Power Integrations, Inc.
Nasdaq: POWI

December 2021

ac-dc converters   led drivers   gate drivers   motor drivers

Forward-Looking Statements/Non-GAAP Metrics

These slides accompany an oral presentation by Power Integrations, Inc., which contains forward-looking statements. Each statement relating to events that will or may occur in the future is a forward-looking statement. The Company's actual results may differ materially from those suggested in the presentation. Information concerning factors that could cause such a difference is contained in the Company's most recent report on Form 10-K.

This presentation may also contain certain non-GAAP financial information. Reconciliations of non-GAAP financial metrics to GAAP results are available on the investor page of the Power Integrations website, http://investors.power.com.

ICs for Energy Production, Transmission & Consumption

POWER MANAGEMENT

LED DRIVERS

GATE DRIVERS

MOTOR DRIVERS

AUTOMOTIVE SOLUTIONS

Technology leader in ICs for energy-efficient AC-DC power supplies

High-efficiency driver ICs energizing the LED lighting revolution

Gate drivers for renewable energy, DC transmission, electric locomotives and more

Highly-efficient, reliable and integrated motor drivers

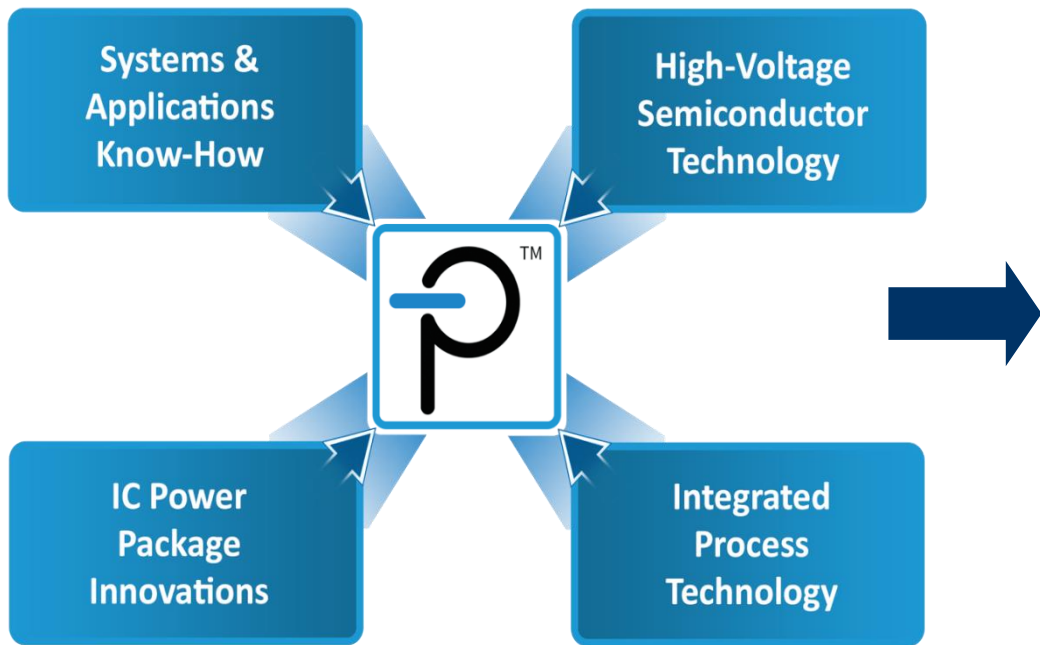Automotive solutions for efficient, compact high-voltage power conversion and control

Comprehensive Expertise in High Voltage

Systems & Applications Know-How

High-Voltage Semiconductor Technology

IC Power Package Innovations

Integrated Process Technology

- **Ultra-simple power converters**
  - ▷ Fewer components
  - ▷ Shorter design cycles
  - ▷ Easier to manufacture
  - ▷ Higher reliability

- **BOM cost similar to discrete designs**

- **Highly energy-efficient**
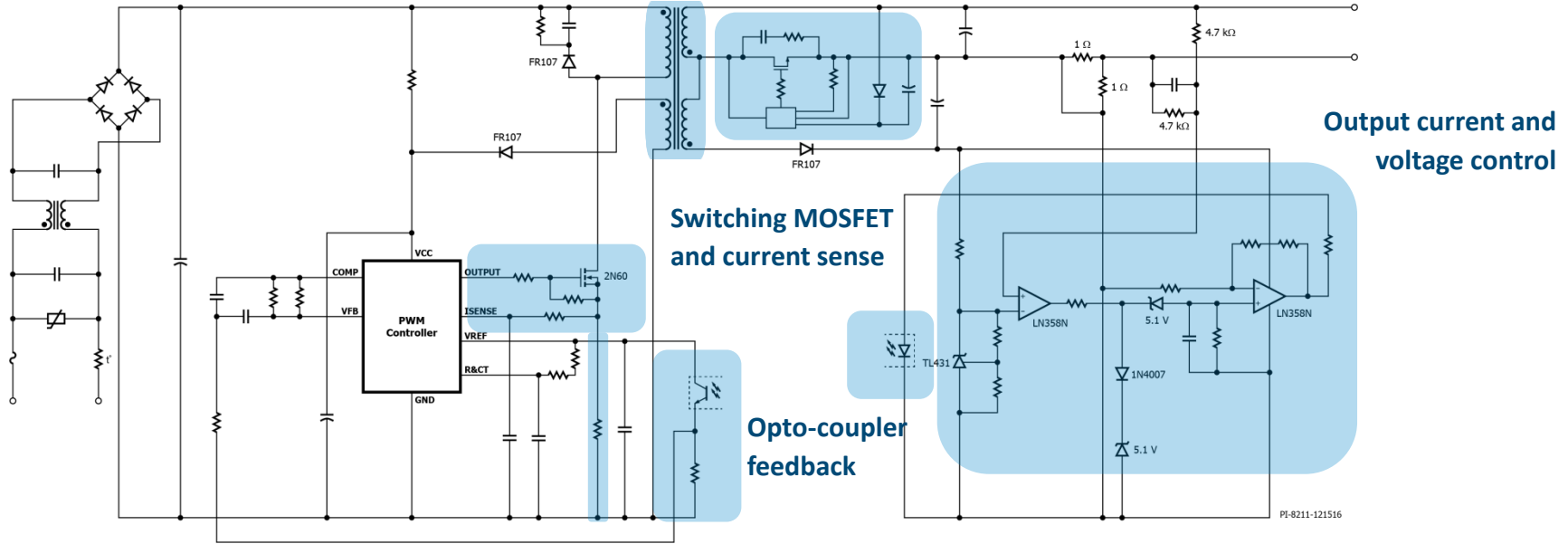
Long-Term Secular Growth Drivers

- **Ongoing transition to highly integrated power supplies**
  - ▷ Integration saves labor and materials, improves reliability

- **Enabler of reduced carbon emissions**
  - ▷ EcoSmart™ technology saves equivalent of 1.6M homes' electricity usage each year by reducing standby consumption in electronics and appliances
  - ▷ Strong presence in renewable energy, electric transportation, efficient high-voltage DC transmission

- **Gallium-nitride (GaN) technology expands dollar content, increases efficiency**

- **Expanding high-voltage market opportunity – SAM up ~3x since 2010**
  - ▷ Advanced chargers for smartphones, tablets, notebooks
  - ▷ Home & building automation / smart lighting and appliances / IoT / smart utility meters
  - ▷ Electrification of tools and transportation
  - ▷ BridgeSwitch™ motor-drive ICs expand appliance SAM
  - ▷ LED lighting
  - ▷ Sizeable opportunity in electric vehicles

The Power Integrations Advantage
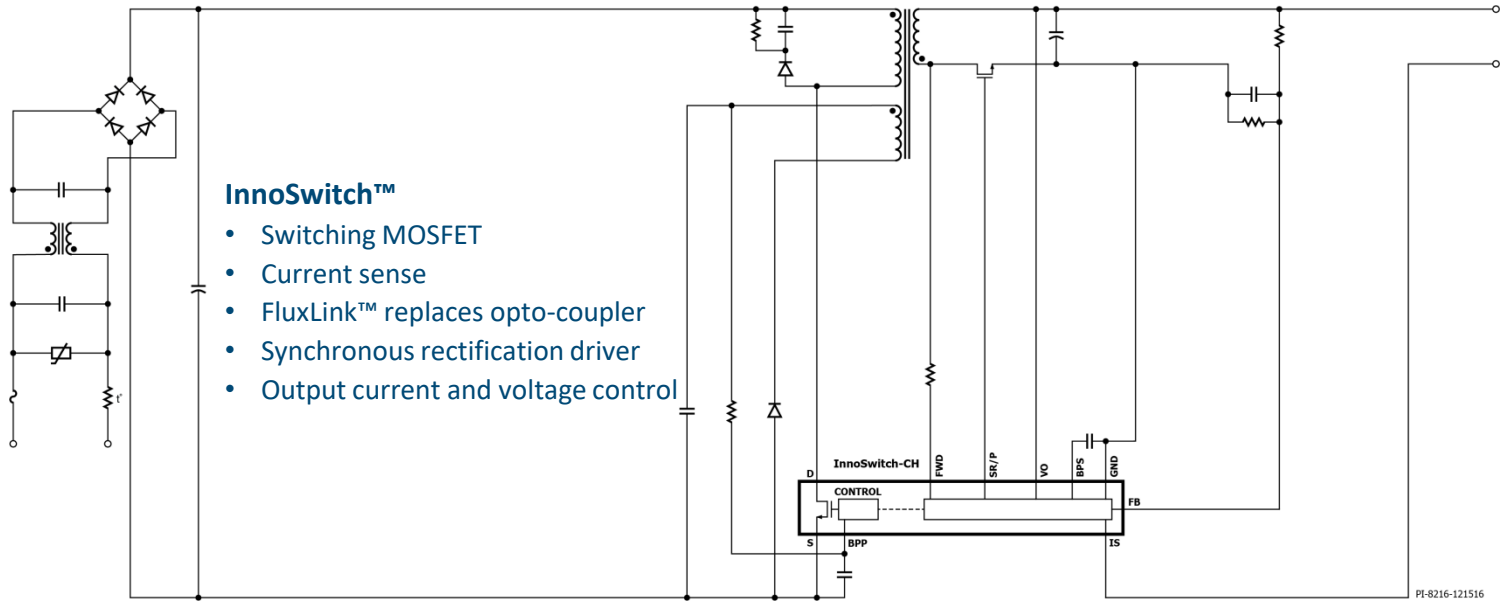

EMI filter and bridge rectifier

Isolation transformer

Synchronous rectification

Output current and voltage control

Switching MOSFET and current sense

Opto-coupler feedback

Conventional Phone Charger - More than 60 Components

The Power Integrations Advantage

InnoSwitch™

- Switching MOSFET
- Current sense
- FluxLink™ replaces opto-coupler
- Synchronous rectification driver
- Output current and voltage control

Phone-charger using InnoSwitch-CH – only 24 components

InnoSwitch™: A Higher Level of Integration

- **First IC to integrate primary and secondary sides of power supply across safety barrier**
  - ▷ Enabled by FluxLink™ technology

- **Drastic reduction in component count, complexity**

- **Highly energy-efficient**
  - ▷ Very high efficiency
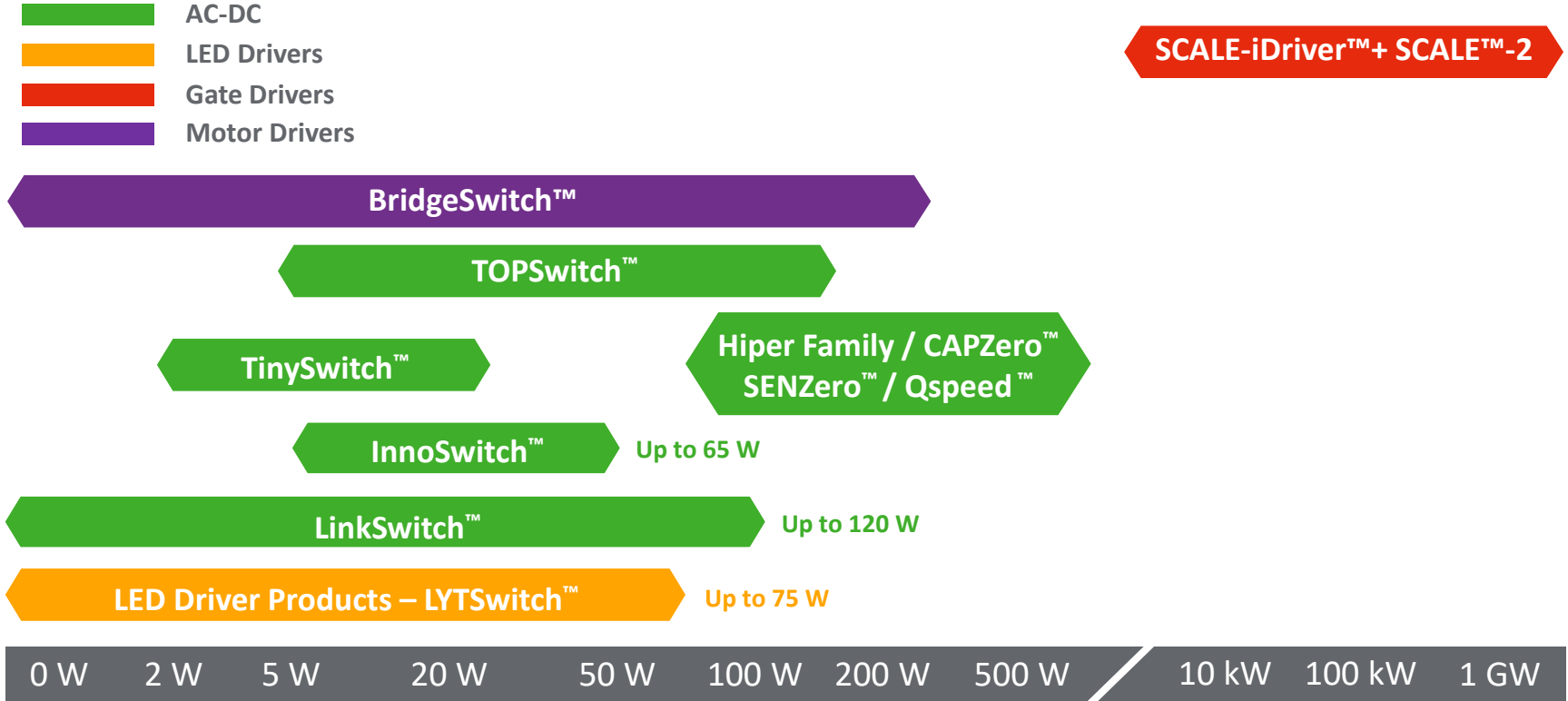 - ▷ Very low standby consumption
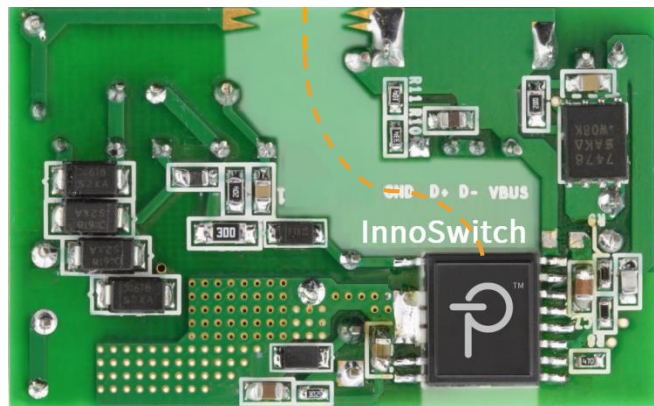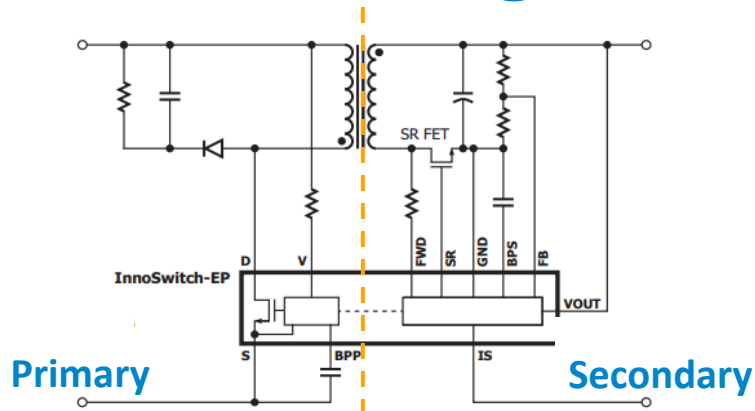
GaN Is the Future of Power Conversion

- **GaN transistors are better than silicon**
  - More efficient, cooler, smaller power supplies
  - Eliminates heatsinks even at high power levels

- **Proprietary GaN switches integrated into our ICs**
  - Far easier to use than discrete GaN transistors

- **GaN now utilized in a broad range of POWI products and applications**
  - Advanced chargers (smartphone, tablet, notebook, multi-port)
 - TVs, appliances, USB wall outlets, more

Spanning a Wide Power Range

Legend:
- AC-DC (green)
- LED Drivers (orange)
- Gate Drivers (red)
- Motor Drivers (purple)

SCALE-iDriver™+ SCALE™-2

BridgeSwitch™

TOPSwitch™

TinySwitch™

Hiper Family / CAPZero™
SENZero™ / Qspeed™

InnoSwitch™ — Up to 65 W

LinkSwitch™ — Up to 120 W

LED Driver Products – LYTSwitch™ — Up to 75 W

| 0 W | 2 W | 5 W | 20 W | 50 W | 100 W | 200 W | 500 W | 10 kW | 100 kW | 1 GW |

Power Everywhere

Addressable Market Now $4+ Billion

- LED lighting
- Home/building automation
- Smart meters
- Industrial controls
- Battery-powered tools
- EV auxiliary power supplies
- **Industrial motor drives**
- **Wind/solar inverters**
- **Electric trains/buses**
- **DC transmission**
- **Medical**

- Desktop/server standby
- Desktop main
- Notebook/tablet adapters
- LCD monitors
- Printers

Industrial

Computer

Comms

Consumer
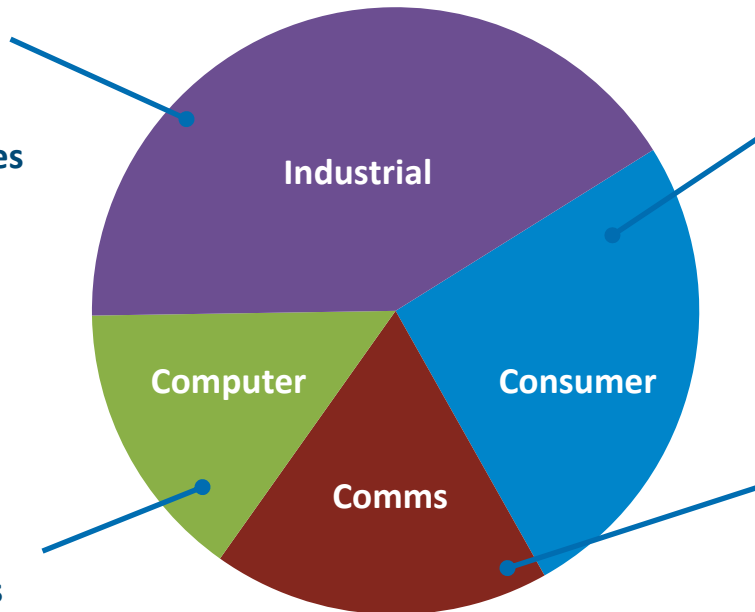
- White goods
- Air conditioners
- TV standby / TV main
- Small appliances
- Set-top boxes
- DVD players
- Game consoles

- Mobile phone chargers
- Cordless phone adapters
- Broadband modems
- VoIP phones
- Wireless routers

*High-power applications in **red***
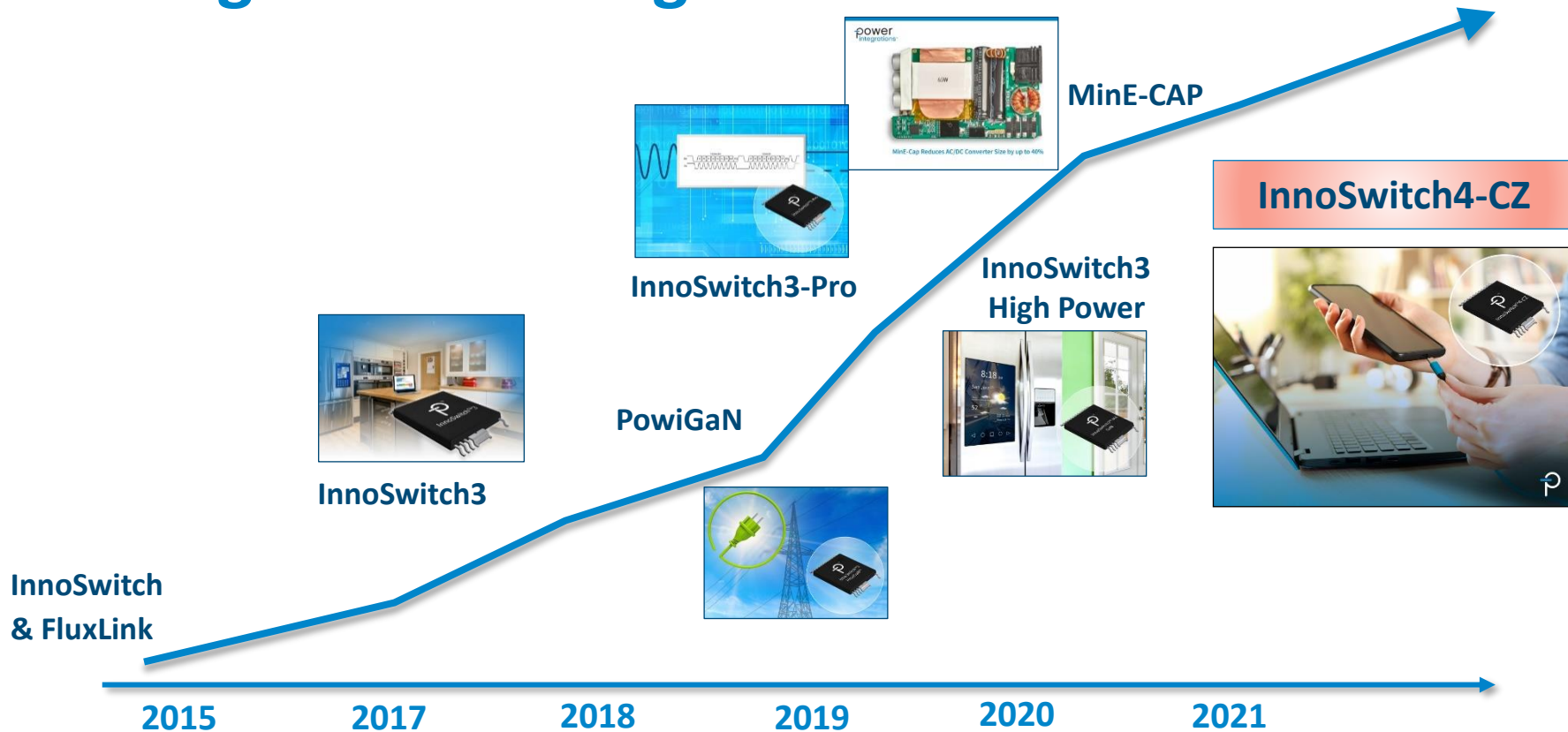
Technology Trends Bring SAM Expansion

- **Rapid charging for mobile-device market**
  - Faster chargers = greater dollar content, higher efficiency

- **Home & building automation / smart lighting and appliances / IoT**
  - Smarter homes and appliances = more power needed = greater POWI dollar content

- **Electrification creating new opportunities in tools, transportation**
  - Lithium-ion batteries replacing gas and plug-in electric for lawn equipment, vacuums
  - Electric cars, locomotives, buses, delivery vehicles, etc.

- **Conversion to brushless DC motors in appliances**
  - BridgeSwitch™ ICs target BLDC motors up to 400W

- **LED lighting – requires efficient, reliable AC-DC drivers**

- **GaN-based ICs increase dollar content and performance**

Advanced Chargers for Mobile Devices

- **Single, high-power adapter for travel is becoming common**
  - ▷ Standardization around rapid-charge protocols and connectors
  - ▷ High power needed to charge larger batteries and multiple devices

- **Rapid growth in aftermarket brands**
  - ▷ Smaller is better
  - ▷ Consumers engaged

- **Expanding USB charging ecosystem**
  - ▷ Wall outlets, appliances, tool chargers adding USB ports
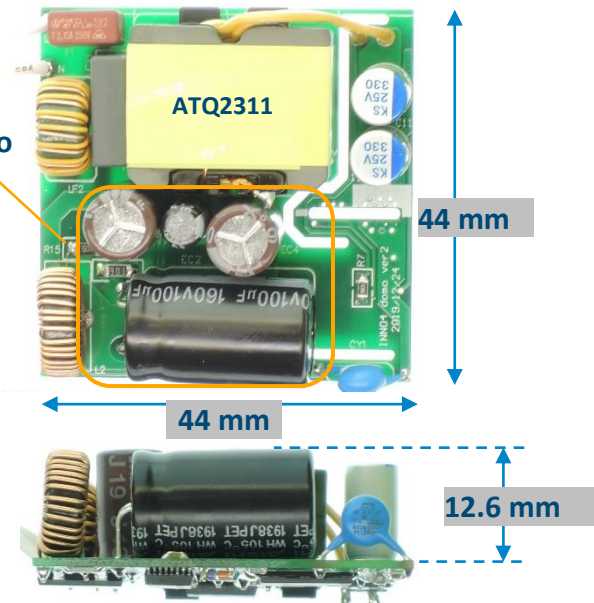 - ▷ Small space requires compact design, no heatsinks

Leading USB PD Design & Innovation

MinE-CAP

InnoSwitch4-CZ

InnoSwitch3-Pro

InnoSwitch3
High Power

PowiGaN

InnoSwitch3

InnoSwitch
& FluxLink

2015   2017   2018   2019   2020   2021

Compact 60W Charger with InnoSwitch4-CZ & ClampZero

Uses GaN-based MinE-CAP IC to reduce size of bulk capacitors

ATQ2311

44 mm

44 mm

12.6 mm

MinE-CAP

InnoSwitch4-CZ
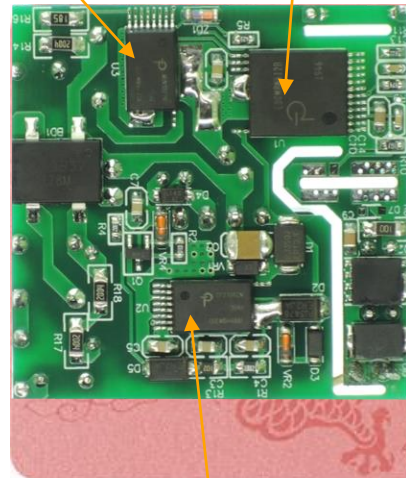
ClampZero

To Scale

Volume = 24.4 cm³
Power Density = 2.5 W/cm³
No heatsinks

PowiGaN Winning Big in Advanced Chargers

65W USB PD

100W Multi-Port

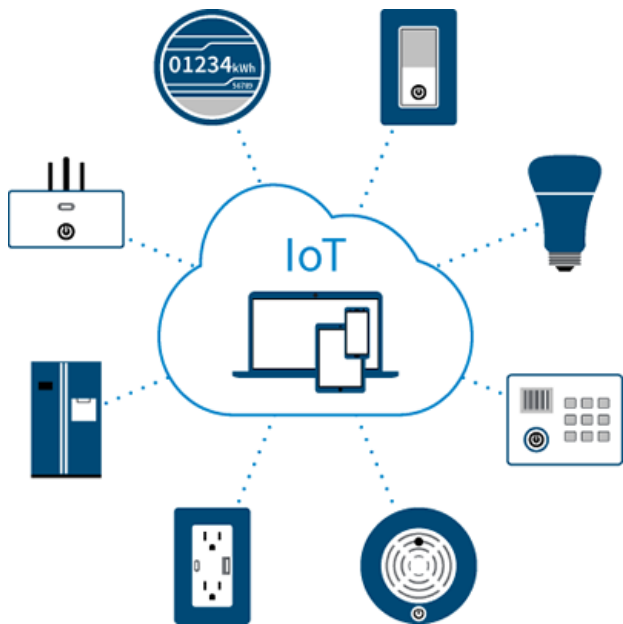33W USB PD

33 W USB PD

47W Dual Port

45W USB PD

65 W USB PD

20W Slim Charger

# IoT / Home Automation / Fixed Charging
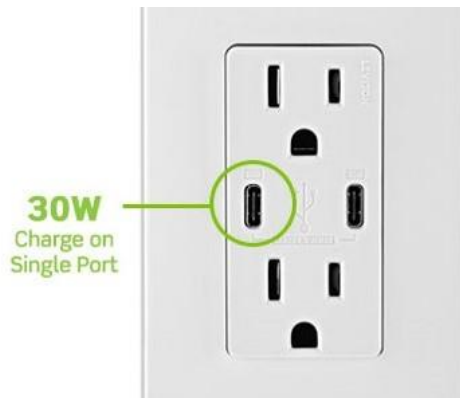
USB-C power receptacle with InnoSwitch3

Reliability, low standby power critical for IoT devices and USB receptacles

BridgeSwitch™ Motor-Driver ICs for BLDC Motors

- **98.5% efficiency**

- **Integrated half-bridge architecture eliminates heatsinks**

- **Built-in protection**
  - ▷ Simplifies and shortens regulatory approval
  - ▷ Hardware fault management simplifies software

- **Ideal for appliances – white goods and industrial**
 - ▷ Ceiling fans, water pumps, air-conditioning, motors
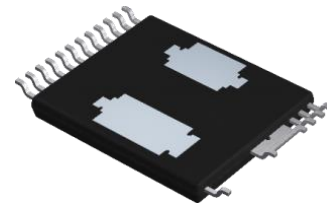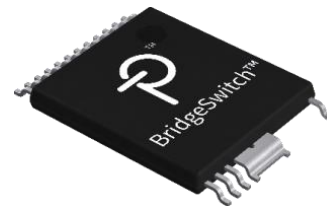
LYTSwitch™ Drivers for LED Lighting

- **Traditional light sources phasing out**
- **LEDs need efficient, reliable AC-DC drivers**
- **Integration brings reliability, efficiency, size advantage**

Gate Drivers for High-Power Market

- **Acquired CT-Concept in 2012**

- **Addressing applications 10 kW to 1 GW**
  - ▷ DC industrial motors, renewable energy, electric transportation, DC transmission

- **Drivers for IGBTs and SiC switches**
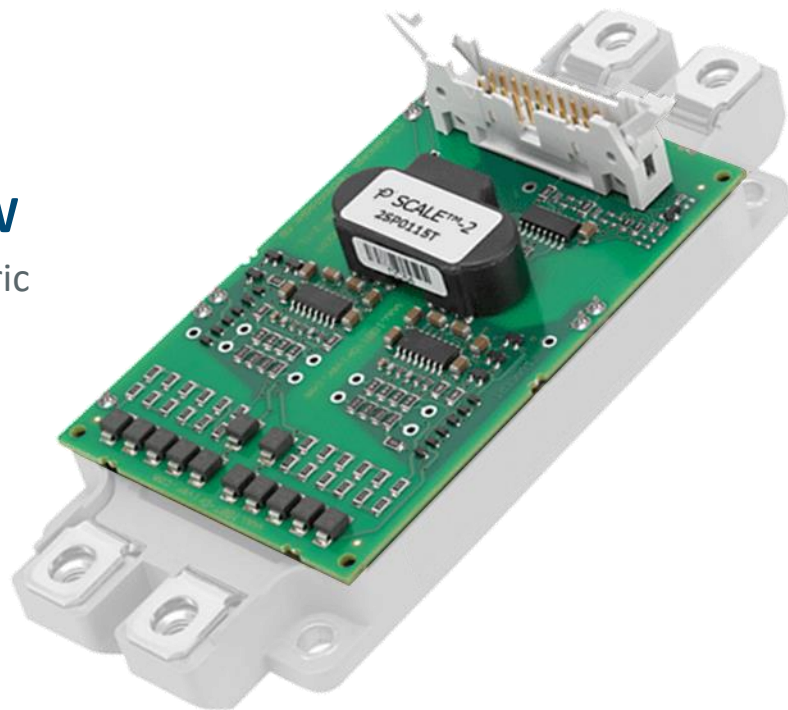
SCALE™ drivers reduce component count, enhance efficiency, reliability

EVs Bring High Voltage to the Auto Industry
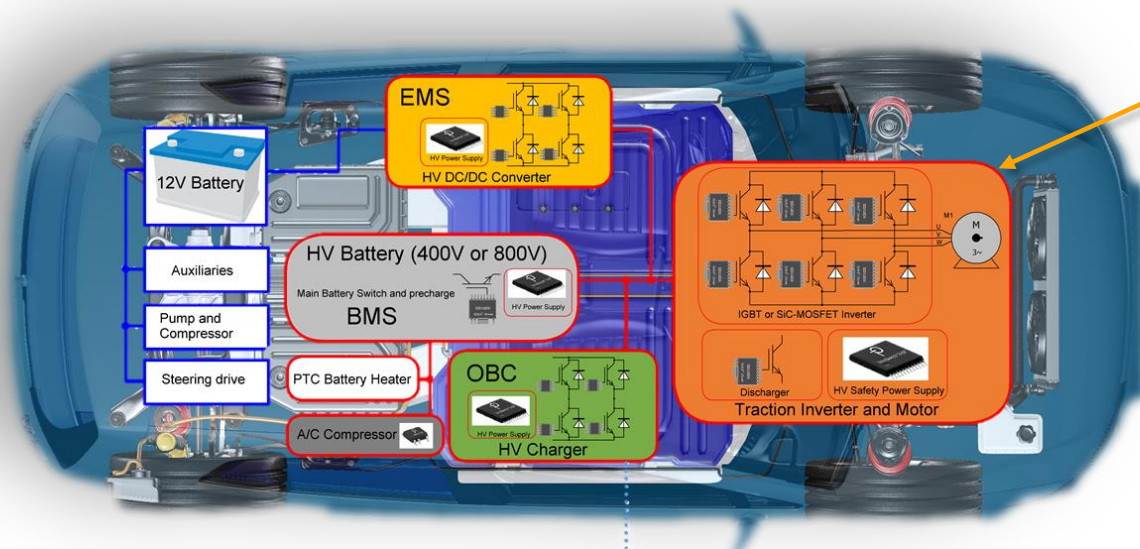
Tens of dollars of potential content per car
- Drive train, charging, DC-DC conversion

Several POWI products now auto-qualified

Traction Inverter

▷ **SiC MOSFET or IGBT gate drivers**

▷ **Emergency power supply**
  ▷ InnoSwitch3-AQ

Global Presence

- **Headquarters in San José, California**
- **Design centers: U.S., Canada, Switzerland, UK, Germany, Malaysia, Philippines**
- **19 field labs worldwide**

PI Locations
Wafer Foundry (Lapis, EPSON, X-FAB, Toshiba)
**Assembly Subcontractor**

Financials

Best Financially Managed Semiconductor Company Achieving up to $1 Billion in Annual Sales

Target Financial Model

- **Low-double-digit revenue growth**
  - ▷ Up 57% for first nine months of 2021
  - ▷ 9% CAGR since 2001

- **Non-GAAP gross margin 50-55%**
  - ▷ 51.1% for first nine months of 2021

- **Non-GAAP operating margin 25%+**
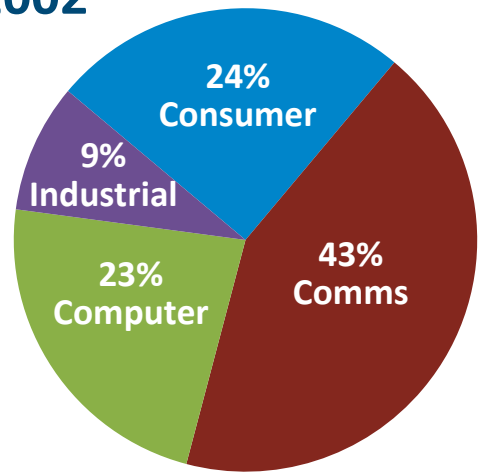 - ▷ 30.3% for first nine months of 2021

Track Record of Growth

9% CAGR (vs. 5% for analog semiconductors)
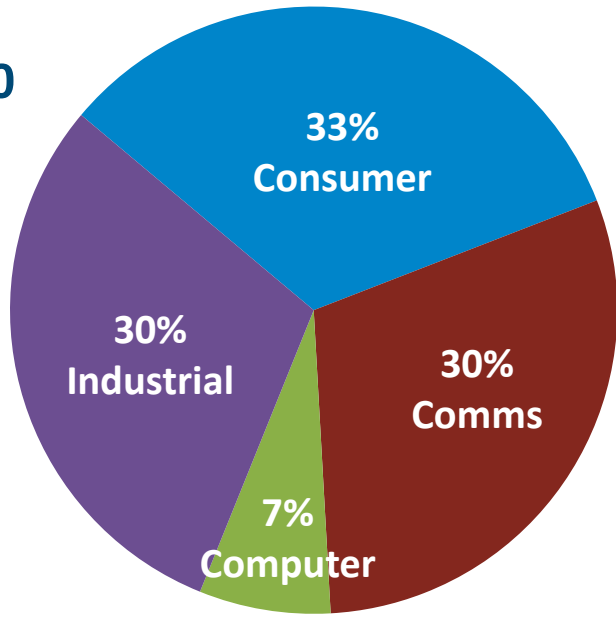
Revenues ($M)

2001   2020
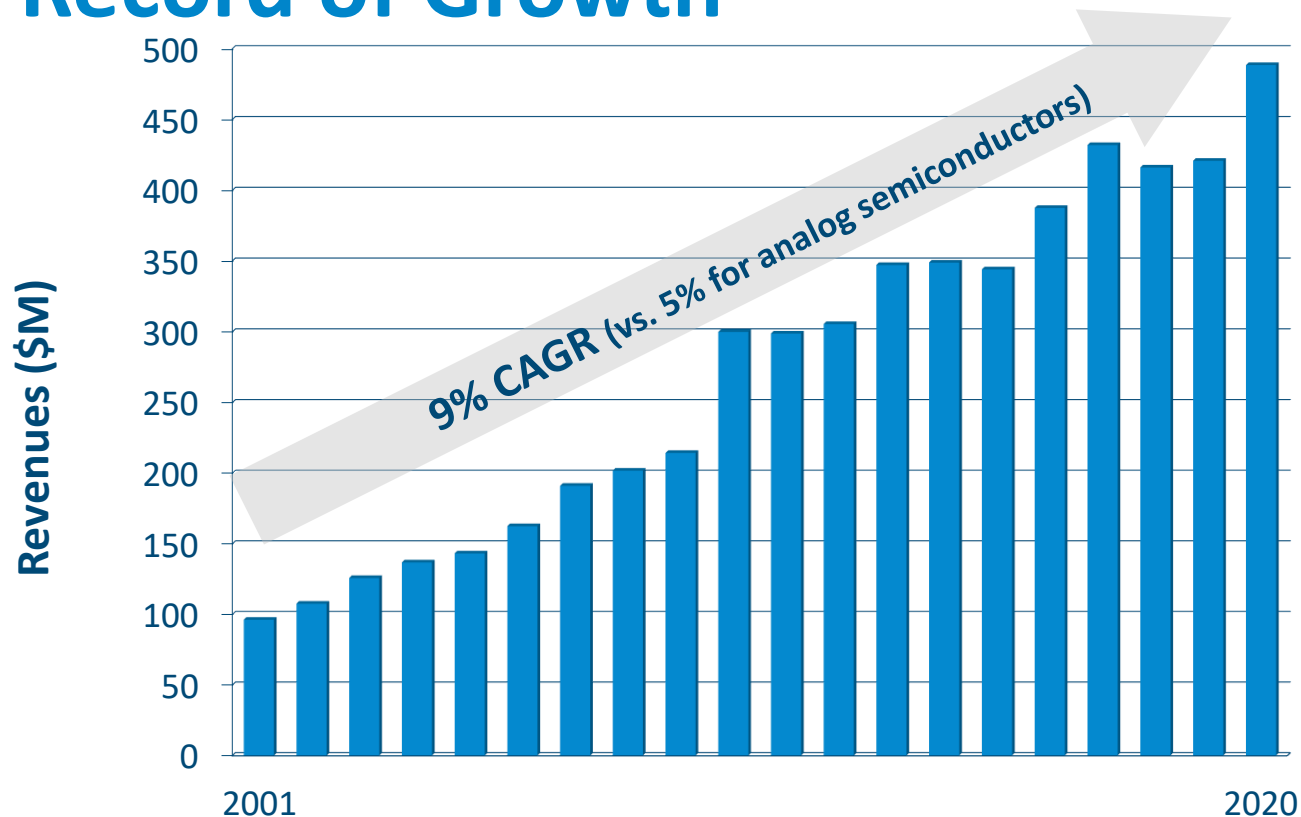
Note: Revenues prior to 2017 do not reflect ASC 606 recast; see company website for recast financial data for 2015-2016
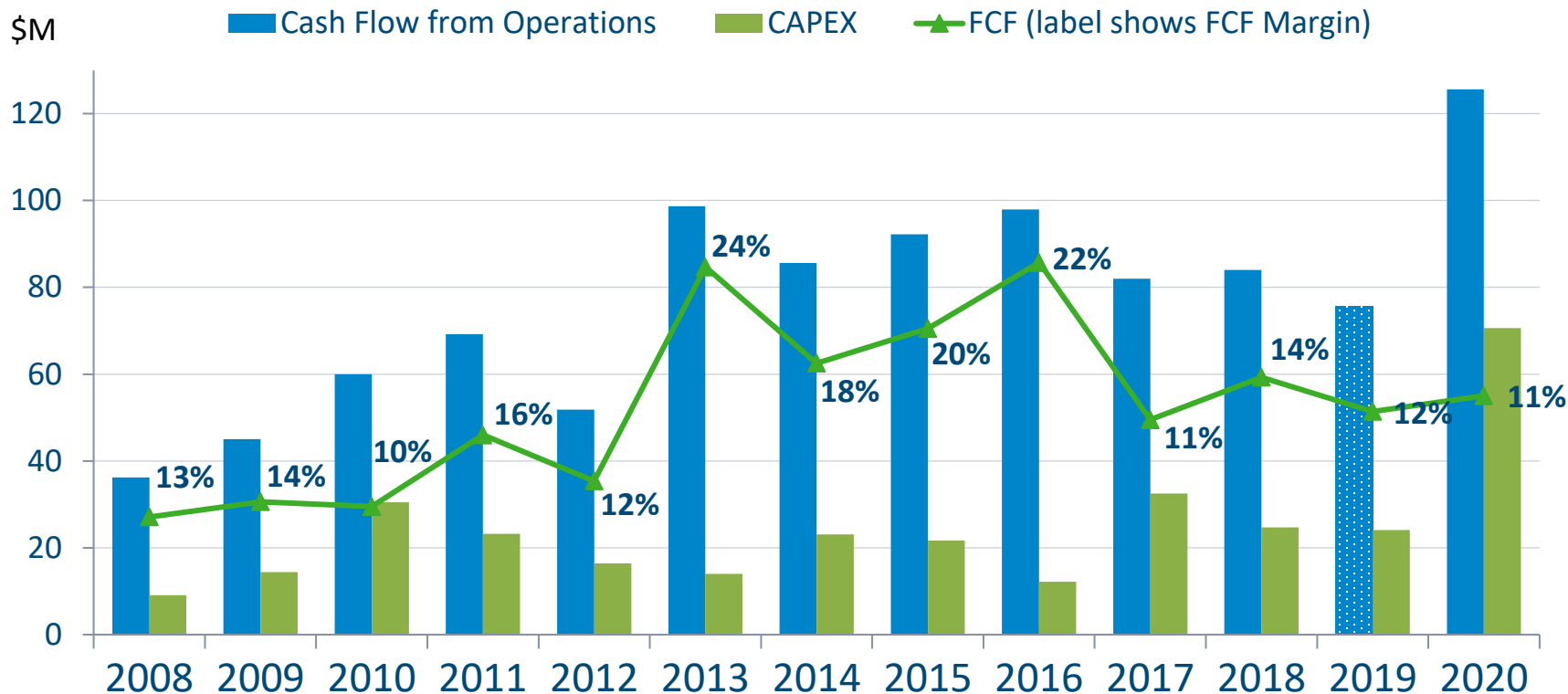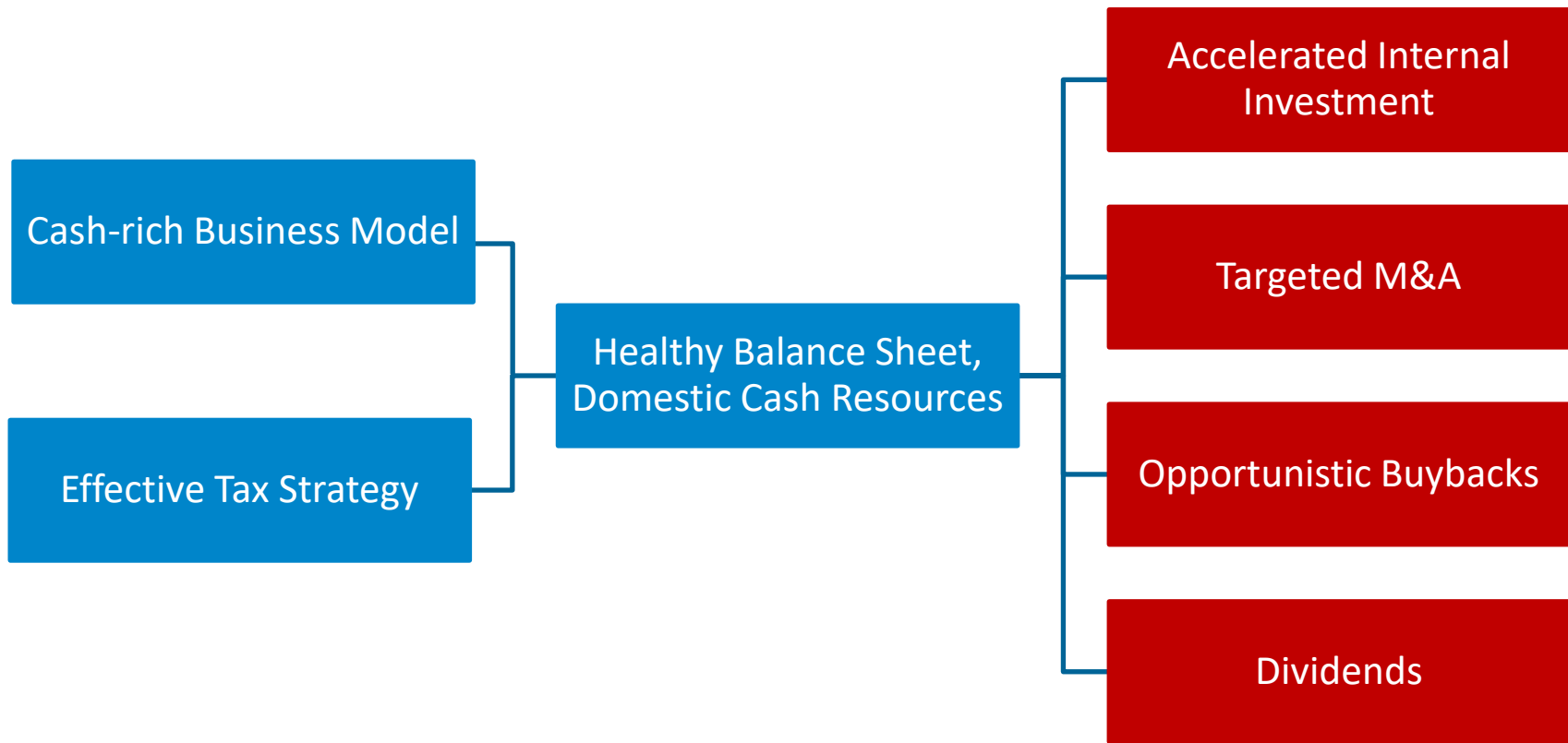
Well-Diversified Revenue Mix

2002

- 24% Consumer
- 9% Industrial
- 23% Computer
- 43% Comms

2020

- 33% Consumer
- 30% Industrial
- 7% Computer
- 30% Comms

Strong Cash Flow

$M

Legend: ■ Cash Flow from Operations ■ CAPEX ▲ FCF (label shows FCF Margin)

FCF Margin by year:
- 2008: 13%
- 2009: 14%
- 2010: 10%
- 2011: 16%
- 2012: 12%
- 2013: 24%
- 2014: 18%
- 2015: 20%
- 2016: 22%
- 2017: 11%
- 2018: 14%
- 2019: 12%
- 2020: 11%

FCF = Cash flow from operations less capital expenditures

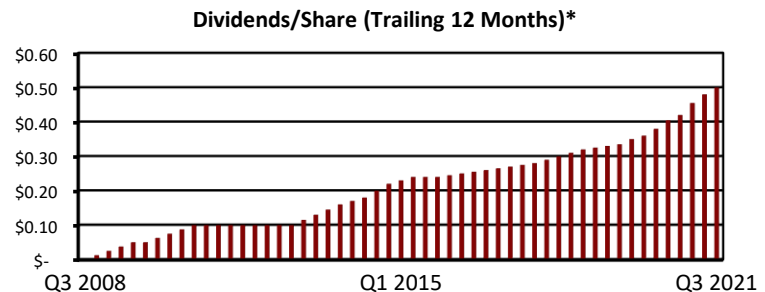*2019 GAAP Cash from Operations = $224.5M; above excludes impact of litigation settlement*
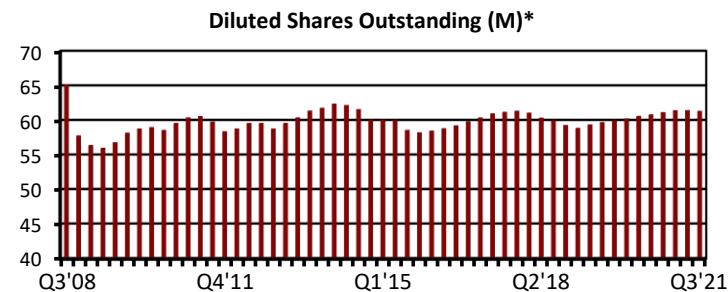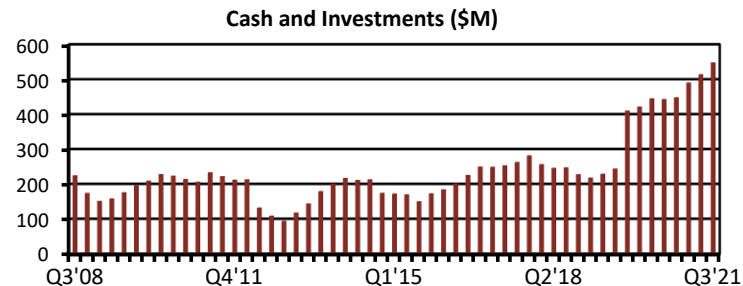
Four-Prong Approach to Capital Management

Cash-rich Business Model

Effective Tax Strategy

Healthy Balance Sheet, Domestic Cash Resources

Accelerated Internal Investment

Targeted M&A

Opportunistic Buybacks

Dividends

Strong Balance Sheet

At September 30, 2021

- **$549M cash and investments**
  - ▷ $175M litigation settlement received in Oct. 2019

- **No debt**

- **Quarterly dividend of $0.15/share**
  - ▷ Raised dividend by $0.02 in Q4 2021

- **Share count down 6% since 2008**
  - ▷ 120K shares repurchased in Q3 2021 for $9.8M

Cash and Investments ($M)

Diluted Shares Outstanding (M)*

Dividends/Share (Trailing 12 Months)*

*Adjusted for August 2020 2:1 stock split

Sustainability:
Saving energy and reducing e-waste

Visit our sustainability site for additional ESG-related information:
https://www.power.com/company/sustainability-and-citizenship

# Recognized Leader in Energy Efficiency

- **Member of clean-tech stock indices**
  - ▷ The Cleantech Index (CTIUS)
  - ▷ Nasdaq Clean Edge Green Energy (CELS)
  - ▷ Ardour Global Index (AGIGL)
  - ▷ ECPI Global Clean Energy Index (GALPHCLN)

- **Twice named a top 20 sustainable stock by SustainableBusiness.com**

- **ENERGY STAR® award recipient**

- **Star of Energy Efficiency award recipient**

EcoSmart™ Technology Saves Energy

- **>16 billion EcoSmart chips sold since 1998**

- **>140B kWh of standby energy saved since 1999**
  - ▷ >$14B saved by end users

- **Saving equivalent of 1.6M homes' entire electricity usage each year***
  - ▷ Saving >6M tons of CO_2 emissions annually**

Estimated Energy Savings from EcoSmart Devices
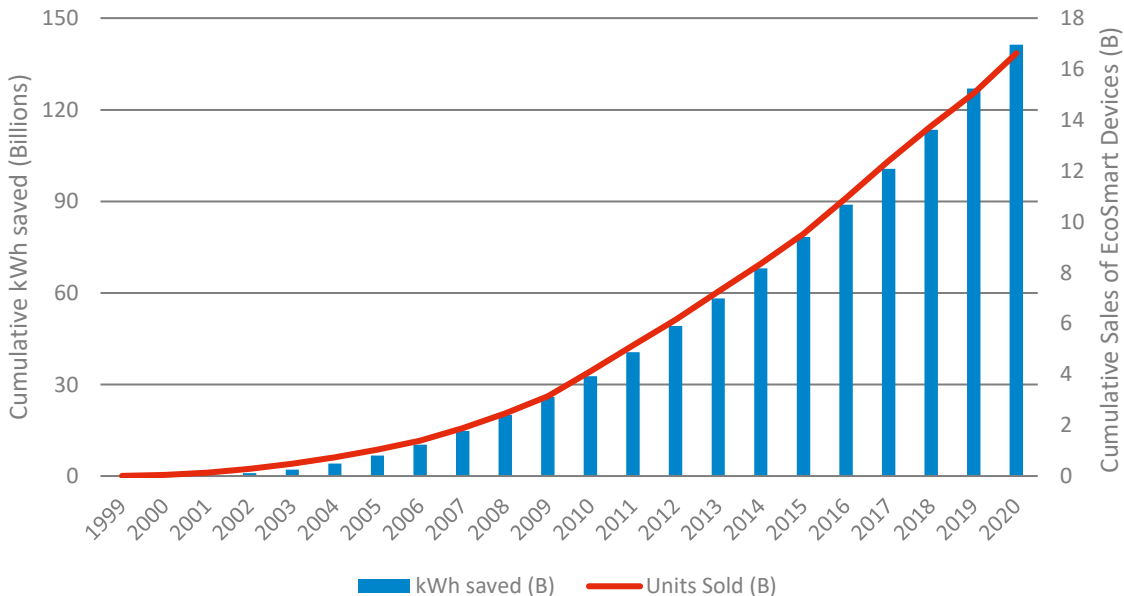
* Source: U.S. EPA Greenhouse Gas Equivalencies Calculator
**Based on 2019 U.S. average of 0.92 lbs./kWh, per U.S. Energy Information Administration

Energy Vampire vs. LinkZero™

Energy-Efficiency Specs Drive Innovation

- **External power supply requirements in Europe tightened in 2020**

- **ENERGY STAR® "Most Efficient" label rewards top performers**

- **SEAD awards for connected efficiency**

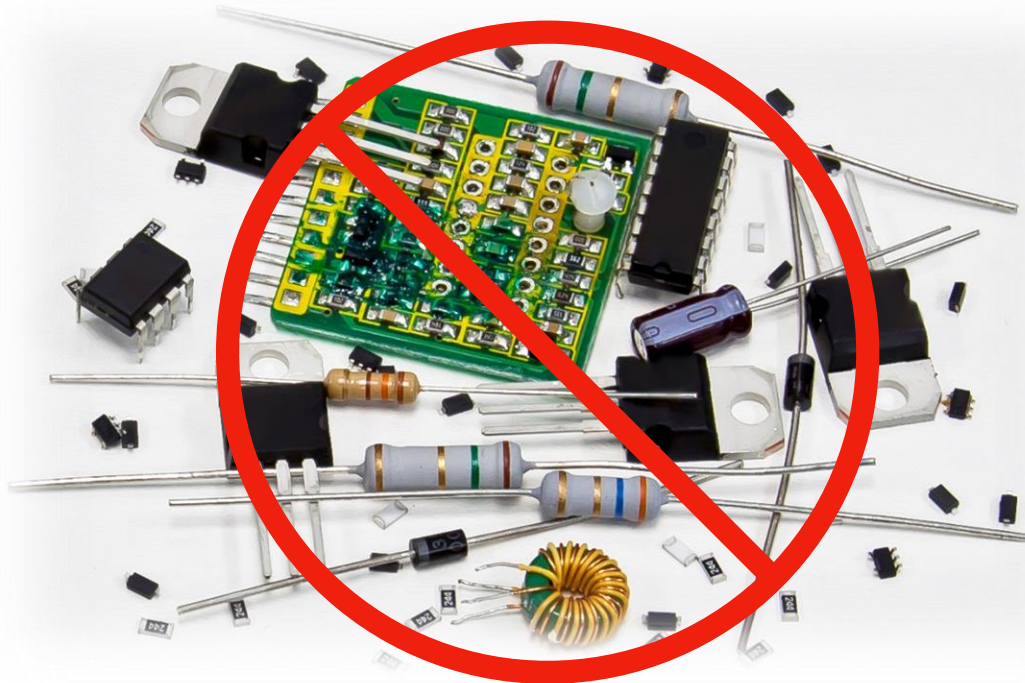- **Light bulbs in U.S. now required to be 60-70% more efficient than standard incandescent bulbs**

POWI Products Reduce E-waste

Two Hiper™ ICs replace up to 100 components
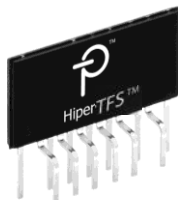
HiperPFS, HiperLCS / HiperTFS

power integrations™

power.com