

Annual Meeting of Shareholders

June 9, 2022

Agenda

- Elect six directors of the Company, each to serve for terms expiring at the next Annual Meeting of Shareholders

John P. Gilliam

Emily Lu

Laura F. Shunk

Edward W. Ungar

Charles Wickersham

Jeremiah R. Young

- To approve, by non-binding vote, executive compensation.
- Ratify selection of independent registered public accounting firm for the year ending December 31, 2022.
- Transact any other business which may properly come before the meeting or any adjournment thereof.

Business Review

Photonics Industry

Automotive



Optical Coatings



Proprietary Powder
Formulation



Defense &
Aerospace

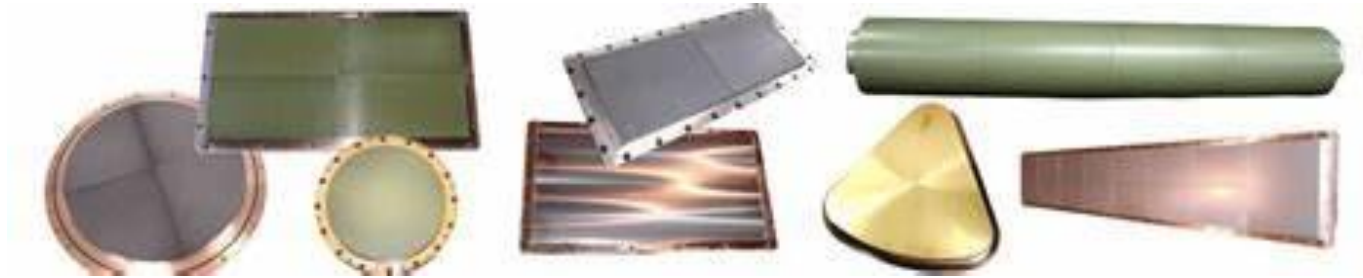


Glass PVD
Coatings



SCI's Products

Sputtering Targets



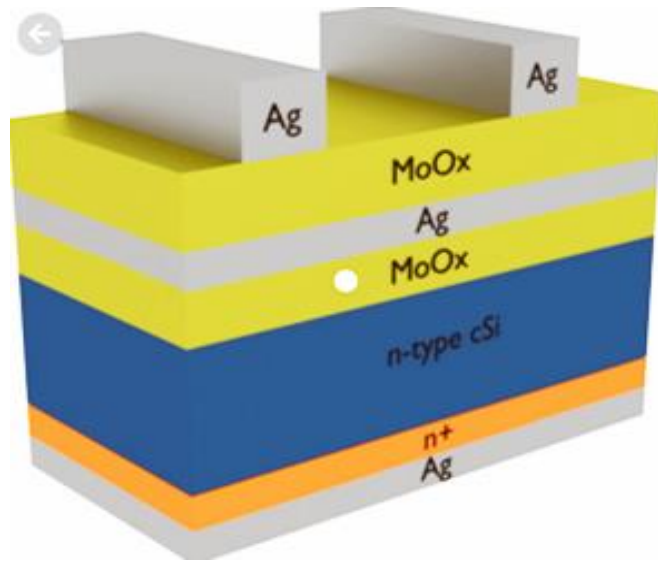
Evaporation Materials



Advanced Ceramic Powders



Research and Development



Source: International Journal of Energy Research



- Additive manufacturing
- Transparent electronic applications
- Electrically conductive MoO_3 target
- Custom powder solutions
- Diffusion bonding
- High-power density bond process

2021 Achievements

- **Managed through COVID-19 pandemic**
- **Increased number of customers**
- **Record annual financial results**
 - Total Revenue \$13,448,021
 - Earnings per Share \$ 0.37
- **Strengthened balance sheet**

On December 31, 2021:

 - Cash \$ 4,140,942
 - Total Debt Outstanding \$ 243,218
- **Convertible Preferred Stock, Series B Redemption**

2021 Financial Highlights

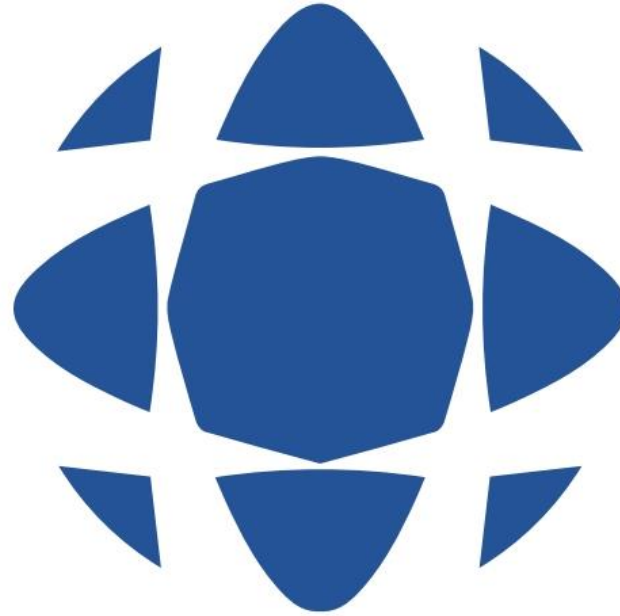
(\$ thousands, except EPS)

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Total revenue	\$13,448	\$10,896	+ 23%
Gross profit	\$ 3,529	\$ 2,198	+ 61%
Operating expenses	\$ 1,751	\$ 1,682	+ 4%
Fully-diluted earnings per share	\$ 0.37	\$ 0.33	+ 12%
<u>On December 31,</u>			
Cash	\$ 4,141	\$ 2,918	+ 42%
Total debt outstanding	\$ 243	\$ 729	(67)%
Total Shareholders' Equity	\$ 6,739	\$ 5,551	+ 21%

2022 First Quarter Financial Highlights

(\$ thousands, except EPS)

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Total revenue	\$ 5,326	\$ 3,022	+76%
Gross profit	\$ 994	\$ 803	+24%
Operating expenses	\$ 542	\$ 377	+ 44%
Fully-diluted earnings per share	\$ 0.08	\$ 0.14	(43)%
<u>On March 31,</u>			
Cash	\$ 4,646	\$ 3,007	+ 38%
Total debt outstanding	\$ 219	\$ 360	(39)%
Total Shareholders' Equity	\$ 7,147	\$ 6,226	+ 15%



SCI Engineered Materials®