

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

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2025

OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 000-51026

Monolithic Power Systems, Inc.

(Exact name of registrant
as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

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

**1555 Palm Beach Lakes Blvd.,
West Palm Beach, Florida 33401**
(Address of principal executive offices)(Zip Code)¹

**5808 Lake Washington Blvd. NE,
Kirkland, Washington 98033**
(Address of principal executive offices)(Zip Code)¹

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

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

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

¹ We have operations in multiple locations in the US, Europe and Asia. Accordingly, we do not maintain a headquarters. We are including these addresses solely for the purpose of satisfying the Securities and Exchange Commission's requirements.

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer
Smaller reporting company

Accelerated filer
Emerging growth company

Non-accelerated filer

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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

There were 47,907,000 shares of the registrant’s common stock issued and outstanding as of October 29, 2025.

MONOLITHIC POWER SYSTEMS, INC.

Form 10-Q
For the Quarter Ended September 30, 2025

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

MONOLITHIC POWER SYSTEMS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except par value)

(Unaudited)

	September 30, 2025	December 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,081,251	\$ 691,816
Short-term investments	188,233	171,130
Accounts receivable, net	241,560	172,518
Inventories	505,680	419,611
Other current assets	96,021	109,978
Total current assets	<u>2,112,745</u>	<u>1,565,053</u>
Property and equipment, net	597,311	494,945
Acquisition-related intangible assets, net	9,077	9,938
Goodwill	25,944	25,944
Deferred tax assets, net	1,300,260	1,326,840
Other long-term assets	161,055	194,377
Total assets	<u>\$ 4,206,392</u>	<u>\$ 3,617,097</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 141,689	\$ 102,526
Accrued compensation and related benefits	99,602	63,918
Other accrued liabilities	201,513	128,123
Total current liabilities	<u>442,804</u>	<u>294,567</u>
Income tax liabilities	78,261	65,193
Other long-term liabilities	117,380	111,570
Total liabilities	<u>638,445</u>	<u>471,330</u>
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Common stock and additional paid-in capital: \$0.001 par value; shares authorized: 150,000; shares issued and outstanding: 47,905 and 47,823, respectively	885,123	706,817
Retained earnings	2,705,527	2,487,461
Accumulated other comprehensive loss	(22,703)	(48,511)
Total stockholders' equity	<u>3,567,947</u>	<u>3,145,767</u>
Total liabilities and stockholders' equity	<u>\$ 4,206,392</u>	<u>\$ 3,617,097</u>

See accompanying notes to unaudited condensed consolidated financial statements.

MONOLITHIC POWER SYSTEMS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (In thousands, except per-share amounts)
 (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenue	\$ 737,176	\$ 620,119	\$ 2,039,304	\$ 1,585,435
Cost of revenue	330,948	276,676	913,830	708,973
Gross profit	<u>406,228</u>	<u>343,443</u>	<u>1,125,474</u>	<u>876,462</u>
Operating expenses:				
Research and development	98,173	85,051	286,666	238,986
Selling, general and administrative	112,872	94,364	310,108	261,425
Total operating expenses	<u>211,045</u>	<u>179,415</u>	<u>596,774</u>	<u>500,411</u>
Operating income	195,183	164,028	528,700	376,051
Other income, net	10,392	10,278	27,743	27,330
Income before income taxes	<u>205,575</u>	<u>174,306</u>	<u>556,443</u>	<u>403,381</u>
Income tax expense	27,301	29,876	110,652	66,044
Net income	<u>\$ 178,274</u>	<u>\$ 144,430</u>	<u>\$ 445,791</u>	<u>\$ 337,337</u>
Net income per share:				
Basic	\$ 3.72	\$ 2.96	\$ 9.31	\$ 6.93
Diluted	\$ 3.71	\$ 2.95	\$ 9.28	\$ 6.89
Weighted-average shares outstanding:				
Basic	47,898	48,757	47,879	48,692
Diluted	48,042	48,964	48,022	48,945

See accompanying notes to unaudited condensed consolidated financial statements.

MONOLITHIC POWER SYSTEMS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net income	\$ 178,274	\$ 144,430	\$ 445,791	\$ 337,337
Other comprehensive income, net of tax:				
Foreign currency translation adjustments	919	22,321	25,692	4,186
Change in unrealized gains and losses on available-for-sale securities, net of tax of \$17, \$37, \$17 and \$(161), respectively	69	977	116	1,680
Other comprehensive income, net of tax	988	23,298	25,808	5,866
Comprehensive income	<u>\$ 179,262</u>	<u>\$ 167,728</u>	<u>\$ 471,599</u>	<u>\$ 343,203</u>

See accompanying notes to unaudited condensed consolidated financial statements.

MONOLITHIC POWER SYSTEMS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
 (In thousands, except per-share amounts)
 (Unaudited)

Three Months Ended September 30, 2025	Common Stock and Additional Paid-in Capital		Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount			
Balance as of July 1, 2025	47,892	\$ 822,582	\$ 2,603,177	\$ (23,691)	\$ 3,402,068
Net income	-	-	178,274	-	178,274
Other comprehensive income	-	-	-	988	988
Dividends and dividend equivalents declared (\$1.56 per share)	-	-	(75,924)	-	(75,924)
Common stock issued	15	3,885	-	-	3,885
Repurchases of common stock	(2)	(2,017)	-	-	(2,017)
Stock-based compensation expense	-	60,673	-	-	60,673
Balance as of September 30, 2025	47,905	\$ 885,123	\$ 2,705,527	\$ (22,703)	\$ 3,567,947

Three Months Ended September 30, 2024	Common Stock and Additional Paid-in Capital		Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount			
Balance as of July 1, 2024	48,698	\$ 1,224,144	\$ 1,016,208	\$ (44,494)	\$ 2,195,858
Net income	-	-	144,430	-	144,430
Other comprehensive income	-	-	-	23,298	23,298
Dividends and dividend equivalents declared (\$1.25 per share)	-	-	(61,879)	-	(61,879)
Common stock issued	88	4,121	-	-	4,121
Repurchases of common stock	(7)	(5,534)	-	-	(5,534)
Stock-based compensation expense	-	51,396	-	-	51,396
Balance as of September 30, 2024	48,779	\$ 1,274,127	\$ 1,098,759	\$ (21,196)	\$ 2,351,690

Nine Months Ended September 30, 2025	Common Stock and Additional Paid-in Capital		Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount			
Balance as of January 1, 2025	47,823	\$ 706,817	\$ 2,487,461	\$ (48,511)	\$ 3,145,767
Net income	-	-	445,791	-	445,791
Other comprehensive income	-	-	-	25,808	25,808
Dividends and dividend equivalents declared (\$4.68 per share)	-	-	(227,725)	-	(227,725)
Common stock issued	88	9,220	-	-	9,220
Repurchases of common stock	(6)	(4,501)	-	-	(4,501)
Stock-based compensation expense	-	173,587	-	-	173,587
Balance as of September 30, 2025	47,905	\$ 885,123	\$ 2,705,527	\$ (22,703)	\$ 3,567,947

Nine Months Ended September 30, 2024	Common Stock and Additional Paid-in Capital		Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount			
Balance as of January 1, 2024	48,028	\$ 1,129,937	\$ 947,064	\$ (27,062)	\$ 2,049,939
Net income	-	-	337,337	-	337,337
Other comprehensive income	-	-	-	5,866	5,866
Dividends and dividend equivalents declared (\$3.75 per share)	-	-	(185,642)	-	(185,642)
Common stock issued	770	8,727	-	-	8,727
Repurchases of common stock	(19)	(14,160)	-	-	(14,160)
Stock-based compensation expense	-	149,623	-	-	149,623
Balance as of September 30, 2024	48,779	\$ 1,274,127	\$ 1,098,759	\$ (21,196)	\$ 2,351,690

See accompanying notes to unaudited condensed consolidated financial statements.

MONOLITHIC POWER SYSTEMS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (In thousands)
 (Unaudited)

	Nine Months Ended September 30,	
	2025	2024
Cash flows from operating activities:		
Net income	\$ 445,791	\$ 337,337
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	38,270	26,387
Amortization of discount on available-for-sale securities	(3,894)	(16,684)
Gain on deferred compensation plan investments	(8,023)	(9,180)
Deferred taxes, net	26,736	(6,598)
Stock-based compensation expense	173,581	149,630
Other	(390)	50
Changes in operating assets and liabilities:		
Accounts receivable	(69,033)	15,148
Inventories	(86,057)	(40,535)
Other assets	73,172	57,781
Accounts payable	33,901	44,210
Accrued compensation and related benefits	33,866	24,450
Income tax liabilities	53,684	13,345
Other accrued liabilities	21,688	25,388
Net cash provided by operating activities	733,292	620,729
Cash flows from investing activities:		
Purchases of property and equipment	(131,000)	(81,316)
Purchases of intangible assets	(2,528)	(18,175)
Purchases of investments	(395,533)	(941,451)
Maturities and sales of investments	384,640	779,861
Cash paid for acquisition, net of cash acquired	-	(33,283)
Contributions to deferred compensation plan	(1,297)	(1,764)
Net cash used in investing activities	(145,718)	(296,128)
Cash flows from financing activities:		
Property and equipment purchased on extended payment terms	(2,106)	(2,654)
Proceeds from common stock issued under the employee stock purchase plan	9,220	8,727
Repurchases of common stock	(5,703)	(14,160)
Dividends and dividend equivalents paid	(209,978)	(178,766)
Net cash used in financing activities	(208,567)	(186,853)
Effect of change in exchange rates	10,445	1,552
Net increase in cash, cash equivalents and restricted cash	389,452	139,300
Cash, cash equivalents and restricted cash, beginning of period	691,941	561,181
Cash, cash equivalents and restricted cash, end of period	\$ 1,081,393	\$ 700,481
Supplemental disclosures for cash flow information:		
Cash paid for income taxes, net	\$ 21,968	\$ 58,614
Non-cash investing and financing activities:		
Liability accrued for property and equipment purchases	\$ 11,701	\$ 9,577
Liability accrued for dividends and dividend equivalents	\$ 78,407	\$ 63,922

See accompanying notes to unaudited condensed consolidated financial statements.

MONOLITHIC POWER SYSTEMS, INC.**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)****1. BASIS OF PRESENTATION**

The accompanying unaudited condensed consolidated financial statements of Monolithic Power Systems, Inc., a Delaware corporation, and its wholly owned subsidiaries (the “Company” or “MPS”) have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (the “SEC”). Certain information and disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) have been condensed or omitted in accordance with these accounting principles, rules and regulations. All intercompany accounts and transactions have been eliminated. The information in this report should be read in conjunction with the Company’s audited consolidated financial statements and notes thereto included in the Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on March 3, 2025.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the Company’s financial position, results of operations and cash flows for the interim periods presented. The financial statements contained in this Quarterly Report on Form 10-Q are not necessarily indicative of the results that may be expected for the year ending December 31, 2025 or for any other future periods.

Summary of Significant Accounting Policies

There have been no changes to the Company’s significant accounting policies during the three and nine months ended September 30, 2025 from those described in the Company’s audited consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2024.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the reporting period. Significant estimates and assumptions used in these condensed consolidated financial statements primarily include those related to income tax valuation allowances, inventory valuation and stock-based compensation. Actual results could differ from these estimates and assumptions, and any such differences may be material to the Company’s condensed consolidated financial statements.

New Accounting Pronouncements Not Yet Adopted as of September 30, 2025

In December 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which aims to improve an entity’s income tax disclosures around its effective rate reconciliation, income taxes paid, disaggregation of income before income taxes and income tax expense. The Company will adopt this standard in its Form 10-K for the fiscal year ending December 31, 2025. The adoption of this standard will result in expanded disclosures in the Notes to Consolidated Financial Statements.

In November 2024, the FASB issued ASU 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which aims to provide more detailed information about the types of expenses in commonly presented expense captions. The Company will adopt this standard in its Form 10-K for the fiscal year ending December 31, 2027. The Company is evaluating the impact of adoption on its Consolidated Financial Statements.

2. REVENUE RECOGNITION

Revenue from Product Sales

The Company generates revenue primarily from product sales, which include assembled and tested integrated circuits (“ICs”), power modules as well as dies in wafer form. The remaining revenue, which primarily consists of royalty revenue from licensing arrangements and revenue from wafer testing services performed for third parties, was not significant in any of the periods presented. See Note 7 to our unaudited condensed consolidated financial statements for the disaggregation of the Company’s revenue by geographic region.

The Company sells its products to end customers primarily through third-party distributors and value-added resellers. For the three months ended September 30, 2025 and 2024, 85% and 88%, respectively, of the Company’s total sales were made through distribution arrangements. For the nine months ended September 30, 2025 and 2024, 84% and 89%, respectively, of the Company’s total sales were made through distribution arrangements. These distribution arrangements contain enforceable rights and obligations specific to those distributors and not the end customers. Purchase orders, which are generally governed by sales agreements or the Company’s standard terms of sale, set the final terms for unit price, quantity, shipping and payment agreed between the Company and the customer. The Company considers purchase orders to be the contracts with customers. The unit price stated on purchase orders is considered to be the observable, stand-alone selling price for customer sales arrangements.

The Company recognizes revenue when it satisfies a performance obligation by transferring control of the promised goods or services to its customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. The Company excludes taxes assessed by government authorities, such as sales taxes, from revenue.

Product sales consist of a single performance obligation that the Company satisfies at a point in time. The Company recognizes product revenue from distributors and direct end customers when the following events have occurred: (a) the Company has transferred physical possession of the products, (b) the Company has a present right to payment, (c) the customer has legal title to the products, and (d) the customer bears significant risks and rewards of ownership of the products. In accordance with the shipping terms specified in the contracts, these criteria are generally met when the products are shipped from the Company’s facilities (such as the “Ex Works” shipping term) or delivered to the customers’ locations (such as the “Delivered Duty Paid” shipping term).

Under certain consignment agreements, the Company recognizes revenue when customers consume products from the consigned inventory locations, at which time control transfers to the customers and the Company issues invoices.

Variable Consideration

The Company accounts for price adjustments and stock rotation rights as variable consideration that reduces the transaction price and recognizes that reduction in the same period the associated revenue is recognized. Certain U.S.-based distributors have price adjustment rights when they sell the Company’s products to their customers at a price that is lower than the distribution price invoiced by the Company. When the Company receives claims from the distributors that products have been sold to the end customers at the lower prices, the Company issues the distributors credit memos for the price adjustments. The Company estimates the price adjustments using the expected value method based on an analysis of historical claims, at both the distributor and product level, as well as an assessment of any known trends of product sales mix. Other U.S. distributors and non-U.S. distributors do not have price adjustment rights. The Company records a credit against accounts receivable for the estimated price adjustments with a corresponding reduction to revenue.

Certain distributors have limited stock rotation rights that permit the return of a small percentage of the previous six months’ purchases in accordance with the contract terms. The Company estimates the stock rotation returns using the expected value method based on an analysis of historical returns, and the current level of inventory in the distribution channel. The Company records a liability for the stock rotation reserve, with a corresponding reduction to revenue. In addition, the Company recognizes an asset for product returns which represents the right to recover products from the customers related to stock rotations, with a corresponding reduction to cost of revenue.

Contract Balances**Accounts Receivable:**

The Company records a receivable when it has an unconditional right to receive consideration after the performance obligations are satisfied. The Company's accounts receivable are short-term, with standard payment terms generally ranging from 30 to 90 days. The Company does not require its customers to provide collateral to support accounts receivable. The Company assesses collectability by reviewing accounts receivable on a customer-by-customer basis. To manage credit risk, management performs ongoing credit evaluations of the customers' financial condition, monitors payment performance, and assesses current economic conditions, as well as reasonable and supportable forecasts of future economic conditions, that may affect collectability of the outstanding receivables. For certain customers, the Company requires standby letters of credit or advance payments prior to shipments of goods. The Company did not recognize any write-offs of accounts receivable or record any allowance for credit losses for the periods presented.

Contract Liabilities:

For customers without credit terms, the Company requires cash payments two weeks before the products are scheduled to be shipped to the customers. The Company records these payments received in advance of performance as customer prepayments within other accrued liabilities. As of September 30, 2025 and December 31, 2024, customer prepayments totaled \$9.4 million and \$6.9 million, respectively. All of the customer prepayment balance as of December 31, 2024 has been fulfilled by the Company during the nine months ended September 30, 2025.

Practical Expedients

The Company has elected the practical expedient to expense sales commissions as incurred because the amortization period would have been one year or less.

The Company's standard payment terms generally require customers to pay 30 to 90 days after the Company satisfies the performance obligations. For this reason, the Company has elected not to determine whether contracts with customers contain significant financing components.

The Company's unsatisfied performance obligations primarily include products held in consignment arrangements and customer purchase orders for products that the Company has not yet shipped. Because the Company expects to fulfill these performance obligations within one year, the Company has elected not to disclose the amount of these remaining performance obligations.

3. STOCK-BASED COMPENSATION

2014 Equity Incentive Plan

In April 2013, the Board of Directors adopted the Company's 2014 Equity Incentive Plan (the "2014 Plan"), which the Company's stockholders approved in June 2013. In October 2014, the Board of Directors approved certain amendments to the 2014 Plan. The amended 2014 Plan became effective on November 13, 2014 and provided for the issuance of up to 5.5 million shares. In April 2020, the Board of Directors further amended and restated the amended 2014 Plan (the "Amended and Restated 2014 Plan"), which the Company's stockholders approved in June 2020. The Amended and Restated 2014 Plan became effective on June 11, 2020 and provides for the issuance of up to 10.5 million shares. The Amended and Restated 2014 Plan will cease being available for new awards on June 11, 2030. As of September 30, 2025, 3.6 million shares remained available for future issuance under the Amended and Restated 2014 Plan.

Stock-Based Compensation Expense

The Company recognized stock-based compensation expense as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Cost of revenue	\$ 1,916	\$ 1,576	\$ 5,502	\$ 4,585
Research and development ("R&D")	12,578	11,331	36,725	33,460
Selling, general and administrative ("SG&A")	46,183	38,491	131,354	111,585
Total stock-based compensation expense	\$ 60,677	\$ 51,398	\$ 173,581	\$ 149,630
Tax benefit related to stock-based compensation (1)	\$ 756	\$ 766	\$ 1,919	\$ 2,272

(1) Amount reflects the tax benefit related to stock-based compensation recorded for equity awards that are expected to generate tax deductions when they vest in future periods. Equity awards granted to the Company's executive officers are subject to the tax deduction limitations set by Section 162(m) of the Internal Revenue Code.

Restricted Stock Units ("RSUs")

The Company's RSUs include time-based RSUs, RSUs with performance conditions ("PSUs"), RSUs with market conditions ("MSUs"), and RSUs with both market and performance conditions ("MPSUs"). Vesting of awards with performance conditions or market conditions is subject to the achievement of pre-determined performance or market goals and the approval of such achievement by the Compensation Committee of the Board of Directors (the "Compensation Committee"). All awards include service conditions which require continued employment with or service to the Company.

A summary of RSU activity is presented in the table below (in thousands, except per-share amounts):

	Time-Based RSUs		PSUs and MPSUs		MSUs		Total	
	Number of Shares	Weighted-Average Grant Date Fair Value Per Share	Number of Shares	Weighted-Average Grant Date Fair Value Per Share	Number of Shares	Weighted-Average Grant Date Fair Value Per Share	Number of Shares	Weighted-Average Grant Date Fair Value Per Share
Outstanding at January 1, 2025	85	\$ 516.12	681	\$ 524.08	938	\$ 203.32	1,704	\$ 347.01
Granted	38	\$ 650.32	274 (1)	\$ 564.69	-	\$ -	312	\$ 574.95
Vested	(33)	\$ 477.06	(40)	\$ 400.90	-	\$ -	(73)	\$ 435.39
Forfeited	(5)	\$ 565.80	(4)	\$ 526.65	(11)	\$ 297.45	(20)	\$ 413.13
Outstanding at September 30, 2025	<u>85</u>	<u>\$ 589.21</u>	<u>911</u>	<u>\$ 541.13</u>	<u>927</u>	<u>\$ 202.25</u>	<u>1,923</u>	<u>\$ 379.76</u>

(1) Amount reflects the number of awards that may ultimately be earned based on management's probability assessment of the achievement of performance conditions at each reporting period.

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The intrinsic value related to vested RSUs was \$49.6 million and \$494.4 million for the nine months ended September 30, 2025 and 2024, respectively. The decrease in the intrinsic value was primarily due to the timing of vested RSUs. As of September 30, 2025, the total intrinsic value of all outstanding RSUs was \$1.7 billion, based on the closing stock price of \$920.64. As of September 30, 2025, unamortized compensation expense related to all outstanding RSUs was \$260.7 million with a weighted-average remaining recognition period of approximately two years.

Time-Based RSUs:

For the nine months ended September 30, 2025, the Compensation Committee granted 38,000 RSUs with service conditions to non-executive employees and non-employee directors. The RSUs generally vest over four years for employees and one year for directors, subject to continued service with the Company.

2025 PSUs:

In February 2025, the Compensation Committee granted 50,000 PSUs to the executive officers, which represent the target number of shares that can be earned based on the degree of achievement of two sets of independent performance goals (“2025 Executive PSUs”). For the first goal, the executive officers can earn up to 300% of the target number of the 2025 Executive PSUs based on the achievement of the Company’s three-year (2025 through 2027) average revenue growth rate in excess of the analog industry’s three-year average revenue growth rate as published by the Semiconductor Industry Association (the “SIA”). For the second goal, the executive officers can earn up to 200% of the target number of the 2025 Executive PSUs based on the achievement of the Company’s three-year (2025 through 2027) total stockholder return percentile ranking relative to the constituent entities in the Philadelphia Semiconductor Sector Index (the “PHLX Index”). For both goals, a percentage of the 2025 Executive PSUs will fully vest on December 31, 2027, depending on the degree to which the pre-determined goals are met during the performance period. Assuming the achievement of the highest level of the performance goals, the total stock-based compensation cost for the 2025 Executive PSUs will be \$138.5 million.

In February 2025, the Compensation Committee granted 11,000 PSUs to certain non-executive employees, which represent the target number of shares that can be earned based on the degree of achievement of the Company’s 2026 revenue goals for certain regions or product line divisions, or based on the degree of achievement of the Company’s two-year (2025 and 2026) average revenue growth rate compared against the analog industry’s two-year average revenue growth rate as published by the SIA (“2025 Non-Executive PSUs”). The maximum number of shares that an employee can earn is either 200% or 300% of the target number of the 2025 Non-Executive PSUs, depending on the job classification of the employee. 50% of the 2025 Non-Executive PSUs will vest in the first quarter of 2027 depending on the degree to which the pre-determined goals are met during the performance period. The remaining 2025 Non-Executive PSUs will vest over the following two years on a quarterly or annual basis. Assuming the achievement of the highest level of performance goals, the total stock-based compensation cost for the 2025 Non-Executive PSUs will be \$16.5 million.

The 2025 Executive PSUs and the 2025 Non-Executive PSUs contain a purchase price feature, which requires the employees to pay the Company \$30 per share upon vesting of the shares. The \$30 purchase price requirement is deemed satisfied and waived if the Company’s stock price on the last trading day of the performance period is \$30 higher than the grant date stock price of \$656.29. The Company determined the grant date fair value of the 2025 Executive PSUs and the 2025 Non-Executive PSUs using a Monte Carlo simulation model with the following assumptions: stock price of \$656.29, simulation term of three years, expected volatility of 54.42%, risk-free interest rate of 4.20%, and expected dividend yield of 0.95%. The Monte Carlo simulation model for the 2025 Executive PSUs further utilized correlation coefficients of peer companies of 0.46 to 0.76. The correlation coefficients were based on peer companies in the PHLX Index as an aggregate benchmark for determining the market-based total stockholder return component. There is no illiquidity discount because the awards do not contain any post-vesting sales restrictions.

4. BALANCE SHEET COMPONENTS

Inventories

Inventories consist of the following (in thousands):

	September 30, 2025	December 31, 2024
Raw materials	\$ 77,254	\$ 91,851
Work in process	210,471	169,982
Finished goods	217,955	157,778
Total	<u><u>\$ 505,680</u></u>	<u><u>\$ 419,611</u></u>

Other Current Assets

Other current assets consist of the following (in thousands):

	September 30, 2025	December 31, 2024
Prepaid wafer expenses (1)	\$ 60,000	\$ -
Other receivables (1)	-	60,000
Other	36,021	49,978
Total	<u><u>\$ 96,021</u></u>	<u><u>\$ 109,978</u></u>

(1) Prepaid wafer expenses and other receivables relate to a deposit made to a supplier under a long-term wafer supply agreement. See Note 8 to our unaudited condensed consolidated financial statements for details about the supply agreement.

Other Long-Term Assets

Other long-term assets consist of the following (in thousands):

	September 30, 2025	December 31, 2024
Deferred compensation plan assets	\$ 101,905	\$ 92,586
Prepaid wafer purchases (1)	-	60,000
Other	59,150	41,791
Total	<u><u>\$ 161,055</u></u>	<u><u>\$ 194,377</u></u>

(1) Prepaid wafer purchases relate to a deposit made to a supplier under a long-term wafer supply agreement. See Note 8 to our unaudited condensed consolidated financial statements for details about the supply agreement.

Other Accrued Liabilities

Other accrued liabilities consist of the following (in thousands):

	September 30, 2025	December 31, 2024
Dividends and dividend equivalents	\$ 79,935	\$ 60,622
Income tax payable (1)	51,350	10,534
Stock rotation and sales returns	31,854	20,799
Other	38,374	36,168
Total	<u><u>\$ 201,513</u></u>	<u><u>\$ 128,123</u></u>

(1) The increase in income tax payable during the nine months ended September 30, 2025 was a result of the timing of payments of estimated taxes both domestically and internationally.

Other Long-Term Liabilities

Other long-term liabilities consist of the following (in thousands):

	September 30, 2025	December 31, 2024
Deferred compensation plan liabilities	\$ 98,926	\$ 93,653
Operating lease liabilities	15,076	12,974
Dividend equivalents	3,378	4,943
Total	<u><u>\$ 117,380</u></u>	<u><u>\$ 111,570</u></u>

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5. LEASES

The Company has operating leases primarily for administrative, sales and marketing offices, manufacturing operations and R&D facilities, and employee housing units. These leases have remaining lease terms from less than one year to 19 years. Some of these leases include options to renew the lease term for up to five years or on a month-to-month basis. The Company does not have finance lease arrangements.

The following table summarizes the balances of operating lease right-of-use (“ROU”) assets and liabilities (in thousands):

	Financial Statement Line Item	September 30,		December 31,	
		2025	2024	2024	2024
Operating lease ROU assets	Other long-term assets	\$ 19,737		\$ 16,915	
Operating lease liabilities	Other accrued liabilities	\$ 3,778		\$ 2,819	
	Other long-term liabilities	\$ 15,076		\$ 12,974	

The following tables summarize certain information related to the leases (in thousands, except percentages and years):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Lease costs:				
Operating lease costs	\$ 1,350	\$ 948	\$ 3,742	\$ 2,859
Other	864	822	2,458	2,020
Total lease costs	<u>\$ 2,214</u>	<u>\$ 1,770</u>	<u>\$ 6,200</u>	<u>\$ 4,879</u>
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows for operating leases	\$ 1,273	\$ 1,704	\$ 3,434	\$ 3,404
ROU assets obtained in exchange for new operating lease liabilities	\$ -	\$ 2,339	\$ 5,206	\$ 11,610
	September 30, 2025		December 31, 2024	
Weighted-average remaining lease term (in years)			9.7	11.5
Weighted-average discount rate			5.5%	5.5%

As of September 30, 2025, the maturities of the lease liabilities were as follows (in thousands):

2025 (remaining three months)	\$ 1,300
2026	4,441
2027	3,937
2028	2,743
2029	1,954
Thereafter	11,471
Total remaining lease payments	25,846
Less: imputed interest	(6,992)
Total lease liabilities	\$ 18,854

As of September 30, 2025, the Company’s operating leases that had not yet commenced were not material.

6. NET INCOME PER SHARE

Basic net income per share is computed by dividing net income by the weighted-average number of shares of common stock outstanding for the period. Diluted net income per share reflects the potential dilution from contingently issuable shares and calculated using the treasury stock method. Contingently issuable shares, including all types of equity awards, are considered outstanding shares of common stock and included in basic net income per share as of the date that all necessary conditions to earn the awards have been satisfied. Prior to the end of the contingency period, the number of contingently issuable shares included in diluted net income per share is based on the number of shares, if any, that would be issuable under the terms of the arrangement at the end of the reporting period.

The following table sets forth the computation of basic and diluted net income per share (in thousands, except per-share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Numerator:				
Net income	\$ 178,274	\$ 144,430	\$ 445,791	\$ 337,337
Denominator:				
Weighted-average outstanding shares—basic	47,898	48,757	47,879	48,692
Effect of dilutive securities	144	207	143	253
Weighted-average outstanding shares—diluted	<u>48,042</u>	<u>48,964</u>	<u>48,022</u>	<u>48,945</u>
Net income per share:				
Basic	\$ 3.72	\$ 2.96	\$ 9.31	\$ 6.93
Diluted	\$ 3.71	\$ 2.95	\$ 9.28	\$ 6.89

Anti-dilutive common stock equivalents were not material for the periods presented.

7. SEGMENT, SIGNIFICANT CUSTOMERS AND GEOGRAPHIC INFORMATION

The Company operates in one reportable segment that includes the design, development, marketing and sale of high-performance, semiconductor-based power electronics solutions for the storage and computing, automotive, enterprise data, communications, consumer, and industrial end markets. The Company's chief operating decision maker ("CODM") is its Chief Executive Officer, who reviews financial information presented on a consolidated basis for the purposes of allocating resources and evaluating financial performance. Specifically, the CODM uses net income that is reported on the Condensed Consolidated Statements of Operations and cash provided by operating activities reported in the Condensed Consolidated Statements of Cash Flows to decide whether and how much to reinvest profits into core business operations or to return to stockholders in the form of stock repurchases and dividends.

All significant segment expenses have been captured on the face of the Condensed Consolidated Statements of Operations.

The Company sells its products to end customers primarily through third-party distributors and value-added resellers. The following table summarizes those customers with sales equal to 10% or more of the Company's total revenue for the periods presented:

Customer	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Distributor A	26%	24%	25%	33%
Distributor B	18%	25%	18%	19%
Distributor C	*	*	10%	*

*Represents less than 10%.

The Company's agreements with these third-party distributors were made in the ordinary course of business and may be terminated with or without cause by either party with advance notice. Although the Company may experience a short-term disruption in the distribution of its products and a short-term decline in revenue if its agreement with any of the distributors were terminated, the Company believes that such termination would not have a material adverse effect on its financial statements because it would be able to engage alternative distributors, resellers and other distribution channels to deliver its products to end customers within a short period following any termination of the agreement with a distributor.

The following table summarizes those customers with accounts receivable equal to 10% or more of the Company's total net accounts receivable:

Customer	September 30,		December 31,	
	2025	2024	2024	2024
Distributor A	31%		28%	
Distributor B	17%		29%	

The Company derives a majority of its revenue from sales to customers located outside North America, with geographic revenue based on the customers' ship-to locations. The following is a summary of revenue by geographic region (in thousands) for the periods presented:

Country or Region	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
China	\$ 393,837	\$ 310,472	\$ 1,155,508	\$ 856,026
Taiwan	155,978	179,747	377,289	407,593
South Korea	62,882	51,815	190,747	126,865
Southeast Asia	39,023	22,772	106,596	47,363
Europe	33,577	25,145	85,066	61,992
U.S.	29,937	13,797	63,313	42,544
Japan	21,779	16,286	60,416	42,786
Other	163	85	369	266
Total	\$ 737,176	\$ 620,119	\$ 2,039,304	\$ 1,585,435

The following is a summary of long-lived assets by geographic region (in thousands):

Country	September 30,		December 31,	
	2025	2024	2024	2024
China	\$ 308,174	\$ 237,649		
U.S.	170,934	171,514		
Taiwan	58,764	42,388		
Other	59,439	43,394		
Total	\$ 597,311	\$ 494,945		

8. COMMITMENTS AND CONTINGENCIES

Product Warranties and Rework

The Company generally provides either a one- or two-year warranty against defects in materials and workmanship and will repair products, provide replacements at no charge to customers or issue a refund. As they are considered assurance-type warranties, the Company does not account for them as separate performance obligations. Historically, the Company's warranty obligations have not been material. The Company may also incur rework costs associated with product-related claims. The Company accrues for warranty and rework costs upon evaluation of customer specific claims.

The changes in warranty reserves were as follows (in thousands) for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Balance at beginning of period	\$ 3,045	\$ 14,702	\$ 5,401	\$ 16,906
Warranties issued	2,665	570	3,230	2,895
Repairs, replacement and refund	(145)	(849)	(1,633)	(4,979)
Changes in liability for pre-existing warranties	760	(79)	(673)	(478)
Balance at end of period	<u><u>\$ 6,325</u></u>	<u><u>\$ 14,344</u></u>	<u><u>\$ 6,325</u></u>	<u><u>\$ 14,344</u></u>

Purchase Commitments

The Company has outstanding purchase obligations with its suppliers and other parties for purchases of goods or services. The purchase obligations primarily consist of wafer and other inventory purchases, assembly and other manufacturing services, construction of manufacturing and R&D facilities, purchases of production and other equipment, and license arrangements.

In May 2022, the Company entered into a long-term supply agreement in order to secure manufacturing production capacity for silicon wafers over a four-year period. As of September 30, 2025, the Company had remaining prepayments under this agreement of \$60.0 million reported in other current assets on the Condensed Consolidated Balance Sheets.

Total estimated future unconditional purchase commitments to all suppliers and other parties, net of the \$60.0 million prepayment, as of September 30, 2025 were as follows (in thousands):

2025 (remaining three months)	\$ 117,079
2026	349,330
2027	31,936
2028	486
2029	486
Total	<u><u>\$ 499,317</u></u>

Litigation

The Company is a party to actions and proceedings in the ordinary course of business, including challenges to the enforceability or validity of its intellectual property, claims that the Company's products infringe on the intellectual property rights of others, and employment matters. The Company is also subject to litigation initiated by its stockholders. These proceedings often involve complex questions of fact and law and may require the expenditure of significant funds and the diversion of other resources to prosecute and defend. The Company defends itself vigorously against any such claims. Based on current information, the Company does not believe that a material loss from known matters is probable as of September 30, 2025.

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9. CASH, CASH EQUIVALENTS, INVESTMENTS AND RESTRICTED CASH

The following is a summary of the Company's cash, cash equivalents and debt investments (in thousands):

	September 30, 2025	December 31, 2024
Cash	\$ 580,992	\$ 679,949
Money market funds	500,259	11,867
Certificates of deposit	154,489	164,418
U.S. treasuries and government agency bonds	33,249	-
Auction-rate securities backed by student-loan notes	74	148
Corporate debt securities	-	6,712
Total	<u>\$ 1,269,063</u>	<u>\$ 863,094</u>
	September 30, 2025	December 31, 2024
Reported as:		
Cash and cash equivalents	\$ 1,081,251	\$ 691,816
Investment within short-term investments	187,738	171,130
Investment within other long-term assets	74	148
Total	<u>\$ 1,269,063</u>	<u>\$ 863,094</u>

The following table summarizes the contractual maturities of the short-term and long-term available-for-sale investments as of September 30, 2025 (in thousands):

	Amortized Cost	Fair Value
Due in less than 1 year	\$ 89,419	\$ 89,427
Due in 1 - 5 years	98,311	98,311
Due in greater than 5 years	75	74
Total	<u>\$ 187,805</u>	<u>\$ 187,812</u>

Gross realized gains and losses recognized on the sales of available-for-sale investments were not material for the periods presented.

The following tables summarize the unrealized gain and loss positions related to the available-for-sale investments (in thousands):

	September 30, 2025			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Money market funds	\$ 500,259	\$ -	\$ -	\$ 500,259
Certificates of deposit	154,489	-	-	154,489
U.S. treasuries and government agency bonds	33,241	8	-	33,249
Auction-rate securities backed by student-loan notes	75	-	(1)	74
Total	<u>\$ 688,064</u>	<u>\$ 8</u>	<u>\$ (1)</u>	<u>\$ 688,071</u>

	December 31, 2024		
	Amortized Cost	Unrealized Losses	Fair Value
Money market funds	\$ 11,867	\$ -	\$ 11,867
Certificates of deposit	164,418	-	164,418
Corporate debt securities	6,779	(67)	6,712
Auction-rate securities backed by student-loan notes	150	(2)	148
Total	<u>\$ 183,214</u>	<u>\$ (69)</u>	<u>\$ 183,145</u>

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The following tables present information about the available-for-sale investments that had been in a continuous unrealized loss position for greater than 12 months (in thousands):

	September 30, 2025	
	Greater than 12 Months	
	Fair Value	Unrealized Losses
Auction-rate securities backed by student-loan notes	\$ 74	\$ (1)
Total	\$ 74	\$ (1)

	December 31, 2024	
	Greater than 12 Months	
	Fair Value	Unrealized Losses
Corporate debt securities	\$ 6,712	\$ (67)
Auction-rate securities backed by student-loan notes	148	(2)
Total	\$ 6,860	\$ (69)

An impairment exists when the fair value of an investment is less than its amortized cost basis. As of September 30, 2025 and December 31, 2024, the Company did not consider the impairment of its investments to be a result of credit losses. The Company typically invests in highly rated securities, with the primary objective of minimizing the potential risk of principal loss. The Company's investment policy generally requires securities to be investment grade and limits the amount of credit exposure to any one issuer. When evaluating a debt security for impairment, management reviews factors such as the Company's intent to sell, or whether it will more likely than not be required to sell, the security before recovery of its amortized cost basis, the extent to which the fair value of the security is less than its cost, the financial condition of the issuer and the credit quality of the investment.

Restricted Cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported on the Condensed Consolidated Balance Sheets to the amounts reported on the Condensed Consolidated Statements of Cash Flows (in thousands):

	September 30, 2025	December 31, 2024
Cash and cash equivalents	\$ 1,081,251	\$ 691,816
Restricted cash included in other long-term assets	142	125
Total cash, cash equivalents and restricted cash reported on the Condensed Consolidated Statements of Cash Flows	<u>\$ 1,081,393</u>	<u>\$ 691,941</u>

10. FAIR VALUE MEASUREMENTS

Fair Value Hierarchy

The Company has estimated the fair value of its financial assets by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

- Level 1—includes instruments with quoted prices in active markets for identical assets.
- Level 2—includes instruments for which the valuations are based upon quoted market prices in active markets involving similar assets or inputs other than quoted prices that are observable for the assets. The market inputs used to value these instruments generally consist of market yields, recently executed transactions, broker/dealer quotes or alternative pricing sources with reasonable levels of price transparency. Pricing sources may include industry standard data providers, security master files from large financial institutions, and other third-party sources used to determine a daily market value.
- Level 3—includes instruments for which the valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

Financial Assets Measured at Fair Value on a Recurring Basis

The following tables detail the fair value of the Company's financial assets measured on a recurring basis (in thousands):

	September 30, 2025			
	Total	Level 1	Level 2	Level 3
Money market funds	\$ 500,259	\$ 500,259	\$ -	\$ -
Certificates of deposit	154,489	-	154,489	-
U.S. treasuries and government agency bonds	33,249	-	33,249	-
Auction-rate securities backed by student-loan notes	74	-	-	74
Mutual funds and money market funds under deferred compensation plan	70,994	70,994	-	-
Total	\$ 759,065	\$ 571,253	\$ 187,738	\$ 74

	December 31, 2024			
	Total	Level 1	Level 2	Level 3
Money market funds	\$ 11,867	\$ 11,867	\$ -	\$ -
Certificates of deposit	164,418	-	164,418	-
Corporate debt securities	6,712	-	6,712	-
Auction-rate securities backed by student-loan notes	148	-	-	148
Mutual funds and money market funds under deferred compensation plan	65,337	65,337	-	-
Total	\$ 248,482	\$ 77,204	\$ 171,130	\$ 148

Redemptions and changes in the fair value of the auction-rate securities classified as Level 3 assets were not material for the periods presented.

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11. DEFERRED COMPENSATION PLAN

The following table summarizes the deferred compensation plan balances on the Condensed Consolidated Balance Sheets (in thousands):

	September 30, 2025	December 31, 2024
Deferred compensation plan asset components:		
Cash surrender value of corporate-owned life insurance policies	\$ 30,911	\$ 27,249
Fair value of mutual funds and money market funds	70,994	65,337
Total	<u><u>\$ 101,905</u></u>	<u><u>\$ 92,586</u></u>
Deferred compensation plan assets reported in:		
Other long-term assets	<u><u>\$ 101,905</u></u>	<u><u>\$ 92,586</u></u>
Deferred compensation plan liabilities reported in:		
Accrued compensation and related benefits	\$ 3,656	\$ 2,323
Other long-term liabilities	98,926	93,653
Total	<u><u>\$ 102,582</u></u>	<u><u>\$ 95,976</u></u>

12. OTHER INCOME, NET

The components of other income, net, were as follows (in thousands) for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Interest income	\$ 8,338	\$ 6,805	\$ 20,078	\$ 20,349
Amortization of discount on available-for-sale securities	1,009	6,644	3,894	16,684
Gain on deferred compensation plan investments	3,793	3,894	8,023	9,180
Charitable commitments	(3,194)	(6,400)	(4,094)	(18,550)
Other	446	(665)	(158)	(333)
Total	<u><u>\$ 10,392</u></u>	<u><u>\$ 10,278</u></u>	<u><u>\$ 27,743</u></u>	<u><u>\$ 27,330</u></u>

13. INCOME TAXES

The income tax provision or benefit for interim periods is generally determined using an estimate of the Company's annual effective tax rate and adjusted for discrete items, if any, in the relevant period. Each quarter the estimate of the annual effective tax rate is updated, and if the Company's estimated tax rate changes, a cumulative adjustment is made.

The budget reconciliation bill H.R.1 ("H.R.1 Act") signed into law on July 4, 2025 makes permanent certain expiring provisions of the 2017 Tax Cuts and Jobs Act and makes modifications to the existing tax framework. The modifications that primarily impact the Company for the current year are the immediate expensing of domestic R&D and 100% bonus depreciation. The Company's tax provision for the three and nine months ended September 30, 2025 includes the estimated impact of the H.R.1 Act.

The income tax expense for the three months ended September 30, 2025 was \$27.3 million, or 13.3% of pre-tax income. The income tax expense for the nine months ended September 30, 2025 was \$110.7 million, or 19.9% of pre-tax income. The effective tax rates were lower than the federal statutory rate of 21% primarily due to the effect of U.S. federal tax law changes enacted during the quarter, income generated by the Company's subsidiaries in lower tax jurisdictions, foreign tax credits, and U.S. R&D credits. The lower effective tax rates relative to the federal statutory rate were partially offset by the U.S. impact of foreign earnings and non-deductible stock-based compensation.

The income tax expense for the three months ended September 30, 2024 was \$29.9 million, or 17.1% of pre-tax income. The income tax expense for the nine months ended September 30, 2024 was \$66.0 million, or 16.4% of pre-tax income. The effective tax rates were lower than the federal statutory rate of 21% primarily due to lower statutory tax rates at certain foreign subsidiaries of the Company, and excess tax benefits from stock-based compensation. The lower effective tax rates relative to the federal statutory rate were partially offset by the U.S. impact of foreign earnings.

In January 2025, the Organization for Economic Co-operation and Development ("OECD") released new Administrative Guidance on the application of the Global Anti-Base Erosion ("GLoBE") Model Rules. The Company will continue to evaluate the impact of this release and of other future guidance on the Company's future global tax provision.

In December 2023, the Bermuda Corporate Income Tax Act of 2023 (the "Bermuda CIT Act") was enacted and signed into law. The Bermuda CIT Act includes a 15% corporate income tax applicable to Bermuda businesses that are multinational enterprises with annual revenue of €750M or more beginning in 2025. As the Company did not realize material taxable income in Bermuda in the three and nine months ended September 30, 2025, no material changes to income tax expense related to the Bermuda CIT Act have been recorded as of September 30, 2025.

14. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table summarizes the changes in accumulated other comprehensive loss (in thousands):

	Unrealized Losses on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Total
Balance as of January 1, 2025	\$ (790)	\$ (47,721)	\$ (48,511)
Other comprehensive income before reclassifications	43	5,139	5,182
Amounts reclassified from accumulated other comprehensive income	5	-	5
Net current period other comprehensive income	48	5,139	5,187
Balance as of March 31, 2025	(742)	(42,582)	(43,324)
Other comprehensive income (loss) before reclassifications	(1)	19,634	19,633
Net current period other comprehensive income (loss)	(1)	19,634	19,633
Balance as of June 30, 2025	(743)	(22,948)	(23,691)
Other comprehensive income before reclassifications	86	919	1,005
Tax effect	(17)	-	(17)
Net current period other comprehensive income	69	919	988
Balance as of September 30, 2025	<u>\$ (674)</u>	<u>\$ (22,029)</u>	<u>\$ (22,703)</u>

The amount reclassified from accumulated other comprehensive income for the period presented was recorded in other income, net, on the Condensed Consolidated Statements of Operations.

15. STOCKHOLDERS' EQUITY

Cash Dividend Program

The Company has a dividend program approved by its Board of Directors, pursuant to which the Company intends to pay quarterly cash dividends on its common stock. The Board of Directors declared the following cash dividends (in thousands, except per-share amounts) for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Dividend declared per share	\$ 1.56	\$ 1.25	\$ 4.68	\$ 3.75
Total amount	\$ 74,731	\$ 60,974	\$ 224,130	\$ 182,680

As of September 30, 2025 and December 31, 2024, accrued cash dividends totaled \$74.7 million and \$59.8 million, respectively.

The declaration of any future cash dividends is at the discretion of the Board of Directors and will depend on, among other things, the Company's financial condition, results of operations, capital requirements, business conditions, and other factors that the Board of Directors may deem relevant, as well as a determination that cash dividends are in the best interests of the Company's stockholders.

The Company anticipates that cash used for future dividend payments will come from its domestic cash, cash generated from ongoing U.S. operations, and cash repatriated from certain foreign subsidiaries. The Company also anticipates that earnings from other foreign subsidiaries will continue to be indefinitely reinvested.

Cash Dividend Equivalent Rights

The Company's RSUs contain rights to receive cash dividend equivalents, which entitle employees who hold RSUs to the same dividend value per share as holders of common stock. The dividend equivalents are accumulated and paid to the employees after the underlying RSUs vest. Dividend equivalents accumulated on the underlying RSUs are forfeited if the underlying RSUs do not vest. As of September 30, 2025 and December 31, 2024, accrued dividend equivalents totaled \$8.6 million and \$5.8 million, respectively.

Stock Repurchase Programs

In October 2023, the Board of Directors approved a stock repurchase program authorizing the Company to repurchase up to \$640.0 million of its common stock, which was fully utilized as of December 31, 2024. In February 2025, the Board of Directors approved another stock repurchase program authorizing the Company to repurchase up to \$500.0 million of its common stock through February 2028. Shares are retired upon repurchase. The Company repurchased 2,000 and 6,000 shares of its common stock for an aggregate purchase price of \$2.1 million and \$5.5 million during the three months ended September 30, 2025 and 2024, respectively. The Company repurchased 6,000 and 19,000 shares of its common stock for an aggregate purchase price of \$4.7 million and \$14.2 million during the nine months ended September 30, 2025 and 2024, respectively. As of September 30, 2025, \$495.3 million remained available for future repurchases under the program.

Stock repurchased under the program may be made through open market repurchases, privately negotiated transactions, or other structures, in accordance with applicable state and federal securities laws, at times and in amounts as management deems appropriate. The timing and the number of any repurchased common stock will be determined by the Company's management based on its evaluation of market conditions, legal requirements, share price, and other factors. The repurchase program does not obligate the Company to purchase any particular number of shares, and may be suspended, modified, or discontinued at any time without prior notice.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Quarterly Report on Form 10-Q contains 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, that have been made pursuant to and in reliance on the provisions of the Private Securities Litigation Reform Act of 1995. These statements include, among others, statements concerning:

- the above-average industry growth of product and market areas that we have targeted;
- our plans to grow revenue in a diversified way across regions and increase revenue through the introduction of new products within our existing product families as well as in new product categories and families;
- our mission statement to reduce energy and material consumption to improve all aspects of quality of life and create a sustainable future;
- the effects of macroeconomic factors, global economic uncertainties, geopolitical tensions and global tariffs, export controls and retaliatory measures on the semiconductor industry and our business;
- the effect that liquidity of our investments has on our capital resources;
- the continuing application of our products in the storage and computing, automotive, enterprise data, communications, consumer, and industrial end markets;
- estimates of our future liquidity requirements and the sufficiency of our cash, cash equivalents and short-term investments to operate our business;
- the cyclical nature of the semiconductor industry;
- our belief that we may incur significant legal expenses that vary with the level of activity in each of our current or future legal proceedings;
- expectations regarding protection of our proprietary technology;
- the business outlook for the remainder of 2025 and beyond;
- the factors that we believe will impact our business, operations and financial condition, as well as our ability to achieve revenue growth;
- the expected percentage of our total revenue from various end markets;
- our ability to identify, acquire and integrate companies, businesses and products, and achieve the anticipated benefits from such acquisitions and integrations;
- the expected impact of various U.S. and international tax laws and regulations, including the H.R.1 Act signed into law on July 4, 2025, on our income tax provision, financial position and cash flows;
- our plan to repatriate cash from our foreign subsidiaries;
- our intention and ability to execute our stock repurchase program and pay cash dividends and dividend equivalents; and
- the factors that differentiate us from our competitors.

These forward-looking statements generally are identified by the words "would," "could," "may," "should," "predict," "potential," "targets," "continue," "anticipate," "expect," "intend," "plan," "believe," "seek," "estimate," "project," "forecast," "will," and similar expressions. All forward-looking statements are based on our current outlook, expectations, estimates, projections, beliefs and plans or objectives about our business, our industry and the global economy, including our expectations regarding the potential impacts of macroeconomic factors, global economic uncertainties, including tariffs, export controls and retaliatory measures, and geopolitical tensions on the semiconductor industry and our business. These statements are not guarantees of future performance and are subject to significant risks and uncertainties. Actual events or results could differ materially and adversely from those expressed in any such forward-looking statements. Risks and uncertainties that could cause actual results to differ materially include those set forth throughout this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K including, in particular, in the sections entitled "Risk Factors." Except as required by law, we disclaim any duty, and undertake no obligation, to update any forward-looking statements, whether as a result of new information relating to existing conditions, future events or otherwise or to release publicly the results of any future revisions we may make to forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Readers are cautioned not to place undue reliance on such statements, which speak only as of the date of this Quarterly Report on Form 10-Q and entail significant risks. Readers should carefully review future reports and documents that we file from time to time with the SEC, such as our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and any Current Reports on Form 8-K.

Unless stated otherwise or the context otherwise requires, references to "we," "our," and "us" mean Monolithic Power Systems, Inc. and its consolidated subsidiaries.

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Overview

We are a fabless global company that provides high-performance, semiconductor-based power electronics solutions. Our mission is to reduce energy and material consumption to improve all aspects of quality of life and create a sustainable future. Founded in 1997 by our CEO Michael Hsing, we have three core strengths: deep system-level knowledge, strong semiconductor design expertise, and innovative proprietary technologies in the areas of semiconductor processes, system integration, and packaging. These combined advantages are designed to enable us to deliver reliable, compact, and monolithic solutions that are highly energy-efficient, cost-effective, and environmentally responsible while providing a consistent return on investment to our stockholders.

We operate in the cyclical semiconductor industry. We are subject to industry downturns, but we have targeted product and market areas that we believe allow us to operate at above average industry performance levels over the long term.

We work with third parties to manufacture and assemble our ICs. This has enabled us to limit our capital expenditures and fixed costs, while focusing our engineering and design resources on our core strengths.

Following the introduction of a product, our sales cycle generally takes a number of quarters after we receive an initial customer order for a new product to ramp up. Typical supply chain lead times for orders are generally 16 to 26 weeks. These factors, combined with the fact that our customers can cancel or reschedule orders without incurring a significant penalty, make the forecasting of our orders, revenue and expenses difficult.

We derive most of our revenue from sales through distribution arrangements and direct sales to customers in Asia, where our products are incorporated into end-user products. Our revenue from sales to customers in Asia was 91% and 94% of our total revenue for the three months ended September 30, 2025 and 2024, respectively, and 93% of our total revenue for each of the nine months ended September 30, 2025 and 2024.

We believe our ability to achieve revenue growth will depend, in part, on our ability to develop new products, enter new markets, gain market share, manage litigation risk, diversify our customer base and continue to secure manufacturing capacity.

Macroeconomic Conditions and Regulations

The semiconductor industry is impacted by various macroeconomic challenges including fluctuations in consumer spending, fluctuations in demand for semiconductors, rising inflation, global tariffs and retaliatory measures and announcements regarding same, increased interest rates, and fluctuations in currency rates. We remain cautious in light of continued challenging macroeconomic conditions and will continue to monitor the potential impact on our operations. The extent and duration of the direct and indirect impact of macroeconomic events on our business, results of operations and overall financial position remain uncertain and depend on future developments.

We closely monitor changes to export control laws, tariffs, trade regulations and other trade requirements. To date, no restrictions or requirements have had a material impact on our revenue and operations. We believe that our diverse, agile and resilient supply chain is structured in a way to minimize the impact of tariffs; however, such restrictions or requirements can be enacted quickly and unexpectedly and could impact our business in the future. To the extent tariffs, trade regulations or retaliatory measures or announcements regarding same that affect us are implemented, we will seek to take mitigating actions in the near- and medium-term, as necessary, and are committed to complying with all applicable trade laws, regulations and other requirements.

Critical Accounting Estimates

In preparing our condensed consolidated financial statements in accordance with U.S. GAAP, we are required to make estimates, assumptions and judgments that affect the amounts reported in our financial statements and the accompanying disclosures. Estimates and judgments used in the preparation of our financial statements are, by their nature, uncertain and unpredictable, and depend upon, among other things, many factors outside of our control, including demand for our products, economic conditions and other current and future events, such as macroeconomic factors, global economic uncertainties, geopolitical tensions and global tariffs, export controls and retaliatory measures and announcements regarding same. Actual results could differ from these estimates and assumptions, and any such differences may be material to our condensed consolidated financial statements.

There have been no material changes during the nine months ended September 30, 2025 to our critical accounting estimates from the information provided in the “Critical Accounting Estimates” section of Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our Annual Report on Form 10-K for the year ended December 31, 2024.

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Results of Operations

The table below sets forth the data on the Condensed Consolidated Statements of Operations as a percentage of revenue:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2025		2024		2025		2024	
	(In thousands, except percentages)							
Revenue	\$ 737,176	100.0%	\$ 620,119	100.0%	\$ 2,039,304	100.0%	\$ 1,585,435	100.0%
Cost of revenue	330,948	44.9	276,676	44.6	913,830	44.8	708,973	44.7
Gross profit	406,228	55.1	343,443	55.4	1,125,474	55.2	876,462	55.3
Operating expenses:								
Research and development	98,173	13.3	85,051	13.7	286,666	14.1	238,986	15.1
Selling, general and administrative	112,872	15.3	94,364	15.2	310,108	15.2	261,425	16.5
Total operating expenses	211,045	28.6	179,415	28.9	596,774	29.3	500,411	31.6
Operating income	195,183	26.5	164,028	26.5	528,700	25.9	376,051	23.7
Other income, net	10,392	1.4	10,278	1.6	27,743	1.4	27,330	1.7
Income before income taxes	205,575	27.9	174,306	28.1	556,443	27.3	403,381	25.4
Income tax expense	27,301	3.7	29,876	4.8	110,652	5.4	66,044	4.1
Net income	\$ 178,274	24.2%	\$ 144,430	23.3%	\$ 445,791	21.9%	\$ 337,337	21.3%

Revenue

The following table summarizes our revenue by end market:

End Market	Three Months Ended September 30,				Nine Months Ended September 30,			
	2025		% of Revenue	2024	% of Revenue	2025	% of Revenue	2024
	(In thousands, except percentages)							
Storage and Computing	\$ 186,572	25.3%	\$ 143,993	23.2%	\$ 570,403	28.0%	\$ 365,069	23.0%
Enterprise Data	191,482	26.0	184,459	29.7	468,370	23.0	521,397	32.9
Automotive	151,540	20.6	111,344	18.0	441,576	21.7	285,629	18.0
Communications	79,868	10.8	71,884	11.6	225,322	11.1	162,095	10.2
Consumer	72,399	9.8	64,401	10.4	189,009	9.2	144,704	9.1
Industrial	55,315	7.5	44,038	7.1	144,624	7.0	106,541	6.8
Total	\$ 737,176	100.0%	\$ 620,119	100.0%	\$ 2,039,304	100.0%	\$ 1,585,435	100.0%

Revenue for the three months ended September 30, 2025 was \$737.2 million, an increase of \$117.1 million, or 18.9%, from \$620.1 million for the three months ended September 30, 2024. The increase in revenue was primarily due to higher shipment volume.

For the three months ended September 30, 2025, revenue from the storage and computing market increased \$42.6 million, or 29.6%, from the same period in 2024. This increase was primarily due to higher sales of power solutions for storage applications. Revenue from the enterprise data market increased \$7.0 million, or 3.8%, from the same period in 2024. Revenue from the automotive market increased \$40.2 million, or 36.1%, from the same period in 2024. This increase was primarily due to higher sales of applications supporting advanced driver assistance systems, infotainment, and motion control. Revenue from the communications market increased \$8.0 million, or 11.1%, from the same period in 2024. Revenue from the consumer market increased \$8.0 million, or 12.4%, from the same period in 2024. Revenue from the industrial market increased \$11.3 million, or 25.6%, from the same period in 2024.

Revenue for the nine months ended September 30, 2025 was \$2,039.3 million, an increase of \$453.9 million, or 28.6%, from \$1,585.4 million for the nine months ended September 30, 2024. The increase in revenue was primarily due to higher shipment volume.

For the nine months ended September 30, 2025, revenue from the storage and computing market increased \$205.3 million, or 56.2%, from the same period in 2024. This increase was primarily due to higher sales of power solutions for storage applications, notebooks and graphics cards. Revenue from the automotive market increased \$155.9 million, or 54.6%, from the same period in 2024. This increase was primarily due to higher sales of applications supporting advanced driver assistance systems and infotainment. Revenue from the enterprise data market decreased \$53.0 million, or 10.2%, from the same period in 2024. Revenue from the communications market increased \$63.2 million, or 39.0%, from the same period in 2024. This increase was primarily driven by higher sales of power solutions for optical modules and routers. Revenue from the consumer market increased \$44.3 million, or 30.6%, from the same period in 2024. This increase was primarily driven by higher sales of products for home appliances and gaming solutions. Revenue from the industrial market increased \$38.1 million, or 35.7%, from the same period in 2024.

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Cost of Revenue and Gross Margin

Cost of revenue primarily consists of costs incurred to manufacture, assemble and test our products, as well as warranty costs, inventory-related and other overhead costs, and stock-based compensation expense.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
(In thousands, except percentages)				
Cost of revenue	\$ 330,948	\$ 276,676	\$ 913,830	\$ 708,973
As a percentage of revenue	44.9%	44.6%	44.8%	44.7%
Gross profit	\$ 406,228	\$ 343,443	\$ 1,125,474	\$ 876,462
Gross margin	55.1%	55.4%	55.2%	55.3%

Cost of revenue was \$330.9 million, or 44.9% of revenue, for the three months ended September 30, 2025, and \$276.7 million, or 44.6% of revenue, for the three months ended September 30, 2024. The \$54.3 million increase in cost of revenue was primarily driven by higher shipment volume.

Gross margin was 55.1% for the three months ended September 30, 2025, compared with 55.4% for the three months ended September 30, 2024. The decrease in gross margin was mainly driven by product mix.

Cost of revenue was \$913.8 million, or 44.8% of revenue, for the nine months ended September 30, 2025, and \$709.0 million, or 44.7% of revenue, for the nine months ended September 30, 2024. The \$204.9 million increase in cost of revenue was primarily driven by higher shipment volume.

Gross margin was 55.2% for the nine months ended September 30, 2025, compared with 55.3% for the nine months ended September 30, 2024. The decrease in gross margin was mainly driven by product mix, partially offset by a decrease in inventory write-downs as a percentage of revenue.

Research and Development

R&D expenses primarily consist of cash compensation and benefits, stock-based compensation and deferred compensation for design and product engineers, expenses related to new product development and supplies, and facility costs.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
(In thousands, except percentages)				
R&D expenses	\$ 98,173	\$ 85,051	\$ 286,666	\$ 238,986
As a percentage of revenue	13.3%	13.7%	14.1%	15.1%

R&D expenses were \$98.2 million, or 13.3% of revenue, for the three months ended September 30, 2025, and \$85.1 million, or 13.7% of revenue, for the three months ended September 30, 2024. The \$13.1 million increase in R&D expenses was primarily due to an \$8.9 million increase in cash compensation and benefits, a \$1.2 million increase in stock-based compensation and related expenses, and a \$1.1 million increase in laboratory and other supplies.

R&D expenses were \$286.7 million, or 14.1% of revenue, for the nine months ended September 30, 2025, and \$239.0 million, or 15.1% of revenue, for the nine months ended September 30, 2024. The \$47.7 million increase in R&D expenses was primarily due to a \$29.0 million increase in cash compensation and benefits, a \$6.3 million increase in new product development expenses, and a \$4.1 million increase in laboratory and other supplies.

[Table of Contents](#)**Selling, General and Administrative**

SG&A expenses primarily include cash compensation and benefits, stock-based compensation and deferred compensation for sales, marketing and administrative personnel, travel expenses, facilities costs, third party service fees and legal expenses.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
(In thousands, except percentages)				
SG&A expenses	\$ 112,872	\$ 94,364	\$ 310,108	\$ 261,425
As a percentage of revenue	15.3%	15.2%	15.2%	16.5%

SG&A expenses were \$112.9 million, or 15.3% of revenue, for the three months ended September 30, 2025, and \$94.4 million, or 15.2% of revenue, for the three months ended September 30, 2024. The \$18.5 million increase in SG&A expenses was primarily driven by an \$8.3 million increase in cash compensation and benefits, and a \$7.0 million increase in stock-based compensation and related expenses.

SG&A expenses were \$310.1 million, or 15.2% of revenue, for the nine months ended September 30, 2025, and \$261.4 million, or 16.5% of revenue, for the nine months ended September 30, 2024. The \$48.7 million increase in SG&A expenses was primarily driven by a \$24.1 million increase in cash compensation and benefits, and a \$15.8 million increase in stock-based compensation and related expenses.

Other Income, Net

Other income, net, was \$10.4 million for the three months ended September 30, 2025, compared with \$10.3 million for the three months ended September 30, 2024. Other income, net, was \$27.7 million for the nine months ended September 30, 2025, compared with \$27.3 million for the nine months ended September 30, 2024.

Income Tax Expense

The income tax provision for interim periods is generally determined using an estimate of our annual effective tax rate and adjusted for discrete items, if any, in the relevant period. Each quarter the estimate of the annual effective tax rate is updated, and if our estimated tax rate changes, a cumulative adjustment is made.

The budget reconciliation bill H.R.1 (“H.R.1 Act”) signed into law on July 4, 2025 makes permanent certain expiring provisions of the 2017 Tax Cuts and Jobs Act and makes modifications to the existing tax framework. The modifications that primarily impact us for the current year are the immediate expensing of domestic R&D and 100% bonus depreciation. Our tax provision for the three and nine months ended September 30, 2025 includes the estimated impact of the H.R.1 Act.

The income tax expense for the three months ended September 30, 2025 was \$27.3 million, or 13.3% of pre-tax income. The income tax expense for the nine months ended September 30, 2025 was \$110.7 million, or 19.9% of pre-tax income. The effective tax rates were lower than the federal statutory rate of 21% primarily due to the effect of U.S. federal tax law changes enacted during the quarter, income generated by our subsidiaries in lower tax jurisdictions, foreign tax credits, and U.S. R&D credits. The lower effective tax rates relative to the federal statutory rate were partially offset by the U.S. impact of foreign earnings and non-deductible stock-based compensation.

The income tax expense for the three months ended September 30, 2024 was \$29.9 million, or 17.1% of pre-tax income. The income tax expense for the nine months ended September 30, 2024 was \$66.0 million, or 16.4% of pre-tax income. The effective tax rates were lower than the federal statutory rate of 21% primarily due to lower statutory tax rates at certain of our foreign subsidiaries, and excess tax benefits from stock-based compensation. The lower effective tax rates relative to the federal statutory rate were partially offset by the U.S. impact of foreign earnings.

In January 2025, the OECD released new Administrative Guidance on the application of the GLoBE Model Rules. We will continue to evaluate the impact of this release and of other future guidance on our future global tax provision.

In December 2023, the Bermuda CIT Act was enacted and signed into law. See Note 13 to our unaudited condensed consolidated financial statements for further details.

[Table of Contents](#)**Liquidity and Capital Resources**

	September 30, 2025	December 31, 2024
	(In thousands, except percentages)	
Cash and cash equivalents	\$ 1,081,251	\$ 691,816
Short-term investments	188,233	171,130
Total cash, cash equivalents and short-term investments	<u>\$ 1,269,484</u>	<u>\$ 862,946</u>
Percentage of total assets	30.2%	23.9%
 Total current assets	 \$ 2,112,745	 \$ 1,565,053
Total current liabilities	(442,804)	(294,567)
Working capital	<u>\$ 1,669,941</u>	<u>\$ 1,270,486</u>

As of September 30, 2025, we had cash and cash equivalents of \$1,081.3 million and short-term investments of \$188.2 million, compared with cash and cash equivalents of \$691.8 million and short-term investments of \$171.1 million as of December 31, 2024. As of September 30, 2025, \$871.0 million of cash and cash equivalents and \$154.5 million of short-term investments were held by our foreign subsidiaries. For the nine months ended September 30, 2025, we repatriated \$275 million of cash from certain of our foreign subsidiaries to the U.S. with minimal tax impact. We may repatriate additional cash from certain of our foreign subsidiaries in future periods. We anticipate that earnings from other foreign subsidiaries will continue to be indefinitely reinvested.

Summary of Cash Flows

The following table summarizes our cash flow activities:

	Nine Months Ended September 30,	
	2025	2024
	(In thousands)	
Net cash provided by operating activities	\$ 733,292	\$ 620,729
Net cash used in investing activities	(145,718)	(296,128)
Net cash used in financing activities	(208,567)	(186,853)
Effect of change in exchange rates	10,445	1,552
Net increase in cash, cash equivalents and restricted cash	<u>\$ 389,452</u>	<u>\$ 139,300</u>

For the nine months ended September 30, 2025, the \$112.6 million increase in net cash provided by operating activities compared to the same period in 2024 was primarily due to increased accounts receivable collections, partially offset by increased inventory purchases.

For the nine months ended September 30, 2025, the \$150.4 million decrease in net cash used in investing activities compared to the same period in 2024 was primarily due to a decrease of \$545.9 million in purchases of investments, partially offset by a decrease of \$395.2 million in sales of investments.

For the nine months ended September 30, 2025, the \$21.7 million increase in net cash used in financing activities compared to the same period in 2024 was primarily due to an increase of \$31.2 million in dividend and dividend equivalent payments, partially offset by a decrease in repurchases of common stock.

Cash Requirements

Although consequences of economic uncertainties and macroeconomic conditions, including tariffs and retaliatory measures and announcements regarding same, and other factors could adversely affect our liquidity and capital resources in the future, and cash requirements may fluctuate based on the timing and extent of many factors such as those discussed above, we believe that our balances of cash, cash equivalents and short-term investments of \$1,269.5 million as of September 30, 2025, along with cash generated by ongoing operations, will be sufficient to satisfy our liquidity requirements for at least the next 12 months.

Our material cash requirements include the following contractual and other obligations:

Purchase Obligations

Purchase obligations represent commitments to our suppliers and other parties requiring the purchases of goods or services. Our purchase obligations primarily consist of wafer and other inventory purchases, assembly and other manufacturing services, construction of manufacturing and R&D facilities, purchases of production and other equipment, and license arrangements.

In May 2022, we entered into a long-term supply agreement in order to secure manufacturing production capacity for silicon wafers over a four-year period. As of September 30, 2025, we had remaining prepayments under this agreement of \$60.0 million reported in other current assets on the Condensed Consolidated Balance Sheets.

As of September 30, 2025, total estimated future unconditional purchase commitments to all suppliers and other parties, net of the \$60.0 million prepayment, were \$499.3 million, of which \$443.2 million was due within a year.

Operating Leases

Operating lease obligations represent the undiscounted remaining lease payments primarily for our leased facilities. As of September 30, 2025, these obligations totaled \$18.9 million, of which \$3.8 million was short-term.

Capital Return to Stockholders

In February 2025, our Board of Directors approved a stock repurchase program authorizing us to repurchase up to \$500.0 million of our common stock through February 2028. Shares are retired upon repurchase. We repurchased 6,000 shares of our common stock for an aggregate purchase price of \$4.7 million during the nine months ended September 30, 2025. As of September 30, 2025, \$495.3 million remained available for future repurchases under the program.

We currently have a dividend program approved by our Board of Directors, pursuant to which we intend to pay quarterly cash dividends on our common stock. Based on our historical practice, stockholders of record as of the last business day of the quarter are entitled to receive the quarterly cash dividends when and if declared by the Board of Directors, which are payable to the stockholders in the following month. As of September 30, 2025, accrued cash dividends totaled \$74.7 million. The declaration of any future cash dividends is at the discretion of our Board of Directors and will depend on, among other things, our financial condition, results of operations, capital requirements, business conditions and other factors that our Board of Directors may deem relevant, as well as a determination that cash dividends are in the best interests of our stockholders.

Other Long-Term Obligations

Other long-term obligations primarily include payments for deferred compensation plan liabilities and accrued dividend equivalents. As of September 30, 2025, these obligations totaled \$102.3 million.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For a discussion of market risks, refer to Item 7A, “Quantitative and Qualitative Disclosures about Market Risk” in our Annual Report on Form 10-K for the year ended December 31, 2024. During the three and nine months ended September 30, 2025, there were no material changes or developments that would have materially altered, or were reasonably likely to materially alter, the market risk assessment performed as of December 31, 2024.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934 as of the end of the period covered by this Quarterly Report on Form 10-Q.

Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2025, our disclosure controls and procedures were designed at a reasonable assurance level and were effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

During the quarter ended September 30, 2025, there were no changes in our internal control over financial reporting that would have materially affected, or were reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating the disclosure controls and procedures, management recognizes that any set of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are a party to actions and proceedings in the ordinary course of business, including challenges to the enforceability or validity of our intellectual property, claims that our products infringe on the intellectual property rights of others, and employment matters. We are also subject to litigation initiated by our stockholders. These proceedings often involve complex questions of fact and law and may require the expenditure of significant funds and the diversion of other resources to prosecute and defend. We defend ourselves vigorously against any such claims. Based on current information, we do not believe that a material loss from known matters is probable as of September 30, 2025.

On February 4, 2025, a purported class action lawsuit was filed against us and certain of our executives. The lawsuit is captioned Waterford Twp. Gen. Emps. Ret. Sys. v. Monolithic Power Systems, Inc., et al., No. 25-cv-220 (W.D. Wash.) (the “Securities Action”) and alleges that we violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder, by making material misstatements or omissions relating to our business. We believe the lawsuit is meritless and intend to defend against it vigorously. Related to the Securities Action, two shareholder derivative suits were also filed, against current – and one former – director, and certain executives, alleging breaches of their fiduciary duties. The shareholder derivative suits have been consolidated under the caption Miller v. Hsing, et al., No. 25-cv-527 (W.D. Wash.), filed on March 26, 2025 (the “Derivative Litigation”). The Securities Action and Derivative Litigation seek unspecified amounts of damages and/or attorneys’ fees and other relief. The Derivative Litigation is stayed pending developments in the Securities Action.

Item 1A. Risk Factors

Our business, reputation, results of operations, financial condition and stock price can be affected by a number of factors, whether currently known or unknown, including those described in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2024 under the heading “Risk Factors.” When any one or more of these risks materialize from time to time, our business, reputation, results of operations, financial condition and stock price can be materially and adversely affected. There have been no material changes to our risk factors since the filing of our Annual Report on Form 10-K for the year ended December 31, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

In February 2025, our Board of Directors approved a stock repurchase program authorizing us to repurchase up to \$500.0 million of our common stock through February 2028. Shares are retired upon repurchase. We repurchased 2,000 and 6,000 shares of our common stock for an aggregate purchase price of \$2.1 million and \$4.7 million during the three and nine months ended September 30, 2025.

The following table represents details of our stock repurchase transactions during the three months ended September 30, 2025:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
(In thousands, except per share amounts)				
July 1, 2025 – July 31, 2025	1	\$ 732.97	1	\$ 496,669
August 1, 2025 – August 31, 2025	1	\$ 827.71	1	\$ 496,008
September 1, 2025 – September 30, 2025	- (a)	\$ 871.40	- (a)	\$ 495,349
Total	<u>2</u>	\$ 804.98	<u>2</u>	

(a) Represents less than one thousand shares.

Stock repurchases under the program may be made through open market repurchases, privately negotiated transactions, or other structures, in accordance with applicable state and federal securities laws, at times and in amounts as management deems appropriate. The timing and the number of shares of any repurchased common stock will be determined by our management based on the evaluation of market conditions, legal requirements, stock price, and other factors. The repurchase program does not obligate us to purchase any particular number of shares and may be suspended, modified, or discontinued at any time without prior notice.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Certain of our executive officers and directors have entered into trading plans pursuant to Rule 10b5-1(c) of the Securities Exchange Act of 1934, as amended. A trading plan is a written document that pre-establishes the amounts, prices and dates (or formula for determining the amounts, prices and dates) of future purchases or sales of our common stock, including the sale of shares acquired pursuant to the Monolithic Power Systems, Inc. 2004 Employee Stock Purchase Plan, amended and restated, and upon vesting of RSUs.

The following table summarizes the adoption of trading plans intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) during the three months ended September 30, 2025:

Name and Title	Adoption Date	Plan Duration	Intended Sale Amount (in shares)
Victor K. Lee, Director	August 25, 2025	Through August 31, 2026	Up to 2,000
Michael Hsing, President, Chief Executive Officer and Director	August 28, 2025	Through August 31, 2026	Up to 100,000

The following table summarizes the termination of trading plans intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) during the three months ended September 30, 2025:

Name and Title	Termination Date	Original Plan Duration	Intended Sale Amount (in shares)	Sold Amount (in shares)
Deming Xiao, Executive Vice President, Global Operations	August 5, 2025	Through February 27, 2026	Up to 160,000	39,999

During the three months ended September 30, 2025, no trading plans intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) were modified, and no other written trading arrangements that are not intended to qualify for the Rule 10b5-1(c) affirmative defense were adopted, modified, or terminated.

Item 6. Exhibits

Exhibit No.	Description
31.1	Certification of Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* This exhibit shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference in any filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language in any filings.

MONOLITHIC POWER SYSTEMS, INC

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.

MONOLITHIC POWER SYSTEMS, INC.

Dated: November 5, 2025

By: /s/ T. Bernie Blegen
T. Bernie Blegen
Executive Vice President and Chief Financial Officer
(Duly Authorized Officer and Principal
Financial and Accounting Officer)