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): **November 5, 2026**

PDF SOLUTIONS, INC.

(Exact name of registrant as specified in its charter)

000-31311
(Commission File Number)

Delaware	25-1701361
(State or Other Jurisdiction of Incorporation)	(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. ☐

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Item 2.02. Results of Operations and Financial Condition.

On November 5, 2026, PDF Solutions, Inc. (the "Company") issued a press release regarding its financial results and certain other information related to the third quarter ended September 30, 2026. The Company also posted on the Investors section of its website (www.pdf.com) a management report with regard to the third quarter ended September 30, 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

Exhibit No.	Description
99.1	Press Release dated November 5, 2026, regarding financial results and certain other information related to the third quarter ended September 30, 2026.
99.2	Management Report by PDF Solutions, Inc. for the quarter ended September 30, 2026.
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: November 5, 2026

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News Release

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PDF Solutions® Reports Third Quarter 2026 Financial Results

Santa Clara, CA, November 5, 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 third quarter ended September 30, 2026.

Financial Highlights of Third Quarter 2026

- **Record quarterly total revenues of $68.3 million, up 20% over last year's comparable quarter**
- **GAAP gross margin of 73% and non-GAAP gross margin of 77%**
- **GAAP operating margin of 12% and non-GAAP operating margin of 28%**
- **GAAP diluted earnings per share (EPS) of $0.16 and non-GAAP diluted EPS of $0.40**
- **Ending backlog of $247.2 million**

Total revenues for the third quarter of 2026 were $68.3 million, compared to $61.5 million for the second quarter of 2026 and $57.1 million for the third quarter of 2025.

GAAP gross margin for the third quarter of 2026 was 73%, compared to 69% for the second quarter of 2026 and 72% for the third quarter of 2025. Non-GAAP gross margin for the third quarter of 2026 was 77%, compared to 73% for the second quarter of 2026 and 76% for the third quarter of 2025.

GAAP operating margin for the third quarter of 2026 was 12%, compared to 8% for the second quarter of 2026 and 8% for the third quarter of 2025. Non-GAAP operating margin for the third quarter of 2026 was 28%, compared to 22% for the second quarter of 2026 and 23% for the third quarter of 2025.

GAAP net income for the third quarter of 2026 was $6.8 million, or $0.16 per diluted share, compared to net income of $4.3 million, or $0.10 per diluted share, for the second quarter of 2026, and net income of $1.3 million, or $0.03 per diluted share, for the third quarter of 2025. Non-GAAP net income for the third quarter of 2026 was $17.2 million, or $0.40 per diluted share, compared to non-GAAP net income of $11.4 million, or $0.27 per diluted share, for the second quarter of 2026, and non-GAAP net income of $9.8 million, or $0.25 per diluted share, for the third quarter of 2025.

Ending backlog for the third quarter of 2026 was $247.2 million, compared to $270.7 million for the second quarter of 2026 and $292.0 million for the third quarter of 2025.

Financial Outlook

"In the third quarter of 2026, PDF Solutions continued its growth trajectory with total revenues 20% higher compared to the third quarter of 2025," said John Kibarian, CEO and President of the Company. He continued, "On September 9, 2026, we announced Exensio Aurora, the new, highly-scalable Exensio analytics architecture. Exensio Aurora is purpose-built to handle semiconductor manufacturing data at petabyte scale and to securely deploy agentic AI across manufacturing operations and the supply chain. We believe this new architecture will help semiconductor companies address the challenges associated with the fast growth and transformation of the industry. Based on actual results through the third quarter and the pipeline for the fourth quarter, we reaffirm our 20% annual revenue growth target for 2026."

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://edge.media-server.com/mmc/p/j2asc9y9/. 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.

Third Quarter 2026 Financial Commentary Available Online

A Management Report reviewing the Company's third 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 income from operations and operating margin exclude stock-based compensation expense, amortization of acquired intangible assets, and the effects of certain non-recurring items, such as expenses for certain legal proceedings, and acquisition-related and integration costs. 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. PDF Solutions management uses non-GAAP financial measures to evaluate the Company's operating performance and make strategic decisions because these measures exclude items that management believes are not indicative of ongoing operating results and that can vary significantly between periods. 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. 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 statements regarding backlog, the Company's growth trajectory, capabilities of the Exensio Aurora architecture, fourth quarter 2026 pipeline, annual growth target for 2026, 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, energy prices, 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 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)

	September 30, 2026	December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 107,131	$ 42,220
Accounts receivable, net	96,869	82,938
Prepaid expenses and other current assets	53,185	38,735
Total current assets	257,185	163,893
Property and equipment, net	104,333	81,609
Operating lease right-of-use assets, net	7,439	4,778
Goodwill	94,990	95,005
Intangible assets, net	46,060	52,194
Deferred tax assets, net	541	69
Other non-current assets	30,408	21,149
Total assets	$ 540,956	$ 418,697
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 12,639	$ 17,076
Accrued compensation and related benefits	20,154	22,437
Accrued and other current liabilities	8,275	8,719
Operating lease liabilities – current portion	2,025	1,982
Deferred revenues – current portion	32,776	19,441
Current portion of long-term debt, net	2,237	2,236
Total current liabilities	78,106	71,891
Long-term income taxes	5,331	4,273
Operating lease liabilities – non-current portion	6,278	3,838
Long-term debt, net	63,096	64,763
Other non-current liabilities	5,137	2,910
Total liabilities	157,948	147,675
Stockholders' equity:		
Common stock and additional paid-in capital	641,287	533,509
Treasury stock, at cost	(177,433)	(165,808)
Accumulated deficit	(78,725)	(94,628)
Accumulated other comprehensive loss	(2,121)	(2,051)
Total stockholders' equity	383,008	271,022
Total liabilities and stockholders' equity	$ 540,956	$ 418,697

PDF SOLUTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(In thousands, except per share amounts)

	Three Months Ended			Nine Months Ended	
	September 30, 2026	**June 30, 2026**	**September 30, 2025**	**September 30, 2026**	**September 30, 2025**
Revenues (1):					
Platform	$ 58,331	$ 49,130	$ 48,001	$ 158,397	$ 128,522
Volume-based	10,003	12,399	9,114	31,596	28,099
Total revenues	68,334	61,529	57,115	189,993	156,621
Costs and Expenses:					
Costs of revenues	18,593	19,107	15,840	54,638	43,681
Research and development	19,446	17,316	15,435	55,090	44,976
Selling, general, and administrative	20,969	18,984	19,944	57,445	63,060
Amortization of acquired intangible assets	1,040	1,058	1,069	3,157	2,515
Income from operations	8,286	5,064	4,827	19,663	2,389
Interest expense	(1,123)	(1,106)	(1,238)	(3,318)	(2,791)
Interest income and other, net	1,189	666	(102)	2,447	964
Income before income tax expense	8,352	4,624	3,487	18,792	562
Income tax expense	(1,511)	(353)	(2,193)	(2,889)	(1,154)
Net income (loss)	$ 6,841	$ 4,271	$ 1,294	$ 15,903	$ (592)
Net income (loss) per share:					
Basic	$ 0.16	$ 0.10	$ 0.03	$ 0.39	$ (0.02)
Diluted	$ 0.16	$ 0.10	$ 0.03	$ 0.38	$ (0.02)
Weighted average common shares used to calculate net income (loss) per share:					
Basic	42,193	40,932	39,500	41,003	39,247
Diluted	42,976	41,776	39,619	41,718	39,247

(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)
(Dollars in thousands)

	Three Months Ended			Nine Months Ended	
	September 30, 2026	June 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
GAAP					
Total revenues	$ 68,334	$ 61,529	$ 57,115	$ 189,993	$ 156,621
Costs of revenues	18,593	19,107	15,840	54,638	43,681
GAAP gross profit	$ 49,741	$ 42,422	$ 41,275	$ 135,355	$ 112,940
GAAP gross margin	73%	69%	72%	71%	72%
Non-GAAP					
GAAP gross profit	$ 49,741	$ 42,422	$ 41,275	$ 135,355	$ 112,940
Adjustments to reconcile GAAP to non-GAAP gross profit:					
Stock-based compensation expense	1,593	1,258	1,274	4,130	3,873
Amortization of acquired technology under costs of revenues	958	998	998	2,954	2,674
Non-GAAP gross profit	$ 52,292	$ 44,678	$ 43,547	$ 142,439	$ 119,487
Non-GAAP gross margin	77%	73%	76%	75%	76%

RECONCILIATION OF GAAP INCOME FROM OPERATIONS AND OPERATING MARGIN TO NON-GAAP INCOME FROM OPERATIONS AND OPERATING MARGIN (UNAUDITED)
(Dollars in thousands)

	Three Months Ended			Nine Months Ended	
	September 30, 2026	June 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
GAAP income from operations	$ 8,286	$ 5,064	$ 4,827	$ 19,663	$ 2,389
GAAP operating margin	12%	8%	8%	10%	2%
Adjustments to reconcile GAAP to non-GAAP income from operations:					
Stock-based compensation expense	8,472	5,998	6,264	20,866	19,059
Amortization of acquired intangible assets	1,998	2,056	2,067	6,111	5,189
Expenses for certain legal proceedings (1)	436	501	170	1,147	397
Acquisition-related and integration costs	30	30	22	68	4,526
Non-GAAP income from operations	$ 19,222	$ 13,649	$ 13,350	$ 47,855	$ 31,560
Non-GAAP operating margin	28%	22%	23%	25%	20%

(1) Represents legal costs and expenses related mainly 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			Nine Months Ended	
	September 30, 2026	June 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
GAAP net income (loss)	$ 6,841	$ 4,271	$ 1,294	$ 15,903	$ (592)
Adjustments to reconcile GAAP net income (loss) to non-GAAP net income:					
Stock-based compensation expense	8,472	5,998	6,264	20,866	19,059
Amortization of acquired intangible assets	1,998	2,056	2,067	6,111	5,189
Expenses for certain legal proceedings (1)	436	501	170	1,147	397
Acquisition-related and integration costs	30	30	22	68	4,526
Recovery from previously written-off property and equipment	—	—	—	—	(663)
Amortization of debt issuance costs	64	60	54	189	130
Tax impact of valuation allowance for deferred tax assets and reconciling items (2)	(680)	(1,544)	(66)	(3,102)	(2,825)
Non-GAAP net income	$ 17,161	$ 11,372	$ 9,805	$ 41,182	$ 25,221
GAAP net income (loss) per diluted share	$ 0.16	$ 0.10	$ 0.03	$ 0.38	$ (0.02)
Non-GAAP net income per diluted share	$ 0.40	$ 0.27	$ 0.25	$ 0.99	$ 0.64
Weighted average common shares used in GAAP net income (loss) per diluted share calculation	42,976	41,776	39,619	41,718	39,247
Weighted average common shares used in non-GAAP net income per diluted share calculation	42,976	41,776	39,619	41,718	39,390

(1) Represents legal costs and expenses related mainly 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.

Exhibit 99.2

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Q3 2026

Management Report

November 5, 2026

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Contents

Q3 2026 Results

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

Q3 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' Third 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.

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PDF Solutions Reports Third Quarter 2026 Results

Q3 2026 Key Metrics

Total Revenues: $68.3M

GAAP Gross Margin: 73%

Non-GAAP Gross Margin: 77%

GAAP Operating Margin: 12%

Non-GAAP Operating Margin: 28%

GAAP Diluted EPS: $0.16

Non-GAAP Diluted EPS: $0.40

Operating Cash Flow: $13.8M

Cash Used for Capital Expenditures: $15.1M

FINANCIAL RESULTS SUMMARY

- Q3 2026 Total revenues of $68.3M was up 11% over Q2 2026, and up 20% over Q3 2025
- Q3 2026 Platform revenue of $58.3M was up 19% over Q2 2026, and up 22% over Q3 2025
- Q3 2026 Volume-based revenue of $10.0M was down 19% from Q2 2026, and up 10% over Q3 2025
- Q3 2026 Recurring revenue was 88%, Q2 2026 was 80%, and Q3 2025 was 95%
- Q3 2026 Upfront revenue was 12%, Q2 2026 was 20%, and Q3 2025 was 5%

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Key Financial & Operating Metrics

Quarterly

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

	Q3'26	Q2'26	Q1'26	Q4'25	Q3'25
Revenues	$68,334	$61,529	$60,130	$62,403	$57,115
GAAP Gross Margin	73%	69%	72%	73%	72%
Non-GAAP Gross Margin	77%	73%	76%	77%	76%
GAAP Operating Margin	12%	8%	10%	6%	8%
Non-GAAP Operating Margin	28%	22%	25%	24%	23%
Outstanding Debt Principal	$66,250	$67,500	$67,500	$68,125	$68,750
Operating Cash Flow	$13,759	$16,401	$1,674	$17,341	$3,287
Cash Used for Capital Expenditures (CAPEX)	$15,071	$14,082	$10,500	$9,791	$6,325
$ Shares Repurchased	$—	$—	$—	$—	$244
Weighted Average Common Shares Outstanding	42.2	40.9	39.9	39.5	39.5
Effective Tax Rate	18%	8%	18%	102%	63%

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Key Financial & Operating Metrics

Year to Date

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

	Nine Months Ended September 30,		
	2026	**2025**	**2024**
Revenues	$189,993	$156,621	$129,380
GAAP Gross Margin	71%	72%	70%
Non-GAAP Gross Margin	75%	76%	75%
GAAP Operating Margin	10%	2%	<1%
Non-GAAP Operating Margin	25%	20%	17%
Outstanding Debt Principal	$66,250	$68,750	$—
Operating Cash Flow	$31,834	$6,712	$8,097
Cash Used for CAPEX	$39,653	$23,054	$11,938
$ Shares Repurchased	$—	$244	$6,899
Weighted Average Common Shares Outstanding	41.0	39.2	38.5
Effective Tax Rate	15%	205%	31%

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Revenue by Geographic Area

Quarterly

(Dollars in thousands)

	Q3'26	Q2'26	Q1'26	Q4'25	Q3'25
United States	$22,702	$34,036	$24,507	$36,439	$30,143
% of Total	33%	55%	41%	58%	53%
Japan	$21,655	$6,563	$8,679	$8,156	$10,091
% of Total	32%	11%	14%	13%	18%
China	$11,068	$8,723	$8,514	$7,866	$5,842
% of Total	16%	14%	14%	12%	10%
Rest of the world	$12,909	$12,207	$18,430	$9,942	$11,039
% of Total	19%	20%	31%	17%	19%
Total revenues	**$68,334**	**$61,529**	**$60,130**	**$62,403**	**$57,115**

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Revenue by Geographic Area

Year to Date

(Dollars in thousands)

	Nine Months Ended September 30,		
	2026	**2025**	**2024**
United States	$81,245	$68,325	$58,021
% of Total	43%	43%	45%
Japan	$36,897	$31,131	$25,495
% of Total	19%	20%	20%
China	$28,305	$26,075	$17,526
% of Total	15%	17%	14%
Rest of the world	$43,546	$31,090	$28,338
% of Total	23%	20%	21%
Total revenues	**$189,993**	**$156,621**	**$129,380**

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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 income from operations and operating margin exclude stock-based compensation expense, amortization of acquired intangible assets, and the effects of certain non-recurring items, such as expenses for certain legal proceedings, and acquisition-related and integration costs. 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. PDF Solutions management uses non-GAAP financial measures to evaluate the Company's operating performance and make strategic decisions because these measures exclude items that management believes are not indicative of ongoing operating results and that can vary significantly between periods. 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. A reconciliation of the comparable GAAP financial measures to the non-GAAP financial measures is included herein.

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Reconciliation of GAAP Gross Profit and Margin to Non-GAAP Gross Profit and Margin

Quarterly

(Dollars in thousands)

	Q3'26	Q2'26	Q1'26	Q4'25	Q3'25
GAAP					
Total revenues	$ 68,334	$ 61,529	$ 60,130	$ 62,403	$ 57,115
Costs of revenues	18,593	19,107	16,938	16,942	15,840
GAAP gross profit	$ 49,741	$ 42,422	$ 43,192	$ 45,461	$ 41,275
GAAP gross margin	73%	69%	72%	73%	72%
Non-GAAP					
GAAP gross profit	$ 49,741	$ 42,422	$ 43,192	$ 45,461	$ 41,275
Adjustments to reconcile GAAP to non-GAAP gross profit:					
Stock-based compensation expense	1,593	1,258	1,279	1,379	1,274
Amortization of acquired technology under costs of revenues	958	998	998	998	998
Non-GAAP gross profit	$ 52,292	$ 44,678	$ 45,469	$ 47,838	$ 43,547
Non-GAAP gross margin	77%	73%	76%	77%	76%

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Reconciliation of GAAP Gross Profit and Margin to Non-GAAP Gross Profit and Margin

Year to Date

(Dollars in thousands)

	Nine Months Ended September 30,		
	2026	2025	2024
GAAP			
Total revenues	$ 189,993	$ 156,621	$ 129,380
Costs of revenues	54,638	43,681	38,243
GAAP gross profit	$ 135,355	$ 112,940	$ 91,137
GAAP gross margin	71%	72%	70%
Non-GAAP			
GAAP gross profit	$ 135,355	$ 112,940	$ 91,137
Adjustments to reconcile GAAP to non-GAAP gross profit:			
Stock-based compensation expense	4,130	3,873	3,751
Amortization of acquired technology under costs of revenues	2,954	2,674	1,752
Non-GAAP gross profit	$ 142,439	$ 119,487	$ 96,640
Non-GAAP gross margin	75%	76%	75%

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Reconciliation of GAAP Income from Operations and Operating Margin to Non-GAAP Income from Operations and Operating Margin

Quarterly

(Dollars in thousands)

	Q3'26	Q2'26	Q1'26	Q4'25	Q3'25
GAAP income from operations	$ 8,286	$ 5,064	$ 6,313	$ 3,458	$ 4,827
GAAP operating margin	12%	8%	10%	6%	8%
Adjustments to reconcile GAAP to non-GAAP income from operations:					
Stock-based compensation expense	$ 8,472	$ 5,998	$ 6,396	$ 6,866	$ 6,264
Amortization of acquired intangible assets	1,998	2,056	2,057	2,066	2,067
Expenses for certain legal proceedings (1)	436	501	210	2,574	170
Acquisition-related and integration costs	30	30	8	2	22
Non-GAAP income from operations	$ 19,222	$ 13,649	$ 14,984	$ 14,966	$ 13,350
Non-GAAP operating margin	28%	22%	25%	24%	23%

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

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Reconciliation of GAAP Income from Operations and Operating Margin to Non-GAAP Income from Operations and Operating Margin

Year to Date

(Dollars in thousands)

	Nine Months Ended September 30,		
	2026	**2025**	**2024**
GAAP income from operations	$ 19,663	$ 2,389	$ 423
GAAP operating margin	10%	2%	<1%
Adjustments to reconcile GAAP to non-GAAP income from operations:			
Stock-based compensation expense	$ 20,866	$ 19,059	$ 18,540
Amortization of acquired intangible assets	6,111	5,189	2,466
Expenses for certain legal proceedings (1)	1,147	397	—
Acquisition-related and integration costs	68	4,526	—
Non-GAAP income from operations	$ 47,855	$ 31,560	$ 21,429
Non-GAAP operating margin	25%	20%	17%

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

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

Quarterly

(in thousands, except for per share amounts)

	Q3'26	Q2'26	Q1'26	Q4'25	Q3'25
GAAP net income (loss)	$6,841	$4,271	$4,791	$(48)	$1,294
Adjustments to reconcile GAAP net income (loss) to non-GAAP net income:					
Stock-based compensation expense	8,472	5,998	6,396	6,866	6,264
Amortization of acquired intangible assets	1,998	2,056	2,057	2,066	2,067
Expenses for certain legal proceedings (1)	436	501	210	2,574	170
Acquisition-related and integration costs	30	30	8	2	22
Amortization of debt issuance costs	64	60	65	55	54
Tax impact of valuation allowance for deferred tax assets and reconciling items (2)	(680)	(1,544)	(878)	495	(66)
Non-GAAP net income	$17,161	$11,372	$12,649	$12,010	$9,805
GAAP net income (loss) per diluted share	$0.16	$0.10	$0.12	$(0.00)	$0.03
Non-GAAP net income per diluted share	$0.40	$0.27	$0.31	$0.30	$0.25
Weighted average common shares used in GAAP net income (loss) per diluted share calculation	42,976	41,776	40,377	39,524	39,619
Weighted average common shares used in Non-GAAP net income per diluted share calculation	42,976	41,776	40,377	39,911	39,619

(1) Represents legal costs and expenses related mainly 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.

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

Year to Date

(in thousands, except for per share amounts)

	Nine Months Ended September 30,		
	2026	**2025**	**2024**
GAAP net income (loss)	$15,903	$(592)	$3,518
Adjustments to reconcile GAAP net income (loss) to non-GAAP net income:			
Stock-based compensation expense	20,866	19,059	18,540
Amortization of acquired intangible assets	6,111	5,189	2,466
Expenses for certain legal proceedings (1)	1,147	397	—
Acquisition-related and integration costs	68	4,526	—
Recovery from previously written-off property and equipment	—	(663)	(55)
Amortization of debt issuance costs	189	130	—
Tax impact of valuation allowance for deferred tax assets and reconciling items (2)	(3,102)	(2,825)	(1,710)
Non-GAAP net income	$41,182	$25,221	$22,759
GAAP net income (loss) per diluted share	$0.38	$(0.02)	$0.09
Non-GAAP net income per diluted share	$0.99	$0.64	$0.58
Weighted average common shares used in GAAP net income (loss) per diluted share calculation	41,718	39,247	39,028
Weighted average common shares used in Non-GAAP net income per diluted share calculation	41,718	39,390	39,028

(1) Represents legal costs and expenses related mainly 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.

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Reconciliation of GAAP to Non-GAAP Spending by Function

Quarterly

(in thousands)

	Q3'26	Q2'26	Q1'26	Q4'25	Q3'25
Cost of Revenue - GAAP	**$18,593**	**$19,107**	**$16,938**	**$16,942**	**$15,840**
Adjustments to reconcile GAAP Cost of Revenue to Non-GAAP Cost of Revenue:					
Stock-based compensation expense	(1,593)	(1,258)	(1,279)	(1,379)	(1,274)
Amortization of acquired technology	(958)	(998)	(998)	(998)	(998)
Cost of Revenue - Non-GAAP	**$16,042**	**$16,851**	**$14,661**	**$14,565**	**$13,568**
Research & Development - GAAP	**$19,446**	**$17,316**	**$18,328**	**$19,258**	**$15,435**
Adjustments to reconcile GAAP R&D to Non-GAAP R&D:					
Stock-based compensation expense	(3,173)	(2,169)	(2,392)	(2,586)	(2,204)
Research & Development - Non-GAAP	**$16,273**	**$15,147**	**$15,936**	**$16,672**	**$13,231**
Selling, General, & Administrative - GAAP	**$20,969**	**$18,984**	**$17,492**	**$21,676**	**$19,944**
Adjustment to reconcile GAAP SG&A to Non-GAAP SG&A:					
Stock-based compensation expense	(3,706)	(2,571)	(2,725)	(2,901)	(2,786)
Expenses for certain legal proceedings (1)	(436)	(501)	(210)	(2,574)	(170)
Acquisition-related and integration costs	(30)	(30)	(8)	(2)	(22)
Selling, General, & Administrative - Non-GAAP	**$16,797**	**$15,882**	**$14,549**	**$16,199**	**$16,966**

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

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Reconciliation of GAAP to Non-GAAP Spending by Function

Year to Date

(in thousands)

	Nine Months Ended September 30,		
	2026	2025	2024
Cost of Revenue - GAAP	**$54,638**	**$43,681**	**$38,243**
Adjustments to reconcile GAAP Cost of Revenue to Non-GAAP Cost of Revenue:			
Stock-based compensation expense	(4,130)	(3,873)	(3,751)
Amortization of acquired technology	(2,954)	(2,674)	(1,752)
Cost of Revenue - Non-GAAP	**$47,554**	**$37,135**	**$32,740**
Research & Development - GAAP	**$55,090**	**$44,976**	**$39,149**
Adjustments to reconcile GAAP R&D to Non-GAAP R&D:			
Stock-based compensation expense	(7,734)	(6,874)	(6,640)
Research & Development - Non-GAAP	**$47,356**	**$38,102**	**$32,509**
Selling, General, & Administrative - GAAP	**$57,445**	**$63,060**	**$50,851**
Adjustment to reconcile GAAP SG&A to Non-GAAP SG&A:			
Stock-based compensation expense	(9,002)	(8,312)	(8,149)
Expenses for certain legal proceedings (1)	(1,147)	(397)	—
Acquisition-related and integration costs	(68)	(4,526)	—
Selling, General, & Administrative - Non-GAAP	**$47,228**	**$49,825**	**$42,702**

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