



# Power Integrations, Inc.

Q1 2026 Financial Results

May 7, 2026

# Forward-Looking Statements/Non-GAAP Metrics

## Note Regarding Forward-Looking Statements

These slides contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements generally relate to future events or the company's future financial or operating performance. In some cases, you can identify forward looking statements because they contain words such as "may," "will," "should," "expects," "plans," "anticipates," "going to," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these words or other similar terms or expressions that concern the company expectations, strategy, priorities, plans or intentions. Forward-looking statements in this release include, but are not limited to, the company's guidance and outlook for the second quarter of 2026, and the trends and assumptions underlying such guidance and outlook, and the company's expectations regarding its upcoming dividend, including the timing and amount of such dividend. The company's expectations and beliefs regarding these matters may not materialize, and actual results in future periods are subject to risks and uncertainties that could cause actual results to differ materially from those projected, including the company's ability to forecast its performance; changes in trade policies, in particular the escalation and imposition of new and higher tariffs, which could reduce demand for end products that incorporate our integrated circuits and/or place pressure on our prices as our customers seek to offset the impact of increased tariffs on their own products; the company's ability to supply products and its ability to conduct other aspects of its business, such as competing for new design wins; changes in global economic and geopolitical conditions, including such factors as inflation, armed conflicts and trade negotiations, which may impact the level of demand for the company's products; potential changes and shifts in customer demand away from end products that utilize the company's integrated circuits to end products that do not incorporate the company's products; the effects of competition, which may cause the company's revenue to decrease or cause the company to decrease its selling prices for its products; unforeseen costs and expenses; and unfavorable fluctuations in component costs or operating expenses resulting from changes in commodity prices and/or exchange rates; and product development delays and defects and market acceptance of the new products. The forward-looking statements contained in this release are also subject to other risks and uncertainties, including those more fully described in the company's filings with the Securities and Exchange Commission ("SEC"), including the company's most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q filed with the SEC. The forward-looking statements in this release are based on information available to the company as of the date hereof and the company disclaims any obligation to update or alter its forward-looking statements, except as otherwise required by law.

## Note Regarding Non-GAAP Financial Measures

In addition to the company's consolidated financial statements, which are presented according to GAAP, the company provides certain non-GAAP financial information that excludes stock-based compensation expenses recorded under ASC 718-10, amortization of acquisition-related intangible assets, restructuring charges and the tax effects of these items. The company uses these measures in its financial and operational decision-making and, with respect to one measure, in setting performance targets for compensation purposes. The company believes that these non-GAAP measures offer important analytical tools to help investors understand its operating results, and to facilitate comparability with the results of companies that provide similar measures. Non-GAAP measures have limitations as analytical tools and are not meant to be considered in isolation or as a substitute for GAAP financial information. For example, stock-based compensation is an important component of the company's compensation mix and will continue to result in significant expenses in the company's GAAP results for the foreseeable future but is not reflected in the non-GAAP measures. Also, other companies, including companies in Power Integrations' industry, may calculate non-GAAP measures differently, limiting their usefulness as comparative measures. Reconciliations of non-GAAP measures to GAAP measures are included at the end of this presentation and in the historical financial tables on the investor page of the Power Integrations website, <http://investors.power.com>.

# Q1 2026 - Key Messages

## Solid Q1 results

- ▶ Revenue \$108.3M **up 5% QoQ**; outlook was \$104M - \$109M
- ▶ Non-GAAP gross margin of 53.5%, at mid-point of outlook
- ▶ Non-GAAP OPEX below outlook
- ▶ Non-GAAP EPS \$0.25



## Industrial/auto strength continues

- ▶ **Up 23% Y/Y** in Q1
- ▶ Diverse growth across high power, metering, home automation, auto, broad-based industrial



## Recovery in consumer

- ▶ Down 11% Y/Y vs. tariff-driven strength in appliances in 1H'25
- ▶ **Up 17% Q/Q** as appliance inventory overhang improved



## Announced TOPSwitch™-GaN

- ▶ Iconic high-voltage IC family **now features PowiGaN™** technology
- ▶ Expands addressable power range of classic flyback topology by >2x



## Dividend increased in Q1

- ▶ **2.4% dividend increase** effective Q1 2026
- ▶ Next dividend of \$0.215 per share to be paid June 30



## Restructuring plan implemented in Q1

- ▶ Reduced global workforce by 7% in early February
- ▶ Restructuring charge in Q1 GAAP results



See slides 7-8 for reconciliation of non-GAAP metrics to GAAP

# Q1 2026 Financial Results

		Non-GAAP			
	Q1 GAAP Result	Q1 Non-GAAP Result	Q1 Outlook	Year-Ago Qtr	Prior Qtr
Revenue	\$108.3M	N/A	\$104M-\$109M	\$105.5M (+3%)	\$103.2M (+5%)
Gross Margin	52.6%	53.5%	53 - 54%	55.9%	53.3%
Operating Expenses	\$55.5M	\$45.3M	\$45.5M-\$46.5M	\$43.5M	\$45.0M
Operating Margin	1.3%	11.7%	N/A	14.7%	9.7%
Net Income	\$3.3M	\$13.9M	N/A	\$17.9M	\$12.7M
Diluted EPS	\$0.06	\$0.25	N/A	\$0.31	\$0.23

Additional Metrics
Cash Flow from Operations (TTM) <b>\$105.2M</b>
CapEx (TTM) <b>\$20.7M</b>
Free Cash Flow* (TTM) <b>\$84.5M</b>
Cash & Investments at Quarter-end <b>\$257.2M</b>
Dividend – paid March 31, 2026 <b>\$0.215 / share</b>
Inventory Days on Hand <b>292 (-21 QoQ)</b>
Distributor Inventory <b>8.9 weeks (-0.5 QoQ)</b>

TTM = Trailing Twelve Months

\*FCF = CFFO – CapEx

See slides 7-8 for reconciliation of non-GAAP metrics to GAAP

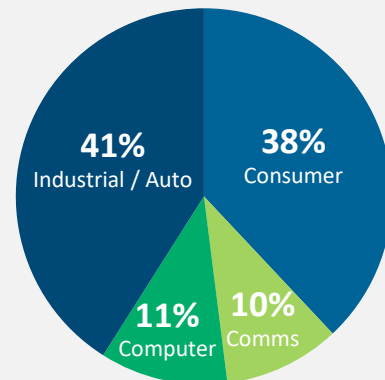
# Revenue by End Market

Growth Rates	Q1'26 YoY	Q1'26 QoQ
Industrial/Auto	23%	15%
Consumer	-11%	17%
Computer	-5%	-12%
Comms	0%	-33%
<b>Total</b>	<b>3%</b>	<b>5%</b>

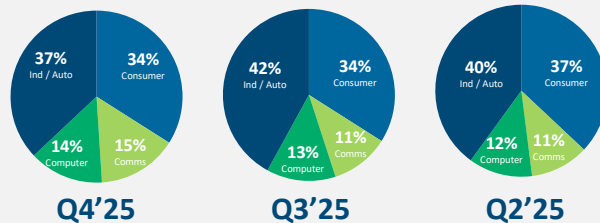
## Revenue Commentary

- ▶ Industrial: Broad-based Y/Y growth – renewables, metering, home automation
- ▶ Consumer: Down YoY vs. tariff-driven peak in Q1'25; strong QoQ recovery
- ▶ Computer: YoY Lower PCs offset by higher tablets, server auxiliary power
- ▶ Comms: QoQ seasonal decrease in cellphone

## Revenue Mix Q1'26



## Prior Three Quarters



# Q2 2026 Outlook

	GAAP	Non-GAAP	Reconciling Items
Revenue	\$115M - \$120M	N/A	N/A
Gross Margin	53.5% - 54.5%	54% - 55%	Stock-based compensation <b>0.4%</b> Amortization of intangibles <b>0.1%</b>
Operating Expenses	\$55M - \$56M	\$46.5M - \$47.5M	Stock-based compensation <b>\$8.5M</b>
Operating Margin	5.5% - 7.5%	13.5% - 15.5%	Stock-based compensation <b>7.9%</b> Amortization of intangibles <b>0.1%</b>

# Non-GAAP to GAAP Reconciliations

(in thousands, except per-share amounts)

	Three Months Ended		
	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
<b>RECONCILIATION OF GROSS PROFIT</b>			
GAAP gross profit	\$ 56,938	\$ 54,609	\$ 58,235
<i>GAAP gross margin</i>	52.6%	52.9%	55.2%
Stock-based compensation included in cost of revenue	469	232	657
Amortization of acquisition-related intangible assets	147	147	147
Restructuring and related charges in cost of revenue	365	-	-
Non-GAAP gross profit	<u>\$ 57,919</u>	<u>\$ 54,988</u>	<u>\$ 59,039</u>
<i>Non-GAAP gross margin</i>	53.5%	53.3%	55.9%

	Three Months Ended		
	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
<b>RECONCILIATION OF OPERATING EXPENSES</b>			
GAAP operating expenses	\$ 55,484	\$ 45,835	\$ 51,517
Less: Stock-based compensation expense included in operating expenses			
Research and development	1,904	1,945	2,250
Selling, general and administrative	3,526	2,668	5,776
Other operating expenses	(1,419)	(5,120)	-
Other operating expenses	<u>-</u>	<u>1,376</u>	<u>-</u>
Total	<u>4,011</u>	<u>869</u>	<u>8,026</u>
Less: Restructuring and related charges	<u>6,204</u>	<u>-</u>	<u>-</u>
Non-GAAP operating expenses	<u>\$ 45,269</u>	<u>\$ 44,966</u>	<u>\$ 43,491</u>

# Non-GAAP to GAAP Reconciliations

(in thousands, except per-share amounts)

RECONCILIATION OF INCOME FROM OPERATIONS	Three Months Ended		
	March 31, 2026	December 31, 2025	March 31, 2025
GAAP income from operations	\$ 1,454	\$ 8,774	\$ 6,718
GAAP operating margin	1.3%	8.5%	6.4%
Add: Total stock-based compensation unrelated to restructuring	4,480	(275)	8,683
Amortization of acquisition-related intangible assets	147	147	147
Other operating expenses	-	1,376	-
Restructuring and related charges	6,569	-	-
Non-GAAP income from operations	\$ 12,650	\$ 10,022	\$ 15,548
Non-GAAP operating margin	11.7%	9.7%	14.7%

RECONCILIATION OF NET INCOME PER SHARE (DILUTED)	Three Months Ended		
	March 31, 2026	December 31, 2025	March 31, 2025
GAAP net income	\$ 3,300	\$ 13,290	\$ 8,790
Adjustments to GAAP net income			
Total stock-based compensation unrelated to restructuring	4,480	(275)	8,683
Amortization of acquisition-related intangible assets	147	147	147
Other operating expenses	-	1,376	-
Tax effect of items excluded from non-GAAP results	(611)	(1,806)	239
Restructuring and related charges	6,569	-	-
Non-GAAP net income	\$ 13,885	\$ 12,732	\$ 17,859
Average shares outstanding for calculation of non-GAAP net income per share (diluted)	55,874	55,694	57,123
GAAP net income per share (diluted)	\$ 0.06	\$ 0.24	\$ 0.15
Non-GAAP net income per share (diluted)	\$ 0.25	\$ 0.23	\$ 0.31

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