

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

**FORM 8-K**

**CURRENT REPORT**  
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): **May 7, 2026**

**PDF SOLUTIONS, INC.**

(Exact name of registrant as specified in its charter)

000-31311

(Commission File Number)

Delaware  
(State or Other Jurisdiction of Incorporation)

25-1701361  
(I.R.S. Employer Identification No.)

**2858 De La Cruz Boulevard**  
**Santa Clara, CA 95050**  
(Address of principal executive offices, with zip code)

**(408) 280-7900**  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.00015 par value	PDFS	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

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.

**TABLE OF CONTENTS**

[Item 2.02. Results of Operations and Financial Condition](#)

[Item 9.01. Financial Statements and Exhibits](#)

[SIGNATURES](#)

---

**Item 2.02. Results of Operations and Financial Condition.**

On May 7, 2026, PDF Solutions, Inc. (the “Company”) issued a press release regarding its financial results and certain other information related to the first quarter ended March 31, 2026. The Company also posted on the Investors section of its website ([www.pdf.com](http://www.pdf.com)) a management report with regard to the first quarter ended March 31, 2026. Copies of the press release and management report are attached to this report as Exhibits 99.1 and 99.2, respectively. Information on the website is not, and will not be deemed, a part of this report or incorporated into any other filings the Company makes with the Securities and Exchange Commission.

The information in this Item 2.02, including Exhibits 99.1 and 99.2, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities under that Section, and shall not be deemed incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	<a href="#">Press Release dated May 7, 2026, regarding financial results and certain other information related to the first quarter March 31, 2026.</a>
99.2	<a href="#">Management Report by PDF Solutions, Inc. as of March 31, 2026.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

**SIGNATURES**

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

PDF SOLUTIONS, INC. (Registrant)

By: /s/ Adnan Raza  
*Adnan Raza*  
*EVP, Finance, and Chief Financial Officer (principal financial and accounting officer)*

Dated: May 7, 2026

## News Release

**Company Contacts:**

Adnan Raza  
Chief Financial Officer  
Tel: (408) 280-7900  
Email: adnan.raza@pdf.com

Sonia Segovia  
Investor Relations  
Tel: (408) 938-6491  
Email: sonia.segovia@pdf.com

### PDF Solutions® Reports First Quarter 2026 Financial Results

Santa Clara, CA, May 7, 2026 – PDF Solutions, Inc. (Nasdaq: PDFS), a leading provider of comprehensive data solutions for the semiconductor and electronics ecosystem, today announced financial results for its first quarter ended March 31, 2026.

**Financial Highlights of First Quarter 2026**

- **Quarterly total revenues of \$60.1 million, up 26% over last year's comparable quarter**
- **GAAP gross margin of 72% and non-GAAP gross margin of 76%**
- **GAAP operating margin of 10% and non-GAAP operating margin of 25%**
- **GAAP diluted earnings per share (EPS) of \$0.12 and non-GAAP diluted EPS of \$0.31**
- **Ending backlog of \$246.4 million**

Total revenues for the first quarter of 2026 were \$60.1 million, compared to \$62.4 million for the fourth quarter of 2025 and \$47.8 million for the first quarter of 2025.

GAAP gross margin for the first quarter of 2026 was 72%, compared to 73% for the fourth quarter of 2025 and 73% for the first quarter of 2025.

Non-GAAP gross margin for the first quarter of 2026 was 76%, compared to 77% for the fourth quarter of 2025 and 77% for the first quarter of 2025.

GAAP operating margin for the first quarter of 2026 was 10%, compared to 6% for the fourth quarter of 2025 and (7%) for the first quarter of 2025.

Non-GAAP operating margin for the first quarter of 2026 was 25%, compared to 24% for the fourth quarter of 2025 and 18% for the first quarter of 2025.

GAAP net income for the first quarter of 2026 was \$4.8 million, or \$0.12 per diluted share, compared to net loss of \$48 thousand, or \$(0.00) per diluted share, for the fourth quarter of 2025, and net loss of \$3.0 million, or \$(0.08) per diluted share, for the first quarter of 2025.

Non-GAAP net income for the first quarter of 2026 was \$12.6 million, or \$0.31 per diluted share, compared to non-GAAP net income of \$12.0 million, or \$0.30 per diluted share, for the fourth quarter of 2025, and non-GAAP net income of \$8.1 million, or \$0.21 per diluted share, for the first quarter of 2025.

**Financial Outlook**

“We are proud to report another strong quarter,” said John Kibarian, PDF Solutions’ President and CEO. He continued, “In December 2025, at the latest PDF Solutions Analyst Day, we stated that PDF Solutions is instrumental in addressing research and development and manufacturing challenges of today’s semiconductor industry. This quarter’s results demonstrate the value of this strategy with a large fabless customer renewing its commitment to Exensio, a large semiconductor IDM developing its next generation test solution with us, and another eProbe tool shipped to an existing customer that is a leading-edge semiconductor company. We believe this continued market adoption reflects the market’s perception of the value our existing and new applications. With a strong product portfolio and momentum, we reaffirm our 20% annual revenue growth prior guidance for this year. We continue to make progress towards our long-term model target margins of 77% for gross margin and 27% for operating margin.”

---

**Conference Call**

As previously announced, PDF Solutions will discuss these results on a live conference call beginning at 2:00 p.m. Pacific Time / 5:00 p.m. Eastern Time today. To participate on the live call, analysts and investors should pre-register at: <https://register-conf.media-server.com/register/BI1d55d4e14ae24f1194fc1069723cc6a1>. We encourage participants to dial into the call ten minutes ahead of the scheduled time. The teleconference will also be webcast simultaneously on the Company's website at <https://ir.pdf.com/webcasts>. A replay of the conference call webcast will be available after the call on the Company's investor relations website. A copy of this press release, including the disclosure and reconciliation of certain non-GAAP financial measures to the comparable GAAP measures, which non-GAAP measures may be used periodically by PDF Solutions' management when discussing financial results with investors and analysts, will also be available on PDF Solutions' website at <http://www.pdf.com/press-releases> on and following the date of this release.

**First Quarter 2026 Financial Commentary Available Online**

A Management Report reviewing the Company's first quarter 2026 financial results will be furnished to the Securities and Exchange Commission on Form 8-K and published on the Company's website at <http://ir.pdf.com/financial-reports>. Analysts and investors are encouraged to review this commentary prior to participating in the conference call.

**Information Regarding Use of Non-GAAP Financial Measures**

In addition to providing results that are determined in accordance with accounting principles generally accepted in the United States of America ("GAAP"), PDF Solutions also provides certain non-GAAP financial measures. Non-GAAP gross profit and margin exclude stock-based compensation expense and the amortization of acquired technology under costs of revenues. Non-GAAP net income excludes stock-based compensation expense, amortization of acquired intangible assets, amortization of debt issuance costs and the effects of certain non-recurring items, such as expenses for certain legal proceedings, acquisition-related and integration costs, and their related income tax effects, as applicable, as well as adjustments for the valuation allowance for deferred tax assets and reconciling items. Non-GAAP financial measures are used by management internally to measure the Company's profitability and performance. PDF Solutions' management believes that these non-GAAP measures provide useful supplemental information to investors regarding the Company's ongoing operations in light of the fact that none of these categories of expense and income has a current effect on the future uses of cash (with the exception of expenses related to certain legal proceedings and acquisition-related and integration costs) nor do they impact the generation of current or future revenues. These non-GAAP results should not be considered an alternative to, or a substitute for, GAAP financial information, and may differ from similarly titled non-GAAP measures used by other companies. In particular, these non-GAAP financial measures are not a substitute for GAAP measures of income or loss as a measure of performance, or to cash flows from operating, investing and financing activities as a measure of liquidity. Since management uses these non-GAAP financial measures internally to measure profitability and performance, PDF Solutions has included these non-GAAP measures to give investors an opportunity to see the Company's financial results as viewed by management. A reconciliation of the comparable GAAP financial measures to the non-GAAP financial measures is provided at the end of the Company's unaudited condensed consolidated financial statements presented below.

**About PDF Solutions**

PDF Solutions (Nasdaq: PDFS) provides comprehensive data solutions designed to empower organizations across the semiconductor and electronics industry ecosystems to improve the yield and quality of their products and operational efficiency for increased profitability. The Company's products and services are used by Fortune 500 companies across the semiconductor ecosystem to achieve smart manufacturing goals by connecting and controlling equipment, collecting data generated during manufacturing and test operations, and performing advanced analytics and machine learning to enable profitable, high-volume manufacturing.

Founded in 1991, PDF Solutions is headquartered in Santa Clara, California, with operations across North America, Europe, and Asia. The Company (directly or through one or more subsidiaries) is an active member of SEMI, INEMI, TPCA, IPC, the OPC Foundation, and DMDII. For the latest news and information about PDF Solutions or to find office locations, visit <https://www.pdf.com/>.

*Characterization Vehicle, Cimetrix, CV, DirectScan, eProbe, PDF Solutions, Sapience, secureWISE, and logos therefor are trademarks or registered trademarks of PDF Solutions, Inc. or its subsidiaries.*

**Forward-Looking Statements**

This press release and the planned conference call include forward-looking statements regarding the Company's future expected business performance and financial results, including expectations about total revenue growth for 2026, progress towards long-term model target margins, portfolio strength and momentum and other statements identified by words such as "could," "expects," "intends," "may," "plans," "potential," "should," "will," "would," or similar expressions and the negatives of those terms, that are subject to future events and circumstances. Other than statements of historical fact, all statements contained in this press release and the planned conference call are forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from those expressed in these forward-looking statements. Risks and uncertainties that could cause results to differ materially include risks associated with: the effectiveness of the Company's business and technology strategies; current semiconductor industry trends and competition; rates of adoption of the Company's solutions by new and existing customers; project milestones or delays and performance criteria achieved; cost and schedule of new product development and investments in research and development; the continuing impact of macroeconomic conditions, including inflation, changing interest rates and tariffs, the evolving trade regulatory environment and geopolitical tensions, armed conflicts, government shutdowns, and other trends impacting the semiconductor industry, the Company's customers, operations, and supply and demand for its products; supply chain disruptions; changes in laws and regulations, including recent tax and data privacy laws and regulations, or the interpretation or enforcement thereof; the success of the Company's strategic growth opportunities and partnerships; recent and future acquisitions, strategic alliances and relationships and the Company's ability to successfully integrate acquired businesses and technologies; whether the Company can successfully convert backlog into revenue; customers' production volumes under contracts that provide Gainshare; the sufficiency of the Company's cash resources and anticipated funds from operations; the Company's ability to obtain additional financing if needed and its ability to use support and updates for certain open-source software; and other risks and uncertainties discussed in PDF Solutions' periodic public filings with the Securities and Exchange Commission, including, without limitation, its Annual Report on Form 10-K for the year ended December 31, 2025, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K and any amendments to such reports. All forward-looking statements made in this press release and the conference call are made as of the date hereof, and PDF Solutions does not assume any obligation to update such statements nor the reasons why actual results could differ materially from those projected in such statements.

PDF SOLUTIONS, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)  
(In thousands)

	March 31, 2026	December 31, 2025
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 31,153	\$ 42,220
Accounts receivable, net	96,016	82,938
Prepaid expenses and other current assets	48,475	38,735
<b>Total current assets</b>	<b>175,644</b>	<b>163,893</b>
Property and equipment, net	90,477	81,609
Operating lease right-of-use assets, net	4,592	4,778
Goodwill	95,006	95,005
Intangible assets, net	50,127	52,194
Deferred tax assets, net	44	69
Other non-current assets	14,674	21,149
<b>Total assets</b>	<b>\$ 430,564</b>	<b>\$ 418,697</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 16,703	\$ 17,076
Accrued compensation and related benefits	23,874	22,437
Accrued and other current liabilities	6,977	8,719
Operating lease liabilities – current portion	2,073	1,982
Deferred revenues – current portion	23,102	19,441
Current portion of long-term debt, net	2,238	2,236
<b>Total current liabilities</b>	<b>74,967</b>	<b>71,891</b>
Long-term income taxes	4,580	4,273
Operating lease liabilities – non-current portion	3,475	3,838
Long-term debt, net	64,214	64,763
Other non-current liabilities	2,863	2,910
<b>Total liabilities</b>	<b>150,099</b>	<b>147,675</b>
<b>Stockholders' equity:</b>		
Common stock and additional paid-in capital	542,182	533,509
Treasury stock, at cost	(169,518)	(165,808)
Accumulated deficit	(89,837)	(94,628)
Accumulated other comprehensive loss	(2,362)	(2,051)
<b>Total stockholders' equity</b>	<b>280,465</b>	<b>271,022</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 430,564</b>	<b>\$ 418,697</b>

## PDF SOLUTIONS, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(In thousands, except per share amounts)

	Three Months Ended		
	March 31, 2026	December 31, 2025	March 31, 2025
<b>Revenues (1):</b>			
Platform	\$ 50,936	\$ 52,503	\$ 37,321
Volume-based	9,194	9,900	10,457
Total revenues	<u>60,130</u>	<u>62,403</u>	<u>47,778</u>
<b>Costs and Expenses:</b>			
Costs of revenues	16,938	16,942	12,955
Research and development	18,328	19,258	14,628
Selling, general, and administrative	17,492	21,676	23,372
Amortization of acquired intangible assets	1,059	1,069	378
<b>Income (loss) from operations</b>	<u>6,313</u>	<u>3,458</u>	<u>(3,555)</u>
Interest expense	(1,089)	(1,164)	(311)
Interest income and other, net	592	345	870
<b>Income (loss) before income tax expense</b>	<u>5,816</u>	<u>2,639</u>	<u>(2,996)</u>
Income tax expense	(1,025)	(2,687)	(36)
<b>Net income (loss)</b>	<u>\$ 4,791</u>	<u>\$ (48)</u>	<u>\$ (3,032)</u>
<b>Net income (loss) per share:</b>			
Basic	<u>\$ 0.12</u>	<u>\$ (0.00)</u>	<u>\$ (0.08)</u>
Diluted	<u>\$ 0.12</u>	<u>\$ (0.00)</u>	<u>\$ (0.08)</u>
<b>Weighted average common shares used to calculate net income (loss) per share:</b>			
Basic	<u>39,857</u>	<u>39,524</u>	<u>39,088</u>
Diluted	<u>40,377</u>	<u>39,524</u>	<u>39,088</u>

(1) In the fourth quarter of 2025, the Company updated its presentation of revenue categories. The Company now presents revenue in the following categories: Platform and Volume-based. Platform revenue is derived from the following primary offerings: licenses for software (other than Cimetrix runtime licenses) and related software maintenance and technical support services; SaaS; engineering services; fixed fees associated with CV systems; and licenses and purchase contracts for DirectScan systems. Volume-based revenue is derived from Cimetrix runtime licenses, secureWISE data, and Gainshare. Prior periods Condensed Consolidated Statements of Operations have been reclassified to conform to the new revenue presentation. The change in presentation of revenue does not change the Company's total revenues or costs of revenues.

PDF SOLUTIONS, INC.

RECONCILIATION OF GAAP GROSS PROFIT AND MARGIN TO NON-GAAP GROSS PROFIT AND MARGIN (UNAUDITED)

(In thousands)

	Three Months Ended		
	March 31, 2026	December 31, 2025	March 31, 2025
<b>GAAP</b>			
Total revenues	\$ 60,130	\$ 62,403	\$ 47,778
Costs of revenues	16,938	16,942	12,955
GAAP gross profit	\$ 43,192	\$ 45,461	\$ 34,823
GAAP gross margin	72%	73%	73%
<b>Non-GAAP</b>			
GAAP gross profit	\$ 43,192	\$ 45,461	\$ 34,823
Adjustments to reconcile GAAP to non-GAAP gross profit:			
Stock-based compensation expense	1,279	1,379	1,342
Amortization of acquired technology under costs of revenues	998	998	678
Non-GAAP gross profit	\$ 45,469	\$ 47,838	\$ 36,843
Non-GAAP gross margin	76%	77%	77%

RECONCILIATION OF GAAP INCOME (LOSS) FROM OPERATIONS AND OPERATING MARGIN TO NON-GAAP INCOME FROM OPERATIONS AND OPERATING MARGIN (UNAUDITED)

(In thousands)

	Three Months Ended		
	March 31, 2026	December 31, 2025	March 31, 2025
GAAP income (loss) from operations	\$ 6,313	\$ 3,458	\$ (3,555)
GAAP operating margin	10%	6%	(7)%
Adjustments to reconcile GAAP to non-GAAP income (loss) from operations:			
Stock-based compensation expense	6,396	6,866	6,596
Amortization of acquired intangible assets	2,057	2,066	1,056
Expenses for certain legal proceedings (1)	210	2,574	115
Acquisition-related and integration costs	8	2	4,345
Non-GAAP income from operations	\$ 14,984	\$ 14,966	\$ 8,557
Non-GAAP operating margin	25%	24%	18%

(1) Represents legal costs and expenses related to a certain arbitration proceeding, which are expected to continue until this matter is fully resolved.

PDF SOLUTIONS, INC.

RECONCILIATION OF GAAP NET INCOME (LOSS) TO NON-GAAP NET INCOME (UNAUDITED)

(In thousands, except per share amounts)

	Three Months Ended		
	March 31, 2026	December 31, 2025	March 31, 2025
<b>GAAP net income (loss)</b>	\$ 4,791	\$ (48)	\$ (3,032)
Adjustments to reconcile GAAP net income (loss) to non-GAAP net income:			
Stock-based compensation expense	6,396	6,866	6,596
Amortization of acquired intangible assets	2,057	2,066	1,056
Expenses for certain legal proceedings (1)	210	2,574	115
Acquisition-related and integration costs	8	2	4,345
Amortization of debt issuance costs	65	55	5
Tax impact of valuation allowance for deferred tax assets and reconciling items (2)	(878)	495	(970)
<b>Non-GAAP net income</b>	<u>\$ 12,649</u>	<u>\$ 12,010</u>	<u>\$ 8,115</u>
GAAP net income (loss) per diluted share	<u>\$ 0.12</u>	<u>\$ (0.00)</u>	<u>\$ (0.08)</u>
Non-GAAP net income per diluted share	<u>\$ 0.31</u>	<u>\$ 0.30</u>	<u>\$ 0.21</u>
Weighted average common shares used in GAAP net income (loss) per diluted share calculation	<u>40,377</u>	<u>39,524</u>	<u>39,088</u>
Weighted average common shares used in non-GAAP net income per diluted share calculation	<u>40,377</u>	<u>39,911</u>	<u>39,285</u>

(1) Represents legal costs and expenses related to a certain arbitration proceeding, which are expected to continue until this matter is fully resolved.


(2) The difference between the GAAP and non-GAAP income tax provisions is primarily due to the valuation allowance on a GAAP basis and non-GAAP adjustments. For example, on a GAAP basis, the Company does not receive a deferred tax benefit for foreign tax credits or research and development credits after the valuation allowance. The Company's non-GAAP tax rate and resulting non-GAAP tax expense is not calculated with a full U.S. federal or state valuation allowance due to the Company's cumulative non-GAAP income and management's conclusion that it is more likely than not to utilize its net deferred tax assets (DTAs). Each reporting period, management evaluates the need for a valuation allowance and may place a valuation allowance against its U.S. net DTAs on a non-GAAP basis if it concludes it is more likely than not that it will not be able to utilize some or all of its U.S. DTAs on a non-GAAP basis.



**PDF / SOLUTIONS®**

---

**Q1 2026**  
**Management Report**  
**May 7, 2026**



---

## Contents

---

### ■ Q1 2026 Results

- Overview
- Key Financial & Operating Metrics
- Revenue by Geographic Area

### ■ Q1 2026 Non-GAAP Results

- Reconciliation of GAAP Net Income (Loss) to Non-GAAP Net Income
- Reconciliation of GAAP to Non-GAAP Spending by Function

### ■ Related Information

The following commentary is provided by management and should be referenced in conjunction with PDF Solutions' First Quarter 2026 financial results press release available on its Investor Relations website at <http://www.pdf.com/financial-news>. These remarks represent management's current views of the Company's financial and operational performance and are provided to give investors and analysts further insight into its performance in advance of the earnings call webcast. The Company disclaims any duty to update this information for future events.

## PDF Solutions Reports First Quarter 2026 Results

### Q1 2026 Key Metrics

Total Revenues: \$60.1M

GAAP Gross Margin: 72%

Non-GAAP Gross Margin: 76%

GAAP Operating Margin: 10%

Non-GAAP Operating Margin: 25%

GAAP Diluted EPS: \$0.12

Non-GAAP Diluted EPS: \$0.31

Operating Cash Flow: \$1.7M

Cash Used for Capital Expenditures: \$10.5M

### FINANCIAL RESULTS SUMMARY

- Q1 2026 Total revenues of \$60.1M was down 4% over Q4 2025, and up 26% over Q1 2025
- Q1 2026 Platform revenue of \$50.9M was down 3% over Q4 2025, and up 36% over Q1 2025
- Q1 2026 Volume-based revenue of \$9.2M was down 7% over Q4 2025, and down 12% over Q1 2025
- Q1 2026 Recurring revenue was 89%, Q4 2025 was 98%, and Q1 2025 was 92%
- Q1 2026 Upfront revenue was 11%, Q4 2025 was 2%, and Q1 2025 was 8%

## Key Financial & Operating Metrics

### Quarterly

(in thousands, except outstanding shares, which are in millions, and percentages)

	Q1'26	Q4'25	Q3'25	Q2'25	Q1'25
Revenues	\$ 60,130	\$ 62,403	\$ 57,115	\$ 51,728	\$ 47,778
GAAP Gross Margin	72%	73%	72%	71%	73%
Non-GAAP Gross Margin	76%	77%	76%	76%	77%
GAAP Operating Margin	10%	6%	8%	2%	(7%)
Non-GAAP Operating Margin	25%	24%	23%	19%	18%
Outstanding Debt, net	\$ 66,452	\$ 66,999	\$ 67,558	\$ 68,117	\$ 68,656
Operating Cash Flow	\$ 1,674	\$ 17,341	\$ 3,287	\$ (5,215)	\$ 8,640
Cash Used for Capital Expenditures (CAPEX)	\$ 10,500	\$ 9,791	\$ 6,325	\$ 8,526	\$ 8,203
\$ Shares Repurchased	\$ —	\$ —	\$ 244	\$ —	\$ —
Weighted Average Common Shares Outstanding	39.9	39.5	39.5	39.1	39.1
Effective Tax Rate	18%	102%	63%	(1,514)%	(1)%

## Revenue by Geographic Area

### Quarterly

(Dollars in thousands)

	Q1'26	Q4'25	Q3'25	Q2'25	Q1'25
<b>United States</b>	\$ 24,507	\$ 36,439	\$ 30,143	\$ 19,954	\$ 18,228
% of Total	41%	58%	53%	39%	38%
<b>Japan</b>	\$ 8,679	\$ 8,156	\$ 10,091	\$ 9,304	\$ 11,736
% of Total	14%	13%	18%	18%	25%
<b>China</b>	\$ 8,514	\$ 7,866	\$ 5,842	\$ 12,190	\$ 8,043
% of Total	14%	12%	10%	23%	17%
<b>Rest of the world</b>	\$ 18,430	\$ 9,942	\$ 11,039	\$ 10,280	\$ 9,771
% of Total	31%	17%	19%	20%	20%
<b>Total revenues</b>	<b>\$ 60,130</b>	<b>\$ 62,403</b>	<b>\$ 57,115</b>	<b>\$ 51,728</b>	<b>\$ 47,778</b>

## **GAAP / Non-GAAP Presentation**

---

In addition to providing results that are determined in accordance with accounting principles generally accepted in the United States of America (“GAAP”), the Company also provides certain non-GAAP financial measures. Non-GAAP gross profit and margin exclude stock-based compensation expense and the amortization of acquired technology under costs of revenues. Non-GAAP net income excludes stock-based compensation expense, amortization of acquired intangible assets, amortization of debt issuance costs, and the effects of certain non-recurring items, such as expenses for certain legal proceedings, acquisition-related and integration costs, recovery from previously written-off property and equipment, and their related income tax effects, as applicable, as well as adjustments for the valuation allowance for deferred tax assets and reconciling items. Non-GAAP financial measures are used by management internally to measure the Company’s profitability and performance. PDF Solutions’ management believes that these non-GAAP measures provide useful supplemental information to investors regarding the Company’s ongoing operations in light of the fact that none of these categories of expense and income has a current effect on the future uses of cash (with the exception of expenses related to a certain legal proceedings and acquisition-related and integration costs) nor do they impact the generation of current or future revenues. These non-GAAP results should not be considered an alternative to, or a substitute for, GAAP financial information, and may differ from similarly titled non-GAAP measures used by other companies. In particular, these non-GAAP financial measures are not a substitute for GAAP measures of income or loss as a measure of performance, or to cash flows from operating, investing and financing activities as a measure of liquidity. Since management uses these non-GAAP financial measures internally to measure profitability and performance, PDF Solutions has included these non-GAAP measures to give investors an opportunity to see the Company’s financial results as viewed by management. A reconciliation of the comparable GAAP financial measures to the non-GAAP financial measures is included herein.

## Reconciliation of GAAP Net Income (Loss) to Non-GAAP Net Income

### Quarterly

(in thousands, except for per share amounts)

	Q1'26	Q4'25	Q3'25	Q2'25	Q1'25
GAAP net income (loss)	\$ 4,791	\$ (48)	\$ 1,294	\$ 1,146	\$ (3,032)
Adjustments to reconcile GAAP net income (loss) to non-GAAP net income:					
Stock-based compensation expense	6,396	6,866	6,264	6,199	6,596
Amortization of acquired intangible assets	2,057	2,066	2,067	2,066	1,056
Expenses for certain legal proceedings (1)	210	2,574	170	112	115
Acquisition-related and integration costs	8	2	22	159	4,345
Recovery from previously written-off property and equipment	—	—	—	(663)	—
Amortization of debt issuance costs	65	55	54	71	5
Tax impact of valuation allowance for deferred tax assets and reconciling items (2)	(878)	495	(66)	(1,789)	(970)
Non-GAAP net income	\$ 12,649	\$ 12,010	\$ 9,805	\$ 7,301	\$ 8,115
GAAP net income (loss) per diluted share	\$ 0.12	\$ (0.00)	\$ 0.03	\$ 0.03	\$ (0.08)
Non-GAAP net income per diluted share	\$ 0.31	\$ 0.30	\$ 0.25	\$ 0.19	\$ 0.21
Weighted average common shares used in GAAP net income (loss) per diluted share calculation	40,377	39,524	39,619	39,260	39,088
Weighted average common shares used in Non-GAAP net income per diluted share calculation	40,377	39,911	39,619	39,260	39,285

(1) Represents legal costs and expenses related to a certain arbitration proceeding, which are expected to continue until this matter is fully resolved.

(2) The difference between the GAAP and non-GAAP income tax provisions is primarily due to the valuation allowance on a GAAP basis and non-GAAP adjustments. For example, on a GAAP basis, the Company does not receive a deferred tax benefit for foreign tax credits or research and development credits after the valuation allowance. The Company's non-GAAP tax rate and resulting non-GAAP tax expense is not calculated with a full U.S. federal or state valuation allowance due to the Company's cumulative non-GAAP income and management's conclusion that it is more likely than not to utilize its net deferred tax assets (DTAs). Each reporting period, management evaluates the need for a valuation allowance and may place a valuation allowance against its U.S. net DTAs on a non-GAAP basis if it concludes it is more likely than not that it will not be able to utilize some or all of its U.S. DTAs on a non-GAAP basis.

## Reconciliation of GAAP to Non-GAAP Spending by Function

### Quarterly

(in thousands)

	Q1'26	Q4'25	Q3'25	Q2'25	Q1'25
<b>Cost of Revenue - GAAP</b>	\$ 16,938	\$ 16,942	\$ 15,840	\$ 14,886	\$ 12,955
Adjustments to reconcile GAAP Cost of Revenue to Non-GAAP Cost of Revenue:					
Stock-based compensation expense	(1,279)	(1,379)	(1,274)	(1,257)	(1,342)
Amortization of acquired technology	(998)	(998)	(998)	(998)	(678)
<b>Cost of Revenue - Non-GAAP</b>	\$ 14,661	\$ 14,565	\$ 13,568	\$ 12,631	\$ 10,935
<b>Research &amp; Development - GAAP</b>	\$ 18,328	\$ 19,258	\$ 15,435	\$ 14,913	\$ 14,628
Adjustments to reconcile GAAP R&D to Non-GAAP R&D:					
Stock-based compensation expense	(2,392)	(2,586)	(2,204)	(2,251)	(2,419)
<b>Research &amp; Development - Non-GAAP</b>	\$ 15,936	\$ 16,672	\$ 13,231	\$ 12,662	\$ 12,209
<b>Selling, General, &amp; Administrative - GAAP</b>	\$ 17,492	\$ 21,676	\$ 19,944	\$ 19,744	\$ 23,372
Adjustment to reconcile GAAP SG&A to Non-GAAP SG&A:					
Stock-based compensation expense	(2,725)	(2,901)	(2,786)	(2,691)	(2,835)
Expenses for certain legal proceedings (1)	(210)	(2,574)	(170)	(112)	(115)
Acquisition-related and integration costs	(8)	(2)	(22)	(159)	(4,345)
<b>Selling, General, &amp; Administrative - Non-GAAP</b>	\$ 14,549	\$ 16,199	\$ 16,966	\$ 16,782	\$ 16,077

(1) Represents legal costs and expenses related to a certain arbitration proceeding, which are expected to continue until this matter is fully resolved.