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

FORM 10-Q

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

For the quarterly period ended June 30, 2026

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 000-31311

PDF SOLUTIONS, INC.

(Exact name of Registrant as Specified in its Charter)

Delaware	**25-1701361**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

2858 De La Cruz Blvd. **Santa Clara, California**	**95050**
(Address of Principal Executive Offices)	(Zip Code)

(408) 280-7900
(Registrant's Telephone Number, Including Area Code)

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, $0.00015 par value	PDFS	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

There were 42,227,216 shares of the Registrant's Common Stock outstanding as of August 3, 2026.

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

PDF SOLUTIONS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in thousands, except par value)

	June 30, 2026	December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 114,883	$ 42,220
Accounts receivable, net of allowance for credit losses	90,579	82,938
Prepaid expenses and other current assets	47,147	38,735
Total current assets	252,609	163,893
Property and equipment, net	94,520	81,609
Operating lease right-of-use assets, net	4,166	4,778
Goodwill	94,986	95,005
Intangible assets, net	48,056	52,194
Deferred tax assets, net	125	69
Other non-current assets	24,717	21,149
Total assets	$ 519,179	$ 418,697
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 12,387	$ 17,076
Accrued compensation and related benefits	26,866	22,437
Accrued and other current liabilities	8,822	8,719
Operating lease liabilities – current portion	2,089	1,982
Deferred revenues – current portion	20,254	19,441
Current portion of long-term debt, net	2,862	2,236
Total current liabilities	73,280	71,891
Long-term income taxes	4,580	4,273
Operating lease liabilities – non-current portion	2,949	3,838
Long-term debt, net	63,655	64,763
Other non-current liabilities	2,220	2,910
Total liabilities	146,684	147,675
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Preferred stock, $0.00015 par value, 5,000 shares authorized, no shares issued and outstanding	—	—
Common stock, $0.00015 par value, 70,000 shares authorized; shares issued 54,210 and 51,726, respectively; shares outstanding 41,889 and 39,541, respectively	6	6
Additional paid-in capital	630,335	533,503
Treasury stock, at cost, 12,321 and 12,185 shares, respectively	(169,904)	(165,808)
Accumulated deficit	(85,566)	(94,628)
Accumulated other comprehensive loss	(2,376)	(2,051)
Total stockholders' equity	372,495	271,022
Total liabilities and stockholders' equity	$ 519,179	$ 418,697

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited)

PDF SOLUTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(Unaudited)
(in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	**2025**	**2026**	**2025**
Revenues:				
Platform	$ 49,130	$ 43,200	$ 100,066	$ 80,521
Volume-based	12,399	8,528	21,593	18,985
Total revenues	61,529	51,728	121,659	99,506
Costs and Expenses:				
Costs of revenues	19,107	14,886	36,045	27,841
Research and development	17,316	14,913	35,644	29,541
Selling, general, and administrative	18,984	19,744	36,476	43,116
Amortization of acquired intangible assets	1,058	1,068	2,117	1,446
Income (loss) from operations	5,064	1,117	11,377	(2,438)
Interest expense	(1,106)	(1,242)	(2,195)	(1,553)
Interest income and other, net	666	196	1,258	1,066
Income (loss) before income tax benefit (expense)	4,624	71	10,440	(2,925)
Income tax benefit (expense)	(353)	1,075	(1,378)	1,039
Net income (loss)	$ 4,271	$ 1,146	$ 9,062	$ (1,886)
Other comprehensive income (loss):				
Foreign currency translation adjustments, net of tax	(14)	1,298	(325)	1,760
Change in unrealized loss related to available-for-sale debt securities, net of tax	—	1	—	(9)
Total other comprehensive income (loss)	(14)	1,299	(325)	1,751
Comprehensive income (loss)	$ 4,257	$ 2,445	$ 8,737	$ (135)
Net income (loss) per share:				
Basic	$ 0.10	$ 0.03	$ 0.22	$ (0.05)
Diluted	$ 0.10	$ 0.03	$ 0.22	$ (0.05)
Weighted average common shares used to calculate net income (loss) per share:				
Basic	40,932	39,148	40,397	39,118
Diluted	41,776	39,260	41,079	39,118

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited)

PDF SOLUTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)
(in thousands)

	Three Months Ended June 30, 2026							
	Common Stock		Additional Paid-In Capital	Treasury Stock		Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount		Shares	Amount			
Balances, March 31, 2026	39,911	$ 6	$ 542,176	12,277	$ (169,518)	$ (89,837)	$ (2,362)	$ 280,465
Shares issued under equity plans	31	—	74	—	—	—	—	74
Shares withheld for taxes related to shares issued under equity plans	—	—	—	44	(386)	—	—	(386)
Shares issued under secondary offering, net of underwriting discounts and commissions	1,947	—	81,791	—	—	—	—	81,791
Stock-based compensation expense	—	—	6,294	—	—	—	—	6,294
Comprehensive income (loss)	—	—	—	—	—	4,271	(14)	4,257
Balances, June 30, 2026	41,889	$ 6	$ 630,335	12,321	$ (169,904)	$ (85,566)	$ (2,376)	$ 372,495

	Three Months Ended June 30, 2025							
	Common Stock		Additional Paid-In Capital	Treasury Stock		Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount		Shares	Amount			
Balances, March 31, 2025	39,130	$ 6	$ 511,745	12,040	$ (162,672)	$ (97,020)	$ (3,079)	$ 248,980
Shares issued under equity plans	33	—	27	—	—	—	—	27
Shares withheld for taxes related to shares issued under equity plans	—	—	—	11	(215)	—	—	(215)
Stock-based compensation expense	—	—	6,283	—	—	—	—	6,283
Comprehensive income	—	—	—	—	—	1,146	1,299	2,445
Balances, June 30, 2025	39,163	$ 6	$ 518,055	12,051	$ (162,887)	$ (95,874)	$ (1,780)	$ 257,520

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited)

PDF SOLUTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)
(in thousands)

	Six Months Ended June 30, 2026							
	Common Stock		Additional Paid-In Capital	Treasury Stock		Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount		Shares	Amount			
Balances, December 31, 2025	39,541	$ 6	$ 533,503	12,185	$ (165,808)	$ (94,628)	$ (2,051)	$ 271,022
Shares issued under equity plans	401	—	2,263	—	—	—	—	2,263
Shares withheld for taxes related to shares issued under equity plans	—	—	—	136	(4,096)	—	—	(4,096)
Shares issued under secondary offering, net of underwriting discounts and commissions	1,947	—	81,791	—	—	—	—	81,791
Stock-based compensation expense	—	—	12,778	—	—	—	—	12,778
Comprehensive income (loss)	—	—	—	—	—	9,062	(325)	8,737
Balances, June 30, 2026	41,889	$ 6	$ 630,335	12,321	$ (169,904)	$ (85,566)	$ (2,376)	$ 372,495

	Six Months Ended June 30, 2025							
	Common Stock		Additional Paid-In Capital	Treasury Stock		Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount		Shares	Amount			
Balances, December 31, 2024	38,801	$ 6	$ 502,902	11,916	$ (159,352)	$ (93,988)	$ (3,531)	$ 246,037
Shares issued under equity plans	362	—	2,155	—	—	—	—	2,155
Shares withheld for taxes related to shares issued under equity plans	—	—	—	135	(3,535)	—	—	(3,535)
Stock-based compensation expense	—	—	12,998	—	—	—	—	12,998
Comprehensive income (loss)	—	—	—	—	—	(1,886)	1,751	(135)
Balances, June 30, 2025	39,163	$ 6	$ 518,055	12,051	$ (162,887)	$ (95,874)	$ (1,780)	$ 257,520

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited)

PDF SOLUTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Cash flows from operating activities:		
Net income (loss)	$ 9,062	$ (1,886)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Stock-based compensation expense	12,394	12,795
Depreciation and amortization	3,701	1,489
Amortization of acquired intangible assets	4,113	3,122
Amortization of costs capitalized to obtain revenue contracts	1,465	1,497
Net accretion of discounts on short-term investments	—	(266)
Recovery from previously written-off property and equipment	—	(641)
Deferred taxes	327	(1,298)
Other	65	(324)
Changes in operating assets and liabilities:		
Accounts receivable	(7,398)	7,413
Prepaid expenses and other current assets	(15,228)	(7,911)
Operating lease right-of-use assets	828	794
Other non-current assets	7,415	(2,097)
Accounts payable	(2,450)	(275)
Accrued compensation and related benefits	4,171	(3,244)
Accrued and other liabilities	(183)	(2,188)
Deferred revenues	787	(2,695)
Operating lease liabilities	(994)	(860)
Net cash provided by operating activities	18,075	3,425
Cash flows from investing activities:		
Proceeds from maturities and sales of short-term investments	—	24,498
Purchases of short-term investments	—	(2,938)
Purchases of property and equipment	(24,528)	(16,651)
Prepayment for the purchase of property and equipment	(54)	(78)
Recovery from previously written-off property and equipment	—	641
Payment for business acquisition, net of cash acquired	—	(129,718)
Net cash used in investing activities	(24,582)	(124,246)
Cash flows from financing activities:		
Proceeds from shares issued under secondary offering, net of underwriting discounts and commissions of $3,860	81,791	—
Proceeds from exercise of stock options and employee stock purchase plan	2,263	2,155
Payments for taxes related to net share settlement of equity awards	(4,096)	(3,535)
Repayments of long-term debt	(625)	(625)
Proceeds from long-term debt, net of debt discount	—	69,550
Payments of debt issuance costs	(143)	(900)
Net cash provided by financing activities	79,190	66,645
Effect of exchange rate changes on cash and cash equivalents	(20)	997
Net change in cash and cash equivalents	72,663	(53,179)
Cash and cash equivalents at beginning of period	42,220	90,594
Cash and cash equivalents at end of period	$ 114,883	$ 37,415

Continued on next page

PDF SOLUTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS – CONTINUED
(Unaudited)
(in thousands)

	Six Months Ended June 30,	
	2026	**2025**
Supplemental disclosure of cash flow information:		
Cash payments for:		
Income taxes	$ 1,196	$ 1,699
Amounts included in the measurement of operating lease liabilities	$ 1,141	$ 960
Interest on long-term debt	$ 2,026	$ 1,461
Supplemental disclosure of noncash information:		
Prepayments for purchase of property and equipment transferred from prepaid assets to property and equipment	$ 227	$ 82
Property and equipment received and accrued in accounts payable and accrued and other current liabilities	$ 9,392	$ 6,794
Net carrying value of property and equipment expensed in cost of revenues, and property and equipment transferred to sales-type leases and from other non-current assets, net	$ 5,602	$ —
Stock-based compensation capitalized as property and equipment	$ 384	$ 203
Operating lease liabilities arising from obtaining right-of-use assets	$ 257	$ 3,242
Debt financing costs included in accounts payable	$ —	$ 1,563

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited)

PDF SOLUTIONS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The interim unaudited condensed consolidated financial statements included herein have been prepared by PDF Solutions, Inc. (the "Company") pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"), including the instructions to Quarterly Report on Form 10-Q and Article 10 of Regulation S-X. Certain information and footnote disclosures normally included in annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") have been condensed or omitted. The interim unaudited condensed consolidated financial statements reflect, in the opinion of management, all adjustments necessary (consisting only of normal recurring adjustments) to present a fair statement of results for the interim periods presented. The operating results for any interim period are not necessarily indicative of the results that may be expected for other interim periods or the full fiscal year. The interim unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on February 24, 2026 (the "2025 10-K").

The interim unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries after the elimination of all intercompany balances and transactions.

The unaudited condensed consolidated balance sheet as of December 31, 2025, has been derived from the audited consolidated financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates in these interim unaudited condensed consolidated financial statements include revenue recognition, the estimated useful lives of property and equipment and intangible assets, fair value of convertible note receivable, assumptions made in analysis of allowance for credit losses, impairment of goodwill and long-lived assets, realization of deferred tax assets ("DTAs"), and accounting for lease obligations, stock-based compensation expense, and income tax uncertainties and contingencies. From time to time, the Company may enter into contingent fee arrangements with external legal firms that may represent the Company in legal proceedings related to disputes. The Company's policy is to accrue contingent legal fees when they are probable and reasonably estimable. Actual results could differ from those estimates and may result in material effects on the Company's operating results and financial position.

Change in Presentation of Revenues

Beginning with the 2025 10-K, the Company updated its presentation of revenue categories. The change in presentation of revenues does not change the Company's total revenues or total costs of revenues. The following table presents reclassified historical amounts to conform to the current period's presentation (in thousands):

	Three Months Ended June 30, 2025			Six Months Ended June 30, 2025		
	Previously Reported	Change in Presentation Reclassification	Current Presentation	Previously Reported	Change in Presentation Reclassification	Current Presentation
Revenues:						
Analytics	$ 48,822	$ (48,822)	$ —	$ 91,293	$ (91,293)	$ —
Integrated Yield Ramp	2,906	(2,906)	—	8,213	(8,213)	—
Platform	N/A	43,200	43,200	N/A	80,521	80,521
Volume-based	N/A	8,528	8,528	N/A	18,985	18,985
Total revenues	$ 51,728	$ —	$ 51,728	$ 99,506	$ —	$ 99,506

Recent Accounting Standards

Recently Adopted Accounting Pronouncements

In July 2025, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2025-05, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets.* This ASU provides a practical expedient to assume that conditions as of the balance sheet date remain unchanged over the life of the asset when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers*. The Company adopted this ASU on January 1, 2026, and elected to adopt the provisions of the practical expedient prospectively. The adoption of this ASU did not have a material effect on the Company's condensed consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. This ASU requires the disaggregation of certain expenses in the notes to the consolidated financial statements, to provide enhanced transparency into the expense captions presented on the face of the income statement. Additionally, in January 2025, FASB issued ASU *2025-01*, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date* to clarify the effective date of ASU 2024-03. This ASU is effective for annual periods beginning after December 15, 2026, and for interim periods within annual reporting periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact of this ASU on the condensed consolidated financial statements and related disclosures.

In September 2025, the FASB issued ASU 2025-06*, Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40),* related to accounting for internal-use software costs. The amendments in this ASU improve the operability of the guidance by removing all references to software development project stages so that the guidance is neutral to different software development methods. This ASU is effective for annual periods beginning after December 15, 2027, including interim periods within those fiscal years, and permits prospective, modified prospective or retrospective adoption. The Company is currently evaluating the impact of this ASU on the condensed consolidated financial statements and related disclosures.

In December 2025, the FASB issued ASU 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements,* which intends to improve the navigability of the guidance in ASC 270, *Interim Reporting*, and clarify when it applies. The amendments also provide additional guidance on what disclosures should be provided in interim reporting periods. This ASU is effective for fiscal years beginning after December 15, 2027, including interim periods within those fiscal years, and permits prospective or full retrospective adoption. Early adoption is permitted. The Company is currently evaluating the impact of this ASU on the condensed consolidated financial statements and related disclosures.

In December 2025, the FASB issued ASU 2025-12, *Codification Improvements*, which addresses suggestions received from stakeholders regarding the Accounting Standards Codification and makes other incremental improvements to U.S. GAAP. The update represents changes to the Codification that clarify, correct errors in or make other improvements to a variety of topics that are intended to make it easier to understand and apply. This ASU is effective for fiscal years beginning after December 15, 2026, and interim periods within those fiscal years. Entities are required to apply the amendments to ASC 260, *Earnings Per Share*, retrospectively. All other amendments may be applied prospectively or retrospectively. Early adoption is permitted. The Company is currently evaluating the impact of this ASU on the condensed consolidated financial statements and related disclosures.

Management has reviewed other recently issued accounting pronouncements issued or proposed by the FASB and does not believe any of these accounting pronouncements has had or will have a material impact on the condensed consolidated financial statements.

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company recognizes revenue in accordance with FASB ASC Topic 606, Revenue from Contracts with Customers, and its related amendments (collectively known as "ASC 606"). ASC 606 outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers. Revenue is recognized when control of products or services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those promised products or services.

The Company determines revenue recognition through the following five steps:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, performance obligations are satisfied

The Company accounts for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance, and collectibility of consideration is probable.

The Company enters into contracts that can include various combinations of licenses, products and services, some of which are distinct and are accounted for as separate performance obligations. For contracts with any combination of the Company's products and services, distinct performance obligations are accounted for separately. For contracts with these multiple performance obligations, the Company allocates the transaction price of the contract to each performance obligation on a relative basis using the standalone selling price ("SSP") attributed to each performance obligation. Revenue for each of these components is recognized as described below and reported as either Platform or Volume-based revenue.

Platform Revenue

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; software-as-a-service ("SaaS"); engineering services; fixed fees associated with CV® systems; and licenses and purchase contracts for DirectScan™ systems.

Revenue from licenses for software, other than Cimetrix runtime licenses, is recognized depending on whether the license is perpetual or time-based. Perpetual (one-time charge) license software is recognized at the time of the inception of the arrangement when control transfers to the customers as the software license is considered as a separate performance obligation from the services offered by the Company. Revenue from time-based-licensed software is allocated to each performance obligation and is recognized either at a point in time or over time as follows. The license component is recognized at the time when control transfers to customers. Revenue from related software maintenance and technical support services, or post-contract support, is recognized over the contract term on a straight-line basis because the Company generally provides (i) support and (ii) certain software updates on a when-and-if available basis over the contract term.

Revenue from SaaS arrangements, which allow for the use of a software product or service over a contractually determined period of time without the customer taking possession of the software, e.g., cloud-based or via a network of secureWISE servers, is accounted for as a subscription and is recognized as revenue ratably, on a straight-line basis, over the subscription period beginning on the date the service is first made available to customers.

Revenue from engineering services and fixed fees associated with CV systems (including Characterization services) is recognized primarily as services are performed, using a percentage of completion method based on costs or labor-hours inputs, whichever is the most appropriate measure of the progress towards completion of the contract. The estimation of percentage of completion method is complex and subject to many variables that require significant judgment. Please refer to the "Significant Judgments" section of this Note for further discussion. When a CV system engagement includes CV test chip designs that were previously developed by the Company and reused with only minimal rework or were previously developed by the Company and adapted to different customer applications with limited rework, the revenue allocated to these CV test chip designs is recognized when the rework is completed at a point in time upon delivery or contract signature, whichever is later. All revenue associated with other CV test chip designs are recognized over time using a percentage of completion method.

Revenue from purchase contracts for DirectScan systems is recognized at a point in time when the Company's performance obligations have been completed, and the customer has accepted the product. Revenue from licenses for hardware is recognized depending on whether the Company classifies the contract as an operating or a sales-type lease. Where the customer controls the use of identified assets for a period of time defined in a contract, it will be classified as a sales-type lease if it meets certain criteria under ASC Topic 842, *Leases*, otherwise, it will be classified as an operating lease. Operating lease revenue is recognized on a straight-line basis over the lease term. Sales-type lease revenue and corresponding lease receivables are recognized at lease commencement based on the present value of the future lease payments, and related interest income on lease receivable is recognized over the lease term and recorded under Platform revenue in the condensed consolidated statements of operations and comprehensive income (loss). Payments under sales-type leases are discounted using the interest rate implicit in the lease. When the Company's leases are embedded in contracts with customers that include non-lease performance obligations, the Company allocates consideration in the contract between lease and non-lease components based on their relative SSPs. Assets subject to operating leases are included in property and equipment and subject to depreciation. Assets subject to sales-type leases are derecognized from property and equipment, net at lease commencement and a net investment in the lease asset is recognized in prepaid expenses and other current assets and other non-current assets in the condensed consolidated balance sheets.

Volume-based Revenue

Volume-based revenue is derived from Cimetrix runtime licenses, secureWISE data, and Gainshare. Accordingly, this revenue typically fluctuates based on customers' production tool shipments and deployment cycles, data transferred through the secureWISE network, and wafer manufacturing volume, as applicable.

Revenue from Cimetrix runtime licenses is recognized at a point in time when the software is delivered via issuance of a license file. Revenue from secureWISE data is recognized over the period the data transfer is incurred. Revenue from Gainshare is typically recognized at a point in time based on customers' wafer manufacturing volumes. Please refer to the "Significant Judgments" section of this Note for discussion about the Company's judgments and estimates pertaining to Gainshare revenue.

Disaggregation of Revenue

The Company disaggregates revenue from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors, and how it could provide meaningful information to its management and investors.

The following table shows the percentage of total revenue that is classified as recurring and upfront for the periods presented:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2026	**2025**	**2026**	**2025**
Recurring revenue (1)	80%	89%	84%	90%
Upfront revenue (2)	20%	11%	16%	10%
Total	100%	100%	100%	100%

(1) Recurring revenue is comprised of revenue that either recurs on a regular schedule (e.g., SaaS and other services and time-based licenses) or is a type of revenue that generally has often re-occurred in the past (e.g., Cimetrix runtime licenses, secureWISE data, and Gainshare), and that is not Upfront revenue. Though these types of revenue have re-occurred in the past, past events are not necessarily indicative of future results, and no assurance can be provided that they will occur in the future.

(2) Upfront revenue is comprised of revenue from Exensio perpetual licenses, certain CV test chip designs, and hardware-related sales-type leases or sales.

The following table shows revenues from contracts with customers from geographical regions, based on billing address of the customer (amounts in thousands):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2026		2025		2026		2025	
	Revenues	Percentage of Revenues	Revenues	Percentage of Revenues	Revenues	Percentage of Revenues	Revenues	Percentage of Revenues
United States	$ 34,036	55%	$ 19,954	39%	$ 58,543	48%	$ 38,182	39%
Japan	6,563	11	9,304	18	15,242	13	21,040	21
China	8,723	14	12,190	23	17,237	14	20,233	20
Rest of the world	12,207	20	10,280	20	30,637	25	20,051	20
Total revenues	$ 61,529	100%	$ 51,728	100%	$ 121,659	100%	$ 99,506	100%

International revenues accounted for approximately 45% and 61% of the Company's total revenues during the three months ended June 30, 2026 and 2025, respectively, and approximately 52% and 61% of the Company's total revenues during the six months ended June 30, 2026 and 2025, respectively.

Significant Judgments

Judgments and estimates are required under ASC 606. Due to the complexity of certain contracts, the actual revenue recognition treatment required under ASC 606 for the Company's arrangements may be dependent on contract-specific terms and may vary in some instances.

For revenue under project-based contracts for fixed-price services, revenue is recognized as services are performed using a percentage-of-completion method based on costs or labor-hours input method, whichever is the most appropriate measure of the progress towards completion of the contract. Due to the nature of the work performed in these arrangements, the estimation of percentage of completion method is complex, subject to many variables and requires significant judgment. Key factors reviewed by the Company to estimate costs to complete each contract are future labor and product costs and expected productivity efficiencies. If circumstances arise that change the original estimates of revenues, costs, or extent of progress toward completion, revisions to the estimates are made. These revisions may result in increases or decreases in estimated revenues or costs, and such revisions are reflected in revenue on a cumulative catch-up basis in the period in which the circumstances that gave rise to the revision become known.

The Company's contracts with customers often include promises to transfer products, software licenses and provide services, including professional services, technical support services, and rights to unspecified updates to a customer. Determining whether licenses and services are distinct performance obligations that should be accounted for separately, or not distinct and thus accounted for together, requires significant judgment. The Company rarely licenses software on a standalone basis, so the Company is required to estimate the range of SSPs for each performance obligation. In instances where the SSP is not directly observable because the Company does not license the software or sell the service separately, the Company determines the SSP using information that may include market conditions and other observable inputs.

The Company typically recognizes Gainshare revenue in the same period in which the usage occurs. Because the Company generally does not receive the acknowledgment reports from its customers during a given quarter within the time frame necessary to adequately review the reports and include the actual amounts in quarterly results for such quarter, the Company accrues the related revenue based on estimates of customers' underlying sales achievement. The Company's estimation process can be based on historical data, trends, seasonality, changes in the contract rate, knowledge of the changes in the industry and changes in the customer's manufacturing environment learned through discussions with customers and sales personnel. As a result of accruing revenue for the quarter based on such estimates, adjustments will be required in the following quarter to true-up revenue to the actual amounts reported.

Contract Balances

The Company performs its obligations under a contract with a customer by licensing software or providing services in exchange for consideration from the customer. The timing of the Company's performance often differs from the timing of the customer's payment, which results in the recognition of a receivable, a contract asset, or a contract liability.

The Company classifies the right to consideration in exchange for software or services transferred to a customer as either a receivable or a contract asset. A receivable is a right to consideration that is unconditional, as compared to a contract asset, which is a right to consideration that is conditional upon factors other than the passage of time. The majority of the Company's contract assets represent unbilled amounts related to fixed-price service contracts when the revenue recognized exceeds the amount billed to the customer. The $3.3 million increase in contract assets during the six months ended June 30, 2026, was primarily due to revenue recognized during the six months ended June 30, 2026 for which the payment is subject to conditions other than the passage of time.

The contract assets are generally classified as current and are recorded on a net basis with deferred revenues (i.e. contract liabilities) at the contract level. The contract assets consisted of the following (in thousands):

	June 30, 2026	December 31, 2025
Current (included in Prepaid expenses and other current assets)	$ 14,350	$ 11,267
Non-current (included in Other non-current assets)	169	—
Total contract assets	$ 14,519	$ 11,267

The Company did not record any asset impairment charges related to contract assets for the periods presented.

Deferred revenues and billings in excess of recognized revenues consist substantially of amounts invoiced in advance of revenue recognition and are recognized as the revenue recognition criteria are met. Deferred revenues that will be recognized during the succeeding twelve-month period are recorded as current deferred revenues and the remaining portion is recorded in other non-current liabilities in the Condensed Consolidated Balance Sheets. The $0.8 million increase in contract liabilities during the six months ended June 30, 2026, reflected the timing of revenue recognition relative to billings for products and services from which there are unsatisfied performance obligations to customers such that revenue had not yet been recognized as of June 30, 2026.

Deferred revenues were as follows (in thousands):

	June 30, 2026	December 31, 2025
Current	$ 20,254	$ 19,441
Non-current (included in Other non-current liabilities)	836	865
Total deferred revenues	$ 21,090	$ 20,306

Additional information related to deferred revenue was as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenue recognized that was included in the deferred revenues and billings in excess of recognized revenues balances at the beginning of each period	$ 10,587	$ 12,063	$ 14,271	$ 18,625

As of June 30, 2026, the aggregate amount of the transaction price allocated to the remaining performance obligations related to customer contracts that were unsatisfied or partially unsatisfied was approximately $270.7 million. Given the applicable contract terms with customers, the majority of this amount is expected to be recognized as revenue over the next two years, with the remainder recognized thereafter. This amount does not include significant contracts to which the customer is not committed, future sales-based or usage-based royalty payments in exchange for a license of IP, and future payments for performance obligations from on-demand arrangements. This amount is subject to change due to future revaluations of variable consideration, terminations, other contract modifications, or currency adjustments. The estimated timing of the recognition of remaining unsatisfied performance obligations is subject to change and is affected by changes to the scope, change in timing of delivery of products and services, or contract modifications.

The adjustment to revenue recognized from performance obligations satisfied (or partially satisfied) in previous periods was an increase of $1.1 million and a decrease of $1.5 million during the three months ended June 30, 2026 and 2025, respectively, and an increase of $6.9 million and an increase of $0.2 million during the six months ended June 30, 2026 and 2025, respectively. These amounts primarily represent changes in estimated percentage-of-completion based contracts and changes in actual versus estimated Gainshare revenue.

Costs to Obtain or Fulfill a Contract

The Company capitalizes the incremental costs to obtain or fulfill a contract with a customer, including direct sales commissions and related fees, when it expects to recover those costs. The Company determined the period of benefit by taking into consideration the terms of its customer contracts, generally, from one to five years. Amortization expense related to these capitalized costs is recognized over the period associated with the revenue from which the cost was incurred.

Total capitalized direct sales commission costs and related fees were as follows (in thousands):

	June 30, 2026	December 31, 2025
Current (included in Prepaid expenses and other current assets)	$ 2,785	$ 2,489
Non-current (included in Other non-current assets)	2,676	3,395
Total capitalized direct sales commission costs	$ 5,461	$ 5,884

Amortization of capitalized direct sales commission costs were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Amortization of capitalized direct sales commission costs	$ 706	$ 625	$ 1,465	$ 1,497

There was no impairment loss in relation to the costs capitalized for the periods presented.

Practical Expedient

The Company does not adjust the transaction price for the effects of a significant financing component when the period between the transfers of the promised good or service to the customer and payment for that good or service by the customer is expected to be one year or less. The Company assessed each of its revenue generating arrangements in order to determine whether a significant financing component exists, and determined its contracts did not include a material significant financing component during the three and six months ended June 30, 2026 and 2025.

3. BALANCE SHEET COMPONENTS

Accounts Receivable

Accounts receivable includes amounts that are unbilled at the end of the period that are expected to be billed and collected within a 12-month period. Unbilled accounts receivable, included in accounts receivable, totaled $46.5 million and $44.8 million as of June 30, 2026, and December 31, 2025, respectively. Unbilled accounts receivable that are not expected to be billed and collected during the succeeding 12-month period are recorded in other non-current assets and totaled $8.7 million as of June 30, 2026, and December 31, 2025.

The Company performs ongoing credit evaluations of its customers' financial condition. An allowance for credit losses is maintained for probable credit losses based upon the Company's assessment of the expected collectibility of the accounts receivable. The allowance for credit losses is reviewed on a quarterly basis to assess the adequacy of the allowance. The allowance for credit losses was $0.9 million as of June 30, 2026, and December 31, 2025.

Prepaid expenses and other current assets

Prepaid expenses and other current assets consist of the following (in thousands):

	June 30, 2026	December 31, 2025
Net investments in sales-type leases - current portion (1)	$ 19,293	$ 14,248
Contract assets (2)	14,350	11,267
Prepaid expense	7,037	6,595
Costs capitalized to obtain revenue contracts (3)	2,785	2,489
Other	3,682	4,136
Total prepaid expenses and other current assets	$ 47,147	$ 38,735

(1) See "Other Non-current Assets" section under Note 3, *Balance Sheet Components*.
(2) See "Contract Balances" section under Note 2, *Revenue from Contracts with Customers*.
(3) See "Costs to Obtain or Fulfill a Contract" section under Note 2, *Revenue from Contracts with Customers*.

Property and Equipment

Property and equipment, net consist of the following (in thousands):

	June 30, 2026	December 31, 2025
Computer equipment	$ 15,143	$ 14,547
Software and capitalized software development cost	15,320	10,408
Furniture, fixtures, and equipment	2,728	2,668
Leasehold improvements	7,142	7,033
Laboratory and other equipment	7,259	6,737
Test equipment	46,171	33,268
Property and equipment in progress:		
DirectScan system assets	46,622	49,184
CV system and other assets	8,417	8,621
Total property and equipment	148,802	132,466
Less: Accumulated depreciation and amortization	(54,282)	(50,857)
Total property and equipment, net	$ 94,520	$ 81,609

Test equipment mainly includes DirectScan system and CV system assets at customer sites that generate revenue. Property and equipment in progress represent mainly the development or construction of property and equipment that have not yet been placed in service for the Company's intended use and are not depreciated. Depreciation and amortization expense was $2.1 million and $0.8 million during the three months ended June 30, 2026 and 2025, respectively, and $3.7 million and $1.5 million during the six months ended June 30, 2026, and 2025, respectively.

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Goodwill and Intangible Assets, Net

The changes in goodwill were as follows (in thousands):

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Balance at the beginning of period	$ 95,005	$ 14,953
Addition (1)	—	81,799
Measurement period acquisition adjustment	15	—
Foreign currency translation adjustment	(34)	46
Balance at the end of period	$ 94,986	$ 96,798

(1) The Company completed the acquisition of SecureWise LLC ("SecureWise") on March 7, 2025. See Note 14, *Business Combination,* for additional information related to the goodwill and intangible assets added from this acquisition in 2025.

Intangible assets, net, consisted of the following (in thousands):

		June 30, 2026			December 31, 2025		
	Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Acquired intangible assets:							
Customer relationships	1 - 13	$ 38,400	$ (11,335)	$ 27,065	$ 38,404	$ (10,034)	$ 28,370
Developed technology	4 - 9	46,180	(30,541)	15,639	46,215	(28,466)	17,749
Tradename and trademarks	2 - 10	8,198	(2,967)	5,231	8,198	(2,267)	5,931
Patent	6 - 10	2,100	(1,979)	121	2,100	(1,956)	144
Noncompetition agreements	3	848	(848)	—	848	(848)	—
Total		$ 95,726	$ (47,670)	$ 48,056	$ 95,765	$ (43,571)	$ 52,194

The weighted average amortization period for acquired identifiable intangible assets was 8.3 years as of June 30, 2026. The amortization expense related to intangible assets were as follows (in thousands):

	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Amortization of acquired technology (included in costs of revenues)	$ 998	$ 998	$ 1,996	$ 1,676
Amortization of acquired intangible assets (presented separately under costs and expenses)	1,058	1,068	2,117	1,446
Total amortization expense	$ 2,056	$ 2,066	$ 4,113	$ 3,122

The estimated future amortization of acquired identifiable intangible assets were as follows (in thousands):

Year Ending December 31,	Amount
2026 (remaining six months)	$ 3,982
2027	7,940
2028	7,635
2029	5,950
2030	4,506
2031 and thereafter	18,043
Total future amortization expense	$ 48,056

There was no impairment charge for goodwill and intangible assets during the three and six months ended June 30, 2026 and 2025.

Other Non-current Assets

Other non-current assets were as follows (in thousands):

	June 30, 2026	December 31, 2025
Unbilled accounts receivable (1)	$ 8,737	$ 8,719
Costs capitalized to obtain revenue contracts (2)	2,676	3,395
Contract assets (2)	169	—
Net investments in sales-type leases (3)	11,736	7,588
Other	1,399	1,447
Total other non-current assets	$ 24,717	$ 21,149

(1) See Note 3, *Balance Sheet Components – Accounts Receivable*.
(2) See “Costs to Obtain or Fulfill a Contract” section under Note 2, *Revenue from Contracts with Customers*.
(3) The Company’s net investments in sales-type leases were for its DirectScan system and CV system assets. The components of net investments in sales-type leases were as follows (in thousands):

	June 30, 2026	December 31, 2025
Present value of lease receivables	$ 17,805	$ 10,890
Unguaranteed residual assets	13,224	10,946
Total net investments in sales-type leases	$ 31,029	$ 21,836
Reported as:		
Current (included in Prepaid expenses and other current assets)	$ 19,293	$ 14,248
Non-current (included in Other non-current assets)	11,736	7,588
Total net investments in sales-type leases	$ 31,029	$ 21,836

Maturities of leases payments under sales-type leases as of June 30, 2026, were as follows (in thousands):

Year Ending December 31,	**Amount**
2026 (remaining six months)	$ 6,995
2027	2,191
2028	3,109
2029	3,109
2030	2,915
2031 and thereafter	2,930
Total future sales-type lease payments	21,249
Less: Implied interest (1)	(3,444)
Present value of lease receivables	$ 17,805

(1) Calculated using the rate implicit in the lease determined for each lease.

There was no allowance for credit losses on lease receivables as of June 30, 2026, and December 31, 2025. The Company’s ongoing risk management strategy for residual assets includes performing regular reviews of estimated residual values.

Accrued and other current liabilities

Accrued and other current liabilities were as follows (in thousands):

	June 30, 2026	December 31, 2025
Accrued expenses	$ 6,513	$ 7,061
Accrued income taxes	318	297
Other	1,991	1,361
Total accrued and other current liabilities	$ 8,822	$ 8,719

4. LEASES

The Company leases administrative and sales offices and certain equipment under non-cancellable operating leases, which contain various renewal or termination options and, in some cases, require payment of common area costs, taxes and utilities. These operating leases expire at various dates through 2031. The Company had no leases that were classified as a financing lease as of June 30, 2026, and December 31, 2025.

Lease expense was comprised of the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Operating lease expense	$ 489	$ 435	$ 978	$ 849
Short-term lease and variable lease expense (1)	183	193	355	400
Total lease expense	$ 672	$ 628	$ 1,333	$ 1,249

(1) Leases with an initial term of 12 months or less are not recorded on the condensed consolidated balance sheets, and the Company recognizes lease expense for these leases on a straight-line basis over the lease term. Variable lease expense for the periods presented primarily included common area maintenance charges.

Supplemental information related to operating leases were as follows:

	June 30, 2026	December 31, 2025
Weighted average remaining lease term under operating leases (in years)	2.8	3.2
Weighted average discount rate for operating lease liabilities	6.2%	6.2%

Maturities of operating lease liabilities as of June 30, 2026, were as follows (in thousands):

Year Ending December 31,	Amount
2026 (remaining six months)	$ 1,145
2027	2,224
2028	1,387
2029	354
2030	283
2031	101
Total future minimum lease payments	5,494
Less: Interest (1)	(456)
Present value of future minimum lease payments under operating lease liabilities	$ 5,038
Reported as:	
Operating lease liabilities – current	$ 2,089
Operating lease liabilities – non-current	2,949
Total operating lease liabilities	$ 5,038

(1) Calculated using incremental borrowing interest rate for each lease.

5. DEBT

Debt consisted of the following (in thousands):

	June 30, 2026	December 31, 2025
Term loan	$ 22,500	$ 23,125
Revolving credit facility	45,000	45,000
Total debt (principal amount)	67,500	68,125
Unamortized debt discount and issuance costs	(983)	(1,126)
Total debt, net of unamortized debt discount and issuance costs	$ 66,517	$ 66,999
Reported as:		
Current portion of long-term debt, net	$ 2,862	$ 2,236
Long-term debt, net	63,655	64,763
Total debt, net	$ 66,517	$ 66,999

On March 7, 2025, the Company entered into a Credit Agreement (the "Credit Agreement") with the lenders who are party to the Credit Agreement and the lenders who may become a party to the Credit Agreement pursuant to the terms thereof (the "Lenders") and Wells Fargo Bank, National Association, as administrative agent to the Lenders (the "Agent").

The Credit Agreement provides for (a) a revolving credit facility in an aggregate principal amount of $45.0 million (the "Revolving Credit Facility") and (b) a term loan facility in an aggregate principal amount of $25.0 million (the "Term Loan" and together with the Revolving Credit Facility, the "Credit Facilities").

The principal of the Revolving Credit Facility is due as a balloon payment of $45.0 million in March 2030. The principal of the Term Loan is due in the amount of $0.6 million quarterly and a balloon payment of $13.1 million in March 2030.

Borrowings under the Credit Facilities will accrue interest at rates equal, at the Company's election, to (i) the alternate base rate, which is defined as the highest of (a) the federal funds effective rate in effect from time to time plus 0.50%, (b) the prime commercial lending rate in effect from time to time, and (c) the daily simple secured overnight financing rate ("SOFR") plus 1.00% or (ii) SOFR, plus, in each case, the applicable margin. The applicable margin for the Revolving Credit Facility borrowings bearing interest at the alternate base rate ranges from 1.00% to 1.75%, and the applicable margin for Revolving Credit Facility borrowings bearing interest based on the SOFR ranges from 2.00% to 2.75%, in each case, based on the Company's consolidated total net leverage ratio as of the most recently ended fiscal quarter. The applicable margin for Term Loan borrowings bearing interest at the alternate base rate ranges from 1.00% to 1.75%, and the applicable margin for Term Loan borrowings bearing interest based on the SOFR ranges from 2.00% to 2.75%, in each case, based on the Company's consolidated total net leverage ratio as of the most recently ended fiscal quarter. The Revolving Credit Facility includes a payment of an annual commitment fee during the term of the Credit Agreement at a rate per annum equal to 0.50% for any undrawn amount, which was later amended in April 2026 to a leveraged-based adjustment to the annual Revolving Credit Facility commitment fee (see *First Amendment to Credit Agreement* section below). The Company's weighted average annual interest rate on its outstanding debt was 5.9% and 6.5% for the six months ended June 30, 2026, and 2025, respectively.

The Credit Agreement contains customary representations and warranties, as well as customary affirmative and negative covenants. Negative covenants include, among others, restrictions on the incurrence of debt, the incurrence of liens, the making of investments and distributions, dividends, and stock buy-backs. In addition, the Credit Agreement requires that the Company maintain a consolidated total net leverage ratio of not greater than 3.00 to 1.00, and a consolidated fixed charge coverage ratio of not less than 1.25 to 1.00. As of June 30, 2026, the Company was in compliance with the covenants contained in the Credit Agreement.

The Credit Agreement contains customary events of default. Upon the occurrence and during the continuance of an event of default, the Agent may declare the outstanding advances and all other obligations under the Credit Agreement immediately due and payable.

The obligations under the Credit Agreement are guaranteed by all present and future material domestic subsidiaries of the Company (collectively with the Company referred to herein as the "Credit Parties"), subject to customary exceptions, and are secured by the equity interests of the Credit Parties (other than the Company) and substantially all of the personal property owned by the Credit Parties, including 65% of the equity interests of certain foreign subsidiaries owned by the Credit Parties.

The Company used the amounts borrowed under the Credit Facilities to finance, in part, the purchase price paid for the acquisition of SecureWise (see Note 14, *Business Combination*).

First Amendment to Credit Agreement

On April 23, 2026, the Company entered into a First Amendment to Credit Agreement (the "Amendment") with the Lenders and the Agent to increase the Revolving Credit Facility to an aggregate principal amount of $75.0 million. The Amendment introduces leveraged-based adjustments to the annual Revolving Credit Facility commitment fee during the term of the Credit Agreement. Instead of a flat per annum rate of 0.50%, the Revolving Credit Facility commitment fee will be 0.50% when the total debt to earnings before interest, taxes, depreciation, and amortization ("EBITDA") ratio (as defined in the Amendment) is greater than or equal to 2.50 to 1.00, 0.35% when the total debt to EBITDA ratio is less than 2.50 to 1.00 but greater than or equal to 0.50 to 1.00 and 0.20% when the total debt to EBITDA ratio is less than 0.50 to 1.00. All other material terms of the Credit Agreement remain unchanged. Under this facility, $30.0 million is available to the Company for drawdown as of June 30, 2026.

Future Payments on Total Debt

As of June 30, 2026, the estimated future principal payments of the total long-term debt were as follows (in thousands):

Year Ending December 31,	**Amount**
2026 (remaining six months)	$ 1,875
2027	2,500
2028	2,500
2029	2,500
2030	58,125
Total future principal payments of long-term debt	$ 67,500

6. STOCKHOLDERS' EQUITY

Stock Repurchase Program

On April 15, 2024, the Board of Directors adopted a stock repurchase program (the "2024 Program") to repurchase up to $40.0 million of the Company's common stock both on the open market and in privately negotiated transactions, including through Rule 10b5-1 plans, from time to time, over the next two years from the adoption date. The Company repurchased a total of 12,500 shares under the 2024 Program at an average price of $19.55 per share for an aggregate total price of $0.2 million. The 2024 Program expired on April 14, 2026.

In May 2026, the Board Directors adopted a new stock repurchase program (the "2026 Program") to repurchase up to $50.0 million of the Company's common stock both on the open market and in privately negotiated transactions, including through Rule 10b5-1 plans, from time to time, over the next two years from the adoption date. As of June 30, 2026, $50.0 million remained available under the 2026 Program.

Secondary Offering

On May 13, 2026, the Company entered into an underwriting agreement with Morgan Stanley & Co. LLC, as representative of the several underwriters named therein (collectively, the "Underwriters"), and Advantest America, Inc. (the "Selling Stockholder") in connection with (i) the offering, issuance and sale by the Company of 1,946,630 shares of the Company's common stock, $0.00015 par value per share, including 685,246 shares sold pursuant to the Underwriters' full exercise of their option to purchase additional shares, and (ii) the offering and sale by the Selling Stockholder of 3,306,924 shares of the Company's common stock, at an offering price of $44.00 per share, less underwriting discounts and commissions (collectively, the "Offering"). The Offering closed on May 15, 2026. The Offering was made pursuant to an effective shelf registration statement on Form S-3 filed with the SEC. The net proceeds to the Company from the sale of shares of newly issued common stock were approximately $81.8 million, after deducting $3.9 million of underwriting discounts and commissions. The Company did not receive any proceeds from the sale of shares by the Selling Stockholder.

7. EMPLOYEE BENEFIT PLANS

Employee Stock Purchase Plan

On June 15, 2021, the Company's stockholders initially approved the 2021 Employee Stock Purchase Plan, which has been amended and restated by the Board of Directors and approved by the Company's stockholders since then (as amended through the date of this report, the "2021 Purchase Plan"). The most recent amendment, approved by the Company's Board of Directors on April 23, 2026, and the stockholders on June 16, 2026, increased the number of shares reserved for issuance under such plan by an additional 0.2 million shares, to a total of 1.6 million shares.

The 2021 Purchase Plan commenced on August 1, 2021, and provides for twenty-four-month offering periods with four six-month purchase periods in each offering period. As of June 30, 2026, 0.7 million shares were available for future issuance under the 2021 Purchase Plan.

The Company estimated the fair value of purchase rights granted under the 2021 Purchase Plan during the period using the Black-Scholes-Merton option-pricing model with the following weighted average assumptions, resulting in the following weighted average fair values:

	Six Months Ended June 30,	
	2026	2025
Expected life (in years)	1.25	1.25
Volatility	51.48%	40.22%
Risk-free interest rate	3.53%	4.22%
Expected dividend	—	—
Weighted average fair value of purchase rights granted during the period	$ 12.05	$ 9.36

During the six months ended June 30, 2026 and 2025, a total of 117,181 shares and 90,076 shares, respectively, were issued under the 2021 Purchase Plan, at a weighted average purchase price of $18.46 per share and $23.68 per share, respectively. As of June 30, 2026, the estimated unrecognized compensation cost related to the 2021 Purchase Plan was $2.1 million, which is expected to be recognized over a weighted average period of 1.1 years.

Stock Incentive Plan

On November 16, 2011, the Company's stockholders initially approved the 2011 Stock Incentive Plan, which has been amended and restated by the Board of Directors and approved by the Company's stockholders a number of times since then (as amended through the date of this report, the "2011 Plan"). The most recent amendment, approved by the Company's Board of Directors on April 23, 2026, and the stockholders on June 16, 2026, increased the number of shares reserved for issuance under such plan by an additional 0.8 million shares, to a total of 16.7 million shares, and extended the deadline to grant incentive stock options to April 23, 2036. As of June 30, 2026, 4.3 million shares were available for future grant under the 2011 Plan.

Stock Award Activities

Restricted stock unit ("RSU")

Nonvested RSU activities were as follows:

	Shares (in thousands)	**Weighted Average Grant Date Fair Value Per Share**
Nonvested, January 1, 2026	2,005	$ 29.08
Granted	50	37.74
Vested	(415)	29.29
Forfeited	(49)	30.41
Nonvested, June 30, 2026	1,591	$ 29.27

The Company withholds common stock to satisfy employee tax withholding obligations in connection with the vesting of RSUs and treats RSUs withheld for tax withholding in a similar manner to common stock repurchases and reports such shares as treasury stock. Shares withheld for taxes related to employees' tax withholding obligation for shares issued under the equity plans and the respective amounts are reflected in the condensed consolidated statements of stockholders' equity.

As of June 30, 2026, there was $34.1 million of total unrecognized compensation cost related RSUs which is expected to be recognized over a weighted average period of 2.4 years. Additional information related to RSUs is as follows:

	Six Months Ended June 30,	
	2026	**2025**
Total fair value of restricted stock units vested (in thousands)	$ 12,659	$ 10,501

Stock Options

There were no stock options granted during the six months ended June 30, 2026 and 2025. As of June 30, 2026, the outstanding stock options totaled 12,557 shares. Total fair value of shares vested during the three and six months ended June 30, 2026, was immaterial. As of June 30, 2026, there was no remaining unrecognized compensation cost related to unvested stock options.

Stock-Based Compensation

Stock-based compensation is estimated at the grant date based on the award's fair value and is recognized on a straight-line basis over the vesting periods, generally four years. Stock-based compensation expense before taxes related to the Company's stock plan and employee stock purchase plan was allocated as follows (in thousands):

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2026	**2025**	**2026**	**2025**
Costs of revenues	$ 1,258	$ 1,257	$ 2,537	$ 2,599
Research and development	2,169	2,251	4,561	4,670
Selling, general, and administrative	2,571	2,691	5,296	5,526
Total stock-based compensation expense	$ 5,998	$ 6,199	$ 12,394	$ 12,795

8. INCOME TAXES

Income tax expense increased by $2.4 million for the six months ended June 30, 2026, to $1.4 million income tax expense as compared to $1.0 million income tax benefit for the six months ended June 30, 2025. The Company’s effective tax rate was 13% for the six months ended June 30, 2026, compared to 36% for the six months ended June 30, 2025. The increase was primarily due to changes in the foreign, federal and state taxes, and year-to-date recognition of worldwide pre-tax income (loss) in relation to their forecasted amounts for the full year. The Company’s provision for income taxes for the six months ended June 30, 2026, was primarily attributable to foreign taxes, U.S. federal and state taxes.

The Company’s total amount of unrecognized tax benefits, excluding interest, as of June 30, 2026, was $17.3 million, of which $2.5 million, if recognized, would affect the Company’s effective tax rate. The Company’s total amount of unrecognized tax benefits, excluding interest, as of December 31, 2025, was $17.1 million, of which $2.5 million, if recognized, would affect the Company’s effective tax rate. As of June 30, 2026, the Company has recorded unrecognized tax benefits of $3.1 million, including interest of $0.7 million, as long-term taxes payable in the condensed consolidated balance sheets. The remaining $14.9 million has been recorded within the Company’s DTAs, which is subject to a full valuation allowance.

The valuation allowance was approximately $69.9 million as of June 30, 2026, and December 31, 2025, which was related to U.S. net federal and state DTAs. The worldwide net DTA balances were immaterial as of June 30, 2026, and December 31, 2025. The Company has historically maintained a full valuation allowance against all the domestic DTAs because it was more likely than not that the DTAs will not be realized. The Company intends to continue maintaining a full valuation allowance on the DTAs until sufficient evidence indicates its DTAs will be realized. However, considering the Company’s current assessment of the probability of maintaining profitability, there is a reasonable possibility that in the short term, a portion, or all, of the valuation allowance would no longer be prudent. As such, the Company may release a portion, or all, of the valuation allowance against DTAs within the next 12 months. This release, if any, would result in the recognition of certain DTAs and a decrease to income tax expense for the period such release is recorded. The Company is currently evaluating both quantitative and qualitative factors that may impact the valuation allowance assessment. Therefore, the exact timing and amount of the valuation allowance release are subject to the Company’s profitability and projected ability to utilize the Company’s tax attributes, among other factors.

The Company conducts business globally and, as a result, files numerous consolidated and separate income tax returns in the U.S. federal and various state and foreign jurisdictions. For U.S. federal and California income tax purposes, the statute of limitations currently remains open for the tax years ended 2022 to present and 2021 to present, respectively. In addition, all of the net operating loss and research and development credit carryforwards that may be utilized in future years may be subject to federal and state examination. In May 2026, the Company received a notice from the Department of the Treasury Internal Revenue Service (“IRS”) that the Company’s federal income tax return for 2023 was selected for examination. The examination remains in its early stages, and no issues have been raised by the IRS to date. The Company is not currently under other known income tax examinations in the U.S. for any other periods or in any other of its major foreign subsidiaries’ jurisdictions.

9. NET INCOME (LOSS) PER SHARE

Basic net income (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding for the period (excluding outstanding stock options, nonvested restricted stock units and shares subject to repurchase). Diluted net income (loss) per share is computed using the weighted average number of common shares outstanding for the period plus the potential effect of dilutive securities which are convertible into common shares (using the treasury stock method), except in cases in which the effect would be anti-dilutive. The following is a reconciliation of the numerators and denominators used in computing basic and diluted net income (loss) per share (in thousands except per share amount):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Numerator:				
Net income (loss)	$ 4,271	$ 1,146	$ 9,062	$ (1,886)
Denominator:				
Basic weighted average common shares outstanding	40,932	39,148	40,397	39,118
Effect of dilutive stock options, unvested restricted stock units, and shares of common stock expected to be issued under employee stock purchase plan	844	112	682	—
Diluted weighted average common shares outstanding	41,776	39,260	41,079	39,118
Net income (loss) per share:				
Basic	$ 0.10	$ 0.03	$ 0.22	$ (0.05)
Diluted	$ 0.10	$ 0.03	$ 0.22	$ (0.05)

For the six months ended June 30, 2025, because the Company was in a loss position, diluted net loss per share is the same as basic net loss per share as the inclusion of the potential common shares would have been anti-dilutive.

The following table summarizes the potential shares of common stock that were not included in the diluted net income (loss) per share calculation above because to do so would be anti-dilutive for the periods indicated (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Non-vested restricted stock units	5	1,164	17	1,518
Outstanding stock options	—	6	—	26
Shares issuable under employee stock purchase plan	62	268	55	268
Total	67	1,438	72	1,812

10. CUSTOMER AND GEOGRAPHIC INFORMATION

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or group, in deciding how to allocate resources and in assessing performance.

The Company's chief operating decision maker ("CODM"), the Chief Executive Officer, reviews discrete financial information including total revenues, gross profit, and net income (loss) presented on a consolidated basis for purposes of regularly making operating decisions about allocation of resources and financial performance assessment. Further, the CODM reviews and utilizes functional expenses (costs of revenues, research and development, and selling, general and administrative) at the consolidated level to manage the Company's operations. Other segment items included in the condensed consolidated net income (loss) are amortization of acquired intangible assets, interest expense, interest income and other, net and income tax expense, which are reflected in the condensed consolidated statements of operations and comprehensive income (loss). Accordingly, because it does not distinguish between markets, the Company considers itself as one operating and reporting segment, specifically the provision of services for differentiated data and analytics solutions to the semiconductor and electronics industries.

The following table presents segment total revenues, costs of revenues, gross profit, income from operations, and net income (loss) for the periods presented (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Total revenues	$ 61,529	$ 51,728	$ 121,659	$ 99,506
Costs of revenues	$ 19,107	$ 14,886	$ 36,045	$ 27,841
Gross profit	$ 42,422	$ 36,842	$ 85,614	$ 71,665
Net income (loss)	$ 4,271	$ 1,146	$ 9,062	$ (1,886)

Revenues from individual customers, each of which was approximately 10% or more of the Company's consolidated total revenues, were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
Customer	2026	2025	2026	2025
A	22%	19%	25%	17%
B	*%	12%	*%	15%
C	10%	17%	10%	14%
D	19%	*	10%	*%

* represents less than 10%

Gross accounts receivable balances (including amounts that are unbilled) from individual customers, each of which was approximately 10% or more of the Company's gross accounts receivable balance, were as follows:

Customer	June 30, 2026	December 31, 2025
A	39%	39%
C	22%	25%

Long-lived assets, net by geographic area were as follows (in thousands):

	June 30, 2026	December 31, 2025
United States (1)	$ 109,036	$ 94,426
Rest of the world	2,874	2,907
Total long-lived assets, net	$ 111,910	$ 97,333

(1) Includes assets deployed at customer sites which could be outside the United States.

11. FAIR VALUE MEASUREMENTS

The Company's cash equivalents are classified within Level 1 of the fair value hierarchy because their fair values are derived from quoted market prices. Other current assets are classified within Level 3 because factors used to develop the estimated fair value are unobservable inputs that are not supported by market activity. The Company’s financial assets measured at fair value on a recurring basis and the classification by level of input within the fair value hierarchy were as follows (in thousands):

		June 30, 2026				December 31, 2025			
			Fair Value Measurements at Reporting Date Using				Fair Value Measurements at Reporting Date Using		
Assets	Balance Sheet Classification	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market mutual funds	Cash equivalents	$ 98,116	$ 98,116	$ —	$ —	$ 14,535	$ 14,535	$ —	$ —
Available-for-sale debt securities:									
Convertible note receivable (1)	Other current assets	2,187	—	—	2,187	2,138	—	—	2,138
Total		$ 100,303	$ 98,116	$ —	$ 2,187	$ 16,673	$ 14,535	$ —	$ 2,138

(1) In August 2024, the Company purchased a $2.0 million non-marketable convertible promissory note from an unrelated third party (the “convertible note”). The convertible note bears a 5% interest rate annually and will mature in August 2026.

12. COMMITMENTS AND CONTINGENCIES

Operating Leases — Refer to Note 4, *Leases*, for the discussion about the Company’s lease commitments.

Indemnifications — The Company generally provides a warranty to its customers that its software will perform substantially in accordance with documented specifications typically for a period of 90 days following initial delivery of its products. The Company also indemnifies certain customers from third-party claims of intellectual property infringement relating to the use of its products. Historically, costs related to these guarantees have not been significant. The Company is unable to estimate the maximum potential impact of these guarantees on its future results of operations.

The Company’s standard product warranty terms for its DirectScan system generally include post-sales support and repairs or replacement of a product at no additional charge for a contractually agreed period of time. The standard warranty reserve is based on estimated total expected costs to fulfill our warranty obligation based on best available information as of the reporting date. The standard warranty reserve was immaterial as of June 30, 2026, and December 31, 2025.

Purchase Obligations — The Company has purchase obligations with certain suppliers for the purchase of goods and services entered into in the ordinary course of business. As of June 30, 2026, total outstanding purchase obligations were $54.5 million, the majority of which is due within the next 2 years.

Indemnification of Officers and Directors — As permitted by the Delaware General Corporation Law, the Company has included a provision in its certificate of incorporation to eliminate the personal liability of its officers and directors for monetary damages for breach or alleged breach of their fiduciary duties as officers or directors.

In addition, the Bylaws of the Company provide that the Company is required to indemnify its officers and directors even when indemnification would otherwise be discretionary, and the Company is required to advance expenses to its officers and directors as incurred in connection with proceedings against them for which they may be indemnified. The Company has entered into indemnification agreements with its officers and directors containing provisions that are in some respects broader than the specific indemnification provisions contained in the Delaware General Corporation Law. The indemnification agreements require the Company to indemnify its officers and directors against liabilities that may arise by reason of their status or service as officers and directors other than for liabilities arising from willful misconduct of a culpable nature, to advance their expenses incurred as a result of any proceeding against them as to which they could be indemnified, and to obtain directors' and officers' insurance if available on reasonable terms. The Company has obtained directors' and officers' liability insurance in amounts comparable to other companies of the Company's size and in the Company's industry. Since a maximum obligation of the Company is not explicitly stated in the Company's Bylaws or in its indemnification agreements and will depend on the facts and circumstances that arise out of any future claims, the overall maximum amount of the obligations cannot be reasonably estimated.

Legal Proceedings — From time to time, the Company is subject to various claims and legal proceedings that arise in the ordinary course of business. The Company accrues for losses related to litigation when a potential loss is probable, and the loss can be reasonably estimated, and recognizes gains related to litigation at the earlier of when the gain has been realized or when it is realizable in accordance with FASB requirements. As of June 30, 2026, the Company was not party to any material legal proceedings for which a loss was probable or an amount was accrued.

On May 6, 2020, the Company initiated an arbitration proceeding with the Hong Kong International Arbitration Center (the "Tribunal") against SMIC New Technology Research & Development (Shanghai) Corporation ("SMIC") due to SMIC's failure to pay fees due to the Company under a series of contracts. The Company sought to recover the unpaid fees, a declaration requiring SMIC to pay fees under the contracts in the future (or a lump sum payment to end the contract), and costs associated with bringing the arbitration proceeding. SMIC denied liability and an arbitration hearing was held in February 2023. On November 12, 2025, the Tribunal issued a confidential arbitration award (the "Award"), which is in favor of the Company. The Company is separately pursuing an award as to costs. No payments under the Award have been received by the Company to date and in February 2026, SMIC filed an application with the High Court of Hong Kong seeking to set the Award aside. The Company believes the set aside application is without merit, is defending it, and is pursuing judicial enforcement of the Award in various jurisdictions. At this time, there is no assurance that the Company will receive all or any part of the Award. Accordingly, no amounts have been recognized in connection with the Award as of June 30, 2026.

13. RELATED PARTY TRANSACTIONS

Through May 15, 2026, Advantest Corporation through its wholly-owned subsidiary, Advantest America, Inc. (collectively referred to herein as "Advantest") was a related party because it owned more than 5% of the Company's outstanding equity following the purchase by Advantest of 3,306,924 shares of common stock from the Company in July 2020 pursuant to a securities purchase agreement entered into between them, for aggregate gross proceeds to the Company of $65.2 million. On May 15, 2026, as a result of the Offering, Advantest ceased to be a related party. See Note 6, *Stockholders' Equity*.

In July 2020, the Company and Advantest also entered into (i) a development agreement for Advantest tools to leverage the Company's Exensio analytics software; (ii) a commercialization agreement providing for the license to third parties of solutions resulting from the development work; and, (iii) a cloud-based subscription for Exensio analytics software and related services. The Exensio subscription expired in July 2025, while the development and commercialization agreements continue in effect.

Revenue recognized from Advantest during the three and six months ended June 30, 2026, was $0.2 million and $0.7 million, respectively, and during the three and six months ended June 30, 2025, $3.5 million and $7.1 million, respectively. Since it was no longer a related party as of June 30, 2026, there were no accounts receivable and deferred revenue from Advantest as of such date. As of December 31, 2025, accounts receivable from Advantest was not material and deferred revenue amounted to $8.3 million.

14. BUSINESS COMBINATION

On February 19, 2025, the Company entered into an Equity Purchase Agreement (the "Purchase Agreement") with Telit IOT Solutions Inc., a Delaware corporation (the "Seller"), and SecureWise, pursuant to which the Company agreed to acquire the Seller's SecureWise business (the "Business") by means of a purchase of all of the outstanding equity interests of SecureWise held by the Seller (the "Transaction").

On March 7, 2025, the Company completed the acquisition of the Business from the Seller pursuant to the Purchase Agreement for a cash purchase price of $130.0 million, subject to customary adjustments in respect of indebtedness, transaction expenses, cash and working capital of the Business, in each case, in accordance with the terms of the Purchase Agreement. The Company financed the Transaction using a combination of cash on hand and borrowings under the Credit Facilities.

The Company acquired SecureWise to accelerate equipment makers' ability to derive value from equipment data by enabling them to leverage the Company's Exensio analytics software and to expand the capability of the Company's secure data exchange ("DEX") outsourced semiconductor assembly and test ("OSAT") network by allowing equipment makers, fab operators, and fabless companies to collaborate to optimize chip manufacturing and test.

The Company accounted for the Transaction as a business combination in accordance with ASC Topic 805, Business Combinations. This method requires that assets acquired, and liabilities assumed in a business combination be recognized at their respective estimated fair values as of the acquisition date. The Company allocated the purchase price to identifiable assets acquired based on their estimated fair values. The fair value of the consideration transferred, and the assets acquired and liabilities assumed was determined by the Company and in doing so management engaged a third-party valuation specialist to assist with the measurement of the fair value of identifiable intangible assets. The estimated fair value of the identifiable assets acquired, and liabilities assumed was based on management's best estimates. The fair value of the customer relationships was determined using the multi-period excess earnings income approach or cost approach. The fair value of trade names and developed technology was determined using the relief-from-royalty method. The fair value of acquired technology was determined using the cost approach. The excess of purchase consideration over the fair value of net tangible and identifiable intangible assets acquired was recorded as goodwill. The goodwill recorded from this acquisition represents business benefits the Company anticipates from the acquired workforce and expectation for expanded sales opportunities to foster further business growth. The goodwill associated with the acquisition is deductible for tax purposes.

The Company expensed all transaction costs in the period in which they were incurred. The total acquisition-related and integration costs related to the acquisition of SecureWise amounted to $5.4 million, of which the Company recorded $4.5 million in 2025 and $0.9 million in 2024.

The Company finalized the allocation of the purchase price to the fair values of the identifiable assets acquired and liabilities assumed as of the acquisition date, upon completion of the measurement period. The following table summarizes the final allocation of the purchase price for the acquisition of SecureWise, as of the date of the completion of the Transaction (in thousands, except amortization period):

	Amount	Amortization Period (Years)
Allocation of Purchase Price:		
Fair value estimates of assets acquired and liabilities assumed		
Cash	$ 1,049	
Accounts receivable (1)	2,955	
Prepaid and other assets	2,896	
Property and equipment	1,535	
Fair value of intangible assets:		
Trademark	6,600	5
Customer relationships	28,900	13
Developed technology	11,600	7
Goodwill	80,023	N/A
Accounts payable and other current liabilities	(4,791)	
Total purchase price allocation	$ 130,767	

(1) The estimated fair value of the accounts receivable acquired approximates the contractual value of $3.0 million.

Pro forma information reflecting the impact of the Transaction has not been presented as the Transaction was not material to the Company's financial results.

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

Forward-Looking Statements

The following discussion of our financial condition and results of operations contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact may be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "could," "projected," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential," "target" or "continue," the negative effect of terms like these or other similar expressions. *These statements include, but are not limited to, statements related to: the Company's business strategy and objectives; the Company's intellectual property and proprietary software, information and technology; the Company's sales and marketing strategy, expectations regarding strategic alliances and relationships; investments in research and development; industry trends; macroeconomic factors, inventories, and demand; changing export controls and sanctions; U.S. administrative initiatives; investments in semiconductor manufacturing; geopolitical tensions and conflicts; fluctuations in the Company's quarterly results; 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. These statements are subject to future events, circumstances, uncertainties, and risks that could cause results to differ materially, including risks associated with: the effectiveness of the Company's business and technology strategies; 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, 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; the Company's ability to use support and updates for certain open-source software; and other risks and uncertainties discussed in the Company's filings with the Securities and Exchange Commission ("SEC").* These forward-looking statements are only predictions. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to a variety of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those anticipated or projected. All forward-looking statements and other information included in this document are based on information available to us on the date of filing and we further caution investors that our business and financial performance are subject to substantial risks and uncertainties. We assume no obligation to update publicly any such forward-looking statements. In evaluating these statements, you should specifically consider various factors, including the risk factors set forth in Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on February 24, 2026 (the "Annual Report"). All references to "we," "us," "our," "PDF," "PDF Solutions" or "the Company" refer to PDF Solutions, Inc.

Cimetrix, CV, DirectScan, Exensio, PDF Solutions, Sapience, secureWISE, and logos for the same, are trademarks or registered trademarks of PDF Solutions, Inc. or its subsidiaries.

Overview

We provide comprehensive data solutions designed to empower organizations across the semiconductor and electronics ecosystems to improve the yield and quality of their products and operational efficiency for increased profitability. We derive revenues from two categories, Platform and Volume-based fees. Our offerings that contribute to Platform revenue are licenses for software (other than Cimetrix runtime licenses) and related software maintenance and technical support services; software-as-a-service ("SaaS"); engineering services; fixed fees associated with Characterization Vehicle systems; and licenses and purchase contracts for DirectScan systems. Volume-based revenue is derived from Cimetrix runtime licenses, secureWISE data, and variable/royalty fees associated with CV systems (sometimes referred to as Gainshare). Our products and services have been sold to integrated device manufacturers ("IDMs"), fabless semiconductor companies, foundries, out-sourced semiconductor assembly and test ("OSATs"), capital equipment manufacturers, and system houses.

We are headquartered in Santa Clara, California and operate worldwide with offices in Canada, China, France, Germany, Italy, Japan, Korea, and Taiwan.

Industry Trends

The confluence of Industry 4.0 (i.e. the fourth industrial revolution, or the automation and data exchange in manufacturing technologies and processes) and cloud computing (i.e. the on-demand availability of computing resources and data storage without direct active management by the user) is driving increased innovation in semiconductor and electronics manufacturing and analytics, as well as in the organization of information technology (“IT”) networks and computing at semiconductor and electronics companies across the ecosystem. First, the ubiquity of wireless connectivity and sensor technology enables any manufacturing company to augment its factories and visualize its entire production line. In parallel, the cost per terabyte of data storage has generally decreased over time. The combination of these two trends means that more data is collected and stored than ever before. Further, semiconductor companies are striving to analyze these very large data sets in real-time to make rapid decisions that measurably improve manufacturing efficiency and quality. In parallel, the traditional practice of on-site data storage, even for highly sensitive data, is changing. The ability to cost-effectively and securely store, analyze, and retrieve massive quantities of data from the cloud versus on-premise enables data to be utilized across a much broader population of users, frequently resulting in greater demands on analytics programs. The combination of these latter two trends means that cloud-based, analytics programs that effectively manage identity management, physical security, and data protection are increasingly in demand for insights and efficiencies across the organizations of these companies. We believe that all these trends will continue for the next few years, and the challenges involved in adopting Industry 4.0 and secure cloud computing will create opportunities for our combination of advanced analytics capabilities, proven and established supporting infrastructure, and professional services to configure our products to meet customers’ specialized needs.

Worldwide economic performance is uneven, and the possibility of a recession persists, leading to uneven demand. Geopolitical tensions and conflicts in various locations around the world have created volatility in the global financial markets and may have further global economic consequences, including potential disruptions of the global supply chain, heightened volatility of commodity and raw material prices, increased energy prices, and increased fears of a global recession. Inventories of semiconductor devices remain elevated in some instances. With high inventories and soft demand for some product segments, some semiconductor fab utilization rates are also low and semiconductor capital equipment orders have been impacted for some vendors and market segments. As a result, some purchase cycles, especially for enterprise software and capital equipment and particularly with respect to larger deals, have lengthened in recent years and may continue to do so. Also, we have contractors located in the West Bank and in Israel, who are providing software development and customer technical support services. We have developed contingency plans to use alternative resources to continue serving customers, if needed. Any escalations in these areas could lead to disruptions or reductions in international trade, deter or prevent purchasing activity of customers, and negatively impact our development timelines and customer support (with respect to the conflicts in the Middle East) or China sales (with respect to U.S.-P.R.C. tensions) and financial results in general (with respect to global tensions).

The logic foundry market at the leading-edge nodes, such as 7nm, 5nm, and smaller, underwent significant change over the past few years. The leading foundry continues to dominate market share. This trend will likely continue to impact our Characterization services business on these nodes. We expect most logic foundries to invest in derivatives of older process nodes, such as 28nm and 14nm, to extract additional value as many of their customers will not move to advanced nodes due to either technological barriers or restrictive economics. Foundries that participate at leading edge nodes are expected to continue to invest in new technologies such as memory, packaging, and multi-patterned and extreme ultraviolet lithography, as well as new innovations in process control and variability management. We expect China’s investment in semiconductors to continue. Compliance with changing U.S. export restrictions limit our possible business with Chinese semiconductor manufacturers on advanced nodes. Further, trade conflict through exchange of tariffs and other retaliatory actions are expected to impact worldwide supply chains, increase prices and put downward pressure on economic activity, and could negatively affect our future sales in various geographic markets. The uncertainty caused by these regulations and the potential for additional future restrictions could negatively affect our future sales, including in but not limited to the People’s Republic of China (“P.R.C.”) market. Some customers in the P.R.C. have expressed concern about the potential for supply chain disruption due to the U.S. government’s changing export controls impacting their purchase, or in some case restricting their ability to purchase, certain U.S. goods. Based on our current assessments, we expect the near-term impact of these evolving trade restrictions on our business to be limited.

Secondary Offering

In May 2026, we completed a registered offering of an aggregate of 5,253,554 shares of our common stock at a price of $44.00 per share. The shares sold consisted of 3,306,924 shares held by a selling stockholder and 1,946,630 shares newly issued by us. The net proceeds to us from the sale of shares of our common stock were approximately $81.8 million, after deducting $3.9 million of underwriting discounts and commissions. We did not receive any proceeds from the sale of shares by the selling stockholder.

Financial Highlights

Financial highlights for the three months ended June 30, 2026, are as follows:

- Total revenues were $61.5 million, an increase of $9.8 million, or 19%, compared to the three months ended June 30, 2025. Platform revenue was $49.1 million, an increase of $5.9 million, or 14%, compared to the three months ended June 30, 2025. The increase in Platform revenue was due to higher revenue from DirectScan systems, partially offset by decreases in revenue from CV systems, Exensio software and services, and secureWISE systems. Volume-based revenue was $12.4 million, an increase of $3.9 million, or 45%, compared to the three months ended June 30, 2025, primarily due to an increase in revenue from Gainshare and Cimetrix runtime licenses.

- Costs of revenues increased by $4.2 million, compared to the three months ended June 30, 2025, primarily due to increases in hardware costs (including cost of leased asset under sales-type leases), facilities and IT-related costs (including depreciation and amortization expense of property and equipment), personnel-related costs, and software license and maintenance costs, partially offset by a decrease in subcontractor costs.

- Net income was $4.3 million, compared to a net income of $1.1 million for the three months ended June 30, 2025. The increase in net income was primarily attributable to an increase in total revenues and a net favorable fluctuation in foreign currency exchange rates, partially offset by increases in costs of revenues, operating expenses, and income taxes, and a decrease in other income. The increase in overall costs and operating expenses was primarily due to increases in hardware costs (including cost of leased asset under sales-type leases), facilities and IT-related costs (including depreciation and amortization of property and equipment), personnel-related expenses, software licenses and maintenance costs, and legal fees related to the arbitration proceeding over a disputed customer contract, partially offset by an increase in capitalized software development costs.

Financial highlights for the six months ended June 30, 2026, are as follows:

- Total revenues were $121.7 million, an increase of $22.2 million, or 22%, compared to the six months ended June 30, 2025. Platform revenue was $100.1 million, an increase of $19.5 million, or 24%, compared to the six months ended June 30, 2025. The increase in Platform revenue was primarily due to higher revenue from DirectScan, CV, and secureWISE systems. Volume-based revenue was $21.6 million, an increase of $2.6 million, or 14%, compared to the six months ended June 30, 2025, primarily due to an increase in revenue from Cimetrix runtime licenses and secureWISE data usage.

- Costs of revenues increased by $8.2 million, compared to the six months ended June 30, 2025, primarily due to increases in hardware costs (including cost of leased assets under sales-type leases), personnel-related costs, facilities and IT-related costs (including depreciation and amortization expense of property and equipment), software license and maintenance costs, and amortization of acquired technology.

- Net income was $9.1 million, compared to a net loss of $1.9 million for the six months ended June 30, 2025. The increase in net income was primarily attributable to an increase in total revenues and a net favorable fluctuation in foreign currency exchange rates, partially offset by increases in costs of revenues, operating expenses, interest expense from our long-term debt, and income tax expense, and decreases in interest income from cash and cash equivalents and other income. The increase in overall costs and operating expenses was primarily driven by increases in personnel-related expenses, hardware costs (including cost of leased assets under sales-type leases), facilities and IT-related costs (including depreciation and amortization of property and equipment), software licenses and maintenance costs, amortization of acquired intangible assets, travel expenses, subcontractor fees, and costs and expenses related to the operation of SecureWise, partially offset by a decrease in acquisition-related and integration costs and an increase in capitalized software development costs.

Critical Accounting Policies

Our discussion and analysis of our financial conditions, results of operations and cash flows are based on our condensed consolidated financial statements, which have been prepared in conformity with accounting principles generally accepted in the United States of America. Our preparation of these unaudited condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. The most significant estimates and assumptions relate to revenue recognition, valuation of long-lived assets including goodwill and intangible assets, stock-based compensation and the realization of deferred tax assets ("DTAs"). Actual amounts may differ from such estimates under different assumptions or conditions.

For additional information about our critical accounting policies, see Note 1, *Basis of Presentation and Summary of Significant Accounting Policies*, and Note 2, *Revenue from Contracts with Customers* to our unaudited condensed consolidated financial statements in this Quarterly Report on Form 10-Q and Part II Item 7**,** *Management*'*s Discussion and Analysis of Financial Condition and Results of Operation, under the heading of* "*Critical Accounting Estimates*" in our Annual Report. There were no material changes during the six months ended June 30, 2026, to the items that we disclosed as our critical accounting policies and estimates in Part II, Item 7 of the Annual Report.

Recent Accounting Pronouncements and Accounting Changes

See Note 1, *Basis of Presentation and Summary of Significant Accounting Policies*, to our unaudited condensed consolidated financial statements in this Quarterly Report on Form 10-Q, for a description of recent accounting pronouncements and accounting changes, including the expected dates of adoption and estimated effects, if any, on our condensed consolidated financial statements.

Results of Operations

Discussion of Financial Data for the Three and Six Months ended June 30, 2026 and 2025

Revenues, Costs of Revenues, and Gross Margin

Beginning with our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on February 24, 2026, we updated our presentation of revenue categories. The change in presentation of revenues does not change our total revenues or total costs of revenues. The following table presents reclassified historical amounts to conform to the current period's presentation (in thousands):

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
(Dollars in thousands)	**2026**	**2025**	**$**	**%**	**2026**	**2025**	**$**	**%**
Revenues:								
Platform	$ 49,130	$ 43,200	$ 5,930	14%	$ 100,066	$ 80,521	$ 19,545	24%
Volume-based	12,399	8,528	3,871	45%	21,593	18,985	2,608	14%
Total revenues	61,529	51,728	9,801	19%	121,659	99,506	22,153	22%
Costs of revenues	19,107	14,886	4,221	28%	36,045	27,841	8,204	29%
Gross profit	$ 42,422	$ 36,842	$ 5,580	15%	$ 85,614	$ 71,665	$ 13,949	19%
Gross margin	69%	71%			70%	72%		
Platform revenue as a percentage of total revenues	80%	84%			82%	81%		
Volume-based revenue as a percentage of total revenues	20%	16%			18%	19%		

Platform Revenue

Platform revenue increased $5.9 million for the three months ended June 30, 2026, compared to the same period in 2025. The increase in Platform revenue was primarily due to higher revenue from DirectScan systems, partially offset by decreases in revenue from CV systems, Exensio software and services, and secureWISE systems.

Platform revenue increased $19.5 million for the six months ended June 30, 2026, compared to the same period in 2025. The increase in Platform revenue was primarily due to higher revenue from DirectScan, CV, and secureWISE systems.

Volume-based Revenue

Volume-based revenue increased $3.9 million for the three months ended June 30, 2026, compared to the same period in 2025, primarily due to an increase in revenue from Gainshare and Cimetrix runtime licenses.

Volume-based revenue increased $2.6 million for the six months ended June 30, 2026, compared to the same period in 2025, primarily due to an increase in revenue from Cimetrix runtime licenses and secureWISE data usage.

Our revenues may also fluctuate in the future due to other factors, including the semiconductor industry's continued acceptance of our products, services and solutions, the timing of purchases by existing and new customers, cancellations by existing customers, our ability to attract new customers and penetrate new markets, supply chain challenges and further penetration of our current customer base. Fluctuations in future results may also occur if any of our significant customers renegotiate pre-existing contractual commitments, including due to adverse changes in their own business.

Costs of Revenues

Costs of revenues consist primarily of costs incurred to provide and support our services, costs recognized in connection with licensing our software, IT and facilities-related costs, and amortization of acquired technology. Service costs include material costs, hardware costs (including cost of leased assets under sales-type lease), personnel-related costs (including compensation, employee benefits, bonus and stock-based compensation expense), subcontractor costs, overhead costs, travel expenses, and allocated facilities-related costs. Software license costs consist of costs associated with third-party cloud-delivery related expenses and licensing third-party software used by us in providing services to our customers in solution engagements or sold in conjunction with our software products.

Costs of revenues increased $4.2 million for the three months ended June 30, 2026, compared to the same period in 2025, primarily due to (i) a $2.8 million increase in hardware costs (including cost of leased assets under sales-type leases), (ii) a $0.9 million increase in facilities and IT-related costs (including depreciation and amortization expense of property and equipment), (iii) a $0.5 million increase in personnel-related costs due to increased headcount, employee benefits expense, and higher bonus expense, and (iv) a $0.4 million increase in software license and maintenance costs, partially offset by a $0.5 million decrease in subcontractor costs.

Costs of revenues increased $8.2 million for the six months ended June 30, 2026, compared to the same period in 2025, primarily due to (i) a $2.8 million increase in hardware costs (including cost of leased assets under sales-type leases), (ii) a $2.3 million increase in personnel-related costs due to increased headcount and higher bonus expense, (iii) a $1.4 million increase in facilities and IT-related costs (including depreciation and amortization expense of property and equipment), (iv) a $1.3 million increase in software license and maintenance costs, (v) a $0.3 million increase in amortization of acquired technology, and (vi) a $0.2 million increase in travel expense, partially offset by a $0.4 million decrease in subcontractor costs.

Gross Margin

Gross margin for the three months ended June 30, 2026, decreased two percentage points to 69%, compared to 71% for the same period in 2025, primarily driven by higher costs of revenues compared to the increase in revenues.

Gross margin for the six months ended June 30, 2026, decreased two percentage points to 70%, compared to 72% for the same period in 2025, primarily driven by higher costs of revenues compared to the increase in revenues.

Operating Expenses:

Research and Development

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
(Dollars in thousands)	**2026**	**2025**	**$**	**%**	**2026**	**2025**	**$**	**%**
Research and development	$ 17,316	$ 14,913	$ 2,403	16%	$ 35,644	$ 29,541	$ 6,103	21%
As a percentage of total revenues	28%	29%			29%	30%		

Research and development expenses consist primarily of personnel-related costs (including compensation, employee benefits, bonus and stock-based compensation expense), outside development services, travel expenses, third-party cloud-services related costs, IT and facilities cost allocations to support product development activities.

Research and development expenses increased $2.4 million for the three months ended June 30, 2026, compared to the same period in 2025, primarily due to (i) a $1.2 million increase in personnel-related costs due to increased headcount, higher bonus expense, and employee benefits expense, partially offset by an increase in capitalized software development costs, (ii) a $0.8 million increase in facilities and IT-related costs (including depreciation and amortization expense of property and equipment), and (iii) a $0.3 million increase in software license and maintenance costs.

Research and development expenses increased $6.1 million for the six months ended June 30, 2026, compared to the same period in 2025, primarily due to (i) a $3.7 million increase in personnel-related costs due to increased headcount, higher bonus expense, and employee benefits expense, partially offset by an increase in capitalized software development costs, (ii) a $1.3 million increase in facilities and IT-related costs (including depreciation and amortization expense of property and equipment), (iii) a $0.6 million increase in subcontractor costs, and (iv) a $0.4 million increase in software license and maintenance costs.

We anticipate our expenses in research and development will fluctuate in absolute dollars from period to period as a result of the size and the timing of product development projects.

Selling, General, and Administrative

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
(Dollars in thousands)	**2026**	**2025**	**$**	**%**	**2026**	**2025**	**$**	**%**
Selling, general, and administrative	$ 18,984	$ 19,744	$ (760)	(4)%	$ 36,476	$ 43,116	$ (6,640)	(15)%
As a percentage of total revenues	31%	38%			30%	43%		

Selling, general, and administrative expenses consist primarily of personnel-related costs (including compensation, employee benefits, bonus, commission and stock-based compensation expense for sales, marketing, and general and administrative personnel), legal, tax and accounting services, marketing communications and trade conference-related expenses, third-party cloud-services related costs, travel, business acquisition and integration costs, IT and facilities cost allocations.

Selling, general, and administrative expenses decreased $0.8 million for the three months ended June 30, 2026, compared to the same period in 2025, primarily due to (i) a $1.2 million decrease in personnel-related costs mainly due to lower compensation expense allocated to selling and marketing activities, and (ii) a $0.3 million decrease in facilities and IT-related costs (including depreciation and amortization expense of property and equipment), partially offset by (i) a $0.4 million increase in legal expenses related to the arbitration proceeding over a disputed customer contract, and (ii) a $0.2 million increase in software licenses and maintenance costs.

Selling, general, and administrative expenses decreased $6.6 million for the six months ended June 30, 2026, compared to the same period in 2025, primarily due to (i) a $4.5 million decrease in acquisition-related and integration costs related to the acquisition of SecureWise, (ii) a $2.6 million decrease in personnel-related costs mainly due to lower compensation expense allocated to selling and marketing activities, and stock-based compensation expense, and (iii) a $0.9 million decrease in facilities and IT-related costs, including shipping costs and third-party cloud-services related costs, partially offset by (i) a $0.5 million increase in legal expenses related to the arbitration proceeding over a disputed customer contract, (ii) a $0.3 million increase in software licenses and maintenance costs, (iii) a $0.3 million increase in travel expenses, and (iv) a $0.3 million increase in subcontractor expenses.

We anticipate our selling, general, and administrative expenses will fluctuate in absolute dollars from period to period as a result of cost control initiatives and to support increased selling efforts in the future.

Amortization of Acquired Intangible Assets

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
(Dollars in thousands)	**2026**	**2025**	**$**	**%**	**2026**	**2025**	**$**	**%**
Amortization of acquired intangible assets	$ 1,058	$ 1,068	$ (10)	(1)%	$ 2,117	$ 1,446	$ 671	46%

Amortization of acquired intangible assets represents amortization expense on intangibles assets acquired from business combinations in prior years.

The amortization expense for the three months ended June 30, 2026, was flat compared to the same period in 2025.

The increase in amortization expense for the six months ended June 30, 2026, compared to the same period in 2025, was a result of the amortization of intangible assets acquired in the SecureWise acquisition in March 2025.

Interest Expense

(Dollars in thousands)	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Change $	Change %	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025	Change $	Change %
Interest expense	$ (1,106)	$ (1,242)	$ (136)	(11)%	$ (2,195)	$ (1,553)	$ 642	41%

Interest expense is from our long-term debt that was used in financing the acquisition of SecureWise in March 2025, and the related amortization of debt discount and issuance costs.

Interest expense slightly decreased by $0.1 million for the three months ended June 30, 2026, compared to the same period in 2025, primarily due to slightly lower interest rates on our long-term debt and lower outstanding debt balance.

Interest expense increased $0.6 million for the six months ended June 30, 2026, compared to the same period in 2025, was driven by a full two quarters of interest on long-term debt in 2026, compared to approximately four months of interest in 2025 following the drawdown of long-term debt in March 2025.

Interest Income and Other, Net

(Dollars in thousands)	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Change $	Change %	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025	Change $	Change %
Interest income and other, net	$ 666	$ 196	$ 470	240%	$ 1,258	$ 1,066	$ 192	18%

Interest income and other, net, primarily consists of interest income and foreign currency transaction exchange gains and losses.

Interest income and other, net increased $0.5 million for the three months ended June 30, 2026, compared to the same period in 2025, primarily due to a $1.1 million net favorable fluctuations in foreign currency exchange rates, and a $0.2 million increase in interest income from cash and cash equivalents, partially offset by a $0.6 million decrease in other income due to a one-time recovery from previously written-off property and equipment in the second quarter of 2025.

Interest income and other, net increased $0.2 million for the six months ended June 30, 2026, compared to the same period in 2025, primarily due to a $1.7 million net favorable fluctuations in foreign currency exchange rates, partially offset by a $0.7 million decrease in interest income primarily due to a lower average balance of cash and cash equivalents during the first half of 2026, and $0.6 million decrease in other income due to a one-time recovery from previously written-off property and equipment in the second quarter of 2025.

Income Tax Benefit (Expense)

(Dollars in thousands)	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Change $	Change %	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025	Change $	Change %
Income tax benefit (expense)	$ (353)	$ 1,075	$ 1,428	133%	$ (1,378)	$ 1,039	$ 2,417	233%

We had an income tax expense for three and six months ended June 30, 2026 and income tax benefit for comparative prior year periods. Income tax expense increased for the three and six months ended June 30, 2026, compared to the same periods in 2025, primarily due to the impact of enacted U.S. federal tax legislation, changes in the foreign, federal and state taxes and year-to-date recognition of worldwide pre-tax income in relation to their forecasted amounts for the full year.

Any significant change in our future effective tax rates could adversely impact our consolidated financial position, results of operations and cash flows. Our future tax rates may be adversely affected by a number of factors including increase in expenses not deductible for tax purposes, new or changing tax legislation in the United States and in foreign countries where we are subject to tax jurisdictions, the geographic composition of our pre-tax income, the amount of our pre-tax income as business activities fluctuate, our ability to use tax attributes such as research and development tax credits and net operation losses, the tax effects of employee stock activity, audit examinations with adverse outcomes, changes in accounting principles generally accepted in the United States of America and the effectiveness of our tax planning strategies.

We have historically maintained a full valuation allowance against all the domestic DTAs because it was more likely than not that the DTAs will not be realized. The valuation allowance was approximately $69.9 million as of June 30, 2026, and December 31, 2025, which was related to U.S. net federal and state DTAs. The worldwide net DTA balances were immaterial as of June 30, 2026, and December 31, 2025. We intend to continue maintaining a full valuation allowance on the DTAs until sufficient evidence indicates its DTAs will be realized. However, considering our current assessment of the probability of maintaining profitability, there is a reasonable possibility that in the short term, a portion, or all, of the valuation allowance would no longer be prudent. As such, we may release a portion, or all, of the valuation allowance against DTAs within the next 12 months. This release, if any, would result in the recognition of certain DTAs and a decrease to income tax expense for the period such release is recorded. We are currently evaluating both quantitative and qualitative factors that may impact the valuation allowance assessment. Therefore, the exact timing and amount of the valuation allowance release are subject to our profitability and projected ability to utilize our tax attributes, among other factors.

Liquidity and Capital Resources

As of June 30, 2026, our working capital, defined as total current assets less total current liabilities, was $179.3 million, compared to $92.0 million as of December 31, 2025. Total cash and cash equivalents were $114.9 million as of June 30, 2026, compared to $42.2 million as of December 31, 2025. As of June 30, 2026, and December 31, 2025, cash and cash equivalents held by our foreign subsidiaries were $12.3 million and $6.7 million, respectively.

Our material cash requirements include payments for capital expenditures, principal and interest payments on our debt, cash needed to fund our operating activities, operating lease payments, and purchase obligations to support our operations. Additionally, we also use our available cash to pay for employees withholding tax obligations related to net share settlement of equity awards issued under the Company’s equity plan. Refer to Part I, Item 1, Financial Statements, Note 4, *Leases*, Note 5, *Debt*, Note 7, *Employee Benefit Plans*, and Note 12, *Commitments and Contingencies* for details relating to our material cash requirements for leasing arrangements, including future maturities of operating lease liabilities, debt, taxes related to net share settlement of equity awards, and purchase obligations, respectively. As we continuously grow our DirectScan systems business, we will also continuously invest in our DirectScan systems assets and our capital expenditures for the foreseeable future will be mainly related to the construction of these assets.

We believe that our existing cash resources and anticipated funds from operations will satisfy our cash requirements to fund our operating activities, capital expenditures, other obligations including repayment of long-term debt and corresponding interest for at least the next twelve months, and thereafter for the foreseeable future.

Secondary Offering

In May 2026, we completed a registered offering of an aggregate of 5,253,554 shares of the Company's common stock at a price of $44.00 per share. The shares sold consisted of 3,306,924 shares held by a selling stockholder and 1,946,630 shares newly issued by us. The net proceeds to us from the sale of shares of our common stock were approximately $81.8 million, after deducting $3.9 million of underwriting discounts and commissions. We did not receive any proceeds from the sale of shares by the selling stockholder.

Term Loan and Revolving Credit Facility

On March 7, 2025, we entered into a Credit Agreement (the "Credit Agreement") with the lenders who are party to the Credit Agreement and the lenders who may become a party to the Credit Agreement pursuant to the terms thereof (the "Lenders") and Wells Fargo Bank, National Association, as administrative agent to the Lenders (the "Agent").

The Credit Agreement provides for (a) a revolving credit facility in an aggregate principal amount of $45.0 million (the "Revolving Credit Facility") and (b) a term loan facility in an aggregate principal amount of $25.0 million (the "Term Loan" and together with the Revolving Credit Facility, the "Credit Facilities"). The principal of the Revolving Credit Facility is due as a balloon payment of $45.0 million in March 2030. The principal of the Term Loan is due in the amount of $0.6 million quarterly and a balloon payment of $13.1 million in March 2030.

On April 23, 2026, we entered into a First Amendment to Credit Agreement (the "Amendment") with the Lenders and the Agent to amend the Credit Agreement which increased the Revolving Credit Facility to an aggregate principal amount of $75.0 million. Under this facility, $30.0 million is available to us for drawdown as of June 30, 2026.

As of June 30, 2026, our outstanding total debt, net of debt discounts and issuance costs, was $66.5 million, compared to $67.0 million as of December 31, 2025. We believe we have operating flexibility, cash flow, and access to capital markets to meet scheduled payments of our debt.

As of June 30, 2026, we were in compliance with all of the terms and conditions of the Credit Agreement, and management believes, based on its current financial projections, that we will be in compliance with our covenants over the next twelve months. *See* Note 6, *Debt* to our unaudited condensed consolidated financial statements in this Quarterly Report on Form 10-Q.

Repurchase of Company's Common Stock

In May 2026, the Board Directors adopted a new stock repurchase program (the "2026 Program") to repurchase up to $50.0 million of the Company's common stock both on the open market and in privately negotiated transactions, including through Rule 10b5-1 plans, from time to time, over the next two years from the adoption date. As of June 30, 2026, $50.0 million remained available under the 2026 Program. See details of our stock repurchase program in Note 6, *Stockholders' Equity* to our condensed consolidated financial statements in this Quarterly Report on Form 10-Q.

Cash Flow Data

The following table summarizes our cash flows for the periods presented:

	Six Months Ended June 30,		
(In thousands)	**2026**	**2025**	**$ Change**
Net cash flows provided by (used in):			
Operating activities	$ 18,075	$ 3,425	$ 14,650
Investing activities	(24,582)	(124,246)	99,664
Financing activities	79,190	66,645	12,545
Effect of exchange rate changes on cash and cash equivalents	(20)	997	(1,017)
Net change in cash and cash equivalents	$ 72,663	$ (53,179)	$ 125,842

Net Cash Flows Provided by Operating Activities

Net cash flows provided by operating activities were $18.1 million for the six months ended June 30, 2026, compared to $3.4 million for the same period in 2025. The increase in net cash flows provided by operating activities between the periods was primarily driven by (i) higher collections from customers, (ii) the timing of payments under the Company's bonus and incentive plans between the comparative periods, and (iii) a decrease in payments for business acquisition-related costs and income taxes, partially offset by an increase in payments of interest related to bank loans and decrease in interest income.

Net Cash Flows Used in Investing Activities

For the six months ended June 30, 2026, net cash flows used in investing activities were $24.6 million related to purchases and prepayments of property and equipment, mainly related to our DirectScan systems assets and capitalized software development costs related to the next generation of Exensio Analytics Platform and Sapience Manufacturing Hub.

For the six months ended June 30, 2025, net cash flows used in investing activities were $124.2 million, which were primarily related to $129.7 million payments for the acquisition of SecureWise, net of cash acquired, and $16.7 million purchases and prepayments of property and equipment primarily related to our DirectScan systems assets, partially offset by $21.6 million proceeds from maturities and sales, net of purchases of short-term investments, and $0.6 million recovery from previously written-off property and equipment.

Net Cash Flows Provided by Financing Activities

For the six months ended June 30, 2026, net cash flows provided by financing activities were $79.2 million, which primarily consisted of $81.8 million proceeds from shares issued under secondary offering, net of underwriting discounts and commissions of $3.9 million, and $2.3 million proceeds from shares issued under our equity plans, partially offset by $4.1 million in payments for taxes related to net share settlement of equity awards, and $0.6 million repayment of long-term debt.

For the six months ended June 30, 2025, net cash provided by financing activities were $66.6 million, which primarily consisted of $69.6 million proceeds from long-term debt, net of debt discount, that was used in financing the acquisition of SecureWise, and $2.2 million proceeds from shares issued under our equity plans, partially offset by (i) $3.5 million in payments for taxes related to net share settlement of equity awards, (ii) $0.9 million payments of debt issuance costs, and (iii) $0.6 million repayment of long-term debt.

Related Party Transactions

Refer to Note 13, *Related Party Transactions*, to our condensed consolidated financial statements in this Quarterly Report on Form 10-Q, for the discussion about related party transactions between the Company and Advantest (as defined therein).

Off-Balance Sheet Agreements

As of June 30, 2026, we do not have any off-balance sheet arrangements, investments in special purpose entities or undisclosed borrowings or debt.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The following discusses our exposure to market risk related to changes in interest rates and foreign currency exchange rates. We do not currently own any equity investments, nor do we expect to own any in the foreseeable future. This discussion contains forward-looking statements that are subject to risks and uncertainties. Actual results could vary materially as a result of a number of factors.

Interest Rate Risk. Our exposure to market risk for changes in interest rates relates primarily to our investment portfolio and long-term debt as described below.

As of June 30, 2026, we had cash and cash equivalents of $114.9 million. Cash and cash equivalents consisted of cash and highly liquid money market instruments. We would not expect our operating results or cash flows to be affected to any significant degree by the effect of a sudden change in market interest rates on our portfolio. A hypothetical increase in market interest rates of 100 basis points from the market rates in effect as of June 30, 2026, would cause the fair value of these investments to decrease by an immaterial amount which would not have significantly impacted our financial position or results of operations.

As of June 30, 2026, and periodically throughout the year, we have maintained cash balances in various operating accounts in excess of federally insured limits. We limit the amount of credit exposure to any financial institution by evaluating the creditworthiness of the financial institutions with which we invest and investing through more than one financial institution.

We are exposed to interest rate risk through our variable rate debt. As of June 30, 2026, we had $67.5 million of debt that is subject to variable interest rates that are based on the daily simple secured overnight financing rate ("SOFR") or an alternate base rate. Refer to Note 5 – *Debt* for details relating to the debt. If the rates were to increase by 100 basis points from the rates in effect as of June 30, 2026, our interest expense on the variable rate debt would increase by an average of $0.4 million annually. There are inherent limitations in the sensitivity analysis presented, primarily due to the assumptions that interest rate changes would be instantaneous, while SOFR changes regularly. We do not currently hedge our interest rate risks but may determine to do so in the future. We will continue to monitor our exposure to interest rate risk.

Foreign Currency and Exchange Risk. Certain of our cash balances, receivables and payables for our international offices are denominated in the local currency, including the Euro, Yen, Chinese Yuan, New Taiwan Dollar, and Canadian Dollar. Therefore, some of our activities including a portion of our revenues and operating expenditures are subject to foreign currency risks. We also have intercompany transactions with and between certain of our subsidiaries of differing functional currencies, resulting in foreign transaction gains or losses based on our period-end exchange rates. Due to potential volatility of currency exchange rates, we cannot predict the effect of exchange fluctuations on our business. To date, we have not entered into any foreign currency exchange contracts and currently do not expect to enter into foreign currency exchange contracts for trading or speculative purposes.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial and accounting officer, evaluated the effectiveness of our "disclosure controls and procedures" as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) as of June 30, 2026, in connection with the filing of this Quarterly Report on Form 10-Q. Based on that evaluation as of June 30, 2026, our principal executive officer and principal financial and accounting officer concluded that our disclosure controls and procedures were effective to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and is accumulated and communicated to our management as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the quarter ended June 30, 2026, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

Refer to Note 12, *Commitments and Contingencies* to our condensed consolidated financial statements in this Quarterly Report on Form 10-Q, for information regarding our legal proceedings.

Item 1A. Risk Factors

As of the date of this Quarterly Report on Form 10-Q, there have been no material changes from the risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on February 24, 2026. Any of such factors could result in a significant or material adverse effect on our results of operations or financial conditions. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations. We may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

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

Repurchase of Shares of Company Equity Securities

There was no stock repurchase during the second quarter of 2026.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

Insider Adoption or Termination of Trading Arrangements

During the quarter ended June 30, 2026, none of our directors or officers adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as those terms are defined in Regulation S-K, Item 408.

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Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Filing Date	Exhibit Number	SEC File No.	Provided Herewith
3.01	Third Amended and Restated Certificate of Incorporation of PDF Solutions, Inc., and Certificate of Amendment to Third Amended and Restated Certificate of Incorporation of PDF Solutions, Inc.	10-Q	8/8/2024	3.01	000-31311	
3.02	Amended and Restated Bylaws of PDF Solutions, Inc.	8-K	5/1/2019	3.1	000-31311	
10.01	PDF Solutions, Inc.'s Eleventh Amended and Restated 2011 Stock Incentive Plan	8-K	6/18/2026	10.1	000-31311	
10.02	PDF Solutions, Inc.'s Third Amended and Restated 2021 Employee Stock Purchase Plan	8-K	6/18/2026	10.2	000-31311	
10.03	Form of Stock Unit Agreement under PDF Solutions, Inc.'s 2011 Stock Incentive Plan†					X
31.01	Certification of the principal executive officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.02	Certification of the principal financial and accounting officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.01	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*					X
32.02	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*					X
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2026, formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations and Comprehensive Income, (iii) Condensed Consolidated Statements of Stockholders' Equity, (iv) Condensed Consolidated Statements of Cash Flows and (v) Notes to Condensed Consolidated Financial Statements, tagged as blocks of text and including detailed tags. **					X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).					

† Indicates management contract or compensatory plan or arrangement.
* Furnished, and not filed.
** Submitted electronically herewith.

SIGNATURES

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

PDF SOLUTIONS, INC.

Date: August 6, 2026	By:	/s/ John K. Kibarian
		John K. Kibarian President and Chief Executive Officer (principal executive officer)
Date: August 6, 2026	By:	/s/ Adnan Raza
		Adnan Raza Executive Vice President, Finance and Chief Financial Officer (principal financial and accounting officer)

PDF / SOLUTIONS

2011 Stock Incentive Plan – Stock Unit Agreement

1. **Award of Stock Units**. PDF Solutions, Inc., a Delaware corporation (the "Company"), has authorized the grant to you of a stock unit award (the "Award") covering the total number of shares of Shares (the "Stock Units") set forth in the Notice of Stock Unit Award or online Grant Summary (as applicable, the "Notice") delivered to you along with this Agreement, on the date set forth therein (the "Grant Date"), subject to the terms, definitions and provisions of the 2011 Stock Incentive Plan, as amended and restated from time to time (the "Plan"), which is incorporated in this Stock Unit Agreement (the "Agreement") by reference. Unless otherwise defined in this Agreement or the Notice, the terms used in this Agreement shall have the meanings defined in the Plan.

(a) *Bookkeeping Entry*. Pursuant to the Plan, each Stock Unit is a bookkeeping entry representing the equivalent in value of one (1) Share.

(b) *Acceptance; Cancellation*. You acknowledge that by electronically accepting the Award (or instructing the Company in writing to record such acceptance with its designated third-party broker) you agree to be bound by all terms applicable to the Award, as set forth in this Agreement and the Plan. **You must expressly accept the terms and conditions of your Stock Units as set forth in the Notice, this Agreement and the Plan by electronically accepting this Agreement within ninety (90) days after the Company first makes the Notice available to you.** If you do not accept this Award in the manner instructed by the Company, this Award and all Stock Units represented hereby may be cancelled by the Company in its discretion.

2. **Vesting of Stock Units**. So long as your Service continues, the Stock Units shall vest according to the vesting schedule in the Notice. If you take a leave of absence, the Company may, at its discretion, suspend vesting during the period of leave to the extent permitted under applicable law. Prior to the time that the Stock Units are settled upon vesting, you shall have no rights other than those of a general creditor of the Company. The Stock Units represent an unfunded and unsecured obligation of the Company.

3. **Termination of Service; Change in Control**. In the event of the termination of your Service for any reason, all unvested Stock Units shall be immediately forfeited without consideration. For purposes of the Stock Units, your Service will be considered terminated as of the date that you are no longer actively providing services (regardless of the reason for or the circumstances of such termination) and, unless otherwise provided by this Agreement or the Notice or determined by the Company, your right to vest in the Stock Units will terminate effective as of such date and will not be extended by any notice period (e.g., active service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any). You will not earn or be entitled to any pro-rated vesting for that portion of time before the date on which your Service is terminated (as determined under this provision) nor will you be entitled to any compensation for lost vesting. The Committee shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of the Stock Units. Notwithstanding anything to the contrary, in the event of a Change in Control, if the successor corporation does not assume or substitute for outstanding unvested Stock Units with an equivalent award, you will fully vest in all of your outstanding and unvested Stock Units as of the closing of the Change in Control. In the event the Stock Units are assumed or an equivalent award substituted by the successor corporation, and your Service is terminated by the successor corporation (or its parent or subsidiary) without Cause or by you for Good Reason upon or within twenty-four (24) months following the Change in Control, then you shall fully vest in such assumed or substituted award as of the date of such termination. Good Reason shall have the meaning ascribed to such term, or term of similar effect, in any offer letter, employment, or similar agreement between you and the Company; provided, that in the absence of an offer letter, employment, severance or similar agreement containing such definition, Good Reason means the occurrence of one or more of the following without your consent: (i) a material reduction in the your base compensation, (ii) a relocation of the principal place at which you must perform services by more than 50 miles, or (iii) solely for employees at the level above Vice President, a material diminution in your title, authority, duties or responsibilities. In order to establish Good Reason, you must provide the Company with notice of the event giving rise to Good Reason within 30 days of the occurrence of such event, the event shall remain uncured 30 days thereafter and your resignation must be effective within 30 days following the end of such cure period.

4. **Settlement of Stock Units**. Upon vesting of Stock Units, Stock Units shall be automatically settled in Shares, provided that the Company shall have no obligation to issue Shares pursuant to this Agreement unless and until you have satisfied any applicable tax and/or other obligations pursuant to Section 5 below and such issuance otherwise complies with all applicable law.

5. **Responsibility for Taxes**.

(a) You acknowledge that, regardless of any action the Company and/or your employer (the "Employer"), the ultimate liability for all income tax, social insurance contributions, payroll tax, fringe benefits tax, payment on account or any other tax-related items related to your participation in the Plan and legally applicable to you as a result of your participation in the Plan ("Tax-Related Items") is and remains your responsibility and may exceed the amount (if any) withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Stock Units, including the grant, vesting or settlement of the Stock Units, or the subsequent sale of any Shares acquired at vesting or the receipt of any dividends with respect to such Shares; and (ii) do not commit to and are under no obligation to structure the terms or any aspect of the Stock Units to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to Tax-Related Items in more than one jurisdiction between the Grant Date and the date of any relevant taxable event, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) In connection with any relevant tax, withholding or required deduction event, as applicable, you agree to make arrangements satisfactory to the Company for the satisfaction of any applicable tax, withholding, required deduction and payment on account obligations of the Company and/or the Employer that arise in connection with the Stock Units. In this regard, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any obligations related to Tax-Related Items by one or a combination of the following: (i) withholding from your wages or other cash compensation payable to you by the Company or the Employer; (ii) withholding from proceeds of the sale of Shares acquired upon settlement of the Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization without further consent); (iii) withholding of Shares that would otherwise be issued upon settlement of the Stock Units; or (iv) any other method permitted under the Plan and applicable law and, where required, approved by the Committee. If the obligation for Tax-Related Items is satisfied by withholding of

Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested Stock Units, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

(c) The Company may withhold or account for Tax-Related Items by considering statutory or other withholding rates, including – to the extent permitted under the Plan – up to the maximum applicable rate in your jurisdiction(s). In the event the application of the selected withholding rate results in over-withholding, you may receive a refund of any over-withheld amount in cash (with no entitlement to the equivalent in Shares) or, if not refunded, you may be able to seek a refund from the local tax authorities. In the event the application of the selected withholding rate results in under-withholding, you may be required to pay any additional Tax-Related Items directly to the applicable tax authority or to the Company and/or the Employer.

(d) Finally, the Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if you fail to comply with your obligations in connection with the Tax-Related Items.

6. **Tax and Legal Advice**. You represent, warrant and acknowledge that neither the Company nor your Employer have made any warranties or representations to you with respect to any Tax-Related Items, legal or financial consequences of the transactions contemplated by this Agreement, and you are in no manner relying on the Company, your Employer's or the Company's or the Employer's representatives for an assessment of such consequences. YOU UNDERSTAND THAT THE LAWS GOVERNING THIS AWARD ARE SUBJECT TO CHANGE. YOU SHOULD CONSULT YOUR OWN PROFESSIONAL TAX, LEGAL AND FINANCIAL ADVISOR REGARDING ANY STOCK UNITS. YOU UNDERSTAND THAT THE COMPANY AND YOUR EMPLOYER ARE NOT PROVIDING ANY TAX, LEGAL, OR FINANCIAL ADVICE, NOR IS THE COMPANY OR YOUR EMPLOYER MAKING ANY RECOMMENDATION REGARDING YOUR ACCEPTANCE OF THIS AWARD. NOTHING STATED HEREIN IS INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAXPAYER OR OTHER PENALTIES.

7. **Non-Transferability of Stock Units**. Stock Units shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily or involuntarily or by operation of law.

8. **Restriction on Transfer**. Regardless of whether the transfer or issuance of the Shares to be issued pursuant to the Stock Units has been registered under the Securities Act or has been registered or qualified under the securities laws of any state or any jurisdiction, the Company may impose additional restrictions upon the sale, pledge, or other transfer of the Shares (including the placement of appropriate legends on stock certificates and the issuance of stop-transfer instructions to the Company's transfer agent) if, in the judgment of the Company and the Company's counsel, such restrictions are necessary in order to achieve compliance with the provisions of the Securities Act, the securities laws of any state, or any other law including all applicable foreign laws.

9. **Restrictive Legends and Stop-Transfer Instructions**. Stock certificates evidencing the Shares issued pursuant to the Stock Units may bear such restrictive legends and/or appropriate stop-transfer instructions may be issued to the Company's transfer agent as the Company and the Company's counsel deem necessary under applicable law or pursuant to this Agreement.

10. **Representations, Warranties, Covenants, and Acknowledgments**. You hereby agree that in the event the Company and the Company's counsel deem it necessary or advisable in the exercise of their discretion, the transfer or issuance of the Shares issued pursuant to the Stock Units may be conditioned upon you making certain representations, warranties, and acknowledgments relating to compliance with applicable laws.

11. **Voting and Other Rights**. Subject to the terms of this Agreement, you shall not have any voting rights or any other rights and privileges of a stockholder of the Company unless and until the Stock Units are settled upon vesting. In addition, you shall not have any rights to dividend equivalent payments with respect to unvested Stock Units.

12. **Nature of Grant**. By accepting the Award, you acknowledge, understand and agree that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

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

(c) you are voluntarily participating in the Plan;

(d) all decisions with respect to future stock units or other grants, if any, will be at the sole discretion of the Company;

(e) the grant of the Stock Unit and your participation in the Plan will not create a right to continue to serve the Company or the Employer in the capacity in effect at the time the Stock Units were granted;

(f) the grant of the Stock Units and your participation in the Plan will not be interpreted as forming or amending an employment or service contract with the Company, the Employer or any Parent, Subsidiary or Affiliate, and will not interfere with the right (if any) of the Company or the Employer, as applicable, to terminate your Service;

(g) the Stock Units and the Shares subject to the Stock Units, and the income from and value of same, are not intended to replace any pension rights or compensation;

(h) the Stock Units and the Shares subject to the Stock Units, and the income from and value of same, are not part of normal or expected compensation for purposes of, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, leave-related payments, holiday pay, pension or retirement or welfare benefits or similar payments;

(i) unless otherwise agreed with the Company in writing, the Stock Units and the Shares subject to the Stock Units, and the income from and value of same, are not granted as consideration for, or in connection with, the service you may provide as a director of a Parent, Subsidiary or Affiliate;

(j) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(k) no claim or entitlement to compensation or damages shall arise from forfeiture of the Stock Units resulting from the termination of your Service (regardless of the reason for the termination and whether or not the termination is later found to be invalid or in breach of employment laws in the jurisdiction where you provide services or the terms of your employment or service agreement, if any) or from the application of the Company's Compensation Recovery Policy or any other clawback or recoupment policy adopted by the Company or imposed by applicable law; and

(l) neither the Company nor the Employer will be liable for any foreign exchange rate fluctuation between your local currency and the U.S. dollar that may affect the value of the Stock Units or of any amounts due to you pursuant to the settlement of the Stock Units or the subsequent sale of any Shares acquired upon settlement.

13. **<u>Data Privacy</u>.** You understand that if you would like to participate in the Plan, you should review the following information about the Company's data processing practices and declare your consent.

The Company, with its registered address at 2858 De La Cruz Boulevard, Santa Clara, California 95050, U.S.A., is the controller responsible for the processing of personal data in connection with the Plan.

(a) *Data Collection and Usage.* The Company collects, processes and uses your personal data, including name, home address, email address and telephone number, date of birth, social insurance, passport or other identification number, salary, citizenship, job title, any shares or directorships held in the Company, and details of all Stock Units granted, canceled, exercised, or outstanding in my favor, which the Company receives from yourself or the Employer. You understand that the Company will collect your personal data for purposes of allocating Shares under the Plan and implementing, administering and managing the Plan. The Company's legal basis, where required, for the processing of your personal data is your consent.

(b) *Stock Plan Administration Service Providers.* The Company transfers your personal data to Morgan Stanley Smith Barney, LLC and its affiliated company, E*Trade Financial Corporate Services, Inc. (collectively "E*Trade"), an independent service provider, which assists the Company with the implementation, *administration* and management of the Plan. In the future, the Company may select a different service provider and share your personal data with another company that serves in a similar manner. The Company's service provider will open an account for you to receive and trade Shares. You may be asked to agree on separate terms and data processing practices with the service provider, which is a condition of your ability to participate in the Plan.

(c) *International Data Transfers.* The Company and its service providers are based in the United States. You acknowledge that if you work or reside outside the United States, your country may have enacted data privacy laws that are different from laws of the United States. You understand and acknowledge that this might result in certain risks to the protection of your personal data due to the lack of legal principles governing the processing of the personal data, oversight by a supervisory authority or enforceable data subject rights in the United States. The transfer of your personal data from your country to the Company in the United States, as well as the onward transfer of your personal data from the Company to E*Trade, is based on your consent.

(d) *Data Retention.* The Company will use your personal data only as long as is necessary to implement, administer and manage your participation in the Plan or as required to comply with legal or regulatory obligations, including under tax and securities laws. When the Company no longer needs your personal data, the Company will remove it from its systems. The Company may keep personal data longer to satisfy legal or regulatory obligations, and the Company's legal basis would be compliance with the relevant laws or regulations.

(e) *Voluntariness and Consequences of Consent Denial or Withdrawal.* You acknowledge that your participation in the Plan and the grant of your consent is purely voluntary. You may deny or withdraw your consent at any time. If you do not consent, or if you withdraw your consent, you understand that this would not affect your salary as a Service provider or your career; you would not be able to participate in the Plan, however, and would forfeit the opportunities associated with the Plan.

(f) *Data Subject Rights*. You may have a number of rights under data privacy laws in your jurisdiction. Depending on where you are based, your rights may include the right to (i) request access or copies of personal data the Company's processes, (ii) rectification of incorrect data, (iii) deletion of data, (iv) restrictions on processing, (v) portability of data, (vi) lodge complaints with competent authorities in your jurisdiction, and/or (vii) a list with the names and addresses of any potential recipients of your personal data. To receive clarification regarding your rights or to exercise your rights, you should contact the Company by email at privacy@pdf.com or by writing at the following address:

PDF Solutions, Inc.
Attn: Legal Department
2858 De La Cruz Blvd
Santa Clara, CA 95050, USA

By typing "I agree" in the field on the www.etrade.com/enroll screen and clicking on the "CONTINUE" button, you acknowledge that you are also providing your consent to the data processing practices and the transfer of your personal data described in this section.

14. **<u>Governing Law and Forum</u>**. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of California, without giving effect to principles of conflict of laws. For purposes of litigating any dispute that may arise directly or indirectly from this Agreement, the parties hereby submit and consent to litigation in the exclusive jurisdiction of the State of California and agree that any such litigation shall be conducted only in the courts of California or the federal courts for the United States for the Northern District of California and no other courts.

15. **<u>Entire Agreement; Enforcement of Rights</u>**. This Agreement, together with the Notice and the Plan, sets forth the entire agreement and understanding of the parties relating to the subject matter herein and therein and merges all prior or contemporaneous discussions between the parties. Except as contemplated under the Plan, no modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing signed by the parties to this Agreement. The failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such party.

16. **<u>Notices</u>**. Any notice required or permitted under the terms of this Agreement shall be in writing and shall be deemed sufficient when delivered personally or sent by confirmed email, telegram, or fax or forty-eight (48) hours after being deposited in the mail, as certified or registered mail, with postage prepaid, and addressed to the Company at the Company's principal corporate offices or to you at the address maintained for you in the Company's records or, in either case, as subsequently modified by written notice to the other party.

17. **Binding Effect**. Subject to the limitations set forth in this Agreement, this Agreement shall be binding upon, and inure to the benefit of, the executors, administrators, heirs, legal representatives, successors, and assigns of the parties hereto.

18. **Waiver**. You acknowledge that a waiver by the Company of breach of any provision of this Agreement will not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other participant in the Plan.

19. **Severability**. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (a) such provision shall be excluded from this Agreement, (b) the balance of this Agreement shall be interpreted as if such provision were so excluded and (c) the balance of this Agreement shall be enforceable in accordance with its terms.

20. **Electronic Delivery and Participation**. The Company may, in its sole discretion, decide to deliver any documents related to your current or future participation in the Plan by electronic means or to request your consent to participate in the Plan by electronic means. You consent to receive such documents by electronic delivery and agree to participate in the Plan through an online or electronic system established and maintained by the Company or a third party designated by the Company.

21. **Language**. You acknowledge that you are sufficiently proficient in English, or have consulted with an advisor who is sufficiently proficient in English, so as to allow you to understand the terms and conditions of the Plan and this Agreement, including the Appendix. Furthermore, if you have received the Plan, this Agreement, the Appendix or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control, unless otherwise required by applicable law.

22. **Country-Specific Provisions**. The Stock Units shall be subject to any applicable terms and conditions set forth in any Appendix. Moreover, if you transfer to one of the countries included in the Appendix, the terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

23. **Imposition of Other Requirements**. The Company reserves the right to impose other requirements on your participation in the Plan, on the Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you agree to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

24. **Insider Trading Restrictions/Market Abuse Laws**. You acknowledge that you are subject to any applicable Company insider trading policy. In addition, you acknowledge that you may be subject to additional insider trading restrictions and/or market abuse laws in applicable jurisdictions (including the United States and your country of residence), which may affect your ability to, directly or indirectly, acquire, sell, or attempt to sell Shares or rights to Shares during such times as you are considered to have “inside information” regarding the Company (as defined by the laws in the applicable jurisdictions). You acknowledge that it is your responsibility to comply with any applicable Company insider trading policy and any additional restrictions that may apply due to any insider trading restrictions or market abuse laws. You understand and agree that you should speak to your personal legal advisor regarding any applicable insider trading restrictions or market abuse laws.

25. **Foreign Asset/Account, Exchange Control and Tax Reporting**. You acknowledge that you may be subject to foreign asset/account, exchange control and/or tax reporting requirements as a result of the acquisition, holding and/or transfer of Shares or cash (including dividends and the proceeds arising from the sale of Shares) derived from your participation in the Plan in, to and/or from a brokerage/bank account or legal entity located outside your country. The applicable laws of your country may require that you report such accounts, assets, the balances therein, the value thereof and/or the transactions related thereto to the applicable authorities in such country. You may also be required to repatriate sale proceeds or other funds received as a result of your participation in the Plan to your country through a designated broker or bank and/or within a certain time after receipt. You acknowledge that you are responsible for ensuring compliance with any applicable foreign asset/account, exchange control and tax reporting requirements and should consult your personal adviser on this matter.

26. **Compensation Recovery Policy**. You acknowledge that this Award is subject to the Company's Compensation Recovery Policy which, to the extent applicable to you, has been provided to you.

* * * *

PLEASE PRINT AND KEEP A COPY FOR YOUR RECORDS

COUNTRY-SPECIFIC PROVISIONS

Capitalized terms used but not defined herein will have the meanings given to them in the Plan and the Stock Unit Agreement, as applicable.

Terms and Conditions

This Appendix includes terms and conditions that govern the Stock Units and any Shares acquired under the Plan if you work or reside in, or are otherwise subject to the laws of, any of the countries listed below.

Notifications

This Appendix also includes notifications relating to securities, exchange control and other issues of which you should be aware with respect to your participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of June 2026. Such laws are often complex and change frequently. As a result, you should not rely on the notifications herein as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time the Stock Units vest and/or Shares acquired under the Plan are sold.

In addition, the information contained herein is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of any particular result. Accordingly, you should seek appropriate professional advice as to how the relevant laws in your country may apply to your particular situation.

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If you are a citizen or resident of a country other than the one in which you are currently working and/or residing, are considered a resident of another country or transfer employment and/or change residency to another country after the Stock Units have been granted, the terms and conditions and the information contained herein may not be applicable to you in the same manner. The Company will, in its sole discretion, determine to what extent the terms and conditions included herein will apply to you in such circumstances.

AUSTRIA

Notifications

Exchange Control Information. If you hold securities (including Shares acquired under the Plan) or cash (including proceeds from the sale of Shares) outside Austria, you may be subject to reporting obligations to the Austrian National Bank. If the value of the Shares meets or exceeds a certain threshold, you must report the securities held on a quarterly basis to the Austrian National Bank as of the last day of the quarter, on or before the 15th day of the month following the end of the calendar quarter. If the value of the cash amounts held outside of Austria meets or exceeds a certain threshold, monthly reporting obligations apply as explained in the next paragraph.

If you sell Shares or receive any cash dividends, you may have exchange control obligations if you hold the cash proceeds outside of Austria. If the transaction volume of all of your accounts abroad meets or exceeds a certain threshold, you must report to the Austrian National Bank the movements and balances of all accounts on a monthly basis, as of the last day of the month, on or before the 15th day of the following month, on the prescribed forms.

You should consult your personal tax advisor to determine your personal reporting obligations.

CANADA

Terms and Conditions

Termination of Service. The following provision replaces Section 3 of the Agreement:

In the event of the termination of your Service for any reason, all unvested Stock Units shall be immediately forfeited without consideration. For purposes of the Stock Units, your Service will be considered terminated, and your right (if any) to vest in the Stock Units will terminate effective, as of the date that is the earliest of: (a) the date your Service with the Company or the Employer terminates, no matter how the termination arises, and (b) the date you receive or give written notice of termination of Service to the Company or your Employer. In either case, your period of Service for purposes of the Plan will exclude any period during which notice, pay in lieu of notice or related payments or damages are provided or required to be provided under applicable law in the jurisdiction where you are employed or providing services or the terms of your employment or service agreement, if any. You will not earn or be entitled to any pro-rated vesting for that portion of time before the date on which your Service is terminated (as determined under this provision) nor will you be entitled to any compensation for lost vesting.

Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires vesting during a statutory notice period, your right to vest in the Stock Units under the Plan, if any, will terminate effective as of the last day of your minimum statutory notice period, but you will not earn or be entitled to pro-rated vesting if the vesting date falls after the end of the statutory notice period, nor will you be entitled to any compensation for lost vesting.

Settlement of Stock Units. The following provision supplements Section 4 of the Agreement:

Settlement of vested Stock Units may be made in the form of Shares as described herein, notwithstanding the discretion set forth in Section 9(e) to settle vested Stock Units in cash, Shares or any combination of both.

Terms and Conditions (Quebec Residents Only)

French Language Documents. A French translation of this document and certain other documents related to the Plan may be made available to you, to the extent the Company determines that such a translation is required. If a French translation of this document or the Plan is provided to you, any such French translation will govern your participation in the Plan unless you indicate otherwise.

Data Privacy. The following provision supplements Section 14 of the Agreement:

You hereby authorize the Company or any Parent, Subsidiary or Affiliate, including the Employer, and any agents or representatives to (a) discuss with and obtain all relevant information from all personnel, professional or non-professional, involved in the administration and operation of the Plan, and (b) disclose and discuss any and all information relevant to the Plan with their advisors. You further authorize the Company or any Parent, Subsidiary or Affiliate, including the Employer, and any agents or representatives to record such information and to keep such information in your file. You acknowledge and agree that your personal information, including sensitive personal information, may be transferred or disclosed outside of the province of Quebec, including to the United States. You authorize the Company and other parties involved in the administration of the Plan to use technology for profiling purposes and to make automated decisions that may have an impact on you or the administration of the Plan.

Notifications

Securities Law Information. The sale or other disposal of the Shares acquired under the Plan may not take place within Canada. Shares acquired under the Plan can be sold through E*Trade or such other stock plan service provider as may be selected by the Company in the future, provided the sale of Shares takes place outside Canada through the facilities of a stock exchange on which the Shares are listed. The Shares are listed on the Nasdaq Stock Exchange.

Foreign Asset/Account Reporting Information. You are required to report any specified foreign property on form T1135 (Foreign Income Verification Statement) if the total cost of the foreign property exceeds CAD 100,000 at any time in the year. Specified foreign property includes Shares acquired under the Plan and may include the Stock Units. The Stock Units must be reported (generally at a nil cost) if the CAD 100,000 cost threshold is exceeded because of other foreign property held. If Shares are acquired, their cost generally is the adjusted cost base ("ACB") of the Shares. The ACB ordinarily would equal the fair market value of the Shares at the time of acquisition, but if other Shares are owned, this ACB may need to be averaged with the ACB of the other Shares. The form T1135 generally must be filed by April 30 of the following year. You should consult your personal tax advisor to ensure compliance with the applicable reporting requirements.

CHINA

Terms and Conditions

Your Award is also subject to the terms and conditions outlined in the separate China Addendum and Internal Control Policy, both of which are incorporated herein and form part of this Agreement. By accepting this Award, you acknowledge that you understand and agree to the terms and conditions of the China Addendum and Internal Control Policy.

FRANCE

Terms and Conditions

Award of Stock Units. The following provision supplements Section 1 of the Agreement:

The Stock Units granted under this Agreement are not intended to qualify for specific tax and social security treatment pursuant to Sections L. 225-197-1 to L. 225-197-5 and Sections L. 22-10-59 to L. 22-10-60 of the French Commercial Code, as amended.

Language Consent. You confirm having read and understood the documents relating to the Plan (the Plan, the Agreement and this Appendix) which were provided to you in the English language. You accept the terms of those documents accordingly.

Consentement Relatif à la Langue Utilisée. Vous confirmez avoir lu et compris les documents relatifs au Plan (le Plan, le Contrat et la présente Annexe) qui vous ont été fournis en langue anglaise. Vous acceptez les termes de ces documents en conséquence.

Notifications

Foreign Asset/Account Reporting Information. If you hold cash or securities (including Shares acquired under the Plan) outside of France or maintain a foreign bank account, including the accounts that were opened, held, used and/or closed during the tax year, you must report such account to the French tax authorities when filing your annual tax return. You should consult your personal tax advisor to ensure compliance with applicable reporting requirements.

GERMANY

Notifications

Exchange Control Information. Cross-border payments in excess of EUR 50,000 must be reported to the German Federal Bank (*Bundesbank*). If you make or receive a payment in excess of this amount (including if you acquire Shares with a value in excess of this amount under the Plan or sell Shares via a foreign broker, bank or service provider and receive proceeds in excess of this amount) and/or if the Company withholds or sells Shares with a value in excess of this amount to cover the Tax-Related Items, you must report the payment and/or the value of the Shares withheld or sold to Bundesbank. Such reports must be made either electronically using the “General Statistics Reporting Portal” (*Allgemeine Meldeportal Statistik*) available on the Bundesbank website (www.bundesbank.de) or via such other method (*e.g.*, by email or telephone) as is permitted or required by Bundesbank. The report must be submitted monthly or within other such timing as is permitted or required by Bundesbank. You should consult your personal legal advisor to ensure compliance with applicable reporting requirements.

ISRAEL

Terms and Conditions

Award of Stock Units. The following provision supplements Section 1 of the Agreement:

The Stock Units granted under this Agreement are not intended to qualify for specific tax and social security treatment in Israel.

Settlement of Stock Units. The following provision supplements Section 4 of the Agreement:

To facilitate compliance with tax requirements in Israel, the Company reserves the right to require the sale of any Shares issued to you upon vesting and settlement of the Stock Units, either immediately following settlement or upon termination of Service or at such other time determined by the Company. You agree that the Company is authorized to instruct E*Trade, or such other stock plan service provider or broker assisting with the Plan, to assist with the mandatory sale of such Shares (on your behalf pursuant to this authorization and without further consent) and you expressly authorize E*Trade, or such other stock plan service provider or broker assisting with the Plan, to complete the sale of such Shares. You acknowledge that E*Trade, or such other stock plan service provider or broker assisting with the Plan, is under no obligation to arrange for the sale of the Shares at any particular price. Upon the sale of the Shares, the Company agrees to pay you the proceeds from the sale of the Shares, less any brokerage fees or commissions and subject to any applicable withholding obligation for Tax-Related Items.

If the Company does not require the sale of the Shares issued to you upon vesting and settlement of the Stock Units, as described above, the Company may require, and in such case you agree that the Shares will, be held in an account with E*Trade, or such other stock plan service provider or broker assisting with the Plan, until such time as you sell the Shares, unless the Company allows you to transfer the Shares to another account.

Notifications

Securities Law Information. The grant of the Stock Units does not constitute a public offering under the Securities Law, 1968.

ITALY

Terms and Conditions

Plan Document Acknowledgement. By accepting the Stock Units, you acknowledge that you have received a copy of the Plan, have reviewed the Plan and the Agreement in their entirety and fully understand and accept all provisions of the Plan and Agreement.

You further acknowledge that you have read and specifically and expressly approve the following sections of the Agreement: Section 1(b) (“Award of Stock Units – Acceptance; Cancellation”); Section 3 (“Termination of Service”); Section 5 (“Responsibility for Taxes”); Section 10 (“Representations, Warranties, Covenants, and Acknowledgments"); Section 5 ("Data Privacy"); Section 14 ("Governing Law and Forum"); Section 16 ("Notices"); Section 20 ("Electronic Delivery and Participation"); and Section 23 ("Imposition of Other Requirements").

Notifications

Foreign Asset/Account Reporting Information. If, at any time during the fiscal year, you hold foreign financial assets (including Stock Units and Shares) which may generate income taxable in Italy, you are required to report these assets on your annual tax return or the year during which the assets are held. These reporting obligations will also apply to Italian residents who are the beneficial owners of foreign financial assets under Italian money laundering provisions. You should consult your personal tax advisor to ensure compliance with the applicable requirements.

JAPAN

Notifications

Exchange Control Information. If you acquire Shares valued at more than JPY 100,000,000 in a single transaction, you must file a Securities Acquisition Report with the Ministry of Finance through the Bank of Japan within twenty (20) days of the acquisition of the shares. You should consult your personal legal advisor to ensure compliance with applicable reporting requirements.

Foreign Asset/Account Reporting Information. You are required to report details of any assets held outside Japan as of December 31 (including Shares acquired under the Plan), to the extent such assets have a total net fair market value exceeding JPY 50,000,000. Such report is due by June 30 each year. You should consult your personal tax advisor to ensure compliance with applicable reporting requirements.

KOREA

Notifications

Exchange Control Information. If you sell the Shares acquired at settlement of the Stock Units and/or receive cash dividends on the Shares, you may have to file a report with a Korean foreign exchange bank if the funds received are in excess of USD 5,000 (per transaction) and deposited into a non-Korean bank account. A report may not be required if proceeds are deposited into a non-Korean brokerage account. You should consult your personal legal advisor to ensure compliance with applicable reporting requirements.

Foreign Asset/Account Reporting Information. You are required to declare all foreign financial accounts (*e.g.*, non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authority and file a report with respect to such accounts in June of the following year if the monthly balance of such accounts exceeds KRW 500 million (or an equivalent amount in foreign currency) on any month-end date during a calendar year. You should consult your personal tax advisor to ensure compliance with applicable reporting requirements.

NETHERLANDS

There are no country-specific provisions.

TAIWAN

Notifications

Securities Law Information. The grant of the Stock Units and the Shares to be issued pursuant to the Plan are available only for certain Employees, Contractors and directors of the Company, a Parent, Subsidiary or an Affiliate. It is not a public offer of securities by a Taiwanese company; therefore, it is exempt from registration in Taiwan.

Exchange Control Information. You may acquire and remit foreign currency (including proceeds from the Shares) into Taiwan up to a certain threshold (currently USD 10,000,000) per year. If the transaction amount equals or exceeds a certain threshold (currently TWD 500,000) in a single transaction, you must submit a Foreign Exchange Transaction Form and also provide supporting documentation to the satisfaction of the remitting bank.

Exhibit 31.01

CERTIFICATIONS

I, John K. Kibarian, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PDF Solutions, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ John K. Kibarian
John K. Kibarian
President and Chief Executive Officer
(principal executive officer)

Date: August 6, 2026

Exhibit 31.02

CERTIFICATIONS

I, Adnan Raza, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PDF Solutions, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Adnan Raza
Adnan Raza
Executive Vice President, Finance
and Chief Financial Officer
(principal financial and accounting
officer)

Date: August 6, 2026

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of PDF Solutions, Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2026, as filed with the Securities and Exchange Commission on August 6, 2026 (the “Report”), I, John K. Kibarian, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: */s/* John K. Kibarian
John K. Kibarian
President and Chief Executive Officer
(principal executive officer)

Date: August 6, 2026

Exhibit 32.02

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of PDF Solutions, Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2026, as filed with the Securities and Exchange Commission on August 6, 2026 (the “Report”), I, Adnan Raza, Executive Vice President, Finance and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Adnan Raza
Adnan Raza
Executive Vice President, Finance
and Chief Financial Officer
(principal financial and accounting
officer)

Date: August 6, 2026