

Wolfspeed FY24 Q4 Earnings

Wolfspeed  AUGUST 21, 2024

FORWARD-LOOKING STATEMENTS AND NON-GAAP MEASURES

Note on Forward-Looking Statements

The schedules attached to this presentation are an integral part of the presentation. This presentation contains forward-looking statements involving risks and uncertainties, both known and unknown, that may cause Wolfspeed's actual results to differ materially from those indicated in the forward-looking statements. Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as statements about our plans to grow the business, our ability to achieve our targets for the first quarter of fiscal 2025 and periods beyond, our ability to meet targeted utilization rates and accelerate the shift of our device fabrication to the Mohawk Valley Fab, our revenue and market growth, and our ability to reduce costs and optimize our capital structure. Actual results could differ materially due to a number of factors including but not limited to, ongoing uncertainty in global economic and geopolitical conditions, such as the ongoing military conflict between Russia and Ukraine and the ongoing conflicts in the Middle East, changes in progress on infrastructure development or changes in customer or industrial demand that could negatively affect product demand, including as a result of an economic slowdown or recession, collectability of receivables and other related matters if consumers and businesses defer purchases or payments, or default on payments; risks associated with our expansion plans, including design and construction delays, cost overruns, the timing and amount of government incentives actually received, including, among other things, any direct grants and tax credits under the CHIPS Act, issues in installing and qualifying new equipment and ramping production, poor production process yields and quality control, and potential increases to our restructuring costs; our ability to obtain additional funding, including, among other things, from government funding, public or private equity offerings, or debt financings, on favorable terms and on a timely basis, if at all; the risk that we do not meet our production commitments to those customers who provide us with capacity reservation deposits or similar payments; the risk that we may experience production difficulties that preclude us from shipping sufficient quantities to meet customer orders or that result in higher production costs, lower yields and lower margins; our ability to lower costs; the risk that our results will suffer if we are unable to balance fluctuations in customer demand and capacity, including bringing on additional capacity on a timely basis to meet customer demand; the risk that longer manufacturing lead times may cause customers to fulfill their orders with a competitor's products instead; product mix; risks associated with the ramp-up of production of our new products, and our entry into new business channels different from those in which we have historically operated; our ability to convert customer design-ins to design-wins and sales of significant volume, and, if customer design-in activity does result in such sales, when such sales will ultimately occur and what the amount of such sales will be; the risk that the markets for our products will not develop as we expect, including the adoption of our products by electric vehicle manufacturers and the overall adoption of electric vehicles; the risk that the economic and political uncertainty caused by the tariffs imposed by the United States on Chinese goods, and corresponding Chinese tariffs and currency devaluation in response, may negatively impact demand for our products; the risk that we or our channel partners are not able to develop and expand customer bases and accurately anticipate demand from end customers, including production and product mix, which can result in increased inventory and reduced orders as we experience wide fluctuations in supply and demand; risks related to international sales and purchases; risks resulting from the concentration of our business among few customers, including the risk that customers may reduce or cancel orders or fail to honor purchase commitments; the risk that our investments may experience periods of significant market value and interest rate volatility causing us to recognize fair value losses on our investment; the risk posed by managing an increasingly complex supply chain (including managing the impacts of ongoing supply constraints in the semiconductor industry and meeting purchase commitments under take-or-pay arrangements with certain suppliers) that has the ability to supply a sufficient quantity of raw materials, subsystems and finished products with the required specifications and quality; risks relating to outbreaks of infectious diseases or similar public health events, including the risk of disruptions to our operations, supply chain, including our contract manufacturers, or customer demand; the risk we may be required to record a significant charge to earnings if our remaining goodwill or amortizable assets become impaired; risks relating to confidential information theft or misuse, including through cyber-attacks or cyber intrusion; our ability to complete development and commercialization of products under development; the rapid development of new technology and competing products that may impair demand or render our products obsolete; the potential lack of customer acceptance for our products; risks associated with ongoing litigation; the risk that customers do not maintain their favorable perception of our brand and products, resulting in lower demand for our products; the risk that our products fail to perform or fail to meet customer requirements or expectations, resulting in significant additional costs; risks associated with strategic transactions; the risk that we are not able to successfully execute or achieve the potential benefits of our efforts to enhance our value; and other factors discussed in our filings with the Securities and Exchange Commission (SEC), including our report on Form 10-K for the fiscal year ended June 25, 2023, and subsequent reports filed with the SEC. These forward-looking statements represent Wolfspeed's judgment as of the date of this presentation. Except as required under the United States federal securities laws and the rules and regulations of the SEC, Wolfspeed disclaims any intent or obligation to update any forward-looking statements after the date of this presentation, whether as a result of new information, future events, developments, changes in assumptions or otherwise.

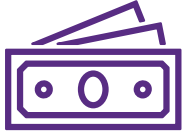
Note on Non-GAAP Measures

This presentation highlights the Company's financial results on both a GAAP and a non-GAAP basis. The GAAP results include certain costs, charges and expenses that are excluded from non-GAAP results. By publishing the non-GAAP measures, management intends to provide investors with additional information to further analyze the Company's performance, core results and underlying trends. Wolfspeed's management evaluates results and makes operating decisions using both GAAP and non-GAAP measures included in this presentation. Non-GAAP results are not prepared in accordance with GAAP, and non-GAAP information should be considered a supplement to, and not a substitute for, financial statements prepared in accordance with GAAP. Investors and potential investors are encouraged to review the reconciliation of non-GAAP financial measures to their most directly comparable GAAP measures attached to this presentation.

Beginning with the fourth quarter of fiscal 2023, the Company no longer excludes start-up expenses from its non-GAAP measures and does not exclude underutilization from its non-GAAP measures. Prior period non-GAAP measures have been updated in this presentation to reflect the current presentation of the Company's non-GAAP measures. As a result of this change, previously published non-GAAP financial measures for the Company for prior periods which exclude start-up expenses are not directly comparable to the non-GAAP measures included herein.

WOLFSPEED AT A GLANCE

With the sale of the RF business, Wolfspeed is now the world's only pure-play, vertically integrated silicon carbide company



\$201 million
FY24 Q4 revenue



The JP: world's largest and only
dedicated 200mm silicon carbide
materials facility



Multi-billion of planned
capacity investments
for materials & fab



\$2 billion of Power
Device Design-In
Awards in FY24 Q4

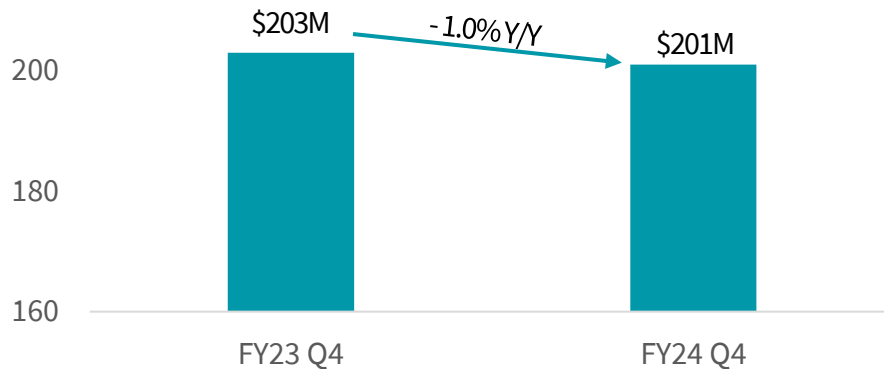


Mohawk Valley Fab:
world's first 200 mm
silicon carbide fab



Progress on 200mm
leading to accelerated
device transition to MVF

Wolfspeed Revenue¹ (\$M)



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1) All figures represent results from continuing operations



By the Numbers

#1

Producer of
silicon carbide
materials

\$27B+

of Design-Ins for EV and I&E

30+

OEMs represented in Wolfspeed's
backlog of Design-Wins

1st

First commercially available fully
qualified silicon carbide MOSFET

35+ years

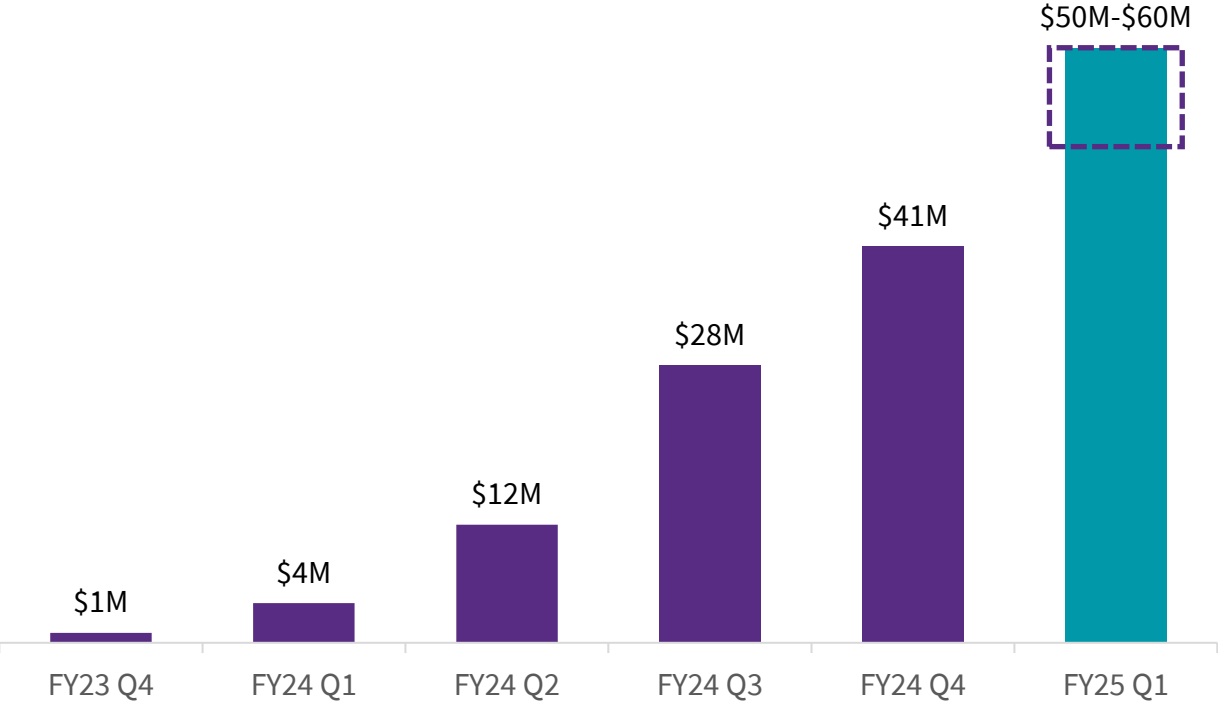
Wolfspeed has been vertically
integrated making silicon carbide
semiconductors

7+ trillion

Hours of silicon carbide research,
testing and production

MOHAWK VALLEY UPDATE

Mohawk Valley Fab Revenue



Key Takeaways

- FY24 Q4 revenue contribution of **\$41M**
- FY25 Q1 targeted revenue of **\$55M** at the midpoint
- Achieved 20% utilization in June 2024, ahead of schedule
- On track to achieve 25% utilization by end of September 2024, a quarter ahead of schedule
- Expect to reach ~30% utilization in the March 2025 quarter
- MVF offers 25% greater yields and 40% lower die costs than equivalent at Durham

MATERIALS UPDATE



Building 10: Durham, NC

- On track to support 25% utilization at Mohawk Valley by end of September
- Expect to support ~30% utilization at Mohawk Valley in the March 2025 quarter

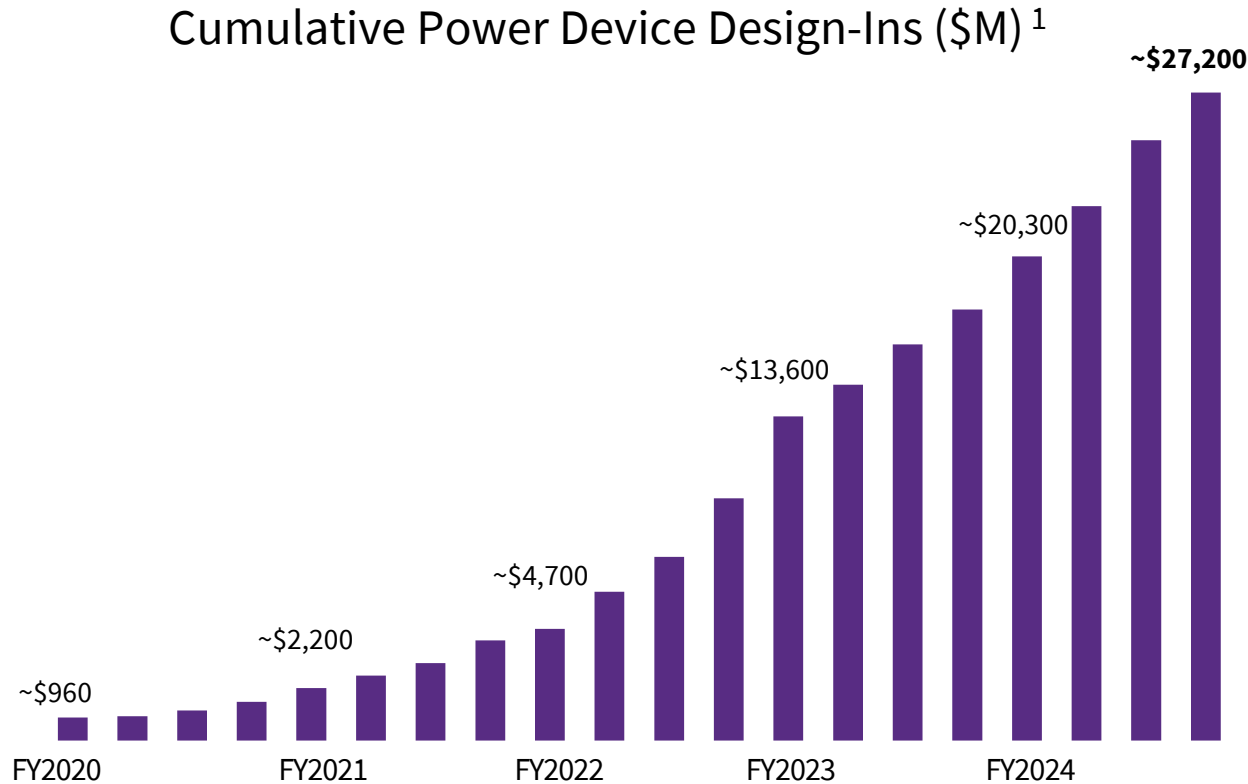
The JP: Siler City, NC

- Powered up initial furnaces last quarter
- Actively qualifying crystals this quarter; processed first boules through the Durham line
- Initial yields in-line with Building 10 quality
- Expect to qualify crystals and deliver wafers to Mohawk Valley by summer 2025

POWER DEVICE FOOTPRINT WILL HELP CAPTURE MASSIVE MARKET OPPORTUNITY BY END OF THE DECADE

Key Takeaways

Cumulative Power Device Design-Ins (\$M) ¹



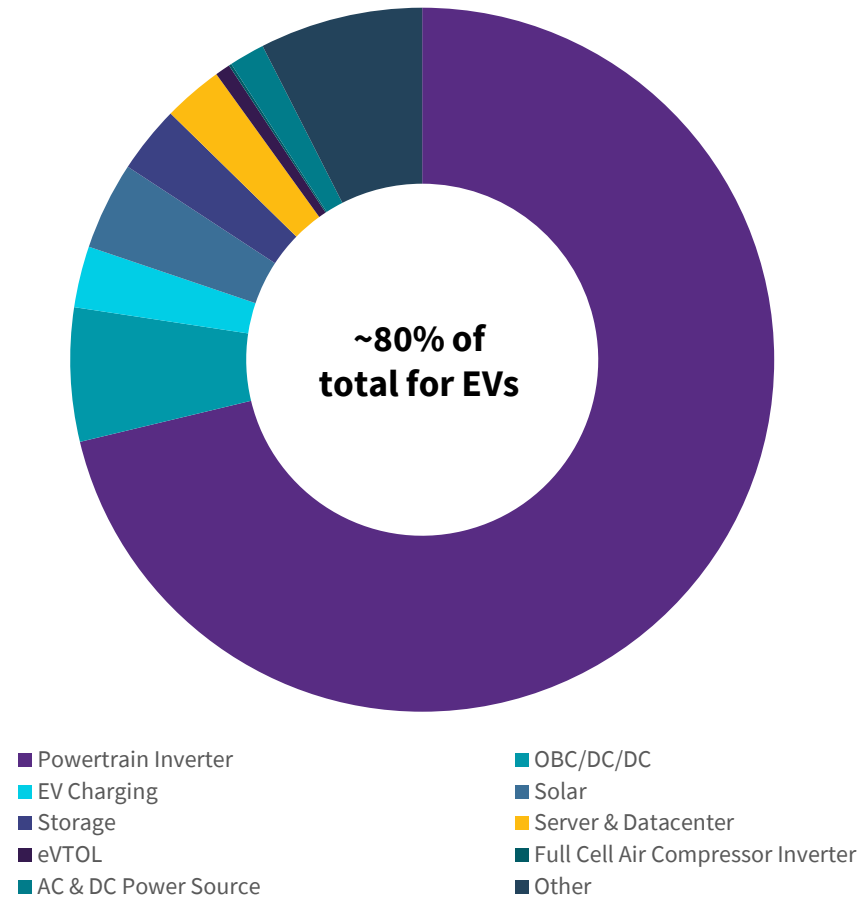
- **\$2.0B of Power Device Design-Ins in FY24 Q4**

- ~50% of Design-Ins for 800-Volt EV applications, which necessitate higher power requirements
- Demand continues to outstrip supply for Wolfspeed EV devices, despite broader market headwinds

STRONG CONVERSION FROM DESIGN-INS TO DESIGN-WINS SINCE FY20

EV-dominant Design-Win pipeline capitalizes on robust EV TAM while providing greater insight into future revenue due to longer design cycles

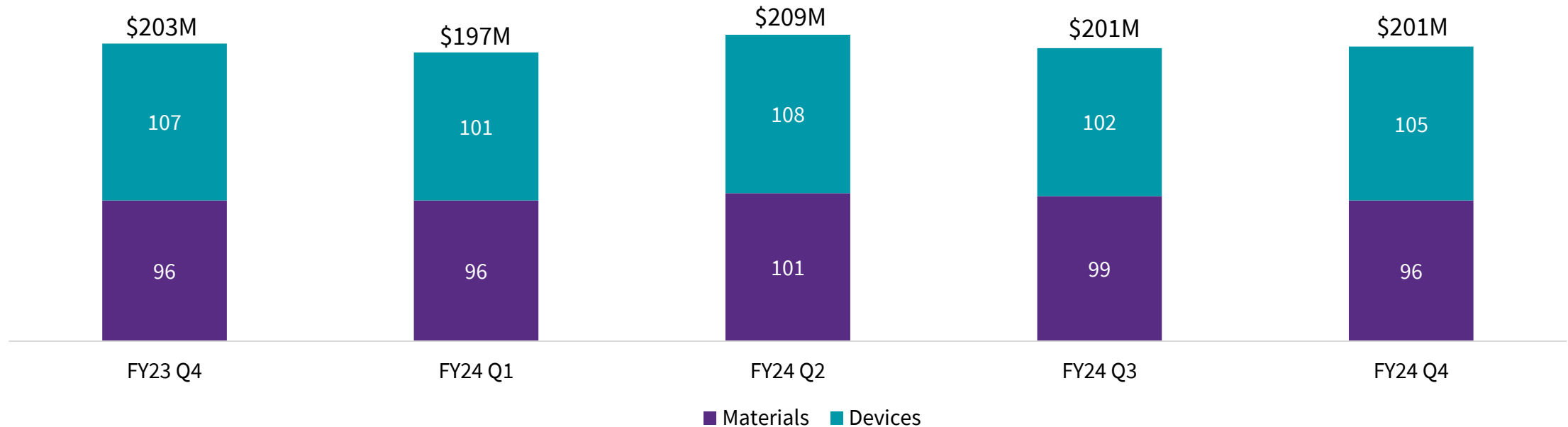
FY24 YTD Power DWINs by Application



Key Takeaways

- **\$0.5B of Power Device Design-Wins in FY24 Q4**
 - Design-win backlog supports 125 different car models across more than 30 OEMs over the next several years
- Recognizing more 800-Volt EV wins as automakers shift to higher performing and more efficient battery systems
 - >90% of new EVs will use 800-Volt systems by end of decade²
- Gaining traction in critical high-voltage industrial and energy markets such as AI data centers, e-mobility, and solar energy inverters

FINANCIAL PERFORMANCE – REVENUE¹



Key Takeaways

- Results slightly above midpoint of June guidance
- Revenue down 1.0% Y/Y and flat Q/Q
 - \$105M of Power revenue driven by MVF contribution, offset by Industrial & Energy weakness
 - \$96M of Materials revenue, driven by continued strong execution

FY24 Q4 Drivers

- \$41M contribution from Mohawk Valley, up 46% Q/Q and an exponential increase Y/Y
- EV device revenue up more than 100% Y/Y
- Offset by weakness in Industrial & Energy end-markets

FY24 Q4 FINANCIAL PERFORMANCE – EPS & MARGINS¹

5%
Non-GAAP Gross
Margin²

\$(0.89)
Non-GAAP EPS²

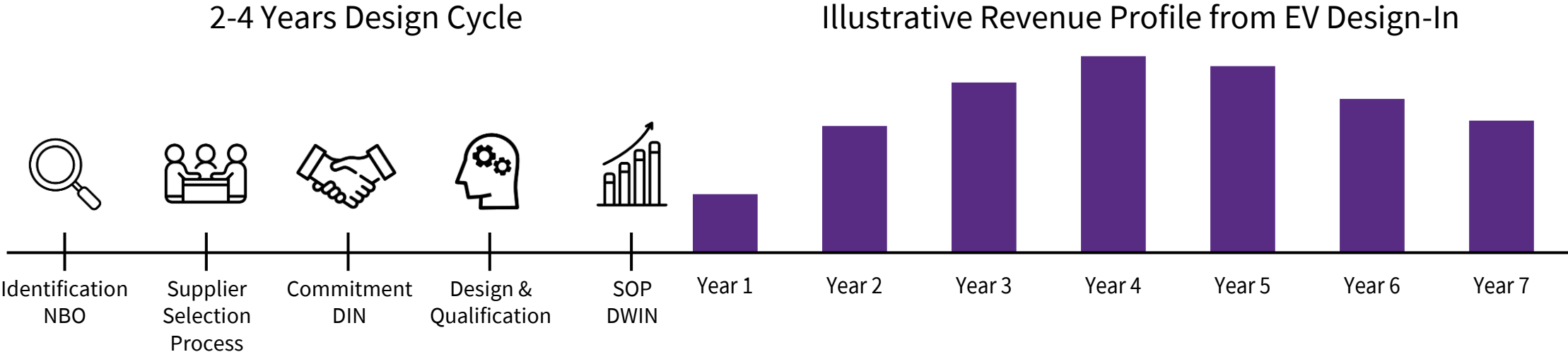
Key Takeaways

- Non-GAAP gross margin **slightly above the midpoint of June guidance**
 - FY24 Q4 includes \$24.0M, or approximately 1,200 bps, of underutilization costs from MVF
 - Gross margin negatively impacted by 500 bps due to incident at Durham fab

- Non-GAAP EPS **above the midpoint of guidance provided in June**
 - FY24 Q4 includes \$20.5M of factory start-up costs from JP construction and materials expansion efforts

DESIGN-INS DELIVER LONG TAIL REVENUE OPPORTUNITY

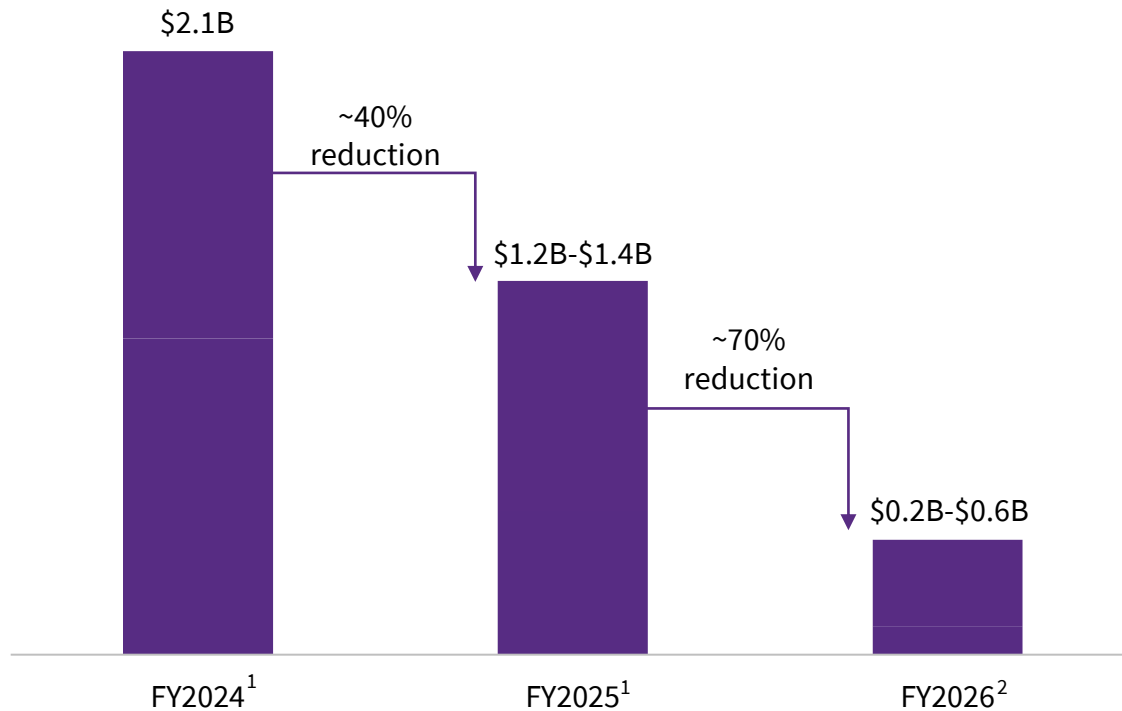
- Design cycles, while long, are sticky and create multi-year revenue streams
- 800-Volt EV Design-Ins represented ~50% of \$2.0B total for the quarter
- EV Design-Wins typically mature over a five- to seven-year period



TAKING PROACTIVE STEPS TO IMPROVE CAPITAL STRUCTURE

Wolfspeed has access to several different options that enable the Company to end FY2025 above \$1B minimum cash target

Significant Reduction in CapEx over Next Two Years



Key Takeaways

- FY25 CapEx guidance reduced by \$200M
 - Majority of future CapEx is variable
- Assessing timeline for closure of 150mm device fab due to outperformance in 200mm program at MVF
- Assessing other areas across footprint to reduce operating costs

Funding Sources

- Constructive discussions with the CHIPS office on a Preliminary Memorandum of Terms continue
- Eligible for over \$1B in 48D cash tax refunds; already accrued \$640M
 - Tax refunds expected to be realized in FY26
- Applying for other government loans and tax credit programs

FY25 Q1 GUIDANCE

Revenue	\$185M - \$215M
Non-GAAP Gross Margin¹	(2)% - 6%
Non-GAAP OpEx¹	\$124M - \$129M
Non-GAAP Net Loss¹	\$(138)M - \$(114)M

Guidance Drivers

- \$50M - \$60M revenue contribution from Mohawk Valley
- Revenue partially offset by the incident at Durham and persistent I&E headwinds
 - Mohawk Valley revenue up ~34% Q/Q and >1,000% Y/Y from the midpoint of our range
- Q1 guidance reflects ~1000 bps underutilization impact from June event at Durham Fab and weaker I&E

Upcoming Milestones

- Mohawk Valley Fab
 - 25% utilization (wafer starts) by end of September
 - 30% utilization (wafer starts) in March 2025 quarter
- The JP
 - Beginning crystal qualification in FY25 Q1
 - Qualifies crystals and delivers wafers to Mohawk Valley by Summer 2025

APPENDIX

NON-GAAP RECONCILIATION – GROSS MARGIN

	Three months ended		Fiscal years ended	
	June 30, 2024	June 25, 2023	June 30, 2024	June 25, 2023
GAAP gross profit	\$2.4	\$58.7	\$77.4	\$242.9
GAAP gross margin percentage	1%	29%	10%	32%
Adjustments:				
Stock-based compensation expense	8.5	3.5	28.5	20.3
Non-GAAP gross profit	\$10.9	\$62.2	\$105.9	\$263.2
Non-GAAP gross margin percentage	5%	31%	13%	35%

NON-GAAP RECONCILIATION – EPS¹

	Three months ended		Fiscal years ended	
	June 30, 2024	June 25, 2023	June 30, 2024	June 25, 2023
GAAP net loss	(\$174.9)	(\$91.2)	(\$573.6)	(\$260.5)
Adjustments:				
Stock-based compensation expense	21.0	16.4	84.9	72.7
Amortization of acquisition-related intangibles	0.2	0.4	1.1	1.7
Project, transformation and transaction costs	5.8	4.5	18.3	7.4
Executive severance costs	—	1.5	—	3.4
Loss (gain) on legal proceedings	—	—	7.7	(50.3)
Gain on equity investment	(11.2)	—	(18.5)	—
Amortization of discount and debt issuance costs, net of capitalized interest	6.8	2.3	28.4	7.5
Loss on Wafer Supply Agreement	4.9	6.3	25.3	13.6
Total adjustments to GAAP net loss before provision for income taxes	27.5	31.4	147.2	56.0
Income tax adjustment - benefit (expense)	35.4	14.9	100.5	50.8
Non-GAAP net loss	<u>(\$112.0)</u>	<u>(\$44.9)</u>	<u>(\$325.9)</u>	<u>(\$153.7)</u>
Non-GAAP diluted loss per share	(\$0.89)	(\$0.36)	(\$2.59)	(\$1.24)
Non-GAAP weighted average shares (in thousands)	126,245	124,679	125,693	124,374

NON-GAAP RECONCILIATION – GROSS MARGIN OUTLOOK

	Three Months Ended September 29, 2024
GAAP gross margin from continuing operations outlook range	(7)% to 2%
Adjustments:	
Stock-based compensation expense	5% to 4%
Non-GAAP gross margin from continuing operations outlook range	<u>(2)% to 6%</u>

NON-GAAP RECONCILIATION – OPERATING EXPENSES OUTLOOK

(in millions of U.S. Dollars)

	Three Months Ended September 29, 2024
GAAP operating expenses from continuing operations outlook	\$148 to \$153
Adjustments:	
Stock-based compensation expense	(18)
Project, transformation and transaction costs	(6)
Total adjustments to GAAP operating expenses from continuing operations	(24)
Non-GAAP operating expenses from continuing operations outlook	\$124 to \$129

NON-GAAP RECONCILIATION – NET LOSS OUTLOOK

<i>(in millions of U.S. Dollars)</i>	Three Months Ended September 29, 2024
GAAP net loss from continuing operations outlook range	(\$226) to (\$194)
Adjustments:	
Stock-based compensation expense	26
Amortization of discount and debt issuance costs, net of capitalized interest	7
Project, transformation and transaction costs	6
Loss on Wafer Supply Agreement	7
Total adjustments to GAAP net loss before provision for income taxes	46
Income tax adjustment	42 to 34
Non-GAAP net loss from continuing operations outlook range	(\$138) to (\$114)

GLOSSARY OF TERMS

Design-Ins: Design-Ins are customer commitments to purchase our products and are one of the factors we use to forecast long-term demand and future revenue. To meet the qualification of a Design-In, the customer provides us with documentation (e.g., a letter of intent, statement of work or developmental contract) that can include details such as the expected delivery timeline, estimated price, necessary capacity and required support. A design-in, even with a formal commitment, does not always convert to future revenue (a 'Design-Win') for a variety of reasons, including, but not limited to, the customer delaying or abandoning the project, capacity constraints, timeline challenges, and/or technology changes. Therefore, management uses the Design-In amount as a guide to forecast future demand but it should not be taken as an absolute indicator of future revenue.

Design-Wins: Design-Ins are considered Design-Wins when a customer issues a purchase order for at least 20% of the expected first year revenue. Design-Wins reflect each project's entire commitment at the time this criteria is satisfied and should not be taken as an absolute indicator of future revenue. Depending on timing, certain projects may be reflected within a single period's Design-In and Design-Win figures.

**LET'S REIMAGINE A MORE
SUSTAINABLE WORLD.
TOGETHER.**

