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

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**FORM 10-Q**

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(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 1-12031



**UNIVERSAL DISPLAY CORPORATION**

(Exact name of registrant as specified in its charter)

Pennsylvania

(State or other jurisdiction of  
incorporation or organization)

23-2372688

(I.R.S. Employer  
Identification No.)

250 Phillips Boulevard, Ewing, New Jersey

(Address of principal executive offices)

08618

(Zip Code)

Registrant's telephone number, including area code: (609) 671-0980

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

Title of each class  
Common Stock, \$0.01 par value

Trading Symbol(s)  
OLED

Name of each exchange on which registered  
The Nasdaq Stock Market LLC

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

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

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

Large accelerated filer



Accelerated filer



Emerging growth company



Non-accelerated filer



Smaller reporting 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 account 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 ☒

As of July 27, 2026, the registrant had outstanding 45,966,835 shares of common stock.

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**PART I – FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**(UNAUDITED)**

*(in thousands, except share and per share data)*

|                                                                                                                                                                                                                          | <u>June 30, 2026</u> | <u>December 31, 2025</u> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------------------------|
| <b>ASSETS</b>                                                                                                                                                                                                            |                      |                          |
| <b>CURRENT ASSETS:</b>                                                                                                                                                                                                   |                      |                          |
| Cash and cash equivalents                                                                                                                                                                                                | \$ 120,563           | \$ 138,353               |
| Short-term investments                                                                                                                                                                                                   | 350,749              | 464,004                  |
| Accounts receivable                                                                                                                                                                                                      | 126,204              | 119,953                  |
| Inventory                                                                                                                                                                                                                | 249,646              | 240,912                  |
| Other current assets                                                                                                                                                                                                     | 94,597               | 123,836                  |
| Total current assets                                                                                                                                                                                                     | 941,759              | 1,087,058                |
| PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$204,594 and \$189,326                                                                                                                                       | 209,653              | 214,947                  |
| ACQUIRED TECHNOLOGY, net of accumulated amortization of \$230,990 and \$220,392                                                                                                                                          | 96,185               | 56,783                   |
| OTHER INTANGIBLE ASSETS, net of accumulated amortization of \$13,979 and \$13,269                                                                                                                                        | 3,309                | 4,019                    |
| GOODWILL                                                                                                                                                                                                                 | 15,535               | 15,535                   |
| INVESTMENTS                                                                                                                                                                                                              | 411,120              | 377,034                  |
| DEFERRED INCOME TAXES                                                                                                                                                                                                    | 79,793               | 79,454                   |
| OTHER ASSETS                                                                                                                                                                                                             | 130,377              | 128,932                  |
| <b>TOTAL ASSETS</b>                                                                                                                                                                                                      | <b>\$ 1,887,731</b>  | <b>\$ 1,963,762</b>      |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                                                                                                                                                                              |                      |                          |
| <b>CURRENT LIABILITIES:</b>                                                                                                                                                                                              |                      |                          |
| Accounts payable                                                                                                                                                                                                         | \$ 18,604            | \$ 23,344                |
| Accrued expenses                                                                                                                                                                                                         | 39,817               | 52,564                   |
| Deferred revenue                                                                                                                                                                                                         | 40,823               | 21,011                   |
| Other current liabilities                                                                                                                                                                                                | 11,576               | 11,094                   |
| Total current liabilities                                                                                                                                                                                                | 110,820              | 108,013                  |
| DEFERRED REVENUE                                                                                                                                                                                                         | 2,023                | 1,943                    |
| RETIREMENT PLAN BENEFIT LIABILITY                                                                                                                                                                                        | 57,166               | 56,541                   |
| OTHER LIABILITIES                                                                                                                                                                                                        | 33,757               | 36,246                   |
| Total liabilities                                                                                                                                                                                                        | 203,766              | 202,743                  |
| <b>COMMITMENTS AND CONTINGENCIES (Note 18)</b>                                                                                                                                                                           |                      |                          |
| <b>SHAREHOLDERS' EQUITY:</b>                                                                                                                                                                                             |                      |                          |
| Preferred Stock, par value \$0.01 per share, 5,000,000 shares authorized, 200,000 shares of Series A Nonconvertible Preferred Stock issued and outstanding (liquidation value of \$7.50 per share or \$1,500)            | 2                    | 2                        |
| Common Stock, par value \$0.01 per share, 200,000,000 shares authorized, 49,051,750 and 48,916,606 shares issued, and 46,231,008 and 47,259,748 shares outstanding, at June 30, 2026 and December 31, 2025, respectively | 491                  | 489                      |
| Additional paid-in capital                                                                                                                                                                                               | 750,717              | 744,692                  |
| Retained earnings                                                                                                                                                                                                        | 1,128,497            | 1,090,479                |
| Accumulated other comprehensive (loss) income                                                                                                                                                                            | (5,200)              | 781                      |
| Treasury stock, at cost (2,820,742 and 1,656,858 shares at June 30, 2026 and December 31, 2025)                                                                                                                          | (190,542)            | (75,424)                 |
| Total shareholders' equity                                                                                                                                                                                               | 1,683,965            | 1,761,019                |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>                                                                                                                                                                        | <b>\$ 1,887,731</b>  | <b>\$ 1,963,762</b>      |

*The accompanying notes are an integral part of these Consolidated Financial Statements.*

**UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**(UNAUDITED)**

*(in thousands, except share and per share data)*

|                                                                 | <b>Three Months Ended June 30,</b> |                  | <b>Six Months Ended June 30,</b> |                   |
|-----------------------------------------------------------------|------------------------------------|------------------|----------------------------------|-------------------|
|                                                                 | <b>2026</b>                        | <b>2025</b>      | <b>2026</b>                      | <b>2025</b>       |
| <b>REVENUE:</b>                                                 |                                    |                  |                                  |                   |
| Material sales                                                  | \$ 66,191                          | \$ 88,650        | \$ 149,940                       | \$ 174,805        |
| Royalty and license fees                                        | 81,212                             | 75,667           | 135,422                          | 149,236           |
| Contract research services                                      | 4,754                              | 7,477            | 9,006                            | 14,030            |
| Total revenue                                                   | 152,157                            | 171,794          | 294,368                          | 338,071           |
| <b>COST OF SALES</b>                                            | 36,790                             | 39,203           | 72,911                           | 77,337            |
| Gross margin                                                    | 115,367                            | 132,591          | 221,457                          | 260,734           |
| <b>OPERATING EXPENSES:</b>                                      |                                    |                  |                                  |                   |
| Research and development                                        | 34,974                             | 36,358           | 70,220                           | 71,258            |
| Selling, general and administrative                             | 18,565                             | 20,440           | 38,597                           | 37,454            |
| Amortization of acquired technology and other intangible assets | 5,719                              | 4,548            | 11,307                           | 9,093             |
| Patent costs                                                    | 2,356                              | 2,588            | 4,725                            | 4,494             |
| Royalty and license expense                                     | 105                                | 117              | 209                              | 231               |
| Total operating expenses                                        | 61,719                             | 64,051           | 125,058                          | 122,530           |
| <b>OPERATING INCOME</b>                                         | 53,648                             | 68,540           | 96,399                           | 138,204           |
| Interest income, net                                            | 8,477                              | 9,763            | 17,192                           | 19,837            |
| Other (loss) income, net                                        | (1,121)                            | 5,575            | (7,294)                          | 5,953             |
| Interest and other income, net                                  | 7,356                              | 15,338           | 9,898                            | 25,790            |
| <b>INCOME BEFORE INCOME TAXES</b>                               | 61,004                             | 83,878           | 106,297                          | 163,994           |
| <b>INCOME TAX EXPENSE</b>                                       | (11,583)                           | (16,614)         | (20,980)                         | (32,286)          |
| <b>NET INCOME</b>                                               | <u>\$ 49,421</u>                   | <u>\$ 67,264</u> | <u>\$ 85,317</u>                 | <u>\$ 131,708</u> |
| <b>NET INCOME PER COMMON SHARE:</b>                             |                                    |                  |                                  |                   |
| BASIC                                                           | \$ 1.06                            | \$ 1.41          | \$ 1.82                          | \$ 2.77           |
| DILUTED                                                         | \$ 1.06                            | \$ 1.41          | \$ 1.82                          | \$ 2.76           |
| <b>WEIGHTED AVERAGE SHARES USED IN COMPUTING</b>                |                                    |                  |                                  |                   |
| <b>NET INCOME PER COMMON SHARE:</b>                             |                                    |                  |                                  |                   |
| BASIC                                                           | 46,653,464                         | 47,593,660       | 46,822,359                       | 47,580,549        |
| DILUTED                                                         | 46,682,123                         | 47,674,886       | 46,900,488                       | 47,684,351        |
| <b>CASH DIVIDENDS DECLARED PER COMMON SHARE</b>                 | \$ 0.50                            | \$ 0.45          | \$ 1.00                          | \$ 0.90           |

*The accompanying notes are an integral part of these Consolidated Financial Statements.*

**UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(UNAUDITED)**  
*(in thousands)*

|                                                                                                                                                          | <b>Three Months Ended June 30,</b> |                  | <b>Six Months Ended June 30,</b> |                   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|------------------|----------------------------------|-------------------|
|                                                                                                                                                          | <b>2026</b>                        | <b>2025</b>      | <b>2026</b>                      | <b>2025</b>       |
| NET INCOME                                                                                                                                               | <u>\$ 49,421</u>                   | <u>\$ 67,264</u> | <u>\$ 85,317</u>                 | <u>\$ 131,708</u> |
| OTHER COMPREHENSIVE (LOSS) INCOME, NET OF TAX:                                                                                                           |                                    |                  |                                  |                   |
| Unrealized (loss) gain on available-for-sale debt securities                                                                                             | (2,646)                            | (319)            | (5,983)                          | 1,001             |
| Amortization of prior service cost for retirement plan included in net periodic pension costs, net of tax of (\$1), (\$1), (\$2) and (\$2), respectively | 5                                  | 5                | 9                                | 9                 |
| Change in cumulative foreign currency translation adjustment                                                                                             | 8                                  | 173              | (7)                              | 198               |
| TOTAL OTHER COMPREHENSIVE (LOSS) INCOME                                                                                                                  | <u>(2,633)</u>                     | <u>(141)</u>     | <u>(5,981)</u>                   | <u>1,208</u>      |
| COMPREHENSIVE INCOME                                                                                                                                     | <u>\$ 46,788</u>                   | <u>\$ 67,123</u> | <u>\$ 79,336</u>                 | <u>\$ 132,916</u> |

*The accompanying notes are an integral part of these Consolidated Financial Statements.*

**UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
**(UNAUDITED)**

*(in thousands, except for share data)*

| Three Months Ended June 30, 2026                                  |                 |        |              |        |                                  |                      |                                                        |                |              |                                  |
|-------------------------------------------------------------------|-----------------|--------|--------------|--------|----------------------------------|----------------------|--------------------------------------------------------|----------------|--------------|----------------------------------|
|                                                                   | Preferred Stock |        | Common Stock |        | Additional<br>Paid-in<br>Capital | Retained<br>Earnings | Accumulated<br>Other<br>Comprehensive<br>Income (Loss) | Treasury Stock |              | Total<br>Shareholders'<br>Equity |
|                                                                   | Shares          | Amount | Shares       | Amount |                                  |                      |                                                        | Shares         | Amount       |                                  |
| BALANCE, MARCH 31, 2026                                           | 200,000         | \$ 2   | 49,039,974   | \$ 490 | \$ 745,385                       | \$ 1,102,489         | \$ (2,567)                                             | 2,289,531      | \$ (141,819) | \$ 1,703,980                     |
| Net income                                                        | —               | —      | —            | —      | —                                | 49,421               | —                                                      | —              | —            | 49,421                           |
| Other comprehensive loss                                          | —               | —      | —            | —      | —                                | —                    | (2,633)                                                | —              | —            | (2,633)                          |
| Common stock repurchased, inclusive of excise tax                 | —               | —      | —            | —      | —                                | —                    | —                                                      | 531,211        | (48,723)     | (48,723)                         |
| Cash dividends declared                                           | —               | —      | —            | —      | —                                | (23,413)             | —                                                      | —              | —            | (23,413)                         |
| Stock-based compensation and ESPP activity, net of taxes withheld | —               | —      | 11,776       | 1      | 5,332                            | —                    | —                                                      | —              | —            | 5,333                            |
| BALANCE, JUNE 30, 2026                                            | 200,000         | \$ 2   | 49,051,750   | \$ 491 | \$ 750,717                       | \$ 1,128,497         | \$ (5,200)                                             | 2,820,742      | \$ (190,542) | \$ 1,683,965                     |

  

| Six Months Ended June 30, 2026                                    |                 |        |              |        |                                  |                      |                                                        |                |              |                                  |
|-------------------------------------------------------------------|-----------------|--------|--------------|--------|----------------------------------|----------------------|--------------------------------------------------------|----------------|--------------|----------------------------------|
|                                                                   | Preferred Stock |        | Common Stock |        | Additional<br>Paid-in<br>Capital | Retained<br>Earnings | Accumulated<br>Other<br>Comprehensive<br>(Loss) Income | Treasury Stock |              | Total<br>Shareholders'<br>Equity |
|                                                                   | Shares          | Amount | Shares       | Amount |                                  |                      |                                                        | Shares         | Amount       |                                  |
| BALANCE, DECEMBER 31, 2025                                        | 200,000         | \$ 2   | 48,916,606   | \$ 489 | \$ 744,692                       | \$ 1,090,479         | \$ 781                                                 | 1,656,858      | \$ (75,424)  | \$ 1,761,019                     |
| Net income                                                        | —               | —      | —            | —      | —                                | 85,317               | —                                                      | —              | —            | 85,317                           |
| Other comprehensive loss                                          | —               | —      | —            | —      | —                                | —                    | (5,981)                                                | —              | —            | (5,981)                          |
| Common stock repurchased, inclusive of excise tax                 | —               | —      | —            | —      | —                                | —                    | —                                                      | 1,163,884      | (115,118)    | (115,118)                        |
| Cash dividends declared                                           | —               | —      | —            | —      | —                                | (47,299)             | —                                                      | —              | —            | (47,299)                         |
| Stock-based compensation and ESPP activity, net of taxes withheld | —               | —      | 135,144      | 2      | 6,025                            | —                    | —                                                      | —              | —            | 6,027                            |
| BALANCE, JUNE 30, 2026                                            | 200,000         | \$ 2   | 49,051,750   | \$ 491 | \$ 750,717                       | \$ 1,128,497         | \$ (5,200)                                             | 2,820,742      | \$ (190,542) | \$ 1,683,965                     |

*The accompanying notes are an integral part of these Consolidated Financial Statements.*

**UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
**(UNAUDITED)**

*(in thousands, except for share data)*

| Three Months Ended June 30, 2025                                  |                 |             |                   |               |                                  |                      |                                                        |                  |                    |                                  |
|-------------------------------------------------------------------|-----------------|-------------|-------------------|---------------|----------------------------------|----------------------|--------------------------------------------------------|------------------|--------------------|----------------------------------|
|                                                                   | Preferred Stock |             | Common Stock      |               | Additional<br>Paid-in<br>Capital | Retained<br>Earnings | Accumulated<br>Other<br>Comprehensive<br>Income (Loss) | Treasury Stock   |                    | Total<br>Shareholders'<br>Equity |
|                                                                   | Shares          | Amount      | Shares            | Amount        |                                  |                      |                                                        | Shares           | Amount             |                                  |
| BALANCE, MARCH 31, 2025                                           | 200,000         | \$ 2        | 48,937,424        | \$ 489        | \$ 722,275                       | \$ 977,556           | \$ 294                                                 | 1,365,648        | \$ (41,284)        | \$ 1,659,332                     |
| Net income                                                        | —               | —           | —                 | —             | —                                | 67,264               | —                                                      | —                | —                  | 67,264                           |
| Other comprehensive loss                                          | —               | —           | —                 | —             | —                                | —                    | (141)                                                  | —                | —                  | (141)                            |
| Cash dividends declared                                           | —               | —           | —                 | —             | —                                | (21,636)             | —                                                      | —                | —                  | (21,636)                         |
| Stock-based compensation and ESPP activity, net of taxes withheld | —               | —           | (37,705)          | —             | 9,793                            | —                    | —                                                      | —                | —                  | 9,793                            |
| BALANCE, JUNE 30, 2025                                            | <u>200,000</u>  | <u>\$ 2</u> | <u>48,899,719</u> | <u>\$ 489</u> | <u>\$ 732,068</u>                | <u>\$ 1,023,184</u>  | <u>\$ 153</u>                                          | <u>1,365,648</u> | <u>\$ (41,284)</u> | <u>\$ 1,714,612</u>              |

  

| Six Months Ended June 30, 2025                                    |                 |             |                   |               |                                  |                      |                                                        |                  |                    |                                  |
|-------------------------------------------------------------------|-----------------|-------------|-------------------|---------------|----------------------------------|----------------------|--------------------------------------------------------|------------------|--------------------|----------------------------------|
|                                                                   | Preferred Stock |             | Common Stock      |               | Additional<br>Paid-in<br>Capital | Retained<br>Earnings | Accumulated<br>Other<br>Comprehensive<br>(Loss) Income | Treasury Stock   |                    | Total<br>Shareholders'<br>Equity |
|                                                                   | Shares          | Amount      | Shares            | Amount        |                                  |                      |                                                        | Shares           | Amount             |                                  |
| BALANCE, DECEMBER 31, 2024                                        | 200,000         | \$ 2        | 48,834,541        | \$ 488        | \$ 723,719                       | \$ 934,655           | \$ (1,055)                                             | 1,365,648        | \$ (41,284)        | \$ 1,616,525                     |
| Net income                                                        | —               | —           | —                 | —             | —                                | 131,708              | —                                                      | —                | —                  | 131,708                          |
| Other comprehensive income                                        | —               | —           | —                 | —             | —                                | —                    | 1,208                                                  | —                | —                  | 1,208                            |
| Cash dividends declared                                           | —               | —           | —                 | —             | —                                | (43,179)             | —                                                      | —                | —                  | (43,179)                         |
| Stock-based compensation and ESPP activity, net of taxes withheld | —               | —           | 65,178            | 1             | 8,349                            | —                    | —                                                      | —                | —                  | 8,350                            |
| BALANCE, JUNE 30, 2025                                            | <u>200,000</u>  | <u>\$ 2</u> | <u>48,899,719</u> | <u>\$ 489</u> | <u>\$ 732,068</u>                | <u>\$ 1,023,184</u>  | <u>\$ 153</u>                                          | <u>1,365,648</u> | <u>\$ (41,284)</u> | <u>\$ 1,714,612</u>              |

*The accompanying notes are an integral part of these Consolidated Financial Statements.*

**UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**  
*(in thousands)*

|                                                                                                                              | <b>Six Months Ended June 30,</b> |                         |
|------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-------------------------|
|                                                                                                                              | <b>2026</b>                      | <b>2025</b>             |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                                                                 |                                  |                         |
| Net income                                                                                                                   | \$ 85,317                        | \$ 131,708              |
| Adjustments to reconcile net income to net cash provided by operating activities:                                            |                                  |                         |
| Depreciation                                                                                                                 | 15,366                           | 13,402                  |
| Amortization of intangibles                                                                                                  | 11,307                           | 9,093                   |
| Investment losses (gains), net                                                                                               | 2,588                            | (2,496)                 |
| Impairment of minority investments                                                                                           | 415                              | —                       |
| Stock-based compensation                                                                                                     | 12,464                           | 16,419                  |
| Deferred income tax benefit                                                                                                  | (342)                            | (4,592)                 |
| Retirement plan expense, net of benefit payments                                                                             | 637                              | 847                     |
| Decrease (increase) in assets:                                                                                               |                                  |                         |
| Accounts receivable                                                                                                          | (6,251)                          | (33,395)                |
| Inventory                                                                                                                    | (8,734)                          | (25,261)                |
| Other current assets                                                                                                         | 19,239                           | (19,777)                |
| Other assets                                                                                                                 | (1,445)                          | (8,232)                 |
| Increase (decrease) in liabilities:                                                                                          |                                  |                         |
| Accounts payable and accrued expenses                                                                                        | (14,031)                         | 4,632                   |
| Other current liabilities                                                                                                    | (147)                            | (3,153)                 |
| Deferred revenue                                                                                                             | 19,892                           | 4,618                   |
| Other liabilities                                                                                                            | (2,420)                          | (1,315)                 |
| Net cash provided by operating activities                                                                                    | <u>133,855</u>                   | <u>82,498</u>           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                                                                 |                                  |                         |
| Purchases of property and equipment                                                                                          | (13,237)                         | (27,536)                |
| Purchase of intangibles                                                                                                      | (40,000)                         | —                       |
| Purchases of investments                                                                                                     | (194,296)                        | (191,951)               |
| Proceeds from sale and maturity of investments                                                                               | 264,483                          | 185,000                 |
| Net cash provided by (used in) investing activities                                                                          | <u>16,950</u>                    | <u>(34,487)</u>         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                                                                                 |                                  |                         |
| Proceeds from issuance of common stock                                                                                       | 1,041                            | 1,074                   |
| Repurchases of common stock, inclusive of excise tax                                                                         | (115,218)                        | —                       |
| Payment of withholding taxes related to stock-based compensation to employees                                                | (7,779)                          | (9,442)                 |
| Cash dividends paid                                                                                                          | (46,639)                         | (42,819)                |
| Net cash used in financing activities                                                                                        | <u>(168,595)</u>                 | <u>(51,187)</u>         |
| <b>DECREASE IN CASH AND CASH EQUIVALENTS</b>                                                                                 | <u>(17,790)</u>                  | <u>(3,176)</u>          |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>                                                                        | <u>138,353</u>                   | <u>98,980</u>           |
| <b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>                                                                              | <u><u>\$ 120,563</u></u>         | <u><u>\$ 95,804</u></u> |
| <b>SUPPLEMENTAL DISCLOSURES:</b>                                                                                             |                                  |                         |
| Unrealized (loss) gain on available-for-sale securities                                                                      | \$ (5,979)                       | \$ 1,001                |
| Common stock issued to Board of Directors and Scientific Advisory Board that was earned and accrued for in a previous period | 300                              | 300                     |
| Net change in accrued dividends included in other current liabilities and other liabilities                                  | 660                              | 360                     |
| Net change in repurchases of common stock, inclusive of excise tax, included in other current liabilities                    | (100)                            | —                       |
| Net change in accounts payable and accrued expenses related to purchases of property and equipment                           | 3,165                            | 4,242                   |
| Cash refunded (paid) for income taxes, net                                                                                   | 8,649                            | (45,616)                |

*The accompanying notes are an integral part of these Consolidated Financial Statements.*



**UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

**1. BUSINESS:**

Universal Display Corporation and its subsidiaries (the Company) is a leader in the research, development and commercialization of organic light emitting diode (OLED) technologies and materials for use in display and solid-state lighting applications. OLEDs are thin, lightweight and power-efficient solid-state devices that emit light and can be manufactured on both flexible and rigid substrates, making them highly suitable for use in full-color displays and as lighting products. OLED displays are capturing a growing share of the display market, especially in the mobile phone, television, monitor, wearable, tablet, notebook and personal computer, augmented reality (AR), virtual reality (VR) and automotive markets. The Company believes this is because OLEDs offer potential advantages over competing display technologies with respect to power efficiency, contrast ratio, viewing angle, video response time, form factor and manufacturing cost. The Company also believes that OLED lighting products have the potential to replace many existing light sources in the future because of their high-power efficiency, excellent color rendering index, low operating temperature and novel form factor. The Company's technology leadership, intellectual property position, and more than 20 years of experience working closely with leading OLED display manufacturers are some of the competitive advantages that should enable the Company to continue to share in the revenues from OLED displays and lighting products as they continue to gain wider adoption.

The Company's primary business strategy is to (1) develop new OLED materials and sell existing and new materials to product manufacturers of products for display applications, such as mobile phones, televisions, monitors, wearables, tablets, portable media devices, notebook computers, personal computers, automotive applications, and specialty lighting products; and (2) further develop and either license or otherwise commercialize the Company's proprietary OLED material, device design and manufacturing technologies to those manufacturers. The Company has established a significant portfolio of proprietary OLED technologies and materials, primarily through internal research and development efforts and acquisitions of patents and patent applications, as well as maintaining long-standing, and establishing new relationships with world-class universities, research institutions and strategic manufacturing partnerships. The Company currently owns, exclusively licenses or has the sole right to sublicense more than 7,000 patents issued and pending worldwide.

The Company manufactures and sells its proprietary OLED materials to customers for evaluation and use in commercial OLED products. The Company also enters into agreements with manufacturers of OLED display and lighting products under which it grants them licenses to practice under the Company's patents and to use the Company's proprietary know-how. At the same time, the Company works with these and other companies that are evaluating the Company's OLED material, device design and manufacturing technologies for possible use in commercial OLED display and lighting products.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

***Interim Financial Information***

In the opinion of management, the accompanying unaudited Consolidated Financial Statements have been prepared in accordance with the requirements of the Securities and Exchange Commission for interim financial reporting and contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the Company's financial position as of June 30, 2026, results of operations for the three and six months ended June 30, 2026 and 2025 and cash flows for the six months ended June 30, 2026 and 2025. While management believes that the disclosures presented are adequate to make the information not misleading, these unaudited Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and the notes thereto in the Company's latest year-end Consolidated Financial Statements, which are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025. The results of the Company's operations for any interim period are not necessarily indicative of the results of operations for any other interim period or for the full year.

***Principles of Consolidation***

The Consolidated Financial Statements include the accounts of Universal Display Corporation and its wholly owned subsidiaries, UDC, Inc., UDC Ireland Limited (UDC Ireland), Universal Display Corporation Hong Kong, Limited, Universal Display Corporation Korea, Y.H. (UDC Korea), Universal Display Corporation Japan GK, Universal Display Corporation China, Ltd., Adesis, Inc. (Adesis), UDC Ventures LLC, OVJP Corporation (OVJP Corp), OLED Material Manufacturing Limited (OMM), Universal Vapor Jet Corporation Pte. Ltd. (UVJC) and UDC Chengdu OLED Technology, Ltd. (UDC Chengdu). All intercompany transactions and accounts have been eliminated.

### ***Segment Information***

The Company has one reportable business segment, namely OLED technologies and materials. The Company also performs contract development and manufacturing support services through its subsidiary, Adesis. However, the Company's Chief Operating Decision Maker (CODM) reviews financial operating results for the Company on a combined basis only, with the exception of revenue, for the purposes of resource allocation decisions. Combined entity-level results are deemed sufficient for the assessment of the Company's operating performance. As a result, Adesis is not considered a reportable business segment and its operations are contained in the OLED technologies and materials segment. Factors that went into this determination included examining the nature and significance of the various business activities the Company engages in and the availability of discrete data for those business activities.

The Company's CODM is its President and Chief Executive Officer. The President and Chief Executive Officer is the highest level of management responsible for the allocation of the Company's resources and acts as the "assessor of the financial performance" of the Company. In a review of the financial decision making process, it was determined that the CODM primarily utilizes information consistent with that already incorporated in the existing consolidated financial statements. These measures include revenue, operating expenses, net income and assets. As such, the Consolidated Financial Statements presentation is consistent with how the Company's CODM evaluates the results of operations and formulates strategic decisions about the business.

### ***Management's Use of Estimates***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates made are principally in the areas of revenue recognition including estimates of material unit sales and royalties, the useful life of property and equipment and acquired intangibles, lease liabilities, right-of-use assets, the use and recoverability of inventories, intangibles, investments and income taxes including realization of deferred tax assets, stock-based compensation and retirement benefit plan liabilities. Actual results could differ from those estimates.

### ***Inventories***

Inventories consist of raw materials, work-in-process and finished goods, and are stated at the lower of cost, determined on a first-in, first-out basis, or net realizable value. Inventory valuation and firm committed purchase order assessments are performed on a quarterly basis and those items that are identified to be obsolete or in excess of forecasted usage are written down to their estimated realizable value. Estimates of realizable value are based upon management's analyses and assumptions, including, but not limited to, forecasted sales levels by product, expected product lifecycle, product development plans and future demand requirements. A 12-month rolling forecast based on factors, including, but not limited to, production cycles, anticipated product orders, marketing forecasts, backlog, and shipment activities is used in the inventory analysis. If market conditions are less favorable than forecasts or actual demand from customers is lower than estimates, additional inventory write-downs may be required. If demand is higher than expected, inventories that had previously been written down may be sold.

### ***Fair Value of Financial Instruments***

The carrying values of accounts receivable, other current assets, accounts payable and other current liabilities approximate fair value in the accompanying Consolidated Financial Statements due to the short-term nature of those instruments. The Company's other financial instruments, which include cash equivalents and investments (excluding minority equity investments) are carried at fair value.

### ***Minority Equity Investments***

The Company accounts for minority equity investments in companies that are not accounted for under the equity method as equity securities without readily determinable fair values. The value of these securities is based on original cost less impairments, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investment in the same issuer. Under this method, the share of income or loss of such companies is not included in the Consolidated Statements of Income. The carrying value of these investments is included in investments on the Consolidated Balance Sheets.

The Company's policy is to recognize an impairment in the value of its minority equity investments when evidence of an impairment exists. Factors considered in the assessment include a significant adverse change in the regulatory, economic, or technological environment, the completion of new equity financing that may indicate a decrease in value, the failure to complete new equity financing arrangements after seeking to raise additional funds, or the commencement of proceedings under which the assets of the business may be placed in receivership or liquidated to satisfy the claims of debt and equity stakeholders. The impairment in the value of minority equity investments is included in the other (loss) income, net line item on the Consolidated Statements of Income.

### ***Leases***

The Company is a lessee in operating leases primarily incurred to facilitate manufacturing, research and development, and selling, general and administrative activities. At contract inception, the Company determines if an arrangement is or contains a lease, and if so recognizes a right-of-use asset and lease liability at the lease commencement date. For operating leases, the lease liability is measured at the present value of the unpaid lease payments at the lease commencement date, whereas for finance leases, the lease liability is initially measured at the present value of the unpaid lease payments and subsequently measured at amortized cost using the interest method. Operating lease right-of-use assets are included in other assets on the Consolidated Balance Sheets. The short-term portion of operating lease liabilities is included in other current liabilities on the Consolidated Balance Sheets and the long-term portion is included in other liabilities on the Consolidated Balance Sheets. As of June 30, 2026, the Company had no leases that qualified as financing arrangements.

Key estimates and judgments include how the Company determines the discount rate used to discount the unpaid lease payments to present value and the lease term. The Company monitors for events or changes in circumstances that could potentially require recognizing an impairment loss.

### ***Revenue Recognition and Deferred Revenue***

Material sales relate to the Company's sale of its OLED materials for incorporation into its customers' commercial OLED products or for their OLED development and evaluation activities. Revenue associated with material sales is generally recognized at the time title passes, which is typically at the time of shipment or at the time of delivery, depending upon the contractual agreement between the parties. Revenue may be recognized after control of the material passes in the event the transaction price includes variable consideration. For example, a customer may be provided an extended opportunity to stock materials prior to use in mass production and given a general right of return not conditioned on breaches of warranties associated with the specific product. In such circumstances, revenue will be recognized at the earlier of the expiration of the customer's general right of return or once it becomes unlikely that the customer will exercise its right of return.

The vast majority of revenue attributed to material sales is determined through technology license agreements and material supply agreements, the terms of which are jointly agreed upon with the Company's customers. The remaining revenue recognized is in the form of contract research services revenue earned by the Company's subsidiary, Adesis, and the Company's occasional material sales to smaller customers. None of the revenue recognized during the three and six months ended June 30, 2026 and 2025 resulted solely from royalty or license fee arrangements as to which there were not associated material sales.

The rights and benefits to the Company's OLED technologies are conveyed to the customer through technology license agreements and material supply agreements. The Company believes that the licenses and materials sold under these combined agreements are not distinct from each other for financial reporting purposes and as such, they are accounted for as a single performance obligation. Accordingly, total contract consideration is estimated and recognized over the contract term based on material units sold at the estimated per unit fee over the life of the contract. Total contract consideration is allocated to material sales and royalty and licensing fees on the Consolidated Statements of Income based on contract pricing.

Various estimates are relied upon to recognize revenue. The Company estimates total material units to be purchased by its customers over the contract term based on historical trends, industry estimates and its forecast process. Management uses the expected value method to estimate the material per unit fee. Additionally, management estimates the sales-based portion of royalty revenue based on the estimated net sales revenue of its customers over the contract term.

Contract research services revenue is revenue earned by Adesis by providing chemical materials synthesis research, development and commercialization for non-OLED applications on a contractual basis. These services range from intermediates for structure-activity relationship studies, reference agents and building blocks for combinatorial synthesis, re-synthesis of key intermediates, specialty organic chemistry needs, and selective toll manufacturing. These services are provided to third-party pharmaceutical and life sciences firms and other technology firms at fixed costs or predetermined rates on a contract basis. Revenue is recognized as services are performed with billing schedules and payment terms negotiated on a contract-by-contract basis. Payments received in excess of revenue recognized are recorded as deferred revenue. In other cases, services may be provided and revenue is recognized before the customer is invoiced. In these cases, revenue recognized will exceed amounts billed and the difference, representing amounts which are currently unbillable to the customer pursuant to contractual terms, is recorded as an unbilled receivable.

Technology development and support revenue is revenue earned from development and technology evaluation agreements and commercialization assistance fees. Technology development and support revenue is included in contract research services on the Consolidated Statements of Income.

On December 2, 2022, the Company entered into a commercial patent license agreement with Samsung Display Co., Ltd. (SDC), replacing a previous license agreement that had been in place since 2018. This agreement, which covers the manufacture and sale of specified OLED display materials, was effective as of January 1, 2023 and lasts through the end of 2027 with an additional two-year extension option for SDC. Under this agreement, the Company is being paid a license fee, which includes quarterly and annual payments over the agreement term. The agreement conveys to SDC the non-exclusive right to use certain of the Company's intellectual property assets for a limited period of time that is less than the estimated life of the assets.

At the same time the Company entered into the current commercial license agreement with SDC, the Company also entered into a new supplemental material purchase agreement with SDC, which lasts for the same term as the license agreement and is subject to the same extension option. This new material purchase agreement replaced a previous purchase agreement that had been in place since 2018. Under the supplemental material purchase agreement, SDC agrees to purchase red and green phosphorescent emitter materials from the Company for use in the manufacture of licensed products. This amount purchased is subject to SDC's requirements for phosphorescent emitter materials and the Company's ability to meet these requirements over the term of the supplemental agreement.

In 2015, the Company entered into an OLED patent license agreement and an OLED commercial supply agreement with LG Display Co., Ltd. (LG Display). In 2026, the Company and LG Display entered into new agreements that extended the terms of these agreements at least through the end of 2030. The patent license agreement provides LG Display a non-exclusive, royalty bearing portfolio license to make and sell OLED displays under their patent portfolio. The patent license calls for minimum annual license fees and additional incremental license fees based on LG Display's volume of sale of licensed products. The OLED commercial supply agreement provides for the sale of dopant and host materials for use by LG Display.

In 2023, the Company entered into new long-term, multi-year agreements with BOE Technology Group Co., Ltd. (BOE). Under these agreements, the Company has granted BOE non-exclusive license rights under various patents owned or controlled by the Company to manufacture and sell OLED display products. The Company supplies phosphorescent OLED materials to BOE for use in its licensed products.

In 2019, the Company entered into an evaluation and commercial supply relationship with Wuhan China Star Optoelectronics Semiconductor Display Technology Co., Ltd. (CSOT). In 2020, the Company entered into long-term, multi-year agreements with CSOT. Under these agreements, the Company has granted CSOT non-exclusive license rights under various patents owned or controlled by the Company to manufacture and sell OLED display products. The Company also supplies phosphorescent OLED materials to CSOT for use in its licensed products.

In 2024, the Company entered into new long-term, multi-year agreements with Visionox Technology, Inc. (Visionox). Under these agreements, the Company has granted Visionox non-exclusive license rights under various patents owned or controlled by the Company to manufacture and sell OLED display products. Additionally, the Company supplies phosphorescent OLED materials to Visionox for use in its licensed products.

In 2025, the Company entered into long-term, multi-year OLED patent license and material purchase agreements with Tianma Micro-electronics Co., Ltd. (Tianma). Under the agreements, the Company has granted Tianma non-exclusive license rights under various patents owned or controlled by the Company to manufacture and sell OLED display products. Additionally, the Company supplies phosphorescent OLED materials to Tianma for use in its licensed products.

All material sales transactions that are not variable consideration transactions are generally billed and due within 90 days and substantially all are transacted in U.S. dollars.

### ***Cost of Sales***

Cost of sales consists of labor and material costs associated with the production of materials processed at the facilities of the Company's manufacturing partner, PPG Industries, Inc. (PPG) and at the Company's internal facilities. The Company's cost of sales also includes depreciation of manufacturing equipment, as well as manufacturing overhead costs and inventory adjustments for excess and obsolete inventory.

### ***Research and Development***

Expenditures for research and development are charged to expense as incurred.

### ***Patent Costs***

Costs associated with patent applications, patent prosecution, patent defense and the maintenance of patents are charged to expense as incurred. Costs to successfully defend a challenge to a patent are capitalized to the extent of an evident increase in the value of the patent. Costs that relate to an unsuccessful outcome are charged to expense.

### ***Amortization of Acquired Technology***

Amortization costs primarily relate to technology acquired from Merck KGaA, Darmstadt, Germany (Merck KGaA) and BASF SE (BASF). The Merck KGaA acquisitions were completed on April 28, 2023 and January 15, 2026, and the BASF acquisition was completed during the year ended December 31, 2016. Acquisition costs are being amortized over a period of 10 years for the Merck KGaA and BASF patents. See Note 7 for further discussion.

### ***Amortization of Other Intangible Assets***

Other intangible assets from the Adesis acquisition are being amortized over a period of 10 to 15 years. See Note 7 for further discussion.

### ***Translation of Foreign Currency Financial Statements and Foreign Currency Transactions***

The Company's reporting currency is the U.S. dollar. The functional currency for the UDC Ireland, UDC Korea and UDC Chengdu subsidiaries are also the U.S. dollar and the functional currency for the OMM subsidiary and each of the Company's other Asia-Pacific foreign subsidiaries is its respective local currency. The Company translates the amounts included in the Consolidated Statements of Income from OMM and its other Asia-Pacific foreign subsidiaries into U.S. dollars at weighted-average exchange rates, which the Company believes are representative of the actual exchange rates on the dates of the transactions. The Company's OMM subsidiary and each of the Company's other Asia-Pacific foreign subsidiaries' assets and liabilities are translated into U.S. dollars from the local currency at the actual exchange rates as of the end of each reporting date, and the Company records the resulting foreign exchange translation adjustments in the Consolidated Balance Sheets as a component of accumulated other comprehensive (loss) income. With the exception of the Korean withholding tax receivable denominated in Korean Won (see Note 20), the overall effect of the translation of foreign currency and foreign currency transactions to date has been insignificant.

### ***Income Taxes***

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount of which the likelihood of realization is greater than 50%. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records interest and penalties, if any, related to unrecognized tax benefits as a component of tax expense.

On July 4, 2025, the U.S. enacted H.R. 1 "A bill to provide for reconciliation pursuant to Title II of H. Con. Res. 14." The bill includes several changes to federal tax law that generally allow for more favorable treatment of certain business expenses beginning in 2025, including the restoration of immediate expensing of domestic research and development expenditures. H.R.1 also includes certain changes to the international tax framework and permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act. During the three and six months ended June 30, 2026, the Company evaluated H.R. 1 and estimated its impact on the Consolidated Financial Statements to be limited. The Company will continue to evaluate the full impact of the legislative changes as additional guidance becomes available.

### ***Share-Based Payment Awards***

The Company recognizes in the Consolidated Statements of Income the grant-date fair value of equity-based awards such as shares issued under employee stock purchase plans, restricted stock awards, restricted stock units and performance unit awards issued to employees and directors.

The grant-date fair value of stock awards is based on the closing price of the stock on the date of grant. The fair value of share-based awards is recognized as compensation expense on a straight-line basis over the requisite service period, net of forfeitures. The Company issues new shares upon the respective grant, exercise or vesting of the share-based payment awards, as applicable.

Performance unit awards are subject to either a performance-based or market-based vesting requirement. For performance-based vesting, the grant-date fair value of the award, based on fair value of the Company's common stock, is recognized over the service period based on an assessment of the likelihood that the applicable performance goals will be achieved, and compensation expense is periodically adjusted based on actual and expected performance. Compensation expense for performance unit awards with market-based vesting is calculated based on the estimated fair value as of the grant date utilizing a Monte Carlo simulation model and is recognized over the service period on a straight-line basis.

### ***Recent Accounting Pronouncements***

#### ***Accounting Standards Issued But Not Yet Adopted***

In November 2024, the FASB issued ASU No. 2024-03, *Disaggregation of Income Statement Expenses (DISE)*. The standard requires new financial statement disclosures disaggregating information about prescribed categories underlying any relevant income statement expense caption. ASU 2024-03 becomes effective for annual reporting periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027. The Company is evaluating the potential impact of this standard on the Consolidated Financial Statements and related disclosures.

In September 2025, the FASB issued ASU No. 2025-06, *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*. The standard updates the accounting for internal-use software by eliminating the concept of development stages. Under this updated guidance, software costs are capitalized once management has authorized and committed funding to the project, and it is probable the project will be completed and the software used as intended. ASU 2025-06 becomes effective for annual periods beginning after December 15, 2027, and interim periods within those annual periods. The Company is evaluating the potential impact of this standard on the Consolidated Financial Statements and related disclosures.

### **3. CASH, CASH EQUIVALENTS AND INVESTMENTS:**

The Company's portfolio of marketable fixed income securities consists of U.S. Government bonds. The Company considers all highly liquid debt instruments purchased with an original maturity (maturity at the purchase date) of three months or less to be cash equivalents. The Company classifies its remaining debt security investments as available-for-sale. These debt securities are carried at fair value, with unrealized gains and losses reported in accumulated other comprehensive (loss) income on the Consolidated Balance Sheets. Gains or losses on securities sold are based on the specific identification method.

### Cash and Cash Equivalents

The following table provides details regarding the Company's portfolio of cash and cash equivalents (in thousands):

| Cash and Cash Equivalents Classification | Cost or<br>Amortized Cost | Unrealized  |             | Aggregate<br>Fair Value |
|------------------------------------------|---------------------------|-------------|-------------|-------------------------|
|                                          |                           | Gains       | (Losses)    |                         |
| June 30, 2026                            |                           |             |             |                         |
| Cash accounts in banking institutions    | \$ 76,429                 | \$ —        | \$ —        | \$ 76,429               |
| US Government bonds                      | 42,996                    | —           | —           | 42,996                  |
| Money market accounts                    | 1,138                     | —           | —           | 1,138                   |
|                                          | <u>\$ 120,563</u>         | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 120,563</u>       |
| December 31, 2025                        |                           |             |             |                         |
| Cash accounts in banking institutions    | \$ 110,892                | \$ —        | \$ —        | \$ 110,892              |
| US Government bonds                      | 26,479                    | —           | —           | 26,479                  |
| Money market accounts                    | 982                       | —           | —           | 982                     |
|                                          | <u>\$ 138,353</u>         | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 138,353</u>       |

### Short-term Investments

The following table provides details regarding the Company's portfolio of short-term investments (in thousands):

| Short-term Investments Classification       | Cost or<br>Amortized Cost | Unrealized      |                   | Aggregate<br>Fair Value |
|---------------------------------------------|---------------------------|-----------------|-------------------|-------------------------|
|                                             |                           | Gains           | (Losses)          |                         |
| June 30, 2026                               |                           |                 |                   |                         |
| U.S. Government bonds                       | \$ 344,977                | \$ 310          | \$ (268)          | \$ 345,019              |
| Marketable equity securities <sup>(1)</sup> | 8,918                     | 273             | (3,461)           | 5,730                   |
|                                             | <u>\$ 353,895</u>         | <u>\$ 583</u>   | <u>\$ (3,729)</u> | <u>\$ 350,749</u>       |
| December 31, 2025                           |                           |                 |                   |                         |
| U.S. Government bonds                       | \$ 453,812                | \$ 1,592        | \$ (6)            | \$ 455,398              |
| Marketable equity securities <sup>(1)</sup> | 4,677                     | 3,943           | (14)              | 8,606                   |
|                                             | <u>\$ 458,489</u>         | <u>\$ 5,535</u> | <u>\$ (20)</u>    | <u>\$ 464,004</u>       |

(1) Changes in aggregate fair value recorded in other (loss) income, net on the Consolidated Statements of Income.

### Long-term U.S. Government Bond Investments

The following table provides details regarding the Company's portfolio of long-term investments (in thousands):

| Long-term Investments Classification | Cost or<br>Amortized Cost | Unrealized      |                   | Aggregate<br>Fair Value |
|--------------------------------------|---------------------------|-----------------|-------------------|-------------------------|
|                                      |                           | Gains           | (Losses)          |                         |
| June 30, 2026                        |                           |                 |                   |                         |
| U.S. Government bonds                | \$ 385,802                | \$ 49           | \$ (2,622)        | \$ 383,229              |
|                                      | <u>\$ 385,802</u>         | <u>\$ 49</u>    | <u>\$ (2,622)</u> | <u>\$ 383,229</u>       |
| December 31, 2025                    |                           |                 |                   |                         |
| U.S. Government bonds                | \$ 351,125                | \$ 1,873        | \$ (11)           | \$ 352,987              |
|                                      | <u>\$ 351,125</u>         | <u>\$ 1,873</u> | <u>\$ (11)</u>    | <u>\$ 352,987</u>       |

As of June 30, 2026, 100% of the Company's long-term U.S. Government bonds had maturities between one and three years.

#### **Minority Equity Investments**

The Company's portfolio of minority equity investments consists of investments in privately held early-stage companies primarily motivated for the Company to gain early access to new technology and are passive in nature in that the Company typically does not seek to obtain representation on the boards of directors of the companies in which it invests. Minority equity investments are included in investments on the Consolidated Balance Sheets. As of June 30, 2026 and December 31, 2025, the Company had minority equity investments in eight and six entities, respectively, with a total carrying value of \$25.9 million and \$22.0 million, respectively, accounted for as equity securities without readily determinable fair values. As of both June 30, 2026 and December 31, 2025, the Company had two convertible note investments, with a total fair value of \$2.0 million, accounted for as available-for-sale debt securities without readily determinable fair values. During the three and six months ended June 30, 2026, the Company recognized an impairment loss of none and \$415,000, respectively, in the value of one of its minority equity investments. During the three and six months ended June 30, 2025, the Company did not recognize an impairment in the value of its minority equity investments.

#### **4. FAIR VALUE MEASUREMENTS:**

The following table provides the assets and liabilities carried at fair value measured on a recurring basis as of June 30, 2026 (in thousands):

|                                         | Total Carrying Value<br>as of June 30,<br>2026 | Fair Value Measurements, Using                  |                                                     |                                                 |
|-----------------------------------------|------------------------------------------------|-------------------------------------------------|-----------------------------------------------------|-------------------------------------------------|
|                                         |                                                | Quoted Prices in<br>Active Markets<br>(Level 1) | Significant Other<br>Observable Inputs<br>(Level 2) | Significant Unobservable<br>Inputs<br>(Level 3) |
| Long-term U.S. Government bonds         | \$ 383,229                                     | \$ 383,229                                      | \$ —                                                | \$ —                                            |
| Short-term U.S. Government bonds        | 345,019                                        | 345,019                                         | —                                                   | —                                               |
| Cash equivalents                        | 44,134                                         | 44,134                                          | —                                                   | —                                               |
| Short-term marketable equity securities | 1,256                                          | 1,256                                           | —                                                   | —                                               |
| Convertible notes                       | 2,000                                          | —                                               | —                                                   | 2,000                                           |

The following table provides the assets and liabilities carried at fair value measured on a recurring basis as of December 31, 2025 (in thousands):

|                                         | Total Carrying Value<br>as of December 31,<br>2025 | Fair Value Measurements, Using                  |                                                     |                                                 |
|-----------------------------------------|----------------------------------------------------|-------------------------------------------------|-----------------------------------------------------|-------------------------------------------------|
|                                         |                                                    | Quoted Prices in<br>Active Markets<br>(Level 1) | Significant Other<br>Observable Inputs<br>(Level 2) | Significant Unobservable<br>Inputs<br>(Level 3) |
| Long-term U.S. Government bonds         | \$ 352,987                                         | \$ 352,987                                      | \$ —                                                | \$ —                                            |
| Short-term U.S. Government bonds        | 455,398                                            | 455,398                                         | —                                                   | —                                               |
| Cash equivalents                        | 27,461                                             | 27,461                                          | —                                                   | —                                               |
| Short-term marketable equity securities | 8,606                                              | 8,606                                           | —                                                   | —                                               |
| Convertible notes                       | 2,000                                              | —                                               | —                                                   | 2,000                                           |

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Level 3 inputs are unobservable inputs based on management's own assumptions used to measure assets and liabilities at fair value. A financial asset's or liability's classification is determined based on the lowest level input that is significant to the fair value measurement. During the three months ended June 30, 2026, the Company reclassified a \$4.5 million short-term marketable equity security from a Level 1 fair value measurement to a non-recurring Level 3 fair value measurement within the fair value hierarchy. The related fair value was adjusted based on observable pricing information identified during the period, together with other facts and circumstances considered by management.

Changes in fair value of the debt investments are recorded as unrealized gains and losses in accumulated other comprehensive (loss) income on the Consolidated Balance Sheets and any credit losses on debt investments are recorded as an allowance for credit losses with an offset recognized in other (loss) income, net on the Consolidated Statements of Income. There were no credit losses on debt investments as of June 30, 2026 and December 31, 2025.



## 5. INVENTORY:

Inventory consisted of the following (in thousands):

|                 | June 30, 2026     | December 31, 2025 |
|-----------------|-------------------|-------------------|
| Raw materials   | \$ 137,335        | \$ 144,300        |
| Work-in-process | 22,914            | 24,102            |
| Finished goods  | 89,397            | 72,510            |
| Inventory       | <u>\$ 249,646</u> | <u>\$ 240,912</u> |

The Company recorded an increase in its inventory reserves of \$315,000 for the three and six months ended June 30, 2026 due to changes in estimated net realizable value of certain products. The Company recorded no increase in its inventory reserves for the three and six months ended June 30, 2025.

## 6. PROPERTY AND EQUIPMENT:

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

|                                                 | June 30, 2026     | December 31, 2025 |
|-------------------------------------------------|-------------------|-------------------|
| Land                                            | \$ 12,230         | \$ 12,230         |
| Building and improvements                       | 173,886           | 166,250           |
| Office and lab equipment                        | 191,568           | 180,473           |
| Furniture, fixtures and computer related assets | 17,005            | 16,875            |
| Construction-in-progress                        | 19,558            | 28,445            |
|                                                 | <u>414,247</u>    | <u>404,273</u>    |
| Less: Accumulated depreciation                  | (204,594)         | (189,326)         |
| Property and equipment, net                     | <u>\$ 209,653</u> | <u>\$ 214,947</u> |

Depreciation expense was \$7.8 million and \$6.9 million for the three months ended June 30, 2026 and 2025, respectively, and \$15.4 million and \$13.4 million for the six months ended June 30, 2026 and 2025, respectively.

## 7. GOODWILL AND INTANGIBLE ASSETS:

The Company monitors the recoverability of goodwill annually or whenever events or changes in circumstances indicate the carrying value may not be recoverable. Purchased intangible assets subject to amortization consist of acquired technology and other intangible assets that include trade names, customer relationships and developed intellectual property (IP) processes.

### *Acquired Technology*

Acquired technology primarily consists of acquired license rights for patents and know-how obtained from Merck KGaA, BASF and Fujifilm. These intangible assets consist of the following (in thousands):

|                                | June 30, 2026    | December 31, 2025 |
|--------------------------------|------------------|-------------------|
| Merck KGaA                     | \$ 116,012       | \$ 66,012         |
| BASF                           | 95,989           | 95,989            |
| Fujifilm                       | 109,462          | 109,462           |
| Other                          | 5,712            | 5,712             |
|                                | <u>327,175</u>   | <u>277,175</u>    |
| Less: Accumulated amortization | (230,990)        | (220,392)         |
| Acquired technology, net       | <u>\$ 96,185</u> | <u>\$ 56,783</u>  |

Amortization expense related to acquired technology was \$5.4 million and \$4.2 million for the three months ended June 30, 2026 and 2025, respectively, and \$10.6 million and \$8.4 million for the six months ended June 30, 2026 and 2025, respectively. Amortization expense is included in the amortization of acquired technology and other intangible assets expense line item on the Consolidated Statements of Income and is expected to be \$6.1 million for the six months ending December 31, 2026, \$12.2 million in each of the years ending December 31, 2027 and 2028, \$12.1 million in each of the years ending December 31, 2029 and 2030, and \$41.5 million in total thereafter.

#### *Merck KGaA Patent Acquisitions*

In April 2023, UDC Ireland entered into a Patent Sale and License Agreement with Merck KGaA. Under this agreement, Merck KGaA sold to UDC Ireland all of its rights, title and interest to over 550 of its owned and licensed OLED-related patents and patent applications in exchange for a cash payment of \$66.0 million. The Patent Sale and License Agreement contains customary representations, warranties and covenants of the parties. UDC Ireland recorded the payment of \$66.0 million as acquired technology, which is being amortized over a period of 10 years.

In October 2025, UDC Ireland entered into an Intellectual Property Sales Agreement with Merck KGaA. Under this agreement, UDC Ireland agreed to acquire from Merck KGaA all of its rights, title and interest to more than 300 of its OLED-related patents and patent applications in exchange for cash payments totaling \$50.0 million. The Intellectual Property Sale Agreement contains customary representations, warranties and covenants of the parties. In November 2025, an initial payment of \$10.0 million was made toward the purchase price and was included in other current assets on the Consolidated Balance Sheets as of December 31, 2025. In January 2026 the transaction closed and UDC Ireland recorded the total cash payments of \$50.0 million as acquired technology, which is being amortized over a period of 10 years.

#### *BASF Patent Acquisition*

On June 28, 2016, UDC Ireland entered into and consummated an IP Transfer Agreement with BASF. Under the IP Transfer Agreement, BASF sold to UDC Ireland all of its rights, title and interest to certain of its owned and co-owned intellectual property rights relating to the composition, development, manufacture and use of OLED materials, including OLED lighting and display stack technology, as well as certain tangible assets. The intellectual property includes knowhow and more than 500 issued and pending patents in the area of phosphorescent materials and technologies. These assets were acquired in exchange for a cash payment of €86.8 million (\$95.8 million). In addition, UDC Ireland also took on certain rights and obligations under three joint research and development agreements to which BASF was a party. The IP Transfer Agreement also contains customary representations, warranties and covenants of the parties. UDC Ireland recorded the payment of €86.8 million (\$95.8 million) and acquisition costs incurred of \$217,000 as acquired technology, which is being amortized over a period of 10 years.

#### *Other Intangible Assets*

As a result of the Adesis acquisition in June 2016, the Company recorded \$16.8 million of other intangible assets, including \$10.5 million assigned to customer relationships with a weighted average life of 11.5 years, \$4.8 million to internally developed IP, processes and recipes with a weighted average life of 15 years, and \$1.5 million to trade name and trademarks with a weighted average life of 10 years.

At June 30, 2026, these other intangible assets consist of the following (in thousands):

|                                            | June 30, 2026         |                          |                     |
|--------------------------------------------|-----------------------|--------------------------|---------------------|
|                                            | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| Customer relationships                     | \$ 10,520             | \$ (9,085)               | \$ 1,435            |
| Developed IP, processes and recipes        | 4,820                 | (3,188)                  | 1,632               |
| Trade name/Trademarks                      | 1,500                 | (1,493)                  | 7                   |
| Other                                      | 448                   | (213)                    | 235                 |
| Total identifiable other intangible assets | \$ 17,288             | \$ (13,979)              | \$ 3,309            |

At December 31, 2025, these other intangible assets consist of the following (in thousands):

|                                            | December 31, 2025     |                          |                     |
|--------------------------------------------|-----------------------|--------------------------|---------------------|
|                                            | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| Customer relationships                     | \$ 10,520             | \$ (8,632)               | \$ 1,888            |
| Developed IP, processes and recipes        | 4,820                 | (3,028)                  | 1,792               |
| Trade name/Trademarks                      | 1,500                 | (1,418)                  | 82                  |
| Other                                      | 448                   | (191)                    | 257                 |
| Total identifiable other intangible assets | <u>\$ 17,288</u>      | <u>\$ (13,269)</u>       | <u>\$ 4,019</u>     |

Amortization expense related to other intangible assets was \$356,000 for both three months ended June 30, 2026 and 2025, and \$709,000 and \$708,000 for the six months ended June 30, 2026 and 2025, respectively. Amortization expense is included in the amortization of acquired technology and other intangible assets expense line item on the Consolidated Statements of Income and is expected to be \$653,000 for the six months ending December 31, 2026, \$1.3 million for the year ending December 31, 2027, \$426,000 for the year ending December 31, 2028, \$366,000 for each of the years ending December 31, 2029 and 2030, and \$219,000 in total thereafter.

#### 8. OTHER ASSETS:

Other assets consist of the following (in thousands):

|                                | June 30, 2026     | December 31, 2025 |
|--------------------------------|-------------------|-------------------|
| Long-term taxes receivable     | \$ 50,320         | \$ 53,842         |
| Long-term unbilled receivables | 54,867            | 45,600            |
| Right-of-use assets            | 17,962            | 19,925            |
| Long-term contract assets      | 1,758             | 3,338             |
| Other long-term assets         | 5,470             | 6,227             |
| Other assets                   | <u>\$ 130,377</u> | <u>\$ 128,932</u> |

See Notes 9, 20 and 21 for further explanation on right-of-use assets, long-term taxes receivable and long-term unbilled receivables, respectively.

#### 9. LEASES:

The Company has entered into operating leases to facilitate the expansion of its manufacturing, research and development, and selling, general and administrative activities. For purposes of calculating operating lease liabilities, lease terms may be deemed to include options to extend or terminate the lease when those events are reasonably certain to occur. The interest rate implicit in lease contracts is typically not readily determinable and as such the Company uses the appropriate incremental borrowing rate based on information available at the lease commencement date in determining the present value of the lease payments. Current lease agreements do not contain any residual value guarantees or material restrictive covenants. As of June 30, 2026, the Company did not have any finance leases and had one additional operating lease that had not yet commenced.

The following table presents the Company's operating lease cost and supplemental cash flow information related to the Company's operating leases (in thousands):

|                                                                | Three Months Ended June 30, |        | Six Months Ended June 30, |          |
|----------------------------------------------------------------|-----------------------------|--------|---------------------------|----------|
|                                                                | 2026                        | 2025   | 2026                      | 2025     |
| Operating lease cost                                           | \$ 1,187                    | \$ 942 | \$ 2,366                  | \$ 1,858 |
| Non-cash activity:                                             |                             |        |                           |          |
| Right-of-use assets obtained in exchange for lease obligations | \$ —                        | \$ —   | \$ —                      | \$ 709   |

The following table presents the Company's operating lease right-of-use assets and liabilities (in thousands):

|                              | June 30, 2026 | December 31, 2025 |
|------------------------------|---------------|-------------------|
| Right-of-use assets          | \$ 17,962     | \$ 19,925         |
| Short-term lease liabilities | 4,827         | 4,752             |
| Long-term lease liabilities  | 16,863        | 19,217            |

The following table presents weighted average assumptions used to compute the Company's right-of-use assets and lease liabilities:

|                                                  | June 30, 2026 |
|--------------------------------------------------|---------------|
| Weighted average remaining lease term (in years) | 4.8           |
| Weighted average discount rate                   | 3.9%          |

As of June 30, 2026, current operating leases had remaining terms between five months and five years with options to extend the lease terms.

Undiscounted future minimum lease payments as of June 30, 2026, by year and in the aggregate, having non-cancelable lease terms in excess of one year were as follows (in thousands):

|                                 | Maturities of<br>Operating Lease Liabilities |
|---------------------------------|----------------------------------------------|
| 2026 <sup>(1)</sup>             | \$ 2,689                                     |
| 2027                            | 5,304                                        |
| 2028                            | 5,012                                        |
| 2029                            | 3,631                                        |
| 2030                            | 3,398                                        |
| Thereafter                      | 3,313                                        |
| Total lease payments            | 23,347                                       |
| Less: Imputed interest          | (1,657)                                      |
| Present value of lease payments | \$ 21,690                                    |

(1) Scheduled maturities of lease liabilities represent the period from July 1, 2026 to December 31, 2026.

#### 10. ACCRUED EXPENSES:

Accrued expenses consist of the following (in thousands):

|                                     | June 30, 2026 | December 31, 2025 |
|-------------------------------------|---------------|-------------------|
| Compensation                        | \$ 18,539     | \$ 29,160         |
| PPG Industries, Inc. agreement      | 10,430        | 12,104            |
| Professional fees                   | 1,311         | 919               |
| Consulting                          | 1,232         | 1,492             |
| Research and development agreements | 1,099         | 836               |
| Royalties                           | 209           | 504               |
| Other                               | 6,997         | 7,549             |
| Accrued expenses                    | \$ 39,817     | \$ 52,564         |

#### 11. RESEARCH AND LICENSE AGREEMENTS WITH ACADEMIC PARTNERS:

The Company has long-standing relationships with a number of academic institutions that undertake funded research projects, including Princeton University (Princeton) and the University of Southern California (USC).

Under the current license agreement among the Company, Princeton and USC, the universities have granted the Company worldwide, exclusive license rights, with rights to sublicense, to make, have made, use, lease and/or sell products and to practice processes based on patent applications and issued patents arising out of research performed by the universities for the Company. The Company recorded royalty expense in connection with this agreement of \$105,000 for both three months ended June 30, 2026 and 2025, and \$208,000 and \$204,000 for the six months ended June 30, 2026 and 2025, respectively.

The Company also makes payments under the current research agreement with USC on a quarterly basis as actual expenses are incurred. As of June 30, 2026, the Company was obligated to pay USC up to \$4.6 million for work to be performed during the remaining term. The Company recorded research and development expense in connection with work performed under the agreement of \$470,000 and \$380,000 for the three months ended June 30, 2026 and 2025, respectively, and \$930,000 and \$832,000 for the six months ended June 30, 2026 and 2025, respectively.

## 12. OTHER LIABILITIES:

Other liabilities consist of the following (in thousands):

|                             | June 30, 2026    | December 31, 2025 |
|-----------------------------|------------------|-------------------|
| Long-term lease liabilities | \$ 16,863        | \$ 19,217         |
| Long-term taxes payable     | 15,749           | 15,749            |
| Other long-term liabilities | 1,145            | 1,280             |
| Other liabilities           | <u>\$ 33,757</u> | <u>\$ 36,246</u>  |

See Notes 9 and 20 for further explanation on long-term lease liabilities and long-term taxes payable, respectively.

## 13. EQUITY AND CASH COMPENSATION UNDER THE PPG AGREEMENTS:

On September 22, 2011, the Company entered into an Amended and Restated OLED Materials Supply and Service Agreement with PPG (the New OLED Materials Agreement), which, effective as of October 1, 2011, replaced the original OLED Materials Agreement with PPG. The term of the New OLED Materials Agreement, as amended in February 2021 (the February 2021 amendment), runs through December 31, 2026, and thereafter is automatically renewed for additional one-year terms, unless terminated by the Company by providing prior notice of one year or terminated by PPG by providing prior notice of two years. The New OLED Materials Agreement contains provisions that are substantially similar to those of the original OLED Materials Agreement. Under the New OLED Materials Agreement, PPG continues to assist the Company in developing its proprietary OLED materials and supplying the Company with those materials for evaluation purposes and for resale to its customers.

Under the New OLED Materials Agreement, the Company compensates PPG on a cost-plus basis for the services provided during each calendar quarter. The Company is required to pay for some of these services in all cash. Up to 50% of the remaining services are payable, at the Company's sole discretion, in cash or shares of the Company's common stock, with the balance payable in cash. The actual number of shares of common stock issuable to PPG is determined based on the average closing price for the Company's common stock during a specified number of days prior to the end of each calendar half-year period ending on March 31 and September 30. If, however, this average closing price is less than \$20.00, the Company is required to compensate PPG in cash. No shares have been issued for services rendered by PPG since the inception of the contract.

The Company is also required to reimburse PPG for raw materials used for research and development. The Company records the purchases of these raw materials as a current asset until such materials are used for research and development efforts.

The February 2021 amendment extended the term of the agreement and specified operation and maintenance services to be provided by PPG affiliate, PPG SCM Ireland Limited (PPG SCM), to UDC Ireland, at the Company's manufacturing site in Shannon, Ireland that UDC Ireland's wholly-owned subsidiary, OLED Material Manufacturing Limited (OMM), began leasing at such time for the production of OLED materials. OMM purchased the site in September 2023 and the Company amended and restated the February 2021 amendment to reflect OMM's ownership and PPG SCM's updated operation and maintenance services after such purchase. Facility improvements have been completed and operations commenced in June 2022. As with the initial New OLED Materials Agreement, the Company compensates PPG on a cost-plus basis for the services provided at the Shannon manufacturing facility.

The Company recorded research and development expense of \$2.8 million and \$4.2 million for the three months ended June 30, 2026 and 2025, respectively, and \$6.6 million and \$8.7 million for the six months ended June 30, 2026 and 2025, respectively, in relation to the cash portion of the reimbursement of expenses and work performed by PPG, excluding amounts paid for commercial chemicals.

#### 14. SHAREHOLDERS' EQUITY:

##### *Preferred Stock*

The Company's Amended and Restated Articles of Incorporation authorize it to issue up to 5,000,000 shares of \$0.01 par value preferred stock with designations, rights and preferences determined from time-to-time by the Company's Board of Directors. Accordingly, the Company's Board of Directors is empowered, without shareholder approval, to issue preferred stock with dividend, liquidation, conversion, voting or other rights superior to those of shareholders of the Company's common stock.

In 1995, the Company issued 200,000 shares of Series A Nonconvertible Preferred Stock (Series A) to American Biomimetics Corporation (ABC) pursuant to a certain Technology Transfer Agreement between the Company and ABC. The Series A shares have a liquidation value of \$7.50 per share. Series A shareholders, as a single class, have the right to elect two members of the Company's Board of Directors. This right has never been exercised. Holders of the Series A shares are entitled to one vote per share on matters which shareholders are generally entitled to vote. The Series A shareholders are not entitled to any dividends. As of June 30, 2026, the Company had issued 200,000 shares of preferred stock (consisting of the 200,000 shares of Series A), all of which were outstanding.

##### *Common Stock*

The Company's Amended and Restated Articles of Incorporation authorize it to issue up to 200,000,000 shares of \$0.01 par value common stock. Each share of the Company's common stock entitles the holder to one vote on all matters to be voted upon by the shareholders. As of June 30, 2026, the Company had issued 49,051,750 shares of common stock, of which 46,231,008 were outstanding.

On April 29, 2025, the Company's Board of Directors approved a share repurchase program authorizing the Company to purchase up to \$100.0 million of its common stock, which was completed during the six months ended June 30, 2026. On April 28, 2026, the Company's Board of Directors authorized the repurchase of up to an additional \$400.0 million of the Company's common stock. The repurchase authorizations were effective immediately and permits shares of the Company's common stock to be repurchased from time to time at management's discretion, through a variety of methods, including a 10b5-1 trading plan, open market purchases, privately negotiated transactions, or transactions otherwise in compliance with Rule 10b-18 under the Securities Exchange Act of 1934, as amended. The repurchase programs have no time limit, do not obligate the Company to acquire a specified number of shares and may be modified, suspended or discontinued at any time at the Company's discretion. During the six months ended June 30, 2026, the Company repurchased an aggregate of 1,163,884 shares of its common stock for \$114.2 million. During the six months ended June 30, 2025, the Company repurchased no shares of common stock.

##### *Dividends*

During the three months ended June 30, 2026, the Company declared cash dividends of \$0.50 per common share, or \$23.4 million, and during the six months ended June 30, 2026, the Company declared cash dividends of \$1.00 per common share, or \$47.3 million, on the Company's outstanding common stock. The Company paid \$23.2 million and \$46.6 million of cash dividends during the three and six months ended June 30, 2026, respectively.

On July 28, 2026, the Company's Board of Directors declared a third quarter dividend of \$0.50 per share to be paid on September 30, 2026 to all shareholders of record of the Company's common stock as of the close of business on September 16, 2026. All future dividends will be subject to the approval of the Company's Board of Directors.

#### 15. ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME:

Amounts related to the changes in accumulated other comprehensive (loss) income were as follows (in thousands):

|                                                  | Unrealized Gain (Loss)<br>on<br>Available-for-Sale<br>Securities | Net Unrealized (Loss)<br>Gain on<br>Retirement Plan <sup>(2)</sup> | Change in Cumulative<br>Foreign Currency<br>Translation Adjustment | Total      | Affected Line Items in the<br>Consolidated Statements of<br>Income                    |
|--------------------------------------------------|------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|------------|---------------------------------------------------------------------------------------|
| Balance December 31, 2025, net of tax            | \$ 3,255                                                         | \$ (2,408)                                                         | \$ (66)                                                            | \$ 781     |                                                                                       |
| Other comprehensive loss before reclassification | (5,983)                                                          | —                                                                  | (7)                                                                | (5,990)    |                                                                                       |
| Reclassification to net income <sup>(1)</sup>    | —                                                                | 9                                                                  | —                                                                  | 9          | Selling, general and administrative,<br>research and development and<br>cost of sales |
| Change during period                             | (5,983)                                                          | 9                                                                  | (7)                                                                | (5,981)    |                                                                                       |
| Balance June 30, 2026, net of tax                | \$ (2,728)                                                       | \$ (2,399)                                                         | \$ (73)                                                            | \$ (5,200) |                                                                                       |

|                                                       | Unrealized Gain (Loss)<br>on<br>Available-for-Sale<br>Securities | Net Unrealized (Loss)<br>Gain on<br>Retirement Plan <sup>(2)</sup> | Change in Cumulative<br>Foreign Currency<br>Translation Adjustment | Total      | Affected Line Items in the<br>Consolidated Statements of<br>Income                    |
|-------------------------------------------------------|------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|------------|---------------------------------------------------------------------------------------|
| Balance December 31, 2024, net of tax                 | \$ 1,269                                                         | \$ (2,106)                                                         | \$ (218)                                                           | \$ (1,055) |                                                                                       |
| Other comprehensive income<br>before reclassification | 1,001                                                            | —                                                                  | 198                                                                | 1,199      |                                                                                       |
| Reclassification to net income <sup>(1)</sup>         | —                                                                | 9                                                                  | —                                                                  | 9          | Selling, general and administrative,<br>research and development and<br>cost of sales |
| Change during period                                  | 1,001                                                            | 9                                                                  | 198                                                                | 1,208      |                                                                                       |
| Balance June 30, 2025, net of tax                     | \$ 2,270                                                         | \$ (2,097)                                                         | \$ (20)                                                            | \$ 153     |                                                                                       |

(1) The Company reclassified amortization of prior service cost for its retirement plan from accumulated other comprehensive (loss) income to net income of \$9,000 for both six months ended June 30, 2026 and 2025.

(2) Refer to Note 17: Retirement Plan Benefit Liability.

## 16. STOCK-BASED COMPENSATION:

### *Equity Compensation Plan*

On June 15, 2023, the shareholders of the Company voted to approve the Universal Display Corporation 2023 Equity Compensation Plan (the “Equity Compensation Plan”), which replaced the Universal Display Corporation 2014 Equity Compensation Plan. The Equity Compensation Plan provides for the granting of incentive and nonqualified stock options, shares of common stock, stock appreciation rights and performance units to employees, directors and consultants of the Company. Stock options are exercisable over periods determined by the Company’s Human Capital Committee, but for no longer than 10 years from the grant date. The total number of shares that may be subject to awards under the Equity Compensation Plan is equal to the shares that were available for issuance and not subject to an award under the 2014 Equity Compensation Plan at the time it was replaced by the Equity Compensation Plan, subject to adjustment with respect to shares underlying any outstanding award granted under the Equity Compensation Plan or the 2014 Equity Compensation Plan that may expire, or be terminated, surrendered or forfeited for any reason, without issuance of such shares. As of June 30, 2026, there were 771,509 shares available to be granted under the Equity Compensation Plan. The Equity Compensation Plan will terminate on June 15, 2033.

### *Restricted Stock Awards and Units*

The Company has issued restricted stock awards and units to employees and non-employees with vesting terms of one to five years. The fair value is equal to the market price of the Company’s common stock on the date of grant for awards granted to employees. Consistent with the accounting for equity-classified awards issued to employees, our equity-classified non-employee share-based awards are measured at the grant date fair value. Expense for restricted stock awards and units is amortized ratably over the vesting period for the awards issued to employees and using a graded vesting method for the awards issued to non-employees.

During the six months ended June 30, 2026, the Company granted 128,274 shares of restricted stock awards and restricted stock units to employees and non-employees, which had a total fair value of \$12.4 million on the respective dates of grant, and will vest over three to five years from the date of grant, provided that the grantee is still an employee of the Company or is still providing services to the Company on the applicable vesting date.

For the three months ended June 30, 2026 and 2025, the Company recorded, as compensation charges related to all restricted stock awards and units granted to employees and non-employees, selling, general and administrative expense of \$1.9 million for both periods, research and development expense of \$1.4 million and \$1.2 million, respectively, and cost of sales of \$354,000 and \$432,000, respectively. For the six months ended June 30, 2026 and 2025, the Company recorded, as compensation charges related to all restricted stock awards and units granted to employees and non-employees, selling, general and administrative expense of \$3.8 million and \$3.6 million, respectively, research and development expense of \$2.6 million and \$2.4 million, respectively, and cost of sales of \$828,000 and \$841,000, respectively.

In connection with the vesting of restricted stock awards and units during the three months ended June 30, 2026 and 2025, 435 and 333 shares, respectively, with aggregate fair values of \$41,000 and \$44,000, respectively, were withheld in satisfaction of tax withholding obligations and are reflected as a financing activity within the Consolidated Statements of Cash Flows. In connection with the vesting of restricted stock awards and units during the six months ended June 30, 2026 and 2025, 33,900 and 33,044 shares, respectively, with aggregate fair values of \$3.7 million and \$5.0 million, respectively, were withheld in satisfaction of tax withholding obligations and are reflected as a financing activity within the Consolidated Statements of Cash Flows.

The Company has granted restricted stock units to non-employee members of the Board of Directors with quarterly vesting over a period of approximately one year. The fair value is equal to the market price of the Company's common stock on the date of grant. The restricted stock units are issued and expense is recognized ratably over the vesting period. For the three months ended June 30, 2026 and 2025, the Company recorded compensation charges for services performed, related to all restricted stock units granted to non-employee members of the Board of Directors, selling, general and administrative expense of \$513,000 and \$522,000, respectively. Such compensation charges to selling, general and administrative expense were \$1.0 million for both six months ended June 30, 2026 and 2025. In connection with the vesting of the restricted stock, the Company issued to non-employee members of the Board of Directors 9,110 and 6,840 shares, respectively, during the six months ended June 30, 2026 and 2025.

#### ***Performance Unit Awards***

Each performance unit award is subject to both a performance-vesting requirement (either performance-based or market-based) and a service-vesting requirement. The performance-based vesting requirement is tied to EBITDA and cash flow achievement, as measured over a specific performance period. The market-based vesting requirement is tied to the Company's total shareholder return (TSR) relative to the TSR of companies comprising the Nasdaq US Benchmark Components Index, as measured over a three-year performance period. The maximum number of performance units that may vest based on performance is three times the shares granted. Further, if the Company's performance falls below certain thresholds, the performance units will not vest at all.

During the six months ended June 30, 2026, the Company granted 102,306 performance units, of which 51,156 units are subject to performance-based vesting requirements based on three-year cumulative adjusted EBITDA, 25,575 units are subject to performance-based vesting requirements based on three-year cumulative gross margin and 25,575 units are subject to market-based, TSR vesting requirements. The grant date fair value of the performance unit awards granted was \$9.9 million for the six months ended June 30, 2026, as determined by the Company's common stock on date of grant for the units with performance-based vesting and a Monte Carlo simulation model used for the units with market-based vesting.

For the three months ended June 30, 2026 and 2025, the Company recorded selling, general and administrative expense of \$381,000 and \$3.2 million, respectively, research and development expense of \$139,000 and \$1.2 million, and cost of sales expense of \$86,000 and \$749,000, respectively, related to the performance units. For the six months ended June 30, 2026 and 2025, the Company recorded selling, general and administrative expense of \$2.4 million and \$5.0 million, respectively, research and development expense of \$892,000 and \$1.9 million, respectively, and cost of sales expense of \$553,000 and \$1.2 million, respectively, related to the performance units.

In connection with the vesting of performance units during the six months ended June 30, 2026 and 2025, 42,440 and 30,875 shares, respectively, with an aggregate fair value of \$4.1 million and \$4.5 million, respectively, were withheld in satisfaction of tax withholding obligations and are reflected as a financing activity within the Consolidated Statements of Cash Flows.

#### ***Employee Stock Purchase Plan***

On April 7, 2009, the Board of Directors of the Company adopted an Employee Stock Purchase Plan (ESPP). The ESPP was approved by the Company's shareholders and became effective on June 25, 2009. The Company has reserved 1,000,000 shares of common stock for issuance under the ESPP. Unless terminated by the Board of Directors, the ESPP will expire when all reserved shares have been issued.

Eligible employees may elect to contribute to the ESPP through payroll deductions during consecutive three-month purchase periods, the first of which began on July 1, 2009. Each employee who elects to participate will be deemed to have been granted an option to purchase shares of the Company's common stock on the first day of the purchase period. Unless the employee opts out during the purchase period, the option will automatically be exercised on the last day of the period, which is the purchase date, based on the employee's accumulated contributions to the ESPP. The purchase price will equal 85% of the lesser of the closing price per share of common stock on the first day of the period or the last business day of the period.

Employees may allocate up to 10% of their base compensation to purchase shares of common stock under the ESPP; however, each employee may purchase no more than 12,500 shares on a given purchase date, and no employee may purchase more than \$25,000 of common stock under the ESPP during a given calendar year.

During the six months ended June 30, 2026 and 2025, the Company issued 13,721 and 9,072 shares, respectively, of its common stock under the ESPP, resulting in proceeds of \$1.0 million and \$1.1 million, respectively.



For the three months ended June 30, 2026 and 2025, the Company recorded charges of \$26,000 and \$33,000, respectively, to selling, general and administrative expense, \$47,000 and \$46,000, respectively, to research and development expense, and \$59,000 and \$56,000, respectively, to cost of sales related to the ESPP equal to the amount of the discount and the value of the look-back feature. For the six months ended June 30, 2026 and 2025, the Company recorded charges of \$62,000 and \$70,000, respectively, to selling, general and administrative expense, \$104,000 and \$102,000, respectively, to research and development expense, and \$124,000 and \$118,000, respectively, to cost of sales related to the ESPP equal to the amount of the discount and the value of the look-back feature.

#### **Scientific Advisory Board Awards**

During the six months ended June 30, 2026 and 2025, the Company granted a total of 2,520 and 2,070 shares, respectively, of fully vested common stock to non-employee members of the Scientific Advisory Board for services performed in 2025 and 2024, respectively. The fair value of shares issued to members of the Scientific Advisory Board was \$300,000 for both six-month periods.

For the three months ended June 30, 2026 and 2025, the Company recorded as compensation charges related to all restricted stock units granted to non-employee members of the Scientific Advisory Board, whose unvested shares are marked to market each reporting period, research and development expense of \$60,000 for both periods. Such compensation charges to research and development expense were \$120,000 and \$118,000, respectively, for the six months ended June 30, 2026 and 2025.

#### **17. RETIREMENT PLAN BENEFIT LIABILITY:**

On March 18, 2010, the Human Capital Committee and the Board of Directors of the Company approved and adopted the Universal Display Corporation Supplemental Executive Retirement Plan (SERP). The SERP is currently unfunded and includes salary and bonus as part of the plan. The purpose of the SERP is to provide certain of the Company's key employees with supplemental pension benefits following a cessation of their employment and to encourage their continued employment with the Company. As of June 30, 2026, there were seven participants in the SERP. In December 2022, one of the participants retired and monthly SERP benefit payments commenced in January 2023. The total SERP benefit payments for both six months ended June 30, 2026 and 2025 were \$1.0 million.

The Company records amounts relating to the SERP based on calculations that incorporate various actuarial and other assumptions, including discount rates, rate of compensation increases, retirement dates and life expectancies. The net periodic costs are recognized as employees render the services necessary to earn the SERP benefits.

The components of net periodic pension cost were as follows (in thousands):

|                                    | Three Months Ended June 30, |               | Six Months Ended June 30, |                 |
|------------------------------------|-----------------------------|---------------|---------------------------|-----------------|
|                                    | 2026                        | 2025          | 2026                      | 2025            |
| Interest cost                      | \$ 630                      | \$ 697        | \$ 1,260                  | \$ 1,393        |
| Service cost                       | 130                         | 225           | 373                       | 450             |
| Amortization of prior service cost | 5                           | 5             | 11                        | 11              |
| Total net periodic benefit cost    | <u>\$ 765</u>               | <u>\$ 927</u> | <u>\$ 1,644</u>           | <u>\$ 1,854</u> |

#### **18. COMMITMENTS AND CONTINGENCIES:**

##### **Commitments**

Under the current research agreement with USC, the Company is obligated to make certain payments to USC based on work performed by it under that agreement, and by the University of Michigan (Michigan) under a subcontractor agreement that Michigan has with USC.

Under the terms of the current license agreement among the Company, Princeton and USC, the Company makes royalty payments to Princeton. See Note 11 for further explanation.

The Company has agreements with five executive officers and nine senior level employees which provide for certain cash and other benefits upon termination of employment of the officer or employee in connection with a change in control of the Company. If a covered person's employment is terminated in connection with the change in control, the person is entitled to a lump-sum cash payment equal to two times (in the case of the executive officers) or either one or two times (in the case of the senior level employees) the sum of the average annual base salary and bonus of the person and immediate vesting of all stock options and other equity awards that may be outstanding at the date of the change in control, among other items.

In order to manage manufacturing lead times and help ensure adequate material supply, the Company entered into the New OLED Materials Agreement (see Note 13) that allows PPG to procure and produce inventory based upon criteria as defined by the Company. These purchase commitments consist of firm, noncancelable and unconditional commitments. In certain instances, this agreement allows the Company the option to reschedule and adjust the Company's requirements based on its business needs prior to firm orders being placed. As of June 30, 2026 and December 31, 2025, the Company had contractual purchase commitments for inventory of \$36.4 million and \$40.7 million, respectively.

### ***Patent Related Challenges and Oppositions***

Each major jurisdiction in the world that issues patents provides both third parties and applicants an opportunity to seek a further review of an issued patent. The process for requesting and considering such reviews is specific to the jurisdiction that issued the patent in question, and generally does not provide for claims of monetary damages or a review of specific claims of infringement. The conclusions made by the reviewing administrative bodies tend to be appealable and generally are limited in scope and applicability to the specific claims and jurisdiction in question.

The Company believes that opposition proceedings are frequently commenced in the ordinary course of business by third parties who may believe that one or more claims in a patent do not comply with the technical or legal requirements of the specific jurisdiction in which the patent was issued. The Company views these proceedings as reflective of its goal of obtaining the broadest legally permissible patent coverage permitted in each jurisdiction. Once a proceeding is initiated, as a general matter, the issued patent continues to be presumed valid until the jurisdiction's applicable administrative body issues a final non-appealable decision. Depending on the jurisdiction, the outcome of these proceedings could include affirmation, denial or modification of some or all of the originally issued claims. The Company believes that as OLED technology becomes more established and its patent portfolio increases in size, so will the number of these proceedings.

### **19. CONCENTRATION OF RISK:**

Revenues and accounts receivable from the Company's largest customers were as follows (in thousands):

| Customer | % of Total Revenue for the<br>Three Months Ended June 30, |      | % of Total Revenue for the<br>Six Months Ended June 30, |      | Accounts Receivable as of<br>June 30, 2026 |
|----------|-----------------------------------------------------------|------|---------------------------------------------------------|------|--------------------------------------------|
|          | 2026                                                      | 2025 | 2026                                                    | 2025 |                                            |
| A        | 43%                                                       | 39%  | 46%                                                     | 38%  | \$ 11,035                                  |
| B        | 21%                                                       | 19%  | 23%                                                     | 19%  | 32,574                                     |
| C        | 21%                                                       | 17%  | 17%                                                     | 20%  | 49,612                                     |
| D        | 4%                                                        | 10%  | 4%                                                      | 8%   | 19,763                                     |

Revenues from outside of North America represented approximately 97% and 96% of consolidated revenue for the three months ended June 30, 2026 and 2025, respectively, and 97% and 96% for the six months ended June 30, 2026 and 2025, respectively. Revenues by geographic area are as follows (in thousands):

| Country                  | Three Months Ended June 30, |            | Six Months Ended June 30, |            |
|--------------------------|-----------------------------|------------|---------------------------|------------|
|                          | 2026                        | 2025       | 2026                      | 2025       |
| South Korea              | \$ 87,411                   | \$ 86,522  | \$ 180,580                | \$ 173,855 |
| China                    | 59,089                      | 75,920     | 102,733                   | 147,012    |
| Japan                    | 211                         | 1,701      | 582                       | 2,114      |
| Other non-U.S. locations | 361                         | 534        | 654                       | 988        |
| Total non-U.S. locations | 147,072                     | 164,677    | 284,549                   | 323,969    |
| United States            | 5,085                       | 7,117      | 9,819                     | 14,102     |
| Total revenue            | \$ 152,157                  | \$ 171,794 | \$ 294,368                | \$ 338,071 |

The Company attributes revenue to different geographic areas on the basis of the location of the customer.

Property and equipment, net by geographic area are as follows (in thousands):

|                                   | June 30, 2026 | December 31, 2025 |
|-----------------------------------|---------------|-------------------|
| United States                     | \$ 116,641    | \$ 120,835        |
| Ireland                           | 71,369        | 73,838            |
| Other                             | 21,643        | 20,274            |
| Total property and equipment, net | \$ 209,653    | \$ 214,947        |

Substantially all finished goods were purchased from one supplier. See Note 13.

## 20. INCOME TAXES:

The Company is subject to income taxes in both the United States and foreign jurisdictions. The effective income tax rate was 19.0% and 19.8% for the three months ended June 30, 2026 and 2025, respectively, and 19.7% for both six months ended June 30, 2026 and 2025. The Company recorded income tax expense of \$11.6 million and \$16.6 million for the three months ended June 30, 2026 and 2025, respectively, and \$21.0 million and \$32.3 million for the six months ended June 30, 2026 and 2025, respectively. The discrepancy between the statutory tax rate and the effective tax rate was primarily due to the benefit of income taxed in foreign jurisdictions and the use of research and development credits. As of June 30, 2026 and December 31, 2025 the Company had \$25.1 million and \$57.0 million, respectively, of taxes receivable included in other current assets on the Consolidated Balance Sheets. In January 2026, the Company received \$39.0 million of the taxes receivable as of December 31, 2025 from the United States Treasury.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent on the Company's ability to generate future taxable income to obtain benefit from the reversal of temporary differences, net operating loss carryforwards and tax credits. As part of its assessment, management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies. As of June 30, 2026, there was not sufficient evidence to release the valuation allowance that has been recorded for the New Jersey research and development credits and unrealized loss on investments. There are no indicators against the realizability of the remaining net deferred tax asset.

On December 27, 2018, the Korean Supreme Court, citing prior cases, held that only royalties paid with respect to Korean registered patents are considered Korean source income and subject to Korean withholding tax under the applicable law and interpretation of the Korea-U.S. Tax Treaty. The Company has incurred Korean withholding tax of \$14.9 million for each of the years ended December 31, 2018, through December 31, 2022. Based on the Korean Supreme Court decision, a tax refund request on behalf of the Company was filed with the Korean National Tax Service (KNTS) for the period from January 1, 2018, to December 31, 2022. The Company received a formal rejection from the KNTS, and in May 2022 filed an appeal with the Korean Tax Tribunal. On December 18, 2023, the Company received a formal rejection from the Tax Tribunal. Anticipating the rejection of the appeal, in September 2023 the Company filed a petition to the District Court.

On September 18, 2025, the Korean Supreme Court issued a decision, changing its long-standing position on the taxation of royalties for patents not registered in Korea. The court held that royalties paid for licensing of a patent constitute Korean source income if the patented technology is actually used in the territory of the Republic of Korea. Based on discussions with a prominent Korean law firm, the Company has been advised that there is still a more likely-than-not chance of success, as the manufacturing and sales process occurs within and without the Republic of Korea. During a court appearance in March 2026, the judge requested additional information from the Korean Tax Authority, regarding what amount of royalties would be considered to be related to use in Korea. The Korean Tax Authority has not produced the requested information and, therefore, the scheduled July 2026 hearing was postponed without a specific future date.

The Company has recorded a long-term receivable of \$50.3 million and \$53.8 million as of June 30, 2026, and December 31, 2025, respectively, for the receipt of the Korean withholding tax. The Company also recorded a foreign exchange loss of \$476,000 and a foreign exchange gain of \$4.5 million for the three months ended June 30, 2026 and 2025, respectively, and a foreign exchange loss of \$3.5 million and a foreign exchange gain of \$4.5 million for the six months ended June 30, 2026 and 2025, respectively, due to the fluctuation of the Korean Won to the U.S. Dollar and resulting remeasurement of this Won-denominated receivable. The Company will amend U.S. federal tax returns for the 2018 to 2022 years when the anticipated refund from KNTS is received to offset the additional tax liability. The Company has recorded a long-term payable of \$15.7 million as of June 30, 2026 and December 31, 2025, for the estimated amounts due to the U.S. federal government based on the amendment of the Company's U.S. tax returns, indicating that lower withholding amounts were required.

The Company is not subject to examinations by the federal tax authority for the years prior to 2022. The Company's state and foreign tax returns are open for a period of generally three to four years. The Company is currently under IRS tax audit for 2023, and under California tax audit for 2021 and 2022. As of June 30, 2026, no adjustments have been proposed for these ongoing audits.

The above estimates may change in the future and upon settlement.

## 21. REVENUE RECOGNITION:

The Company recognizes revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers (Topic 606)*. The standard establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows from a contract with a customer.

For the three months ended June 30, 2026 and 2025, the Company recorded 97% and 96%, respectively, of its revenue from OLED related sales and 3% and 4%, respectively, from the providing of services through Adesis. For the six months ended June 30, 2026 and 2025, the Company recorded 97% and 96%, respectively, of its revenue from OLED related sales and 3% and 4%, respectively, from the providing of services through Adesis.

### *Contract Balances*

The following table provides information about assets and liabilities associated with our contracts from customers (in thousands):

|                                 | June 30, 2026 | December 31, 2025 |
|---------------------------------|---------------|-------------------|
| Accounts receivable             | \$ 126,204    | \$ 119,953        |
| Short-term unbilled receivables | 23,165        | 19,338            |
| Long-term unbilled receivables  | 54,867        | 45,600            |
| Short-term contract assets      | 3,051         | 3,070             |
| Long-term contract assets       | 1,758         | 3,338             |
| Short-term deferred revenue     | 40,823        | 21,011            |
| Long-term deferred revenue      | 2,023         | 1,943             |

Short-term and long-term unbilled receivables and contract assets are classified as other current assets and other assets, respectively, on the Consolidated Balance Sheets. Contract assets represent consideration related to the renewal of customer contracts which is recognized over the contract term based on material units sold. The deferred revenue balance as of June 30, 2026 will be recognized as materials are shipped to customers over the remaining contract periods. As of June 30, 2026, the Company had \$19.5 million of backlog associated with committed purchase orders from its customers for phosphorescent emitter material. These orders are anticipated to be fulfilled within the next 90 days.

Significant changes in unbilled receivables, contract assets and deferred revenue balances associated with the Company's contracts from customers for the six months ended June 30, 2026 and 2025 are as follows (in thousands):

|                                                                                            | Six Months Ended June 30, 2026 |             |
|--------------------------------------------------------------------------------------------|--------------------------------|-------------|
|                                                                                            | Assets                         | Liabilities |
| Balance at December 31, 2025                                                               | \$ 71,346                      | \$ (22,954) |
| Revenue recognized that was previously included in deferred revenue, net                   | —                              | 76,351      |
| Increases due to cash received                                                             | —                              | (106,286)   |
| Cumulative catch-up adjustment arising from changes in estimates of transaction price, net | —                              | 10,043      |
| Unbilled receivables recorded, net                                                         | 49,933                         | —           |
| Contract assets recorded, net                                                              | (1,598)                        | —           |
| Transferred to receivables from unbilled receivables                                       | (36,840)                       | —           |
| Net change                                                                                 | 11,495                         | (19,892)    |
| Balance at June 30, 2026                                                                   | \$ 82,841                      | \$ (42,846) |

|                                                                                            | Six Months Ended June 30, 2025 |             |
|--------------------------------------------------------------------------------------------|--------------------------------|-------------|
|                                                                                            | Assets                         | Liabilities |
| Balance at December 31, 2024                                                               | \$ 64,876                      | \$ (33,611) |
| Revenue recognized that was previously included in deferred revenue, net                   | —                              | 55,923      |
| Increases due to cash received                                                             | —                              | (63,183)    |
| Cumulative catch-up adjustment arising from changes in estimates of transaction price, net | —                              | 2,642       |
| Unbilled receivables recorded, net                                                         | 89,409                         | —           |
| Contract assets recorded, net                                                              | (1,038)                        | —           |
| Transferred to receivables from unbilled receivables                                       | (76,581)                       | —           |
| Net change                                                                                 | 11,790                         | (4,618)     |
| Balance at June 30, 2025                                                                   | \$ 76,666                      | \$ (38,229) |

The total cumulative catch-up adjustment recorded to revenue arising from changes in estimates of transaction price, net was an increase of \$10.0 million for the six months ended June 30, 2026 as compared to an increase of \$2.6 million for the six months ended June 30, 2025. For the six months ended June 30, 2026 and 2025, the adjustment resulted from an increase in the average price per gram, primarily due to lower anticipated demand from certain customers over the respective remaining lives of their contracts.

## 22. NET INCOME PER COMMON SHARE:

The Company computes earnings per share in accordance with ASC Topic 260, *Earnings per Share*, which requires earnings per share (EPS) for each class of stock to be calculated using the two-class method. The two-class method is an allocation of income between the holders of common stock and the Company's participating security holders. Under the two-class method, income for the reporting period is allocated between common shareholders and other security holders based on their respective participation rights in undistributed income. Unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents are participating securities and, therefore, are included in computing earnings per share pursuant to the two-class method.

Basic net income per common share is computed by dividing net income allocated to common shareholders by the weighted-average number of shares of common stock outstanding for the period excluding unvested restricted stock units and performance units. Net income allocated to the holders of the Company's unvested restricted stock awards is calculated based on the shareholders proportionate share of weighted average shares of common stock outstanding on an if-converted basis.

For purposes of determining diluted net income per common share, basic net income per share is further adjusted to include the effect of potential dilutive common shares outstanding, including restricted stock units, performance units and the impact of shares to be issued under the Company's Employee Stock Purchase Plan.

The following table is a reconciliation of net income and the shares used in calculating basic and diluted net income per common share for the three and six months ended June 30, 2026 and 2025 (in thousands, except share and per share data):

|                                                         | <u>Three Months Ended June 30,</u> |                   | <u>Six Months Ended June 30,</u> |                   |
|---------------------------------------------------------|------------------------------------|-------------------|----------------------------------|-------------------|
|                                                         | <u>2026</u>                        | <u>2025</u>       | <u>2026</u>                      | <u>2025</u>       |
| Numerator:                                              |                                    |                   |                                  |                   |
| Net income                                              | \$ 49,421                          | \$ 67,264         | \$ 85,317                        | \$ 131,708        |
| <i>Adjustment for Basic EPS:</i>                        |                                    |                   |                                  |                   |
| Earnings allocated to unvested shareholders             | 12                                 | (30)              | 2                                | (110)             |
| Adjusted net income                                     | <u>\$ 49,433</u>                   | <u>\$ 67,234</u>  | <u>\$ 85,319</u>                 | <u>\$ 131,598</u> |
| Denominator:                                            |                                    |                   |                                  |                   |
| Weighted average common shares outstanding – Basic      | 46,653,464                         | 47,593,660        | 46,822,359                       | 47,580,549        |
| Effect of dilutive shares:                              |                                    |                   |                                  |                   |
| Common stock equivalents arising from ESPP              | 699                                | 392               | 1,854                            | 959               |
| Restricted stock awards and units and performance units | 27,960                             | 80,834            | 76,275                           | 102,843           |
| Weighted average common shares outstanding – Diluted    | <u>46,682,123</u>                  | <u>47,674,886</u> | <u>46,900,488</u>                | <u>47,684,351</u> |
| Net income per common share:                            |                                    |                   |                                  |                   |
| Basic                                                   | \$ 1.06                            | \$ 1.41           | \$ 1.82                          | \$ 2.77           |
| Diluted                                                 | \$ 1.06                            | \$ 1.41           | \$ 1.82                          | \$ 2.76           |

For the three months ended June 30, 2026 and 2025, the combined effects of unvested restricted stock awards, restricted stock units and performance unit awards of 390,772 and 99,171, respectively, were excluded from the calculation of diluted EPS as their impact would have been antidilutive. For the six months ended June 30, 2026 and 2025, the combined effects of unvested restricted stock awards, restricted stock units and performance unit awards of 331,129 and 93,479, respectively, were excluded from the calculation of diluted EPS as their impact would have been antidilutive.

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the unaudited Consolidated Financial Statements and related notes above.

### **CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**

This discussion and analysis contains some “forward-looking statements.” Forward-looking statements concern possible or assumed future results of operations, including descriptions of our business strategies and customer relationships. These statements often include words such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate,” “seek,” “will,” “may” or similar expressions. These statements are based on assumptions that we have made in light of our experience in the industry, as well as our perceptions of historical trends, current conditions, expected future developments and other factors that we believe are appropriate in these circumstances.

As you read and consider this discussion and analysis, you should not place undue reliance on any forward-looking statements. You should understand that these statements involve substantial risk and uncertainty and are not guarantees of future performance or results. They depend on many factors that are discussed further in the sections entitled (Risk Factors) in our Annual Report on Form 10-K for the year ended December 31, 2025, as supplemented by disclosures in Item 1A of Part II below. Changes or developments in any of these areas could affect our financial results or results of operations and could cause actual results to differ materially from those contemplated in the forward-looking statements.

All forward-looking statements speak only as of the date of this report or the documents incorporated by reference, as the case may be. We do not undertake any duty to update any of these forward-looking statements to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events.

### **OVERVIEW**

We are a leader in the research, development and commercialization of organic light emitting diode (OLED) technologies and materials for use in display applications, such as mobile phones, televisions, monitors, wearables, tablets, portable media devices, notebook computers, personal computers, automotive applications and specialty lighting products. Since 1994, we have been engaged and expect to continue to be primarily engaged, in funding and performing research and development activities relating to OLED technologies and materials, and commercializing these technologies and materials. We derive our revenue primarily from the following:

- sales of OLED materials for evaluation, development and commercial manufacturing;
- intellectual property and technology licensing;
- technology development and support, including third-party collaboration efforts and providing support to third parties for commercialization of their OLED products; and
- contract research services in the areas of chemical materials synthesis research, development and commercialization for non-OLED applications.

Material sales relate to our sale of OLED materials for incorporation into our customers' commercial OLED products or for their OLED development and evaluation activities. Material sales are generally recognized at the time title passes, which is typically at the time of shipment or at the time of delivery, depending upon the contractual agreement between the parties.

We receive license and royalty payments under certain commercial, development and technology evaluation agreements, some of which are non-refundable advances. These payments may include royalty and license fees made pursuant to license agreements and also license fees included as part of certain commercial supply agreements. These payments are included in the estimate of total contract consideration by customer and recognized as revenue over the contract term based on material units sold at the estimated per unit fee over the life of the contract.

On December 2, 2022, we entered into a commercial patent license agreement with Samsung Display Co., Ltd. (SDC), replacing a previous license agreement that had been in place since 2018. This agreement, which covers the manufacture and sale of specified OLED display materials, was effective as of January 1, 2023 and lasts through the end of 2027 with an additional two-year extension option for SDC. Under this agreement, we are being paid a license fee, which includes quarterly and annual payments over the agreement term. The agreement conveys to SDC the non-exclusive right to use certain of our intellectual property assets for a limited period of time that is less than the estimated life of the assets.

At the same time that we entered into the current commercial license agreement with SDC, we also entered into a material purchase agreement with SDC, which lasts for the same term as the license agreement and is subject to the same extension option. This new material purchase agreement replaced a previous purchase agreement that had been in place since 2018. Under the material purchase agreement, SDC agrees to purchase from us a minimum amount of red and green phosphorescent emitter materials for use in the manufacture of licensed products. This minimum commitment is subject to SDC's requirements for phosphorescent emitter materials and our ability to meet these requirements over the term of the supplemental agreement.

In 2015, we entered into an OLED patent license agreement and an OLED commercial supply agreement with LG Display Co., Ltd. (LG Display). In 2026, we and LG Display entered into new agreements that extended the terms of these agreements at least through the end of 2030. The patent license agreement provides LG Display a non-exclusive, royalty bearing portfolio license to make and sell OLED displays under their patent portfolio. The patent license calls for minimum annual license fees and additional incremental license fees based on LG Display's volume of sale of licensed products. The OLED commercial supply agreement provides for the sale of dopant and host materials for use by LG Display.

In 2023, we entered into new long-term, multi-year agreements with BOE Technology Group Co., Ltd. (BOE). Under these agreements, we have granted BOE non-exclusive license rights under various patents owned or controlled by us to manufacture and sell OLED display products. We also supply phosphorescent OLED materials to BOE for use in its licensed products.

In 2019, we entered into an evaluation and commercial supply relationship with Wuhan China Star Optoelectronics Semiconductor Display Technology Co., Ltd. (CSOT). In 2020, we entered into long-term, multi-year agreements with CSOT. Under these agreements, we have granted CSOT non-exclusive license rights under various patents owned or controlled by us to manufacture and sell OLED display products. We also supply phosphorescent OLED materials to CSOT for use in its licensed products.

In 2024, we entered into new long-term, multi-year agreements with Visionox Technology, Inc. (Visionox). Under these agreements, we have granted Visionox non-exclusive license rights under various patents owned or controlled by us to manufacture and sell OLED display products. Additionally, we supply phosphorescent OLED materials to Visionox for use in its licensed products.

In 2025, we entered into long-term, multi-year OLED patent license and material purchase agreements with Tianma Microelectronics Co., Ltd. (Tianma). Under the agreements, we have granted Tianma non-exclusive license rights under various patents owned or controlled by us to manufacture and sell OLED display products. Additionally, we supply phosphorescent OLED materials to Tianma for use in its licensed products.

In 2016, we acquired Adesis, Inc. (Adesis) which has operations in New Castle and Wilmington, Delaware. Adesis is a contract development and manufacturing organization (CDMO) that provides support services on a contractual basis to third-party customers in the OLED, pharma, biotech, catalysis and other industries. As of June 30, 2026, Adesis employed a team of 134 research scientists, chemists, engineers and laboratory technicians. Prior to our acquisition of Adesis, we utilized more than 50% of Adesis' technology service and production output. We continue to utilize a significant portion of its technology research capacity for the benefit of our OLED technology development, and Adesis uses the remaining capacity to operate as a CDMO by providing contract research services for non-OLED applications to third-party customers in the above-mentioned industries. Contract research services revenue is earned by providing chemical materials synthesis research, development and commercialization for non-OLED applications on a contractual basis for those third-party customers.

In June 2020, we formed a wholly-owned subsidiary, OVJP Corporation (OVJP Corp), operating in California, in order to advance the commercialization of our proprietary Organic Vapor Jet Printing (OVJP) technology, which we now refer to as Universal Vapor Jet Printing (UVJP). In December 2024, we announced that the OVJP Corp facility in California would be closing and UVJP operations would be relocated to our newly formed Singapore subsidiary, Universal Vapor Jet Corporation Pte. Ltd. (UVJC), as well as continued operations in our Tech and Innovation Center in New Jersey. While we continue to focus on the long-term opportunity in the large-area display market for UVJP, the industry's current focus is on the growing demand for IT capacity. Our UVJC subsidiary continues to assess additional market opportunities where this technology may be transformative.

In February 2021, we announced the establishment of a new manufacturing site in Shannon, Ireland and an agreement between UDC Ireland Limited and PPG for the production of our OLED materials. The Shannon manufacturing facility became operational in June 2022 and we purchased the site during September 2023. The Shannon manufacturing facility provides incremental manufacturing capacity to meet our expanding production needs, and allows for the geographical diversification of our manufacturing base for the world-wide distribution of our materials.

We also generate technology development and support revenue earned from development and technology evaluation agreements and commercialization assistance fees.



We anticipate fluctuations in our annual and quarterly results of operations due to uncertainty regarding, among other factors:

- the timing, cost and volume of sales of our OLED materials;
- the timing of our receipt of license fees and royalties, as well as fees for future technology development and evaluation;
- the timing and magnitude of expenditures we may incur in connection with our ongoing research and development and patent-related activities; and
- the timing and financial consequences of our formation of new business relationships and alliances.

## RESULTS OF OPERATIONS

### Comparison of the Three Months Ended June 30, 2026 and 2025

|                                                                 | Three Months Ended June 30, |           |                     |
|-----------------------------------------------------------------|-----------------------------|-----------|---------------------|
|                                                                 | 2026                        | 2025      | Increase (Decrease) |
| REVENUE:                                                        |                             |           |                     |
| Material sales                                                  | \$ 66,191                   | \$ 88,650 | \$ (22,459)         |
| Royalty and license fees                                        | 81,212                      | 75,667    | 5,545               |
| Contract research services                                      | 4,754                       | 7,477     | (2,723)             |
| Total revenue                                                   | 152,157                     | 171,794   | (19,637)            |
| COST OF SALES                                                   | 36,790                      | 39,203    | (2,413)             |
| Gross margin                                                    | 115,367                     | 132,591   | (17,224)            |
| OPERATING EXPENSES:                                             |                             |           |                     |
| Research and development                                        | 34,974                      | 36,358    | (1,384)             |
| Selling, general and administrative                             | 18,565                      | 20,440    | (1,875)             |
| Amortization of acquired technology and other intangible assets | 5,719                       | 4,548     | 1,171               |
| Patent costs                                                    | 2,356                       | 2,588     | (232)               |
| Royalty and license expense                                     | 105                         | 117       | (12)                |
| Total operating expenses                                        | 61,719                      | 64,051    | (2,332)             |
| OPERATING INCOME                                                | 53,648                      | 68,540    | (14,892)            |
| Interest income, net                                            | 8,477                       | 9,763     | (1,286)             |
| Other (loss) income, net                                        | (1,121)                     | 5,575     | (6,696)             |
| Interest and other income, net                                  | 7,356                       | 15,338    | (7,982)             |
| INCOME BEFORE INCOME TAXES                                      | 61,004                      | 83,878    | (22,874)            |
| INCOME TAX EXPENSE                                              | (11,583)                    | (16,614)  | 5,031               |
| NET INCOME                                                      | \$ 49,421                   | \$ 67,264 | \$ (17,843)         |

### Revenue

Our total material sales were \$66.2 million for the three months ended June 30, 2026, as compared to \$88.7 million for the three months ended June 30, 2025, a decrease of 25% with a decrease in unit material volume of 11%. The decrease in material sales was primarily due to lower unit material volume, changes in customer mix and a \$6.9 million unfavorable period-over-period change in the cumulative catch-up adjustment for material sales, primarily attributable to product mix changes forecasted over the respective remaining lives of certain customer contracts.

- Green emitter sales for the three months ended June 30, 2026, which include our yellow-green emitters, were \$50.9 million as compared to \$63.6 million for the three months ended June 30, 2025, with unit material volumes decreasing by 5%.
- Red emitter sales for the three months ended June 30, 2026 were \$15.1 million as compared to \$23.9 million for the three months ended June 30, 2025, with unit material volumes decreasing by 21%.

Revenue from royalty and license fees was \$81.2 million for the three months ended June 30, 2026 as compared to \$75.7 million for the three months ended June 30, 2025, an increase of 7%. The increase in royalty and license fees was primarily the result of a \$16.3 million favorable period-over-period change in the cumulative catch-up adjustment for royalty and license fees, partially offset by lower unit material volume and changes in customer mix. The \$16.3 million favorable period-over-period change in the cumulative catch-up adjustment was primarily attributable to an increase in the average royalty and license fees price per gram due to lower anticipated demand from certain customers over the respective remaining lives of their contracts.

The total cumulative catch-up adjustment recorded to revenue arising from changes in estimates of transaction price, net was an increase of \$10.1 million for the three months ended June 30, 2026 as compared to a net increase of \$655,000 for the three months ended June 30, 2025.

Revenue from contract research services consists of revenue earned by Adesis, which provides support services on a contractual basis to third-party customers in the pharma, biotech, catalysis and other industries. Contract research services revenue was \$4.8 million for the three months ended June 30, 2026 as compared to \$7.5 million for the three months ended June 30, 2025, a decrease of 36%. The decrease in contract research services revenue was primarily due to decreased specialty manufacturing customer demand at Adesis during the three months ended June 30, 2026.

#### ***Cost of sales***

Cost of sales for the three months ended June 30, 2026 decreased by \$2.4 million as compared to the three months ended June 30, 2025, primarily due to lower sales volume and Adesis' cost of sales, partially offset by product mix. As a result of the decrease in revenue from material sales, partially offset by the increase in revenue from royalty and license fees, gross margin for the three months ended June 30, 2026 decreased by \$17.2 million as compared to the three months ended June 30, 2025, with gross margin as a percentage of revenue decreasing to 76% from 77%.

#### ***Research and development***

Research and development expenses decreased to \$35.0 million for the three months ended June 30, 2026, as compared to \$36.4 million for the three months ended June 30, 2025. The decrease in research and development expenses was primarily due to a reduction in stock-based compensation and contract research costs.

#### ***Selling, general and administrative***

Selling, general and administrative expenses decreased to \$18.6 million for the three months ended June 30, 2026, as compared to \$20.4 million for the three months ended June 30, 2025. The decrease in selling, general and administrative expenses was primarily due to a decrease in stock-based compensation, partially offset by an increase in consulting expenses.

#### ***Amortization of acquired technology and other intangible assets***

Amortization of acquired technology and other intangible assets increased to \$5.7 million for the three months ended June 30, 2026 as compared to \$4.5 million for the three months ended June 30, 2025. The increase in amortization of acquired technology and other intangible assets was primarily due to the acquisition of the Merck KGaA patent portfolio in January 2026. See Note 7 in Notes to Consolidated Financial Statements for further discussion.

#### ***Patent costs***

Patent costs decreased to \$2.4 million for the three months ended June 30, 2026, as compared to \$2.6 million for the three months ended June 30, 2025.

#### ***Royalty and license expense***

Royalty and license expense decreased to \$105,000 for the three months ended June 30, 2026, as compared to \$117,000 for the three months ended June 30, 2025.

### ***Interest and other income, net***

Interest income, net was \$8.5 million for the three months ended June 30, 2026, as compared to \$9.8 million for the three months ended June 30, 2025. The decrease in interest income, net was primarily attributable to lower bond yields and reduced average investment balances on available-for-sale investments compared with the same period in 2025. Other (loss) income, net primarily consisted of net exchange gains and losses on foreign currency transactions, net investment gains and losses, and rental income. We recorded other loss, net of \$1.1 million for the three months ended June 30, 2026 as compared to other income, net of \$5.6 million for the three months ended June 30, 2025. The decrease in other (loss) income, net was due to a \$730,000 investment loss on our marketable equity securities portfolio and a \$476,000 foreign exchange loss during the three months ended June 30, 2026 as compared to a \$4.5 million foreign exchange gain during the three months ended June 30, 2025, which was caused by the fluctuation in the Korean Won to the U.S. Dollar exchange rate and resulting remeasurement of a Korean Won-denominated withholding tax receivable.

### ***Income tax expense***

We are subject to income taxes in the United States and foreign jurisdictions. The effective income tax rate was 19.0% and 19.8% for the three months ended June 30, 2026 and 2025, respectively, and we recorded income tax expense of \$11.6 million and \$16.6 million, respectively, for those periods.

### **Comparison of the Six Months Ended June 30, 2026 and 2025**

|                                                                 | Six Months Ended June 30, |            | Increase (Decrease) |
|-----------------------------------------------------------------|---------------------------|------------|---------------------|
|                                                                 | 2026                      | 2025       |                     |
| REVENUE:                                                        |                           |            |                     |
| Material sales                                                  | \$ 149,940                | \$ 174,805 | \$ (24,865)         |
| Royalty and license fees                                        | 135,422                   | 149,236    | (13,814)            |
| Contract research services                                      | 9,006                     | 14,030     | (5,024)             |
| Total revenue                                                   | 294,368                   | 338,071    | (43,703)            |
| COST OF SALES                                                   | 72,911                    | 77,337     | (4,426)             |
| Gross margin                                                    | 221,457                   | 260,734    | (39,277)            |
| OPERATING EXPENSES:                                             |                           |            |                     |
| Research and development                                        | 70,220                    | 71,258     | (1,038)             |
| Selling, general and administrative                             | 38,597                    | 37,454     | 1,143               |
| Amortization of acquired technology and other intangible assets | 11,307                    | 9,093      | 2,214               |
| Patent costs                                                    | 4,725                     | 4,494      | 231                 |
| Royalty and license expense                                     | 209                       | 231        | (22)                |
| Total operating expenses                                        | 125,058                   | 122,530    | 2,528               |
| OPERATING INCOME                                                | 96,399                    | 138,204    | (41,805)            |
| Interest income, net                                            | 17,192                    | 19,837     | (2,645)             |
| Other (loss) income, net                                        | (7,294)                   | 5,953      | (13,247)            |
| Interest and other income, net                                  | 9,898                     | 25,790     | (15,892)            |
| INCOME BEFORE INCOME TAXES                                      | 106,297                   | 163,994    | (57,697)            |
| INCOME TAX EXPENSE                                              | (20,980)                  | (32,286)   | 11,306              |
| NET INCOME                                                      | \$ 85,317                 | \$ 131,708 | \$ (46,391)         |

### ***Revenue***

Our total material sales were \$149.9 million for the six months ended June 30, 2026, as compared to \$174.8 million for the six months ended June 30, 2025, a decrease of 14% with a decrease in unit material volume of 7%. The decrease in material sales was primarily due to lower unit material volume and changes in customer mix.

- Green emitter sales for the six months ended June 30, 2026, which include our yellow-green emitters, were \$114.9 million as compared to \$127.1 million for the six months ended June 30, 2025, with unit material volumes decreasing by 4%.
- Red emitter sales for the six months ended June 30, 2026 were \$34.8 million as compared to \$45.4 million for the six months ended June 30, 2025, with unit material volumes decreasing by 15%.

Revenue from royalty and license fees was \$135.4 million for the six months ended June 30, 2026 as compared to \$149.2 million for the six months ended June 30, 2025, a decrease of 9%. The decrease in royalty and license fees for the six months ended June 30, 2026 was primarily the result of lower unit material volume and changes in customer mix, partially offset by the impact of a \$7.4 million favorable period-over-period change in the cumulative catch-up adjustment, which was primarily attributable to royalty and license fees, as described below.

The total cumulative catch-up adjustment recorded to revenue arising from changes in estimates of transaction price, net was an increase of \$10.0 million for the six months ended June 30, 2026 as compared to a net increase of \$2.6 million for the six months ended June 30, 2025. For the six months ended June 30, 2026 and 2025, the adjustment resulted from an increase in the average price per gram, primarily due to lower anticipated demand from certain customers over the respective remaining lives of their contracts.

Revenue from contract research services consists of revenue earned by Adesis. Contract research services revenue was \$9.0 million for the six months ended June 30, 2026 as compared to \$14.0 million for the six months ended June 30, 2025, a decrease of 36%. The decrease in contract research services revenue was primarily due to decreased specialty manufacturing customer demand at Adesis during the six months ended June 30, 2026.

### ***Cost of sales***

Cost of sales for the six months ended June 30, 2026 decreased by \$4.4 million as compared to the six months ended June 30, 2025, primarily due to lower sales volume and Adesis' cost of sales, partially offset by product mix. As a result of the decrease in revenue material sales and royalty and license fees, gross margin for the six months ended June 30, 2026 decreased by \$39.3 million as compared to the six months ended June 30, 2025, with gross margin as a percentage of revenue decreasing to 75% from 77%.

### ***Research and development***

Research and development expenses decreased to \$70.2 million for the six months ended June 30, 2026, as compared to \$71.3 million for the six months ended June 30, 2025. The decrease in research and development expenses was primarily due to a reduction in stock-based compensation and contract research costs, partially offset by an increase in PPG development expenses.

### ***Selling, general and administrative***

Selling, general and administrative expenses increased to \$38.6 million for the six months ended June 30, 2026, as compared to \$37.5 million for the six months ended June 30, 2025. The increase in selling, general and administrative expenses was primarily due to an increase in consulting expenses, partially offset by a decrease in stock-based compensation.

### ***Amortization of acquired technology and other intangible assets***

Amortization of acquired technology and other intangible assets increased to \$11.3 million for the six months ended June 30, 2026 as compared to \$9.1 million for the six months ended June 30, 2025. The increase in amortization of acquired technology and other intangible assets was primarily due to the acquisition of the Merck KGaA patent portfolio in January 2026. See Note 7 in Notes to Consolidated Financial Statements for further discussion.

### ***Patent costs***

Patent costs increased to \$4.7 million for the six months ended June 30, 2026, as compared to \$4.5 million for the six months ended June 30, 2025.

### ***Royalty and license expense***

Royalty and license expense decreased to \$209,000 for the six months ended June 30, 2026, as compared to \$231,000 for the six months ended June 30, 2025.

### ***Interest and other income, net***

Interest income, net was \$17.2 million for the six months ended June 30, 2026, as compared to \$19.8 million for the six months ended June 30, 2025. The decrease in interest income, net was primarily attributable to lower bond yields and reduced average investment balances on available-for-sale investments compared with the same period in 2025. Other (loss) income, net primarily consisted of net exchange gains and losses on foreign currency transactions, net investment gains and losses, and rental income. We recorded other loss, net of \$7.3 million for the six months ended June 30, 2026 as compared to other income, net of \$6.0 million for the six months ended June 30, 2025. The decrease in other (loss) income, net was primarily due to a \$3.5 million foreign exchange loss, a \$3.4 million investment loss on our marketable equity securities portfolio and a \$415,000 impairment loss on our minority equity investment portfolio during the six months ended June 30, 2026 as compared to a \$4.5 million foreign exchange gain during the six months ended June 30, 2025. Net exchange gains and losses on foreign currency are primarily caused by the fluctuation in the Korean Won to the U.S. Dollar exchange rate and resulting remeasurement of a Korean Won-denominated withholding tax receivable.

### ***Income tax expense***

We are subject to income taxes in the United States and foreign jurisdictions. The effective income tax rate was 19.7% for both six months ended June 30, 2026 and 2025, and we recorded income tax expense of \$21.0 million and \$32.3 million, respectively, for those periods.

### **Liquidity and Capital Resources**

Our principal sources of liquidity are our cash and cash equivalents and short-term investments. As of June 30, 2026, we had cash and cash equivalents of \$120.6 million, short-term investments of \$350.7 million, and long-term U.S. Government bonds investments of \$383.2 million for a total of \$854.5 million. This compares to cash and cash equivalents of \$138.4 million, short-term investments of \$464.0 million, and long-term U.S. Government bond investments of \$353.0 million for a total of \$955.4 million as of December 31, 2025.

Cash provided by operating activities for the six months ended June 30, 2026 was \$133.9 million resulting from \$85.3 million of net income, \$42.5 million from non-cash items including depreciation, stock-based compensation and amortization of intangibles, and a \$6.1 million increase due to changes in our operating assets and liabilities. Changes in our operating assets and liabilities related to an increase in deferred revenue of \$19.9 million and a decrease in other assets of \$17.8 million, partially offset by a decrease in accounts payable and accrued expenses of \$14.0 million, an increase in inventory of \$8.7 million, an increase in accounts receivable of \$6.3 million and a decrease in other liabilities of \$2.6 million.

Cash provided by operating activities for the six months ended June 30, 2025 was \$82.5 million resulting from \$131.7 million of net income and \$32.7 million from non-cash items including stock-based compensation, depreciation and amortization of intangibles, partially offset by a \$81.9 million reduction due to changes in our operating assets and liabilities. Changes in our operating assets and liabilities related to an increase in accounts receivable of \$33.4 million, an increase in other assets of \$28.0 million, an increase in inventory of \$25.3 million and a decrease in other liabilities of \$4.4 million, partially offset by an increase in accounts payable and accrued expenses of \$4.6 million and an increase in deferred revenue of \$4.6 million. The increase in accounts receivable during the six months ended June 30, 2025 was primarily due to the timing of material shipments as well as license fee billings for certain customers. The increase in inventory during the six months ended June 30, 2025 was primarily due to purchases of certain strategic raw materials.

Cash provided by investing activities was \$17.0 million for the six months ended June 30, 2026, as compared to cash used in investing activities of \$34.5 million for the six months ended June 30, 2025. The increase in cash provided by investing activities was due to timing of maturities and purchases of investments resulting in net sales and maturities of \$70.2 million for the six months ended June 30, 2026, as compared to net purchases of \$7.0 million for the six months ended June 30, 2025, partially offset by an increase in purchases of intangibles and property and equipment of \$25.7 million. The increase in the purchases of intangibles during the six months ended June 30, 2026 was primarily due to the acquisition of the Merck KGaA patent portfolio in January 2026.

Cash used in financing activities was \$168.6 million for the six months ended June 30, 2026, as compared to \$51.2 million for the six months ended June 30, 2025. The increase was due to an increase in the repurchases of common stock, inclusive of excise tax, of \$115.2 million, an increase in the cash payment of dividends in the current year of \$3.8 million and a decrease in the proceeds from issuance of common stock of \$33,000, partially offset by a decrease in the payment of withholding taxes related to stock-based compensation to employees of \$1.6 million.

Working capital was \$830.9 million as of June 30, 2026, as compared to \$979.0 million as of December 31, 2025. The decrease was primarily due to decreases in short-term investments and other current assets.

We anticipate, based on our internal forecasts and assumptions relating to our operations (including, among others, assumptions regarding our working capital requirements, the progress of our research and development efforts, the availability of sources of funding for our research and development work, and the timing and costs associated with the preparation, filing, prosecution, maintenance, defense and enforcement of our patents and patent applications), that we have sufficient cash, cash equivalents and short-term investments to meet our obligations for at least the next twelve months.

Additional funding may be required in the future for research, development and commercialization of our OLED technologies and materials, to obtain, maintain and enforce patents respecting these technologies and materials, and for working capital and other purposes, the timing and amount of which are difficult to ascertain. We believe that potential additional financing sources for us include long-term and short-term borrowings and public and private sales of our equity and debt securities. There can be no assurance that additional funds will be available to us when needed, on commercially reasonable terms or at all, particularly in the current economic environment.

### **Critical Accounting Policies and Estimates**

The discussion and analysis of our financial condition and results of operations is based on our Consolidated Financial Statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these Consolidated Financial Statements requires us to make estimates and judgments that affect our reported assets and liabilities, revenues and expenses, and other financial information. Actual results may differ significantly from our estimates under other assumptions and conditions.

We believe that our accounting policies related to revenue recognition and deferred revenue, inventories, and income taxes are our “critical accounting policies” as contemplated by the SEC.

Refer to our Annual Report on Form 10-K for the year ended December 31, 2025, for additional discussion of our critical accounting policies.

### **Contractual Obligations**

Refer to our Annual Report on Form 10-K for the year ended December 31, 2025 for a discussion of our contractual obligations.

### **Off-Balance Sheet Arrangements**

As of June 30, 2026, we had no off-balance sheet arrangements in the nature of guarantee contracts, retained or contingent interests in assets transferred to unconsolidated entities (or similar arrangements serving as credit, liquidity or market risk support to unconsolidated entities for any such assets), or obligations (including contingent obligations) arising out of variable interests in unconsolidated entities providing financing, liquidity, market risk or credit risk support to us, or that engage in leasing, hedging or research and development services with us.

### **ITEM 3. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK***

We do not utilize financial instruments for trading purposes and hold no derivative financial instruments, other financial instruments or derivative commodity instruments that could expose us to significant market risk other than our investments disclosed in “Fair Value Measurements” in Note 4 to the Consolidated Financial Statements. We generally invest in investment grade financial instruments to reduce our exposure related to investments. Our primary market risk exposure with regard to such financial instruments is to changes in interest rates, which would impact interest income earned on investments. However, based upon the conservative nature of our investment portfolio and current experience, we do not believe a decrease in investment yields would have a material negative effect on our interest income.

Substantially all our revenue is derived from outside of North America and primarily denominated in U.S. dollars and therefore we bear no significant foreign exchange risk from routine customer sales transactions. However, due to a withholding tax receivable denominated in Korean Won, we do bear foreign exchange risk from fluctuations in the Korean Won to U.S. dollar exchange rate and resulting remeasurement.

#### **ITEM 4. CONTROLS AND PROCEDURES**

##### **Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2026. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures, as of the end of the period covered by this report, are effective to provide reasonable assurance that the information required to be disclosed by us in reports filed or submitted under the Securities Exchange Act of 1934, as amended, is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure. However, a controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

##### **Changes in Internal Control over Financial Reporting**

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

#### **PART II – OTHER INFORMATION**

#### **ITEM 1. LEGAL PROCEEDINGS**

##### **Patent Related Challenges and Oppositions**

Each major jurisdiction in the world that issues patents provides both third parties and applicants an opportunity to seek a further review of an issued patent. The process for requesting and considering such reviews is specific to the jurisdiction that issued the patent in question, and generally does not provide for claims of monetary damages or a review of specific claims of infringement. The conclusions made by the reviewing administrative bodies tend to be appealable and generally are limited in scope and applicability to the specific claims and jurisdiction in question.

We believe that opposition proceedings are frequently commenced in the ordinary course of business by third parties who may believe that one or more claims in a patent do not comply with the technical or legal requirements of the specific jurisdiction in which the patent was issued. We view these proceedings as reflective of its goal of obtaining the broadest legally permissible patent coverage permitted in each jurisdiction. Once a proceeding is initiated, as a general matter, the issued patent continues to be presumed valid until the jurisdiction's applicable administrative body issues a final non-appealable decision. Depending on the jurisdiction, the outcome of these proceedings could include affirmation, denial or modification of some or all of the originally issued claims. We believe that as OLED technology becomes more established and its patent portfolio increases in size, so will the number of these proceedings.

#### **ITEM 1A. RISK FACTORS**

There have been no material changes to the risk factors previously discussed in Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2025.

#### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

##### **Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

On April 28, 2026, our Board of Directors authorized the repurchase of up to an additional \$400.0 million of our common stock. The repurchase authorization was effective immediately and permitted shares of the Company's common stock to be repurchased from time to time at management's discretion, through a variety of methods, including a 10b5-1 trading plan, open market purchases, privately negotiated transactions, or transactions otherwise in compliance with Rule 10b-18 under the Securities Exchange Act of 1934, as amended. The repurchase program has no time limit, does not obligate the Company to acquire a specified number of shares and can be modified, suspended or discontinued at any time at the Company's discretion.

Share repurchase activity during the three months ended June 30, 2026, was as follows (in thousands, except share and per share data):

| Period             | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan |
|--------------------|----------------------------------|------------------------------|----------------------------------------------------------------------|-----------------------------------------------------------------------------|
| April 1 - 30, 2026 | —                                | \$ —                         | —                                                                    | \$ —                                                                        |
| May 1 - 31, 2026   | 253,537                          | 92.69                        | 253,537                                                              | 376,501                                                                     |
| June 1 - 30, 2026  | 277,674                          | 89.12                        | 277,674                                                              | 351,755                                                                     |
| Total              | 531,211                          | \$ 90.82                     | 531,211                                                              | \$ 351,755                                                                  |

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**ITEM 5. OTHER INFORMATION**

**Trading Arrangements**

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



## ITEM 6. EXHIBITS

The following is a list of the exhibits filed as part of this report. Where so indicated by footnote, exhibits that were previously filed are incorporated by reference. For exhibits incorporated by reference, the location of the exhibit in the previous filing is indicated parenthetically, together with a reference to the filing indicated by footnote.

| Exhibit Number | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 31.1*          | <a href="#">Certifications of Steven V. Abramson, Chief Executive Officer, as required by Rule 13a-14(a) or Rule 15d-14(a)</a>                                                                                                                                                                                                                                                                                                                                                                                                              |
| 31.2*          | <a href="#">Certifications of Brian Millard, Chief Financial Officer, as required by Rule 13a-14(a) or Rule 15d-14(a)</a>                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 32.1**         | <a href="#">Certifications of Steven V. Abramson, Chief Executive Officer, as required by Rule 13a-14(b) or Rule 15d-14(b), and by 18 U.S.C. Section 1350. (This exhibit shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Further, this exhibit shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.)</a> |
| 32.2**         | <a href="#">Certifications of Brian Millard, Chief Financial Officer, as required by Rule 13a-14(b) or Rule 15d-14(b), and by 18 U.S.C. Section 1350. (This exhibit shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Further, this exhibit shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.)</a>      |
| 101.INS*       | Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.                                                                                                                                                                                                                                                                                                                                                                      |
| 101.SCH*       | Inline XBRL Taxonomy Extension Schema with Embedded Linkbase Documents.                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 104            | The cover page of this Quarterly Report on Form 10-Q for the quarter ended June 30, 2026 formatted in Inline XBRL (included in Item 101.INS)                                                                                                                                                                                                                                                                                                                                                                                                |

Explanation of footnotes to listing of exhibits:

- \* Filed herewith.
- \*\* Furnished herewith.

## SIGNATURES

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

### UNIVERSAL DISPLAY CORPORATION

Date: July 30, 2026

By: /s/ Brian Millard

Brian Millard

Vice President, Chief Financial Officer and Treasurer

**CERTIFICATIONS REQUIRED BY  
RULE 13a-14(a)/15d-14(a)**

I, Steven V. Abramson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Universal Display Corporation (the “registrant”) for the quarter ended June 30, 2026;
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: July 30, 2026

By: /s/ Steven V. Abramson  
Steven V. Abramson  
President and Chief Executive Officer

**CERTIFICATIONS REQUIRED BY  
RULE 13a-14(a)/15d-14(a)**

I, Brian Millard, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Universal Display Corporation (the “registrant”) for the quarter ended June 30, 2026;
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: July 30, 2026

By: /s/ Brian Millard

Brian Millard

Vice President, Chief Financial Officer and Treasurer

**CERTIFICATIONS REQUIRED BY  
RULE 13a-14(b)/15d-14(b) AND 18 U.S.C. SECTION 1350**

In connection with the quarterly report of Universal Display Corporation (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”), I, Steven V. Abramson, President and Chief Executive Officer of the Company, hereby certify, based on my knowledge, that:

- (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.

Date: July 30, 2026

By: /s/ Steven V. Abramson  
Steven V. Abramson  
President and Chief Executive Officer

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**CERTIFICATIONS REQUIRED BY  
RULE 13a-14(b)/15d-14(b) AND 18 U.S.C. SECTION 1350**

In connection with the quarterly report of Universal Display Corporation (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”), I, Brian Millard, Vice President and Chief Financial Officer of the Company, hereby certify, based on my knowledge, that:

- (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.

Date: July 30, 2026

By: /s/ Brian Millard

Brian Millard

Vice President, Chief Financial Officer and Treasurer

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