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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2026
or

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

For the transition period from to .

Commission File Number: 000-30269

PIXELWORKS, INC.
(Exact name of registrant as specified in its charter)

Oregon	**91-1761992**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
16760 SW Upper Boones Ferry Rd., Ste. 101	
Portland, Oregon	**97224**
(Address of principal executive offices)	**(Zip Code)**

(503) 601-4545
(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, par value $0.001 per share	PXLW	The Nasdaq Capital Market

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 outstanding shares of the registrant's common stock, par value $0.001 per share, was 6,049,393 as of August 7, 2026.

PIXELWORKS, INC.
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2026
TABLE OF CONTENTS

NOTE REGARDING FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements" that are based on current expectations, estimates, beliefs, assumptions and projections about our business. Words such as "may," "will," "appears," "predicts," "continue," "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" and the negative or other variations of such words and similar expressions are intended to identify such forward-looking statements. These forward-looking statements include, but are not limited to, statements regarding: our ability to maintain compliance with the minimum listing requirements of The Nasdaq Stock Market LLC (“Nasdaq”); the features, benefits and applications of our technologies and products; the success of our products; market trends and changes; the development of our business on our Cinematic market and TrueCut Motion platform and related technologies; our strategy, including with respect to our intellectual property portfolio, our research and development efforts and competitive advantages, sales and marketing, and acquisition and other growth opportunities; amortization expectations; the cost and effects of possible future restructuring programs; customer concentration; current global economic challenges; interest rate risks; expectations as to sales revenue in certain markets; future contractual obligations; competition; the uses and value of our intellectual property; our income tax valuation allowance and net operating loss utilization; other accounting policies and use of estimates and the potential impact of changes thereto; the effectiveness of our internal controls; the potential impact on our business of certain risks, including the risks of technological change, changes in the markets in which we operate, our indemnification obligations, and litigation risks; and risks related to rapidly evolving artificial intelligence technologies. These statements are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict and which may cause actual outcomes and results to differ materially from what is expressed or forecasted in such forward-looking statements. A detailed discussion of risks and uncertainties that could cause actual results and events to differ materially from these forward-looking statements is included in our Annual Report on Form 10-K for the year ended December 31, 2025, which was filed with the SEC on March 12, 2026. These forward-looking statements speak only as of the date on which they are made, and we do not intend to update any forward-looking statement to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q unless required by law or regulation. If we do update or correct one or more forward-looking statements, you should not conclude that we will make additional updates or corrections with respect thereto or with respect to other forward-looking statements. Except where the context otherwise requires in this Quarterly Report on Form 10-Q, the "Company," "Pixelworks," "we," "us" and "our" refer to Pixelworks, Inc., an Oregon corporation, and its subsidiaries.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

PIXELWORKS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

	June 30, 2026	December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 52,888	$ 11,243
Prepaid expenses and other current assets	525	568
Current assets held for sale	—	38,422
Total current assets	53,413	50,233
Property and equipment, net	215	205
Operating lease right-of-use assets	430	704
Other assets, net	51	121
Total assets	$ 54,109	$ 51,263
LIABILITIES, REDEEMABLE NON-CONTROLLING INTEREST AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 519	$ —
Accrued liabilities and current portion of long-term liabilities	957	1,972
Current portion of income taxes payable	26	43
Current liabilities held for sale	—	18,005
Total current liabilities	1,502	20,020
Operating lease liabilities, net of current portion	165	298
Income taxes payable, net of current portion	461	508
Deferred tax liability	—	31
Total liabilities	2,128	20,857
Commitments and contingencies (Note 12)		
Redeemable non-controlling interest	—	28,600
Shareholders’ equity:		
Preferred stock	—	—
Common stock	505,507	504,405
Treasury stock, at cost	(3,192)	—
Accumulated other comprehensive income	257	2,882
Accumulated deficit	(450,591)	(528,379)
Total Pixelworks, Inc. shareholders’ equity (deficit)	51,981	(21,092)
Non-controlling interest	—	22,898
Total shareholders' equity	51,981	1,806
Total liabilities, redeemable non-controlling interest and shareholders’ equity	$ 54,109	$ 51,263

See accompanying notes to condensed consolidated financial statements.

PIXELWORKS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenue, net	$ 64	$ 159	$ 510	$ 159
Cost of revenue	25	46	218	53
Gross profit	39	113	292	106
Operating expenses:				
Research and development (1)	1,195	896	2,160	1,866
Selling, general and administrative (2)	2,114	1,728	4,317	3,842
Restructuring	94	—	2,089	—
Total operating expenses	3,403	2,624	8,566	5,708
Loss from operations	(3,364)	(2,511)	(8,274)	(5,602)
Interest income and other	578	27	897	64
Loss before income taxes	(2,786)	(2,484)	(7,377)	(5,538)
Provision (benefit) for income taxes	10	96	(12)	(143)
Net loss from continuing operations	(2,796)	(2,580)	(7,365)	(5,395)
Net income (loss) from discontinued operations, net of income taxes	—	(4,345)	85,153	(9,550)
Net income (loss)	(2,796)	(6,925)	77,788	(14,945)
Less: Net loss attributable to redeemable non-controlling interest and non-controlling interest	—	218	—	477
Net income (loss) attributable to Pixelworks, Inc.	$ (2,796)	$ (6,707)	$ 77,788	$ (14,468)
Net loss from continuing operations per share - basic and diluted	$ (0.44)	$ (0.49)	$ (1.16)	$ (1.04)
Net income (loss) from discontinued operations per share:				
Basic	$ —	$ (0.82)	$ 13.47	$ (1.85)
Diluted	$ —	$ (0.82)	$ 13.22	$ (1.85)
Net income (loss) attributable to Pixelworks, Inc. per share:				
Basic	$ (0.44)	$ (1.27)	$ 12.30	$ (2.80)
Diluted	$ (0.44)	$ (1.27)	$ 12.07	$ (2.80)
Weighted average shares outstanding:				
Basic	6,294	5,282	6,323	5,166
Diluted	6,294	5,282	6,443	5,166
(1) Includes stock-based compensation	180	119	213	243
(2) Includes stock-based compensation	562	375	884	673

See accompanying notes to condensed consolidated financial statements.

PIXELWORKS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net income (loss)	$ (2,796)	$ (6,925)	$ 77,788	$ (14,945)
Other comprehensive loss, net of tax:				
Derecognition of cumulative foreign currency translation adjustment	—	—	(2,680)	—
Deferred tax adjustment	—	—	55	—
Foreign currency translation adjustment	—	(566)	—	(818)
Comprehensive income (loss)	(2,796)	(7,491)	75,163	(15,763)
Less: comprehensive loss attributable to redeemable non-controlling interest and non-controlling interest	—	218	—	477
Total comprehensive income (loss) attributable to Pixelworks, Inc.	$ (2,796)	$ (7,273)	$ 75,163	$ (15,286)

See accompanying notes to condensed consolidated financial statements.

PIXELWORKS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (a)
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2026	2025
Cash flows from operating activities:		
Net income (loss)	$ 77,788	$ (14,945)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Gain on sale of PWSH	(85,153)	—
Stock-based compensation	1,097	1,490
Depreciation and amortization	130	1,401
Reversal of uncertain tax positions	(87)	(261)
Deferred income tax expense	28	23
Loss on asset disposal	14	34
Changes in operating assets and liabilities:		
Accounts receivable, net	—	741
Inventories	—	127
Prepaid expenses and other current and long-term assets, net	456	699
Accounts payable	520	84
Accrued current and long-term liabilities	(1,111)	(1,049)
Income taxes payable	23	388
Net cash used in operating activities	(6,295)	(11,268)
Cash flows from investing activities:		
Proceeds from sale of PWSH, net of cash disposed of and transaction costs	44,437	—
Purchases of property and equipment	(134)	(240)
Asset related government subsidies received	—	754
Net cash provided by investing activities	44,303	514
Cash flows from financing activities:		
Repurchase of common stock	(3,192)	—
Proceeds from issuance of common stock under employee equity incentive plans	5	29
Net proceeds from "registered direct offering"	—	1,341
Net proceeds from "at the market" equity offering	—	558
Payments on asset financings	—	(566)
Net cash (used in) provided by financing activities	(3,187)	1,362
Net increase (decrease) in cash and cash equivalents	34,821	(9,392)
Cash and cash equivalents, beginning of period	18,067	23,647
Cash and cash equivalents, end of period	$ 52,888	$ 14,255
Supplemental disclosure of cash flow information:		
Cash paid during the period for income taxes, net of refunds received	$ 25	$ 386
Cash paid during the period for interest	—	47
Non-cash investing and financing activities:		
Acquisitions of property and equipment and other assets, unpaid at period end.	$ 3	$ 461

See accompanying notes to condensed consolidated financial statements.

(a) The cash flows related to discontinued operations have not been segregated. Accordingly, the Condensed Consolidated Statements of Cash Flows include results of continuing and discontinued operations.

PIXELWORKS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands, except share data)
(Unaudited)

	Common Stock		Treasury Stock		Accumulated Other Comprehensive Income (loss)	Accumulated Deficit	Non-Controlling Interest	Total Shareholders' Equity (Deficit)
2026	Shares	Amount	Shares	Amount				
Balance as of December 31, 2025	6,336,957	$ 504,405	—	$ —	$ 2,882	$ (528,379)	$ 22,898	$ 1,806
Stock issued under employee equity incentive plans	24,301	5	—	—	—	—	—	5
Stock-based compensation expense	—	355	—	—	—	—	—	355
Distributions to non-controlling interests & derecognition of cumulative foreign currency translation adjustment	—	—	—	—	(2,680)	—	(22,898)	(25,578)
Deferred tax adjustment	—	—	—	—	55	—	—	55
Net income attributable to Pixelworks, Inc.	—	—	—	—	—	80,584	—	80,584
Balance as of March 31, 2026	6,361,258	$ 504,765	—	$ —	$ 257	$ (447,795)	$ —	$ 57,227
Stock issued under employee equity incentive plans	148,678	—	—	—	—	—	—	—
Stock-based compensation expense	—	742	—	—	—	—	—	742
Repurchase of common stock	—	—	(463,543)	(3,192)	—	—	—	(3,192)
Net income attributable to Pixelworks, Inc.	—	—	—	—	—	(2,796)	—	(2,796)
Balance as of June 30, 2026	6,509,936	$ 505,507	(463,543)	$ (3,192)	$ 257	$ (450,591)	$ —	$ 51,981
2025								
Balance as of December 31, 2024	4,977,228	$ 490,619	—	$ —	$ 4,693	$ (505,880)	$ 23,050	$ 12,482
Stock issued under employee equity incentive plans	45,480	29	—	—	—	—	—	29
Stock-based compensation expense	—	751	—	—	—	—	—	751
Foreign currency translation adjustment	—	—	—	—	(252)	—	115	(137)
Registered direct offering	164,176	1,341	—	—	—	—	—	1,341
"At the market" equity offering	59,165	485	—	—	—	—	—	485
Net loss attributable to non-controlling interest	—	—	—	—	—	—	(259)	(259)
Net loss attributable to Pixelworks, Inc.	—	—	—	—	—	(7,761)	—	(7,761)
Balance as of March 31, 2025	5,246,049	$ 493,225	—	$ —	$ 4,441	$ (513,641)	$ 22,906	$ 6,931
Stock issued under employee equity incentive plans	63,147	—	—	—	—	—	—	—
Stock-based compensation expense	—	739	—	—	—	—	—	739
Foreign currency translation adjustment	—	—	—	—	(566)	—	180	(386)
"At the market" equity offering	10,010	73	—	—	—	—	—	73
Net loss attributable to non-controlling interest	—	—	—	—	—	—	(218)	(218)
Net loss attributable to Pixelworks, Inc.	—	—	—	—	—	(6,707)	—	(6,707)
Fractional share adjustment due to reverse stock split	157	—	—	—	—	—	—	—
Balance as of June 30, 2025	5,319,363	$ 494,037	—	$ —	$ 3,875	$ (520,348)	$ 22,868	$ 432

See accompanying notes to condensed consolidated financial statements.

PIXELWORKS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share data)
(Unaudited)

NOTE 1: BASIS OF PRESENTATION

Nature of Business

Pixelworks, Inc. (the “Company” or “Pixelworks”) provides industry-leading content creation, video delivery and display processing solutions, and technology that enable highly authentic viewing experiences with superior visual quality across all screens, from cinema to smartphone and beyond. Pixelworks has been delivering image processing innovations to leading providers of consumer electronics, professional displays, and video streaming services for more than 20 years.

On January 6, 2026 (the “Closing Date”), the Company completed the previously announced sale (the “Sale”) of all of the shares of common stock of Pixelworks Semiconductor Technology (Shanghai) Co., Ltd. (“PWSH”) held by Pixelworks Semiconductor Technology Company, LLC, a wholly owned subsidiary of the Company (“Pixelworks LLC”), to Tiansui Xinyuan Technology (Shanghai) Co., Ltd. (the “Buyer”). The terms of the Sale were set forth in a Purchase Agreement dated as of October 15, 2025 (the “Purchase Agreement”), among the Company, PWSH, Pixelworks LLC, all other shareholders of PWSH except VeriSilicon Microelectronics (Shanghai) Co., Ltd. (each, a “Selling Shareholder"), and the Buyer. Each Selling Shareholder and VeriSilicon Microelectronics (Shanghai) Co., Ltd. (collectively, the “Minority Shareholders”) and Pixelworks LLC also entered into Support Agreements (the “Support Agreements”), and Pixelworks LLC, PWSH and each of the Minority Shareholders entered into a Termination and Release Agreement (the “Release Agreement”), in each case dated October 14, 2025. On the Closing Date: (i) Pixelworks LLC transferred to the Minority Shareholders shares of PWSH capital stock representing a total of approximately 29% of the total outstanding shares of PWSH capital stock; (ii) the Selling Shareholders sold and transferred all of their PWSH shares to the Buyer; (iii) Pixelworks LLC sold and transferred its remaining shares of PWSH capital stock, representing approximately 49% of the total outstanding shares of PWSH capital stock, to the Buyer; and (iv) the Buyer paid the Company approximately RMB 357,000, or approximately $51,000 in U.S. dollars, net of transaction costs and withholding taxes paid in China. The remaining transaction expenses incurred by the Company in connection with the Sale, not including compensation that has been paid to the Company’s executive officers and other employees, totaled approximately $1,000 in U.S. dollars. Additionally, approximately RMB 8,700, or approximately $1,200 in U.S. dollars, which was being held in an escrow account was released to the Company on March 31, 2026 due to the resolution of a tax matter in China.

The foregoing references to certain provisions of the Purchase Agreement, the Support Agreements and the Release Agreement are not complete and are subject to and qualified in their entirety by reference to the Purchase Agreement filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission (the “SEC”) on October 15, 2025 (the “October 15 8-K”), the Amendment Agreement filed as Exhibit 10.2 to the October 15 8-K, and the form of Support Agreement, together with the form of Termination and Release Agreement attached to the form of Support Agreement as Exhibit A, filed as Exhibit 10.3 to the October 15 8-K. The Company’s definitive proxy statement filed with the SEC on October 27, 2025, includes additional information under the heading “Principal Terms and Conditions of the Purchase Agreement”, which description is incorporated herein by reference.

As a result of the Sale, Pixelworks no longer operates a semiconductor business, which included the businesses that it previously described as “Mobile” (smartphone and tablet) and “Home & Enterprise” (projectors, personal video recorders, and over-the-air streaming devices). Following the Sale, the Company is focused on developing and licensing cinematic visualization solutions, including its flagship TrueCut Motion™ platform. For more information regarding the events leading up to the Sale, and about the Mobile and Home & Enterprise businesses, see Item 1 under the heading “Overview” in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2024, filed with the SEC on March 13, 2025 (the “2024 10-K”).

Pixelworks was founded in 1997 and is incorporated under the laws of the state of Oregon.

Reverse Stock Split

On June 6, 2025, the Company effected a one-for-twelve reverse stock split of the Company's common stock (the "Reverse Stock Split"). As a result of the Reverse Stock Split, every twelve shares of the Company's Common Stock issued or outstanding were automatically reclassified into one new share of common stock. Proportionate adjustments were also made to the exercise prices and the number of shares underlying the Company's outstanding equity awards, as applicable, as well as to the number of shares issuable under the Company's equity incentive plans and certain existing agreements. The Reverse Stock Split did not decrease the number of authorized shares of common stock or otherwise affect the par value of the common stock. No fractional shares were issued in connection with the Reverse Stock Split. Shareholders who would have otherwise been entitled to receive fractional shares were entitled to have their fractional shares rounded up to the next whole number share quantity. All shares of the Company's common stock, per-share data and related information included in the accompanying condensed consolidated financial statements and the accompanying notes have been retroactively adjusted as though the Reverse Stock Split had been effected prior to all periods presented.

Condensed Consolidated Financial Statements

The financial information included herein for the three and six months ended June 30, 2026 and 2025 is prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") and is unaudited. Such information reflects all adjustments, consisting of only normal recurring adjustments, that are, in the opinion of management, necessary for a fair presentation of our condensed consolidated financial statements for these interim periods. The financial information as of December 31, 2025 is derived from our audited consolidated financial statements and notes thereto for the fiscal year ended December 31, 2025, included in Item 8 of our Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 12, 2026 and should be read in conjunction with such consolidated financial statements.

The results of operations for the three and six months ended June 30, 2026 and 2025 are not necessarily indicative of the results expected for future periods or for the entire fiscal year ending December 31, 2026.

Significant Accounting Policies

There have been no material changes to our significant accounting policies disclosed in "Note 2: Summary of Significant Accounting Policies", of the Notes to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Recent Accounting Pronouncements

In October 2023, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2023-06, *Disclosure Improvements—Codification Amendments* ("ASU 2023-06") in Response to the SEC's Disclosure Update and Simplification Initiative. We are currently evaluating the impact of ASU 2023-06 on our consolidated financial statements and related disclosures and have not yet determined the effect of adoption, if any.

In December 2025, the FASB issued ASU No. 2025-11, Interim Reporting (Topic 270): *Narrow-Scope Improvements* ("ASU 2025-11"), which clarifies and enhances interim reporting disclosure requirements. ASU 2025-11 will become effective for us in the year ending December 31, 2027. We are currently evaluating the impact of ASU 2025-11 on our consolidated financial statements and related disclosures and have not yet determined the effect of adoption, if any.

In December 2023, the FASB issued ASU No. 2023-09, *Improvements To Income Tax Disclosures* ("ASU 2023-09"), which focuses on the rate reconciliation and income taxes paid. ASU No. 2023-09 requires public business entities to disclose, on an annual basis, specific categories in the effective tax rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. In addition, ASU No. 2023-09 requires companies to disclose further information about income taxes paid. The standard is effective for annual periods beginning after December 15, 2024, and may be applied prospectively or retrospectively. We adopted the ASU prospectively for the period ended December 31, 2025, adoption of the ASU has affected only our disclosures and does not impact our results of operations or financial condition.

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures* ("ASU 2024-03"), requiring disclosures of certain additional expense information on an annual and interim basis, including, among other items, the amounts of purchases of inventory, employee compensation, depreciation and intangible asset amortization included within each income statement expense caption, as applicable. ASU 2024-03 will become effective for us in the year ending December 31, 2027. We are evaluating the impact that the adoption of ASU 2024-03 will have on our financial position, results of operations and cash flows.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires us to make estimates and judgments that affect amounts reported in the financial statements and accompanying notes. As of June 30, 2026, our significant estimates and judgments include those related to revenue recognition, useful lives and recoverability of equipment and other long-lived assets, valuation of share-based payments, income taxes, litigation and other contingencies. As of June 30, 2025, we also considered valuation of excess and obsolete inventory and valuation of goodwill to require significant estimates and judgments. The actual results experienced could differ materially from our estimates.

Discontinued Operations

On December 20, 2025, our board of directors adopted resolutions by unanimous written consent directing the Company's management to take all necessary steps to complete the sale of PWSH, at which time all of the held-for-sale criteria of the businesses operated by PWSH (the Mobile and the Home & Enterprise businesses) were met. The results of operations of the PWSH businesses have been presented as discontinued operations, as the Sale represents a strategic shift that has had a major effect on our operations and financial results. Throughout this report, the condensed consolidated statement of operations for all periods presented has been adjusted to reflect the presentation of the PWSH businesses as discontinued operations, which we discuss further in "Note 2: Discontinued Operations". The Notes below relate only to our continuing operations unless otherwise noted.

NOTE 2: DISCONTINUED OPERATIONS

On January 6, 2026, the Company completed the sale of all of the shares of common stock of PWSH. The assets and liabilities of PWSH met the accounting criteria to be classified as held for sale and were aggregated and reported on separate lines of the Condensed Consolidated Balance Sheet as of December 31, 2025. Additionally, PWSH has been reported as a discontinued operation in the Condensed Consolidated Statements of Operations for all periods presented. During the three months ended March 31, 2026, the Sale resulted in net cash proceeds of $51,261 and an after-tax gain on the Sale of $85,153. The operating results and cash flows of PWSH were immaterial for the period from January 1, 2026 through the closing date of January 6, 2026.

The financial results of PWSH are presented as income (loss) from discontinued operations, net of income taxes on our condensed consolidated statement of operations for the three and six months ended June 30, 2025. The following table presents financial results of PWSH:

	Three Months Ended	Six Months Ended
	June 30, 2025	
Revenue, net	$ 8,091	$ 15,185
Cost of revenue	4,425	8,060
Operating expenses	8,456	16,920
Government subsidies received	801	814
Interest income and other, net	39	99
Loss before income taxes	(3,950)	(8,882)
Provision for income taxes	395	668
Net loss from discontinued operations	(4,345)	(9,550)
Net loss attributable to non-controlling interests and redeemable non-controlling interest	218	477
Net loss from discontinued operations attributable to Pixelworks, Inc.	$ (4,127)	$ (9,073)

The following table summarizes the carrying amounts of the major classes of assets and related liabilities classified as held for sale in discontinued operations:

	Year Ended December 31, 2025
Assets:	
Cash and cash equivalents	$ 6,824
Accounts receivable, net	4,481
Inventories	3,484
Prepaid expenses and other current assets	1,136
Property and equipment, net	3,530
Operating lease right-of-use assets	375
Other assets, net	185
Goodwill	18,407
Total current assets	38,422
Total long-term assets	—
Total assets	$ 38,422

	Year Ended December 31, 2025
Liabilities:	
Accounts payable	$ 720
Accrued liabilities and current portion of long-term liabilities	1,941
Short-term line of credit	2,145
Deposit liability	12,672
Current portion of income taxes payable	429
Operating lease liabilities, net of current portion	98
Total current liabilities	18,005
Total long-term liabilities	—
Total liabilities	$ 18,005

The following table presents significant non-cash items and capital expenditures of discontinued operations for the periods presented:

	Three Months Ended	Six Months Ended
	June 30, 2025	
Depreciation and amortization	$ 480	$ 1,196
Stock-based compensation	245	574
Purchases of property and equipment	(193)	(209)

Goodwill

Goodwill resulted from the acquisition of ViXS Systems, Inc. in 2017, whereby we recorded goodwill of $18,407 that was classified as an asset held for sale as of December 31, 2025. Following the Sale on January 6, 2026, goodwill is no longer classified as an asset of Pixelworks Inc.

NOTE 3: BALANCE SHEET COMPONENTS

Property and Equipment, Net

Property and equipment, net consists of the following:

	June 30, 2026	December 31, 2025
Gross property and equipment	$ 5,118	$ 6,235
Less: accumulated depreciation and amortization	(4,903)	(6,030)
Property and equipment, net	$ 215	$ 205

Accrued Liabilities and Current Portion of Long-Term Liabilities

Accrued liabilities and current portion of long-term liabilities consist of the following:

	June 30, 2026	December 31, 2025
Operating lease liabilities, current	$ 285	$ 441
Accrued payroll and related liabilities	254	608
Accrued costs related to restructuring	50	—
Other	368	923
Accrued liabilities and current portion of long-term liabilities	$ 957	$ 1,972

Shareholders' Equity

Our board of directors approved a share repurchase program on March 30, 2026, under which our Chief Executive Officer and Chief Financial Officer, or either of them, are authorized to direct the purchase of up to $5,000 of our common stock over a two-year period beginning May 15, 2026. The repurchased shares are recorded as part of treasury stock and are accounted for under the cost method. We repurchased 464 shares for $3,192 in the second quarter of 2026.

NOTE 4: FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Three levels of inputs may be used to measure fair value:

Level 1: Valuations based on quoted prices in active markets for identical assets and liabilities.

Level 2: Valuations based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Valuations based on unobservable inputs in which there is little or no market data available, which require the reporting entity to develop its own assumptions.

The following table presents information about our assets measured at fair value on a recurring basis in the condensed consolidated balance sheets as of June 30, 2026 and December 31, 2025:

	Level 1	Level 2	Level 3	Total
As of June 30, 2026:				
Assets:				
Cash equivalents:				
Money market funds	$ 51,501	$ —	$ —	$ 51,501
As of December 31, 2025:				
Assets:				
Cash equivalents:				
Money market funds	$ 9,276	$ —	$ —	$ 9,276

We primarily use the market approach to determine the fair value of our financial assets. The fair value of our current assets and liabilities, including accounts receivable and accounts payable approximates the carrying value due to the short-term nature of these balances. We have currently chosen not to elect the fair value option for any items that are not already required to be measured at fair value in accordance with U.S. GAAP.

NOTE 5: RESTRUCTURING

In the first quarter of 2026, we executed a restructuring plan to eliminate several positions that were no longer necessary after the Sale (the "2026 Plan"). The 2026 Plan included an approximately 43% reduction in workforce associated with our continuing operations, in the areas of operations, research and development, sales, marketing and administration.

Total restructuring expense included in our condensed consolidated statements of operations for the three and six month periods ended June 30, 2026 and 2025 is comprised of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Operating expenses — restructuring:				
Employee severance and benefits	$ 37	$ —	$ 1,967	$ —
Entity dissolution costs	57	—	122	—
	94	—	2,089	—
Total restructuring expense	$ 94	$ —	$ 2,089	$ —

The following is a roll forward of the accrued liabilities related to restructuring for the six month period ended June 30, 2026:

	Balance as of December 31, 2025	Expensed	Payments	Balance as of June 30, 2026
Employee severance and benefits	$ —	$ 1,967	$ (1,917)	$ 50
Entity dissolution costs	—	122	(122)	—
Total accrued costs related to restructuring	$ —	$ 2,089	$ (2,039)	$ 50

NOTE 6: LEASES

We determine if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (“ROU”) assets, accrued liabilities and current portion of long-term liabilities, and operating lease liabilities in our condensed consolidated balance sheets.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. Operating lease ROU assets also exclude lease incentives received. For purposes of calculating operating lease liabilities, lease terms may be deemed to include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

We have operating leases primarily for office buildings. Our leases have remaining lease terms of one year to two years. Supplemental information related to lease expense and valuation of the ROU assets and lease liabilities was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Operating lease cost:	$ 137	$ 146	$ 300	$ 293

	Six Months Ended June 30,	
	2026	2025
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 281	$ 236
Supplemental non-cash information related to lease liabilities arising from obtaining right-of-use assets	—	—
Weighted average remaining lease term (in years)	1.45	2.16
Weighted average discount rate	8.74 %	8.67 %

Future minimum lease payments under non-cancellable leases as of June 30, 2026 were as follows:

Operating Lease Payments	
Six months ending December 31, 2026	$ 170
Years ending December 31:	
2027	265
2028	49
Total operating lease payments	484
Less imputed interest	(34)
Total operating lease liabilities	$ 450

As of June 30, 2026, we had no operating lease liabilities that had not commenced.

NOTE 7: REVENUE

Revenue is recognized when control of the promised good or service is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. Our principal revenue generating activities consist of the following:

> ***Services*** - We enter into contracts for professional services to use our technology to produce TrueCut Motion versions of cinematic titles. We identify each performance obligation at contract inception. The professional services contract generally includes project deliverables specified by the customer and the performance obligations are generally combined into one deliverable, with the pricing for services stated at a fixed amount. Services provided under these agreements generally result in the transfer of control over time; therefore, we recognize revenue based on the proportion of labor hours expended to the total hours expected to complete the contract performance obligation.
>
> ***License Revenue*** - We enter into license agreements related to the distribution and display of TrueCut Motion content, and on occasion related to the use of our TrueCut Motion software by a customer or a third party. Fees under these agreements generally include license fees or royalty fees relating to our IP and support service fees. We evaluate each performance obligation, which generally results in the transfer of control at a point in time for the license fee and over time for support services.

The majority of revenue in 2025 and 2026 related to the category of services.

For segment information, including revenue by geographic region, see "Note 10: Segment Information".

Contract Balances

Our contract balances include accounts receivable and deferred revenue.

Payment terms and conditions for goods and services provided vary by contract; however, payment is generally required within 30 to 60 days of invoicing.

We have not identified any material costs incurred associated with obtaining a contract with a customer which would meet the criteria to be capitalized therefore, these costs are expensed as incurred.

The Company has elected the practical expedient of not accounting for significant financing components if the period between revenue recognition and when the customer pays for the product or service is one year or less. The aggregate amount of the transaction price allocated to unsatisfied performance obligations with an original expected duration of greater than one year is zero.

Contract assets and contract liabilities recorded on the condensed consolidated balance sheets related to continuing operations were immaterial as of June 30, 2026 and December 31, 2025.

NOTE 8: INCOME TAXES

The provision for income taxes during the 2026 and 2025 periods is primarily comprised of current and deferred tax expense in profitable cost-plus foreign jurisdictions, accruals for tax contingencies in foreign jurisdictions and benefits for the reversal of previously recorded foreign tax contingencies due to the expiration of the applicable statutes of limitation. We recorded a benefit for the reversal of previously recorded foreign tax contingencies of $87 and $261 during the first six months of 2026 and 2025, respectively.

As we do not believe that it is more likely than not that we will realize a benefit from our U.S. net deferred tax assets, including net operating losses, we continue to provide a full valuation allowance against essentially all of those assets, therefore, we do not incur significant domestic deferred income tax expense or benefit. In connection with the anticipated closure of our Taiwan subsidiary, we have recorded a valuation allowance against our Taiwan net deferred tax assets as of June 30, 2026. We have not recorded a valuation allowance against our other net deferred tax assets, as we believe that it is more likely than not that we will realize a benefit from those assets.

As of June 30, 2026 and December 31, 2025, the amount of our uncertain tax positions was a liability of $19 and $106, respectively, as well as a contra deferred tax asset of $1,361 and $1,320, respectively. A number of years may elapse before an uncertain tax position is resolved by settlement or statute of limitation. Settlement of any particular positions could require the use of cash. If the uncertain tax positions we have accrued for are sustained by the taxing authorities in our favor, the reduction of the liability will reduce our effective tax rate. We reasonably expect reductions in our unrecognized tax benefits and associated interest and penalties of approximately $19 within the next 12 months due to the expiration of statutes of limitations in foreign jurisdictions. We recognize interest and penalties related to the uncertain tax positions in income tax expense in our consolidated statements of operations.

NOTE 9: INCOME (LOSS) PER SHARE

The following table sets forth the computation of basic and diluted net income (loss) per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net loss from continuing operations	$ (2,796)	$ (2,580)	$ (7,365)	$ (5,395)
Net income (loss) from discontinued operations, net of income taxes	—	(4,345)	85,153	(9,550)
Net income (loss)	(2,796)	(6,925)	77,788	(14,945)
Less: Net loss attributable to redeemable non-controlling interest and non-controlling interest	—	218	—	477
Net income (loss) attributable to Pixelworks, Inc.	$ (2,796)	$ (6,707)	$ 77,788	$ (14,468)
Weighted average shares outstanding - basic	6,294	5,282	6,323	5,166
Dilutive effect of employee equity incentive plans	—	—	120	—
Diluted weighted average shares outstanding	6,294	5,282	6,443	5,166
Net loss from continuing operations per share - basic and diluted	$ (0.44)	$ (0.49)	$ (1.16)	$ (1.04)
Net income (loss) from discontinued operations per share:				
Basic	$ —	$ (0.82)	$ 13.47	$ (1.85)
Diluted	$ —	$ (0.82)	$ 13.22	$ (1.85)
Net income (loss) attributable to Pixelworks, Inc. per share:				
Basic	$ (0.44)	$ (1.27)	$ 12.30	$ (2.80)
Diluted	$ (0.44)	$ (1.27)	$ 12.07	$ (2.80)

Basic and diluted earnings (loss) per share was computed by dividing the net loss by the weighted-average number of common shares outstanding for the period. For the three and six months ended June 30, 2025, the numerator adjustments include an allocation of PWSH income to the non-controlling interests, the redeemable non-controlling interests and the employee owned entities. The equity interest associated with the employee-owned entities are considered participating securities at PWSH and will be allocated income, however, they are not required to fund losses, and therefore, no allocations of losses will be made to the employee owned entities in periods of loss at PWSH. All minority interests were derecognized in the Sale completed on January 6, 2026 and therefore no allocation of income has been made to non-controlling interests, redeemable non-controlling interests or employee owned entities for the three or six months ended June 30, 2026. Potentially dilutive common shares from employee equity incentive plans are determined by applying the treasury stock method to the assumed exercise of outstanding stock options, the assumed vesting of outstanding restricted stock units, and the assumed issuance of common stock under the employee stock purchase plan.

The following shares were excluded from the calculation of diluted net income (loss) per share as their effect would have been anti-dilutive:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Employee equity incentive plans	287	343	—	314

NOTE 10: SEGMENT INFORMATION

Following the Sale, we continue to operate in one segment consisting of licensing and services for content creation, remastering and video streaming, and display of cinematic video. We generate our revenue primarily from services provided for remastering content and from licensing. The chief operating decision maker, or CODM, is our CEO. The CODM assesses performance for the operating segment and decides how to allocate resources based on net income (loss) that is also reported on the Consolidated Statement of Operations.

The CODM regularly reviews the Consolidated Statements of Operations and a disaggregation of operating expenses, of which the significant expenses are related to employee base compensation. Employee base compensation included in operating expenses associated with continuing operations was $2,080 and $2,362 for the six months ended June 30, 2026 and June 30, 2025, respectively. Other segment items include restructuring, outside services, depreciation and amortization, accounting and legal fees, and other expenses. Other segment items included in operating expenses associated with continuing operations was $6,486 and $3,346 for the six months ended June 30, 2026 and June 30, 2025, respectively. The CODM does not regularly review segment assets to make decisions regarding the allocation of resources, and as such the Company has not included assets.

Geographic Information

Revenue attributable to continuing operations all originated in the geographic region of Australia. Substantially all of the Company’s long-lived assets are located in the United States.

Significant Customers

We had one customer that represented 10% or more of revenue in the three and six months ended June 30, 2026 and one customer that represented 10% or more of revenue in the three and six months ended June 30, 2025.

NOTE 11: RISKS AND UNCERTAINTIES

Risk of Technological Change

The markets in which we compete, or seek to compete, are subject to rapid technological change, frequent new product introductions, changing customer requirements for new products and features, and evolving industry standards. The introduction of new technologies and the emergence of new industry standards could render our products less desirable or obsolete, which could harm our business.

Concentrations of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist of cash equivalents and accounts receivable. We limit our exposure to credit risk associated with cash equivalent balances by holding our funds in high quality, highly liquid money market accounts. We limit our exposure to credit risk associated with accounts receivable by carefully evaluating creditworthiness before offering terms to customers.

NOTE 12: COMMITMENTS AND CONTINGENCIES

Indemnifications

Certain of our agreements include indemnification provisions for claims from third parties relating to our intellectual property. It is not possible for us to predict the maximum potential amount of future payments or indemnification costs under these or similar agreements due to the conditional nature of our obligations and the unique facts and circumstances involved in each particular agreement. We have not made any payments under these agreements in the past, and as of June 30, 2026, we have not incurred any material liabilities arising from these indemnification obligations. In the future, however, such obligations could materially impact our results of operations.

Legal Proceedings

We are subject to legal matters that arise from time to time in the ordinary course of our business. Although we currently believe that resolving such matters, individually or in the aggregate, will not have a material adverse effect on our financial position, our results of operations, or our cash flows, these matters are subject to inherent uncertainties and our view of these matters may change in the future.

NOTE 13: REDEEMABLE NON-CONTROLLING INTEREST AND EQUITY INTEREST OF PWSH SOLD TO EMPLOYEES

Redeemable Non-Controlling Interest ("RNCI")

On August 9, 2021, Pixelworks and PWSH entered into a capital increase agreement with certain private equity and strategic investors based in China (collectively, the “Investors”) and certain entities which collectively are owned by approximately 75% of the employees of PWSH and its subsidiaries (collectively, the “2021 ESOP” and together with the Investors, the “Capital Contributors”). Pursuant to the capital increase agreement, the Investors invested approximately $30,844 in exchange for a redeemable non-controlling equity interest of 10.45% of PWSH and the 2021 ESOP invested approximately $12,329 in exchange for a redeemable non-controlling equity interest representing 5.95% of PWSH (the “2021 ESOP Interests”).

Each Investor had the right to require PWSH to redeem its entire equity interest at the original purchase price plus 3% annual interest if PWSH did not consummate an initial public offering on the STAR Market (the "Listing") on or before June 30, 2024. Pursuant to this provision and as the RNCI was redeemable upon an event outside of the Company’s control based solely on passage of time, the RNCI is classified as temporary equity in the consolidated balance sheets. The RNCI was initially recorded at fair value, net of issuance costs, and subsequently remeasured to its redemption value. The Company elected to accrete changes in the redemption value from the issuance date through the earliest redemption date of June 30, 2024 using the interest method. In addition, as the RNCI is denominated in RMB, it is revalued to USD at each reporting period with changes in the carrying value attributable to foreign currency recorded in accumulated other comprehensive income in the consolidated balance sheets.

On March 24, 2022, Pixelworks and PWSH entered into a supplemental agreement to the capital increase agreement with the Capital Contributors, which removed the 3% annual interest previously provided in connection with the redemption option. In addition, the parties entered into a side letter, pursuant to which, in the event of a change in control of Pixelworks or PWSH, Pixelworks would ensure that the definitive agreement includes a post-closing repurchase covenant that requires the successor entity to repurchase, upon the request of a Capital Contributor, all of PWSH equity held by such Capital Contributor at the original purchase price plus a 20% premium. Following the execution of the supplemental agreement, the RNCI continued to be classified as temporary equity; however, it was no longer subject to accretion as the interest is removed. Until the Sale on January 6, 2026, the Company continued to measure the RNCI at an amount at least equal to its redemption value, which equaled its original purchase price, and to allocate profits to the RNCI based on its ownership in PWSH.

The change in RNCI for the six months ended June 30, 2026 are presented in the following table:

Carrying Value of RNCI as of January 1, 2026	$	28,600
Distributions to redeemable non-controlling interests		(28,600)
Carrying Value of RNCI as of June 30, 2026	$	—

Equity Interest of PWSH Sold to Employees

On December 21, 2022, Pixelworks and PWSH entered into another capital increase agreement with an entity owned by certain of the employees of PWSH (the “2022 ESOP,” and together with the 2021 ESOP, the “ESOP”). The 2022 ESOP invested approximately $1,407 in exchange for a redeemable non-controlling equity interest representing 0.54%, of PWSH (the “2022 ESOP Interests,” and together with the 2021 ESOP Interests, the “ESOP Interests”).

Each holder of ESOP Interests had the right to require PWSH to redeem its entire equity interest at the original purchase price plus 5% annual interest if PWSH did not consummate a Listing on or before December 31, 2024. The Supplemental Agreement did not remove or amend this provision. In addition, the December 2022 capital increase agreement provided that, in the event of a change in control of PWSH prior to the filing of its application for the Listing, each capital contributor would be entitled to a minimum return of 10% on its original purchase price, payable by Pixelworks in cash from the proceeds of such change in control following its closing.

Because the ESOP Interests are owned by employees of PWSH and its subsidiaries and employees are required to render service until either the Listing or repurchase date, the ESOP Interests are classified as a long-term deposit liability under ASC 718. The Company accretes the long-term deposit liability to its redemption value and records the periodic interests as compensation expense. As the ESOP Interests are denominated in RMB and considered a monetary liability under ASC 255, they are revalued to USD at each reporting period with changes in the carrying value attributable to foreign currency recorded as foreign currency gain or loss in consolidated statements of operations.

Support Agreement and Modification

In connection with the Sale, Pixelworks, PWSH and the Minority Shareholders, including the Investors, ESOP, and NCI holder (see "Note 14: Non-Controlling Interest"), entered into the Support Agreement on October 14, 2025. Pursuant to the Support Agreement and contingent upon the closing of the Sale, Pixelworks agreed to transfer to the Minority Shareholders shares of PWSH capital stock representing a total of approximately 29% of the total outstanding shares of PWSH immediately prior to the Sale. In exchange, the Minority Shareholders agreed to release Pixelworks from all existing rights, including the rights to receive a minimum 10% or 20% return in connection with a change of control of Pixelworks or PWSH, as described above. The contingent share transfer and right release is considered a modification to the redeemable non-controlling equity interest and NCI (see "Note 14: Non-Controlling Interest"), which reflects a negotiated settlement between Pixelworks and the Minority Shareholders in connection with the Sale. The additional shares to be transferred were intended to provide adequate compensation to the Minority Shareholders for the forfeiture of their existing contractual rights. Accordingly, the modification did not result in a material change to the fair value of RNCI or NCI (see "Note 14: Non-Controlling Interest"). See "Note 1 Basis of Presentation" and "Note 2: Discontinued Operations" for the details of the Sale. Upon the completion of the Sale, the RNCI, ESOP Interests and NCI (see "Note 14: Non-Controlling Interest") were derecognized as a result of the deconsolidation of PWSH.

NOTE 14: NON-CONTROLLING INTEREST

On August 15, 2022, Pixelworks and PWSH entered into an equity transfer agreement with certain private equity investors based in China. Pursuant to the equity transfer agreement, the Purchasers paid approximately $10,738, net of issuance costs, in exchange for a 2.74% equity interest in PWSH (the "August 2022 NCI"). In addition, as part of the capital increase agreement entered into on December 21, 2022, as described in "Note 13: Redeemable Non-Controlling Interest and Equity Interest of PWSH Sold to Employees," certain private equity investors paid approximately $14,596, net of issuance costs, in exchange for a 2.76%, equity interest in PWSH (the "December 2022 NCI," and together with the August 2022 NCI, the "NCI").

The equity transfer agreement provides a right consistent with that set forth in the December 2022 capital increase agreement, as described in "Note 13: Redeemable Non-Controlling Interest and Equity Interest of PWSH Sold to Employees," pursuant to which, in the event of a change in control of PWSH prior to the filing of its application for the Listing, each NCI holder would be entitled to a minimum return of 10% on its original purchase price, payable by Pixelworks in cash from the proceeds of such change in control following its closing.

The Company allocates profits and losses between common shareholders and NCI holders based on their relative ownership interests. In addition, as the NCI is denominated in RMB, it is revalued to USD at each reporting period with changes in the carrying value attributable to foreign currency recorded in accumulated other comprehensive income in the consolidated balance sheets.

See "Note 13: Redeemable Non-Controlling Interest and Equity Interest of PWSH Sold to Employees" for a discussion of the Support Agreement entered into among Pixelworks, PWSH and the Minority Shareholders in connection with the Sale. Upon the completion of the Sale, the RNCI, ESOP Interests and NCI were derecognized as a result of the deconsolidation of PWSH.

The change in NCI for the six months ended June 30, 2026 is presented in the following table:

Carrying Value of Permanent Equity NCI as of January 1, 2026	$	22,898
Distributions to non-controlling interests		(22,898)
Carrying Value of Permanent Equity NCI as of June 30, 2026	$	—

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

(In thousands, except per share data)

The following discussion and analysis of our financial condition and results of operations (“MD&A”) should be read in conjunction with our condensed consolidated financial statements and related notes included elsewhere in this document. In addition to historical information, the MD&A contains forward-looking statements that reflect our plans, estimates, and beliefs that involve significant risks and uncertainties. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to those differences include those discussed below and elsewhere in this Quarterly Report on Form 10-Q, particularly in “Risk Factors,” and “Note Regarding Forward-Looking Statements.”

Overview

Pixelworks, Inc. (the “Company” or “Pixelworks”) provides industry-leading content creation, video delivery and display processing solutions, and technology that enables highly authentic viewing experiences with superior visual quality across all screens, from cinema to smartphone and beyond. Pixelworks has been delivering image processing innovations to leading providers of consumer electronics, professional displays, and video streaming services for more than 20 years.

On January 6, 2026 (the “Closing Date”), the Company completed the previously announced sale (the “Sale”) of all of the shares of common stock of Pixelworks Semiconductor Technology (Shanghai) Co., Ltd. (“PWSH”) held by Pixelworks Semiconductor Technology Company, LLC, a wholly owned subsidiary of the Company (“Pixelworks LLC”), to Tiansui Xinyuan Technology (Shanghai) Co., Ltd. (the “Buyer”). The terms of the Sale were set forth in a Purchase Agreement dated as of October 15, 2025 (the “Purchase Agreement”), among the Company, PWSH, Pixelworks LLC, all other shareholders of PWSH except VeriSilicon Microelectronics (Shanghai) Co., Ltd. (each, a “Selling Shareholder"), and the Buyer. Each Selling Shareholder and VeriSilicon Microelectronics (Shanghai) Co., Ltd. (collectively, the “Minority Shareholders”) and Pixelworks LLC also entered into Support Agreements (the “Support Agreements”), and Pixelworks LLC, PWSH and each of the Minority Shareholders entered into a Termination and Release Agreement (the “Release Agreement”), in each case dated October 14, 2025. On the Closing Date: (i) Pixelworks LLC transferred to the Minority Shareholders shares of PWSH capital stock representing a total of approximately 29% of the total outstanding shares of PWSH capital stock; (ii) the Selling Shareholders sold and transferred all of their PWSH shares to the Buyer; (iii) Pixelworks LLC sold and transferred its remaining shares of PWSH capital stock, representing approximately 49% of the total outstanding shares of PWSH capital stock, to the Buyer; and (iv) the Buyer paid the Company approximately RMB 357,000, or approximately $51,000 in U.S. dollars, net of transaction costs and withholding taxes paid in China. The remaining transaction expenses incurred by the Company in connection with the Sale, not including compensation that has been paid to the Company’s executive officers and other employees, totaled approximately $1,000 in U.S. dollars. Additionally, approximately RMB 8,700, or approximately $1,200 in U.S. dollars, which was being held in an escrow account was released to the Company on March 31, 2026 due to the resolution of a tax matter in China.

The foregoing references to certain provisions of the Purchase Agreement, the Support Agreements and the Release Agreement are not complete and are subject to and qualified in their entirety by reference to the Purchase Agreement filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed with the SEC on October 15, 2025 (the “October 15 8-K”), the Amendment Agreement filed as Exhibit 10.2 to the October 15 8-K, and the form of Support Agreement, together with the form of Termination and Release Agreement attached to the form of Support Agreement as Exhibit A, filed as Exhibit 10.3 to the October 15 8-K.

As a result of the Sale, Pixelworks no longer operates a semiconductor business, which included the businesses that it previously described as “Mobile” (smartphone and tablet) and “Home & Enterprise” (projectors, personal video recorders, and over-the-air streaming devices). Following the Sale, the Company is focused on developing and licensing cinematic visualization solutions, including its flagship TrueCut Motion™ platform.

Pixelworks has one remaining subsidiary in China, Frame Shadow Technology (Shanghai) Co., Ltd. (formerly called Mucheng Huai Management Consulting (Shanghai) Co., Ltd), which is a research and development center for our TrueCut business.

Reverse Stock Split

On June 6, 2025, the Company effected a one-for-twelve reverse stock split of the Company’s common stock (the "Reverse Stock Split"). As a result of the Reverse Stock Split, every twelve shares of the Company's Common Stock issued or outstanding were automatically reclassified into one new share of common stock. Proportionate adjustments were also made to the exercise prices and the number of shares underlying the Company’s outstanding equity awards, as applicable, as well as to the number of shares issuable under the Company’s equity incentive plans and certain existing agreements. The Reverse Stock

Split did not decrease the number of authorized shares of common stock or otherwise affect the par value of the common stock. No fractional shares were issued in connection with the Reverse Stock Split. Shareholders who would have otherwise been entitled to receive fractional shares were entitled to have their fractional shares rounded up to the next whole number share quantity. All shares of the Company's common stock, per-share data and related information included in the accompanying consolidated financial statements have been retroactively adjusted as though the Reverse Stock Split had been effected prior to all periods presented.

Results of Operations

Except as noted otherwise, all results exclude discontinued operations.

Revenue, net

Net revenue for the three and six months ended June 30, 2026 and 2025, was as follows (dollars in thousands):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2026	2025	% Change	2026	2025	% Change
Revenue, net	$ 64	$ 159	(60)%	$ 510	$ 159	221 %

Revenue recorded in the three and six months ended June 30, 2026 and 2025 was related to the category of services.

Cost of revenue and gross profit

Cost of revenue and gross profit for the three and six months ended June 30, 2026 and 2025, were as follows (dollars in thousands):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2026	% of revenue	2025	% of revenue	2026	% of revenue	2025	% of revenue
Total cost of revenue	$ 25	39 %	$ 46	29 %	$ 218	43 %	$ 53	33 %
Gross profit	$ 39	61 %	$ 113	71 %	$ 292	57 %	$ 106	67 %

Cost of revenue recorded in the three and six months ended June 30, 2026 and 2025 was primarily related to remastering services performed in connection with the associated service revenue

Research and development

Research and development expense includes compensation and related costs for personnel, development-related expenses including fees for outside services, depreciation and amortization, expensed equipment, facilities and information technology expense allocations and travel and related expenses.

Research and development expense for the three and six months ended June 30, 2026 and 2025, was as follows (dollars in thousands):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2026	2025	% Change	2026	2025	% Change
Research and development	$ 1,195	$ 896	33 %	$ 2,160	$ 1,866	16 %

Research and development expense increased $299, or 33%, in the second quarter of 2026 compared to the second quarter of 2025 and increased $294, or 16%, in the first half of 2026 compared to the first half of 2025. The increases in the 2026 periods compared to the 2025 periods were primarily due to an increase in stock based compensation expense due to the timing of awards granted, an increase in compensation expense due to annual merit-based salary increases occurring in the first quarter of 2026 and a general increase in outside services expense.

Selling, general and administrative

Selling, general and administrative expense includes compensation and related costs for personnel, allocations for facilities and information technology expenses, travel, outside services and other general expenses incurred in our sales, marketing, management, legal and other professional and administrative support functions.

Selling, general and administrative expense for the three and six months ended June 30, 2026 and 2025, was as follows (dollars in thousands):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2026	2025	% Change	2026	2025	% Change
Selling, general and administrative	$ 2,114	$ 1,728	22 %	$ 4,317	$ 3,842	12 %

Selling, general and administrative expense increased $386, or 22%, in the second quarter of 2026 compared to the second quarter of 2025 and increased $475, or 12%, in the first half of 2026 compared to the first half of 2025. The increases in the 2026 periods compared to the 2025 periods were primarily due to an increase in stock based compensation expense due to the timing of awards granted, an increase in compensation expense due to annual merit-based salary increases occurring in the first quarter of 2026, an increase in professional services primarily associated with the sale of PWSH and a general increase in outside services expense.

Restructurings

In the first quarter of 2026, we executed a restructuring plan to eliminate several positions that would no longer be necessary after the Sale (the "2026 Plan"). The 2026 Plan included an approximately 43% reduction in workforce associated with our continuing operations, in the areas of operations, research and development, sales, marketing and administration.

Restructuring expense for the three and six month periods ended June 30, 2026 and 2025, was as follows (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Employee severance and benefits	$ 37	$ —	$ 1,967	$ —
Entity dissolution costs	57	—	122	—
Total restructuring expense	$ 94	$ —	$ 2,089	$ —
Included in operating expenses	$ 94	—	2,089	—

During the three months ended June 30, 2026, we recorded $94 in restructuring expense related to the 2026 Plan, which primarily consisted of costs associated with dissolving an entity that was no longer necessary after the Sale. During the three months ended June 30, 2025, we did not record any restructuring expense. During the six months ended June 30, 2026, we recorded $2,089 in restructuring expense related to the 2026 Plan, which primarily consisted of costs associated with employee severance and benefits. During the six months ended June 30, 2025, we did not record any restructuring expense. We do not expect to incur any additional restructuring charges related to the 2026 Plan.

Provision for income taxes

The provision for income taxes during the three and six month periods ended June 30, 2026 and 2025 is primarily composed of current and deferred tax expense in profitable cost-plus foreign jurisdictions, accruals for tax contingencies in foreign jurisdictions and benefits for the reversal of previously recorded foreign tax contingencies due to the expiration of the applicable statutes of limitation. We recorded a benefit for the reversal of previously recorded foreign tax contingencies of $87 and $261 during the first six months of 2026 and 2025, respectively.

Net income (loss) from discontinued operations (dollars in thousands):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2026	2025	% Change	2026	2025	% Change
Net income (loss) from discontinued operations, net of income taxes	$ —	$ (4,345)	(100)%	$ 85,153	$ (9,550)	(992)%

Net income (loss) from discontinued operations increased $4,345 in the second quarter of 2026 compared to the second quarter of 2025. The change was primarily driven by an $8,456 reduction in operating expenses, partially offset by a $3,666 decrease in gross profit.

Net income (loss) from discontinued operations increased $94,703 in the first half of 2026 compared to the first half of 2025. The increase was primarily driven by the $85,153 gain on the Sale compared to a loss of $9,550 in the 2025 period. The 2025 loss was largely due to $16,920 in operating expenses, partially offset by $7,125 in gross profit.

Liquidity and Capital Resources

Cash and cash equivalents

Total cash and cash equivalents increased approximately $41,645 to $52,888 at June 30, 2026 from $11,243 at December 31, 2025. The net increase during the first six months of 2026 was primarily the result of $51,261 in proceeds from the Sale, net of transaction costs, partially offset by $6,295 used in operating activities and $3,192 used to repurchase the Company's common stock.

As of June 30, 2026, our cash and cash equivalents balance consisted of $1,387 in cash and $51,501 in cash equivalents held in U.S. dollar denominated money market funds. Although we did not hold short- or long-term investments as of June 30, 2026, our investment policy as updated effective August 7, 2026, requires that our portfolio maintain a weighted average maturity of less than 12 months. Additionally, no maturities can extend beyond 24 months and concentrations with individual securities are limited. At the time of purchase, each investment must have a short-term credit rating under at least one of the Nationally Recognized Statistical Rating Organizations ("NRSROs") at or above a minimum threshold set forth in the investment policy. Our investment policy is reviewed at least annually by our Audit Committee.

Liquidity and capital resources

As of June 30, 2026, our cash and cash equivalents balance of $52,888 was highly liquid. We anticipate that our existing working capital will be adequate to fund our operating, investing and financing needs for at least the next twelve months. If our cash is insufficient to meet our needs, including in the longer term, we may seek to raise capital by pursuing financing arrangements, including the issuance of debt or equity securities, or reducing expenditures, or both, to meet our cash requirements. There is no assurance that, if required, we will be able to raise additional capital or reduce discretionary spending to provide the required liquidity which, in turn, may have an adverse effect on our financial position, results of operations and cash flows.

From time to time, we evaluate acquisitions of businesses, products or technologies that complement our business. Any transactions, if consummated, may consume a material portion of our working capital or require the issuance of equity securities that may result in dilution to existing shareholders. Our ability to generate cash from operations is also subject to substantial risks described in our Annual Report on Form 10-K for the year ended December 31, 2025, which was filed with the SEC on March 12, 2026. If any of these risks occur, we may be unable to generate or sustain positive cash flow from operating activities. We would then be required to use existing cash and cash equivalents to support our working capital and other cash requirements. If additional funds are required to support our working capital requirements, acquisitions or other purposes, we may seek to raise funds through debt financing, equity financing or from other sources. If we raise additional funds through the issuance of equity or convertible debt securities, the percentage ownership of our shareholders could be significantly diluted, and these newly-issued securities may have rights, preferences or privileges senior to those of existing shareholders. If we raise additional funds by obtaining loans from third parties, the terms of those financing arrangements may include negative covenants or other restrictions on our business that could impair our operating flexibility and would also require us to incur interest expense. We can provide no assurance that additional financing will be available at all or, if available, that we would be able to obtain additional financing on terms favorable to us.

Repurchase of common stock

Our board of directors approved a share repurchase program on March 30, 2026, under which our Chief Executive Officer and Chief Financial Officer, or either of them, are authorized to direct the purchase of up to $5,000 of our common stock over a two-year period beginning May 15, 2026. The repurchased shares are recorded as part of treasury stock and are accounted for under the cost method. We repurchased 464 shares for $3,192 in the second quarter of 2026.

Other than as set forth above, there were no material changes to our liquidity and capital resources during the six month period ended June 30, 2026 from those set forth in our Annual Report on Form 10-K for the year ended December 31, 2025.

Critical Accounting Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires us to make estimates and judgments that affect the amounts reported. As of June 30, 2026, our significant estimates and judgments include those related to revenue recognition, useful lives and recoverability of equipment and other long-lived assets, valuation of share-based payments, income taxes, litigation and other contingencies. As of June 30, 2025, we also considered valuation of excess and obsolete inventory and valuation of goodwill to require significant estimates and judgments. The actual results experienced could differ materially from our estimates.

There have been no material changes to these estimates, or the policies related to them during the six months ended June 30, 2026. For a full discussion of these estimates and policies, see “Critical Accounting Estimates” in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2025.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Based on management’s evaluation (with the participation of our Chief Executive Officer (our Principal Executive Officer) and Chief Financial Officer (our Principal Financial Officer)), our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, (the "Exchange Act")) to determine if they provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and is accumulated and communicated to management, including our Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, the Company’s disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including the Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. 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. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of the effectiveness of controls to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, the Company is engaged in legal proceedings in the ordinary course of business, none of which are currently considered to have a material impact on the Company's financial position or results of operations.

Item 1A. Risk Factors.

There have been no material changes in the risk factors that were included in our Annual Report on Form 10-K for the year ended December 31, 2025, which was filed with the SEC on March 12, 2026.

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

(c) The following table summarizes information related to stock repurchases during the quarter ended June 30, 2026.

(In thousands, except per share data)

Month	Total Number of Shares Repurchased	Average Price Paid Per Share (1)	Total Number of Shares Repurchased as Part of Publicly Announced Plan (2)	Approximate Dollar Value of Shares that May Yet Be Repurchased Under the Plan (2)
April 1 - April 30, 2026	—	$ —	—	$ 5,000
May 1 - May 31, 2026	170	6.96	170	3,819
June 1 - June 30, 2026	294	6.84	294	1,809
Total	464		464	

[1] Average price paid per share includes commissions paid to our broker and excludes excise taxes incurred on share repurchases.

[2] Our board of directors approved a share repurchase program on March 30, 2026, under which the Company's Chief Executive Officer and Chief Financial Officer, or either of them, are authorized to direct the purchase of up to $5,000 of the Company's common stock over a two-year period beginning May 15, 2026. As of June 30, 2026, the Company had repurchased 464 shares at an aggregate purchase price of $3,192.

Item 6. Exhibits.

31.1**	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).
31.2**	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).
32.1*	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).
32.2*	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).
101**	Inline XBRL Document Set for the financial statements and accompanying notes in Part I, Item 1, "Financial Statements (Unaudited)" of this Quarterly Report on Form 10-Q
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104**	Inline XBRL for the cover page of this Quarterly Report on Form 10-Q, included in the Exhibit 101 Inline XBRL Document Set

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* Exhibits 32.1 and 32.2 are being furnished and shall not be deemed to be "filed" under the Securities Act of 1933, as amended (the "Securities Act") or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of those sections, nor shall such exhibits be deemed to be incorporated by reference in any registration statement or other document filed under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filing, except to the extent specifically stated in such filing.

** Filed herewith.

SIGNATURE

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.

PIXELWORKS, INC.

Dated: August 11, 2026	/s/ Haley F. Aman
	Haley F. Aman *Chief Financial Officer,* *(Duly Authorized Officer and Principal Accounting and Principal Financial Officer)*

Exhibit 31.1

CERTIFICATION

I, Todd A. DeBonis, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date:	August 11, 2026	By:	/s/ Todd A. DeBonis
			Todd A. DeBonis
			President and Chief Executive Officer
			(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Haley F. Aman, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date:	August 11, 2026	By:	/s/ Haley F. Aman
			Haley F. Aman
			Chief Financial Officer
			(Principal Accounting and 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 Pixelworks, Inc. (the "Company") on Form 10-Q for the quarterly period ended June 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Todd A. DeBonis, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

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

By: /s/ Todd A. DeBonis

Todd A. DeBonis
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 11, 2026

Exhibit 32.2

**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 Pixelworks, Inc. (the “Company”) on Form 10-Q for the quarterly period ended June 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Haley F. Aman, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

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

By: /s/ Haley F. Aman

Haley F. Aman
Chief Financial Officer
(Principal Accounting and Financial Officer)

Date: August 11, 2026