



## Monolithic Power Systems Announces Results for the Second Quarter Ended June 30, 2019

July 31, 2019

KIRKLAND, Wash., July 31, 2019 (GLOBE NEWSWIRE) -- Monolithic Power Systems, Inc. (MPS) (Nasdaq: MPWR), a leading company in high performance analog solutions, today announced financial results for the quarter ended June 30, 2019.

The financial results for the quarter ended June 30, 2019 are as follows:

- Revenue was \$151.0 million for the quarter ended June 30, 2019, a 6.8% increase from \$141.4 million for the quarter ended March 31, 2019 and an 8.0% increase from \$139.8 million for the quarter ended June 30, 2018.
- GAAP gross margin was 55.1% for the quarter ended June 30, 2019, compared with 55.5% for the quarter ended June 30, 2018.
- Non-GAAP (1) gross margin was 55.6% for the quarter ended June 30, 2019, excluding the impact of \$0.7 million for stock-based compensation expense and \$0.1 million for the amortization of acquisition-related intangible assets, compared with 56.0% for the quarter ended June 30, 2018, excluding the impact of \$0.5 million for stock-based compensation expense and \$0.2 million for the amortization of acquisition-related intangible assets.
- GAAP operating expenses were \$63.1 million for the quarter ended June 30, 2019, compared with \$52.7 million for the quarter ended June 30, 2018.
- Non-GAAP (1) operating expenses were \$40.3 million for the quarter ended June 30, 2019, excluding \$22.0 million for stock-based compensation expense and \$0.8 million for deferred compensation plan expense, compared with \$36.9 million for the quarter ended June 30, 2018, excluding \$15.4 million for stock-based compensation expense and \$0.4 million for deferred compensation plan expense.
- GAAP operating income was \$20.1 million for the quarter ended June 30, 2019, compared with \$24.9 million for the quarter ended June 30, 2018.
- Non-GAAP (1) operating income was \$43.7 million for the quarter ended June 30, 2019, excluding \$22.7 million for stock-based compensation expense, \$0.1 million for the amortization of acquisition-related intangible assets and \$0.8 million for deferred compensation plan expense, compared with \$41.4 million for the quarter ended June 30, 2018, excluding \$15.9 million for stock-based compensation expense, \$0.2 million for the amortization of acquisition-related intangible assets and \$0.4 million for deferred compensation plan expense.
- GAAP interest and other income, net was \$2.2 million for the quarter ended June 30, 2019, compared with \$2.2 million for the quarter ended June 30, 2018.
- Non-GAAP (1) interest and other income, net was \$1.6 million for the quarter ended June 30, 2019, excluding \$0.6 million for deferred compensation plan income, compared with \$1.8 million for the quarter ended June 30, 2018, excluding \$0.4 million for deferred compensation plan income.
- GAAP income before income taxes was \$22.3 million for the quarter ended June 30, 2019, compared with \$27.1 million for the quarter ended June 30, 2018.
- Non-GAAP (1) income before income taxes was \$45.3 million for the quarter ended June 30, 2019, excluding \$22.7 million for stock-based compensation expense, \$0.1 million for the amortization of acquisition-related intangible assets and \$0.2 million for deferred compensation plan expense, compared with \$43.2 million for the quarter ended June 30, 2018, excluding \$15.9 million for stock-based compensation expense and \$0.2 million for the amortization of acquisition-related intangible assets.
- GAAP net income was \$20.7 million and GAAP earnings per share were \$0.45 per diluted share for the quarter ended June 30, 2019. Comparatively, GAAP net income was \$24.2 million and GAAP earnings per share were \$0.55 per diluted share for the quarter ended June 30, 2018.
- Non-GAAP (1) net income was \$41.9 million and non-GAAP earnings per share were \$0.92 per diluted share for the quarter ended June 30, 2019, excluding stock-based compensation expense, amortization of acquisition-related intangible assets, net deferred compensation plan expense and related tax effects, compared with non-GAAP net income of \$40.0

million and non-GAAP earnings per share of \$0.90 per diluted share for the quarter ended June 30, 2018, excluding stock-based compensation income, amortization of acquisition-related intangible assets, net deferred compensation plan income and related tax effects.

The financial results for the six months ended June 30, 2019 are as follows:

- Revenue was \$292.4 million for the six months ended June 30, 2019, an 8.7% increase from \$268.9 million for the six months ended June 30, 2018.
- GAAP gross margin was 55.1% for the six months ended June 30, 2019, compared with 55.4% for the six months ended June 30, 2018.
- Non-GAAP (1) gross margin was 55.6% for the six months ended June 30, 2019, excluding the impact of \$1.2 million for stock-based compensation expense and \$0.1 million for the amortization of acquisition-related intangible assets, compared with 55.9% for the six months ended June 30, 2018, excluding the impact of \$0.9 million for stock-based compensation expense and \$0.4 million for the amortization of acquisition-related intangible assets.
- GAAP operating expenses were \$119.4 million for the six months ended June 30, 2019, compared with \$102.1 million for the six months ended June 30, 2018.
- Non-GAAP (1) operating expenses were \$79.3 million for the six months ended June 30, 2019, excluding \$37.5 million for stock-based compensation expense and \$2.6 million for deferred compensation plan expense, compared with \$71.9 million for the six months ended June 30, 2018, excluding \$30.0 million for stock-based compensation expense and \$0.3 million for deferred compensation plan expense.
- GAAP operating income was \$41.8 million for the six months ended June 30, 2019, compared with \$46.9 million for the six months ended June 30, 2018.
- Non-GAAP (1) operating income was \$83.2 million for the six months ended June 30, 2019, excluding \$38.7 million for stock-based compensation expense, \$0.1 million for the amortization of acquisition-related intangible assets and \$2.6 million for deferred compensation plan expense, compared with \$78.6 million for the six months ended June 30, 2018, excluding \$30.9 million for stock-based compensation expense, \$0.4 million for the amortization of acquisition-related intangible assets and \$0.3 million for deferred compensation plan expense.
- GAAP interest and other income, net was \$5.6 million for the six months ended June 30, 2019, compared with \$2.7 million for the six months ended June 30, 2018.
- Non-GAAP (1) interest and other income, net was \$3.0 million for the six months ended June 30, 2019, excluding \$2.6 million for deferred compensation plan income, compared with \$2.4 million for the six months ended June 30, 2018, excluding \$0.2 million for deferred compensation plan income.
- GAAP income before income taxes was \$47.4 million for the six months ended June 30, 2019, compared with \$49.6 million for the six months ended June 30, 2018.
- Non-GAAP (1) income before income taxes was \$86.2 million for the six months ended June 30, 2019, excluding \$38.7 million for stock-based compensation expense and \$0.1 million for the amortization of acquisition-related intangible assets, compared with \$81.0 million for the six months ended June 30, 2018, excluding \$30.9 million for stock-based compensation expense and \$0.4 million for the amortization of acquisition-related intangible assets.
- GAAP net income was \$46.9 million and GAAP earnings per share were \$1.03 per diluted share for the six months ended June 30, 2019. Comparatively, GAAP net income was \$46.1 million and GAAP earnings per share were \$1.04 per diluted share for the six months ended June 30, 2018.
- Non-GAAP (1) net income was \$79.8 million and non-GAAP earnings per share were \$1.76 per diluted share for the six months ended June 30, 2019, excluding stock-based compensation expense, amortization of acquisition-related intangible assets, net deferred compensation plan expense and related tax effects, compared with non-GAAP net income of \$74.9 million and non-GAAP earnings per share of \$1.69 per diluted share for the six months ended June 30, 2018, excluding stock-based compensation income, amortization of acquisition-related intangible assets, net deferred compensation plan expense and related tax effects.

The following is a summary of revenue by end market for the periods indicated (in thousands):

End Market	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018

Computing and storage	\$ 41,590	\$ 36,957	\$ 80,778	\$ 67,927
Automotive	21,225	20,340	41,742	38,072
Industrial	22,438	19,121	43,778	36,676
Communications	21,968	15,534	44,150	31,283
Consumer	43,786	47,809	81,922	94,953
Total	\$ 151,007	\$ 139,761	\$ 292,370	\$ 268,911

The following is a summary of revenue by product family for the periods indicated (in thousands):

Product Family	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
DC to DC	\$ 139,691	\$ 127,496	\$ 272,402	\$ 246,765
Lighting Control	11,316	12,265	19,968	22,146
Total	\$ 151,007	\$ 139,761	\$ 292,370	\$ 268,911

"For the remainder of 2019, we remain cautious amidst the market uncertainty, but believe MPS is well positioned for long-term growth," said Michael Hsing, CEO and founder of MPS.

### Business Outlook

The following are MPS' financial targets for the third quarter ending September 30, 2019:

- Revenue in the range of \$162 million to \$168 million.
- GAAP gross margin between 54.9% and 55.5%. Non-GAAP (1) gross margin between 55.3% and 55.9%, which excludes an estimated impact of stock-based compensation expenses of 0.4%.
- GAAP research and development ("R&D") and selling, general and administrative ("SG&A") expenses between \$57.1 million and \$61.1 million. Non-GAAP (1) R&D and SG&A expenses between \$39.4 million and \$41.4 million, which excludes an estimate of stock-based compensation expenses in the range of \$17.7 million to \$19.7 million.
- Total stock-based compensation expense of \$18.3 million to \$20.3 million.
- Litigation expenses ranging between \$400,000 and \$600,000.
- Interest income of \$1.4 million to \$1.6 million.
- Fully diluted shares outstanding between 45.3 million and 46.3 million.

(1) Non-GAAP net income, non-GAAP earnings per share, non-GAAP gross margin, non-GAAP R&D and SG&A expenses, non-GAAP operating expenses, non-GAAP interest and other income, net, non-GAAP operating income and non-GAAP income before taxes differ from net income, earnings per share, gross margin, R&D and SG&A expenses, operating expenses, interest and other income, net, operating income and income before taxes determined in accordance with Generally Accepted Accounting Principles in the United States (GAAP). Non-GAAP net income and non-GAAP earnings per share exclude the effect of stock-based compensation expense, amortization of acquisition-related intangible assets, deferred compensation plan income/expense and related tax effects. Non-GAAP gross margin excludes the effect of stock-based compensation expense and amortization of acquisition-related intangible assets. Non-GAAP operating expenses exclude the effect of stock-based compensation expense and deferred compensation plan income/expense. Non-GAAP interest and other income, net excludes the effect of deferred compensation plan income/expense. Non-GAAP operating income excludes the effect of stock-based compensation expense, amortization of acquisition-related intangible assets and deferred compensation plan income/expense. Non-GAAP income before taxes excludes the effect of stock-based compensation expense, amortization of acquisition-related intangible assets and deferred compensation plan income/expense. Projected non-GAAP gross margin excludes the effect of stock-based compensation expense. Projected non-GAAP R&D and SG&A expenses exclude the effect of stock-based compensation expense. These non-GAAP financial measures are not prepared in accordance with GAAP and should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. A schedule reconciling non-GAAP financial measures is included at the end of this press release. MPS utilizes both GAAP and non-GAAP financial measures to assess what it believes to be its core operating performance and to evaluate and manage its internal business and assist in making financial operating decisions. MPS believes that the inclusion of non-GAAP financial measures, together with GAAP measures, provides investors with an alternative presentation useful to investors' understanding of MPS' core operating results and trends. Additionally, MPS believes that the inclusion of non-GAAP measures, together with GAAP measures, provides investors with an additional dimension of comparability to similar companies. However, investors should be aware that non-GAAP financial measures utilized by other companies are not likely to be comparable in most cases to the non-GAAP financial measures used by MPS.

### Conference Call

MPS plans to conduct an investor teleconference covering its financial results at 2:00 p.m. PT / 5:00 p.m. ET, July 31, 2019. To access the conference call and the following replay of the conference call, go to <http://ir.monolithicpower.com> and click on the webcast link. From this site, you can listen to the teleconference, assuming that your computer system is configured properly. In addition to the webcast replay, which will be archived for all investors for one year on the MPS website, a phone replay will be available for seven days after the live call at (404) 537-3406, code number 5696076. This press release and any other information related to the call will also be posted on the website.

### Safe Harbor Statement

This press release contains, and statements that will be made during the accompanying teleconference will contain, forward-looking statements, as that term is defined in the Private Securities Litigation Reform Act of 1995, including, among other things, (i) projected revenues, GAAP and

non-GAAP gross margin, GAAP and non-GAAP R&D and SG&A expenses, stock-based compensation expenses, litigation expenses, interest and other income, and diluted shares outstanding, (ii) our outlook for the long-term prospects of the company, including our performance against our business plan, revenue growth in certain of our market segments, our continued investment into R&D, expected revenue growth, customers' acceptance of our new product offerings, the prospects of our new product development, and our expectations regarding market and industry segment trends and prospects, (iii) our ability to penetrate new markets and expand our market share, (iv) the seasonality of our business, (v) our ability to reduce our expenses, and (vi) statements of the assumptions underlying or relating to any statement described in (i), (ii), (iii), (iv), or (v). These forward-looking statements are not historical facts or guarantees of future performance or events, are based on current expectations, estimates, beliefs, assumptions, goals, and objectives, and involve significant known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from the results expressed by these statements. Readers of this press release and listeners to the accompanying conference call are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date hereof. Factors that could cause actual results to differ include, but are not limited to, our ability to attract new customers and retain existing customers; acceptance of, or demand for, MPS' products, in particular the new products launched recently, being different than expected; our ability to efficiently and effectively develop new products and receive a return on our R&D expense investment; our ability to increase market share in our targeted markets; competition generally and the increasingly competitive nature of our industry; any market disruptions or interruptions in MPS' schedule of new product development releases; adverse changes in production and testing efficiency of our products; our ability to realize the anticipated benefits of companies and products that we acquire, and our ability to effectively and efficiently integrate these acquired companies and products into our operations; our ability to manage our inventory levels; the effect of export controls, trade and economic sanctions regulations and other regulatory or contractual limitations on our ability to sell or develop our products in certain foreign markets, particularly in China; our ability to obtain governmental licenses and approvals for international trading activities or technology transfers, including export licenses; adverse changes in laws and government regulations such as tariffs on imports of foreign goods, export regulations and export classifications, including in foreign countries where MPS has offices or operations; adverse events arising from orders of governmental entities, including such orders that impact our customers, and adopting of new or amended accounting standards; the effect of catastrophic events; adequate supply of our products from our third-party manufacturing partners; the risks, uncertainties and costs of litigation in which we are involved; the outcome of any upcoming trials, hearings, motions and appeals; the adverse impact on MPS' financial performance if its tax and litigation provisions are inadequate; adverse changes or developments in the semiconductor industry generally, which is cyclical in nature, and our ability to adjust our operations to address such changes or developments; difficulty in predicting or budgeting for future customer demand and channel inventories, expenses and financial contingencies; the ongoing consolidation of companies in the semiconductor industry; and other important risk factors identified in MPS' Securities and Exchange Commission (SEC) filings, including, but not limited to, our annual report on Form 10-K filed with the SEC on March 1, 2019, and our quarterly report on Form 10-Q filed with the SEC on May 10, 2019. The forward-looking statements in this press release and statements made during the accompanying teleconference represent MPS' projections and current expectations, as of the date hereof, not predictions of actual performance. MPS assumes no obligation to update the information in this press release or in the accompanying conference call.

#### About Monolithic Power Systems

Monolithic Power Systems, Inc. (MPS) provides small, highly energy efficient, easy-to-use power solutions for systems found in industrial applications, telecom infrastructures, cloud computing, automotive, and consumer applications. MPS' mission is to reduce total energy consumption in its customers' systems with green, practical, compact solutions. The company was founded by Michael Hsing in 1997 and is based in the United States. MPS can be contacted through its website at [www.monolithicpower.com](http://www.monolithicpower.com) or its support offices around the world.

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

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

	June 30, 2019	December 31, 2018
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 197,012	\$ 172,704
Short-term investments	169,459	204,577
Accounts receivable, net	55,398	55,214
Inventories	143,622	136,384
Other current assets	19,645	11,931
Total current assets	585,136	580,810
Property and equipment, net	213,830	150,001
Long-term investments	3,215	3,241
Goodwill	6,571	6,571
Deferred tax assets, net	16,686	16,830
Other long-term assets	42,675	35,979
Total assets	\$ 868,113	\$ 793,432

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Current liabilities:			
Accounts payable		\$ 26,544	\$ 22,678
Accrued compensation and related benefits		22,960	18,799
Other accrued liabilities		38,616	38,962
Total current liabilities		88,120	80,439
Income tax liabilities		32,402	34,375
Other long-term liabilities		43,437	38,525
Total liabilities		163,959	153,339
Commitments and contingencies			
Stockholders' equity:			
Common stock and additional paid-in capital: \$0.001 par value; shares authorized: 150,000; shares issued and outstanding: 43,234 and 42,505, respectively		503,759	450,908
Retained earnings		204,533	194,728
Accumulated other comprehensive loss		(4,138	) (5,543
Total stockholders' equity		704,154	640,093
Total liabilities and stockholders' equity		\$ 868,113	\$ 793,432

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenue	\$ 151,007	\$ 139,761	\$ 292,370	\$ 268,911
Cost of revenue	67,782	62,197	131,139	119,852
Gross profit	83,225	77,564	161,231	149,059
Operating expenses:				
Research and development	27,545	23,481	53,003	45,091
Selling, general and administrative	35,058	28,561	65,611	55,879
Litigation expense	503	640	781	1,171
Total operating expenses	63,106	52,682	119,395	102,141
Income from operations	20,119	24,882	41,836	46,918
Interest and other income, net	2,229	2,232	5,569	2,673
Income before income taxes	22,348	27,114	47,405	49,591
Income tax expense	1,655	2,908	531	3,529
Net income	\$ 20,693	\$ 24,206	\$ 46,874	\$ 46,062
Net income per share:				
Basic	\$ 0.48	\$ 0.57	\$ 1.09	\$ 1.09
Diluted	\$ 0.45	\$ 0.55	\$ 1.03	\$ 1.04
Weighted-average shares outstanding:				
Basic	43,109	42,237	42,929	42,079
Diluted	45,483	44,400	45,358	44,341

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Cost of revenue	\$ 663	\$ 480	\$ 1,193	\$ 913
Research and development	5,412	4,194	9,841	8,188
Selling, general and administrative	16,634	11,218	27,685	21,820
Total stock-based compensation expense	\$ 22,709	\$ 15,892	\$ 38,719	\$ 30,921

**RECONCILIATION OF NET INCOME TO NON-GAAP NET INCOME**

(Unaudited, in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,		
	2019	2018	2019	2018	
Net income	\$ 20,693	\$ 24,206	\$ 46,874	\$ 46,062	
Net income as a percentage of revenue	13.7	% 17.3	% 16.0	% 17.1	%
Adjustments to reconcile net income to non-GAAP net income:					
Stock-based compensation expense	22,709	15,892	38,719	30,921	
Amortization of acquisition-related intangible assets	51	197	102	447	
Deferred compensation plan expense (income)	151	(9	) 15	40	
Tax effect	(1,739	) (332	) (5,937	) (2,546	)
Non-GAAP net income	\$ 41,865	\$ 39,954	\$ 79,773	\$ 74,924	
Non-GAAP net income as a percentage of revenue	27.7	% 28.6	% 27.3	% 27.9	%
Non-GAAP net income per share:					
Basic	\$ 0.97	\$ 0.95	\$ 1.86	\$ 1.78	
Diluted	\$ 0.92	\$ 0.90	\$ 1.76	\$ 1.69	
Shares used in the calculation of non-GAAP net income per share:					
Basic	43,109	42,237	42,929	42,079	
Diluted	45,483	44,400	45,358	44,341	

**RECONCILIATION OF GROSS MARGIN TO NON-GAAP GROSS MARGIN**

(Unaudited, in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,		
	2019	2018	2019	2018	
Gross profit	\$ 83,225	\$ 77,564	\$ 161,231	\$ 149,059	
Gross margin	55.1	% 55.5	% 55.1	% 55.4	%
Adjustments to reconcile gross profit to non-GAAP gross profit:					
Stock-based compensation expense	663	480	1,193	913	
Amortization of acquisition-related intangible assets	51	197	102	447	
Non-GAAP gross profit	\$ 83,939	\$ 78,241	\$ 162,526	\$ 150,419	
Non-GAAP gross margin	55.6	% 56.0	% 55.6	% 55.9	%

**RECONCILIATION OF OPERATING EXPENSES TO NON-GAAP OPERATING EXPENSES**

(Unaudited, in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,		
	2019	2018	2019	2018	
Total operating expenses	\$ 63,106	\$ 52,682	\$ 119,395	\$ 102,141	
Adjustments to reconcile total operating expenses to non-GAAP total operating expenses:					
Stock-based compensation expense	(22,046	) (15,412	) (37,526	) (30,008	)
Deferred compensation plan expense	(772	) (410	) (2,571	) (273	)
Non-GAAP operating expenses	\$ 40,288	\$ 36,860	\$ 79,298	\$ 71,860	

**RECONCILIATION OF OPERATING INCOME TO NON-GAAP OPERATING INCOME**

(Unaudited, in thousands)

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Total operating income	\$ 20,119	\$ 24,882	\$ 41,836	\$ 46,918
Adjustments to reconcile total operating income to non-GAAP total operating income:				
Stock-based compensation expense	22,709	15,892	38,719	30,921
Amortization of acquisition-related intangible assets	51	197	102	447
Deferred compensation plan expense	772	410	2,571	273
Non-GAAP operating income	\$ 43,651	\$ 41,381	\$ 83,228	\$ 78,559

**RECONCILIATION OF INTEREST AND OTHER INCOME, NET, TO NON-GAAP INTEREST AND OTHER INCOME, NET**

(Unaudited, in thousands)

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Total interest and other income, net	\$ 2,229	\$ 2,232	\$ 5,569	\$ 2,673
Adjustments to reconcile interest and other income to non-GAAP interest and other income:				
Deferred compensation plan income	(620)	(419)	(2,556)	(233)
Non-GAAP interest and other income, net	\$ 1,609	\$ 1,813	\$ 3,013	\$ 2,440

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

(Unaudited, in thousands)

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Total income before income taxes	\$ 22,348	\$ 27,114	\$ 47,405	\$ 49,591
Adjustments to reconcile income before income taxes to non-GAAP income before income taxes:				
Stock-based compensation expense	22,709	15,892	38,719	30,921
Amortization of acquisition-related intangible assets	51	197	102	447
Deferred compensation plan expense (income)	151	(9)	15	40
Non-GAAP income before income taxes	\$ 45,259	\$ 43,194	\$ 86,241	\$ 80,999

**2019 THIRD QUARTER OUTLOOK****RECONCILIATION OF GROSS MARGIN TO NON-GAAP GROSS MARGIN**

(Unaudited)

	<b>Three Months Ending</b>		
	<b>September 30, 2019</b>		
	<b>Low</b>	<b>High</b>	<b>%</b>
Gross margin	54.9	55.5	%
Adjustments to reconcile gross margin to non-GAAP gross margin:			

Stock-based compensation expense	0.4	%	0.4	%
Non-GAAP gross margin	55.3	%	55.9	%

**RECONCILIATION OF R&D AND SG&A EXPENSES TO NON-GAAP R&D AND SG&A EXPENSES**

(Unaudited, in thousands)

	<b>Three Months Ending</b>	
	<b>September 30, 2019</b>	
	<b>Low</b>	<b>High</b>
R&D and SG&A expense	\$ 57,100	\$ 61,100
Adjustments to reconcile R&D and SG&A expense to non-GAAP R&D and SG&A expense:		
Stock-based compensation expense	(17,700	) (19,700
Non-GAAP R&D and SG&A expense	\$ 39,400	\$ 41,400



Source: Monolithic Power Systems, Inc.