Materion Corporation
2Q 2022 Earnings Call

August 3, 2022



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Agenda

Introduction	John Zaranec – Chief Accounting Officer
Opening Remarks & Business Update	Jugal Vijayvargiya – President and Chief Executive Officer
Financial Review	Shelly Chadwick – Vice President and Chief Financial Officer
Q&A	Question and Answer Session

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Forward Looking Statements and Non-GAAP Financial Information

These slides contain (and the accompanying oral discussion will contain, where applicable) "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve known and unknown risks, uncertainties and other factors that could cause our actual results to differ materially from the results expressed or implied by these statements, including, but not limited to, our ability to achieve the strategic and other objectives related to the acquisition of HCS-Electronic Materials, including any expected synergies; our ability to successfully integrate the HCS-Electronic Materials business and other such acquisitions and achieve the expected results of the acquisition, the ultimate impact of the COVID-19 pandemic on our business, results of operations, financial condition, and liquidity; the global economy, including the impact of tariffs and trade agreements; 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 implementing our strategic plans and the timely and successful completion and start-up 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 on operations from, and other effects of, catastrophic and other extraordinary events including the COVID-19 pandemic; and other risk factors disclosed in periodic reports filed with the Securities and Exchange Commission. Consequently, these forward-looking statements should be regarded as the Company's current plans, estimates, and beliefs.

The Company does not undertake and specifically declines any obligation to update or publicly release the results of any revisions to these forward-looking statements that may be made to reflect any future events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

To supplement our consolidated financial statements presented in accordance with GAAP, the Company considers certain financial measures that are not prepared in accordance with GAAP, including value-added sales (VA sales), adjusted earnings before interest and taxes depreciation and amortization (EBITDA), adjusted net income, adjusted earnings per diluted share and net debt (cash). The company uses these non-GAAP financial measures, in addition to GAAP financial measures, to evaluate our operating and financial performance and to compare such performance to that of prior periods and to the performance of our competitors. Also, the Company uses these non-GAAP financial measures in making operational and financial decisions and in establishing operational goals. The Company also believes providing these non-GAAP financial measures to investors, as a supplement to GAAP financial measures, helps investors evaluate our operating and financial performance and trends in our business, consistent with how management evaluates such performance and trends. The company also believes these non-GAAP financial measures may be useful to investors in comparing its performance to the performance of other companies, although its non-GAAP financial measures are specific to the company and the non-GAAP financial measures of other companies may not be calculated in the same manner.

It is not possible for the Company to identify the amount or significance of future adjustments associated with potential insurance and litigation claims, legacy environmental costs, acquisition and integration costs, certain income tax items, or other non-routine costs that the Company adjusts in the presentation of adjusted earnings guidance. These items are dependent on future events that are not reasonably estimable at this time. Accordingly, the Company is unable to reconcile without unreasonable effort the forecasted range of adjusted earnings guidance for the full year to a comparable GAAP range. However, items excluded from the Company's adjusted earnings guidance include the historical adjustments noted in slides 22 through 27 in the appendix.

For more information on Non-GAAP measures, please refer to the Appendix.

Opening Remarks & Business Update

Jugal Vijayvargiya

President and Chief Executive Officer

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Q2 2022 Highlights

Record Value-Added Sales, Adjusted EBITDA and EPS

Delivered record value-added (VA) sales of $277.2 million, up 33% year-over-year

- 12% organic growth driven by outgrowth initiatives and strong end market demand
- Second full quarter of HCS-Electronic Materials (HCS); VA sales contribution exceeding expectations

Achieved record adjusted EBITDA of $47.0 million, an increase of 44% versus prior year

- Record VA sales, favorable price/mix, combined with another strong quarter from HCS
- Adjusted EBITDA margin of ~17%, with 120 bps of margin expansion

Record quarterly adjusted EPS of $1.28, an increase of 41% versus prior year

Announcement of two new facilities to accelerate growth in strategic markets

- Established a new advanced chemicals facility to accelerate growth in semiconductor and electric vehicle applications
  - Leading EV battery customer is funding $6M to establish a prototype line in the facility
- Materion and Kairos jointly commissioned a Molten Salt Purification Plant for use in clean energy production





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See appendix for reconciliations of value-added sales, adjusted EBITDA, adjusted EBITDA margin, adjusted EPS and EPS with acquisition amortization to their most comparable GAAP financial measures. Certain data presented above has been rounded for presentation purposes.

End Market Performance

Q2 2022				
Market	**VA Sales**	**vs. Q2 2021**	**Q2 Comments**	**Growth Outlook**
Semiconductor	$94.6	↑ 98%	▪ Organic growth of 23% driven by increasing content and new applications; well above market growth	+++
Industrial	$53.4	↑ 29%	▪ Industrial market recovery and new business wins driving expansion across segments ▪ Strong non-residential construction and industrial manufacturing demand ▪ 14% organic growth	++
Aerospace & Defense	$29.4	↑ 20%	▪ Aerospace continuing to strengthen with fifth consecutive quarter of growth; driven by increased content and higher plane builds ▪ Defense slightly lower due to order timing	+++ / ++
Automotive	$21.5	↔ 0%	▪ Up 13% sequentially as chip availability supports increased automotive production	++
Consumer Electronics	$19.6	↑ 18%	▪ Increase due to order timing and device demand recovering from recent chip shortage	+
Energy	$18.6	↑ 46%	▪ Sixth quarter of consecutive growth in Oil & Gas ▪ Continued growth in architectural and smart glass applications	++
Telecom & Data Center	$12.6	↑ 18%	▪ Strong connector demand driven by improved supply and increasing 5G demand	+

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Aligned with Megatrends; Driving Automotive Into the Future



Emission Reduction
- Electrification
- Battery technology
- Charging infrastructure
- Light-weighting



Connectivity
- Cloud based solutions
- V2V, V2X
- Edge computing



Autonomous Vehicles
- Sensor technologies
- High performance computing
- AI / deep learning

~2x Chips in Electric Vehicles*

~8-10x Chips in Autonomous Vehicles*

Materion Enables

- **Mission critical connection systems** for vehicle electronics
- **Electric vehicle battery systems** to meet longer range and high-power requirement
- **Better thermal management** for safe operation
- **Sensing technology** for ADAS/autonomous vehicles
- **Faster semiconductor chips** for today's modern vehicles

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**In comparison to Internal Combustion Engine (ICE) vehicles.*

Complete Auto Portfolio Aligned with Emerging Trends

Mission critical connection systems

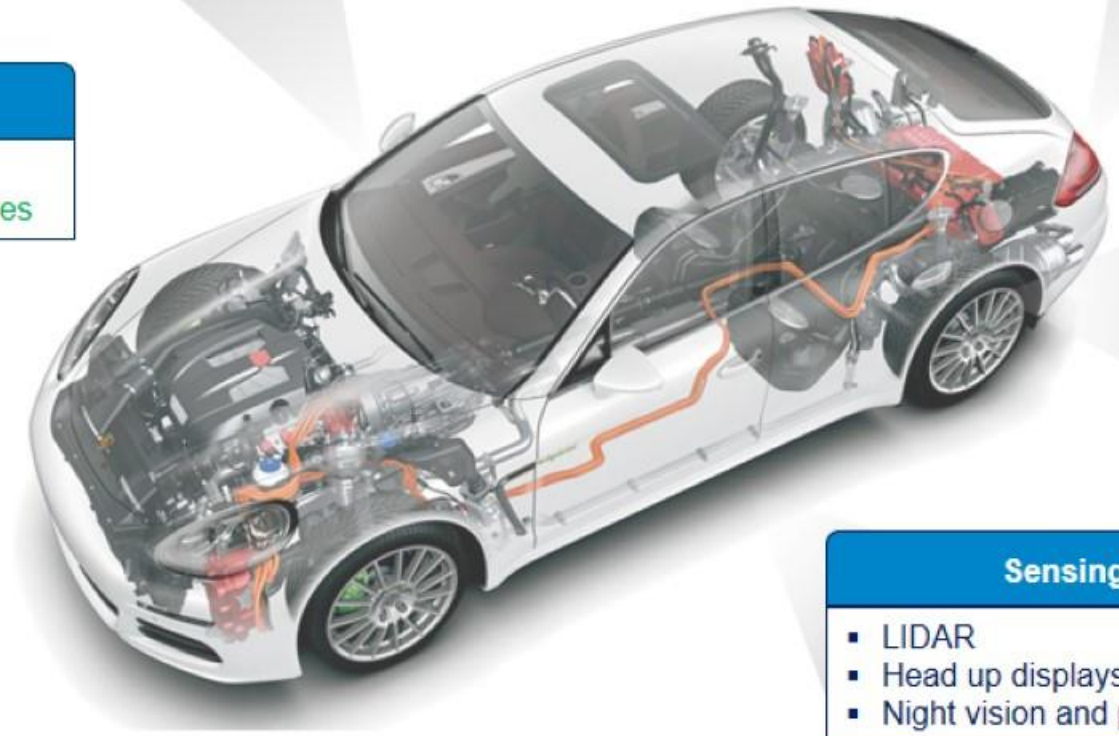
- Connectors, switches, relays
- Resistors, shunts

Faster processing semiconductor chips

- ALD & PVD deposition materials
- Packaging materials

Better thermal management

- Thermal substrates
- Thermal & structural battery enclosures



Electric vehicle battery systems

- Advanced Chemicals for Next-Gen batteries
- Cell to cell interconnects
- Anode/Cathode foil
- Fast DC charger connectors

Sensing technology

- LIDAR
- Head up displays and digital instruments
- Night vision and particle sensing

Blue = Powertrain Agnostic
Green = Electric Vehicles

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Outperforming and Well Positioned for Accelerated Growth

Strategic Actions in Automotive

Broadening Our Portfolio

- Purposeful investment in strategic R&D focused on EV space
- Acquisitions of HCS & Optics Balzers expanding auto product portfolio

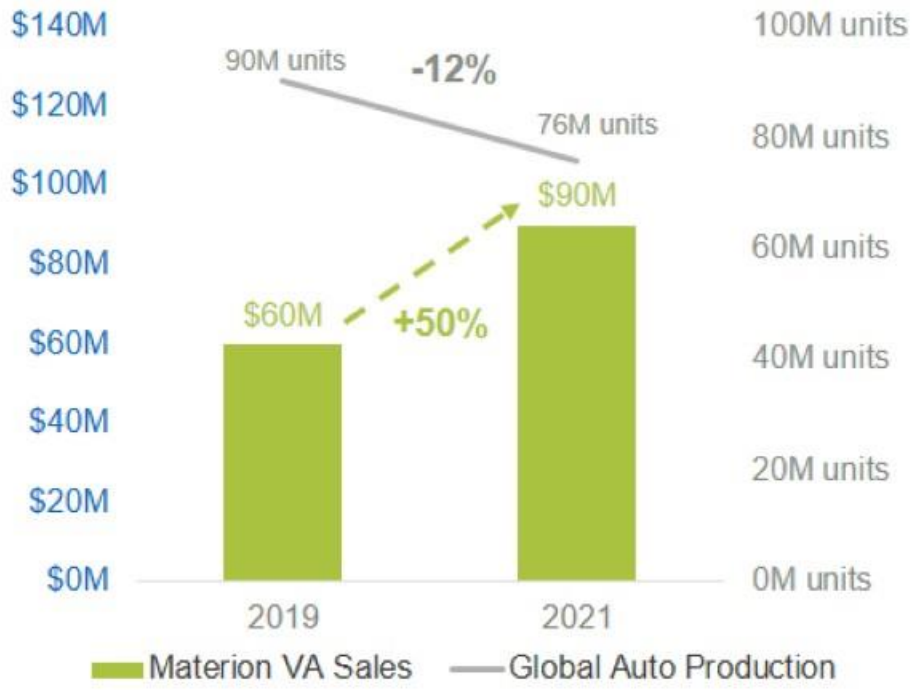
Forming Critical Partnerships

- Ongoing projects with leading auto solutions providers across the industry
- Combining forces to accelerate next generation solutions

Investing in Go-To-Market Resources

- Added critical business development leads
- Aligned segment resources to coordinate our global market approach

Automotive 2019 vs. 2021



MTRN Content per Vehicle (CPV) +77%

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Advanced Chemicals For Next-Gen Battery Development

Compelling Opportunity in EV Market

Global Light Duty EV Production Projections



Partnering with Next-Gen Battery Producers

- New facility in Milwaukee will support development of advanced chemical solutions for EV battery markets
- Working with several battery manufacturers
- Leading battery customer is funding $6M to establish a prototype line
- Exemplifies Materion's position as a value-add partner and critical supplier to the high-growth EV market
- Sales expected in 2H 2023

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Key Takeaways

Achieved another quarter of record results

- Delivered record VA sales six quarters in a row with meaningful above market growth
- Record adjusted EBITDA of ~17%, approaching mid-term target of 20%
- All-time record quarterly adjusted EPS

Delivering on key strategic growth initiatives

- Organic initiatives delivering consistent above market performance
- Established a new facility to accelerate growth in semiconductor and electric vehicle applications
- Announced two new customer partnerships within the automotive and clean energy markets

Taking the next step in our transformation journey in 2022

- Expect to deliver 40% year-over-year growth in adjusted EPS, despite macro economic challenges
- Precision Clad Strip project remains on track to contribute meaningfully in 2H

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Financial Review

Shelly Chadwick

Vice President and Chief Financial Officer

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Q2 2022 Operating Performance

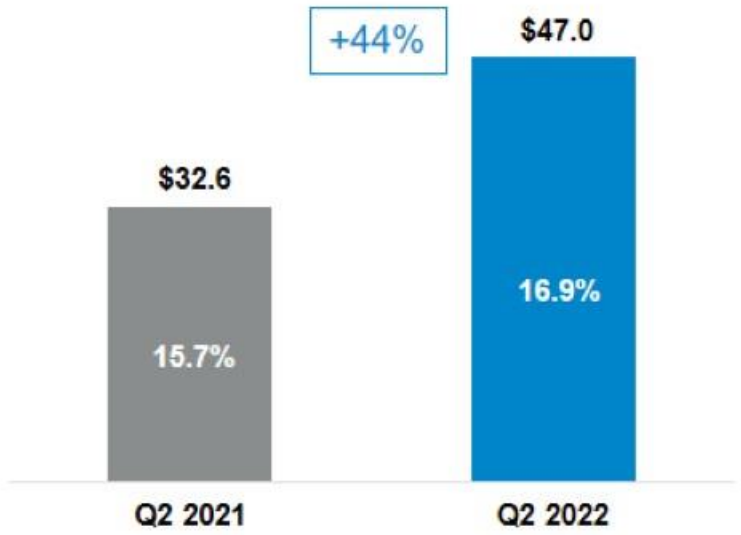
Value-added Sales ($M)



Value-added sales were $277.2 million, up 33% from prior year

- Strong demand across key end markets led by semiconductor, industrial, aerospace and energy
- VA up 12% organically, with significant above market growth
- Meaningful contribution from HCS

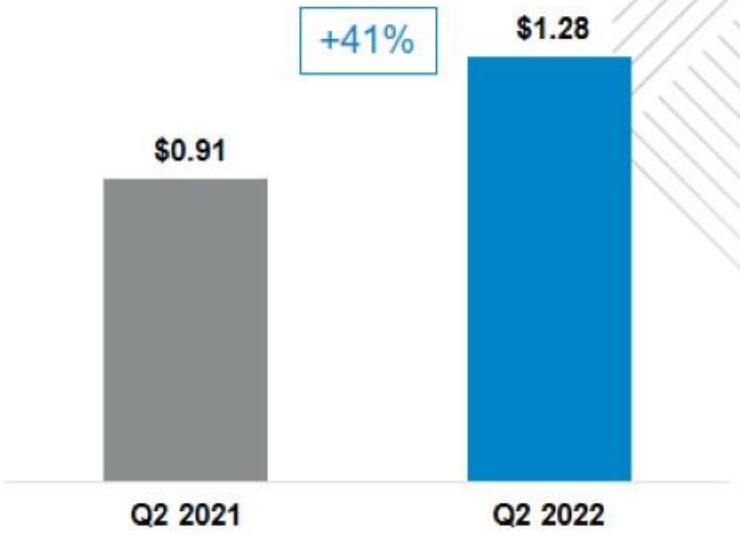
Adj. EBITDA ($M)



Adjusted EBITDA margin of 16.9%, up 120 bps from prior year

- Higher volume and favorable price/mix
- Positive price/cost offsetting inflation
- HCS contributed to margin expansion

Adj. EPS



Adjusted EPS of $1.28 versus $0.91 in the prior year period

- Delivered record quarter despite challenges in the macro environment
- HCS accretive to EPS

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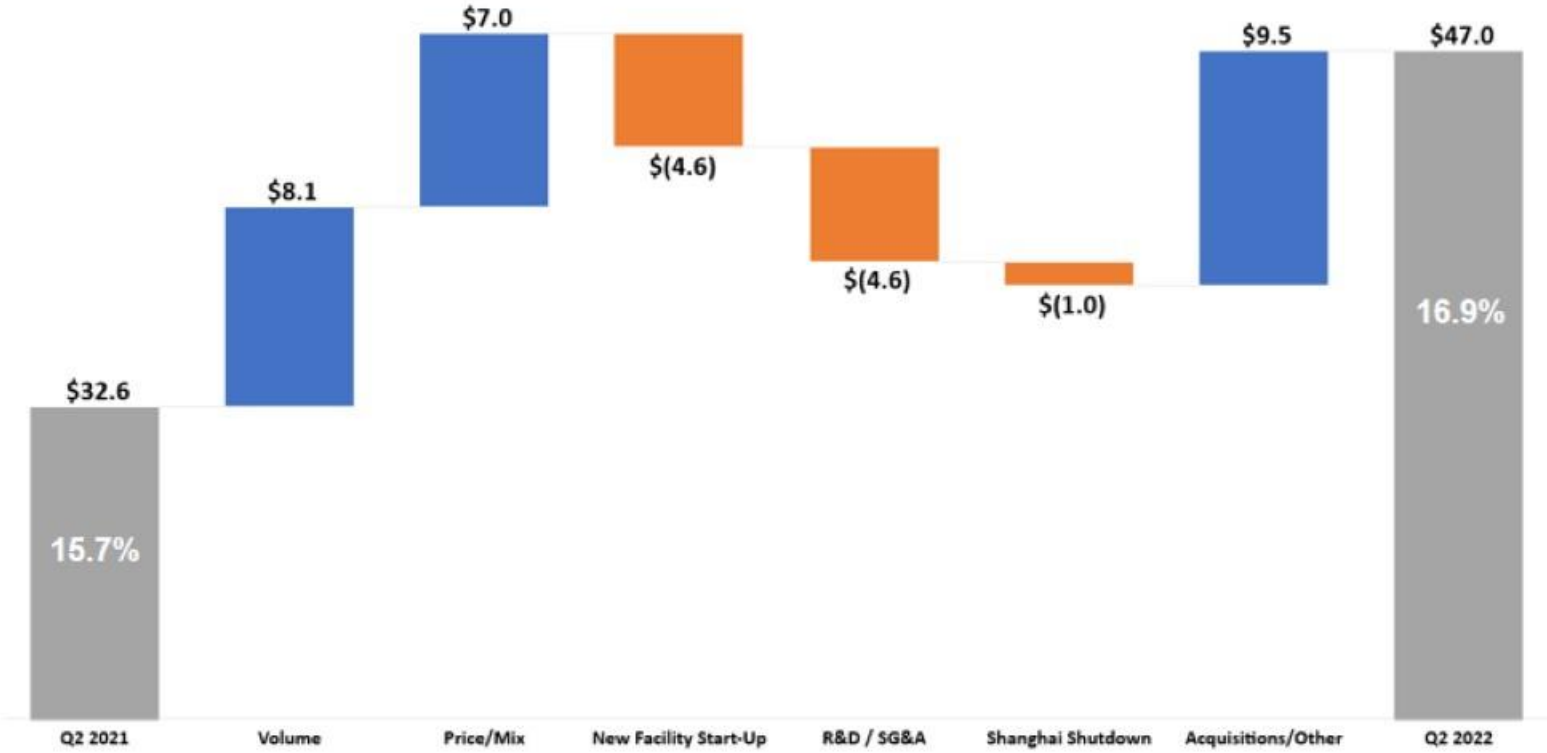
See appendix for reconciliations of value-added sales, adjusted EBITDA, adjusted EBITDA margin, adjusted EPS and EPS with acquisition amortization to their most comparable GAAP financial measures. Certain data presented above has been rounded for presentation purposes.

Q2 2022 Financial Comparison

Record adjusted EBITDA of $47.0 million or 16.9% of VA sales compared with $32.6M or 15.7% of VA sales in the prior year period

- Significant growth in adjusted EBITDA driven by strong volumes, meaningful price / mix improvements, and another full quarter of HCS
- New facility start up costs to support precision clad strip project
- R&D and SG&A investments continuing to support growth pipeline
- HCS acquisition exceeding expectations



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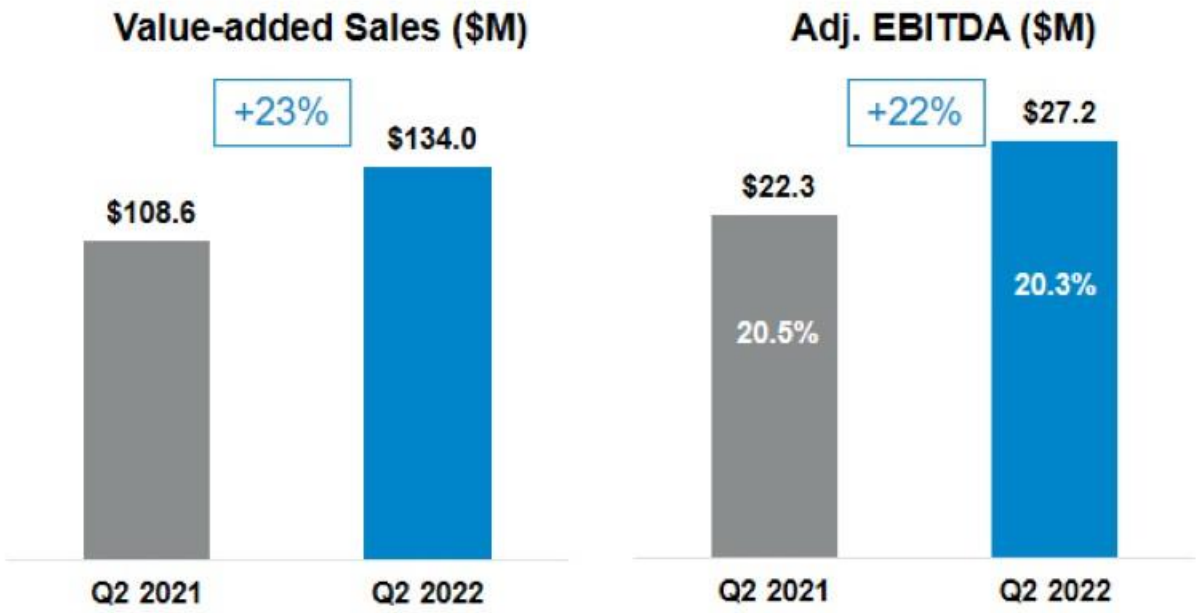
See appendix for reconciliations of value-added sales, adjusted EBITDA, adjusted EBITDA margin, adjusted EPS and EPS with acquisition amortization to their most comparable GAAP financial measures. Certain data presented above has been rounded for presentation purposes.

Performance Materials Segment



Q2 Performance by End Market

- ↑ Industrial
- ↑ Aerospace & Defense
- ↓ Automotive
- ↑ Energy
- ↑ Telecom & Data Center
- ↑ Consumer Electronics

Record value-added sales of $134.0 million, up 23% from prior year

- Strong performance in the industrial, energy, consumer electronics and aerospace end markets
- Precision clad strip opportunity contributed approximately $11.5M in the quarter

Adjusted EBITDA of $27.2 million, or 20.3% of VA sales

- Increased volume and price offsetting cost inflation
- Absorbing plant start up costs of $4.6M

2022 Outlook:

- Strong order book; expect another year of above market organic growth
- Precision Clad Strip project remains on track to contribute meaningfully in 2H

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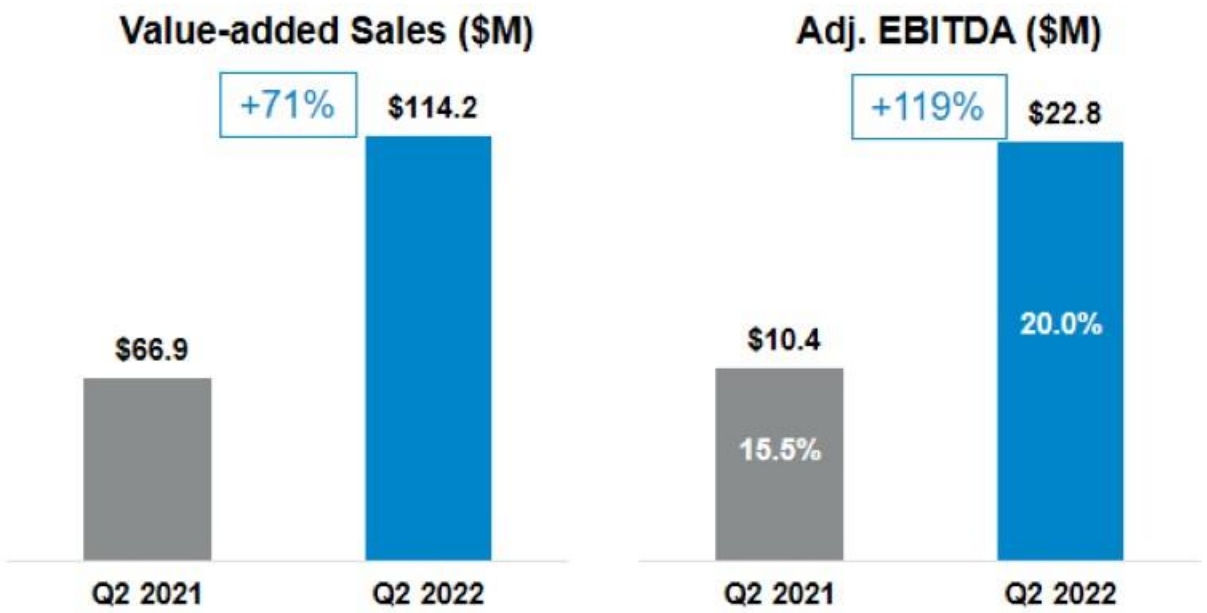
See appendix for reconciliations of value-added sales, adjusted EBITDA, adjusted EBITDA margin, adjusted EPS and EPS with acquisition amortization to their most comparable GAAP financial measures. Certain data presented above has been rounded for presentation purposes.

Electronic Materials Segment



Q2 Performance by End Market

- Semiconductor
- Industrial
- Energy

Record value-added sales of $114.2 million, up 71% from prior year

- All-time quarterly record for organic VA sales delivering 17% growth, exceeding previous record set in Q1 '22
- HCS-Electronic Materials contributing meaningful VA growth

Record adjusted EBITDA of $22.8 million, or 20.0% of VA sales, up 450 bps from prior year

- Increased volume, price/mix more than offsetting cost inflation
- HCS contributed to margin expansion

2022 Outlook:

- Strong demand expected to continue
- Organic initiatives remain on course to contribute throughout '22
- HCS full year contribution delivers step change for full year sales and EBITDA

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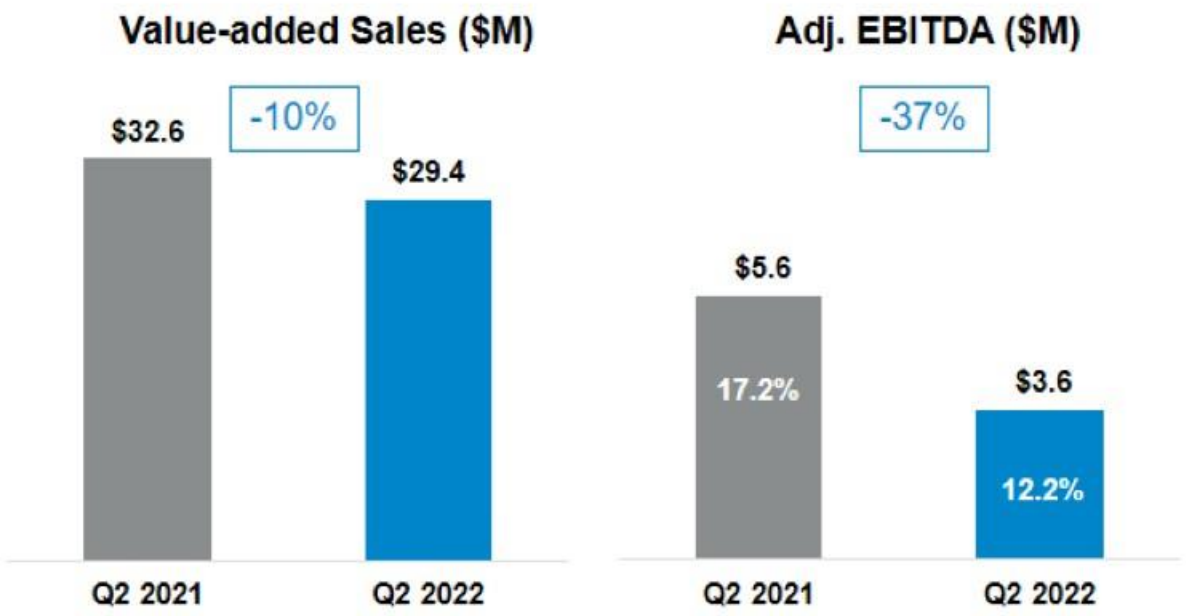
See appendix for reconciliations of value-added sales, adjusted EBITDA, adjusted EBITDA margin, adjusted EPS and EPS with acquisition amortization to their most comparable GAAP financial measures. Certain data presented above has been rounded for presentation purposes.

Precision Optics Segment



Q2 Performance by End Market

- ↓ Consumer Electronics
- ↓ Aerospace & Defense
- ↓ Medical
- ↑ Semiconductor
- ↑ Automotive
- ↔ Industrial

Value-added sales of $29.4 million

- Decrease mainly driven by Shanghai shutdown, lower PCR filter demand, discontinued consumer electronics application and currency headwinds
- VA sales up 3% sequentially, 10% when adjusted for currency and Shanghai shutdown

Adjusted EBITDA of $3.6 million, or 12.2% of VA sales

- Decrease driven by Shanghai shutdown and lower volume
- Margin expansion of 390 bps sequentially

2022 Outlook:

- Expect sequential improvement into 2H supported by increasing order rate and new business pipeline

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See appendix for reconciliations of value-added sales, adjusted EBITDA, adjusted EBITDA margin, adjusted EPS and EPS with acquisition amortization to their most comparable GAAP financial measures. Certain data presented above has been rounded for presentation purposes.

Cash, Debt and Liquidity

($M)	Q2 2021	Q2 2022
Short-term Debt	$0.4	$15.3
Long-term Debt	$58.8	$482.0
Total Debt	**$59.2**	**$497.3**
Cash & Cash Equivalents	$24.3	$32.2
Net Debt (Cash)	**$34.9**	**$465.1**
TTM Adjusted EBITDA	$114.2	$172.5
Net Debt (Cash) / TTM Adj. EBITDA	0.3x	2.7x
Net Debt (Cash) / TTM Adj. EBITDA – Pro Forma[1]	**n/a**	**2.6x**

Proforma leverage remains within target range of 1.5x – 3x

Approximately $124 million available on existing credit facility

- Meaningful available liquidity remains to support growth initiatives

No share buyback activity in the quarter

- Board authorization in place for up to $50M worth of shares with $8.3M remaining

Strong Cash Flow expected through remainder of 2022

- Expect leverage near 2.0x by year-end

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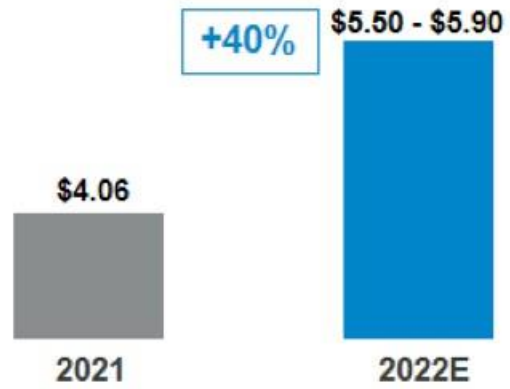
1.) Q2 2022 Pro Forma TTM Adjusted EBITDA amount of $182.1 assuming a full year of HCS.

Full Year 2022 Guidance

2022 Guidance

- Affirm annual adjusted EPS of **$5.50 - $5.90**, an increase of 40% from 2021, at the midpoint



2022 Modeling Assumptions			
Capital Expenditures	$100M	Interest Expense	$20M
HCS-Electronic Materials	$20M	Effective Tax Rate	~19-20%
Tailings Pond	$10M	Mine Development Costs	$1M
Precision Clad Strip Plant - Initial	$5M	Depreciation and Amortization	$55M
Precision Clad Strip Plant - New Award	$27M	Acquisition Amortization	$12.5M
Normal Segment Capex	$38M		

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Note: This guidance was provided on August 3rd, 2022 and has not been confirmed or updated. The Company disclaims any obligation to do so based on any subsequent event or any other reason. In addition, as discussed on slide 3, it is not possible for the Company to forecast future adjustments to GAAP earnings.

Invest in Materion as We Advance Our Strategy



Becoming a global leader in high-performing advanced materials serving diverse and attractive markets well aligned with megatrends



Building robust pipeline with investments in R&D as we focus on developing innovative solutions for our customers



Leveraging strong cash flow and deploying a disciplined, strategic approach toward profitable growth opportunities, both organic and inorganic



Energized management team laser focused on execution and increasing value for all stakeholders

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Appendix

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Reconciliation for Value-added Sales

($ in millions)	Q2 2022	Q2 2021
Net Sales		
Performance Materials	$ 154.9	$ 125.3
Electronic Materials	261.0	213.1
Precision Optics	29.4	32.6
Other	—	—
Total	$ 445.3	$ 371.0
Less: Pass-through Metal Costs		
Performance Materials	$ 20.9	$ 16.7
Electronic Materials	146.8	146.2
Precision Optics	—	—
Other	0.4	0.2
Total	$ 168.1	$ 163.1
Value-added Sales		
Performance Materials	$ 134.0	$ 108.6
Electronic Materials	114.2	66.9
Precision Optics	29.4	32.6
Other	(0.4)	(0.2)
Total	$ 277.2	$ 207.9

The cost of gold, silver, platinum, palladium, copper, ruthenium, iridium, rhodium, rhenium, and osmium is passed through to customers and, therefore, the trends and comparisons of net sales are affected by movements in the market price of these metals. The use of value-added sales allows management to assess the impact of differences in net sales and analyze the resulting profitability without the distortion of metal pricing movements, which the Company believes would be useful information for investors.

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Reconciliation for Non-GAAP Measures

($ in millions)	Q2 2022	Q2 2021
Operating Profit (Loss)		
Performance Materials	$ 21.8	$ 17.3
Electronic Materials	18.2	8.3
Precision Optics	0.7	2.6
Other	(8.8)	(7.7)
Total	$ 31.9	$ 20.7
Non-Operating Income / Expense		
Performance Materials	$ 0.1	$ 0.2
Electronic Materials	—	—
Precision Optics	(0.2)	(0.2)
Other	(1.1)	(1.3)
Total	$ (1.2)	$ (1.3)
Depreciation, Depletion, and Amortization		
Performance Materials	$ 5.5	$ 5.2
Electronic Materials	4.2	2.1
Precision Optics	2.6	2.7
Other	0.6	0.5
Total	$ 12.9	$ 10.5
Segment EBITDA		
Performance Materials	$ 27.2	$ 22.3
Electronic Materials	22.4	10.4
Precision Optics	3.5	5.5
Other	(7.1)	(5.7)
Total	$ 46.0	$ 32.5

We have adjusted the results for certain special items such as non-cash impairment charges, non-cash inventory adjustments, cost reduction initiatives (i.e., severance), COVID-19 related costs, mine development costs, merger and acquisition costs, and certain discrete income tax items from the applicable GAAP financial measure. Management reviews the results of operations without the impact of these items to assess profitability from ongoing activities and believes this will assist investors in analyzing our financial results.

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Reconciliation for Non-GAAP Measures (Cont.)

($ in millions)	Q2 2022	Q2 2021
Special Items		
Performance Materials	$ —	$ —
Electronic Materials	0.4	—
Precision Optics	0.1	0.1
Other	0.5	—
Total	$ 1.0	$ 0.1
Adjusted EBITDA Excluding Special Items		
Performance Materials	$ 27.2	$ 22.3
Electronic Materials	22.8	10.4
Precision Optics	3.6	5.6
Other	(6.6)	(5.7)
Total	$ 47.0	$ 32.6

We have adjusted the results for certain special items such as non-cash impairment charges, non-cash inventory adjustments, cost reduction initiatives (i.e., severance), COVID-19 related costs, mine development costs, merger and acquisition costs, and certain discrete income tax items from the applicable GAAP financial measure. Management reviews the results of operations without the impact of these items to assess profitability from ongoing activities and believes this will assist investors in analyzing our financial results.

Reconciliation for Non-GAAP Measures (Cont.)

($ in millions)	Q2 2022	Q2 2021	Q2 2022 TTM	Q2 2021 TTM
GAAP as Reported				
Net income	$ 23.3	$ 17.9	$ 75.1	$ 48.2
Income tax expense (benefit)	5.1	3.3	6.2	(0.8)
Interest expense	4.7	0.8	11.7	4.0
Depreciation, depletion, and amortization	12.9	10.5	51.1	37.9
Consolidated EBITDA	**$ 46.0**	**$ 32.5**	**$ 144.1**	**$ 89.3**
Special Items				
Restructuring and cost reduction	$ —	$ 0.1	$ 1.1	$ 7.5
Merger and acquisition costs	1.0		27.3	6.6
Impairment charges				(0.3)
Mine development costs				12.9
Forfeiture of non-cash stock-based compensation				(2.1)
COVID-19 related costs				1.2
Foreign currency hedge gain				(1.1)
Legacy legal & environmental costs				0.2
Total Special Items	1.0	0.1	28.4	24.9
Adjusted EBITDA	**$ 47.0**	**$ 32.6**	**$ 172.5**	**$ 114.2**
HCS-Electronic Materials Proforma EBITDA[1]			9.6	
Q2 2022 Proforma Adjusted TTM EBITDA			**$ 182.1**	

We have adjusted the results for certain special items such as non-cash impairment charges, non-cash inventory adjustments, cost reduction initiatives (i.e., severance), COVID-19 related costs, merger and acquisition costs, mine development costs, and certain discrete income tax items from the applicable GAAP financial measure. Management reviews the results of operations without the impact of these items to assess profitability from ongoing activities and believes this will assist investors in analyzing our financial results.

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1 Results represent unaudited forward-looking estimates and are subject to the forward-looking statements considerations discussed on slide 3

Reconciliation for Non-GAAP Measures (Cont.)

Performance Materials

	Second Quarter Ended			
(Millions)	July 1, 2022	% of VA	July 2, 2021	% of VA
Net sales	$ 154.9		$ 125.3	
Pass-through metal cost	20.9		16.7	
Value-added sales	$ 134.0		$ 108.6	
EBITDA	$ 27.2	20.3 %	$ 22.3	20.5 %
Merger and acquisition costs	—	— %	—	— %
Adjusted EBITDA	$ 27.2	20.3 %	$ 22.3	20.5 %

Electronic Materials

	Second Quarter Ended			
(Millions)	July 1, 2022	% of VA	July 2, 2021	% of VA
Net sales	$ 261.0		$ 213.1	
Pass-through metal cost	146.8		146.2	
Value-added sales	$ 114.2		$ 66.9	
EBITDA	$ 22.4	19.6 %	$ 10.4	15.5 %
Restructuring and cost reduction	—	— %	—	— %
Merger and acquisition costs	0.4	0.4 %	—	— %
Adjusted EBITDA	$ 22.8	20.0 %	$ 10.4	15.5 %

Precision Optics

	Second Quarter Ended			
(Millions)	July 1, 2022	% of VA	July 2, 2021	% of VA
Net sales	$ 29.4		$ 32.6	
Pass-through metal cost	—		—	
Value-added sales	$ 29.4		$ 32.6	
EBITDA	$ 3.5	11.9 %	$ 5.5	16.9 %
Restructuring and cost reduction	—	— %	0.1	0.3 %
Merger and acquisition costs	0.1	0.3 %	—	— %
Adjusted EBITDA	$ 3.6	12.2 %	$ 5.6	17.2 %

Other

	Second Quarter Ended			
(Millions)	July 1, 2022	% of VA	July 2, 2021	% of VA
EBITDA	$ (7.1)		$ (5.7)	
Restructuring and cost reduction	—		—	
Merger and acquisition costs	0.5		—	
Adjusted EBITDA	$ (6.6)		$ (5.7)	

We have adjusted the results for certain special items such as non-cash impairment charges, non-cash inventory adjustments, cost reduction initiatives (i.e., severance), COVID-19 related costs, mine development costs, merger and acquisition costs, and certain discrete income tax items from the applicable GAAP financial measure. Management reviews the results of operations without the impact of these items to assess profitability from ongoing activities and believes this will assist investors in analyzing our financial results.

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Reconciliation for Non-GAAP Measures (Cont.)

(Millions)	Second Quarter Ended July 1, 2022	Diluted EPS	July 2, 2021	Diluted EPS
Net income and EPS	$ 23.3	$ 1.12	$ 17.9	$ 0.87
Special items				
Restructuring and cost reduction	—		0.1	
Merger and acquisition costs	1.0		—	
Provision for income taxes[1]	(0.3)		(0.2)	
Total special items	0.7	0.04	(0.1)	(0.01)
Adjusted net income and adjusted EPS	$ 24.0	$ 1.16	$ 17.8	$ 0.86
Acquisition amortization (net of tax)	2.4	0.12	1.0	0.05
Adjusted net income and adjusted EPS excl. amortization	$ 26.4	$ 1.28	$ 18.8	$ 0.91

We have adjusted the results for certain special items such as certain foreign currency hedge gains, cost reduction initiatives (i.e., severance), COVID-19 related costs, merger and acquisition costs, mine development costs, and certain discrete income tax items from the applicable GAAP financial measure. Management reviews the results of operations without the impact of these items to assess profitability from ongoing activities and believes this will assist investors in analyzing our financial results.

MATERION