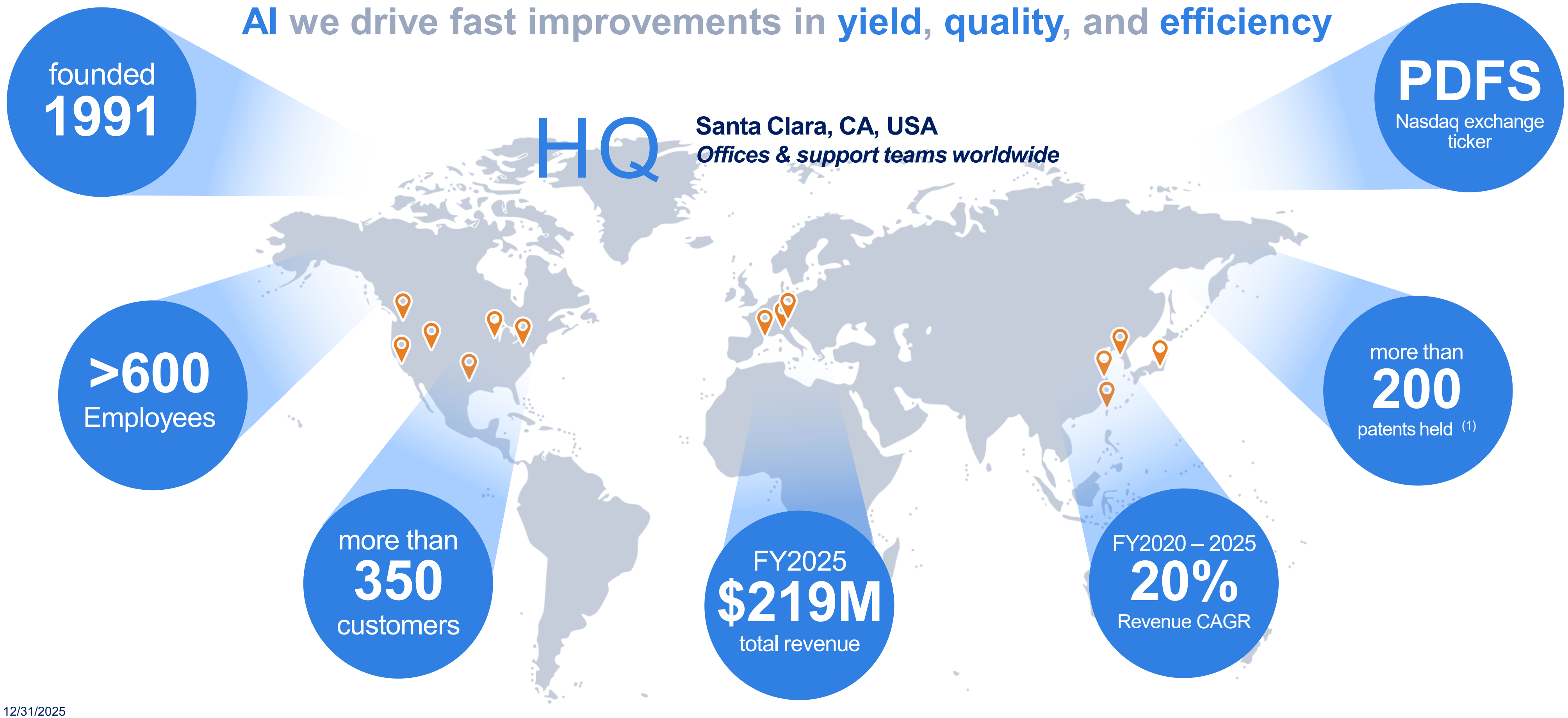
PDF Solutions
Investor Presentation

John Kibarian *President & CEO, Co-Founder*
Kimon Michaels *Executive VP, Products and Solutions, Co-Founder*
Adnan Raza *Executive VP, Finance & CFO*

August 2026

PDF Solutions: Enabling the Digital Transformation of Semiconductor Manufacturing

We generate and integrate data across the supply chain, and using AI we drive fast improvements in yield, quality, and efficiency



Notes:
1. As of 12/31/2025

Making Smarter Decisions Via Differentiated Data and Powerful Analytics

$1Tn semiconductor industry (1)

$400-500Bn manufacturing cost (2)

Tools operate at 60–80% efficiency (2)

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Call to Action:

Unlock **$140Bn in value** (2) through **AI-driven collaboration and smarter decisions** across the global semiconductor ecosystem

Notes:
1. Based on IDC Semiconductor Market Forecast (April 2026)
2. Figures reflect management estimates

Enabling the Digital Transformation of Semiconductor Manufacturing

1. Embedded in Semiconductor Sector on an AI-driven Projected $1Tn Industry Revenue Path, with Exploding Complexity
2. Platform Combines Data, Analytics, and Orchestration to Meet Challenges
3. Mission Critical Role Across the Semiconductor Supply Chain
4. Differentiated and Robust Data Access, Creation, and Control
5. AI-ready Data Platform to Scale Analytics Represents Estimated >$5.3Bn (1) Opportunity
6. Strong Financial Performance with Recurring, Predictable Revenue Model (20% Rev. CAGR, 21% Non-GAAP Operating Margin) (2)

Notes:
1. Figure reflect management estimates
2. Represents FY2020-2025 Revenue CAGR, FY2025 Non-GAAP Operating Margin. Refer to Appendix for a reconciliation of each non-GAAP measure to its most closely comparable GAAP measure

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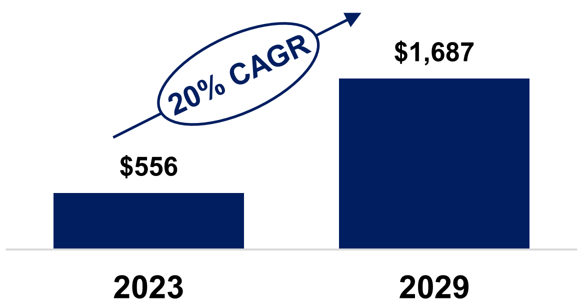
1

Embedded in Semiconductor Sector on an AI-driven Projected $1Tn Industry Revenue Path, with Exploding Complexity

Expanding Growth Opportunity in Semiconductor Industry...

Rapidly Expanding Semiconductor Market

Forecasted Semiconductor Total Addressable Market ($Bn) [1]



2023 – 2029 Semiconductor Industry CAGRs [1]

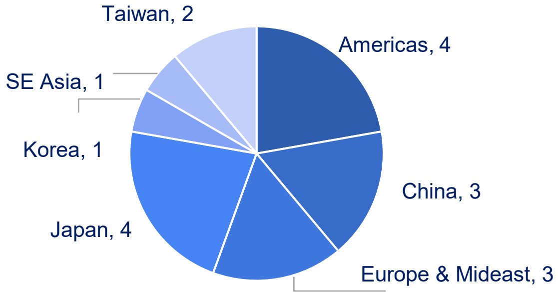
20%
Total Semiconductor Market

52%
Compute / Server AI Market

40%
Memory Market

39%
Datacenter Market

New Semiconductor Fabs Starting Construction in 2025, by Region [2]



18 New Fabs in Construction in 2025

…with Exploding Complexity, and Three Critical Challenges

3D world Chiplets and Systems

Complex Global Supply Chain

Boosting Operational Efficiency with AI

Notes:
1. Based on IDC Semiconductor Market Forecast (April 2026)
2. Based on SEMI World Fab Forecast (January 2025)

2 Platform Combines Data, Analytics, and Orchestration to Meet Challenges

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manufacturing

supply chain

Big Data Infrastructure • Analytics & AI • Mission Critical Actions

characterization vehicle® infrastructure™

eProbe™

Characterization & Technology Development

exensio™

cimetrix™

Smart Manufacturing & Analytics

sapience™

secureWISE™

Supply Chain Orchestration

product lifecycle

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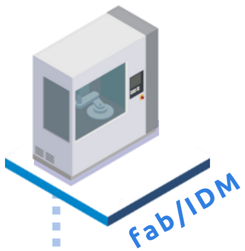
3 Semiconductor Supply Chain Ecosystem

equipment OEM

ASML, ASM, Lam Research, Fuji Electric, ZEISS, Sumitomo Chemical, centrotherm, TIANMA, esi, FUJIFILM, SUSS MicroTec, MERCK, UNT, Rigaku, SCREEN, ACM Research, behc 北京电控, DONGJIN, Camtek, SEMES, Besi, SPTS, XLMEC 芯联, CORNING, JUSUNG Engineering, Cohu, BRUKER, Veeco, DONGWOO FINE-CHEM, NISSIN ION EQUIPMENT, TEL, VISHAY, FRACTILIA, axcelis, IDiyas, HOYA, ROHM AND HAAS, HLMC, ADVANTEST, BTU, NOVA, TERADYNE, 华润微电子 CR MICRO, Brooks, KLA, APPLIED MATERIALS, Frencken, mattson technology, Nikon, RORZE, Nordson, amsc, JSR, HITACHI Inspire the Next, EBARA, Kulicke & Soffa, 湖北新为光微电子, ACCRETECH, onto innovation, MULTIBEAM, Visionox



fab/IDM

tsmc, GlobalFoundries, ST life.augmented, ANALOG DEVICES AHEAD OF WHAT'S POSSIBLE, onsemi, PSMC, RENESAS, intel, SONY, USJC, NXP, SAMSUNG, Rapidus, infineon, SPACEX, TOSHIBA, Tower Semiconductor, LUMILEDS, DB, enovix, KIOXIA, pSemi A Murata Company, VDL, qorvo, HEJIAN a UMC company, micron, AMS, CXMT, CSOT, LFOUNDRY Solutions for great visions, MXIC, Western Digital, BOE, SILTERRA, SEAGATE, SK hynix, skywater, VIS 世界先進, SMIC, HKC Co. LTD, Nexchip, BOSCH, JIREH Semiconductor, Inc.

OSAT

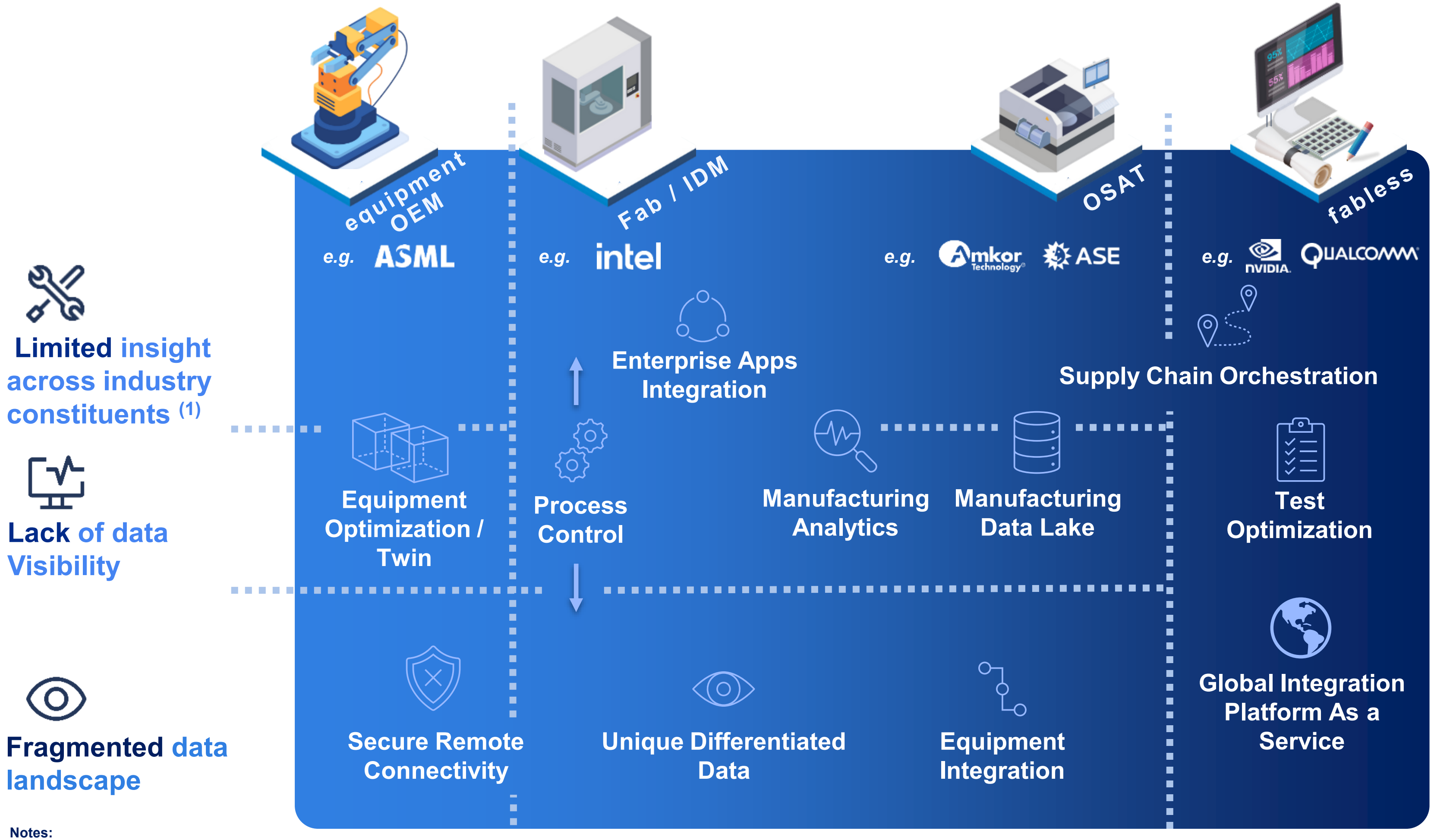
ASE, PSMC, Celestica, USJC, SPIL, amkor, JABIL, JCET, Amkor Technology, KYEC, FOXCONN, UTAC, iTest Semiconductor 安测半导体

fabless

TDK, Qualcomm, IBM, AMD, CISCO, MARVELL, MICROCHIP, Microsemi Power Matters., NVIDIA, BROADCOM, MEDIATEK, MAXLINEAR, TOSHIBA, AMPERE, SKYWORKS, SEMTECH, SiTime, ublox

Representative companies, not intended to disclose customers

3 Mission Critical Role Across the Semiconductor Supply Chain



Fragmented semiconductor data ***landscape limits actionable insight to improve yield, quality, and time to market***

Notes:
1. Representative companies, not intended to disclose customers

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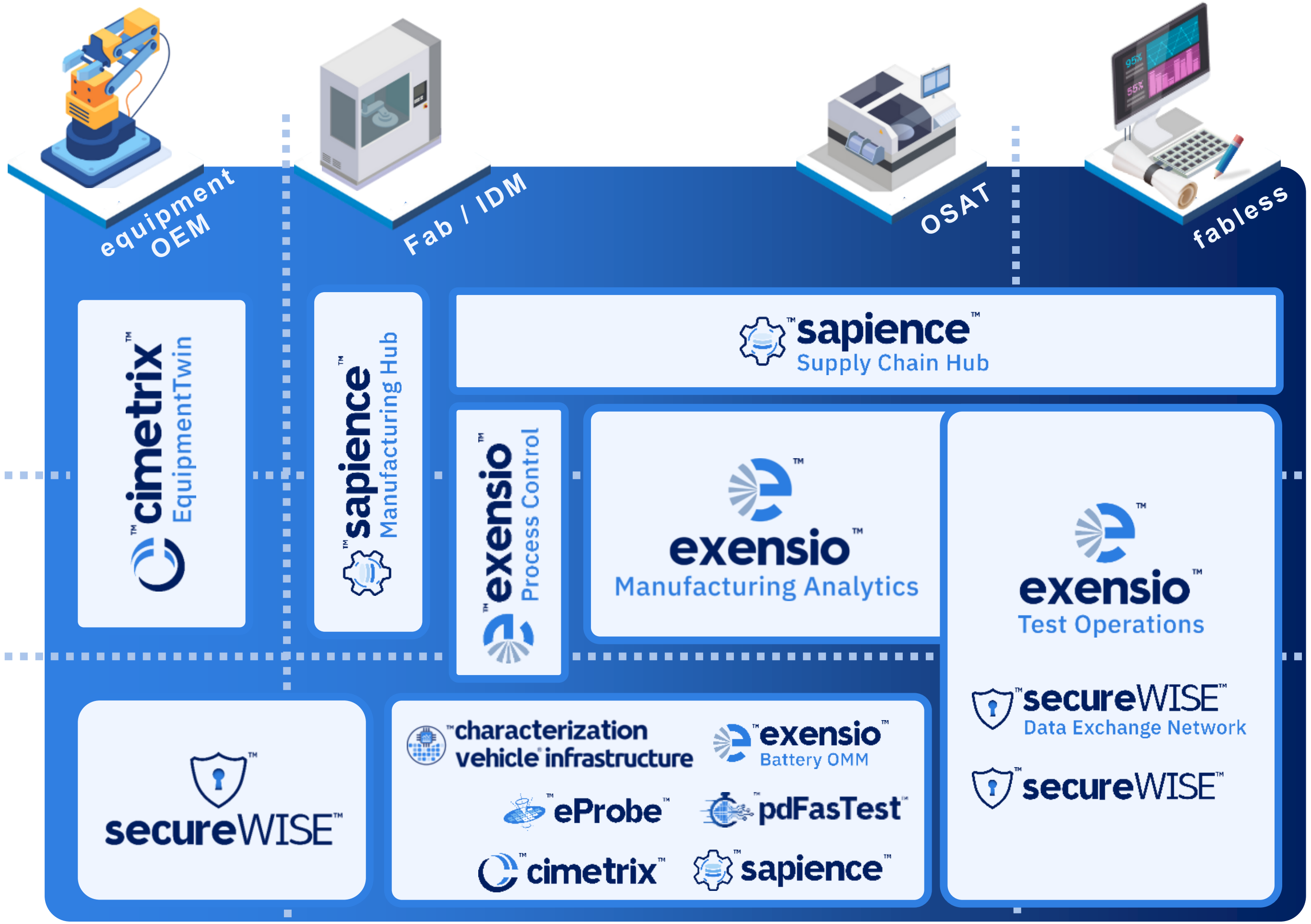
3 Mission Critical Role Across the Semiconductor Supply Chain (Continued)

Act on Insight

Analyze Data, Gain Insight

Create, Access, Integrate Data



Single platform to ***Access*** *&* ***Analyze*** *data, and create* ***Insights-based Actions*** *across the semiconductor ecosystem*

3

Trusted by Top Companies in the Semiconductor Supply Chain

Qualcomm

*"Exensio **links together the huge variety of data types** necessary to perform analysis **across the value chain**"*

- Dan Rubens (Manager, IT)

intel

*"PDFS **integrates data** [...] and provides templates **to standardize, streamline,** and **automate data access** and **analysis**..."*

- Aziz Safa (Corporate VP)

ANALOG DEVICES

*"PDF Solutions: a partner **Committed**, **Experienced**, and **trusted** in the industry"*

- Michael O'Sullivan (VP)

RENESAS

*"Exensio GA is rolled out to **~96% of production volume** and more than **~2000 products** loaded to PDF cloud database"*

- Helen Yu (VP)

ST

*"The benefits of test cell automation with PDF Solutions include **OEE Improvement**, large **labor saving**, and **ECC reduction**"*

- Massimo Longaretti (Manager)

GlobalFoundries

*"Without Remote Tool Operations **we would have ground to a halt** (during COVID)"*

- Randy Bakken (Engineer)

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4 Differentiated and Robust Data Access, Creation, and Control

Setting and Leading Industry Standards

Semi Industry
Eg, E187, 188, 190, 191
Chair 10 Committees

Cybersecurity
SOC2
ISO27001
NIS2
CRA
SOX
End-to-end Zero Trust Approach

Enterprise Readiness (1)

Enterprise Applications Integration
MES, PLM, ERP, SCM

Data Advantage (1)

Petabytes
of Cloud-managed Data
Exabytes
Ready Data Exchange (2)

959
Semiconductor Tapeouts (3)

~3.8k
Analysis Templates Used Daily

Ecosystem Reach (1)

10s of Ks
Tools

100+
Equipment OEMs

>300
Manufacturing Sites Connected

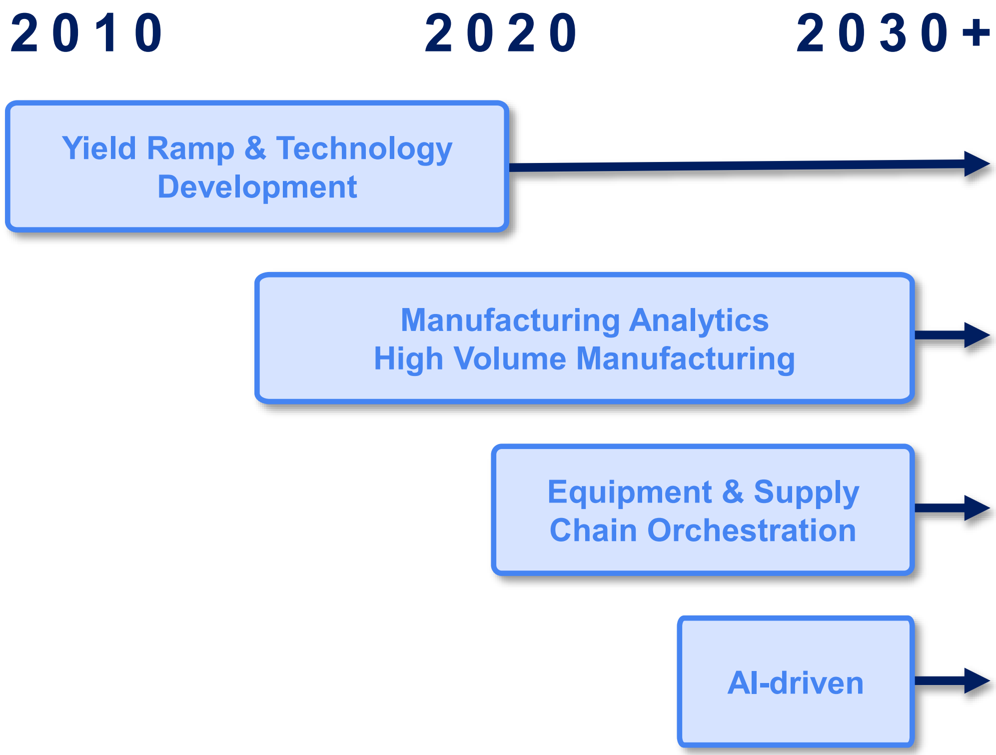
20+
OSATs Connected

Most of the Top 10
Foundries

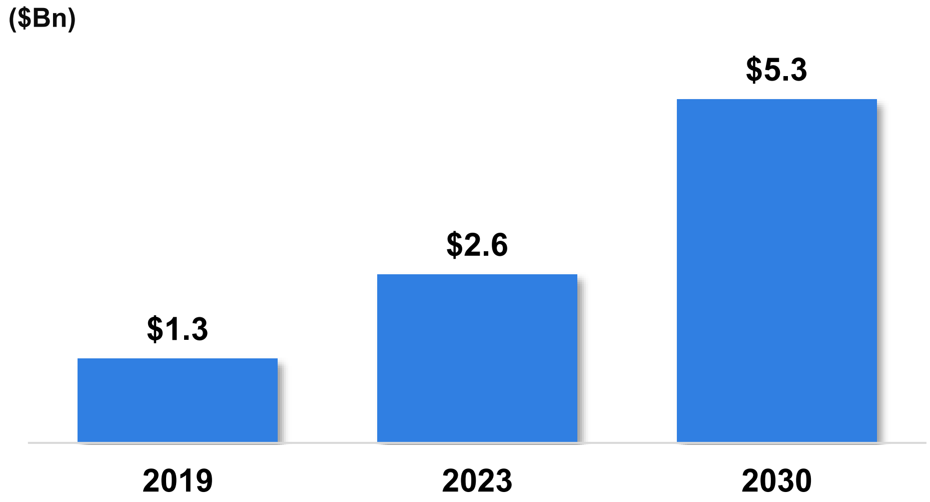
Notes:
1. Figures reflect management estimates
2. Based on management expectations
3. All CV tapeouts

5 AI-ready Data Platform Represents Estimated >$5.3Bn (1) Opportunity

PDF's Transformation



PDF's Addressable Market (1)



- 2019 – 2023 addressable market expansion **exceeded the industry growth**
- The addressable market is expected to grow at an **approximately 11% CAGR from 2023 to 2030**

Notes:
1. Figures reflect management estimates

Financial Overview

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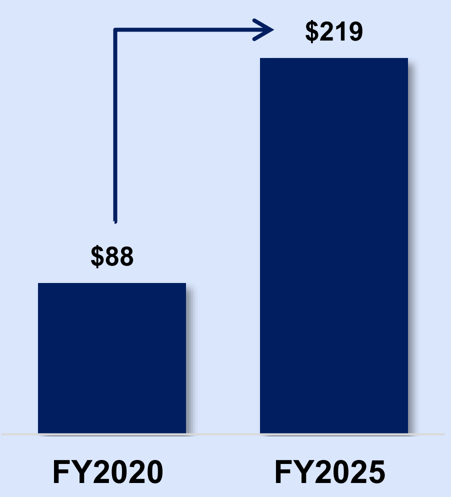
Track Record of Execution

Revenue

($M)

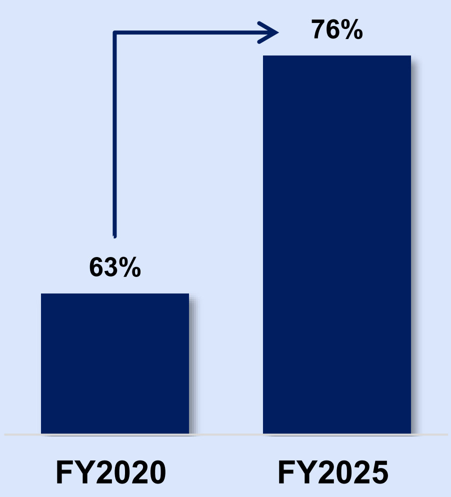
20% CAGR



Non-GAAP Gross Margin [1]

(%)

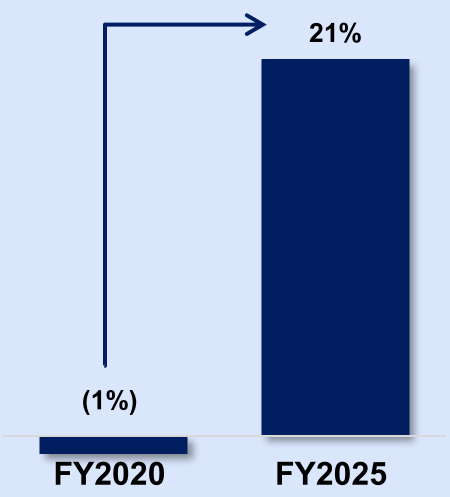
+13%



Non-GAAP Operating Margin [1]

(%)

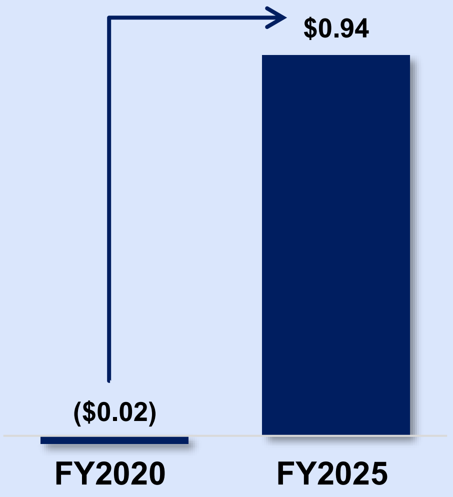
+22%



Non-GAAP Earnings per Share [1]

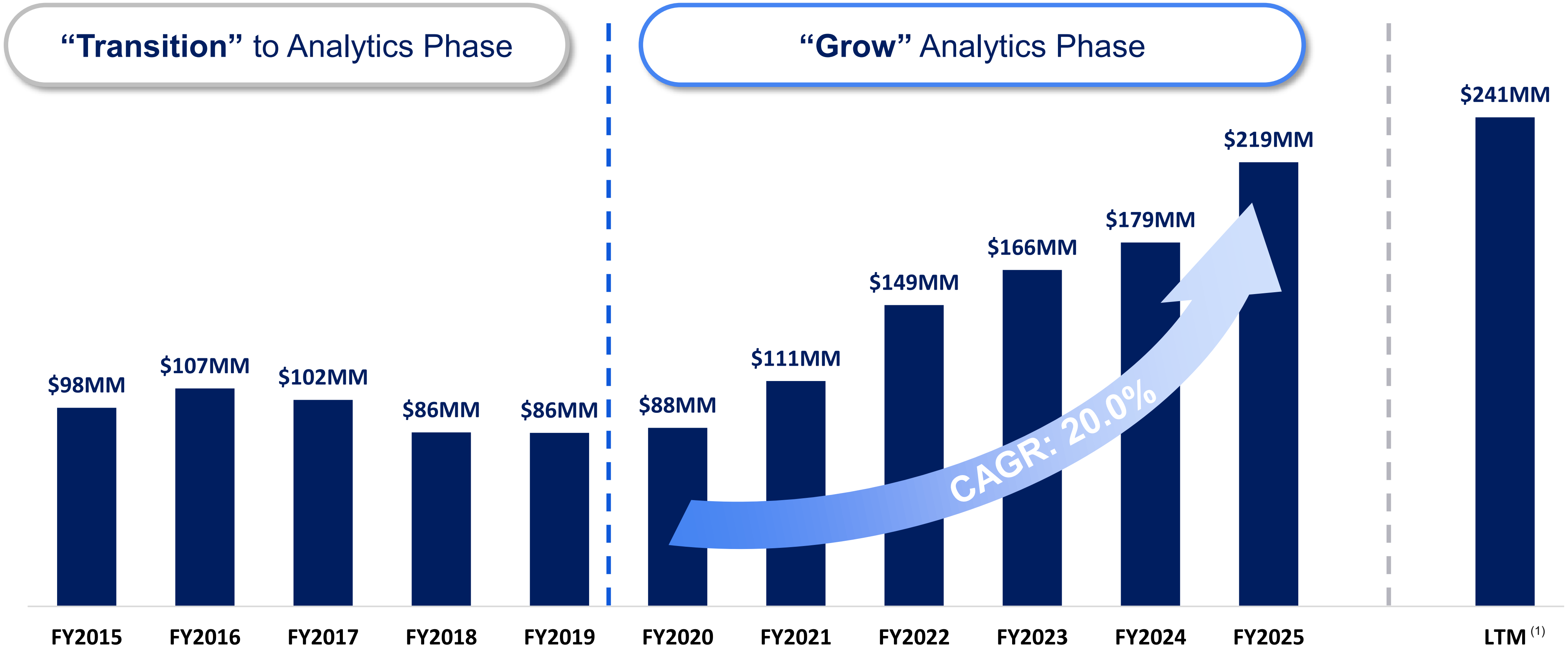
($)

+$0.96 per Share



Notes:
1. Refer to Appendix for a reconciliation of each non-GAAP measure to its most closely comparable GAAP measure

Annual Revenue Trend from FY2015 to FY2025

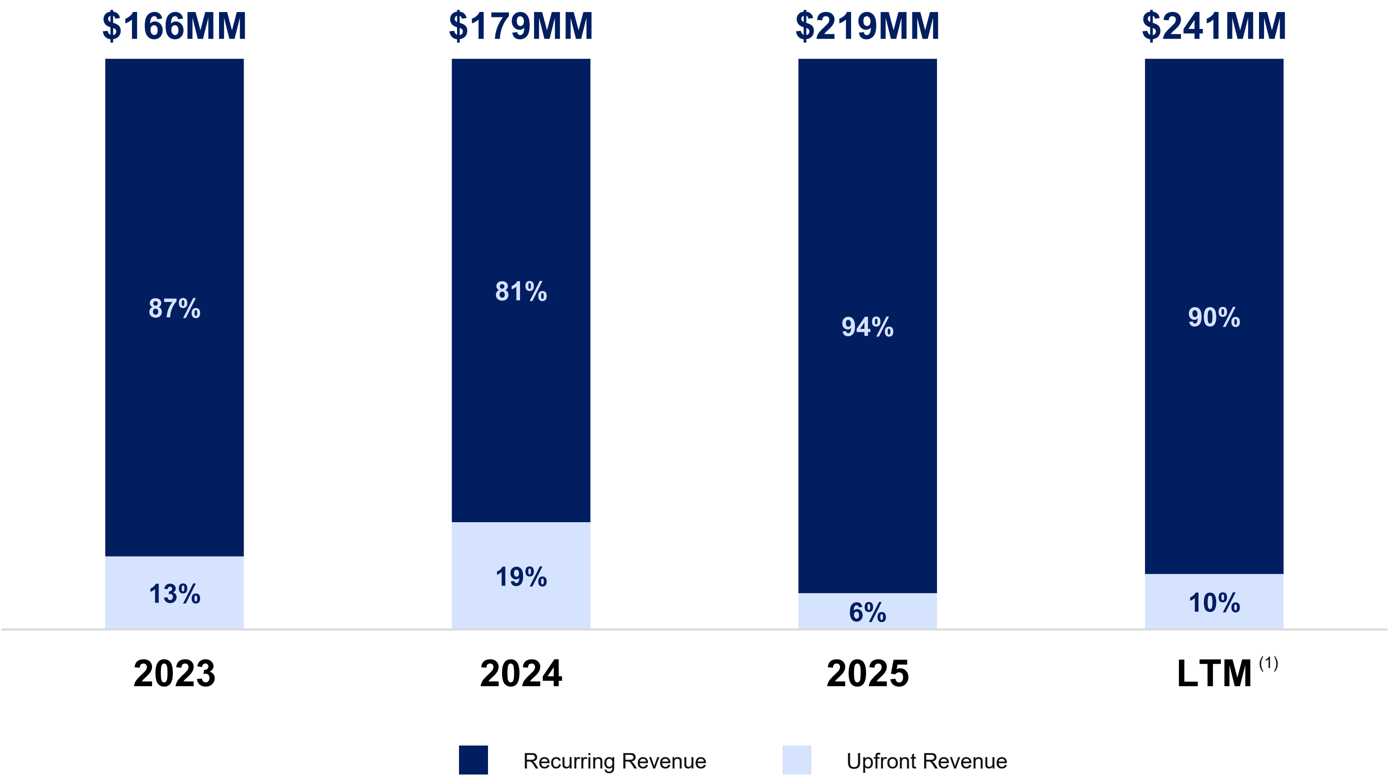


Notes:
1. LTM defined as Q3 FY2025 through Q2 FY2026

Revenue Mix: Recurring vs. Upfront

Annual Revenue Mix

($M, %)



Recurring Revenue

- SaaS, TBL software, M&S, services, DFI and CV system subscriptions, Cimetrix, secureWISE, and Gainshare

Upfront Revenue

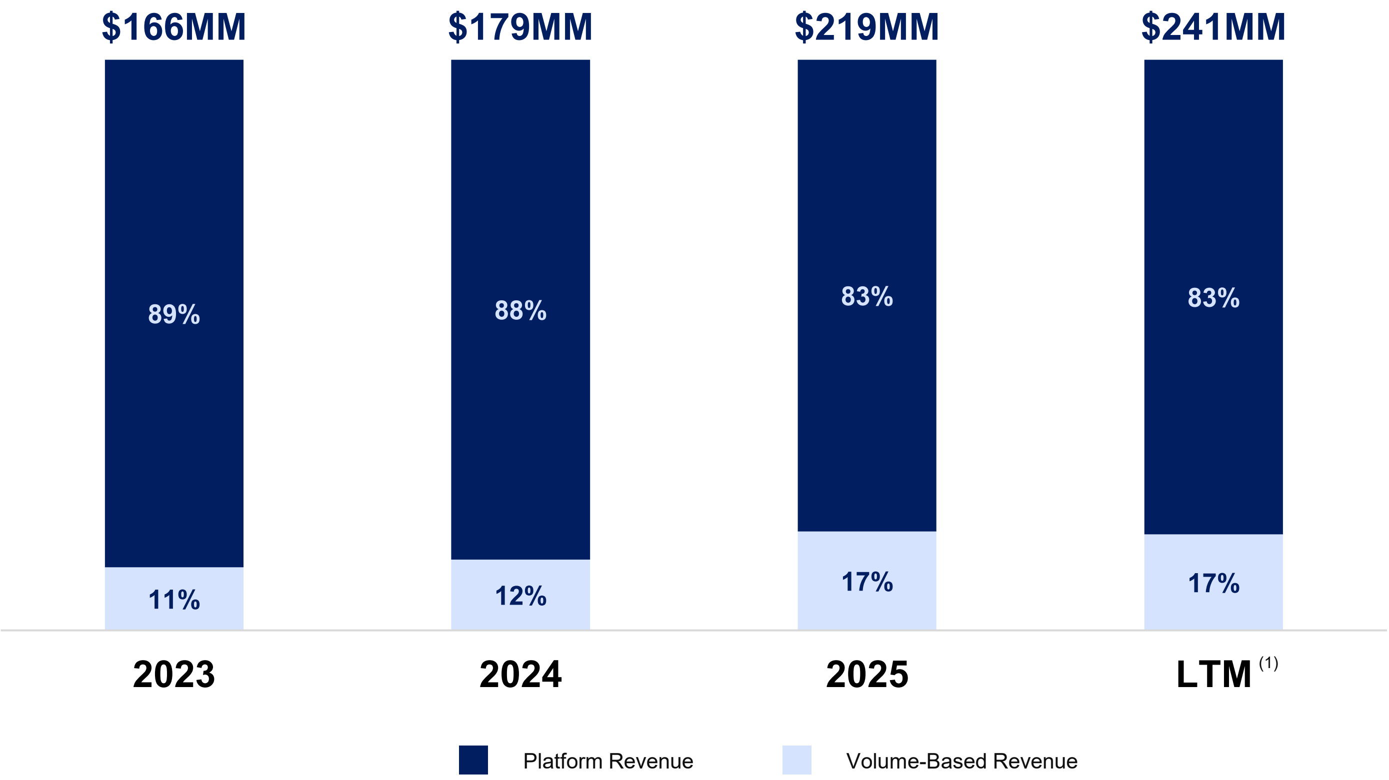
- Perpetual software licenses
- Sale of DFI systems
- Certain IP licenses

Notes:
1. LTM defined as Q3 FY2025 through Q2 FY2026

Revenue Mix: Platform vs. Volume-Based

Annual Revenue Mix

($M, %)



Platform Revenue

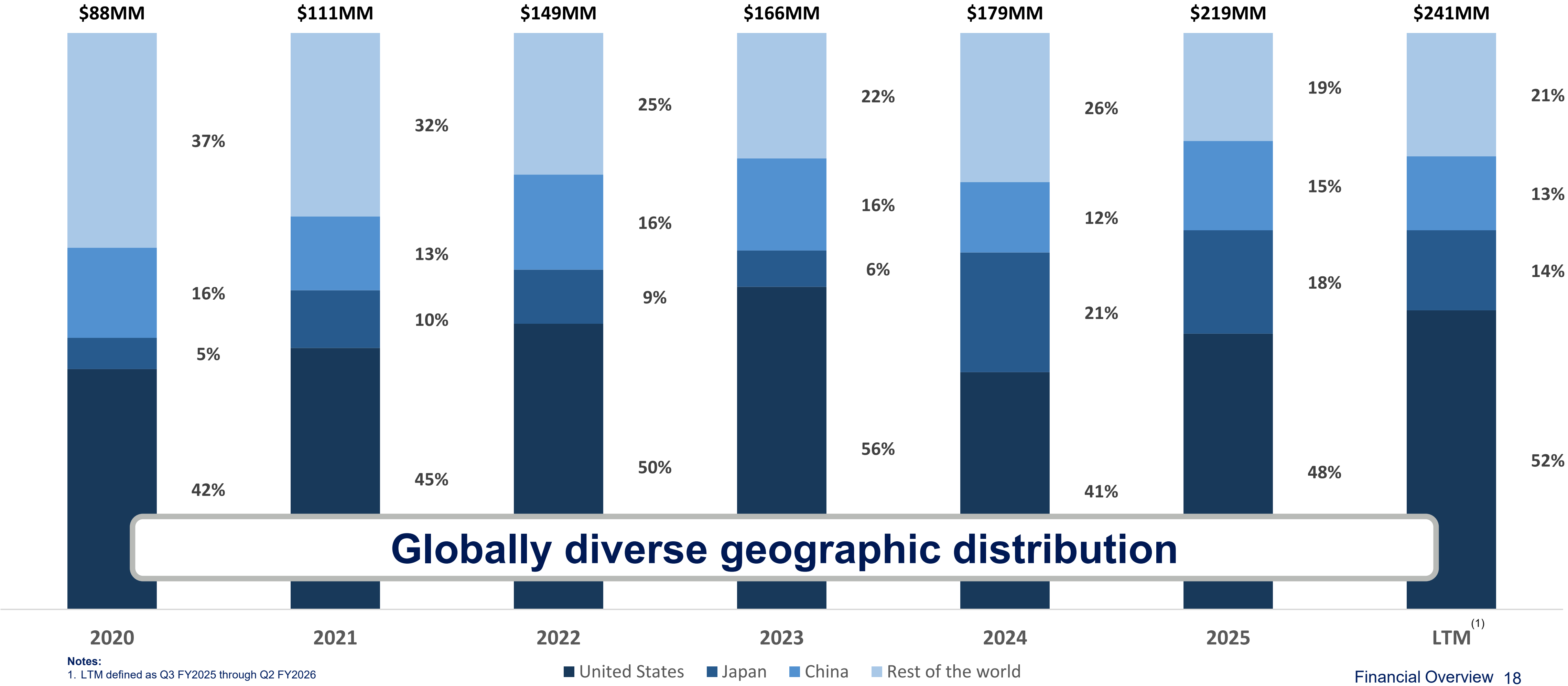
- SaaS, TBL, perpetual software licenses and services
- Fixed fees for DFI and CV systems

Volume-Based Revenue

- Cimetrix run-time license fees
- secureWISE data fees
- Gainshare royalty fees

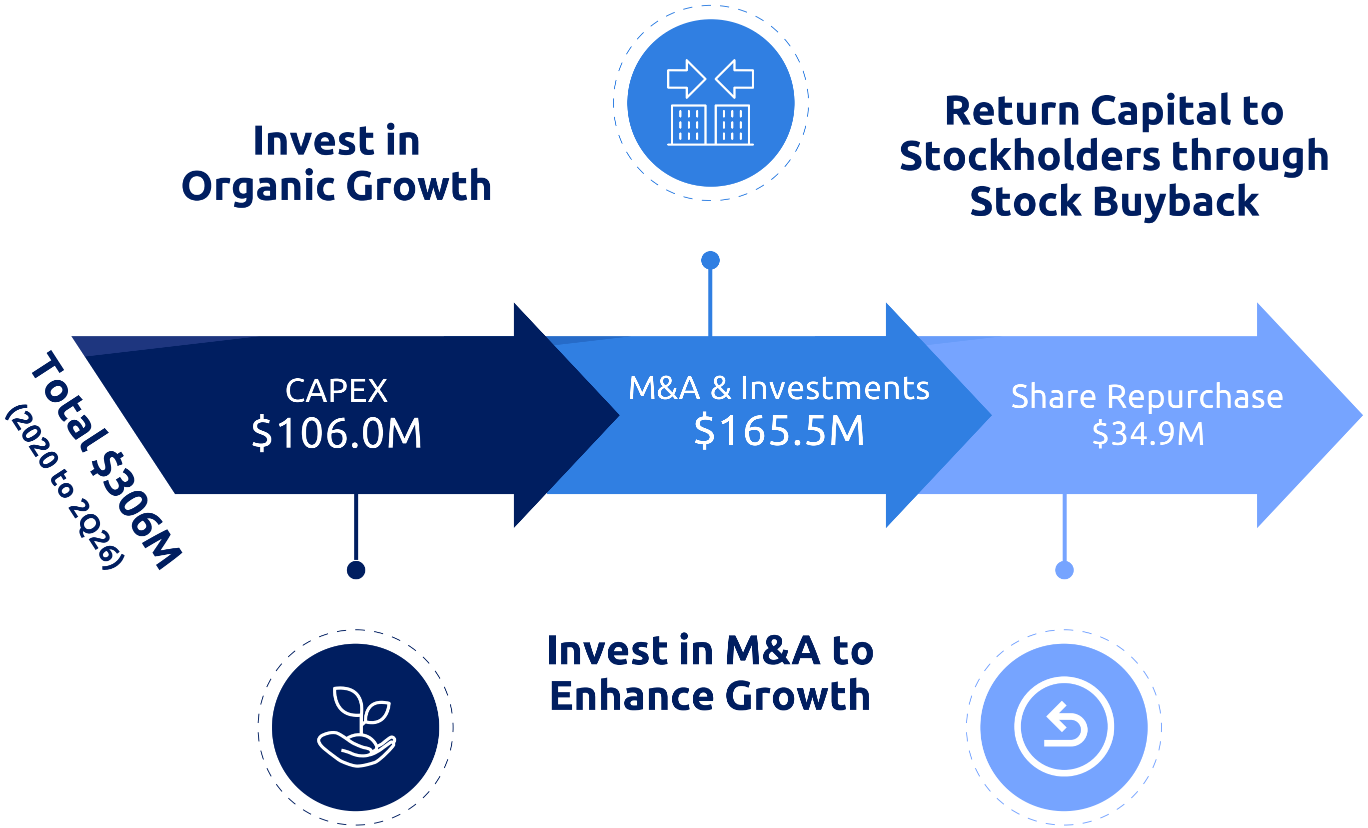
Notes:
1. LTM defined as Q3 FY2025 through Q2 FY2026

Global Geographic Revenue Distribution



Notes:
1. LTM defined as Q3 FY2025 through Q2 FY2026

Capital Allocation over 2020 to Q2 2026 period



BALANCE SHEET

$114.9M
Cash as of June 30, 2026

$67.5M
Outstanding Debt as of June 30, 2026
($30M of unused revolver)(1)

Raised $81.8M
Equity offering completed on May 15, 2026(2)

Notes:
1. The revolver was expanded on April 23, 2026 through the "First Amendment to Credit Agreement."
2. Net of underwriting discount; 1,946,630 shares issued

Long-Term Financial Model

	Long-Term Target
Total Revenue Growth	20%
Non-GAAP Gross Margin	>77%
Non-GAAP Operating Margin	>27%

Notes:
1. Assumes Semi Industry and Semi CapEx both grow 10% or greater per year
2. These goals are forward-looking, are subject to significant business, economic, and competitive uncertainties and contingencies, many of which are beyond the control of PDF Solutions and its management, and are based on assumptions with respect to future decisions, which are subject to change. Actual results may vary and these variations may be material. Nothing in this presentation should be regarded as a representation by any person that these goals will be achieved, and PDF Solutions undertakes no duty to update its goals. Non-GAAP gross margin and non-GAAP operating margin exclude stock-based compensation expense, amortization of acquired technology and acquired intangible assets, expenses for certain legal proceedings, and acquisition-related and integration costs. A reconciliation of the forward-looking non-GAAP gross margin and non-GAAP operating margin targets to the most directly comparable GAAP measures is not provided because PDF Solutions is unable to do so without unreasonable effort.

APPENDIX

GAAP to Non-GAAP Reconciliation

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GAAP to Non-GAAP Reconciliation of Gross Margin

FY2020-25

(In thousands)	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
GAAP						
Total Revenues	$88,046	$111,060	$148,549	$165,835	$179,465	$219,024
Cost of Revenues	$36,765	$44,193	$47,907	$51,749	$54,144	$60,623
GAAP Gross Profit	**$51,281**	**$66,867**	**$100,642**	**$114,086**	**$125,321**	**$158,401**
GAAP Gross Margin	*58%*	*60%*	*68%*	*69%*	*70%*	*72%*
Non-GAAP						
GAAP Gross Profit	$51,281	$66,867	$100,642	$114,086	$125,321	$158,401
Adjustments to reconcile GAAP to non-GAAP Gross Profit						
Stock-based Compensation Expense	$3,454	$2,563	$2,974	$4,169	$5,087	$5,252
Amortization of Acquired Technology under Costs of Revenues	$705	$2,079	$2,214	$2,266	$2,335	$3,671
Non-GAAP Gross Profit	**$55,440**	**$71,509**	**$105,830**	**$120,521**	**$132,743**	**$167,324**
Non-GAAP Gross Margin	*63%*	*64%*	*71%*	*73%*	*74%*	*76%*

GAAP to Non-GAAP Reconciliation of Operating Margin

FY2020-25

(In thousands)	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Revenue	**$88,046**	**$111,060**	**$148,549**	**$165,835**	**$179,465**	**$219,024**
Cost of Revenue - GAAP	**$36,765**	**$44,193**	**$47,907**	**$51,749**	**$54,144**	**$60,623**
Adjustments to reconcile GAAP Cost of Revenue to Non-GAAP Cost of Revenue:						
Stock-based Compensation Expense	($3,454)	($2,563)	($2,974)	($4,169)	($5,087)	($5,252)
Amortization of Acquired Intangible Assets	($705)	($2,079)	($2,214)	($2,266)	($2,335)	($3,671)
Cost of Revenue - Non-GAAP	**$32,606**	**$39,551**	**$42,719**	**$45,314**	**$46,722**	**$51,700**
Research & Development - GAAP	**$34,654**	**$43,780**	**$56,126**	**$50,736**	**$53,566**	**$64,234**
Adjustments to reconcile GAAP R&D to Non-GAAP R&D:						
Stock-based Compensation Expense	($4,800)	($5,515)	($9,391)	($7,711)	($8,958)	($9,460)
Write-down in Value of Property and Equipment	($328)	-	-	-	-	-
Research & Development - Non-GAAP	**$29,526**	**$38,265**	**$46,735**	**$43,025**	**$44,608**	**$54,774**
Selling, General, & Administrative - GAAP	**$32,677**	**$37,649**	**$45,338**	**$62,216**	**$69,924**	**$84,736**
Adjustments to reconcile GAAP SG&A to Non-GAAP SG&A:						
Stock-based Compensation Expense	($4,209)	($4,853)	($7,284)	($9,604)	($11,002)	($11,213)
Expenses of Arbitration (1)	($1,098)	($1,951)	($1,895)	($2,600)	($69)	($2,971)
Write-down in Value of Property and Equipment	($162)	-	-		-	-
Acquisition-Related Costs	($752) (2)	-	-	($209) (3)	($940)	($4,528)
Selling, General, & Administrative - Non-GAAP	**$26,456**	**$30,845**	**$36,159**	**$49,803**	**$57,913**	**$66,024**
Amortization of Acquired Intangible Assets - GAAP	**$741**	**$1,255**	**$1,270**	**$1,285**	**$896**	**$3,584**
Amortization of Acquired Intangible Assets - Non-GAAP	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Write-down in Value of Property and Equipment - GAAP	**$0**	**$3,183**	**$0**	**$0**	**$0**	**$0**
Write-down in Value of Property and Equipment - Non-GAAP	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Operating Income - GAAP	**($16,791)**	**($19,000)**	**($2,092)**	**($151)**	**$935**	**$5,847**
Operating Margin - GAAP	*(19%)*	*(17%)*	*(1%)*	*(0%)*	*1%*	*3%*
Operating Income - Non-GAAP	**($542)**	**$2,399**	**$22,936**	**$27,693**	**$30,222**	**$46,526**
Operating Margin - Non-GAAP	*(1%)*	*2%*	*15%*	*17%*	*17%*	*21%*

Notes:
1. Represents expenses related to an arbitration proceeding over a disputed contract with a customer, which expenses are expected to continue until the arbitration is resolved
2. Represents transaction expenses related to the acquisition of Cimetrix Incorporated in the fourth quarter of 2020
3. Acquisition-related costs are incremental expenses related to a business or asset acquisition transaction(s). These expenses may include consulting, legal and other fees. For the year ended December 31, 2023, the charges were related to the acquisition of Lantern Machinery Analytics, Inc.

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GAAP to Non-GAAP Reconciliation of EPS

FY2020-25

(In thousands, except per share amounts)	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
GAAP Net Income (Loss)	**($40,363)**	**($21,488)**	**($3,429)**	**$3,105**	**$4,057**	**($640)**
Adjustments to reconcile GAAP Net Income (Loss) to non-GAAP Net Income						
Stock-based Compensation Expense	$12,463	$12,931	$19,649	$21,484	$25,047	$25,925
Amortization of Acquired Intangible Assets	$1,446	$3,334	$3,483	$3,551	$3,231	$7,255
Expenses for Certain Legal Proceedings (1)	$1,098	$1,951	$1,895	$2,600	$69	$2,971
Acquisition-related and Integration Costs	$752 (2)	-	-	$209	$940	$4,528
Write-down in Value of Property & Equipment	$490	$3,183 (3)	-	-	-	-
Loss or Damaged Equipment In-Transit, Net of (Recovery) from Previously Written-off Property & Equipment	-	-	-	($105)	$608	($663)
Amortization of Debt Issuance Costs	-	-	-	-	-	$185
Tax Impact of the CARES Act (4)	($1,162)	-	-	-	-	-
Tax Impact of Valuation Allowance for Deferred Tax Assets and Reconciling Items	$24,471 (5)(6)	$3,091 (6)	$1,326 (6)	($2,374) (6)	($1,335) (6)	($2,330) (6)
Non-GAAP Net Income	**($805)**	**$3,002**	**$22,924**	**$28,470**	**$32,617**	**$37,231**
GAAP Net Income (Loss) Per Diluted Share	($1.17)	($0.58)	($0.09)	$0.08	$0.10	($0.02)
Non-GAAP Net Income (Loss) Per Diluted Share	($0.02)	$0.08	$0.60	$0.73	$0.84	$0.94
Weighted Average Diluted Common Shares	34,458	37,138	37,309	38,937	39,047	39,317

Notes:
1. Represents legal costs and expenses related to a certain litigation and an arbitration proceeding, which are expected to continue until these matters are resolved
2. Represents transaction expenses related to the acquisition of Cimetrix Incorporated in the fourth quarter of 2020
3. Pertains to write-down in value of our first-generation of e-beam tools for Design-for-Inspection systems wherein carrying values may not be fully recoverable due to lack of market demand and future needs of our customers for these tools
4. The Company recognized a discrete tax benefit recognized from the carryback of net operating losses (NOLs) under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") enacted in March 2020 amounting to $2.3 million through the nine months ended September 30, 2020. Such tax benefit represents refund of cash taxes in the amount of $1.2 million and a release of previously utilized tax attributes of $1.1 million. Due to the full valuation allowance against U.S. deferred tax assets (DTA) recognized in the fourth quarter of 2020, there is no tax benefit from the released tax attributes. The Company does not have any NOLs on a non-GAAP basis and, therefore, it did not recognize this discrete tax benefit in calculating its non-GAAP tax expense and net income (loss). The full year amount represents the refund of cash taxes of $1.2 million
5. Tax impact of reconciling items for the fourth quarter of 2020 pertains to the reversal of prior quarters' tax impact due to a full valuation allowance recognized against the U.S. DTAs on a GAAP basis. The above reconciling items do not have any tax expense or benefit on a GAAP basis for the year ended December 31, 2020 due to the full valuation allowance offsetting any tax impact from reconciling items
6. 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 U.S. 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

APPENDIX

Revenue Mix by Quarter

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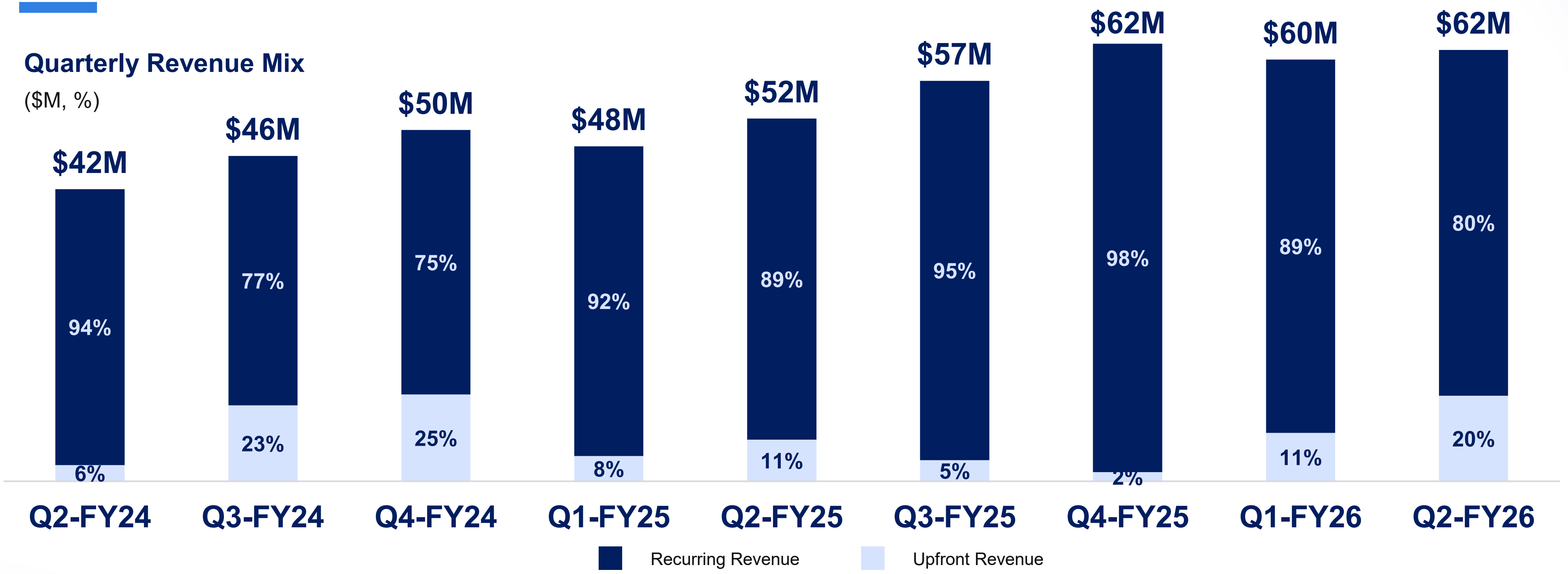
Revenue Mix: Recurring vs. Upfront



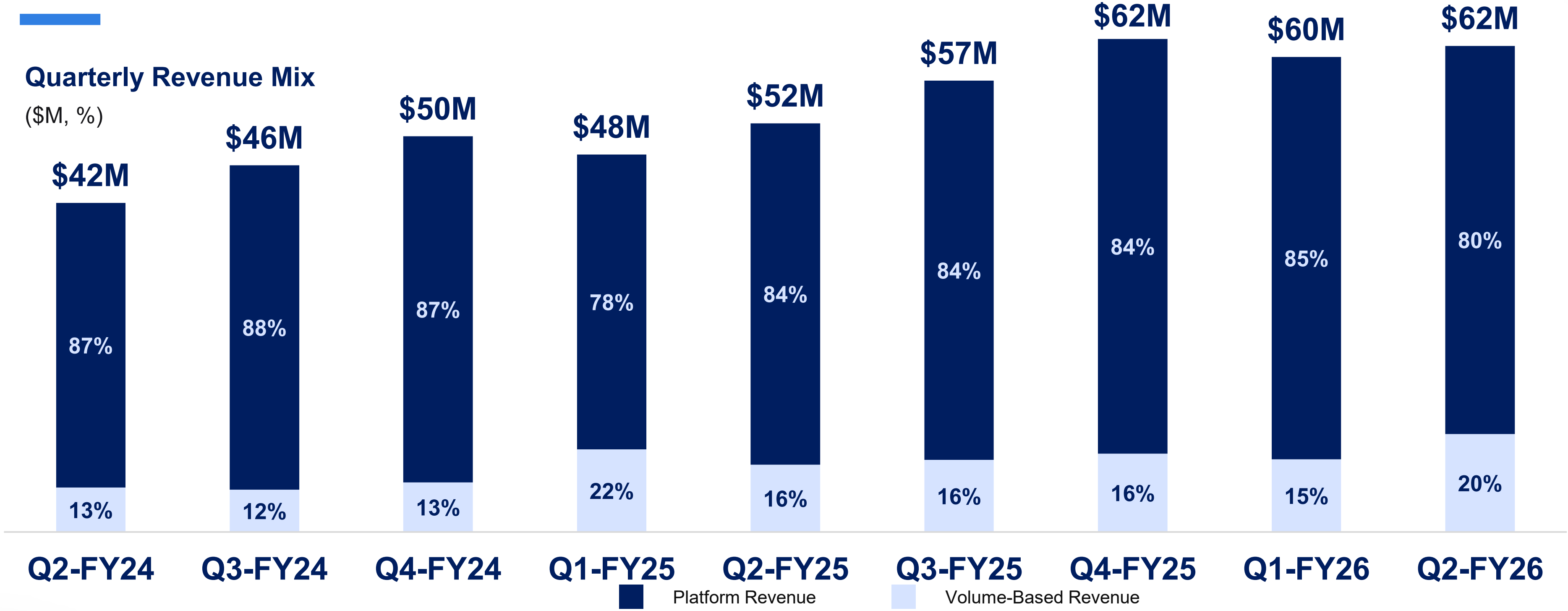
Recurring Revenue

- SaaS, TBL software, M&S, services, DFI and CV system subscriptions, Cimetrix, secureWISE, and Gainshare

Upfront Revenue

- Perpetual software licenses
- Sale of DFI systems
- Certain IP licenses

Revenue Mix: Platform vs. Volume-Based



Platform Revenue

- SaaS, TBL, perpetual software licenses and services
- Fixed fees for DFI and CV systems

Volume-Based Revenue

- Cimetrix run-time license fees
- secureWISE data fees
- Gainshare royalty fees

Forward Looking Statements

Certain statements in this presentation, and statements that may be made when discussing it, include forward-looking statements regarding the Company's future expected business performance and financial results, including expectations about target metrics, portfolio strength and momentum, and other statements identified by words such as "could," "expects," "intends," "may," "plans," "potential," "should," "will," "would," or similar expressions and the negatives of those terms, that are subject to future events and circumstances. Other than statements of historical fact, all statements contained in this presentation and discussions about it 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 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; its ability to use support and updates for certain open-source software; and other risks and uncertainties discussed in PDF Solutions' periodic public filings with the Securities and Exchange Commission, including, without limitation, its Annual Report on Form 10-K for the year ended December 31, 2025, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K and any amendments to such reports. All forward-looking statements made in this presentation 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.

GAAP / Non-GAAP Presentation

In addition to providing results that are determined in accordance with accounting principles generally accepted in the United States of America ("GAAP"), the Company also provides certain non-GAAP financial measures. Non-GAAP gross profit and margin exclude stock-based compensation expense and the amortization of acquired technology under costs of revenues. Non-GAAP costs of sales exclude stock-based compensation expense and the amortization of acquired technology under costs of revenues. Non-GAAP research and development expenses exclude stock-based compensation expense and write-down in value of property and equipment. Non-GAAP selling, general and administrative expenses exclude stock-based compensation expense, amortization of acquired intangible assets, the effects of certain non-recurring items, such as expenses for certain legal proceedings, and acquisition-related and integration costs, and write-down in value of property and equipment. Non-GAAP operating income (loss) and margin exclude stock-based compensation expense, amortization of acquired intangible assets, the effects of certain non-recurring items, such as expenses for certain legal proceedings, and acquisition-related and integration costs and write-down in value of property and equipment. Non-GAAP net income (loss) and Non-GAAP earnings (loss) per share exclude stock-based compensation expense, amortization of acquired intangible assets, amortization of debt issuance costs and the effects of certain non-recurring items, such as expenses for certain legal proceedings, acquisition-related and integration costs, loss on damaged equipment in-transit, write-down in value of property and equipment, 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 and tax impact of the CARES Act. Non-GAAP financial measures are used by management internally to measure the Company's profitability and performance. PDF Solutions' management believes that these non-GAAP measures provide useful supplemental information to investors regarding the Company's ongoing operations in light of the fact that none of these categories of expense and income has a current effect on the future uses of cash (with the exception of expenses related to certain legal proceedings and acquisition-related and integration costs) nor do they impact the generation of current or future revenues. These non-GAAP results should not be considered an alternative to, or a substitute for, GAAP financial information, and may differ from similarly titled non-GAAP measures used by other companies. In particular, these non-GAAP financial measures are not a substitute for GAAP measures of income or loss as a measure of performance, or to cash flows from operating, investing and financing activities as a measure of liquidity. Since management uses these non-GAAP financial measures internally to measure profitability and performance, PDF Solutions has included these non-GAAP measures to give investors an opportunity to see the Company's financial results as viewed by management. A reconciliation of the comparable GAAP financial measures to the non-GAAP financial measures is included in the Appendix to this presentation.

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