



# Investor Presentation

**Needham Growth Conference**  
January 14, 2020

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## Forward-Looking Statements

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In addition to the U.S. GAAP financials, this presentation includes certain non-GAAP financial measures. The non-GAAP measures have limitations as analytical tools, and you should not consider them in isolation or as a substitute for an analysis of our results under GAAP. See Appendix for a reconciliation between each non-GAAP financial measure and its nearest U.S. GAAP equivalent.



# Company Overview

Leading Provider of Specialty Memory Technology and Products to Mission-Critical Applications from the **Data Center** to **Industrial and IoT End Point** applications

**Headquarters** Chandler, AZ  
**Established** 2008  
**Listed** NASDAQ: MRAM  
**Segment** Semiconductor Memory

**Total 2019 Est. Revenue\*** \$37.2-\$37.6M

\*Based on first three quarters of 2019 revenue actuals and Q4 2019 guidance

Diversified Customer Base

**1000+**

Across multiple markets

In Production over 12 years

**120M+**

MRAM Units shipped

Strong IP Portfolio

**670+**

Patents and applications WW

Focused on differentiated value and long-term growth in stable and growing markets

# Only MRAM Demonstrates The Promise of Universal Memory

## PERSISTENCE

Maintains memory contents without requiring power



## PERFORMANCE

SRAM & DRAM-like performance with low latency



## ENDURANCE

Superior durability supports memory workloads without sophisticated management



## RELIABILITY

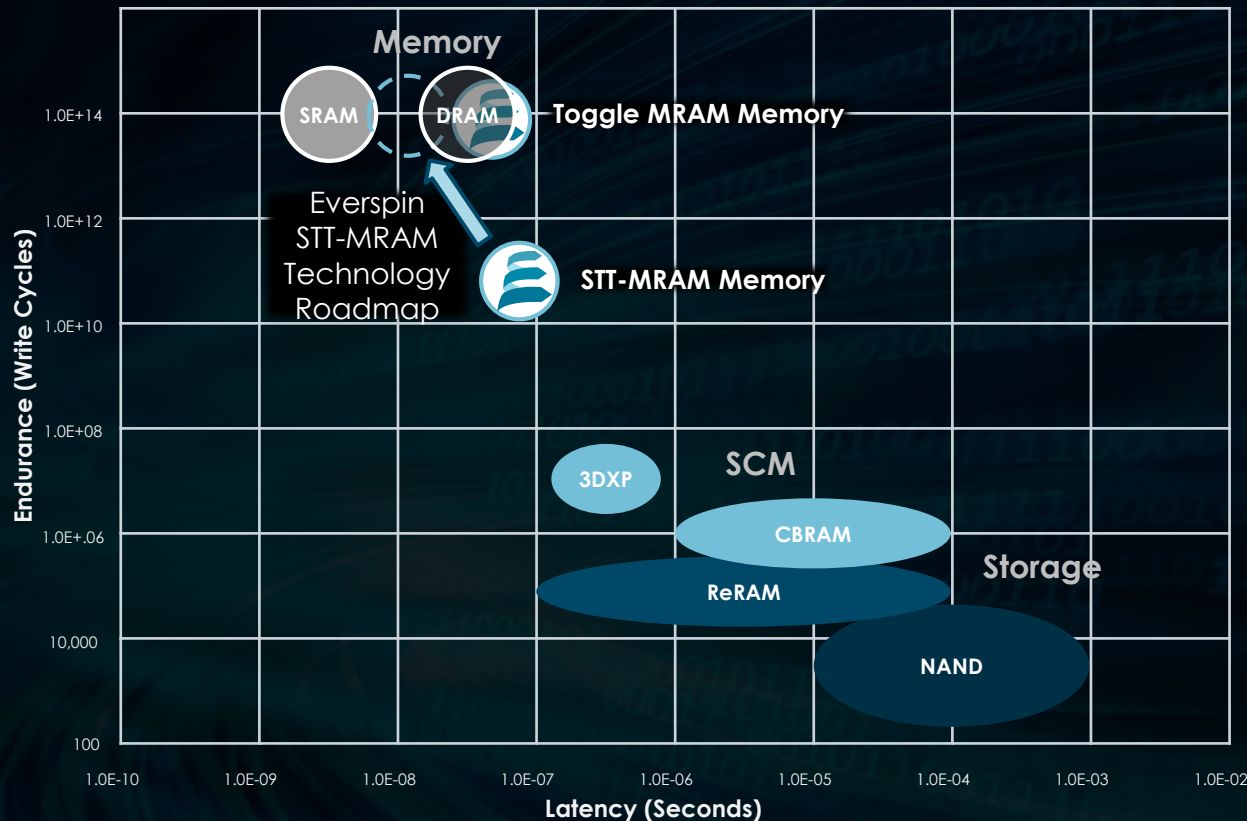
Best-in-class robustness designed and tested for extreme conditions



MRAM as a CPU-attached memory (like SRAM/DRAM) that brings non-volatile capability (like Flash)



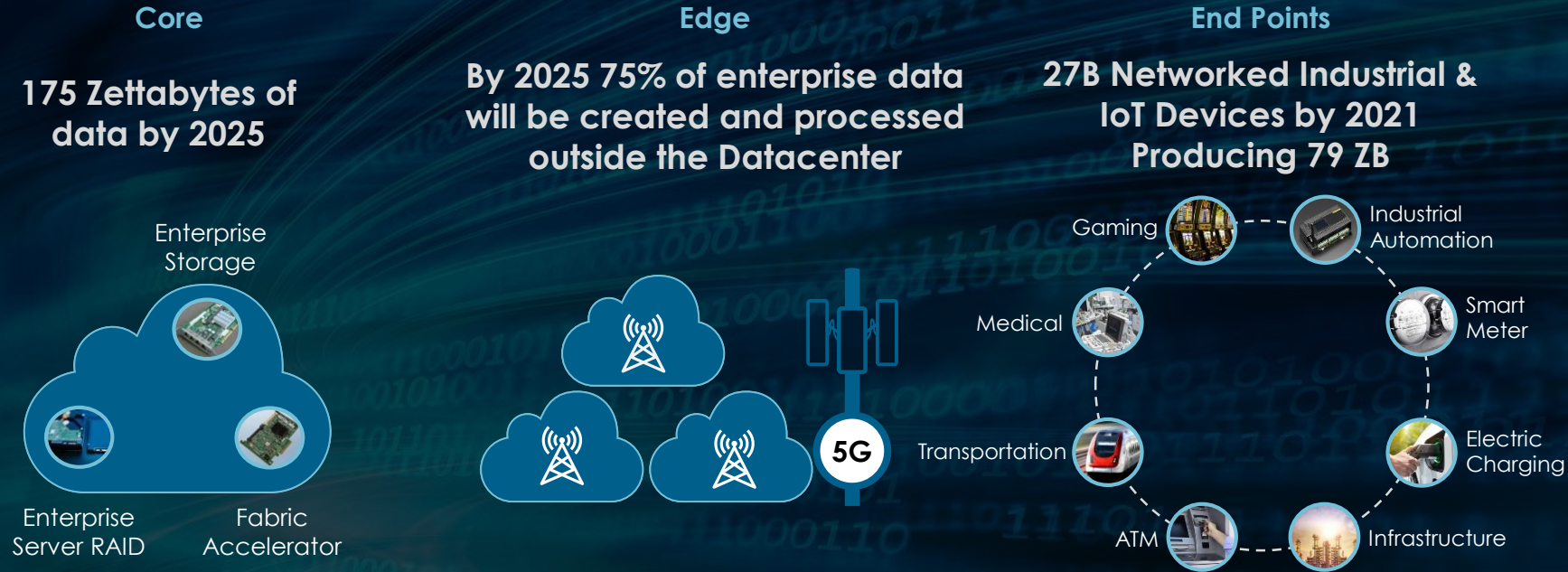
# MRAM Brings Native Persistence to Memory Workloads



## MRAM COMBINES PERFORMANCE OF MEMORY WITH PERSISTENCE OF STORAGE

- **Persistence:** Months to decades of data retention without power or refresh
- **Performance:** Read/write similar to DRAM
- **Endurance:** Handles memory workloads

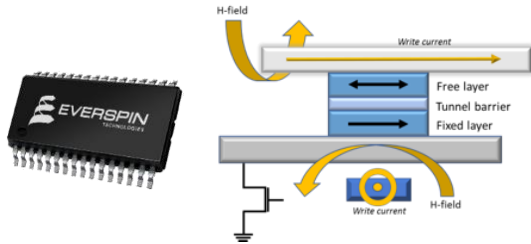
# 5G Opens A Universe of MRAM Applications



5G brings unprecedented bandwidth expected to increase  
Industrial and IoT End Point persistent memory needs and drive lower Core latency in the Data Center

# Product Portfolio Expands End Point Application Opportunity

## Industrial/IoT Toggle MRAM



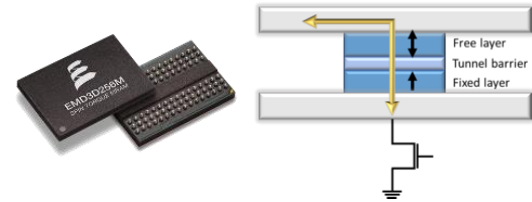
- SPI, QSPI, Parallel I/F
- 128 Kb to 32 Mb
- SRAM-like performance
- 20 years data retention
- -55C to 125C Operating Temp.
- Most robust MRAM

## Industrial/IoT STT-MRAM



- SPI, QSPI, OSPI, xSPI
- 64 Mb to 256 Mb
- SRAM-like performance
- 10 years data retention
- -40C to 85C Operating Temp.
- Most affordable MRAM

## Data Center STT-MRAM



- ST-DDR3, ST-DDR4 I/F
- 256 Mb to 1 Gb
- DRAM-like performance
- 3 months to 10 years DR
- 0C to 85C Operating Temp.
- Highest density MRAM

Our new product development expands the opportunity for STT to existing and new MRAM customers



# MRAM in Industrial & IoT

## Universal Non-Volatile Memory

Bringing robust and simple non-volatility to applications that need to store mission-critical data in CPU attached memory configurations



Industrial Automation



Medical



Network & Infrastructure



Casino Gaming



Transportation



Other Industrial



Solid Reliability

No Battery Servicing or Down Time



Unified Code and Data Memory

Unlimited Endurance



Low System Power Consumption

Simple to integrate to Standard Interfaces



Extended Temperature Operation

Cost Effective





# MRAM in the Data Center

## Lowest Latency Persistent Memory

Addressing the need for assured data integrity in high performance data buffering applications with unmatched endurance and reliability



Enterprise Storage



Enterprise Server RAID



Fabric Accelerator



Solid  
Reliability

No Stored  
Energy  
Liability



Larger Buffer  
Improves  
Latency QOS

No Capacitor  
Backed RAM



Optimized  
Interleave For  
Sequential  
Performance

Simplified  
Architecture  
Eliminates Power  
Fail Hardening



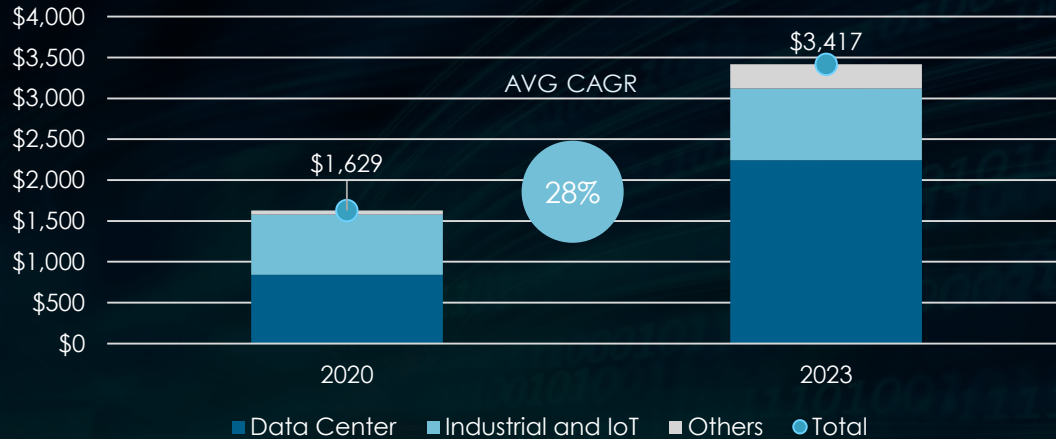
More Physical  
Space For  
Storage  
Capacity

Enable Higher  
Number of  
Streams



# Market Potential In Data Center Core And Industrial/IoT End Points

MRAM TAM (\$M)



## KEY SUCCESS FACTORS

- Focus on high value segments that need higher performance and reliability
- STT-MRAM penetration in Data Center Core Applications
- Expand opportunities for MRAM with Industrial/IoT STT-MRAM
- Leverage expanded supply

## CURRENT FOCUS SEGMENTS



Enterprise Storage



Enterprise Server RAID



Industrial Automation



Medical



Network & Infrastructure



Casino Gaming



Other Industrial

## GROWTH OPPORTUNITIES



Fabric Accelerator



Mil/Aero



Transportation

\*Based upon Yole and internal estimates



# Diversified Top-Tier Customer Base in Significant Markets

DATA CENTER	INDUSTRIAL AUTOMATION	MEDICAL	NETWORK & INFRASTRUCTURE	CASINO GAMING	MIL/AERO & TRANSPORT.
     	     	  	    	   	       

Serving some of the most demanding customers in segments with long-term stability

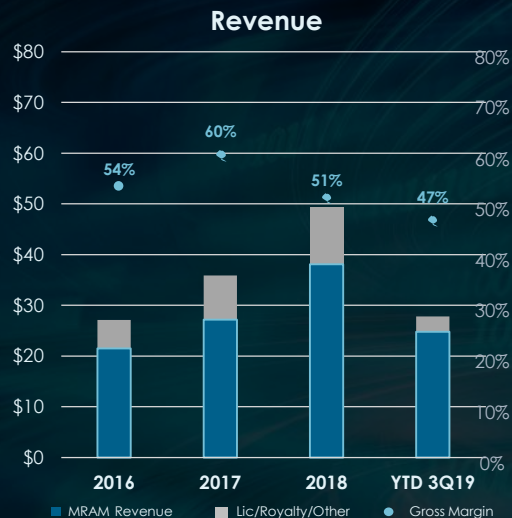
# Corporate Financials



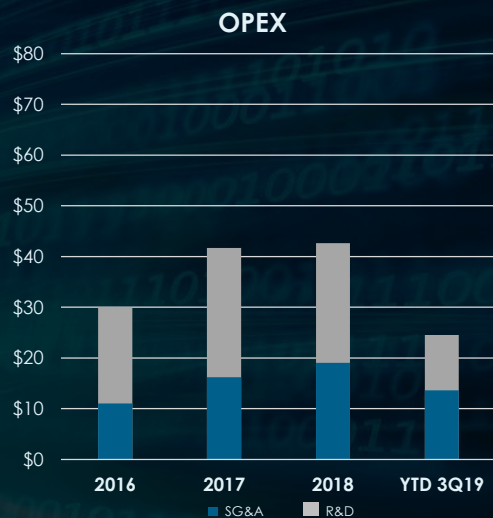
# Key Financial Indicators

As of Q3 2019

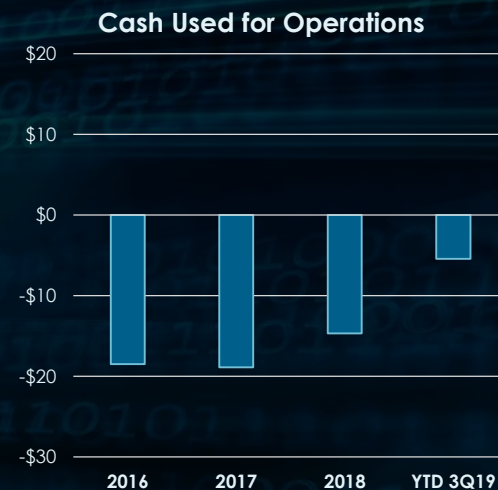
## YoY Product Revenue Growth With Robust Margins



## Well Controlled OPEX



## Moving Toward Profitability



MRAM product revenue growing supported by IP revenue with improving operational efficiencies

2018 reflects significant one-time license revenue

# Everspin Announces Restructuring in Q1, 2020

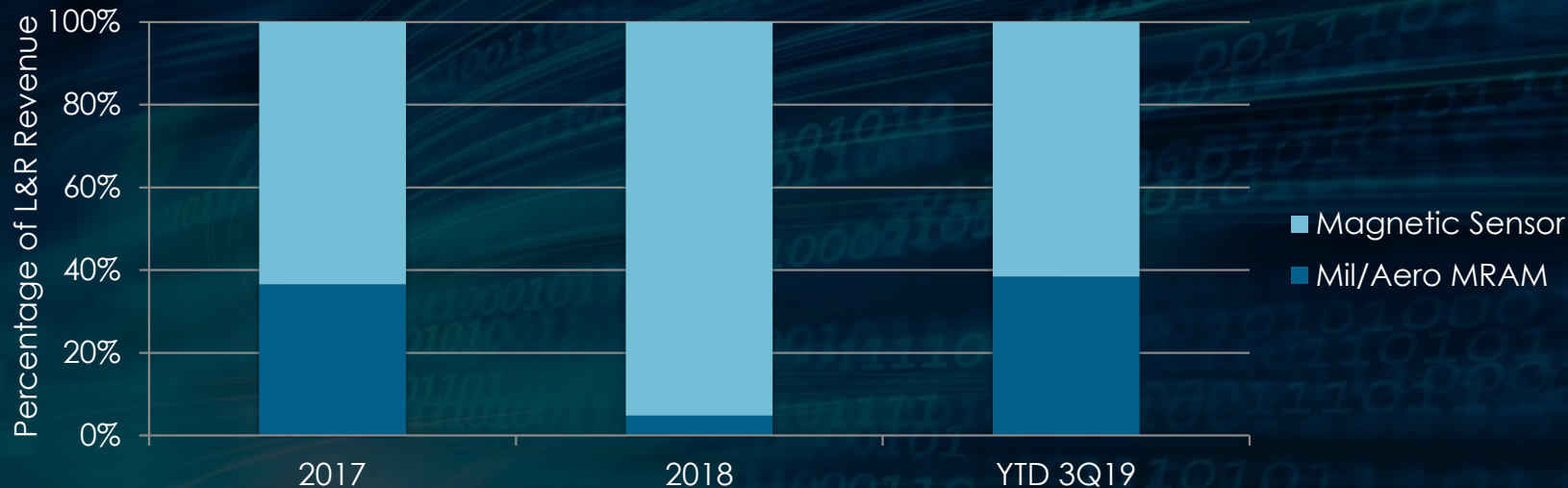
- Targeting over \$5M reduction in annual operational expenditures
  - Continuing efforts begun in 2019 to further improve spending structure
  - Designed to achieve quarterly cashflow breakeven under current revenue outlook
- Key short-term and long-term priorities maintained
  - Short: Revenue growth, operational health and financial controls
  - Long: Product roadmap expansion and long-term R&D
- Executive Team Changes
  - Troy Winslow expanded responsibility to VP Sales and Marketing
  - Yong Kim, former Cypress Engineering VP, joins as Product Development VP
  - Jeff Winzeler CFO is stepping down; search for replacement underway
    - Matt Tenorio, Everspin Corporate Controller, will be interim CFO



# Licensing and Royalty Revenue Contributions

As of Q3 2019

## Breakdown of IP Revenue Stream



- Embedded MRAM Licensee GLOBALFOUNDRIES expected to begin royalty bearing shipments in 2H 2020
- Seagate TMR Head Sensor license in 2019 was based on a non-cash transfer of patents to Everspin

Everspin has successfully licensed MRAM, Magnetic Sensor and TMR Head Sensor (HDD) IP

# Income Statement

As of Q3 2019

(\$M)	2017	2018	1Q19	2Q19	3Q19	YTD 3Q19
Revenue	\$35.9	\$49.4	\$10.0	\$8.6	\$9.2	\$27.9
Gross Profit	\$21.5	\$25.3	\$4.8	\$4.0	\$4.4	\$13.2
R&D	\$25.4	\$23.6	\$4.0	\$3.5	\$3.4	\$10.9
SG&A	\$16.3	\$19.0	\$5.0	\$4.1	\$4.5	\$13.5
Operating Income	(\$21.1)	(\$17.8)	(\$4.3)	(\$3.7)	(\$3.7)	(\$11.6)
EBITDA	(\$15.6)	(\$12.0)	(\$2.9)	(\$2.2)	(\$2.2)	(\$7.3)

2018 reflects significant one-time license revenue



# Balance Sheet

As of Q3 2019

(\$M)	2017	2018	1Q19	2Q19	3Q19
Cash & Equivalents	\$13.0	\$23.4	\$18.5	\$15.3	\$14.8
Assets	\$31.4	\$45.0	\$42.2	\$37.5	\$35.1
Debt	\$12.2	\$12.3	\$11.0	\$9.3	\$8.0
Liabilities	\$20.6	\$20.1	\$20.8	\$18.8	\$17.0
Equity	\$10.9	\$24.9	\$21.4	\$18.6	\$18.1

- 2018 reflects secondary offering of \$24.5M net closed February 7, 2018 and significant one-time license revenue
- Refinanced debt in Aug 2019 delaying further principal payments for a year, significantly reducing debt service costs

# Target Operating Model

As of Q3 2019

	2017	2018	YTD 3Q19	Target Model
Revenue (\$M)	\$35.9	\$49.4	\$27.9	>20% CAGR
Gross Profit	59.8%	51.2%	47%	>50%
R&D	71%	48%	39%	20%
SG&A	45%	38%	48%	17%
Operating Income	(56%)	(35%)	(43%)	>13%

2018 reflects significant one-time license revenue



# Key Investor Takeaways

Unique success producing high-value discrete  
MRAM products over 5 generations of  
technology

Addressing needs of Tier-1 customers in stable  
and growing markets from Data Centers to  
Industrial & IoT Edge Devices

Strong IP portfolio of over 670 patents  
and applications generating licensing  
and royalty revenue

Solid track record of revenue growth,  
strong margins and cost control building  
increasing financial stability

Solid Toggle MRAM customer base with  
growing design wins and growing market  
opportunity for STT-MRAM with large potential

Leadership Team with experience  
commercializing technology in our target  
markets



# Appendix



# GAAP to Non-GAAP Reconciliation

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Adjusted EBITDA reconciliation:				
GAAP Net loss	\$ (3,663)	\$ (5,629)	\$ (11,589)	\$ (14,274)
Depreciation and amortization	421	340	1,297	1,069
Stock-based compensation expense	895	722	2,397	2,064
Compensation expense related to vesting of GLOBALFOUNDRIES common stock	—	247	—	709
Interest expense	170	229	567	662
Non-GAAP Adjusted EBITDA	\$ (2,177)	\$ (4,091)	\$ (7,328)	\$ (9,770)

# GAAP to Non-GAAP Reconciliation

	Year Ended December 31,	
	2018	2017
Adjusted EBITDA reconciliation:		
GAAP Net loss	\$ (17,754)	\$ (21,100)
Depreciation and amortization	1,451	1,191
Stock-based compensation expense	2,668	2,048
Compensation expense related to vesting of GLOBALFOUNDRIES common stock	753	1,472
Interest expense	890	764
Non-GAAP Adjusted EBITDA	\$ (11,993)	\$ (15,625)



# 5 Global Operation Sites & 8 Regional Offices



★ Operational Sites  
● Regional Sales/Support Offices

# Fab Partnership Expansion to Meet The Growing Demand



GLOBALFOUNDRIES®

## Strong Partnership with GF for STT-MRAM

- 40nm 256Mb discrete chip mass production,
- 28nm 1Gb discrete chip pilot production
- 22nm FDX embedded for GF SOC customers pilot
- Continue joint technology development for future

## Growth Plan for Toggle MRAM

- Long-term Chandler manufacturing operation continues
- Manufacturing expansion with SilTerra starting in 2020



SILTERRA

Established manufacturing partnerships for long term growth