



**PRESS RELEASE**  
**For Immediate Release**

**Monolithic Power Systems Announces Results  
for the Third Quarter Ended September 30, 2020**

**KIRKLAND, WASHINGTON, October 29, 2020**-- Monolithic Power Systems, Inc. (MPS) (Nasdaq: MPWR), a leading company in high performance analog solutions, today announced financial results for the quarter ended September 30, 2020.

- Revenue was \$259.4 million for the quarter ended September 30, 2020, a 39.3% increase from \$186.2 million for the quarter ended June 30, 2020 and a 53.7% increase from \$168.8 million for the quarter ended September 30, 2019.
  - GAAP gross margin was 55.1% for the quarter ended September 30, 2020, compared with 55.2% for the quarter ended September 30, 2019.
  - Non-GAAP (1) gross margin was 55.5% for the quarter ended September 30, 2020, excluding the impact of \$0.7 million for stock-based compensation expense and \$0.2 million for deferred compensation plan expense, compared with 55.6% for the quarter ended September 30, 2019, excluding the impact of \$0.6 million for stock-based compensation expense.
  - GAAP operating expenses were \$83.1 million for the quarter ended September 30, 2020, compared with \$63.1 million for the quarter ended September 30, 2019.
  - Non-GAAP (1) operating expenses were \$59.1 million for the quarter ended September 30, 2020, excluding \$22.3 million for stock-based compensation expense and \$1.7 million for deferred compensation plan expense, compared with \$42.5 million for the quarter ended September 30, 2019, excluding \$20.7 million for stock-based compensation expense.
  - GAAP operating income was \$60.0 million for the quarter ended September 30, 2020, compared with \$30.0 million for the quarter ended September 30, 2019.
  - Non-GAAP (1) operating income was \$84.9 million for the quarter ended September 30, 2020, excluding \$23.0 million for stock-based compensation expense and \$1.9 million for deferred compensation plan expense, compared with \$51.4 million for the quarter ended September 30, 2019, excluding \$21.3 million for stock-based compensation expense.
  - GAAP other income, net, was \$2.5 million for the quarter ended September 30, 2020, compared with \$2.3 million for the quarter ended September 30, 2019.
  - Non-GAAP (1) other income, net, was \$0.9 million for the quarter ended September 30, 2020, excluding \$1.6 million for deferred compensation plan income, compared with \$2.2 million for the quarter ended September 30, 2019, excluding \$0.1 million for deferred compensation plan income.
  - GAAP income before income taxes was \$62.5 million for the quarter ended September 30, 2020, compared with \$32.3 million for the quarter ended September 30, 2019.
  - Non-GAAP (1) income before income taxes was \$85.8 million for the quarter ended September 30, 2020, excluding \$23.0 million for stock-based compensation expense and \$0.3 million for deferred compensation plan expense, compared with \$53.5 million for the quarter ended September 30, 2019, excluding \$21.3 million for stock-based compensation expense, and \$0.1 million for deferred compensation plan income.
  - GAAP net income was \$55.6 million and \$1.18 per diluted share for the quarter ended September 30, 2020. Comparatively, GAAP net income was \$29.5 million and \$0.64 per diluted share for the quarter ended September 30, 2019.
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- Non-GAAP (1) net income was \$79.4 million and \$1.69 per diluted share for the quarter ended September 30, 2020, excluding stock-based compensation expense, net deferred compensation plan expense and related tax effects, compared with non-GAAP net income of \$49.5 million and \$1.08 per diluted share for the quarter ended September 30, 2019, excluding stock-based compensation expense, amortization of acquisition-related intangible assets, net deferred compensation plan income and related tax effects.

The financial results for the nine months ended September 30, 2020 are as follows:

- Revenue was \$611.4 million for the nine months ended September 30, 2020, a 32.6% increase from \$461.2 million for the nine months ended September 30, 2019.
  - GAAP gross margin was 55.1% for the nine months ended September 30, 2020, compared with 55.2% for the nine months ended September 30, 2019.
  - Non-GAAP (1) gross margin was 55.5% for the nine months ended September 30, 2020, excluding the impact of \$1.9 million for stock-based compensation expense and \$0.7 million for deferred compensation plan expense, compared with 55.6% for the nine months ended September 30, 2019, excluding the impact of \$1.8 million for stock-based compensation expense and \$0.1 million for the amortization of acquisition-related intangible assets.
  - GAAP operating expenses were \$218.2 million for the nine months ended September 30, 2020, compared with \$182.5 million for the nine months ended September 30, 2019.
  - Non-GAAP (1) operating expenses were \$155.8 million for the nine months ended September 30, 2020, excluding \$60.7 million for stock-based compensation expense and \$1.7 million for deferred compensation plan expense, compared with \$121.8 million for the nine months ended September 30, 2019, excluding \$58.2 million for stock-based compensation expense and \$2.6 million for deferred compensation plan expense.
  - GAAP operating income was \$118.9 million for the nine months ended September 30, 2020, compared with \$71.9 million for the nine months ended September 30, 2019.
  - Non-GAAP (1) operating income was \$183.8 million for the nine months ended September 30, 2020, excluding \$62.6 million for stock-based compensation expense and \$2.3 million for deferred compensation plan expense, compared with \$134.6 million for the nine months ended September 30, 2019, excluding \$60.0 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.
  - GAAP other income, net, was \$6.0 million for the nine months ended September 30, 2020, compared with \$7.8 million for the nine months ended September 30, 2019.
  - Non-GAAP (1) other income, net, was \$4.6 million for the nine months ended September 30, 2020, excluding \$1.4 million for deferred compensation plan income, compared with \$5.2 million for the nine months ended September 30, 2019, excluding \$2.6 million for deferred compensation plan income.
  - GAAP income before income taxes was \$124.9 million for the nine months ended September 30, 2020, compared with \$79.7 million for the nine months ended September 30, 2019.
  - Non-GAAP (1) income before income taxes was \$188.4 million for the nine months ended September 30, 2020, excluding \$62.6 million for stock-based compensation expense and \$0.9 million for deferred compensation plan expense, compared with \$139.8 million for the nine months ended September 30, 2019, excluding \$60.0 million for stock-based compensation expense, and \$0.1 million for the amortization of acquisition-related intangible assets.
  - GAAP net income was \$121.5 million and \$2.59 per diluted share for the nine months ended September 30, 2020. Comparatively, GAAP net income was \$76.4 million and \$1.68 per diluted share for the nine months ended September 30, 2019.
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- Non-GAAP (1) net income was \$174.3 million and \$3.72 per diluted share for the nine months ended September 30, 2020, excluding stock-based compensation expense, net deferred compensation plan expense and related tax effects, compared with non-GAAP net income of \$129.3 million and \$2.84 per diluted share for the nine months ended September 30, 2019, excluding stock-based compensation expense, amortization of acquisition-related intangible assets, net deferred compensation plan income 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 September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Computing and storage	\$ 75,301	\$ 52,793	\$ 191,345	\$ 133,571
Automotive	28,512	24,432	69,603	66,174
Industrial	30,658	28,862	82,487	72,640
Communications	54,705	18,778	112,670	62,928
Consumer	70,246	43,948	155,304	125,870
Total	<u>\$ 259,422</u>	<u>\$ 168,813</u>	<u>\$ 611,409</u>	<u>\$ 461,183</u>

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

Product Family	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
DC to DC	\$ 247,561	\$ 159,723	\$ 580,549	\$ 432,125
Lighting Control	11,861	9,090	30,860	29,058
Total	<u>\$ 259,422</u>	<u>\$ 168,813</u>	<u>\$ 611,409</u>	<u>\$ 461,183</u>

“We will monitor market conditions closely and continue to execute,” said Michael Hsing, CEO and founder of MPS.

#### Business Outlook

The following are MPS’ financial targets for the fourth quarter ending December 31, 2020:

- Revenue in the range of \$218 million to \$230 million.
  - GAAP gross margin between 55.1% and 55.7%. Non-GAAP (1) gross margin between 55.4% and 56.0%, which excludes an estimated impact of stock-based compensation expenses of 0.3%.
  - GAAP research and development (“R&D”) and selling, general and administrative (“SG&A”) expenses between \$81.3 million and \$85.3 million. Non-GAAP (1) R&D and SG&A expenses between \$60.2 million and \$62.2 million, which excludes estimated stock-based compensation expenses in the range of \$21.1 million to \$23.1 million.
  - Total stock-based compensation expense of \$21.8 million to \$23.8 million.
  - Litigation expenses ranging between \$1.8 million and \$2.2 million.
  - Interest income of \$1.0 million to \$1.4 million.
  - Fully diluted shares outstanding between 47.1 million and 48.1 million.
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(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 other income (expense), 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, other income (expense), 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, amortization of acquisition-related intangible assets and deferred compensation plan income/expense. Non-GAAP operating expenses exclude the effect of stock-based compensation expense and deferred compensation plan income/expense. Non-GAAP other income (expense), 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.

#### **Earnings Webinar**

MPS plans to host a Zoom webinar covering its financial results at 2:00 p.m. PT / 5:00 p.m. ET, October 29, 2020. You can access the webinar, free of charge, at: <https://mpsic.zoom.us/j/95299537308>. The webinar will be archived and available for replay for one year under the Investor Relations page on the MPS 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 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's 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; our ability to meet customer demand for our products due to constraints on our third-party suppliers' ability to manufacture sufficient quantities of our products or otherwise; competition generally and the increasingly competitive nature of our industry; any market disruptions or interruptions in MPS's schedule of new product development releases; adverse changes in production and testing efficiency of our products; 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 adoption of new or amended accounting standards; the effect of epidemics and pandemics, such as the COVID-19 outbreak first identified in December 2019, on the global economy and on our business; 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's 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 (including as a result of the COVID-19 pandemic); 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; the ongoing consolidation of companies in the semiconductor industry; and other important risk factors identified in MPS's Securities and Exchange Commission (SEC) filings, including, but not limited to, our annual report on Form 10-K filed with the SEC on February 28, 2020 and our quarterly report on Form 10-Q filed with the SEC on August 3, 2020. The forward-looking statements in this press release and statements made during the accompanying teleconference represent MPS's 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.

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**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)

	September 30, 2020	December 31, 2019
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 179,466	\$ 172,960
Short-term investments	372,076	282,437
Accounts receivable, net	93,535	52,704
Inventories	148,096	127,500
Other current assets	25,970	19,605
Total current assets	819,143	655,206
Property and equipment, net	270,310	228,315
Long-term investments	2,916	3,138
Goodwill	6,571	6,571
Deferred tax assets, net	13,486	17,193
Other long-term assets	48,868	45,952
Total assets	\$ 1,161,294	\$ 956,375
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 48,142	\$ 27,271
Accrued compensation and related benefits	48,362	26,164
Other accrued liabilities	61,774	44,790
Total current liabilities	158,278	98,225
Income tax liabilities	35,624	37,596
Other long-term liabilities	52,823	47,063
Total liabilities	246,725	182,884
Commitments and contingencies		
Stockholders' equity:		
Common stock and additional paid-in capital: \$0.001 par value; shares authorized: 150,000; shares issued and outstanding: 45,096 and 43,616, respectively	632,432	549,517
Retained earnings	279,653	229,450
Accumulated other comprehensive income (loss)	2,484	(5,476)
Total stockholders' equity	914,569	773,491
Total liabilities and stockholders' equity	\$ 1,161,294	\$ 956,375

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

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenue	\$ 259,422	\$ 168,813	\$ 611,409	\$ 461,183
Cost of revenue	116,382	75,655	274,329	206,794
Gross profit	143,040	93,158	337,080	254,389
Operating expenses:				
Research and development	37,717	27,742	95,346	80,746
Selling, general and administrative	43,503	34,692	116,550	100,302
Litigation expense	1,841	692	6,264	1,473
Total operating expenses	83,061	63,126	218,160	182,521
Income from operations	59,979	30,032	118,920	71,868
Other income, net	2,494	2,257	5,980	7,827
Income before income taxes	62,473	32,289	124,900	79,695
Income tax expense	6,907	2,761	3,412	3,293
Net income	\$ 55,566	\$ 29,528	\$ 121,488	\$ 76,402
Net income per share:				
Basic	\$ 1.24	\$ 0.68	\$ 2.72	\$ 1.77
Diluted	\$ 1.18	\$ 0.64	\$ 2.59	\$ 1.68
Weighted-average shares outstanding:				
Basic	44,970	43,308	44,737	43,055
Diluted	46,955	45,833	46,819	45,516

**SUPPLEMENTAL FINANCIAL INFORMATION****STOCK-BASED COMPENSATION EXPENSE**

(Unaudited, in thousands)

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Cost of revenue	\$ 707	\$ 641	\$ 1,906	\$ 1,834
Research and development	5,334	4,960	14,666	14,801
Selling, general and administrative	16,934	15,699	46,009	43,384
Total stock-based compensation expense	<u>\$ 22,975</u>	<u>\$ 21,300</u>	<u>\$ 62,581</u>	<u>\$ 60,019</u>

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

(Unaudited, in thousands, except per share amounts)

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Net income	\$ 55,566	\$ 29,528	\$ 121,488	\$ 76,402
Net income as a percentage of revenue	21.4%	17.5%	19.9%	16.6%
Adjustments to reconcile net income to non-GAAP net income:				
Stock-based compensation expense	22,975	21,300	62,581	60,019
Amortization of acquisition-related intangible assets	-	8	-	110
Deferred compensation plan expense (income)	347	(61)	901	(46)
Tax effect	472	(1,254)	(10,717)	(7,190)
Non-GAAP net income	\$ 79,360	\$ 49,521	\$ 174,253	\$ 129,295
Non-GAAP net income as a percentage of revenue	30.6%	29.3%	28.5%	28.0%
Non-GAAP net income per share:				
Basic	\$ 1.76	\$ 1.14	\$ 3.90	\$ 3.00
Diluted	\$ 1.69	\$ 1.08	\$ 3.72	\$ 2.84
Shares used in the calculation of non-GAAP net income per share:				
Basic	44,970	43,308	44,737	43,055
Diluted	46,955	45,833	46,819	45,516

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

(Unaudited, in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Gross profit	\$ 143,040	\$ 93,158	\$ 337,080	\$ 254,389
Gross margin	55.1%	55.2%	55.1%	55.2%
Adjustments to reconcile gross profit to non-GAAP gross profit:				
Stock-based compensation expense	707	641	1,906	1,834
Deferred compensation plan expense	244	25	650	25
Amortization of acquisition-related intangible assets	-	8	-	110
Non-GAAP gross profit	\$ 143,991	\$ 93,832	\$ 339,636	\$ 256,358
Non-GAAP gross margin	55.5%	55.6%	55.5%	55.6%

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

(Unaudited, in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Total operating expenses	\$ 83,061	\$ 63,126	\$ 218,160	\$ 182,521
Adjustments to reconcile total operating expenses to non-GAAP total operating expenses:				
Stock-based compensation expense	(22,268)	(20,659)	(60,675)	(58,185)
Deferred compensation plan (expense) income	(1,701)	13	(1,672)	(2,558)
Non-GAAP operating expenses	\$ 59,092	\$ 42,480	\$ 155,813	\$ 121,778

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

(Unaudited, in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Total operating income	\$ 59,979	\$ 30,032	\$ 118,920	\$ 71,868
Adjustments to reconcile total operating income to non-GAAP total operating income:				
Stock-based compensation expense	22,975	21,300	62,581	60,019
Amortization of acquisition-related intangible assets	-	8	-	110
Deferred compensation plan expense	1,946	12	2,322	2,584
Non-GAAP operating income	\$ 84,900	\$ 51,352	\$ 183,823	\$ 134,581

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

(Unaudited, in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Total other income, net	\$ 2,494	\$ 2,257	\$ 5,980	\$ 7,827
Adjustments to reconcile other income, net to non-GAAP other income, net:				
Deferred compensation plan income	(1,598)	(74)	(1,421)	(2,630)
Non-GAAP other income, net	\$ 896	\$ 2,183	\$ 4,559	\$ 5,197

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

(Unaudited, in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Total income before income taxes	\$ 62,473	\$ 32,289	\$ 124,900	\$ 79,695
Adjustments to reconcile income before income taxes to non-GAAP income before income taxes:				
Stock-based compensation expense	22,975	21,300	62,581	60,019
Amortization of acquisition-related intangible assets	-	8	-	110
Deferred compensation plan expense (income)	347	(61)	901	(46)
Non-GAAP income before income taxes	\$ 85,795	\$ 53,536	\$ 188,382	\$ 139,778

**2020 FOURTH QUARTER OUTLOOK**  
**RECONCILIATION OF GROSS MARGIN TO NON-GAAP GROSS MARGIN**  
(Unaudited)

	<b>Three Months Ending December 31, 2020</b>	
	<b>Low</b>	<b>High</b>
Gross margin	55.1%	55.7%
Adjustments to reconcile gross margin to non-GAAP gross margin:		
Stock-based compensation expense	0.3%	0.3%
Non-GAAP gross margin	<u>55.4%</u>	<u>56.0%</u>

**RECONCILIATION OF R&D AND SG&A EXPENSES TO NON-GAAP R&D AND SG&A EXPENSES**  
(Unaudited, in thousands)

	<b>Three Months Ending December 31, 2020</b>	
	<b>Low</b>	<b>High</b>
R&D and SG&A expense	\$ 81,300	\$ 85,300
Adjustments to reconcile R&D and SG&A expense to non-GAAP R&D and SG&A expense:		
Stock-based compensation expense	(21,100)	(23,100)
Non-GAAP R&D and SG&A expense	<u>\$ 60,200</u>	<u>\$ 62,200</u>