

Leading the GaN Revolution

Fiscal Q1 2024 Investor Update

August 14th, 2023

NASDAQ: TGAN

transphorm

Highest Performance, Highest Reliability GaN

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Completed Rights Offering and Internally Commenced Strategic Review

GaN power semiconductors design-in momentum and 5-year pipeline continues to grow

- Transphorm WW leadership in high power GaN:
 - **Computing** – Server, AI, Blockchain
 - **Energy & Industrials** – Microinverters, UPS, Servo Motors
 - **Electric Vehicles** – 2 and 3 Wheelers (Charging), 4 Wheelers (Charging, Converter, Inverter)
- Superior performance in low power GaN: Discrete and SiP (System-in-Package) strategy
 - **Adapters and Chargers** – Laptop, Mobile, Appliances

Completed rights offering, non-dilutive debt financing in progress

- Closed \$7.94 million, strong participation from leading stockholders including KKR
- Non-dilutive, conventional asset-based and A/R based debt in progress

Beginning our previously announced strategic review to enhance shareholder value, accelerate growth of our GaN business

- Multiple opportunities and various levels of inbound interest
 - **Financing** – semiconductor strategic and/or traditional financing alternatives
 - **Licensing** – opportunities in US (CHIPS act partnership related), Asia
 - **Potential M & A** – recent deal activity in GaN space

Key Focus – Scaling Product Revenue to Address \$450 Million+ Pipeline

1) High Power Leadership & Low Power Share, 2) Capacity & Supply Chain 3) Product/Tech Leadership

Key focus areas	Achieved
1. Revenue/Products, FQ1-24	<ul style="list-style-type: none"> ✓ \$5.9M, \$3M Product, \$2.9M Government revenue split ✓ High Power Revenue > 70%
2. Low Power: Adapters/Chargers: (25W – 300W), Till date	<ul style="list-style-type: none"> ✓ Design-Ins: 100+ (10+ new), a 10% sequential increase in design-ins ✓ In Production: 30 (2 new) ✓ System-in-package solutions now in design-in (5+ new)
3. High power: (300W –7.5kW), Till date	<ul style="list-style-type: none"> ✓ Design-Ins: 75+ (15 new), a 25% sequential increase in design-ins ✓ In Production: 30+ (1 new) ✓ Ramped in Computing (Server, Blockchain, Gaming), Microinverters, UPS ✓ Expanding sockets – withing same customers, and higher power to 7.5 kW
4. Product SKUs	<ul style="list-style-type: none"> ✓ Total: 26 products (production/sampling, AEC qualified: 3 ✓ 8 surface mount devices (SMDs) in Industry Std. PQFN Packages, New robust high-power TOLL surface mount packages ✓ 1200V GaN preliminary datasheet released
5. Capacity Proof Points	<ul style="list-style-type: none"> ✓ Record Epi-wafer output from Japan reactors, now ramped at capacity ✓ Process qualification ongoing at GlobalWafers (on track) ✓ High Power product package dual source/cost down completed, began Low Power product dual source/cost down for packaging

Key Business Update – Strategic Partnerships

Manufacturing Capacity – Expanding to meet anticipated growing demand

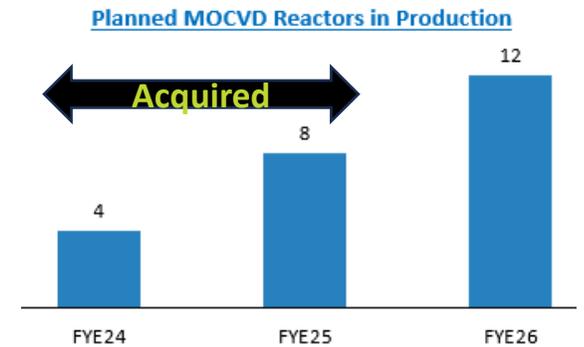
- **MOCVD reactors: 2**, at GlobalWafers (Partner) in process development-qualification
 - 4 already running at Transphorm US and Transphorm Japan
- **AFSW Fab (Transphorm's JV):** – Managing with GaNovation (Financial/Strategic partner). Per plan – FY24 capacity in place, expansion plans for FY25 in place.

Industrial and Automotive

- **Yaskawa (Industrial)** – Demonstrated first 5 micro-sec rated short-circuit GaN, underlying overall robustness of Transphorm GaN and expanding our GaN TAM
- **Automotive** –
 - **EV 2/3 Wheelers:** Design-in ongoing at leading Asia based customers
 - 350W to 2 kW, including a top-3 market leader company in India
 - **On track for 1st win by end CY23, Ramp CY24**
 - **EV 4-Wheeler** – Started WW customer engagements with AEC qualified products
 - OBC, dc-dc opportunities for 650V GaN , Significant interest in new 1200V GaN

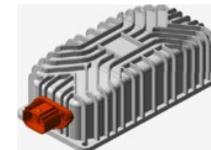
Government Revenue and Epi Business

- New Program – Executing on new **\$15 million NSTXL program, \$2.9 million cash received**
Manufacturing Funding – Pursuing potential CHIPS partnership with US Foundries (Licensing based) and Microelectronics Commons submissions for US based GaN R&D (higher V, rf GaN)



Transphorm's EV Charger Solutions 350W – 2kW (multiple engagements)

800W OBC



2kW



Portable, IP65 rated, Turnkey



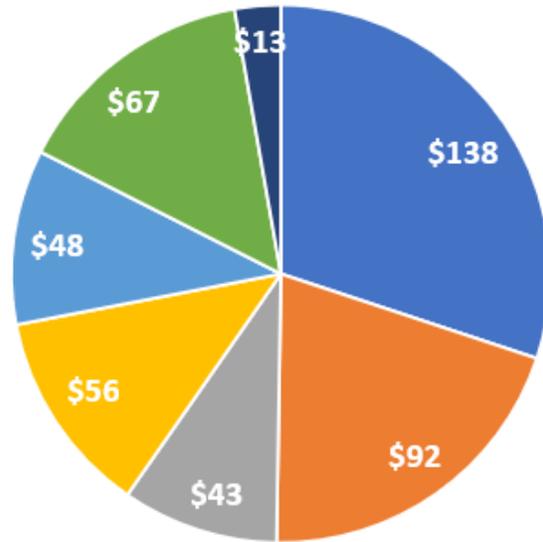
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Large and Expanding Pipeline of New Business Opportunities

5-Year Pipeline – Exceeding \$450 Million for Power Products

\$457m Power Products Pipeline by Market Area
(\$175m weighted)



- Broad Industrial
- Datacenters (Server/Telecom/Blockchain)
- EV Mobility/Charging
- Other (Lighting, Telecom, Medical, Misc)
- Power Adapters (Mobile/Laptops)
- Renewable
- Consumer (Computing/Gaming)

- Power products pipeline over \$450 million¹
 - 70% high power (over 300 Watts)
- Wafer and Government pipeline close to \$ 150 million, bringing total pipeline close to \$600 million²

Key Financial Highlights

	Q1 FY24	Q4 FY23	Commentary
Revenue	\$5.9M (~50% Product)	\$3.2M (~100% Product)	<ul style="list-style-type: none"> Overall revenue increased \$2.7M (84%) Q/Q, 14% Y/Y Pipeline of customers remains strong
Gross Margin	36%	5%	<ul style="list-style-type: none"> Margin increase driven by mix of revenue in quarter Stable direct product margins remain in Q1
OPEX (non-GAAP)	\$6.8M	\$7.5M	<ul style="list-style-type: none"> Increased Government R&D absorption in Q1 Reduced Legal costs, offset partially by higher audit costs
EPS (non-GAAP)	(\$0.08)	(\$0.13)	<ul style="list-style-type: none"> Solid margin progress Reduced OPEX
Stockholders Equity	\$22.8M	\$19.6M	<ul style="list-style-type: none"> Reduced cash burn in quarter \$12M loan settled in quarter – company now debt free Rights offering now completed and funded Supplementary non-dilutive asset-based debt in progress

Key Investment Highlights

Robust GaN Power Semiconductor Pioneer and Leader, addressing multi-billion GaN TAM and ramped in both high power and low power GaN market

Disruptive Technology

GaN Enables Next Generation Power Conversion Solutions – **99% Efficiency¹, 50% More Compact/Lightweight, Lower System Cost**

Large Market Opportunity

Transphorm's GaN Solutions will Enable the Future of **Electric Vehicles** and Fast-charging for **5G** – Contributing to **GaN TAM growing to \$6B²** in 2026

Validation From Blue Chip Partners and Customers

Including KKR, SAS, Nexperia, Yaskawa, Marelli, Microchip, Diodes, Weltrend and the U.S. DoD(Navy), DOE



Ramping Commercially with Strong Manufacturing Base

Ramping in market, continued innovations in Tech and Product, **Integrated Manufacturing**, \$17M FY-23 Revenues, Target **>50% LT CAGR**

Best-In-Class Differentiated GaN Technology + Industry's Strongest IP Position

IP Portfolio Appraised around **\$170M³** Leader in **Quality + Reliability, > 175 Billion Field hours**, Silicon-like Reliability⁴

TGAN FET: Higher performance, easy to interface

Team Led by World-Renowned GaN Experts

Proven Leadership, 100+ team, 15+ PhDs and Over 300 Years of GaN Expertise

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Income Statement

Revenue increase of 14% over Q1 FY23

	Three Months Ended June 30,	
	2023	2022
Revenue, net	\$ 5,883	\$ 5,156
Cost of goods sold	3,795	4,050
Gross profit	2,088	1,106
	35.5%	21.5%
Research and development	2,869	1,740
Sales and marketing	1,482	1,083
General and administrative	4,516	3,317
Total operating expenses	8,867	6,140
Loss from operations	(6,779)	(5,034)
Other income (expense), net:		
Interest expense	8	182
Loss in joint venture	860	582
Changes in fair value of promissory note	-	-
Other income, net	(200)	(445)
Total other income (expense), net	668	319
Loss before tax expense	(7,447)	(5,353)
Tax expense	-	-
Net loss	\$ (7,447)	\$ (5,353)
Deemed dividend related to warrant modification and issuance of Inducement Warrants	5,612	-
Net loss attributable to common shareholders	\$ (13,059)	\$ (5,353)
Basic and diluted net loss per share attributable to common stockholders		
Basic and diluted net loss per share	\$ (0.22)	\$ (0.10)

Revenue

- Revenue of \$5.9M in Quarter (84% q/q growth)
 - Strong Govt. revenue in quarter
 - Product revenue \$3.0M
 - Met consensus and guidance

Gross Margins

- 36% in quarter
 - Driven by strong Government revenue
 - Stable direct margins for Product sales
 - Beat guidance

Operating Expenses

- Non-GAAP OPEX decreased q/q from \$7.5M to \$6.9M
 - Driven by government absorption, lower legal costs and other smaller cost reduction items

EPS

- GAAP loss of (\$0.22) and Non-GAAP loss of (\$0.08)
 - GAAP loss Includes 1-off deemed dividend (\$0.09) impact

Balance Sheet

	June 30, 2023	March 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,311	\$ 15,527
Restricted cash	-	500
Accounts receivable, net, including related parties	6,915	4,396
Inventory	8,885	8,406
Prepaid expenses and other current assets	1,184	1,859
Total current assets	20,295	30,688
Property and equipment, net	7,957	7,890
Operating lease right-of-use assets	2,863	3,033
Goodwill	994	1,079
Intangible assets, net	247	321
Investment in joint venture	662	715
Other assets	697	726
Total assets	\$ 33,715	\$ 44,452
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 6,517	\$ 7,895
Accrued interest	-	180
Accrued payroll and benefits	1,228	1,458
Operating lease liabilities	526	404
Revolving credit facility	-	12,000
Total current liabilities	8,271	21,937
Operating lease liabilities, net of current portion	2,390	2,670
Other liabilities	230	230
Total liabilities	10,891	24,837
Commitments and contingencies		
Stockholders' equity (deficit):		
Common stock	6	6
Additional paid-in capital	247,027	230,272
Accumulated deficit	(222,295)	(209,236)
Accumulated other comprehensive loss	(1,914)	(1,427)
Total stockholder's equity (deficit)	22,824	19,615
Total liabilities and stockholders' equity	\$ 33,715	\$ 44,452

Notables

- Cash and cash equivalents of \$3.3M
 - Decreased burn in quarter from \$9.4M to \$6.7M
 - Outstanding Debt paid in April – now debt free
 - \$8m Rights issue concluded in July
 - Additional non-dilutive debt in progress
- Inventory increased from March driven primarily by increased standard costs
- AR increased – largely driven by Government execution
- Shareholders equity improved \$3.2M to \$22.8M in the quarter

GAAP to NON-GAAP Reconciliation

	Three Months Ended		
	June 30, 2023	March 31, 2023	June 30, 2022
GAAP net loss	\$ (7,447)	\$ (8,790)	\$ (5,353)
Adjustments:			
Stock-based compensation	2,003	858	583
Depreciation	196	174	152
Amortization	74	74	74
Other income and expense, net	668	447	319
Total adjustments to GAAP net loss	2,941	1,553	1,128
Non-GAAP net loss	\$ (4,506)	\$ (7,237)	\$ (4,225)
GAAP net loss per share - basic and diluted	\$ (0.22)	\$ (0.15)	\$ (0.10)
Adjustment	0.14	0.02	0.02
Non-GAAP net loss per share - basic and diluted	\$ (0.08)	\$ (0.13)	\$ (0.08)
Weighted average common shares outstanding - basic and diluted	59,264,378	57,144,218	54,404,830

	Three Months Ended		
	June 30, 2023	March 31, 2023	June 30, 2022
GAAP operating expenses	\$ 8,867	\$ 8,518	\$ 6,140
Adjustments:			
Stock-based compensation	1,865	796	543
Depreciation	99	101	95
Amortization	74	74	74
Total adjustments to GAAP operating expenses	2,038	971	712
Non-GAAP operating expenses	\$ 6,829	\$ 7,547	\$ 5,428

Non-GAAP includes D&A, OIE, SBC and Deemed Dividend

Deemed dividend for warrant issuance (\$0.09) – fair value for both new and repriced warrants comprehended
Increased SBC - methodology change implemented

Non-GAAP OPEX improved from (\$0.13) to (\$0.08)