

Monolithic Power Systems

Q1'25 Earnings Commentary



The highest quality power solutions for
Industrial Applications, Telecom Infrastructures,
Cloud Computing, Automotive, and Consumer Applications

Monolithic Power Systems to Report First Quarter Results on May 1, 2025

MPS will report its results after the market closes on May 1, 2025 and host a question-and-answer webinar at 2:00 p.m. PT / 5:00 p.m. ET. The live event will be held via a Zoom webcast, which can be accessed at <https://mpsic.zoom.us/j/92570889542>.

Q1 2025 Financial Summary

(Unaudited)

GAAP

	Q1'25	Q4'24	Q1'24	QoQ Change	YoY Change
Revenue (\$k)	\$ 637,554	\$ 621,665	\$ 457,885	Up 2.6%	Up 39.2%
Gross Margin	55.4%	55.4%	55.1%	Flat	Up 0.3 pts
Opex (\$k)	\$ 184,471	\$ 181,101	\$ 156,954	Up 1.9%	Up 17.5%
Operating Margin	26.5%	26.3%	20.9%	Up 0.2 pts	Up 5.6 pts
Net income (\$k)	\$ 133,791	\$ 1,449,363	\$ 92,541	Down 90.8%	Up 44.6%
Diluted EPS	\$ 2.79	\$ 29.88	\$ 1.89	Down 90.7%	Up 47.6%

Non-GAAP

	Q1'25	Q4'24	Q1'24	QoQ Change	YoY Change
Revenue (\$k)	\$ 637,554	\$ 621,665	\$ 457,885	Up 2.6%	Up 39.2%
Gross Margin	55.7%	55.8%	55.7%	Down 0.1 pts	Flat
Opex (\$k)	\$ 133,526	\$ 126,117	\$ 103,426	Up 5.9%	Up 29.1%
Operating Margin	34.7%	35.5%	33.1%	Down 0.8 pts	Up 1.6 pts
Net income (\$k)	\$ 193,813	\$ 198,401	\$ 137,492	Down 2.3%	Up 41.0%
Diluted EPS	\$ 4.04	\$ 4.09	\$ 2.81	Down 1.2%	Up 43.8%
Tax Rate	15.0%	12.5%	12.5%	Up 2.5 pts	Up 2.5 pts

Revenue by End Market

End Market (\$M)	Revenue		YoY Change		% of Revenue	
	Q1'25	Q1'24	\$	%	Q1'25	Q1'24
Storage & Computing	\$ 188.5	\$ 106.1	\$ 82.4	77.7%	29.6%	23.2%
Automotive	144.9	87.1	57.8	66.4%	22.7	19.0
Enterprise Data	132.9	149.7	(16.8)	(11.2%)	20.8	32.7
Communications	71.8	46.7	25.1	53.7%	11.3	10.2
Consumer	56.9	38.1	18.8	49.3%	8.9	8.3
Industrial	42.6	30.2	12.4	41.1%	6.7	6.6
Total	\$ 637.6	\$ 457.9	\$ 179.7	39.2%	100%	100%

Ongoing Business Conditions

In Q1 2025, MPS achieved record quarterly revenue of \$637.6 million, slightly higher than revenue in the fourth quarter of 2024 and 39.2% higher than revenue in the first quarter of 2024.

Our performance during the quarter reflected the continued strength of our diversified market strategy and a continued trend of the ordering patterns we saw at the end of 2024.

Q1 2025 highlights include:

- At our March 20th investor day, we showcased MPS innovation across a range of areas including new opportunities in Robotics, Automotive, Data Center, Building Automation, Medical, and Audio.
- In Q1, Storage and Computing segment revenue increased 38% quarter-over-quarter on strong demand for both memory and notebook solutions.
- We continue to win designs across all major Enterprise Data customers with revenue ramps expected in the second half of this year.
- Finally, Q1'25 Automotive revenue increased 13% from Q4'24, the third consecutive quarter of sequential double-digit growth.

MPS continues to focus on innovation, solving our customers' most challenging problems, and maintaining the highest level of quality. We continue to invest in new technology, expand into new markets, and to diversify our end-market applications and global supply chain. This will allow us to capture future growth opportunities, maintain supply stability, and swiftly adapt to market changes as they occur.

"Our proven, long-term growth strategy remains intact as we continue our transformation from being a chip-only, semiconductor supplier to a full service, silicon-based solutions provider," said Michael Hsing, CEO and founder of MPS.

Q1'25 Revenue Results

MPS reported first quarter revenue of \$637.6 million, slightly higher than the fourth quarter of 2024 and 39.2% higher than the first quarter of 2024. Compared with the fourth quarter of 2024, sales in Storage & Computing, Automotive, Communication and Industrial improved sequentially.

First quarter 2025 Storage and Computing revenue of \$188.5 million increased 38.1% from the fourth quarter of 2024. The sequential increase was primarily driven by higher sales of power solutions for storage and notebooks. First quarter 2025 Storage and Computing revenue was up 77.7% year over year. Storage and Computing revenue represented 29.6% of MPS's first quarter 2025 revenue compared with 22.0% in the fourth quarter of 2024.

First quarter Automotive revenue of \$144.9 million increased 12.9% from the fourth quarter of 2024 primarily from higher sales in ADAS, body electronics, and infotainment power solutions. First quarter 2025 Automotive revenue was up 66.4% year over year. Automotive revenue represented 22.7% of MPS's first quarter 2025 revenue compared with 20.6% in the fourth quarter of 2024.

First quarter 2025 Communications revenue of \$71.8 million was up 12.3% from the fourth quarter of 2025 primarily on higher sales into networking and optical solutions. First quarter 2025 Communications revenue was up 53.7% year over year. Communications sales represented 11.3% of our total first quarter 2025 revenue compared with 10.3% in the fourth quarter of 2024.

First quarter 2025 Industrial revenue of \$42.6 million increased 4.3% from the fourth quarter of 2024 primarily due to higher sales for industrial meters. First quarter 2025 Industrial revenue was up 41.1% year over year. Industrial revenue represented 6.7% of our total first quarter 2025 revenue compared with 6.6% in the fourth quarter of 2024.

First quarter Consumer revenue of \$56.9 million decreased 0.6% from the fourth quarter of 2024 primarily from lower sales in gaming partially offset by higher sales for TV solutions. First quarter 2025 Consumer revenue was up 49.3% year over year. Consumer revenue represented 8.9% of MPS's first quarter 2025 revenue compared with 9.2% in the fourth quarter of 2024.

In our Enterprise Data market, first quarter 2025 revenue of \$132.9 million decreased 31.8% from the fourth quarter of 2024. First quarter 2025 Enterprise Data revenue was down 11.2% year over year. Enterprise Data revenue represented 20.8% of MPS's first quarter 2025 revenue compared with 31.3% in the fourth quarter of 2024.

Q1'25 Gross Margin & Operating Income

GAAP gross margin was 55.4%, flat to the fourth quarter of 2024. Our GAAP operating income was \$168.8 million compared to \$163.3 million reported in the fourth quarter of 2024.

Non-GAAP gross margin for the first quarter of 2025 was 55.7%, down 0.1 percentage points compared to the fourth quarter of 2024. Our non-GAAP operating income was \$221.5 million compared to \$220.7 million reported in the fourth quarter of 2024.

Q1'25 Operating Expenses

Our GAAP operating expenses were \$184.5 million in the first quarter of 2025 compared with \$181.1 million in the fourth quarter of 2024.

Our Non-GAAP operating expenses were \$133.5 million, up from \$126.1 million in the fourth quarter of 2024.

The differences between non-GAAP operating expenses and GAAP operating expenses for the quarters discussed here are primarily stock-based compensation and related expenses and deferred compensation plan income.

Total stock-based compensation and related expenses, including approximately \$1.7 million charged to cost of goods sold, was \$53.8 million compared with \$56.3 million recorded in the fourth quarter of 2024.

The Bottom Line

First quarter 2025 GAAP net income was \$133.8 million or \$2.79 per fully diluted share, compared with \$1.4 billion or \$29.88 per share in the fourth quarter of 2024. Fourth quarter 2024 GAAP net income and EPS included the recognition of a tax benefit granted to a foreign subsidiary.

First quarter 2025 non-GAAP net income was \$193.8 million or \$4.04 per fully diluted share, compared with \$198.4 million or \$4.09 per fully diluted share in the fourth quarter of 2024.

The first quarter 2025 non-GAAP tax rate increased to 15% from 12.5% in the fourth quarter of 2024.

There were 48.0 million fully diluted shares outstanding at the end of the first quarter of 2025.

Balance Sheet and Cash Flow

Cash, cash equivalents and short-term investments were \$1,026.7 million at the end of the first quarter of 2025 compared to \$862.9 million at the end of the fourth quarter of 2024. For the first quarter of 2025, MPS generated operating cash flow of \$256.4 million compared with the fourth quarter of 2024 operating cash flow of \$167.7 million.

Accounts receivable at the end of the first quarter of 2025 were \$214.9 million, representing 31 days of sales outstanding, which was 6 days higher than the 25 days reported at the end of the fourth quarter of 2024.

Our internal inventories at the end of the first quarter of 2025 were \$454.8 million, up from \$419.6 million at the end of the fourth quarter of 2024. Days of inventory of 146 days at the end of the first quarter of 2025 was 8 days higher than at the end of the fourth quarter of 2024.

We have carefully managed our internal inventories throughout the year, balancing the uncertainty in the market with being prepared to capture market upturns when they occur. Comparing current inventory levels using next quarter's projected revenue, days of inventory at the end of the first quarter of 143 days was 9 days higher than at the end of the fourth quarter of 2024.

Selected Balance Sheet and Inventory Data

(Unaudited)

	Q1'25	Q4'24	Q1'24
Cash, Cash Equivalents, and Short-Term Investments	\$ 1,026.7 M	\$ 862.9 M	\$1,286.4 M
Operating Cash Flow	\$ 256.4 M	\$ 167.7 M	\$ 248.0 M
Accounts Receivable	\$ 214.9 M	\$ 172.5 M	\$ 194.4 M
Days of Sales Outstanding	31 Days	25 Days	39 Days
Internal Inventories	\$ 454.8 M	\$ 419.6 M	\$ 396.0 M
Days of Inventory (current quarter revenue)	146 Days	138 Days	175 Days
Days of Inventory (next quarter revenue)	143 Days	134 Days	159 Days

Q2'25 Business Outlook

For the second quarter of 2025 ending June 30, we are forecasting:

- Revenue in the range of \$640 million to \$660 million.
- GAAP gross margin in the range of 54.9% to 55.5%.
- Non-GAAP gross margin in the range of 55.2% to 55.8%, which excludes the impact from stock-based compensation and related expenses as well as the impact from amortization of acquisition-related intangible assets.
- Total stock-based compensation and related expenses in the range of \$58.3 million to \$60.3 million including approximately \$1.9 million that would be charged to cost of goods sold.
- GAAP operating expenses between \$189 million and \$195 million.
- Non-GAAP operating expenses in the range of \$132.6 million to \$136.6 million. This estimate excludes stock-based compensation and related expenses in the range of \$56.4 million to \$58.4 million.
- Interest and other income in the range from \$6.2 million to \$6.6 million before foreign exchange gains or losses.
- Non-GAAP tax rate of 15% for 2025.
- Fully diluted shares outstanding in the range of 47.9 to 48.3 million shares.

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Safe Harbor Statement

This earnings commentary contains, and statements that will be made during the accompanying webinar will contain, forward-looking statements, as that term is defined in the Private Securities Litigation Reform Act of 1995, including under the “Q2’25 Business Outlook” section herein, our statement regarding our business focus, our statement regarding the expansion and diversification of our global supply chain and the quote from our CEO and founder, including, among other things, (i) projected revenue, GAAP and non-GAAP gross margin, GAAP and non-GAAP operating expenses, stock-based compensation and related expenses, amortization of acquisition-related intangible assets, other income before foreign exchange gains or losses, and fully diluted shares outstanding, (ii) our outlook for the second quarter of fiscal year 2025 and the near-term, medium-term and long-term prospects of MPS, including our ability to adapt to changing market conditions, performance against our business plan, our ability to grow despite the various challenges facing our business, our industry and the global economic environment, revenue growth in certain of our market segments, potential new business segments, our continued investment in research and development (“R&D”), expected revenue growth, customers’ acceptance of our new product offerings, the prospects of our new product development, our expectations regarding market and industry segment trends and prospects, and our projected expansion of capacity and the impact it may have on our business, (iii) our ability to penetrate new markets and expand our market share, (iv) the seasonality of our business, (v) our ability to reduce our expenses, and (vi) statements regarding the assumptions underlying or relating to any statement described in (i), (ii), (iii), (iv), or (v). These forward-looking statements are not historical facts or guarantees of future performance or events, are based on current expectations, estimates, beliefs, assumptions, goals, and objectives, and involve significant known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from the results expressed by these statements. Readers of this earnings commentary and listeners to the accompanying conference call are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date hereof. Factors that could cause actual results to differ include, but are not limited to, continued uncertainties in the global economy, including due to the Russia-Ukraine and Middle East conflicts, global tariffs and retaliatory measures, inflation, consumer sentiment and other factors; adverse events arising from orders or regulations of governmental entities, including such orders or regulations that

impact our customers or suppliers, and adoption of new or amended accounting standards; adverse changes in laws and government regulations such as tariffs on imports of foreign goods, export regulations and export classifications, and tax laws or the interpretation of same, including in foreign countries where MPS has offices or operations; the effect of export controls, trade and economic sanctions regulations and other regulatory or contractual limitations on our ability to sell or develop our products in certain foreign markets, particularly in China; our ability to obtain governmental licenses and approvals for international trading activities or technology transfers, including export licenses; acceptance of, or demand for, our products, in particular the new products launched recently, being different than expected; our ability to increase market share in our targeted markets; difficulty in predicting or budgeting for future customer demand and channel inventories, expenses and financial contingencies (including as a result of any continuing impact from the Russia-Ukraine and Middle East conflicts); our ability to efficiently and effectively develop new products and receive a return on our R&D expense investment; our ability to attract new customers and retain existing customers; our ability to meet customer demand for our products due to constraints on our third-party suppliers' ability to manufacture sufficient quantities of our products or otherwise; our ability to expand manufacturing capacity to support future growth; adverse changes in production and testing efficiency of our products; any political, cultural, military, regulatory, economic, foreign exchange and operational changes in China, where a significant portion of our manufacturing capacity comes from; any market disruptions or interruptions in our schedule of new product development releases; our ability to manage our inventory levels; adequate supply of our products from our third-party manufacturing partners; adverse changes or developments in the semiconductor industry generally, which is cyclical in nature, and our ability to adjust our operations to address such changes or developments; the ongoing consolidation of companies in the semiconductor industry; competition generally and the increasingly competitive nature of our industry; our ability to realize the anticipated benefits of companies and products that MPS acquires, and our ability to effectively and efficiently integrate these acquired companies and products into our operations; the risks, uncertainties and costs of litigation in which MPS is involved; the outcome of any upcoming trials, hearings, motions and appeals; the adverse impact on our financial performance if its tax and litigation provisions are inadequate; our ability to effectively manage our growth and attract and retain qualified personnel; the effect of epidemics and pandemics on the global economy and on our business; the risks associated with the financial market, economy, global tariffs and retaliatory measures, and geopolitical uncertainties, including the Russia-Ukraine and Middle East conflicts; and other important risk factors identified under the caption "Risk Factors" and elsewhere in our Securities and Exchange Commission ("SEC") filings, including, but not limited to, our Annual Report on Form 10-K filed with the SEC on March 3, 2025. MPS assumes no obligation to update the information in this earnings commentary or in the accompanying webinar.

Non-GAAP Financial Measures

This CFO Commentary contains references to certain non-GAAP financial measures. Non-GAAP net income, non-GAAP net income per share, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP other income, net, non-GAAP operating income and non-GAAP income before income taxes differ from net income, net income per share, gross margin, operating expenses, other income, net, operating income and income before income taxes determined in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”). Non-GAAP net income and non-GAAP net income per share exclude the effect of stock-based compensation and related expenses, which include stock-based compensation expense and employer payroll taxes in relation to the stock-based compensation, net deferred compensation plan expense (income), amortization of acquisition-related intangible assets and related tax effects. Non-GAAP gross margin excludes the effect of stock-based compensation and related expenses, amortization of acquisition-related intangible assets and deferred compensation plan expense (income). Non-GAAP operating expenses exclude the effect of stock-based compensation and related expenses, amortization of acquisition-related intangible assets and deferred compensation plan income (expense). Non-GAAP operating income excludes the effect of stock-based compensation and related expenses, amortization of acquisition-related intangible assets and deferred compensation plan expense (income). Non-GAAP other income, net excludes the effect of deferred compensation plan expense (income). Non-GAAP income before income taxes excludes the effect of stock-based compensation and related expenses, amortization of acquisition-related intangible assets and net deferred compensation plan expense (income). Projected non-GAAP gross margin excludes the effect of stock-based compensation and related expenses, and amortization of acquisition-related intangible assets. Projected non-GAAP operating expenses exclude the effect of stock-based compensation and related expenses. These non-GAAP financial measures are not prepared in accordance with GAAP and should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. A schedule reconciling non-GAAP financial measures is included at the end of this press release. MPS utilizes both GAAP and non-GAAP financial measures to assess what it believes to be its core operating performance and to evaluate and manage its internal business and assist in making financial operating decisions. MPS believes that the inclusion of non-GAAP financial measures, together with GAAP measures, provides investors with an alternative presentation useful to investors’ understanding of MPS’s core operating results and trends. Additionally, MPS believes that the inclusion of non-GAAP measures, together with GAAP measures, provides investors with an additional dimension of comparability to similar companies. However, investors should be aware that non-GAAP financial measures utilized by other companies are not likely to be comparable in most cases to the non-GAAP financial measures used by MPS. See the GAAP to Non-GAAP reconciliations in the tables set forth below.

RECONCILIATION OF NET INCOME TO NON-GAAP NET INCOME

(Unaudited, in thousands, except per share amounts)

	Three Months Ended March 31,	
	2025	2024
Net income	\$ 133,791	\$ 92,541
Adjustments to reconcile net income to non-GAAP net income:		
Stock-based compensation and related expenses	53,811	51,769
Amortization of acquisition-related intangible assets	320	291
Deferred compensation plan expense (income), net	(6)	47
Tax effect	5,897	(7,156)
Non-GAAP net income	\$ 193,813	\$ 137,492
Non-GAAP net income per share:		
Basic	\$ 4.05	\$ 2.83
Diluted	\$ 4.04	\$ 2.81
Shares used in the calculation of non-GAAP net income per share:		
Basic	47,851	48,635
Diluted	48,006	48,928

RECONCILIATION OF GROSS MARGIN TO NON-GAAP GROSS MARGIN
(Unaudited, in thousands)

	Three Months Ended March 31,	
	2025	2024
Gross profit	\$ 353,230	\$ 252,441
Gross margin	55.4%	55.1%
Adjustments to reconcile gross profit to non-GAAP gross profit:		
Stock-based compensation and related expenses	1,706	1,900
Amortization of acquisition-related intangible assets	287	258
Deferred compensation plan expense (income)	(163)	440
Non-GAAP gross profit	\$ 355,060	\$ 255,039
Non-GAAP gross margin	55.7%	55.7%

RECONCILIATION OF OPERATING EXPENSES TO NON-GAAP OPERATING EXPENSES
(Unaudited, in thousands)

	Three Months Ended March 31,	
	2025	2024
Total operating expenses	\$ 184,471	\$ 156,954
Adjustments to reconcile total operating expenses to non-GAAP total operating expenses:		
Stock-based compensation and related expenses	(52,105)	(49,869)
Amortization of acquisition-related intangible assets	(33)	(33)
Deferred compensation plan income (expense)	1,193	(3,626)
Non-GAAP operating expenses	\$ 133,526	\$ 103,426

RECONCILIATION OF OPERATING INCOME TO NON-GAAP OPERATING INCOME

(Unaudited, in thousands)

	Three Months Ended March 31,	
	2025	2024
Total operating income	\$ 168,759	\$ 95,487
Adjustments to reconcile total operating income to non-GAAP total operating income:		
Stock-based compensation and related expenses	53,811	51,769
Amortization of acquisition-related intangible assets	320	291
Deferred compensation plan expense (income)	(1,356)	4,066
Non-GAAP operating income	\$ 221,534	\$ 151,613

RECONCILIATION OF OTHER INCOME, NET, TO NON-GAAP OTHER INCOME, NET

(Unaudited, in thousands)

	Three Months Ended March 31,	
	2025	2024
Total other income, net	\$ 5,131	\$ 9,540
Adjustments to reconcile other income, net to non-GAAP other income, net:		
Deferred compensation plan expense (income)	1,350	(4,019)
Non-GAAP other income, net	\$ 6,481	\$ 5,521

RECONCILIATION OF INCOME BEFORE INCOME TAXES TO NON-GAAP INCOME BEFORE INCOME TAXES

(Unaudited, in thousands)

	Three Months Ended March 31,	
	2025	2024
Total income before income taxes	\$ 173,890	\$ 105,027
Adjustments to reconcile income before income taxes to non-GAAP income before income taxes:		
Stock-based compensation and related expenses	53,811	51,769
Amortization of acquisition-related intangible assets	320	291
Deferred compensation plan expense (income), net	(6)	47
Non-GAAP income before income taxes	\$ 228,015	\$ 157,134

2025 SECOND QUARTER OUTLOOK
RECONCILIATION OF GROSS MARGIN TO NON-GAAP GROSS MARGIN
(Unaudited)

	Three Months Ending March 31, 2025	
	Low	High
Gross margin	54.9%	55.5%
Adjustment to reconcile gross margin to non-GAAP gross margin:		
Stock-based compensation and other expenses	0.3%	0.3%
Non-GAAP gross margin	55.2%	55.8%

RECONCILIATION OF OPERATING EXPENSES TO NON-GAAP OPERATING EXPENSES
(Unaudited, in thousands)

	Three Months Ending March 31, 2025	
	Low	High
Operating expenses	\$ 189,000	\$ 195,000
Adjustments to reconcile operating expenses to non-GAAP operating expenses:		
Stock-based compensation and other expenses	(56,400)	(58,400)
Non-GAAP operating expenses	\$ 132,600	\$ 136,600