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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (date of earliest event reported):
February 7, 2023

MONOLITHIC POWER SYSTEMS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

000-51026
(Commission
File Number)

77-0466789
(I.R.S. Employer
Identification Number)

5808 Lake Washington Blvd. NE, Kirkland, Washington 98033
(Address of principal executive offices) (Zip Code)

(425) 296-9956
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	MPWR	The NASDAQ Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

On February 8, 2023, Monolithic Power Systems, Inc. (the “Company”) issued a press release regarding its financial results for the quarter and year ended December 31, 2022, and hosted a webinar covering its financial results. Both the press release and the webinar presentation are attached hereto as Exhibit 99.1 and Exhibit 99.2, respectively, and are incorporated by reference herein.

The information under Item 2.02 of this Current Report on Form 8-K and Exhibits 99.1 and 99.2 attached hereto are being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “1934 Act”), nor shall they be deemed incorporated by reference in any filing with the Securities and Exchange Commission under the 1934 Act or the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(d) Appointment of a Director

On February 7, 2023, the Board of Directors (the “Board”) of the Company appointed Eileen Wynne to serve as a member of the Board, effective immediately. Ms. Wynne was appointed to serve as a Class II director whose term will expire at the annual meeting of stockholders to be held in 2024. Ms. Wynne was not appointed to serve on any committees of the Board in connection with her initial appointment as a director.

Eileen Wynne, 56, has served as interim Chief Financial Officer of IDEX Biometrics ASA (“IDEX”), a provider of fingerprint identification technologies, since August 2022, and supported IDEX on a consulting basis since December 2020. From November 1999 to June 2019, Ms. Wynne held various managerial and senior roles at Analog Devices, Inc. (“ADI”), a global semiconductor company, including Vice President and Chief Accounting Officer from May 2013 to June 2019, and interim Chief Financial Officer from March 2017 to September 2017. Prior to ADI, Ms. Wynne held various positions in private and public accounting. Ms. Wynne holds a B.A. in Financial Economics from St. Anselm College and an M.S. in Accounting from Bentley University.

In connection with her participation in the Company's standard director compensation policies and programs, Ms. Wynne was granted an initial equity award of 470 shares of restricted stock units (“RSUs”), 50% of which will vest on the one-year anniversary of the grant date and the remaining 50% of which will vest on the two-year anniversary of the grant date. In addition, Ms. Wynne will receive an annual Board retainer fee of \$75,000. If Ms. Wynne is a director of the Company on the date of a change of control that occurs before the two-year anniversary of the grant date, in the event that a successor corporation refuses to assume or substitute the RSUs with an equivalent right, 100% of the shares subject to the RSU will immediately vest as of the effective date of such change of control. The Company will also reimburse Ms. Wynne all reasonable expenses in connection with her service to the Company. The foregoing description of Ms. Wynne's offer letter does not purport to be complete and is qualified in its entirety by reference to the offer letter, which is attached as Exhibit 10.1 to this report.

Ms. Wynne executed the Company's standard form of indemnification agreement, which is attached as Exhibit 10.2 to this report. The indemnification agreement requires the Company to indemnify Ms. Wynne to the fullest extent permitted under Delaware law against liability that may arise by reason of her service to the Company, and to advance expenses incurred as a result of any proceeding against her as to which she could be indemnified, among other things.

There are no arrangements or understandings between Ms. Wynne and any other persons pursuant to which Ms. Wynne was selected as a director of the Company, and there are no related party transactions between the Company and Ms. Wynne that would require disclosure under Item 404(a) of Regulation S-K.

Item 8.01 Other Events.

On February 8, 2023, the Company issued a press release announcing that the Board has approved an increase in its quarterly cash dividend from \$0.75 per share to \$1.00 per share. The first quarter dividend of \$1.00 per share will be paid on April 14, 2023 to all stockholders of record as of the close of business on March 31, 2023. A copy of the press release is attached hereto as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Description

10.1	Offer letter agreement dated February 7, 2023
10.2	Indemnification agreement dated February 7, 2023.
99.1	Press release issued on February 8, 2023.
99.2	Webinar presentation dated February 8, 2023.
99.3	Press release issued on February 8, 2023.
104	Cover Page Interactive Data File (embedded within the Inline XBRL Document).

SIGNATURES

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

Date: February 8, 2023

By: /s/ T. Bernie Blegen
T. Bernie Blegen
Chief Financial Officer



February 7, 2023

Dear Eileen,

I am pleased to offer you a seat on the Board of Directors (the “Board”) of Monolithic Power Systems, Inc. (the “Company”) as a Class II director. Your appointment to the Board will be effective on February 7, 2023. With the hope and expectation that you will accept this offer, I have summarized a few related matters below for your reference.

First, should you accept this offer, the Board will, upon the effective date of your joining the Board, grant you an initial equity award of the Company’s Restricted Stock Units (“RSUs”) equal to \$220,000, divided by the Company’s closing stock price on the date of the Board approval, under the Amended and Restated 2014 Equity Incentive Plan (the “Plan”). We will provide your RSUs grant paperwork promptly after such grant has been made. Subject to the terms of the Plan and your related RSU agreement, your RSUs will vest as to 50% of the shares one year from the grant date, and as to an additional 50% of the shares one year thereafter such that your RSUs will be fully vested on the two-year anniversary of the grant date.

In addition to the time-based vesting described in the preceding paragraph, if you are a director of the Company on the date of a Change of Control (as defined below) that occurs before the two-year anniversary of the grant date, in the event that a successor corporation refuses to assume or substitute the RSUs with an equivalent right, 100% of the shares subject to the RSU shall immediately vest as of the effective date of such Change of Control. Notwithstanding any accelerated vesting contained in this paragraph, your total number of shares subject to the RSU granted herein shall not increase by virtue of a Change of Control.

“Change of Control” means the occurrence of any of the following events:

- (1) Any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the “beneficial owner” (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company’s then outstanding voting securities; or
- (2) The consummation of the sale or disposition by the Company of all or substantially all of the Company’s assets; or
- (3) Individuals who, as of the date hereof, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board; or
- (4) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

Second, in addition to the indemnification rights you, in your capacity as a director of the Company, will be entitled to under the Company's Amended and Restated Bylaws and Amended and Restated Certificate of Incorporation, we propose to grant you the additional contractual indemnification and related rights provided in the enclosed Indemnification Agreement.

Third, you will receive an annual retainer of \$75,000 in connection with your seat on the Board, subject to revision by the Board from time to time.

Fourth, starting in 2024, you will receive an annual equity grant of RSUs equal to \$220,000, divided by the closing stock price on the date of the Board approval. The annual equity grant of RSUs will be fully vested one year after the date of grant.

Fifth, pursuant to our Stock Ownership Guidelines, you, in your capacity as a director of the Company, will be required to maintain ownership of the Company's common stock equal to three times the annual retainer, within five years of the effective date of your joining the Board.

Sixth, the Company will reimburse you for international travel-related expenses associated with your attendance at Board of Directors meetings.

Seventh, as you know, the Company's intellectual property and other proprietary information is one of our most important assets and we must all be vigilant in our protection of it. Although it goes without saying, I feel it is appropriate to remind all new directors of their fiduciary duties of loyalty and care to the Company. These include the duty to maintain the confidentiality of the Company's confidential and proprietary information and the duty to not use such information other than to promote the Company's best interests. I am sure that you can appreciate the importance of these matters to us.

Eighth, it is expected that during the term of your Board membership with the Company, you will not engage in any other employment, occupation, consulting or other business activity that competes with the business in which the Company is now involved in or becomes involved in during the term of your service to the Company, nor will you engage in any other activities that conflict with your obligations to the Company.

Finally, please note that nothing in this letter or any agreement granting you equity should be construed to interfere with or otherwise restrict in any way the rights of the Company, its Board or stockholders from removing you from the Board or any committee in accordance with the provisions of applicable law. Furthermore, except as otherwise provided to other non-employee Board members or required by law, the Company does not intend to afford you any rights as an employee, including without limitation, the right to further employment or any other benefits.

Again, I am happy to extend this invitation to you. Your participation on our Board would be of great benefit to the Company.

Best Regards,

/s/ Michael Hsing

Michael Hsing
Chairman of the Board

Acknowledged and agreed:

/s/ Eileen Wynne

Eileen Wynne

MONOLITHIC POWER SYSTEMS, INC.

INDEMNIFICATION AGREEMENT

This Indemnification Agreement ("Agreement") is effective as of February 7, 2023 by and between Monolithic Power Systems, Inc., a Delaware corporation (the "Company"), and the indemnitee listed on the signature page hereto ("Indemnitee").

WHEREAS, the Company desires to attract and retain the services of highly qualified individuals, such as Indemnitee, to serve the Company and its related entities;

WHEREAS, in order to induce Indemnitee to continue to provide services to the Company, the Company wishes to provide for the indemnification of, and the advancement of expenses to, Indemnitee to the maximum extent permitted by law;

WHEREAS, the Company and Indemnitee recognize the continued difficulty in obtaining liability insurance for the Company's directors, officers, employees, agents and fiduciaries, the significant increases in the cost of such insurance and the general reductions in the coverage of such insurance;

WHEREAS, the Company and Indemnitee further recognize the substantial increase in corporate litigation in general, subjecting directors, officers, employees, agents and fiduciaries to expensive litigation risks at the same time as the availability and coverage of liability insurance has been severely limited; and

WHEREAS, the Company and Indemnitee desire to continue to have in place the additional protection provided by an indemnification agreement and to provide indemnification and advancement of expenses to the Indemnitee to the maximum extent permitted by Delaware law.

NOW, THEREFORE, in consideration for Indemnitee's services to the Company, the Company and Indemnitee hereby agree as follows:

1. Certain Definitions.

(a) "Change in Control" shall mean:

(1) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities; or

(2) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets; or

(3) Individuals who, as of the date hereof, constitute the Board of Directors (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board of Directors; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors; or

(4) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

(b) “Claim” shall mean with respect to a Covered Event: any threatened, pending or completed action, suit, proceeding or alternative dispute resolution mechanism, or any hearing, inquiry or investigation that Indemnitee in good faith believes might lead to the institution of any such action, suit, proceeding or alternative dispute resolution mechanism, whether civil, criminal, administrative, investigative or other.

(c) References to the “Company” shall include, in addition to the Company, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger to which the Company (or any of its wholly owned subsidiaries) is a party which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees, agents or fiduciaries, so that if Indemnitee is or was a director, officer, employee, agent or fiduciary of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee, agent or fiduciary of another corporation, partnership, joint venture, employee benefit plan, trust or other enterprise, Indemnitee shall stand in the same position under the provisions of this Agreement with respect to the resulting or surviving corporation as Indemnitee would have with respect to such constituent corporation if its separate existence had continued.

(d) “Covered Event” shall mean any event or occurrence related to the fact that Indemnitee is or was a director, officer, employee, agent or fiduciary of the Company, or any subsidiary of the Company, or is or was serving at the request of the Company as a director, officer, employee, agent or fiduciary of another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action or inaction on the part of Indemnitee while serving in such capacity.

(e) “Disinterested Director” shall mean a director of the Company who is not and was not a party to the matter in respect of which indemnification is sought by the Indemnitee.

(f) “Expenses” shall mean any and all expenses (including attorneys’ fees and all other costs, expenses and obligations incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, to be a witness in or to participate in, any action, suit, proceeding, alternative dispute resolution mechanism, hearing, inquiry or investigation), judgments, fines, penalties and amounts paid in settlement (if such settlement is approved in advance by the Company, which approval shall not be unreasonably withheld), actually incurred, of any Claim and any federal, state, local or foreign taxes imposed on the Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement.

(g) “Expense Advance” shall mean a payment to Indemnitee pursuant to Section 3 of Expenses in advance of the settlement of or final judgment in any action, suit, proceeding or alternative dispute resolution mechanism, hearing, inquiry or investigation which constitutes a Claim.

(h) “Independent Legal Counsel” shall mean a law firm, a member of a law firm, or an independent practitioner, that is experienced in matters of corporation law and shall include any person who, under the applicable standards of professional conduct then prevailing, would not have a conflict of interest in representing either the Company or the Indemnitee in an action to determine the Indemnitee’s rights under Section 2(d) hereof.

(i) References to “other enterprises” shall include employee benefit plans; references to “fines” shall include any excise taxes assessed on Indemnitee with respect to an employee benefit plan; and references to “serving at the request of the Company” shall include any service as a director, officer, employee, agent or fiduciary of the Company which imposes duties on, or involves services by, such director, officer, employee, agent or fiduciary with respect to an employee benefit plan, its participants or its beneficiaries; and if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan, Indemnitee shall be deemed to have acted in a manner “not opposed to the best interests of the Company” as referred to in this Agreement.

(j) “Reviewing Party” shall have the meanings as set forth in Section 2(d).

(k) “Section” refers to a section of this Agreement unless otherwise indicated.

2. Indemnification.

(a) Indemnification of Expenses. Subject to the provisions of Section 2(b) below, the Company shall indemnify Indemnitee for Expenses to the fullest extent permitted by law if Indemnitee was or is or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, any Claim (whether by reason of or arising in part out of a Covered Event), including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses (and such interest, assessments and other charges shall be deemed to be “Expenses” for all purposes under this Agreement).

(b) Review of Indemnification Obligations. Notwithstanding the foregoing, in the event any Reviewing Party shall have determined (in a written opinion, in any case in which Independent Legal Counsel is the Reviewing Party) that Indemnitee is not permitted to be indemnified hereunder under applicable law, (i) the Company shall have no further obligation under Section 2(a) to make any payments to Indemnitee not made prior to such determination by such Reviewing Party, and (ii) the Company shall be entitled to be reimbursed by Indemnitee (who hereby agrees to reimburse the Company) for all Expenses theretofore paid in indemnifying Indemnitee; provided, however, that if Indemnitee has commenced or thereafter commences legal proceedings in a court of competent jurisdiction to secure a determination that Indemnitee is entitled to be indemnified hereunder under applicable law, any determination made by any Reviewing Party that Indemnitee is not entitled to be indemnified hereunder under applicable law shall not be binding and Indemnitee shall not be required to reimburse the Company for any Expenses theretofore paid in indemnifying Indemnitee until a final judicial determination is made with respect thereto (as to which all rights of appeal therefrom have been exhausted or lapsed). Indemnitee's obligation to reimburse the Company for any Expenses shall be unsecured and no interest shall be charged thereon.

(c) Indemnitee Rights on Unfavorable Determination; Binding Effect. If any Reviewing Party determines that Indemnitee substantively is not entitled to be indemnified hereunder in whole or in part under applicable law, Indemnitee shall have the right to commence litigation seeking an initial determination by the court or challenging any such determination by such Reviewing Party or any aspect thereof, including the legal or factual bases therefor, and, subject to the provisions of Section 16, the Company hereby consents to service of process and to appear in any such proceeding. Absent such litigation, any determination by any Reviewing Party shall be conclusive and binding on the Company and Indemnitee.

(d) Reviewing Party; Change in Control. The determination of Indemnitee's entitlement hereunder shall be made by the Reviewing Party as follows: (1) if requested by the Indemnitee, by Independent Legal Counsel, or (2) if no request is made by the Indemnitee for a determination by Independent Legal Counsel, (i) by the Board of Directors by a majority vote of a quorum consisting of Disinterested Directors, or (ii) if a quorum of the Board of Directors consisting of Disinterested Directors is not obtainable or, even if obtainable, such quorum of Disinterested Directors so directs, by Independent Legal Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to the Indemnitee. In the event the determination of the permissibility of indemnification under applicable law is to be made by Independent Legal Counsel at the request of the Indemnitee, the Independent Legal Counsel shall be selected by the Board of Directors unless there shall have occurred within two years prior to the date of the commencement of the Proceeding for which indemnification is claimed a "Change in Control" (as defined in Section 1(a)), in which case the Independent Legal Counsel shall be selected by the Indemnitee unless the Indemnitee shall request that such selection be made by the Board of Directors. Such counsel, among other things, shall render its written opinion to the Company and Indemnitee as to whether and to what extent Indemnitee would be permitted to be indemnified hereunder under applicable law and the Company agrees to abide by such opinion. The Company agrees to pay the reasonable fees of the Independent Legal Counsel referred to above and to indemnify fully such counsel against any and all expenses (including attorneys' fees), claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto. Notwithstanding any other provision of this Agreement, the Company shall not be required to pay Expenses of more than one Independent Legal Counsel in connection with all matters concerning a single Indemnitee, and such Independent Legal Counsel shall be the Independent Legal Counsel in connection with any or all other Indemnitees unless (i) the Company otherwise determines or (ii) any Indemnitee shall provide a written statement setting forth in detail a reasonable objection to such Independent Legal Counsel representing other Indemnitees. If it is so determined that indemnification of the Indemnitee is permitted, payment to the Indemnitee shall be made within ten (10) days after such determination.

(c) Mandatory Payment of Expenses. Notwithstanding any other provision of this Agreement other than Section 11 hereof, to the extent that Indemnatee has been successful on the merits or otherwise, including, without limitation, the dismissal of an action without prejudice, in defense of any Claim, Indemnatee shall be indemnified against all Expenses incurred by Indemnatee in connection therewith.

3. Expense Advances.

(a) Obligation to Make Expense Advances. Upon receipt of a written undertaking by or on behalf of the Indemnatee to repay such amounts if it shall ultimately be determined that the Indemnatee is not permitted to be indemnified therefor by the Company, the Company shall make Expense Advances to Indemnatee.

(b) Form of Undertaking. Any written undertaking by the Indemnatee to repay any Expense Advances hereunder shall be unsecured and no interest shall be charged thereon.

(c) Determination of Reasonable Expense Advances. The parties agree that for the purposes of any Expense Advance for which Indemnatee has made written demand to the Company in accordance with this Agreement, all Expenses included in such Expense Advance that are certified by affidavit of Indemnatee's counsel as being reasonable shall be presumed conclusively to be reasonable.

4. Procedures for Indemnification and Expense Advances.

(a) Timing of Payments. All payments of Expenses (including without limitation Expense Advances) by the Company to the Indemnatee pursuant to this Agreement shall be made to the fullest extent permitted by law as soon as practicable after written demand by Indemnatee therefor is presented to the Company, but in no event later than ten (10) days after such written demand by Indemnatee is presented to the Company.

(b) Notice/Cooperation by Indemnatee. Indemnatee shall, as a condition precedent to Indemnatee's right to be indemnified or Indemnatee's right to receive Expense Advances under this Agreement, give the Company notice in writing as soon as practicable of any Claim made against Indemnatee for which indemnification will or could be sought under this Agreement, provided, however, that the failure or delay of an Indemnatee to so notify the Company shall relieve the Company of its obligations to indemnify Indemnatee for such Claim only to the extent that the defense of such Claim by the Company is actually prejudiced in such Claim as a direct result of such failure or delay. Notice to the Company shall be directed to the Secretary of the Company at the address shown on the signature page of this Agreement (or such other address as the Company shall designate in writing to Indemnatee). In addition, Indemnatee shall give the Company such information and cooperation as it may reasonably require and as shall be within Indemnatee's power.

(c) Right of Indemnitee to Bring Suit. If Indemnitee is not paid in full by the Company within ten (10) days after a written notice has been presented to the Company, the Indemnitee may at any time thereafter bring suit against the Company to recover the unpaid amount of the Claim and, if successful in whole or in part, the Indemnitee shall be entitled to be paid also the expense (including attorneys' fees) of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending a Proceeding in advance of its final disposition where the required undertaking has been tendered to the Company) that the Indemnitee has not met the standards of conduct that make it permissible under the Delaware General Corporation Law for the Company to indemnify the Indemnitee for the amount claimed. The burden of proving such a defense shall be on the Company. Neither the failure of the Company (including its Board of Directors or Independent Legal Counsel, as applicable) to have made a determination prior to the commencement of such action that indemnification of the Indemnitee is permitted under the circumstances because he has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Company (including its Board of Directors or Independent Legal Counsel, as applicable) that the Indemnitee had not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(d) No Presumptions; Burden of Proof. For purposes of this Agreement, the termination of any Claim by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by this Agreement or applicable law. In addition, neither the failure of any Reviewing Party to have made a determination as to whether Indemnitee has met any particular standard of conduct or had any particular belief, nor an actual determination by any Reviewing Party that Indemnitee has not met such standard of conduct or did not have such belief, prior to the commencement of legal proceedings by Indemnitee to secure a judicial determination that Indemnitee should be indemnified under this Agreement or applicable law, shall be a defense to Indemnitee's claim or create a presumption that Indemnitee has not met any particular standard of conduct or did not have any particular belief. In connection with any determination by any Reviewing Party or otherwise as to whether the Indemnitee is entitled to be indemnified hereunder, the burden of proof shall be on the Company to establish that Indemnitee is not so entitled.

(e) Notice to Insurers. If, at the time of the receipt by the Company of a notice of a Claim pursuant to Section 4(b) hereof, the Company has liability insurance in effect which may cover such Claim, the Company shall give prompt notice of the commencement of such Claim to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Claim in accordance with the terms of such policies.

(f) Selection of Counsel. In the event the Company shall be obligated hereunder to provide indemnification for or make any Expense Advances with respect to the Expenses of any Claim, the Company, if appropriate, shall be entitled to assume the defense of such Claim with counsel approved by Indemnitee (which approval shall not be unreasonably withheld) upon the delivery to Indemnitee of written notice of the Company's election to do so. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees or expenses of separate counsel subsequently employed by or on behalf of Indemnitee with respect to the same Claim; provided that, (i) Indemnitee shall have the right to employ Indemnitee's separate counsel in any such Claim at Indemnitee's expense and (ii) if (A) the employment of separate counsel by Indemnitee has been previously authorized by the Company, (B) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the conduct of any such defense, or (C) the Company shall not continue to retain such counsel to defend such Claim, then the fees and expenses of Indemnitee's separate counsel shall be Expenses for which Indemnitee shall receive indemnification or Expense Advances hereunder.

5. Additional Indemnification Rights: Nonexclusivity.

(a) Scope. The Company hereby agrees to indemnify the Indemnitee to the fullest extent permitted by law, notwithstanding that such indemnification is not specifically authorized by the other provisions of this Agreement, the Company's Certificate of Incorporation, the Company's Bylaws or by statute. In the event of any change after the date of this Agreement in any applicable law, statute or rule which expands the right of a Delaware corporation to indemnify a member of its board of directors or an officer, employee, agent or fiduciary, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits afforded by such change. In the event of any change in any applicable law, statute or rule which narrows the right of a Delaware corporation to indemnify a member of its board of directors or an officer, employee, agent or fiduciary, such change, to the extent not otherwise required by such law, statute or rule to be applied to this Agreement, shall have no effect on this Agreement or the parties' rights and obligations hereunder except as set forth in Section 11(a) hereof.

(b) Nonexclusivity. The indemnification and the payment of Expense Advances provided by this Agreement shall be in addition to any rights to which Indemnitee may be entitled under the Company's Certificate of Incorporation, its Bylaws, any other agreement, any vote of stockholders or disinterested directors, the General Corporation Law of the State of Delaware, or otherwise. The indemnification and the payment of Expense Advances provided under this Agreement shall continue as to Indemnitee for any action taken or not taken while serving in an indemnified capacity even though subsequent thereto Indemnitee may have ceased to serve in such capacity.

6. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment in connection with any Claim made against Indemnitee to the extent Indemnitee has otherwise actually received payment (under any insurance policy of the Company or provision of the Company's Certificate of Incorporation or Bylaws) of the amounts otherwise payable hereunder.

7. Indemnification of Affiliates of Indemnitee. If an Affiliate (as defined below), employee, family member, partner or agent of Indemnitee is, or is threatened to be made, a party to or a participant in any Claim, then the Affiliate, employee, family member, partner or agent of Indemnitee shall be entitled to all of the indemnification rights and remedies under this Agreement to the same extent as Indemnitee. For purposes of this Agreement, “Affiliate” shall mean with respect to Indemnitee any individual, corporation, partnership (including any partners of such partnership), limited liability company (including any members or managing members of such limited liability company), association, trust or other entity or organization directly or indirectly controlling, controlled by or under common control with such Indemnitee.

8. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses incurred in connection with any Claim, but not, however, for all of the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion of such Expenses to which Indemnitee is entitled.

9. Mutual Acknowledgement. Both the Company and Indemnitee acknowledge that in certain instances, federal law or applicable public policy may prohibit the Company from indemnifying its directors, officers, employees, agents or fiduciaries under this Agreement or otherwise. Indemnitee understands and acknowledges that the Company has undertaken or may be required in the future to undertake with the Securities and Exchange Commission to submit the question of indemnification to a court in certain circumstances for a determination of the Company’s right under public policy to indemnify Indemnitee.

10. Liability Insurance. To the extent the Company maintains liability insurance applicable to directors, officers, employees, agents or fiduciaries, Indemnitee shall be covered by such policies in such a manner as to provide Indemnitee the same rights and benefits as are provided to the most favorably insured of the Company’s directors, if Indemnitee is a director; or of the Company’s officers, if Indemnitee is not a director of the Company but is an officer; or of the Company’s key employees, agents or fiduciaries, if Indemnitee is not an officer or director but is a key employee, agent or fiduciary.

11. Exceptions. Notwithstanding any other provision of this Agreement, the Company shall not be obligated pursuant to the terms of this Agreement:

(a) Excluded Action or Omissions. To indemnify Indemnitee for Expenses resulting from acts, omissions or transactions for which Indemnitee is prohibited from receiving indemnification by applicable law.

(b) Claims Initiated by Indemnitee. To indemnify or make Expense Advances to Indemnitee with respect to Claims initiated or brought voluntarily by Indemnitee and not by way of defense, counterclaim or cross-claim, except (i) with respect to actions or proceedings brought to establish or enforce a right to indemnification under this Agreement or any other agreement or insurance policy or under the Company’s Certificate of Incorporation or Bylaws now or hereafter in effect relating to Claims for Covered Events, (ii) in specific cases if the Board of Directors has approved the initiation or bringing of such Claim, or (iii) as otherwise required under Section 145 of the Delaware General Corporation Law, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification or insurance recovery, as the case may be.

(c) Lack of Good Faith. To indemnify Indemnitee for any Expenses incurred by the Indemnitee with respect to any action instituted (i) by Indemnitee to enforce or interpret this Agreement, if a court having jurisdiction over such action determines as provided in Section 14 that each of the material assertions made by the Indemnitee as a basis for such action was not made in good faith or was frivolous, or (ii) by or in the name of the Company to enforce or interpret this Agreement, if a court having jurisdiction over such action determines as provided in Section 14 that each of the material defenses asserted by Indemnitee in such action was made in bad faith or was frivolous.

(d) Claims Under Section 16(b). To indemnify Indemnitee for expenses and the payment of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 16(b) of the Securities Exchange Act of 1934, as amended, or any similar successor statute.

12. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original.

13. Binding Effect; Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors, assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), spouses, heirs and personal and legal representatives. This Agreement shall continue in effect regardless of whether Indemnitee continues to serve as a director, officer, employee, agent or fiduciary (as applicable) of the Company or of any other enterprise at the Company's request.

14. Expenses Incurred in Action Relating to Enforcement or Interpretation. In the event that any action is instituted by Indemnitee under this Agreement or under any liability insurance policies maintained by the Company to enforce or interpret any of the terms hereof or thereof, Indemnitee shall be entitled to be indemnified for all Expenses incurred by Indemnitee with respect to such action (including without limitation attorneys' fees), regardless of whether Indemnitee is ultimately successful in such action, unless as a part of such action a court having jurisdiction over such action makes a final judicial determination (as to which all rights of appeal therefrom have been exhausted or lapsed) that each of the material assertions made by Indemnitee as a basis for such action was not made in good faith or was frivolous. In the event of an action instituted by or in the name of the Company under this Agreement to enforce or interpret any of the terms of this Agreement, Indemnitee shall be entitled to be indemnified for all Expenses incurred by Indemnitee in defense of such action (including without limitation costs and expenses incurred with respect to Indemnitee's counterclaims and cross-claims made in such action), unless as a part of such action a court having jurisdiction over such action makes a final judicial determination (as to which all rights of appeal therefrom have been exhausted or lapsed) that each of the material defenses asserted by Indemnitee in such action was made in bad faith or was frivolous.

15. Notice. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and signed for by the party addressed, on the date of such delivery, (ii) if mailed by domestic certified or registered mail with postage prepaid, on the third business day after the date postmarked, (iii) one business day after the business day of deposit with Federal Express or similar overnight courier, freight prepaid, or (iv) one business day after the business day of delivery by facsimile transmission, if delivered by facsimile transmission, with copy by first class mail, postage prepaid. Addresses for notice to either party are as shown on the signature page of this Agreement, or as subsequently modified by written notice.

16. Consent to Jurisdiction. The Company and Indemnitee each hereby irrevocably consent to the jurisdiction of the courts of the State of Delaware for all purposes in connection with any action or proceeding which arises out of or relates to this Agreement and agree that any action instituted under this Agreement shall be commenced, prosecuted and continued only in the Court of Chancery of the State of Delaware in and for New Castle County, which shall be the exclusive and only proper forum for adjudicating such a claim.

17. Severability. The provisions of this Agreement shall be severable in the event that any of the provisions hereof (including any provision within a single section, paragraph or sentence) are held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable, and the remaining provisions shall remain enforceable to the fullest extent permitted by law. Furthermore, to the fullest extent possible, the provisions of this Agreement (including without limitation each portion of this Agreement containing any provision held to be invalid, void or otherwise unenforceable, that is not itself invalid, void or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

18. Choice of Law. This Agreement, and all rights, remedies, liabilities, powers and duties of the parties to this Agreement, shall be governed by and construed in accordance with the laws of the State of Delaware, as applied to contracts between Delaware residents, entered into and performed exclusively within the Delaware, without regard to principles of conflicts of laws.

19. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

20. Amendment and Termination. No amendment, modification, termination or cancellation of this Agreement shall be effective unless it is in writing signed by both the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed to be or shall constitute a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver.

21. Integration and Entire Agreement. This Agreement sets forth the entire understanding between the parties hereto and supersedes and merges all previous written and oral negotiations, commitments, understandings and agreements relating to the subject matter hereof between the parties hereto.

22. No Construction as Employment Agreement. Nothing contained in this Agreement shall be construed as giving Indemnitee any right to be retained in the employ of the Company or any of its subsidiaries or affiliated entities.

IN WITNESS WHEREOF, the parties hereto have executed this Indemnification Agreement as of the date first above written.

MONOLITHIC POWER SYSTEMS, INC.

AGREED TO AND ACCEPTED

/s/ Michael Hsing

/s/ Eileen Wynne

By: _____ By: _____

Name: Michael Hsing Name: Eileen Wynne

Title: Chairman of the Board of Directors,

President and CEO



PRESS RELEASE
For Immediate Release

**Monolithic Power Systems Announces
 Results for the Fourth Quarter and Year Ended December 31, 2022 and an Increase in Quarterly Cash Dividend**

KIRKLAND, WASHINGTON, February 8, 2023— Monolithic Power Systems, Inc. (“MPS”) (Nasdaq: MPWR), a fabless company with a global footprint that provides high-performance, semiconductor-based power electronic solutions, today announced financial results for the quarter and year ended December 31, 2022. The Company also announced that its Board of Directors has approved an increase in the quarterly cash dividend from \$0.75 per share to \$1.00 per share. The first quarter dividend of \$1.00 per share will be paid on April 14, 2023 to all stockholders of record as of the close of business on March 31, 2023.

The financial results for the quarter ended December 31, 2022 are as follows:

- Revenue was \$460.0 million for the quarter ended December 31, 2022, a 7.1% decrease from \$495.4 million for the quarter ended September 30, 2022 and a 36.7% increase from \$336.5 million for the quarter ended December 31, 2021.
- GAAP gross margin was 58.2% for the quarter ended December 31, 2022, compared with 57.6% for the quarter ended December 31, 2021.
- Non-GAAP gross margin (1) was 58.5% for the quarter ended December 31, 2022, excluding the impact of \$1.0 million for stock-based compensation expense and \$0.1 million for deferred compensation plan expense, compared with 57.9% for the quarter ended December 31, 2021, excluding the impact of \$0.9 million for stock-based compensation expense and \$0.2 million for deferred compensation plan expense.
- GAAP operating expenses were \$130.9 million for the quarter ended December 31, 2022, compared with \$115.3 million for the quarter ended December 31, 2021.
- Non-GAAP operating expenses (1) were \$94.8 million for the quarter ended December 31, 2022, excluding \$34.2 million for stock-based compensation expense and \$1.9 million for deferred compensation plan expense, compared with \$83.0 million for the quarter ended December 31, 2021, excluding \$30.3 million for stock-based compensation expense and \$2.0 million for deferred compensation plan expense.
- GAAP operating income was \$136.9 million for the quarter ended December 31, 2022, compared with \$78.6 million for the quarter ended December 31, 2021.
- Non-GAAP operating income (1) was \$174.1 million for the quarter ended December 31, 2022, excluding \$35.3 million for stock-based compensation expense and \$1.9 million for deferred compensation plan expense, compared with \$112.0 million for the quarter ended December 31, 2021, excluding \$31.2 million for stock-based compensation expense and \$2.2 million for deferred compensation plan expense.
- GAAP other income, net, was \$3.9 million for the quarter ended December 31, 2022, compared with \$3.4 million for the quarter ended December 31, 2021.
- Non-GAAP other income, net (1) was \$1.9 million for the quarter ended December 31, 2022, excluding \$2.0 million for deferred compensation plan income, compared with \$1.5 million for the quarter ended December 31, 2021, excluding \$1.9 million for deferred compensation plan income.
- GAAP income before income taxes was \$140.8 million for the quarter ended December 31, 2022, compared with \$82.0 million for the quarter ended December 31, 2021.

- Non-GAAP income before income taxes (1) was \$176.0 million for the quarter ended December 31, 2022, excluding \$35.3 million for stock-based compensation expense and \$0.1 million for net deferred compensation plan income, compared with \$113.4 million for the quarter ended December 31, 2021, excluding \$31.2 million for stock-based compensation expense and \$0.3 million for net deferred compensation plan expense.
- GAAP net income was \$119.1 million and \$2.45 per diluted share for the quarter ended December 31, 2022. Comparatively, GAAP net income was \$72.7 million and \$1.51 per diluted share for the quarter ended December 31, 2021.
- Non-GAAP net income (1) was \$154.0 million and \$3.17 per diluted share for the quarter ended December 31, 2022, excluding \$35.3 million for stock-based compensation expense, \$0.1 million for net deferred compensation plan income and \$0.3 million for related tax effects, compared with \$102.1 million and \$2.12 per diluted share for the quarter ended December 31, 2021, excluding \$31.2 million for stock-based compensation expense, \$0.3 million for net deferred compensation plan expense and \$2.1 million for related tax effects.

The financial results for the year ended December 31, 2022 are as follows:

- Revenue was \$1,794.1 million for the year ended December 31, 2022, a 48.5% increase from \$1,207.8 million for the year ended December 31, 2021.
- GAAP gross margin was 58.4% for the year ended December 31, 2022, compared with 56.8% for the year ended December 31, 2021.
- Non-GAAP gross margin (1) was 58.7% for the year ended December 31, 2022, excluding the impact of \$4.7 million for stock-based compensation expense, compared with 57.1% for the year ended December 31, 2021, excluding the impact of \$3.5 million for stock-based compensation expense and \$0.3 million for deferred compensation plan expense.
- GAAP operating expenses were \$521.8 million for the year ended December 31, 2022, compared with \$423.0 million for the year ended December 31, 2021.
- Non-GAAP operating expenses (1) were \$372.4 million for the year ended December 31, 2022, excluding \$156.3 million for stock-based compensation expense, \$7.1 million for deferred compensation plan income and \$0.1 million for amortization of purchased intangible assets, compared with \$298.2 million for the year ended December 31, 2021, excluding \$119.9 million for stock-based compensation expense and \$4.9 million for deferred compensation plan expense.
- GAAP operating income was \$526.8 million for the year ended December 31, 2022, compared with \$262.4 million for the year ended December 31, 2021.
- Non-GAAP operating income (1) was \$680.9 million for the year ended December 31, 2022, excluding \$161.0 million for stock-based compensation expense, \$7.0 million for deferred compensation plan income and \$0.1 million for amortization of purchased intangible assets, compared with \$391.1 million for the year ended December 31, 2021, excluding \$123.5 million for stock-based compensation expense and \$5.1 million for deferred compensation plan expense.
- GAAP other expense, net, was \$1.8 million for the year ended December 31, 2022, compared with other income, net, of \$9.8 million for the year ended December 31, 2021.
- Non-GAAP other income, net (1) was \$4.8 million for the year ended December 31, 2022, excluding \$6.6 million for deferred compensation plan expense, compared with \$5.2 million for the year ended December 31, 2021, excluding \$4.6 million for deferred compensation plan income.
- GAAP income before income taxes was \$524.9 million for the year ended December 31, 2022, compared with \$272.2 million for the year ended December 31, 2021.
- Non-GAAP income before income taxes (1) was \$685.7 million for the year ended December 31, 2022, excluding \$161.0 million for stock-based compensation expense, \$0.4 million for net deferred compensation plan income and \$0.1 million for amortization of purchased intangible assets, compared with \$396.3 million for the year ended December 31, 2021, excluding \$123.5 million for stock-based compensation expense and \$0.6 million for net deferred compensation plan expense.
- GAAP net income was \$437.7 million and \$9.05 per diluted share for the year ended December 31, 2022. Comparatively, GAAP net income was \$242.0 million and \$5.05 per diluted share for the year ended December 31, 2021.

- Non-GAAP net income (1) was \$599.9 million and \$12.41 per diluted share for the year ended December 31, 2022, excluding \$161.0 million for stock-based compensation expense, \$0.4 million for net deferred compensation plan income, \$0.1 million for amortization of purchased intangible assets and \$1.6 million for related tax effects, compared with \$356.7 million and \$7.45 per diluted share for the year ended December 31, 2021, excluding \$123.5 million for stock-based compensation expense, \$0.6 million for net deferred compensation plan expense and \$9.4 million for related tax effects.

The following is a summary of revenue by end market (in thousands):

End Market	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Storage and Computing	\$ 120,840	\$ 77,970	\$ 452,594	\$ 255,933
Enterprise Data	68,433	40,489	251,415	116,345
Automotive	97,378	56,353	300,016	204,335
Industrial	56,063	49,488	219,179	184,784
Communications	64,283	45,876	251,452	164,091
Consumer	53,015	66,328	319,492	282,310
Total	<u>\$ 460,012</u>	<u>\$ 336,504</u>	<u>\$ 1,794,148</u>	<u>\$ 1,207,798</u>

In the first quarter of 2022, the Company reorganized its end markets and broke out Computing and Storage into two new end markets: (i) Storage and Computing and (ii) Enterprise Data. All prior-period amounts have been restated to reflect the changes in these end markets.

The following is a summary of revenue by product family (in thousands):

Product Family	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
DC to DC	\$ 432,513	\$ 319,725	\$ 1,696,594	\$ 1,147,329
Lighting Control	27,499	16,779	97,554	60,469
Total	<u>\$ 460,012</u>	<u>\$ 336,504</u>	<u>\$ 1,794,148</u>	<u>\$ 1,207,798</u>

“While we remain cautious about near-term business conditions, we believe MPS can swiftly adapt to market changes and take advantage of the current environment to focus on business development and investing in infrastructure necessary to support our long-term growth,” said Michael Hsing, CEO and founder of MPS.

Business Outlook

The following are MPS’s financial targets for the first quarter ending March 31, 2023:

- Revenue in the range of \$440.0 million to \$460.0 million.
- GAAP gross margin between 57.4% and 58.0%. Non-GAAP gross margin (1) between 57.7% and 58.3%, which excludes an estimated impact of stock-based compensation expenses of 0.3%.
- GAAP research and development (“R&D”) and selling, general and administrative (“SG&A”) expenses, including estimated litigation expenses, between \$135.1 million and \$139.1 million. Non-GAAP R&D and SG&A expenses (1) between \$96.1 million and \$98.1 million, which excludes estimated stock-based compensation expenses in the range of \$39.0 million to \$41.0 million but includes estimated litigation expenses.
- Total stock-based compensation expenses of \$40.2 million to \$42.2 million.
- Beginning with the Q1 2023 outlook, MPS no longer separately forecasts litigation expenses.

- Interest income of \$1.8 million to \$2.2 million.
- The non-GAAP tax rate for the first quarter ending March 31, 2023 will be 12.5%.
- Fully diluted shares outstanding between 48.2 million and 49.2 million.

(1) Non-GAAP net income, non-GAAP earnings per share, non-GAAP gross margin, non-GAAP R&D and SG&A expenses, non-GAAP operating expenses, non-GAAP other income, net, non-GAAP operating income and non-GAAP income before taxes differ from net income, earnings per share, gross margin, R&D and SG&A expenses, operating expenses, other income (expense), net, operating income and income before taxes determined in accordance with Generally Accepted Accounting Principles in the United States ("GAAP"). Non-GAAP net income and non-GAAP earnings per share exclude the effect of stock-based compensation expense, deferred compensation plan income/expense, amortization of purchased intangible assets and related tax effects. Non-GAAP gross margin excludes the effect of stock-based compensation expense and deferred compensation plan expense. Non-GAAP operating expenses exclude the effect of stock-based compensation expense, amortization of purchased intangible assets and deferred compensation plan income/expense. Non-GAAP other income, net excludes the effect of deferred compensation plan income/expense. Non-GAAP operating income excludes the effect of stock-based compensation expense, amortization of purchased intangible assets and deferred compensation plan income/expense. Non-GAAP income before taxes excludes the effect of stock-based compensation expense, amortization of purchased intangible assets and deferred compensation plan income/expense. Projected non-GAAP gross margin excludes the effect of stock-based compensation expense. Projected non-GAAP R&D and SG&A expenses exclude the effect of stock-based compensation expense. 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.

Earnings Webinar

MPS plans to host a Zoom webinar covering its financial results at 2:00 p.m. PT / 5:00 p.m. ET, February 8, 2023. You can access the webinar at: <https://mpsic.zoom.us/j/99086996476>. The webinar will be archived and available for replay for one year under the Investor Relations page on the MPS website.

Safe Harbor Statement

This press release 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 sections "Business Outlook" and the quote from our CEO herein, including, among other things, (i) projected revenues, GAAP and non-GAAP gross margin, GAAP and non-GAAP R&D and SG&A expenses, stock-based compensation expenses, litigation expenses, interest income, and fully diluted shares outstanding, (ii) our outlook for the first quarter of fiscal year 2023 and the near-term, medium-term and long-term prospects of the company, including our performance against our business plan, our ability to grow despite the softening in our business, our industry and the global economic environment, revenue growth in certain of our market segments, potential new business segments, our continued investment into 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 of 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 press release 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, our ability to attract new customers and retain existing customers; acceptance of, or demand for, MPS's products, in particular the new products launched recently, being different than expected; our ability to efficiently and effectively develop new products and receive a return on our R&D expense investment; our ability to increase market share in our targeted markets; 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; competition generally and the increasingly competitive nature of our industry; any market disruptions or interruptions in MPS's schedule of new product development releases; adverse changes in production and testing efficiency of our products; our ability to manage our inventory levels; our ability to effectively manage our growth and attract and retain qualified personnel; 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; adverse changes in laws and government regulations such as tariffs on imports of foreign goods, export regulations and export classifications, including in foreign countries where MPS has offices or operations; adverse events arising from orders or regulations of governmental entities, including such orders or regulations that impact our customers, and adoption of new or amended accounting standards; the effect of epidemics and pandemics, such as the COVID-19 outbreak, on the global economy and on our business; adequate supply of our products from our third-party manufacturing partners; the risks, uncertainties and costs of litigation in which we are involved; the outcome of any upcoming trials, hearings, motions and appeals; the adverse impact on MPS's financial performance if its tax and litigation provisions are inadequate; adverse changes to the global economy, including due to the Russia-Ukraine conflict and the global economic downturn; 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; difficulty in predicting or budgeting for future customer demand and channel inventories, expenses and financial contingencies (including as a result of the COVID-19 pandemic and the Russia-Ukraine conflict); our ability to realize the anticipated benefits of companies and products that we acquire, and our ability to effectively and efficiently integrate these acquired companies and products into our operations; the ongoing consolidation of companies in the semiconductor industry; and other important risk factors identified under the caption "Risk Factors" and elsewhere in MPS's Securities and Exchange Commission ("SEC") filings, including, but not limited to, our Annual Report on Form 10-K filed with the SEC on February 25, 2022 and our Quarterly Reports on Form 10-Q filed with the SEC on May 10, 2022, August 5, 2022, and November 9, 2022. The forward-looking statements in this press release and statements made during the accompanying webinar represent MPS's projections and current expectations, as of the date hereof, not predictions of actual performance. MPS assumes no obligation to update the information in this press release or in the accompanying webinar.

About Monolithic Power Systems

Monolithic Power Systems, Inc. (“MPS”) is a fabless company with a global footprint that provides high-performance, semiconductor-based power electronic solutions. MPS’s mission is to reduce energy and material consumption to improve all aspects of quality of life. Founded in 1997 by our CEO Michael Hsing, MPS has three core strengths: deep system-level knowledge, strong semiconductor expertise, and innovative proprietary technologies in the areas of semiconductor processes, system integration, and packaging. These combined advantages enable MPS to deliver reliable, compact, and monolithic solutions that are highly energy-efficient and cost-effective, while providing a consistent return on investment to our stockholders. MPS can be contacted through its website at www.monolithicpower.com or its support offices around the world.

Monolithic Power Systems, MPS, and the MPS logo are registered trademarks of Monolithic Power Systems, Inc. in the U.S. and trademarked in certain other countries.

Contact:

Bernie Blegen
Chief Financial Officer
Monolithic Power Systems, Inc.
408-826-0777
investors@monolithicpower.com

Monolithic Power Systems, Inc.
Condensed Consolidated Balance Sheets
(Unaudited, in thousands, except par value)

	December 31,	
	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 288,607	\$ 189,265
Short-term investments	449,266	535,817
Accounts receivable, net	182,714	104,813
Inventories	447,290	259,417
Other current assets	42,742	35,540
Total current assets	1,410,619	1,124,852
Property and equipment, net	357,157	362,962
Goodwill	6,571	6,571
Deferred tax assets, net	35,252	21,917
Other long-term assets	249,286	69,523
Total assets	<u>\$ 2,058,885</u>	<u>\$ 1,585,825</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 61,461	\$ 83,027
Accrued compensation and related benefits	88,260	62,635
Other accrued liabilities	113,679	81,282
Total current liabilities	263,400	226,944
Income tax liabilities	53,509	47,669
Other long-term liabilities	73,374	67,227
Total liabilities	390,283	341,840
Commitments and contingencies		
Stockholders' equity:		
Common stock and additional paid-in capital: \$0.001 par value; shares authorized: 150,000; shares issued and outstanding: 47,107 and 46,256, respectively	975,276	803,226
Retained earnings	716,403	424,879
Accumulated other comprehensive income (loss)	(23,077)	15,880
Total stockholders' equity	1,668,602	1,243,985
Total liabilities and stockholders' equity	<u>\$ 2,058,885</u>	<u>\$ 1,585,825</u>

Monolithic Power Systems, Inc.
Condensed Consolidated Statements of Operations
(Unaudited, in thousands, except per share amounts)

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Revenue	\$ 460,012	\$ 336,504	\$ 1,794,148	\$ 1,207,798
Cost of revenue	192,203	142,631	745,596	522,339
Gross profit	267,809	193,873	1,048,552	685,459
Operating expenses:				
Research and development	61,674	54,514	240,171	190,627
Selling, general and administrative	66,057	61,208	273,595	226,190
Litigation expense (benefit), net	3,186	(420)	8,001	6,225
Total operating expenses	130,917	115,302	521,767	423,042
Operating income	136,892	78,571	526,785	262,417
Other income (expense), net	3,872	3,391	(1,848)	9,802
Income before income taxes	140,764	81,962	524,937	272,219
Income tax expense	21,674	9,291	87,265	30,196
Net income	\$ 119,090	\$ 72,671	\$ 437,672	\$ 242,023
Net income per share:				
Basic	\$ 2.53	\$ 1.58	\$ 9.37	\$ 5.28
Diluted	\$ 2.45	\$ 1.51	\$ 9.05	\$ 5.05
Weighted-average shares outstanding:				
Basic	46,979	46,139	46,727	45,851
Diluted	48,549	48,240	48,358	47,889

SUPPLEMENTAL FINANCIAL INFORMATION
STOCK-BASED COMPENSATION EXPENSE
(Unaudited, in thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Cost of revenue	\$ 1,030	\$ 921	\$ 4,721	\$ 3,543
Research and development	8,480	6,465	35,355	26,030
Selling, general and administrative	25,759	23,810	120,916	93,906
Total stock-based compensation expense	<u>\$ 35,269</u>	<u>\$ 31,196</u>	<u>\$ 160,992</u>	<u>\$ 123,479</u>

RECONCILIATION OF NET INCOME TO NON-GAAP NET INCOME
(Unaudited, in thousands, except per share amounts)

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Net income	\$ 119,090	\$ 72,671	\$ 437,672	\$ 242,023
Adjustments to reconcile net income to non-GAAP net income:				
Stock-based compensation expense	35,269	31,196	160,992	123,479
Amortization of purchased intangible assets	33	33	132	44
Deferred compensation plan expense (income)	(61)	252	(411)	561
Tax effect	(326)	(2,053)	1,559	(9,434)
Non-GAAP net income	\$ 154,005	\$ 102,099	\$ 599,944	\$ 356,673
Non-GAAP net income per share:				
Basic	\$ 3.28	\$ 2.21	\$ 12.84	\$ 7.78
Diluted	\$ 3.17	\$ 2.12	\$ 12.41	\$ 7.45
Shares used in the calculation of non-GAAP net income per share:				
Basic	46,979	46,139	46,727	45,851
Diluted	48,549	48,240	48,358	47,889

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

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Gross profit	\$ 267,809	\$ 193,873	\$ 1,048,552	\$ 685,459
Gross margin	58.2%	57.6%	58.4%	56.8%
Adjustments to reconcile gross profit to non-GAAP gross profit:				
Stock-based compensation expense	1,030	921	4,721	3,543
Deferred compensation plan expense	95	156	49	256
Non-GAAP gross profit	\$ 268,934	\$ 194,950	\$ 1,053,322	\$ 689,258
Non-GAAP gross margin	58.5%	57.9%	58.7%	57.1%

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

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Total operating expenses	\$ 130,917	\$ 115,302	\$ 521,767	\$ 423,042
Adjustments to reconcile total operating expenses to non-GAAP total operating expenses:				
Stock-based compensation expense	(34,239)	(30,275)	(156,271)	(119,936)
Amortization of purchased intangible assets	(33)	(33)	(132)	(44)
Deferred compensation plan income (expense)	(1,851)	(2,020)	7,060	(4,868)
Non-GAAP operating expenses	\$ 94,794	\$ 82,974	\$ 372,424	\$ 298,194

RECONCILIATION OF OPERATING INCOME TO NON-GAAP OPERATING INCOME

(Unaudited, in thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Total operating income	\$ 136,892	\$ 78,571	\$ 526,785	\$ 262,417
Adjustments to reconcile total operating income to non-GAAP total operating income:				
Stock-based compensation expense	35,269	31,196	160,992	123,479
Amortization of purchased intangible assets	33	33	132	44
Deferred compensation plan expense (income)	1,946	2,176	(7,011)	5,124
Non-GAAP operating income	\$ 174,140	\$ 111,976	\$ 680,898	\$ 391,064

RECONCILIATION OF OTHER INCOME (EXPENSE), NET, TO NON-GAAP OTHER INCOME, NET

(Unaudited, in thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Total other income (expense), net	\$ 3,872	\$ 3,391	\$ (1,848)	\$ 9,802
Adjustments to reconcile other income (expense), net to non-GAAP other income, net:				
Deferred compensation plan expense (income)	(2,007)	(1,924)	6,600	(4,563)
Non-GAAP other income, net	\$ 1,865	\$ 1,467	\$ 4,752	\$ 5,239

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

(Unaudited, in thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Total income before income taxes	\$ 140,764	\$ 81,962	\$ 524,937	\$ 272,219
Adjustments to reconcile income before income taxes to non-GAAP income before income taxes:				
Stock-based compensation expense	35,269	31,196	160,992	123,479
Amortization of purchased intangible assets	33	33	132	44
Deferred compensation plan expense (income)	(61)	252	(411)	561
Non-GAAP income before income taxes	\$ 176,005	\$ 113,443	\$ 685,650	\$ 396,303

2023 FIRST QUARTER OUTLOOK
RECONCILIATION OF GROSS MARGIN TO NON-GAAP GROSS MARGIN
(Unaudited)

	Three Months Ending March 31, 2023	
	Low	High
Gross margin	57.4%	58.0%
Adjustment to reconcile gross margin to non-GAAP gross margin:		
Stock-based compensation expense	0.3%	0.3%
Non-GAAP gross margin	57.7%	58.3%

RECONCILIATION OF R&D AND SG&A EXPENSES TO NON-GAAP R&D AND SG&A EXPENSES
(Unaudited, in thousands)

	Three Months Ending March 31, 2023	
	Low	High
R&D and SG&A expenses	\$ 135,100	\$ 139,100
Adjustments to reconcile R&D and SG&A expenses to non-GAAP R&D and SG&A expenses:		
Stock-based compensation expense	(39,000)	(41,000)
Non-GAAP R&D and SG&A expenses	\$ 96,100	\$ 98,100

Monolithic Power Systems

Q4 '22 Earnings Webinar

Michael Hsing – CEO and Founder
Bernie Blegen – VP and CFO

February 8, 2023

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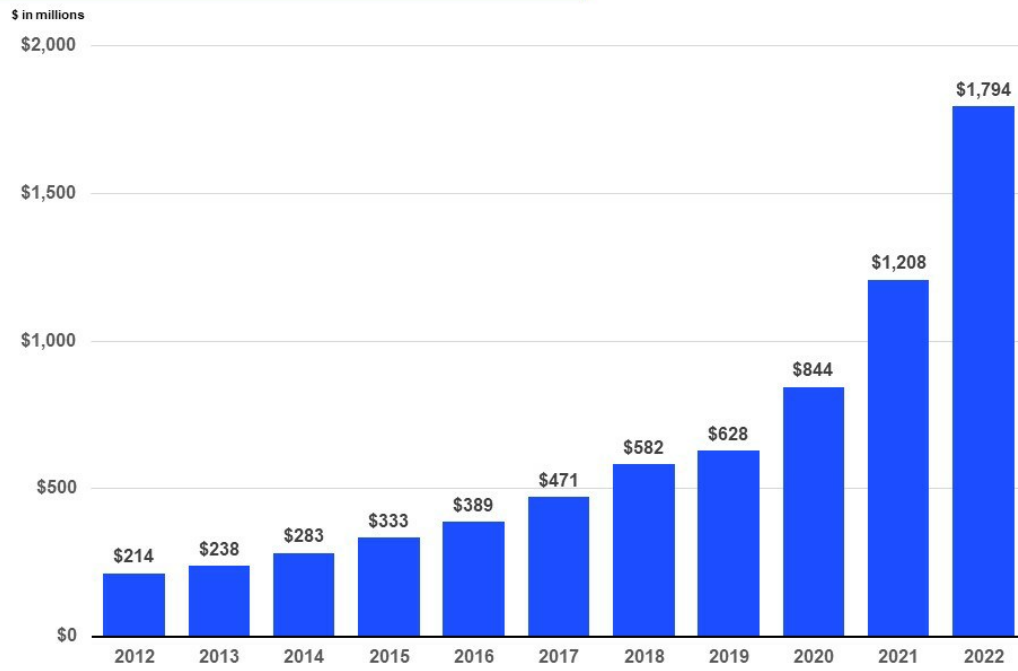
Safe Harbor Statement

This press release 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 sections "Business Outlook" and the quote from our CEO herein, including, among other things, (i) projected revenues, GAAP and non-GAAP gross margin, GAAP and non-GAAP R&D and SG&A expenses, stock-based compensation expenses, litigation expenses, interest income, and fully diluted shares outstanding, (ii) our outlook for the first quarter of fiscal year 2023 and the near-term, medium-term and long-term prospects of the company, including our performance against our business plan, our ability to grow despite the softening in our business, our industry and the global economic environment, revenue growth in certain of our market segments, potential new business segments, our continued investment into 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 of 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 press release 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, our ability to attract new customers and retain existing customers; acceptance of, or demand for, MPS's products, in particular the new products launched recently, being different than expected; our ability to efficiently and effectively develop new products and receive a return on our R&D expense investment; our ability to increase market share in our targeted markets; 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; competition generally and the increasingly competitive nature of our industry; any market disruptions or interruptions in MPS's schedule of new product development releases; adverse changes in production and testing efficiency of our products; our ability to manage our inventory levels; our ability to effectively manage our growth and attract and retain qualified personnel; 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, adverse changes in laws and government regulations such as tariffs on imports of foreign goods, export regulations and export classifications, including in foreign countries where MPS has offices or operations; adverse events arising from orders or regulations of governmental entities, including such orders or regulations that impact our customers, and adoption of new or amended accounting standards; the effect of epidemics and pandemics, such as the COVID-19 outbreak, on the global economy and on our business; adequate supply of our products from our third-party manufacturing partners; the risks, uncertainties and costs of litigation in which we are involved; the outcome of any upcoming trials, hearings, motions and appeals; the adverse impact on MPS's financial performance if its tax and litigation provisions are inadequate; adverse changes to the global economy, including due to the Russia-Ukraine conflict and the global economic downturn; 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; difficulty in predicting or budgeting for future customer demand and channel inventories, expenses and financial contingencies (including as a result of the COVID-19 pandemic and the Russia-Ukraine conflict); our ability to realize the anticipated benefits of companies and products that we acquire, and our ability to effectively and efficiently integrate these acquired companies and products into our operations; the ongoing consolidation of companies in the semiconductor industry; and other important risk factors identified under the caption "Risk Factors" and elsewhere in MPS's Securities and Exchange Commission ("SEC") filings, including, but not limited to, our Annual Report on Form 10-K filed with the SEC on February 25, 2022 and our Quarterly Reports on Form 10-Q filed with the SEC on May 10, 2022, August 5, 2022, and November 9, 2022. The forward-looking statements in this press release and statements made during the accompanying webinar represent MPS's projections and current expectations, as of the date hereof, not predictions of actual performance. MPS assumes no obligation to update the information in this press release or in the accompanying webinar.

Non-GAAP Measures

Non-GAAP net income, non-GAAP earnings per share, non-GAAP gross margin, non-GAAP R&D and SG&A expenses, non-GAAP operating expenses, non-GAAP other income, net, non-GAAP operating income and non-GAAP income before taxes differ from net income, earnings per share, gross margin, R&D and SG&A expenses, operating expenses, other income (expense), net, operating income and income before taxes determined in accordance with Generally Accepted Accounting Principles in the United States ("GAAP"). Non-GAAP net income and non-GAAP earnings per share exclude the effect of stock-based compensation expense, deferred compensation plan income/expense, amortization of purchased intangible assets and related tax effects. Non-GAAP gross margin excludes the effect of stock-based compensation expense and deferred compensation plan income/expense. Non-GAAP operating expenses exclude the effect of stock-based compensation expense, amortization of purchased intangible assets and deferred compensation plan income/expense. Non-GAAP other income, net excludes the effect of deferred compensation plan income/expense. Non-GAAP operating income excludes the effect of stock-based compensation expense, amortization of purchased intangible assets and deferred compensation plan income/expense. Non-GAAP income before taxes excludes the effect of stock-based compensation expense, amortization of purchased intangible assets and deferred compensation plan income/expense. Projected non-GAAP gross margin excludes the effect of stock-based compensation expense. Projected non-GAAP R&D and SG&A expenses exclude the effect of stock-based compensation expense. 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.

Full Year Revenue 2012 to 2022



Revenue by Market – FY'22

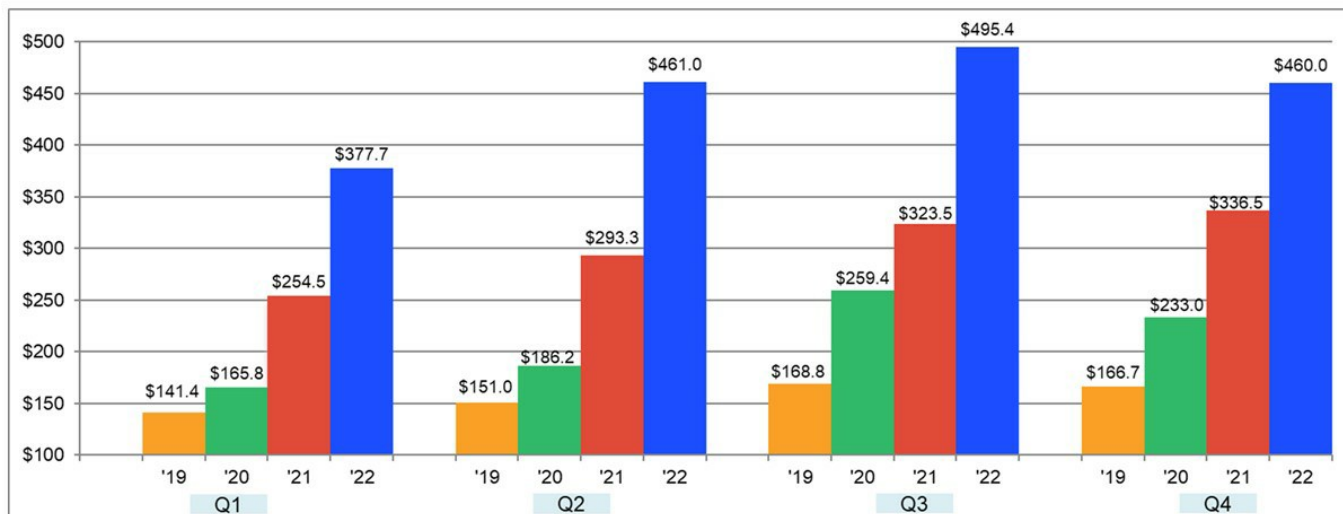
	% Change From <u>FY'21</u>	% of Total <u>Revenue</u>
Enterprise Data	116.1 %	14.0 %
Storage and Computing	76.8 %	25.3 %
Communications	53.2 %	14.0 %
Automotive	46.8 %	16.7 %
Industrial	18.6 %	12.2 %
Consumer	13.2 %	17.8 %
Total Revenue	48.5 %	100.0 %

General Business Conditions



Quarterly Revenue 2019 to 2022

\$ in millions



Revenue by Market – Q4'22

	% Change From		% of Total
	<u>Q3'22</u>	<u>Q4'21</u>	<u>Revenue</u>
Automotive	11.8 %	72.8 %	21.1%
Enterprise Data	-9.1 %	69.0 %	14.9%
Storage and Computing	7.1 %	55.0 %	26.3%
Communications	-11.1 %	40.1 %	14.0%
Industrial	-4.5 %	13.3 %	12.2%
Consumer	-40.6 %	-20.1 %	11.5%
Total Revenue	-7.1 %	36.7 %	100.0%

Selected P&L Data

\$ and shares in millions,
except per share amounts

	<u>Q4'22</u>	<u>Q3'22</u>	<u>Q4'21</u>
Revenue	\$460.0	\$495.4	\$336.5
<u>GAAP</u>			
Gross Margin	58.2%	58.7%	57.6%
OPEX	\$130.9	\$139.0	\$115.3
Operating Income	\$136.9	\$151.9	\$78.6
Operating Margin	29.8%	30.7%	23.3%
Stock Comp.	\$35.3	\$43.0	\$31.2
Net Income	\$119.1	\$124.3	\$72.7
EPS	\$2.45	\$2.57	\$1.51
Shares O/S (FD)	48.5	48.3	48.2
<u>Non- GAAP</u>			
Gross Margin	58.5%	59.0%	57.9%
OPEX	\$94.8	\$98.4	\$83.0
Operating Income	\$174.1	\$193.7	\$112.0
Operating Margin	37.9%	39.1%	33.3%
Net Income	\$154.0	\$170.7	\$102.1
EPS	\$3.17	\$3.53	\$2.12

Selected Balance Sheet Data

\$ in millions

	<u>Q4'22</u>	<u>Q3'22</u>	<u>Q4'21</u>
Cash, Cash Equivalents & Investments	\$739.6	\$738.1	\$727.5
Cash Flow from Operations	\$52.2	(\$18.2)	\$28.2
Capital Spending	\$12.8	\$7.3	\$17.6
Accounts Receivable			
Dollars	\$182.7	\$153.4	\$104.8
Days	36	28	28
Inventory			
Dollars	\$447.3	\$397.4	\$259.4
Days – Current quarter revenue	212	167	166
Next quarter's revenue	214	188	149

2023 Q1 Outlook

\$ and shares in millions

	Range	
	<u>From</u>	<u>To</u>
Revenue	\$440.0	\$460.0
GAAP		
Gross Margin	57.4%	58.0%
Operating Expenses	\$135.1	\$139.1
Non-GAAP		
Gross Margin	57.7%	58.3%
Operating Expenses	\$96.1	\$98.1
Total Stock Compensation Expense	\$40.2	\$42.2
Interest Income	\$1.8	\$2.2
Shares Outstanding (FD)	48.2	49.2

Monolithic Power Systems

Q4 '22 Earnings Webinar

Michael Hsing – CEO and Founder
Bernie Blegen – VP and CFO

February 8, 2023



Net Income to Non-GAAP Net Income Reconciliation

RECONCILIATION OF NET INCOME TO NON-GAAP NET INCOME

(Unaudited, in thousands, except per share amounts)

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Net income	\$ 119,090	\$ 72,671	\$ 437,672	\$ 242,023
Adjustments to reconcile net income to non-GAAP net income:				
Stock-based compensation expense	35,269	31,196	160,992	123,479
Amortization of purchased intangible assets	33	33	132	44
Deferred compensation plan expense (income)	(61)	252	(411)	561
Tax effect	(326)	(2,053)	1,559	(9,434)
Non-GAAP net income	\$ 154,005	\$ 102,099	\$ 599,944	\$ 356,673
Non-GAAP net income per share:				
Basic	\$ 3.28	\$ 2.21	\$ 12.84	\$ 7.78
Diluted	\$ 3.17	\$ 2.12	\$ 12.41	\$ 7.45
Shares used in the calculation of non-GAAP net income per				
Basic	46,979	46,139	46,727	45,851
Diluted	48,549	48,240	48,358	47,889

GAAP to Non-GAAP Reconciliation

RECONCILIATION OF GROSS MARGIN TO NON-GAAP GROSS MARGIN

(Unaudited, in thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Gross profit	\$ 267,809	\$ 193,873	\$ 1,048,552	\$ 685,459
Gross margin	58.2%	57.6%	58.4%	56.8%
Adjustments to reconcile gross profit to non-GAAP gross profit:				
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Non-GAAP gross profit	\$ 268,934	\$ 194,950	\$ 1,053,322	\$ 689,258
Non-GAAP gross margin	58.5%	57.9%	58.7%	57.1%

RECONCILIATION OF OPERATING EXPENSES TO NON-GAAP OPERATING EXPENSES

(Unaudited, in thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Total operating expenses	\$ 130,917	\$ 115,302	\$ 521,767	\$ 423,042
Adjustments to reconcile total operating expenses to non-GAAP total operating expenses:				
Stock-based compensation expense	(34,239)	(30,275)	(156,271)	(119,936)
Amortization of purchased intangible assets	(33)	(33)	(132)	(44)
Deferred compensation plan income (expense)	(1,851)	(2,020)	7,060	(4,868)
Non-GAAP operating expenses	\$ 94,794	\$ 82,974	\$ 372,424	\$ 298,194

GAAP to Non-GAAP Reconciliation

RECONCILIATION OF OPERATING INCOME TO NON-GAAP OPERATING INCOME

(Unaudited, in thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Total operating income	\$ 136,892	\$ 78,571	\$ 526,785	\$ 262,417
Adjustments to reconcile total operating income to non-GAAP total operating income:				
Stock-based compensation expense	35,269	31,196	160,992	123,479
Amortization of purchased intangible assets	33	33	132	44
Deferred compensation plan expense (income)	1,946	2,176	(7,011)	5,124
Non-GAAP operating income	\$ 174,140	\$ 111,976	\$ 680,898	\$ 391,064

RECONCILIATION OF OTHER INCOME (EXPENSE), NET, TO NON-GAAP OTHER INCOME, NET

(Unaudited, in thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Total other income (expense), net	\$ 3,872	\$ 3,391	\$ (1,848)	\$ 9,802
Adjustments to reconcile other income (expense), net to non-GAAP other income, net:				
Deferred compensation plan expense (income)	(2,007)	(1,924)	6,600	(4,563)
Non-GAAP other income, net	\$ 1,865	\$ 1,467	\$ 4,752	\$ 5,239

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

(Unaudited, in thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Total income before income taxes	\$ 140,764	\$ 81,962	\$ 524,937	\$ 272,219
Adjustments to reconcile income before income taxes to non-GAAP income before income taxes:				
Stock-based compensation expense	35,269	31,196	160,992	123,479
Amortization of purchased intangible assets	33	33	132	44
Deferred compensation plan expense (income)	(61)	252	(411)	561
Non-GAAP income before income taxes	\$ 176,005	\$ 113,443	\$ 685,650	\$ 396,303

GAAP to Non-GAAP Reconciliation

2023 FIRST QUARTER OUTLOOK RECONCILIATION OF GROSS MARGIN TO NON-GAAP GROSS MARGIN (Unaudited)

	Three Months Ending March 31, 2023	
	Low	High
Gross margin	57.4%	58.0%
Adjustment to reconcile gross margin to non-GAAP gross margin:		
Stock-based compensation expense	0.3%	0.3%
Non-GAAP gross margin	57.7%	58.3%

RECONCILIATION OF R&D AND SG&A EXPENSES TO NON-GAAP R&D AND SG&A EXPENSES (Unaudited, in thousands)

	Three Months Ending March 31, 2023	
	Low	High
R&D and SG&A expenses	\$ 135,100	\$ 139,100
Adjustments to reconcile R&D and SG&A expenses to non-GAAP R&D and SG&A expenses:		
Stock-based compensation expense	(39,000)	(41,000)
Non-GAAP R&D and SG&A expenses	\$ 96,100	\$ 98,100



PRESS RELEASE
For Immediate Release

Monolithic Power Systems Appoints New Board Member

KIRKLAND, WASHINGTON, February 8, 2023— Monolithic Power Systems, Inc. (“MPS”) (Nasdaq: MPWR), a fabless company with a global footprint that provides high-performance, semiconductor-based power electronic solutions, announced the appointment of Eileen Wynne to its Board of Directors (the “Board”) on February 7, 2023.

“We are pleased to have Eileen join our Board,” said Michael Hsing, Chairman of the Board. “She embodies our commitment to an experienced, creative and diverse leadership team.”

“I am honored to be invited to join the Board of MPS, one of the fastest growing companies in the analog semiconductor industry,” said Eileen Wynne.

Eileen Wynne, 56, has served as interim Chief Financial Officer of IDEX Biometrics ASA (“IDEX”), a provider of fingerprint identification technologies, since August 2022, and supported IDEX on a consulting basis since December 2020. From November 1999 to June 2019, Ms. Wynne held various managerial and senior roles at Analog Devices, Inc. (“ADI”), a global semiconductor company, including Vice President and Chief Accounting Officer from May 2013 to June 2019, and interim Chief Financial Officer from March 2017 to September 2017. Prior to ADI, Ms. Wynne held various positions in private and public accounting. Ms. Wynne holds a B.A. in Financial Economics from St. Anselm College and an M.S. in Accounting from Bentley University.

About Monolithic Power Systems

Monolithic Power Systems, Inc. (“MPS”) is a fabless company with a global footprint that provides high-performance, semiconductor-based power electronic solutions. MPS’s mission is to reduce energy and material consumption to improve all aspects of quality of life. Founded in 1997 by our CEO Michael Hsing, MPS has three core strengths: deep system-level knowledge, strong semiconductor expertise, and innovative proprietary technologies in the areas of semiconductor processes, system integration, and packaging. These combined advantages enable MPS to deliver reliable, compact, and monolithic solutions that are highly energy-efficient and cost-effective, while providing a consistent return on investment to our stockholders. MPS can be contacted through its website at www.monolithicpower.com or its support offices around the world.

Monolithic Power Systems, MPS, and the MPS logo are registered trademarks of Monolithic Power Systems, Inc. in the U.S. and trademarked in certain other countries.

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