Power Integrations, Inc.

NASDAQ: POWI

December 2023

Forward-Looking Statements/Non-GAAP Metrics

These slides may 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

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

LED
DRIVERS

High-efficiency driver ICs energizing the LED lighting revolution

GATE
DRIVERS

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

MOTOR
DRIVERS

Highly-efficient, reliable and integrated motor drivers

AUTOMOTIVE
SOLUTIONS

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

What Are Power Converters?

AC-DC

(Power supplies)

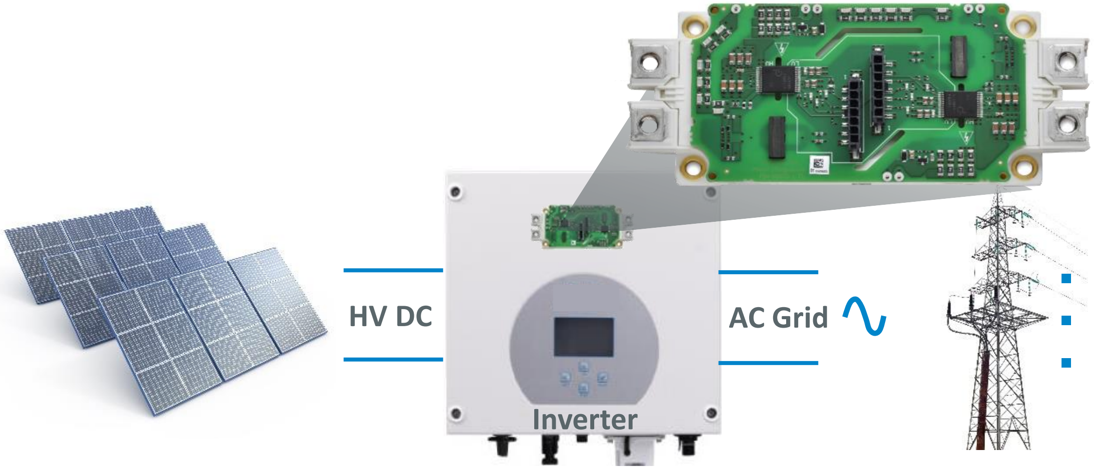
High-voltage
AC Input

Low-voltage
DC Output

- Converts high-voltage AC to low-voltage DC
- Provides safety isolation
- Efficiency critical

DC-AC

(Inverters)



- Converts DC to AC
- Requires safety-isolated gate drivers
- Efficiency critical

Key Takeaways

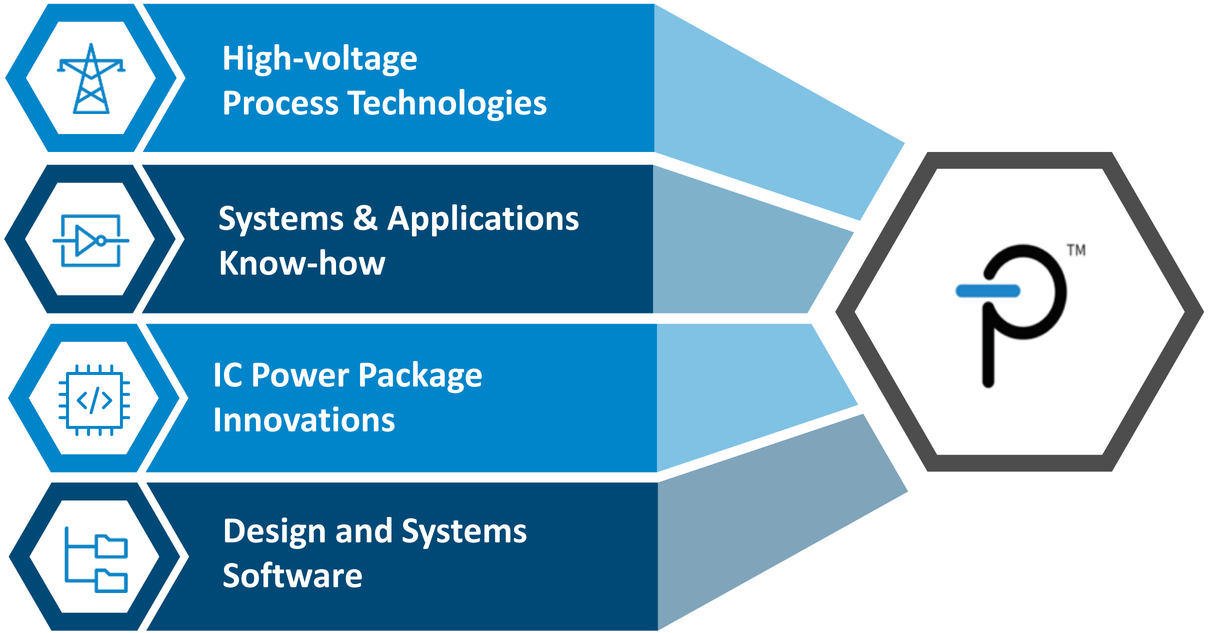
High voltage (HV) is a Unique Specialty, and PI is the Only HV Pure Play

Our Addressable Market is Expanding and Diversifying

GaN is the Future of HV Power Conversion, and PI is the Leader in GaN

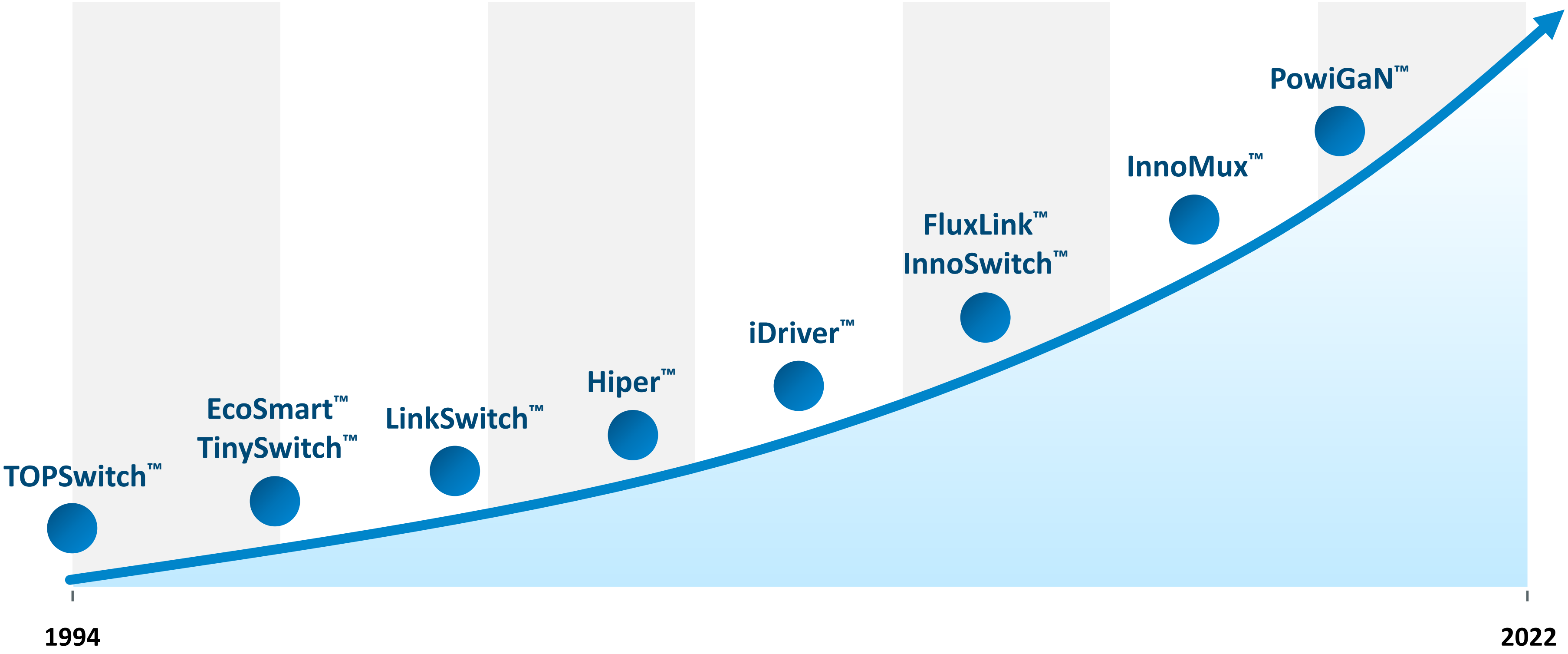
High-voltage Semiconductors are Crucial to a Lower-carbon Future

System-level Solutions for High Voltage Power Conversion



Proprietary Technologies with Extensive IP Protection

Track Record of Innovation



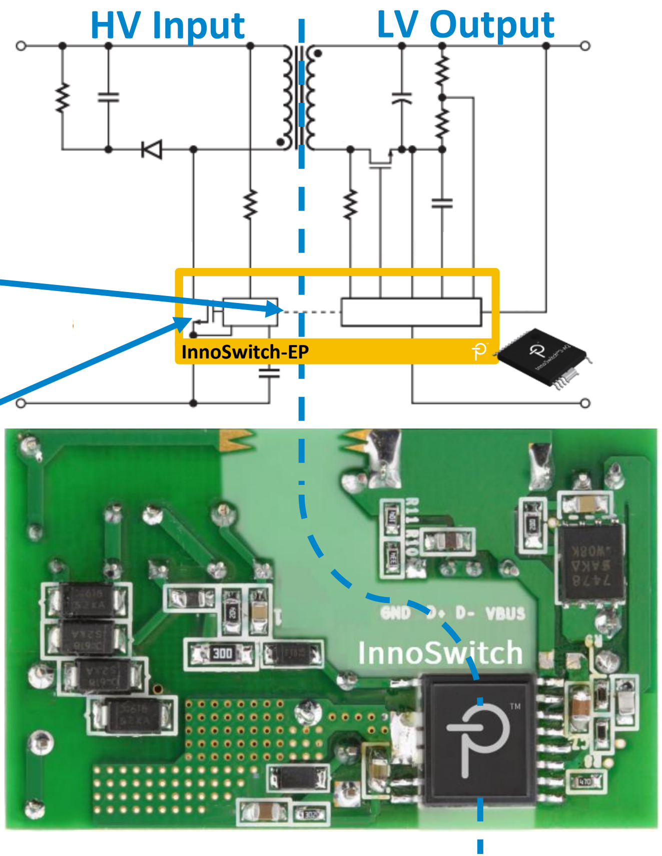
InnoSwitch: A Revolution in HV Power Conversion

Safety-isolated FluxLink Allows Integration of HV and LV sides

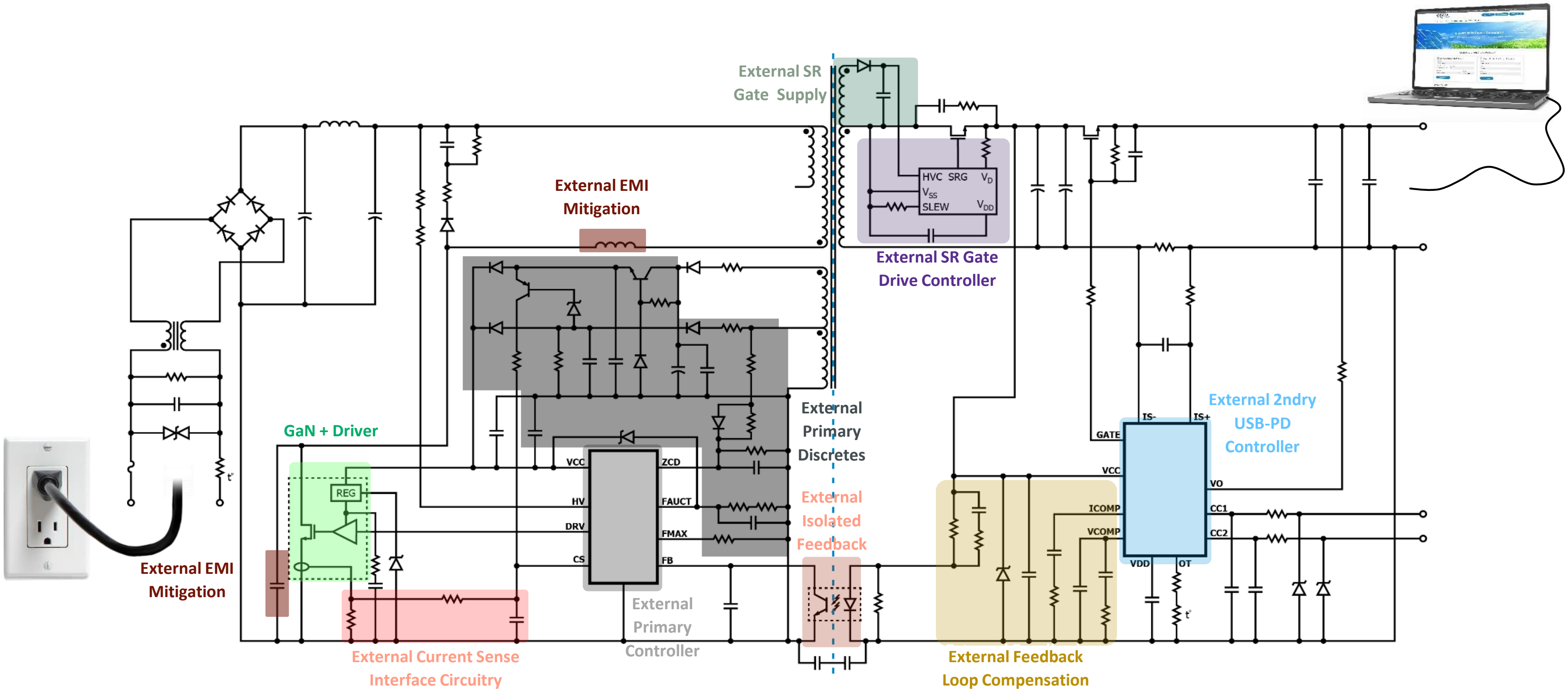
- Drastically reducing component count/sourcing and complexity

Choice of Power Switch: Si, GaN, SiC

Proprietary Control Dramatically Increases Energy Efficiency

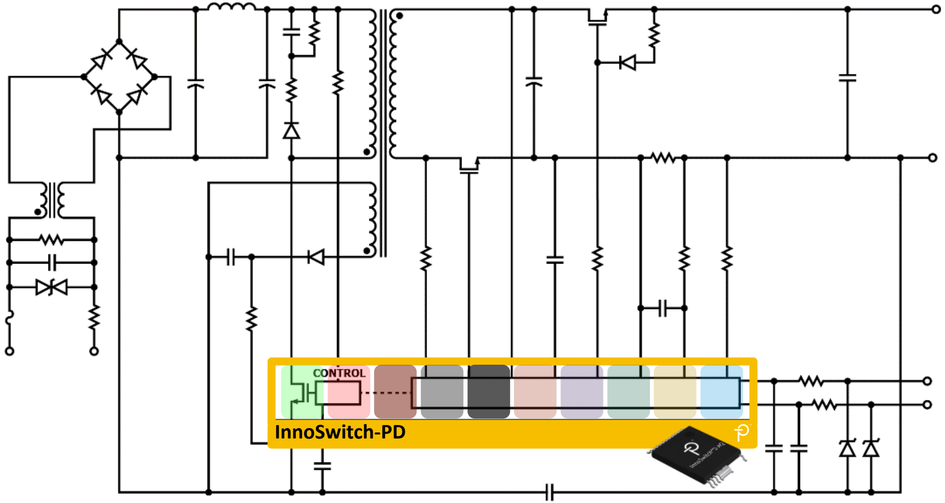


Power Supply Using a PI Competitor

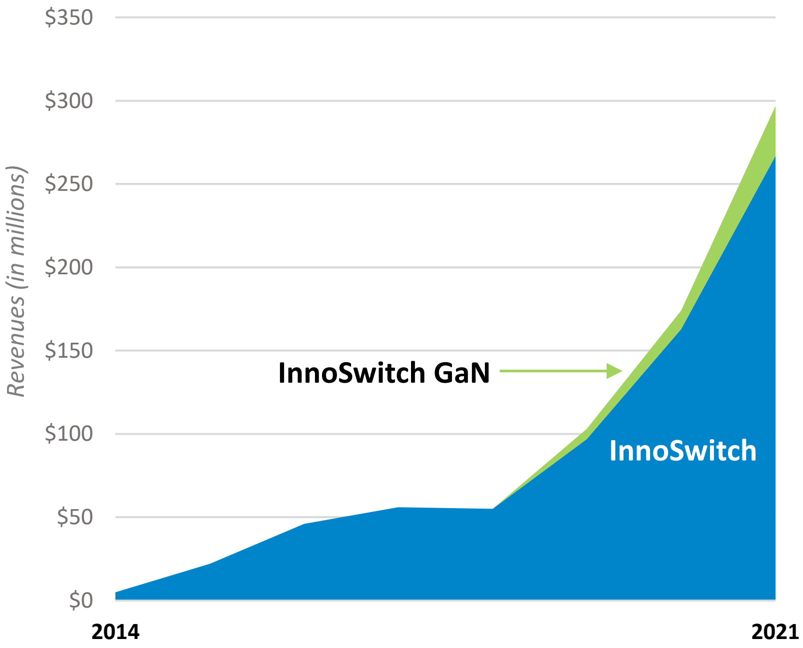


The Power of Integration - InnoSwitch

	Competition	InnoSwitch
GaN, Driver + Sense	Integrated	Integrated
GaN Sense Interface	External	Integrated
EMI Mitigation	External	Integrated
Primary Controller	External	Integrated
Primary Discretes	External	Integrated
Isolated Feedback	External	Integrated
SR Gate Driver	External	Integrated
SR Gate Supply	External	Integrated
Feedback Loop Comp	External	Integrated
USB-PD Controller	External	Integrated
Component Count	101 →	45



InnoSwitch: A Runaway Success



Revolutionary Architecture – Nothing Comparable in the Industry

- Synergy of process, control, package
- Choice of Si, GaN, SiC switch

Fastest Revenue Ramp in Company's History

Multi-billion-dollar SAM

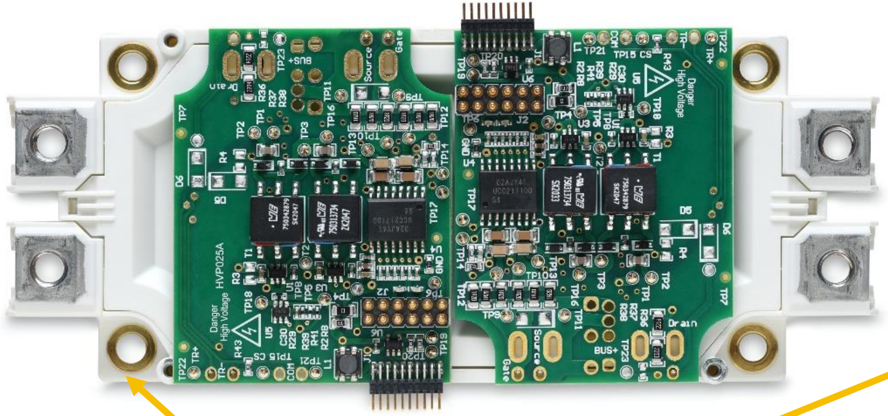
Years of Growth Still Ahead

Bringing Efficiency & Integration Benefits to Gate Drivers

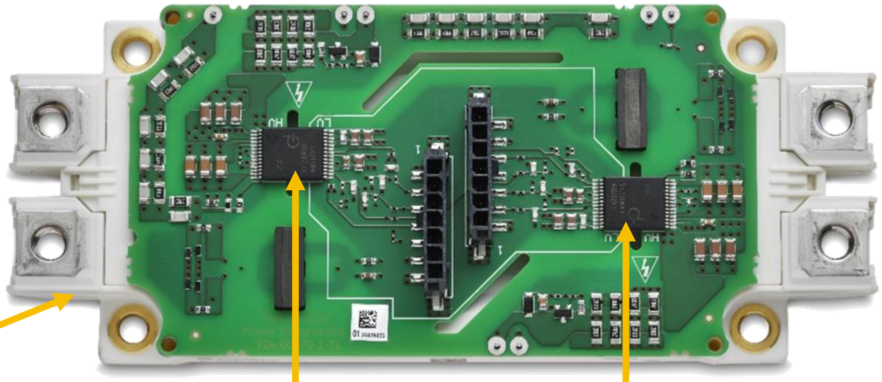
Leveraging Our HV Expertise and IP Portfolio in Gate Drivers

- Improves efficiency and reduces component count by 50%

Competitor



SCALE-EV



IGBT or SiC power module

Same package as InnoSwitch including FluxLink for high-speed isolated communication

Products Serve Broad Range of End Applications

Power Integrations Model

1,000s

of Applications

Focused R&D
Handful of Products

Addressing Power Converters

Moderate R&D intensity, high differentiation, premium margins

Typical Analog Model

1,000s

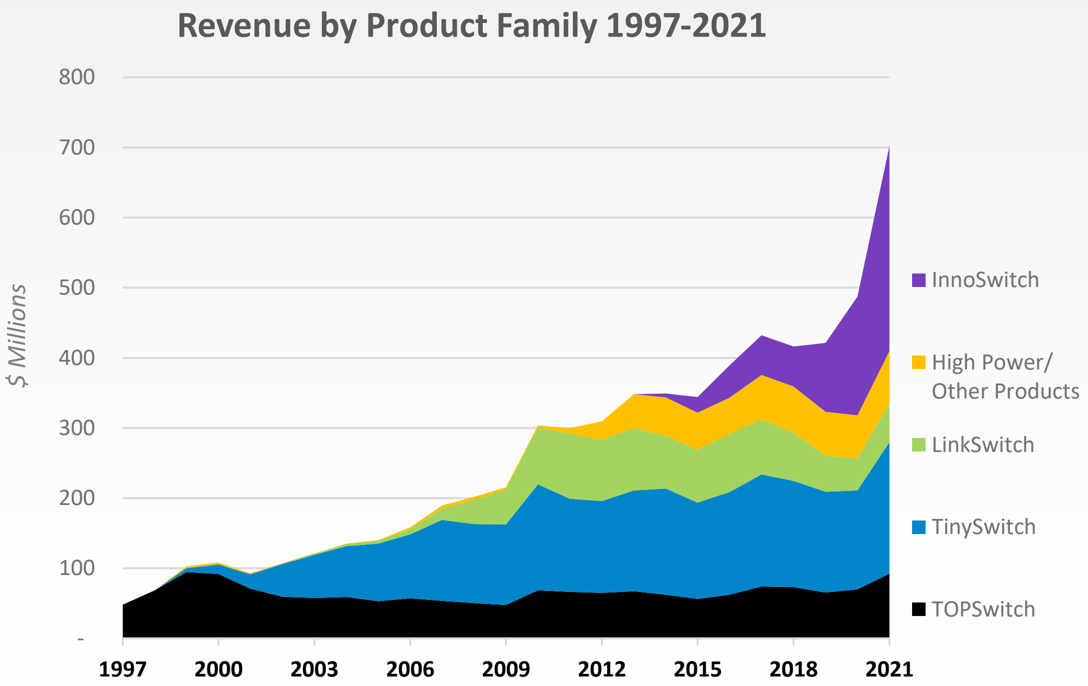
of Applications

100s of ASSPs

Annuity Revenue Streams from Long-lived Products

48% of 2021 Sales

from product families introduced 2001 and prior



Unique Manufacturing Model: "Fabless IDM"

Best-in-class Assurance of Supply, Quality, and Cost

PI Develops, Owns, and Controls the Process Technologies, Device and IC Designs

- Own specific equipment as needed
- Replicate each process technology to multiple (2-5) partner fabs

Geographically Dispersed, Both Inter- and Intra-continental

Long-term Strategic Supply Alliances with IDMs

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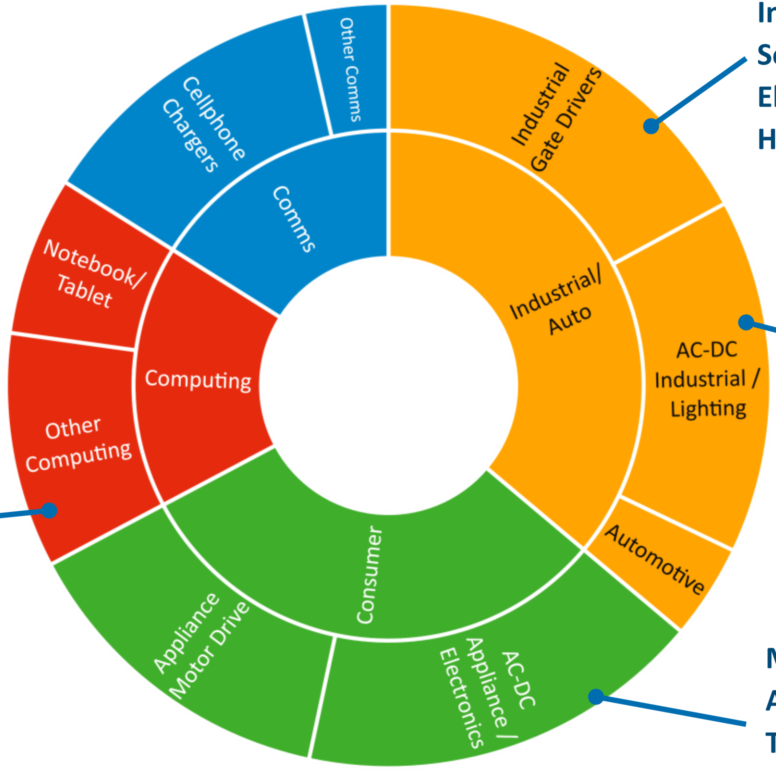
High-voltage Semiconductors are Crucial to a Lower-carbon Future

Addressable Market of $4B



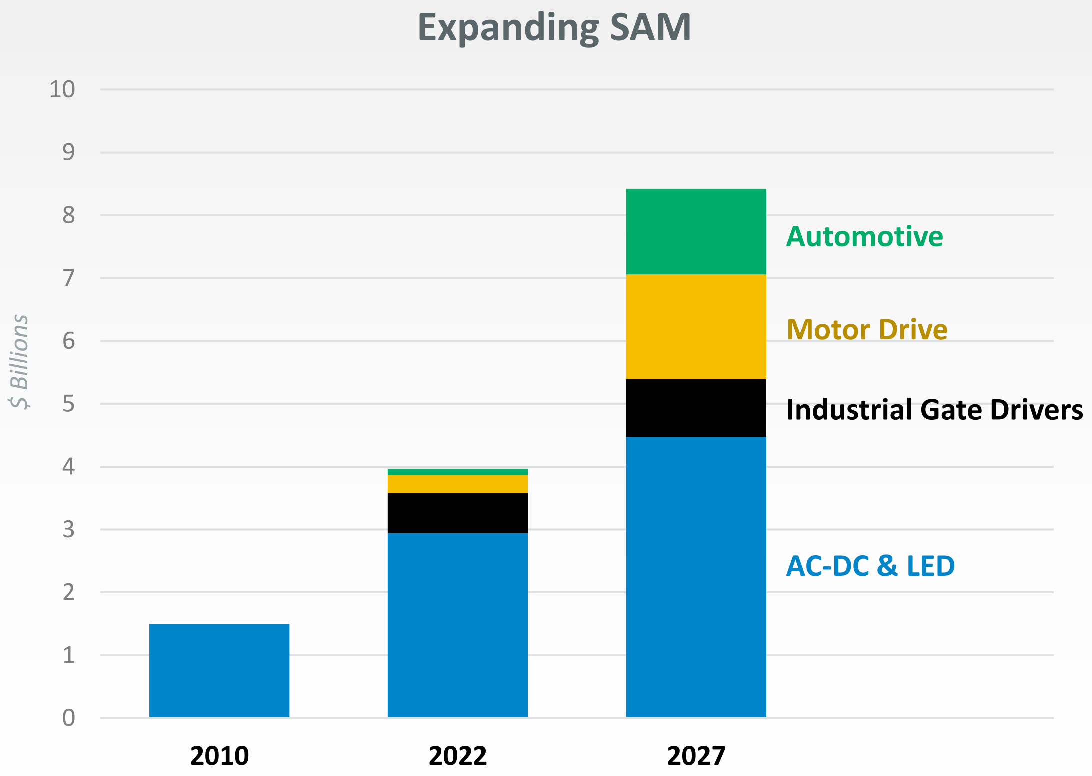
Industrial motor drives
Solar & wind inverters
Electric locomotives
High-voltage DC transmission

Industrial controls
Home & building automation / IoT
Utility meters
Battery-powered tools
Scooters / e-bikes
LED lighting

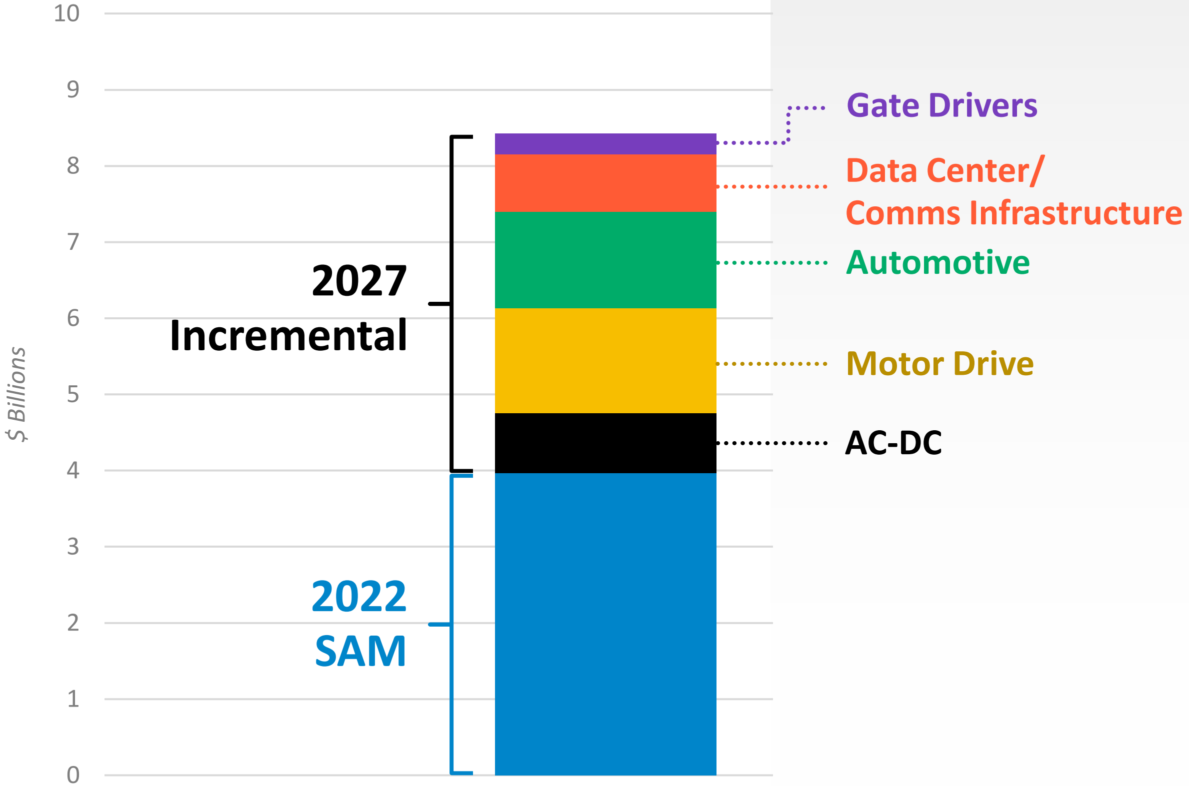
Major & small appliances
Air conditioners
TVs / Set-top boxes
Game consoles

Desktop PCs
Monitors
Printers
Server standby power

Our SAM Will Double by 2027 and Continue to Diversify



SAM to Double by 2027



Big-Picture, Secular Trends

Driving Need for Advanced High-voltage Semiconductors

Smarter, More Efficient Appliances

- Connectivity, LED Lighting
- Transition to BLDC Motors

Advanced Chargers

- Higher power, higher efficiency
- Multiple ports
- Integrating USB PD interface

Electric Vehicles

- Brings high voltage to auto market
- Power supplies, charging, main inverter, etc.

Home and Building Automation / IoT

- USB wall ports, building access, smoke alarms, etc.
- Needs low standby power

Electrification/Electronification

- E-bikes, lawn equipment, tools
- LED lighting
- Electronic meters

De-carbonization

- Energy efficiency
- Renewable energy
- HVDC

Investing and Innovating to Expand SAM

Hiper Product Line

- Extended AC-DC power range from 50 to 500 watts

InnoSwitch Increases Dollar Content

- Integrates isolation and secondary-side functionality

Entered Gate Driver Market with Concept Acquisition

- Renewables
- Traction
- DC transmission

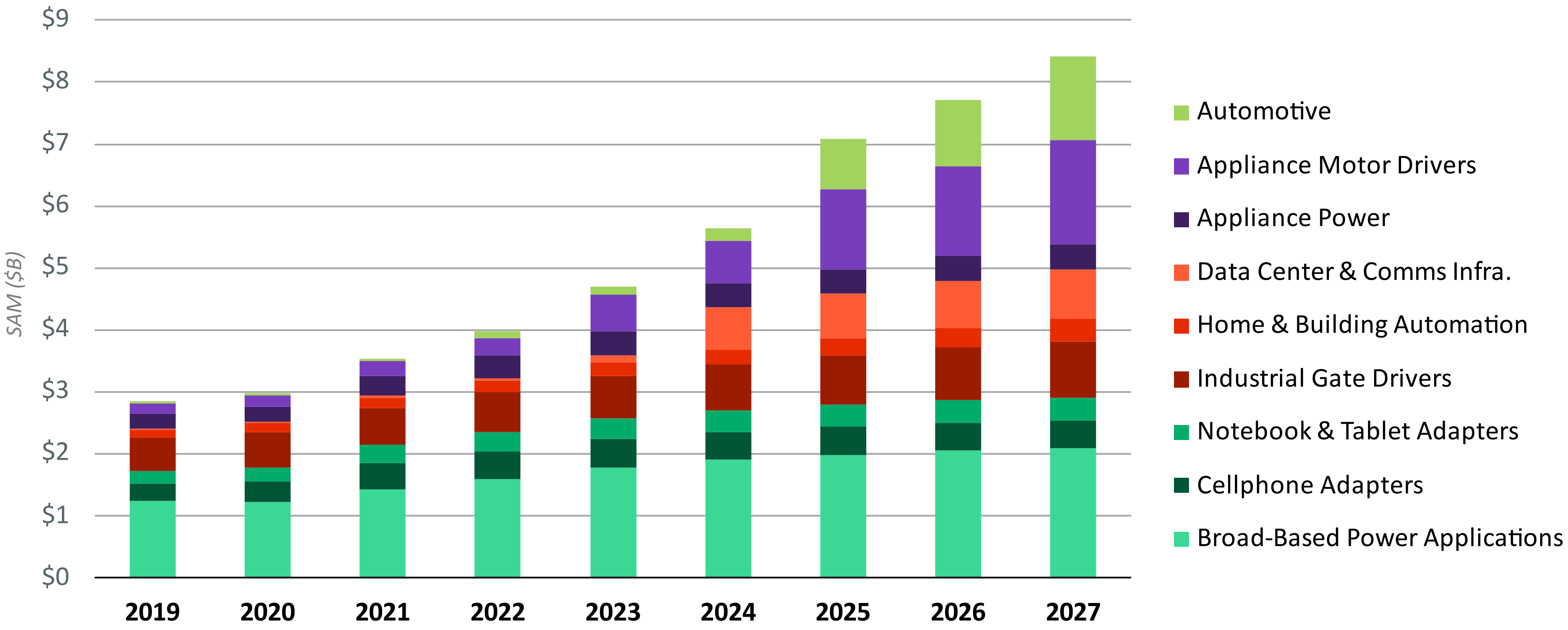
GaN Expands Dollar Content, Unlocks New End Markets

- Higher ASPs
- Extends reach to higher power levels

BridgeSwitch for BLDC Motors

- Expands content in appliances

New Innovations Serving Expanding Markets



BridgeSwitch™ Motor-Driver ICs for BLDC Motors

Pumps, Fans, Compressors

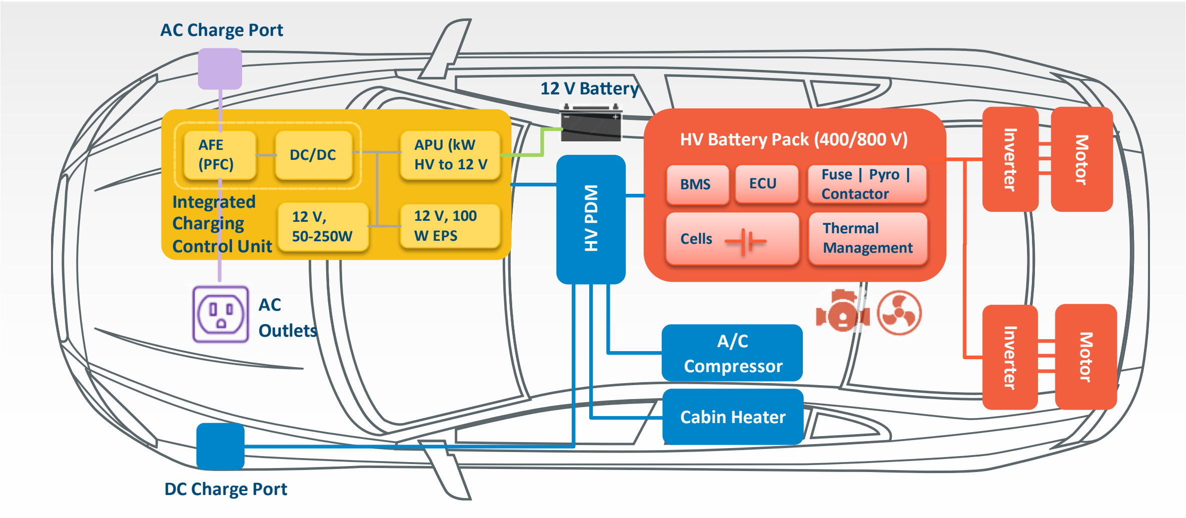
- Residential & commercial appliances
- Industrial applications

Washer/Dryer Drum Motors

Window Shades/Shutters & Garage Openers

Wide Range of High-Voltage Single or Multi-Phase PM or ACIM Motors

Robust High-Voltage Semiconductor Content in EVs



Up to 20 power supplies per car addressable with current products

- Auxiliary Power Supplies
- Inverter Emergency Power Supplies
- µDC-DC Converters

GaN products in pipeline to address onboard charging, high-power DC-DC converters

Integration crucial to reliability
in automotive applications

InnoSwitch with GaN or SiC
to suit battery voltage

Tens of dollars of content
available with current products

Products in pipeline
to expand content to >$100

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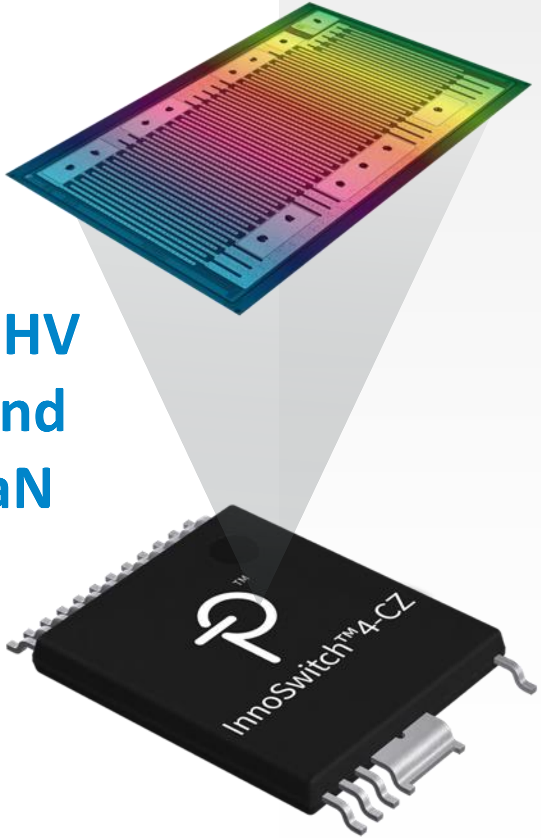


Proprietary GaN technology
We control the roadmap

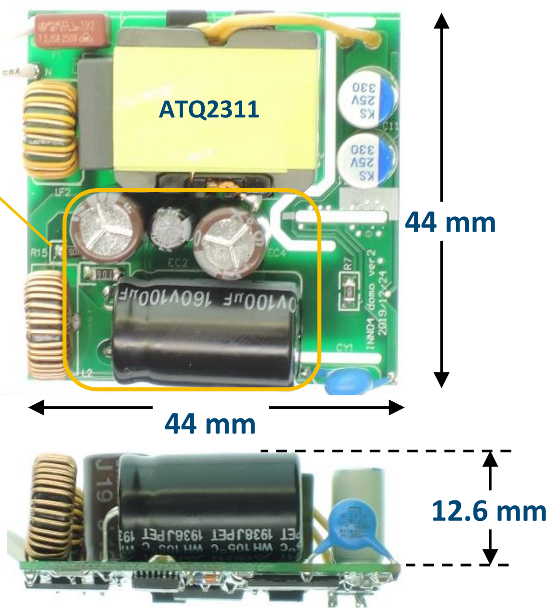
Purpose-built for our products
We can tailor the GaN for each product

Highly cost-effective
Approaching parity with silicon

Higher-voltage capability
900 V and 1250 V products introduced in 2023

Compact 60W Charger with InnoSwitch4-CZ & ClampZero

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



Volume = 24.4 cm^3
Power Density = 2.5 W/cm^3
No heatsinks

PowiGaN Winning 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

GaN Creates Opportunities in Data Center, Comms Equipment

12M servers per year

Approx. **2.5 power supplies** per server

Standby power

- Existing business, high share

Main power

- SAM for high-value GaN-based ICs

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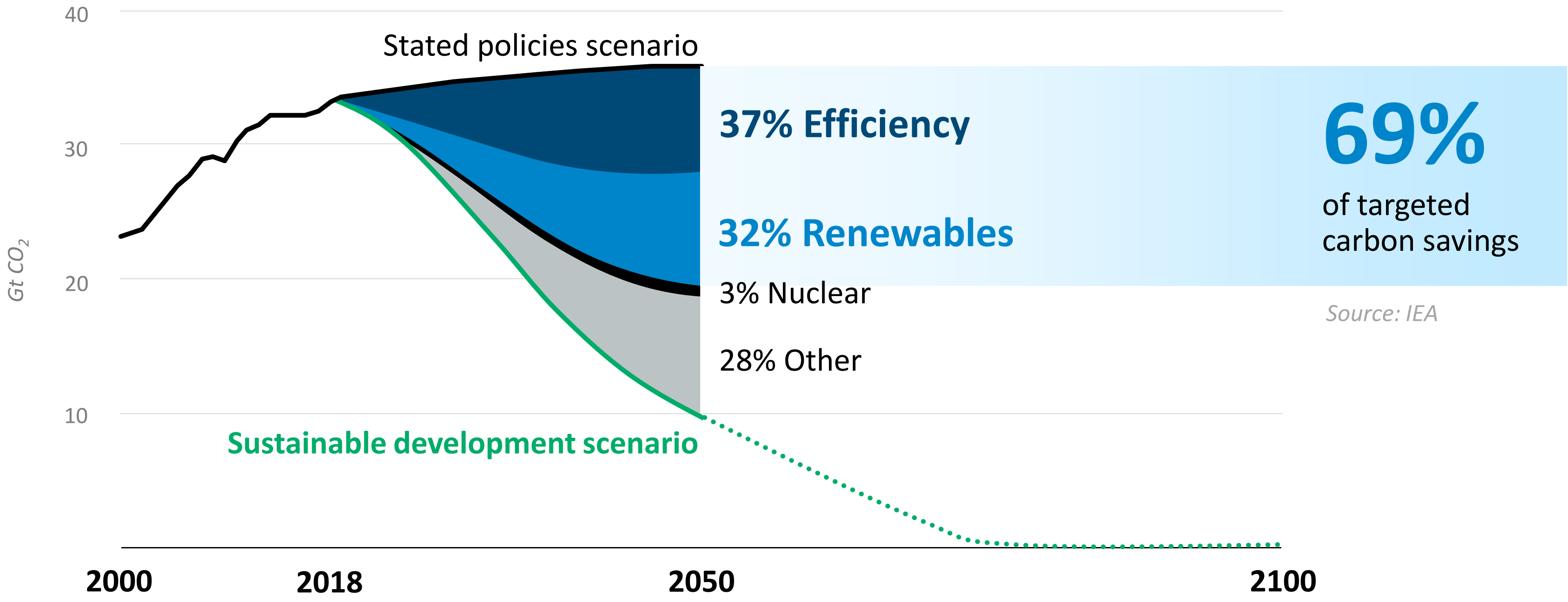
High-voltage Semiconductors are Crucial to a Lower-carbon Future

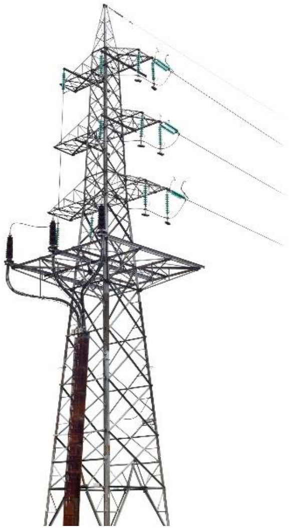
High-Voltage Semiconductors are Critical to a Lower-Carbon Future

Efficiency and renewables hold the key to achieving carbon-reduction targets



High-Voltage Semiconductors are Critical to a Lower-Carbon Future

Renewable Energy Generation



Efficient Energy Transmission

Efficient Energy Consumption

Recognized Leader in Energy Efficiency

Pioneer in Eliminating Standby Waste

Hundreds of Efficiency-related Patents

First to Market with GaN Power ICs

Inclusion in Numerous Sustainability Indices

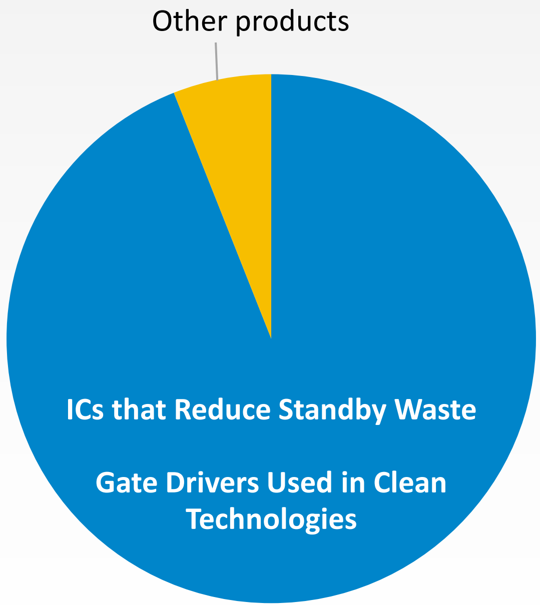
Ardour Global Alternative Energy Indexes

CELS Nasdaq Index | Nasdaq Clean Edge Green Energy

Awards and Certifications

ENERGY STAR | ALLIANCE TO SAVE ENERGY | SONY GREEN PARTNER CERTIFIED | DISCOVER MAGAZINE

2022 Revenues
94% EU Taxonomy-Eligible*



**Estimate based on information currently known to Power Integrations about taxonomy eligibility.*

EcoSmart Technology Slashes Standby Waste

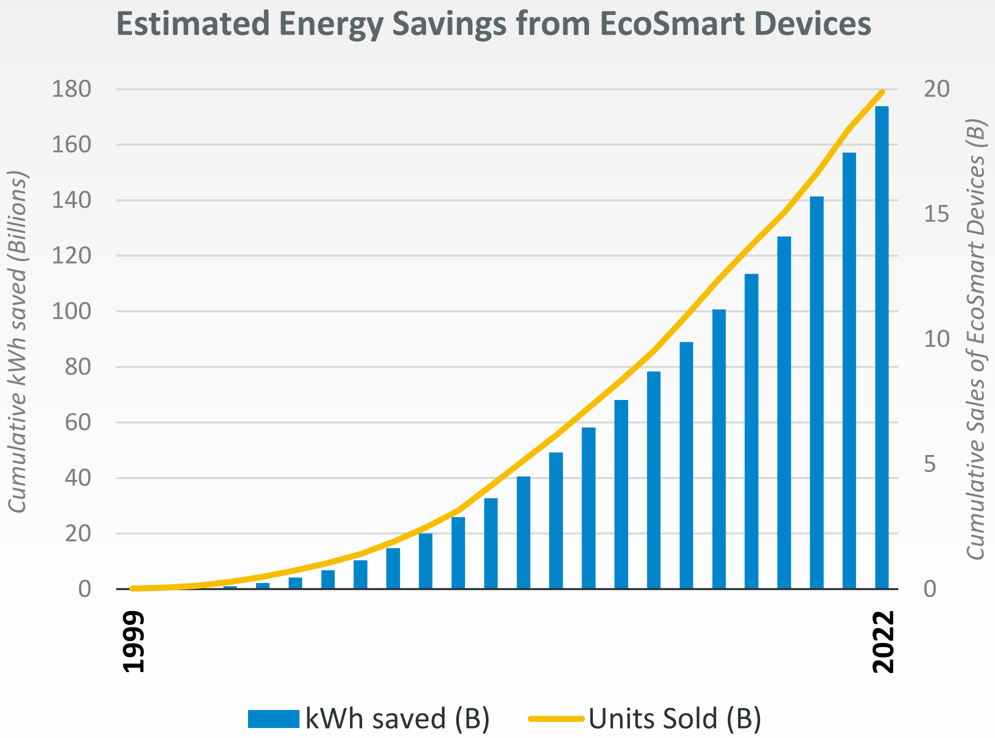
>20 Billion

EcoSmart Chips Sold since 1998

Estimated 16 TWh

of Standby Energy Saved in 2022

- Equivalent to annual electricity usage of 2.3M homes*
- Saved ~7M tons of CO_2 emissions**



* Source: U.S. EPA Greenhouse Gas Equivalencies Calculator

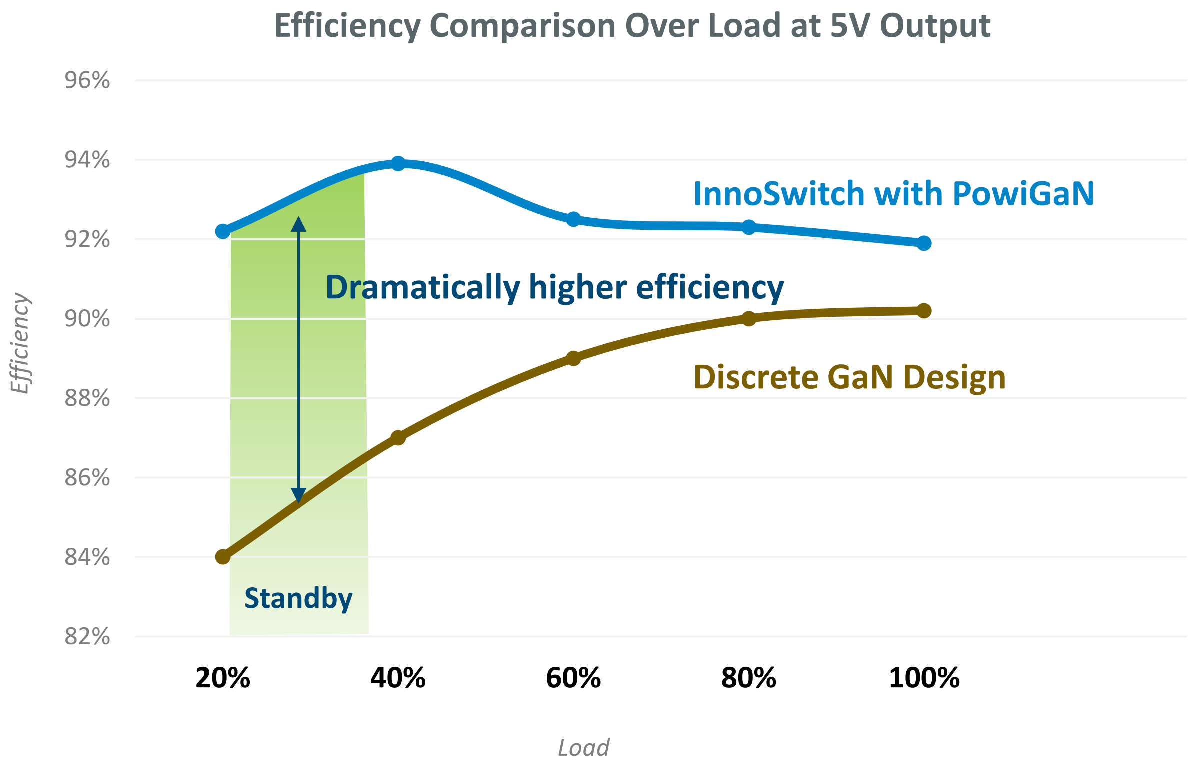
**Based on 2021 U.S. average of 0.855 lbs./kWh, per U.S. Energy Information Administration

Energy Vampire vs. LinkZero™

System Solution with PowiGaN Delivers Superior Efficiency

PowiGaN with

proprietary control delivers highest efficiency in standby & full load



Enabler of Clean-Energy Technologies

LED
DRIVERS

Commercial/Industrial & Smart LED Lighting

GATE
DRIVERS

Renewable Energy, Electric Locomotives, High-voltage DC Transmission

MOTOR
DRIVERS

Brushless DC Motors for Appliances & Industrial

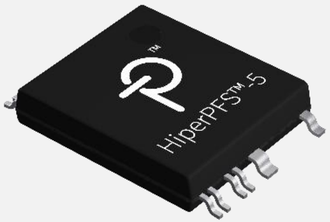
AUTOMOTIVE
SOLUTIONS

Reliable, Efficient Power Supplies & Gate Drivers for EVs

Reducing Materials, Energy Use Through Integration

Up to 100 Components…

Are Replaced with Two Hiper ICs



HiperPFS-5

HiperLCS-2

Technology Leadership Makes PI a Policy Influencer

Regular Consultation with Energy Policy Makers and Leading Researchers

Active Participation on Technical Committees for International Standards

- IEC TC47/SC47E for semiconductor devices
- JEDEC JC-70 wide bandgap semiconductors committee
- USB Implementers Forum

Power Sources Manufacturers Association (PSMA)

- Chairing energy management committee last 3+ years

Manufacturing Partners

Fab	Certifications	Carbon Reduction Plans
Partner 1	ISO 14001:2015 EMS Sony Green	• Reduce GHG emissions 70% by FY2030 vs. 2019 level • Parent has goal of carbon neutrality throughout corporate value chain by 2050
Partner 2	ISO 14001:2015 EMS ISO 45001:2018 Occupational Health & Safety Sony Green	• Targeting CO2 30% reduction by 2030 in two facilities • Third facility targeting “zero environmental footprint" by 2050; 2025 goals include increasing use of renewable energy to >15% and 5% reduction in energy per unit
Partner 3	ISO 14001:2015 EMS Sony Green	• By 2030, reduce GHG emissions in line with 1.5°C • Carbon negative & underground resource free by 2050
Partner 4	ISO 14001:2015 EMS Sony Green	• Reported ~25t CO2 reduction in 2020

All assembly & test partners certified Sony Green, ISO14001 (EMS) and ISO 45001:2018 (Occupational Health & Safety).

Lowering Our Internal Carbon Footprint

Extensive Use of Solar Energy in Our Operations

600 kW System at San José HQ

Major Expansion in 2023-2024

25 kW at New Switzerland Facility

43 kW at New Germany Facility

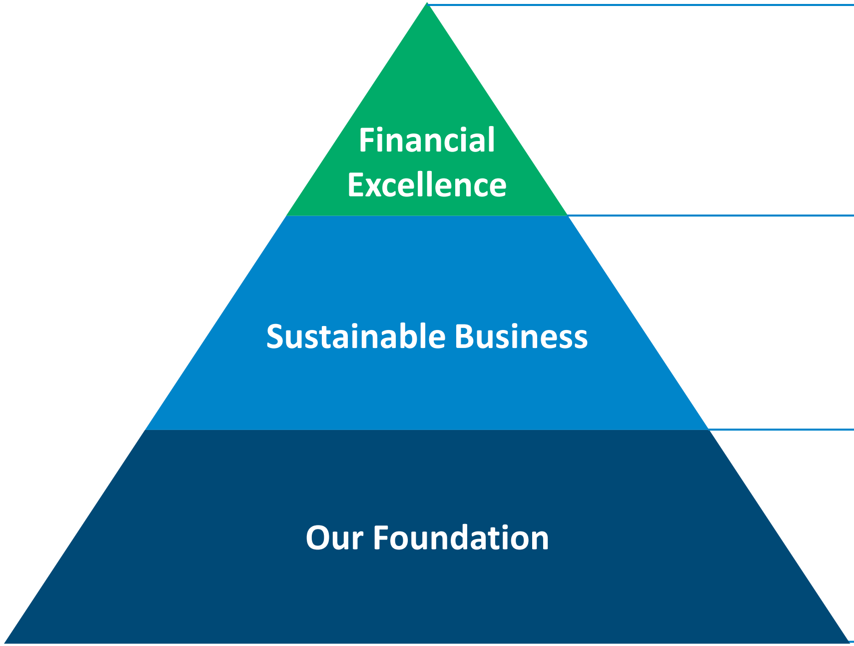
Our Contribution to a Lower-Carbon Future

- Pioneer in Cutting Standby Power Waste
- Driving Higher Efficiency with GaN
- Enabling Clean Technologies
- Saving Energy & Materials Through Integration
- Recognized Efficiency Expert & Policy Influencer
- Lowering Carbon Footprint of Our Operations

Financials

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

Consistent, Disciplined Approach to Management

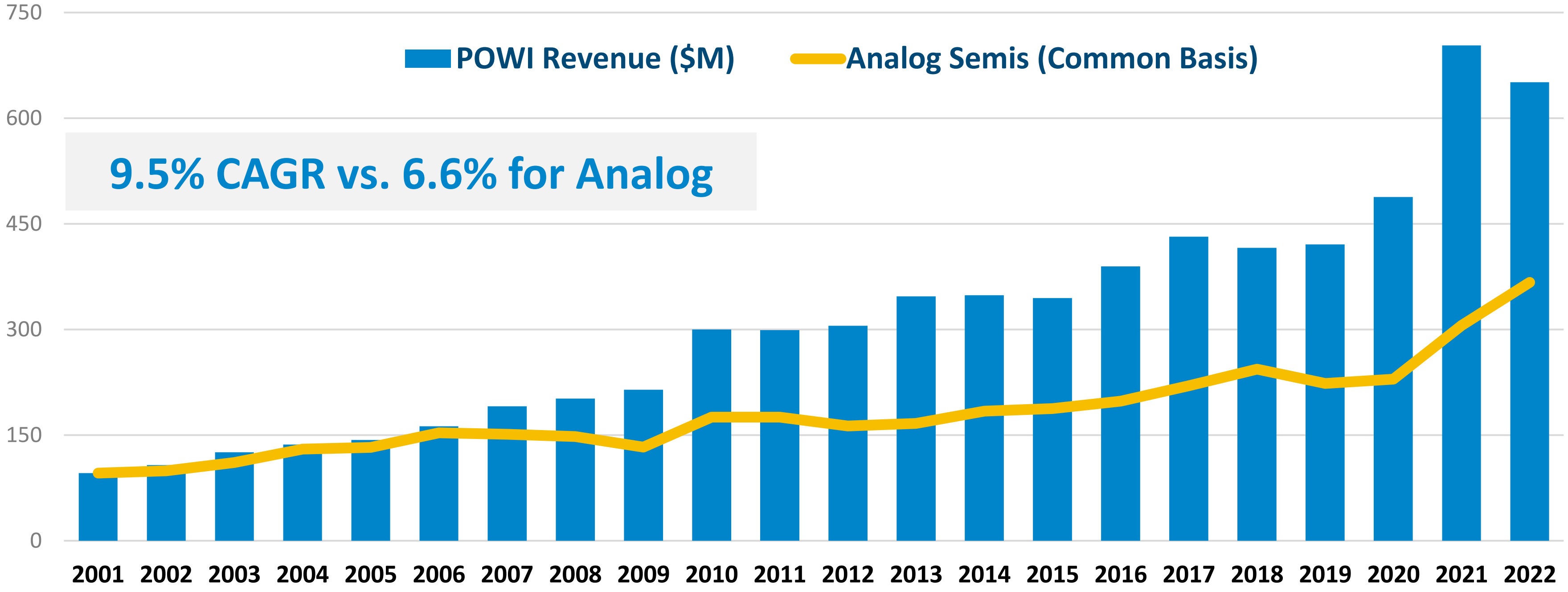


- Above-market revenue growth
- Highest margins in power conversion
- Consistent cash flow / cash returns

- Defensible franchise, layered moat
- Expanding SAM within core competency
- Stable workforce, deep institutional knowledge

- Consistent, focused strategy
- Strong execution
- Long-term thinking

Focused Strategy and System-Level Innovation Drive Above-Market Growth



Note: Analog industry data is per World Semiconductor Trade Statistics; PI revenues prior to 2017 do not reflect ASC 606 recast.

Drivers of Financial Model

Revenue Growth

Substantial Share Gains 2021-22

Capitalized on product availability/capacity to accelerate gains

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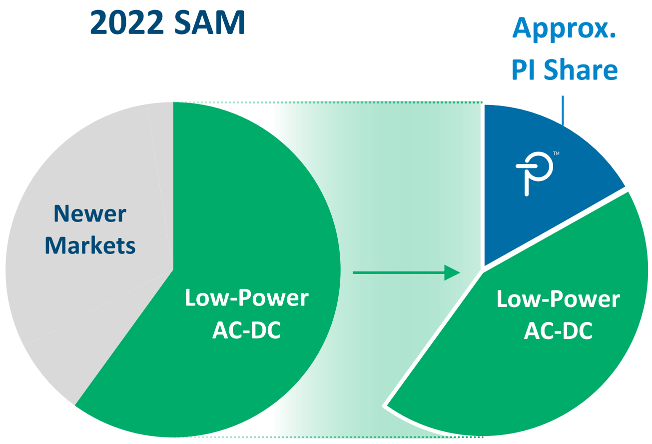
SAM to Double by 2027

Share of Long-served Markets Demonstrates Potential

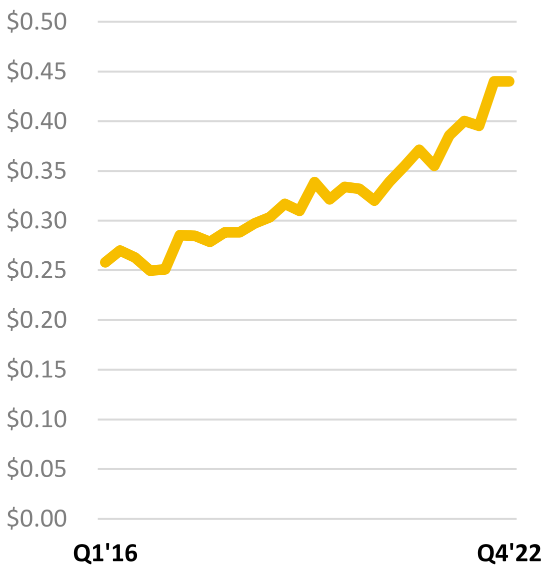
Rising Dollar Content

Driven by integration, higher power, GaN



High share in longer-served markets

ASP Trend



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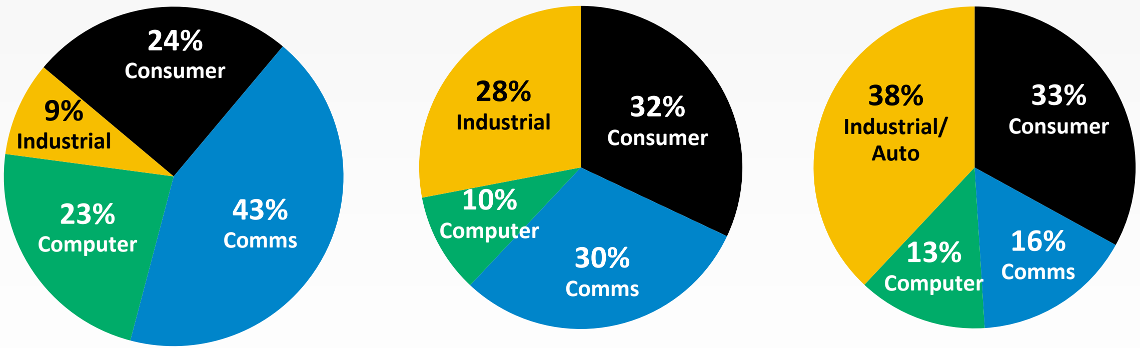
Drivers of Financial Model

Revenue Mix by End-Market Category

2002 | 2021 | 2027 Estimated



Industrial/Auto/Consumer to be >70% of mix

- Appliances accounted for ~90% of consumer category in 2021

Profitability/Cash Flow

Fabless IDM model
Premium GM, modest CAPEX

R&D Leverage
Focused product portfolio

Richer Mix
More industrial/auto/appliance

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Target Financial Model

Revenue Growth

Substantial Share Gains 2021-22

Capitalized on product availability/capacity to accelerate gains

SAM to Double by 2027

Share of Long-served Markets Demonstrates Potential

Rising Dollar Content

Driven by integration, higher power, GaN

3-5 Year Target Model

Revenue Growth	Low-double-digit CAGR
Non-GAAP Gross Margin	50-55%
Non-GAAP Operating Margin	25-30%
Capital Expenditures	5-7% of sales

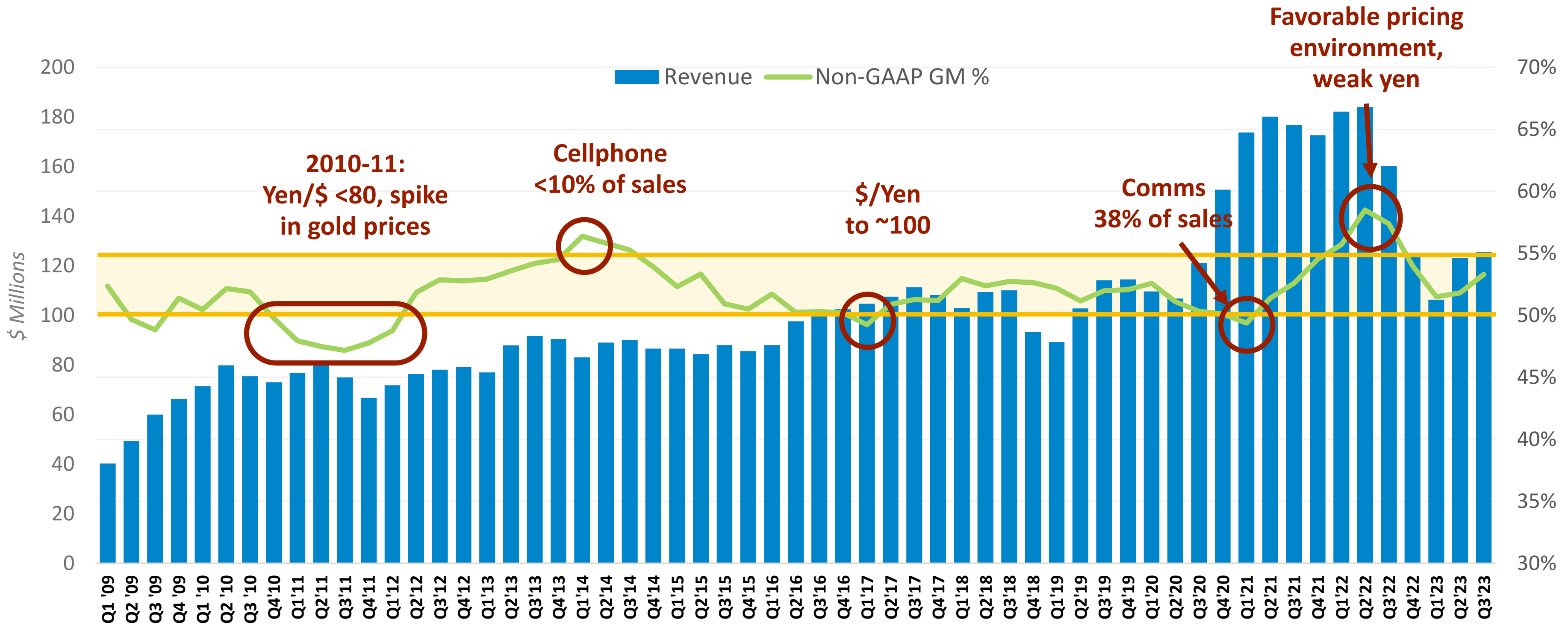
Profitability/Cash Flow

Fabless IDM model
Premium GM, modest CAPEX

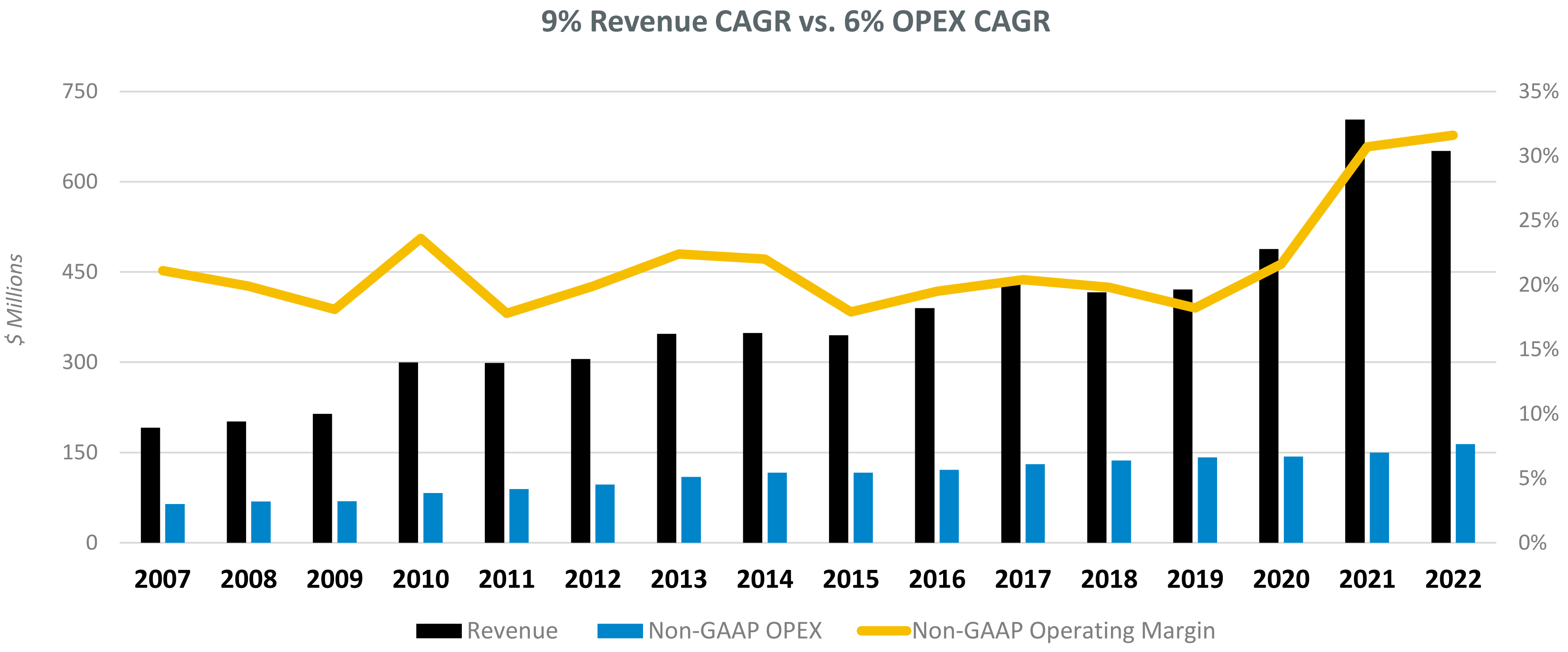
R&D Leverage
Focused product portfolio

Richer Mix
More industrial/auto/appliance

Gross Margin Stability Over Time and Cycles



Consistent Performance to the Model over Time



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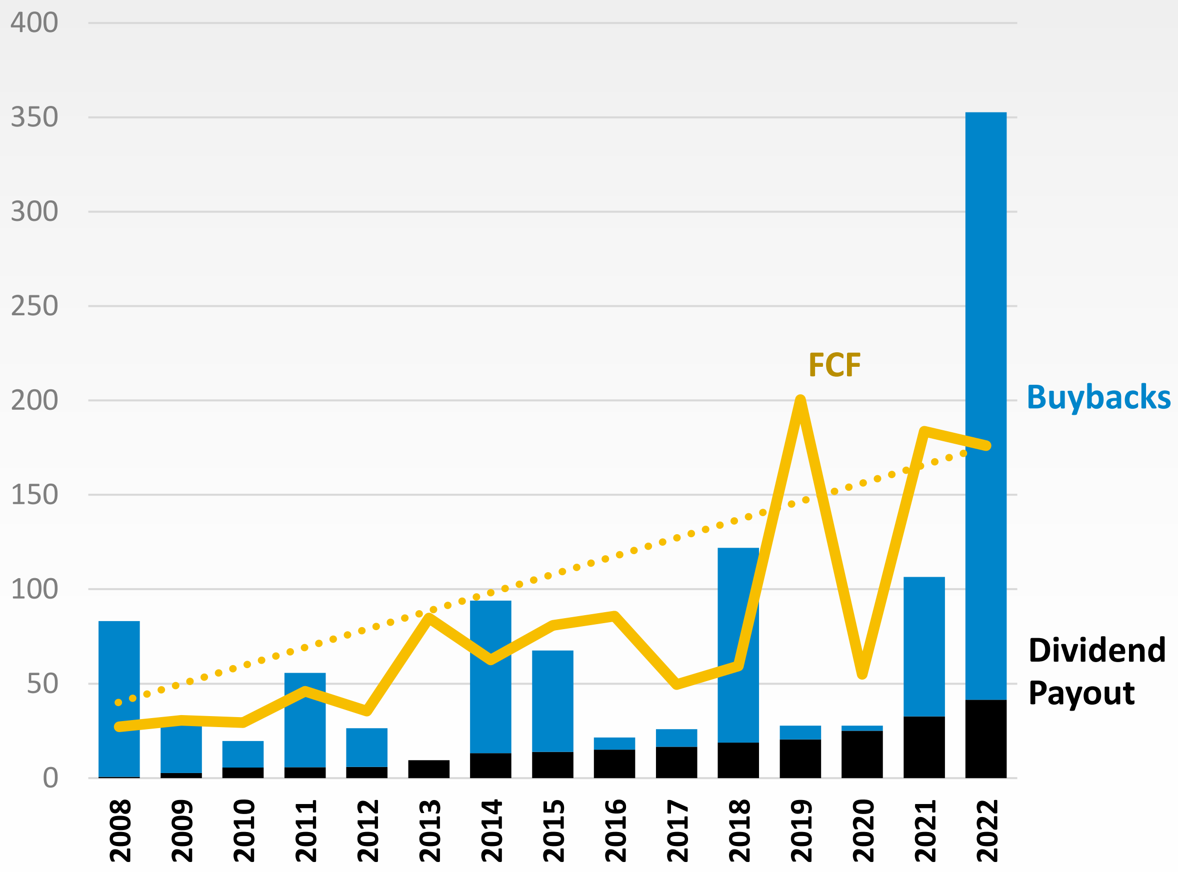
FCF Growth Enables Healthy Cash Returns

14%
FCF CAGR 2008-2022

27%
FCF Margin in 2022

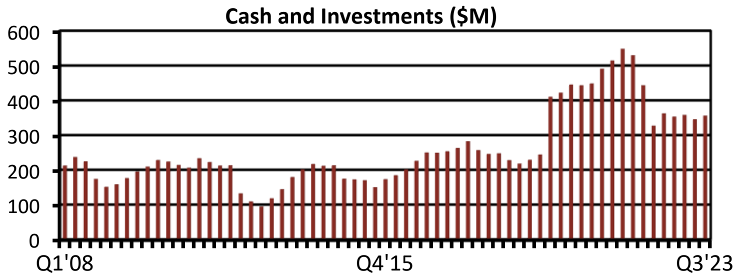
$25
Average Price on Buybacks since 2004

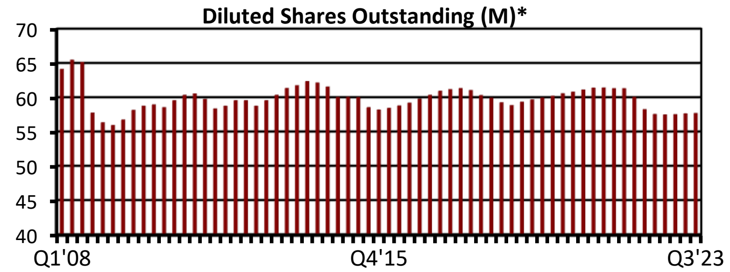


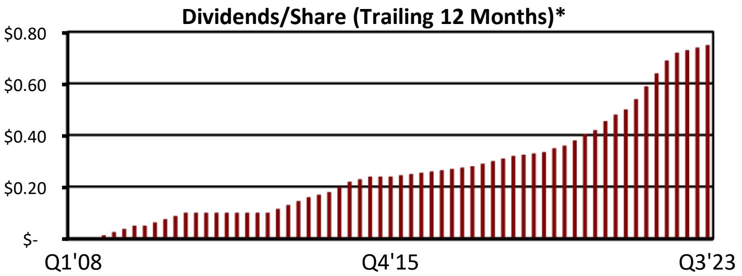
Strong Balance Sheet

At September 30, 2023

- **$357M cash and investments**
- **No debt**
- **Dividend payer since 2008**
  - Quarterly dividend increased to $0.20 in Q4 2023
- **Share count down 12% since 2008**
  - $311M used for repurchases in 2022
  - $73M remaining on authorization at 9/30/2023







*Adjusted for August 2020 2:1 stock split

Summary

Focused Strategy – The Only HV Pure Play

Committed to Disruptive Innovation

Defensible, System-level Integration

Capitalizing on Big-Picture, Secular Trends

Track Record of Growth & Profitability

Making a Difference to the Environment

power
integrations™