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 001-33387

GSI Technology, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**77-0398779**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

1213 Elko Drive
Sunnyvale, California 94089
(Address of principal executive offices, zip code)

(408) 331-8800
(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, $0.001 par value	GSIT	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 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 ☒

The number of shares of the registrant's common stock outstanding as of July 31, 2026: 38,432,590.

GSI TECHNOLOGY, INC.

FORM 10-Q FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2026

PART I — FINANCIAL INFORMATION

Item 1. ***Financial Statements (unaudited)***

GSI TECHNOLOGY, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

	June 30, 2026	March 31, 2026
	(In thousands, except share and per share amounts)	
ASSETS		
Cash and cash equivalents	$ 77,045	$ 67,212
Accounts receivable, net	2,507	4,237
Inventories	4,542	4,079
Prepaid expenses and other current assets ($301 and $281 from a related party)	5,698	3,659
Total current assets	89,792	79,187
Property and equipment, net	1,126	883
Operating lease right-of-use assets	7,933	8,264
Goodwill	7,978	7,978
Intangible assets, net	1,031	1,089
Deferred tax asset	443	329
Other assets	227	223
Total assets	$ 108,530	$ 97,953
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Accounts payable ($24 and $87 to a related party)	$ 4,111	$ 3,614
Lease liabilities, current	1,359	1,488
Accrued expenses and other liabilities	4,331	4,094
Total current liabilities	9,801	9,196
Deferred tax liability	18	18
Lease liabilities, non-current	6,806	6,978
Total liabilities	16,625	16,192
Commitments and contingencies (Note 9)		
Stockholders’ equity:		
Preferred stock: $0.001 par value authorized: 5,000,000 shares; issued and outstanding: none	—	—
Common Stock: $0.001 par value authorized: 150,000,000 shares; issued and outstanding: 38,372,073 and 36,602,040 shares, respectively	38	37
Additional paid-in capital	145,197	130,262
Accumulated other comprehensive loss	(87)	(87)
Retained deficit	(53,243)	(48,451)
Total stockholders’ equity	91,905	81,761
Total liabilities and stockholders’ equity	$ 108,530	$ 97,953

The accompanying notes are an integral part of these condensed consolidated financial statements.

GSI TECHNOLOGY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended June 30, 2026	2025
	(In thousands, except per share amounts)	
Net revenues	$ 6,312	$ 6,283
Cost of revenues ($4 and $16 to a related party)	2,943	2,632
Gross profit	3,369	3,651
Operating expenses:		
Research and development	5,899	3,097
Selling, general and administrative	2,855	2,730
Total operating expenses	8,754	5,827
Loss from operations	(5,385)	(2,176)
Interest income, net	520	66
Other expense, net	(3)	(53)
Loss before income taxes	(4,868)	(2,163)
Provision (benefit) for income taxes	(76)	54
Net loss	$ (4,792)	$ (2,217)
Net loss per share:		
Basic	$ (0.13)	$ (0.08)
Diluted	$ (0.13)	$ (0.08)
Weighted average shares used in per share calculations:		
Basic	37,346	26,967
Diluted	37,346	26,967

The accompanying notes are an integral part of these condensed consolidated financial statements.

GSI TECHNOLOGY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited)

	Three Months Ended June 30,	
	2026	2025
	(In thousands)	
Net loss	$ (4,792)	$ (2,217)
Total comprehensive loss	$ (4,792)	$ (2,217)

The accompanying notes are an integral part of these condensed consolidated financial statements.

GSI TECHNOLOGY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Deficit	Total Stockholders' Equity
	Shares	Amount				
Three months ended June 30, 2026			(In thousands, except share amounts)			
Balance, March 31, 2026	36,602,040	$ 37	$ 130,262	$ (87)	$ (48,451)	$ 81,761
Issuance of common stock pursuant to an At-the-Market offering, net of issuance costs of $321	950,401	1	9,278	—	—	9,279
Issuance of common stock under employee stock option plans	819,632	—	4,770	—	—	4,770
Stock-based compensation expense	—	—	887	—	—	887
Net loss	—	—	—	—	(4,792)	(4,792)
Balance, June 30, 2026	38,372,073	$ 38	$ 145,197	$ (87)	$ (53,243)	$ 91,905

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Deficit	Total Stockholders' Equity
	Shares	Amount				
Three months ended June 30, 2025						
Balance, March 31, 2025	25,605,973	$ 26	$ 63,492	$ (87)	$ (35,205)	$ 28,226
Issuance of common stock pursuant to an At-the-Market offering, net of offering costs of $411	3,380,773	3	10,795	—	—	10,798
Issuance of common stock under employee stock option plans	103,880	—	226	—	—	226
Stock-based compensation expense	—	—	341	—	—	341
Net loss	—	—	—	—	(2,217)	(2,217)
Balance, June 30, 2025	29,090,626	$ 29	$ 74,854	$ (87)	$ (37,422)	$ 37,374

The accompanying notes are an integral part of these condensed consolidated financial statements.

GSI TECHNOLOGY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Three Months Ended June 30,	
	2026	2025
	(In thousands)	
Cash flows from operating activities:		
Net loss	$ (4,792)	$ (2,217)
Adjustments to reconcile net loss to net cash used in operating activities:		
Allowance for credit losses and (recoveries)	(9)	(20)
Provision for excess and obsolete inventories	124	70
Non-cash lease expense	331	315
Depreciation and amortization	173	149
Stock-based compensation	887	341
Changes in assets and liabilities:		
Accounts receivable	1,739	1,602
Inventories	(587)	58
Prepaid expenses and other assets	(2,157)	(67)
Accounts payable	497	(231)
Accrued expenses and other liabilities	(64)	(1,712)
Net cash used in operating activities	(3,858)	(1,712)
Cash flows from investing activities:		
Purchases of property and equipment	(358)	(21)
Net cash used in investing activities	(358)	(21)
Cash flows from financing activities:		
Proceeds from issuance of common stock under At-the-Market offering, net of issuance costs of $321 and $411	9,279	10,798
Proceeds from issuance of common stock under employee stock plans	4,770	226
Net cash provided by financing activities	14,049	11,024
Net increase in cash and cash equivalents	9,833	9,291
Cash and cash equivalents at beginning of the period	67,212	13,434
Cash and cash equivalents at end of the period	$ 77,045	$ 22,725
Supplemental cash flow information:		
Cash paid (received) for income taxes	$ (52)	$ 10

The accompanying notes are an integral part of these condensed consolidated financial statements.

GSI TECHNOLOGY, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

NOTE 1—THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying unaudited condensed consolidated financial statements of GSI Technology, Inc. and its subsidiaries ("GSI" or the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities and Exchange Commission. Accordingly, the interim financial statements do not include all of the information and footnotes required by GAAP for annual financial statements. These interim financial statements contain all adjustments (which consist of only normal, recurring adjustments) that are, in the opinion of management, necessary to state fairly the interim financial information included therein. The Company believes that the disclosures are adequate to make the information not misleading. However, these financial statements should be read in conjunction with the audited consolidated financial statements and related notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2026.

The consolidated results of operations for the three months ended June 30, 2026 are not necessarily indicative of the results to be expected for the entire fiscal year.

Significant accounting policies

There have been no material changes to our significant accounting policies that were disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2026.

Government Agreements

From time to time, the Company may enter into agreements with federal government agencies. GAAP does not have specific accounting standards covering agreements between the government and business entities. The Company applies International Accounting Standard 20 ("IAS 20"), *Accounting for Government Grants and Disclosure of Government Assistance,* by analogy when accounting for agreements entered into with the government. Under IAS 20, government grants or awards are initially recognized when there is reasonable assurance the conditions of the grant or award will be met and the grant or award will be received. After initial recognition, government grants or awards are recognized on a systematic basis in a manner consistent with the manner in which the Company recognizes the underlying costs for which the grant or award is intended to compensate. The Company follows ASC 832, *Disclosures by Business Entities about Government Assistance,* with respect to the disclosures of government grants or awards.

Credit Losses—Marketable Securities

For marketable securities in an unrealized loss position, the Company periodically assesses its portfolio for impairment. The assessment first considers the intent or requirement to sell the marketable security. If either of these criteria are met, the amortized cost basis is written down to fair value through earnings.

If the criteria above are not met, the Company evaluates whether the decline resulted from credit losses or other factors by considering the extent to which fair value is less than amortized cost, any changes to the rating of the marketable security by a rating agency, and any adverse conditions specifically related to the marketable security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the marketable security is compared to the amortized cost basis of the marketable security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded, limited by the amount that the fair value is less than the amortized cost basis. Any other impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive loss.

Credit Losses—Accounts Receivable

Accounts receivable are recorded at the amounts billed less estimated allowances for credit losses for any potential uncollectible amounts. At June 30, 2026, one customer accounted for 62% of our accounts receivable. If this customer does not pay us, our financial position and operating results will be harmed. The Company continually monitors customer payments and maintains an allowance for estimated losses resulting from a customer's inability to make required payments. The Company considers factors such as historical experience, credit quality, age of the accounts receivable balances, and economic conditions that may affect a customer's ability to pay. Accounts receivable are written-off and charged against an allowance for credit losses when the Company has exhausted collection efforts without success.

Risk and uncertainties

The decline in the global economic environment due to, among other things, increased or new tariffs, export controls and other trade barriers and trade disputes, worldwide inflationary pressures and increasing geopolitical tensions, has affected the business activities of the Company, its customers, suppliers, and other business partners in the fiscal year ended March 31, 2026 and into the three months ended June 30, 2026.

The Company believes that during the next 12 months disruptions in the capital markets as a result of these conditions could impact general economic activity and demand in the Company's end markets.

Accounting pronouncements effective for fiscal 2027

In July 2025, the FASB issued Accounting Standards Update 2025-05, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets (ASU 2025-05)." ASU 2025-05 provides a practical expedient that all entities can use when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under ASC 606, Revenue from Contracts with Customers. Under this practical expedient, an entity is allowed to assume that the current conditions it has applied in determining credit loss allowances for current accounts receivable and current contract assets remain unchanged for the remaining life of those assets. We adopted the provisions of ASU 2025-05 on April 1, 2026. The adoption of this standard did not have a material impact on the Company's condensed consolidated financial statements and related disclosures.

Accounting pronouncements not yet adopted by the Company

In November 2024, the FASB issued ASU No. 2024-03, "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40)." ASU No. 2024-03 does not change the expense captions an entity presents on the face of the income statement; rather it requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements. ASU No. 2024-03 requires footnote disclosure about specific expenses to disaggregate, in a tabular presentation, each relevant expense caption on the face of the income statement that includes any of the following natural expenses: (1) purchases of inventory, (2) employee compensation, (3) depreciation, (4) intangible asset amortization and (5) depreciation, depletion and amortization recognized as part of oil- and gas-production activities or other types of depletion expenses. The tabular disclosure would also include certain other expenses, when applicable.

ASU No. 2024-03 does not change or remove existing expense disclosure requirements; however, it may affect where that information appears in the footnotes to the financial statements. ASU No. 2024-03 is effective for annual periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. The requirements will be applied prospectively with the option for retrospective application. Early adoption is permitted. The Company is currently evaluating the disclosure requirements and its effect on the condensed consolidated financial statements.

In December 2025, the FASB issued ASU No. 2025-10, Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities ("ASU 2025-10") to establish authoritative guidance on how to recognize, measure, and present government grants received by business entities. This ASU defines a government grant, establishes when and how a grant related to an asset or income is recognized and measured, and includes presentation and disclosure requirements. ASU 2025-10 is effective for annual periods beginning after December 15, 2028, or our fiscal 2030, and interim reporting periods within those annual reporting periods. We are currently evaluating the potential impact of adopting ASU 2025-10 on our condensed consolidated financial statements and disclosures.

NOTE 2—REVENUE RECOGNITION

The Company determines revenue recognition through the following steps: (1) identification of the contract with a customer; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when, or as, the Company satisfies a performance obligation.

The Company's customer contracts, which may be in the form of purchase orders, contracts or purchase agreements, contain performance obligations for delivery of agreed upon products. Delivery of all performance obligations contained within a contract with a customer typically occurs at the same time (or within the same accounting period). Transfer of control occurs at the point at which delivery has occurred, title and the risks and rewards of ownership have passed to the customer, and the Company has a right to payment. The Company recognizes revenue upon shipment of the product.

Because all of the Company's performance obligations relate to contracts with a duration of less than one year, the Company has elected to apply the optional exemption practical expedient and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

The Company adjusts the transaction price for variable consideration. Variable consideration is not typically significant and primarily results from stock rotation rights and quick pay discounts provided to certain distributors. As a practical expedient, the Company recognizes the incremental costs of obtaining a contract, specifically commission expenses that have a period of benefit of less than twelve months, as an expense when incurred. Additionally, the Company has adopted an accounting policy to recognize shipping costs that occur after control transfers to the customer as a fulfillment activity.

The Company's contracts with customers do not typically include extended payment terms. Payment terms vary by contract type and type of customer and generally range from 30 to 60 days from shipment. Additionally, the Company has a right to payment upon shipment.

The Company records revenue net of sales tax, value added tax, excise tax and other taxes collected concurrent with product sales. The impact of such taxes on product sales is immaterial.

The Company warrants its products to be free of defects generally for a period of three years. The Company estimates its warranty costs based on historical warranty claim experience and includes such costs in cost of revenues. Warranty costs and the accrued warranty liability were not material in all periods presented.

Substantially all of the Company's revenue is derived from sales of SRAM products, which represent approximately 99% and 100% of total revenues in the three months ended June 30, 2026 and 2025.

Based on information provided to the Company by its contract manufacturers and distributors, purchases by KYEC, which was the Company's largest end user customer in fiscal 2026 and 2025, represented approximately 16% and 4% of the Company's net revenues in the three months ended June 30, 2026 and 2025, respectively. Nokia purchases products directly from the Company and through contract manufacturers and distributors. Based on information provided to the Company by its contract manufacturers and distributors, purchases by Nokia represented approximately 5% and 9% of the Company's net revenues in the three months ended June 30, 2026 and 2025, respectively. Based on information provided to the Company by its contract manufacturers and distributors, purchases by Cadence Design Systems represented approximately 7% and 24% of the Company's net revenues in the three months ended June 30, 2026 and 2025, respectively.

See "Note 12 — Segment and Geographic Information" for revenue by shipment destination.

The following table presents the Company's revenue disaggregated by customer type.

	Three Months Ended June 30,	
	2026	2025
	(In thousands)	
Contract manufacturers	$ 307	$ 413
Distribution	5,814	5,794
OEMs	191	76
	$ 6,312	$ 6,283

NOTE 3—NET LOSS PER COMMON SHARE

The Company uses the treasury stock method to calculate the weighted average shares used in computing diluted net loss per share. The following table sets forth the computation of basic and diluted net loss per share:

	Three Months Ended June 30,	
	2026	2025
	(In thousands, except per share amounts)	
Net loss	$ (4,792)	$ (2,217)
Denominators:		
Weighted average shares—Basic	37,346	26,967
Dilutive effect of employee stock options	—	—
Dilutive effect of employee stock purchase plan shares	—	—
Weighted average shares—Dilutive	37,346	26,967
Net loss per common share—Basic	$ (0.13)	$ (0.08)
Net loss per common share—Diluted	$ (0.13)	$ (0.08)

The following shares of common stock underlying outstanding stock options and unissued ESPP shares, determined on a weighted average basis, were excluded from the computation of diluted net loss per share as they had an anti-dilutive effect:

	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025
	(In thousands)	
Shares underlying options and ESPP shares	3,217	7,031

NOTE 4—BALANCE SHEET DETAIL

	June 30, 2026	March 31, 2026
	(In thousands)	
Inventories:		
Work-in-progress	$ 2,362	$ 1,978
Finished goods	2,179	2,101
Inventory at distributors	1	—
	$ 4,542	$ 4,079

	June 30, 2026	March 31, 2026
	(In thousands)	
Accounts receivable, net:		
Accounts receivable	$ 2,650	$ 4,389
Less: Allowances for credit losses	(143)	(152)
	$ 2,507	$ 4,237

	June 30, 2026	March 31, 2026
	(In thousands)	
Prepaid expenses and other current assets:		
Prepaid tooling and masks	$ 1,034	$ 593
Other receivables	331	88
Other prepaid expenses and other current assets	4,333	2,978
	$ 5,698	$ 3,659

	June 30, 2026	March 31, 2026
	(In thousands)	
Property and equipment, net:		
Computer and other equipment	$ 18,544	$ 18,187
Software	4,426	4,426
Furniture and fixtures	102	102
Leasehold improvements	942	942
	24,014	23,657
Less: Accumulated depreciation	(22,888)	(22,774)
	$ 1,126	$ 883

Depreciation expense was $114,000 and $90,000 for the three months ended June 30, 2026 and 2025, respectively.

The following tables summarize the components of intangible assets and related accumulated amortization balances at June 30, 2026 and March 31, 2026 (in thousands):

	As of June 30, 2026		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets:			
Product designs	$ 590	$ (590)	$ —
Patents	4,220	(3,189)	1,031
Software	80	(80)	—
Total	$ 4,890	$ (3,859)	$ 1,031

	As of March 31, 2026		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets:			
Product designs	$ 590	$ (590)	$ —
Patents	4,220	(3,131)	1,089
Software	80	(80)	—
Total	$ 4,890	$ (3,801)	$ 1,089

Amortization of intangible assets included in cost of revenues was $58,000 and $59,000 for the three months ended June 30, 2026 and 2025, respectively.

The Company reviews identifiable amortizable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. Determination of recoverability is based on the lowest level of identifiable estimated undiscounted cash flows resulting from use of the asset and its eventual disposition. Measurement of any impairment loss is based on the excess of the carrying value of the asset over its fair value. There were no impairment indicators noted as of June 30, 2026.

As of June 30, 2026, the estimated future amortization expense of intangible assets in the table above is as follows (in thousands):

Fiscal year ending March 31,	
2027 (remaining nine months)	$ 175
2028	233
2029	233
2030	233
2031	157
Total	$ 1,031

	June 30, 2026	March 31, 2026
	(In thousands)	
Accrued expenses and other liabilities:		
Accrued compensation	$ 2,731	$ 2,421
Accrued commissions	148	168
Purchased intellectual property	917	917
Others	535	588
	$ 4,331	$ 4,094

NOTE 5—GOODWILL

Goodwill represents the difference between the purchase price and the estimated fair value of the identifiable assets acquired and liabilities assumed in a business combination. The Company tests for goodwill impairment on an annual basis, or more frequently if events or changes in circumstances indicate that the asset is more likely than not impaired. The Company assesses goodwill for impairment on an annual basis on the last day of February in the fourth quarter of its fiscal year. The Company has one reporting unit.

The Company had a goodwill balance of $8.0 million as of both June 30, 2026 and March 31, 2026. The goodwill resulted from the acquisition of MikaMonu Group Ltd. in fiscal 2016.

The Company completed its annual impairment test during the fourth quarter of fiscal 2026 and concluded that there was no impairment, as it was more likely than not that the fair value of its sole reporting unit exceeded its carrying value and the performance of a quantitative impairment test was not required.

NOTE 6—INCOME TAXES

Due to historical losses in the United States, the Company has a full valuation allowance on its United States federal and state deferred tax assets. Management continues to evaluate the realizability of deferred tax assets and the related valuation allowance.

Management believes that within the next twelve months there will be no reduction in uncertain tax benefits as a result of the lapse of statutes of limitations.

The Company’s policy is to include interest and penalties related to unrecognized tax benefits within the provision for income taxes in the Condensed Consolidated Statements of Operations.

The Company is subject to taxation in the United States and various state and foreign jurisdictions. Fiscal years 2013 through 2025 remain open to examination by federal tax authorities, and fiscal years 2011 through 2024 remain open to examination by California tax authorities. Fiscal years 2020 through 2025 are subject to audit by the Israeli tax authorities.

For the three months ended June 30, 2026 and June 30, 2025, the Company incurred income tax expense (benefit) of ($76,000) and $54,000 on net losses before income taxes of ($4.9 million) and ($2.2 million), respectively. The provision was calculated using the annualized effective tax rate method. The Company’s estimated annual effective income tax rate, excluding discrete items, was approximately (1.18%) and (2.58%) for the three months ended June 30, 2026 and 2025, respectively. The annual effective tax rates for the three months ended June 30, 2026 and 2025 vary from the United States statutory income tax rate primarily due to valuation allowances in the United States, whereby pre-tax losses do not result in the recognition of corresponding income tax benefits and foreign tax differential.

For the three months ended June 30, 2026 and June 30, 2025, the Company received net cash for income taxes of $52,000 and paid net cash for income taxes of $10,000, respectively, as reflected in the Condensed Consolidated Statements of Cash Flows.

NOTE 7—FINANCIAL INSTRUMENTS

Fair value measurements

Authoritative accounting guidance for fair value measurements provides a framework for measuring fair value and related disclosures. The guidance applies to all financial assets and financial liabilities that are measured on a recurring basis. The guidance requires fair value measurement to be classified and disclosed in one of the following three categories:

Level 1: Valuations based on quoted prices in active markets for identical assets and liabilities. The fair value of available-for-sale securities included in the Level 1 category is based on quoted prices that are readily and regularly available in an active market.

Level 2: Valuations based on observable inputs (other than Level 1 prices), such as quoted prices for similar assets at the measurement date; quoted prices in markets that are not active; or other inputs that are observable, either directly or indirectly. The fair value of available-for-sale securities included in the Level 2 category is based on the market values obtained from an independent pricing service that were evaluated using pricing models that vary by asset class and may incorporate available trade, bid and other market information and price quotes from well-established independent pricing vendors and broker-dealers.

Level 3: Valuations based on inputs that are unobservable and involve management judgment and the reporting entity's own assumptions about market participants and pricing.

The fair value of financial assets measured on a recurring basis is as follows (in thousands):

		Fair Value Measurements at Reporting Date Using		
	June 30, 2026	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Money market funds	$ 57,169	$ 57,169	$ —	$ —
Total	$ 57,169	$ 57,169	$ —	$ —

		Fair Value Measurements at Reporting Date Using		
	March 31, 2026	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Money market funds	$ 49,733	$ 49,733	$ —	$ —
Total	$ 49,733	$ 49,733	$ —	$ —

There were no unrealized gains or unrealized losses for money market funds as of June 30, 2026 or March 31, 2026.

Short-term investments

The Company had money market funds of $57.2 million and $49.7 million at June 30, 2026 and March 31, 2026, respectively, included in cash and cash equivalents on the Condensed Consolidated Balance Sheets. The Company monitors its investments for impairment periodically and records appropriate reductions in carrying values when declines are determined to be other-than-temporary.

There were no available-for-sale investments at June 30, 2026 or March 31, 2026, respectively.

NOTE 8—LEASES

The Company has operating leases for corporate offices and research and development facilities. The Company's leases have remaining lease terms of 2 months to 95 months, some of which include options to extend for up to 10 years.

Supplemental balance sheet information related to leases was as follows:

	As of June 30, 2026	As of March 31, 2026
	(In thousands)	
Operating Leases		
Operating lease right-of-use assets	$ 7,933	$ 8,264
Lease liabilities-current	$ 1,359	$ 1,488
Lease liabilities-non-current	6,806	6,978
Total operating lease liabilities	$ 8,165	$ 8,466

The following table provides the details of lease costs:

	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025
	(In thousands)	
Operating lease cost	$ 477	$ 465
Short-term lease cost	7	7
	$ 484	$ 472

The following table provides other information related to leases:

	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025
	(In thousands)	
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 449	$ 428
Weighted-average remaining lease term (years):		
Operating leases	7.68	8.34
Weighted-average discount rate:		
Operating leases	6.34%	6.24%

The following table provides the maturities of the Company's operating lease liabilities as of June 30, 2026:

Fiscal Year	Operating Lease Liabilities (In thousands)
2027 (remaining nine months)	$ 1,097
2028	1,192
2029	1,220
2030	1,257
2031	1,294
Thereafter	4,358
Total undiscounted future cash flows	10,418
Less: Imputed interest	(2,253)
Present value of undiscounted future cash flows	$ 8,165
Presentation on statement of financial position	
Current	$ 1,359
Non-current	$ 6,806

NOTE 9—COMMITMENTS AND CONTINGENCIES

Indemnification obligations

The Company is a party to a variety of agreements pursuant to which it may be obligated to indemnify the other party with respect to certain matters. Typically, these obligations arise in the context of contracts entered into by the Company, under which the Company agrees to hold the other party harmless against losses arising from a breach of representations and covenants related to such matters as title to assets sold and certain intellectual property rights. In each of these circumstances, payment by the Company is conditioned on the other party making a claim pursuant to the procedures specified in the particular contract, which procedures typically allow the Company to challenge the other party's claims. Further, the Company's obligations under these agreements may be limited in terms of time and/or amount, and in some instances, the Company may have recourse against third parties for certain payments made by it under these agreements.

It is not possible to predict the maximum potential amount of future payments that may be required under these or similar agreements due to the conditional nature of the Company's obligations and the unique facts and circumstances involved in each particular agreement. Historically, payments made by the Company under these agreements have not had a material effect on its business, financial condition, cash flows or results of operations.

NOTE 10—STOCK-BASED COMPENSATION

As of June 30, 2026, 1,883,935 shares of common stock were available for grant under the Company's Amended and Restated 2016 Equity Incentive Plan.

The following table summarizes the Company's stock option activities for the three months ended June 30, 2026:

	Shares Available for Grant	Number of Shares Underlying Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value Per Share
Balance, March 31, 2026	1,963,395	7,085,134		$ 5.25	$ 2.63
Granted	(87,310)	87,310		$ 11.72	$ 9.86
Exercised	—	(780,769)		$ 5.80	$ 2.15
Forfeited	7,850	(7,850)		$ 5.28	$ 5.07
Balance at June 30, 2026	1,883,935	6,383,825	5.93	$ 5.27	$ 2.79
Options vested and exercisable		4,290,619	4.66	$ 5.40	$ 2.26
Options vested and expected to vest		6,349,709	5.92	$ 5.28	$ 2.79
Options unvested		2,093,206	8.55	$ 5.01	$ 3.87

The aggregate intrinsic value of options exercised during the three month period ended June 30, 2026 was $4,076,649.

The following table summarizes stock-based compensation expense by line item in the Condensed Consolidated Statements of Operations, all relating to employee stock plans:

	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025
	(In thousands)	
Cost of revenues	$ 70	$ 44
Research and development	260	(62)
Selling, general and administrative	557	359
	$ 887	$ 341

NOTE 11—RELATED PARTY TRANSACTIONS

The Company incurred manufacturing services of approximately $4,000 and $16,000 during the three months ended June 30, 2026 and 2025, respectively, from Wistron Neweb Corp ("WNC") in connection with the manufacturing of single-APU PCIe boards, to be used in the Company's in-place associative computing product. Haydn Hsieh, a member of the Company's board of directors, is the Chairman and Chief Strategy Officer of WNC. The amount owed to WNC of $24,000 and $87,000 at June 30, 2026 and March 31, 2026, respectively, is included in accounts payable in the Condensed Consolidated Balance Sheets.

NOTE 12—SEGMENT AND GEOGRAPHIC INFORMATION

Based on its operating management and financial reporting structure, the Company has determined that it has one reportable business segment: the design, development and sale of integrated circuits.

The key measure of segment profit or loss utilized by the chief operating decision maker to assess performance of and allocate resources to the Company's operating segment is consolidated net income (loss). Net income (loss) is used in monitoring budget versus actual results. This measure is presented on the condensed consolidated statements of operations and comprehensive loss. Significant segment expenses included in net income (loss) include cost of revenue, research and development, selling, general and administrative expense, interest income, other income (expense), net, and income tax provision, which are presented on the condensed consolidated statements of operations and comprehensive loss. The measure of segment assets is reported on the condensed consolidated balance sheets as total consolidated assets.

The following is a summary of net revenues by geographic area based on the location to which product is shipped:

	Three Months Ended June 30,	
	2026	2025
	(In thousands)	
United States	$ 2,554	$ 4,472
China	1,234	404
Singapore	450	484
Netherlands	162	103
Germany	1,516	572
Rest of the world	396	248
	$ 6,312	$ 6,283

All sales are denominated in United States dollars.

NOTE 13—GOVERNMENT AGREEMENTS

In June 2023, the Company entered into a prototype agreement with the Space Development Agency for the development of a Next-Generation Associative Processing Unit-2 for Enhanced Space-Based Capabilities ("Prototype Agreement"). Under the Prototype Agreement, the Company will receive an award funded by the Small Business Innovation Research program.

Pursuant to an agreed-upon schedule, the Company will receive milestone payments which total an estimated $1.3 million upon successful completion of each milestone. All of the original milestones were completed as of March 31, 2026.

In September 2025, the Prototype Agreement was amended to increase the total award amount to $2.0 million by adding milestones related to determining the radiation hardened capability of the Next-Generation Compute-In-Memory Associative Processing Unit ("APU2") device. The Company received milestone payments of $178,000 during the quarter ended June 30, 2026.

In November 2023, the Company entered into a second prototype agreement with the U.S. Air Force Research Laboratory ("AFRL") for the development of specialized algorithms for APU2 to Enable High-Performance Computing in Space. Pursuant to an agreed-upon schedule, the Company will receive milestone payments which total an estimated $1.1 million upon successful completion of each milestone. All of the milestones were completed as of March 31, 2026.

In October 2024, the Company was selected by the U.S. Army for a contract award of up to $250,000 under the DoD Small Business Innovation Research (SBIR) program to develop advanced, Army-specific edge computing AI solutions using its groundbreaking Gemini-II technology. All of the milestones were completed as of March 31, 2026.

In April 2026, the Company announced that it was awarded a Phase II award under the U.S. Army's xTech SBIR program to develop a ruggedized edge AI platform using the Gemini-II APU for the tactical edge. Pursuant to an agreed-upon schedule, the Company will receive milestone payments which total an estimated $2.0 million upon successful completion of each milestone. These funds will offset the cost of designing and developing a ruggedized edge-processing platform based on the Gemini-II APU, with testing in representative operational environments intended to validate performance across real-time AI workloads, such as sensor data processing, object detection, and command-and-control analytics. No milestone payments for the SBIR have been received as of June 30, 2026.

The prototype agreements are unrelated to the Company's ordinary business activities. The Company has discretion in managing the activities under the prototype agreements and retains all developed intellectual property. The Company applies IAS 20, by analogy, and recognizes the award as a reduction of research and development expenses based on a cost incurred method.

During the three months ended June 30, 2026 and 2025, the Company recognized $336,000 and $543,000, respectively, as a reduction to research and development expense in the Condensed Consolidated Statements of Operations. During the three months ended June 30, 2026 and 2025, the Company received total milestone payments of $178,000 and $594,000, respectively.

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

This Quarterly Report on Form 10-Q, and in particular the following Management's Discussion and Analysis of Financial Condition and Results of Operations, includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements involve risks and uncertainties. Forward-looking statements are identified by words such as "anticipates," "believes," "expects," "intends," "may," "will," and other similar expressions. In addition, any statements which refer to expectations, projections, or other characterizations of future events or circumstances are forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements as a result of a number of factors, including those set forth in this report under "Risk Factors," those described elsewhere in this report, and those described in our other reports filed with the Securities and Exchange Commission ("SEC"). We caution you not to place undue reliance on these forward-looking statements, which speak only as of the date of this report, and we undertake no obligation to update these forward-looking statements after the filing of this report. You are urged to review carefully and consider our various disclosures in this report and in our other reports publicly disclosed or filed with the SEC that attempt to advise you of the risks and factors that may affect our business.

Overview

We are a provider of high-performance semiconductor memory solutions for in-place associative computing applications in high growth markets such as artificial intelligence and high-performance computing, including natural language processing and computer vision. Our initial APU products are focused on applications using similarity search, but have not resulted in material revenues to date. Similarity search is used in visual search queries for ecommerce, computer vision, drug discovery, cybersecurity and service markets such as NoSQL, Elasticsearch, and OpenSearch. We have solutions to accelerate multimodal vector search for OpenSearch and general Fast Vector Search, and for processing large area SAR images in real-time at high resolution.

Our revenue is currently generated from the design, development and marketing of static random access memories, or SRAMs, that operate at speeds of less than 10 nanoseconds, which we refer to as Very Fast SRAMs, primarily for the networking and telecommunications, test equipment and the military/defense and aerospace markets. We are subject to the highly cyclical nature of the semiconductor industry, which has experienced significant fluctuations, often in connection with fluctuations in demand for the products in which semiconductor devices are used. Our revenues have been substantially impacted by significant fluctuations in sales to our largest end user customers, Nokia, KYEC and Cadence Design Systems. We expect that future direct and indirect sales to Nokia, KYEC and Cadence Design Systems will continue to fluctuate significantly on a quarterly basis.

The networking and telecommunications market has accounted for a significant portion of our net revenues in the past and has declined during the past several years and is expected to continue to decline. In anticipation of the decline of the networking and telecommunications market, we have been using the revenue generated by the sales of high-speed synchronous SRAM products to finance the development of our new in-place associative computing solutions and the marketing and sale of new types of SRAM products such as radiation-hardened and radiation-tolerant SRAMs.

In January 2026, we announced a new proof-of-concept ("POC") engagement with two government agencies. GSI is partnering with G2 Tech, an Israeli deep-tech AI company, on Sentinel, a program to develop an autonomous perimeter security system that manages drones and cameras in real time for advanced monitoring, detection, and response. The project is jointly backed by the U.S. Department of War (Department of Defense), and a foreign government agency. Under the POC, G2 Tech is leading the system-level platform development, focusing on real-time data processing, monitoring, and autonomous response workflows for high-load and mission-critical environments across unmanned systems.

The platform supports autonomous operation while maintaining human oversight and decision-support capabilities. Gemini-II leverages the APU's compute-in-memory architecture to process sensor data in place, enabling on-device AI inference and real-time responsiveness. Total governmental funding for the POC is expected to be in the millions of dollars. GSI expects to receive roughly $1.0 million to support software optimization and integration of the Gemini-II platform into the Sentinel system.

In May 2026, we announced that we were awarded Phase I of a Smart City project by a local government agency in Taiwan. The completion of Phase I will mark our first smart city deployment of the Gemini-II APU.

In April 2026, we announced that we were awarded a Phase II award under the U.S. Army's xTech Small Business Innovation Research (SBIR) program to develop a ruggedized edge AI platform using our Gemini-II APU for the tactical edge. Pursuant to an agreed-upon schedule, we will receive milestone payments which total an estimated $2.0 million upon successful completion of each milestone. These funds will offset the cost of designing and developing a ruggedized edge-processing platform based on the Gemini-II APU, with testing in representative operational environments intended to validate performance across real-time AI workloads, such as sensor data processing, object detection, and command-and-control analytics.

During the first fiscal quarter, we made progress validating Gemini-II's performance-per-watt advantages. We completed radiation testing on a standard commercial Gemini-II device, and confirmed that the device continued to operate normally under radiation levels representative of harsh aerospace environments. The Gemini-II device is production ready. As a result of these successful validation efforts, we have shifted our focus to commercializing Gemini-II, including expanding the range of applications Gemini-II can address and pursuing broader customer adoption.

We also continued development of our AI-assisted Software Development Kit ("SDK"), which currently remains on track for release in September 2026. The SDK is expected to accelerate software development, simplify application deployment and provide a foundation for working with a broader network of partners and system integrators.

As of June 30, 2026, we had cash and cash equivalents of $77.0 million, with no debt. We have a team in-place with tremendous depth and breadth of experience and knowledge, with a legacy business that is providing an ongoing source of funding for the development of new product lines. In May 2026, we sold 950,401 shares of common stock pursuant to an At-the-Market offering, at an average price of $10.10 for net proceeds of $9.3 million.

Generally, our primary source of liquidity is cash equivalents. Our level of cash equivalents has historically been sufficient to meet our current and longer-term operating and capital needs. We believe that during the next 12 months, continued inflationary pressures, increased or new tariffs, export controls and other trade barriers, trade disputes, and increasing geopolitical tensions will continue to negatively impact general economic activity and demand in our end markets. Although it is difficult to estimate the length or severity of these conditions, we expect them to have an adverse effect on our results of operations, financial position, including potential impairments, and liquidity through the remainder of fiscal 2027.

Revenues. Substantially all of our revenues are derived from sales of our Very Fast SRAM products. Direct and indirect sales to networking and telecommunications OEMs accounted for 16% to 34% of our net revenues during our last three fiscal years. We also sell our products to OEMs that manufacture products for military and aerospace applications such as radar and guidance systems, missiles and satellites, for test and measurement applications such as high-speed testers, for automotive applications such as smart cruise control, and for medical applications such as ultrasound and CAT scan equipment.

The average selling price of our products has increased or remained unchanged in recent years. However, as is typical in the semiconductor industry, the selling prices of our products have historically declined over the life of the product. If prices decline, our ability to increase net revenues, therefore, is dependent upon our ability to increase unit sales volumes of existing products and to introduce and sell new products with higher average selling prices in quantities sufficient to compensate for the anticipated declines in selling prices of our more mature products. Our ability to increase unit sales volumes is dependent primarily upon increases in customer demand but, particularly in periods of increasing demand, can also be affected by our ability to increase production through the availability of increased wafer fabrication capacity from TSMC, our wafer supplier, and our ability to increase the number of good integrated circuit die produced from each wafer through die size reductions and yield enhancement activities.

We may experience fluctuations in quarterly net revenues for a number of reasons. Historically, orders on hand at the beginning of each quarter are insufficient to meet our revenue objectives for that quarter and are generally cancelable up to 30 days prior to scheduled delivery. Accordingly, we depend on obtaining and shipping orders in the same quarter to achieve our revenue objectives. In addition, the timing of product releases, purchase orders and product availability could result in significant product shipments at the end of a quarter. Failure to ship these products by the end of the quarter may adversely affect our operating results. Furthermore, our customers may delay scheduled delivery dates and/or cancel orders within specified timeframes without significant penalty.

We sell our products through our direct sales force, international and domestic sales representatives and distributors. Our customer contracts, which may be in the form of purchase orders, contracts or purchase agreements, contain performance obligations for delivery of agreed upon products. Delivery of all performance obligations contained within a contract with a customer typically occurs at the same time (or within the same accounting period). Transfer of control occurs at the time of shipment, title and the risks and rewards of ownership have passed to the customer, and we have a right to payment. Thus, we will recognize revenue upon shipment of the product for direct sales and sales to our distributors.

KYEC was our largest end user customer in fiscal 2026 and 2025. Nokia was our largest end user customer in fiscal 2024. KYEC purchases product through contract manufacturers and distributors. Based on information provided to us by KYEC's contract manufacturers and distributors, purchases by KYEC represented approximately 16%, 14%, 23% and 3% of our net revenues in the three months ended June 30, 2026, and in fiscal 2026, 2025 and 2024, respectively. Nokia purchases products directly from us and through contract manufacturers and distributors. Based on information provided to us by its contract manufacturers and our distributors, purchases by Nokia represented approximately 5%, 6%, 12% and 21% of our net revenues in the three months ended June 30, 2026, and in fiscal 2026, 2025 and 2024, respectively. Cadence Design Systems purchases products through contract manufacturers and distributors. Based on information provided to us by its contract manufacturers and our distributors, purchases by Cadence Design Systems represented approximately 7%, 12%, 8% and 8% of our net revenues in the three months ended June 30, 2026, and in fiscal 2026, 2025 and 2024, respectively. Our revenues have been substantially impacted by significant fluctuations in sales to Nokia, KYEC and Cadence Design Systems, and we expect that future direct and indirect sales to Nokia, KYEC and Cadence Design Systems will continue to fluctuate substantially on a quarterly basis and that such fluctuations may significantly affect our operating results in future periods. To our knowledge, none of our other OEM customers accounted for more than 10% of our net revenues in the three months ended June 30, 2026 or in fiscal 2026, 2025 or 2024.

Cost of Revenues. Our cost of revenues consists primarily of wafer fabrication costs, wafer sort, assembly, test and burn-in expenses, the amortized cost of production mask sets, stock-based compensation and the cost of materials and overhead from operations. All of our wafer manufacturing and assembly operations, and a significant portion of our wafer sort testing operations, are outsourced. Accordingly, most of our cost of revenues consists of payments to TSMC and independent assembly and test houses. Because we do not have long-term, fixed-price supply contracts, our wafer fabrication, assembly and other outsourced manufacturing costs are subject to the cyclical fluctuations in demand for semiconductors. In recent years, we have experienced increased costs as a result of supply chain constraints for wafers and outsourced assembly, burn-in and test operations. We review our manufacturing costs on a regular basis and pass on any cost increases to our customers when it makes sense to do so. Cost of revenues also includes expenses related to supply chain management, quality assurance, and final product testing and documentation control activities conducted at our headquarters in Sunnyvale, California and our operations in Taiwan.

Gross Profit. Our gross profit margins vary among our products and are generally greater on our radiation-hardened and radiation-tolerant SRAMs, on our higher density products and, within a particular density, greater on our higher speed and industrial temperature products. We expect that our overall gross margins will fluctuate from period to period as a result of shifts in product mix, changes in average selling prices and our ability to control our cost of revenues, including costs associated with outsourced wafer fabrication and product assembly and testing.

Research and Development Expenses. Research and development expenses consist primarily of salaries and related expenses for design engineers and other technical personnel, the cost of developing prototypes, stock-based compensation and fees paid to consultants. We charge all research and development expenses to operations as incurred. We charge mask costs used in production to cost of revenues over a 12-month period. However, we charge costs related to pre-production mask sets, which are not used in production, to research and development expenses at the time they are incurred. We believe that continued investment in research and development is critical to our long-term success, and we expect to continue to devote significant resources to product development activities. In particular, we are devoting substantial resources to the development of our in-place associative computing products. Accordingly, we expect that our research and development expenses will increase in future periods as we expand our hardware and software development teams to commercialize our Gemini-II product offerings and develop Plato product offerings. Research and development expenses will be substantial in future periods and may lead to operating losses in some periods. Such expenses as a percentage of net revenues may fluctuate from period to period.

Selling, General and Administrative Expenses. Selling, general and administrative expenses consist primarily of commissions paid to independent sales representatives, salaries, stock-based compensation and related expenses for personnel engaged in sales, marketing, administrative, finance and human resources activities, professional fees, costs associated with the promotion of our products and other corporate expenses. We expect that our sales and marketing expenses will increase in absolute dollars in future periods if we are able to grow and expand our sales force but that, to the extent our revenues increase in future periods, these expenses will generally decline as a percentage of net revenues. We also expect that, in support of any future growth that we are able to achieve, general and administrative expenses will generally increase in absolute dollars.

Goodwill. We had a goodwill balance of $8.0 million as of both June 30, 2026 and March 31, 2026. The goodwill resulted from the acquisition of MikaMonu Group Ltd. in fiscal 2016. We completed our annual impairment test during the fourth quarter of fiscal 2026 and concluded that there was no impairment, as it was more likely than not that the fair value of our sole reporting unit exceeded its carrying value and the performance of a quantitative impairment test was not required.

Intangible Assets. We review identifiable amortizable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. Determination of recoverability is based on the lowest level of identifiable estimated undiscounted cash flows resulting from use of the asset and its eventual disposition. Measurement of any impairment loss is based on the excess of the carrying value of the asset over its fair value. There were no impairment indicators noted as of June 30, 2026 and March 31, 2026. Based on the uncertainty of forecasts inherent with a new product, events such as the failure to generate forecasted revenue from the APU product, could result in a non-cash impairment charge in future periods.

Results of Operations

The following table sets forth statement of operations data as a percentage of net revenues for the periods indicated:

	Three Months Ended June 30,	
	2026	2025
Net revenues	100.0 %	100.0 %
Cost of revenues	46.6	41.9
Gross profit	53.4	58.1
Operating expenses:		
Research and development	93.5	49.3
Selling, general and administrative	45.2	43.4
Total operating expenses	138.7	92.7
Loss from operations	(85.3)	(34.6)
Interest and other income, net	8.2	0.2
Loss before income taxes	(77.1)	(34.4)
Provision (benefit) for income taxes	(1.2)	0.9
Net loss	(75.9)	(35.3)

Net Revenues. Net revenues were $6.3 million in each of the three months ended June 30, 2025 and 2026. The overall average selling price of all units shipped in the quarter ended June 30, 2026 decreased by 17.7% compared to the quarter ended June 30, 2025 and the number of units shipped increased by 21.2% in the quarter ended June 30, 2026 compared to the quarter ended June 30, 2025. The change in the average selling price was due to changes in product mix.

KYEC, which is a leading provider in the test and measurement market, was our largest end user customer in fiscal 2026. Direct and indirect sales to KYEC increased by $749,000 from $267,000 in the three months ended June 30, 2025 to $1.0 million in the three months ended June 30, 2026. Direct and indirect sales to Nokia decreased by $229,000 from $536,000 in the three months ended June 30, 2025 to $307,000 in the three months ended June 30, 2026. Direct and indirect sales to Cadence Design Systems decreased by $1.0 million from $1.5 million in the three months ended June 30, 2025 to $465,000 in the three months ended June 30, 2026.

Shipments to KYEC, Nokia and Cadence Design Systems will continue to fluctuate on a quarterly basis as a result of demand and shipments to their end customers. While recent customer order patterns have been particularly variable, these fluctuations are related to economic and external factors, which include worldwide inflationary pressures, increased or new tariffs, export controls and other trade barriers and trade disputes, increasing geopolitical tensions and the decline in the global economic environment.

Cost of Revenues. Cost of revenues increased by 11.8% from $2.6 million in the three months ended June 30, 2025 to $2.9 million in the three months ended June 30, 2026. The increase in cost of revenues was primarily related to changes in the mix of products and customers. Cost of revenues included a provision for excess and obsolete inventories of $124,000 in the three months ended June 30, 2026 compared to $70,000 in the three months ended June 30, 2025. Cost of revenues included stock-based compensation expense of $70,000 and $44,000 in the three months ended June 30, 2026 and 2025, respectively.

Gross Profit. Gross profit decreased by 7.7% from $3.7 million in the three months ended June 30, 2025 to $3.4 million in the three months ended June 30, 2026. Gross margin decreased from 58.1% in the three months ended June 30, 2025 to 53.4% in the three months ended June 30, 2026. The change in gross margin was primarily related to changes in the mix of products and customers.

Research and Development Expenses. Research and development expenses increased 90.5% from $3.1 million in the three months ended June 30, 2025 to $5.9 million in the three months ended June 30, 2026. The increase in research and development spending was primarily related to increases of $1.1 million in outside design consulting expenses for our Plato project, $916,000 in payroll related expenses and $322,000 in stock-based compensation. Research and development expense also reflects higher software development costs from our Israeli-based team, primarily due to the strengthening of the Israeli shekel relative to the U.S. dollar. Research and development expenses in the three months ended June 30, 2026 and 2025 were also offset by $336,000 and $543,000, respectively, of funding received under the government contracts discussed above. Research and development expenses included stock-based compensation expense (credit to expense) of $260,000 and ($62,000) in the three months ended June 30, 2026 and 2025, respectively.

Selling, General and Administrative Expense. Selling, general and administrative expenses increased 4.6% from $2.7 million in the three months ended June 30, 2025 to $2.9 million in the three months ended June 30, 2026. The increase in selling, general and administrative expenses was primarily due to an increase of $198,000 in stock-based compensation expense which was partially offset by a $132,000 decrease in payroll related expense. Selling, general and administrative expenses included stock-based compensation expense of $557,000 and $359,000 in the three months ended June 30, 2026 and the three months ended June 30, 2025, respectively.

Interest Income and Other Expense, Net. Interest income and other income expense, net increased from income of $13,000 in the three months ended June 30, 2025 to $517,000 in the three months ended June 30, 2026. Interest income increased by $454,000 primarily due to higher cash balances invested in money market funds, reflecting proceeds from stock option exercises under our employee stock option plans and sales of common stock under our At-the-Market offering during the quarter. The foreign currency exchange loss decreased from ($53,000) in the three months ended June 30, 2025 to ($3,000) in the three months ended June 30, 2026. The exchange loss in each period was primarily related to our Taiwan operations and operations in Israel.

Provision (benefit) for Income Taxes. The provision for income taxes decreased from $54,000 in the three months ended June 30, 2025 to a benefit of ($76,000) in the three months ended June 30, 2026. This change was primarily due to fluctuations in the relative mix of income among our operating jurisdictions and changes in deferred tax assets.

Net Loss. Net loss increased from $2.2 million in the three months ended June 30, 2025 to $4.8 million in the three months ended June 30, 2026. This fluctuation was primarily due to the changes in net revenues, gross profit and operating expenses discussed above.

Liquidity and Capital Resources

As of June 30, 2026, our principal sources of liquidity were cash and cash equivalents of $77.0 million compared to cash and cash equivalents of $67.2 million as of March 31, 2026.

Net cash used in operating activities was $3.9 million and $1.7 million in the three months ended June 30, 2026 and 2025, respectively. The primary uses of cash in the three months ended June 30, 2026 were the net loss of $4.8 million and an increase of $2.2 million in prepaid expenses and other assets. The increase in prepaid expenses and other assets was primarily due to prepayments related to design consulting services for our Plato project. The primary source of cash in the three months ended June 30, 2026 was a reduction in accounts receivable of $1.7 million.

Inventory increased from $4.1 million at March 31, 2026 to approximately $4.5 million at June 30, 2026. This increase was primarily attributable to a build of inventory undertaken in response to extended and increasingly unpredictable manufacturing lead times and rising minimum order quantity requirements imposed by our back-end manufacturing suppliers. We expect that we may continue to carry higher levels of inventory for the foreseeable future in order to mitigate the risk of supply disruptions and meet customer delivery commitments in light of these industry-wide constraints.

The primary uses of cash in the three months ended June 30, 2025 were the net loss of $2.2 million and a decrease of $1.7 million in accrued expenses and other liabilities. The decrease in accrued expenses and other liabilities was primarily related to payment made for a production mask set for our APU2 that was accrued at March 31, 2025. The primary source of cash in the three months ended June 30, 2025 was a reduction in accounts receivable of $1.6 million.

Net cash used in investing activities was $358,000 in the three months ended June 30, 2026 compared to $21,000 in the three months ended June 30, 2025. Investment activities in the three months ended June 30, 2026 and 2025 primarily consisted of the purchase of property and equipment.

Net cash provided by financing activities in the three months ended June 30, 2026 primarily consisted of the net proceeds from the sale of common stock pursuant to an At-the-Market offering of $9.3 million and the proceeds from the sale of common stock pursuant to our employee stock plans of $4.8 million. Net cash provided by financing activities in the three months ended June 30, 2025 primarily consisted of the net proceeds from the sale of common stock pursuant to an At-the-Market offering of $10.8 million and the proceeds from the sale of common stock pursuant to our employee stock plans of $226,000.

We believe that our existing balances of cash and cash equivalents will be sufficient to meet our cash needs for working capital and capital expenditures for at least the next 12 months. Our future capital requirements will depend on many factors, including revenue growth, if any, that we experience, any additional manufacturing cost increases resulting from supply constraints and the continuation of the impact of inflation may have on our business, the extent to which we utilize subcontractors, the levels of inventory and accounts receivable that we maintain, the timing and extent of spending to support our product development efforts and the expansion of our sales and marketing team. Additional capital may also be required for the consummation of any acquisition of businesses, products or technologies that we may undertake.

On June 28, 2023, we filed a registration statement on Form S-3, which was declared effective by the SEC on July 19, 2023. On August 1, 2023, we commenced a registered securities offering pursuant to a Sales Agreement (the “Sales Agreement”) with Needham & Company, LLC (“Needham”). The Sales Agreement provides that we may offer and sell our common stock having an aggregate offering price of up to $25.0 million from time to time (the “Offering”) through Needham, acting as our sales agent. In May 2026, we sold 950,401 shares pursuant to the Offering at an average price of $10.10 for proceeds of $9.6 million, less offering costs of $321,000. The registration statement expired in July 2026.

We cannot assure you that additional equity financing or debt financing, if required, will be available on terms that are acceptable or at all.

As of June 30, 2026, we had $16.8 million in purchase obligations for facility leases, wafer, software and design services obligations that are binding commitments of which $7.4 million are payable in the next twelve months and $9.4 million are committed in the long term.

Critical Accounting Estimates

Our critical accounting estimates are disclosed in our Annual Report on Form 10-K for the fiscal year ended March 31, 2026.

Off-Balance Sheet Arrangements

At June 30, 2026, we did not have any off-balance sheet arrangements or relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. Accordingly, we are not exposed to the type of financing, liquidity, market or credit risk that could arise if we had engaged in such relationships.

Recent Accounting Pronouncements

Please refer to Note 1 to our condensed consolidated financial statements appearing under Part I, Item 1 for a discussion of recent accounting pronouncements that may impact the Company.

Item 3. ***Quantitative and Qualitative Disclosures About Market Risk***

Foreign Currency Exchange Risk. Our revenues and expenses, except those expenses related to our operations in Taiwan and in Israel, including subcontractor manufacturing expenses, are denominated in U.S. dollars. As a result, we have relatively little exposure for currency exchange risks, and foreign exchange gains and losses have been minimal to date. We do not currently enter into forward exchange contracts to hedge exposure denominated in foreign currencies or any other derivative financial instruments for trading or speculative purposes. In the future, if we feel our foreign currency exposure has increased, we may consider entering into hedging transactions to help mitigate that risk.

Interest Rate Sensitivity. We had cash and cash equivalents totaling $77.0 million at June 30, 2026. These amounts were invested primarily in money market funds. The cash and cash equivalents are held for working capital purposes. We do not enter into investments for trading or speculative purposes. Due to the short-term nature of these investments, we believe that we do not have any material exposure to changes in the fair value of our investment portfolio as a result of changes in interest rates. We believe a hypothetical 100 basis point increase or decrease in interest rates would not materially affect the fair value of our interest-sensitive financial instruments. Declines in interest rates, however, will reduce future investment income.

Item 4. ***Controls and Procedures***

Management's Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures, as defined in Rule 13a-15(e) under the Exchange Act, are controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, has concluded that our disclosure controls and procedures were effective as of June 30, 2026.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, believes that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. Further, our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our consolidated financial statements for external purposes in accordance with generally accepted accounting principles in the United States ("GAAP"). Our internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of our consolidated financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our consolidated financial statements.

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our control system will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. Also, any evaluation of the effectiveness of controls in future periods are subject to the risk that those controls may become inadequate because of changes in business conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control over Financial Reporting

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

Item 1A. *Risk Factors*

Our future performance is subject to a variety of risks. If any of the following risks actually occur, our business, financial condition and results of operations could suffer and the trading price of our common stock could decline. Additional risks that we currently do not know about or that we currently believe to be immaterial may also impair our business operations. You should also refer to other information contained in this report, including our condensed consolidated financial statements and related notes. The risk factors below provide updates and clarifications to those disclosed in Item 1A of our Annual Report on Form 10-K for the fiscal year ended March 31, 2026. Other than these updates, there have been no material changes to our previously disclosed risk factors.

Risk Factor Summary

Our business is subject to numerous risks and uncertainties, which are more fully described in the Risk Factors below. These risks include, but are not limited to:

Risks Related to Our Business and Financial Condition

- Unpredictable fluctuations in our operating results could cause our stock price to decline.
- KYEC, Nokia and Cadence Design Systems account for a significant percentage of our net revenues. If these customers, or any of our other major customers, reduce the amount they purchase, stop purchasing our products or fail to pay us, our financial position and operating results will suffer.
- We are reliant on U.S. government funding and government shutdowns may materially adversely affect our business and results of operations.
- We depend upon the sale of our Very Fast SRAMs for most of our revenues while we transform the focus of our business to the sale of in-place associative computing products and services, and a downturn in demand for Very Fast SRAM products or our inability to achieve our revenue goals for our new in-place associative computing products and services may cause us to experience cash shortfalls that would harm our business and our future prospects.
- Our future success is substantially dependent on the successful introduction of new in-place associative computing products which entails significant risks.
- Worldwide inflationary pressures, increased or new tariffs, export controls and other trade barriers, trade disputes and increasing geopolitical tensions, the military conflicts in Ukraine and the Middle

East, and the challenging global economic environment may adversely affect our revenues, results of operations and financial condition.

- We have incurred significant losses and may incur losses in the future.
- If we fail to maintain effective internal control over financial reporting in the future, the accuracy and timing of our financial reporting may be adversely affected.
- If we determine that our goodwill and intangible assets have become impaired, we may incur impairment charges, which would negatively impact our operating results.
- We are dependent on a number of single source suppliers.
- If we do not successfully develop new products to respond to rapid market changes due to changing technology and evolving industry standards, our business will be harmed.
- If we are unable to offset increased wafer fabrication and assembly costs, our gross margins will suffer.
- We rely heavily on distributors and our business will be negatively impacted if we are unable to develop and manage distribution channels and accurately forecast future sales through our distributors.
- We are substantially dependent on the continued services of our senior management and other key personnel. If we are unable to recruit or retain qualified personnel, our business could be harmed.
- The successful commercialization of our Gemini-II product and development of our Plato product depends on our ability to attract and retain software engineering talent.
- We may need additional funding to continue the commercialization of Gemini-II and to complete the development of Plato.
- Our use of artificial intelligence in our research and development activities may expose us to risks, including inaccurate outputs, intellectual property concerns and regulatory uncertainty.
- Systems issues, data protection and cyber-attacks could disrupt our internal operations or the operations of our business partners, and any such disruption could harm our business.
- Demand for our products may decrease if our OEM customers experience difficulty manufacturing, marketing or selling their products.
- Our products have lengthy sales cycles that make it difficult to plan our expenses and forecast results.
- Our business could be negatively affected as a result of actions of activist stockholders or others.
- Our acquisition of companies or technologies could prove difficult to integrate, disrupt our business, dilute stockholder value and adversely affect our operating results.
- Our business will suffer if we are unable to protect our intellectual property or if there are claims that we infringe third party intellectual property rights.
- Any significant order cancellations or order deferrals could adversely affect our operating results.
- If our business grows, such growth may place a significant strain on our management and operations.
- Our estimates of the total addressable market and serviceable available market for our APU products are based on publicly available analyst assumptions and internal assumptions and may prove to be materially inaccurate.

- Evolving government regulation of artificial intelligence may increase our compliance costs, delay or restrict the deployment of our products, or otherwise adversely affect our business.
- Technology developed under government-funded contracts may be subject to restrictions that limit our ability to commercialize such technology in civilian markets.
- We face intense competition from significantly larger and better-resourced companies in the AI hardware market, which could limit our ability to commercialize our APU products.

Risks Related to Manufacturing and Product Development

- We may experience difficulties in transitioning our manufacturing process technologies, which may result in reduced manufacturing yields, delays in product deliveries and increased expenses.
- Manufacturing process technologies are subject to rapid change and require significant expenditures.
- Our products may contain defects, which could reduce revenues or result in claims against us.

Risks Related to Our International Business and Operations

- The international political, social and economic environment, including the imposition of tariffs and resulting consequences and the risks for escalating military conflicts, particularly in Taiwan given the recent deterioration of relations between the governments of the People's Republic of China and Taiwan, may affect our business performance.
- Governmental export and import controls could impair our ability to compete in international markets or subject us to liability if we violate the controls.
- Global trade policy changes, including the imposition of tariffs and the resulting consequences, may adversely impact our business, results of operations and financial condition.
- Certain of our independent suppliers and OEM customers have operations in the Pacific Rim, an area subject to significant risk of natural disasters and outbreak of contagious diseases.
- The United States could materially modify certain international trade agreements, or change tax provisions related to the global manufacturing and sales of our products.
- Some of our products are incorporated into advanced military electronics, and changes in international geopolitical circumstances and domestic budget considerations may hurt our business.

Risks Relating to Our Common Stock and the Securities Market

- The trading price of our common stock is subject to fluctuation and is likely to be volatile.
- We may need to raise additional capital in the future, which may not be available on favorable terms or at all, and which may cause dilution to existing stockholders.
- Our executive officers, directors and their affiliates hold a substantial percentage of our common stock.
- The provisions of our charter documents might inhibit potential acquisition bids that a stockholder might believe are desirable, and the market price of our common stock could be lower as a result.

Risks Related to Our Business and Financial Condition

Unpredictable fluctuations in our operating results could cause our stock price to decline.

Our quarterly and annual revenues, expenses and operating results have varied significantly and are likely to vary in the future. For example, in the nine fiscal quarters ended June 30, 2026, we recorded net revenues of as much as $6.4 million and as little as $4.6 million, and in eight of those quarters, operating losses from $2.2 million to $6.9 million. We therefore believe that period-to-period comparisons of our operating results are not a good indication of our future performance, and you should not rely on them to predict our future performance or the future performance of our stock price. Furthermore, if our operating expenses exceed our expectations, our financial performance could be adversely affected. Factors that may affect periodic operating results in the future include:

- commercial acceptance of our associative computing products, including Gemini-II and Plato;
- commercial acceptance of our RadHard and RadTolerant products;
- changes in our customers' inventory management practices;
- unpredictability of the timing and size of customer orders, since most of our customers purchase our products on a purchase order basis rather than pursuant to a long-term contract;
- changes in our product pricing policies, including those made in response to new product announcements, pricing changes of our competitors and price increases by our foundry and suppliers;
- continued funding from U.S. government programs, including SBIR grants, to support our research and development activities;
- our ability to anticipate and conform to new industry standards;
- fluctuations in availability and costs associated with materials and manufacturing services needed to satisfy customer requirements caused by supply constraints;
- restructuring, asset and goodwill impairment and related charges, as well as other accounting changes or adjustments;
- manufacturing defects, which could cause us to incur significant warranty, support and repair costs, lose potential sales, harm our relationships with customers and result in write-downs;
- our ability to address technology issues as they arise, improve our products' functionality and expand our product offerings; and
- we may need additional funding to continue the commercialization of Gemini-II and to complete the development of Plato.

Our expenses are, to a large extent, fixed, and we expect that these expenses will increase in the future. We may not be able to adjust our spending quickly if our revenues fall short of our expectations. If this were to occur, our operating results would be harmed. If our operating results in future quarters fall below the expectations of market analysts and investors, the price of our common stock could fall.

Worldwide inflationary pressures, increased or new tariffs, export controls and other trade barriers, trade disputes and increasing geopolitical tensions, the military conflicts in Ukraine and the Middle East, and the challenging global economic environment have caused increased stock market volatility and uncertainty in customer demand and the worldwide economy in general, and we may continue to experience decreased sales and revenues in the future. We expect such impact will in particular affect our SRAM sales and has also impacted the launch of our APU products to some degree and the adoption of RadHard and RadTolerant SRAM products by aerospace and military customers. However, the magnitude of such impact on our business and its duration is highly uncertain.

KYEC, Nokia and Cadence Design Systems account for a significant percentage of our net revenues. If these customers, or any of our other major customers, reduce the amount they purchase or stop purchasing our products, our operating results will suffer.

KYEC purchases products through contract manufacturers and distributors. Based on information provided to us by KYEC's contract manufacturers and distributors, purchases by KYEC represented approximately 14%, 23% and 3% of our net revenues in fiscal 2026, 2025 and 2024, respectively. Nokia purchases our products directly from us and through contract manufacturers and distributors. Based on information provided to us by Nokia's contract manufacturers and distributors, purchases by Nokia represented approximately 6%, 12% and 21% of our net revenues in fiscal 2026, 2025 and 2024, respectively. The significant decline in Nokia's purchases is due in part to Nokia's decision to incorporate alternative solutions to the use of SRAMs into certain of its next-generation products in place of our SRAM products that were included in prior versions of such products. If Nokia continues to expand its use of these alternative solutions across additional product lines, our sales to Nokia could decline further or be eliminated entirely. Cadence Design Systems purchases products through contract manufacturers and distributors. Based on information provided to us by Cadence Design Systems' contract manufacturers and distributors, purchases by Cadence Design Systems represented approximately 12%, 8% and 8% of our net revenues in fiscal 2026, 2025 and 2024, respectively. We expect that our operating results in any given period will continue to depend significantly on orders from our key OEM customers, particularly KYEC, Nokia and Cadence Design Systems, and our future success is dependent to a large degree on the business success of these customers over which we have no control. We do not have long-term contracts with KYEC, Nokia and Cadence Design Systems or any of our other major OEM customers, distributors or contract manufacturers that obligate them to purchase our products. In addition, our customer concentration risk is compounded by the fact that our key customers operate in distinct end markets with differing demand dynamics. For example, KYEC is a leading provider in the test and measurement market, which is subject to capital expenditure cycles and technology upgrade patterns that differ from those of the networking and telecommunications market served by Nokia. A downturn in a single end market, such as the test and measurement market, could disproportionately affect our revenues if we are significantly concentrated in that market through a single customer relationship. Our increasing dependence on the test and measurement market through KYEC, combined with the ongoing decline in the networking and telecommunications market, may reduce the diversification of our revenue base and amplify the impact of adverse conditions in any one application vertical on our overall operating results. We expect that future direct and indirect sales to KYEC, Nokia and Cadence Design Systems and our other key OEM customers will continue to fluctuate significantly on a quarterly basis and that such fluctuations may substantially affect our operating results in future periods. If we fail to continue to sell to our key OEM customers, distributors or contract manufacturers in sufficient quantities, our business could be harmed. Additionally, a small number of customers have historically accounted for a substantial portion of our accounts receivable at period end, and delays or non-payment by any such customer could materially affect our cash flows and liquidity.

We are reliant on U.S. government funding, and government shutdowns may materially adversely affect our business and results of operations.

We rely on funding from U.S. government programs, including SBIR grants, to support our research and development activities. Our ability to obtain, execute, and receive payment under SBIR awards depends on the timely operation and funding of the federal agencies that administer these programs. Any lapse in appropriations, government shutdown, continuing resolution, or other disruption to government operations may result in delays to award decisions, the suspension of work, the issuance of stop-work orders, the deferral or reduction of payments, slower invoice processing, and the postponement of new solicitations. Prolonged or repeated shutdowns could materially adversely affect our revenues, cash flows, and the timing of our research and development milestones, and may require us to curtail or reprioritize programs. Even after a shutdown ends, backlogs and administrative delays can persist, causing extended uncertainty around award timing and payment. If SBIR or related agency budgets are reduced, reallocated, or subject to sequestration, we may experience decreased funding availability that could materially impact our operations, financial condition, and prospects.

While we currently depend upon the sale of our Very Fast SRAMs for most of our revenues, we are in the process of transforming the focus of our business to the sale of in-place associative computing products and services, and if there is a downturn in demand for Very Fast SRAMs or we are unable to achieve our revenue goals for our new in-place associative computing products and services, we may experience cash shortfalls that would harm our business and our future prospects.

We currently derive most of our revenues from the sale of Very Fast SRAMs, and we expect that sales of these products will represent a significant majority of our revenues for the next several years. We are in the process of transforming the focus of our business to the sale of in-place associative computing products and services instead of Very Fast SRAMs. Our financial results and cash flow depend in large part upon continued demand for our Very Fast SRAM products in the markets we currently serve. Our future financial results and cash flow will increasingly depend upon our ability to generate revenues from the sale of in-place associative computing products and services. Market adoption of our in-place associative computing products and services will be dependent upon our ability to increase customer awareness of the benefits of those products and services. We may not be able to sustain our revenues from sales of our SRAM products or increase our revenues from our in-place associative computing products and services, particularly if the networking and telecommunications markets experience a significant downturn, or we are unable to obtain market traction for our in-place associative computing products and services. Any decrease in revenues from sales of our Very Fast SRAM products or failure to achieve the revenue goals for our in-place associative computing products and services could result in revenue shortfalls that would leave our business with inadequate cash to finance operations.

Our future success is substantially dependent on the successful introduction of new in-place associative computing products, including Gemini-II and Plato, which entails significant risks.

Since 2015, our principal strategic objective has been the development of our in-place associative computing products. We have devoted, and will continue to devote, substantial efforts and resources to the development of our new family of in-place associative computing products, including Gemini-II and Plato. This ongoing project includes achieving the commercialization of Gemini-II and development of new, cutting-edge technology for Plato, and will require a continuing substantial effort during fiscal 2027 and will be subject to significant risks. In addition to the typical risks associated with the development of technologically advanced products, the achievement of the commercialization of Gemini-II and development of Plato will be subject to enhanced risks of technological problems related to the development of this entirely new category of products, substantial risks of delays or unanticipated costs that may be encountered, and risks associated with the establishment of entirely new markets and customer and partner relationships. The establishment of new customer and partner relationships and selling our in-place associative computing products to such new customers is a significant undertaking that requires us to invest heavily in our sales team, enter into new channel partner relationships, expand our marketing activities and change the focus of our business and operations. Our inability to successfully establish a market for the product that we have developed will have a material adverse effect on our future financial and business success, including our prospects for increased revenues. To date, sales of our APU products have been limited primarily to research and academic institutions and government-funded proof-of-concept engagements, and there can be no assurance that these engagements will result in broader commercial adoption or production-volume orders. The extended duration of our proof-of-concept sales cycles, combined with the nascent stage of market acceptance for our associative computing architecture, creates a risk that our APU products may not progress beyond limited evaluation-stage deployments, which would prevent us from recovering the substantial research and development investment we have made in this technology. If our APU products fail to achieve meaningful commercial traction within a reasonable period, we may be required to reassess the scope and pace of our investment in associative computing, which could result in impairment charges, reduced market confidence in our technology, and a material adverse effect on our business and the price of our common stock. Additionally, if we are unable to meet the expectations of market analysts and investors with respect to this major product introduction effort, then the price of our common stock could fall.

Increased or new tariffs, export controls and other trade barriers, trade disputes and increasing geopolitical tensions, worldwide inflationary pressures, the military conflicts in Ukraine and the Middle East, and the resulting challenging global economic environment are expected to adversely affect our revenues, results of operations and financial condition.

Our business is expected to be materially adversely affected by increased or new tariffs, export controls and other trade barriers, trade disputes and increasing geopolitical tensions, worldwide inflationary pressures and the military conflicts in Ukraine and the Middle East, all of which are contributing to a challenging global economic environment.

We expect that an increase in interest rates, increased or new tariffs, export controls and other trade barriers, trade disputes and increasing geopolitical tensions, worldwide inflationary pressures, continued uncertainties in the business climate caused by the military conflicts in Ukraine and the Middle East will adversely impact demand for new and existing products, and to impact the mindset of potential commercial partners to launch new products using our technology. The resulting challenging global economic environment is expected to have an adverse impact on our business and financial condition.

Disruptions in the capital and financial markets as a result of increased or new tariffs, export controls and other trade barriers, trade disputes and increasing geopolitical tensions, worldwide inflationary pressures, the military conflicts in Ukraine and the Middle East, and the challenging global economic environment may also adversely affect our ability to obtain additional liquidity should the impacts of a challenging global economic environment continue for a prolonged period.

We have incurred significant losses and may incur losses in the future.

We have incurred significant losses. We incurred net losses of $13.2 million, $10.6 million and $20.1 million during fiscal 2026, 2025 and 2024. There can be no assurance that our Very Fast SRAMs will continue to receive broad market acceptance, that our new product development initiatives will be successful or that we will be able to achieve sustained revenue growth or profitability.

If we fail to maintain effective internal control over financial reporting in the future, the accuracy and timing of our financial reporting may be adversely affected.

Effective internal control over financial reporting is necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us or by our independent registered public accounting firm, may reveal control deficiencies of varying degrees of severity. While any unremediated deficiencies identified to date have not individually or in the aggregate been determined to constitute a material weakness, we cannot assure you that any such deficiencies, or deficiencies identified in the future, will not be determined to constitute a material weakness, whether individually or in the aggregate with other deficiencies. Any failure to implement required new or improved controls, or difficulties encountered in remediating identified deficiencies or in implementing new or improved controls, could cause us to fail to meet our reporting obligations or require prospective or retroactive changes to our financial statements. Inferior internal control over financial reporting, including the existence of uncorrected control deficiencies, could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock.

If any deficiency in our internal control over financial reporting, whether identified in a prior period or newly identified, is determined in the future to constitute a material weakness, there can be no assurance that measures to remedy such material weakness would be successful or that such remedial measures would prevent other control deficiencies or material weaknesses in our control over financial reporting in the future. The risk of a control deficiency being determined to constitute a material weakness may be heightened by resource constraints affecting our internal control environment, including the limited size of our finance and accounting function, as described elsewhere in these risk factors.

We regularly evaluate our internal control over financial reporting as our business evolves, including changing relationships with customers and suppliers, changes to finance and accounting processes to address new product lines, and in response to other business activities. This evolution increases the risk that existing controls may not operate effectively or that new or modified processes may not be designed or operated effectively, which could result in additional control deficiencies.

We are a non-accelerated filer. For so long as we remain a non-accelerated filer, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act. An independent assessment of the effectiveness of our internal control over financial reporting could detect problems that our management’s assessment might not. Undetected material weaknesses in our internal control over financial reporting could lead to financial statement restatements and require us to incur the expense of remediation.

If we determine that our goodwill and intangible assets have become impaired, we may incur impairment charges, which would negatively impact our operating results.

Goodwill represents the difference between the purchase price and the estimated fair value of the identifiable assets acquired and liabilities assumed in a business combination, such as our acquisition of MikaMonu Group Ltd. in fiscal 2016. We test for goodwill impairment on an annual basis, or more frequently if events or changes in circumstances indicate that the asset is more likely than not impaired. If the carrying value of a material asset is determined to be impaired, it will be written down to fair value by a charge to operating earnings. As of June 30, 2026 and March 31, 2026, we had a goodwill balance of $8.0 million and intangible assets of $1.0 million and $1.1 million at June 30, 2026 and March 31, 2026, respectively, from the MikaMonu acquisition. An adverse change in market conditions, including a sustained decline in our stock price, loss of significant customers, or a weakened demand for our products could be considered to be an impairment triggering event. If such change has the effect of changing one of our critical assumptions or estimates, a change to the estimation of fair value could result in an impairment charge to our goodwill or intangible assets, which would negatively impact our operating results and harm our business. There were no impairment indicators at June 30, 2026 or March 31, 2026.

We are dependent on a number of single source suppliers, and if we fail to obtain adequate supplies, our business will be harmed and our prospects for growth will be curtailed.

We currently purchase several key components used in the manufacture of our products from single sources and are dependent upon supply from these sources to meet our needs. If any of these suppliers cannot provide components on a timely basis, at the same price or at all, our ability to manufacture our products will be constrained and our business will suffer. Most significantly, we obtain wafers for our Very Fast SRAM and APU products from a single foundry, TSMC, and most of them are packaged at ASE. If we are unable to obtain an adequate supply of wafers from TSMC or find alternative sources in a timely manner, we will be unable to fulfill our customer orders and our operating results will be harmed. We do not have supply agreements with TSMC, ASE or any of our other independent assembly and test suppliers, and instead obtain manufacturing services and products from these suppliers on a purchase-order basis. Our suppliers, including TSMC, have no obligation to supply products or services to us for any specific product, in any specific quantity, at any specific price or for any specific time period. As a result, the loss or failure to perform by any of these suppliers, including decisions to allocate capacity to larger, higher volume, or better capitalized customers, could extend lead times, increase prices, or otherwise adversely affect our business and operating results.

Should any of our single source suppliers experience manufacturing failures or yield shortfalls, be disrupted by natural disaster, military action or political instability, choose to prioritize capacity or inventory for other uses or reduce or eliminate deliveries to us for any other reason, we likely will not be able to enforce fulfillment of any delivery commitments and we would have to identify and qualify acceptable replacements from alternative sources of supply. In particular, if TSMC is unable to supply us with sufficient quantities of wafers to meet all of our requirements, we would have to allocate our products among our customers, which would constrain our growth and might cause some of them to seek alternative sources of supply. Since the manufacturing of wafers and other components is extremely complex, the process of qualifying new foundries and suppliers is a lengthy process and there is no assurance that we would be able to find and qualify another supplier without materially adversely affecting our business, financial condition and results of operations.

In response to these industry dynamics, we have increased, and may continue to increase, our inventory levels and place orders further in advance of anticipated demand than we have historically in order to secure adequate supply and comply with increasing minimum order quantity requirements imposed by our suppliers. Building inventory in this manner increases our working capital requirements and ties up cash that would otherwise be available for other uses. If actual demand does not match our forecasts, we may be left holding excess or obsolete inventory, which could result in inventory write-downs and adversely affect our gross margins, operating results and cash flows. In addition, extended and unpredictable lead times could impair our ability to respond quickly to changes in customer demand or to fulfill customer orders on a timely basis.

In addition, certain of the equipment used in our operations requires specialized repair and maintenance services that are available from only a limited number of vendors. If any such vendor were to increase prices, curtail services, or otherwise become unable or unwilling to continue providing such services, whether due to a change in that vendor's business or otherwise, we may experience disruptions to our operations while we identify, qualify and transition to an alternative provider, which could adversely affect our business, financial condition and results of operations.

If we do not successfully develop new products to respond to rapid market changes due to changing technology and evolving industry standards, our business will be harmed.

If we fail to offer technologically advanced products and respond to technological advances and emerging standards, we may not generate sufficient revenues to offset our development costs and other expenses, which will hurt our business. The development of new or enhanced products is a complex and uncertain process that requires the accurate anticipation of technological and market trends. We are vulnerable to advances in technology by competitors, including new SRAM architectures, new forms of DRAM and the emergence of new memory technologies that could enable the development of products that feature higher performance or lower cost. In addition, the trend toward incorporating SRAM into other chips in the networking and telecommunications markets has the potential to reduce future demand for Very Fast SRAM products. We may experience development, marketing and other technological difficulties that may delay or limit our ability to respond to technological changes, evolving industry standards, competitive developments or end-user requirements. For example, because we have limited experience developing integrated circuits, or IC, products other than Very Fast SRAMs, our efforts to introduce new products may not be successful and our business may suffer. Other challenges that we face include:

- our products may become obsolete upon the introduction of alternative technologies;
- we may incur substantial costs if we need to modify our products to respond to these alternative technologies;
- we may not have sufficient resources to develop or acquire new technologies or to introduce new products capable of competing with future technologies;
- new products that we develop may not successfully integrate with our end-users' products into which they are incorporated;
- we may be unable to develop new products that incorporate emerging industry standards;
- we may be unable to develop or acquire the rights to use the intellectual property necessary to implement new technologies; and
- when introducing new or enhanced products, we may be unable to effectively manage the transition from older products.

If we are unable to offset increased wafer fabrication and assembly costs by increasing the average selling prices of our products, our gross margins will suffer.

If there is a significant upturn in the demand for the manufacturing and assembly of semiconductor products as occurred in fiscal 2022, the available supply of wafers and packaging services may be limited. As a result, we could be required to obtain additional manufacturing and assembly capacity in order to meet increased demand. Securing additional manufacturing and assembly capacity may cause our wafer fabrication and assembly costs to increase. Additionally, increased demand for semiconductor manufacturing capacity driven by AI applications may result in longer lead times, allocation constraints, and increased costs for wafer fabrication and assembly services, which could adversely affect our ability to fulfill customer orders in time. Inflationary pressures may also cause our wafer fabrication costs to increase. If we are unable to offset these increased costs by increasing the average selling prices of our products, our gross margins will decline.

The market for Very Fast SRAMs is highly competitive.

The market for Very Fast SRAMs, which are used primarily in networking and telecommunications equipment, is characterized by price erosion, rapid technological change, cyclical market patterns and intense foreign and domestic competition. Several of our competitors offer a broad array of memory products and have greater financial, technical, marketing, distribution and other resources than we have. Some of our competitors maintain their own semiconductor fabrication facilities, which may provide them with capacity, cost and technical advantages over us. We cannot assure you that we will be able to compete successfully against any of these competitors. Our ability to compete successfully in this market depends on factors both within and outside of our control, including:

- real or perceived imbalances in supply and demand of Very Fast SRAMs;
- the rate at which OEMs incorporate our products into their systems;
- the success of our customers' products;
- the price of our competitors' products relative to the price of our products;
- our ability to develop and market new products; and
- the supply and cost of wafers.

Inflationary pressures are expected to result in price increases in our wafer fabrication costs, which may require us to further increase the cost of our products. Our customers may decide to purchase products from our competitors rather than accept these price increases and our business may suffer. There can be no assurance that we will be able to compete successfully in the future. Our failure to compete successfully in these or other areas could harm our business.

In addition, the rapid growth in demand for AI-related semiconductor products has placed significant pressure on semiconductor manufacturing capacity. This increased demand may result in longer lead times for wafer fabrication and assembly services, allocation constraints at our primary foundry TSMC, and increased costs that could adversely affect our ability to fulfill customer orders on a timely basis and at expected margins.

We rely heavily on distributors and our success depends on our ability to develop and manage our indirect distribution channels.

A significant percentage of our sales are made to distributors and to contract manufacturers who incorporate our products into end products for OEMs. For example, in fiscal 2026, 2025 and 2024, our largest distributor Avnet Logistics accounted for 63.7%, 49.6% and 50.6%, respectively, of our net revenues. Avnet Logistics and our other existing distributors may choose to devote greater resources to marketing and supporting the products of other companies. Since we sell through multiple channels and distribution networks, we may have to resolve potential conflicts between these channels. For example, these conflicts may result from the different discount levels offered by multiple channel distributors to their customers or, potentially, from our direct sales force targeting the same equipment manufacturer accounts as our indirect channel distributors. These conflicts may harm our business or reputation.

The average selling prices of our products could decline, and if we are unable to offset these declines, our operating results will suffer.

Historically, the average unit selling prices of our products have declined substantially over the lives of the products. A reduction in overall average selling prices of our products could result in reduced revenues and lower gross margins. Our ability to increase our net revenues and maintain our gross margins despite a decline in the average selling prices of our products will depend on a variety of factors, including our ability to introduce lower cost versions of our existing products, increase unit sales volumes of these products, and introduce new products with higher prices and greater margins. If we fail to accomplish any of these objectives, our business will suffer. To reduce our costs, we may be required to implement design changes that lower our manufacturing costs, negotiate reduced purchase prices from our independent foundries and our independent assembly and test vendors, and successfully manage our manufacturing and subcontractor relationships. Because we do not operate our own wafer foundry or assembly facilities, we may not be able to reduce our costs as rapidly as companies that operate their own foundries or facilities. Additionally, our inventories face the risk of obsolescence. If demand falls below our forecasts, if average selling prices decline, or if customer orders are cancelled or deferred due to product obsolescence or otherwise, we may be required to record additional inventory write-downs, which could be material and adversely affect our gross margins and results of operations.

We are substantially dependent on the continued services and performance of our senior management and other key personnel.

Our future success is substantially dependent on the continued services and continuing contributions of our senior management who must work together effectively in order to design our products, expand our business, increase our revenues and improve our operating results. Members of our senior management team have long-standing and important relationships with our key customers and suppliers. The loss of services, whether as a result of illness, resignation, retirement or death, of Lee-Lean Shu, our President and Chief Executive Officer, Dr. Avidan Akerib, our Vice President of Associative Computing, any other executive officer or other key employee could significantly delay or prevent the achievement of our development and strategic objectives. We do not have employment contracts with, nor maintain key person insurance on, any of our executive officers or other key employees.

The successful commercialization of our Gemini-II product and development of our Plato product depends on our ability to attract and retain software engineering talent.

Our success depends heavily on our ability to attract, hire, develop, and retain highly qualified software engineers and other technical personnel, including those with specialized expertise necessary for the commercialization of our Gemini-II product and for ongoing development of our Plato product. The market for skilled software engineers—particularly those with experience in distributed systems, AI/ML, cloud-native architectures, security, and full-stack development—is intensely competitive, and larger, better-capitalized technology companies and high-growth private companies often have significantly greater resources, brand recognition, compensation flexibility, and equity value propositions than we do. As a small public company, we face particular challenges in recruiting and retaining top talent, including constraints on cash compensation, benefits, and training budgets; volatility in our stock price that may diminish the perceived value of equity awards; and concerns among candidates regarding our scale, financial resources, and long-term prospects.

If we are unable to attract and retain the engineering talent required to meet our product milestones, we could experience delays in Gemini-II commercialization, including failure to complete critical features, integrations, performance optimizations, reliability enhancements, and compliance or certification requirements necessary for market launch and adoption. Similarly, insufficient staffing or turnover within our research and development function could slow or derail the Plato product roadmap, cause us to miss our anticipated tape-out date in early calendar 2027, reduce the pace of innovation, and impair our ability to validate core technologies, generate defensible intellectual property, and respond to evolving market and customer requirements. Any material delay or shortfall in engineering capacity could increase development costs, force us to reduce scope or quality, or require greater reliance on third-party contractors or offshore vendors, which may introduce coordination challenges, security risks, IP ownership or confidentiality concerns, and variability in deliverable quality and timelines.

Failure to attract and retain the requisite engineering talent could have a material adverse effect on our business, financial condition, operating results, and prospects. It could lead to missed commercialization windows for Gemini-II, reduced customer satisfaction and adoption, inability to achieve expected performance or compliance standards, slower progress on Plato's research and development objectives, loss of competitive advantage, and ultimately reduced revenue growth. Persistent talent gaps could also necessitate changes to our product strategy, impair the value of our technology assets, and increase the risk that we will not achieve our planned milestones or that we will need to raise additional capital on unfavorable terms, any of which could adversely affect our business.

System security risks, data protection, cyber-attacks and systems integration issues could disrupt our internal operations or the operations of our business partners, and any such disruption could harm our reputation or cause a reduction in our expected revenue, increase our expenses, negatively impact our results of operation or otherwise adversely affect our stock price.

Security breaches, computer malware and cyber-attacks have become more prevalent and sophisticated and may increase in the future and the potential for retaliatory cyber-attacks as a result of global geopolitical conditions and military conflicts. Experienced computer programmers and hackers may be able to penetrate our network security or the network security of our business partners, and misappropriate or compromise our confidential and proprietary information, create system disruptions or cause shutdowns. The costs to us to eliminate or alleviate cyber or other security problems, bugs, viruses, worms, malicious software programs and security vulnerabilities could be significant, and our efforts to address these problems may not be successful and could result in interruptions and delays that may impede our sales, manufacturing, distribution or other critical functions.

We manage and store various proprietary information and sensitive or confidential data relating to our business on the cloud. Breaches of our security measures or the accidental loss, inadvertent disclosure or unapproved dissemination of proprietary information or confidential data about us, including the potential loss or disclosure of such information or data as a result of fraud, trickery or other forms of deception, could expose us to a risk of loss or misuse of this information, result in litigation and potential liability for us, damage our reputation or otherwise harm our business. In addition, the cost and operational consequences of implementing further data protection measures could be significant.

Portions of our IT infrastructure also may experience interruptions, delays or cessations of service or produce errors in connection with systems integration or migration work that takes place from time to time. We may not be successful in implementing new systems and transitioning data, which could cause business disruptions and be more expensive, time consuming, disruptive and resource-intensive than originally anticipated. Such disruptions could adversely impact our ability to attract and retain customers, fulfill orders and interrupt other processes and could adversely affect our business, financial results, stock price and reputation.

We may be unable to accurately forecast future sales through our distributors, which could harm our ability to efficiently manage our resources to match market demand.

Our financial results, quarterly product sales, trends and comparisons are affected by fluctuations in the buying patterns of the OEMs that purchase our products from our distributors. While we attempt to assist our distributors in maintaining targeted stocking levels of our products, we may not consistently be accurate or successful. This process involves the exercise of judgment and use of assumptions as to future uncertainties, including end user demand. Inventory levels of our products held by our distributors may exceed or fall below the levels we consider desirable on a going-forward basis. This could result in distributors returning unsold inventory to us, or in us not having sufficient inventory to meet the demand for our products. If we are not able to accurately forecast sales through our distributors or effectively manage our relationships with our distributors, our business and financial results will suffer.

A small number of customers generally account for a significant portion of our accounts receivable in any period, and if any one of them fails to pay us, our financial position and operating results will suffer.

At June 30, 2026, one customer accounted for 62% of our accounts receivable. If this customer does not pay us, our financial position and operating results will be harmed. Generally, we do not require collateral from our customers.

Demand for our products may decrease if our OEM customers experience difficulty manufacturing, marketing or selling their products.

Our products are used as components in our OEM customers' products, including test and measurement equipment, routers, switches and other networking and telecommunications products. Accordingly, demand for our products is subject to factors affecting the ability of our OEM customers to successfully introduce and market their products, including:

- capital spending by telecommunication and network service providers and other end-users who purchase our OEM customers' products;
- the competition our OEM customers face, particularly in the networking and telecommunications industries;
- the technical, manufacturing, sales and marketing and management capabilities of our OEM customers;
- the financial and other resources of our OEM customers; and
- the inability of our OEM customers to sell their products if they infringe third-party intellectual property rights.

As a result, if OEM customers reduce their purchases of our products, our business will suffer.

Our products have lengthy sales cycles that make it difficult to plan our expenses and forecast results.

Our products are generally incorporated in our OEM customers' products at the design stage. However, their decisions to use our products often require significant expenditures by us without any assurance of success, and often precede volume sales, if any, by a year or more. If an OEM customer decides at the design stage not to incorporate our products into their products, we will not have another opportunity for a design win with respect to that customer's product for many months or years, if at all. Our sales cycle can take up to 24 months to complete, and because of this lengthy sales cycle, we may experience a delay between increasing expenses for research and development and our sales and marketing efforts and the generation of volume production revenues, if any, from these expenditures. Moreover, the value of any design win will largely depend on the commercial success of our OEM customers' products. There can be no assurance that we will continue to achieve design wins or that any design win will result in future revenues.

We are developing a subscription business model for certain of our new APU products, which will take time to implement and will be subject to execution risks. The sales cycle for subscription products is different from our hardware sales business and we will need to implement strategies to manage customer retention, which may be more volatile than the hardware sales to OEM customers. We anticipate that there will be quarterly fluctuations in the revenue and expenses associated with this new license-based business as we optimize the sales process for our target customers. Furthermore, because of the time it takes to build a meaningful subscription business, we expect to incur significant expenses relating to the subscription business before generating revenue from that new business.

Our business could be negatively affected as a result of actions of activist stockholders or others.

We may be subject to actions or proposals from stockholders or others that may not align with our business strategies or the interests of our other stockholders. Responding to such actions can be costly and time-consuming, disrupt our business and operations, and divert the attention of our board of directors, management, and employees from the pursuit of our business strategies. Such activities could interfere with our ability to execute our strategic plan. Activist stockholders or others may create perceived uncertainties as to the future direction of our business or strategy which may be exploited by our competitors and may make it more difficult to attract and retain qualified personnel and potential customers, and may affect our relationships with current customers, vendors, investors, and other third parties. In addition, a proxy contest for the election of directors at our annual meeting would require us to incur significant legal fees and proxy solicitation expenses and require significant time and attention by management and our board of directors. The perceived uncertainties as to our future direction also could affect the market price and volatility of our securities.

Our acquisition of companies or technologies could prove difficult to integrate, disrupt our business, dilute stockholder value and adversely affect our operating results.

In November 2015, we acquired all of the outstanding capital stock of privately held MikaMonu Group Ltd., a development-stage, Israel-based company that specializes in in-place associative computing for markets including big data, computer vision and cyber security. We also acquired substantially all of the assets related to the SRAM memory device product line of Sony Corporation in 2009. We intend to supplement our internal development activities by seeking opportunities to make additional acquisitions or investments in companies, assets or technologies that we believe are complementary or strategic. Other than the MikaMonu and Sony acquisitions, we have not made any such acquisitions or investments, and therefore our experience as an organization in making such acquisitions and investments is limited. In connection with the MikaMonu acquisition, we are subject to risks related to potential problems, delays or unanticipated costs that may be encountered in the development of products based on the MikaMonu technology and the establishment of new markets and customer relationships for the potential new products. In addition, in connection with any future acquisitions or investments we may make, we face numerous other risks, including:

- difficulties in integrating operations, technologies, products and personnel;
- diversion of financial and managerial resources from existing operations;
- risk of overpaying for or misjudging the strategic fit of an acquired company, asset or technology;
- problems or liabilities stemming from defects of an acquired product or intellectual property litigation that may result from offering the acquired product in our markets;
- challenges in retaining key employees to maximize the value of the acquisition or investment;
- inability to generate sufficient return on investment;
- incurrence of significant one-time write-offs; and
- delays in customer purchases due to uncertainty.

If we proceed with additional acquisitions or investments, we may be required to use a considerable amount of our cash, or to finance the transaction through debt or equity securities offerings, which may decrease our financial liquidity or dilute our stockholders and affect the market price of our stock. As a result, if we fail to properly evaluate and execute acquisitions or investments, our business and prospects may be harmed.

If we are unable to recruit or retain qualified personnel, our business and product development efforts could be harmed.

We must continue to identify, recruit, hire, train, retain and motivate highly skilled technical, managerial, sales and marketing and administrative personnel. Competition for these individuals is intense, and we may not be able to successfully recruit, assimilate or retain sufficiently qualified personnel. We may encounter difficulties in recruiting and retaining a sufficient number of qualified engineers, including those needed for the commercialization of our Gemini-II product offerings and the development of our Plato product offerings. Any difficulties recruiting and retaining engineers could harm our ability to develop new products such as Gemini-II and Plato and adversely impact our relationships with existing and future end-users at a critical stage of development. The failure to recruit and retain necessary technical, managerial, sales, marketing and administrative personnel could harm our business and our ability to obtain new customers and develop new products.

Claims that we infringe third party intellectual property rights could seriously harm our business and require us to incur significant costs.

There has been significant litigation in the semiconductor industry involving patents and other intellectual property rights. We were previously involved in protracted patent infringement litigation, and we could become subject to additional claims or litigation in the future as a result of allegations that we infringe others' intellectual property rights or that our use of intellectual property otherwise violates the law. Claims that our products infringe the proprietary rights of others would force us to defend ourselves and possibly our customers, distributors or manufacturers against the alleged infringement. Any such litigation regarding intellectual property could result in substantial costs and diversion of resources and could have a material adverse effect on our business, financial condition and results of operations. Similarly, changing our products or processes to avoid infringing the rights of others may be costly or impractical. If any claims received in the future were to be upheld, the consequences to us could require us to:

- stop selling our products that incorporate the challenged intellectual property;
- obtain a license to sell or use the relevant technology, which license may not be available on reasonable terms or at all;
- pay damages; or
- redesign those products that use the disputed technology.

Although patent disputes in the semiconductor industry have often been settled through cross-licensing arrangements, we may not be able in any or every instance to settle an alleged patent infringement claim through a cross-licensing arrangement in part because we have a more limited patent portfolio than many of our competitors. If a successful claim is made against us or any of our customers and a license is not made available to us on commercially reasonable terms or we are required to pay substantial damages or awards, our business, financial condition and results of operations would be materially adversely affected.

Our business will suffer if we are unable to protect our intellectual property.

Our success and ability to compete depends in large part upon protecting our proprietary technology. We rely on a combination of patent, trade secret, copyright and trademark laws and non-disclosure and other contractual agreements to protect our proprietary rights. These agreements and measures may not be sufficient to protect our technology from third-party infringement. Monitoring unauthorized use of our intellectual property is difficult and we cannot be certain that the steps we have taken will prevent unauthorized use of our technology, particularly in foreign countries where the laws may not protect our proprietary rights as fully as in the United States. Our attempts to enforce our intellectual property rights could be time consuming and costly. In the past, we have been involved in litigation to enforce our intellectual property rights and to protect our trade secrets. Additional litigation of this type may be necessary in the future. Any such litigation could result in substantial costs and diversion of resources. If competitors are able to use our technology without our approval or compensation, our ability to compete effectively could be harmed.

Any significant order cancellations or order deferrals could adversely affect our operating results.

We typically sell products pursuant to purchase orders that customers can generally cancel or defer on short notice without incurring a significant penalty. Any significant cancellations or deferrals in the future could materially and adversely affect our business, financial condition and results of operations. Cancellations or deferrals could cause us to hold excess inventory, which could reduce our profit margins, increase product obsolescence and restrict our ability to fund our operations. We generally recognize revenue upon shipment of products to a customer. If a customer refuses to accept shipped products or does not pay for these products, we could miss future revenue projections or incur significant charges against our income, which could materially and adversely affect our operating results.

If our business grows, such growth may place a significant strain on our management and operations and, as a result, our business may suffer.

We are endeavoring to expand our business, and any growth that we are successful in achieving could place a significant strain on our management systems, infrastructure and other resources. To manage the potential growth of our operations and resulting increases in the number of our personnel, we will need to invest the necessary capital to continue to improve our operational, financial and management controls and our reporting systems and procedures. Our controls, systems and procedures may prove to be inadequate should we experience significant growth. In addition, we may not have sufficient administrative staff to support our operations. For example, we currently have only four employees in our finance department in the United States, including our Chief Financial Officer. Furthermore, our officers have limited experience in managing large or rapidly growing businesses. If our management fails to respond effectively to changes in our business, our business may suffer.

Our estimates of the total addressable market and serviceable available market for our APU products are based on a number of internal assumptions and may prove to be materially inaccurate.

We have estimated the total addressable market for our APU products in the markets for AI, search applications and high-performance computing to be approximately $247 billion in 2025, growing to approximately $708 billion by 2028, and the serviceable available market for APU in edge AI deployments to be approximately $7 billion in 2025, growing to approximately $16 billion by 2030. The total addressable market estimate is based on publicly available research reports. The serviceable available market estimate is based on our own internal analysis. The estimates are based on assumptions and judgment, including assumptions about the pace of market adoption of edge AI and associative computing technologies, the continued growth of AI workloads at the edge, and the applicability of our APU architecture to a broad range of use cases. These estimates have not been independently verified by any third party, and the methodologies used to derive them involve significant uncertainty. The actual size of our addressable market may be materially smaller than we have estimated if our assumptions about market growth rates, customer adoption patterns, or the competitive landscape prove incorrect. In particular, the AI hardware market is evolving rapidly, and new architectures, competing technologies, or shifts in industry standards could reduce the portion of the market that is addressable by our APU products. If the markets for our products are smaller than we have estimated, or if we are unable to capture a meaningful share of those markets, our growth prospects, revenue potential and business could be materially adversely affected, and the market price of our common stock could decline.

Evolving government regulation of artificial intelligence may increase our compliance costs, delay or restrict the deployment of our products, or otherwise adversely affect our business.

Governments in the United States, the European Union and other jurisdictions are actively developing and enacting new laws, regulations and standards governing the development, deployment and use of artificial intelligence. These include, among others, the European Union's Artificial Intelligence Act, various U.S. state and federal legislative proposals addressing AI safety, algorithmic accountability and automated decision-making, and sector-specific regulations that may apply to AI-enabled products used in defense, autonomous systems, and critical infrastructure. Our APU products are designed for use in AI applications including military edge computing, autonomous navigation, real-time situational awareness for physical AI, and other use cases that may be subject to heightened regulatory scrutiny. New or evolving AI regulations could impose requirements relating to transparency, explainability, testing and validation, human oversight, data governance, or risk classification that could increase our product development and compliance costs, delay our ability to bring products to market, limit the applications for which our products may be used, or require us to modify or restrict the functionality of our products. In addition, differing and potentially conflicting AI regulatory frameworks across jurisdictions could create complexity for our global commercialization efforts and increase our legal and compliance expenses. If we are unable to comply with applicable AI regulations, or if compliance proves to be significantly more costly or burdensome than anticipated, our business, financial condition and results of operations could be materially adversely affected.

Technology developed under government-funded contracts may be subject to restrictions that limit our ability to commercialize such technology in civilian markets.

We have developed and continue to develop technology under contracts funded by U.S. government agencies, including through SBIR awards from the Space Development Agency, the U.S. Air Force and the U.S. Army. Our APU products are designed for both military and commercial applications, and certain of these products may be classified as dual-use items subject to the Export Administration Regulations administered by the Bureau of Industry and Security or, depending on their application, the International Traffic in Arms Regulations administered by the Directorate of Defense Trade Controls. Compliance with applicable export control regulations may require us to obtain licenses or other authorizations before selling our products to certain customers or in certain markets, which could delay or prevent sales. Changes in export control classifications, sanctions programs, or other regulatory requirements applicable to dual-use technologies could further restrict our ability to sell our products internationally or prevent them from being sold at all in certain countries or situations, increase our compliance costs, or subject us to penalties if we fail to comply. The interplay between government data rights, export controls and our commercial objectives creates legal and operational complexity that could adversely affect our ability to realize the full commercial potential of our technology investments and could have a material adverse effect on our business, financial condition and results of operations.

We face intense competition from significantly larger and better-resourced companies in the AI hardware market, which could limit our ability to commercialize our APU products.

The market for AI hardware and edge computing solutions is intensely competitive and dominated by companies with substantially greater financial, technical, manufacturing, marketing and other resources than we possess. Our principal competitors for our in-place associative computing solutions include NVIDIA Corporation and new well funded entrants in the market-which may have significantly greater name recognition, broader product portfolios, larger installed customer bases, more extensive research and development capabilities, and substantially greater financial resources than we do. NVIDIA has established a dominant position in the AI hardware ecosystem through its GPU architecture and its widely adopted CUDA software platform, which creates significant switching costs and ecosystem lock-in for developers and customers. Our APU architecture represents a fundamentally different approach to AI computation, and we must convince potential customers to adopt an unfamiliar technology from a comparatively small company while established competitors continue to improve the performance, efficiency and capabilities of their own products. Our competitors may respond to our market entry by reducing prices, accelerating product development, acquiring competing technologies or companies, or leveraging their existing customer relationships and distribution channels to exclude us from key markets. In addition, new competitors, including well-funded startups and large technology companies, may enter the edge AI market with solutions that compete directly with our APU products. We cannot assure you that we will be able to compete successfully against current or future competitors, and the failure to do so could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Manufacturing and Product Development

We may experience difficulties in transitioning to smaller geometry process technologies and other more advanced manufacturing process technologies, which may result in reduced manufacturing yields, delays in product deliveries and increased expenses.

In order to remain competitive, we expect to continue to transition the manufacture of our products to smaller geometry process technologies. This transition will require us to migrate to new manufacturing processes for our products and redesign certain products. The manufacture and design of our products is complex, and we may experience difficulty in transitioning to smaller geometry process technologies or new manufacturing processes. These difficulties could result in reduced manufacturing yields, delays in product deliveries and increased expenses. We are dependent on our relationships with TSMC to transition successfully to smaller geometry process technologies and to more advanced manufacturing processes. If we or TSMC experience significant delays in this transition or fail to implement these transitions, our business, financial condition and results of operations could be materially and adversely affected.

Manufacturing process technologies are subject to rapid change and require significant expenditures for research and development.

We continuously evaluate the benefits of migrating to smaller geometry process technologies in order to improve performance and reduce costs. Historically, these migrations to new manufacturing processes have resulted in significant initial design and development costs associated with pre-production mask sets for the manufacture of new products with smaller geometry process technologies. For example, in the third quarter of fiscal 2024, we incurred approximately $2.4 million in research and development expense associated with a pre-production mask set that will not be used in production as part of the transition to our new 16 nanometer SRAM process technology for our APU2 product. We incurred charges of $3.2 million for intellectual property rights that we purchased for our Plato project in the third quarter of fiscal 2026. We will incur similar expenses in the future as we continue to transition our products to smaller geometry processes. The costs inherent in the transition to new manufacturing process technologies will adversely affect our operating results and our gross margin.

Our products are complex to design and manufacture and could contain defects, which could reduce revenues or result in claims against us.

We develop complex products. Despite testing by us and our OEM customers, design or manufacturing errors may be found in existing or new products. These defects could result in a delay in recognition or loss of revenues, loss of market share or failure to achieve market acceptance. These defects may also cause us to incur significant warranty, support and repair costs, divert the attention of our engineering personnel from our product development efforts, result in a loss of market acceptance of our products and harm our relationships with our OEM customers. Our OEM customers could also seek and obtain damages from us for their losses. A product liability claim brought against us, even if unsuccessful, would likely be time consuming and costly to defend. Defects in wafers and other components used in our products and arising from the manufacturing of these products may not be fully recoverable from TSMC or our other suppliers.

Risks Related to Our International Business and Operations

We are subject to governmental export and import controls that could impair our ability to compete in international markets or subject us to liability if we violate the controls.

Our offerings are subject to export controls and economic sanctions laws and regulations that prohibit the delivery of certain solutions and services without the required export authorizations or export to locations, governments, and persons targeted by applicable sanctions. While we have processes to prevent our offerings from being exported in violation of these laws, including obtaining authorizations as appropriate and screening against U.S. government and international lists of restricted and prohibited persons, we cannot guarantee that these processes will prevent all violations of export control and sanctions laws.

If our channel distributors fail to obtain appropriate import, export, or re-export licenses or permits, we may also be adversely affected, through reputational harm as well as other negative consequences including government investigations and penalties. We presently incorporate export control and sanctions compliance requirements in our channel distributor agreements. Complying with export control and sanctions regulations for a particular sale may be time-consuming and may result in the delay or loss of sales opportunities. Violations of applicable sanctions or export control laws can result in fines or penalties.

Changes in trade policy in the United States and other countries, including the imposition of new or additional tariffs and the resulting consequences, may adversely impact our business, results of operations and financial condition.

International trade disputes, geopolitical tensions, and military conflicts have led, and continue to lead, to new and increasing export restrictions, trade barriers, new or additional tariffs, and other trade measures that can increase our manufacturing and transportation costs, limit our ability to sell to certain customers or markets, impede or slow the movement of our goods across borders, or otherwise restrict our ability to conduct operations. Increasing protectionism, economic nationalism, and national security concerns may also lead to further changes in trade policy. We cannot predict what actions may be taken with respect to export regulations, tariffs or other trade regulations between the United States and other countries, what products or companies may be subject to such actions, or what actions may be taken by other countries in retaliation. If any of these actions were to occur, they could result in the loss of customers and harm to our revenue, market share, competitive position and operating performance.

Changes in Taiwan's political, social and economic environment may affect our business performance.

Because much of the manufacturing and testing of our products is conducted in Taiwan, our business performance may be affected by changes in Taiwan's political, social and economic environment. For example, political instability or restrictions on transportation logistics for our products resulting from changes in the relationship among the United States, Taiwan and the People's Republic of China could negatively impact our business. There has been a recent deterioration of the relationship between the People's Republic of China and Taiwan. Any significant armed conflict related to this matter would be expected to materially and adversely damage our business. Moreover, the role of the Taiwanese government in the Taiwanese economy is significant. Taiwanese policies toward economic liberalization, and laws and policies affecting technology companies, foreign investment, currency exchange rates, taxes and other matters could change, resulting in greater restrictions on our ability and our suppliers' ability to do business and operate facilities in Taiwan. If any of these changes were to occur, our business could be harmed, and our stock price could decline.

Our international business exposes us to additional risks.

Products shipped to destinations outside of the United States accounted for 51.1%, 60.3% and 47.3% of our net revenues in fiscal 2026, 2025 and 2024, respectively. Moreover, a substantial portion of our products are manufactured and tested in Taiwan and the software development for our associative computing products occurs in Israel where there is an evolving military conflict. We intend to continue expanding our international business in the future. Conducting business outside of the United States subjects us to additional risks and challenges, including:

- uncertainties regarding taxes, tariffs, quotas, export controls and license requirements, trade wars, policies that favor domestic companies over nondomestic companies, including government efforts to provide for the development and growth of local competitors, and other trade barriers;
- potential political and economic instability in, or armed conflicts that involve or affect, the countries in which we, our customers and our suppliers are located;
- heightened price sensitivity from customers in emerging markets;
- compliance with a wide variety of foreign laws and regulations and unexpected changes in these laws and regulations;
- fluctuations in freight rates and transportation disruptions;
- difficulties and costs of staffing and managing personnel, distributors and representatives across different geographic areas and cultures, including assuring compliance with the U.S. Foreign Corrupt Practices Act and other U.S. and foreign anti-corruption laws;
- difficulties in collecting accounts receivable and longer accounts receivable payment cycles; and
- limited protection for intellectual property rights in some countries.

Moreover, our reporting currency is the U.S. dollar. However, a portion of our cost of revenues and our operating expenses is denominated in currencies other than the U.S. dollar, primarily the New Taiwanese dollar and Israeli Shekel. As a result, appreciation or depreciation of other currencies in relation to the U.S. dollar could result in transaction gains or losses that could impact our operating results. We do not currently engage in currency hedging activities to reduce the risk of financial exposure from fluctuations in foreign exchange rates.

The United States could materially modify certain international trade agreements, or change tax provisions related to the global manufacturing and sales of our products.

A portion of our business activities are conducted in foreign countries, including Taiwan and Israel. Our business benefits from free trade agreements, and we also rely on various U.S. corporate tax provisions related to international commerce as we develop, manufacture, market and sell our products globally. Any action to materially modify international trade agreements, change corporate tax policy related to international commerce or mandate domestic production of goods, could adversely affect our business, financial condition and results of operations.

Some of our products are incorporated into advanced military electronics, and changes in international geopolitical circumstances, domestic budget considerations and government shutdowns may hurt our business.

Some of our products are incorporated into advanced military electronics such as radar and guidance systems. Military expenditures and appropriations for such purchases rose significantly in recent years. However, if current U.S. military operations around the world are scaled back, demand for our products for use in military applications may decrease, and our operating results could suffer. Domestic budget considerations and government shutdowns may also adversely affect our operating results. For example, if governmental appropriations for military purchases of electronic devices that include our products are reduced or delayed due to shutdowns, our revenues will likely decline.

TSMC, as well as our other independent suppliers and many of our OEM customers, have operations in the Pacific Rim, an area subject to significant risk of earthquakes, typhoons and other natural disasters and adverse consequences related to the outbreak of contagious diseases.

The foundry that manufactures our Fast SRAM and APU products, TSMC, and all of the principal independent suppliers that assemble and test our products are located in Taiwan. Many of our customers are also located in the Pacific Rim. The risk of an earthquake in these Pacific Rim locations is significant. The occurrence of an earthquake, typhoon or other natural disaster near the fabrication facilities of TSMC or our other independent suppliers could result in damage, power outages and other disruptions that impair their production and assembly capacity. Any disruption resulting from such events could cause significant delays in the production or shipment of our products until we are able to shift our manufacturing, assembling, packaging or production testing from the affected contractor to another third-party vendor. In such an event, we may not be able to obtain alternate foundry capacity on favorable terms, or at all.

The COVID-19 global pandemic, along with the previous outbreaks of SARS, H1N1 and the Avian Flu, curtailed travel between and within countries, including in the Asia-Pacific region. Outbreaks of new contagious diseases or the resurgence of existing diseases that significantly affect the Asia-Pacific region could disrupt the operations of our key suppliers and manufacturing partners. In addition, our business could be harmed if such an outbreak resulted in travel being restricted, the implementation of stay-at-home or shelter-in-place orders or if it adversely affected the operations of our OEM customers or the demand for our products or our OEM customers' products.

We do not maintain sufficient business interruption and other insurance policies to compensate us for all losses that may occur. Any losses or damages incurred by us as a result of a catastrophic event or any other significant uninsured loss in excess of our insurance policy limits could have a material adverse effect on our business.

Risks Relating to Our Common Stock and the Securities Market

The trading price of our common stock is subject to fluctuation and is likely to be volatile.

The trading price of our common stock may fluctuate significantly in response to a number of factors, some of which are beyond our control, including:

- the establishment of a market for our new associative computing products;
- announcements by us or our competitors of financial results, new products, significant technological innovations, contracts, acquisitions, strategic relationships, joint ventures, capital commitments or other events;
- actual or anticipated declines in operating results;
- the institution of legal proceedings against us or significant developments in such proceedings;

- changes in industry estimates of demand for Very Fast SRAM, RadHard and RadTolerant products;
- the gain or loss of significant orders or customers;
- recruitment or departure of key personnel;
- changes in financial estimates or recommendations by securities analysts; and
- market conditions in our industry, the industries of our customers and the economy as a whole.

In recent years, the stock market in general, and the market for technology stocks in particular, have experienced extreme price fluctuations, which have often been unrelated to the operating performance of affected companies. The market price of our common stock might experience significant fluctuations in the future, including fluctuations unrelated to our performance. These fluctuations could materially adversely affect our business relationships, our ability to obtain future financing on favorable terms or otherwise harm our business. In addition, in the past, securities class action litigation has often been brought against a company following periods of volatility in the market price of its securities. This risk is especially acute for us because the extreme volatility of market prices of technology companies has resulted in a larger number of securities class action claims against them. Due to the potential volatility of our stock price, we may in the future be the target of similar litigation. Securities litigation could result in substantial costs and divert management's attention and resources. This could harm our business and cause the value of our stock to decline.

We may need to raise additional capital in the future, which may not be available on favorable terms or at all, and which may cause dilution to existing stockholders.

Although we raised approximately $50 million in gross proceeds in October 2025 through a registered direct offering and raised approximately $9.6 million in gross proceeds in May 2026 pursuant to an At-the-Market offering, we may need to seek additional funding in the future. We do not know if we will be able to obtain additional financing on favorable terms, if at all. If we cannot raise funds on acceptable terms, if and when needed, we may not be able to develop or enhance our products, take advantage of future opportunities or respond to competitive pressures or unanticipated requirements, and we may be required to reduce operating costs, which could seriously harm our business. In addition, if we issue equity securities, our stockholders may experience dilution or the new equity securities may have rights, preferences or privileges senior to those of our common stock.

Our executive officers, directors and entities affiliated with them hold a substantial percentage of our common stock.

As of July 31, 2026**,** our executive officers, directors and entities affiliated with them beneficially owned approximately 17% of our outstanding common stock. As a result, these stockholders will be able to exercise substantial influence over, and may be able to effectively control, matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, which could have the effect of delaying or preventing a third party from acquiring control over or merging with us.

The provisions of our charter documents might inhibit potential acquisition bids that a stockholder might believe are desirable, and the market price of our common stock could be lower as a result.

Our Board of Directors has the authority to issue up to 5,000,000 shares of preferred stock. Our Board of Directors can fix the price, rights, preferences, privileges and restrictions of the preferred stock without any further vote or action by our stockholders. The issuance of shares of preferred stock might delay or prevent a change in control transaction. As a result, the market price of our common stock and the voting and other rights of our stockholders might be adversely affected. The issuance of preferred stock might result in the loss of voting control to other stockholders. We have no current plans to issue any shares of preferred stock. Our charter documents also contain other provisions, which might discourage, delay or prevent a merger or acquisition, including:

- our stockholders have no right to act by written consent;

- our stockholders have no right to call a special meeting of stockholders; and
- our stockholders must comply with advance notice requirements to nominate directors or submit proposals for consideration at stockholder meetings.

These provisions could also have the effect of discouraging others from making tender offers for our common stock. As a result, these provisions might prevent the market price of our common stock from increasing substantially in response to actual or rumored takeover attempts. These provisions might also prevent changes in our management.

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

Stock Repurchase Program

Our Board of Directors has authorized us to repurchase, at management's discretion, shares of our common stock. Under the repurchase program, we may repurchase shares from time to time on the open market or in private transactions. The specific timing and amount of the repurchases will be dependent on market conditions, securities law limitations and other factors. The repurchase program may be suspended or terminated at any time without prior notice. During the quarter ended June 30, 2026, we did not repurchase any of our shares under the repurchase program.

Item 5. *Other information*

Insider Trading Arrangements and Policies

On December 11, 2025, Didier Lasserre, the Company's Vice President of Worldwide Sales, adopted a Rule 10b5-1 trading plan. Mr. Lasserre's trading plan provides for the potential exercise and sale of up to 100,000 shares of the Company's common stock subject to stock options, until July 31, 2027. This trading plan was entered into during an open insider trading window and is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act and the Company's policies regarding transactions in the Company's securities. In May 2026, Mr. Lasserre terminated this trading plan. No shares were sold under the trading plan.

Other than as described above, during the quarter ended June 30, 2026, no director or officer of the Company adopted, modified or terminated a Rule 10b5-1(c) trading arrangement or a non-Rule 10b5-1 trading arrangement, as that term is defined in Item 408 of Regulation S-K.

Item 6. *Exhibits*

Exhibit Number	Name of Document
31.1	Certification of Lee-Lean Shu, President, Chief Executive Officer and Chairman, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Douglas M. Schirle, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Lee-Lean Shu, President, Chief Executive Officer and Chairman, and Douglas M. Schirle, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)

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.

Date: August 11, 2026

GSI Technology, Inc.

By: /s/ LEE-LEAN SHU
Lee-Lean Shu
President, Chief Executive Officer and Chairman

By: /s/ DOUGLAS M. SCHIRLE
Douglas M. Schirle
Chief Financial Officer

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Lee-Lean Shu, certify that:

1. I have reviewed this quarterly report on Form 10-Q of GSI Technology, 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 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 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.

August 11, 2026

/s/ LEE-LEAN SHU

Lee-Lean Shu

President, Chief Executive Officer and Chairman

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Douglas M. Schirle, certify that:

1. I have reviewed this quarterly report on Form 10-Q of GSI Technology, 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 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 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.

August 11, 2026

/s/ DOUGLAS M. SCHIRLE

Douglas M. Schirle
Chief Financial Officer

Exhibit 32.1

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 GSI Technology, Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned officers of the Company, each certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

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

August 11, 2026

/s/ LEE-LEAN SHU
Lee-Lean Shu
President, Chief Executive Officer and Chairman

/s/ DOUGLAS M. SCHIRLE
Douglas M. Schirle
Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Registrant and will be retained by the Registrant and furnished to the Securities and Exchange Commission or its staff upon request.