

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

**FORM 10-Q**

(Mark One)

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

**For the quarterly period ended March 31, 2023**

**OR**

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

**For the transition period from                      to**

**Commission file number 001-15885**

**MATERION CORPORATION**

(Exact name of Registrant as specified in charter)

**Ohio**

(State or other jurisdiction of incorporation or organization)

**34-1919973**

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

**6070 Parkland Blvd., Mayfield Heights, Ohio 44124**

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code:

**(216)-486-4200**

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐

Non-accelerated filer ☐ Smaller reporting company ☐

Emerging growth company ☐

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

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

Number of Shares of Common Stock, without par value, outstanding at March 31, 2023: 20,608,704.

**PART 1 - FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**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

See notes to these consolidated financial statements.

**Materion Corporation and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
(Unaudited)

	First Quarter Ended	
	March 31, 2023	April 1, 2022
(Thousands)		
<b>Net income</b>	<b>\$ 25,588</b>	<b>\$ 14,019</b>
Other comprehensive (loss) income:		
Foreign currency translation adjustment	2,689	(2,047)
Derivative and hedging activity, net of tax	(2,339)	2,270
Pension and post-employment benefit adjustment, net of tax	(67)	(240)
Other comprehensive loss	283	(17)
<b>Comprehensive income</b>	<b>\$ 25,871</b>	<b>\$ 14,002</b>

See notes to these consolidated financial statements.

**Materion Corporation and Subsidiaries**  
**Consolidated Balance Sheets**

(Thousands)	(Unaudited) March 31, 2023	Dec. 31, 2022
<b>Assets</b>		
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
<b>Total Assets</b>	<b>\$ 1,717,984</b>	<b>\$ 1,691,979</b>
<b>Liabilities and Shareholders' Equity</b>		
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		
Serial preferred stock (no par value; 5,000 authorized shares, none issued)	—	—
Common stock (no par value; 60,000 authorized shares, issued shares of 27,148 at March 31 and December 31)	297,802	288,100
Retained earnings	792,421	769,418
Common stock in treasury	(231,906)	(220,864)
Accumulated other comprehensive loss	(41,626)	(41,909)
Other equity	5,303	5,245
Total shareholders' equity	821,994	799,990
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 1,717,984</b>	<b>\$ 1,691,979</b>

See the notes to these consolidated financial statements.

**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
<b>Net cash (used in) provided by operating activities</b>	<b>38,105</b>	<b>(14,304)</b>
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
<b>Net cash used in investing activities</b>	<b>(29,802)</b>	<b>(18,966)</b>
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)
<b>Net cash provided by financing activities</b>	<b>(6,291)</b>	<b>39,305</b>
Effects of exchange rate changes	130	(260)
<b>Net change in cash and cash equivalents</b>	<b>2,142</b>	<b>5,775</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>13,101</b>	<b>14,462</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 15,243</b>	<b>\$ 20,237</b>

See notes to these consolidated financial statements.

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

(Thousands, except per share amounts)	Common Shares		Shareholders' Equity					
	Common Shares	Common Shares Held in Treasury	Common Stock	Retained Earnings	Common Stock in Treasury	Accumulated Other Comprehensive Loss	Other Equity	Total
<b>Balance at December 31, 2022</b>	20,543	(6,605)	\$ 288,100	\$ 769,418	\$ (220,864)	\$ (41,909)	\$ 5,245	\$ 799,990
Net income	—	—	—	25,588	—	—	—	25,588
Other comprehensive loss	—	—	—	—	—	283	—	283
Cash dividends declared (\$0.125 per share)	—	—	—	(2,571)	—	—	—	(2,571)
Stock-based compensation activity	98	98	9,675	(14)	(7,411)	—	—	2,250
Payments of withholding taxes for stock-based compensation awards	(33)	(33)	—	—	(3,614)	—	—	(3,614)
Directors' deferred compensation	1	1	27	—	(17)	—	58	68
<b>Balance at March 31, 2023</b>	<u>20,609</u>	<u>(6,539)</u>	<u>\$ 297,802</u>	<u>\$ 792,421</u>	<u>\$ (231,906)</u>	<u>\$ (41,626)</u>	<u>\$ 5,303</u>	<u>\$ 821,994</u>
<b>Balance at December 31, 2021</b>	20,448	(6,700)	\$ 271,978	\$ 693,756	\$ (209,920)	\$ (40,169)	\$ 4,795	\$ 720,440
Net income	—	—	—	14,019	—	—	—	14,019
Other comprehensive loss	—	—	—	—	—	(17)	—	(17)
Cash dividends declared (\$0.12 per share)	—	—	—	(2,520)	—	—	—	(2,520)
Stock-based compensation activity	95	95	6,572	—	(4,873)	—	—	1,699
Payments of withholding taxes for stock-based compensation awards	(33)	(33)	—	—	(2,717)	—	—	(2,717)
Directors' deferred compensation	1	1	39	—	(39)	—	60	60
<b>Balance at April 1, 2022</b>	<u>20,511</u>	<u>(6,637)</u>	<u>\$ 278,589</u>	<u>\$ 705,255</u>	<u>\$ (217,549)</u>	<u>\$ (40,186)</u>	<u>\$ 4,855</u>	<u>\$ 730,964</u>

See notes to these consolidated financial statements.

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

**Note A — Accounting Policies**

***Basis of Presentation:***

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

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

***New Pronouncements Adopted:***

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This guidance is intended to provide temporary optional expedients and exceptions to the U.S. GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burden related to the expected market transition from the London Interbank Offered Rate (LIBOR) and other interbank offered rates to alternative reference rates. This guidance is available immediately and may be implemented in any period prior to the guidance expiration on December 31, 2024. The Company has applied this guidance in accounting for the interest rate swaps discussed in Note M. Any additional reference rate reform impacts will be accounted for in accordance with ASU 2020-04 and ASU 2022-06.

No other recently issued or effective ASUs had, or are expected to have, a material effect on the Company's results of operations, financial condition, or liquidity.

**Note B — Segment Reporting**

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

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

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

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

The Other reportable segment includes unallocated corporate costs and assets.

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

(Thousands)	Three months ended March 31, 2023	Three months ended April 1, 2022
<b>Net sales:</b>		
Performance Materials <sup>(1)</sup>	187,014	149,630
Electronic Materials <sup>(1)</sup>	228,820	270,836
Precision Optics	26,692	28,579
Other	—	—
Net sales	<u>\$ 442,526</u>	<u>\$ 449,045</u>
<b>Segment EBITDA:</b>		
Performance Materials	42,770	24,792
Electronic Materials	13,955	12,148
Precision Optics	2,692	2,191
Other	(6,655)	(5,177)
Total Segment EBITDA	<u>\$ 52,762</u>	<u>\$ 33,954</u>
Income tax expense	4,580	3,021
Interest expense - net	7,502	3,735
Depreciation, depletion and amortization	15,092	13,179
Net income	<u>\$ 25,588</u>	<u>\$ 14,019</u>

<sup>(1)</sup> Excludes inter-segment sales of \$3.1 million for the first quarter of 2023 and \$5.5 million for the first quarter of 2022 for Electronic Materials and \$0.3 million for the first quarter of 2022 for Performance Materials. Inter-segment sales are eliminated in consolidation.

The following table disaggregates revenue for each segment by end market for the first quarter of 2023 and 2022:



(Thousands)	Performance Materials	Electronic Materials	Precision Optics	Other	Total
<b>First Quarter 2023</b>					
<b>End Market</b>					
Semiconductor	\$ 2,590	\$ 180,616	\$ 911	\$ —	\$ 184,117
Industrial	38,674	12,969	8,733	—	60,376
Aerospace and defense	30,358	2,077	4,648	—	37,083
Consumer electronics	9,356	187	3,255	—	12,798
Automotive	25,493	1,501	2,608	—	29,602
Energy	13,468	24,951	—	—	38,419
Telecom and data center	16,126	13	—	—	16,139
Other	50,949	6,506	6,537	—	63,992
<b>Total</b>	<b>\$ 187,014</b>	<b>\$ 228,820</b>	<b>\$ 26,692</b>	<b>\$ —</b>	<b>\$ 442,526</b>
<b>First Quarter 2022</b>					
<b>End Market</b>					
Semiconductor	\$ 1,800	\$ 214,922	\$ 1,327	\$ —	\$ 218,049
Industrial	40,069	15,866	8,434	—	64,369
Aerospace and defense	23,684	2,614	5,145	—	31,443
Consumer electronics	13,002	325	5,312	—	18,639
Automotive	22,235	1,657	2,464	—	26,356
Energy	10,849	29,119	—	—	39,968
Telecom and data center	16,081	45	—	—	16,126
Other	21,910	6,288	5,897	—	34,095
<b>Total</b>	<b>\$ 149,630</b>	<b>\$ 270,836</b>	<b>\$ 28,579</b>	<b>\$ —</b>	<b>\$ 449,045</b>

### Note C — Revenue Recognition

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

**Transaction Price Allocated to Future Performance Obligations:** Accounting Standards Codification 606, *Revenue from Contracts with Customers*, requires that the Company disclose the aggregate amount of transaction price that is allocated to performance obligations that have not yet been satisfied at March 31, 2023. Remaining performance obligations include non-cancelable purchase orders and customer contracts. The guidance provides certain practical expedients that limit this requirement. As such, the Company does not disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less.

After considering the practical expedient at March 31, 2023, the aggregate amount of the transaction price allocated to remaining performance obligations was approximately \$70.1 million.

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

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

(Thousands)	March 31, 2023	December 31, 2022	\$ change	% change
Accounts receivable, trade	\$ 208,633	\$ 215,726	\$ (7,093)	(3)%
Unbilled receivables	13,919	10,765	3,154	29 %
Unearned revenue	20,292	15,496	4,796	31 %

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

Unbilled receivables represent expenditures on contracts, plus applicable profit margin, not yet billed. Unbilled receivables are generally billed and collected within one year. Billings made on contracts are recorded as a reduction of unbilled receivables.

Unearned revenue is recorded for consideration received from customers in advance of satisfaction of the related performance obligations. The Company recognized approximately \$7.5 million of the December 31, 2022 unearned amounts as revenue during the first three months of 2023.

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

**Note D — Other-net**

Other-net for the first quarter of 2023 and 2022 is summarized as follows:

(Thousands)	First Quarter Ended	
	March 31, 2023	April 1, 2022
Amortization of intangible assets	\$ 3,121	\$ 3,131
Metal consignment fees	2,929	3,011
Foreign currency (gain) loss	(208)	(333)
Net (gain) loss on disposal of fixed assets	5	(11)
Other items	(72)	75
Total	<u>\$ 5,775</u>	<u>\$ 5,873</u>

**Note E — Income Taxes**

The Company's effective tax rate for the first quarter of 2023 and 2022 was 15.2% and 17.7%, respectively. The effective tax rate for the first quarter of 2023 was lower than the statutory tax rate primarily due to the impact of percentage depletion, the foreign derived intangible income deduction, and research and development credits. The effective tax rate for the first quarter of 2023 included a net discrete income tax benefit of \$0.5 million, primarily related to excess tax benefits from stock-based compensation awards. The effective tax rate for the first quarter of 2022 included a net discrete income tax benefit of \$0.1 million, primarily related to excess tax benefits from stock-based compensation awards.

*Government Tax Credits*

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

On August 16, 2022, President Biden signed the Inflation Reduction Act of 2022 (IRA) into law. The IRA, among other provisions, includes a new corporate alternative minimum tax on certain large corporations and new or enhanced federal energy and manufacturing tax credits effective for tax years beginning in 2023. The Company is not subject to the minimum tax as our average annual book profits over the prior three-year period were less than \$1 billion. The IRA introduced a new advanced manufacturing production credit ("production credit"), which provides an annual cash benefit for a portion of production costs for the sale of certain minerals produced in the U.S. and sold by a taxpayer during the year.

The IRA affords the Company eligibility to a production credit beginning in 2023, for which the Company expects to recognize cash savings of approximately \$8 million for the year ending December 31, 2023. The issuance of guidance and interpretation as to the eligibility for, calculation of, and methods for claiming the production credit remain pending. We will continue to monitor developments related to the production credit from the IRS and US Treasury Department and evaluate the potential impact to the Company's production credit. The Company will finalize the expected annual production credit impact as further guidance is issued.

The production credit is recorded as a reduction in cost of goods sold as the applicable items are produced and sold. U.S. GAAP does not address the accounting for government grants received by a business entity that are outside the scope of ASC 740. Our accounting policy is to analogize to IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, under IFRS Accounting Standards, under which we recognize the benefit of tax credits accounted for by applying IAS 20 in pretax income on a systematic basis in line with its recognition of the expenses that the grant is intended to compensate.

**Note F — Earnings Per Share (EPS)**

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

	First Quarter Ended	
	March 31, 2023	April 1, 2022
(Thousands, except per share amounts)		
Numerator for basic and diluted EPS:		
Net income (loss)	\$ 25,588	\$ 14,019
Denominator:		
Denominator for basic EPS:		
Weighted-average shares outstanding	20,566	20,464
Effect of dilutive securities:		
Stock appreciation rights	103	97
Restricted stock units	105	106
Performance-based restricted stock units	113	57
Diluted potential common shares	321	260
Denominator for diluted EPS:		
Adjusted weighted-average shares outstanding	20,887	20,724
Basic EPS	\$ 1.24	\$ 0.69
Diluted EPS	\$ 1.23	\$ 0.68

Adjusted weighted-average shares outstanding - diluted exclude securities totaling 17,902 and 117,390 for the quarters ended March 31, 2023 and April 1, 2022, respectively. These securities are primarily related to restricted stock units (RSUs) and stock appreciation rights (SARs) with fair market values and exercise prices greater than the average market price of the Company's common shares and were excluded from the dilution calculation as the effect would have been anti-dilutive.

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

**Note G — Inventories**

Inventories on the Consolidated Balance Sheets are summarized as follows:

(Thousands)	March 31, 2023	December 31, 2022
Raw materials and supplies	\$ 116,404	\$ 113,694
Work in process	250,920	249,105
Finished goods	67,161	60,281
Inventories, net	<u>\$ 434,485</u>	<u>\$ 423,080</u>

The Company maintains the majority of the precious metals and copper used in production on a consignment basis in order to reduce its exposure to metal price movements and to reduce its working capital investment. The notional value of off-balance sheet precious metals and copper was \$367.5 million and \$373.1 million as of March 31, 2023 and December 31, 2022, respectively.

**Note H — Customer Prepayments**

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

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

Additionally, during the second quarter of 2022, the Company entered into an amendment to the investment agreement with the same customer to procure additional equipment to manufacture product for the customer. As of March 31, 2023, the Company has received approximately \$29.7 million in prepayments under the terms of this amended agreement, of which \$7.7 million was received during the first quarter of 2023.

As of March 31, 2023 and December 31, 2022, \$89.0 million and \$85.9 million, respectively, of prepayments are classified as Unearned income on the Consolidated Balance Sheets. The prepayments will remain in Unearned income until commercial purchase orders are received for product serviced out of the equipment, at which time a portion of the purchase order value related to prepayments will be reclassified to Unearned revenue. As of March 31, 2023 \$5.1 million of the prepayments are classified as Unearned revenue.

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

**Note I — Pensions and Other Post-employment Benefits**

The following is a summary of the net periodic benefit cost for the first quarter of 2023 and 2022 for the pension plans as shown below. The Pension Benefits columns aggregate defined benefit pension plans in the U.S., Germany, Liechtenstein, England, and the U.S. supplemental retirement plans. The Other Benefits columns include the domestic retiree medical and life insurance plan.

(Thousands)	<b>Pension Benefits</b>		<b>Other Benefits</b>	
	<b>First Quarter Ended</b>		<b>First Quarter Ended</b>	
	<b>March 31, 2023</b>	<b>April 1, 2022</b>	<b>March 31, 2023</b>	<b>April 1, 2022</b>
<b>Components of net periodic benefit (income) cost</b>				
Service cost	\$ 222	\$ 318	\$ 13	\$ 22
Interest cost	1,973	1,223	68	39
Expected return on plan assets	(2,439)	(2,400)	—	—
Amortization of prior service cost (benefit)	(23)	(20)	(139)	(374)
Amortization of net loss (gain)	(81)	430	(95)	(68)
<b>Total net benefit (income) cost</b>	<b>\$ (348)</b>	<b>\$ (449)</b>	<b>\$ (153)</b>	<b>\$ (381)</b>

The Company did not make any contributions to its defined benefit plan in the first quarter of 2023 or 2022.

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

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

**Note J — Accumulated Other Comprehensive Income (Loss)**

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

(Thousands)	Gains and Losses on Cash Flow Hedges				Pension and Post-Employment Benefits	Foreign Currency Translation	Total
	Foreign Currency	Interest Rate	Precious Metals	Total			
Balance at December 31, 2022	\$ 1,243	\$ 6,055	\$ (223)	\$ 7,075	\$ (40,228)	\$ (8,756)	\$ (41,909)
Other comprehensive income (loss) before reclassifications	(67)	(1,703)	(475)	(2,245)	—	2,689	444
Amounts reclassified from accumulated other comprehensive income (loss)	(35)	(782)	25	(792)	(338)	—	(1,130)
Net current period other comprehensive (loss) income before tax	(102)	(2,485)	(450)	(3,037)	(338)	2,689	(686)
Deferred taxes	(24)	(571)	(103)	(698)	(271)	—	(969)
Net current period other comprehensive (loss) income after tax	(78)	(1,914)	(347)	(2,339)	(67)	2,689	283
Balance at March 31, 2023	\$ 1,165	\$ 4,141	\$ (570)	\$ 4,736	\$ (40,295)	\$ (6,067)	\$ (41,626)
Balance at December 31, 2021	\$ 2,348	\$ —	\$ 72	\$ 2,420	\$ (39,702)	\$ (2,887)	\$ (40,169)
Other comprehensive (loss) income before reclassifications	153	3,112	(520)	2,745	—	(2,047)	698
Amounts reclassified from accumulated other comprehensive income (loss)	(19)	115	107	203	(1,000)	—	(797)
Net current period other comprehensive (loss) income before tax	134	3,227	(413)	2,948	(1,000)	(2,047)	(99)
Deferred taxes	31	742	(95)	678	(760)	—	(82)
Net current period other comprehensive (loss) income after tax	103	2,485	(318)	2,270	(240)	(2,047)	(17)
Balance at April 1, 2022	\$ 2,451	\$ 2,485	\$ (246)	\$ 4,690	\$ (39,942)	\$ (4,934)	\$ (40,186)

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

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

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**Note K — Stock-based Compensation Expense**

Stock-based compensation expense, which includes awards settled in shares and in cash, was \$2.4 million and \$1.8 million in the first quarter of 2023 and 2022, respectively.

The Company granted 47,084 SARs to certain employees during the first quarter of 2023. The weighted-average exercise price per share and weighted-average fair value per share of the SARs granted during the three months ended March 31, 2023 were \$113.28 and \$42.27, respectively. The Company estimated the fair value of the SARs using the following weighted-average assumptions in the Black-Scholes model:

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

The Company granted 47,759 stock-settled RSUs to certain employees during the first quarter of 2023. The Company measures the fair value of stock-settled RSUs based on the closing market price of a share of Materion common stock on the date of the grant. The weighted-average fair value per share was \$113.05 for stock-settled RSUs granted to employees during the three months ended March 31, 2023. RSUs are generally expensed over the vesting period of three years for employees.

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

At March 31, 2023, unrecognized compensation cost related to the unvested portion of all stock-based awards was approximately \$22.2 million, and is expected to be recognized over the remaining vesting period of the respective grants.

**Note L — Fair Value of Financial Instruments**

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

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

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

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

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The following table summarizes the financial instruments measured at fair value in the Consolidated Balance Sheets as of March 31, 2023 and December 31, 2022:

(Thousands)	Total Carrying Value in the Consolidated Balance Sheets		Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Financial Assets</b>								
Deferred compensation investments	\$ 3,860	\$ 3,001	\$ 3,860	\$ 3,001	\$ —	\$ —	\$ —	\$ —
Foreign currency forward contracts	385	1,291	—	—	385	1,291	—	—
Interest rate swap	7,175	7,863	—	—	7,175	7,863	—	—
Precious metal swaps	131	118	—	—	131	118	—	—
Total	\$ 11,551	\$ 12,273	\$ 3,860	\$ 3,001	\$ 7,691	\$ 9,272	\$ —	\$ —
<b>Financial Liabilities</b>								
Deferred compensation liability	\$ 3,860	\$ 3,001	\$ 3,860	\$ 3,001	\$ —	\$ —	\$ —	\$ —
Foreign currency forward contracts	741	1,757	—	—	741	1,757	—	—
Interest rate swap	1,797	—	—	—	1,797	—	—	—
Precious metal swaps	874	411	—	—	874	411	—	—
Total	\$ 7,272	\$ 5,169	\$ 3,860	\$ 3,001	\$ 3,412	\$ 2,168	\$ —	\$ —

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

**Note M — Derivative Instruments and Hedging Activity**

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

(Thousands)	March 31, 2023		December 31, 2022	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Foreign currency forward contracts				
Prepaid and other current assets	\$ 13,277	\$ 156	\$ 12,242	\$ 791
Other liabilities and accrued items	18,054	201	17,061	1,048

These outstanding foreign currency derivatives were related to balance sheet hedges and intercompany loans. Other-net included \$0.2 million and \$0.7 million of foreign currency losses and gains related to derivatives in the first quarter of 2023 and 2022, respectively.

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

(Thousands)	March 31, 2023				
	Notional Amount	Fair Value			
		Prepaid and other current assets	Other assets	Other liabilities and accrued items	Other long-term liabilities
Foreign currency forward contracts - yen	\$ 2,063	\$ 98	\$ —	\$ 49	\$ —
Foreign currency forward contracts - euro	17,129	131	—	491	—
Precious metal swaps	8,486	131	—	874	—
Interest rate swap	200,000	3,725	3,450	—	1,797
<b>Total</b>	<b>\$ 227,678</b>	<b>\$ 4,085</b>	<b>\$ 3,450</b>	<b>\$ 1,414</b>	<b>\$ 1,797</b>

  

(Thousands)	December 31, 2022				
	Notional Amount	Fair Value			
		Prepaid and other current assets	Other assets	Other liabilities and accrued items	Other long-term liabilities
Foreign currency forward contracts - yen	\$ 2,985	\$ 145	\$ —	\$ 74	\$ 26
Foreign currency forward contracts - euro	25,712	355	—	472	137
Precious metal swaps	8,758	118	—	411	—
Interest rate swap	100,000	3,114	4,749	—	—
<b>Total</b>	<b>\$ 137,455</b>	<b>\$ 3,732</b>	<b>\$ 4,749</b>	<b>\$ 957</b>	<b>\$ 163</b>

All of the contracts summarized above were designated and effective as cash flow hedges. We expect to reclassify \$2.7 million of gains into earnings in the next 12 months contemporaneously with the earnings effects of the related forecasted transactions. At March 31, 2023, the maximum term of derivative instruments that hedge forecasted transactions was approximately four years. Refer to Note J for additional OCI details.

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

(Thousands)	Hedging relationship	Line item	First Quarter Ended	
			March 31, 2023	April 1, 2022
	Foreign currency forward contracts	Net sales	\$ (35)	\$ (19)
	Precious metal swaps	Cost of sales	25	107
	Interest rate swap	Interest expense - net	(782)	115
	<b>Total</b>		<b>\$ (792)</b>	<b>\$ 203</b>

**Note N — Contingencies**

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

One beryllium case was outstanding as of March 31, 2023. The Company does not expect the resolution of this matter to have a material impact on the consolidated financial statements.

**Other Litigation.** The Company is party to several pending legal proceedings and claims arising in the normal course of business. The Company records a liability when it is both probable that a liability has been incurred and the amount of the

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loss can be reasonably estimated. In the event the Company determines that a loss is not probable, but is reasonably possible, and it becomes possible to develop what the Company believes to be a reasonable range of possible loss, then the Company will include disclosure related to such matters. To the extent there is a reasonable possibility that the losses could exceed any amounts accrued, the Company will adjust the accrual in the period the determination is made, disclose an estimate of the additional loss or range of loss, indicate that the estimate is immaterial with respect to its financial statements as a whole or, if the amount of such adjustment cannot be reasonably estimated, disclose that an estimate cannot be made.

On October 14, 2020, Garett Lucyk, et al. v. Materion Brush Inc., et al., case number 20CV0234, a wage and hour purported collective and class action, was filed in the Northern District of Ohio against the Company and its subsidiary, Materion Brush Inc. (collectively, the Company). Plaintiff, a former hourly production employee at the Company's Elmore, Ohio facility, alleges, among other things, that he and other similarly situated employees nationwide are not paid for all time they spend donning and doffing personal protective equipment in violation of the Fair Labor Standards Act and Ohio law. Plaintiff filed a motion for conditional certification, which the Company opposed. On August 2, 2022, the Court conditionally certified a class of employees at the Company's Elmore facility only and rejected certification of a class across the Company's other facilities.

In November 2022, the parties reached a settlement for an immaterial amount. The Court preliminarily approved the settlement on March 30, 2023 and set a final approval hearing for July 2023.

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

**Note O — Debt**

(Thousands)	March 31, 2023	December 31, 2022
Borrowings under Credit Agreement	\$ 145,155	\$ 143,250
Borrowings under the Term Loan Facility	281,250	285,000
Foreign debt	10,366	7,541
Total debt outstanding	436,771	435,791
Current portion of long-term debt	(27,727)	(21,105)
Gross long-term debt	409,044	414,686
Unamortized deferred financing fees	(3,562)	(3,810)
Long-term debt	\$ 405,482	\$ 410,876

As of March 31, 2023 and December 31, 2022, the Company had \$145.2 million outstanding at an average interest rate of 6.42% and \$143.3 million outstanding at an average interest rate of 6.08%, respectively, under its revolving credit facility. The available borrowing capacity under the revolving credit facility as of March 31, 2023 was \$186.8 million. The Company has the option to repay or borrow additional funds under the revolving credit facility until the maturity date in 2026. The amended and restated credit agreement governing the revolving credit facility (Credit Agreement) includes covenants subject to a maximum leverage ratio and a minimum fixed charge coverage ratio. We were in compliance with all of our debt covenants as of March 31, 2023.

The balance outstanding on the term loan facility as of March 31, 2023 and December 31, 2022 was \$281.3 million and \$285.0 million, respectively.

At both March 31, 2023 and December 31, 2022, there was \$46.5 million outstanding against the letters of credit sub-facility.

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

**OVERVIEW**

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

## RESULTS OF OPERATIONS

### First Quarter

(Thousands, except per share data)	First Quarter Ended			
	March 31, 2023	April 1, 2022	\$ Change	% Change
Net sales	\$ 442,526	\$ 449,045	\$ (6,519)	(1)%
Value-added sales	298,558	259,124	39,434	15 %
Gross margin	91,336	75,291	16,045	21 %
Gross margin as a % of value-added sales	31 %	29 %		
Selling, general, and administrative (SG&A) expense	40,336	41,662	(1,326)	(3)%
SG&A expense as a % of value-added sales	14 %	16 %		
Research and development (R&D) expense	7,621	7,074	547	8 %
R&D expense as a % of value-added sales	3 %	3 %		
Restructuring (income) expense	664	1,076	(412)	NM
Other—net	5,775	5,873	(98)	(2)%
Operating profit	36,940	19,606	17,334	88 %
Other non-operating (income)—net	(730)	(1,169)	439	(38)%
Interest expense—net	7,502	3,735	3,767	101 %
Income before income taxes	30,168	17,040	13,128	77 %
Income tax expense (benefit)	4,580	3,021	1,559	52 %
Net income	\$ 25,588	\$ 14,019	\$ 11,569	83 %
Diluted earnings per share	\$ 1.23	\$ 0.68	\$ 0.55	81 %

NM = Not Meaningful

**Net sales** of \$442.5 million in the first quarter of 2023 decreased \$6.5 million from \$449.0 million in the first quarter of 2022. Increased net sales in the Performance Materials was partially offset by a decrease in net sales in the Electronic Materials and Precision Optics segments. Volume and price increases in the aerospace and defense end market (15%) and incremental sales from the clad strip project of \$36.2 million were offset by decreased sales in the semiconductor (16%), industrial (5%) and consumer electronics (31%) end markets when compared to the same period last year. Additionally, there was a \$8.9 million year over year decrease in the volume of raw material beryllium hydroxide sales compared to the first quarter of 2022. See Note B - Segment Reporting for additional details on the year over year changes in our net sales by segment and market.

The change in precious metal and copper prices unfavorably impacted net sales during the first quarter of 2023 by \$4.8 million.

**Value-added sales** is a non-GAAP financial measure that removes the impact of pass-through metal costs and allows for analysis without the distortion of the movement or volatility in metal prices and changes in mix due to customer-supplied material. Internally, we manage our business on this basis, and a reconciliation of net sales, the most directly comparable GAAP financial measure, to value-added sales is included herein. Value-added sales of \$298.6 million in the first quarter of 2023 increased \$39.4 million, or 15%, compared to the first quarter of 2022. The increase was driven by increased value-added sales into the aerospace and defense (21%) and automotive (23%) end markets as well as \$36.2 million of incremental sales from the clad strip project, slightly offset by a year over year decrease in the volume of raw material beryllium hydroxide sales of \$8.9 million compared to the first quarter of 2022.

**Gross margin** in the first quarter of 2023 was \$91.3 million, which was up 21% compared to the first quarter of 2022. Gross margin expressed as a percentage of value-added sales increased to 31% in the first quarter of 2023 from 29% in the first quarter of 2022. Gross margin increased from the prior year primarily due to \$7.5 million of inventory step up amortization from the HCS-Electronic Material acquisition that was recorded during the first quarter of 2022, that did not recur in 2023. In addition, the production tax credit recorded in the first quarter of 2023 favorably impacted gross margin. See Note E to the Consolidated Financial Statements for further discussion.

**SG&A expense** was \$40.3 million in the first quarter of 2023, compared to \$41.7 million in the first quarter of 2022. The decrease in SG&A expense from the prior year period was primarily driven by \$2.1 million of merger and acquisition costs

related to the acquisition of HCS-Electronic Materials incurred in the first quarter of 2022, that did not recur in 2023. Expressed as a percentage of value-added sales, SG&A expense was 14% and 16% in the first quarter of 2023 and 2022, respectively.

**R&D expense** consists primarily of direct personnel costs for pre-production evaluation and testing of new products, prototypes, and applications. R&D spend was 3% of value-added sales in both the first quarter of 2023 and 2022.

**Restructuring (income) expense** consists primarily of cost reduction actions taken in order to reduce our fixed cost structure. In the first quarter of 2023, we recorded a combined total of \$0.7 million of restructuring charges in our Precision Optics and Electronic Materials segments, compared to \$1.1 million of restructuring charges in the first quarter of 2022 recorded in our Precision Optics, Electronic Materials and Other segments.

**Other-net** was \$5.8 million of expense in the first quarter of 2023, or a \$0.1 million decrease from the first quarter of 2022, primarily driven by a \$0.1 million decrease in metal consignment fees. Refer to Note D to the Consolidated Financial Statements for details of the major components within Other-net.

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

**Interest expense-net** was \$7.5 million and \$3.7 million in the first quarter of 2023 and 2022, respectively. The increase in interest expense is primarily due to an increase in interest rates compared to the prior year.

**Income tax expense** for the first quarter of 2023 was expense of \$4.6 million, compared to \$3.0 million in the first quarter of 2022. The effective tax rate for the first quarter of 2023 and 2022 was 15.2% and 17.7%, respectively. The effective tax rate for the first quarter of 2023 was lower than the statutory tax rate primarily due to the impact of percentage depletion, the foreign derived intangible income deduction, and research and development credits. See Note E to the Consolidated Financial Statements for additional discussion.

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

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

(Thousands)	First Quarter Ended	
	March 31, 2023	April 1, 2022
<b>Net sales</b>		
Performance Materials	\$ 187,014	\$ 149,630
Electronic Materials	228,820	270,836
Precision Optics	26,692	28,579
Other	—	—
Total	<u>\$ 442,526</u>	<u>\$ 449,045</u>
<b>Less: pass-through metal costs</b>		
Performance Materials	\$ 19,004	\$ 20,512
Electronic Materials	124,942	168,604
Precision Optics	22	49
Other	—	756
Total	<u>\$ 143,968</u>	<u>\$ 189,921</u>
<b>Value-added sales</b>		
Performance Materials	\$ 168,010	\$ 129,118
Electronic Materials	103,878	102,232
Precision Optics	26,670	28,530
Other	—	(756)
Total	<u>\$ 298,558</u>	<u>\$ 259,124</u>

Internally, management reviews net sales on a value-added basis. Value-added sales is a non-GAAP financial measure that deducts the value of the pass-through metal costs from net sales. Value-added sales allow management to assess the impact of differences in net sales between periods, segments, or markets, and analyze the resulting margins and profitability without the distortion of movements in pass-through metal costs. The dollar amount of gross margin and operating profit is not affected by the value-added sales calculation. We sell other metals and materials that are not considered direct pass-throughs, and these costs are not deducted from net sales when calculating value-added sales. Non-GAAP financial measures, such as value-added sales, have inherent limitations and should not be considered in isolation, or as a substitute for analyses of results as reported under GAAP.

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

Our net sales are also affected by changes in the use of customer-supplied metal. When we manufacture a precious metal product, the customer may purchase metal from us or may elect to provide its own metal, in which case we process the metal on a toll basis and the metal value does not flow through net sales or cost of sales. In either case, we generally earn our margin based upon our fabrication efforts. The relationship of this margin to net sales can change depending upon whether or not the product was made from our metal or the customer's metal. The use of value-added sales removes the potential distortion in the comparison of net sales caused by changes in the level of customer-supplied metal.

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

## Segment Results



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

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

## Performance Materials

### First Quarter

(Thousands)	First Quarter Ended			
	March 31, 2023	April 1, 2022	\$ Change	% Change
Net sales	\$ 187,014	\$ 149,630	\$ 37,384	25 %
Value-added sales	168,010	129,118	38,892	30 %
EBITDA	42,770	24,792	17,978	73 %

Net sales from the Performance Materials segment of \$187.0 million in the first quarter of 2023 increased 25% compared to net sales of \$149.6 million in the first quarter of 2022. The increase in sales was due to higher volume in the aerospace and defense (24%), energy (25%) and automotive (14%) end markets as well as \$36.2 million of incremental sales from the clad strip project, slightly offset by a \$8.9 million year over year decrease in the volume of raw material beryllium hydroxide sales compared to the first quarter of 2022.

Value-added sales of \$168.0 million in the first quarter of 2023 were 30% higher than value-added sales of \$129.1 million in the first quarter of 2022. The increase in value-added sales was due to the same factors driving the increase in net sales.

EBITDA for the Performance Materials segment was \$42.8 million in the first quarter of 2023 compared to \$24.8 million in the first quarter of 2022. The increase in EBITDA was primarily due to the same factors driving the increase in net sales as well as a lower merger and acquisition costs of \$2.7 million compared to the first quarter of 2022. In addition, we recorded a portion of the expected \$8 million annual benefit from the production credit in the first quarter of 2023 which favorably impacted EBITDA. See Note E to the Consolidated Financial Statements for further discussion.

## Electronic Materials

### First Quarter

(Thousands)	First Quarter Ended			
	March 31, 2023	April 1, 2022	\$ Change	% Change
Net sales	\$ 228,820	\$ 270,836	\$ (42,016)	(16)%
Value-added sales	103,878	102,232	1,646	2 %
EBITDA	13,955	12,148	1,807	15 %

Net sales from the Electronic Materials segment of \$228.8 million in the first quarter of 2023 decreased 16% from net sales of \$270.8 million in the first quarter of 2022. The decrease in net sales was primarily due to lower precious metal sales volumes in the semiconductor (16%) and energy (14%) end markets. Additionally, pass-through metal price reductions reduced net sales by \$3.6 million compared to the first quarter of 2022.

Despite the decrease in sales, value-added sales were up slightly to \$103.9 million in the first quarter of 2023, compared to value-added sales of \$102.2 million in the first quarter of 2022, representing an increase of 2%, due to an increase in non-precious metal sales, primarily in tantalum shipments.

EBITDA for the Electronic Materials segment was \$14.0 million in the first quarter of 2023 compared to \$12.1 million in the first quarter of 2022. The increase in EBITDA is primarily due to no HCS-Electronic Materials acquisition costs recorded in the current period, compared to \$6.0 million recorded in the first quarter of 2022. This was partially offset by mix, year over year tantalum costs increases and the impact of lower production late in the first quarter of 2023 resulting in manufacturing cost inefficiencies.

**Precision Optics*****First Quarter***

(Thousands)	First Quarter Ended			
	March 31, 2023	April 1, 2022	\$ Change	% Change
Net sales	\$ 26,692	\$ 28,579	\$ (1,887)	(7)%
Value-added sales	26,670	28,530	(1,860)	(7)%
EBITDA	2,692	2,191	501	23 %

Net sales from the Precision Optics segment of \$26.7 million in the first quarter of 2023 decreased 7% compared to net sales of \$28.6 million in the first quarter of 2022. The decrease was primarily due to lower sales volumes in the consumer electronics end market (39%).

Value-added sales of \$26.7 million in the first quarter of 2023 decreased 7% compared to value-added sales of \$28.5 million in the first quarter of 2022. The decrease in value-added sales was due to the same factors driving the decrease in net sales.

EBITDA for the Precision Optics segment was \$2.7 million in the first quarter of 2023, compared to EBITDA of \$2.2 million in the first quarter of 2022. The increase in EBITDA was primarily driven by targeted cost reduction initiatives and spend control.

**Other*****First Quarter***

(Thousands)	First Quarter Ended			
	March 31, 2023	April 1, 2022	\$ Change	% Change
Net sales	\$ —	\$ —	\$ —	— %
Value-added sales	—	(756)	756	(100)%
EBITDA	(6,655)	(5,177)	(1,478)	29 %

The Other reportable segment in total includes unallocated corporate costs.

Corporate costs were \$6.7 million in the first quarter of 2023 compared to \$5.2 million in the first quarter of 2022. Corporate costs accounted for 2% of Company-wide value-added sales in the first quarter of 2023 and 2022. The increase in corporate costs in the first quarter of 2023 compared to the first quarter of 2022 is reflective of investments to execute our strategic initiatives and variable costs associated with improved financial performance.

## FINANCIAL POSITION

### Cash Flow

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

(Thousands)	Three Months Ended		
	March 31, 2023	April 1, 2022	\$ Change
Net cash (used in) provided by operating activities	\$ 38,105	\$ (14,304)	\$ 52,409
Net cash used in investing activities	(29,802)	(18,966)	(10,836)
Net cash provided by financing activities	(6,291)	39,305	(45,596)
Effects of exchange rate changes	130	(260)	390
Net change in cash and cash equivalents	\$ 2,142	\$ 5,775	\$ (3,633)

**Net cash provided by operating activities** totaled \$38.1 million in the first three months of 2023 compared to net cash used in operating activities of \$14.3 million in the prior-year period. Working capital requirements used cash of \$6.4 million in the first quarter of 2023 compared to \$47.4 million during the first three months of 2022. The decrease in cash used for working capital was primarily due to stronger cash collection and continued inventory management.

**Net cash used in investing activities** was \$29.8 million in the first quarter of 2023 compared to \$19.0 million in the prior-year period. The increase in cash used in investing activities is due to increased capital expenditures, as expected, to support continued business growth.

Capital expenditures are made primarily for new product development, replacing and upgrading equipment, infrastructure investments, and implementing information technology initiatives. For the full year 2023, the Company expects payments for property, plant, and equipment to be approximately \$100 million.

**Net cash used by financing activities** totaled \$6.3 million in the first three months of 2023 compared to net cash provided by financing activities of \$39.3 million in the prior-year period. The net financing cash outflow in 2023 was primarily due to debt repayments, compared to financing used to support continued business growth.

## CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the inherent use of estimates and management's judgment in establishing those estimates. For additional information regarding critical accounting policies, please refer to our 2022 Annual Report on Form 10-K.

### Liquidity

We believe cash flow from operations plus the available borrowing capacity and our current cash balance are adequate to support operating requirements, capital expenditures, projected pension plan contributions, the current dividend program, environmental remediation projects, and strategic acquisitions for at least the next twelve months and for the foreseeable future thereafter. At March 31, 2023, cash and cash equivalents held by our foreign operations totaled \$14.0 million. We do not expect restrictions on repatriation of cash held outside of the United States to have a material effect on our overall liquidity, financial condition, or results of operations for the foreseeable future.

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

(Thousands)	March 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 15,243	\$ 13,101
Total outstanding debt	433,209	431,981
Net debt	\$ (417,966)	\$ (418,880)
Available borrowing capacity	\$ 186,788	\$ 185,294

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

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

In January 2023, we amended the agreement governing our \$375.0 million revolving credit facility (Credit Agreement). Pursuant to the amendment, we transitioned U.S. dollar denominated borrowings from LIBOR to SOFR for both the revolving credit agreement and the term loan and increased the cap on precious metals consignment line from \$600 million to \$615 million.

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

The Credit Agreement allows the Company to borrow money at a premium over SOFR, following the January 2023 amendment, or prime rate and at varying maturities. The premium resets quarterly according to the terms and conditions stipulated in the agreement. The Credit Agreement includes restrictive covenants relating to restrictions on additional indebtedness, acquisitions, dividends, and stock repurchases. In addition, the Credit Agreement includes covenants that limit the Company to a maximum leverage ratio and a minimum interest coverage ratio. We were in compliance with all of our debt covenants as of March 31, 2023 and December 31, 2022. Cash on hand up to \$25 million can benefit the covenants and may benefit the borrowing capacity under the Credit Agreement.

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

Portions of our business utilize off-balance sheet consignment arrangements allowing us to use metal owned by precious metal consignors as we manufacture product for our customers. Metal is purchased from the precious metal consignor and sold to our customer at the time of product shipment. Expansion of business volumes and/or higher metal prices can put pressure on the consignment line limitations from time to time. In August 2022, we entered into a precious metals consignment agreement, maturing on August 31, 2025, which replaced the consignment agreements that would have matured on August 27, 2022. The available and unused capacity under the metal consignment agreements expiring in August 2025 totaled approximately \$247.5 million as of March 31, 2023, compared to \$241.9 million as of December 31, 2022. The availability is determined by Board approved levels and actual capacity.

In January 2014, our Board of Directors approved a plan to repurchase up to \$50.0 million of our common stock. The timing of the share repurchases will depend on several factors, including market and business conditions, our cash flow, debt levels, and other investment opportunities. There is no minimum quantity requirement to repurchase our common stock for a given year, and the repurchases may be discontinued at any time. We did not repurchase any shares under this program in the first quarter of 2023. Since the approval of the repurchase plan, we have purchased 1,254,264 shares at a total cost of \$41.7 million, or an average of \$33.23 per share.

We paid cash dividends of \$2.6 million on our common stock in the first quarter of 2023. We intend to pay a quarterly dividend on an ongoing basis, subject to a determination that the dividend remains in the best interest of our shareholders.

## **OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS**

We maintain the majority of the precious metals and portions of the copper we use in production on a consignment basis in order to reduce our exposure to metal price movements and to reduce our working capital investment. The notional value of off-balance sheet precious metals and copper was \$367.5 million and \$373.1 million as of March 31, 2023 and December 31, 2022, respectively. We were in compliance with all of the covenants contained in the consignment agreements as of March 31, 2023. For additional information on our contractual and other obligations, refer to our 2022 Annual Report on Form 10-K.

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

## **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

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

## **Item 4. Controls and Procedures**

### **a) Evaluation of Disclosure Controls and Procedures**

The Company carried out an evaluation under the supervision and with participation of the Company's management, including the chief executive officer and chief financial officer, of the effectiveness of the design and operation of disclosure controls and procedures as of March 31, 2023 pursuant to Rule 13a-15(b) and 15d-15(b) under the Securities Exchange Act of 1934, as amended (Exchange Act). Based on that evaluation, management, including the chief executive officer and chief financial officer, concluded that disclosure controls and procedures are effective as of March 31, 2023.

### **b) Changes in Internal Control over Financial Reporting**

There have been no changes in the Company's internal control over financial reporting that occurred during the quarter ended March 31, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## PART II OTHER INFORMATION

### Item 1. Legal Proceedings

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

#### Beryllium Claims

As of March 31, 2023, our subsidiary, Materion Brush Inc., was a defendant in one beryllium case. In *Richard Miller v. Dolphin, Inc. et al.*, case number CV2020-005163, filed in the Superior Court of Arizona, Maricopa County, the Company is one of six named defendants and 100 Doe defendants. The plaintiff alleges that he contracted beryllium disease from exposures to beryllium-containing products supplied to his employer, Karsten Manufacturing Corporation, where he was a production worker, and asserts claims for negligence, strict liability – failure to warn, strict liability – design defect, and fraudulent concealment. The plaintiff seeks general damages, medical expenses, loss of earnings, consequential damages, and punitive damages, and his wife claims loss of consortium. A co-defendant, Dolphin, Inc., filed a cross-claim against the Company for indemnification. On August 12, 2020, the Company moved to dismiss the cross-claim for failure to state a claim upon which relief can be granted. The court denied the motion on October 23, 2020. On December 7, 2020, the Company filed a Petition for Special Action in the Court of Appeals seeking to appeal the denial of the motion to dismiss the cross-claim. The Court of Appeals declined to accept jurisdiction on December 30, 2020. The court entered a scheduling order on September 14, 2021 that did not set a date for trial. Amended scheduling orders were entered on April 8, 2022, August 4, 2022, and November 1, 2022 that likewise did not set a trial date. The Company believes that it has substantive defenses and intends to vigorously defend this suit.

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

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

#### Other Claims

On October 14, 2020, *Garett Lucyk, et al. v. Materion Brush Inc., et. al.*, case number 20CV0234, a wage and hour purported collective and class action, was filed in the Northern District of Ohio against the Company and its subsidiary, Materion Brush Inc. (collectively, the Company). Plaintiff, a former hourly production employee at the Company's Elmore, Ohio facility, alleges, among other things, that he and other similarly situated employees nationwide are not paid for all time they spend donning and doffing personal protective equipment in violation of the Fair Labor Standards Act and Ohio law. Plaintiff filed a motion for conditional certification, which the Company opposed. On August 2, 2022, the Court conditionally certified a class of employees at the Company's Elmore facility only and rejected certification of a class across the Company's other facilities.

In November 2022, the parties reached a settlement for an immaterial amount. The Court preliminarily approved the settlement on March 30, 2023 and set a final approval hearing for July 2023.

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table presents information with respect to repurchases of common stock made by us during the three months ended March 31, 2023.

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)
January 1 through February 3, 2023	—	\$ —	—	\$ 8,316,239
February 4 through March 3, 2023	26,823	107.67	—	8,316,239
March 4 through March 31, 2023	6,529	111.23	—	8,316,239
Total	33,352	\$ 108.37	—	\$ 8,316,239

- (1) Represents shares surrendered to the Company by employees to satisfy tax withholding obligations on stock appreciation rights issued under the Company's stock incentive plan.
- (2) On January 14, 2014, we announced that our Board of Directors had authorized the repurchase of up to \$50.0 million of our common stock. During the three months ended March 31, 2023 we did not repurchase any shares under this program. As of March 31, 2023 \$8.3 million may still be purchased under the program.

## Item 4. Mine Safety Disclosures

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



## Item 6. Exhibits

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

- 4.4 [Amendment No. 1 dated as of January 13, 2023 to Fourth Amended and Restated Credit Agreement dated as of October 27, 2021, by and among Materion Corporation \(the “Company”\), Materion Netherlands B.V. \(the “Dutch Borrower” and, together with the Company, the “Borrowers”\), the financial institutions listed on the signature pages hereof and JPMorgan Chase Bank, N.A., as Administrative Agent \(the “Administrative Agent”\), under that certain Fourth Amended and Restated Credit Agreement dated as of October 27, 2021 by and among the Company, the Dutch Borrower, the other Foreign Subsidiary Borrowers from time to time party thereto \(filed as Exhibit 4.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2022\), incorporated herein by reference.](#)
- 10.1 [Materion and Subsidiaries Management Incentive Plan for the 2023 Plan Year\\*](#)
- 10.2 [Form of 2023 Performance-Based Restricted Stock Units Agreement under the Materion Corporation 2006 Stock Incentive Plan \(As Amended and Restated as of May 3, 2017\), covering grants made in 2023\\*](#)
- 10.3 [Form of 2023 Restricted Stock Unit Agreement \(Stock-Settled\) under the Materion Corporation 2006 Stock Incentive Plan \(As Amended and Restated as of May 3, 2017\), covering grants made in 2023\\*](#)
- 10.4 [Form of 2023 Appreciation Rights Agreement under the Materion Corporation 2006 Stock Incentive Plan \(As Amended and Restated as of May 3, 2017\), covering grants made in 2023\\*](#)
- 31.1 [Certification of Chief Executive Officer](#) required by Rule 13a-14(a) or 15d-14(a)\*
- 31.2 [Certification of Chief Financial Officer](#) required by Rule 13a-14(a) or 15d-14(a)\*
- 32 [Certifications of Chief Executive Officer and Chief Financial Officer](#) required by 18 U.S.C. Section 1350\*
- 95 [Mine Safety Disclosure Pursuant to Section 1503\(a\) of the Dodd-Frank Wall Street Reform and Consumer Protection Act for the period ended March 31, 2023\\*](#)
- 101.INS XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document\*
- 101.SCH Inline XBRL Taxonomy Extension Schema Document\*
- 101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document\*
- 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document\*
- 101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document\*
- 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document\*
- 104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in the Exhibit 101 attachments)

\*Submitted electronically herewith.

## SIGNATURES

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

MATERION CORPORATION

Dated: May 3, 2023

/s/ Shelly M. Chadwick

Shelly M. Chadwick

Vice President, Finance and Chief Financial Officer

(Principal Financial Officer)

**MATERION and SUBSIDIARIES**  
**MANAGEMENT INCENTIVE PLAN FOR THE 2023 PLAN YEAR**  
Summary Plan Document

**I. INTRODUCTION**

The Materion and Subsidiaries Management Incentive Plan for the 2023 Plan Year (the “Plan”), has been established by the Compensation Committee (the “Compensation Committee”), of the Company’s Board of Directors to provide incentive compensation to certain eligible employees based principally on annual financial performance. Plan awards have a significant portion based on Company performance and potentially Business Unit or Corporate Function Performance (“Financial Performance”), and a remaining component that recognizes individual and combined contributions toward personal/team objectives (“Personal/Team Performance”).

**II. DEFINITIONS****Base Salary:**

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

**Plan Year:**

Calendar year 2023, which is the fiscal year for which Financial Performance and Personal/Team Performance, and any Plan awards, will be calculated.

**Business Unit or Corporate Function Performance:**

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

**Company Performance:**

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

- **Earnings Before Interest and Taxes (“EBIT”):**  
Earnings Before Interest and Taxes is defined as earnings before interest and taxes, and for domestic and international operations, EBIT will include accrued performance or incentive compensation. Any adjustment to exclude the effect of any extraordinary, unusual or non-recurring items will be subject to review and approval by the Compensation Committee.
- **Growth in Value-added Sales (“VAS”):**  
Growth in Value-added Sales is defined as the percent increase in VAS for the Plan Year over the prior year. VAS is the amount equal to (1) the Company’s sales for the Plan Year minus (2) the aggregate cost to the Company for the Plan Year of gold, silver, platinum, palladium and copper.
- **Simplified Free Cash Flow (“SFCF”):**  
Simple Free Cash Flow is defined as the amount equal to (1) operating profit plus depreciation and amortization minus (2) the change in working capital (accounts receivable, accounts payable, and inventory) and capital investments.

**Other Metrics:**

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

**Personal/Team Performance:**

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

**Performance Objectives:**

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

**Target Annual Award Opportunity**

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

**III. PARTICIPATION**

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

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

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

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

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

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

With two exceptions, Participants must be employed on the day award payments are issued to be eligible for any plan award. For a Participant who becomes eligible for and who elects a severance option under the Chronic Beryllium Disease Policy as amended, any award under the Plan will be prorated to the beginning of the month after the employee exercises the severance option. The second exception pertains to either the death of the Participant or the retirement (at age 65 with 5 years of service, or at age 55 or older with 10 years of service) of the Participant, in which case, any Plan award will be prorated to the beginning of the month following the employee's death or the employee's retirement date, as applicable. In no event will a prorated Plan award be earned where the proration percent is less than one-third (1/3).

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

**IV. TARGET ANNUAL AWARD OPPORTUNITY**

The Compensation Committee (or executive staff), along with a Participant's assigned salary grade level will determine the Target Annual Award Opportunity, as a percent of Base Salary, for participants in the MIP. The Target Annual Award Opportunity for Materion's Executive Committee (MEC) will be individualized as

determined by the Compensation Committee or executive staff. The Target Annual Award Opportunity for all other participants will be determined by their salary grade level and executive staff.

Below is a summary of the Target Annual Award Opportunities at minimum, target, and maximum goal achievement, as a percent of Base Salary, for the 2023 Plan Year:

EE Category	Financial Performance			Personal /Team Performance <sup>2</sup>			Total Award Opportunity		
	Min.	Target	Max.	Min.	Target	Max.	Min.	Target	Max.
MEC		Individualized <sup>1</sup>					Individualized <sup>1</sup>		
All Other	25% of Target	25%	200% of Target	0%	10%	20%	8.50%	35.00%	70%
		20%					5.00%	30.00%	60%
		15%					3.75%	25.00%	50%
		10%					2.50%	20.00%	40%
		5%					1.25%	15.00%	30%
		5%					1.25%	10.00%	20%
		5%		0%	5%	10%	1.25%	10.00%	20%

<sup>1</sup> Determined by Compensation Committee or executive staff

<sup>2</sup> Excludes Named Executive Officers (NEOs)

#### **V. PLAN AWARD OPPORTUNITY FOR FINANCIAL PERFORMANCE COMPONENT**

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

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

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

Participants must receive a performance rating of a 3 or above to receive 100% of the Financial Performance component payout. If the performance rating is below a performance of 3, management reserves the right to adjust the final award to appropriately reflect the individual participants performance.

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

#### **VI. PLAN AWARD OPPORTUNITY FOR PERSONAL/TEAM PERFORMANCE COMPONENT**

The funding pool of the Personal/Team performance component will be determined by the financial results against the goals in the Financial Performance component of the Plan. For target levels of performance, the funding of a Business Unit's/Functions' Personal/Team award pool will be 100 percent of the participants' aggregate target opportunity. The Personal/Team funding pool will be adjusted up or down based on the actual business financial performance. Performance that reaches the minimum level of a financial goal will result in funding of 25 percent, and Performance that reaches the maximum level of a financial goal will result in funding of 140 percent. The funding between minimum and target and target and maximum will be prorated according to the level of achievement.

The business unit executive and the executive staff will decide allocation of the pool among eligible participants based on their performance throughout the Plan year relative to achieving established goals, objectives, and their contributions to work/project teams. Personal/Team incentive awards may range from 0% to 200% of a

participant's Personal/Team target incentive opportunity based on their individual performance. The aggregate total dollar amount of awards within each group may not exceed its total funded pool (i.e., 140%).

#### **VII. PAYMENT**

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

#### **VIII. GENERAL PROVISIONS**

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

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

This Plan is not a contract of employment.

## MATERION CORPORATION

Performance-Based Restricted Stock Units Agreement

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

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

NOW, THEREFORE, pursuant to the Materion Corporation 2006 Stock Incentive Plan (As Amended and Restated as of May 3, 2017) (the "Plan"), and subject to the terms and conditions thereof and the terms and conditions hereinafter set forth, the Corporation hereby confirms to the Grantee the grant of (1) a targeted number of \_\_\_\_\_ performance-based Restricted Stock Units to be earned, if at all, on the basis of the achievement of the portion of the Management Objectives measured by ROIC goals during the Performance Period (as defined below) (the "ROIC PRSUs"), and (2) a targeted number of \_\_\_\_\_ performance-based Restricted Stock Units to be earned, if at all, on the basis of the achievement of the portion of the Management Objectives measured by RTSR goals during the Performance Period (the "RTSR PRSUs" and, together with the ROIC PRSUs, the "PRSUs"), effective on \_\_\_\_\_, 20\_\_ (the "Date of Grant"). Subject to the attainment of the Management Objectives described in Section 3 of Article II of this Agreement and the Statement of Management Objectives as approved by the Compensation Committee with respect to the PRSUs on the Date of Grant (the "Statement of Management Objectives"), the Grantee may earn from 0% and 200% of the ROIC PRSUs and from 0% and 200% of the RTSR PRSUs. The award evidenced hereby is not a Qualified Performance-Based Award.

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ARTICLE I  
DEFINITIONS

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

1. "Committee Determination Date" means the date following the end of the Performance Period on which the Committee determines the level of attainment of the Management Objectives for the Performance Period.
2. "Management Objectives" means the threshold, target and maximum goals established by the Committee for the Performance Period with respect to both ROIC and RTSR as described in the Statement of Management Objectives.
3. "Performance Period" means the three-year period commencing January 1, 2023 and ending on December 31, 2025.
4. "Relative Total Shareholder Return" or "RTSR" has the meaning as set forth in the Statement of Management Objectives.
5. "Return on Invested Capital" or "ROIC" has the meaning as set forth in the Statement of Management Objectives.

ARTICLE II  
CERTAIN TERMS OF PRSUs

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

4. Effect of Termination due to Death or Disability. Notwithstanding the provisions of Section 3 of Article II, 100% of the PRSUs shall immediately become nonforfeitable and payable at the time described in Section 8 of Article II if the Grantee dies or becomes permanently disabled while in the employ of the Corporation or a Subsidiary before the Committee Determination Date. The Grantee shall be considered to have become permanently disabled if the Grantee has suffered a permanent disability within the meaning of the long-term disability plan of the Corporation in effect for, or applicable to, the Grantee and is "disabled" within the meaning of Section 409A(a)(2)(C) of the Code.

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

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accordance with Section 3 of this Article (and payable in accordance with Section 8 of Article II) as if the Grantee continued to be employed until the end of the Performance Period.

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

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

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

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conditions of this Section 6(b) of Article II are satisfied will be made by the Committee, as constituted immediately before the Change in Control, in its sole discretion.

(c) If, upon receiving a Replacement Award, the Grantee's employment with the Corporation or a Subsidiary (or any of their successors) (as applicable, the "Successor") is terminated by the Grantee as a Termination for Good Cause or by the Successor other than as a Termination for Cause, in each case within a period of two years after the Change in Control, 100% of the Replacement Award will become nonforfeitable and payable in accordance with Section 8 of Article II with respect to the performance-based restricted stock units covered thereby.

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

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

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

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

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

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

Notwithstanding the foregoing, the Grantee's termination of employment with the Successor as a result of the occurrence of any of the foregoing shall not constitute a "Termination for Good Cause" unless (A) the Grantee gives the Successor written notice of such occurrence within 90 days of such occurrence and such occurrence is not cured by the Successor within 30 days of the date on which such written notice is received by the Successor and (B) the Grantee actually terminates his or her employment with the Successor prior to the 365th day following such occurrence.

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

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

8. Form and Time of Payment of PRSUs.

(a) General. Except as otherwise provided for in Section 2 of Article III, and subject to Section 7 and Section 8(b) of Article II, payment for the PRSUs that have become nonforfeitable in accordance with Sections 3, 4, 5 or 6 of Article II shall be made in the form of Common Shares between January 1, 2026, and March 15, 2026.

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(b) Alternative Payment Events. Notwithstanding Section 8(a) of Article II, and except as otherwise provided for in Section 2 of Article III, to the extent that PRSUs have become nonforfeitable, then any issuance of the Common Shares underlying such PRSUs (or payment of any other form of consideration into which the Common Shares underlying such PRSUs may have been converted) will be made on an earlier date as follows:

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

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

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

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

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Section 409A(a)(2)(A) of the Code, and the regulations thereunder, and where Section 409A of the Code applies to such distribution, payment will be made on the date that would have otherwise applied pursuant to Section 8.

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

(a) Forfeit all PRSUs held by the Grantee.

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

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

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

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

(a) (i) Engaging in any activity in violation of the section entitled "Competitive Activity; Confidentiality; Non-solicitation" in the Severance Agreement between the Corporation and the Grantee, if any such agreement is in effect on the date of this Agreement, or in violation of any corresponding provision in any other agreement between the Corporation and the Grantee in effect on the date of this Agreement providing for the payment of severance compensation; or

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

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

- (1) entering into or engaging in any business which competes with the business of the Corporation;
  - (2) soliciting customers, business, patronage or orders for, or selling, any products or services in competition with, or for any business that competes with, the business of the Corporation;
  - (3) diverting, enticing or otherwise taking away any customers, business, patronage or orders of the Corporation or attempting to do so; or
  - (4) promoting or assisting, financially or otherwise, any person, firm, association, partnership, corporation or other entity engaged in any business which competes with the business of the Corporation.
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B. Following Termination. For a period of one year following the Grantee's termination date:

- (1) entering into or engaging in any business which competes with the Corporation's business within the Restricted Territory (as hereinafter defined);
- (2) soliciting customers, business, patronage or orders for, or selling, any products or services in competition with, or for any business, wherever located, that competes with, the Corporation's business within the Restricted Territory;
- (3) diverting, enticing or otherwise taking away any customers, business, patronage or orders of the Corporation within the Restricted Territory, or attempting to do so; or
- (4) promoting or assisting, financially or otherwise, any person, firm, association, partnership, corporation or other entity engaged in any business which competes with the Corporation's business within the Restricted Territory.

For the purposes of Sections 10(a)(ii)(A) and (B) above, inclusive, but without limitation thereof, the Grantee will be in violation thereof if the Grantee engages in any or all of the activities set forth therein directly as an individual on the Grantee's own account, or indirectly as a partner, joint venturer, employee, agent, salesperson, consultant, officer and/or director of any firm, association, partnership, corporation or other entity, or as a stockholder of any corporation in which the Grantee or the Grantee's spouse, child or parent owns, directly or indirectly, individually or in the aggregate, more than five percent (5%) of the outstanding stock.

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- C. The "Corporation." For the purposes of this Section 10(a)(ii) of Article II, the "Corporation" shall include all direct and indirect subsidiaries, parents, and affiliated, or related companies of the Corporation for which the Grantee worked or had responsibility at the time of termination of the Grantee's employment and at any time during the two-year period prior to such termination.
- D. The "Corporation's business." For the purposes of this Section 10 of Article II inclusive, the Corporation's business is defined to be the integrated production of high performance advanced engineered materials used in a variety of electrical, electronic, thermal and structural applications serving the consumer electronics, industrial components and commercial aerospace, defense and science, medical, energy, automotive electronics, telecommunications infrastructure and appliance markets, as further described in any and all manufacturing, marketing and sales manuals and materials of the Corporation as the same may be altered, amended, supplemented or otherwise changed from time to time, or of any other products or services substantially similar to or readily substitutable for any such described products and services.
- E. "Restricted Territory." For the purposes of Section 10(a)(ii)(B) of Article II, the "Restricted Territory" shall be defined as and limited to:
- (1) the geographic area(s) within a one hundred mile radius of any and all Corporation location(s) in, to, or for which the Grantee worked, to which the Grantee was assigned or had any responsibility (either direct or supervisory) at the time of termination of the Grantee's employment and at any time during the two-year period prior to such termination; and
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(2) all of the specific customer accounts, whether within or outside of the geographic area described in (1) above, with which the Grantee had any contact or for which the Grantee had any responsibility (either direct or supervisory) at the time of termination of the Grantee's employment and at any time during the two-year period prior to such termination.

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

(b) Non-Solicitation. Except as otherwise provided in Section 10(a)(i) of Article II, Detrimental Activity shall also include directly or indirectly at any time soliciting or inducing or attempting to solicit or induce any employee(s), sales representative(s), agent(s) or consultant(s) of the Corporation and/or of its parents, or its other subsidiaries or affiliated or related companies to terminate their employment, representation or other association with the Corporation and/or its parent or its other subsidiary or affiliated or related companies.

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

(i) directly or indirectly, at any time during or after the Grantee's employment with the Corporation, disclosing, furnishing, disseminating, making available or, except in the course of performing the Grantee's duties of employment, using any trade secrets or confidential business and technical information of the Corporation or its customers or vendors, including without limitation as to when or how the Grantee may have acquired such information.

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Such confidential information shall include, without limitation, the Corporation's unique selling, manufacturing and servicing methods and business techniques, training, service and business manuals, promotional materials, training courses and other training and instructional materials, vendor and product information, customer and prospective customer lists, other customer and prospective customer information and other business information. The Grantee specifically acknowledges that all such confidential information, whether reduced to writing, maintained on any form of electronic media, or maintained in the Grantee's mind or memory and whether compiled by the Corporation, and/or the Grantee, derives independent economic value from not being readily known to or ascertainable by proper means by others who can obtain economic value from its disclosure or use, that reasonable efforts have been made by the Corporation to maintain the secrecy of such information, that such information is the sole property of the Corporation and that any retention and use of such information by the Grantee during the Grantee's employment with the Corporation (except in the course of performing the Grantee's duties and obligations to the Corporation) or after the termination of the Grantee's employment shall constitute a misappropriation of the Corporation's trade secrets.

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

(d) Discoveries and Inventions. Except as otherwise provided in Section 10(a)(i) of Article II, Detrimental Activity shall also include the failure or refusal of the Grantee to

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assign to the Corporation, its successors, assigns or nominees, all of the Grantee's rights to any discoveries, inventions and improvements, whether patentable or not, made, conceived or suggested, either solely or jointly with others, by the Grantee while in the Corporation's employ, whether in the course of the Grantee's employment with the use of the Corporation's time, material or facilities or that is in any way within or related to the existing or contemplated scope of the Corporation's business. Any discovery, invention or improvement relating to any subject matter with which the Corporation was concerned during the Grantee's employment and made, conceived or suggested by the Grantee, either solely or jointly with others, within one year following termination of the Grantee's employment under this Agreement or any successor agreements shall be irrebuttably presumed to have been so made, conceived or suggested in the course of such employment with the use of the Corporation's time, materials or facilities. Upon request by the Corporation with respect to any such discoveries, inventions or improvements, the Grantee will execute and deliver to the Corporation, at any time during or after the Grantee's employment, all appropriate documents for use in applying for, obtaining and maintaining such domestic and foreign patents as the Corporation may desire, and all proper assignments therefor, when so requested, at the expense of the Corporation, but without further or additional consideration.

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

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proper copyright notices, e.g., “(creation date) [Corporation Name], All Rights Reserved,” and will be in condition to be registered or otherwise placed in compliance with registration or other statutory requirements throughout the world.

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

(i) been convicted of a criminal violation involving fraud, embezzlement, theft or violation of federal antitrust statutes or federal securities laws in connection with his duties or in the course of his employment with the Corporation or any affiliate of the Corporation;

(ii) committed intentional wrongful damage to property of the Corporation or any affiliate of the Corporation;  
or

(iii) committed intentional wrongful disclosure of secret processes or confidential information of the Corporation or any affiliate of the Corporation;

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

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

(h) Reasonableness. The Grantee acknowledges that the Grantee’s obligations under this Section 10 of Article II of this Agreement are reasonable in the context of the nature of the Corporation’s business and the competitive injuries likely to be sustained by the Corporation if the Grantee were to violate such obligations. The Grantee further acknowledges that this Agreement is made in consideration of, and is adequately supported by the agreement of the Corporation to perform its obligations under this Agreement and by other

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consideration, which the Grantee acknowledges constitutes good, valuable and sufficient consideration.

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

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

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

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ARTICLE III  
GENERAL PROVISIONS

1. Compliance with Law. The Corporation shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, notwithstanding any other provision of this Agreement, the Corporation shall not be obligated to issue any Common Shares pursuant to this Agreement if the issuance thereof would result in a violation of any such law.

2. Adjustments. The PRSUs and the number of Common Shares issuable for each PRSU and the other terms and conditions of the grant evidenced by this Agreement are subject to adjustment as provided in Section 11 of the Plan.

3. Withholding Taxes. If the Corporation or any Subsidiary shall be required to withhold any federal, state, local or foreign tax or other amounts in connection with any issuance, vesting or payment of Common Shares or other securities pursuant to this Agreement, the Grantee shall pay the tax or make arrangements that are satisfactory to the Corporation or such Subsidiary for the payment thereof. With respect to the PRSUs, the Grantee shall satisfy such withholding obligation by surrendering to the Corporation or such Subsidiary a portion of the Common Shares subject to the PRSUs that are covered by this Agreement and the Common Shares so surrendered by the Grantee shall be credited against any such withholding obligation at the fair market value per Common Share on the date of such surrender. In no event shall the fair market value of the Common Shares to be withheld and delivered pursuant to this Section 3 of Article III to satisfy applicable withholding taxes exceed the minimum amount required to be withheld, unless (a) an additional amount can be withheld or delivered, and not result in adverse accounting or other consequences as reasonably determined by the Committee (it being understood that the failure of such reasonable determination to be correct shall not constitute a violation of the terms of the Plan), and (b) it is permitted by the Committee.

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

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

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

7. Amendments. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that no amendment shall adversely affect the rights of the Grantee under this Agreement without the Grantee's consent (provided, however, that the Grantee's consent shall

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not be required to an amendment that is deemed necessary by the Corporation to comply with Section 409A of the Code or Section 10D of the Exchange Act).

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

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

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

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

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terms and conditions of the Compensation Recovery Policy from and after the effective date thereof.

12. Electronic Delivery. The Corporation may, in its sole discretion, deliver any documents related to the PRSUs and the Grantee's participation in the Plan, or future awards that may be granted under the Plan, by electronic means or request the Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Corporation or another third party designated by the Corporation.

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

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

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

**[SIGNATURES ON NEXT PAGE]**

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

Dated: \_\_ \_\_\_\_\_  
Grantee

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

**MATERION CORPORATION**

By \_\_\_\_

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## Statement of Management Objectives<sup>1</sup>

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

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

- (a) “**Peer Group**” means, of a benchmark group of \_\_\_\_ entities, the names of which are attached hereto as Annex A, those entities that remain in the Peer Group as of the end of the Performance Period after application of the Peer Group Adjustment Protocol.
- (b) “**Peer Group Adjustment Protocol**” means: (i) if an entity listed in Annex A files for bankruptcy and/or liquidation, is operating under bankruptcy protection, or is delisted from its primary stock exchange because it fails to meet the exchange listing requirement, then such entity will remain in the Peer Group, but RTSR for the Performance Period will be calculated as if such entity achieved Total Shareholder Return placing it at the bottom (chronologically, if more than one such entity) of the Peer Group; (ii) if, by the last day of the Performance Period, an entity listed in Annex A has been acquired and/or is no longer existing as a public company that is traded on its primary stock exchange (other than for the reasons as described in subsection (i) above), then such entity will not remain in the Peer Group and RTSR for the Performance Period will be calculated as if such entity had never been a member of the Peer Group; and (iii) except as otherwise described in subsection (i) and (ii) above, for purposes of this Statement of Management Objectives, for each of the entities listed in Annex A, such entity shall be deemed to include any successor to all or substantially all of the primary business of such entity at end of the Performance Period.
- (c) “**Relative Total Shareholder Return**” or “**RTSR**” means the percentile rank of the Corporation’s Total Shareholder Return among the Total Shareholder Returns of all members of the Peer Group, ranked in descending order, at the end of the Performance Period. Percentile will be calculated using the Microsoft Excel Percentile Function method.
- (d) “**Return on Invested Capital**” or “**ROIC**” means the Corporation’s annual earnings before interest and income taxes divided by the sum of short- and long-term net debt (minus cash) plus equity. “Equity” excludes the items within other comprehensive income (namely, pension valuation adjustment, derivative valuation adjustment and the cumulative translation adjustment). The measurement of the 2025 ROIC will be the average ROIC for 2023, 2024, and 2025 using the beginning (December 31 of the previous year) and ending (December 31 of the current year) invested capital.
- (e) “**Total Shareholder Return**” means, with respect to each of the Common Shares and the common stock of each of the members of the Peer Group, a rate of return reflecting stock price appreciation, plus the reinvestment of dividends in additional shares of stock, from the beginning of the Performance Period through the end of the Performance Period. For purposes of calculating Total Shareholder Return for each of the Company and the members of the Peer Group, the beginning stock price will be based on the average closing stock price for the 30 calendar days immediately preceding January 1, 2023 on the principal stock exchange on which the stock then traded and the ending stock price will be based on the average closing stock price for the 30 calendar days immediately

preceding January 1, 2026 on the principal stock exchange on which the stock then trades.

## Section 2. Performance Matrices.

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

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

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

Section 3. Number of PRSUs Earned. Following the Performance Period, on the Committee Determination Date, the Committee shall determine whether and to what extent the goals relating to the Management Objectives have been satisfied for the Performance Period and shall determine the number of PRSUs that shall become nonforfeitable hereunder and under the Agreement on the basis of the following:

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

- (d) Target. If, upon the conclusion of the Performance Period, (i) ROIC for the Performance Period equals the target level, as set forth in the Performance Matrices, 100% of the ROIC PRSUs shall become nonforfeitable, and (ii) RTSR for the Performance Period equals the target level, as set forth in the Performance Matrices, 100% of the RTSR PRSUs shall become nonforfeitable.
  - (e) Between Target and Maximum. If, upon the conclusion of the Performance Period, (i) ROIC for the Performance Period exceeds the target level, but is less than the maximum level, as set forth in the Performance Matrices, a percentage between 100% and 200% (determined on the basis of straight-line mathematical interpolation) of the ROIC PRSUs (rounded down to the nearest whole number of ROIC PRSUs) shall become nonforfeitable, and (ii) RTSR for the Performance Period exceeds the target level, but is less than the maximum level, as set forth in the Performance Matrices, a percentage between 100% and 200% (determined on the basis of straight-line mathematical interpolation) of the RTSR PRSUs (rounded down to the nearest whole number of RTSR PRSUs) shall become nonforfeitable.
  - (f) Equals or Exceeds Maximum. If, upon the conclusion of the Performance Period, (i) ROIC for the Performance Period equals or exceeds the maximum level, as set forth in the Performance Matrices, 200% of the ROIC PRSUs shall become nonforfeitable, and (ii) RTSR for the Performance Period equals or exceeds the maximum level, as set forth in the Performance Matrices, 200% of the RTSR PRSUs shall become nonforfeitable.
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## 2023 Peer Group

## Annex A

[illegible]

**MATERION CORPORATION**  
**Restricted Stock Units Agreement (Stock-Settled)**

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

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

NOW, THEREFORE, pursuant to the Materion Corporation 2006 Stock Incentive Plan (As Amended and Restated as of May 3, 2017) (the "Plan"), the Corporation hereby confirms to the Grantee the grant, effective on \_\_\_\_\_, 20\_\_ (the "Date of Grant"), of \_\_\_\_ Restricted Stock Units (as defined in the Plan) ("RSUs"), subject to the terms and conditions of the Plan and the following additional terms, conditions, limitations and restrictions:

Article I

DEFINITIONS

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

Article II

CERTAIN TERMS OF RESTRICTED STOCK UNITS

1. RSUs Not Transferable. The RSUs covered by the Agreement shall not be transferable other than by will or pursuant to the laws of descent and distribution prior to payment.
2. Vesting and Payment of RSUs.
  - (a) General. Subject to the provisions of Sections 2(b), 2(c) and 2(d) of this Article II, the RSUs covered by this Agreement shall become nonforfeitable as to one-



third of the number of RSUs on each of the first three anniversaries of the Date of Grant (each, a "Vesting Date"), subject to the Grantee having remained in the continuous employ of the Corporation or a Subsidiary on each such Vesting Date and shall be payable by the issuance of Common Shares to the Grantee on each such Vesting Date.

(b) Death or Disability. Notwithstanding the provisions of Section 2(a) of this Article II, all of the RSUs covered by this Agreement (to the extent they remain unvested) shall immediately become nonforfeitable and payable if the Grantee dies or becomes permanently disabled (as hereinafter defined) while in the employ of the Corporation or a Subsidiary prior to a Vesting Date. The Grantee shall be considered to have become permanently disabled if the Grantee has suffered a permanent disability within the meaning of the long-term disability plan of the Corporation in effect for, or applicable to, the Grantee and is "disabled" within the meaning of Section 409A(a)(2)(C) of the Code.

(c) Retirement.

(i) If the Grantee should Retire (as hereinafter defined) after the Date of Grant, the RSUs covered by this Agreement shall be forfeited, unless the Committee determines that, notwithstanding the requirement of continuous employment contained in Section 2(a) of this Article II, such RSUs, to the extent they remain unvested, will continue to vest and become payable on the Vesting Date(s) when payment would otherwise have been made under Section 2 of this Article II if the Grantee had continued employment through such date(s).

(ii) "Retire" shall mean the Grantee's retirement from the Corporation or a Subsidiary at (A) age 65 or older or (B) at age 55 or older with 10 or more years of continuous employment with the Corporation or a Subsidiary.

(d) Change in Control.

(i) Notwithstanding Section 2(a) of this Article II above, the RSUs granted hereby (to the extent they remain unvested) shall immediately become

nonforfeitable if at any time during the employment of the Grantee and prior to a Vesting Date:

- (A) a Change in Control shall occur after the Date of Grant; and
- (B) within two years following the Change in Control the Grantee's employment with the Corporation or a Subsidiary is terminated by the Grantee as a Termination for Good Cause (as defined in Section 2(f) of this Article II) or the Grantee is terminated by the Corporation other than as a Termination for Cause (as defined in Section 2(e) of this Article II). If the Change in Control constitutes a "change in control" for purposes of Section 409A of the Code and if the Grantee incurs a "separation from service" for purposes of Section 409A of the Code within two years following such Change in Control, payment for any RSUs which are no longer subject to a substantial risk of forfeiture will be made upon the Grantee's separation from service, provided however, that if at such time the Grantee is a "specified employee" as determined pursuant to the identification methodology adopted by the Corporation in compliance with Section 409A of the Code, the date of payment for the RSUs shall be the tenth business day of the seventh month after the date of the Grantee's separation from service (or if earlier the Grantee's death). If payment is not made pursuant to the preceding sentence because the Change in Control does not constitute a "change in control" for purposes of Section 409A of the Code, then payment shall be made at the earliest date that payment otherwise would have been made

under Section 2 of this Article II if no Change in Control had occurred, assuming continued employment through such date.

(ii) Notwithstanding anything in this Section 2(d) to the contrary, in connection with a Business Combination, the result of which is that the Outstanding Company Voting Securities are exchanged for or become exchangeable for securities of another entity, cash or a combination thereof, if the entity resulting from such Business Combination does not assume the RSUs evidenced hereby and the Corporation's obligations hereunder, or replace the RSUs evidenced hereby with a substantially equivalent security of the entity resulting from such Business Combination, then the RSUs evidenced hereby (to the extent they remain unvested) shall become nonforfeitable as of immediately prior to such Business Combination. Payment for any RSUs which are no longer subject to a substantial risk of forfeiture as determined under the original terms of this award will be upon the Change in Control; provided, however, if the Change in Control does not constitute a "change in control" for purposes of Section 409A(a)(2)(A)(v) of the Code, then payment for the RSUs will be made upon the Vesting Date(s) that payment otherwise would have been made under Section 2 of this Article II if no Change in Control had occurred, assuming continued employment through such date(s).

(e) "Termination for Cause" means a termination of Grantee's employment by the Corporation for "Cause" (as defined in Section 7(f) of this Article II).

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

(i) a change in the Grantee's principal location of employment that is greater than 50 miles from its location as of the date hereof without the Grantee's

consent; provided, however, that the Grantee hereby acknowledges that the Grantee may be required to engage in travel in connection with the performance of the Grantee's duties hereunder and that such travel shall not constitute a change in the Grantee's principal location of employment for purposes hereof;

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

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

(iv) any other action or inaction that constitutes a material breach by the Corporation of the agreement under which the Grantee provides services.

Notwithstanding the foregoing, the Grantee's termination of the Grantee's employment with the Corporation as a result of the occurrence of any of the foregoing shall not constitute a "Termination for Good Cause" unless (A) the Grantee gives the Corporation written notice of such occurrence within 90 days of such occurrence and such occurrence is not cured by the Corporation within 30 days of the date on which such written notice is received by the Corporation and (B) the Grantee actually terminates his or her employment with the Corporation prior to the 365th day following such occurrence.

3. Form and Time of Payment of RSUs/Withholding Taxes. Except as otherwise provided for in Section 2 of Article III, payment for the RSUs that become nonforfeitable as provided herein shall be made in form of Common Shares at the time the RSUs are payable in accordance with Section 2 of this Article II. To the extent that the Corporation is required to withhold federal, state, local or foreign taxes or other amounts in connection with the delivery of Common Shares to the Grantee or any other person under this Agreement, the number of Common Shares to be delivered to the Grantee or such other person shall be reduced (based on the fair market value per Common Share as of the date the RSUs are reduced) to provide for the taxes required to be withheld with any fractional shares that

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would otherwise be delivered being rounded up to the next nearest whole share. In no event will the fair market value of the Common Shares to be withheld and delivered pursuant to this Section to satisfy applicable withholding taxes exceed the minimum amount required to be withheld, unless (a) an additional amount can be withheld or delivered, and not result in adverse accounting or other consequences as reasonably determined by the Committee (it being understood that the failure of such reasonable determination to be correct shall not constitute a violation of the terms of the Plan), and (b) it is permitted by the Committee.

4. Forfeiture of RSUs. To the extent they remain unvested, the RSUs shall be forfeited, except as otherwise provided in Section 2(b), 2(c) or 2(d) of this Article II above, if the Grantee ceases to be employed by the Corporation or a Subsidiary prior to a Vesting Date.

5. Dividend Equivalents. From and after the Date of Grant and until the earlier of (a) the time when the RSUs vest and become nonforfeitable and payable in accordance with Section 2 of this Article II or (b) the time when the Grantee's right to receive Common Shares in payment of the RSUs is forfeited in accordance with Section 4 of this Article II, on the date that the Corporation pays a cash dividend (if any) to holders of Common Shares generally, the Grantee shall be entitled to a number of additional whole RSUs (rounded up or down to the nearest whole RSU) determined by dividing (i) the product of (A) the dollar amount of the cash dividend paid per Common Share on such date and (B) the total number of RSUs covered by this Agreement (including dividend equivalents credited with respect thereto) previously credited to the Grantee as of such date, by (ii) the Market Value per Share on such date. Such dividend equivalents (if any) shall be subject to the same terms and conditions and shall be paid or forfeited in the same manner and at the same time as the RSUs to which the dividend equivalents were credited.

6. Effect of Detrimental Activity. Notwithstanding anything herein to the contrary, if the Grantee, either during employment by the Corporation or a Subsidiary or within

one year after termination of such employment, shall engage in any Detrimental Activity (as hereinafter defined), and the Board shall so find, the Grantee shall:

(a) Forfeit all RSUs held by the Grantee.

(b) Return to the Corporation all Common Shares that the Grantee has not disposed of that were paid out pursuant to this Agreement within a period of one year prior to the date of the commencement of such Detrimental Activity.

(c) With respect to any Common Shares that the Grantee has disposed of that were paid out pursuant to this Agreement within a period of one year prior to the date of the commencement of such Detrimental Activity, pay to the Corporation in cash the value of such Common Shares on the date such Common Shares were paid out.

(d) To the extent that the amounts referred to above in Section 6(b) and 6(c) of this Article II are not paid to the Corporation, the Corporation may set off the amounts so payable to it against any amounts that may be owing from time to time by the Corporation or a Subsidiary to the Grantee, whether as wages, deferred compensation or vacation pay or in the form of any other benefit or for any other reason, except that no setoff shall be permitted against any amount that constitutes "deferred compensation" within the meaning of Section 409A of the Code.

7. For purposes of this Agreement, the term "Detrimental Activity" shall include:

(a) (i) Engaging in any activity in violation of the Section entitled "Competitive Activity; Confidentiality; Nonsolicitation" in the Severance Agreement between the Corporation and the Grantee, if such agreement is in effect at the date hereof, or in violation of any corresponding provision in any other agreement between the Corporation and the Grantee in effect on the date hereof providing for the payment of severance compensation; or

(i) If no such severance agreement is in effect as of the date hereof or if a severance agreement does not contain a Section corresponding to "Competitive Activity; Confidentiality; Nonsolicitation":

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

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

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

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

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

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

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

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

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

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

For the purposes of Sections 7(a)(ii)(A) and (B) above, inclusive, but without limitation thereof, the Grantee will be in violation thereof if the Grantee engages in any or all of the activities set forth therein directly as an individual on the Grantee's own account, or indirectly as a partner, joint venturer, employee, agent, salesperson, consultant, officer and/or director of any firm, association, partnership, corporation or other entity, or as a stockholder of any corporation in which the Grantee or the Grantee's spouse, child or parent owns, directly or indirectly, individually or in the aggregate, more than five percent (5%) of the outstanding stock.

(C) "The Corporation." For the purposes of this Section 7(a)(ii) of Article II, the "Corporation" shall include any and all direct and indirect subsidiaries, parents, and affiliated, or related companies of the Corporation for which the Grantee worked or had responsibility at the time of termination of the Grantee's employment and at any time during the two year period prior to such termination.

(D) "The Corporation's business." For the purposes of this Section 7 of Article II inclusive, the Corporation's business is defined to be the integrated production of high performance advanced engineered materials used in a variety of electrical, electronic, thermal and structural applications serving the consumer



electronics, industrial components and commercial aerospace, defense and science, medical, energy, automotive electronics, telecommunications infrastructure and appliance markets, as further described in any and all manufacturing, marketing and sales manuals and materials of the Corporation as the same may be altered, amended, supplemented or otherwise changed from time to time, or of any other products or services substantially similar to or readily substitutable for any such described products and services.

(E) "Restricted Territory." For the purposes of Section 7(a)(ii)(B) of Article II, the Restricted Territory shall be defined as and limited to:

(I) the geographic area(s) within a one hundred mile radius of any and all of the Corporation's location(s) in, to, or for which the Grantee worked, to which the Grantee was assigned or had any responsibility (either direct or supervisory) at the time of termination of the Grantee's employment and at any time during the two-year period prior to such termination; and

(II) all of the specific customer accounts, whether within or outside of the geographic area described in (I) above, with which the Grantee had any contact or for which the Grantee had any responsibility (either direct or supervisory) at the time of termination of the Grantee's employment and at any time during the two-year period prior to such termination.

(F) Extension. If it shall be judicially determined that the Grantee has violated any of the Grantee's obligations under Section 7(a)(ii)(B) of Article II, then the period applicable to each obligation that the Grantee shall have been determined to have violated shall automatically be extended by a period of time equal in length to the period during which such violation(s) occurred.

(b) Non-Solicitation. Except as otherwise provided in Section 7(a)(i) of Article II, Detrimental Activity shall also include directly or indirectly at any time soliciting or inducing or attempting to solicit or induce any employee(s), sales representative(s), agent(s) or consultant(s) of the Corporation and/or of its parents, or its other subsidiaries or affiliated or related companies to terminate their employment, representation or other association with the Corporation and/or its parent or its other subsidiary or affiliated or related companies.

(c) Further Covenants. Except as otherwise provided in Section 7(a)(i) of Article II, Detrimental Activity shall also include:

(i) directly or indirectly, at any time during or after the Grantee's employment with the Corporation, disclosing, furnishing, disseminating, making available or, except in the course of performing the Grantee's duties of employment, using any trade secrets or confidential business and technical information of the Corporation or its customers or vendors, including without limitation as to when or how the Grantee may have acquired such information. Such confidential information shall include, without limitation, the Corporation's unique selling, manufacturing and servicing methods and business techniques, training, service and business manuals, promotional materials, training courses and other training and instructional materials, vendor and product information, customer and prospective customer lists, other customer and prospective customer information and other business information. The Grantee specifically acknowledges that all such confidential information, whether reduced to writing, maintained on any form of electronic media, or maintained in the Grantee's mind or memory and whether compiled by the Corporation, and/or the Grantee, derives independent economic value from not being readily known to or ascertainable by proper means by others who can obtain economic value from its

disclosure or use, that reasonable efforts have been made by the Corporation to maintain the secrecy of such information, that such information is the sole property of the Corporation and that any retention and use of such information by the Grantee during the Grantee's employment with the Corporation (except in the course of performing the Grantee's duties and obligations to the Corporation) or after the termination of the Grantee's employment shall constitute a misappropriation of the Corporation's trade secrets.

(ii) Upon termination of the Grantee's employment with the Corporation, for any reason, the Grantee's failure to return to the Corporation, in good condition, all property of the Corporation, including without limitation, the originals and all copies of any materials which contain, reflect, summarize, describe, analyze or refer or relate to any items of information listed in Section 7(c)(i) of Article II of this Agreement.

(d) Discoveries and Inventions. Except as otherwise provided in Section 7(a)(i) of Article II, Detrimental Activity shall also include the failure or refusal of the Grantee to assign to the Corporation, its successors, assigns or nominees, all of the Grantee's rights to any discoveries, inventions and improvements, whether patentable or not, made, conceived or suggested, either solely or jointly with others, by the Grantee while in the Corporation's employ, whether in the course of the Grantee's employment with the use of the Corporation's time, material or facilities or that is in any way within or related to the existing or contemplated scope of the Corporation's business. Any discovery, invention or improvement relating to any subject matter with which the Corporation was concerned during the Grantee's employment and made, conceived or suggested by the Grantee, either solely or jointly with others, within one year following termination of the Grantee's employment under this Agreement or any successor agreements shall be irrebuttably presumed to have been so made, conceived or

suggested in the course of such employment with the use of the Corporation's time, materials or facilities. Upon request by the Corporation with respect to any such discoveries, inventions or improvements, the Grantee will execute and deliver to the Corporation, at any time during or after the Grantee's employment, all appropriate documents for use in applying for, obtaining and maintaining such domestic and foreign patents as the Corporation may desire, and all proper assignments therefor, when so requested, at the expense of the Corporation, but without further or additional consideration.

(e) Work Made For Hire. Except as otherwise provided in Section 7(a)(i) of Article II, Detrimental Activity shall also include violation of the Corporation's rights in any or all work papers, reports, documentation, drawings, photographs, negatives, tapes and masters therefor, prototypes and other materials (hereinafter, "items"), including without limitation, any and all such items generated and maintained on any form of electronic media, generated by Grantee during the Grantee's employment with the Corporation. The Grantee acknowledges that, to the extent permitted by law, all such items shall be considered a "work made for hire" and that ownership of any and all copyrights in any and all such items shall belong to the Corporation. The item will recognize the Corporation as the copyright owner, will contain all proper copyright notices, e.g., "(creation date) [Corporation's Name], All Rights Reserved," and will be in condition to be registered or otherwise placed in compliance with registration or other statutory requirements throughout the world.

(f) Termination for Cause. Except as otherwise provided in Section 8(a)(i) of Article II, Detrimental Activity shall also include activity that results in termination for Cause. For the purposes of this Section, "Cause" shall mean that, the Grantee shall have:

(i) been convicted of a criminal violation involving fraud, embezzlement, theft or violation of federal antitrust statutes or federal securities laws in connection with his duties or in the course of his employment with the Corporation or any affiliate of the Corporation;

(ii) committed intentional wrongful damage to property of the Corporation or any affiliate of the Corporation; or

(iii) committed intentional wrongful disclosure of secret processes or confidential information of the Corporation or any affiliate of the Corporation;

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

(g) Other Injurious Conduct. Detrimental Activity shall also include any action contributing to a restatement of the Corporation's financials if this award of RSUs to the Grantee is favorably affected by such restatement as provided under Section 10D of the Exchange Act and any applicable rules or regulations that may be promulgated from time to time by the Securities and Exchange Commission or any national securities exchange or national securities association on which the Common Shares may be traded, and any other conduct or act determined to be injurious, detrimental or prejudicial to any significant interest of the Corporation or any subsidiary unless the Grantee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation.

(h) Reasonableness. The Grantee acknowledges that the Grantee's obligations under this Section 7 of Article II are reasonable in the context of the nature of the Corporation's business and the competitive injuries likely to be sustained by the Corporation if the Grantee were to violate such obligations. The Grantee further acknowledges that this Agreement is made in consideration of, and is adequately supported by the agreement of the Corporation to perform its obligations under this

Agreement and by other consideration, which the Grantee acknowledges constitutes good, valuable and sufficient consideration.

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

### Article III

#### GENERAL PROVISIONS

1. Compliance with Law. The Corporation shall make reasonable efforts to comply with all applicable federal and state securities laws.
2. Adjustments. The RSUs and the number of Common Shares issuable for each RSU and the other terms and conditions of the grant evidenced by this Agreement are subject to adjustment as provided in Section 11 of the Plan.
3. Continuous Employment. For purposes of this Agreement, the continuous employment of the Grantee with the Corporation or a Subsidiary shall not be deemed to have been interrupted, and the Grantee shall not be deemed to have ceased to be an employee of the Corporation or a Subsidiary, by reason of the transfer of his employment among the Corporation and its Subsidiaries or a leave of absence approved by the Board.
4. No Employment Contract; Right to Terminate Employment; Clawback Policy. The grant of the RSUs to the Grantee is a voluntary, discretionary award being made on a one-time basis and it does not constitute a commitment to make any future awards. The grant of the RSUs and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise

required by law. Nothing in this Agreement will give the Grantee any right to continue employment with the Corporation or any Subsidiary, as the case may be, or interfere in any way with the right of the Corporation or a Subsidiary to terminate the employment of the Grantee at any time. Notwithstanding anything in this Agreement to the contrary, the Grantee acknowledges and agrees that this Agreement and the award described herein (and any settlement thereof) are subject to the terms and conditions of the Corporation's clawback policy (if any) as may be in effect from time to time including specifically to implement Section 10D of the Exchange Act and any applicable rules or regulations promulgated thereunder (including applicable rules and regulations of any national securities exchange on which the Common Shares may be traded) (the "Compensation Recovery Policy"), and that relevant sections of this Agreement shall be deemed superseded by and subject to the terms and conditions of the Compensation Recovery Policy from and after the effective date thereof.

5. Relation to Other Benefits. Any economic or other benefit to the Grantee under this Agreement or the Plan shall not be taken into account in determining any benefits to which the Grantee may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Corporation or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Corporation or a Subsidiary.

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

7. Amendments. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that no amendment shall adversely affect the rights of the Grantee under this Agreement without the Grantee's consent. Notwithstanding the foregoing, the limitation requiring the consent of a Grantee to certain amendments shall not apply to any amendment that is deemed necessary by the Corporation to ensure compliance with Section 409A of the Code or Section 10D of the Exchange Act.

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

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

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

11. Relation to Severance Agreement. Section 2(d) of Article II hereof shall supersede the provisions of any Severance Agreement between the Grantee and the Corporation, in effect at the Date of Grant, providing for earlier vesting of the RSUs granted hereby in the event of a Change in Control.



12. Electronic Delivery. The Corporation may, in its sole discretion, deliver any documents related to the RSUs and the Grantee's participation in the Plan, or future awards that may be granted under the Plan, by electronic means or request the Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Corporation or another third party designated by the Corporation.

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

14. Successors and Assigns. Without limiting Section 1 of Article II hereof, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Grantee, and the successors and assigns of the Corporation.

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

***[signature page follows]***

The undersigned Grantee hereby accepts the award granted pursuant to this Agreement on the terms and conditions set forth herein.

Dated: \_\_ \_\_\_\_\_

**[NAME]**

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

MATERION CORPORATION

By \_\_\_\_

MATERION CORPORATION

Appreciation Rights Agreement

WHEREAS, \_\_\_\_\_ (the "Grantee") is an employee of Materion Corporation (the "Corporation") or a Subsidiary.

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

NOW, THEREFORE, the Corporation hereby confirms to the Grantee the grant, effective \_\_\_\_\_, 2023 (the "Date of Grant"), pursuant to the Materion Corporation 2006 Stock Incentive Plan (As Amended and Restated as of May 3, 2017) (the "Plan"), of \_\_\_\_\_ Free-standing Appreciation Rights ("SARs"), subject to the terms and conditions of the Plan and the terms and conditions described below.

1. Definitions

As used in this Agreement:

- (A) "Base Price" means \$ \_\_\_\_\_ which was the Market Value per Share on the Date of Grant.
- (B) "Detrimental Activity" shall have the meaning set forth in Section 7 of this Agreement.
- (C) "Spread" means the excess of the Market Value per Share on the date when a SAR is exercised over the Base Price.
- (D) Capitalized terms without definition shall have the meanings assigned to them in the Plan.

2. Grant of SARs.

The Corporation hereby grants to the Grantee the number of SARs set forth above. The SARs are a right to receive Common Shares in an amount equal in value (as described herein) to 100% of the Spread at the time of exercise.

3. Vesting of SARs.

(A) The SARs granted hereby shall become exercisable in three substantially equal installments on each of the first three anniversaries of the Date of Grant, provided, except as otherwise provided in this Section 3, that the Grantee shall have remained in the continuous employ of the Corporation or any Subsidiary through each such date.

(B) Notwithstanding Section 3(A) above, the SARs granted hereby shall (to the extent not already forfeited or exercisable) become immediately exercisable in full if (i) the Grantee should die while in the employ of the Corporation or any Subsidiary, or (ii) the Grantee should become permanently disabled (as hereinafter defined) while in the employ of the Corporation or any Subsidiary. The Grantee shall be considered to have become

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permanently disabled if the Grantee has suffered a permanent disability within the meaning of the long-term disability plan of the Corporation in effect for, or applicable to, the Grantee and is “disabled” within the meaning of Section 409A(a)(2)(C) of the Code.

(C) (i) Notwithstanding Section 3(A) above, the SARs granted hereby shall (to the extent not already forfeited or exercisable) become immediately exercisable in full if at any time during the employment of the Grantee and prior to the termination of the SARs:

(a) a Change in Control shall occur after the Date of Grant; and

(b) within two years following the Change in Control, the Grantee’s employment with the Corporation or a Subsidiary is terminated by the Grantee as a Termination for Good Cause (as defined in Section 3(E) below) or the Grantee is terminated by the Corporation other than as a Termination for Cause (as defined in Section 3(D) below).

(i) Notwithstanding anything in this Section 3(C) to the contrary, in connection with a Business Combination, the result of which is that the Outstanding Company Voting Securities are exchanged for or become exchangeable for securities of another entity, cash or a combination thereof, if the entity resulting from such Business Combination does not assume the SARs evidenced hereby and the Corporation’s obligations hereunder, or replace the SARs evidenced hereby with a substantially equivalent security of the entity resulting from such Business Combination, then the SARs evidenced hereby shall (to the extent not already forfeited or exercisable) become immediately exercisable in full as of immediately prior to such Business Combination.

(D) “Termination for Cause” means a termination of Grantee’s employment by the Corporation for “Cause” (as defined in Section 7(F) of this Agreement).

(E) “Termination for Good Cause” shall mean the Grantee’s termination of the Grantee’s employment with the Corporation or a Subsidiary as a result of the occurrence of any of the following:

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

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

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

(iv) any other action or inaction that constitutes a material breach by the Corporation of the agreement under which the Grantee provides services.

Notwithstanding the foregoing, the Grantee’s termination of the Grantee’s employment with the Corporation as a result of the occurrence of any of the foregoing shall not constitute a “Termination for Good Cause” unless (a) the Grantee gives the Corporation written notice of such occurrence within 90 days of such occurrence and such occurrence is not cured by the Corporation within 30 days of the date on which such written notice is received by the

Corporation and (b) the Grantee actually terminates his or her employment with the Corporation prior to the 365th day following such occurrence.

4. Exercise of SARs.

(A) To the extent exercisable as provided in Section 3 of this Agreement, SARs may be exercised in whole or in part by giving notice to the Corporation specifying the number of SARs to be exercised.

(B) The Corporation will issue to the Grantee the number of Common Shares that equals the Market Value per Share divided into the aggregate Spread of the SARs exercised on the date of exercise rounded down to the nearest whole Common Share.

5. Termination of SARs.

The SARs granted hereby shall terminate upon the earliest to occur of the following:

(A) 190 days after the Grantee ceases to be an employee of the Corporation or a Subsidiary, unless he ceases to be such employee by reason of death or in a manner described in clause (B), (C) or (F) below;

(B) One year after the Grantee ceases to be an employee of the Corporation or a Subsidiary if at the time of termination of employment the Grantee is disabled (as defined above);

(C) Seven years from the Date of Grant if the Committee, at its discretion, allows continued vesting of unvested SARs following termination of employment due to retirement when the Grantee is (i) at least age 65 or (ii) at least age 55 and has completed at least 10 years of continuous employment with the Corporation or a Subsidiary;

(D) One year after the death of the Grantee, if the Grantee dies while an employee of the Corporation or a subsidiary or within the period specified in (A) or (B) above which is applicable to the Grantee;

(E) Seven years from the Date of Grant; and

(F) Immediately if the Grantee engages in any Detrimental Activity (as hereinafter defined).

6. Effect of Detrimental Activity.

If the Grantee, either during employment by the Corporation or a Subsidiary or within one year after termination of such employment, shall engage in any Detrimental Activity, and the Board shall so find:

(A) All SARs held by the Grantee, whether or not exercisable, shall be forfeited to the Corporation;

(B) The Grantee shall return to the Corporation all Common Shares that the Grantee has not disposed of that were acquired pursuant to this Agreement; and

(C) With respect to any Common Shares that the Grantee received upon exercise of the SARs that have been disposed of, pay to the Corporation in cash the amount equal to the Spread applicable to such Common Shares on the date of exercise of such SARs.

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

7. Definition of Detrimental Activity.

For purposes of this Agreement, the term “Detrimental Activity” shall include:

(A) (i) Engaging in any activity in violation of the Section entitled “Competitive Activity; Confidentiality; Nonsolicitation” in the Severance Agreement between the Corporation and the Grantee, if such agreement is in effect on the date hereof, or in violation of any corresponding provision in any other agreement between the Corporation and the Grantee in effect on the date hereof providing for the payment of severance compensation; or

(ii) If no such severance agreement is in effect or if a severance agreement does not contain a section corresponding to “Competitive Activity; Confidentiality; Nonsolicitation” as of the date hereof:

(a) Competitive Activity During Employment. Competing with the Corporation anywhere within the United States during the term of the Grantee’s employment, including, without limitation:

- (1) entering into or engaging in any business which competes with the business of the Corporation;
- (2) soliciting customers, business, patronage or orders for, or selling, any products or services in competition with, or for any business that competes with, the business of the Corporation;
- (3) diverting, enticing or otherwise taking away any customers, business, patronage or orders of the Corporation or attempting to do so; or
- (4) promoting or assisting, financially or otherwise, any person, firm, association, partnership, corporation or other entity engaged in any business which competes with the business of the Corporation.

(b) Following Termination. For a period of one year following the Grantee’s termination date:

- (1) entering into or engaging in any business which competes with the Corporation’s business within the Restricted Territory (as hereinafter defined);
- (2) soliciting customers, business, patronage or orders for, or selling, any products or services in competition with, or for any business, wherever located, that competes with, the Corporation’s business within the Restricted Territory;

- (3) diverting, enticing or otherwise taking away any customers, business, patronage or orders of the Corporation within the Restricted Territory, or attempting to do so; or
- (4) promoting or assisting, financially or otherwise, any person, firm, association, partnership, corporation or other entity engaged in any business which competes with the Corporation's business within the Restricted Territory.

For the purposes of Sections 7(A)(ii)(a) and (b) above, inclusive, but without limitation thereof, the Grantee will be in violation thereof if the Grantee engages in any or all of the activities set forth therein directly as an individual on the Grantee's own account, or indirectly as a partner, joint venturer, employee, agent, salesperson, consultant, officer and/or director of any firm, association, partnership, corporation or other entity, or as a stockholder of any corporation in which the Grantee or the Grantee's spouse, child or parent owns, directly or indirectly, individually or in the aggregate, more than five percent (5%) of the outstanding stock.

(c) "The Corporation." For the purposes of this Section 7(A)(ii), the "Corporation" shall include any and all direct and indirect subsidiaries, parents, and affiliated, or related companies of the Corporation for which the Grantee worked or had responsibility at the time of termination of the Grantee's employment and at any time during the two-year period prior to such termination.

(d) "The Corporation's business." For the purposes of this Section 7 inclusive, the Corporation's business is defined to be the integrated production of high performance advanced engineered materials used in a variety of electrical, electronic, thermal and structural applications serving the consumer electronics, industrial components and commercial aerospace, defense and science, medical, energy, automotive electronics, telecommunications infrastructure and appliance markets, as further described in any and all manufacturing, marketing and sales manuals and materials of the Corporation as the same may be altered, amended, supplemented or otherwise changed from time to time, or of any other products or services substantially similar to or readily substitutable for any such described products and services.

(e) "Restricted Territory." For the purposes of Section 7(A)(ii)(b), the Restricted Territory shall be defined as and limited to:

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

time of termination of the Grantee's employment and at any time during the two-year period prior to such termination.

(f) Extension. If it shall be judicially determined that the Grantee has violated any of the Grantee's obligations under Section 7(A)(ii)(b), then the period applicable to each obligation that the Grantee shall have been determined to have violated shall automatically be extended by a period of time equal in length to the period during which such violation(s) occurred.

(B) Non-Solicitation. Except as otherwise provided in Section 7(A)(i), Detrimental Activity shall also include directly or indirectly at any time soliciting or inducing or attempting to solicit or induce any employee(s), sales representative(s), agent(s) or consultant(s) of the Corporation and/or of its parents, or its other subsidiaries or affiliated or related companies to terminate their employment, representation or other association with the Corporation and/or its parent or its other subsidiary or affiliated or related companies.

(C) Further Covenants. Except as otherwise provided in Section 7(A)(i), Detrimental Activity shall also include:

(i) directly or indirectly, at any time during or after the Grantee's employment with the Corporation, disclosing, furnishing, disseminating, making available or, except in the course of performing the Grantee's duties of employment, using any trade secrets or confidential business and technical information of the Corporation or its customers or vendors, including without limitation as to when or how the Grantee may have acquired such information. Such confidential information shall include, without limitation, the Corporation's unique selling, manufacturing and servicing methods and business techniques, training, service and business manuals, promotional materials, training courses and other training and instructional materials, vendor and product information, customer and prospective customer lists, other customer and prospective customer information and other business information. The Grantee specifically acknowledges that all such confidential information, whether reduced to writing, maintained on any form of electronic media, or maintained in the Grantee's mind or memory and whether compiled by the Corporation, and/or the Grantee, derives independent economic value from not being readily known to or ascertainable by proper means by others who can obtain economic value from its disclosure or use, that reasonable efforts have been made by the Corporation to maintain the secrecy of such information, that such information is the sole property of the Corporation and that any retention and use of such information by the Grantee during the Grantee's employment with the Corporation (except in the course of performing the Grantee's duties and obligations to the Corporation) or after the termination of the Grantee's employment shall constitute a misappropriation of the Corporation's trade secrets.

(ii) Upon termination of the Grantee's employment with the Corporation, for any reason, the Grantee's failure to return to the Corporation, in good condition, all property of the Corporation, including without limitation, the originals and all copies of any materials which contain, reflect, summarize, describe, analyze or refer or relate to any items of information listed in Section 7(C)(i) of this Agreement.

(D) Discoveries and Inventions. Except as otherwise provided in Section 7(A)(i), Detrimental Activity shall also include the failure or refusal of the Grantee to assign to



the Corporation, its successors, assigns or nominees, all of the Grantee's rights to any discoveries, inventions and improvements, whether patentable or not, made, conceived or suggested, either solely or jointly with others, by the Grantee while in the Corporation's employ, whether in the course of the Grantee's employment with the use of the Corporation's time, material or facilities or that is in any way within or related to the existing or contemplated scope of the Corporation's business. Any discovery, invention or improvement relating to any subject matter with which the Corporation was concerned during the Grantee's employment and made, conceived or suggested by the Grantee, either solely or jointly with others, within one year following termination of the Grantee's employment under this Agreement or any successor agreements shall be irrebuttably presumed to have been so made, conceived or suggested in the course of such employment with the use of the Corporation's time, materials or facilities. Upon request by the Corporation with respect to any such discoveries, inventions or improvements, the Grantee will execute and deliver to the Corporation, at any time during or after the Grantee's employment, all appropriate documents for use in applying for, obtaining and maintaining such domestic and foreign patents as the Corporation may desire, and all proper assignments therefor, when so requested, at the expense of the Corporation, but without further or additional consideration.

(E) Work Made For Hire. Except as otherwise provided in Section 7(A)(i), Detrimental Activity shall also include violation of the Corporation's rights in any or all work papers, reports, documentation, drawings, photographs, negatives, tapes and masters therefor, prototypes and other materials (hereinafter, "items"), including without limitation, any and all such items generated and maintained on any form of electronic media, generated by Grantee during the Grantee's employment with the Corporation. The Grantee acknowledges that, to the extent permitted by law, all such items shall be considered a "work made for hire" and that ownership of any and all copyrights in any and all such items shall belong to the Corporation. The item will recognize the Corporation as the copyright owner, will contain all proper copyright notices, e.g., "(creation date) [Corporation Name], All Rights Reserved," and will be in condition to be registered or otherwise placed in compliance with registration or other statutory requirements throughout the world.

(F) Termination for Cause. Except as otherwise provided in Section 7(A)(i), Detrimental Activity shall also include activity that results in termination for Cause. For the purposes of this Section, "Cause" shall mean that, the Grantee shall have:

(i) been convicted of a criminal violation involving fraud, embezzlement, theft or violation of federal antitrust statutes or federal securities laws in connection with his duties or in the course of his employment with the Corporation or any affiliate of the Corporation;

(ii) committed intentional wrongful damage to property of the Corporation or any affiliate of the Corporation; or

(iii) committed intentional wrongful disclosure of secret processes or confidential information of the Corporation or any affiliate of the Corporation;

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

(G) Other Injurious Conduct. Detrimental Activity shall also include any action contributing to a restatement of the Corporation's financials if this award of SARs to the Grantee is favorably affected by such restatement as provided under Section 10D of the Exchange Act and any applicable rules or regulations as may be promulgated from time to time by the Securities and Exchange Commission or any national securities exchange or national

securities association on which the Common Shares may be traded, and any other conduct or act determined to be injurious, detrimental or prejudicial to any significant interest of the Corporation or any Subsidiary unless the Grantee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation.

(H) Reasonableness. The Grantee acknowledges that the Grantee's obligations under this Section 7 are reasonable in the context of the nature of the Corporation's business and the competitive injuries likely to be sustained by the Corporation if the Grantee were to violate such obligations. The Grantee further acknowledges that this Agreement is made in consideration of, and is adequately supported by the agreement of the Corporation to perform its obligations under this Agreement and by other consideration, which the Grantee acknowledges constitutes good, valuable and sufficient consideration.

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

8. Transferability.

No SAR granted hereunder may be transferred by the Grantee other than by will or the laws of descent and distribution and may be exercised during a Grantee's lifetime only by the Grantee or, in the event of the Grantee legal incapacity, by the Grantee's guardian or legal representative acting in a fiduciary capacity on behalf of the Grantee under state law and court supervision.

9. Compliance with Law.

The SARs granted hereby shall not be exercisable if such exercise would involve a violation of any applicable federal or state securities law, and the Corporation hereby agrees to make reasonable efforts to comply with any applicable state securities law. If the Ohio Securities Act shall be applicable to the SARs, they shall not be exercisable unless under said Act at the time of exercise the shares of Common Stock or other securities purchasable hereunder are exempt, are the subject matter of an exempt transaction, are registered by description or by qualification, or at such time are the subject matter of a transaction which has been registered by description.

10. Adjustments.

The SARs and the terms and conditions of the grant evidenced by this Agreement are subject to adjustment as provided in Section 11 of the Plan.

11. Withholding Taxes.

To the extent that the Corporation is required to withhold federal, state, local or foreign taxes or other amounts in connection with the exercise of the SARs, and the amounts available to the Corporation for such withholding are insufficient, it shall be a condition to such exercise that the Grantee make arrangements satisfactory to the Corporation for payment of the balance of such taxes or other amounts required to be withheld. The Grantee shall satisfy such withholding requirement by retention by the Corporation of a portion of the Common Shares to be delivered to the Grantee. The shares so retained shall be credited against such withholding

requirement based on the fair market value per Common Share on the date of such exercise. In no event will the fair market value of the Common Shares to be withheld and delivered pursuant to this Section to satisfy applicable withholding taxes exceed the minimum amount required to be withheld, unless (a) an additional amount can be withheld or delivered, and not result in adverse accounting or other consequences as reasonably determined by the Committee (it being understood that the failure of such reasonable determination to be correct shall not constitute a violation of the terms of the Plan), and (b) it is permitted by the Committee.

12. Continuous Employment.

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

13. No Employment Contract; Right to Terminate Employment.

The grant of the SARs under this Agreement to the Grantee is a voluntary, discretionary award being made on a one-time basis and it does not constitute a commitment to make any future awards. The grant of the SARs and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law. Nothing in this Agreement will give the Grantee any right to continue employment with the Corporation or any Subsidiary, as the case may be, or interfere in any way with the right of the Corporation or a Subsidiary to terminate the employment of the Grantee at any time.

14. Relation to Other Benefits.

Any economic or other benefit to the Grantee under this Agreement or the Plan shall not be taken into account in determining any benefits to which the Grantee may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Corporation or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Corporation or a Subsidiary.

15. Information.

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

16. Amendments.

Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that no amendment shall adversely affect the rights of the Grantee with respect to the SARs without the Grantee's consent. Notwithstanding the foregoing, the limitation requiring the consent of a Grantee to certain amendments shall not apply to any amendment that is deemed necessary by

the Corporation to ensure compliance with Section 409A of the Code or Section 10D of the Exchange Act.

17. Severability.

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

18. Governing Law.

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

19. Relation to Severance Agreement.

Section 3(C) hereof shall supersede the provisions of any Severance Agreement between the Grantee and the Corporation, in effect at the Date of Grant, providing for earlier vesting of the SARs granted hereby in the event of a Change in Control.

20. Electronic Delivery.

The Corporation may, in its sole discretion, deliver any documents related to the SARs and the Grantee's participation in the Plan, or future awards that may be granted under the Plan, by electronic means or request the Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Corporation or another third party designated by the Corporation.

21. Acknowledgement.

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

22. Acknowledgement.

Without limiting Section 8 hereof, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Grantee, and the successors and assigns of the Corporation.

23. Counterparts.

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

The undersigned hereby acknowledges receipt of an executed original of this Appreciation Rights Agreement and accepts the SARs granted thereunder on the terms and conditions set forth herein and in the Plan.

Date: \_\_\_\_\_  
**GRANTEE**

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

**MATERION CORPORATION**

By: \_\_\_\_\_

CERTIFICATIONS

I, Jugal K. Vijayvargiya, certify that:

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

Dated: May 3, 2023

/s/ Jugal K. Vijayvargiya

Jugal K. Vijayvargiya

President and Chief Executive Officer

CERTIFICATIONS

I, Shelly M. Chadwick, certify that:

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

Dated: May 3, 2023

/s/ Shelly M. Chadwick

Shelly M. Chadwick

Vice President, Finance and Chief Financial Officer

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

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of the Quarterly Report on Form 10-Q of Materion Corporation (the “Company”) for the quarter ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned officers of the Company certifies that, to such officer’s knowledge:

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

Dated: May 3, 2023

/s/ Jugal K. Vijayvargiya

Jugal K. Vijayvargiya  
President and Chief Executive Officer

/s/ Shelly M. Chadwick

Shelly M. Chadwick  
Vice President, Finance and Chief Financial Officer



**Materion Corporation**

**Mine Safety Disclosure Pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and  
Consumer Protection Act for the Fiscal Quarter Ended March 31, 2023**

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

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

The following table reflects citations, orders and notices issued to Materion Natural Resources Inc. by MSHA during the fiscal quarter ended March 31, 2023 (the “Reporting Period”) and contains certain additional information as required by Section 1503(a) and Item 104 of Regulation S-K, including information regarding mining-related fatalities, proposed assessments from MSHA and legal actions (“Legal Actions”) before the Federal Mine Safety and Health Review Commission, an independent adjudicative agency that provides administrative trial and appellate review of legal disputes arising under the Mine Act.

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

(A) Total number of alleged violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a mine safety or health hazard under Section 104 of the Mine Act for which Materion Natural Resources Inc. received a citation from MSHA	0
(B) Total number of orders issued under Section 104(b) of the Mine Act	0
(C) Total number of citations and orders for alleged unwarrantable failure by Materion Natural Resources Inc. to comply with mandatory health or safety standards under Section 104(d) of the Mine Act	0
(D) Total number of alleged flagrant violations under Section 110(b)(2) of the Mine Act	0
(E) Total number of imminent danger orders issued under Section 107(a) of the Mine Act	0
(F) Total dollar value of proposed assessments from MSHA under the Mine Act	\$143
(G) Total number of mining-related fatalities	0
(H) Received notice from MSHA of a pattern of violations under Section 104(e) of the Mine Act	No
(I) Received notice from MSHA of the potential to have a pattern of violations under Section 104(e) of the Mine Act	No
(J) Total number of Legal Actions pending as of the last day of the Reporting Period	0
(K) Total number of Legal Actions instituted during the Reporting Period	0
(L) Total number of Legal Actions resolved during the Reporting Period	0