

Power Integrations, Inc.

Q3 2026 Financial Results
November 4, 2026

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Forward-Looking Statements/Non-GAAP Metrics

Note Regarding Forward-Looking Statements

Certain statements included in these slides that are not historical facts are forward-looking statements within the meaning of the federal securities laws, including the safe harbor provisions under the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements generally relate to future events or the Company's future financial or operating performance and are sometimes accompanied by words such as "believe," "continue," "project," "expect," "anticipate," "estimate," "intend," "strategy," "future," "opportunity," "predict," "plan," "may," "should," "will," "would," "potential," "seem," "seek," "outlook," and similar expressions that concern the Company's expectations, strategy, priorities, plans, or intentions, predict or indicate future events or trends, or that are not statements of historical matters. Forward-looking statements are predictions, projections, and other statements about future events that are based on current expectations and assumptions and, as a result, are subject to risks and uncertainties. Forward-looking statements in these slides include, without limitation, the Company's financial and operating performance outlook for the fourth quarter of 2026, the Company's expectations regarding GaN products in development and the markets these products are intended to serve as well as the Company's anticipated upcoming dividends, including the timing and amount of such dividends, among others. These statements are based on various assumptions, whether or not identified in these slides. These forward-looking statements are provided for illustrative purposes only and are not intended to serve as and must not be relied on by an investor as a guarantee, an assurance, a prediction, or a definitive statement of fact or probability. Actual events and circumstances are very difficult or impossible to predict and will differ from the assumptions. Many actual events and circumstances are beyond the control of the Company. 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 the forward-looking statements in these slides, including but not limited to: (i) the risks that the revenue growth driven by PowiGaN™ products as well as continued strength in the industrial market may not continue to the extent or in the time frame anticipated, or at all; (ii) the risks that the strong earnings growth and continued focus on expense discipline and profitability may not continue to the extent anticipated, or at all; (iii) the risks that the critical constraints to power, due to AI, electrification, or otherwise, and the associated call for dramatic advances in efficiency and power density may not continue to the extent or in the time frame anticipated, or at all; (iv) the risks that the Company's high-voltage technology and system expertise may not be well aligned with these challenges to the extent anticipated, and that the product roadmap and opportunities may not drive shareholder value to the extent or in the time frame anticipated, or at all; (v) the risks that the Company may not be in a position to pay the $0.215 per share dividend on December 31, 2026, or a dividend of $0.22 for each of the quarters in 2027 as currently anticipated, due to unforeseen circumstances; (vi) the risks that the Company may be unable to meet one or more of the elements of the financial outlook for the fourth quarter of 2026, including expected revenue, GAAP and non-GAAP gross margins, GAAP and non-GAAP operating expenses, and GAAP and non-GAAP operating margins due to unforeseen circumstances; (vii) the Company's ability to forecast its performance; (viii) changes in trade policies, in particular the escalation and imposition of new and higher tariffs, which could reduce demand for end products that incorporate the Company's integrated circuits and/or place pressure on the Company's prices as the Company's customers seek to offset the impact of increased tariffs on their own products; (ix) the Company's ability to supply products and its ability to conduct other aspects of its business, such as competing for new design wins; (x) 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; (xi) 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; (xii) 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; (xiii) unforeseen costs and expenses, and unfavorable fluctuations in component costs or operating expenses resulting from changes in commodity prices and/or exchange rates; and (xiv) product development delays and defects and market acceptance of the new products. These risks and uncertainties may be amplified by current or future global conflicts and current and potential trade restrictions, trade tensions, and tariffs, all of which continue to cause economic uncertainty. You should carefully consider the foregoing factors and the other risks and uncertainties, including those more fully described in the "Risk Factors" section of the Company's most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q that the Company has caused to be filed with the U.S. Securities and Exchange Commission, or the SEC, and other documents filed by the Company or that will be filed by the Company from time to time with the SEC. These filings identify and address other important risks and uncertainties that could cause actual events and results to differ materially from those contained in the forward-looking statements. Forward-looking statements in these slides are based only on information currently available to the Company and speak only as of the date they are made. Investors are cautioned not to put undue reliance on forward-looking statements, and the Company disclaims any obligation and does not intend to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law. The Company gives no assurance that the Company will achieve any of its expectations.

Note Regarding Non-GAAP Financial Measures

The non-GAAP measures provided in these slides, including non-GAAP earnings per diluted share, non-GAAP net income, non-GAAP gross margin, non-GAAP operating expenses, and non-GAAP operating margin, should not be considered a substitute for, or superior to, measures of financial performance prepared in accordance with generally accepted accounting principles (GAAP) in the United States. The non-GAAP financial measures are presented only as supplemental information to understand the Company's operating results. 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, an accrual for a judgment in a legal matter, a restructuring charge recognized in the first quarter of 2026, and the tax effects of these items. The Company considers these non-GAAP financial measures to be important because they provide additional insight into the Company's on-going performance; the Company uses these measures in its financial and operational decision-making and, with respect to non-GAAP operating income, 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, to enable more meaningful and consistent period-to-period comparisons, and to facilitate comparability with the results of companies that provide similar measures. Non-GAAP measures have limitations as analytical tools, do not have any standardized meanings and are therefore unlikely to be comparable to similarly titled measures presented by other companies, 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. Reconciliations of non-GAAP measures to GAAP measures are included at the end of this presentation and in the financial tables on the investor page of the Power Integrations website, http://investors.power.com.

Q3 2026 - Key Messages

Revenue up 5% sequentially

- Revenue $125.5M, **+5% QoQ, +6% YoY**
- Continued industrial growth (+13% YTD)
- Strong growth in revenue from GaN products

Improved profitability

- Non-GAAP GM 55.2%, up 10 bps QoQ
- Non-GAAP **operating margin up 430 bps** QoQ to 21.4%
- **Non-GAAP EPS $0.46**, up $0.09 QoQ

Continued expense discipline

- Non-GAAP OPEX of $42.4M
- **Down 10% Y/Y** in Q3
- Well below outlook of $45M - $46M

Higher channel inventory, lower internal inventory

- Internal inventory **down 19 days** to 246 days on hand
- Channel inventory higher on increased buffer stock requirements and timing of end demand

Strong cash flow

- $42.6M cash from operations in Q3
- **$72.2M free cash flow year-to-date**
- Cash and investments up $26M in Q3 to $288M
- Quarterly dividend to increase to $0.22 per share in Q1 2027

SSCB Partnership for AI DC

- Collaboration with Ideal Power for solid-state circuit breakers (SSCB)
- Enabling intelligent, efficient protection for 800 VDC data centers

See slides 7-10 for reconciliation of non-GAAP metrics to GAAP

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Q3 2026 Financial Results

	Q3 GAAP Result	Non-GAAP			
		Q3 Non-GAAP Result	Q3 Outlook Was	Year-Ago Qtr	Prior Qtr
Revenue	$125.5M	N/A	$122M-$130M	$118.9M (+6%)	$118.9M (+6%)
Gross Margin	55.6%	55.2%	54 - 55%	55.1%	55.1%
Operating Expenses	$50.6M	$42.4M	$45M-$46M	$47.4M	$45.2M
Operating Margin	15.2%	21.4%	17% - 19%	15.2%	17.1%
Net Income	$18.3M	$26.1M	N/A	$20.2M	$20.9M
Diluted EPS	$0.32	$0.46	N/A	$0.36	$0.37

Additional Metrics

TTM Revenue
$455.9M

Cash Flow from Operations (TTM)
$110.8M

CapEx (TTM)
$19.4M

Free Cash Flow* (TTM)
$91.4M

Cash & Investments at Quarter-end
$288.1M (+25.5M QoQ)

Inventory Days on Hand
246 (-19 QoQ)

Distributor Inventory
11.8 weeks (+4.5 QoQ)

TTM = Trailing Twelve Months
*FCF = CFFO – CapEx
See slides 7-10 for reconciliation of non-GAAP metrics to GAAP

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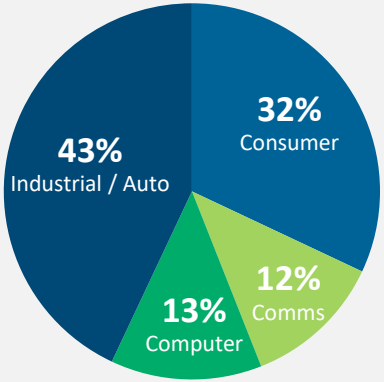
Revenue by End Market

Growth Rates	Q3'26 YoY	Q3'26 QoQ	YTD
Industrial/Auto	+8%	+6%	+13%
Consumer	-1%	-7%	-4%
Computer	+13%	+29%	Flat
Comms	+11%	+22%	+3%
Total	**+6%**	**+5%**	**+4%**

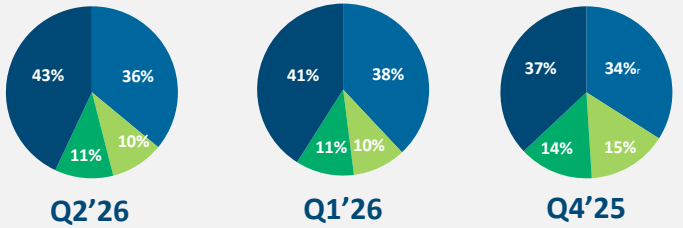
Revenue Commentary

- Industrial: Continued broad-based growth with softness in metering
- Consumer: Seasonally lower air-conditioning; ongoing weakness in consumer appliances
- Computer: Driven by GaN design wins in notebook, seasonal strength in tablets
- Comms: Seasonal strength + growth in GaN-based chargers

Revenue Mix Q3'26



Prior Three Quarters



Q4 2026 Outlook

	GAAP	Non-GAAP	Reconciling Items
Revenue	**$118M - $126M**	**N/A**	**N/A**
Gross Margin	**54.0% - 55.0%**	**54.5% - 55.5%**	Stock-based compensation **0.4%** Amortization of intangibles **0.1%**
Operating Expenses	**$53M - $54M**	**$42.5M - $43.5M**	Stock-based compensation **$10.5M**
Operating Margin	**10% - 12%**	**19% - 21%**	Stock-based compensation **8.9%** Amortization of intangibles **0.1%**

Non-GAAP to GAAP Reconciliations

(in thousands, except per-share amounts)

	Three Months Ended			Nine Months Ended	
	September 30, 2026	June 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
RECONCILIATION OF GROSS PROFIT					
GAAP gross profit	$ 69,717	$ 64,637	$ 64,851	$ 191,292	$ 187,040
GAAP gross margin	*55.6 %*	*54.3 %*	*54.5 %*	*54.2 %*	*55.0 %*
Less:					
Stock-based compensation included in cost of revenue	(555)	707	517	621	1,766
Amortization of acquisition-related intangible assets	147	147	147	440	440
Restructuring and related charges in cost of revenue	—	—	—	365	—
Total	(408)	854	664	1,426	2,206
Non-GAAP gross profit	$ 69,309	$ 65,491	$ 65,515	$ 192,718	$ 189,246
Non-GAAP gross margin	*55.2 %*	*55.1 %*	*55.1 %*	*54.6 %*	*55.6 %*

Non-GAAP to GAAP Reconciliations

(in thousands, except per-share amounts)

	Three Months Ended			Nine Months Ended	
	September 30, 2026	June 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
RECONCILIATION OF OPERATING EXPENSES					
GAAP operating expenses	$ 50,592	$ 55,737	$ 68,804	$ 161,813	$ 185,620
Less:					
Stock-based compensation unrelated to restructuring	10,178	10,029	7,134	25,637	24,645
Other operating expenses (income) - stock-based compensation related to former CEO	(260)	522	13,554	(1,157)	13,554
Other operating expenses (income) - litigation related	(1,752)	—	725	(1,752)	9,876
Restructuring and related charges	—	—	—	6,204	—
Total	8,166	10,551	21,413	28,932	48,075
Non-GAAP operating expenses	$ 42,426	$ 45,186	$ 47,391	$ 132,881	$ 137,545

Non-GAAP to GAAP Reconciliations

(in thousands, except per-share amounts)

	Three Months Ended			Nine Months Ended	
	September 30, 2026	June 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS					
GAAP income (loss) from operations	$ 19,125	$ 8,900	$ (3,953)	$ 29,479	$ 1,420
GAAP operating margin	*15.2%*	*7.5%*	*(3.3%)*	*8.4%*	*0.4%*
Add:					
Stock-based compensation unrelated to restructuring	9,623	10,736	7,651	26,258	26,411
Amortization of acquisition-related intangible assets	147	147	147	440	440
Other operating expenses (income) - stock-based compensation related to former CEO	(260)	522	13,554	(1,157)	13,554
Other operating expenses (income) - litigation related	(1,752)	—	725	(1,752)	9,876
Restructuring and related charges	—	—	—	6,569	—
Total	7,758	11,405	22,077	30,358	50,281
Non-GAAP income from operations	$ 26,883	$ 20,305	$ 18,124	$ 59,837	$ 51,701
Non-GAAP operating margin	*21.4%*	*17.1%*	*15.2%*	*17.0%*	*15.2%*

Non-GAAP to GAAP Reconciliations

(in thousands,)

	Three Months Ended			Nine Months Ended	
	September 30, 2026	June 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
RECONCILIATION OF NET INCOME (LOSS) PER SHARE (DILUTED)					
GAAP net income (loss)	$ 18,317	$ 9,833	$ (1,356)	$ 31,450	$ 8,803
Adjustments to GAAP net income (loss):					
Stock-based compensation unrelated to restructuring	9,623	10,736	7,651	26,258	26,411
Amortization of acquisition-related intangible assets	147	147	147	440	440
Other operating expenses (income) - stock-based compensation related to former CEO	(260)	522	13,554	(1,157)	13,554
Other operating expenses (income) - litigation related	(1,752)	—	725	(1,752)	9,876
Restructuring and related charges	—	—	—	6,569	—
Tax effect of adjustments to GAAP results	24	(363)	(527)	(946)	(1,159)
Total	7,782	11,042	21,550	29,412	49,122
Non-GAAP net income	$ 26,099	$ 20,875	$ 20,194	$ 60,862	$ 57,925
Average shares outstanding for calculation of non-GAAP net income per share (diluted)	56,608	56,696	56,162	56,448	56,586
GAAP net income (loss) per share (diluted)	$ 0.32	$ 0.17	$ (0.02)	$ 0.56	$ 0.16
Non-GAAP net income per share (diluted)	$ 0.46	$ 0.37	$ 0.36	$ 1.08	$ 1.02


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