Call transcript

Operator
Good afternoon. Thank you for standing by, and welcome to Navitas Semiconductor First Quarter 2025 Financial Results Conference Call. Please be advised today's conference is being recorded, and a replay will be available on Navitas Investor Relations website. I would now like to hand the conference over to Lori Barker, Investor Relations. Please go ahead.

Lori Barker
Good afternoon, everyone. I'm Lori Barker, Investor Relations for Navitas. Thank you for joining Navitas Semiconductor's First Quarter 2025 Results Conference Call. I'm joined today by Gene Sheridan, our President, CEO, and Co-Founder; and Todd Glickman, CFO. A replay of this webcast will be available on our website approximately one hour following this conference call and available for approximately 30 days.

Additional information related to our business is also posted on the Investor Relations section of our website.

Our earnings release includes non-GAAP financial measures. Reconciliation of these non-GAAP financial measures with the most directly comparable GAAP measures are included in our first quarter earnings release and also posted on our website in the Investor Relations section. Non-GAAP expenses and operating margin include stock-based compensation, amortization of intangible assets, and other nonrecurring items. In this conference call, we will make forward-looking statements about future events or about the future financial performance of Navitas.

You can identify these statements by words like we expect, we believe or similar terms. We wish to caution you that such forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ materially from expectations expressed in our forward-looking statements. Important factors that can affect Navitas' business, including factors that could cause actual results to differ from our forward-looking statements, are described in our earnings release. Please also refer to the Risk Factors sections in our most recent 10-K and 10-Q.

Our estimates or other forward-looking statements may change, and Navitas assumes no obligation to update forward-looking statements to reflect actual results, changed assumptions, or other events that may occur except as required by law. And now over to Gene Sheridan, CEO.

Eugene Sheridan
Thanks to all of you for joining our Q1 '25 earnings call.

Our Q1 2025 revenues came in line with guidance at $14 million and 38% gross margin.

While the slowdown in channel inventory in EV, solar and industrial continues to present some near-term headwinds in our business, I want to walk through a number of important recent market and product developments that I expect will set up for a strong 2026 as the market

recovers and many design wins kick in later this year. In Q1, we announced the industry's first production release of a bidirectional GaN IC.

As we described in our online launch event and available video, GaN bidirectional switches or BDS, is a revolutionary new technology that creates an ideal switch that the industry has never seen in 40-plus years of power semiconductor development. No other power semi device in the industry's history across silicon, GaN, or silicon carbide has achieved this ideal combination of capabilities. GaN BDS makes it technically and commercially feasible to reduce traditional two-stage converters that are used in over 70% of power electronics into one single stage while enabling bidirectional energy flow. GaN BDS eliminates dozens of large and expensive components in that second stage, resulting in size, weight, cost, and power loss improvements of 30% or more. When combined with our new IsoFast family of high-frequency isolated drivers, this chipset creates new opportunities to accelerate GaN adoption with the single-stage converters into EV onboard chargers, solar microinverters, charging and discharging of energy storage systems, motor control applications, and others.

The first customer adopting our GaN BDS is in solar microinverters and expects to ramp later this year, and we expect others to ramp throughout 2026 in a number of the applications mentioned.

In addition, we announced our GaNSafe technology has now been automotive qualified to the challenging AEC P101 standard, and our GaNSafe has been adopted in the industry's first GaN EV onboard charger design with Changan Auto, a top EV maker in China, with expected production in early '26. This is a major industry-first achievement.

Additional GaN EV wins are expected to also ramp throughout 2026 as Navitas is pioneering GaN adoption into an entire new mainstream market of electric vehicles.

We have released a comprehensive GaN reliability report, which not only highlights this major Q101 automotive qualification achievement, but demonstrates our aggregate field reliability track record, which spans seven years since first GaN production release in 2018. Over this time, we've advanced the technology and its reliability across four generations and continual design innovations and integrations that have translated into an aggregate 250 million units shipped and a continuous improvement in field reliability that has now reached an unprecedented 100 parts per billion failure rate, far exceeding any industry requirement. In a similar fashion, we have spent the last two years since the GeneSiC acquisition, improving and demonstrating the extraordinary reliability performance of our GeneSiC technology.

We will soon be announcing a new reliability standard we call AEC Plus, which exceeds the stringent automotive AEC standards by 100% or more for many of the industry standard reliability tests and as compared to our testing of competitive technologies. When we combine this impressive reliability achievement with our demonstrated ultra-high-voltage capability, enabling silicon carbide to support 2.3 kV and up to 6.5 kV, we are pioneering reliability and voltage capabilities essential in enabling new energy markets that include next-generation megawatt applications spanning EV fast chargers, energy storage, renewable energy, and grid infrastructure upgrades. Stay tuned for many more market developments and customer wins on

this front. Also, while passenger battery electric vehicles have seen some slowdown in inventory corrections, we're excited to announce adoption of our silicon carbide technology with two significant commercial EV customers.

While the commercial EV market, which includes long-haul trucks, forklift, mining, and other commercial applications, is a smaller market compared to passenger EVs, it requires much higher power, higher voltage, higher reliability, plus higher silicon carbide content, a perfect fit for our GeneSiC technology. We're happy to announce two significant wins in this space, which we expect to enable a multimillion-dollar impact in 2026. In data centers, AI continues to drive a dramatic increase in total power, power density, and power efficiency. Navitas continues our significant system design progress, utilizing our latest GeneSiC and GaNSafe ICs, including new Intelliweave control technology, where we started with a 2.7 kilowatt design last year and then pushed power levels in new system designs to 3.2 kilowatt, 4.5 kilowatt, 8.5 kilowatt, and today, I'm pleased to announce a new 12-kilowatt design that we will formally launch at Computex later this month. 12-kilowatt represents an industry first for data centers, and this platform is only possible with a combination of GaN and silicon carbide technologies, a perfect fit for our pure-play wideband gap capabilities.

While most initial Blackwell-based systems are utilizing power supply designs in the range of 4.5 kilowatts, this 12-kilowatt platform will enable Blackwell, Blackwell Ultra, and future Rubin platforms to more than double the total rack power to as much as 500 kilowatts. We already have over 75 customer projects in production or development using either silicon carbide, GaN, or both, and expect this pipeline to accelerate with this 12-kilowatt launch. Last week, we announced some Board and executive changes, which we believe will accelerate the company's transition from early growth stage to much greater scale and profitability. To enhance our governance, we have separated the Chair and CEO roles and announced Rick Hendrix as our new Independent Chair. Rick has been on the Board since our IPO and brings significant capital markets and executive leadership skills to the role.

We also announced our CTO, COO, Dan Kinzer, is transitioning into a technical advisory role with the anticipation of a new incoming COO that we expect to announce in the near future. At Navitas and throughout my career, Dan has been a great friend and business partner and has been instrumental in the creation of Navitas over the last 10-plus years.

While his executive role is changing, we look forward to Dan's world-class innovation contributions going forward in his new advisory role.

Let me summarize the significant market and technology developments that I've described today.

Our high-powered GaN ICs and silicon carbide technologies are very well positioned to open up all new markets for Navitas and in many cases, for the industry. GaNSafe and GeneSiC technologies are ramping into mainstream AI data center applications throughout this year. Hidirectional GaN is a game-changing technology that we expect will start enabling next-generation solar microinverters in the second half of this year. GaNSafe is now auto-qualified and will be the first GaN adopted in mainstream EV applications, expected to

begin production early next year. GeneSiC technology is now qualified to far exceed these automotive reliability standards and is gaining important share in commercial EV applications. Combined with our ultra-high voltage capability of 2.3 kV or higher, GeneSiC is an enabling technology for a broad range of new energy megawatt applications that are critical to fulfill our mission to electrify our world.

Now let me turn it over to Todd to discuss our financial performance and outlook.

Todd Glickman
Thank you, Gene. In my comments today, I will take you through our first quarter 2025 financial results, and then I'll walk you through our outlook for the second quarter, along with our current view on how recent market and tariff dynamics may impact our business. Revenue in the first quarter of 2025 was at the midpoint of guidance at $14 million.

As expected, the sequential decline was due to seasonality and soft demand with associated remaining inventory correction. The decline compared to a year ago quarter was primarily the result of lower revenues in the EV and solar markets.

Before addressing gross profit and expenses, I'd like to refer you to the GAAP to non-GAAP reconciliations in our press release earlier today. In the rest of my commentary, I will refer to non-GAAP measures. Gross margin in the first quarter was 38.1%, which was down sequentially compared to 40.2% in the fourth quarter, primarily due to less favorable market mix. In the first quarter, we executed on further synergies and operational efficiencies associated with prior acquisitions, and we reduced operating expenses sequentially to $17.2 million, which is ahead of scheduled cost reductions. Operating expenses were comprised of SG&A expenses of $8.3 million and R&D expenses of $8.8 million. Consolidating certain support and engineering functions and sites and further streamlining the business demonstrates our ability to balance operational efficiency while we continue investing in next-generation GaN and SiC technology and in market developments, primarily in the data center, EV, and mobile sectors. Adding all this together, the first quarter 2025 loss from operations improved sequentially to $11.8 million from $12.7 million in the fourth quarter 2024, with cost reductions more than offsetting quarter-over-quarter revenue decline.

Our weighted average share count for the first quarter was 188 million shares.

Turning to the balance sheet. Accounts receivable sequentially declined to approximately $12 million from $14 million in the prior quarter, and inventory remained relatively flat at $16 million.

Our balance sheet remains very strong as we exit Q1 2025 with high levels of liquidity and an improved working capital position. Cash and cash equivalents at quarter end were $75 million, and we continue to carry no debt.

Moving on to guidance for the first quarter. We currently expect revenues in the range of $14 million to $15 million, reflecting continued softness and industry-wide inventory corrections in solar, EV, and industrial end markets. The impact of tariffs is dynamic, and we are continuing to monitor the latest updates, particularly between China and the U.S.

While SiC represents a minority of our total revenue, our products are produced in the U.S. at X-FAB, and the majority is sold in China. Ultimately, our U.S. SiC manufacturing location will provide Navitas, over time, with a significant strategic advantage with our U.S. customers for EV, solar, energy storage, and grid infrastructure. We anticipate GaN revenues, which represent the significant majority of our revenue today to have a very limited direct impact from tariffs as our GaN products are manufactured in Taiwan and are sold predominantly outside the U.S. Despite the tariff risks in our China SiC revenues in the second half of the year, we continue to anticipate growth to resume towards the end of the year, fueled by our strong design wins across AI, data center, solar, EV and mobile sectors. Gross margin for the second quarter is expected to be slightly higher than the first quarter, with our guidance at 38.5%, plus or minus 50 basis points, as our expected mix continues to lean toward the mobile market in the near term.

Turning to operating expenses. We anticipate operating expenses of $15.5 million in the second quarter, down from $17.2 million in Q1 2025 as we continue to execute on our plan of streamlining the business across mobile, data center, and EV to drive the business to EBITDA breakeven.

For the second quarter of 2025, we expect our weighted average share count to be approximately 194 million shares. In closing, while we are thoughtfully navigating the near-term softness in some of our end markets, we expect our significant design wins and the technology advances that are enabling new market developments in AI data center, solar microinverters, EV and broader new energy markets to put us in a strong position to drive growth later this year and throughout 2026. Operator, let's begin the Q&A session.

Operator
[Operator Instructions] And our first question comes from the line of Ross Seymore with Deutsche Bank.

Ross Seymore
Gene, I guess the first one is on the visibility into the second half. And generally, the $450 million of design wins you talked about, any change in the timing or magnitude of those? I just hope you could kind of walk us through in a general sense. I know visibility is probably still somewhat limited in the second half. But in a general sense, how you see those rolling out as we look into the second half of this year and then 2026?

Eugene Sheridan
Well, yes, definitely. Thanks for your question, Ross. And it's worth repeating the $450 million design wins was pretty extraordinary last year.

Our focus this year is on converting those from wins to production orders.

As a reminder, that's lifetime revenue.

So it can span from 1 year on mobile to maybe a few years on the high-power markets. And that revenue kicks in over 3 years, either late this year, most -- a good percentage of late this year, the vast majority in '26, and a little bit of them in '27.

So it does depend on the start time and the ramp time of them all. But we have a good outlook to converting those design wins into purchase orders, which is why we feel despite some headwinds in the overall semiconductor downturn, a little bit of unknowns here with tariffs, as Todd described, we feel good about driving solid growth late in the year and setting up a really strong 2026, largely because of those design wins, which we expect will actually accelerate with some of the technology announcements we made in Q1.

Ross Seymore
Then I guess one for Todd on the profitability side of things. Anything changed as far as how long you're planning to stick at kind of the $15.5 million on the OpEx side and the goal to reach EBITDA breakeven sometime, I guess, the timing might be a little bit different, but the revenues are kind of going to be in, I guess, the mid- to upper 30s per quarter. Is that still the bogey? And anything has changed on that front?

Todd Glickman
Yes, nothing really has changed there. We're still tracking to that target of 15.5% on OpEx and expect to stay at those levels. And then as we mentioned in the prior call, we're still tracking to that breakeven in the high 30s, which we expect to happen in 2026.

Operator
Our next question comes from the line of Jack Egan with Charter Equity Research.

Jack Egan
So because Navitas, there's a lot of applications like automotive and data centers that can use both silicon carbide and/or GaN. I was just curious, how do your total design wins and pipeline break down between the 2 materials? I mean, is it similar to how your actual revenue is today where it's predominantly GaN? Or is it a bit more balanced?

Eugene Sheridan
Yes. Great question, Jack, and that's a really important point because EV, specifically onboard chargers, are really ideal for a combination of silicon carbide in the first stage, GaN in the second stage, almost identical situation for AI data centers, ideal, in fact, the 12-kilowatt, the 8.5 kilowatt, almost all of our designs are using silicon carbide in the first stage for PFC gallium nitride, where you want to go kind of screaming fast and high efficiency in that second stage. And then we're really growing nicely silicon carbide into more commercial EV, higher power industrial. I really highlighted the high reliability, high voltage, and high-power, and high-power capability of our silicon carbide that's winning in its own right and certain high-power markets, just like GaN is doing really well in the low-power markets like appliance, and the mobile, of course, is our traditional strength.

So when you apply that back to the pipeline, and it was $2.4 billion last year, $450 million design wins, lifetime wins, while we don't break it out by GaN Sq, it's very well balanced between the 2.

It's going to vary, of course, by segment, but it's quite well balanced and not at all indicative of the near-term revenue split where we've seen that silicon carbide drop because of the industry slowdown and pockets of channel inventory, while GaN is kind of at an all-time high.

So we see them much more balanced going forward based on that pipeline.

Jack Egan
And then I noticed that R&D declined quite a bit, where SG&A was actually up or MG&A was up a bit in the quarter. I mean, can you just discuss that a bit? Is that going to limit your ability to invest in next-generation tech at all?

Eugene Sheridan
No.

I think if you look at Q1 in a nutshell, SG&A is a little bit higher as we have one-time expenses related to sort of the cost reductions and audit fees.

So that's not our typical spend there.

I think as you look forward into 2025 compared to '24, you're going to see that split being around 55% R&D versus 45% SG&A.

So there shouldn't be a change in our split. We're just bringing the levels down proportionately from where we were before.

Operator
The next question comes from the line of Jonathan Tanwanteng with CJS Securities, Inc.

Jonathan Tanwanteng
I was wondering if you could give us a little bit more specific details on your exposure to China, maybe the ASP per unit you're selling into China. And if the tariff situation has been enough to cause customers to maybe dial back their plans or pause them or maybe even try to, I don't know, second source or design you out of prior design wins.

Eugene Sheridan
Yes. Thanks, Jon. Well, first, as Todd described on the GaN, we don't see much risk or impact. Taiwan manufacturing isn't a target or impacted by China tariffs.

Our U.S. exposure there is pretty small, even if there was an eventual Taiwan tariff to kick in.

So I think the conversation is mainly around silicon carbide.

As Todd described, silicon carbide today is a minority of our total revenue. But a majority of that minority, if you will, is silicon carbide shipping into China.

So that's where the rest could be. Actually, the country of origin today defined by China tariffs is based on the packaging location.

We have a very strong China for China strategy that I think serves us really well in these geopolitically complicated times. Most of our packaging is in China.

So as it's literally defined today, we shouldn't be exposed to tariffs, and we're not having an immediate impact to tariffs. There is speculation though, that if that country of origin should change to fab location, that could have an impact because our fab location is U.S.

So that's a little speculative, and that's why we emphasize it's dynamic. We're keeping an eye on it. Maybe it could have an adverse impact later in the year. That's really what we're trying to judge. The flip side of that is actually a really good strength.

We have U.S. country-of-origin manufacturing in the United States. That's a strategic region. We see a lot of growth in the future. And there, not only we'll be avoiding tariffs, we see that as a really positive for our U.S. customers.

Jonathan Tanwanteng
And maybe just to expand on the subject a little bit more, and looking forward, let's say, the tariffs stay in place or they stay fairly high. Is there any plans out in the horizon to maybe expand your foundry base to other places where you can produce SiC outside of the U.S. or GaN inside?

Eugene Sheridan
Yes. That's exactly right. Nothing to formally announce, but we have things well underway that could move us into different territories should that kind of worst-case scenario happen that would work around those trended tariffs over time.

Operator
Our next question comes from the line of Madison DePaola with Rosenblatt Securities.

Madison DePaola
Could you guys just provide some more color on the traction that you're seeing in the data center vertical?

Eugene Sheridan
Yes, definitely, Maddi. Thanks for the question. We've come a long way from 2.7 kilowatts to 3.2, 4.5, most recently, 8.5 and now today, for the first time, announcing 12 kilowatts, the details of which will be fully rolled out at Computex later this month.

So that's a lot of progress.

On the one hand, we've been pleased that a lot of customers have adopted GaN or silicon carbide even when they didn't really have to for performance reasons.

I think even at the lower power levels, you don't have to have GaN or silicon carbide.

Some have tried it out because they know that's the future, and they better get on with learning the design, maturing the design, proving it out in their production. A lot of Blackwell has gone to

production with 4 to 5-kilowatt designs. Many of those can be done with silicon today. Again, you don't have to have gallium nitride and silicon carbide.

So I think that's probably slowed down what we hope to be a bigger ramp this year.

On the other hand, once you get to 8.5, I think that's a real turning point. Very, very difficult to design the 8.5 kilowatt with the density, with the efficiencies that are required without going to GaN and silicon carbide. And I would venture to say impossible to deliver the 12-kilowatt that we just announced without GaN and silicon carbide technologies, and even uniquely ours arguably.

So I think that gives you some color. I also mentioned the other way to look at this is rack power, not just the power supply itself. Each one of these power supplies I'm talking about, you can put 6 across the shelf or tray, and then you can have multiple shelves assigned to power. The rest of the rack or the rest of the shelves would go towards the processing, Blackwell, et cetera.

So while some of the Blackwells have started with 4 or 5 kilowatts, that might get you to a 50 or 100-kilowatt type of rack power. But if you listen to NVIDIA and anybody else, where this is headed, we're very quickly going to 250 to 400 to 500 kilowatts and then maybe headed towards 1 megawatt over the next few years. Those are pretty crazy numbers, and it's hard to imagine achieving those without going to at least 8.5 and now I think, frankly, 12 kilowatt, which, as I said, gets you really close to that 0.5 megawatt.

So I think that sets us up really well for any new Blackwell or Blackwell Ultra designs, and of course, really well positioned for Rubin, which would come late next year.

Operator
[Operator Instructions] We'll take our next question comes from the line of Richard Shannon with Craig-Hallum Capital Group.

Richard Shannon
I guess I'll ask the first one on solar, kind of a multiparter here. Can you give us a better sense of when you're expecting to see this ramp at some point later this year? And as I recall, at least in the past, you've talked about this, this has been a design you expect to be multisource. Maybe you can discuss where your position there is? And then lastly, are you seeing any other microinverter customers moving towards GaN and a possibility using Navitas?

Eugene Sheridan
Yes. Yes. Thank you, Rich, for bringing it up. We didn't put a spotlight on it too much. But number one, it's super exciting to see GaN going into 3 new markets in the next 12 months, AI data centers already ramping, solar microinverters in particular, as you pointed out, ramping in the second half of the year, GaN going into EV early next year.

So we've got quite a sequence of events in opening up new mainstream markets. And not only is microinverters adopting GaN, it's adopting GaN bidirectional switches, which is, as I highlighted, really the most ideal switch the industry has ever seen. It can handle high currents and high voltages, delivering those currents and blocking those voltages inherently in both

directions, but does it with super high frequency and high efficiency of GaN. That's pretty exciting stuff and makes a ton of sense for microinverters.

So yes, those are still on track for the second half.

We are seeing Q3 ramp a little lower than expected. More of that revenue starts in Q4, and the really big numbers are next year.

I think we feel good. It will be multisourced, as you pointed out. Those final commercial negotiations are not done. They'll be done over the next quarter. But I think we feel good about our position being the first GaN bidirectional switch actually production released in Q1, as I highlighted, that's another major first. We've got a really important advantage in our proprietary substrate clamp, which makes the part really reliable and really robust.

So I think all that positions us well to take a good share and ramp that up as expected late in the year. And again, pretty big numbers next year. We already have other microinverter companies that have approached us in the last 6 months, starting new designs. I don't think any of them will get to production this year, but I expect to see other solar microinverter guys starting next year. And to the broader message, GaN BDS, again, will go into EV onboard chargers and other energy storage systems. And I think we'll see some of those going into production next year as well.

Richard Shannon
My follow-on question here is just kind of getting a top-down understanding here of dollar growth as we go over the next year, year plus. What kind of you pick your time frame in 2026, as some of these new applications develop. But if we look at EV, solar, industrial, and I'm probably forgetting any others, data center. Like is there ones that have a more disproportionate contribution to the dollar growth from the starting point in the second quarter?

Eugene Sheridan
Yes, it's a good question. Certainly, if you look at the pipeline, you look at the design wins, I know we didn't break it down in incredible detail, but it's really well distributed. I mean, solid wins. We gave the total of $450 million of lifetime wins last year. That was pretty solidly distributed. We had 40 wins in data center. That's now up to 75 in total, as I mentioned in the call. We had 40 wins in EV e-mobility. We had 28 in appliance industrial. We actually had 100 in solar and energy storage, the biggest being that GaN BDS for solar microinverters, and another 180, which has a long tail in the mobile consumer.

So they all have different dollar values, of course, but it points to the diversity.

So it's really hard to pick one. Clearly, we put a strategic focus on mobile, EV, and AI data centers.

So I think those are the 3 that are going to be the biggest drivers, but you've got to give a lot of credit to that solar microinverter, which is going to be material as kind of the fourth driver for next year.

So hard to pick one to be far above the other. Certainly, we expect the new markets to be growing even faster than mobile, which is why we expect greater market diversification next year and commensurate regional diversification as we continue to grow outside China faster with some of these other regions.

So hopefully, that gives you a little color, recognizing, of course, we're not predicting next year's revenue or how that would break out by market or technology.

Richard Shannon
Just want to get a general sense, and that's very helpful, Gene.

Operator
Next question comes from the line of Jack Egan with Charter Equity Research.

Jack Egan
I was hoping you could update us on the at-the-market offering that was announced at the end of the March quarter.

Your cash burn was about the same rate as it was last quarter.

So did you actually execute the offering? Or was it just to have it on hand in case you need it? And then will it be for anything in particular? Or is it just to give Navitas more runway?

Todd Glickman
Yes. No, that's a great question. Correct.

So we have the offering out there.

We have not executed upon it. It's there in case we want to use it for strategic reasons, if we need some extra strategic capital.

As you noticed, right, our cash usage in Q1 was only $11 million, and we have $75 million on our balance sheet.

So that provides us quite a runway going forward, 7-plus quarters if we maintain this level. But as we expect revenue to grow in the second half towards the end of the year, we expect our cash usage to go down.

So right now, we are just having the ATM out there for strategic purposes.

Jack Egan
And then I guess I'll just get a quick second one here. With bidirectional GaN switch is ramping this year, Gen, could you just give us a general sense of the total revenue potential for next year for bidirectional GaN?

Eugene Sheridan
Yes. Yes. Again, we're not guiding. But certainly, revenue potential, I would certainly put it north of $10 million.

I think that's a conservative view across the different applications and things. It's pretty dynamic. Obviously, it's new. We've got over a dozen new opportunities. Many dozens have been sampled.

So it's definitely growing by the day. I would put it certainly north of double-digit millions for next year.

Operator
Our next question comes from the line of Joe Moore with Morgan Stanley.

Joseph Moore
I'm going back to the AI data center. I mean, I guess I just wanted to understand the timing. It seems like when you sort of say Blackwell designs from here could use your technology.

Just I would think a lot of the Blackwell current generation designs are done already.

Just give us a sense for like how that can layer in and how much of this is kind of more of a Rubin play.

Eugene Sheridan
Yes, definitely, Joe.

So we're seeing a lot of different configurations, a lot of ongoing new Blackwell designs.

So obviously, people have not moved on to Blackwell Ultra and Rubin sometime next year.

So we still see a lot of opportunity to intersect into Blackwell. Case in point, we had 40 wins last year. It's now up to 75, including things that are already starting to ramp minimally here in the first half, including that 40 wins from last year. And then we see a lot of different configurations. It's still pretty dynamic. How many Blackwells are you going to put in the rack? How much do you want to upgrade that rack from 50 kilowatts to 100 or 100 or 150? And how much do you want to move away from traditional power supply designs that use silicon that might be 3, 4, 5 kilowatts to where you're pushing to 8.5 or now 12 kilowatts, which are inevitably going to use GaN and silicon carbide.

So I think it's quite dynamic. We still see a lot of opportunities for intersection with Blackwell.

I think it will grow from there to Ultra. And then I'm sure we'll see even better opportunities with Rubin.

Joseph Moore
And then just going back to the balance sheet question you were just asked in terms of, there's a scenario where revenue picks up quite a bit, and you're fine. I guess if we sort of remain in a kind of tariff malaise, things like that, just can you talk about contingency plans and the ability to improve the cash burn under different revenue scenarios?

Todd Glickman

Yes.

So right now, we're keeping our cash pretty tight on the working capital elements there. Because of that and because of the reduction in OpEx, we're able to keep that cash really much smaller going forward, and we expect that to happen in a sort of slower growth element as well as an accelerated growth in Q4.

So we really don't see any concerns there today, given our cash levels and our ability to sort of keep our working capital in check.

Operator
We have a follow-up question from Ross Seymore with Deutsche Bank.

Ross Seymore
Just wanted to talk about the inventory burn in the general market. We've heard some green shoots from some of the industrial end markets.

Just, Gene, what's your view on the level of inventory in the channel for you? Are you seeing that starting to normalize so you could get growth, more of the cyclical side of the equation than the company-specific design wins?

Eugene Sheridan
Yes, yes, definitely, Ross. Yes, certainly, it was more broadly spread last year. And this is mainly a silicon carbide phenomenon. The 3 markets slowed down simultaneously with a lot of capacity coming on, and it happened relatively quickly, creating a decent amount of widespread silicon carbide inventory in the channels throughout the globe. And now we've talked about really specific pockets of silicon carbide inventory. It's definitely declined. We're seeing good sell-through and healthy channel inventory in many parts of the world, but we're still not there yet. We're not in a healthy place.

So we think it's a quarter or 2 away where I think this remaining overhang is behind us and just adds to our bullishness for resuming growth not only on silicon carbide, but of course, continuing growth on GaN later in the year.

Operator
And our last question comes from the line of Quinn Bolton with Needham.

Quinn Bolton
This is Nick Doyle on for Quinn.

Just wanted to know how your customers are looking at the smartphone market in terms of unit growth in 2025? And how does that compare to your own mobile outlook? And really, are you seeing any signs of pull in or push out related to tariffs?

Eugene Sheridan
Yes. Thanks, Nick. Thanks for bringing it up. We obviously didn't put a spotlight on mobile. It continues to be an important, stable, and growing part of our business. Last year, we estimated

the adoption rate around 10% globally. Of particular note, Xiaomi and OPO jumped up quite a bit.

I think they doubled their GaN adoption to around 30% of all of their phones being with GaN, as they're pushing the power levels to 65 watts and higher faster than the rest of the regions and suppliers. We think that the same trend continues to suppliers around the world. We don't see huge jumps up this year where we would have reflected that in our outlook. But mobile is pretty dynamic.

So I think the end market to your question, the end market is not growing a ton, and it doesn't need to, which more than smartphones growing 2% or 5%, we want to know when are they going to double their GaN lineup to go from 10% share to 20% or 20% to 30%. And this is inevitably going to happen, at least for all chargers, we believe, 30 watts and higher, especially where we're in a very strong leadership position at 65 watts and higher.

So it's dynamic.

I think the trends are strong. If we can confirm big jump-ups later in the year, that would only add to our bullish outlook for resuming more solid growth later in the year.

Quinn Bolton
As a follow-up, you talked about a channel slowdown in EV, industrial, and ESS. Is that more demand-related? Or we're still seeing pockets of inventory like you kind of talked about earlier?

Eugene Sheridan
Yes, Nick, I think it was a combination of both. And the typical semiconductor stuff. I mean, we're in a classic semiconductor downturn. Silicon carbide, like a lot of things, was growing like crazy. They're in short supply. Once all of a sudden, the capacity kicks up, the demand slows down. It's kind of a double whammy, and it's hard for the entire industry to adjust quickly, and you get these inventory overhangs or channel inventory excesses, and then the whole industry has got to work on working through those. And I think we're near the end, as I said earlier, a quarter or 2 to go. And hopefully, that's completely behind us.

Operator
Ladies and gentlemen, that concludes the question-and-answer session. Thank you all for joining, and you may now disconnect.