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## DELTA REPORT

### 10-K

IVAC - INTEVAC INC

10-K - DECEMBER 28, 2024 COMPARED TO 10-K - DECEMBER 30, 2023

The following comparison report has been automatically generated

**TOTAL DELTAS** 3398

■ CHANGES	250
■ DELETIONS	831
■ ADDITIONS	2317

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

Form10-K

(Mark One)

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

For the fiscal year ended **December 30, 2023** **December 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	94-3125814
(State or other jurisdiction of incorporation or organization)	(I.R.S. 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)

Securities registered pursuant to Section 12(g) of the Act:  
None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.  Yes  No

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, an 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   
Non-accelerated filer

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

As of **July 1, 2023** **June 28, 2024**, the aggregate market value of voting and non-voting stock held by non-affiliates of the registrant was approximately **\$95,061,431** **\$100,622,368** (based on the closing price for shares of the registrant's Common Stock as reported by the Nasdaq Stock Market for the last trading day prior to that date).

Shares of Common Stock held by each executive officer and director have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

On **February 14, 2024** **February 14, 2025**, **26,576,160** **27,168,081** shares of the registrant's Common Stock, \$0.001 par value, were outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE.**

Portions of the registrant's Proxy Statement for the **2024** **2025** Annual Meeting of Stockholders are incorporated by reference into Part III. Such proxy statement will be filed within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

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INTEVAC, Inc.

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**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

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Certain information in this Annual Report on Form 10-K ("Annual Report" or "Form 10-K") of Intevac, Inc. and its subsidiaries ("Intevac", "we" or the "Company"), including in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," is forward-looking in nature. All statements in this Annual Report, including those made by the management of Intevac, other than statements of historical fact, are forward-looking statements. Examples of forward-looking statements include statements regarding Intevac's future financial results, operating results, cash flows and cash deployment strategies, business strategies, costs, products, working capital, competitive positions, management's plans and objectives for future operations, research and development, acquisitions and joint ventures, growth opportunities, customer contracts, investments, liquidity, declaration of dividends, and legal proceedings, as well as market conditions and industry trends. These forward-looking statements are based on management's estimates, projections and assumptions as of the date hereof and include the assumptions that underlie such statements. Forward-looking statements may contain words such as "may," "will," "should," "could," "would," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential" and "continue," the negative of these terms, or other comparable terminology. Any expectations based on these forward-looking statements are subject to risks and uncertainties and other important factors, including those discussed in Item 1A, "Risk Factors," below and elsewhere in this Annual Report. Other risks and uncertainties may be disclosed in Intevac's prior Securities and Exchange Commission ("SEC") filings. These and many other factors could affect Intevac's future financial condition and operating results and could cause actual results to differ materially from expectations based on forward-looking statements made in this Annual Report or elsewhere by Intevac or on its behalf. Intevac undertakes no obligation to revise or update any forward-looking statements.

The following information should be read in conjunction with the consolidated financial statements and the accompanying Notes to Consolidated Financial Statements included in this Annual Report.

## PART I

### Item 1. *Business*

#### Overview

Founded in 1991, Intevac is a leading provider of thin-film process technology and manufacturing platforms for high-volume manufacturing environments. As a long-time supplier to the hard disk drive ("HDD") industry, over the last 20 years we have delivered over 180 of our industry-leading 200 Lean® systems, which currently represent the majority of the world's capacity for HDD disk media production. Today, we believe that all of the technology upgrade initiatives for next-generation media for the HDD industry, along with planned media capacity additions over the next several years, are being deployed on our 200 Lean platform.

With over 30 years of leadership in designing, developing, and manufacturing high-productivity, thin-film processing systems, we have also are leveraging leveraged our technology and know-how for additional applications, such as protective coatings for the advanced coatings ("ADVC") market, formerly known as the display cover panel ("DCP") market.

In December 2021, Intevac sold its Photonics business, which consisted of developing, manufacturing and selling compact, high-sensitivity digital-optical products for the capture and display of extreme low-light images. images in our Photonics business and designing, developing and marketing manufacturing equipment to produce protective coatings for the advanced coatings ("ADVC") market, formerly known as the display cover panel market. In recent years, we have slowly refocused our business on our core capabilities in the HDD industry. For example, in December 2021, we sold our Photonics business, and in December 2024, we shifted away from the ADVC industry and ceased developing and manufacturing our TRIO product.

As a result of this the disposition of our Photonics business in December 2021, the results of operations from the Photonics business are reported as "net income (loss) from discontinued operations, net of taxes" in the consolidated financial statements in Item 8 of this Annual Report. For more information, see Note 2 "Divestiture and Discontinued Operations" to the consolidated financial statements in Item 8 of this Annual Report.

Intevac 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.

#### *HDD Equipment Market*

Intevac designs, manufactures, markets and services complex capital equipment used to deposit thin films and lubricants onto substrates to produce magnetic disks that are used in HDDs. Disk and disk drive manufacturers produce magnetic disks in a sophisticated manufacturing process involving many steps, including plating, annealing, polishing, texturing, sputtering,

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etching, stripping and lubrication. Intevac believes its systems represent approximately 65% of the installed capacity for disk sputtering worldwide. Intevac's systems are used by manufacturers of magnetic media such as Seagate Technology and Western Digital Corporation (including its wholly-owned subsidiary HGST).

HDDs are a primary storage medium for digital data in enterprise nearline "cloud" applications, enterprise performance and surveillance applications, and, to a lesser extent, in personal computers ("PCs"). Intevac believes that HDD media unit shipments will grow over time, driven by continued high growth rates in digitally-stored data, the slowing of areal density improvements, increased demand for nearline drives for cloud storage, continuing increases in the HDD tie ratio (the average number of disks per hard drive), and new and emerging applications. The projected growth rates for digitally-stored data on HDDs exceed the rate of areal density improvements, at the same time as the tie ratio is increasing, which results in demand for magnetic disks outpacing HDD units.

In recent Over the years, HDD media units have been negatively impacted by an overall decline in desktop PC units, the adoption of solid state drives ("SSDs") in desktops, as well as laptops and other mobile devices, and the transition to centralized storage. Although the HDD industry continues to expect growth in the nearline data storage market segment, the transition to centralized storage combined with the negative growth in PC shipments has previously resulted in lower HDD shipments in recent years. shipments. However, Intevac

continues to believe that long-term demand for hard disks required for high capacity HDDs will increase, driven by growth in demand for digital storage, a slowing growth rate in areal density improvements, and increased information technology spending to support the transition to cloud storage. The number of disk manufacturing systems needed to support this growth as well as future technology transitions and improvements is expected to vary from year to year depending on the factors noted above.

For example, recently, a recovery in traditional server demand is providing upside to hard drive and media forecasts. The most significant growth driver remains continued demand strength in cloud storage, driven in part by the rapidly growing Artificial Intelligence ("AI") industry, leading to industry upside in mass capacity nearline drives, within an increasingly favorable pricing and supply landscape. HDDs continue to demonstrate significant advantages in data centers, with a cost-per-bit advantage of 6 times, and a capital efficiency benefit of 9 times, compared to SSDs.

Intevac also expects that HDD manufacturers will extend their utilization of planar perpendicular media with the introduction of new technologies such as Heat Assisted Magnetic Recording ("HAMR") and Energy Assisted Magnetic Recording ("EAMR"). Initial shipments of HAMR and EAMR-based HDDs began in 2020. Intevac believes that leading manufacturers of magnetic media that are using Intevac systems will continue to advance these new technologies, which Intevac expects will create a significant market opportunity for Intevac to develop and install the HDD system upgrades that will be required by these new technologies.

With the slowing of HDD media unit demand that occurred beginning in mid-2022, Intevac's customers elected to accelerate deployment of HAMR system upgrades during this period of lower capacity utilization, and at the same time elected to spread their expected media capacity additions more ratably over a two- to four-year period. Intevac's HDD revenues through the 2024 timeframe 2028 are expected to consist primarily of HDD upgrades, spares and field service.

#### Advanced Coatings Market

Intevac develops equipment The areal density improvements being achieved at this time are the most significant advancements in over a decade, and these have been enabled by our tool upgrades, specifically HAMR. While the HAMR upgrade cycle remains in its early stages, with another three or four years before any significant expected upgrades, we believe the next opportunity for HDD upgrades will be related to deposit optically transparent thin films onto DCPs typically found on consumer and automotive electronics products, including smartphones, foldable devices, smartwatches, wearable devices, tablet PCs, gaming systems, digital cameras, automotive infotainment systems, point-of-sale devices, and digital signage. In 2023, approximately 1.2 billion smartphones, 504 million smart watches, and 123 million tablet PCs were shipped to consumers worldwide. For smartphones alone, it writing speed. Accelerating the "writing" speed at which data can be stored is forecasted that nearly 1.25 billion units will ship in 2027.

DCPs are typically made of tempered glass, such as soda-lime or aluminosilicate, or other materials such as sapphire, glass-ceramic and colorless polyimide. The primary function a critical aspect of the DCP is to provide HDD technology roadmap as it proceeds toward the objective of a clear protective interface to the display it protects. In many cases, the DCP is treated 100-terabyte drive by 2030, and this acceleration can only be achieved with various coatings to enhance its protective performance as well as for clarity, readability and touch sensitivity. The types of coatings typically found on DCPs of electronic devices include: Scratch Protection ("SP"), Anti-Reflection ("AR"), Anti-Fingerprint ("AF") and Non-Conductive Vacuum Metallization ("NCVM") coatings.

SP coatings generally consist of hard thin films deposited onto the surface of the DCP. Their primary function is to provide enhanced protection against the incidence of scratch, but they can also provide greater breakage resistance. Intevac developed its own SP coating for DCP applications, utilizing its production-proven carbon film technology that is also used on HDD media, supporting tool upgrades. This coating provides a hard protective layer which significantly improves the DCP's resistance to scratches and breakage. Intevac expects that the adoption of AR and NCVM coatings on mobile devices will create an increased need for SP coatings and provide a significant demand new opportunity for ultra-durable protective glass coatings.

AR coatings enable greater light transmission through the DCP by reducing the light reflected by the surface back our HDD upgrade business provides further strength to the user's eye. This allows the user to more easily read the display and reduces the required power needed to display the image.

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which results in extending the battery life. AR coatings are typically soft and must be applied to the outer surface of the DCP. A significant drawback to using AR coatings is their susceptibility to scratch. As a result, smartphone manufacturers have been reluctant to implement AR coatings on their products. Intevac believes its ADVC systems and applications of various protective thin film technologies to create ultra-durable and more scratch-resistant AR coatings could represent a significant market opportunity.

AF coatings provide water and oil protection for the surface of the DCP. By preventing fingerprints, AF coatings provide greater aesthetics and increase the readability of the display. The drawback to AF coatings is their relatively low resistance to wear. The coating is

soft and usually wears off within a few months of product purchase.

In March 2022, as part of Intevac's realignment effort, the Company ceased pursuing several ADVC projects and instead started a focused effort to develop a new, modular platform that can be configured to handle a variety of form factors, including two-dimensional ("2D") and three-dimensional ("3D") shapes and both small and large surface area substrates. This platform was introduced as TRIO™ in March 2022.

TRIO is a flexible, horizontal deposition tool platform that evolved from Intevac's decades of experience in delivering high-performance, cost-effective equipment for both our long-term revenue opportunity supporting the HDD and solar markets. TRIO leverages Intevac's materials science and coating equipment technology to deposit SP and AR coatings with enhanced durability for all types of mobile consumer devices, as well as auto display glass. The TRIO platform contains proprietary, patent-protected components and automation that allow fast, precise deposition of coatings with superior adhesion, hardness, strength, and optical properties.

In December 2022, the Company announced it had entered a joint development agreement with Corning Inc. Thin-film Equipment ("Corning" TFE"), a major provider of glass and glass ceramic materials, for the development of TRIO for consumer device applications. In December 2023, the Company announced that it had successfully completed the qualification of its first TRIO system within the initial twelve months of the agreement with Corning. Intevac expects to continue to develop additional customer relationships for TRIO for other glass coating applications, such as in the automotive sector and advanced packaging market.

#### TFE Products

Intevac's TFE product portfolio addressing the HDD and ADVC markets market is based around common core technologies and competencies. Intevac believes its TFE product portfolio can be extended to support adjacent markets. Based on its history and market and technology leadership in the HDD industry, Intevac offers superior high-productivity vacuum handling of small substrates at the lowest cost of ownership. Lowest cost of ownership includes various advantages such as high target utilization, high throughput, small footprint, double-sided coating, and reduced materials costs.

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The following table presents a representative list of our TFE products.

TFE Products	Applications and Features
<b>HDD Equipment Market</b>	
200 Lean® Disk Sputtering System	<ul style="list-style-type: none"><li>Uses physical vapor deposition ("PVD") and chemical vapor deposition ("CVD") technologies.</li><li>Deposits magnetic films, non-magnetic films and protective carbon-based overcoats.</li><li>Provides high-throughput for small-substrate processing.</li><li>Over Delivered over 180 units shipped, in our industry-leading 200 Lean system in 20 years.</li></ul>
Upgrades, spares, consumables and services (non-systems business)	<ul style="list-style-type: none"><li>Upgrades to the installed base to support the continued growth in areal density or reduce the manufacturing cost per disk.</li></ul>
<b>Advanced Coatings Market</b>	
TRIO™	<ul style="list-style-type: none"><li>Uses proprietary sputtering technology for multiple film types.</li><li>Allows for precise deposition of thin film layering to manage film stress.</li><li>Uses patented deposition systems and designs.</li><li>Modular design enables expandability.</li><li>Can operate at low vacuum pressure and temperature, allowing coating of a variety of substrate types.</li><li>Can coat both 2D and 3D substrates of different sizes with high precision control of resultant performance.</li></ul>

#### Recent Developments

##### 5Agreement and Plan of Merger

On February 13, 2025, Intevac entered into an Agreement and Plan of Merger (the "Merger Agreement") with Seagate Technology Holdings plc, an Irish public limited company ("Parent"), and Irvine Acquisition Holdings, Inc., a Delaware corporation and an indirect wholly owned subsidiary of Parent ("Purchaser").

The Merger Agreement provides that, upon the terms and subject to the conditions of the Merger Agreement, as promptly as practicable, Purchaser will commence a tender offer (the "Offer") to acquire all of Intevac's issued and outstanding shares of common stock for \$4.00 per share, payable in cash at closing, without interest and subject to reduction for any applicable withholding of taxes. Following the consummation of the Offer, Purchaser will merge with and into Intevac, and Intevac will continue as the surviving corporation and a wholly owned subsidiary of Parent (the "Merger"). If an Offer Termination (as defined below) does not occur, the Merger will be governed by Section 251(h) of the Delaware General Corporation Law (the "DGCL"), with no stockholder vote required to consummate the Merger.

Pursuant to the Merger Agreement, in certain circumstances Purchaser may elect to proceed with the acquisition through a Merger without any Offer, in which case Purchaser will terminate the Offer or allow it to expire (such termination, an "Offer Termination"). In this case, Intevac would be required to file a proxy statement to obtain approval of the Merger by Intevac's stockholders at a special stockholders meeting held for the purpose of voting upon the adoption of the Merger Agreement, and the Merger would be effected pursuant to Section 251(c) of the DGCL.

In addition, in connection with the closing of the transactions contemplated by the Merger Agreement, the Company will pay a one-time special dividend of \$0.052 per share.

The Offer and the Merger, which was unanimously approved by the Company's Board of Directors, is expected to close in the first half of 2025, subject to customary closing conditions. The completion of the transaction is not subject to a financing condition.

#### Changes to Business Strategy

In November 2024, the Company announced that it had made a strategic shift away from its TRIO technology to focus on the HDD industry, and in December 2024, the Company officially terminated its TRIO product line and approved a \$33 million restructuring program and asset impairment charges related to such termination. The restructuring program includes (i) \$1.3 million in severance charges related to reducing the Company's headcount, (ii) \$19.0 million of inventory write-offs and (iii) \$12.8 million of fixed assets, intangible assets and facilities impairment charges associated with the exiting of the TRIO product line.

#### Customer Concentration

Historically, a significant portion of Intevac's revenue in any particular period has been attributable to sales to a limited number of customers.

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The following customer accounted for at least 10 percent of Intevac's consolidated net revenues in fiscal 2023, 2024 and 2022, 2023.

	2023	2022
Seagate Technology	92 %	80 %
Seagate Technology	2024	2023

Our reliance on sales to relatively few customers 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.

Foreign sales accounted for 95% of revenue in fiscal 2024 and 91% of revenue in fiscal 2023 and 87% of revenue in fiscal 2022, 2023. The majority of Intevac's foreign sales are to companies in Asia or to U.S. companies for use in their Asian manufacturing or development operations. Intevac anticipates that foreign sales will continue to be a significant portion of Intevac's revenues. Intevac's disk sputtering equipment customers include magnetic disk manufacturers, such as Showa Denko, and vertically integrated HDD manufacturers, such as Seagate Technology and Western Digital Corporation (including its wholly owned wholly-owned subsidiary HGST). Intevac's ADVC customers include DCP manufacturers, such as Truly Opto-electronics, and providers of glass and glass ceramic materials, such as Corning. Intevac's customers' manufacturing facilities are primarily located in California, China, Taiwan, Japan, Malaysia, Portugal and Singapore.

## Competition

The principal competitive factors affecting the markets for Intevac's products include price, product performance and functionality, ease of integration, customer support and service, reputation and reliability. Intevac has one major competitor, Canon Anevia, in the HDD equipment market and has historically experienced intense worldwide competition for magnetic disk sputtering equipment. Intevac faces competition in the ADVIC market from optical coating equipment manufacturers such as Optorun. Other competitors are Kaufmann and Shincron Robinson, Inc., who are known for their technical expertise on drum coating systems, ion sources, radio frequency (RF) discharges, and Von Ardenne on inline systems, as well as from glass manufacturers that may develop scratch resistant glass, touchscreen manufacturers that may adopt harder substrate materials, power supplies, and other equipment companies, chemical companies or the DCP manufacturers themselves, which may offer competing protective coatings, Techleader Tooling, Inc. These competitors generally have substantially greater financial, technical, marketing, manufacturing and other resources as compared to Intevac. Furthermore, any of Intevac's competitors may develop enhancements to, or future generations of, competitive products that offer superior price or performance features. In addition, new competitors with enhanced products may enter the markets that Intevac currently serves.

## Marketing and Sales

Sales are made primarily through Intevac's direct sales force. Intevac also sells its products through distributors in Japan and China. The selling process for Intevac's products is multi-level and lengthy, involving individuals from marketing, engineering, operations, customer service and senior management.

Installing and integrating new equipment requires a substantial investment by a customer. Sales of Intevac's systems depend, in significant part, upon the decision of a prospective customer to replace obsolete equipment or increase manufacturing capacity by upgrading or expanding existing manufacturing facilities or constructing new manufacturing facilities, all of which typically involve a significant capital commitment. Intevac's systems have a lengthy sales cycle, during which Intevac may expend substantial funds and management time and effort with no assurance that a sale will result.

The production of large complex systems requires Intevac to make significant investments in inventory both to fulfill customer orders and to maintain adequate supplies of spare parts to service previously shipped systems. Intevac maintains inventories of spare parts in the United States, Singapore, Malaysia and China to support its customers. Intevac often requires its customers to pay for systems 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 and any sales tax due upon completion of installation and acceptance of the system at the customer's factory.

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Intevac provides process and applications support, customer training, installation, start-up assistance and post-installation service support to customers. Intevac supports U.S. customers from its headquarters in Santa Clara, California, and has field offices in Singapore, China, and Malaysia to support customers in Asia.

Warranties for Intevac's products typically range between 12 and 24 months from customer acceptance. During the warranty period any necessary non-consumable parts are supplied and installed without charge.

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## Research and Development and Intellectual Property

Intevac's long-term growth strategy requires continued development of new products. Intevac works closely with its customers to design products that meet their planned technical and production requirements. Product Our product development and engineering organizations are located primarily in the United States and Singapore.

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Intevac's competitive position significantly depends on its research, development, engineering, manufacturing and marketing capabilities, and not just on Intevac's patent position. However, protection of Intevac's technological assets by obtaining and enforcing intellectual property rights, including patents, is important. Therefore, Intevac's practice is to file patent applications in the United States and other countries for inventions that Intevac considers important. Although Intevac does not consider its business to be materially dependent upon any one patent, the rights of Intevac and the products made and sold under Intevac's patents along with other intellectual property, including trademarks, know-how, trade secrets and copyrights, taken as a whole, are a significant element of Intevac's business.

Intevac enters into patent and technology licensing agreements with other companies when management determines that it is in Intevac's best interest to do so. Intevac pays royalties under existing patent license agreements for use of certain patented technologies in several of Intevac's products.

In the normal course of business, Intevac periodically receives and makes inquiries regarding possible patent infringements. In dealing with such inquiries, it may be necessary or useful for Intevac to obtain or grant licenses or other rights. However, there can be no assurance that such licenses or rights will be available to Intevac on commercially reasonable terms, or at all. If Intevac is not able to resolve or settle claims, obtain necessary licenses and/or successfully prosecute or defend its position, Intevac's business, financial condition and results of operations could be materially and adversely affected.

#### **Manufacturing**

Intevac manufactures its products at its facilities in California and Singapore. Intevac's manufacturing operations include electromechanical assembly, vacuum processing, fabrication of sputter sources, and system assembly, alignment and testing.

#### **Government Regulations**

We are subject to various government regulations in the United States as well as various international locations where we operate. These regulations cover several diverse areas including environmental compliance, import and export controls, economic sanctions, data and privacy protection, transfer pricing rules, anti-bribery, anti-trafficking and anti-trust provisions. Our policies mandate compliance with applicable laws and regulations administered by various state, federal and international agencies. We instituted various training programs to educate our employees on compliance with governmental regulations, as well as applied legal and ethical practices in our everyday work. We are subject to international, federal, state, and local legislation, regulations, and other requirements relating to the use, storage, discharge, handling, emission, generation, manufacture, treatment and disposal of toxic or otherwise hazardous substances, chemicals, materials or waste; recycling and product packaging; worker health and safety; and other activities affecting the environment, our workforce, and the management of our manufacturing operations. We believe that our operations and facilities comply in all material respects with applicable environmental laws and worker health and safety laws. We treat the cost of complying with government regulations and operating a safe workplace as a normal cost of business and allocate the cost of these activities to all functions, except where the cost can be isolated and charged to a specific function. The environmental standards and regulations promulgated by government agencies in California and Singapore are particularly rigorous and set a high standard of compliance. 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. We believe our costs of compliance with these regulations and standards are comparable to other companies operating similar facilities in these jurisdictions. We are also subject to import/export controls, tariffs, and other trade-related regulations and restrictions in the countries in which we have operations or otherwise do business. These controls, tariffs, regulations, and restrictions (including those related to, or affected by,

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United States-China relations) have had, and we believe may continue to have, a material impact on our business, including our ability to sell products and to manufacture or source components. The development of additional statutes and regulations and interpretation of existing statutes and regulations with respect to our industry can be expected to evolve over time. As with any commercial enterprise, we cannot predict with certainty the nature or direction of the development of federal statutes and regulations that will affect our business operations.

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#### **Human Capital Resources**

##### **General Information About Our Human Capital Resources**

As of December 30, 2023 December 28, 2024, we had 128110 employees, including 24 contract employees. Approximately 58%46% of our employees are located in the United States and 42%54% are located in Asia. Of our total workforce, 3417 employees are involved in research and development; 6260 employees are involved in operations, manufacturing, service and quality assurance; and 3233 employees are involved in sales, order administration, marketing, finance, information technology, general management and other administrative functions.

##### **Core Principles**

Our core values are integral to Intevac's culture. We pride ourselves in providing a safe and positive work environment where mutual respect and ethical conduct is a core value. We believe in continuous learning and professional development and provide employees with opportunities to grow.

##### **Community Involvement**

Our employees are committed to making a difference in the community by actively volunteering and fundraising for many charities, including the American Cancer Society, Second Harvest, Humane Society, Make-a-Wish Foundation, and Salvation Army.

#### **Health and Safety**

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The health and safety of our employees is of utmost importance to us. We conduct regular self-assessments and audits to ensure compliance with our health and safety guidelines and regulatory requirements. Our ultimate goal is to achieve a level of work-related injuries as close to zero as possible through continuous investment in our safety programs. We provide protective gear (e.g., eye protection, masks and gloves) as required by applicable standards and as appropriate given employee job duties. Annual participation in trainings related to ethics, environment, health and safety, and emergency responses are at or near 100%.

#### **Talent Management**

We regularly monitor and review human capital metrics that are key to our business, including hiring statistics, promotion rates, turnover rates, career growth and development, and diversity and inclusion.

#### **Hiring Practices**

It is our policy to hire and promote the best-qualified person for the job and comply fully with all domestic, foreign and local laws relating to discrimination in the workplace. Our good faith outreach efforts are designed to ensure that there are no barriers for members of any group and to encourage interest by all qualified persons. We believe our actions enhance diversity, including recruiting at venues representing women, minorities and U.S. military veterans.

#### **Turnover**

We continually monitor employee turnover rates, both regionally and as a whole, as our success depends upon retaining our highly trained engineering, manufacturing and operating personnel. The average tenure of our employees is **9.5** **10.4** years in the United States and **10.9** **10.7** years in Asia.

#### **Diversity and Inclusion**

Recognizing and respecting our global presence, we strive to maintain a diverse and inclusive workforce everywhere we operate. We believe that a diverse and motivated workforce is vital to our success. We strive to advance diversity and inclusion

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through various talent acquisition programs to attract, retain and develop a diverse, highly-skilled work force. We conduct employee surveys to provide on-going feedback on how we are doing against our commitment to treat all employees fairly and provide equal opportunity in an environment free of discrimination. Our diversity and inclusion principles are also reflected in our employee training, in particular by educating employees about our policies against harassment and bullying and about the elimination of bias in the workplace.

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#### **Management Team**

We believe our management team has the experience necessary to effectively execute our strategy and advance our product and technology leadership. Our chief executive officer has more than 25 years of industry experience. He is supported by an experienced and talented professional team.

#### **Training and Talent Development**

We are committed to the continued development of our employees. Strategic talent reviews and succession planning occur on a planned cadence annually – globally and across all business areas. We are committed to identifying and developing the talents of our next generation leaders. We have a robust talent and succession planning process and have established specialized programs to support the development of our talent pipeline for critical roles in management, engineering, and operations. We also provide technical, professional and leadership training to our employees. We recognize and support the growth and development of our employees and offer opportunities to participate in internal as well as external learning opportunities.

#### **Compensation and Benefits**

We strive to offer employees regionally competitive compensation and benefits that are aligned to our values. All employees receive a base salary, incentive compensation and welfare benefits. Depending on the region, benefits may include medical, dental and vision

coverage, short and long-term disability income protection, flexible spending plans (health, dependent and limited flexible spending) and basic and supplemental life insurance, accidental death and dismemberment insurance and retirement savings plan. Intevac pays the majority or all of the costs for these benefits.

We have various employee incentive plans. Our profit-sharing plan provides for the distribution of a percentage of pre-tax profits to substantially all of our employees not eligible for other performance-based incentive plans. Our executives, key contributors and employees participate in bonus plans based on the achievement of profitability and other individual performance goals and objectives.

To foster a stronger sense of ownership and align the interests of employees with our stockholders, we grant equity-based awards, including restricted stock units and performance-based restricted stock units to eligible employees. We also have an employee stock purchase plan, which provides employees with the opportunity to purchase Intevac common stock at a discount through payroll deductions. See Note 4 to the consolidated financial statements in Item 8 of this Annual Report for a description of these plans.

#### **Oversight and Management**

In accordance with its charter, our Human Capital Committee periodically reviews our employee programs and initiatives, including healthcare and other benefits, as well as our management development and succession planning practices and strategies.

#### **Executive Officers of Intevac**

Certain information about our executive officers and other key officers as of February 15, 2024 February 14, 2025 is listed below:

Name	Age	Position
<b>Executive Officers:</b>		
Nigel D. Hunton	61	President and Chief Executive Officer
Kevin Soulsby Cameron McAulay	66	Interim Chief Financial Officer, Secretary and Treasurer
John Dickinson	56	Vice President of Operations
<b>Other Key Officers:</b>		
Samuel Harkness	58	Vice President of Product Development and Technology
Eva Valencia	60	Vice President of Sales
Shannon Fogle	50	Vice President of Human Resources and Information Technology

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Mr. Hunton joined Intevac in January 2022 as President and Chief Executive Officer and a member of the Board of Directors. Prior to joining Intevac, Mr. Hunton served as President and Chief Executive Officer at Photon Control Inc., a fiber optics equipment manufacturing company, from May 2019 to July 2021. From July 2017 to May 2019, he was the President and Chief Executive Officer at Ferrotec (USA) Corporation, an electronics component manufacturing company. From April 2017 to July 2017, Mr. Hunton served as Special Projects Manager at Ferrotec GmbH. Mr. Hunton served as Managing Director at

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Hunton Associates Ltd, a management consulting company, from January 2016 to July 2017. From 2012 to 2015, Mr. Hunton served as Chief Executive Officer of MBA Polymers, Inc., a recycling company. From 1985 to 2012, Mr. Hunton served in various management roles at the Edwards Group, a global vacuum technology company. Mr. Hunton holds a BS in mechanical engineering from University of Manchester Institute of Science and Technology.

Mr. Soulsby McAulay has served joined Intevac as interim Chief Financial Officer since in July 2023, 2024. Mr. Soulsby joined Intevac in February 1991 and McAulay previously served as Corporate Controller Chief Financial Officer of Transphorm, Inc., a semiconductor company and manufacturer of transistors, from 1995 through 2019 November 2015 to July 2024. From December 2012 to October 2015, he serviced as finance director of KLA Corporation, a provider of advanced process control and process-enabling solutions for manufacturing wafers and reticles, integrated circuits, packaging and printed circuit boards. From September 2011 to November 2012, he served as Managing Finance Director, Tax & Risk Management Microcontrollers and Touch Finance Groups at Atmel Corporation, a semiconductor manufacturer. From 2004 to 2011 he served in various roles including audit, group and division controller at National Semiconductor Corporation, a semiconductor manufacturer. Mr. McAulay earned his BS in Math, Statistics and Accountancy, with honors, from 2019 through July 2023. Mr. Soulsby holds an MBA and a BSC the University of Strathclyde in Accounting from Santa Clara University, Glasgow, Scotland.

Mr. Dickinson joined Intevac as Vice President of Operations in August 2022. Mr. Dickinson previously served as Director, Mechanical Engineer within the ICAPS group (encompassing chips for IoT, communications, automotive, power, and sensors) of Applied Materials, Inc. from April 2021 to August 2022. From January 2018 to April 2021, Mr. Dickinson served as Managing Director of the Livermore Business Unit of Ferrotec USA, a leading global supplier of advanced materials, components, and precision system solutions used in a broad array of end products, manufacturing systems, and industries. From 2012 until April 2018, Mr. Dickinson served as Applications Engineering Director, Distinguished Member of the Technical Staff at Applied Materials, Inc. From 1995 to 2012, Mr. Dickinson held various management and engineering roles at the Edwards Group, a leading developer and manufacturer of sophisticated vacuum products, abatement solutions and related value-added services. Mr. Dickinson holds a MS in Mechanical Engineering and Materials from the University of London.

Dr. Harkness has served as Vice President of Product Development and Technology since May 2022. Dr. Harkness re-joined Intevac in October 2018 as a Senior Member of the Technical Staff and accepted increasing responsible leadership positions to include his current role. From 2014 to 2018, Dr. Harkness served as Founder and President of HIA, Inc., a magnetron development company that was acquired by Intevac in August 2022. In 2013 to 2014, Dr. Harkness was a Technologist for Veeco Instruments, a global capital equipment company. From 2012 to 2013, Dr. Harkness was Device Physicist for Plextronics Inc., a start-up venture in OLED solution processing. From 1998 to 2009, Dr. Harkness held various technical leadership roles at Seagate Technology in the component development organization for hard disk drive products. From 2010 to 2012 and from 1996 to 1998, Dr. Harkness held various management and engineering roles at Intevac. Dr. Harkness holds a Ph.D. and a BS in material science and engineering from the University of Florida.

Ms. Valencia joined Intevac as Vice President of Sales in November 2022. From August 2021 to November 2022, Ms. Valencia served as Senior Director, Semiconductor Sales at MKS Corporation, a provider of semiconductor manufacturing, advanced electronics and specialty industrial application products. From July 2019 to August 2021, Ms. Valencia served as Vice President at Photon Control Inc., a provider of optical sensors and systems to the semiconductor equipment industry. From March 2013 to July 2019, Ms. Valencia was Sales Director at Ferrotec (USA) Corporation, an electronics component manufacturing company. From 2011 until 2013, Ms. Valencia was Western Regional Sales Manager at Maine Machine, a manufacturer of high tolerance precision machined components and assemblies. From 2008 until 2011, Ms. Valencia served as Key Account Manager at Entegris Corporation, a provider of advanced materials and materials handling solutions for semiconductor manufacturing processes. From 2006 until 2008, Ms. Valencia served as Western Regional Sales Manager at SUSS MicroTec Inc., a supplier of equipment and process solutions for the semiconductor industry and adjacent markets such as advanced packaging, microelectromechanical systems (MEMS) and light emitting diode (LED). Ms. Valencia holds a BS in Biology from Notre Dame de Namur University.

Ms. Fogle joined Intevac as Vice President of Global Human Resources and Information Technology in March 2024. Ms. Fogle most recently served as Vice President of Global Human Resources at Ensigma Micropower, Inc., a public Norwegian company manufacturing solid-state lithium microbatteries from January 2014 to March 2024. From 2007 to 2014, Ms. Fogle led the human resources functions at Kovio, a privately held Silicon Valley technology company focused on NFC (Near-Field Communication) products. Prior to Kovio, Ms. Fogle worked in various Operations roles at Spansion and Advanced Micro Devices. Ms. Fogle holds a BS in Business Management from San Jose State University and is certified by the Society of Human Resource Management.

#### Available Information

Intevac's website is [www.intevac.com](http://www.intevac.com). Intevac makes available free of charge, on or through its website, its annual, quarterly and current reports, and any amendments to those reports, as soon as reasonably practicable after electronically filing such reports with, or furnishing them to, the SEC. Information contained on Intevac's website is not a part of, nor incorporated by reference into, this Annual Report or Intevac's other filings with the SEC.

#### Trademarks

Intevac's trademarks include the following: "200 Lean" and "INTEVAC TRIO™".

#### Item 1A. Risk Factors

We face a variety of risks that may affect our business, financial condition or results of operations, and many of those risks are driven by factors that we cannot control or predict. Investors should carefully consider the risks described below and all of the other information set forth in this Annual Report, before deciding to invest in our common stock. If any of the risks described below occur, our business, financial condition, results of operations and prospects could be materially adversely affected. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our operations.

## Risks Related to the Merger

***The announcement and pendency of the Transaction may have an adverse effect on our business and results of operations, and our failure to complete the Transaction could have an adverse effect on our business, financial condition, results of operations, and stock price.***

On February 13, 2025, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with Seagate Technology Holdings plc, an Irish public limited company ("Parent"), and Irvine Acquisition Holdings, Inc., a Delaware corporation and an indirect wholly owned subsidiary of Parent ("Purchaser"). The Merger Agreement provides that Purchaser will commence a tender offer (the "Offer") to acquire all of our issued and outstanding shares of common stock for \$4.00 per share, payable in cash at closing, without interest and subject to reduction for any applicable withholding of taxes. Following the consummation of the Offer, Purchaser will be merged with and into us (the "Merger"), and we will continue as the surviving corporation and a wholly owned subsidiary of Parent. We currently expect the Offer and the Merger (which we refer to collectively as the "Transaction") to be completed in the first half of 2025.

Completion of the Transaction is subject to customary closing conditions set forth in the Merger Agreement, including, among other things: (1) that a sufficient number of shares of our common stock are tendered into the Offer; (2) the accuracy of the representations and warranties of the Company contained in the Merger Agreement, subject to customary thresholds and exceptions; (3) our compliance with, and performance of, in all material respects our covenants and agreements contained in the Merger Agreement; (4) the absence of a Material Adverse Effect (as defined in the Merger Agreement); and (5) other customary conditions set forth in Annex I to the Merger Agreement. There is no assurance that all of the various conditions will be satisfied, or that the Transaction will be completed on the proposed terms, within the expected timeframe, or at all.

The Transaction may be delayed, and may ultimately not be completed, due to a number of factors, including:

- an insufficient number of shares of our common stock being tendered into the Offer;
- potential future stockholder litigation and other legal and regulatory proceedings, which could prevent, materially restrain, or materially impair the consummation of the Transaction; and
- the failure to satisfy the other conditions to the completion of the Transaction.

If the Transaction does not close, we may suffer other consequences that could adversely affect our business, financial condition, results of operations, and stock price, and our stockholders would be exposed to additional risks, including:

- to the extent that the current market price of our stock reflects an assumption that the Transaction will be completed, the market price of our common stock could decrease if the Transaction is not completed;
- investor confidence in us could decline; stockholder litigation could be brought against us; our relationships with existing and prospective customers, service providers, investors, lenders, and other business partners may be adversely impacted; we may be unable to retain key personnel; and our results of operations may be adversely impacted due to costs incurred in connection with the Transaction;
- any disruptions to our business resulting from the announcement and pendency of the Transaction, including adverse changes in our relationships with customers, suppliers, partners and employees, may continue or intensify in the event the Transaction is not consummated or is significantly delayed;
- the risks related to the diversion of attention of our management or employees from ongoing operations during the pendency of the Transaction; and
- the requirement that we pay Parent a termination fee in connection with the termination of the Merger Agreement under certain circumstances.

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There can be no assurance that our business, relationships with other parties, liquidity, or financial condition will not be adversely affected, as compared to the condition prior to the announcement of the Transaction, if the Transaction is not consummated. Even if successfully completed, there are certain risks to our stockholders from the Transaction, including:

- the amount of cash to be paid under the Merger Agreement is fixed and will not be adjusted for changes in our business, assets, liabilities, prospects, outlook, financial condition or operating results or in the event of any change in the market price of, analyst estimates of, or projections relating to, our common stock;
  - receipt of the all-cash per share merger consideration under the Merger Agreement is taxable to stockholders that are treated as U.S. holders for U.S. federal income tax purposes; and
- if the Transaction is completed, our stockholders will forego the opportunity to realize the potential long-term value of the successful execution of our current strategy as an independent company.

***While the Transaction is pending, we are subject to business uncertainties and contractual restrictions that could harm our business, financial condition, and results of operations.***

During the period prior to the closing of the Transaction and pursuant to the terms of the Merger Agreement, our business is exposed to certain inherent risks and contractual restrictions that could harm our business, financial condition, and results of operations, including:

- potential uncertainty in the marketplace, which could lead current and prospective customers to purchase products and services from other providers or delay purchasing from us;
- difficulties maintaining existing and/or establishing business relationships, including business relationships with significant customers and partners;
- the possibility of disruption to our business and operations resulting from the announcement and pendency of the Transaction, including diversion of management attention and resources;
- the inability to attract and retain key personnel and recruit prospective employees, and the possibility that our current employees could be distracted, and their productivity decline as a result, due to uncertainty regarding the Transaction;
- the inability to pursue alternative business opportunities or make changes to our business pending the completion of the Transaction, and other restrictions on our ability to conduct our business;
- our inability to freely issue securities, incur certain indebtedness, or make certain material capital expenditures without Parent's approval;
- our inability to solicit other acquisition proposals during the pendency of the Offer;
- the amount of the costs, fees, expenses and charges related to the Merger Agreement and the Transaction, including but not limited to the cost of any legal proceeding that may be instituted against us, which may materially and adversely affect our financial condition; and
- other developments beyond our control, including, but not limited to, changes in global economic conditions that may affect the timing or success of the Transaction.

If any of these effects were to occur, it could adversely impact our business, cash flow, financial condition, or results of operations, as well as the market price of our common stock and our perceived value, regardless of whether the Transaction is completed.

***Litigation may arise in connection with the Transaction, which could be costly, prevent consummation of the Transaction, divert management's attention, and otherwise harm our business, financial condition, and results of operations.***

Regardless of the outcome of any future litigation related to the Transaction, such litigation may be time-consuming and expensive and may distract our management from running the day-to-day operations of our business. The litigation costs and diversion of management's attention and resources to address the claims and counterclaims in any litigation related to the Transaction may adversely affect our business, results of operations, prospects, and financial condition. If the Transaction is not consummated for any reason, litigation may be filed in connection with the failure to consummate the Transaction. Any litigation related to the Transaction may result in negative publicity or an unfavorable impression of us, which could adversely affect the price of our common stock, impair our ability to recruit or retain employees, damage our relationships with our customers and business partners, or otherwise harm our operations and financial performance.

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***In connection with the Transaction, our current and prospective employees could experience uncertainty about their future with us. As a result, key employees may depart because of issues relating to such uncertainty or a desire not to remain with the Company following the completion of the Transaction.***

In connection with the Transaction, our current and prospective employees could experience uncertainty about their future with us or decide that they do not want to continue their employment. As a result, key employees may depart because of issues relating to such uncertainty or a desire not to remain with the Company following the completion of the Transaction. Losses of officers or employees could adversely affect our business, results of operations, and financial condition. Such adverse effects could also be exacerbated by a delay in the completion of the Transaction for any reason. We may also experience challenges in hiring new employees during the pendency of the Transaction, or if the Merger Agreement is terminated, which could harm our ability to grow our business, execute on our business plans or enhance our operations.

#### 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 year thereafter were down from the levels in 2018 as this customer took delivery of fewer or no (in the case of years 2021, 2022 and 2023) 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 Excluding the impact of the \$15.8 million cancellation fees recognized in fiscal 2024, we expect sales of systems and upgrades for magnetic disk production in 2024 will be higher 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, particularly since we are currently solely focused on our HDD business. 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, or change in demand for any reason, 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, which could negatively affect our gross margin and profitability, 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, for any reason, would have a material and adverse effect on our revenues.

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***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 200 Lean HDD customers' upgrade and capacity expansion plans, and we cannot be sure they will select, or continue to select, our equipment, as opposed to our competitors' equipment or their own internal solutions, when they upgrade or expand their capacity. The sales cycle for our equipment systems can be

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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 December 30, 2023 December 28, 2024, our total backlog was \$42.4 \$42.6 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 or enhancements to existing products 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

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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 ADVIC market, do.** 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, cyclical 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.

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***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.***

During the fourth quarter of fiscal 2024, we initiated a cost reduction plan (the "2024 Cost Reduction Plan"), which includes severance and asset impairments related to a strategic shift and product line reassessment to terminate our TRIO product line. 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 initiatives and that we may decide to take in the future may not be

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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. These cost reduction initiatives have 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;

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(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.

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. 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 for ADVC business after the TRIO failed to achieve required specifications and did not result in a customer sale. Our success in

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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, including customers or competitors, 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

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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

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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.

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***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.

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***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 ("PAGA") 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

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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** December 28, 2024, 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.

**Item 1B. Unresolved Staff Comments**

None.

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**Item 1C. Cybersecurity**

**Risk Management and Strategy**

We have established processes for assessing, identifying, and managing material risk from cybersecurity threats, and have integrated these processes into our overall risk management systems and processes. To prevent, detect and respond to information security threats, we maintain a cyber risk management program that employs a combination of Zero Trust security model and Cyber Security Framework ("CSF") in accordance with the National Institute of Standards and Technology ("NIST") security framework. Zero Trust is a security framework requiring all users to be authenticated, authorized, and continuously validated for security configuration before being granted access to applications and data. CSF is a set of voluntary guidelines that help organizations assess and improve their cybersecurity posture by implementing processes for identifying and mitigating risk, and detecting, responding to and recovering from cyberattacks.

We conduct periodic risk assessments to identify cybersecurity threats, as well as assessments in the event of a material change in our business practices that may affect information systems that are vulnerable to such cybersecurity threats. These risk assessments include identification of reasonably foreseeable internal and external risks, the likelihood and potential damage that could result from such risks, and the sufficiency of existing policies, procedures, systems, and safeguards in place to manage such risks. Following these risk assessments, we design, implement, and maintain reasonable safeguards to minimize identified risks; reasonably address any identified gaps in existing safeguards; and regu

We engage a third-party outsourced security operations center in connection with our risk assessment processes. This service provider performs daily monitoring and testing of our safeguards for intrusion and vulnerabilities. We require this third-party service provider to certify that it has the ability to implement and maintain appropriate security measures, consistent with all applicable laws, to implement and maintain reasonable security measures in connection with their work with us, and to promptly report any suspected breach of its security measures that may affect Intevac.

Our Security Awareness Program includes training that reinforces our information technology risk and security management policies, standards and practices, as well as the expectation that employees comply with these policies. The Security Awareness Program engages personnel through training on how to identify potential cybersecurity risks and protect the Company's resources and information. This training is mandatory for all employees globally on a periodic basis, and it is supplemented by Company-wide testing initiatives, including periodic phishing tests. The Company provides specialized security training for certain employee roles such as application developers. Training includes information about confidentiality and security, as well as responding to unauthorized access to or use of information.

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**Governance**

## Governance

One of the key functions of our Board of Directors is informed oversight of our risk management processes, including risks from cybersecurity threats. Our Board of Directors is responsible for monitoring and assessing strategic risk exposure, and our executive officers are responsible for the

day-to-day management of the material risks we face. Our Board of Directors administers its cybersecurity risk oversight function directly as a whole, as well as through the Audit Committee of the Board of Directors (the "Audit Committee"). The Audit Committee has primary responsibility for oversight of information security risks, including fraud, vendor, data protection and privacy, business continuity and resilience, and cybersecurity risks, and provides regular updates to the Board of Directors on such matters. The Audit Committee receives regular reports from our Director of Information Technology on, among other things, the Company's cyber risks and threats, the status of projects to strengthen the Company's information security systems, assessments of the Company's security program and the emerging threat landscape. Information security risk is a significant oversight focus area for the Audit Committee, as well as the entire Board of Directors. Over the course of fiscal year 2023, 2024, the Audit Committee received four separate cybersecurity briefings from our Director of Information Technology.

Our Director Vice President of Global Human Resources and Information Technology and our management committee on cybersecurity, which includes our CEO, interim CFO, and VP of Operations, are primarily responsible for assessing and managing our material risks from cybersecurity threats. Our Director of Information Technology, who leads a team responsible for enterprise-wide cybersecurity strategy, policy, standards, architecture and processes, has extensive experience and background in information technology, platform software, cloud computing, cybersecurity, enterprise strategy, risk management, and large complex system development, delivery, and deployment. Additionally, our Director Vice President of Global Human Resources and Information Technology chairs our Cybersecurity Incident Response Team, which is responsible for prevention, identification, containment, eradication and remediation of cybersecurity incidents. While we have not experienced a material information security (cybersecurity) incident, we maintain an information security (cybersecurity) risk insurance policy as a matter of good practice.

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## Item 2. Properties

Intevac maintains its corporate headquarters in Santa Clara, California. The location, approximate size and type of facility of the principal properties are listed below. Intevac leases all of its properties and does not own any real estate.

Location	Square Footage	Principal Use
Santa Clara, California	169,583 75,376 (a),(b) *	Corporate Headquarters; Marketing, Manufacturing, Engineering and Customer Support
Singapore	31,947	Manufacturing and Customer Support
Malaysia	1,291	Customer Support
Shenzhen, China	2,568	Customer Support

(a) In connection with the disposition of our Photonics business, we entered into a lease assignment agreement that assigns the lease obligation for two buildings in our California campus consisting of 94,890 square feet of rentable space to the buyer. As part of the assignment, we agreed to subsidize a portion of the buyer's lease payments through the remainder of the lease term which expires in March 2024.

(b) On November 30, 2023, we entered into an amendment to the lease for our California campus. The lease amendment provides for (i) effective as of April 1, 2024, our surrender of an aggregate area of approximately 94,207 rentable square feet and (ii) the extension of the expiration date of the term of the lease agreement with respect to the remaining 75,376 rentable square feet from April 1, 2024 to June 30, 2029.

Intevac considers these properties adequate to meet its current and future requirements. Intevac regularly assesses the size, capability and location of its global infrastructure and periodically makes adjustments based on these assessments.

\* In December 2024, as part of our restructuring program, we ceased use of and abandoned 51,000 square feet (67.7%) of our 75,376 square foot Santa Clara campus that was designated specifically for the TRIO product line manufacturing and development.

## Item 3. 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

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to any lawsuit or proceeding that, in Intevac's opinion, is likely to seriously harm Intevac's business. For a description of our material pending legal proceedings, see Note 12 "Commitments and Contingencies" to the consolidated financial statements in Item 8 of this Annual Report.

**Item 4. Mine Safety Disclosures**

Not applicable.

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**PART II**

**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

**Market Information**

Intevac common stock is traded on The Nasdaq Stock Market (NASDAQ Global Select) under the symbol "IVAC." As of **February 15, 2024** **February 14, 2025**, there were **6968** holders of record. This figure does not reflect the beneficial ownership of shares held in street name.

**Recent Sales of Unregistered Securities**

None.

**Dividend Policy**

We currently anticipate On December 12, 2024, Intevac announced that we will retain our earnings, if any, for use its Board of Directors has adopted a dividend policy and intends to commence quarterly dividends of \$0.05 per share to be paid beginning in the operation first quarter of our business and do not expect 2025. These quarterly dividends are subject to pay cash approval by the Board of Directors at the customary times that those dividends on our capital stock in the foreseeable future, are declared.

**Issuer Purchases of Equity Securities**

On November 21, 2013, Intevac announced that its Board of Directors approved a stock repurchase program authorizing up to \$30.0 million in repurchases, with no expiration date. On August 15, 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. Our last repurchase under this authorization occurred during the first quarter of fiscal 2020. At **December 30, 2023** **December 28, 2024**, \$10.4 million remains available for future stock repurchases under the repurchase program.

**Item 6. [Reserved]**

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**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

Management's Discussion and Analysis ("MD&A") is intended to facilitate an understanding of Intevac's business and results of operations. This MD&A should be read in conjunction with Intevac's Consolidated Financial Statements and the accompanying Notes to Consolidated Financial Statements included in Item 8 of this Form 10- K. The following discussion contains forward-looking statements and should also be read in conjunction with the cautionary statement set forth at the beginning of this Form 10-K. MD&A includes the following sections:

- *Overview:* a summary of Intevac's business, measurements and opportunities.
- *Results of Operations:* a discussion of operating results.
- *Liquidity and Capital Resources:* an analysis of cash flows, sources and uses of cash, and financial position.
- *Critical Accounting Policies and Estimates:* a discussion of estimates that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on our financial condition or results of operations.

## Recent Developments

On February 13, 2025, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with Seagate Technology Holdings plc, an Irish public limited company ("Parent"), and Irvine Acquisition Holdings, Inc., a Delaware corporation and an indirect wholly owned subsidiary of Parent ("Purchaser"). The Merger Agreement provides that Purchaser will commence a tender offer (the "Offer") to acquire all of our issued and outstanding shares of common stock for \$4.00 per share, payable in cash at closing, without interest and subject to reduction for any applicable withholding of taxes. Following the consummation of the Offer, Purchaser will be merged with and into us (the "Merger"), and we will continue as the surviving corporation and a wholly owned subsidiary of Parent. We currently expect the Offer and the Merger to be completed in the first half of 2025.

In addition, in connection with the closing of the transactions contemplated by the Merger Agreement, we will pay a one-time special dividend of \$0.052 per share.

## Overview

Intevac is a leading provider of thin-film processing 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 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 recent years, we have refocused our business on our core capabilities in the HDD industry. For example, in December 2021, we sold our Photonics business, and in December 2024, we shifted away from the Company sold its Photonics business. ADVC industry and ceased developing and manufacturing our TRIO product. As a result of the disposition of our Photonics business, the results of operations from the Photonics reporting segment are reported as "Income (loss) from discontinued operations, net of taxes" in the consolidated financial statements in Item 8 of this Annual Report.

In March 2022, the Company 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, photovoltaic ("PV") solar cell and advanced semiconductor packaging ("ASP") industries and ceased offering certain legacy products within these industries.

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The following table presents certain significant measurements for fiscal year 2023 2024 and 2022 2023:

Fiscal Year	2023	2022	Change	
			(in thousands, except percentages and per share amounts)	
Net revenues	\$ 52,665	\$ 35,761	\$	16,904
Gross profit	\$ 20,226	\$ 15,086	\$	5,140
Gross margin percent	38.4 %	42.2 %	(3.8) points	
Operating loss	\$ (13,244)	\$ (16,512)	\$	3,268
Net loss from continuing operations	\$ (12,610)	\$ (16,754)	\$	4,144
Income (loss) from discontinued operations, net of tax	\$ 420	\$ (321)	\$	741
Net loss	\$ (12,190)	\$ (17,075)	\$	4,885
Net loss per basic and diluted share	\$ (0.47)	\$ (0.68)	\$	0.21

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Fiscal Year	2024	2023	Change	
			2024 vs. 2023	(In thousands, except percentages and per share amounts)
Net revenues	\$ 63,978	\$ 52,665	\$ 11,313	
Gross profit	\$ 2,528	\$ 20,226	\$ (17,698)	
Gross margin percent	4.0%	38.4%	(34.4) points	
Operating loss	\$ (43,245)	\$ (13,244)	\$ (30,001)	
Net loss from continuing operations	\$ (40,894)	\$ (12,610)	\$ (28,284)	
Income from discontinued operations, net of tax	\$ 1,095	\$ 420	\$ 675	
Net loss	\$ (39,799)	\$ (12,190)	\$ (27,609)	
Net loss per basic and diluted share	\$ (1.49)	\$ (0.47)	\$ (1.02)	

Fiscal 2022 financial results reflected a challenging environment as we did not recognize revenue on any 200 Lean HDD systems. Gross margin in fiscal 2022 reflects the higher-margin contribution from HDD upgrades, offset in part by \$755,000 in charges for excess and obsolete inventory as part of a restructuring program we implemented in March 2022 (the "2022 Cost Reduction Plan"). R&D expenses for fiscal 2022 included \$1.5 million in expenditures related to the disposal of certain lab equipment as part of the 2022 Cost Reduction Plan. The cost of employee severance associated with the 2022 Cost Reduction Plan of \$1.2 million was offset in full by stock-based compensation forfeitures related to the employees affected by the reduction in workforce. In connection with the sale of our Photonics business in December 2021, we entered into a Transition Service Agreement ("TSA") with the buyer. TSA fees were \$989,000 for fiscal 2022, of which \$23,000 was reported as a reduction of cost of net revenues and \$966,000 was reported as a reduction of selling, general and administrative expenses. The agreed-upon charges for such services were generally intended to allow the service provider to recover all costs and expenses of providing such services. During fiscal 2022, we did not recognize an income tax benefit on our U.S. net operating loss.

Fiscal 2023 financial results improved over fiscal 2022 but reflected a continued challenging environment. Net revenues increased compared to fiscal 2022, and we recognized revenue on one 200 Lean HDD system and one refurbished 200 Lean HDD system in fiscal 2023. Lower gross margins in fiscal 2023 versus fiscal 2022, reflected higher inventory obsolescence charges, severance costs, the lower-margin contributions from the 200 Lean HDD system and the refurbished 200 Lean HDD system and lower factory utilization. Inventory obsolescence charges during fiscal 2023 included \$1.7 million in expenditures primarily related to certain TRIO inventory that became obsolete resulting from engineering change orders to the product. Inventory obsolescence charges during fiscal 2022 included \$755,000 in expenditures primarily related to eliminated product offerings as part of our 2022 Cost Reduction Plan. The cost of employee severance associated with our restructuring program implemented in fiscal 2023 (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. We reported a smaller net loss for fiscal 2023 compared to fiscal 2022 due to higher revenues and higher gross profit, offset in part by higher operating costs. During fiscal 2023, we did not recognize an income tax benefit on our U.S. net operating loss.

Fiscal 2024 financial results reflected a continued challenging environment. Fiscal 2024 net revenues increased compared to fiscal 2023 primarily due to the \$15.8 million of cancellation fees, as well as higher spare parts and field service sales, offset in part by lower systems sales and lower upgrade sales. We did not recognize revenue on any system sales in fiscal 2024. Lower gross margin in fiscal 2024 will continue versus fiscal 2023 reflected higher inventory obsolescence charges and lower-margin contribution from the cancellation fee. Excess and obsolete inventory charges of \$22.1 million in fiscal 2024 include a \$19.0 million write-off of the TRIO inventory in the fourth quarter as part of the 2024 Cost Reduction Plan and previous write downs of \$2.9 million earlier in the year related to a TRIO tool that underwent an evaluation at a customer facility to its estimated net realizable value. As part of the 2024 Cost Reduction Plan the Company recognized \$1.3 million of severance payments and \$12.8 million of fixed assets, intangible assets and facilities impairment charges. Severance charges were partially offset by \$603,000 of stock-based compensation forfeitures related to the employees affected by the reduction in workforce. In addition, during the fourth quarter of fiscal 2024, management assessed that it was no longer probable that the performance conditions for the performance-based restricted stock units ("PRSU awards") granted in 2023 and 2024 would be achieved, which resulted in no stock compensation recognized on the 2024 PRSU awards and a challenging year, reversal of \$341,000 on previously recognized stock compensation expense on the 2023 PRSU awards. During fiscal 2024, we amended certain payroll tax filings and applied for a refund of \$2.4 million in Employee Retention Credit ("ERC") benefits. The refund is recorded as \$1.5 million in other income (expense), net and \$933,000 in discontinued operations in our consolidated statements of operations for fiscal 2024. The Company reported a larger net loss during fiscal 2024, compared to fiscal 2023, due to inventory write-downs, the asset impairment and restructuring charges and higher income taxes, offset in part by higher revenues, higher investment income, and the ERC benefits and lower research and development ("R&D") and selling, general and administrative expenses. During fiscal 2024, we did not recognize an income tax benefit on our U.S. net operating loss.

We expect to be profitable in fiscal 2024. In fiscal 2025 as a result of improved margins and savings from the 2024 we expect to begin recognizing revenue from our TRIO platform as the product completes qualifications. However, we expect that HDD equipment sales and upgrades for magnetic disk production in fiscal 2024 will be lower than 2023 levels. In addition, our Cost Reduction Plan. 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, rising inflation and interest rates may impact demand for our products and services and our cost to provide products and services.

### Results of Operations

#### Net revenues

			Change 2023 vs. 2023 (in thousands)
	2023	2022	
Total net revenues	\$ 52,665 =	\$ 35,761 =	\$ 16,904 =

  

			Change 2024 vs. 2023 (in thousands)
	2024	2023	
Total net revenues	\$ 63,978 =	\$ 52,665 =	\$ 11,313 =

Net revenues consist primarily of sales of equipment used to manufacture thin-film disks PV cells, DCPs, and ASP and related equipment.

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The increase in revenues in fiscal 2023 2024 versus fiscal 2022 2023 was due primarily to the recognition of \$15.8 million of cancellation fees, higher spare parts sales of systems and technology upgrades, higher field service sales, offset in part by lower sales of spare parts systems and field service, lower sales of technology upgrades. In fiscal 2024, we did not recognize revenue for the sale of any systems. In fiscal 2023, we recognized revenue on one 200 Lean HDD system and one refurbished 200 Lean HDD system, technology upgrades, service, and spare parts. In Revenue in fiscal 2022, we 2024 includes \$15.8 million of cancellation fees, recognized revenue on technology upgrades, service when the Company applied \$15.8 million of billings against customer advances in connection with the customer accepting ownership of certain inventory on-hand and spare parts, 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 in fiscal 2023 includes \$444,000 of cancellation fees, recognized when we applied \$444,000 of billings against customer advances in connection with inventory scrapped at the customer's direction associated with a cancelled order.

#### Backlog

			December 30, 2023 (in thousands)
	December 31, 2022		
Total backlog	\$ 42,415 =	\$ 121,743 =	

  

			December 28, 2024 (in thousands)
	December 30, 2023		
Total backlog	\$ 42,583 =	\$ 42,415 =	

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Backlog at December 28, 2024 and at December 30, 2023 did not include any 200 Lean HDD systems. Backlog at December 31, 2022 included eleven 200 Lean HDD systems. In May 2023, a customer cancelled an order for eight 200 Lean HDD systems, and we recorded a backlog reduction of \$54.6 million. In December 2023, a customer cancelled an order for two 200 Lean HDD systems, and we recorded a backlog reduction of \$11.4 million. On December 30, 2023 December 28, 2024, we had \$42.4 \$42.6 million of backlog and expect to recognize as revenue: 79% 99.5% in 2024 2025 and 21% 0.5% in 2025 2026. 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.

Significant portions of Intevac's revenues in any particular period have been attributable to sales to a limited number of customers. The following **customers** accounted for at least 10 percent of Intevac's consolidated net revenues in fiscal 2023 and 2022.

	2023	2022
Seagate Technology	92 %	80 %
Western Digital Corporation	*	18 %
Less than 10%		
Seagate Technology	2024	2023
	91 %	92 %

*Revenue by geographic region*

	2023	2022	2024		2023
	(in thousands)		(In thousands)		
United States	\$ 4,499	\$ 4,558	\$ 3,279	\$ 4,499	
Asia	48,058	31,103	60,699	48,058	
Europe	108	100	—	—	108
Total net revenues	<u>\$ 52,665</u>	<u>\$ 35,761</u>	<u>\$ 63,978</u>	<u>\$ 52,665</u>	

International sales include products shipped to overseas operations of U.S. companies. The decrease in sales to the U.S. region in fiscal 2023 versus fiscal 2022 reflected lower HDD upgrade sales, lower spare parts sales and lower field service sales, offset in part by higher HDD upgrade sales. The increase in sales to the Asia region in fiscal 2023 versus fiscal 2022 reflected the recognition of \$15.8 million of cancellation fees and higher HDD system spare parts sales and HDD upgrade higher field service sales, offset in part by lower spare parts HDD systems sales and field service lower HDD upgrade sales. Sales to the Asia region in fiscal 2024 did not include any systems. Sales to the Asia region in fiscal 2023 included one 200 Lean HDD system and one refurbished 200 Lean HDD system. Sales to the Asia region in fiscal 2022 did not include any systems.

*Gross margin*

	Fiscal Year		Change (2023 vs. 2022) (in thousands, except percentages)	Fiscal Year		Change (2024 vs. 2023) (in thousands, except percentages)
	2023	2022		2024	2023	
Total gross profit	\$ 20,226	\$ 15,086	\$ 5,140	\$ 2,528	\$ 20,226	\$ (17,698)
% of net revenues						

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

Gross margin was 4.0% in fiscal 2024 compared to 38.4% in fiscal 2023 compared to 42.2% in fiscal 2022. The decrease in the gross margin percentage for fiscal 2023 compared to fiscal 2022 was due primarily to higher inventory obsolescence charges severance and the lower-margin contribution from the cancellation fee. Excess and obsolete inventory charges associated with \$22.1 million in fiscal 2024 include a \$19.0 million write-off of the 2023 TRIO inventory in the fourth quarter as part of the 2024 Cost Reduction Plan lower-margin contributions from and previous write downs of \$2.9 million earlier in the 200 Lean HDD system and the refurbished 200 Lean HDD system, and lower factory utilization year related to a TRIO tool that underwent an evaluation at a customer facility to its estimated net realizable value. Excess and obsolete inventory charges during fiscal 2023 included \$1.7 million in expenditures primarily related to certain TRIO inventory that became obsolete resulting from engineering change orders to the product. Gross margin during fiscal 2023 reflected the lower-margin contributions from the sale of the 200 Lean HDD system and the refurbished 200 Lean HDD

system. Gross margins will continue to vary depending on a number of factors, including product mix, product cost, system configuration and pricing, factory utilization, and provisions for excess and obsolete inventory.

*Research and development*

	Fiscal Year		Change 2023 vs. 2022
	2023	2022	
	(in thousands)		
Research and development expense	\$ 15,125	\$ 13,722	\$ 1,403
<b>Research and development expense</b>			
	Fiscal Year		Change 2024 vs. 2023
	2024	2023	
	(In thousands)		
Research and development expense	\$ 14,768	\$ 15,125	\$ (357)

R&D expense consists primarily of salaries and related costs of employees engaged in, and prototype materials used in ongoing research, design and development activities for TRIO equipment and HDD sputtering equipment.

R&D spending in fiscal 2023 increased 2024 decreased compared to fiscal 2022 2023 due to higher lower spending on our TRIO platform, offset in part by lower higher spending on HDD R&D programs. Included in R&D spending during expense in fiscal 2022 includes \$1.5 million 2024 is \$801,000 in expenditures severance charges related to the disposal of certain lab equipment as part of our 2022 2024 Cost Reduction Plan. Program.

*Selling, general and administrative*

	Fiscal Year		Change 2023 vs. 2022
	2023	2022	
	(in thousands)		
Selling, general and administrative expense	\$ 18,345	\$ 17,876	\$ 469
<b>Selling, general and administrative expense</b>			
	Fiscal Year		Change 2024 vs. 2023
	2024	2023	
	(In thousands)		
Selling, general and administrative expense	\$ 18,223	\$ 18,345	\$ (122)

Selling, general and administrative expense consists primarily of selling, marketing, customer support, financial and management costs. All domestic sales and the majority of international sales of HDD sputtering products in Asia are made through Intevac's direct sales force. Intevac has offices in Singapore, Malaysia and China to support Intevac's customers in Asia.

Selling, general and administrative expenses increased decreased in fiscal 2023 2024 over the amount spent in fiscal 2022 2023 as higher severance charges, higher legal fees, higher training expenses, higher travel expenses, and higher variable compensation expenses were offset in part by lower stock-based compensation expenses and lower consulting fees. fees were offset in part by higher variable compensation expenses, higher legal fees, higher rent, higher marketing expenses, and higher travel expenses. During the fourth quarter of fiscal 2024, management assessed that it was no longer probable that the performance conditions for the 2023 and 2024 PRSU awards would be achieved, which resulted in no stock compensation recognized on the 2024 PRSU awards and a reversal of \$272,000 on previously recognized stock compensation expense on the 2023 PRSU awards. Selling, general and administrative expense in fiscal 2022 is net 2024 included \$630,000 in charges to support a TRIO system that underwent an evaluation at a leading display cover glass manufacturer. Selling, general and administrative in fiscal 2024 included severance charges of \$966,000 \$361,000 associated with the 2024 Cost Reduction Plan. Selling, general and administrative in TSA and shared services fees earned since fiscal 2023 included severance charges of \$1.3 million associated with the Photonics divestiture. 2023 Cost Reduction Plan.

*Cost reduction plans*

During the fourth quarter of fiscal 2024, Intevac initiated the 2024 Cost Reduction Plan, which includes severance and asset impairments related to a strategic shift and product line reassessment to exit its TRIO product line. As part of the 2024

Cost Reduction Plan, Intevac initiated a reduction in force during the fourth quarter of fiscal 2024, which was intended to reduce expenses by reducing our workforce by 24 percent, including employees and contractors. Intevac incurred restructuring costs of \$1.3 million in severance. Implementation of the workforce reduction is expected to reduce salary, wages and other employee-related expenses and contractor payments by approximately \$6.8 million on an annual basis. However, we may not be able to fully realize the cost savings and benefits initially anticipated from the workforce reduction. Substantially all cash outlays in connection with the workforce reduction are expected to be completed in the first quarter of fiscal 2025. The cost of implementing the workforce reduction are reported under cost of net revenues (\$124,000) and operating expenses (\$361,000 in selling, general and administrative expense and \$801,000 in R&D expense) in the consolidated statements of operations. Additionally, as part of the workforce reduction, the Company incurred a benefit of \$603,000 related to stock-based compensation forfeitures related to the employees affected by the reduction in workforce.

In addition to the severance costs mentioned above, we recognized \$19 million in inventory write-offs and recorded \$12.8 million of fixed assets, intangible assets and facilities asset impairment and restructuring charges associated with the 2024 Cost Reduction Plan for fiscal 2024. The asset impairment and restructuring charges are included in selling, general, and administrative expenses in our statements of operations.

During the third quarter of fiscal 2023, Intevac substantially completed implementation of the 2023 Cost Reduction Plan, which ~~is~~ was intended to reduce expenses by reducing our workforce by 23 percent, including employees and contractors. Intevac incurred restructuring costs of \$2.0 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 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.

During the first quarter of 2022, the Company implemented the 2022 Cost Reduction Plan to realign the Company's operational focus, scale the business and improve costs. The 2022 Cost Reduction Plan included (i) reducing the Company's workforce by 6% and (ii) eliminating several R&D programs and product offerings. We incurred restructuring costs of \$1.2 million for estimated severance and the related modification of certain stock-based awards. Other costs incurred as part of the 2022 Cost Reduction Plan include: (i) a benefit of \$1.3 million related to the stock-based compensation forfeitures related to the employees affected by the reduction in workforce, (ii) \$1.5 million for fixed asset disposals, and (iii) \$755,000 for write-offs of excess inventory. Substantially all cash outlays in connection with the 2022 Cost Reduction Plan were completed in the fourth quarter of fiscal 2022. The cost of implementing the 2022 Cost Reduction Plan was reported under cost of net revenues and operating expenses in the consolidated statements of operations. Implementation of the 2022 Cost Reduction Plan reduced salary, wages and other employee-related expenses by approximately \$2.1 million on an annual basis and reduced depreciation expense by \$720,000 on an annual basis.

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### Interest income and other income (expense), net

	Fiscal Year		Change 2023 vs. 2022
	2023	2022	
	(in thousands)		
Interest income and other income (expense), net	\$ 2,456	\$ 1,085	\$ 1,371
Interest income and other income (expense), net	Fiscal Year		Change 2024 vs. 2023
	2024	2023	
	(in thousands)		
	\$ 4,375	\$ 2,456	\$ 1,919

Interest income and other income (expense), net in fiscal 2024, included \$2.8 million of interest income on investments, various other income of \$1.5 million and \$57,000 of foreign currency gains. Interest income and other income (expense), net in fiscal 2023 included \$2.5 million of interest income on investments and other income of \$113,000, offset in part by \$165,000 of foreign currency losses. Interest income and other income (expense), net in fiscal 2022 included \$1.2 million of interest income on investments and other income of \$31,000, offset in part by \$186,000 of foreign currency losses. The increase in interest income in ~~2023~~ 2024 over ~~2022~~ 2023 reflected higher interest rates on Intevac's investments offset and higher invested balances. During fiscal 2024, we amended certain fiscal year

2021 payroll tax filings and applied for a refund of \$2.4 million in part by lower invested balances. ERC benefits. The refund is recorded as \$1.5 million in other income (expense), net and \$933,000 in discontinued operations in our consolidated statements of operations for fiscal 2024.

#### Provision for income taxes

	Fiscal Year		Change 2023 vs. 2022 (in thousands)
	2023	2022	
Provision for income taxes	\$ 1,822	\$ 1,327	\$ 495
<hr/>			
	Fiscal Year		Change 2024 vs. 2023 (in thousands)
	2024	2023	
Provision for income taxes	\$ 2,024	\$ 1,822	\$ 202

Intevac's effective tax rate from continuing operations was (5.2%) for fiscal 2024 and (16.9%) for fiscal 2023, and (8.6%) for fiscal 2022 and we recorded income tax expense of \$2.0 million in fiscal 2024 and \$1.8 million in fiscal 2023 and \$1.3 million in fiscal 2022. 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 carryforwards and certain domestic tax credits. Intevac's effective tax rate differs from the U.S. statutory rate in both fiscal 2023 2024 and fiscal 2022 2023 primarily due to the Company not recognizing an income tax benefit on the domestic loss.

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We assess the likelihood that our deferred tax assets will be recovered based upon our consideration of many factors, including the current economic climate, our expectations of future taxable income, and our ability to project such income. We maintain a full valuation allowance for our U.S. deferred tax assets due to uncertainty regarding their realization as of December 30, 2023 December 28, 2024.

#### Discontinued Operations

	Fiscal Year		Change 2023 vs. 2022 (in thousands)
	2023	2022	
Income (loss) from discontinued operations, net of tax	\$ 420	\$ (321)	\$ 741
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	Fiscal Year		Change 2024 vs. 2023 (in thousands)
	2024	2023	
Income from discontinued operations, net of tax	\$ 1,095	\$ 420	\$ 675

Income (loss) from discontinued operations consists primarily of the results of operations of the Photonics business which we sold to EOTECH, LLC ("EOTECH") on December 30, 2021. The income (loss) from discontinued operations in fiscal 2023 2024 increased to a net income of \$1.1 million in fiscal 2024 as compared to a net income of \$420,000 in fiscal 2023 as compared to 2023. Income from discontinued operations for fiscal 2024 is comprised of \$933,000 in ERC benefits and the \$162,000 reversal of certain charges associated with the completion of a net loss of \$321,000 lease subsidy in fiscal 2022. March 2024. Income from discontinued operations for fiscal 2023 is comprised primarily of a stock-based compensation forfeiture benefit related to the termination of certain employees upon the completion of the assignment and novation of all government contracts to EOTECH in the first quarter of fiscal 2023 and accretion on the lease liability that was assigned to EOTECH. The loss from discontinued operations for fiscal 2022 includes salaries and wages and employee benefits up to and including January 4, 2022, the date when employees were conveyed to EOTECH, severance for several employees that were not hired by EOTECH, stock-based compensation expense associated with the acceleration of stock awards, contract termination costs associated with software maintenance agreements, settlement of the net working capital adjustment and incremental legal expenses associated with the divestiture, offset in part by a stock-based compensation divestiture-related forfeiture benefit.

#### Liquidity and Capital Resources

At December 30, 2023 December 28, 2024, Intevac had \$72.2 \$79.1 million in cash, cash equivalents, restricted cash and investments compared to \$112.8 \$72.2 million at December 31, 2022 December 30, 2023. During fiscal 2023, 2024, cash, cash

equivalents, restricted cash and investments decreased increased by **\$40.6** **\$6.9** million due primarily to cash used provided by operating activities and from the sale of Intevac common stock to Intevac's employees through Intevac's employee benefit plans, offset in part by cash used by purchases of fixed assets, and tax payments related to the net share settlement of restricted stock units offset in part by cash received from the sale of Intevac common stock to Intevac's employees through Intevac's employee benefit plans. units.

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

	December 30, 2023	December 31, 2022	December 28, 2024	December 30, 2023
	(In thousands)		(In thousands)	
Cash and cash equivalents	\$ 51,441	\$ 68,904	\$ 45,111	\$ 51,441
Restricted cash	700	786	700	700
Short-term investments	17,405	25,541	22,096	17,405
Long-term investments	2,687	17,585	11,222	2,687
 Total cash, cash-equivalents, restricted cash and investments	 \$ 72,233	 \$ 112,816	 \$ 79,129	 \$ 72,233

Cash used generated by operating activities totaled **\$35.1** **\$7.9** million in fiscal 2023 2024 compared to cash used by operating activities of **\$7.4** **\$35.1** million in fiscal 2022. Lower 2023. Higher operating cash flow in fiscal 2023 2024 was a result of investments made in cash generated from working capital, offset in part by a smaller loss recognized from continuing operations, capital.

Accounts receivable totaled \$11.2 million at December 28, 2024 and \$18.6 million at December 30, 2023 and \$15.8 million at December 31, 2022. The number of days outstanding for Intevac's accounts receivable was 67 at December 28, 2024 compared to 128 at December 30, 2023 compared to 123. Accounts receivable at December 31, 2022. December 28, 2024 includes the \$2.4 million claim for ERC benefits. Net inventories totaled \$12.3 million at December 28, 2024 compared to \$43.8 million at December 30, 2023 compared to \$30.0 million at December 31, 2022. Inventory turns were 0.8 in fiscal 2024 and 0.5 in fiscal 2023 and 1.1 in fiscal 2022, 2023. Accounts payable decreased to \$3.5 million at December 28, 2024 compared to \$5.8 million at December 30, 2023 compared to \$11.6 million at December 31, 2022 primarily related to decreased purchases of inventory in the second half of fiscal 2023, 2024. Other accrued liabilities were \$2.8 million at December 28, 2024 and \$1.8 million at December 30, 2023 and \$5.4 million at December 31, 2022. Other accrued liabilities at December 31, 2022 included a \$1.0 million accrual for the settlement of the PAGA lawsuit which was paid on January 20, 2023. Accrued payroll and related liabilities increased to \$4.5 million at December 28, 2024 compared to \$3.5 million at December 30, 2023 compared to \$3.1 million at December 31, 2022 as a result of higher variable compensation accruals. Customer advances decreased from \$24.7 million at December 31, 2022 to \$21.9 million at December 30, 2023 to \$12.7 million at December 28, 2024 primarily as a result of settlement of the 8 HDD systems, cancellation and recognition of revenue, offset in part by the recognition of new orders. Customer advances for orders with deliveries beyond one year are included in long term liabilities. Customer advances included in accounts receivable were \$2.1 million at December 28, 2024.

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Investing activities used cash of \$14.7 million in fiscal 2024 and generated cash of \$18.3 million in fiscal 2023 2023. Purchases of investments, net of proceeds from sales and used cash maturities of \$28.4 million in fiscal 2022, 2024. Proceeds from sales and maturities of investments, net of purchases totaled \$23.6 million in fiscal 2023 as the Company liquidated investments from its investment portfolio to fund operating costs and inventory purchases. Purchases of investments, net of proceeds from sales and maturities of investments, totaled \$25.7 million in fiscal 2022. Capital expenditures were \$2.3 million in fiscal 2022. Capital expenditures were \$2.4 million in fiscal 2023 and \$5.4 million in fiscal 2023 and \$1.9 million in 2023.

Financing activities generated cash of \$432,000 in fiscal 2022.

During fiscal 2022, the Company acquired the outstanding shares of Hia, Inc, a supplier of magnetic bars, to bring the manufacturing of these magnetic bars in-house 2024 and to protect our technology and product quality while continuing to improve our products. The Company paid \$700,000 on the closing date of the acquisition. Further contingent consideration will consist of amounts payable upon achievement of certain development and commercialization milestones, which is estimated to be up to \$500,000, and a royalty arrangement. 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 and was accrued in the fourth quarter of fiscal 2022. Transaction costs incurred in connection with the Hia acquisition totaled \$63,000.

**Financing activities** used cash of \$624,000 in fiscal 2023 and generated cash of \$2.4 million in fiscal 2022, 2023. The sale of Intevac common stock to Intevac's employees through Intevac's employee benefit plans provided \$964,000 in fiscal 2024 and \$1.4 million in fiscal 2023 and \$3.1 million in fiscal 2022, 2023. Tax payments related to the net share settlement of restricted stock units were \$532,000 in fiscal 2024 and \$1.7 million in fiscal 2023, 2023.

On December 12, 2024, we announced that our Board of Directors adopted a dividend policy and \$724,000 intends to commence quarterly dividends of \$0.05 per share to be paid beginning in fiscal 2022, the first quarter of 2025.

Intevac's investment portfolio consists principally of investment grade money market mutual funds, U.S. treasury and agency securities, asset backed securities, certificates of deposit, 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 December 30, 2023 December 28, 2024, approximately \$31.1 \$27.2 million of cash and cash equivalents and \$2.5 \$26.2 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.

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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, dividends, 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 fiscal 2024, 2025 are projected to be approximately \$3.0 million to \$4.0 \$1.4 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 December 30, 2023 December 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 consolidated financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make judgments, assumptions and estimates that affect the amounts reported. Note 1 of Notes to Consolidated Financial Statements describes the significant accounting policies used in the preparation of the consolidated financial statements. Certain of these significant accounting policies are considered to be critical accounting policies. Note that these critical accounting policies and estimates relate solely to our continuing operations. The accounting policies related to our discontinued operations are discussed in Note 2, "Divestiture and Discontinued Operations," to our consolidated financial statements.

A critical accounting policy is defined as one that is both material to the presentation of Intevac's consolidated financial statements and requires management to make difficult, subjective or complex judgments that could have a material effect on

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Intevac's financial condition or results of operations. Specifically, these policies 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.

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 became 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. These uncertainties are discussed in the section above entitled "Risk Factors." Based on a critical assessment of its 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 accounting principles generally accepted in the United States of America and provide a meaningful presentation of Intevac's financial condition and results of operations.

Management believes that the following are Intevac's critical accounting policies:

#### ***Revenue Recognition***

A majority of our equipment sales revenue, which includes systems, technology upgrades, service and spare parts is recognized when products are shipped from our manufacturing facilities. We recognize revenue for equipment sales at a point in time following the transfer of control of such products to the customer, which typically occurs upon shipment or delivery depending on the terms of the underlying contracts. Intevac recognizes revenue in certain circumstances before delivery has occurred (commonly referred to as bill and hold transactions). In such circumstances, among other things, risk of ownership has

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passed to the customer, the customer has made a written fixed commitment to purchase the finished goods, the customer has requested the finished goods be held for future delivery as scheduled and designated by them, and no additional performance obligations exist by Intevac. For these transactions, the finished goods are segregated from inventory and normal billing and credit terms granted. Our contracts with customers may include multiple performance obligations. Under the revenue standard we allocate revenue for such arrangements to each performance obligation based on its relative standalone selling price. We generally determine standalone selling prices based on the prices charged to customers or by using expected cost plus margin. The expected costs associated with our base warranties are recognized as expense when the equipment is sold.

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#### ***Inventories***

Inventories are valued using average actual costs and are stated at the lower of cost or net realizable value. The carrying value of inventory is reduced for estimated obsolescence by the difference between its cost and the net realizable value based upon assumptions about future demand. Intevac evaluates the inventory carrying value for potential excess and obsolete inventory exposures by analyzing historical and anticipated demand. In addition, inventories are evaluated for potential obsolescence due to the effect of known and anticipated engineering change orders and new products. If actual demand were to be substantially lower than estimated, additional inventory adjustments for excess or obsolete inventory might be required, which could have a material adverse effect on Intevac's business, financial condition and results of operations.

#### ***Warranty***

Intevac estimates the costs that may be incurred under the warranty it provides and records a liability in the amount of such costs at the time the related revenue is recognized. Estimated warranty costs are determined by analyzing specific product and historical configuration statistics and regional warranty support costs. Intevac's warranty obligation is affected by product failure rates, material usage, and labor costs incurred in correcting product failures during the warranty period. As Intevac's customer service engineers and process support engineers are highly trained and deployed globally, labor availability is a significant factor in determining labor costs. The quantity and availability of critical replacement parts is another significant factor in estimating warranty costs. Unforeseen component failures or exceptional component performance can also result in changes to warranty costs. If actual warranty costs differ substantially from our estimates, revisions to the estimated warranty liability would be required.

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#### ***Income Taxes***

Intevac accounts for income taxes by recognizing deferred tax assets and liabilities using enacted tax rates for the effect of temporary differences between the book and tax bases of recorded assets and liabilities, net operating losses and tax credit carryforwards. Deferred tax assets are also reduced by a valuation allowance if it is more likely than not that a portion of the deferred tax

asset will not be realized. Management has determined that it is more likely than not that its future taxable income will not be sufficient to realize its entire deferred tax assets.

In determining whether to establish or maintain a valuation allowance against a deferred tax asset, the Company reviews available evidence to determine whether it is more likely than not that all or a portion of the Company's net deferred tax assets will be realized in future periods. Consideration is given to various positive and negative factors that could affect the realization of the net deferred tax assets. In making such a determination, the Company considers, among other things, future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, historical financial performance, the length of statutory carry forward periods, experience with operating loss and tax credit carry forwards not expiring unused. If the Company determines that it would be able to realize its deferred tax assets in the future in excess of their net recorded amount, the Company would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

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The effective tax rate is highly dependent upon the geographic composition of worldwide earnings, tax regulations governing each region, non-tax deductible expenses and availability of tax credits. Management carefully monitors the changes in many factors and adjusts the effective income tax rate as required. If actual results differ from these estimates, Intevac could be required to record additional valuation allowances on deferred tax assets or adjust its effective income tax rate, which could have a material adverse effect on Intevac's business, financial condition and results of operations.

The calculation of tax liabilities involves significant judgment in estimating the impact of uncertainties in the application of complex tax laws. Resolution of these uncertainties in a manner inconsistent with Intevac's expectations could have a material impact on Intevac's results of operations and financial condition.

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#### **Equity-Based Compensation**

Restricted stock units ("RSUs") granted to employees and directors are measured at their fair value on the grant date. All RSUs granted in fiscal years 2023 2024 and 2022 2023 were granted for no consideration; therefore, their fair value was equal to the share price at the date of grant. The fair value of performance-based restricted stock units ("PRSUs") granted in fiscal year 2022 with market-based conditions was calculated using the Monte Carlo model. This model requires Intevac to estimate the expected volatility of the price of Intevac's common stock and the expected life of the equity-based awards. Estimating volatility and expected life requires significant judgment and an analysis of historical data. Intevac may have to increase or decrease compensation expense for equity-based awards if actual results differ significantly from Intevac's estimates. The fair value of PRSUs PRSU awards granted in fiscal year years 2024 and 2023 with performance conditions was equal to the share price at the date of grant. Stock-based compensation expense is recorded based on the probability of achievement of the performance conditions specified in the 2024 and 2023 PRSU grant awards. The Company evaluates the strategic goals and determines the probability of achieving each goal for accounting purposes commencing in the quarter granted. Management expectations related to the achievement of performance goals associated with 2024 and 2023 PRSUs PRSU awards with performance conditions are assessed regularly to determine whether such grants are expected to vest. Intevac accounts for forfeitures as they occur rather than estimating expected forfeitures.

#### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

Not applicable for smaller reporting companies.

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#### **Item 8. Financial Statements and Supplementary Data**

##### **INTEVAC, INC.**

##### **CONSOLIDATED FINANCIAL STATEMENTS**

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders of  
Intevac, Inc.

### Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Intevac, Inc. (a Delaware corporation) and its subsidiaries (the "Company") as of **December 30, 2023** December 28, 2024 and **December 31, 2022** December 30, 2023, and the related consolidated statements of operations, comprehensive income (loss), loss, stockholders' equity, and cash flows for each of the two years in the period ended **December 30, 2023** December 28, 2024, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of **December 30, 2023** December 28, 2024 and **December 31, 2022** December 30, 2023, and the results of its operations and its cash flows for each of the two years in the period ended **December 30, 2023** December 28, 2024, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### *Inventory Valuation—Adjustments for Excess or Obsolete Inventories*

As described in Notes 1 and 7 to the consolidated financial statements, the Company's consolidated inventories balance was **\$43.8** \$12.3 million as of **December 30, 2023** December 28, 2024. The Company's inventories are valued using average actual costs and are stated at the lower of cost or net realizable value. The Company adjusts the carrying value of inventories for estimated excess quantities and obsolescence equal to the difference between the costs of inventories and the net realizable value based upon assumptions about future demand, market conditions and product life expectancy. If actual demand were to be substantially lower than estimated, there could be a significant adverse impact on the carrying value of inventories and results of operations.

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The principal considerations for our determination that performing procedures relating to net realizable value adjustments to inventories is a critical audit matter are the significant amount of judgement by management in developing the assumptions of

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the forecasted product demand, which in turn led to significant auditor judgement, subjectivity, and effort in performing audit procedures and evaluating audit evidence relating to the forecasted product demand. Additionally, for certain new product launches there may be limited historical data with which to evaluate forecasts.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of internal controls relating to management's adjustments for excess or obsolete inventories, including internal controls over the development of assumptions related to forecasted product demand. The procedures also included, among others, testing management's process for developing the estimate of the adjustments for excess or obsolete inventories, testing the completeness and accuracy of the underlying data used in the estimate, and evaluating management's assumptions of forecasted product demand. Evaluating management's demand forecast for reasonableness involved considering historical sales by product, and determining whether the demand forecast used was consistent with evidence obtained in other areas of the audit.

We have served as the Company's auditor since 2015.

/s/ BPM LLP

We have served as the Company's auditor since 2015.

San Jose, California

February 15, 2024

/s/ BPM LLP

San Jose, California

February 14, 2025

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**INTEVAC, INC.**  
**CONSOLIDATED BALANCE SHEETS**

ASSETS	December 30, 2023	December 31, 2022	December 28, 2024	December 30, 2023
	(In thousands, except par value)		(In thousands, except par value)	
ASSETS	ASSETS	ASSETS	ASSETS	ASSETS
Current assets				
Cash and cash equivalents	\$ 51,441	\$ 68,904	\$ 45,111	\$ 51,441
Short-term investments	17,405	25,541	22,097	17,405
Trade and other accounts receivable, net of allowances of \$0 at both December 30, 2023 and December 31, 2022	18,613	15,823		
Trade and other accounts receivable, net of allowances of \$0 at both December 28, 2024 and December 30, 2023	11,153	18,613		
Inventories	43,795	30,003	12,335	43,795
Prepaid expenses and other current assets	2,123	1,898	1,340	2,123
Total current assets	133,377	142,169	92,036	133,377
Property, plant and equipment, net	7,664	3,658		
Property and equipment, net	1,413	7,664		
Operating lease right-of-use assets	7,658	3,390	2,103	7,658
Long-term investments	2,687	17,585	11,221	2,687
Restricted cash	700	786	700	700
Intangible assets, net of amortization of \$178 at December 30, 2023 and \$42 at December 31, 2022	954	1,090		
Intangible assets, net of amortization of \$178 at December 30, 2023	—	954		
Deferred income taxes and other long-term assets	3,466	4,381	2,249	3,466
Total assets	<u><u>\$ 156,506</u></u>	<u><u>\$ 173,059</u></u>	<u><u>\$ 109,722</u></u>	<u><u>\$ 156,506</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY	LIABILITIES AND STOCKHOLDERS' EQUITY		LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:				
Current operating lease liabilities	\$ 1,008	\$ 3,404	\$ 1,397	\$ 1,008
Accounts payable	5,800	11,610	3,533	5,800
Accrued payroll and related liabilities	3,475	3,087	4,506	3,475
Other accrued liabilities	1,820	5,430	2,781	1,820
Customer advances	20,407	2,444	7,923	20,407
Total current liabilities	32,510	25,975	20,140	32,510
Noncurrent liabilities:				
Noncurrent operating lease liabilities	6,976	1,417	5,402	6,976
Customer advances	1,482	22,215	4,782	1,482
Other long-term liabilities	21	—	1,328	21
Total noncurrent liabilities	8,479	23,632	11,512	8,479
Commitments and contingencies				
Stockholders' equity:				
Undesignated preferred stock, \$0.001 par value, 10,000 shares authorized, no shares issued and outstanding	—	—	—	—
Common stock, \$0.001 par value :				
Authorized shares — 50,000 issued and outstanding shares — 26,396 and 25,548 at December 30, 2023 and December 31, 2022, respectively	26	26		
Authorized shares — 50,000 issued and outstanding shares — 27,007 and 26,396 at December 28, 2024 and December 30, 2023, respectively	27	26		
Additional paid-in capital	210,320	206,355	212,593	210,320
Treasury stock, 5,087 shares at both December 30, 2023 and December 31, 2022	(29,551)	(29,551)		
Accumulated other comprehensive income (loss)	97	(193)		
Treasury stock, 5,087 shares at both December 28, 2024, and December 30, 2023	(29,551)	(29,551)		
Accumulated other comprehensive income	175	97		
Accumulated deficit	(65,375)	(53,185)	(105,174)	(65,375)
Total stockholders' equity	115,517	123,452	78,070	115,517
Total liabilities and stockholders' equity	\$ 156,506	\$ 173,059	\$ 109,722	\$ 156,506

See accompanying notes.

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**INTEVAC, INC.**  
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended		Year Ended	
	December 30, 2023		December 31, 2022	
	(In thousands, except per share amounts)			
Net revenues	\$ 52,665	\$ 35,761	\$ 63,978	\$ 52,665
Cost of net revenues	32,439	20,675	61,450	32,439
Gross profit	20,226	15,086	2,528	20,226
Operating expenses:				

Research and development	15,125	13,722	14,768	15,125
Selling, general and administrative	18,345	17,876	18,223	18,345
Asset impairments and restructuring	12,782	—	—	—
Total operating expenses	33,470	31,598	45,773	33,470
Operating loss	(13,244)	(16,512)	(43,245)	(13,244)
Interest income	2,509	1,240	2,812	2,509
Other income (expense), net	(53)	(155)	1,563	(53)
Loss from continuing operations before provision for income taxes	(10,788)	(15,427)	(38,870)	(10,788)
Provision for income taxes	1,822	1,327	2,024	1,822
Net loss from continuing operations	(12,610)	(16,754)	(40,894)	(12,610)
Income (loss) from discontinued operations, net of tax	420	(321)	—	—
Income from discontinued operations, net of tax	1,095	420	—	—
Net loss	\$ (12,190)	\$ (17,075)	\$ (39,799)	\$ (12,190)
Net income (loss) per share:				
Basic and diluted—continuing operations	\$ (0.48)	\$ (0.67)	\$ (1.53)	\$ (0.48)
Basic and diluted—discontinued operations	\$ 0.02	\$ (0.01)	\$ 0.04	\$ 0.02
Basic and diluted—net income (loss)	\$ (0.47)	\$ (0.68)	—	—
Basic and diluted—net loss	\$ (1.49)	\$ (0.47)	—	—
Weighted average shares outstanding:				
Basic and diluted	26,121	25,192	26,769	26,121

See accompanying notes.

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**INTEVAC, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

Year Ended		Year Ended	
December 30, 2023	December 31, 2022	December 28, 2024	December 30, 2023

	(In thousands)		(In thousands)	
Net loss	\$ (12,190)	\$ (17,075)	\$ (39,799)	\$ (12,190)
Other comprehensive income (loss), before tax				
Change in unrealized net loss onavailable-for-sale investments	422	(454)	106	422
Foreign currency translation losses	(132)	(317)	(28)	(132)
Other comprehensive income (loss), before tax	290	(771)	78	290
Income tax expense related to items in other comprehensive income (loss)	—	—	—	—
Other comprehensive income (loss), net of tax	290	(771)	78	290
Comprehensive loss	<u>\$ (11,900)</u>	<u>\$ (17,846)</u>	<u>\$ (39,721)</u>	<u>\$ (11,900)</u>

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See accompanying notes.

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**INTEVAC, INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**(In thousands)**

Common  
Stock

