
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 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 September 28, 2024

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 0-26946

INTEVAC, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

94-3125814
(IRS Employer
Identification No.)

3560 Bassett Street
Santa Clara, California 95054
(Address of principal executive office, including Zip Code)

Registrant's telephone number, including area code: (408) 986-9888

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock (\$0.001 par value)	IVAC	The Nasdaq Stock Market LLC (Nasdaq) Global Select

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, 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 Act). Yes No

On November 12, 2024, 26,973,414 shares of the Registrant's Common Stock, \$0.001 par value, were outstanding.

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INTEVAC, INC.

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PART I. FINANCIAL INFORMATION

Item 1. *Financial Statements*

INTEVAC, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

	September 28, 2024	December 30, 2023
	(Unaudited)	
	(In thousands, except par value)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 36,057	\$ 51,441
Short-term investments	27,091	17,405
Trade and other accounts receivable, net of allowances of \$0 at both September 28, 2024 and December 30, 2023	14,461	18,613
Inventories	31,666	43,795
Prepaid expenses and other current assets	1,946	2,123
Total current assets	111,221	133,377
Long-term investments	8,276	2,687
Restricted cash	700	700
Property, plant and equipment, net	7,584	7,664
Operating lease right-of-use-assets	6,492	7,658
Intangible assets, net of amortization of \$281 at September 28, 2024 and \$178 at December 30, 2023	851	954
Deferred income taxes and other long-term assets	1,856	3,466
Total assets	<u>\$ 136,980</u>	<u>\$ 156,506</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current operating lease liabilities	\$ 1,257	\$ 1,008
Accounts payable	3,040	5,800
Accrued payroll and related liabilities	4,921	3,475
Other accrued liabilities	1,830	1,820
Customer advances	6,291	20,407
Total current liabilities	17,339	32,510
Noncurrent liabilities:		
Noncurrent operating lease liabilities	5,814	6,976
Customer advances	1,482	1,482
Other long-term liabilities	—	21
Total noncurrent liabilities	7,296	8,479
Stockholders' equity:		
Common stock, \$0.001 par value	27	26
Additional paid-in capital	213,748	210,320
Treasury stock, 5,087 shares at both September 28, 2024 and December 30, 2023	(29,551)	(29,551)
Accumulated other comprehensive income	538	97
Accumulated deficit	(72,417)	(65,375)
Total stockholders' equity	112,345	115,517
Total liabilities and stockholders' equity	<u>\$ 136,980</u>	<u>\$ 156,506</u>

Note: Amounts as of December 30, 2023 are derived from the December 30, 2023 audited consolidated financial statements.

INTEVAC, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
	(Unaudited)			
	(In thousands, except per share amounts)			
Net revenues	\$ 28,505	\$ 17,915	\$ 52,662	\$ 39,758
Cost of net revenues	21,447	10,916	35,852	25,471
Gross profit	7,058	6,999	16,810	14,287
Operating expenses:				
Research and development	3,967	3,720	11,846	11,340
Selling, general and administrative	4,843	4,707	14,433	14,281
Total operating expenses	8,810	8,427	26,279	25,621
Loss from operations	(1,752)	(1,428)	(9,469)	(11,334)
Interest income and other income (expense), net	541	600	3,521	1,922
Loss before provision for income taxes	(1,211)	(828)	(5,948)	(9,412)
Provision for income taxes	962	796	2,189	1,298
Net loss from continuing operations, net of taxes	(2,173)	(1,624)	(8,137)	(10,710)
Net income from discontinued operations, net of taxes	—	48	1,095	365
Net loss	\$ (2,173)	\$ (1,576)	\$ (7,042)	\$ (10,345)
Net income (loss) per share:				
Basic and diluted – continuing operations	\$ (0.08)	\$ (0.06)	\$ (0.30)	\$ (0.41)
Basic and diluted – discontinued operations	\$ 0.00	\$ 0.00	\$ 0.04	\$ 0.01
Basic and diluted – net loss	\$ (0.08)	\$ (0.06)	\$ (0.26)	\$ (0.40)
Weighted-average common shares outstanding:				
Basic and diluted	26,895	26,287	26,695	26,033

See accompanying notes to the condensed consolidated financial statements.

INTEVAC, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
		(Unaudited)		
		(In thousands)		
Net loss	\$ (2,173)	\$ (1,576)	\$ (7,042)	\$ (10,345)
Other comprehensive income (loss), before tax				
Change in unrealized net gain (loss) on available-for-sale investments	157	101	213	323
Foreign currency translation gains (losses)	339	(15)	228	(234)
Other comprehensive income (loss), before tax	496	86	441	89
Income tax (expense) benefit related to items in other comprehensive loss	—	—	—	—
Other comprehensive income (loss), net of tax	496	86	441	89
Comprehensive loss	\$ (1,677)	\$ (1,490)	\$ (6,601)	\$ (10,256)

See accompanying notes to the condensed consolidated financial statements.

INTEVAC, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended	
	September 28, 2024	September 30, 2023
	(Unaudited)	
	(In thousands)	
Operating activities		
Net loss	\$ (7,042)	\$ (10,345)
Adjustments to reconcile net loss to net cash and cash equivalents provided by (used in) operating activities:		
Depreciation and amortization	1,485	1,038
Net amortization (accretion) of investment premiums and discounts	(528)	(145)
Amortization of intangible assets	102	102
Equity-based compensation	2,940	3,393
Straight-line rent adjustment and amortization of lease incentives	253	(863)
(Gain) loss on disposal of fixed assets	519	(41)
Deferred income taxes	1,569	629
Changes in operating assets and liabilities	1,059	(34,693)
Total adjustments	7,399	(30,580)
Net cash and cash equivalents provided by (used in) operating activities	357	(40,925)
Investing activities		
Purchases of investments	(51,643)	(10,453)
Proceeds from sales and maturities of investments	37,109	31,887
Proceeds from sales of fixed assets	7	65
Purchases of leasehold improvements and equipment	(1,932)	(4,940)
Net cash and cash equivalents provided by (used in) investing activities	(16,459)	16,559
Financing activities		
Net proceeds from issuance of common stock	964	1,365
Payment of acquisition-related contingent consideration	—	(250)
Taxes paid related to net share settlement	(475)	(1,683)
Net cash and cash equivalents provided by (used in) financing activities	489	(568)
Effect of exchange rate changes on cash	229	(234)
Net decrease in cash, cash equivalents and restricted cash	(15,384)	(25,168)
Cash, cash equivalents and restricted cash at beginning of period	52,141	69,690
Cash, cash equivalents and restricted cash at end of period	\$ 36,757	\$ 44,522
Non-cash investing and financing activity		
Additions to right-of-use-assets obtained from new operating lease liabilities	\$ —	\$ 81

See accompanying notes to the condensed consolidated financial statements.

INTEVAC, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Description of Business, Basis of Presentation and Significant Accounting Policy

Description of Business

Intevac, Inc. (together with its subsidiaries, “Intevac”, the “Company” or “we”) is a leader in the design and development of high-productivity, thin-film processing systems. Intevac’s production-proven platforms are designed for high-volume manufacturing of substrates with precise thin-film properties, such as for the hard disk drive (“HDD”) and advanced coatings (“ADVC”) (formerly known as display cover panel (“DCP”)) markets.

Principles of Consolidation and Basis of Presentation

The condensed consolidated financial statements include the accounts of Intevac, Inc. and its subsidiaries after elimination of inter-company balances and transactions.

In the opinion of management, the unaudited interim condensed consolidated financial statements of Intevac included herein have been prepared on a basis consistent with the December 30, 2023 audited consolidated financial statements and include all material adjustments, consisting of normal recurring adjustments, necessary to fairly present the information set forth therein.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ materially from those estimates.

Reportable Segment

During fiscal 2021, we sold the business of one of our reporting segments, Photonics. Therefore, we have one reportable segment remaining. See Note 2 for additional disclosure related to discontinued operations.

The remaining segment, Thin Film Equipment (“TFE”), designs, develops and markets vacuum process equipment solutions for high-volume manufacturing of small substrates with precise thin-film properties, such as for the HDD and ADVC markets, as well as other adjacent thin-film markets. The TFE segment also previously designed, developed and marketed manufacturing equipment for the photovoltaic (“PV”) solar cell and advanced semiconductor packaging (“ASP”) industries.

In March 2022, the Company’s management realigned its operational focus and eliminated several research and development (“R&D”) programs and product offerings. As part of this realignment effort, the Company ceased its efforts to develop and market several of its manufacturing platforms for the ADVC, PV and ASP industries.

Government Grants and Credits

Government assistance is recognized when there is reasonable assurance that the Company will comply with the conditions attached to the grant arrangement and the grant will be received. Reimbursements of eligible expenditures pursuant to government assistance programs are recorded when the related costs have been incurred and there is reasonable assurance regarding collection of the claim. Grant claims not settled by the balance sheet date are recorded as receivables, provided their receipt is reasonably assured. The determination of the amount of the claim, and accordingly the receivable amount, requires management to make calculations based on its interpretation of eligible expenditures in accordance with the terms of the programs. The reimbursement claims submitted by the Company are subject to review by the relevant government agencies.

During the nine months ended September 28, 2024, we amended certain fiscal year 2021 payroll tax filings and applied for a refund equal to \$2.4 million of Employee Retention Credit (“ERC”) benefits from the U.S. government. The refund is recorded within trade and other accounts receivable in our condensed consolidated balance sheet as of September 28, 2024, and as \$1.5 million in other income (expense), net and \$933,000 in discontinued operations in our condensed consolidated statements of operations for the nine months ended September 28, 2024. (See Note 12. Income Taxes.)

INTEVAC, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

2. Divestiture and Discontinued Operations

Sale of Photonics

On December 30, 2021, the Company entered into an asset purchase agreement (the “Purchase Agreement”) with EOTECH, LLC (“EOTECH”) governing the sale of the Company’s Photonics business to EOTECH in exchange for (i) \$70.0 million in cash consideration, (ii) up to \$30.0 million in earnout payments and (iii) the assumption by EOTECH of certain liabilities of the Photonics business as specified in the Purchase Agreement. The transaction closed on December 30, 2021. Under the Purchase Agreement, EOTECH has also agreed to pay to the Company, if earned, earnout payments of up to an aggregate of \$30.0 million based on achievement of fiscal year 2023, 2024 and 2025 Photonics segment revenue targets for the Integrated Visual Augmentation System (“IVAS”) program as specified in the Purchase Agreement. As of September 28, 2024, there have been no earnout payments under the Purchase Agreement. At any time prior to December 31, 2024, EOTECH may elect to pay to the Company \$14.0 million, which would terminate EOTECH’s obligations with respect to any remaining earnout payments. The cash proceeds do not include any estimated future payments from the revenue earnout as the Company has elected to record the proceeds when the consideration is deemed realizable. The Company believes the disposition of the Photonics business will allow it to benefit from a streamlined business model, simplified operating structure, and enhanced management focus.

In connection with the Photonics sale, the Company and EOTECH also entered into a Transition Service Agreement (the “TSA”) and a Lease Assignment Agreement. The TSA, which expired on June 30, 2022, outlined the information technology, people, and facility support the parties provided to each other for a period after the closing of the sale. The Lease Assignment Agreement assigns the lease obligation for two buildings in the Company’s California campus to EOTECH. As part of the assignment, the Company agreed to subsidize a portion of EOTECH’s lease payments through the remainder of the lease term which expired in March 2024. In August 2022, Intevac and EOTECH entered into a Shared Services Agreement (the “Shared Services Agreement”) to share certain building maintenance costs.

Fees earned under the Shared Services Agreement for the three and nine months ended September 28, 2024 were \$38,000 and \$111,000, respectively. Fees earned under the Shared Services Agreement for the three and nine months ended September 30, 2023 were \$39,000 and \$104,000, respectively. As of September 28, 2024 and December 30, 2023, accounts receivable from EOTECH of \$51,000 and \$62,000, respectively, were included in trade and other accounts receivable in the Company’s condensed consolidated balance sheets.

Based on its magnitude and because the Company exited certain markets, the sale of the Photonics segment represents a significant strategic shift that has a material effect on the Company’s operations and financial results, and the Company has separately reported the results of its Photonics segment as discontinued operations in the condensed consolidated statements of operations for the three and nine months ended September 28, 2024 and September 30, 2023.

The operating results of the discontinued operations only reflect revenues and expenses that are directly attributable to the Photonics segment that have been eliminated from continuing operations. Previously reported expenses for the Photonics segment have been recast to exclude certain allocated expenses that are not directly attributable to the Photonics segment. The key components from discontinued operations related to the Photonics segment are as follows:

	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
	(In thousands)			
Selling, general and administrative	\$ —	\$ (48)	\$ (162)	\$ (365)
Total operating expenses	—	(48)	(162)	(365)
Operating income (loss) – discontinued operations	—	48	162	365
Other income (expense) – discontinued operations	—	—	933	—
Loss from discontinued operations before provision for income taxes	—	48	1,095	365
Provision for income taxes	—	—	—	—
Net income from discontinued operations, net of taxes	\$ —	\$ 48	\$ 1,095	\$ 365

The cash flows related to discontinued operations have not been segregated and are included in the condensed consolidated statements of cash flows. The following table presents cash flow and non-cash information related to discontinued operations for the three and nine months ended September 28, 2024 and September 30, 2023:

INTEVAC, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Equity-based compensation	\$ —	\$ —	\$ —	\$ (260)

3. Revenue

The following tables represent a disaggregation of revenue from contracts with customers for the three and nine months ended September 28, 2024 and September 30, 2023.

Major Products and Service Lines

	Three Months Ended September 28, 2024		Three Months Ended September 30, 2023		
	(In thousands)		HDD	ASP	Total
Systems, upgrades and spare parts	\$ 11,833	\$ 16,033	\$ 6		\$ 16,039
Field service	1,318	1,335	97		1,432
Cancellation fee	15,354	444	—		444
Total net revenues	\$ 28,505	\$ 17,812	\$ 103		\$ 17,915

	Nine Months Ended September 28, 2024		Nine Months Ended September 30, 2023		
	HDD	HDD	PV	ASP	Total
Systems, upgrades and spare parts	\$ 33,004	\$ 35,901	\$ 28	\$ 17	\$ 35,946
Field service	4,304	3,271	—	97	3,368
Cancellation fee	15,354	444	—	—	444
Total net revenues	\$ 52,662	\$ 39,616	\$ 28	\$ 114	\$ 39,758

Primary Geographical Markets

	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
United States	\$ 1,716	\$ 784	\$ 2,376	\$ 3,060
Asia	26,789	17,034	50,286	36,590
Europe	—	97	—	108
Total net revenues	\$ 28,505	\$ 17,915	\$ 52,662	\$ 39,758

Timing of Revenue Recognition

	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Products transferred at a point in time	\$ 28,077	\$ 17,915	\$ 52,234	\$ 39,758
Products and services transferred over time	428	—	428	—
Total net revenues	\$ 28,505	\$ 17,915	\$ 52,662	\$ 39,758

INTEVAC, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

The following table reflects the changes in our contract assets, which we classify as accounts receivable, unbilled or retainage, and our contract liabilities, which we classify as deferred revenue and customer advances, for the nine months ended September 30, 2023.

	<u>September 28</u> <u>2024</u>	<u>December 30,</u> <u>2023</u>	<u>Nine Months</u> <u>Change</u>
	(In thousands)		
Contract assets:			
Accounts receivable, unbilled	\$ 3,194	\$ 393	\$ 2,801
Contract liabilities:			
Deferred revenue	\$ 416	\$ 376	\$ 40
Customer advances	7,773	21,889	(14,116)
	<u>\$ 8,189</u>	<u>\$ 22,265</u>	<u>\$ (14,076)</u>

Accounts receivable, unbilled represents a contract asset for revenue that has been recognized in advance of billing the customer. For our system and certain upgrade sales, our customers generally pay in three installments, with a portion of the system price billed upon receipt of an order, a portion of the price billed upon shipment, and the balance of the price due upon completion of installation and acceptance of the system at the customer's factory. Accounts receivable, unbilled generally represents the balance of the system price that is due upon completion of installation and acceptance, less the amount that has been deferred as revenue for the performance of the installation tasks. During the nine months ended September 28, 2024, contract assets increased by \$2.8 million primarily due to the sale of upgrades and spare parts sold to a customer as of September 28, 2024.

Customer advances generally represent a contract liability for amounts billed to the customer prior to transferring goods. The Company has elected to use the practical expedient to disregard the effect of the time value of money in a significant financing component when its payment terms are less than one year. These customer advances are liquidated when revenue is recognized. Deferred revenue generally represents a contract liability for amounts billed to a customer for completed systems at the customer site that are undergoing installation and acceptance testing where transfer of control has not yet occurred as Intevac does not yet have a demonstrated history of meeting the acceptance criteria upon the customer's receipt of product. During the nine months ended September 28, 2024, we recognized revenue of \$17.1 million and \$163,000 that was included in customer advances and deferred revenue, respectively, at the beginning of the period.

In May 2023, the Company received notice of the cancellation of a \$54.6 million order for eight 200 Lean HDD systems due to the customer postponing previously planned media capacity additions, and, accordingly, the Company removed the order from backlog. The customer contract associated with the cancelled order requires the customer to pay the Company a prorated price based upon the percentage of work completed on the order. The Company has received customer advances in the amount of \$19.1 million associated with the cancelled order, all of which will be utilized to settle this customer obligation. During the three and nine months ended September 28, 2024, the Company applied \$15.4 million of billings against these advances in connection with the customer accepting ownership of certain inventory on-hand and reimbursing us for supplier cancellation and inventory management costs incurred. In addition, the Company has agreed to provide custodial services for this customer-owned inventory at a third-party warehouse until December 31, 2025. During the three and nine months ended September 30, 2023, the Company applied \$444,000 of billings against these advances in connection with inventory scrapped at the customer's direction. In December 2023, the Company received notice of the cancellation of a \$11.4 million order for two 200 Lean HDD systems due to the customer postponing previously planned media capacity additions, and, accordingly, the Company removed the order from backlog. The Company has not received any customer advances associated with the cancelled order.

On September 28, 2024, we had \$44.4 million of remaining performance obligations, which we also refer to as total backlog. We expect to recognize approximately 21.4% of our remaining performance obligations as revenue in 2024 and 78.6% in 2025.

4. Inventories

Inventories are stated at the lower of average cost or net realizable value and consist of the following:

	<u>September 28,</u> <u>2024</u>	<u>December 30,</u> <u>2023</u>
	(In thousands)	
Raw materials	\$ 18,302	\$ 37,346
Work-in-progress	11,737	6,449
Finished goods	1,627	—
	<u>\$ 31,666</u>	<u>\$ 43,795</u>

INTEVAC, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

Finished goods inventory at September 28, 2024 is primarily comprised of a Trio system undergoing evaluation at a customer location.

5. Equity-Based Compensation

At September 28, 2024, Intevac had equity-based awards outstanding under the 2020 Equity Incentive Plan, the 2012 Equity Incentive Plan, the 2022 Inducement Equity Incentive Plan (the “Inducement Plan”) (together, the “Plans”) and the 2003 Employee Stock Purchase Plan (the “ESPP”). Intevac’s stockholders approved the 2020 Equity Incentive Plan, the 2012 Equity Incentive Plan and the ESPP. The Plans permit the grant of incentive or non-statutory stock options, performance-based stock options (“PSOs”), restricted stock, stock appreciation rights, restricted stock units (“RSUs”), performance-based restricted stock units (“PRSUs”) and performance shares.

On January 19, 2022, Intevac’s Board of Directors (the “Board”) adopted the Inducement Plan and, subject to the adjustment provisions of the Inducement Plan, reserved 1,200,000 shares of the Company’s common stock for issuance pursuant to equity awards granted under the Inducement Plan. On July 1, 2024, the Board amended the Inducement Plan to increase the shares of common stock reserved for issuance thereunder by 600,000 shares. The Inducement Plan provides for the grant of equity-based awards, including nonstatutory stock options, restricted stock units, restricted stock, stock appreciation rights, performance shares and performance units, and its terms are substantially similar to the Company’s 2020 Equity Incentive Plan. The Inducement Plan was adopted without stockholder approval pursuant to Rule 5635(c)(4) of the Nasdaq Listing Rules. In accordance with that rule, awards under the Inducement Plan may only be made to individuals not previously employees or non-employee directors of the Company (or following such individuals’ bona fide period of non-employment with the Company), as an inducement material to the individuals’ entry into employment with the Company.

The ESPP provides that eligible employees may purchase Intevac’s common stock through payroll deductions at a price equal to 85% of the lower of the fair market value at the entry date of the applicable offering period or at the end of each applicable purchase interval. Offering periods are generally two years in length and consist of a series of six-month purchase intervals. Eligible employees may join the ESPP at the beginning of any six-month purchase interval. Under the terms of the ESPP, employees can choose to have up to 50% of their base earnings withheld to purchase Intevac common stock (not to exceed \$25,000 per year).

Compensation Expense

The effect of recording equity-based compensation for the three and nine months ended September 28, 2024 and September 30, 2023 was as follows:

	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
	(In thousands)			
Equity-based compensation by type of award:				
Stock options	\$ 18	\$ (3)	\$ 26	\$ (14)
RSUs	589	221	1,710	1,576
PRSUs	329	35	840	1,367
ESPP purchase rights	98	63	364	464
Total equity-based compensation	<u>\$ 1,034</u>	<u>\$ 316</u>	<u>\$ 2,940</u>	<u>\$ 3,393</u>

Included in the table above is:

- (a) Equity-based compensation reported in discontinued operations of (\$260,000) for the nine months ended September 30, 2023. (See Note 2. Divestiture and Discontinued Operations.)

Stock Options and ESPP

The fair value of stock options and ESPP awards is estimated at the grant date using the Black-Scholes option valuation model. The determination of the fair value of stock options and ESPP awards on the date of grant using an option-pricing model is affected by Intevac’s stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, our expected stock price volatility over the term of the awards, and actual employee stock option exercise behavior. Intevac accounts for forfeitures as they occur, rather than estimating expected forfeitures.

INTEVAC, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

Intevac estimated the weighted-average fair value of stock options using the following weighted-average assumptions:

	<u>Three Months Ended</u> <u>September 28, 2024</u>	<u>Nine Months Ended</u> <u>September 28, 2024</u>
Weighted-average fair value of grants per share	\$ 1.21	\$ 1.53
Expected volatility	43.56%	48.02%
Risk-free interest rate	3.72%	4.41%
Expected term (in years)	3.14	3.37
Dividend yield	None	None

Option activity as of September 28, 2024 and changes during the nine months ended September 28, 2024 were as follows:

	<u>Shares</u>	<u>Weighted-Average</u> <u>Exercise Price</u>
Options outstanding at December 30, 2023	142,000	\$ 6.57
Options granted	51,500	\$ 3.91
Options cancelled and forfeited	(31,000)	\$ 11.43
Options outstanding at September 28, 2024	<u>162,500</u>	\$ 4.80
Options exercisable at September 28, 2024	<u>111,000</u>	\$ 5.22

Intevac issued 319,360 shares of common stock under the ESPP during the nine months ended September 28, 2024.

Intevac estimated the weighted-average fair value of ESPP purchase rights using the following weighted-average assumptions:

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 28,</u> <u>2024</u>	<u>September 30,</u> <u>2023</u>	<u>September 28,</u> <u>2024</u>	<u>September 30,</u> <u>2023</u>
ESPP Purchase Rights:				
Weighted-average fair value of grants per share	\$ 1.11	\$ 0.63	\$ 1.32	\$ 0.91
Expected volatility	42.09%	41.61%	46.05%	40.33%
Risk-free interest rate	4.62%	5.29%	4.55%	5.15%
Expected term of purchase rights (in years)	0.75	1.09	0.93	1.08
Dividend yield	None	None	None	None

The computation of the expected volatility assumptions used in the Black-Scholes calculations for ESPP purchase rights is based on the historical volatility of Intevac's stock price, measured over a period equal to the expected term of the purchase right. The risk-free interest rate is based on the yield available on U.S. Treasury Strips with an equivalent remaining term. The expected term of purchase rights represents the period of time remaining in the current offering period. The dividend yield assumption is based on Intevac's history of not paying dividends and the assumption of not paying dividends in the future.

RSUs

RSU activity as of September 28, 2024 and changes during the nine months ended September 28, 2024 were as follows:

	<u>Shares</u>	<u>Weighted-Average</u> <u>Grant Date</u> <u>Fair Value</u>
Non-vested RSUs at December 30, 2023	915,087	\$ 4.89
Granted	495,176	\$ 3.88
Vested	(374,730)	\$ 5.00
Cancelled and forfeited	(10,320)	\$ 5.55
Non-vested RSUs at September 28, 2024	<u>1,025,213</u>	\$ 4.36

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
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Time-based RSUs are converted into shares of Intevac common stock upon vesting on a one-for-one basis. Time-based RSUs typically are scheduled to vest over three or four years. Time-based RSUs granted in May 2022 or later generally vest over a three-year period, with 33% vesting at the end of one year and the remaining vesting quarterly thereafter. Vesting of time-based RSUs is subject to the grantee's continued service with Intevac. The compensation expense related to these awards is determined using the fair market value of Intevac common stock on the date of the grant, and the compensation expense is recognized over the vesting period.

PRsUs

PRsU activity as of September 28, 2024 and changes during the nine months ended September 28, 2024 were as follows:

	Shares	Weighted-Average Grant Date Fair Value
Non-vested PRsUs at December 30, 2023	1,160,293	\$ 4.04
Granted	822,000	\$ 3.84
Non-vested PRsUs at September 28, 2024	<u>1,982,293</u>	\$ 3.96

In June 2024 (and August 2024, in connection with the appointment of our Chief Financial Officer), we granted to members of our senior management awards of performance-based restricted stock units (the "2024 PRsU Awards") covering an aggregate of 339,000 shares and 72,000 shares, respectively, of Intevac common stock at target performance, and 678,000 shares and 144,000 shares, respectively, of Intevac common stock at maximum performance. The 2024 PRsU Awards are eligible to be earned based on achievement of (i) a cumulative number of TRIO units shipped and the satisfaction of an operating profit requirement, both measured during a three-year performance period commencing on June 20, 2024 and ending on December 26, 2026 (the last day of our 2026 fiscal year) (the "TRIO Unit Award"), or (ii) an operating profit percentage, measured during a one-year performance period commencing on December 28, 2025 and ending on December 26, 2026, and satisfaction of a TRIO units shipped requirement as of December 26, 2026 (the "OPP Award"), with 50% of the target number of the 2024 PRsU Awards allocated to each of the TRIO Unit Award and the OPP Award. The number of shares that can be earned under the TRIO Unit Award will be 0%, 50%, 100% or 200% of the target number of shares, and the number of shares that can be earned under the OPP Award will range from 0% to 200% of the target number of shares. If a performance goal is not achieved within the applicable performance period, the corresponding PRsUs will not vest, and all unvested PRsUs at the end of the applicable performance period will immediately be forfeited. Stock compensation expense is recorded based on the probability of achievement of the performance conditions specified in the agreement governing the applicable 2024 PRsU Awards.

In May 2023, we granted to members of our senior management awards of performance-based restricted stock units (the "2023 PRsU Awards") covering an aggregate of 525,656 shares of Intevac common stock (at maximum performance). The 2023 PRsU Awards are eligible to be earned based on achievement of five strategic goals during a three-year performance period commencing on May 18, 2023 and ending on May 31, 2026 (the "2023 Performance Period"). The 2023 PRsU Awards will vest, if at all, in five possible tranches. Each of the five tranches will vest only if the applicable strategic goal is achieved within the 2023 Performance Period, and each tranche may only be achieved once during the 2023 Performance Period. If a strategic goal is not achieved within the 2023 Performance Period, the corresponding PRsUs will not vest, and all unvested PRsUs at the end of the 2023 Performance Period will immediately be forfeited. Stock compensation expense is recorded based on the probability of achievement of the performance conditions specified in the PRsU grant.

The Company evaluated the performance and strategic goals under the 2024 PRsU Awards and 2023 PRsU Awards in the context of the Company's long-range financial plan and product development roadmap and determined the probability of achieving each goal for accounting purposes commencing in the quarter awards were granted. Management expectations related to the achievement of performance goals associated with PRsUs with performance conditions are assessed regularly to determine whether such grants are expected to vest. The fair value of each PRsU is the Company's stock price on the date of grant. Over the applicable performance period, the number of shares expected to be issued may be adjusted upward or downward based upon the probability of achievement of the performance conditions.

6. Warranty

Intevac provides for the estimated cost of warranty when revenue is recognized. Intevac's warranty is subject to contract terms and, for its systems, the warranty typically ranges between 12 and 24 months from customer acceptance. During this warranty period any defective non-consumable parts are replaced and installed at no charge to the customer. Intevac uses estimated repair or replacement costs along with its historical warranty experience to determine its warranty obligation. The provision for the estimated future costs of warranty is based upon historical cost and product performance experience. Intevac exercises judgment in determining the underlying estimates.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
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On the condensed consolidated balance sheets, the short-term portion of the warranty provision is included in other accrued liabilities, while the long-term portion, if any, is included in other long-term liabilities. The expense associated with product warranties issued or adjusted is included in cost of net revenues on the condensed consolidated statements of operations.

The following table displays the activity in the warranty provision account for the three and nine months ended September 28, 2024 and September 30, 2023.

	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
	(In thousands)			
Opening balance	\$ 186	\$ 181	\$ 205	\$ 163
Expenditures incurred under warranties	(3)	(36)	(36)	(201)
Accruals for product warranties issued during the reporting period	56	67	157	239
Adjustments to previously existing warranty accruals	(59)	(10)	(146)	1
Closing balance	<u>\$ 180</u>	<u>\$ 202</u>	<u>\$ 180</u>	<u>\$ 202</u>

The following table displays the balance sheet classification of the warranty provision account at September 28, 2024 and at December 30, 2023.

	September 28 2024	December 30 2023
	(In thousands)	
Other accrued liabilities	\$ 180	\$ 184
Other long-term liabilities	—	21
Total warranty provision	<u>\$ 180</u>	<u>\$ 205</u>

7. Guarantees

Officer and Director Indemnifications

As permitted or required under Delaware law and to the maximum extent allowable under that law, Intevac has certain obligations to indemnify its current and former officers and directors for certain events or occurrences while the officer or director is, or was, serving at Intevac's request in such capacity. These indemnification obligations are valid as long as the director or officer acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Company and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The maximum potential amount of future payments Intevac could be required to make under these indemnification obligations is unlimited; however, Intevac has a director and officer insurance policy that mitigates Intevac's exposure and enables Intevac to recover a portion of any future amounts paid. As a result of Intevac's insurance policy coverage, Intevac believes the estimated fair value of these indemnification obligations is not material.

Other Indemnifications

As is customary in Intevac's industry, many of Intevac's contracts provide remedies to certain third parties such as defense, settlement, or payment of judgments for intellectual property claims related to the use of its products. Such indemnification obligations may not be subject to maximum loss clauses. Historically, payments made related to these indemnifications have been immaterial.

Letters of Credit

As of September 28, 2024, we had letters of credit and bank guarantees outstanding totaling \$700,000 including the standby letter of credit outstanding under the Santa Clara, California facility lease and various other guarantees with our bank. These letters of credit and bank guarantees are collateralized by \$700,000 of restricted cash.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

8. Cash, Cash Equivalents and Investments

Cash and cash equivalents, short-term investments and long-term investments consist of:

	September 28, 2024			
	Amortized Cost	Unrealized Holding Gains	Unrealized Holding Losses	Fair Value
	(In thousands)			
Cash and cash equivalents:				
Cash	\$ 14,647	\$ —	\$ —	\$ 14,647
Money market funds	8,766	—	—	8,766
Certificates of deposit	250	—	—	250
Commercial paper	11,796	—	2	11,794
U.S. treasury securities	600	—	—	600
Total cash and cash equivalents	<u>\$ 36,059</u>	<u>\$ —</u>	<u>\$ 2</u>	<u>\$ 36,057</u>
Short-term investments:				
Certificates of deposit	\$ 3,270	\$ 13	\$ —	\$ 3,283
Commercial paper	10,591	22	—	10,613
Corporate bonds and medium-term notes	3,356	8	—	3,364
U.S. treasury and agency securities	9,812	19	—	9,831
Total short-term investments	<u>\$ 27,029</u>	<u>\$ 62</u>	<u>\$ —</u>	<u>\$ 27,091</u>
Long-term investments:				
Asset backed securities	\$ 894	\$ —	\$ —	\$ 894
Corporate bonds and medium-term notes	3,364	25	—	3,389
U.S. treasury and agency securities	3,927	66	—	3,993
Total long-term investments	<u>\$ 8,185</u>	<u>\$ 91</u>	<u>\$ —</u>	<u>\$ 8,276</u>
Total cash, cash equivalents, and investments	<u>\$ 71,273</u>	<u>\$ 153</u>	<u>\$ 2</u>	<u>\$ 71,424</u>

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

	December 30, 2023			Fair Value
	Amortized Cost	Unrealized Holding Gains	Unrealized Holding Losses	
(In thousands)				
Cash and cash equivalents:				
Cash	\$ 19,050	\$ —	\$ —	\$19,050
Money market funds	15,090	—	—	15,090
Commercial paper	14,659	—	4	14,655
U.S. treasury securities	2,646	—	—	2,646
Total cash and cash equivalents	\$ 51,445	\$ —	\$ 4	\$51,441
Short-term investments:				
Asset backed securities	\$ 12	\$ —	\$ —	\$ 12
Certificates of deposit	1,850	—	—	1,850
Commercial paper	3,506	—	1	3,505
Corporate bonds and medium-term notes	5,373	—	36	5,337
Municipal bonds	221	—	2	219
U.S. treasury and agency securities	6,498	1	17	6,482
Total short-term investments	\$ 17,460	\$ 1	\$ 56	\$17,405
Long-term investments:				
Asset backed securities	\$ 460	\$ —	\$ 4	\$ 456
Corporate bonds and medium-term notes	2,230	1	—	2,231
Total long-term investments	\$ 2,690	\$ 1	\$ 4	\$ 2,687
Total cash, cash equivalents, and investments	\$ 71,595	\$ 2	\$ 64	\$71,533

The contractual maturities of investment securities at September 28, 2024 are presented in the following table.

	Amortized Cost	Fair Value
	(In thousands)	
Due in one year or less	\$ 48,441	\$ 48,501
Due after one through five years	8,185	8,276
	\$ 56,626	\$ 56,777

We periodically review investments for impairment. For investments in unrealized loss positions, we assess whether any portion of the decline in fair value below the amortized cost basis is due to credit-related factors if the Company neither intends to sell nor anticipates that it is more likely than not that we will be required to sell prior to recovery of the amortized cost basis. We consider factors such as the extent to which the market value has been less than the amortized cost basis, any noted failure of the issuer to make scheduled interest or principal payments, changes to the rating of the security by a rating agency and other relevant credit-related factors in determining whether or not a credit loss exists. We reassess our estimated credit losses on investments each reporting period. U.S. government securities and cash equivalents are under a “zero-loss exception” for credit losses, meaning no credit loss risk calculation is necessary on those instruments due to the exceptionally low rate of default, which continues to decrease as the securities approach maturity. We record changes in the allowance for credit losses for available-for-sale debt securities with a corresponding adjustment in credit loss expense on the consolidated statement of operations. No reversal of a previously recorded allowance for credit losses may be made to an amount below zero. The total allowance for credit losses was \$0 at both September 28, 2024 and December 30, 2023.

Our investment portfolio includes both corporate and U.S. government securities that have a maximum maturity of two years. The longer the duration of these securities, the more susceptible they are to changes in market interest rates and bond yields. As yields increase, those securities with a lower yield-at-cost show a mark-to-market unrealized loss. Most of our unrealized losses are due to changes in market interest rates and bond yields. We believe that we have the ability to realize the full value of all these investments upon maturity. As of September 28, 2024, we had 44 investments in a gross unrealized loss position. The following table provides the fair market value of Intevac’s investments with unrealized losses that are not deemed to be other-than temporarily impaired as of September 28, 2024.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
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	September 28, 2024			
	In Loss Position for Less than 12 Months		In Loss Position for Greater than 12 Months	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
	(In thousands)			
Commercial paper	\$11,428	\$ 2	\$ —	\$ —

All prices for the fixed maturity securities including U.S. treasury and agency securities, certificates of deposit, commercial paper, corporate bonds, asset-backed securities and municipal bonds are received from independent pricing services utilized by Intevac's outside investment manager. This investment manager performs a review of the pricing methodologies and inputs utilized by the independent pricing services for each asset type priced by the vendor. In addition, on at least an annual basis, the investment manager conducts due diligence visits and interviews with each pricing vendor to verify the inputs utilized for each asset class. The due diligence visits include a review of the procedures performed by each vendor to ensure that pricing evaluations are representative of the price that would be received if a security were sold in an orderly transaction. Any pricing where the input is based solely on a broker price is deemed to be a Level 3 price. Intevac uses the pricing data obtained from its outside investment manager as the primary input to make its assessments and determinations as to the ultimate valuation of the above-mentioned securities and has not made, during the periods presented, any material adjustments to such inputs.

The following table represents the fair value hierarchy of Intevac's investment securities measured at fair value on a recurring basis as of September 28, 2024.

	Fair Value Measurements at September 28, 2024		
	Total	Level 1	Level 2
	(In thousands)		
Recurring fair value measurements:			
Investment securities			
Money market funds	\$ 8,766	\$ 8,766	\$ —
U.S. treasury and agency securities	14,424	14,424	—
Asset-backed securities	894	—	894
Certificates of deposit	3,533	—	3,533
Commercial paper	22,407	—	22,407
Corporate bonds and medium-term notes	6,753	—	6,753
Total recurring fair value measurements	<u>\$56,777</u>	<u>\$23,190</u>	<u>\$33,587</u>

9. Derivative Instruments

The Company uses foreign currency forward contracts to mitigate variability in gains and losses generated from the re-measurement of certain monetary assets and liabilities denominated in foreign currencies and to offset certain operational exposures from the impact of changes in foreign currency exchange rates. These derivatives are carried at fair value with changes recorded in interest income and other income (expense), net in the condensed consolidated statements of operations. Changes in the fair value of these derivatives are largely offset by re-measurement of the underlying assets and liabilities. Cash flows from such derivatives are classified as operating activities. The derivatives have maturities of approximately 30 days. There were no outstanding derivatives at September 28, 2024 and December 30, 2023.

INTEVAC, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

10. Equity

Condensed Consolidated Statement of Changes in Equity

The changes in stockholders' equity by component for the three and nine months ended September 28, 2024 and September 30, 2023, are as follows (in thousands):

	Three Months Ended September 28, 2024				
	Common Stock and Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
Balance at June 29, 2024	\$212,342	\$(29,551)	\$ 42	\$ (70,244)	\$ 112,589
Common stock issued under employee plans	502	—	—	—	502
Shares withheld for net share settlement of RSUs	(103)	—	—	—	(103)
Equity-based compensation expense	1,034	—	—	—	1,034
Net loss	—	—	—	(2,173)	(2,173)
Other comprehensive income	—	—	496	—	496
Balance at September 28, 2024	<u>\$213,775</u>	<u>\$(29,551)</u>	<u>\$ 538</u>	<u>\$ (72,417)</u>	<u>\$ 112,345</u>

	Nine Months Ended September 28, 2024				
	Common Stock and Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
Balance at December 30, 2023	\$210,346	\$(29,551)	\$ 97	\$ (65,375)	\$ 115,517
Common stock issued under employee plans	964	—	—	—	964
Shares withheld for net share settlement of RSUs	(475)	—	—	—	(475)
Equity-based compensation expense	2,940	—	—	—	2,940
Net loss	—	—	—	(7,042)	(7,042)
Other comprehensive income	—	—	441	—	441
Balance at September 28, 2024	<u>\$213,775</u>	<u>\$(29,551)</u>	<u>\$ 538</u>	<u>\$ (72,417)</u>	<u>\$ 112,345</u>

	Three Months Ended September 30, 2023				
	Common Stock and Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
Balance at July 1, 2023	\$208,698	\$(29,551)	\$ (190)	\$ (61,954)	\$ 117,003
Common stock issued under employee plans	527	—	—	—	527
Shares withheld for net share settlement of RSUs	(120)	—	—	—	(120)
Equity-based compensation expense	317	—	—	—	317
Net loss	—	—	—	(1,576)	(1,576)
Other comprehensive income	—	—	86	—	86
Balance at September 30, 2023	<u>\$209,422</u>	<u>\$(29,551)</u>	<u>\$ (104)</u>	<u>\$ (63,530)</u>	<u>\$ 116,237</u>

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

	Nine Months Ended September 30, 2023				
	Common Stock and Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
Balance at December 31, 2022	\$206,381	\$(29,551)	\$ (193)	\$ (53,185)	\$ 123,452
Common stock issued under employee plans	1,331	—	—	—	1,331
Shares withheld for net share settlement of RSUs	(1,683)	—	—	—	(1,683)
Equity-based compensation expense	3,393	—	—	—	3,393
Net loss	—	—	—	(10,345)	(10,345)
Other comprehensive income	—	—	89	—	89
Balance at September 30, 2023	<u>\$209,422</u>	<u>\$(29,551)</u>	<u>\$ (104)</u>	<u>\$ (63,530)</u>	<u>\$ 116,237</u>

Accumulated Other Comprehensive Income (Loss)

The changes in accumulated other comprehensive income (loss) by component for the three and nine months ended September 28, 2024 and September 30, 2023, are as follows.

	Three Months Ended			September 28, 2024			Nine Months Ended		
	Foreign currency	Unrealized holding gains (losses) on available-for-sale investments	Total	Foreign currency	Unrealized holding gains (losses) on available-for-sale investments	Total	Foreign currency	Unrealized holding gains (losses) on available-for-sale investments	Total
Beginning balance	\$ 48	\$ (6)	\$ 42	\$ 159	\$ (62)	\$ 97			
Other comprehensive income (loss) before reclassification	339	157	496	228	213	441			
Amounts reclassified from other comprehensive income (loss)	—	—	—	—	—	—			
Net current-period other comprehensive income (loss)	339	157	496	228	213	441			
Ending balance	<u>\$ 387</u>	<u>\$ 151</u>	<u>\$538</u>	<u>\$ 387</u>	<u>\$ 151</u>	<u>\$538</u>			

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

	Three Months Ended			September 30, 2023		
	Foreign currency	Unrealized holding losses on available-for-sale investments	Total (In thousands)	Foreign currency	Unrealized holding losses on available-for-sale investments	Total
Beginning balance	\$ 72	\$ (262)	\$(190)	\$ 291	\$ (484)	\$(193)
Other comprehensive loss before reclassification	(15)	101	86	(234)	323	89
Amounts reclassified from other comprehensive loss	—	—	—	—	—	—
Net current-period other comprehensive loss	(15)	101	86	(234)	323	89
Ending balance	<u>\$ 57</u>	<u>\$ (161)</u>	<u>\$(104)</u>	<u>\$ 57</u>	<u>\$ (161)</u>	<u>\$(104)</u>

Stock Repurchase Program

On November 21, 2013, Intevac announced that its Board of Directors approved a stock repurchase program authorizing up to \$30.0 million in repurchases. On August 20, 2018, Intevac announced that its Board of Directors approved a \$10.0 million increase to the original stock repurchase program for an aggregate authorized amount of up to \$40.0 million. At September 28, 2024, \$10.4 million remains available for future stock repurchases under the repurchase program. Intevac did not make any common stock repurchases during the three and nine months ended September 28, 2024 and September 30, 2023.

11. Net Loss Per Share

The following table sets forth the computation of basic and diluted net loss per share for the three and nine months ended September 28, 2024 and September 30, 2023.

	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
	(In thousands, except per share amounts)			
Net loss from continuing operations	\$ (2,173)	\$ (1,624)	\$ (8,137)	\$ (10,710)
Net income from discontinued operations, net of taxes	—	48	1,095	365
Net loss	<u>\$ (2,173)</u>	<u>\$ (1,576)</u>	<u>\$ (7,042)</u>	<u>\$ (10,345)</u>
Weighted-average shares – basic	26,895	26,287	26,695	26,033
Effect of dilutive potential common shares	—	—	—	—
Weighted-average shares – diluted	<u>26,895</u>	<u>26,287</u>	<u>26,695</u>	<u>26,033</u>
Basic and diluted net income (loss) per share:				
Continuing operations	<u>\$ (0.08)</u>	<u>\$ (0.06)</u>	<u>\$ (0.30)</u>	<u>\$ (0.41)</u>
Discontinued operations	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.04</u>	<u>\$ 0.01</u>
Net loss per share	<u>\$ (0.08)</u>	<u>\$ (0.06)</u>	<u>\$ (0.26)</u>	<u>\$ (0.40)</u>

As the Company is in a net loss position, all of the Company's equity instruments are considered antidilutive.

INTEVAC, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)**12. Income Taxes**

Intevac recorded income tax provisions of \$962,000 and \$2.2 million for the three and nine months ended September 28, 2024, respectively, and income tax provisions of \$796,000 and \$1.3 million for the three and nine months ended September 30, 2023, respectively. The income tax provisions for the three and nine months are based upon estimates of annual income (loss), annual permanent differences and statutory tax rates in the various jurisdictions in which Intevac operates. For the three and nine months ended September 28, 2024, Intevac recorded income tax provisions on income of its international subsidiaries of \$779,000 and \$1.6 million, respectively, and recorded \$181,000 and \$552,000, respectively, for withholding taxes on royalties paid to the United States from Intevac's Singapore subsidiary as discrete items. For the three months ended September 30, 2023, Intevac recorded a \$505,000 income tax provision on income of its international subsidiaries and recorded \$288,000 for withholding taxes on royalties paid to the United States from Intevac's Singapore subsidiary as a discrete item. For the nine months ended September 30, 2023 Intevac recorded a \$685,000 income tax provision on income of its international subsidiaries and recorded \$608,000 for withholding taxes on royalties paid to the United States from Intevac's Singapore subsidiary as a discrete item. Intevac's tax rate differs from the applicable statutory rates due primarily to establishment of a valuation allowance, the utilization of deferred and current credits and the effect of permanent differences and adjustments of prior permanent differences. Intevac's future effective income tax rate depends on various factors, including the level of Intevac's projected earnings, the geographic composition of worldwide earnings, tax regulations governing each region, net operating loss carry-forwards, availability of tax credits and the effectiveness of Intevac's tax planning strategies. Management carefully monitors these factors and timely adjusts the effective income tax rate.

Under the Coronavirus Aid, Relief, and Economic Security Act of 2021 (the "CARES Act"), as modified and clarified by the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021, the Company was eligible for an Employee Retention Credit ("ERC") subject to certain criteria. The ERC is a payroll tax refund per employee, which was designed by the U.S. Treasury Department to assist businesses that retained employees during the COVID pandemic. During the nine months ended September 28, 2024, we amended certain fiscal year 2021 payroll tax filings and applied for a refund equal to \$2.4 million of ERC benefits. The refund is recorded within trade and other accounts receivable in our condensed consolidated balance sheet as of September 28, 2024, and as \$1.5 million in other income (expense), net and \$933,000 in discontinued operations in our condensed consolidated statements of operations for the nine months ended September 28, 2024.

13. Restructuring Charges

During the third quarter of fiscal 2023, Intevac substantially completed implementation of a cost reduction plan (the "2023 Cost Reduction Plan"), which was intended to reduce expenses by reducing our workforce by 23 percent including employees and contractors. Intevac incurred restructuring costs of \$1.9 million in severance, \$2,000 in stock-based compensation associated with the modification of certain stock-based awards and other employee-related expenses associated with the 2023 Cost Reduction Plan. Additionally, as part of the 2023 Cost Reduction Plan the Company incurred a benefit of \$462,000 related to the stock-based compensation forfeitures related to the employees affected by the reduction in workforce. Substantially all cash outlays in connection with the 2023 Cost Reduction Plan occurred in the third quarter of fiscal 2023. Implementation of the 2023 Cost Reduction Plan is expected to reduce salary, wages and other employee-related expenses and contractor payments by approximately \$4.6 million on an annual basis.

The changes in restructuring reserves, which resulted from cash-based severance payments and other employee-related costs, associated with the 2023 Cost Reduction Plan for the three and nine months ended September 30, 2023 were as follows:

	Employee Termination Costs
	(In thousands)
Balance at July 1, 2023	\$ —
Provision for restructuring charges under the 2023 Cost Reduction Plan	1,950
Cash payments made	(1,948)
Non-cash utilization (a)	(2)
Balance at September 30, 2023	<u>\$ —</u>

(a) Acceleration of equity awards.

INTEVAC, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

During the fourth quarter of fiscal 2021, the Company recorded asset impairment and restructuring charges associated with the sale of the Photonics division including \$665,000 in accruals for common area charges associated with an unused space commitment to EOTECH. In consideration of EOTECH's assumption of certain lease obligations related to the Company's Santa Clara, California campus, which assumed lease obligations pertain in part to excess space beyond that required by EOTECH's anticipated operation of the Photonics division, the Company agreed to pay EOTECH the amount of \$2.1 million, which was payable in (i) one initial installment of \$308,000 on January 10, 2022 and (ii) seven equal quarterly installments of \$259,000. The final installment was paid on October 9, 2023.

The changes in restructuring reserves, which resulted from other exit costs associated with the Photonics divestiture for the three and nine months ended September 30, 2023 were as follows:

	<u>Other Exit Costs</u> <u>(In thousands)</u>
Balance at December 31, 2022	\$ 318
Provision for restructuring charges associated with Photonics divestiture	3
Cash payments made	(81)
Balance at April 1, 2023	\$ 240
Provision for restructuring charges associated with Photonics divestiture	2
Cash payments made	(80)
Balance at July 1, 2023	\$ 162
Provision for restructuring charges associated with Photonics divestiture	2
Cash payments made	(80)
Balance at September 30, 2023	<u>\$ 84</u>

14. Acquisition of Hia, Inc.

On August 26, 2022 (the "Closing Date"), the Company completed the acquisition of Hia, Inc., a supplier of magnetic bars, to bring the manufacturing of these magnetic bars in-house and to protect our technology and product quality while continuing to improve our products. Pursuant to the Stock Purchase Agreement, dated August 26, 2022, between the Company, Hia and the other parties thereto, the Company paid an aggregate purchase price of \$700,000 to Hia's stockholders on the Closing Date. Further contingent consideration will consist of amounts payable upon achievement of certain development and commercialization milestones, which consideration is estimated to be up to \$500,000. The first milestone was achieved and contingent consideration in the amount of \$250,000 was paid on January 17, 2023 and was accrued in the fourth quarter of 2022. The Company is also obligated to pay a royalty of \$1,500 for each magnetic bar sold through December 31, 2030. If at any time prior to December 31, 2030, the Company effects a change of control or a sale, license, transfer or other disposition to a third party (other than an affiliate of Intevac) of all or substantially all of the assets or rights associated with the magnetic bars, then, upon the closing of such transaction, a payment of \$1.7 million (minus any royalty payments previously paid) will immediately become due and payable, which payment shall fulfill the Company's royalty obligations. Transaction costs incurred in connection with the Hia acquisition totaled \$63,000, which are included as a component of the purchase price paid in connection with the Hia acquisition.

The Company determined this transaction represented an asset acquisition as substantially all of the value was in the technology intangible assets of Hia. Contingent consideration is not recorded in an asset acquisition until the contingency is resolved (when the contingent consideration is paid or becomes payable) or when probable and reasonably estimable. The first milestone was achieved and contingent consideration in the amount of \$250,000 was paid on January 17, 2023. The technology intangible assets are being amortized on a straight-line basis over a period of 8.3 years. Total amortization expense during the three and nine months ended September 28, 2024 was \$34,000 and \$102,000, respectively. Total amortization expense during the three and nine months ended September 30, 2023 was \$34,000 and \$102,000, respectively. Annual amortization expense related to the acquired technology intangible assets in each of the succeeding years is estimated to be approximately \$34,000 for the remainder of fiscal 2024 and approximately \$136,000 per year from fiscal 2025 through fiscal 2030.

INTEVAC, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

The following table represents the carrying amount of the Hia technology intangible assets at September 28, 2024 and December 30, 2023 (in thousands):

	September 28 2024	December 30, 2023
	(In thousands)	
Gross carrying amount	\$ 1,132	\$ 1,132
Accumulated amortization	(281)	(178)
Net carrying amount	<u>\$ 851</u>	<u>\$ 954</u>

15. Commitments and Contingencies

From time to time, Intevac may have certain contingent liabilities that arise in the ordinary course of its business activities. Intevac accounts for contingent liabilities when it is probable that future expenditures will be made and such expenditures can be reasonably estimated.

Legal Matters

From time to time, Intevac receives notification from third parties, including customers and suppliers, seeking indemnification, litigation support, payment of money or other actions in connection with claims made against them. In addition, from time to time, Intevac receives notification from third parties claiming that Intevac may be or is infringing their intellectual property or other rights. Intevac also is subject to various other legal proceedings and claims, both asserted and unasserted, that arise in the ordinary course of business. Although the outcome of these claims and proceedings cannot be predicted with certainty, Intevac does not believe that any existing proceedings or claims will have a material adverse effect on its consolidated financial condition or results of operations.

16. Subsequent Event

On November 7, 2024, we approved a cost reduction plan (the “2024 Cost Reduction Plan”), which is intended to reduce expenses by reducing our workforce by approximately 19 percent. We expect to incur restructuring costs of approximately \$900,000 in estimated severance and other employee-related expenses associated with the 2024 Cost Reduction Plan. Substantially all cash outlays in connection with the 2024 Cost Reduction Plan are expected to occur in the fourth quarter of fiscal 2024. Implementation of the 2024 Cost Reduction Plan is expected to reduce salary, wages and other employee-related expenses and contractor payments by approximately \$5.1 million on an annual basis. However, we may not be able to fully realize the cost savings and benefits initially anticipated from the 2024 Cost Reduction Plan, and the expected costs may be greater than expected.

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

This Quarterly Report on Form 10-Q contains forward-looking statements, which involve risks and uncertainties. Words such as “believes,” “expects,” “anticipates” and the like indicate forward-looking statements. These forward-looking statements include comments related to Intevac’s shipments, projected revenue recognition, product costs, gross margin, operating expenses, interest income, income taxes, cash balances and financial results in 2024 and beyond; projected customer requirements for Intevac’s new and existing products, and when, and if, Intevac’s customers will place orders for these products; the timing of delivery and/or acceptance of the systems and products that comprise Intevac’s backlog for revenue and the Company’s ability to achieve cost savings. Intevac’s actual results may differ materially from the results discussed in the forward-looking statements for a variety of reasons, including those set forth under “Risk Factors” and in other documents we file from time to time with the Securities and Exchange Commission, including our Annual Report on Form 10-K filed on February 15, 2024, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K.

Intevac’s trademarks include the following: “200 Lean®,” and “INTEVAC TRIO™.”

Overview

Intevac is a leading provider of thin-film process technology and manufacturing platforms for high-volume manufacturing environments. With over 30 years of leadership in designing, developing, and manufacturing high-productivity, thin-film processing systems, the Company leverages its technology and know-how to provide process manufacturing equipment solutions to the hard disk drive (“HDD”) and advanced coatings (“ADVC”) markets (formerly known as the display cover panel (“DCP”) market). Intevac’s customers include HDD and DCP manufacturers. Intevac operates in a single segment: Thin-film Equipment (“TFE”). Product development and manufacturing activities occur in North America and Asia. Intevac also has field offices in Asia to support its customers. Intevac’s products are highly technical and are sold primarily through Intevac’s direct sales force.

Intevac’s results of operations are driven by a number of factors including success in its equipment growth initiatives in the ADVC market and by worldwide demand for HDDs. Demand for HDDs depends on the growth in digital data creation and storage, the rate of areal density improvements, and the end-user demand for personal computers (“PCs”), enterprise data storage, nearline “cloud” applications, video players and video game consoles that include such drives. Intevac continues to execute its strategy of diversification beyond the HDD industry by focusing on the Company’s ability to provide proprietary tools to enhance scratch protection and durability for the ADVC market and by working to develop the next generation of high volume ADVC manufacturing equipment. Intevac believes that its renewed focus on the ADVC market will result in incremental equipment revenues for Intevac and decrease Intevac’s dependence on the HDD industry. Intevac’s equipment business is subject to cyclical industry conditions, as demand for manufacturing equipment and services can change depending on supply and demand for HDDs and cell phones, as well as other factors such as global economic conditions and technological advances in fabrication processes.

In December 2021, the Company sold its Photonics business. As a result of the disposition, the results of operations from the Photonics reporting segment are reported as “Net income from discontinued operations, net of taxes” in the condensed consolidated financial statements in Item 1 of this Quarterly Report on Form 10-Q.

In March 2022, the Company realigned its operational focus and eliminated several research and development (“R&D”) programs and product offerings for the ADVC, photovoltaic solar cell and advanced semiconductor packaging industries and instead started a focused effort to develop TRIO™, a modular platform that can be configured to handle a variety of form factors, including two-dimensional and three-dimensional shapes and both small and large surface area substrates.

In December 2022, the Company entered a joint development agreement (the “JDA”) with Corning Incorporated (“Corning”), a major provider of glass and glass ceramic materials, for the development of TRIO for consumer device applications. In December 2023, the Company successfully completed the qualification of its first TRIO system with Corning. On December 31, 2023, the JDA expired by its terms.

In October 2024, we completed the qualification process for our first-ever TRIO shipment, which was delivered in April 2024 to a cover glass finisher in Asia under an evaluation arrangement. The evaluation concluded and did not result in a sale. TRIO was unable to decisively demonstrate material advantages to displace existing coating solutions, and as such we missed the market opportunity for this next consumer device product cycle. We have stopped further development spending on the TRIO platform. We are continuing to perform demonstrations with multiple prospective customers for R &D as well as polymer applications.

On November 7, 2024, we approved a cost reduction plan (the “2024 Cost Reduction Plan”), which is intended to reduce expenses by reducing our workforce by approximately 19 percent. We expect to incur restructuring costs of approximately \$900,000 in estimated severance and other employee-related expenses associated with the 2024 Cost Reduction Plan. Substantially all cash outlays in connection with the 2024 Cost Reduction Plan are expected to occur in the fourth quarter of fiscal 2024. Implementation of the 2024 Cost Reduction Plan is expected to reduce salary, wages and other employee-related expenses and contractor payments by approximately \$5.1 million on an annual basis.

However, we may not be able to fully realize the cost savings and benefits initially anticipated from the 2024 Cost Reduction Plan, and the expected costs may be greater than expected. “See Risk Factors—Risks Related to Our Business—We may not successfully execute or achieve the expected benefits of our cost reduction initiatives and other cost-saving measures we may take in the future, and our efforts may result in further actions and/or asset impairment charges and adversely affect our business.”

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The following table presents certain significant measurements for the three and nine months ended September 28, 2024 and September 30, 2023:

	Three Months Ended			Nine Months Ended		
	September 28, 2024	September 30, 2023	Change over prior period	September 28, 2024	September 30, 2023	Change over prior period
	(In thousands, except percentages and per share amounts)					
Net revenues	\$ 28,505	\$ 17,915	\$ 10,590	\$ 52,662	\$ 39,758	\$ 12,904
Gross profit	\$ 7,058	\$ 6,999	\$ 59	\$ 16,810	\$ 14,287	\$ 2,523
Gross margin percent	24.8%	39.1%	(14.3) points	31.9%	35.9%	(4.0) points
Loss from operations	\$ (1,752)	\$ (1,428)	\$ (324)	\$ (9,469)	\$ (11,334)	\$ 1,865
Loss from continuing operations	\$ (2,173)	\$ (1,624)	\$ (549)	\$ (8,137)	\$ (10,710)	\$ 2,573
Income from discontinued operations	\$ —	\$ 48	\$ (48)	\$ 1,095	\$ 365	\$ 730
Net loss	\$ (2,173)	\$ (1,576)	\$ (597)	\$ (7,042)	\$ (10,345)	\$ 3,303
Net loss per diluted share	\$ (0.08)	\$ (0.06)	\$ (0.02)	\$ (0.26)	\$ (0.40)	\$ 0.14

Net revenues increased during the third quarter of fiscal 2024 compared to the same period in the prior year primarily due to the recognition of \$15.4 million of cancellation fees related to the cancellation of an order for eight 200 Lean HDD systems in May 2023, offset in part by lower equipment sales to HDD manufacturers. We did not recognize revenue on any system sales in either the third quarter of fiscal 2024 or the third quarter of fiscal 2023. Lower gross margin in the third quarter of fiscal 2024 reflected the lower margin from the cancellation fee and increased inventory charges. Excess and obsolete inventory charges for the three months ended September 28, 2024 included \$1.8 million in charges to reduce a TRIO tool currently undergoing evaluation at a customer facility to its estimated net realizable value. Gross margin in the third quarter of fiscal 2023 reflected excess and obsolete inventory charges due to the obsolescence of inventory resulting from engineering change orders to the TRIO bill of material and severance costs associated with our 2023 Cost Reduction Plan. The 2023 Cost Reduction Plan of \$2.0 million was offset in part by \$462,000 of stock-based compensation forfeitures related to the employees affected by the reduction in workforce. The Company reported a larger net loss for the third quarter of fiscal 2024 compared to the third quarter of fiscal 2023 due to higher operating costs, higher foreign currency charges, and higher income taxes, offset in part by higher revenues, higher gross profit and higher investment income.

Net revenues increased during the nine months ended September 28, 2024, compared to the same period in the prior year primarily due to the \$15.4 million of cancellation fees, as well as higher upgrades sales, offset in part by lower systems sales. We did not recognize revenue on any system sales in the first nine months of fiscal 2024. We recognized revenue on one 200 Lean HDD system and one refurbished 200 Lean HDD system in the first nine months of 2023. Lower gross margin in the nine months ended September 28, 2024, versus the same period in the prior year, reflected the lower-margin contribution from the cancellation fee and higher inventory obsolescence charges. Excess and obsolete inventory charges for the nine months ended September 28, 2024, included \$2.9 million in charges to reduce a TRIO tool currently undergoing evaluation at a customer facility to its estimated net realizable value. Gross margin for the nine months ended September 30, 2023, reflected severance costs as part of our 2023 Cost Reduction Plan and the lower-margin contributions from the sale of the 200 Lean HDD system and the refurbished 200 Lean HDD system. The cost of employee severance associated with our 2023 Cost Reduction Plan of \$2.0 million was offset in part by \$462,000 of stock-based compensation forfeitures related to the employees affected by the reduction in workforce. During the nine months ended September 28, 2024, we amended certain payroll tax filings and applied for a refund of \$2.4 million in ERC benefits. The refund is recorded as \$1.5 million in other income (expense), net and \$933,000 in discontinued operations in our condensed consolidated statements of operations for the nine months ended September 28, 2024. The Company reported a smaller net loss for the nine months ended September 28, 2024, compared to same period in the prior year due to higher revenues, higher gross profit, higher investment income, and the ERC benefits, offset in part by higher operating costs and higher income taxes.

We believe fiscal 2024 will continue to be a challenging year, and we do not expect to be profitable in fiscal 2024. In fiscal 2024. We expect that HDD equipment sales and upgrades for magnetic disk production in fiscal 2024 will be lower than fiscal 2023 levels. In addition, our results of operations and growth prospects could be impacted by macroeconomic conditions such as a global economic slowdown, global economic instability and political conflicts, wars, and public health crises. In addition, continued inflation and high interest rates may impact demand for our products and services and our cost to provide products and services.

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Results of Operations

Net revenues

	Three Months Ended			Nine Months Ended		
	September 28, 2024	September 30, 2023	Change over prior period (In thousands)	September 28, 2024	September 30, 2023	Change over prior period
Net revenues	\$ 28,505	\$ 17,915	\$ 10,590	\$ 52,662	\$ 39,758	\$ 12,904

Revenue for the three months ended September 28, 2024 increased compared to the same period in the prior year as a result of the recognition of \$15.4 million of cancellation fees described below, offset in part by lower sales of technology upgrades, lower sales of spare parts and lower sales of field service. Revenue for the nine months ended September 28, 2024 increased compared to the same period in the prior year as a result of the recognition of \$15.4 million of cancellation fees and higher technology upgrades, higher spare parts sales and higher field service sales, offset in part by lower sales of systems. Revenue for the three and nine months ended September 28, 2024 includes \$15.4 million of cancellation fees, when the Company applied \$15.4 million of billings against customer advances in connection with the customer accepting ownership of certain inventory on-hand and reimbursing us for supplier cancellation and inventory management costs incurred associated with a cancelled order for eight 200 Lean HDD systems in May 2023. Revenue for the three and nine months ended September 30, 2023, includes \$444,000 of cancellation fees, when the Company applied \$444,000 of billings against customer advances in connection with inventory scrapped at the customer's direction associated with the cancelled order noted above. Revenue for the three months and nine months ended September 28, 2024, did not include revenue recognized for the sale of any systems. We recognized revenue on the sale of one 200 Lean HDD system and one refurbished 200 Lean HDD system for the nine months ended September 30, 2023.

Backlog

	September 28, 2024	December 30, 2023 (In thousands)	September 30, 2023
Backlog	\$ 44,360	\$ 42,415	\$ 46,497

Backlog at both September 28, 2024 and December 30, 2023 did not include any 200 Lean HDD systems. Backlog at September 30, 2023 included two 200 Lean HDD systems. In May 2023, we recorded a backlog reduction of \$54.6 million due to customer cancellation of an order for eight 200 Lean HDD systems. In December 2023, we recorded a backlog reduction of \$11.4 million due to customer cancellation of an order for two 200 Lean HDD systems. On September 28, 2024, we had \$44.4 million of backlog, of which we expect to recognize as revenue: 21.4% in 2024 and 78.6% in 2025. However, our customers may cancel their contracts with us prior to contract completion. In the case of a termination for convenience, we would not receive anticipated future revenues, but would generally be permitted to recover all or a portion of our incurred costs and fees for work performed.

Revenue by geographic region

	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
	(In thousands)			
United States	\$ 1,716	\$ 784	\$ 2,376	\$ 3,060
Asia	26,789	17,034	50,286	36,590
Europe	—	97	—	108
Total net revenues	\$ 28,505	\$ 17,915	\$ 52,662	\$ 39,758

International sales include products shipped to overseas operations of U.S. companies. The increase in sales to the U.S. region in the three months ended September 28, 2024 versus the same period in the prior year reflected higher HDD upgrade sales, offset in part by lower spare parts sales and lower field service sales. The decrease in sales to the U.S. region in the nine months ended September 28, 2024 versus the same period in the prior year reflected lower HDD upgrade sales, lower spare parts sales and lower field service sales. The increase in sales to the Asia region in the three months ended September 28, 2024, versus the same period in the prior year reflected the recognition of the \$15.4 million of cancellation fees and higher field service sales, offset in part by lower HDD upgrade sales and lower spare parts sales. The increase in sales to the Asia region in the nine months ended September 28, 2024, versus the same period in the prior year reflected the recognition of the \$15.4 million of cancellation fees and higher HDD upgrade sales, higher spare parts sales and higher field service sales, offset in part by lower HDD systems sales. Sales to the Asia region in the three and nine months ended September 28, 2024 did not include any systems sales. Sales to the Asia region in the nine months ended September 30, 2023 included the sale of one 200 Lean HDD system and one refurbished 200 Lean HDD system.

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Gross profit

	Three Months Ended			Nine Months Ended		
	September 28, 2024	September 30, 2023	Change over prior period	September 28, 2024	September 30, 2023	Change over prior period
	(In thousands, except percentages)					
Gross profit	\$ 7,058	\$ 6,999	\$ 59	\$ 16,810	\$ 14,287	\$ 2,523
% of net revenues	24.8%	39.1%		31.9%	35.9%	

Cost of net revenues consists primarily of purchased materials and also includes fabrication, assembly, test and installation labor and overhead, customer-specific engineering costs, warranty costs, royalties, provisions for inventory reserves and scrap.

Gross margin was 24.8% in the three months ended September 28, 2024, compared to 39.1% in the three months ended September 30, 2023, and was 31.9% in the nine months ended September 28, 2024, compared to 35.9% in the nine months ended September 30, 2023. The decrease in gross margin for the three and nine months ended September 28, 2024 compared to the same periods in the prior year was due primarily to the lower-margin contribution from the \$15.4 million of cancellation fees and increased excess and obsolete inventory charges. Excess and obsolete inventory charges for the three and nine months ended September 28, 2024 included \$1.8 million and \$2.9 million, respectively, in charges to reduce a TRIO tool currently undergoing evaluation at a customer facility to its estimated net realizable value. Excess and obsolete inventory charges during the three and nine months ended September 30, 2023, included \$1.4 million in expenditures primarily related to certain TRIO inventory that became obsolete resulting from engineering change orders. Gross margin in the nine months ended September 30, 2023 reflected the lower-margin contributions from the sale of the 200 Lean HDD system and the refurbished 200 Lean HDD system.

Research and development expense

	Three Months Ended			Nine Months Ended		
	September 28, 2024	September 30, 2023	Change over prior period	September 28, 2024	September 30, 2023	Change over prior period
	(In thousands)					
Research and development expense	\$ 3,967	\$ 3,720	\$ 247	\$ 11,846	\$ 11,340	\$ 506

Research and development spending during the three months ended September 28, 2024, increased compared to the same period in the prior year primarily due to higher spending on TRIO and HDD R&D programs. R&D spending during the nine months ended September 28, 2024, increased compared to the same period in the prior year primarily due to higher spending on TRIO, offset in part by lower spending on HDD R&D programs.

Selling, general and administrative expense

	Three Months Ended			Nine Months Ended		
	September 28, 2024	September 30, 2023	Change over prior period	September 28, 2024	September 30, 2023	Change over prior period
	(In thousands)					
Selling, general and administrative expense	\$ 4,843	\$ 4,707	\$ 136	\$ 14,433	\$ 14,281	\$ 152

Selling, general and administrative expense consists primarily of selling, marketing, customer support, financial and management costs. Selling, general and administrative expense for the three months ended September 28, 2024 increased compared to the same period in the prior year as higher variable compensation expenses, higher stock-based compensation expenses, higher legal fees, higher rent, higher marketing expenses, and higher travel expenses were offset in part by lower salaries and lower consulting fees. Selling, general and administrative expense for the nine months ended September 28, 2024 increased compared to the same period in the prior year as higher variable compensation expenses, higher legal fees, higher rent, higher marketing expenses, and higher travel expenses were offset in part by lower salaries and wages, lower stock-based compensation expenses and lower consulting fees. Selling, general and administrative expense for the three and nine months ended September 28, 2024 also included \$192,000 and \$558,000, respectively, in charges to support a customer evaluation for a TRIO system at a leading display cover glass manufacturer. Selling, general and administrative expense for the three and nine months ended September 30, 2023 included severance charges of \$1.3 million associated with the 2023 Cost Reduction Plan.

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Cost reduction plans

During the third quarter of fiscal 2023, Intevac substantially completed implementation of the 2023 Cost Reduction Plan, which was intended to reduce expenses by reducing our workforce by 23 percent including employees and contractors. Intevac incurred restructuring costs of \$1.9 million in severance, \$2,000 in stock-based compensation associated with the modification of certain stock-based awards and other employee-related expenses associated with the 2023 Cost Reduction Plan. Additionally, as part of the 2023 Cost Reduction Plan the Company incurred a benefit of \$462,000 related to the stock-based compensation forfeitures related to the employees affected by the reduction in workforce. Substantially all cash outlays in connection with the 2023 Cost Reduction Plan occurred in the third quarter of fiscal 2023. The cost of implementing the 2023 Cost Reduction Plan was reported under cost of net revenues (\$490,000) and operating expenses (\$1.3 million in selling, general and administrative expense and \$117,000 in R&D expense) in the condensed consolidated statements of operations. Implementation of the 2023 Cost Reduction Plan is expected to reduce salary, wages and other employee-related expenses and contractor payments by approximately \$4.6 million on an annual basis.

Interest income and other income (expense), net

	Three Months Ended			Nine Months Ended		
	September 28, 2024	September 30, 2023	Change over prior period	September 28, 2024	September 30, 2023	Change over prior period
	(In thousands)					
Interest income and other income (expense), net	\$ 541	\$ 600	\$ (59)	\$ 3,521	\$ 1,922	\$ 1,599

Interest income and other income (expense), net is comprised of interest income, foreign currency gains and losses, and other income and expense.

Interest income and other income (expense), net in the three months ended September 28, 2024, included \$766,000 of interest income on investments, various other income of \$2,000, offset in part by \$227,000 of foreign currency losses. Interest income and other income (expense), net in the nine months ended September 28, 2024, included \$2.1 million of interest income on investments, various other income of \$1.5 million offset in part by \$123,000 of foreign currency losses. Interest income and other income (expense), net in the three months ended September 30, 2023, included \$600,000 of interest income on investments, various other income of \$51,000, offset in part by \$51,000 of foreign currency losses. Interest income and other income (expense), net in the nine months ended September 30, 2023, included \$1.9 million of interest income on investments, various other income of \$115,000 offset in part by \$70,000 of foreign currency losses. The increase in interest income in the three and nine months ended September 28, 2024, compared to the same periods in the prior year resulted from higher interest rates and higher invested balances. During the nine months ended September 28, 2024, we amended certain fiscal year 2021 payroll tax filings and applied for a refund of \$2.4 million in ERC benefits. The refund is recorded as \$1.5 million in other income (expense), net and \$933,000 in discontinued operations in our condensed consolidated statements of operations for the nine months ended September 28, 2024.

Provision for income taxes

	Three Months Ended			Nine Months Ended		
	September 28, 2024	September 30, 2023	Change over prior period	September 28, 2024	September 30, 2023	Change over prior period
	(In thousands)					
Provision for income taxes	\$ 962	\$ 796	\$ 166	\$ 2,189	\$ 1,298	\$ 891

Intevac recorded income tax provisions of \$962,000 and \$2.2 million for the three and nine months ended September 28, 2024, respectively, and income tax provisions of \$796,000 and \$1.3 million for the three and nine months ended September 30, 2023, respectively. The income tax provisions for these three and nine month periods are based upon estimates of annual income (loss), annual permanent differences and statutory tax rates in the various jurisdictions in which Intevac operates. For the three and nine months ended September 28, 2024, Intevac recorded an income tax provision on earnings of \$779,000 and \$1.6 million, respectively, of its international subsidiaries. For the three and nine months ended September 28, 2024, Intevac recorded \$181,000 and \$552,000, respectively, for withholding taxes on royalties paid into the United States from Intevac's Singapore subsidiary as discrete items. For the three and nine months ended September 30, 2023, Intevac recorded an income tax provision on earnings of \$505,000 and \$685,000, respectively, of its international subsidiaries. For the three and nine months ended September 30, 2023, Intevac recorded \$288,000 and \$608,000, respectively, for withholding taxes on royalties paid into the United States from Intevac's Singapore subsidiary as discrete items.

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For all periods presented, Intevac utilized net operating loss carry-forwards to offset the impact of the global intangible low-taxed income. Intevac's tax rate differs from the applicable statutory rates due primarily to establishment of a valuation allowance, utilization of deferred and current credits and the effect of permanent differences and adjustments of prior permanent differences. Intevac's future effective income tax rate depends on various factors, including the level of Intevac's projected earnings, the geographic composition of worldwide earnings, tax regulations governing each region, net operating loss carry-forwards, availability of tax credits and the effectiveness of Intevac's tax planning strategies. Management carefully monitors these factors and timely adjusts the effective income tax rate.

The income tax expense consists primarily of income taxes in foreign jurisdictions in which we conduct business and foreign withholding taxes. We maintain a full valuation allowance for domestic deferred tax assets, including net operating loss carry-forwards and certain domestic tax credits. Intevac's effective tax rate differs from the U.S. statutory rate in both fiscal 2024 and fiscal 2023 primarily due to the Company not recognizing an income tax benefit on the domestic loss.

Income from discontinued operations, net of taxes

	Three Months Ended			Nine Months Ended		
	September 28 2024	September 30, 2023	Change over prior period	September 28 2024	September 30, 2023	Change over prior period
	(In thousands)					
Income from discontinued operations, net of taxes	\$ —	\$ 48	\$ (48)	\$ 1,095	\$ 365	\$ 730

The income from discontinued operations consists primarily of the results of operations of the Photonics business which was sold to EOTECH on December 30, 2021. Income from discontinued operations for the nine months ended September 28, 2024 is comprised of \$933,000 in ERC benefits and the \$162,000 reversal of certain charges associated with the completion of the lease subsidy in March 2024. Income from discontinued operations for the three months ended September 28, 2023 is comprised primarily of accretion on the lease liability that was assigned to EOTECH. Income from discontinued operations for the nine months ended September 28, 2023 is comprised primarily of a stock-based compensation forfeiture benefit recognized upon the termination of employment of certain mutual employees of both the Company and EOTECH upon the completion of the assignment and novation of all government contracts to EOTECH in the first quarter of fiscal 2023.

Liquidity and Capital Resources

At September 28, 2024, Intevac had \$72.1 million in cash, cash equivalents, restricted cash and investments, compared to \$72.2 million at December 30, 2023. During the first nine months of fiscal 2024, cash, cash equivalents, restricted cash and investments decreased by \$109,000 due primarily to purchases of leasehold improvements and equipment, and tax payments on net share settlements, offset in part by cash generated by operating activities and cash received from the sale of Intevac common stock to Intevac's employees through Intevac's employee benefit plans.

Cash, cash equivalents, restricted cash and investments consist of the following:

	September 28, 2024	December 30, 2023
	(In thousands)	
Cash and cash equivalents	\$ 36,057	\$ 51,441
Restricted cash	700	700
Short-term investments	27,091	17,405
Long-term investments	8,276	2,687
Total cash, cash equivalents, restricted cash and investments	\$ 72,124	\$ 72,233

Operating activities generated cash of \$357,000 during the first nine months of fiscal 2024 and used cash of \$40.9 million during the first nine months of fiscal 2023.

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Accounts receivable decreased to \$14.5 million at September 28, 2024 compared to \$18.6 million at December 30, 2023 as a result of collections, offset in part by third quarter sales. Accounts receivable at September 28, 2024 includes the \$2.4 million claim for ERC benefits. Inventories decreased to \$31.7 million at September 28, 2024 compared to \$43.8 million at December 30, 2023 primarily due to settlement of the eight system order cancellation with a customer, offset in part by increased purchases of TRIO inventory. Accounts payable decreased to \$3.0 million at September 28, 2024 from \$5.8 million at December 30, 2023. Accrued payroll and related liabilities increased to \$4.9 million at September 28, 2024 compared to \$3.5 million at December 30, 2023 primarily due to the accrual of 2024 bonuses, offset in part by the settlement of 2023 bonuses. Customer advances decreased from \$21.9 million at December 30, 2023 to \$7.8 million at September 28, 2024 primarily as a result of settlement of the eight system order cancellation with a customer, offset in part by new orders.

Investing activities used cash of \$16.5 million during the first nine months of fiscal 2024. Purchases of investments, net of proceeds from sales and maturities of investments totaled \$14.5 million. Capital expenditures for the nine months ended September 28, 2024 were \$1.9 million.

Financing activities generated cash of \$489,000 in the first nine months of fiscal 2024. Cash generated from the sale of Intevac common stock to Intevac's employees through Intevac's employee benefit plans was \$964,000. Tax payments related to the net share settlement of restricted stock units was \$475,000.

Intevac's investment portfolio consists principally of investment grade money market mutual funds, U.S. Treasury and agency securities, certificates of deposit, asset-backed securities, commercial paper, municipal bonds and corporate bonds. Intevac regularly monitors the credit risk in its investment portfolio and takes measures, which may include the sale of certain securities, to manage such risks in accordance with its investment policies.

As of September 28, 2024, approximately \$20.3 million of cash and cash equivalents and \$24.6 million of investments were domiciled in foreign tax jurisdictions. Intevac expects a significant portion of these funds to remain offshore in the short term. If the Company chose to repatriate these funds to the United States, it would be required to accrue and pay additional taxes on any portion of the repatriation subject to foreign withholding taxes.

We believe that our existing cash, cash equivalents and investments and cash flows from operating activities will be adequate to meet our liquidity needs for the next twelve months and for the foreseeable future beyond the next twelve months. Our significant funding requirements include procurement of manufacturing inventories, operating expenses, non-cancelable operating lease obligations, capital expenditures, contingent consideration payments, and variable compensation. We have flexibility over some of these uses of cash, including capital expenditures and discretionary operating expenses, to preserve our liquidity position. Capital expenditures for the remainder of fiscal 2024 are projected to be approximately \$1.9 million related to network infrastructure and security, and laboratory and test equipment to support our R&D programs.

Off-Balance Sheet Arrangements

Off-balance sheet firm commitments relating to outstanding letters of credit amounted to approximately \$700,000 as of September 28, 2024. These letters of credit and bank guarantees are collateralized by \$700,000 of restricted cash. We do not maintain any other off-balance sheet arrangements, transactions, obligations, or other relationships that would be expected to have a material current or future effect on the consolidated financial statements.

Climate Change

We believe that neither climate change, nor governmental regulations related to climate change, have had any material effect on our business, financial condition or results of operations.

Critical Accounting Policies and Estimates

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America ("US GAAP") requires management to make judgments, assumptions and estimates that affect the amounts reported. Intevac's significant accounting policies are described in Note 1 to the consolidated financial statements included in Item 8 of Intevac's Annual Report on Form 10-K for the year ended December 30, 2023, filed with the SEC on February 15, 2024. Certain of these significant accounting policies are considered to be critical accounting policies, as defined below. There have been no material changes to our critical accounting policies during the nine months ended September 28, 2024.

A critical accounting policy is defined as one that is both material to the presentation of Intevac's financial statements and requires management to make difficult, subjective or complex judgments that could have a material effect on Intevac's financial conditions and results of operations. Specifically, critical accounting estimates have the following attributes: 1) Intevac is required to make assumptions about matters that are highly uncertain at the time of the estimate; and 2) different estimates Intevac could reasonably have used, or changes in the estimate that are reasonably likely to occur, would have a material effect on Intevac's financial condition or results of operations.

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Estimates and assumptions about future events and their effects cannot be determined with certainty. Intevac bases its estimates on historical experience and on various other assumptions believed to be applicable and reasonable under the circumstances. These estimates may change as new events occur, as additional information is obtained and as Intevac's operating environment changes. These changes have historically been minor and have been included in the consolidated financial statements as soon as they become known. In addition, management is periodically faced with uncertainties, the outcomes of which are not within its control and will not be known for prolonged periods of time. Many of these uncertainties are discussed in the section below entitled "Risk Factors." Based on a critical assessment of Intevac's accounting policies and the underlying judgments and uncertainties affecting the application of those policies, management believes that Intevac's consolidated financial statements are fairly stated in accordance with US GAAP, and provide a meaningful presentation of Intevac's financial condition and results of operations.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

Not applicable to smaller reporting companies.

Item 4. *Controls and Procedures*

Evaluation of Disclosure Controls and Procedures

Intevac maintains a set of disclosure controls and procedures that are designed to ensure that information relating to Intevac required to be disclosed in periodic filings under the Securities Exchange Act of 1934, or Exchange Act, is recorded, processed, summarized and reported in a timely manner under the Exchange Act. In connection with the filing of this Quarterly Report on Form 10-Q for the quarter ended September 28, 2024, as required under Rule 13a-15(e) of the Exchange Act, an evaluation was carried out under the supervision and with the participation of management, including the Chief Executive Officer (the "CEO") and Chief Financial Officer (the "CFO"), of the effectiveness of Intevac's disclosure controls and procedures as of the end of the period covered by this quarterly report. Based on this evaluation, Intevac's CEO and CFO concluded that our disclosure controls and procedures were effective as of September 28, 2024.

Attached as exhibits to this Quarterly Report on Form 10-Q are certifications of the CEO and the CFO, which are required in accordance with Rule 13a-14 of the Exchange Act. This Controls and Procedures section includes the information concerning the controls evaluation referred to in the certifications, and it should be read in conjunction with the certifications for a more complete understanding of the topics presented.

Definition of Disclosure Controls

Disclosure controls are controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act, such as this Quarterly Report on Form 10-Q, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls are also designed to ensure that such information is accumulated and communicated to our management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. Our disclosure controls include components of our internal control over financial reporting, which consists of control processes designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles in the U.S. To the extent that components of our internal control over financial reporting are included within our disclosure controls, they are included in the scope of our quarterly controls evaluation.

Limitations on the Effectiveness of Controls

Intevac's management, including the CEO and CFO, does not expect that Intevac's disclosure controls or Intevac's internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within Intevac have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, Intevac's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, Intevac is involved in claims and legal proceedings that arise in the ordinary course of business. Intevac expects that the number and significance of these matters will increase as Intevac's business expands. Any claims or proceedings against us, whether meritorious or not, could be time consuming, result in costly litigation, require significant amounts of management time, result in the diversion of significant operational resources, or require us to enter into royalty or licensing agreements which, if required, may not be available on terms favorable to us or at all. Intevac is not presently a party to any lawsuit or proceeding that, in Intevac's opinion, is likely to seriously harm Intevac's business. See "Risk Factors" in Part II, Item 1A of this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

The following factors could materially affect Intevac's business, financial condition or results of operations and should be carefully considered in evaluating the Company and its business, in addition to other information presented elsewhere in this report.

Risks Related to Our Business

The industries we serve are cyclical, volatile and unpredictable.

A significant portion of our revenue is derived from the sale of equipment used to manufacture commodity technology products such as disk drives and cell phones. This subjects us to business cycles, the timing, length and volatility of which can be difficult to predict. When demand for commodity technology products exceeds production capacity, then demand for new capital equipment such as ours tends to be amplified. Conversely, when supply of commodity technology products exceeds demand, then demand for new capital equipment such as ours tends to be depressed. We cannot predict with any certainty when these cycles will begin or end. For example, our sales of systems for magnetic disk production increased in 2016 as a customer began upgrading the technology level of its manufacturing capacity. Sales of systems and upgrades for magnetic disk production in 2017 and 2018 were higher than in 2016 as this customer's technology upgrade continued. However, sales of systems and upgrades for magnetic disk production in each of 2019, 2020, 2021, 2022 and 2023 were down from the levels in 2018 as this customer took delivery of fewer or no (in the case of 2021 and 2022) systems. In 2023, this customer cancelled orders for ten 200 Lean HDD systems due to the customer postponing previously planned media capacity additions, and we recorded a backlog reduction of \$66.0 million. We expect sales of systems and upgrades for magnetic disk production in 2024 will be lower than the levels in 2023.

Our equipment represents only a portion of the capital expenditure that our customers incur when they upgrade or add production capacity. Accordingly, our customers generally commit to making large capital expenditures far in excess of the cost of our systems alone when they decide to purchase our systems. The magnitude of these capital expenditures requires our customers to have access to large amounts of capital. Our customers generally reduce their level of capital investment during downturns in the overall economy or during a downturn in their industries. Reductions in capital investment could be particularly pronounced during periods of higher interest rates due to the increased cost of obtaining capital.

We must effectively manage our resources and production capacity to meet rapidly changing demand. Our business experiences rapid growth and contraction, which stresses our infrastructure, internal systems and managerial resources. During periods of increasing demand for our products, we must have sufficient manufacturing capacity and inventory to meet customer demand; attract, retain and motivate a sufficient number of qualified individuals; and effectively manage our supply chain. During periods of decreasing demand for our products, we must be able to align our cost structure with prevailing market conditions; motivate and retain key employees; and effectively manage our supply chain.

We are exposed to risks associated with a highly concentrated customer base.

Historically, a significant portion of our revenue in any particular period has been attributable to sales of our disk sputtering systems to a limited number of customers. Our reliance on sales to relatively few customers has increased with the disposition of our Photonics business in December 2021, and we expect that sales of our products to relatively few customers will continue to account for a high percentage of our revenues in the foreseeable future. This concentration of customers, when combined with changes in the customers' specific capacity plans and market share shifts, can lead to extreme variability in our revenue and financial results from period to period. The concentration of our customer base may also enable our customers to demand pricing and other terms unfavorable to Intevac and makes us more vulnerable to changes in demand by or issues with a given customer. The loss of one or more of these large customers, or delays in purchasing by any of them, would have a material and adverse effect on our revenues.

Sales of our equipment are primarily dependent on our customers' upgrade and capacity expansion plans and whether our customers select our equipment.

We have no control over our customers' upgrade and capacity expansion plans, and we cannot be sure they will select, or continue to select, our equipment when they upgrade or expand their capacity. The sales cycle for our equipment systems can be a year or longer, involving individuals from many different areas of Intevac and numerous product presentations and demonstrations for our prospective customers. Our sales process also commonly includes production of samples and customization of our products. We do not typically enter into long-term contracts with our customers, and until an order is actually submitted by a customer there is no binding commitment to purchase our systems. In some cases, orders are also subject to customer acceptance or other criteria even in the case of a binding agreement.

As of September 28, 2024, our total backlog was \$44.4 million, which was primarily attributable to two customers. Our backlog includes orders under contracts that can extend for several years. Our backlog can be significantly affected by the timing of large orders. We may not realize all of the revenue included in our total backlog in the future. For example, in fiscal 2023, we removed \$66.0 million from backlog upon receiving notices from a customer of the cancellation of orders for ten 200 Lean HDD systems due to the customer postponing previously planned media capacity additions. There can also be no assurance that our backlog will result in revenue in any particular period because the actual receipt, timing and amount of revenue under contracts included in backlog are subject to various contingencies, many of which are beyond our control. If our customers terminate, reduce or defer orders, we may be protected from certain costs and losses, but our sales will nevertheless be adversely affected, and we may not generate the revenue we expect.

Sales of new manufacturing systems are also dependent on obsolescence and replacement of the installed base of our customers' existing equipment with newer, more capable equipment. If upgrades are developed that extend the useful life of the installed base of systems, then we tend to sell more upgrade products and fewer new systems, which can significantly reduce total revenue.

Our 200 Lean HDD customers also experience competition from companies that produce alternative storage technologies like flash memory, which offer smaller size, lower power consumption and more rugged designs. These storage technologies are being used increasingly in enterprise applications and smaller form factors such as tablets, smart-phones, ultra-books, and notebook PCs instead of hard disk drives. Tablet computing devices and smart-phones have never contained, nor are they likely in the future to contain, a disk drive. Products using alternative technologies, such as flash memory, optical storage and other storage technologies are becoming increasingly common and could become a significant source of competition to particular applications of the products of our 200 Lean HDD customers, which could adversely affect our results of operations. If alternative technologies, such as flash memory, replace hard disk drives as a significant method of digital storage, then demand for our hard disk manufacturing products would decrease.

Our results of operations could be materially harmed if we are unable to accurately forecast demand for our products and manage product inventory in an effective and efficient manner.

To ensure adequate inventory supply, we must forecast inventory needs and place orders with our suppliers before orders are placed by our customers. Factors that could affect our ability to accurately forecast demand for our products include: (1) an increase or decrease in customer demand for our products; (2) a failure to accurately forecast consumer acceptance for our new products such as the TRIO platform; (3) product introductions by competitors; (4) unanticipated changes in general market conditions or other factors (for example, because of effects on inventory supply and consumer demand caused by high inflation rates or other adverse macroeconomic conditions); (5) the uncertainties and logistical challenges that accompany operations on a global scale; and (6) terrorism or acts of war, or the threat thereof, political or labor instability or unrest, or public health crises.

If we fail to accurately forecast customer demand, we may experience excess inventory levels or a shortage of product to deliver to our customers. Inventory levels in excess of customer demand may result in inventory write-downs or write-offs, and the sale of excess inventory at discounted prices, which could harm our gross margin. Conversely, if we underestimate the demand for our products, we may not be able to produce products to meet our customer requirements, which could result in delays in the shipment of our products, negatively impact our ability to recognize revenue, generate lost sales, and cause damage to our reputation and relationships with our customers. Challenges in forecasting demand can also make it difficult to estimate future results of operations and financial condition from period to period and meet investor expectations. A failure to accurately predict the level of demand for our products or manage product inventory in an effective and efficient manner could adversely impact our results of operations and cause us not to achieve our expected financial results.

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We are dependent on certain suppliers for parts used in our products.

We are a manufacturing business. Purchased parts constitute the largest component of our product cost. Our ability to manufacture depends on the timely delivery of parts, components and subassemblies from suppliers. We obtain some of the key components and subassemblies used in our products from a single supplier or a limited group of suppliers. If any of our suppliers fail to deliver quality parts on a timely basis, we may experience delays in manufacturing, which could result in delayed product deliveries, increased costs to expedite deliveries or develop alternative suppliers, or require redesign of our products to accommodate alternative suppliers. Some of our suppliers are thinly capitalized and may be vulnerable to failure, particularly during economic downturns and periods of higher interest rates and inflation.

Supply chain and shipping disruptions could result in shipping delays, and increased product costs which may have a material adverse effect on our business, financial condition and results of operations.

Supply chain disruptions have impacted, and may continue to impact, us and our suppliers. These disruptions have resulted in longer lead times and increased product costs and shipping expenses. While we have taken steps to minimize the impact of these increased costs by working closely with our suppliers and customers, prolonged supply chain disruptions could interrupt product manufacturing, increase lead times, increase product costs and continue to increase shipping costs, all of which could have a material adverse effect on our business, financial condition and results of operations.

We operate in an intensely competitive marketplace, and our competitors have greater resources than we do.

In the market for our disk sputtering systems, we experience competition primarily from Canon Anelva, which has sold a substantial number of systems worldwide. Some of our competitors have substantially greater financial, technical, marketing, manufacturing and other resources than we do, especially in the ADVC market. Our competitors may develop enhancements to, or future generations of, competitive products that offer superior price or performance features, and new competitors may enter our markets and develop such enhanced products. Moreover, competition for our customers is intense, and our competitors have historically offered substantial pricing concessions and incentives to attract our customers or retain their existing customers.

Our operating results fluctuate significantly from quarter to quarter, which can lead to volatility in the price of our common stock.

Our quarterly revenues and common stock price have fluctuated significantly. We anticipate that our revenues, operating margins and common stock price will continue to fluctuate for a variety of reasons, including: (1) changes in the demand, due to seasonality, cyclicalities and other factors, in the markets for computer systems, storage subsystems and consumer electronics containing disks, as well as cell phones; (2) delays or problems in the introduction and acceptance of our new products, or delivery of existing products; (3) timing of orders, acceptance of new systems by our customers or cancellation or delay of those orders; (4) new products, services or technological innovations by our competitors or us; (5) changes in our manufacturing costs and operating expense; (6) changes in general economic, political, stock market and industry conditions; and (7) any failure of our operating results to meet the expectations of investment research analysts or investors.

Any of these, or other factors, could lead to volatility and/or a rapid change in the trading price of our common stock. In the past, securities class action litigation has been instituted against companies following periods of volatility in the market price of their securities. Any such litigation, if instituted against Intevac, could result in substantial costs and diversion of management time and attention.

We may not successfully execute or achieve the expected benefits of our cost reduction initiatives and other cost-saving measures we may take in the future, and our efforts may result in further actions and/or asset impairment charges and adversely affect our business.

In November 2024, we announced a cost reduction plan, which primarily includes reducing our headcount. These measures are intended to address the short-term health of our business as well as our long-term objectives and are based on our current estimates, assumptions and forecasts, which are subject to known and unknown risks and uncertainties, including whether we have targeted the appropriate areas for our cost-saving efforts and at the appropriate scale, and whether, if required in the future, we will be able to appropriately target any additional areas for our cost-saving efforts. As such, the actions we intend to take under our cost reduction plan and that we may decide to take in the future may not be successful in yielding our intended results and may not appropriately address either or both of the short-term and long-term strategy for our business. Additionally, implementation of these and any other cost-saving initiatives may be costly and disruptive to our business, the expected costs and charges may be greater than we have forecasted, and the estimated cost savings may be lower than we have forecasted. In addition, our cost reduction initiatives could result in personnel attrition beyond our planned reduction in headcount or reduce employee morale, which could in turn adversely impact productivity, including through a loss of continuity, loss of accumulated knowledge and/or inefficiency during transitional periods, or our ability to attract highly skilled employees. The cost reduction plan has required, and may continue to require, a significant amount of management's and other employees' time and focus, which may divert attention from effectively operating and growing our business.

Our success depends on international sales and the management of global operations.

A significant portion of our revenue comes from regions outside the United States, and we expect that international sales will continue to account for a significant portion of our total revenue in future years. Most of our international sales are to customers in Asia, which includes products shipped to overseas operations of U.S. companies. We currently have manufacturing facilities in California and Singapore and international customer support offices in Singapore, China, and Malaysia. Certain of our suppliers are also located outside the United States.

Managing our global operations presents challenges including, but not limited to, those arising from: (1) global trade issues; (2) variations in protection of intellectual property and other legal rights in different countries; (3) concerns of U.S. governmental agencies regarding possible national commercial and/or security issues posed by manufacturing businesses in Asia; (4) fluctuation of interest rates, raw material costs, labor and operating

costs, and exchange rates; (5) variations in the ability to develop relationships with suppliers and other local businesses; (6) changes in the laws and regulations of the United States, including export restrictions, and other countries, as well as their interpretation and application; (7) the need to provide technical and spare parts support in different locations; (8) political and economic instability; (9) cultural differences; (10) varying government incentives to promote development; (11) shipping costs and delays; (12) adverse conditions in capital and credit markets; (13) variations in tariffs, quotas, tax codes and other market barriers; and (14) barriers to movement of cash.

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We must regularly assess the size, capability and location of our global infrastructure and make appropriate changes to address these issues. Our failure to manage the risks and challenges associated with global operations could have a material adverse effect on our business.

Our success is dependent on recruiting and retaining a highly talented work force.

Our employees are vital to our success, and our key management, engineering and other employees are difficult to replace. We do not maintain key person life insurance on any of our employees. The expansion of high technology companies worldwide has increased demand and competition for qualified personnel and has made companies increasingly protective of prior employees. It may be difficult for us to locate employees who are not subject to non-competition agreements and other restrictions.

The majority of our U.S. operations are located in California where the cost of living and of recruiting employees is high. Our operating results depend, in large part, upon our ability to retain and attract qualified management, engineering, marketing, manufacturing, customer support, sales and administrative personnel. Furthermore, we compete with industries such as the hard disk drive, semiconductor, and solar industries for skilled employees. Failure to retain existing key personnel, or to attract, assimilate or retain additional highly qualified employees to meet our needs in the future, could have a material and adverse effect on our business, financial condition and results of operations.

Risks Related to Our Intellectual Property

Our growth depends on development of technically advanced new products and processes.

We have invested heavily, and continue to invest, in the development of new products, such as our 200 Lean HDD and, until recently, our TRIO platform. Our development efforts have included, and may in the future include, entry into joint development and evaluation arrangements with our customers. These arrangements may include lengthy product qualification or evaluation processes and may not be successful or result in future product sales. For example, in November 2024 we announced that we stopped development on our TRIO platform after the platform failed to achieve required specifications. Our success in developing and selling new products depends upon a variety of factors, including our ability to: (1) predict future customer requirements; (2) make technological advances; (3) achieve a low total cost of ownership for our products; (4) introduce new products on schedule; (5) manufacture products cost-effectively including transitioning production to volume manufacturing; (6) commercialize and attain customer acceptance of our products; and (7) achieve acceptable and reliable performance of our new products in the field. Our new product decisions and development commitments must anticipate continuously evolving industry requirements significantly in advance of sales. In addition, we are attempting to expand into new or related markets, including the ADVC market. Our expansion into the ADVC market is dependent upon the success of our customers' development plans. To date we have not recognized material revenue from such products. Failure to correctly assess the size of the market, successfully develop products on a timely basis, successfully develop cost effective products to address the market, or establish effective sales and support of new products would have a material adverse effect on future revenues and profits. In addition, if we invest in products for which the market does not develop as anticipated, we may incur significant charges related to such investments.

Rapid technological change in our served markets requires us to rapidly develop new technically advanced products. Our future success depends in part on our ability to develop and offer new products with improved capabilities and to continue to enhance our existing products. If new products have reliability or quality problems, our performance may be impacted by reduced orders, higher manufacturing costs, delays in acceptance and payment for new products and additional service and warranty expenses.

Our business depends on the integrity of our intellectual property rights.

The success of our business depends upon the integrity of our intellectual property rights, and we cannot ensure that: (1) any of our pending or future patent applications will be allowed or that any of the allowed applications will be issued as patents or will issue with claims of the scope we sought; (2) any of our patents will not be invalidated, deemed unenforceable, circumvented or challenged; (3) the rights granted under our patents will provide competitive advantages to us; (4) other parties will not develop similar products, duplicate our products or design around our patents; or (5) our patent rights, intellectual property laws or our agreements will adequately protect our intellectual property or competitive position.

From time to time, we have received claims that we are infringing third parties' intellectual property rights or seeking to invalidate our rights. We cannot ensure that third parties will not in the future claim that we have infringed current or future patents, trademarks or other proprietary rights relating to our products. Any claims, with or without merit, could be time-consuming, result in costly litigation, cause product shipment delays or require us to enter into royalty or licensing agreements. Such royalty or licensing agreements, if required, may not be available on terms acceptable to us.

Risks Related to Government Regulation

We are subject to risks of non-compliance with environmental and other governmental regulations.

We are subject to a variety of governmental regulations relating to the use, storage, discharge, handling, emission, generation, manufacture, treatment and disposal of toxic or otherwise hazardous substances, chemicals, materials or waste. If we fail to comply with current or future regulations, such failure could result in suspension of our operations, alteration of our manufacturing process, remediation costs or substantial civil penalties or criminal fines against us or our officers, directors or employees. Additionally, these regulations could require us to acquire expensive remediation or abatement equipment and incur substantial expenses to comply with them.

In addition, climate change legislation is a significant topic of recent discussion and has generated and may continue to generate federal, international or other regulatory responses in the near future. If we or our suppliers, customers or partners fail to timely comply with applicable legislation, certain customers may refuse to purchase our products or we may face increased operating costs as a result of taxes, fines or penalties, or incur legal liability and reputational damage, which could harm our business, financial condition and results of operations.

General Risk Factors

Global economic conditions may harm our industry, business and results of operations.

We operate globally and as a result our business, revenue and profitability are impacted by global macroeconomic conditions. The success of our activities is affected by general economic and market conditions, including, among others, inflation, interest rates, tax rates, economic uncertainty, political instability, changes in laws, and trade barriers and sanctions. Inflation and government efforts to combat inflation, such as raising the benchmark interest rate, have increased and could continue to increase market volatility and have an adverse effect on the financial market and global economy. Volatility and adverse conditions in the capital and credit markets have negatively affected levels of business and consumer spending, heightening concerns about the likelihood of a global recession and potential default of various national bonds and debt backed by individual countries. Such developments, as well as the politics impacting these, could adversely affect our financial results. Uncertainty about worldwide economic conditions poses a risk as businesses may further reduce or postpone spending in response to reduced budgets, tight credit, negative financial news and declines in income or asset values, which could adversely affect our business, financial condition and results of operations. Geopolitical destabilization could continue to impact global currency exchange rates, commodity prices, trade and movement of resources, which may adversely affect the ability of our customers and potential customers to incur the capital expenditures necessary to purchase our products and services.

Our business could be negatively impacted by cyber and other security threats or disruptions.

We face various cyber and other security threats, including attempts to gain unauthorized access to sensitive information and networks. Although we utilize various procedures and controls to monitor and mitigate the risk of these threats, there can be no assurance that these procedures and controls will be sufficient. These threats could lead to losses of sensitive information or capabilities; financial liabilities and damage to our reputation. If we are unable to maintain compliance with security standards applicable to defense contractors, we could lose business or suffer reputational harm. Cyber threats to businesses are evolving and include, but are not limited to, malicious software, destructive malware, attempts to gain unauthorized access to data, disruption or denial of service attacks, and other electronic security breaches that could lead to disruptions in our systems, unauthorized release of confidential, personal or otherwise protected information (ours or that of our employees, customers or partners), and corruption of data, networks or systems. We have experienced cybersecurity threats and incidents involving our systems and expect these incidents to continue. While none of the cybersecurity events have been material to date, a successful breach or attack could have a material adverse effect on our results of operations, financial condition or business, harm our reputation and relationships with our customers, business partners, employees or other third parties, and subject us to consequences such as litigation and direct costs associated with incident response. In addition, we could be impacted by cyber threats or other disruptions or vulnerabilities found in products we use or in our partners' or customers' systems that are used in connection with our business. These events, if not prevented or effectively mitigated, could damage our reputation, require remedial actions and lead to loss of business, regulatory actions, potential liability and other financial losses.

Changes to our effective tax rate affect our results of operations.

As a global company, we are subject to taxation in the United States, Singapore and various other countries. Significant judgment is required to determine and estimate worldwide tax liabilities. Our future effective tax rate could be affected by: (1) changes in tax laws; (2) the allocation of earnings to countries with differing tax rates; (3) changes in worldwide projected annual earnings in current and future years; (4) accounting pronouncements; or (5) changes in the valuation of our deferred tax assets and liabilities. Although we believe our tax estimates are reasonable, there can be no assurance that any final determination will not be different from the treatment reflected in our historical income tax provisions and accruals, which could result in additional payments by Intevac.

Difficulties in integrating past or future acquisitions or implementing strategic divestitures could adversely affect our business.

We have completed a number of acquisitions and dispositions during our operating history. We have spent and may continue to spend significant resources identifying and pursuing future acquisition opportunities. Acquisitions involve numerous risks including: (1) difficulties in integrating the operations, technologies and products of the acquired companies; (2) the diversion of our management's attention from other business concerns; and (3) the potential loss of key employees of the acquired companies. Failure to achieve the anticipated benefits of the prior and any future acquisitions or to successfully integrate the operations of the companies we acquire could have a material and adverse effect on our business, financial condition and results of operations. Any future acquisitions could also result in potentially dilutive issuance of equity securities, acquisition or divestiture-related write-offs or the assumption of debt and contingent liabilities. In addition, we have made and will continue to consider making strategic divestitures, such as the disposition of our Photonics business. With any divestiture, there are risks that future operating results could be unfavorably impacted if targeted objectives, such as cost savings or earnout payments associated with the financial performance of the divested business, are not achieved or if other business disruptions occur as a result of the divestiture or activities related to the divestiture.

We could be involved in litigation.

From time to time, we may be involved in litigation of various types, including litigation alleging infringement of intellectual property rights and other claims and customer disputes. For example, in 2022 we settled an action against us under the Private Attorneys General Act for \$1.0 million. Litigation is expensive, subjects us to the risk of significant damages, requires significant management time and attention, and could have a material and adverse effect on our business, financial condition and results of operations.

Business interruptions could adversely affect our operations.

Our operations are vulnerable to interruption by fire, earthquake, floods or other natural disaster, quarantines or other disruptions associated with infectious diseases, national catastrophe, terrorist activities, war, disruptions in our computing and communications infrastructure due to power loss, telecommunications failure, human error, physical or electronic security breaches and computer viruses, and other events beyond our control. We do not have a detailed disaster recovery plan. Despite our implementation of network security measures, our tools and servers may be vulnerable to computer viruses, break-ins and similar disruptions from unauthorized tampering with our computer systems and tools located at customer sites. Political instability could cause us to incur increased costs in transportation, make such transportation unreliable, increase our insurance costs or cause international currency markets to fluctuate. All these unforeseen disruptions and instabilities could have the same effects on our suppliers and their ability to timely deliver their products. In addition, we do not carry sufficient business interruption insurance to compensate us for all losses that may occur, and any losses or damages incurred by us could have a material adverse effect on our business and results of operations. For example, we self-insure earthquake risks because we believe this is the prudent financial decision based on the high cost of the limited coverage available in the earthquake insurance market. An earthquake could significantly disrupt our operations, most of which are conducted in California. It could also significantly delay our research and engineering effort on new products, most of which is also conducted in California. We take steps to minimize the damage that would be caused by business interruptions, but there is no certainty that our efforts will prove successful.

We could be negatively affected as a result of a proxy contest and the actions of activist stockholders.

A proxy contest with respect to election of our directors, or other activist stockholder activities, could adversely affect our business because: (1) responding to a proxy contest and other actions by activist stockholders can be costly and time-consuming, disruptive to our operations and divert the attention of management and our employees; (2) perceived uncertainties as to our future direction caused by activist activities may result in the loss of potential business opportunities, and may make it more difficult to attract and retain qualified personnel and business partners; and (3) if individuals are elected to our Board of Directors with a specific agenda, it may adversely affect our ability to effectively and timely implement our strategic plans.

We are required to evaluate our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002, and any adverse results from such evaluation could result in a loss of investor confidence in our financial reports and have an adverse effect on our stock price.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, our management must perform evaluations of our internal control over financial reporting. Although our assessment, testing, and evaluation resulted in our conclusion that as of December 30, 2023, our internal control over financial reporting was effective, we cannot predict the outcome of our testing in future periods. Ongoing compliance with this requirement is complex, costly and time-consuming. If we fail to maintain effective internal control over financial reporting, then we could be subject to restatement of previously reported financial results, regulatory sanctions and a decline in the public's perception of Intevac, which could have a material and adverse effect on our business, financial condition and results of operations.

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

Repurchases of Intevac Common Stock

On November 21, 2013, Intevac announced that its Board of Directors approved a stock repurchase program authorizing up to \$30.0 million in repurchases. On August 20, 2018, Intevac announced that its Board of Directors approved a \$10.0 million increase to the original stock repurchase program for an aggregate authorized amount of \$40.0 million. At September 28, 2024, \$10.4 million remains available for future stock repurchases under the repurchase program. Intevac did not make any common stock repurchases during the three months ended September 28, 2024.

Item 3. *Defaults upon Senior Securities*

None.

Item 4. *Mine Safety Disclosures*

Not applicable.

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Item 5. Other Information

2024 Cost Reduction Plan

We are reporting the following information in lieu of reporting on a Current Report on Form 8-K under Item 2.05 Costs Associated with Exit or Disposal Activities.

On November 7, 2024, we approved a cost reduction plan (the “2024 Cost Reduction Plan”), which is intended to reduce expenses by reducing our workforce by approximately 19 percent. We expect to incur restructuring costs of approximately \$900,000 in estimated severance and other employee-related expenses associated with the 2024 Cost Reduction Plan. Substantially all cash outlays in connection with the 2024 Cost Reduction Plan are expected to occur in the fourth quarter of fiscal 2024. Implementation of the 2024 Cost Reduction Plan is expected to reduce salary, wages and other employee-related expenses and contractor payments by approximately \$5.1 million on an annual basis. However, we may not be able to fully realize the cost savings and benefits initially anticipated from the 2024 Cost Reduction Plan, and the expected costs may be greater than expected.

See “Risk Factors—Risks Related to Our Business—We may not successfully execute or achieve the expected benefits of our restructuring initiatives and other cost-saving measures we may take in the future, and our efforts may result in further actions and/or additional asset impairment charges and adversely affect our business.”

Securities Trading Plans of Directors and Executive Officers

During our last fiscal quarter, no director or officer, as defined in Rule 16a-1(f), adopted or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” each as defined in Regulation S-K Item 408.

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Item 6. Exhibits

The following exhibits are filed herewith:

<u>Exhibit Number</u>	<u>Description</u>
10.1	Form of the 2024 PRSU Award Agreement under the 2022 Inducement Equity Incentive Plan (Grant 1)
10.2	Form of the 2024 PRSU Award Agreement under the 2022 Inducement Equity Incentive Plan (Grant 2)
31.1	Certification of President and Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer, Secretary and Treasurer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certifications Pursuant to U.S.C. 1350 Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
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 Schema Document
101.CAL	Inline XBRL Calculation Linkbase Document
101.DEF	Inline XBRL Definition Linkbase Document
101.LAB	Inline XBRL Label Linkbase Document
101.PRE	Inline XBRL Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

** The certification attached as Exhibit 32.1 is deemed “furnished” and not deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 and is not to be incorporated by reference into any filing of Intevac, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof, irrespective of any general incorporation by reference language contained in any such filing, except to the extent that the registrant specifically incorporates it by reference.

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.

INTEVAC, INC.

Date: November 12, 2024

By: /s/ NIGEL HUNTON
Nigel Hunton
President, Chief Executive Officer and Director
(Principal Executive Officer)

Date: November 12, 2024

By: /s/ CAMERON MCAULAY
Cameron McAulay
Chief Financial Officer, Secretary and Treasurer
(Principal Financial and Accounting Officer)



[PERFORMANCE-BASED TRIO UNITS]

2022 INDUCEMENT EQUITY INCENTIVE PLAN

FIRST_NAME_MIDDLE_NAME_LAST_NAME
 ADDRESS_LINE_1
 ADDRESS_LINE_2
 CITY_STATE_ZIPCODE

Dear FIRST_NAME_MIDDLE_NAME_LAST_NAME,

NOTICE OF RSU GRANT (PERFORMANCE-BASED)

Congratulations. We, Intevac, Inc. (“Intevac” or the “Company”), pursuant to our 2022 Inducement Equity Incentive Plan (the “Plan”), hereby grants you an award (the “award” or “Award”) of restricted stock units (the “RSUs” or “Restricted Stock Units”) to receive the number of Shares as set forth below. Unless otherwise stated, all capitalized terms within this Restricted Stock Unit Agreement (the “Agreement”), which includes this Notice of RSU Grant (Performance-Based) (the “Notice of Grant”) and the Terms and Conditions of Restricted Stock Unit Grant – Performance-Based, shall be interpreted as defined in the Plan. The following documents are linked to this notification and are also available on the Intevac Portal under the Stock Plans page:

- Terms and Conditions of Restricted Stock Unit Grant – Performance-Based
- 2022 Inducement Equity Incentive Plan
- 2022 Inducement Equity Incentive Plan Prospectus

By accepting this Notice of Grant, you are agreeing to the electronic availability of the documents disclosed above. If you need a hard copy of any of the documents, please contact Janice Smith or myself, and one will be provided to you at no charge.

Name of Award Grantee:
 Grantee Employee ID Number:
 Award Number:
 Date of Award Grant:
 Maximum Number of RSUs Subject to Award:

Vesting Schedule:

Subject to you continuing to be a Service Provider through the applicable vesting date, the RSUs will vest in accordance with the following vesting criteria:

General

The number of RSUs subject to the Award that will become eligible for vesting as set forth below will depend upon the achievement of the applicable performance goal (the “Performance Goal”) relating to the Cumulative TRIO Units Shipped (as defined below) for the Performance Period (as defined below) and will be determined in accordance with this Agreement. Vesting of the RSUs is contingent upon the satisfaction of the Operating Profit Requirement (as defined below) on or after the date the applicable RSUs become Eligible RSUs (as defined below).



Performance Period

The Award's performance period (the "Performance Period") will begin on the first day of the Company's 2024 Fiscal Year (the "Commencement Date") and will be scheduled to end on (and include) the last day of the Company's 2026 Fiscal Year (the "Scheduled End Date").

Notwithstanding the foregoing, in the event of a Change in Control that occurs prior to the Scheduled End Date, the Performance Period will be shortened to end on a date, as determined by the Human Capital Committee of the Board (the "Human Capital Committee") or the Board (in either case, as Administrator of the Plan) in its sole discretion, that occurs no earlier than ten (10) business days prior to the consummation of the Change in Control (the "Closing") and no later than the Closing (but prior to the Closing) (such date, the "Change in Control Performance Period End Date") for purposes of calculating the Cumulative TRIO Units Shipped and determining whether the Operating Profit Requirement has been satisfied with respect to the applicable Eligible RSUs, if any, and the treatment of the Award will be as set forth in this Agreement. The Scheduled End Date, or, if earlier, the Change in Control Performance Period End Date is referred to as the "Period End Date".

Service Requirement

If your status as a Service Provider terminates for any reason before you vest in the RSUs, the RSUs will terminate and be cancelled and forfeited for no consideration and you will have no further rights with respect to such RSUs or any of the underlying Shares. Any RSUs subject to the Award that are not determined to be Eligible RSUs as of the Final Determination Date (as defined below) will terminate and be cancelled and forfeited for no consideration and you will have no further rights with respect to such RSUs or any of the underlying Shares.

Performance Determination

The number of RSUs, if any, that become eligible to vest (the "Eligible RSUs") will be determined by the Administrator in its sole discretion within ten (10) days following the date the Administrator first receives notice that a Performance Goal has been achieved, but in all cases no later than sixty (60) days following the Scheduled End Date, or, in the event of a Change in Control, on a date on or following the Change in Control Performance Period End Date but in all cases prior to the Closing (the date the Administrator takes action to make such determination, the "Determination Date" and the final Determination Date that occurs no later than sixty (60) days following the Scheduled End Date, or if earlier, on a date on or following the Change in Control Performance Period End Date but in all cases prior to the Closing, the "Final Determination Date") and will depend upon the Company's Cumulative TRIO Units Shipped during the Performance Period as described herein.

"Cumulative TRIO Units Shipped" will be calculated as of each Determination Date and will be calculated based on the cumulative number of TRIO Units Shipped during the Performance Period as of such Determination Date. A TRIO Unit (as defined below) that has been shipped into the field during the Performance Period will be considered a "TRIO Unit Shipped" on the date that the Company recognizes revenue for such TRIO Unit during the Performance Period. For purposes of clarification, if a TRIO Unit is shipped during the Performance Period but the Company does not recognize income from such TRIO Unit during the Performance Period, such TRIO Unit will not be considered a TRIO Unit Shipped and will not be included in the calculation of the Cumulative TRIO Units Shipped. For purposes of this Agreement, a "Trio Unit" is any system enabled by one or more Cylindrical Magnetrons.



Eligible RSU Calculations (Cumulative TRIO Units Shipped):

<u>Level *</u>	<u>Performance Goal</u>	<u>Percentage of Target RSUs that become Eligible RSUs**</u>	<u>Number of Eligible RSUs**</u>
1.	[.....]	50%	
2.	[.....]	100%	
3.	[.....]	200%	

* The number of RSUs that will become Eligible RSUs will not be interpolated between levels 1 – 3.

** The percentages and numbers of Eligible RSUs shown are inclusive of, and not in addition to, any RSUs that previously became Eligible RSUs. For example, if on the first Determination Date, it is determined that [...] Cumulative TRIO Units Shipped such that 50% of the Target RSUs became Eligible RSUs, and on the next Determination Date, it is determined that [...] Cumulative TRIO Units Shipped, an additional 50% of the Target RSUs become Eligible RSUs, for a total amount of Eligible RSUs equal to 100% of the Target RSUs. Any partial shares of Common Stock will be rounded down to the nearest whole Share and any fractional Shares will be forfeited for no consideration.

“Target RSUs” means 50% of the Maximum Number of RSUs Subject to Award. In no event may more than 100% of the Maximum Number of RSUs Subject to Award be Eligible RSUs for the Performance Period.

Change in Control

In the event of a Change in Control that occurs prior to the Scheduled End Date, the Performance Period will terminate and the number of Eligible RSUs will equal the number of Eligible RSUs calculated pursuant to the terms of the Agreement based on the Cumulative TRIO Units Shipped, as applicable, during the Performance Period (as calculated through the Change in Control Performance Period End Date), with such Eligible RSUs eligible to vest in accordance with the vesting schedule set forth below.

Section 14(c) of the Plan shall not apply to this Award. Notwithstanding the provisions of any plan, policy or agreement, including, but not limited to, any employment agreement or Change in Control Agreement between you and the Company or any Subsidiary of the Company, existing as of the Date of Award Grant (which agreements will not apply to the Award), any RSUs that have not vested as of immediately prior to the Closing will be forfeited immediately, but contingent upon the Closing (without regard to whether any awards will be assumed or substituted for in connection with a Change in Control) and you will have no further rights with respect to those RSUs or any of the underlying Shares. For purposes of clarification, in the event a definitive agreement to which a Change in Control would otherwise become effective is executed, but the definitive agreement is later terminated and the transactions contemplated by the agreement are not consummated, then this Award will continue in effect in accordance with its terms without adjustment and you will not be entitled to any consideration under this Agreement as a result of the termination of the definitive agreement.

Termination of Service

In the event of cessation of your status as a Service Provider for any or no reason before you vest in the RSUs, the RSUs and your right to acquire any Shares hereunder will immediately terminate, unless specifically provided otherwise in this Agreement or other written agreement entered into after the Date of Award Grant



between you and the Company or any of its Subsidiaries or Parents, as applicable. For the avoidance of doubt, the provisions of any plan, policy or agreement, including, but not limited to, any employment agreement or Change in Control Agreement between you and the Company or any Subsidiary of the Company, existing as of the Date of Award Grant, will not apply to the Award.

Vesting Requirements

If RSUs are determined to be Eligible RSUs on a Determination Date (including in the event of a Change in Control), then such Eligible RSUs will vest on the same Determination Date provided the Administrator has determined that the Operating Profit Requirement has been satisfied as of such Determination Date, subject to you remaining a Service Provider through the vesting date.

If RSUs are determined to be Eligible RSUs on a Determination Date (other than in the event of a Change in Control) and on such Determination Date the Administrator determines that the Operating Profit Requirement has not been satisfied, then such Eligible RSUs will vest, if at all, on the first date thereafter on which the Administrator determines that the Operating Profit Requirement has been satisfied, and subject to you remaining a Service Provider through such date.

If RSUs are determined to be Eligible RSUs on a Determination Date in connection with a Change in Control, and as of immediately prior to the Closing the Operating Profit Requirement has not been satisfied, then such Eligible RSUs and your right to acquire any Shares hereunder will terminate immediately prior to, but contingent upon, the Closing.

The “Operating Profit Requirement” will be satisfied (i) with respect to any given Eligible RSUs, on the Determination Date on which such RSUs are determined to be Eligible RSUs, if the Administrator determines on that Determination Date that the Company has reported an Operating Profit (as defined below) for each of the two most recently completed Company fiscal quarters preceding the Company fiscal quarter that includes such Determination Date, provided such completed Company fiscal quarters occur in the Performance Period, or (ii) with respect to any given Eligible RSUs, if the Operating Profit Requirement has not been met as of the Determination Date on which such RSUs are determined to be Eligible RSUs, the first date following such Determination Date on which the Administrator determines that the Company has reported an Operating Profit for any two consecutive, completed Company fiscal quarters that occur in the Performance Period. For purposes of clarification, if, on a Determination Date, the Operating Profit Requirement has not been satisfied because subsection (i) has not been satisfied, the Operating Profit Requirement may only be satisfied if, following such Determination Date, the Company reports an Operating Profit for any two consecutive, completed Company fiscal quarters in the remaining Performance Period.

Any determination as to whether the Operating Profit Requirement has been satisfied will be made by the Administrator in its sole discretion within ten (10) business days following the date the Company publicly reports the Operating Profit for the applicable fiscal quarter or on such other date determined by the Administrator.

“Operating Profit” means the Company’s GAAP operating profit for the applicable fiscal quarter as reported in the Company’s SEC filings.

The following examples illustrate the vesting of the Eligible RSUs:

- Assume that on a Determination Date the Performance Goal is satisfied as to [...] Cumulative TRIO Units Shipped and 50% of the Target RSUs become Eligible RSUs. On such Determination Date, the Administrator determines that the Operating Profit Requirement has been satisfied. Subject to you remaining a Service Provider through such Determination Date, the Eligible RSUs will vest on such Determination Date.



- Assume that on a Determination Date the Performance Goal is satisfied as to [...] Cumulative TRIO Units Shipped and 50% of the Target RSUs become Eligible RSUs. On such Determination Date, the Operating Profit Requirement has not been satisfied. Subject to you remaining a Service Provider through such vesting date, the Eligible RSUs will vest on the first date following such Determination Date on which the Administrator determines that the Operating Profit Requirement has been satisfied. If the Operating Profit Requirement is not satisfied during the Performance Period, the Eligible RSUs will not vest.
- Assume that on a Determination Date the Performance Goal is satisfied as to [...] Cumulative TRIO Units Shipped and 50% of the Target RSUs become Eligible RSUs. On such Determination Date, the Operating Profit Requirement has not been satisfied. Further assume that on the next Determination Date (and prior to the Operating Profit Requirement being satisfied), the Performance Goal is satisfied as to [...] Cumulative TRIO Units Shipped and 100% of the Target RSUs become Eligible RSUs. Those Eligible RSUs will only vest if the Company reports an Operating Profit for two consecutive, completed Company fiscal quarters during the remaining Performance Period and provided that at least one of such two Company fiscal quarters was completed on or after the Determination Date on which the Administrator determined that the Performance Goal as to [...] Cumulative TRIO Units Shipped was satisfied, subject to you remaining a Service Provider through such vesting date
- Assume that in the first and second fiscal quarters of the Company's 2025 Fiscal Year, the Company reports an Operating Profit, but no Performance Goal has been satisfied as of the end of the second fiscal quarter of the Company's 2025 Fiscal Year. Further, assume that in the third fiscal quarter of the Company's 2025 Fiscal Year, the Company does not report an Operating Profit and in the fourth quarter of the Company's 2025 Fiscal Year, the Performance Goal is satisfied as to [...] Cumulative TRIO Units Shipped and 50% of the Target RSUs become Eligible RSUs. Those Eligible RSUs will only vest if the Company reports an Operating Profit for two consecutive, completed Company fiscal quarters during the remaining Performance Period and provided that at least one of such two Company fiscal quarters was completed on or after the Determination Date on which the Administrator determined that the Performance Goal was satisfied, subject to you remaining a Service Provider through such vesting date.

You acknowledge and agree that by accepting this Notice of Grant, it will act as your electronic signature to this Agreement and indicate your agreement and understanding that this award of RSUs is subject to all of the terms and conditions contained in the Plan and this Agreement.

You should retain a copy of your Agreement. You may obtain a paper copy at any time for no charge by contacting Janice Smith or Kevin Soulsby. If you would prefer not to electronically sign this Agreement, you may accept this Agreement by signing a paper copy of the Agreement and delivering it to Janice Smith or Kevin Soulsby. If you have any questions, please contact me at extension 2837 or stop by my office.

/s/ KEVIN SOULSBY

Kevin Soulsby, Corporate Controller

TERMS AND CONDITIONS OF RESTRICTED STOCK UNIT GRANT (PERFORMANCE-BASED)

1. Grant. The Company hereby grants to the individual (the “*Participant*”) named in the Notice of RSU Grant (the “*Notice of Grant*”) under the Intevac, Inc. 2022 Inducement Equity Incentive Plan (the “*Plan*”) an Award of Restricted Stock Units, subject to all of the terms and conditions in this Agreement and the Plan, which is incorporated herein by reference. Subject to Section 19 of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Agreement, the terms and conditions of the Plan will prevail. Unless otherwise defined herein, the terms defined in the Plan will have the same defined meanings in this Restricted Stock Unit Agreement (the “*Agreement*” or “*Award Agreement*”), which includes the Notice of Grant and Terms and Conditions of Restricted Stock Unit Grant (Performance-Based).

2. Company’s Obligation to Pay. Each Restricted Stock Unit represents the right to receive a Share on the date it vests. Unless and until the Restricted Stock Units will have vested in the manner set forth in Section 3 or 4, Participant will have no right to payment of any such Restricted Stock Units. Prior to actual payment of any vested Restricted Stock Units, such Restricted Stock Units will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company. Any Restricted Stock Units that vest in accordance with Sections 3 or 4 will be paid to Participant (or in the event of Participant’s death, to his or her properly designated beneficiary or estate) in whole Shares, subject to Participant satisfying any applicable tax withholding obligations as set forth in Section 7. Subject to the provisions of Section 4, such vested Restricted Stock Units will be paid in whole Shares as soon as practicable after vesting but in each such case within sixty (60) days following the vesting date or, if earlier, within sixty (60) days from when the applicable Restricted Stock Units are no longer subject to a substantial risk of forfeiture for purposes of Section 409A. In no event will Participant be permitted, directly or indirectly, to specify the taxable year of the payment of any Restricted Stock Units payable under this Agreement. No fractional Shares will be issued under this Agreement.

3. Vesting Schedule. Except as provided in Section 4, and subject to any acceleration provisions contained in the Plan or set forth in this Agreement, and subject to Section 5, the Restricted Stock Units awarded by this Agreement will vest in accordance with the vesting provisions set forth in the Notice of Grant. Restricted Stock Units scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in Participant in accordance with any of the provisions of this Agreement unless Participant will have been continuously a Service Provider from the Date of Award Grant until the date such vesting occurs. In the event Participant ceases to be a Service Provider for any or no reason before Participant vests in the Restricted Stock Units, the Restricted Stock Units and Participant’s right to acquire any Shares hereunder will immediately terminate.

4. Administrator Discretion; Section 409A.

(a) Administrator Discretion; Acceleration.

(i) The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Restricted Stock Units at any

time, subject to the terms of the Plan. If so accelerated, such Restricted Stock Units will be considered as having vested as of the date specified by the Administrator. The payment of Shares vesting pursuant to this Section 4 shall in all cases be paid at a time or in a manner that is exempt from or complies with Section 409A.

(ii) Notwithstanding anything in the Plan or this Agreement to the contrary, if the vesting of the balance, or some lesser portion of the balance, of the Restricted Stock Units is accelerated in connection with Participant's termination as a Service Provider (provided that such termination is a "separation from service" within the meaning of Section 409A, as determined by the Company), other than due to death, and if (x) Participant is a "specified employee" within the meaning of Section 409A at the time of such separation from service and (y) the payment of such accelerated Restricted Stock Units will result in the imposition of additional tax under Section 409A if paid to Participant on or within the six (6) month period following Participant's separation from service, then the payment of such accelerated Restricted Stock Units will not be made until the date six (6) months and one (1) day following the date of Participant's separation from service, unless the Participant dies following his or her termination as a Service Provider, in which case, the Restricted Stock Units will be paid in Shares to the Participant's estate as soon as practicable following his or her death. It is the intent of this Agreement that it and all payments and benefits hereunder be exempt from or comply with the requirements of Section 409A so that none of the Restricted Stock Units provided under this Agreement or Shares issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to be so exempt or so comply. Each payment payable under this Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2). For purposes of this Agreement, "**Section 409A**" means Section 409A of the Code, and any final Treasury Regulations and Internal Revenue Service guidance thereunder, as each may be amended from time to time.

(b) Section 409A. It is the intent of this Award Agreement that it and all issuances and benefits to U.S. taxpayers hereunder be exempt or excepted from the requirements of Section 409A pursuant to the "short-term deferral" exception under Section 409A, or otherwise be exempted or excepted from, or comply with, Section 409A, so that none of this Award Agreement, the Restricted Stock Units provided under this Award Agreement, or Shares issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities or ambiguous terms herein will be interpreted to be so exempt or excepted, or to so comply. Each issuance upon settlement of the Award under this Award Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2). In no event will the Company or any Service Recipient (as defined below) have any obligation or liability to reimburse, indemnify, or hold harmless Participant or any other person for any taxes, interest or penalties that may be imposed on Participant (or any other person), or other costs incurred by Participant (or any other person) as a result of Section 409A.

5. Forfeiture upon Termination of Status as a Service Provider. The balance of the Restricted Stock Units that have not vested as of the time of Participant's termination as a Service Provider for any or no reason and Participant's right to acquire any Shares hereunder will immediately terminate.

6. Death of Participant. Any distribution or delivery to be made to Participant under this Agreement will, if Participant is then deceased, be made to Participant's designated beneficiary, or if no beneficiary survives Participant, the administrator or executor of Participant's estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

7. Withholding of Taxes. Participant acknowledges that, regardless of any action taken by the Company or, if different, Participant's employer (the "**Employer**") or any Parent or Subsidiary to which Participant is providing services (together, the "**Service Recipients**"), the ultimate liability for any tax and/or social insurance liability obligations and requirements in connection with the Restricted Stock Units, including, without limitation, (i) all federal, state, and local taxes (including Participant's Federal Insurance Contributions Act (FICA) obligations) that are required to be withheld by any Service Recipient or other payment of tax-related items related to Participant's participation in the Plan and legally applicable to Participant; (ii) Participant's and, to the extent required by any Service Recipient, the Service Recipient's fringe benefit tax liability, if any, associated with the grant, vesting, or settlement of the Restricted Stock Units or sale of Shares; and (iii) any other Service Recipient taxes the responsibility for which Participant has, or has agreed to bear, with respect to the Restricted Stock Units (or settlement thereof or issuance of Shares thereunder) (collectively, the "**Tax Obligations**"), is and remains Participant's sole responsibility and may exceed the amount actually withheld by the applicable Service Recipient(s). Participant further acknowledges that no Service Recipient (A) makes any representations or undertakings regarding the treatment of any Tax Obligations in connection with any aspect of the Restricted Stock Units, including, but not limited to, the grant, vesting or settlement of the Restricted Stock Units, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends or other distributions, and (B) makes any commitment to and is under any obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate Participant's liability for Tax Obligations or achieve any particular tax result. Further, if Participant is subject to Tax Obligations in more than one jurisdiction between the Date of Award Grant and the date of any relevant taxable or tax withholding event, as applicable, Participant acknowledges that the applicable Service Recipient(s) (or former employer, as applicable) may be required to withhold or account for Tax Obligations in more than one jurisdiction. If Participant fails to make satisfactory arrangements for the payment of any required Tax Obligations hereunder at the time of the applicable taxable event, Participant acknowledges and agrees that the Company may refuse to issue or deliver the Shares and may deem such Shares forfeited to the Company for no consideration.

Notwithstanding any contrary provision of this Agreement, no certificate representing the Shares will be issued to Participant, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by Participant with respect to the payment of the Tax Obligations. Prior to vesting and/or settlement of the Restricted Stock Units, Participant will pay or make adequate arrangements satisfactory to the Service Recipient to satisfy all obligations of the Service Recipient for the Tax Obligations. In this regard, Participant authorizes the Service Recipient to withhold all applicable Tax Obligations legally payable by Participant from his or her wages or other cash compensation paid to Participant by the Service Recipient or from proceeds of the sale of Shares. Alternatively, or in addition, if permissible under applicable

local law, the Company may, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit or require Participant to satisfy such Tax Obligations, in whole or in part (without limitation) by (a) paying cash (or cash equivalent), (b) electing to have the Company withhold otherwise deliverable cash or Shares having a fair market value equal to the minimum statutory amount required to be withheld or such greater amount as the Administrator may determine if such amount would not have adverse accounting consequences, as the Administrator determines in its sole discretion, (c) delivering to the Company already-owned Shares having a fair market value equal to the minimum statutory amount required to be withheld or such greater amount as the Administrator may determine if such amount would not have adverse accounting consequences, as the Administrator determines in its sole discretion, or (d) selling a sufficient number of such Shares otherwise deliverable to Participant through such means as the Company may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to be withheld for Tax Obligations. The Company, in its sole discretion, will have the right (but not the obligation) to satisfy any Tax Obligations by reducing the number of Shares otherwise deliverable to Participant and, until determined otherwise by the Company, this will be the method by which such obligations for Tax Obligations are satisfied. If Participant fails to make satisfactory arrangements for the payment of any required Tax Obligations hereunder at the time any applicable Restricted Stock Units otherwise are scheduled to vest pursuant to Sections 3 or 4 or Tax Obligations related to the Restricted Stock Units otherwise are due, Participant will permanently forfeit such Restricted Stock Units and any right to receive Shares thereunder and the Restricted Stock Units will be returned to the Company at no cost to the Company.

Participant has reviewed with his or her own tax advisers the U.S. federal, state, local and non-U.S. tax consequences of this investment and the transactions contemplated by this Award Agreement. With respect to such matters, Participant relies solely on such advisers and not on any statements or representations of the Company or any of its agents, written or oral. Participant understands that Participant (and not the Company) shall be responsible for Participant's own tax liability that may arise as a result of this investment or the transactions contemplated by this Award Agreement.

8. Acknowledgements. In accepting this Award of Restricted Stock Units, Participant acknowledges, understands and agrees that:

(a) Participant acknowledges receipt of a copy of the Plan (including any applicable appendixes or sub-plans thereunder) and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Award of Restricted Stock Units subject to all of the terms and provisions thereof. Participant has reviewed the Plan (including any applicable appendixes or sub-plans thereunder) and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement and fully understands all provisions of the Award. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated in the Notice of Grant;

(b) the grant of the Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted in the past;

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- (c) all decisions with respect to future Restricted Stock Units or other grants, if any, will be at the sole discretion of the Administrator;
 - (d) Participant is voluntarily participating in the Plan;
 - (e) the Restricted Stock Units and the Shares subject to the Restricted Stock Units are not intended to replace any pension rights or compensation;
 - (f) the Restricted Stock Units and the Shares subject to the Restricted Stock Units, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;
 - (g) the future value of the Shares underlying the Restricted Stock Units is unknown, indeterminable and cannot be predicted;
 - (h) for purposes of the Restricted Stock Units, Participant's status as a Service Provider will be considered terminated as of the date Participant is no longer actively providing services to the Company or any Parent or Subsidiary (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is a Service Provider or the terms of Participant's employment or service agreement, if any), and unless otherwise expressly provided in this Award Agreement (including by reference in the Notice of Grant to other arrangements or contracts) or determined by the Administrator, Participant's right to vest in the Restricted Stock Units under the Plan, if any, will terminate as of such date and will not be extended by any notice period (e.g., Participant's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is a Service Provider or the terms of Participant's employment or service agreement, if any, unless Participant is providing bona fide services during such time); the Administrator shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of the Restricted Stock Units grant (including whether Participant may still be considered to be providing services while on a leave of absence and consistent with local law);
 - (i) unless otherwise provided in the Plan or by the Administrator in its discretion, the Restricted Stock Units and the benefits evidenced by this Award Agreement do not create any entitlement to have the Restricted Stock Units or any such benefits transferred to, or assumed by, another company nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and

(j) the following provisions apply only if Participant is providing services outside the United States:

(i) the Restricted Stock Units and the Shares subject to the Restricted Stock Units are not part of normal or expected compensation or salary for any purpose;

(ii) Participant acknowledges and agrees that no Service Recipient shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the Restricted Stock Units or of any amounts due to Participant pursuant to the settlement of the Restricted Stock Units or the subsequent sale of any Shares acquired upon settlement; and

(iii) no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units resulting from the termination of Participant's status as a Service Provider (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is a Service Provider or the terms of Participant's employment or service agreement, if any), and in consideration of the grant of the Restricted Stock Units to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against any Service Recipient, waives his or her ability, if any, to bring any such claim, and releases each Service Recipient from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim

9. Data Privacy. Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Award Agreement and any other Restricted Stock Unit grant materials by and among, as applicable, the Service Recipients for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.

Participant understands that the Company and the Service Recipient may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.

Participant understands that Data may be transferred to a stock plan service provider, as may be selected by the Company in the future, assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country of operation (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Participant

authorizes the Company, the Service Recipients, any stock plan service provider selected by the Company and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands if he or she resides outside the United States, he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her status as a Service Provider and career with the Service Recipient will not be adversely affected. The only adverse consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant Participant Restricted Stock Units or other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

10. English Language. Participant has received the terms and conditions of this Agreement and any other related communications, and Participant consents to having received these documents in English. If Participant has received this Agreement or any other document related to the Plan translated into a language other than English and if the translated version is different than the English version, the English version will control.

11. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant (including through electronic delivery to a brokerage account). After such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

12. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE RESTRICTED STOCK UNITS PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY THROUGH ACHIEVEMENT OF THE PERFORMANCE GOALS SET FORTH IN THE NOTICE OF GRANT COUPLED WITH CONTINUATION AS A SERVICE PROVIDER AND, WHICH CONTINUATION, UNLESS PROVIDED OTHERWISE UNDER APPLICABLE LAW, IS AT THE WILL OF THE APPLICABLE SERVICE RECIPIENT AND NOT THROUGH THE ACT OF BEING HIRED,

BEING GRANTED THIS AWARD OF RESTRICTED STOCK UNITS OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF ANY SERVICE RECIPIENT TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER, SUBJECT TO APPLICABLE LAW, WHICH TERMINATION, UNLESS PROVIDED OTHERWISE UNDER APPLICABLE LAW, MAY BE AT ANY TIME, WITH OR WITHOUT CAUSE.

13. Address for Notices. Any notice to be given to the Company under the terms of this Agreement will be addressed to the Company, in care of its Secretary at Intevac, Inc., 3560 Bassett Street, Santa Clara CA 95054, or at such other address as the Company may hereafter designate in writing.

14. Grant is Not Transferable. Except to the limited extent provided in Section 6, this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

15. Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Agreement shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns. The rights and obligations of Participant under this Agreement may be assigned only with the prior written consent of the Company.

16. Additional Conditions to Issuance of Stock. If at any time the Company determines, in its discretion, that the listing, registration, qualification or rule compliance of the Shares upon any securities exchange or under any state, federal or non-U.S. law, the tax code and related regulations or under the rulings or regulations of the United States Securities and Exchange Commission or any other governmental regulatory body or the clearance, consent or approval of the United States Securities and Exchange Commission or any other governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to Participant (or his or her estate or beneficiaries) hereunder, such issuance will not occur unless and until such listing, registration, qualification, rule compliance, clearance, consent or approval will have been completed, effected or obtained free of any conditions not acceptable to the Company. If any such listing, registration, qualification, rule compliance, clearance, consent or approval has not been completed by the applicable deadline to remain exempt from Section 409A under the "short-term deferral" exemption with respect to a Restricted Stock Unit in a manner that would allow it to be settled by such deadline, such Restricted Stock Unit will be forfeited as of immediately following such deadline for no consideration and at no cost to the Company. Subject to the prior sentence,

where the Company determines that the delivery of the payment of any Shares will violate federal securities laws or other applicable laws, the Company will defer delivery until the earliest date at which the Company reasonably anticipates that the delivery of Shares will no longer cause such violation. The Company will make all reasonable efforts to meet the requirements of any such state, federal or foreign law or securities exchange and to obtain any such consent or approval of any such governmental authority or securities exchange. Subject to the terms of this Award Agreement and the Plan, the Company shall not be required to issue any certificate or certificates for Shares hereunder prior to the lapse of such reasonable period of time following the date of vesting of a Restricted Stock Unit as the Administrator may establish from time to time for reasons of administrative convenience and any such certificate may be in book entry form.

17. Plan Governs. This Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Agreement and one or more provisions of the Plan, the provisions of the Plan will govern. Capitalized terms used and not defined in this Agreement will have the meaning set forth in the Plan.

18. Administrator Authority. The Administrator will have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Restricted Stock Units have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Agreement.

19. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to Restricted Stock Units awarded under the Plan or future Restricted Stock Units that may be awarded under the Plan by electronic means or require Participant to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or a third party designated by the Company.

20. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

21. Agreement Severable. In the event that any provision in this Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement.

22. Modifications to the Agreement. This Agreement constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding

anything to the contrary in the Plan or this Agreement, the Company reserves the right to revise this Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection to this Award of Restricted Stock Units.

23. Amendment, Suspension or Termination of the Plan. By accepting this Award, Participant expressly warrants that he or she has received an Award of Restricted Stock Units under the Plan, and has received, read and understood a description of the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

24. Governing Law. This Agreement will be governed by the laws of the State of California, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Award of Restricted Stock Units or this Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California, and agree that such litigation will be conducted in the courts of Santa Clara County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this Award of Restricted Stock Units is made and/or to be performed.

25. No Waiver. Either party's failure to enforce any provision or provisions of this Agreement shall not in any way be construed as a waiver of any such provision or provisions, nor prevent that party from thereafter enforcing each and every other provision of this Agreement. The rights granted both parties herein are cumulative and shall not constitute a waiver of either party's right to assert all other legal remedies available to it under the circumstances.

26. Tax Consequences. Participant has reviewed with his or her own tax advisors the U.S. federal, state, local and non-U.S. tax consequences of this investment and the transactions contemplated by this Agreement. With respect to such matters, Participant relies solely on such advisors and not on any statements or representations of the Company or any of its agents, written or oral. Participant understands that Participant (and not the Company) shall be responsible for Participant's own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.



[PERFORMANCE-BASED OPERATING PROFIT]

2022 INDUCEMENT EQUITY INCENTIVE PLAN

FIRST_NAME_MIDDLE_NAME_LAST_NAME
 ADDRESS_LINE_1
 ADDRESS_LINE_2
 CITY_STATE_ZIPCODE

Dear FIRST_NAME_MIDDLE_NAME_LAST_NAME,

NOTICE OF RSU GRANT (PERFORMANCE-BASED)

Congratulations. We, Intevac, Inc. (“Intevac” or the “Company”), pursuant to our 2022 Inducement Equity Incentive Plan (the “Plan”), hereby grants you an award (the “award” or “Award”) of restricted stock units (the “RSUs” or “Restricted Stock Units”) to receive the number of Shares as set forth below. Unless otherwise stated, all capitalized terms within this Restricted Stock Unit Agreement (the “Agreement”), which includes this Notice of RSU Grant (Performance-Based) (the “Notice of Grant”) and the Terms and Conditions of Restricted Stock Unit Grant – Performance-Based, shall be interpreted as defined in the Plan. The following documents are linked to this notification and are also available on the Intevac Portal under the Stock Plans page:

- Terms and Conditions of Restricted Stock Unit Grant – Performance-Based
- 2022 Inducement Equity Incentive Plan
- 2022 Inducement Equity Incentive Plan Prospectus

By accepting this Notice of Grant, you are agreeing to the electronic availability of the documents disclosed above. If you need a hard copy of any of the documents, please contact Janice Smith or myself, and one will be provided to you at no charge.

Name of Award Grantee:

Grantee Employee ID Number:

Award Number:

Date of Award Grant:

Target Number of RSUs Subject to Award:

Maximum Number of RSUs Subject to Award: 200% of the Target Number of RSUs Subject to Award

Vesting Schedule:

Subject to you continuing to be a Service Provider through the applicable vesting date, the RSUs will vest in accordance with the following vesting criteria:

General

The number of RSUs subject to the Award that will become eligible for vesting as set forth below will depend upon the Company’s Operating Profit Percentage (as defined below) for the Performance Period (as defined below) and will be determined in accordance with this Agreement. Vesting of the RSUs is contingent upon the satisfaction of the Cumulative TRIO Units Shipped Requirement (as defined below) during the Measurement Period (as defined below).



Performance Period

The Award's performance period (the "Performance Period") will begin on the first day of the Company's 2026 Fiscal Year (the "Commencement Date") and will be scheduled to end on (and include) the last day of the Company's 2026 Fiscal Year (the "Scheduled End Date").

Notwithstanding the foregoing, in the event of a Change in Control that occurs on or after the Commencement Date and prior to the Scheduled End Date, the Performance Period and the Measurement Period will be shortened to end on a date, as determined by the Human Capital Committee of the Board (the "Human Capital Committee") or the Board (in either case, as Administrator of the Plan) in its sole discretion, that occurs no earlier than ten (10) business days prior to the consummation of the Change in Control (the "Closing") and no later than the Closing (but prior to the Closing) (such date, the "Change in Control Performance Period End Date") for purposes of calculating the Operating Profit Percentage and determining whether the Cumulative TRIO Units Shipped Requirement has been satisfied with respect to the applicable Eligible RSUs (as defined below), if any, and the treatment of the Award will be as set forth in this Agreement. The Scheduled End Date, or, if earlier, the Change in Control Performance Period End Date is referred to as the "Period End Date". For purposes of clarification, if, prior to the Commencement Date, a Closing occurs or if you cease to be a Service Provider for any reason, then the Performance Period will not commence and the RSUs will terminate and be cancelled and forfeited for no consideration and you will have no further rights with respect to such RSUs or any of the underlying Shares.

Service Requirement

If your status as a Service Provider terminates prior to the Determination Date (as defined below) for any reason, the RSUs will terminate and be cancelled and forfeited for no consideration and you will have no further rights with respect to such RSUs or any of the underlying Shares. Any RSUs subject to the Award that are not determined to be Eligible RSUs as of the Determination Date will terminate and be cancelled and forfeited for no consideration and you will have no further rights with respect to such RSUs or any of the underlying Shares.

Performance Determination

The number of RSUs, if any, that become eligible to vest (the "Eligible RSUs") will be determined by the Administrator in its sole discretion within sixty (60) days following the Scheduled End Date, or, in the event of a Change in Control, on a date on or following the Change in Control Performance Period End Date but in all cases prior to the Closing (the date the Administrator takes action to make such determination, the "Determination Date") and will depend upon the Company's Operating Profit Percentage during the Performance Period as described herein.

"Operating Profit Percentage" will be calculated as of the Period End Date and will be expressed as a percentage by dividing the Company's (i) GAAP operating profit for the Performance Period, by (ii) GAAP net total revenue for the Performance Period, both as reported in the Company's SEC filings.

Eligible RSU Calculations (Operating Profit Percentage):

<u>Level *</u>	<u>Operating Profit Percentage During Performance Period</u>	<u>Percentage of Target RSUs that become Eligible RSUs**</u>	<u>Number of Eligible RSUs**</u>
Maximum	[.....]	200%	[—]
Target	[.....]	100%	[—]
Threshold	[.....]	50%	[—]
	[.....]	0%	0

* The number of RSUs that will become Eligible RSUs will be interpolated on a linear basis between Threshold and Target and between Target and Maximum. The Percentage of Target RSUs that become Eligible RSUs will be expressed to the nearest tenth, with amounts rounded up to the nearest whole tenth.

** Any partial shares of Common Stock will be rounded down to the nearest whole Share and any fractional Shares will be forfeited for no consideration.

“Maximum RSUs” means 200% of the Target Number of RSUs Subject to Award. In no event may more than 100% of the Maximum Number of RSUs Subject to Award be Eligible RSUs for the Performance Period.

Change in Control

In the event of a Change in Control that occurs prior to the Scheduled End Date, the Performance Period will terminate and the number of Eligible RSUs will equal the number of Eligible RSUs calculated pursuant to the terms of the Agreement based on the Operating Profit Percentage, as applicable, generated during the Performance Period (as calculated through the Change in Control Performance Period End Date), with such Eligible RSUs eligible to vest in accordance with the vesting schedule set forth below, subject to the satisfaction of the Cumulative TRIO Units Shipped Requirement.

Section 14(c) of the Plan shall not apply to this Award. Notwithstanding the provisions of any plan, policy or agreement, including, but not limited to, any employment agreement or Change in Control Agreement between you and the Company or any Subsidiary of the Company, existing as of the Date of Award Grant (which agreements will not apply to the Award), any RSUs that have not vested as of the Determination Date on or following the Change in Control Performance Period End Date will be forfeited immediately, but contingent upon the Closing (without regard to whether any awards will be assumed or substituted for in connection with a Change in Control) and you will have no further rights with respect to those RSUs or any of the underlying Shares. For purposes of clarification, in the event a definitive agreement to which a Change in Control would otherwise become effective is executed, but the definitive agreement is later terminated and the transactions contemplated by the agreement are not consummated, then this Award will continue in effect in accordance with its terms without adjustment and you will not be entitled to any consideration under this Agreement as a result of the termination of the definitive agreement.

Termination of Service

In the event of cessation of your status as a Service Provider for any or no reason before you vest in the RSUs, the RSUs and your right to acquire any Shares hereunder will immediately terminate, unless specifically provided otherwise in this Agreement or other written agreement entered into after the Date of Award Grant between you and the Company or any of its Subsidiaries or Parents, as applicable. For the avoidance of doubt,



the provisions of any plan, policy or agreement, including, but not limited to, any employment agreement or Change in Control Agreement between you and the Company or any Subsidiary of the Company, existing as of the Date of Award Grant, will not apply to the Award.

Vesting Requirements

On the Determination Date, the Administrator will determine, in its discretion, whether the Cumulative TRIO Units Shipped Requirement has been satisfied. If RSUs are determined to be Eligible RSUs on the Determination Date (including in the event of a Change in Control), then such Eligible RSUs will vest on the Determination Date provided the Administrator has determined that the Cumulative TRIO Units Shipped Requirement has been satisfied, in each case subject to you remaining a Service Provider through the Determination Date.

If RSUs are determined to be Eligible RSUs on the Determination Date (including in the event of a Change in Control), and the Administrator determines that the Cumulative TRIO Units Shipped Requirement has not been satisfied, then such Eligible RSUs and your right to acquire any Shares hereunder will terminate immediately.

The “Cumulative TRIO Units Shipped Requirement” will be satisfied if the Administrator determines that at least [...] TRIO Units Shipped during the period beginning on the first day of the Company’s 2024 Fiscal Year and ending on (and including) the Period End Date (the “Measurement Period”). A TRIO Unit (as defined below) that has been shipped into the field during the Measurement Period will be considered a “TRIO Unit Shipped” on the date that the Company recognizes revenue for such TRIO Unit during the Measurement Period. For purposes of clarification, if a TRIO Unit is shipped during the Measurement Period but the Company does not recognize income from such TRIO Unit during the Measurement Period, such TRIO Unit will not be considered a TRIO Unit Shipped and will not be included when determining whether the Cumulative TRIO Units Shipped Requirement has been satisfied. For purposes of this Agreement, a “TRIO Unit” is any system enabled by one or more Cylindrical Magnetrons.

You acknowledge and agree that by accepting this Notice of Grant, it will act as your electronic signature to this Agreement and indicate your agreement and understanding that this award of RSUs is subject to all of the terms and conditions contained in the Plan and this Agreement.

You should retain a copy of your Agreement. You may obtain a paper copy at any time for no charge by contacting Janice Smith or Kevin Soulsby. If you would prefer not to electronically sign this Agreement, you may accept this Agreement by signing a paper copy of the Agreement and delivering it to Janice Smith or Kevin Soulsby.

If you have any questions, please contact me at extension 2837 or stop by my office.

/s/ KEVIN SOULSBY

Kevin Soulsby, Corporate Controller

TERMS AND CONDITIONS OF RESTRICTED STOCK UNIT GRANT (PERFORMANCE-BASED)

1. Grant. The Company hereby grants to the individual (the “*Participant*”) named in the Notice of RSU Grant (the “*Notice of Grant*”) under the Intevac, Inc. 2022 Inducement Equity Incentive Plan (the “*Plan*”) an Award of Restricted Stock Units, subject to all of the terms and conditions in this Agreement and the Plan, which is incorporated herein by reference. Subject to Section 19 of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Agreement, the terms and conditions of the Plan will prevail. Unless otherwise defined herein, the terms defined in the Plan will have the same defined meanings in this Restricted Stock Unit Agreement (the “*Agreement*” or “*Award Agreement*”), which includes the Notice of Grant and Terms and Conditions of Restricted Stock Unit Grant (Performance-Based).

2. Company’s Obligation to Pay. Each Restricted Stock Unit represents the right to receive a Share on the date it vests. Unless and until the Restricted Stock Units will have vested in the manner set forth in Section 3 or 4, Participant will have no right to payment of any such Restricted Stock Units. Prior to actual payment of any vested Restricted Stock Units, such Restricted Stock Units will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company. Any Restricted Stock Units that vest in accordance with Sections 3 or 4 will be paid to Participant (or in the event of Participant’s death, to his or her properly designated beneficiary or estate) in whole Shares, subject to Participant satisfying any applicable tax withholding obligations as set forth in Section 7. Subject to the provisions of Section 4, such vested Restricted Stock Units will be paid in whole Shares as soon as practicable after vesting but in each such case within sixty (60) days following the vesting date or, if earlier, within sixty (60) days from when the applicable Restricted Stock Units are no longer subject to a substantial risk of forfeiture for purposes of Section 409A. In no event will Participant be permitted, directly or indirectly, to specify the taxable year of the payment of any Restricted Stock Units payable under this Agreement. No fractional Shares will be issued under this Agreement.

3. Vesting Schedule. Except as provided in Section 4, and subject to any acceleration provisions contained in the Plan or set forth in this Agreement, and subject to Section 5, the Restricted Stock Units awarded by this Agreement will vest in accordance with the vesting provisions set forth in the Notice of Grant. Restricted Stock Units scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in Participant in accordance with any of the provisions of this Agreement unless Participant will have been continuously a Service Provider from the Date of Award Grant until the date such vesting occurs. In the event Participant ceases to be a Service Provider for any or no reason before Participant vests in the Restricted Stock Units, the Restricted Stock Units and Participant’s right to acquire any Shares hereunder will immediately terminate.

4. Administrator Discretion; Section 409A.

(a) Administrator Discretion; Acceleration.

(i) The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Restricted Stock Units at any

time, subject to the terms of the Plan. If so accelerated, such Restricted Stock Units will be considered as having vested as of the date specified by the Administrator. The payment of Shares vesting pursuant to this Section 4 shall in all cases be paid at a time or in a manner that is exempt from or complies with Section 409A.

(ii) Notwithstanding anything in the Plan or this Agreement to the contrary, if the vesting of the balance, or some lesser portion of the balance, of the Restricted Stock Units is accelerated in connection with Participant's termination as a Service Provider (provided that such termination is a "separation from service" within the meaning of Section 409A, as determined by the Company), other than due to death, and if (x) Participant is a "specified employee" within the meaning of Section 409A at the time of such separation from service and (y) the payment of such accelerated Restricted Stock Units will result in the imposition of additional tax under Section 409A if paid to Participant on or within the six (6) month period following Participant's separation from service, then the payment of such accelerated Restricted Stock Units will not be made until the date six (6) months and one (1) day following the date of Participant's separation from service, unless the Participant dies following his or her termination as a Service Provider, in which case, the Restricted Stock Units will be paid in Shares to the Participant's estate as soon as practicable following his or her death. It is the intent of this Agreement that it and all payments and benefits hereunder be exempt from or comply with the requirements of Section 409A so that none of the Restricted Stock Units provided under this Agreement or Shares issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to be so exempt or so comply. Each payment payable under this Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2). For purposes of this Agreement, "**Section 409A**" means Section 409A of the Code, and any final Treasury Regulations and Internal Revenue Service guidance thereunder, as each may be amended from time to time.

(b) Section 409A. It is the intent of this Award Agreement that it and all issuances and benefits to U.S. taxpayers hereunder be exempt or excepted from the requirements of Section 409A pursuant to the "short-term deferral" exception under Section 409A, or otherwise be exempted or excepted from, or comply with, Section 409A, so that none of this Award Agreement, the Restricted Stock Units provided under this Award Agreement, or Shares issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities or ambiguous terms herein will be interpreted to be so exempt or excepted, or to so comply. Each issuance upon settlement of the Award under this Award Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2). In no event will the Company or any Service Recipient (as defined below) have any obligation or liability to reimburse, indemnify, or hold harmless Participant or any other person for any taxes, interest or penalties that may be imposed on Participant (or any other person), or other costs incurred by Participant (or any other person) as a result of Section 409A.

5. Forfeiture upon Termination of Status as a Service Provider. The balance of the Restricted Stock Units that have not vested as of the time of Participant's termination as a Service Provider for any or no reason and Participant's right to acquire any Shares hereunder will immediately terminate.

6. Death of Participant. Any distribution or delivery to be made to Participant under this Agreement will, if Participant is then deceased, be made to Participant's designated beneficiary, or if no beneficiary survives Participant, the administrator or executor of Participant's estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

7. Withholding of Taxes. Participant acknowledges that, regardless of any action taken by the Company or, if different, Participant's employer (the "**Employer**") or any Parent or Subsidiary to which Participant is providing services (together, the "**Service Recipients**"), the ultimate liability for any tax and/or social insurance liability obligations and requirements in connection with the Restricted Stock Units, including, without limitation, (i) all federal, state, and local taxes (including Participant's Federal Insurance Contributions Act (FICA) obligations) that are required to be withheld by any Service Recipient or other payment of tax-related items related to Participant's participation in the Plan and legally applicable to Participant; (ii) Participant's and, to the extent required by any Service Recipient, the Service Recipient's fringe benefit tax liability, if any, associated with the grant, vesting, or settlement of the Restricted Stock Units or sale of Shares; and (iii) any other Service Recipient taxes the responsibility for which Participant has, or has agreed to bear, with respect to the Restricted Stock Units (or settlement thereof or issuance of Shares thereunder) (collectively, the "**Tax Obligations**"), is and remains Participant's sole responsibility and may exceed the amount actually withheld by the applicable Service Recipient(s). Participant further acknowledges that no Service Recipient (A) makes any representations or undertakings regarding the treatment of any Tax Obligations in connection with any aspect of the Restricted Stock Units, including, but not limited to, the grant, vesting or settlement of the Restricted Stock Units, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends or other distributions, and (B) makes any commitment to and is under any obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate Participant's liability for Tax Obligations or achieve any particular tax result. Further, if Participant is subject to Tax Obligations in more than one jurisdiction between the Date of Award Grant and the date of any relevant taxable or tax withholding event, as applicable, Participant acknowledges that the applicable Service Recipient(s) (or former employer, as applicable) may be required to withhold or account for Tax Obligations in more than one jurisdiction. If Participant fails to make satisfactory arrangements for the payment of any required Tax Obligations hereunder at the time of the applicable taxable event, Participant acknowledges and agrees that the Company may refuse to issue or deliver the Shares and may deem such Shares forfeited to the Company for no consideration.

Notwithstanding any contrary provision of this Agreement, no certificate representing the Shares will be issued to Participant, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by Participant with respect to the payment of the Tax Obligations. Prior to vesting and/or settlement of the Restricted Stock Units, Participant will pay or make adequate arrangements satisfactory to the Service Recipient to satisfy all obligations of the Service Recipient for the Tax Obligations. In this regard, Participant authorizes the Service Recipient to withhold all applicable Tax Obligations legally payable by Participant from his or her wages or other cash compensation paid to Participant by the Service Recipient or from proceeds of the sale of Shares. Alternatively, or in addition, if permissible under applicable

local law, the Company may, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit or require Participant to satisfy such Tax Obligations, in whole or in part (without limitation) by (a) paying cash (or cash equivalent), (b) electing to have the Company withhold otherwise deliverable cash or Shares having a fair market value equal to the minimum statutory amount required to be withheld or such greater amount as the Administrator may determine if such amount would not have adverse accounting consequences, as the Administrator determines in its sole discretion, (c) delivering to the Company already-owned Shares having a fair market value equal to the minimum statutory amount required to be withheld or such greater amount as the Administrator may determine if such amount would not have adverse accounting consequences, as the Administrator determines in its sole discretion, or (d) selling a sufficient number of such Shares otherwise deliverable to Participant through such means as the Company may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to be withheld for Tax Obligations. The Company, in its sole discretion, will have the right (but not the obligation) to satisfy any Tax Obligations by reducing the number of Shares otherwise deliverable to Participant and, until determined otherwise by the Company, this will be the method by which such obligations for Tax Obligations are satisfied. If Participant fails to make satisfactory arrangements for the payment of any required Tax Obligations hereunder at the time any applicable Restricted Stock Units otherwise are scheduled to vest pursuant to Sections 3 or 4 or Tax Obligations related to the Restricted Stock Units otherwise are due, Participant will permanently forfeit such Restricted Stock Units and any right to receive Shares thereunder and the Restricted Stock Units will be returned to the Company at no cost to the Company.

Participant has reviewed with his or her own tax advisers the U.S. federal, state, local and non-U.S. tax consequences of this investment and the transactions contemplated by this Award Agreement. With respect to such matters, Participant relies solely on such advisers and not on any statements or representations of the Company or any of its agents, written or oral. Participant understands that Participant (and not the Company) shall be responsible for Participant's own tax liability that may arise as a result of this investment or the transactions contemplated by this Award Agreement.

8. Acknowledgements. In accepting this Award of Restricted Stock Units, Participant acknowledges, understands and agrees that:

(a) Participant acknowledges receipt of a copy of the Plan (including any applicable appendixes or sub-plans thereunder) and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Award of Restricted Stock Units subject to all of the terms and provisions thereof. Participant has reviewed the Plan (including any applicable appendixes or sub-plans thereunder) and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement and fully understands all provisions of the Award. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated in the Notice of Grant;

(b) the grant of the Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted in the past;

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- (c) all decisions with respect to future Restricted Stock Units or other grants, if any, will be at the sole discretion of the Administrator;
 - (d) Participant is voluntarily participating in the Plan;
 - (e) the Restricted Stock Units and the Shares subject to the Restricted Stock Units are not intended to replace any pension rights or compensation;

(f) the Restricted Stock Units and the Shares subject to the Restricted Stock Units, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(g) the future value of the Shares underlying the Restricted Stock Units is unknown, indeterminable and cannot be predicted;

(h) for purposes of the Restricted Stock Units, Participant's status as a Service Provider will be considered terminated as of the date Participant is no longer actively providing services to the Company or any Parent or Subsidiary (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is a Service Provider or the terms of Participant's employment or service agreement, if any), and unless otherwise expressly provided in this Award Agreement (including by reference in the Notice of Grant to other arrangements or contracts) or determined by the Administrator, Participant's right to vest in the Restricted Stock Units under the Plan, if any, will terminate as of such date and will not be extended by any notice period (e.g., Participant's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is a Service Provider or the terms of Participant's employment or service agreement, if any, unless Participant is providing bona fide services during such time); the Administrator shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of the Restricted Stock Units grant (including whether Participant may still be considered to be providing services while on a leave of absence and consistent with local law);

(i) unless otherwise provided in the Plan or by the Administrator in its discretion, the Restricted Stock Units and the benefits evidenced by this Award Agreement do not create any entitlement to have the Restricted Stock Units or any such benefits transferred to, or assumed by, another company nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and

(j) the following provisions apply only if Participant is providing services outside the United States:

(i) the Restricted Stock Units and the Shares subject to the Restricted Stock Units are not part of normal or expected compensation or salary for any purpose;

(ii) Participant acknowledges and agrees that no Service Recipient shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the Restricted Stock Units or of any amounts due to Participant pursuant to the settlement of the Restricted Stock Units or the subsequent sale of any Shares acquired upon settlement; and

(iii) no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units resulting from the termination of Participant's status as a Service Provider (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is a Service Provider or the terms of Participant's employment or service agreement, if any), and in consideration of the grant of the Restricted Stock Units to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against any Service Recipient, waives his or her ability, if any, to bring any such claim, and releases each Service Recipient from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim

9. Data Privacy. Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Award Agreement and any other Restricted Stock Unit grant materials by and among, as applicable, the Service Recipients for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.

Participant understands that the Company and the Service Recipient may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.

Participant understands that Data may be transferred to a stock plan service provider, as may be selected by the Company in the future, assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country of operation (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative.
Participant

authorizes the Company, the Service Recipients, any stock plan service provider selected by the Company and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands if he or she resides outside the United States, he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her status as a Service Provider and career with the Service Recipient will not be adversely affected. The only adverse consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant Participant Restricted Stock Units or other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

10. English Language. Participant has received the terms and conditions of this Agreement and any other related communications, and Participant consents to having received these documents in English. If Participant has received this Agreement or any other document related to the Plan translated into a language other than English and if the translated version is different than the English version, the English version will control.

11. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant (including through electronic delivery to a brokerage account). After such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

12. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE RESTRICTED STOCK UNITS PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY THROUGH ACHIEVEMENT OF THE PERFORMANCE GOALS SET FORTH IN THE NOTICE OF GRANT COUPLED WITH CONTINUATION AS A SERVICE PROVIDER AND, WHICH CONTINUATION, UNLESS PROVIDED OTHERWISE UNDER APPLICABLE LAW, IS AT THE WILL OF THE APPLICABLE SERVICE RECIPIENT AND NOT THROUGH THE ACT OF BEING HIRED,

BEING GRANTED THIS AWARD OF RESTRICTED STOCK UNITS OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF ANY SERVICE RECIPIENT TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER, SUBJECT TO APPLICABLE LAW, WHICH TERMINATION, UNLESS PROVIDED OTHERWISE UNDER APPLICABLE LAW, MAY BE AT ANY TIME, WITH OR WITHOUT CAUSE.

13. Address for Notices. Any notice to be given to the Company under the terms of this Agreement will be addressed to the Company, in care of its Secretary at Intevac, Inc., 3560 Bassett Street, Santa Clara CA 95054, or at such other address as the Company may hereafter designate in writing.

14. Grant is Not Transferable. Except to the limited extent provided in Section 6, this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

15. Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Agreement shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns. The rights and obligations of Participant under this Agreement may be assigned only with the prior written consent of the Company.

16. Additional Conditions to Issuance of Stock. If at any time the Company determines, in its discretion, that the listing, registration, qualification or rule compliance of the Shares upon any securities exchange or under any state, federal or non-U.S. law, the tax code and related regulations or under the rulings or regulations of the United States Securities and Exchange Commission or any other governmental regulatory body or the clearance, consent or approval of the United States Securities and Exchange Commission or any other governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to Participant (or his or her estate or beneficiaries) hereunder, such issuance will not occur unless and until such listing, registration, qualification, rule compliance, clearance, consent or approval will have been completed, effected or obtained free of any conditions not acceptable to the Company. If any such listing, registration, qualification, rule compliance, clearance, consent or approval has not been completed by the applicable deadline to remain exempt from Section 409A under the "short-term deferral" exemption with respect to a Restricted Stock Unit in a manner that would allow it to be settled by such deadline, such Restricted Stock Unit will be forfeited as of immediately following such deadline for no consideration and at no cost to the Company. Subject to the prior sentence,

where the Company determines that the delivery of the payment of any Shares will violate federal securities laws or other applicable laws, the Company will defer delivery until the earliest date at which the Company reasonably anticipates that the delivery of Shares will no longer cause such violation. The Company will make all reasonable efforts to meet the requirements of any such state, federal or foreign law or securities exchange and to obtain any such consent or approval of any such governmental authority or securities exchange. Subject to the terms of this Award Agreement and the Plan, the Company shall not be required to issue any certificate or certificates for Shares hereunder prior to the lapse of such reasonable period of time following the date of vesting of a Restricted Stock Unit as the Administrator may establish from time to time for reasons of administrative convenience and any such certificate may be in book entry form.

17. Plan Governs. This Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Agreement and one or more provisions of the Plan, the provisions of the Plan will govern. Capitalized terms used and not defined in this Agreement will have the meaning set forth in the Plan.

18. Administrator Authority. The Administrator will have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Restricted Stock Units have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Agreement.

19. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to Restricted Stock Units awarded under the Plan or future Restricted Stock Units that may be awarded under the Plan by electronic means or require Participant to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or a third party designated by the Company.

20. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

21. Agreement Severable. In the event that any provision in this Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement.

22. Modifications to the Agreement. This Agreement constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding

anything to the contrary in the Plan or this Agreement, the Company reserves the right to revise this Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection to this Award of Restricted Stock Units.

23. Amendment, Suspension or Termination of the Plan. By accepting this Award, Participant expressly warrants that he or she has received an Award of Restricted Stock Units under the Plan, and has received, read and understood a description of the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

24. Governing Law. This Agreement will be governed by the laws of the State of California, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Award of Restricted Stock Units or this Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California, and agree that such litigation will be conducted in the courts of Santa Clara County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this Award of Restricted Stock Units is made and/or to be performed.

25. No Waiver. Either party's failure to enforce any provision or provisions of this Agreement shall not in any way be construed as a waiver of any such provision or provisions, nor prevent that party from thereafter enforcing each and every other provision of this Agreement. The rights granted both parties herein are cumulative and shall not constitute a waiver of either party's right to assert all other legal remedies available to it under the circumstances.

26. Tax Consequences. Participant has reviewed with his or her own tax advisors the U.S. federal, state, local and non-U.S. tax consequences of this investment and the transactions contemplated by this Agreement. With respect to such matters, Participant relies solely on such advisors and not on any statements or representations of the Company or any of its agents, written or oral. Participant understands that Participant (and not the Company) shall be responsible for Participant's own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

I, Nigel Hunton certify that:

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

Date: November 12, 2024

/s/ NIGEL HUNTON

Nigel Hunton

President, Chief Executive Officer and Director

I, Cameron McAulay certify that:

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

Date: November 12, 2024

/s/ CAMERON MCAULAY

Cameron McAulay

Chief Financial Officer, Secretary and Treasurer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Nigel Hunton, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Intevac, Inc. on Form 10-Q for the quarterly period ended September 28, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-Q fairly presents in all material respects the financial condition and results of operations of Intevac, Inc.

Date: November 12, 2024

/s/ NIGEL HUNTON

Nigel Hunton

President, Chief Executive Officer and Director

I, Cameron McAulay, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Intevac, Inc. on Form 10-Q for the quarterly period ended September 28, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-Q fairly presents in all material respects the financial condition and results of operations of Intevac, Inc.

Date: November 12, 2024

/s/ CAMERON MCAULAY

Cameron McAulay

Chief Financial Officer, Secretary and Treasurer

A signed original of this written statement required by Section 906 has been provided to Intevac, Inc. and will be retained by Intevac, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Intevac, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Report), irrespective of any general incorporation language contained in such filing.