power integrations

Power Integrations, Inc.

Q2 2026 Financial Results
August 5, 2026

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 outlook for the third quarter of 2026, the trends and assumptions underlying such outlook, including the continuation of growth and demand drivers, the Company's expectations regarding new technology, and the Company's anticipated upcoming dividend, including the timing and amount of such dividend, 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 demand drivers behind the Company's business may not continue to the extent anticipated, or at all; (ii) the risks that the investments in renewable energy, grid infrastructure, and AI data centers may not drive Company customer demand to the extent or in the time frame anticipated, or at all; (iii) the risks that the Company's new 2200 V PowiGaN™ technology may not extend the Company's capabilities in high-voltage GaN nor position the Company to support customer roadmaps over the long term to the extent or in the time frame anticipated, or at all; (iv) the risks that the Company may not be in a position to pay the $0.215 per share dividend on September 30, 2026 as currently anticipated due to unforeseen circumstances; (v) the Company's ability to forecast its performance; (vi) 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; (vii) the Company's ability to supply products and its ability to conduct other aspects of its business, such as competing for new design wins; (viii) 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; (ix) 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; (x) 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; (xi) unforeseen costs and expenses, and unfavorable fluctuations in component costs or operating expenses resulting from changes in commodity prices and/or exchange rates; and (xii) 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, 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.

Q2 2026 - Key Messages

Revenue up 10% sequentially

- Revenue $118.9M, **up 10% QoQ;** outlook was $115M - $120M
- QoQ growth in all four end markets
- Industrial revenue +14% QoQ
- Communications revenue +16% QoQ

Higher margins

- Non-GAAP GM 55.1%, **up 160 bps QoQ**
- Non-GAAP **operating margin up 540 bps** Q/Q to 17.1%
- Non-GAAP EPS $0.37

Expense discipline

- Non-GAAP OPEX of $45.2M
- **Down 3% Y/Y** in Q2
- Below outlook of $46.5M - $47.5M

Lower inventories

- Channel inventory down 1.6 weeks to **7.3 weeks**
- Internal inventory **down 27 days** to 265 days on hand

Strong cash flow

- $22.0M cash from operations in Q2
- **$35.7M free cash flow year-to-date**
- Cash and investments up to $262.6M
- Quarterly dividend of $0.215/share

Announced 2200 V PowiGaN™

- Extending our lead in high-voltage GaN
- Roadmap aligns with evolution of data center market beyond 800 VDC
- Targeting energy infrastructure, industrial applications

See slides 8-11 for reconciliation of non-GAAP metrics to GAAP

Q2 2026 Financial Results

	Q2 GAAP Result	Non-GAAP			
		Q2 Non-GAAP Result	Q2 Outlook Was	Year-Ago Qtr	Prior Qtr
Revenue	$118.9M	N/A	$115M-$120M	$115.9M (+3%)	$108.3M (+10%)
Gross Margin	54.3%	55.1%	54 - 55%	55.8%	53.5%
Operating Expenses	$55.7M	$45.2M	$46.5M-$47.5M	$46.7M	$45.3M
Operating Margin	7.5%	17.1%	13.5% - 15.5%	15.6%	11.7%
Net Income	$9.8M	$20.9M	N/A	$19.9M	$13.9M
Diluted EPS	$0.17	$0.37	N/A	$0.35	$0.25

Additional Metrics

TTM Revenue
$449.4M

Cash Flow from Operations (TTM)
$98.1M

CapEx (TTM)
$19.0M

Free Cash Flow* (TTM)
$79.1M

Cash & Investments at Quarter-end
$262.6M

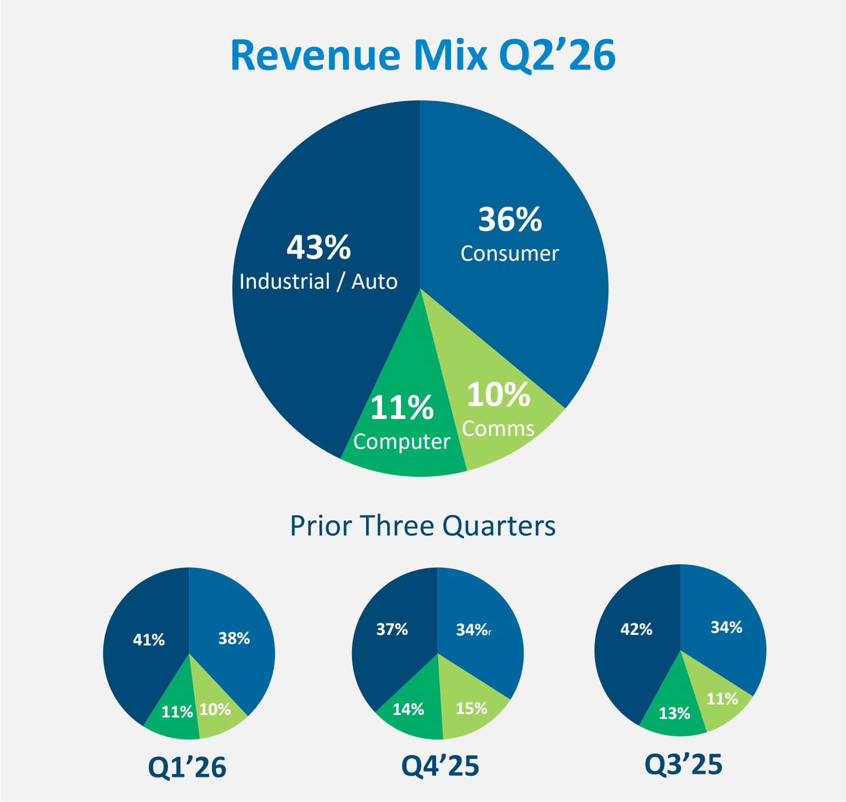
Inventory Days on Hand
265 (-27 QoQ)

Distributor Inventory
7.3 weeks (-1.6 QoQ)

TTM = Trailing Twelve Months
*FCF = CFFO – CapEx
See slides 8-11 for reconciliation of non-GAAP metrics to GAAP

Revenue by End Market

Growth Rates	Q2'26 YoY	Q2’26 QoQ	YTD
Industrial/Auto	+10%	+14%	+16%
Consumer	Flat	+5%	-5%
Computer	-9%	+5%	-8%
Comms	-2%	+16%	-1%
Total	**+3%**	**+10%**	**+3%**



Revenue Commentary

- Industrial: Continued broad-based growth
- Consumer: Flat YoY vs. tariff-driven strength in appliances in 2025
- Computer: Seasonal recovery in tablets
- Comms: Seasonal growth in cellphones

Q3 2026 Outlook

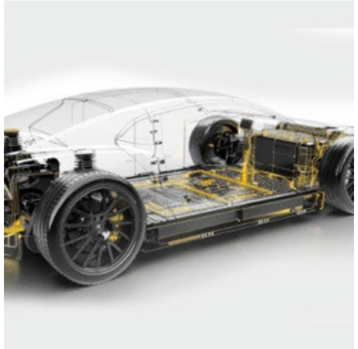
	GAAP	Non-GAAP	Reconciling Items
Revenue	**$122M - $130M**	**N/A**	**N/A**
Gross Margin	**53.3% - 54.4%**	**54% - 55%**	Stock-based compensation **0.5% - 0.6%** Amortization of intangibles **0.1%**
Operating Expenses	**$55M - $56M**	**$45M - $46M**	Stock-based compensation **$10.0M**
Operating Margin	**8.3% - 10.9%**	**17% - 19%**	Stock-based compensation **8.0% - 8.6%** Amortization of intangibles **0.1%**

Extending the Range of PowiGaN™ to 2200 V

Industry's first 2200 V GaN technology brings the efficiency and power density of PowiGaN to a range of higher-voltage applications:

AI data centers beyond 800 VDC

1500 V automotive fast chargers



Auxiliary power supply for 1200 V automotive systems

1500 V utility scale solar and BESS

Auxiliary power supply for HVDC transmission

Non-GAAP to GAAP Reconciliations

(in thousands, except per-share amounts)

	Three Months Ended			Six Months Ended	
	June 30, 2026	March 31, 2026	June 30, 2025	June 30, 2026	June 30, 2025
RECONCILIATION OF GROSS PROFIT					
GAAP gross profit	$ 64,637	$ 56,938	$ 63,954	$ 121,575	$ 122,189
GAAP gross margin	*54.3 %*	*52.6 %*	*55.2 %*	*53.5 %*	*55.2 %*
Less:					
Stock-based compensation included in cost of revenue	707	469	592	1,176	1,249
Amortization of acquisition-related intangible assets	147	147	146	294	293
Restructuring and related charges in cost of revenue (b)	-	365	-	365	-
Total	854	981	738	1,835	1,542
Non-GAAP gross profit	$ 65,491	$ 57,919	$ 64,692	$ 123,410	$ 123,731
Non-GAAP gross margin	*55.1 %*	*53.5 %*	*55.8 %*	*54.3 %*	*55.9 %*

Non-GAAP to GAAP Reconciliations

(in thousands, except per-share amounts)

	Three Months Ended			Six Months Ended	
	June 30, 2026	March 31, 2026	June 30, 2025	June 30, 2026	June 30, 2025
RECONCILIATION OF OPERATING EXPENSES					
GAAP operating expenses	$ 55,737	$ 55,484	$ 65,299	$ 111,221	$ 116,816
Less:					
Stock-based compensation unrelated to restructuring	10,029	5,430	9,485	15,459	17,511
Other operating expenses (income) (a)	522	(1,419)	9,151	(897)	9,151
Restructuring and related charges (b)	-	6,204	-	6,204	-
Total	10,551	10,215	18,636	20,766	26,662
Non-GAAP operating expenses	$ 45,186	$ 45,269	$ 46,663	$ 90,455	$ 90,154

Non-GAAP to GAAP Reconciliations

(in thousands, except per-share amounts)

	Three Months Ended			Six Months Ended	
	June 30, 2026	March 31, 2026	June 30, 2025	June 30, 2026	June 30, 2025
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS					
GAAP income (loss) from operations	$ 8,900	$ 1,454	$ (1,345)	$ 10,354	$ 5,373
GAAP operating margin	*7.5 %*	*1.3 %*	*(1.2%)*	*4.6 %*	*2.4 %*
Add:					
Stock-based compensation unrelated to restructuring	10,736	5,899	10,077	16,635	18,760
Amortization of acquisition-related intangible assets	147	147	146	294	293
Other operating expenses (income) (a)	522	(1,419)	9,151	(897)	9,151
Restructuring and related charges (b)	-	6,569	-	6,569	-
Total	11,405	11,196	19,374	22,601	28,204
Non-GAAP income from operations	$ 20,305	$ 12,650	$ 18,029	$ 32,955	$ 33,577
Non-GAAP operating margin	*17.1 %*	*11.7 %*	*15.6 %*	*14.5 %*	*15.2 %*

Non-GAAP to GAAP Reconciliations

(in thousands, except per-share amounts)

	Three Months Ended			Six Months Ended	
	June 30, 2026	March 31, 2026	June 30, 2025	June 30, 2026	June 30, 2025
RECONCILIATION OF NET INCOME PER SHARE (DILUTED)					
GAAP net income	$ 9,833	$ 3,300	$ 1,369	$ 13,133	$ 10,159
Adjustments to GAAP net income:					
Total stock-based compensation unrelated to restructuring	10,736	5,899	10,077	16,635	18,760
Amortization of acquisition-related intangible assets	147	147	146	294	293
Other operating expenses (income) (a)	522	(1,419)	9,151	(897)	9,151
Restructuring and related charges (b)	0	6,569	0	6,569	0
Tax effect of adjustments to GAAP results (c)	(363)	(611)	(871)	(974)	(632)
Total	11,042	10,585	18,503	21,627	27,572
Non-GAAP net income	$ 20,875	$ 13,885	$ 19,872	$ 34,760	$ 37,731
Average shares outstanding for calculation of non-GAAP net income per share (diluted)	56,696	55,874	56,387	56,335	56,787
GAAP net income per share (diluted)	$ 0.17	$ 0.06	$ 0.02	$ 0.23	$ 0.18
Non-GAAP net income per share (diluted)	$ 0.37	$ 0.25	$ 0.35	$ 0.62	$ 0.66

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