, and other effects of, catastrophic and other extraordinary events including the COVID-19 pandemic and the conflict between Russia and Ukraine; realization of expected financial benefits expected from the Inflation Reduction Act of 2022; and the risk factors set forth in Part 1, Item 1A of the Company's 2022 Annual Report on Form 10-K.

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Materion Corporation and Subsidiaries
Consolidated Statements of Income
(Unaudited)

| (Thousands, except per share amounts) | First Quarter Ended | |
|---|---------------------|------------------|
| | March 31, 2023 | April 1, 2022 |
| Net sales | \$ 442,526 | \$ 449,045 |
| Cost of sales | 351,190 | 373,754 |
| Gross margin | 91,336 | 75,291 |
| Selling, general, and administrative expense | 40,336 | 41,662 |
| Research and development expense | 7,621 | 7,074 |
| Restructuring expense (income) | 664 | 1,076 |
| Other — net | 5,775 | 5,873 |
| Operating profit | 36,940 | 19,606 |
| Other non-operating income—net | (730) | (1,169) |
| Interest expense — net | 7,502 | 3,735 |
| Income before income taxes | 30,168 | 17,040 |
| Income tax expense | 4,580 | 3,021 |
| Net income | \$ 25,588 | \$ 14,019 |
| Basic earnings per share: | | |
| Net income per share of common stock | \$ 1.24 | \$ 0.69 |
| Diluted earnings per share: | | |
| Net income per share of common stock | \$ 1.23 | \$ 0.68 |
| Weighted-average number of shares of common stock outstanding: | | |
| Basic | 20,566 | 20,464 |
| Diluted | 20,887 | 20,724 |

Materion Corporation and Subsidiaries
Consolidated Balance Sheets

| (Thousands) | (Unaudited) | |
|---|---------------------|---------------------|
| | March 31, 2023 | December 31, 2022 |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 15,243 | \$ 13,101 |
| Accounts receivable, net | 207,998 | 215,211 |
| Inventories, net | 434,485 | 423,080 |
| Prepaid and other current assets | 42,128 | 39,056 |
| Total current assets | 699,854 | 690,448 |
| Deferred income taxes | 3,335 | 3,265 |
| Property, plant, and equipment | 1,198,350 | 1,209,205 |
| Less allowances for depreciation, depletion, and amortization | (728,788) | (760,440) |
| Property, plant, and equipment, net | 469,562 | 448,765 |
| Operating lease, right-of-use assets | 62,352 | 64,249 |
| Intangible assets, net | 140,430 | 143,219 |
| Other assets | 22,183 | 22,535 |
| Goodwill | 320,268 | 319,498 |
| Total Assets | \$ 1,717,984 | \$ 1,691,979 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities | | |
| Short-term debt | \$ 27,727 | \$ 21,105 |
| Accounts payable | 126,866 | 107,899 |
| Salaries and wages | 22,077 | 35,543 |
| Other liabilities and accrued items | 44,186 | 54,993 |
| Income taxes | 4,669 | 3,928 |
| Unearned revenue | 20,292 | 15,496 |
| Total current liabilities | 245,817 | 238,964 |
| Other long-term liabilities | 14,255 | 12,181 |
| Operating lease liabilities | 57,424 | 59,055 |
| Finance lease liabilities | 14,068 | 13,876 |
| Retirement and post-employment benefits | 20,738 | 20,422 |
| Unearned income | 109,883 | 107,736 |
| Long-term income taxes | 812 | 665 |
| Deferred income taxes | 27,511 | 28,214 |
| Long-term debt | 405,482 | 410,876 |
| Shareholders' equity | 821,994 | 799,990 |
| Total Liabilities and Shareholders' Equity | \$ 1,717,984 | \$ 1,691,979 |

Materion Corporation and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

| (Thousands) | Three Months Ended | |
|---|--------------------|------------------|
| | March 31, 2023 | April 1, 2022 |
| Cash flows from operating activities: | | |
| Net income | \$ 25,588 | \$ 14,019 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation, depletion, and amortization | 15,092 | 13,179 |
| Amortization of deferred financing costs in interest expense | 424 | 511 |
| Stock-based compensation expense (non-cash) | 2,250 | 1,699 |
| Deferred income tax (benefit) expense | (52) | 401 |
| Changes in assets and liabilities: | | |
| Accounts receivable | 7,538 | (15,045) |
| Inventory | (12,081) | (28,129) |
| Prepaid and other current assets | (2,865) | (5) |
| Accounts payable and accrued expenses | (1,904) | (4,177) |
| Unearned revenue | 254 | (343) |
| Interest and taxes payable | 657 | 1,874 |
| Unearned income due to customer prepayments | 7,724 | — |
| Other-net | (4,520) | 1,712 |
| Net cash (used in) provided by operating activities | 38,105 | (14,304) |
| Cash flows from investing activities: | | |
| Payments for purchase of property, plant, and equipment | (30,014) | (18,977) |
| Proceeds from sale of property, plant, and equipment | 212 | 11 |
| Net cash used in investing activities | (29,802) | (18,966) |
| Cash flows from financing activities: | | |
| Proceeds from borrowings under revolving credit agreement, net | 4,600 | 49,067 |
| Repayment of debt | (3,907) | (3,839) |
| Principal payments under finance lease obligations | (799) | (686) |
| Cash dividends paid | (2,571) | (2,520) |
| Payments of withholding taxes for stock-based compensation awards | (3,614) | (2,717) |
| Net cash provided by financing activities | (6,291) | 39,305 |
| Effects of exchange rate changes | 130 | (260) |
| Net change in cash and cash equivalents | 2,142 | 5,775 |
| Cash and cash equivalents at beginning of period | 13,101 | 14,462 |
| Cash and cash equivalents at end of period | \$ 15,243 | \$ 20,237 |

Materion Corporation and Subsidiaries
Reconciliation of Non-GAAP Measure - Value-added Sales, Operating Profit, and EBITDA
(Unaudited)

| (Millions) | First Quarter Ended | |
|--------------------------------------|---------------------|---------------|
| | March 31, 2023 | April 1, 2022 |
| Net Sales | | |
| Performance Materials | \$ 187.0 | \$ 149.6 |
| Electronic Materials | 228.8 | 270.8 |
| Precision Optics | 26.7 | 28.6 |
| Other | — | — |
| Total | \$ 442.5 | \$ 449.0 |
| Less: Pass-through Metal Cost | | |
| Performance Materials | \$ 19.0 | \$ 20.5 |
| Electronic Materials | 124.9 | 168.6 |
| Precision Optics | — | 0.1 |
| Other | — | 0.7 |
| Total | \$ 143.9 | \$ 189.9 |
| Value-added Sales (non-GAAP) | | |
| Performance Materials | \$ 168.0 | \$ 129.1 |
| Electronic Materials | 103.9 | 102.2 |
| Precision Optics | 26.7 | 28.5 |
| Other | — | (0.7) |
| Total | \$ 298.6 | \$ 259.1 |
| Gross Margin | | |
| Performance Materials ⁽¹⁾ | \$ 54.2 | \$ 37.3 |
| Electronic Materials ⁽¹⁾ | 28.6 | 29.5 |
| Precision Optics | 8.5 | 8.5 |
| Other | — | — |
| Total ⁽¹⁾ | \$ 91.3 | \$ 75.3 |

⁽¹⁾Adjusted gross margin without special items impacting COGS for Performance Materials for the quarter ended April 1, 2022 was \$39.9 million. Adjusted gross margin without special items impacting COGS for Electronic Materials for the quarter ended April 1, 2022 was \$34.5 million. Consolidated adjusted gross margin without special items impacting COGS for the quarter ended April 1, 2022 was \$82.9 million. There were no special items impacting gross margin in the first quarter of 2023.

| (Millions) | First Quarter Ended | |
|--|---------------------|---------------|
| | March 31, 2023 | April 1, 2022 |
| Operating Profit | | |
| Performance Materials | \$ 35.5 | \$ 19.1 |
| Electronic Materials | 9.7 | 8.0 |
| Precision Optics | (0.4) | (0.7) |
| Other | (7.9) | (6.8) |
| Total | \$ 36.9 | \$ 19.6 |
| Non-Operating (Income) Expense | | |
| Performance Materials | \$ 0.1 | \$ 0.2 |
| Electronic Materials | — | — |
| Precision Optics | (0.2) | (0.2) |
| Other | (0.7) | (1.1) |
| Total | \$ (0.8) | \$ (1.1) |
| Depreciation, Depletion, and Amortization | | |
| Performance Materials | \$ 7.4 | \$ 5.9 |
| Electronic Materials | 4.3 | 4.1 |
| Precision Optics | 2.9 | 2.7 |
| Other | 0.5 | 0.5 |
| Total | \$ 15.1 | \$ 13.2 |
| Segment EBITDA | | |
| Performance Materials | \$ 42.8 | \$ 24.8 |
| Electronic Materials | 14.0 | 12.1 |
| Precision Optics | 2.7 | 2.2 |
| Other | (6.7) | (5.2) |
| Total | \$ 52.8 | \$ 33.9 |
| Special Items | | |
| Performance Materials | \$ — | \$ 2.7 |
| Electronic Materials | 0.4 | 6.8 |
| Precision Optics | 0.2 | 0.2 |
| Other | — | 1.0 |
| Total | \$ 0.6 | \$ 10.7 |
| Adjusted EBITDA Excluding Special Items | | |
| Performance Materials | \$ 42.8 | \$ 27.5 |
| Electronic Materials | 14.4 | 18.9 |
| Precision Optics | 2.9 | 2.4 |
| Other | (6.7) | (4.2) |
| Total | \$ 53.4 | \$ 44.6 |

The cost of gold, silver, platinum, palladium, copper, ruthenium, iridium, rhodium, rhenium, and osmium is passed through to customers and, therefore, the trends and comparisons of net sales are affected by movements in the market price of these metals. Internally, management also reviews net sales on a value-added basis. Value-added sales is a non-GAAP financial measure that deducts the value of the pass-through metals sold from net sales. Value-added sales allows management to assess the impact of differences in net sales between periods or segments and analyze the resulting margins and profitability without the distortion of the movements in pass-through market metal prices. The dollar amount of gross margin and operating profit is not affected by the value-added sales calculation. The Company sells other metals and materials that are not considered direct pass throughs, and these costs are not deducted from net sales to calculate value-added sales.

The Company's pricing policy is to pass the cost of these metals on to customers in order to mitigate the impact of price volatility on the Company's results from operations. Value-added information is being presented since changes in metal prices may not directly impact profitability. It is the Company's intent to allow users of the financial statements to review sales with and without the impact of the pass-through metals.

Materion Corporation and Subsidiaries
Reconciliation of Net sales to Value-added sales, Net Income to EBITDA and Adjusted EBITDA
(Unaudited)

| (Millions) | Three Months Ended | % of VA | Three Months Ended | % of VA |
|--|-----------------------|---------|-----------------------|---------|
| | March 31, 2023 | | April 1, 2022 | |
| Net sales | \$ 442.5 | | \$ 449.0 | |
| Pass-through metal cost | 143.9 | | 189.9 | |
| Value-added sales | \$ 298.6 | | \$ 259.1 | |
| Net income | \$ 25.6 | 8.6 % | \$ 14.0 | 5.4 % |
| Income tax expense | 4.6 | 1.5 % | 3.0 | 1.2 % |
| Interest expense - net | 7.5 | 2.5 % | 3.7 | 1.4 % |
| Depreciation, depletion and amortization | 15.1 | 5.1 % | 13.2 | 5.1 % |
| Consolidated EBITDA | \$ 52.8 | 17.7 % | \$ 33.9 | 13.1 % |
| Special items | | | | |
| Restructuring and cost reduction | \$ 0.6 | 0.2 % | \$ 1.1 | 0.4 % |
| Merger and acquisition costs | — | — % | 9.6 | 3.7 % |
| Total special items | 0.6 | 0.2 % | 10.7 | 4.1 % |
| Adjusted EBITDA | \$ 53.4 | 17.9 % | \$ 44.6 | 17.2 % |

In addition to presenting financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP), this earnings release contains financial measures, including operating profit, segment operating profit, earnings before interest, taxes, depreciation, depletion and amortization (EBITDA), net income, and earnings per share, on a non-GAAP basis. As detailed in the above reconciliation and Attachment 6, we have adjusted the results for certain special items such as restructuring and cost reductions and merger and acquisition costs. Internally, management reviews the results of operations without the impact of these costs in order to assess the profitability from ongoing activities. We are providing this information because we believe it will assist investors in analyzing our financial results and, when viewed in conjunction with the GAAP results, provide a more comprehensive understanding of the factors and trends affecting our operations.

Materion Corporation and Subsidiaries
Reconciliation of Net Income to Adjusted Net Income and Diluted Earnings per Share to Adjusted Diluted Earnings per Share
(Unaudited)

| (Millions) | Three Months Ended March 31, 2023 | Diluted EPS | Three Months Ended April 1, 2022 | Diluted EPS |
|---|---|----------------|--|----------------|
| Net income and EPS | \$ 25.6 | \$ 1.23 | \$ 14.0 | \$ 0.68 |
| Special items | | | | |
| Restructuring and cost reduction | 0.6 | | 1.1 | |
| Merger and acquisition costs | — | | 9.6 | |
| Provision for income taxes ⁽¹⁾ | (0.7) | | (2.3) | |
| Total special items | (0.1) | (0.01) | 8.4 | 0.40 |
| Adjusted net income and adjusted EPS | \$ 25.5 | \$ 1.22 | \$ 22.4 | \$ 1.08 |
| Acquisition amortization (net of tax) | 2.5 | 0.12 | 2.5 | 0.12 |
| Adjusted net income and adjusted EPS excl. amortization | \$ 28.0 | \$ 1.34 | \$ 24.9 | \$ 1.20 |

⁽¹⁾ Provision for income taxes includes the net tax impact on pre-tax adjustments (listed above), the impact of discrete tax items recorded during the respective periods as well as other adjustments to reflect the use of one overall effective tax rate on adjusted pre-tax income in interim periods.

**Reconciliation of Segment Net sales to Segment Value-added sales and Segment EBITDA to Adjusted Segment EBITDA
(Unaudited)**

Performance Materials

| (Millions) | Three Months Ended | % of VA | Three Months Ended | % of VA |
|------------------------------|--------------------|---------|--------------------|---------|
| | March 31, 2023 | | April 1, 2022 | |
| Net sales | \$ 187.0 | | \$ 149.6 | |
| Pass-through metal cost | 19.0 | | 20.5 | |
| Value-added sales | \$ 168.0 | | \$ 129.1 | |
| EBITDA | \$ 42.8 | 25.5 % | \$ 24.8 | 19.2 % |
| Merger and acquisition costs | — | — % | 2.7 | 2.1 % |
| Adjusted EBITDA | \$ 42.8 | 25.5 % | \$ 27.5 | 21.3 % |

Electronic Materials

| (Millions) | Three Months Ended | % of VA | Three Months Ended | % of VA |
|----------------------------------|--------------------|---------|--------------------|---------|
| | March 31, 2023 | | April 1, 2022 | |
| Net sales | \$ 228.8 | | \$ 270.8 | |
| Pass-through metal cost | 124.9 | | 168.6 | |
| Value-added sales | \$ 103.9 | | \$ 102.2 | |
| EBITDA | \$ 14.0 | 13.5 % | \$ 12.1 | 11.8 % |
| Restructuring and cost reduction | 0.4 | 0.4 % | 0.8 | 0.8 % |
| Merger and acquisition costs | — | — % | 6.0 | 5.9 % |
| Adjusted EBITDA | \$ 14.4 | 13.9 % | \$ 18.9 | 18.5 % |

Precision Optics

| (Millions) | Three Months Ended | % of VA | Three Months Ended | % of VA |
|----------------------------------|--------------------|---------|--------------------|---------|
| | March 31, 2023 | | April 1, 2022 | |
| Net sales | \$ 26.7 | | \$ 28.6 | |
| Pass-through metal cost | — | | 0.1 | |
| Value-added sales | \$ 26.7 | | \$ 28.5 | |
| EBITDA | \$ 2.7 | 10.1 % | \$ 2.2 | 7.7 % |
| Restructuring and cost reduction | 0.2 | 0.7 % | 0.2 | 0.7 % |
| Adjusted EBITDA | \$ 2.9 | 10.8 % | \$ 2.4 | 8.4 % |

Other

| (Millions) | Three Months Ended | % of VA | Three Months Ended | % of VA |
|----------------------------------|--------------------|---------|--------------------|---------|
| | March 31, 2023 | | April 1, 2022 | |
| EBITDA | \$ (6.7) | | \$ (5.2) | |
| Restructuring and cost reduction | — | | 0.1 | |
| Merger and acquisition costs | — | | 0.9 | |
| Adjusted EBITDA | \$ (6.7) | | \$ (4.2) | |