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Navitas Semiconductor Corp. (NVTS)

Q3 2026 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon, and welcome to Navitas Semiconductor's Third Quarter 2026 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, November 3, 2026.

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

Brett Perry
Vice President-Investor Relations, Shelton Group

Thank you, and good afternoon. Welcome to Navitas Semiconductor's third quarter 2026 financial results conference call. Joining us today are Navitas' President and CEO, Chris Allexandre; and CFO, Tonya Stevens.

I'd like to remind listeners that 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's contained in the Private Securities Litigation Reform Act of 1995. Additional 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 the company's filings on Forms 10-K and 10-Q.

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In addition, any projections as to the company's future performance represent management's estimates as of today, November 3, 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 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 Allexandre

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

Good afternoon, and thank you for joining us on today's third quarter 2026 earnings call. We appreciate your continued interest and support as we near completion of our strategy transformation and begin executing as Navitas 2.0.

Our third quarter results reflect another period of solid financial performance and accelerated momentum. Total revenue was on the high end of guidance at $14 million, up 33% sequentially and 38% year-over-year, marking the company's first quarter of year-over-year growth since 2024. This revenue growth was driven by high-power markets, which increased more than 50% sequentially and grew by triple-digits year-over-year. As anticipated mobile and low-end consumer continue to decline as a percentage of revenue and remains on path to becoming insignificant in the fourth quarter. By year-end, high-power will essentially represent the entire company and we will have substantially exited mobile and low-end consumer markets.

In fact, as we now delivered multiple quarters of double-digit sequential revenue growth and gross margin expansion, driven by high-power market and an acceleration in AI infrastructure, our core focus, gross margin expanded sequentially and was above the midpoint of guidance, reflecting the continued benefits of favorable revenue mix and increasing scale. Notably, third quarter non-GAAP gross margin of 40% was 130 basis points higher than the third quarter of 2025, when we began the Navitas 2.0 journey.

Book-to-Bill remains well above 1 and has been for the last several months, and we currently have solid backlog extending into mid-2027. We also expect continued revenue growth and margin expansion in the fourth quarter, which will represent the fourth consecutive quarter of double-digit sequential revenue growth and margin increase, with the company exceeding 2026 as a high-power company.

Briefly stepping back, roughly a year ago, we made a deliberate decision to pivot away from mobile and low-end consumer and focus our resources on the high-power market where GaN, high-voltage SiC and ultra-high-voltage SiC provide greater differentiation and stronger long-term growth. We labeled AI data center, energy and grid infrastructure, high-performance computing and industrial electrification high-power market as clear focus and AI infrastructure as North Star. The success of this pivot is now clearly visible in our revenue mix.

At the beginning of 2026, Navitas 2.0 was only a strategy and now it is a reality. By the fourth quarter, we expect mobile revenue to be effectively gone, as stated earlier, and the company revenue to be essentially all high-power. More than offsetting our exit from low-margin mobile and low-end consumer has been the tremendous

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growth of AI infrastructure, our North Star. AI data centers, plus the grid and energy infrastructure required to power them. We anticipate AI infrastructure to represent more than 40% of our total revenue exiting this year, and we believe this business is poised to triple in the calendar 2027.

Over the last few months, it has become clear and broadly accepted that power is now the number one constraints on AI compute. The question is no longer only how many GPUs or xPUs can be manufactured and deployed, but how many can realistically be powered. In other words, power efficiency is becoming capacity. When access to power is constrained, every watt saved in conversion and delivery can become another watt available for compute. It increase the scale of compute that can be deployed inside a given power envelope, not only the energy cost.

Together, with our high and ultra-high-voltage SiC, GaN and the recently acquired Claros' IVR technology stack, serving both vertical and embedded power delivery architectures, further positions us to break the AI infrastructure power wall by addressing these efficiencies, power density and performance bottlenecks across the full power chains from grid to xPU.

With our strategic acquisition of Claros in early October, Navitas has now a complete platform that is capable of addressing the final stage of delivering efficient power all the way to the xPU. I want to emphasize that there is a growing number of processor sites, CPU, GPU, TPU, xPU and other custom processors as well as companies developing them, each requiring a specific power implementation for the last step of power conversion to core voltage. This requires a modular approach, which is one of the key differentiators of Claros IVR technology stack, as it allows several IVR to be combined very flexibly in a power array to deliver the required power level and density.

Navitas was already unique by having both GaN and SiC. And now with Claros, we are even more so. We are now an enabler of efficient power delivery from the source of energy, starting in a modernized grid with our ultra-high-voltage SiC, then high-density and high-efficiency centralized AC/DC and DC/DC conversion with our high-voltage SiC and GaN, and finally, the power delivery to the xPU with the Claros IVR technology stack.

Going one step deeper, IVR technology solves a real-world scaling problem. Processor power demands are increasing faster than lateral delivery can support, with package power moving from roughly the mid-1 kilowatt range towards several kilowatts at sub-1-volt core and several thousand amps. By moving conversion closer to the xPU, vertical power delivery directly beneath the processor and embedded power delivery ultimately in the PCB package or substrate, the path is shortened from centimeters towards millimeters or even less. This reduce resistance, inductance, droop and heat.

As an integrated IVR platform, not another power FET, we are combining digital control, power transistors, high-density capacitors, embedded inductors and packaging in one architecture. The platform is also designed to scale with processor currently through a repeatable building block of the order of 40 amps through larger chips and a modular power array into multiple kilo amp system packaged and embedded.

In simple terms, the Claros IVR technology stack with its ability to serve both future VPD and EPD architectures give us a complete power solution platform. Together with the addition of JFETs, it doubles our 2030 SAM to over $8 billion and represent a multi-year content growth opportunity that layers on top of the existing infection points we are pursuing with our high-voltage SiC and GaN. The ultimate benefit is Navitas' ability to help customers convert more of every available megawatt into useful AI compute.

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While our transformation to a high-power company is effectively complete, our go-forward strategy remain grounded in multiple key pillars of transformation that we have discussed over the last 12 months: market focus, technology leadership, operational efficiency and financial discipline. On market focus and technology leadership, we continue to advance a series of customer and technology proof points. Since our previous conference call, we announced our collaboration with NVIDIA on a 800 volt to 12 volt power delivery board for next-generation AI infrastructure. This builds on our previously announced 800 volt to 6 volt and 800 volt to 50 volt DC/DC conversion boards, further highlighting the breadth of our system knowledge and capability.

We also licensed GeneSiC technology to Magnachip, underscoring the strength of our trench-assisted planar process foundation and supporting expanded SiC adoption, particularly in Asia, while also creating long-term potential for additional foundry source. We recently partnered with Microchip to deliver an 800 volt reference design for next-generation AI data center. Then in late September, Navitas was selected by the US government to develop next-generation 10 kV SiC power semiconductor, reinforces both technology superiority and domestic supply chain resilience.

And we also announced the first shipments of our US manufactured fifth generation GaNFast technology as part of our long-term strategic partnership with GlobalFoundries. Following shipments of the first wafers in September for the initial product family, including 650 volt GaNFast, we expect to have strategic customers sample very soon.

On a related note, we previously talked about pursuing a foundry plus model. Going forward, we have renamed and we refer to this strategic operating more as Integrated Fabless Manufacturing or IFM, a deliberate alternative to the traditional IDM approach. The core difference and principles are that we choose what to own, where to invest and who to partner with, allowing us to retain the capabilities that differentiate product while leveraging partners for managing at scale.

Importantly, we remain ownership of critical technology IP, selected manufacturing equipment together with targeted co-investment, not purely supplier collaboration. For purpose of today's call, I want to briefly take this opportunity to clearly define and lay the foundation of our IFM model, as I expect it to play a strategic role in our go-forward strategy.

Looking more near term, I will also note that we are actively taking advantage of our strengthened balance sheet to strategically build inventory buffers, including raw materials, and secure future capacity to support of unexpected strong and consistent mid to long-term growth.

Turning to an update in our progress towards the four inflection points that I introduced in our last conference call, which I intend to keep using to map our growth to architecture change in AI infrastructure. Today, the transition to 800-volt architecture for next-generation AI data center is now certain. The debate is no longer whenever 800-volt is happening, but instead how it will unfold.

As previously outlined, the transition will have a series of inflection points that will drive increasing momentum and growing need for higher power solutions. Navitas' unique combination of high-power GaN, high-voltage SiC and our IVR capabilities will allow us to capitalize on each of these inflections.

I want to emphasize that we are not dependent on one architectural transition and that we are not waiting for the final data center architecture to emerge. These inflection points represent successive opportunities, each of which can increase content per system as the overall market continue to grow and expand.

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The first inflection, pre-800 volt, is already well on the way. We are seeing an acceleration of silicon replacements for any AC/DC above 50 kilowatt. Products based on our SiC technology addressing this opportunity are in production and driving accelerated growth in the fourth quarter and the first half of 2027 across multiple hyperscalers and OEM/ODM. We are seeing an acceleration of demand, in particular, for 1.2 kV SiC, where our previously mentioned Gen 5 is gaining strong traction.

The second inflection, the sidecar rack and the first rollout of plus or minus 400 volt and/or 800 volt is also accelerating. We discussed this in our last earning call and it was clear at the OCP Summit in October that this is coming and now definitely coming in 2027. We are seeing broader design conversion and program across more customers and application, including AC/DC, DC/DC and battery backup units, or BBU, all with more dollar content. Large orders are already in place and slated to ramp in the first half of next year. This will drive growth in 2027 on top of the first inflection point continuing across AI data centers that's not yet to adopt high-voltage DC. The power level and density acceleration of AC/DC PSUs is really stunning and driving this content jump.

On the DC/DC side, the same is true. We are currently progressing through the final stage of designing and qualification with many customers and orders already in place, which will give us additional programs in support of continued growth over the coming year. What is very interesting about this second inflection point is the variety of application and board, DC/DC, AC/DC, BBUs and others, and the use of different technologies between SiC and GaN, which reinforce Navitas' strategic positioning.

The third inflection point, or native 800 volt, continues to progress. We all know by now, and it was reconfirmed again at OCP, that this is the only path to achieving really high-density, high-power rack. I mean 500 kilowatt and plus and up to megawatt racks. We are advancing design and preparation for this high-density rack across multiple vendors, depending on the xPU. Everyone is looking at it.

We continue to believe native 800 volt solution will be in production before the end of 2027 and be material in 2028. Today, we are sampling and progressing with customers on more than a dozen programs and are currently in final stage with certain leading OEM/ODM for 800 volt power DC/DC conversion board. One existing customer targeting hyperscalers has already placed a large order for significant system tests, which reinforce Navitas' strong market position.

The fourth inflection point, the complete modernization of energy and grid infrastructure while further out, it is also moving forward, driven by the speed and energy requirement of AI data centers. We are continuing to work to secure initial design-ins with our ultra-high-voltage modules in solid-state transformers, which is really more of a 2028 and beyond growth driver.

In the interim, we're also seeing an acceleration of engagement for shorter-term revenue opportunities with battery energy storage system, or BESS, and other power grid-related application, which are driving high demand for ultra-high-voltage SiC. A portion of these opportunities are expected to continue to grow in calendar 2027, layering on top of the first and second inflection point with AI data center.

In closing, I'm very pleased with the progress. Navitas 2.0 is no longer a plan, but a reality. The results are demonstrated by the revenue mix, growth and margin expansion. By year-end, we will be a high-power company with mobile and low-end consumer essentially eliminated. The market rationale has sharpened. Power is the immediate constraint on increased compute. Therefore, power efficiency is the solution to expanding capacity.

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The architecture of AI infrastructure is in the early stage of being rebuilt from the grid to the xPU. The acquisition of Claros completes Navitas' platform and our grid to xPU strategy. With SiC, GaN and IVR, we are positioned not only to participate, but to enable a multiyear transition with more than one monetization point.

The timing of our complete transformation is ideal, as we are at the intersection of two secular trends, the growth of AI compute and the re-architecture required to power it. From the grid to the xPU, our end goal is to help customers turn more of every available megawatt into useful AI compute.

Specific to the fourth quarter, the midpoint of our guidance represents another consecutive quarter of double-digit sequential growth and more than 100% growth year-over-year, driven by high-power and AI infrastructure, and contributing to further gross margin expansion. Our expectations for the fourth quarter also represent a return to growth for the full year, increasing approximately 7% in 2026 with high-power growth more than offsetting our exit from the mobile business. We believe this is only the beginning as we remain committed on the path of delivering continued growth, incremental gross margin expansion and ultimately profitability.

With that, I'll pass the call to Tonya to review our third quarter financial results and outlook for the fourth quarter.

Tonya Stevens

Senior Vice President, Chief Financial Officer & Treasurer, Navitas Semiconductor Corp.

Thank you, Chris. Before I begin, please note, unless otherwise indicated, I will focus my comments on non-GAAP results. A detailed reconciliation of all non-GAAP to GAAP financial measures can be found in our press release published earlier today.

Revenue in the third quarter of 2026 was at the high end of guidance, increasing 33% sequentially to $14.0 million, an acceleration from the 22% sequential growth we delivered last quarter. This represents an increase of approximately $3.5 million from the $10.5 million in the second quarter. As Chris highlighted, the double-digit growth was driven by increased traction in high-power markets, which grew more than 50% sequentially and by triple digits year-over-year, reflecting our nearly complete shift in revenue composition away from our historical mobile and low-end consumer business. We continue to expect revenue contribution from mobile to become insignificant as in low single digits by year-end.

As a result of improved product mix and higher quarterly revenue, gross margin expanded by another 50 basis points sequentially to 40.0%. This represented our third consecutive quarter of sequential gross margin expansion. Our accelerating shift in overall revenue mix toward higher-value, high-power markets and away from mobile and low-end consumer remains fundamental to our gross margin expansion strategy. We expect further gradual expansion of gross margin over the coming quarters as we continue to drive top line growth in high-power markets.

Operating expenses for the third quarter were $16.5 million compared to $15.5 million in the prior quarter and $15.4 million in the same quarter a year ago. Consistent with the guidance we provided last quarter, OpEx increased by approximately $1.0 million, as we began making targeted incremental investments in the business, particularly in new R&D programs, to support accelerated growth.

Having diligently maintained effectively flat OpEx through the first half of the year, we are increasingly focused on deploying resources and investments in a deterministic way to support the longer-term success and sustained growth of the transformed company. OpEx for the quarter increased roughly 6% sequentially, which was meaningfully lower than our top line growth rate of 33%.

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This and future incremental OpEx, including expenses related to Claros' IVR technology stack and product development, will be allocated to scaling the business, including investments to accelerate new product development, strengthen our engineering and application support for key committed programs and reinforce operational readiness in advance of expected growth in ramping shipments.

Loss from operations for our third quarter was $10.9 million compared to a loss of $11.4 million in the prior quarter and $11.5 million in the third quarter of 2025. In Q3, weighted average basic and diluted shares outstanding were approximately 261.5 million, resulting in a Q3 loss per share of $0.03 compared to a $0.04 per share loss in the prior quarter and a loss of $0.05 per share in the year ago third quarter.

Turning to the balance sheet. Cash and cash equivalents at the end of the third quarter 2026 were $531.5 million compared to $557.4 million at the end of the second quarter. The decrease in cash and cash equivalents primarily reflects our ongoing build of TSMC buffer inventory. Also note, the quarter end cash balance was prior to the payment of the cash portion of the Claros transaction, which closed on October 6.

Our effective pro forma cash balance adjusted for approximately $126 million payment for Claros subsequent to the quarter end would have been approximately $405 million. As a reminder, the company continues to have no debt. Also of note, I want to briefly highlight that we did not utilize any of our ATM facility during the third quarter and are comfortable with our current cash position following the Claros acquisition.

Post Claros transaction, we continue to have ample capital resources to further accelerate and scale as a high-power company. This includes further anticipated strategic investments in support of advancing our Integrated Fabless Manufacturing or IFM model initiatives, potential capacity expansion and supply reservation agreements with our US-based foundry partners as well as potential pursuit of selective strategic opportunities.

With respect to inventory, we ended the third quarter with $32.4 million of inventory, including $11.2 million of inventory classified as long term on the balance sheet. This compared to $19.5 million in the prior quarter and reflects our previously planned build of appropriate buffers of TSMC wafers to ensure a smooth transition for our customers as well as other supply chain-related investments. Similar to the previous quarter, the sequential $12.9 million increase in Q3 inventory primarily reflects our measured investment to support AI data center customers' future anticipated long-term growth. More broadly, channel and distributor inventory remains healthy.

Moving to guidance for the fourth quarter of 2026, we expect continued sequential growth with revenue increasing 14% to $16.0 million, plus or minus $0.5 million. At the midpoint, this represents 119% growth year-over-year in what will be our fourth consecutive quarter of sequential growth, driven by high-power markets and specifically AI infrastructure. Also based on this guidance, we anticipate achieving revenue growth of 7% for the full year 2026 with our core high-power business continuing to deliver triple-digit growth, even with our mobile business dropping to effectively zero after representing a large majority of total revenue last year.

Exiting the year, we expect high-power markets to represent almost all of our business with over 40% of total revenue coming from AI infrastructure, which includes both our AI data center business and the grid and energy infrastructure business needed to support AI data centers.

Lastly, I would also add that we closed out the third quarter with very strong book-to-bill ratio, well above 1, and we currently have solid backlog that extends into mid-2027. Non-GAAP gross margin is expected to expand to 40.5%, plus or minus 100 basis points, which at the midpoint represents a 50 basis point increase, reflecting our fourth consecutive quarter of margin expansion and the continued favorable shift in the revenue mix toward high-power markets and marginal incremental benefit from improved scale.

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As previously discussed, OpEx will step up in the fourth quarter as we take on the overhead operating expenses associated with Claros as well as continue to make incremental investments organically, primarily focused on R&D and operational readiness in advance of our anticipated growth over the coming year. Non-GAAP operating expenses for the fourth quarter, which again will include Claros, are anticipated to be $25.0 million, plus or minus $1 million.

That concludes our formal remarks. Operator, please open the call for questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. We will now begin the question-and-answer session. [Operator Instructions] And your first question comes from the line of Quinn Bolton with Needham & Company. Your line is now open.

Shadi Mitwalli
Analyst, Needham & Co. LLC

Q

Hey, guys. This is Shadi Mitwalli on for Quinn. Thanks for taking the question and congrats on the results. I think you guys mentioned that backlog is extending into mid-2027. And as these high-power markets start to inflect, it would be great to get a sense on how we should be thinking about growth heading into next year. Thank you.

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

A

Thank you, Shadi, for the question, and appreciate – you giving us a platform to talk about the outlook for next year, right? So, as we talked about in the last two earnings, we've seen consistent increase in book-to-bill. As a matter of fact, the book-to-bill last quarter – or in Q3 well actually 2, has been consistently way above 1 for the last two quarters, right?

So, the way we see 2027 with the inflection point unfolding on top of each other is the path for us to be a double-digit growth quarter-over-quarter, fueled by the acceleration of AI infrastructure, which we mentioned in the earlier remarks, that will triple from the baseline in 2026. And that double-digit growth will continue to accelerate as each of the inflection points comes on top of each other.

So basically, the message today is we've done the first part of the transformation of the company, which is the financial pivot we talked about, consumer to high-power, as you mentioned, and now entering the other phase of the company where the growth is just starting, driven by the AI infrastructure, will give us multiple years of double-digit quarter-over-quarter growth.

Shadi Mitwalli
Analyst, Needham & Co. LLC

Q

Great. That was helpful. And then maybe just on the Claros acquisition. We see a number of IVR acquisitions getting announced over the past few months. So, I was just curious, can you guys talk about what you guys saw in Claros and maybe some of the advantages of their technology versus competing IVR technology. Thank you.

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

A

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Thank you. A very good question. So, the first thing before I answer specifically your question, what I would say is the fact that other MOSFET and silicon companies are acquiring IVR is a confirmation that we talked about, which is the architecture has to change, okay? The way lateral power delivery today moving to vertical power delivery using the same technology kind of put together in a vertical package is not going to sustain the density and the amount of current that those processors need, right?

What we saw in Claros, and I'll put aside the culture, the very similar to – and the quality of the engineering team, is real IVR technology stack designed for xPUs. Instead of IVR that was designed for computing, converted, okay, to AI data center like we've seen in some of the companies that just got acquired, right? A true 3.3 volt starting point, allowing to do a 3:1, everything integrated in the stack, the capacitors, the inductors, the controllers, the FinFETs, basically holding you to do real high density because you don't need external component, right? And that's what we saw.

And the modularity, which I mentioned in the webcast, is also important. What we see is, of course, everybody talks about the lead GPUs, but there's as many processors now than we have use case. And all those processes, call it, CPU, xPU, NPU, LPU, GPU customs, right, they all need super high density, high current type of IVR and power delivery. And I think the flexibility and the modularity that we saw in Claros is unique and that's why we made that move. Thank you, Shadi, for your question.

Operator: Your next question comes from the line of Kevin Garrigan with Jefferies. Your line is now open.

Kevin Garrigan
Analyst, Jefferies LLC

Q

Yeah. Hey, Chris and Tonya, congrats on the great results and all the progress. Hey, going off of Shadi's question, could you just give us a sense of how much of the 2027 growth is supported by awarded programs and what is already in your backlog today versus expected design conversions?

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

A

I'll start and Tonya can add some comments, right? So, we have backlog way into 2027 already. So, we cannot say the whole year is done, right? But what I would tell you is we are very surprised, and I mean positively, by the acceleration of the inflection 1, which we saw really in Q3 and Q4 this year, but inflection 2, right, which is the sidecar, where we see an accelerated conversion of the number of programs across AC/DC, DC/DC and BBUs. So, more programs converting faster into a higher power, converting from designing into design win into backlog.

And last but not least, because we talked about inflection 3 in the last call, now we start to see, and we mentioned it in the remarks, right, we've actually got a pretty large order, 1 million units of GaN devices for an 800 volt DC/DC high-density brick for inflection 3, right? So, things are really coming into shape. I would tell you, Kevin, slightly faster than I even expected six months to three months ago.

Tonya Stevens
Senior Vice President, Chief Financial Officer & Treasurer, Navitas Semiconductor Corp.

A

Yeah. And I would just go on top of that. That's exactly what I see and how I think about it. The inflection 1, like Chris talked about, it's in our revenue. We saw it in our revenue last quarter. We see it in our revenue this quarter accelerating. Inflection 2 in our backlog, that's helping us fill out 2027. And even inflection 3, we're starting to see that move beyond just high-volume orders and sampling. He talked about the 1 million units. That's a significant amount of volume that we're looking at for inflection 3. So that's exactly what we're seeing.

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Kevin Garrigan
Analyst, Jefferies LLC

Q

Yes, got it. Okay. That's perfect. And then just on gross margins, congrats on the continued expansion. Can you just give us a sense about how we should think about the gross margin profile between silicon carbide, GaN and IVR as each business scales?

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

A

So, we don't really kind of give detail on the split on gross margin between the different technology. What I would tell you is, if you look at the gross margin expansion in 2026, right, so let's go back, a year ago to this day, we talked about transforming this company from consumer to high-power. Basically, the gross margin has increased, if you look at the guidance for Q4 by 2 points. That was essentially moving from consumer to high-power. The next phase of the expansion of gross margin is coming from scale as we continue to grow double digit, but also with the AI infrastructure, which is now 40% of the company in Q4 and poised to triple next year. And that part of the business is actually much also on a higher margin, right?

So, what you're going to see is, I just got the question before, how do we see growth, right? I mentioned double-digit quarter-over-quarter with that double-digit kind of accelerating over time. I think you're going to see the same on the gross margin, consistent gross margin expansion quarter after quarter as we scale, and of course, as we continue to make fundamental transformation moving to 8-inch on the GaN, continue to work with our foundries on cost reduction and so forth. But I mean, look at this as a continuous gross margin expansion organically with the migration to high-power and now to AI infrastructure.

Tonya Stevens
Senior Vice President, Chief Financial Officer & Treasurer, Navitas Semiconductor Corp.

A

Yeah. And I would just confirm that, the way we think about it is not relative to the technology, but complexity. And we've given you sort of the insight before that the higher power, higher complexity it is, the higher the ASP and margins tend to be. And that includes more difficult technology problems to solve, including the IVR technology stack. Those tend to contain higher margins versus splitting that between GaN and SiC.

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

A

Yeah, Kevin, one thing I would add is, I mean, Tonya is spot on, right? Margin comes with value, value comes from the complexity you're solving the customer problems. What we see is, look at inflection 1 and inflection 2, right, or even going to inflection 3, we are talking about multiple X of density of power on the AC/DC front, moving from silicon to silicon carbide, then moving to GaN when the 800 volt become native. Those complex problems, customers are basically retributing with good margin if we solve their problem with speed. And I think this is what kind of goes back to the core of what we are trying to do as a company.

Kevin Garrigan
Analyst, Jefferies LLC

Q

Yeah, got it. Okay. That makes a lot of sense. Okay, perfect. I appreciate the color and congrats again on the results.

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

A

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Thank you.

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

Kevin Cassidy
Analyst, Rosenblatt Securities, Inc.

Q

Thanks, and I'll echo the congratulations on the steady progress. In the IVR market, that's a new market, how early on in the xPU or GPU design do you have to be to define the IVR? Do you have to work with them as they're designing the xPU?

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

A

So, it's a very good question, Kevin. Thank you for asking it. So first of all, I think what you need is what we call an IVR technology stack. That's what we got with Claros, right? So, integration of the FinFETs, the controller, the inductors, the capacitors, all together into the same technology. Then you apply that to either vertical power delivery, which is basically a chip that you put on the backside of the PCB or in the PCB, right, in the form of an array, as we talked about, to deliver the power density capacity or even going one step further where it's not a chip anymore, you embed the full system or a subpart of the system into the substrate and the xPU.

In both ways, you have to work with the xPU vendors. In both ways, you have to work with the OEM or power OEM that serve the last step of power delivery to the xPUs to basically fit the right architecture. And that's what I got the question from Shadi earlier on or I think it was Kevin, what did we like about Claros, right? Well, I liked beyond the best density, in my opinion, because there's no caps outside, is this modularity. So, every customer needs a different type of shape of the power VRM and a different level of voltage and current, right? And that's kind of where you have to work with those.

The other thing I would say is, keep in mind that many customers are becoming vertically integrated. So, we used to have GPU companies. Now we have hyperscalers doing their own processors. We also have processor companies that become rack companies, right? So the answer to your question is the technology stack is the same, but you have to work with the processor company, which are becoming rack company or even hyperscaler company to basically deliver the power delivery.

Kevin Cassidy
Analyst, Rosenblatt Securities, Inc.

Q

That's great. Yeah. It's getting to be a complicated design cycle and, yeah, which brings me to the – an interesting strategy you brought up is integrated service manufacturing, where you're going to buy the equipment. And I guess, is that going to be in the back end? Like, as you're describing the IVR could all be different shapes and packages for different designs. Is that where you're bringing in the equipment or will it be on the front end, too?

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

A

So, let me just correct you for a minute, right? We talk about Integrated Fabless Manufacturing, or IFM, right?

Kevin Cassidy
Analyst, Rosenblatt Securities, Inc.

Q

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Okay. Sorry, fabless.

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

A

This is primarily on the foundry side. So, the best way to think about this is, if you look at both SiC and GaN, we actually own the technology stack. Same on the IVR, right? So, on the SiC side, we have GeneSiC, which is a full-stacked high-voltage, high-voltage (00:41:41) technology. On the GaN side, we overlay on top of TSMC in the past, now GF, our own IP to differentiate in reliability and other figure of merits, and same with the IVR where we own the full stack, right?

So, what we want to do is to own the stack but partner with foundries where we invest capital to basically secure capacity and supply to enable cost predictability and competitiveness. So, the best way to think about this is a bit of the similar kind of we announced with GF on the GaN side and other foundries we work with, can we put the best of both together. We don't want to be an IDM. We don't want to be a fabless. We're somewhere in the middle. And we believe this is the best capital-effective way to deliver the high growth while controlling our technology.

Kevin Cassidy
Analyst, Rosenblatt Securities, Inc.

Q

Okay, great. Thank you.

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

A

Thank you, Kevin.

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

Jonathan Tanwanteng
Analyst, CJS Securities, Inc.

Q

Hi. Good afternoon, guys. Thank you for taking my questions and congrats on a nice quarter and outlook. I was wondering, I think I heard pretty clearly that you expect to grow data center infrastructure revenue by three times going into next year. What do you think the non-data center portion contributes? If you can, tell us what's involved there and what the contribution might be?

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

A

Yeah. Hey. Hi, Jon. Thanks for asking that question. As I talked about, we have backlog way into 2027. As a matter of fact, the visibility we have in AI infrastructure is much longer and much extended compared to other markets, right? So, what we've modeled for next year is anything non-AI infrastructure is more or less flat. We see some growth in industrial. We see some flatness in the computing. Remember, we addressed the super high-end computing market, not the computing market as a whole, right? So, we've assumed that flat because we don't have a full year or even a two quarters type of visibility. But on the AI infrastructure, as you pointed, because of the visibility we have, because of the accelerated momentum in inflection 1, inflection 2, because of number of design win converting, we are clearly seeing a potential for that business to more than triple next year, right?

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So, the best way to think of it is, 2026 was a year of high-power, basically compensating the exit of mobile. This is done. This even allowed us to get higher than when we started this journey from a revenue standpoint and getting 2026 with $16 million. Next year really the growth is coming from AI infrastructure and we assume the rest being flat.

Jonathan Tanwanteng
Analyst, CJS Securities, Inc.

Q

Okay, great. Thank you. And then more interestingly, as you head into 2028, I think you've got multiple accelerations, right? You have the NVIDIA 800-volt products ramping. You have the SST products ramping. You have Claros ramping. Do you see further acceleration in 2028 or is it hard to comp against the growth you're going to see in 2027, or maybe it's a small enough base that you can still accelerate from there?

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

A

Of course, it's more difficult to predict as you get longer in the horizon, right? What I would tell you is we see based on the product we have, the technology we have, the engagement we have, the inflection points, a double digit, and that double digit quarter-over-quarter is going to accelerate as each of those inflections overlay with each other. So, it's not inconceivable to see the quarter-over-quarter compound growth to start to accelerate late 2027 into 2028 into 2029, as each of those technologies, SiC, GaN and even IVR, overlay on top of each other and each of those inflections come on top of each other.

Jonathan Tanwanteng
Analyst, CJS Securities, Inc.

Q

Great. Thanks for that. If I could ask one more just, Tonya, how do you see OpEx scaling with all this revenue growth? Do you have a number as maybe as a percentage of revenue growth or is there another way to think about it over the next year or two?

Tonya Stevens
Senior Vice President, Chief Financial Officer & Treasurer, Navitas Semiconductor Corp.

A

Yeah, that's a great question. So, the step-up you saw in Q4, we talked about that was our normal run rate of our guidance as well as Claros, taking on Claros. And the way we think about that is still what we've talked about before, OpEx increasing at a percent of revenue. So, after that initial step-up, we see that happening in 2027, so as a fraction of our revenue growth. We're not really giving the full year out, but that's how we're thinking about that.

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

A

Jon, I think one thing I would add on top of what Tonya said is we've been very clear since the beginning of this transformation that our eyes are on getting to a profitability. Profitability will come from scale. We have two vectors. One is scale and consistently growing double-digit the revenue, as we talked about.

Number two is gross margin expansion, and the gross margin expansion will continue as we just talked about. And when IVR comes in play, we see also a step function in the combined gross margin of the company. But we remain focused on making sure we do that by increasing OpEx at a fraction of the revenue growth, so we can get to profitability at the horizon, right, which remains a very important focus for us.

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Jonathan Tanwanteng
Analyst, CJS Securities, Inc.

Q

Great. Thank you.

Operator: [Operator Instructions] And your next question comes from the line of Richard Shannon with Craig-Hallum. Your line is now open.

Richard Cutts Shannon
Analyst, Craig-Hallum Capital Group LLC

Q

Okay. Thanks for taking my questions. I'm going to follow up on the last question and answer, especially taking to the obvious end goal here, which is thinking about a breakeven model here. Not asking for the timeframe you might hit this, but how do we think about that model here? And I presume that it would – or I guess I'd prefer an answer that would include IVR with the gross margin dynamic you described here, but kind of scale and what's the margin structure, or I guess – maybe I'll just let you answer of how we can look at the breakeven model. And I have a little follow-up.

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

A

So, thank you, Richard, and good to hear from you. I think the best way to think about this is, I think we're going to continue organically to grow the consistent – consistently gross margin. We see the company gaining a couple of points over time. And then it's not inconceivable, as I said, once we have IVR, hoping that the blend of the gross margin is north of 50%.

Once you get there, if you take OpEx in Q4 of this year, kind of multiply by four, annualize it and increase – apply a yearly increase, which is less than revenue, you're basically getting OpEx in the low 30s, right, which at 50% gross margin would basically make the breakeven point around the low 60s. So that's kind of – if you ask me about a model, that would be kind of the model you have to keep in mind.

Richard Cutts Shannon
Analyst, Craig-Hallum Capital Group LLC

Q

Okay, perfect. That's very helpful. Chris, maybe just I'll ask a very high-level question here since we've seen some activity both with Navitas as well as across the industry, but some patent arguments, I guess, we'll call it there, and you've – you're on both sides of this. Maybe you can help us understand where you sit here and how you expect kind of the industry to evolve over the next couple of years in this dynamic.

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

A

Richard, I think I kind of got the question in the last earning about the litigation. I think I was fairly explicit, okay, on the last earning on my view of this. If you don't mind, I would defer to what I said before. We'll continue to defend our IP and we respect IP, but we'll continue to defend our IP. And I would defer to what I said on the last earning, if you don't mind.

Richard Cutts Shannon
Analyst, Craig-Hallum Capital Group LLC

Q

No problem there. Maybe let me ask another question, a replacement of that one here, Chris. Maybe you can talk about the inflections here, and you obviously are gaining some real traction in backlog here in inflections numbers

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one and two here. Maybe if you can talk about your share in any kind of qualitative terms here in any way that you think is interesting, like SiC versus GaN or any specific pieces within those inflections, that'd be helpful. Thanks.

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

A

It's hard to give you a blended market share, right, of the inflection 1 and inflection 2, but a couple of data points, right? Number one is inflection 1 is essentially replacing as you move to 3 kilowatt, 5 kilowatt, 10 kilowatt or 8 kilowatt, 10-kilowatt density of PSUs, right? You're replacing silicon with silicon carbide. And the beauty of this is, this is replacing with 1.2 kV. So, the content is pretty nice. And usually, you have two to three vendors, right? So, some programs, we are first source. Some program, we are second source. And when you have three vendors, right, one gets 40%, the other one gets 30%, the last one gets 30%. So, I would say, over time, it trends to a good 30% to 40% share of the market – of the PSU we participate in.

What is interesting in the inflection 2 is, number one, it's a lot more application. So, there is AC/DC, which is basically now taking it to 15 kilowatt, 18 kilowatt, 25 kilowatt, 27 kilowatt, 30 kilowatt. There is also DC/DC with 15 kilowatt, 30-kilowatt DC-DCs and BBU, which start to use both SiC and GaN. So, the beauty of inflection 2 is not just a SiC play. It's also a GaN play, right? And here, we've seen, in some cases, we're sole source. In some cases, we are again sharing, right?

So, for me, the way I view it is, what you want is to be first on the print, okay, and give customers a secured path from a reliability standpoint and execution standpoint so they can ramp the production because I talked about it earlier, we see an acceleration. If you would have asked me six months ago, do you see inflection 2 and sidecar coming that fast, I would have said it's coming, but it's definitely coming faster than we expected. Same with inflection 1, okay? That's why you saw us kind of coming on top of the estimates, okay, that we had set for ourselves that you had set for ourselves, right?

So, I think the speed is helping because if you are first and speed is core to our values, if you're first, you can command more share, right? But it's difficult to give you kind of how much market share of that market we own. What I would tell you is if you remove mobile, we grew in 2026 – based on the midpoint of the guidance for Q4, right, we grew 125%. I believe this is faster than the market. If you look at GaN and SiC serving high-power/AI infrastructure, it's faster than market. So, the momentum is there for us to gain share, okay? And we are not here to participate, as I mentioned. We are here to gain share.

So I think we have, with our speed and the technology and the focus that we have, we're not a company that does EV on Monday, industrial on Tuesday and AI data center on Wednesday and Thursday, right? That's the only thing we do. And that focus helps us to secure more share than our competitors.

Richard Cutts Shannon
Analyst, Craig-Hallum Capital Group LLC

Q

Great. Chris, thanks for all the detail. Appreciate it.

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

Jonathan Tanwanteng
Analyst, CJS Securities, Inc.

Q

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Hi. Thanks for the follow-up. I was wondering if you could talk a little bit more about Claros. I think you disclosed on the update call you gave a week or two ago that they have an anchor customer for the IVR product. What is the potential scale of that one customer, number one? And number two, what is the pipeline of additional customers behind that and how quickly could those come into play over the 2028 to 2029 timeframe? Thank you.

Chris Allexandre

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

A

Thank you, Jon, for that follow-up question. So, the anchor customer is a vertically integrated customer that looks at processor up to the system level. Claros has been working with them from the beginning. To Kevin's point earlier, this has helped to shape the technology because it's not just about the technology stack. It's how do you put that into a chip, into an array, into a system that delivers density, right?

So that customer, as we mentioned at the acquisition, is going to ramp in a meaningful way really late in 2028 and 2029. Since – and Claros before the acquisition was essentially focused on that customer to prove their technology and get scale, right? Since we combined the two companies, we've met pretty much everybody out there doing an IVR program, and we're starting to see good feedback, but also good momentum in the technology that we have.

And again, what – the consistent feedback we have is this is a race for density. Okay? And now you're going to get into argument into Claros versus Ferric versus Empower versus Powerlattice and others, who has the best density and who has the best approach, right? And I don't want to bore you with details, but density without caps outside or density with caps outside is different, but this is not what customers tell me. Customers love the modularity of Claros. They say this is something which has been thought through with the system in mind, not even the xPU in mind, with the system in mind. And that is getting a lot of traction. And I think we'll, under Navitas, be able to scale that technology to more customers. A bit too early to declare victory, right? There's a lot of work to do.

Jonathan Tanwanteng

Analyst, CJS Securities, Inc.

Q

Okay, great. Thank you.

Chris Allexandre

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

A

Thank you, Jon.

Operator: That concludes our question-and-answer session. I will now turn the call back over to Mr. Chris Allexandre for closing remarks.

Chris Allexandre

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

So, thank you, everybody, for listening to us. I'll leave you with something which I said, but I think it's very important that you crystallize that in your mind, right? A year ago to this day, we said we're going to transform this company from a consumer-centric company to a high-power company. We've done that at the same OpEx, more or less. We gained 2 points of gross margin and while we have been able to deliver consistent double-digit growth for the last few quarters despite the headwind of conscious moving away from mobile.

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Now we're entering into the second phase of the company. We've focused ourselves into AI infrastructure. We have the technology stack that we need from the ultra-high-voltage SiC, high-voltage SiC, GaN and IVR. AI infrastructure, which is data center and the grid that power infrastructure is 40% of our sales at the end of Q4, is going to drive the growth in the future. And I think we just got started. And I feel there's a lot of work to do. This market is very demanding in reliability and speed, but I think we have the right team, the right technology. And I think now you have to think about us as a consistent double-digit growing company, leveraging the inflection points that come on top of each other. That's what I want to leave you with.

And I also want to take this opportunity to thank our employees. It's a lot of work to transform a company and they've been very resilient and determined to do this and now we just can scale Navitas to the next level. So, my closing remark goes to them and all the work they've done for the last 12 months and what they're going to do in the future. Thank you.

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

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