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

**FORM 8-K**

**CURRENT REPORT**

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

Date of Report (Date of Earliest Event Reported): **February 13, 2025**

**PDF SOLUTIONS, INC.**

(Exact name of registrant as specified in its charter)

000-31311

(Commission File Number)

Delaware  
(State or Other Jurisdiction of Incorporation)

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

**2858 De La Cruz Boulevard**

**Santa Clara, CA 95050**

(Address of principal executive offices, with zip code)

**(408) 280-7900**

(Registrant's telephone number, including area code)

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

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

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

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

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

Emerging growth company ☐

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

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

On February 13, 2025, PDF Solutions (the “Company”) issued a press release regarding its financial results and certain other information related to the fourth quarter and year ended December 31, 2024. The Company also posted on the Investors section of its website ([www.pdf.com](http://www.pdf.com)) a management report with regard to the fourth quarter and year ended December 31, 2024. Copies of the press release and management report are attached to this report as Exhibits 99.1 and 99.2, respectively. Information on the website is not, and will not be deemed, a part of this report or incorporated into any other filings the Company makes with the Securities and Exchange Commission.

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

## Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	<a href="#">Press Release dated February 13, 2025, regarding financial results and certain other information related to the fourth quarter and year ended December 31, 2024.</a>
99.2	<a href="#">Management Report by PDF Solutions, Inc. as of February 13, 2025.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

## SIGNATURES

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

PDF SOLUTIONS, INC. (Registrant)

By: /s/ Adnan Raza

*Adnan Raza*

*EVP, Finance, and Chief Financial Officer  
(principal financial and accounting officer)*

Dated: February 13, 2025

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## News Release

### Company Contacts:

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## PDF Solutions® Announces Record 2024 Fourth Quarter and Full Year Total Revenues

Santa Clara, CA, February 13, 2025, – PDF Solutions, Inc. (Nasdaq: PDFS), a leading provider of comprehensive data solutions for the semiconductor and electronics ecosystem, today announced financial results for its fourth quarter and year ended December 31, 2024.

### Financial Highlights of Fourth Quarter 2024

- Record quarterly total revenues of \$50.1 million, up 22% over last year's comparable quarter
- Record quarterly analytics revenue of \$47.9 million, up 22% over last year's comparable quarter
- GAAP gross margin of 68% and non-GAAP gross margin of 72%
- GAAP diluted earnings per share (EPS) of \$0.01 and non-GAAP diluted EPS of \$0.25

### Financial Highlights of Full Year 2024

- Record full year total revenues of \$179.5 million, up 8% over last year
- Record full year analytics revenue of \$169.3 million, up 11% over last year
- GAAP gross margin of 70% and non-GAAP gross margin of 74%
- GAAP diluted EPS of \$0.10 and non-GAAP diluted EPS of \$0.84
- Backlog of \$221.4 million as of December 31, 2024

Total revenues for the fourth quarter of 2024 were \$50.1 million, compared to \$46.4 million for the third quarter of 2024 and \$41.1 million for the fourth quarter of 2023. Analytics revenue for the fourth quarter of 2024 was \$47.9 million, compared to \$44.8 million for the third quarter of 2024 and \$39.1 million for the fourth quarter of 2023. Integrated Yield Ramp revenue for the fourth quarter of 2024 was \$2.2 million, compared to \$1.7 million for the third quarter of 2024 and \$2.0 million for the fourth quarter of 2023. Total revenues for the full year 2024 and 2023 were \$179.5 million and \$165.8 million, respectively.

GAAP gross margin for the fourth quarter of 2024 was 68%, compared to 73% for the third quarter of 2024 and 68% for the fourth quarter of 2023. GAAP gross margin for the full year 2024 and 2023 was 70% and 69%, respectively.

Non-GAAP gross margin for the fourth quarter of 2024 was 72%, compared to 77% for the third quarter of 2024 and 72% for the fourth quarter of 2023. Non-GAAP gross margin for the full year 2024 and 2023 was 74% and 73%, respectively.

On a GAAP basis, net income for the fourth quarter of 2024 was \$0.5 million, or \$0.01 per diluted share, compared to net income of \$2.2 million, or \$0.06 per diluted share, for the third quarter of 2024, and net income of \$0.9 million, or \$0.02 per diluted share, for the fourth quarter of 2023. On a GAAP basis, net income for the full year 2024 was \$4.1 million, or \$0.10 per diluted share, compared to net income of \$3.1 million, or \$0.08 per diluted share, for the full year 2023.

Non-GAAP net income for the fourth quarter of 2024 was \$9.9 million, or \$0.25 per diluted share, compared to non-GAAP net income of \$9.9 million, or \$0.25 per diluted share, for the third quarter of 2024, and non-GAAP net income of \$5.7 million, or \$0.15 per diluted share, for the fourth quarter of 2023. Non-GAAP net income for the full year 2024 was \$32.6 million, or \$0.84 per diluted share, compared to non-GAAP net income of \$28.5 million, or \$0.73 per diluted share, for the full year 2023.

Cash, cash equivalents and short-term investments as of December 31, 2024, were \$114.9 million.

## **Financial Outlook**

“We are pleased with the progress we are making with our customers. During the fourth quarter of 2024, we completed an ongoing manufacturing evaluation of an eProbe machine earlier than the customer’s schedule, resulting in the sale to this new leading edge customer, booked multiple Exensio deals, and saw growth in our Cimetrix connectivity business from runtime licenses. In 2025, we expect our full year revenues to grow at a rate approaching 15% year over year,” said John Kibarian, CEO and President.

## **Conference Call**

As previously announced, PDF Solutions will discuss these results on a live conference call beginning at 2:00 p.m. Pacific Time / 5:00 p.m. Eastern Time today. To participate on the live call, analysts and investors should pre-register at: <https://register.vevent.com/register/B11b05df01d9534a648d4fd2cd753be31c>. Registrants will receive dial-in information and a unique passcode to access the call. We encourage participants to dial into the call ten minutes ahead of the scheduled time. The teleconference will also be webcast simultaneously on the Company’s website at <https://ir.pdf.com/webcasts>. A replay of the conference call webcast will be available after the call on the Company’s investor relations website. A copy of this press release, including the disclosure and reconciliation of certain non-GAAP financial measures to the comparable GAAP measures, which non-GAAP measures may be used periodically by PDF Solutions’ management when discussing financial results with investors and analysts, will also be available on PDF Solutions’ website at <http://www.pdf.com/press-releases> following the date of this release.

## **Fourth Quarter and Full Year 2024 Financial Commentary Available Online**

A Management Report reviewing the Company’s fourth quarter and full year 2024 financial results will be furnished to the Securities and Exchange Commission on Form 8-K and published on the Company’s website at <http://ir.pdf.com/financial-reports>. Analysts and investors are encouraged to review this commentary prior to participating in the conference call.

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

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

## **Forward-Looking Statements**

This press release and the planned conference call include forward-looking statements regarding the Company's future expected business performance and financial results, including expectations about total revenue growth for 2025 and other statements identified by words such as "could," "expects," "intends," "may," "plans," "potential," "should," "will," "would," or similar expressions and the negatives of those terms, that are subject to future events and circumstances. Other than statements of historical fact, all statements contained in this press release and the planned conference call are forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from those expressed in these forward-looking statements. Risks and uncertainties that could cause results to differ materially include risks associated with: the effectiveness of the Company's business and technology strategies; current semiconductor industry trends and competition; rates of adoption of the Company's solutions by new and existing customers; project milestones or delays and performance criteria achieved; cost and schedule of new product development and investments in research and development; the continuing impact of macroeconomic conditions, including inflation, changing interest rates and tariffs, the evolving trade regulatory environment and geopolitical tensions, and other trends on the semiconductor industry, the Company's customers, operations, and supply and demand for its products; supply chain disruptions; the success of the Company's strategic growth opportunities and partnerships; recent and future acquisitions, strategic alliances and relationships and the Company's ability to successfully integrate acquired businesses and technologies; whether the Company can successfully convert backlog into revenue; customers' production volumes under contracts that provide Gainshare; the sufficiency of the Company's cash resources and anticipated funds from operations; the Company's ability to obtain additional financing if needed and its ability to use support and updates for certain open-source software; and other risks set forth in PDF Solutions' periodic public filings with the Securities and Exchange Commission, including, without limitation, its Annual Report on Form 10-K for the year ended December 31, 2023, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K and amendments to such reports. The forward-looking statements made in this press release and the conference call are made as of the date hereof, and PDF Solutions does not assume any obligation to update such statements nor the reasons why actual results could differ materially from those projected in such statements. The Company has not filed its Annual Report on Form 10-K for the year ended December 31, 2024. As a result, all financial results described in this earnings release should be considered preliminary, and are subject to change to reflect any necessary adjustments or changes in accounting estimates, that are identified prior to the time the Company files its Annual Report on Form 10-K.

## **About PDF Solutions**

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

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

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

	December 31,	
	2024	2023
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 90,594	\$ 98,978
Short-term investments	24,291	36,544
Accounts receivable, net	73,649	44,904
Prepaid expenses and other current assets	17,445	17,422
Total current assets	205,979	197,848
Property and equipment, net	48,465	37,338
Operating lease right-of-use assets, net	4,029	4,926
Goodwill	14,953	15,029
Intangible assets, net	12,307	15,620
Deferred tax assets, net	43	157
Other non-current assets	29,513	19,218
Total assets	\$ 315,289	\$ 290,136
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 8,255	\$ 2,561
Accrued compensation and related benefits	16,855	14,800
Accrued and other current liabilities	8,752	4,633
Operating lease liabilities – current portion	1,675	1,529
Deferred revenues – current portion	24,930	25,750
Billings in excess of recognized revenues	75	1,570
Total current liabilities	60,542	50,843
Long-term income taxes	2,915	2,972
Non-current operating lease liabilities	3,504	4,657
Other non-current liabilities	2,291	2,718
Total liabilities	69,252	61,190
Stockholders' equity:		
Common stock and additional paid-in capital	502,908	473,301
Treasury stock, at cost	(159,352)	(143,923)
Accumulated deficit	(93,988)	(98,045)
Accumulated other comprehensive loss	(3,531)	(2,387)
Total stockholders' equity	246,037	228,946
Total liabilities and stockholders' equity	\$ 315,289	\$ 290,136

**PDF SOLUTIONS, INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**

(In thousands, except per share amounts)

	Three months ended			Year ended	
	December 31, 2024	September 30, 2024	December 31, 2023	December 31, 2024	December 31, 2023
<b>Revenues:</b>					
Analytics	\$ 47,926	\$ 44,750	\$ 39,128	\$ 169,253	\$ 152,085
Integrated yield ramp	2,159	1,659	1,997	10,212	13,750
Total revenues	<u>50,085</u>	<u>46,409</u>	<u>41,125</u>	<u>179,465</u>	<u>165,835</u>
<b>Costs and Expenses:</b>					
Costs of revenues	15,901	12,484	13,194	54,144	51,749
Research and development	14,417	13,516	12,308	53,566	50,736
Selling, general, and administrative	19,073	18,094	16,194	69,924	62,216
Amortization of acquired intangible assets	182	196	306	896	1,285
Interest and other expense (income), net	(962)	(1,511)	(1,020)	(5,644)	(5,020)
Income before income tax benefit (expense)	1,474	3,630	143	6,579	4,869
Income tax benefit (expense)	(935)	(1,424)	744	(2,522)	(1,764)
Net income	<u>\$ 539</u>	<u>\$ 2,206</u>	<u>\$ 887</u>	<u>\$ 4,057</u>	<u>\$ 3,105</u>
<b>Net income per share:</b>					
Basic	<u>\$ 0.01</u>	<u>\$ 0.06</u>	<u>\$ 0.02</u>	<u>\$ 0.11</u>	<u>\$ 0.08</u>
Diluted	<u>\$ 0.01</u>	<u>\$ 0.06</u>	<u>\$ 0.02</u>	<u>\$ 0.10</u>	<u>\$ 0.08</u>
<b>Weighted average common shares used to calculate net income per share:</b>					
Basic	<u>38,783</u>	<u>38,710</u>	<u>38,269</u>	<u>38,602</u>	<u>38,015</u>
Diluted	<u>39,104</u>	<u>39,105</u>	<u>38,814</u>	<u>39,047</u>	<u>38,937</u>



PDF SOLUTIONS, INC.

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

(In thousands)

	Three months ended			Year ended	
	December 31, 2024	September 30, 2024	December 31, 2023	December 31, 2024	December 31, 2023
<b>GAAP</b>					
Total revenues	\$ 50,085	\$ 46,409	\$ 41,125	\$ 179,465	\$ 165,835
Costs of revenues	15,901	12,484	13,194	54,144	51,749
GAAP gross profit	\$ 34,184	\$ 33,925	\$ 27,931	\$ 125,321	\$ 114,086
GAAP gross margin	68 %	73 %	68 %	70 %	69 %
<b>Non-GAAP</b>					
GAAP gross profit	\$ 34,184	\$ 33,925	\$ 27,931	\$ 125,321	\$ 114,086
Adjustments to reconcile GAAP to non-GAAP gross margin:					
Stock-based compensation expense	1,336	1,366	1,147	5,087	4,169
Amortization of acquired technology	583	584	586	2,335	2,266
Non-GAAP gross profit	\$ 36,103	\$ 35,875	\$ 29,664	\$ 132,743	\$ 120,521
Non-GAAP gross margin	72 %	77 %	72 %	74 %	73 %

## PDF SOLUTIONS, INC.

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

(In thousands, except per share amounts)

	Three months ended			Year ended	
	December 31, 2024	September 30, 2024	December 31, 2023	December 31, 2024	December 31, 2023
GAAP net income	\$ 539	\$ 2,206	\$ 887	\$ 4,057	\$ 3,105
Adjustments to reconcile GAAP net income to non-GAAP net income:					
Stock-based compensation expense	6,507	6,730	5,923	25,047	21,484
Amortization of acquired technology under costs of revenues	583	584	586	2,335	2,266
Amortization of other acquired intangible assets	182	196	306	896	1,285
Expenses for certain legal proceedings (1)	69	—	75	69	2,600
Non-recurring legal, tax and accounting service-related costs	940	—	—	940	209
Loss on damaged equipment in-transit, net of (recovery) from previously written-off property and equipment	663	(55)	—	608	(105)
Tax impact of valuation allowance for deferred tax assets and reconciling items (2)	375	262	(2,060)	(1,335)	(2,374)
Non-GAAP net income	<u>\$ 9,858</u>	<u>\$ 9,923</u>	<u>\$ 5,717</u>	<u>\$ 32,617</u>	<u>\$ 28,470</u>
GAAP net income per diluted share	<u>\$ 0.01</u>	<u>\$ 0.06</u>	<u>\$ 0.02</u>	<u>\$ 0.10</u>	<u>\$ 0.08</u>
Non-GAAP net income per diluted share	<u>\$ 0.25</u>	<u>\$ 0.25</u>	<u>\$ 0.15</u>	<u>\$ 0.84</u>	<u>\$ 0.73</u>
Weighted average common shares used in GAAP net income per diluted share calculation	<u>39,104</u>	<u>39,105</u>	<u>38,814</u>	<u>39,047</u>	<u>38,937</u>
Weighted average common shares used in non-GAAP net income per diluted share calculation	<u>39,104</u>	<u>39,105</u>	<u>38,814</u>	<u>39,047</u>	<u>38,937</u>

(1) Represents legal costs and expenses related to certain litigation and an arbitration proceeding which are expected to continue until these matters are resolved.

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



**Q4 2024 and Full Year 2024  
Management Report  
February 13, 2025**

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- Revenue by Geographic Area

### ■ Q4 2024 and Full Year 2024 Non-GAAP Results

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

### ■ Related Information

The following commentary is provided by management and should be referenced in conjunction with PDF Solutions' Fourth Quarter and Full Year 2024 financial results press release available on its Investor Relations website at <http://www.pdf.com/financial-news>. These remarks represent management's current views of the Company's financial and operational performance and are provided to give investors and analysts further insight into its performance in advance of the earnings call webcast. The Company disclaims any duty to update this information for future events.

## PDF Solutions Reports Fourth Quarter 2024 Results

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### Q4 2024 Key Metrics

Revenue: \$50.1M

GAAP Gross Margin: 68%

Non-GAAP Gross Margin: 72%

GAAP Diluted EPS: \$0.01

Non-GAAP Diluted EPS: \$0.25

Operating Cash Flow: \$1.6M

Cash Used for Capital Expenditures: \$5.8M

### FINANCIAL RESULTS SUMMARY

- Q4 2024 Total revenues of \$50.1M, up 8% over Q3 2024, and up 22% over Q4 2023.
- Q4 2024 Analytics revenue of \$47.9M, up 7% over Q3 2024, and up 22% over Q4 2023.
- Q4 2024 Integrated yield ramp revenue of \$2.2M, up 30% over Q3 2024, and up 8% over Q4 2023.

# PDF Solutions Reports Full Year 2024 Results

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## Full Year 2024 Key Metrics

Revenue: \$179.5M

GAAP Gross Margin: 70%

Non-GAAP Gross Margin: 74%

GAAP Diluted EPS: \$0.10

Non-GAAP Diluted EPS: \$0.84

Operating Cash Flow: \$9.7M

Cash Used for Capital Expenditures:  
\$17.8M

## FINANCIAL RESULTS SUMMARY

- 2024 Total revenues of \$179.5M, up 8% over 2023.
- 2024 Analytics revenue of \$169.3M, up 11% over 2023.
- 2024 Integrated yield ramp revenue of \$10.2M, down 26% over 2023.

## Key Financial & Operating Metrics – Quarterly

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

	Q4'24	Q3'24	Q2'24	Q1'24	Q4'23
Revenues	\$50,085	\$46,409	\$41,661	\$41,310	\$41,125
GAAP Gross Margin	68%	73%	71%	67%	68%
Non-GAAP Gross Margin	72%	77%	75%	72%	72%
Outstanding Debt	\$—	\$—	\$—	\$—	\$—
Operating Cash Flow	\$1,606	\$9,275	\$684	(\$1,862)	\$2,029
Cash Used for Capital Expenditures (CAPEX)	\$5,847	\$4,595	\$5,320	\$2,023	\$2,408
\$ Shares Repurchased	\$—	\$—	\$—	\$6,899	\$—
Weighted Average Common Shares Outstanding	38.8	38.7	38.4	38.5	38.3
Effective Tax Rate Expense (Benefit)	63%	39%	2%	47%	(520)%

## Key Financial & Operating Metrics – Yearly

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

	Year Ended December 31,		
	2024	2023	2022
Revenues	\$179,465	\$165,835	\$148,549
GAAP Gross Margin	70%	69%	68%
Non-GAAP Gross Margin	74%	73%	71%
Outstanding Debt	\$—	\$—	\$—
Operating Cash Flow	\$9,703	\$14,600	\$32,298
Cash Used for CAPEX	\$17,785	\$11,325	\$8,430
\$ Shares Repurchased	\$6,899	\$743	\$22,471
Weighted Average Common Shares Outstanding	38.6	38.0	37.3
Effective Tax Rate Expense	38%	36%	830%



## Revenue by Geographic Area – Quarterly

(Dollars in thousands)

	Q4'24	Q3'24	Q2'24	Q1'24	Q4'23
<b>United States</b>	\$16,320	\$21,065	\$19,223	\$17,733	\$22,708
% of Total	33%	45%	46%	43%	55%
<b>Japan</b>	\$11,932	\$6,275	\$7,932	\$11,288	\$2,460
% of Total	24%	14%	19%	27%	6%
<b>China</b>	\$4,576	\$5,673	\$7,000	\$4,853	\$4,562
% of Total	9%	12%	17%	12%	11%
<b>Taiwan</b>	\$1,150	\$6,273	\$954	\$880	\$4,679
% of Total	2%	14%	2%	2%	11%
<b>Rest of the world</b>	\$16,107	\$7,123	\$6,552	\$6,556	\$6,716
% of Total	32%	15%	16%	16%	17%
<b>Total revenues</b>	<b>\$50,085</b>	<b>\$46,409</b>	<b>\$41,661</b>	<b>\$41,310</b>	<b>\$41,125</b>

## Revenue by Geographic Area – Yearly

*(Dollars in thousands)*

	Year Ended December 31,		
	2024	2023	2022
<b>United States</b>	\$74,341	\$92,798	\$73,625
% of Total	41%	56%	50%
<b>Japan</b>	\$37,427	\$10,465	\$13,916
% of Total	21%	6%	9%
<b>China</b>	\$22,102	\$26,488	\$24,494
% of Total	12%	16%	16%
<b>Taiwan</b>	\$9,257	\$9,339	\$7,995
% of Total	5%	6%	6%
<b>Rest of the world</b>	\$36,338	\$26,745	\$28,519
% of Total	21%	16%	19%
<b>Total revenues</b>	<b>\$179,465</b>	<b>\$165,835</b>	<b>\$148,549</b>

## GAAP / Non-GAAP Presentation

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

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

### Quarterly

(in thousands, except for per share amounts)

	Q4'24	Q3'24	Q2'24	Q1'24	Q4'23
GAAP net income (loss)	\$ 539	\$ 2,206	\$ 1,705	(\$ 393)	\$ 887
Adjustments to reconcile GAAP net income (loss) to non-GAAP net income:					
Stock-based compensation expense	6,507	6,730	5,700	6,110	5,923
Amortization of acquired technology under costs of revenues	583	584	584	584	586
Amortization of other acquired intangible assets	182	196	259	259	306
Expenses for certain legal proceedings (1)	69	—	—	—	75
Non-recurring legal, tax and accounting service-related costs	940	—	—	—	—
Loss on damaged equipment in-transit, net of (recovery) from previously written-off property and equipment	663	(55)	—	—	—
Tax impact of valuation allowance for deferred tax assets and reconciling items (2)	375	262	(1,159)	(813)	(2,060)
Non-GAAP net income	\$ 9,858	\$ 9,923	\$ 7,089	\$ 5,747	\$ 5,717
GAAP net income (loss) per diluted share	\$ 0.01	\$ 0.06	\$ 0.04	(\$ 0.01)	\$ 0.02
Non-GAAP net income per diluted share	\$ 0.25	\$ 0.25	\$ 0.18	\$ 0.15	\$ 0.15
Weighted average common shares used in GAAP net income (loss) per diluted share calculation	39,104	39,105	38,925	38,500	38,814
Weighted average common shares used in Non-GAAP net income per diluted share calculation	39,104	39,105	38,925	39,053	38,814

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

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

### Yearly

(in thousands, except for per share amounts)

	Year Ended December 31,		
	2024	2023	2022
GAAP net income (loss)	\$ 4,057	\$ 3,105	(\$ 3,429)
Adjustments to reconcile GAAP net income (loss) to non-GAAP net income:			
Stock-based compensation expense	25,047	21,484	19,649
Amortization of acquired technology	2,335	2,266	2,213
Amortization of other acquired intangible assets	896	1,285	1,270
Expenses for certain legal proceedings (1)	69	2,600	1,895
Non-recurring legal, tax and accounting service-related costs	940	209	—
Loss on damaged equipment in-transit, net of (recovery) from previously written-off property and equipment	608	(105)	—
Tax impact of valuation allowance for deferred tax assets and reconciling items (2)	(1,335)	(2,374)	1,326
Non-GAAP net income	\$ 32,617	\$ 28,470	\$ 22,924
GAAP net income (loss) per diluted share	\$ 0.10	\$ 0.08	(\$ 0.09)
Non-GAAP net income per diluted share	\$ 0.84	\$ 0.73	\$ 0.60
Weighted average common shares used in GAAP net income (loss) per diluted share calculation	39,047	38,937	37,309
Weighted average common shares used in Non-GAAP net income per diluted share calculation	39,047	38,937	38,130

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

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

### Quarterly

	(in thousands)				
	Q4'24	Q3'24	Q2'24	Q1'24	Q4'23
<b>Cost of Revenue - GAAP</b>	<b>\$ 15,901</b>	<b>\$ 12,484</b>	<b>\$ 12,230</b>	<b>\$ 13,529</b>	<b>\$ 13,194</b>
Adjustments to reconcile GAAP Cost of Revenue to Non-GAAP Cost of Revenue:					
Stock-based compensation expense	(1,336)	(1,366)	(1,185)	(1,200)	(1,147)
Amortization of acquired technology	(583)	(584)	(584)	(584)	(586)
<b>Cost of Revenue - Non-GAAP</b>	<b>\$ 13,982</b>	<b>\$ 10,534</b>	<b>\$ 10,461</b>	<b>\$ 11,745</b>	<b>\$ 11,461</b>
<b>Research &amp; Development - GAAP</b>	<b>\$ 14,417</b>	<b>\$ 13,516</b>	<b>\$ 12,649</b>	<b>\$ 12,984</b>	<b>\$ 12,308</b>
Adjustments to reconcile GAAP R&D to Non-GAAP R&D:					
Stock-based compensation expense	(2,318)	(2,375)	(2,063)	(2,202)	(2,102)
<b>Research &amp; Development - Non-GAAP</b>	<b>\$ 12,099</b>	<b>\$ 11,141</b>	<b>\$ 10,586</b>	<b>\$ 10,782</b>	<b>\$ 10,206</b>
<b>Selling, General, &amp; Administrative - GAAP</b>	<b>\$ 19,073</b>	<b>\$ 18,094</b>	<b>\$ 16,259</b>	<b>\$ 16,498</b>	<b>\$ 16,194</b>
Adjustment to reconcile GAAP SG&A to Non-GAAP SG&A:					
Stock-based compensation expense	(2,853)	(2,989)	(2,452)	(2,708)	(2,674)
Expenses for certain legal proceedings (1)	(69)	—	—	—	(75)
Non-recurring legal, tax and accounting service-related costs	(940)	—	—	—	—
<b>Selling, General, &amp; Administrative - Non-GAAP</b>	<b>\$ 15,211</b>	<b>\$ 15,105</b>	<b>\$ 13,807</b>	<b>\$ 13,790</b>	<b>\$ 13,445</b>

(1) Represents legal costs and expenses related to certain litigation and an arbitration proceeding which are expected to continue until these matters are resolved.

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

### Yearly

	<i>(in thousands)</i>		
	Year Ended December 31,		
	2024	2023	2022
<b>Cost of Revenue - GAAP</b>	<b>\$ 54,144</b>	<b>\$ 51,749</b>	<b>\$ 47,907</b>
Adjustments to reconcile GAAP Cost of Revenue to Non-GAAP Cost of Revenue:			
Stock-based compensation expense	(5,087)	(4,169)	(2,974)
Amortization of acquired technology	(2,335)	(2,266)	(2,213)
<b>Cost of Revenue - Non-GAAP</b>	<b>\$ 46,722</b>	<b>\$ 45,314</b>	<b>\$ 42,720</b>
<b>Research &amp; Development - GAAP</b>	<b>\$ 53,566</b>	<b>\$ 50,736</b>	<b>\$ 56,126</b>
Adjustments to reconcile GAAP R&D to Non-GAAP R&D:			
Stock-based compensation expense	(8,958)	(7,711)	(9,391)
<b>Research &amp; Development - Non-GAAP</b>	<b>\$ 44,608</b>	<b>\$ 43,025</b>	<b>\$ 46,735</b>
<b>Selling, General, &amp; Administrative - GAAP</b>	<b>\$ 69,924</b>	<b>\$ 62,216</b>	<b>\$ 45,338</b>
Adjustment to reconcile GAAP SG&A to Non-GAAP SG&A:			
Stock-based compensation expense	(11,002)	(9,604)	(7,284)
Expenses for certain legal proceedings (1)	(69)	(2,600)	(1,895)
Non-recurring legal, tax and accounting service-related costs	(940)	(209)	—
<b>Selling, General, &amp; Administrative - Non-GAAP</b>	<b>\$ 57,913</b>	<b>\$ 49,803</b>	<b>\$ 36,159</b>

(1) Represents legal costs and expenses related to certain litigation and an arbitration proceeding which are expected to continue until these matters are resolved.