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Navitas Semiconductor Corp. (NVTS)

Q4 2025 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon, and welcome to Navitas Semiconductor's Fourth Quarter 2025 Financial Results Conference Call. At this time, all participants are in a listen-only mode. At the conclusion of today's conference call, instructions will be given for the question-and-answer session. [Operator Instructions] As a reminder, this conference call is being recorded today Tuesday, February 24, 2026.

I would now like to turn the conference over to Brett Perry of Shelton Group, Investor Relations. Brett, please go ahead.

Brett Perry

Vice President-Investor Relations, Shelton Group

Thank you, operator. Good afternoon and welcome to Navitas Semiconductor's Fourth Quarter 2025 Financial Results Conference Call. Joining us on today's call are Navitas' President and CEO, Chris Allexandre; CFO, Todd Glickman. I'd like to remind our listeners that the results announced today are preliminary as they're subject to the company finalizing its closing procedures and customary quarterly review by the company's independent registered public accounting firm. As such, these results are unaudited and subject to revision until the company files its Form 10-K for its year ended December 31, 2025.

In addition, management's prepared remarks contain forward-looking statements, which are subject to risks and uncertainties and management may make additional forward-looking statements in response to your questions. Therefore, the company claims the protection of the Safe Harbor for forward-looking statements that is contained in the Private Securities Litigation Reform Act of 1995. Actual results may differ from those discussed today, and

therefore we refer you to a more detailed discussion of the risks and uncertainties in the company's filings with the Securities and Exchange Commission, including Form 10-K and Form 10-Q.

In addition, any projections as to the company's future performance represent management's estimates as of today February 24, 2026. Navitas assumes no obligation to update these projections in the future, as market conditions may or may not change, except to the extent required by applicable law. Additionally, the company's press release and management statements during this conference call will include discussions of certain measures and financial information in both GAAP and non-GAAP terms. Included in the company's press release are definitions and reconciliations of GAAP to non-GAAP items, which provide additional details.

For those of you unable to listen to the entire call at this time, a recording will be available via webcast for 90 days in the Investor Relations section of Navitas' website at www.navitassemi.com. And now it's my pleasure to turn the call over to Navitas President and CEO, Chris, please go ahead.

Chris Alexandre

President, Chief Executive Officer & Director, Navitas Semiconductor Corp.

Good afternoon. And we appreciate you joining us today. I'm pleased to be hosting my second quarterly conference call as Navitas' CEO. We closed up the year with a productive fourth quarter as we continued to accelerate our pivot to Navitas 2.0 and align the entire organization to focus on addressing high-power markets. In fact, it's been energizing five months since I joined the company, and my conviction in our industry-leading GaN and high-voltage SiC solution has only grown stronger. And that our strategy pivot is on the right path to successfully scale the company to next level.

Before providing comments and updates specific to the quarter, I want to briefly reiterate several key elements on our previously communicated strategy confirmation and our vision to what we call Navitas 2.0. First, we're accelerating our pivot away from the company's historical mobile and low-end consumer business to focus on high-power markets where our GaN and high-voltage SiC products can deliver real differentiation and value through a higher density, efficiency and reliability.

We are laser focused on four high growth, high value market segments. AI data center, energy and grid infrastructure, performance computing and industrial electrification. Collectively, this segment represents a serviceable addressable market of \$3.5 billion by 2030, split roughly 50/50 between GaN and high-voltage SiC, with a combined CAGR of more than 60%.

Although the largest portion of this \$3.5 billion SAM is within AI data centers and grid and energy infrastructure, I want to emphasize that AI is a shared underlying catalyst across our four target markets, driving a rapid acceleration in terms of re-architecture infrastructure, customer expectation and the adoption of the new high voltage technology.

We're leveraging our proven 10-year track record as a pioneer of GaN at scale, having shipped over 300 million units GaN devices. Coupled with a deep expertise in systems and application, as well as our leadership in high-energy, high-voltage SiC to our GeneSiC technology. The end goal of Navitas 2.0 strategy transformation is straightforward. To rapidly penetrate secure, expanded customer engagement and achieve scale resulting in a more sustainable, consistent and future profitable growth for Navitas.

Turning to a brief recap of our fourth quarter results. As initial progress of our pivot to Navitas 2.0, we've completed a realignment of the entire organization, both in terms of scales and geography, to focus on addressing high-power markets. These include fully redeploying organization resources, roadmap and focus accordingly.

Revenue in the fourth quarter came at the high-end of our guidance range at \$7.3 million, coupled with the fourth quarter being the first time that high-power markets represent the majority of our total revenue. We remain confident that the fourth quarter was the bottom. Notably, our mobile business declined sequentially from a majority of revenue in Q3 less than 25% of total revenue in Q4.

We expect mobile to continue going down as a percentage of quarterly revenue and become insignificant by the end of 2026. Also consistent with our comment last quarter, we're guiding to quarter-over-quarter growth for Q1 and anticipate continued sequential growth throughout 2026, driven by increasing sales traction in the high-power markets.

Over the last several months, as part of my extended meetings with customers and partners, I've seen numerous proof points that the new technology adoption is accelerating. AI is a catalyst, changing the game across markets. Existing technologies and architecture are no longer sufficient. The industry is moving faster than it ever has in term of technology adoption, with customers clearly moving to take advantage of GaN and high-voltage SiC technology.

As previously mentioned, AI is a primary catalyst that's driving momentum and broadening the adoption of high-power solutions across all four of our target high-power markets. Every interaction with customers has confirmed the market is undergoing secular change and that AI is sparking the revolution we're focused on. This impending inflection point in architecture, design and technology adoption is highly survivable to GaN and high-voltage SiC, putting Navitas 2.0 at the center of this revolution. As outlined in our last call, Navitas 2.0 transformation to a high-power company is being backed by decisive actions and grounded in four pillars that include market focus, technology leadership, operational efficiency and financial discipline.

Let me now review with you the measurable progress that we've made in each of these areas since our last earning call. Starting with market focus, as I mentioned earlier, we're sharply focused on the high-power markets of AI data center, energy and grid Infrastructure, performance computing and industrial electrification. In AI data center specifically Navitas is uniquely positioned as one of the leaders in GaN and high-voltage SiC, supporting all major AI data center architectures. The density of compute power has required a higher efficiency and publicity is driving the acceleration of GaN in next generation data center.

During the quarter, we've accelerated samplings of product and solution delivery with our 100 volt GaN and 650 volt GaN targeted at AI data center 800 volt HVDC and 48 volt High IBC HV buck architecture. Samples are currently available in different package types and are being evaluated by more than a dozen customers. More recently, on February 9, we announced our breakthrough 10 kilowatt DC-DC design platform. This is an all GaN 10 kilowatt 800 volt to 50 volt DC-DC platform, which employs advanced 650 volt and 100 volt GaNFast cells in a three-level high bridge architecture with synchronous electrification. This platform has delivered 98.5% peak efficiency, which we believe is the best in the industry so far.

This full brick package design platform achieves leading power density and supports plus or minus 400 volt V DC standard for AI data centers. This is a great example of how Navitas is able to leverage our 10 years of GaN and systems expertise. We are setting the benchmark for scalable, high performance AI infrastructure. Our product portfolio delivers unprecedented power density to support rapid, large care expansion of AI data centers while also allowing hyperscalers and OEMs the ability to maximize compute density and reduce energy loss in support of deploying next generation AI workload.

On the SiC front, we are very active supporting customers in their AC-DC PSU designs for current AI data center architecture with our latest 1.2 kV SiC devices leveraging our latest sixth generation GeneSiC technology announced earlier this month. This product brings improved figures of merit and best in class thermal behavior. The top five cooling QD packages are being well-received by customers.

In the grid and energy infrastructure market, the energy grid is in the process of a major transformation and modernization to support the AI catalyst but also overall growth in energy demand. This is not a short cycle, but rather a multi-decade secular and sustainable trend that will transform grid and energy infrastructure. As a result, we're seeing an acceleration in the design cycles here as well. We are leading this effort, with our new ultra high voltage 2.3 kV and 3.3 kV SiC modules and on map even higher voltage. We are now in evaluation with over 15 OEMs globally, mostly in the US and Europe, with notable acceleration in the US.

In performance computing, we continued to see increased GaN adoption in the high power chargers and power units for high-end computing and AI notebooks, replacing silicon. We have more than 15 projects in production and approximately twice that number in design wins across 170 watt, 200 watt, 240 watt and up to 360 watt with leading global computing companies. We expect to continue gaining momentum in the performance computing market throughout 2026.

And lastly, in industrial electrification, we're starting to see GaN in high voltage SiC action, in high performance applications spanning industrial pumps and heavy equipment electrification like DC-DC converters and megawatt chargers.

Turning to our second pillar technology leadership, we continue to prioritize innovation across GaN and high-voltage SiC technology, including both product and solutions, supported by expanding customer engagements and co-development projects. One example of this innovation and system expertise was our breakthrough 10 kilowatt DC-DC platform that I just discussed previously.

Another highlight was our announcement during last quarter of our 2,300 volt and 3,300 volt ultra-high voltage SiC module portfolio, which we have accelerated sampling to more customers. These modules feature proprietary trench assisted planar technology for AI and scalability, avalanche robustness and performance in mission-critical applications across grid-tied infrastructure, energy storage and megawatt scale fast charging. These products are available in SiCPAK G+ power modules, discrete packages and known good die format with extended AEC-Plus reliability testing.

As mentioned earlier, we announced last week our Gen 5 technology and upcoming new 1.2 kV SiC QD pak product targeting PSU AC-DC for AI data centers. Our new Gen 5 SiC technology continues to improve the Figure of Merit of our leading GeneSiC technology. It leverages our Trench-Assisted Planar TAP architecture, best-in-class thermal behaviors and top side cooling in QDpack. We're now sampling our first new 1.2 kV Gen 5 SiC product to multiple OEMs and ODMs designing high power PSUs and AC-DC for AI data centers.

On our third pillar, operational efficiency, we have taken actionable steps to create a more streamlined and rebalanced geographically deployed organization. We have been receiving strong employee buy-in and are already seeing tangible benefits from these efforts. Also on November 20th, we were pleased to announce a long-term strategic technology and manufacturing partnership with GlobalFoundries to accelerate GaN technology design and manufacturing in the United States. This partnership delivers secure, scalable solutions for target high-power market and ensures that Navitas can deliver the performance, efficiency and scale our customers demand.

It also provides Navitas the opportunity to manufacture our solutions in critical and national security applications in the US. Development began a few weeks ago, and both companies are deeply collaborating with production expected to begin later in the year and accelerate in 2027. Over time, we expect to transition to 8 inch in order to lower product costs and increase scale. Also during the quarter, we executed action to restructure and optimize our go-to-market strategy. This included significant consolidation of distribution channel partners from approximately 40 to less than 10 distributors. We have the ability to scale and are well-suited for serving high-power markets, while removing previously mobile-centric distributors.

And our fourth pillar, financial discipline, centers on resource realignment in support of our focus on high-power markets. This includes a very targeted 19% reduction in head count in the fourth quarter, offset by realignment actions to support the Navitas 2.0 shift, including hiring new employees well-equipped for high-power markets, in particular within the United States. As evidenced by our fourth quarter revenue mix, we have made tremendous progress. We also brought in new additional leaders with skills in sales and marketing, R&D and operations with the focus on enabling stronger execution.

These collective actions focus the entire company on high-power markets and provide a foundation for efficient and effective execution going forward. Even with a larger market opportunity, our resource realignment allows us to efficiently focus our quarterly spend on the high-power market. As a result, we're targeting to maintain operating expenses flat throughout the coming year. We also expect to drive gradual margin expansion throughout 2026 through improving scale and mix of high-power business.

Lastly, to further strengthen our balance sheet and fund future operations, we completed a private placement of common stock in November with net proceeds of approximately \$96 million contributing to a quarterly end cash balance of \$237 million. These proceeds further support our Navitas 2.0 strategy, accelerating our transformation and funding working capital for scalable growth and long-term value creation.

In closing, I am very pleased with the overall progress we achieved in a relatively short period of time. Speed is a fundamental element of our company's culture and is clearly working. We are positioning Navitas 2.0 as a high-power company, sharpening our focus and execution to enable scalable growth. Looking ahead, we anticipate a return to top line sequential growth starting in the first quarter, fueled by increased revenue from high-power markets when combined with the benefit of our optimized cost structure, streamlined go-to-market approach and accelerated product roadmap will also position us to achieve gradual improvement in gross margin and bottom line result over the coming year.

I'm incredibly proud of the team's dedication, hard work and agility in building to Navitas 2.0 vision. I also want to thank our customers for their support to our new strategic direction, as well as ongoing contributions to mutually beneficial collaboration and partnership. With that, I'll turn the call over to Todd to review our fourth quarter and full-year results, as well as our first quarter guidance.

Todd Glickman

Chief Financial Officer & Treasurer, Navitas Semiconductor Corp.

Thank you, Chris. In my comments today, I will take you through our fourth quarter and full-year 2025 financial results and then I'll walk you through some of the important Q4 achievements and market dynamics as well as our outlook for the first quarter 2026. I will then return it to Chris for final remarks before we take questions.

Revenue in the fourth quarter of 2025 exceeded the high-end of guidance at \$7.3 million compared to \$10.1 million in the third quarter of 2025. As expected, revenue for the quarter reflects our strategic decision to de-prioritize our low power, lower profit China mobile and consumer business, as well as our efforts to streamline our

distribution network to align our focus on high-power markets. As Chris mentioned, our high-power markets represented a majority of our quarterly revenue for the first time in the company's history. With mobile declining to less than 25%, this is a very important milestone and representative of our strategic shift. As mentioned before, we believe that Q4 represented the bottom for revenue as our strategic actions support driving increased contribution from our high-power business going forward.

Before addressing gross profit and expenses, I'd like to refer you to the GAAP to non-GAAP reconciliations in our press release. In the rest of my commentary, I will refer to non-GAAP measures. I would also like to point out that our GAAP results for the fourth quarter included a \$16.6 million restructuring and impairment charge that consisted of approximately \$10 million of distribution contract terminations, \$4 million of fixed asset impairments and \$2 million of workforce reduction expenses associated with realigning the entire organization and distribution channel to focus on addressing high-power markets. Of the \$16.6 million restructuring and impairment charge in the quarter, \$3.8 million was non-cash related items.

Gross margin in the fourth quarter was 38.7%, which was flat sequentially with the prior quarter reflecting the ability to maintain our margin profile despite the lower quarterly revenue. At these revenue levels, we do not yet have the leverage to overcome our fixed costs, but we expect this to improve as we further grow revenue from high-power markets.

As mentioned in our last earnings call, we expect to deliver expanded margins as we pursue a mixed change towards higher power markets and a way for mobile and low-end consumer. During the fourth quarter, we executed on a 19% workforce reduction, mostly deployed to mobile and consumer and an organizational realignment towards US high power customers and markets, thereby reducing operating expenses sequentially from \$15.4 million to \$14.9 million. This is part of our strategic plan to realign the company's resources to the Navitas 2.0 focus. Operating expenses were comprised of SG&A expenses of \$6.8 million and R&D expenses of \$8.1 million.

These expense levels aligned with our cost reduction targets. The fourth quarter of 2025 loss from operations was \$12.1 million, compared to \$11.5 million in the third quarter of 2025, as the reduction in operating expenses did not fully offset the decrease in revenue. Our weighted average share count for the fourth quarter was approximately 222 million shares.

For the full-year, 2025 revenue was \$45.9 million, compared to \$83.3 million in 2024. Gross margin for the full-year was 38.4%, compared to 40.4% last year. 2025 operating expenses were \$63.6 million, compared to \$83.4 million in 2024. The full-year loss from operations was \$46.0 million versus \$49.7 million last year. As Chris mentioned, the fourth quarter represented the bottom in quarterly revenue, and we expect to return to top line sequential growth throughout 2026 as we continue our transition to high-power markets.

Turning to the balance sheet, accounts receivable was down to \$3.6 million from \$9.8 million in the third quarter, reducing our DSOs to 45 days. Inventory decreased to \$13.3 million from \$14.7 million last quarter. Cash and cash equivalents at quarter-end were approximately \$237 million, reflecting net proceeds of approximately \$96 million from our completed private placement of common stock in November 2025. The company continues to carry no debt. Our balance sheet remains very strong as we exit the year with a high level liquidity and improved working capital position.

Moving to guidance for the first quarter of 2026, we expect revenue to increase sequentially to between \$8.0 million and \$8.5 million. This represents the first quarter-over-quarter growth since the company's pivot. As I just mentioned, we expect sequential growth to continue throughout the year, driven by increasing revenue

contribution from high-power markets. Gross margin for the first quarter is expected to be 38.7% plus or minus 25 basis points. We continued to anticipate the technological innovations to bring to high-power, high-growth markets will result in progressive expansion of future gross margins.

Turning to operating expenses, we anticipate operating expenses to remain approximately \$15 million for the first quarter. We expect to continue to allocate resources and expenses as we redeploy company resources towards higher power, customer end markets. Particularly within the US, this redeployment of resources is expected to offset the strategic downsizing of our facilities to result in flat operating expenses. For the first quarter, we expect our weighted average share count to be approximately 230 million shares.

In closing, we are pleased with our initial progress and accelerated pivot to Navitas 2.0. As evidenced by high-powered products representing the majority of our quarterly revenue for the first time, we expect to increasingly benefit from the broadening adoption of our GaN and high-voltage SiC products in targeted high-power markets. Together with our recent actions to reallocate resources, optimize operational efficiencies and restructure distribution channels, we believe that Navitas is on a path to deliver improving margins and bottom line results.

I'd now like to turn the call back to Chris for some final comments before opening the call to questions.

Chris Alexandre

President, Chief Executive Officer & Director, Navitas Semiconductor Corp.

As we close to this call, I want to address one additional matter. After an extraordinary 10 years of dedicated service, Todd has decided to step down as CFO to pursue other opportunities. He has been an invaluable partner to everyone in the company, bringing financial discipline, strategic insight and unwavering integrity that help steer us through periods of both growth and challenges. Todd has also been a great partner over the last six months, helping to pivot and transition the company to Navitas 2.0. On behalf of the entire board and executive team, I want to extend our gratitude for all of his contributions over the past decade. We have strong financial organization in place, and Todd is fully committed to assisting in a seamless transition until his successor has been made. We expect to communicate in the coming weeks regarding Todd's replacement and Navitas' new CFO. We enter this new chapter with confidence in our strategy, our momentum, and our ability to continue delivering long-term value for our shareholders. Thank you again for joining us today. Operators, you might now open the call to questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. We will now begin the question-and-answer session. [Operator Instructions] And our first question comes from the line of Kevin Garrigan with Jefferies. Your line is open.

Kevin Garrigan

Analyst, Jefferies LLC

Q

Yeah. Hey, Chris and Todd, congrats on the results. And Todd, best of luck on your next path forward. Hey, can you guys just walk us through how each of the high-power end markets perform in Q4 and how we should think about the trajectory for each of those markets in Q1?

Todd Glickman

Chief Financial Officer & Treasurer, Navitas Semiconductor Corp.

A

Yeah. Well, obviously, our quarter-on-quarter growth in revenue was due to the high-power markets. So they are performing well. We're not going to sort of break out the high-markets at this time, but we do expect all of them to be performing on a go-forward basis as mobile becomes immaterial as we move through the year.

Kevin Garrigan

Analyst, Jefferies LLC

Q

Okay. Got it. And then as a follow-up, can you just update us on the progress of the 800-volt architecture opportunity? And can give us a sense of – of a timeline on customer decisions?

Chris Allexandre

President, Chief Executive Officer & Director, Navitas Semiconductor Corp.

A

Hi, Kevin. This is Chris. As we talked last time, there's a lot of work going on between us and the hyperscalers, not only one but multiple of them on the adoption of the 800 volt HVDC. We sampled, as we mentioned in the press release and in the script, some of the new products that will be used in this type of architecture, we also announced a leading edge, 800 volt to 50 volt DC-DC brick that demonstrates the performance we can get with those product. So, there is a continuation of collaboration. It's a bit too early to kind of tell you when this will be confirmed. But I think we are getting closer and closer with our customers.

Kevin Garrigan

Analyst, Jefferies LLC

Q

Okay, great. I appreciate the color. Congrats again on the results.

Chris Allexandre

President, Chief Executive Officer & Director, Navitas Semiconductor Corp.

A

Thank you. And the one thing I would add, Kevin, is, everybody refers to the 800 volt HVDC as a step function for power content in the AI data center and this is true especially with the adoption of GaN replacing silicon as you move to the 800 volt HVDC, right. But I would outline that in AI-DC and you've heard it from multiple vendors, is that there is an acceleration of demand also in using the classic architecture which is AC-DC, right, using SiC. And we see a growth throughout the year ahead of the step function with GaN in HVDC.

Operator: Our next question comes from the line of Kevin Cassidy with Rosenblatt. Your line is open.

Kevin Cassidy*Analyst, Rosenblatt Securities, Inc.*

Q

Yeah, thanks for taking my question and congratulations on the progress. Just as you mentioned here, you're working with the hyperscalers. Is this – are you working directly with them, will they be building their own power supplies or is that going to be a pull to the – from the current power suppliers to the hyperscalers?

Chris Allexandre*President, Chief Executive Officer & Director, Navitas Semiconductor Corp.*

A

Kevin, It's actually all of the above, okay. So the hyperscalers possibly two are driving the new architecture, right. Both in terms of what they expect in term of density and power level in the AC-DC PSUs as well as the 800 volt – either 50 volt or even low-voltage HVDC architecture, right. Now we don't work only with the hyperscalers. If you think about PSU, which is, clearly designed in OEMs and ODMs that are serving those hyperscalers and if you look at the HVDC, a lot of these are classic merchant power companies serving the hyperscalers also doing designs on this new architecture.

So, we work with everybody. I would tell you that the drive of the change of the architecture comes from the US and the hyperscalers, but a lot of the OEMs and ODMs in Taiwan, in China but also in the US are driving that. And as you know, we just announced this board right, which I mentioned, which was basically a co-development with the customer and that's basically to showcase the level of efficiency you can get by using GaN on the primary side and GaN on the secondary side, in 800 volt to 50 volt DC-DC brick and you can see more of volts reference implementation in the future as well.

Kevin Cassidy*Analyst, Rosenblatt Securities, Inc.*

Q

Okay, great color. Thanks for that detail. And have any of your customers are the hyperscalers giving you an idea of when that inflection point would be, when they start doing the installations?

Chris Allexandre*President, Chief Executive Officer & Director, Navitas Semiconductor Corp.*

A

I mean, the thing I would say, as I said just earlier on Kevin's question, there are two streams if you prefer, of the AI data center growth. Number one is more than data centers, more power and that drives more PSUs, higher power PSUs and that drive the growth in SiC, which we are seeing throughout 2026 when it comes to the 800 volt HVDC, which I think is your question, when there is a discontinuity and you cannot use silicon anymore on the primary side because you are 800 volt and you have to move to high voltage GaN, this is really driven by not the GPU change but the rack architecture change. As you compact more GPUs into a single rack and you get 2 megawatt rack, you cannot get the power density and the efficiency with silicon. And that's the difficulty.

I would say, as we said before, this is really about 2027. Will GaN be used slightly earlier? It could. There is a case, where you can use GaN in the 48-volt IBC replacing silicon. As I mentioned in the script, where GaN brings higher efficiency, you can do it with silicon, but you get higher efficiency and this might be the first time you see GaN in data centers, but the real step function is really coming from the 800-volt DC, which is really kind of linked to the [indiscernible] (00:33:37), which is the higher integration of GPUs in 2027.

Kevin Cassidy*Analyst, Rosenblatt Securities, Inc.*

Q

Okay, understood. Thank you. And also, I'll give my best wishes to Todd. Pleasure working with you.

Todd Glickman

Chief Financial Officer & Treasurer, Navitas Semiconductor Corp.

Thanks, Kevin.

A

Operator: Next question comes from the line of Quinn Bolton with Needham. Your line is open.

Quinn Bolton

Analyst, Needham & Co. LLC

Hey, guys, congratulations on the progress on the transformation to Navitas 2.0 and best wishes to you, Todd. I guess, Chris, I wanted to come back on the 800 HVDC solution, especially as you think about the primary side of that 800 volt rail there. Still a lot of folks in the industry that I think are talking about using silicon carbide in that 800 volt conversion step. You guys are obviously pushing the GaN solution, but I guess can you say what you're – what are you seeing from the leading GPU and hyperscaler vendors that are looking at the 800 volt for the 400 plus minus rack architectures? Are they pushing more for GaN? Are they open to both GaN and Silicon Carbide solutions? Just how do you see this playing out from a technology perspective between GaN and Silicon Carbide?

Q

Chris Alexandre

President, Chief Executive Officer & Director, Navitas Semiconductor Corp.

Thank you, Quinn. It's a very good question, actually, because I think there is some level of confusion. First of all, I would tell you that we are not pushing anything. We have both SiC and GaN, and we welcome SiC being used on the primary side if it's needed and GaN being used on the primary side if that's needed. So we're not pushing anything. We are being pulled.

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We've not seen any significant use case or board implementation or customer evaluation using SiC on the primary side. SiC is being used widely at 1.2 kilovolt as I mentioned in the classic AC-DC right, which is basically prior to the 800-volt DC. But when it comes to 800 volt DC, we've been pulled by customers and I'm talking about hyperscalers to Kevin's question here that are really driving the GaN adoption because it's a more efficient and more driving higher density.

Quinn Bolton

Analyst, Needham & Co. LLC

Understood. Okay. And then, Chris, you also talked about your 10 kilowatt all-GaN brick solution. Can you give us a sense, is that more of a reference platform or would that be a solution that Navitas would look to source that entire brick level product? Because I imagine it includes a fair amount of additional componentry. And so just thinking about, to extent that you're selling the full-brick solution, I imagine that might be pretty high dollar content. So could you just talk about whether you would really just sell the GaN solutions as part of that brick? Would you sell the entire brick and if you did sell the entire brick, what would the margin implications be?

Q

Chris Alexandre

President, Chief Executive Officer & Director, Navitas Semiconductor Corp.

So – well it's a very good question. Thank you, Quinn. We view this as enabling solution, enabling technology for the customers. So, first of all, as I mentioned, this is something we've done with the customer. We have not done that in a vacuum on our own, right. This is something that we've co-developed with the leading customer, number one. Number two is we do not compete with customers, okay. At this stage, we don't see the path where we're going to sell the modules. Now that design is shared with our customers and the hyperscalers as well as the ODMs and OEMs that are looking at how we've been able to achieve that high level of efficiency right, 98.5%, which we

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believe based on what we've seen and some of our competitors feedback and type of customers, one of the best in the industry, right.

So I would tell you, this is for us, this is what we've done in GaN historically. We pioneered GaN in mobile by demonstrating and helping customers to get to highest level of efficiency in lowest EMI, highest level of density and we are doing the same in AI data center. And this is what I talk about when we talk about 2.0, we're leveraging the benefits and the skills of 1.0, right. And this systems expertise makes a difference. At the end of the day, we are in the business of selling GaN and silicon carbide, enabling our customers. As a matter of fact, on that board we are using some of our competitors and our silicon and other technologies and products that we don't have. But the focus is how to show and help the customers to accelerate the adoption of GaN in HVDC.

Quinn Bolton

Analyst, Needham & Co. LLC

Excellent. Thank you very much, Chris.

Q

Operator: Next question comes from the line of Jon Tanwanteng with CJS Securities. Your line is open.

Jonathan Tanwanteng

Analyst, CJS Securities, Inc.

Hi. Good afternoon. Thanks for taking my questions and I'll join the queue in wishing Todd – well wishes on his journey. If you could start, maybe talk a little bit about the competitive landscape in supplying the 800 volt data center. What are you seeing just in terms of who you're bidding against in these sockets? If they're outpricing you or doing better in technology? And on top of that, how is your partnership with Infineon evolving that space as well? Thank you.

Q

Chris Allexandre

President, Chief Executive Officer & Director, Navitas Semiconductor Corp.

So, thank you for your question, Jon. So I'll start with the end. We continue our partnership with Infineon. We have a cross-license, as you know, and we share the same vision, which is to enable the accelerated adoption of GaN and silicon carbide in the AI-DC, right. So, SiC as the traditional architecture and GaN in the 800-volt DC, right. So there is a lot of dialogue between the two companies on that front, right.

A

Number two, you would have seen that there are multiple vendors having been listed on the 800-volt AI factory kind of ecosystem. As a matter of fact, I think it's up to 13 vendors, really. But we don't see all of them in each of the sockets we target. So, I would recommend that you look at how many of those 13 are actually in the high-voltage GaN. So how many of them have a 650-volt GaN in the right package to be able to enable 800-volt HVDC? How many of them are mid-voltage GaN to enable the 50-volt secondary side?

Some of them are listed as a silicon vendor okay, we are listed as GaN vendor. The other thing is, as we talked about SiC being used on the AC-DC as well, there is a natural pull on more SiC as we get to a higher voltage and also outside of data center to do the 800-volt HVDC, you need to enable a change of the grid architecture. This is a pure high voltage – ultra-high voltage SiC play. So what I'll tell you is there's a lot of competition, but not everybody is competing on the same thing and there are not many of the vendors being listed that have both high voltage SiC or ultra-high voltage SiC as of competing in the AC-DC with 1.2 kV or in the grid with 2 kV and above and adding high-voltage and mid-voltage GaN.

So this competition pool is actually being reduced. That's why we – we are very clear about what we do. We don't play in the silicon, we play in the GaN, high voltage, mid voltage and in the high voltage into high voltage SiC.

Jonathan Tanwanteng

Analyst, CJS Securities, Inc.

Q

Got it. Thank you. And then second, could you help us on the incremental margin of either the 800 volt data center products or high-power products in general, especially as you roll out new suppliers?

Chris Alexandre

President, Chief Executive Officer & Director, Navitas Semiconductor Corp.

A

So first of all, as Todd said, right, we expect continued gross margin expansion. So, remember that the growth this year is coming from all high-power markets and – and the basically mobile going down, right, being less than 25%. What I would tell you is the scale is going to help more gross margin as we grow revenue, some of our fixed cost will be absorbed and that will drive margin expansion.

Number two is the high-power products in the high-power market are coming at a higher margin than mobile was, okay. And that mix is going to change and the third one is we are very active in ramping new suppliers, but on the package side, that will help us to reduce cost, right. So there is multiple aspect of how we are confident to see gross margin expansion as we clearly outline for the rest of 2026, right. And as we scale further in 2027, we expect that to continue.

Jonathan Tanwanteng

Analyst, CJS Securities, Inc.

Q

Great. Thank you.

Operator: [Operator Instructions] Next question comes from the line of Jack Egan with Charter Equity Research. Your line is open.

Jack Egan

Analyst, Charter Equity Research, Inc.

Q

Great. Thanks for taking the questions. I had kind of a follow-up on the gross margin question before me. So as mobile is getting smaller and smaller, I'm kind of curious about the longer term outlook. Are your gross margins more or so going to be driven by mix as in, data center and non-data center end market mix? Or is it more kind of the technological innovation, I guess, that Todd mentioned that it sounds like it's referring to new products with higher ASPs. So, I guess, I'm trying to look at what the driver of the margins, that margin expansion is, whether it's end market mix or better product margins?

Todd Glickman

Chief Financial Officer & Treasurer, Navitas Semiconductor Corp.

A

So it's actually going to be a combination of both. So definitely end product mix, right, as mobile decreases, the high-power markets are going to give us higher margin. Those are more based on reliability and performance but then on as we sort of scale and as these new products come into, the high-power markets, we do expect like further expansion through like optimized process, yields and packaging costs which will help drive our product costs down, thereby driving our margins up as well.

Chris Allexandre

President, Chief Executive Officer & Director, Navitas Semiconductor Corp.

A

The one thing I would add, Jack, is okay, scale, cost production and basically higher margin product, right as Todd said, but the one thing I would say is that, again, the growth this year and I think we've been very clear that we are very confident that Q4 was the bottom. We are guiding up for Q1. And we said we're going to grow quarter-over-quarter throughout the year with margin expansion. I would re-emphasize again that the growth is coming from all high-power markets.

Yes, AI data center is a big part of the future outlook. And if you look at the SAM that we shared just a few weeks ago, it's nearly, nearly half of the SAM that we see for us in 2030. But I would outline that performance computing is growing this year, okay. It will continue to grow and also help on the margin mix. Grid infrastructure is re-accelerating and I think you're going to see higher ASP product, higher margin product coming in play there where it's more about reliability and performance and less about cost, of course, cost matter and then as we talked about in AI data center, which is a cost sensitive market, it's all about efficiency right now, okay. And I think you're going to see all of those markets contributing to the growth expansion in gross margins, right. So, I just wanted to kind of calibrate to limit your question to make sure that we don't see the gross margin expansion only coming from AI data center.

Jack Egan

Analyst, Charter Equity Research, Inc.

Q

Sure, Chris. No, that's super helpful then. And then I guess kind of from a higher level, I think, you're not supplying as much into some of the automotive and industrial type markets. But, silicon carbide has gone through just broadly speaking, has gone through a period of pretty significant oversupply. And so I was just kind of curious, what are your expectations on when that supply and demand in some of the other markets might balance out? Whether for Navitas or whether the industry as a whole, I know that you're dealing with some, large volume wins that so might not apply to you as much. But just, any commentary there would be helpful.

Chris Allexandre

President, Chief Executive Officer & Director, Navitas Semiconductor Corp.

A

I mean, to be honest with you, Jon, I know – I think, first of all, as an industry veteran, I would say it's going to take some time. But I think you should ask that to the vendors that are supplying new EV, we don't play in the same league of SiC, okay, you've seen me being very clear but the fact that we compete and focus on 1.2 kV for the PSUs or AI (00:46:13) data center and 2 kV and above up to 5 kV and even more for the grid. This is where – this is not about scale of supply. This is about how reliable and efficient and high performance is your technology. So, I think for some of SiC vendors operating at 450 volt; 650 volt; 800 volt focusing on EV, that's a valid concern. For us, it's about scaling with the ultra-high voltage, okay, which is nothing really related to our to supply at this stage.

Jack Egan

Analyst, Charter Equity Research, Inc.

Q

Got it. Thanks, Chris.

Operator: Next question comes from the line of Richard Shannon with Craig-Hallum. Your line is open.

Richard Cutts Shannon

Analyst, Craig-Hallum Capital Group LLC

Q

Great, guys. Thanks for taking my questions. Apologies, the ambient noise just jumped off a plane here and I missed a bit of the call here, so I hope, I don't repeat any questions here, but Chris, one thing, I'd love to ask you is in the AI data center opportunity here. To what degree are your opportunities coming from your partnership and kind of drafting behind, if you will, from Infineon versus other ways? And then also, are there any – is there any cross utilization of wins within the rack between point load of the 800 volt down to those kind of cross fertilize give you additional benefit at all?

Chris Allexandre

President, Chief Executive Officer & Director, Navitas Semiconductor Corp.

A

So, very good question. As I mentioned, we partner with Infineon. We have a cross license. We've done that a couple of years ago. We continue to drive collaboration to enable GaN adoption both the high voltage and mid voltage. I would say that the – we don't leverage or benefit from Infineon. What you will see is I think I got a question earlier from Kevin, who are you bumping into? Most of the time I would say, it's probably Infineon and surely Infineon because they have the same vision, they have the same technology, high-voltage GaN, mid-voltage, GaN and SiC and all high-voltage SiC as well for the grid infrastructure. So, there is very similarities.

So we bump into each other, we follow each other. But I would not say that we leverage Infineon right. Now, interestingly enough, when we did the package, we found that we – because we talk to the same customers, we think the same way is, we end up seeing the technology the same way. That's what I would say. On your question about expansion of portfolio, that's something we are looking at. My focus right now was to pivot the company, okay, and put every egg we have, every engineer we have, every focus we have on the four high-power markets and the high-voltage GaN and – GaN and high voltage SiC. But we are looking at opportunity to expand the portfolio as you get higher voltage in the data center, you're going to need circuit protection and that's something we're going to look at in the future, right. But for now we are laser focused on the execution with the product we have and we just released.

Richard Cutts Shannon

Analyst, Craig-Hallum Capital Group LLC

Q

Okay. Fair enough. Thanks for that, Chris. And the second question probably for Todd, just on gross margins, if I caught, is the end of his prepared remarks, you talked about not having enough scale to really drive leverage on gross margins quite yet here. So, your revenue level by which that happens here. And kind of what's that fall through margin when you start to see that trajectory?

Todd Glickman

Chief Financial Officer & Treasurer, Navitas Semiconductor Corp.

A

Yeah, that's great question. As our mix changes, obviously our margins will grow, but right now we have that scale issue. We do see margins starting to expand again in Q2 and beyond. So that's sort of the tipping point right now.

Richard Cutts Shannon

Analyst, Craig-Hallum Capital Group LLC

Q

Well, thanks Todd. Thanks for that.

Chris Allexandre

President, Chief Executive Officer & Director, Navitas Semiconductor Corp.

A

What I would tell you, Jack is, the high-power markets and the high-power products in the high-power markets are coming at higher margin. The mobile is going down. We said that in Q4 it was 25% and we said it's going to continue to go down and get insignificant by the year end of 2026, right. So, I think we are very confident that the mix of – the mix change the high-power product in the high-power market increase as a percentage of the company and the new product and the cost reduction we have will yield to gross margin expansion. So you'll see it loud and clear, okay. Starting not very far from now.

Richard Cutts Shannon

Analyst, Craig-Hallum Capital Group LLC

Q

Okay. Appreciate that detail. And Todd, good luck in your next endeavor. Thank you.

Operator: Our last question comes from the line of Quinn Bolton with Needham. Your line is open.

Quinn Bolton

Analyst, Needham & Co. LLC

Q

Hey, thanks for taking the follow-up question. Chris, you spent a lot of time talking about the high – 800 volt data center opportunity, but you also talked about now needing to re-architect the grid. And I just wondering if you could spend a second talking about the opportunities for the high voltage, silicon carbide in the solid state transformers. From where are you in the design process for some of those solid state transformers? And is there a way you can ballpark like what's the dollar content opportunity? I don't know if it's on a per megawatt basis or per unit basis, but is there a way to size what the amount – of high voltage SiC that goes into a solid state transformer as those start to be deployed as the greatest re-architected?

Chris Alexandre

President, Chief Executive Officer & Director, Navitas Semiconductor Corp.

A

Thank you, Quinn, for this follow-up question. Actually, I'm glad you asked that question because it really focused on AI-DC data center and it really is focusing on the 800 volt HVDC architecture, which is important because it's a discontinuity in the architecture. It's a replacement of silicon by GaN or by high voltage technology. But none of this is possible if the grid is not changing, and this is not just about getting a more efficient grid, it's a change of the architecture. And you referred to SSTs, which is basically getting from 35,000 volt AC, super high-power, high-voltage lines down to 800-volt DC at the highest level of reliability. That drives the change and I tell you, I've never seen the grid infrastructure changing that fast.

So, you asked me and I think we said it in the script and in the press release, we are accelerating the sampling of our 2.3 kV and 3.2 kV applications are any grid type application, SSTs of course, but battery energy system, megawatt chargers, solar farm at the grid tied level, any of those applications are in accelerated designs, we are very busy talking to all of those customers. That's why I said it's two legs, okay, we are four high-power market. But if I look at the future, it was two legs, the AI-DC and the grid are equally important, and this is a pure high voltage SiC play.

And to the earlier question about EV, this is not the same technology because what you have to deliver is high reliability technology, high reliable modules. So it's a different play, right? So I'm glad you asked the question. We see an accelerated design momentum. Of course, it's going to take time. This is longer design cycle than computing, it's longer design cycle than AI-DC, but I think you'll start to see a significant revenue growth starting 2027. To your question about content, in the last investor meeting we had, we basically referred to \$25,000 to \$35,000 per megawatt of total content for Navitas as a SAM which is based again on ultra-high voltage, high voltage SiC, or 1.2 kV and 2 kV and above and GaN and about – 10 to 12 is actually outside of data center. So,

you think about 25 to 35 – 10 to 12 of this is outside of data center, which is purely SST-BSS and all of the application, right. So, and again inside data center you have a share between SiC for PSUs and GaN as you move to 800-volt DC. But we should not underestimate the importance and the potential of the grid infrastructure.

As a matter of fact, we released a couple of weeks ago a detailed SAM analysis that shows that both GaN and SiC are 50%-50% okay in 2030, in term of the potential for in terms of the potential for Navitas to the \$3.5 billion that we referred earlier. And you can see that the grid is not far off the SAM of data center. And the other thing I would say is this is just the beginning. So, if you think about grid, this is a multiple decade confirmation that will drive higher voltage continuously. We start with 2 kV, we're getting to 3 kV. We're going to get to 5 kV and above and that's going to drive confirmation for the next multiple decades.

Quinn Bolton

Analyst, Needham & Co. LLC



Excellent. Thank you.

Operator: That concludes the question-and-answer session. I would now like to turn the call back over to the management team for closing remarks.

Chris Alexandre

President, Chief Executive Officer & Director, Navitas Semiconductor Corp.

Thank you, everybody, for attending this call. As you could tell, we are very proud of the progress we are making. The first five months and six months since I joined was about pivoting the company and being clear about where we are going. I think we've done that. We are focusing on accelerating samples of our technology. We have four pillars of the transformation which I mentioned, market focus, technology, leadership and operational efficiency and financial discipline. And we'll continue to update you on how we make progress. And I think we have a bright future ahead of us.

Operator: Ladies and gentlemen, that concludes today's call. Thank you all for joining in. You may now disconnect.

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