GSI Technology, Inc.

Fourth Quarter Fiscal 2026 Results Conference Call

May 7, 2026

CORPORATE PARTICIPANTS

Lee-Lean Shu, *Chairman, President and Chief Executive Officer*

Didier Lasserre, *Vice President, Sales*

Douglas Schirle, *Chief Financial Officer and Corporate Secretary*

CONFERENCE CALL PARTICIPANTS

Tony Brainard, *Retail Investor*

Robert Christian, *Private Investor*

PRESENTATION

Operator

Welcome to GSI Technology's Fourth Quarter and Fiscal Year 2026 Results Conference Call.

At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session. At that time, we will provide instructions for those interested in joining the Q&A queue.

Before we begin today's call, the Company has requested that I read the following Safe Harbor statement. The matters discussed in this conference call may include forward-looking statements regarding future events and the future performance of GSI Technology that involve risks and uncertainties that could cause actual results to differ materially from those anticipated. These risks and uncertainties are described in the Company's Form 10-K filed with the Securities and Exchange Commission.

Additionally, I have also been asked to advise you that this conference call is being recorded today, May 7, 2026, at the request of GSI Technology.

Lee-Lean Shu, the Company's Chairman, President and Chief Executive Officer, will be hosting the call today. With him are Douglas Schirle, Chief Financial Officer; and Didier Lasserre, Vice President of Sales.

I would now like to turn the conference over to Mr. Shu. Please go ahead, sir.

Lee-Lean Shu

Good afternoon, and thank you for joining us to review our fourth quarter and fiscal year 2026 financial results.

Fiscal 2026 was a year of meaningful progress for GSI, marked by strong performance in our SRAM business, continued advancement of Gemini-II toward commercialization, and the initiation of the Plato design.

While I am pleased with the progress we have made on several fronts, significant work remains. Our team is executing our key milestones and advancing business development for the APU, and I have had several encouraging conversations on numerous fronts in recent months.

We enter Fiscal 2027 with continued momentum, promoting the APU and building on our customer traction. With that, I will now hand the call over to Didier.

Didier Lasserre

Thank you, Lee-Lean.

Let me start by stepping back and framing where we are today, because I think that context is important.

Our SRAM business performed well in FY2026 and remains the revenue foundation of the company, providing cash for APU development. For the full year, the SRAM business grew 22% year over year, and gross margin rose to 55% from 49%. The SRAM business has benefited from increased demand from our customers that support high-performance AI chip development and manufacturing.

We recently announced that we concluded our strategic review and determined that continuing to execute our standalone strategy is the best path forward for delivering long-term shareholder value. The stronger

SRAM business and a strengthened balance sheet, along with non-dilutive R&D funding, are providing the resources to support our go-forward plan.

With this financial foundation in place, we are now seeing real progress with Gemini-II and Plato. Over the past several months, we've reached a point where we are seeing both technical validation and early program-level engagement of Gemini-II, including the Sentinel drone surveillance POC, the U.S. Army SBIR award, and a new Phase I Smart City project, which I'll discuss in a minute.

On the technical side, in a bakeoff for the Sentinel POC, Gemini-II's performance contributed to winning the contract award by achieving a time-to-first-token of roughly 3 seconds at 30W of system power on Gemma 3 12B multimodal workloads at the edge. In this use case, Time to First Token, or TTFT, is a crucial metric for a drone surveillance system because it reflects how quickly a system can respond in real-world applications, where response time directly affects critical decision-making.

We are working closely with the G2 Tech team on the Sentinel project. We have completed the software deliverables and continue to target a June demonstration of the Gemini-II-powered drone. This demonstration is planned for the Department of Defense and an international defense agency.

In mid-April, we were notified that we had been awarded Phase I of a Smart City project. The project leverages our work done for the drone-based surveillance POC and marks an important step toward commercial deployment. In this application, Gemini-II will process inputs from distributed camera systems to provide near real-time detection of events such as fires and other public safety risks. While the revenue associated with this Phase I is limited at this stage, this project demonstrates another end market for our application and how it can scale across real-world infrastructure. We expect to share additional details on the Smart City project around the time of a planned media event in late May hosted by the municipality.

Currently, we are working on several projects in tandem. What matters most for GSI at this time is not just the number of early-stage trials and demonstrations we have, but how these early-stage engagements are helping us identify where our APU architecture provides a clear advantage, particularly in delivering low-latency performance within a constrained power envelope.

We are also leveraging our development work in two ways. First, we are applying what we developed for a drone security application to a smart city application. While the end markets are different, the underlying development carries over, giving us a meaningful head start in each new use case rather than starting from scratch.

Second, as we complete the Sentinel POC and Phase I of the Smart City program, we can build on those results to pursue additional opportunities with new customers in those markets. We view this as a repeatable model, where each engagement helps accelerate the next.

What's exciting for us is that we see the end markets for low-latency, low-power edge AI are expanding as AI workloads continue to move closer to where data is generated. These applications favor the APU architecture that can deliver higher compute per watt.

Gemini-II is well-suited for these power- and latency-constrained edge deployments, where real-time response and energy efficiency are critical. Where we are winning is when Gemini-II is tested against conventional architectures requiring significantly higher system power, for similar or slower responsiveness. We believe Gemini-II best addresses this gap and positions us well to win as more AI workloads shift toward distributed, power-constrained environments.

Consistent with this, we are encouraged by our progress within defense agency programs, as evidenced by our recent U.S. Army SBIR progressing from Phase I into Phase II. This project is about enabling real-time, in-field AI deployment on small, low-power systems typically operating in challenging conditions. As

part of this program, we will build and test a ruggedized node containing the Gemini-II for real-world, mission-critical environments.

This SBIR positions us within a broader shift in defense spending, with approximately $13 billion proposed in the DOW FY2026 budget request for AI and autonomous systems, and creates a potential pathway to follow-on programs and future opportunities to supply Gemini-II based systems**.**

So how do we move from where we are today to design wins and ultimately revenue?

From a commercial standpoint, we are still in the early stages. Our focus is on advancing our current engagements and working closely with partners to integrate Gemini-II into their systems, with the goal of moving into design-level discussions.

Given the complexity of these deployments, we are focusing our resources on a small number of high-value opportunities where we believe we have a clear advantage. Although the number of engagements remains limited, we are seeing a meaningful increase in the depth of those engagements and in our ability to leverage prior Gemini-II development work for new, related applications.

Looking ahead, our priorities are to advance current POCs and awarded programs, and to leverage what we learn from each engagement to drive additional design opportunities.

At the edge, performance matters most when it can be delivered within real-world power and latency constraints. That is where we believe Gemini-II's advantage lies.

With that, I would like to hand the call over to Doug. Go ahead, Doug.

Douglas Schirle

In the earnings release issued today after the close of the market, you'll find a detailed summary of our financial results for the fourth quarter and full fiscal year 2026. Rather than walking through the numbers again, I'll focus my comments on the key drivers behind the results and provide more context and explanation to help you better understand the business.
Let me start with the results for the Fiscal Year 2026, ended March 31, 2026.
As Didier mentioned, Fiscal 2026 revenue increased 22.4% to $25.1 million, reflecting continued strength in our SRAM business, particularly with customers supporting chip design and simulation for AI applications. We experienced solid growth in this customer segment throughout Fiscal Year 2026. We do see variability in customer orders, and sales can fluctuate from quarter to quarter. However, barring any significant change in underlying AI chip demand that would affect SRAM orders from these customers, we expect this business to remain relatively stable in Fiscal Year 2027.
The higher level of revenue and product mix helped to lift Fiscal Year 2026 gross margin to 54.5%, a notable gain from the prior year gross margin of 49.4%.
Operating expenses in fiscal 2026 rose to $31.2 million, compared to $21.0 million in fiscal 2025. Operating expenses increased year over year, primarily driven by higher R&D spending on the Plato chip design. It's also important to note that the prior year included a $5.8 million gain from the sale of assets, which makes the year-over-year comparison appear more pronounced.

We also continue to offset a portion of our R&D expenses through non-dilutive funding - SBIR contract funds, and POC-related funding. The majority of our R&D is dedicated to the APU. The R&D offset in fiscal 2026 and fiscal 2025 was $1.0 million and $1.2 million, respectively.
Higher operating expenses increased the operating loss for fiscal 2026 to $(17.5) million compared to an operating loss of $(10.8) million in the prior year. The fiscal 2026 net loss included interest and other income of $4.1 million, primarily from interest payments on the increased cash balance from the capital raise completed in October 2025 and $3.4 million of other income, consisting of a $6.2 million non-cash gain from the change in the fair value of pre-funded warrants, partially offset by $2.8 million in issuance costs associated with the Registered Direct Offering in October 2025.

Switching now to the fourth quarter, revenue was $6.3 million, with gross margin of 52.4%. As we've seen in prior periods, quarterly gross margin can fluctuate with the product mix and revenue levels. The fourth-quarter gross margin reflects slightly lower SigmaQuad sales sequentially and compared with the prior-year quarter.

From a customer perspective, we did see some variability across accounts during the quarter, including lower shipments to certain customers and no shipments to others. At the same time, defense-related sales increased to approximately 46% of total shipments, reflecting continued demand in that segment.

Again, you can find a full breakdown of sales in today's earnings release.

Operating expenses increased compared with the prior year, primarily due to continued investment in our Gemini-II and Plato development programs. These investments align with our strategy to advance our APU roadmap while maintaining disciplined cost management.

Last quarter, we expanded our quarterly earnings disclosures to help investors better understand the company's cash consumption and cash generation. This information will complement the condensed consolidated statement of cash flows included in our Forms 10-Q and 10-K.

Cash flows for the quarter ended March 31, 2026 (in thousands of dollars):

- Cash and cash equivalents as of December 31, 2025, were $70.7 million
- Net cash used in operating activities was $5.5 million
- Net cash used in investing activities was $.1
- Net cash provided by financing activities was $2.1 million
- Cash and cash equivalents as of March 31, 2026, were $67.2 million

From a cash flow standpoint, spending in the quarter continued to reflect our investment in Gemini-II and Plato development. We expect cash usage to remain elevated as we progress through this development phase. As a general reference point, we expect the cash usage to be approximately $4 million per quarter or about $16 million annually, although this may vary depending on development timing and program activity.

We ended the quarter with $67.2 million in cash and no debt. This is a notable improvement from the prior year-end cash balance of $13.4 million, and is associated with the $46.9 million, net of fees, registered direct offering proceeds that closed in October, 2025.

The absence of debt and the improved cash balance provide us with the flexibility to continue investing in the APU while maintaining a disciplined approach to capital allocation. We believe our current cash position provides sufficient runway to support the initial commercialization of Gemini-II and the completion of the Plato tape-out, both expected in late Fiscal year 2027.

Before I hand the call over to the operator for Q&A, I'd like to provide the first-quarter fiscal 2027 outlook. For the upcoming quarter, we expect net revenues in the range of $5.9 million to $6.7 million, with gross margin of approximately 54% to 56%.

Overall, our strong cash position and continued support from non-dilutive funding give us the runway to advance Gemini-II into early commercialization and the completion of the Plato chip design.

Operator, at this point, we will open the call to Q&A.

Operator

Thank you. To ask a question, you may press star, then one on your telephone keypad. If you're using a speakerphone, please pick up your handset before pressing the keys. To withdraw your question, please press star, then two. At this time, we will pause momentarily to assemble our roster. Once again, it's star one to ask a question.

The first question is from Tony Brainard (phon), Retail Investor.

Tony Brainard

Hello, gentlemen. How are you?

Lee-Lean Shu

Good. Thank you.

Tony Brainard

Yes, can you share some color on the size, like if you do get the design wins, the size of the market we're looking at?

Didier Lasserre

On which market?

Tony Brainard

On the Gemini II.

Didier Lasserre

Okay, that's a pretty broad question. The markets we're going after initially are government and military-based, for example these drone and smart city programs. As we talked about, we're limited on details now about the smart city application, but will give you more details by the end of May. But both of those markets are multi-billion dollar markets.

Tony Brainard

Okay. That's fair enough. Yeah, that's my only question for today. Thank you very much.

Didier Lasserre

All right. Thanks, Tony.

Tony Brainard

Thank you.

Operator

Once again, that's star, then one to ask a question. The next question comes from Robert Christian (phon), Private Investor.

Robert Christian

Yes, I'd like to know why the Plato project has moved up from the first half of 2027 to late fiscal 2027.

Didier Lasserre

It actually hasn't been pushed out. It might have been confusion of calendar quarters versus fiscal quarters. When we had first talked about it, we were targeting the beginning of calendar 2027 to have the part taped-out, and we're still on schedule for that. The tape-out means that the design will be done in the first quarter, and that would give us silicon, because we have to make the mask sets that are used from the wafer fabs at TSMC. We'll see our first wafers in hand in the summertime of calendar 2027, and I believe that has been always our schedule.

Lee-Lean Shu

Yes, I think we mentioned late fiscal year 2027. That's the beginning of the 2027 calendar year.

Didier Lasserre

Right. That's a good point. The end of fiscal 2027 is March of calendar 2027.

Robert Christian

Okay, that'd be great. The second question I have is Gemini-II taped out over 2.5 years ago. Is it going to take that long to see expected sales, say, of Plato?

Didier Lasserre

That's a great question. You have two components to sales. You have the hardware component, which is the chip and any kind of a board, and you have the software side. The software side actually lagged the hardware on Gemini-II. With Plato, we're trying to align the two of those more closely.

The good news is some of the software work that's being done for Gemini-II can be used for Plato, while, with Gemini-I, it was a completely new effort for Gemini-II. In that respect, we can leverage some of the work from Gemini-II for Plato, and then we're also lining up the resources to be able to bring in the software with Plato.

Robert Christian

The chip is genius, and I wish you guys God speed. Thank you.

Didier Lasserre

Thank you.

Operator

At this time, we show no further questions, and this concludes our question-and-answer session.

I'd like to turn the conference back over to Mr. Lee-Lean Shu for closing statements.

Lee-Lean Shu

Thank you again for joining today's call.

As a reminder, Didier will be at the LD Micro Conference on May 19. Contact LD Micro if you would like to attend his presentation, or take a one-on-one meeting.

We are encouraged by the progress we are making in the Gemini II, and we remain focused on successfully executing against the opportunities in front of us. We look forward to speaking with you again on our fiscal 2027 first quarter earnings call. Thank you.

Operator

This concludes today's conference. Thank you for attending. You may now disconnect.